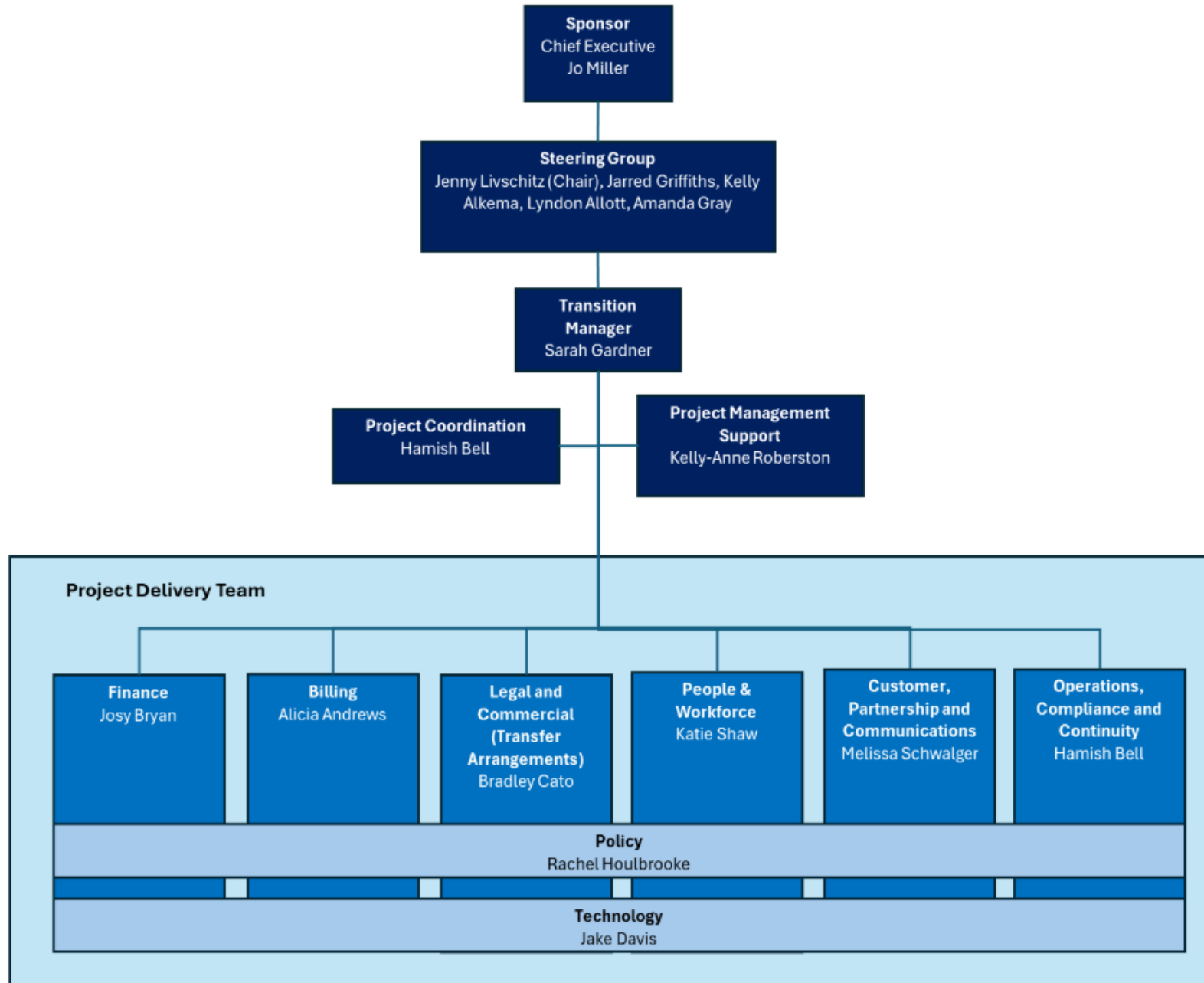


Water Services Transition Project

Council Briefing 4 March 2026

HCC Water Services Transition Project



Topics for Today's Briefing

- High Level Project Plan and Timeline
- Transfer Agreement between HCC and Tiaki Wai
- Land Transfer Approach
- Function and People Transfer Approach
- Communications until 1 July 2026
- Interim Customer Experience on Day 1
- Finance aspects of the transfer
- Interim Service provision



High level project plan & timeline

Activity	Dates	Status
Foundation Documents Approved by Council	Nov 2025	Complete
Partners Committee – approved Statement of Expectations	18 Dec 2025	Complete
Audit and Risk Committee – Water Services Matters	24 February 2026	Complete
Briefing of Council – Tiaki Wai Board and Water Services Transition Project	4 March 2026	Today
Infrastructure and Regulatory Committee – Water Services Update	5 March 2026	Pending
Partners Committee to approve Transfer Agreement Template out of cycle	6 March 2026	Pending
Partners Committee – Water Services Strategy	13 March 2026	Pending
Briefing of Council – Water Services Strategy	18 March 2026	Not Started
Council meeting – Update on Water Services Strategy and Transfer Agreement, Decisions on Guarantee and security arrangements	24 March 2026	Not Started
Community engagement on Water Services Strategy	25 March – 22 April 2026	Not Started
Draft Transfer Agreement and Schedules populated to share with Partners	End March 2026	Not Started
Briefing of Council – Day One, Tiaki Wai	7 May 2026	Not Started
Council Meeting – Approve and Execute Transfer Agreement and any necessary delegations	3 June 2026	Not Started

Transfer Agreement – Documentation

The primary document under which Council transfers assets and liabilities to Tiaki Wai on 1 July 2026.

Intended to be a consistent template across all Partner Councils

Contains the legal conditions of the Agreement, and three appendices. Appendix One includes Agreement Details such as commencement date of the Agreement.

Appendix two includes post-completion services, shared interests and charging arrangements, terms and conditions

Appendix three consists of 18 schedules itemising assets and liabilities for transfer including land, debt, contractual arrangements, consents and employees etc.



Transfer Principles

- Transfer Principles assist the parties with identifying all responsibilities, infrastructure and assets and liabilities (including water debt) that are to be included in the Transfer Agreements.
- There are nine principles that are largely unchanged since Council's engaged on their development in 2025.



Function and People Transfer Approach

Transfer of Functions

- Water functions were split between Wellington Water and HCC
- All water functions transfer to Tiaki Wai
- Functions to transfer can have staff attached, some are small parts of jobs e.g water connections, so don't have a staff member who will transfer
- Transfer Plans for functions are being completed now
- Gaps in legislation will mean we need to use mechanisms like delegation for some transfers to be achieved.
- Stormwater alignment between Councils for roading corridors is under discussion.



Functions and People Transfer Approach

Functions Proposed to Transfer with People in Roles

Trade Waste, Development Engineering (water), Infrastructure Acceleration Fund Project, Customer Services and Accounts Receivable

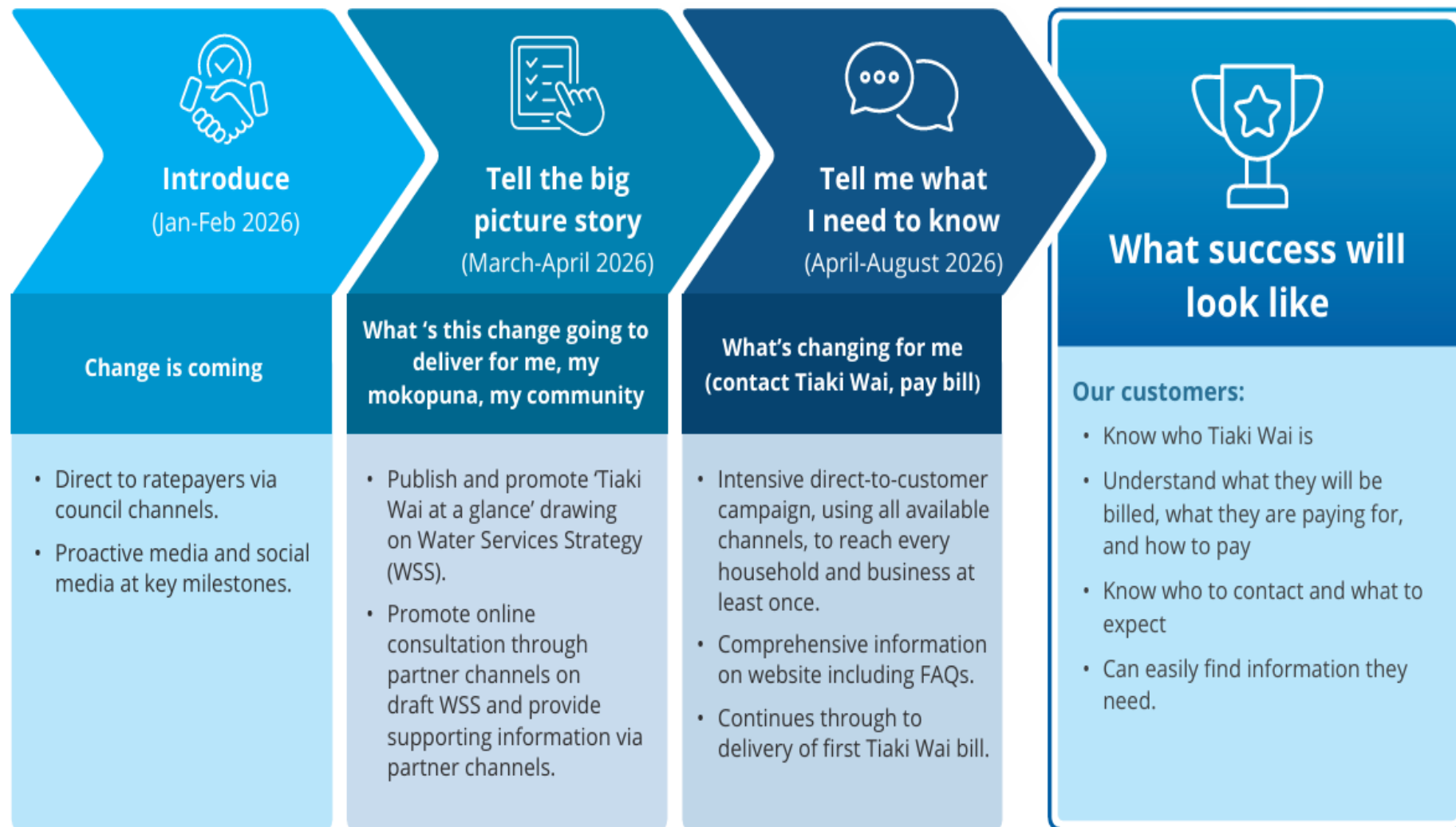
Transfer of People

- In early March Chief Executives will undertake a legislative process to offer and accept positions for transfer
- A formal change process where staff are consulted on proposals to transfer them and their role to Tiaki Wai will begin end of March.
- Recent process confirmation means Council has refined the scope of roles impacted to circa 12.



Communications Ahead of Day One for Tiaki Wai

Build visibility and awareness through a phased programme



Customer Experience Model – Day One

- Will be an interim solution, like billing
- Likely model has Council's Customer Contact Centres being the first point of contact
- Scenario testing has aided HCC to identify gaps in our knowledge base for Day 1 operations
- Stand up relies on existing arrangements, making delivery less difficult
- Risks for Council are related to reputation, customer satisfaction, Council rather than Tiaki Wai holding the customer relationship.
- Work to be done on other channels like online customer engagement.

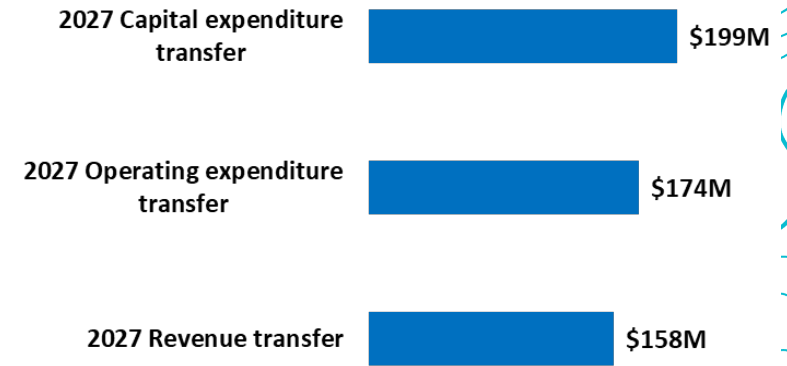
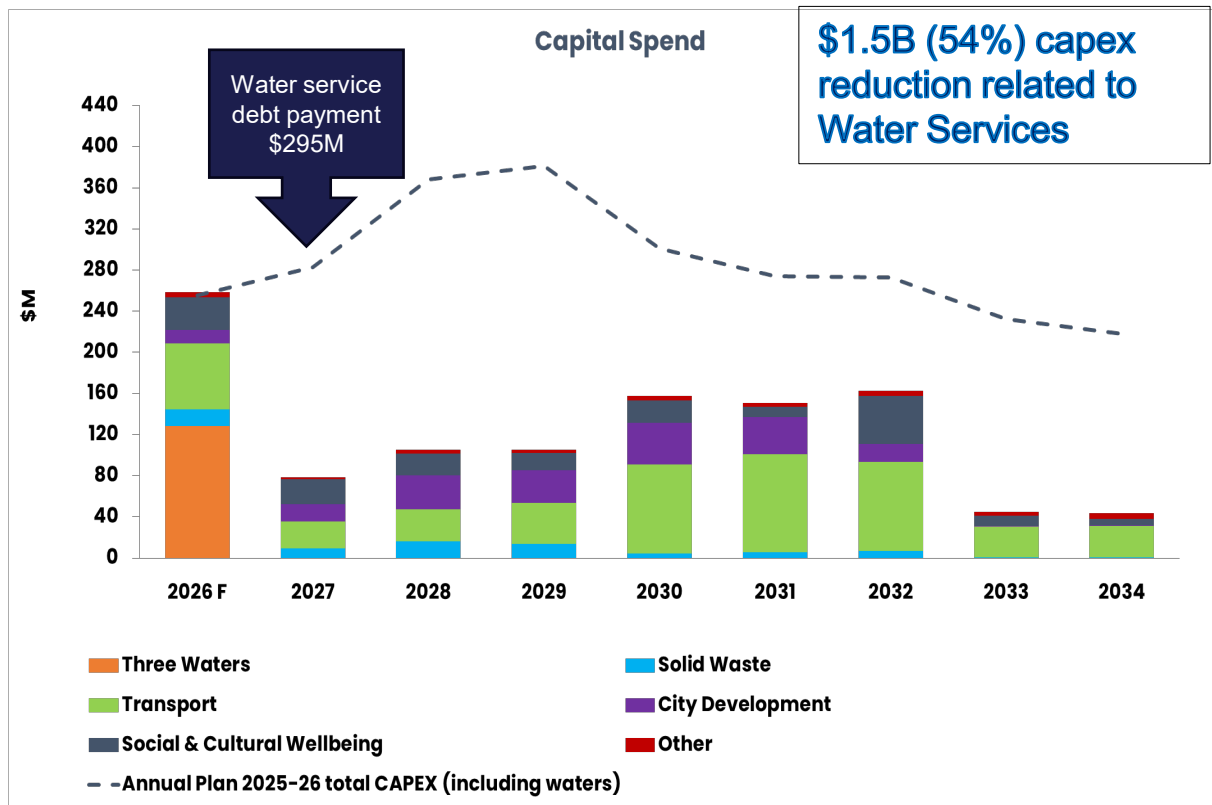


Financial impacts of transition on Council budgets

Council's revenue and costs are both lower because of the water transition. This means we'll be managing a smaller budget overall with lower spending and investment requirements in future.

Council's net debt and assets will also reduce. Debt is largely related to the capital investment reduction. Around \$2.1B assets are expected to transfer to Tiaki Wai and \$295M of debt.

Transfer process guided by transfer principles and Net Asset Calculation Method.



1

Council will be administering a range of services on behalf of Tiaki Wai for a transitional period of at least 1 year.

2

This is to allow Tiaki Wai to set up appropriate processes and systems for customers and billing.

3

Officers are working on identifying a complete list of services affected and the cost recovery methodology to be agreed with Tiaki Wai and the other partner councils

4

The key direct services include:

- Interim water charges billing
- Development contributions policy administration and billing
- Trade Waste billing
- Customer Service.....



Interim Billing - Update

- **Interim billing model confirmed:** From 1 July 2026, water charges will be removed from Council rates notices and issued as separate Tiaki Wai invoices.
- **HCC to administer billing for an interim period** (minimum 12 months) until Tiaki Wai establishes its own billing capability.
- **Full financial separation will apply**, including separate bank account, GST registration, receivables and reporting.
- **System pathway confirmed:** Interim billing will be configured within HCC's existing systems as the only viable approach within timeframe constraints.
- **Scale of transition:** Approximately 43,000 customer accounts and ~\$110m annual water revenue to be managed through the interim solution.
- **Risk position:** Billing is currently assessed as **At Risk** due to fixed 1 July implementation date and the scale of configuration and operational change required.
- **Mitigation focus:** Structured testing, establishment of a dedicated interim billing team, and close coordination with Tiaki Wai on key dependencies.

Examples of Assets and Liabilities for Transfer

- 228,222 assets including >2 million metres of pipes, 5534 hydrants and 127 pump stations to be transferred to Tiaki Wai. Approx. value \$2.1B
- 77 pieces of land (approx. value \$26M), used for water assets e.g. pump stations
- 46 pieces of land with mixed use (approx. value \$40M), including water assets where land is likely to remain with HCC e.g swales in parks
- 15 areas with designations over land for activities such as Seaview Wastewater Treatment Plant
- All resource consents related to assets and their operation that may be transferred to Tiaki Wai e.g for odour, discharge

A draft of the Transfer Agreement Schedules will be complete by March 2026 end.



Asset Revaluations

Land and building assets

- are being revalued by Aon as at 31 May 2026

Infrastructure assets and resource consents

- are being revalued by WSP as at 31 May 2026
- WSP have been engaged to revalue all Council infrastructure assets in the region for a consistent and comparable outcome



Approach to Land Transfer ... In progress

- Land with a primary purpose for water services is transferring to Tiaki Wai;
- Mixed use land is primarily remaining in Council ownership

Exceptions:

Reserve Land – some cannot be transferred, some we may wish to keep, and some might transfer under provisions such as the Public Works Act – (this is all to be clarified).

Stormwater – where stormwater assets on mixed use land cannot be transferred, the responsibility for a stormwater asset can be transferred to Tiaki Wai. This avoids Council retaining responsibilities as a Water Services Provider. (to be confirmed by Stormwater Advisory Group)

Roading Corridor – water assets in the roading corridor transfer to Tiaki Wai while the land (road reserve) remains with Council. Stormwater assets like sumps are expected to remain with Council. (Stormwater Advisory Group currently discussing options)



Land with water services as the primary purpose - ownership transferring to Tiaki Wai

Seaview Wastewater
Treatment Plant



Pump station sites –
eg 211 The Esplanade



Land with a mixed purpose (eg covered by Reserves Act) – just water asset transfers to Tiaki Wai

431 Cuba Street – wastewater pump station plus reserve



60 Eastern Hutt Road – reservoir site plus Council reserve



Stormwater land (eg drainage reserves) – ownership will depend on Reserve Act status, management responsibility will transfer to Tiaki Wai

5N Konini Street, Wainuiomata – drainage reserve



64N Bull Avenue, Wainuiomata – drainage reserve



Water assets on road reserve – asset transfers to Tiaki Wai, land stays with Council

502 Stokes Valley Road – water pump station



51 Rossiter Ave – potable water tank

