

Water Services Delivery Plan Financial Template - for WairarapaTararua water services CCO

Projected financial statements required in Water Services Delivery Plans

Water Services Delivery Plans ('Plans') require a minimum of ten year financial projections for water services - covering the financial years FY2024/25 - FY2033/34.

This requires the following projected financial statements to be prepared and included in Plans:

- Projected Funding Impact Statement (which councils already prepare in Long Term Plans);
- Projected Statement of Comprehensive Revenue and Expense;
- Projected Statement of Cashflows; and
- Projected Statement of Financial Position.

The projected financial statements are special purpose financial statements for the purpose of 'PBE FRS 42 – Prospective Financial Statements' and must be prepared for:

- Drinking water activities - in section '*Ringfenced financial projections for drinking water*' of the Plan Template;
- Wastewater activities - in section '*Ringfenced financial projections for wastewater*';
- Stormwater activities - in section '*Ringfenced financial projections for stormwater*'; and
- Consolidated water activities, being the summation of drinking water, wastewater and stormwater activities - in section '*Projected financial statements - combined water services*'.

Projected financial statements should comply with the following principles:

- Prospective Statements of Comprehensive Revenue and Expense should reflect income and expenditure from the funding impact statement but include non-cash movements such as depreciation and revaluation adjustments.
- Prospective Statements of Financial Position should separately identify cash, assets, liabilities and equity for the particular water service;
- Prospective Statements of Cashflows should be reconcilable with the cash movements in the prospective funding impact statement.
- The financial statements should be consistent and reconcilable – for example:
 - the statement of financial position should 'balance';
 - movements in cash reserves in the FIS should reflect the movement in cash reserves.
- Revenues for each water service should be separately identifiable from other council revenues.
- Revenues generated for water services should fund expenditure on water services, not other council business.
- Any cash surpluses generated for water services should be retained for future expenditure on water services.
- Internal borrowings should be short-dated, commercial arrangements to enable cash repayment when the funds are required for water services expenditure or investment.

Financial measures to support the 'Financial Sustainability Assessment'

Plans must include a council self-assessment of the financial sustainability of their water services delivery. Plans should aim to 'achieve' financial sustainability by 30 June 2028 at the latest.

Financial sustainability is not an absolute test. In order to assist with this assessment, Plans ask councils to consider three factors to assist the determination of whether water services delivery is financially sustainable.

These factors are:

- **Revenue sufficiency** – is there sufficient revenue to cover the costs (including servicing debt) of water services delivery?
- **Investment sufficiency** – is the projected level of investment sufficient to meet regulatory requirements and provide for growth?
- **Financing sufficiency** – are funding and finance arrangements sufficient to meet investment requirements?

A series of performance indicators for each component has been developed to assist with assessment. The intention is that these measures will indicate whether there is sufficient revenue, investment and financing within a Plan.

The financial sustainability assessment is to be undertaken on water services in aggregate (being the summation of drinking water, wastewater and stormwater financial projections); however, in completing this assessment councils should consider the financial sustainability test measures for each individual water service.

The **revenue sufficiency test** asks councils to confirm:

- That projected revenues are sufficient to cover the costs (including servicing debt) of water services delivery;
- That projected revenues are sufficient to finance the required level of investment; and
- Whether projected revenues have been assessed as meeting the 'revenue sufficiency' test.

The **investment sufficiency test** asks councils to confirm:

- That the proposed level of investment is sufficient to meet levels of service, regulatory requirements and provide for growth;
- That the proposed level of investment is fully funded by projected revenues and access to financing; and
- Confirm that projected levels of investment have been assessed as meeting the 'revenue sufficiency' test.

The **financing sufficiency test** asks councils to confirm:

- Whether projected total council borrowings are within council borrowing limits;
- Whether projected water services borrowings are within the council-determined limit for water services borrowing; and
- That that the required levels of borrowings can be sourced; and
- That the Plan meets the 'financing sufficiency' test.

Purpose of this template

This template is to assist councils in developing the financial projections required in Plans, as well as the population of financial measures and charts required in the Financial Sustainability Assessment.

1. Charts - this sheet is to populate input data to create the charts required in the '*Financial Sustainability*' sections of the Plan Template.

The charts are:

- **Projected water services revenue and expenses** - shows projected water services revenues and costs, as well as projected net surpluses or deficits in section '*Financial sustainability assessment- Revenue Sufficiency*';
- **Projected water services investment requirements** - shows projected investment split between renewals, improving levels of service and growth, and compares this level of investment to projected depreciation charges - in section '*Financial sustainability assessment- Investment Sufficiency*';
- **Projected council net debt to operating revenue** - shows projected council net debt and operating revenues, and net debt to operating revenue against borrowing limits - in section '*Financial sustainability assessment- Financing Sufficiency*'; and
- **Projected water services net debt to operating revenue** - shows projected water services net debt and operating revenues, and net debt to operating revenue against borrowing limits - in section '*Financial sustainability assessment- Financing Sufficiency*'.

2. Measures - this sheet is to populate input data for performance measures required in the '*Financial Sustainability*' sections of the Plan Template.

Revenue sufficiency measures:

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- **Projected average water charges per connection** - average charges per connection for each water service, and total for water services, inclusive of GST; and year on year increases in average charges per connection.
- **Water services charges as a percentage of median household income** - average household water bills for water services divided by projected median household income.
- **Operating surplus ratio** - Operating surplus (excluding capital revenues) divided by operating revenues. This measures whether operating revenues cover operating expenses. A negative percentage indicates the percentage increase required for operating revenues to fully cover operating expenses.
- **Operating cash ratio** - Operating surplus plus depreciation plus interests costs minus capital revenues, divided by operating revenue. This measures how much cash is generated from operating revenues once cash operating costs are deducted.

Investment sufficiency measures:

- **Asset sustainability ratio** - Capital expenditure on renewals divided by depreciation, minus 1. This assesses whether projected renewals investment is more or less than projected depreciation, and is an indicator as to whether the renewals programme is replacing network assets in line with the rate of asset deterioration.
- **Asset investment ratio** - Total capital expenditure divided by depreciation, minus 1. This compares total investment to projected depreciation.
- **Asset consumption ratio** - Book value of infrastructure assets divided by replacement value of infrastructure assets. This represents the average remaining useful life of network assets. If this ratio materially reduces over time, then this means that the burden on future consumers to replace network assets is increasing.

Financing sufficiency measures:

- **Net debt to operating revenue ratio** - gross borrowings minus cash and equivalents, divided by operating revenue.
- **Borrowing headroom/(shortfall) for water services** - Maximum allowable net debt at borrowing limit (operating revenue multiplied by 'net debt to operating revenue limit for water services') minus projected net debt attributed to water services. This shows whether projected borrowings are within borrowing limits, as well as the ability to borrow for unforeseen events. A positive number equates to the additional amount of borrowings that could be taken on at current revenue levels, without exceeding borrowing limits. A negative number means borrowings exceed the borrowing limit.
- **Free funds from operations to net debt** - Free funds from operations for water services (operating revenue minus operating expenses plus depreciation and other non-cash expenses, less interest revenue), divided by net debt (gross borrowings minus cash and equivalents). Operating revenue has been used as a proxy for simplicity - councils may wish to modify this to LGFA's definition of revenue ("Cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets)").

3. Investment - this sheet is to populate input data for investment disclosures in the Plan Template.

- **Projected investment in water services** - summarises projected investment for each water service - in section '*Projected investment in water services infrastructure*'.
- **Delivery against targets** - demonstrates historical delivery against planned investment from FY18/19 to FY24/25 - in section '*Delivery against planned investment*' under '*Assessment of investment sufficiency*'.
- **Significant capital projects for drinking water** - disclosure of material drinking water investment projects - in section '*Significant Capital Projects - drinking water*'.
- **Significant capital projects for wastewater** - disclosure of material wastewater investment projects - in section '*Significant Capital Projects - wastewater*'.
- **Significant capital projects for stormwater** - disclosure of material stormwater investment projects - in section '*Significant Capital Projects - stormwater*'.

4. Financials - water services - this sheet is to aggregate financial data for drinking water, wastewater and stormwater activities.

- Projected Funding Impact Statement;
- Projected Statement of Comprehensive Revenue and Expense;
- Projected Statement of Cashflows; and
- Projected Statement of Financial Position.

5. Financials - drinking water - this sheet is to assist with the presentation of projected financial statements for drinking water.

- Projected Funding Impact Statement;
- Projected Statement of Comprehensive Revenue and Expense;
- Projected Statement of Cashflows; and
- Projected Statement of Financial Position.

6. Financials - wastewater - this sheet is to assist with the presentation of projected financial statements for wastewater.

- Projected Funding Impact Statement;
- Projected Statement of Comprehensive Revenue and Expense;
- Projected Statement of Cashflows; and
- Projected Statement of Financial Position.

7. Financials - stormwater - this sheet is to assist with the presentation of projected financial statements for stormwater.

- Projected Funding Impact Statement;
- Projected Statement of Comprehensive Revenue and Expense;
- Projected Statement of Cashflows; and
- Projected Statement of Financial Position.

The Department can prepare a version of this template populated with publicly available council data, upon request

Upon request, the Department can provide councils with an updated version of this financial template which is populated with publicly available council financial information (for example, from 2024-34 Long Term Plans). To request a populated template, please email wmdp@dia.govt.nz.

Functions, Definitions and base methodologies applied

Area	Ratio / Calculation	Method Applied	Formula	Applied	Comments
Ratio Calculations					
	Funds from Operations (FFO)	Credit metric used to determine maximum Debt / FFO ratio	Operating Surplus plus /minus change in debtors/creditors (working capital) and add-back Depreciation	Covenant applied 12.5x	Key Credit Metric for determining Investment Grade Entity.
	Interest coverage (Earnings before Interest, Tax and Depreciation - EBITDA)	Credit metric used to determining how much Income entity earns to me	EBITDA / Interest paid Net Income before tax plus Depreciation and Interest expense	Covenant applied 2.0x	Key Credit Metric for determining Investment Grade Entity.
	Adjusted FFO	S&P Definition of FFO for credit metric	FFO (as above) - Interest paid	Covenant applied 12.5x	Key Credit Metric for determining Investment Grade Entity.
Capex Expenditure					
	Comprehensive Asset Management Plan developed in conjunction with councils for the 10-year FPP model period.	Capex expenditure, YoY, is capitalised/ commissioned on the 1st day of month following spend year	Aggregated Capex spend per year * (1 + Inflationary rate) * (1 - Efficiency rate achieved) Inflationary Rates = BERL rates Efficiency rate = Similar countries achieved efficiencies post water reforms	Capex spent in current fiscal year is transferred from WIP to commissioned asset at year end	Nominal Amount less efficiency capitalised to Fixed Assets (balance sheet). Depreciation over Asset Classes useful life Useful life (40 - 100 years) depends on the asset class - drinking water, wastewater or stormwater
Asset Revaluation					
	Infrastructure Assets revalued on a cost replacement basis less accumulated depreciation Capitalised interest is excluded from the revaluation cycle as this will only apply to core capex costs and would not impact on the build cost of future asset	Revaluation occurs 3-yearly. Last Valuation 2022/23 fiscal year. Rate applied +2%/pa	Bookvalue(t) * Revaluation ratio (t)	Bookvalue (Cost less Accumulated Depreciation) Revaluation ratio (1 + Ratio)^t t = fiscal out-year	Undertaken three-yearly from 2022/23 fiscal year. Modelled to occur 2025/26, 2028/29 and 2031/32
Depreciation & amortisation					
	Depreciation and Amortisation expense is based on the commissioned amount, inclusive of any interest capitalised and revaluation, divided by the asset classifications useful life.	Each year, capital expenditure is commissioned on the 1s business day follow. A weighted average useful life is applied based on each of the three water categories (drinking, waste and storm)	Annual depreciation expense: Prior year Accumulated Assets amount / Useful life Accum Depreciation: Last years accumulated depreciation + current year's depreciation expense	Applied to all fixed assets costs + interest capitalised + revaluation amounts.	Assets are depreciated using the Straight-line method, and applied to all fixed assets by three water category (drinking, waste and storm)
Debt Funding					
	Cash flow deficits each fiscal year is funding by long term debt.	Assumed Debt Markets for large entity (Entity A). Smaller Entities (B - J), debt raised via Institutional Banks in New Zealand (ANZ Group, BNZ, Westpac, ASB, etc)	Net Cash flow calculated YoY (Operating Cashflow less Capex Investment).	Operating Cash flow (Operating Income less Interest paid each fiscal year), capex as per Asset Management Plan of entity	Deficit cash flow (after Capex spend) is funding by new long term borrowings (drawdown). A Surplus will reduce existing Long Term Liabilities (repayment).
Interest Calculation					
	Interest Paid	[Calculated against closing debt in prior period, plus half of any deficit Net cash flow after Capex Investment] * Effective Interest Rate for period. Large entities, interest frequency bi-annual. Smaller Entities, interest frequency monthly	Closing prior period Long term liabilities + New Borrowings [Operating cash flow for period, less Capital Investment]/ two (2)] Average applied to annual operating cashflow (receipts from customers, payments to suppliers) to account for timing during fiscal year	Required as part of the FFO calculation above. Interest paid is based on frequency assumption (monthly or bi-annually)	We have applied the 5-year average interest rate for an Investment Grade Entity on the Bond Market.
	Interest Expensed	Interest paid less Capitalised Interest for period	A portion of in-year capex expenditure's interest incurred will be capitalised. Refer to parameters sheet for further details	Capitalised Interest based on best practice in industry and interest expenses incurred during construction phase of projects are capitalised.	Current practice to capitalise interest incurred during construction phase of Infrastructure assets built. Capitalised interest added to asset cost value.
Efficiency Adjustment					
	Phased operational and capital expenditure on new projects planned	Applied to Operating and Capex expenditure	Cost * (1 - Efficiency Rate) ^t	Discounted operating and Capex expenditure in year efficiency target has been set. Ref Parameters Sheet for phasing.	When regulatory focus is placed onto entities within water industry, operational and capital project cost savings is achieved. Applied similar savings phasings as achieved in other countries who embarked on similar water reforms and adapted to New Zealand conditions
Opex projections					
	Base year 2022/23	Aggregation of Councils operating expenditure plus any regulatory costs to be incurred	2022/23 Aggregated Operating Expenditures + Regulatory /transfer costs divided by connected properties in entities catchment	Quantity growth driven by population growth within regions. Price cost restricted to inflationary rates used by councils (BERL)	Applied a cost per connected property methodology. Connected properties growing in line with population growth divided by pph/property factor (people per property basis)
Bad debts					
	Bad debts	Fixed Amount in 2022/23 applied, then inflation adjusted	Fixed Cost * (1 + BERL)^t	Fixed amount applied given lack of industry trends to compare with.	Some bad debts will be incurred given new Entity will not have similar debt collection methods Councils can currently apply to enforce payment
Credit Interest Earned, minimum cash balances					
	Credit Balances in bank (trading) account	Have not applied any credit interest as not generally paid on trading accounts in New Zealand - will take advantage of interest offset facility - debt /trading account if available	Nominal amount anticipated in current interest rate environment	Not material. Anticipate taking advantage of an offset arrangement (long term debt and credit funds offset with main bankers).	No credit interest earned in model. Assumed an offset facility instead. This is due to an annual forecast being developed with no previous cashflow trends to apply
	Minimum Cash balances	No minimum cash balances applied, given positive cash cycle forecasted (networking capital position)	Net working capital surplus achieved, coupled with large capex programme in first 10-years will see positive cash surplus YoY	Payments to suppliers (inclusive of capital project funding) of 42 days; receipts from customers 30 days.	Borrowings to meet uplified Capex programme will see a networking capital surplus achievable between payable(s) and receivable days and net timing of long term debt receipts.
Finance Ratio Definitions					

Functions, Definitions and base methodologies applied

Area	Ratio / Calculation	Method Applied	Formula	Applied	Comments
	FPP (Funding and Pricing Plan)		FPP programme of work including but not limited to this financial model.	N/A	Funding and Pricing Plan (FPP) The sources of, and the entity's intended approach to, funding, revenue and pricing. A comprehensive programme of work that outlines the strategic direction the water entity will take to meet is water service commitments.
	EBITDA		Net Profit before Tax + Interest expense + depreciation	N/A	earnings before interest, tax, depreciation and amortization is alternative measure of profitability to net income and used for credit metric and financial performance before entity financing decision
	Funds from operations (FFO)		Net Income from operations + Depreciation - Gains on Sale (net)	N/A	measure of cash flows generated by the operations of entity
	Cash flow from operations (CFO)		Net Income + Non-cash Items + Changes in Working Capital	N/A	Section in the cashflow statement that represents the amount of cash an entity generates (or consumes) from carrying out its operating activities over a period of time
	Free operating cash flow (FOCF)		Net operating profit after taxes - capital expenditures	N/A	Represents the cash that an entity generates after accounting for cash outflows to support operations and maintain its capital assets (base).
	Discretionary cash flow (DCF)		Net income +/- depreciation and amortization and other non-cash items +/- working capital changes - CAPEX - dividends paid	N/A	The money left over once all capital projects with positive net present values have been funded and required payments have been meet
	Debt (Net of cash)		Net Debt = STD + LTD - CCE where: STD = debt due in 12 months or less LTD = long-term debt > 12 months CCE = Cash or liquid instruments easily converted to cash	N/A	Net debt is a liquidity metric used to determine how well an entity can pay all of its debts if they were due immediately
Economic and Financial definitions					
	Wholesale rate	Wholesale Interest rate as disclosed by Reserve Bank. Effective date: June 30 2022.	Raw dataset used to calculate effective interest rate (refer Credit Metrics, based on credit rating)	Wholesale rate based on maturity profile of Interest rate structure	Raw dataset sourced from Reserve Bank of New Zealand
	BERL Capex	Inflation rate for Capex transactions in model	Annual Change	Raw dataset applied to all Capex transactions in incurred YoY	Raw dataset from BERL (local government)
	BERL Opex	Inflation rate for Operating transactions in model	Annual Change	Raw dataset applied to all operating transactions incurred YoY	Raw dataset from BERL (local government)
	BERL Capex Accum	Accumulation of BERL Capex	FVSCHEDULE(1, BERL Capex YoY accum)	Accumulated BERL - Capex rate	Calculated
	BERL Opex Accum	Accumulation of BERL Opex	FVSCHEDULE(1, BERL Opex YoY accum)	Accumulated BERL - Opex rate	Calculated
	CPI	Consumer Price Index	Annual Change	Applied to Personnel Expenditure	Raw dataset from NZ Treasury. Treasury only provides +4 years CPI forecasts, rest is flatlined at 2% (Mid rate of target range).
	CPI Accum	Accumulation of CPI	FVSCHEDULE(1, CPI YoY accum)	Accumulated CPI rate	Calculated

Major Assumption policy settings

	Masterton	Tararua	Carterton	SWDC	Wai T
Funding and Financing Policy	Depreciation Funding	Depreciation Funding	Depreciation Funding	Depreciation Funding	LGFA leverage
	From LTP	From LTP	From LTP	From LTP	Calculated
Revenues					
Capital Investment years 0-10	LTP	LTP	Enhanced LTP	Supplied LTP	Sum of 4 councils
Capital Investment years 11 - 20	AMP Supplied	AMP Supplied	Steady state modelling	Steady state modelling	Sum of 4 councils
Operational Expenses	From LTP	From LTP	From LTP	Supplied LTP	Sum of 4 councils With efficiency
Corporate overheads	From LTP	From LTP	From LTP	Supplied LTP	Sum of 4 councils
Additional Regulatory expenses	Plus 3 staff @ \$100k	Plus 3 staff @ \$100k	Plus 3 staff @ \$100k	Plus 3 staff @ \$100k	Plus 16 staff + \$2m p.a. regulatory IT
One off Establishment Costs	\$1m	\$1m	\$1m	\$1m	\$5m
Efficiency	na	na	na	na	22.5% From year 4 glided over 15 years

Major Macro economic Assumption for Wai^T

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
PPI inputs - Water infrastructure	2.00%	2.10%	2.00%	2.00%	2.00%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%
Interest											
Interest Rate at Standalone BBB Above 7% FFO Debt Leverage											
BKBM	3.55%	3.19%	3.35%	3.57%	3.76%	3.95%	4.11%	4.25%	4.37%	4.53%	4.72%
margin	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Interest Rates	4.30%	3.94%	4.10%	4.32%	4.51%	4.70%	4.86%	5.00%	5.12%	5.28%	5.47%
Vulnerable Customer Assistance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debtor Days											
Service revenue Domestic	30	30	30	30	30	30	30	30	30	30	30
Service revenue non Domestic	30	30	30	30	30	30	30	30	30	30	30
Fees	30	30	30	30	30	30	30	30	30	30	30
Subsidies	30	30	30	30	30	30	30	30	30	30	30
Investing Inflows (WIC's)	30	30	30	30	30	30	30	30	30	30	30
Creditor days Days											
Expenses Creditor days	30	30	30	30	30	30	30	30	30	30	30
Investing Outflows (AMP)	30	30	30	30	30	30	30	30	30	30	30
Revaluation of Water Network (freq and percentage):											
Frequency Of revaluations	3 Years										
Index	0.032										
Index Growth	0.00%	0.00%	9.91%	0.00%	0.00%	9.91%	0.00%	0.00%	9.91%	0.00%	0.00%

Major assumptions - 4 councils contributing into single Wai^T Council

Category	Topic	Comment	SWDC	Carterton	Masterton	Tararua	Wai^T
Population		2024/25 Dept of Stats	11,690	10,170	37,360	19,170	78,390
Connections	Domestic						
	SW#	2024	3,982	2,879	9,415	5626	21,902
	WW#	2024	4,819	3,048	10,696	5626	24,189
	DW#	2024	4,719	3,103	10,268	5494	23,584
	Non-Domestic						
	SW#	2024	300	650	975	5494	7,419
	WW#	2024	300	650	814	234	1,998
	DW#	2024	300	650	1,321	519	2,790
	Combined						
	GEN#	2024	6,694	0	0	9310	16,004
Debt	Wastewater	calculated	22,518,306	17,436,792	34,963,982	34,155,976	109,075,056
	Stormwater	calculated	-	568,344	348,892	633,356	1,430,572
	Water	calculated	5,130,419	4,978,693	11,613,126	32,210,668	53,932,906
	Start Up	estimated	1,000,000	1,200,000	1,200,000	1,200,000	5,000,000
	roll forward	1 yr Capex/Opex/Rev	-	-	-	-	-
	Start Up Debt	Rolled Forward	28,528,705	24,183,829	48,126,000	68,200,000	169,038,534
Capitalised Investment over first 10 years							
	Total LWDW Real		260,784,866	74,153,200	104,880,620	131,791,654	571,610,339
	Total LWDW Nominal		4,751,475	7,065,953	9,511,715	9,735,000	31,064,143
	Year 1	2025/26	11,064,774	7,603,185	14,372,820	19,346,004	52,386,783
	Year 2	2026/27	19,084,568	7,010,002	15,615,000	16,492,404	58,201,973
	Year 3	2027/28	24,186,201	14,567,997	11,702,800	23,245,850	73,702,848
	Year 4	2028/29	26,698,803	9,710,810	6,005,000	15,099,666	57,514,280
	Year 5	2029/30	38,699,334	6,642,527	5,595,000	11,296,101	62,232,962
	Year 6	2030/31	38,564,397	7,484,762	5,050,000	13,585,945	64,685,104

Major assumptions - 4 councils contributing into single Wai^T Council

Category	Topic	Comment	SWDC	Carterton	Masterton	Tararua	Wai^T
	Year 7	2031/32	31,138,105	5,231,984	6,645,000	8,303,105	51,318,194
	Year 8	2032/33	23,253,290	5,730,684	6,110,000	8,997,348	44,091,322
	Year 9	2033/34	25,486,566	5,064,122	6,095,000	6,776,007	43,421,695
	Year 10	2034/35	22,608,826	5,107,127	27,690,000	8,649,224	64,055,177
	Year 11	2035/36	6,097,240	8,982,967	34,595,000	6,912,926	56,588,132
	Year 12	2036/37	4,203,374	8,702,002	26,670,000	7,068,084	46,643,459
	Year 13	2037/38	3,599,524	8,753,172	16,515,000	6,630,192	35,497,888
	Year 14	2038/39	3,541,734	5,266,937	7,090,000	7,256,436	23,155,107
	Year 15	2039/40	3,489,683	5,327,790	6,045,000	8,739,940	23,602,413
	Year 16	2040/41	3,442,604	5,451,763	5,590,000	8,996,925	23,481,292
	Year 17	2041/42	3,400,906	5,605,613	5,645,000	8,947,522	23,599,042
	Year 18	2042/43	3,364,496	5,785,516	6,175,000	9,099,396	24,424,408
	Year 19	2043/44	3,333,605	6,008,089	6,995,000	9,886,343	26,223,036
	Year 20	2044/45	3,308,379	6,267,576	6,995,000	10,089,499	26,660,455
			3,289,088	6,567,220	6,995,000	10,007,874	26,859,183
			260,784,866	74,153,200	104,880,620	131,791,654	571,610,339

	SWDC	Carterton	Masterton	Tararua	Wai^T
<i>Capital Investment Efficiency</i>	0.00%	0.00%	0.00%	0.00%	25.00%
<i>Starting</i>	Year 3	Year 3	Year 3	Year 3	Year 3
<i>Years taken to achieve this</i>	15 years	15 years	15 years	15 years	15 years
<i>Year achieved</i>	Year 18	Year 18	Year 18	Year 18	Year 18
<i>amount achieved by year 10 2033/34</i>	0.00%	0.00%	0.00%	0.00%	20%
<i>P.A.</i>	0.00%	0.00%	0.00%	0.00%	1.90%

Transferred Asset Values

Wastewater	30-Jun-26	69,513	37,548	153,697	77,019	337,777
Stormwater	30-Jun-26	28,286	10,207	41,397	29,724	109,614
Water	30-Jun-26	63,087	30,812	88,802	106,671	289,371
Percentage of Total Asset Contributions		22%	11%	39%	29%	

Major assumptions - 4 councils contributing into single Wai^T Council

Category	Topic	Comment	SWDC	Carterton	Masterton	Tararua	Wai^T
Development Contributions							
	WasteWater		415,800	2,648,000	1,464,000	170,000	4,697,800
	DrinkWater		178,000	128,000	-	-	306,000
	StormWater		-	-	-	-	-
	Included in FFO		No	No	No	No	Yes

Operational Expenses	Topic	Comment	SWDC	Carterton	Masterton	Tararua	Wai^T
	Drinking Water	2024/25 submitted to DIA	4,825,000	1,386,000	2,398,000	2,832,000	11,441,000
	Waste Water	2024/25 submitted to DIA	3,461,200	1,116,000	2,165,000	2,739,000	9,481,200
	Storm Water	2024/25 submitted to DIA	467,600	116,000	274,000	305,000	1,162,600
	Total		8,753,800	2,618,000	4,837,000	5,876,000	22,084,800

Internal charges and overheads applied	SWDC	Carterton	Masterton	Tararua	Wai^T
Drinkingwater overhe FIS 2024	497,000	923,000	1,080,000	621,000	3,121,000
Wastewater overhe FIS 2024	444,000	833,000	1,420,000	553,000	3,250,000
Stormwater overhead FIS 2024	76,600	85,000	368,000	234,000	763,600
Required for equiv council share of :	1,017,600	1,841,000	2,868,000	1,408,000	7,134,600

Perspective Check - WOC overhead

Additional Expenses for Regulatory Reform	Building / Finance / Payroll / HR / Legal / PMO / CE				
	SWDC	Carterton	Masterton	Tararua	Wai^T
Entity share of Water Services Reform costs - Regulator lev	64,000	55,000	151,000	102,000	372,000
Board members / Governance / MGMT	200,000	200,000	200,000	200,000	2,040,000
Insurance	239,000	66,000	400,000	55,524	760,524
Rates Paid back to Council	-	-	-	-	-
Stakeholder Engagement	30,000	30,000	50,000	30,000	140,000
Regulatory compliance and reporting. Mainly Staff / IT system	280,000	140,000	840,000	350,000	2,240,000
<i>comprised of</i>					
<i>staff</i>	3	3	3	3	16
<i>circa salary</i>	100,000	100,000	100,000	100,000	100,000
<i>loading expenses</i>	120,000	120,000	120,000	120,000	640,000

Major assumptions - 4 councils contributing into single Wai^T Council

Category	Topic	Comment	SWDC	Carterton	Masterton	Tararua	Wai^T
Financial Risk Assessments:							
	Preliminary Cash flow/Leverage Ass Assessment						9 Aggressive
	Interest Ratios Assessment						4 Modest "-"
	Payback Ratios Assessment						5 Intermediate "+"
	Final Rating Assessment						9 BBB
Indicative/Estimated S&P Credit Ratings							
	Indicative Standalone Credit Rating						BBB

Growth Connections per council

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46
	Prior year	Year 0	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Masterton	Growth p.a.	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
SW#		9,415	9,509	9,604	9,700	9,797	9,895	9,994	10,094	10,195	10,297	10,400	10,504	10,609	10,715	10,822	10,931	11,040	11,150	11,262	11,374	11,488	11,603
WW#		10,696	10,803	10,911	11,020	11,130	11,242	11,354	11,468	11,582	11,698	11,815	11,933	12,053	12,173	12,295	12,418	12,542	12,667	12,794	12,922	13,051	13,182
DW#		10,268	10,371	10,474	10,579	10,685	10,792	10,900	11,009	11,119	11,230	11,342	11,456	11,570	11,686	11,803	11,921	12,040	12,160	12,282	12,405	12,529	12,654
Max		10,696	10,803	10,911	11,020	11,130	11,242	11,354	11,468	11,582	11,698	11,815	11,933	12,053	12,173	12,295	12,418	12,542	12,667	12,794	12,922	13,051	13,182
Carterton	Growth p.a.	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
SW#		2,879	2,922	2,966	3,011	3,056	3,102	3,148	3,195	3,243	3,292	3,341	3,375	3,408	3,442	3,477	3,512	3,547	3,582	3,618	3,654	3,691	3,728
WW#		3,048	3,094	3,140	3,187	3,235	3,284	3,333	3,383	3,434	3,485	3,537	3,573	3,608	3,645	3,681	3,718	3,755	3,792	3,830	3,869	3,907	3,946
DW#		3,103	3,150	3,197	3,245	3,293	3,343	3,393	3,444	3,496	3,548	3,601	3,637	3,674	3,710	3,747	3,785	3,823	3,861	3,900	3,939	3,978	4,018
Max		3,103	3,150	3,197	3,245	3,293	3,343	3,393	3,444	3,496	3,548	3,601	3,637	3,674	3,710	3,747	3,785	3,823	3,861	3,900	3,939	3,978	4,018
SWDC	Growth p.a.	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
SW#		3,982	4,030	4,078	4,127	4,177	4,227	4,277	4,329	4,381	4,433	4,486	4,540	4,595	4,650	4,706	4,762	4,819	4,877	4,936	4,995	5,055	5,116
WW#		4,819	4,877	4,935	4,995	5,055	5,115	5,177	5,239	5,302	5,365	5,430	5,495	5,561	5,627	5,695	5,763	5,832	5,902	5,973	6,045	6,117	6,191
DW#		4,719	4,776	4,833	4,891	4,950	5,009	5,069	5,130	5,192	5,254	5,317	5,381	5,445	5,511	5,577	5,644	5,711	5,780	5,849	5,919	5,990	6,062
Max		4,819	4,877	4,935	4,995	5,055	5,115	5,177	5,239	5,302	5,365	5,430	5,495	5,561	5,627	5,695	5,763	5,832	5,902	5,973	6,045	6,117	6,191
Tararua	Growth p.a.	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
SW#		5,626	5,671	5,716	5,762	5,808	5,855	5,902	5,949	5,996	6,044	6,093	6,141	6,191	6,240	6,290	6,340	6,391	6,442	6,494	6,546	6,598	6,651
WW#		5,494	5,538	5,582	5,627	5,672	5,717	5,763	5,809	5,856	5,902	5,950	5,997	6,045	6,094	6,142	6,192	6,241	6,291	6,341	6,392	6,443	6,495
DW#		5,381	5,424	5,467	5,511	5,555	5,600	5,645	5,690	5,735	5,781	5,827	5,874	5,921	5,968	6,016	6,064	6,113	6,162	6,211	6,261	6,311	6,361
Max		5,626	5,671	5,716	5,762	5,808	5,855	5,902	5,949	5,996	6,044	6,093	6,141	6,191	6,240	6,290	6,340	6,391	6,442	6,494	6,546	6,598	6,651
		24,244	24,500	24,760	25,022	25,286	25,554	25,825	26,099	26,376	26,655	26,938	27,206	27,477	27,751	28,027	28,306	28,588	28,873	29,160	29,451	29,744	30,041

Funding impact statement (\$000) - WaiāT Water services CCO - Storm water	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	FY34/35	FY35/36	FY36/37
Sources of operating funding													
General rates													
Targeted rates	0	0	3,049	3,240	3,432	3,627	3,826	4,043	4,282	4,539	4,649	4,720	4,787
Subsidies and grants for operating purposes													
Local authorities fuel tax, fines, infringement fees and other receipts													
Fees and charges			4	3	3	3	3	3	3	3	3	3	3
Total operating funding	0	0	3,052	3,242	3,434	3,630	3,828	4,046	4,285	4,542	4,652	4,722	4,789

Applications of operating funding													
Payments to staff and suppliers			1,360	1,446	1,415	1,321	1,303	1,271	1,314	1,331	1,332	1,332	1,332
Finance costs			312	417	526	635	735	823	900	976	1,054	1,094	1,132
Internal charges and overheads applied			1,041	1,091	1,082	1,075	1,058	1,034	1,065	1,075	1,076	1,076	1,076
Other operating funding applications													
Total applications of operating funding	0	0	2,712	2,954	3,023	3,031	3,096	3,128	3,279	3,382	3,461	3,502	3,539

Surplus/(deficit) of operating funding	0	0	340	288	411	599	732	918	1,006	1,160	1,191	1,220	1,250
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Sources of capital funding													
Subsidies and grants for capital expenditure													
Development and financial contributions			101	105	105	105	105	105	105	105	105	105	105
Increase/(decrease) in debt			1,209	1,367	1,362	1,252	1,038	844	657	532	487	458	432
Gross proceeds from sales of assets													
Other dedicated capital funding													
Total sources of capital funding	0	0	1,310	1,473	1,467	1,357	1,143	950	762	637	592	564	537

Applications of capital funding													
Capital expenditure - to meet additional demand	83	88	90	91	87	83	79	75	75	74	74	73	73
Capital expenditure - to improve levels of services	1,586	1,697	1,718	1,739	1,670	1,596	1,518	1,437	1,431	1,424	1,417	1,409	1,400
Capital expenditure - to replace existing assets	1,332	1,426	1,443	1,461	1,479	1,496	1,513	1,530	1,548	1,565	1,583	1,601	1,619
Increase/(decrease) in reserves													
Increase/(decrease) in investments													
Total applications of capital funding	3,001	3,211	3,251	3,291	3,236	3,175	3,110	3,042	3,053	3,064	3,074	3,083	3,092

Surplus/(deficit) of capital funding	0	0	(1,941)	(1,818)	(1,769)	(1,818)	(1,967)	(2,093)	(2,291)	(2,426)	(2,481)	(2,519)	(2,555)
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Funding balance	0	0	(1,600)	(1,530)	(1,358)	(1,218)	(1,235)	(1,175)	(1,285)	(1,266)	(1,291)	(1,299)	(1,305)
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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	FY33/35	FY33/36	FY33/37
Operating revenue			3,052	3,242	3,434	3,630	3,828	4,046	4,285	4,542	4,652	4,722	4,789
Other revenue													
Total revenue	0	0	3,052	3,242	3,434	3,630	3,828	4,046	4,285	4,542	4,652	4,722	4,789
Operating expenses			1,360	1,446	1,415	1,321	1,303	1,271	1,314	1,331	1,332	1,332	1,332
Finance costs			312	417	526	635	735	823	900	976	1,054	1,094	1,132
Overheads and support costs			1,041	1,091	1,082	1,075	1,058	1,034	1,065	1,075	1,076	1,076	1,076
Depreciation & amortisation			2,178	2,210	2,243	2,386	2,418	2,449	2,603	2,633	2,664	2,818	2,849
Total expenses	0	0	4,890	5,165	5,266	5,417	5,514	5,577	5,881	6,015	6,125	6,321	6,388
Net surplus / (deficit)	0	0	(1,837)	(1,922)	(1,832)	(1,787)	(1,686)	(1,532)	(1,597)	(1,473)	(1,473)	(1,598)	(1,599)
Revaluation of infrastructure assets			3,190	0	0	4,072	0	0	5,138	0	0	5,526	0
Total comprehensive income	0	0	1,353	(1,922)	(1,832)	2,285	(1,686)	(1,532)	3,542	(1,473)	(1,473)	3,928	(1,599)
Cash surplus / (deficit) from operations (excl depreciation)	0	0	340	288	411	599	732	918	1,006	1,160	1,191	1,220	1,250

Statement of cashflows (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	FY33/35	FY33/36	FY33/37
Cashflows from operating activities													
Cash surplus / (deficit) from operations			987	1,245	1,409	1,636	1,922	2,151	2,398	2,584	2,699	2,768	2,832
[other items]			(312)	(417)	(526)	(635)	(735)	(823)	(900)	(976)	(1,054)	(1,094)	(1,132)
Net cashflows from operating activities	0	0	676	828	883	1,001	1,187	1,328	1,498	1,608	1,645	1,674	1,701
Cashflows from investment activities													
[other items]			93	105	105	105	105	105	105	105	105	105	105
Capital expenditure	0	0	(2,984)	(3,288)	(3,240)	(3,179)	(3,115)	(3,047)	(3,052)	(3,063)	(3,073)	(3,082)	(3,091)
Net cashflows from investment activities	0	0	(2,891)	(3,182)	(3,134)	(3,074)	(3,009)	(2,942)	(2,947)	(2,957)	(2,967)	(2,977)	(2,985)
Cashflows from financing activities													
New borrowings			1,209	1,367	1,362	1,252	1,038	844	657	532	487	458	432
Repayment of borrowings													
Net cashflows from financing activities	0	0	1,209	1,367	1,362	1,252	1,038	844	657	532	487	458	432
Net increase/(decrease) in cash and cash equivalents	0	0	(1,006)	(987)	(890)	(821)	(785)	(769)	(792)	(817)	(835)	(844)	(853)

