TIAKI WAI

Care in every drop | He wai whakauka

Water Services Strategy 2026/27

June 2026

Disclaimer

This Water Services Strategy has been prepared in line with the requirements of the Tiaki Wai Partners Committee Statement of Expectations and the requirements of the Local Government (Water Services) Act 2025.

The analysis set out in this report is based on best available information as at June 2026. Assumptions are noted throughout, including in Appendix 3: Financial assumptions, uncertainties and risks.

TIAKI WAI

Care in every drop | He wai whakauka

Tiaki Wai Ltd
Private Bag 39804,
Wellington Mail Centre
5045.

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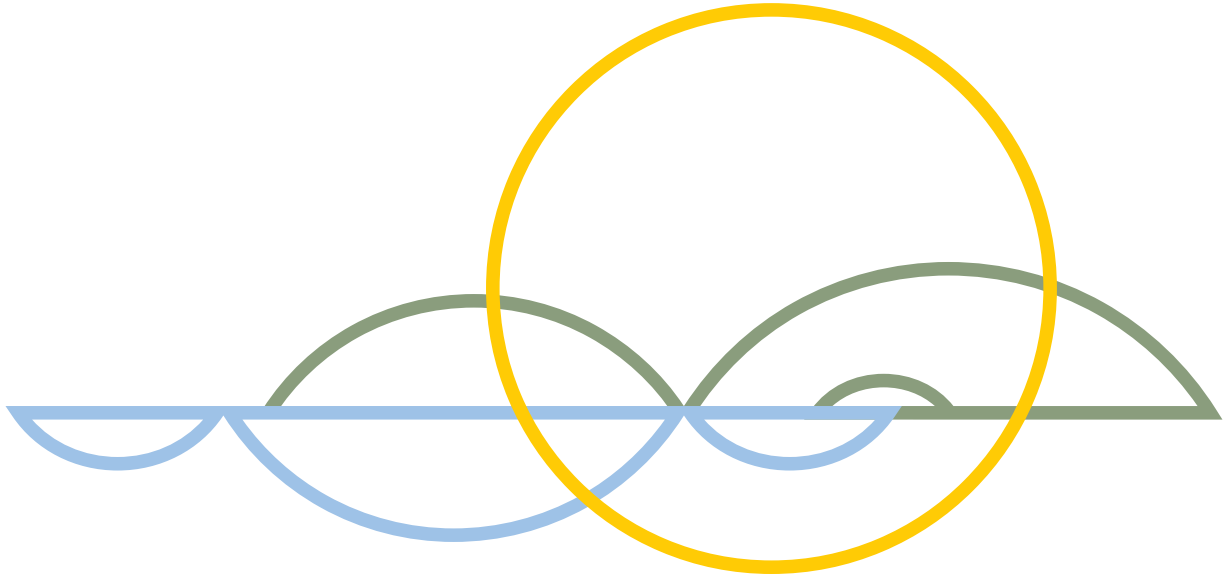


From the Chair Will Peet

Facing our infrastructure challenges to build resilient networks for our communities, restore our environment, and safeguard our water.

This Water Services Strategy is the first opportunity for Tiaki Wai to set a clear direction under the Government's Local Water Done Well framework. This strategy's purpose is fundamental: ensuring safe, reliable drinking water for the people we serve, protecting people's health and the health of the waterways, harbours, and environment we all share.

Tiaki Wai begins its operational journey with a substantial task ahead, inheriting networks that have suffered from underinvestment. We acknowledge the leadership and staff of Wellington Water, who have worked hard to keep water flowing for the region under significant, long-standing constraints. We want to be upfront: catching up will take time and there are likely to be more leaks and asset failures before we turn the corner.

We are also starting with core systems that are not fit for purpose so do not have a robust picture of asset condition and network performance. That's why we are focused on building a stronger evidence base. In this first strategy, we have made some assumptions based on the best information available at this time, but note that plans will be refined as we get more detailed information.

Our focus is on the future, not relitigating how we arrived here. That does not mean accepting inherited plans as we found them. Where significant decisions and investments were set before our establishment, we are testing them and making changes where justified. We'll have more to say over the year ahead.

We recognise people are facing cost-of-living pressures on all sides, and that broader factors beyond Tiaki Wai's establishment are impacting the region. It's tough for many residents, and feedback on the draft strategy has highlighted how hard it is to strike the right balance between fixing essential infrastructure and how much people are charged for water services.

The Tiaki Wai Board reviewed the proposed budget and investment plan and adjusted this balance. This final strategy includes a lower average increase in water charges next year and less steep projected increases in the future. This was achieved by further review of cost lines, pragmatically extending the timeline for some capital work, and through the critical partnership with our shareholding councils, who have agreed to provide an equity backstop. This support reduces our need to build financial headroom rapidly.

As Tiaki Wai asks customers to pay for water services, we know we must deliver value for money. We must demonstrate to our customers, council and iwi partners, and wider stakeholders that we are responsible stewards of customers' money and are steadily improving our financial and asset management. Our incoming board and executive bring the experience to do that, and we know we have to earn that confidence.

Like many water utilities across New Zealand, we must continue to strengthen the data, information, and asset management systems that underpin our planning and meet the expectations of regulators who oversee our work on behalf of consumers.

We welcome Commerce Commission scrutiny as it will help give our communities confidence that we are managing our assets and finances effectively and efficiently.

This first strategy explicitly highlights the areas where further work is required to refine our plans and improve our evidence base over the coming year. By taking a disciplined approach, we will ensure that investments are justified and prioritised. When we return with the next Water Services Strategy, we expect to be in a stronger position to clearly set out the investments required and the benefits they will deliver.

Improving the condition and reliability of our networks will take time. However, the establishment of Tiaki Wai represents an important step toward a stronger, more resilient water system for our communities and the environment.

We look forward to working with you as we begin this journey.

Will Peet

Tiaki Wai Board Chair

From the Chief Executive Michael Brewster

The establishment of Tiaki Wai marks a new chapter for water services in Wellington.

It is about a year since the shareholding councils agreed to establish a council-owned water services organisation to be governed in partnership with mana whenua iwi.

Since August 2025, a significant programme of work has been underway to establish Tiaki Wai and prepare the organisation to begin operating on 1 July 2026.

At the same time, Wellington Water has continued operating the region's drinking water, wastewater and stormwater networks. I want to acknowledge Chief Executive Pat Dougherty and his team for remaining focused on delivering these essential services while the new organisation is being established.

From July, Wellington Water staff, along with some council staff and some new senior leaders, will come together to form Tiaki Wai. Together we will begin delivering on the direction set by the Board and outlined in this strategy.

We are acutely aware of the importance of every dollar of customers' money and will focus on delivering value for money.

The pipes won't stop leaking overnight, but over coming years you will see a shift from reactively patching leaks to proactively replacing worn out pipes more quickly than has happened in the past.

You will see water metering pilots which will help us understand more about the costs and benefits of meters, and the complications of installing them in a wide range of different conditions in an earthquake-prone region. This will inform final decisions.

Over time you will also see a region-wide view to prioritising repairs and replacements, so that the highest risks are addressed first and we maximise opportunities to provide value for money solutions.

I appreciate the continued support of our shareholding councils, who will continue to provide important support behind the scenes on billing and customer contact until Tiaki Wai has its own systems in place.

I also want to acknowledge the many partners who will continue to support the design and delivery of infrastructure projects across our networks. We will need your support going forward, and I look forward to working with you to ensure we deliver the best outcomes for Wellingtonians.

As we head into the first year of Tiaki Wai operations, my focus will be on setting up Tiaki Wai to deliver solutions that benefit the community and demonstrate the value of the new model.

Michael Brewster

Tiaki Wai Chief Executive

Messages from Mana Whenua Iwi

Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika

The establishment of Tiaki Wai is an important moment of re-setting how water services are delivered within Te Whānganui a Tara. The long-standing network problems, water quality issues at Porirua, Waiwhetū and Seaview, and the recent failure of the Moa Point Wastewater Treatment Plant have reinforced how serious the need for change is – but these are not new issues. Prolonged under-investment in water infrastructure has directly impacted on our waterways, including the moana, habitats for taonga species, te taiao and wider values that are important to our communities.

Tiaki Wai is now responsible for the entire water system across the rohe (region). Its remit extends from the water source of Te Awa Kairangi/ Hutt River to Te Whanganui-a-Tara/Wellington Harbour, Te Awarua-o-Porirua Harbour and the south coast. Although accountable to its partners, it has the independence and mandate to decide when, where, and how to invest.

Te Rūnanga o Toa Rangatira and Taranaki Whānui Ki Te Upoko o Te Ika are on the Tiaki Wai Partners Committee that will oversee the performance of the Tiaki Wai Board. It is important for us to have this oversight.

Te mana o te wai and protecting the health and mauri/mouri of water is fundamental to how we exercise our kaitiakitanga (duty of care as guardians), and tikanga (practices) and mātauranga ā iwi (knowledge).

We have gifted the name Tiaki Wai because this sums up our aspirations for the new organisation – to care for the water.

Our ability to practise kaitiakitanga has been significantly impacted by continued and prolonged degradation of ancestral wai (waterways), awa (rivers and streams) and takutai (coast) through contaminated water entering the environment. This has continued to be a source of immense mamae (pain) to mana whenua as our wellbeing and identity is tied to that of our environment and our ancestral wai.

However, as we look ahead, we take heart from the release of the Water Services Strategy, which will guide the first year of work for Tiaki Wai and how it prepares for the future. This sets out the challenges and explains the step-changes to systems and processes that are needed for the new organisation to be successful. We will be looking for a continuation of this transparency, as well as accountability, pragmatism, and genuine partnership.

Mana whenua iwi have an opportunity to shape the delivery of services through expertise and mātauranga and help guide how new tools are rolled out in an equitable way, as well as contribute to building workforce capacity and capability for the delivery of water services.

We welcome the direction of the strategy as a first step forward.

Helmut Karewa Modlik
Tumu Whakarae
Te Rūnanga o Toa Rangatira

Kara Puketapu-Dentice
Tumu Whakarae
Taranaki Whānui ki Te Upoko o Te Ika

Contents

Figures

1 ABOUT TIAKI WAI

Tiaki Wai is the water service provider that from 1 July 2026 is responsible for delivering safe, reliable, and sustainable drinking water, wastewater and stormwater services across metropolitan Wellington. This section explains who Tiaki Wai is, why it was established, the factors that shape Tiaki Wai mahi and strategic investment priorities.

1.1 Tiaki Wai means caring for water

The takiwā (territory) Tiaki Wai provides three water services to includes Lower Hutt, Porirua, Upper Hutt, and Wellington cities. Tiaki Wai is jointly owned by Hutt City Council (HCC), Porirua City Council (PCC), Upper Hutt City Council (UHCC), Wellington City Council (WCC), and Greater Wellington Regional Council (GW). These are the shareholding councils. Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika are the mana whenua iwi partners of Tiaki Wai.

Tiaki Wai is a council-controlled water services organisation and is governed by a Board of Directors. The Board is directly accountable to the Partners Committee made up of representatives from each of the shareholding councils and mana whenua partners. The committee will provide oversight, ensuring Tiaki Wai is working in the best interest of the communities it serves.

Tiaki Wai is a new organisation but is not starting entirely from scratch. Existing water services assets have been transferred from the shareholding councils to Tiaki Wai. To ensure critical work continues, Wellington Water staff, and the significant expertise they bring, have also been transferred to Tiaki Wai.

However, the responsibilities, functions and powers of Tiaki Wai are different from Wellington Water's. Importantly, Tiaki Wai owns the assets and is able to make decisions about when and where to invest in water services. Tiaki Wai has also taken over charging customers for three waters services (rather than councils rating for this).

Since August 2025, work has been underway to establish Tiaki Wai and ensure a smooth transition from the councils and Wellington Water.

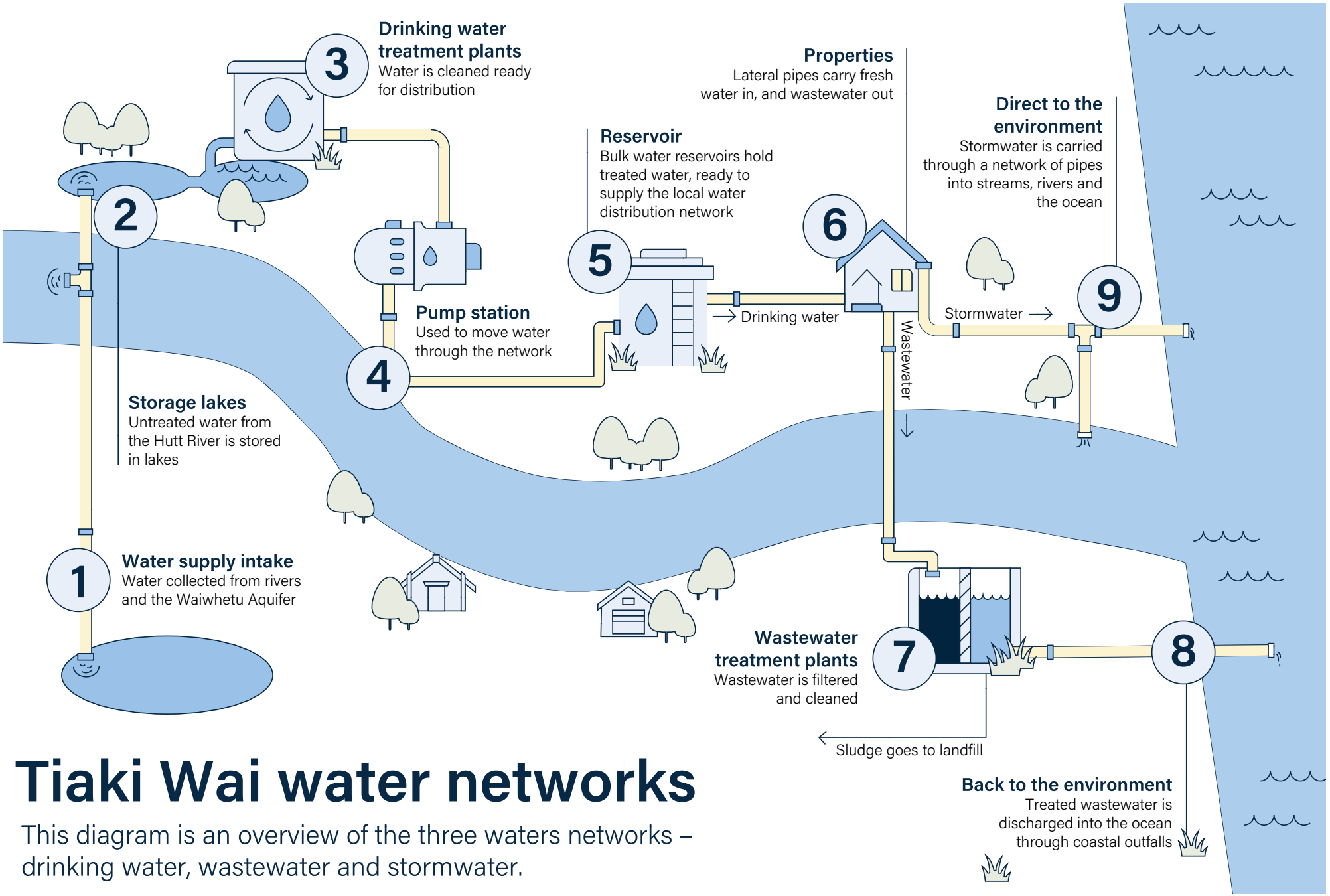
1.2 Overview of the takiwā and network

Tiaki Wai provides three water services to around 432,000 people across the takiwā through the drinking water supply, stormwater and wastewater networks.

Fresh water is collected from the headwaters of Te Awa Kairangi (Hutt River), the Waiwhetū artesian aquifer and the Wainuiomata / Orongorongo water collection area and is treated at one of four water treatment plants (Te Mārua, Waterloo, Gear Island and Wainuiomata). Water is also stored in the Stuart Macaskill Lakes prior to being treated at the Te Mārua Water Treatment Plant for use when river supply is constrained. Water that is safe to drink is then delivered through a network of pipes and pump stations to about 155,000 water connections (properties).

Wastewater is collected from properties through pipe networks and pump stations and treated at one of four wastewater treatment plants (Moa Point, Western, Porirua, and Seaview). When the plants are working as intended, fully treated effluent is discharged via coastal outfalls.

Our part in stormwater is managed through underground pipes that drain rainfall runoff into overland flow paths, streams and rivers, and ultimately to the harbour or sea, and we work with councils and landowners to reduce flows before they enter our network.



Tiaki Wai water networks

This diagram is an overview of the three waters networks – drinking water, wastewater and stormwater.

1.3 The factors that will shape Tiaki Wai mahi

Several strategic factors guide and shape how Tiaki Wai will work. These are:

- Objectives – these are set by the Local Government (Water Services) Act 2025 (LGWSA), apply to all water providers and are enduring.
- Outcomes, Expectations and Strategic Investment Priorities – these have been set by the shareholding councils and mana whenua iwi partners and documented through the Statement of Expectations provided to Tiaki Wai:
  - the outcomes are what Tiaki Wai must achieve through its provision of water services over the long term, and that this strategy needs to address
  - the expectations outline what Tiaki Wai must aim towards as it delivers water services, works with others, and particularly how it gets up and running in its first year of operation
  - the strategic investment priorities will shape longer term investment decisions and ensure the focus is placed on targeted actions to address the challenges associated with delivering water services across the takiwā.

1.4 Strategic investment priorities

The investment decisions made for water services are guided by six strategic investment priorities that reflect the different challenges facing the three water systems. By aligning investment decisions to these strategic investment priorities, Tiaki Wai will ensure that decisions are targeted, accountable, and focused on the right things.

Each strategic investment priority is detailed below. The 'What Tiaki Wai will deliver' section provides more detail on how these priorities will be achieved over time, through a sustained uplift in investment.

1.4.1 Keep up with network maintenance, renewal and levels of service

This priority focuses on sustaining existing service levels and renewing assets as they fall due for replacement rather than extending them beyond their useful life. This investment enables continuation of existing service levels while adjusting to operational changes and regulatory shifts. We will take an integrated view and address priorities across our networks, rather than within existing boundaries.

1.4.2 Catch up on the backlog of worn-out infrastructure

Historic underinvestment in asset renewals means a portion of the asset base is overdue for renewal. This priority addresses this historic underinvestment with a goal of "catching up" by around 2045. Catch-up investment is focused on network assets and water and wastewater treatment plants.

1.4.3 Build up network capacity to enable growth

This priority addresses known capacity constraints to support urban and population growth across the takiwā. 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.

1.4.4 Clean up wastewater and stormwater to improve water quality

The clean-up priority focuses on meeting environmental and public health compliance standards for water quality. 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.

1.4.5 Address faults as they arise

This priority 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 is expected to decline.

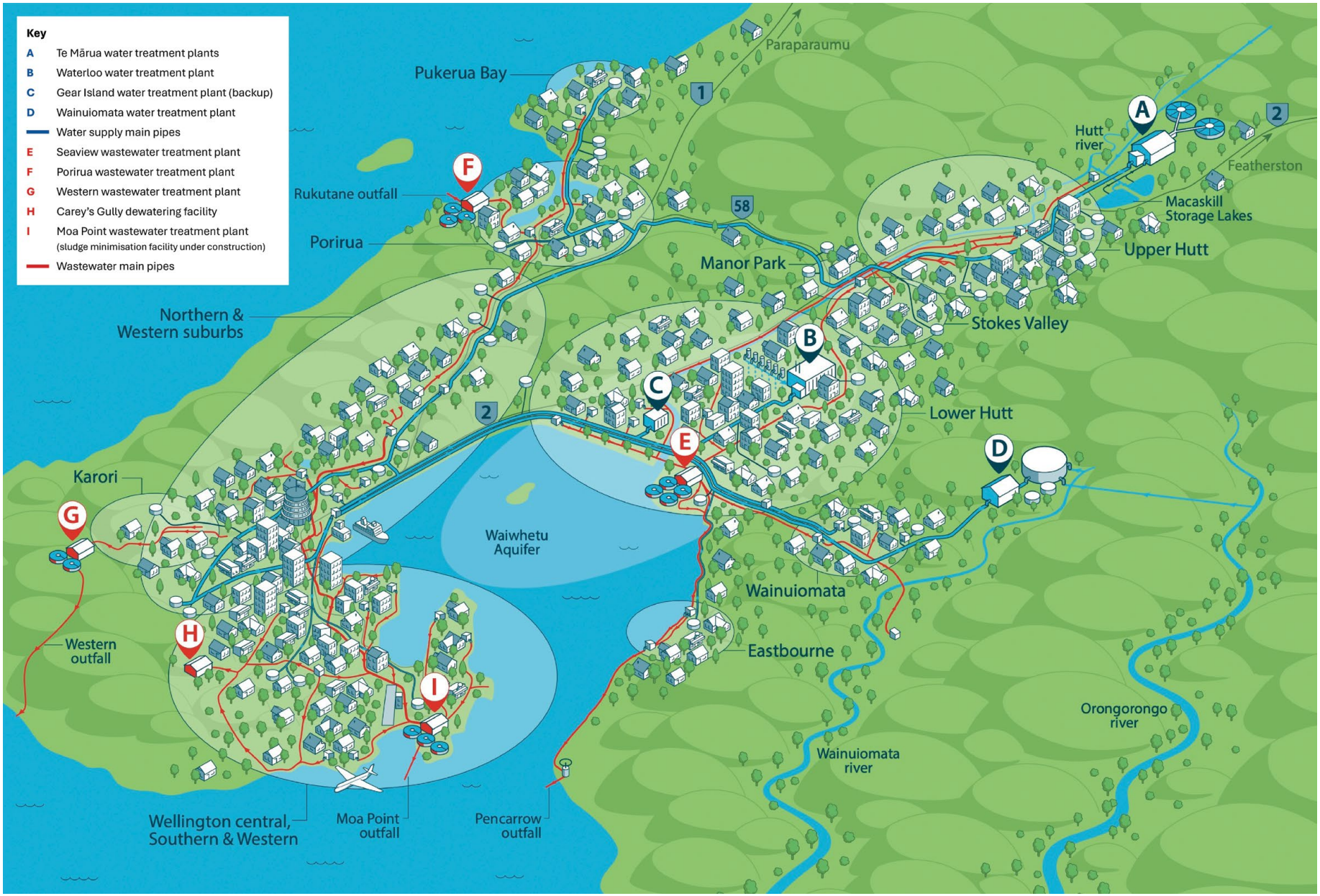
1.4.6 Address resilience risks in the network

The resilience category focuses on reducing the vulnerability of the services to flooding, seismic events and other natural hazards such as climate change.

Flooding is a costly natural hazard with growing impacts due to growth, increasing urbanisation and climate change. The effects of flooding can be long lasting on communities and households, so reducing flood risks must remain a focus for the region.

The three water networks are highly vulnerable to seismic activity, particularly along fault lines such as the Wellington and Ohariu faults. Earthquakes in recent years have highlighted the vulnerability of the assets to these events, prompting urgent network assessments.

Figure 1.1 Tiaki Wai Critical Infrastructure



2 ABOUT THIS STRATEGY

This strategy sets out all the information that is expected by the Partners Committee and required by legislation. Below, we provide a guide to each section to help you find your way through this document.

Photo credit: Hutt City Council

2.1 What is the Water Services Strategy

A Water Services Strategy is a new requirement under the Government's 'local water done well' reforms. Tiaki Wai, like every water services provider, must prepare and publish a strategy every three years to provide clear, transparent information about priorities, the investment programme, service levels, and financial settings. It also supports strong governance, giving councils and communities the ability to see how Tiaki Wai is performing and responding to service challenges across the takiwā. This supports transparency of activity and establishes a basis for accountability.

This strategy sets out how Tiaki Wai will deliver water services across the takiwā, contributing to the expectations, outcomes and strategic investment priorities set by the Partners Committee through the Statement of Expectations. For more information about how this strategy meets objectives and expectations, see Section 11.

Typically, a Water Services Strategy would be prepared every three years. However, the Partners Committee has directed that Tiaki Wai develop an initial strategy focused on the first year of operation. This will enable transparency of Tiaki Wai plans and intentions while also acknowledging the evidence base is limited and there are many unverified assumptions which need to be addressed.

This strategy therefore sets the investment plan, level of service measures and targets, and water charges for 2026/27. It also provides an indication of the investment required over the longer term and how much this is likely to cost customers.

In the meantime, work is underway on further developing the longer-term strategy. We will seek feedback and publish the next strategy before 1 July 2027. This will cover the 2027-37 period and will align to the three-yearly cycle for council Long Term Plans, and the cycle for future regulatory reporting.

2.2 What's in this strategy

Section 4: The challenges Tiaki Wai faces

This section outlines the significant network risks and challenges Tiaki Wai faces, and highlights that it will take many years to fix them. It also highlights the challenging financial position Tiaki Wai starts in.

Section 5: What Tiaki Wai will deliver

Section 5 provides an overview of the key water service activities that Tiaki Wai aims to deliver and the performance measures and targets for the first year.

It sets out the 2026/27 capital and operating budget and how Tiaki Wai aims to manage services over the long-term as well as the forecast expenditure. It discusses the pathway Tiaki Wai will follow to improve the delivery of the three waters services.

Section 6: Continuous improvement

This section explains the information technology, asset management and investment planning, and organisational improvements needed to better enable Tiaki Wai to deliver three water services for customers.

Section 7: Funding water services

This section sets out the financial strategy that underpins delivery of water services. It explains the key financial settings and trade-offs we must manage to fund investment sustainably over time, including:

- how quickly we invest
- how much we borrow
- how resilient Tiaki Wai needs to be to financial shocks
- how quickly water charges need to increase and how those increases are shared.

This section also sets out what water charges will be in 2026/27 and why they will be different in each city.

Section 8: About the three waters services

Section 8 provides information on the water system across the takiwā, with more detail on each of the three waters services: drinking water supply, wastewater and stormwater. It also defines the stormwater service zones for the takiwā.

Section 9: Regulatory requirements

This section sets out the regulatory environment – what Tiaki Wai must comply with now and the changes to regulatory settings that are coming.

Section 10: Building up network capacity to enable growth

Section 10 discusses the changes in population and land use across the takiwā as identified in council growth forecasts and district plans. It discusses the role of Tiaki Wai in supporting growth and the need for integrated planning of infrastructure with urban development.

Section 11: Meeting objectives and expectations

This section explains how the plans and direction set out in this strategy will achieve the expectations that the Partners (shareholding councils and mana whenua iwi partners) have set and meet legal obligations under the LGWSA.

Further information

This strategy is supported by further information set out in a number of appendices and supporting documents. You can find the supporting financial policies on the Tiaki Wai website.

These are:

- Pricing Policy
- Treasury Policy
- Debtors Management and Hardship Policy
- Accounting Policy
- Development Contributions Policy

3 WHAT WE HEARD FROM YOU

This section provides a summary of the public feedback we received on the draft Water Services Strategy and how we are responding to this feedback.

Photo credit: Porirua City Council

3.1 What we did to engage

From 25 March to 24 April 2026, we undertook a public engagement campaign via the Tiaki Wai Have Your Say website (haveyoursay.tiakiwai.co.nz). Throughout this period, we invited the community to share their views and feedback on the draft Water Services Strategy, the draft Customer Charter (now called the Community Charter) and the draft Significance and Engagement Policy.

To ensure accessibility, all documents and supporting materials were made available online. Hard copies of the draft Water Services Strategy and summary document were available at public locations such as council offices and libraries.

People were able to have their say through:

- an online survey (haveyoursay.tiakiwai.co.nz)
- email (haveyoursay@metrowaterwellington.co.nz)
- or by post.

We encouraged participation from across the region, using social media, news media, council channels, and community groups to share information. In addition to digital engagement, we hosted two public webinars and met with residents' associations, environmental groups, and businesses to facilitate further discussion.

3.2 What we heard from you

Thank you to everyone who contributed feedback and helped to shape the future direction of water services in our region.

We received over 1,150 responses, primarily from individuals, along with submissions from a number of residents' associations, environmental groups, and local businesses.

3.3 Online survey responses

When asked "What matters most to you when it comes to your household or business?", the top three issues were:

- quality of drinking water
- clear and consistent pricing and billing
- infrastructure maintenance.

The survey asked for the level of agreement with the statement that: "It is important to get on with network improvements that will deliver better services for our children and grandchildren, even if it means paying more through water services charges".

In response, 44% definitely agreed or somewhat agreed; 43.5% somewhat or definitely disagreed, and 12.5% were neutral.

The survey also asked for the level of agreement with the statement that: "It is important to reduce contamination of our waterways from wastewater and stormwater, even if it means paying more through water services charges".

In response, almost half (49.4%) of people definitely agreed or somewhat agreed; 36.7% somewhat or definitely disagreed, and 13.8% were neutral.

Full survey results are available on the Tiaki Wai website.

3.4 Feedback comments

A significant theme was concern about the affordability of proposed water service charges, with many respondents highlighting potential hardship and calling for equitable charging and support for lower-use households, pensioners, beneficiaries, and low-income households.

There was support for the introduction of water meters to facilitate volumetric (usage-based) charging, though some opposed them due to cost concerns. Many emphasised the need to prioritise core maintenance and renewals.

There was also support for strengthening accountability and transparency, including Commerce Commission oversight of Tiaki Wai in the future. Calls for greater accountability around past Council decisions were also noted.

Submitters expressed support for a whole-of-catchment approach to water supply, wastewater, and stormwater services, with a focus on improving water quality.

A full report on public feedback is available on the Tiaki Wai website.

3.5 Feedback from the Partners Committee

The Partners Committee endorsed the strategy and highlighted the importance of financial sustainability and affordability, recommending refinements to the financial strategy. The Committee also supported enhanced oversight measures from the Commerce Commission, investment in water metering and technology, and a strong commitment to emergency management.

While the Strategy aligns with the Statement of Expectations, the Partners Committee advised that some areas should be reconsidered to better meet these expectations. They also recommended closer coordination with other infrastructure providers to coordinate work in infrastructure corridors.

The Partners Committee feedback is available on the Tiaki Wai website.

3.6 What we are doing

In response to public feedback and the Partners Committee's recommendations, we have updated the financial strategy and investment programme in the final 2026/27 Water Services Strategy.

A key issue raised through feedback was the balance between the level of investment needed to improve water services and the impact of that investment on customer charges. In response, the final Strategy reduces the planned level of investment compared with the draft strategy, which lowers the forecast impact on customer charges but increases the risk that improvements to service levels, network resilience, and compliance outcomes may take longer to achieve.

The shareholding councils have agreed to provide an uncalled capital facility to support Tiaki Wai in responding to significant unexpected events during the transitional period. This facility has strengthened the financial resilience of Tiaki Wai. The facility provides access to additional shareholder support if a significant financial shock occurs and other mitigations are insufficient. This added resilience has supported decisions on covenant settings and the pricing pathway.

The main changes to the financial strategy and investment programme are:

- reducing forecast capital expenditure by approximately 10% across the life of the plan, beyond 2026/27
- reducing forecast operating expenditure following further detailed review of costs and assumptions
- introducing a smoother pricing pathway from 2027/28 to 2030/31 rather than the larger increase proposed for 2027/28 in the draft Water Services Strategy
- increasing the assumed contribution from growth-related charges, so a greater share of growth-related costs is funded by development
- extending the timeframe for achieving the 9% Funds From Operations (FFO)-to-debt target from 2030/31 to 2033/34.

There's more detail in Section 7: Funding water services.

Other non-financial changes include:

- revising some level of service targets to better reflect recent performance, inherited non-compliance issues and the state of the assets Tiaki Wai is inheriting
- adding more detail on how Tiaki Wai will build industry capability to deliver the work programme
- a stronger commitment to leveraging customer and wider community insights as a means of informing investment priorities including how best to implement a customer reference group and other means of engagement. This needs to include both customers who are paying water services bills and the wider community
- recognising streams that are of significance to mana whenua and that are designated in the Wellington City District Plan
- incorporating a range of other minor recommendations from the Partners Committee.

Certain issues raised through feedback and by the Partners Committee will be addressed as part of the 2027-37 Water Services Strategy. These include coordination with other infrastructure providers in planning the long-term work programme and introducing new or updated service level targets in some areas.

3.7 Further information

Some aspects of the public feedback reflected that people have, to date, had relatively little time to become familiar with Tiaki Wai and absorb all the relevant information. Tiaki Wai will continue to proactively communicate, provide accessible information and explain what is happening and what is planned.

3.8 What's next?

The Water Services Strategy takes effect from 1 July 2026. We will continue to keep the community informed and involved as we progress with implementing the Strategy. There will be further consultation on the 2027-37 Water Services Strategy.

4 THE CHALLENGES TIAKI WAI FACES

On 1 July 2026, Tiaki Wai becomes responsible for assets with long-standing issues that reflect decades of underinvestment and ageing infrastructure.

Across the drinking water supply, wastewater, and stormwater networks, many critical assets are in poor condition and beyond their useful life presenting a significant risk of failure. Service performance is variable, and regulatory compliance is not always met. Significant volumes of water are lost through leakage; wastewater networks experience frequent overflows and treatment challenges; and stormwater regularly contributes to flooding and pollution. Water storage is limited and under pressure, and many critical assets are operating at or near capacity.

These issues will not be resolved overnight. Addressing them will require sustained effort over many years, alongside increased investment, and improved prioritisation and planning.

Photo credit: Hutt City Council

4.1 Network challenges

There are many network issues that will take time and investment to improve. These are detailed below. Appendix 1 'Significant network issues' provides further detail on these challenges, along with the options to address them and how Tiaki Wai intends to address them in the short and longer term.

4.1.2 Moa Point Wastewater Treatment Plant

The Moa Point Wastewater Treatment Plant is a key strategic asset that treats wastewater for most of the Wellington City population.

Early in February 2026 after heavy rain, wastewater overflowed into the facility and flooded its lower floors, damaging critical equipment and forcing the plant to be taken offline.

At the height of the incident, millions of litres of untreated sewage were discharged into the sea via a short outfall near Tarakena Bay.

This event highlights the long-standing resilience issues in ageing wastewater systems that Tiaki Wai is taking on, and the need for improved investment and adaptation to extreme weather conditions.

4.1.3 Pressure on drinking water supply

Water supply in the takiwā is under increasing pressure, with demand approaching the limits of available supply. High summer use, significant water loss through leakage (approximately 40%), population growth, and climate change are placing growing strain on the system.

With limited ability to expand existing water sources under current consents, dry periods are likely to result in greater stress on rivers and aquifers. The Macaskill Storage Lakes do not always have enough supply to meet peak demand or drought periods.

These issues increase the risk of water shortages and more frequent restrictions, particularly through dry summer periods.

4.1.4 The network is undercapacity and unable to support growth

The three waters networks are already under strain and are not well placed to support additional population growth. Many areas do not meet the required standards for treated water storage, which increases the risk of supply failure, especially in summer or during emergencies, and this could pose a significant public health risk.

Wastewater networks are frequently overloaded and experiencing regular overflows, which may limit development unless capacity is expanded or inflows reduced.

For stormwater, there is no consistent regional level of service to guide investment or assess the impact of growth, and there is often a disconnect between council growth plans and the infrastructure required to support them.

Without better alignment and significant investment, the networks will increasingly act as a constraint to growth.

4.1.5 Little redundancy in the network

There is limited redundancy within critical water and wastewater infrastructure.

Much of the network was not designed to meet modern resilience standards or duplicate critical assets. Many treatment plants, bulk pipelines, pump stations, and reservoirs are operating at or near capacity as a result, with few alternative pathways available if a strategic asset fails or is taken offline.

This lack of redundancy increases the risk of prolonged outages, public health impacts, regulatory breaches, and reputational damage.

4.1.6 Climate change adaptation

Climate change is expected to significantly affect the water infrastructure in the takiwā, with a range of compounding risks across all three waters.

For water supply, rising sea levels will reduce the volume of water that can be safely drawn from the Waiwhetū Aquifer due to the risk of saltwater intrusion, while increasingly intense and less predictable rainfall will make river sources less reliable.

Stormwater networks will also be placed under greater pressure due to more frequent and severe flooding, coastal erosion, storm-surge, and sea-level rise.

Wastewater services face the risk of asset damage and reduced performance, including possible inundation of critical facilities such as the Seaview Wastewater Treatment Plant, increased overflows, and higher rates of pipe corrosion.

4.1.7 Many strategic assets are vulnerable to seismic risk

Significant parts of the water and wastewater infrastructure in the takiwā are highly vulnerable to a major earthquake, particularly along the Wellington Fault.

Many treated water reservoirs do not meet modern seismic standards, the Waterloo Water Treatment Plant faces liquefaction risk, and critical bulk pipelines cross the fault multiple times. This means a large event could severely disrupt water supply and wastewater services for an extended period unless resilience upgrades are accelerated.

4.1.8 Sludge disposal

Disposing of sludge from the four wastewater treatment plants to landfill is becoming more restrictive. Many landfills are reducing the amount of sludge that can be disposed of and alternative solutions need to be considered.

Sludge from the Moa Point and Western wastewater treatment plants will be processed through the new sludge minimisation facility to produce a product that is expected to be suitable for alternative uses (such as a soil conditioner). The sludge minimisation facility is expected to start operations during 2026/27 financial year.

Solutions for sludge disposal from the Porirua and Seaview wastewater treatment plants need to be investigated.

4.1.9 Stormwater quality compliance

The allocation of responsibility for stormwater quality is currently unclear.

Clarifying responsibility is important so that Tiaki Wai understands where it needs to direct its effort, what it is responsible for, and how it can support others to improve performance, including with nature-based solutions, and achieve compliance with any standards.

Tiaki Wai intends to work closely with councils to clarify respective responsibilities for water quality before the Stage 2 Stormwater Discharge consents are applied for. The proposed framework set out in Plan Change 1 to the Natural Resources Plan will require significant investment in treatment infrastructure to improve water quality. The quantum of this is expected to be in the billions but is yet to be confirmed as the Plan Change is currently on hold.

4.1.10 Wastewater discharge compliance

While overflows from the wastewater network contribute to contamination (including E. coli) of waterways, the extent of this from Tiaki Wai networks will need to be clarified.

It is important to obtain this clarity to ensure that Tiaki Wai does not over-invest in network improvements that do not materially improve the state of our waterways. Failure to do so could also create unrealistic compliance obligations, incur reputational damage and reduce the funds that are available for other critical investments.

4.2 Organisational system challenges

Tiaki Wai needs fit-for-purpose systems and tools and robust information to deliver its services well. The historic lack of funding directed towards these has meant they have not been sufficient to support mature investment decision-making, despite the expertise that exists within Wellington Water. Work has already commenced on a technology investment programme (Pūnaha Tautoko Pūkenga) to deliver an integrated suite of tools and support capability development across project management, asset management, investment decision-making, finance, and bringing a customer focus. This programme will help ensure we are using robust network data to inform our decisions, including significant areas of procurement like re-setting maintenance contracts, and enable projects to move from planning to delivery more quickly.

4.3 Financial challenges

Addressing the challenges outlined above will require a sustained increase in investment over many years. Significant funding will be needed to renew ageing infrastructure, improve resilience, reduce leaks and overflows, meet environmental and drinking water standards, and support population growth across the takiwā.

Tiaki Wai also begins operations in a financially constrained position, with debt and revenue levels that initially sit outside the financial covenant settings expected by lenders. Returning to these settings over time will require careful management of borrowing, operating costs, and revenue.

This creates a difficult balance between the level of investment required to improve services, the amount of borrowing that can be supported sustainably, and the pace at which water services charges increase. Decisions on the pace and scale of improvements will therefore involve trade-offs between how quickly services can be improved and what customers are able to pay.

5 WHAT TIAKI WAI WILL DELIVER

Improving water services across the takiwā will take time, requiring a long-term investment programme to catch up on maintenance and renewals, reduce leaks and overflows, improve resilience and environmental water quality, and support growth. This will not happen overnight.

It will require sustained investment and increased customer charges over many years.

However, with stable, independent funding and ownership of assets across city boundaries, Tiaki Wai is better positioned to plan across the whole takiwā and deliver the reliable, safe and environmentally responsible water services our communities expect.

This section outlines the water service activities that Tiaki Wai will deliver and the performance measures and targets for the 2026/27 financial year. It also sets out the 2026/27 capital and operating expenditure budget, and the forecast long-term investment required to manage services and achieve the strategic investment priorities.

Photo credit: Hutt City Council

5.1 It will take time to see improvement

The shareholding councils and mana whenua iwi have set an outcome to ensure 'working and reliable water services are delivered for customers continuously, during and after the transition of water services to Tiaki Wai'. To ensure this, focus in the first year is on ensuring a well-managed transition with no noticeable disruptions or performance changes to customers. Investment levels and target levels of service will remain at a similar level to what has previously been deliveredand achieved.

Over the longer term, the investment plans need to grow to deliver better services - that is, reliable drinking water supply, reduced leaks, outages and unplanned disruptions, and cleaner harbours and waterways. Planning for improvements will need to allow for changing laws and regulation, population growth, urban intensification, and the impacts of climate change.

The rate of asset renewal needs to significantly increase to stop further deterioration of the overall three waters networks, let alone improve them. The February 2026 incident at the Moa Point Wastewater Treatment Plant has highlighted how vulnerable parts of the system are, with little contingency to manage serious faults, and the significant consequences when critical assets fail.

As noted in Section 4, Tiaki Wai is starting from a challenging position with ageing assets and service vulnerabilities. It will take sustained investment, better information and systems and organisational capability, and time to stabilise performance, lift the overall standard of the three water networks and the level of service customers receive.

There is a significant amount of work required to improve the three waters networks, and it cannot all be delivered at once. How quickly we make improvements depends on three factors:

- what customers can afford to pay
- how much we can responsibly borrow
- the capacity of the market to design and build the infrastructure.

These factors mean we need to make careful choices about what we do first. As a result, improvements will take time, even as we increase investment.

5.1.1 Measuring performance of three water services

The performance measures and target levels of service for each of the three waters services (as set out in the tables below for each water service) reflect a consolidated view of the measures and targets from each shareholding councils' Long-Term Plan and considering historic performance. For the 2026/27 year, the focus is on ensuring existing levels of service are maintained, therefore, the targets set in this Water Services Strategy do not propose a significant change from current performance. Instead, they reflect a level Tiaki Wai believes is achievable in its first year of operation. The performance measures and targets will be reviewed for the 2027-37 Strategy.

5.2 Delivering safe and reliable drinking water

As a water service provider, Tiaki Wai manages the collection, treatment, storage and distribution of drinking water. This includes reservoirs, pump stations, and a network of underground pipes that move drinking water through each part of the takiwā to ensure it reaches customers at the right pressure and is safe to drink.

Tiaki Wai does this through daily monitoring of water quality, flow, demand, and performance across the network. This helps identify water-quality issues and leaks, maintain supply during peak use, optimise performance and costs, and reduce the burden on ageing infrastructure.

Over time, by implementing water meters and improving water-loss management, the amount of drinking water that is lost through leaks will be reduced. New storage capacity will also improve water supply security.

Tiaki Wai is committed to customers receiving safe and healthy drinking water. Over time, customers can expect:

- sufficient drinking water
- reliable and consistent water services
- adequate firefighting water supply
- infrastructure that enables and supports regional growth
- water resources that are managed sustainably and responsibly
- water services contributing positively to the natural and built environment
- networks that are more resilient to shocks and long-term stresses
- future demand for water being met
- water services that are prepared for and adaptable to the impacts of climate change
- water assets that are managed safely for staff, suppliers and customers.

5.2.1 Core activities

The following core drinking water activities will be delivered in 2026/27:

- operation of water treatment plants to meet the Water Services (Drinking Water Standards for New Zealand) Regulations 2022
- working towards meeting the Drinking Water Quality Assurance Rules under the Water Services Act 2021 by 2028
- asset renewals
- storage and pressure management through reservoirs and pump stations
- maintenance of water assets, including leak detection and repair, network flushing, and fire hydrant maintenance
- compliance monitoring, water quality assurance, and reporting
- demand management programmes (e.g. water conservation campaigns, metering readiness)
- planning for future abstraction consent renewals and water source expansion
- planning for future growth and enabling new connections to the network through the building and resource consenting process
- hydraulic modelling
- managing and enforcing water-related bylaws.

5.2.2 Significant projects

Significant water supply projects that are underway and will continue in 2026/27 and beyond include:

- Gear Island and Waterloo wells replacements - Part 2
- Titahi Bay trunk main renewal - Stage 2
- Totara Park Road bridge pipework seismic strengthening
- Naenae No 2 Reservoir, outlet main and pipeline
- progressing the business case and implementation plan for water metering.

5.2.3 Measuring performance of the water supply network

For the 2026/27 financial year, the focus is on ensuring existing levels of service are maintained.

Figure 5.1: Drinking water supply levels of service performance measures and targets

Performance Measure	Oversight Agency	2026/27 Target
Water quality compliance:		
The extent to which drinking water supply complies with the Water Services (Drinking Water Standards of New Zealand) Regulations 2022, and the following parts of the Drinking Water Quality Assurance Rules: a. Compliance with Quality Assurance Rules T3 – Bacterial water quality (4.10.1 T3 Bacterial Rules). b. Compliance with Quality Assurance Rules T3 – Protozoal water quality (4.10.2 T3 Protozoal Rules). c. Compliance with Quality Assurance Rules D3 – Microbiological water quality (4.11.5 D3.29 Microbiological Monitoring Rule).	Department of Internal Affairs	100%
The yearly average level of fluoride leaving each water treatment plant is within Ministry of Health guidelines (0.7-1.0 mg/L) at least 95% of the time.	Ministry of Health (Voluntary)	Achieved at all plants
Consumption and supply:		
The percentage of real water loss from the networked reticulation system (including description of the methodology used to calculate the loss).	Department of Internal Affairs	≤36%
The average consumption of drinking water per day per resident within the district.	Department of Internal Affairs	≤375 l/res/d
Customer satisfaction:		
The total combined number of complaints received by Tiaki Wai per 1,000 connections to the networked reticulation system about: a. drinking water clarity b. drinking water taste c. drinking water odour d. drinking water pressure or flow e. continuity of supply f. Tiaki Wai response to any of these issues	Department of Internal Affairs	Fewer than 24 complaints per 1000 customers

Performance Measure	Oversight Agency	2026/27 Target
Response times:		
Where Tiaki Wai attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: a. attendance for urgent callouts: from the time Tiaki Wai receives notification to the time service personnel reach the site b. resolution of urgent callouts: from the time Tiaki Wai receives notification to the time service personnel confirm resolution of the fault or interruption c. attendance for non-urgent callouts: from the time Tiaki Wai receives notification to the time service personnel reach the site d. resolution of non-urgent callouts: from the time that Tiaki Wai receives notification to the time that service personnel confirm resolution of the fault or interruption.	Department of Internal Affairs	a. ≤90 minutes b. ≤5 hours c. ≤72 hours d. ≤11 days
Public health:		
Number of waterborne disease outbreaks	Internal measure	0
System adequacy:		
Number of events in the bulk water supply preventing the continuous supply of drinking water to consumers	Internal measure	0
Sufficient water is available to meet normal demand except in a drought with a severity of greater than or equal to 1 in 50 years	Internal measure	Achieved
Water Services Authority - Taumata Arowai regulatory reporting requirements:		
All relevant reporting requirements in the Drinking Water Quality Assurance Rules (DWQAR) and network environmental performance measures made under the Water Services Act 2021 are satisfied.	Internal measure	Achieved

5.2.4 Water metering to help manage demand for drinking water supply and identify leaks

Demand for drinking water supply is at record levels across the takiwā, driven by population growth and network leakage. About 40% of the water treated is lost before it reaches customers; much of this is undetected with limited visibility of private network leaks.

Figure 5.2 Water loss on the public and private network[1]

Council	2023/24	2024/25	Reduction	CI 95%
WCC	37%	34%	3%	25% & 42%
UHCC	50%	47%	3%	40% & 55%
HCC	44%	39%	5%	30% & 49%
PCC	39.5%	37%	1.5%	28% & 46%
Average	**41%**	**37%**	**4%**	**29% & 46%**

If demand for water continues to increase with population growth and is not managed, there will be longer and more frequent water restrictions through drier months, impacting both households and businesses. It will also mean more and earlier investment in costly large-scale water storage and treatment infrastructure.

Water metering is a proven tool to help manage demand for drinking water supply. It will enable better identification of leaks that need fixing and enable households to better understand and reduce water use. Water meters also provide a way to charge customers for the water they use. Commercial customers are already metered and charged in this way.

'Smart meters' supported by Advanced Metering Infrastructure is the preferred metering solution. Smart meters will enable timely information about water use and enable leaks to be detected, enabling faster remedial action to be taken by Tiaki Wai (or customers on their properties). It will also be important to take a holistic view of network water losses from the bulk water supply to treated water at customer premises. This will ensure broader investment in water loss management is optimised with the metering deployment.

Tiaki Wai will be looking at the potential for pilots to test and learn, informing how meters will be implemented across the takiwā. Full implementation across the takiwā is expected to take approximately five to seven years.

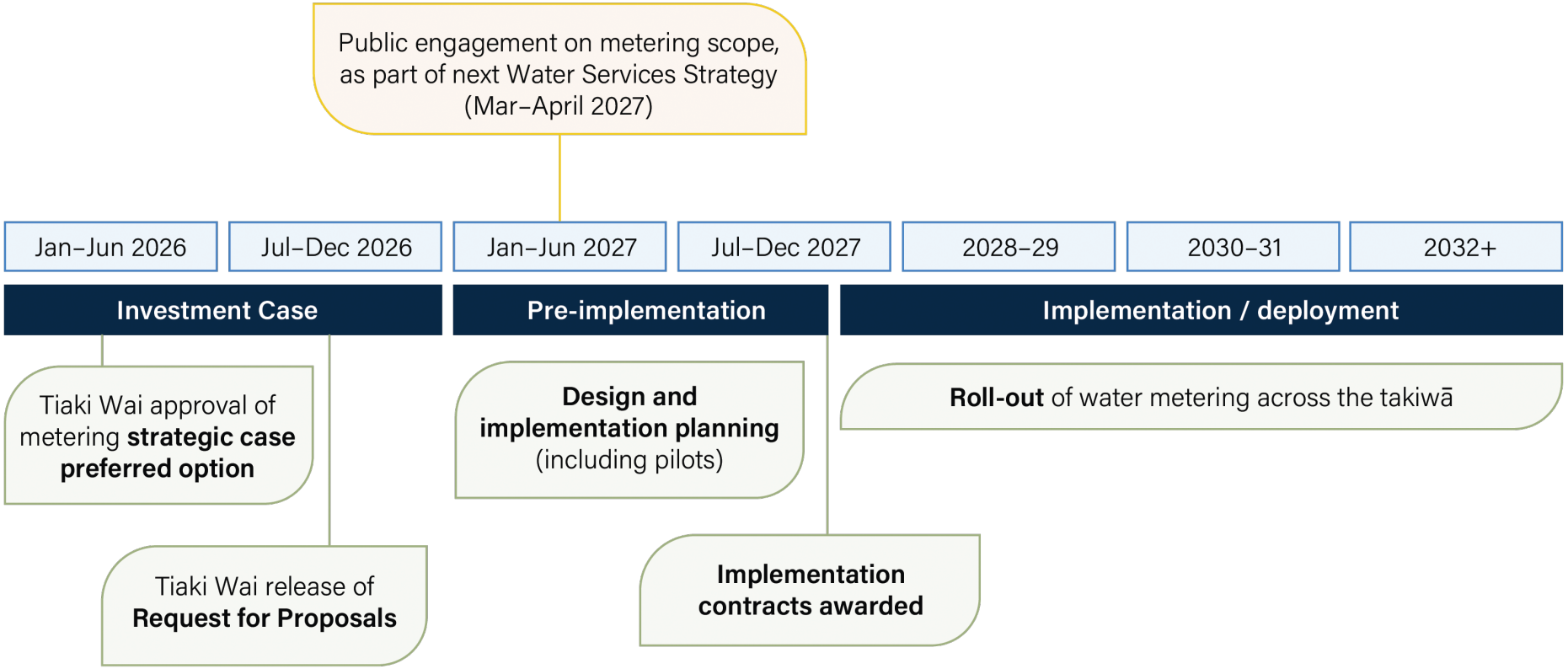
An early stage estimate for the total programme cost is currently between $500m-$590m but this figure is not confirmed and there is more work to do before final decisions are made.

The Tiaki Wai Board has asked for further cost-benefit analysis to be set out in a detailed business case. All implementation options will be considered, including whether Tiaki Wai owns the meters or leases them. There will be consideration of the programme scope, meter type, installation approach, and data management components. The programme must demonstrate optimum value for money.

An indicative implementation pathway is shown in Figure 5.3 on following page.

[1] Wellington Water, Metropolitan Region Water Loss and Demand Overview. https://www.wellingtonwater.co.nz/assets/Reports-and-Publications/Regional-Water-Loss-and-Demand-Overview.pdf. Confidence interval ranges reflect the uncertainty with the extent of reduction due to the lack of meters to more accurately measure water usage and loss.

Figure 5.3: Indicative water metering implementation pathway



5.3 Safely managing and treating wastewater

Tiaki Wai manages the safe collection of wastewater from properties across the takiwā, treat it at one of the four wastewater treatment plants and aim to dispose of it within environmental performance requirements. Tiaki Wai also monitors flows, responds to faults, and carries out repairs to reduce blockages and overflows.

Currently three of the four wastewater treatment plants are non-compliant with some problems going back many years.

As noted in Section 4, in early February 2026, a critical incident at the Moa Point Wastewater Treatment Plant caused widespread damage to the plant. Work is underway to remediate the damage caused.

Over time, Tiaki Wai will improve the wastewater network and customers can expect:

- a more reliable wastewater network
- improving water quality and environmental performance due to fewer non-compliant discharges
- wastewater services that enable and support regional growth
- a wastewater network that is resilient to shocks and long-term stresses including the provision of redundancy where there is the risk of catastrophic single point failure
- wastewater services that are prepared for and adaptable to the impacts of climate change
- resources being used and managed sustainably
- wastewater assets that are managed safely for staff, suppliers, and customers.

5.3.1 Core activities

The following core wastewater activities will be delivered in 2026/27:

- operation of wastewater treatment plants, including actively working towards achieving compliance with consent conditions and other regulatory requirements
- asset renewals
- removal of wastewater from properties to the treatment plants through pump stations and storage tanks
- maintenance of wastewater assets
- compliance monitoring, environmental monitoring, condition inspection and reporting
- responding to overflows and other contamination events, identifying cross-connections and other faults or sources of infiltration in private and public networks
- planning for future growth and enabling new connections through consenting processes
- trade waste management
- hydraulic modelling
- managing and enforcing wastewater-related bylaws.

5.3.2 Significant projects

Significant wastewater projects that are underway and will continue in 2026/27 and beyond include:

- Moa Point Wastewater Treatment Plant remedial work
- Seaview Wastewater Treatment Plant sludge dryer replacement
- Hutt Valley Floor wastewater infrastructure to support growth
- Victoria Street rising main renewal
- Porirua Wastewater Treatment Plant solids handling upgrade.

5.3.3 Measuring performance of the wastewater network

For the 2026/27 financial year, the focus is on ensuring existing levels of service are maintained.

Figure 5.4: Wastewater levels of service performance measures and targets

Performance Measure	Oversight Agency	2026/27 Target
Consent compliance:		
Compliance with resource consents held by Tiaki Wai for discharge from the sewerage system measured by the number of: a. abatement notices b. infringement notices c. enforcement orders d. convictions; received by Tiaki Wai in relation to those consents.	Department of Internal Affairs	a. ≤ 6 b. ≤ 8 c. 0 d. 0
System performance:		
Number of dry-weather sewage overflows from the sewerage system, expressed per 1,000 sewerage connections.	Department of Internal Affairs	≤7/1000
Customer satisfaction:		
The total combined number of complaints received (per 1000 connections) by the territorial authority about: a. sewage colour b. sewerage system faults c. sewerage blockages d. response to issues with the sewerage system.	Department of Internal Affairs	Fewer than 30 complaints per 1000 customers
Response times:		
Where Tiaki Wai attends to sewerage overflows resulting from a blockage or other fault in the sewerage system, the following median response times measured: a. attendance time: from the time Tiaki Wai receives notification to the time service personnel reach the site b. resolution time: from the time Tiaki Wai receives notification to the time service personnel confirm resolution.	Department of Internal Affairs	a. ≤90 minutes b. ≤8 hours

5.4 Managing stormwater and protecting the environment

As the water service provider, Tiaki Wai manages the piped stormwater network across the takiwā. This involves maintaining and upgrading pipes, culverts, and pump stations to reduce the impact of flooding on people, property, and transport networks and improve environmental water quality. Tiaki Wai also regularly updates stormwater modelling and monitor the stormwater systems to respond better to increasing rainfall and urban intensification.

Stormwater management complements other regional efforts to protect open waterways and restore stormwater catchments. Councils will continue to lead land-use planning and regulation and Tiaki Wai will focus on delivering technical advice and managing the network itself.

Over time, customers can expect:

- more reliable and consistent stormwater network and services
- improved flood-risk management
- water quality being consistently improved and protected
- stormwater services that enable and support regional growth
- a stormwater network that is resilient to shocks and long-term stresses
- stormwater services that are prepared for and adaptable to the impacts of climate change
- stormwater assets that are managed safely for staff, suppliers and customers.

5.4.1 Core activities

The following core stormwater activities will be delivered in 2026/27:

- operation of the stormwater network
- asset renewals
- maintenance of stormwater assets including outlets/outfalls and pump stations
- compliance monitoring and reporting
- stormwater flood risk management including modelling, development reviews, LIMs reporting, District Plan natural hazard overlays, and coordination with emergency response services
- progressing work on stormwater network risk management plan(s), required under the LGWSA
- climate-change adaptation assessment and resilience planning
- identifying options to address existing flood issues, including more refined investment
- stormwater quality catchment management planning
- planning for growth and enabling new connections to the network through consenting processes
- managing and enforcing stormwater-related bylaws.

5.4.2 Significant projects

Significant stormwater projects that are underway and will continue in 2026/27 and beyond include:

- Hutt Valley Floor stormwater infrastructure to support growth
- Te Mome Pump Station renewal and optimisation.

5.4.3 Measuring performance of the stormwater network

For the 2026/27 financial year, the focus is on ensuring existing levels of service are maintained.

Figure 5.5: Stormwater levels of service performance measures and targets

Performance Measure	Oversight Agency	2026/27 Target
Consent compliance:		
Compliance with resource consents for discharge from its stormwater system measured by the number of: a. abatement notices b. infringement notices c. enforcement orders d. convictions; received by Tiaki Wai in relation to those consents.	Department of Internal Affairs	a. ≤ 1 b. ≤ 2 c. 0 d. 0
Customer satisfaction:		
Number of complaints received about the performance of the stormwater system per 1000 properties connected to the stormwater system	Department of Internal Affairs	Fewer than 20 per 1000
Response times:		
The median response time to attend a flooding event[2], measured from the time that Tiaki Wai receives notification to the time that service personnel reach the site.	Department of Internal Affairs	≤90 minutes
System adequacy:		
System adequacy measured by: a. the number of flooding events that occur in the region. b. for each flooding event, the number of habitable floors affected expressed per 1000 properties connected to the stormwater system.	Department of Internal Affairs	a. ≤2 b. ≤0.57/1000

[2] A flood event is defined as the inundation of normally dry land by water, typically triggered by extreme, prolonged rainfall, severe coastal storms, or flash flooding. [1, 2, 3]

5.5 Capital expenditure budgets for the 2026/27 financial year

A capital programme totalling $329 million is considered deliverable for the first year of operation for Tiaki Wai. This budget includes targeted adjustments to the councils' Long Term Plan capital programmes to reflect updated cost information, immediate priorities, and a stronger focus on what can realistically be delivered within the 2026/27 year.

Figure 5.6: Capital expenditure ($m) inflated

Water type	Expenditure type	2026/27 budget
Drinking water supply	Improving level of service	$15.2
	Supporting growth	$19.4
	Renewing assets	$71.8
Drinking water supply total		**$106.4**
Wastewater	Improving level of service	$36.0
	Supporting growth	$10.7
	Renewing assets	$142.5
Wastewater total		**$189.2**
Stormwater	Improving level of service	$4.3
	Supporting growth	$14.6
	Renewing assets	$14.7
Stormwater total		**$33.6**
Total capital expenditure		**$329.2**
Expected capital expenditure range[3]		**$318.4M - $383.5M**

5.6 Operating budgets for the 2026/27 financial year

The operating budget for 2026/27 reflects a clear view of what is required to establish and run Tiaki Wai, including the core corporate (i.e. finance and procurement) and customer functions, strengthened treasury and regulatory capability, and new investment in technology systems. The operating budgets also reflect costs to manage and operate the treatment plants, keep on top of the backlog of maintenance jobs, maintain current service levels and ensure Tiaki Wai is planning to meet compliance and health and safety requirements.

Council rates charged on water assets have increased significantly in recent years and now form a substantial component of operating costs. In 2026/27 rates on water assets are over $57 million, more than double the level in 2024/25. With increases varying between councils, the increase largely reflects changes in council rating bases, including higher water infrastructure asset valuations and declining residential property values, which have shifted a greater share of the rates burden onto water infrastructure. As these rates are charged to Tiaki Wai in the same way as other ratepayers, they must be recovered through water service charges to customers. Tiaki Wai will work with shareholding councils over time to review rating differentials and ensure the allocation of rates to water infrastructure is appropriate and sustainable.

Figure 5.7: Operating expenditure ($m) inflated

Water type	Expenditure type	2026/27 budget
Drinking water supply	Improving level of service	$5.0
	Supporting growth	$0.6
	Renewing assets – not applicable	$0.0
	Support, Maintenance and Operations costs	$69.7
Drinking water supply total		**$175.3**
Wastewater	Improving level of service	$20.2
	Supporting growth	$0.2
	Renewing assets – not applicable	$0.0
	Support, Maintenance and Operations costs	$144.1
Wastewater total		**$164.5**
Stormwater	Improving level of service	$0.3
	Supporting growth	$0.2
	Renewing assets – not applicable	$0.0
	Support, Maintenance and Operations costs	$49.0
Stormwater total		**$49.5**
Total operating expenditure		**$389.3**
Expected operating expenditure range[3]		**$369.8-$428.2M**

[3] The range in expected capital and operating expenditure reflects a level of uncertainty of delivery in 2026/27 year, noting new systems being implemented and ongoing development of Tiaki Wai.

5.7 Managing three waters services over the longer term

Over the next 30 years, a substantial capital programme will be required to achieve the strategic investment priorities set for Tiaki Wai by shareholding councils and mana whenua iwi. Tiaki Wai will progressively deliver on the priorities through a balanced investment approach that sustains current service levels while lifting performance over time.

5.7.1 Catching up and keeping up with asset renewals and levels of service while addressing faults as they arise

An increasing asset renewals programme is planned to catch up and keep up with asset renewals as assets age. Delivery also requires a realistic pathway that recognises the current state of the network and the need to respond to faults while as asset condition and age improves over time. A significant budget for reactive works remains necessary in the early years but as asset condition improves these budgets will be reviewed and are expected to decrease.

Maintenance and renewals programmes must be linked to asset condition and criticality to ensure investment is targeted at the right assets at the right time.

5.7.2 Build up network capacity to enable growth

Tiaki Wai will work with the councils to understand growth expectations and requirements. Growth studies will be completed where needed to determine the infrastructure required to support council growth plans and build up capacity where growth pressures require new or upgraded infrastructure.

5.7.3 Clean up to improve water quality

Ongoing work is required to understand the environmental compliance requirements Tiaki Wai is accountable for, and the associated investment needed to improve compliance and environmental water quality over time. A combination of asset renewals, targeted infrastructure upgrades, improved monitoring, and integrated catchment planning is anticipated. 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 safer recreational environments, resilient ecosystems, and the long-term sustainability of water services.

As the condition of the wastewater and stormwater networks are upgraded, Tiaki Wai will be better placed to meet environmental and public health expectations and evolving discharge standards.

5.7.4 Improve resilience risks in the network

Current understanding of the resilience vulnerabilities of the network, and the improvements required to address flooding, seismic risks and climate change over the next 30 years is relatively unknown. Work is required to understand the scale of investment needed and current costs to do so. Seismic risk tolerance is a governance decision that needs to be determined. It also requires a regional approach rather than assessing and improving individual assets in isolation. Initially, focus will be put towards addressing knowledge gaps and ensuring future investment planning considers the options available.

5.7.5 Investment in the next 10 years

While this Water Services Strategy is focused on the 2026/27 financial year, it is important to provide a signal of the forecast investment need over the longer term. Indicatively, the capital investment programme is forecast to be between $5.7 - $8.2 billion (uninflated, pre-efficiencies) in the next 10 years. Beyond 2026-27, this expenditure is yet to be prioritised, individual project costs updated and confirmed, and deliverability tested. As a result, the programme beyond 2026/27 carries high levels of cost and delivery uncertainty. This will be addressed as part of the 2027-37 Water Services Strategy.

To deliver a capital programme of the scale anticipated over the next 10 years, Tiaki Wai will need to increase organisational capacity and capability to match the scale of the projected programme. This will be achieved by investing in fit for purpose asset management and corporate systems, improving data quality, and strengthening project management oversight, procurement, and performance monitoring. Section 6 ‘Continuous improvement’ provides further details on how this will be achieved.

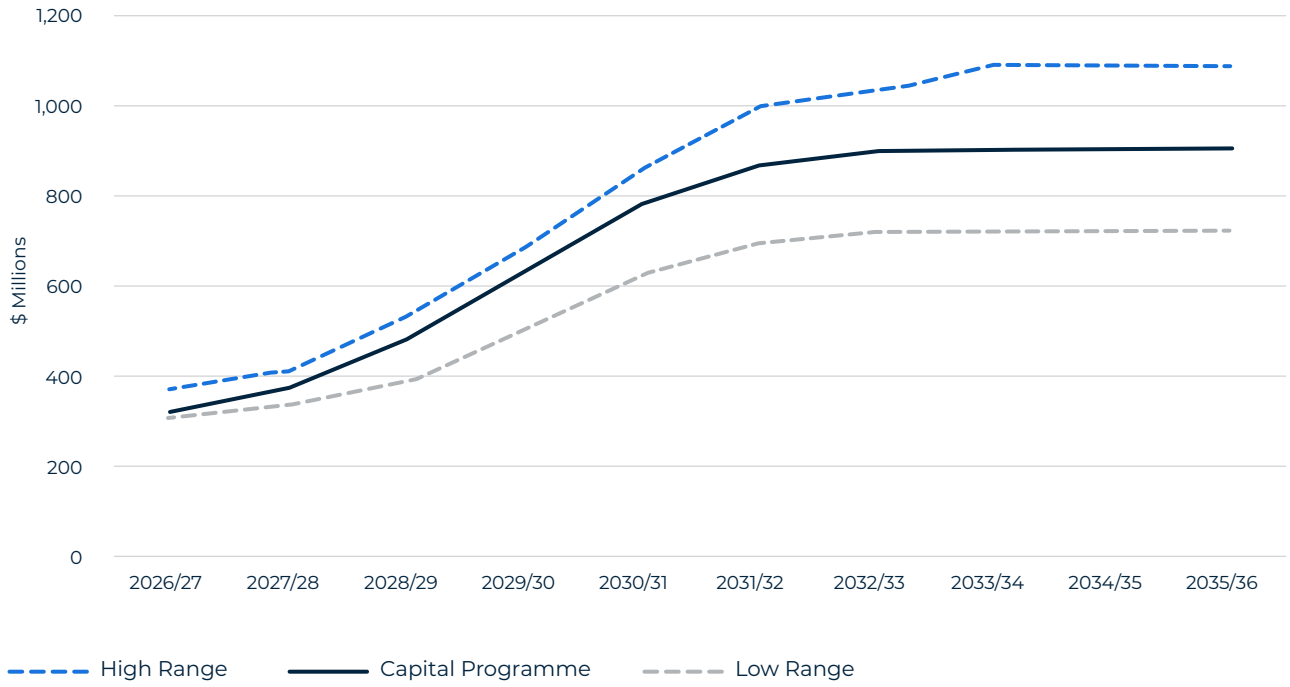
Figure 5.8 illustrates the indicative capital expenditure over the first decade.

While the investment programme beyond 2026/27 is yet to be prioritised and confirmed, Tiaki Wai will initially focus on gaining a clearer understanding of the condition and performance of the three waters assets. This includes embedding the new information and asset management systems, stabilising compliance, responding to enforcement risks, and adapting to economic and environmental regulatory settings.

More investment will go towards renewals to slow deterioration, address critical leak and overflow risks, and begin work to address network supply and capacity constraints. This approach provides better value for money than continuing to fund increasing levels of reactive maintenance at the expense of renewing critical assets that are at end of life. Ongoing high levels of reactive maintenance provide limited benefit for the future and would constrain ability for Tiaki Wai to invest in reliable and resilient assets that meet level of service targets.

Major consent renewals and tightening regulatory standards are also likely to drive significant capital upgrade decisions, particularly for wastewater and stormwater discharges. Towards the end of the first decade, major decisions on bulk water supply, infrastructure to enable growth, and system-level resilience investments are anticipated. To address all of this, the capital programme is expected to increase in scale year on year. The 2027-37 Water Services Strategy will confirm the capital programme and forecast investment for that period.

Figure 5.8: 2026-36 indicative capital expenditure (uninflated, pre-efficiencies)



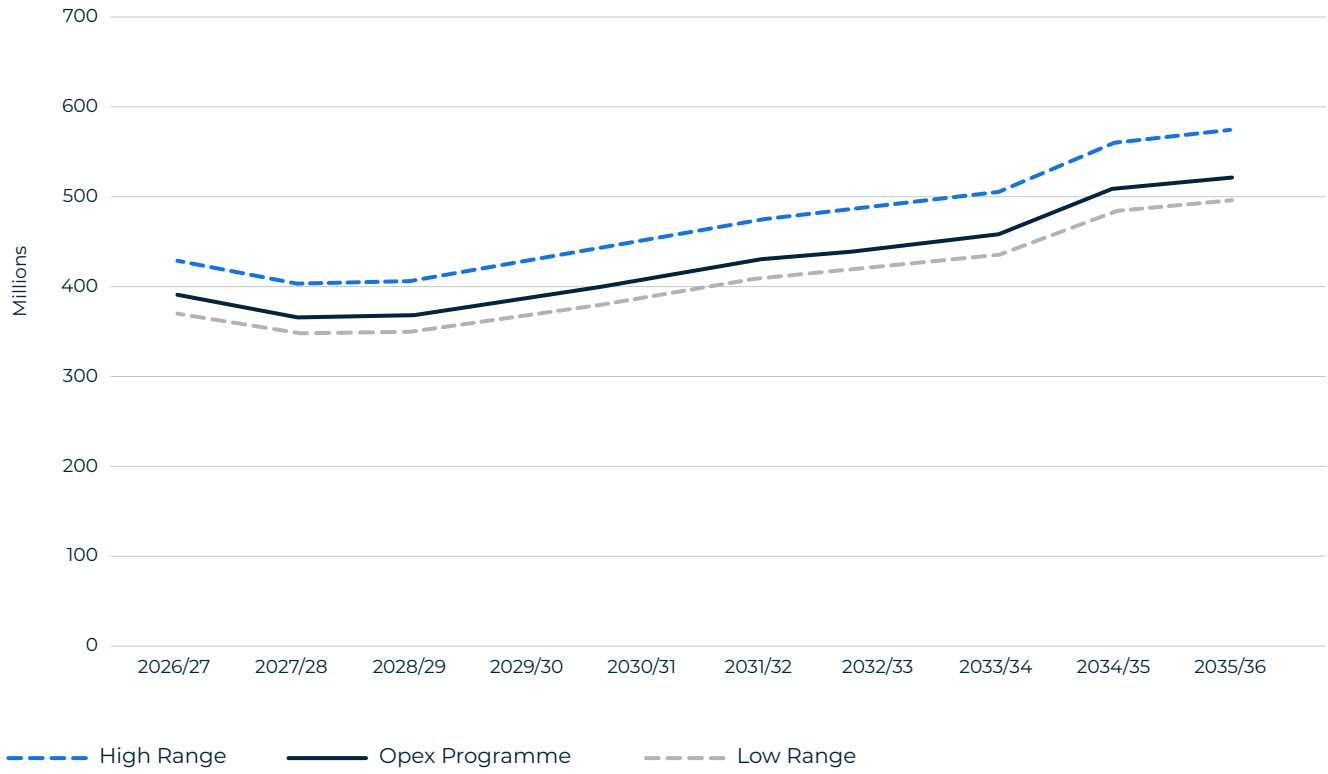
As the capital programme ramps up and the asset base grows, operational budgets will also need to increase. Higher operating expenditure is required to:

- plan, deliver, and manage a larger programme of work
- maintain and operate new and upgraded assets
- strengthen core functions such as preventative maintenance, network monitoring, customer service, compliance, and performance reporting.

Without a sustained uplift in operational funding, the benefits of capital investment will be harder to realise, and the risk of premature asset failure and service disruption will remain higher than acceptable.

Figure 5.9 illustrates the indicative operating expenditure over the next 10 years. As with the capital programme, the second Water Services Strategy will confirm the operating expenditure for the 2027-37 period.

Figure 5.9: 2026-36 indicative operating expenditure (uninflated, pre-efficiencies)

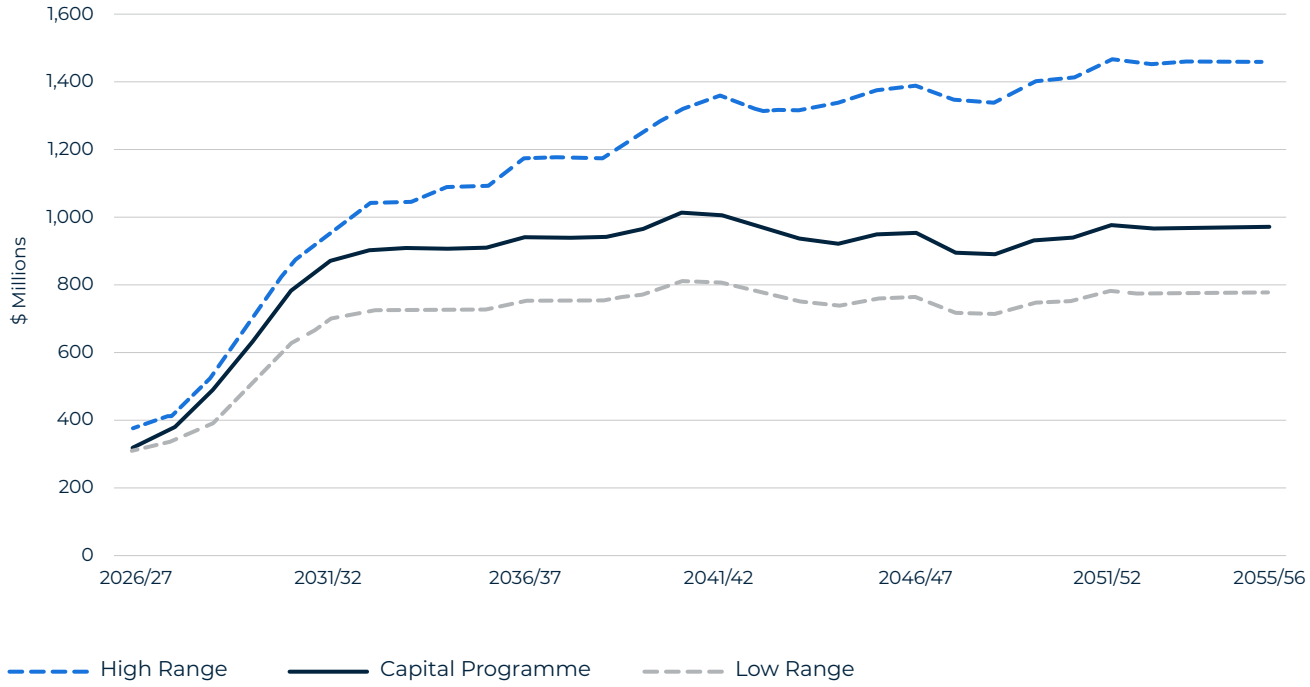


5.7.6 Investment over the next 30 years

Beyond the first 10 years, increasing environmental expectations, climate adaptation pressures, population growth, and asset life cycles will require targeted upgrades or replacement of critical assets, reflecting a sustained, long-term rebuild of the water infrastructure across the takiwā.

Due to the uncertainties in network condition, information available to meet regulatory requirements, enable growth and improve resilience noted throughout this Strategy, the expected scale of investment over the next 30 years carries a high degree of uncertainty. The timing, scale, and sequencing of investment will be progressively refined as better information becomes available and settings change, and the forecast range in expenditure will tighten.

Figure 5.10: 2026-2056 indicative capital expenditure (uninflated, pre-efficiencies)



Figures 5.11 to 5.17 below set out the long-term capital infrastructure outlook and the significant investment decisions anticipated in five-year periods through to 2055/56. All figures are uninflated and pre-efficiencies.

Figure 5.11 Investment forecasts – 2026/27

Proposed 2026/27 capital budget ($m)	Significant decisions Tiaki Wai expects to make.
$310.0 - $373.3	Drinking water: • Approach and procurement pathway for residential water metering Wastewater: • Remedial work at the Moa Point Wastewater Treatment Plant Stormwater: • Region-wide stormwater levels of service (LOS) framework Three waters: • Approach and rollout of Technology Investment Programme

Figure 5.12 Investment forecasts – 2027/28 to 2030/31

Forecast capital expenditure ($b)	Significant decisions Tiaki Wai expects to make.
$1.9 - $2.5	Drinking water: • Preferred pathway and timing of Pākuratahi Lakes (Stage 1) + consent granted Wastewater: • Approach and lodgement of global wastewater consent • Seaview treatment plant consent renewal (expires 2031), outfall pipe upgrade and general upgrades to meet tightening environmental standards • Western treatment plant consent renewal (expires 2034), outfall pipe upgrade and general upgrades to meet tightening environmental standards Stormwater: • Approach and lodgement of global stormwater network discharge consent

Figure 5.13 Investment forecasts – 2031/32 to 2035/36

Forecast capital expenditure ($b)	Significant decisions Tiaki Wai expects to make.
$3.6 - $5.3	Drinking water: • Reconsenting of regional water takes • Construction starts on the Pākuratahi Lakes (Stage 1) Wastewater: • Confirm long-term resilience and adaptation approach for Seaview treatment plant – decision could include protect in place, elevate, relocate, or progressively reconfigure

Figure 5.14 Investment forecasts – 2036/37 to 2040/41

Forecast capital expenditure ($b)	Significant decisions Tiaki Wai expects to make.
$3.8 - $6.1	Drinking water: • Operational responses to reduce water demand if the Pākuratahi Lakes are not in service • Capacity upgrades at Te Mārua treatment plant Wastewater: • Porirua treatment plant consent renewal (expires 2040), outfall pipe upgrade and general upgrades to meet tightening environmental standards Stormwater: • Determine long-term solutions for outfalls affected by sea level rise

Figure 5.15 Investment forecasts – 2041/42 to 2045/46

Forecast capital expenditure ($b)	Significant decisions Tiaki Wai expects to make.
$3.8 - $6.7	Drinking water: • Re-evaluate timing of additional storage and/or supply facilities e.g., Managed Aquifer Recharge and Wainuiomata storage expansion. Dependent on success of 'Keep' and 'Reduce' activity delivered in previous decade - Significant issue 3. • Determine if a new water treatment plant is required in the Hutt due to seismic resilience needs at the Waterloo plant

Figure 5.16 Investment forecasts – 2046/47 to 2050/51

Forecast capital expenditure ($b)	Significant decisions Tiaki Wai expects to make.
$3.7 - $6.9	Drinking water: • Te Mārua Scheme Expansion and Lake 3

Figure 5.17 Investment forecasts – 2051/52 to 2055/56

Forecast capital expenditure ($b)	Significant decisions Tiaki Wai expects to make.
$3.9 - $7.3	Drinking water: • Reevaluate the need for a new desalination plant in Porirua. Dependent on the success of other 'Keep, Reduce and Add' activity delivered in previous decades

5.8 Deliverability risks and efficiency assumptions

Deliverability is a key constraint on how quickly water services can be improved. The investment programme requires a major step-up in delivery at a time when there will be strong national competition for the same contractors, specialist skills, and supply chains. This creates risks of higher costs and longer lead times to deliver work.

Delivering a capital programme of the scale indicated will require:

- engaging with the market and providing confidence through a clear long-term pipeline of work
- secure funding
- fit-for-purpose delivery models
- a capable client organisation with strong programme controls and systems.

While the second Water Services Strategy will include a firmer 10-year pipeline of work, Tiaki Wai will also need to deliver on its 2026/27 forecasts. Early engagement with the market will be vital to this endeavour.

This clear investment direction, coupled with improvements in information, systems, and planning will steadily increase confidence in the scale of work Tiaki Wai can deliver. From 2028/29 it is anticipated that Tiaki Wai will see operational efficiencies, translating into an increase in the pace and scale of work delivered.

6 CONTINUOUS IMPROVEMENT

This section discusses the pathway Tiaki Wai will follow to continuously improve three water services. It also responds to an outcome shareholding councils and mana whenua iwi have set for Tiaki Wai to ensure 'improving and compliant water services are delivered for customers and partners, through significant focus on the state of the water network, infrastructure and assets'.

Photo credit: Greater Wellington Regional Council

6.1 Improved technology systems to lift efficiency and transparency

Tiaki Wai needs fit-for-purpose systems and tools to be a capable organisation and to meet the expectations that have been set for it. The core systems Tiaki Wai is starting with are not fit for purpose for the work needed to improve water services and address the challenges the takiwā faces with water infrastructure. A technology investment programme (Pūnaha Tautoko Pūkenga) is underway to address urgent system gaps arising from deferred technology investment as well as evolving operational needs. This investment will also support the future needs of Tiaki Wai.

The Pūnaha Tautoko Pūkenga programme will deliver an integrated suite of systems and support capability development across programme and project management, asset management, finance, customer, billing, people management and payroll, and health and safety. This critical investment will be delivered over a multi-year programme and will need to be followed by ongoing investment in digital capability to ensure systems stay up to date and keep pace with technology change.

Investment in these core systems will:

- enable an essential step change in how programmes and projects are delivered thereby increasing confidence that projects will be delivered on time, on budget and achieve anticipated business case benefits
- improve the efficiency of Tiaki Wai in building, operating, and maintaining the water assets and the services it will deliver
- increase the ability to monitor operations and performance effectively
- ensure Tiaki Wai is more transparent in its reporting on the delivery of safe, reliable, and compliant water supply, stormwater, and wastewater services
- mitigate significant operational and cyber risk
- reduce reliance on council and third-party systems for provision of core systems.

6.2 Improved asset management and investment decision making

Tiaki Wai is starting from a foundation of immature asset management and investment decision-making. The lack of funding directed towards improving tools and systems has meant these have not been adequate to support mature investment decision-making. This has been exacerbated by a rapidly deteriorating network and competing funding priorities that have resulted in reactive maintenance and critical failure responses taking priority.

There is also currently an overreliance on age-based asset data to inform asset condition, particularly of the piped network. This is risky for asset and investment planning because age is only a proxy and can misstate actual asset performance, failure risk, and renewal timing. Greater confidence is needed through physical inspection, condition assessments, and other evidence-based methods.

The lack of systems and evidence-based asset data means it is difficult to have confidence that investment has been prioritised against service outcomes, risk exposure, financial constraints, and long-term needs. It also makes it difficult to demonstrate clear line of sight from strategy to levels of service, asset-management plans, forward works programmes, and ultimately to capital and operating budgets. Under the new regulatory environment, this is no longer sufficient.

The pathway forward requires a fundamental reset to improve asset-management practice and meet foundational information disclosure requirements of the Commerce Commission.

This will take time. However, improving asset management maturity and accuracy in investment planning is essential to lifting network performance, reducing risk exposure, meeting regulatory expectations, and ensuring that the significant investment required is targeted, transparent, sustainable and defensible, particularly when operating within financial constraints (as discussed in Section 7 of this strategy).

Some improvements are underway but are still not yet fully implemented. Going forward, Tiaki Wai will:

- embed asset management as an organisation-wide business discipline and progressively update, build knowledge and accessibility to asset condition, performance, maintenance, and operational data
- consistently apply risk and criticality frameworks across the organisation
- link levels of service to investment programmes and outcomes
- develop and implement an investment decision-making tool to guide future investment planning
- improve consistency of cost estimation assumptions for future investment planning

The challenges and pathway forward for each of these improvement areas are detailed further below.

6.2.1 A commitment to making the best long-term decisions for assets and people

Tiaki Wai will establish asset management as a core business function, supported by a prominent Asset Management Policy and a Strategic Asset Management Plan that clearly sets objectives, and an approach to implementing asset management across the organisation. Activity will be coordinated across all functions and championed by senior leadership.

Asset-management plans will be key documents, presenting and justifying forward work programmes and investment needs. These will link to investment plans presenting detailed short-term (one- to three-year) investment needs, a summary of mid-term (10- to 30-year) investment needs and an outline of long-term investment needs beyond 30 years.

Strategic Asset Management Plans are core requirements of the Commerce Commission's foundational information disclosure regime for water service providers. To ensure ongoing compliance, continuous improvement will need to be embraced, and improvement plans resourced and implemented.

A key priority will be improving the quality, accessibility, and use of asset data. Robust asset attribute information, along with operating data and condition and performance information (including defects, failures and maintenance history) must be captured. Tiaki Wai will use this data to improve asset knowledge and determine what needs to be done to achieve required service and reliability standards for customers.

From this improved base information, Tiaki Wai will also forecast likely demand and service level requirement changes. This will enable Tiaki Wai to be clearer about where there are capacity constraints to growth and what improvements may be required to enable growth.

This work will be supported through the application of robust tools, including growth models and forecasting techniques, condition and deterioration models, hydraulic models and specific analyses.

Updated systems are also needed to make asset management data accessible and effective. The Pūnaha Tautoko Pūkenga programme detailed above is the step forward to achieving this.

6.2.2 Updated risk-management framework

Existing risk-management frameworks need to be refreshed and aligned with the new operating and regulatory environment, as well as recognised standards, including ISO31000. Tiaki Wai also needs to formally define its 'risk appetite'. This means being clear on what risks can be tolerated, and which ones must be avoided or reduced. Once clearly defined, Tiaki Wai will be able to manage its operational and asset-management risks using organisationally consistent frameworks. Doing so will enable Tiaki Wai to more easily identify the most important data and assets (critical data/assets). This will also support optimum life-cycle strategies being clearly defined and consistently applied, with particular focus on critical assets and high-risk parts of the network.

6.2.3 Updated levels of service targets

The levels of service proposed in this strategy have been adapted from the shareholding councils' long-term with consideration of current performance. These levels of service will need to be refreshed to reflect the new operating and regulatory environment and should be embedded at the centre of planning and investment decision-making. Changes to required levels of service may impact required investment needs.

6.2.4 A clear line of sight from priorities to decisions and the benefits to customers

Investment prioritisation/decision-making frameworks and tools that meet the requirements of economic regulation need to be developed and adopted. From 2027/28 onwards, these frameworks will be used to prioritise projects and optimise programmes across the takiwā, rather than within council boundaries. This will ensure the highest priority activity is delivered regardless of location. It also reflects the intended move towards price harmonisation discussed in Section 7.

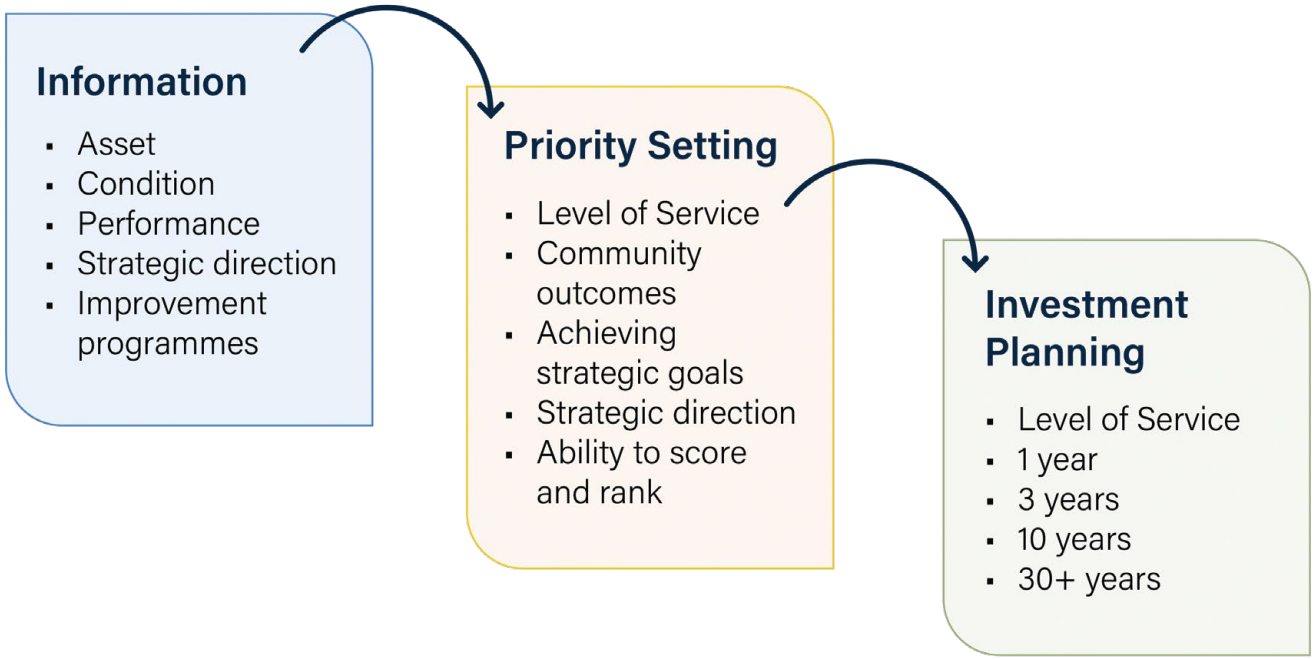
The investment prioritisation/decision-making frameworks will provide a clear link back to strategic priorities and a link back to strategic priorities and enable trade-offs between cost, risk, and service levels to be transparently evaluated. By embedding such frameworks, Tiaki Wai will be able to clearly identify options and associated trade-offs to enable robust, informed and timely decision-making.

Tiaki Wai will improve the accuracy of cost estimation for future investment planning by adopting a standard set of estimating assumptions and a common methodology across all programmes and projects. This will include agreed unit rates and escalation assumptions, clear rules for what is included in estimates (including risk, contingency, overheads, and client-side costs).

Estimates will be progressively benchmarked against delivery outcomes and market intelligence, with governance to ensure assumptions are applied consistently and updated in a controlled way as better information becomes available.

Figure 6.1 illustrates the intended flow from strategic direction through to investment decision-making, informed by robust asset-management practice.

Figure 6.1: Asset management and investment process flow



6.3 Building organisational capability

As a new organisation, Tiaki Wai will prioritise lifting organisational capability through further reviews of its organisational structure, workflows, capability, and skills required to deliver on its plan. This work is ongoing and will inform how functions are designed to enable effective planning, programme delivery, operational performance, and regulatory compliance.

To realise the full benefits of the Pūnaha Tautoko Pūkenga programme systems and tools being implemented, Tiaki Wai will also focus on building organisational capability and culture to support consistent adoption of new ways of working, including embedding behaviours and practices that align with updated organisational and workflow processes.

Any proposed changes will be tested against their ability to drive better outcomes for customers and informed by leveraging the knowledge of customers, employees and key stakeholders.

7 FUNDING WATER SERVICES

This section provides the financial strategy and water charges for the 2026/27 financial year. It outlines the starting financial position of Tiaki Wai and the challenge ahead to balance the scale of investment needed in the three waters network with the need to manage debt, ensure Tiaki Wai is resilient to financial shocks and be mindful of the pace at which water charges increase. Financial assumptions and uncertainties applicable to the financial strategy are noted.

All figures in this section are exclusive of GST unless otherwise stated.

7.1 Overview of Financial Strategy

Tiaki Wai is being established at a time when significant and sustained investment is required. A large portion of the network needs to be renewed and is unable to support forecast population growth. In addition, regulatory expectations are increasing, and communities expect safe and more reliable services. Tiaki Wai is also being transferred high debt levels relative to revenue.

Tiaki Wai intends to navigate these challenges by balancing four interconnected factors:

- The pace of capital investment and the scale of operational budgets – how quickly service improvements are delivered.
- Customer charges – the level and speed of required increases.
- Borrowing levels and financial covenants – which determine access to debt funding.
- Financial resilience and risk exposure – including the capacity to respond to shocks.

Borrowing enables long-lived infrastructure to be funded over time, but lender covenants limit how quickly debt can increase. In order to achieve financial resilience, Tiaki Wai will need to time its investments, set revenues and create financial headroom in co-ordination, rather than isolation.

The focus of this Strategy is on establishing a stable financial and operational foundation. This means Tiaki Wai needs to spend more on servicing and maintaining the network to reduce the risk of outages and failures and set a revenue pathway that improves financial resilience and overall financial position, while supporting the capital programme and building financial headroom.

Tiaki Wai customers will need to pay more over time

From 1 July 2026, property owners will pay water services charges directly to Tiaki Wai, instead of through council rates.

For an average household, water services charges in 2026/27 will increase by about 13.3%. The current average residential water charges paid through rates across the four cities is around $2100 and this will increase by around $290 (about $5.60 a week).

The level of increase will vary between properties and council areas. This is broadly in line with the increases forecast in the Water Services Delivery Plan.

There will be further annual increases in the years that follow, with a larger proportion likely to occur earlier in the planning period. The 2027-37 Strategy will replace these indicative projections as investment plans, service levels, and financial assumptions are further developed.

Establishing a stable foundation

This strategy provides the financial framework to:

- strengthen the financial position of Tiaki Wai and achieve debt targets by 2033/34
- deliver the capital programme responsibly through sustainable funding and borrowing
- manage funding and financial risks prudently, including liquidity, interest-rate exposure, insurance coverage, and other financial uncertainties.

For 2026/27, water service charges will largely reflect existing council approaches, in order to provide continuity during establishment and remove the need for creating a new charging model for the first year of operations. Prices will then move toward a more consistent regional structure where water charges are ‘harmonised’ across the takiwā by no later than 1 July 2031.

Harmonisation will mean similar value properties will be charged a similar amount for water services, regardless of where the properties are located. This will enable Tiaki Wai to invest in activity based on where the highest need is across the takiwā, providing greater transparency for customers. How and when this transition to a harmonised approach takes place will be analysed and consulted on through the 2027-37 Strategy.

7.2 Tiaki Wai starting financial position

To understand the choices ahead, the starting financial position needs to be acknowledged.

- Tiaki Wai will take over $9 billion of water assets and around $1.6 billion of debt from the shareholding councils.
- Revenue collected by councils - approximately $385 million in 2025/26 - has not been enough to fund the long-term cost of water services, including infrastructure renewal.
- Tiaki Wai will not generate enough cash flow to meet long-term lending requirements without an increase in revenue.

This has several implications:

- a transition pathway with the Local Government Funding Authority (LGFA) is necessary to achieve borrowing covenants
- customer charges will need to increase in order to meet that transitional pathway
- capital investment will need to be carefully sequenced
- Council guarantees will continue to underpin Tiaki Wai borrowing, supporting access to affordable debt through the LGFA while the organisation builds its own financial strength and credit profile over time
- an uncalled capital facility will be available to support Tiaki Wai in responding to significant unexpected events during the transitional period. This will only be used after other mitigations and response options have been considered.

At the same time, an uplift in operating expenditure is needed to reliably maintain and operate the network.

Figure 7.1: Tiaki Wai starting financial position (2025/26)

Tiaki Wai assumes responsibility for a large regional water network with the following baseline position as at 2025/26.

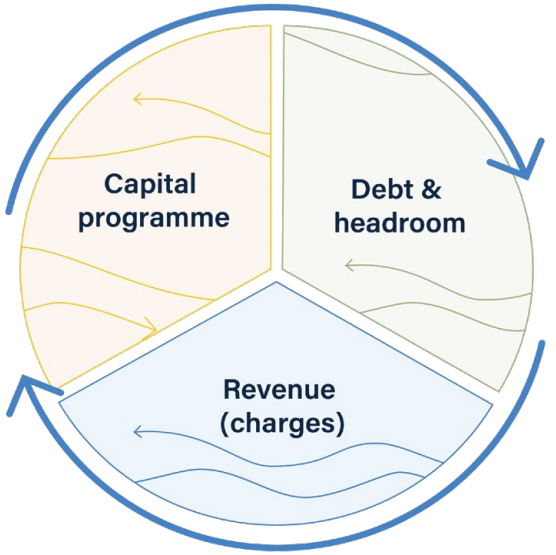
Metric	Position at Establishment
Total assets	~$9 billion water infrastructure network
Opening debt	~$1.6 billion transferred from shareholder councils
Annual operating revenue	~$385 million

What this means

Tiaki Wai begins with a large asset base and high levels of starting debt, but with operating cash flows below lender covenant requirements. Strengthening this ratio is central to the financial strategy, as shown in Figure 7.2 (following page).

7.3 Balancing investment, financial resilience, and customer charges

Delivering the scale of investment outlined in Section 5 requires careful financial management. Tiaki Wai must progressively strengthen its financial position to ensure it can continue to fund the required investment while also building capacity to respond to unplanned events without council support.



Borrowing allows the cost of long-lived infrastructure to be shared across generations, but it is not unlimited. Tiaki Wai needs to meet lender covenants that limit how quickly debt can increase, which influences the timing of investment and the level of customer charges.

As a result, the pace at which investment can accelerate is closely linked to decisions about revenue, debt arrangements, and building headroom. This Financial Strategy sets the guardrails for managing these interconnected trade-offs.

7.4 How we balance revenue and borrowing

The measure used to assess how much Tiaki Wai can afford to borrow is the ratio of operating cash flow to total debt, or Funds From Operations (FFO) to debt.

Over time, the Local Government Funding Agency (LGFA), requires water organisations the size of Tiaki Wai to have a minimum FFO-to-debt ratio of 8%. Tiaki Wai will start below this level, with forecast FFO-to-debt of -0.8% in 2026/27 including one-off establishment costs, or 2.7% excluding those costs.

Figure 7.2 shows the FFO-to-debt pathway from this plan against the transitional covenant agreed with LGFA. The WSS pathway remains above the LGFA transitional covenant in each year, before reaching the 8% minimum LGFA requirement by 2033/34. From that point, Tiaki Wai intends to maintain a stronger FFO-to-debt target to provide borrowing headroom for unexpected events.

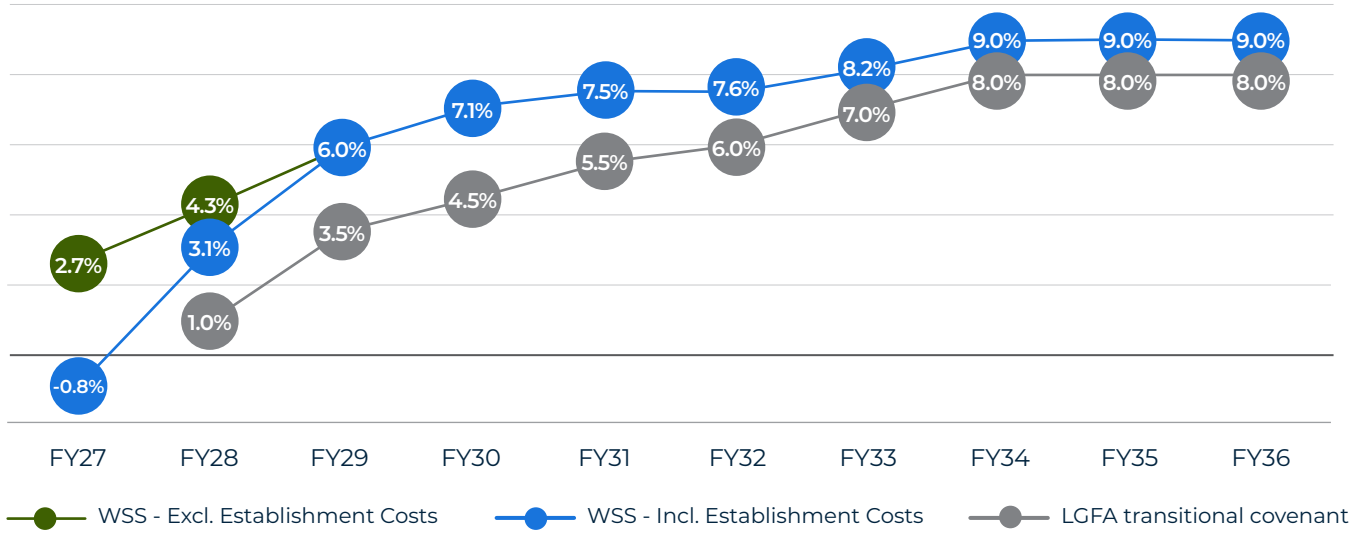
Achieving this pathway requires Tiaki Wai to carefully balance investment, borrowing, operating costs and customer charges.

7.5 How revenue will be set

Strengthening the FFO-to-debt ratio depends on improving operating cash flow relative to debt. While some improvement can be achieved through managing operating costs and lifting performance, a significant increase in revenue will also be required.

The revenue pathway in this Strategy has been designed to support the FFO-to-debt transition pathway shown in Figure 7.2. This means higher increases are required in the earlier years of the plan, when the financial position of Tiaki Wai is weakest and the gap to long-term lending requirements is greatest. These earlier increases help strengthen operating cash flow, maintain compliance with the LGFA transitional covenant, and build towards the 9% FFO-to-debt target by 2033/34.

Figure 7.2: Forecast funds from operations (FFO) to interest



Revenue for 2026/27 will be set on the same basis as set out in the Water Services Delivery Plan. From 2027/28, the indicative pathway assumes a series of higher increases to strengthen the financial position of Tiaki Wai and support the planned investment programme. Increases then reduce over time as the financial position improves and the 9% target is reached.

The indicative price increases are calculated for the average of all customer types across the region and adjusted for growth.

The revenue path has been designed to:

- support the agreed transition pathway to meet the 9% target by 2033/34
- enable delivery of the capital investment programme
- strengthen operating capability to improve service reliability.

The 2027-37 Strategy will further develop the revenue pathway as investment plans, service levels, and financial assumptions are further developed.

In terms of what residential customers will actually pay, the median customer charge for 2026/27 under this Strategy is $2,281 with an average of $2,390. This varies by council area and depends on the capital value (CV) of customers' properties.

The figures shown in figure 7.4 illustrate the indicative average regional dollar amounts that could appear on household bills over time assuming existing splits of commercial and residential revenue and taking into account the expected growth in the number of customers.

These projections are indicative for the purposes of this interim strategy and will be updated in future strategies as plans are further developed.

For 2026/27, revenue will continue to be set on a council-by-council basis, reflecting the existing Council approaches across the service area. This will mean that there are different charges, reflecting differences in existing debt levels, operating costs and investment programmes. This approach ensures that charges in the first year of operation remain generally aligned to the underlying financial position and service requirements of each area. Future strategy cycles will consider and design a longer-term approach to a consistent pricing structure, including one that shifts towards a more harmonised approach to charging across the service area.

Further detail on how revenue requirements are translated into customer charges is provided in the Pricing Policy. Indicative charges for each city council area are summarised in the Indicative charges for residential properties tables (Section 7.16).

Figure 7.3: Tiaki Wai indicative price increase (adjusted for growth)

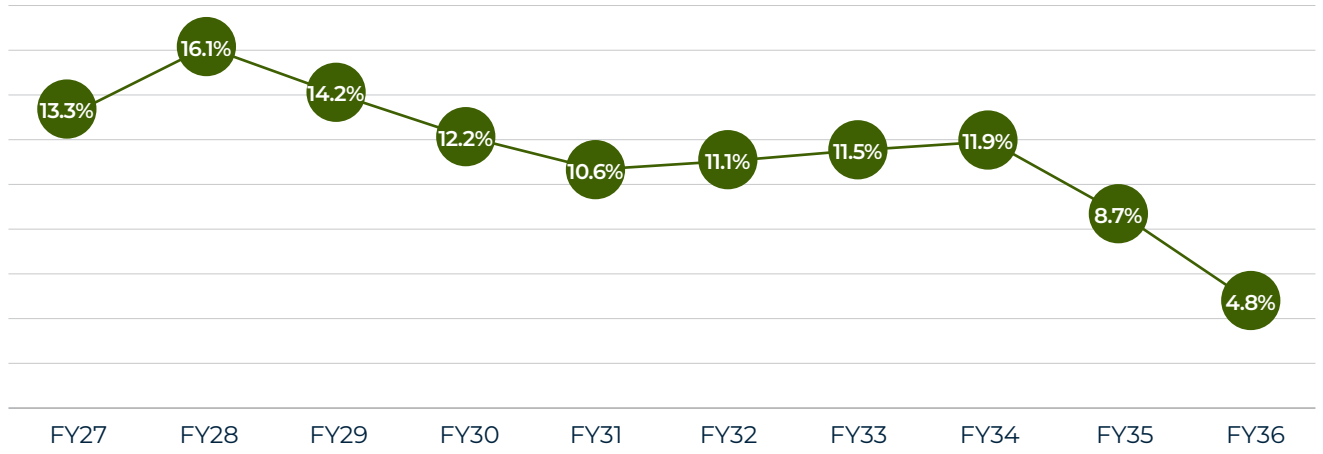
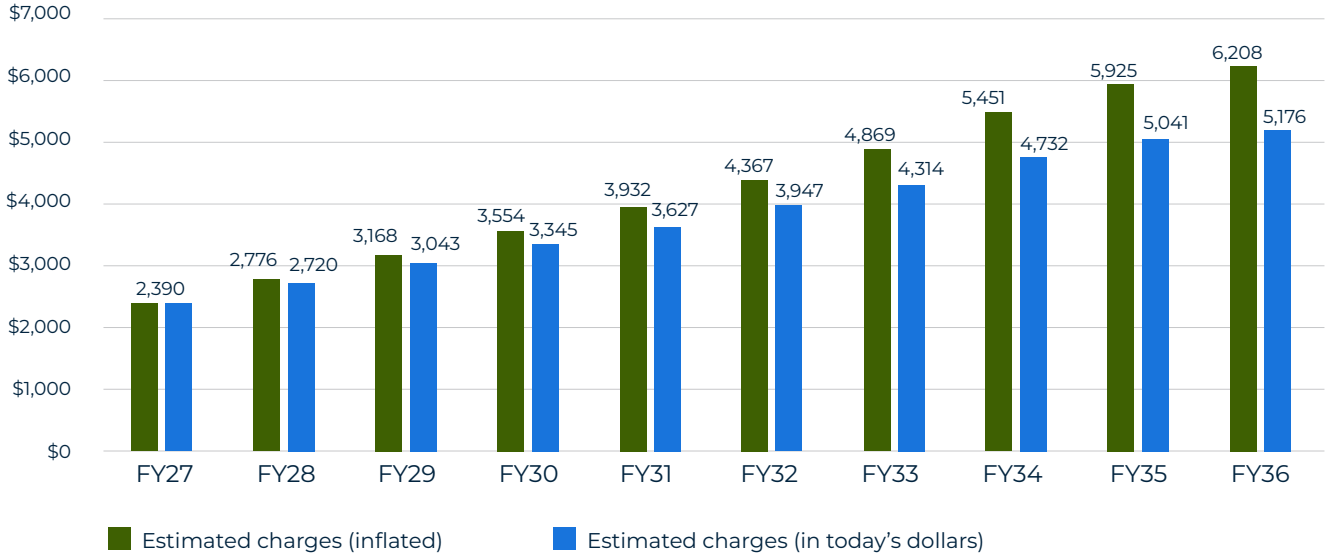


Figure 7.4: Tiaki Wai indicative average residential charges (including GST)



These projections are indicative for the purposes of this interim strategy and will be updated in future strategies as plans are further developed.

7.6 Pricing transition roadmap

For 2026/27, Tiaki Wai will largely carry forward the charging structures used by each council to provide continuity during the transition to direct billing. Customers will receive a separate Tiaki Wai bill.

The focus will then shift to how and when pricing should be applied more consistently across the region no later than 1 July 2031, as detailed in the Statement of Expectations for Tiaki Wai. Doing so will allow investment to be prioritised based on network condition, risk, regulatory requirements and growth pressures, rather than historic council boundaries.

All the networks have degrees of sharing across city boundaries and continuing disparities become harder to justify.

This strategy does not determine the final form or pace of harmonisation but does identify the issues that must be addressed and commits to a structured programme of analysis and feedback through the 2027-37 Water Services Strategy.

7.6.1 Why harmonisation is complex in Wellington

Pricing across the takiwā differs because of historical council decisions, funding approaches and rating frameworks. These variations include:

- commercial and residential differentials
- different units of charging, e.g. property (rating unit)-based charging compared with separately used or inhabited parts (SUIP)-based charging
- the use of property based (capital value) rating models in some areas, which must be phased out over five years under legislative change
- historic debt, asset condition and investment profiles.

Because of these structural differences, harmonisation is not simply a matter of aligning charges to a single regional average. It requires explicit consideration of key trade-offs, including:

- how existing differences in charging levels and structures across the region are phased into a consistent regional approach
- the speed of transition and how quickly differences should narrow
- the impacts on some households and businesses facing larger increases than others
- the interaction between pricing design and future residential metering
- revenue stability and its relationship to financial resilience and covenant compliance
- alignment with emerging economic pricing regulation and the likelihood of future price-quality oversight
- Information technology system capability and billing constraints that may limit how quickly structural changes can be implemented
- the potential need to standardise rating units and charging definitions (for example, reconciling property-based and SUIP-based approaches)
- equity considerations, including hardship support.

These issues require detailed modelling and analysis before decisions can be made.

7.6.2 What Tiaki Wai will do next

The 2027-37 Strategy will involve a structured programme of work to inform future pricing decisions. This will include:

- developing and testing alternative tariff structures using consolidated regional data
- undertaking distributional analysis to understand impacts by geography and customer type
- assessing revenue stability and financial sustainability under different transition pathways
- considering the interaction with residential metering and legislative requirements
- engaging with communities on a preferred pathway.

7.7 Financial resilience and building headroom

Building financial resilience is a central aim of the financial strategy and will rely on a combination of:

- gradually strengthening operating cash flow relative to debt
- maintaining an appropriate insurance programme to transfer a portion of catastrophic risk
- maintaining adequate liquidity to meet short-term funding needs
- managing interest-rate exposure prudently
- sequencing capital investment in line with financial capacity.

Meeting the minimum FFO-to-debt covenant of 8% by 2033/34 is necessary to comply with lending requirements. However, operating at the minimum threshold would leave limited capacity to respond to unexpected events. For this reason, Tiaki Wai intends to maintain prudent headroom above the covenant, targeting an FFO-to-debt ratio of 9%.

This additional headroom provides a buffer against:

- variations in capital delivery timing
- cost pressures or inflation shocks
- unexpected asset failures
- natural hazards or other unplanned events.

Maintaining financial headroom ensures that Tiaki Wai can respond to shocks without triggering sudden changes to customer charges or disrupting the investment programme.

Insurance forms part of this resilience framework. Existing insurance arrangements across the shareholding councils have been reviewed, and Tiaki Wai has approached the insurance market to confirm appropriate cover for the new organisation. This process has identified opportunities to strengthen cover in specific areas of risk, within the existing premium allowance. The insurance programme will continue to be refined as Tiaki Wai develops better asset information, risk modelling, and loss estimates.

Liquidity management ensures that Tiaki Wai has sufficient access to funding to meet our obligations. Interest-rate management reduces exposure to sudden increases in borrowing costs. Together, these measures reduce financial volatility and are outlined in the Tiaki Wai Treasury Policy.

Financial resilience has also been strengthened through uncalled capital arrangements with shareholding councils. These arrangements provide an additional layer of support if Tiaki Wai faces a significant financial shock once other mitigations and response options have been considered. This improves resilience during the early years of operation, while financial headroom is still being built, and provides a backstop for low-probability, high-impact events.

If a significant event were to occur, the response would depend on the nature and scale of the event, but may involve a combination of:

- using available covenant headroom
- applying any available insurance proceeds
- drawing on available liquidity and borrowing facilities
- phased re-sequencing of capital expenditure where appropriate
- reviewing revenue settings through future annual planning cycles
- potential access to further shareholder and central government recovery support in the event of a severe natural disaster.

Tiaki Wai will monitor financial performance measures regularly. If forecasts indicate pressure on key metrics, responses may include adjustments to capital timing, reducing costs, or charge increases in future planning cycles.

As financial performance strengthens, Tiaki Wai will be able to reassess appropriate balance between insurance cover, self-insurance and retained financial headroom, informed by updated risk modelling.

7.8 Funding and financing approach, tools, and sources

There is an important distinction between funding and financing.

- Financing refers to when those costs are paid and how cash flows are managed over time — including the use of borrowing.
- Funding refers to who ultimately pays for water services — including customers, developers and, where applicable, other external sources.
- Long-lived water infrastructure provides benefits over many decades. Financing these assets through borrowing is therefore appropriate, as it spreads costs between current and future customers. However, borrowing must remain within prudent limits and agreed lending covenant measures. Operating revenue and other funding sources must be sufficient to service debt and maintain financial resilience.

7.8.1 Financing tools – managing when and how costs are paid

Financing decisions determine when and how expenditure is funded over time.

Operating cash flow and reserves
Operating revenue funds day-to-day operating costs and services debt. Using operating cash flow means costs are met by current customers.

Debt
Borrowing is used primarily to finance long-lived infrastructure assets. Debt spreads costs over current and future customers who benefit from those assets and must remain within agreed financial performance limits.

Equity contributions
Shareholders may, in limited or exceptional circumstances, provide equity funding. The financial projections supporting this Strategy do not assume equity contributions as part of the core financing model.

7.8.2 Funding tools – managing who pays

Funding tools determine who ultimately pays for water services. The main funding sources available to Tiaki Wai are:

Water service charges
Fixed, volumetric and (during the transition period) capital value-based charges for water, wastewater and stormwater services.

User fees and charges
Charges for connections, inspections and other services provided directly to customers.

Development contributions
Contributions from new development to fund growth-related infrastructure.

Grants and subsidies
External funding from central or local government where available.

7.8.3 Growth funding and development contributions

For the first two years of this Strategy, development contribution revenue assumptions are based on the existing Long Term Plans of the shareholding councils. This reflects the practical transition from council-based funding arrangements to Tiaki Wai, and recognises that current development contribution settings were established before Tiaki Wai was formed.

Over time, Tiaki Wai intends to move progressively towards a growth funding approach that is more closely aligned with the principle that growth should contribute to the cost of growth-related infrastructure. This means seeking to recover a greater proportion of growth-related water infrastructure costs from development, where appropriate, rather than placing increased pressure on water service charges for existing customers.

These assumptions are consistent with the lower water user charge scenario identified in the Water Services Delivery Plan.

The next strategy will review the approach to growth-related funding alongside emerging central government developer levy legislation. This work will consider opportunities to move towards a more consistent regional approach.

7.8.4 Funding sources

The primary sources of funding over the first three financial years are summarised below:

Figure 7.5: Tiaki Wai funding sources

Funding source ($M)	2026/27	2027/28	2028/29
Water service charges	436	511	588
User fees and charges	4	4	4
Development contributions	14	15	35
Grants and subsidies	8	11	33
Interest from investments	2	3	4
Total	**464**	**544**	**664**

7.9 Credit profile and market engagement

The Tiaki Wai financial strategy is designed to support an investment-grade credit profile over time. This means maintaining prudent borrowing levels, strengthening operating cash flows relative to debt, and demonstrating disciplined financial governance.

Initially, borrowing will operate within the established LGFA framework. As the organisation matures and establishes a track record of financial performance, Tiaki Wai may consider seeking its own independent credit rating to support access to diversified funding sources and enhance financial flexibility.

No decision has been made at this stage regarding the timing or structure of any independent rating. Any such step would be assessed against cost, benefit, governance requirements and regulatory developments.

7.10 Guiding financial principles

The financial strategy aligns with the financial principles set out in section 18 of the LGWSA. The principles below summarise and complement those requirements and guide financial decision-making and trade-offs.

7.10.1 Fairness and cost recovery

Revenue will recover the full cost of delivering water services over time and will only be used to provide services to Tiaki Wai customers and communities.

7.10.2 Intergenerational equity

Long-lived infrastructure should be financed in a way that fairly allocates costs between current and future beneficiaries.

7.10.3 Financial sustainability

Revenue, borrowing and investment decisions will support long-term financial resilience and meet lending and regulatory requirements.

7.10.4 Public service purpose

Tiaki Wai operates to deliver water services, not to generate shareholder returns. Any surpluses will be reinvested in service delivery and financial resilience.

7.10.5 Transparency and predictability

Financial decisions and revenue pathways will be clearly communicated and designed to support stable, predictable funding.

7.11 Governance, monitoring and review

This Financial Strategy establishes the long-term financial direction for Tiaki Wai. Its implementation and performance will be actively monitored and regularly reviewed.

7.11.1 Board oversight

The Board is responsible for overseeing financial performance and ensuring that borrowing, revenue and investment decisions remain aligned with the objectives set out in this strategy. Key financial performance measures, including the FFO-to-debt ratio, liquidity and capital delivery performance, will be monitored on a regular basis.

7.11.2 Annual monitoring and adjustment

Financial performance will be reviewed through the annual budgeting and planning process. Updated forecasts will assess:

- progress toward the 8% covenant and 9% headroom targets
- delivery of the capital programme
- operating performance and cost pressures
- emerging risks, including insurance and natural hazard exposure.

If material deviations arise, management responses may include:

- re-sequencing elements of the capital programme
- adjusting revenue pathways through future annual planning processes
- identifying operating performance improvements where appropriate.

7.11.3 Periodic strategy review

This financial strategy will be fully reviewed as part of the next Water Services Strategy cycle. Updated projections, regulatory developments, economic conditions and delivery performance will inform any adjustments to the long-term financial trajectory.

This approach ensures that the Strategy remains disciplined, adaptable and responsive to changing circumstances.

7.12 Financial performance monitoring framework

The Board will monitor a core set of financial performance indicators to ensure the Strategy remains on track and that emerging risks are identified early.

The initial monitoring framework is proposed to include:

Metric	Why it matters	Monitoring focus
FFO-to-debt ratio	Core lender covenant measure and indicator of financial sustainability	Track progress toward 8% by 2032/33 and 9% by 2033/34
Liquidity coverage	Ability to meet short-term obligations	Committed facilities and forecast cash coverage
Capital programme delivery	Alignment of investment with plan and revenue assumptions	Budget vs actual delivery, re-phasing risks, and robustness of longer-term forecasts
Operating expenditure trend	Sustainability of cost base and efficient delivery	Variance to budget and efficiency targets
Interest cost and hedge position	Exposure to borrowing cost volatility	Compliance with Treasury policy bands
Revenue collection and arrears	Stability of cash flow and credit risk	Receivables ageing and bad debt trends

These indicators will be reviewed regularly by management and reported to the Board. The monitoring framework will evolve over time as the organisation matures and as regulatory reporting requirements develop.

7.13 Regulatory context

This financial strategy has been prepared based on current lending and regulatory settings. Future regulatory requirements, including any price-quality regulation, will be incorporated in subsequent Water Services Strategy cycles as they become clearer. Borrowing arrangements are aligned with the lending framework of the LGFA, including agreed financial performance measures.

Section 9 'Regulatory requirements' covers the economic regulations that apply to Tiaki Wai.

7.14 Financial policies

Tiaki Wai has developed the following financial policies:

- Pricing Policy – this sets out how Tiaki Wai translates the revenue requirements established in this Financial Strategy into charges for customers.
- Treasury Policy – this sets out how Tiaki Wai manages borrowing, liquidity and financial market risks in a prudent and controlled manner.
- Development Contribution Policy - Councils and Tiaki Wai have agreed to adopt the Development Contribution Policy under s120 of the Local Government (Water Services) Act 2025. There is no change from the Councils' existing Development Contributions Policies.
- Debtors Management and Hardship Policy – this sets out how Tiaki Wai will support residential customers who are temporarily unable to meet their water services charges.
- Accounting Policy – this sets out how Tiaki Wai will prepare its financial statements in accordance with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS).

These policies are summarised in the appendix 'Tiaki Wai Financial Policy Summary'. The full policies can be accessed on the Tiaki Wai website.

7.15 Forecast financial statements

Disclaimer

The financial statements presented are based on financial modelling undertaken to support this Strategy. They are intended to illustrate the potential financial implications of the investment programme and funding approach outlined in this Strategy.

The projections:

- Reflect the investment programme, operating assumptions, and financing approach described in the Strategy, including specific assumptions outlined in Appendix 2;
- Incorporate information available at the time of preparation, including information provided by participating councils and Wellington Water Limited;
- Include a detailed operating and capital budget that has been developed for 2026/27 as part of the establishment of the new water services entity.

This first Strategy provides an initial view of the potential financial trajectory of the new water services entity. A more comprehensive and robust set of financial forecasts will be developed as part of the next Strategy, once the entity is established, improved information is available, and the investment programme, regulatory framework, and funding arrangements are further refined.

Actual financial outcomes may vary materially from these projections due to changes in factors including:

- The scope, timing, or cost of capital and operating programmes;
- Financing conditions, funding structures, and borrowing assumptions;
- Revenue and pricing decisions made through future planning processes; and
- Legislative, regulatory, or policy developments affecting the water services sector.

These projections should therefore be interpreted as indicative financial modelling supporting an interim Strategy rather than definitive forecasts of future financial performance.

Financial Statements by water type are provided in Appendix 3.

Statement of Comprehensive Revenue and Expenses

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
Operating revenue						Indicative				
Water services charges	436,390	511,013	588,175	665,226	742,090	831,099	934,446	1,054,823	1,157,726	1,224,976
User fees and charges	3,263	3,330	3,394	3,457	3,517	3,575	3,634	3,691	3,750	3,809
Operating subsidies and grants	1,371	1,407	1,441	1,475	1,509	1,542	1,574	1,608	1,640	1,673
Other operating revenue	2,557	3,590	4,470	5,382	6,531	8,122	9,859	11,602	13,184	14,675
Total operating revenue	**443,581**	**519,339**	**597,480**	**675,540**	**753,646**	**844,337**	**949,513**	**1,071,723**	**1,176,301**	**1,245,133**
Revenue										
Development and financial contributions	14,023	15,266	34,885	50,155	65,943	66,656	67,696	67,644	68,333	69,030
Other capital revenue	6,935	9,400	31,350	21,950	-	-	-	-	-	-
Non-cash revenue from vested assets	508,639	15,335	28,677	29,403	30,149	30,915	31,702	32,509	32,509	32,509
Total revenue	**973,178**	**559,340**	**692,392**	**777,048**	**849,738**	**941,908**	**1,048,910**	**1,171,876**	**1,277,143**	**1,346,672**
Expenses										
Operating expenses	322,482	333,611	352,475	362,297	373,254	385,018	386,264	391,662	423,937	425,057
Establishment costs	66,800	25,400	-	-	-	-	-	-	-	-
Finance costs	80,640	104,081	123,361	145,780	173,443	209,138	245,283	280,664	313,206	344,025
Depreciation & amortisation	238,213	256,004	268,005	281,703	297,581	315,639	335,255	355,672	376,550	397,699
Total expenses	**708,135**	**719,096**	**743,841**	**789,781**	**844,278**	**909,795**	**966,802**	**1,027,999**	**1,113,693**	**1,166,781**
Net surplus / (deficit)	**265,043**	**(159,757)**	**(51,449)**	**(12,732)**	**5,460**	**32,113**	**82,108**	**143,877**	**163,449**	**179,891**
Revaluation of infrastructure assets	329,172	389,735	491,879	639,843	803,907	899,865	938,061	950,575	950,171	957,104
Total comprehensive revenue and expenses	**594,215**	**229,979**	**440,430**	**627,110**	**809,367**	**931,978**	**1,020,169**	**1,094,452**	**1,113,620**	**1,136,995**
Cash surplus / (deficit) from operations (excl depreciation and vested assets)	**(5,383)**	**80,913**	**187,879**	**239,567**	**272,891**	**316,837**	**385,662**	**467,040**	**507,490**	**545,081**

Statement of Financial Position

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Assets										
Cash and cash equivalents	28,567	28,567	28,567	28,567	28,567	28,567	28,567	28,567	28,567	28,567
Accounts receivable	25,368	28,502	33,378	40,371	45,503	49,106	53,725	59,116	65,339	71,440
Property, plant, and equipment (WWL)	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Infrastructure assets	9,670,148	10,065,761	10,568,566	11,212,489	12,004,688	12,887,516	13,803,127	14,725,187	15,639,078	16,538,848
Borrower notes	66,701	82,299	98,174	118,990	146,382	176,396	205,196	230,737	254,292	276,173
Total assets	**9,795,384**	**10,209,730**	**10,733,284**	**11,405,018**	**12,229,740**	**13,146,185**	**14,095,214**	**15,048,207**	**15,991,876**	**16,919,628**
Liabilities										
Accounts payable	38,509	54,094	61,359	73,108	88,810	105,188	115,002	118,639	120,012	122,391
Borrowings - non-current portion	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
Other non-current liabilities	1,980,006	2,291,975	2,609,459	3,025,796	3,573,634	4,173,901	4,749,905	5,260,736	5,731,821	6,169,447
Total liabilities	**2,021,814**	**2,349,369**	**2,674,118**	**3,102,204**	**3,665,744**	**4,282,389**	**4,868,207**	**5,382,675**	**5,855,133**	**6,295,138**
Net assets	**7,773,569**	**7,860,361**	**8,059,166**	**8,302,814**	**8,563,997**	**8,863,796**	**9,227,008**	**9,665,533**	**10,136,743**	**10,624,490**
Equity										
Issued capital	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Revaluation reserve	861,224	1,107,771	1,358,025	1,614,405	1,870,129	2,137,815	2,418,918	2,713,566	3,021,327	3,329,183
Other reserves	6,911,346	6,751,589	6,700,141	6,687,408	6,692,868	6,724,981	6,807,090	6,950,966	7,114,416	7,294,307
Total equity	**7,773,569**	**7,860,361**	**8,059,166**	**8,302,814**	**8,563,997**	**8,863,796**	**9,227,008**	**9,665,533**	**10,136,743**	**10,624,490**

Statement of Cashflows

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Cashflows from operating activities										
Cash surplus / (deficit) from operations	(5,383)	80,913	187,879	239,567	272,891	316,837	385,662	467,040	507,490	545,081
Net cashflows from operating activities	**(5,383)**	**80,913**	**187,879**	**239,567**	**272,891**	**316,837**	**385,662**	**467,040**	**507,490**	**545,081**
Cashflows from investment activities										
Investments	(18,252)	(15,598)	(15,874)	(20,817)	(27,392)	(30,013)	(28,800)	(25,542)	(23,554)	(21,881)
Capital expenditure	(329,172)	(389,735)	(491,879)	(639,843)	(803,907)	(899,865)	(938,061)	(950,575)	(950,171)	(957,104)
Net cashflows from investment activities	**(347,424)**	**(405,334)**	**(507,753)**	**(660,659)**	**(831,299)**	**(929,878)**	**(966,861)**	**(976,117)**	**(973,725)**	**(978,985)**
Cashflows from financing activities										
New borrowings	378,174	324,421	319,874	421,092	558,408	613,042	581,199	509,077	466,235	433,904
Net cashflows from financing activities	**378,174**	**324,421**	**319,874**	**421,092**	**558,408**	**613,042**	**581,199**	**509,077**	**466,235**	**433,904**
Net increase / (decrease) in cash and cash equivalents	**25,367**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents at beginning of year	3,200	28,567	28,567	28,567	28,567	28,567	28,567	28,567	28,567	28,567
Cash and cash equivalents at end of year	**28,567**	**28,567**	**28,567**	**28,567**	**28,567**	**28,567**	**28,567**	**28,567**	**28,567**	**28,567**

Funding impact statement

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Sources of operating funding										
Water services charges	436,390	511,013	588,175	665,226	742,090	831,099	934,446	1,054,823	1,157,726	1,224,976
Subsidies and grants for operating purposes	1,371	1,407	1,441	1,475	1,509	1,542	1,574	1,608	1,640	1,673
Fees and charges	3,263	3,330	3,394	3,457	3,517	3,575	3,634	3,691	3,750	3,809
Interest and dividends from investments	2,151	3,171	4,040	4,939	6,078	7,656	9,383	11,114	12,686	14,167
Local authorities fuel tax, fines, infringement fees and other receipts	406	419	430	443	453	466	476	488	498	508
Total operating funding (A)	**443,581**	**519,339**	**597,480**	**675,540**	**753,646**	**844,337**	**949,513**	**1,071,723**	**1,176,301**	**1,245,133**
Applications of operating funding										
Payments to staff and suppliers	389,282	359,011	352,475	362,297	373,254	385,018	386,264	391,662	423,937	425,057
Finance costs	80,640	104,081	123,361	145,780	173,443	209,138	245,283	280,664	313,206	344,025
Total applications of operating funding (B)	**469,922**	**463,092**	**475,836**	**508,078**	**546,697**	**594,157**	**631,547**	**672,327**	**737,144**	**769,082**
Surplus (deficit) of operating funding (A - B)	**(26,341)**	**56,247**	**121,644**	**167,462**	**206,949**	**250,181**	**317,966**	**399,396**	**439,157**	**476,051**
Sources of capital funding										
Subsidies and grants for capital expenditure	6,935	9,400	31,350	21,950	-	-	-	-	-	-
Development and financial contributions	14,023	15,266	34,885	50,155	65,943	66,656	67,696	67,644	68,333	69,030
Increase (decrease) in debt	365,034	311,969	317,484	416,337	547,837	600,268	576,004	510,831	471,085	437,626
Total sources of capital funding (C)	**385,992**	**336,635**	**383,720**	**488,442**	**613,780**	**666,923**	**643,700**	**578,475**	**539,417**	**506,656**
Applications of capital funding										
Capital expenditure - to meet additional demand	44,690	101,607	115,504	93,093	58,829	95,125	120,876	117,002	177,178	212,506
Capital expenditure - to improve the level of service	55,576	110,362	161,937	227,211	389,339	422,610	314,245	363,399	261,079	266,929
Capital expenditure - to replace existing assets	228,907	177,766	214,438	319,538	355,740	382,130	502,940	470,174	511,913	477,669
Movements in working capital	(13,141)	(12,451)	(2,389)	(4,755)	(10,570)	(12,774)	(5,196)	1,754	4,849	3,722
Increase (decrease) in investments	43,619	15,598	15,874	20,817	27,392	30,013	28,800	25,542	23,554	21,881
Total applications of capital funding (D)	**359,650**	**392,882**	**505,364**	**655,904**	**820,729**	**917,104**	**961,665**	**977,871**	**978,574**	**982,707**
Surplus (deficit) of capital funding (C - D)	**26,341**	**(56,247)**	**(121,644)**	**(167,462)**	**(206,949)**	**(250,181)**	**(317,966)**	**(399,396)**	**(439,157)**	**(476,051)**
FUNDING BALANCE ((A - B) + (C - D))	**0**	-	-	-	-	-	-	-	-	-

7.16 Proposed charges

7.16.1 Revenue Requirements by Council ($M)

The table below summarises the 2026/27 revenue requirements by water service and shareholding council as well as the percentage increase on requirements for 2025/26. These amounts reflect the funding required to deliver the planned operating and capital programme for the first year of Tiaki Wai operations.

Figure 7.6: Revenue requirement by council and increase compared to 2025/26

$M	Wellington City Council	Porirua City Council	Hutt City Council	Upper Hutt City Council	Total
Water Supply	107.2	19.3	47.2	17.0	190.7
Waste Water	93.5	24.4	41.5	13.5	172.9
Stormwater	47.8	4.8	16.0	4.1	72.8
Total	**248.5**	**48.6**	**104.7**	**34.6**	**436.4**

Movement %	Wellington City Council	Porirua City Council	Hutt City Council	Upper Hutt City Council	Total
Water Supply	12.5%	18.4%	12.8%	9.4%	12.9%
Waste Water	14.4%	16.5%	15.1%	18.7%	15.2%
Stormwater	6.0%	28.4%	15.3%	11.8%	9.5%
Total	**11.9%**	**18.3%**	**14.1%**	**13.1%**	**13.2%**

These revenue requirements are translated into customer charges using the pricing approach set out in the Pricing Policy available on the Tiaki Wai website.

For 2026/27, charges will broadly reflect existing council rating and charging structures.

7.16.2 Indicative charges for residential properties

The figures below illustrate the distribution of the indicative charges across residential properties in each council area, by capital value (CV). Note that median residential CV figures have changed in some cities due to the three-yearly revaluation cycle. The detailed pricing structure and methodology, including charges for commercial and other non-residential properties, are set out in the Pricing Policy available on the Tiaki Wai website.

Figure 7.7: Distribution of water charges Wellington City Residential Customers - by Capital Value (including GST)

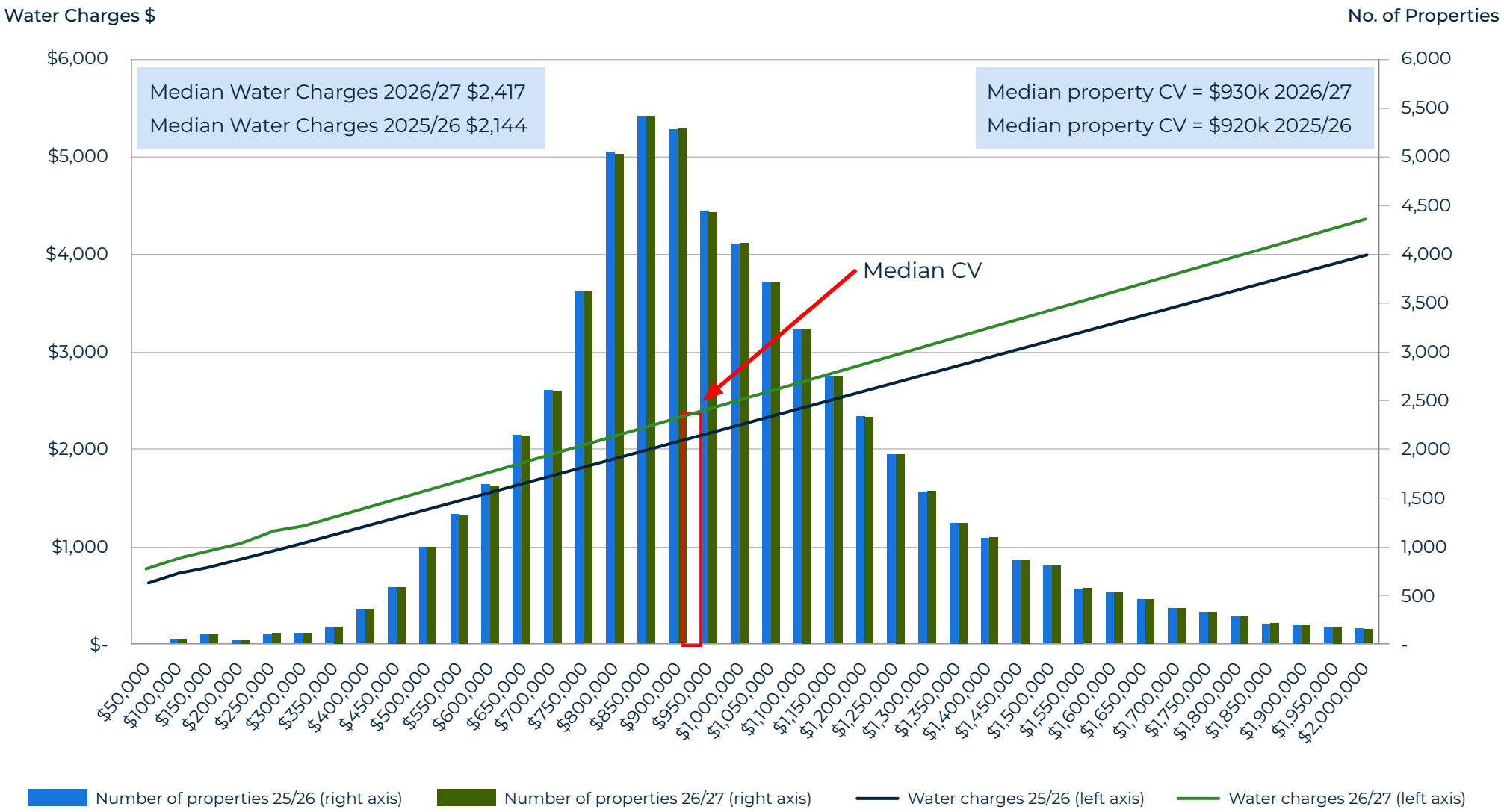


Figure 7.8: Distribution of water charges Upper Hutt City Residential Customers - by Capital Value (including GST)

Full connection - Single SUIP (not metered)

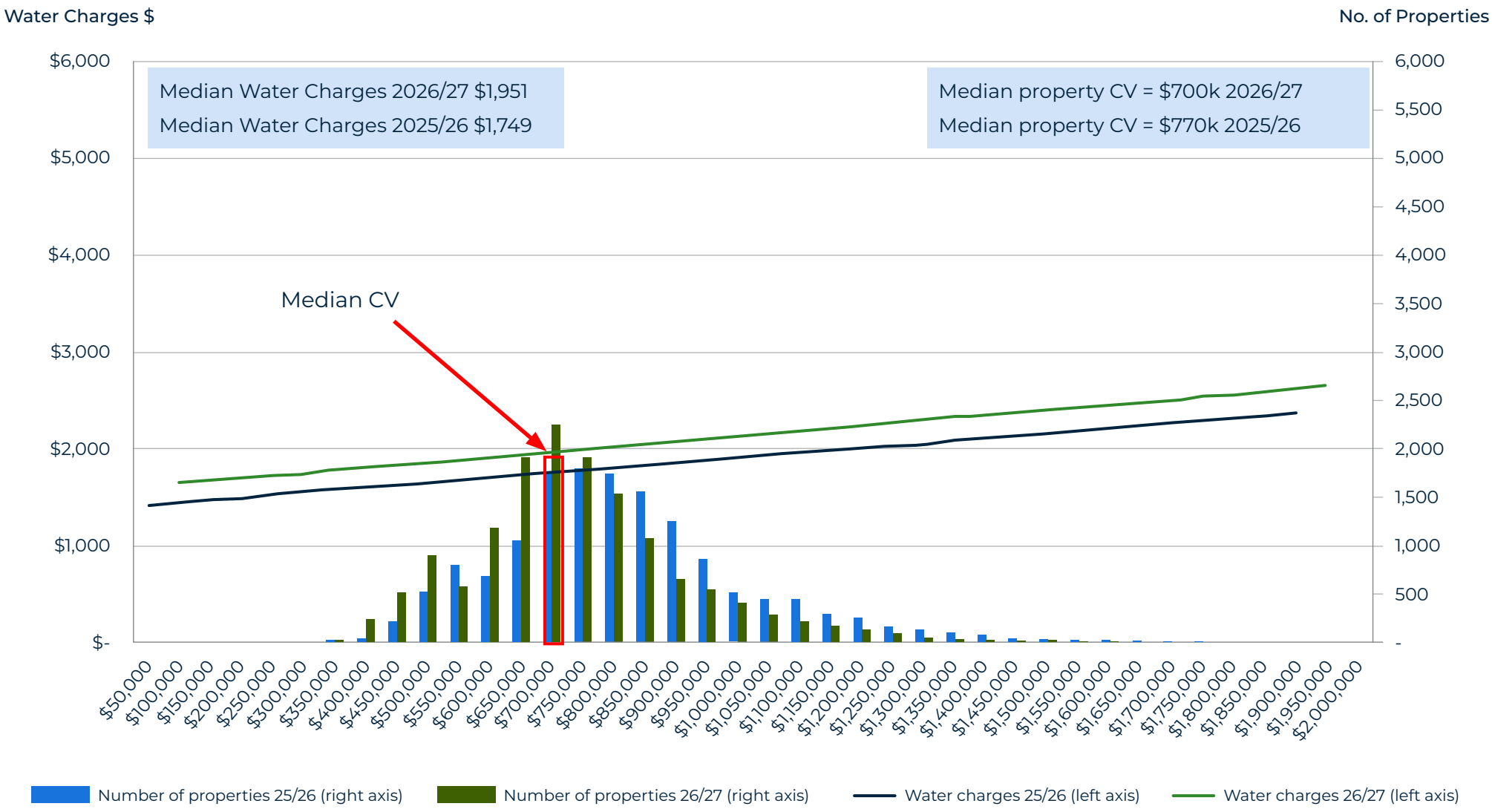


Figure 7.9: Distribution of water charges Porirua City Residential Customers - by Capital Value (including GST)

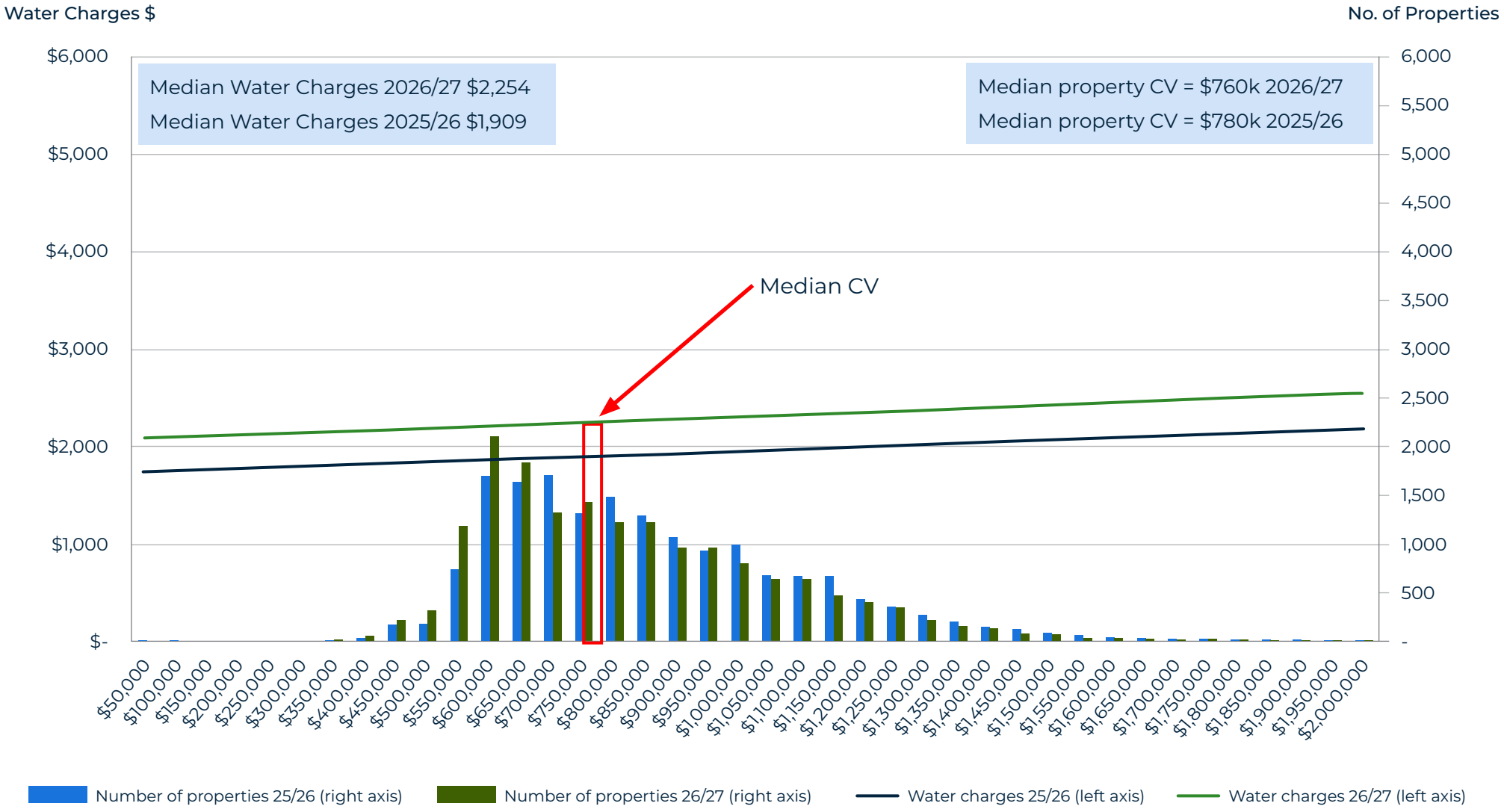
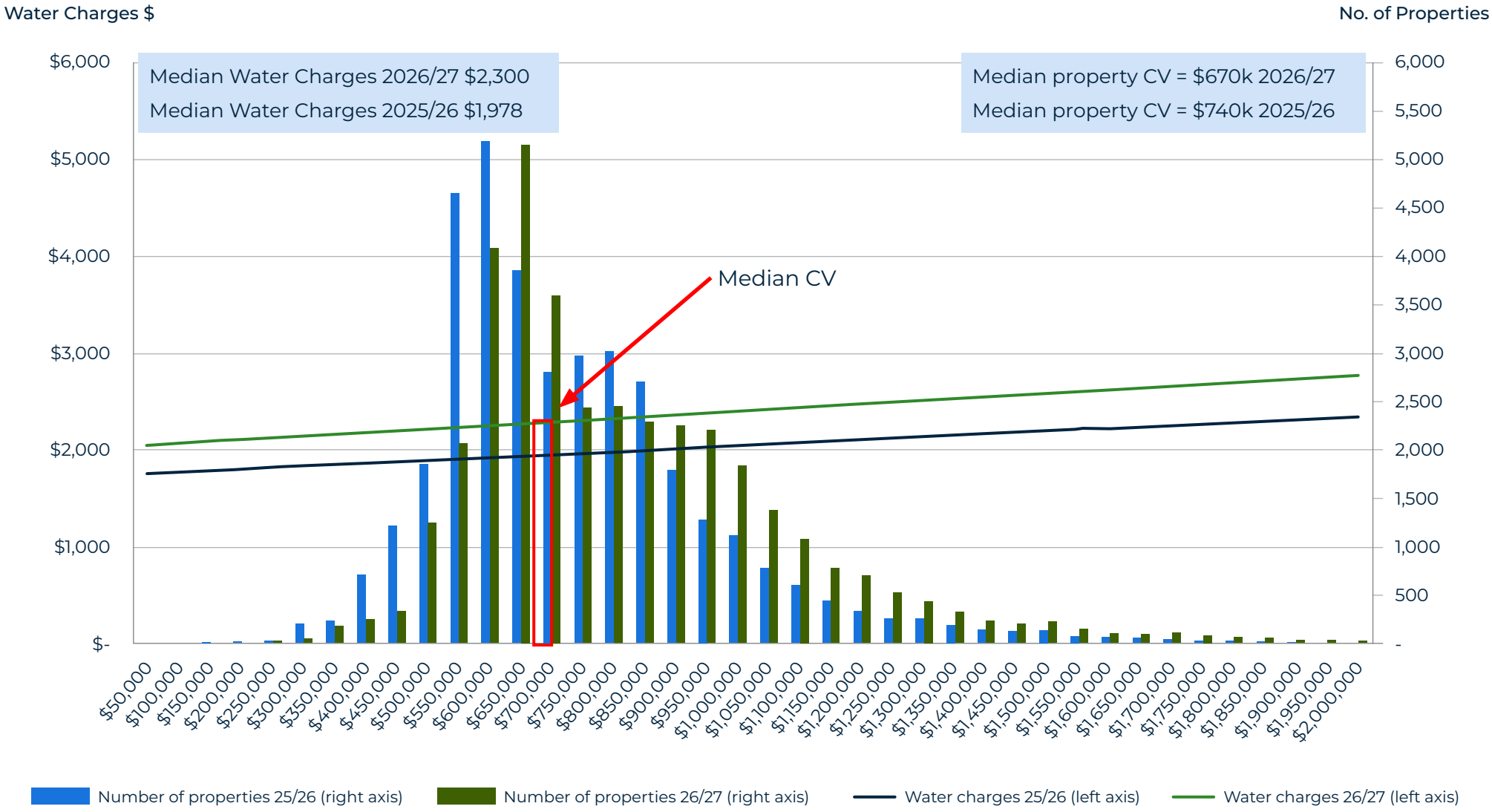


Figure 7.10: Distribution of water charges Hutt City Residential Customers - by Capital Value (including GST)

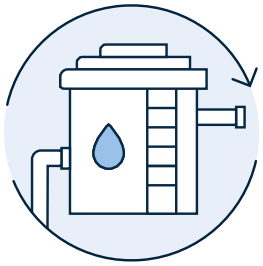


8 THREE WATERS SERVICES

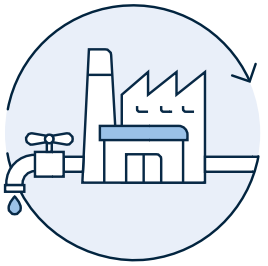
This section explains how the system works across the three waters services: drinking water supply, wastewater and stormwater, and defines the stormwater service zones for the takiwā.

Tiaki Wai by the numbers

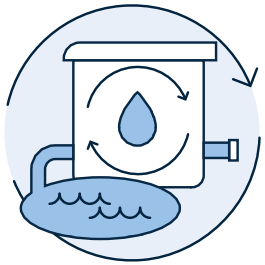
Over
6,800km
of pipelines



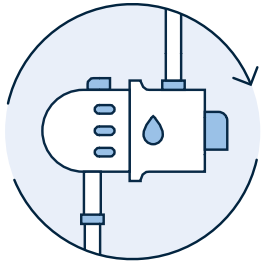
140
reservoirs for drinking water storage



8,741
business water connections

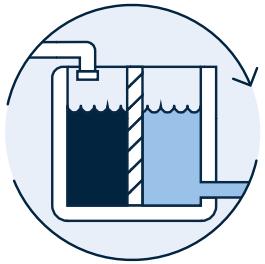


4
drinking water treatment plants

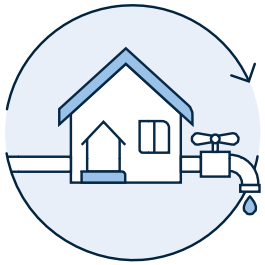


354
pump stations

160million litres
of water delivered each day



4
wastewater treatment plants



145,984
household water connections

150million litres
of wastewater treated each day

8.1 Drinking water supply

Drinking water is sourced, treated, and delivered to homes, businesses, and community facilities through an integrated infrastructure network. All drinking water used across the takiwā is drawn from within the Hutt Valley area, including Wainuiomata and Orongorongo catchments.

- The Waiwhetū artesian aquifer supplies around 40 percent of the region's water. It is accessed through eight wells and treated at the Waterloo Water Treatment Plant. This source typically supplies Lower Hutt and parts of Wellington, including the southern and eastern suburbs.
- Te Awa Kairangi (the Hutt River) provides another 40 percent. Water is treated at the Te Mārua Water Treatment Plant and distributed to Upper Hutt, Porirua, and parts of Wellington. The Stuart Macaskill Lakes store untreated water and provide backup during dry periods or when river quality is low.
- The remaining 20 percent comes from the Wainuiomata and Orongorongo catchments. Water is treated at the Wainuiomata Water Treatment Plant and usually supplies Wainuiomata and parts of central and southern Wellington.

A back-up water treatment plant, the Gear Island Water Treatment Plant, also supports the drinking water supply network during high demand. It draws from bores in eastern Petone and provides additional treatment capacity when needed.

The core drinking water supply assets include:

- four water treatment plants
- 140 reservoirs
- 87 pump stations
- Over 2500km of water main pipes.

8.2 Wastewater

Every day, water from showers, toilets, kitchens, and laundries leaves homes and businesses and enters the wastewater network. This includes liquid waste from some commercial and industrial activities, known as trade waste.

This used water flows through a large underground network of pipes and pump stations to one of four regional treatment plants: the Seaview, Moa Point, Porirua, and Western wastewater treatment plants. At these sites, wastewater is treated to a safe standard before being discharged into the environment under strict resource consent conditions.

The network also collects stormwater that enters the system through cracks, leaks, and incorrect connections. During wet weather, this inflow of stormwater can overwhelm the system, causing overflows that affect waterways and public health.

The core wastewater assets include:

- four wastewater treatment plants
- Over 2450km of wastewater pipes
- 241 pump stations.

8.3 Stormwater

Stormwater is the rain that runs off hard surfaces such as roads, driveways, and roofs. In urban areas, this water flows into stormwater drains, which carry it away from properties and streets to help prevent flooding.

In most cases, stormwater is not treated before it is discharged into streams, rivers, and the sea. As it flows, it can pick up pollutants such as sediment, metals, and oils from roads or properties. Managing this runoff is important to protect water quality and reduce harm to the environment.

The urban stormwater system that Tiaki Wai is responsible for is made up of underground pipes, drains, detention tanks, culverts, and stormwater pump stations. Some parts of the system are integrated with open spaces or natural watercourses, which provide environmental and flood-management benefits.

The system is affected by changes in land use and rainfall patterns. As the region grows and the climate changes, the risk of surface flooding and pollution events is expected to increase. The system must be adapted to keep pace.

8.3.1 Shared roles in stormwater management

Managing stormwater is a shared responsibility across many organisations and private landowners. While Tiaki Wai is responsible for the public stormwater network, including pipes, drains and other engineered infrastructure, the city and regional councils will continue to play an important role in land-use planning, road design and maintenance, and the management of natural features such as streams.

- City councils remain responsible for planning rules, subdivisions, public spaces and local roads, all of which affect how stormwater flows through the environment.
- Greater Wellington Regional Council manages flood risk for major rivers and streams and oversees environmental regulation and catchment planning.
- Private landowners often have parts of streams or the piped network located on their land which are their responsibility to keep free flowing.
- Tiaki Wai is focused on maintaining and improving the piped stormwater network, managing operational performance, responding to flooding, and meeting consent conditions.

Co-ordinated planning and strong working relationships across these agencies are essential to managing stormwater well, particularly in a changing climate. Collaboration will help ensure urban development, infrastructure investment, and environmental protection are aligned across the region.

The core stormwater assets include:

- Over 1920km of stormwater pipes
- 26 pump stations
- Stormwater retention ponds, stormwater dams and open drains also form part of the stormwater network.

8.3.2 Stormwater services zones

To help manage and charge for stormwater services fairly and transparently, stormwater service zones will be used across the takiwā. The stormwater service area will be divided into urban and rural zones, based on how land is used and the level of service provided.

Each city council area (Hutt, Porirua, Upper Hutt and Wellington) will have its own urban stormwater service zone. These zones cover built-up areas where properties are connected to, or benefit from, public stormwater infrastructure such as pipes, drains, and pump stations. Stormwater charges will apply in these areas to reflect the costs of operating, maintaining and renewing the stormwater network.

The urban stormwater zones for Hutt City, Porirua City, and Wellington City have been determined by each council's district plan zones.

For Upper Hutt City, a more granular level of analysis has been applied to determine the urban stormwater zone. Properties on the fringe of the urban zone or in bespoke intensive development areas which receive stormwater services are included within the urban stormwater zone. This more accurately reflects the properties which contribute to and benefit from the stormwater network.

The stormwater zones for Hutt City, Porirua City, and Wellington City will be reviewed in time to align with the approach taken for Upper Hutt City properties.

8.3.3 Rural stormwater zones

Areas outside the urban zones are considered rural and generally rely on natural drainage rather than public stormwater networks. Properties within the rural areas will not be charged for stormwater services in the 2026/27 year.

This zoning approach will help ensure that charges are fair, transparent, and reflect the level of service people receive.

9 REGULATORY REQUIREMENTS

Tiaki Wai is starting operations in a period of significant regulatory change with new economic regulation, altered environmental and public health standards, and stronger expectations around financial transparency and performance, ability to accommodate growth and ensure services are resilient to climate change.

The networks and systems are not fully compliant with regulations, and lifting performance to the required standards will take time, improved systems, and sustained investment.

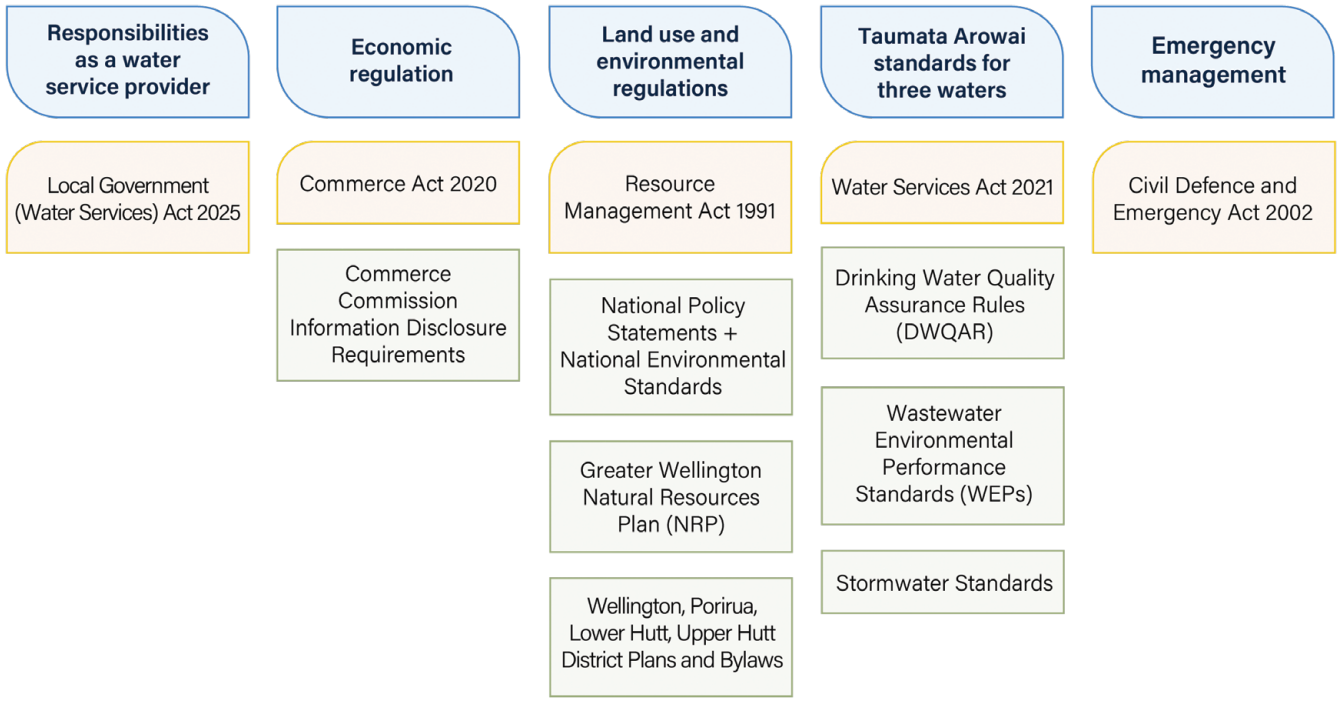
While it may be difficult for Tiaki Wai to meet all regulatory requirements initially, it welcomes regulation and acknowledges the important role of regulatory agencies in ensuring customers receive safe and efficient water services. This section details the current regulatory settings Tiaki Wai will operate within and how it intends to meet them, and notes future changes anticipated.

9.1 Regulatory environment overview

Tiaki Wai is subject to a range of regulatory requirements as a water services provider. Figure 9.1 illustrates the broad groupings of requirements that apply and how Tiaki Wai will deliver water services. It does not show general responsibilities that apply to organisations such as health and safety or employment.

A brief overview is provided in this section of the main regulatory requirements that apply and how Tiaki Wai intends to meet them. Tiaki Wai also needs to respond to new requirements that may impact its operation as well as how bylaws may be used to control connections to the network (although bylaws these are not discussed here).

Figure 9.1: Types of regulatory requirements that apply to Tiaki Wai



9.1.1 Requirements of a water services provider

Overview of requirements

The LGWSA is the primary statute governing the delivery of water services by Tiaki Wai. It sets out the core requirements, including responsibilities, functions, duties, and powers. It requires key accountability documents such as this Water Services Strategy, a water services annual budget and a water services annual report. The LGSWA also requires shareholding councils to prepare a Statement of Expectations for Tiaki Wai. The LGWSA includes specific requirements that relate to the different water services standards (discussed below).

How Tiaki Wai intends to meet the requirements

This strategy is a first step and focuses on ensuring that all responsibilities under the LGWSA have been identified and addressed. It draws from the more detailed Water Services Delivery Plan that documented the regulatory requirements.

9.1.2 Economic regulation

Overview of requirements

A new feature of the LGWSA is the economic regulation of water services. The LGWSA and the Commerce Act 1986 establish the Commerce Commission as the economic regulator, setting requirements for Tiaki Wai to publish performance information, creating transparency and enabling stakeholders and the Commerce Commission to analyse trends and performance, and incentivising better performance.

The Commerce Commission is introducing these information disclosure requirements in stages with a transitional period from 27 February 2026 to 31 July 2030. During this period, there will be flexibility in how the Strategic Asset Management Plan (SAMP), Asset Management Plan (AMP), Investment Delivery Plan (IDP) and Annual Delivery Report (ADR) are disclosed by either meeting all of the requirements or publishing a transitional disclosure with a disclosure improvement plan outlining how the gaps will be addressed by 31 July 2030. Progress against disclosure improvement plan will be required to be reported in the ADR.

The Commerce Commission is considering additional information disclosures specifically for Tiaki Wai that are proposed to take effect in the 2026/27 year. The proposed disclosures build on and accelerate the sector-wide enduring information disclosure requirements and are intended to provide earlier transparency and further assurance in asset planning, delivery capability, financial performance and network and consumer outcomes.

In addition, the Commerce Commission is contemplating the application of performance requirement regulation to Tiaki Wai. This proposed regulatory tool is aimed at providing clearer accountability and stronger incentives for timely improvement. How, when and in what form the performance requirements would be applied are yet to be determined. If and when the Commerce Commission chooses to active this regulatory tool, a specific consultation process will be run to help determine the requirements.

The Commission has confirmed it will require geographic disaggregation of information for all multi-council water organisations where charges or revenue recovery for water services are differentiated within the service area – this applies to Taiki Wai. There is a high level of detail for reporting capital and operating expenditure categories, asset classification, and the need to publicly disclose allocation methodology and information on the classification of charges.

How Tiaki Wai intends to meet the requirements

Wellington Water is already subject to early information disclosures to the Commerce Commission. Insights from that will inform development of the Tiaki Wai system and processes necessary to deliver to final information disclosure requirements in advance of the required transition dates. Tiaki Wai is also implementing new systems to support operations, and full compliance for 31 July 2030 will be dependent on successful delivery of those systems. The continuous improvement pathway discussed in Section 6 will support meeting these requirements.

9.1.3 Land use and environmental

Overview of requirements

The Resource Management Act 1991 (RMA) currently sets the framework to manage the environmental effects of activities and the contents and requirements for regional and district plans prepared by councils. Greater Wellington Regional Council's Natural Resources Plan (NRP) applies in the takiwā. Standards set by the Water Services Authority - Taumata Arowai apply as part of the planning framework as well, as described below.

The RMA is likely to be replaced by a new framework as set out in the Planning and Natural Environment Bills released in 2025. However, time will be required for the new framework to be put in place. The proposed legislation is discussed further below.

Some three waters activities can be undertaken without consents but are required to meet the relevant standards set out in the relevant district plan or the NRP. Greater Wellington Regional Council has publicly notified Plan Change 1 (PC1) to the NRP, which means it has legal effect. This sees significant improvements in freshwater quality and introduces new coastal water objectives. PC1 has progressed to the hearings stage but is on hold because of the current reforms to the RMA.

Where activities do not meet permitted activity standards, Tiaki Wai is required to obtain environmental approvals (including resource consents, discharge permits and designations) to enable it to build, operate, maintain and upgrade the three waters network. Existing consents, permits and designations held by Wellington Water, and in some cases the shareholding councils, will transfer to Tiaki Wai.

How Tiaki Wai intends to meet the requirements
The current state of regulatory compliance has been covered in detail in Section B of the Water Services Delivery Plan. Regulatory compliance for Wellington Water's performance across the three waters networks has been mixed. The most-significant non-compliance is in relation to wastewater treatment plants.

Wellington Water currently relies on resource consents and designations (that are held in its name or by the councils) to operate, maintain and upgrade and develop the three waters network.

Tiaki Wai will continue to rely on consents and designations that were previously held by Wellington Water and the councils and will seek consents when required.

Compliance across all water services will require a combination of asset renewals, targeted infrastructure upgrades, improved monitoring, and integrated catchment planning. This Strategy sets out the capital and operating expenditure for the 2026/27 financial year and provides an indication of the additional investment to come. Over time, with sustained increased investment, Tiaki Wai expects to achieve improved compliance. More detailed information on the level of service performance measures and targets is detailed in section 5 'What Tiaki Wai will deliver'.

9.1.4 Drinking water standards

Overview of requirements
The Water Services Act 2021 (WSA) and the Water Services (Drinking Water Standards for New Zealand) Regulations 2022, and the Drinking Water Quality Assurance Rules (DWQAR) set out the main regulatory requirements.

The provision of drinking water services is governed by the WSA and associated DWQAR and administered by the regulator, the Water Services Authority - Taumata Arowai. These rules establish robust operational, monitoring, and drinking water safety planning requirements to ensure safe and reliable drinking water. Water Services Delivery Plans were required to explain how compliance will be achieved by 30 June 2028.

How Tiaki Wai intends to meet the requirements
Drinking water services are compliant with the drinking water standards, but not fully with the DWQAR. Wellington Water has been progressing a comprehensive, long-term programme to achieve compliance with the DWQAR and alignment with broader RMA requirements, but more investment is needed. Drinking Water Safety Plans (incorporating Source Water Risk Management Plans) were submitted to the Water Services Authority - Taumata Arowai as required in 2022. Tiaki Wai will work to improve source-to-tap safety, implement water safety plans, monitor contaminants, and report to the Water Services Authority - Taumata Arowai in accordance with regulatory requirements.

Tiaki Wai will continue to implement the 'Keep-Reduce-Add' strategy to improve network performance, reduce per capita demand, and responsibly expand water supply, supporting compliance with the DWQAR. This will help ensure that development can be serviced safely and sustainably but again requires significant investment.

While controls are in place to manage hazards, additional risk-reduction measures identified in Drinking Water Safety Plans also require further investment to implement.

9.1.5 Wastewater standards

Overview of requirements

A new regulatory instrument that affects requirements for wastewater is the Water Services (Wastewater Environmental Performance Standards) Regulations 2025 (WEPS), which became law and largely commenced in December 2025.

The WEPS set out performance standards for wastewater discharges, including discharges from wastewater treatment plants, and requirements for managing overflows and bypasses (although these provisions do not take effect until 2028). Importantly the WEPS will override or limit the application of the NRP to the extent that the plan regulates activities now covered by the WEPS.

The WEPS will be relevant for the reconsenting of discharges from the wastewater treatment plants. Tiaki Wai can continue to rely on the existing discharge consents until they expire. The potential application of the WEPS to wastewater treatment plants across the takiwā is:

- Moa Point Wastewater Treatment Plant: the discharge consent for this plant expires in 2034, the requirements of that consent currently meets the 'open ocean' discharge category in the WEPS.
- Seaview Wastewater Treatment Plant: the main discharge consent for this plant expires in 2031. The discharge point, an 18km outfall pipe from the plant to Bluff Point, is at end of life and investigations are currently being undertaken to assess options for the plant. The WEPS are informing the strategic options and feasibility assessment, in advance of the 2031 expiry of this consent.
- Porirua Wastewater Treatment Plant: the discharge consent expires in 2040, allowing some time for the preferred discharge route to be determined in line with WEPS, community expectations, and the concurrent northern Porirua growth-enabling plans.
- Western Wastewater Treatment Plant: the discharge consent expires in 2035. The pipe between the plant and the Cook Strait discharge point is at end of life (100 years old) and requires replacement. The options analysis for reconsenting this discharge will consider the impact of the WEPS, noting that they are not currently met without either improvements to treatment or a longer outfall pipe will be required.

How Tiaki Wai intends to meet the requirements

Implementation of the WEPS will drive Tiaki Wai investment over the next decade (together with the requirements of the NRP). As with other areas that require significant investment, it is anticipated that it will take many years to reach full compliance.

Tiaki Wai will continue working through the implications of the WEPS and the improvements they will drive in relation to overflows and bypasses in the wastewater network. Consideration will also be given to establishing requirements for managing and reuse of biosolids (sludge).

9.1.6 Emergency management

Overview of requirements

The key requirement under civil defence and emergency management legislation is to maintain lifeline services during a state of emergency. Wellington Water has been fulfilling this role on behalf of councils and working with them to improve coordination of emergency management activity.

How Tiaki Wai intends to meet the requirements

Tiaki Wai will continue to meet these requirements by ensuring the network has redundancy, firefighting capacity, emergency storage, and rapid repair capability. Tiaki Wai will work alongside councils, the Wellington Regional Emergency Management Office, and Taumata Arowai (who also has emergency response functions) to educate and guide communities to be prepared for an emergency event.

9.2 Future regulatory change

9.2.1 Land use and environmental

The environmental regulatory requirements that will apply to Tiaki Wai will change with RMA reform. This currently creates uncertainty as to the ability of water services to comply, or the investment required to ensure compliance, with future requirements. In December 2025, the Government introduced two new Bills to replace the RMA:

- The Natural Environment Bill (NEB): to manage impacts from the use of natural resources and protect the environment from harm.
- The Planning Bill (PB): to enable development and regulate how land is used.

Both Bills provide for a range of transitional requirements that apply to plans and resource consents (including extending the duration that some consents apply, including expired consents operating under section 124 of the RMA). The extent of the changes and their impact on Tiaki Wai will be further considered as the Bills progress through to enactment. This will include understanding the extent of investment required to comply with the new Acts and regulations that sit under them.

A number of new plans are proposed under the Planning Bill, including a regional combined plan that includes a regional spatial plan, land-use plans, and a natural environment plan. The regional spatial plan would replace the existing Future Development Strategy, and the natural environment plan would replace the existing NRP under which many of Wellington Water's existing consents have been granted.

Looking ahead, it is anticipated that Tiaki Wai may 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 expected to be critical enablers of future abstraction approvals and reflect anticipated regulatory expectations of the Water Services Authority - Taumata Arowai in relation to the ongoing supply of safe, sufficient drinking water.

Whaitua Implementation Programmes (WIPs)[4] identified a desire for staged reductions in available source water allocation in the coming decades. Tiaki Wai eventually will be responsible for seeking the new resource consents for drinking water abstraction (given all the current abstraction consents expire in 2036). Further changes could be made to the planning framework that impact water-take consent applications (and reflect the WIPs), which will be relevant for critical drinking water sources such as Te Awa Kairangi and the Waiwhetū aquifer, and the Pākuratahi Lakes scheme, which is proposed as a key regional response.

9.2.2 Emergency management

The Emergency Management Bill to replace the Civil Defence Emergency Management Act 2002 (CDEMA) is currently before select committee. The Bill makes changes to improve the performance of the emergency management system, applying lessons from government inquiries into recent North Island severe weather events. Tiaki Wai, as an essential infrastructure provider (currently a 'lifeline utility' under the CDEMA), will be required to ensure that its essential infrastructure is able to function to the fullest possible extent (even though this may be at a reduced level) during and after an event. It also will be required to carry out other duties such as developing and maintaining an emergency management plan for its critical infrastructure and providing advice to the Director-General of Emergency Management.

In November 2025, the Government released a discussion document and a partial exposure draft of the Local Government (Infrastructure Funding) Amendment Bill as part of consultation on a development levies system to replace development contributions. The new system is proposed to start in July 2028, with provisions on development contributions repealed in July 2030. Levies could be charged across broader levy areas with charges set on the aggregate cost of providing infrastructure for growth across the levy areas (rather than tied to one location); and councils can have more flexibility to respond to demand. Tiaki Wai will also need to set levies under this system and has an established work programme to develop its approach.

The Government is consulting on a proposal to simplify local government following two steps: 1) establishment of Combined Territories Boards and 2) development of Regional Reorganisation Plans. Reorganisation will have implications for Tiaki Wai, including for its governance arrangements, in particular its shareholding councils and Partners Committee but there are no immediate actions required.

[4] WIPs are community-development catchment programmes that set out actions, recommendations, and regulatory changes to maintain and improve freshwater and receiving environments within the catchments in the Wellington region. Te Awarua-o-Porirua Whatitua and Te Whanganui-A-Tara Whaitua cover the geographic area relevant to Tiaki Wai. More information can be found here: https://www.gw.govt.nz/environment/freshwater/protecting-the-waters-of-your-area/. Te Māhere Wai sits alongside WIPs and is a mana whenua Whaitua implementation programme to return mana to freshwater bodies. This is accessible here: https://www.gw.govt.nz/environment/freshwater/protecting-the-waters-of-your-area/whaitua-te-whanganui-a-tara/te-mahere-wai-recommendations/.

10 BUILDING NETWORK CAPACITY TO ENABLE GROWTH

This section discusses the changes in population and land use across the takiwā as identified in shareholding council growth strategies and district plans. It discusses the role of Tiaki Wai in supporting growth and the need for integrated planning of infrastructure with urban development.

Photo credit: Hutt City Council

10.1 Expectations of Tiaki Wai to enable growth and urban development

Tiaki Wai is required under the LGWSA[5] to set out in the Water Services Strategy the factors that will have a significant impact on its role in providing water services.

Land use and development are major influences on where Tiaki Wai directs investment to ensure that communities are supported by fit-for-purpose, future-proof water services. Both existing and new developments must be serviced with safe and reliable water supply, effective wastewater treatment and disposal, and stormwater systems that address flood hazards and environmental concerns. This is particularly important in the face of climate change and more frequent extreme weather events.

Much of the anticipated development across the takiwā will take place within existing urban areas with ageing infrastructure that must be renewed or upgraded to accommodate greater demand, meet modern service standards, and address existing deficits. Planning for growth must also ensure that land that supplies drinking water is adequately protected. For example, increasing development above an aquifer could compromise water safety and quality while adding cost to water treatment.

Providing three waters infrastructure to support growth is expensive and shareholding councils have deployed different mechanisms to capture sufficient income from developers to meet the costs of new infrastructure. Growth has often proceeded ahead of construction and commissioning of the necessary three waters infrastructure, creating a backlog of network upgrades and/or level of service deficiencies. For example, some reservoirs across the takiwā do not have sufficient storage to meet the increased demands created by intensification and do not currently deliver the level of service expected (e.g., 48 hours of drinking water supply).

The Statement of Expectations provided to Tiaki Wai notes that water infrastructure needed for growth must be planned and delivered to support the timing and location of growth identified in urban growth strategies and plans, including:

- Te Rautaki Whanaketanga ki tua, a Wairarapa-Wellington-Horowhenua Future Development Strategy (FDS)
- shareholding council district plans, long-term plans, infrastructure strategies and other growth-related plans
- any iwi-led plans and strategies, to the extent that they are relevant to growth planning.

At the same time, it is expected that Tiaki Wai will be able to respond to and support development that occurs outside of the planned sequence where this is necessary to meet community or housing needs. This will put pressure on the financial position of Tiaki Wai, unless the infrastructure is funded by third parties. Tiaki Wai will be looking to ensure that everyone pays their fair share.

Tiaki Wai will work closely with shareholding councils to ensure the long-term investment programme supports and aligns with council growth strategies and urban development goals across the takiwā. Tiaki Wai will also work with mana whenua iwi partners to understand, support and align with iwi growth plans, including opportunities for papakāinga. This means contributing to growth strategy and plan development, including providing clear information on infrastructure needs and associated costs (across both brownfield (infill and redevelopment) and greenfield areas (new development), and using pricing tools to support development goals. This will help councils and mana whenua iwi make informed decisions and enable Tiaki Wai to align its investment to support shareholding council growth plans and be responsive to growth.

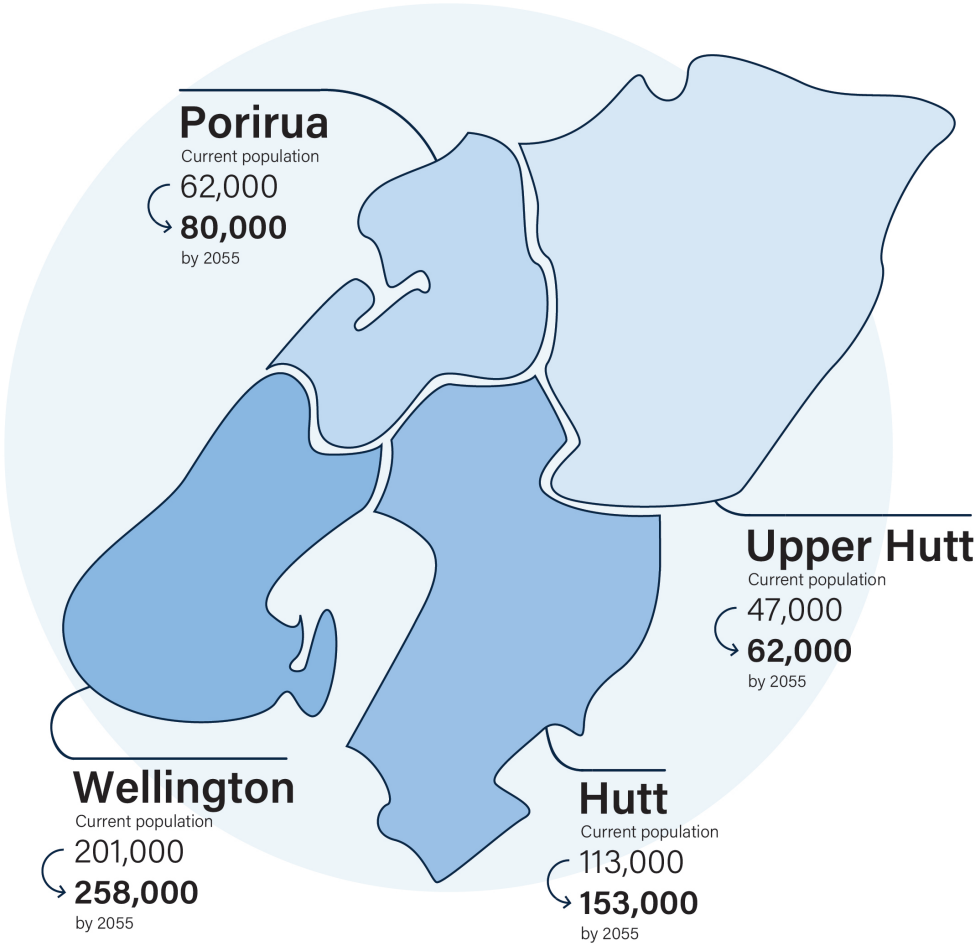
10.2 Overview of growth across the takiwā

The area covered by this Strategy includes all the territory within the boundaries of Wellington, Porirua, Upper Hutt and Hutt city councils. The estimated combined population as of 2026 is approximately 432,000.[6] Most of these residents are connected to council-supplied drinking water and wastewater systems, with variable stormwater connectivity depending on urban development, location and topography. Over the next 30 years, the number of people living within the takiwā is expected to increase by around 120,000 people.[7]

Forecasts indicate around 30 percent population growth over the next 30 years to reach a total population of around 546,000 residents by 2055.

[5] Schedule 3, clause 2(1)(f) of the LGWSA.
[6] Sense Partners. Population Forecasts 2024-2055. https://demographics.sensepartners.nz/population. Councils in the Wellington region recently used Sense Partners (rather than StatsNZ) as it has consistently provided more granular forecasts.
[7] Ibid.

Figure 10.1: Current and forecast populations within the takiwā[8]



All four cities within the takiwā are categorised as Tier 1 urban environments under the National Policy Statement on Urban Development 2020. The Government proposes[9] to require Tier 1 and 2 councils:

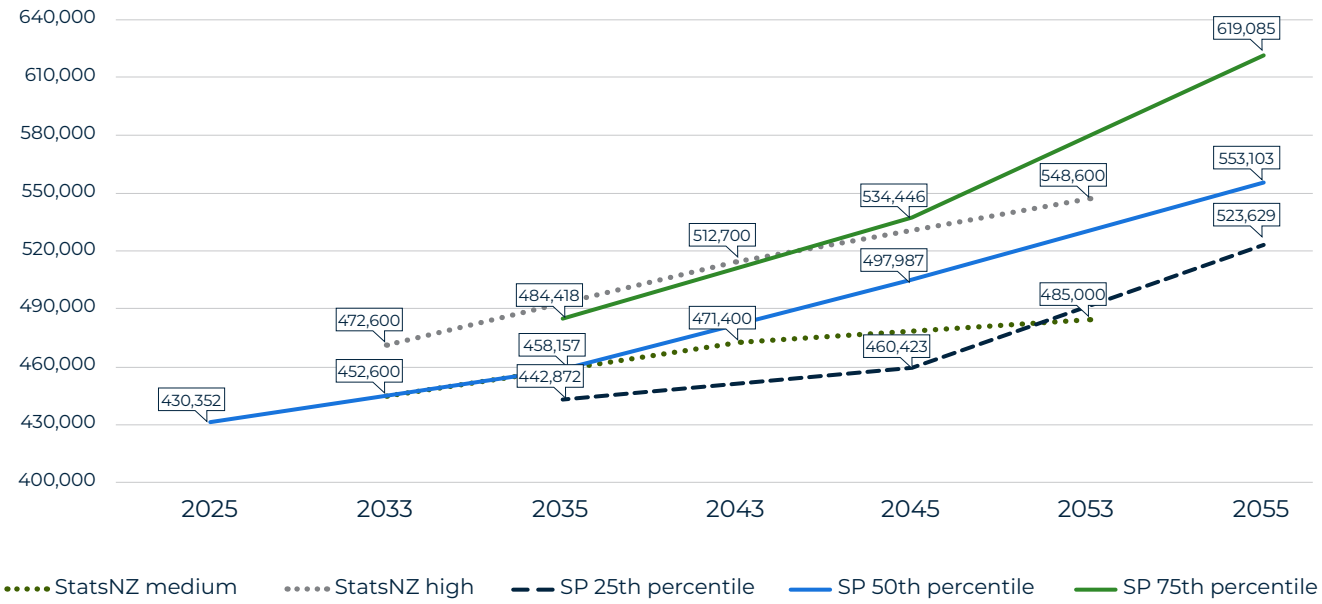
- For regulatory land use plans: to enable enough realistic development capacity to meet 30 years of demand based on 'high' household growth projections, plus a 20 percent contingency margin.
- For infrastructure: enable development capacity based on the most likely demand scenario, staggered over time to service plan-enabled capacity.

This will have implications for the currency of existing infrastructure capacity assessments.

The graph below shows modelled population growth within the takiwā from 2023 to 2055, using the regional Sense Partners projections and different growth scenarios, with Statistics New Zealand medium and high projections also shown.

[8] Sense Partners Population Forecasts 2024-2056. The 2055 numbers shown reflect the 50th percentile projection, with the full range of population projection scenarios shown in Figure 10.2.
[9] Going for Housing Growth Discussion Paper, June 2025.

Figure 10.2: Current and forecast populations within the takiwā[10]



A Housing and Business Assessment (HBA) completed in 2023 examined demand for residential and business growth and assessed the capacity for infrastructure (including the three waters services) to support plan-enabled growth. The 2023 HBA was an input to the FDS. The HBA is being updated in 2026. This updated assessment indicates that growth may be more subdued than forecast in the 2023 HBA but there is still likely to be significant growth across the takiwā over the long term.

10.3 Development pathways and growth areas

The FDS notes that growth in the Wellington metropolitan area is expected to be accommodated through three development pathways. Each has distinct implications for water infrastructure, but all types of growth will have indirect impacts on infrastructure capacity.[11]

- Urban intensification through infill and incremental housing developments. These are small-scale developments within existing residential zones such as subdividing sections or constructing anything from two- to eight-dwelling units in place of standalone homes (or even in the 12-20+ range). 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.
- Urban growth centres areas will consist of large-scale intensification in well-located areas, such as metropolitan centres (e.g., Johnsonville, Porirua City Centre, Lower Hutt City Centre). The scale of growth will often exceed existing network capacity, necessitating proactive capital investment. Development will require major upgrades to existing water infrastructure such as increased trunk main capacity, booster pump stations, reservoir expansion and/or new storage and stormwater attenuation and conveyance solutions to address increased runoff.
- Future urban areas (greenfields) are new development areas such as Lincolnshire Farm and parts of Upper Stebbings in north Wellington; 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. They will be 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.

[10] Based on Sense Partners population projections 2024-2056 available here: https://demographics.sensepartners.nz/population and Statstics NZ population estimates and projections available here: https://www.stats.govt.nz/topics/population-estimates-and-projections/.

[11] https://www.stats.govt.nz/topics/population-estimates-and-projections/ The metropolitian area as noted in the Future Development Strategy includes Kāpiti district as well (although this is not within the Tiaki Wai takiwā).

There have been some shifts in the transformational large-scale areas identified for intensification across the takiwā since the FDS was developed. For example, as mass rapid transit is no longer actively being pursued through the city's Te Aro growth corridor and into Newtown, the same level of growth is not anticipated within the timeframes signalled in the FDS. More subdued development conditions are likely to continue to shift development away from the more capital-intensive 'transformational' centre development towards more townhouse and infill development. Across the takiwā, more growth is likely to occur through 'urban intensification' rather than 'transformational' urban renewal, particularly given the widespread enabling of medium density in new district plans.

10.4 Understanding and monitoring capacity and constraints for growth

In many of the locations identified for housing and commercial growth, the existing infrastructure may not meet service standards for existing development and lacks the capacity 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 capacity, constrained storage, and ageing assets, creating vulnerability and performance issues. The investment necessary to enable growth often is addressing existing deficiencies rather than catering directly for increased demand.

When asset renewals take place to fix these deficiencies, they can be re-sized to cater for likely urban growth over the lifespan of the asset, where cost is incremental and not a step-change. For example, a larger pipe is only a small additional cost when built as part of an asset-renewal project, compared to the much higher cost of having to replace the pipe 20 years later because it could not cater for growth.

Without investment in these networks, there will be constraints on issuing new connections, which could stall planned development. This risk is particularly acute in fast-growing areas. Ongoing monitoring and strategic and coordinated investment is therefore essential to unlock development capacity and enable growth. In some instances, where infrastructure investment cannot immediately be prioritised or funded, development may be delayed or restricted. This should be done ahead of consenting processes to avoid loss, developer uncertainty and unnecessary risk in urban development.

Under the LGWSA, shareholding councils remain the planning authorities responsible for determining where and how growth should occur within the takiwā. Tiaki Wai is responsible for assessing infrastructure needs and delivering the water services to enable that growth. As outlined in Section 9, there are likely to be changes with the repeal of the RMA and the introduction of the Regional Spatial Plans, which will replace the FDS and provide a mechanism to coordinate land use and infrastructure. Tiaki Wai will work closely with councils to align its three waters planning with council growth plans and with Regional Spatial Plans. This approach mirrors that of other utility providers (e.g., electricity and gas), which rely on land-use planning authorities to set growth direction while providing input on infrastructure feasibility and servicing constraints. Tiaki Wai also has a regulatory role in assessing infrastructure capacity and facilitating connections from new homes and businesses as part of development permitting processes (via bylaws and land use consents). Performing this service with certainty, efficiency and transparency is important to enable timely development.

Onsite mitigations could continue to enable new connections in some locations, for example, wastewater tanks and pumps, and stormwater detention to meet hydraulic neutrality requirements.

Discussions are ongoing on the best mechanisms to regulate on-site stormwater generation into the above-ground and below-ground public stormwater networks: between the new land-use plans and natural environment plans, and bylaws. Either way, these controls will influence stormwater service capacity and constraints for growth. Increased requirements for on-site absorption and/or detention of rainfall would help maintain or increase stormwater network capacity for urban development over time. Tiaki Wai and councils will continue to work together on efficient ways to regulate stormwater volumes from development.

While the forward investment programme needs to provide for growth-related infrastructure, there are information gaps. For example, for some councils there is not a complete city-wide view of the water infrastructure needs required to meet agreed levels of service and enable growth. A range of assessments/studies will be required across the takiwā to fill these gaps. This is particularly important in areas that may already be facing risk of restrictions on new connections in priority growth locations.

Given the need to accommodate planned growth and be responsive to unplanned growth, Tiaki Wai will need to consider how it assesses infrastructure capacity more efficiently to plan for a range of growth scenarios, monitor the impact on capacity of development as it occurs, and be more precise about how much growth can be accommodated.

The timing, scale and type of investment provided may change as knowledge is gained, which may in turn influence the timing of growth articulated in subsequent strategies. The identified areas for further work are noted below under the discussion on each council area. As Tiaki Wai undertakes these further capacity assessments across the takiwā, it will look to meet any future regulatory requirements around considering higher levels of growth and/or a range of growth scenarios.

Timing of the delivery of 'growth-related' infrastructure 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 (or equivalent). More information on development contributions and associated policy is covered in Section 7 'Funding water services'.

Tiaki Wai will also have a role in assessing infrastructure capacity and facilitating connections from new homes and businesses as part of resource consent processes.

As councils develop new plans (potentially a regional spatial plan and new land use plans under a future Planning Act), Tiaki Wai will support councils with the plan change processes and contribute expertise.

10.5 Council growth plans

Each city has distinct characteristics and challenges. An overview of the characteristics, current and future population, growth areas, status of infrastructure assessments as well as the potential improvements to enable growth for each city within the takiwā is outlined below.

10.5.1 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 signed and committed to Te Wai Ora o Porirua – 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 population of approximately 61,800 residents. Forecasts indicate it will grow around 27 percent over the next 30 years to almost 80,000; around 17,600 additional 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.

As part of Te Rā Nui – Eastern Porirua Development, the Bothamley Park wastewater main upgrade was completed in 2025, doubling the capacity of the pipes to prevent raw sewage entering the Awarua-o-Porirua Harbour and Kenepuru Stream and to support future growth. This was part of wider upgrades in Porirua, including a new wastewater storage tank near the Porirua railway station and new water supply pipes being laid across Waitangirua Link Road. Site preparation is also underway for a new reservoir in Eastern Porirua and construction of the Cannons Creek Wetland has begun.

The Northern Growth area, Whitby/Aotea and Pāuatahanui are designated for residential development. The Porirua Growth Strategy 2053 also notes significant infill in Eastern and Western Porirua, including in the key areas of Takapūwahia and Hongoeka as noted in the Ngāti Toa Housing Strategy.[12]

The Porirua City Council 2024-2034 Long-Term Plan contains marginal growth-related infrastructure investment. A growth study was completed for Western Porirua in 2023 identifying the three waters networks capacity constraints and upgrades required to support growth in the western Porirua suburbs. Further infrastructure capacity assessments/service strategies will need to be developed for greenfield areas such as the Northern Growth Area and Judgeford.

[12] Ngati Toa Housing Strategy. 2021.

Improvements over the next 30 years that have been identified as needed to support growth include:

- stormwater improvements in Cannons Creek, Western Porirua, Northern Porirua, Central City, and Takapūwahia
- major drinking water supply improvements/ upgrades to reservoirs in Plimmerton Farm, Aotea, Camborne, Takapuwahia/Titahi Bay, Belmont East, and Judgeford Hills, including associated water trunk main, connections and pump upgrades
- wastewater upgrades including Porirua wastewater treatment plant outfall upgrade, Paremata wastewater trunk upgrade stage 2, wastewater storage tank upgrades in Plimmerton, Paremata, Whitby, central city and pipe upgrades in Takapuwahia and Western Porirua.

The list of activities may change as further growth studies are completed. More information on the status of each of these activities (i.e. including whether they are funded) and their potential timing for delivery will be provided in subsequent water services strategies and plans.

10.5.2 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 15,000 additional people to reach an expected population of around 62,400 people by 2055.

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

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.

Identified future improvements to support growth include the Pinehaven Stream capacity upgrade in the medium/long term (which is not currently funded).

Improvements over the next 30 years (mostly in the latter two decades) that have been identified as needed to support growth include:

- significant stormwater upgrades for Marion Steet, Totara Park Road, Poets Avenue, and Oregon Drive and Mangaroa Hill Road
- major water supply improvements/upgrades for Fergusson Drive, Pinehaven Road and Jocelyn Crescent, Plateau Road and Maymorn, Kingsley Heights and Emerald Hill, as well as regional water network fire flow and resilience upgrades
- wastewater upgrades to Silverstream storage and Silverstream and Heretaunga pipe upgrades.

The list of activities may change as growth studies are completed. More information on the status of each of these activities (including whether they are funded) and their potential timing for delivery will be provided in subsequent water services strategies and plans.

10.5.3 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, with the central area being the main urban centre. Three major waterways (Orongorongo River, Te Awa Kairangi/Hutt River and Wainuiomata River) flow through council 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 population of approximately 113,400 residents. Forecasts indicate up to 33 percent growth over the next 30 years to around 153,300 people by 2055; nearly 40,000 additional people. Most people living in Hutt City are connected to three water 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.

The council's Sustainable Growth Strategy 2025-2055, its District Plan (currently under review) and its LTP 2024-2034 focus on urban intensification, particularly along key transport corridors, in the central and northern valley floor. Taranaki Whānui with Te Rūnanganui o Te Ati Awa have plans for the further development of papakāinga surrounding the Waiwhetū Marae.

A lesser level of development is anticipated, if not necessarily encouraged in areas such as Stokes Valley, the Western Hills, and Wainuiomata having a history of demand and reasonable large-zoned capacity for growth, and areas such as Petone and the Eastern Bays having strong demand but significant planning constraints due to natural hazard risk. The council does not plan for significant greenfield growth within the timeline of the Growth Strategy.

Three waters infrastructure capacity assessments for the Valley floor and Wainuiomata were largely completed in 2021. A further assessment is intended to determine the impact across the city of District Plan Change 56 that enabled higher and denser housing, particularly around transport hubs. Assessments are needed for the Western Hills and Eastbourne areas. A strategic plan is in development for the Hutt Valley Wastewater System to improve capacity and resilience, including the main outfall pipeline to Pencarrow, and an assessment underway to identify capacity constraints and upgrades to inform housing intensification potential in Hutt Central, Taita, and Naenae, aiming for completion in April 2026.

Crown funding is committed via the Infrastructure Acceleration Fund to deliver critical wastewater and stormwater infrastructure upgrades across the valley floor, particularly in areas associated with Te Wai Takamori o Te Awa Kairangi (Riverlink) programme and central Lower Hutt redevelopment to enable an additional 3,500 dwellings. A business case is also in development for options for replacement of the Seaview Wastewater Treatment Plant.

Improvements over the next 30 years (mostly in the latter two decades) that have been identified as needed to support growth include:

- stormwater improvements in Petone and Stokes Valley to reduce flooding
- water supply network improvements across the city
- Wainuiomata wastewater improvements and replacement for the Seaview Wastewater Treatment Plant main outfall pipeline.

The list of activities is likely to change as further growth studies are completed. Information on the status of each of these activities (including whether they are funded) and their potential timing for delivery will be provided in subsequent water services strategies and plans.

10.5.4 Wellington City

Wellington City spans 290 square kilometres. With a population of approximately 209,800 residents, it is the country's third most populous territorial authority. Nine streams (Karori, Mākara, Ohariu, Opau, Oteranga, Owhiro, Kaiwharawhara, Ngauranga and Porirua) and other smaller watercourses run through the city.[13] The Porirua Stream drains northern Wellington City to Porirua Harbour and has been recognised through the Porirua Harbour Accord between Ngāti Toa and the councils in its catchment. Many streams through the inner city have been piped to the harbour.

Forecasts indicate slightly slower rates of growth in Wellington City over the next 30 years relative to the other councils, although Wellington City will have the biggest growth in total numbers.[14] Growth of around 21 percent is forecast. By 2055, around 48,000 additional people are expected to live in Wellington City with a total population of around 258,000 people.

Wellington is greatly influenced by growth across the rest of the region due to the flows of people moving each day to work and education from the other cities, the Kāpiti Coast and the Wairarapa. This, together with its position as the capital city and central business area, puts additional pressure on its intensive three waters infrastructure. Widespread three waters service coverage exists in Wellington City, including to commercial and high-density residential areas. The unserved population is minimal due to the city's compact urban character; however, small sections near Mākara and rural parts of southern suburbs may use on-site systems.

The 2021 Spatial Plan, District Plan (2024) and 2024-34 Long-term Plan focus on urban intensification, particularly in the City Centre Zone, inner-city suburbs (within the Town Belt), Te Aro Growth Corridor, Kilbirnie, Tawa and Johnsonville.

[13] These smaller streams that are also designated as Sites of Significance to Mana Whenua in the District Plan are: Waipaekākā, Whakahikuwai, Tiakiwai, Waihinahina, Pipitea, Waipiro, Tutaenui, Kumutoto, Waikoukou, Waimapihi, Moturoa, Waitangi.

[14] This is because Wellington City has the largest base population in 2025 out of all the cities in the takiwā.

In 2023, Wellington Water completed detailed assessments of three waters infrastructure capacity and investment needed to support Wellington City's four priority growth areas – Tawa, Johnsonville, the CBD, and Newtown. Another capacity assessment for Karori was completed in 2025, as a suburb with high development capacity and demand. Further capacity assessments are yet to be completed for the southern, eastern, western and remaining northern catchment suburbs over the first five years to align with Wellington City's spatial plan priorities. A city-wide stormwater strategy also needs to be developed to examine how to manage future piped flows, overland flows, and the impacts of climate change.

Future improvements over the next 30 years (primarily in the latter two decades) that have been identified as necessary to support growth include:

- stormwater improvements primarily across the City Centre to Newtown, Johnsonville and Tawa
- water supply improvements for Johnsonville/ Khandallah, Tawa/Linden, Island Bay, Upper Stebbings, Grenada North, and Kelburn
- wastewater upgrades in the Western Hills (Karori to Khandallah), Johnsonville, Tawa, Central City, and Miramar and Western Wastewater Treatment Plant (Karori) renewals and upgrades.

The list of activities across the takiwā may change as further water infrastructure capacity assessments are completed. More information on the status of each of these activities (including whether they are funded) and their potential timing for delivery will be provided in subsequent water services strategies and plans.

Improvements to the bulk water network is critical for supporting growth across the takiwā as current projections show that without intervention and careful management, the four cities will have water shortages in the late 2030s. To address this, the Keep Reduce Add Strategy has been adopted, which is discussed further in section 5 What we will deliver.

10.5.5 Greater Wellington Regional Council

Greater Wellington Regional Council has held a unique dual role in the delivery of water services, acting 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 have required careful separation of regulatory and ownership responsibilities to maintain transparency and integrity.

In addition, Greater Wellington acts as the Secretariat for the Wellington-Horowhenua Regional Leadership Committee, which undertakes regional planning and produces the FDS and the HBA. The FDS is proposed to be replaced by a regional spatial plan as part of RMA reform. The HBA is being updated and likely to be published by GW in May/June 2026.

11 MEETING OBJECTIVES AND EXPECTATIONS

This section discusses the objectives, outcomes and strategic priorities that will guide how Tiaki Wai delivers water services. It also explains how Tiaki Wai will fulfill the expectations of shareholding councils and mana whenua iwi partners, particularly in the first year of operation.

11.1 Tiaki Wai objectives

The LGWSA objectives and approach to achieving them are outlined below. Measures and targets relating to the delivery of three waters services are documented in Section 5 of the Strategy. These will be further developed as part of the Tiaki Wai ongoing business planning and reporting requirements, and reviewed as part of the 2027-37 Strategy.

Figure 11.1: How Tiaki Wai will meet the LGWSA objectives

#	Objective	How Tiaki Wai will achieve it
1	To provide water services that: • are reliable • are resilient to external factors such as climate change and natural hazards • are of a quality that meets consumer expectations • meet all regulatory requirements, including providing safe drinking water.	Tiaki Wai will strive to be accountable to consumers and partners by being transparent and delivering as planned or communicating proactively if that is not possible. Tiaki Wai will be able to make independent decisions but is starting from a challenging position in terms of ageing infrastructure, historic under-investment, and financial constraints. This will require improved asset management, demand management, strategic planning to address growth and resilience, and establishing clear levels of service.
2	To provide water services in a cost-effective and financially sustainable manner, including by: • planning effectively to manage water services infrastructure 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 supply services.	In the first two years, Tiaki Wai will continue to build the essential systems it needs to operate, such as for billing, asset management system, customer management, and investment and financial management. These are urgent to get in place as they will inform better planning and more efficient delivery. Improved planning for activities such as the introduction of smart water metering will enable more efficient use of water supply services and allow efficiency gains to be shared with consumers/customers. For more information, please refer to Sections 5 and 7 of this Strategy.
3	To perform our functions as a water service provider: • in an open, transparent, and accountable manner • in accordance with sound business practice.	All Tiaki Wai assets are and always will be publicly owned and Tiaki Wai is accountable to the community through the Partners Committee. A Community Charter sets out commitments to customers, details customers' rights and responsibilities, and the approach Tiaki Wai will take to stewardship of water resources. You can find the Community Charter on the Tiaki Wai website. Tiaki Wai is also required to regularly disclose consistent, comparable information about costs, investment, performance, and financial position to the Commerce Commission and to customers, as well as report to the Water Services Authority - Taumata Arowai on the environmental performance of water supply and wastewater networks. Sharing this information will ensure Tiaki Wai is making prudent investment decisions, that the approach to borrowing is sustainable and that water charges reflect underlying costs.

#	Objective	How Tiaki Wai will achieve it
4	To act in the best interests of current and future consumers.	Investment decisions will balance current customer needs with intergenerational responsibility. Increased short-term costs may be necessary to resolve long-standing issues and achieve greater efficiency in the long term.
5	To support housing growth and urban development in our service area.	'Build up network capacity to enable growth' is a Tiaki Wai strategic investment priority. Tiaki Wai will work with the shareholding councils to assess whether the infrastructure has enough capacity to support growth. Investment that supports growth needs to be balanced alongside other investment needs and may continue to lag behind demand for some time. For more information, please refer to Section 10 'Building network capacity to enable growth'. In the first year of operation, Tiaki Wai has adopted the relevant parts of each shareholding council's existing development contributions policy, but over time it will work to recover 100% of infrastructure costs related to growth.
6	To be a good employer.	Tiaki Wai will be a good employer, fostering a safe, inclusive and high-performing workplace that attracts, develops and retains capable people, supports fair and transparent employment practices, measured by: • maintaining safe and healthy workplaces that meet statutory and regulatory obligations • implementing fair, equitable and transparent employment practices • building organisational capability through structured workforce planning, leadership development and succession pathways • supporting positive and constructive relationships with employees, unions and representatives • embedding inclusive practices that reflect what communities expect and honour partnership commitments • ensuring clear accountabilities, strong performance expectations and recognition of contribution.

11.2 Expectations of shareholding councils and mana whenua iwi partners

The Statement of Expectaitons (SOE) sets out what the shareholding councils and mana whenua iwi partners want Tiaki Wai to focus on initially. It outlines how Tiaki Wai should work with others, and the strategic goals and outcomes in the delivery of water services.

The SOE highlights the importance of a smooth transition in the first year to embed operational stability, robust and independent governance, and the establishment of effective planning and investment processes with strong financial management.

It sets expectations in four areas:

1. Governance, accountability and reporting, including details on the content for the required half-yearly report.
2. Establishment (December 2025 to 30 June 2026) – expectations that must be achieved before operational go-live.
3. Transitional (1 July 2026 to 30 June 2030) – expectations that will apply through the transitional/establishment phase.
4. Enduring expectations.

The outcomes and expectations are set out in the subsections and tables below. Each table also provides an overview of how Tiaki Wai has met or intends to meet the expectations, and points to the part of this Water Services Strategy that contains more information on that topic.

The SOE will be updated in the second half of 2026. Any changes will be addressed in the 2027-37 Strategy.

11.2.1 Tiaki Wai strategic goal and outcomes

In the SOE, the shareholding councils and mana whenua iwi partners outline a primary goal for Tiaki Wai:

To ensure the delivery of safe, reliable, environmentally friendly, and financially sustainable water services that will be resilient, restore te mana o te wai and enable new homes and the wellbeing of communities across the Tiaki Wai service area/ takiwā.

The SOE also notes three primary outcomes that Tiaki Wai must aim to achieve. These are listed in the table below, along with a summary of how Tiaki Wai intends to achieve each outcome over time.

Measures and targets associated with the outcomes below are documented in Section 5 of the Strategy. These include measures and targets on the delivery of services, regulatory compliance, and customer satisfaction. These will be embedded in Tiaki Wai ongoing business planning and reporting requirements and reviewed as part of the 2027-37 Strategy.

Figure 11.2: How Tiaki Wai will meet the outcomes in the SOE

#	Outcome	How Tiaki Wai will achieve it
1	Improving and compliant water services are delivered for customers and partners, through significant focus on the state of the water network, infrastructure and assets	Tiaki Wai is not starting from a strong asset management foundation. This makes it difficult to have confidence that investment and maintenance is prioritised to the most critical areas. Section 6 'Continuous Improvement' provides a pathway to improved asset management and investment decision making and acknowledges this transition will take time. While systems and processes are being improved, Tiaki Wai will continue to invest in the network to address the most urgent risks and service issues. Early investment will not always deliver immediate step change outcomes; however, each investment will be a deliberate step towards stabilising services, improving compliance, and progressively lifting performance.
2	Financially sustainable water services are delivered for customers and partners, with consideration given to affordability when setting water charges.	Tiaki Wai will strive to deliver financially sustainable water services. Section 7 'Funding water services' sets out the plan to balance the pace of investment, the level of borrowing, how resilient the organisation is to financial shocks, and how quickly water charges will increase. Tiaki Wai will work to develop a regionally harmonised approach to setting water charges that will be included in the 2027-37 strategy and implemented by 1 July 2031 at the latest. A roadmap to price harmonisation is set out in Section 7. Over time, customers will need to pay more than they have for water services but the impact on customers will be a key consideration in determining how quickly charges increase.
3	Working and reliable water services are delivered for customers continuously, during and after the transition of water services to Tiaki Wai.	Tiaki Wai, shareholding councils and Wellington Water are working closely to ensure a smooth transfer of accountability from Wellington Water and councils so that the transition is seamless for customers. As an example, detailed handover plans for capital works projects under construction and being managed by councils are being developed to ensure contractors have the confidence to continue construction. There will be changes to how customers pay for their water services, and effort is going towards making this as straightforward as possible. For the first year or two, Tiaki Wai will continue to build essential management systems that will give reliable information needed for planning and delivery. For more information on the Pūnaha Tautoko Pūkenga Programme, please refer to Section 6 'Continuous improvement'.

11.2.2 Governance, accountability and reporting expectations

The governance, accountability and reporting expectations relate to how Tiaki Wai works with partners, key stakeholders and communities. The expectations emphasise that Tiaki Wai must be open, transparent, and accountable. They also note the importance of maintaining independence while establishing strong governance arrangements and working constructively and on a 'no-surprises' basis. This includes providing advance notice to the Partners Committee on any decision that would require a significant departure from this strategy.

These expectations also set out what must be covered in the Tiaki Wai half-yearly report. This includes reporting against capital project delivery, compliance with resource consents and other regulatory requirements, forecast expenditure, critical risks and proposed mitigations, key stakeholder relationships, and progress on the transition of services from shareholding councils to Tiaki Wai systems.

Tiaki Wai has already put in place many of the systems and processes to meet the governance, accountability, and reporting requirements. These include establishing an appropriately skilled board of directors and setting up governance systems. Tiaki Wai Board reports can be accessed on the Tiaki Wai website.

The first half-yearly report will be developed in early 2027 and released shortly after.

11.2.3 Establishment expectations

The establishment expectations apply from December 2025 to 30 June 2026. They include expectations around what must be included in this strategy. The strategy addresses all these content expectations.

11.2.4 Transitional expectations

Transitional expectations apply over the four-year period from 1 July 2026 to 30 June 2030.

Figure 11.3: How Tiaki Wai will meet its transitional expectations

#	Expectation	How the expectation will be met
Continuity of service for customers		
7.1(a)	The Pricing Strategy for the 2027/28 financial year and beyond will focus on changes to pricing structures/ charges and it will be clearly laid out as part of the 2027-37 Water Service Strategy. It will be clearly communicated and will ensure transparency and affordability for customers.	The Pricing Policy for 2027/28 and beyond, including details on future charging structures and the harmonisation of pricing across the takiwā, will be developed and consulted on as part of the next strategy. For more information on pricing considerations and a roadmap for price harmonisation, see Section 7 'Funding water services'.
7.1(b)	By 1 July 2027, Tiaki Wai will develop and implement a Financial Support Policy, including provisions for customer hardship assistance. This policy will set out how the organisation will support customers experiencing financial hardship to ensure equitable access to essential water services.	An initial Debtors Management and Hardship Policy for customer hardship assistance has been developed. This policy sets out how Tiaki Wai will support residential customers who are temporarily unable to meet their water services charges and is intended for the first year of operation.
7.1(c)	Tiaki Wai owns the customer relationship and will work closely with shareholding councils to respond to customer queries.	Tiaki Wai has developed a Community Charter. This explains what customers can expect from Tiaki Wai. More information on the charter is available on the Tiaki Wai website, including on how to provide feedback.
7.1(d)	Tiaki Wai will join Utilities Disputes (UDL) and promote this service to its customers.	Tiaki Wai is a member of UDL, which provides a free, fair and independent service for customers who have complaints about billing, customer service, meters, connections, and supply. Customers are encouraged to contact Tiaki Wai first to help resolve the issue. However, if the issue is not resolved, UDL can be contacted on 0800 22 33 40. More information is available at www.udl.co.nz.
Making use of existing knowledge		
7.2(a)	Tiaki Wai will work with the shareholding councils to transfer any necessary consents, and in a way that upholds settlement or consent condition commitments.	Tiaki Wai has worked with the shareholding councils to include within the transfer agreements all consents for infrastructure and discharges. These transfer agreements have been formalised and will be in place on 1 July 2026.
7.2(b)	Tiaki Wai will collaborate with all shareholding councils, including by adopting appropriate shared service and service level support arrangements.	To ensure continuous services and good outcomes for customers, existing delivery contracts for services and works held by Wellington Water will be transferred to Tiaki Wai before 1 July 2026. Service Level Agreements (SLAs) will be documented to ensure all parties clearly understand their responsibilities and expectations from 1 July 2026.

#	Expectation	How the expectation will be met
7.2(c)	Tiaki Wai will draw on, and where appropriate, rely on existing strategies, plans and programmes.	During the transition period, Tiaki Wai will draw on existing strategies, plans and programmes developed by Wellington Water and, where relevant, shareholding councils. Key plans and strategies of note include: • The Water Services Delivery Plan, which has guided the strategic priorities, proposed quantum of investment and the financial strategy. • Shareholding councils' district plans and existing growth strategies. See Section 10 'Building network capacity'.
Stormwater management		
7.3(a)	Tiaki Wai will, in partnership with the shareholding councils and mana whenua iwi, take a catchment-wide approach to stormwater management, noting the importance of recognising the full stormwater system incorporating both the natural and built environments.	Tiaki Wai has defined stormwater service zones, as detailed in Section 8 'Three waters services'. A Stormwater Taskforce, which includes members from each shareholding council and Tiaki Wai, was established in late 2025 to work through the complexities and accountability for stormwater management across multiple entities. Tiaki Wai recognises the importance of taking a holistic, integrated approach to stormwater management that includes both the natural and built environments and from ki uta ki tai, from the mountains to the sea. This reflects the Board's commitment to te mana o te wai.
7.3(b)	Through the development of transfer agreements, Tiaki Wai will work to resolve the approach to stormwater management and accountability between Tiaki Wai, shareholding councils and other parties.	Tiaki Wai has been working closely with shareholding councils to confirm where accountability sits for specific stormwater functions. This has been documented in the transfer agreements, and in Service Level Agreements.
7.3(c)	Tiaki Wai will collaborate with partners to prepare a Stormwater Network Risk Management Plan and prepare Service Agreements for the stormwater network to inform the 2030-2040 strategy.	Tiaki Wai will commence work on a Stormwater Network Risk Management Plan in 2026/27 to ensure it can be adopted as required under the LGWSA by 27 August 2028. This will inform the 2030-2040 strategy. Stormwater Service Agreements will be in place by 1 July 2027.
7.3(d)	Tiaki Wai will establish a Stormwater Service Level Agreement by 1 July 2027 between Tiaki Wai and the shareholding councils.	As above, Tiaki Wai aims to establish a regionally consistent Stormwater Service Level Agreement with shareholding councils by 1 July 2027.

#	Expectation	How the expectation will be met
Financial and investment management		
7.4(a)	Tiaki Wai will work to establish a development contributions framework (or equivalent, in the event of future reform and the introduction of a development levy regime) that aims to recover 100% of growth-related costs, but in the initial transition phase will adopt the relevant parts of the shareholding councils' existing development contributions policies.	Tiaki Wai has adopted the shareholding council development contribution policies for the first year. Tiaki Wai has begun reviewing the development contributions policy but will not advance this until it is clear whether this will be an enduring framework or replaced by a framework for development levies (which could be in place in 2026).
7.4(b)	Tiaki Wai will take over responsibility for charging and billing capability, replacing the territorial authority shareholders, as soon as practicable (in line with the TSI programme), and until then will work closely with the shareholding councils, which will act as invoicing agents.	The Pricing Policy sets out how Tiaki Wai translates the revenue requirements into charges for customers. More information is set out in Section 7 'Funding water services' and is also available on the Tiaki Wai website.
7.4(c)	Tiaki Wai will develop a regionally harmonised approach to water charges, with that approach documented in the 2027-37 strategy, implemented no later than 1 July 2031.	A roadmap for price harmonisation across the takiwā is set out in Section 7 'Funding water services'.
7.4(d)	Tiaki Wai will report to the Partners Committee, at least 12 months before the intended date, on the impact of harmonisation for governance arrangements and community engagement requirements.	Tiaki Wai intends to report regularly to the Partners Committee as the intended approach to and proposed date for harmonisation are developed.
7.4(e)	Tiaki Wai will build dedicated finance and payroll capability, delivered through the TSI programme as soon as practicable. Until then, Tiaki Wai will work closely with Wellington City Council, using the agreed payroll and finance hosted arrangements established via Service Level Agreements.	The Pūnaha Tautoko Pūkenga Programme is underway and includes dedicated finance and payroll systems.

#	Expectation	How the expectation will be met
Workforce and capability		
7.5(a)	Tiaki Wai must provide a workplace that prioritises health, safety, and staff wellbeing, and invest in the development of its people. Appropriate policies and structures must be in place to support this.	The Tiaki Wai Board will dedicate board and/or board committee time to oversee and manage health, safety and wellbeing and to ensure Tiaki Wai has effective policies, procedures, and processes to comply with obligations. Fit-for-purpose workplace policies, procedures and processes will be approved for implementation by the Chief Executive.
7.5(b)	Tiaki Wai will establish partnerships with the wider water sector, central and local government, training providers, and mana whenua to develop enabling policy, grow local capability and to create employment pathways that support long-term workforce sustainability.	Tiaki Wai will work across the sector and locally, including with mana whenua iwi, to grow local capability and create training and employment pathways. As a new organisation, Tiaki Wai will need time to establish and refine its own procurement approach and systems. The Procurement Policy will be reviewed within the first half of 2026/27 and Tiaki Wai will look to enhance current procurement approaches to build local market capability and trust to enable the industry to deliver the growing forward works programme.
7.5(c)	Tiaki Wai will build capacity and capability - including at governance and leadership level - to uphold Te Tiriti and Treaty settlements and commitments to mana whenua for future health and wellbeing of the water.	Tiaki Wai is working with mana whenua iwi partners to enable involvement at governance and leadership levels and to support an uplift in capability across the organisation. Tiaki Wai will build on Wellington Water and council relationships to actively work with mana whenua iwi in supporting aspirations and alignment with iwi values including strategies to restore te mana me to mauri o te wai. Tiaki Wai will build capabilities and systems to embed Te Ao Māori, tikanga, and reo into everyday mahi.
7.5(d)	To support a positive workplace culture, Tiaki Wai will: • embed organisational values and behaviours into daily practices • ensure leadership expectations are clear.	Tiaki Wai will develop a clear set of organisational values and behaviours that set the culture and expectations for all Tiaki Wai staff. Policies and processes will be developed to assist staff with how to apply the new values. Position descriptions will set clear individual key performance indicators and values-based expectations.
Broader outcomes		
7.6(a)	Tiaki Wai will progressively work towards reflecting a social procurement approach in its procurement strategies while balancing the most cost-effective outcome to ensure water services remain affordable.	Tiaki Wai has developed a range of new policies, and in other areas will adopt Wellington Water's existing policies to be reviewed within the first 18 months. Social procurement is an area that is likely to be reviewed early, particularly as it is relevant for building local capability and workforce sustainability.
7.6(b)	Tiaki Wai will pay the Living Wage.	Wellington Water already pays its staff at least the Living Wage and Tiaki Wai will continue this policy.
7.6(c)	Tiaki Wai will establish a climate mitigation and adaption policy to inform the 2030-2040 Water Services Strategy.	Tiaki Wai recognises that climate change is expected to significantly affect water infrastructure in the takiwā, with compounding risks across all three water services. Tiaki Wai will increasingly be applying a climate mitigation and adaption lens to its planning and investment activity and will commence work on the development of a climate mitigation and adaption policy in 2027/28 if not earlier.

11.2.5 Enduring expectations

The enduring expectations outline how Tiaki Wai is expected to operate across the longer term. They reflect shared values and principles of the members of the Partners Committee and are relevant to the operations of Tiaki Wai, including over the establishment/transitional phase. The Partners Committee acknowledged that achievement of these expectations must be viewed against the context of the current operating environment, the condition of assets being transferred, the operating budgets available in the first financial year and the time required to establish new systems and capability. In certain respects, they are deliberately aspirational, but Tiaki Wai is expected to work towards delivering on them so that when the transition is complete (at the end of June 2030), an operating model has been developed that aligns with and seeks to satisfy these expectations. The Partners Committee expects Tiaki Wai to develop reporting baselines for all expectations over its first two years of operation and begin to report on them soon thereafter.

The table below notes the enduring expectation and explains how Tiaki Wai intends to meet these.

Figure 11.4: How Tiaki Wai will meet the enduring expectations

#	Expectation	How the expectation will be met
8.1	Upholding Treaty principles, settlement obligations and te mana o te wai	Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika are represented on the Partners Committee and help provide governance oversight of Tiaki Wai. Mana whenua iwi participation supports shared kaitiakitanga for freshwater and water infrastructure; incorporation of Mātauranga Māori in governance; Te Tiriti o Waitangi partnership expectations; and improved decision-making for water services reform. The Tiaki Wai Board is committed to honouring, and building on, all existing partnership and relationship arrangements. that are in place between mana whenua partners and Wellington Water today including the Whaitua Implementation Programmes and Te Wai Ora o Parirua - Porirua Harbour Accord to continue the momentum that has been generated to date. Beyond this, Tiaki Wai will need to establish formal mechanisms to facilitate and improve mana whenua iwi input into strategic policy development and investment decisions. It will also need to ensure that te mana o te wai is enhanced in its strategies, planning and investment decision making, including defining what te mana o te wai means in a Tiaki Wai context and putting that into practice across its activities.
8.2	Customer and community	Tiaki Wai has developed a Community Charter to support transparency, accountability and trust with people across the community who rely on water services, as well as customers who pay water services bills. It sets out what can be expected from Tiaki Wai as a steward of water resources in the takiwā. Tiaki Wai will establish a Customer and Community Reference Group that includes representatives from communities across the service area, alongside other means of attaining ongoing customer and community input into proposed decisions and activities.

#	Expectation	How the expectation will be met
8.3	Environmental stewardship	Tiaki Wai will strive to be a responsible guardian of the environment, actively protecting and enhancing the health of harbours and catchments, and other natural ecosystems across the takiwā. To achieve the outcomes listed in the documents noted in 8.3 of the SOE, Tiaki Wai may need to improve decision-making systems to fully consider these outcomes alongside others, including climate-change mitigation and adaptation. Given the current regular non-compliance with regulatory requirements of some wastewater treatment plants as well as unplanned discharges, Tiaki Wai will need to consider accelerating improvements that address non-compliance, while balancing the significant investment required with other priorities (such as enabling more capacity for growth).
8.4	Safe, reliable and resilient water services	Section 5 'What Tiaki Wai will deliver' and Section 8 'Three Waters Services' detail how Tiaki Wai will provide safe, reliable and resilient water services.
8.5	Emergency preparedness and continuity of service	The impacts of emergency events can be widespread and catastrophic, particularly in the takiwā, which has a high seismic risk. More frequent adverse weather events emphasise the importance of resilience and redundancy in critical infrastructure and the water system overall. Tiaki Wai will plan and prepare for emergency events and ensure it has trained and experienced responders. Tiaki Wai will establish an emergency events response plan to ensure continuity of service as much as is practical in an event.
8.6	Affordability, equity, and value for money	As set out in the Community Charter, Tiaki Wai is committed to ensuring that all households have equitable and consistent access to drinking water, wastewater and stormwater services; and supporting vulnerable or disadvantaged customers. Tiaki Wai will strive to achieve value for money in how it invests in water services across the takiwā. Commerce Commission disclosure requirements and oversight will also support robust decision-making.
8.7	Aligned strategic growth planning	Tiaki Wai will work closely with its partners to ensure its long-term investment plans support and align with shareholding council growth strategies and urban development goals across the takiwā. As the investment required to support widespread growth is expected to be extensive, it will take time to see greater network capacity.

APPENDIX 1:
SIGNIFICANT NETWORK ISSUES

Photo credit: Hutt City Council

Significant issue	Water type	Options and implications	The way forward
Asset condition issues			
Poor asset condition	Drinking water supply Wastewater Stormwater	**Option 1:** Continue with current levels of investment and accept ongoing asset deterioration and declining service levels. This approach would lead to: • increasing failures across the network, including more pipe bursts, blockages, and flooding • rising reactive maintenance costs and unplanned service outages • greater public health and environmental risks, particularly from wastewater overflows and contamination • higher long-term costs, as deferring investment pushes the burden onto future generations. **Option 2:** Increase investment in condition assessments to better understand the state of the asset base. This would include investing in the tools and capability to analyse and apply asset data (including condition) for more effective asset management and investment decision-making. Increase pace and scale of renewals activity based on this asset condition understanding. Commit to scaling up investment over time to deliver more reliable and sustainable water services. This approach would: • improve network condition and reduce service failures over time • result in higher water charges year-on-year to meet the increasing costs of maintaining and upgrading infrastructure • help reduce long-term risks and protect public health, water quality, and service reliability.	For the first financial year of this plan (2026/27), investment in condition assessments and asset renewals will be held steady, similar to the levels proposed in the shareholding councils' previous long-term Plans (Option 1). From 2027/28 onwards, investment in infrastructure, and the water charges required to fund such investment, is proposed to increase steadily. This includes increased investment towards condition assessments and asset renewals, with greater budget for both planned and reactive renewals (Option 2).

Significant issue	Water type	Options and implications	The way forward
Moa Point Wastewater Treatment Plant	Wastewater	Work is underway to fix the damage caused by the February 2026 event. The main recovery work is to restore power, controls, odour treatment, primary treatment and secondary biological treatment. This is complex and depends on equipment manufacture, shipping and sequencing. Moa Point is operating at limited capacity while flood damage is repaired. Screened wastewater is being discharged through the long outfall, with some risk of short outfall discharges during heavy rain.	Moa Point will be progressively repaired through 2026/27. The plant is expected to be fully restored by February 2027, with a bypass and outfall upgrade completed by late 2027 to restore full hydraulic capacity.
Network capacity issues			
Pressure on drinking water supply	Drinking water supply	**Option 1:** Continue with current operations and investment levels without taking additional steps to manage water loss, reduce demand, or expand supply. This is expected to result in: • increased risk of water shortages, particularly during dry summers and peak demand periods • more frequent and severe water restrictions for households and businesses • continued high water loss due to leakage, putting further pressure on limited supply • reduced service reliability and customer satisfaction, especially in areas farthest from water sources • increased public health risks if infrastructure failure affects water quality • deferred investment that may result in higher costs later, as emergency responses and retrofitting are typically more expensive than planned interventions • loss of community confidence in water service delivery and governance • regulatory non-compliance becoming more likely, particularly under drinking water safety and supply reliability standards, which could result in enforcement actions or reputational damage.	The recommended path forward is to implement a range of demand- and supply-side interventions, prioritising lower-cost and lower-impact options. These interventions are brought together under a comprehensive "Keep–Reduce–Add" strategy: • Keep water in pipes by better maintaining and optimising existing pipe network and treatment plant assets. • Reduce water loss and manage demand. • Add additional supply capacity when required. For the first financial year of this plan (2026/27), investment is directed towards: • finding and fixing leaks • pressure management • pipe network renewals • completing the strategy and implementation pathway for water meters • completing a detailed business case, design and consenting work for the Pākuratahi Lakes (Stages 1 and 2).

Significant issue	Water type	Options and implications	The way forward
Pressure on drinking water supply	Drinking water supply	**Demand-side options** **Option 2:** Water Loss Management interventions. A sustainable water supply requires increased investment towards best-practice water loss management. This includes finding and fixing leaks, renewing poor-condition pipes, and managing pressure to reduce bursts and failures. These aim to stop water loss before it reaches customers. These demand-side options are lower cost than new supply options, but they do require sustained investment and monitoring to keep water losses within manageable limits. **Option 3:** Universal Residential Metering with usage-based charging. Evidence shows that residential water meters, alongside charging based on usage, encourages people to conserve water. This, supported by education, rebates for fixing leaks, and efficient water fittings is expected to: • shift customer behaviour • reduce peak demand • support fairer pricing. **Supply-side options** **Option 4:** Pākuratahi Lakes (Stages 2 and 3). New surface water storage is required to provide supply during dry summers. The preferred location for new storage is at Pākuratahi, with multiple lakes required. Current analysis suggests the first stage of new storage lakes is required by 2035. Building new storage lakes would be costly and take time to implement. **Option 5:** Additional storage. An additional smaller storage option is also recommended for resilience and seasonal supply.	Beyond 2026/27, continued ongoing investment is required to find and fix leaks, continue to manage water pressure and increase the pace of pipe network renewals. Residential water metering is expected to take five to seven years, with rollout across the network starting as soon as possible. Current analysis suggests additional storage through the Pākuratahi Lakes will also be required soon to increase water supply availability over summer months. The success of the 'keep' and 'reduce' initiatives in reducing demand will help determine timing. Building them will take around 10 years so it is important to progress the detailed business case, design and consenting so that the project is ready to commence as soon as continuous monitoring of the supply/demand balance indicates additional storage is need. Over the medium to long term, additional storage beyond that provided by the Pākuratahi Lakes will need to be considered. However, the timing depends on the success of the other interventions. Not progressing with the above approach will likely result in new water source infrastructure, such as the Porirua Desalination (Stages 1 and 2) option, being required. New water source projects are typically more expensive and have poorer environmental outcomes than other interventions so are considered a last resort.

Significant issue	Water type	Options and implications	The way forward
Pressure on drinking water supply	Drinking water supply	**Option 6:** Managed Aquifer Recharge (MAR). MAR is a process where water is deliberately added to underground aquifers to store it for later use. This helps increase water supply reliability by replenishing groundwater sources during times of high availability, such as in winter, for use during dry periods. This is a potential low-impact option to top up groundwater sources using treated surface water. It is still under investigation but has high uncertainty. **Option 7:** Porirua Desalination (Stages 1 and 2) as a long-term additional supply option. This option would require a new water treatment facility to be built which creates drinking water from seawater. It would be very costly and energy-intensive.	
The network is undercapacity and unable to support growth	Drinking water supply Wastewater Stormwater	**Option 1:** Continue with current operations and either: • restrict additional housing supply due to the network being unable to accommodate additional connections, and/or • accept reduced water supply security, increased frequency of wastewater overflows and more greater risks of flooding events. Under this option Tiaki Wai would be unable to meet its statutory requirements as a water provider, which would undermine public trust in the new entity. **Option 2:** Complete growth studies, infrastructure capacity assessments and agree regional levels of service for stormwater to better understand the investment requirements to support council growth plans and contribute to the development of new plans (such as regional spatial plans and land-use plans as proposed under the Planning Bill). Stormwater levels of service should include: • required levels of operations and maintenance • performance targets for managing flood risk • expectations for stormwater quality outcomes.	Tiaki Wai is required to support and co-ordinate timing with council growth plans to ensure water services are not a constraint. The first financial year 2026/27 includes provision for undertaking several studies to examine whether certain areas have capacity for growth and identify improvements that may be necessary to enable growth. (Option 2). Based on this, Tiaki Wai can set development contributions (or in the future development levies) for new infrastructure that supports growth. Through a Stormwater Taskforce, a framework for regional levels of service for stormwater are being considered. These considerations will become available in time to align with a wider task to develop regionally consistent level of service as part of the 2027-37 Water Services Strategy (Option 2).

Significant issue	Water type	Options and implications	The way forward
The network is undercapacity and unable to support growth	Drinking water supply Wastewater Stormwater	**Option 3:** Increase capital investment to achieve reliable and sustainable services and support growth. • For the drinking water supply network, this includes significant investment in critical reservoir capacity upgrades. This option will result in higher water charges.	Tiaki Wai will also work with Shareholding Councils to establish a process for responding to new unplanned development proposals. From 2027/28 onwards, capital investment in infrastructure required to support growth will increase, however due to the significant investment requirements it is expected to take many years to achieve a water network that meets expected levels of service and is not a constraint on growth.
Resilience issues			
Little redundancy in the network	Drinking water supply Wastewater	**Option 1:** Improve understanding of asset condition and redundancy. Undertake comprehensive system-level risk assessments across drinking water and wastewater networks, supported by improved asset-condition data and modelling. This would enable prioritised, evidence-based investment in the most critical points of vulnerability before committing to large-scale capital projects. **Option 2:** Build greater redundancy in the network. For the drinking water supply network, this includes: • additional treated water storage reservoirs • duplication or strengthening of bulk mains • cross-harbour pipeline development • progressive seismic upgrades • improvements to interconnections between supply zones. These measures are intended to improve operational flexibility and maintain supply if a treatment plant, reservoir, or transmission main is unavailable.	For 2026/27 increased investment is directed toward asset management improvements and condition assessment (Option 1). Over time, as knowledge increases, a full redundancy programme of capital improvements needs to be rolled out (Option 2).

Significant issue	Water type	Options and implications	The way forward
Little redundancy in the network	Drinking water supply Wastewater	For the wastewater network there are limited practical options to fully duplicate treatment capacity, meaning redundancy improvements will need to be more incremental and risk based. These include: • capacity upgrades to critical pipelines and pump stations • additional storage within the network to manage peak flows • improved inflow and infiltration management • longer-term treatment plant resilience investments. Building greater redundancy in the network will require long-term investment, co-ordinated planning and increased water charges.	
Climate change adaptation	Drinking water supply Wastewater Stormwater	**Option 1:** Continue with current operations. Ignoring climate change and subsequent adaptation requirements will likely result in more service failures, and investment decision making being reactive to climate-related events. We are likely to see: • reduced water availability - sea-level rise could compromise the Waiwhetū Aquifer due to saline intrusion, reducing the amount of safe drinking water available • increased supply disruptions - more variable and intense droughts will make river sources less reliable, leading to greater likelihood of water restrictions and shortages • infrastructure vulnerability - without adaptation, water supply infrastructure may be increasingly at risk from flooding, landslides, and other extreme weather events • failure to meet demand - without interventions such as water meters or new supply sources, the takiwā may be unable to meet growing demand, especially in dry summers. • higher costs of service delivery through the impact of carbon pricing (via the Emissions Trading Scheme). This would likely result in increased operating costs as the cost of inputs such as electricity and chemicals increase in response to the cost of carbon.	For the first financial year of this plan (2026/27), there is limited additional budget for investment in climate resilience activity, however Tiaki Wai will increasingly be applying a climate mitigation and adaptation lens to its planning and investment activity. Beyond 2026/27, Tiaki Wai will need to increase investigations to better understand the impact of climate change and what responses may best enable improved resilience and adaptation (Option 2). Tiaki Wai will need to commence work on the development of a climate mitigation and adaptation policy in 2027/28 if not earlier. This will inform the 2030-2040 Water Services Strategy. Once greater understanding is gained, the capital programme should increase to reflect a preferred pathway forward.

Significant issue	Water type	Options and implications	The way forward
Climate change adaptation	Drinking water supply Wastewater Stormwater	**Option 2:** Complete additional investigations and studies to gain greater insights into the issue and support adaptation and mitigation options. This could include: • investigating further impacts of climate change on source water and key infrastructure • conducting risk assessments on climate change impacts to the wastewater network and key treatment assets • assessing the impact of stormwater flooding on wastewater and water supply assets and identifying operational or capital responses • identifying more resilient locations for strategic assets that are at high risk of impact from climate change and sea-level rise. **Option 3:** Increased capital investment in activity to manage risks and reduction emissions (such as renewable electricity generation) and/or invest in process modifications to reduce emissions (wastewater treatment, biosolids re-use). This includes responding to rising flood risk and developing adaptation responses (e.g. to respond to possible implications of seawater inundation of the Seaview Wastewater Treatment Plant from sea-level rise, and to reduce the frequency of wastewater discharging from the network into our waterways. This would require additional investment that increases total service costs to customers. A roadmap for emissions reduction has been developed but the investment needs require further investigation.	
Many strategic assets are vulnerable to seismic risk	Drinking water supply Wastewater Stormwater	**Option 1:** Continue with current investment levels and address seismic vulnerabilities only when assets fail or are due for replacement. This would avoid significant upfront capital expenditure. However, it would leave reservoirs, treatment plants, and bulk pipelines exposed to major failure in an earthquake. The likely consequences include prolonged loss of water supply, wastewater overflows, major public health risks, environmental damage, and very high emergency reinstatement costs.	This is an area that needs additional investigation and is something that should be investigated from 2027/28 onwards.

Significant issue	Water type	Options and implications	The way forward
Many strategic assets are vulnerable to seismic risk	Drinking water supply Wastewater Stormwater	**Option 2:** Complete a region-wide assessment of all assets to understand which assets are seismically vulnerable and the scale of work required to improve network resilience. **Option 3:** Significant ongoing investment to strengthen existing assets and ensure new assets meet relevant standards. This option would result in higher water charges.	
Environmental issues			
Biosolids disposal	Wastewater	**Option 1:** Develop alternative disposal pathways for biosolids away from landfills, such as for land applications such as quarry rehabilitation or as a soil conditioner. This would reduce dependence on landfill operation and reduce ongoing operational costs of disposal. **Option 2:** Invest in technology that realises the inherent energy and nutrient value of the raw material through the adoption of circular economy principles. This might include the production of saleable products such as biochar. These processes (such as pyrolysis or incineration), also reduce energy input for drying. This would reduce disposal and energy costs (and potentially generate their own revenue stream) but require significantly higher capital investment. Both of these options also reduce the greenhouse gas emissions from wastewater operations and align with regional waste minimisation strategies.	This is an area that needs additional investigation and is something that should be investigated from 2027/28 onwards.
Stormwater quality compliance	Stormwater	**Option 1:** Clarify responsibility for stormwater quality and compliance with stormwater discharge consents before seeking Stage 2 consent. This includes agreeing how responsibilities in transport corridors, parks, and reserves will be managed. This will ensure Tiaki Wai has a clear understanding of its responsibilities and can plan to meet those over the long term. **Option 2:** Align ownership and maintenance of stormwater treatment assets with regulatory requirements including resource consent obligations. **Option 3:** Invest in network improvements to improve water quality.	The immediate action is to clarify responsibilities (Option 1). From 2027/28 onwards, indicative investment should be included in investment plans for improvements anticipated out of the Stage 2 consents. When responsibility and detail of the improvements Tiaki Wai will be responsible for are determined they can be firmed up (Options 2 and 3).

Significant issue	Water type	Options and implications	The way forward
Wastewater discharge compliance	Wastewater	**Option 1:** Clarify the responsibility Tiaki Wai has for E. coli and related contamination in waterways. **Option 2:** Improve the wastewater network's structural condition to increase capacity and reduce potential overflows from the wastewater network. **Option 3:** Understand the impact and requirements of changing environmental regulation on investment requirements.	The immediate action is to clarify the extent of responsibility Tiaki Wai holds (Option 1), and the improvement requirements driven by environmental regulation (Option 3). From 2027/28 onwards, investment in network renewals to reduce the risk of inflow and infiltration and add additional capacity to the wastewater network should be considered (Option 2).

APPENDIX 2:
FINANCIAL ASSUMPTIONS, UNCERTAINTIES AND RISKS

Financial assumptions and uncertainties

General assumptions, risks and information gaps

Financial planning assumptions

The financial projections in this Strategy are based on a number of planning assumptions. These assumptions provide the basis for forecasting revenue requirements, operating expenditure, capital investment, borrowing levels and financial performance over the planning period.

Key inputs and assumptions include:

- the opening balance sheet
- covenant and borrowing compliance assumptions
- the scale and timing of the capital investment programme
- the operating expenditure required to lift service levels and maintain assets
- macro-economic assumptions such as inflation and interest-rate settings applied to long-term forecasts.
- accounting basis and depreciation methodologies.

These assumptions reflect the best information available at the time of preparation. They will be reviewed and updated through future strategy cycles and annual planning processes as new information becomes available.

Opening balance sheet

The financial projections are based on the estimated opening balance sheet at establishment, including the transfer of approximately $9 billion of water assets and around $1.6 billion of related debt from shareholding councils. These estimates affect the level of depreciation and interest costs that feed into the projected income and funding impact statements.

For the purposes of this strategy, opening balance sheet estimates are based upon councils' existing asset valuations, adjusted for historical fair value movements made for financial year ending June 2025. Debt has been estimated in accordance with the Net Asset Calculation Manual and updated to reflect best estimates of debt movement during the 2025/26 financial year.

Covenant and revenue assumptions

The financial projections assume a staged transition to achieve compliance of a FFO-to-debt ratio of 9% by 2033/34. Revenue has been set to achieve this target.

Other revenue and subsidies are as per councils' LTPs, except for Development Contribution, where a modelled approach has been taken to estimate additional contributions from growth-related capital expenditure above what was provided for in the LTPs.

Capital investment and consequential operating expenditure assumptions

The financial projections assume delivery of the capital investment programme set out in this strategy. The 2026/27 programme has been updated to reflect revised cost estimates and timing changes, including deferred investment from 2025/26. From 2027/28 onward, the capital investment programme is aligned with the lower end of the investment range identified in the Water Services Delivery Plan, following feedback on the draft Strategy about affordability, deliverability, and the pace of investment.

The projections also assume consequential increases in operating expenditure arising from the capital programme and from lifting service levels. These include additional maintenance, monitoring, compliance, asset management capability and operational support costs associated with the new assets.

Operating cost, efficiency and delivery assumptions

The 2026/27 operating costs are built up through direct and corporate costs previously incurred by Wellington Water, combined with water-related costs previously incurred by Councils (such as insurance and electricity), and additional costs incurred by Tiaki Wai as a new entity.

Additional direct and support costs have been provided for to strengthen our capability to manage assets effectively, improve service reliability, meet regulatory obligations, and deliver a significantly expanded capital programme as outlined in Section 5.

From 2027/28 onward, the projections assume ongoing efficiency improvements consistent with those reflected in the Water Services Delivery Plan. Operating efficiencies of 2.25% per annum and capital delivery efficiencies of 1.55% per annum are assumed from 2027/28 and a 10% step-change improvement in capital delivery efficiency is assumed from 2028/29. These are based on a consultancy report and have not been further verified.

Macroeconomic assumptions: inflation, interest rates, and growth

Capital expenditure across the programme is inflated using BERL water infrastructure inflation indices to reflect forecast construction cost movements over time.

Operating expenditure is assumed to increase broadly in line with general inflation over the forecast period.

Interest-rate assumptions reflect the actual interest rates associated with debt being transferred from Shareholding Councils, together with current market data for new borrowing. The projections assume a blended average borrowing cost across existing and new debt over the forecast period.

The blended average borrowing rate is assumed to increase progressively from 4.53% in 2026/27 to 5.79% by 2035/36, with a long-term average of 5.30% across the planning horizon.

Growth assumptions are aligned with those used in the Water Services Delivery Plan and reflect council specific growth forecasts (HCC 0.9%, PCC 1.0%, UHCC 1.5%, WCC 0.6% per annum)

Future asset transfer treatment

The financial projections assume that assets constructed or funded outside of Tiaki Wai and subsequently transferred to the organisation will be recognised as vested assets upon transfer.

Under these assumptions, vested assets are incorporated into the Tiaki Wai asset base and reflected in depreciation and consequential operating expenditure once operational. However, where associated debt or funding arrangements remain external to Tiaki Wai, those liabilities are not reflected on our balance sheet.

This treatment applies to the WCC Sludge Minimisation Facility (SMF). Upon completion, the asset is expected to transfer to Tiaki Wai and be recognised as part of the asset base. The associated debt remains with the Infrastructure Funding and Financing (IFF) special purpose vehicle and continues to be funded through a separate levy. That debt and levy are therefore not included in the Tiaki Wai borrowing or revenue requirements.

All other vested asset treatment assumptions applied in these projections are consistent with the Water Services Delivery Plan.

Working capital and liquidity assumptions

The financial projections assume that short-term timing differences between revenue collection and expenditure (including operating costs, debt service and capital payments) will give rise to working capital variability, particularly during the transition to direct billing in 2026/27.

Working capital movements are assumed to be managed through:

- active cash flow forecasting (minimum three-month rolling forecast, extended as required)
- maintenance of committed liquidity facilities in line with the Treasury Policy
- ongoing monitoring of receivables, payables and arrears trends.

The Strategy assumes no structural working capital deficit over the forecast period. Temporary volatility is managed through liquidity buffers and access.

Revenue collection and credit risk assumptions

Tiaki Wai will operate as a standalone water services entity and will bill customers directly. Unlike councils, it will not have access to rates recovery mechanisms or a statutory charge over property. As a result, revenue collection risk will be managed through standard billing, arrears management and hardship processes.

The financial projections assume that customer revenue is collected broadly in line with revenue forecasts, subject to normal levels of arrears and bad debt consistent with comparable utilities.

The transition to direct billing in 2026/27 may result in temporary collection volatility as systems and processes are established. This is reflected in conservative cash flow forecasting and liquidity planning assumptions.

Accounting and depreciation assumptions

The financial projections assume that Tiaki Wai will prepare financial statements as a Public Benefit Entity applying PBE IPSAS, on an accrual basis.

Existing three waters assets transferred from councils are assumed to continue to be depreciated on the same basis as previously applied.

New assets delivered through the capital programme are assumed to be depreciated on a straight-line basis over an average estimated water infrastructure asset useful life of 74 years, consistent with the financial modelling assumptions adopted for this strategy.

Contingent liabilities and provisions

As part of establishment, Tiaki Wai will assume responsibility for assets, contracts and associated liabilities transferred from Wellington Water and shareholder councils.

The financial projections assume that known obligations are reflected appropriately in opening balance sheet estimates and operating forecasts. As with any infrastructure utility, there may be contingent liabilities or future obligations that depend on uncertain events. These may include remediation of asset defects, environmental compliance matters, contractual disputes, insurance deductibles and retentions, or regulatory matters.

Where obligations are probable and can be reliably estimated, provisions will be recognised in accordance with applicable accounting standards. Other potential exposures are managed through risk-management processes, insurance arrangements, capital programme contingencies and liquidity planning.

The strategy does not assume the crystallisation of severe but plausible contingent events beyond those reflected in current forecasts. The building of financial headroom and maintenance of liquidity provide resilience should such events arise.

Resilience and insurance assumption

The financial projections assume that Tiaki Wai maintains a structured insurance programme covering material insurable risks. Following a review of existing council insurance arrangements and engagement with the insurance market, the assumed programme provides additional cover in identified areas of risk, within the existing premium allowance.

Insurance costs are based on current market conditions and available asset and loss modelling information. The modelling recognises that, even with insurance in place, an estimated regional insurance gap remains (being the potential exposure above insured limits and deductibles).

The projections assume that, in the event of a major natural hazard or catastrophic event, recovery funding would be managed through a combination of:

- utilising available borrowing headroom
- insurance proceeds
- liquidity and borrowing capacity
- phased re-sequencing of capital expenditure where appropriate
- reviewing revenue settings through future annual planning cycles
- potential access to shareholder and central government recovery support, including the shareholder council and uncalled capital facility.

Financial risks

Long-term infrastructure planning inevitably involves uncertainty. The scale of investment required, the transition to a new water services entity, exposure to natural hazard risk, and evolving regulatory settings mean that actual outcomes may differ materially from projections.

Many of the uncertainties identified are typical of water utilities undertaking significant renewal and resilience programmes. Others arise from the establishment of Tiaki Wai as a new entity, its inherited financial position, and that it will be operating under a new legislative framework and emerging regulatory framework.

The following tables group these risks into categories and summarise the mitigation actions in place.

Financial sustainability and covenant risks

These risks directly affect the ability to achieve and maintain the FFO-to-debt target of 9% by 2033/34 and therefore its borrowing capacity and financial resilience.

Risk	Mitigations / Controls
Failure to achieve the FFO-to-debt ratio of 8% by 2032/33	Revenue pathway explicitly aligned to covenant; annual revalidation of financial projections; agreed LGFA transition pathway
Operating at or close to minimum covenant with insufficient headroom	Target 9% by 2033/34 to create buffer above 8% covenant
Interest-rate increases affect FFO and debt servicing	Interest-rate hedging bands; staggered debt maturity profile prefunding where appropriate; regular interest-rate sensitivity analysis
Inflation exceeding modelling assumptions	Annual review of inflation assumptions; inclusion of contingencies in capital programmes; cost control and efficiency focus; investment prioritisation
Capital programme cost overruns	Gateway reviews and delivery assurance; programme prioritisation framework; staged approvals; contingency allowances; capex re-phasing capability
Delay in planned revenue increases	Clear linkage between revenue and covenant compliance; realigned during annual plan and strategy refresh; staged smoothing rather than deferral
Major event occurs before headroom is built	Maintain liquidity and committed facilities; ability to defer non-critical capital; change revenue settings, engagement with shareholders and central government
Assumed efficiencies not achieved	Independently benchmarked and validated; targets embedded in planning process; re-sequence capital expenditure; adjustment of revenue pathway

Capital programme and asset risks

These risks relate to asset condition, programme maturity and delivery capability, which influence both capital expenditure and consequential operating costs.

Risk	Mitigations / Controls
Asset condition information incomplete or inconsistent at establishment	Progressive asset condition audits; harmonisation of asset data; staged capital prioritisation
Moa Point remediation scope, insurance, and cost uncertainties	Currently ~$1m of additional operating expenditure provided for in strategy, with capital expenditure to be accommodated within the existing programme.
End-of-life assets require earlier intervention	Accelerated renewal planning; temporary operational contingencies; condition monitoring; flexible capital sequencing
Delivery constraints (market capacity, consents, workforce) delay capital programme	Independent market capacity assessment; phased programme delivery; early contractor market engagement models; portfolio-level prioritisation
Consequential opex uplift higher than forecast	Annual operating cost review of existing and new assets; staged capability uplift; ongoing benchmarking against sector peers

Insurance and catastrophe funding risks

These risks affect the ability to respond to low-probability, high-impact events without breaching covenants or causing sudden revenue shocks.

Risk	Mitigations / Controls
Insurance gap larger than current estimate	Ongoing regional loss modelling; maintain FFO headroom target of 9%; review resilience settings annually
60/40 Government disaster funding assumption no longer applies	Adjust resilience strategy if required
Insurance market capacity constrained or pricing materially increases	Early broker engagement; balance between retention and premium; headroom preservation

Revenue and funding risks

These risks relate to the stability and adequacy of revenue, including transitional pricing arrangements and growth funding.

Risk	Mitigations / Controls
Billing and revenue collection disruption during 2026/27 transition	System validation and testing; active monitoring of arrears; liquidity buffer
Development contribution revenue volatility	Transitional development contribution policy: growth funding tracked separately; scenario modelling under developer levy reform; unified policy development next cycle
Volatility in volumetric revenue	Balanced mix of fixed and volumetric charges; monitoring of consumption trends including major customers
Customer affordability pressures from required revenue increases	Revenue increases smoothed over time to avoid sharp step changes; distributional impact analysis as part of next Strategy pricing work; hardship and waivers framework; active monitoring of arrears and payment behaviour; engagement and consultation during pricing transition planning

Regulatory and policy risks

These risks arise from evolving economic regulation, compliance requirements and broader policy changes.

Risk	Mitigations / Controls
Introduction of formal economic regulation affects allowable revenue or investment timing	Ongoing monitoring of regulatory developments; proactive regulator engagement
Compliance requirements or consent conditions change materially	Monitoring of regulation requirements and engagement with regulators; investment prioritisation; contingency provisions where appropriate

Treasury and market risks

These risks relate to access to funding, liquidity and financial market exposure.

Risk	Mitigations / Controls
Liquidity shortfall due to timing mismatch between expenditure and borrowing	Minimum liquidity coverage policy; committed facilities; rolling cash-flow forecasting; treasury reporting discipline; engagement with appropriate business group forecasting capex
Refinancing concentration risk	Maturity profile limits; prefunding where appropriate
Counterparty credit risk	Approved counterparty list; credit rating minimums; exposure limits
Foreign-exchange exposure for imported capital equipment	Hedging of committed exposures; use of approved instruments only
Speculative investment behaviour or inappropriate risk-taking	Explicit policy that financial investments are for liquidity and capital preservation only; no return-seeking portfolio; specific approval required for any equity holding
Interest-rate exposure leads to excessive/unbudgeted interest costs	Interest-rate policy spreads and smooths the impact of wholesale market interest rates (note: outside of Commerce Commission regulation)
Insurance renewal, ability to procure at acceptable cost and coverage	Engagement with insurance broker and insurance providers; engagement with appropriate business groups for asset management/capex planning
Lack of operational controls leads to unauthorised actions/ reputational risk	Procedures are documented, well understood, and appropriate skillset of staff in roles; processes are continually reviewed

APPENDIX 3:
FINANCIAL STATEMENTS BY WATER TYPE

Drinking Water supply

Statement of Comprehensive Revenue and Expenses

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
Operating revenue						Indicative				
Water services charges	190,709	223,321	257,042	290,714	321,996	357,125	396,648	441,202	446,568	447,748
User fees and charges	771	772	774	775	776	777	778	779	780	781
Operating subsidies and grants	-	-	-	-	-	-	-	-	-	-
Other operating revenue	1,074	1,462	1,788	2,279	2,802	3,462	4,328	4,729	5,041	5,306
Total operating revenue	**192,554**	**225,554**	**259,604**	**293,768**	**325,573**	**361,363**	**401,753**	**446,709**	**452,389**	**453,834**
Revenue										
Development and financial contributions	4,628	5,076	14,394	28,597	46,060	33,866	30,076	25,115	29,053	30,873
Other capital revenue	-	-	-	-	-	-	-	-	-	-
Non-cash revenue from vested assets	2,956	5,182	9,787	10,035	10,290	10,551	10,819	11,095	11,095	11,095
Total revenue	**200,138**	**235,813**	**283,785**	**332,400**	**381,922**	**405,780**	**442,649**	**482,919**	**492,537**	**495,802**
Expenses										
Operating expenses	134,939	143,096	148,806	152,178	163,186	172,006	170,362	177,014	172,912	167,657
Establishment costs	39,464	15,006	-	-	-	-	-	-	-	-
Finance costs	34,648	43,690	52,442	63,593	75,401	91,668	105,337	112,639	119,325	124,272
Depreciation & amortisation	81,381	85,069	89,204	94,838	101,272	108,468	116,746	123,154	129,291	135,550
Total expenses	**290,432**	**286,861**	**290,452**	**310,609**	**339,859**	**372,142**	**392,445**	**412,806**	**421,528**	**427,479**
Net surplus / (deficit)	**(90,294)**	**(51,048)**	**(6,667)**	**21,791**	**42,064**	**33,638**	**50,204**	**70,113**	**71,009**	**68,323**
Revaluation of infrastructure assets	106,443	140,309	243,034	295,835	351,255	423,027	274,947	248,521	252,119	227,089
Total comprehensive revenue and expenses	**16,149**	**89,261**	**236,367**	**317,626**	**393,319**	**456,665**	**325,151**	**318,635**	**323,128**	**295,412**
Cash surplus / (deficit) from operations (excl depreciation and vested assets)	**(11,869)**	**28,839**	**72,749**	**106,594**	**133,046**	**131,555**	**156,130**	**182,172**	**189,205**	**192,779**

Statement of Financial Position

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Assets										
Cash and cash equivalents	14,110	14,110	14,110	14,110	14,110	14,110	14,110	14,110	14,110	14,110
Accounts receivable	13,296	14,600	17,082	20,106	23,388	25,813	26,905	28,677	30,627	31,754
Property, plant, and equipment (WWL)	2,013	2,013	2,013	2,013	2,013	2,013	2,013	2,013	2,013	2,013
Infrastructure assets	2,918,346	3,053,173	3,292,698	3,583,606	3,925,610	4,338,255	4,601,903	4,836,600	5,071,610	5,274,078
Borrower notes	27,880	33,560	42,416	51,952	63,287	78,448	84,375	88,729	92,266	94,090
Total assets	**2,975,645**	**3,117,456**	**3,368,319**	**3,671,786**	**4,028,409**	**4,458,639**	**4,729,306**	**4,970,128**	**5,210,625**	**5,416,045**
Liabilities										
Accounts payable	17,398	22,248	26,760	37,848	43,961	49,797	57,103	42,502	40,164	40,947
Employee entitlements (WWL)	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444
Other non-current liabilities	840,242	953,845	1,130,956	1,321,667	1,548,381	1,851,604	1,970,133	2,057,209	2,127,948	2,164,426
Total liabilities	**859,084**	**977,537**	**1,159,159**	**1,360,959**	**1,593,786**	**1,902,844**	**2,028,680**	**2,101,155**	**2,169,557**	**2,206,818**
Net assets	**2,116,562**	**2,139,919**	**2,209,159**	**2,310,827**	**2,434,622**	**2,555,795**	**2,700,626**	**2,868,973**	**3,041,069**	**3,209,227**
Equity										
Issued capital	438	438	438	438	438	438	438	438	438	438
Revaluation reserve	270,117	344,522	420,430	500,307	582,038	669,573	764,200	862,434	963,520	1,063,355
Other reserves	1,846,007	1,794,959	1,788,292	1,810,083	1,852,147	1,885,784	1,935,989	2,006,102	2,077,111	2,145,434
Total equity	**2,116,562**	**2,139,919**	**2,209,159**	**2,310,827**	**2,434,622**	**2,555,795**	**2,700,626**	**2,868,973**	**3,041,069**	**3,209,227**

Statement of Cashflows

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Cashflows from operating activities										
Cash surplus / (deficit) from operations	(11,869)	28,839	72,749	106,594	133,046	131,555	156,130	182,172	189,205	192,779
Net cashflows from operating activities	**(11,869)**	**28,839**	**72,749**	**106,594**	**133,046**	**131,555**	**156,130**	**182,172**	**189,205**	**192,779**
Cashflows from investment activities										
Investments	(19,444)	(5,680)	(8,856)	(9,536)	(11,336)	(15,161)	(5,926)	(4,354)	(3,537)	(1,824)
Capital expenditure	(106,443)	(140,309)	(243,034)	(295,835)	(351,255)	(423,027)	(274,947)	(248,521)	(252,119)	(227,089)
Net cashflows from investment activities	**(125,887)**	**(145,989)**	**(251,889)**	**(305,370)**	**(362,591)**	**(438,188)**	**(280,874)**	**(252,875)**	**(255,656)**	**(228,913)**
Cashflows from financing activities										
New borrowings	137,757	117,150	179,140	198,776	229,545	306,633	124,744	70,703	66,451	36,134
Net cashflows from financing activities	**137,757**	**117,150**	**179,140**	**198,776**	**229,545**	**306,633**	**124,744**	**70,703**	**66,451**	**36,134**
Net increase / (decrease) in cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**
Cash and cash equivalents at beginning of year	1,349	14,110	14,110	14,110	14,110	14,110	14,110	14,110	14,110	14,110
Cash and cash equivalents at end of year	**1,349**	**14,110**	**14,110**	**14,110**	**14,110**	**14,110**	**14,110**	**14,110**	**14,110**	**14,110**

Funding impact statement

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Sources of operating funding										
Water services charges	190,709	223,321	257,042	290,714	321,996	357,125	396,648	441,202	446,568	447,748
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges	771	772	774	775	776	777	778	779	780	781
Interest and dividends from investments	941	1,325	1,647	2,134	2,654	3,310	4,173	4,570	4,878	5,140
Local authorities fuel tax, fines, infringement fees and other receipts	133	137	141	145	148	152	155	159	162	165
Total operating funding (A)	**192,554**	**225,554**	**259,604**	**293,768**	**325,573**	**361,363**	**401,753**	**446,709**	**452,389**	**453,834**
Applications of operating funding										
Payments to staff and suppliers	174,403	158,101	148,806	152,178	163,186	172,006	170,362	177,014	172,912	167,657
Finance costs	34,648	43,690	52,442	63,593	75,401	91,668	105,337	112,639	119,325	124,272
Total applications of operating funding (B)	**209,051**	**201,792**	**201,248**	**215,771**	**238,586**	**263,675**	**275,699**	**289,652**	**292,237**	**291,929**
Surplus (deficit) of operating funding (A - B)	**(16,497)**	**23,763**	**58,356**	**77,998**	**86,987**	**97,689**	**126,054**	**157,057**	**160,152**	**161,906**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	4,628	5,076	14,394	28,597	46,060	33,866	30,076	25,115	29,053	30,873
Increase (decrease) in debt	133,655	113,603	177,111	190,711	226,714	303,223	118,530	87,075	70,740	36,478
Total sources of capital funding (C)	**138,282**	**118,679**	**191,505**	**219,308**	**272,773**	**337,088**	**148,606**	**112,190**	**99,793**	**67,351**
Applications of capital funding										
Capital expenditure - to meet additional demand	19,406	36,765	50,107	73,037	48,722	67,203	82,603	62,213	136,173	144,675
Capital expenditure - to improve the level of service	15,221	55,656	108,557	129,332	197,917	244,823	77,076	79,602	41,707	15,931
Capital expenditure - to replace existing assets	71,817	47,887	84,370	93,465	104,616	111,001	115,268	106,706	74,239	66,483
Movements in working capital	(4,102)	(3,547)	(2,029)	(8,064)	(2,831)	(3,411)	(6,214)	16,372	4,288	344
Increase (decrease) in investments	19,444	5,680	8,856	9,536	11,336	15,161	5,926	4,354	3,537	1,824
Total applications of capital funding (D)	**121,785**	**142,442**	**249,861**	**297,306**	**359,760**	**434,777**	**274,660**	**269,247**	**259,945**	**229,257**
Surplus (deficit) of capital funding (C - D)	**16,497**	**(23,763)**	**(58,356)**	**(77,998)**	**(86,987)**	**(97,689)**	**(126,054)**	**(157,057)**	**(160,152)**	**(161,906)**
FUNDING BALANCE ((A - B) + (C - D))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Wastewater

Statement of Comprehensive Revenue and Expenses

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Operating revenue										
Water services charges	172,916	202,484	233,059	263,590	303,934	350,607	404,632	467,202	540,864	579,023
User fees and charges	2,479	2,544	2,606	2,667	2,726	2,783	2,840	2,896	2,954	3,011
Operating subsidies and grants	-	-	-	-	-	-	-	-	-	-
Other operating revenue	1,276	1,904	2,423	2,815	3,382	4,019	4,468	5,342	6,031	6,796
Total operating revenue	**176,670**	**206,933**	**238,088**	**269,073**	**310,042**	**357,409**	**411,940**	**475,440**	**549,849**	**588,830**
Revenue										
Development and financial contributions	4,170	3,810	11,346	17,517	15,562	27,946	33,251	36,511	32,127	35,342
Other capital revenue	-	-	-	-	-	-	-	-	-	-
Non-cash revenue from vested assets	502,735	4,668	8,310	8,514	8,723	8,938	9,159	9,386	9,386	9,386
Total revenue	**683,575**	**215,410**	**257,745**	**295,103**	**334,328**	**394,293**	**454,350**	**521,337**	**591,362**	**633,559**
Expenses										
Operating expenses	143,437	143,533	154,018	157,530	155,623	157,858	159,361	158,216	193,433	197,919
Establishment costs	21,678	8,243	-	-	-	-	-	-	-	-
Finance costs	43,484	57,214	67,109	77,525	90,015	101,994	115,445	132,849	147,767	164,067
Depreciation & amortisation	98,291	110,309	115,694	120,727	127,027	133,942	140,609	149,781	159,118	168,931
Total expenses	**306,891**	**319,299**	**336,820**	**355,782**	**372,665**	**393,794**	**415,415**	**440,846**	**500,319**	**530,917**
Net surplus / (deficit)	**376,684**	**(103,889)**	**(79,075)**	**(60,679)**	**(38,337)**	**499**	**38,935**	**80,491**	**91,043**	**102,641**
Revaluation of infrastructure assets	189,082	185,648	151,289	240,982	288,600	263,376	442,615	445,012	470,649	491,915
Total comprehensive revenue and expenses	**565,767**	**81,758**	**72,214**	**180,303**	**250,263**	**263,875**	**481,550**	**525,504**	**561,693**	**594,556**
Cash surplus / (deficit) from operations (excl depreciation and vested assets)	**(27,759)**	**1,753**	**28,308**	**51,533**	**79,966**	**125,503**	**170,384**	**220,886**	**240,776**	**262,186**

Statement of Financial Position

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Assets										
Cash and cash equivalents	12,319	12,319	12,319	12,319	12,319	12,319	12,319	12,319	12,319	12,319
Accounts receivable	8,367	9,404	10,959	12,971	14,903	16,931	20,038	23,150	26,621	30,263
Property, plant, and equipment (WWL)	2,429	2,429	2,429	2,429	2,429	2,429	2,429	2,429	2,429	2,429
Infrastructure assets	3,879,104	4,058,010	4,202,805	4,433,530	4,704,942	4,948,228	5,367,324	5,786,515	6,228,372	6,683,347
Borrower notes	37,013	46,346	52,918	63,140	73,754	80,880	95,494	106,533	118,806	130,856
Total assets	**3,939,231**	**4,128,507**	**4,281,429**	**4,524,388**	**4,808,346**	**5,060,786**	**5,497,604**	**5,930,946**	**6,388,547**	**6,859,214**
Liabilities										
Accounts payable	18,571	26,175	25,847	23,084	31,981	36,499	34,172	51,651	51,822	56,231
Employee entitlements (WWL)	1,742	1,742	1,742	1,742	1,742	1,742	1,742	1,742	1,742	1,742
Other non-current liabilities	1,081,312	1,267,973	1,399,409	1,603,855	1,816,138	1,958,648	2,250,926	2,471,724	2,717,171	2,958,183
Total liabilities	**1,101,625**	**1,295,890**	**1,426,998**	**1,628,681**	**1,849,861**	**1,996,889**	**2,286,840**	**2,525,118**	**2,770,735**	**3,016,156**
Net assets	**2,837,606**	**2,832,617**	**2,854,431**	**2,895,707**	**2,958,485**	**3,063,897**	**3,210,763**	**3,405,828**	**3,617,812**	**3,843,058**
Equity										
Issued capital	528	528	528	528	528	528	528	528	528	528
Revaluation reserve	298,846	397,747	498,636	600,591	701,707	806,620	914,551	1,029,124	1,150,064	1,272,670
Other reserves	2,538,232	2,434,342	2,355,267	2,294,588	2,256,250	2,256,750	2,295,684	2,376,176	2,467,219	2,569,860
Total equity	**2,837,606**	**2,832,617**	**2,854,431**	**2,895,707**	**2,958,485**	**3,063,897**	**3,210,763**	**3,405,828**	**3,617,812**	**3,843,058**

Statement of Cashflows

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Cashflows from operating activities										
Cash surplus / (deficit) from operations	(27,759)	1,753	28,308	51,533	79,966	125,503	170,384	220,886	240,776	262,186
Net cashflows from operating activities	**(27,759)**	**1,753**	**28,308**	**51,533**	**79,966**	**125,503**	**170,384**	**220,886**	**240,776**	**262,186**
Cashflows from investment activities										
Investments	(22,036)	(9,333)	(6,572)	(10,222)	(10,614)	(7,125)	(14,614)	(11,040)	(12,272)	(12,051)
Capital expenditure	(189,082)	(185,648)	(151,289)	(240,982)	(288,600)	(263,376)	(442,615)	(445,012)	(470,649)	(491,915)
Net cashflows from investment activities	**(211,118)**	**(194,981)**	**(157,861)**	**(251,204)**	**(299,214)**	**(270,502)**	**(457,229)**	**(456,052)**	**(482,922)**	**(503,965)**
Cashflows from financing activities										
New borrowings	238,877	193,228	129,552	199,671	219,248	144,999	286,844	235,166	242,146	241,779
Net cashflows from financing activities	**238,877**	**193,228**	**129,552**	**199,671**	**219,248**	**144,999**	**286,844**	**235,166**	**242,146**	**241,779**
Net increase / (decrease) in cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents at beginning of year	1,717	12,319	12,319	12,319	12,319	12,319	12,319	12,319	12,319	12,319
Cash and cash equivalents at end of year	**1,717**	**12,319**	**12,319**	**12,319**	**12,319**	**12,319**	**12,319**	**12,319**	**12,319**	**12,319**

Funding impact statement

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Sources of operating funding										
Water services charges	172,916	202,484	233,059	263,590	303,934	350,607	404,632	467,202	540,864	579,023
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees and charges	2,479	2,544	2,606	2,667	2,726	2,783	2,840	2,896	2,954	3,011
Interest and dividends from investments	1,136	1,759	2,275	2,662	3,225	3,857	4,302	5,172	5,857	6,619
Local authorities fuel tax, fines, infringement fees and other receipts	140	145	148	153	157	162	166	170	173	177
Total operating funding (A)	**176,670**	**206,933**	**238,088**	**269,073**	**310,042**	**357,409**	**411,940**	**475,440**	**549,849**	**588,830**
Applications of operating funding										
Payments to staff and suppliers	165,115	151,776	154,018	157,530	155,623	157,858	159,361	158,216	193,433	197,919
Finance costs	43,484	57,214	67,109	77,525	90,015	101,994	115,445	132,849	147,767	164,067
Total applications of operating funding (B)	**208,599**	**208,990**	**221,126**	**235,056**	**245,638**	**259,852**	**274,806**	**291,065**	**341,200**	**361,986**
Surplus (deficit) of operating funding (A - B)	**(31,929)**	**(2,057)**	**16,962**	**34,017**	**64,404**	**97,557**	**137,133**	**184,375**	**208,649**	**226,844**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	4,170	3,810	11,346	17,517	15,562	27,946	33,251	36,511	32,127	35,342
Increase (decrease) in debt	228,673	186,661	131,436	204,446	212,283	142,510	292,278	220,798	245,447	241,012
Total sources of capital funding (C)	**232,843**	**190,471**	**142,782**	**221,963**	**227,845**	**170,455**	**325,529**	**257,309**	**277,574**	**276,354**
Applications of capital funding										
Capital expenditure - to meet additional demand	10,683	23,827	15,653	11,109	6,419	22,288	31,949	44,007	31,712	62,484
Capital expenditure - to improve the level of service	36,039	46,459	37,659	56,653	83,486	38,227	86,956	91,353	49,651	66,694
Capital expenditure - to replace existing assets	142,361	115,362	97,977	173,220	198,695	202,861	323,710	309,652	389,287	362,737
Movements in working capital	(10,204)	(6,567)	1,883	4,775	(6,965)	(2,489)	5,433	(14,368)	3,301	(768)
Increase (decrease) in investments	22,036	9,333	6,572	10,222	10,614	7,125	14,614	11,040	12,272	12,051
Total applications of capital funding (D)	**200,914**	**188,414**	**159,744**	**255,980**	**292,249**	**268,013**	**462,662**	**441,685**	**486,223**	**503,198**
Surplus (deficit) of capital funding (C - D)	**31,929**	**2,057**	**(16,962)**	**(34,017)**	**(64,404)**	**(97,557)**	**(137,133)**	**(184,375)**	**(208,649)**	**(226,844)**
FUNDING BALANCE ((A - B) + (C - D))	**-**	**0**	**0**	**-**	**0**	**-**	**-**	**-**	**-**	**(0)**

Stormwater

Statement of Comprehensive Revenue and Expenses

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Operating revenue										
Water services charges	72,765	85,208	98,074	110,922	116,160	123,367	133,167	146,419	170,294	198,205
User fees and charges	13	14	14	15	15	15	16	16	16	17
Operating subsidies and grants	1,371	1,407	1,441	1,475	1,509	1,542	1,574	1,608	1,640	1,673
Other operating revenue	207	223	258	288	347	641	1,063	1,531	2,113	2,573
Total operating revenue	**74,356**	**86,852**	**99,787**	**112,699**	**118,031**	**125,565**	**135,820**	**149,574**	**174,063**	**202,468**
Revenue										
Development and financial contributions	5,225	6,380	9,145	4,041	4,321	4,844	4,369	6,018	7,152	2,815
Other capital revenue	6,935	9,400	31,350	21,950	-	-	-	-	-	-
Non-cash revenue from vested assets	2,948	5,486	10,580	10,854	11,136	11,426	11,723	12,028	12,028	12,028
Total revenue	**89,465**	**108,117**	**150,862**	**149,545**	**133,488**	**141,835**	**151,912**	**167,620**	**193,244**	**217,311**
Expenses										
Operating expenses	44,106	46,983	49,651	52,589	54,446	55,154	56,542	56,433	57,593	59,481
Establishment costs	5,658	2,151	-	-	-	-	-	-	-	-
Finance costs	2,507	3,176	3,810	4,662	8,028	15,476	24,500	35,177	46,113	55,686
Depreciation & amortisation	58,542	60,626	63,108	66,138	69,281	73,229	77,901	82,738	88,140	93,218
Total expenses	**110,813**	**112,936**	**116,569**	**123,389**	**131,754**	**143,859**	**158,942**	**174,348**	**191,846**	**208,385**
Net surplus / (deficit)	**(21,348)**	**(4,819)**	**34,294**	**26,156**	**1,734**	**(2,024)**	**(7,031)**	**(6,728)**	**1,397**	**8,927**
Revaluation of infrastructure assets	33,647	63,779	97,556	103,026	164,052	213,462	220,499	257,041	227,402	238,100
Total comprehensive revenue and expenses	**12,299**	**58,960**	**131,849**	**129,181**	**165,785**	**211,438**	**213,468**	**250,313**	**228,799**	**247,027**
Cash surplus / (deficit) from operations (excl depreciation and vested assets)	**34,245**	**50,321**	**86,822**	**81,439**	**59,879**	**59,779**	**59,147**	**63,982**	**77,509**	**90,116**

Statement of Financial Position

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Assets										
Cash and cash equivalents	2,138	2,138	2,138	2,138	2,138	2,138	2,138	2,138	2,138	2,138
Accounts receivable	3,705	4,499	5,337	7,295	7,212	6,362	6,781	7,290	8,091	9,423
Property, plant, and equipment (WWL)	159	159	159	159	159	159	159	159	159	159
Infrastructure assets	2,872,698	2,954,578	3,073,062	3,195,353	3,374,136	3,601,033	3,833,900	4,102,072	4,339,096	4,581,422
Borrower notes	1,808	2,393	2,840	3,899	9,341	17,068	25,327	35,475	43,220	51,227
Total assets	**2,880,508**	**2,963,767**	**3,083,536**	**3,208,843**	**3,392,986**	**3,626,759**	**3,868,305**	**4,147,133**	**4,392,704**	**4,644,369**
Liabilities										
Accounts payable	2,539	5,671	8,753	12,177	12,868	18,892	23,727	24,485	28,026	25,213
Employee entitlements (WWL)	114	114	114	114	114	114	114	114	114	114
Other non-current liabilities	58,452	70,157	79,094	100,274	209,115	363,650	528,846	731,803	886,701	1,046,838
Total liabilities	**61,105**	**75,942**	**87,961**	**112,564**	**222,096**	**382,656**	**552,686**	**756,402**	**914,841**	**1,072,164**
Net assets	**2,819,402**	**2,887,825**	**2,995,575**	**3,096,279**	**3,170,889**	**3,244,104**	**3,315,619**	**3,390,731**	**3,477,863**	**3,572,205**
Equity										
Issued capital	35	35	35	35	35	35	35	35	35	35
Revaluation reserve	292,261	365,502	438,959	513,507	586,384	661,622	740,168	822,008	907,743	993,158
Other reserves	2,527,107	2,522,288	2,556,582	2,582,737	2,584,471	2,582,447	2,575,417	2,568,688	2,570,086	2,579,012
Total equity	**2,819,402**	**2,887,825**	**2,995,575**	**3,096,279**	**3,170,889**	**3,244,104**	**3,315,619**	**3,390,731**	**3,477,863**	**3,572,205**

Statement of Cashflows

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Cashflows from operating activities										
Cash surplus / (deficit) from operations	34,245	50,321	86,822	81,439	59,879	59,779	59,147	63,982	77,509	90,116
Other items										
Net cashflows from operating activities	**34,245**	**50,321**	**86,822**	**81,439**	**59,879**	**59,779**	**59,147**	**63,982**	**77,509**	**90,116**
Cashflows from investment activities										
Investments	(2,139)	(585)	(447)	(1,059)	(5,442)	(7,727)	(8,260)	(10,148)	(7,745)	(8,007)
Capital expenditure	(33,647)	(63,779)	(97,556)	(103,026)	(164,052)	(213,462)	(220,499)	(257,041)	(227,402)	(238,100)
Net cashflows from investment activities	**(35,786)**	**(64,364)**	**(98,003)**	**(104,085)**	**(169,494)**	**(221,189)**	**(228,759)**	**(267,189)**	**(235,147)**	**(246,107)**
Cashflows from financing activities										
New borrowings	1,540	14,043	11,181	22,645	109,615	161,409	169,611	203,208	157,638	155,991
Repayment of borrowings										
Equity contributions	-	-	-	-	-	-	-	-	-	-
Net cashflows from financing activities	**1,540**	**14,043**	**11,181**	**22,645**	**109,615**	**161,409**	**169,611**	**203,208**	**157,638**	**155,991**
Net increase / (decrease) in cash and cash equivalents	**(0)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents at beginning of year	134	2,138	2,138	2,138	2,138	2,138	2,138	2,138	2,138	2,138
Cash and cash equivalents at end of year	**134**	**2,138**	**2,138**	**2,138**	**2,138**	**2,138**	**2,138**	**2,138**	**2,138**	**2,138**

Funding impact statement

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
						Indicative				
Sources of operating funding										
Water services charges	72,765	85,208	98,074	110,922	116,160	123,367	133,167	146,419	170,294	198,205
Subsidies and grants for operating purposes	1,371	1,407	1,441	1,475	1,509	1,542	1,574	1,608	1,640	1,673
Fees and charges	13	14	14	15	15	15	16	16	16	17
Interest and dividends from investments	74	86	117	143	199	489	908	1,372	1,950	2,408
Local authorities fuel tax, fines, infringement fees and other receipts	133	137	141	145	148	152	155	159	162	165
Total operating funding (A)	**74,356**	**86,852**	**99,787**	**112,699**	**118,031**	**125,565**	**135,820**	**149,574**	**174,063**	**202,468**
Applications of operating funding										
Payments to staff and suppliers	49,764	49,134	49,651	52,589	54,446	55,154	56,542	56,433	57,593	59,481
Finance costs	2,507	3,176	3,810	4,662	8,028	15,476	24,500	35,177	46,113	55,686
Total applications of operating funding (B)	**52,271**	**52,310**	**53,461**	**57,251**	**62,473**	**70,630**	**81,042**	**91,610**	**103,706**	**115,167**
Surplus (deficit) of operating funding (A - B)	**22,085**	**34,541**	**46,326**	**55,448**	**55,558**	**54,935**	**54,778**	**57,964**	**70,357**	**87,302**
Sources of capital funding										
Subsidies and grants for capital expenditure	6,935	9,400	31,350	21,950	-	-	-	-	-	-
Development and financial contributions	5,225	6,380	9,145	4,041	4,321	4,844	4,369	6,018	7,152	2,815
Increase (decrease) in debt	2,706	11,705	8,937	21,179	108,841	154,535	165,196	202,957	154,898	160,137
Total sources of capital funding (C)	**14,867**	**27,485**	**49,433**	**47,171**	**113,162**	**159,379**	**169,565**	**208,975**	**162,050**	**162,952**
Applications of capital funding										
Capital expenditure - to meet additional demand	14,601	41,015	49,744	8,947	3,688	5,634	6,324	10,782	9,293	5,347
Capital expenditure - to improve the level of service	4,316	8,247	15,721	41,226	107,935	139,560	150,213	192,443	169,722	184,304
Capital expenditure - to replace existing assets	14,730	14,517	32,091	52,853	52,429	68,267	63,962	53,816	48,387	48,449
Movements in working capital	1,166	(2,338)	(2,244)	(1,466)	(774)	(6,874)	(4,415)	(250)	(2,740)	4,146
Increase (decrease) in investments	2,139	585	447	1,059	5,442	7,727	8,260	10,148	7,745	8,007
Total applications of capital funding (D)	**36,952**	**62,026**	**95,759**	**102,619**	**168,720**	**214,314**	**224,343**	**266,939**	**232,407**	**250,253**
Surplus (deficit) of capital funding (C - D)	**(22,085)**	**(34,541)**	**(46,326)**	**(55,448)**	**(55,558)**	**(54,935)**	**(54,778)**	**(57,964)**	**(70,357)**	**(87,302)**
FUNDING BALANCE ((A - B) + (C - D))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

APPENDIX 4:
TIAKI WAI FINANCIAL POLICIES SUMMARY

Pricing Policy

The Pricing Policy sets out how Tiaki Wai translates the revenue requirements established in this Strategy into charges for customers. The full Pricing Policy is available on the Tiaki Wai website.

Pricing approach for 2026/27

For the 2026/27 financial year, Tiaki Wai will largely adopt the pricing mechanisms previously used by Wellington, Hutt City, Porirua and Upper Hutt city councils.

This approach is intended to:

- provide continuity for customers during establishment
- reflect differences in cost structures, debt levels and service arrangements
- avoid significant structural changes to charging mechanisms in the first year of operation.

As a result, pricing will continue to vary between council areas in 2026/27, both in structure and in level.

Charging mechanisms

Water services charges across the takiwā may include a combination of:

- fixed charges per property or separately used or inhabited part (SUIP)
- charges per water closet (for wastewater)
- volumetric charges where meters are installed
- charges based on rateable capital value (during the transition period).
- Stormwater charges will apply to properties within defined stormwater service zones, consistent with legislative requirements.

Detailed mechanisms and differentials for each council area are set out in the Pricing Policy.

Transition from capital value–based charging

The LGWSA requires water service providers to transition away from capital value–based charging over time, with Tiaki Wai required to commence and/or progress this transition from 2026/27.

Stormwater services are currently funded through general rates, which are largely based on capital value. Over time, this will transition to a dedicated fixed stormwater charge.

For services where charges currently include a mix of capital value–based and fixed components, the proportion recovered through fixed charges will increase.

The detailed design and timing of further changes will be developed through future Water Services Strategies as the new entity becomes established.

Differentials and fairness considerations

In some council areas, differentials apply between residential, commercial, community and other property types. These reflect historical funding decisions and local revenue structures.

The impact of adjusting or removing such differentials will be considered in future strategy cycles.

Treasury Policy (giving security for borrowing)

The Treasury Policy sets out how Tiaki Wai manages borrowing, liquidity and financial market risks in a prudent and controlled manner. The full Treasury policy is available on the Tiaki Wai website.

Treasury activities support delivery of water services and infrastructure investment. They are not undertaken to generate profit or take speculative positions.

The purpose of the Treasury Policy is to:

- ensure Tiaki Wai can raise and refinance debt sustainably
- maintain sufficient liquidity to meet obligations
- manage exposure to interest-rate, foreign-exchange and counterparty credit risks
- protect financial resilience and support an investment-grade financial profile
- provide clear governance, delegations and reporting arrangements.

Treasury decisions must align with the financial strategy, including the agreed pathway to achieve and maintain lender covenants.

Financing and refinancing risk

Tiaki Wai primarily will access debt funding through the LGFA, supplemented by bank facilities or capital market instruments.

The policy:

- limits the concentration of debt maturities (no more than 25% maturing in any rolling 12-month period)
- allows prudent prefunding of refinancing
- requires ongoing compliance with lender covenants, including:
  - FFO to Net Debt ≥ 8.0%, and
  - FFO to Cash Interest ≥ 1.5x.

Covenant compliance is monitored at least quarterly.

Liquidity management

Tiaki Wai must maintain sufficient access to liquid resources to manage day-to-day operations and absorb short-term shocks.

The policy requires:

- liquidity coverage of at least 100% of forecast net operational and gross capital expenditure over the next three months
- access to committed facilities sufficient to cover short-term funding needs
- rolling cash-flow forecasting and regular liquidity reporting to the Board
- liquidity is treated as a resilience tool, not an investment portfolio.

Interest-rate risk management

Interest-rate risk arises from changes in market rates affecting borrowing costs.

The policy:

- establishes minimum and maximum fixed-rate exposure bands over different time horizons
- permits approved interest-rate instruments (e.g. swaps, caps and collars) to manage risk
- prohibits speculative transactions,
- anticipates future alignment with Commerce Commission regulatory settings once economic regulation is fully implemented.

Interest-rate risk settings are designed to balance cost stability with flexibility as Tiaki Wai's debt profile evolves.

Foreign-exchange risk

Foreign-exchange risk primarily arises from imported capital expenditure.

The policy requires:

- hedging of material foreign currency exposures
- 100% hedging of legally committed foreign currency contracts
- use of approved instruments only (e.g. forward exchange contracts and purchased options)
- no speculative foreign exchange positions.

Counterparty and operational risk

The policy limits exposure to approved banks with minimum credit ratings and establishes exposure limits per counterparty.

It also requires:

- clear segregation of duties between deal execution and settlement
- formal delegations of authority
- regular internal and external reporting
- monitoring of covenant compliance and risk limits.

Security arrangements

Tiaki Wai may provide security for borrowing only where required under lender arrangements, including for any General Security Agreement or security trustee structure approved by the Board. The organisation does not intend to grant additional security beyond established sector arrangements unless specifically approved.

Financial investments and equity securities

Tiaki Wai does not hold financial investments or equity securities for return-seeking purposes. Financial investments are held solely for liquidity management and operational requirements, such as short-term deposits pending capital expenditure or debt repayment.

The organisation does not operate an investment portfolio and does not intend to hold equity securities except where necessary for operational or strategic purposes directly related to the delivery of water services.

Tiaki Wai does not hold financial investments or equity securities for return-seeking purposes and therefore has no target rate of return.

Development Contributions Policy

The Development Contributions Policy sets out how costs associated with growth are funded.

Transitional approach for 2026/27

Councils and Tiaki Wai have agreed to adopt the Development Contributions Policy under s120 of the LGWSA. There is no change from the councils' existing Development Contribution Policies.

This reflects:

- the transfer of water activities to Tiaki Wai
- existing investment programmes and growth assumptions embedded in those policies
- the need to provide continuity and certainty for developers during the transition period.

As a result, development contribution methodologies and charges may vary across council areas in 2026/27.

Future policy development

Tiaki Wai intends to develop a unified Development Contributions Policy for future years.

This work will be considered alongside the next Water Services Strategy cycle and will take into account:

- updated growth projections
- the capital investment programme
- emerging developer levy legislation
- feedback from councils and the development sector.

Any changes to development contribution methodologies or charge structures will be consulted on in accordance with statutory requirements.

Relationship to the financial strategy

Development contributions form part of the funding framework described in this financial strategy. They are treated as growth-related funding and are not relied upon to support the operating cash flow improvements required to meet lending covenants.

Debtors Management and Hardship Policy

The Tiaki Wai Debtors Management and Hardship Policy establishes the framework for billing, revenue collection, and the management of overdue water service charges. The full Debtors Management and Hardship Policy is available on the Tiaki Wai website. The policy recognises water services as essential to community wellbeing and sets out a balanced approach that supports responsible financial stewardship while ensuring customers are treated fairly and respectfully. Clear processes are established for invoicing, payment arrangements, escalation of overdue accounts, and governance oversight.

Where accounts remain unpaid despite engagement efforts, the policy outlines proportionate debt management processes, including reminder notices, structured escalation, and referral to external collection agencies where necessary.

Hardship and waivers

The policy also sets out how Tiaki Wai will support residential customers who are temporarily unable to meet their water services charges.

Water services are essential. The policy provides a structured framework for supporting residential customers experiencing genuine financial hardship while maintaining responsible financial stewardship.

The policy:

- enables early engagement when difficulties arise
- encourages practical solutions before enforcement
- ensures assistance is fair, consistent and financially sustainable.

Scope and eligibility

The policy applies to residential customers who are legally responsible for their water services account and are experiencing temporary financial hardship.

It does not apply to non-residential or commercial customers.

Eligibility requires:

- evidence of financial difficulty outside the customer's control
- a willingness to engage constructively
- a reasonable prospect of returning to normal payment arrangements.

Support framework

Support is structured in tiers, with a focus on practical and non-financial solutions.

Tier 1 – Payment support and engagement

This is the primary response and may include:

- flexible payment plans
- short-term extensions
- referral to budgeting or support services
- remission of late payment fees where hardship support is agreed.

Tier 2 – Practical assistance

As volumetric charging expands, practical assistance may include:

- water efficiency advice
- identification of unusually high usage
- support to address avoidable costs where appropriate.

Tier 3 – Waivers or adjustments

In exceptional and temporary circumstances, limited financial relief may be considered after other options have been explored.

Ongoing subsidies or routine debt write-offs are not provided.

Restriction of supply will be considered as a last resort, and only where a customer is unwilling, rather than unable, to pay.

Accounting Policy

Tiaki Wai will prepare its financial statements in accordance with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS). As a water services entity established to provide public services rather than generate returns to shareholders, Tiaki Wai is classified as a Public Benefit Entity (PBE).

The Accounting Policy is available on the Tiaki Wai website.

Basis of preparation

Financial statements will be prepared on an accrual basis and primarily measured at historical cost, except where standards require fair value measurement.

Significant accounting estimates and judgments will be required in areas such as asset valuation, depreciation, impairment, revenue recognition and provisions. These estimates will be reviewed regularly and updated as better information becomes available.

Property, plant and equipment

Water infrastructure assets transferred from shareholding councils will be recorded at their assessed values at the date of transfer.

Assets will be depreciated on a straight-line basis over their estimated useful lives. Land and assets under construction are not depreciated.

Depreciation rates and useful lives will be reviewed periodically to ensure they remain appropriate.

Intangible assets

Intangible assets, including software and resource consents, will be initially recorded at cost and amortised over their useful lives where applicable.

Software-as-a-service (SaaS) arrangements will generally be treated as operating expenses unless they meet the recognition criteria for capitalisation under PBE IPSAS standards.

Borrowings and finance costs

Borrowings will be initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Finance costs will be expensed in the period incurred and will not be capitalised.

Financial instruments and risk management

Financial assets and liabilities will be recognised and measured in accordance with PBE IPSAS requirements.

Tiaki Wai will apply a Treasury Policy to manage liquidity, interest-rate, foreign-exchange and credit risks. Compliance with treasury limits and lender covenants will be monitored and reported.

Revenue recognition

Revenue will be classified as exchange or non-exchange revenue.

Water and wastewater revenue will be recognised as services are delivered, including recognition of unbilled revenue where services have been provided but not yet invoiced.

Vested assets received from developers will be recognised at fair value as additions to property, plant and equipment and recorded as non-exchange revenue.

Development contribution and infrastructure growth charge revenue will be recognised in accordance with PBE IPSAS requirements.

Provisions and employee entitlements

Provisions will be recognised where there is a present obligation and a reliable estimate can be made.

Employee leave liabilities and decommissioning obligations will be recognised in accordance with accounting standards and updated annually.

Transitional arrangements

During the initial years of operation:

- opening balances and asset values will be finalised through the agreed Net Asset Calculation Manual process
- accounting policies may be refined to reflect final transfer arrangements and regulatory developments.

GLOSSARY

Photo credit: Porirua City Council

Term	Description
Bulk main	A pipe that conveys drinking water between a treatment plan 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.
Future Development Strategy (FDS)	A Future Development Strategy is a long-term (typically 30-year) plan used by local governments to manage population growth, housing, and business capacity.
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 the takiwā of Tiaki Wai would be paying the same or similar prices based on a consistent methodology.
Housing and Business Capacity Assessment (HBA)	A Housing and Business Development Capacity Assessment (HBA) is a mandatory, three-yearly report for local authorities in New Zealand, required by the National Policy Statement on Urban Development 2020. It analyses long-term (30-year) demand and supply for housing and business land to ensure enough capacity is available.
Level of service	Level of service statements describe the outputs or objectives an organisation intends to deliver to customers.
Local Government (Water Services) Act 2025 (LGWSA)	The Local Government (Water Services) Act 2025 is a law passed in August 2025 that establishes a new, enduring framework for councils to deliver water services.
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.

Term	Description
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.
Separately used or inhabited unit (SUIP)	For the purposes of any targeted rate set as a fixed amount per separately used or inhabited part (SUIP) of a property (rating unit), a SUIP is defined as: • any part of the rating unit separately used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement. • at a minimum, the land or premises intended to form the SUIP of the rating unit must be capable of actual habitation, or actual use by persons for purposes of conducting a business. For the avoidance of doubt, a property (rating unit) that has only one use (i.e., it does not have separate parts or is vacant land) is treated as being one SUIP of a rating unit.
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.
Takiwā	The area Tiaki Wai provides water services to – the geographic boundaries of Hutt, Porirua, Upper Hutt and Wellington City.
Three waters	Drinking water, wastewater and stormwater.
Trunk main water	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.