Metropolitan Wellington Water Services Delivery Plan

AUGUST 2025

HUTT CITY TE AWA KAIRANGI

poriruacity

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

Absolutely Positively Wellington City Council
Me Heke Ki Pōneke

Greater Wellington Te Pane Matua Taiao

Disclaimer

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

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

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

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

Contents

Executive Summary

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

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

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

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

Infrastructure

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

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

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

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

Investment

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

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

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

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

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

[2] Uninflated and pre-efficiency assumptions

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

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

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

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

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

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

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

Implementation

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

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

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

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

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

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

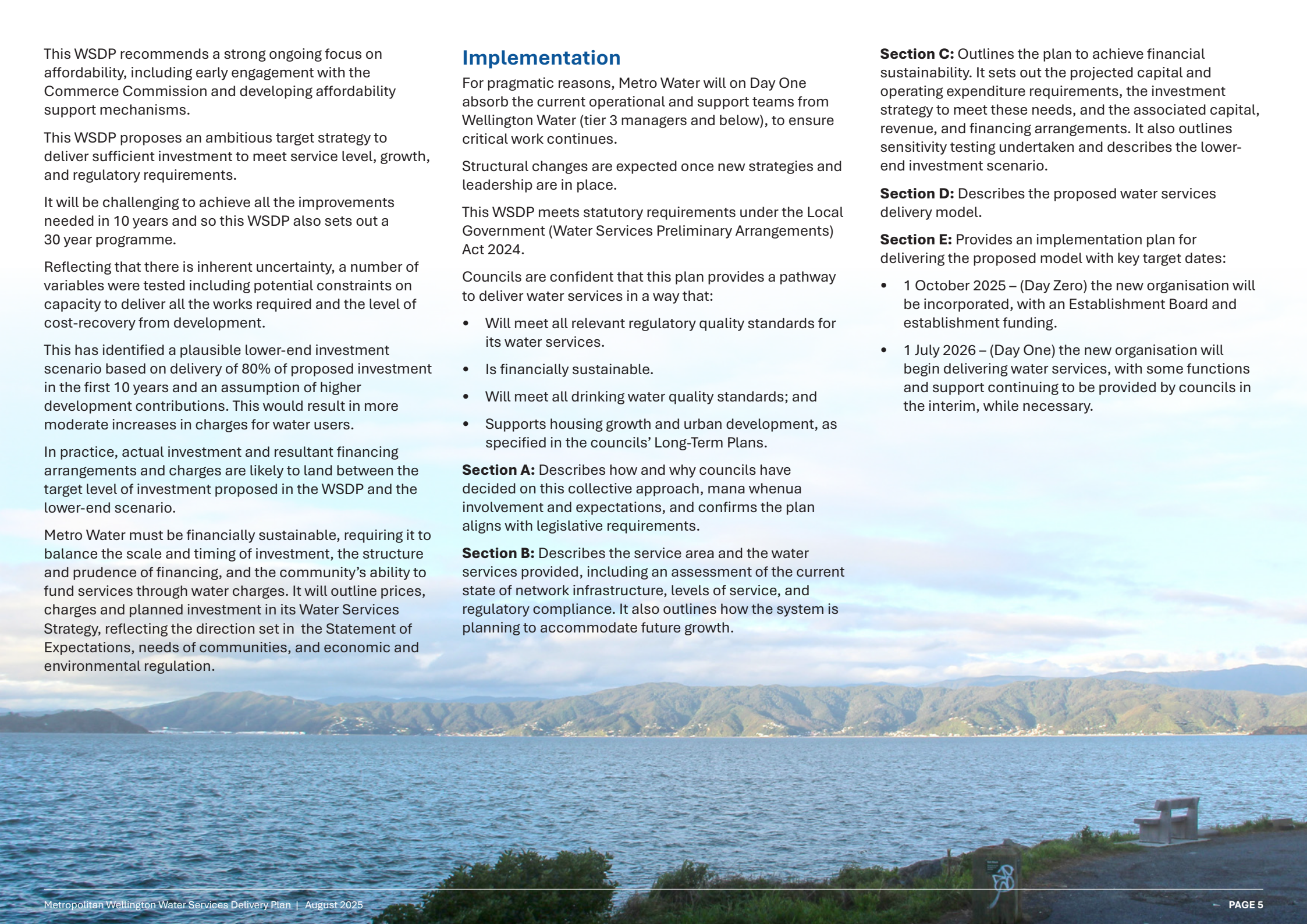
Section B: Describes the service area and the water services provided, including an assessment of the current state of network infrastructure, levels of service, and regulatory compliance. It also outlines how the system is planning to accommodate future growth.

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

Section D: Describes the proposed water services delivery model.

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

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



A: Introduction, assurance and certification

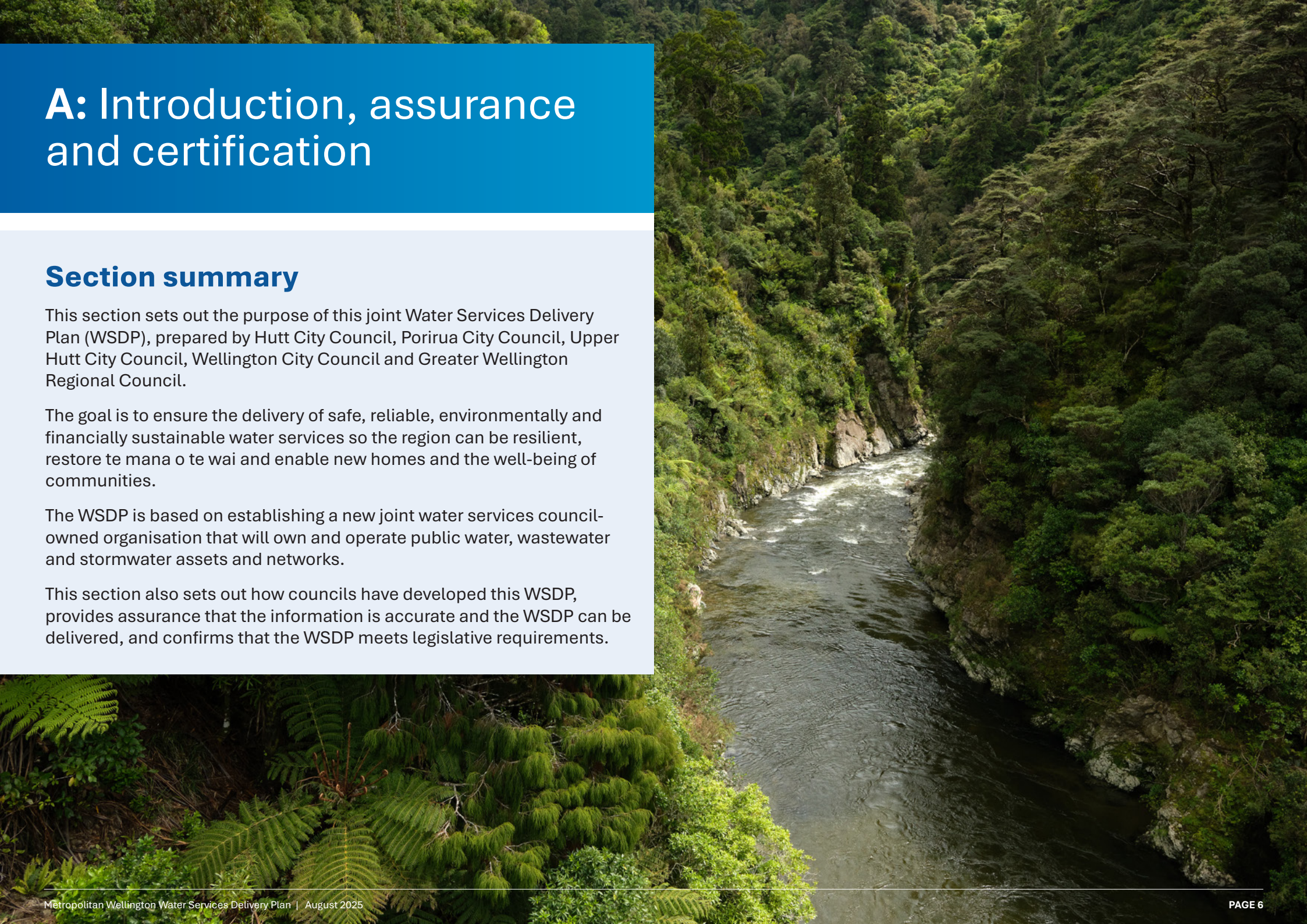
Section summary

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

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

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

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



A1. Introduction

A1.1 Purpose of this WSDP

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

This WSDP has been jointly developed by:

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

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

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

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

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

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

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

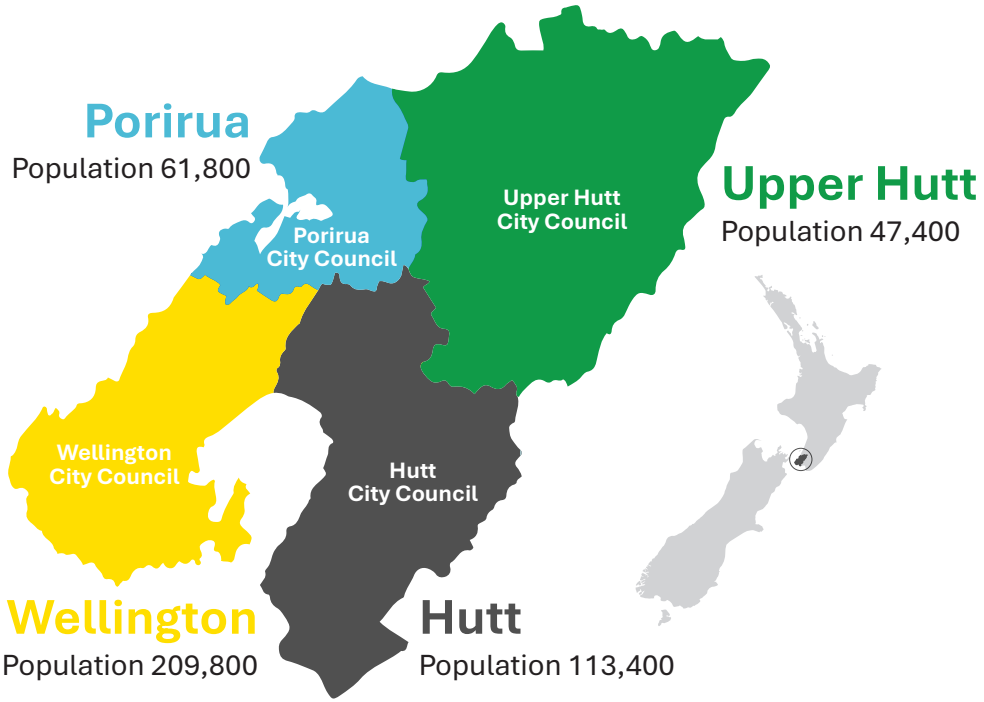
The process leading to this collective approach is discussed in more detail in Section A3 of this report.

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

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

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

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



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

A1.2 Mana Whenua partnership

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

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

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

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

Mana whenua expect Metro Water to commit to key outcomes:

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

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

A2. Legislative requirements

A2.1 Legislative framework

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

The relevant legislation is:

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

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

A2.2 Statutory requirements of a WSDP

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

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

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

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

A2.3 Alignment with statutory requirements

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

Table 1: *Alignment with statutory requirements*

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

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

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

A3. Regional approach to WSDP

A3.1 Developing a recommended regional approach and delivery model

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

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

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

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

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

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

A3.2 Developing a joint WSDP and establishment planning

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

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

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

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

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

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

This decision was made by councils on the following dates:

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

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

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

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

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

A3.4 Greater Wellington Regional Council position

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

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

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

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

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

[4] GRWC LTP 2024-2034.

A4. Consultation and engagement

A4.1 Public consultation

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

All councils consulted on the options of:

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

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

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

Summary of feedback

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

Table 2: *Summary of consultation outcomes*

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

Consistent themes

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

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

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

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

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

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

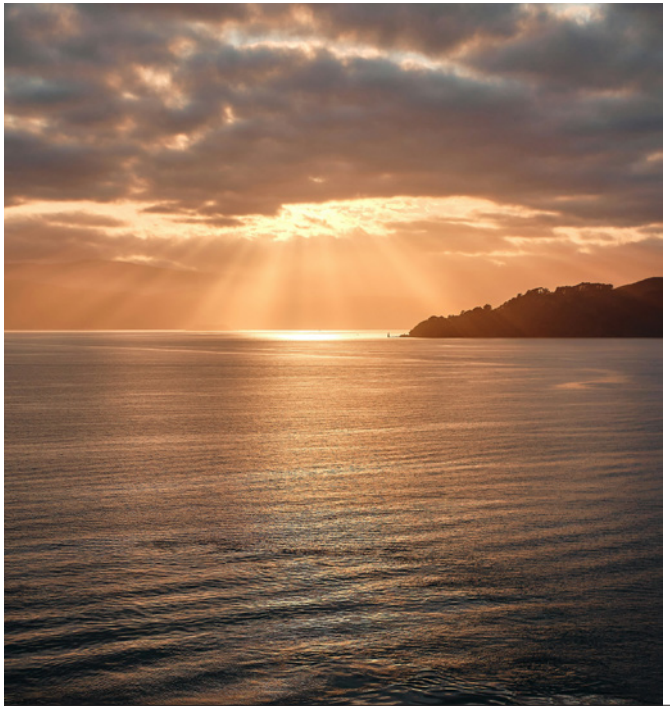
Te Tiriti, water quality and environmental concerns. There is a call for the new organisation to uphold Treaty /Te Tiriti principles and involve Māori groups in governance. Some submitters emphasised the importance of environmental responsibility and long-term planning in water management. They want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

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

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

A5. Limitations, risks and constraints

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



A6. Assurance process

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

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

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

This process has included:

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

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

A7. Assurance statements

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

Table 3: *Assurance statements*

Assurance statement	Relevant considerations and requirements	Relevant section of the WSDP
Financial sustainability	How the Plan will ensure that water services will be delivered in a financially sustainable manner, by 30 June 2028 at the latest. This requires confirmation that the Plan ensures water services delivery will meet the Financially Sustainable delivery assessment. This section includes commentary on: • transitional arrangements to ensure financially sustainable water services provision by 30 June 2028 • revenue requirements to meet costs of water services delivery over the plan period • the proposed levels of investment required over the plan period, and • funding and financing arrangements to deliver the proposed levels of investment.	Section C
Assurance and certification	The Act requires that each Plan that is submitted to the Secretary for Local Government for acceptance must include a certification, made by the Chief Executive of the council(s) to which the Plan relates, that: • the plan complies with the act, and • the information contained in the plan is true and accurate. When certifying the plan, the chief executive of the council(s) may include commentary on: • the levels of confidence in the underlying information included in the plan. This could include comment on the level of confidence in regulatory compliance, asset condition, investment requirements, asset valuations or certainty around financial projections • any material risks or constraints that may impact on the delivery of water services, the ability to implement the plan or to achieve financially sustainable water services provision by 30 June 2028 • any assurance processes undertaken to verify the accuracy of information included in the plan.	Section A

A8. Certification

I certify that this WSDP:

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

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

A9. Adoption of the Plan

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

Council	Date
Hutt City Council	19 August 2025
Porirua City Council	21 August 2025
Upper Hutt City Council	20 August 2025
Wellington City Council	21 August 2025
Greater Wellington Regional Council	21 August 2025

Appendix A3 contains individual council WSDP adoption resolutions.

B: Current state assessment

Section summary

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

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

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

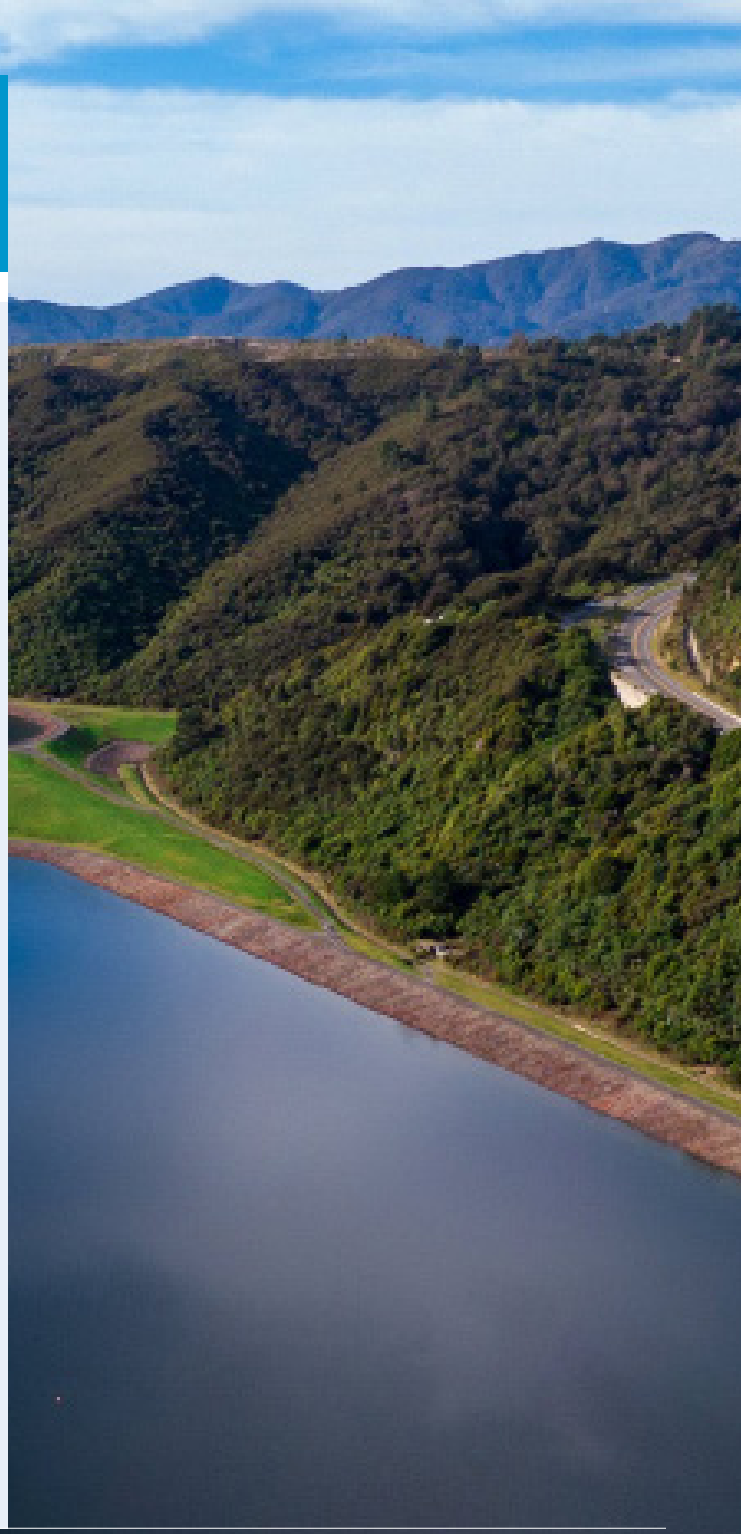
As in many parts of the country, the three waters infrastructure faces significant challenges, mainly due to a lack of sufficient investment over a long period.

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

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

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

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



B1. Introduction

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

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

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

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

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

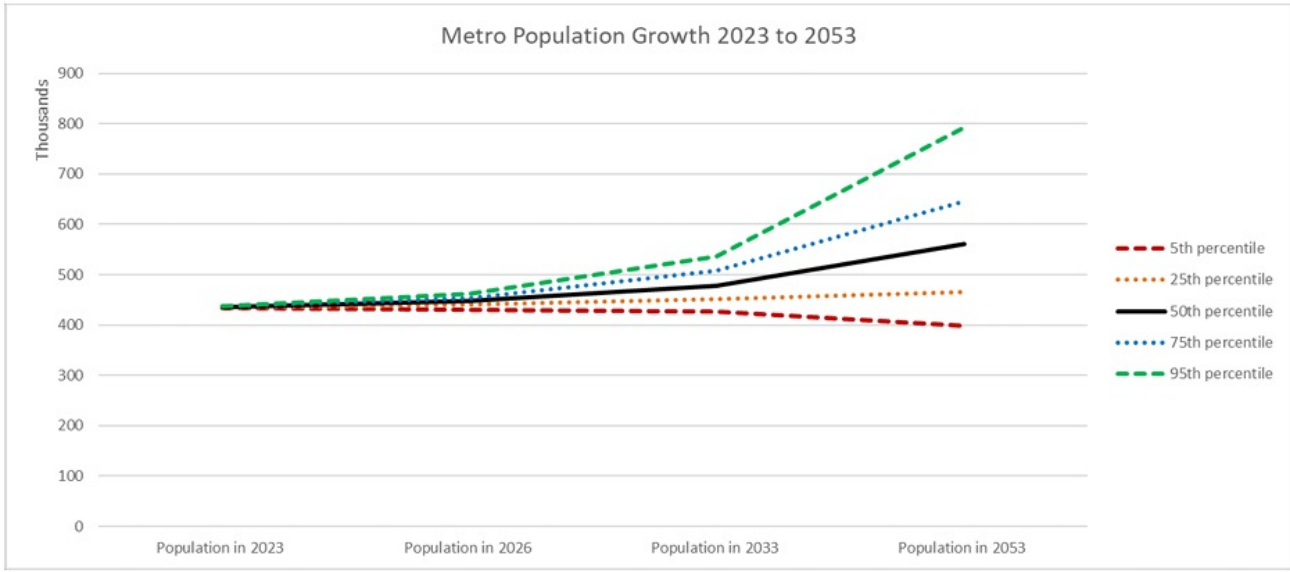
B2. Population and areas that receive water services

B2.1 Population and water services connections

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

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

Figure 2: *Metro population growth*[3]



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

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

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

Hutt City

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

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

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

Porirua City

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

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

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

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

Upper Hutt City

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

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

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

Wellington City

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

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

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

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

Greater Wellington Regional Council

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

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

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

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

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

Table 4: *Water supply connections*

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

Table 5: *Wastewater connections*

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

Table 6: *Stormwater connections*

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

B3. Integrated water systems

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

B3.1 Drinking water supply

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

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

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

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

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

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

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

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

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

B3.2 Wastewater networks

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

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

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

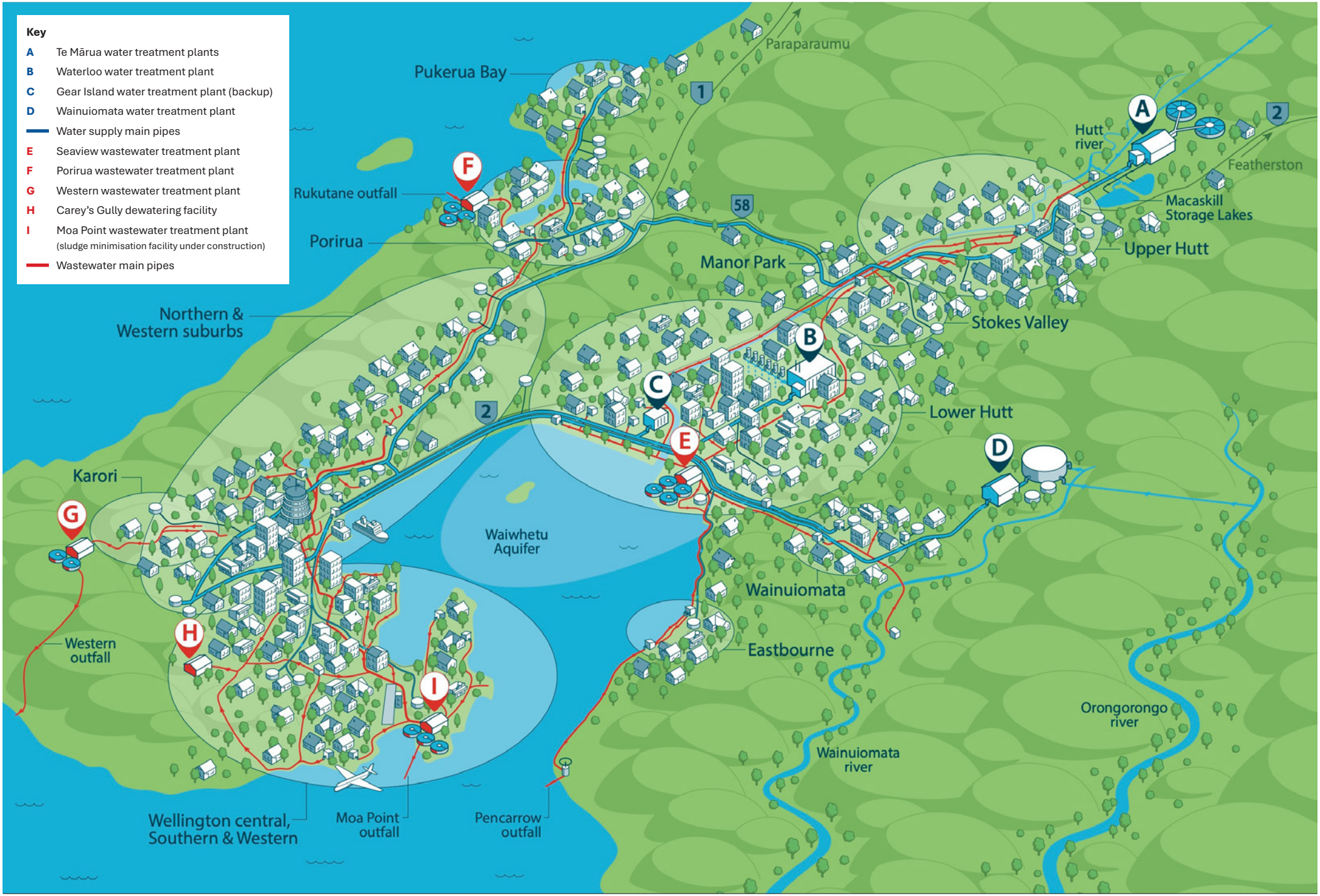
Rural and semi-rural areas outside the main urban footprint are not connected to reticulated wastewater systems. These include:

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

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

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

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



B3.3 Stormwater catchments

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

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

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

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

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

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

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

Table 7: *Three waters overview*

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

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

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

B4. Providing for growth

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

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

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

B4.1 Development pathways and growth areas

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

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

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

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

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

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

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

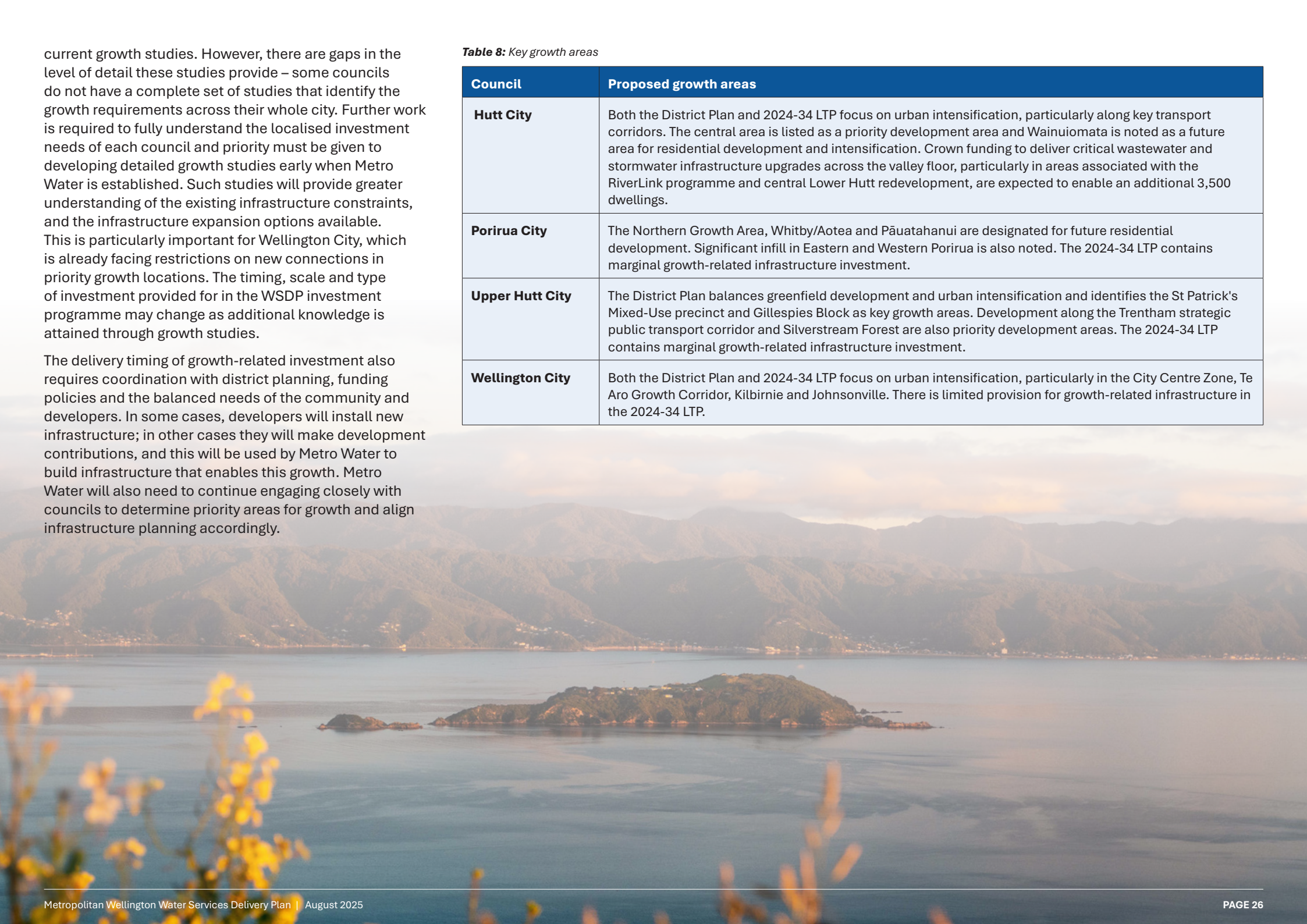
[11] Source: https://wrlc.org.nz/wp-content/uploads/2024/03/1404-GWRC-WLRC-Future-Development-STRATEGY-2024-240223-06.pdf

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

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

Table 8: *Key growth areas*

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



B5. Managing pressures

B5.1 Managing pressures on the water supply system

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

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

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

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

Keep water in the network by reducing network losses:

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

Reduce demand for water through demand management activity:

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

Add new supply and storage sources:

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

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

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

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

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

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

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

B5.2 Managing pressures on the wastewater system

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

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

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

B5.3 Managing pressures on the stormwater system

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

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

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

B5.4 Complexity in flood-risk management

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

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

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

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

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

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

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

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

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

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

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

B5.5 Climate change and natural hazards

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

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

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

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

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

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

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

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

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

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

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

B6. Levels of service and performance

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

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

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

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

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

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

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

Water supply – Safety of drinking water

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

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

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

Water supply – Demand management and water loss

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

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

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

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

Water supply – Customer satisfaction and fault response times

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

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

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

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

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

Wastewater – System and adequacy

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

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

Wastewater – Customer satisfaction and fault response times

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

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

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

All councils are meeting targets for the number of complaints.

Wastewater – Discharge compliance

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

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

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

Stormwater – Performance measures

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

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

All councils are meeting targets for the number of complaints.

Stormwater – Discharge compliance

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

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

B7. Asset base and condition

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

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

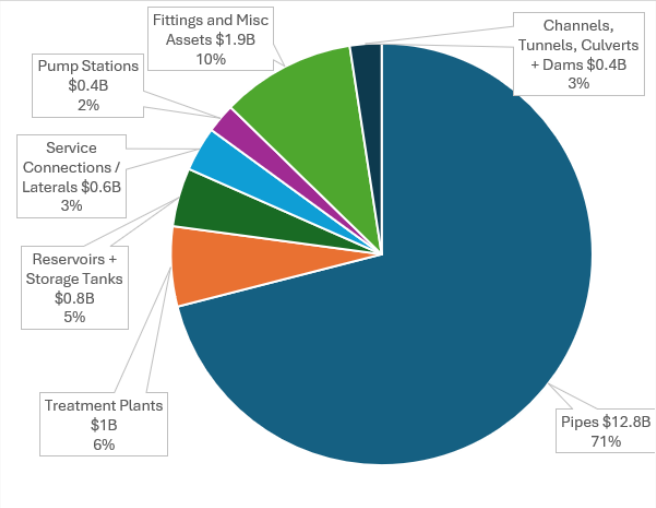
There are slight differences between these data sources due to the timing of when each was published or pulled from the asset data base. For example, the council valuations will all have a view of the councils' assets at the time the valuations were published (between March 2023 and May 2025). The condition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

B7.1 Overview of assets

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

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

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



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

B7.2 Overview of asset criticality

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

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

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

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

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

Table 9: *Very High Critical Assets*

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

B7.3 Overview of asset condition

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

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

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

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

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

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

Table 10: *Asset condition grading*

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

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

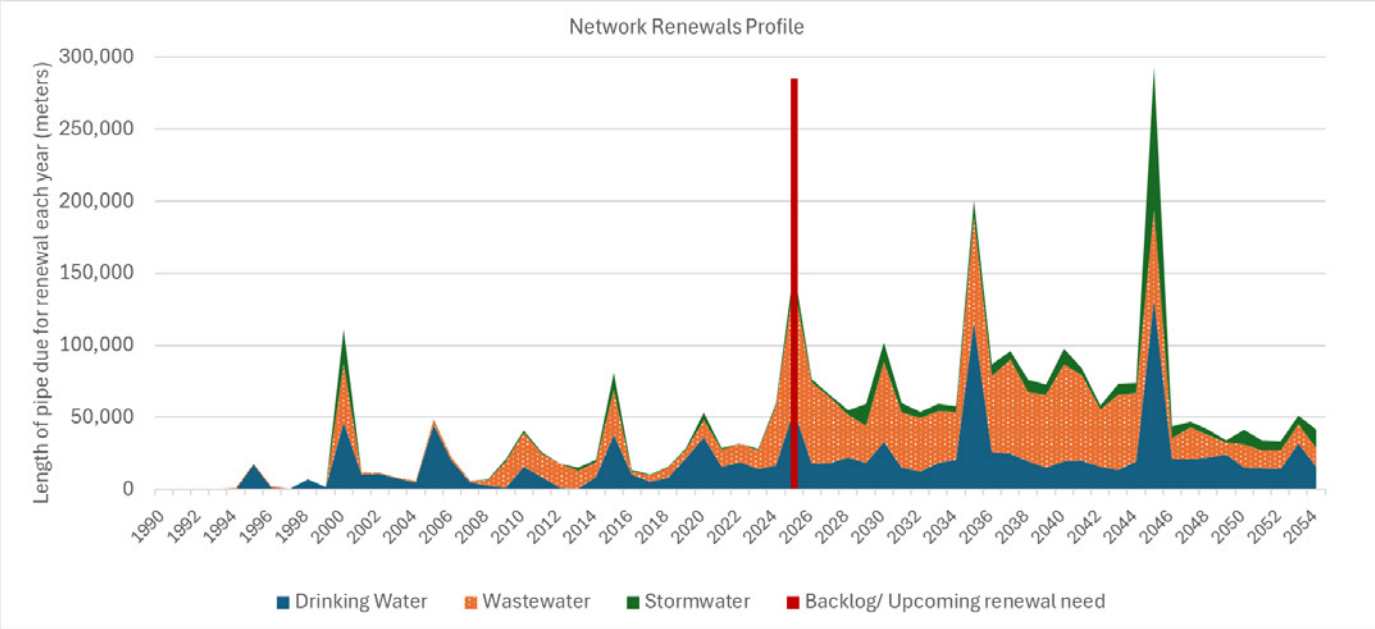
Pipe network

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

Table 11: *Renewal backlog*

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

Figure 5: *Network renewals profile*



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

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

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

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

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

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

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

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

Treatment plants (water and wastewater)

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

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

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

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

Table 13: *Treatment plant asset data*

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

Reservoirs

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

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

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

Table 14: *Reservoir asset data*

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

Pump stations

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

Table 15: *Pump station asset data*

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

[18] **Excluding emergency tanks.**

Photo credit: Caleb Smith

B8. Asset management approach

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

B8.1 Service delivery mechanisms

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

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

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

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

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

Table 16: *Current delivery model*

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

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

B8.2 Asset management approach

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

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

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

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

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

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

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

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

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

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

B9. Statement of regulatory compliance

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

B9.1 Current resource consents

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

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

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

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

Table 17: *Significant resource consents*[21]

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

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

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

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

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

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

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

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

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

Expired consents currently being renewed

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

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

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

Active resource consent applications

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

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

B9.2 Regulatory compliance

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

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

Water supply compliance

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

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

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

B9.3 Wastewater compliance

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

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

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

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

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

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

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

B9.4 Meeting regulatory requirements in an uncertain environment

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

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

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

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

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

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

Meeting compliance with Drinking Water Quality Assurance Rules

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

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

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

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

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

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

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

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

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

Meeting requirements for wastewater discharges from WWTPs

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

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

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

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

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

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

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

Global stormwater and wastewater consents

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

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

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

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

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

B9.5 Moving towards compliance

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

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

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

C: Economic and Financial Analysis

Section summary

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

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

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

[1] Uninflated and pre-efficiency assumptions.

[2] Inflated and post-efficiency assumptions.

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

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

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

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

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

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

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

Greater certainty will be provided in successive Water Services Strategies.

C1. Introduction

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

Investment Sufficiency

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

Financing Sufficiency

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

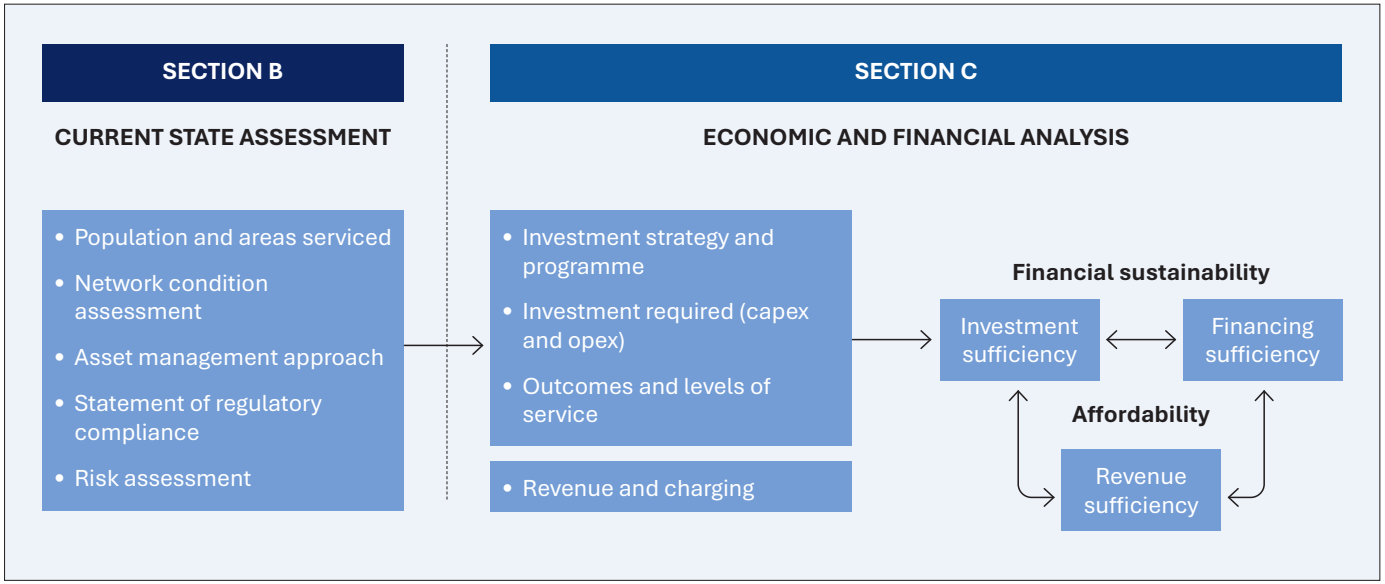
Revenue Sufficiency

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

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

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

Figure 6: *Assessment and analysis overview*



C2. Investment strategy and sufficiency

C2.1 Investment strategy and prioritisation

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

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

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

Keep up investment

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

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

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

Catch up investment

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

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

Build up investment

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

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

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

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

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

Clean up investment

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

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

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

Faults investment

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

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

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

Resilience investment

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

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

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

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

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

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

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

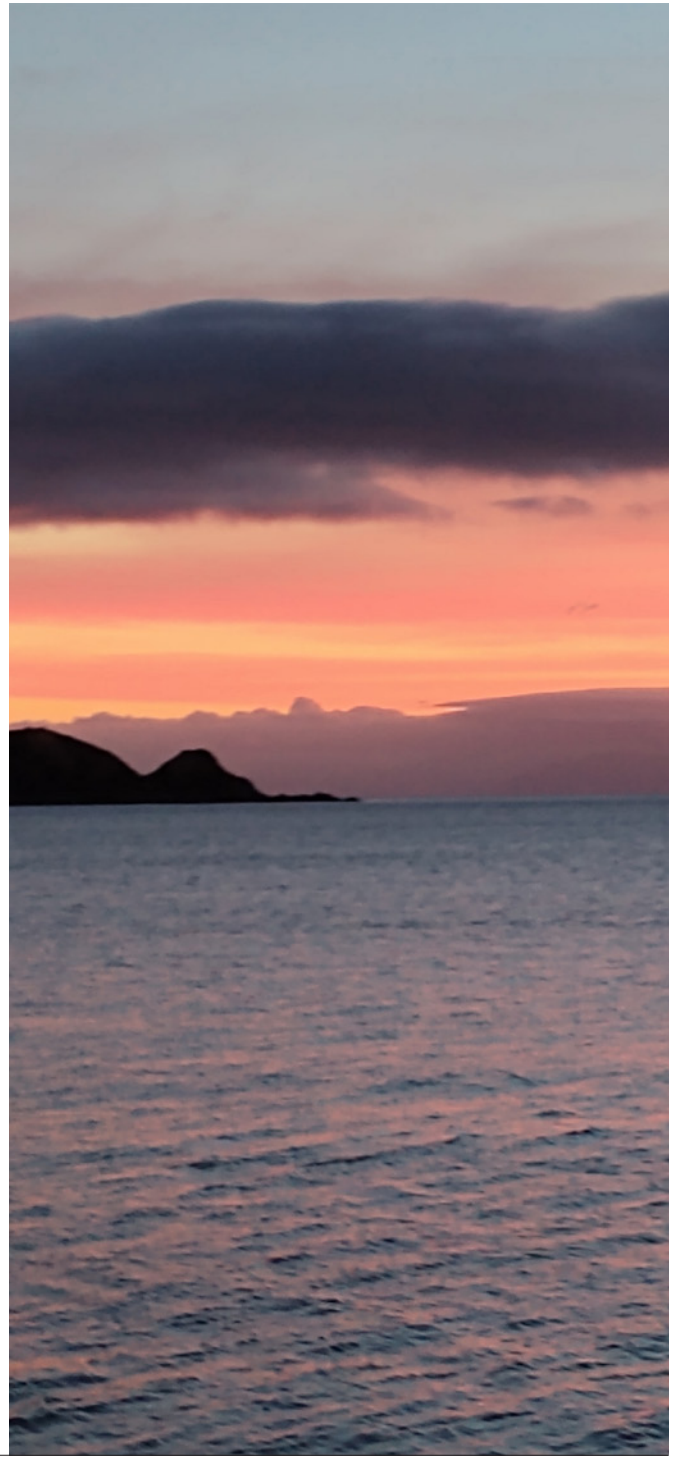
Linking the WSDP investment strategy to existing priorities

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

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

C2.2 Achieving regulatory compliance

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



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

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

Table 18: *Regulatory requirements and estimated compliance costs*

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

Potential impact of regulatory changes

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

National direction on growth planning

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

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

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

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

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

National Policy Statement for Natural Hazard Decision-making

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

Wastewater Environmental Performance Standards and NPS for Freshwater Management

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

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

C2.3 Investment prioritisation

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

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

C2.4 Investment required – capex and opex

Baseline and adjustments

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

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

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

Regional overview of capital investment

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

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

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

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

10-year capital investment

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

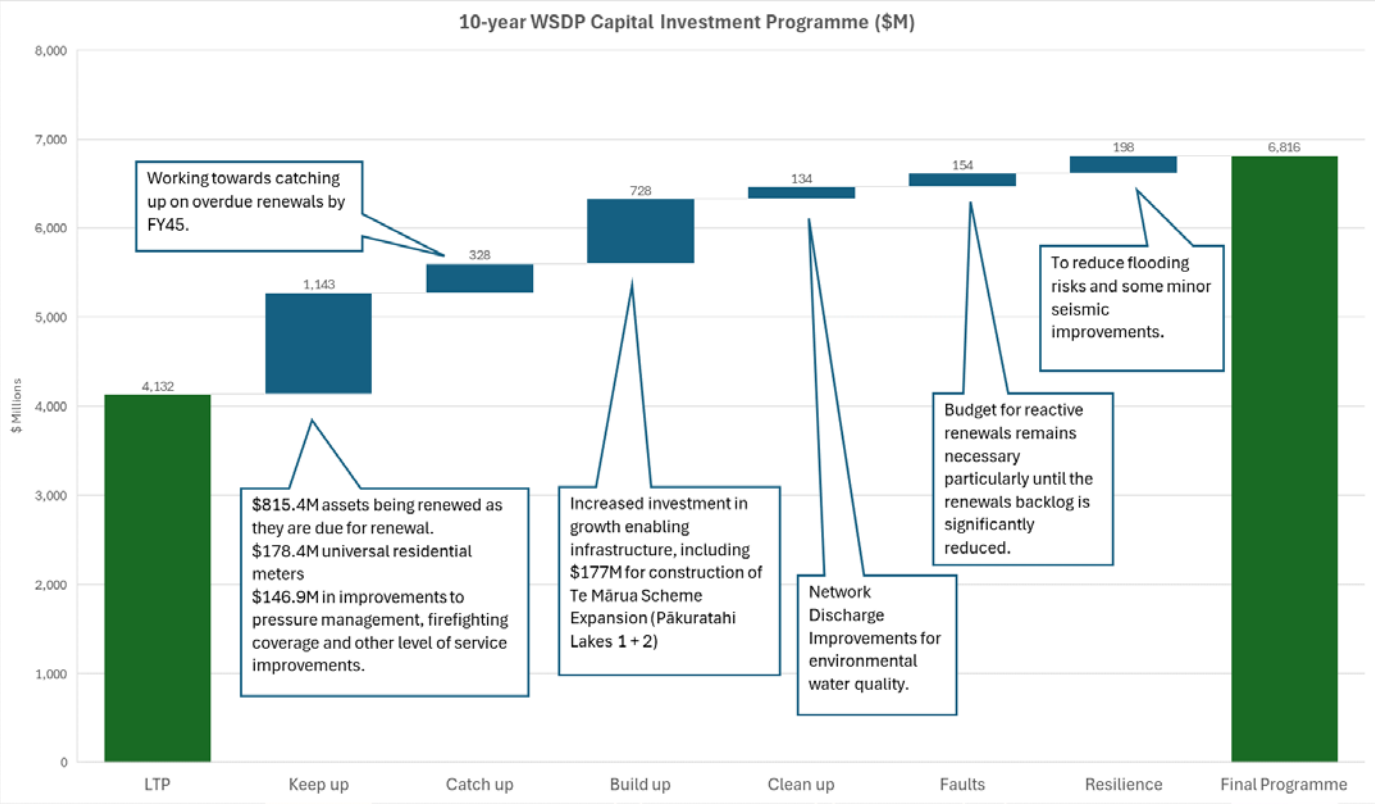
- **Keep up:** $1.14 billion uplift in investment in renewals and meeting levels of service:
  - $815.4 million increase in renewal of the network, treatment plants, pump stations, reservoirs and control systems, including $278 million to start construction of the Seaview and Moa Point outfall pipes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

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

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

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

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



30-year capital investment

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

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

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

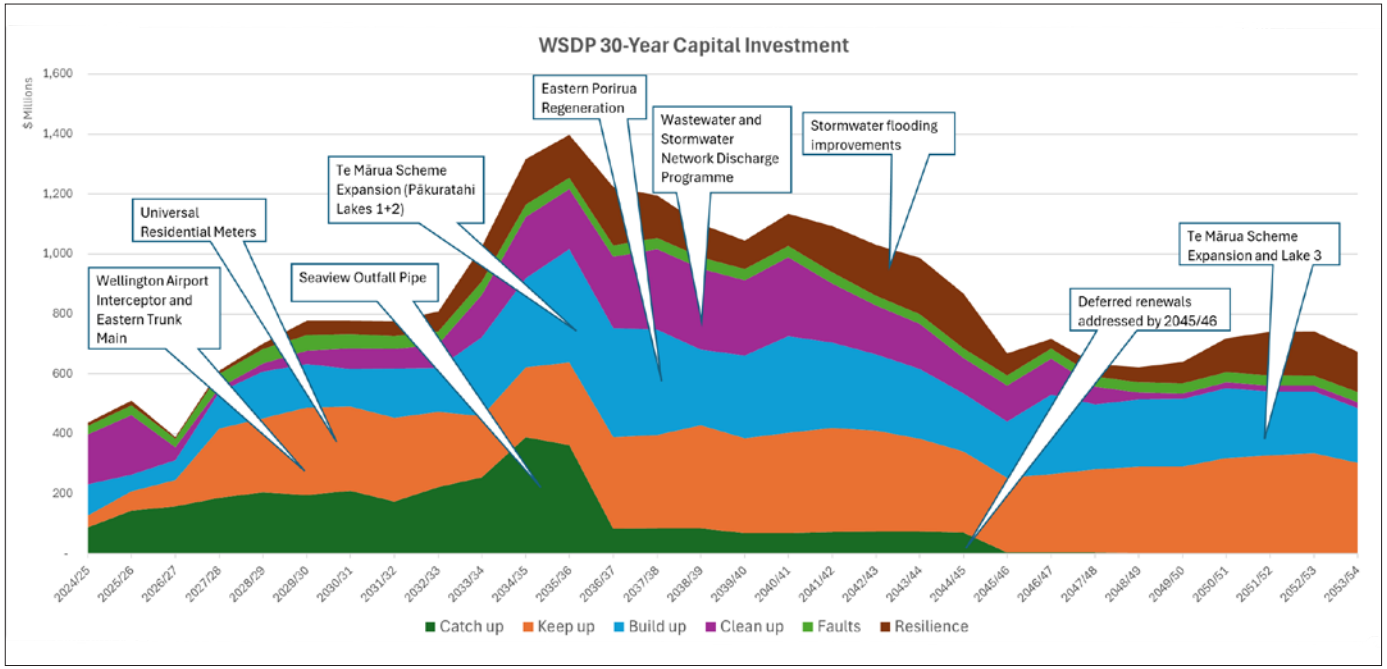
Investment Category	10-year capital investment ($M)	30-year capital investment ($M)
Keep up	1,975.0	8,001.1
Catch up	1,840.9	3,305.8
Build up	1,354.9	6,517.0
Clean up	843.7	3,582.7
Address faults	412.9	1,119.4
Resilience	388.3	2,838.2
Total	**6,815.6**	**25,364.1**

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

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

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

Figure 8: *30-Year capital investment profile*



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

Investment in information technology systems

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

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

C2.5 Outstanding risks

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

Regional rollout of universal water meters

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

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

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

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

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

Construction of Te Mārua Scheme Expansion Pākuratahi Lakes 1 and 2

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

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

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

Seaview outfall pipeline replacement

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

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

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

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

Flooding risk

- **$3.3 billion+**

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

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

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

Climate change

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

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

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

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

Exclusions and pricing gaps

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

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

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

C2.6 Proportion of investment by water and LGA categorisation

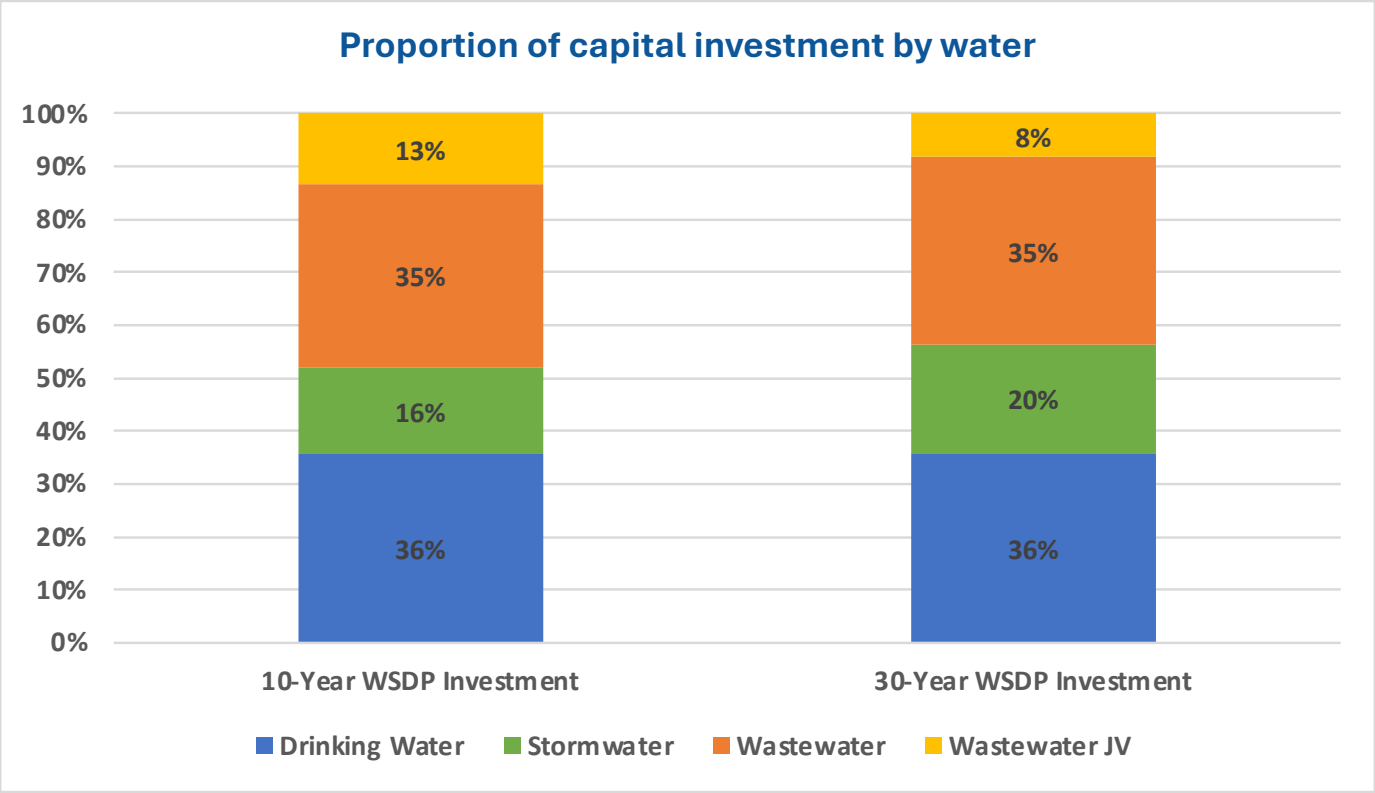
Capital investment by water

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

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

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

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



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

Capital investment by LGA categorisation

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

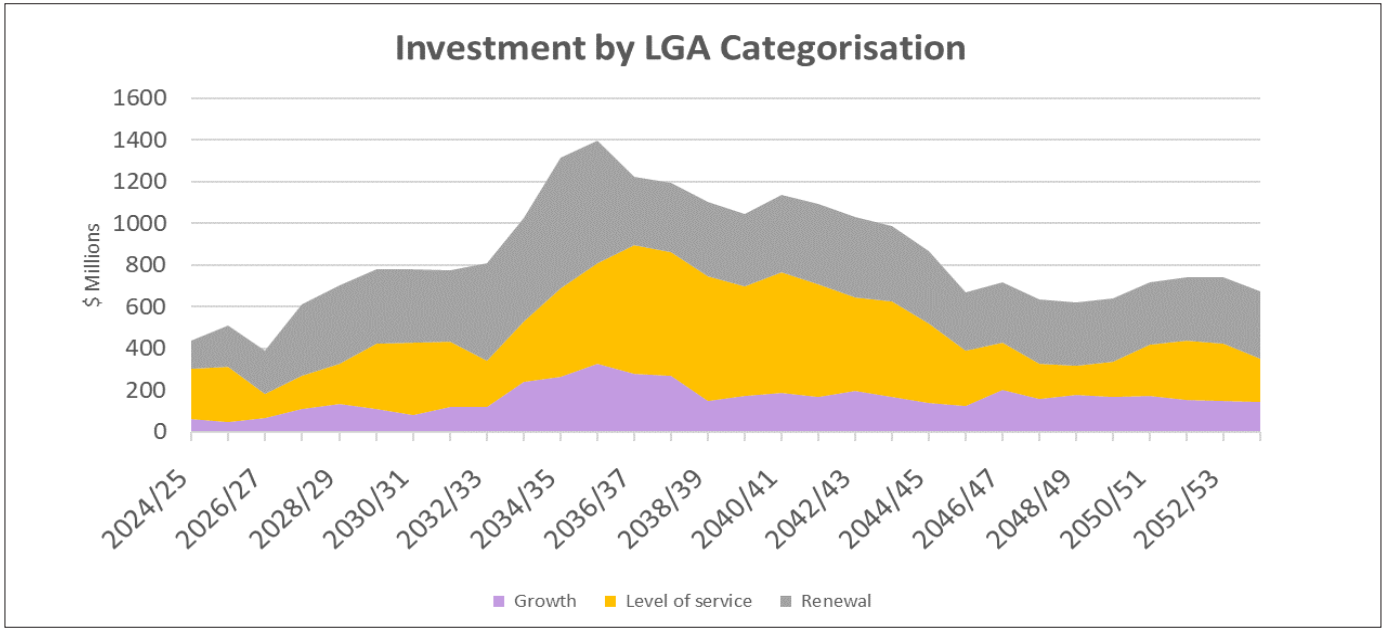
The increased capital investment in the WSDP allows the balance of spending to better reflect the region's actual needs across the three waters network. Over the 10-year horizon, the allocation changes to 47.9% for renewals, 36.1% for level of service, and 16% for growth. Over 30 years, this rebalancing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

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

Table 21: *Investment by LGA categorisation*

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

Figure 10: *WSDP Capital investment by LGA categorisation*



C2.7 Operating expenditure

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

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

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

Consequential operating expenditure

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

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

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

Metro Water specific cost assumptions

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

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

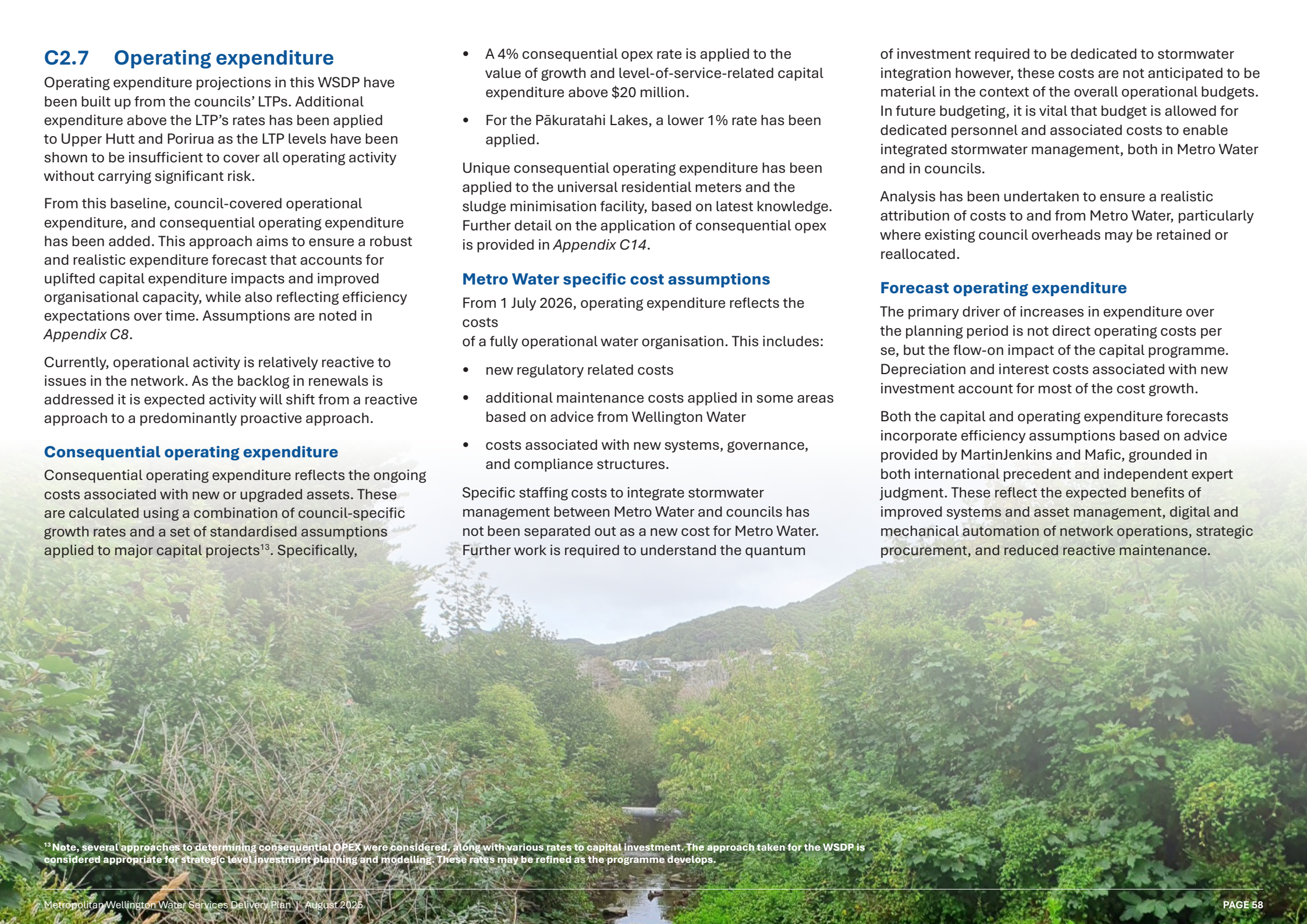
Specific staffing costs to integrate stormwater management between Metro Water and councils has not been separated out as a new cost for Metro Water. Further work is required to understand the quantum of investment required to be dedicated to stormwater integration however, these costs are not anticipated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

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

Forecast operating expenditure

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

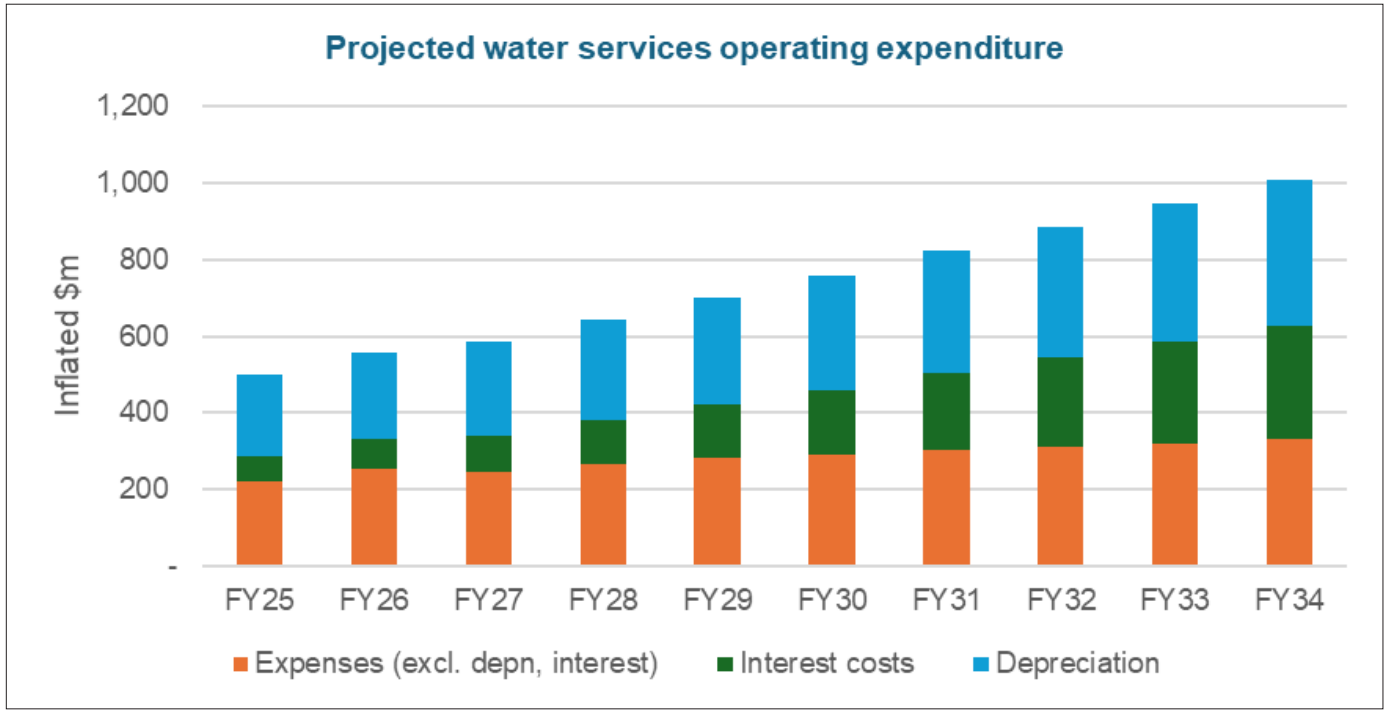
Both the capital and operating expenditure forecasts incorporate efficiency assumptions based on advice provided by MartinJenkins and Mafic, grounded in both international precedent and independent expert judgment. These reflect the expected benefits of improved systems and asset management, digital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



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

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

Figure 11: *Projected operating expenditure*



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

C2.8 Assessment of investment sufficiency

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

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

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

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

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

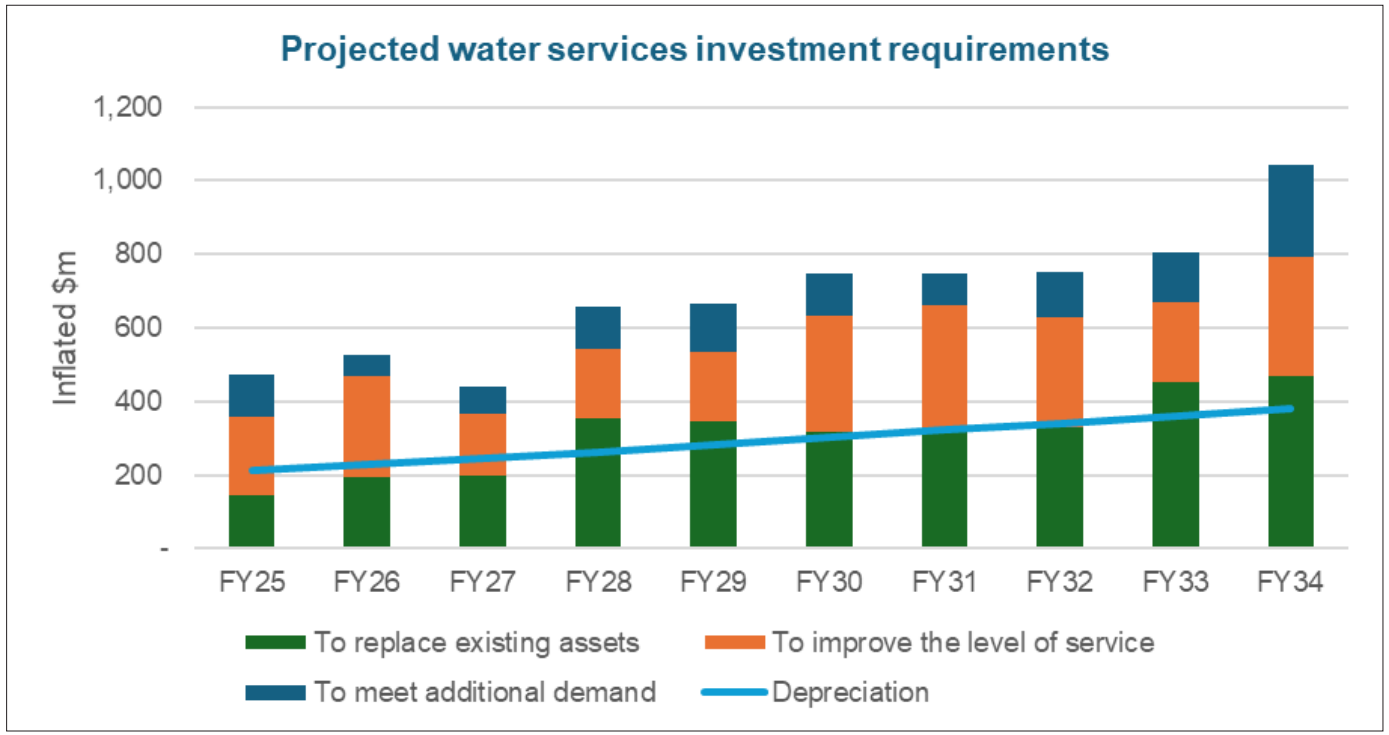
The investment figures presented in the remainder of this section are inflation-adjusted and incorporate efficiency assumptions. They are sourced from the financial model underpinning Metro Water's financial sustainability assessment, ensuring consistency across the investment, financing, and revenue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

C2.9 Projected water services investment

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

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

Figure 12: *Projected investment requirements*



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

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

Renewals requirements for water services

The asset sustainability ratio provides a key indicator of whether Metro Water is investing sufficiently to replace network assets in line with their rate of deterioration. Where the ratio is positive, this means that there is more projected renewals investment than projected depreciation. Where this ratio is negative, this means that projected renewals investment is less than projected depreciation.

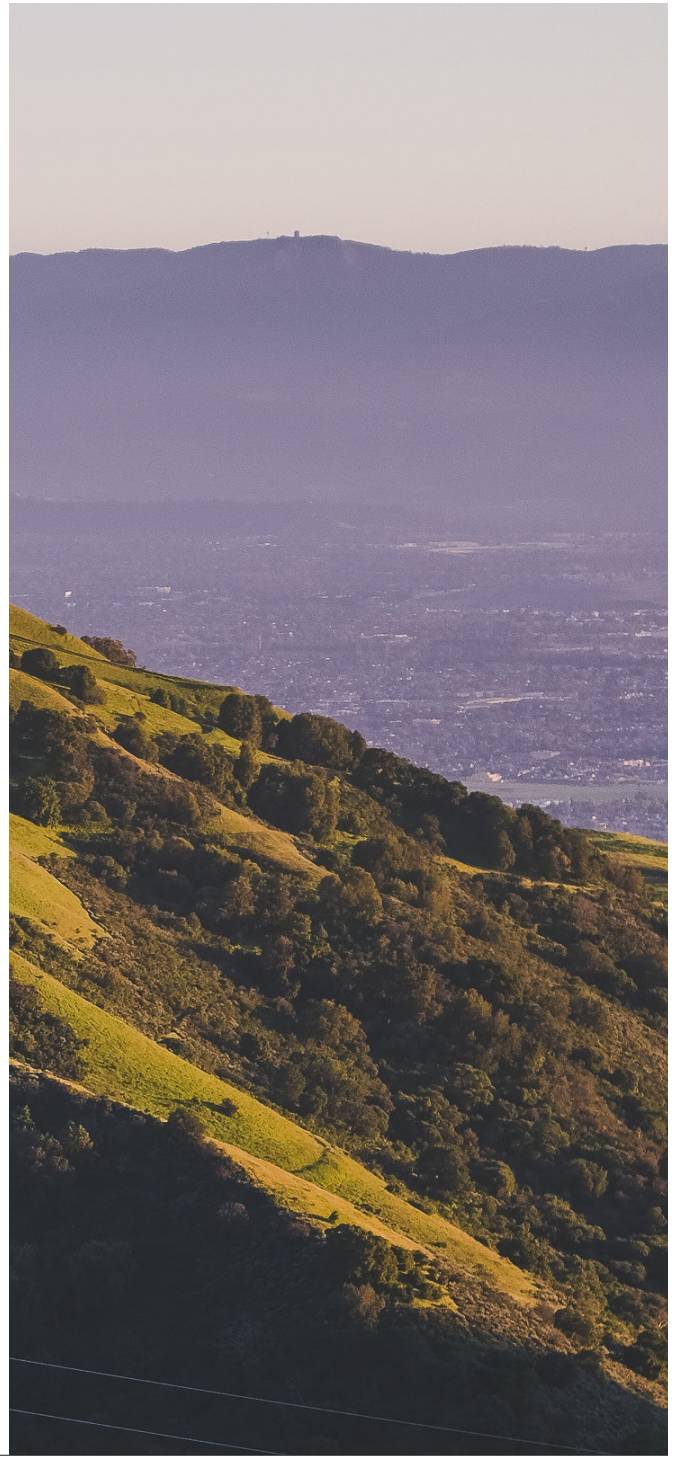


Table 22: *Asset sustainability ratio*

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

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

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

Total water services investment required over 10 years

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

Table 23: *Asset investment ratio*

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

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

This investment profile provides confidence that:

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

Average remaining useful life of network assets

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

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

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

Table 24: *Asset Consumption ratio*

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

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

C2.10 Deliverability of investment programme

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

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

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

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

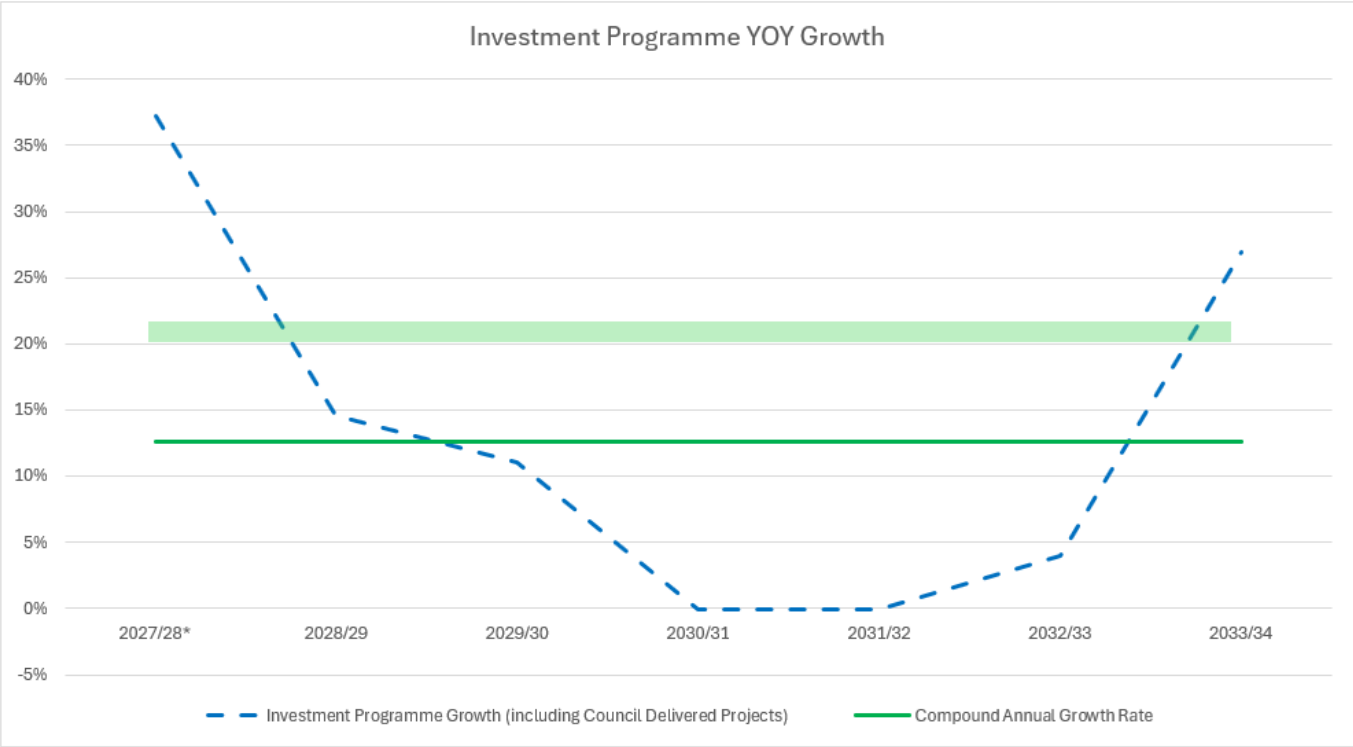
The review involved 21 interviews with 15 organisations from the design, construction, and water services sectors, supplemented by independent expert analysis. The key findings were:

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

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

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

Figure 13: *Investment programme year on year growth*



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

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

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

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

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

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

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

Ongoing focus on deliverability

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

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

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

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

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

C3 Finance Strategy and Sufficiency

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

The financing sufficiency assessment evaluates whether:

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

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

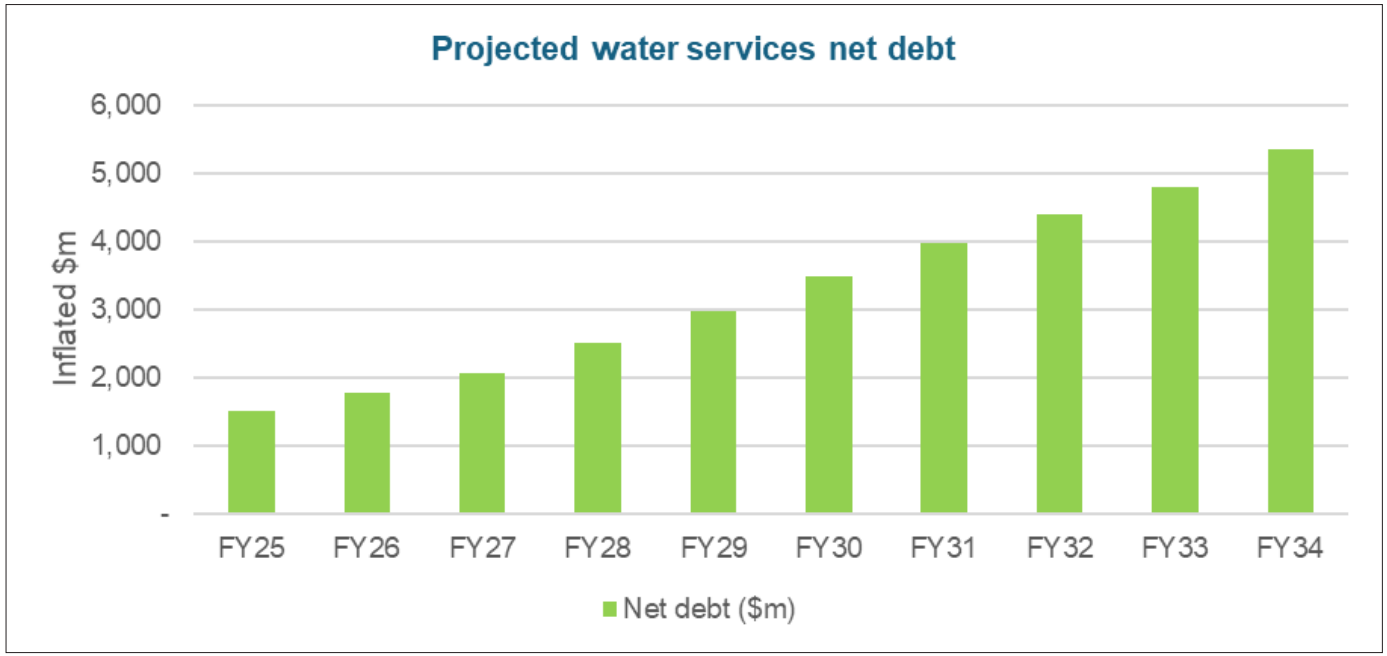
Metro Water's financial projections confirm that while a staged glide path will be required to reach the covenant threshold, Metro Water borrowings remain within sustainable levels throughout the plan period and that sufficient borrowing headroom is achieved by FY2034, providing resilience against unforeseen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

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

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

3.1 Projected borrowings for water services

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



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

Borrowing Limits and Financial Capacity

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

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

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

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

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

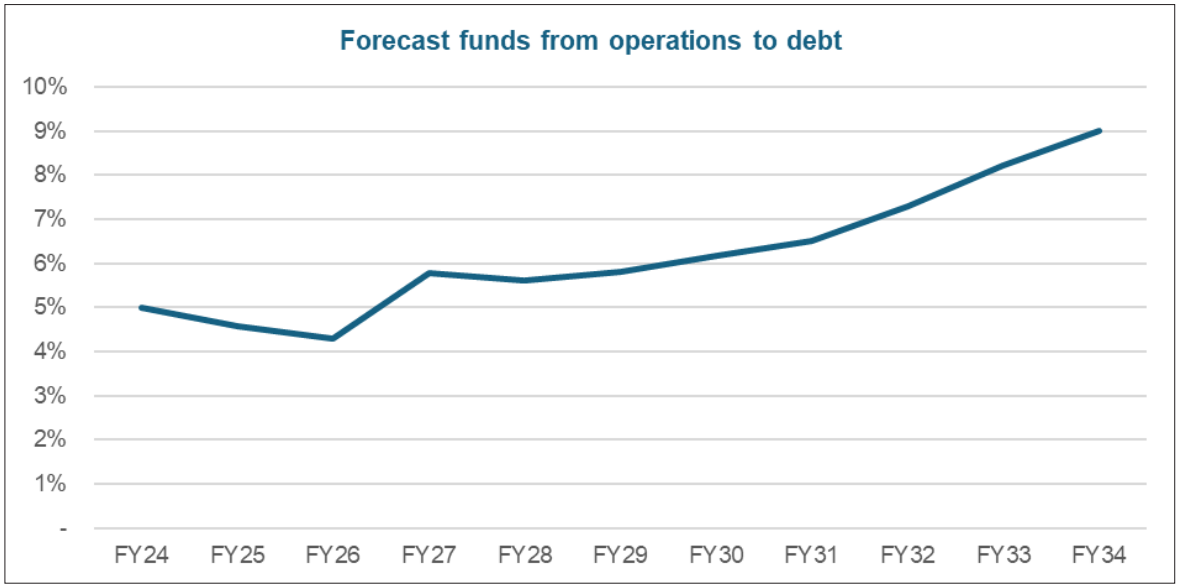
Financial modelling projects that Metro Water will reach 8% FFO-to-debt compliance by FY33, with a long-term target of 9% from FY34 to provide prudent borrowing headroom. The ratio is expected to remain below 8% in the early years, as Metro Water scales up investment while phasing in revenue increases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

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

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

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

Figure 15: *Forecast funds from operations to debt*



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

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

C4 Revenue Strategy and Sufficiency

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

This assessment evaluates whether:

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

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

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

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

4.1 Water services revenue requirements and sources

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

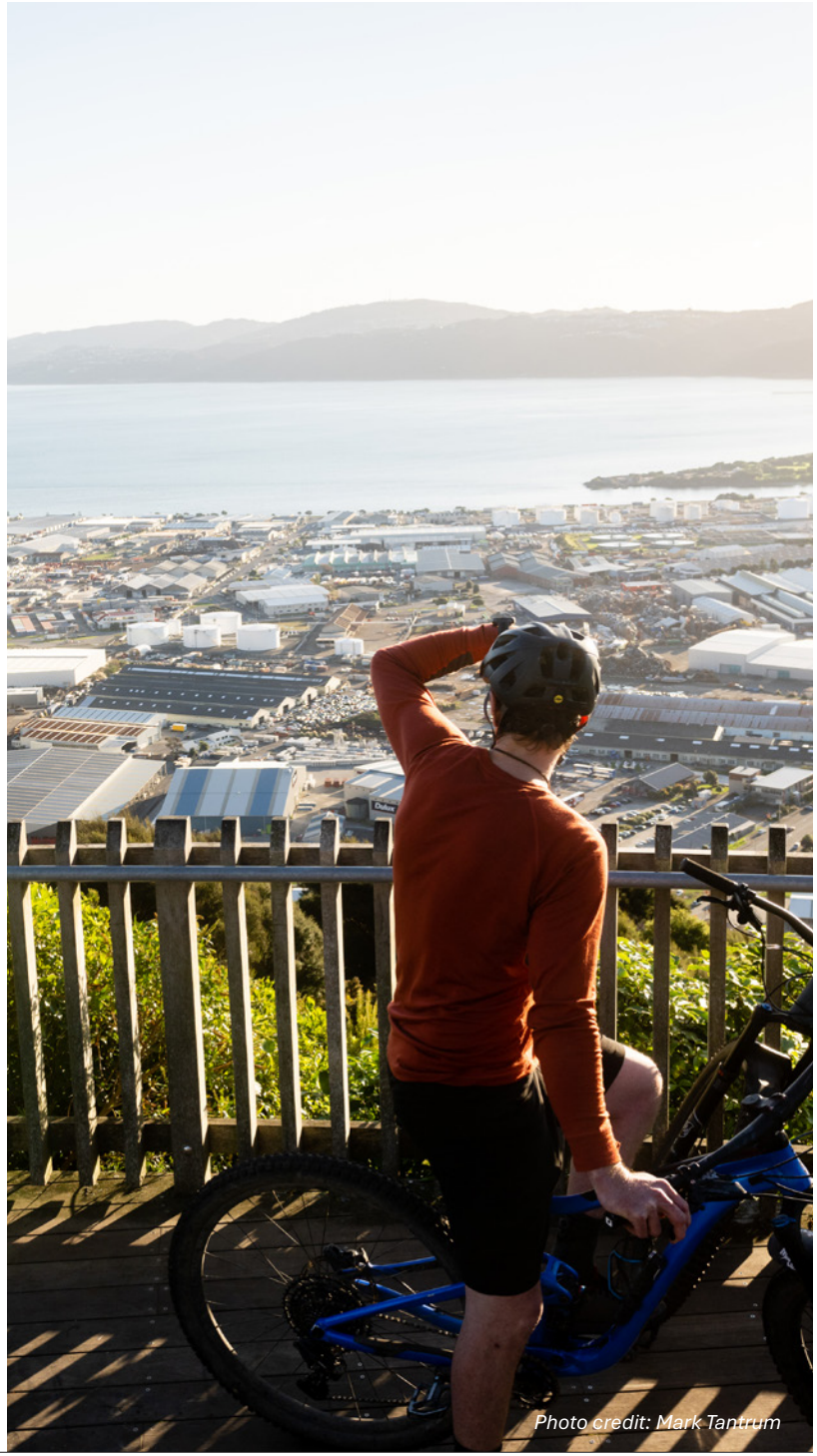


Photo credit: Mark Tantrum

Table 26: *Revenue sources*

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

The primary sources of revenue to meet these requirements are:

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

4.2 Projected water services revenues cover projected costs

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

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

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

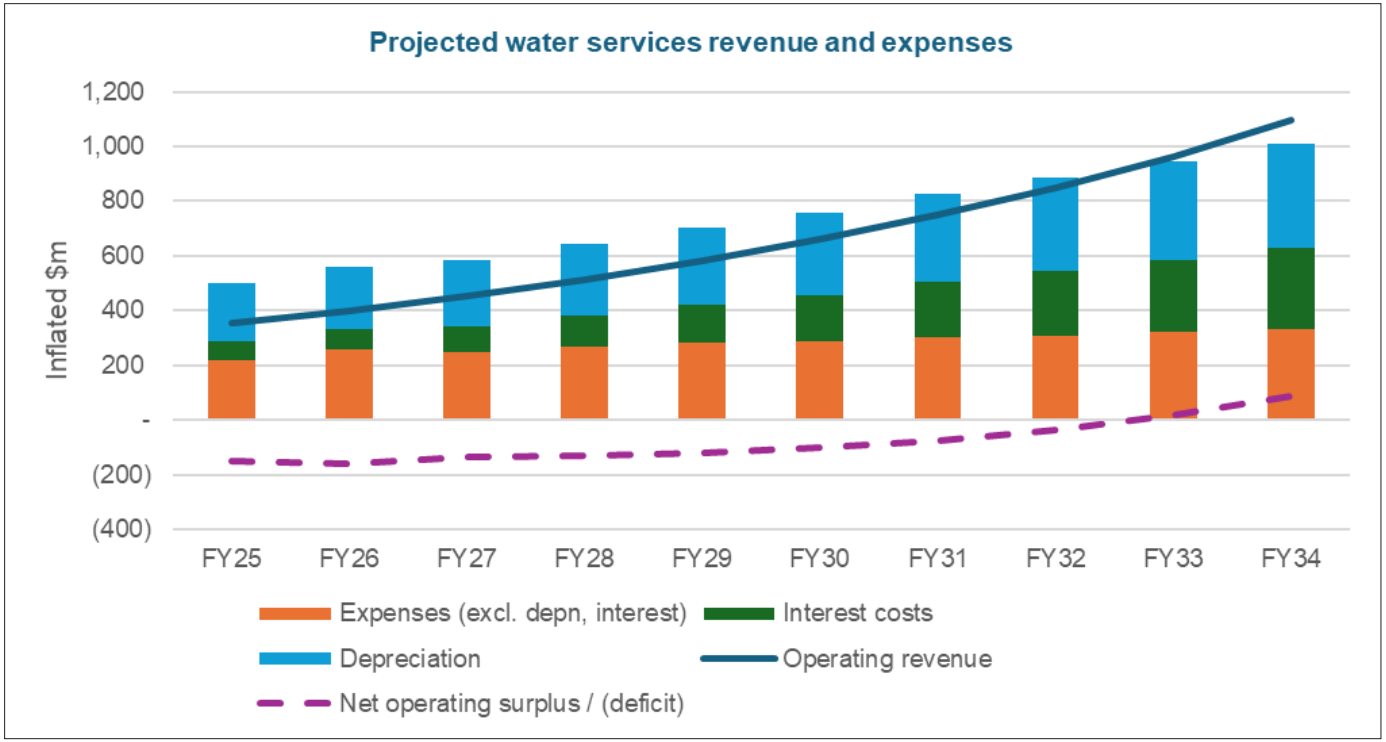
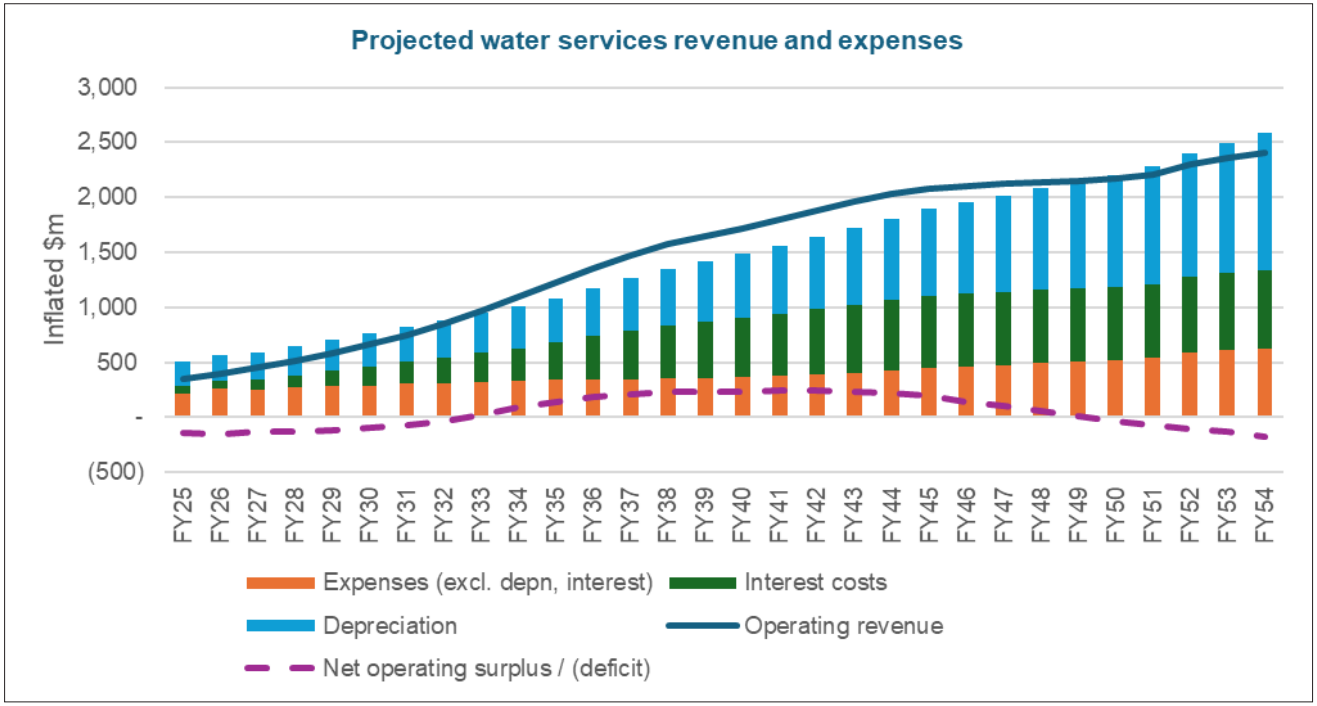


Table 27: *Operating surplus ratio*

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

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

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



Projected operating cash surpluses for water services

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

Table 28: *Operating cash ratio*

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

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

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

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

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

Projected average charges for residential households

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

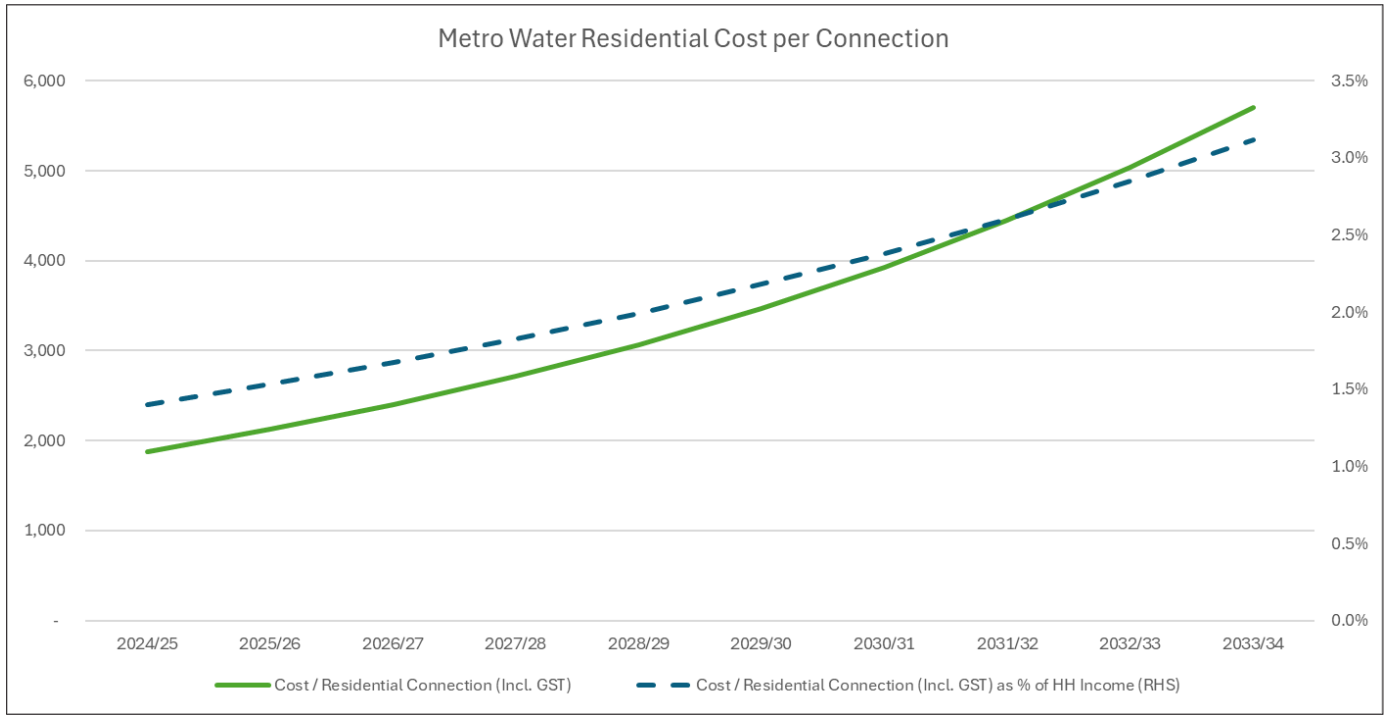
The projected average residential charges set out in the following tables are indicative only and reflect the investment and financing strategies set out above (the WSDP target strategy). They are based on forecast expenditure, current council revenue and connection data, using existing rating policies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

Table 29: *Average charge per connection*

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

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

Figure 18: *Residential cost per connection*



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

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

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

Sensitivity testing

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

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

The key variables tested include:

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

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

Lower end financial scenario

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

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

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

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

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

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

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

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

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

This scenario would have both benefits and risks.

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

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

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

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

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

Focus on affordability

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

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

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

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

Addressing equity and hardship considerations

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

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

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

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

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

This WSDP therefore notes that:

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

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

Independent oversight of affordability and sustainability

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

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

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

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

Photo credit: Caleb Smith

D: Proposed water services delivery model

Section summary

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

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

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

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

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

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

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

D1. The Proposed Water Services Delivery Model

D1.1 Proposed model and legislative framework

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

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

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

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

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

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

A WO will also be required to:

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

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

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

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

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

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

Drinking water catchments

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

Stormwater overland flows

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

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

Rationale for including the stormwater network

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

The rationale for this integrated model is based on:

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

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

D1.2 Benefits

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

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

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

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

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

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

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

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

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

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

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

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

D1.3 Ownership structure

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

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

Constitution

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

Partners' Agreement

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

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

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

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

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

D1.4 Governance arrangements

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

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

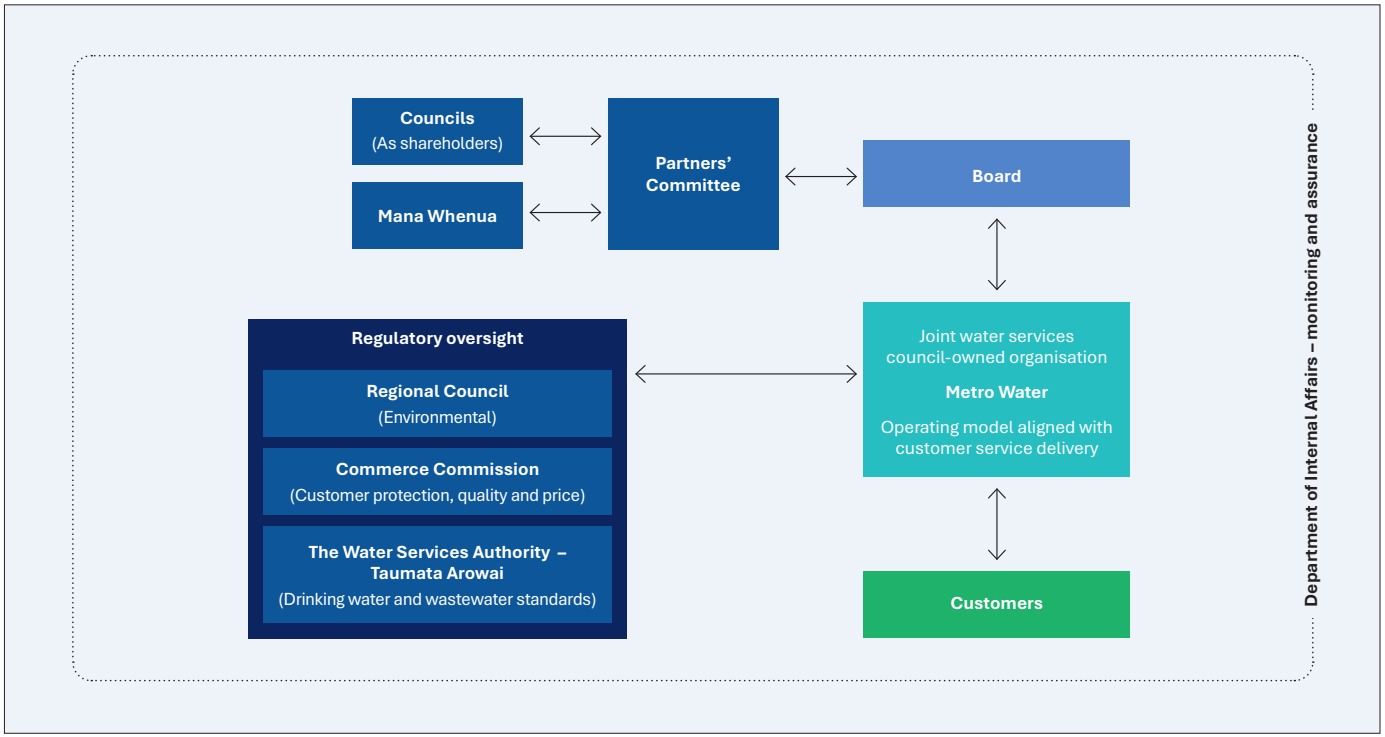
The Board will comprise skills-based professionals who will govern Metro Water and appoint and manage the performance of the Chief Executive.

Regulatory oversight will be provided by:

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

These governance arrangements are depicted in the diagram below:

Figure 19: *Proposed Metro Water governance arrangements*



D2. Legal instruments

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

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

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

D2.1 Statement of Expectations

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

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

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

D2.2 Customer Charter

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

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

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

D2.3 Governance framework documents

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

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

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

D3. Organisation structure and functions

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

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

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

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

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

D3.1 Current Wellington Water organisation structure

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

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

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

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

Areas to address

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

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

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

Metro Water indicative organisation structure

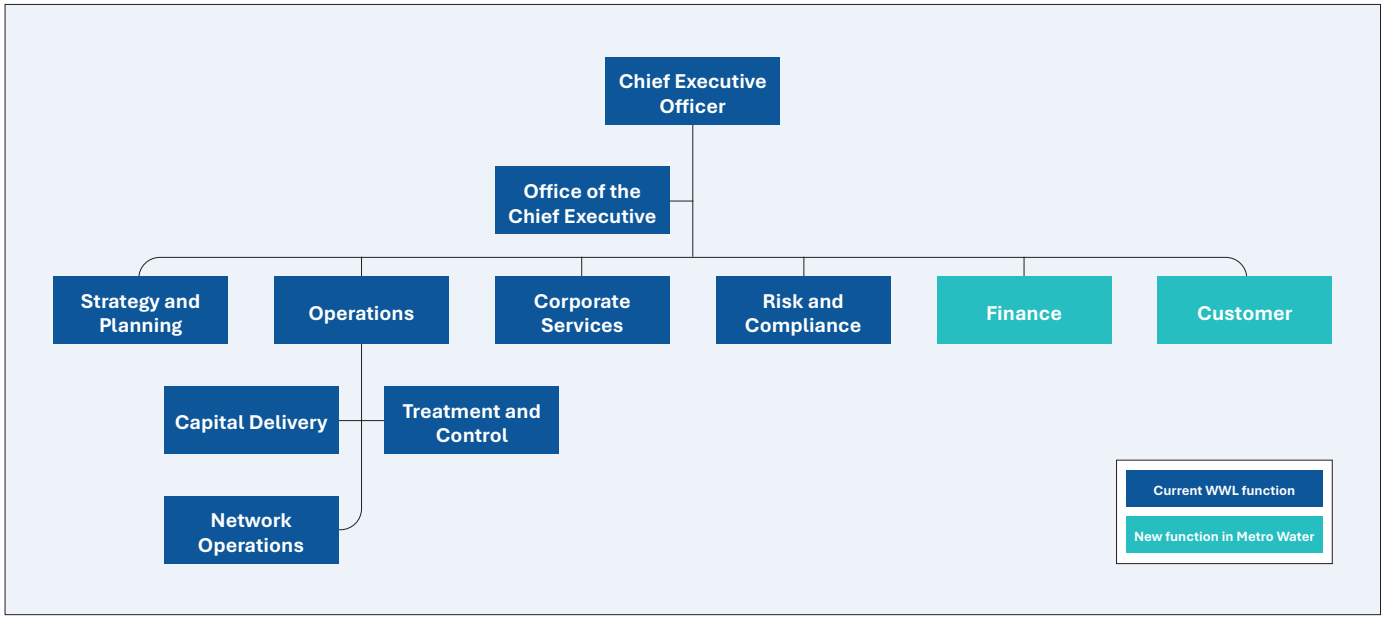
The future high-level Metro Water indicative organisational structure (following page) adds two additional critical functional areas led at the second tier of the organisation and reporting directly to the Chief Executive:

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

The economic regulation by the Commerce Commission outlines its expectations for water organisations, particularly regarding assurance and accountability, investment, and asset management. This highlights the need for the relevant leadership roles – such as Customer and Finance – to be elevated to tier two in the organisational structure.

Photo credit: Mark Tantrum

Figure 20: *Proposed Metro Water high level organisational structure*



The following functions build on those evident in the current Wellington Water structure:

- **Office of the Chief Executive Officer**
  The office of the Chief Executive Officer manages the strategic relationships and partnerships between the organisation, shareholders and mana whenua. It also provides strategic advice to the CE and executive assistance.
- **Strategy and Planning**
  This function is accountable for leading the development and performance of water services strategy for the metropolitan area and asset management plans. This function defines the annual capital expenditure plans, assesses investment options, and ensures annual and rolling three-year budgets are approved. This group undertakes land development services and regulatory compliance to protect the environment as well as investigations engineering.
- **Operations**
  Service delivery will continue to be undertaken in this functional group which has three key groupings: capital delivery; treatment and control; and network operations.

  The operations function is accountable for ensuring the design and delivery of the three-year rolling capital programme as provided by strategy and planning is implemented, overseeing the operation, maintenance and upgrades of water treatment plants, and providing engineering support, including operations and maintenance activities. The operations group also monitors the performance of contractors Fulton Hogan and Veolia.

  Key functions are:

  – **Capital Delivery:** This group leads the design and delivery of the three-year rolling work programme to deliver infrastructure solutions for councils.

  – **Treatment and Control:** This group is responsible for leading the operation and maintenance of the treatment plants and ensures controls and systems are in place to avoid disruptions to the delivery of water, storm and wastewater. This group is responsible for the monitoring and performance of the wider reticulation networks.

  – **Network Operations:** This group provides operational support services such as operational performance and oversight of Fulton Hogan and Veolia contracts.
- **Corporate Services**
  This function is accountable for providing strategic and operational support across the business including people and capability, communications and engagement, health and safety, IT products and services, business planning and reporting and transformation.
- **Risk and Compliance**
  The risk and compliance function is accountable for legal services, internal auditing, compliance, risk and emergency management[1], governance and Local Government Official Information Management Act (LGOIMA) requirements. The function ensures the organisation's integrity, reputation and operational resilience through operating within the legal framework, robust internal controls and meeting regulatory requirements.
- **Finance**
  The finance function is accountable for the financial strategy and operations of the organisation. This includes managing financial planning, treasury functions, budgeting, and forecasting to ensure the organisation's financial health and sustainability. Financial insights would be used to inform decision making and oversee investment strategies and ensure compliance with financial and economic regulations. The function also includes commercial activities such as procurement and contracting.

[1] In recognition of these risks, Metro Water is expected to become a designated lifeline utility under the Civil Defence Emergency Management Act 2002.

- **Customer**
  The customer function is accountable for the customer experience, the design and delivery of the customer interface with the organisation and how the organisation engages with its communities. It provides the key commercial customer relationship management as well as the call centre. Community engagement and education would be delivered by this function.

Future scalable functions

To support growth and comply with the Local Government (Water Services) Act 2025, some parts of the organisational structure will need to be scaled and new functions added. Outsourced functions such as billing and customer engagement will be brought in-house to enhance the delivery model.

Other areas identified as needing increased capability and capacity are:

- Regulation and compliance, including the ability to meet future economic regulation requirements.
- Billing customers from Metro Water.
- Treasury functions including managing financial risks, borrowing, investment and cash management.
- Asset management with the water assets transferred to Metro Water.
- Capital delivery and contract management as there will be an increase in the number of projects and renewals underway or in the pipeline. Possible that a project management office would need to scale up.
- Enhanced IT infrastructure and system expertise.
- HRIS capability such as payroll and health and safety.
- Call centre capability in-house.
- Mana whenua partnerships and relationships with Metro Water.
- Stakeholder relationships with councils.

It will be the role of the permanent Chief Executive and Board to consider the capability and capacity of these functions alongside legislative requirements and the service delivery operating model.

E: Implementation plan

Section summary

This section outlines the implementation plan aimed at successfully establishing a joint water organisation dedicated to delivering quality water services to people in the Wellington metropolitan area.

The implementation plan details the target approach for establishing Metro Water. This includes governance and leadership arrangements, the Establishment Plan, and programme management workstreams, as well as risks and mitigation strategies.

In conjunction with this section of the WSDP are two key appendices that provide further information on the detailed establishment approach, plan and milestones. These are:

- *Appendix E1: The Day Zero and Day One target end states and outcome statements*
- *Appendix E2: Establishment Roadmap*

The implementation approach described here, including the target milestones, is subject to decision-making on the WSDP by the Secretary of Local Government; and to the direction set and decisions made by governing bodies including the Establishment Board.

This implementation plan is therefore intended as directional and strategic and is subject to change through the establishment phase.

E1. Target implementation approach

The implementation plan to deliver this WSDP outlines the steps required to successfully establish Metro Water. It sets out the key approach, target milestones, resources and responsibilities, to ensure stakeholders and the programme team are aligned, and the programme is able to deliver on these.

This implementation plan is intended to be directional and strategic and will be used as a starting point for ongoing detailed Metro Water establishment planning.

This work will be conducted and implemented by an Establishment Team at the direction of an Interim Chief Executive and Establishment Director and overseen by an Establishment Board. As such this implementation plan is not intended to be a full programme or project plan.

As detail is developed, the establishment plan will evolve and change during the actual establishment of the organisation.

E1.2 Staging and target end states

The establishment of Metro Water will be conducted in three stages:

- **Pre-establishment** (30 May 2025 – 1 October 2025). In this stage planning for the establishment of Metro Water will occur, an Establishment Board will be appointed, and Metro Water will be incorporated.
- **Establishment** (1 October 2025 – 1 July 2026). In this stage Metro Water will establish the minimum level of capability necessary for the organisation to be operational from 1 July 2026.
- **Post-establishment (1 July 2026 onward).** Establishment activities and capability development will continue for up to several years beyond 1 July 2026 until Metro Water reaches full operational capability, or Day Two. The timeline for the achievement of Day Two capability will be determined by the Establishment Board and will to a large extent be dependent upon the development of the full suite of Metro Water IT systems.

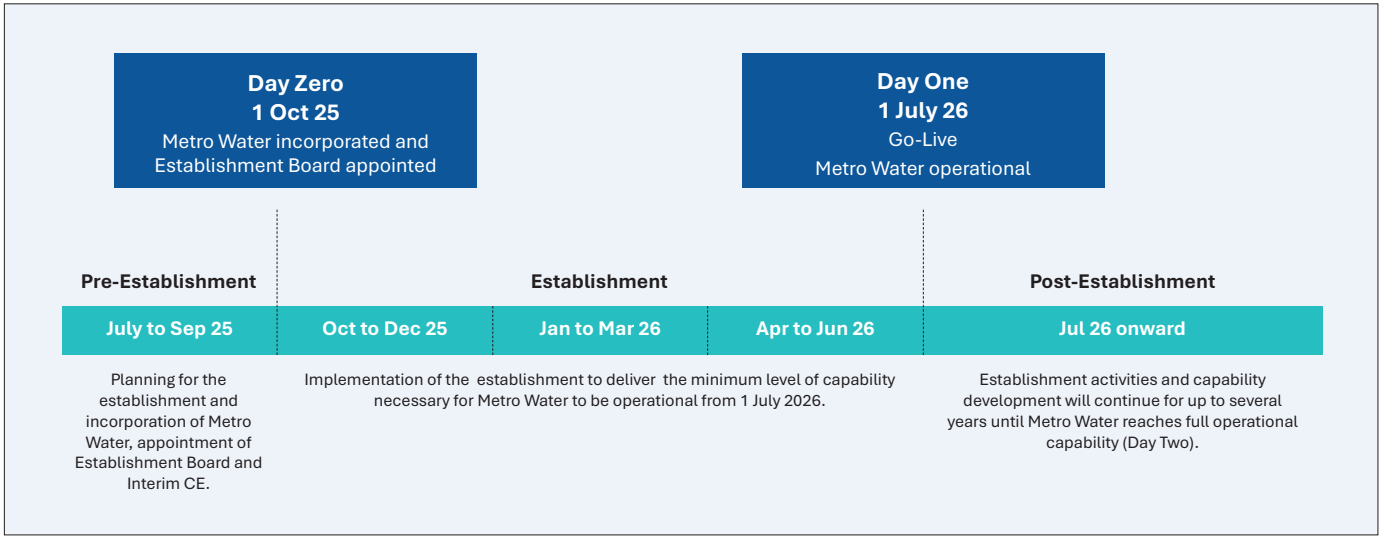
The target end states set out what must have been achieved by each of 1 October 2025 (Day Zero) and 1 July 2026 (Day One). In brief, these are:

- **Day Zero** - Metro Water has been incorporated, and establishment funding is in place. An Establishment Board has been appointed and is accountable for establishing Metro Water through an Establishment Director and Interim CE.
- **Day One** - Accountability and ownership of the customer relationship, assets, compliance and capital works have been transferred to Metro Water. Funding arrangements and terms for debt transfer are in place along with critical staff and workable systems for Metro Water to operate. Some functions and support will continue to be provided by councils in the interim where necessary.

These target end states and related outcome statements providing further detail are attached as *Appendix E1*. These outline the what, rather than the how. The minimum viable product (MVP) required to achieve the target end state for Day One will be reviewed and, if necessary, amended by the Establishment Board in late 2025.

Detail regarding Day Two (full operational capability), including target end state and date will be a matter for the Establishment Board, and then enduring Board, to determine.

Figure 21: *Timeline*



E2. Draft Establishment Roadmap

A draft Establishment Roadmap has been developed that graphically outlines the critical activities, decision points and milestones required to achieve the target end states for Day Zero and Day One. It is intended that this remains draft until it is ratified by the Establishment Board in early 2026.

The roadmap provides the basis for more detailed planning. It integrates the various workstreams for the establishment of the water organisation and the related interdependencies and impacts on councils and Wellington Water in a single document. It also highlights the points of influence and the critical decision points for elected members.

A detailed set of Establishment Plan deliverables have also been developed which clarify what actions or deliverables are required to achieve each of the MVP outcomes (i.e. the 'how').

The road map contains activities, milestones and decision points grouped by functional workstream. It is intended that each workstream will have a functional lead who will work with the Establishment Director to create a detailed establishment plan for their area of responsibility. The functional leads will track key milestones and deliverables, and support the Establishment Director in relation to monitoring, reporting, risk management, and overall leadership of the establishment programme.

The indicative establishment workstreams are:

- **Governance and Leadership.** Managing and supporting governance arrangements, ensuring key governance and leadership roles are filled, and ensuring critical foundation documents are in place to enable the incorporation and establishment of Metro Water.
- **Finance, Commercial and Legal.** Developing and implementing investment, price and finance plans and pass-through billing arrangements. Developing and implementing provisions (articulated in a Transfer Agreement) for the transfer of debt and revenue, pricing, billing, contract novation, asset transfers, and transfer of powers at Day One. Delivering the legal and commercial aspects of incorporation.
- **Customer Experience.** Defining customer journey, customer system requirements, developing the customer interface and channels for Day One, and communication and engagement with customers.
- **Information Technology and Systems.** Ensuring essential IT systems or a substitute, or work-around capability, are in place, and (where required) a clean, minimum data set has been migrated from Councils and Wellington Water to Metro Water systems.
- **People and Workforce.** Developing and implementing staff transfer plans, recruitment, and detailed organisational structure.
- **Asset Management and Operations.** Developing and implementing provisions (articulated in a Transfer Agreement) for the transfer of assets, contracts, work in progress, operations, and health and safety, business continuity and emergency management responsibilities at Day One.
- **Regulatory Compliance.** Reviewing and identifying regulatory elements that will need to be transferred, liaising with the regulatory bodies and ensuring compliance issues are understood and addressed.
- **Corporate Support.** Planning and implementing the establishment of enabling functions that allow Metro Water to operate, such as administrative support, facilities management, finance, legal, procurement, and HR services.

The establishment roadmap is attached as *Appendix E2*.

E3. Governance and leadership

E3.1 July - October 2025

Until Day Zero (1 October 2025) current governance and leadership arrangements (established to oversee the development of the Water Services Delivery Plan) will largely remain in place. These are:

- The Advisory Oversight Group (AOG) continues to provide high-level oversight and guidance to the programme, noting that it has limited delegations to make some key decisions as detailed below.
- The Chief Executives' Group continues to steer the programme, with the programme being delivered by the Programme Director, supported by the Programme Team, specialist advisors and the Responsible Officers Group.

Leading into Day Zero new governance and leadership arrangements will be added to oversee the establishment of Metro Water, as follows:

Advisory Oversight Group

The current AOG has specific delegations to support the incorporation of Metro Water. The AOG comprises one elected member from each of the shareholding councils and one representative from each of the mana whenua partners, Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika.

The AOG has an independent chair and holds limited delegations to:

- appoint the Establishment Board; and
- finalise draft foundation documents (as required) with these documents to be ratified by each council in late 2025.

Some decision delegations related to the formal incorporation of Metro Water will be reserved for shareholding council representatives only. The AOG will be replaced by a Partners' Committee, constituted in accordance with the Partners' Agreement by incoming councils (after local body elections) by December 2025.

Establishment Board

The Establishment Board will comprise three to four members with specialist knowledge and experience in the areas of CCOs and regulated utility establishment, three waters operations and asset management, financial controls, treasury and capital structuring, an understanding of te ao Māori and the ability to work closely with mana whenua. Corporate legal functions will be appointed.

The Establishment Board will set the direction for the establishment of Metro Water and oversee the finalisation and implementation of the establishment plan. The Establishment Board will also look beyond Day One and oversee the development of the first Water Services Strategy in preparation for the enduring Board. The Establishment Board is responsible for:

- overseeing and leading the establishment of the organisation
- ensuring governance structures and systems are set up to meet regulatory and compliance requirements
- engaging with mana whenua, shareholders, key stakeholders and partners to influence, understand and build support
- overseeing key programme milestones
- overseeing development of the Water Service Strategy
- making decisions that enable the progress of establishment
- developing and approving the Customer Charter.

The Establishment Board will be replaced by an enduring Board, appointed by the Partners' Committee at some point after Day One.

Steering Group

The Steering Group will evolve to comprise the Interim Chief Executive of Metro Water (Chair), council Chief Executives and the Wellington Water Chief Executive.

The Steering Group will oversee all aspects of the establishment of Metro Water, ensuring that Day One MVP is delivered and that activities across all the entities involved are aligned and that interdependencies are effectively managed.

Delivery of the full Metro Water capability beyond Day One will become the sole responsibility of the Metro Water Board and Chief Executive, as such it is intended that the Steering Group will be disestablished from Day One.

Interim Chief Executive

An Interim Chief Executive will be appointed by the Establishment Board in late 2025 to lead the establishment of Metro Water to Day One and beyond. It is anticipated that this would be a fixed-term engagement of one to three years' duration, reporting to the Establishment Board and potentially the enduring Board once that is appointed. The role is responsible for:

- leading the establishment of Metro Water and the development of Metro Water capabilities including the appointment of key staff
- overseeing the implementation of the Establishment Plan by the Establishment Director and Team
- supporting the Establishment Board and the establishment governance structure between councils, Wellington Water and Metro Water
- developing a Water Services Strategy in response to the 2026/27 Statement of Expectations
- giving effect to direction from the Establishment Board
- building partnerships with mana whenua and upholding the Treaty of Waitangi/Te Tiriti o Waitangi and te mana o te wai
- working closely with the councils and Wellington Water to ensure common understanding on direction and timing of establishment activities
- managing establishment risks and mitigations.

Establishment Director and team

An Establishment Director was appointed by the Steering Group in July 2025 to lead the establishment of Metro Water including managing the establishment team and key interdependencies with councils and Wellington Water.

The role is responsible for:

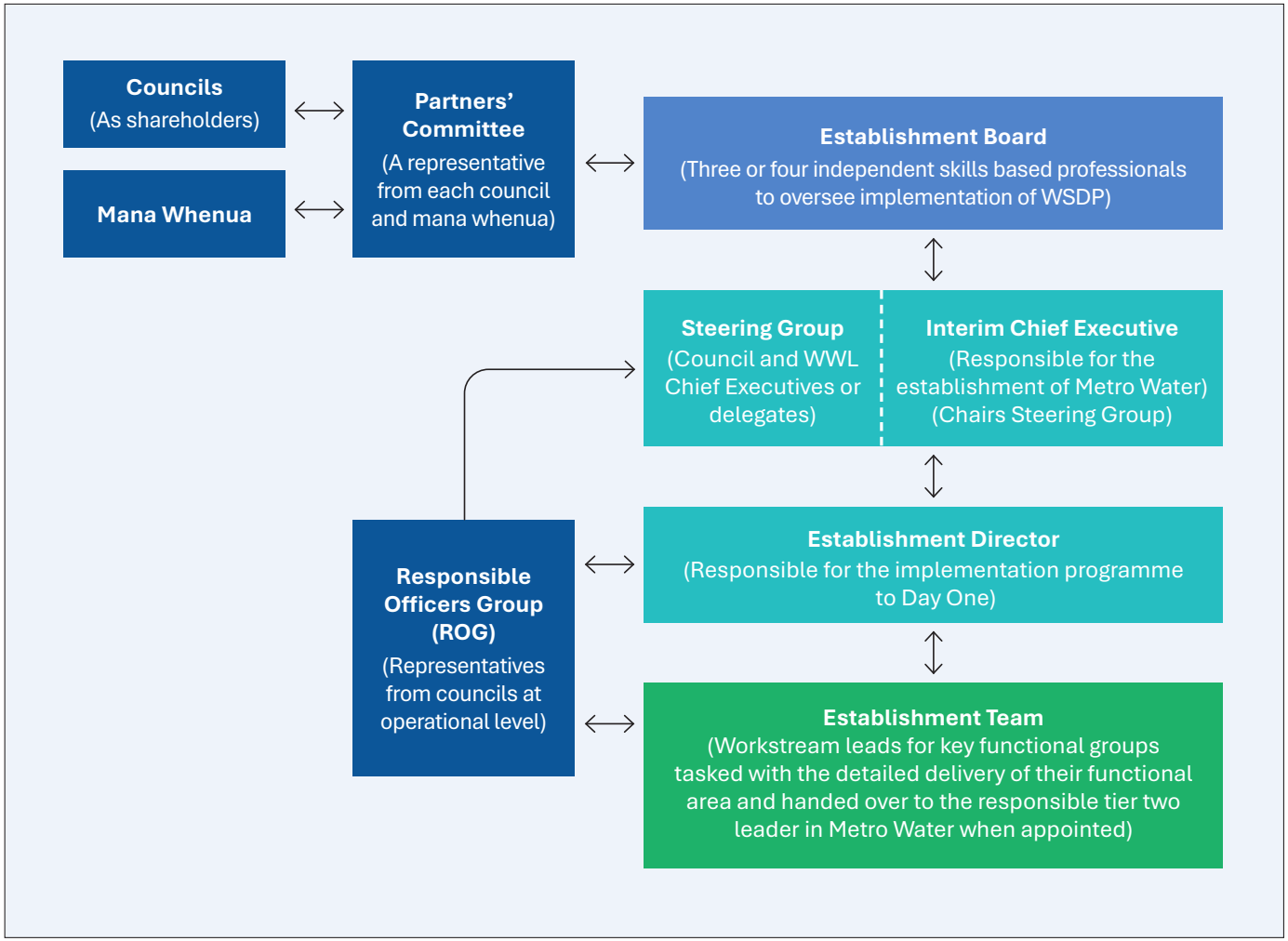
- development and implementation of the programme of work including key interdependencies with councils and Wellington Water to deliver on Day Zero and Day One MVP outcomes
- leading the establishment team who are responsible for key workstreams
- programme oversight through workstream plans, monitoring and reporting
- establishing and maintaining programme governance structures with shareholders and partners
- supporting the Establishment Board and the establishment governance structure between councils, Wellington Water and Metro Water
- giving effect to direction from the Interim Chief Executive and Establishment Board
- working closely with the councils and Wellington Water to ensure common understanding on direction and timing of establishment activities
- managing programme budget and resources
- managing programme risks and mitigations.

The Establishment Director will initially report to the Steering Group, then to the Establishment Board once appointed (from September 2025), and finally to the Interim Chief Executive once appointed from late 2025.

An Establishment Team, working to the Establishment Director, will develop and implement the detailed establishment plan for Metro Water.

The Establishment Team will comprise a core team supported by council and Wellington Water officers and subject matter experts (SMEs). SMEs are expected to be required in areas such as financial and commercial planning, legal advice, information technology and systems, customer experience, people and workforce, industrial relations, asset management, water services operations, and regulatory compliance.

Fig 22. *Interim governance and leadership arrangements*



E3.2 Transfer of functions and roles from Wellington Water

In order to meet the timelines for Day One, to ensure ongoing service delivery and to retain expertise and experience, Metro Water will largely be based on 'lifting and shifting' staff (tier three and below) from Wellington Water.

The how, what and when of the transfer of employees is to be determined and will be guided by the provisions of the Local Government (Water Services) Act and the relevant employment legislation.

The detail of this plan will be the accountability of the Interim Chief Executive and developed during the establishment phase (Day Zero to Day One).

E4. Implementation risks and mitigation strategies

This programme has two distinct perspectives on risk management: one focused on the programme risks associated with the establishment of the new water organisation for Day One, and the other on workstream risks.

Each workstream lead will be tasked with the responsibility of identifying risks, developing mitigation strategies, applying them, monitoring their effectiveness, and reporting on them, including any necessary escalations. The programme through the Establishment Director will have established an escalation pathway that identifies when risks require escalation. Given the complexities involved in this water organisation, effective risk management is crucial for its successful establishment.

The following table outlines the key high-level establishment programme risks and mitigation strategies. The programme workstreams, council and Wellington Water have specific risks and mitigation strategies including interdependencies that are not included in this WSDP.

E4.1 Key programme establishment risks and mitigation measures

Table 30: *Risks and mitigations*

Risk	Mitigation strategies
1. Following submission to DIA, the WSDP requires remediation or DIA are slow to accept the plan	
The timeframe from the WSDP being submitted to the Department of Internal Affairs (DIA) and their decision back to councils is unknown and may impact on the establishment timelines and milestones if it is a delayed process.	Regular check-ins with the DIA to ensure that the WSDP requirements are being met throughout the drafting process of the plan. Additionally, legal assurance and review processes are implemented to ensure the WSDP aligns with the legislative requirements.
2. Compressed decision-making timeframes	
The establishment timeline is extremely ambitious, and the time available for decision making is limited. Any delay in making critical establishment decisions will likely compromise the establishment timeline and the achievability of Day Zero and Day One. The ability of council CEs and Elected Members to make legally compliant, informed and considered decisions within the time available, while balancing obligations to their communities, is critical to meeting establishment milestones and goals.	CEs and Elected Members will need to make significant establishment decisions based on the information available at that moment. A commitment from CEs and Elected Members to be engaged and available will be critical in meeting and progressing key establishment milestones until a Partners' Committee and Establishment Board is established tasked with decision making on behalf of councils and mana whenua.
3. Multiple parties and decision-making rights	
Ensuring ongoing alignment and decision making across multiple parities and at different levels from political to CE to senior manager, along with ensuring input and buy-in from other parties is extremely challenging and can lead to significant time delays. This is exacerbated by the compressed decision-making timeframes and multiple decisions and documents that need to be worked through.	Clear and agreed plan for establishment, clarity of decision making and milestones, clarity of roles and accountabilities and agreed escalation and dispute resolution pathways.

4. Data and digital	
Wellington Water does not have a full suite of the necessary IT systems needed for Metro Water and the risk is that the identification and implementation of all new IT infrastructure and systems to deliver water services, such as asset management and finance systems, will be slow and complex to deliver and therefore not be ready for Day One. This will impact Day One operations in that the organisation will have to deploy interim IT solutions and work-arounds until it has sufficiently implemented this work programme.	The Wellington Water IT investment programme is already underway, and work commissioned to understand the Wellington Water IT systems currently available, those planned to be procured, timing and criticality and compare this to what the new organisation ideally requires. An agreed and integrated IT approach and plan, including budget and the right capability and skills, are critical mitigation factors to reach Day One.
5. Billing arrangements	
It is unlikely that a billing system or CRM system for Metro Water can be implemented by Day One. Councils are likely to have to collect water revenue on behalf of the new organisation and establish a pass-through process for the resulting revenue for an agreed timeline and arrangements. This process must be in place by Day One.	The councils are to establish an interim billing system on behalf of Metro Water. Early assessment, planning and design of the approach to water billing and revenue pass through will be crucial. Each council will need to implement and test this process prior to Day One.
6. Public and stakeholder confidence	
In general terms there has been a loss of confidence by both the public and shareholding councils in Wellington Water as an effective and efficient provider of water services to the region. There is a risk that the new organisation will be perceived as a rebranded Wellington Water. This risk is compounded by the fact that the ambitious establishment timeline means that Wellington Water staff and systems will be largely lifted and shifted into Metro Water.	This risk can be mitigated by a number of strategies such as establishing a skills-based professional Board made up of new Directors; the Water Services Strategy; effective communication regarding the establishment of Metro Water and how it will effectively operate that is different to Wellington Water; develop a specific brand and website that depicts the look and feel of the new organisation. In addition, the early incorporation of a customer-centric approach to the future design of Metro Water will assist in mitigating this risk.
7. Finance in place	
Financing for investing and operating activities must be in place for Day One. Any delay to this will interrupt the ability to operate from Day One.	Work with LGFA to establish financing arrangements for Metro Water has begun, following councils' commitment to establish the new organisation.
8. Effective governors and leaders	
Effective governance and leadership for Metro Water is critical and there is a risk that experienced and effective governors and leaders could consider that these roles are high risk given the media attention regarding the current water context within the region and/or that the key legal documents have not been settled by stakeholders resulting in uncertainty and increased risk and liability.	Care will need to be taken in attraction and recruitment strategies to entice experienced and effective governors and leaders to apply for these roles. Key terms and conditions of employment, including setting remuneration, will need to be competitive. The key legal documents that provide direction - Partners' Agreement, Constitution, Statement of Expectations, and Customer Charter - will need to be settled or principles agreed by stakeholders.

9. Interdependencies with Wellington Water	
There are numerous risks associated with the programme that depend on Wellington Water's engagement and alignment. These risks could significantly impact the programme and ultimately affect the establishment outcomes and milestones. For instance, if the role of Wellington Water is not clearly articulated and understood, it may lead to Wellington Water making binding decisions (financial or otherwise) that do not align with the future direction of Metro Water or impact its financial sustainability. The reliance on Wellington Water's capacity and expertise to engage in this programme poses a risk that could affect both the programme deliverables and the routine deliverables of Wellington Water.	The interdependencies between the programme and Wellington Water will require considered management. There are various formalised arrangements and agreements that can be established to give mandate and clarity. The Establishment Director and interim CE will maintain effective working relationships with the senior leadership of Wellington Water and councils and their governance committees.

E4.2 Conclusion

The establishment of Metro Water represents a significant step towards enhancing water service delivery in the Wellington metropolitan area. The implementation plan outlines critical establishment milestones, responsibilities, and the phased approach necessary for successful incorporation and operation.

Key principles guiding the establishment emphasise the importance of clear communication, stakeholder engagement, and effective governance. As the organisation becomes established from Day Zero to Day One, it is essential to ensure that all necessary conditions are met, including the establishment of governance structures, financial arrangements, and operational capabilities. The focus on risk management and mitigation strategies will be crucial in navigating the complexities of this multi-council initiative.

Ultimately, the successful establishment of Metro Water will depend on a partnership between councils and mana whenua, together with effective collaboration among councils, stakeholders, and the community to create a sustainable and efficient water service delivery model that meets the needs of all users.

Abbreviations

AOG	Advisory Oversight Group
AMP	asset management plan
capex	capital expenditure
CCO	council-controlled organisation
CE	Chief Executive
CFO	Chief Financial Officer
CV	capital value
DIA	Department of Internal Affairs
DWPIC	Drinking Water Programme Investment Case
DWQAR	Drinking Water Quality Assurance Rules
EoSL	end of service life
FFO	funds from operations
FTE	full time equivalent
FY	financial year
GW	Greater Wellington Regional Council
HCA	high critical assets
HCC	Hutt City Council
HVJV	Hutt Valley joint venture
JV	joint venture
LCA	low critical assets
LGA	Local Government Act 2002
LGFA	New Zealand Local Government Funding Agency
LGOIMA	Local Government Official Information and Meetings Act 1987
LOS	level of service
LTP	long-term plan
MCA	moderate critical assets
MoI	Memorandum of Intent
NPS-FM	National Policy Statement for Freshwater Management 2020
NRP	Wellington Natural Resources Plan
ORC	optimised replacement cost
opex	operational expenditure
pa	per annum
PCC	Porirua City Council
PWJV	Porirua Wellington Joint Venture
ROG	Responsible Officer Group
RMA	Resource Management Act 1991
SCADA	supervisory control and data acquisition
SAMP	Strategic Asset Management Plan
TAS	target attribute states
UHCC	Upper Hutt City Council
VHCA	very high critical assets
VLCA	very low critical assets
WCC	Wellington City Council
WEPS	Wastewater Environmental Performance Standards
WO	water organisation
WSCCO	water services council-controlled organisation
WSDP	water services delivery plan
WSS	water services strategy
WWC	Wellington Water Committee
WWL	Wellington Water Limited
WWTP	wastewater treatment plant
~	approximately

Glossary

Term	Description
Bulk main	A pipe that conveys drinking water between a treatment plant to a local (city-owned) point of supply; normally a reservoir.
Building Block Model	The Building Block Model is a framework used by regulators to determine the maximum allowable revenue a regulated monopoly can earn over a regulatory period.
Cost to serve	This is a term relating to serving the needs of particular customers based on the actual business activities and overhead costs incurred in servicing that customer type. Within the context of this document, it refers to localised pricing for water services within each council territory reflecting actual costs and financing arrangements (including debt) for that area.
Effluent	Wastewater, treated or untreated, that flows out of a treatment plant, sewer, or industrial outfall.
Funds from operations	Funds from operations is a measure of the cash a business generates from its core operating activities.
Harmonised pricing	This refers to the practice of establishing consistent or uniform pricing for a specific product or service across different markets or locations. In the context of this document, it means customers across Metro Water's jurisdiction would be paying the same or similar prices based on a consistent methodology.
Level of service	Level of service statements describe the outputs or objectives an organisation intends to deliver to customers.
Metropolitan Wellington	In the context of this document, this refers to the geographical area covered by the four city councils: Hutt, Porirua, Upper Hutt and Wellington.
Network	All connected assets that are used to deliver a particular service. E.g., wastewater pipes, fittings, pumps etc from a property connection to and including the treatment plant and disposal outfall.
Receiving environment	A receiving environment is the environment upon which a proposed activity might have effects. In the context of this document, it is the environment that a water service provider takes water from and discharges into, for example beaches, harbours or waterways.
Reticulation	Pipeline network.
Service pipe (also service connection)	Typically, a 20-32mm diameter pipe that connects the public drinking water network to a residence or business. Note that for commercial premises, service pipes and connections may be larger.
Three waters	Drinking water, wastewater and stormwater.
Trunk water main	A water supply pipe equal to or greater than 250mm in diameter.
Trunk sewer	A wastewater pipe equal to or greater than 250mm in diameter.
Wastewater	Any water that has been contaminated by human use. Wastewater is used water from any combination of domestic, industrial, commercial or agricultural activities, and any sewer inflow or sewer infiltration.