TE KAUNIHERA O TE AWA KAIRANGI

12 August 2025

Order Paper for Council meeting to be held in the
Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt,
on:

Tuesday 19 August 2025 commencing at 2:00 pm

The meeting will be livestreamed on Council's You Tube page.

Membership

Mayor C Barry (Chair)
Deputy Mayor T Lewis

Cr G Barratt	Cr J Briggs
Cr K Brown	Cr B Dyer
Cr S Edwards	Cr A Mitchell
Cr K Morgan	Cr C Parkin
Cr N Shaw	Cr T Stallinger
Cr G Tupou	

For the dates and times of Council Meetings please visit www.huttcity.govt.nz

Have your say
You can speak under public comment to items on the agenda to the Mayor and Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this by emailing DemocraticServicesTeam@huttcity.govt.nz or calling the Democratic Services Team on 04 570 6666 | 0800 HUTT CITY

TE KAUNIHERA O TE AWA KAIRANGI | COUNCIL

Chair	Mayor Campbell Barry
Deputy Chair	Deputy Mayor Tui Lewis
Membership:	All Councillors (11) Refer to Council's Standing Orders (SO 31.10 Provisions for Mana Whenua)
Meeting Cycle:	Council meets on an eight-weekly basis (extraordinary meetings can be called following a resolution of Council, or on the requisition of the Chair or one-third of the total membership of Council)
Quorum:	Half of the members

POWER TO (BEING A POWER THAT IS NOT CAPABLE OF BEING DELEGATED)[1]:

- Make a rate.
- Make bylaws.
- Borrow money other than in accordance with the Long Term Plan (LTP).
- Purchase or dispose of assets other than those in accordance with the LTP.
- Purchase or dispose of Council land and property other than in accordance with the LTP.
- Adopt the LTP, Annual Plan and Annual Report.
- Adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the LTP or developed for the purpose of the Local Governance Statement.
- Appoint the Chief Executive.
- Exercise any powers and duties conferred or imposed on the local authority by the Local Government Act 1974, the Public Works Act 1981, or the Resource Management Act 1991, that are unable to be delegated.
- Undertake all other actions which are by law not capable of being delegated.
- The power to adopt a Remuneration and Employment Policy for Council employees.

DECIDE ON:

Policy and Bylaw issues:

- Adoption of all policies required by legislation.
- Adoption of strategies, and policies with a city-wide or strategic focus.
- Approval of draft bylaws before the consultation.
- Adoption of new or amended bylaws.

District Plan:

- Approval to call for submissions on any Proposed District Plan, Plan Changes and Variations.

1 Work required before the making of any of these decisions may be delegated.

- Before public notification, approval of recommendations of District Plan Hearings Subcommittees on any Proposed Plan, Plan Changes (including private Plan Changes) and Variations.
- The withdrawal of Plan Changes in accordance with clause 8D, Part 1, Schedule 1 of the Resource Management Act 1991.
- Approval, to make operative, District Plan and Plan Changes (in accordance with clause 17, Part 1, Schedule 1 of the Resource Management Act 1991).
- Acceptance, adoption, or rejection of private Plan Changes.

Representation, electoral and governance matters:

- The method of voting for the triennial elections.
- Representation reviews.
- Council's Code of Conduct for elected members.
- Hearing of and making decisions on breaches of Council's Code of Conduct for elected members.
- Elected members' remuneration.
- The outcome of any extraordinary vacancies on Council.
- Any other matters for which a local authority decision is required under the Local Electoral Act 2001.
- Appointment and discharge of members of committees when not appointed by the Mayor.
- Adoption of Terms of Reference for Council Committees, Subcommittees and Working Groups, and oversight of those delegations.
- Council's delegations to officers, community boards and community funding panels.

Delegations and employment of the Chief Executive:

Appointment of the Chief Executive of Hutt City Council.

Meetings and committees:

- Standing Orders for Council and its committees.
- Council's annual meeting schedule.

Long Term and Annual Plans:

- The adoption of the LTP and Annual Plans.
- Determination of rating levels and policies required as part of the LTP.
- Adoption of Consultation Documents proposed and final LTPs and proposed and final Annual Plans.

Council Controlled Organisations:

- The establishment and disposal of any Council Controlled Organisation or Council Controlled Trading Organisation.
- Approval of annual Statements of Intent and annual Statement of Expectation for Council Controlled Organisations and Council Controlled Trading Organisations.

Community Engagement and Advocacy:

- Receive reports from the Council's Advisory Groups.
- Regular reporting from strategic partners.

Operational Matters:

- Civil Defence Emergency Management matters requiring Council's input.
- Road closing and road stopping matters.
- Approval of overseas travel for elected members.
- All other matters for which final authority is not delegated.

Appoint:

- The non-elected members of the Standing Committees, including extraordinary vacancies of non- elected representatives.
- The Directors of Council Controlled Organisations and Council Controlled Trading Organisations.
- Council's nominee on any Trust.
- Council representatives on any outside organisations (where applicable and time permits, recommendations for the appointment may be sought from the appropriate Standing Committee and/or outside organisations).
- Council's Electoral Officer, Principal Rural Fire Officer and any other appointments required by statute.
- The recipients of the annual Civic Honours awards.

TE KAUNIHERA O TE AWA KAIRANGI | HUTT CITY COUNCIL

Ordinary meeting to be held in the Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt on
Tuesday 19 August 2025 commencing at 2:00 pm.

ORDER PAPER

PUBLIC BUSINESS

1. OPENING FORMALITIES - KARAKIA TIMATANGA

Whakataka te hau ki te uru
Whakataka te hau ki te tonga
Kia mākinakina ki uta
Kia mātaratara ki tai
E hī ake ana te atakura
He tio, he huka, he hau hū
Tīhei mauri ora.

Cease the winds from the west
Cease the winds from the south
Let the breeze blow over the land
Let the breeze blow over the ocean
Let the red-tipped dawn come with a sharpened air.
A touch of frost, a promise of a glorious day.

2. APOLOGIES

No apologies have been received.

3. PUBLIC COMMENT

Generally up to 30 minutes is set aside for public comment (three minutes per speaker on items appearing on the agenda). Speakers may be asked questions on the matters they raise.

4. CONFLICT OF INTEREST DECLARATIONS

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

5. LOCAL WATER DONE WELL - ADOPTION OF WATER SERVICES DELIVERY PLAN AND ENDORSEMENT OF WATER SERVICES COUNCIL-CONTROLLED ORGANISATION FOUNDATION DOCUMENTS

Report No. HCC2025/4/218 by the Strategic Advisor 7

MAYOR'S RECOMMENDATION:

"That the recommendations contained in the report be endorsed."

6. PROPOSAL TO RENAME LOWER HUTT EVENTS CENTRE TO TŪTAKI

Report No. IARCC2025/3/196 by the Events Lead 319

MAYOR'S RECOMMENDATION:

"That the recommendations contained in the report be endorsed."

7. QUESTIONS

With reference to section 32 of Standing Orders, before putting a question a member shall endeavour to obtain the information. Questions shall be concise and in writing and handed to the Chair prior to the commencement of the meeting.

8. CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA

Unuhia!
Unuhia!
Unuhia i te uru-tapu-nui
Kia wātea, kia māmā
Te ngākau, te tinana, te wairua i te ara takatū
Koia rā e Rongo whakairihia ake ki runga
Kia wātea, kia wātea!
Ae rā, kua wātea!
Hau, pai mārire.

Release us from the supreme sacredness
of our tasks
To be clear and free
in heart, body and soul in our continuing journey
Oh Rongo, raise these words up high
so that we be cleansed and be free,
Yes indeed, we are free!
Good and peaceful

Kate Glanville
SENIOR DEMOCRACY ADVISOR

Hutt City Council

04 July 2025

Report no: HCC2025/4/218

Local Water Done Well - Adoption of Water Services Delivery Plan and Endorsement of WSCCO Foundation Documents

Purpose of Report

1. This report seeks Council endorsement of the joint regional Water Services Delivery Plan (WSDP) required to be submitted to the Department of Internal Affairs by 3 September 2025.

2. The report also provides an update on the draft foundation documents for the new regional water services council-controlled organisation (WSCCO) and seeks endorsement of them.

Recommendations

That Council:

(1) formally adopts the joint Water Services Delivery Plan (WSDP) for the Wellington metropolitan area, as attached at Appendices 1 & 2 to this report, noting that the WSDP:

   a. is based on the Department of Internal Affairs (DIA) template and guidance, including for financial modelling;

   b. has had input and development from a range of technical experts;

   c. has been the subject of legal and technical reviews;

   d. has been subject to independent financial and deliverability model peer review;

   e. has used the best available information and includes detailed risk analysis; and

   f. has been certified by the Chief Executive that it complies with the Local Government (Water Services Preliminary Arrangements) Act 2024 and that the information contained in the WSDP provided by Hutt City Council is true and accurate.

(2) notes that following adoption by all five councils the joint Water Service Delivery Plan will be submitted to the Secretary for Local Government (via the Department for Internal Affairs) on behalf of all five councils by the legislated deadline of 3 September 2025;

(3) notes the draft foundation documents presented with this report represent the collective direction to date and will continue to be developed further;

(4) endorses the draft Constitution as attached as Appendix 5, noting that the draft Constitution will be approved by the Advisory Oversight Group (AOG) and then finalised for ratification by Council and partner organisations post local elections;

(5) endorses the draft terms for the Partners Agreement as attached as Appendix 6, noting that the draft Agreement will be approved by the AOG and then finalised for ratification by Council and partner organisations post local elections;

(6) endorses the principles for the development of the Statement of Expectations (SOE) as attached as Appendix 7, noting that the principles for the SOE will be finalised for ratification by Council and partner organisations post local elections with the SOE to then be finalised and approved by the Partners' Committee; and

(7) endorses the principles for assisting the new water services council-controlled organisation to develop a Customer Charter as attached as Appendix 8, noting that these principles will be finalised for ratification by Council and partner organisations post local elections and will be incorporated into the final SOE as an outcome to be implemented by the Company.

For the reason that Council is required to adopt a Water Services Delivery Plan to submit to government by 3 September 2025.

Background

3. At its meeting of 27 June 2025, Council agreed to jointly establish and co-own a new water services council-controlled organisation (WSCCO) for water, wastewater and stormwater services, together with Porirua, Upper Hutt and Wellington City Councils, and Greater Wellington Regional Council. This decision was made following a formal consultation process held from 20 March to 20 April 2025 in which the majority of submitters (69%) supported the establishment of the new WSCCO.

4. Following that decision and similar decisions by the other four partner Councils, a joint WSDP has been able to be completed and is now presented for adoption by each of the partner Councils as required by the Local Government (Water Services Preliminary Arrangements) Act 2024 (the Act). The joint WSDP and accompanying appendices are attached to this report at Appendix 1 and Appendix 2 respectively. A summary of the WSDP is attached as Appendix 3.

5. The WSDP is a one-off document which sets out the Councils' joint plans for a new approach to delivering water, wastewater and reticulated stormwater services. It has had input from a range of technical experts including Wellington Water Limited (WWL), which has provided an assessment of the current scope and state of the water networks.

6. The investment requirements outlined in the WSDP have been built up from each Council's Long Term Plan (LTP) and represent an overall forecasted uplift of approximately 65% in capital investment for the region over the next 10 years. For the longer 30-year term the WSDP forecasts that around $25B will be required to be invested in water services networks across the Wellington region to address ageing infrastructure due to historical underinvestment, expected growth and to meet new regulatory standards.

7. The Chief Executive (CE) has certified that the WSDP complies with the Act and the information contained within the plan, in respect of Hutt City Council, is true and accurate.

8. There has been an ongoing assurance approach to the development of the WSDP to enable the CE to certify the document. This has included thorough legal and technical reviews and checks, regular alignment meetings with the Department of Internal Affairs on various aspects of the WSDP as it has been developed and peer reviews of the financial and deliverability models.

9. The partner Council's Chief Executives sought a further independent review of the WSDP by consultants Martin Jenkins. That review concluded that the WSDP was a comprehensive and well written document that should provide a useful platform for shareholding councils and the new water services CCO to implement.

10. The WSDP identifies limitations, risks and assumptions. The Martin Jenkins review and advice states that "*there is nothing unusual about these limitations and caveats, and the template and guidance provided by DIA anticipates the sorts of risks, limitations and assumptions that have been noted. The inclusion of these limitations, risks and assumptions should give you greater confidence in signing off the plan*."

Foundation Documents for the new Water Services CCO

11. Work on preparing the draft foundation documents for the new WSCCO has been progressing through Minter Ellison Rudd Watts, the lawyers providing the specialist input and advice. An overview of the foundation documents is attached as Appendix 4

12. Attached as appendices 5-8 to this report are the following specific foundation documents in draft form.

    a. Constitution

    b. Partners' Agreement Draft Principles and Terms Sheet

    c. Statement of Expectations Principles

    d. Customer Charter Principles

13. These foundation documents represent the collective direction and feedback from partner Councils to date but will not be finalised later this calendar year following local elections.

14. Council is being asked to endorse these as draft documents and provide any further feedback for consideration.

Discussion

15. Council is required by legislation to provide a certified (by the CE) and Council adopted WSDP to the government by 3 September 2025. The attached document and appendices have been prepared based on decisions by partner Councils to establish a joint WSCCO as per the Act.

16. Council can be confident that this WSDP has been thoroughly prepared and reviewed on best available information and meets the requirements of the Act, while noting that the Plan identifies limitations, risks and assumptions of the type commonly encountered by local authorities in preparing asset management plans in relation to water services infrastructure.

Options

17. Should Council decide not to adopt the WSDP then it would result in it being in breach of the legislation and place other partner Councils in a difficult position as the agreed joint approach and the WSDP would need to be revisited. There would be insufficient time to achieve this within the regulatory deadline.

Climate Change Impact and Considerations

18. There are no specific climate change matters to consider in this decision. However, in a general sense the greater borrowing capacity of the new water CCO should give it more flexibility to invest in network improvements to mitigate adverse effects of climate change. (e.g. improved stormwater capacity).

Consultation

19. Council has consulted on the water services delivery model as required by legislation and reported the outcome to Council at its meeting of 27 June 2025. The majority (69%) of respondents supported the establishment of the proposed joint WSCCO. No other consultation is required or necessary.

Legal Considerations

20. In developing the WSDP, partner councils have considered and met the statutory requirements under the Local Government (Water Services Preliminary Arrangements) Act 2024. Section 2.3 of the WSDP outlines in Table 1 the Act's various legislative requirements with the corresponding section of the Plan that satisfy that requirement.

21. The WSDP has been certified by the Chief Executive that it complies with the Act and the information contained in the Plan pertaining to Hutt City Council is true and accurate.

Financial Considerations

22. The WSDP includes anticipated $6.82B capital investment over 10 years and about $25B over 30 years (uninflated, in today's dollars). This requires significant long-term borrowing, higher development contributions growth related funding and over time, increased costs for water users.

23. Alongside this investment level, the WSDP also considers an alternative lower investment scenario of around 80% of the plan, reflecting risks of constraints of investment deliverability and other uncertainties.

24. The WSDP forecasts that the average residential household water services charges will increase from around $2,100 per connection per annum today

    - to about $5,700 ($4,800 in today's dollars) based on target financial strategy of this WSDP by 2034,

    - Or about $4,800 ($4,100 in today's dollars) based on the lower end financial investment scenario by 2034.

25. These forecast cost increases are estimated to be approximately one-third less than estimated costs under a continuation of the status quo and no change to the operating model.

26. Following the adoption of the WSDP and its subsequent implementation, with the proposed establishment of the new asset owning WSCCO from 1 July 2026, Council will need to undertake a Long-Term Plan Amendment so that the water services activities can be removed from the plan, along with associated financial aspects.

27. The removal of water services assets, liabilities, revenue and expenses will have a significant impact on the LTP. There will be a need for a full review of the Financial Strategy, together with the Revenue and Financing Policy. It is likely that public consultation will take place as part of the LTP amendment as there will be a range of trade-offs and choices to be worked through off the back of the impact of water services changes. Rates revenue settings into the future and rates affordability will be a key consideration that will need to be addressed. Officers are working towards delivering advice to the new incoming Council in relation to this.

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Author: Bruce Hodgins
Strategic Advisor

Author: Jenny Livschitz
Group Chief Financial Officer

Approved By: Jo Miller
Chief Executive

Metropolitan Wellington Water Services Delivery Plan

AUGUST 2025

FINAL DRAFT for council consideration

DRAFT

HUTT CITY TE AWA KAIRANGI

poriruacity

Te Kaunihera o Te Awa Kairangi ki Uta Upper Hutt City Council

Absolutely Positively Wellington City Council
Me Heke Ki Pōneke

Greater Wellington Te Pane Matua Taiao

Disclaimer

This draft Water Services Delivery Plan (WSDP) has been prepared for five councils – Hutt City, Porirua City, Upper Hutt City, Wellington City and Greater Wellington Regional, in line with the provisions of the Local Government (Water Services Preliminary Arrangements) Act 2024.

This version dated 12 August 2025 is a final draft WSDP for adoption by the five councils.

Under the Local Government (Water Services Preliminary Arrangements) Act 2024, councils are required to submit water service delivery plans to the Secretary for Local Government by 3 September 2025.

The analysis set out in this report in relation to the current state of the water services network has been based on best available information as at July 2025.

This draft has been written on the assumption that the Local Government (Water Services) Act 2025 will be enacted prior to this plan being submitted.

Where possible, the sources, assumptions and limitations have been noted.

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Executive Summary

Five councils covering the Wellington metropolitan area – Hutt City Council, Porirua City Council, Upper Hutt City Council, Wellington City Council and Greater Wellington Regional Council – have agreed on a new delivery model for water services.

The agreed model is a joint water services council-owned organisation that will own and operate public drinking water, wastewater and stormwater assets and networks for a population of around 432,000, within the territorial boundaries of the four shareholding city councils. This model has been developed jointly by the five councils working in partnership with mana whenua partners Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika.

The new organisation is intended to operate from 1 July 2026 (Day One). It will have legal status as a water organisation under the Local Government (Water Services) Act 2025. Its interim name is Metro Water, for planning and practical purposes, but this is likely to change.

Metro Water will have the resources, independence, and region-wide perspective to effectively manage and improve drinking water, wastewater and stormwater services for current and future communities, rather than being limited by council funding, electoral and decision-making cycles.

Infrastructure

The three waters infrastructure includes over 6,700 km of pipelines, four drinking water treatment plants, four wastewater treatment plants, 140 reservoirs for drinking water storage, and 321 pump stations to maintain pressure and manage water, wastewater and stormwater flow across the region. The replacement value of these assets is $17.96 billion[1] with the pipe network accounting for over 70 percent of that.

As in many parts of the country, the three waters infrastructure faces significant challenges, mainly due to a lack of sufficient investment over a long period.

Levels of service and performance are variable and reflect known issues with water leaks, frequent wastewater overflows and flooding. Frequent and increasing numbers of asset failures are occurring due to deterioration and historic insufficient investment in renewals.

The regulatory compliance status reflects mixed performance across wastewater, stormwater, and water supply activities. This underscores the need for enhanced operational management, targeted investment in asset upgrades, and stronger alignment with regulatory expectations to ensure long-term environmental and public health outcomes.

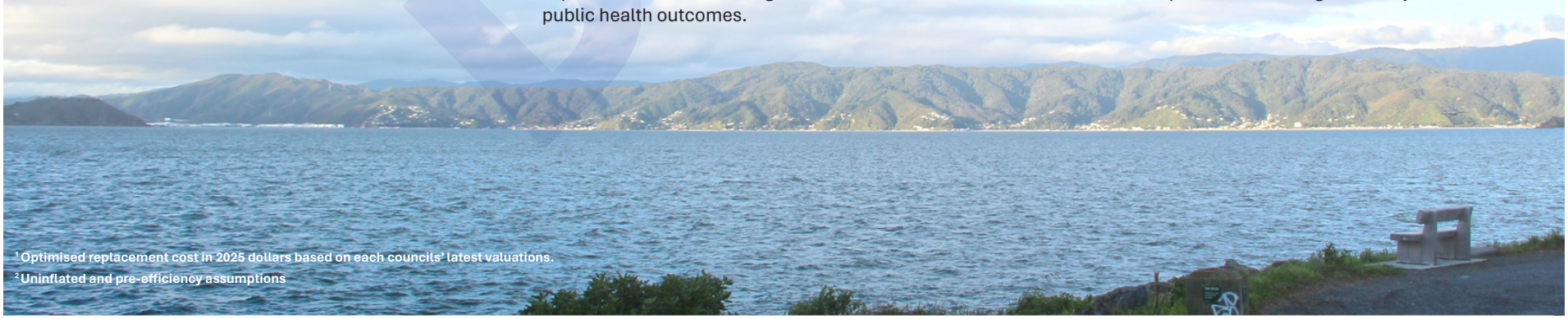
Investment

The population is expected to grow by around 30 percent over the next 30 years. Providing for this population growth is critically dependent on timely and sustained investment in water services infrastructure. Planned growth areas are distributed across the metropolitan area and therefore investment is also required across existing networks.

To address these challenges, an increased level of sustained investment is required – an anticipated $6.82 billion[2] capital investment over 10 years and about $25 billion over 30 years. This will require significant long-term borrowing, higher development charges and, over time, increased costs for water users.

Average residential charges are forecast to rise from approximately $2,100 per connection today to between $5,700 (based on the target financial strategy of this WSDP) and $4,800 (based on the lower-end financial scenario) by 2034.

These forecast cost increases are around a third less than increases likely if the status quo continued, because of Metro Water's financing strategy and efficiency gains, but will still present a challenge for many households.



[1] Optimised replacement cost in 2025 dollars based on each councils' latest valuations.
[2] Uninflated and pre-efficiency assumptions

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This WSDP recommends a strong ongoing focus on affordability, including early engagement with the Commerce Commission and developing affordability support mechanisms.

This WSDP proposes an ambitious target strategy to deliver sufficient investment to meet service level, growth, and regulatory requirements.

It will be challenging to achieve all the improvements needed in 10 years and so this WSDP also sets out a 30 year programme.

Reflecting that there is inherent uncertainty, a number of variables were tested including potential constraints on capacity to deliver all the works required and the level of cost-recovery from development.

This has identified a plausible lower-end investment scenario based on delivery of 80% of proposed investment in the first 10 years and an assumption of higher development contributions. This would result in more moderate increases in charges for water users.

In practice, actual investment and resultant financing arrangements and charges are likely to land between the target level of investment proposed in the WSDP and the lower-end scenario.

Metro Water must be financially sustainable, requiring it to balance the scale and timing of investment, the structure and prudence of financing, and the community's ability to fund services through water charges. It will outline prices, charges and planned investment in its Water Services Strategy, reflecting the direction set in the Statement of Expectations, needs of communities, and economic and environmental regulation.

Implementation

For pragmatic reasons, Metro Water will on Day One absorb the current operational and support teams from Wellington Water (tier 3 managers and below), to ensure critical work continues.

Structural changes are expected once new strategies and leadership are in place.

This WSDP meets statutory requirements under the Local Government (Water Services Preliminary Arrangements) Act 2024.

Councils are confident that this plan provides a pathway to deliver water services in a way that:

- Will meet all relevant regulatory quality standards for its water services.
- Is financially sustainable.
- Will meet all drinking water quality standards; and
- Supports housing growth and urban development, as specified in the councils' Long-Term Plans.

Section A: Describes how and why councils have decided on this collective approach, mana whenua involvement and expectations, and confirms the plan aligns with legislative requirements.

Section B: Describes the service area and the water services provided, including an assessment of the current state of network infrastructure, levels of service, and regulatory compliance. It also outlines how the system is planning to accommodate future growth.

Section C: Outlines the plan to achieve financial sustainability. It sets out the projected capital and operating expenditure requirements, the investment strategy to meet these needs, and the associated capital, revenue, and financing arrangements. It also outlines sensitivity testing undertaken and describes the lower-end investment scenario.

Section D: Describes the proposed water services delivery model.

Section E: Provides an implementation plan for delivering the proposed model with key target dates:

- 1 October 2025 – (Day Zero) the new organisation will be incorporated, with an Establishment Board and establishment funding.
- 1 July 2026 – (Day One) the new organisation will begin delivering water services, with some functions and support continuing to be provided by councils in the interim, while necessary.

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A: Introduction, assurance and certification

Section summary

This section sets out the purpose of this joint Water Services Delivery Plan (WSDP), prepared by Hutt City Council, Porirua City Council, Upper Hutt City Council, Wellington City Council and Greater Wellington Regional Council.

The goal is to ensure the delivery of safe, reliable, environmentally and financially sustainable water services so the region can be resilient, restore te mana o te wai and enable new homes and the well-being of communities.

The WSDP is based on establishing a new joint water services council-owned organisation that will own and operate public water, wastewater and stormwater assets and networks.

This section also sets out how councils have developed this WSDP, provides assurance that the information is accurate and the WSDP can be delivered, and confirms that the WSDP meets legislative requirements.

A1. Introduction

A1.1 Purpose of this WSDP

This WSDP sets out how the five councils plan to supply safe and reliable drinking water, wastewater and stormwater management and associated infrastructure for around 432,000 people who live in the Wellington metropolitan area (that is, within the territorial boundaries of the four shareholding city councils) from 1 July 2026.

This WSDP has been jointly developed by:

- Hutt City Council
- Porirua City Council
- Upper Hutt City Council
- Wellington City Council
- Greater Wellington Regional Council.

This plan describes the model that has been developed jointly by the five councils working in partnership with mana whenua partners Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika. The councils have been required to consider water services delivery under the Local Government (Water Services Preliminary Arrangements) Act 2024. As part of this consideration, councils and mana whenua have set a goal:

To ensure the delivery of safe, reliable, environmentally and financially sustainable water services so the region can be resilient, restore te mana o te wai and enable new homes and the well-being of communities.

This WSDP sets out how councils plan to deliver on this goal.

It is based on establishing a new multi-council-owned water organisation that will own and operate water, wastewater and reticulated stormwater assets.

This will see assets retained in public ownership while allowing for better long-term planning, investment and environmental protection, and more affordable costs for water users.

In brief, the WSDP provides a pathway to deliver deliver water services that meet regulatory requirements, support growth and urban development, and are financially sustainable across the Wellington metropolitan area. It applies to all water services of the five councils – drinking water, wastewater and reticulated stormwater.

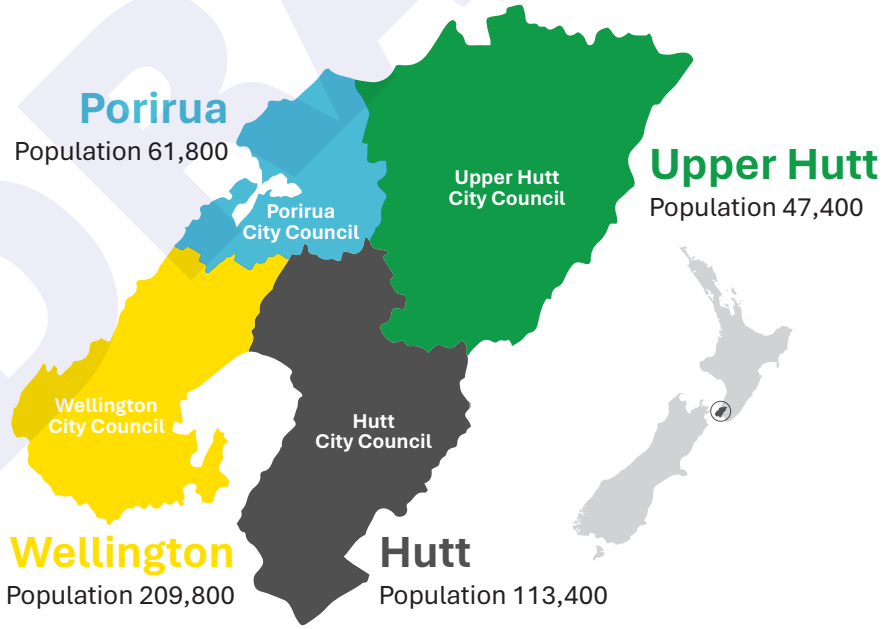
The process leading to this collective approach is discussed in more detail in Section A3 of this report.

Councils are committed to delivering the transformation in water service delivery described in this plan.

This document is a one-off transitional requirement under legislation, as detailed below. As required by the legislation, it covers a 10-year period from 2024/25 to 2034/35; and also includes a high-level forecast for 30 years.

Beyond that requirement, this WSDP will be useful to councils, mana whenua and Metro Water, to clearly articulate joint arrangements, delivery model, planned investment, revenue and financing strategies in order to achieve financial sustainability and levels of service. It is expected that the direction set out in the WSDP will be reflected through the Statement of Expectations and Water Services Strategy.

***Figure 1**: Cities and populations covered by this WSDP*



[1] All current population data is rounded, 50th percentile, 2024 data from Sense Partners https://www.demographics.sensepartners.nz/population

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A1.2 Mana Whenua partnership

Mana whenua iwi Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika are partnering with councils to achieve an aspirational vision of restoring te mana o te wai (the health and wellbeing of the water)[2].

This plan is intended to ensure that mana whenua have meaningful influence and statutory obligations in respect of the principles of the Treaty of Waitangi/Te Tiriti o Waitangi are honoured.

Mana whenua support the plan for a joint council-owned water organisation because:

- water sources across Wellington are connected and for Māori are considered as one, from the water source of Te Awa Kairangi/Hutt River through to Te Whanganui-a-Tara/ Wellington Harbour, Te Awarua-o-Porirua Harbour and the south coast
- working with one single organisation for water services would enable consistency across the region (supporting end-to-end protection and management) and will remove duplication of similar work across multiple organisations or councils.

Mana whenua expect Metro Water to commit to key outcomes:

- that wai needs to be protected and managed for the benefit of current and future generations
- there will be an enduring focus on the best possible outcomes for wai, taking a holistic approach across the whole water system
- there will be a commitment to achieving the outcomes articulated in te mana o te wai, as these endure beyond changing political cycles and direction
- mana whenua will have an active role at all levels of water services planning and delivery – from long-term planning, governance, operations/management through to engagement with communities
- the approach will be tūpuna-led and mokopuna focused, meaning that we need to be driven by the goal of creating a thriving environment for future generations.

Mana whenua expectations will be reflected throughout establishment planning (see Sections D and E).

A2. Legislative requirements

A2.1 Legislative framework

Councils are working within the *Local Water Done Well* legislative framework.

The relevant legislation is:

- **Water Services Acts Repeal Act 2024.** This repealed the previous Government's water reforms legislation.
- **The Local Government (Water Services Preliminary Arrangements) Act 2024**, which requires territorial authorities to prepare water service delivery plans and sets out processes for preparing, certifying and approving these plans. This was enacted on 2 September 2024.
- **The Local Government (Water Services) Act 2025.** Note the Local Government (Water Services) Bill (referred to as Bill 3) was introduced in December 2024, and is likely to be enacted in the third quarter of 2025 prior to the final version of this WSDP being submitted. It is therefore referred to throughout this document as the Local Government (Water Services) Act. This legislation establishes the enduring settings for the water services delivery, including for new water organisations of the kind the councils intend to establish.

Government announcements in August 2024 also included confirmation of financial arrangements that the Local Government Funding Agency (LGFA) will provide support to water council-owned organisations.

A2.2 Statutory requirements of a WSDP

In developing this WSDP, councils have taken into account and have met the statutory requirements under the Local Government (Water Services Preliminary Arrangements) Act 2024.

The legislation requires that, through the development of their WSDP, councils are to provide an assessment of their water infrastructure, how much they need to invest, and how they plan to finance and deliver it through their preferred water service delivery model.

WSDPs must include an implementation plan that outlines the process for delivering the proposed model, a commitment to give effect to the proposed model once the WSDP is accepted, and the timeframes and milestones for delivering the proposed model.

[2] In this document, te mana o te wai refers to an enduring concept, beyond the wording in the National Policy Statement for Freshwater Management that is being amended.

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A2.3 Alignment with statutory requirements

This WSDP meets the requirements of the Local Government (Water Services Preliminary Arrangements) Act 2024, as set out below.

Table 1: *Alignment with statutory requirements*

Legislative requirements	Relevant section(s) of this report
Section 13 (1): A territorial authority's Water Services Delivery Plan must contain the following information in relation to the water services delivered in the authority's district:	
(a) a description of the current state of the water services network:	Section B: Current state assessment Section B: Asset base and condition Appendix B2
(b) a description of the current levels of service relating to water services provided:	Section B: Levels of service and performance Appendix B1
(c) a description of — (i) the areas in the district that receive water services (including a description of any areas in the district that do not receive water services); and (ii) the water services infrastructure associated with providing for population growth and development capacity:	Section 13(1)(c)(i) – Section B: Population and areas that receive water services Section 13(1)(c)(ii) – Section B: Providing for growth
(d) whether and to what extent water services — (i) comply with current regulatory requirements: (ii) will comply with any anticipated future regulatory requirements	Section B: Statement of regulatory compliance Section B: Meeting regulatory requirements in an uncertain environment Appendix B3
(e) if any water services do not comply with current regulatory requirements or will not comply with any anticipated future regulatory requirements — (i) a description of the non-compliance; and (ii) a description of how the anticipated or proposed model or arrangements provided under paragraph (k) will assist to ensure water services will comply	Section B: Statement of regulatory compliance Section B: Meeting regulatory requirements in an uncertain environment Section B: Moving towards compliance Appendix B3
(f) details of the capital and operational expenditure required — (i) to deliver the water services; and (ii) to ensure that water services comply with regulatory requirements	Section C: Investment strategy and sufficiency
(g) financial projections for delivering water services over the period covered by the plan, including — (i) the operating costs and revenue required to deliver water services; and (ii) projected capital expenditure on water services infrastructure; and (iii) projected borrowing to deliver water services:	Section C: Investment required: capex and opex Section C: Finance strategy and sufficiency
(h) an assessment of the current condition, lifespan, and value of the water services networks:	Section B: Asset base and condition Appendix B2

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(i) a description of the asset management approach being used, including capital, maintenance, and operational programmes for delivering water services:	Section B: Asset-management approach
(j) a description of any issues, constraints, and risks that impact on delivering water services:	Section B: Managing pressures
(k) the anticipated or proposed model or arrangements for delivering water services (including whether the territorial authority is likely to enter into a joint arrangement under section 10 or will continue to deliver water services in its district alone):	Section D: Proposed water services delivery model
(l) an explanation of how the revenue from, and delivery of, water services will be separated from the territorial authority's other functions and activities:	Appendix C6: Charging and billing arrangements
(m) a summary of any consultation undertaken as part of developing the information required to be included in the plan under paragraph (k):	Section A: Consultation and engagement Appendix A1: Summary of consultation feedback
(n) an explanation of what the territorial authority proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028:	Section C: Economic and financial analysis
(o) an implementation plan — (i) for delivering the proposed model or arrangements described under paragraph (k); and (ii) if a territorial authority is proposing to deliver water services itself and not as part of a joint arrangement for delivering water services, that sets out the action that the territorial authority will take to ensure its delivery of water services will be financially sustainable by 30 June 2028:	Section E: Implementation plan
(p) any other information prescribed in rules made by the Secretary under section 16.	Not applicable
Section 13 (2): For the purposes of subsection (1)(o), an implementation plan must include the following:	
(a) a process for delivering the proposed model or arrangements: (b) a commitment to give effect to the proposed model or arrangements once the plan is accepted: (c) the name of each territorial authority that commits to delivering the proposed model or arrangements: (d) the time frames and milestones for delivering the proposed model or arrangements.	Section E: Implementation plan
Section 13 (3): A water services delivery plan must also comply with any requirements prescribed in rules made by the Secretary under section 16.	
A water services delivery plan must also comply with any requirements prescribed in rules made by the Secretary under section 16.	Not applicable
Section 14 (1): A joint water services delivery plan must contain the following:	
(a) information that clearly identifies each territorial authority that is proposed to be a party to the joint arrangement:	Section A: Introduction, assurance and certification
(b) information as to whether the joint arrangement will deliver – (i) all water services for all of the territorial authorities that are parties to the joint arrangement; or (ii) all water services except for some or all services in relation to all of the territorial authorities' stormwater networks; or (iii) all water services for some of the territorial authorities, and all water services except for some or all services in relation to stormwater networks for the other territorial authorities:	Section A: Introduction Section D: Proposed Water Service Delivery Model
(c) all of the information listed in **section 13:**	As outlined above in this table.

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(d) information on the likely form of the joint arrangement, including whether it is anticipated it will involve water services being delivered by– (i) a joint WSCCO; or (ii) an arrangement described in section 137 of the LGA2002; or (iii) another organisation or arrangement that the territorial authorities are considering.	Section D: Proposed Water Service Delivery Model
Section 14 (2): To the extent that further information about the joint arrangement is available when the plan is submitted to the Secretary under section 18, a joint water services delivery plan may also contain that information, including:	
(a) the ownership structure; and (b) the governance structure; and (c) the control and financial rights of each territorial authority in the joint arrangement.	Section 14(2)(a) – Section D: Ownership structure Section 14(2)(b) – Section D: Governance arrangements Section 14(2)(c) – information not yet available but will be included in constitution and shareholders' agreement – see Section D: Ownership structure
Section 14 (3): For the purposes of subsection (1)(c), a joint plan must contain the information required under section 13 in relation to:	
(a) each territorial authority that is a party to the joint arrangement; and (b) all water services delivered in the joint service area (including services relating to each territorial authority's stormwater network).	Section A: Introduction Section D: Proposed Water Service Delivery Model
Section 14 (4): Subsection (1)(c) applies to a territorial authority's delivery of water services relating to its stormwater network even if the delivery of those services is not part of the joint arrangement.	
	Not a content requirement
Section 14 (5): A joint plan must also comply with any requirements prescribed in rules made by the Secretary under section 16.	
No requirements have been prescribed in rules made by the Secretary under section 16.	Not applicable
Section 15: Period covered by water services delivery plan	
Section 15 (1) A water services delivery plan – (a) must cover a period of not less than 10 consecutive financial years, starting with the 2024–25 financial year; and (b) may include information that covers an additional 20 consecutive years, if the information identifies investment requirements – (i) for water services infrastructure; or (ii) to support future housing growth and urban development.	Section C: Economic and financial analysis
Section 15 (2) A water services delivery plan must provide the required information – (a) in detail in relation to each of the first 3 financial years covered by the plan; and (b) in outline in relation to each of the subsequent financial years covered by the plan.	Part C: Economic and financial analysis

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A3. Regional approach to WSDP

A3.1 Developing a recommended regional approach and delivery model

In May 2024, nine councils within the Wellington regional area plus Horowhenua District Council signed a Memorandum of Understanding to collaborate on a WSDP process.

The councils made a commitment to work together through a collaborative and non-binding process. To provide direction and oversight, the 10 councils set up the Advisory Oversight Group (AOG), made up of an elected member from each council and four mana whenua representatives[3]. This process is supported by a Chief Executives' steering group, a joint project team, a joint budget and an agreed project approach.

The AOG has helped to progressively test and provide direction on a set of key requirements for a regional WSDP.

The initial phase of this work identified a full breadth, asset-owning, water services council-owned organisation to be the preferred delivery model. Read the October 2024 report on the recommended regional approach **here**.

During October and November 2024 each of the 10 councils made their decision on whether to continue to be part of the collective to develop a joint WSDP and associated implementation plan.

Five councils (Hutt City, Porirua City, Upper Hutt City, Wellington City and Greater Wellington) agreed to continue to work together in this programme.

A3.2 Developing a joint WSDP and establishment planning

The five councils have continued to work with mana whenua iwi Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika to plan for a multi-council-owned water organisation to deliver water services in the region.

In March and April 2025 the councils publicly consulted on water service delivery options:

- A new multi-council-owned water organisation (councils' preferred option).
- A modified version of the current Wellington Water model.

Wellington City also consulted on the option of a Wellington City Council sole ownership water organisation.

See the section below for more detail on consultation and engagement.

In May and June 2025 all five councils formally agreed to jointly establish and co-own a new water services Council Controlled Organisation (water organisation) for water, wastewater and stormwater services.

This decision was made by councils on the following dates:

- Wellington City Council: 22 May 2025.
- Porirua City Council: 26 June 2025.
- Greater Wellington: 26 June 2025.
- Hutt City Council: 27 June 2025.
- Upper Hutt City Council: 30 June 2025.

A3.3 Completing the joint WSDP and establishing a new water organisation

Councils and mana whenua are continuing to work towards establishing Metro Water. Key target dates for the establishment of this organisation are:

- 1 October 2025 – (Day Zero) the new organisation will be incorporated, with an Establishment Board and establishment funding.
- 1 July 2026 – (Day One) the new organisation will begin delivering water services, with some functions and support provided by councils in the interim, where necessary.

See more details in Sections D and E of this report.

A3.4 Greater Wellington Regional Council position

Greater Wellington Regional Council (GW) has a unique role as a regional council in New Zealand as it is responsible for collecting, treating and distributing safe and healthy drinking water to the four city councils in the metropolitan Wellington Area.

This work is carried out for GW by Wellington Water. City councils in the metropolitan area are responsible for the distribution of water to households and businesses through their own networks[4].

This unique role is recognised under legislation through the Wellington Regional Water Board Act 1972.

GW is not required by legislation to prepare its own WSDP but, given its role in water delivery, it has committed to being part of this joint WSDP.

[3] Note, the mana whenua representatives were progressively confirmed and joined the AOG during this process.

[4] GRWC LTP 2024-2034.

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A4. Consultation and engagement

A4.1 Public consultation

During March and April 2025 councils formally consulted with ratepayers and communities on delivery model options, in accordance with sections 61 to 64 of the Local Government (Water Services Preliminary Arrangements) Act 2024.

All councils consulted on the options of:

1. the establishment of a new multi-council-owned water services organisation (CCO)
2. a modified version of the existing Wellington Water arrangement.

Wellington City Council consulted on a third option of establishing a Wellington City-only CCO. All councils had option 1 (new multi-council-owned CCO) as their preferred option.

All councils conducted significant engagement and outreach activity throughout the consultation period. Wellington City Council also conducted a residents' panel survey.

Summary of feedback

There was solid support for the preferred option across all five councils, ranging from 69 to 84 percent of submissions in favour.

Table 2: *Summary of consultation outcomes*

Council	Consultation period	Number of submissions	Outcomes
Hutt City Council	20 March – 20 April 2025	291	Option 1 69% Option 2 26.6%
Porirua City Council	20 March – 20 April 2025	271	Option 1 77.1 % Option 2 22.9 %
Upper Hutt City Council	24 March – 27 April 2025	104	Option 1 84% Option 2 16%
Wellington City Council	20 March – 21 April 2025	713	Option 1: Submission: 72% Residents' survey: 82% Option 2: (establish WCC-only CCO) Submission: 15% Residents' survey: 8% Option 3: (modified status quo) Submission: 13% Residents' survey: 10%
Greater Wellington Regional Council	20 March – 22 April 2025	113	Option 1 79.6 % Option 2 20.4%

Consistent themes

Consistent themes expressed by submitters across all councils were as follows:

Support for change. General sentiment that urgent action is needed to fix water infrastructure and governance. The new entity is expected to leverage regional assets better and provide a more unified approach to water management. There are concerns about implementation and submitters want clear communication about costs, including the cost of establishing the new organisation.

Service delivery, infrastructure and maintenance. Submitters expressed dissatisfaction and frustration with the current Wellington Water model and the quality and reliability of water services delivered, and a lack of trust in the current system. Concerns were expressed about aging water infrastructure, particularly the deteriorating condition of pipes and frequent leaks.

Accountability/governance. Submitters identified the need for transparency and public accountability, with calls for clearer governance structures and decision-making processes and independent oversight. There are calls for more community input – people want to be informed and have a say. Submitters expressed views on the need for subject matter expertise and infrastructure expertise to be represented on the Board and with minimal or no political representation.

Affordability. Concerns about the affordability of increased water charges, and fears that costs will rise, especially for big families and those already struggling. Concerns about fair distribution of costs, especially for low-income communities and underfunded councils/communities. Support for equity to be a factor when setting water charges. Calls for more rigorous financial oversight and better prioritisation; strong asset management planning and information is seen as essential before any new billing systems are introduced. There are mixed views on water meters; some strongly opposed, citing affordability concerns and fear of hidden charges while others support water metering for conservation and fairness.

Public ownership/privatisation. Concerns about the possibility (now or into the future) of water assets being privatised. Demand for guarantees that water resources will remain publicly owned and managed for the benefit of all. Support for protections for consumers and vulnerable users.

Te Tiriti, water quality and environmental concerns. There is a call for the new organisation to uphold Treaty /Te Tiriti principles and involve Māori groups in governance. Some submitters emphasised the importance of environmental responsibility and long-term planning in water management. They want the new entity to prioritise climate resilience and sustainable practices. Submitters expressed concerns about chlorination, contamination risks, and pollution risks.

More detail of the feedback from communities across the proposed metropolitan area is attached as *Appendix A1: Summary of consultation feedback*. Relevant council reports are also available.

Councils are not required to consult on this WSDP, but during its development have kept in mind community concerns about current water service provision.

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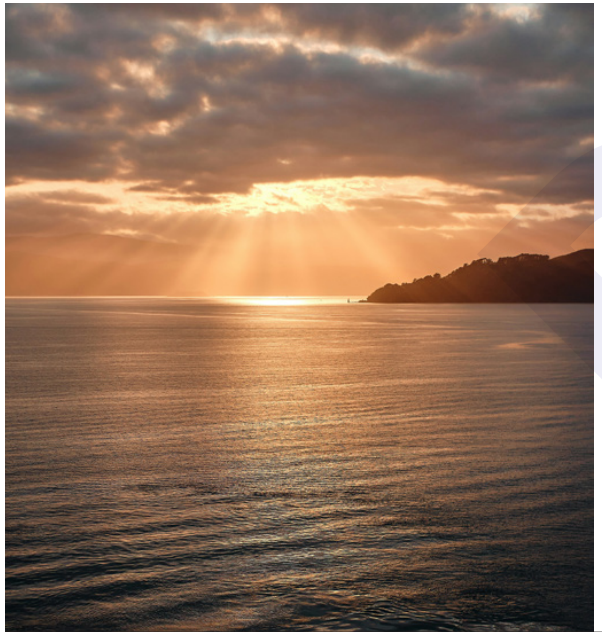
A5. Limitations, risks and constraints

While the councils have used the best information available to them to prepare this WSDP, it has been necessary to make certain assumptions in relation to matters such as the asset condition and valuation, future delivery of the capital programme and future regulatory requirements. These are set out in *Appendix C1: Assumptons and uncertainties*, accompanied by statements as to likelihood of an assumption being incorrect and the impact if this is the case. *Appendix C1* also sets out uncertainties that could result in reprioritisation of the investment programme. The assumptions and uncertainties identified are not exceptional, and are of the type commonly encountered by local authorities when preparing their long-term plans and asset management plans in relation to water services infrastructure. See also *Appendix C7: Financial statements* and *Appendix C8: Approach to financial modelling and assumptions*.



A6. Assurance process

The Local Government (Water Services Preliminary Arrangements) Act 2024 requires the chief executive of each authority to which the plan relates to provide a certification that the WSDP complies with the Act and the information contained in the plan is true and accurate.

To enable chief executives to certify the plan, there has been an ongoing assurance approach to this WSDP which has been built in through several layers of programme and project management, expert advisory, council review and decisions, and engagement with the Department of Internal Affairs (DIA).

This includes proactively identifying limitations, risks and constraints, as detailed in each of the following sections of this WSDP.

This process has included:

- Regular check ins and confirmation of direction and assumptions with council officials and elected members – including the councils' Responsible Officer Group, Chief Financial Officers, Chief Executives, and the AOG.
- Council review and input to draft material including draft sections of the WSDP.
- A series of council decisions and reports to elected members.
- Consultation process review of submissions, hearing processes and elected member decisions.
- Regular alignment meetings between the programme team and DIA on draft documents, financial modelling and identification of assurance points to review and align development of the WSDP.
- Focusing on key areas of risk, specialist independent advice has been sought for key areas of the WSDP and establishment planning, including but not limited to:
  - Legal review and advice
  - Network investment, delivery capacity, investment sufficiency, and asset management planning
  - Assumptions for financial modelling including qualifications and limitations on information
  - Financial modelling (including using the DIA model template as the basis)
  - Debt and capital advisory
  - Implementation plan: functional leads and advice including legal, IT, customer experience, operations, organisational design
  - Legal review of the WSDP and statement that the WSDP meets requirements under the Local Government (Water Services Preliminary Arrangements) Act 2024.

More detail of this assurance process and scope is set out in *Appendix A2: Assurance process*.

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A7. Assurance statements

In support of the certification requirements of the Act, the following assurance statements have been completed and are supported by the relevant sections of this WSDP.

Table 3: *Assurance statements*

Assurance statement	Relevant considerations and requirements	Relevant section of the WSDP
Financial sustainability	How the Plan will ensure that water services will be delivered in a financially sustainable manner, by 30 June 2028 at the latest. This requires confirmation that the Plan ensures water services delivery will meet the Financially Sustainable delivery assessment. This section includes commentary on: • transitional arrangements to ensure financially sustainable water services provision by 30 June 2028 • revenue requirements to meet costs of water services delivery over the plan period • the proposed levels of investment required over the plan period, and • funding and financing arrangements to deliver the proposed levels of investment.	Section C
Assurance and certification	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. 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.	Section A

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A8. Certification

I certify that this WSDP:

- complies with the Local Government (Water Services Preliminary Arrangements) Act 2024, and
- the information contained in the Plan in respect of the information provided by my council is true and accurate (acknowledging the various assumptions and uncertainties outlined in the appendices).

Council	Certified by (name, designation)	Date
Hutt City Council	Jo Miller, Chief Executive	7 August 2025
Porirua City Council	Wendy Walker, Chief Executive	7 August 2025
Upper Hutt City Council	Geoff Swainson, Chief Executive	7 August 2025
Wellington City Council	Matt Prosser, Chief Executive	7 August 2025
Greater Wellington Regional Council	Nigel Corry, Chief Executive	7 August 2025

A9. Adoption of the Plan

This section to be completed following council discussions and adoption of the WSDP.

The plan has been adopted by resolution of all five councils as follows:

Council	Relevant council meeting / committee	Date
Hutt City Council		
Porirua City Council		
Upper Hutt City Council		
Wellington City Council		
Greater Wellington Regional Council		

Appendix A3 contains individual council WSDP adoption resolutions.

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B: Current state assessment

Section summary

This section provides a description of the region and the water services provided, including an assessment of the current state of the network infrastructure, current levels of service and compliance with regulatory requirements. This section also discusses plans to provide for growth.

The Wellington metropolitan area has a population of around 432,000 served by an interconnected water system, with drinking water from the Hutt Valley supplying the whole area, and communities sharing wastewater treatment plants and stormwater catchment areas.

The three waters infrastructure includes over 6,700 km of pipelines, four drinking water treatment plants, four wastewater treatment plants, 140 reservoirs for drinking water storage, and 321 pump stations to maintain pressure and manage water, wastewater and stormwater flow across the region. Together, these assets have a replacement value of $17.96 billion[1] with the pipe network accounting for over 70 percent of that.

As in many parts of the country, the three waters infrastructure faces significant challenges, mainly due to a lack of sufficient investment over a long period.

Levels of service and performance are variable across the councils. Overall performance reflects known issues with water leaks, frequent wastewater overflows and flooding. Frequent and increasing numbers of asset failures are occurring due to asset deterioration and historic insufficient investment in asset renewals.

When it comes to meeting regulatory standards, performance is mixed across water supply, wastewater and stormwater activities. While improvements are underway across multiple areas, there is a need for enhanced operational management, targeted investment in asset upgrades, and stronger alignment with regulatory expectations to ensure long-term public health and environmental outcomes.

The population is expected to grow by around 30 percent over the next 30 years. Providing for future population growth is critically dependent on timely and sustained investment in water services infrastructure. Planned growth areas are distributed across the metropolitan area and therefore investment is also required across existing networks.

[1] Optimised replacement cost in 2025 dollars based on each councils' latest valuations.

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B1. Introduction

The Wellington metropolitan area has an interconnected water system, with drinking water from the Hutt Valley supplying the whole area, and communities sharing wastewater treatment plants and stormwater catchment areas.

Every day, millions of litres of safe drinking water are delivered to homes across the area, millions of litres of wastewater are safety-treated and discharged, and stormwater is managed to reduce flooding and protect the environment. However, as in many parts of the country, the water, wastewater and stormwater networks in metropolitan Wellington face significant challenges. Asset failures often occur, mainly due to asset deterioration and lack of sufficient investment over a long period.

Historically, residents have experienced water loss through network leaks and, at times, water shortages during the summer months due to limited supply capacity. Water supply reservoirs are also seismically vulnerable, posing a significant risk to the continuity of drinking water supply following a major earthquake. The wastewater network is also under pressure with some wastewater treatment plants (WWTPs) failing to consistently meet environmental and performance standards. There are frequent wastewater overflows affecting sensitive receiving environments. The stormwater network is under increasing pressure from urban growth, aging infrastructure, and more frequent intense rainfall events. In many areas, stormwater runoff contributes to pollution in receiving environments, and the network experiences regular flooding and overflows.

Currently, water services in the metropolitan area are provided by Wellington Water. The city councils own the water networks and fund Wellington Water to manage them and deliver water services to communities.

Information in this section about the current state of assets has been provided by Wellington Water with all information sources and limitations noted, including in Appendices referenced below.

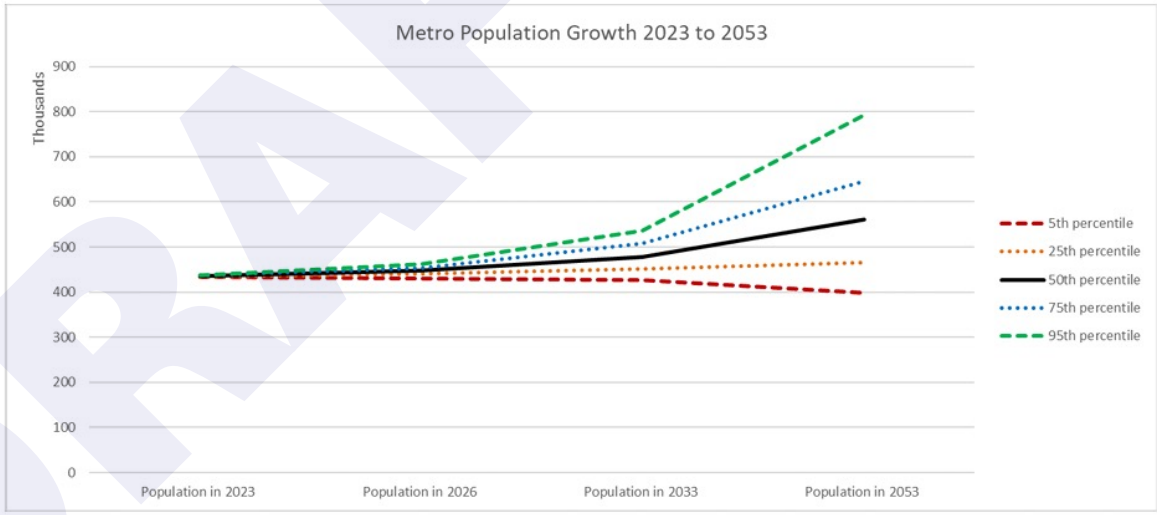
B2. Population and areas that receive water services

B2.1 Population and water services connections

The area covered by this WSDP includes all territory within the boundaries of Hutt City Council (HCC), Porirua City Council (PCC), Upper Hutt City Council (UHCC) and Wellington City Council (WCC). The estimated combined population is approximately 432,000[2]. Most of these residents are connected to council-supplied drinking water and wastewater systems, with variable stormwater connectivity depending on urban development and topography.

This area has been experiencing steady population growth, and this is forecast to continue in the medium term. Metropolitan area forecasts indicate around 30 percent population growth over the next 30 years to reach a total population of around 546,000 residents.

Figure 2: *Metro population growth*[3]



Each city has distinct characteristics and challenges. Where and how growth is accommodated will impact the existing water infrastructure and future requirements. The characteristics of each area along with the serviced and non-serviced population and forecast population are summarised in this section.

[2] All current population data and population forecasts are taken from Sense Partners, https://www.demographics.sensepartners.nz/population. This may differ to some councils' approach to population forecasting.

[3] Source: Greater Wellington Regional Council Asset Management Plan, 2025

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Hutt City

Hutt City encompasses 37,600 hectares of land. The floor of the Hutt Valley is the most densely populated flood plain in New Zealand and the central area of this flood plain is the main urban centre. Three major waterways (Orongorongo River, Te Awa Kairangi/Hutt River and Wainuiomata River) flow through HCC's boundaries. In addition, the Waiwhetū Stream is a significant urban waterway, running through the eastern suburbs and discharging into Wellington Harbour.

Hutt City has a current population of approximately 113,400 residents. Forecasts indicate up to 33 percent population growth over the next 30 years to a forecast population of around 151,100 people by 2054; around 37,700 additional people.

The vast majority of people living in Hutt City are connected to all three waters networks. Some rural and lifestyle properties in areas such as Wainuiomata's outskirts and coastal fringe may rely on rainwater harvesting, private bores, or septic systems.

Porirua City

Porirua City encompasses an area of 17,500 hectares around two arms of Te Awarua-o-Porirua Harbour and coastline. A significant waterway feeding into the harbour is Porirua Stream, which crosses the boundary from Wellington City. The Porirua city centre was developed in the 1960s around Te Awarua-o-Porirua Harbour, and most residential areas were developed between the 1940s and 1960s.

On 6 February 2025 Te Rūnanga o Toa Rangatira, Porirua City Council, Greater Wellington Regional Council, Wellington City Council, and Wellington Water Ltd signed and committed to Te Wai Ora o Parirua – The Porirua Harbour Accord. The Accord commits signatories to improving water quality, restoring biodiversity, integrating sustainable water management with urban development, and addressing climate change impacts.

Porirua City has a current population of approximately 61,800 residents. Forecasts indicate it will grow by around 27 percent over the next 30 years; around 16,500 additional people. By 2054, the population of Porirua City is expected to reach around 78,300 people.

Urban Porirua is almost entirely serviced by three waters. Rural and lifestyle properties and some parts of the urban-rural fringe may rely on rainwater harvesting, private bores, or septic systems.

Upper Hutt City

Upper Hutt City has the largest land area in the region, covering 54,000 hectares. This includes significant land set aside for existing or potential future water supply catchments. The Whakatikei, Akatārawa, Pākuratahi and Mangaroa rivers run through Upper Hutt to feed Te Awa Kairangi/Hutt River.

Upper Hutt has a current population of approximately 47,400 residents. Over the next 30 years this is projected to grow around 30 percent or about 14,200 additional people to reach an expected population of around 61,600 people by 2054.

Upper Hutt has low-density housing with the urban area occupying less than 10 percent of the land area. Most residents in urban areas are connected to three waters but rural and lifestyle properties in areas such as Kaitoke and Whitemans Valley may have on-site services.

Wellington City

Wellington City spans 44,400 hectares at the southern tip of the North Island. With a population of approximately 209,800 residents, it is the country's third most populous urban area. Nine significant waterways (Karori, Mākara, Ohariu, Opau, Oteranga, Owhiro, Kaiwharawhara, Ngauranga and Porirua Streams) run through WCC's boundaries. Many streams through the inner city have been reticulated to the harbour.

Forecasts indicate slightly slower growth in Wellington over the next 30 years relative to the other councils. Growth of around 21 percent is forecast. By 2054, around 44,800 additional people are expected to live in Wellington City with a total population of around 254,600 people.

Wellington is greatly impacted by growth across the rest of the region due to the number of people commuting to work from the other cities, Kāpiti Coast and Wairarapa. This, together with its position as the capital city and business centre, puts extra pressure on its three waters infrastructure.

Widespread three waters service coverage exists in Wellington City, including to commercial and high-density residential areas. The unserviced population is minimal due to the city's urban character; however, small sections near Mākara and rural parts of southern suburbs may use on-site systems.

Greater Wellington Regional Council

GW holds a unique dual role in the delivery of water services, acting both as the resource consent authority responsible for regulating water takes and discharges under the RMA, and as the asset owner of the bulk water network supplying metropolitan Wellington. These dual roles require careful separation of regulatory and ownership responsibilities to maintain transparency and integrity in decision-making.

GW is responsible for collecting, treating and distributing safe and healthy drinking water to the city councils[4]. Providing the bulk water supply to the city councils involves managing a network of infrastructure, ensuring safe, high-quality, secure, and reliable water sources, and that freshwater use is sustainable.

Two water collection areas in the Hutt Valley are designated for drinking water supply for the population served by this plan; Te Awa Kairangi/Hutt River and the Wainuiomata/Orongorongo Water Collection Area. The Waiwhetū Aquifer is also used as a source of drinking water for the Waterloo and Gear Island Water Treatment Plants. Further detail about the water network managed by GW is provided in later sections of this document.

[4] Historically, GW has avoided direct connection from customers to the bulk water mains. Where they do occur, significant operational problems occur when the connections are serviced, creating widespread disruption to customers. GW does not have a role in water supply in the Wairarapa or north of the Porirua area.

The tables below provide a breakdown of the current and projected residential and non-residential dwellings connected to council supplied three waters networks.

Table 4: *Water supply connections*

Connections	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34	FY2054/55
Total residential connections	145,984	147,205	148,426	149,659	150,903	152,159	153,426	154,705	155,996	157,299	188,208
Total non-residential connections	8,741	8,813	8,885	8,959	9,032	9,107	9,183	9,258	9,335	9,412	11,262
Total water supply connections	154,725	156,019	157,313	158,619	159,936	161,267	162,609	163,964	165,331	166,711	199,469

Table 5: *Wastewater connections*

Connections	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34	FY2054/55
Total residential connections	145,211	146,424	147,637	148,862	150,097	151,344	152,603	153,874	155,156	156,450	187,192
Total non-residential connections	11,551	11,653	11,755	11,858	11,963	12,068	12,174	12,281	12,389	12,498	14,954
Total wastewater connections	156,762	158,077	159,392	160,720	162,060	163,412	164,777	166,155	167,545	168,948	202,146

Table 6: *Stormwater connections*

Connections	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34	FY2054/55
Total residential connections	139,511	140,689	141,867	143,056	144,257	145,468	146,691	147,925	149,171	150,429	179,987
Total non-residential connections	11,897	11,984	12,071	12,158	12,246	12,335	12,424	12,515	12,606	12,697	15,192
Total stormwater connections	151,408	152,673	153,938	155,214	156,503	157,803	159,115	160,440	161,777	163,126	195,180

B3. Integrated water systems

The communities covered by this WSDP are supported by highly integrated drinking water, wastewater, and stormwater systems that cross local authority boundaries.

B3.1 Drinking water supply

Treated drinking water across the metropolitan area is delivered via a shared bulk water supply network managed by Wellington Water on behalf of GW. Treated water is supplied to city council-owned reservoirs and then reticulated to end users through local distribution systems. Water supply in metropolitan Wellington is underpinned by three main sources and four water treatment plants:

- Waiwhetū artesian aquifer contributes around 40 percent of water supply. Water from the aquifer located beneath Lower Hutt is sourced through eight wells which take water to the Waterloo Water Treatment Plant to be treated. From here it is distributed to reservoirs across Lower Hutt and Wellington. Under normal operating conditions, water treated at Waterloo services most of Lower Hutt (excluding Manor Park and Stokes Valley) and the southern and eastern suburbs of Wellington City along with supply from Wainuiomata.
- The Gear Island Water Treatment Plant operates to maintain treatment functions such as fluoride dosing. It is supplied by three bores in eastern Petone[5], which draw from the Waiwhetū artesian aquifer. These bores are used as a standby source, providing backup to the primary supply from the Waterloo Water Treatment

[5] The recharge of this aquifer is from the Hutt River.

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Plant. It supplements the supply to Wellington's business district and southern and eastern suburbs when needed.

- Te Awa Kairangi/Hutt River also contributes around 40 percent of water supply. Water from the river is treated at Te Mārua Water Treatment Plant before being fed out to reservoirs in Lower Hutt, Upper Hutt, Porirua and Wellington. Untreated water is also stored at the Stuart Macaskill Lakes and can be pumped to Te Mārua Water Treatment Plant when the Kaitoke River source is unsuitable. Under normal operating conditions, Te Mārua Water Treatment Plant supplies Upper Hutt, Manor Park, Stokes Valley, Porirua, and the northern and western suburbs of Wellington, extending as far south as Karori and parts of Mākara.
- Wainuiomata/ Orongorongo Water Collection Area contributes around 20 percent of water supply. This water is treated at the Wainuiomata Treatment Plant then distributed to reservoirs in Wainuiomata and Wellington. It usually supplies water for Wainuiomata and, together with water from the Waiwhetū artesian aquifer, Wellington's business district and the city's southern and eastern suburbs.

Most urbanised areas — including residential, commercial, and industrial zones in Wellington, Lower Hutt, Upper Hutt, and Porirua — are fully serviced by this drinking water network.

Some communities located in rural and semi-rural parts of the region are not connected to council-owned water supply schemes and generally rely on private bores, rainwater harvesting, or small-scale community supply schemes. These communities include:

- **HCC:** Wainuiomata Coast and Moore's Valley.
- **PCC:** Areas around Pāuatahanui Inlet and parts of Judgeford.
- **UHCC:** Blue Mountains.
- **WCC:** Parts of Mākara and Mākara Beach, Ohariu, and parts of South Karori.

The Mākara water supply and supplies to several tanks in Judgeford Hill, which may be mixed-use rural drinking water schemes (50% of the water supplied is for farm use and up to 50% is used as drinking water), are privately owned and not covered by this plan.

B3.2 Wastewater networks

Wastewater in the metropolitan area is managed through local sewer networks that transfer wastewater from properties through gravity pipelines, pump stations and pressurised (rising) mains to four WWTPs. At the plants, water is treated before being discharged into the marine environment in accordance with regulatory consents. These plants are strategically located to support gravity flow as much as possible.

- Seaview WWTP treats all wastewater from Hutt City and Upper Hutt. The treatment plant and associated works are jointly owned by HCC and UHCC based on population (current split is approximately 70 percent HCC, 30 percent UHCC[6]).
- Porirua WWTP services all of Porirua and parts of the northern suburbs of Wellington City[7]. The treatment plant and associated trunk pipes and pump stations are jointly funded through a cost-sharing arrangement between PCC and WCC, with PCC contributing approximately 72.4 percent and WCC contributing the remaining 27.6 percent of funding, based on the relative proportion of wastewater received from each city[8].
- Moa Point and Western WWTPs and the Carey's Gully dewatering facility serve the bulk of Wellington City. There is also a sludge minimisation facility currently under construction to treat sludge generated at the Moa Point WWTP.

Nearly all properties in residential, commercial, and industrial areas are connected to the wastewater network.

Rural and semi-rural areas outside the main urban footprint are not connected to reticulated wastewater systems. These include:

- **HCC:** Wainuiomata Coast.
- **PCC:** Judgeford, Pāuatahanui, and rural zones beyond urban Porirua.
- **UHCC:** Blue Mountains.
- **WCC:** Mākara, Mākara Beach, Ohariu, and South Karori.

In these locations, on-site wastewater management systems (e.g. septic tanks) are common.

[6] Note, a 70/30 split has been applied in the investment programmes.
[7] Wellington suburbs serviced by the Porirua WWTP include Tawa, Churton Park, Grenada North, Paparangi, Woodridge and northern parts of Johnsonville and Newlands.
[8] The jointly owned wastewater assets are referred to as "joint venture" assets in later parts of this document.

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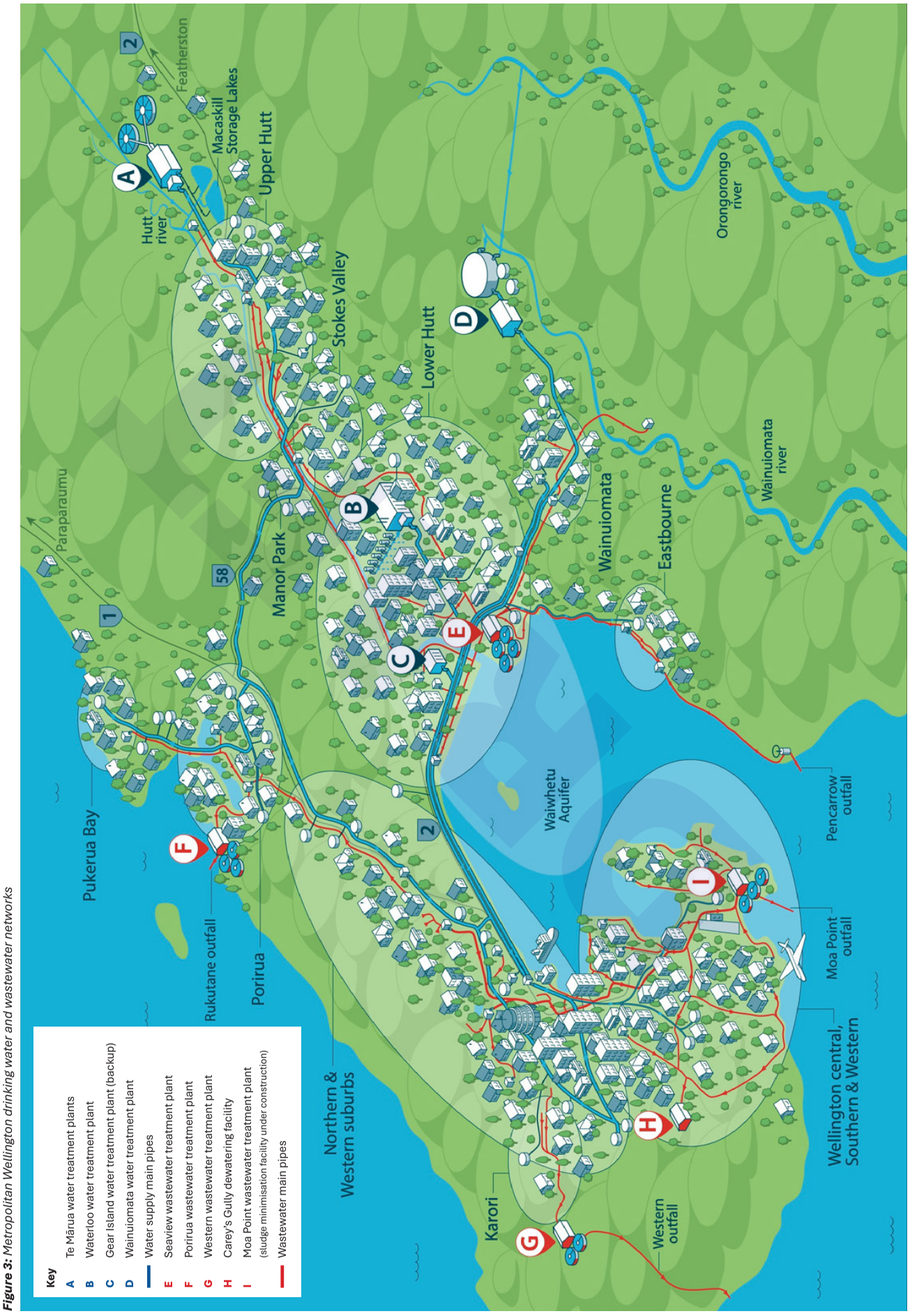

***Figure 3:** Metropolitan Wellington drinking water and wastewater networks*

B3.3 Stormwater catchments

The reticulated stormwater network for metropolitan Wellington includes a system of kerbs, channels and underground pipes that drain the rain off the land, roads and footpaths, and from gutters into overland flow paths, detention facilities, constructed wetlands, streams, rivers and eventually out to sea. Some properties are not directly connected to stormwater pipes but are still considered 'connected' if stormwater run-off from the property enters the kerbs and channels and wider stormwater network[9].

The stormwater network is structured around three major catchments[10]:

- Te Whanganui-a-Tara/Wellington Harbour has nine sub-catchments, four of which discharge out to the south coast and five that discharge to Te Whanganui-a-Tara inner harbour. Most of Wellington's historical streams have been reticulated but some urban streams remain, such as Kaiwharawhara Stream, which flows to the inner harbour, and Ōwhiro and Karori streams, which flow out to the South Coast and Cook Strait.
- Te Awarua-o-Porirua Harbour has seven sub-catchments and over 275km of streams. Two of the sub-catchments primarily discharge to the western coastal areas of Porirua, three sub-catchments primarily flow into the two arms of the Porirua Harbour and two discharge to both the coast and harbour.
- Te Awa Kairangi/Hutt River catchment has 12 sub-catchments, most of which flow into the Te Awa Kairangi/Hutt River, the major river system in Te Whanganui-a-Tara. Land use within this catchment varies significantly from native vegetation, peatland and grassland to the heavily urbanised areas through the length of the valley floor.

While most urban catchments are served by reticulated stormwater systems, three rural sub-catchments identified in the region's Stormwater Management Strategy lack reticulated infrastructure:

- Horokiri sub-catchment (north of Pāuatahanui, Porirua).
- Hutt Headwater sub-catchment (upper reaches of the Hutt River, Upper Hutt).
- Hutt Pakuratahi sub-catchment (Upper Hutt east, near Kaitoke).

These areas, being sparsely populated and largely rural or conservation land, rely on natural overland flow and surface waterways.

The table below summarises the water and wastewater schemes, and the stormwater catchments in metropolitan Wellington. It also summarises the key growth areas in the metro councils' District Plans and Long-Term Plans.

Table 7: *Three waters overview*

Serviced areas (by reticulated network)	Water supply schemes	Wastewater schemes	Stormwater catchments
Residential, commercial and industrial areas of Hutt City, Porirua City, Upper Hutt City and Wellington City	**Water sources:** • Waiwhetu Artesian Aquifer • Te Awa Kairangi/ Hutt River • Wainuiomata/ Orongorongo Collection Area **Water Treatment Plants:** • Waterloo • Gear Island • Te Mārua • Wainuiomata As of 2024, together these water schemes had 145,984 residential connections and 8,741 non-residential connections.	**Wastewater Treatment Plants:** • Moa Point • Western • Porirua • Seaview As of 2024, together these wastewater schemes had 145,221 residential connections and 11,551 non-residential connections.	• Te Whanganui-a-Tara / Wellington Harbour • Te Awarua-o-Porirua Harbour • Te Awa Kairangi/ Hutt River As of 2024, the stormwater networks in these catchments together had 139,511 residential connections and 11,879 non-residential connections.

[9] Source: https://www.wellingtonwater.co.nz/resources/topic/drinking-water-4

[10] Source: *He Rautaki Wai Āwhātanga | Stormwater Management Strategy, July 2023.;* https://storymaps.arcgis.com/stories/cbcf01912ff54c6e905efbbecc4cae73

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B4. Providing for growth

The scale of population growth alongside compounding environmental, regulatory and climate pressures require a system-wide response to the provision of water services. An integrated approach across drinking water, wastewater, and stormwater systems will ensure that infrastructure is delivered where and when it is needed to enable development capacity across metropolitan Wellington.

Providing for future population growth is critically dependent on timely and sustained investment in water services infrastructure. Without this investment, the ability of councils to enable new housing and commercial development will be severely constrained.

Strategic integration of land use and infrastructure planning is critical to ensure that communities are supported by fit-for-purpose, future-proof water services. New developments must be serviced with safe and reliable water supply, effective wastewater treatment and disposal, and stormwater systems that can manage increasing runoff, particularly in the face of climate change and more frequent extreme weather events. At the same time, aging infrastructure in existing urban areas must be renewed or upgraded to accommodate greater demand and meet modern service standards. Planning for growth must also ensure land that supplies water remains protected. Increasing development upstream from water catchment areas could compromise water quality and add cost to water treatment.

B4.1 Development pathways and growth areas

According to the Wellington Region Future Development Strategy[11], growth in metropolitan Wellington is expected to be accommodated through three development pathways. While each has distinct implications for water infrastructure, all types of growth will have indirect impact on infrastructure capacity.

- **Urban intensification** through infill and incremental housing developments. These are small-scale developments within existing residential zones such as subdividing sections or constructing two- to three-dwelling units in place of standalone homes. These developments depend heavily on the capacity and reliability of existing three waters networks and their success is contingent upon network renewals, demand management, and capacity upgrades in older neighbourhoods.
- **Transformational urban renewal areas** will consist of large-scale intensification in well-located areas, such as city centres and along mass transit corridors (e.g., Johnsonville, Porirua City Centre, Lower Hutt CBD). These developments will require major upgrades to existing water infrastructure including increased trunk main capacity, booster pump stations, reservoir expansion or new storage and stormwater attenuation and conveyance solutions to address increased runoff. While these areas are already serviced, the scale of growth will often exceed existing network capacity, necessitating proactive capital investment.
- **Future urban areas (greenfields)** are new development areas such as Lincolnshire Farm and parts of Upper Stebbings in north Wellington, Aotea Block Extension and the Northern Growth Area in north Porirua, and the Silverstream Forest, St Patricks mixed-use precinct and Gillespies block sites in Upper Hutt. These developments will require the construction of new local water, wastewater, and stormwater networks, as well as connection to the broader bulk infrastructure. These developments are especially dependent on new bulk mains and reservoirs, upgrades to water and wastewater treatment plants, extended trunk infrastructure for conveyance and integrated stormwater management using open space, wetlands, and overland flow paths.

In most locations identified for housing and commercial growth, the existing infrastructure lacks the capacity or resilience to support additional demand. Much of the existing three waters infrastructure — particularly within the water supply network — is already operating below agreed levels of service, with limited redundancy, constrained storage, and aging assets creating vulnerability and performance issues. As a result, a substantial portion of the investment classified as 'growth' later in this WSDP is in fact needed to address historic service deficiencies as well as to enable new development.

Without upgrades and extensions to these networks, councils will face mounting constraints on issuing new connections, ultimately stalling planned development. This risk is particularly acute in fast-growing areas where infrastructure limitations could become a binding constraint on development. Strategic and coordinated investment is therefore essential to unlock development capacity and prevent growth from being halted due to network limitations. In some instances, where infrastructure investment cannot be prioritised or funded, development may be delayed or restricted.

Under the Local Government (Water Services) Act 2025, councils remain the planning authorities responsible for determining where and how growth should occur, while Metro Water will be responsible for assessing infrastructure needs and delivering services that can enable that growth. To effectively fulfil this role, Metro Water will need to work closely with councils to refine and align growth studies across the metropolitan Wellington.

This approach mirrors that of other utility providers (e.g. electricity and gas), that rely on land-use planning authorities to set growth direction while providing input on infrastructure feasibility and servicing constraints.

The WSDP investment programme includes provision for growth-related infrastructure as identified in the councils'

[11] Source: https://wrlc.org.nz/wp-content/uploads/2024/03/1404-GWRC-WLRC-Future-Development-STRATEGY-2024-240223-06.pdf

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current growth studies. However, there are gaps in the level of detail these studies provide – some councils do not have a complete set of studies that identify the growth requirements across their whole city. Further work is required to fully understand the localised investment needs of each council and priority must be given to developing detailed growth studies early when Metro Water is established. Such studies will provide greater understanding of the existing infrastructure constraints, and the infrastructure expansion options available. This is particularly important for Wellington City, which is already facing restrictions on new connections in priority growth locations. The timing, scale and type of investment provided for in the WSDP investment programme may change as additional knowledge is attained through growth studies.

The delivery timing of growth-related investment also requires coordination with district planning, funding policies and the balanced needs of the community and developers. In some cases, developers will install new infrastructure; in other cases they will make development contributions, and this will be used by Metro Water to build infrastructure that enables this growth. Metro Water will also need to continue engaging closely with councils to determine priority areas for growth and align infrastructure planning accordingly.

Table 8: *Key growth areas*

Council	Proposed growth areas
Hutt City	Both the District Plan and 2024-34 LTP focus on urban intensification, particularly along key transport corridors. The central area is listed as a priority development area and Wainuiomata is noted as a future area for residential development and intensification. Crown funding to deliver critical wastewater and stormwater infrastructure upgrades across the valley floor, particularly in areas associated with the RiverLink programme and central Lower Hutt redevelopment, are expected to enable an additional 3,500 dwellings.
Porirua City	The Northern Growth Area, Whitby/Aotea and Pāuatahanui are designated for future residential development. Significant infill in Eastern and Western Porirua is also noted. The 2024-34 LTP contains marginal growth-related infrastructure investment.
Upper Hutt City	The District Plan balances greenfield development and urban intensification and identifies the St Patrick's Mixed-Use precinct and Gillespies Block as key growth areas. Development along the Trentham strategic public transport corridor and Silverstream Forest are also priority development areas. The 2024-34 LTP contains marginal growth-related infrastructure investment.
Wellington City	Both the District Plan and 2024-34 LTP focus on urban intensification, particularly in the City Centre Zone, Te Aro Growth Corridor, Kilbirnie and Johnsonville. There is limited provision for growth-related infrastructure in the 2024-34 LTP.

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B5. Managing pressures

B5.1 Managing pressures on the water supply system

Water demand in metropolitan Wellington is increasing at a rate that outpaces population growth. Around 162 million litres of drinking water are supplied daily, but ongoing network losses, population growth and anticipated reductions in the amount of water that can be taken from water sources through the summer months mean the demand for water will soon exceed what the water system can sustainably supply[12].

Historically, summer water shortages have been common, largely due to the high volume of treated water lost through leaks in the network. In the past 12 months, increased investment in leak detection and repair has significantly reduced water loss. The recent commissioning of Te Marua capacity optimisation project has further reduced the risk of acute water shortages, and no water shortages were experienced over the past summer. However, despite the recent reduction in water losses, the risk of more frequent and severe summer water restrictions remains, particularly in prolonged dry periods when river sources are unavailable. Ongoing increased investment in fixing leaks is not affordable in the long run.

At the same time, the overall condition of the water supply network continues to deteriorate due to prolonged historic underinvestment in renewals. The resilience of the water supply system to the impacts of climate change must be improved. There is increasing recognition that the region's level of service for water security is relatively low compared to other, similar cities.

Targeted investment to address acute water shortages and long-term supply challenges and to improve the overall condition of the water supply network is needed. A three-pronged strategy, Keep-Reduce-Add, has been adopted by Wellington Water to address these challenges and secure water supply into the future.

Keep water in the network by reducing network losses:

- Targeted funding for leak detection and repair.
- Large-scale pipe renewals and pressure management.
- Focus on high-loss suburbs and critical pipe. corridors.

Reduce demand for water through demand management activity:

- Rollout of universal residential metering by 2030 (including volumetric charging after rollout).
- Introduction of usage-based pricing to encourage water efficiency.
- Behaviour change campaigns and education initiatives to reduce water use.

Add new supply and storage sources:

- Pākuratahi Lakes Stage 1 (lakes 1 and 2) in service by 2035.
- Additional supply options subject to further investigations:
  - Managed Aquifer Recharge project.
  - Storage expansion.
  - Pākuratahi Stage 2 (lake 3 and water treatment plant upgrade).
  - New water source.

Aside from the Pākuratahi Lakes Stage 1 project, which is required imminently, the timing of all the additional supply and storage projects noted above remain high-level future options. These projects require further technical investigation, environmental assessment, and community engagement before their feasibility and timing can be confirmed. Wellington Water's strategic planning has estimated the benefit of each of the proposed investments in the Keep-Reduce-Add strategy, but how these play out in practice will impact the timing of the additional supply and storage projects.

The WSDP capital programme includes investigations and trials for the Managed Aquifer Recharge project to gain greater understanding of the benefits it could provide. The success of this initiative, the actual benefits provided by the universal water meters and associated demand reduction initiatives, and the actual water-loss reduction achieved across the network will all determine the timing of investment in the additional supply and storage projects. If, collectively, these initiatives are not as successful as anticipated, investment in the supply and storage projects could be needed as early as the late 2040s. If they outperform expectations, the supply and storage initiatives could be deferred as late as the 2060s. Therefore, aside from Pākuratahi Lakes Stage 1, where these projects are scheduled in the WSDP capital programme should be considered indicative and subject to movement.

[12] Several key challenges in addition to a growing population will shape Wellington's future water supply:

- Environmental limits – New rules will reduce summer water availability, per the Whaitua Te Whanganui-a-Tara Committee.
- Water loss – Leakage must meet efficiency targets.
- Climate change – Affects water availability, particularly from the Waiwhetū aquifer, and increases water quality risks.
- Level of service (LoS) – The current 1-in-50 year water shortage standard is low; pressure is growing to raise it to 1-in-200 or even 1-in-500.
- Seismic vulnerability of the existing assets – core infrastructure (treatment plants and reservoirs) requires upgrades to ensure functionality remains when subjected to seismic events.

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The four existing water treatment plants will need to continue to be managed to maintain existing service performance, with capacity upgrades ultimately required at Te Mārua as demand increases. Initiatives to sustain performance include bore replacements at Waterloo and Gear Island, and process improvements at Wainuiomata.

A 'New Hutt Water Treatment Plant' project is provisionally programmed for investment in the WSDP capital programme from FY2045. This involves the potential relocation of all or part of the Waterloo Water Treatment Plant to an adjacent site. However, this is not a growth-driven investment – it is primarily related to seismic resilience issues with the plant. No decision has been taken on the absolute need for this investment, with further consideration of aspects such as seismic resilience requirements and potential operational responses. Mitigations for the seismic risk are being established in the interim. This uncertainty means that the investment amount and timing in the WSDP capital programme should also be considered indicative and subject to change.

In addition to the infrastructure noted above, localised investment in new reservoirs and upsized pipelines will be required in each city to enable growth, and upgrades will be required to ensure adequate firefighting pressure. Currently, there may be some areas in metropolitan Wellington where there is insufficient water pressure to meet firefighting requirements. Metro Water will need to develop network performance data and zone management plans to confirm required activity to ensure firefighting pressure is adequate throughout metropolitan Wellington. The zone management plans should aid in evaluating fire flow adequacy while balancing pressure management, and guide investment in upgrades, considering integration of upgrades with wider infrastructure.

B5.2 Managing pressures on the wastewater system

The four WWTPs in the Wellington metropolitan region currently service most residential, commercial, and industrial areas. However, population growth, urban intensification, and increasingly stringent environmental regulations (discussed in more detail in *Section B9: Statement of Regulatory Compliance*) will place mounting pressure on the treatment facilities and the supporting conveyance networks. Over the next 30 years, capacity expansions, process upgrades, and additional storage at the existing plants will be required to maintain service levels and compliance.

A 'whole of system' strategy is also currently being developed to assess the long-term viability of the Seaview WWTP at its existing location and determine the preferred option of the outfall pipe renewal. The potential need for a new/relocated treatment facility in the long term is being investigated as part of this due to the challenges of achieving resource consent compliance, treatment capacity and the impacts of climate change at the existing location. Details of the preferred solution for the Seaview WWTP are expected to be ready to inform investment decisions from 2027 onwards.

To support new development, significant investment will be required in both additional wastewater storage in key growth areas and the broader wastewater network. This includes major pump station and trunk main upgrades, new gravity and rising mains, localised pump stations, and extended connections to treatment plants – particularly in growth areas such as northern Porirua and the rural fringe of Upper Hutt. Addressing inflow and infiltration in aging networks will also play a critical role in relieving capacity pressure and reducing the frequency of overflows in wet weather.

B5.3 Managing pressures on the stormwater system

Stormwater infrastructure and management must address increased imperviousness, flood risk, and the impact of discharges on the environmental water quality. As new development occurs, significant investment will be required to upgrade the reticulated networks in urban intensification zones. Integrated catchment management approaches, working with a range of partners and stakeholders including consideration of urban design, land use and integration with roads, parks and private property, will be essential in key growth areas. In stormwater-critical areas such as the Te Awa Kairangi/Hutt River flood plain and Porirua Stream catchment, developments must align with catchment-scale stormwater management frameworks and require early infrastructure planning.

Importantly, most of the stormwater investment required to support future growth is actually needed to address existing level of service deficiencies, particularly in aging urban areas where the current infrastructure is underperforming or no longer fit for purpose. These deficiencies include undersized pipes, lack of treatment or detention systems, and inadequate overland flow paths – issues that already result in localised flooding and poor water quality. Failure to address legacy infrastructure gaps – such as undersized or absent stormwater systems – can limit councils' ability to consent new development or intensify existing zones, particularly where flood risk or degradation of the receiving environment is already high.

Climate change is expected to exacerbate these challenges, particularly by increasing the frequency and intensity of heavy rainfall events, elevating sea levels, and amplifying existing flood risks in low-lying built areas. Currently, there are 93 identified high flood-risk areas across the region[13], which frequently experience flooding. Many of these areas will face heightened vulnerability due to climate change. In some locations, traditional infrastructure upgrades may not be technically feasible or economically viable. In these cases, adaptation measures such as planning controls, urban design, managed retreat, or nature-based solutions (e.g. floodable open spaces, green infrastructure) may offer more practical long-term resilience.

B5.4 Complexity in flood-risk management

There is a complex interface between the reticulated stormwater network, land use planning, natural watercourses and streams and overland flow path systems.

[13] Source: Wellington Water Memo: Regional Stormwater Flooding Overview, 2025.

Watercourses and streams remain largely the responsibility of councils but often interconnect with the reticulated stormwater network.

Overland flow paths (the natural route surface water takes overland, downhill) frequently pass through private properties, council reserves, and public open spaces, with unclear asset boundaries and multiple landowners.

Metro Water will be responsible for managing reticulated stormwater systems to reduce the risk of pluvial (surface water) flooding along and around overland flow paths within urban catchments. However, fluvial (river and stream) flood-risk management sits primarily with other agencies, such as GW. While coordination will be essential, investment in fluvial flood mitigation is outside Metro Water's direct mandate.

Further, there is no formally defined level of service for stormwater management or urban flooding across the Wellington metropolitan area. This complexity has led to uncertainty about responsibility for maintenance, liability for flood events, and the interventions and associated investment required to reduce the impact of flood events.

The absence of a clearly defined climate change linked level of service for managing flood risk, particularly in existing flood-prone areas, makes it difficult to assess the level of intervention and associated investment needed[14]. It also creates challenges identifying who is responsible for such investment.

Establishing an agreed level of service for stormwater will be a critical task for Metro Water, working in partnership with its council owners and engaging with communities to determine what levels of flood protection and environmental performance are appropriate and affordable.

Managing this complexity will require integrated development of Stormwater Risk Management Plans, Catchment Management Plans and Climate Adaptation Plans to set out responsibilities, funding arrangements, and system management practices across both natural and engineered stormwater systems.

In addition to physical infrastructure, effective stormwater management will also depend on building the organisational capacity and institutional arrangements within Metro Water to lead and support this work. This includes resourcing for technical expertise in planning, hydrology, compliance, and community engagement, as well as establishing formalised mechanisms for coordination with councils – particularly in relation to land-use planning, zoning decisions, green infrastructure delivery, and the management of minor or non-network assets. These functions will require investment in people, systems, and processes that enable Metro Water to manage the broader environmental, social, and regulatory aspects of stormwater, not just capital works. Further detail on these non-infrastructure investment requirements will be provided in a future Water Services Strategy, following the development of region-wide Stormwater Management Plans and organisational design work.

The forthcoming Local Government (Water Services) Act will further clarify long-term responsibilities for stormwater service delivery and introduce new national performance expectations for stormwater and wastewater. This legislative direction will help define the role of Metro Water in managing urban stormwater systems, but is also likely to introduce new planning, reporting, and service-level obligations that will need to be reflected in future investment and organisational development.

B5.5 Climate change and natural hazards

Metropolitan Wellington's three waters infrastructure faces significant vulnerability from both climate change and natural hazards, particularly earthquakes. These risks pose serious challenges to the integrity, functionality, and resilience of the three waters network.

Climate change is expected to have significant and compounding effects on the metropolitan Wellington three waters network. Two of the most pressing climate-related hazards are sea level rise and increased intensity and frequency of extreme rainfall events, both of which pose risks to the integrity and performance of critical water assets.

Sea level rise threatens low-lying coastal and estuarine areas where key three waters infrastructure is located. For example, the Waiwhetū aquifer, which is a vital source of drinking water for the region, is particularly sensitive to saline intrusion. As sea levels rise, the boundary between freshwater and seawater within the aquifer becomes increasingly unstable, potentially compromising freshwater quality and reducing available supply. Ongoing monitoring and modelling will be essential to manage this risk and inform future extraction limits or protective interventions.

Strategic pipelines, including bulk water mains and rising mains located near the coast or in flood-prone corridors, are also exposed to sea level rise and surface flooding. Repeated inundation can weaken pipe foundations, accelerate deterioration, and increase the likelihood of failures. These risks are exacerbated in locations where the network crosses rivers or estuarine environments, or where access is constrained for emergency response and maintenance.

More intense and frequent rainfall events place additional pressure on the stormwater and wastewater networks. Many parts of the system were not designed to accommodate the volume and velocity of runoff now being observed, leading to increased flooding, overflows, and erosion of assets and surrounding land. This is particularly challenging in urbanised catchments with limited space for stormwater attenuation or redirection.

In parallel, climate change is expected to result in more frequent and prolonged droughts and dry periods, which will reduce the reliability of surface water sources and place added pressure on groundwater supplies. This is

[14] The only commonly used reference is the protection of habitable floors for 1% Annual Exceedance Probability (AEP) event plus climate change, which is based on the design standard for new stormwater network and new development area, rather than a community-agreed service level. Moreover, upgrading the existing network in some areas to meet the design standard may not be feasible.

likely to exacerbate summer demand stress and further challenge the ability to maintain water security under growing population pressure.

Overlaying these climate risks is Wellington's well-documented vulnerability to seismic events. A major earthquake could result in widespread and prolonged disruption to all three waters services. Water supply reservoirs, pipelines, and pump stations are particularly susceptible to earthquake damage, especially where aging infrastructure is not built to current seismic standards. Previous modelling has shown that a major earthquake could severely limit the availability of drinking water across the region for weeks or even months. Strengthening the resilience of above and below ground assets to seismic shock is therefore critical, not just for recovery, but for maintaining minimum levels of service during emergencies.

In recognition of these risks, Metro Water is expected to become a designated lifeline utility under the Civil Defence Emergency Management Act 2002. This statutory responsibility reinforces the need for proactive resilience planning, coordinated emergency response capability, and robust continuity-of-service strategies. As a lifeline utility, Metro Water would play a vital role in both preparing for and responding to natural disasters, working in close collaboration with councils, emergency management agencies, mana whenua, and communities to ensure essential services can be restored quickly and equitably.

Together, these climate and natural hazard vulnerabilities underscore the urgent need for resilient infrastructure planning and prioritisation. As part of future investment programmes, Metro Water will need to work with councils to review infrastructure design standards, embed adaptive planning approaches, and progressively upgrade or relocate critical assets to reduce their exposure to these risks and improve overall system resilience.

B6. Levels of service and performance

Two regulators currently require that performance outcomes are measured and reported – the Department of Internal Affairs (DIA) (non-financial performance measures) and the Water Services Authority – Taumata Arowai (water supply, wastewater, stormwater). Further, GW requires in some cases that compliance assessment be undertaken periodically across the three waters.

Under the Taumata Arowai frameworks, public network operators are required to monitor and report on the environmental performance of their drinking water, wastewater and stormwater services. For the reporting period 2024/2025 this includes:

- existing drinking water measures, to be reported on for the year ending 30 June 2025
- 'static' and 'continuous' wastewater measures, to reported on for the year ended 30 June 2025.

Currently, there are no mandatory requirements to report on the performance of stormwater networks. However, the Water Services Authority – Taumata Arowai plans to introduce stormwater measures in the future.

Measures for the year ending 30 June 2025 are not yet available. This section provides an overview of current council level of service measures and results that Wellington Water reported on for the 2023/24 financial year.

Levels of service and performance are variable across the councils. Overall performance reflects known issues with leaks, water treatment and wastewater treatment.

This section summarises performance against current levels of service across all councils. Details for each council presented in 'traffic light' format are contained in *Appendix B1: Levels of Service and Performance*.

Water supply – Safety of drinking water

Measure: The Council provides safe and reliable potable water for household and business use in urban area.

The water supplied from the Waterloo and Wainuiomata WTPs to Wellington and Lower Hutt did not fully meet the required standards for bacteria and protozoa in the last three years. Bacteriological compliance is expected to be achieved by mid-2027 with the delivery of initiatives that will increase the contact time for chlorinated water leaving the Waterloo Water Treatment Plant and supplied to Lower Hutt. Protozoal non-compliance was due to a one-off filtration issue at the Wainuiomata Water Treatment Plant that occurred on one day during 2023/2024 which has been resolved. All plants are forecasted to be compliant against protozoal compliance criteria in 2024/2025.

Porirua and Upper Hutt water supplies, supplied from the Te Marua water treatment plant, are fully compliant.

Water supply – Demand management and water loss

Measure: The Council promotes the efficient and sustainable use of water.

A significant proportion of all drinking water in the metropolitan area of Wellington was lost to leaks during FY2023/24. Councils report the percentage of real water loss from the networked reticulation system at between 28 percent and 41 percent.

Average consumption of drinking water per day per resident is higher than targeted across all councils.

These measures are expected to improve as investment increases particularly with the roll out of universal residential meters.

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Water supply – Customer satisfaction and fault response times

Measure: The Council provides a responsive call-out service to attend to customers' issues with their water supply.

For urgent call-outs to faults or unplanned supply interruptions, Hutt, Porirua and Upper Hutt are meeting or close to meeting targets for attending a call-out and resolving the issue, while Wellington is further away from meeting targets.

For non-urgent call-outs, only Porirua is currently meeting targets.

For the number of complaints, only Upper Hutt is currently meeting targets.

All these measures are linked to investment levels in the network.

Wastewater – System and adequacy

Measure: Adequate wastewater services for household and business use will be provided in currently serviced urban communities.

Adequacy is measured by the number of dry weather overflows from the sewerage networks (not treatment plants). Against this measure, Hutt, Porirua and Upper Hutt are meeting targets. Wellington has set a lower target of zero overflows, and is not achieving that level of service.

Wastewater – Customer satisfaction and fault response times

Measure: Council will respond as required to faults and complaints received from its customers.

Level of service targets are for the median response times to attend a sewage overflow resulting from a blockage or other fault in the sewerage system, and the time to resolve the overflow.

There is a mixed picture across councils. Porirua is meeting both targets, Upper Hutt and Wellington are meeting targets for resolving overflows, but not for initial attendance, while Hutt is not meeting targets.

All councils are meeting targets for the number of complaints.

Wastewater – Discharge compliance

Measure: The Council's wastewater services do not negatively impact on public health or the natural environment in line with legislative requirements.

Targets are linked to compliance against resource consents, with targets for the number of abatement notices, infringement notices, enforcement orders and prosecutions. As discussed in Section B9: Statement of regulatory compliance, the Seaview WWTP serving Upper Hutt and Hutt cities was subject to 15 infringement notices in 2023/24. The Porirua WWTP serving Porirua and North Wellington was subject to one infringement notice. Wellington's Moa Point WWTP was subject to one abatement notice and three infringement notices.

In all cases, councils have invested in improvements which should see compliance improve.

Stormwater – Performance measures

Measures: Flooding events, response times and habitable floors affected; number of complaints about stormwater performance.

Targets are linked to weather events and performance against the targets is weather dependent. There have been no significant flood events in the 2023/24 year.

All councils are meeting targets for the number of complaints.

Stormwater – Discharge compliance

Measure: The Council receives no abatement notices, infringement notices, enforcement orders or prosecutions.

Targets are linked to compliance with resource consents for discharge from stormwater systems. There are no recorded abatement notices, infringement notices, enforcement orders or prosecutions.

B7. Asset base and condition

This section provides an overview of the current state of the water services network for metropolitan Wellington. The information presented in this section comes from a combination of:

- the councils' latest valuations – used for asset quantities and values
- asset data provided directly from Wellington Water in April 2025 – used for condition grading, and
- Wellington Water's water-specific and council-specific Asset Management Plans (AMPs).

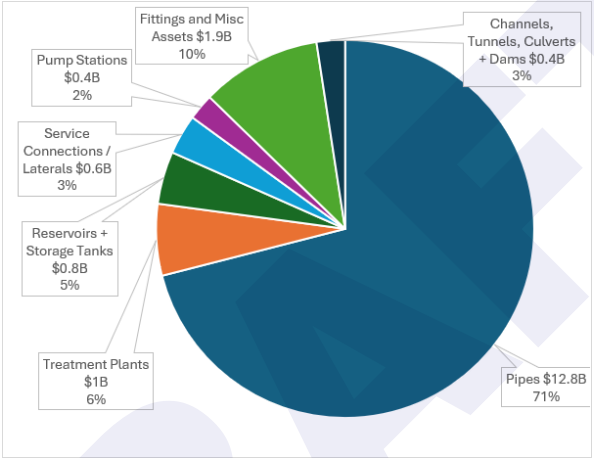
There are slight differences between these data sources due to the timing of when each was published or pulled from the asset data base. For example, the council valuations will all have a view of the councils' assets at the time the valuations were published (between March 2023 and May 2025). The condition data provided by Wellington Water in comparison relates to an April 2025 view of assets in the Wellington Water asset register. While there is some misalignment between data sources, the impact of this is considered immaterial.

B7.1 Overview of assets

Metropolitan Wellington's three waters infrastructure includes over 6,700 km of pipelines, four drinking water treatment plants, four wastewater treatment plants, 140 reservoirs for drinking water storage, and 321 pump stations to maintain pressure and manage water, wastewater and stormwater flow across the region. Together, these assets have an optimised replacement cost of over $17.96 billion[15] with the pipe network accounting for over 70 percent of that.

The figure below illustrates the make-up of metropolitan Wellington's asset base by value.

Figure 4: *Metropolitan Wellington three waters asset base, by optimised replacement cost ($2025)*



A consistent condition and criticality framework has been developed by Wellington Water and applied to the councils' water assets, enabling a metropolitan Wellington view of asset condition and criticality. However, while the councils have increased funding for asset condition assessment in recent years, historic low levels of investment in this area means there remain challenges with the asset data completeness. Further, as the understanding of asset condition has improved, this has not necessarily translated into significant and sustained uplift of renewals funding in line with a criticality prioritised programme.

B7.2 Overview of asset criticality

All the councils' water assets have a criticality rating assigned by Wellington Water. These ratings are determined based on the impact of each asset's potential failure on service delivery, public health, and environmental outcomes. The assets are categorised under the following ratings:

- VLCA (1): Very Low Critical Assets
- LCA (2): Low Critical Assets
- MCA (3): Moderate Critical Assets
- HCA (4): High Critical Assets
- VHCA (5): Very High Critical Assets

In general, assets that service a large population are categorised as more critical than those providing localised service.

[15] Based on each councils' latest valuations, in 2025 dollars. Note, the five councils do not currently use the same valuer and/or methodology for asset valuation. The optimised replacement cost has been used in Section B rather than the optimised depreciated replacement cost as this section is intended to give a regional view of the scale and value of the existing three waters infrastructure portfolio. Its purpose is to inform strategic understanding of the total lifecycle investment need, the size of the asset base being inherited by Metro Water, and the relative scale of risk and renewal challenge across asset classes. The optimised replacement cost gives the true cost of renewing the infrastructure compared to the optimised depreciated replacement cost.

The table below summarises the type of assets categorised as VHCA.

Table 9: *Very High Critical Assets*

Water Supply	Wastewater	Stormwater
Water sources, treatment plants and reservoirs. Pump stations and trunk mains with no redundancy/ contingency. Assets servicing a very large percentage of the connected/ vulnerable population. Location based watermains that intersect a state highway/ building or a watercourse.	Wastewater treatment plants. Pump stations and trunk mains with no redundancy/contingency. Assets servicing a very large percentage of the connected/ vulnerable population. Location based pipes that intersect state highways /buildings or are within 20 metres of a watercourse (includes pipe bridges).	Stormwater pump stations, detention ponds and soakage cells. Pipes with diameter >=225mm (pre 2000s) and >=300mm (2000s onwards).

B7.3 Overview of asset condition

Asset condition reflects the physical deterioration and structural integrity of infrastructure, assessed periodically to estimate remaining service life and guide maintenance decisions. These assessments inform risk-based interventions to prevent service failure, which can have serious safety, environmental, economic, reputational, and legal consequences.

Condition data of the assets covered in this WSDP has primarily been determined via:

- condition assessment programmes conducted by Wellington Water since 2021
- business as usual activities such as CCTV inspections
- desktop age-based assessment.

Most condition grades are derived through age-based desktop assessment rather than direct field inspection. While this is an accepted asset condition assessment approach, it relies heavily on assumptions of condition based on the type of asset, date of installation and material used. Asset condition assessments completed in this way inherently have a lower level of data confidence associated with them than physical inspection.

Continual improvement programmes, including better data capture, Geographic Information System (GIS) integration, and increased CCTV inspections and use of acoustic technologies have been rolled out in recent years and will progressively improve asset data. Metro Water must continue to roll out these programmes to improve the reliability of asset condition data. This is critical to improve understanding of the state of the assets and provide greater rigour to operational maintenance schedules and asset-condition-driven capital renewals planning.

The following table describes the asset-condition grading and reliability definitions currently used by Wellington Water to apply a condition grading.

Table 10: *Asset condition grading*

Asset Condition	Data Confidence
Determined based on the performance of a physical, visual, desktop, or modelled condition assessment activity. Inspection techniques differ by asset class. **Very Good (1):** No observable defects or deterioration. **Good (2):** No defects evident that if worsened would result in asset failure. **Moderate (3):** Defects evident that if worsened could result in asset failure. **Poor (4):** Significant defects and/or serious deterioration affecting an asset's structural integrity evident. **Very Poor (5):** If the asset has not already failed, it could fail at any time.	Determined based on the type of inspection method and extent of that inspection method. The determination may differ between asset classes. **Highly Reliable (A):** Data based on sound records, procedures, investigations, and analysis that is properly documented and recognised as the best method of assessment. **Reliable (B):** Data based on sound records, procedures, investigations and analysis that is properly documented but has minor shortcomings; for example, the data is old, some documentation is missing, and reliance is placed on unconfirmed reports or some extrapolation. **Uncertain (C):** Data based on sound records, procedures, investigations, and analysis that is incomplete or unsupported, or extrapolation from a limited sample for which grade A or B data is available. **Very Uncertain (D):** Data based on unconfirmed verbal reports and/or cursory inspection and analysis. **Unknown (E):** None or very little data held.

The degree to which assets have assigned grades vary across asset type and council. Regardless of the ratings, many assets are operating beyond their expected service lives, leading to a predominantly reactive renewals strategy rather than a fully risk-optimised one. The sections below provide an overview of the core assets at a metropolitan Wellington level. Council-specific detail is provided in *Appendix B2: Council-specific asset base and condition*.

Pipe network

The pipe networks form the backbone of the region's three waters infrastructure and span over 6,700 km collectively (7,504 km including service connections and laterals). These networks are aging, with close to 800 km now operating beyond their expected service lives. By 2054 over 3,100 kms of pipe needs to be renewed (including current backlog), with most of this renewal need being in the drinking water and wastewater networks.

Table 11: *Renewal backlog*

	% of network overdue renewal (backlog)	% of network due for renewal by 2054 (inc. backlog)
Drinking water	17%	51%
Wastewater	13%	62%
Stormwater	3.7%	22%

Figure 5: *Network renewals profile*

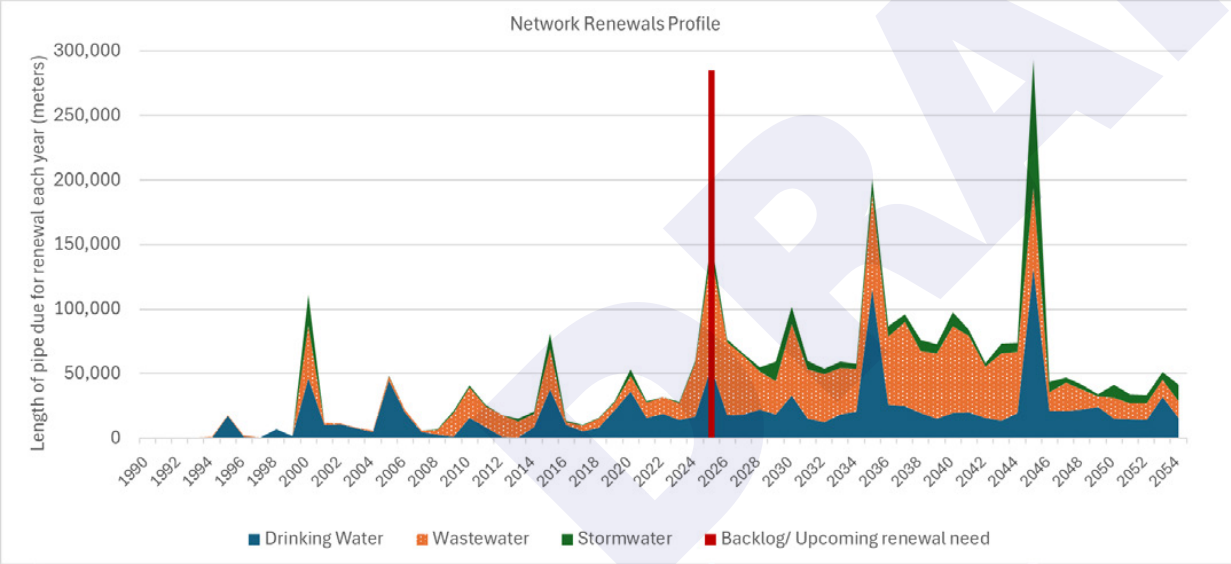


Figure 5 (left) illustrates the length of pipe theoretically due for renewal each year based on the pipe assets installation dates. The vertical line is provided to highlight the length of pipe overdue for renewal in backlog (left of the line) versus the upcoming renewal need over the next 30 years (right of the line)[16].

A large amount of asbestos cement pipe was installed across the metropolitan area post-World War 2. These pipes are brittle, slowly corroding, and vulnerable to failure from earthquakes and at times even from relatively minor pressure fluctuations and hydrant operation. Failure of these pipes results in extensive service interruptions.

The wastewater network typically corrodes faster than the water supply and stormwater networks due to the corrosive nature of the waste it transports. Most of the wastewater pipes are made of concrete, asbestos cement and earthenware, which are vulnerable to corrosion, as has been evidenced through condition assessment. Failure of HCA and VHCA wastewater pipes can result in structural collapse and lengthy overflows of untreated wastewater into the immediate receiving environments such as beaches, harbours or waterways.

Stormwater is less corrosive than wastewater so, although materials used are similar, stormwater pipes tend to have a longer useful life. Structural failure of critical stormwater pipes is likely to be hazardous to public safety, roadways and buildings. Planning for renewals must be integrated with capacity assessment to protect against floods and climate change. Nevertheless, condition assessment remains vital to the adequate planning of the renewal or upgrade of critical stormwater pipes. Renewal priority must be given to condition grade 4 and 5 assets combined with flood-risk assessment.

Ongoing condition assessment programmes are focused on physical assessment to validate condition of high-risk assets. It is vital these improvements to the asset data continue as doing so will enable more effective risk management and investment decision making. Priority for renewal in current plans must be given to pipes with historic failures, service interruptions and high repair costs as well as the HCA or VHCA assets that have been validated as close to failure through condition assessment.

[16] Based on August 2022 asset data. Replacement date determined by each asset's installation date and material.

Table 12: *Pipe network asset data (excludes service connections and laterals)*

Water Type	Length (km)	Optimised Replacement Cost ($m)	Age (years)	% of network with condition grade	% of network in unknown condition	% of assets in good or very good condition	% of assets in moderate condition	% of assets in poor or very poor condition
Water Supply	2,560	$3,660.3	43.5	94%	6%	47%	20%	27%
Wastewater	2,439	$4,561.5	57	97%	3%	53%	16%	28%
Stormwater	1,709	$4,532.7	49	96%	4%	70%	12%	14%

Treatment plants (water and wastewater)

Water and wastewater treatment plants are among the most complex and high-risk assets in the region's three waters network. They are classified as VHCAs, given that failure in key components can result in the discharge of partially or untreated water, compromising public health, environmental safety, and regulatory compliance. Each treatment plant has thousands of individual assets, and the condition of these must be assessed individually due to the critical nature of the plants[17].

Metropolitan Wellington's four WWTPs were commissioned between the late 1980s and early 2000s. While it is feasible there would have been renewal of assets within each plant throughout their operation, many of the core systems are now nearing or past their expected lives. This includes pumps, screens, aeration systems, and SCADA units. As a result, most of the wastewater treatment plants now face serious condition and compliance challenges (see the regulatory compliance section).

Approximately 95 percent of the assets in the four wastewater treatment plants have a condition assessment. Current state understanding is largely based on operator knowledge and visual inspections, with limited use of structured condition-monitoring tools or predictive analytics. Regardless, the asset-condition information has informed a thorough wastewater treatment plant renewal programme, which is reflected in the WSDP capital programme.

The four water treatment plants servicing metropolitan Wellington were commissioned between the mid-1960s and the mid-1990s. Only around 6 percent of the assets within them currently have a condition assessment. This creates low confidence in forward planning and means a significant number of process-critical assets could be in unknown or poor condition, increasing the risk of sudden failure. Wellington Water has a programme underway to update the water treatment plants asset data. Until this is complete, renewal will likely continue to be driven by age-based data.

Table 13: *Treatment plant asset data*

Water Type	Quantity	Optimised Replacement Cost (ORC) ($m)	% of assets within treatment plant with condition grade	% of assets within treatment plant in unknown condition	% of assets in good or very good condition	% of assets in moderate condition	% of assets in poor or very poor condition
Water Supply	4	$541.1	6%	94%	3%	2%	1%
Wastewater	4	$558.5	95%	6%	68%	20%	7%

Reservoirs

Reservoirs are essential for ensuring water supply resilience, daily balance, and emergency preparedness. All reservoirs are regarded as VHCAs. All above ground reservoirs and some below ground reservoirs have been visually assessed with emphasis on contamination and health and safety risks. Many of metropolitan Wellington's water supply reservoirs are also seismically vulnerable, posing a significant risk to the continuity of drinking water supply following a major earthquake. Many reservoirs are aging and were not designed to modern seismic standards, meaning damage could occur during a large seismic event. This would limit the region's ability to supply water in the immediate aftermath and recovery period. Strengthening and replacing vulnerable reservoirs is an important component of ensuring regional water resilience.

[17] Note, while the treatment plants are very highly critical facilities, not all assets within them are VHCA.

All health and safety and contamination risks can be mitigated through minor works and good maintenance. Most reservoirs have a bypass or additional tank that can maintain water supply while the reservoir is removed from service for maintenance or renewal. However, doing so means the water supply is much more vulnerable to widespread loss of supply.

Table 14: *Reservoir asset data*

Water Type	Quantity	Optimised Replacement Cost (ORC) ($m)	% of reservoirs with condition grade	% of reservoirs in unknown condition	% of assets in good or very good condition	% of assets in moderate condition	% of assets in poor or very poor condition
Water Supply	140[18]	$792.9	96%	4%	37%	40%	19%

Pump stations

Pump stations (water supply, wastewater and stormwater) are highly critical facilities. Within these facilities are also critical mechanical and electrical assets that on failure would result in supply disruption, health and safety risks in the immediate vicinity, flooding and environmental pollution. Condition assessment of each pump station asset is ongoing. Asset-renewal dates typically have been determined from age-based assessment.

Table 15: *Pump station asset data*

Water Type	Quantity	Optimised Replacement Cost (ORC) ($m)	% of pump stations with condition grade	% of pump stations in unknown condition	% of assets in good or very good condition	% of assets in moderate condition	% of assets in poor or very poor condition
Water Supply	90	$153	28%	72%	6%	8%	15%
Wastewater	207	$355.4	21%	79%	1%	8%	11%
Stormwater	24	$33.7	96%	4%	13%	50%	33%

[18] Excluding emergency tanks.

Photo credit: Caleb Smith

B8. Asset management approach

This section describes the existing service delivery mechanisms and asset management approach used by Wellington Water to deliver water services in metropolitan Wellington. Metro Water will initially adopt the existing approaches, but it is expected new service delivery mechanisms will be established once Metro Water is up and running. Enhancements to asset-management practices over time also will need to be made. Key areas of improvement Metro Water needs to consider are detailed within this section.

B8.1 Service delivery mechanisms

The existing service delivery mechanism for water services was established in 2015 through the evolution of Wellington Water [19].

Wellington Water plans, operates, and maintains the three waters infrastructure using a mix of in-house expertise and external consultants and contractors.

- A regional consultancy panel and a contractor panel were established in 2018 to deliver the three waters capital programme. These panels consist of pre-selected, qualified consultants and contractors which Wellington Water allocates work to instead of the consultants and contractors tendering for each project separately. This model was intended to reduce procurement time and costs while ensuring efficiency. However, a 2025 Deloitte review commissioned by Wellington Water identified significant value-for-money challenges, particularly within the contractor panel. The report found that the absence of competitive tension, insufficient performance monitoring, and limited financial oversight led to escalating costs and inconsistent delivery. In early 2025, changes were made to the contractor panel so Wellington Water has direct contracts and relationships with suppliers that were previously subcontractors of the panel. This change is expected to result in savings on contract-management costs and allow increased efficiency and oversight of work being completed.
- A Network Maintenance Alliance with Fulton Hogan was also established in 2018. This partnership was formed to oversee the day-to-day maintenance and operations of the region's three water networks. As with the contractor panel, the maintenance alliance was intended to improve efficiency and reduce costs by enabling streamlined operations that reduced duplication and administrative overheads. A report in early 2025 identified that changes were required to optimise the alliance's efficiency and provide greater transparency, particularly of the costs to deliver services. In February 2025 changes were made to move key roles held within Fulton Hogan back in-house at Wellington Water.
- In 2019, Wellington Water entered a 10-year contract with Veolia, a global environmental services provider, to operate and maintain the four wastewater treatment plants serving metropolitan Wellington. The contract was established to enhance wastewater management by consolidating operations under a single provider, aiming for improved efficiency and service delivery. However, reviews in 2021 and 2024 identified compliance issues, lapses in asset management and a need to enhance contract management and ensure adherence to environmental standards.

As of June 2024, a combined workforce of about 1,000 people was providing water services to the region. This was made up of around 400 Wellington Water staff and around 600 people working across partnerships with Fulton Hogan, Veolia, and the contractor and consultancy providers. Changes to the organisational structure at Wellington Water, including bringing some maintenance alliance staff previously employed by Fulton Hogan back in-house at Wellington Water will have resulted in some changes to the above figures.

The table below summarises the three waters service delivery model for the region.

Table 16: *Current delivery model*

Task	Planning	Delivery
Operations and Maintenance	Wellington Water	Wellington Water/ Contractors
Capital	Wellington Water	Contactors
Renewals	Wellington Water	Contractors
Compliance	Wellington Water	Wellington Water

[19] Wellington Water was established in September 2014 as a result of a merger between Capacity Infrastructure Services and Greater Wellington Regional Council's water supply group. Wellington Water became jointly owned by the HCC, PCC, UHCC, WCC and GWRC in 2015. South Wairarapa District Council joined as a shareholder in 2019. There have been variations to the agreement between Wellington Water and the councils since 2015.

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B8.2 Asset management approach

A collection of draft policies, processes, business systems, and personnel currently guide the maintenance and development of metropolitan Wellington's three waters infrastructure. Core elements of the asset-management approach include:

- **Strategic Asset Management Plan:** This plan was drafted in 2021 to guide asset management of the region's three waters infrastructure, identify areas for improvement and guide long-term planning and investment strategies.
- **Combined three waters Asset Management Plan:** This plan was adopted in mid-2025 and covers all metropolitan Wellington's three waters assets.
- **Asset Management Plans (AMPs):** AMPs have been developed for each council and water service in early 2025, informed by the proposed investment in the councils' 2024-34 Long Term Plans. These AMPs outline the state of the infrastructure assets, expected levels of service and outstanding risks.
- **Investment advice:** Long-term expenditure advice outlining the level of investment needed to ensure both operational and capital spending are sufficient and appropriately allocated.
- **Asset Management Information Systems:** Wellington Water does not have a single asset-management tool. Instead, asset management system capabilities are spread across several disparate systems, two of which are owned and operated by Wellington Water maintenance contractors (Fulton Hogan and Veolia). A summary of each of the current tools is detailed below:
  - *Project Server* holds all the project management information and documentation for executing the capital programme.
  - *WCC's OneCouncil* holds all the capex and opex expenditure information related to building, maintaining, and operating councils' assets.
  - *InfoAsset* masters all the underground asset information (network/linear).
  - *Maximo* is the Fulton Hogan asset management system which masters all the water treatment plant, pump station and reservoir asset data, and holds a copy of the InfoAsset data to enable maintenance activities to take place across the asset base.
  - *VAMS* is the Veolia Asset Management System which holds the asset master data, and maintenance and operations records for the wastewater treatment plants. It is not currently integrated with Wellington Water's platform.
  - *Data Warehouse* connects all of the disparate systems together to enable consolidated reporting and analysis on the information available.
  - *Woogle, ArcGIS* and *Tableau* enable asset-management information to be accessed by staff, councils and consultants.
  - *SCADA/*Telemetry data is collected, stored and utilised at remote sites, such as water treatment plants, for operational responses and compliance purposes.

The current suite of asset management tools is fragmented and no longer fit for purpose. Several systems are nearing or have reached end of life, are no longer supported by the vendor or have reached a stage where they cannot be maintained or updated. Additionally, the current architecture and use of external systems has resulted in a lack of flexibility and gaps in the system capability available to Wellington Water. Minimum data requirements are not being met resulting in limited ability to analyse performance across all areas of the business. Further challenges are created through non-existent or sub-optimal integration between systems, resulting in limited digital enablement of end-to-end business processes where data traverses more than one system.

In early 2025, the shareholding councils agreed to provide additional funding of $25 million to Wellington Water to replace its aging IT systems, including asset-management systems. This funding aims to rectify deficiencies in financial oversight and procurement processes, which rely heavily on contractor-managed systems. The lack of robust internal systems has contributed to higher operational costs compared to other councils and exposed the organisation to risks of fraud and inefficiency. Upgraded asset management information systems will enable Metro Water to effectively manage three waters assets and plan required investments from the outset, avoiding delays associated with building these capabilities later.

The last three waters asset-management maturity assessment for the region was conducted in 2021 based on the Covaris Asset Management Maturity Assessment approach and in alignment with ISO 55001. It is recommended that once established, Metro Water undertake a new asset management maturity assessment, or a review of the existing assessment against agreed objectives.

An Asset Management Improvement Plan was developed in mid 2025. This identified improvement actions, listed below, required to lift the asset-management maturity of the councils' three waters assets. While it is feasible that some of the recommendations will be actioned prior to the establishment of Metro Water, it is expected significant investment and effort will be required to lift asset-management capability. The improvement actions are:

- Continue to respond and adapt to the ongoing Three Waters reform programme 'Local Water Done Well'.
- Continue to review and improve asset-management systems and processes.
- Continue to build core asset-management capability.
- Carry out asset data cleansing and verify asset condition information.
- Continue to improve the confidence and accuracy in locational asset data.
- Continue to assess the asset condition of below-ground assets.
- Carry out asset criticality assessment and ratings.
- Continue to develop and implement condition-based reticulation renewals strategy.
- Continue capital investment in water assets to ensure consent compliance and operational efficiencies.

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A recently completed water services viability assessment also identified key improvement areas to ensure greater coordination of investment and strategic asset planning:

- Further assessment of the adequacy, planning and programming of the three waters renewals programme.
- Further assessment of the future three waters resource-consenting requirements and related planning and budgeting for this area of work.
- Further assessment of the resources and procedures required to ensure the delivery of the proposed up-scaled capital works programme.
- Further assessment and opex budget provision for the increasing regulatory requirements and possible increases in future maintenance contact costs.

The WSDP investment programme has addressed these points in part, however additional work will be required by Metro Water to further align and enhance asset planning and investment. Section C of this plan provides details of the investment approach for capital and operational activity. See also *Appendix C1: Assumptions and uncertainties*.

B9. Statement of regulatory compliance

This section reports on the status of resource consents (current, expired and under application) needed to operate water services for metropolitan Wellington. It also details whether and to what extent water services comply with current and future regulatory requirements and outlines areas of non-compliance and enforcement action. In addition to the information in this section, *Appendix B3: Environmental Compliance Summary* provides a summary of current environmental compliance issues, active abatement notices and recent infringements received.

B9.1 Current resource consents

To operate the three waters assets on behalf of the metropolitan Wellington councils, resource consents are required to undertake various activities.

Typically, Wellington Water applies for resource consent on behalf of client councils (who will be named as the resource consent holder). Once consent is obtained, Wellington Water operates the water services under the resource consent on behalf of the client councils. In some cases, Wellington Water holds the resource consent rather than individual councils, for example Wellington Water is the resource consent holder of the global stormwater consent and network maintenance consents that authorise discharges/activities across multiple local authority networks, and project related resource consents.

In addition, Wellington Water also currently inputs to resource management policy and plan development processes to seek that provisions relating to three waters management are appropriate and enable the delivery of these services.

The table below sets out the significant discharge and water-take/abstraction consents that Wellington Water implements, as well as the region-wide (global) consents held by Wellington Water[20].

Table 17: *Significant resource consents*[21]

Location:	Description and reference number:	Type:	Expiry:
Moa Point WWTP	Outfall structure – WGN080003 [26182]	Coastal Permit	11/05/2034
	Discharge to air WGN080003 – [26183]	Air Discharge Permit	11/05/2034
	Continuous discharge of fully treated wastewater – WGN080003 [31505]	Discharge Permit	11/05/2034
	Intermittent discharge of partially treated wastewater – WGN080003 [35047]	Discharge Permit	11/05/2034
Western WWTP	Continuous discharge of treated wastewater to the Wellington South Coast coastal marine area -WGN060283 [37892]	Discharge Permit	28/07/2035
	Occasional discharge of partially treated effluent to the Wellington South Coast coastal marine area -WGN060283 [25227]	Discharge Permit	28/07/2035
	Occasional discharge of partially treated wastewater to Karori Stream (primary bypass) – WGN060283 [35674]	Discharge Permit	31/12/2023
	Occasional discharge of partially treated wastewater to Karori Stream (secondary bypass) – WGN060283 [35675]	Discharge Permit	31/12/2023
	Discharge contaminants to air – WGN060283 [25230]	Air Discharge Permit	28/07/2035

[20] Note: There are over 100 resource consents associated with assets operated by Wellington Water. When determining the "significance" of the resource consents held, Wellington Water considered any discharges of wastewater, as well as any water abstraction for the municipal bulk water supply. The consents in table 16 represent those significant discharge and water-take/abstraction consents that need to be complied with on an ongoing basis (i.e. rather than consents that are required to authorise construction).

[21] Note, these consents do not include those relating to the Sludge Minimisation Facility or any other consents held by the councils which will be considered as part of the transfer arrangements.

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Seaview WWTP	Temporary discharge of treated wastewater to the coastal marine area from repair works and minor leaks – WGN120142 [33407]	Discharge Permit	25/08/2031
	Continuous discharge of secondary-treated and disinfected wastewater to the CMA at Bluff Point -WGN050359 [24539]	Discharge Permit	25/08/2031
	Discharge treated wastewater to Waiwhetū Stream during wet weather – WGN120142 [33406]	Discharge Permit	01/02/2018
	Discharge treated wastewater to the Waiwhetū Stream during maintenance – WGN120142 [33408]	Discharge Permit	01/02/2018
	To construct a temporary channel on the foreshore to direct treated wastewater from scour valves to the CMA – WGN120142 [31740]	Coastal Permit	25/08/2031
	Discharge of contaminants to air from the Seaview WWTP -WGN950162 (01)	Air Discharge Permit	05/12/2031
	Discharge of contaminants to air from the sewage outfall structure – WGN930193 (1)	Air Discharge Permit	17/01/2029
	Discharge of contaminants to air from the sewage outfall structure – WGN930193 (2)	Coastal Permit	17/01/2029
Porirua WWTP	Continuous coastal discharge -WGN200229 [36816]	Discharge Permit	21/06/2041
	Discharge to air – WGN200229 [36727]	Air Discharge Permit	21/06/2041
	Outfall structure – WGN980083 (03)	Coastal Permit	28/06/2034
Wainuiomata Pump Station discharge	Occasional wet weather discharges of screened and settled wastewater to Wainuiomata River - WGN110494 [31241]	Discharge Permit	19/12/2029
Malone Rd Pump Station discharge	Occasional wet weather discharges of wastewater to the Waiwhetū Stream -WGN090321 [32526]	Discharge Permit	12/04/2025
Hinemoa St overflow discharge	Occasional wet weather discharges of wastewater to Waiwhetū Stream – WGN090321 [32525]	Discharge Permit	12/04/2025
Global Stormwater Consent	Discharge monitoring consent – WGN180027 [34920]	Discharge Permit	30/11/2023
Global Dewatering Consent	Water permit to divert and take groundwater for the purpose of dewatering – WGN170366 [34868]	Water Permit	13/10/2037
	Discharge treated dewatering water to water and to land where it may enter water including the coastal marine area – WGN170366 [34869]	Discharge Permit	13/10/2037
	Installation and maintenance of bores and excavation of trenches where groundwater is intercepted -WGN170366 [34870]	Land use Consent	13/10/2037
Kaitoke Bulk Water Abstraction	To take, use, dam and divert water from the Hutt River – WGN000199 [36617]	Water Permit	17/08/2036
Waiwhetu Bulk Water Abstraction	To take water from the Waiwhetū Artesian Aquifer at Bloomfield Terrace and Mahoe Street -WGN970036 [33820]	Water Permit	12/08/2033
	To take water from the Waiwhetū Artesian Aquifer near the Gear Island Water Treatment Plant – WGN970036 [33821]	Water Permit	12/08/2033
	To take and use groundwater from an existing bore at intersection of Buick Street and Jackson Street, Petone -WGN090243 [27458]	Water Permit	13/02/2029

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Orongorongo River Abstraction	To take, use, dam and divert water from the Orongorongo River -WGN000200 [20540]	Water permit	17/08/2036
Big Huia Creek Water Abstraction	To take, use, dam and divert water from Big Huia Creek - WGN000200 [20544]	Water Permit	17/08/2036
Little Huia Creek Abstraction	To take, use, dam and divert water from Little Huia Creek - WGN000200 [20548]	Water Permit	17/08/2036
Telephone Creek Abstraction	To take, use, dam and divert water from Telephone Creek - WGN000200 [20550]	Water Permit	17/08/2036
Wainuiomata River Water Abstraction	To take, use, dam and divert water from Wainuiomata River -WGN000201 [20552]	Water Permit	17/08/2036
Upper George Creek Water Abstraction	To take, use, dam and divert water from Upper George Creek -WGN000201 [20554]	Water Permit	17/08/2036
Lower George Creek Water Abstraction	To take, use, dam and divert water from Lower George Creek -WGN000201 [20558]	Water Permit	17/08/2036

In addition to the above consents, Wellington Water holds/implements a range of consents for capital delivery and maintenance projects. Wellington Water also operates in accordance with a range of permitted activities and holds a range of additional discharge permits for discharges of lower-risk contaminants such as treated drinking water and byproducts from the treatment of drinking water.

Additionally, Wellington Water relies on a suite of district plan designations held by HCC, PCC, UHCC, WCC and GW. The designations Wellington Water operate under generally relate to:

- Water supply protection areas.
- Water supply reservoirs.
- Wastewater treatment and discharge areas.
- Wastewater pump stations.

The full set of designations Wellington Water operates under are set out in the city councils' district plans[22].

Expired consents currently being renewed

Section 124 of the RMA provides the ability for consent holders to exercise their existing resource consent while applying for a replacement resource consent. Wellington Water is currently relying on the following expired resource consents in accordance with section 124:

- Seaview WWTP – WGN120142 [33406] – To temporarily discharge treated wastewater to the Waiwhetū Stream during and/or immediately after heavy rain events.
- Western WWTP – WGN060283 [35674] and [35675] – Discharges of partially treated wastewater to the Karori Stream during and after heavy rain events.
- Stormwater network discharges – WGN180027 [34920]
- Specific wastewater network overflows in the Hutt Valley:
  - WGN960002 [23747] Silverstream Storm Tank discharge during overflow
  - WGN960002 [02] Barber Grove Pump Station discharge during overflow
  - WGN1010101 [20893] Wellington Road Pump Station discharge to Wainuiomata River
  - WGN180461 [35592] Point Arthur discharge to the main outfall sewer
  - WGN090321 [32525] and [32526] Malone Road and Hinemoa Street wet weather discharges

[22] Hutt City Council District Plan: huttcity.govt.nz/council/district-plan
Hutt City Council Proposed District Plan: haveyoursay.huttcity.govt.nz/proposed-district-plan
Porirua City Council Operative District Plan: poriruacity.govt.nz/your-council/city-planning-and-reporting/district-plan/operative-district-plan/
Porirua City Council Proposed District Plan: poriruacity.govt.nz/your-council/city-planning-and-reporting/district-plan/proposed-district-plan/
Upper Hutt City Council District Plan: upperhuttcity.com/Your-Council/Plans-Policies-and-Bylaws/District-Plan
Wellington City Council District Plan: wellington.govt.nz/your-council/plans-policies-and-bylaws/district-plan

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Active resource consent applications

Wellington Water has lodged the following resource consent applications, but the timeframe for deciding on these applications has been extended under s37 of the RMA with Wellington Water's agreement, to allow time for the applicant/ Wellington Water to update the applications following notification of PC1 and the new delivery model for water services:

- Global stormwater consent (Hutt, Porirua, Upper Hutt and Wellington)
- Hutt / Wainuiomata Wastewater network wet-weather overflow consent
- Porirua Wastewater network wet-weather overflow consent
- Wellington Wastewater network wet-weather overflow consent
- Seaview Wastewater Treatment Plant – To temporarily discharge treated wastewater to the Waiwhetū Stream during and/or immediately after heavy rain events
- Maintenance of the main outfall pipeline from the Western WWTP.

B9.2 Regulatory compliance

The regulatory compliance status for water services infrastructure in metropolitan Wellington reflects mixed performance across wastewater, stormwater, and water supply activities.

While improvements are underway across multiple areas, the compliance profile underscores the need for enhanced operational management, targeted investment in asset upgrades, and stronger alignment with regulatory expectations to ensure long-term environmental and public health outcomes.

Water supply compliance

For water supply, key issues have been identified with data reporting and compliance with the Resource Management (Measurement and Reporting of Water Takes) Regulations 2010.

As of May 2025, three of the region's four water treatment plants (Wainuiomata, Te Marua and Gear Island) are fully compliant with the Water Services Authority's bacterial and protozoal standards under the Drinking Water Quality Assurance Rules. The Waterloo Water Treatment Plant is currently non-compliant with bacterial compliance rules since the chlorine contact time requirement increased in Taumata Arowai's 2022 Drinking Water Quality Assurance Rules. Work is underway to resolve these issues. Water safety is not affected and the plant remains compliant with protozoal rules.

Compliance with fluoride dosing levels is generally high across all plants however results have varied between January and May 2025. Upgrades and renewals are required to ensure all WTPs continue to provide suitable levels of fluoride in drinking water. Waterloo experienced lower fluoridation performance in January and February 2025 due to equipment issues and operational constraints. Te Mārua also experienced a temporary decline in fluoridation compliance (to 92.3% in April), largely due to shutdowns and equipment upgrades during DAF commissioning. *Appendix B4: Compliance status* provides further detail of the compliance status of each treatment plant over the January to May 2025 period.

B9.3 Wastewater compliance

All four WWTPs have experienced environmental compliance challenges in recent years, particularly relating to effluent quality and unconsented discharges.

Between January and May 2025, compliance across the four WWTPs has shown mixed performance.

Seaview and Moa Point WWTPs have been subject to multiple abatement notices and infringement notices due to non-compliant effluent and odour discharges, though both plants have active upgrade programmes in place to address these issues.

Porirua and Western WWTPs have also experienced discharge-related non-compliance, including sludge carryover events and UV disinfection failures, with mitigation and capital projects now progressing to improve resilience and treatment performance.

The Moa Point WWTP remains non-compliant as of May 2025 primarily due to faecal coliform exceedances (90th percentile limit) and multiple unconsented discharges during wet weather, exacerbated by clarifier renewal works. However, effluent quality is generally trending toward full compliance.

There has been widespread under-investment over many years in metropolitan Wellington's WWTPs. Funding provided for specific projects to improve compliance has often been spread across multiple years due to affordability challenges, delaying the delivery of the projects. Ultimately, the underinvestment in wastewater treatment plant upgrades and maintenance is a major factor that has contributed to historic enforcement action and the existing non-compliances. *Appendix B4* provides further detail of the compliance status of each treatment plant over the January to May 2025 period.

Beyond the treatment plants, the wastewater and stormwater networks continue to experience systemic issues related to sediment discharges during maintenance, delayed or incomplete overflow reporting, and general non-compliance with global consents. Several abatement notices and infringement notices have been issued by GW for breaches linked to network repair and monitoring failures.

B9.4 Meeting regulatory requirements in an uncertain environment

The environmental regulatory requirements that will apply to councils' three waters assets are in a state of reform, with significant changes likely in the second half of 2025. This creates uncertainty as to the ability of water services to comply, or the investment required to ensure compliance.

Currently the key piece of environmental legislation is the RMA. The Government has announced that the RMA will be replaced with two new acts that clearly distinguish between land-use planning and natural resource management, while putting a priority on the enjoyment of private property rights. The extent of the impacts of this change to the regulatory environment that will apply to the Metro Water is currently unknown.

The Natural Resources Plan for the Wellington Region 2023 (NRP) currently regulates many of Wellington Water's activities (compliance with District Plans across the region is also required). Proposed Change 1 to the NRP is currently being considered by GW. This change seeks to achieve significant improvement in freshwater quality and will introduce new Target Attribute States (TAS) and Coastal Water Objectives (CWOs). Meeting the water quality objectives defined under TAS and CWO frameworks will require significant improvements across the stormwater and wastewater networks. This will drive significant investment in the wastewater and stormwater networks in the future.

In addition, Metro Water will need to have consents transferred to it and/or seek consents to continue taking drinking water and discharging wastewater and stormwater as existing consents expire.

Other changes have also been signalled to the environmental regulatory environment that create uncertainty. These include:

- Changes to the National Policy Statement for Freshwater Management 2020 (NPS-FM)
- Introduction of a new National Policy Statement for Infrastructure
- Changes to the National Policy Statement for Urban Development
- Introduction of Wastewater Environmental Performance Standards (WEPS) by Taumata Arowai
- Possible further change to the NRP (signalled by GW but not yet notified) that will change flow allocations.

Meeting compliance with Drinking Water Quality Assurance Rules

The provision of drinking water services across the Wellington metropolitan region is governed by the Water Services Act 2021 and associated Drinking Water Quality Assurance Rules (DWQAR), administered by Taumata Arowai. These rules establish robust operational, monitoring, and safety planning requirements to ensure the delivery of safe and reliable drinking water to all consumers.

Wellington Water, acting on behalf of councils, is actively progressing a comprehensive, long-term programme of work to achieve ongoing compliance with the DWQAR and alignment with broader regulatory obligations under the RMA.

The Keep-Reduce-Add strategy that metropolitan Wellington has adopted aims to improve network performance, reduce per capita demand, and responsibly expand water supply. These actions will support compliance with DWQAR and ensure that new development can be serviced within the limits of safe and sustainable supply.

Looking ahead, it is expected that Metro Water will be required to demonstrate that all lower-impact demand reduction interventions have been implemented before existing water-take consents are renewed and consents for large-scale supply augmentation (e.g. future water sources or treatment upgrades) are approved. Universal residential metering, volumetric pricing, and effective leak management are therefore critical enablers of future abstraction approvals and reflect anticipated regulatory expectations under Taumata Arowai and the regional planning framework.

Whaitua Implementation Plans (WIP) identified a desire for staged reductions in available source water allocation in the coming decades.

Metro Water will be responsible for seeking the new resource consents for drinking water abstraction (given all of the abstraction consents expire in 2036). Wellington Water is aware that GW is considering a further change to the NRP, in line with the recommendations in the WIPs, that will impact water-take consent applications. However, to date this proposed change to the NRP has not been notified. If it goes ahead, this change will particularly be important for critical sources such as Te Awa Kairangi and the Waiwhetū aquifer. The Pākuratahi Lakes scheme is proposed as a key regional response to mitigate the risks associated with reduced water availability, providing for increased storage of water during the winter months.

Full operational compliance with the DWQAR is required by November 2028. As of the date of this plan, metropolitan Wellington's drinking water services are not in breach of the Water Services Act, though the delivery of drinking water services in full accordance with the DWQAR is still in progress and requires additional investment. Water Safety Plans and Source Water Risk Management Plans were submitted to Taumata Arowai as required in 2022.

While controls are in place to manage hazards currently, additional risk reduction measures identified in Water Safety Plans and Source Water Risk Management Plans also require further investment to implement.

While metropolitan Wellington continues to receive safe drinking water, aging infrastructure and high network water losses pose significant risks to maintaining compliance over time. Significant investment in asset renewals, water loss leak reduction, metering, and system upgrades are essential for achieving and maintaining compliance.

Meeting requirements for wastewater discharges from WWTPs

Alongside aging infrastructure and the need to seek replacement discharge consents for several WWTPs (after existing consents expire), a major driver of investment over the next decade will be the implementation of the proposed Wastewater Environmental Performance Standards (WEPS) under the Water Services Act 2021, together with the requirements of the NRP.

The WEPS (as currently proposed) introduce new minimum effluent quality and dilution thresholds and most regional WWTPs will not meet these standards without major upgrades:[23]

[23] Source: Memo titled 'Wellington Water wastewater treatment plants – high level assessment against proposed wastewater environmental performance standards'. Cost for the Seaview outfall pipe has been rounded up to $700 million in this memo.

- **Seaview WWTP (Hutt/Upper Hutt):** Fails to meet nutrient and dilution requirements under WEPS. Two upgrade pathways are proposed, including upgrades to the outfall and nutrient removal processes. However, regardless of the WEPS requirements, the main outfall pipeline is in poor condition and under capacity for peak flows and will require replacement (if a discharge from this location is to continue, noting that the consent for this discharge expires in 2031). The current cost estimate for the Seaview Outfall Pipe is $698.2 million.
- **Porirua WWTP:** Will likely require odour and sludge handling upgrades (currently planned at $10m to $30m), with additional outfall upgrades likely needed to meet dilution requirements.
- **Western WWTP:** Requires outfall extension or WWTP nutrient upgrades, or complete redirection of flows to Moa Point. Cost estimates range from $30m to $200m, depending on the option. Outfall replacement from WWTP to coast will likely be required as this asset is in poor condition and at end of life.
- **Moa Point WWTP:** The plant is designed to meet 'Open Ocean' discharge quality standards under the WEPS. Completion of the programme of renewals underway at Moa Point WWTP, and bringing the Sludge Minimisation Facility online is expected to address current compliance issues.

Preliminary assessments suggest that achieving WEPS compliance across metropolitan Wellington may require capital investment ranging from $90 million to over $930 million depending on the selected upgrade pathway at each plant (noting $698.2 million to renew the Seaview outfall pipe is required regardless of the WEPS). To manage this regulatory risk, councils will need to align growth planning, infrastructure investment, and consenting timelines with WEPS compliance milestones. WWTP discharge consents are scheduled for renewal between 2031 and 2040.

Further, the NRP requires improvements to be made to WWTPs over the term of the consents. Plan Change 1 also requires investment in network upgrades and adds new requirements in relation to the management of dry weather discharges of wastewater. The full costs to meet compliance have likely not been included in the capital investment plan due to the uncertainty of the required interventions at this time.

The WWTPs all experience periods of non-compliance, generally relating to effluent quality monitoring results and unconsented bypasses. For example, throughout February 2025, both the Moa Point and Seaview WWTP were non-compliant with the effluent quality limits in their respective resource consents. Based on the mixed compliance record of the WWTPs that Wellington Water manages, it can be anticipated that these plants will have issues complying with future regulatory requirements.

Global stormwater and wastewater consents

Change 1 to the NRP, introducing new TAS and CWOs, will also have an impact on wastewater and stormwater discharges. Metropolitan Wellington's stormwater discharge consents are structured in two stages under a global consent model:

- **Stage 1 (Years 1–5):** Focuses on characterising discharges and developing catchment-level understanding.
- **Stage 2 (From Year 6):** Implements targeted actions to progressively improve stormwater quality and meet regulatory standards.

The Stage 1 consent was granted in 2018 and is currently being implemented. The Stage 2 Global Stormwater consent (GSC) was lodged in July 2023 and seeks to authorise the existing stormwater discharges with a proposed 35-year term. This GSC will drive a programme of work to improve the quality of stormwater discharges. Given the changes to the NRP (including the introduction of the TAS and CWO), and possible changes to the NPS-FM, Wellington Water is currently reviewing its resource consents strategy and the consent application is currently on hold.

Wellington Water also applied for Global Wastewater network overflow discharge consents (GWC) in May 2023. Given the changes proposed to the NRP and the broader system changes, the timeframe for processing these consent applications has been extended and these consent applications are also essentially on hold.

There is currently insufficient funding allocated for improvements to meet the likely requirements of the NRP, particularly as the timeframes for achieving improvements are currently uncertain.

B9.5 Moving towards compliance

While establishing Metro Water won't immediately eliminate all compliance challenges, it offers a more capable platform to meet the increasingly complex and uncertain regulatory demands.

As both the asset owner and operator, Metro Water will be directly accountable for maintaining and upgrading infrastructure, enabling better alignment between operational responsibilities and long-term asset management. This integrated structure supports more efficient, evidence-based investment decisions and allows for a whole-of-system approach to compliance and resilience. Under this model, Metro Water will have the tools to ensure revenue sufficiency, including access to dedicated funding streams and greater borrowing capacity. This will enable investment in large-scale upgrades to be progressed alongside business-as-usual activity.

Compared to the current model, this offers greater funding stability, investment coordination, and the ability to better align infrastructure delivery with long-term regulatory and environmental timelines.

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C: Economic and Financial Analysis

Section summary

This section presents a comprehensive financial sustainability assessment. It evaluates the plan against the three interdependent pillars of financial sustainability defined in the Local Government (Water Services) Act 2024: investment sufficiency, financing sufficiency, and revenue sufficiency.

Investment sufficiency is met through a targeted programme that prioritises renewals, compliance, and growth. The proposed 10-year capital investment programme of $6.8 billion[1] and forecast operating expenditure of $2.83 billion[2] significantly exceeds current Long Term Plan (LTP) levels. The 30-year investment profile shows capital investment peaking in the mid-2030s. An independent market assessment indicates Wellington's delivery sector can scale in line with the proposed investment.

Financing sufficiency is achieved through a debt strategy that targets a Funds From Operations (FFO)-to-debt ratio of 9% by FY2034. Debt levels rise to support capital investment and are matched by corresponding growth in operating revenue.

[1] Uninflated and pre-efficiency assumptions.

[2] Inflated and post-efficiency assumptions.

Revenue sufficiency is achieved when Metro Water's operating income is adequate to fully cover day-to-day costs, debt servicing, renewals and regulatory obligations. This will be achieved by increasing water-user charges, higher development contributions, and other funding sources.

Average residential charges are forecast to rise from approximately $2,100 per connection today to between $5,700 ($4,800 in today's dollars) based on the target financial strategy of this WSDP and $4,800 ($4,100 in today's dollars) based on the lower-end financial scenario by 2034.

These forecast cost increases are lower than increases likely under the status quo, because of Metro Water's financing strategy and efficiency gains, but will still present a challenge for many households. This WSDP recommends a strong ongoing focus on affordability, including engaging early with the Commerce Commission and developing affordability support mechanisms.

This WSDP proposes an ambitious target strategy to deliver sufficient investment to meet service level, growth, and regulatory requirements.

Reflecting that there is inherent uncertainty, a number of variables were tested including potential constraints on capacity to deliver all the works required and the level of cost-recovery from development.

This has identified a plausible lower-end investment scenario based on delivery of 80% of proposed investment in the first 10 years and an assumption of higher development contributions. This would result in more moderate increases in charges for water users.

In practice, actual investment and resultant financing arrangements and charges are likely to land between the target level of investment proposed in the WSDP and the lower-end scenario.

Greater certainty will be provided in successive Water Services Strategies.

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C1. Introduction

Delivering financially sustainable water services is a fundamental requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024. This section assesses this WSDP against the three core components:

Investment Sufficiency

Ensuring that the projected levels of capital and operating investment are sufficient to meet service level, growth, and regulatory requirements across drinking water, wastewater, and stormwater networks.

Financing Sufficiency

Confirming that Metro Water will have access to sufficient and appropriate financing sources — and maintain financial headroom — to fund the required investments without breaching borrowing limits or financial covenants.

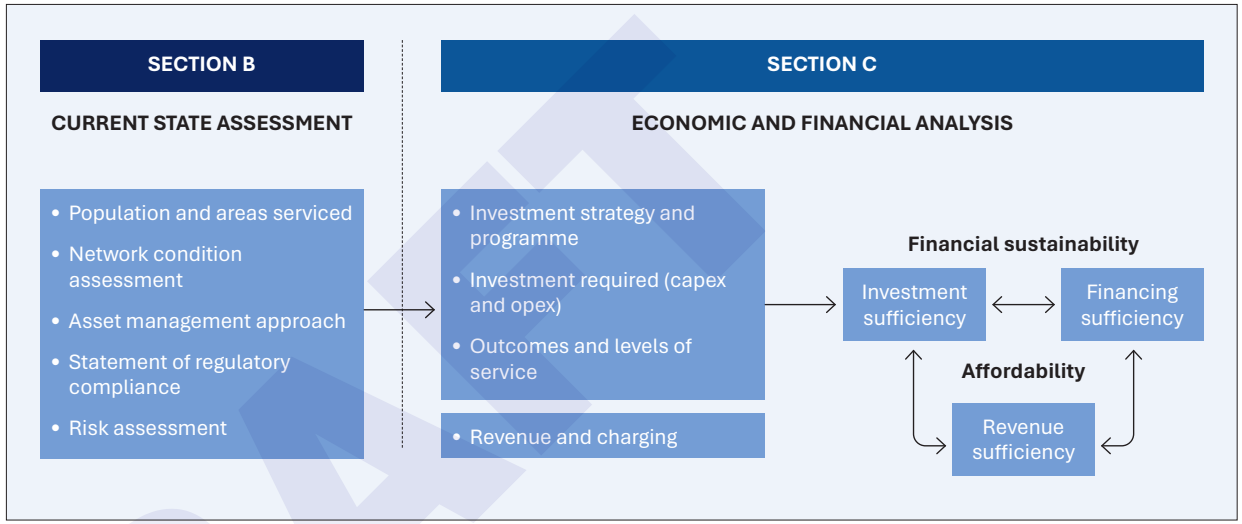
Revenue Sufficiency

Demonstrating that customer charges and other funding sources are sufficient to cover the full cost of service delivery, including operating costs, asset renewals, and debt servicing.

These three dimensions are interdependent. Achieving financial sustainability requires a strategy that balances the scale and timing of investment, the structure and prudence of financing, and the community's ability to fund services through water charges.

This section builds on the current state assessment in Section B and outlines the investment strategy, capital programme, and prioritisation approach to restore network performance and support future growth. It also sets out the proposed approach to structuring debt and managing financial risk in line with New Zealand Local Government Funding Agency (LGFA) requirements. Finally, it assesses how projected revenues will ensure long-term viability and assess affordability impacts for households and businesses across the region.

Figure 6: *Assessment and analysis overview*



C2. Investment strategy and sufficiency

C2.1 Investment strategy and prioritisation

The investment strategy guiding this WSDP aims to deliver sustainable, compliant, resilient, and growth-enabled water services. The investment strategy supports councils' commitments to restoring te mana o te wai and working towards achieving compliance with regulatory requirements.

The investment strategy is underpinned by six interconnected categories of investment; keep up, catch up, build up, clean up, address faults and improve resiliency. These investment categories are outlined below.

Note: Unless otherwise stated, all figures reported in the *Investment strategy and prioritisation*, and *Investment required – capex and opex* parts of this section are uninflated and do not reflect efficiency assumptions (which are discussed later in the document). This approach has been used to ensure consistency in the comparative analysis of investment patterns over time, independent of inflation, delivery method, or implementation maturity.

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Keep up investment

This category focuses on sustaining existing service levels and addressing timely asset renewals, at the end of their service life. This investment enables continuation of existing service levels while adjusting to operational changes and regulatory shifts.

Based on the councils' combined $17.96 billion three waters optimised replacement cost, over $200 million is estimated to be required per year to simply maintain the network in its current state through ongoing renewal[3]. This investment totals over $6.1 billion over the 30-year WSDP period.

An additional $1.9 billion is anticipated to be needed over the 30-year period to continue to meet levels of service through compliance-related activities (excluding water quality), resource consents, and ensuring an adequate and reliable water supply is available for fire protection.

Catch up investment

Historic underinvestment in asset renewals means a portion of the asset base is overdue for renewal. This category addresses this historic underinvestment with a goal of "catching up" by around 2045.

Catch up investment is focused on network assets (accounting for over 70% of the councils' asset base by value) and water and wastewater treatment plants. In total it is anticipated $3.3 billion is required to address the backlog in overdue asset renewals.

Build up investment

This category addresses known capacity constraints to support urban and population growth across the metropolitan Wellington area. As noted in Part B of this plan, many investments required to support growth also address existing levels of service gaps caused by past growth that was not fully supported by required water investment. Thus, while investment in this category is driven by growth, it is only partially attributable to future growth.

Building capacity in the network to support increased population growth will cost at least $6.5 billion over 30 years[4] but is expected to be much more than this. Build up investment in the WSDP capital programme includes all known growth-related activity derived from existing growth studies and the region's water supply and demand strategy however, there remains significant knowledge gaps in this area, as noted in Part B of this plan.

The limited understanding of growth investment requirements for all areas of metropolitan Wellington, means a complete picture of investment need in this area is not fully understood.

Much more work is required to determine the full 'build up' investment need and this will require ongoing engagement between Metro Water and the councils.

The $6.5 billion investment estimate currently includes the Te Mārua Water Treatment Plant scheme expansion stages 1 (Pākuratahi Lakes) and 2 but does not include costs for a potential new water source that may be required towards the end of the 30-year period. The new water source is expected to cost over $1 billion and planning and consenting of it may be required to start in the next 30 years. However, it is highly dependent on the success of the other Keep-Reduce-Add strategy investments noted in part B5.1 of this plan. Therefore, it has not been included in in the forecast growth-related investment requirements within the next 30 years.

Clean up investment

Clean up investment focuses on meeting environmental and public health compliance standards for water quality, particularly for wastewater. Decades of underinvestment have resulted in infrastructure that contributes to persistent water quality issues, including untreated or partially treated discharges into rivers, harbours, and coastal environments.

Compliance will require a combination of asset renewals, targeted infrastructure upgrades, improved monitoring, and integrated catchment planning. This investment is necessary not only to meet legal requirements but also to restore mauri (life force) to waterways in alignment with te mana o te wai principles, ensuring safe recreational environments, resilient ecosystems, and the long-term sustainability of water services.

At least $3.6 billion over 30 years is anticipated to be required to clean up. However, as noted in Part B of this plan, there is uncertainty regarding the timeframe for achieving water quality standards, particularly around wastewater and additional investment is likely to be required.

Faults investment

This category acknowledges the reality that until the backlog of overdue renewals is addressed, there will be a need for reactive renewal and maintenance as assets break. Over time, as existing faults are addressed and the average age of the assets come down, investment in faults-related activity will decline.

It is estimated that over $1 billion will go towards faults-related investment over the next 30 years – approximately 4% of total capital expenditure.

While this will contribute towards renewing the assets, it is more costly. Until the backlog in deferred renewals is addressed, and significant upgrades are made at the treatment plants, it is prudent to ensure budget is allocated for reactive works. It is expected to be higher in the early years of the WSDP term and decrease over time as the age and condition of the assets improve.

Resilience investment

The resilience category focuses on reducing the risk of flooding, seismic events and other natural hazards such as climate change. The investment to address flooding and seismic risks over the next 30 years is relatively unknown – further work is required to understand the scale of investment needed and current costs to do so.

Flooding is a costly natural hazard with growing impacts due to growth, increasing urbanisation and climate

[3] Excluding renewal that is anticipated to occur through reactive faults related investment, detailed later in this section.

[4] Inclusive of development contributions. Anticipated development contributions are accounted for in the financial modelling.

change. The effects of flooding can be long lasting on communities and households, therefore reducing flood risks must remain a focus for the region. It is estimated that over $3.4 billion investment is needed across metropolitan Wellington to mitigate flooding of all buildings in a 10% Annual Exceedance Probability (AEP) event[5]. This is investment will need to be shared between Metro Water and the councils and has therefore not been addressed in its entirety in the WSDP.

The regional water network is highly vulnerable to seismic activity, particularly along fault lines like the Wellington and Ohariu Faults. Earthquakes in recent years have accelerated system failures, prompting urgent network assessments. Core infrastructure upgrades required to reduce seismic risk will require significant investment however, seismic risk tolerance is a governance decision that will need to be addressed by Metro Water. Therefore, while the WSDP includes some investment to address seismic risk, the investment level and delivery timing of these activities may shift based on the risk tolerance placed on mitigating seismic risk at a regional level. A regional approach to seismic strengthening needs to be taken rather than assessing and improving individual assets in isolation.

While this programme includes investment to reduce seismic and flood risks, further work is required to understand the full scale of investment needed to respond to climate-related risks such as sea level rise, drought, and extreme weather events which can cause extensive damage to three waters assets from slips, subsidence and other events.

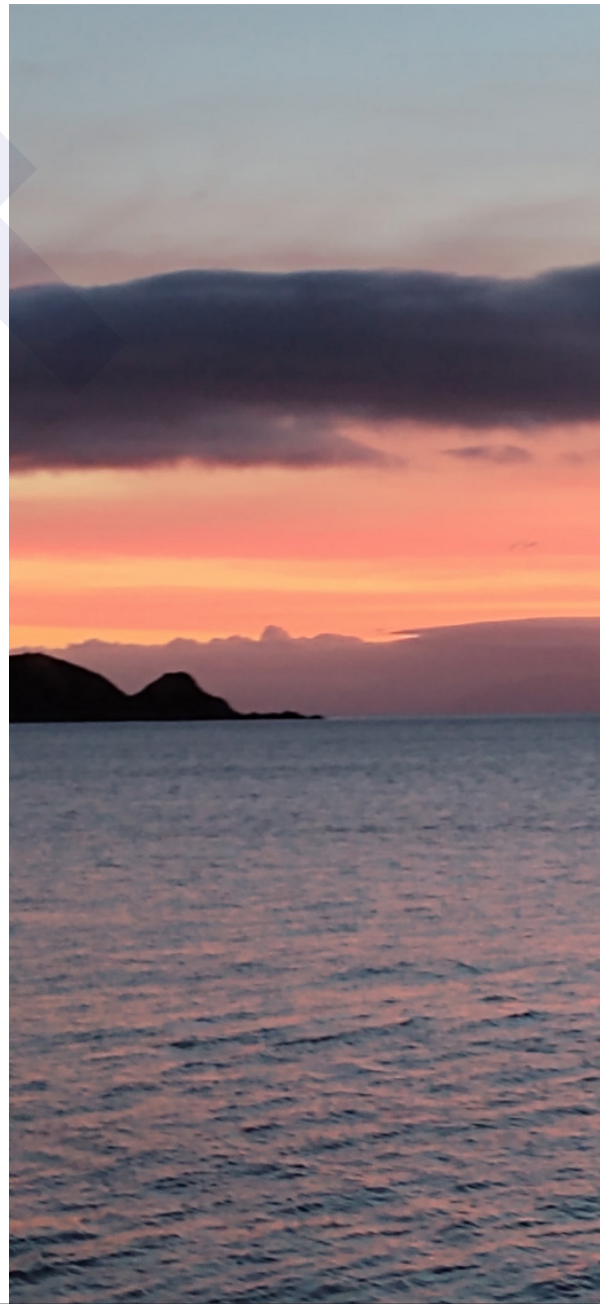
Linking the WSDP investment strategy to existing priorities

The above investment strategy of keep up, catch up, build up, clean up and address faults and resiliency risks largely aligns with the existing core strategic investment priorities that councils have directed Wellington Water to consider when building its water investment programmes to date. The following are the existing core strategic priorities adopted by Wellington Water, and how they relate to the investment strategy for the WSDP.

- Look after existing infrastructure (keep up, catch up and faults).
- Support growth (build up).
- Improve water quality of our rivers, streams and harbours (clean up).
- Ensure sustainable water supply for the future (including providing a suitable firefighting water supply) (keep up).
- Increase resilience to natural hazards (resilience)
- Activity to reduce our carbon emissions and adapt to the impacts of climate change (not specifically part of WSDP Investment Strategy, but will need to be integrated within the overall programme).

C2.2 Achieving regulatory compliance

Regulatory compliance activity is embedded across all investment categories of the investment strategy. *Keep up* ensures ongoing compliance through timely renewals; *catch up* addresses legacy non-compliance by replacing overdue or degraded assets; *build up* incorporates compliance into infrastructure needed for growth; *clean up* directly targets regulatory obligations related to environmental and public health standards, particularly for wastewater and stormwater discharges. The *resilience* category also contributes by ensuring compliance with seismic design standards, flood protection requirements, and emergency management obligations under civil defence and lifeline utility legislation. Faults investment, while reactive by nature, also plays a supporting role in regulatory compliance by enabling rapid response to unplanned asset failures that could otherwise result in breaches of service level, safety, or environmental standards.



[5] Source: Wellington Water Memo: Regional Stormwater Flooding Overview, 2025

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It is anticipated it will cost Metro Water over $15 billion over the next 30 years across these investment categories to achieve ongoing regulatory compliance however the full costs are not certain, and further work is required to confirm these costs, including the timing of delivery. The table below outlines the key regulatory requirements that the new water organisation must comply with in relation to providing three water services. It also includes a current estimate of the costs to achieve compliance in each area, noting many of the cost estimates are currently highly uncertain.

Table 18: *Regulatory requirements and estimated compliance costs*

Regulatory Instrument	Requirement	Applies to	Entity Obligation	Estimated Compliance Cost (capex and opex)
Water Services Act 2021	Compliance with drinking water quality assurance rules issued by Taumata Arowai and the Drinking Water Standards Implementation of Drinking Water Safety and Source Water Risk Management Plans.	Drinking water	Ensure source-to-tap safety, implement water safety plans, monitor contaminants, report to regulator.	**~$600 million +** To continually upgrade and renew water treatment plants and ensure reservoir water quality meets standards.
Taumata Arowai Wastewater Environmental Performance Standards (WEPS) (proposed)	Meet effluent standards for BOD, TSS, TN, TP, E. coli; meet dilution ratios via CORMIX.	Wastewater	Upgrade treatment plants and outfalls, validate dilution through modelling, meet consent conditions.	**~$1 billion +** $50M–$150M per WWTP depending on location and method plus renewal of the Seaview Outfall Pipe[6].
Resource Management Act 1991 (and replacements)	Obtain and comply with discharge consents for stormwater and wastewater.	All three waters	Operate within consented volumes/ quality, maintain reporting and catchment modelling, manage overflows.	**~$2.7 billion +** Based on current cost estimated to deliver the stormwater and wastewater network discharge programme.
NPS for Freshwater Management (2020)	Achieve Target Attribute States (TAS) for rivers and maintain/improve stream health.	Wastewater, stormwater	Prioritise investments based on sub-catchment compliance risk; reduce E. coli, copper, zinc, sediment.	**~$6.6 billion** To retrofit stormwater treatment network-wide; ~$3.3B by 2040 for highest-risk areas[7].
Civil Defence Emergency Management Act 2002	Maintain lifeline services during civil emergencies.	Drinking water and wastewater	Ensure network redundancy, emergency storage, rapid repair capability, community preparedness.	**~$? billion (Quantum of investment unknown)** To upgrade key infrastructure and/ or build new infrastructure to meet seismic standards[8].

Potential impact of regulatory changes

There are several anticipated changes to the regulatory environment that may change the timing and quantum of investment required to meet compliance obligations. These changes have not yet been priced into current investment forecasts as their final form and timing remain uncertain. Depending on their outcomes, these changes could either increase or reduce the scale and cost of future infrastructure investment.

National direction on growth planning

One example that is likely to increase investment requirements is the forthcoming national direction on growth planning, which is expected to require councils and infrastructure providers to use 75th percentile growth forecasts rather than the 50th percentile currently used in most future development strategies and housing and business development capacity assessments. This shift is intended to ensure that infrastructure and zoning do not constrain housing supply in high-demand areas. If adopted, it will increase the scale and pace of

[6] Source: Wellington Water memo – Regional WWTP assessment against WEPS 2 April 2025.

[7] Source: Appendix of Statement of Evidence of Liam Foster for Wellington Water.

[8] Source: Wellington Water 80-30-80 Strategy

infrastructure upgrades required to support growth. Metro Water may need to reassess the timing, capacity, and sequencing of network investments, particularly in areas identified for intensification, and revise financial forecasts accordingly. This would affect anticipated connections, development contributions, prioritisation decisions and delivery risks. Future investment planning including through the Water Services Strategy will need to align with updated strategies and assessments once this new national policy is in place.

National Policy Statement for Natural Hazard Decision-making

Another regulatory development with potential financial implications is the proposed National Policy Statement for Natural Hazard Decision-making. If adopted, it will introduce new requirements for assessing and managing the risk of natural hazards such as flooding, landslides, and coastal inundation when planning and delivering infrastructure. While primarily targeting land use decisions, it is expected to influence where and how three waters assets can be constructed or upgraded. This may lead to additional costs for risk assessments, asset relocation, design modifications, and protective infrastructure, particularly in hazard-prone areas. These potential cost pressures have not yet been incorporated into the current investment forecasts.

Wastewater Environmental Performance Standards and NPS for Freshwater Management

Conversely, some upcoming changes may reduce infrastructure costs. For example, the proposed revision of the Wastewater Environmental Performance Standards (WEPS) may lower the compliance burden compared to current assumptions. Similarly, potential amendments to the NPS for Freshwater Management could alter how stormwater discharges are regulated, possibly reducing the scale or complexity of future stormwater infrastructure requirements. The financial implications of these possible regulatory changes have not yet been incorporated into current estimates.

Taken together, these pending policy changes represent a material source of uncertainty. As national direction becomes clearer, Metro Water will need to review and update its investment assumptions and financial projections to ensure they remain aligned with the evolving legislative and planning environment.

C2.3 Investment prioritisation

The WSDP investment programme has been developed using a bottom-up, risk-focused approach while maintaining alignment to the investment strategy - keep up, catch up, build up, clean up, faults, and resilience. The best available asset and risk data has been used to prioritise interventions; however, Metro Water will be required to develop a thorough investment prioritisation framework to test and refine the timing of proposed investment in the WSDP. This is expected to be an ongoing and iterative process that also responds to the direction of the Statement of Expectations, economic regulation and the development of the Water Services Strategy.

For asset renewals, budgets in the WSDP investment programme are aligned to the councils' valuations, age-based asset data for the network assets and assumed useful lives for all other assets. The prioritisation framework developed by Metro Water will determine which assets the proposed budget should be allocated to within each asset class. Priority must be given to very highly critical assets in very poor and poor condition.

C2.4 Investment required – capex and opex

Baseline and adjustments

The base capital and operating expenditure forecasts are drawn from the 2024–34 Long-Term Plans (LTPs) for each participating council. These were updated to incorporate proposed adjustments from the 2025/26 Annual Plans. In consolidating this information at the regional level, joint venture and GW bulk revenue charged through other councils were normalised to avoid duplication.

While these provide a robust and practical starting point, the councils LTP budgets – though varying between councils – are overall significantly below the levels that were recommended by Wellington Water during the LTP development process. This reflects a range of factors, including council debt constraints, affordability pressures, and the need to balance competing priorities across services. As a result, the collective investment set by the councils' LTPs carries an elevated risk profile, including increased likelihood of asset failure, worsening water security, regulatory non-compliance, and constraints on future growth.

The metropolitan area is facing a significant and escalating bow wave of investment need and due to affordability challenges faced by the councils, many high-cost and high-risk investment requirements were excluded from the councils' LTPs. Some of these requirements can be progressed under Metro Water, however competing priorities, timing of investment, financing constraints and deliverability challenges mean the WSDP programme still carries some risk.

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Regional overview of capital investment

Over the first 10 years of the WSDP (2024/25 to 2034/34) a total capital investment programme of $6.82 billion is proposed. This represents an increase of $2.68 billion above the original LTP baseline of $4.13 billion[9] [10]. Table 19 below illustrates how the LTP and WSDP capital investment is allocated against the WSDP investment strategy categories.

Table 19: *10-year capital investment by investment category*

Investment Category	LTP capital investment ($M)	WSDP capital investment ($M)	Additional capital investment ($M)
Keep up	832.1	1,975.0	1,142.9
Catch up	1,513.3	1,840.9	327.6
Build up	627.2	1,354.9	727.7
Clean up	710.0	843.7	133.6
Address faults	259.4	412.9	153.5
Resilience	189.9	388.3	198.4
Total	**4,131.8**	**6,815.6**	**2,638.8**

The increased funding enabled through the Metro Water model will allow for major/ high-cost infrastructure that is unaffordable for the councils under the current approach to be progressed, while also continuing to increase investment in general renewals, water quality, growth and compliance activity. However, it is anticipated that full compliance will be challenging to achieve within the first 10 years of the WSDP and will be dependent on timing and prioritisation of investment, legislative and regulatory requirements and consenting conditions.

10-year capital investment

The key outcomes of this additional $2.68 billion investment are detailed in Figure 7 below (note, these are outcomes over and above investment that was planned through LTPs):

- **Keep up:** $1.14 billion uplift in investment in renewals and meeting levels of service:
  - $815.4 million increase in renewal of the network, treatment plants, pump stations, reservoirs and control systems, including $278 million to start construction of the Seaview and Moa Point outfall pipes (completed beyond the 10-year period of the WSDP) and $65 million for the Porirua Sludge Reduction Dryer.
  - $178.4 million to roll out universal residential meters across all metropolitan areas.
  - $146.9 million in improvements to pressure management, firefighting coverage and other three waters network improvements.
- **Catch up:** $327.6 million increase in investment to address overdue renewals and other upgrades with focus on network assets and the treatment plants. This includes $226.0 million for renewal of the Seaview outfall pipeline.
- **Build up:** $727.7 million in infrastructure to enable growth throughout metropolitan Wellington, including $177.0 million to start construction of the Pākuratahi Lakes and $85 million for a critical wastewater trunk main upgrade through Paremata.
- **Clean up:** $133.6 million to improve environmental water quality through network discharge and drainage investigation improvements.
- **Address faults:** $153.5 million allocated to addressing faults as they arise with focus on network assets.
- **Resilience:** $198.4 million to improve resilience with a focus on flooding risks mainly in Wellington and Porirua ($185.2 million) and $13.2 million to improve seismic resilience.

[9] Note, all figures specified in this section, relating to capital and operational expenditure are uninflated and pre-efficiencies.

[10] Note, while this section refers to the 'first 10 years of the WSDP' additional investment above the LTP does not start until FY2027/28 - Year 4 of the 10-year period. These figures are inclusive of projects currently being delivered directly by the councils ($358.5 million in total).

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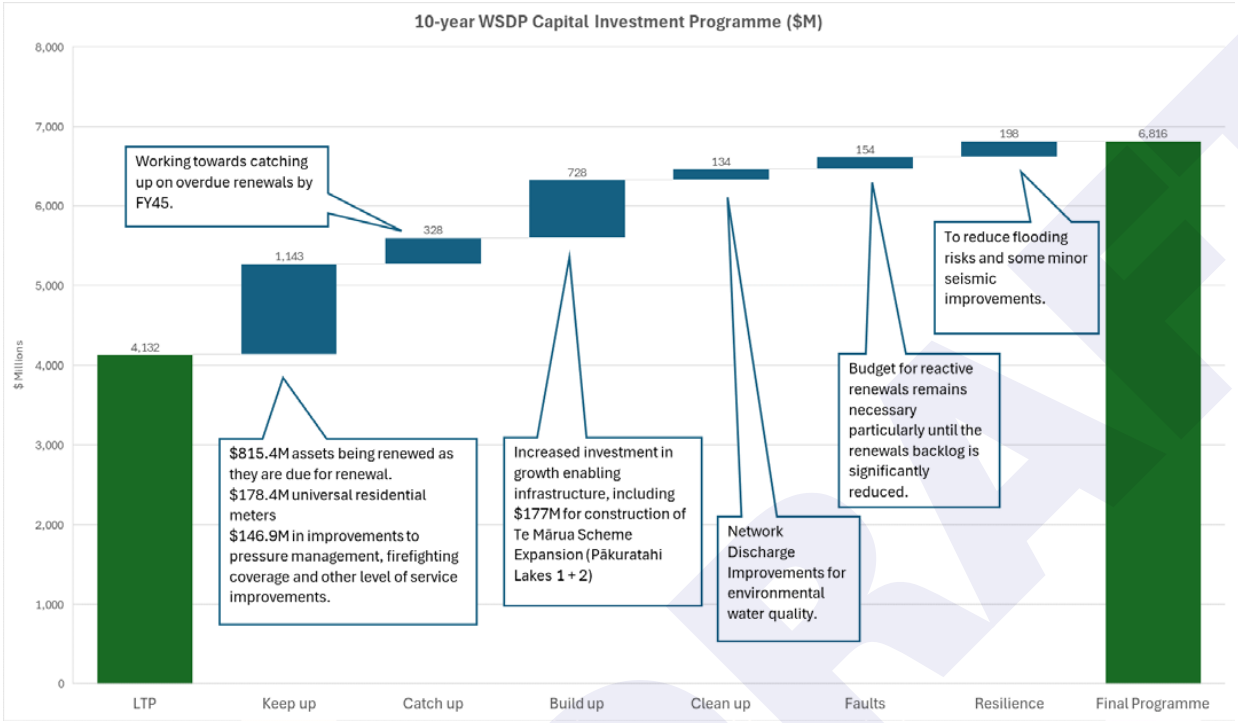
The figure below provides a visual representation of the additional capital investment proposed in the WSDP, over and above the LTP baseline investment, in the first 10 years of the plan.

Figure 7: *Capital investment programme – 10-year investment above the LTP baseline*



30-year capital investment

Over the 30-year period, $25.36 billion in capital investment is anticipated. This forecast investment need is based on:

- current understanding of the network and its critical risks,
- knowledge of growth needs where studies have identified investment requirements, and
- known investment required to meet existing regulatory requirements.

Table 20: *10 and 30-year WSDP capital investment by investment category*

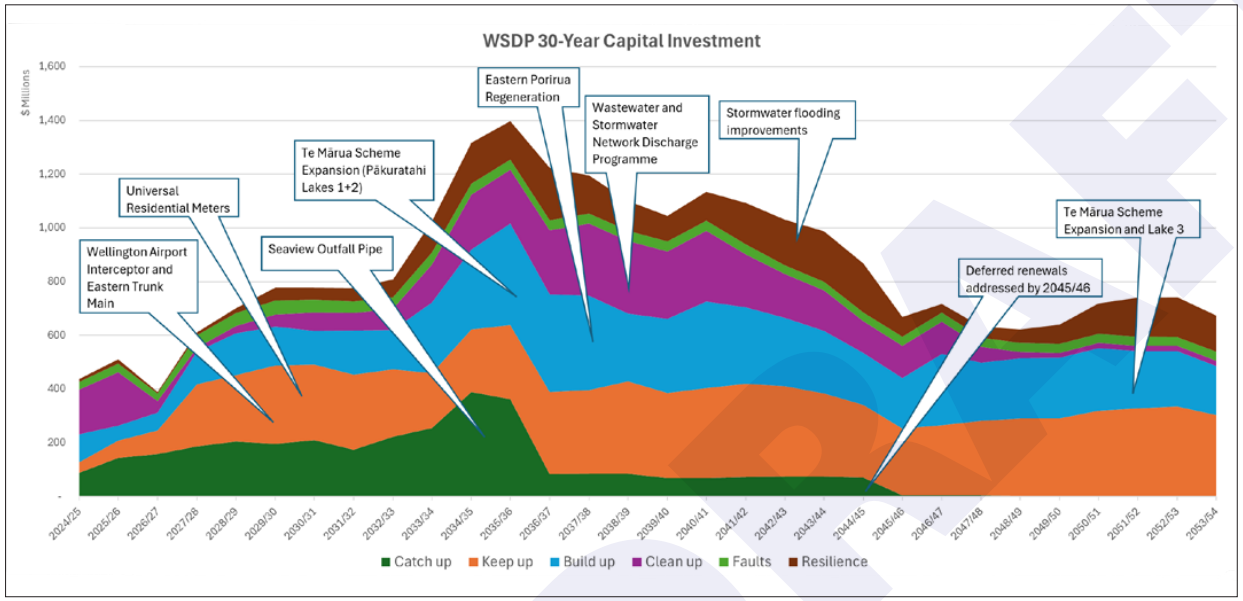
Investment Category	10-year capital investment ($M)	30-year capital investment ($M)
Keep up	1,975.0	8,001.1
Catch up	1,840.9	3,305.8
Build up	1,354.9	6,517.0
Clean up	843.7	3,582.7
Address faults	412.9	1,119.4
Resilience	388.3	2,838.2
Total	**6,815.6**	**25,364.1**

For this investment, metropolitan Wellington can expect to see widespread improvements:

- There will be a period of catching up, but the backlog in overdue asset renewals should be addressed by FY2045/46.
- A general reduction in asset failures and service interruptions as investment in renewals increases across all councils. While this improvement will be gradual, it reflects a shift toward proactively addressing aging infrastructure and catching up on deferred renewal programmes. Greater benefits for water use efficiency and conservation due to the recommendations of the Keep–Reduce–Add strategy being delivered.
- Water supply security increases and becomes more sustainable when the Pākuratahi Lakes are completed. These will support the additional demand from population growth and accommodate reductions in water takes anticipated when these are reconsented in the early 2030s.
- Improved water quality and reduced compliance risks at all wastewater treatment plants due to upgrades such as sludge minimisation and renewal of the outfall pipes.

- Improved environmental water quality by delivering the Network Discharge Consent programme and ongoing investment in network water quality improvements.
- Safe drinking water through sustained investment at the water treatment plants, ongoing investment in reservoir water quality renewals.
- Growth can be better supported across metropolitan Wellington.
- Flooding in some high-risk areas is reduced where there are known interventions to address the flood risks.

Figure 8: *30-Year capital investment profile*



Appendix C13 provides an overview of the 10-year and 30-year investment outcomes for each of the councils.

Investment in information technology systems

Metro Water will need to be a more capable organisation than Wellington Water, with better systems and processes. Wellington Water is missing core systems needed for any effective water utility organisation and is not right sized for the work needed to deliver for their shareholders or to deal with the challenges the region faces with water infrastructure. Investment has started into critical 'end-of-life-systems', integrated asset and financial systems, and customer systems, and will need to continue through the first few years of Metro Water and be followed by ongoing investment in digital capability to ensure Metro Water's systems stay up to date and keep pace with technology change. Notable benefits of this investment include: mitigation of significant operational and cyber risk; the ability to be more efficient in building, operating, and maintaining the water assets and the services they deliver; increased ability to effectively monitor Metro Water's operations and performance and be more transparent in its reporting on the delivery of safe, reliable, complaint and affordable drinking water, stormwater, and wastewater services.

The shareholding councils have agreed to provide additional funding to Wellington Water to replace its aging IT systems, including asset-management systems. This funding aims to rectify deficiencies in financial oversight and procurement processes, which rely heavily on contractor-managed systems. Investment in these systems will transfer to Metro Water. Wellington Water is currently running a procurement process in relation to these needs which will help to confirm anticipated costs, prioritisation and sequencing of investment by late 2025.

C2.5 Outstanding risks

While the WSDP capital programme reflects a significant uplift in investment for metropolitan Wellington, some critical investment will not be fully delivered when recommended or currently legislatively required. This will require ongoing review and consideration of investment decisions and trade-offs by Metro Water in conjunction with regulators to ensure balanced and affordable investment.

Regional rollout of universal water meters

- **$412.3 million to rollout ($178.4 million in addition to the baseline LTP)**

Regional rollout of universal water meters plays a critical role in Wellington's approach to securing drinking water services for the future. As part of the metropolitan Wellington's Keep–Reduce–Add strategy, they are central to managing demand, optimising the existing network, and deferring the need for costly new water sources. Universal metering will enable:

- Accurate measurement of water use.
- Faster identification and resolution of leaks in both the customer supply pipes and the publicly owned water supply network.
- Real-time data to support targeted water conservation efforts.
- Ability to implement volumetric charging.

These gains from the roll out of universal metering are needed as soon as possible, ideally by 2030. The longer it takes, the higher the risk of water shortage and summer

water restrictions. Investment timing in this WSDP currently anticipates that meters are fully rolled out by FY2031/32. This is considered the fastest pace metering could be rolled out due to investment only ramping up from FY2027/28 under the WSDP. Ongoing business case development, procurement approaches and investment prioritisation decisions are being worked through in relation to this programme.

Construction of Te Mārua Scheme Expansion Pākuratahi Lakes 1 and 2

- **$649.6 million total investment ($613.7 million in addition to the baseline LTP)**

The Pākuratahi Lakes (Stage 1) are needed to increase storage capacity to address water supply security and resiliency challenges facing metropolitan Wellington. The Pākuratahi Lakes are required in part by anticipated reductions in allowable water takes during summer months, driven by new environmental flow requirements under the NPS for Freshwater Management. Summer water take reductions are expected to take effect from 2036. The Pākuratahi Lakes Stage 1 therefore need to be in place before this time. Planning is underway for the Pākuratahi Lakes Stage 1, however, based on current investment timing in the WSDP for the construction phase, the lakes will not be fully constructed until FY2037/38. If this is the case, there is an elevated likelihood of summer water restrictions for metropolitan Wellington until the lakes are in operation.

The reason for this investment timing in the WSDP is the scale of investment required and timing of such investment with other critical high-cost infrastructure (this challenge is discussed in more detail in Section C2.10 Deliverability of Investment Programme). Further work will be needed to assess delivery options and explore how this critical investment can be brought forward to meet emerging water security needs while considering the context of the wider WSDP capital delivery programme.

Seaview outfall pipeline replacement

- **$698.2 million total investment ($678.2 million in addition to the baseline LTP)**

As noted in Section B of this plan, wastewater environmental performance standards (WEPS), developed under the Water Services Act 2021, propose national minimum discharge quality standards for all treated wastewater outfalls. Compliance with WEPS will require either upgraded treatment processes, extended outfall pipes, or both. Although not yet in force, they are expected to apply at the time of resource consent renewal for each wastewater treatment plant.

Investment has been included in the WSDP for upgrade of the Porirua, Moa Point, Western and Seaview outfall pipelines prior to their consent renewal dates. However, a confirmed position of the upgrade requirements is yet to be determined so the budget for these outfall renewals is indicative.

The consent for the Seaview outfall pipeline lapses in August 2031 and the current cost estimate of $698.2 million means meeting the August 2031 timeline is a challenge. It is currently scheduled in the WSDP for completion by FY2035/36. This could potentially result in non-compliance for several years dependent on decisions in relation to consents and conditions before this time.

Flooding risk

- **$3.3 billion+**

As noted in Section B of this plan, further work is required to develop formal levels of service for stormwater management. If using the measure of mitigating flooding in a 10% AEP event, investment requirements are substantial - estimated at over $3.3 billion[11]. The WSDP does not propose committing to a definitive investment solution currently. Instead, the residual flood risk to thousands of properties is acknowledged and will be transparently carried forward.

Responsibility for determining how best to manage this risk is a multi-agency requirement which will require integrated planning between Metro Water and the councils. This work will need to consider whether these risks are best addressed through capital investment or other solutions taking an integrated approach at a catchment level working with a range of partners and stakeholders, including consideration of urban design, land use and integration with roads, parks and private property.

This approach recognises that any decision on this scale should be made by Metro Water with full visibility of priorities across all water service functions and a broader mandate for integrated stormwater planning and delivery. Section D of this plan provides further detail on the position of stormwater management as part of the new water organisation, including the interface between each council and Metro Water.

Climate change

Climate change presents a broad and growing risk profile that is only partially understood at this stage.

While some direct impacts such as household flooding and saline intrusion into aquifers have been identified, other systemic effects remain uncertain, particularly those relating to sea level rise, coastal erosion, extreme drought, and increased temperatures.

A significant proportion of the region's three waters infrastructure is located within low-lying and coastal areas, placing it at risk from sea-level rise and storm surge. Given this, future resilience planning must include comprehensive climate risk assessments, adaptive design standards, and ongoing monitoring. The full investment requirement to address long-term climate risks is not yet known and is not reflected in this programme. Metro Water will need to work with councils, iwi, and central government partners to determine the scope and scale of required investments and ensure that climate resilience is integrated into future planning and capital delivery.

[11] Source: Wellington Water Memo: Regional Stormwater Flooding Overview, 2025

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Exclusions and pricing gaps

As noted in Section C2.2 – Achieving regulatory compliance, this programme has not priced in costs to address anticipated regulatory changes or risks that are not clearly defined with known solutions to address them, or where information is not readily available. For example, there will be substantially more investment required to enable metropolitan Wellington to grow than is currently priced into the WSDP. However, until detailed growth studies are completed for all parts of metropolitan Wellington outlining the requirements, these costs have not been factored in. As noted in Section B4.1 many areas identified for growth are served by ageing and underperforming infrastructure that lacks the capacity and resilience to meet current or future demand. As a result, a significant share of investment that will be identified through the growth studies will also be required to remedy existing service shortfalls and bring networks up to an acceptable standard. Therefore, only some of the cost of the investments identified through growth studies will be offset with development contributions through the 'growth pays for growth' approach.

Similarly, seismic upgrades to critical infrastructure such as reservoirs is required, however a programme of work detailing the investment requirements is not yet available.

Appendix C4: Addressing known risks provides an overview of the critical risks metropolitan Wellington faces and how they have been addressed in the WSDP, *Appendix C1: Assumptions and uncertainties* provides the key assumptions that have informed development of the WSDP investment programme; and *Appendix C11: Sensitivity scenarios* outlines a range of sensitivity tests, including changes to the scale of the capital programme.

C2.6 Proportion of investment by water and LGA categorisation

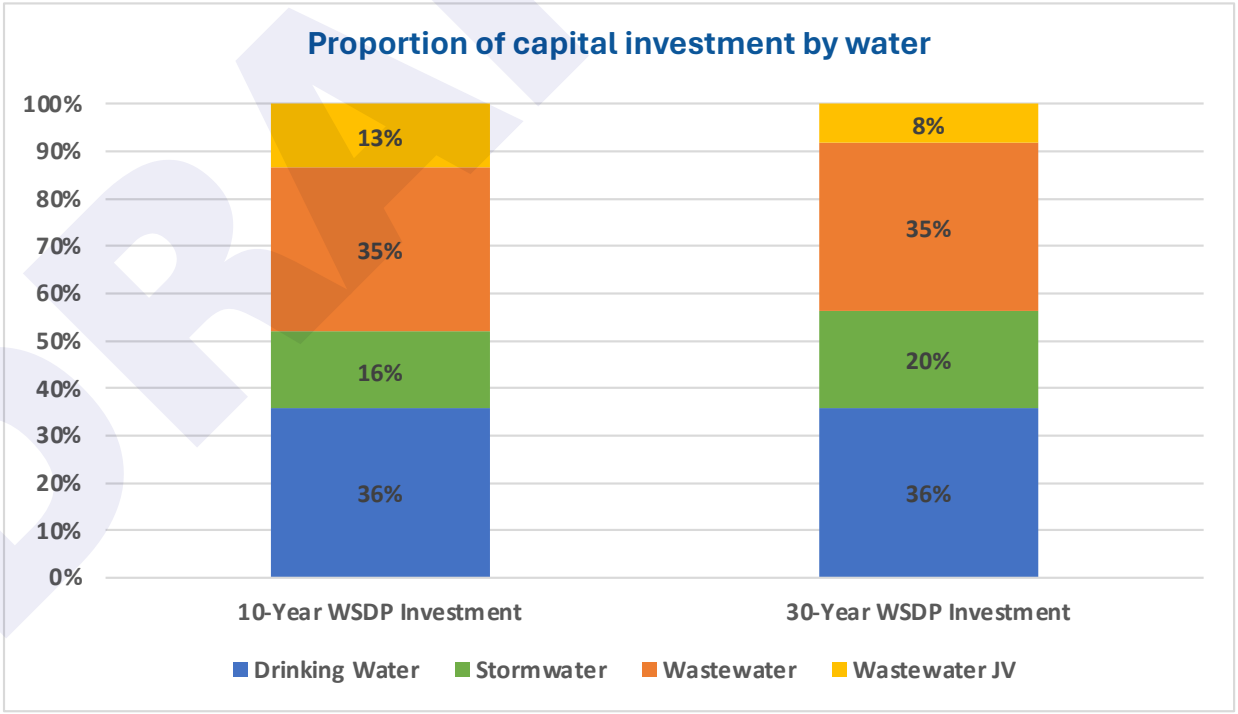
Capital investment by water

The proportion the asset base that each water makes up is roughly equal:

- Drinking water – 32%
- Stormwater – 30%
- Wastewater (including Joint Venture) – 38%

The proportion of investment by water does not directly reflect the value of the three waters assets by value. Stormwater is slightly under-represented when comparing directly to asset valuations, however this is largely a reflection of the regulatory requirements for wastewater and investments in universal residential metering and the Pākuratahi Lakes for water supply. Stormwater investment in this plan does not include broader integrated investment that will be required working with councils and landowners, such as the management of parks, road and land use.

Figure 9: *Proportion of capital investment by water*[12]



[12] Note, Wastewater JV refers to the jointly owned wastewater treatment plant assets (Seaview WWTP for HCC and UHCC and Porirua WWTP for PCC and WCC).

Capital investment by LGA categorisation

The WSDP Capital programme balances investment over the Local Government Act Investment categorisation (LGA categorisation) of renewal, level of service and growth. In the first 10 years, under the LTP baseline, the majority of investment (49.7%) is directed to renewals, followed by 37.8% for level of service improvements, and only 12.5% to support growth. This reflects a continuation of current investment settings, where focus is placed on addressing deteriorating assets and achieving basic service compliance, but where limited provision is made for enabling new development.

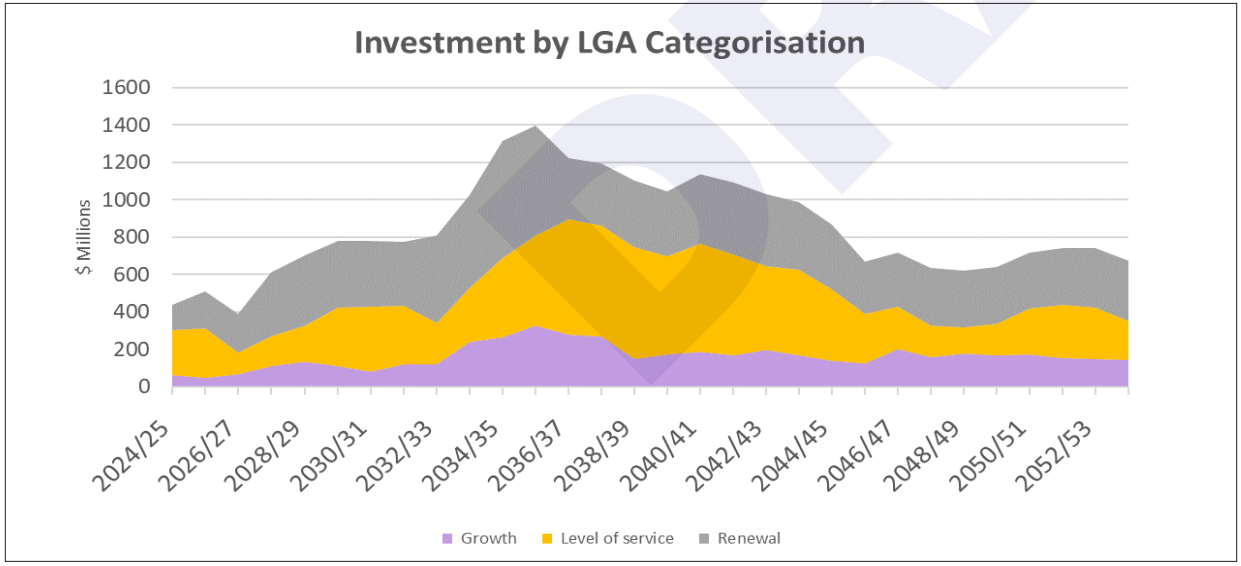
The increased capital investment in the WSDP allows the balance of spending to better reflect the region's actual needs across the three waters network. Over the 10-year horizon, the allocation changes to 47.9% for renewals, 36.1% for level of service, and 16% for growth. Over 30 years, this rebalancing is even more pronounced, with growth-related investment rising to 19.1%, while renewals reduce to 41.1% and level of service investment increases slightly to 39.7%.

This allocation of investment is illustrated in the table and figure below.

Table 21: *Investment by LGA categorisation*

LGA categorisation	LTP capital investment ($M)	10-year capital investment ($M)	30-year capital investment ($M)
Growth	12.5%	16%	19.1%
Level of Service	37.8%	36.1%	39.7%
Renewal	49.7%	47.9%	41.1%
Total	**100%**	**100%**	**100%**

Figure 10: *WSDP Capital investment by LGA categorisation*



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C2.7 Operating expenditure

Operating expenditure projections in this WSDP have been built up from the councils' LTPs. Additional expenditure above the LTP's rates has been applied to Upper Hutt and Porirua as the LTP levels have been shown to be insufficient to cover all operating activity without carrying significant risk.

From this baseline, council-covered operational expenditure, and consequential operating expenditure has been added. This approach aims to ensure a robust and realistic expenditure forecast that accounts for uplifted capital expenditure impacts and improved organisational capacity, while also reflecting efficiency expectations over time. Assumptions are noted in *Appendix C8*.

Currently, operational activity is relatively reactive to issues in the network. As the backlog in renewals is addressed it is expected activity will shift from a reactive approach to a predominantly proactive approach.

Consequential operating expenditure

Consequential operating expenditure reflects the ongoing costs associated with new or upgraded assets. These are calculated using a combination of council-specific growth rates and a set of standardised assumptions applied to major capital projects[13]. Specifically,

- A 4% consequential opex rate is applied to the value of growth and level-of-service-related capital expenditure above $20 million.
- For the Pākuratahi Lakes, a lower 1% rate has been applied.

Unique consequential operating expenditure has been applied to the universal residential meters and the sludge minimisation facility, based on latest knowledge. Further detail on the application of consequential opex is provided in *Appendix C14*.

Metro Water specific cost assumptions

From 1 July 2026, operating expenditure reflects the costs
of a fully operational water organisation. This includes:

- new regulatory related costs
- additional maintenance costs applied in some areas based on advice from Wellington Water
- costs associated with new systems, governance, and compliance structures.

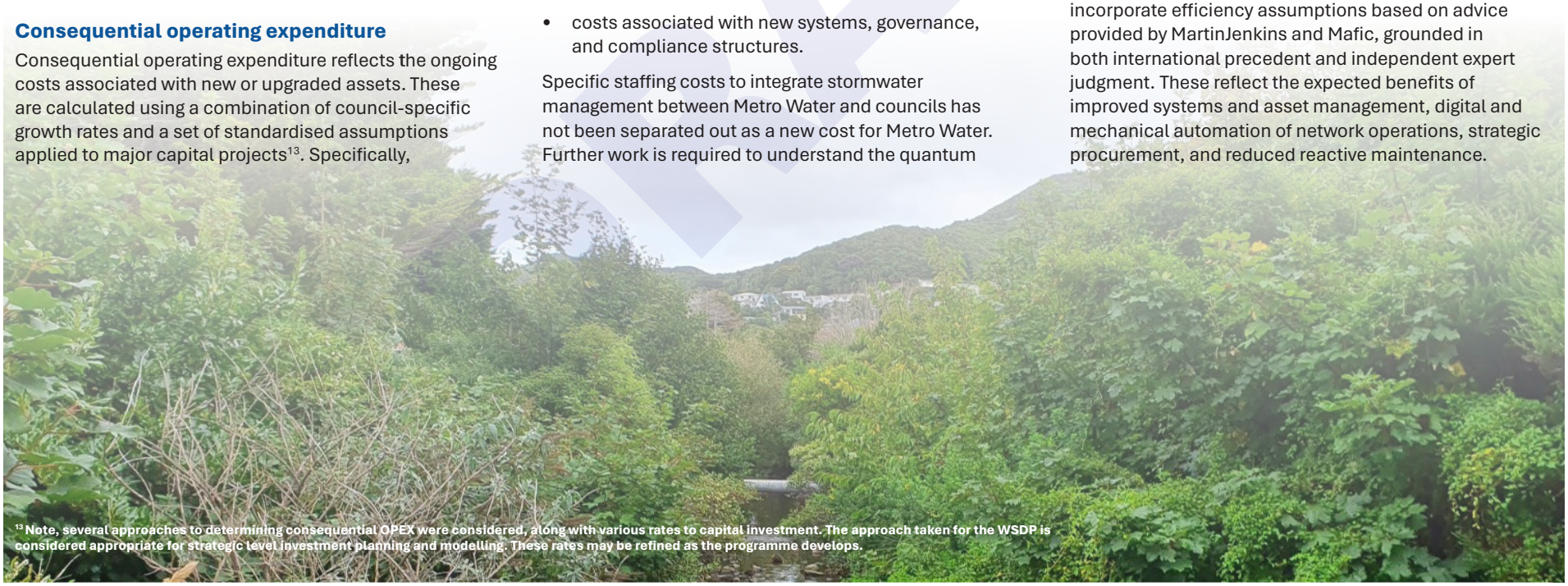
Specific staffing costs to integrate stormwater management between Metro Water and councils has not been separated out as a new cost for Metro Water. Further work is required to understand the quantum of investment required to be dedicated to stormwater integration however, these costs are not anticipated to be material in the context of the overall operational budgets. In future budgeting, it is vital that budget is allowed for dedicated personnel and associated costs to enable integrated stormwater management, both in Metro Water and in councils.

Analysis has been undertaken to ensure a realistic attribution of costs to and from Metro Water, particularly where existing council overheads may be retained or reallocated.

Forecast operating expenditure

The primary driver of increases in expenditure over the planning period is not direct operating costs per se, but the flow-on impact of the capital programme. Depreciation and interest costs associated with new investment account for most of the cost growth.

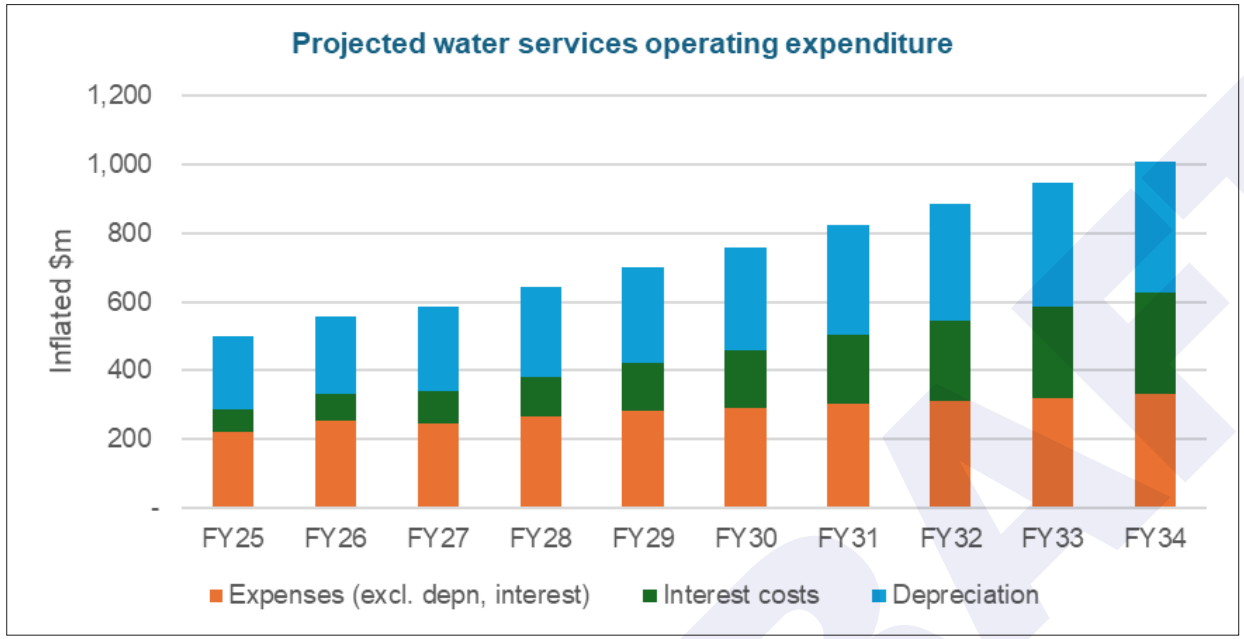
Both the capital and operating expenditure forecasts incorporate efficiency assumptions based on advice provided by MartinJenkins and Mafic, grounded in both international precedent and independent expert judgment. These reflect the expected benefits of improved systems and asset management, digital and mechanical automation of network operations, strategic procurement, and reduced reactive maintenance.



[13] Note, several approaches to determining consequential OPEX were considered, along with various rates to capital investment. The approach taken for the WSDP is considered appropriate for strategic level investment planning and modelling. These rates may be refined as the programme develops.

From Financial Year (FY) 2026/27, a 2.25% annual operating expenditure efficiency is applied.

Figure 11: *Projected operating expenditure*



Note: *figures in the above are inflated and post-efficiencies*

C2.8 Assessment of investment sufficiency

Having sufficient planned investment is fundamental to achieving the objectives of this WSDP and complying with regulatory expectations under the Local Government (Water Services Preliminary Arrangements) Act 2024.

Investment sufficiency means that Metro Water's projected capital and operating programmes are sufficient to meet levels of service, regulatory requirements and provide for growth while also addressing historic underinvestment and service level gaps.

The assessment that follows draws on investment programme modelling, capital delivery projections, and analysis of asset management and regulatory requirements. It demonstrates that:

- projected investment levels provide a pathway to meet levels of service, regulatory requirements and provide for growth, subject to the key risks and compliance challenges outlined in this report
- investment is appropriately funded through a combination of projected revenues and borrowing, within prudent financial limits, as shown in the financial and revenue sufficiency assessments
- delivery capacity and phasing have been tested to ensure realistic implementation without overwhelming the market.

Key financial metrics, including the Asset Sustainability Ratio (ASR), Asset Investment Ratio (AIR), and Asset Consumption Ratio (ACR), are presented to support this assessment and demonstrate that the investment pathway is aligned with long-term infrastructure stewardship obligations.

The investment figures presented in the remainder of this section are inflation-adjusted and incorporate efficiency assumptions. They are sourced from the financial model underpinning Metro Water's financial sustainability assessment, ensuring consistency across the investment, financing, and revenue sufficiency analyses.

C2.9 Projected water services investment

The projected investment profile under this WSDP reflects a sustained uplift in capital expenditure across drinking water, wastewater, and stormwater networks detailed above. Financial years 2024/2025 to 2026/2027 reflect existing council LTPs and include council-delivered projects such as Wellington City Council's sludge minimisation plant, with the uplifted programme of Metro Water increasing investment levels from FY2027/2028 onwards.

Capital expenditure efficiency gains of 1.55% per annum have been applied from FY2026/27, informed by independent analysis from MartinJenkins and Mafic. From FY2028/29, a further step change efficiency improvement of 15% is expected as Metro Water benefits from optimised procurement, and improved programme delivery practices.

Figure 12: *Projected investment requirements*

Note: *In the graph above numbers are inflated and post efficiencies*

The investment categories used in the earlier section of this WSDP (e.g. catch up, fix up, keep up etc) are tailored to describe the strategic intent and focus of the investment programme, whereas the categories used in the above graph follow Council Financial Impact Statements (FISs) standardised classification to support national comparability of metrics across regions.

Renewals requirements for water services

The asset sustainability ratio provides a key indicator of whether Metro Water is investing sufficiently to replace network assets in line with their rate of 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.

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Table 22: Asset sustainability ratio

Asset sustainability ratio										
Inflated $000	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**
Capital expenditure on renewals	146,602	192,157	196,898	352,362	344,365	317,284	315,635	331,223	452,277	470,481
Depreciation	212,456	228,431	245,575	261,868	281,368	301,065	321,442	341,154	360,714	379,894
Asset sustainability ratio	**(31.0%)**	**(15.9%)**	**(19.8%)**	**34.6%**	**22.4%**	**5.4%**	**(1.8%)**	**(2.9%)**	**25.4%**	**23.8%**

Under current council Long-Term Plans, renewals investment is below depreciation for the first three years. From FY28 onward, however, Metro Water's investment strategy delivers a sustained increase in renewals investment, broadly in line with or exceeding projected depreciation for the remainder of the period with an average asset sustainability ratio of 15.2% from FY28 to FY34.

This signals a shift towards addressing historic underinvestment and provides confidence that Metro Water's investment strategy will, over time, fully address asset condition risks and support sustainable network management.

Total water services investment required over 10 years

The Asset Investment Ratio (AIR) measures total capital expenditure (including renewals, growth, and service level improvements) relative to depreciation over the 10-year planning period. This metric provides an important indicator of whether investment is sufficient not only to maintain the existing network, but also to enhance its capacity, performance, and resilience.

Table 23: Asset investment ratio

Asset investment ratio										
Inflated $000	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**
Capital expenditure	474,635	524,590	439,455	659,009	665,546	745,924	746,957	752,660	803,638	1,044,332
Depreciation	212,456	228,431	245,575	261,868	281,368	301,065	321,442	341,154	360,714	379,894
Asset investment ratio	**123.4%**	**129.6%**	**78.9%**	**151.7%**	**136.5%**	**147.8%**	**132.4%**	**120.6%**	**122.8%**	**174.9%**

Across the full 10-year period, the average AIR is 134%, indicating that the overall level of capital investment materially exceeds asset consumption, consistent with good asset management practice and the goal of ensuring long-term service sustainability.

This investment profile provides confidence that:

- Metro Water's capital programme is not limited to asset replacement, but also addresses historic underinvestment, growth demands, and regulatory compliance
- the region's three waters networks will progressively improve in condition, capacity, and resilience over the life of the WSDP
- the investment pathway is aligned with the broader objectives of financial and service sustainability set out in the WSDP.

Average remaining useful life of network assets

As part of the assessment of infrastructure condition and renewals sufficiency, the Asset Consumption Ratio (ACR) for the region's water infrastructure has been calculated. This ratio compares the current book value of infrastructure assets to their estimated replacement value.

- Asset Consumption Ratio = Book value of infrastructure assets ÷ replacement value of infrastructure assets.

The ratio provides a proxy for the average remaining useful life of the network. A higher ratio suggests that assets are relatively new or have undergone recent reinvestment, while a lower ratio indicates that a significant portion of asset life has already been consumed. Where the ratio trends downward over time, this reflects increasing pressure on future consumers to fund asset replacement.

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Table 24: Asset Consumption ratio

Asset consumption ratio										
Inflated $000	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**
Book value of infrastructure assets	8,583,229	9,339,498	9,935,799	10,750,251	11,572,034	12,442,083	13,270,029	14,077,681	14,877,014	15,909,370
Total estimated replacement value of infrastructure assets	18,296,871	19,517,000	20,591,094	21,746,137	22,923,195	24,165,256	25,349,782	26,499,834	27,494,128	28,720,356
Asset consumption ratio	**46.9%**	**47.9%**	**48.3%**	**49.4%**	**50.5%**	**51.5%**	**52.3%**	**53.1%**	**54.1%**	**55.4%**

The ACR for the region's water infrastructure improves steadily across the 10-year forecast period, rising from 46.9% in FY 2024/25 to 55.4% in FY 2033/34. This implies that, on average, over half of the useful life of water infrastructure assets will remain at the end of the 10-year period, up from slightly less than half at the beginning. This gradual increase indicates that the current investment programme is sufficient to not only offset asset consumption but to modestly improve the overall condition of the asset base.

C2.10 Deliverability of investment programme

Delivering a capital programme of the scale recommended in this WSDP presents both opportunities and challenges.

There are significant opportunities to achieve economies of scale in financial terms. Larger, regionally coordinated programmes allow for bundling of similar projects, streamlined procurement, and greater purchasing power for materials and services. This can reduce per-unit costs for construction and asset components, enable longer-term contracts that offer better value, and lower overheads by spreading design, consenting, and project management costs across multiple work packages. Over time, these efficiencies contribute to more predictable delivery and improved whole-of-life value for investment.

There are however also significant challenges in delivering capital projects at the scale and pace proposed.

To support the development of a financially and operationally sustainable WSDP, the five councils commissioned an independent industry deliverability assessment in early 2025. The assessment evaluated whether the scale and pace of capital investment proposed under the WSDP could be realistically delivered by the regional construction and consultancy market, taking into account key constraints and enablers across the sector.

The review involved 21 interviews with 15 organisations from the design, construction, and water services sectors, supplemented by independent expert analysis. The key findings were:

- A sustainable annual growth rate for the water services capital programme was recommended to be in the range of 20–22%, based on observed market capacity, historic delivery rates, and the need to maintain value-for-money outcomes.
- A 30% year-on-year growth rate could be achieved under ideal circumstances but is considered unlikely given the current stage of development and the maturity of the Wellington water sector.
- To support a sustained 30% uplift in investment delivery, four critical preconditions must be met:
  - a visible 10-year investment pipeline
  - secure and hypothecated funding
  - fit-for-purpose delivery models
  - a highly capable client-side delivery organisation with robust systems.

The investment programme modelled in the WSDP reflects a Compound Annual Growth Rate (CAGR) of approximately 13% from FY28 to FY34 – comfortably within the sustainable growth range. However, FY28 exceeds this guidance, with investment growing by 37% relative to the preceding three-year average, when including council delivered projects[14].

[14] In assessing the deliverability of the proposed WSDP capital investment programme, it is important to consider the full scope of infrastructure delivery occurring across the Wellington water sector (including known council-delivered infrastructure such as the sludge minimisation facility), not just projects delivered directly by Wellington Water. This provides a more realistic view of current delivery relative to that proposed under the new water organisation.

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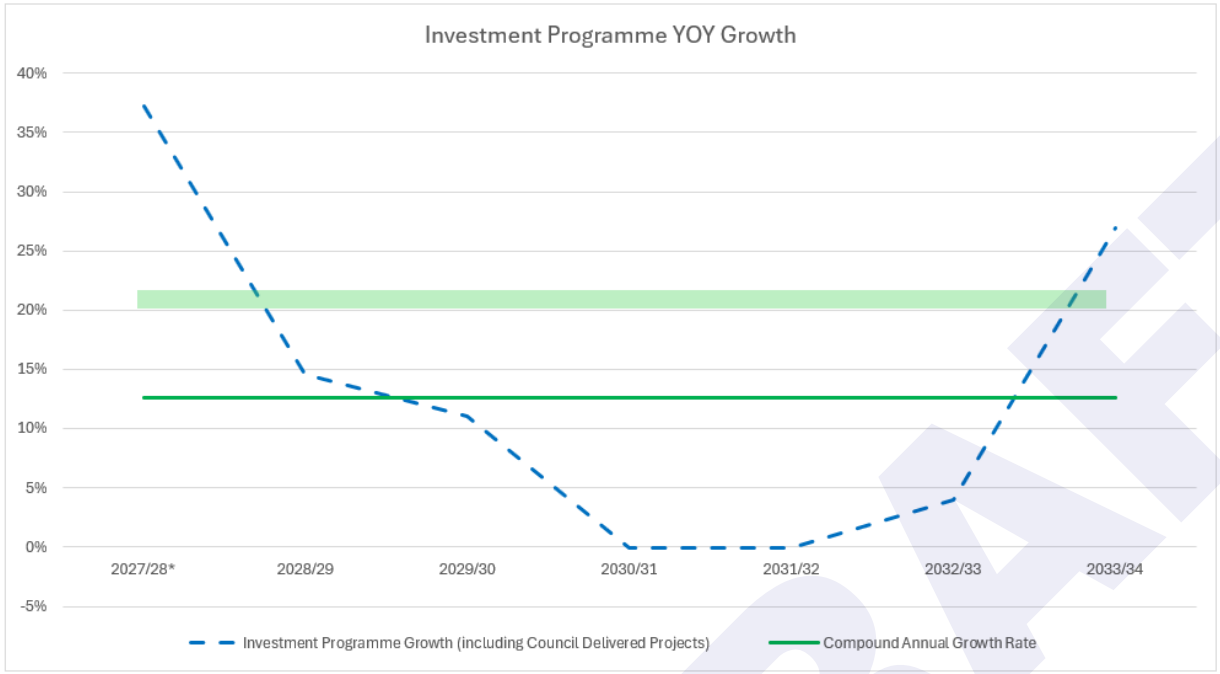
Figure 13: *Investment programme year on year growth*



*** Growth calculated on average of FY 2024/25 to FY 2026/27**

This increase in FY2027-28 is driven in part by the rollout of universal residential water meters across metropolitan Wellington—a large-scale, discrete programme that could be delivered through a bespoke or parallel delivery track, rather than through traditional infrastructure pipelines. Excluding this metering programme from the calculation brings growth in line with the recommended 20–22% range. In this context, the short-term exceedance is considered manageable, particularly given the likely maturing of client-side delivery systems and improved investment visibility leading up to Metro Water's establishment.

A second period of elevated investment is forecast between FY2032/33 and FY2034/35, when annual capital expenditure is projected to exceed $1 billion per year.

This reflects the convergence of several high-cost, time-sensitive projects:

- Construction of the Pākuratahi Lakes – timing driven by reconsenting of water takes and water security risk.
- Construction of the Seaview Outfall pipe and Moa Point Outfall pipe – timing driven by WEPS and reconsenting requirements.
- Rollout of the network discharge programme – timing driven by the global stormwater and wastewater consents.
- Construction of some high- risk infrastructure committed in the councils' LTPs – Bell Road and Moi-e-te-Ra Reservoirs, Stormwater Improvements in the Hutt, and the Silverstream Wastewater Storage Tank
- Construction of some new high priority infrastructure – stormwater improvements in Wellington City and wastewater storage in Wellington and Plimmerton.

Although the investment levels during these two years exceed the forecast sustainable annual growth range, they are concentrated and time bound. It is anticipated that by FY2032, the four critical preconditions for delivery scale-up are expected to have been met, allowing this investment to be delivered effectively.

Appendix C2: Historical capital delivery provides a brief overview of deliverability over the FY2018/19 to FY2023/24 period.

Ongoing focus on deliverability

The deliverability assessment indicates that while delivery pressures will arise, particularly in FY2027/28 and the early 2030s, the investment programme is largely aligned with plausible growth in regional market capacity.

Delivery capacity will need to be a critical focus for Metro Water, requiring ongoing testing, active planning, and investment decision trade-offs. This will require significant focus and ongoing dialogue with regulators, councils and the community.

Metro Water will need to manage delivery planning within the context of a potential significant uplift in water investment nationwide as other areas also look to deliver on WSDPs. This will constrain market capacity and may also impact on efficiency of investment.

While the current assessment is that delivery of the investment programme is ambitious but broadly plausible, there is inherent uncertainty about how much can be achieved within the planned timeframes. It is recognised that the pace of delivery and the level of investment outlined in this WSDP is likely to be at the high end of what is feasible.

In preparing this WDSP, a number of scenarios have been tested to help understand the impact of a number of variables, including uncertainties of costs and potential deliverability constraints. These are discussed further in Section C3 below and are available in *Appendix C11*.

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C3 Finance Strategy and Sufficiency

A critical element of financial sustainability under this WSDP is ensuring that sufficient financing capacity exists to support the planned level of investment, while maintaining prudent debt levels and compliance with borrowing covenants over time.

The financing sufficiency assessment evaluates whether:

- Metro Water can access the funding needed to deliver its investment programme
- projected debt levels remain within acceptable and sustainable limits
- financial resilience is maintained through appropriate headroom and liquidity management
- the financial strategy is consistent with Local Government Funding Agency (LGFA) lending criteria and economic regulation requirements.

Under the proposed regional model, Metro Water will primarily fund its investment programme through external borrowings from the LGFA, supplemented with other capital contributions (e.g., development contributions and grants). Metro Water's financial strategy targets a Funds from Operations (FFO) to debt ratio of 9% by FY2034. This is above LGFA guidance of 8% for water entities with over 50,000 customer connections to allow for financial headroom in case this is required.

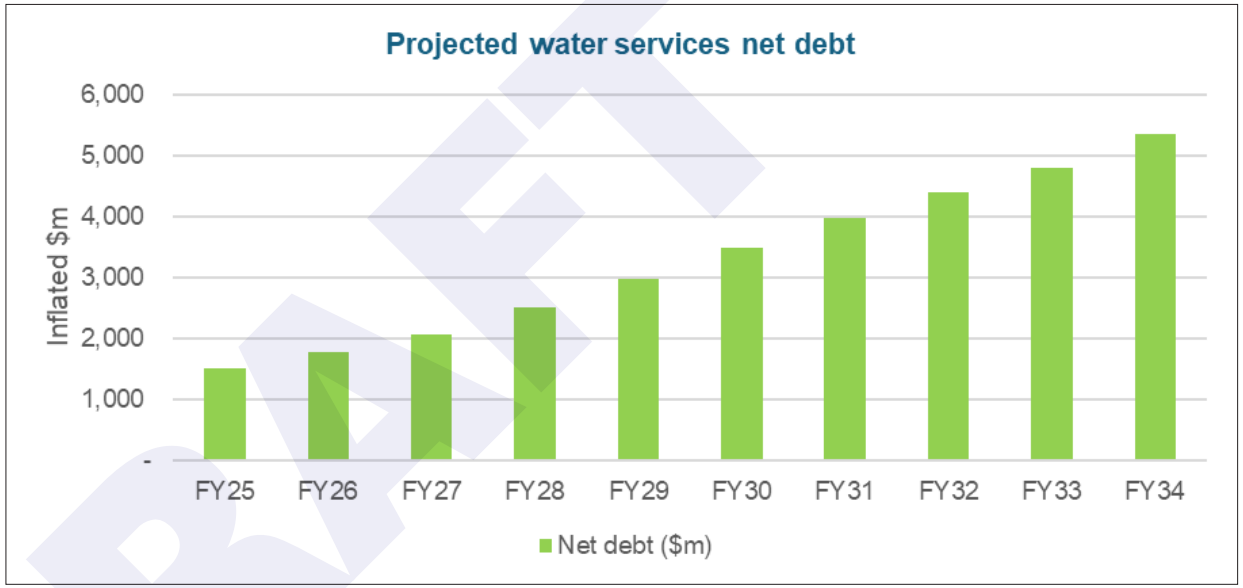
Metro Water's financial projections confirm that while a staged glide path will be required to reach the covenant threshold, Metro Water borrowings remain within sustainable levels throughout the plan period and that sufficient borrowing headroom is achieved by FY2034, providing resilience against unforeseen cost escalations or investment timing shifts.

The following sections present the key financing metrics and indicators that underpin this assessment, including projected debt profiles, borrowing headroom calculations, and FFO-to-debt performance over the WSDP period.

Further financial and debt arrangements are detailed in *Appendix C3*.

3.1 Projected borrowings for water services

Figure 14: *Aggregate net borrowing requirement over the first decade*



Borrowing requirements for Metro Water reflect a step change in investment levels, particularly from FY28 onward outlined earlier in this section. Debt for the first three years (FY25–FY27) reflects investment drawn directly from the councils' adopted LTPs and proposed Annual Plans for FY26.

Borrowing Limits and Financial Capacity

Metro Water will be subject to LGFA borrowing covenants. The primary financial leverage metric is the FFO-to-debt ratio, which measures the proportion of debt that can be serviced from free operating cashflows each year.

For entities with more than 50,000 connections, LGFA guidance sets a minimum covenant of 8%. With approximately 155,000 connections across the participating councils, Metro Water qualifies for this threshold.

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Table 25: Free funds from operations (FFO) to debt and interest ratios

Free funds from operations (FFO) to debt ratio										
Inflated $000	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**
Operating revenue (minus interest income)	353,389	400,267	451,680	512,304	581,131	659,453	748,534	849,643	964,752	1,095,771
Less Expenses (minus depreciation and non-cash items)	(288,843)	(330,832)	(340,945)	(379,857)	(421,247)	(458,179)	(504,510)	(543,418)	(585,047)	(628,468)
Plus Development contributions (75%)	6,272	8,587	10,909	11,219	14,865	16,763	16,998	17,208	17,910	18,165
Free funds from operations (FFO)	**70,818**	**78,022**	**121,644**	**143,666**	**174,749**	**218,037**	**261,021**	**323,433**	**397,616**	**485,468**
Total net debt	1,553,612	1,813,431	2,104,491	2,566,714	3,015,166	3,537,465	4,017,734	4,441,225	4,841,277	5,394,086
Free FFO to debt ratio	**4.6%**	**4.3%**	**5.8%**	**5.6%**	**5.8%**	**6.2%**	**6.5%**	**7.3%**	**8.2%**	**9.0%**

Free funds from operations (FFO) to interest ratio										
Inflated $000	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**
Free funds from operations (FFO)	70,818	78,022	121,644	143,666	174,749	218,037	261,021	323,433	397,616	485,468
Interest	69,281	74,918	93,442	112,576	138,431	168,403	202,479	233,890	264,551	296,826
FFO to interest ratio	**2.02x**	**2.04x**	**2.30x**	**2.28x**	**2.26x**	**2.29x**	**2.29x**	**2.38x**	**2.50x**	**2.64x**

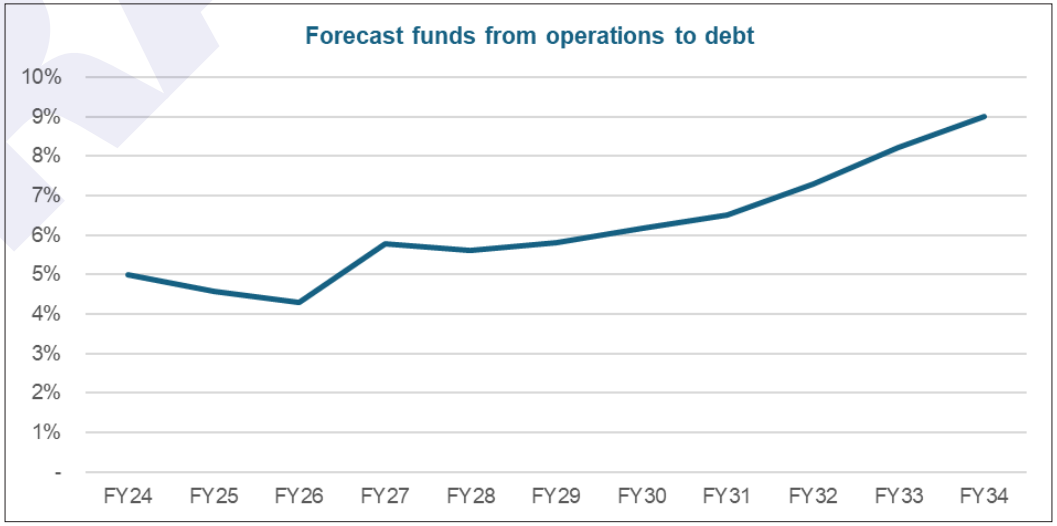
Financial modelling projects that Metro Water will reach 8% FFO-to-debt compliance by FY33, with a long-term target of 9% from FY34 to provide prudent borrowing headroom. The ratio is expected to remain below 8% in the early years, as Metro Water scales up investment while phasing in revenue increases to support affordability.

LGFA's guidance allows up to five years from establishment for water entities to reach covenant compliance, with any longer glide path requiring approval by the LGFA Board. For Metro Water, this five-year window would conclude in FY31.

LGFA has confirmed they will consider a longer seven-year transition, allowing Metro Water to achieve the 8% compliance target by FY33. Accelerating compliance to FY31 would require steeper price increases between FY27 and FY31, compared with a smoother path under current modelling, or a slower pace of investment and consequential borrowing. A scenario testing these alternative glide paths is included in *Appendix C11*.

LGFA's guidance sets a minimum benchmark FFO-to-Interest Coverage Ratio of 1.5x for water CCOs with over 50,000 connections. Metro Water comfortably exceeds this threshold across all forecast years. The coverage ratio is forecast to range from 2.02x in FY25 to 2.64x in FY34, reflecting a strong and improving ability to service interest obligations from operating cashflow.

Figure 15: *Forecast funds from operations to debt*



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Metro Water's debt headroom must also be considered in the context of its broader risk and insurance arrangements (see *Appendix C5*). The insurance strategy assumes full coverage for 40% of insurable assets, with the remaining 60% expected to be met by central government following a major incident.

If an unanticipated event occurs before covenant headroom is fully achieved, several mitigations are available. In the first instance, capital investment can be reprioritised or deferred, allowing funding to be redirected toward urgent asset repairs. This would likely align with market delivery constraints, as the sector's ability to scale construction rapidly is limited and already reflected in programme phasing. In more severe cases, Metro Water could call on the fallback support of shareholder councils via the uncalled capital facility or guarantees. These mitigations ensure that the entity retains flexibility to manage shocks while progressing toward long-run financial sustainability.

C4 Revenue Strategy and Sufficiency

Ensuring that revenue is sufficient to fund the full cost of water service delivery is a core pillar of financial sustainability under this WSDP. Revenue sufficiency means that Metro Water will generate enough operating income to fully cover day-to-day costs, debt servicing, renewals and regulatory obligations over the life of the WSDP.

This assessment evaluates whether:

- projected revenues are sufficient to cover the costs (including servicing debt) of water services delivery
- revenue settings reflect full cost recovery principles consistent with economic regulation expectations
- charges remain affordable to the community.

The approach outlined in this section balances affordability for customers with the long-term financial sustainability of Metro Water, while providing flexibility for councils and Metro Water to respond to evolving regulatory, economic, and community needs.

The following sections present an analysis of projected water service revenues and affordability metrics (including charges as a percentage of median household income), and key financial ratios related to operating surpluses and cashflows. These indicators collectively demonstrate the revenue sufficiency of the WSDP.

Metro Water will be responsible for setting pricing in accordance with economic regulation and pricing principles agreed through shareholder Statements of Expectations and the Water Services Strategy. Current and potential charging and billing arrangements are outlined in *Appendix C12*.

4.1 Water services revenue requirements and sources

Water services revenue requirements under this WSDP are driven by the need to fund the full lifecycle costs of providing safe, reliable, and resilient drinking water, wastewater, and stormwater services. These include operating expenses, renewals and upgrades of aging infrastructure, regulatory compliance, investment to support growth, and financing costs associated with borrowing. Metro Water will operate as a public benefit utility and will not target a commercial profit margin.

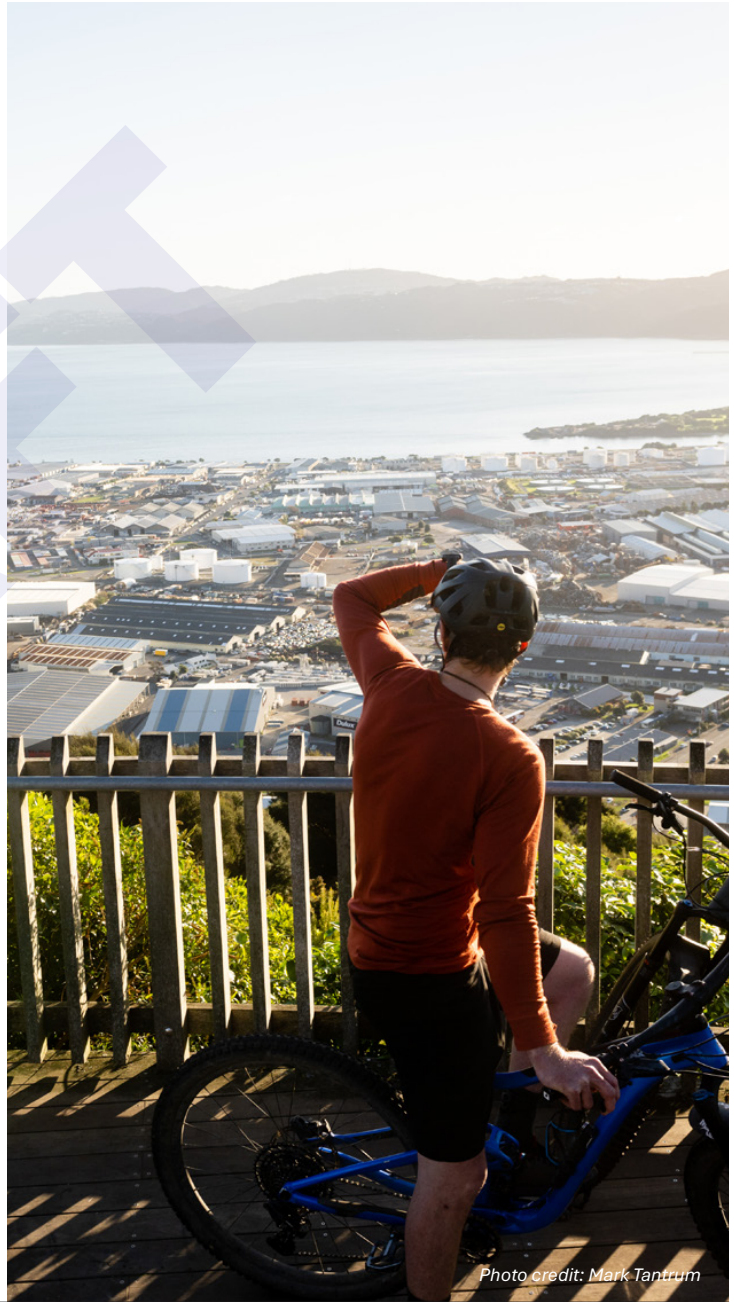

Photo credit: Mark Tantrum

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Table 26: Revenue sources

Revenue sources										
Inflated $000	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**
General and targeted rates	333,593	379,628	-	-	-	-	-	-	-	-
Fees and charges	12,374	16,607	446,861	507,190	575,680	653,583	742,217	842,831	957,486	1,087,900
Operating subsidies and grants	3,943	1,283	1,371	1,407	1,441	1,475	1,509	1,542	1,574	1,608
Other operating revenue	3,479	2,749	3,448	3,707	4,010	4,395	4,808	5,270	5,692	6,263
Total operating revenue	**353,389**	**400,267**	**451,680**	**512,304**	**581,131**	**659,453**	**748,534**	**849,643**	**964,752**	**1,095,771**
Development and financial contributions	8,362	11,449	14,545	14,959	19,820	22,351	22,664	22,945	23,881	24,220
Other capital revenue	119,377	184,070	23,115	49,380	37,390	-	-	-	-	-
Total revenue	**481,128**	**595,786**	**489,340**	**576,643**	**638,341**	**681,804**	**771,198**	**872,587**	**988,633**	**1,119,991**

The primary sources of revenue to meet these requirements are:

- **Household and commercial charges**
  - Initially based on a mix of uniform fixed charges and transitional arrangements.
  - Moving over time to a combination of fixed and volumetric charges for drinking water, and fixed or estimated charges for wastewater and stormwater services.
- **Development Contributions (DCs)**
  - Levied on developers to fund growth-related water infrastructure, supporting the principle that growth should pay for growth.
  - Applied in accordance with council policies initially, transitioning toward regionally consistent arrangements where feasible.
  - The Government has signalled an intention to replace development contributions with development levies, which would be a funding tool available to territorial authorities and water organisations to fund growth-related capital expenditure on water services infrastructure. However as at the date of preparing the WSDP legislation providing for development levies has not yet been introduced into Parliament. The introduction of development levies and/or uplift in existing DC policy settings could enable greater alignment with the "growth pays for growth" principle and reduce reliance on household and commercial tariffs to fund new capacity.
  - Analysis on Development Contribution applied to this plan is provided in *Appendix C10* and sensitivity tests on the application of varying levels of DCs are provided in *Appendix C11*.
- **Fees and user charges**
  - Charges for specific services such as new water connections, compliance inspections, late payment penalties, trade waste discharges, and other customer-requested services.
- **Operating subsidies and grants**
  - Operating subsidies and grants refer to external funding received to support the day-to-day delivery of water services.
- **Other capital revenue**
  - Capital income from third party funding arrangements such as Wellington City's Infrastructure Funding and Finance (IFF) Special Purpose Vehicle (SPV) for the sludge minimisation plant, and other central government grants such as the Infrastructure Acceleration Fund (IAF). Only currently confirmed other capital revenue sources are included; no additional or future capital grants are assumed.
- **Other income**
  - Minor revenue streams such as rental income from surplus properties, interest income on operating reserves, and revenue from shared use of water assets (e.g. network co-location with utilities).

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4.2 Projected water services revenues cover projected costs

The financial model shows that Metro Water's operating revenue pathway is sufficient to cover the full costs of delivering three waters services.

In the early years, operating revenue will not fully offset all expenses, reflecting an approach of several councils to phase in full funding of depreciation over time in the context of sharp asset revaluations from FY22. The operating balance will average to break even over time but with a targeted capital structure, will fluctuate with capital expenditure.

Figure 16: *Projected 10-year revenue and expenses*

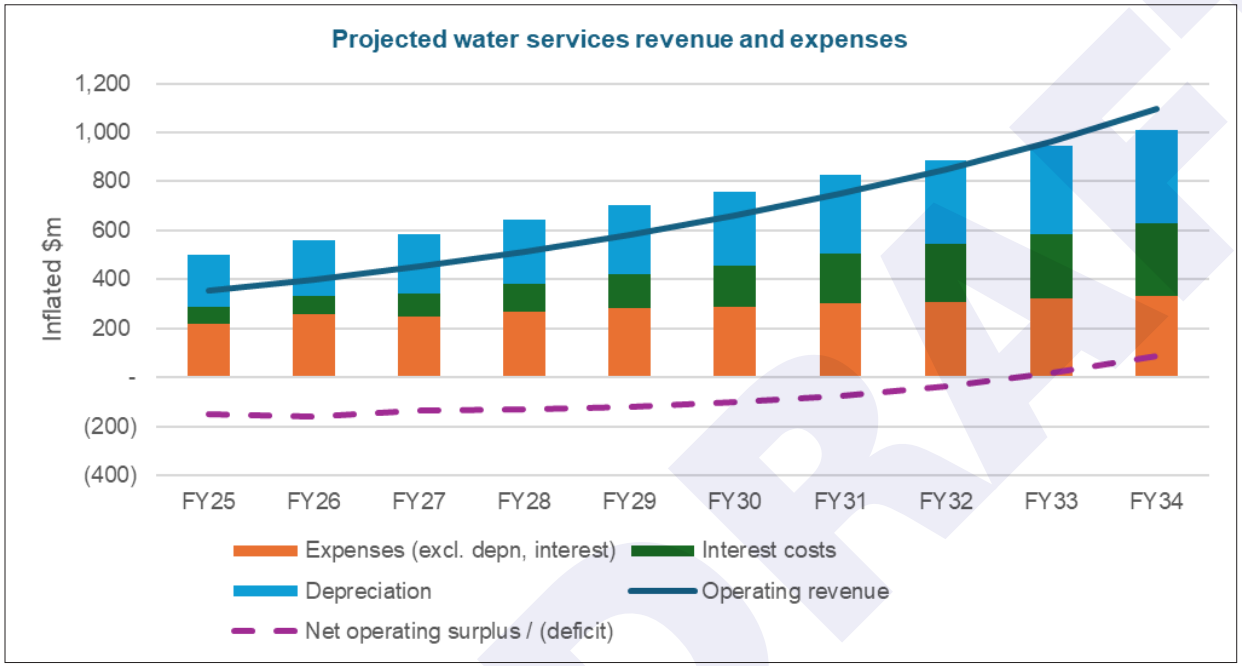

Table 27: *Operating surplus ratio*

Operating surplus ratio										
Inflated $000	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**
Operating surplus/(deficit) excluding capital revenues	(147,910)	(158,996)	(134,840)	(129,421)	(121,484)	(99,791)	(77,419)	(34,929)	18,991	87,408
Total operating revenue	353,389	400,267	451,680	512,304	581,131	659,453	748,534	849,643	964,752	1,095,771
Operating surplus ratio	**(41.9%)**	**(39.7%)**	**(29.9%)**	**(25.3%)**	**(20.9%)**	**(15.1%)**	**(10.3%)**	**(4.1%)**	**2.0%**	**8.0%**

Longer-term modelling shows that as capital delivery levels stabilise and revenue streams mature, Metro Water's operating position will progressively strengthen, supporting long-term financial sustainability.

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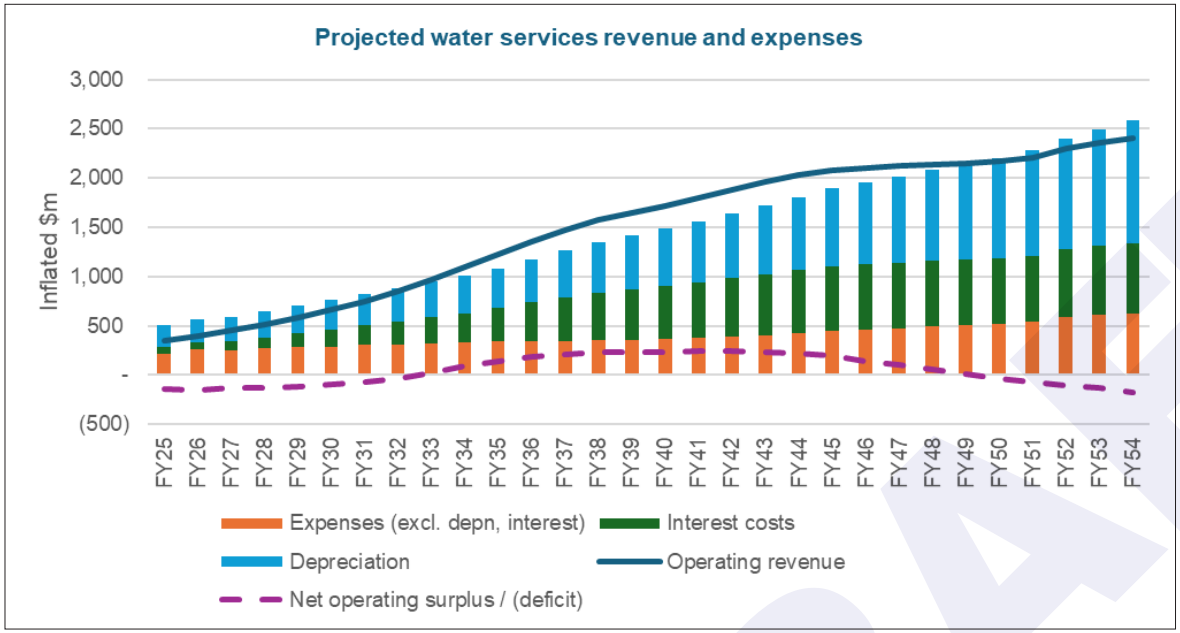
Figure 17: *Projected 30-year revenue and expenses*



Projected operating cash surpluses for water services

The operating cash ratio measures whether water services operations generate sufficient internal cashflow to meet debt servicing requirements — including interest and principal repayments. It is calculated as:

Table 28: *Operating cash ratio*

Operating cash ratio										
Inflated $000	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**
Operating surplus/(deficit) + depreciation + interest - capital revenues	133,827	144,353	204,177	245,023	298,314	369,676	446,503	540,115	644,257	764,128
Total operating revenue	353,389	400,267	451,680	512,304	581,131	659,453	748,534	849,643	964,752	1,095,771
Operating cash ratio	**37.9%**	**36.1%**	**45.2%**	**47.8%**	**51.3%**	**56.1%**	**59.7%**	**63.6%**	**66.8%**	**69.7%**

Operating Cash Ratio = (Operating surplus + Depreciation + Interest – Capital revenue) ÷ Operating revenue

Across the 10-year forecast, the ratio improves steadily from 37.9% in FY25 to 69.67% in FY34, averaging 57.23%.

The increase in the ratio is driven not by rising operating margins, but by a growing share of total costs comprising depreciation and interest — reflecting the significant increase in the capital investment programme. These surpluses are applied to interest and principal repayments.

Although revenues are sufficient, achieving financial sustainability requires significant price increases over time to fund the step-change in investment needed to address historical underinvestment, meet regulatory compliance standards, and support regional growth.

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Projected average charges for residential households

Average residential charges are forecast to rise from approximately $2,100 per connection today to between $5,700 ($4,800 in today's dollars) based on the target financial strategy of this WSDP and $4,800 ($4,100 in today's dollars) based on the lower end financial scenario outlined below by 2034.

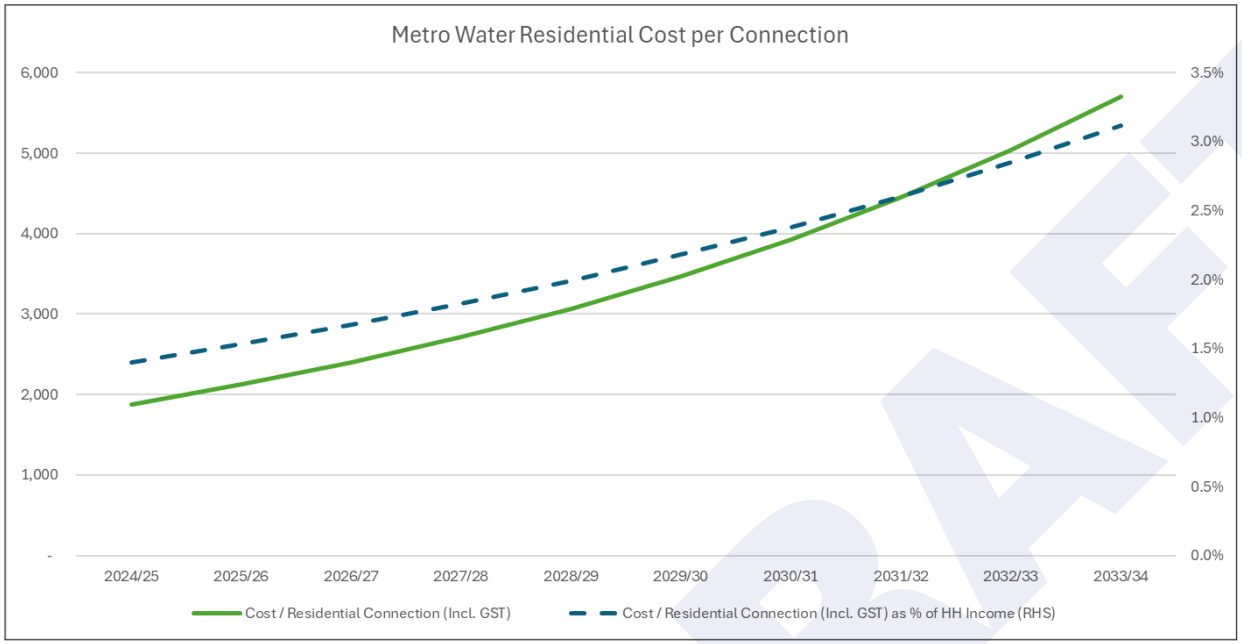
The projected average residential charges set out in the following tables are indicative only and reflect the investment and financing strategies set out above (the WSDP target strategy). They are based on forecast expenditure, current council revenue and connection data, using existing rating policies to estimate the split between residential and non-residential customers. Figures have been extrapolated using forecast revenue requirements and projected growth in water supply connections. Final pricing decisions will be determined by Metro Water once established. Note that Wellington City Council's sludge minimisation levy will be charged outside of Metro Water and is excluded from these residential charge estimates.

Table 29: *Average charge per connection*

Average charge per connection										
Inflated $	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**
Revenue requirements ($000s)										
Residential	238,466	271,922	309,881	353,248	402,808	459,465	524,253	598,362	683,159	780,216
Other	95,127	107,706	121,830	137,839	155,991	176,575	199,927	226,423	256,498	290,642
Total revenue requirement	**333,593**	**379,628**	**431,711**	**491,087**	**558,799**	**636,040**	**724,179**	**824,785**	**939,657**	**1,070,858**
Projected number of residential connections	145,984	147,206	148,427	149,659	150,904	152,159	153,426	154,705	155,996	157,299
Projected number of non-residential connections	8,741	8,814	8,886	8,959	9,033	9,107	9,183	9,258	9,335	9,412
Total connections	**154,725**	**156,019**	**157,313**	**158,619**	**159,936**	**161,267**	**162,609**	**163,964**	**165,331**	**166,711**
Average charge per residential connection (including GST)	**1,879**	**2,124**	**2,401**	**2,714**	**3,070**	**3,473**	**3,930**	**4,448**	**5,036**	**5,704**
Projected increase		13.1%	13.0%	13.1%	13.1%	13.1%	13.2%	13.2%	13.2%	13.3%
Projected median household income	133,983	138,714	143,612	148,682	153,932	159,367	164,994	170,820	176,851	183,095
Water services charges as % of household income	**1.4%**	**1.5%**	**1.7%**	**1.8%**	**2.0%**	**2.2%**	**2.4%**	**2.6%**	**2.8%**	**3.1%**

The chart below illustrates the projected average increase in residential water service charges over the 10-year period residential cost per connection across the region—the primary metric used to assess household affordability.

Figure 18: *Residential cost per connection*



This represents a substantial increase on what households pay today. Based on modelling, these proposed costs would be about a third less than if status quo arrangements continued.

Ensuring water charges are affordable for users is expected to be a priority for Metro Water. This is discussed in more detail below.

It is important to note that all forecasts in this WSDP are subject to a range of uncertainties and variables (*see Appendix C1: Assumptions and uncertainties*). Forecast costs and charges will be reviewed and refined as further information becomes available and Metro Water makes investment decisions. Updated forecasts will be included in Metro Water's successive Water Services Strategies.

Sensitivity testing

Noting the uncertainties outlined in this plan, to assess the robustness of the proposed financial settings and the affordability of water services over time, a set of sensitivity tests have been undertaken.

These tests evaluate how changes in key financial assumptions could impact revenue requirements and household charges. These also help identify potential risks to affordability and guide the development of mitigation strategies.

The key variables tested include:

- operating and capital efficiency assumptions
- the size and timing of the capital investment programme – which helps to understand uncertainties of costs and potential deliverability constraints
- development contributions and growth-related revenues
- borrowing parameters and LGFA leverage headroom
- interest rate movements
- earlier FFO-debt compliance.

The resulting scenarios are not forecasts, but tools to explore how different financial settings may affect affordability. They are presented in *Appendix C11: Sensitivity scenarios* with commentary on implications for household bills and pricing resilience.

Lower end financial scenario

The investment, financing and revenue strategy set out in this WSDP is expected to deliver financially sustainable, affordable water services that over time will meet water quality and environmental standards and support growth.

It is ambitious, and at the higher end of what's possible, given likely sector constraints.

However, when forecasting decades into the future, there is inherent uncertainty. A number of variables have been tested to understand impacts of these, and to inform a plausible lower-end financial scenario. This includes understanding the potential impact if delivery of the needed improvements to water services in practice occurred at a slower pace due to constraints on sector capacity to deliver all works required.

Should this occur, addressing network risks and regulatory compliance issues may take longer to resolve. It may also result in increased operational and reactive costs to fix network failures. This scenario would also change the timing of investment, rather than overall total investment required.

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However, this may also result in more moderate cost increases for residential water users in the short to medium term. This is outlined in more detail below.

The actual investment trade-offs, risks and compliance issues have not been developed in detail, as this scenario modelling was intended to help understand financial implications.

A feasible lower-end alternative financial scenario would see lower capital investment over the first decade due to constraints on deliverability, and higher cost-recovery for growth-related work from development contributions.

This has been tested on the basis of delivering 80% of the planned investment programme over the first 10 years, and charging a development contribution of $45,000 per new connection.

Under this scenario, average residential charges in FY 2033/34 are forecast to be approximately $4,800 per connection.

This scenario would have both benefits and risks.

The benefits would include making increased charges more affordable for residential users over time. A slower pace of delivery would reduce borrowing needs and therefore the revenue required to service loans. It would also be less likely to exacerbate supply-side constraints, including near-term scarcity of labour, materials and machinery, and avoid adding to inflationary pressures in the sector. Allocating more costs to growth-related developments would further ease the costs on residential users.

The risks include delays in addressing critical network performance issues and compliance-related upgrades. This means it would take longer to realise the benefits for residents including increased resilience and for the environment. It may also reduce flexibility to optimally sequence projects - particularly those with time-bound regulatory consents or interdependencies - increasing the risk of misalignment with statutory or service level obligations.

Higher development contributions may also affect the pace or location of growth, depending on how they interact with housing supply economics and local market conditions.

In practice, actual investment and resultant financing arrangements and charges are likely to land between the target level of investment proposed in the WSDP and the lower-end scenario.

Providing an increased level of certainty will depend on Metro Water developing and refining the investment programme over time to confirm the timing of proposed investment, financing arrangements and actual costs for water users. This is expected to be an ongoing and iterative process. Metro Water will respond to direction set in the Statement of Expectations and economic regulation as it develops successive Water Services Strategies.

Focus on affordability

Metropolitan areas with both higher infrastructure investment needs and a greater proportion of water revenue drawn from residential users – notably Porirua - face more significant affordability pressure. The extent of this pressure, however, will depend on the degree and speed of transition from cost-to-serve pricing toward regional harmonisation, as slower or partial transitions may result in more pronounced short-term impacts for higher-cost areas.

In addition, the planned shift to volumetric charging may change who pays for some water services. Property owners will be liable for charges but may be able to on-charge renters for the volumetric part of charges under the terms of the Residential Tenancies Act. If landlords do not adjust rent to recognise any on-charging it may create new affordability challenges for a group of consumers who are more likely to be on lower incomes and already experiencing housing cost pressures.

While the main analysis presents consolidated average charges across the Metro Water service area, further detail is provided in *Appendix C12: Projected charges*, which sets out the projected average residential household charges over the 10-year period for each participating council's residents.

Metro Water can influence this balance of where costs fall through the use of differentials or commercial charging structures, which adjust the mix of cost recovery between residential and non-residential users. Shifting a greater share of charges toward commercial or industrial users, particularly in areas with a strong business base, can help ease the burden on households without compromising overall revenue sufficiency. However, increasing charges on businesses may have downstream economic impacts, including reduced competitiveness, higher costs for goods and services, or disincentives for investment, particularly in sectors with thin margins or in regions seeking to attract and retain employers.

Addressing equity and hardship considerations

Shareholding councils have expressed a strong desire for Metro Water to develop a Customer Charter to ensure clear expectations of service and outline principles for consideration of equity and hardship.

In New Zealand, Auckland Council and Watercare offer hardship support mechanisms, including tailored payment plans and targeted utility relief.

It is expected that Metro Water will consider formalised affordability and hardship frameworks as part of a broader pricing and revenue strategy, including investigation of:

- tiered or concessionary tariffs for low-income households
- flexible payment plans, including smoothing and hardship write-offs
- targeted grants or credits, particularly during pricing transitions.

Further consideration of options will be undertaken by Metro Water once established.

This WSDP therefore notes that:

- while average projected charges are within affordability guidelines, additional affordability support may be required for low-income or high-burden households

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- there is a strong case for Metro Water to develop a targeted hardship policy, informed by best practice and aligned with its obligations under future economic regulation
- acknowledging affordability concerns and responding with proportionate mitigation strategies is critical to ensuring public trust and long-term support for the transition to the new model.

Independent oversight of affordability and sustainability

To support long-term financial sustainability and ensure that customer affordability remains a central focus, the WSDP recommends that Metro Water engage early with the Commerce Commission to develop an appropriate form of information disclosure and regulatory oversight as soon as practical.

This will require a transitional approach to development of a clear and credible regulatory framework that will:

- strengthen assurance to customers, councils, and central government that investment and pricing decisions are aligned with long-run value and community outcomes
- improve the quality of data which will support the development of an optimal information disclosure and, when feasible, price/quality pathway, balancing network performance, resilience, and affordability over time
- reinforce the role of efficiency incentives, transparency, and benchmarking as central tools to manage costs and build trust
- provide a structured basis for transparent information and independent review of financial forecasts and pricing strategies, improving accountability and investment confidence.

While formal economic regulation may be phased in over time, early engagement with the Commerce Commission will be critical to shaping proportionate, fit-for-purpose arrangements for Metro Water that reflect its scale, risk profile, and public accountability obligations.

Photo credit: Caleb Smith

D: Proposed water services delivery model

Section summary

The proposed water services delivery model for the Wellington metropolitan area is a joint water services council-controlled organisation. This new organisation will have legal status as a water organisation (WO) under the terms of the Local Government (Water Services Preliminary Arrangements) Act 2024.

For the purposes of planning, the proposed new organisation has the temporary name Metro Water.

This section outlines how the owners – Hutt City, Porirua City, Upper Hutt City and Wellington City Councils and Greater Wellington Regional Council, working in partnership with mana whenua partners Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika – will go about finalising ownership and governance arrangements and legal instruments.

The benefits are outlined – Metro Water will have the resources, independence, and region-wide perspective to effectively manage and improve drinking water, wastewater and stormwater services for current and future communities, rather than being limited by council funding, electoral and decision-making cycles.

The governance and ownership arrangements and foundation documents, together with the appointment of an Establishment Board and interim Chief Executive, will provide strategic direction and leadership that will distinguish Metro Water from the current service provider Wellington Water.

For pragmatic reasons, Metro Water will absorb the current operational and support teams from Wellington Water (tier 3 managers and below) on Day One to ensure that critical work continues.

This is reflected in the organisation structure and functions outlined in this section.

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D1. The Proposed Water Services Delivery Model

D1.1 Proposed model and legislative framework

As outlined in Section A, Hutt City, Porirua City, Upper Hutt City and Wellington City Councils and Greater Wellington Regional Council working in partnership with mana whenua partners Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika have committed to establishing a joint water services council-controlled organisation to deliver water services within the territorial boundaries of the four city councils from 1 July 2026. This section provides detail on this proposed water services delivery model.

The new organisation will have legal status as a water organisation (WO) under the terms of the Local Government (Water Services) Act 2025.

This legislation will set the statutory objectives of a WO, including to provide water services that:

- are reliable
- are resilient to external factors, for example, climate change and natural hazards
- are of a quality that meets consumer expectations
- meet all applicable regulatory requirements.

A WO will be required to ensure that it provides water services in a cost-effective and financially sustainable manner by:

- planning effectively to manage assets used to provide water services in the future
- sharing the benefits of efficiency gains with consumers, including when setting charges for water services
- using water resources efficiently when providing water services.

A WO will also be required to:

- perform its functions in an open, transparent, and accountable manner and in accordance with sound business practice
- act in the best interests of current and future consumers
- support housing growth and, if applicable, urban development in its service area, and
- be a good employer.

As an interim measure, the new organisation has been given the working name of Metro Water, pending decisions on legal and trading names and branding. This placeholder name is intended to assist planning and communication and is not intended to be permanent.

Metro Water will be a full-breadth water utility, owning all assets, revenues and liabilities and providing all water services (drinking water, wastewater and stormwater) to customers in the metropolitan Wellington area, and billing them directly for water usage and services provided.

Over the first year from establishment, interim billing arrangements are likely to be in place while Metro Water systems and processes are established, with each council continuing to bill customers for water services and then passing on the revenues to Metro Water. The preferred approach and arrangements for this process are still being confirmed.

Over time, water meters are likely to be introduced to facilitate volumetric charging (see *Appendix C6* for further details on the potential charging approach to be adopted).

There are two areas of water management that are not included in this service delivery model – ownership of drinking water catchments and broader stormwater management including overland flows.

Drinking water catchments

GW will retain ownership of drinking water catchment areas in Kaitoke and Wainuiomata to support broader outcomes including for ecosystems, recreation and climate change mitigation. Details including operational arrangements will be confirmed in the transitional arrangements for the establishment of Metro Water.

Stormwater overland flows

Under the Local Government (Water Services) Act 2025, councils retain control over land-use planning, urban design, open spaces, and roading, all of which influence stormwater catchment characteristics and overland flows.

Councils plan to transfer reticulated stormwater network responsibilities (ownership, operations, investment, and consenting) to Metro Water. The councils will retain influence and work together with Metro Water to deliver an integrated approach to stormwater service levels and outcomes, through performance expectations, land-use planning, community engagement, regulatory mechanisms and direct ownership of parks and roads.

Rationale for including the stormwater network

There is a consensus that the reticulated stormwater network must be retained within the scope of Metro Water. This decision reflects a strong preference to align service delivery with operational efficiency, resilience, and regulatory requirements.

The rationale for this integrated model is based on:

- **System interdependence:** While the stormwater and wastewater networks are not directly interconnected, there is interaction between them. This is a characteristic of underground piped systems and historical practices (including constructed overflows) that lead to infiltration and inflow and occasional discharge, and requires coordinated planning and investment.

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- **Operational capacity:** The councils lack dedicated internal stormwater capabilities. Wellington Water currently manages these networks on behalf of the councils, and this centralised model ensures technical expertise, consistency, and efficiency. This operational capacity will transfer from Wellington Water to the new organisation.
- **Regulatory alignment:** Stormwater management is critical to achieving broader environmental and public health outcomes, including te mana o te wai. Mana whenua partners strongly support a three waters approach, opposing the fragmentation that a two waters model would introduce. They have called for a holistic, integrated water management approach for the region.

D1.2 Benefits

As noted in Section B, the Wellington metropolitan area has an interconnected water system, with drinking water from the Hutt Valley supplying the whole metropolitan area and communities sharing wastewater treatment plants.

Metro Water will have the resources, independence, and region-wide perspective to effectively manage and improve drinking water, wastewater and stormwater networks for current and future communities, rather than being limited by council funding, electoral and decision-making cycles.

The key benefit of a jointly owned water organisation is that water charges will be lower than under the alternative option consulted on by councils of modified status quo provision by Wellington Water.

Based on financial modelling, water charges would be about a third less than the status quo by 2033/34, noting that even this level of increase is challenging from an affordability perspective. See Section C for more detail.

There are a number of reasons why water charges will be lower under this proposed model, in particular:

- Metro Water will own all the water services infrastructure covered by the five councils and be able to generate its own income and manage its own debt. It would be expected to deliver economies of scale and have a strong focus on efficiency and value for money.
- Metro Water will have a greater ability to borrow money than councils currently do. This means that costs to fund assets that typically have very long lives and serve many generations of residents will be able to be spread over a longer period of time.

Beyond the financial benefits, Metro Water will also be better positioned to deliver for customers.

Wellington Water currently takes direction from six different councils meaning it is constantly reacting to issues within each area. Metro Water will consider the network as a whole, enabling a holistic and longer-term approach to planning, and resulting in a more reliable water network.

Metro Water will provide one single point of contact for all service requests (when it has established full operational capacity).

While ownership of the water networks and control over its own revenue and financing will give Metro Water the ability to make decisions itself, it will operate in a much more regulated environment. This will provide a strong focus on water and service quality, customer-focused delivery and value for money.

In summary, the benefits of the chosen delivery model are:

- **Focus on accountability** – Metro Water is a new dedicated water organisation that takes full responsibility and accountability. Owning its assets will help Metro Water deliver better financial results and service to customers, shareholders, mana whenua, and government regulators.
- **Simplicity** – Metro Water provides a single point of contact where customers can address their water-related concerns.
- **Effectiveness in decision making** – Metro Water will ensure clear, aligned, long-term decision making and reduce variations that currently occur as a result of short-term political cycles, changing priorities and direction from six councils.
- **Efficiencies through economies of scale** – A single larger organisation can achieve greater efficiency and better value for money and will be able to plan and invest more effectively.
- **Better access to debt financing** – Means cost can be spread over a longer period.
- **The new model better provides for the involvement of mana whenua** – Mana whenua have been around the table from the start and the new model will continue this practice. This includes being part of governance arrangements through the Partners' Committee that will oversee the performance of the Metro Water Board.
- **Optimise growth** – This model will improve the ability to meet population growth through access to greater borrowing.
- **Consistent levels of service** – Metro Water can be expected, in time, to deliver more consistent levels of service to communities across its entire service area. This will be due to its ability to take a strategic, network-wide approach to investment and prioritise parts of the network that are in the greatest need of renewal or repair.
- **Water charging** – Metro Water can be expected to take a more consistent approach to charging for water services across the region: currently, the average household or commercial water user in Porirua, Wellington, Hutt and Upper Hutt pays different amounts for water services through the rates set by each council.
- **Customer service** – Communities across the region can expect the same approach to invoicing, customer enquiries and complaints from the new water organisation, regardless of where they live.

D1.3 Ownership structure

Metro Water will be jointly owned by Hutt City, Porirua City, Upper Hutt City and Wellington City Councils and Greater Wellington Regional Council. This will ensure ongoing public ownership of the water network.

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The rights and responsibilities of shareholders and mana whenua partners will be laid out in Metro Water's Constitution and Partners' Agreement. The intent is that these documents will be agreed in draft by councils and mana whenua partners ahead of incorporation of Metro Water on Day Zero (October 2025) and finalised in late 2025.

Constitution

The Constitution outlines the rules for managing the company, including the rights and responsibilities of shareholders, directors, and officers, and any limitations or restrictions to be applied to the company, helping to prevent conflicts and ensuring legal compliance.

Partners' Agreement

The Partners' Agreement will set out the key terms for the governance and management of the relationship between the shareholding councils, mana whenua and Metro Water that are not addressed in the Constitution. However, unlike the Constitution, it will primarily provide the framework for the governance and management of the relationship between the individual shareholding councils and mana whenua.

The Partners' Agreement will include provisions relating to the rights and obligations of both shareholding councils and mana whenua partners.

The Partners' Agreement primarily provides the framework for the governance and management of the relationship between the individual shareholding councils, including the following:

- Share allocation structure.
- Mana whenua participation.
- Reserved decisions for shareholder voting.
- Director appointment and removal process.
- Process for agreeing the joint Statement of Expectations.
- Establishment of a Partners' Committee of representatives.
- Process and basis for adding new shareholders or partners.
- Restrictions on dividends.

Further foundational documents are discussed below that will, together with the Constitution and Partners' Agreement, articulate the full governance framework.

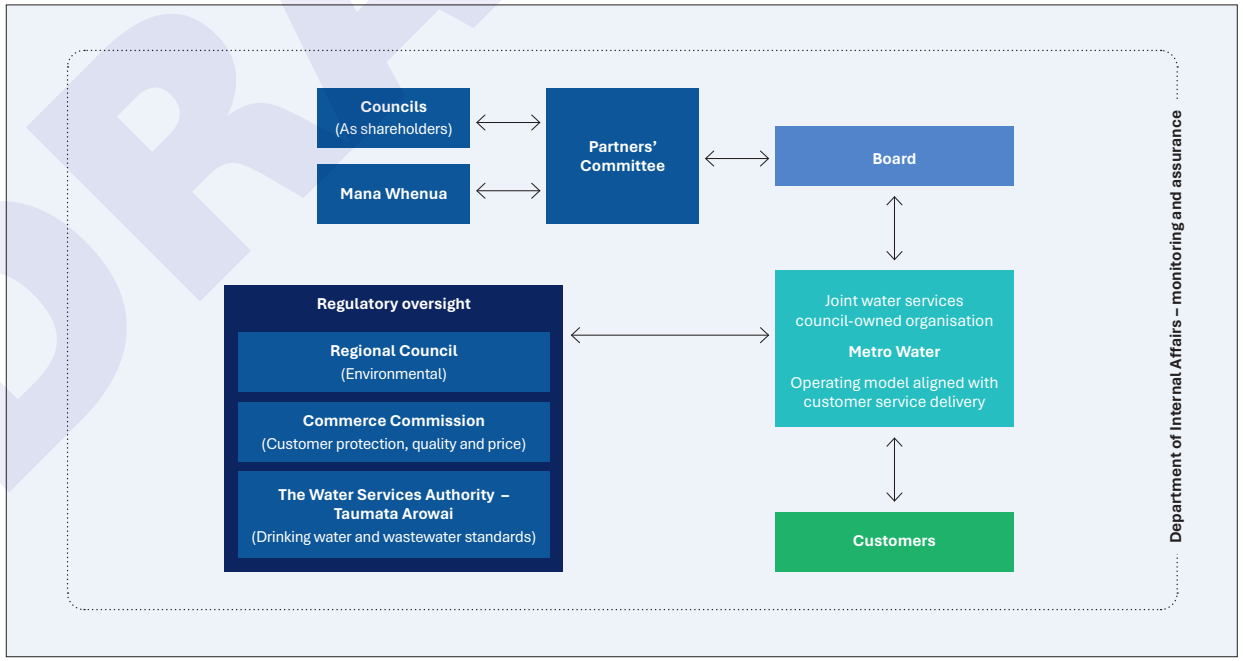
D1.4 Governance arrangements

A Partners' Committee of representatives from each shareholding council and mana whenua representatives will be established to oversee Metro Water and represent the ownership ownership and partner interest.

This body will enable the coordination of multiple council and mana whenua interests, issue Statements of Expectation to Metro Water, monitor the implementation of the Statement of Expectations and Metro Water's financial and non-financial performance, and appoint and remove directors of Metro Water's Board.

The Board will comprise skills-based professionals who will govern Metro Water and appoint and manage the performance of the Chief Executive.

Figure 19: *Proposed Metro Water governance arrangements*



Regulatory oversight will be provided by:

- The Commerce Commission, which will monitor compliance with economic regulations for customer protection and price.
- The Water Service Authority – Taumata Arowai, which will ensure compliance with drinking and wastewater standards.
- Greater Wellington Regional Council will continue to oversee environmental compliance.
- The Department of Internal Affairs will continue to monitor and seek assurance that the water organisation continues to be financially sufficient and meeting the obligations of the water services legislation.

These governance arrangements are depicted in the diagram below:

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D2. Legal instruments

The accountabilities and expectations of owners, partners and Metro Water, including for control and financial rights, will be enshrined in a number of legal instruments that give clear direction on accountabilities, roles and responsibilities. These are the Constitution and Partners' Agreement as outlined earlier as well as key foundation documents, the Statement of Expectations and Customer Charter.

Metro Water is also required to prepare and adopt a Water Services Strategy as soon as practicable after Day Zero, building on the direction set in this WSDP.

The Water Services Strategy will respond to matters in the Statement of Expectations, set prices, charges and annual budgets consistent with Metro Water's intended approach to funding, revenue, and pricing for the relevant years of the strategy. Metro Water must have a Water Services Strategy before it commences operations on Day One.

D2.1 Statement of Expectations

The Statement of Expectations will be one of the key planning mechanisms that the shareholding councils and mana whenua will have to influence Metro Water's priorities and strategic direction, because Metro Water is required by legislation to give effect to the Statement of Expectations.

The Local Government (Water Services) Act 2025 sets out a range of mandatory matters that the Statement of Expectations must address, including outcomes that the shareholders expect Metro Water to achieve by delivering water services. The Statement of Expectations can also address other matters that are important to the partners, such as a requirement to undertake community or customer engagement, and the contents of that engagement.

Councils are required to provide a Statement of Expectations for Metro Water at least six months before it is required to prepare a Water Services Strategy and no later than six months after the date on which it is established. This means the Statement of Expectations has to be finalised by 31 December 2025 in order to meet Metro Water's planned establishment date of 1 July 2026.

D2.2 Customer Charter

Councils want a Customer Charter to be developed that articulates Metro Water's commitments, expectations, and the standards of service that customers can expect when interacting with the organisation. The Customer Charter will be expected to include how customers will be treated and what actions Metro Water will take to resolve any issues.

Aspects of the customer experience will also be governed by economic regulations overseen by the Commerce Commission.

Whilst a Customer Charter would be Metro Water's document to develop and implement, councils have a significant interest in ensuring that a charter adequately caters for the rights and interests of customers. To this end, the principles that would underpin a Customer Charter will be developed and agreed by councils as a key foundation document and provided to the Establishment Board.

D2.3 Governance framework documents

The foundation documents will provide direction for a range of key ownership and governance issues including:

- Shareholding allocation.
- Partners' Committee: composition and decision making, including proportional voting.
- Cost to serve and harmonisation principles.
- Reserved matters for shareholders and Partners' Committee.
- Appointment and removal of directors.
- Exit and entry requirements.
- Transfer arrangements including for debt, assets and liabilities.

The foundation documents will be endorsed by councils and mana whenua in late August 2025 and finalised in late 2025.

D3. Organisation structure and functions

The governance and ownership arrangements and foundation documents, together with the appointment of an Establishment Board and interim Chief Executive, will provide strategic direction and leadership that will distinguish Metro Water from the current service provider Wellington Water.

For pragmatic reasons, Metro Water will take on the current operational and support teams from Wellington Water (tier 3 managers and below) on Day One to ensure that critical work continues. In practice this means the interim organisation structure for Metro Water is based on the current structure of Wellington Water, noting that this current structure was developed in 2024 to functionally align the operating model to the asset management lifecycle and to improve lines of accountability and shareholder confidence.

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The current Wellington Water structure incorporates the finance function in its corporate services group and the customer function in its network operations group. In the new operating model for Metro Water, these two key functions will require their own functional groups that report directly to the Chief Executive. This is described in the following section.

Given the pace and compressed timeframes to stand up Metro Water, keeping the current Wellington Water structure will ensure continuation of water services provision for communities throughout the transition period.

As Metro Water defines its vision, strategy and objectives, the structure may need to be reorganised. There may also be changes as the permanent Chief Executive and Board of Metro Water look to further shape the organisation.

D3.1 Current Wellington Water organisation structure

The current Wellington Water model is a traditional functional organisation based on the asset management lifecycle. The operational functions of Wellington Water are strategy and planning (water and assets) and operations which consists of three groups:

- capital projects
- treatment and control systems
- network operations.

The network operations group oversees the main contractors Fulton Hogan and Veolia within a contracting model.

The operational functions are supported and enabled by corporate services, risk and compliance and the Office of the Chief Executive.

Areas to address

At present, Wellington Water as an organisation lacks complete self-sufficiency in various operational services and corporate functions. Wellington Water leverages the following services:

- Contractors Fulton Hogan and Veolia for their asset management systems and process.
- Council call centres currently receive customer water queries that are triaged to Wellington Water.
- Councils include water billing within their rates collection.
- Key people and workforce functions such as payroll are managed through Wellington City Council.
- Finance systems are managed through Wellington City Council.

With Metro Water being established as a full breadth water utility, owning all assets, revenues and liabilities and providing all water services to customers, it is intended that out-sourced functions will be brought in-house and incorporated into Metro Water's operating model and structure. As an interim measure, some of these arrangements will remain in place after Day One until Metro Water is fully established with a full suite of functioning capabilities, systems and processes.

Metro Water indicative organisation structure

The future high-level Metro Water indicative organisational structure (following page) adds two additional critical functional areas led at the second tier of the organisation and reporting directly to the Chief Executive:

- **Customer.** The customer function signals the change in stakeholder focus and requirement for a customer-centric model where meeting customer needs (both commercial and residential) will inform decision making and investment planning. Currently this function sits within the network operations function within Wellington Water.
- **Finance.** The finance function, led by a Chief Financial Officer will be accountable for areas including investment, treasury, financial strategy, planning and policy, financial performance, reporting, financial controls, revenue strategy and billing. Given the size and scale of future investment in water infrastructure and the importance to remain financially sustainable as outlined in this WSDP, finance is a critical enabler to the success of the water organisation. The Chief Executive, and the Board will need to have confidence in the finance function's performance. Currently this function sits within the corporate services group of Wellington Water.

The economic regulation by the Commerce Commission outlines its expectations for water organisations, particularly regarding assurance and accountability, investment, and asset management. This highlights the need for the relevant leadership roles – such as Customer and Finance – to be elevated to tier two in the organisational structure.

Photo credit: Mark Tantrum

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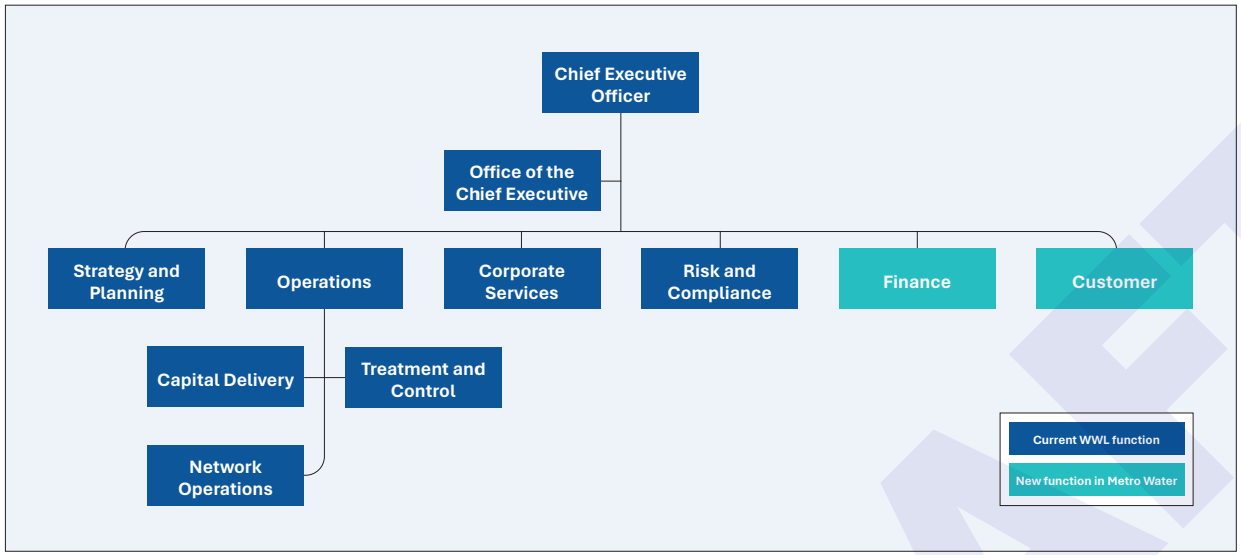
Figure 20: *Proposed Metro Water high level organisational structure*



The following functions build on those evident in the current Wellington Water structure:

- **Office of the Chief Executive Officer**
  The office of the Chief Executive Officer manages the strategic relationships and partnerships between the organisation, shareholders and mana whenua. It also provides strategic advice to the CE and executive assistance.
- **Strategy and Planning**
  This function is accountable for leading the development and performance of water services strategy for the metropolitan area and asset management plans. This function defines the annual capital expenditure plans, assesses investment options, and ensures annual and rolling three-year budgets are approved. This group undertakes land development services and regulatory compliance to protect the environment as well as investigations engineering.
- **Operations**
  Service delivery will continue to be undertaken in this functional group which has three key groupings: capital delivery; treatment and control; and network operations.

  The operations function is accountable for ensuring the design and delivery of the three-year rolling capital programme as provided by strategy and planning is implemented, overseeing the operation, maintenance and upgrades of water treatment plants, and providing engineering support, including operations and maintenance activities. The operations group also monitors the performance of contractors Fulton Hogan and Veolia.

  Key functions are:

  – **Capital Delivery:** This group leads the design and delivery of the three-year rolling work programme to deliver infrastructure solutions for councils.

  – **Treatment and Control:** This group is responsible for leading the operation and maintenance of the treatment plants and ensures controls and systems are in place to avoid disruptions to the delivery of water, storm and wastewater. This group is responsible for the monitoring and performance of the wider reticulation networks.

  – **Network Operations:** This group provides operational support services such as operational performance and oversight of Fulton Hogan and Veolia contracts.
- **Corporate Services**
  This function is accountable for providing strategic and operational support across the business including people and capability, communications and engagement, health and safety, IT products and services, business planning and reporting and transformation.
- **Risk and Compliance**
  The risk and compliance function is accountable for legal services, internal auditing, compliance, risk and emergency management[1], governance and Local Government Official Information Management Act (LGOIMA) requirements. The function ensures the organisation's integrity, reputation and operational resilience through operating within the legal framework, robust internal controls and meeting regulatory requirements.
- **Finance**
  The finance function is accountable for the financial strategy and operations of the organisation. This includes managing financial planning, treasury functions, budgeting, and forecasting to ensure the organisation's financial health and sustainability. Financial insights would be used to inform decision making and oversee investment strategies and ensure compliance with financial and economic regulations. The function also includes commercial activities such as procurement and contracting.

[1] In recognition of these risks, Metro Water is expected to become a designated lifeline utility under the Civil Defence Emergency Management Act 2002.

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- **Customer**
  The customer function is accountable for the customer experience, the design and delivery of the customer interface with the organisation and how the organisation engages with its communities. It provides the key commercial customer relationship management as well as the call centre. Community engagement and education would be delivered by this function.

Future scalable functions

To support growth and comply with the Local Government (Water Services) Act 2025, some parts of the organisational structure will need to be scaled and new functions added. Outsourced functions such as billing and customer engagement will be brought in-house to enhance the delivery model.

Other areas identified as needing increased capability and capacity are:

- Regulation and compliance, including the ability to meet future economic regulation requirements.
- Billing customers from Metro Water.
- Treasury functions including managing financial risks, borrowing, investment and cash management.
- Asset management with the water assets transferred to Metro Water.
- Capital delivery and contract management as there will be an increase in the number of projects and renewals underway or in the pipeline. Possible that a project management office would need to scale up.
- Enhanced IT infrastructure and system expertise.
- HRIS capability such as payroll and health and safety.
- Call centre capability in-house.
- Mana whenua partnerships and relationships with Metro Water.
- Stakeholder relationships with councils.

It will be the role of the permanent Chief Executive and Board to consider the capability and capacity of these functions alongside legislative requirements and the service delivery operating model.

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E: Implementation plan

Section summary

This section outlines the implementation plan aimed at successfully establishing a joint water organisation dedicated to delivering quality water services to people in the Wellington metropolitan area.

The implementation plan details the target approach for establishing Metro Water. This includes governance and leadership arrangements, the Establishment Plan, and programme management workstreams, as well as risks and mitigation strategies.

In conjunction with this section of the WSDP are two key appendices that provide further information on the detailed establishment approach, plan and milestones. These are:

- *Appendix E1: The Day Zero and Day One target end states and outcome statements*
- *Appendix E2: Establishment Roadmap*

The implementation approach described here, including the target milestones, is subject to decision-making on the WSDP by the Secretary of Local Government; and to the direction set and decisions made by governing bodies including the Establishment Board.

This implementation plan is therefore intended as directional and strategic and is subject to change through the establishment phase.

E1. Target implementation approach

The implementation plan to deliver this WSDP outlines the steps required to successfully establish Metro Water. It sets out the key approach, target milestones, resources and responsibilities, to ensure stakeholders and the programme team are aligned, and the programme is able to deliver on these.

This implementation plan is intended to be directional and strategic and will be used as a starting point for ongoing detailed Metro Water establishment planning.

This work will be conducted and implemented by an Establishment Team at the direction of an Interim Chief Executive and Establishment Director and overseen by an Establishment Board. As such this implementation plan is not intended to be a full programme or project plan.

As detail is developed, the establishment plan will evolve and change during the actual establishment of the organisation.

E1.2 Staging and target end states

The establishment of Metro Water will be conducted in three stages:

- **Pre-establishment** (30 May 2025 – 1 October 2025). In this stage planning for the establishment of Metro Water will occur, an Establishment Board will be appointed, and Metro Water will be incorporated.
- **Establishment** (1 October 2025 – 1 July 2026). In this stage Metro Water will establish the minimum level of capability necessary for the organisation to be operational from 1 July 2026.
- **Post-establishment (1 July 2026 onward).** Establishment activities and capability development will continue for up to several years beyond 1 July 2026 until Metro Water reaches full operational capability, or Day Two. The timeline for the achievement of Day Two capability will be determined by the Establishment Board and will to a large extent be dependent upon the development of the full suite of Metro Water IT systems.

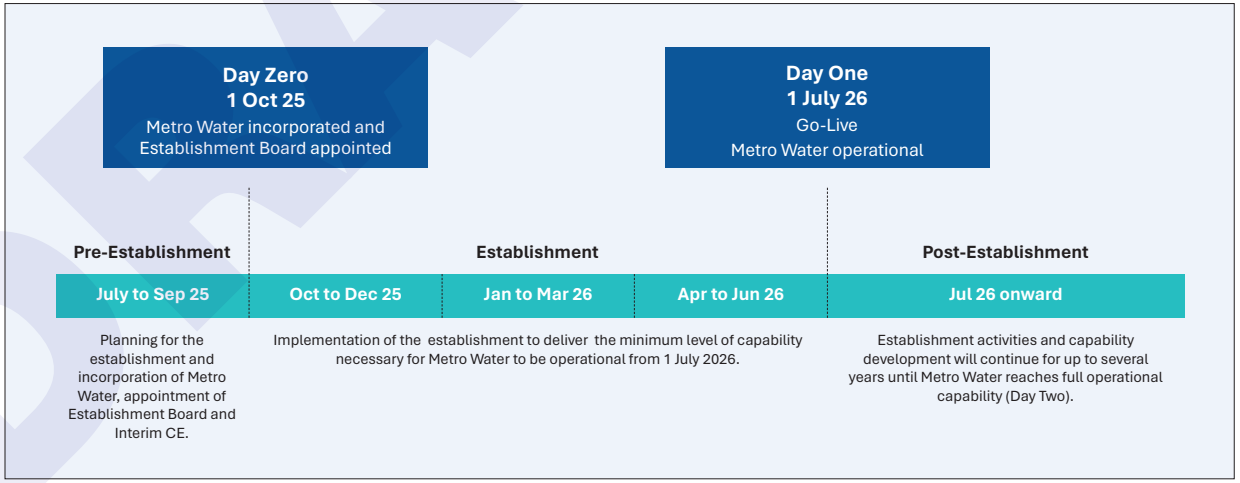
The target end states set out what must have been achieved by each of 1 October 2025 (Day Zero) and 1 July 2026 (Day One). In brief, these are:

- **Day Zero** - Metro Water has been incorporated, and establishment funding is in place. An Establishment Board has been appointed and is accountable for establishing Metro Water through an Establishment Director and Interim CE.
- **Day One** - Accountability and ownership of the customer relationship, assets, compliance and capital works have been transferred to Metro Water. Funding arrangements and terms for debt transfer are in place along with critical staff and workable systems for Metro Water to operate. Some functions and support will continue to be provided by councils in the interim where necessary.

These target end states and related outcome statements providing further detail are attached as *Appendix E1*. These outline the what, rather than the how. The minimum viable product (MVP) required to achieve the target end state for Day One will be reviewed and, if necessary, amended by the Establishment Board in late 2025.

Detail regarding Day Two (full operational capability), including target end state and date will be a matter for the Establishment Board, and then enduring Board, to determine.

Figure 21: *Timeline*



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E2. Draft Establishment Roadmap

A draft Establishment Roadmap has been developed that graphically outlines the critical activities, decision points and milestones required to achieve the target end states for Day Zero and Day One. It is intended that this remains draft until it is ratified by the Establishment Board in early 2026.

The roadmap provides the basis for more detailed planning. It integrates the various workstreams for the establishment of the water organisation and the related interdependencies and impacts on councils and Wellington Water in a single document. It also highlights the points of influence and the critical decision points for elected members.

A detailed set of Establishment Plan deliverables have also been developed which clarify what actions or deliverables are required to achieve each of the MVP outcomes (i.e. the 'how').

The road map contains activities, milestones and decision points grouped by functional workstream. It is intended that each workstream will have a functional lead who will work with the Establishment Director to create a detailed establishment plan for their area of responsibility. The functional leads will track key milestones and deliverables, and support the Establishment Director in relation to monitoring, reporting, risk management, and overall leadership of the establishment programme.

The indicative establishment workstreams are:

- **Governance and Leadership.** Managing and supporting governance arrangements, ensuring key governance and leadership roles are filled, and ensuring critical foundation documents are in place to enable the incorporation and establishment of Metro Water.
- **Finance, Commercial and Legal.** Developing and implementing investment, price and finance plans and pass-through billing arrangements. Developing and implementing provisions (articulated in a Transfer Agreement) for the transfer of debt and revenue, pricing, billing, contract novation, asset transfers, and transfer of powers at Day One. Delivering the legal and commercial aspects of incorporation.
- **Customer Experience.** Defining customer journey, customer system requirements, developing the customer interface and channels for Day One, and communication and engagement with customers.
- **Information Technology and Systems.** Ensuring essential IT systems or a substitute, or work-around capability, are in place, and (where required) a clean, minimum data set has been migrated from Councils and Wellington Water to Metro Water systems.
- **People and Workforce.** Developing and implementing staff transfer plans, recruitment, and detailed organisational structure.
- **Asset Management and Operations.** Developing and implementing provisions (articulated in a Transfer Agreement) for the transfer of assets, contracts, work in progress, operations, and health and safety, business continuity and emergency management responsibilities at Day One.
- **Regulatory Compliance.** Reviewing and identifying regulatory elements that will need to be transferred, liaising with the regulatory bodies and ensuring compliance issues are understood and addressed.
- **Corporate Support.** Planning and implementing the establishment of enabling functions that allow Metro Water to operate, such as administrative support, facilities management, finance, legal, procurement, and HR services.

The establishment roadmap is attached as *Appendix E2*.

E3. Governance and leadership

E3.1 July - October 2025

Until Day Zero (1 October 2025) current governance and leadership arrangements (established to oversee the development of the Water Services Delivery Plan) will largely remain in place. These are:

- The Advisory Oversight Group (AOG) continues to provide high-level oversight and guidance to the programme, noting that it has limited delegations to make some key decisions as detailed below.
- The Chief Executives' Group continues to steer the programme, with the programme being delivered by the Programme Director, supported by the Programme Team, specialist advisors and the Responsible Officers Group.

Leading into Day Zero new governance and leadership arrangements will be added to oversee the establishment of Metro Water, as follows:

Advisory Oversight Group

The current AOG has specific delegations to support the incorporation of Metro Water. The AOG comprises one elected member from each of the shareholding councils and one representative from each of the mana whenua partners, Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika.

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The AOG has an independent chair and holds limited delegations to:

- appoint the Establishment Board; and
- finalise draft foundation documents (as required) with these documents to be ratified by each council in late 2025.

Some decision delegations related to the formal incorporation of Metro Water will be reserved for shareholding council representatives only. The AOG will be replaced by a Partners' Committee, constituted in accordance with the Partners' Agreement by incoming councils (after local body elections) by December 2025.

Establishment Board

The Establishment Board will comprise three to four members with specialist knowledge and experience in the areas of CCOs and regulated utility establishment, three waters operations and asset management, financial controls, treasury and capital structuring, an understanding of te ao Māori and the ability to work closely with mana whenua. Corporate legal functions will be appointed.

The Establishment Board will set the direction for the establishment of Metro Water and oversee the finalisation and implementation of the establishment plan. The Establishment Board will also look beyond Day One and oversee the development of the first Water Services Strategy in preparation for the enduring Board. The Establishment Board is responsible for:

- overseeing and leading the establishment of the organisation
- ensuring governance structures and systems are set up to meet regulatory and compliance requirements
- engaging with mana whenua, shareholders, key stakeholders and partners to influence, understand and build support
- overseeing key programme milestones
- overseeing development of the Water Service Strategy
- making decisions that enable the progress of establishment
- developing and approving the Customer Charter.

The Establishment Board will be replaced by an enduring Board, appointed by the Partners' Committee at some point after Day One.

Steering Group

The Steering Group will evolve to comprise the Interim Chief Executive of Metro Water (Chair), council Chief Executives and the Wellington Water Chief Executive.

The Steering Group will oversee all aspects of the establishment of Metro Water, ensuring that Day One MVP is delivered and that activities across all the entities involved are aligned and that interdependencies are effectively managed.

Delivery of the full Metro Water capability beyond Day One will become the sole responsibility of the Metro Water Board and Chief Executive, as such it is intended that the Steering Group will be disestablished from Day One.

Interim Chief Executive

An Interim Chief Executive will be appointed by the Establishment Board in late 2025 to lead the establishment of Metro Water to Day One and beyond. It is anticipated that this would be a fixed-term engagement of one to three years' duration, reporting to the Establishment Board and potentially the enduring Board once that is appointed. The role is responsible for:

- leading the establishment of Metro Water and the development of Metro Water capabilities including the appointment of key staff
- overseeing the implementation of the Establishment Plan by the Establishment Director and Team
- supporting the Establishment Board and the establishment governance structure between councils, Wellington Water and Metro Water
- developing a Water Services Strategy in response to the 2026/27 Statement of Expectations
- giving effect to direction from the Establishment Board
- building partnerships with mana whenua and upholding the Treaty of Waitangi/Te Tiriti o Waitangi and te mana o te wai
- working closely with the councils and Wellington Water to ensure common understanding on direction and timing of establishment activities
- managing establishment risks and mitigations.

Establishment Director and team

An Establishment Director was appointed by the Steering Group in July 2025 to lead the establishment of Metro Water including managing the establishment team and key interdependencies with councils and Wellington Water.

The role is responsible for:

- development and implementation of the programme of work including key interdependencies with councils and Wellington Water to deliver on Day Zero and Day One MVP outcomes
- leading the establishment team who are responsible for key workstreams
- programme oversight through workstream plans, monitoring and reporting
- establishing and maintaining programme governance structures with shareholders and partners
- supporting the Establishment Board and the establishment governance structure between councils, Wellington Water and Metro Water
- giving effect to direction from the Interim Chief Executive and Establishment Board
- working closely with the councils and Wellington Water to ensure common understanding on direction and timing of establishment activities
- managing programme budget and resources
- managing programme risks and mitigations.

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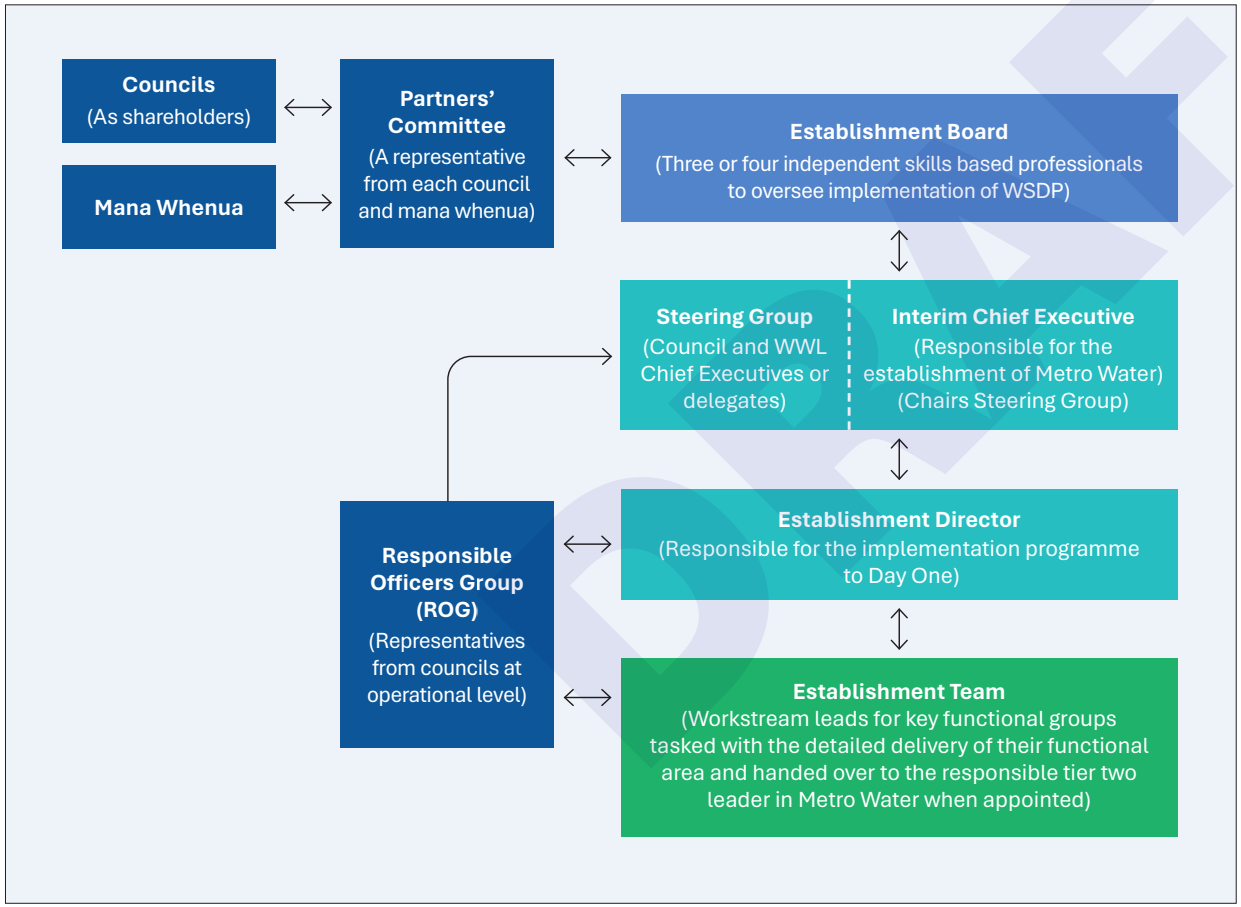
The Establishment Director will initially report to the Steering Group, then to the Establishment Board once appointed (from September 2025), and finally to the Interim Chief Executive once appointed from late 2025.

An Establishment Team, working to the Establishment Director, will develop and implement the detailed establishment plan for Metro Water.

The Establishment Team will comprise a core team supported by council and Wellington Water officers and subject matter experts (SMEs). SMEs are expected to be required in areas such as financial and commercial planning, legal advice, information technology and systems, customer experience, people and workforce, industrial relations, asset management, water services operations, and regulatory compliance.

Fig 22. *Interim governance and leadership arrangements*



E3.2 Transfer of functions and roles from Wellington Water

In order to meet the timelines for Day One, to ensure ongoing service delivery and to retain expertise and experience, Metro Water will largely be based on 'lifting and shifting' staff (tier three and below) from Wellington Water.

The how, what and when of the transfer of employees is to be determined and will be guided by the provisions of the Local Government (Water Services) Act and the relevant employment legislation.

The detail of this plan will be the accountability of the Interim Chief Executive and developed during the establishment phase (Day Zero to Day One).

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E4. Implementation risks and mitigation strategies

This programme has two distinct perspectives on risk management: one focused on the programme risks associated with the establishment of the new water organisation for Day One, and the other on workstream risks.

Each workstream lead will be tasked with the responsibility of identifying risks, developing mitigation strategies, applying them, monitoring their effectiveness, and reporting on them, including any necessary escalations. The programme through the Establishment Director will have established an escalation pathway that identifies when risks require escalation. Given the complexities involved in this water organisation, effective risk management is crucial for its successful establishment.

The following table outlines the key high-level establishment programme risks and mitigation strategies. The programme workstreams, council and Wellington Water have specific risks and mitigation strategies including interdependencies that are not included in this WSDP.

E4.1 Key programme establishment risks and mitigation measures

Table 30: *Risks and mitigations*

Risk	Mitigation strategies
1. Following submission to DIA, the WSDP requires remediation or DIA are slow to accept the plan	
The timeframe from the WSDP being submitted to the Department of Internal Affairs (DIA) and their decision back to councils is unknown and may impact on the establishment timelines and milestones if it is a delayed process.	Regular check-ins with the DIA to ensure that the WSDP requirements are being met throughout the drafting process of the plan. Additionally, legal assurance and review processes are implemented to ensure the WSDP aligns with the legislative requirements.
2. Compressed decision-making timeframes	
The establishment timeline is extremely ambitious, and the time available for decision making is limited. Any delay in making critical establishment decisions will likely compromise the establishment timeline and the achievability of Day Zero and Day One. The ability of council CEs and Elected Members to make legally compliant, informed and considered decisions within the time available, while balancing obligations to their communities, is critical to meeting establishment milestones and goals.	CEs and Elected Members will need to make significant establishment decisions based on the information available at that moment. A commitment from CEs and Elected Members to be engaged and available will be critical in meeting and progressing key establishment milestones until a Partners' Committee and Establishment Board is established tasked with decision making on behalf of councils and mana whenua.
3. Multiple parties and decision-making rights	
Ensuring ongoing alignment and decision making across multiple parities and at different levels from political to CE to senior manager, along with ensuring input and buy-in from other parties is extremely challenging and can lead to significant time delays. This is exacerbated by the compressed decision-making timeframes and multiple decisions and documents that need to be worked through.	Clear and agreed plan for establishment, clarity of decision making and milestones, clarity of roles and accountabilities and agreed escalation and dispute resolution pathways.

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4. Data and digital	
Wellington Water does not have a full suite of the necessary IT systems needed for Metro Water and the risk is that the identification and implementation of all new IT infrastructure and systems to deliver water services, such as asset management and finance systems, will be slow and complex to deliver and therefore not be ready for Day One. This will impact Day One operations in that the organisation will have to deploy interim IT solutions and work-arounds until it has sufficiently implemented this work programme.	The Wellington Water IT investment programme is already underway, and work commissioned to understand the Wellington Water IT systems currently available, those planned to be procured, timing and criticality and compare this to what the new organisation ideally requires. An agreed and integrated IT approach and plan, including budget and the right capability and skills, are critical mitigation factors to reach Day One.
5. Billing arrangements	
It is unlikely that a billing system or CRM system for Metro Water can be implemented by Day One. Councils are likely to have to collect water revenue on behalf of the new organisation and establish a pass-through process for the resulting revenue for an agreed timeline and arrangements. This process must be in place by Day One.	The councils are to establish an interim billing system on behalf of Metro Water. Early assessment, planning and design of the approach to water billing and revenue pass through will be crucial. Each council will need to implement and test this process prior to Day One.
6. Public and stakeholder confidence	
In general terms there has been a loss of confidence by both the public and shareholding councils in Wellington Water as an effective and efficient provider of water services to the region. There is a risk that the new organisation will be perceived as a rebranded Wellington Water. This risk is compounded by the fact that the ambitious establishment timeline means that Wellington Water staff and systems will be largely lifted and shifted into Metro Water.	This risk can be mitigated by a number of strategies such as establishing a skills-based professional Board made up of new Directors; the Water Services Strategy; effective communication regarding the establishment of Metro Water and how it will effectively operate that is different to Wellington Water; develop a specific brand and website that depicts the look and feel of the new organisation. In addition, the early incorporation of a customer-centric approach to the future design of Metro Water will assist in mitigating this risk.
7. Finance in place	
Financing for investing and operating activities must be in place for Day One. Any delay to this will interrupt the ability to operate from Day One.	Work with LGFA to establish financing arrangements for Metro Water has begun, following councils' commitment to establish the new organisation.
8. Effective governors and leaders	
Effective governance and leadership for Metro Water is critical and there is a risk that experienced and effective governors and leaders could consider that these roles are high risk given the media attention regarding the current water context within the region and/or that the key legal documents have not been settled by stakeholders resulting in uncertainty and increased risk and liability.	Care will need to be taken in attraction and recruitment strategies to entice experienced and effective governors and leaders to apply for these roles. Key terms and conditions of employment, including setting remuneration, will need to be competitive. The key legal documents that provide direction - Partners' Agreement, Constitution, Statement of Expectations, and Customer Charter - will need to be settled or principles agreed by stakeholders.

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9. Interdependencies with Wellington Water	
There are numerous risks associated with the programme that depend on Wellington Water's engagement and alignment. These risks could significantly impact the programme and ultimately affect the establishment outcomes and milestones. For instance, if the role of Wellington Water is not clearly articulated and understood, it may lead to Wellington Water making binding decisions (financial or otherwise) that do not align with the future direction of Metro Water or impact its financial sustainability. The reliance on Wellington Water's capacity and expertise to engage in this programme poses a risk that could affect both the programme deliverables and the routine deliverables of Wellington Water.	The interdependencies between the programme and Wellington Water will require considered management. There are various formalised arrangements and agreements that can be established to give mandate and clarity. The Establishment Director and interim CE will maintain effective working relationships with the senior leadership of Wellington Water and councils and their governance committees.

E4.2 Conclusion

The establishment of Metro Water represents a significant step towards enhancing water service delivery in the Wellington metropolitan area. The implementation plan outlines critical establishment milestones, responsibilities, and the phased approach necessary for successful incorporation and operation.

Key principles guiding the establishment emphasise the importance of clear communication, stakeholder engagement, and effective governance. As the organisation becomes established from Day Zero to Day One, it is essential to ensure that all necessary conditions are met, including the establishment of governance structures, financial arrangements, and operational capabilities. The focus on risk management and mitigation strategies will be crucial in navigating the complexities of this multi-council initiative.

Ultimately, the successful establishment of Metro Water will depend on a partnership between councils and mana whenua, together with effective collaboration among councils, stakeholders, and the community to create a sustainable and efficient water service delivery model that meets the needs of all users.

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Abbreviations

AOG	Advisory Oversight Group
AMP	asset management plan
capex	capital expenditure
CCO	council-controlled organisation
CE	Chief Executive
CFO	Chief Financial Officer
CV	capital value
DIA	Department of Internal Affairs
DWPIC	Drinking Water Programme Investment Case
DWQAR	Drinking Water Quality Assurance Rules
EoSL	end of service life
FFO	funds from operations
FTE	full time equivalent
FY	financial year
GW	Greater Wellington Regional Council
HCA	high critical assets
HCC	Hutt City Council
HVJV	Hutt Valley joint venture
JV	joint venture
LCA	low critical assets
LGA	Local Government Act 2002
LGFA	New Zealand Local Government Funding Agency
LGOIMA	Local Government Official Information and Meetings Act 1987
LOS	level of service
LTP	long-term plan
MCA	moderate critical assets
MoI	Memorandum of Intent
NPS-FM	National Policy Statement for Freshwater Management 2020
NRP	Wellington Natural Resources Plan
ORC	optimised replacement cost
opex	operational expenditure
pa	per annum
PCC	Porirua City Council
PWJV	Porirua Wellington Joint Venture
ROG	Responsible Officer Group
RMA	Resource Management Act 1991
SCADA	supervisory control and data acquisition
SAMP	Strategic Asset Management Plan
TAS	target attribute states
UHCC	Upper Hutt City Council
VHCA	very high critical assets
VLCA	very low critical assets
WCC	Wellington City Council
WEPS	Wastewater Environmental Performance Standards
WO	water organisation
WSCCO	water services council-controlled organisation
WSDP	water services delivery plan
WSS	water services strategy
WWC	Wellington Water Committee
WWL	Wellington Water Limited
WWTP	wastewater treatment plant
~	approximately

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Glossary

Term	Description
Bulk main	A pipe that conveys drinking water between a treatment plant to a local (city-owned) point of supply; normally a reservoir.
Building Block Model	The Building Block Model is a framework used by regulators to determine the maximum allowable revenue a regulated monopoly can earn over a regulatory period.
Cost to serve	This is a term relating to serving the needs of particular customers based on the actual business activities and overhead costs incurred in servicing that customer type. Within the context of this document, it refers to localised pricing for water services within each council territory reflecting actual costs and financing arrangements (including debt) for that area.
Effluent	Wastewater, treated or untreated, that flows out of a treatment plant, sewer, or industrial outfall.
Funds from operations	Funds from operations is a measure of the cash a business generates from its core operating activities.
Harmonised pricing	This refers to the practice of establishing consistent or uniform pricing for a specific product or service across different markets or locations. In the context of this document, it means customers across Metro Water's jurisdiction would be paying the same or similar prices based on a consistent methodology.
Level of service	Level of service statements describe the outputs or objectives an organisation intends to deliver to customers.
Metropolitan Wellington	In the context of this document, this refers to the geographical area covered by the four city councils: Hutt, Porirua, Upper Hutt and Wellington.
Network	All connected assets that are used to deliver a particular service. E.g., wastewater pipes, fittings, pumps etc from a property connection to and including the treatment plant and disposal outfall.
Receiving environment	A receiving environment is the environment upon which a proposed activity might have effects. In the context of this document, it is the environment that a water service provider takes water from and discharges into, for example beaches, harbours or waterways.
Reticulation	Pipeline network.
Service pipe (also service connection)	Typically, a 20-32mm diameter pipe that connects the public drinking water network to a residence or business. Note that for commercial premises, service pipes and connections may be larger.
Three waters	Drinking water, wastewater and stormwater.
Trunk water main	A water supply pipe equal to or greater than 250mm in diameter.
Trunk sewer	A wastewater pipe equal to or greater than 250mm in diameter.
Wastewater	Any water that has been contaminated by human use. Wastewater is used water from any combination of domestic, industrial, commercial or agricultural activities, and any sewer inflow or sewer infiltration.

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FINAL DRAFT – 12 August 2025

Appendices to Metropolitan Wellington Water Services Delivery Plan

12 August 2025

FINAL DRAFT - 12 AUGUST 2025

This is the final draft of the appendices for the Metropolitan Wellington Water Services Delivery Plan (WSDP).

Assumptions and uncertainties

While the councils have used the best information available to them to prepare this WSDP, it has been necessary to make certain assumptions in relation to matters such as the asset condition and valuation, future delivery of the capital programme and future regulatory requirements. These are set out throughout the WSDP, and in *Appendix C1: Assumptions and uncertainties: Part C investment programme,* accompanied by statements as to the likelihood of an assumption being incorrect and the impact if this is the case. Appendix C1 also sets out uncertainties that could result in reprioritisation of the investment programme. The assumptions and uncertainties identified are not exceptional and are of the type commonly encountered by local authorities when preparing their long-term plans and asset management plans in relation to water services infrastructure.

Information presented in this document is to support water service delivery planning and should not used for any other purposes without discussion with the Metro Water establishment team.

Prepared by:	Metropolitan Wellington WSDP project team
Prepared for:	Hutt City Council, Porirua City Council, Upper Hutt City Council, Wellington City Council, and Greater Wellington Regional Council
Date:	12 August 2025
Version:	12 August 2025 final draft
Status:	Final draft WSDP for adoption by the five Councils

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Appendix A1: Summary of consultation feedback

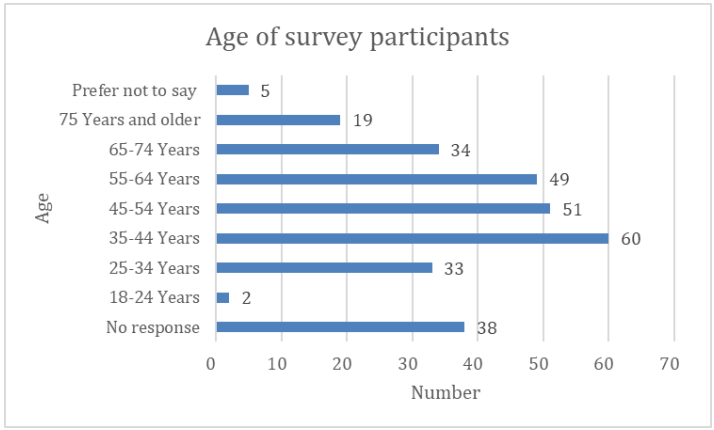
See pages 6-15.

Wellington Metro Water Services Delivery Planning: Summary of views from communities across the proposed joint service area

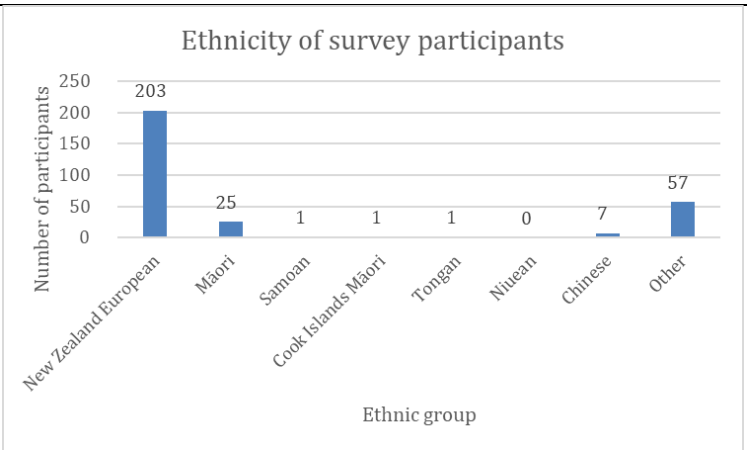
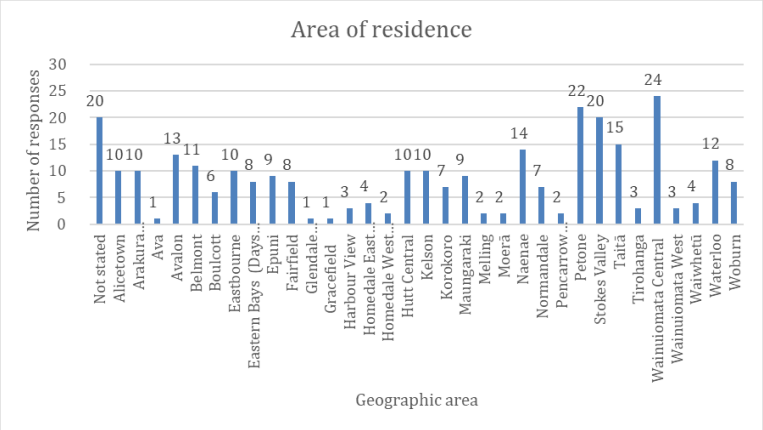
Summary as of 12 May 2025[1]

Through April 2025 Hutt, Porirua, Upper Hutt and Wellington City Councils, along with Greater Wellington Regional Council, undertook public consultation on water service delivery model options. A summary[2] from each council is presented below.

Hutt City Council

Consultation dates:	20 March 2025 to 20 April 2025	
Submissions received:	291	
Preferences	Option 1 – the establishment of a new multi council owned water services organisation	69%
	Option 2 – a modified version of the existing Wellington Water arrangement	26.6%
Demographics	Age	
	Gender	

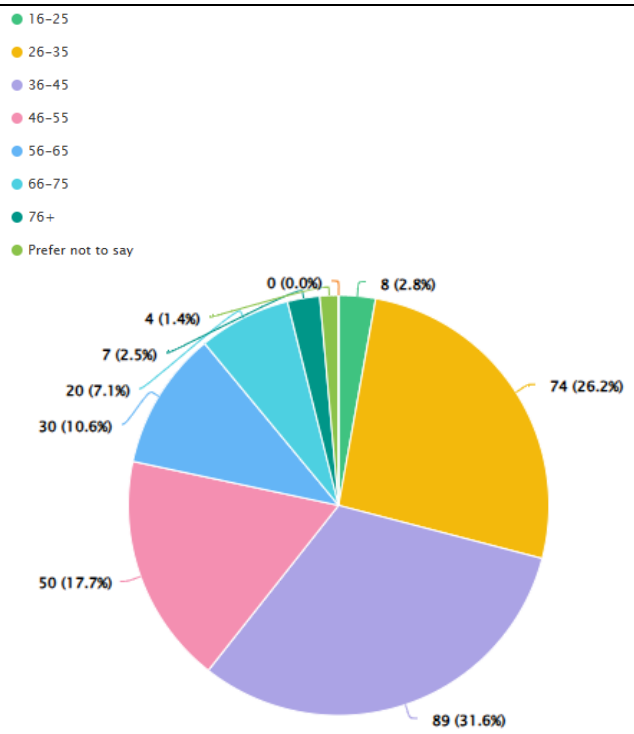
[1] This summary dated 12.05.25 has been prepared ahead of some councils completing all hearings and was correct as of May 2025.
[2] Refer to each Council's deliberations report for full analysis of consultation results.

	Ethnicity	
	Location	
Top themes from free text:		
Infrastructure and Maintenance	Respondents highlighted significant concerns about the ageing water infrastructure in Lower Hutt, particularly the deteriorating condition of pipes and frequent leaks. Many stressed the need for major replacement programs to mitigate the risk of outages and service failures. Additionally, there were frustrations with delayed repairs and short-term maintenance solutions, with calls for a more proactive approach to asset management focusing on systematic upgrades rather than reactive patching.	
Service Delivery and Governance	There was widespread dissatisfaction with the quality and reliability of water services, with frequent disruptions and a lack of responsiveness to issues being common complaints. Wellington Water Ltd was a focal point of criticism, with respondents citing poor management practices, lack of cost control, and perceived inefficiency. Concerns about transparency and public accountability were also evident, with calls for greater openness and clearer governance structures.	
Financial Sustainability	Affordability emerged as a strong theme, with many respondents worried about rising rates and charges related to water services.	

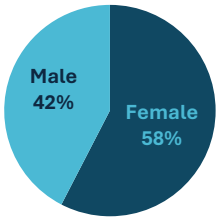
	There were anxieties about the ability to continue paying for essential services if costs rise unchecked. Some participants questioned whether existing funding was being used effectively, calling for more rigorous financial oversight and better prioritisation of essential infrastructure investment over non-core projects.
Water Quality and Environmental Health	Respondents frequently mentioned the need for clean, safe drinking water, with concerns about chlorination, contamination risks, and the overall trustworthiness of the water supply system. The Seaview Wastewater Treatment Plant was singled out for its odour issues, pollution risks, and perceived non-compliance, with calls for urgent upgrades and tighter environmental controls. Stormwater management and urban flooding were also raised as significant concerns.
Future Planning and Climate Resilience	Respondents emphasised the importance of long-term planning and investment to future-proof water infrastructure. Participants stressed the need for sustained investment, strategic asset management, and resilience-focused approaches. Concerns about the effects of climate change on the water network were also raised, with increased rainfall intensity, sea level rise, and the potential for more frequent flooding identified as challenges requiring urgent action.

Porirua City Council

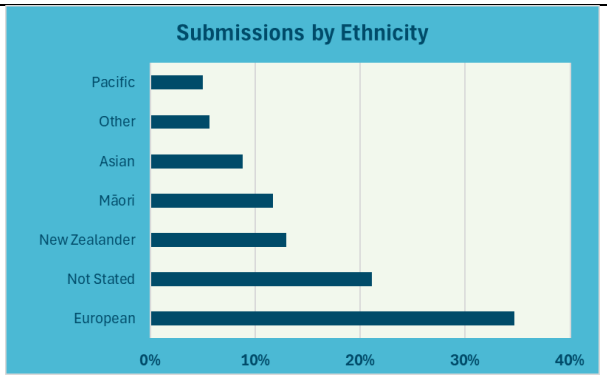
Consultation dates:	20 March – 20 April 2025	
Submissions received:	271	
Preferences	Option 1	77.1 %
	Option 2	22.9 %
Demographics	Age	



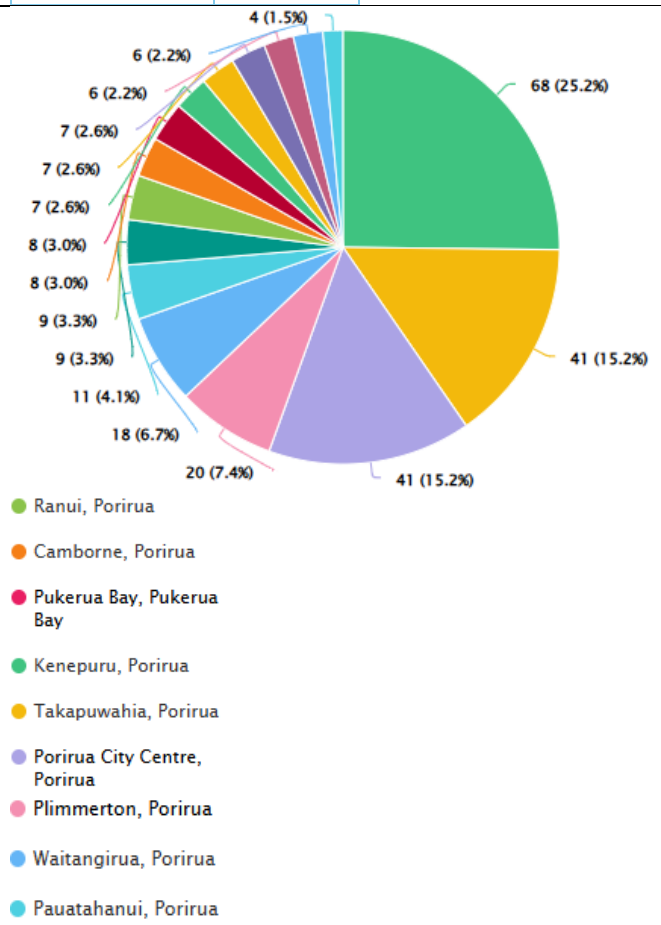
Gender



Ethnicity



European	**35%**
Not Stated	21%
New Zealander	13%
Māori	12%

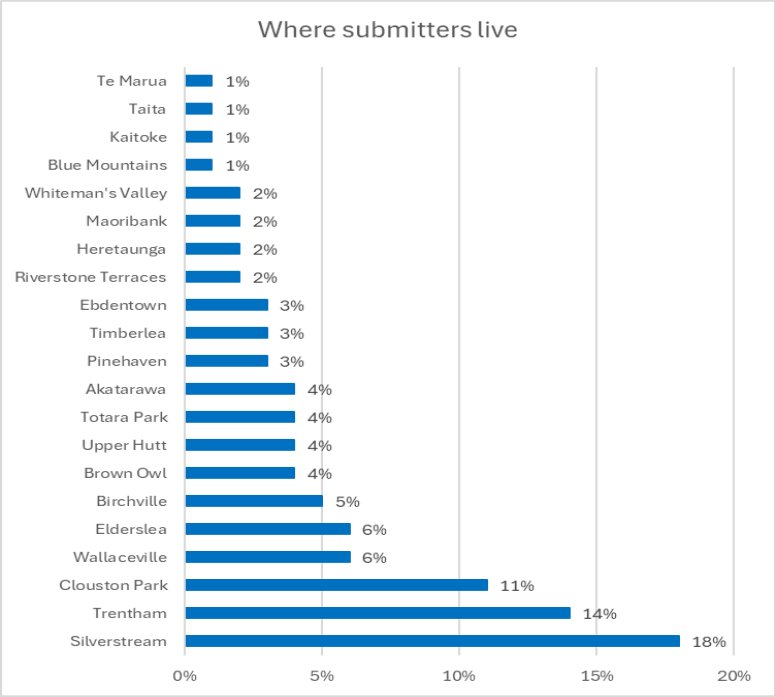
		Asian 9% **Other** 6% **Pacific** 5%
	Location	
Top themes from free text:		
Affordability	People are worried about how the new water service plan will affect their finances. Many fear that costs will rise for households, especially for big families and those already struggling. Concerns include the introduction of water meters and separate charges for water.	
Management and Responsibility	There's a strong desire for better management and accountability in the new water management setup. Many don't trust current management because of past failures and lack of expertise. People want independent oversight and clear decision-making processes.	
Infrastructure and Resource Use	Feedback points out problems with current infrastructure, like leaks and poor planning. While there's support for centralising water services to boost efficiency, there's scepticism due to past management issues.	
Fairness and Social Impact	Concerns are raised about fair distribution of costs and resources, especially for low-income communities and underfunded councils. There's worry that less affluent councils might bear more burden due to previous underfunding.	
Environment and Sustainability	Many emphasise the need to address environmental issues like stormwater pollution and sustainable water management. There's support for initiatives like grey water recycling and protecting local ecosystems.	

Support for Multi-Council Model and transparency	Majority favour a water organisation owned by multiple councils as a solution to existing challenges. However, there are concerns about how it will be implemented and want clear communication about costs. There's a strong call for more openness and community input in planning and decisions. People want to be informed and have a say in managing and funding water services.

Upper Hutt City Council

Consultation dates:	24 March – 27 April	
Submissions received:	104	
Preferences	Option 1 - Establish a new multi council owned CCO (preferred option)	84%
	Option 2 – Modified version of the current Wellington Water model (with a new planning, regulatory and accountability framework)	16%
	(5 responses selected neither option)	
Demographics		

Type of submitter	Yes	No
Resident	98%	2%
Ratepayer	92%	8%
Work in Upper Hutt	27%	73%



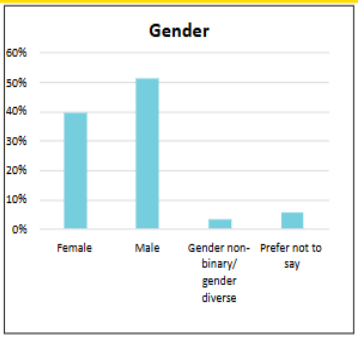
Top themes from free text:

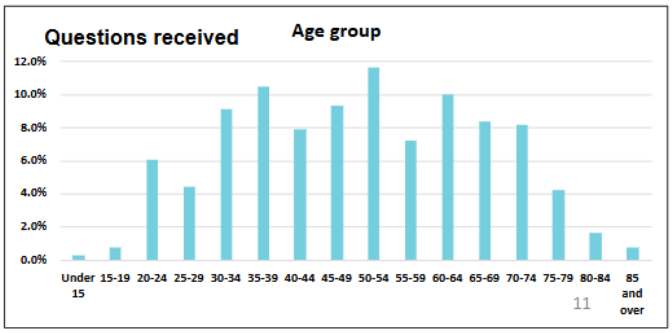
General Support for change	• A clear majority support Option 1 (preferred option for a new multi-council owned water organisation), along with comments that change is needed to address aging infrastructure and systemic issues. • General sentiment that urgent action is needed to fix water infrastructure and governance. • Underlying frustration with a long history of mismanagement, rate increases, and poor service delivery. • A significant number of comments were on concerns, frustration and issues with the current Wellington Water model and its performance.
Cost, Rates and Affordability	• Extensive comments and concerns regarding high rates, financial modelling being unclear or lacking detail, and criticism of debt-driven spending. • Comments on the cost of establishing a new entity.
Better Infrastructure Investment and Management	• Strong asset management planning and information are essential before any new billing systems are introduced. • Infrastructure upgrades and pipe replacements and must be accelerated. Reactive leak repairs are inefficient; proactive full pipe replacement should be prioritised. • Mixed views on water meters: some strongly opposed to water meters, citing affordability concerns and fear of hidden charges. Others support water metering for conservation and fairness, especially if essential water use remains free or subsidised.
Governance, Capability and Accountability	• Numerous comments of distrust in the current governance, lack of water expertise, and mismanagement over decades. • Concerns a new entity might just replicate Wellington Water's failures unless governance and leadership are entirely overhauled. • Calls for greater public accountability, including transparent audits. • Comments against potential future privatisation, and in support of having protections for consumers and vulnerable users.

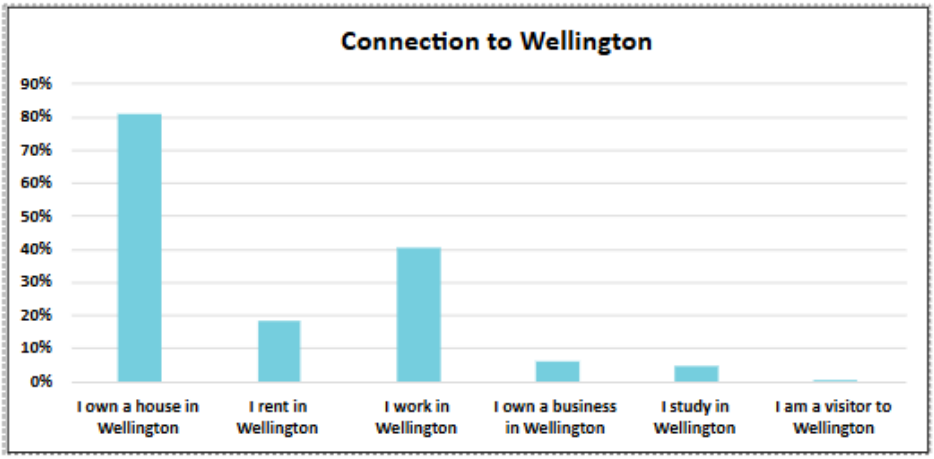
Wellington City Council

Consultation dates:	20 March – 21 April 2025	
Submissions received:	713	
Preferences (Submission / Residents' Survey)	Option 1 – establish multi council CCO (preferred option)	Submission: 72% Residents' survey: 82%
	Option 2 – establish WCC only CCO	Submission: 15% Residents' survey: 8%
	Option 3 – retain existing arrangements (modified to meet legislative requirements)	Submission: 13% Residents' survey: 10%

Demographics

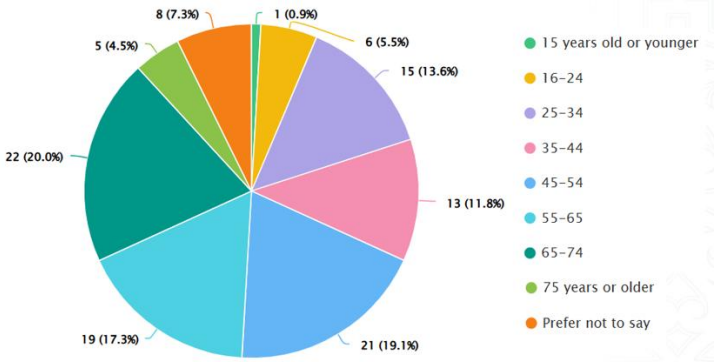
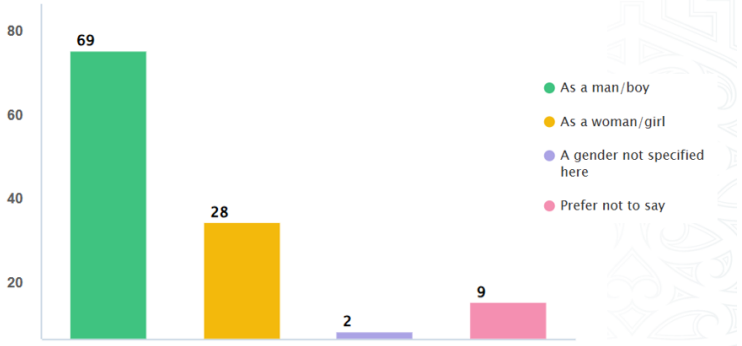
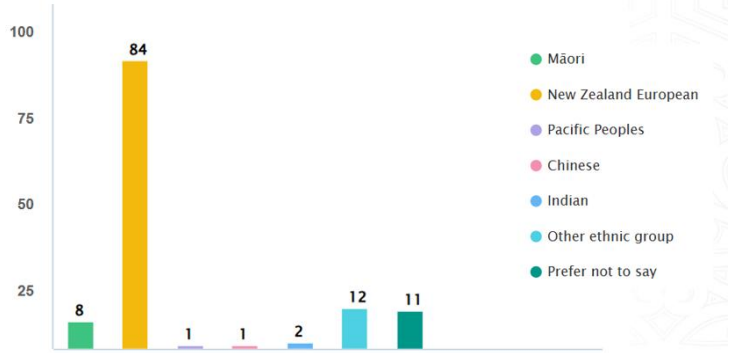


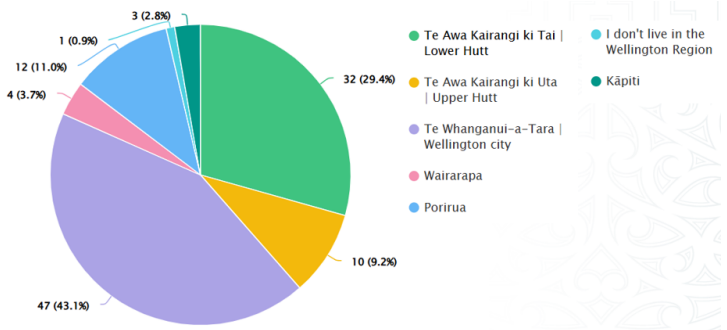




Top themes from free text:	
Support for a New Multi-Council-Owned Entity	In support of option 1, submitters identified the opportunity for greater efficiencies, the existing inter-connectedness of the network, access to increased funding and better positioned for the future / long term planning.
Wellington Water performance	Submitters raised concerns about the performance of Wellington Water, noting concerns about contractor management and costs.
Strong leadership and accountability is important	Submitters identified the need for transparency of decision making, costs an outcomes noting the need to work in partnership (option 1) and for effective governance to be in place for any delivery model. Submitters expressed views on the need for subject expertise / infrastructure expertise to be represented on the Board and minimal /no political representation.
Water charges / affordability	A number of submissions raise concerns about the affordability of increased water charges alongside increasing council rates. Some identified a concern for non-ratepayers ill now have to pay for water usage (i.e. meters). General support for equity to be a factor when setting water charges.
Privatisation	Several submissions are concerned at the possibility (now or into the future) of water assets being privatised.

Greater Wellington

Consultation dates:	20 March – 22 April	
Submissions received:	113	
Preferences	Option 1	79.6 %
	Option 2	20.4 %
Demographics	Age	
	Gender	
	Ethnicity	

	Location	
Top themes from free text:		
Distrust in Current Management	▪ Many comments express a lack of trust in Wellington Water's ability to manage water infrastructure effectively. There are concerns about poor management, blame culture, and inefficiency. ▪ The submitters feel that Wellington Water has failed to deliver on its promises and has wasted resources, leading to a call for a new management structure.	
Support for a New Multi-Council-Owned Entity	▪ A significant number of comments supported the preferred option (out of the two presented), a new multi-council-owned water organization. This is seen to improve accountability, efficiency, and long-term planning. ▪ The new entity is expected to leverage regional assets better and provide a more unified approach to water management.	
Need for Improved Accountability and Transparency	▪ There is a strong demand for greater accountability and transparency in water management. The submitters indicated that clear oversight and democratic control over the new water entity is very important. ▪ Ensuring that the new organisation operates with public ownership and transparency is a priority for many respondents.	
Environmental improvements and Te Titiri	▪ Many respondents emphasised the importance of environmental responsibility and long-term planning in water management. They want the new entity to prioritise climate resilience and sustainable practices. ▪ There is a call for the new organisation to uphold Te Tiriti o Waitangi obligations and involve Māori groups in governance.	
Concerns About Privatisation and GW's land holdings	▪ Several comments express concerns that centralising water assets could lead to future privatisation, despite current assurances to the contrary ▪ The public wants guarantees that water resources will remain publicly owned and managed for the benefit of all ▪ Submitters also want to ensure that GW-owned lands stay in GW ownership.	

Appendix A2: Assurance process

This Appendix sets out:

- Assurance process undertaken in respect of this WSDP.
- Legal statement in respect of whether this WSDP meets the requirements of the Act.

Assurance

This table outlines details of assurance processes.

Council inputs and oversight	Details and limitations
Regular check ins and confirmation of direction and assumptions with council officials and elected members – including Council Responsible Officer Group (ROG), Chief Financial Officers (CFOs), Chief Executives (CEs), and Advisory Oversight Group (AOG).	• Agreed programme and governance structure. • Series of meetings, direction and decisions and regular programme reporting to CE Steering Group. • Series of meetings and direction from AOG. • Series of meetings, direction and decisions from ROG and CFOs. • Weekly programme meetings. • Detail: Meetings, actions, direction and minutes.
Council and Wellington Water review and input to draft material including review and feedback on the draft WSDP.	• Review and checking of direction and assumptions, seeking endorsement, direction and decisions through meetings, as above. • Review and feedback from councils as the WSDP is developed including on investment programme, financial modelling, and the draft WSDP. This included full review and feedback of the 30 May version of the WSDP by councils and Wellington Water. • Detail: council comment, review and feedback.
A series of council decisions and reports to elected members	Progressive series of workshops and council or committee decisions across five councils, including but not limited to: • Delivery model options for consultation • Delivery model for WSDP • Adoption of WSDP • Detail: council workshop and council or committee papers
Consultation process review of submissions, hearing processes and elected member decisions	Council consultation and engagement processes as summarised in Part A of this report and appendix A1, including hearings, deliberations and decisions. Detail: council consultation and engagement materials, council deliberations reports.
Regular alignment meetings between the programme team and DIA on draft documents, financial modelling and identification of assurance points to review and align development of the WSDP	Progressive series of meetings and feedback from DIA. Detail: emails and minutes of meetings with DIA.
Specialist independent advice, and input on key areas of the WSDP and establishment planning	

Legal review and advice	Legal advice and support on requirements of the Act and content of WSDP from Simpson Grierson Detail: ongoing legal advice plus legal review of WSDP and letter from Simpson Grierson
Network investment, investment sufficiency, AMP	Advisory support and information in relation to Part B and Part C of the WSDP from Wellington Water, Waugh Consulting, Black Consulting, Scott Consulting, Brockway Consulting. Engagement with LGFA on financing assumptions. Council and three waters AMPs from Wellington Water.
Clear assumptions book for financial modelling including qualifications on information including assumptions and limitations	Advisory support and information in relation to Part C of the WSDP. Series of assumptions, limitations and qualifications relating to financial modelling from Mafic Consulting, Morrison Low, Scott Consulting, and Council CFOs. Council and three waters AMPs from Wellington Water.
Financial modelling (including using the DIA model template as the basis)	Advisory support and information in relation to Part C of the WSDP. Build, test and validation of financial model – Mafic Consulting, and Scott Consulting. DIA model base build and review of model.
Debt and capital advisory	Advisory support and information in relation to Part C of the WSDP - Mafic Consulting, Scott Consulting, Engagement with LGFA on financing assumptions, PwC and Council CFOs. Regarding the proposed glide path to reach covenant compliance, written assurance has been received from LGFA that they will consider a longer seven-year transition, allowing Metro Water to achieve the 8% compliance target by FY33.
Implementation plan: functional leads and advice including legal, IT, customer experience, operations, and organisational design	Advisory support and information in relation to Part D and E of the WSDP. Scott Consulting, Simpson Grierson, BlueBeacon, Wellington Water, Brockway Consulting.
Legal review of the WSDP and statement that the WSDP meets requirements of the Act	Legal review of content, compliance with legislation and limitations from Simpson Grierson. For more detail, refer to legal statement below.

Legal statement in respect of whether this WSDP meets the requirements of the Act

SIMPSON GRIERSON

14 July 2025

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Wellington Metro Water Services Delivery Plan: compliance with Local Government (Water Services Preliminary Arrangements) Act 2024

1. On 11 July 2025 we completed our review of the final draft of the Wellington Metro Water Services Delivery Plan (**WSDP**) for compliance with the relevant requirements of the Local Government (Water Services Preliminary Arrangements) Act 2024 (**Act**).

2. Subject to our comments in paragraphs 3 to 5 below, we consider the WSDP meets the Act's content requirements and that (while identifying appropriate assumptions and uncertainties) the information contained in the plan can be certified as true and accurate.

3. Section 13(1)(n) of the Act requires a water services delivery plan to contain an explanation of what the territorial authority proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028. The definition of "financially sustainable" in s5 of the Act includes a territorial authority being financially able to meet all regulatory standards and requirements for the authority's delivery of water services.

4. There is some uncertainty as to how s13(1)(n) will be interpreted by the Secretary for Local Government when the WSDP is submitted for acceptance under s18 of the Act. While we understand that the investment programme in the WSDP will not result in water services in the Wellington metro area meeting all regulatory standards and requirements by 30 June 2028, published guidance from the Department of Internal Affairs indicates that:

   (a) When considering the three factors involved in achieving financial sustainability (revenue sufficiency, investment sufficiency and financing sufficiency), councils should keep affordability of water charges front-of-mind; and

   (b) The way these factors interact, and the choices councils make around delivery models and financing to deliver benefits for consumers, should be determined at a local level.

5. Accordingly, the WSDP's explanation of how financial sustainability will be achieved, and the Secretary for Local Government's assessment of the WSDP against s13(1)(n), in our view requires consideration of several factors that can, where required, be appropriately

balanced and take into account relevant constraints (including affordability and practical delivery constraints).

6. Relevant sections of the WSDP, including Appendix B4, appropriately identify assumptions and uncertainties related to various aspects of the WSDP. As the WSDP itself notes, the assumptions and uncertainties identified are not exceptional, and are of the type commonly made and encountered by local authorities when preparing their long-term plans and asset management plans in relation to water services infrastructure. In our view they do not and should not prevent chief executives being able to provide the certification required under s18 of the Act.

7. For the purposes of s18, we consider the chief executives of the participating territorial authorities and Greater Wellington Regional Council can properly certify that:

   (a) the WSDP complies with the Act; and

   (b) the information contained in the WSDP provided by their local authority is true and accurate.

Yours faithfully
SIMPSON GRIERSON

Padraig McNamara | Partner
Liam Stevens | Solicitor

Appendix A3: Council resolutions to adopt this WSDP

Individual council resolutions to be inserted here for the final WSDP

Appendix B1: Levels of service and performance

The tables throughout this appendix summarise the FY2023/24 levels of service and FY2024/25 level of service projections based on the investment levels in the councils 2024-34 Long Term Plans. These forecasts have come directly from each council's Asset Management Plans.

Greater Wellington Regional Council

Water supply - safety of drinking water

The Council provides safe and reliable potable water for household and business use in urban areas.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	Non-compliant	Non-compliant
The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Non-compliant	Compliant

Note, the 2023/24 bacteria non-compliance result is due to the 'new' (2022) DWQAR chlorine contact time requirement and applies to part of Lower Hutt only (and the GWRC Waterloo treatment plant). The 2023/24 protozoa result is due to a 1min exceedance above allowable turbidity at the Wainuiomata WTP.

Water supply - fault response times

The Council provides a responsive call-out service to attend to customers' issues with their water supply.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Median response time to attend urgent call-outs	<=90 mins	0 mins (no urgent call-outs)	N/A
Median response time to resolve urgent call-outs	<= 8 hours	0 hours (no urgent call-outs)	N/A
Median response time to attend non-urgent call-outs	<= 72 hours	0 hours (no non-urgent call-outs)	N/A
Median response time to resolve non- urgent call-outs	<= 20 working days	0 days (no non-urgent call-outs)	N/A

Water supply - demand management and water loss

The Council promotes the efficient and sustainable use of water.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The percentage of real water loss from the local authority's networked reticulation system	<= 0.25%	0.08%	No change
Average consumption of drinking water per day per resident	<385L	409L	Compliant

Water supply - customer satisfaction

The Council provides a responsive call-out service to attend to customers' issues with their water supply.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<=20	0 complaints	No change

Hutt City Council

Water supply – safety of drinking water

Measure: The Council provides safe and reliable potable water for household and business use in urban areas.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	Non-compliant	Non-compliant
The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Non-compliant	Compliant

Note, the 2023/24 bacteria non-compliance result is due to the 'new' (2022) DWQAR chlorine contact time requirement and applies to part of Lower Hutt only (and the GWRC Waterloo treatment plant). The 2023/24 protozoa result is due to a 1min exceedance above allowable turbidity at the Wainuiomata WTP.

Water supply – fault response times

Measure: The Council provides a responsive call-out service to attend to customers' issues with their water supply.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Median response time to attend urgent call-outs	<=90 mins	101 mins	Meet LOS
Median response time to resolve urgent call-outs	<= 8 hours	4.6 hours	Continue to meet LOS
Median response time to attend non-urgent call-outs	<= 72 hours	191 hours	Stabilisation but not meeting LOS.
Median response time to resolve non-urgent call-outs	<= 20 working days	16 working days	Stabilisation, meeting LOS.

Water supply – demand management and water loss

Measure: The Council promotes the efficient and sustainable use of water.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The percentage of real water loss from the local authority's networked reticulation system	<=20%	35%	Incremental improvement
Average consumption of drinking water per day per resident	<385L	422L	Stabilisation or small improvement

Water supply – customer satisfaction

Measure: The Council provides a responsive call-out service to attend to customers' issues with their water supply.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<=20	31.7	Improvement

Wastewater – system and adequacy

Measure: Adequate wastewater services for household and business use will be provided in currently serviced urban communities.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<20	1.7	Continue to meet LOS

Wastewater – fault response times

Measure: Council will respond as required to faults and complaints received from its customers.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Median response time to attend a sewerage overflow resulting from a blockage or other fault in the sewerage system	<= 90 mins	159 mins	Improvement
Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<= 8 hours	12.4 hours	Improvement

Wastewater - customer satisfaction

Measure: Council will respond as required to faults and complaints received from its customers.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<=30	24.1	Continue to meet LOS

Wastewater - discharge compliance

Measure: The Council's wastewater services do not negatively impact on public health or the natural environment in line with legislative requirements

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	0	Improvement at WWTP leading to less regulatory action

Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	15	Improvement at WWTP leading to less regulatory action
Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	Improvement at WWTP leading to less regulatory action
Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	Improvement at WWTP leading to less regulatory action

Stormwater - performance measures

The Stormwater performance measures are detailed in the table below.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The number of flooding events that occurred throughout the year	<=2	0	Weather dependant
For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<0.24	N/A - No flooding events	Weather dependant
Median response time to attend a flooding event	<=8 hours	N/A - No flooding events	Weather dependant
The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<=20	8.5	Deteriorating

Stormwater - discharge compliance

Measure: The Council receives no abatement notices, infringement notices, enforcement orders or prosecutions.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	N/A
Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	N/A
Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	N/A

Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	N/A

Porirua City Council

Water supply – safety of drinking water

Measure: The Council provides safe and reliable potable water for household and business use in urban areas

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	Compliant	Compliant
The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Compliant	Compliant

Water supply – fault response times

Measure: The Council provides a responsive call-out service to attend to customers' issues with their water supply.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Median response time to attend urgent call-outs	<=90 (mins)	86 mins	Close to or meeting LOS target
Median response time to resolve urgent call-outs	<= 8 (hours)	2.9 hours	Continue to meet LOS
Median response time to attend non-urgent call-outs	<= 20 days	6 working days	Continued deterioration
Median response time to resolve non-urgent call-outs	<= 20 days	11 working days	Continued deterioration

Water supply – demand management and water loss

Measure: The Council promotes the efficient and sustainable use of water.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The percentage of real water loss from the local authority's networked reticulation system	<= 20%	30%	Improvement
Average consumption of drinking water per day per resident	<320L	329L	Improvement

Water supply – customer satisfaction

Measure: The Council provides a responsive call-out service to attend to customers' issues with their water supply.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<=20	33	Deteriorating, not meeting LOS

Wastewater – system and adequacy

Measure: Adequate wastewater services for household and business use will be provided in currently serviced urban communities.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<20	4.9	Status quo, meet LOS

Wastewater – fault response times

Measure: Council will respond as required to faults and complaints received from its customers.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Median response time to attend a sewerage overflow resulting from a blockage or other fault in the sewerage system	<= 80 mins	79 mins	Status quo, will not meet LOS
Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<= 8 hours	2.7 hours	Status quo, meet LOS

Wastewater - customer satisfaction

Measure: Council will respond as required to faults and complaints received from its customers.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<=30	29	Status quo, may meet LOS

Wastewater - discharge compliance

Measure: The Council's wastewater services do not negatively impact on public health or the natural environment in line with legislative requirements.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	0	Increasing compliance
Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	1	Increasing compliance
Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	Increasing compliance
Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	Increasing compliance

Stormwater - performance measures

The Stormwater performance measures are detailed in the table below.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The number of flooding events that occurred throughout the year	<=2	0	Weather dependant
For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<0.24	N/A	Weather dependant
Median response time to attend a flooding event	<=8 hours	N/A	Weather dependant
The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<=20	8	Status quo, may not meet LOS (weather dependant)

Stormwater - discharge compliance

Measure: The Council receives no abatement notices, infringement notices, enforcement orders or prosecutions.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	N/A
Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	N/A
Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	N/A
Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	N/A

Upper Hutt City Council

Water supply – safety of drinking water

Measure: The Council provides safe and reliable potable water for household and business use in urban areas.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	100%	Compliant
The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	100%	Compliant

Water supply – fault response times

Measure: The Council provides a responsive call-out service to attend to customers' issues with their water supply.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Median response time to attend urgent call-outs	<60 mins	76 mins	Close to or meeting LOS target
Median response time to resolve urgent call-outs	<4 hours	2.2 hours	Close to or meeting LOS target
Median response time to attend non-urgent call-outs	<36 hours	238 hours	Continued deterioration

Median response time to resolve non-urgent call-outs	<15 days	27 days	Continued deterioration

Water supply – demand management and water loss

Measure: The Council promotes the efficient and sustainable use of water.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The percentage of real water loss from the local authority's networked reticulation system	<20%	41%	Improvement
Average consumption of drinking water per day per resident	<415L	450L	Improvement

Water Supply – customer satisfaction

Measure: The Council provides a responsive call-out service to attend to customers' issues with their water supply.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<20	12.3	Deteriorating but likely meeting LOS

Wastewater – system and adequacy

Measure: Adequate wastewater services for household and business use will be provided in currently serviced urban communities.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<20	0.1	Status quo, meet LOS

Wastewater – fault response times

Measure: Council will respond as required to faults and complaints received from its customers.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Median response time to attend a sewerage overflow resulting from a blockage or other fault in the sewerage system	<=60 mins	80 min	Status quo, likely will not meet LOS
Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<=6 hours	3.4 hours	Status quo, meet LOS

Wastewater - customer satisfaction

Measure: Council will respond as required to faults and complaints received from its customers.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<=30	10	Status quo, meet LOS

Wastewater - discharge compliance

Measure: The Council's wastewater services do not negatively impact on public health or the natural environment in line with legislative requirements.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	0	Improvement at WWTP leading to less regulatory action
Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	15	Improvement at WWTP leading to less regulatory action
Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	Improvement at WWTP leading to less regulatory action
Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	Improvement at WWTP leading to less regulatory action

Stormwater - performance measures

The Stormwater performance measures are detailed in the table below.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The number of flooding events that occurred throughout the year	<=2	0	Weather dependant
For each flooding event, the number of habitable floors affected; expressed per 1,000 connections	<=0.64	0	Weather dependant
Median response time to attend a flooding event	<60 mins	0	Weather dependant
The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<=20	2.1	Status quo, likely to meet LOS

Stormwater - discharge compliance

Measure: The Council receives no abatement notices, infringement notices, enforcement orders or prosecutions.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	N/A
Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	N/A
Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	N/A
Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	N/A

Wellington City Council

Water supply – safety of drinking water

Measure: The Council provides safe and reliable potable water for household and business use in urban areas.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	Compliant	Compliant

The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Non-compliant	Compliant

Water supply – fault response times

Measure: The Council provides a responsive call-out service to attend to customers' issues with their water supply.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Median response time to attend urgent call-outs	<60 mins	151 minutes	Status quo, not meeting LOS
Median response time to resolve urgent call-outs	<4 hours	13.6 hours	Status quo, not meeting LOS
Median response time to attend non-urgent call-outs	<36 hours	555 hours	Improvement, not meeting LOS
Median response time to resolve non-urgent call-outs	< 5 days	45.1 days	Improvement, not meeting LOS

Water supply – demand management and water loss

Measure: The Council promotes the efficient and sustainable use of water.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The percentage of real water loss from the local authority's networked reticulation system	<20%	28%	Improvement
Average consumption of drinking water per day per resident	<365L	416L	Improvement

Water supply – customer satisfaction

Measure: The Council provides a responsive call-out service to attend to customers' issues with their water supply.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<20	23.2	Static or improving

Wastewater – system and adequacy

Measure: Adequate wastewater services for household and business use will be provided in currently serviced urban communities

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	Zero	2.9	Cannot reach level of service

Wastewater – fault response times

Measure: Council will respond as required to faults and complaints received from its customers.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Median response time to attend a sewerage overflow resulting from a blockage or other fault in the sewerage system	<=60 mins	80 minutes	Status quo, likely will not meet LOS
Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<= 6 hours	4.7 hours	Status quo, likely will not meet LOS

Wastewater - customer satisfaction

Measure: Council will respond as required to faults and complaints received from its customers.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<30	19.8	Deteriorating

Wastewater - discharge compliance

Measure: The Council's wastewater services do not negatively impact on public health or the natural environment in line with legislative requirements.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	1	Improvement at WWTP leading to less regulatory action
Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	3	Improvement at WWTP leading to less regulatory action
Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	Improvement at WWTP leading to less regulatory action
Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	Improvement at WWTP leading to less regulatory action

Stormwater - performance measures

The Stormwater performance measures are detailed in the table below.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
The number of flooding events that occurred throughout the year	<=2	0	Weather dependant
For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<=0.13	0	Weather dependant
Median response time to attend a flooding event	<=60 mins	0	Weather dependant
The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<20	8.4	Deterioration of network, likely to meet LOS

Stormwater - discharge compliance

Measure: The Council receives no abatement notices, infringement notices, enforcement orders or prosecutions.

Performance Measure	Target	2023/24 Result	2024/25 Forecast
Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	N/A
Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	N/A
Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	N/A
Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	N/A

Appendix B2: Council specific asset base and condition

This appendix provides an overview of each council's asset base. The information presented in this section comes from a combination of:

- the councils' latest valuations – used for asset quantities and values
- asset data provided directly from Wellington Water in April 2025 – used for condition grading, and
- Wellington Water's water-specific and council specific Asset Management Plans (AMPs).

There are slight differences between these data sources due to the timing of when each was published or pulled from the asset data base. For example, the council valuations will all have a view of the councils' assets at the time the valuations were published (between March 2023 and May 2025). The condition data provided by Wellington Water in comparison relates to an April 2025 view of assets in the Wellington Water asset register. While there is some misalignment between data sources, the impact of this is considered immaterial.

Note also that individual mechanical, electrical, or structural components within pump stations may have undergone condition assessments but in some instances, there may not be sufficient assessment completed to provide an overall 'site-level' rating. This may contribute to the relatively low level of asset condition ratings on pump stations relative to other asset types.

Hutt City Council

Hutt City Council has $4.8 billion[3] of drinking water, wastewater and stormwater assets (excluding land). The full value of the Joint Venture wastewater assets used by Hutt City and Upper Hutt City are captured under HCC's asset base.

Water Type	Asset Type	Quantity	Replacement value
Water Supply	Pipe network	704km	$838M
	Fittings (valves, hydrants, meters, valve chambers etc.) and laterals	-	$122M
	Reservoirs	24 Sites	$70M
		26 Tanks	
	Pump Station Sites	17	$31M
Total Water Supply Replacement Value			**$1,061M**
Wastewater	Pipes	587km (HCC)	$1,026M
		101km (HVJV)	$622M (~$435M HCC value)
	Fittings (gauging stations, valves, manholes etc.)	- (HCC)	$158M
		- (HVJV)	$86M (~$60M HCC value)
	Treatment Plants	1 (HVJV)	$106M (~$74M HCC value)
	Pump Station Sites	28 (HCC)	$28M
		29 (HVJV)	$56M (~$39M HCC value)

[3] Optimised Replacement Cost from May 2024 valuation, inflated to 2025 dollars.

Water Type	Asset Type	Quantity	Replacement value
	Storage	2 (HVJV)	$13M (~$9.1M HCC value)
Total Wastewater Replacement Value			**$2,097M**
Stormwater	Pipes	466km	$1,606M
	Fittings (valves, manholes etc)	-	$231M
	Pump Station Sites	12	$20M
	Detention Dams	16	$9M
Total Stormwater Replacement Value			**$1,867M**
Total Three Waters Replacement Value			**$5,024M**

Water Supply Network

Of HCC's 704km of pipe network, approximately 177kms (26%) is overdue for renewal (in backlog). By 2054 over 60% of HCC's water supply network will need to be renewed.

A large amount of asbestos cement pipe that was installed post-World War 2 and cast-iron pipe laid prior to World War 2 that remains in service is driving the high renewal requirements. As with asbestos pipe, the cast-iron pipes are brittle, slowly corroding and vulnerable to failure immediately after an earthquake. The asbestos cement pipes were installed with specific housing development in areas like Stokes Valley, Taita, Naenae and Wainuiomata. Cast iron pipes are mainly located in Petone. Asset replacement will need to focus on specific geographic areas as failure levels accelerate. There are also heavily corroded galvanized iron ridermains in the Hutt Valley that contribute to high levels of leakage and are in immediate need of replacement.

Wastewater Network

Of the 587kms of wastewater network, only approximately 8% is overdue for replacement but a significant amount is reaching its end of life over the next 30 years. Like the water supply network, over 60% is due for renewal by 2054.

The Hutt Valley wastewater joint venture includes pipe assets that are of very high criticality because they are the "trunk" delivery pipes to the Seaview wastewater plant. Around 7km of the joint venture network (7%) is overdue renewal and by 2054, over 50% will require renewal.

The high level of renewals likely to be needed in the next 30 years is primarily an outcome of materials selected and date of installation. Wastewater pipes made of concrete and earthenware are always vulnerable to corrosion and this has been evidenced through the condition assessment of the VHCAs such as the main interceptor. In addition, the Seaview to Pencarrow outfall pipe was laid in the late 1950s and has been found to have pipe joint failures.

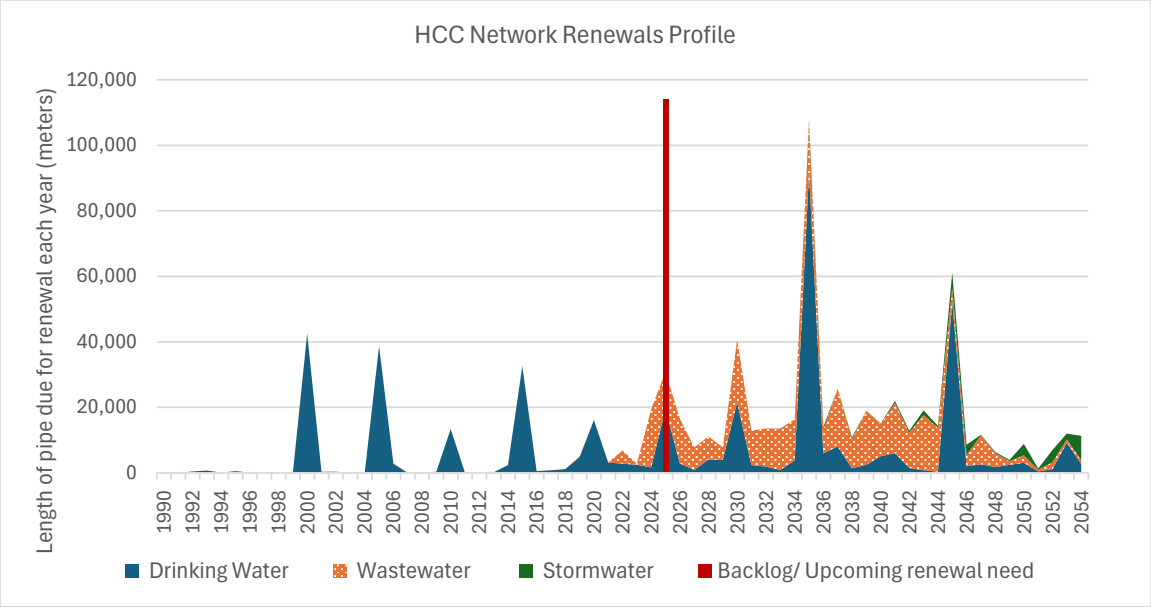
Assessment of the interceptor near Melling across and alongside SH2 identified significant internal corrosion highlighting the importance to intervene before failure occurs.

Stormwater Network

HCC's stormwater network is in better condition than the drinking water and wastewater networks. Only 3% past its expected life with just under 30% requiring renewal over the next 30 years. Because of the high groundwater table in the Hutt Valley, many of the very highly critical stormwater pipes have bespoke construction (i.e. not circular pipes). This means that their repair can be expensive.

The table below summarises the condition and criticality of HCC's pipe network.

Water Type	Quantity	Backlog	Average Age	% of network with condition rating	% of network in unknown condition	% of network in good or very good condition	% of network in moderate condition	% of network in poor or very poor condition
Water Supply	704km	26%	42 years	95%	5%	37%	18%	40%
Wastewater	587km	8%	51 years	97%	3%	53%	14%	30%
Wastewater JV	101km	7%	52 years	99%	1%	48%	28%	22%
Stormwater	466km	3%	52 years	98%	2%	78%	3%	17%



Wastewater Treatment Plant

The Seaview wastewater treatment plant is a very highly critical facility. Within this facility are critical assets that on failure would result in supply disruption, health and safety risks in the immediate vicinity, offensive odour, flooding and environmental pollution.

The Seaview wastewater treatment plant was significantly modified as a Design Build Operate contract that ran its time in 2020 after 20 years of service. The expected lives of many of the mechanical and electrical assets means that a significant renewals burden has arisen post termination of the contract. Failure of these assets heightens the risk of consent non-compliance and unplanned discharges to the environment. A significant replacement item in the immediate future is the gas fired dryer.

Reservoirs

Hutt City Council has known reservoirs (eg, Gracefield and Naenae) where structural condition or contamination risk means that replacement or significant modification is the only solution.

Pump Stations

A significant portion of pump stations rely on aging electrical panels and control systems. Visual inspections have been carried out, but systematic asset-level mechanical condition data is incomplete. Flooding of low-lying sites, limited spare capacity, and parts obsolescence pose operational risks.

The table below summarises the condition and criticality of HCC's three waters assets, excluding pipe network, fittings, laterals and stormwater storage/ detention dams.

Water Type	Asset Type	Quantity	% of assets with condition rating	% of assets in unknown condition	% of assets in good or very good condition	% of assets in moderate condition	% of assets in poor or very poor condition
Water Supply	Reservoirs	26	100%	0%	36%	48%	16%
	Pump Station Sites	17	13%	87%	7%	0%	7%
Wastewater	Treatment Plants	1 plant 1117 unique assets	94%	6%	67%	16.7%	7%
	Pump Station Sites	28 (HCC) 29 (HVJV)	9% 38%	91% 62%	0% 5%	9% 10%	0% 24%
Stormwater	Pump Station Sites	16	100%	0%	8%	67%	25%

Porirua City Council

Porirua City Council has $1.6 billion[4] of drinking water, wastewater and stormwater assets (excluding land). PCC currently fully owns the Porirua Wastewater Treatment Plant which is also used by Wellington City. Therefore, the full value of this asset is captured under PCC's asset base.

Water Type	Asset Type	Quantity	Replacement value
Water Supply	Pipes	437km (inc. laterals)	$316M
	Reservoirs	16 Sites	$54M
		19 Tanks	
	Fittings (valves, hydrants, meters, valve chambers etc.) and laterals	-	$35M
	Pump Station Sites	15	$10M
	Emergency Water Treatment Plant	1	$5M
Total Water Supply Replacement Value			**$419M**
Wastewater	Pipes	433km (PCC)	$367M
		11km (PWJV)	$25M *(~$19M PCC value)*
	Fittings (gauging stations, valves, manholes etc.)	-(PCC)	$97M
		-(PWJV)	$0.9M *(~$0.6M PCC value)*
	Treatment Plants	1	$87M *(~$63M PCC value)*
	Pump Station Sites	62 (PCC)	$31M
		3 (PWJV)	$14M *(~$10M PCC value)*
Total Wastewater Replacement Value			**$632M**
Stormwater	Pipes	357km	$454M
	Fittings (valves, manholes etc), laterals, channels and storage	-	$122M
Total Stormwater Replacement Value			**$577M**

[4] Optimised Replacement Cost from May 2025 valuation.

Water Type	Asset Type	Quantity	Replacement value
Total Three Waters Replacement Value			**$1,628M**

Water Supply Network

A significant issue for Porirua is the rise in the number of water supply pipe assets that will reach the expected end of their life in the next 30 years. Approximately 11 % is past its expected life and by 2054, 49% of the water network will need to be renewed.

PCC has a lot of asbestos cement pipe. The remaining life of these assets is largely determined by the loss of cement in the pipe wall over time. Early failure history of pipes are also a good indication of the network reaching its end of life.

Wastewater Network

Only 5% of PCC's wastewater network is overdue for replacement but a significant amount reaching its end of life in the next 30 years. By 2054, 68% of the network requires renewal. This high upcoming renewal requirement is due to the high use of asbestos cement pipe that was used in the wastewater network as government housing developments proceeded post-World War 2. The continually failing Paremata Rising main along SH1 is an example of such a pipe.

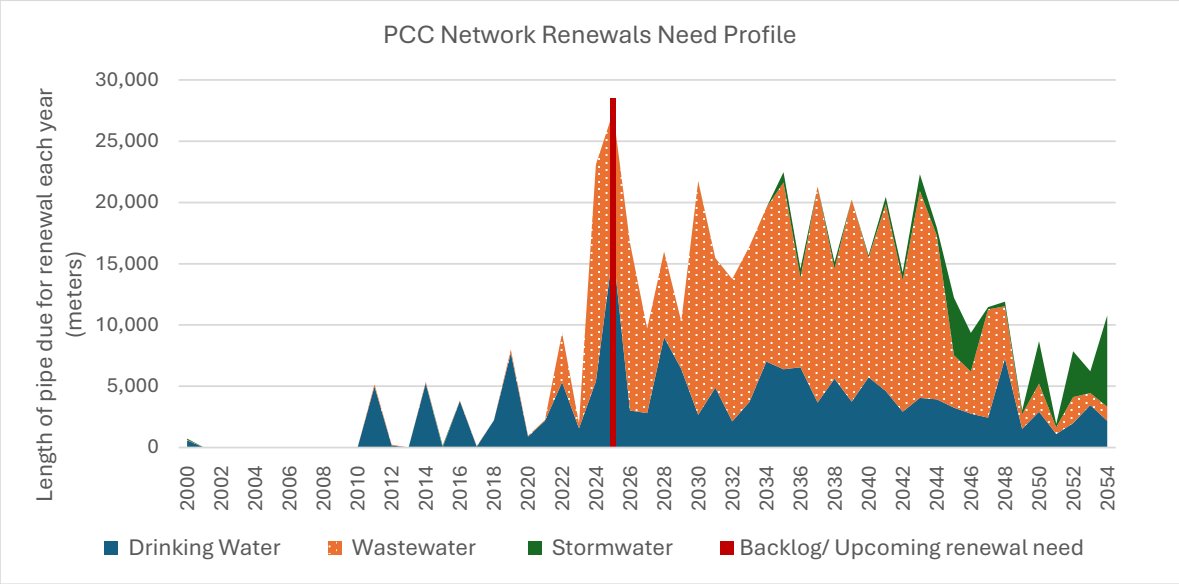
The wastewater joint venture network is relatively new. None of this network is overdue renewal.

Stormwater Network

PCC's stormwater network is relatively new. Only 200m is past its expected life – less than 1% of the overall network – and little more is due for renewal over the next 10 years. PCC's stormwater network starts to become due for constant renewal from 2040 onwards. There is an opportunity to ensure the stormwater network does not fall into backlog.

The table below summarises the condition and criticality of PCC's pipe network.

Water Type	Quantity	Backlog	Average Age	% of network with condition rating	% of assets in unknown condition	% of network in good or very good condition	% of network in moderate condition	% of network in poor or very poor condition
Water Supply	362km (excluding laterals)	11%	36	93%	7%	51%	18%	24%
Wastewater	433km	5%	40	96%	4%	66%	25%	5%
Wastewater JV	11km	0%						
Stormwater	357km	0%	39	94%	6%	93%	1%	1%



Wastewater Treatment Plants

The Porirua wastewater treatment plant is a highly critical facility. Within this facility are critical assets that on failure would result in supply disruption, health and safety risks in the immediate vicinity, offensive odour, flooding and environmental pollution.

Although significant upgrade/renewal work has been done at the plant in recent years, a rigorous maintenance and renewal plan must be maintained in a plant that contains short lived mechanical/electrical assets that operate in a harsh environment. Failure of these assets heightens the risk of consent non-compliance and unplanned discharges to the environment.

Reservoirs

All reservoirs have been visually assessed with emphasis on contamination and health and safety risks. Seismic vulnerability is a significant concern, with some structures unlikely to meet current resilience requirements.

Pump Stations

Like other councils, condition data is incomplete, with many grades assigned from age profiles rather than inspections. Aging infrastructure, lack of redundancy at some sites, and vulnerability to electrical/control system failures are key risks.

The table below summarises the condition and criticality of PCC's three waters assets, excluding pipe network, fittings, laterals and stormwater storage/ detention dams.

Water Type	Asset Type	Quantity	% of assets with condition rating	% of assets in unknown condition	% of assets in good or very good condition	% of assets in moderate condition	% of assets in poor or very poor condition
Water Supply	Reservoirs	19	83%	17%	22%	22%	39%
	Pump Station Sites	15	0%	100%	0%	0%	0%
Wastewater	Treatment Plants	1 plant 724 unique assets	94%	6%	72%	17%	5%
	Pump Station Sites	62 (PCC) 3 (PWJV)	13%	87%	2%	6%	5%

Water Type	Asset Type	Quantity	% of assets with condition rating	% of assets in unknown condition	% of assets in good or very good condition	% of assets in moderate condition	% of assets in poor or very poor condition
Stormwater		Note, PCC network condition and criticality is provided in the previous table, above. There are no stormwater pump stations or other major infrastructure in the PCC network.					

Upper Hutt City Council

Upper Hutt City Council has $1.4 billion[5] of drinking water, wastewater and stormwater assets (excluding land). The value of the Joint Venture wastewater assets used by Hutt City and Upper Hutt City are shown in italics in the table below. These values have been excluded from the 'Total Wastewater Replacement Value' and 'Total Three Waters Replacement Value' for UHCC in the table below. Instead, the full value of the Joint Venture assets is captured in HCC's total asset table as this is currently how they are captured in the councils' valuations.

Water Type	Asset Type	Quantity	Replacement value
Water Supply	Pipes	292km	$346M
	Reservoirs	13 Sites	$41M
		27 Tanks	
	Fittings (valves, hydrants, meters, valve chambers etc.) and laterals	-	$63M
	Pump Station Sites	9 pump stations	$11M
Total Water Supply Replacement Value			**$461M**
Wastewater	Pipes	231km	$362M
		101km (HVJV)	*$622M (~$187M UHCC value)*
	Fittings (gauging stations, valves, manholes etc.) and laterals	-(UHCC)	$77M
		-(HVJV)	$86M (~$26M UHCC value)
	Treatment Plant	1	*$106M (~$32M UHCC value)*
	Storage	2 (HVJV)	*$13M (~$4M UHCC value)*
	Pump Station Sites	18 (UHCC)	$9M
		29 (HVJV)	*$56M (~$39M UHCC value)*
Total Wastewater Replacement Value			**$448M**
Stormwater	Pipes	162km	$459M
	Fittings (valves, manholes etc)	-	$73M
	Pump Station Sites	7	$8M
	Channels	51km	$5M
Total Stormwater Replacement Value			**$545M**
Total Three Waters Replacement Value			**$1,454M**

[5] Optimised Replacement Cost from May 2024 valuation, inflated to 2025 dollars.

Water Supply Network

Approximately 5% of UHCC water supply network is past its expected life. By 2054 around 40% is due for renewal. The high renewal requirements are because of the amount of asbestos cement pipe that was installed as Upper Hutt developed post war – but later than in Hutt City.

Wastewater Network

Around 7% of the wastewater network is overdue for replacement but a significant amount reaching its end of life in the next 30 years. By 2054, 60% of the wastewater network must be renewed. Failure of HCA and VHCA wastewater pipes will result in structural collapse and lengthy overflows of untreated wastewater into the immediate receiving environments such as beaches, harbours or waterways.

The Hutt Valley wastewater joint venture includes pipe assets that are of very high criticality because they are the "trunk" delivery pipes to the Seaview wastewater plant. Around 7km of the joint venture network (7%) is overdue renewal and by 2054, over 50% will require renewal.

The high level of renewals likely to be needed in the next 30 years is primarily an outcome of materials selected and date of installation. Wastewater pipes made of concrete and earthenware are always vulnerable to corrosion and this has been evidenced through the condition assessment of the VHCAs such as the main interceptor. In addition, the Seaview to Pencarrow outfall pipe was laid in the late 1950s and has been found to have pipe joint failures.

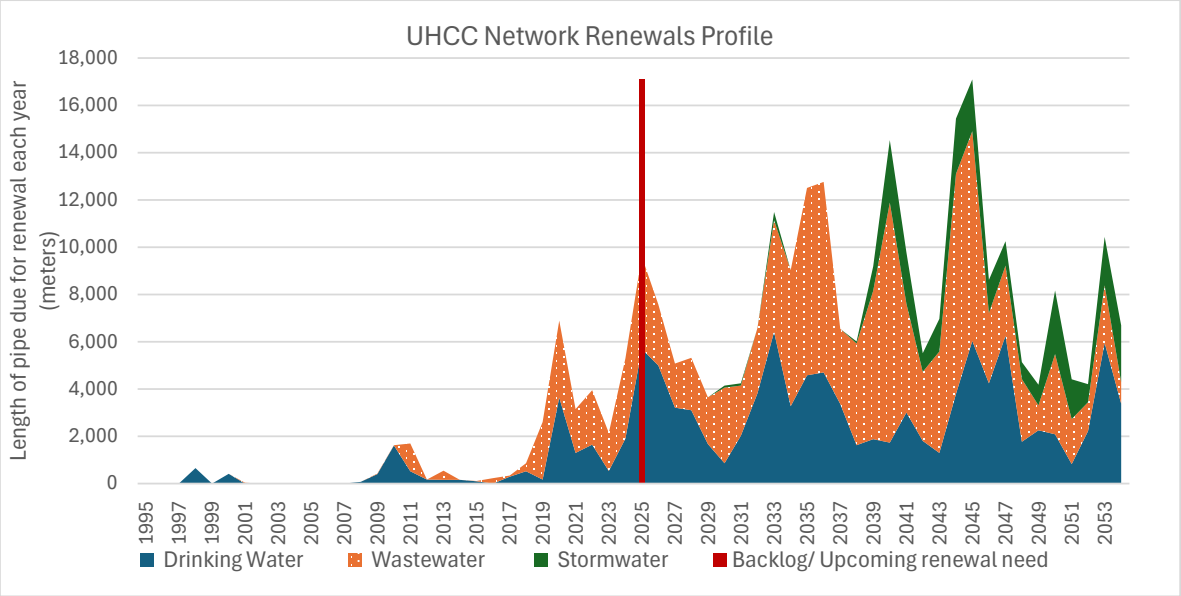
Assessment of the interceptor near Melling across and alongside SH2 identified significant internal corrosion highlighting the importance to intervene before failure occurs.

Stormwater Network

Generally, the condition of UHCC's stormwater network is newer and should require low renewal rates for the next 30 years. No portion of the network is in backlog, but over the next 30 years, 17% will require renewal. Regardless of the relatively new age of the stormwater network, around 30% is in poor or very poor condition. There is an opportunity to renew the network before it is overdue renewal.

The table below summarises the condition and criticality of UHCC's pipe network.

Water Type	Quantity	Backlog	Average Age	% of network with condition rating	% of network in unknown condition	% of network in good or very good condition	% of network in moderate condition	% of network in poor or very poor condition
Water Supply	292km	5%	36 years	95%	5%	58%	22%	14%
Wastewater	231km	8%	39 years	96%	4%	48%	28%	22%
Wastewater JV	101km	7%	52 years	99%	1%	48%	28%	22%
Stormwater	162km	0%	36 years	95%	5%	52%	13%	30%



Wastewater Treatment Plant

As noted in the HCC overview, the Seaview wastewater treatment plant is a very highly critical facility. Within this facility are critical assets that on failure would result in supply disruption, health and safety risks in the immediate vicinity, offensive odour, flooding and environmental pollution.

The Seaview wastewater treatment plant was significantly modified as a Design Build Operate contract that ran its time in 2020 after 20 years of service. The expected lives of many of the mechanical and electrical assets means that a significant renewals burden has arisen post termination of the contract. Failure of these assets heightens the risk of consent non-compliance and unplanned discharges to the environment. A significant replacement item in the immediate future is the gas fired dryer.

Pump stations

There are gaps in the condition assessment of any of UHCC's pump stations. This creates uncertainty in understanding the reliability and performance risks associated with these critical assets. Without this information, it is difficult to prioritise renewals or plan for potential failures. Addressing this data gap should be a priority for Metro Water to ensure network resilience and effective asset management going forward.

Reservoirs

All reservoirs have been visually assessed with emphasis on contamination and health and safety risks. Over 60% of reservoirs are in moderate condition or worse however, in most cases, interim mitigation can be achieved through minor works and regular maintenance.

The table below summarises the condition and criticality of UHCC's three waters assets, excluding pipe network, fittings, laterals and stormwater storage/ detention dams.

Water Type	Asset Type	Quantity	% of assets with condition rating	% of assets in unknown condition	% of assets in good or very good condition	% of assets in moderate condition	% of assets in poor or very poor condition
Water Supply	Reservoirs	27	100%	0%	37%	59%	4%
	Pump Station Sites	9	0%	100%	0%	0%	0%
Wastewater	Pump Station Sites	18	0%	100%	0%	0%	0%

Water Type	Asset Type	Quantity	% of assets with condition rating	% of assets in unknown condition	% of assets in good or very good condition	% of assets in moderate condition	% of assets in poor or very poor condition
Stormwater	Pump Station Sites	7	100%	0%	14%	29%	57%

Wellington City Council

Wellington City Council has $8.5 billion[6] of drinking water, wastewater and stormwater assets (excluding land). As noted, the full value of the Joint Venture wastewater assets used by Wellington City and Porirua City are captured under PCC's asset base. They have been excluded from the table below and text within this section of the WSDP to avoid duplication.

The value of the Joint Venture wastewater assets used by Porirua City and Wellington City are shown in italics in the table below. These values have been excluded from the 'Total Wastewater Replacement Value' and 'Total Three Waters Replacement Value' for WCC in the table below. Instead, the full value of the Joint Venture assets is captured in PCC's total asset table as this is currently how they are captured in the councils' valuations.

Water Type	Asset Type	Quantity	Replacement value
Water Supply	Pipes	935km	$1,349M
	Fittings (valves, hydrants, meters, valve chambers etc.) and laterals	-	$431M
	Reservoirs	67 Tanks	$605M
		47 Emergency Tanks	
	Pump Station Sites	35	$66M
Total Water Supply Replacement Value			**$2,450M**
Wastewater	Pipes	1,077km	$2,159M
		11km (PWJV)	*$25M (~$7M WCC value)*
	Fittings (gauging stations, valves, manholes etc.) and laterals	-(WCC)	$666M
		-(PWJV)	*$0.9M (~$0.2M WCC value)*
	Treatment Plants	3 (WCC – includes Cary's Gully)	$366M
		1 (PWJV)	*$87M (~$23M WCC value)*
	Tunnels	12km	$274M
	Pump Station Sites	67 (WCC)	$79M
		3 (PWJV)	*$14M (~$4M WCC value)*
Total Wastewater Replacement Value			**$3,544M**
Stormwater	Pipes	723km	$2,013M
	Fittings (valves, manholes etc)	-	$294M
	Tunnels and culverts	3.1km	$142M
	Pump Station Sites	5	$5M
Total Stormwater Replacement Value			**$2,455M**
Total Three Waters Replacement Value			**$8,449M**

[6] Optimised Replacement Cost from June 2024 valuation, inflated to 2025 dollars.

Water Supply Network

Approximately 16% of the water network is past its expected life and therefore overdue renewal. By 2054, 46% will need to be replaced. As with the other city councils, the high renewal requirements are because of the amount of asbestos cement pipe that was installed post-World War 2 and the amount of cast iron pipe laid prior to World War 2 that remains in service.

Wastewater Network

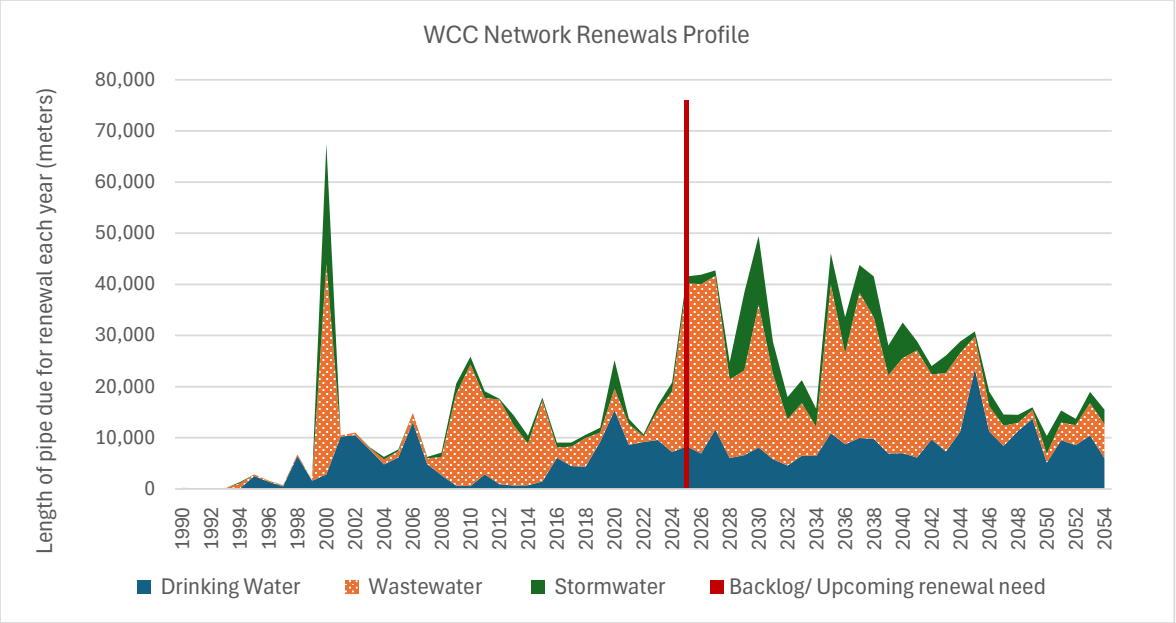
Approximately 20% of the wastewater network is already overdue and by 2054 around 60% will need to be replaced. The high level of renewals likely to be needed in the next 30 years is primarily an outcome of the use of concrete and earthenware materials used and date of installation. Recent history of critical asset failures such as the Dixon Street and the Victoria Street rising main are reminders of the consequences of failure of critical wastewater pipes.

Stormwater Network

WCC's stormwater network is in better condition than the drinking water and wastewater networks. Approximately 7% past its expected life with 23% due for renewal in the next 30 years.

The table below summarises the condition and criticality of WCC's pipe network.

Water Type	Quantity	Backlog	Average Age	% of network with condition rating	% of network in unknown condition	% of network in good or very good condition	% of network in moderate condition	% of network in poor or very poor condition
Water Supply	935.85km	17%	45 years	94%	6%	51%	19%	24%
Wastewater	1,092.48km	20%	63 years	98%	2%	47%	13%	38%
Stormwater	831.71km	7%	52 years	96%	4%	60%	23%	13%



Reservoirs

Key challenges for WCC's reservoirs include insufficient existing storage to meet design, growth, and fire demand requirements, degrading capacity as growth continues, and low seismic resilience in some structures.

Pump stations

Data confidence is low; many assets have condition grades estimated from age rather than detailed inspection. Mechanical and electrical components are particularly vulnerable to sudden failure. Some sites have outdated control systems or limited redundancy, increasing the risk of prolonged outages if failure occurs.

Wastewater Treatment Plants

The two wastewater treatment plants in Wellington (Western and Moa Point) are very highly critical facilities. Within these facilities are also VHCAs that on failure would result in supply disruption, health and safety risks in the immediate vicinity, flooding and environmental pollution. As with the Seaview Wastewater Treatment Plants, these plants were constructed as a Design Build Operate contract that ran its time in 2020 after 25 years of service. The expected lives of many of the mechanical and electrical assets means that a significant renewals burden has arisen post termination of these contracts. Failure of these assets heightens the risk of consent non-compliance and unplanned discharges to the environment.

As noted in the PCC overview, the Porirua wastewater treatment plant is a highly critical facility. Within this facility are critical assets that on failure would result in supply disruption, health and safety risks in the immediate vicinity, offensive odour, flooding and environmental pollution. Although significant upgrade/renewal work has been done at the plant in recent years, a rigorous maintenance and renewal plan must be maintained in a plant that contains short lived mechanical/electrical assets that operate in a harsh environment. Failure of these assets heightens the risk of consent non-compliance and unplanned discharges to the environment.

The table below summarises the condition and criticality of WCC's three waters assets, excluding pipe network, fittings, laterals and stormwater storage/ detention dams and the Porirua wastewater treatment plant joint venture assets.

Water Type	Asset Type	Quantity	% of assets with condition rating	% of assets in unknown condition	% of assets in good or very good condition	% of assets in moderate condition	% of assets in poor or very poor condition
Water Supply	Reservoirs	67[7]	100%	0%	43%	35%	22%
	Pump Station Sites	35	32%	68%	11%	9%	3%
Wastewater	Treatment Plants	2 plants 1632 unique assets	95%	5%	66%	23%	7%
	Pump Station Sites	67	33%	67%	0%	12%	22%
Stormwater	Pump Station Sites	5	80%	20%	20%	40%	20%

[7] Excluding emergency tanks.

Greater Wellington Regional Council

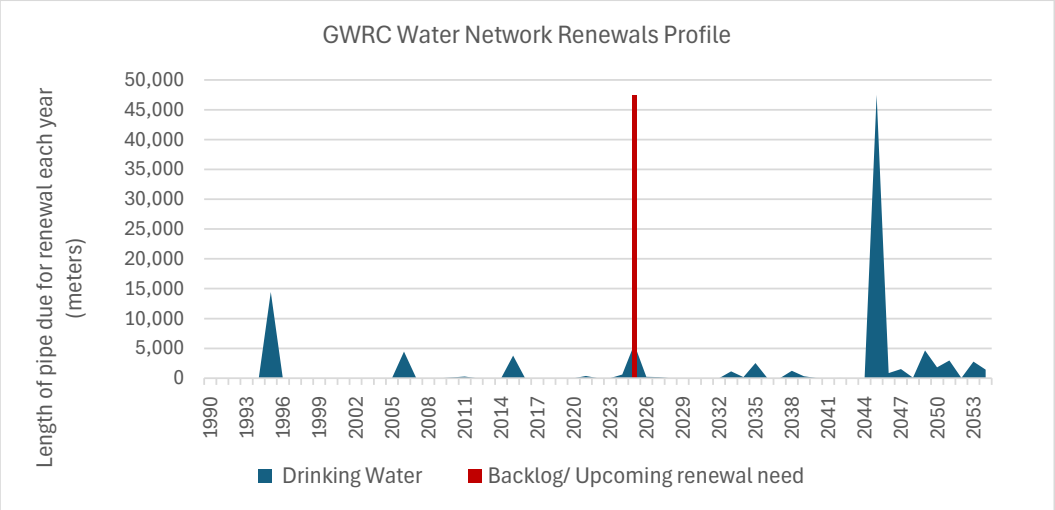
Greater Wellington Regional Council has $1.4 billion[8] of water assets (excluding land). The bulk water pipe network and region's four water treatment plants (including dams/ lakes and bores) account for 95% of the value of GWRC's asset base. The remaining 5% is made up of pump stations, reservoirs and tunnels.

Water Type	Asset Type	Quantity	Replacement value
Water Supply	Pipes	192km	$812M
	Treatment Plants (including dams, lakes and bores)	4	$536M
	Pump Station Sites	16	$36M
	Reservoirs	3	$23M
Water Supply Total Replacement Value			**$1,407M**

Pipe network

Of GWRC's 192.8km of pipe network, approximately 29.4kms (15%) is overdue for renewal (in backlog). Because GWRC delivers treated water to the four city councils through bulk delivery mains, its network is primarily comprised of very high criticality pipes. Failure of one of the bulk water mains would result in significant disruption to service delivery and public health risk.

The network still utilises some very old (100 year +) pipes that were installed to supply water from the Wainuiomata/ Orongorongo sources. Of potential concern in the longer term (i.e. beyond 10 years) is the life expectancy of the Kaitoke to Wellington water supply pipe that was installed in the late 1950s. The scale of a replacement programme for this pipeline will be vast – and it will remain as the single delivery mechanism for water produced at Te Marua Water Treatment Plant from existing water sources and the proposed additional Pākuratahi storage lakes. It is critical that the condition of this pipeline undergoes ongoing vigilant condition assessment that would identify any work needed to extend the life of the pipeline.



The table below summarises the condition and criticality of GWRC's pipe network.

[8] Optimised Replacement Cost from March 2023 valuation, inflated to 2025 dollars.

Water Type	Quantity	Backlog	Average Age	% of network with condition rating	% of network with condition rating	% of network in good or very good condition	% of network in moderate condition	% of network in poor or very poor condition
Water Supply	192km	15%	44	98%	2%	42%	34%	22%

Water Treatment Plants

The GWRC water treatments plants are all very highly critical facilities. They were all largely installed in the late 1980s to early 1990s and many of the mechanical/ electrical assets within them will be reaching the end of their life unless there has been proactive renewal of the items. Within the facilities are critical assets that on failure would result in supply disruption, health and safety risks in the immediate vicinity and environmental pollution.

Although significant upgrade/renewal work has been done at the plants in recent years, detailed physical condition assessment of all parts within the treatment plants has not been completed. There are over 10,650 individual assets within the four treatment plants and 646 (6.1%) of these have a condition rating.

A rigorous maintenance and renewal plan must be maintained in all plants. Failure of treatment plant process assets heightens the risk of consent non-compliance and supply interruption as well as offering community health risks.

Ongoing condition assessment programmes are a vital part of planned maintenance work.

Reservoirs

GWRC operates only three treated water reservoirs – the majority are owned by the city councils (PCC, UHCC, HCC and WCC). All reservoirs are regarded as VHCAs. All reservoirs have been visually assessed with emphasis on contamination and health and safety risks. In the interim all health and safety and contamination risks can be mitigated through minor works and good maintenance.

Pump stations

Because of their bulk water function, the GWRC pump stations are large capacity facilities. Delivery times of replacement equipment can be lengthy as they are rarely “off the shelf” items. Renewal of the pump stations is programmed in the LTP.

The table below summarises the condition and criticality of GWRC’s water assets, excluding network and fittings.

Water Type	Asset Type	Quantity	% of assets with condition rating	% of assets in unknown condition	% of assets in good or very good condition	% of assets in moderate condition	% of assets in poor or very poor condition
	Treatment Plants	4 plants 10,654 unique assets	6.1%	93.9%	3.2%	2.1%	0.8%
	Pump Station Sites	16	100%	0%	0%	27%	73%
	Reservoirs	3	100%	0%	0%	100%	0%

Appendix B3: Environmental compliance summary

The following table provides a high-level summary of current environmental compliance, active abatement notices and recent infringements received by asset. As there are over 100 resource consents associated with assets operated by Wellington Water, an overview of compliance has been provided rather than specific detail about individual consents.

Table regarding assessment of environmental compliance for assets operated by Wellington Water

Asset *(specific part of plant/activity non-compliant)*	**Current compliance issues**	**Enforcement action** *(Active abatement notices, and infringements received in previous two years)*	**Current Performance** *(as of April 2025)*
Seaview WWTP			
Discharges	March 2025: the plant moved back into compliance for faecal coliforms, now compliant on all effluent quality parameters.	December 2021 – Abatement Notice (A998) was issued to cease dry weather undisinfected discharges as a result of power failures. September 2022 Abatement Notice (A1026) was issued to cease the discharge of non-compliant effluent quality. November 2023 GWRC issued two infringement notices (I952 & I953) for non-compliant effluent quality and breach of A1026. April 2025 GWRC issued two infringement notices for non-compliant effluent quality and breach of A1026.	The plant does not have back up power supply to the UV system currently. There is a project underway to upgrade backup power supply to ensure compliance with A998. Effluent quality/discharges compliant with consent conditions. Compliant with A1026.
Odour	The plant's odour control system is in poor condition which affected the site's overall odour treatment performance. Two process areas (milliscreen room and dryer hall) do not have odour treatment currently. This caused many odour complaints from the community	June 2021 GWRC issued Abatement Notice (A956) to cease unauthorised discharges of odour from the plant. October 2023 GW issued 26 infringement notices (I1008 – I1020 and I1021 – I1033) for offensive and objectionable odour discharges and breach of A956.	Non-compliant odour discharges confirmed in March 2025. On track to comply with A1111 with a contract awarded to deliver the physical works for Stage 2. Following Stage 2 we will continue to monitor and assess if there are remaining odour sources that

Asset *(specific part of plant/activity non-compliant)*	**Current compliance issues**	**Enforcement action** *(Active abatement notices, and infringements received in previous two years)*	**Current Performance** *(as of April 2025)*
	and non-compliance with the resource consent. To resolve the odour issue, the Seaview odour control renewal project is initiated. The project is being delivered in three stages (with Stage 2 is underway). March 2025: 18 odour complaints were received, two of which were deemed offensive and objectionable odour discharges by GWRC. One odour complaint in April 2025. Not deemed offensive and objectionable by GWRC.	October 2024 Abatement Notice (A1111) was issued to require Stage 2 works to be undertaken, in particular requiring the following upgrades by December 2025: • Installation of new odour treatment in the dryer building, • Installation of new odour treatment in the milliscreening building, and • Replacement of the ducting and fans for odour extraction from the milliscreens. March 2025 GWRC issued a Please Explain request in relation to the non-compliant odour discharge in March 2025. A response will be provided within the required timeframe.	need attention. This could include the sludge dryer odour stream. Stage 3 of the Seaview odour control renewal project involves addressing any remaining sources that could be resulting in offensive and objectionable odour discharges beyond the boundary of plant.
Moa Point WWTP			

Asset *(specific part of plant/activity non-compliant)*	**Current compliance issues**	**Enforcement action** *(Active abatement notices, and infringements received in previous two years)*	**Current Performance** *(as of April 2025)*
Discharges	Daily effluent results are compliant with daily limits. Faecal coliforms remain non-compliant for the 90th percentile limit but trends project this parameter to move into compliance soon. Three unconsented discharges occurred via the long outfall in April 2025 due to wet weather and reduced treatment capacity of the plant from clarifier renewal works.	October 2021 Abatement Notice (A981) was issued to cease unauthorised discharge of wastewater from the plant. December 2023 GWRC issued two infringement notices (I962 & I965) for non-compliant effluent quality. October 2024 Abatement Notice (A1112) was issued to complete Moa Point WWTP Inlet Pump Station Upgrades by April 2025 and bring the maximum pumping back to design capacity of 4000L/s. May 2025 GWRC issued two infringement notices (I1147 and I1148) for ongoing non-compliant effluent quality with consent conditions and breach of A981. GWRC also issued an advisory notice.	Effluent quality currently non-compliant with consent conditions for the 90th percentile. Inlet pump station project completed March 2025. On track for compliance with A1112. Clarifier renewal project progressing well. Reduced capacity at plant while clarifier offline.
Odour	A total of 10 odour complaints received in March and April 2025 (two relating to the plant, and eight relating to the Landfill/Careys Gully Sludge Dewatering Plant). These were not assessed by GWRC.	None	An investigation is underway into the decreased performance of the chemical scrubber system during the summer months. The plant recorded non-compliant results for total reduced sulphur during this period.
Western WWTP			

Asset *(specific part of plant/activity non-compliant)*	**Current compliance issues**	**Enforcement action** *(Active abatement notices, and infringements received in previous two years)*	**Current Performance** *(as of April 2025)*
Discharges	Compliant	November 2021 GWRC issued Abatement Notice (A993) to cease unauthorised discharge of wastewater from the plant. May 2024 GWRC issued an infringement notice (I975) for non-compliant effluent quality. May 2024 GW reissued Abatement Notice (A1081) to complete repairs to the outfall pipeline by August 2024.	Effluent quality compliant with consent conditions. The pipeline remediation project was completed in July 2025. Compliant with A1081. The minor remedial repairs, identified in last year's annual inspection of the outfall pipeline were completed on schedule in March 2025. The annual inspection of the pipeline has been scheduled for May 2025.
Odour	Compliant		No complaints received. Compliant with consent conditions.
Porirua WWTP			
Discharges	March 2025 two undisinfected discharges occurred due to fault with the UV penstock. In April 2025, two unconsented discharges (sludge carryover) occurred because of wet weather flows and high solids within the process.	January 2024 GW issued an infringement notice I1065 for undisinfected discharges. GWRC issued a formal warning for the undisinfected discharge that occurred in March 2025. July 2024 GWRC issued Abatement Notice (A1104) to cease the unauthorised discharge of wastewater containing sludge from the clarifiers (sludge carryovers). July and August 2024 GWRC issued two infringements (I1065 and I1097) for sludge carryover events. April 2025 GWRC issued a Please Explain request related to the sludge carryover. A response will be provided within the required timeframe.	The cause of the UV penstock fault is under ongoing investigation. A project to provide backup power supply to the UV disinfection unit commissioned in January 2025 Effluent quality compliant. Process changes to resolve elevated ammonia and nitrogen levels have proven successful. Higher solids in the system raised the sludge carryover risk during high flow events. A Solids Handling Upgrade project is planned to upgrade the plant solids stream to debottleneck the system, reduce the risk of consent non-compliance and accommodate projected population growth. Consideration will also be given to integrating the upgraded solids-handling with a sludge/biosolids

Asset *(specific part of plant/activity non-compliant)*	**Current compliance issues**	**Enforcement action** *(Active abatement notices, and infringements received in previous two years)*	**Current Performance** *(as of April 2025)*
			reduction process in the future. The project will need to integrate with the Spicer Landfill operational requirements for current and future consents. The project will be delivered in stages (three stages – in order of urgency). The project is planned to be completed in FY27/28 with Stage 1 completion in 2026.
Odour	Compliant. The plant does not currently treat odour. Two odour complaints received in 2025.		Odour management project is underway and on track to be completed in June 2026 and compliant with consent conditions.
Network			
Discharges associated with network maintenance and repair	Sediment discharges associated with network maintenance and repair have occurred in the past, and are reported in accordance with consent requirements and/or following requests from GWRC.	June 2020 GWRC issued an Abatement Notice (A937) cease all unauthorised discharges of sediment to water from the maintenance and repairs of stormwater assets and related activities across the Wellington region. February 2021 GWRC issued an Abatement Notice (A947) to cease all discharges of sediment to water from the maintenance and repair of assets including potable water, wastewater and stormwater infrastructure and related activities across the Wellington region. September 2022 GWRC issued two infringements (I869 and I870) for breach of A947 and a formal warning for discharges of sediment laden water into the stormwater network.	Wellington Water have been ensuring staff and contractors are clearer about placing adequate sediment controls. GWRC staff have attended Wellington Water toolbox sessions to outline expectations for compliance.

Asset *(specific part of plant/activity non-compliant)*	**Current compliance issues**	**Enforcement action** *(Active abatement notices, and infringements received in previous two years)*	**Current Performance** *(as of April 2025)*
		June 2023 Infringement Notice (I916) was issued by GWRC for maintenance on the stormwater/ sewer/ water lines and associated discharge into stormwater network. January 2023 GWRC issued infringement notices (I980 and I981) for breach of A947 for discharge of sediment laden water from network repairs. October 2023 GWRC issued two infringement notices (I944 and I945) for breach of A947 for discharges of sediment laden water to the stormwater network. March 2024 GWRC issued four infringements (I1070, I1071, I1072 and I1073) for a breach of A947 for discharges of sediment laden water to the stormwater network.	
Monitoring and investigations	An assessment of the significance of the monitoring results from a mana whenua perspective has still not been completed and is required to achieve full compliance with the global stormwater resource consent. Dry weather wastewater overflows are reported to GWRC, Regional Public Health and the public. Reactive monitoring is undertaken against recreational water quality standards. Warnings are added to LAWA and signs erected to inform the public of the overflow and associated risk.		Monitoring and testing are used to understand where the wastewater and stormwater networks are impacting the water quality of our streams and coastal waters. An ongoing comprehensive sampling regime is undertaken by Wellington Water for stormwater discharges. In addition, as required by the Wastewater Overflows into the Stormwater Network Management Plan, sanitary surveys, investigations and remedial actions are undertaken. Additional funding from client councils has been specifically provided for a Drainage Investigation Team. This team has improved Wellington Water's ability to identify and address wastewater network faults.

Asset *(specific part of plant/activity non-compliant)*	**Current compliance issues**	**Enforcement action** *(Active abatement notices, and infringements received in previous two years)*	**Current Performance** *(as of April 2025)*
			Chronic sources of pollution are escalated and investigated as human health mitigation projects. Actions identified through human health mitigation projects to mitigate the effects require funding to implement. A revision to the stage one stormwater monitoring plan was approved by GW in July 2024. The monitoring results and revised plan was shared with mana whenua for review and input. Wellington Water received a response from one iwi confirming they were happy with the monitoring sites that had been selected and how the plan address sites of significance.
Wastewater pump stations and network overflow reporting	Network overflow reporting to GWRC on pump stations discharges is currently non-compliant due to late submission of data. Failure to provide standard overflow notifications as required by the Wastewater Overflows into the Stormwater Network Management Plan has occurred in the past and resulted in non-compliance with the global resource consent.	October 2024 GWRC issued a formal warning for failure in the automated reporting of standard overflow notification forms during 2023-2024.	Many constructed sites are monitored, but not all. Some overflows occur at unmonitored and unconstructed sites. Overflows are hard to measure accurately and are highly variable. To reduce overflows storage is being added to the network (such as the Porirua Central Wastewater Storage Tank). In Wellington, Wellington Water are increasing network capacity, while in the Hutt Valley Wellington Water are increasing the resilience of the wastewater network with a variety of projects. Wellington Water is also inspecting property connections to reduce the source of wet weather overloading. Significant further investment is required to reduce overflows across the network.

Asset *(specific part of plant/activity non-compliant)*	**Current compliance issues**	**Enforcement action** *(Active abatement notices, and infringements received in previous two years)*	**Current Performance** *(as of April 2025)*
Water supply			
Abstraction	April 2025 Wellington Water received the 2023/2024 annual compliance report from GWRC. In summary there is non-compliance associated with: • incomplete/late submission of data or reports to GWRC; and • not meeting some of the requirements of the Resource Management (Measurement and Reporting of Water Takes) Regulations 2010.	April 2024 GWRC issued an advisory letter regarding non-compliance with the Resource Management (Measurement and Reporting of Water Takes) Regulations 2010.	Record keeping and reporting requirements are being discussed with GWRC. Wellington Water has presented the upgrades and costs associated with complying with the Resource Management (Measurement and Reporting of Water Takes) Regulations 2010 to the client council. This report is currently being reviewed. Further discussions are required with Regulator on this matter.
Discharges associated with water treatment processes	April 2025 Wellington Water received the 2023/2024 annual compliance report from GWRC. In summary, there is non-compliance associated with: • incomplete reporting; • exceeding the supernatant discharge rate on one occasion (September 2023); and • not meeting supernatant discharge limits at one treatment plant (August 2023).	July 2024 GWRC issued an advisory letter regarding the self-reported non-compliant discharge to a stream from a filter refurbishment project.	Compliance issues raised in the compliance report are being reviewed currently.

Appendix B4: Compliance status of the water and wastewater treatment plants

Compliance status of the Water Treatment Plants, January – May 2025

Water Treatment Plant	Compliance status January-May 2025	Safe Drinking Water (bacterial & protozoal standards)	Fluoride
Waterloo	Waterloo Water Treatment Plant has been non-compliant with Taumata Arowai bacterial compliance rules since the chlorine contact time requirement increased in Taumata Arowai's 2022 Drinking Water Quality Assurance Rules. This does not affect drinking water safety. Non-compliance is due to changes in the assurance rules, the capability of the existing facilities and the layout of the network. Significant upgrades to the plant and/or additional network infrastructure are required to achieve compliance with the rules as written. Work is underway to address the network configuration issue. The Waterloo Water Treatment Plant is compliant with Taumata Arowai protozoal compliance rules. **January 2025 – Non-compliant for safe drinking water and fluoride** Drinking water from the Waterloo Water Treatment Plant is fluoridated within the Ministry of Health's (MoH) recommended levels 71.3 percent of the time in January 2025. Fluoridation was shut down during the January 2025 report period due to instrument error. This issue has since been resolved and fluoridation restarted. **February 2025 – Non-compliant for safe drinking water and fluoride** Waterloo has fluoridated the drinking water within MoH's recommended levels 92.3 percent of the time in February 2025. Fluoridation was shut down as a precaution while work was undertaken on the Naenae Reservoir flow and pressure control.	**Non-compliant as of May 2025**	**Non-compliant as of May 2025**

	March 2025 – Non-compliant for safe drinking water, compliant for fluoride Waterloo has fluoridated the drinking water within MoH's recommended levels 96.1% of the time. The 2024 Annual Drinking Water Quality Assurance report was successfully submitted to the Water services Authority. **April 2025 – Non-compliant for safe drinking water, compliant for fluoride** Waterloo has fluoridated the drinking water within MoH's recommended levels 97.2% of the time. **May 2025 – Non-compliant for safe drinking water and fluoride** Waterloo has fluoridated the drinking water within MoH's recommended levels 93.8% of the time. The low level of fluoride was due to both planned and reactive maintenance on the dosing equipment.		
Wainuiomata	The Wainuiomata Water Treatment Plant was compliant with Taumata Arowai bacterial and protozoal compliance rules between January and May 2025. **January 2025 – Compliant for safe drinking water and fluoride** Drinking water from the Wainuiomata Water Treatment Plant is fluoridated within the MoH's recommended levels 98.9 percent of the time in January 2025. **February 2025 – Compliant for safe drinking water and fluoride** Wainuiomata has fluoridated the drinking water within MoH's recommended levels 99.6 percent of the time in February 2025. **March 2025 – Compliant for safe drinking water and fluoride** Wainuiomata has fluoridated the drinking water within MoH's recommended levels 98.0% of the time. The 2024 Annual Drinking Water Quality Assurance report was successfully submitted to the Water services Authority. **April 2025 – Compliant for safe drinking water and fluoride** Wainuiomata has fluoridated the drinking water within MoH's recommended levels 99.0% of the time.	**Compliant as of May 2025**	**Compliant as of May 2025**

	May 2025 – Compliant for safe drinking water and fluoride Wainuiomata has fluoridated the drinking water within MoH's recommended levels 98.1% of the time.		
Te Mārua	Te Mārua Water Treatment Plant was compliant with the Taumata Arowai bacterial and protozoal compliance rules between January and May 2025. **January 2025 - Compliant for safe drinking water, non-compliant for fluoride** Drinking water from the Wainuiomata Water Treatment Plant is fluoridated within the MoH's recommended levels 99.3 percent of the time. **February 2025 - Compliant for safe drinking water, non- compliant for fluoride** Te Mārua has fluoridated the drinking water within MoH's recommendation levels 99.5 percent of the time in February 2025. **March 2025 - Compliant for safe drinking water, non-compliant for fluoride** Te Mārua has fluoridated the drinking water within MoH's recommendation levels 94.7% of the time. The drop in the fluoridation performance was due to various WTP shutdowns due to equipment upgrades and new installations. The 2024 Annual Drinking Water Quality Assurance report was successfully submitted to the Water services Authority. **April 2025 - Compliant for safe drinking water, non-compliant for fluoride** Te Mārua has fluoridated the drinking water within MoH's recommendation levels 92.3% of the time. The drop in the fluoridation performance was due to various minor equipment failures, planned maintenance, and WTP shutdowns due to the DAF commissioning. **May 2025 - Compliant for safe drinking water and for fluoride** Te Mārua has fluoridated the drinking water within MoH's recommendation levels99.6%of the time.	**Compliant as of May 2025**	**Compliant as of May 2025**
Gear Island	Gear Island Water Treatment Plant is compliant with Taumata Arowai bacterial and protozoal compliance rules between January and May 2025.	**Compliant as of May 2025**	**Non-compliant as of May 2025**

	January 2025 - Compliant for safe drinking water and fluoride Drinking water from Gear Island is fluoridated within the Ministry of Health's recommended levels 96.5 percent of the time in January 2025. **February 2025 - Compliant for safe drinking water and fluoride** Gear Island has fluoridated the drinking water within MoH's recommended levels 98.7 percent of the time in February 2025. **March 2025 - Compliant for safe drinking water and fluoride** Gear Island has fluoridated the drinking water within MoH's recommended levels 98.8% of the time. **April 2025 - Compliant for safe drinking water and fluoride** Gear Island WTP is compliant with the Water Services Authority bacterial and protozoal compliance rules. Gear Island has fluoridated the drinking water within MoH's recommended levels 98.7% of the time. **May 2025 - Compliant for safe drinking water, non-compliant for fluoride** Gear Island has fluoridated the drinking water within MoH's recommended levels 93.9% of the time. The low level of fluoride was due to both planned and reactive maintenance on the dosing equipment.		

Compliance status of Wastewater Treatment Plants, January – May 2025

Wastewater Treatment Plant	Compliance status January-May 2025	Plant Performance
Moa Point	**January 2025 – Non-compliant** The plant moved back into compliance for suspended solids in January (90-day geomean and 90th percentile limits). The faecal coliform results continue to trend towards compliance with daily results largely compliant with the 90-day geomean. Discharges: There were two unconsented wet-weather discharges on 1 and 3 January via the long outfall into Cook Strait due to the reduced full treatment capacity of the plant whilst the final Clarifier is offline for renewal.	**Non-compliant as of May 2025**

	Odour complaints: There was one odour complaint in January relating to the Southern Landfill site and Careys Gully Sludge Dewatering plant. **February 2025 – Non-compliant** Daily effluent results continue to meet quality requirements however the suspended solids (90-day geomean) have stabilised on the limit as it fluctuates in and out of compliance. Faecal coliforms became compliant for the 90-day geomean but remains non-compliant for 90th percentile limit. Trends project this parameter to move into full compliance in March. Discharges: No discharges in February. Odour complaints: There were 12 odour complaints in February relating to the Southern Landfill site and Careys Gully Sludge Dewatering plant. **March 2025 – Non-compliant** Daily effluent results are compliant with daily limits. Suspended solids (90-day geomean) became compliant in March. Faecal coliforms remains non-compliant for the 90th percentile limit but trends project this parameter to move into compliance in April. Discharges: There was one unconsented discharge via the Long Outfall on 19 March due to wet weather and the reduced treatment capacity of the plant from the Clarifier renewal works. Odour complaints: There were 2 odour complaints in March. One relating to Moa Point and the other relating to the Southern Landfill site and Careys Gully Sludge Dewatering plant. **April 2025 – Non-compliant** Daily effluent results are compliant with daily limits. Faecal coliforms remain non-compliant for the 90th percentile limit but trends project this parameter to move into compliance soon. Discharges: There were three unconsented discharges via the Long Outfall in April due to wet weather and the reduced treatment capacity of the plant from the clarifier renewal works. Odour complaints: There were 8 odour complaints in April. One relating to Moa Point and seven relating to the Southern Landfill site and Careys Gully Sludge Dewatering plant. **May 2025 – Non-compliant**	

	Effluent results are compliant with daily limits. Faecal coliforms remains non-compliant for the 90th percentile limit but trends project this parameter to move into compliance in early June. Discharges: There were four unconsented discharges via the Long Outfall in May due to wet weather and the reduced treatment capacity of the plant from the clarifier renewal works. Odour complaints: There was 1 odour complaint in May relating to the Southern Landfill site and Careys Gully Sludge Dewatering plant. Infringement Notices issued: GWRC issued two infringement notices for ongoing discharge of non-compliant effluent and for breach of Abatement Notice A981 relating to discharge of non-compliant effluent.	
Western	**January 2025 – Compliant** The plant was compliant for effluent quality. Discharges: No discharges in January. Odour complaints: No odour complaints in January. **February 2025 – Compliant** The plant was compliant for effluent quality. Discharges: No discharges in February. Odour complaints: No odour complaints in February. **March – Compliant** The plant is compliant for effluent quality. Discharges: There were no unconsented discharges in March. Odour complaints: There were no odour complaints in March. **April – Compliant** The plant is compliant for effluent quality. Discharges: There were two consented wet weather discharges to the Karori Stream on 21 and 30 April. Odour complaints: There were no odour complaints in April.	**Compliant (with issues) as of May 2025**

	May 2025 – Compliant with noted issues The plant is compliant for effluent quality. **Discharges:** There was one unconsented discharge of undisinfected effluent to the Coastal Marine Area in May. The incident is currently under investigation. **Odour complaints:** No odour complaints in May.	
Seaview	**January 2025 – Non-compliant** The plant remained non-compliant for faecal coliforms (90-day geomean, 80th percentile limit) however daily effluent results were compliant since the end of December with the plant trending back towards full compliance. <u>Discharges:</u> No discharges in January. <u>Odour complaints:</u> The plant received four odour complaints in January, none of which were deemed offensive and objectionable by GW. **February 2025 – Non-compliant** The plant moved back into compliance for faecal coliforms on the 90-day geomean but remains non-compliant with the 80th percentile. This was trending to compliance in March. The plant remained compliant for Suspended Solids and Biochemical Oxygen Demand (BOD). <u>Discharges:</u> There were no unconsented discharges, or discharges into the Waiwhetū Stream in February. <u>Odour complaints:</u> The plant received six odour complaints in February, none of which were deemed offensive and objectionable by GW. **March 2025 - Compliant** The plant moved back into compliance for faecal coliforms on the 80th percentile in March and is now compliant on all three effluent parameters; Suspended Solids, Biochemical Oxygen Demand (BOD) and Faecal Coliforms. <u>Discharges:</u> No discharges in March. The plant received 18 odour complaints in March, two of which were deemed offensive and objectionable by GWRC. GWRC issued a Please Explain in relation to the non-compliant odour discharge in March.	**Non-compliant as of May 2025**

	April 2025 – Compliant The plant is compliant for effluent quality. <u>Discharges:</u> There were three consented wet weather discharges to the Waiwhetu Stream in April. The plant received 1 odour complaint in April but not deemed offensive and objectionable by GWRC. **May 2025 – Non-compliant** The plant became non-compliant with the 90-day percentile for faecal coliforms on 30 May but remains compliant for both suspended solids and biochemical oxygen demand. <u>Discharges:</u> There were three discharges to the Waiwhetū Stream in May. The first discharge was unconsented due to a pressure issue in the main outfall pumping station and is under investigation. The other two discharges were consented and due to wet weather. <u>Odour Complaints:</u> No odour complaints in May.	
Porirua	**January 2025 – Compliant with noted issues** The plant was compliant for effluent quality. Investigations on the elevated ammonia nitrogen levels in the treated wastewater continue. <u>Discharges:</u> There were three brief discharges on January 21 related to testing the installation of the new backup power supply for the UV system. These brief discharges were non-compliant but critical and unavoidable during final commissioning of the system. Prior notice was given to GW and the public with normal discharge protocol followed. <u>Odour complaints:</u> There was one odour complaint in January. **February 2025– Compliant with noted issues** The plant was compliant for effluent quality. Investigations on the elevated ammonia nitrogen levels in the treated wastewater continue. <u>Discharges:</u> There were no unconsented discharges in February. <u>Odour complaints:</u> There was one odour complaint in February.	**Compliant (with issues) as of May 2025**

	March 2025 – Compliant with noted issues The plant is compliant for effluent quality. A spike in faecal Coliforms between 5-7 March is being investigated. Investigation and action on the elevated ammonia nitrogen levels in the treated wastewater continue. Discharges: There were two unconsented discharges on 14 and 18 March both relating to faults with the Duron UV system and are under investigation. GWRC issued a Please Explain in relation to the 14 March unconsented discharge. Odour complaints: No odour complaints in March. **April 2025 – Compliant with noted issues** The plant is compliant for effluent quality. Process changes to resolve the elevated ammonia nitrogen levels in the treated wastewater have proved successful. Higher solids within the system raised the sludge carryover risk in April during high flow events. Discharges: There were two unconsented discharges in April. Both events are recognised as sludge carryovers which occurred during wet weather. GWRC issued a Please Explain in relation to the sludge carryover event on 21 April. Odour complaints: No odour complaints in April. **May 2025 – Compliant with noted issues** The plant is compliant for effluent quality, however, has been operating with a higher risk of sludge carryover in wet weather. The sludge carryover events are a result of high solids within the process, caused by poor sludge settleability during process changes to address the ammonia nitrogen level in the effluent. This has impacted wastage efficiency resulting in solids build up in the system. Improvements in the process has recently returned solids to a more manageable level, with encouraging trends observed in the dewatering efficiency. This has reduced the likelihood of sludge carryover events and work continues to improve this further. Discharges: There were two unconsented discharges in May. Both events are recognised as sludge carryovers which occurred during wet weather.	

	Odour Complaints: No odour complaints in May.	

Appendix C1: Assumptions and uncertainties: Part C investment programme

The tables below are in reference to the *Investment Programme* section of *Part C*.

Assumptions

The following assumptions have been made in the development of the WSDP investment programmes. They do not address the uncertainties that lie ahead in transitioning to a new organisation with new governance requirements and potentially new risk tolerances and business processes.

Item No.	Assumption	Likelihood of assumption being incorrect (within next three years)	Impact if assumption is incorrect
1	Project team has been supplied with most relevant and current information to build investment programme	Medium - Considerable work has already been undertaken, continued investment is necessary - Future studies will provide improved reliability and confidence - Historically significant cost variations have occurred with capital projects as they progress from concept to final design and construction	The investment programme could change in scale and extent (increase, decrease, change). Adjustments may be required which impact on any of LoS, growth, renewals and resilience. Historically cost escalation and project delay has frequently occurred
2	Current condition, criticality and performance data is suitably accurate to support reasonable investment requirements	High • Future studies will provide improved reliability and confidence • In an environment where renewals have been historically deferred, investigations are likely to reveal significant asset deterioration that to date has not been detected. In these circumstances reprioritisation must occur that results in failure to complete other projects	Assets many last longer or require renewal sooner than projections. Depending on the scale/extent this may require changes in year-on-year investment programmes. If more work is required sooner than the ability to deliver this may not be possible, particularly in the first five years of this WSDPs timeframe.

3	Councils' current valuations provide a fair and reasonable basis for network renewals unit rates ($ per lineal metre)	High • Subject to inflation, global and national factors. Participating councils have historically adopted different approaches and timelines for valuation. Replacement values are consistently refuted if they rely on current local construction costs as indicators for future projects	The level of investment required to achieve LoS, growth and renewals may be higher/lower that required. There are potential advantages (additional funds available) and disadvantages (insufficient funds resulting in less work being undertaken)
4	Unserviced schemes (if any) will not require access to Councils reticulated supplies	Low • Scale is considered to be minor, subject to assessment	Works not allowed for in the investment programme e.g., extension to water supply, wastewater services may be required. Capacity in the existing networks will be required. Diversion of workforce to address need.
5	Delivery of all forecast capital works will be fully achieved over the 10-year period (additional smoothing is required)	High • Requires high level of coordination between asset owner – service delivery and marketplace. Watercare note this took 10-15 years Will require investment in Metro Water's systems and processes – some of which will be addressed through the TSI programme prior to Metro Water establishment.	Delivery of timely infrastructure.

6	Future legislation and regulatory guidelines such as NEDS, wastewater standards, stormwater environmental standards, Commerce Commission requirements, Plan Change 1 and upcoming national direction requiring use of 75th percentile growth forecasts may have a material impact on the scale/extent and timing of projected investment and these have not been factored in.	Medium • Standards may be altered (currently in consultation) • Wellington has high standards for infrastructure as a result of seismic resilience requirements	Investment may be insufficient and/ or be brought displacing other priorities if standards are higher or require earlier investment than currently programmed. If built standards increase then this may require changes in materials, practices and processes (affordability)
7	Transition to Metro Water ensures all business processes and accountabilities of appointed positions are fully documented before Day1	High • No indication that this type of work that is needed for integrated asset management has commenced within current organisation to allow modification as opposed to starting from scratch within new organisation • The TSI programme is also known to extend beyond Day 1, meaning some construction management and process improvements will still be in development post-transition. Similarly, no increase in capex and opex funding over 2026–28 has been factored in to support programme expansion, which may make delivering the assumed uplift challenging.	Investment programmes are delayed, operational effectiveness and service provision is compromised, and investment priorities need to be re-evaluated for all three waters to achieve budgets

8	Transition to new organisation ensures all data necessary for decision making is understood and formatted consistently to standards that are used nationally	Medium • Considerable work has been done in this area and deficiencies are known unknowns	Investment programmes are delayed, operational effectiveness and service provision is compromised and investment priorities need to be re-evaluated for all 3 waters to achieve budgets
9	There will be no significant change to current level of service (LoS) expectations from regulators, councils, or communities over the WSDP planning period.	Medium • While current LoS expectations are largely embedded in existing council frameworks, there is increasing awareness, particularly regarding water security, climate resilience, and environmental outcomes, that current levels may be inadequate by national or global standards. As transparency improves and national direction evolves (e.g. through regulatory reviews), there is potential for expectations to shift.	If LoS expectations are revised upward such as requiring more secure water supply (e.g. fewer days of restrictions), reduced flood risk, or improved receiving environment outcomes, significant additional investment may be required. This would affect both opex (e.g. for treatment, monitoring and maintenance) and capex (e.g. for upgrades, storage, or network resilience). Metro Water would need to reprioritise its programme and reassess affordability and delivery sequencing.

Uncertainties

The following uncertainties could result in the investment programme being reprioritised to accommodate changes where the impact of change is currently unknown.

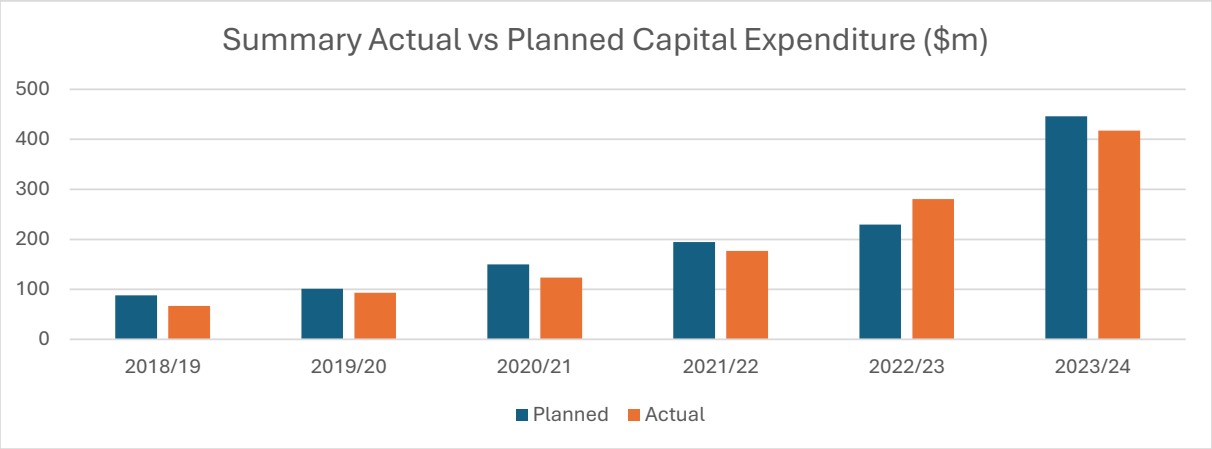
Item No.	Uncertainties	Likelihood of uncertainty eventuating (within next three years)	Impact if uncertainty unfolds
1	Growth requirements are not fully understood, and growth forecasts continue to change. There may be inconsistency regarding the investment requirements and timing	High • It is widely acknowledged there are gaps in metropolitan Wellington's understanding of growth requirements.	Growth in metropolitan Wellington is stalled. Lower growth may allow for a catch up in LoS via capital works (addressing current shortfalls). Early progress in growth projects where growth is retarded can result

	of growth projects in the programme as a result.	• Growth forecasts are generally incorrect; the order of magnitude may though have a material impact	in unutilised assets that deteriorate before they are needed. Faster growth that depends on infrastructure not completed will compromise levels of service to others.
2	Many assets across metropolitan Wellington are seismically vulnerable and the scale of investment needed to address this is unknown.	Medium • There is already recognition of seismic requirements, investment has been programmed for new/renewal of assets and some seismic resilience requirements have been identified for inclusion • A new governance structure will need to review current seismic standards that are adopted for different types of 3 waters infrastructure to ensure unrealistic costs are not imposed on the community to address risks that they may otherwise tolerate	Water to specific areas may not be available. CIR 80/30/80 response and recovery will be relied on. This may not be sufficient for the local economies to continue BAU operations (health, safety)
3	There is no agreed levels of service for flooding of existing habitable floors.	High • In the absence of formal risk tolerance levels adopted at governance level, public pressure will be applied to provide solutions where flooding occurs	Increased frequency of storms that result in flooding will result in demands for infrastructure solutions that are not panned or affordable
4	The full extent of infrastructure changes required to respond to climate change impacts such as increased flooding, drought frequency, sea level rise, and catchment hydrology changes is not yet fully understood or priced into the WSDP. In addition, emissions reduction obligations may require	High • New national direction is expected on climate adaptation and emissions reduction, including changes to the National Adaptation Plan and potential regional or catchment-level obligations. These could lead to new	Metro Water may face new capital and operational investment requirements to upgrade or relocate vulnerable infrastructure, adopt nature-based or adaptive solutions, or meet revised design standards. In parallel, it may need to shift towards low-emissions construction and operations. These changes could materially increase investment needs, require reprioritisation of existing programmes, or delay planned projects. Without a clear

	design and delivery changes with cost implications that are not yet defined.	technical, regulatory, or service level requirements, especially for coastal and flood-prone assets and energy-intensive operations.	framework for cost-sharing or funding these adaptation responses, affordability and delivery risk would increase
5	Poor quality or incomplete asset condition data may limit Metro Water's ability to accurately forecast operational expenditure (opex) requirements and plan an efficient capital delivery programme. Asset age is often used as a proxy for condition, but this can mask deterioration risk, leading to underestimation of reactive maintenance needs and asset failure likelihood.	High • Current condition data across the metropolitan network is patchy and largely based on desktop modelling or age-based assumptions rather than empirical inspection or performance data. • Known asset failures continue to occur at scale, suggesting condition is worse than records indicate. Establishing improved asset condition datasets will take time and may not be fully complete in the first planning cycle.	Poor visibility of actual asset condition increases the risk of unplanned failures, which can divert funding and resources from planned capital projects and inflate opex requirements (e.g. emergency repairs, temporary solutions, service level penalties). It may also result in suboptimal prioritisation of renewals, reduced delivery efficiency, and potential disruptions to service continuity. As more accurate data becomes available, significant reprioritisation of the capital programme may be required to respond to previously unidentified risks.

Appendix C2: Historical capital delivery

Over the six-year period from FY19 to FY24, metropolitan Wellington demonstrated a trend of increasing capital investment in three waters infrastructure.



Early years were characterised by under-delivery of planned works, reflecting systemic issues such as procurement delays, consenting and design complexities, and the disruptive impact of the COVID-19 pandemic.

The Metro Water councils significantly increasing programme delivery from FY22 onwards, reaching $417 million of actual capex in FY24.

A key driver of the increase was the need to address deferred renewals and respond to failures in critical infrastructure. Major unplanned capital projects, particularly in wastewater, such as Wellington City's emergency renewals following interceptor collapses and sludge pipeline failures, substantially influenced expenditure profiles. Investment momentum was also buoyed by stimulus funding from central government, improved programme management practices, and strategic use of over-programming and bundling to manage delivery risks. Some of this uplift also reflects increased material and construction costs driving up the cost of delivering projects in the post-COVID environment.

Across the full six-year period, councils collectively delivered approximately 96% of planned capital investment ($1.15 billion actual vs ~$1.21 billion planned), although this aggregation masks substantial year-on-year and council-level variability.

The table below provides a summary of the actual versus planned capital expenditure over the FY19 to FY24 period. These figures include Wellington Water and council delivered capital projects. Planned figures represent original Annual Plan budgets for each year. Actuals include unplanned emergency spend.

Summary of Actual vs Planned Three Waters Capital Expenditure (FY19–FY24) ($M)

	Water Supply Planned	Water Supply Actual	Water Supply Difference	Wastewater Planned	Wastewater Actual	Wastewater Difference	Stormwater Planned	Stormwater Actual	Stormwater Difference	Total Planned	Total Actual	Total Difference
HCC	61.8	70.4	8.6	129.1	135.6	6.5	30.6	17.1	-13.5	221.5	223.1	1.6
PCC	68.9	46.5	-22.4	152.5	122.2	-30.3	32.1	23.4	-8.7	253.5	192.1	-61.4
UHCC	11.2	16.5	5.3	23.4	29.1	5.7	27.7	18.2	-9.5	62.3	63.8	1.5
WCC	151.4	150.6	-0.8	266.5	262.5	-4	47.4	41.1	-6.3	465.3	454.2	-11.1
GWRC	206.8	221.3	14.5	0	0	0	0	0	0	206.8	221.3	14.5
Total	**500.1**	**505.3**	**5.2**	**571.5**	**549.4**	**-22.1**	**137.8**	**99.8**	**-38**	**1209.4**	**1154.5**	**-54.9**

Appendix C3: Financing and debt arrangements

Introduction and purpose

This appendix supports the financing and debt arrangements outlined in the Financial Strategy and Sustainability in Part C and is focused on specific detail requested by DIA. It provides very high-level direction on how capital investment may be funded, the structure and management of debt, and details the mechanisms for ensuring liquidity, and managing refinancing risk. The appendix also sets out the principles behind debt attribution and transfer.

Metro Water will develop its own treasury policy during the establishment phase. The material in this appendix is intended to provide early direction to support council decision-making but will not be binding on the future entity.

Debt repayment and refinancing

Metro Water will be responsible for developing a treasury policy during the establishment phase and will set parameters for:

- Acceptable ranges of maturity concentration;
- Liquidity management for upcoming refinancing;
- Use of interest rate hedging tools such as swaps to manage affordability and price path stability.

Borrowings undertaken by Metro Water will likely be structured to reflect the long-term nature of the underlying assets. Loans are expected to be repaid on a principal and interest basis, consistent with standard LGFA lending terms and prudent treasury management. Borrowings will be structured in alignment to the FFO-to-debt target.

Metro Water will likely adopt a spread maturity profile, with borrowing maturities staged across different time horizons. This approach reduces the risk of refinancing large portions of debt in any single year.

The use of hedging tools such as interest rate swaps may be adopted to provide greater certainty over future borrowing costs, supporting long-term price path stability for customers and aligning with Metro Water's Treasury policy financial risk parameters. The role and value of hedging will be shaped by the regulatory model adopted for Metro Water

While it is expected that LGFA will be the primary debt provider, Metro Water's treasury framework should allow for future access to other funding sources. These may include commercial bank lending, green or sustainability-linked bonds, or direct institutional financing, particularly where such options provide strategic flexibility or improved pricing.

The choice of borrowing instruments and counterparties will also be shaped by credit rating considerations, any relevant financial covenants and accounting implications. As such, engagement with credit rating agencies, auditors, and commercial lenders will be essential during the development of Metro Water's treasury policy and capital structure.

Internal borrowing

Internal borrowing refers to arrangements where councils use an internal treasury function to fund capital expenditure across its different activities. While common in local government finance, internal borrowing is not applicable to the WSCCO structure. Metro Water will be a standalone entity governed by its own Treasury Policy. All debt will be externally sourced, primarily from the LGFA.

Debt transfer approach

The Local Government Funding Agency (LGFA) has confirmed that there are two viable options to support the transfer of existing council water-related debt to Metro Water. Both approaches are considered equally valid from a debt headroom perspective, meaning they have a neutral impact on councils' future borrowing capacity.

Option	Description	Key Trade-offs
Staged Approach	Councils retain water debt and repay over time (e.g. 5 years); WSCCO borrows for new capex	**Simpler Implementation**; avoids unwinding loans and swaps breakage costs **Dual Reporting** for councils and WSCCO during transition
Contemporaneous Approach	WSCCO borrows equivalent amount on Day 1; councils repay their debt	**Immediate regulatory clarity**; full WSCCO financial setup **More complex execution**; potentially higher transaction costs.

A key strategic principle underpinning the choice between these options is the minimisation of the overall cost to the community. While the two approaches are broadly comparable at a high level, the optimal solution may differ by council due to local variations in internal borrowing arrangements, hedge positions, and loan maturity profiles.

As such, the determination of the most suitable debt transfer pathway will be an iterative process undertaken as part of the implementation phase. This process will involve a detailed review of council-specific debt arrangements and is expected to be informed by further engagement with LGFA and council finance teams.

Determination of debt attributed to water services

Debt attributed to water services as at 30 June 2024 was determined using the principles set out in the Kevin Ramsay Consulting Ltd peer review report, November 2024 and agreed in-principle by the Advisory Oversight Group (AOG). These principles are intended to provide the basis for shareholder agreements and legal transfer documentation as part of Metro Water's establishment. The methodology aimed to ensure consistency across councils, alignment with published financial data, and transparency of treatment for both legacy and projected debt.

Specifically:

- Opening balances at 1 July 2022 were based on water-related debt figures agreed between each Council and the National Transition Unit as part of the previous government's reform

programme. This provided a common, agreed, baseline for determining debt balances as at 30 June 2022.

- Movements through to 30 June 2024 were assessed using each council's published Funding Impact Statements (FIS), as disclosed in their audited Annual Reports.
- Debt projections to 30 June 2026 were developed using the same methodology (based on annual plan and long term plan budgets) and will continue to be updated as audited results become available to support implementation planning and legal transfer documentation;
- Where the agreed debt transfer amount would result in a material reduction in a council's debt headroom relative to its revenue and asset base, an equity adjustment was considered to maintain fairness and prevent financial disadvantage. This has only been applied in relation to Wellington City Council.

This approach was endorsed as a pragmatic and transparent method that could be consistently applied across the region while allowing for individual council differences (such as internal borrowing or joint venture allocations). It also ensures that Metro Water's opening capital structure will be auditable and compatible with LGFA and economic regulation requirements.

Adjustment for Wellington City Council (WCC)

The key finding arising from applying the debt attribution principles is that WCC would face a material reduction in residual debt headroom as it is providing materially higher revenue to the new entity in proportion to its debt than the other councils. These higher revenue levels from WCC also increase the debt capacity of Metro Water. Other councils' residual debt-to-revenue positions all improve under the same transfer.

Without adjustment, this would leave WCC in a comparatively weaker financial position post-transfer, with reduced borrowing capacity for non-water priorities. In December 2024, WCC agreed to the regional model being their preferred option, on the condition that they receive 'in principle' support from the AOG for "their equitable debt transfer position" ahead of consultation.

An equity adjustment was proposed and supported in principle by the AOG in February 2025. This involved reflecting a placeholder WCC debt transfer value for modelling purposes and treating the associated cost as part of WCC's cost to serve, ensuring no financial impact on other councils. This support was 'in principle' only and non-binding on councils.

Following consultation and further peer review, a modified approach has been developed that aligns with the methodology currently used by WCC to allocate interest costs to activities and is consistent with the principles of the KRC report. This approach ensures that water consumers in Metro Water continue to pay the same underlying debt servicing costs they are currently. It addresses the equity issue by treating the transferred amount as actual water related debt rather than an equitable adjustment, and is consistent with the placeholder value on which WCC has based its revised Long-Term Plan assumptions

The adjustment is expected to be formalised through shareholder agreements and financial transfer documentation as part of Metro Water's establishment.

Recommended indicative net debt transfer levels

Council ($M)	Net Debt 30/6/24	Indicative net debt 30/6/26*
GWRC	245	388
HCC	163	295
UHCC	49	106

PCC	183	320
WCC	631	703
Total	**1,271**	**1,812**

*Final net debt transfer amounts will depend on actual debt movements in FY25 and FY26.

Working capital and short-term borrowing arrangements

In addition to long-term capital funding, Metro Water will need to maintain an appropriate level of cash and working capital to support day-to-day service delivery. These requirements will be formalised through Metro Water's Treasury Policy and financial planning processes.

The establishment phase between Day 0 and Day 1 will be funded by Councils and is planned for in each Council's 25/26 annual plan.

Appendix C4: Addressing known risks

This appendix details how and to what level the proposed WSDP addresses known risks with water services across metropolitan Wellington. The risks presented here were largely communicated by Wellington Water to the councils as part of their 2024-34 long term plan advice.

General / Multi Water

Risk ID	Applies to	Activity/ Service	Risk Item	Risk Level (without mitigation)	Key Mitigation Measures	WSDP investment addressing risks
			Looking After Existing Infrastructure			
1.	HCC PCC UHCC WCC	**Drinking Water, Wastewater and Stormwater**	Current 10-year LTP investment is well short of what is required to renew ageing parts of the network (approximately 50% of what is required). Growth will put pressure on undersized assets (blockages, dry weather overflow, areas with no fire flow capacity). The Capex spend will not address the backlog of renewals. HCC: Drinking Water - 110km of galvanized water pipe that is failing and requires urgent replacement along with significant amount of AC pipe that is failing earlier than expected (PCC) Plimmerton wastewater network Stormwater - Current 10-year LTP investment is short of what is required to renew ageing parts of the network Wastewater - There is a significant quantity of wastewater pipework indicated by theoretical aged based backlog. 10 Year LTP investment focusses on critical high-risk assets and condition assessments are ongoing to confirm condition and remaining life	HH	• Condition Assessment of Assets in Theoretical backlog, taking a criticality and risk approach to prioritising assessment work • Updating asset data based on assessment findings and reassessment of backlog • Planning and implementing risk-based priority renewals within funding limits. This may require a review of the balance of renewals funding between the Three Waters as new asset information comes to light • Wellington Water are developing a predictive failure model for AC pipes and other pipe materials to improve evidence base for critical renewals funding and planning	WSDP 30- year capital programme ensures sufficient investment in network renewals to address the backlog in network renewals within 21 years and continue to renew the network at the rate it is due for renewal from then on. These investment levels are based on the theoretical age profile of the network assets and a unit rate derived from each council's valuations. The operational budget is considered sufficient to provide for interventions (reactive & planned maintenance, etc.) to address the issues identified from condition assessment and not just the condition assessment. **Risk addressed over time.** An elevated risk of asset failure remains until backlog is addressed. Assets have deferred expenditure so the new entity is receiving a liability with high operational costs. Operational budget must ensure ongoing condition assessment of the asset base.
2	HCC PCC UHCC WCC GWRC (Water)	**Drinking Water, Wastewater and Stormwater**	O&M budgets are insufficient for the amount of planned maintenance needed and will result in increased reactive maintenance (leaks, bursts). Operational funding for finding and fixing leaks is constrained and there is a backlog of works to complete. Funding for preventative and reactive maintenance along with investigation and monitoring activities has been reduced or deferred. Wellington Water responses focus on 'responding to impact rather than reducing impact'. Private assets are failing at similar rates to public ones, introducing additional inflow and	HM	• Review and develop risk-based O&M works priorities • Develop an understanding of critical risks and hazards within the operational works areas, monitor and report and adapt programme to allocate resource to areas of highest priority • Work with other utility providers e.g., power, gas to renewal assets where they are undertaking work • Identify areas of expenditure that are imposed on operational costs by other stakeholders and utilities and that may present opportunity for saving through collaboration	The operational budgets recommended by Wellington Water for LTP 2024-34 form the basis of the councils' operational programmes. However, further understanding of the condition of the assets is needed to fully understand ongoing maintenance requirements. Planned maintenance budgets must be reworked by the new WSE on the basis of what maintenance is needed. Historically, Wellington Water has built them in based on a general view of what is affordable or palatable for the councils to consider. Once a full understanding of the assets is attained, maintenance budgets can be targeted to asset components before they fail. **Risk partially addressed** due to slightly increased budgets in the WSDP however, additional work is required by the WSE.

			infiltration into the network and treatment plant.			
3	PCC HCC UHCC WCC	**Drinking Water, Wastewater and Stormwater**	Control of discharges i.e., wastewater and stormwater overflows are unable to guarantee environmental improvements. As a result, mana whenua and community expectations are unable to be met e.g. Murphy Street interceptor overflow point, Otari Wilton Bush, overflows into Porirua Harbour, Black Creek in Wainuiomata.	MH	• Fund growth related capital and renewals projects and levels of service improvements which minimise reduced environmental water quality	Budget has been allocated to the Network Discharge Programme (NDP) for wastewater and stormwater based on current cost estimates, and to water quality investigations to address inflow and infiltration issues. Operational budget must also be prioritised to educating customers on contamination issues as fixing issues in the public network will only fix part of this problem – customers need to do their bit on their properties too. **Risk partially addressed.** The NDP Programme is yet to be fully defined.
4	HCC PCC UHCC WCC	**Wastewater and Stormwater**	Achievement of global wastewater network and stormwater discharge consents is estimated at $4.7B (2040 standards, unbudgeted) and there is no certainty investment will achieve GWRC targets	MM	• None identified at present	Budget in the WSDP programmes investment as recommended based on current knowledge, except for a few catchments where investment has been dragged out a couple of years due to regional deliverability challenges. **Risk stands.**
5	HCC PCC UHCC WCC	**Drinking Water and Wastewater**	**Water supply and wastewater services.** Pumpstations are at risk of failure due to a backlog of renewals, condition and funding constraints. The current Capex is not sufficient to address the required investment, and there is a backlog of mechanical and electrical asset related renewals. The lead time for specialist replacement equipment may be long, leaving customers with no or a lower level of service e.g., lower water pressure, routine wastewater overflows, increased reactive costs	HM	• Target renewals and capital funding based on criticality.	Budget in the WSDP allows for ongoing renewals at sustainable rate, based on an average asset life of 50-year (for all components). There is a reasonable level of detail available regarding renewals timeframes for the asset components within the pump stations, however, further analysis is needed on the condition of the structures. There is an elevated risk of unexpected failure renewals are rolled out. Wastewater and stormwater pump stations are of particular concern as they are 'lowest point' therefore adjacent to waterways, foreshores, gullies etc and have higher maintenance requirements. **Risk addressed over time.**
6	HCC WCC PCC	**Wastewater and Stormwater**	Capacity of parts of the stormwater and wastewater network are insufficient to meet growth projections with current I&I and will cause overflows and will also not meet anticipated consent requirements Streams, rivers and harbours contain faecal material	MM	• Network optimisation programmes • Hydraulic modelling and planning • Contingency planning and monitoring • Network upgrade design, funding and implementation • Stormwater discharge treatment options, planning and implementation	Ongoing network modelling is included for all councils. Ongoing budget for Drainage Investigations Water Quality Renewals. **Risk partially addressed over time.**

Water supply

Risk ID	Applies to	Activity/ Service	Risk Item	Risk Level (without mitigation)	Key Mitigation Measures	WSDP investment addressing risks
			Looking After Existing Infrastructure			
7	GWRC	**Water Supply**	Current 10-year LTP investment is well short of what is required to renew ageing parts of the network.	HM	• Condition assessment of assets in theoretical backlog, taking a criticality and risk approach to prioritising assessment work • Updating asset data based on assessment findings and reassessment of backlog • Planning and implementing risk-based priority renewals within funding limits. This may require a review of the balance of renewals funding between the Water Supply as new asset information comes to light	The WSDP 30- year capital programme ensures sufficient investment in network renewals to address the backlog in network renewals within 21 years and continue to renew the network at the rate it is due for renewal from then on. These investment levels are based on the theoretical age profile of the network assets and a unit rate derived from each council's valuations. The lack of condition assessment requires an assumed age renewal date. This is particularly concerning for the bulk water mains which are all critical assets and many of which have not had a physical asset condition assessment

					• Implementation of Cathodic protection to significantly extend the asset life of the existing aging assets is a key mitigation – work underway.	**Risk partially addressed**
8	HCC PCC UHCC WCC GWRC	**Water Supply**	Water demand for GWRC has increased significantly over the last 10 years and has threatened to exceed the network capacity. This adverse trend has been primarily caused by an increase in water loss from the city council reticulation networks. Water supply reliability over summer is at risk and a new water supply is needed. This is contrary to the principles of te mana o te wai. The key risks related to this (and identified in the Wellington Water Risk register) are: • Wellington Water will be unable to meet peak demand (acute); and • Wellington Water will be unable to meet future demand (strategic).	HH	GWRC and Wellington metropolitan councils via their LTP funding programmes to implement the 'Keep, Reduce, Add' sustainable water supply strategy. This means: • **Network optimisation programmes** Keep water in the pipes by managing water loss and replacing old infrastructure. • **Water loss management programmes** Reduce water demand through universal metering and demand management. Minimising the future cost of water infrastructure by exploring ways of reducing the demand for water and influencing water use behaviour • **Capital investment in the additional lakes/storages** Add more supply by completing the Te Marua WTP optimisation project and constructing the proposed Pākuratahi Lakes 1 and 2. • HCC & UHCC - new water reservoirs on Eastern Hills planned to meet growth and improve resilience	Water network pipe renewals budgets in the WSDP increased to address backlog and maintain sustainable level of ongoing renewal. Water metering delivered by FY31/32. Pākuratahi Lakes delivered by FY37/38. **Risk largely addressed by FY37/38 with improvements before then.**
9	HCC PCC UHCC WCC	**Water Supply**	Reservoirs condition means that contamination can occur (non-conformance with safe drinking water). This could result in contaminants reaching customers and water not being safe to drink / unhealthy. Funding for the replacement Aotea reservoir has not been secured. There is insufficient funding for renewals. Overall seismic resilience across all reservoirs is lower than Wellington Water considered the level of required storage.	HM	• LTP funding • Increased monitoring including using Storage Management Plan processed • Increase maintenance if funding is made available • Fund for seismic resilience improvements across targeted reservoirs • Funding of remediation work (agreed) followed by renewal or capital works • Immediate term demand management plan implementation • Storage upgrade planning, funding and mitigation	There is ongoing annual budget for all metro councils for general reservoir renewals and seismic improvement of at-risk reservoirs. Ongoing condition assessment will increase understanding of asset condition over time. Ongoing Reservoir Water Quality Renewals budget is allowed for in the WSDP. This must be targeted to remediation of water quality issues identified through condition inspection. **Risk addressed over time.**
10	HCC PCC UHCC WCC	**Water Supply**	There is insufficient existing reservoir storage (design, growth, fire demand). Additional water storage capacity to meet resilience and the current growth shortfall is needed. While growth is continuing, this is degrading remaining capacity. (PCC) Additionally, developers are installing onsite storage to mitigate some risk.	HH	• Immediate demand management plan implementation • Storage upgrade planning, funding and mitigation • (HCC) Eastern Hills reservoir programme (by FY 30/31) • Fund for reservoir capacity improvements • Applications for new connections off these reservoirs are denied.	All known growth / capacity related reservoir related investment (upgrades and new reservoirs) are included in the WSDP. Not all of these are affordable within the recommended delivery timeframes however, so **risk is only partially addressed.**
					•	
11	ALL	**Water Supply**	The Whaitua recommendations for changes to the GWRC Natural Resources Plan. Reduced water availability during through an expected increase in low flow	HH	• Through the Whaitua processes, reduce the volume of water abstracted from catchments • Keep, add and reduce strategy.	Pākuratahi Lakes delivered by FY37/38. **Risk addressed when lakes are delivered.**

			limits after reconsenting water takes in the mid-2030's. There is therefore an inability to reconsent water takes in 2035 unless there is additional water storage available to offset a reduced ability to extract water at times of low river flow. There is a delivery lead time of 10 years for lakes works.		• Ensure funding remains committed for construction of Pākuratahi Lakes expansion in the final three years of the LTP (2031-34)	
12	GWRC	**Water Treatment**	Waste stream at Wainuiomata Water Treatment Plant lacks redundancy and capacity. A failure of the plant, prior to completion of wash plant capacity & quality upgrade in 2031/32, will impact the performance of the water treatment plant and will eventually cause failure of provision of water. Consents for discharge of contaminants from the waste stream are at risk of breach due to the waste stream inability to treat.	MM	• Ensure that funding for FY 31/32 remain in future LTPs (or equivalent funding programmes) • If possible, bring forward funding given the criticality of this work to ensuring continuity of production water.	**Risk remains until Capacity and Quality upgrade is completed in FY31/32.**
13	GWRC	**Water Treatment**	Condition of some Water Treatment Plant and Water Intake assets may lead to operational disruptions and increased operational costs if the assets fail before the currently scheduled renewals:- assets include Waterloo Wellfield Pumps, Waterloo Treated Water Pumps, Te Marua Booster Pumps, Te Marua Treatment Pumps, all Water Source Intakes, Macaskill Lakes water quality improvements to improve source water quality.	HM	• Plan and implement a criticality-based renewals and resilience works programme across all intakes • Undertake supply upgrades e.g., Te Marua DAF, additional storage.	Renewals investment in the WSDP is based on councils latest valuations and an assumed average useful life of 40 years for all assets. This annual level of investment totals $12.3 M and is ~$5M less per year than the renewals budgets in the LTP from FY27-33 ($17M). It is assumed that the LTP investment will address all deferred renewal requirements (backlog in renewals) and from FY34 onwards the water treatment plant assets will be renewed as they are due for renewal. The level of condition assessment completed on the water treatment plant assets is also very low (only ~6% of assets in the treatment plants has been assessed). The water treatment plants also contain a high number of costly property equipment with long lead times to arrive in New Zealand. Therefore, there is risk that the budgets allocated in the WSDP may insufficient. A Detailed renewals programmed must be developed based on condition assessment. **Risk partially addressed. Uncertainty of investment need remains.**
14	GWRC	**Water Treatment**	The full benefits of output capacity increase from Te Marua Treatment Plant optimisation will only be achieved once the pump station upgrade in completed in 2028/29. Both projects are funded in LTP. Until then, 50% of benefit realisation from delivering treatment plant optimisation by 2025, will help in reducing acute water shortage risk in the short term	HH	• Continue phased treatment plant optimisation works Ensure funding identified in the 24/34 LTP for optimisation works in FY 28/29 are confirmed in the FY 27/37 LTP (or equivalent)	No change in the WSDP. There is no ability to bring this forward any sooner. **Risk stands.**
15	GWRC	**Water Treatment**	While water treatment plants and discrete parts of the network are seismically resilient to a degree, overall, bulk water assets do not meet the required earthquake resiliency standard for minimising impact and ensuring provision of safe drinking water following	HM	• Establish the level of resilience of the current assets before mitigation plans are developed • Ensure sources e.g., Waterloo bores, transfer pumpstations and transfer mains are included in the resilience assessment • Provide a prioritised and funded programme of work	$690M allocated in the WSDP for seismic resilience upgrades of the bulk water network over 30-years. **Risk partially addressed** with some seismic resilience investment included in the plan. However, risk tolerance and priority of investment towards seismic activity must be considered by the new WSE.

			a significant earthquake event including Waterloo treatment plant (liquefaction), Te Marua clarifiers, Ngauranga Reservoir			
16	ALL	Water Supply	The Keep Reduce Add strategy has identified short and long term supply and demand interventions required to address water supply risks. However, further investigations and studies are required to confirm the feasibility and timing of the long term additional supply and storage options. Implementation of the future supply and storage options could be deferred well into the future depending on the efficacy of demand and water loss reduction in the short term, particularly with the Managed Aquifer Recharge project. Communicating the intent and timing of these initiatives before they are adequately investigated and there is greater certainty of their timing could result in unfavourable response from the community.	MM	• Continue to progress business cases and investigations iteratively as new information on current and projected demand comes to light.	Investment for all Keep Reduce Add strategy recommendations included in the capital programme. How these roll out and are communicated with the community must be managed carefully by Metro Water. Full investment required to deliver these long term interventions must be prioritised once the timing and preferred solutions are confirmed.

Stormwater

Risk ID	Applies to	Activity/ Service	Risk Item	Risk Level (without mitigation)	Key Mitigation Measures	WSDP investment addressing risks
17	HCC PCC UHCC WCC	Stormwater	(HCC, UHCC) Specific Growth Study notes that approximately $800m of investment is required to upgrade stormwater across the City to meet growth and achieve target standards. This is not currently funded. Unbudgeted costs may arise. (PCC) Funding has been limited for existing Levels of Service flooding issues e.g., Karehana and Hongoeka catchments and Takupuwahia pipe upgrades. Stormwater VHC assets Papakowhai Road, Bernie Wood Reserve, Hampshire Street and Sievers Grove are examples.	**HM**	• Investment in the stormwater network including adaption practices and mitigation measures • Network optimisation programmes • Hydraulic modelling and planning • Contingency planning and monitoring • Network upgrade design, funding and implementation	$2.1B in the WSDP for stormwater investment to reduce flooding. Stormwater related improvements gets proportionately more costly as stormwater volumes increase. Stormwater infrastructure is located in very difficult places to replace, build and / or increase capacity. While there is significant investment allocated in the WSDP for stormwater flooding improvements, this may still not address the flooding issues to a level expected by the community. Some communities may have to accept lower flooding resilience levels or other interventions such as managed retreat may need to be considered. **Risk partially addressed** however an appropriate Level of Service for flooding must be agreed with councils and communities.
18	HCC PCC UHCC WCC	**Stormwater**	(PCC) Roles and responsibilities around management of stormwater where it enters urban streams is unclear. This includes planned maintenance activities.	MH	• Agree on ownership, responsibilities and allocate a budget to manage urban streams and stormwater entry points. • Inform customers of ownership and management responsibilities	The new WSE could take the lead in managing / addressing this risk, but it must be clear what the budgets do and don't address/ cover and there will remain significant uncertainty. It is the role of the new WSE to determine what the risk tolerance is and understand this in terms of the existing capacity.
19			**Climate Change and Zero Carbon**			

	HCC PCC UHCC WCC	**Stormwater**	Coastal stormwater outfalls experiencing sea level rise resulting in increased sedimentation and need for more frequent clearing. (PCC) The stormwater network experiences flooding, high groundwater levels and climate change (coastal erosion impacts on outlets) (UHCC) Pinehaven stream stormwater improvements (Phases 4 and 5) investment has not been committed to. Without this work the objectives of the GWRC's flood management plan will not be met Climate change may drive an increase in the frequency and extreme (impacts) of storm event.	MH	• Adaptive climate change modelling and planning • Long term stormwater planning • Investment in the stormwater network including adaption practices and mitigation measures. Cannons Creek works (Kainga Ora and PCC)	See item 17 and 18. Pinehaven stages 4 and 5 not in programme. **Risk partially addressed.** Bill 3 requires the development of stormwater risk management plans. These will need to be collaborative between Metro Water and the council.

Wastewater

Risk ID	Applies to	Activity/ Service	Risk Item	Risk Level (without mitigation)	Key Mitigation Measures	WSDP investment addressing risks
			Looking After Existing Infrastructure			
20	HCC PCC UHCC WCC	**Wastewater**	Contamination events will increase, with mana whenua and community expectations not being met as renewals investment is not at the right level	HM	• Rapid response to notifications (onsite, stop overflows)	The WSDP 30- year capital programme ensures sufficient investment in network renewals to address the backlog in network renewals within 21 years and continue to renew the network at the rate it is due for renewal from then on. These investment levels are based on the theoretical age profile of the network assets and a unit rate derived from each council's valuations. Increased network capacity and customer education of private property contamination are also needed. These are also funded in the capital programme but even with the renewal's investment, may not address this risk entirely. **Risk partially addressed**
21	PCC	**Wastewater**	Wastewater network resiliency is compromised due to underinvestment and growth is continuing ahead of asset renewals and capital upgrades. Key projects include the Eastern Porirua Regeneration Project - Overall upgrades - Wastewater (excl JV), Western Porirua, Ngati Toa lead development - Wastewater (excl JV), Whitby Wastewater (excl JV) Pipe Upgrade and CBD storage	HM	• Review and improve operations plans and procedure to optimise performance within the known asset constraints • Develop contingency plans • Review the demand management data (including I &I reduction) benefits and any current implementation as part of an integrated wastewater strategy for PCC	Identified projects all funded within the WSDP capital programme. **Risk addressed over time.**
22	WCC	**Wastewater**	The condition of some VHCA pipes under Wellington Airport have been determined	MH	• Contingency planning • Increase maintenance (if possible)	Airport WW Interceptor delivered by FY31/32 Eastern Trunk Main Stage 1 delivered by FY28/29

			as very poor. There is a significant cost to remedial works e.g., disruption, complexity. Improvements works have been deferred from the FY 23/24 capital programme Critical wastewater mains are in very poor condition and there is a potential for non-compliance: • BP Horokiwi (Newlands) $720k to maintain services • Western WWTP outfall (step country)		• Fund renewals covering all asset	Western outfall delivered by FY 32/33 Significant increase general network renewals allocated in the WSDP. **Risk addressed once high-risk renewals are delivered, over time.**
23	PCC	**Wastewater**	The Paramata rising main surcharges at a location near SH59 and the main trunk railway. This could interrupt traffic and rail services.	HH	• Fund increased capacity in the rising main • Identify and control/reduce inflow and infiltration	Paremata WW Trunk Upgrade Stage 2 is delivered by FY32/33 **Risk addressed once delivered.**
24	HCC UHCC	**Wastewater**	Erosion occurring on the Hutt River potentially undermining 825mm bulk wastewater pipeline adjacent to Taita rock.	HM	• Monitor and assess erosion impacts on bulk pipeline • Contingency plan development • Plan and seek funding for pipeline upgrades/erosion mitigation works	Significant increase general network renewals allocated in the WSDP. Specific budget must be allocated to this highly critical asset early in the programme. **Risk addressed once high-risk renewals are delivered, over time.**
25	HCC UHCC	**Wastewater**	(HCC, UHCC) Seaview main outfall pipe working at around 50% capacity needs renewing or upgrading with no budget provision for physical works - expected to be around $700M. There is a consequential increase in opex and increase in treated discharges to Waiwhetū Stream	HH	• Review and improve operations plans and procedures to optimise performance within the known asset constraints • Develop contingency plans • Plan and seek funding for outfall upgrades as part of an integrated wastewater strategy for HCC • Review the demand management data (including I &I reduction) benefits and any current implementation as part of an integrated wastewater strategy for HCC	Seaview Outfall Pipe delivered by FY35/36. **Risk addressed once constructed.**
26	HCC UHCC	**Wastewater Treatment**	Sludge dryer at Seaview WWTP is nearing its end of life (JV specific) with increased community dissatisfaction (odour)	HM	• Monitor and assess dryer performance • Contingency plan development • Sludge dryer upgrades funded in the LTP	No change to LTP programme. Delivered by FY27/28. **No impact on WSDP delivery period.**
27	HCC UHCC	**Wastewater Treatment**	The redundancy of Seaview WWTP is inadequate for major maintenance while ensuring compliance can be met (JV specific). There is no funding to increase WWTP redundancy	HH	• Contingency plan development, funding and implementation	No specific capital investment in the WSDP for redundancy related improvements. Additional work required to understand what is needed to provide for this. **Risk stands**
28	WCC	**Wastewater Treatment**	Moa Point Sludge transfer facility (SMF) is not completed	HL	• Construct the sludge management facility (SMF)	This is being delivered outside of the WSDP. Ongoing maintenance costs have been included in the WSDP operational budgets.
29	PCC	**Wastewater Treatment**	PCC WWTP unit process limitations (ammonia reduction requirements) will limit growth related inflow	HM	• Undertake ammonia reduction improvements in 2031/2032 (growth projections limited)	Investment in WSDP capital programme **Risk addressed over time.**
30	PCC	**Wastewater Treatment**	Sludge (solids) drying components at the new PCC WWTP are at capacity (limited redundancy)	HM	• Continue project to improve the solids handling capacity and improve odour treatment (2025).	No change to LTP programme. Delivered by FY27/28. **No impact on WSDP delivery period.**

31	PCC	**Wastewater Treatment**	Landfill disposal of WWTP sludge at Spicer Valley may not be permitted after 2030 (consent renewal)	HM	• Identify sludge reduction options (treat and reduce at source). • Identify and allocate funding for onsite treatment or removal to secure acceptable locations for disposal •	Sludge reduction Dryer delivered by FY 31/32. **Risk partially addressed.** Additional investment may be required.
32	WCC	**Wastewater Treatment**	The condition of the Moa Point WWTP assets means that there will be compliance issues. The condition of the Western WWTP assets mean non-compliance may occur. Both WWTP are operating at or near the end of their useful lives.	MM	• Undertake renewals and capital works as soon as possible	Bottom-up investment programme driven by asset data, along with ongoing renewals budgets in WSDP. **Risk addressed in time as required renewals and upgrades are delivered.**
33	WCC	**Wastewater Treatment**	There is a complete reliance on the Southern Landfill to accept sludge from WWTP. Alternative sludge management options are not found or completed within the Wellington area e.g., Moa Point SMF, then sludge may need to be transported to the Waikato Region	HL	• Fund Sludge Management Facilities works in the long term plan	**Risk addressed once complete.**
34	WCC	**Wastewater Treatment**	The Houghton Bay closed landfill produced leachate, which discharges this into Houghton Bay during wet weather events. The consent for leachate discharge has expired.	HM	• Undertake landfill remediation	Included in the WSDP capital programme for delivery by FY33/34. **Risk addressed.**

Risk	***Likelihood***		
Consequence (Impact)	Low	Medium	High
High	HL	HM	HH
Medium	ML	MM	MH
Low	LL	LM	LH

Appendix C5: Risk management and insurance arrangements

Overview

Work is underway to establish Day One insurance arrangements for Metro Water. This work includes identifying existing approach to insurance across the councils and considering opportunities for councils to novate existing insurance policies to the new entity. AON, who act as the insurance broker for all councils currently, are providing assistance to ensure that Metro Water has appropriate insurance cover.

All the Councils currently hold insurance cover for material damages and natural catastrophe events to their three waters infrastructure, including below ground assets and above ground infrastructure such as treatment plants and pump stations.

Hutt City Council, Porirua City Council, and Upper Hutt City Council are currently part of a joint insurance procurement arrangements, where insurance is procured from the market under a single joint policy. This joint arrangement also includes Kāpiti Coast District Council. GWRC insures above ground assets jointly with Porirua City Council. Joint arrangements will need to be revised on establishment of Metro Water.

In parallel with infrastructure insurance, there is an immediate requirement to secure Directors and Officers (D&O) insurance prior to the appointment of the establishment board and Chief Executive.

Critical assumption

Across all councils, insurance arrangements rely on government's historical 60/40 risk share arrangements for post disaster restoration of essential local government infrastructure. This means all councils are currently insured for only 40% of the value of their three waters infrastructure for natural disasters.

The group has assumed that these arrangements will persist and continue to apply for a water organisation. These arrangements are set out in section 33 of the *Guide to the National Civil Defence Emergency Management Plan 2015*. While the group has assumed that these arrangements will continue to be available to Metro Water, it is noted that the *Guide to the National Civil Defence Emergency Management Plan 2015* states that assets must be local authority assets, which are not the property of trading utilities. Further clarification of this matter is critical for the future water organisation.

Current arrangements

The current insurance arrangements for the participating councils are set out in the table below.

	GWRC	HCC	PCC	UHCC	WCC
Broker	AON				
Renewal date	1 May				31 May
Total cover	$190M insured material damage for	Natural Catastrophe: $800m any one loss or series of losses arising out of any one event (40% placed + 60% central govt) shared			$150m (40% of $375m)

	above ground infrastructure. $50M natural catastrophe cover for below ground infrastructure.	between Hutt City, Porirua City, Upper Hutt City & Kapiti Coast District Councils Material Damage $500,000 any one loss of series of losses arising out of any one event (Earthquake 40% placed + 60% central govt, All Other Perils 100%) shared between Porirua City & Greater Wellington Regional Councils)			
Reliance on the 60/40 government contribution?	Yes across all insured assets				
Excess	5% of insured value capped at $25M for material damages. $30M for natural catastrophe.	$3,000,000 each and every claim	Natural Catastrophe: $1,000,000 each and every claim Material Damage: - Earthquake 5% of the site sum insured, minimum excess $100,000 - Maximum $25,000,000 - Landslip $250,000 - Subsidence $250,000 - Flood $100,000 - Other Losses $50,000	$1,000,000 each and every claim	$10,000,000
Last risk assessment	2025	2025 Modelling is underway. Previous modelling was completed in March 2019.			2024
Assumed level of cover	1 in 1000 year event	Loss modelling considers the 1 in 500 and 1,000 year event probability. Insurance limits are informed by modelling as well as availability and affordability of insurance.			1 in 1,000 year event used to assess insurance gap and risk
Estimated replacement value of	$864M for assets covered by	$6,346M (WSP Valuation Dec 24)	$1,538M ($1,493M (Aon Valuation	$1,739M (WSP Valuation Feb 25)	$9,949M

insured assets	material damages. $897M for assets covered by natural catastrophe.		April 25) plus pumping stations etc $44M		
Insurance gap	Estimated $30M	No gap based on 2019 modelling.			$296m (excluding the policy deductible)
Approach to self insurance	MD The insurance gap for material damage would be covered through borrowings. Nat Cat Self insurance is built into the policy settings which is covered through cash reserves (FY24 - $52M)	Water assets are fully insured. HCC has adopted a higher level of excess than other members of the combined policy group.	Maintenance of debt headroom to fund unexpected losses	Maintenance of debt headroom to fund unexpected losses	Council operates a self-insurance reserve fund covering losses that fall below the deductible, with the intention that this fund would be available to cover deductibles in a large scale event. Council also "sets aside" debt headroom of $272m below the self-imposed debt limit to cover for a medium sized event. Large/catastrophic events would pass into additional headroom between the self-imposed limit and actual limit set by LGFA.

Delegations	Head of Corporate Risk and Assurance is responsible for arranging and providing instructions. CEO approves invoice. Reporting to executive leadership team, finance risk and audit committee and WRC Holdings Board.	Delegation to set the insurance budget is with the Council. The approval of invoices is undertaken in line with Financial Delegation Policy. Reporting to Corporate Leadership Team and Audit and Risk Subcommitt ee.	General Manager Corporate Services is responsible for the management of Council's insurances and financial risk management practices. Insurance operations is delegated to the Manager Risk and Assurance.	Delegation is with the Group Manager Corporate Services	Structural changes to the policy make up are approved through the Council's Audit and Risk committee (which holds the delegation for insurance). Annual processes are managed as operational decision with approval for premium expenditure delegated to the CSFO and COO. Claims management is contracted to Aon with decision making outside of policy conditions delegated to the Treasurer.
Notable exclusions	All three waters infrastructure is insured through either Material Damages or Natural Catastrophe cover.	Some standard exclusions: damage by cyber incident, war, terrorism, nuclear weapons; does not insure land, legal liability, Noting also that the Natural Catastrophe policy as indicated by it's very name is restricted to losses by natural event and excludes other forms of damage.			

Notable differences across current policies
Key differences between the insurance policies and approaches taken include:

- Varying levels of deductible/excess. Alignment of the approach to managing the balance between deductible/excess and premium will likely be required over time, and will need to be determined by Metro Water having regard to the balance between risk and affordability. Financial modelling presented in this WSDP includes the provision of debt headroom which may allow for a higher level of excess to be adopted, however this will require a detailed assessment of any underlying insurance gap.
- Policy renewal dates. Details are currently being worked out regarding the mechanisms to transfer existing policies to Metro Water on its establishment. These discussions may also cover the renewal term for new insurance policies, which may require insurance to be purchased for 11 months (in the case of WCC) or 13 months (for the remaining councils) to ensure alignment of renewal dates moving forward.
- Approach to self insurance. Financial modelling supporting this WSDP incorporates the provision of debt headroom. This may allow Metro Water to adopt some level of self insurance, however the extent of the existing insurance gap has not been fully assessed at this stage as risk modelling has not been completed for 3 of the 5 councils.

Risk exposure and appetite
There is an estimated insurance gap, based on risk modelling, of approximately $350 million across the constituent councils (or $400 million when deductibles are included). Further risk modelling which is currently underway is likely to cause the estimate of this insurance gap to increase, however this is yet to be quantified.

Financial modelling for Metro Water assumes a 9% FFO to debt ratio, which includes a headroom allowance in relation to LGFA's lending guidance. The lending headroom is sufficient (at $670 million in 2033/34) to cover the insurance gap if so required.

Prior to this Metro Water has been modelled to fall below LGFA's lending covenants, as it transitions towards compliance with the covenants over time. During this period, the level of financial risk may be such that a greater level of insurance coverage will be required. Full details of the cost and approach to covering that insurance risk will be determined once loss modelling has been completed for HCC, PCC, and UHCC.

Loss assessments are completed separately for WCC and GWRC. When considering the total probabilistic loss for Metro Water new loss modelling will likely be required based on the larger geographical area. This may alter the total risk profile across the region, and it is difficult to determine at this stage whether the overall impact would be positive or negative.

Longer term, we expect that Metro Water will undertake its own risk assessments based on detailed risk modelling to determine the appropriate level of cover.

All councils currently insure to the level of anticipated damage in a one in 1,000-year event. Events of a larger scale than this are not fully insured.

Market availability risk
There is a risk that the insurance market does not have sufficient coverage supply to meet the combined insurance requirement of Metro Water. While the combined coverage level is unlikely to change materially, a key consideration is the concentration of risk for insurance underwriters.

Until such time as the water organisation tests the insurance market, it is difficult to determine the level of insurance supply that is available, or the price at which it will be available. This is a risk that will need to be monitored and managed by the water organisation after establishment.

Other Insurance Requirements from Day One

In addition to infrastructure-related insurance, Metro Water will require a broader range of operational insurances to be in place from Day One. These include, but are not limited to: Business Interruption, Public Liability, Statutory Liability, Employers Liability, Crime, and Cyber insurance.

These insurances are not all typically required by councils in their current form but will be required for a standalone utility entity. Procurement planning should commence during the establishment phase to ensure appropriate coverage is secured in advance of go-live, aligned with Metro Water's risk profile.

Appendix C6: Charging and billing arrangements

Introduction and purpose

Metro Water will be responsible for setting pricing in accordance with pricing principles agreed through shareholder Statements of Expectations and the Water Services Strategy. This will also potentially be informed a consumer charter. Over time, the regulatory framework will likely ensure alignment between pricing, service quality, and efficiency. This appendix sets out a high-level directional approach which may be developed over time by Metro Water, guided by the Statement of Expectations set by Council shareholders.

Current charging and billing arrangements

Water services in the Wellington region are currently charged through a variety of mechanisms, which differ significantly across councils and customer types. These differences include whether charges are based on property value, connection units, or actual water use (metered), and whether stormwater is charged separately or bundled into general rates.

Council	Drinking water charge (basis)	Wastewater (Sewer) charge (basis)	Stormwater charge (basis)
Wellington City	Targeted rate per $ of **capital value** for unmetered; Optional metered users pay volumetric ($/m^3)	Targeted **capital value rate** on connected properties (residential vs commercial differential) (No per-dwelling flat fee.	**Targeted CV rate** on urban properties (differentiated between res/com) (Included in rates bill as "stormwater network" charge.)
Hutt City	**Uniform annual charge** per SUIP (e.g. $746 in 2024/25) No residential volumetric metering and volumetric water user charges for commercial users.	**Uniform annual charge** per SUIP (e.g. $766); commercial properties pay +50% for each extra toilet/urinal.	**No separate stormwater rate** – funded via general rates (CV-based). Stormwater not itemized on water bill.
Porirua City	**Uniform annual charge** per connection (e.g. ~$699 in 2024/25). No metered residential charges.	**Uniform annual charge** per connection (e.g. ~$790). (No extra pan charges; one fee per property.)	**No separate stormwater rate** – funded through general rates (CV). No direct stormwater charge to consumer.
Upper Hutt City	**Uniform annual charge** per connection (e.g. $579) (2024/25); 50% "availability" charge for not-yet-connected properties. 20% of water supply services for fire	**Uniform charge** per pan (approx. $584 for first toilet) (2024/25). Residential charged for 1 pan; businesses for each toilet.	**Targeted stormwater rate** based on CV for properties in Urban Drainage District (2024/25) (rural excluded).

	protection services - targeted rate based on CV.		
Greater Wellington	**Bulk water levy** charged to city councils (allocated by usage). No direct household water rates charged by GWRC.	*N/A* (GWRC not involved in retail wastewater services).	**Flood protection rates** on certain areas (CV-based), but *no direct stormwater network charge* to households.

Key observations

- **Capital value-based charging** is used only in Wellington City (and marginally in Upper Hutt for fire protection and stormwater). Other councils have moved to **uniform charges per property or SUIP**, offering more predictable revenue and billing simplicity.
- **Wastewater charging methods** vary:
  - WCC uses CV-based targeted rates with residential/commercial differentials.
  - HCC, PCC and UHCC apply **pan charges** to account for commercial loadings.
- **Stormwater charging** is inconsistently treated:
  - WCC and UHCC apply **targeted rates**.
  - HCC and PCC fund stormwater through general rates, meaning ratepayers do not see stormwater as a separate line item.
- **Residential water metering** is rare across the region, with the exception of a small subset in Wellington. Most residential properties are charged **regardless of consumption**.
- **Non-residential users** may face additional charges for trade waste or metered usage, especially in HCC and UHCC.
- **GWRC** plays a **wholesale role**, supplying treated bulk water to the four city councils. It does not charge individual households directly.

Charging for water services by supply scheme or catchment

This section sets out general direction on potential charging, pricing, and revenue collection arrangements by Metro Water, including transitional arrangements. It also outlines differences between customer types (residential, commercial), approaches to pricing for each of the three waters, and the treatment of supply schemes or catchments that have differing costs or service levels.

Customer direct billing and transitional arrangements

Under the proposed regional model, Metro Water will bill customers directly for water services (process and timing will be dependent on systems to enable this). Charges will no longer be collected through council rates. This reflects a fundamental shift from the current council-operated model (where water services are funded via general or targeted rates) to a utility-style model that separates water services from broader council business.

During a transition period the following arrangements may be in place (which will be determined during the establishment phase informed by financial and customer system requirements):

- Each council temporarily retains aspects of their existing billing systems to support customers during the shift.

- Transitional charging arrangements apply, allowing legacy rate-based pricing to phase out over five years, especially where councils like WCC have historically used capital value (CV)-based charges which will no longer be possible under the Local Government (Water Services) Bill.
- Councils will have input via the shareholders agreement and statement of expectations into how transitional protections or caps are applied, especially for vulnerable or high-burden communities.

Cost-to-Serve, price harmonisation, and regional pricing transition

Water charges under the proposed regional model are expected to initially be informed by a cost-to-serve approach, recognising the differing investment needs, infrastructure condition, Council legacy debt arrangements, and operating contexts across councils and supply schemes. However, over time, the water organisation is expected to transition toward a harmonised regional pricing model, consistent with the strategic objectives of equity, efficiency, simplicity, and affordability. Specific shareholder expectations on cost to serve and the path to harmonisation will be further detailed in the Councils' Statement of Expectations.

Initial cost-to-serve basis

In the early years of operation, pricing is likely to reflect:

- Differences in the level of historical investment in water infrastructure across council territories;
- Variations in service delivery costs due to geography, population density, and asset condition;
- Council-specific positions on debt, revenue, and asset performance;
- Localised investment profiles driven by renewals, regulatory compliance, and growth demand.

This approach ensures that revenue collected from each area aligns with the level of service received and the investment required to deliver it. It also supports early financial sustainability by avoiding sudden price changes across the region.

Strategic direction toward harmonised regional pricing

Over time, this plan envisages that Metro Water may adopt a more uniform and regionally harmonised pricing approach. This may occur over 5-7 years and this transition reflects the benefits of delivering water services through a single, regionally owned organisation, including:

- The ability to plan, finance, and deliver investment across the entire network in a coordinated way;
- A focus on regional outcomes such as resilience, housing growth enablement, and environmental improvement;
- Simplified billing and clearer communication for customers;
- A consistent customer experience and service quality, regardless of location.

A harmonised pricing approach will also enable the water organisation to spread costs more evenly across the customer base, particularly where major regional projects (such as bulk supply or wastewater treatment upgrades) benefit multiple communities.

Regulatory guidance

The Commerce Commission is likely to eventually provide oversight of pricing through the economic regulation framework. Under this model:

- Metro Water will likely be subject to information disclosure and over time price-quality regulation
- The Commission will likely assess the reasonableness and efficiency of tariffs, investment plans, and cost structures.
- Pricing pathways must demonstrate both revenue sufficiency (to fund operations and capex) and efficiency (no overcharging).

While formal economic regulation may be phased in over time, early engagement with the Commerce Commission will be critical to shaping proportionate, fit-for-purpose arrangements for Metro Water that reflect its scale, risk profile, and public accountability obligations

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Drinking water volumetric charging

Metro Water will likely introduce volumetric charging for drinking water. This will rely on the successful rollout of water meters. The rollout will be prioritised over time based on detailed business case development and council prioritisation.

Once meters are installed and operational, customers will transition to usage-based billing - enabling more equitable pricing and incentivising water efficiency.

The timing of metering rollout is closely linked to the timing of the capital investment programme. By reducing water demand, metering can help defer the need for new bulk water sources, easing pressure on infrastructure and delaying capital expenditure.

Implementing volumetric charging will require careful calibration to ensure revenue sufficiency. Experience from councils such as Kāpiti Coast shows that a significant proportion of customers may reduce consumption below average demand, underscoring the importance of well-designed pricing structures and accurate demand forecasting.

Residential vs commercial pricing approach

Metro Water will distinguish between residential and commercial users, reflecting differences in usage profiles, service demand, and economic activity. Commercial customers typically:

- Consume significantly higher volumes of water;
- Have more consistent demand profiles;
- May have onsite treatment or pre-treatment obligations (especially for trade waste).

The water organisation will also be able to apply differential charges, where justified, for activities that impose disproportionate costs (e.g., high-strength wastewater discharges).

Potential approaches to charging for each of the three waters

Each of the three water services—drinking water, wastewater, and stormwater—will have its own charging methodology under the regional model. These methodologies will be developed by Metro Water. The direction set out in this plan is designed to ensure full cost recovery, consistency with regulatory requirements, and alignment with service levels and community expectations.

Water service	Potential charging approach

Drinking water	Transitioning over time to volumetric charging, based on metered consumption, with a mix of fixed and variable components. The shift to volumetric pricing will occur as water meters are rolled out across the region. In areas without meters, an interim fixed charge may apply.
Wastewater	Charged via a fixed charge for most residential customers. For non-residential users, a proxy volumetric approach may be adopted over time, where wastewater discharge is assumed to correlate with metered water use. There are no plans to directly meter wastewater.
Stormwater	Likely to be charged based on property characteristics, such as impervious surface area or connection size. The approach to charging for stormwater is acknowledged to be more complex and will require detailed consideration by Metro Water, working with councils and the community.

WCC transition from CV-based rates to uniform and volumetric charging

Wellington City Council currently charges for water services based on capital value (CV), which can result in misaligned incentives and inequitable outcomes, e.g., low-consumption households in high-value homes pay disproportionately more.

Local Water Done Well legislation requires WCC revenue collection to transition to uniform charges or fixed / volumetric tariffs.

The impacts of this are that households with high capital value but low water use are likely to see lower charges, while households with high water use may pay more than they do under CV-based rates

Transitional pricing may be applied for up to five years.

Ringfencing of water services revenue

The requirement for ringfencing water services revenue applies under the Local Government (Water Services) Act to territorial authorities that continue to deliver water services directly. Ringfencing ensures that all revenue collected for the provision of water services is used solely for those services and is kept separate from general council revenue and expenditure.

In the case of the Wellington metro region, the councils proposing this Plan have opted to transfer water services to a joint water organisation. Under this model, Metro Water becomes the direct provider of water services, assuming full responsibility for planning, investment, delivery, and billing.

As a result, the ringfencing provisions do not apply to the councils, because they will no longer be generating revenue through rates to apply to water activities and there will be no assumed dividends paid to the Council shareholders.

Appendix C7: Financial statements

The financial statements presented in this appendix are based on high-level financial modelling undertaken as part of the Metro Water WSDP. They represent indicative forecasts only and are subject to a range of assumptions, uncertainties, and limitations.

These projections:

- Reflect investment profiles, operating assumptions, and financing strategies outlined in the WSDP;
- Are based on information available at the time of preparation and rely on information provided by Councils and Wellington Water Limited, including Long-Term Plans, Annual Plans, asset management plans, and assumptions agreed by the participating councils;
- Do not constitute actual budgets or financial forecasts formally adopted by any council or Metro Water;
- Are expressed in inflated terms and include inflation assumptions as specified in the WSDP model;

These statements should not be relied upon for decision-making outside the context of the WSDP and they have not been subject to external audit.

Actual outcomes may vary materially from these projections due to changes including:

- Scope, timing, or cost of capital and operating programmes;
- Assumptions relating to debt financing, revenue recovery, and efficiency improvements;
- Policy, legislative, or regulatory settings, including economic regulation frameworks.

A summary of risks, uncertainties and assumptions are provided in Appendices C1, C8, and C9 of this Plan.

Metro Water financial statements

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	24,839	27,800	-	-	-	-	-	-	-	-
Targeted rates	308,754	351,828	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	3,943	1,283	1,371	1,407	1,441	1,475	1,509	1,542	1,574	1,608
Local authorities fuel tax, fines, infringement fees and other receipts	3,479	2,749	3,448	3,707	4,010	4,395	4,808	5,270	5,692	6,263
Fees and charges	12,374	16,607	446,861	507,190	575,680	653,583	742,217	842,831	957,486	1,087,900
Total operating funding	**353,389**	**400,267**	**451,680**	**512,304**	**581,131**	**659,453**	**748,534**	**849,643**	**964,752**	**1,095,771**
Applications of operating funding										
Payments to staff and suppliers	198,487	233,774	247,504	267,286	282,819	289,772	302,035	309,530	320,495	331,643
Finance costs	69,281	74,918	93,442	112,576	138,431	168,403	202,479	233,890	264,551	296,826
Internal charges and overheads applied	21,071	22,142	-	-	-	-	-	-	-	-
Other operating funding applications	4	(2)	(1)	(5)	(2)	5	(4)	(2)	-	-
Total applications of operating funding	**288,843**	**330,832**	**340,945**	**379,857**	**421,247**	**458,179**	**504,510**	**543,418**	**585,047**	**628,468**
Surplus/(deficit) of operating funding	**64,546**	**69,435**	**110,735**	**132,447**	**159,884**	**201,274**	**244,023**	**306,225**	**379,706**	**467,303**
Sources of capital funding										
Subsidies and grants for capital expenditure	119,377	182,261	23,115	49,380	37,390	-	-	-	-	-
Development and financial contributions	8,362	11,449	14,545	14,959	19,820	22,351	22,664	22,945	23,881	24,220
Increase/(decrease) in debt	282,350	259,819	291,059	462,223	448,452	522,299	480,269	423,491	400,052	552,809
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	1,809	-	-	-	-	-	-	-	-
Total sources of capital funding	**410,089**	**455,338**	**328,719**	**526,562**	**505,663**	**544,650**	**502,933**	**446,436**	**423,932**	**577,029**
Applications of capital funding										
Capital expenditure - to meet additional demand	118,256	56,004	73,522	115,269	129,670	112,390	84,479	122,665	133,784	253,028
Capital expenditure - to improve levels of services	209,777	276,429	169,034	191,378	191,511	316,250	346,843	298,772	217,577	320,823
Capital expenditure - to replace existing assets	146,602	192,157	196,898	352,362	344,365	317,284	315,635	331,223	452,277	470,481
Increase/(decrease) in reserves	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in investments	-	183	-	-	-	-	-	-	-	-
Total applications of capital funding	**474,635**	**524,773**	**439,455**	**659,009**	**665,546**	**745,924**	**746,957**	**752,660**	**803,638**	**1,044,332**
Surplus/(deficit) of capital funding	**(64,546)**	**(69,435)**	**(110,735)**	**(132,447)**	**(159,884)**	**(201,274)**	**(244,023)**	**(306,225)**	**(379,706)**	**(467,303)**
Funding balance	**-**	**-**	**(0)**	**-**	**-**	**-**	**0**	**-**	**-**	**-**

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	353,389	400,267	451,680	512,304	581,131	659,453	748,534	849,643	964,752	1,095,771
Other revenue	127,739	195,519	37,660	64,339	57,210	22,351	22,664	22,945	23,881	24,220
Total revenue	**481,128**	**595,786**	**489,340**	**576,643**	**638,341**	**681,804**	**771,198**	**872,587**	**988,633**	**1,119,991**
Operating expenses	198,491	233,772	247,503	267,281	282,817	289,777	302,031	309,528	320,495	331,643
Finance costs	69,281	74,918	93,442	112,576	138,431	168,403	202,479	233,890	264,551	296,826
Overheads and support costs	21,071	22,142	-	-	-	-	-	-	-	-
Depreciation & amortisation	212,456	228,431	245,575	261,868	281,368	301,065	321,442	341,154	360,714	379,894
Total expenses	**501,299**	**559,263**	**586,520**	**641,725**	**702,615**	**759,244**	**825,952**	**884,572**	**945,761**	**1,008,363**
Net surplus / (deficit)	**(20,171)**	**36,523**	**(97,180)**	**(65,082)**	**(64,274)**	**(77,440)**	**(54,754)**	**(11,985)**	**42,872**	**111,628**
Revaluation of infrastructure assets	358,036	377,826	393,783	401,976	408,928	395,786	372,283	365,230	324,708	335,409
Total comprehensive income	**337,865**	**414,350**	**296,602**	**336,894**	**344,653**	**318,346**	**317,528**	**353,246**	**367,580**	**447,037**
Cash surplus / (deficit) from operations (excl depreciation)	**192,285**	**264,954**	**148,395**	**196,786**	**217,094**	**223,625**	**266,687**	**329,169**	**403,586**	**491,523**

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	192,285	264,954	148,395	196,786	217,094	223,625	266,687	329,169	403,586	491,523
Net cashflows from operating activities	**192,285**	**264,954**	**148,395**	**196,786**	**217,094**	**223,625**	**266,687**	**329,169**	**403,586**	**491,523**
Cashflows from investment activities										
Investments	-	(183)	-	-	-	-	-	-	-	-
Capital expenditure	(474,635)	(524,590)	(439,455)	(659,009)	(665,546)	(745,924)	(746,957)	(752,660)	(803,638)	(1,044,332)
Net cashflows from investment activities	**(474,635)**	**(524,773)**	**(439,455)**	**(659,009)**	**(665,546)**	**(745,924)**	**(746,957)**	**(752,660)**	**(803,638)**	**(1,044,332)**
Cashflows from financing activities										
New borrowings	282,350	259,819	291,059	462,223	448,452	522,299	480,269	423,491	400,052	552,809
Repayment of borrowings	-	-	-	-	-	-	-	-	-	-
Net cashflows from financing activities	**282,350**	**259,819**	**291,059**	**462,223**	**448,452**	**522,299**	**480,269**	**423,491**	**400,052**	**552,809**
Net increase/(decrease) in cash and cash equivalents	**-**	**-**	**(0)**	**-**	**-**	**-**	**0**	**-**	**-**	**-**
Cash and cash equivalents at beginning of year	32,517	32,517	32,517	32,517	32,517	32,517	32,517	32,517	32,517	32,517
Cash and cash equivalents at end of year	**32,517**	**32,517**	**32,517**	**32,517**	**32,517**	**32,517**	**32,517**	**32,517**	**32,517**	**32,517**

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	32,517	32,517	32,517	32,517	32,517	32,517	32,517	32,517	32,517	32,517
Other current assets	-	-	-	-	-	-	-	-	-	-
Infrastructure assets	8,576,571	9,250,557	9,838,219	10,637,336	11,430,442	12,271,087	13,068,884	13,845,621	14,613,253	15,613,099
Other non-current assets	2,464	2,647	2,647	2,647	2,647	2,647	2,647	2,647	2,647	2,647
Total assets	**8,611,552**	**9,285,721**	**9,873,383**	**10,672,500**	**11,465,605**	**12,306,250**	**13,104,048**	**13,880,785**	**14,648,416**	**15,648,263**
Liabilities										
Borrowings - current portion	-	-	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Borrowings - non-current portion	1,586,129	1,845,948	2,137,007	2,599,231	3,047,683	3,569,982	4,050,251	4,473,742	4,873,794	5,426,603
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	**1,586,129**	**1,845,948**	**2,137,007**	**2,599,231**	**3,047,683**	**3,569,982**	**4,050,251**	**4,473,742**	**4,873,794**	**5,426,603**
Net assets	**7,025,423**	**7,439,773**	**7,736,375**	**8,073,269**	**8,417,922**	**8,736,269**	**9,053,797**	**9,407,043**	**9,774,623**	**10,221,660**
Equity										
Revaluation reserve	358,036	735,862	1,129,645	1,531,621	1,940,549	2,336,335	2,708,618	3,073,848	3,398,556	3,733,965
Other reserves	6,667,387	6,703,910	6,606,730	6,541,648	6,477,374	6,399,934	6,345,179	6,333,195	6,376,067	6,487,695
Total equity	**7,025,423**	**7,439,773**	**7,736,375**	**8,073,269**	**8,417,922**	**8,736,269**	**9,053,797**	**9,407,043**	**9,774,623**	**10,221,660**

Drinking supply financial statements

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	3,064	3,516	-	-	-	-	-	-	-	-
Targeted rates	135,166	154,633	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	2,700	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	3,219	2,485	3,175	3,425	3,721	4,097	4,503	4,956	5,371	5,934
Fees and charges	9,921	14,194	178,656	203,660	234,434	267,668	307,059	358,954	412,295	472,352
Total operating funding	**154,070**	**174,828**	**181,831**	**207,085**	**238,155**	**271,765**	**311,562**	**363,910**	**417,666**	**478,286**
Applications of operating funding										
Payments to staff and suppliers	97,333	113,242	118,072	127,608	135,858	139,904	147,261	151,597	155,887	162,434
Finance costs	33,869	36,275	41,773	51,916	65,920	80,614	94,711	106,293	115,965	123,831
Internal charges and overheads applied	8,020	8,233	-	-	-	-	-	-	-	-
Other operating funding applications	4	(1)	-	(2)	(1)	3	(1)	(2)	(1)	(1)
Total applications of operating funding	**139,226**	**157,749**	**159,845**	**179,521**	**201,777**	**220,522**	**241,971**	**257,889**	**271,852**	**286,264**
Surplus/(deficit) of operating funding	**14,844**	**17,079**	**21,986**	**27,563**	**36,378**	**51,244**	**69,590**	**106,021**	**145,815**	**192,021**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	3,252	4,349	5,217	5,265	6,943	7,672	7,475	7,314	7,310	7,491
Increase/(decrease) in debt	158,601	118,164	144,895	257,801	246,103	232,561	164,675	145,582	79,134	121,954
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	**161,853**	**122,513**	**150,112**	**263,066**	**253,046**	**240,233**	**172,150**	**152,896**	**86,444**	**129,445**
Applications of capital funding										
Capital expenditure - to meet additional demand	52,204	17,854	40,168	54,141	54,454	44,344	55,753	96,875	87,061	188,344
Capital expenditure - to improve levels of services	50,708	44,375	55,033	146,846	140,021	148,720	83,760	32,383	16,293	20,327
Capital expenditure - to replace existing assets	73,785	77,180	76,897	89,643	94,950	98,412	102,226	129,658	128,904	112,794
Increase/(decrease) in reserves	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in investments	-	183	-	-	-	-	-	-	-	-
Total applications of capital funding	**176,697**	**139,592**	**172,098**	**290,630**	**289,424**	**291,476**	**241,740**	**258,917**	**232,259**	**321,466**
Surplus/(deficit) of capital funding	**(14,844)**	**(17,079)**	**(21,986)**	**(27,563)**	**(36,378)**	**(51,244)**	**(69,590)**	**(106,021)**	**(145,815)**	**(192,021)**
Funding balance	**-**	**-**	**(0)**	**(0)**	**-**	**(0)**	**0**	**-**	**-**	**-**

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	154,070	174,828	181,831	207,085	238,155	271,765	311,562	363,910	417,666	478,286
Other revenue	3,252	4,349	5,217	5,265	6,943	7,672	7,475	7,314	7,310	7,491
Total revenue	**157,322**	**179,177**	**187,048**	**212,350**	**245,098**	**279,437**	**319,037**	**371,224**	**424,977**	**485,777**
Operating expenses	97,337	113,241	118,072	127,606	135,857	139,907	147,260	151,595	155,886	162,433
Finance costs	33,869	36,275	41,773	51,916	65,920	80,614	94,711	106,293	115,965	123,831
Overheads and support costs	8,020	8,233	-	-	-	-	-	-	-	-
Depreciation & amortisation	72,897	78,565	83,907	89,771	97,330	104,944	112,472	119,104	125,881	131,923
Total expenses	**212,123**	**236,314**	**243,752**	**269,292**	**299,107**	**325,465**	**354,443**	**376,992**	**397,732**	**418,187**
Net surplus / (deficit)	**(54,801)**	**(57,137)**	**(56,704)**	**(56,942)**	**(54,009)**	**(46,028)**	**(35,406)**	**(5,769)**	**27,245**	**67,590**
Revaluation of infrastructure assets	108,874	115,921	118,520	122,207	127,388	125,800	119,701	117,242	104,427	107,069
Total comprehensive income	**54,073**	**58,784**	**61,816**	**65,265**	**73,379**	**79,772**	**84,295**	**111,473**	**131,671**	**174,659**
Cash surplus / (deficit) from operations (excl depreciation)	**18,096**	**21,428**	**27,203**	**32,828**	**43,321**	**58,915**	**77,066**	**113,335**	**153,125**	**199,513**

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	18,096	21,428	27,203	32,828	43,321	58,915	77,066	113,335	153,125	199,513
Net cashflows from operating activities	**18,096**	**21,428**	**27,203**	**32,828**	**43,321**	**58,915**	**77,066**	**113,335**	**153,125**	**199,513**
Cashflows from investment activities										
Investments	-	(183)	-	-	-	-	-	-	-	-
Capital expenditure	(176,697)	(139,409)	(172,098)	(290,630)	(289,424)	(291,476)	(241,740)	(258,917)	(232,259)	(321,466)
Net cashflows from investment activities	**(176,697)**	**(139,592)**	**(172,098)**	**(290,630)**	**(289,424)**	**(291,476)**	**(241,740)**	**(258,917)**	**(232,259)**	**(321,466)**
Cashflows from financing activities										
New borrowings	158,601	118,164	144,895	257,801	246,103	232,561	164,675	145,582	79,134	121,954
Repayment of borrowings	-	-	-	-	-	-	-	-	-	-
Net cashflows from financing activities	**158,601**	**118,164**	**144,895**	**257,801**	**246,103**	**232,561**	**164,675**	**145,582**	**79,134**	**121,954**
Net increase/(decrease) in cash and cash equivalents	**-**	**-**	**(0)**	**-**	**-**	**-**	**0**	**-**	**-**	**-**
Cash and cash equivalents at beginning of year	19,292	19,292	19,292	19,292	19,292	19,292	19,292	19,292	19,292	19,292
Cash and cash equivalents at end of year	**19,292**	**19,292**	**19,292**	**19,292**	**19,292**	**19,292**	**19,292**	**19,292**	**19,292**	**19,292**

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	19,292	19,292	19,292	19,292	19,292	19,292	19,292	19,292	19,292	19,292
Other current assets	-	-	-	-	-	-	-	-	-	-
Infrastructure assets	2,632,095	2,808,860	3,015,571	3,338,637	3,658,119	3,970,452	4,219,422	4,476,478	4,687,282	4,983,895
Other non-current assets	2,464	2,647	2,647	2,647	2,647	2,647	2,647	2,647	2,647	2,647
Total assets	**2,653,851**	**2,830,799**	**3,037,510**	**3,360,576**	**3,680,058**	**3,992,391**	**4,241,361**	**4,498,417**	**4,709,221**	**5,005,833**
Liabilities										
Borrowings - current portion	-	-	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Borrowings - non-current portion	704,421	822,585	967,480	1,225,281	1,471,384	1,703,945	1,868,620	2,014,202	2,093,336	2,215,289
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	**704,421**	**822,585**	**967,480**	**1,225,281**	**1,471,384**	**1,703,945**	**1,868,620**	**2,014,202**	**2,093,336**	**2,215,289**
Net assets	**1,949,429**	**2,008,214**	**2,070,029**	**2,135,294**	**2,208,674**	**2,288,446**	**2,372,741**	**2,484,214**	**2,615,886**	**2,790,544**
Equity										
Revaluation reserve	108,874	224,795	343,315	465,522	592,911	718,711	838,412	955,654	1,060,081	1,167,150
Other reserves	1,840,555	1,783,418	1,726,714	1,669,772	1,615,763	1,569,735	1,534,329	1,528,560	1,555,805	1,623,394
Total equity	**1,949,429**	**2,008,214**	**2,070,029**	**2,135,294**	**2,208,674**	**2,288,446**	**2,372,741**	**2,484,214**	**2,615,886**	**2,790,544**

Wastewater financial statements

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	3,032	3,399	-	-	-	-	-	-	-	-
Targeted rates	137,168	148,369	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	789	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	133	135	140	145	148	153	157	162	166	170
Fees and charges	2,436	2,396	193,732	220,257	247,481	282,617	322,038	363,324	408,424	461,979
Total operating funding	**142,769**	**155,088**	**193,872**	**220,402**	**247,629**	**282,770**	**322,195**	**363,486**	**408,590**	**462,149**
Applications of operating funding										
Payments to staff and suppliers	74,681	84,696	96,401	103,765	108,874	110,247	113,006	114,783	119,810	122,771
Finance costs	24,836	28,363	47,689	56,462	66,985	79,142	93,541	105,156	116,940	132,448
Internal charges and overheads applied	10,970	11,561	-	-	-	-	-	-	-	-
Other operating funding applications	(1)	(3)	1	(1)	-	2	1	-	-	-
Total applications of operating funding	**110,486**	**124,617**	**144,091**	**160,226**	**175,859**	**189,391**	**206,548**	**219,940**	**236,750**	**255,219**
Surplus/(deficit) of operating funding	**32,283**	**30,471**	**49,781**	**60,176**	**71,770**	**93,379**	**115,647**	**143,546**	**171,840**	**206,930**
Sources of capital funding										
Subsidies and grants for capital expenditure	116,893	177,502	16,725	-	-	-	-	-	-	-
Development and financial contributions	4,492	6,134	7,966	8,212	11,156	12,607	13,122	13,592	14,571	14,736
Increase/(decrease) in debt	125,977	144,449	152,438	190,833	167,383	211,038	199,848	112,941	187,108	276,880
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	**247,362**	**328,085**	**177,129**	**199,045**	**178,539**	**223,645**	**212,970**	**126,533**	**201,680**	**291,616**
Applications of capital funding										
Capital expenditure - to meet additional demand	63,373	29,975	17,928	22,552	24,751	44,798	16,613	17,378	41,880	66,000
Capital expenditure - to improve levels of services	149,934	221,724	101,614	28,884	25,243	103,090	149,711	107,923	65,822	133,257
Capital expenditure - to replace existing assets	66,338	106,857	107,368	207,786	200,315	169,137	162,292	144,778	265,817	299,289
Increase/(decrease) in reserves	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	**279,645**	**358,556**	**226,910**	**259,222**	**250,309**	**317,024**	**328,617**	**270,079**	**373,520**	**498,546**
Surplus/(deficit) of capital funding	**(32,283)**	**(30,471)**	**(49,781)**	**(60,176)**	**(71,770)**	**(93,379)**	**(115,647)**	**(143,546)**	**(171,840)**	**(206,930)**
Funding balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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	142,769	155,088	193,872	220,402	247,629	282,770	322,195	363,486	408,590	462,149
Other revenue	121,385	183,636	24,691	8,212	11,156	12,607	13,122	13,592	14,571	14,736
Total revenue	**264,154**	**338,724**	**218,563**	**228,614**	**258,785**	**295,377**	**335,317**	**377,078**	**423,162**	**476,884**
Operating expenses	74,680	84,693	96,402	103,764	108,874	110,249	113,007	114,783	119,810	122,771
Finance costs	24,836	28,363	47,689	56,462	66,985	79,142	93,541	105,156	116,940	132,448
Overheads and support costs	10,970	11,561	-	-	-	-	-	-	-	-
Depreciation & amortisation	85,450	93,074	102,016	109,384	117,312	125,157	133,722	142,164	149,726	158,227
Total expenses	**195,936**	**217,691**	**246,107**	**269,610**	**293,171**	**314,548**	**340,270**	**362,104**	**386,476**	**413,446**
Net surplus / (deficit)	**68,218**	**121,033**	**(27,545)**	**(40,995)**	**(34,386)**	**(19,171)**	**(4,953)**	**14,975**	**36,685**	**63,438**
Revaluation of infrastructure assets	119,685	131,055	145,661	150,825	153,423	148,028	139,926	138,165	122,132	127,384
Total comprehensive income	**187,903**	**252,088**	**118,117**	**109,829**	**119,037**	**128,857**	**134,972**	**153,140**	**158,817**	**190,822**
Cash surplus / (deficit) from operations (excl depreciation)	**153,668**	**214,107**	**74,472**	**68,388**	**82,926**	**105,987**	**128,769**	**157,138**	**186,411**	**221,666**

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	153,668	214,107	74,472	68,388	82,926	105,987	128,769	157,138	186,411	221,666
Net cashflows from operating activities	**153,668**	**214,107**	**74,472**	**68,388**	**82,926**	**105,987**	**128,769**	**157,138**	**186,411**	**221,666**
Cashflows from investment activities										
Investments	-	-	-	-	-	-	-	-	-	-
Capital expenditure	(279,645)	(358,556)	(226,910)	(259,222)	(250,309)	(317,024)	(328,617)	(270,079)	(373,520)	(498,546)
Net cashflows from investment activities	**(279,645)**	**(358,556)**	**(226,910)**	**(259,222)**	**(250,309)**	**(317,024)**	**(328,617)**	**(270,079)**	**(373,520)**	**(498,546)**
Cashflows from financing activities										
New borrowings	125,977	144,449	152,438	190,833	167,383	211,038	199,848	112,941	187,108	276,880
Repayment of borrowings	-	-	-	-	-	-	-	-	-	-
Net cashflows from financing activities	**125,977**	**144,449**	**152,438**	**190,833**	**167,383**	**211,038**	**199,848**	**112,941**	**187,108**	**276,880**
Net increase/(decrease) in cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents at beginning of year	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246
Cash and cash equivalents at end of year	**2,246**	**2,246**	**2,246**	**2,246**	**2,246**	**2,246**	**2,246**	**2,246**	**2,246**	**2,246**

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	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246	2,246
Other current assets	-	-	-	-	-	-	-	-	-	-
Infrastructure assets	2,973,547	3,370,083	3,640,638	3,941,301	4,227,721	4,567,616	4,902,436	5,168,517	5,514,442	5,982,145
Other non-current assets	-	-	-	-	-	-	-	-	-	-
Total assets	**2,975,793**	**3,372,329**	**3,642,884**	**3,943,547**	**4,229,967**	**4,569,862**	**4,904,682**	**5,170,763**	**5,516,688**	**5,984,391**
Liabilities										
Borrowings - current portion	-	-	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Borrowings - non-current portion	781,347	925,796	1,078,234	1,269,067	1,436,450	1,647,488	1,847,336	1,960,276	2,147,385	2,424,265
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	**781,347**	**925,796**	**1,078,234**	**1,269,067**	**1,436,450**	**1,647,488**	**1,847,336**	**1,960,276**	**2,147,385**	**2,424,265**
Net assets	**2,194,446**	**2,446,534**	**2,564,650**	**2,674,480**	**2,793,517**	**2,922,374**	**3,057,346**	**3,210,486**	**3,369,303**	**3,560,126**
Equity										
Revaluation reserve	119,685	250,740	396,401	547,225	700,649	848,676	988,602	1,126,767	1,248,900	1,376,284
Other reserves	2,074,761	2,195,794	2,168,250	2,127,254	2,092,868	2,073,697	2,068,744	2,083,719	2,120,404	2,183,842
Total equity	**2,194,446**	**2,446,534**	**2,564,650**	**2,674,480**	**2,793,517**	**2,922,374**	**3,057,346**	**3,210,486**	**3,369,303**	**3,560,126**

Stormwater financial statements

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	18,743	20,885	-	-	-	-	-	-	-	-
Targeted rates	36,420	48,826	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	1,243	494	1,371	1,407	1,441	1,475	1,509	1,542	1,574	1,608
Local authorities fuel tax, fines, infringement fees and other receipts	127	129	133	137	141	145	148	152	155	159
Fees and charges	17	17	74,474	83,273	93,765	103,298	113,120	120,553	136,767	153,570
Total operating funding	**56,550**	**70,351**	**75,978**	**84,817**	**95,347**	**104,918**	**114,777**	**122,247**	**138,496**	**155,337**
Applications of operating funding										
Payments to staff and suppliers	26,473	35,836	33,031	35,914	38,088	39,620	41,767	43,149	44,798	46,438
Finance costs	10,576	10,280	3,981	4,199	5,525	8,646	14,228	22,441	31,646	40,547
Internal charges and overheads applied	2,081	2,348	-	-	-	-	-	-	-	-
Other operating funding applications	1	2	(2)	(2)	(1)	-	(4)	-	1	1
Total applications of operating funding	**39,131**	**48,466**	**37,010**	**40,110**	**43,611**	**48,267**	**55,991**	**65,590**	**76,445**	**86,986**
Surplus/(deficit) of operating funding	**17,419**	**21,885**	**38,968**	**44,707**	**51,735**	**56,651**	**58,786**	**56,657**	**62,051**	**68,351**
Sources of capital funding										
Subsidies and grants for capital expenditure	2,484	4,759	6,390	49,380	37,390	-	-	-	-	-
Development and financial contributions	618	966	1,362	1,482	1,721	2,072	2,067	2,038	1,999	1,993
Increase/(decrease) in debt	(2,228)	(2,794)	(6,273)	13,589	34,967	78,700	115,747	164,968	133,810	153,975
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	1,809	-	-	-	-	-	-	-	-
Total sources of capital funding	**874**	**4,740**	**1,479**	**64,451**	**74,078**	**80,772**	**117,814**	**167,006**	**135,809**	**155,968**
Applications of capital funding										
Capital expenditure - to meet additional demand	2,679	8,175	15,426	38,576	50,465	23,248	12,112	8,412	4,842	(1,316)
Capital expenditure - to improve levels of services	9,135	10,330	12,388	15,648	26,247	64,440	113,372	158,466	135,462	167,238
Capital expenditure - to replace existing assets	6,479	8,120	12,633	54,934	49,101	49,735	51,116	56,786	57,556	58,397
Increase/(decrease) in reserves	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	**18,293**	**26,625**	**40,447**	**109,157**	**125,813**	**137,423**	**176,600**	**223,664**	**197,859**	**224,320**
Surplus/(deficit) of capital funding	**(17,419)**	**(21,885)**	**(38,968)**	**(44,707)**	**(51,735)**	**(56,651)**	**(58,786)**	**(56,657)**	**(62,051)**	**(68,351)**
Funding balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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	56,550	70,351	75,978	84,817	95,347	104,918	114,777	122,247	138,496	155,337
Other revenue	3,102	7,534	7,752	50,862	39,111	2,072	2,067	2,038	1,999	1,993
Total revenue	**59,652**	**77,885**	**83,730**	**135,679**	**134,458**	**106,990**	**116,844**	**124,285**	**140,495**	**157,330**
Operating expenses	26,474	35,838	33,029	35,912	38,087	39,620	41,763	43,149	44,799	46,439
Finance costs	10,576	10,280	3,981	4,199	5,525	8,646	14,228	22,441	31,646	40,547
Overheads and support costs	2,081	2,348	-	-	-	-	-	-	-	-
Depreciation & amortisation	54,110	56,792	59,652	62,713	66,726	70,964	75,248	79,886	85,107	89,744
Total expenses	**93,241**	**105,258**	**96,661**	**102,824**	**110,337**	**119,231**	**131,239**	**145,476**	**161,552**	**176,730**
Net surplus / (deficit)	**(33,589)**	**(27,373)**	**(12,932)**	**32,856**	**24,121**	**(12,241)**	**(14,395)**	**(21,190)**	**(21,058)**	**(19,400)**
Revaluation of infrastructure assets	129,477	130,851	129,602	128,944	128,116	121,958	112,656	109,823	98,149	100,956
Total comprehensive income	**95,888**	**103,478**	**116,670**	**161,799**	**152,237**	**109,717**	**98,261**	**88,632**	**77,092**	**81,556**
Cash surplus / (deficit) from operations (excl depreciation)	**20,521**	**29,419**	**46,720**	**95,569**	**90,847**	**58,723**	**60,853**	**58,696**	**64,050**	**70,345**

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	20,521	29,419	46,720	95,569	90,847	58,723	60,853	58,696	64,050	70,345
Net cashflows from operating activities	**20,521**	**29,419**	**46,720**	**95,569**	**90,847**	**58,723**	**60,853**	**58,696**	**64,050**	**70,345**
Cashflows from investment activities										
Investments	-	-	-	-	-	-	-	-	-	-
Capital expenditure	(18,293)	(26,625)	(40,447)	(109,157)	(125,813)	(137,423)	(176,600)	(223,664)	(197,859)	(224,320)
Net cashflows from investment activities	**(18,293)**	**(26,625)**	**(40,447)**	**(109,157)**	**(125,813)**	**(137,423)**	**(176,600)**	**(223,664)**	**(197,859)**	**(224,320)**
Cashflows from financing activities										
New borrowings	(2,228)	(2,794)	(6,273)	13,589	34,967	78,700	115,747	164,968	133,810	153,975
Repayment of borrowings	-	-	-	-	-	-	-	-	-	-
Net cashflows from financing activities	**(2,228)**	**(2,794)**	**(6,273)**	**13,589**	**34,967**	**78,700**	**115,747**	**164,968**	**133,810**	**153,975**
Net increase/(decrease) in cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents at beginning of year	10,979	10,979	10,979	10,979	10,979	10,979	10,979	10,979	10,979	10,979
Cash and cash equivalents at end of year	**10,979**	**10,979**	**10,979**	**10,979**	**10,979**	**10,979**	**10,979**	**10,979**	**10,979**	**10,979**

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	10,979	10,979	10,979	10,979	10,979	10,979	10,979	10,979	10,979	10,979
Other current assets	-	-	-	-	-	-	-	-	-	-
Infrastructure assets	2,970,930	3,071,613	3,182,010	3,357,398	3,544,602	3,733,019	3,947,026	4,200,627	4,411,528	4,647,060
Other non-current assets	-	-	-	-	-	-	-	-	-	-
Total assets	**2,981,909**	**3,082,592**	**3,192,989**	**3,368,377**	**3,555,581**	**3,743,998**	**3,958,005**	**4,211,606**	**4,422,507**	**4,658,039**
Liabilities										
Borrowings - current portion	-	-	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Borrowings - non-current portion	100,361	97,567	91,293	104,882	139,849	218,549	334,296	499,264	633,073	787,049
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	**100,361**	**97,567**	**91,293**	**104,882**	**139,849**	**218,549**	**334,296**	**499,264**	**633,073**	**787,049**
Net assets	**2,881,548**	**2,985,026**	**3,101,696**	**3,263,495**	**3,415,732**	**3,525,449**	**3,623,710**	**3,712,342**	**3,789,434**	**3,870,990**
Equity										
Revaluation reserve	129,477	260,328	389,929	518,873	646,989	768,947	881,603	991,426	1,089,575	1,190,531
Other reserves	2,752,071	2,724,698	2,711,766	2,744,622	2,768,743	2,756,502	2,742,107	2,720,916	2,699,858	2,680,459
Total equity	**2,881,548**	**2,985,026**	**3,101,696**	**3,263,495**	**3,415,732**	**3,525,449**	**3,623,710**	**3,712,342**	**3,789,434**	**3,870,990**

Appendix C8: Approach to financial modelling and assumptions

The modelling presented builds on earlier regional financial modelling commissioned by DIA, beginning with the "Wellington Regional Model" and incorporating refinements through the Metro Water programme.

This model is designed for strategic decision support to assess financial sustainability rather than as an operating forecast. All figures are in inflated dollars, unless stated otherwise. Outcomes are sensitive to future market conditions, council decisions, regulatory inputs, and delivery risk.

Modelling structure and key inputs

1. **Long-term plan forecasts**: Baseline funding impact statements (FIS) for water supply, wastewater, and stormwater are drawn from the 2024–34 LTPs, with adjustments for 2025/26 Annual Plans.
2. **Consolidation adjustments**: Joint venture allocations and removal of Greater Wellington (GW) bulk revenue to avoid double counting at regional level.
3. **Increased investment**: Capex and consequential opex adjustments to reflect the preferred investment scenario.
4. **WO-specific assumptions**: Additional operating costs, efficiencies, establishment costs, and opening debt applied from 1 July 2026.
5. **Revenue solve**: Revenue (including water charges) is set to meet a 9% funds from operations (FFO) to debt ratio by FY34. Revenue increased are modelled to smooth evenly over the period of the plan.

Assumptions

Specific adjustments to LTP projections have been made to reflect the assumptions set out below for the scenarios modelled.

- **Start date:** 1 July 2026.
- **Establishment costs:** Additional costs for increased systems and IT capability as per the below table (added over FY27-28).

  These are based on estimated costs for:

  - $15m FY25/26 establishment costs including resourcing, set up, new Board / CE / ELT, temporary accommodation, legal, transfer arrangements, and financing. This is being debt funded by councils and will be passed to Metro Water.
  - $13.8m FY25/26 for Wellington Water TSI programme funded via GW and passed to Metro Water on Day 1. This includes assumption of asset management, CRM and Finance systems. This is being debt funded by councils and will be passed to Metro Water.

  - $40.5m FY26/27 to complete full IT systems, data transfer requirements for Metro Water (based on mid-point of estimate, BlueBeacon, July 2025).
  - $5m FY26/27 estimate for residual establishment costs / legal / transfers across councils and Metro Water.
- **Opening debt:** As per methodology outlined in Appendix C3.
- **Capital revenues:** Development contributions (DCs) and capital subsidies are as per the LTP for existing LTP growth capital expenditure with a modelled DC policy applied for additional capital expenditure detailed in Appendix C10.
- **Capital expenditure:** Outlined in part C of WSDP.
- **Consequential operating costs:** Additional operating expenditure resulting from additional capital expenditure (at a rate of 4% for growth and level of service related investment greater than $20M, excluding pipes. A rate of 1% for the Pākuratahi Lakes.)
- **Additional operating costs:** Allowances for additional costs over LTP assumptions for Board and management, Taumata Arowai and Commerce Commission fees, audit costs, and additional maintenance costs.
- **Efficiencies:** Operating efficiencies (2.25% p.a.) and capital efficiencies (1.55% p.a.) are staged (3-year ramp from FY27) and stop accumulating after 15 years. 15% step change in capital expenditure efficiency from FY29.
- **Median household income:** Stats NZ 2023 census data for each council area, forecast growth rate based on 20-year historical average relative to inflation (1.55% p.a. above inflation).
- **Connection annual growth numbers:** As provided by each Council as follows: HCC 0.9%, PCC 1.0%, UHCC 1.5%, WCC 0.6%.
- **Interest rate:** Interest rate assumptions are based on advice from PwC Treasury Advisory using current market data at 30 June 2025. In line with current LGFA guidance, interest rate pricing is based on a weighted average of the shareholding councils' credit ratings with a margin of 5 basis points per annum above the margin for a council with an equivalent credit rating. Interest rates on existing debt at 30 June 2026 are calculated based on a fixed rate basis, with maturities ranging from 1 to 10 years. All new debt growth beyond the initial debt refinancing is assumed to be funded on a floating rate basis. Estimated weighted average borrowing rate over the forecast period is 5.56% p.a.
- **Capital expenditure inflation:** Council long term plan capital expenditure remains inflated based on Councils' individual long term plan inflation assumptions. BERL 2024 water infrastructure inflation index is applied to additional forecast capital expenditure over LTP base levels.
- **WCC Sludge Minimisation Facility:** This project, due to be completed in FY27, is included in WCC's LTP through capital grants from the Infrastructure Funding and Financing (IFF) Special Purpose Vehicle (SPV) that was established to finance the facility. The project is therefore included in the capital programme and is treated consistently with other infrastructure assets for depreciation and consequential operational costs. However, finance-related costs (including interest and debt repayment) are not borne by Metro Water. These remain with the SPV and are recovered via a separate IFF levy charged directly to WCC ratepayers. This debt will not transfer to

Metro Water and will not be reflected in Metro Water's balance sheet or revenue requirement.

- **Vested assets:** delivered and funded by developers and Kāinga Ora are included in the financial model based on inputs and assumptions provided by each Council. These assets are recognised as non-cash contributions to the capital programme and are treated as additions to the asset base for depreciation, consequential operating costs, and renewal planning purposes. No financing or implications are assumed for these assets within the model.
- **Depreciation** is based on each Council's LTP forecasts for existing assets and planned capital investment. For capital expenditure above LTP levels, depreciation is calculated using a straight-line method over an estimated average asset life of 74 years, reflecting the typical lifespan of water infrastructure.

Appendix C9: Financial sustainability risks and mitigations

Delivering the Water Services Delivery Plan and achieving financial sustainability for the Water Services Council-Controlled Organisation (WSCCO) will require active management of several key risks. These risks arise from both internal factors (e.g., organisational establishment) and external conditions (e.g., market capacity, economic regulation).

The key risks identified through regional assessments are summarised below, along with proposed mitigation strategies.

Risk and description	Mitigations
Investment delivery risk: The scale of capital investment required may exceed the short-term delivery capacity of the construction market, leading to under-delivery, cost escalation, or delays.	-Align programme phasing to be under to 20–22% annual market capacity growth guidance. - Early market engagement and visibility of the 10-year pipeline. - Scalable delivery models (eg. panel contracting, alliances). - Capable client-side delivery team and project management systems. - Scenario modelling including of lower end investment scenario
Capital cost escalation risk: Capital and infrastructure costs may escalate significantly beyond current projections. This could compromise long-term affordability for consumers and increase pressure on revenue and financing strategies.	- Regularly update capital forecasts based on market based data. - Prioritise investment based on criticality and service risk - Engage early with economic regulator to optimise price/quality path
Revenue sufficiency and affordability risk: Significant increases in customer charges are required to achieve full cost recovery, posing affordability challenges and potential customer resistance.	- Phased transition to cost-reflective pricing. - Targeted affordability and hardship support policies and flexible payment arrangements. - Transparent communications on drivers of price increases. - Application of differential commercial-residential charging where appropriate. - Early engagement with the Commerce Commission to develop a price / quality pathway.
Financing and liquidity risk: Substantial debt loads in the early decades may pressure borrowing covenants and liquidity, limiting financial flexibility.	- Target 9% FFO-to-debt ratio by FY2034. - Prudent treasury and liquidity management practices. - Staged revenue growth aligned to debt servicing requirements. - Maintenance of cash buffers for resilience.
Economic regulation risk: Introduction of price-quality regulation may constrain	- Alignment of financial strategy with Building Block Model and cost-efficiency expectations. - Robust investment planning and regulatory submissions.

flexibility over revenue recovery or timing of capital programmes.	- Early engagement with the Commerce Commission on transitional expectations.
Growth and demand risk: Investment in growth areas may precede actual demand materialisation, creating under-recovery risks.	- Staged growth investment triggered by demand monitoring. - Strengthened development contribution (DC) policies. - Flexible capital programme able to adjust to growth variations. - Co-ordination with council district plans and regional planning
Asset information and data quality risk: Incomplete or inconsistent asset condition information increases the risk of mis-prioritisation or unplanned failures.	- Accelerated development of a unified asset management system. - Implementation of risk-based prioritisation frameworks. - Ongoing investment in asset condition assessments.
Unanticipated event risk: costs from an unanticipated event exceed insurance and debt headroom.	- Capital investment can be reprioritised or deferred - Fallback support available via uncalled capital or guarantees from councils.
Revenue shortfall from volumetric charging risk: Customer behaviour change under volumetric charging may result in lower-than-expected water use, leading to under-recovery of revenue.	- Design pricing structures to balance equity and revenue sufficiency - Initially use higher proportion fixed charges or tiered tariffs - Incorporate demand elasticity into financial forecasting.
Insurance Cover risk: There is a risk that the insurance market cannot provide sufficient capacity to meet the combined insurance requirements of Metro Water.	- Early with Insurance Brokers - Layer and Diversify Coverage

Appendix C10: Development contributions

Development Contributions (DCs) are a statutory funding mechanism under the Local Government Act 2002 (LGA) that allows territorial authorities to recover the growth-attributable portion of capital costs associated with infrastructure required to service new development. Under the proposed regional delivery model, the administration of DCs may remain with individual councils in the short term, or may transition to Metro Water through future harmonisation or delegation arrangements.

Councils have historically applied DCs to varying extents in their long-term plans, and estimated development contribution receipts for capital expenditure included in long term plans have not been revised (with the exceptions of GWRC and UHCC explained in detail below). There are a number of key considerations and constraints in relation to development contributions:

- **Policy and legal constraints:** Under the LGA, only the portion of a project attributable to growth can be recovered through DCs. Mixed-benefit projects must allocate costs proportionally between existing users and new development, requiring robust methodology and justification. However, categorisation of capital expenditure against the LGA categories is based on the primary driver of expenditure. This means there is an inherent misalignment between the "capital expenditure to meet increased demand" projection, and the "growth share" of costs that are recovered through development contributions.
- **Market feasibility and affordability:** Sudden increases in DC charges may affect development viability, particularly in brownfield intensification areas or for affordable housing.
- **Timing and cashflow risks:** Infrastructure is often built ahead of growth, creating a risk that DCs will under-recover if projected development is delayed or does not eventuate. There is also a delay between the date at which development contributions are assessed and the date under which they are payable, which can extend for a number of years in some cases. This means changes to development contributions policies will take some time to have an effect on cashflow.
- **Policy uncertainty:** The Government's announced reforms (including a possible shift to nationally defined "Development Levies") introduce ambiguity about how DC policies may evolve during the implementation of the WSDP.
- **Long term recovery requirements:** The LGA requires that development contributions are calculated and collected by reference to the "capacity life" of infrastructure. In most cases this capacity life will extend beyond a 10-year planning period, typically extending to 30 years. This period of collection is reflected in each Council's development contributions policy, and impacts the timing of policy changes.

Despite these constraints, DCs remain a significant source of growth-related funding and can reduce reliance on borrowing requirements.

Current development contribution (DC) policies

The four metro councils in the Wellington Region each apply DCs differently:

Council	Current status (2024–34 LTP)
Upper Hutt City Council	Current Development contributions policy does provide for DCs on three waters assets, but these are not included financial projections included within the LTP
Wellington City Council	New 2024 policy targets ~50% recovery on applicable growth capex. Planned recovery reflects lumpiness of capital programme and 30-year recovery timeframes.
Porirua City Council	Updating catchments; greenfield charges increasing by ~50% growth in Eastern Porirua was to be significantly funded through IAF funding and Kainga Ora development, and significant use of development agreements. Revenue only recognised on project completion but development contribution policy has a 30-year capital works outlook.
Hutt City Council	Updating policy to increase recovery, especially for growth zones. Latest policy reflects increased recovery targets, however growing resistance from developers.

Modelled development contribution policies

For financial modelling purposes, the current initial draft version of the WSDP applies the DC assumptions embedded in each council's 2024–34 Long Term Plan (LTP) to the corresponding capital investment forecasts. However, to enable consistent comparison and affordability testing across councils, a modelling approach has been used for additional investment over and above the LTP capital programme in financial modelling:

- The revised capital programme has been reviewed by Wellington Water's asset management group and the regional team. Through this process, all projects with a growth component have been identified, and the growth share (the proportion of costs that can justifiably be recovered from the growth community) has been identified.
- A 30-year capacity life has been assumed for all projects consistent with industry practice.
- Projects have been grouped by council, and expected capital costs and timing of cashflows have been modelled over the 10-year WSDP and LTP period.
- Annual connection growth, consistent with the growth assumed in the underlying financial modelling, has been modelled per council.
- A rolling DC account balance has been calculated based on anticipated annual receipts and capital expenditure outflows at a whole of council level for each council. This includes interest on debt balances.
- Development contributions have been calculated to ensure that the debt balance is equal to zero at the end of the capacity life.
- Annual development contribution revenue has been assessed based on the annual connection growth multiplied by the per connection charge.

- We have assumed that infrastructure that would have otherwise been constructed by GWRC (which is otherwise legislatively prevented from setting development contributions), would be able to be funded from development contributions within the new entity.
- No detailed breakdown of development contribution receipts for water, wastewater, and stormwater, is included within UHCC's long term plan. For modelling purposes we have assumed that 10% of the annual growth cost in the existing long-term plan would be recovered through development contributions.

The financial model allows 75% of forecast DC revenue to be included in net debt calculations under LGFA financial covenants. This is consistent with Local Government Funding Agency (LGFA) provided guidance in April 2025 for councils with more than 50,000 connections.

Policy uncertainty and potential for uplift

The Government has signalled an intention to replace development contributions with Development Levies (DLs) — a new funding tool that may be available to both territorial authorities and water entities. While legislation has not yet been introduced, DLs could offer greater flexibility or broader application than current DCs, particularly for regionally delivered infrastructure. Depending on the final design, this could create a material opportunity to increase growth-related revenue recovery, reducing pressure on customer charges and supporting a stronger alignment with the "growth pays for growth" principle. The potential impact of increased growth revenue is tested in *Appendix C11: Sensitivity scenarios*, which includes a 'lower end scenario' which reflects opportunity for a greater share of growth-related capital expenditure to be recovered from developers.

Appendix C11: Sensitivity scenarios

Impact on household affordability

This appendix presents a series of sensitivity tests designed to assess how key financial inputs influence household affordability under the proposed regional water services model. These tests explore the extent to which the model's outcomes are resilient to changes in efficiency performance, investment requirements, growth-related revenue, and borrowing assumptions.

The scenarios have been selected to reflect the most material levers available to the water organisation and councils in shaping pricing outcomes over time. Each variable was flexed independently to isolate its impact on affordability (with exception of the combined scenario as outlined below). While real-world conditions may involve combinations of these changes, the purpose of this analysis is to understand the directional significance of each input.

The seven key variables tested are:

1. Efficiency assumptions

Efficiency gains—both operational and capital—are important to improving long-term affordability. The base model assumes annual efficiency uplifts of 2.25% (opex) and 1.55% (capex) from FY27, with an additional step-change of 15% from FY29. Scenarios test the effect of higher and lower sustained efficiencies and the removal of the step-change.

2. Capital Investment Programme (Capex Levels)

Capital investment is a primary driver of water service charges over time. Scenarios test the impact of adjusting total investment by ±20% relative to the modelled Plan, to reflect either delivery constraints or higher-than-expected investment requirements.

3. Development Contributions (DCs)

DCs help recover growth-related infrastructure costs and reduce the burden on household bills over time. Scenarios examine the impact of doubling or halving DC revenue from FY28 to reflect policy decisions or changes in development activity.

4. Borrowing parameters and LGFA leverage buffers

Borrowing capacity and the financial headroom maintained relative to LGFA covenants materially influence pricing and risk. Scenarios test the affordability impact of applying a higher (10%) or lower (8%) headroom buffer to the Funds from Operations (FFO) to debt ratio used in the model.

5. Population and connection growth

Population growth determines both the demand for infrastructure and the number of connections over which costs can be spread. Scenarios assess the impact on affordability if growth is either significantly higher (double) or lower (half) than forecast:

6. Interest rate movements

Given the scale of planned borrowing, interest costs are a major driver of Metro Water's long-term financial profile. While the model assumes a stable average borrowing rate, actual rates are subject to market volatility and refinancing risk. Scenarios assess the impact on affordability if interest rates are either significantly higher (+1.5%) or lower (-1.5%) than forecast.

7. Earlier FFO-debt compliance

LGFA's guidance allows up to five years from establishment for water entities to reach covenant compliance, with any longer glide path requiring approval by the LGFA Board. For Metro Water, this five-year window would conclude in FY31. In-principle support is being sought from LGFA for a seven-year transition, allowing Metro Water to achieve the 8% compliance target by FY33. This scenario tests the price increases required if compliance is required by FY31.

Additionally, the WSDP has identified both investment deliverability and growth cost recovery as key variables. This scenario tests the combined impact of two credible shifts — one risk-based, one opportunity-based — to explore the layered effects of these potential shifts.

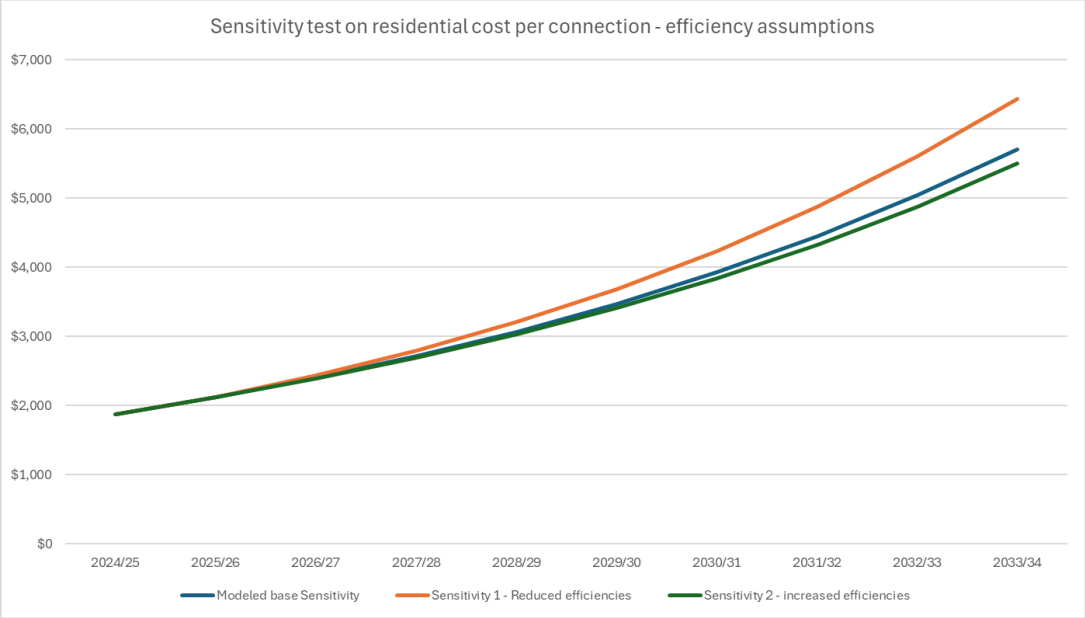
For each scenario, the resulting impact on average household water charges has been modelled across the 10-year WSDP period.

Efficiency assumptions

- **Why**: Efficiency gains are a significant driver for price reductions under the regional model.

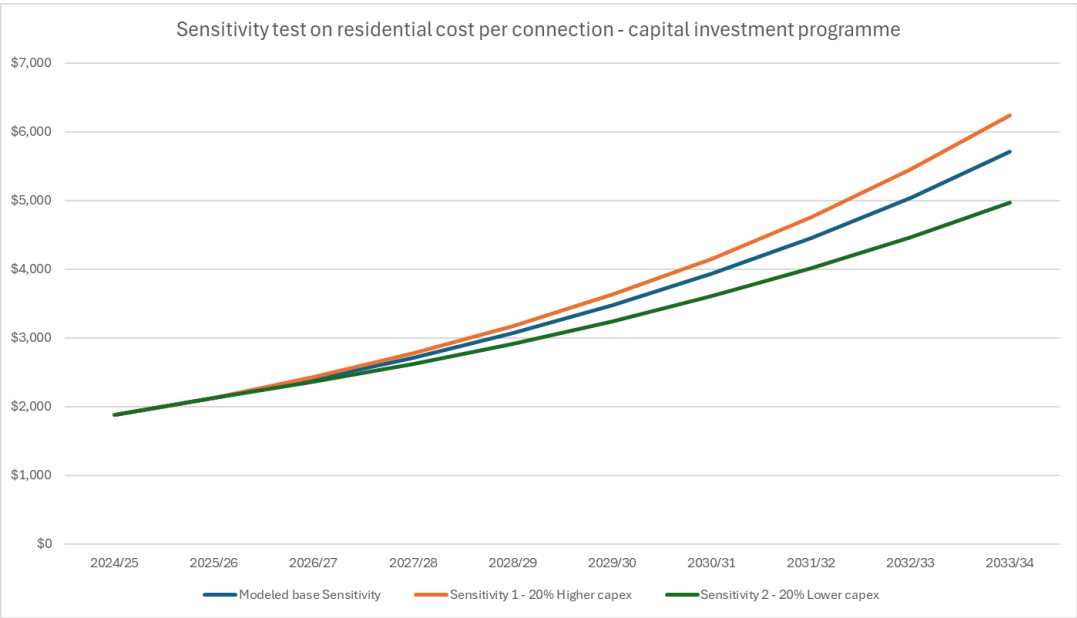
Scenarios Tested

- *Base assumption*: 2.25% opex / 1.55% capex per annum, plus a 15% step change in FY29.
- **Sensitivity 1 - Reduced efficiencies:** 1% opex / 1% capex gains. No step change.
- **Sensitivity 2 – Increased efficiencies:** 3% opex / 2% capex. 15% step change



Capital Investment Programme (Capex Levels)

- **Why**: Capital spend is the single largest driver of price increases.
- **Scenarios Tested**
  - **Sensitivity 1 - Higher capex:** Capital expenditure levels at 120% of modelled plan from FY28
  - **Sensitivity 2 - Lower capex:** Capital expenditure levels at 80% of modelled plan from FY28

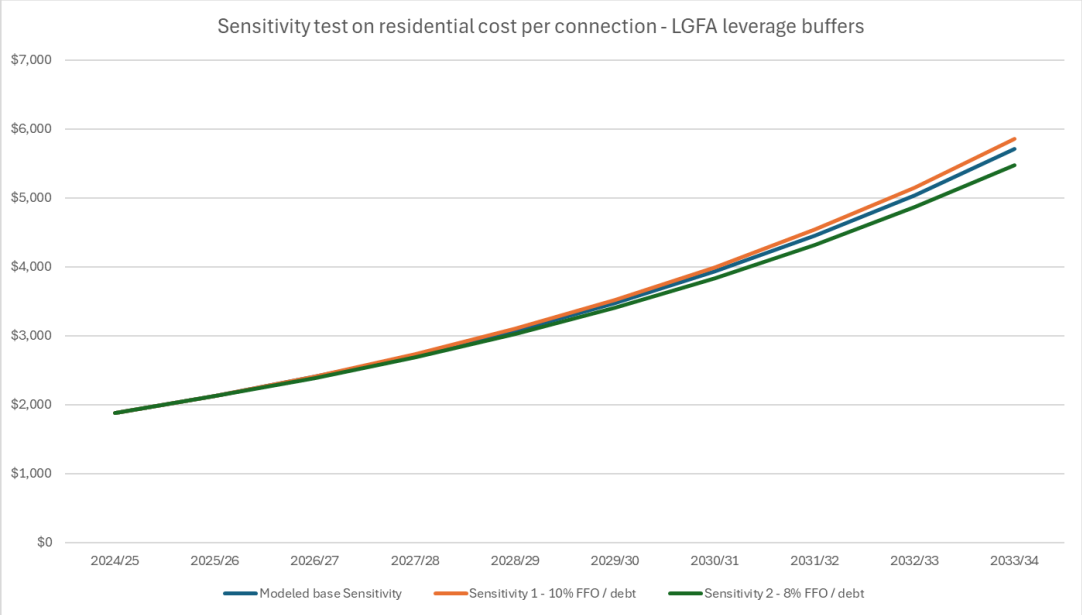


Development Contributions (DCs)

- **Why**: DCs offset capital costs and over time reduce required revenue from households.
- **Scenarios tested**:
  - **Sensitivity 1 – Lower DC recovery:** Half modelled DCs from FY28
  - **Sensitivity 2 – Higher DC recovery:** Double modelled DCs from FY28

Borrowing Parameters / LGFA Leverage Buffers

- **Why**: The ability to borrow longer-term or use higher leverage can flatten price paths.
- **Scenarios tested**:
  - **Sensitivity 1 – Higher FFO / Debt ratio:** 10%
  - **Sensitivity 2 – Lower FFO / Debt ratio:** 8%

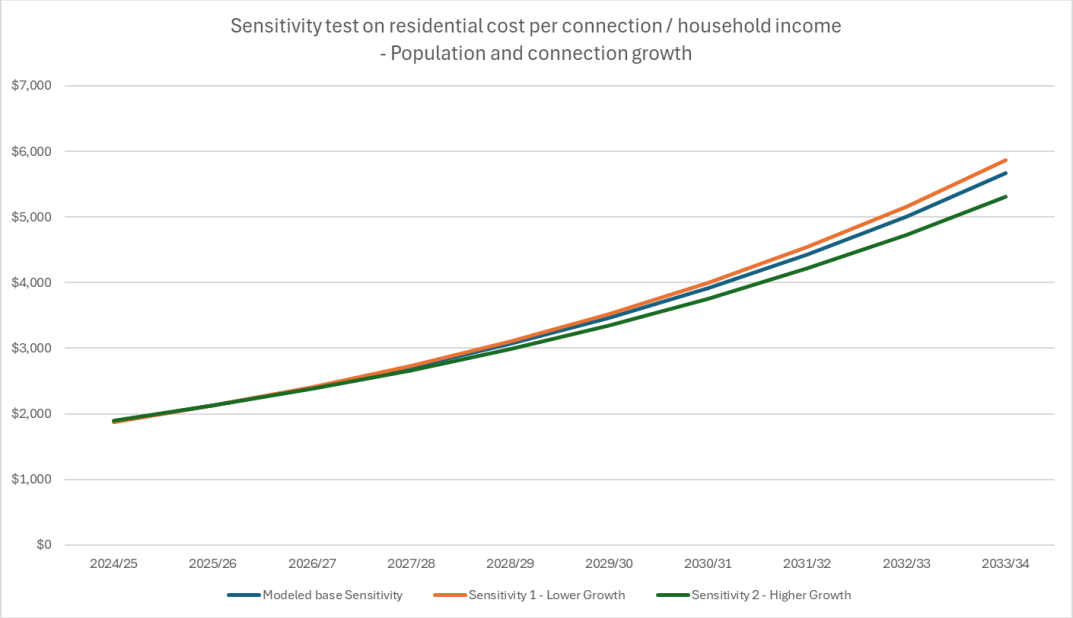


Population and connection growth

- **Why**: Population growth determines both the demand for infrastructure and the number of connections over which costs can be spread.

  Scenarios tested:

  - **Sensitivity 1 – Low-growth:** Connection growth at half the current council forecasts from FY27
  - **Sensitivity 1 – High-growth:** Connection growth at double the current council forecasts from FY27

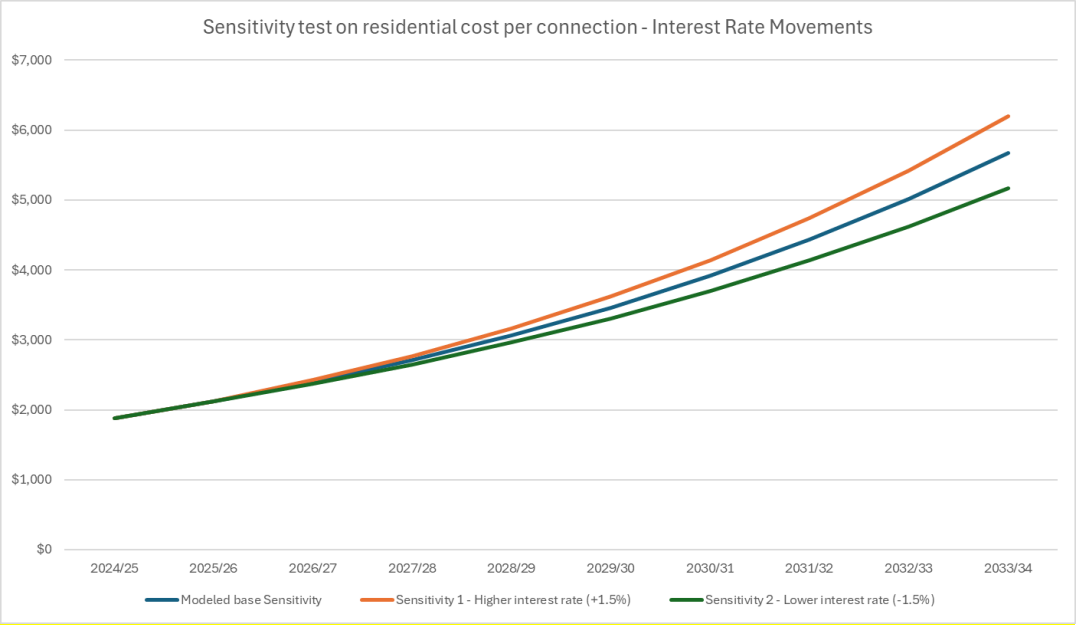


Interest rate movements

- **Why:** Given the scale of planned borrowing, interest costs are a major driver of Metro Water's long-term financial profile. While the model assumes a stable average borrowing rate, actual rates are subject to market volatility and refinancing risk.

  Scenarios tested:

  - **Sensitivity 1 – High interest costs:** +1.5%
  - **Sensitivity 2 – Lower interest costs:** -1.5%

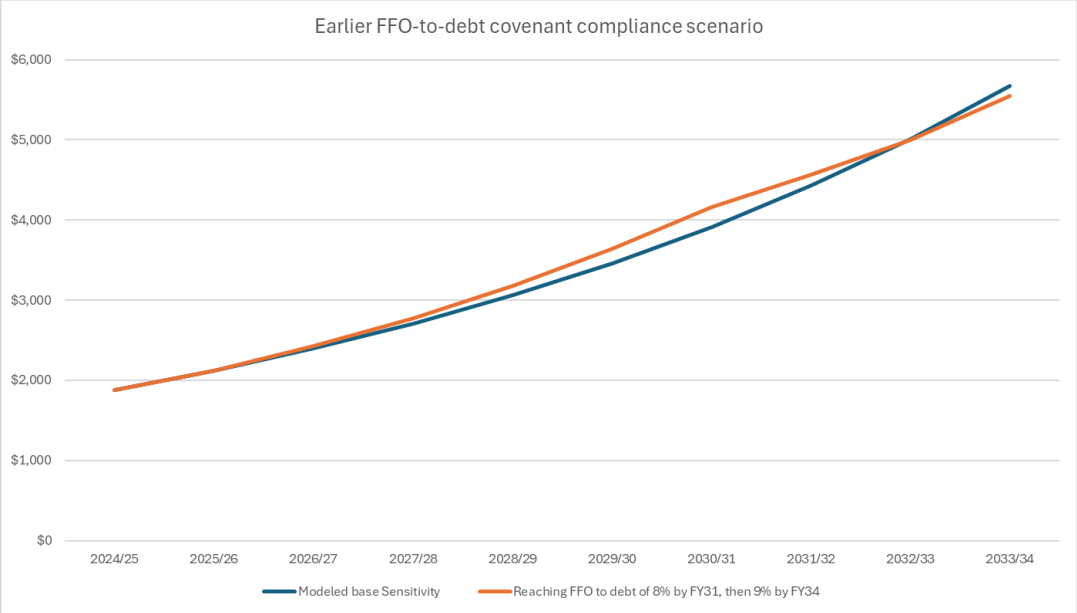


Earlier FFO-to-debt covenant compliance

- **Why**: LGFA's guidance allows up to five years from establishment for water entities to reach covenant compliance, with any longer glide path requiring approval by the LGFA Board. For Metro Water, this five-year window would conclude in FY31.
- While LGFA have indicated aa seven-year transition, allowing Metro Water to achieve the 8% compliance target by FY33, this scenario tests accelerated compliance by FY31.

  Scenarios tested:

  - **FFO-to-debt compliance by FY31**

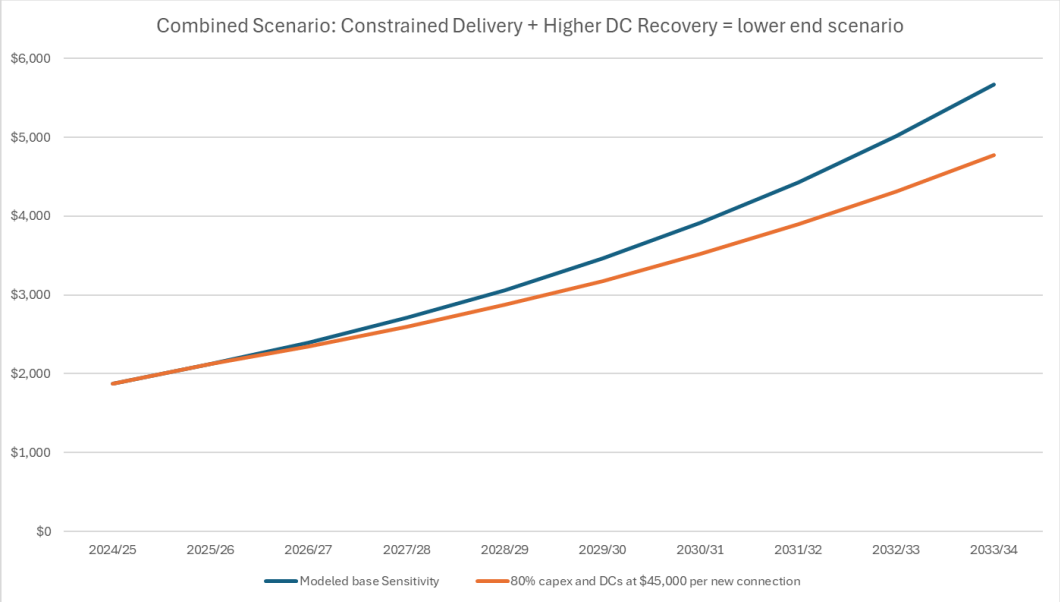


Combined Scenario: Constrained Delivery + Higher DC Recovery = lower end scenario

Why: The WSDP has identified both investment deliverability and growth cost recovery as key variables. This scenario tests the combined impact of two plausible shifts — one risk-based, one opportunity-based — to explore the layered effects on residential charges.

Scenario definition:

- **Constrained delivery:** Capital investment delivered at 80% of the planned programme (by value) from FY27. This reflects potential constraints in workforce capacity and local delivery readiness.
- **Higher development contribution (DC) recovery:** DC revenue modelled at $45,000 per new connection by FY34, up from ~$17,500 in the current model. This reflects a policy opportunity from the proposed introduction of Developer Levies that Metro Water may choose to pursue.



Commentary

A slower pace of delivery could help moderate customer charges by reducing borrowing needs, while improved growth cost recovery may further ease the costs on customers by allocating more costs to growth-related developments. Together, these shifts may offer a potential balanced and affordability pathway — one that acknowledges potential delivery constraints while leveraging new funding tools.

However, constrained delivery also carries risks, including delays in addressing critical network performance issues, deferral of compliance-related upgrades, and slower realisation of customer, environmental, growth, and resilience benefits. It may also reduce flexibility to optimally sequence projects — particularly those with time-bound regulatory consents or interdependencies — increasing the risk of misalignment with statutory or service level obligations.

Higher Developer Levies may also affect the pace or location of growth, depending on how they interact with housing supply economics and local market conditions.

Conclusion

These sensitivity scenarios highlight both the key uncertainties and the strategic levers available to Metro Water to manage affordability in a complex and evolving environment. While the base case sets out a financially sustainable pathway, outcomes remain sensitive to changes in efficiency performance, capital investment scale and pace, and development contribution revenue.

The analysis underscores the need for adaptive financial management, robust monitoring, and sufficient flexibility within the water services financial strategy to respond effectively to changing circumstances over the life of the plan.

Appendix C12: Projected charges for residential households

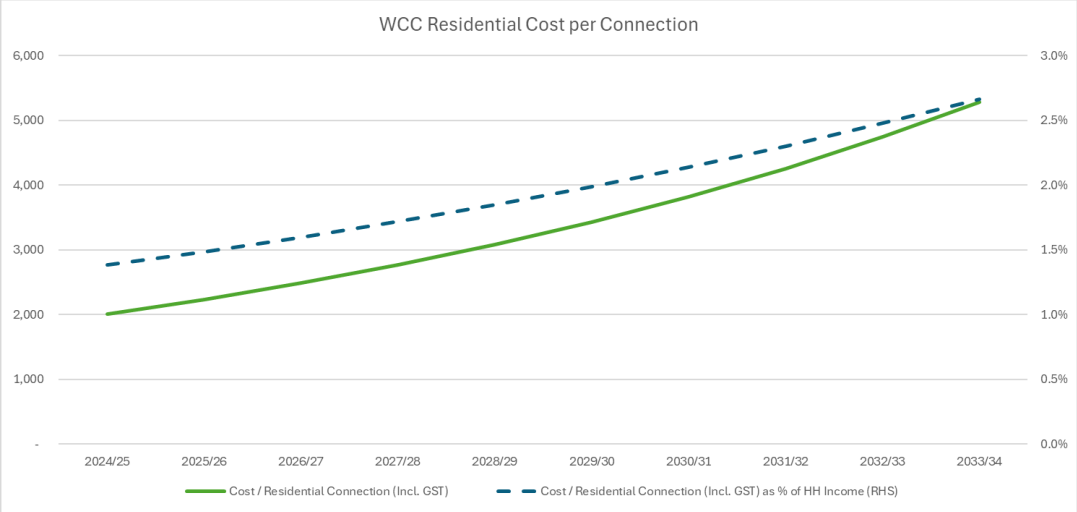
This appendix presents the projected average water charges for residential households across each participating council over the 10-year period of the Plan. These figures reflect each council's unique starting point, debt balances, growth assumptions, and capital investment profile.

Projected charges are based on a cost-to-serve approach that reflects localised infrastructure needs and delivery costs. Over time, pricing is expected to move toward regional harmonisation. However, the pace and structure of that transition remain uncertain, and this may impact how prices evolve in each council area.

The projected average residential charges presented are indicative only. They are based on current council revenue and connection data, using existing rating policies to estimate the split between residential and non-residential customers. Figures have been extrapolated using forecast revenue requirements and projected growth in water supply connections. Final pricing decisions will be determined by Metro Water once established. Note that Wellington City Council's sludge minimisation levy is excluded from these residential charge estimates.

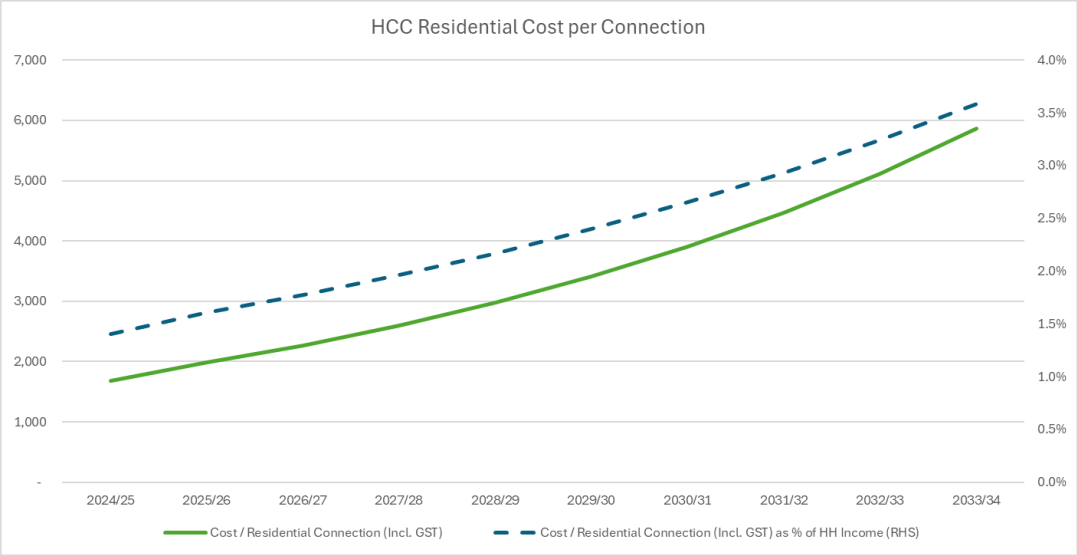
Wellington City

Average charge per connection										
Inflated $	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Revenue requirements ($000s)										
Residential	125,790	140,827	157,802	176,822	198,135	222,016	248,776	278,762	312,362	350,011
Other	69,894	78,249	87,680	98,248	110,090	123,360	138,229	154,890	173,559	194,478
Total revenue requirement	**195,684**	**219,076**	**245,482**	**275,070**	**308,225**	**345,376**	**387,005**	**433,651**	**485,920**	**544,489**
Projected number of residential connections	72,209	72,645	73,081	73,519	73,960	74,404	74,851	75,300	75,752	76,206
Projected number of non-residential connections	3,988	4,012	4,036	4,060	4,085	4,109	4,134	4,159	4,184	4,209
Total connections	**76,197**	**76,657**	**77,117**	**77,580**	**78,045**	**78,513**	**78,984**	**79,458**	**79,935**	**80,415**
Average charge per residential connection (including GST)	**2,003**	**2,229**	**2,483**	**2,766**	**3,081**	**3,432**	**3,822**	**4,257**	**4,742**	**5,282**
Projected increase		11.3%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%
Projected median household income	144,808	149,949	155,272	160,785	166,492	172,403	178,523	184,861	191,423	198,219
Water services charges as % of household income	**1.4%**	**1.5%**	**1.6%**	**1.7%**	**1.9%**	**2.0%**	**2.1%**	**2.3%**	**2.5%**	**2.7%**



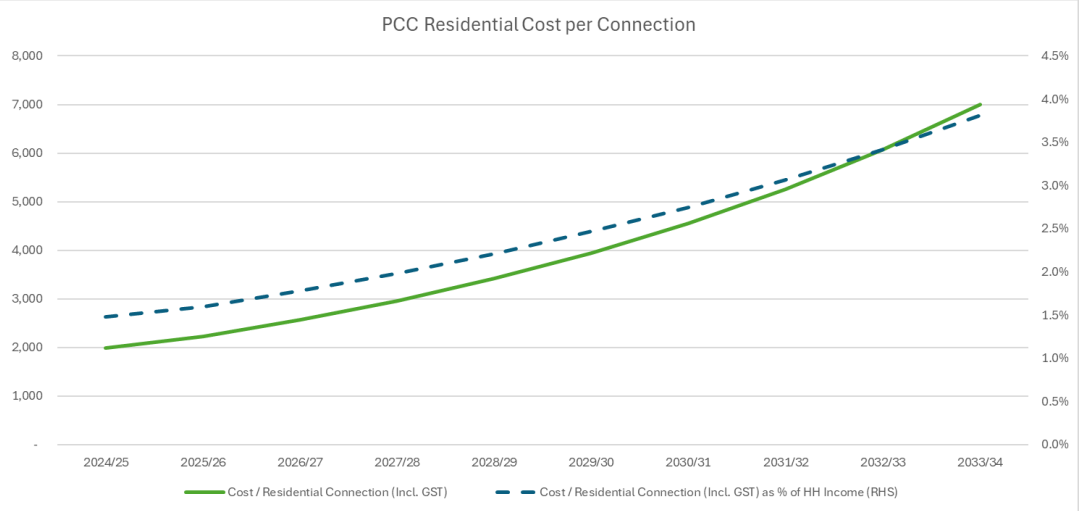
Hutt City

Average charge per connection										
Inflated $	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**
Revenue requirements ($000s)										
Residential	55,983	66,671	77,030	88,997	102,824	118,799	137,256	158,581	183,219	211,684
Other	14,761	17,579	20,310	23,465	27,111	31,323	36,189	41,812	48,308	55,813
Total revenue requirement	**70,744**	**84,250**	**97,339**	**112,462**	**129,935**	**150,122**	**173,445**	**200,392**	**231,526**	**267,497**
Projected number of residential connections	38,325	38,674	39,022	39,373	39,727	40,085	40,445	40,809	41,177	41,547
Projected number of non-residential connections	2,968	2,995	3,022	3,049	3,077	3,104	3,132	3,160	3,189	3,218
Total connections	**41,293**	**41,669**	**42,044**	**42,422**	**42,804**	**43,189**	**43,578**	**43,970**	**44,366**	**44,765**
Average charge per residential connection (including GST	**1,680**	**1,983**	**2,270**	**2,599**	**2,977**	**3,408**	**3,903**	**4,469**	**5,117**	**5,859**
Projected increase		18.0%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
Projected median household income	119,377	123,614	128,003	132,547	137,252	142,125	147,170	152,395	157,805	163,407
Water services charges as % of household income	**1.4%**	**1.6%**	**1.8%**	**2.0%**	**2.2%**	**2.4%**	**2.7%**	**2.9%**	**3.2%**	**3.6%**



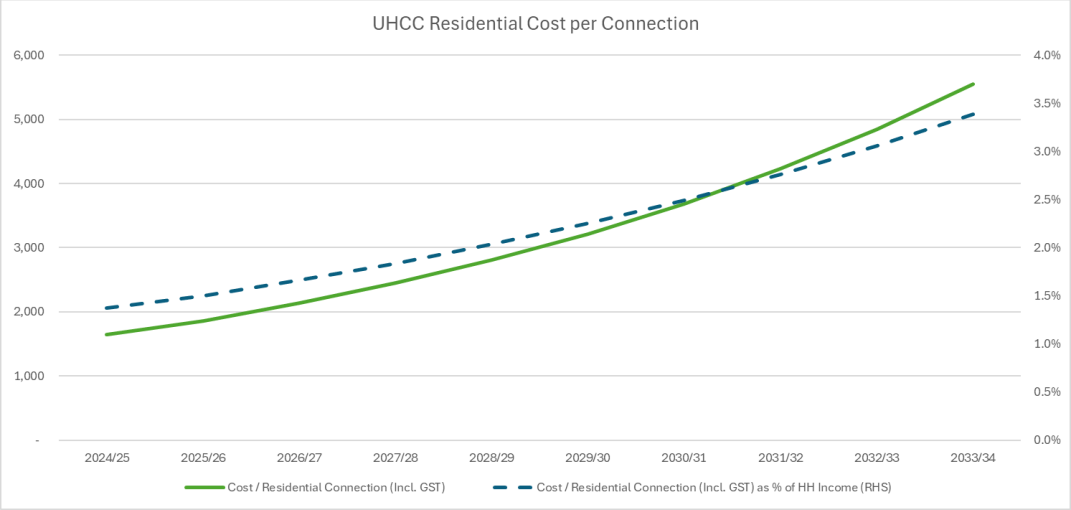
Porirua City

Average charge per connection										
Inflated $	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**
Revenue requirements ($000s)										
Residential	34,591	38,989	45,457	52,998	61,790	72,041	83,992	97,927	114,172	133,113
Other	7,334	8,266	9,638	11,237	13,101	15,274	17,808	20,762	24,207	28,223
Total revenue requirement	**41,925**	**47,255**	**55,094**	**64,235**	**74,891**	**87,315**	**101,801**	**118,689**	**138,379**	**161,336**
Projected number of residential connections	19,978	20,180	20,382	20,586	20,791	20,999	21,209	21,421	21,636	21,852
Projected number of non-residential connections	1,115	1,126	1,137	1,149	1,160	1,172	1,183	1,195	1,207	1,219
Total connections	**21,093**	**21,306**	**21,519**	**21,734**	**21,952**	**22,171**	**22,393**	**22,617**	**22,843**	**23,071**
Average charge per residential connection (including GST)	**1,991**	**2,222**	**2,565**	**2,961**	**3,418**	**3,945**	**4,554**	**5,257**	**6,069**	**7,005**
Projected increase		11.6%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%
Projected median household income	134,323	139,091	144,029	149,142	154,437	159,919	165,596	171,475	177,562	183,866
Water services charges as % of household income	**1.5%**	**1.6%**	**1.8%**	**2.0%**	**2.2%**	**2.5%**	**2.8%**	**3.1%**	**3.4%**	**3.8%**



Upper Hutt City

Average charge per connection										
Inflated $	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**
Revenue requirements ($000s)										
Residential	22,101	25,435	29,593	34,431	40,059	46,608	54,228	63,093	73,407	85,407
Other	3,139	3,612	4,202	4,889	5,689	6,619	7,701	8,960	10,424	12,129
Total revenue requirement	**25,240**	**29,047**	**33,796**	**39,320**	**45,748**	**53,227**	**61,928**	**72,052**	**83,831**	**97,536**
Projected number of residential connections	15,471	15,707	15,943	16,182	16,424	16,671	16,921	17,175	17,432	17,694
Projected number of non-residential connections	670	681	691	701	712	722	733	744	755	767
Total connections	**16,142**	**16,388**	**16,633**	**16,883**	**17,136**	**17,393**	**17,654**	**17,919**	**18,188**	**18,460**
Average charge per residential connection (including GST)	**1,643**	**1,862**	**2,135**	**2,447**	**2,805**	**3,215**	**3,685**	**4,225**	**4,843**	**5,551**
Projected increase		13.4%	14.6%	14.6%	14.6%	14.6%	14.6%	14.6%	14.6%	14.6%
Projected median household income	119,805	124,058	128,462	133,023	137,745	142,635	147,699	152,942	158,371	163,994
Water services charges as % of household income	**1.4%**	**1.5%**	**1.7%**	**1.8%**	**2.0%**	**2.3%**	**2.5%**	**2.8%**	**3.1%**	**3.4%**


UHCC Residential Cost per Connection
6,000
5,000
4,000
3,000
2,000
1,000
-
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
2030/31
2031/32
2032/33
2033/34
Cost / Residential Connection (Incl. GST)
Cost / Residential Connection (Incl. GST) as % of HH Income (RHS)

Appendix C13: Council specific investment outcomes

This appendix provides an overview of capital investment and anticipated outcomes specific to each council. All figures presented here are uninflated, pre-efficiencies and include projects currently being delivered by the councils outside of Wellington Water.

Hutt City Council

Capital investment by strategic outcome

WSDP Strategic Outcome	10-Year Total	30-Year Total
Catch up	562,837,631	1,083,129,346
Keep up	426,711,261	2,077,979,797
Build up	473,398,095	1,218,149,990
Clean up	184,670,731	1,025,756,223
Faults	113,670,080	315,578,959
Resilience	66,196,746	566,776,746
Grand Total	**1,827,484,544**	**6,287,371,062**

Capital investment by asset type

Asset Type	10-Year Total	30-Year Total
Control Systems	5,561,604	15,675,000
Network	1,257,116,138	4,893,150,410
Non-Asset Based	16,055,568	55,605,568
Other	2,139,453	2,139,453
Pump stations	36,131,963	196,667,498
Reservoirs	115,616,384	233,009,204
Resource Consents	7,663,694	7,663,694
Storage	66,957,543	156,891,738
Treatment Plants	320,242,198	726,568,498
Grand Total	**1,827,484,544**	**6,287,371,062**

Capital investment by water

Water	10-Year Total	30-Year Total
Drinking Water	509,117,459	1,450,917,208
Stormwater	407,859,462	1,893,616,988
Wastewater	431,115,246	1,797,828,712
Wastewater JV	479,392,377	1,145,008,153
Grand Total	**1,827,484,544**	**6,287,371,062**

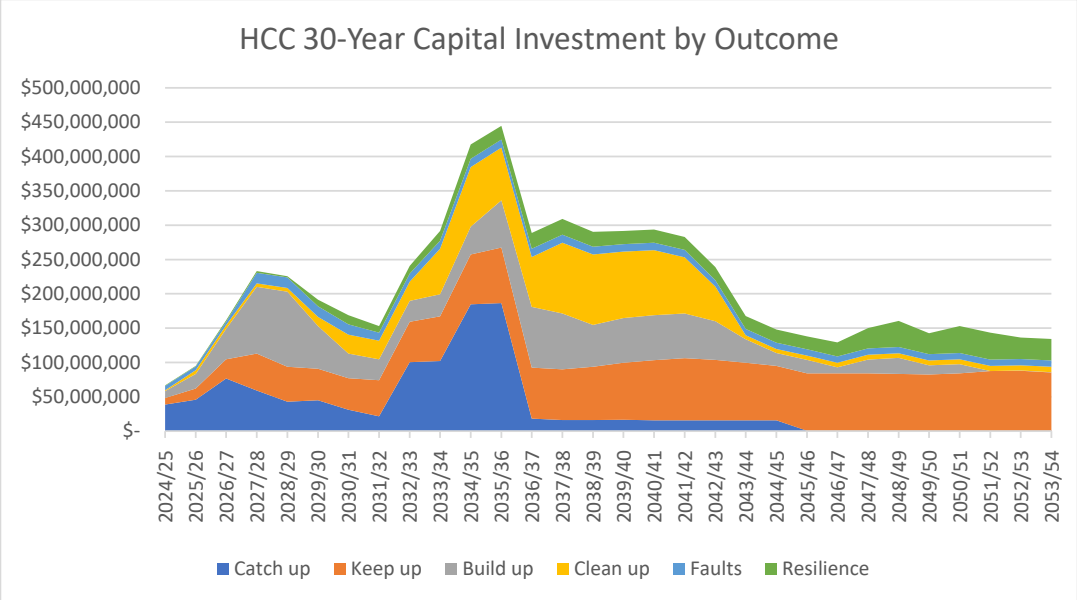
30-year investment highlights

- $488.7M for HCC's share of the Seaview WWTP JV Main Effluent Outfall delivered by FY35/36 ($474.7M in addition to the baseline LTP). The spike in "catch up" renewals in short term is due to the Seaview Outfall pipe.
- $256.0M WWNO subcatchment reduction plan - Black Creek fully funded from FY27/28 ($71.3M investment in the LTP period)
- $2,522.6M investment in planned and reactive network renewals over the full 30 years ($208.6M increase in the LTP period)
- $1,218M in infrastructure to support growth over 30 years.
- $249.7M in renewals and level of service improvements at the Seaview WWTP (excluding the Seaview Outfall Pipe)
- $558.2M to improve flooding issues through the Hutt Valley over the 30 years. All activity started in the LTP period, but main delivery is beyond 2034/35.

Outcomes

- Significant improvement in the age of the network.
- Some localised improvement in freshwater quality above that funded in the LTP (Black Creek wastewater overflow reduction)
- Ability to support more widespread growth, but not FY2034/35 onwards. Due to significant cost of the Seaview outfall pipe in the short term.
- Improved resilience through flood reduction
- Compliance issues at Seaview WWTP addressed, but construction of the outfall pipe does not commence when required to meet resource consent requirements. It is currently programmed as early as financially possible.
- Reservoir contamination risks addressed

Capital investment profile



Porirua City Council

Capital investment by strategic outcome

WSDP Mapping	10-Year Total	30-YearTotal
Catch up	122,048,960	213,648,960
Keep up	303,504,346	793,225,996
Build up	281,339,204	1,139,612,840
Clean up	116,198,362	355,974,362
Faults	93,295,733	145,983,294
Resilience	70,326,875	325,480,274
Grand Total	**986,713,479**	**2,973,925,726**

Capital investment by asset type

Asset Type	10-Year Total	30-Year Total
Control Systems	3,576,568	7,298,626
Network	645,708,337	2,276,715,403
Non-Asset Based	14,662,808	49,372,202
Other	3,880,232	24,567,792
Pump stations	51,287,409	100,984,163
Reservoirs	88,984,715	155,548,029
Resource Consents	4,747,399	5,753,759
Storage	59,530,734	97,530,734
Stormwater storage / treatment	273,572	273,572
Treatment Plants	113,314,601	255,134,343
(blank)	747,103	747,103
Grand Total	**986,713,479**	**2,973,925,726**

Capital investment by water

Water	10-Year Total	30-Year Total
Drinking Water	307,507,222	654,311,689
Stormwater	160,041,303	754,251,294
Wastewater	360,723,138	1,226,060,106
Wastewater JV	158,441,816	339,302,636
Grand Total	**986,713,479**	**2,973,925,726**

30-year investment highlights

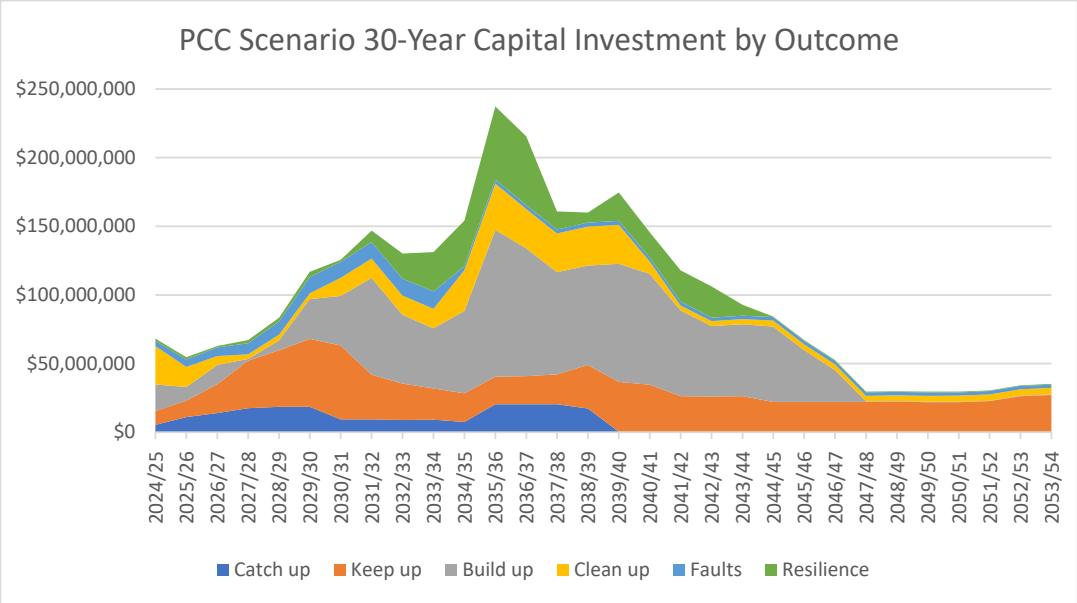
- $703.0M in planned and reactive network renewals ($40.0M increase in the LTP period)
- $205.6M in WWTP renewals and level of service improvements, including $47.1M from FY27/28 for the sludge reduction dryer.
- $1,139.6M in growth related infrastructure, including $85.0M for the Paremata Wastewater Trunk Main Upgrade Stage 2 from FY27/28 and $500.0M allocated for the Eastern Porirua Regeneration Project.

- $323.2M to reduce flooding risks.

Outcomes

- Widespread increased investment in renewals will reduce asset age.
- Flooding risks will be lowered in isolated areas, but more investment or other interventions may be required.
- Growth enabling infrastructure added to programme, particularly in the eastern Porirua area.
- Compliance and environmental issues at the wastewater treatment plant addressed.
- The health of streams, rivers and harbours improves.

Capital investment profile



Upper Hutt City Council

Capital investment by strategic outcome

WSDP Mapping	10-Year Total	30-Year Total
Catch up	185,313,620	335,747,431
Keep up	211,034,811	956,440,124
Build up	29,452,894	301,386,023
Clean up	41,488,612	603,115,612
Faults	31,061,408	87,548,087
Resilience	27,999,642	90,859,642
Grand Total	**526,350,987**	**2,375,096,919**

Capital investment by asset type

Asset Type	10-Year Total	30-Year Total
Control Systems	7,146,998	28,707,083
Network	338,124,780	1,632,826,438
Non-Asset Based	8,502,088	29,202,088
Pump stations	7,162,507	35,302,300
Reservoirs	22,892,304	279,710,772
Resource Consents	4,179,819	4,179,819
Storage	1,095,836	35,781,919
Stormwater storage / treatment	0	18,000,000
Treatment Plants	137,246,656	311,386,499
Grand Total	**526,350,987**	**2,375,096,919**

Capital investment by water

Water	10-Year Total	30-Year Total
Drinking Water	160,339,986	667,725,278
Stormwater	57,288,903	350,477,783
Wastewater	103,268,222	866,176,079
Wastewater JV	205,453,876	490,717,780
Grand Total	**526,350,987**	**2,375,096,919**

30-year investment highlights

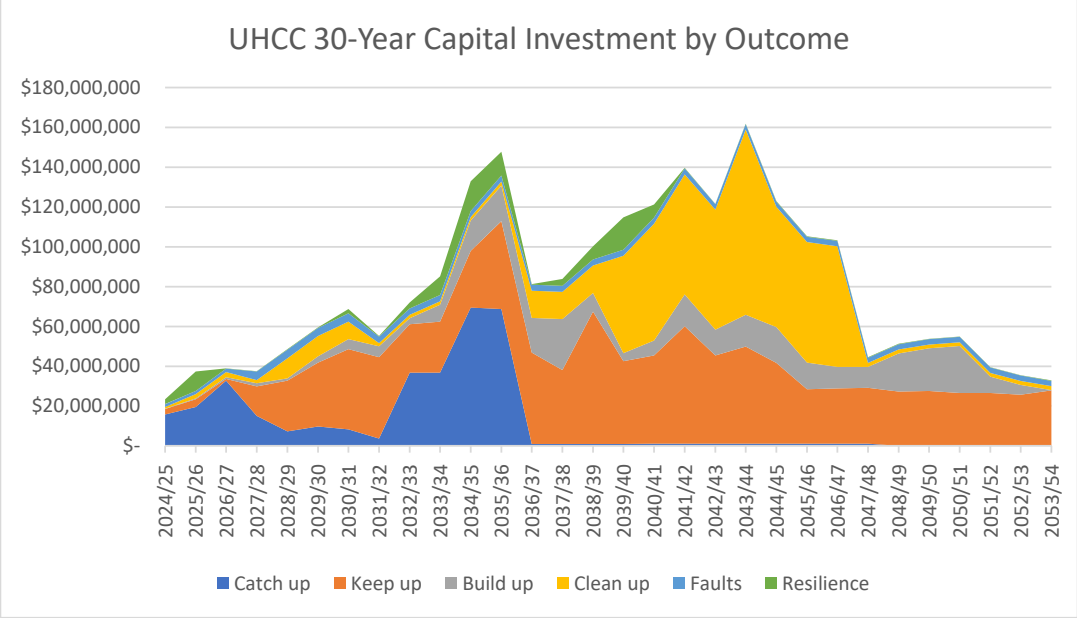
- $209.5Mfor UHCC's share of Seaview WWTP JV Main Effluent Outfall delivered by FY35/36 ($203.5 M in addition to the baseline LTP).
- $694.0M in planned and reactive network renewals (additional $38.3M in LTP period)
- $7.4.5M to fully fund Universal Residential Metering with roll out by FY31/32.
- $301.4M in growth infrastructure but mostly from FY2034/35 onwards due to the significant cost of the Seaview outfall pipe in the first 10 years.
- $118.3M to improve flooding risks.

- $567.3M to improve environmental water quality through the Network Discharge Consenting programme.

Outcomes

- Improvement in the age of the network, however, the annual budget for network renewals remains low in in the first 10 years due to the significant cost of the Seaview Outfall Pipe.
- Earlier investment in water metering aligns to regional approach to improving water supply security.
- Improved environmental water quality by fully funding the Network Discharge Consenting programme.
- Greater ability to support growth from FY234/35 onwards.

Capital investment profile



Wellington City Council

Capital investment by strategic outcome

WSDP Mapping	10-Year Total	30-Year Total
Catch up	900,071,487	1,500,268,092
Keep up	770,267,920	3,180,925,513
Build up	223,368,387	1,516,868,151
Clean up	501,307,362	1,597,855,502
Faults	131,846,310	445,758,309
Resilience	162,400,965	1,167,833,025
Grand Total	**2,689,262,432**	**9,409,508,593**

Capital investment by asset type

Asset Type	10-Year Total	30-Year Total
Control Systems	6,370,437	17,274,797
Network	1,821,995,086	7,292,987,427
Non-Asset Based	19,267,216	66,767,216
Other	6,750,000	6,750,000
Pump stations	89,123,725	409,537,830
Reservoirs	151,098,899	549,673,053
Resource Consents	16,280,353	16,663,993
Storage	42,676,024	271,676,024
Treatment Plants	535,700,692	778,178,253
Grand Total	**2,689,262,432**	**9,409,508,593**

Capital investment by water

Water	10-Year Total	30-Year Total
Drinking Water	686,028,856	2,032,593,411
Stormwater	466,329,620	2,186,156,106
Wastewater	1,476,503,485	5,061,411,662
Wastewater JV	60,400,471	129,347,414
Grand Total	**2,689,262,432**	**9,409,508,593**

30-year Investment Highlights

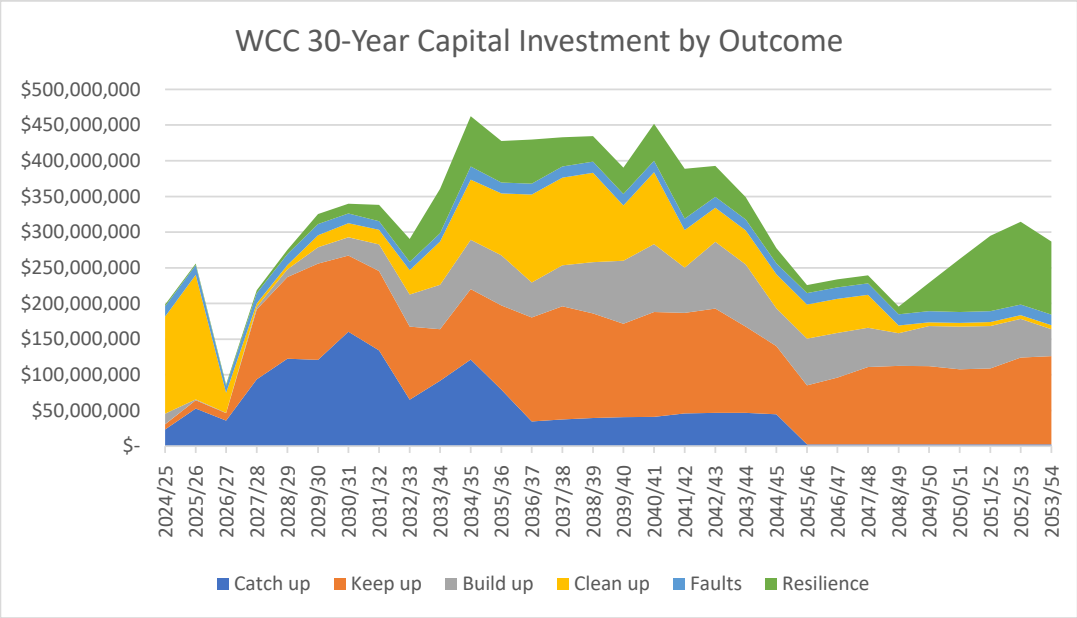
- $3,186.6M in planned and reactive network renewals including $89.4M to fully fund the Eastern Trunk Main from FY2027/28 ($70.1M in addition to the baseline LTP).
- $1,136.2M in flooding improvements
- $1,516.9M to support growth
- $759.3M in WWTP renewals and level of service improvements (including Porirua WWTP)
- $197.4M for the Western and Moa Point Outfall pipe renewals

- $90.4M to fully fund the Airport Interceptor from FY2028/29 ($84.9M in addition to the baseline LTP).

Outcomes

- Age of the network and pump stations is improved through significant uplift in panned and reactive network renewals.
- Overall improved reliability and availability of water services
- Freshwater quality improvements
- Increased ability to support growth
- Risk of wastewater asset failure at the Wellington Airport reduced.

Capital Investment Profile



Geater Wellington Regional Council

Capital investment by strategic outcome

WSDP Strategic Outcome	10-Year Total	30-Year Total
Catch up	70,609,837	172,959,168
Keep up	263,437,998	992,480,747
Build up	347,349,895	2,341,023,794
Faults	43,049,731	124,519,724
Resilience	61,342,445	687,229,445
Grand Total	**785,789,906**	**4,318,212,879**

Capital investment by asset type

Asset Type	10-Year Total	30-Year Total
Control Systems	16,298,976	38,680,015
Network	142,898,316	1,221,778,375
Non-Asset Based	1,282,456	3,282,456
Other	1,962,215	3,242,215
Pump stations	40,366,610	58,156,106
Reservoirs	23,003,957	50,015,782
Resource Consents	6,391,766	6,391,766
Source	301,993,657	958,185,657
Treatment Plants	251,591,953	1,978,480,505
Grand Total	**785,789,906**	**4,318,212,879**

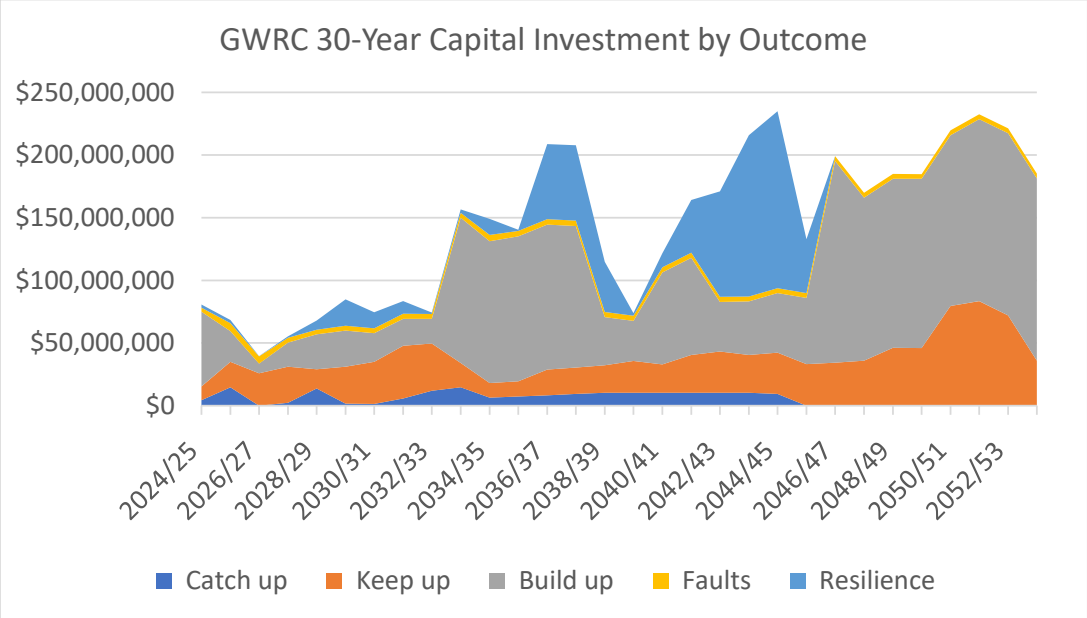
30-year Investment Highlights

- $649.6M to construct the Te Marua WTP Scheme Expansion Stage 1 (Pākuratahi Lakes 1 and 2 ($613.7M in addition to the baseline LTP). Investment for enabling works starts in FY2027/28 and main construction from FY2033/34 to FY2037/38.
- $500M construction of Te Marua WTP Scheme Expansion Stage 2 (Pākuratahi Lake 3 and WTP upgrade) spend from FY2051/52.
- $871.9M for other growth-related investment including additional capacity at Wainuiomata WTP.
- $687.2M to improve seismic resilience of critical water assets and improve the resilience of the network

Outcomes

- Water supply security increases and becomes more sustainable when the lakes are completed in 2037/38.
- Increased resilience to the water network with a new water treatment plant and cross harbour pipeline.
- Ability to support growth.
- Seismic resilience of the bulk water assets improved to meet the required earthquake resiliency standard in the mid-late term.

Capital Investment Profile



Appendix C14: Advice on the application of consequential opex to operations and maintenance budgets

WAUGH

MEMORANDUM

To:	Adrienne Black [Black Consulting Ltd]
Cc:	Dougal List [Scott Consulting Ltd], Dave Humm
From:	H. Blake-Manson, R. Blakemore [Waugh Infrastructure Management Ltd]
Date:	9th May 2025
Subject:	WSDP – Advice on the Application of Consequential Opex To Operations and Maintenance Budgets
Pages:	Three (3)

Kia ora Adrienne,

Thankyou for the query regarding consequential operations and maintenance expenditure (consequential opex) and its assignment to the forecast investment statement required as part of the Water Service Delivery Plan. We have considered this below.

1. Recommendation

It is recommended for the purposes of this Water Service Delivery Plan that consequential opex is applied as follows:

a) For growth on a per connection basis **and** from the year that growth is projected to occur i.e., 1% growth projection result in an additional proportionate uplift opex uplift

b) 4% of capital estimate. Applies to capital project/programmes over $20M **and** where there is a likely increase in complexity e.g., smart water meters **and** from the year that project is programmed

An exception to this is the Pākuratahi Lakes. A factor of 1% should be applied due to disproportionate capital costs

Notes: i) the most appropriate method for determining the value of consequential opex is via assessment at the time of project commissioning (prior to hand-over to a service provider), ii) if the assessment has not been completed then pricing by a specialist service provider or QS could be undertaken as soon as possible during the operations/maintenance phase.

2. Context of Assessment

The financial sufficiency assessment being formulated as part of the WSDP has many components. Accommodation of consequential opex (CO) is considered appropriate as part of the assessment. Here CO is defined as:

additional operations and maintenance costs arising where new activities are required to ensure the asset/s achieves all required performance and compliance specifications

When considering lifecycle costs, these can be assigned into the following general phases: acquire, maintain, renewal and disposal.

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Phone 03 686 6994 E-mail info@waugh.nz
www.waughinfrastructure.com

Wellington Water has identified via previous asset management maturity assessments that it intends to demonstrate achievement of a core level of maturity. Accounting for CO is appropriate (scale is Aware, Basic, Core, Intermediate, Advanced). It is therefore relevant an important that it is included in the investment sufficiency forecasts.

It is not unusual for CO to be included by New Zealand's 3Waters asset owner operations and maintenance budgets. This is particularly the case for high growth rate councils where new and sometimes complex assets are being added as development occurs.

3. Exclusions

This advice does not consider whether CO has been applied to existing opex budgets. We have undertaken a high level desktop assessment only, and rely on the interpretation of project titles and prior knowledge of Wellington Water Ltd asset plans.

Considering the asset lifecycle:

- CO costs are incurred during the 'acquire' phase however these cannot currently be quantified and are not considered further e.g. acceptance of defects resulting from capital works issues. For example 'pipe dipping' requiring periodic flushing where none should exist
- while there may be CO incurred during the disposal phase e.g., labour costs, demolition support, this is not been evaluated here
- efficiencies will be applied by others and separate to CO. I note that new assets have baked' in' costs that are generally very difficult to reduce unless elements such as consumable/materials can be purchased at scale and discounted costs.

4. Consequential costs across the asset lifecycle

A brief assessment – see Table One considers CO in the maintenance phase only.

Table One: Consequential opex in the maintenance phase

	Category in Maintain Phase	Comments
Item	Operating	Identify significant sub categories e.g., electricity where CO will be incurred
	Maintenance	
1	scheduled/planned maintenance	Majority of assets should have periodic planned maintenance already. Should be criticality component based (increased frequency for high criticality assets, related to complexity/specialists required)
2	reactive repairs	should be low for new well designed/constructed assets. Increases as asset ages subject to use/purpose e.g., corrosive wastewater, water treatment chemicals, outfalls
3	intermittent maintenance	n/a
4	alteration/reconfiguration	driven by change in demand (growth/decline), legislation (standards, regional polices etc)
5	holding spares	held by the asset owner or assigned supplier (critical spares only), requiring time/time inspection/servicing/storage
	Risk exposure	Note: excludes potential residual risk exposure, capital use

6	insurance	Not considered – included elsewhere in the financial assessment
7	risk mitigation measures	resulting from health/safety, public, preparation and response to climate/natural hazards 8)
8	admin/support	Not considered – included elsewhere in the financial assessment
9	interest cost on borrowing	
10	depreciation	

5. **Application to Wellington Metropolitan Councils**

There are three factors at play which will give rise to CO:

i) Connection based growth

Comment: Green field network extensions and brown field infill will result in increased opex costs. This includes items such as valve exercising, network flushing, cleaning new pumpstations.

ii) The high volume/proportional cost of reactive works due to poor network condition and performance

Comment: This is likely to require continued year on year effort and investment until c. 2/3rd of renewals or high criticality renewals are completed. Further, in the short term the level of reactive repairs may increase until a significant quantity of network renewals are completed.

In the case of wastewater treatment plants, there are documented reviews which identify the previous form of contract drove underinvestment in maintenance. There will be a CO impact as a result, until renewals / refurbishment is completed.

Note: It is likely that some Councils have not increased opex to match an appropriate level.

iii) Complex **new** infrastructure

Comment: facilities such as complex new wastewater and water treatment plants, smart water meters. Examples are the Moa Point sludge minimisation facility, Pākuratahi Lakes.

Recommendation

Considering the matters above and discussions with CO would apply as follows:

- For growth using per connection growth forecasts
- Future new complex facilities and assets at 4% of the capital cost using a minimum threshold of $20M
- For Pakuratahi Lakes – 1% of capital costs

And note that evaluation of actual consequential opex should be determined through specialists' assessments.

Hugh Blake-Manson
Infrastructure Advisor

Appendix E1: Day zero and day one target end states and outcome statements

Day zero (1 October 2025) target end state: Metro Water has been incorporated, and establishment funding is in place. An Establishment Board has been appointed and is accountable for establishing Metro Water through an Establishment Director and Interim CE.	
Ref - MVP Outcome	**Target End State (MVP Outcomes)**
Governance and Leadership	
1	The interim Partners' Committee (AOG with delegations) consisting of mana whenua and Shareholder councils' representatives approved and appointed by councils by 22 August. The interim Partners' Committee would take affect by 15 September to support the appointment of the Establishment Board.
2	The appointment of an Establishment Board who commence mid-September 2025 to enable the incorporation of the organisation by 1 October.
3	The draft Constitution and Partners' Agreements are endorsed by councils prior to the Establishment Board being appointed. The draft Statement of Expectations will be endorsed by councils.
4	The principles of a Customer Charter are identified and endorsed by councils.
5	An Establishment Director has been appointed, and the critical roles of the Establishment Team are in place but further recruitment/seconding/contracting of the Establishment Team will continue past Day 0.
6	The search for an interim Chief Executive has commenced prior to Day 0 and ideally appointed soon after 1 October to commence early 2026.
Finance, Commercial and Legal	
7	Interim banking, accounting, tax, accounts receivable, invoicing and payment arrangements are in place.
8	Interim procurement and contracting processes are in place to support the establishment of the WO.
9	Essential support for the Establishment Board is in place.
10	Principles for debt transfer, including timing, process and indicative quantum are endorsed by councils.
11	The mechanism to uphold cost to serve approach agreed.
12	Establishment budget confirmed and in place.
13	The WO is legally incorporated and has an agreed legal name.
14	Developed revenue strategy, pricing and charging as part of WSDP.
15	Confirmed billing and revenue pass-through approach for Day 1 agreed and plan to deliver this underway.
16	Interim procurement and contracting processes identified and in place for Day 0 to Day 1.
Information Technology and Systems	
17	Review of current and future state IT requirements completed with clear plan and roadmap agreed by CE Group (this identifies the lift and shift of current Wellington Water IT systems, understands the Wellington Water current IT investment plan and future system requirements of the WO).
18	A functional lead is in place as part of the Establishment Team.
Customer	
19	A review has been completed of the current state and future state requirements for the customer journey in the new WO including alignment with IT requirements.
20	A plan has been developed that sets out what the minimum viable product is for Day 1 and what is needed to achieve this milestone.

21	A customer experience lead is in place as part of the Establishment Team.
People and Workforce	
22	A job transfer pathway identified and agreed.
23	A change approach and plan for the management of people change across councils, Wellington Water and the new WO.
Asset Management and Operations	
24	High-level Asset Management & Operations establishment approach developed.
Regulatory Compliance	
25	High-level Regulatory Compliance establishment approach developed.
Corporate Support	
26	High-level Corporate Support establishment approach developed.
Establishment Programme	
27	An establishment plan to achieve Day 0 has been endorsed by CE Group – complete. Endorsed by CE Group 29 May 2025.
28	Office space for the Establishment Team has been identified, potentially within existing council/Wellington Water properties.
29	Communications expertise is in place as part of the Establishment Team.

Day one (1 July 2026) target end state: Accountability and ownership of the customer relationship, assets, compliance and capital works are transferred to Metro Water. Funding arrangements and terms for debt transfer are in place along with critical staff and workable systems for Metro Water to operate. Some functions and support will continue to be provided by councils in the interim where necessary.	
Ref – MVP Outcome	**Target End State (MVP outcome)**
Governance and Leadership	
1	A permanent Partners' Committee consisting of mana whenua and shareholder council representatives is in effect.
2	The interim Establishment Board remains in place and the recruitment plan for a permanent Board has been agreed.
3	The recruitment approach and plan for a permanent CE has been agreed.
4	A Water Services Strategy is agreed and in place.
5	Tier two leadership roles filled, and individuals commenced employment.
Finance, Commercial and Legal	
6	Funding and financing certainty with financial arrangements in place to support the investment plan and operations.
7	Permanent banking facilities, treasury, tax, insurance and accounting processes and systems in place.
8	Debt and revenue transfer activities completed.
9	Transition Service Agreements in place between the WO and councils.
10	Interim revenue collections and pass-through billing arrangements operational at each council.
11	Pricing and revenue plan agreed including charging and confirmation of approach to development contributions.
12	Contracts have been novated and regulators notified.
13	Legal powers have been identified and transferred.
Information Technology and Systems	
14	Core enabling and delivery systems and protocols are operational such as payroll and people management (HRIS), finance, customers (CRM), asset management, cyber security and data management.
15	A clean, minimum data set has been migrated from Councils and Wellington Water to the WO.
16	All employees have the digital tools necessary to do their job.
17	An ICT support model is in place and staff know how to access support.
18	All employees, contractors and third-party suppliers can be paid.
19	Cyber security risk is understood and mitigated.
Customer	
20	The customer experience interface (systems and processes) with councils and the WO are implemented and in place.
21	Communication and engagement with customers regarding the WO, water billing and complaints/query processes and channels have been undertaken.
22	Customer data has been transferred from councils and Wellington Water.
23	Existing commercial customers have a key relationship manager in place and their contracts novated.
People and Workforce	

24	The WO has key leadership, management and critical roles filled.
25	The applicable council and Wellington Water staff have transferred to the new WO.
26	Staff can access key HR functions, systems and policies such as leave entitlements.
27	All equipment for staff to undertake their job is in place and accessible.
28	Payroll is in place.
29	Staff have an office location, security access including staff IDs.
Asset Management and Operations	
30	Assets have transferred and the WO is accountable for these.
31	Capital projects transferred and uninterrupted.
32	Accountability of for safe and complaint drinking water, wastewater and stormwater transferred to the WO.
33	Business continuity and incident and emergency management response plans and arrangements are in place.
Regulatory Compliance	
34	Regulatory obligations such as resource consents, water standards, health and safety, emergency management, economic regulation etc have been transferred to the WO who is now accountable.
Corporate Support	
35	All corporate functions have been established in the WO and have the capability and capacity to support the operations of the WO.

Appendix E2: Metro Water establishment roadmap

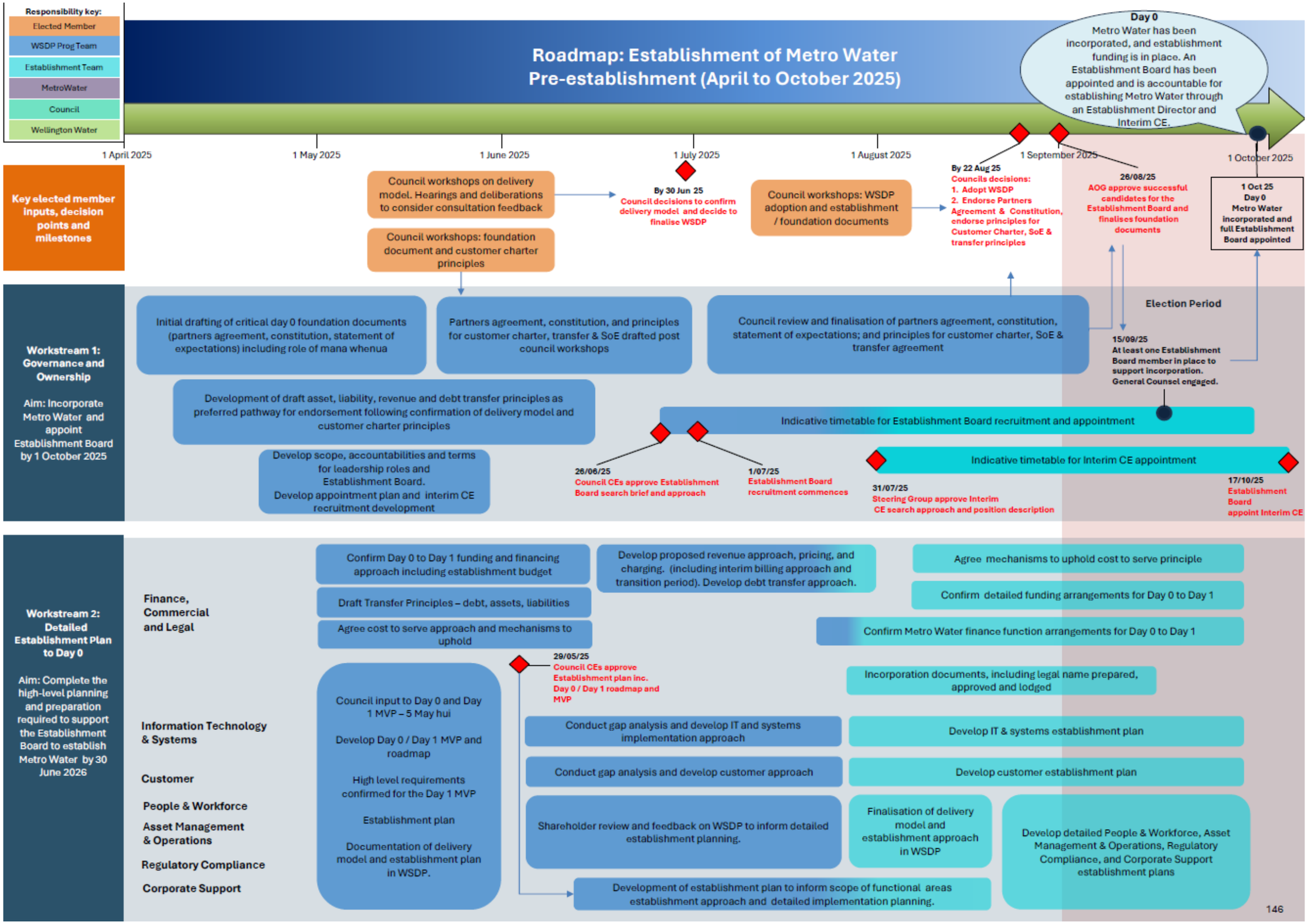
See the next four pages:

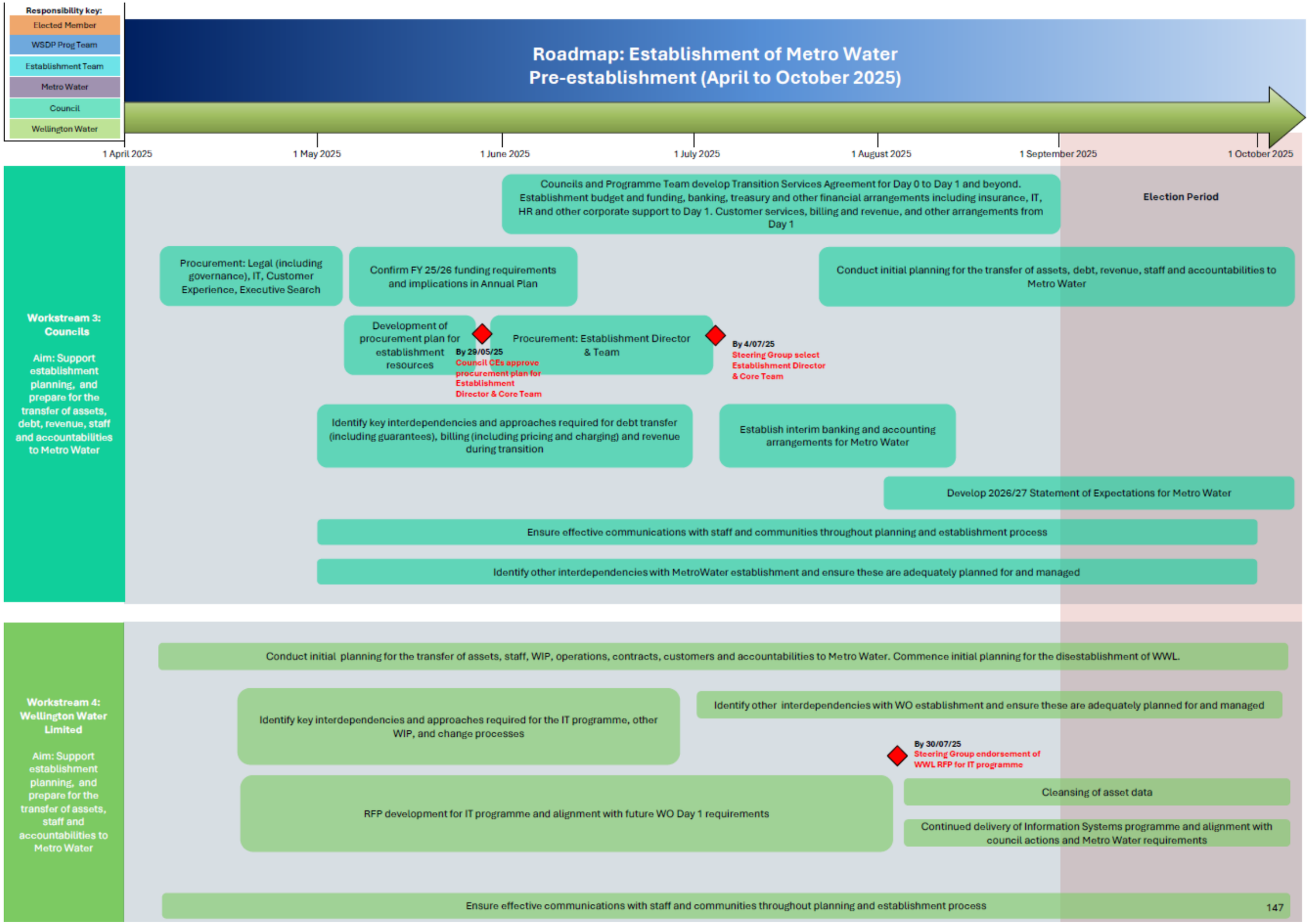
- Page 146: **Establishment of Metro Water Pre-establishment (April to October 2025)**
  - Key elected member inputs, decision points and milestones
  - Workstream 1: Governance and Ownership
  - Workstream 2: Detailed Establishment Plan to Day 0

- Page 147: **Establishment of Metro Water Pre-establishment (April to October 2025), continued**
  - Workstream 3: Councils
  - Workstream 4: Wellington Water

- Page 148: **Establishment of Metro Water Establishment (October 2025 to June 2026) and Post-establishment (July 2026 -)**
  - Key elected member inputs, decision points and milestones
  - Workstream 1: Governance & Leadership
  - Workstream 2: Detailed Establishment Plan to Day 1

- Page 149: **Establishment of Metro Water Establishment (October 2025 to June 2026) and Post-establishment (July 2026 -) continued**
  - Workstream 3: Councils
  - Workstream 4: Wellington Water


Responsibility key:
Elected Member
WSDP Prog Team
Establishment Team
MetroWater
Council
Wellington Water
Roadmap: Establishment of Metro Water
Pre-establishment (April to October 2025)
Day 0
Metro Water has been incorporated, and establishment funding is in place. An Establishment Board has been appointed and is accountable for establishing Metro Water through an Establishment Director and Interim CE.
1 April 2025
1 May 2025
1 June 2025
1 July 2025
1 August 2025
1 September 2025
1 October 2025
Key elected member inputs, decision points and milestones
Council workshops on delivery model. Hearings and deliberations to consider consultation feedback
By 30 Jun 25
Council decisions to confirm delivery model and decide to finalise WSDP
Council workshops: WSDP adoption and establishment / foundation documents
By 22 Aug 25
Councils decisions:
1. Adopt WSDP
2. Endorse Partners Agreement & Constitution, endorse principles for Customer Charter, SoE & transfer principles
26/08/25
AOG approve successful candidates for the Establishment Board and finalises foundation documents
1 Oct 25
Day 0
Metro Water incorporated and full Establishment Board appointed
Council workshops: foundation document and customer charter principles
Workstream 1: Governance and Ownership
Aim: Incorporate Metro Water and appoint Establishment Board by 1 October 2025
Initial drafting of critical day 0 foundation documents (partners agreement, constitution, statement of expectations) including role of mana whenua
Partners agreement, constitution, and principles for customer charter, transfer & SoE drafted post council workshops
Council review and finalisation of partners agreement, constitution, statement of expectations; and principles for customer charter, SoE & transfer agreement
Election Period
15/09/25
At least one Establishment Board member in place to support incorporation. General Counsel engaged.
Development of draft asset, liability, revenue and debt transfer principles as preferred pathway for endorsement following confirmation of delivery model and customer charter principles
Develop scope, accountabilities and terms for leadership roles and Establishment Board.
Develop appointment plan and interim CE recruitment development
Indicative timetable for Establishment Board recruitment and appointment
26/06/25
Council CEs approve Establishment Board search brief and approach
1/07/25
Establishment Board recruitment commences
Indicative timetable for Interim CE appointment
31/07/25
Steering Group approve Interim CE search approach and position description
17/10/25
Establishment Board appoint Interim CE
Workstream 2: Detailed Establishment Plan to Day 0
Aim: Complete the high-level planning and preparation required to support the Establishment Board to establish Metro Water by 30 June 2026
Finance, Commercial and Legal
Information Technology & Systems
Customer
People & Workforce
Asset Management & Operations
Regulatory Compliance
Corporate Support
Confirm Day 0 to Day 1 funding and financing approach including establishment budget
Develop proposed revenue approach, pricing, and charging. (including interim billing approach and transition period). Develop debt transfer approach.
Agree mechanisms to uphold cost to serve principle
Draft Transfer Principles – debt, assets, liabilities
Confirm detailed funding arrangements for Day 0 to Day 1
Agree cost to serve approach and mechanisms to uphold
Confirm Metro Water finance function arrangements for Day 0 to Day 1
29/05/25
Council CEs approve Establishment plan inc. Day 0 / Day 1 roadmap and MVP
Incorporation documents, including legal name prepared, approved and lodged
Council input to Day 0 and Day 1 MVP – 5 May hui
Develop Day 0 / Day 1 MVP and roadmap
High level requirements confirmed for the Day 1 MVP
Establishment plan
Documentation of delivery model and establishment plan in WSDP.
Conduct gap analysis and develop IT and systems implementation approach
Develop IT & systems establishment plan
Conduct gap analysis and develop customer approach
Develop customer establishment plan
Shareholder review and feedback on WSDP to inform detailed establishment planning.
Finalisation of delivery model and establishment approach in WSDP
Develop detailed People & Workforce, Asset Management & Operations, Regulatory Compliance, and Corporate Support establishment plans
Development of establishment plan to inform scope of functional areas establishment approach and detailed implementation planning.
146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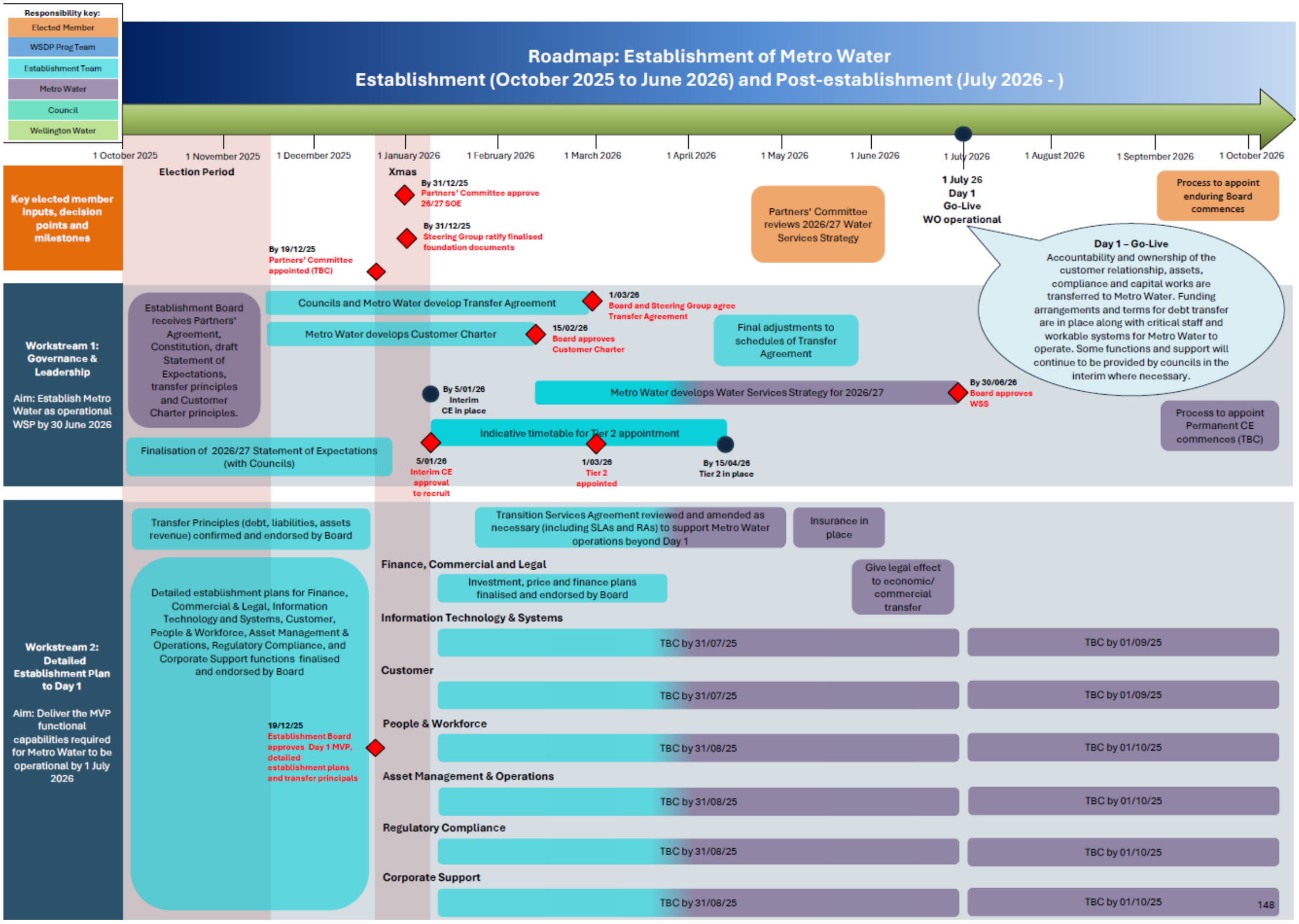
WSDP Prog Team
Establishment Team
Metro Water
Council
Wellington Water
Roadmap: Establishment of Metro Water
Pre-establishment (April to October 2025)
1 April 2025
1 May 2025
1 June 2025
1 July 2025
1 August 2025
1 September 2025
1 October 2025
Election Period
Workstream 3: Councils
Aim: Support establishment planning, and prepare for the transfer of assets, debt, revenue, staff and accountabilities to Metro Water
Councils and Programme Team develop Transition Services Agreement for Day 0 to Day 1 and beyond. Establishment budget and funding, banking, treasury and other financial arrangements including insurance, IT, HR and other corporate support to Day 1. Customer services, billing and revenue, and other arrangements from Day 1
Procurement: Legal (including governance), IT, Customer Experience, Executive Search
Confirm FY 25/26 funding requirements and implications in Annual Plan
Conduct initial planning for the transfer of assets, debt, revenue, staff and accountabilities to Metro Water
Development of procurement plan for establishment resources
By 29/05/25
Council CEs approve procurement plan for Establishment Director & Core Team
Procurement: Establishment Director & Team
By 4/07/25
Steering Group select Establishment Director & Core Team
Identify key interdependencies and approaches required for debt transfer (including guarantees), billing (including pricing and charging) and revenue during transition
Establish interim banking and accounting arrangements for Metro Water
Develop 2026/27 Statement of Expectations for Metro Water
Ensure effective communications with staff and communities throughout planning and establishment process
Identify other interdependencies with MetroWater establishment and ensure these are adequately planned for and managed
Workstream 4: Wellington Water Limited
Aim: Support establishment planning, and prepare for the transfer of assets, staff and accountabilities to Metro Water
Conduct initial planning for the transfer of assets, staff, WIP, operations, contracts, customers and accountabilities to Metro Water. Commence initial planning for the disestablishment of WWL.
Identify key interdependencies and approaches required for the IT programme, other WIP, and change processes
Identify other interdependencies with WO establishment and ensure these are adequately planned for and managed
By 30/07/25
Steering Group endorsement of WWL RFP for IT programme
RFP development for IT programme and alignment with future WO Day 1 requirements
Cleansing of asset data
Continued delivery of Information Systems programme and alignment with council actions and Metro Water requirements
Ensure effective communications with staff and communities throughout planning and establishment process
147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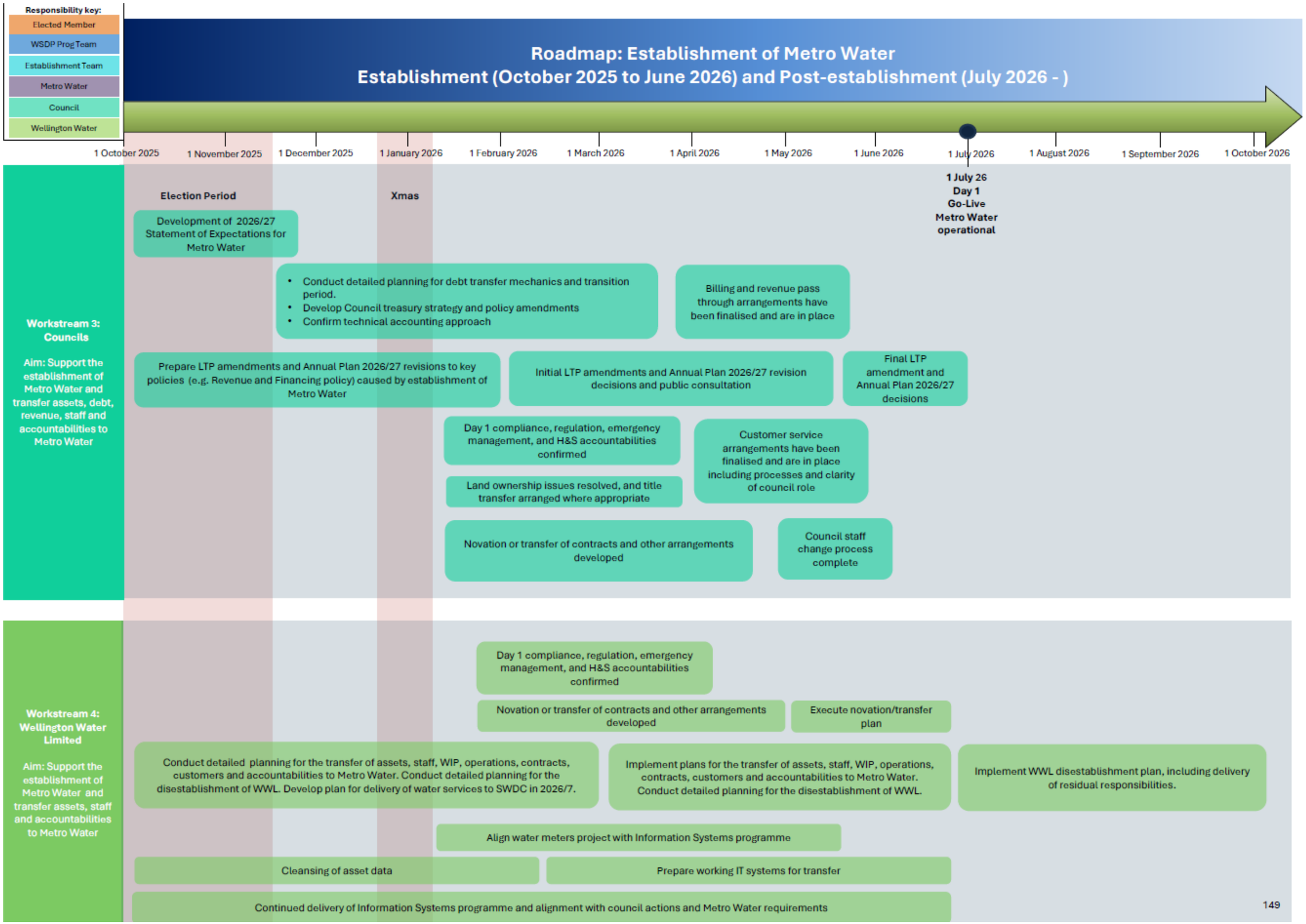
Metro Water
Council
Wellington Water
Roadmap: Establishment of Metro Water
Establishment (October 2025 to June 2026) and Post-establishment (July 2026 -)
1 October 2025
1 November 2025
1 December 2025
1 January 2026
1 February 2026
1 March 2026
1 April 2026
1 May 2026
1 June 2026
1 July 2026
1 August 2026
1 September 2026
1 October 2026
Election Period
Xmas
1 July 26
Day 1
Go-Live
WO operational
Key elected member inputs, decision points and milestones
By 31/12/25
Partners' Committee approve 26/27 SOE
By 31/12/25
Steering Group ratify finalised foundation documents
By 19/12/25
Partners' Committee appointed (TBC)
Partners' Committee reviews 2026/27 Water Services Strategy
Process to appoint enduring Board commences
Day 1 – Go-Live
Accountability and ownership of the customer relationship, assets, compliance and capital works are transferred to Metro Water. Funding arrangements and terms for debt transfer are in place along with critical staff and workable systems for Metro Water to operate. Some functions and support will continue to be provided by councils in the interim where necessary.
Workstream 1: Governance & Leadership
Aim: Establish Metro Water as operational WSP by 30 June 2026
Establishment Board receives Partners' Agreement, Constitution, draft Statement of Expectations, transfer principles and Customer Charter principles.
Councils and Metro Water develop Transfer Agreement
1/03/26
Board and Steering Group agree Transfer Agreement
Metro Water develops Customer Charter
15/02/26
Board approves Customer Charter
Final adjustments to schedules of Transfer Agreement
By 5/01/26
Interim CE in place
Metro Water develops Water Services Strategy for 2026/27
By 30/06/26
Board approves WSS
Process to appoint Permanent CE commences (TBC)
Indicative timetable for Tier 2 appointment
Finalisation of 2026/27 Statement of Expectations (with Councils)
5/01/26
Interim CE approval to recruit
1/03/26
Tier 2 appointed
By 15/04/26
Tier 2 in place
Workstream 2: Detailed Establishment Plan to Day 1
Aim: Deliver the MVP functional capabilities required for Metro Water to be operational by 1 July 2026
Transfer Principles (debt, liabilities, assets revenue) confirmed and endorsed by Board
Transition Services Agreement reviewed and amended as necessary (including SLAs and RAs) to support Metro Water operations beyond Day 1
Insurance in place
Detailed establishment plans for Finance, Commercial & Legal, Information Technology and Systems, Customer, People & Workforce, Asset Management & Operations, Regulatory Compliance, and Corporate Support functions finalised and endorsed by Board
19/12/25
Establishment Board approves Day 1 MVP, detailed establishment plans and transfer principals
Finance, Commercial and Legal
Investment, price and finance plans finalised and endorsed by Board
Give legal effect to economic/ commercial transfer
Information Technology & Systems
TBC by 31/07/25
TBC by 01/09/25
Customer
TBC by 31/07/25
TBC by 01/09/25
People & Workforce
TBC by 31/08/25
TBC by 01/10/25
Asset Management & Operations
TBC by 31/08/25
TBC by 01/10/25
Regulatory Compliance
TBC by 31/08/25
TBC by 01/10/25
Corporate Support
TBC by 31/08/25
TBC by 01/10/25


Responsibility key:
Elected Member
WSDP Prog Team
Establishment Team
Metro Water
Council
Wellington Water
Roadmap: Establishment of Metro Water
Establishment (October 2025 to June 2026) and Post-establishment (July 2026 -)
1 October 2025
1 November 2025
1 December 2025
1 January 2026
1 February 2026
1 March 2026
1 April 2026
1 May 2026
1 June 2026
1 July 2026
1 August 2026
1 September 2026
1 October 2026
1 July 26 Day 1 Go-Live Metro Water operational
Election Period
Xmas
Workstream 3: Councils
Aim: Support the establishment of Metro Water and transfer assets, debt, revenue, staff and accountabilities to Metro Water
Development of 2026/27 Statement of Expectations for Metro Water
Conduct detailed planning for debt transfer mechanics and transition period.
Develop Council treasury strategy and policy amendments
Confirm technical accounting approach
Billing and revenue pass through arrangements have been finalised and are in place
Prepare LTP amendments and Annual Plan 2026/27 revisions to key policies (e.g. Revenue and Financing policy) caused by establishment of Metro Water
Initial LTP amendments and Annual Plan 2026/27 revision decisions and public consultation
Final LTP amendment and Annual Plan 2026/27 decisions
Day 1 compliance, regulation, emergency management, and H&S accountabilities confirmed
Customer service arrangements have been finalised and are in place including processes and clarity of council role
Land ownership issues resolved, and title transfer arranged where appropriate
Novation or transfer of contracts and other arrangements developed
Council staff change process complete
Workstream 4: Wellington Water Limited
Aim: Support the establishment of Metro Water and transfer assets, staff and accountabilities to Metro Water
Day 1 compliance, regulation, emergency management, and H&S accountabilities confirmed
Novation or transfer of contracts and other arrangements developed
Execute novation/transfer plan
Conduct detailed planning for the transfer of assets, staff, WIP, operations, contracts, customers and accountabilities to Metro Water. Conduct detailed planning for the disestablishment of WWL. Develop plan for delivery of water services to SWDC in 2026/7.
Implement plans for the transfer of assets, staff, WIP, operations, contracts, customers and accountabilities to Metro Water. Conduct detailed planning for the disestablishment of WWL.
Implement WWL disestablishment plan, including delivery of residual responsibilities.
Align water meters project with Information Systems programme
Cleansing of asset data
Prepare working IT systems for transfer
Continued delivery of Information Systems programme and alignment with council actions and Metro Water requirements

Metropolitan Wellington
Water Services Delivery Plan: An overview

Final draft, as of 12 August 2025

This document provides an overview of main points from the metropolitan Wellington Water Services Delivery Plan. It is intended for council elected members, and council and Wellington Water staff.

Introduction to the Water Services Delivery Plan

The metropolitan Wellington Water Services Delivery Plan (WSDP) sets out plans for a new approach to delivering water, wastewater and reticulated stormwater services.

The five councils covering the Wellington metropolitan area - Hutt City Council, Porirua City Council, Upper Hutt City Council, Wellington City Council and Greater Wellington Regional Council – have jointly developed this plan.

It is a requirement of the Government's Local Water Done Well policy and legislation, and beyond that is a road map for delivering safe, reliable and environmentally and financially sustainable water services. The WSDP is a one-off transitional document with a purpose and contents specified by legislation. It must be provided to Government by 3 September 2025.

The key points in the WSDP are as follows.

There will be a new approach to funding and delivering three waters in metropolitan Wellington

The five councils have agreed to establish a joint water services council-owned organisation that will own and operate public drinking water, wastewater and reticulated stormwater assets for a population of around 432,000, within the territorial boundaries of Hutt City Council, Porirua City Council, Upper Hutt City Council and Wellington City Council.

The goal is to ensure the delivery of safe, reliable, environmentally and financially sustainable water services so the region can be resilient, restore te mana o te wai and enable new homes and the well-being of communities.

The new council-owned organisation is intended to operate from 1 July 2026 (Day One). It will have legal status as a water organisation under the Local Government (Water Services) Act 2025. Its interim name is Metro Water, for planning and practical purposes, but this is likely to change.

Mana whenua are partnering with councils

Mana whenua iwi Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika are partnering with councils in this new approach to three waters delivery.

To achieve the goal of restoring te mana o te wai, expectations include that:

- mana whenua will have an active role at all levels of water services planning and delivery from long-term planning, governance, operations/management through to engagement with communities
- the approach will be tūpuna-led and mokopuna focused, meaning that we need to be driven by the goal of creating a thriving environment for future generations.

There will be benefits for communities and the environment

Metro Water will have the resources, independence, and region-wide perspective to effectively manage and improve drinking water, wastewater and reticulated stormwater services for current and future communities, rather than being limited by council funding, electoral and decision-making cycles.

It will deliver better services for the community; meaning safe and reliable water supply and wastewater management for a growing population - reduced leaks, outages and unplanned disruptions - and cleaner harbours and waterways.

Metro Water will become the public steward for almost $18 billion worth of assets that are in variable condition

Three waters assets will remain in public ownership with protections against future privatisation.

The three waters infrastructure stewardship will be transferred from councils to Metro Water. This includes over 6,700 km of pipelines, four drinking water treatment plants, four wastewater treatment plants, 140 reservoirs for drinking water storage, and 321 pump stations to maintain pressure and manage water, wastewater and stormwater flow across the region. Together, these assets have a replacement value of $17.96 billion[1] with the pipe network accounting for over 70 percent of that.

As in many parts of the country, the three waters infrastructure faces significant challenges, mainly due to a lack of sufficient investment over a long period.

There are known issues with water leaks, frequent wastewater overflows and flooding. Frequent and increasing numbers of asset failures are occurring due to asset deterioration and historic insufficient investment in asset renewals. When it comes to meeting regulatory standards, there is mixed performance across water supply, wastewater, and stormwater activities.

The population is expected to grow by around 30 percent over the next 30 years, requiring extended and new water services infrastructure.

Investment of about $25 billion will be required over 30 years

To catch up on decades of under-investment, address growth, meet new regulatory standards, and deliver reliable and environmentally sustainable water services, requires sustained investment – anticipated at $6.82 billion[2] capital investment over 10 years and about $25 billion over 30 years.

For the first year after establishment, Metro Water will operate within the budgets set in the councils' Long Term Plans. Investment is expected to peak in the mid-2030s.

Metro Water will be able to access increased funding, allowing major infrastructure to be progressed while also increasing investment in renewals, water quality, growth and compliance activity more quickly than councils could afford. However, it will be challenging to achieve all the improvements needed in 10 years and so the WSDP also sets out a 30-year programme.

[1] Optimised replacement cost in 2025 dollars based on each councils' latest valuations.

[2] Uninflated and pre-efficiency assumptions.

Costs for water users will rise and will need to be carefully managed

Average residential charges are forecast to rise from $2,100 per connection today to between $4,800 and $5,700 by 2034. The range depends on the pace of delivering maintenance and upgrades, and the level of cost recovery from new developments.

These forecast cost increases are around a third less than increases likely if the status quo continued, because of Metro Water's financing strategy and efficiency gains, but will still present a challenge for many households.

The challenge will be greater in areas with higher infrastructure investment needs and more residential users compared to commercial users. There will be a transition over time from pricing based on cost-to-serve (that is, localised pricing that reflects the actual costs in an area) to price harmonisation (where pricing is substantially the same across the whole metropolitan area).

The WSDP recommends a strong ongoing focus on managing price increases, including early engagement with the Commerce Commission. Metro Water is expected to investigate options to help low-income households afford water services.

Greater clarity on costs will emerge over time

In practice, actual investment and financing arrangements and charges are likely to land between the target level of investment and the lower-end scenario outlined in the WSDP.

Government policy requires Metro Water to be financially sustainable, requiring it to balance the scale and timing of investment, the structure and prudence of financing, and the community's ability to fund services through water charges.

The exact amount charged to each user will be decided by Metro Water and depend on factors including:

- the scheduling of upgrade works and level of investment
- how costs are shared between commercial water users and households
- moving to more consistent charges across the metropolitan area.

Metro Water will develop and refine its plans, responding to direction set in the Statement of Expectations, the needs of communities and environmental and economic regulation. Before Metro Water starts operations on 1 July 2026 it will outline prices, charges and planned investment in its Water Services Strategy.

Metro Water will answer to councils (representing communities) and mana whenua

Metro Water will be accountable to a Partners' Committee of representatives from each shareholding council and mana whenua representatives. This committee will also appoint the Metro Water Board.

Metro Water's direction will be set by councils and mana whenua through a Statement of Expectations which will be given effect to via a Water Services Strategy as required by legislation. It will operate in line with a Customer Charter (to be developed by Metro Water), rules and standards set by the Water Services Authority-Taumata Arowai, Greater Wellington Regional Council (as environmental regulator), and the Commerce Commission.

Transition planning will see new leadership and direction put in place while ensuring critical work continues

The new governance and ownership arrangements and the appointment of a new Board and Chief Executive will provide strategic direction and leadership that will distinguish Metro Water from the current service provider Wellington Water.

For pragmatic reasons, Metro Water will on Day One absorb the current operational and support teams from Wellington Water (tier 3 managers and below), to ensure critical work continues.

Metro Water will be responsible for its own finances – investment planning, financing and collecting revenue through charges.

There will also be a strengthened customer function, as meeting customer needs (both commercial and residential) will inform decision making and investment planning.

Transition planning is underway with Metro Water set to be incorporated by 1 October 2025.

Councils are confident statutory requirements are being met

Council officers have worked with advisors including legal and financial specialists to ensure the Metropolitan Wellington Water Services Delivery Plan meets statutory requirements under the Local Government (Water Services Preliminary Arrangements) Act 2024.

Councils are confident that this plan provides a pathway to deliver water services in a way that:

- will meet all relevant regulatory quality standards for its water services
- is financially sustainable
- will meet all drinking water quality standards, and
- supports housing growth and urban development, as specified in the councils' long-term plans.

for council endorsement

Overview - Foundation Documents

Prepared for the Metro Water Project

August 2025

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Commercial-in-confidence. The contents of this document and in particular, client names and project examples that have been supplied to illustrate our work, are commercial-in-confidence and should only be used for the purposes of evaluating our capabilities and not otherwise disclosed.

MinterEllisonRuddWatts.

The wider legislative and regulatory context for water services

Local Water Done Well is the Coalition Government's plan to address New Zealand's long-standing water infrastructure challenges. It recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in the future. It will do this while ensuring a strong emphasis on meeting economic, environmental and water quality regulatory requirements.

The Local Government (Water Services Preliminary Arrangements) Act 2024 was enacted on 2 September 2024 and established the Local Water Done Well framework and the preliminary arrangements for the new water services system. The legislation requires councils to develop Water Services Delivery Plans (including their implementation plans) by 3 September 2025 and enables some councils and council-controlled organisations to be subject to an early form of information disclosure by the Commerce Commission, prior to the enduring economic regulation regime.

The Local Government (Water Services) Bill (the **Water services Bill)** will establish the enduring settings for the new water services system. The objectives of the Bill are to ensure water services are safe, reliable, environmentally resilient, customer responsive and delivered at the least cost to consumers and businesses. The Water Services Bill provides for:

- arrangements for the new water services delivery system (different from the current council-controlled-organisations framework);
- a new economic regulation and consumer protection regime based on the existing economic regulation regime in Part 4 of the Commerce Act 1986 (which currently applies to electricity lines services, gas pipeline services, and airport services); and
- changes to the water quality regulatory framework and the water services regulator.

Metro Water will operate within a different legislative and regulatory environment to that which applies to Wellington Water.

Water Services legislative and regulatory landscape

	Health outcomes	Environmental outcomes	Infrastructure outcomes	Financial sustainability
Department of Internal Affairs	Responsible for policy, stewardship, legislation in relation to the local government system / water services system. Requires and assesses Water Services Delivery Plans			
Taumata Arowai	Drinking water regulations	Wastewater standards Oversight of performance of wastewater and stormwater networks		
Commerce Commission	Foundational Information disclosure Enduring economic regulation regime (under the Bill)			
Ministry for the Environment	National Environmental Standards – sources of human drinking water	Freshwater management regulations Policy, stewardship for the resource management system; administers Environmental Reporting Act 2015	National Adaptation & Emission Reduction Plans	
Regional Councils	Regulator – source and receiving waters, and wastewater & stormwater networks	Regional Plans		
Ministry of Health	Policy advice – public health matters relating to drinking water			
Te Arawhiti	Policy lead on the Crown's Treaty of Waitangi obligations – including Treaty settlements			
Office of the Auditor General & Audit NZ	Annual auditing of public entities			

The legislative and regulatory context for Metro Water

The Water Services Bill also sets out the objectives of a water organisation is to provide water services that:

- Provide safe drinking water to consumers;
- Do not have adverse effects on the environment and are reliable;
- Are resilient to external factors, for example, climate change and natural hazards;
- Are of a quality that meet customer expectations; and
- Meet all applicable regulatory standards and requirements.

Under the Water Services Bill, a water organisation is also required to ensure that it provides water services in a cost-effective and financially sustainable manner by:

- Planning effectively to manage assets used to provide water services in the future; and
- Sharing the benefits of efficiency gains with consumers, including when setting charges for water services.

The participating councils have collectively decided to establish a regional council-controlled organisation (CCO) to be the water organisation responsible for providing water services to their respective communities.

Despite being a CCO, the current CCO accountability framework under the Local Government Act 2002 (**LGA02**) will not apply to Metro Water. As a CCO water organisation, the Bill will provide a new and enhanced accountability framework that is intended to be flexible and accommodate the different delivery models individual councils may want to establish, while also providing a consistent set of requirements across all delivery models. As an incorporated company, Metro Water will also have to comply with the relevant obligations under the Companies Act 1993 as well.

Foundation Documents required for incorporation 'Day 0'

Given the delivery model chosen by the participating councils, we have identified the following documents to be drafted:

- Constitution;
- Partners Agreement;
- draft Statement of Expectations Terms Sheet; and
- draft Customer Charter Principles.

These four documents referred to as the Foundation Documents and will be drafted first because, with the exception of the Customer Charter Principles, these Foundation Documents are required on or soon after the incorporation of Metro Water to provide the governance and accountability framework and provide confidence to the incoming directors that these matters are settled as between the shareholding councils and mana whenua partners (the Partners).

The Customer Charter Principles has been included as a Foundation Document because there has been consistent feedback from across all participating councils that this is an important matter. We do not propose drafting the Customer Charter at this time because this will need to be done by Metro Water, but we have proposed that a set of principles are identified and agreed by the Partners that can guide Metro Water when setting its Customer Charter (see Principles and Matters for the Customer Charter). We also propose that the Constitution include a requirement that Metro Water must adopt and maintain a Customer Charter. The Customer Charter Principles, once agreed, can be incorporated into the Statement of Expectations.

Other key Foundation Documents will include the Transfer Agreements, which will be the key mechanism for transferring assets and other matters to Metro Water (see next page for more details). A set of Transfer Principles are currently underway which will guide the Partners and Metro Water when preparing the content of the Transfer Agreements.

We set out a brief summary of the purpose of each document below.

Metro Water's Constitution

Outlines the rules for Metro Water, including the rights and responsibilities of shareholders, and directors, and any limitations or restrictions to be applied to Metro Water, helping to prevent conflicts and ensuring legal compliance.

Partners Agreement (formerly Stakeholders Agreement)

Sets out the key terms for the governance and management of the relationship between the Partners and Metro Water that are not addressed in the Constitution. However, unlike the Constitution, it will primarily provide the framework for the governance and management of the relationship between the individual Partners.

Statement of Expectations

Sets out the Partners' joint expectations of Metro Water and will inform and guide Metro Water's decisions and its water services strategy. Metro Water must give effect to the Statement of Expectations. This means the Statement of Expectations will be one of the key mechanisms for the Partners to influence the priorities and strategic direction of Metro Water.

Customer Charter

Outlines the key principles Partners will expect to see in Metro Water's Customer Charter. The Customer Charter will be an important tool for Metro Water to maintain its social license with the communities it will operate in.

Other key Foundation Documents

For completeness, there are other important documents that will be required before Metro Water becomes operational 'Day 1', these include the Transfer Agreements, which as set out earlier, will be the key mechanism for transferring regulatory responsibilities, assets and other matters to Metro Water and Metro Water issuing its Water Services Strategy, which will set out how it plans to operationalise the matters set out by the shareholding councils and mana whenua partners in the Statement of Expectations.

We do not propose drafting the Transfer Agreements at this time, but we propose a set of principles that can guide the Partners and Metro Water when preparing the content of the Transfer Agreements.

We have set out how the key documents and instruments will together in the present diagram.

Further, as set out earlier, it is important to bear in mind that Metro Water will be operating in a new legislative and regulatory environment, including a new enduring economic regulation regime, overseen by the Commerce Commission. The means the four initial Foundation Documents we have prepared do not need to address all issues and matters that may relate to Metro Water.

Drafting process and approval timeline

A set of drafting principles have been adopted to the inform the drafting of each of the Foundation Documents.

A comprehensive list of the proposed terms to be included in Metro Water's Constitution and the shareholding councils' and mana whenua partners' Partners Agreement have been also developed, informed by the drafting principles and the critical success factors discussed below. These proposed terms will act as a Terms Sheet and will provide a preliminary framework to allow for the drafting of the Constitution and Partners Agreement once agreement to the proposed terms set out in the Terms Sheet have been reached with each of the partners.

The Drafting Principles and Terms Sheet are not intended to be part of the Constitution or the Partners Agreement – they are merely aiding in the drafting of the terms and providing a structure for obtaining and recording partners' agreement on individual terms.

The Statement of Expectations, the Customer Charter and the Transfer Principles have been developed to a principles levels, with the intention that these documents will be developed post election (see the timeline below), noting that the final Customer Charter will be issued by Metro Water and the final Transfer Agreements will need agreement from Metro Water.

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Council decision meetings on delivery model and input into key terms

WE ARE HERE

Elected member workshops and mana whenua hui to provide input into the Foundation Documents

24 Jul – 6 Aug

Council meetings to endorse draft Constitution and Partners Agreement, principles for the Statement of Expectations, Customer Charter and Transfer Principles

19 – 21 Aug

AOG works together to finalise the Foundation Documents

'Day 0' Metro Water incorporated (without a Constitution)

1 Oct

Post Election

- **Council and Partner approval and ratification** of final Constitution and Partners Agreement
- Statement of Expectations Principles to be developed into final Statement and issued by the Partners Committee to Metro Water
- Customer Charter Principles to be incorporated into final Statement of Expectations
- Transfer Principles to be developed into terms sheet to inform negotiations between Metro Water, councils, and Wellington Water and the final Transfer Agreements

MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER

Develop and test principles and terms sheets with officials, AOG, and iwi partners

AOG considers and provides direction on Foundation Documents arising from elected member workshops.

Local body elections

Summary of feedback to date on the draft Foundation Documents

Customers and services

- Desire for a comprehensive Customer Charter informed by a simplified set of principles
- Water services need to be provided in a cost-effective, transparent, and financially sustainable manner.
- Allow flexibility regarding an initial period of local cost to serve pricing while working towards regional harmonisation of pricing
- Appropriate controls are put in place regarding the restriction of water supply
- Metro Water delivers water services in a way that maintains and enhances its social licence to operate
- Metro Water has appropriate processes in place to have meaningful engagement with customers

Community

- The corporate structure and governance process need to reflect the communities' ongoing interests in water
- Metro Water commits to backing and building local capacity, i.e. through social procurement etc.
- Acknowledgement that water is a public good
- Metro Water should partner with councils, mana whenua, community groups, and government agencies to support and implement relevant community strategies

Mana whenua/ iwi

- Mana whenua involvement in governance and representation arrangements should reflect their status as partners
- Ensure Te Tiriti o Waitangi is upheld, along with reflecting and promoting mana whenua priorities and outcomes for water

Environmental

- Metro Water exercises responsibility as kaitiaki for te Taiao
- Water services must be viewed in a catchment context
- Give effect to existing community and mana whenua expectations for water outcomes
- Give greater reference to expectations on stormwater, including collaboration with councils and key community groups
- Give effect and greater reference to planning integration for growth in relation to urban development

Establishment

- The Foundation Documents need to enable potential future state of Metro Water, including ensuring clarity around Greater Wellington Regional Council's ability to exit Metro Water
- Allow for a future review point following establishment to ensure Metro Water is operating as intended
- Land relating to water catchment areas to remain with the Greater Wellington Regional Council

Governance and decision-making

- Stronger prohibition on the payment of distributions and dividends is required
- Metro Water to be operationally independent from its shareholders and iwi partners
- A direct relationship between shareholders and iwi partners and Metro Water's Board

A balancing act to ensure Metro Water is set up for success

In order that Metro Water is set up for success and will be able to deliver long-term benefits for communities it will require the means to deliver:

- effective governance and management;
- efficient operational delivery;
- improved regulatory compliance; and
- resilient, financially sustainable and affordable water services.

It is important that the Foundation Documents strike the right balance between control by and accountability to the Partners on the one hand, whilst providing Metro Water with an appropriate level of operational autonomy to deliver long-term benefits for communities.

Further, it is important that the Foundation Documents reflect the communities' interests in the corporate structure and governance process that are put in place and provide for the involvement of mana whenua in the governance and representation arrangements

Critical success factors	Drafting principles
Metro Water will be successful if: ▪ Has a skills-based competent board as reflected in an agreed skills matrix for all board appointments; ▪ Strikes the right balance between having strong corporate governance (with the Partnership Committee having an ongoing focus on the performance of the board), and board and management-led operational independence; ▪ Establishes and maintains trust and a strong partnership with all partners, including mana whenua; ▪ Establishes and maintains trust with customers and stakeholders; ▪ Provides high quality customer service and experience in the delivery of water services; ▪ Delivers water services in a way that provides value for money to customers; ▪ Has strategies for investment in water services infrastructure, long-term planning, financial forecasting and budgeting; ▪ Has access to long-term borrowing and maintains and implements their transparent funding mechanisms; ▪ Aligns with economic regulatory requirements and complies with ethical standards and relevant laws and regulations; ▪ Provides kaitiaki for te Taiao (guardianship of the natural environment); ▪ Has proactive asset management, maintenance and implementation strategies; ▪ Implements robust risk management strategies to ensure regulatory compliance; and ▪ Moves from cost to serve to regional harmonisation over time.	**Principle One** Metro Water is being established to own, operate, maintain, renew and build water assets in the service area, instead of and on behalf of the five participating councils. In that sense, the assets will be, and continue to be, publicly-owned. **Principle Two** Partners intend that Metro Water will be managed and operated by an experienced senior leadership team under the supervision of an independent board of directors. Membership of the board will be determined by reference to the competence and skill each director holds in relation to that role, having regard to Metro Water's overarching purpose (as set out in Principle One). **Principle Three** Governance arrangements are instrumental to enable Metro Water to deliver water services across the service area in furtherance of its overarching purpose (as set out in Principle One), including ensuring that appropriate focus on the performance of the board is provided for whilst ensuring operational independence. **Principle Four** Partner with mana whenua in governance and decision-making. **Principle Five** Where a drafting, process, or substantive issue can be solved in either a simpler or more complex way, the simpler way is better.

Key matters to be addressed in the Foundation Documents

Share allocation and voting

As a starting point it important to remember that there is a difference between shareholding and voting rights and that the number of shares a council owns will not necessarily give it control over decisions. Shareholding will give a council ownership rights, such as the economic benefit of receiving dividends. However, if the recommendation to prohibit Metro Water from issuing dividends is agreed to, then there will be little economic benefit from a council owning a large number of shares. Conversely, shareholding will also place ownership obligations onto councils, such as providing uncalled capital, and the more shares owned by a council, the greater its proportion of the corresponding obligation.

Voting rights enable shareholders to collectively make decisions. It is recommended that each shareholding council will be allocated one vote per share that it owns. When voting on Shareholder Reserved Matters, the voting will be undertaken on the basis of one vote for each share held (i.e., proportional to total shares held). Alternatively, it is currently recommended that Partner Reserved Matters are approved through the Partners Committee, and each Partner (shareholding council and mana whenua partner) gets a single vote. However, based on feedback from elected members we are currently exploring a range of alternative voting models for the Partners Committee – this is work in progress.

Recommended Shareholder Reserved Matters (on the basis that they involve financial implications for the shareholders as the economic owners of the assets of Metro Water, or are required by the Companies Act):

- any issue or proposed transfer of any shares
- the terms on which any new shareholder will accede, or an existing shareholder will leave
- whether any share buy-backs will be undertaken by Metro Water
- whether any call will be made for additional capital contributions
- any proposal to materially vary rights attaching to any equity securities in Metro Water
- taking any step in relation to the amalgamation, winding up, or dissolution of Metro Water
- any proposal to materially vary or impact a minority shareholders' rights or interests, and
- entry by Metro Water into a "major transaction" (as that term is defined in section 129(2) of the Companies Act).

For Shareholder Reserved Matters, each shareholding council would be entitled to the number of votes proportional to their shareholding.

Recommended Partner Reserved Matters:

- the terms on which any new non-shareholding Partner will accede, or an existing non-shareholding Partner will leave
- any amendments to the Partners Agreement or the Constitution
- the issuing of the Statement of Expectation
- the selection, appointment and removal of directors to Metro Water's Board
- adoption of the Directors Skills Matrix and Appointment and Removal Protocols (and agreement to any changes), and
- any input into Metro Water's Water Services Strategy and Annual Budget.

Partner Reserved Matters would be agreed to on a unanimous basis through the Partners Committee, but where consensus is not possible, each member of the Partners Committee would be entitled to a single vote, and it is recommended that the approval threshold is 75 percent. Further, if a decision relating to a Partner Reserved Matter requires ratification by a shareholder vote (e.g., appointment/removal of a director), the shareholders are committed to voting in favour.

Key matters to be addressed in the Foundation Documents

Key matters	Recommended options	Foundation Documents
Share structure, allocation (basis) - Basis on which shares will be allocated between shareholding councils	The shares in Metro Water are to be allocated to each council based on the total net value of the council's assets (minus agreed liabilities) at the time they are transferred to (or assumed by) Metro Water or when any council joins or exits as a shareholder.	▪ Constitution ▪ Partners Agreement
Mana whenua participation – Arrangements to ensure meaningful participation by mana whenua partners in Metro Water	All Partners are a party to a single "Partners Agreement". Issues to be resolved by Partners are divided into: a) Shareholder Reserved Matters", being matters requiring a shareholder resolution under the Companies Act 1993 (the Companies Act) and any other matters that the parties agree should be approved by shareholders alone; and b) "Partner Reserved Matters", being matters that Partners expect to approve but are not required to do so under the Companies Act or under (a) above.	▪ Partners Agreement
Reserved Matters - Matters to be reserved for shareholder decisions (i.e., not board decisions) and matters reserved for all Partners	An agreed list of "Reserved Matters" is split between Shareholders and Partners. This option contemplates that there will be certain decisions that the law requires are made/approved by shareholders (Shareholder Reserved Matters). However, in respect of certain decisions which the parties wish to include votes of "Partners" as well (Partner Reserved Matters), approval of those matters must meet the overall voting threshold of all Partners as specified in the Partners Agreement. The recommended list and split together with the recommended voting threshold for each is set out on page 8.	▪ Constitution ▪ Partners Agreement
Partners Committee - Role and composition of the Partners Committee, including whether voting happens at the shareholder level by each council or at the representative level through the Partners Committee and on what basis votes are allocated.	The Partners Committee and its members are provided full delegated authority to make veto and/or approval decisions on behalf of their respective Partners, including in relation to Partner Reserved Matters. Whilst the recommended preference is for decisions to be made by consensus, when voting is required for Partner Reserved Matters, we recommend each Partner is entitled to a single vote, regardless of the actual number of shares it own. Respective shareholding will only become relevant to when shareholding councils are requited to approve Shareholder Reserved Matters (as discussed on page 8).	▪ Partners Agreement
Board appointment and removal - Basis and process for appointing and removing Metro Water directors	Partners Committee (and/or a subcommittee) selects and appoints/removes directors in accordance with an agreed skills matrix.	▪ Partners Agreement and the agreed Skills Matrix

Key matters to be addressed in the Foundation Documents

Key matters	Recommended options	Foundation Documents
Adding and exiting Partners - Basis and process for bringing in new, and exiting existing, shareholding councils and mana whenua partners	Additional councils may join Metro Water as shareholding councils in the same manner as founding shareholding councils, i.e., in accordance with substantively the same terms as the agreed Transfer Principles but a "buy in" price will be payable. The buy in price will be set at by reference to a formula or methodology to be agreed by the shareholding councils that reflects the effective compensation for the costs incurred by the founding shareholder councils to establish Metro Water. A shareholding council may exercise the right to leave Metro Water by ceasing to be a shareholder. The principles that will inform the terms of cessation are agreed now and are included in the Partners Agreement. These principles will need to cover matters such as, the transfer back of original assets, the transfer of new assets, and the allocation and assumption of Metro Water debt (and other liabilities). We understand that Greater Wellington Regional Council may wish to cease being a shareholding council within the next five years. We recommend this issue is addressed separately from the exiting options recommend above.	▪ Partners Agreement
Level of operational involvement - Level of Partner involvement in preparing and finalising Metro Water's Water Services Strategy and Annual Budget	Partners may provide comments on Metro Water's draft Water Services Strategy and Annual Budget, but Metro Water is not required to amend the draft strategy or draft budget to incorporate those comments and final approval of the strategy and budget remains with Metro Water.	▪ Constitution ▪ Partners Agreement (and Transfer Agreements)
Level of additional operational oversight - Level of reporting in addition to the statutory minimum from Metro Water to the Partners is desirable	Metro Water is required to only provide the reports specified in the WS Bill.	▪ Statement of Expectations ▪ Partners Agreement
Distributions and dividends - Prohibition on Metro Water making distributions and paying dividends	Metro Water is prohibited from making distributions to its shareholding councils, including paying a dividend.	▪ Constitution ▪ Partners Agreement
Customer Charter - Requirement that Metro Water adopts and maintains a Customer Charter.	Metro Water is required to adopt and maintain a Customer Charter.	▪ Constitution ▪ Statement of Expectations ▪ Customer Charter

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[DRAFT as of 12 August 2025 for council endorsement]

draft

Constitution of [Metro Water] Limited

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Constitution of [Metro Water] Limited

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[Draft 12 August 2025 for Council endorsement]

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1. Defined terms and interpretation

1.1 Defined terms

In this Constitution, unless the context otherwise requires:

Board means Directors who number not less than the required quorum, acting together as a board of Directors.

Board Skills Matrix means the skills matrix set out in the Partners Agreement.

Business Day means a day (other than a Saturday, a Sunday or a public holiday) on which registered banks are open for business in Wellington, New Zealand.

Chair means the chair of the Board appointed in accordance with clause 12.9.

Companies Act means the *Companies Act 1993*.

Company means [Metro Water] Limited.

Constitution means this constitution of the Company (including the Schedules) and all amendments to it from time to time.

Director means a person appointed as a director of the Company in accordance with this Constitution.

Financial Year has the meaning set out in the LG(WS) Act.

Independent Director means a Director who is neither a current elected member of any Local Authority that is a Shareholder nor a current employee of any Partner and who is not formerly an elected member or employee of any Local Authority that is a Shareholder or a Partner (as the case may be) within the preceeding [five] years.

LGA means the *Local Government Act 2002.*

LG(WS) Act means the [*Local Government (Water Services) Act 2025*].

Local Authority has the meaning set out in the LGA.

Ordinary Resolution means a resolution that is approved by a simple majority of the votes of those Shareholders entitled to vote and voting on the question.

Partner means each Shareholder, and each of Te Rūnanga O Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika.

Partners Agreement means the partners agreement relating to the Company to be entered into between the Company and the Partners within six months of the date of this Constitution (as amended from time to time).

Partners Committee has the meaning set out in the Partners Agreement.

Partner Reserved Matters has the meaning given to it in the Partners Agreement.

Service Area means the territorial districts of Wellington City, Lower Hutt, Porirua, and Upper Hutt.].

Shares means the shares in the Company on issue from time to time.

Shareholder means any person for the time being registered in the Company's share register as the holder of one or more Shares in the Company.

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Shareholder Reserved Matters has the meaning given to it in the Partners Agreement.

Special Resolution means a resolution that is approved by a majority of 75 per cent. of the votes of those Shareholders entitled to vote and voting on the question.

Statement of Expectations has the meaning given to it in LG(WS) Act.

Subsidiary has the meaning set out in the Companies Act.

Water Services has the meaning set out in the LG(WS) Act, which will be the water services transferred by the Shareholders to the Company in accordance with the Transfer Agreement between each Shareholder and the Company.

Water Services Annual Budget has the meaning set out in the LG(WS) Act.

Water Services Annual Report has the meaning set out in the LG(WS) Act.

Water Services Strategy has the meaning set out in the LG(WS) Act.

1.2 **Interpretation**

In this Constitution, the following rules of interpretation apply, unless the context requires otherwise:

(a) headings are for convenience only and do not affect interpretation;

(b) the singular includes the plural and *vice versa*, and a gender includes other genders;

(c) another grammatical form of a defined word or expression has a corresponding meaning;

(d) words in this Constitution have the same meaning as in the Companies Act unless inconsistent with the context;

(e) a reference to a party, person or entity includes:

(i) an individual, firm, company, trust, partnership, joint venture, association, corporation, body corporate, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and

(ii) an employee, agent, successor, permitted assign, executor, administrator and other representative of that party, person, entity;

(f) a reference to dollars or $ is to New Zealand currency and excludes every tax and duty;

(g) a reference to a clause, schedule, appendix or attachment is to a clause, schedule, appendix or attachment of this agreement;

(h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re enactments or replacements of any of them;

(i) references to the word include or including are to be construed without limitation;

(j) references to any form of law is to New Zealand law, including as amended or re-enacted;

(k) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;

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(l) written and in writing include any means of reproducing words, figures or symbols in a tangible and visible form;

(m) any obligation falling due for performance on or by a day other than a Business Day will be performed on or by the Business Day immediately following that day; and

(n) an obligation not to do something includes an obligation not to allow or cause that thing to be done.

1.3 Conflict of terms

If there is any conflict:

(a) between a provision of this Constitution and the provisions of the Partners Agreement, the terms of the Partners Agreement will prevail (other than to the extent prohibited by the Companies Act) and the Shareholders must pass any resolutions that may be necessary to amend the provisions of this Constitution to make it consistent with the Partners Agreement;

(b) between a provision in this Constitution and a mandatory provision in the Companies Act, the LG(WS) Act or the LGA, then the mandatory provision in the Companies Act, the LG(WS) Act or the LGA (as the case may be) will prevail; and

(c) between:

(a) a provision in this Constitution and a provision in the Companies Act which is expressly permitted to be altered by this Constitution; or

(b) a word or expression defined or explained in the Companies Act and a word or expression defined or explained in this Constitution,

then the provision, word or expression in this Constitution will prevail.

2. Capacity and objectives

2.1 Water Organisation

(a) As at the date of its incorporation, the Company is a Water Organisation for the purposes of the LG(WS) Act.

(b) The Company must not carry on any business other than the provision of Water Services and activities that are related to, or necessary for, the provision of Water Services, in order to:

(i) meet the objectives set out in section [15] of the LG(WS) Act for the Service Area; and

(ii) maximise the cost efficiency of providing Water Services.

2.2 Capacity

Subject to this Constitution, the Companies Act, the LG(WS) Act, the LGA and the Statement of Expectations, the Company has full capacity, rights, powers and privileges to carry on or undertake any business or activity, do any act, or enter into any transaction.

3. Water Organisation requirements

(a) The Company must comply with:

(i) its obligations under the LGA and LG(WS) Act, including preparing, adopting and publishing its Water Services Strategy and Water Services Annual Budget;

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(ii) all applicable statutory and regulatory obligations relating to Māori and the Treaty of Waitangi, including those set out in the LGA and LG(WS) Act; and

(iii) the applicable part of the *Local Government Official Information and Meetings Act 1987.*

(b) The Partners are entitled to comment on the Company's draft Water Services Strategy and draft Water Services Annual Budget, and the Company must consider those comments. However, the Partners will not have the power to require changes or approve the final Strategy or final Budget.

(c) In accordance with the LG(WS) Act, the auditor for the Company will be the Auditor-General.

(d) The Company must adopt and maintain a Customer Charter. The Customer Charter must include an explanation of how customers can make complaints in relation to the Water Services provided by the Company and address any other matters provided for in the Statement of Expectations.

4. Shares

Subject to this Constitution, the Partners Agreement and the LG(WS) Act, the Board may:

(a) issue Shares at any time, to any person listed in clause [0] or any other person permitted to hold Shares in accordance with the LG(WS) Act and in such numbers as it thinks fit;

(b) issue Shares in different classes which have different rights;

(c) issue Shares which are redeemable (as defined in section 68 of the Companies Act); and

(d) divide existing Shares into different classes which have different rights,

provided that no Shares may be issued unless the issue is first approved by Special Resolution or, to the extent that it is relation to another territorial authority becoming a Shareholder, as a Shareholder Reserved Matter.

5. Calls on shares

5.1 Board may make calls

Subject to the Partners Agreement, the Board may make calls on any Shareholder in respect of any money unpaid on their Shares, and not previously made payable at a fixed time, by prior written notice to the relevant Shareholder specifying the time and date for payment (such time and date to be no earlier than 10 Business Days after the notice is given to the relevant Shareholder). The relevant Shareholder must comply with the terms of any call made by the Board. A call may be payable by instalments. The Board may revoke or postpone a call.

5.2 Interest and expenses

A person who fails to pay a call on the due date must pay:

(a) interest on that money from the day payment was due to the day of actual payment at a rate fixed by the Board; and

(b) all expenses which the Company has incurred or may incur because of non-payment,

provided that the Board may waive payment of all or part of that interest or those expenses.

6. Lien over shares

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6.1 **Existence and subject matter of lien**

If a Shareholder fails to pay any call on the due date, the Board may at any time by written notice to the Shareholder require payment of the unpaid amount together with any amount payable under clause 5.2. That notice must specify a further date (not earlier than 10 Business Days from the date of the notice) by which payment is required to be made, and must state that if that payment is not made on or before the specified date, clause 6.2 will apply.

6.2 **First lien**

The Company has a first lien over each Share and the proceeds of any sale of the Share for:

(a) all unpaid calls owing in respect of the Shares and any amount payable under clause 5.2; and

(b) sale expenses owing to the Company in respect of the Shares.

The registration of any transfer of a Share will not operate as a waiver of any lien the Company may have on that Share, unless notice to the contrary is given by the Company to the transferee.

7. Transfer of shares

7.1 **Right to transfer**

Subject to any restrictions set out in this clause 7, the LGA, the LG(WS) Act and the Partners Agreement, a Share may be transferred by entry of the name of the transferee in the share register for the Company following receipt by the Company of a validly signed form of transfer.

7.2 **Prior approval required**

No Shareholder may sell, assign, transfer or dispose of, directly or indirectly, the legal or beneficial ownership of any of its Shares except in accordance with the provisions of this clause 7 and unless the relevant sale, assignment, transfer or disposal:

(a) has first been approved in writing by all Shareholders; or

(b) is a permitted transfer in accordance with clause 7.4.

7.3 **No delay**

The Board may not exercise any powers conferred by this Constitution to refuse or delay the registration of any sale, assignment, transfer or disposal of Shares completed in accordance with clause 7.2.

7.4 **Permitted transfers**

Subject to the LG(WS) Act, the restrictions in this clause 7 do not apply to the transfer of Shares by a Shareholder to:

(a) another Shareholder that has a territorial district within the Service Area; or

(b) any successor Local Authority to that Shareholder; or

(c) a consumer trust established for the purpose of providing water services to the public, provided that the shares being transferred include any unpaid shares held by the transferring Local Authority.

7.5 **Board may refuse to register**

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The Board may refuse or delay the registration of any transfer of a Share to any person if:

(a) the transfer would result in a breach of law, this Constitution or the Partners Agreement; or

(b) any money payable on that Share is due for payment and has not been paid; or

(c) the Company has an unsatisfied lien on that Share or the proceeds of sale of that Share; or

(d) the transferee is a person without legal capacity to contract or the transfer has not been properly executed; or

(e) the transfer is not accompanied by proof (reasonably required by the Directors) of the right of the transferor to make the transfer; or

(f) the Directors acting in good faith determine that registration of the transfer would not be in the best interests of the Company; or

(g) the transfer document is not in the usual or common form or otherwise in the form prescribed by the Board from time to time (if any),

provided that the Board must at all times comply with section 84 of the Companies Act.

8. Distributions

Without limiting clause 9,the Company must not pay any dividend or distribute any surplus in any way, directly or indirectly, to the Shareholder.

9. Company acquiring its own shares

Regardless of clause 8, the Company may acquire its own Shares only if it has first been authorised to do so by Special Resolution, in which case the Shares purchased or otherwise acquired will be deemed to be cancelled immediately on acquisition.

10. Shareholder meetings

10.1 Annual meeting

The Board must hold an annual Shareholders' meeting in accordance with section 120 of the Companies Act unless in the case of any annual meeting, everything required to be done at that meeting (whether by way of resolution or otherwise) is done by written resolution in accordance with section 122 of the Companies Act.

10.2 Special meetings

A special Shareholders' meeting:

(a) may be called at any time by the Board; and

(b) must be called by the Board on the written request of the Partners Committee.

10.3 Proceedings at Shareholders' meetings

The provisions of the First Schedule to the Companies Act as modified by this Constitution, including the rules set out in Schedule 1, govern proceedings at Shareholders' meetings.

11. Reporting requirements

11.1 Reporting

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Subject to clause 11.2:

(a) the Board must prepare the reports required by the Partners Committee by notice in writing to the Company (any such notice must comply with the requirements in section [209(4)] of the LG(WS) Act), in accordance with the requirements specified in that notice;

(b) within [eight] months of the start of each Financial Year of the Company, the Board must prepare and adopt a water services half-yearly report in accordance with the LG(WS) Act, which must include information required to be included by the Statement of Expectations (in accordance with [section 208(3)] of the LG(WS) Act); and

(c) within [three] months of the end of each Financial Year of the Company, the Board must prepare, adopt and deliver to the Partners, and publish in accordance with the [section 203] of the LG(WS) Act, its Water Services Annual Report for that Financial Year, which must include the information required to be included by:

(a) the Statement of Expectations;

(b) the Companies Act; and

(c) sections [205] to [208] of the LG(WS) Act.

11.2 **Information to be withheld**

Nothing in this clause 11 requires the inclusion in any Statement of Expectations, annual report, financial statements or quarterly report required to be produced under this Constitution of any information that may be properly withheld if a request for that information was made under the *Local Government Official Information and Meetings Act 1987*.

12. Directors

12.1 **Initial Directors**

On adoption of this Constitution, the first Directors are the persons named as Directors in the application for registration of the Company.

12.2 **Independent Directors**

As soon as practicable after the date of incorporation [and no later than the day immediately preceding the date the Company begins providing Water Services], , all Directors will be Independent Directors.

12.3 **Number of Directors**

The maximum number of Directors will be [seven] and the minimum number of Directors will be [five].

12.4 **Appointment and removal by Partners**

(a) Subject to clause12.2, the Partners Committee will appoint up to the number of Directors set out in clause12.3, by notice in writing to the Company and in accordance with the Partners Agreement. Directors may be removed and replaced in the same way.

(b) The Partners and the Company will promptly take all steps necessary or desirable to effect the appointment, replacement or removal of any individual (including if a Director fails to vacate office when required to do so) in accordance with this clause 12.4 if applicable, including, in the case of the Shareholders, by exercising their voting rights in the relevant Shareholders' meeting (or by way of written resolution).

12.5 **Appointment and removal by Board**

[Where there is a casual vacancy on the Board, the [Appointments and Accountability Committee] established by the Board (or, where the Board so determines, the full Board), may, by majority vote,recommend an appointment to fill that vacancy to the Partners Committee for its approval in accordance with the Partners Agreement. A Director may be removed in a similar manner.].

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12.6 **Skills of Directors**

(a) Other than the Directors appointed on incorporation a person may only be appointed to be a Director if the person has, in the opinion of the group appointing that person, the skills, knowledge, or experience to:

(i) guide the Company, given the nature and scope of its activities; and

(ii) contribute to the achievement of the objectives of the Company.

(b) All Director appointments must be made in accordance with the Board Skills Matrix, with the aim of ensuring that the Board as a whole has the skills required by the Board Skills Matrix.

12.7 **Term of appointment**

(a) No person may be appointed as a Director for a term of more than [four] consecutive years (the **Term**).

(b) A Director may be reappointed at the expiry of his or her Term of appointment, provided that no Director may be reappointed for more than [three] consecutive Terms.

12.8 **Vacation of office**

A Director vacates office if that Director:

(a) resigns by written notice of resignation to the Company. The notice is to be effective when it is received at that address or at a later time specified in the notice; or

(b) is removed from office in accordance with clause 12.5; or

(c) becomes disqualified from being a Director pursuant to section 151 of the Companies Act; or

(d) dies.

12.9 **Appointment of Chair**

(a) The Partners Committee will appoint a Chair of the Board in accordance with the Partners Agreement. .

(b) The Chair will hold office until:

(i) he or she ceases to be a Director of the Company; or

(ii) a new Chair is appointed by the Partners Committee. .

12.10 **Powers of the Board**

(a) Subject to clause 12.10(b) and any restrictions in the Companies Act, the LG(WS) Act, the Partners Agreement or this Constitution, the business and affairs of the Company must be managed by or under the direction or supervision of the Board.

(b) The Board has, and may exercise, all the powers necessary for managing, directing and supervising the management of the business and affairs of the Company except to the extent

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that this Constitution, the Partners Agreement, the Companies Act or the LG(WS) Act expressly requires those powers to be exercised by the Shareholders or any other person.

12.11 **Prohibited matters**

Regardless of clause 12.10(b), the Board must not, and must not cause the Company to:

(a) incur indebtedness to any person other than the New Zealand Local Government Funding Agency Limited and a New Zealand registered banking institution; or

(b) grant a security interest over any of the assets of the Company,

except to the extent permitted by the LG(WS) Act and the Partners Agreement.

12.12 **Shareholder Reserved Matters and Partner Reserved Matters**

Regardless of clause 12.10(b), but subject to any restrictions in the LG(WS) Act, the Board must not, and must not cause the Company to enter into any transaction or matter that is a Partner Reserved Matter or a Shareholder Reserved Matter, unless first approved in writing by the Shareholders or the Partners (as the case may be) in accordance with the Partners Agreement.

12.13 **Solvency test**

Regardless of any approval attained pursuant to clause 12.11, the Board must not cause the Company to borrow or raise any money, or enter into or incur any guarantee or other liability of any nature, if the effect of doing so would be that the Company will not satisfy the solvency test (as that term is defined in the Companies Act).

12.14 **Proceedings of the Board**

The provisions of the Third Schedule to the Companies Act as modified by this Constitution, including the rules set out in Schedule 2, govern proceedings at meetings of Directors.

12.15 **Directors' duties**

In addition to the duties set out in the Companies Act, the Directors must assist the Company to meet the objective set out in clause 2.1(b) and any other requirements set out in the Statement of Expectations or the LG(WS) Act.

12.16 **Directors to act in good faith**

A Director, when exercising powers or performing duties, must act in a manner which that Director believes to be in the best interests of the Company (regardless that it may not be in the best interests of any particular Partner) and consistent with section 59 of the LGA.

12.17 **Indemnity and insurance of Directors and employees**

The Company may indemnify and effect insurance in accordance with any part or all of section 162 of the Companies Act provided that:

(a) the Board must ensure that particulars of any indemnity given to, or insurance taken out for, any director, or employee of the Company are immediately entered in the interests register; and

(b) the Board may impose any conditions in relation to any indemnity or insurance if the conditions do not contravene the Companies Act.

For the purposes of this clause 12.17 "director" includes any former director, "employee" includes any former employee and "Company" includes any related company.

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12.18 **Disqualification of Directors**

A person will be disqualified from holding the office of Director if he or she:

(a) is or becomes disqualified from being a Director under any provision of the Companies Act or the LG(WS) Act; or

(b) dies; or

(c) becomes a protected person under the *Protection of Personal and Property Rights Act 1988*; or

(d) is an undischarged bankrupt.

12.19 **Remuneration of Directors**

(a) The Shareholders will determine, by Special Resolution, the total amount available to the Board each year to make remuneration payments in accordance with paragraph (b) below.

(b) The Board may not authorise any form of remuneration to be paid to a Director without Board approval and unless that payment is made and authorised in accordance with the provisions of the Companies Act and the Special Resolution passed in accordance with paragraph (a) above.

(c) The Board may authorise the reimbursement by the Company of reasonable travelling, hotel and other expenses incurred by Directors in attending Board meetings, Partner meetings, Shareholder meetings, or in relation to any other affairs of the Company.

12.20 **Other offices with company held by Director**

(a) Any Director may act by himself or herself or by the Director's firm in a professional capacity for the Company, and the Director or the Director's firm will be entitled to remuneration for professional services as if the Director were not a Director. Nothing in this clause authorises a Director or the Director's firm to act as auditor of the company.

(b) A Director may hold any other office or place of profit in the Company (other than the office of auditor) in conjunction with the Director's office of Director for the period and on the terms (as to remuneration and otherwise) as the Board determines, subject to the necessary reporting disclosures and avoidance of conflicts of interest.

12.21 **Alternate Directors**

(a) Each Director will have the power from time to time by written notice to the Company to appoint any person who is already a Director to act as an alternate Director in his or her place. An alternate Director cannot be appointed for more than one Director at any given time. The following provisions will apply to an alternate Director:

(i) the alternate Director will not be entitled to any remuneration in his or her capacity as alternate Director in addition to that of the Director in whose place he or she acts, but will have the same rights as a Director to be reimbursed under clause 12.19(c);

(ii) unless otherwise provided by the terms of the appointment, the alternate Director:

(aa) has the same rights, powers and privileges (including the power to sign resolutions of Directors and the power to sign documents on behalf of the Company, but excluding the power to appoint an alternate Director under this clause 12.21); and

(bb) must discharge all of the duties and obligations of the Director in whose place he or she acts.

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(b) An alternate Director will cease to be an alternate Director:

(i) if the Director who appointed the alternate Director ceases to be a Director, or revokes the appointment of the alternate; or

(ii) on the occurrence of any event relating to the alternate Director which, if the alternate Director were a Director, would disqualify the alternate Director from being a Director; or

(iii) if a majority of the other Directors resolve to revoke the alternate Director's appointment.

13. Interests of directors

13.1 **Disclosure of interests**

A Director must disclose particulars of any interest in a transaction or proposed transaction of the Company in accordance with section 140 of the Companies Act.

13.2 **Interested Directors**

As set out in section 139 of the Companies Act, a Director is "interested" in a transaction to which the Company is a party if:

(a) he or she is a party to the transaction or may derive a material financial benefit from it; or

(b) he or she has a material interest in another party to the transaction; or

(c) he or she is a director, officer or trustee of another party to the transaction; or

(d) he or she is a director, officer or trustee of a person who may derive a material financial benefit from the transaction; or

(e) he or she is a parent, child or spouse, civil union partner, or *de facto* partner of a person described in any of the above paragraphs; or

(f) he or she is otherwise directly or indirectly materially interested in the transaction.

13.3 **Interested Directors may act**

A Director who is interested in a transaction entered into, or to be entered into, by the Company must not do any of the following:

(a) sign a document relating to that transaction on behalf of the Company; or

(b) do any other thing in his or her capacity as a Director in relation to that transaction,

provided that a Director may vote, sign documents and otherwise do any other thing in his or her capacity as a Director with regard to any matter relating to the following:

(c) any payment or other benefit of the type referred to in section 161 of the Companies Act in respect of that Director in accordance with clause 12.19;

(d) the entry into an indemnity or insurance arrangement in respect of that Director in his or her capacity as a director of the Company in accordance with clause 12.17; or

(e) transactions in which a Director is interested solely in his or her capacity as a director of a Subsidiary of the Company.

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13.4 **Interests register review**

The Board will review the interests register at the beginning of every Board meeting.

13.5 **No prohibition re quorum**

No prohibition under this clause 13 will prevent the attendance of a Director at a Board meeting from counting for quorum purposes.

14. Notices

14.1 **Service**

Notices may be served by the Company upon any Director or Partner, either by personal delivery, by electronic means or by posting it in a prepaid envelope or package addressed to the recipient at his or her last known address (or, in the case of a company, its registered office). A notice may be given by the Company to joint Shareholders by giving the notice to the joint Shareholder named first in the Share Register in respect of the Share, or to any other person as or the joint Shareholders may in writing direct.

14.2 **Time of service**

Notices are deemed served at the following times:

(a) when given personally, on delivery;

(b) when sent by post or document exchange, five Business Days after (but exclusive of) posting; and

(c) when sent by email, at the time of transmission, if (in the event receipt is disputed) the sender produces a printed copy of the email which evidences that the email was sent to the email address of the recipient.

Any notice which has been served on a Saturday, Sunday or public holiday is deemed to be served on the first Business Day after that day.

15. Liquidation

If the Company is liquidated, the liquidator may, with the approval of the Shareholders by Special Resolution and any other approval required by the Companies Act or the LG(WS) Act, but subject to the requirements of the Partners Agreement (as notified by any Shareholder to the liquidator) and, if applicable, the rights or restrictions attached to the different classes of shares issued by the Company:

(a) distribute to the Shareholders in kind the whole or any part of the assets of the Company; and

(b) vest the whole or any part of any such assets in trustees upon any trusts for the benefit of the persons so entitled as the liquidator thinks fit, but so that the Shareholders are not compelled to accept any Shares or other securities on which there is any liability.

16. Methods of contracting

16.1 Deeds

A deed which is to be entered into by the Company may be signed on behalf of the Company by:

(a) two or more Directors;

(b) a Director, and any person authorised by the Board, whose signatures must be witnessed; or

(c) one or more attorneys appointed by the Company.

16.2 Written obligations

Subject to clause 16.1, an obligation or contract which is required by law to be in writing, and any other written obligation or contract which is to be entered into by the Company, may be signed on behalf of the Company by two people acting under the express or implied authority of the Company.

16.3 Other obligations

Subject to clause 16.1, any other obligation or contract may be entered into on behalf of the Company in writing or orally by two people acting under the express or implied authority of the Company.

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[Draft 12 August 2025 for Council endorsement]

Schedule 1 - Rules for Shareholder Meetings

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1. Chair

(a) If the Chair is present at the meeting, he or she must chair the meeting.

(b) If there is no Chair or if the Chair is not present at the meeting within 15 minutes of the start time, the Directors present may elect a chair for that meeting, failing which, the Shareholders (or their representatives) present may elect a chair for that meeting.

2. Notice of meetings

(a) Each Shareholder and every Director of the Company must be sent written notice of the time and place of the meeting at least 10 Business Days before the meeting.

(b) The notice must state:

(i) the nature of the business to be discussed at the meeting in sufficient detail to enable the Shareholders to form a reasoned judgment in relation to it; and

(ii) the text of any Special Resolution to be put to the meeting.

(c) An irregularity in a notice of a meeting is waived if:

(i) the Shareholders attend the meeting without protest as to the irregularity; or

(ii) if each Shareholder agrees to the waiver.

(d) If a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of an original meeting. It is not otherwise necessary to give any new notice for an adjourned meeting.

(e) The accidental omission to give a notice of a meeting to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice does not invalidate the proceedings at that meeting.

3. Methods of holding meetings

A Shareholders' meeting may be held either:

(a) at the place, date, and time appointed for the meeting; or

(b) by means of audio, or audio and visual, communication. The Shareholders (or their representatives) participating must constitute a quorum and must all be able to simultaneously hear all participants throughout the meeting.

4. Quorum

(a) No business may be transacted at a Shareholder meeting if a quorum is not present.

(b) A quorum for a Shareholder meeting is present if a majority of Shareholders (based on the number of Shares held) or their proxies:

(i) is present; or

(ii) has completed postal votes (where permitted).

(c) If a quorum is not present within the 30 minutes after the start time for the meeting:

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(i) if the meeting is called under section 121(b) of the Companies Act, the meeting is dissolved;

(ii) for any other meeting, the meeting is adjourned to:

(aa) the same day in the following week at the same time and place, or

(bb) to another date, time and place to be fixed by the Directors.

5. Adjournments

The chair:

(a) may adjourn the meeting from time to time and from place to place, but no business can be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place; and

(b) must adjourn the meeting as above if directed to do so by the meeting.

6. Voting

(a) If a Shareholder meeting is held under paragraph 3(b) above, unless a poll is demanded, voting at the meeting will be by:

(i) voting by voice; or

(ii) voting by show of hands,

and the chair of the meeting will decide which method is used.

(b) A declaration by the chair of the meeting that a resolution is carried by the necessary majority is conclusive evidence of that fact unless a poll is demanded.

(c) Subject to the Partners Agreement and to any rights or restrictions attached to any Share:

(i) where voting is by voice or a show of hands, every Shareholder present in person or by representative has one vote; and

(ii) on a poll every Shareholder present in person or by representative has one vote in respect of every Share held by that Shareholder which entitles a Shareholder to vote; and

(iii) in the case of an equality of votes, the chair of the meeting does not have a casting vote.

7. Proxies and postal votes

(a) Each Shareholder has the right to appoint a representative as its proxy to attend and vote at Shareholder meetings on its behalf. Any such representative so appointed is entitled to attend and be heard at Shareholder meetings and to demand or join in demanding a poll, as if that representative was the relevant Shareholder.

(b) A Shareholder may not cast a postal vote at a Shareholders' meeting unless the Board has previously authorised postal votes for that meeting in which case:

(i) the notice of that meeting must state whether postal votes are authorised; and

(ii) postal voting must be carried out in accordance with clause 7 of the First Schedule to the Companies Act.

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8. Minutes

(a) The Board must ensure that minutes are kept of all proceedings at Shareholder meetings.

(b) Minutes which have been signed correct by the Chair of the meeting are *prima facie* evidence of the proceedings.

9. Shareholder proposals

(a) The Shareholders may give written notice to the Board of a matter the Shareholder proposes to raise for discussion or resolution at the next Shareholder meeting. The provisions of clause 9 of the First Schedule of the Companies Act apply to any notice given under this rule 9.1.

(b) The Chair of a Shareholder meeting will allow a reasonable opportunity for the Shareholders to question, discuss or comment on the management of the Company.

10. Other proceedings

Except as provided in this Schedule 1, and subject to this Constitution, a Shareholder meeting may regulate its own procedure.

[Draft 12 August 2025 for Council endorsement]

Schedule 2 - Rules for Board Proceedings

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1. Notice of meeting

(a) A Director or, if requested by a Director to do so, an employee of the Company, may convene a meeting of the Board by giving notice in accordance with this clause.

(b) At least five Business Days' notice of a meeting of the Board must be given to every Director who is in New Zealand. The notice must include the date, time and place of the meeting and the matters to be discussed.

(c) An irregularity in the notice of the meeting is waived if all Directors attend the meeting without protest as to the irregularity or if all Directors entitled to receive notice of the meeting agree to the waiver.

(d) Notice of a meeting may be given by any means, including by telephone. Notice given by a letter addressed to a Director at his or her last known residential address in New Zealand will be deemed to have been given on the next Business Day after the letter is posted.

2. Method Of holding meetings

The Board may meet in person or by any technological means that allows participating Directors to be in communication with other participating Directors in a manner that is relatively contemporaneous. Where Directors are not all in attendance in one place but are holding a meeting through any such a system of communication:

(a) the participating Directors will be taken to be assembled together at a meeting and present at that meeting (including for the purposes of quorum requirements);

(b) the meeting will be taken to be held at the place agreed to by the participating Directors so long as at least one participating Director is physically present at that place; and

(c) all proceedings at meetings conducted in any such manner will be valid and effective as if conducted at a meeting at which all of them were physically present.

3. Quorum

(a) At any meeting of Directors:

(i) a quorum will only be present if at least a majority of Directors are present; and

(ii) any resolution, unless otherwise specified in this Constitution or the Partners Agreement, will be passed if a majority of the votes cast on it are in favour of it.

(b) If a quorum is not present within 30 minutes of the time appointed for the commencement of the Board meeting, the Board meeting must be adjourned to the same day in the following week at the same time and place, or to any other date, time and place as the chairperson may appoint, and if at the adjourned meeting a quorum is not present within one hour after the time appointed for the commencement of the meeting, the Directors present (regardless of the person who appointed them) will constitute a quorum. No business may be transacted at a meeting of Directors if a quorum is not present.

4. Voting

(a) Every Director has one vote.

(b) The Chair does not have a casting vote.

(c) Subject to clause 12.11, a resolution of the Board is passed if it is agreed to by all Directors present without dissent or if a majority of the votes cast on it are in favour of it.

(d) A Director who abstains from voting is not presumed to have voted in favour of the relevant resolution of the Board.

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5. Minutes

The Board must ensure minutes are kept of all proceedings at meetings of the Board.

6. Resolutions

(a) A resolution in writing, signed or assented to by all Directors then entitled to receive notice of a Board meeting, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held.

(b) A resolution may consist of several documents (including facsimile or other similar means of communication) in like form each signed or assented to by one or more Directors.

(c) A copy of all resolutions must be entered in the minute book of Board proceedings.

7. No notice to directors outside New Zealand

It is not necessary to give notice of a meeting of the Board to any Director temporarily absent from New Zealand.

8. Other proceedings

Except as provided in this Schedule 2 and this Constitution, the Board may regulate its own procedure.

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Partners Agreement – Principles and Terms Sheet

Part One: Background

This document identifies the key terms that must be incorporated into the Partners Agreement

Part One is to assist with background by setting out the critical success factors and guiding principles that have been adopted to inform the drafting of the Partners Agreement. Part Two sets out in detail the proposed terms to be included in Metro Water's Partners Agreement and will act as a terms sheet by providing a preliminary framework to allow for the drafting of the Partners Agreement once agreement to the proposed terms has been reached with each of the Partners.

Given that some of the matters that the Partners Agreement can be addressed in different ways, the Terms Sheet sets out a range of options for some of the key terms. The key terms identified in the Terms Sheet are the key terms that have the greatest scope for divergence of opinion, require cooperation or negotiation, or involve complex concepts and ideas – so we have provided some guidance on preferred options for how those terms could be addressed. The proposed terms set out in Part Two have been drafted on the basis of the recommended options identified in the Terms Sheet and are subject to change. This Part (Parts One) is not intended to be part of the Partners Agreement once drafted – it is intended to explain the approach taken in the drafting of the terms in Part Two.

The key terms in this document have been identified and drafted by reference to the critical success factors and guiding principles

These factors and principles have been identified based on conversations with Partners, councils, and mana whenua. They reflect public statements, public and private sector joint venture experience, and are intended to assist everyone to reach in-principle agreement on the issues to be addressed.

Critical success factors	Guiding principles
Metro Water will be successful if it: • has a skills-based competent board as reflected in an agreed skills matrix for all board appointments; • strikes the right balance between having strong corporate governance (with the Partners Committee having an ongoing focus on the performance of the board), and board and management-led operational independence; • establishes and maintains trust and a strong Partnership with all Partners, including mana whenua; • establishes and maintains trust with customers and Partners; • provides high quality customer service and experience in the delivery of water services; • delivers water services in a way that provides value for money to customers; • has strategies for investment in water services infrastructure, long-term planning, financial forecasting and budgeting; • has access to long-term borrowing and maintains and implements their transparent funding mechanisms; • aligns with economic regulatory requirements and complies with ethical standards and relevant laws and regulations; • provides kaitiaki for te Taiao (guardianship of the natural environment);	**Principle One** Metro Water is being established to own, operate, maintain, renew and build water assets in the service area, instead of and on behalf of the five participating councils. In that sense, the assets will be, and continue to be, publicly-owned. **Principle Two** Partners intend that Metro Water will be managed and operated by an experienced senior leadership team under the supervision of an independent board of directors. Membership of the board will be determined by reference to the competence and skill each director holds in relation to that role, having regard to Metro Water's overarching purpose (as set out in Principle One). **Principle Three** Governance arrangements are instrumental to enable Metro Water to deliver water services across the service area in furtherance of its overarching purpose (as set out in Principle One), including ensuring that appropriate focus on the performance of the board is provided for whilst ensuring operational independence. **Principle Four**

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Critical success factors	Guiding principles
• has proactive asset management, maintenance and implementation strategies; • implements robust risk management strategies to ensure regulatory compliance; and • moves from cost to serve to regional harmonisation over time.	Partner with mana whenua in governance and decision-making. **Principle Five** Where a drafting, process, or substantive issue can be solved in either a simpler or more complex way, the simpler way is better.

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Part Two: Proposed Terms Sheet – Partners Agreement

To the extent we agree or where further customisation of a clause is not required, we propose adopting the wording from the template Shareholders' Agreement prepared by the Department of Internal Affairs (**DIA**). We have indicated where we think such adoption is appropriate for each clause in the table below.

#	Heading	Description and clauses to include	Proposed drafting and comments/other considerations
1	**Definitions and Interpretation**	Sets out the definitions for the defined terms included in the Partners Agreement.	Will adopt wording from the DIA Template Shareholders' Agreement and modify as the context requires.
2	**Establishment of the Water Organisation**	Sets out clauses on: (a) shares; (b) payment for shares; and (c) name and registered office.	Proposed wording: *Incorporation:* *The Company will immediately upon incorporation, have the number of shares set out in [Schedule 1] which, on issue, will be held by the Shareholders set out in [Schedule 1].* *The Shareholders agree that the number of shares held by each Shareholder on incorporation will be adjusted following the transfer of assets from each Shareholder to the Company to ensure that the shares held by each Shareholder are consistent with the net value of the assets transferred. The Shareholders further acknowledge that a subsequent adjustment of shares may be required to reflect any changes in the net value of assets transferred once final settlement has occurred.* [Drafting Note: there are a range of options for how the enduring allocation of shares in Metro Water can be made. Subject to confirmation by the shareholding councils, the proposed option is that the shares in Metro Water will to be allocated to each council based on the total net value of the council's assets (minus agreed liabilities) transferred to (or assumed by) Metro Water at the time Metro Water is established or when any council joins or exits as a shareholder. The initial allocation of shares on incorporation of Metro Water will need to be adjusted to reflect the final valuations for each of the shareholding councils – this could take effect on 'Day 1' alongside the transfer of assets. A further adjustment in the number of shares held by each shareholder may also be required following the completion of the final settlement if valuations as at 'Day 1' can only be determined after that date.]

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#	Heading	Description and clauses to include	Proposed drafting and comments/other considerations
			Payment for Shares: The amount set out in [Schedule 1] will be payable by each Shareholder in respect of each Share held by that Shareholder, [receipt of which is hereby acknowledged]. [Drafting Note: the intention is that payment for the share will be in the form of the net value of the assets transferred to Meto Water. So the amount provided for in Schedule 1 will be only a nominal amount. However, Metro Water will require some initial working capital]. *Name and registered office: The name of the Company will be as set out in [Schedule 1] and the initial registered office and address for service of the Company will be as set out in [Schedule 1].*
3	**Purpose of Company**	Sets out clauses that provide a high-level outline of the purposes of Metro Water, including: (a) reflecting the statutory objectives; (b) the purpose of the shareholders of the Water Organisation; and (c) the initial business set up.	Proposed wording: *Purpose: It is the intention of the Partners that the Company is to carry on the Business.* [Drafting Note: the "Business" of Metro Water has been set out in clause 2.2 of the Constitution.] *Initial business set up: The Partners will work together to procure the initial business set up, operational steps, and transactions described and summarised in [Schedule 1].* *The Partners agree that the Company will achieve price harmonisation in setting water charges for water users within the Service Area no later than [insert date]. Prior to achieving price harmonisation, the Company may apply appropriate price differentials in setting charges for water users within the Service Area so that those charges reflect the corresponding costs to serve those water users.* [Drafting Note: based on feedback received, we have removed the requirement for Metro Water to apply appropriate price differentials from the Constitution. This matter is addressed in the Partners Agreement to provide flexibility and reflect the feedback that the end state is for Metro Water to achieve regional price harmonisation.] [Drafting Note: based on the feedback received, we understand that there may be a need to ensure Metro Water is not prevented from providing water services to other non-shareholding councils, either on a temporary/transitional or enduring basis, for example, South Wairarapa District Council that currently receives services from Wellington Water. The definition of the "Business" will need to be broad enough to accommodate Metro Water providing those services.]
4	**Board and directors**	Sets out clauses on: (a) the Board; (b) existing directors; and (c) performance evaluation.	***Board*** *(a) The Company will have the number of Directors that comply with Constitution.* *(b) The Directors will be appointment and removed in accordance with clause [12.4] of the Constitution.* ***Existing Directors***

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#	Heading	Description and clauses to include	Proposed drafting and comments/other considerations
			As at the date of this Agreement, the Directors named in [Schedule 1] are deemed to have been nominated and approved by the Partners to be the Directors. ***Performance evaluation*** *The Board will undertake a self-evaluation of its performance on an annual basis, in line with accepted good governance principles and practices, and the results will be reported directly to the Partners Committee and to the Chief Executives (or equivalent) of each of the Partners.*
5	**Shareholders' and Partners' Obligations**	Sets out clauses on: (a) voting and Shareholder Reserved Matters and Partner Reserved Matters; (b) duty to comply with the Constitution; (c) compliance with laws; (d) spirit of collaborative working; and (e) no surprises.	Proposed wording: *Voting and Shareholder Reserved Matters and Partner Reserved Matters:* *(a) Subject to clause [X] and any resolution that is required by the Companies Act or the Constitution to be passed as a Special Resolution, all resolutions of meetings of the Partners may be passed by Ordinary Resolution.* *(b) The Company will not enter into or give effect to any transaction or matter which is a Shareholder Reserved Matter unless the entry into that transaction or matter is approved in writing by:* *(i) the Shareholders who together hold more than the required percentage of all Shares held by the Shareholders, as listed in [Schedule 2]; or* *(ii) if no percentage in relation to that transaction or matter is listed in [Schedule 2], by Special Resolution.* (c) *The Company will not enter into or give effect to any transaction or matter which is a Partner Reserved Matter unless the entry into that transaction or matter is first approved in writing by the Partners in accordance with clause [X].*[Drafting Note: we propose the voting percentage for both Shareholder Reserved Matters and Partner Reserved Matters is set initially at 100 percent, i.e., unanimous. If that is not possible, a [two week] "compromise period" would follow to try and achieve consensus. If no consensus is possible, then 75 per cent or more votes will carry the proposal.] *Duty to comply with Constitution: Each [Partner] acknowledges the provisions of the Company's Constitution and each Shareholder will comply with the Company's Constitution.* *Compliance with laws: The Shareholders, and to the extent possible, the Partners who are not Shareholders, and the Company, will each ensure it complies with its obligations under the Local Government Act 2002, Local Government (Water Services Preliminary Arrangements) Act 2024, the [Local Government Water Services Act 2025] and the Companies Act.* *Spirit of collaborative working: The Partners must at all times act in a spirit of co-operation and collaborative working, endeavouring to act together to allow for the effective communication of the Partners' intentions or requirements to the Company.* *No surprises: The Partners will use best endeavours to act under the principle of "no surprises", both with the Company and with each other in relation to their respective interests.*

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#	Heading	Description and clauses to include	Proposed drafting and comments/other considerations
6	**Partners Committee**	Sets out clauses on: (a) establishment and terms of reference; (b) replacing a Partner Committee representative; (c) delegations to a Partner Committee representative; (d) authority of Partner Committee representatives; (e) attendance of Partner Committee representatives at meetings; and (f) failure to attend.	Proposed wording: *Establishment and Terms of Reference:* *(a) Promptly after the date of this Agreement, the Partners will jointly establish, maintain and operate a Partners Committee in accordance with the Terms of Reference to provide overarching governance of the Company, including:* *(i) in relation to the appointment of Directors to the Board of the Company;* *(i) to assist the Partners to fulfil their obligations under this Agreement;* *(ii) to provide a direct relationship between Partners and the Board of the Company; and* *(iii) where the Company has any obligation to consult with the Shareholders under the [Local Government (Water Services) Act 2025] or other applicable law, to allow the Company to meet such obligation by consulting with the Partners Committee.* *(b) Each Partner:* *(i) hereby confirms the Terms of Reference for the Partners Committee are on the terms attached at [Schedule 3] to this Agreement;* *(ii) will appoint a Partners Committee Representative; and* *(iii) will appoint an Alternate.* [Drafting Note: based on feedback received, we have included an express reference to the Partners Committee providing a direct relationship between the Partners and the Board of Metro Water.] *Replacing a Partners Committee Representative:* *Each Partner's appointed Partner Committee Representative and/or Alternate may be replaced from time to time by that Partner providing written notice to the Partners Committee and the other Partners.* *Delegations to a Partners Committee Representative:* *Each Partner agrees to delegate to its appointed Partners Committee Representative, and its Alternate, those responsibilities and powers set out in the [Appendix to the Terms of Reference].* *Authority of Partners Committee Representatives:* *Subject to the delegations under clause [X] above, the Partners agree that any matter for a Partner under this Agreement may be exercised by a duly authorised Partners Committee Representative.* *Attendance of Partners Committee Representatives at meetings:*

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#	Heading	Description and clauses to include	Proposed drafting and comments/other considerations
			Each Partner will ensure that its appointed Partners Committee Representative or the Alternate attends each meeting of the Partners Committee Council. *Failure to attend:* *If a Partner's appointed Partners Committee Representative or their Alternate is not present at the number of consecutive meetings of the Partners Committee set out in [Schedule 1], then that Partner will be required, on notice by any other Partner, to replace that Partner's appointed Partners Committee Representative and/or Alternate.*
7	**Loans and guarantees by Shareholders**	Under this clause, no Shareholders will be required to make any loans to Metro Water or guarantee the obligations of Metro Water, to any creditor or other party except with the express prior agreement of that Shareholder.	Proposed wording: *Loans and guarantees:* *No Shareholder will be required to make any loans to the Company or guarantee the obligations of the Company, to any creditor or other party except with the express prior agreement of the relevant Shareholder.* *The Shareholders agree that immediately after signing this Agreement, each Shareholder will take all steps necessary, including but not limited to, providing any guarantee, to enable the Company to access funding through the New Zealand Local Government Funding Agency.*
8	**Statement of Expectations**	Sets out clauses on: (a) the Partners' joint responsibility in preparing the Statement of Expectations; and (b) compliance (Partners to ensure that the business of Metro Water is conducted in accordance with its Statement of Expectations).	Will adopt wording from the DIA Template Stakeholders Agreement and modify as the context requires.
9	**Share sale, issue, amalgamation, new joining shareholder, exiting shareholder, and valuation**	Sets out clauses on: (a) no sale; (b) no security interest; (c) share issue; (d) additional shareholder; (e) exiting shareholder; and (f) amalgamation of local authorities.	Proposed wording: *No sale:* *No Shareholder will directly or indirectly sell, transfer, or dispose of the legal or beneficial ownership of, or the control of, any of its Shares otherwise than in compliance with the Constitution and [Local Government Water Services Act 2025].* *No Security Interest:* *A Shareholder must not grant a Security Interest over any of its Shares.* *Share issue:*

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#	Heading	Description and clauses to include	Proposed drafting and comments/other considerations
			Subject to approval of the Shareholders in accordance with clause [X], the Board may issue Shares in accordance with the Constitution and the principles set out in [Schedule 1]. *Additional shareholders:* *Subject to approval of the Shareholders in accordance with clause [X], additional local authorities may become shareholders in the Company in accordance with the Constitution and the principles set out in [Schedule 1].* *Exiting shareholders:* *A local authority may cease to be a shareholder in the Company in accordance with the Constitution and the principles set out in [Schedule 1] (**Shareholder Exit**). In the event of a Shareholder Exit, the Shareholders will meet and discuss the effect of the Shareholder Exit on the shareholding structure of the Company and will exercise their voting rights to ensure that the structure (including the relative shareholding percentages of the remaining shareholders) remains appropriate and reasonable having regard to the purposes for which the Company was established as set out in clause [X].*
10	**Amalgamation of Shareholders**	Includes a clause on the effect of any future council amalgamations by two or more shareholding councils.	Proposed wording: *In the event that two or more of the Shareholders amalgamate into a single council, the shares in the Company held by those Shareholders immediately prior to the date of amalgamation will transfer to the new amalgamated Shareholder. The new amalgamated Shareholder will only be entitled to one representative on the Partners Committee.*
11	**Term and termination**	Includes a clause on the term (commencement and end dates of the Agreement).	Will adopt wording from the DIA Template Stakeholders Agreement and modify as the context requires.
12	**Consequences of termination**	Sets out clauses on: (a) effect of termination; (b) liquidation; and (c) provisions that survive.	Will adopt wording from the DIA Template Stakeholders Agreement and modify as the context requires.
13	**Suspension of rights**	Sets out clauses on: (a) consequences if an event or default occurs in respect of a shareholder; (b) non-defaulting shareholder; (c) default interest; and	Will adopt wording from the DIA Template Stakeholders Agreement and modify as the context requires.

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#	Heading	Description and clauses to include	Proposed drafting and comments/other considerations
		(d) other remedies.	
14	**Dispute resolution**	Sets out clauses on: (a) notice of writing to the other parties in case of an arising dispute; (b) negotiation; (c) escalation; (d) mediation; (e) arbitration; (f) implementation of agreement; (g) rights and obligations during a dispute; and (h) interlocutory relief and right to terminate.	Will adopt wording from the DIA Template Stakeholders Agreement and modify as the context requires.
15	**Confidential information and public announcements**	Sets out clauses on: (a) confidentiality; (b) further permitted use and disclosure; and (c) public announcements and media releases.	Will adopt wording from the DIA Template Stakeholders Agreement and modify as the context requires.
16	**Notices**	Sets out clauses on: (a) giving notices; (b) change of details of a party's postal or email address; and (c) time notice is given.	Will adopt wording from the DIA Template Stakeholders Agreement and modify as the context requires.
17	**General**	Sets out clauses on: (a) no partnership, joint venture; (b) no privity; (c) board action; (d) counterparts; (e) entire agreement; (f) severance;	Will adopt wording from the DIA Template Stakeholders Agreement and modify as the context requires. Proposed additional wording: *Mandatory review of this Agreement: The Partners Committee will undertake a review of this Agreement no later than [four] years from the date the Agreement is signed. The purpose of the review is to ensure that the Agreement, and the related arrangements, are still fit for purpose.* [Drafting Note: based on the feedback received, we have proposed a mandatory review of the Partners Agreement after a four year period.]

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#	Heading	Description and clauses to include	Proposed drafting and comments/other considerations
		(g) further assurance; (h) variation; (i) assignments and transfer; (j) costs; (k) inconsistency with Constitution; (l) mandatory review of the Partners Agreement; (m) waivers; and (n) governing law.	
18	**Schedule 1 – Agreement Details**	This Schedule will set out details about: (a) the Service Area for Water Services; (b) initial share issue and shareholding; (c) price payable for each paid up and uncalled share issued; (d) name of Metro Water; (e) registered office and address for service of Metro Water; (f) the initial business set up, operational steps and transactions to be taken; (g) the initial Directors; (h) the establishment of Partners Committee; (i) consequences of failure to attend Partners Committee meeting; (j) additional matters that should be specified in the Statement of Expectations; (k) time period before publication to provide the agreed Statement of Expectations to the Chairperson of the Board, the Chief Executive of the Water Organisation; (l) principles for share issue, including additional shareholders and exiting shareholders; (m) interest rate payable on payment default;	Will adopt wording from the DIA Template Stakeholders Agreement and modify as the context requires. Recommended principles to govern the process for additional shareholder councils joining after the establishment of the Company include: (a) additional councils may become shareholders in the Company; (b) additional councils would be issued shares in same manner as founding shareholding councils, i.e., in accordance with substantively the same terms as the agreed Transfer Principles and Debt Assumption; (c) a "buy in" price will be payable; (d) the "buy in price" will be set on a basis that takes into account a proportionate share of the costs incurred by the founding shareholder councils to establish the Company; and (e) the basis on which that "buy in" price is set is still to be determined. Recommended principles to govern the process for shareholding councils exiting after the establishment of the Company include (noting that these will not apply to Greater Wellington Regional Council): (a) a shareholding council may exercise the right to exit the Company by giving [12 months'] notice of its intention to cease to be a shareholder. The terms on which the exit may occur, such as any "buy out" price will be a Shareholders Reserved Matter; (b) with the exception of Greater Wellington Regional Council, the right to exit may only be exercised after a period of no less than [seven] year from the date of establishment. The Greater Wellington Regional Council may exercise the right to exit after a period of no less than [two] years from the date of establishment. It is currently anticipated that the Greater Wellington Regional Council's shares (including uncalled shares) would be re-distributed on its exit to the remaining shareholding councils that maintain their relative proportional

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#	Heading	Description and clauses to include	Proposed drafting and comments/other considerations
		(n) the place of arbitration; (o) the address for notices; and (p) the Partners Committee membership.	shareholdings to ensure that the Company does not become a subsidiary of any one shareholding council; (c) the exiting shareholder council would be entitled to have the original Water Services assets it transferred to the Company transferred back to it along with the relevant debt apportioned to those assets. This would not apply to the Greater Wellington Regional Council, which has indicated that on exit it will not be seeking to recover the assets or debt transferred to Metro Water; (d) a "buy out" price may be payable on exit to reflect effective compensation for the costs of any new Water Services assets that may transfer to the exiting shareholding council less the allocation and assumption of a share of the Company's debt (and other liabilities) for the new Water Services assets; and (e) the basis on which that "buy in" price is set is still to be determined.
19	**Schedule 2 – Shareholder Reserved Matters and Partner Reserved Matters**	Approvals required on matters relating to Partner Reserved Matters and Shareholder Reserved Matters	Will adopt wording from the DIA Template Stakeholders Agreement and modify if required. We have recommended that the following are Shareholder Reserved Matters: (a) any issue or proposed transfer of any shares; (b) whether any share buy-backs will be undertaken by the Company; (c) whether any call will be made for additional capital contributions; (d) any proposal to materially vary rights attaching to any equity securities in the Company; (e) taking any step in relation to the amalgamation, winding up or dissolution of the Company; (f) any proposal to materially vary or impact a minority shareholders' rights or interests; and (g) entry by the Company into a "major transaction" (as that term is defined in section 129(2) of the Companies Act). We have recommended that the following are Partner Reserved Matters: (a) the terms on which any new non-shareholding Partner will accede, or an existing non-shareholding Partner will leave; (b) the terms on which any new non-shareholding Partner will accede, or an existing non-shareholding Partner will leave Partners; (c) any amendments to the Partners Agreement or the Constitution; (d) the issuing of the Statement of Expectations; (e) the selection, appointment, and removal of directors to the Company's Board; and

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#	Heading	Description and clauses to include	Proposed drafting and comments/other considerations
			(f) the adoption of the Directors Skills Matrix and Appointment and Removal Protocols (and agreement to any changes).
20	**Schedule 4 – Partner Committee Terms of Reference**	This Schedule will set out the following details in relation to the Partners Committee: (a) the purpose of the Committee; (b) status of the Committee; (c) specific responsibilities of the Committee (including the issuing of the Statement of Expectations, performance monitoring of Metro Water, and appointment and removal of Board members); (d) membership of the Committee; (e) Chairperson; (f) quorum for meetings of the Committee; (g) alternates appointed by each member appointed to the Committee; (h) decision making; (i) remuneration; (j) administration in relation to reports considered by the Committee; and (k) common delegations (including governance oversight and shareholders/Partner responsibilities).	Will adopt wording from the DIA Template Stakeholders Agreement and modify as the context requires. Currently we are recommending that Reserved Partners Matters are decided on the basis of consensus, and where consensus is not possible, following a negotiation period of up to [two weeks] a 75 per cent. majority of members of the Partners Committee will be required. Each member of the Partners Committee will be entitled to one vote. [Drafting Note: based on feedback received from elected members we are currently exploring a range of alternative voting models for the Partners Committee – this is work in progress]
21	**Schedule 5 – Skills Matrix**	This Schedule can be specified to ensure compliance with clause 40 of the WS Bill (relating to required skills of Board directors).	[Drafting Note: see below for proposed draft Skills Matrix. Proposed wording for the Appointment and Removal Protocols will reflect standard provisions to be provided at a later drafting stage.]

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DRAFT SKILLS MATRIX ESTABLISHMENT BOARD

Governance and leadership - Significant governance and leadership experience in a utility or commercial sector organisation.	• The ability and willingness to chair the Board. • The ability and willingness to participate fully in the life of the Board and on subcommittees as required. • Experience setting the strategic direction for a regulated utility or commercial organisation.
Regulated utility infrastructure experience – Experience and understanding of the regulatory environment and compliance requirements specific to the utility/infrastructure sector. This includes familiarity with laws, regulations, and policies that govern that infrastructure industry.	At least one Director should have experience leading or governing a regulated water utility or consulting to the water sector. • Wide-ranging experience across the operations of a water utility organisation with a strong focus on governance and strategic oversight. • Experience and understanding of regulations and laws applicable to regulated utility organisations.
Asset management planning / Infrastructure	At least one Director should have experience in asset management planning and engineering in an infrastructure environment.
Transition/change/establishment - Significant senior level experience and success in large-scale sector and/or organisation reform, change, and establishment, preferably at a governance level.	• Prior proven experience in transitions, change or the establishment of a new entity. • Proven experience in contributing to and building a new entity's organisational structures.

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Finance and risk - Experience in establishing complex commercial arrangements, including capital structure, debt financing and pricing and charging mechanisms; experience within networked regulated industries; and an ability to bring appropriate pragmatic advice to the Board table.	At least one Director (ideally two) should have experience in finance and risk within an establishment context. • Experience with large high stakes investment programmes. • Experience evaluating financial plans and ensure the organisations financial sustainability. • Expertise in identifying, assessing, and mitigating risks associated with utility operations. This includes financial, operational, and regulatory risks.
Customer - Commercial experience in integrating the customer experience into broader business strategies and inspiring a customer focused culture across an organisation starting from Day Zero.	At least one Director should have experience in customer experience: • Developing long-term strategies that recognise customers as a key driver to high performing service delivery. • The ability to champion the customer journey with colleagues and stakeholders
Relationship management - Significant proven experience of successfully building and maintaining collegial and stakeholder relationships through clear communication, influence, empathy, and understanding.	• Strong stakeholder engagement experience at senior executive levels. • Stakeholder management in both public and private sectors.
Mātauranga Māori/tikanga Māori/te ao Māori - Experience and deep understanding of te ao Māori and Te Tiriti o Waitangi.	• Understanding the significance of water to Māori social, economic, and environmental wellbeing. • At least one Director should bring strong cultural competency and a deep understanding of te ao Māori.
Public accountability - A deep understanding of the Wellington region and the local government context, and the role in public accountability.	• At least one Director should be Wellington based. • An awareness of the Wellington local and central government context.
Health & Safety – A good understanding of modern health & safety culture.	• Experience in high-hazard industries. • An awareness of what is required to establish a strong health & safety culture.

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Statement of Expectations – Principles

Part One: Background

This document identifies matters at a principles level to be included in the Statement of Expectations

It is important to note that the matters identified under the mandatory and optional matters in Part Two and Part Three of this document are not necessarily (and are not intended to be) the only matters to be addressed in the Statement of Expectations. Further the matters identified do not have to apply evenly to all water services or locations within Metro Water's service area. The Local Government (Water Services) Bill (the **Water Services Bill**) provides flexibility by allowing matters provided for in a Statement of Expectations to apply to all or only a specified part of:

(a) the water services provided by a water organisation (for example, a matter that applies only to wastewater); or

(b) to all or a specified part of a water organisation's service area (for example, a matter that applies only to particular territorial authority's district).

The matters in this document have been identified and drafted by reference to the legislation and guiding principles

In identifying the matters set out in Part Two and Part Three of this document, we have had regard to the guiding principles set out in the table below. These guiding principles have been identified based on conversations with participating councils and mana whenua partners, public statements, and current expectations of Wellington Water, and are intended to assist everyone to reach in-principle agreement on the matters to be addressed in the Statement of Expectations. Although the Water Services Bill refers to shareholders, we have adopted the reference to Partners to include mana whenua who are intended to be parties to the Partners Agreement. These principles are not intended to be part of the final Statement of Expectations – they are intended to explain the approach taken in the drafting of the matters in Parts Two and Three.

Guiding principles
Principle One The Statement of Expectations will support and be consistent with the other Foundation Documents (including the Constitution and Transfer Agreements) and all legislative obligations that apply to Metro Water as a water organisation under the Water Services Bill and other relevant legislation and will provide clarity of accountability between Metro Water and the shareholding councils.
Principle Two Water services will be provided in a cost-effective, transparent, and financially sustainable manner. Metro Water will balance the need for water services charges to be affordable, fair, equitable, and with the pressing need to address the backlog of investment required in water infrastructure within the region/service area.
Principle Three Water services charges will initially reflect the cost to serve the local communities within Metro Water's service area in order to minimise cross-subsidisation. As such, regional differences in prices within Metro Water's service area can be maintained to reflect regional differences in investment, borrowings and costs of service. However, Metro Water will work towards regional harmonisation of water charges over the medium to long-term.

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Guiding principles

Principle Four

Recognising water as a public good, in relation to instances of non-compliance during water restrictions, restricting the supply of drinking water to customers will only be used as a last resort. Where appropriate, other means to ensure compliance will be used first.

Principle Five

Metro Water will have appropriate processes in place to have meaningful engagement with customers in its service area and will consider the views of those customers when providing water services.

Principle Six

In additional to the governance arrangements proposed in the Partners Agreement, Metro Water will have appropriate processes in place to have meaningful partnerships with mana whenua in its service area when delivery water services and will consider the views of mana whenua in its service area in relation to those water services. Metro Water will give effect to te Mana o te Wai when providing water services working in partnership with mana whenua.

Principle Seven

In providing water services Metro Water will look for opportunities to support broader outcomes for the communities in its service area, such as unlocking future growth opportunities, adopting social procurement policy, and partnering with councils, mana whenua and government agencies to support and implement relevant community strategies such as the Wairarapa-Wellington-Horowhenua Future Development Strategy.

Principle Eight

Metro Water will be open and transparent on how it charges and provides water services to enable effective monitoring by its Partners and customers.

Principle Nine

The Statement of Expectations will reflect the agreed combined strategic priorities and outcomes of the Partners, rather than those of individual Partners. To this end, where appropriate, existing Wellington Water strategic priorities, outcomes, and reporting requirements should be used as a starting point for Metro Water.

Principle Ten

The Statement of Expectations will build on the statutory requirements for Metro Water to co-operate with and support its shareholding councils with regulatory matters, including resource management planning and land-use planning.

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Part Two: Proposed Matters

Outcomes	
Description	The outcomes that the Partners expect Metro Water to achieve by delivering water services.
Context	A Statement of Expectations must include the outcomes that the Partners expect the water organisation to achieve by delivering water services.
Proposal	Given that this would be Metro Water's first Statement of Expectations, we propose that some of the outcomes relate to the successful establishment of Metro Water and a seamless transition of water services delivery from Wellington Water to Metro Water. This proposal supports Principle One. The starting point for the remaining outcomes could be a review of the outcomes set out in Wellington Water's latest Statement of Intent. This approach supports Principle Nine. This section could also set out the Partners' expectations around moving from cost to serve to regional harmonisation in the delivery of water services over a specified period of time. In accordance with Principle Four, we also propose that the Statement of Expectations clearly records the Partners' expectations that Metro Water will give effect to te Mana o Te Wai in providing water services and partnering with iwi, and other Māori organisations. This is in addition to the governance arrangements with mana whenua set out in the Constitution and Partners Agreement. During 2024 Wellington Water introduced the following four outcomes (for completeness we have included the fourth outcome – this would not be relevant for Metro Water): (a) communities receive reliable three waters; (b) services delivered by Wellington Water are compliant; (c) water services are affordable and provide value; and (d) Wellington Water is a strong and capable organisation that is ready to fold into any future water services model. Additional outcomes that could be considered include broader outcomes, such as the commitment by Metro Water that: (a) it will have effects on the environment at the forefront of its decision-making on immediate emergency responses and its medium and long-term planning; (b) it will support its shareholding councils' housing growth and development plans; (c) it will support local business and communities through adopting social procurement programme; and/or (d) it will adopt a whole-of-catchment approach to providing water services. This section could also include outcomes that support the expectations relating to the Customer Charter (see Part Three below), including the expectations that: (a) all revenue collected will deliver measurable benefit to households, communities, and businesses; (b) water services are delivered in a way that demonstrates fairness and equity in pricing measures and delivery methods;

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Outcomes	
	(c) Metro Water will keep affordability at the forefront of its decision-making; and (d) Metro Water will only restrict the supply of drinking water to customers as a last resort, and where possible, that other means are used first to ensure compliance.

Resource Management Planning and Land-Use Planning	
Description	The requirements the Partners have relating to their respective resource management and land-use planning that are relevant to Metro Water's service area
Context	A Statement of Expectations must include the requirements relating to the territorial authority's resource management and land-use planning role and functions and how they interact with and relate to matter relevant to Metro Water.
Proposal	One of the key areas where shareholding councils and Metro Water will have an overlap of interests regarding resource management and land-use planning will be connections to water services networks as part of the building consent and resource consent process. We understand that currently applications and payment to connect or disconnect to the public water supply, wastewater or stormwater networks are made through each shareholding council and then processed by Wellington Water. As a minimum we propose that the Statement of Expectations clearly records the Partners' expectations in relation to Metro Water's role in relation to connections to water services networks as part of the building consent and resource consent processes. This proposal supports Principle One. As water infrastructure is a key component of land use planning system (and plays a direct role in urban growth and planning), Metro Water will need to interact with the resource management system to deliver on the objectives set by the shareholding councils through their district plans. Therefore, it will be important that Metro Water aligns its operations with the shareholding councils' planning documents and the broader resource management framework. This includes delivering water services that meet current and future needs, while also considering infrastructure and strategic planning, development controls, and land-use planning processes. For this reason, we propose that the Statement of Expectations clearly records the Partners' expectations in relation to Metro Water's role in their strategic planning processes (including setting clear expectations for how Metro Water will provide technical and strategic advice and otherwise engage with the Partners in relation to the development of district plans, bylaws, long-term plans, spatial plans, and other land use and resource management processes (including under any future resource management/planning legislation)). This proposal supports Principles One, Seven, and Ten.

Compliance with shareholders' statutory obligations	
Description	The statutory obligations that apply to a shareholder that is a territorial authority that Metro Water must also act in accordance with.

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Compliance with shareholders' statutory obligations	
Context	A Statement of Expectations must include a requirement that the water organisation will act in accordance with any relevant statutory obligation that applies to a shareholder that is a territorial authority.
Proposal	As a minimum the Statement of Expectations should clearly record the Partners' expectations that Metro Water will act in accordance with any relevant statutory obligation that applies to a shareholder that is a territorial authority. This proposal supports Principle One. The following areas may be relevant to Metro Water and where the shareholding councils may want to set out their expectations: (a) the administration of water services bylaws; (b) compliance and enforcement powers; and (c) offences. We propose that these are addressed in a manner consistent with Mandatory Matter One: Statutory Compliance, i.e., at a high level and/or thematic level.

Water Services Half-Yearly Reports	
Description	The information Metro Water must include in its Water Services Half-Yearly Report.
Context	In each financial year, a water organisation must prepare and adopt a water services half-yearly report that reports on the organisation's operations during the first six months of the financial year. A water organisation's water services half-yearly report must include the information that the organisation's Statement of Expectations specifies.
Proposal	As a starting point, we propose that Metro Water must include in its Half-Yearly Report the same information (as modified to reflect a six-month period) as required for its Annual Report, which is set out in Schedule 4 of the Water Services Bill. This would allow for easier comparison as to how Metro Water is tracking against its Water Services Strategy. This proposal supports Principle Eight.

Engagement with shareholders, shareholders' communities, iwi and mana whenua, and customers	
Description	The expectations the Partners have for how Metro Water will conduct its relationships and engage with them, the communities they represent, hapū and iwi, and the customers that will receive water services.
Context	To the extent not covered by one of the mandatory matters, the Water Services Bill allows a Statement of Expectations to include any other matters that the shareholders decide, including how the shareholders require the water organisation to conduct its relationships with them, their communities (including specific Partners), hapū and iwi, and customers.

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Engagement with shareholders, shareholders' communities, iwi and mana whenua, and customers	
Proposal	**Shareholders** We propose that the Statement of Expectations clearly records the Partners' expectations as to how Metro Water will interact with shareholders. This could include being open and transparent, providing information in a timely manner, and being constructive, etc. This could also include the Partners' expectations as to how Metro Water will involve them in its strategic planning and should reflect the requirements set out in Metro Water's Constitution (under the Water Services Bill, the shareholders of the water organisation must determine the nature of their involvement in preparing and finalising the Water Services Strategy and Annual Budget, and set out that information in the water organisation's constitution). This proposal supports Principles Eight and Ten. Any expectations would need to be consistent with the Partners Agreement. **Partners' communities (or any specific Partners within those communities)** We propose that the Statement of Expectations clearly records the Partners' expectations as to how Metro Water will interact with the Partners' communities and any specific Partners that have an interest in how water services are provided, including any requirements to undertake community engagement, and the contents of that engagement. Specific Partners could include community groups that have an interest in how water services are provided such as environmental groups or use who use water service infrastructure such as recreational and/or sports clubs. This proposal supports Principle Eight. **Iwi, and other Māori organisations** We propose that the Statement of Expectations clearly records the Partners' expectations as to how Metro Water will interact with hapū, iwi, and other Māori organisations, this could include being open and transparent, providing information in a timely manner, and being constructive, etc. This proposal supports Principles Six and Eight. Note this is separate and in addition to the governance and Partners arrangements provided for under Metro Water's Constitution and Partners Agreement – this section focuses on the Partners' expectations of Metro Water with iwi and mana whenua as customers and as Kaitiaki of the environment. **Customers in Metro Water's service area** We propose that the Statement of Expectations clearly records the Partners' expectations as to how Metro Water will interact with the customers in Metro Water's service area, this could include being open and transparent, providing information in a timely manner, any requirements to undertake customers engagement, and the contents of that engagement etc. Under the Water Services Bill, a Water Services Strategy must include information about how the water service provider proposes to obtain feedback from customer in relation to the water services that the water service provider provides to them. Further, we propose that the Statement of Expectations clearly records the Partners' expectations that Metro Water will adopt a Customer Charter that sets out what customers can expect from Metro Water and how they can engage with Metro Water (as required by Metro Water's Constitution). We also propose that this second incorporates the matters set out in the Customer Charter Principles. This proposal supports Guiding Principles One and Five. In accordance with Principle Four, we also propose that the Statement of Expectations clearly records the Partners' expectations that in situations of non-compliance during water restrictions (or any of the grounds included in the Water Services Bill), Metro Water will only restrict the supply of drinking water to customers as a last resort and where possible, other means are used first to ensure compliance.

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Additional performance indicators	
Description	The performance indicators the Partners expect Metro Water to report against.
Context	To the extent not covered by one of the mandatory matters, the Water Services Bill allows a Statement of Expectations to include any other matters that the Partners decide, including performance indicators and measures that the Partners may use to monitor the water organisation. A Water Services Strategy already *requires* a water service provider to include information on some performance indicators for each group of water services activities for which the water service provider is responsible. These include: (a) the performance measures that apply to the group of water services activities, including as applicable: (i) the measures that the water service provider considers will enable the public to assess the level of service for major aspects of the group of water services activities; (ii) any intended levels of service that the water service provider is required to publicly disclose in a Water Services Strategy under subpart 4 of Part 4 of the *Commerce Act 1986*; and (iii) if no similar requirements have been set under paragraph (ii) above, any performance measures specified in a rule made under section 261B of the *Local Government Act 2002* that are relevant to a group of water services activities; and (b) the performance targets for each of the above performance measure. In addition to the above, the shareholding councils are likely to have other performance indicators that they wish to adopt to monitor Metro Water. Under the Water Services Bill, a Water Services Strategy must contain any other information that the Partners of the water organisation require, this would include additional performance indicators. Further, under the Water Services Bill, the shareholders of a water organisation must regularly monitor the performance of the water organisation. The monitoring must include an annual review of the organisation's performance in giving effect to: (a) the Statement of Expectations provided by the Partners; and (b) the strategic priorities, objectives, and outcomes specified in the water organisation's Water Services Strategy. Additional performance indicators would assist the shareholding council to discharge their respective monitoring role of Metro Water as required under the Water Services Bill.
Proposal	We propose that the Statement of Expectations sets out any additional performance indicators that Partners expect Metro Water to measure its performance against. As a starting point the performance indicators set out in Wellington Water's latest Statement of Intent could be reviewed and where appropriate and/or relevant adopted. Wellington Water has adopted 10 measures with targets to measure its success in maintaining assets and delivering water services, these are:

#	Purpose	Measure	Target 25/26	Target 26/27	Target 27/28
1	Wellington Water delivers a level of service that its customers expect.	The percentage of Wellington Water's customers that report being "satisfied" or "very satisfied" with our services.	≥ 57.5%	≥ 60%	≥ 62.5%

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Additional performance indicators

2	The yearly average level of fluoride leaving each Metropolitan Water Treatment Plant is within the Ministry of Health guidelines 95% of the time.	The yearly average level of fluoride leaving each Metropolitan Water Treatment Plant is within the Ministry of Health guidelines (0.7-1.0 parts per million) 95% of the time.	Achieved at all plants	Achieved at all plants	Achieved at all plants
3	Wellington Water will deliver safe drinking water to metro Wellington.	Wellington Water complies with Drinking Water Quality Assurance Rules (Treatment)	Compliant monthly (12/12 months compliant)	Compliant monthly (12/12 months compliant)	Compliant monthly (12/12 months compliant)
4	Wellington Water will deliver safe drinking water to South Wairarapa. [Note this may no longer be a relevant indicator]	Wellington Water complies with Drinking Water Quality Assurance Rules (Treatment)	Compliant monthly (12/12 months compliant)	Compliant monthly (12/12 months compliant)	Compliant monthly (12/12 months compliant)
5	Wellington Water's metropolitan Wastewater Treatment Plants will operate as expected.	Wellington Water receives zero abatement notices, infringement notices, enforcement orders or convictions for breaches of consents.	0 notices, orders, and convictions	0 notices, orders, and convictions	0 notices, orders, and convictions
6	SWDC Wastewater Treatment Plants will operate as expected.	Wellington Water receives zero abatement notices, infringement notices, enforcement orders or convictions for breaches of consents.	0 notices, orders, and convictions	0 notices, orders, and convictions	0 notices, orders, and convictions
7	Wellington Water will replace/renew the target kilometres of pipe.	Percentage of targeted pipe replacement/renewal completed.	100%	To be set in 26-29 SoI	To be set in 27-30 SoI
8	Wellington Water will deliver its capital programme within the expected range.	Total capital delivery is between $240m (75%) and $288m (90%)	Achieved	To be set in 26-29 SoI	To be set in 27-30 SoI
9	Wellington Water's people remain engaged with the company and its purpose.	Wellington Water's overall engagement score remains stable or increases.	Overall engagement > 60%	Overall engagement > 60%	Overall engagement > 60%
10	Wellington Water will monitor and address critical health and safety risks for its people.	Health and safety critical risks will be reviewed, and improvements implemented.	Two or more critical risks	Two or more critical risks	Two or more critical risks

The current Wellington Water performance indicators will need to be reviewed to see if they are still fit for purposes and will need to be updated to reflect the change in number of shareholding councils and the fact that Metro Water will own the water infrastructure assets and be responsible for

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Additional performance indicators	
	funding. This approach supports Principles Eight and Nine. In addition, as this will be the first Statement of Expectations, additional performance indicators relating to transitional performance could also be included.

Strategic Priorities	
Description	The Partners' expectations relating to the strategic priorities to be included in Metro Water's Water Services Strategy.
Context	A Statement of Expectations may include expectations relating to the strategic priorities to be included in a water organisation's Water Services Strategy
Proposal	Given that this would be Metro Water's first Statement of Expectations, we propose that some of the strategic priorities relate to the successful establishment of Metro Water and a seamless transition of water services delivery from Wellington Water to Metro Water, including the development and implementation of an effective transition plan and continuity of capital programme delivery. This proposal supports Principle One. Further, the remaining strategic priorities should be the agreed combined strategic priorities, rather than those of individual Partners. Given that, we propose as a starting point that the strategic priorities set out in Wellington Water's latest Statement of Intent are reviewed as those will reflect the matters that have already been agreed to by the Partners as strategic priorities, such as the single integrated water meter implementation plan. These will need to be reviewed to see if they remain fit for purposes and will need to be updated to reflect the change in number of shareholding councils and the fact that Metro Water will own the water infrastructure assets and be responsible for its own funding. This approach supports Principle Nine. The following are the relevant Wellington Water's focus areas for 2025-26: (a) demonstrate delivery of value for money in the work Wellington Water does for its Partners. This means ensuring that every dollar is used efficiently and effectively to maximise benefits to the Partners and their communities; (b) develop a prioritised programme of investment for key information systems; (c) prepare for future delivery model to address the challenge that Wellington Water's assets continue to fail, with obvious and high-profile consequences across the network; (d) continue to develop a water meter implementation plan across councils to assist longer term demand for water; (e) incorporate local mana whenua priorities into operations. Partners Agreements with mana whenua ensure mutual benefits (we note this will be achieved through the inclusion of mana whenua in the Partners' Committee and the expectations set out in the Statement of Expectations); and (f) orient drinking water investment and maintenance to mitigate the risk of an acute water shortage for the summer of 2026 and address long term risks and solutions – including bulk walk storage. **Cost to serve and regional harmonisation** In light of Principles Two and Three we propose that Statement of Expectations includes principles to ensure Metro Water initially prioritises cost efficiency in serving customers, maintain a charging regime that is cost-based, but works towards harmonisation of charges. For example, the Statement of Expectations could say, subject to meeting all of its statutory obligations, and in accordance with any relevant direction or requirement imposed by a regulator, Metro Water: (a) is expected to achieve price harmonisation in setting water charges for water users within the Service Area no later than [1 July 2031];

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Strategic Priorities	
	(b) prior to achieving price harmonisation, may maximise the cost efficiency of providing the water services; and (c) apply appropriate price differentials in setting charges for customers, so that those charges reflect the corresponding costs to serve those customers.

Third party obligations of the shareholding councils	
Description	Any specific obligations that the Partners (that are territorial authorities) want Metro Water to undertake on their behalf.
Context	To the extent not covered by one of the mandatory matters, the Water Services Bill allows a Statement of Expectations to include any other matters that the Partners decide, including requiring a water organisation to undertake a specified obligation on behalf of a Partner that is a territorial authority.
Proposal	We propose that the Statement of Expectations sets out any specific obligations that Partners expect Metro Water to undertake on their behalf. Any obligations listed should reflect the obligations listed in the Transfer Agreements. Under Schedule 2 of the Water Services Bill, a Transfer Agreement must specify in detail all matters being transferred in relation to the relevant water services, including: (a) statutory responsibilities, functions, duties, and powers concerning the provision of water services; (b) responsibilities for the management of the water services; (c) responsibilities for the operation of the water services; (d) resource consents and associated rights and functions (for example, the right to apply for renewal of a consent and the functions of monitoring and reporting on compliance with a consent); (e) contracts, including service agreements between the territorial authority and any other person; and (f) other arrangements entered into with mana whenua or community groups, such as, the Porirua Harbour Accords. This approach supports Principle Ten.

Collaboration when providing water services	
Description	Expectations the Partners have for how Metro Water will collaborate with parties when providing water services.
Context	To the extent not covered by one of the mandatory matters, the Water Services Bill allows a Statement of Expectations to include any other matters that the Partners decide, including expectations for how a water organisation will collaborate with the Partners and other parties when providing water services.

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Collaboration when providing water services	
Proposal	The Partners' expectations as to how Metro Water will collaborate with them when providing water services have largely been addressed by the mandatory matters and some of the other optional matters, with the exception of stormwater (to the extent not covered under the land planning section above). Stormwater management involves overlapping jurisdictions. Different parties are required to work together to manage their respective statutory roles and functions. The Water Services Bill will enable Metro Water to enter into a service agreement with one or more entities that have a statutory role, function, or interest in the operation of any stormwater infrastructure in the provider's service area. Service agreements are intended to support the integrated management of stormwater infrastructure. Given that it proposed that responsibility for managing stormwater will transfer to Metro Water, the Water Services Bill will also require Metro Water to prepare a Stormwater Network Risk Management Plan to identify any hazards and assess and manage risk relating to the network. Therefore, the Statement of Expectations should clearly set out the Partners' expectations in relation to the management of the stormwater network, including expectations as to how Metro Water will collaborate with Partners when it prepares its Stormwater Network Risk Management Plan and prepares Service Agreements for the Stormwater Network. Further, we propose that the Statement of Expectations clearly records the Partners' expectations as to how Metro Water will interact with other parties when providing water service such as relevant regulators, and other infrastructure and utility providers such as NZTA, KiwiRail., etc. This could also include joining existing relevant partnerships with councils, mana whenua and government agencies such as the Wairarapa-Wellington-Horowhenua Future Development Strategy. This approach supports Principle Ten.

Water Services Strategy	
Description	Whether Partners want part or all of Metro Water's Water Services Strategy to be independently reviewed.
Context	The Water Services Bill allows a Statement of Expectations to include any other matters that the Partners decide, including a requirement that part or all of the water organisation's Water Services Strategy must be independently reviewed. We note that a water service provider must request a report from the Auditor-General on its Water Services Strategy if the provider is required to do so by the Secretary for Local Government or the Commerce Commission or it may request a report from the Auditor-General on its own volition.
Proposal	If the Partners want to require that part or all of Metro Water's Water Services Strategy is to be independently reviewed, we propose that this requirement is included in the Statement of Expectations. This approach supports Principle Eight.

Additional plans or reports	
Description	Whether Partners want Metro Water to prepare additional plans or reports.

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Additional plans or reports	
Context	The Water Services Bill allows a Statement of Expectations to include any other matters that the Partners decide, including a requirement that a water organisation prepare additional plans or reports. Additional plans and reports, could include: (a) one or more thematic plans; (b) an asset management plan; and (c) quarterly reports. The Water Services Bill requires that Partners provide written notice to the water organisation. This requirement can be satisfied by including the request in the Statement of Expectations, along with: (a) the date by which the water organisation must provide the plan or report to the Partners; (b) the matters to be addressed in the plan or report; and (c) if relevant to the particular plan or report: (i) the period that the plan or report must cover; and (ii) when the water organisation must report to Partners on its progress against a plan. If the Partners require a water organisation to prepare quarterly reports, the water organisation must provide the quarterly reports no later than two months after the end of the first and third quarters of the relevant financial year. We understand that Wellington Water is currently required to provide quarterly reporting on the measure set out in its Statement of Intent, and up to 35 mandatory measures with council-specific targets set by the Department of Internal Affairs.
Proposal	If the Partners want to require Metro Water to provide additional plans or reports, we propose that this requirement is included in the Statement of Expectations. This approach supports Principle Eight. Based on feedback received to date, our understanding is the reports required under the Water Services Bill are likely to be sufficient. We also propose that a review is completed of the current reports prepared by Wellington Water to confirm which current reports would be helpful for Metro Water to adopt and continue reporting on. This approach supports Principle Nine.

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Customer Charter – Principles

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Part One: Background

This document identifies matters at a principles level to be included in the Customer Charter

The Local Government (Water Services) Bill (the **Water Services Bill**) does not provide for a Customer Charter. Whilst it is not a legislative requirement for Metro Water to have a Customer Charter, shareholding councils and mana whenua Partners share the view that a Customer Charter is a key instrument to provide confidence and assurance to Metro Water's customers that their water services needs and wider concerns and interests will be met. As such we have proposed that the Constitution includes a requirement that Metro Water prepares and adopts a Customer Charter. We have also included the Customer Charter as one of the matters to be included in the inaugural Statement of Expectations. Whilst the final detail of the Customer Charter will be for Metro Water to decide, the principles set out in this document will inform the final form of the Customer Charter and can be included in the Statement of Expectations.

Further, many of the customer related matters identified in this document may also be addressed in other documents, such as the Water Services Strategy, the Water Services Annual Report, the Water Services Half-Yearly Report, the Statement of Expectations, and the information disclosure requirements and economic regulations under the Commerce Act 1986.

The matters in this document have been identified and drafted by reference to the guiding principles

In identifying the matters set out in Part Two of this document, we have had regard to the principles set out in the table below and matters identified in other Foundation Documents for Metro Water, such as the Statement of Expectations. These principles have been identified based on conversations with Partners, public statements, and current expectations of Wellington Water, and are intended to assist everyone to reach in-principle agreement on the matters to be addressed in the Customer Charter. These principles are not intended to be part of the final Customer Charter – they are intended to explain the approach taken in the drafting of the matters in Part Two.

Guiding principles
Principle One Metro Water must operate openly, with clear and accessible information available for communities. Accordingly, the Customer Charter should be a clear and easily accessible document that is capable of serving as the single source of truth for customers seeking information about the water services being provided to them by Metro Water and about the relevant complaints and dispute resolution processes.
Principle Two The Customer Charter will align with and support other Foundation Documents and statutory requirements by consolidating customer-related matters from various sources relevant to Metro Water as a water organisation.

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Guiding principles

Principle Three

Metro Water will have appropriate processes in place to have meaningful engagement with customers, including mana whenua in their capacity as customers, in its service area and consider the views of customers when providing water services. It will outline what customers can expect from Metro Water and how they can engage with Metro Water.

Principle Four

Metro Water will be professional, open and transparent in how it provides water services, including how it sets water services charges, to build trust and enable effective monitoring by its Partners and customers. It will act with integrity, treating its customers fairly and with respect, in order to maintain its social licence to operate.

Principle Five

Metro Water is committed to prioritising the sustainable use of and guardianship of resources and ensuring that environmental protection remains central to the provision of its water services.

Principle Six

The Customer Charter will recognise water as a public good and acknowledge that restricting supply will be a last resort.

Principle Seven

Consistent with other Foundation Documents, the Customer Charter must be written in plain English and te reo Māori where appropriate.

Principle Eight

The Customer Charter will set out clear expectations and measures around service levels and timeframes for delivery.

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Part Two: Matters to be included in the Customer Charter

Matter One: Organisational / Corporate Values	
Description	A Customer Charter may briefly set up and summarise Metro Water's organisational or corporate values to inform customers of what they can expect when engaging with Metro Water.
Context	A Customer Charter may include information about: (a) Safety of the water in that: (i) the water provided by Metro Water is safe water that meets or exceeds the Drinking Water Standards for New Zealand; and (ii) the wastewater is treated to protect the environment and public health. (b) Respect: (i) for culture, values and time; (ii) for the protection of customer privacy; and (iii) for supporting customers through difficult times. (c) Service in: (i) making it easy and accessible for customers to contact Metro Water; (ii) listening and responding to customers concerns; and (iii) fixing faults in Metro Water's networks within committed timeframes. (d) Engagement: (i) involving customers in decisions about how it delivers water and wastewater services; (ii) how feedback is used to improve customer services; and (iii) helping customers to value water as a taonga and using it wisely. One of the purposes of setting out Metro Water's values in the Customer Charter is to build public trust, improve perceptions, and build customer confidence. Ensuring that Metro Water incorporates these values when providing water services will help it to maintain a social licence to operate. The organisational/corporate values in a Customer Charter should reflect: (a) the Statement of Expectations (in relation to how shareholders expect Metro Water to meet its objectives and performance indicators stated in the Statement of Expectations); (b) the Water Services Strategy; and (c) the Annual Report (under a section relating to customer feedback and engagement).
Proposals	**General consistency with other Foundation Documents and statutory compliance**

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Matter One: Organisational / Corporate Values	
	In accordance with Principles One and Two, at a minimum we propose that the Customer Charter clearly sets out that Metro Water will act consistent with, and comply with, its statutory objectives when providing water services. Further, the Customer Charter should generally address its customer service promise, ensuring that water services must remain publicly owned and operated for public benefit, with all surpluses reinvested back into the system. **Transparency and accountability** In accordance with Principle Four, we propose that Metro Water is to operate openly, with clear and accessible information for its communities in its service area. The Customer Charter can act as a go-to document that can summarise customer facing elements from other key Foundation Documents and providing links to reports so that customers can have readily available access to this information. **Protection from disconnection** We propose that the Customer Charter, in light of Principle Six, reminds customers in Metro Water's service area that no household will be denied access to water services solely due to financial hardship in accordance with Metro Water's statutory obligations. **Assurance of drinking water supply** In accordance with Principle Six, and as proposed for the Statement of Expectations, we propose that the Customer Charter clearly states that Metro Water will only restrict the supply of drinking water to customers as a last resort, and where possible, that other means are used first to ensure compliance. **Give effect to Te Mana o Te Wai** We propose that the Customer Charter clearly records Metro Water's commitment to give effect to te Mana o Te Wai in providing water services and engaging with iwi and other Māori organisations.

Matter Two: Service Levels	
Description	Customers' expectations around service levels and timeframes for delivery.
Context	A Customer Charter may include the different service levels for its water service delivery, including: (a) any planned water outages; or (b) any wastewater overflows; or (c) any unplanned water outages. The service levels in a Customer Charter will need to reflect: (a) the Water Services Strategy (section 192 of the Water Services Bill); (b) the Statement of Service (contained in the Annual Report and as set out in section 7, schedule 4 of the Water Services Bill); and (c) any regulations or service quality code made under the new Part 4A of the Commerce Act 1986 (consumer protection in relation to water services); and (d) the *Water Services Act 2021* (Part 2 provisions to supply drinking water).

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Matter Two: Service Levels	
Proposal	The Customer Charter should be consistent with the Statement of Expectations in setting out the performance measures Metro Water will be monitored against. This supports Principles Four and Eight. Communities in Metro Water's service area must be provided with clear expectations around the service levels from Metro Water and the timeframes for delivery of water services.

Matter Three: Complaints process and customer feedback	
Description	The complaints process for customers and Metro Water's engagement with customers.
Context	One of the objectives of a water service provide is to provide water services that are of a quality that meets customer expectations. We have also proposed that customer engagement is included in the Statement of Expectations as Metro Water's Water Services Strategy must include information about how it proposes to obtain feedback from customers in relation to the water services that it provides to them. This also includes iwi, and other Māori organisations. Accordingly, it will be important that Metro Water has processes to engage with customers to obtain their feedback and comply with the Statement of Expectations.
Proposal	The Customer Charter sets out a fair and transparent process available for customers to provide feedback or lodge a complaint to Metro Water. In addition, we propose that a Customer Charter provides a short summary or links to the relevant section in its Water Services Strategy on how Metro Water intends to engage with customers (including iwi, and other Māori organisations) more generally to obtain their feedback. This supports Principles Two and Three.

Matter Four: Broader outcomes	
Description	The boarder outcomes that can be achieved through the delivery of water services.
Context	There are a range of boarder outcomes that could be included in the Customer Charter, these include: (a) affordability – Metro Water *could* make a commitment that it will keep affordability at the forefront of decision-making. In line with Metro Water's objectives, values, and Principle Six, it could set out any commitments to support vulnerable customers; (b) environmental protection – in accordance with Principle Five, the Customer Charter *should* set out Metro Water's commitment to the environment; and (c) backing and building local capacity –, the Customer Charter *could* include commitments on supporting local procurement, employment, training opportunities, and payment of the Living Wage as a baseline for worker remuneration.

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Matter Four: Broader outcomes	
Proposal	To the extent that Partners wish for the Customer Charter to address broader outcomes, these ought to be reflected in the Statement of Expectations so that directors are clear that they have the support of the Partners. We propose that the Customer Charter includes the commitment by Metro Water that: (a) it will keep affordability at the forefront of its decision-making; (b) it will act as kaitiaki for te Taiao; (c) it will have effects on the environment at the forefront of its decision-making on immediate emergency responses and its medium and long term planning; and (d) backing and building capacity – specific commitments TBD.

Matter Five: Value for money and transparent pricing	
Description	How Metro Water will communicate its water charges to customers.
Context	Under the Water Services Bill, the objectives of a water services provider include: (a) to perform its functions in an open, transparent, and accountable manner; and (b) ensure that it provides water services in a cost-effective and financially sustainable manner, including by planning effectively to manage assets used to provide water services in the future and sharing the benefits of efficiency gains with customers, including when setting charges for water services. In addition, the Water Services Bill will require Metro Water to, at least once a year, publish a list setting out the water services charges that apply to its annual billing period on a publicly accessible internet site in a format that is readily accessible. Metro Water's Water Services Strategy must also set out its intended approach to charging customers. The Customer Charter could also explain the cost to serve principle and the pathway towards price harmonisation that we have proposed for inclusion in the Partners Agreement and the Statement of Expectations. This supports Principles One, Two, and Four.
Proposal	In order to ensure fair and predictable pricing, we propose that a Customer Charter provides a short summary or links to the relevant documents that sets out how and on what basis customers will be charged for the services they use/receive. We note that it is a requirement under the Water Services Bill that a water organisation must publish a list setting out the water services charges that apply to its annual billing period on a publicly accessible internet site in a format that is readily accessible and update the list as soon as is reasonably practicable after changing the charges.

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Hutt City Council

16 June 2025

Report no: IARCC2025/3/196

Proposal to rename Lower Hutt Events Centre to Tūtaki

Purpose of Report

1. To seek Council approval, as required under the lease agreement, for USAR Commercial Assets Limited to rename the Lower Hutt Events Centre to Tūtaki.

Recommendations

That Council:

(1) receives and notes the information;

(2) approves the proposal to rename the Lower Hutt Events Centre to Tūtaki;

(3) notes that Mana Whenua are supportive of the proposal and have nominated a lead artist to guide the re-branding process;

(4) notes that all signage, collateral and branding will be updated to reflect the new name, with costs met by USAR Commercial Assets Limited and within existing Council budgets; and

(5) notes that approval of the renaming proposal relinquishes Council's ability to pursue naming rights sponsorship revenue under the lease agreement.

For the reason, officers see this as a positive step towards activating our city as a destination and enhancing cultural recognition, aligning with the priority areas outlined in Te Herenga Kairangi (Council's Rautaki Māori), which is supported by Mana Whenua.

Background

2. USAR Commercial Assets Limited has approached Council officers to express interest in renaming the Lower Hutt Events Centre and its internal spaces to better reflect the identity of Te Awa Kairangi Ki Tai Lower Hutt.

3. The Lower Hutt Events Centre was developed by Council and completed in July 2018. Since February 2019, the Events Centre has been leased and operated by USAR Commercial Assets Limited. The café within the Events Centre was named Tūtaki from when it opened in 2019.

4. Under the lease, any name change requires approval from Council as the landlord, which this report now seeks.

5. The current lease agreement between Council and USAR Commercial Assets Limited includes provision for naming rights to be sold. However, this option was explored in 2018 and not progressed due to limited market interest and resource constraints.

Discussion

6. The proposed renaming of the Lower Hutt Events Centre to Tūtaki – meaning "to meet" or "to encounter" – reflects both the purpose and identity of the venue as a place of connection, inclusion and partnership.

7. The name was originally developed in consultation with Mana Whenua, who have expressed support for the re-naming proposal, recognising its cultural appropriateness and alignment with the principles of Te Tiriti o Waitangi and Council's obligations under section 81 of the Local Government Act to foster Māori participation in decision-making.

8. Officers will facilitate continued engagement with Mana Whenua, particularly Te Āti Awa, to ensure appropriate naming protocols continue to be followed to create Te reo Māori for names of meeting spaces and for services on offer in the venue. This will create a more cohesive and culturally enriched visitor experience, embedding Te reo Māori into the heart of the facility.

9. Implementing the name change will include updated signage, banners, branded collateral and a communications plan to engage the wider community, event organisers and support a smooth transition.

10. The renaming proposal provides an opportunity to increase awareness and reputation of the centre and Te Awa Kairangi ki Tai Lower Hutt as a compelling destination as well as showcasing related local businesses.

11. The new name aligns with other new venues across New Zealand such as Te Pae in Christchurch and Tākina in Wellington and allows for differentiation in a competitive market.

12. If the renaming proposal is approved, Council would forgo any potential revenue from a naming-rights sponsorship. The existing lease agreement allows Council to seek a sponsor for naming the events centre. Although this was explored before the centre opened, it was not pursued. Since 2019, the commercial sponsorship landscape has changed, and generating revenue from such an opportunity in a challenging market is untested. It will need dedicated additional resources to actively pursue it and is not guaranteed.

13. The positive benefits of the proposed name outweigh the potential opportunity cost of commercial sponsorship and allows the venue to express narratives of the entire city that may be limited with a commercial sponsor.

14. USAR Commercial Assets Limited will be responsible for:

    - administrative and compliance obligations, including updating the business name with New Zealand Companies Office and update signage consents;
    - design and production of brand collateral; and
    - operational and facility updates.

15. Council officers will support ongoing engagement with Mana Whenua including cultural capability training for event centre staff and marketing and promotion activities to support the change and promote Lower Hutt as an event destination.

16. Council's ongoing obligations as a landlord include capital renewals, asset maintenance, venue accreditation and trademarks, if required.

Options

17. Council can either:

    (a) refuse the proposed renaming; or

    (b) approve the proposed renaming of the Events Centre to Tūtaki, including the renaming of internal function spaces.

18. Officers recommend Option b.

Climate Change Impact and Considerations

19. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Consultation

20. Te Tira Māori led engagement with mana whenua, who have expressed their support for the proposal. Officers will continue to work alongside Te Āti Awa to ensure implementation of the renaming respects Te Ao Māori values and protocols.

Legal Considerations

21. The lease agreement between Council and USAR Commercial Assets Limited requires Council approval for any proposed name change. This paper seeks that approval.

Financial Considerations

22. Costs to Council will include trademark registration and will be met within existing budgets.

23. All costs associated with the renaming, including signage, collateral, and branding updates, will be met by USAR Commercial Assets Limited and within existing Council budgets in accordance with the lease agreement.

24. The potential financial opportunity cost of forgoing naming rights revenue has not been quantified. Any additional revenue would need to be offset with additional resourcing to pursue it.

Appendices

There are no appendices for this report.

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