2026/27 – 2028/29

STATEMENT OF CORPORATE INTENT

TE AU AKANOONOO'ANGA NO TE MANAKONAKO'ANGA O TE TAOKOTAI'ANGA

Profile

Entity

To Tatou Vai Authority

Contact

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Ownership

A Statutory Corporation established under the To Tatou Vai Act 2021
Responsible Minister, Honourable Albert Nicholas

Board

Chairman	Brian Mason
Director	Ashleigh Steele
Director	Atatoa Herman
Director	Charles Carlson
Director	Jessica Puiri
Director	Phillip Vakatini
Director	Sam Napa Snr

Executive Management

Chief Executive Officer, Apii Timoti

Chief Financial Officer, Timothy Teulilo

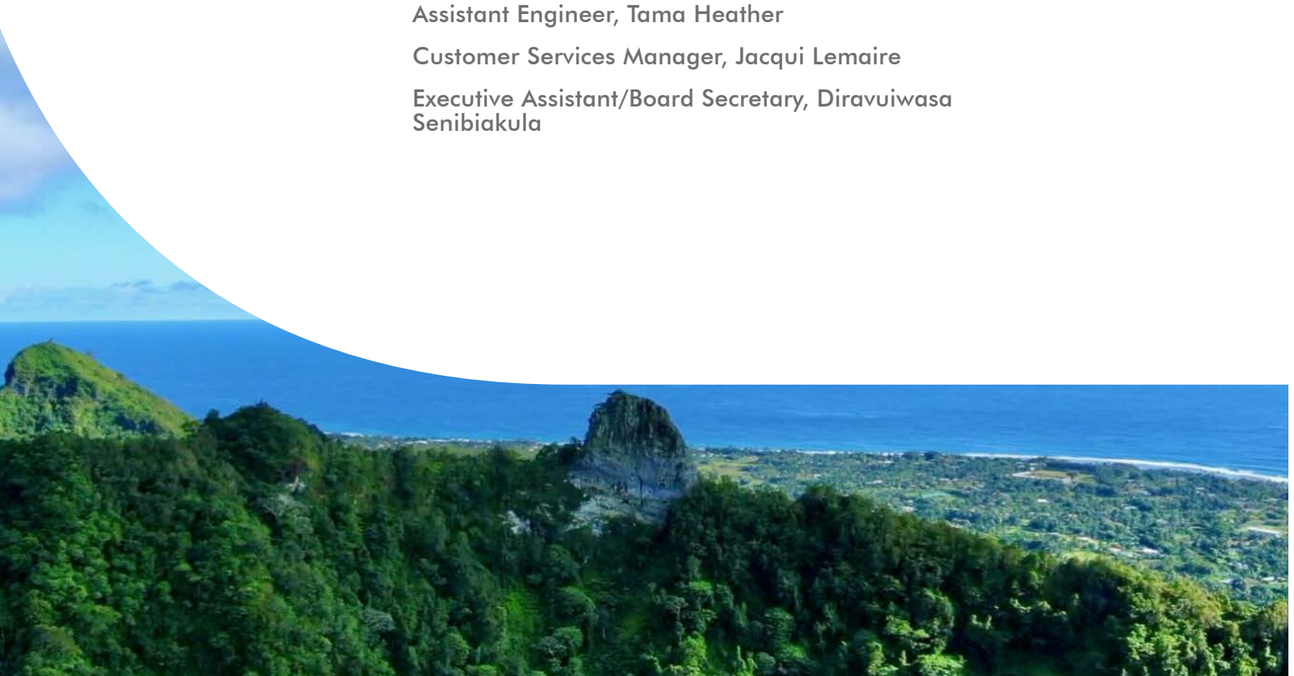
Relationship Manager, William Tuivaga

Engineer, Chris Langdale

Assistant Engineer, Tama Heather

Customer Services Manager, Jacqui Lemaire

Executive Assistant/Board Secretary, Diravuiwasa Senibiakula



Forward

A Message from our Chairman

Kia Orana,

This Statement of Corporate Intent is the first to give effect to To Tatou Vai's first long-term strategic plan, Strategy 2035.

That matters. Strategy 2035 is a major step forward for the Authority. It sets a clear long-term direction for Rarotonga's water system and marks a shift from establishment into a more disciplined phase of delivery, performance, and accountability.

The Board is proud of how that Strategy was developed. It was not prepared in isolation. It was informed by staff across the organisation, shaped by practical operating experience, and strengthened through engagement with key stakeholders. The result is a Strategy that reflects both the realities of the system and the ambition of the Authority.

This Statement of Corporate Intent now translates that strategic direction into a focused three-year programme for the period 2026/27 to 2028/29. It sets out what To Tatou Vai will prioritise, what it intends to deliver, and how progress will be assessed.

The Board's focus over this period is clear. To Tatou Vai must strengthen reliability, reduce avoidable losses, improve system visibility, lift operational discipline, and build public confidence in how water is managed. It must do this in a way that is practical, fair, and grounded in the realities of Rarotonga's water system.

This Statement of Corporate Intent is intentionally focused. It does not restate the full Strategy. It identifies the priorities, delivery commitments, and accountability settings that will guide the Authority over the next three years.

The Board remains committed to transparent decision making, responsible stewardship, and measurable improvement. This Statement of Corporate Intent provides the basis for accountability to CIIC, Government, catchment committees, landowners, customers, and the people of Rarotonga.

Kia manuia,

Brian Mason, Chairman

A Message from our CEO

Kia Orana,

This Statement of Corporate Intent is the first to be prepared under To Tatou Vai's first long-term strategic plan, Strategy 2035.

As outlined in our Strategy, the system still loses too much water. Pressure is still uneven across parts of the island. Heavy rain and dry periods still expose system weaknesses. Some parts of the network and treatment system still require major improvement. The Strategy gives us a clear long-term direction, a north star. This Statement of Corporate Intent sets out what we will focus on next.

Over the next three years, To Tatou Vai will focus on four areas:

- Supporting responsible water use
- Optimising system operations
- Automating our water system
- Securing community trust and partnerships

This is not a promise of instant perfection. It is a commitment to steady, measurable progress. Over this period, To Tatou Vai will continue to build the systems, data, operating discipline, and organisational capability needed to improve reliability and resilience over time.

This Statement of Corporate Intent is both a delivery document and an accountability document. It sets out what To Tatou Vai intends to do, what will be prioritised first, and how progress will be reported.

Kia manuia,

Apii Timoti, Chief Executive Officer

Contents

1 Purpose of this Statement of Corporate Intent

1.1 Purpose of this SCI

This Statement of Corporate Intent sets out To Tatou Vai's intended direction, priorities, and delivery commitments for the three financial years from 2026/27 to 2028/29. It also includes measurable performance indicators as required under Section 26 of the Act.

It is To Tatou Vai's rolling three-year corporate planning and accountability document. It translates Strategy 2035 into the priorities, delivery commitments, performance measures, and key funding and risk settings that will guide the Authority over the period ahead.

This Statement of Corporate Intent is intended to provide clarity to CIIC, Government, catchment committees, landowners, customers, and the wider public on:

- what To Tatou Vai is responsible for
- the environment in which it is operating
- what it intends to deliver over the SCI period
- how performance will be measured
- what key risks, funding settings, and dependencies shape delivery.

1.2 Relationship to the Act

This Statement of Corporate Intent is prepared in accordance with the To Tatou Vai Act 2021.

The Act requires the Authority to specify, in respect of the next financial year and each of the two immediately following financial years:

- the Authority's objectives
- the nature and scope of its activities
- measurable targets by which the Authority's performance can be assessed
- the Authority's intentions regarding
- the sale and purchase of assets
- what appropriation by Parliament, if any, is required
- any other matters that CIIC and the Authority have agreed should form part of a statement of corporate intent

This Statement of Corporate Intent is structured to meet those requirements in a clear and practical way. Progress against this SCI will be reported quarterly to CIIC.

1.3 Relationship to Strategy 2035

Strategy 2035 is To Tatou Vai's first long-term strategic plan. It sets the ten-year direction for Rarotonga's water system, including the Authority's vision, mission, values, strategic choices, strategic priorities, financial direction and implementation roadmap.

This Statement of Corporate Intent gives effect to that Strategy over the period 2026/27 to 2028/29. It is the primary three-year vehicle through which Strategy 2035 is translated into organisational priorities, delivery commitments, and accountability.

2 To Tatou Vai's Role, Mandate and Service Scope

2.1 Statutory role

To Tatou Vai is the statutory water utility for Rarotonga. It was established under the To Tatou Vai Act 2021 as a not-for-profit statutory corporation.

Its role is to collect, treat, and reticulate water for public supply in a reliable, efficient, and cost-effective way, and to operate, build, and maintain the systems, facilities, and networks needed for that purpose.

The Authority also has responsibilities that extend beyond day-to-day operations. This includes maintaining compliance with drinking water standards and public health requirements, working with catchment committees and landowners to support the continued supply of water, promoting public awareness of catchment protection, and identifying future water needs.

2.2 Nature and scope of activities

During the SCI period, To Tatou Vai's activities will continue to focus on:

- operating and maintaining Rarotonga's water collection, treatment, and distribution systems
- improving treatment and network performance
- reducing physical losses and improving pressure management
- managing demand more actively through metering, monitoring, and customer information
- operating and maintaining community drinking-water stations
- improving supporting systems, including monitoring, laboratory, asset management, and reporting systems
- working with catchment committees, landowners, regulators, CIIC, MFEM, NES and other agencies to support long-term water security and resilience.

2.3 Service area and service boundaries

To Tatou Vai's legislated service area is Rarotonga.

The Authority's service area covers those within the 30 metre mean high-water mark because the network was not designed to provide universal service above that level. Service outside this boundary will only be considered where it does not compromise system reliability or fairness.

Private storage, rainwater harvesting, trucking, and community water stations already form part of the lived water system for some households and communities. To Tatou Vai recognises this reality and will continue to support practical pathways to essential water access, while remaining clear about the limits of the public network.

2.4 Not–for–profit basis

To Tatou Vai operates on a not-for-profit basis.

Its role is not to generate profit. Its role is to recover the costs required to operate, maintain, and progressively improve the water system in a way that is efficient, transparent, and fair. It recovers cost through tariffs with the household portion currently supported through government payments for approved household water usage.

Tariffs are reviewed annually in accordance with the tariff review process.

2.5 To Tatou Vai's Responsibilities in Operations and Stewardship

Within this wider functional ecosystem, TTV's contribution centres on its role as the long term operator and steward of Rarotonga's water system. Day to day, this role involves actively managing and minimising operational and environmental risks to prevent events that could impact water quality, public health, or the environment. The responsibilities below summarise how TTV will deliver to support water security, reliability, and shared outcomes across Rarotonga.

Water Supply

Secure and progressively stabilize the delivery of reliable water from source to customer

- Manage and protect catchments with landowners and catchment committees
- Provide technical input into land-use and environmental decisions affecting catchment zones
- Assess treatment plant asset conditions, manage planned renewals and replace failing components
- Operate, maintain and optimise collection, treatment and network systems
- Maintain stable pressure, flows and system performance across the distribution network
- Reduce leakage and physical losses through proactive detection, repair and renewals
- Monitor treatment performance and carry out laboratory testing to meet water quality standards
- Strengthen climate resilience through improved monitoring, automation and nature-based solutions

Water Demand

Manage demand to optimize limited supply, protect reliability, fairness and long-term system reliance

- Manage demand to optimise limited supply, protect reliability, fairness and long-term system resilience
- Promote responsible and efficient water use
- Ensure fair and appropriate access for connected users
- Meter and monitor water use to improve visibility of consumption, detect losses and support leak reduction
- Monitor changes in customer demand profile and ensure system operation is not compromised
- Identify abnormal or excessive use
- Provide clear consumption information and guidance, especially during normal and constrained periods
- Apply fair and transparent tariffs to manage demand and maximise access by all customers
- Work with high-use sectors to manage peak demand and reduce stress on the system
- Manage new water connections and ensure alignment with system capacity
- Explore strategic options to improve access to the network by those outside the primary supply zone

Governance & Environmental Stewardship

Provide water stewardship for the long-term public interest.

- Provide water stewardship for long-term public interest
- Maintain regulatory compliance under relevant legislation, including environmental and public health requirements
- Communicate transparently with customers and the public on operational and performance issues
- Provide clear advice to Government on emerging water risks, priorities and long-term security
- Build strong partnerships with landowners, catchment committees, regulators and development partners
- Plan and sequence long-term investment, renewals and system modernisation
- Balance reliability, affordability and environmental protection in major decisions
- Manage system risks including climate risks, operational risks and public health risks
- Strengthen institutional capability, workforce readiness and retention of technical knowledge
- Advocate for long-term protection of water resources

3 Operating Context

3.1 Rarotonga's water system

Rarotonga's public water supply is a gravity-fed system drawing surface water from inland valley catchments through ten main intakes and associated treatment plants. Water then flows through trunk mains, ring mains, sub-mains, and smaller reticulation to households, businesses, institutions, and community water stations.

The system has been significantly strengthened through the Te Mato Vai programme. That investment improved treatment plants, trunk infrastructure, and major network components. To Tatou Vai has since taken responsibility for operating the system as an integrated utility. While those investments have been made, there have also been significant challenges.

3.2 Operating conditions shaping the SCI period

The system remains constrained by several operating realities. It is heavily dependent on rainfall-fed surface water and supplied through ten disparate intakes with highly variable flows and raw water quality, limiting the ability to operate them as a coordinated system.

Parts of the network still contain legacy infrastructure and continue to experience leakage and uneven pressure. Asset visibility and performance data remain incomplete. Treatment operations remain fully manual and are constrained by plants designed to operate at relatively constant flow and turbidity. Manual operations increase vulnerability during turbidity spikes and lowflow events.

At the same time, customer, regulatory, and reporting expectations are increasing. The operating environment now requires stronger utility discipline, better performance information, clearer public reporting, and more deliberate long-term planning.

3.3 Key external pressures and constraints

The SCI period will be shaped by the following pressures and constraints as outlined in Strategy 2035.

These realities shape the priorities, sequencing, and delivery settings in this Statement of Corporate Intent.

Water Supply

1. Climate variability becomes the dominant driver of water security
2. Catchments become strategic assets that require active stewardship
3. The network and treatment system require step-change in visibility, automation, and redundancy

Water Demand

4. Demand forecasting remains limited, and demand pressure will be more local and seasonal
5. Social licence for water charging is narrow and must be managed deliberately
6. Operating sustainability may improve, but capital sustainability requires external support

Governance & Environmental Stewardship

7. Governance expectations are rising, and compliance requirements will expand
8. TTV's role is expanding from service operator to resilience and stewardship leader

4 Recent Milestones

Water Supply

- Maintained clean water supply continuity and minimised pathogens entering the network
- Ensured UV disinfection stations remained effective in delivering potable water
- Completed installation of safety platforms at Turangi intake
- Successfully improved the operation of the Takuvaine intake and significantly improved reliability
- Ensured the sludge drying facility operated and performed to specifications
- Ensured water infrastructure operated in accordance with all permits
- Completed around 2km of network standardization
- Increased public identification and referral pathways for fixing leaks, and proactive actions to fix leaks leading to infrastructure resilience.
- Improve system understanding to support automation and optimisation, reducing reliance on operating all treatment plants simultaneously, lowering PACL use, and saving more water to meet demand.
- Maintained engagement with tourism and development stakeholders

Governance & Environmental Stewardship

- Strengthened engagement with catchment committees through biannual meetings and regular communications.
- Enhanced working relationship with climate change stakeholders
- Developed and implemented customer agreements
- Reinforced the staffing capacity of both Finance and Customer Services to manage the increasing customer demands
- Developed TTV's first medium term strategy: Strategy 2035. This marks TTV's first medium term strategic framework.
- Strengthened drought response by maintaining clear access to intake areas, improving preparedness for dry-period operations, reducing leaks and water losses across the network, building and maintaining network pressure, and promoting water conservation measures to decrease wastage.

Water Demand

- Successfully registered over 4,000 customer connections, enabling effective assessment of government subsidy
- Built usage profile for individual customers and various customer groups
- Measured and able to monitor water usage by over 30% of agriculture customers, which inform usage management strategies
- Improved the alignment of customer connections for over 1,000 connections
- Progressed work to increase visibility of assets
- Reviewed and implemented new tariffs from 1st October 2025
- We have improved water conservation through customer education by delivering consistent messaging, establishing tariffs and empowerment through the release of the app.

5 Operating Model and Structure

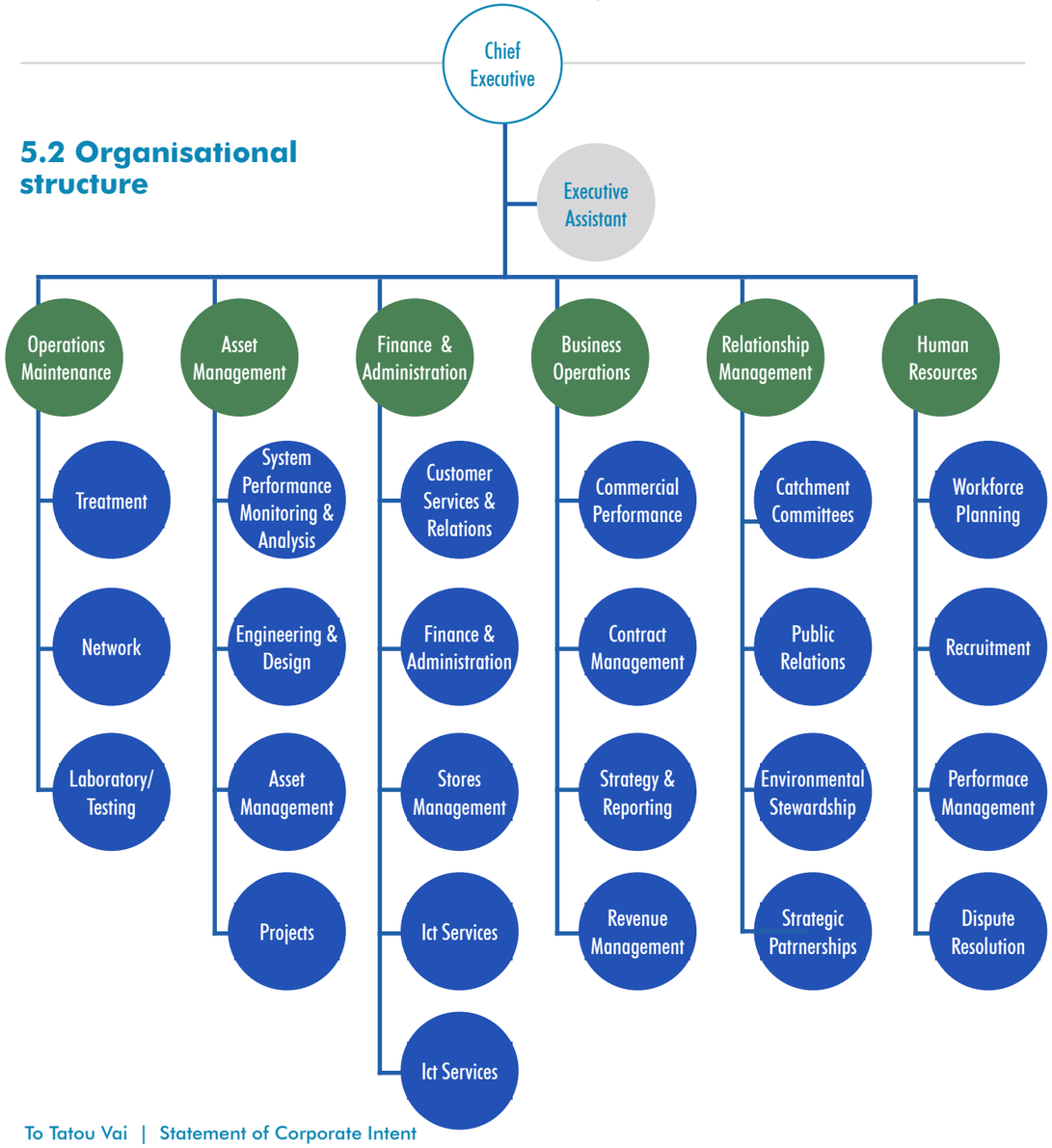
5.1 Operating model

To Tatou Vai's operating model is designed to support delivery across operations maintenance, asset management, finance and administration, business operations, relationships management and human resources.

Reflective of Strategy 2035 and in recognising more immediate efforts required, we have added the functions of environmental stewardship and strategic partnerships. Environmental stewardship will include compliance monitoring, catchment engagement, and environmental risk management.

During the SCI period, the operating model will continue to evolve in alignment with our Strategy, as service disciplines strengthen, and as monitoring and customer systems become more developed. Organisational refinement should be guided by delivery need and operational maturity. We plan to conduct a comprehensive review of our structure in 2027/2028.

5.2 Organisational structure



6 Key Performance Areas

Our Key Performance Areas summarise the focus of each of our grouped functions within TTV.

6.1 Operations

Operations ensures the reliable delivery of safe, efficient, and cost effective water services. A team of 45 staff - 26 technical and field personnel and 19 support staff including six executives -collectively manage engineering, quality assurance, customer service, financial processes, and organisational alignment. This function underpins TTV's ability to meet service standards and stakeholder expectations.

6.2 Asset management

Asset Management ensures the water system operates at optimal performance through continuous monitoring, engineering analysis, and capital project delivery. Current challenges include fragmented data collection and incomplete asset information. Several improvement projects identified through the risk assessment are underway, with some in implementation and others in procurement.

6.3 Business Operations

Business Operations safeguards TTV's long term financial sustainability as a not-for-profit corporation. While the function is not yet fully resourced, foundational policy work—legal, strategic, and reporting—must continue. Legal support remains essential for regulations, customer agreements, HR frameworks, and supplier arrangements. Development partner support may be required to accelerate progress.

6.4 Relationship Management

Relationship Management ensures transparent communication as TTV matures into a customer focused statutory corporation. A critical responsibility is engagement with the 10 Catchment Committees on Rarotonga, as required under the TTV Act. A key unresolved matter remains the enduring agreement between the Crown and intake landowners.

6.5 Finance & Customer Services

Finance & Customer Services manages financial governance, transaction processing, customer service systems, and administrative support. While baseline systems are operational, the new integrated ERP platform will consolidate operational processes including accounting, asset management, job scheduling, stock management, data management and customer query management.

6.6 Human Resources

Human Resources oversees workforce capability development and regulatory compliance. Recent achievements include completion of NZQA Level 3 and Level 4 qualifications by technical staff, with additional enrolments scheduled for 2026/27. Compliance with the Public Utilities Regulations Bill 2026 requires expanded staffing across engineering, customer service, finance, and executive functions. Labour shortages may necessitate temporary overseas recruitment.

7 Strategic Direction: Strategy 2035

Our Vision

Trusted, resilient water valued by all.

Our Mission

To transform Rarotonga's water system, protecting water sources while building resilience and optimising system performance so it remains valued and reliable in an increasingly variable climate and system conditions.

Our Outcomes

By 2035, Rarotonga's water system will be:

- Trusted
- Reliable when under stress
- Improving in water quality
- Used responsibly within limits
- Supported by collective environmental stewardship
- Fair in access and cost across the island

Our Strategic Priorities: Where we focus to deliver our Vision

Four Strategic Priorities translate the Vision into practical action where we will focus our efforts over the next decade.

1 Responsible Water Use

We will actively manage water use and reduce avoidable losses so the system operates reliably and stays within its limits.

2 Optimise System Operations

We will improve how the system is planned, operated, and maintained to lift reliability and reduce reactive work.

3 Automated Water Systems

We will introduce real-time monitoring and safe automation to improve responsiveness and water quality and reduce operational risk.

4 Community Trust and Partnerships

We will strengthen communication, relationships, and accountability so people have confidence in how water is managed.

Our Strategic Choices

Recognise private storage as part of the system

Private storage is recognised and will be supported as part of Rarotonga's long-term water system, provided it interacts safely and fairly with the public network.

Fix system losses before pursuing major new sources of water

TTV will prioritise recovering lost water from the existing system before pursuing major investment in new water sources.

Apply targeted solutions above the 30 meter high water mark

TTV will plan for these communities using realistic, system-appropriate solutions, without committing to universal network service above 30 metres.

Progress towards potable water at the tap

Potable water at the tap is a long-term aspiration for Rarotonga, but it is not deliverable within Strategy 2035. TTV will strengthen the system and continue providing safe drinking water through community water stations.

Renew and modernise the network

TTV will take a planned, long-term approach to reducing leaks and renewing the network so that the system becomes more reliable, efficient, and resilient over time.

The SCI operationalises theStrategy 2035 roadmap.

8 Alignment with the National Sustainable Development Agenda

The priorities set out in this Statement of Corporate Intent are taken from Strategy 2035 which aligns to the Government of the Cook Islands' goals, as outlined in the National Sustainable Development Plan 2020+. There is direct linkage in strengthening water security, protecting public health and the environment, supporting economic activity, and building long-term infrastructure resilience through disciplined utility management.

NSDA Goal	TTV Contribution
Goal 1: Wellbeing For All	Strengthens community wellbeing by improving public understanding of water services, restrictions, and system changes, enabling households and communities to act confidently during normal and constrained periods.
Goal 2: Welfare & Equity	Promotes fairness by supporting reliable pathways to essential water access for all users, including connected households, upslope users, and those relying on alternative supply arrangements.
Goal 3: Economy, Employment, Trade & Enterprise	Provides a reliable and resilient water supply that supports tourism, agriculture, commercial activity, and overall economic stability, contributing to a strong operating environment for key sectors.
Goal 5: Water And Sanitation	Reduces losses, manages peak demand, and keeps water use within sustainable limits, while improving treatment performance, pressure stability, and consistency of service across the island.
Goal 6: Infrastructure, Transport & Ict	Improves the reliability and performance of essential water infrastructure through planned maintenance, coordinated operations, and modernised digital monitoring and automation.
Goal 7: Health & Healthy Lifestyles	Maintains safe water for general community use and strengthens public health protection by aligning with regulator issued drinking-water requirements at community water stations and improving safe water managed across the network.
Goal 10: Agriculture & Food Security	Supports water availability for high use agricultural areas and helps manage peak demand in a sustainable manner, supporting food production and landbased livelihoods.
Goal 11: Biodiversity & Natural Environment	Protects catchments and reduces pressures on water sources through coordinated stewardship with landowners and catchment committees, supporting long term environmental health.
Goal 12: Climate Change, Resilience, Renewable Energy & Energy Efficiency	Strengthens climate resilience by reducing system stress during dry periods, enhancing drought readiness, and improving the ability to respond quickly to turbidity and stormrelated events through realtime monitoring and alarms.
Goal 15: Security, Peaceful & Just Society	Builds public trust through clear communication, transparent reporting, fair service expectations, and meaningful engagement with communities and stakeholders.

9 Strategic Outcomes and Performance Measures

Strategy 2035 sets the outcomes TTV is working toward over the next decade. These outcomes describe the changes TTV wants to see for customers, the water system, the environment, the organisation and its financial position.

This Statement of Corporate Intent uses those outcomes as the anchor for the 2026/27 to 2028/29 period. The outcomes are not a separate work programme. They provide the basis for judging whether TTV is making progress in the right areas.

TTV's strategic priorities then describe how these outcomes will be delivered. The implementation roadmap identifies the specific actions, milestones and sequencing required during the SCI period. The Outcome and Financial Scorecard will track whether these actions are contributing to measurable improvement over time.

Strategy 2035 outcome	Strategy 2035 outcome
The water system is trusted	Customers receive clearer, more regular information about water performance, service changes and decisions, so trust and understanding can improve over time.
The water system is reliable	TTV defines minimum service levels, improves system visibility, strengthens pressure management and responds faster to faults, leaks and service disruptions.
Water quality progressively improves	TTV strengthens treatment, testing, monitoring and reporting, with continued focus on community drinking-water stations and risk management across the network.
Water is used responsibly and within limits	TTV builds better demand information and supports customers, businesses and high-use sectors to use water more efficiently, especially during dry periods and peak demand.
Water sources and the environment are cared for collectively	TTV strengthens catchment stewardship with landowners, catchment committees, agencies and communities, including environmental management planning and shared responsibilities.
Fair access for all	TTV defines acceptable pathways for essential water access and works with partners to support fair, realistic service expectations across different parts of the island.

The Outcome and Financial Scorecard on the following page sets out how progress against these outcomes is measured over the SCI planning period. As the baseline is still being formed, the Scorecard will evolve and be more impact orientated in subsequent SCI's.

Section 10 then sets out the strategic priorities and focus areas TTV has drawn from the Strategy 2035 Implementation Roadmap that will be delivered during the 2026/27 to 2028/29 SCI period.

Outcome and Financial Scorecard 2026/27 — 2028/29

Outcome Scorecard 2026/27 — 2028/29

Outcome / enabler	Measure / KPI	Baseline	26/27	27/28	28/29
Water System is Trusted	State of Rarotonga's Water report published	Not yet in place	Twice yearly	Twice yearly	Twice yearly
	Customer feedback survey on trust, understanding, fairness and service experience	Not yet in place	Biennial from 2026/27, with results trending upwards	Twice yearly, with results trending upwards	Twice yearly, with results trending upwards
Water System is Reliable	Minimum service level for pressure and continuity across all connected zones	Not yet defined	Defined and adopted in 2026/27	Minimum service level achieved	Minimum service level achieved
Water quality progressively improves Improving in water quality	TTV-managed community drinking-water stations meeting relevant Drinking Water Standards weekly	Less than 1 MPN for Total Coliform; less than 1 MPN E. coli; NTU <1; Aluminium 1ppm Maximum Acceptable Value; pH Guideline Value 7.0 to 8.5; Aluminium Guideline Value ≤0.1ppm	No Total Coliforms found; no E. coli found; NTU <0.2; Aluminium ≤0.1ppm MAV; pH value 7.0 to 8.0; Aluminium ≤0.1ppm	No Total Coliforms found; no E. coli found; NTU <0.2; Aluminium ≤0.1ppm MAV; pH value 7.0 to 8.0; Aluminium ≤0.1ppm	No Total Coliforms found; no E. coli found; NTU <0.2; Aluminium ≤0.1ppm MAV; pH value 7.0 to 8.0; Aluminium ≤0.1ppm
	Rarotonga network testing fortnightly	NTU <1 Guideline Value; Aluminium 1ppm Maximum Acceptable Value; Aluminium Guideline Value ≤0.1ppm; pH value 7.0 to 8.5	NTU <1; Aluminium ≤0.1ppm Maximum Acceptable Value; Aluminium ≤0.1ppm; pH value 7.0 to 8.0	NTU <1; Aluminium ≤0.1ppm Maximum Acceptable Value; Aluminium ≤0.1ppm; pH value 7.0 to 8.	NTU <1; Aluminium ≤0.1ppm Maximum Acceptable Value; Aluminium ≤0.1ppm; pH value 7.0 to 8.
Used responsibly within limits	Peak period demand	Baseline to be established in 2027	At least 1% reduction per year from 2027 baseline	At least 1% reduction per year from 2027 baseline	At least 1% reduction per year from 2027 baseline
	Non-Revenue Water	Approx. 40%	40%	20%	10%

Outcome Scorecard 2026/27 — 2028/29 continued

Outcome / enabler	Measure / KPI	Baseline	26/27	27/28	28/29
Water sources and the environment are cared for collectively	Water treatment plant with EMPs developed, progressively implemented, and reviewed annually with catchment committees	Catchment committees established; full EMP coverage not yet achieved	100% of water treatment plants have updated EMPs		
	Progressive implementation of the EMP's over the planning period.	Each intake site has an EMP. Partially implemented.	10% recommended activities within the updated EMP are Implemented.	25% recommended activities within the updated EMP are Implemented.	60% recommended activities within the updated EMP are Implemented.
Fair in access for all Fair in access across the island	Acceptable pathways for essential water access for connected customers in the supply zone	Not yet defined		Defined and adopted in 2027/28	Defined and adopted in 2027/28
	Households with a reliable and safe pathway to essential water services	Not yet defined	At least 85%	At least 85%	At least 85%

Financial Scorecard 2026/27 — 2028/29

Outcome / enabler	Measure / KPI	Baseline	26/27	27/28	28/29
Financial Security / not-for-profit basis	Operating expenditure funded by Government appropriation	60%	0%	0%	0%
Financial Security / not-for-profit basis	Operating expenditure funded by tariff revenue	40%	90%	90%	90%
Financial Security / not-for-profit basis	Operating expenditure funded by development finance	0%	10%	10%	10%
Financial Security / not-for-profit basis	Capital renewal funded through TTV depreciation reserves	0%	100%	100%	100%
Financial Security / not-for-profit basis	New asset capital funded through Government appropriation	0%	25%	25%	25%
Financial Security / not-for-profit basis	New asset capital funded through development finance	0%	75%	75%	75%
Financial Security / not-for-profit basis	Return on equity included in tariff / cost-of-service model	0%	0%	0%	0%

10 2026/27 — 2028/29 Implementation Programme

10.1 Responsible Water Use

Actively manage water use and reduce avoidable losses so the system operates reliably and stays within its limits.

SCI period focus

Increase visibility of water demand and losses, reduce avoidable system losses, strengthen pressure management, and put in place the policy and operational settings required for more active demand management. Baseline demand and loss metrics will be established in 2026/27.

Indicative sequencing across the SCI period

26/27	27/28	28/29
• Establish a Demand Management Plan and begin implementation	• Establish customer-side leak detection and repair support in partnership with private plumbers • Complete smart metering system rollout • Establish water use monitoring and insight's processes	• Enable seasonal and climate-triggered demand management measures • Establish restriction triggers and protocol to reduce water taken from the intake when supply is constrained • Expand Annual Tariff Review to respond to managing demand • Review and update the Drought Readiness and Response Plan

Key dependencies

- Completion of normalising customer installation including the meter installation programme and quality of metering data
- Customer registration and billing system maturity
- Availability of operational and analytics capability
- Public communication and customer acceptance of new demand measures
- Policy and regulatory readiness for tariff-related changes

10.2 Optimise System Operations

Improving how the system is planned, operated, and maintained to lift reliability and reduce reactive work.

SCI period focus

Improve operating discipline, reduce reactive work, strengthen asset and maintenance planning, and build the systems and capability required for more coordinated and data driven utility operations.

Indicative sequencing across the SCI period

26/27	27/28	28/29
• Develop comprehensive Asset Management Plan with supporting implementation systems. • Evaluate and scope improvement requirements for the filtration system. This includes cost anaylsis, retrofitting options for the AVGs and replacement filtration system. • Review and optimise digital systems supporting operations and asset management • Strengthen infrastructure, projects and asset management practices • Management Plan and begin implementation	• Review organisational structure and operating model • Establish continuous forward planning practices • Further develop and maintain standard operating procedures	• Enable seasonal and Progress targeted network renewals, upgrades and extensions, standardising processes and procedures • Review sludge treatment operations for optimisation

Key dependencies

- Capital funding availability for treatment and network works
- Asset condition information and data quality
- Workforce capability and leadership depth
- Supplier and contractor availability
- Timely decisions on priority treatment plant renewal needs

10.3 Automated Water Systems

Introducing real-time monitoring and safe automation to improve responsiveness and water quality and reduce operational risk.

SCI period focus

Put in place the enabling infrastructure, monitoring capability, operational protocols, and staff capability needed for staged and safe automation of treatment and network operations.

Indicative sequencing across the SCI period

26/27	27/28	28/29
• Complete an automation readiness and feasibility study • Begin implementing upstream infrastructure retrofits at one plant as a pilot. This includes installing a turbidity meter, an inlet flow control valve, coagulant dosing equipment, and monitoring instruments	• Infrastructure Augmentation • Investigate and install backup power and redundancy for automated treatment systems • Establish treatment continuity and fallback operating protocols • Expand the pilot project to address the power and communication infrastructure to enable remote control.	• Deliver an automation skills and transition programme for staff • Implement system monitoring and SCADA in staged priority areas

Key dependencies

- Funding for design and implementation
- Reliable power and communications at priority sites
- Availability of technical partners and integration support
- Internal capability to operate, maintain, and troubleshoot automated systems
- Readiness of treatment and network infrastructure for automation
- Automation will only proceed where safe operating envelopes are defined

10.4 Community Trust and Partnerships

Strengthening communication, relationships, and accountability so people have confidence in how water is managed.

SCI period focus

Strengthen communication, public reporting, customer visibility, stakeholder relationships, and partnership settings so trust, shared responsibility, and coordinated action, improve over the SCI period.

Indicative sequencing across the SCI period

26/27	27/28	28/29
• Build strategic relationships with government agencies, key sectors and development partners to coordinate planning, funding and delivery. • Develop and implement a strategic communications strategy • Establish a structured stakeholder and community engagement framework • Establish customer and stakeholder satisfaction monitoring and evaluation • Establish end-to-end project development and investment coordination function. • Formalise at least two Catchment Committee and landowner partnership agreements • Review of brand positioning, supporting the shift from Te Mato Vai to To Tatou Vai • Deliver two six monthly reports on the State of Rarotonga Water including TTV operations	• Establish education initiatives to build community understanding of water systems • Deliver targeted campaigns to encourage leak reporting and responsible water use • Develop multi-channel customer access to water usage, billing and service information • Drinking-water Standard monitoring and reporting processes for TMO and Community Water Stations • Deliver two six monthly reports on the State of Rarotonga Water including TTV operations • At least two formalised agreements by 2027/28.	• Upgrade water quality testing and laboratory facilities • Deliver two six monthly reports on the State of Rarotonga Water including TTV operations

- Organisational capacity for communications and stakeholder management
- Quality and availability of performance data for public reporting
- Partnership responsiveness from external stakeholders
- Funding for customer systems, laboratory upgrades, and engagement activity
- Coordination with TMO, CIIC, regulators, and relevant Government agencies

11 Risk Management System

Operating and maintaining Rarotonga's water system involves managing a range of material risks that, if not effectively controlled, could impact water quality, public health, the environment, service reliability, and financial sustainability. In accordance with the TTV Act, the Authority maintains a structured risk management system to identify, assess, prioritise, and manage these risks.

The risks shown on this page reflect the most significant risks currently facing the system, assessed using TTV's risk scoring framework based on likelihood and impact. Management actively mitigates these risks through a coordinated programme of operational controls, capital investment, and system improvements, with progress monitored and reported to the Board on a quarterly basis.

Impact / Likelihood	1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
1 Almost Certain	5	10	15	20	25
2 Likely	4	8	12	16	20
3 Possible	3	6	9	12	15
4 Unlikely	2	4	6	8	10
5 Rare	1	2	3	4	5

Legend	Low	Medium	High	Extreem

Risk Area	Risk	Key Mitigations	Inherent	Residual
Water treatment plant performance	Variable conditions may cause plants to underperform, resulting in water quality failures or supply interruptions.	Progress automation; improve flow and dosing control; upgrade plant design.	Extreme (25)	High (12)
Capital funding constraints	Insufficient capital funding may delay critical infrastructure renewals, increasing the risk of asset failure.	Prioritise capital planning; seek Crown appropriations and external funding.	Extreme (25)	Medium (9)
Operational facility limitations	Inadequate facilities increase the risk of safety incidents and operational inefficiency until a purpose-built facility is secured.	Progress planning and procurement of a purpose-built operations and administration facility.	Extreme (25)	Medium (9)
Preventive maintenance and asset reliability	Insufficient maintenance may cause accelerated asset deterioration, unplanned outages, and higher repair costs.	Implement planned maintenance programmes; ensure adequate funding for routine upkeep.	Extreme (25)	Medium (8)
Legacy water network condition	Aging and non-standard infrastructure may cause ongoing water losses and service failures if renewals are not progressed.	Progress network upgrades, leak repairs, asset replacement, and meter installation.	Extreme (25)	Low (4)
Access to treatment facilities	Severe weather may cut access to treatment sites, preventing timely maintenance and causing extended service disruptions.	Improve access road resilience; maintain regular vegetation clearing and emergency response plans.	Extreme (20)	Medium (9)
Rising water demand	Unmanaged demand growth may outpace network capacity, increasing failures and reducing service reliability.	Optimise network operations; maintain demand forecasting and infrastructure capacity planning.	Extreme (20)	Medium (6)
Digital and systems transition	Transitioning to digital systems may introduce errors or gaps that temporarily reduce operational efficiency and reporting accuracy.	Maintain phased ERP implementation; invest in staff training and gradual system integration.	High (16)	Medium (9)
Sludge management capacity	Without a sustainable disposal or reuse pathway, increasing sludge volumes may disrupt plant operations.	Trial sludge reuse options; identify and progress a sustainable long-term pathway.	High (16)	Medium (6)
Drought and low flow conditions	Prolonged dry periods may reduce supply below demand, particularly at higher elevations, straining system resilience.	Strengthen drought response; reduce network wastage; advocate for household water storage solutions.	High (15)	Medium (8)
Network water loss	Undetected leakage and non-standard connections may result in significant water losses and increased operational cost.	Maintain leak detection via water meters; continue network standardisation and replacement programme.	High (15)	Medium (6)
Laboratory capability and compliance	Insufficient laboratory capability may limit TTV's ability to meet water quality testing and compliance requirements.	Continue using overseas labs in the interim; invest in equipment and staff training to build local capacity.	High (15)	Medium (6)
Water demand and conservation behaviour	Failure to reduce high demand may exceed system capacity during dry periods, compromising supply reliability.	Maintain public awareness campaigns, demand management initiatives, and conservation education.	High (12)	Medium (9)
Workforce capacity	Limited local availability of skilled staff may reduce operational capacity and create single points of failure in critical roles.	Maintain staff training, targeted recruitment, and technical training partnerships.	High (12)	Low (4)

12 Financial Forecasts

12.1 Operating Budget

TTV is proposing an operating budget of $5.41m for the 2026/27 financial year, funded through a combination of Crown appropriation and water charge revenue. The revenue estimate is based on current water tariff conditions set in October 2025 and is expected to remain the same following the next annual tariff review, currently scheduled for October 2026.

The operating budget reflects the cost of treating and reticulating water to over 4,500 properties across Rarotonga, maintaining a distributed network and delivering on TTV's community service obligations. Key cost drivers include:

- Material costs increased 30% as of April 2026.
- Chemicals — water treatment requires ongoing chemical inputs for purification
- Network maintenance — leak detection, pipe repair, and preventive maintenance across the network
- Treatment maintenance — both breakdown and preventative
- Staffing — TTV employs technical, operational, and administrative staff to manage the network and serve customers, including the increased scrutiny on operations and performance

12.2 Capital Budget

TTV relies on external funding sources for its capital programme, including Crown appropriation, CIIC contributions, and donor funding. Based on the 2025/26 national budget, the Crown has allocated $1m for TTV's 2026/27 capital budget. TTV's three-year capital forecast exceeds $20m, against a proposed Crown contribution of only $5m (inclusive of a $2m allocation for the AVG upgrade via settlement with MCD, with a further $1m per year earmarked thereafter). This represents a highrisk constraint to achieving SCI objectives. Additional funding sources must be secured for other capital priorities, including $6.6m for the new building complex.

The gap between identified capital need and committed Crown funding represents a material risk to service quality, regulatory compliance, and the achievement of TTV's strategic objectives.

12.3 Performance Indicators

The following indicators are measured in accordance with TTV's governing legislation:

1. Water Meters Installed

A total of 3,100 water meters have been installed as at the end of April 2026. Meter installation programme to reach 100% by 2027/28. Beyond this, meter installations will be limited to new connections only.

2. Water Tariff

The tariff of $1.40 per cubic metre remains in effect for 2026/27 and applies to commercial and domestic customers only. Agricultural tariff implementation will be considered once prerequisite conditions are met, including metering and customer data readiness.

3. Return on Equity (ROE)

ROE measures the return generated on shareholder capital. TTV's sole shareholder is the Cook Islands Investment Corporation (CIIC). Under Part 4, Section 26 of the governing legislation, the Authority is required to operate the network on a not-for-profit basis. Accordingly, TTV will not seek to generate an ROE greater than 0%, and no dividend will be payable to its shareholder from operations.

4. Community Service Costs / Revenue %

This indicator reflects TTV's commitment to services it does not charge customers directly for, such as the maintenance and testing of 21 community water stations.

5. Debt to Assets

The debt-to-assets ratio indicates the percentage of total assets financed by creditors or liabilities. The value of assets managed by TTV is yet to be formally confirmed by the Government of the Cook Islands. A policy position has been established regarding the Te Mato Vai Project: the associated loan is held by the Crown and will not be assumed by TTV. Consequently, TTV will not incorporate loan repayments into its financial forecasts or tariff structure.

6. Current Ratio

The current ratio measures an entity's ability to meet short-term liabilities from short-term assets. A ratio greater than 1 is considered the minimum threshold for financial health. A ratio significantly above 1 may indicate that funds are not being deployed optimally, as returns on non-current assets (such as term investments) are typically higher.

APPENDIX

I. Detailed Financials

Line Item	Budget (FY2025/26)	Forecast (FY2026/27)	Forecast (FY2027/28)	Forecast (FY2028/29)	Strategy 2035 Target
REVENUE					
Tariff Revenue (Self–Generated)	1,268,022	3,012,743	3,874,968	4,695,731	90%
Crown Operational Appropriation	2,500,000	2,500,000	2,000,000	1,200,000	
Crown Depreciation Grant ($90M asset)	0	2,250,000	2,250,000	2,250,000	100%
Development Partner Funding / Aid	0	0	0	0	10%
Non–Tariff Revenues	0	111,335	111,351	111,351	
Total Revenue (incl Crown Depr Grant)	3,768,022	7,874,078	8,236,319	8,257,082	
Total staff costs	$2,058,747	$2,205,900	$2,360,313	$2,478,329	$2,478,329
PROFITABILITY & OPERATIONAL PERFORMANCE					
EBITDA (before Crown Depreciation Grant)	(918,942)	212,976	342,117	487,716	
EBITDA (after Crown Depreciation Grant)	(918,942)	2,462,976	2,592,117	2,737,716	
NPBT (excl Crown asset depreciation)	(1,250,852)	1,549,816	1,414,886	1,225,180	
NPBT (incl Crown asset depreciation)	(1,250,852)	(700,184)	(835,114)	(1,024,820)	
Community Service Costs (escalated @ 3%)	14,400	14,832	15,277	15,735	
CSC / Revenue %	0.33%	0.44%	0.53%	0.63%	0.28%
Asset growth	50%	1740%	-7%	-8%	-9%
Return on equity	-13%	-4%	-8%	-8%	-9%
BALANCE SHEET & ASSETS					
Total Assets	6,845,749	97,601,092	98,035,884	98,694,226	~$104M
Total Shareholder Funds (Equity)	6,064,071	96,783,762	97,207,806	97,833,637	
Crown Equity Contribution (Infra–structure Transfer)	106,070,113	107,090,113	107,090,113	107,090,113	$90M
CASH FLOW					
Operating Cash Flows	(2,037,315)	212,976	342,117	487,716	~$104M
Capital Expenditure (Total)	0	4,050,000	7,150,000	6,700,000	
WORKFORCE					
Total FTEs	45	47	47	47	
Total Staff Costs (Payroll)	2,256,330	2,415,000	2,536,103	2,612,186	
KEY RATIOS & KPIs					
Revenue Growth % (excl Crown & Aid)	N/A	146.4%	27.6%	20.6%	Accelerating
CSC / Revenue %	0.4%	0.2%	0.2%	0.2%	
Asset Growth %	N/A	1325.7%	0.4%	0.7%	<2%
Debt to Assets %	11.4%	0.8%	0.8%	0.9%	
Current Ratio	2.28	1.87	1.07	1.06	
Non–Revenue Water (NRW) %	27.0%	23.6%	20.3%	16.9%	10% by 2035
Cost per Cubic Metre (NZD/m³)	0.87	1.31	1.28	1.29	
Tariff Self–Sufficiency %	33.3%	51.4%	60.9%	72.2%	

Detailed Financials Notes & Footnotes

1. Crown Depreciation Grant: $2,250,000 p.a. from FY2026/27 onwards offsets the depreciation cost of the $90M Crown water infrastructure transferred to TTV under the TTV Act 2021. This grant is included in Total Revenue but does not represent cash outflow.

2. Crown Equity Contribution: The $90M+ represents the transfer of Crown-owned water infrastructure assets as equity contribution to TTV. This is a one-time transfer and is not an annual cash injection.

3. Total Assets Jump: The significant increase in Total Assets from $6.8M (Budget 2025) to $97.5M (Forecast 2026) reflects the recognition of the $90M Crown infrastructure transfer in TTV's balance sheet.

4. NPBT excl Crown Asset Depreciation: This line removes the non-cash depreciation charge on Crown-transferred assets to show TTV's operational profitability excluding the accounting impact of transferred infrastructure.

5. Tariff Self-Sufficiency: Calculated as Tariff Revenue / Total OPEX (excluding Crown depreciation). Target is 90% by FY2034/35 per Strategy 2035.

6. NRW Reduction: Non-Revenue Water target is 50% reduction by FY2029/30 (from 27% to 13.5%), reaching 10% by FY2034/35. Each 1% reduction = estimated $32K additional tariff revenue (FY2026/27 basis), growing as tariff rates increase.

7. Community Service Costs: refers to the operational cost of maintaining the TTV water stations escalated at 3% CPI per annum from base of $14,400.

8. Crown Operational Appropriation Phase-Down: Government operational funding is reduced from $2.5M (FY2026/27) ⇨ $2.0M (FY2027/28) ⇨ $1.2M (FY2028/29) ⇨ $0 by FY2029/30, reflecting the progressive transition to tariff self-sufficiency. The phase-down is calibrated to the tariff and billing recovery trajectory — as volumetric tariff revenue grows (from $3.0M to $4.7M over the forecast period) and metered billing expands, Crown operational support is withdrawn proportionally. Tariff self-sufficiency rises from 51% to 72% over the same period. investments) are typically higher.

Statement of Accounting Policies

Prepared in accordance with New Zealand Tier 2 Public Benefit Entity IPSAS (Reduced Disclosure Regime)

Reporting Entity

To Tatou Vai Authority ("the Authority") was constituted under the To Tatou Vai Act on 24 November 2021. The Authority was previously registered as a company named To Tatou Vai Limited under the Companies Act 2017. As at 24 November 2021, net assets were transferred from To Tatou Vai Limited to To Tatou Vai Authority.

The Authority remains a wholly owned subsidiary of the Cook Islands Investment Corporation governed under the Cook Islands Investment Corporation Act 1998. Contributed Capital previously representing share capital is now presented as Owner Contributions given the company structure was dissolved as at 24 November 2021.

Basis of Preparation

The financial statements have been prepared on a going concern basis. The Directors have performed an assessment of the Authority's ability to continue as a going concern covering at least twelve months from the signing date of these financial statements. In this assessment, the Directors considered the essential nature of the Authority and the Letter of Support from Government (ultimate parent) to provide financial assistance as required to ensure the Authority continues to operate into the foreseeable future.

These financial statements have been prepared in accordance with New Zealand Tier 2 Public Benefit Entity (PBE) IPSAS accounting standards ("PBE IPSAS"). The Authority has designated itself a Public Benefit Entity whose primary objective is to provide water infrastructure and services for public benefit. The Authority adopts the PBE accounting standards applicable under a Reduced Disclosure Regime (RDR) with an expense threshold greater than $2 million and less than $30 million.

The financial statements are presented in New Zealand dollars and prepared on the historical cost basis. Accounting policies have been applied consistently to all periods presented.

Statement of Cash Flows

The following are the definitions of the terms used in the Statement of Cash Flows:

a) Cash is considered to be cash on hand, current accounts in banks and short-term deposits, net of bank overdrafts.

b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments.

c) Financing activities are those activities which result in changes in the size and composition of the capital structure including both equity and debt.

d) Operating activities include all transactions and other events that are not investing or financing activities.

Value added tax

All amounts are shown exclusive of Value Added Tax (VAT), except for receivables and payables that are stated inclusive of VAT.

Revenue Recognition

General Policy

Revenue is measured at fair value of consideration received or receivable for the sale of goods or services provided in the ordinary course of business. Revenue is stated exclusive of VAT and is recognised when performance obligations are satisfied.

Non-Exchange Transactions

Non-exchange transactions occur when the Authority receives resources, such as cash or other tangible or intangible assets, without giving significant direct consideration in return.

Crown Appropriation

Crown appropriation revenue is provided by the Cook Islands Government through the Budget Estimates and approved by the Appropriation Bill. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

- Cash-Received Appropriations: Initially recognised as Deferred Income and recognised as revenue when eligible expenses are incurred.
- Direct-Payment Appropriations: Recognised as revenue when the expense is incurred and claim submitted; excluded from the Statement of Cash Flows per PBE IPSAS 2.
- Lapses: Budgeted appropriation that has not been received by year end is not recognised as revenue until the Authority has obtained approval to carry forward the unspent portion to future periods and funds have been received.
- Capital Appropriations: Recognised as a contribution to equity when the asset is acquired.

Water Tariff Revenue

Recognised as an exchange transaction at fair value per approved tariff rates and volume delivered. Recognised monthly as water is consumed/available.

Commercial Metered Customers: Progressive block tariff recognised over time per meter readings.

Commercial Unmetered Customers: Block 1 only recognised.

Domestic Customers: Government subsidy at Block 1 rate recognised monthly per billing cycle.

Government Subsidies

Recognised when reasonable assurance of receipt exists and all conditions are complied with. Domestic water subsidy at Block 1 tariff rate is recognised monthly per billing cycle. A provision for subsidy refund is maintained for unverified customer accounts.

Exchange Transactions

Exchange transactions occur when goods or services are provided to customers in return for consideration. Recognised when performance obligations are satisfied.

Employee Benefits

Short-term employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned but not yet taken at balance date.

On resignation, employees are entitled to a pro-rata apportionment of annual leave and as such an accrual is recognised in line with the period of service. A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Superannuation Schemes

The Authority contributes to the Cook Islands National Superannuation Fund. This fund is a State defined contribution fund. Obligations for contributions to defined contribution pension plans are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Income Tax

The Authority is exempt from taxation on current year profits under the To Tatou Vai Act 2020. Historical balances remain outstanding pending RMD/MFEM confirmation.

Trade and Other Receivables

Short-term receivables are recorded at their face value, less any provisions for doubtful debts. A receivable is considered impaired when there is evidence that the Authority will not be able to collect the amount due.

Provision for Doubtful Debts

The Authority considers impairment using the expected credit loss (ECL) model for financialassets that are not measured at FVTPL. The Authority applies an aging-based model reflecting credit risk profile with rates from 1% (current) to 75% (>120 days past due).

Receivables are written off when there is no reasonable expectation of recovery (liquidation, bankruptcy, failed engagement).

Financial Instruments

Financial Assets

Financial assets comprise Cash and cash equivalents, and trade and other receivables. These are all classified as amortised cost as they are:

- Held within a business model whose objective is to hold assets in order to collect contractual cashflows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (if applicable).

These assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

Financial Liabilities

Financial liabilities comprise trade and other payables, income tax payable, employee entitlements, and related party payables. These are measured at amortised cost. The Authority derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Impairment / Expected Credit Loss (ECL)

The Authority considers impairment using the expected credit loss (ECL) model for the following financial assets that are not measured at FVTPL:

- Cash and cash equivalents
- Trade and other receivables

Expected credit loss (ECL) is calculated based on a function of the probability of default, loss given default and exposure at default. The Authority applies ECL model separately for each financial asset category measured at amortised cost.

ECL is calculated based on the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cashflows that the Authority expects to receive). ECL for cash and cash equivalents is calculated based on industry standard probability of default and loss given default based on the credit rating of each financial institution where funds are held.

As trade debtors are normally paid within 30 days and do not have a significant financing component, the Authority has applied the simplified approach in PBE IPSAS 41 and therefore only recognises lifetime ECL.

Interest Rate Risk

This is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Authority's exposure to interest rate risk is limited to its bank deposits which are held at variable rates of interest. The Authority does not actively manage its exposure to this risk however it is not considered to have a significant impact given the balance is small and held at call.

Liquidity Risk

Liquidity risk represents the Authority's ability to meet its contractual obligations. The Authority evaluates its liquidity requirements on an ongoing basis. Where additional access to funding may be required the Authority will request assistance from the Crown.

In light of current global economic uncertainty, the Government of the Cook Islands has provided a letter of support confirming it will provide financial assistance to the Authority where necessary to continue its operations as a going concern.

Credit Risk

Credit risk is the possibility that a loss may occur from the failure of a counterparty to perform according to the terms of the contract. In the normal course of business, the Authority is exposed to credit risk from cash and cash equivalents and trade and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position. The Authority does not hold any collateral for financial instruments that give rise to credit risk.

Inventories

Inventories include consumables and goods used in the provision of water sanitation, storage and distribution services including the repair and maintenance across the water infrastructure networks.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined on a weighted average basis, which is determined using the first-in first-out principle. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

The carrying amounts of the Authority's inventories are reviewed at each balance date to determine whether the cost of the inventories are recoverable. An impairment loss is recognised whenever the carrying amount of inventories exceeds its net realisable value. Impairment losses directly reduce the carrying amount of inventories and are recognised in comprehensive revenue and expenses.

Property, Plant & Equipment

Recognition and Measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and includes:

•The cost of materials and direct labour

•Any other costs directly attributable to bringing the assets to a working condition for their intended use

Subsequent Costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Authority. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in comprehensive revenue and expenses on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Authority will obtain ownership by the end of the lease term. Depreciation rates applied are consistent with those prescribed by the Revenue Management Department.

Estimated Useful Lives:

Motor vehicles	5-10 years
Office furniture	4-10 years
Computer equipment	4 years
Plant & equipment	4-20 years
Lease improvements	Period of lease

When calculating recoverable value, the fair value of property, plant & equipment is based on the cost approach using the depreciated replacement cost approach. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Impairment Consideration

The carrying amounts of the Authority's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

Impairment losses are recognised in comprehensive revenue and expenses. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The Authority has concluded that, given the nature of the Authority's activities any impact has been minimal. There has not been any change to the useful life of the assets held, and the requirement and necessity for the assets has not changed. Being the sole and central water utility provider in Rarotonga, the Authority is considered an essential requirement for the country. It is considered the level of assets held are necessary in order for the Authority to meet its service provision requirements.

Intangible Assets

Intangible assets are made up of software. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised.

The amortisation charge for each financial year is recognised in comprehensive revenue and expenses.

Impairment Considerations

The Authority has considered the nature of and impacts on intangible assets. The software held is required to perform essential service, regardless of activity volume, there is no excess capacity or over design in software, there has been no change in useful life of the software, and therefore the Authority considers no impairment exists.

Trade and Other Payables

Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These are short-term liabilities and therefore the carrying amounts materially equate to fair value.

Operating Leases

The Authority recognises operating lease payments in comprehensive revenue & expenses on a straight-line basis over the term of the lease.

Accounting Standards Issued but Not Yet Effective

There are no new, revised or amended standards that are applicable to the Authority that have not already been adopted for the year ended 30 June 2025.

Operating Expenses Reclassification

Certain comparatives have been amended to match current period presentation.

Acronyms

AVG	Automatic Valveless Gravity filter
CIIC	Cook Islands Investment Corporation
CSC	Community Service Costs
EBITDA	Earnings before Interest, Taxes, Depreciation, and Amortization
ECL	Expected Credit Loss
EIP	Environment Improvement Plans for Turangi and Avana
ERP	Enterprise Resource Planning
FTE	Full Time Equivalent
FVTPL	Fair Value through Profit or Loss
IPSAS	International Public Sector Accounting Standards
MFEM	Ministry of Finance & Economic Management
NES	National Environment Service
NPBT	Net Profit Before Tax
NZQA	New Zealand Qualifications Authority
PBE	Public Benefit Entity
RDR	Reduced Disclosure Regime
RMD	Revenue Management Department
SCADA	Supervisory Control and Data Acquisition
SCI	Statement of Corporate Intent
STEM	Science, Technology, Engineering and Mathematics
TMO	Te Marae Ora (Ministry of Health)
TTV	To Tatou Vai
WTP	Water Treatment Plant

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