

A high-speed photograph of water being poured from above into a clear glass. The water forms a dynamic, twisting stream that hits the bottom of the glass, creating a splash and bubbles. The background is a soft-focus green, suggesting foliage. The overall image conveys a sense of freshness and purity.

2025 - 2028



TE AU AKANOO'ANGA NO TE
MANAKONAKO'ANGA O TE TAOKOTAI'ANGA
Statement of Corporate Intent

A COMMUNITY TRUSTED SUPPLIER OF WATER

To Tatou Vai Authority

Main Road Nikao | PO Box 965 Rarotonga Cook Islands
Phone: +682 24479 email: info@totatovai.co.ck | www.totatouvai.co.ck

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

Chairman, Brian Mason
Director, Sam Napa Snr
Director, Desmond Eggelton
Director, Phillip Vakatini
Director, Ashleigh Steele
Director, Charles Carlson
Director, Jessica Puiri

Chief Executive Officer, Apii Timoti
Chief Financial Officer, Timothy Teulilo
Relationship Manager, William Tuivaga
Engineer, Chris Langdale
Assistant Engineer, Tama Heather
Customer Services Manager, Robert Graham
Executive Assistant/Board Secretary

ENTITY

CONTACT

OWNERSHIP

BOARD

EXECUTIVE MANAGEMENT

FOREWORD

A MESSAGE FROM OUR CHAIRMAN

I am pleased to report that we continue to advance our objective of providing our customers an adequate and continuous supply of water.

In October of last year, following a lengthy consultation process and the assistance of an expert, TTV introduced its tariff regime and the Government determined that for domestic consumers with a registered connection for their own consumption it would underwrite the first 50,000 litres per month of consumption.

Combined with the process of metering is a major project to regularise the network. While Te Mato Vai dealt with the intakes, the ring main and the submain, it did not address the spaghetti network of pipes to houses where it has been challenging for TTV workers to, in some places, even find out where the piping is.

The introduction of meters has resulted in significant reductions in consumption of water in many commercial premises while it has helped identify unusually high levels of use on domestic sites. Generally TTV has found occupiers were unaware so much water was flowing into their properties and the loss has most often been attributable to leaks that previously were unidentifiable.

The purpose of the large tanks at the intakes is not to hold water in the event of drought. It is to increase pressure in the network so those on higher ground will have an adequate water supply. Those tanks have not been filling because the amount of water passing into the network has exceeded expectations meaning they never have the chance to fill. That is now changing. For the first time those tanks are starting to hold water which is also essential if there is to be, eventually, further treatment of the water to make it potable.

The reduced wastage of water means the system is not being taxed as much and this is particularly important in respect to the AVG filters which have given TTV unexpected challenges. It also means greater cost efficiency as the amount of polyaluminum chloride needed to clean the water is partly contingent on the amount of water that needs to be treated. Less water passing through the system also reduces the amount of byproduct from that treatment – sludge.

From the day the Te Mato Vai project was completed there was an issue with the disposal of sludge. In most countries this has been disposed of at landfills as it helps settle the rubbish. It was soon clear this would not be an option on Rarotonga because the waste facility is past its closure date. An alternative had to be found.

Thanks to Tinomana Ariki as landowner and T&M Heather Limited as lessee, TTV managed to secure land below the landfill ideally suited for drying out sludge. Sludge is primarily water and it shrinks very significantly with evaporation and evapotranspiration. It is unclear whether it can be used in agriculture but it may prove an alternative to sand in the making of cement. Innovative ways to use it are being explored.

Two organisations warrant special commendation. The first is the Government of Japan which has been a consistent and valuable supporter of TTV. The people of Japan have supplied 4 single cab Nissan trucks, 2 Nissan jeeps, two sucker trucks with special chassis to allow the extraction of sludge from scow ponds in the valleys and two small Kato diggers for our project of establishing the network. Being sturdy vehicles they are ideal for the valley roads to the intakes, some of which are challenging.

The other organisation for special mention is T&M Heather Limited. TTV owes its acquisition of the sludge drying site to T&M's support. TTV then tendered the project for creating the sludge facility and T&M were the successful bidder. They completed the project on budget and ahead of time.

Budget constraints remain a concern of TTV and the inability to pay professional staff competitive rates leaves retention as an ongoing challenge. This has not been helped by some members of the public abusing staff when installing meters. This kind of behaviour reflects poorly on those responsible but not on the community at large who understand the reasons behind TTV's work or, if they disagree, appreciate it is inappropriate to blame the workers for policies set by parliament, government, CIIC and the Board of TTV.

But it is all the more reason to conclude by sending an accolade to the staff of TTV who do understand its mission, are dedicated to its cause, and whose loyalty in sometimes trying circumstances and often modest pay is testament to their interest in the well-being of the people of the Cook Islands.

Kia manuia,
Brian Mason
Chairman



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PHASES TOWARDS A FULLY FLEDGED WATER AUTHORITY . . .



2016 – 2020
Upgrade Water Infrastructure



2020 – 2021
Institute a new Authority to Operate the upgraded Water Infrastructure



2023 – 2024
Complete the Development and Resourcing of the Authority with Assets, People and System



2024 – 2025
Standardisation and fully Operationalise, and Progress towards Commercialising the Authority at the Customer Level



2025 – 2026
Progress standardisation, fully Operationalise, and refine operations and structures towards a low-cost high efficiency



2026 – 2028
Enhance operations and align structure towards growth & sustainability



2025 – 2026

Progress standardisation, fully Operationalise, and refine operations and structures towards a low-cost high efficiency

- Investigate the total replacement of the AVGs due to metal incompatibility and insufficient backwash capacity
- Design additional infrastructure to be installed upstream the current dosing structure to optimize the dosing process
- Complete the installation of two more safety platforms on the sedimentation tank at Avana and Avatiu intakes
- Install additional 2,500 water meters
- Secure land and confirm design/plan for the TTV office and warehouse
- Continue to review our workforce capacity to cater for growth, in the organization
- Maintain on the job training, including refresher courses for operational staff
- Maintain engagement with Catchment Committees and Landowners
- Maintain engagement with other stakeholders including shareholder, community and NGOs
- Review water tariff for implementation in October 2025
- Maintain timely implementation of preventative maintenance of assets – AVG sand inspection, desludging of sedimentation tanks, clearing of sludge ponds, cleaning and scrubbing of exterior of WTP infrastructure etc
- Monitor performance of the trial Rarotonga Sludge Facility, that the findings to inform next development plan

- Maintain clean water supply and, minimize harmful bacteria entering the water network and ensure UV water stations are effective in delivering portable water
- Monitor and assess performance of the sludge drying facility at 88H
- Ensure the operation of the water infrastructure remain in compliance with all permits including the environmental approvals
- Progress work to increase visibility of assets including installing markers and labelling
- Develop master, safety and business continuity plans
- Secure funding for the ongoing upgrade and standardization of the water infrastructure
- Consult and develop a medium-term strategic plan, and associated capital investment and financial plan
- Maintain engagement with Tourism and developers to ensure alignment of infrastructure development with growth
- Enhance working relationship with climate change stakeholders to be informed about opportunities
- Maintain staff development, and continue promoting STEM (science, technology, engineering and mathematics) in schools
- Enroll new intakes, about 12 staff, on to the NZQA Level 4 Water Treatment trade course
- Investigate opportunities to enroll five Level 4 graduates to continue with academic learning



2026 – 2028

Enhance operations and align structure towards growth & sustainability

- Develop a network model - that helps evaluate options for improved network performance including pressure on the network
- Complete the installation of platform on the sedimentation tanks
- Ensure the operation of the water infrastructure remain in compliance with all permits including the environmental approvals Refine and maintain the sludge drying facility at 88H
- Progress the standardisation of the distribution network and upgrade of water treatment infrastructure
- Complete installation of water meters on all water users
- Install and maintain zone metering to improve the management of the water network

- Reconfigure the distribution system so as to improve the delivery of the water services to the required service level
- Entire Rarotonga Network system, managed, maintained and operating optimally
- System caused leakages in the water network eliminated
- Water pressure in the water system significantly improved
- Preventative maintenance fully incorporated into the operation
- Key assets are visible, easily identifiable and electronic and paper records updated



OUR RECENT MILESTONES

2024 – 2025

A Brief highlight of recent significant milestones and achievements are as follows:

Standardisation and fully Operationalise, and Progress towards Commercialising the Authority at the Customer Level

ASSETS

- Completed the installation of 1,500 smart meters, mostly commercial customers
- Water wastage and leaks reduced resulting in improved operation of the water treatment plants resulting in declining production.
- Confirmed with Vodafone the use of advanced IoT (Internet of Things) water metering solutions, which enabled remote monitoring and reading of meters.
- Established an electronic-based billing system where invoices are delivered by email.
- Established a customer portal enabling customers to access their meter data and monitor/manage their usage in real time.
- Approved the first ever water tariff on Rarotonga, including confirmation of

government subsidy for domestic or residential consumers.

- Implemented the water tariff, for all users except agriculture users, from 1 October 2024.
- Completed construction and commissioning of the trial Rarotonga sludge facility at Vairauara sec 88H in Arorangi.
- Completed location, identification, and recording of 50% of the buried assets resulting in efficient and effective operation.
- Adopted and implemented international standards for the installation of assets on the distribution network.
- Developed and implemented a Connection Code for connecting customer water supplies to the water network.



Smart Water Meter on a customers service pipe



A broad shot of sludge drying at the Rarotonga Sludge Facility

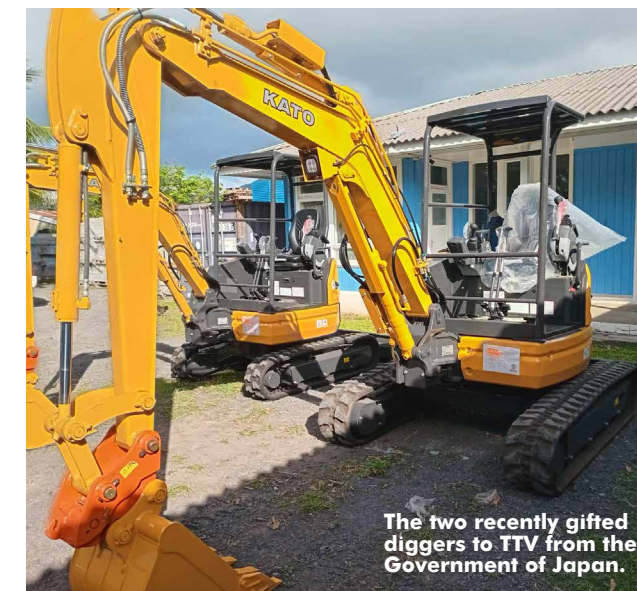
PEOPLE

- Five staff graduated with NZQA Level 4 Certificate in drinking water treatment
- Implemented weekly refresher practical training for all water treatment staff
- Six technicians completed a week each of practical attachment with similar water utilities overseas
- Three staff attended a week each of water related training overseas
- One technician attended a four week practical work attachment with a regional partner water utility
- New agreement being negotiated with a new training provider, facilitated by Te Pukenga of New Zealand, deliver ongoing trade training courses on water treatment and water distribution system.

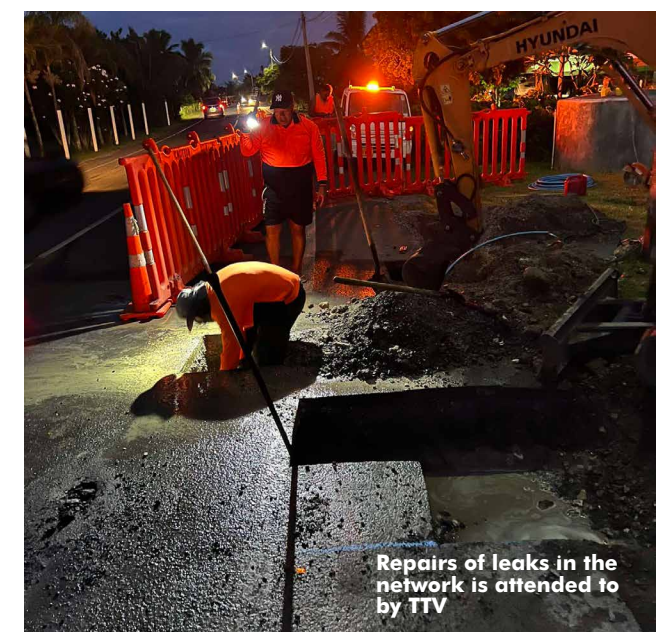


SYSTEMS

- Received additional machinery, including diggers, that will improve the efficiency in network operation and maintenance.
- Strengthened the fault delivery service through the provision of practical training for technicians—five technicians on the fault service.
- Management of sludge at the water plant facilities significantly improved following the completion of the sludge facility and the addition of two vacuum vehicles.
- Implemented two-weekly sand inspection and cleaning to prevent the formation of mudballs inside the AVGs.



The two recently gifted diggers to TTV from the Government of Japan.



Repairs of leaks in the network is attended to by TTV



OUR UPCOMING MILESTONES

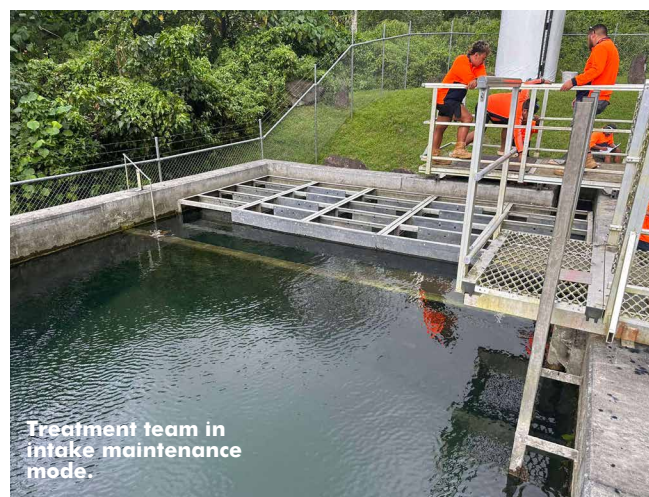
2025 – 2026

A brief highlight of our upcoming milestones we expect to achieve over the remainder of Phase 4 of our organisational development

Progress standardisation, fully Operationalise, and refine operations and structures towards a low-cost high efficiency

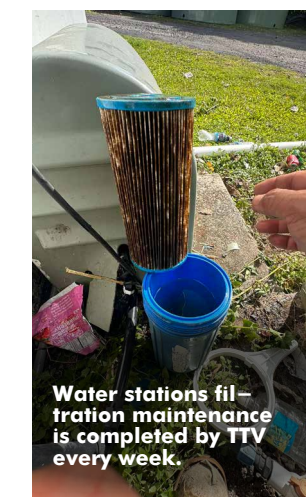
ASSETS

- Total water meters installed exceed 4,000
- Recommended standardization work on the distribution network
 - ✓ Strengthen resilience to drought and
 - ✓ Reservoirs starting to fill up as designed
- Complete the installation of more safety platforms on the sedimentation tanks
- Finalised design to improve dosing process at the treatment plants
- Confirmed augmentation plans to improve operation and performance of the AVGs
- Complete the installation of an additional 2,500 water meters
- Investigate a complete solution to resolve the issues associated with AVG operations and upstream dosing process



PEOPLE

- Confirm the design/plan for the TTV office and warehouse
- Continue to review our workforce capacity to cater for growth in the organization
- Maintain on-the-job training, including refresher courses for operational staff
- Maintain engagement with Catchment Committee and Landowners
- Investigate an alternative accreditation organization that fits TTV's operational environment
- Maintain staff development, and continue promoting STEM in schools
- Maintain engagement with other stakeholders including customers, shareholder, community, and NGOs
- Maintain engagement with landowners and other stakeholders including schools
- Engagement with consumers of water on Rarotonga at household and business levels as TTV progresses towards commercialization



SYSTEMS

- Rollout and enhance ERP software operations to incorporate fixed assets, maintenance, stock management, staff management, financial management, and staff training
- Preventative maintenance practices the mainstay in managing the water assets
- Complete the medium-term strategic plan, and associated capital investment and financial plan
- Completed a review of the master water plan, safety water plan, and business continuity plan
- Maintain engagement with Tourism and developers to ensure alignment of infrastructure development with growth
- Enhance working relationship with climate change stakeholders to be informed about opportunities
- Reinforce and formalize relationships across local, regional, and international partners and suppliers
- Institute regulations required for compliance with TTV Act and enable customer engagement
- Risk Management Report protocols progressively reviewed and updated
- Fully establish the revenue and debt management operations
- Enhance customer enquiry response services



OUR STRATEGIC ENVIRONMENT

This SCI articulates the pathway towards a fully- fledged commercial entity focused, not on profit, but on meeting the needs of the people of Rarotonga in terms of supplying reliable water in an efficient and cost-effective way in hand with the landowners from whose land TTV derives water and houses, its infrastructure.

This SCI is a document to be produced each year as required by our governing legislation. This SCI covers the period 2025 – 2029 and: highlights our objectives; identifies the nature and scope of our activities; sets measurable targets against which our performance can be assessed; and sets out our intentions with regards to the sale and purchase of assets, financing requirements and alignment to policy directives of CIIC

VISION

“A Community Trusted Supplier of Water”

Our vision of being “A community-trusted supplier of water services” represents a commitment to provide reliable, high-quality water services to the community we serve. The vision acknowledges the importance of building trust and long-lasting relationships with the local community. As a supplier of an essential service, we recognize our responsibility to ensure that our operations are sustainable and environmentally friendly, meeting the needs of our customers while also preserving the natural resources on which it relies.

In fulfilling our vision, we place great emphasis on the relationships we build with the landowners and customers it serves. To Tatou Vai understands that the community is the backbone of its business, and it is committed to working in partnership with its stakeholders to ensure that its operations are responsive to the needs of the community. Through effective communication and engagement, we seek to build trust and credibility with our stakeholders, ensuring that our services are delivered with transparency, accountability, and respect.

MISSION

“To provide a reliable supply of water that is safe to drink; improving the wellbeing of our Cook Islands people”

The mission of providing a reliable water supply that is safe to drink and improving the well-being of Cook Islands people aligns closely with our vision of being a community-trusted supplier of water services. By delivering a safe and dependable water supply, To Tatou Vai is contributing to the health and well-being of the local community, and building trust and credibility with its stakeholders. The mission recognizes the importance of sustainable and responsible management of the natural resources on which it relies, ensuring that the community’s needs are met today and into the future. In achieving this mission, the company is committed to working in partnership with the community, listening to its needs and concerns, and delivering services that are sustainable, reliable, and responsive to the needs of the Cook Islands people.

VALUES



As the Authority grows into its functions and through onboarding greater staff capacity and systems, these values will be the guiding compass to achieve TTV’s vision and mission.

OUR CONTRIBUTION TO GOVERNMENT PRIORITIES



National Sustainable Development Agenda 2000+

The Cook Islands as a nation devised an updated National Sustainable Development Agenda (NSDA) 2020+, Te Ara Akapapa'anga Nui, 2021-2121 as a guiding document to goals and targets for a more prosperous Cook Islands over the next 100 years.

Given the more recent challenges of economic recovery on the coat tails of a global pandemic, the Government of the Cook Islands has also more recently released an Economic Recovery Plan 2022.

TTV, as a statutory body with a focus on reliable water supply to the people of Rarotonga, seeks to also align itself and to support national goals as articulated in the NSDA 2020+ and more recently in the Economic Recovery Plan 2022.



GOAL 2: WELFARE AND EQUITY

Alleviate economic hardship

TTV by virtue of its governing legislation must provide an allocation of free water up to a certain amount for domestic use to be determined by regulation. TTV is further required to provide its service in a cost-effective way and operate not-for-profit. This is structured to ensure the wellbeing of all people of Rarotonga, is not impacted significantly by the cost of water supply aligning to this national goal.



GOAL 5: WATER AND SANITISATION

Improve access to sufficient and safe water

TTV plays a central role in ensuring access to safe water for the people of Rarotonga. The purpose of the Te Mato Vai project spanning over 5 years of infrastructure investment was to upgrade the water infrastructure of Rarotonga and to ensure, that infrastructure provides clean water to the people of Rarotonga. As a fundamental right and basic human need, having an Authority now established and focused on ensuring access by residents of Rarotonga will ensure the attainment of this goal for Rarotonga.



GOAL 6: CONNECTING OUR NATION THROUGH INFRASTRUCTURE, TRANSPORT AND ICT

Build reliable and appropriate infrastructure | A physically connected nation

The Rarotonga water infrastructure upgrade through Te Mato Vai is the largest investment in public infrastructure for decades with the intent to provide reliable and appropriate infrastructure to meet the public need. Whilst there are still areas of this upgrade which need to be completed including Sector 5, this will be progressed over Phase 3. With TTV now legislated the systems, people and assets will be put in place over the next stage to ensure this infrastructure remains fit for purpose and managed efficiently.



GOAL 8: EDUCATION AND INNOVATION

TTV is doing its part in providing college students with internship opportunities targeting those studying in STEM subjects (Science, Technology, Engineering & Maths) who wish to work in this trade, in the future.



GOAL 10: AGRICULTURE & FOOD SECURITY

This goal looks at our Agriculture sector and the role it plays in ensuring food security into the future.

Recommending reduced water rates in the tariff development assignment for agricultural purposes is TTV's support to the agricultural industry while at the same time advocating for improved water conservation monitoring in this industry that water is made available for all customers.



GOAL 11: OUR BIODIVERSITY AND NATURAL ENVIRONMENT

This goal will look towards protecting the natural environment for life on land and below water. Protecting our catchments and our streams.

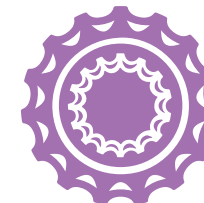
In this area, TTV has in place catchment committees consisting of representatives of landowners on catchment areas above the 10 water intakes on Rarotonga. Their purpose is to ensure that no future structure, building, development, or other activity within each catchment adversely affects water quality or the water supply operations of the Authority.



GOAL 12: CLIMATE CHANGE, RESILIENCE, RENEWABLE ENERGY AND ENERGY EFFICIENCY

Promote resilient communities

Whilst the upgrade to the water infrastructure on Rarotonga has anecdotally contributed to less losses from the network on Rarotonga, one of the most significant challenges facing the ability of TTV to continue to provide reliable safe water over the short to long term is the probability of more severe droughts and their impact on water supply levels on Rarotonga. As part of its risk management strategies, TTV is set to determine current system demand requirements and losses to the network. This will enable the development of scenarios, and responding management practices for supply management, while also locking in approaches for demand side management during a drought.



GOAL 14: A SUSTAINABLE POPULATION

Maintaining a resident population that is consistent with our economic, social and cultural aspirations.

Creating jobs for young Cook Islanders (Men & Women) who are willing to take up the trade is an ongoing goal for TTV

ECONOMIC RECOVERY PLAN 2022

INFRASTRUCTURE INVESTMENT

Continuation of the operation and maintenance of key water infrastructure constructed under Te Mato Vai.

Standardise the existing distribution network and ensuring all new installations comply with the standards.

OUR OPERATING ENVIRONMENT

It is estimated between 12 and 16 million litres of water is supplied per day to those who are residing and operating on Rarotonga. To enable this TTV is responsible for managing and maintaining 11 water intakes including 10 water treatment plants, over 260km of water reticulation piping, 21 community water stations and more than 6000 water connections across Rarotonga. The assets managed and the operations of TTV are currently supported by 36 staff.

OUR NATURE

TTV was formalised as a not-for-profit statutory corporation under the purview of the Cook Islands Investment Corporation through the passing of the To Tatou Vai Act through the Parliament of the Cook Islands in November 2021. Unlike other large infrastructure SOEs, TTV is not profit seeking. Its objective is to charge only to meet its operating expenses. TTV's focus is on ensuring the system is high performing meeting both the quality and quantity needs of Rarotonga. The objective is to ensure assets are managed well, replacements are planned for reliability, and the cost of operations are recovered. Dividends will not be issued from TTV.

TTV will continue with “Developing & Resourcing the Authority with People, Systems and Assets” as funding become available and continue to build off the guidance laid down by the TTV Act 2021 and strengthen the foundation for its growth.

At this stage TTV is financed through public appropriation. It however began generating its own revenue through the implementation of water charges from October 2024. Whilst TTV's goal is to be fully commercialised and generating its own revenue from July 2026 it will remain reliant on Government support for some time



Clearing of the drying pond at the Rarotonga Sludge Facility

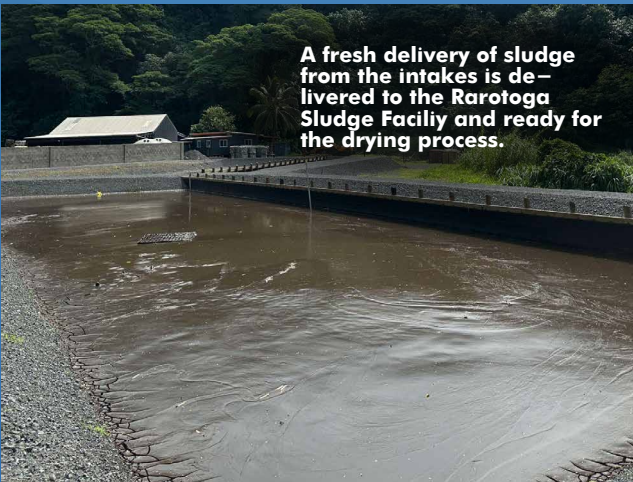
OUR SCOPE

TTV's legislated service area is in Rarotonga for households below 30 metres above the mean high-water mark and its purpose is the collection, treatment and reticulation of water from catchment to customers.

Whilst TTV may be given additional functions by the Minister it is strongly recommended the scope of TTV's jurisdiction remain limited to Rarotonga for the immediate future.



Collecting sludge from the intake ponds into the sludge trucks for delivery to the Rarotonga Sludge Facility.



A fresh delivery of sludge from the intakes is delivered to the Rarotonga Sludge Facility and ready for the drying process.

OUR FUNCTIONS & OBJECTIVES

With the TTV Act now in place, Section 8 of the Act clearly details the statutory functions to be performed by the Authority, as follows:

1. To collect, treat, and reticulate water for public supply in a reliable, efficient and cost-effective way;
2. To operate, build, and maintain systems, facilities and networks, as needed for that purpose;
3. To meet any prescribed water supply and water quality standards;
4. To consult with catchment committees to ensure the preservation and conservation of catchments for the continued supply of water;
5. To recognise the rights and interests of landowners in the valleys through its compliance with the terms of access agreements;

6. To promote public education and awareness of the need to preserve and conserve catchments;
7. To identify new sources of water to meet future anticipated demand and, together with those who have rights in respect of the land over which that water sits or runs, develop those sources for the public good;
8. To acquire or enter into agreements with CIIC to assume active management of CIGPC's rights to collect water and for the acquisition or use of systems and facilities owned by CIGPC and needed for the reticulation, filtration, and storage of water;
9. Any other functions given to the Authority by the Minister

These functions are firm into the foreseeable future and will not be expanded or reduced unless an amendment to the Act is undertaken through Parliament. These functions have therefore been considered in developing the below functional structure for TTV moving forward.



TTV Treatment team taking a break after undergoing training in water intake maintenance



TTV staff at block course in NZ for NZQA L4 Water Treatment Certificate

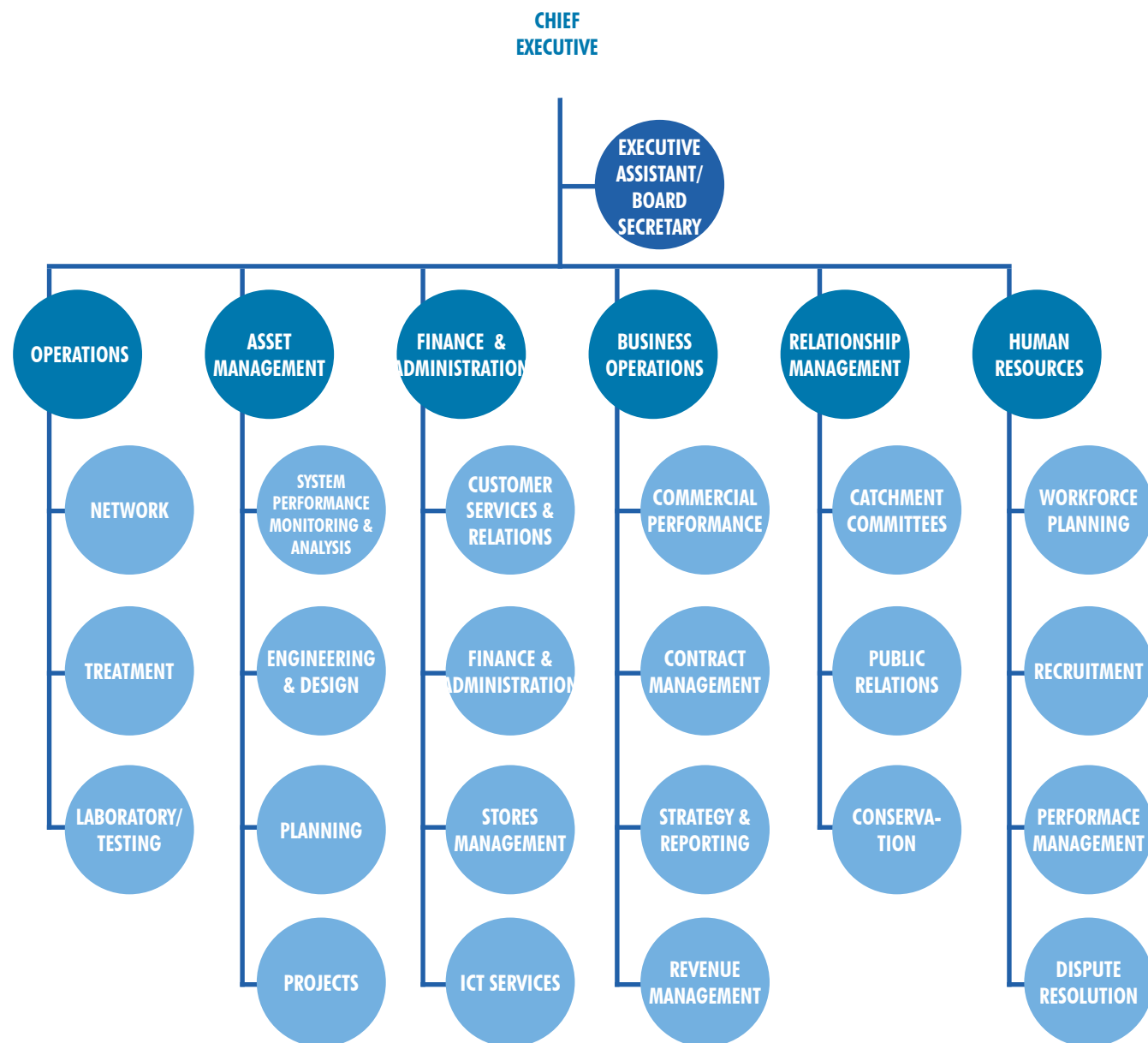


TTV staff going through operations and maintenance training for the new diggers gifted by the Government of Japan.



Training for staff in how to flush out the Rarotonga network.

OUR FUNCTIONAL STRUCTURE



In 2024, and after several years of operation, and progressing towards a fully-fledged water authority TTV has again produced a transitional functional structure to guide its resourcing for the coming 3 years, as TTV progresses towards billing its customers for water services and supply.

The purpose of this structure is to, at this stage, clearly depict the range of functions required to be undertaken by TTV and grouping these functions under common areas to guide a staffing

structure. Whilst the functional structure (and staffing structures) is expected to largely remain unchanged, it is important to acknowledge the groupings must be refined over the different phases to ensure fit for purpose.

The resourcing of asset management (engineering and planning) and relationship management saw significant improvements in the operations and relationship with stakeholders. The engineering resources enabled the development

of measures that will optimise the operation and ensure that the WTP and distribution network work in cohesion. Changes in the operating and maintenance practices also resulted in significant improvements in asset performance and service delivery to customers. Relationship management has improved the communication with stakeholders, landowners, shareholders, media, community, schools and international & regional partners like the Pacific Waste and Water

Association, Watercare, Connexis, Te Pukenga and ADB to name a few.

Over the next 3 years, focus will be on maintaining our relationships and staff development. We will also turn to refining our operations in treatment, network and engineering. We will also expand our Finance and customer services operations to manage the anticipated growth in billings and collections.



Treatment Technicians after training on AVG operations

OUR RISK MANAGEMENT SYSTEM

TTV Act requires the Authority to:



Management will continue to consolidate this assessment into a quarterly risk management report to the Board.

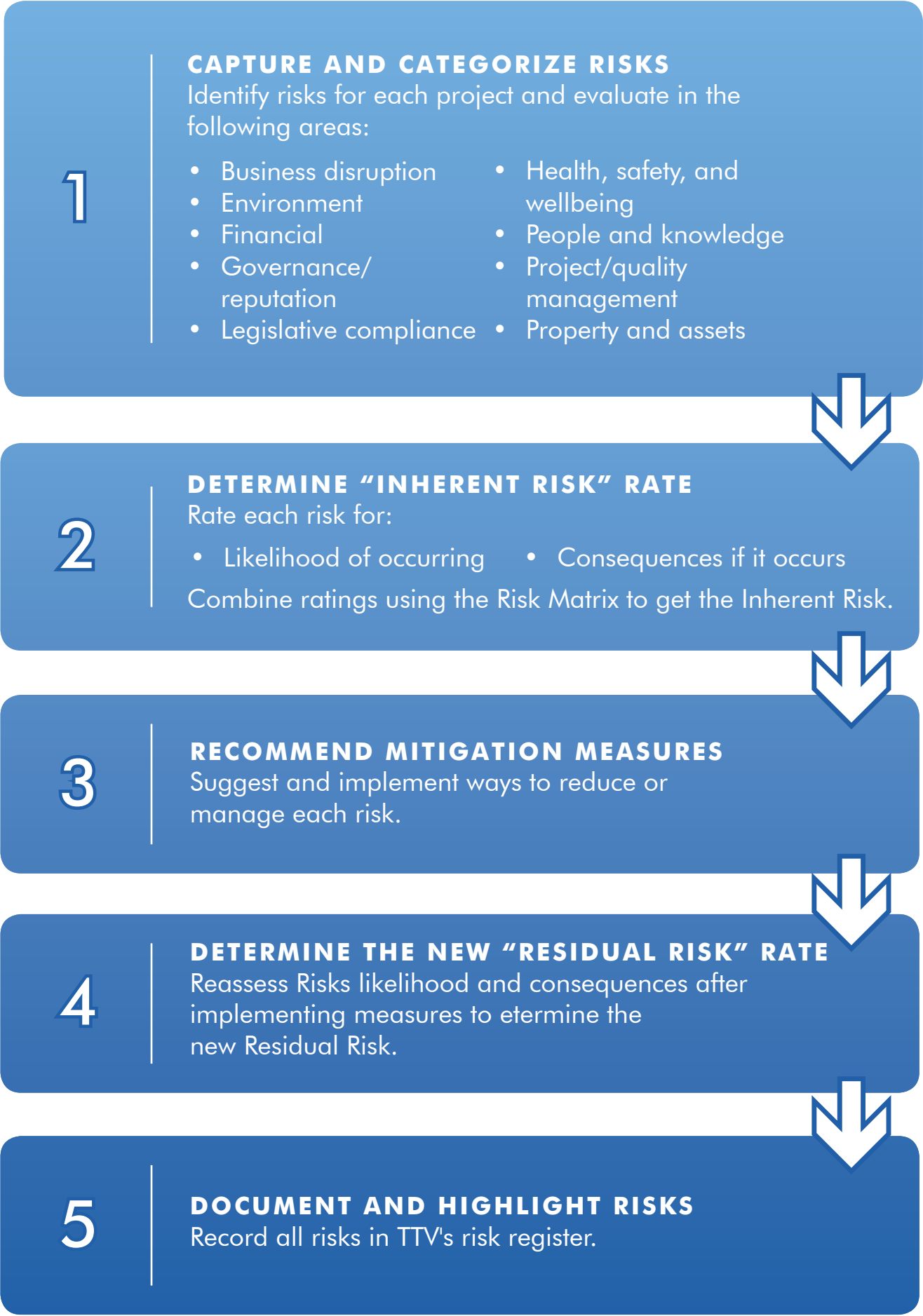
TTV in the acceptance of existing and new water infrastructure for Rarotonga faces a number of challenges and associated risks in being able to effectively operate a well-functioning catchment and reticulation network, and being able to maintain this going forward.

The following challenges are considered priority risks to be managed at this time, and the number rank is based on assessment using the below Risk Management Scoring Matrix evaluating likelihood and impact. A range of capital and operational projects are underway under TTV’s purview to alleviate challenges ranked as significant risks.

RISK MANAGEMENT SCORING MATRIX

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

RISK ASSESSMENT PROCESS



OUR FINANCIAL FORECAST

TTV is proposing an operating budget of \$4.5m for the 2025/26 financial year, met from Crown appropriation and revenue generated from water charges. The revenue estimate is based on the current water tariff conditions set in October 2024, and will change as the tariff is reviewed annually the first review scheduled for October 2025.

Regarding the Capital budget TTV has had to adjust its program to fit in the proposed appropriation for the 2025/26 financial year at least by deferring network standardisation, the construction of the TTV office and other minor upgrade works. That is, it will prioritise the projects that are currently under implementation. It will seek alternative funding for the procurement

of land for the TTV office and the design. The construction for the TTV office is proposed over two years, 2026/27 and 2027/28 financial years.

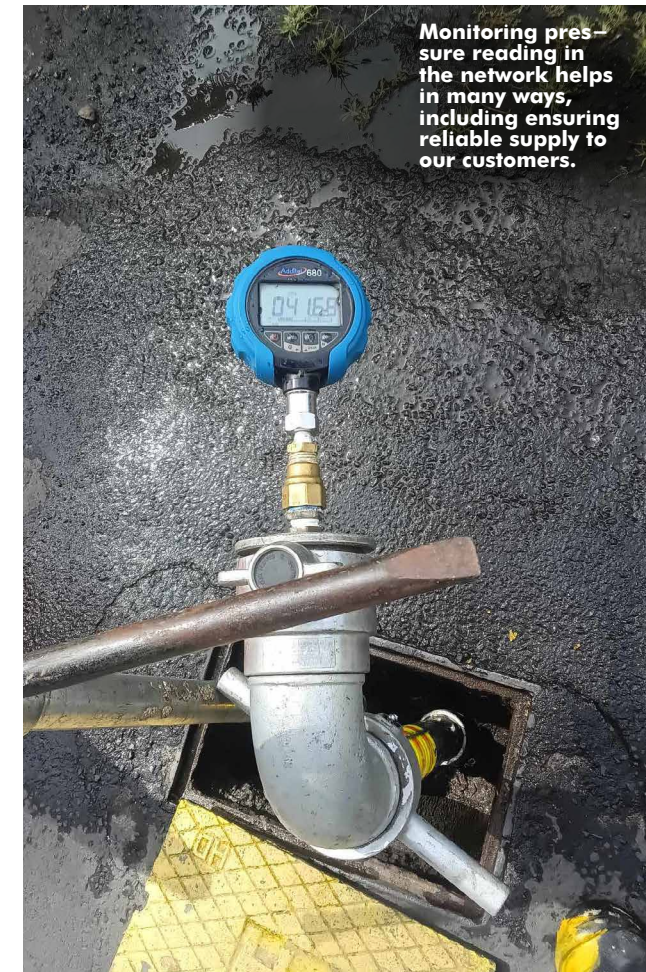
Where possible other augmentation work, including the construction of safety platforms on the sedimentation tanks will be implemented. Discussions are underway with MFEM and the Te Mato Vai project engineer involving the refurbishment of the currently underperforming AVGs.

The following notes are relevant to the current operations and status of TTV with regard to performance indicators as measured by its governing legislation:

1. Water charges began in October 2024 with the tariff set at a fixed rate per block per customer per month. Each block is 50,000litres. For commercial customers the first block is \$34 and each subsequent block is \$68. For domestic the first block is \$17 and each subsequent block is \$34. The Government pays the charges for all eligible domestic customers. The current tariff will be reviewed and implemented in October 2025. A volume-based tariff is proposed to come into effect in July 2026.
2. A total of 1,500 water meters have been installed, two third on commercial customers, and at least a further 2,500 water meters will be installed in 2025/26.
3. Return on equity (ROE): Illustrates the return generated from shareholder capital with TTV's shareholder being the Cook Islands Investment Corporation (CIIC). Part 4 Section 26 requires the Authority to operate the network on a not-for-profit basis. As such TTV as per its statutory nature will not seek to provide a ROE greater than 0% and thus no dividend to its shareholder from its operations.
4. Community Service Costs/revenue %: Illustrates TTV's engagement in services which are uneconomical. These are services like testing of water at community water stations that TTV currently does for free, and

these will remain. When water charges are implemented TTV will claim from the Crown the income associated with the free portion of water for domestic users.

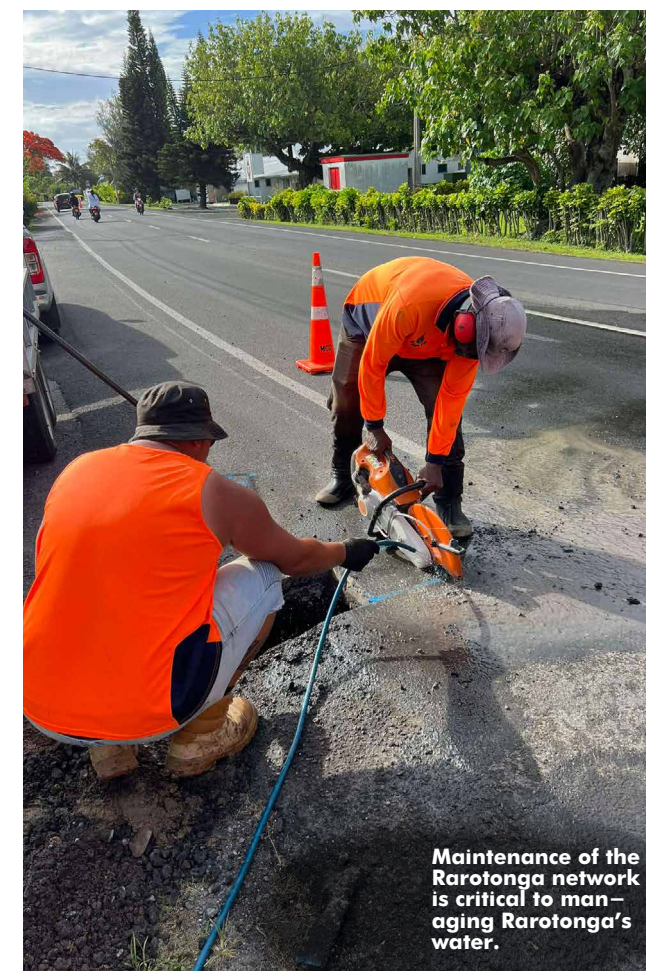
5. Debt to Assets: The debt to total assets ratio is an indicator of financial leverage. It indicates the percentage of total assets that are financed by creditors, liabilities or debt. In the case of TTV, the value of assets it manages is yet to be confirmed by the Government of the Cook Islands. A policy with regard to the debt associated with the Te Mato Vai Project has been made where the loan is held by central Government and will not be assumed by TTV over the course of its business. In effect TTV will not assume responsibility for loan repayments and will not incorporate loan repayments into its financial forecasts or tariff structure.
6. Current ratio: This is predominantly used to provide an indication of an entity's ability to pay back its liabilities (debt and accounts payable) with its assets (cash, marketable securities, inventory, and accounts receivable). As such, the current ratio can be used to make a rough estimate of a company's financial health. A current ratio greater than 1 is considered a minimum requirement. A current ratio significantly higher than 1, may be considered not the best use of funds, as returns are usually higher on non-current assets (term investments and the like).



Monitoring pressure reading in the network helps in many ways, including ensuring reliable supply to our customers.



Water sample collection and testing ensures quality water is provided at TTV managed water stations.



Maintenance of the Rarotonga network is critical to managing Rarotonga's water.



Flushbox marked and labeled

OUR KEY PERFORMANCE AREAS

Our Key Performance Areas summarise the focus of each of our grouped functions in our functional structure and provides highlights of completed works in 2024/25 while also identifying key activities expected to be completed over the planning period. These activities are linked to the milestones and projects highlighted through the risk management system.

OPERATIONS

Maintain and operate assets for the efficient collection, treatment, and reticulation of water ensuring the delivery of reliable, efficient and cost-effective water supply compliant with any prescribed water supply and water quality standards.

The operation is manned by a staff of 36 including 26 technical and field staff and 10 support staff including 5 executives. The technical and field team is responsible for the engineering and quality management including the operations and maintenance of the treatment and distribution infrastructure. The support staff manages the customer and financial related aspects of the operations whilst the executive ensures that the overall operation of TTV aligns with its objectives and in particular those of the stakeholders.

ASSET MANAGEMENT

Ensure the entire water system's performance. Ensure the entire water system's performance operates at an optimum level through constant technical monitoring and analysis, the development of responding engineering and design solutions, effective control and asset management protocols and the implementation of strengthening capital projects as required.

Engineering division is established with the main focus to analyse and devise strategies to improve system performance. At this stage there are various challenges with assessing system performance including the need for centralised and decentralised data collection for analysis, and asset location and valuation. Immediate projects have been identified to improve existing system challenges as identified in the risk assessment, whilst at various stages, some projects have progressed to implementation and others are in procurement stage.

BUSINESS OPERATIONS

Ensure TTV remains a not-for-profit corporation while able to effectively cover its liabilities and capital investments required to an acceptable overall system performance over the long term so access and quality to consumers is not compromised.

At this stage the Business Operations function is not yet resourced. In doing so and it is important that works around policy development especially in relation to legal, strategy and reporting continue on from the progress made in 2024/25.

Legal support will continue to be required to assist with the development of regulations, customer service agreements, catchment committee protocols, HR policy contracts and associated arrangements, supplier agreements and the like. These are foundational initiatives and will impact the long-term ability of TTV to provide a well-functioning service as well as managing expectations of its staff, customers, suppliers, landowners and stakeholders.

With limited financing this arm may be slated for development partner assistance. In addition, with the development of the Enterprise Resourcing Planning (ERP) software, it is important customer engagement models and associated policies are developed to support this. This includes the confirmation of tariff models and free allocation amount for domestic use.

RELATIONSHIP MANAGEMENT

Communicate transparently relevant actions of TTV as it moves through its development journey to becoming a customer facing mature statutory corporation.

Effectively managing key stakeholders is an essential function of TTV especially regarding landowners through Catchment Committees. The TTV Act requires the Authority to set up and undertake frequent engagements with 10 Catchment Committees on Rarotonga. At this stage, all 10 catchment committees are formed.

FINANCE & ADMINISTRATION

Established automated financial and customer services management systems which support good governance, accountability, maximise efficiency and support streamlined customer satisfaction.

The Finance & Administration is formed as a division and staffed to be customer services orientated. Whilst financial policies and procedures have been developed and systems for business transactions are operational, a major scoping exercise is underway to go to market for an Enterprise Resource Planning (ERP) system for TTV which will manage all aspects of business operations including the production of accounts, transactions, job scheduling, to customer relationship management and queries. This system is foundational and will impact all areas of the organisation while also enabling customer engagement from 2025.

HUMAN RESOURCES

Ensuring the human resource capacity of TTV is effectively planned, recruited, performance managed and disputes are managed effectively for a high performing team.

Review HR policies and workforce plans to structure recruitment for the long term. As an organisation that may require an increase in various divisions, it is acknowledged there is a shortage of labour both qualified and unqualified on Rarotonga due to the emigration of residents to New Zealand and Australia - a migration aggravated by the pandemic.

It is acknowledged TTV may need to consider options for contracting or sourcing labour from foreign markets in the interim, should labour shortages continue on island. The ideal is to build an organisation that is attractive to returning Cook Islanders through strong professional foundations and development plans.



Technician repairing a service pipe housed inside a conduit



Technician installing a new service pipe at the corner of a driveway



Staff refresher training in water meter installation



A newly replaced valve on a submain

APPENDIX

I. DETAILED FINANCIALS

	Forecast 2024–2025	Budget 2025–2026	Forecast 2026–2027	Forecast 2027–2028	Forecast 2028–2029	Forecast 2030
Total revenue	\$3,923,228	\$4,493,775	\$4,597,008	\$4,612,568	\$4,628,128	\$4,643,688
Total revenue excl. Crown approp & aid funding	\$923,228	\$1,993,775	\$2,097,008	\$2,112,568	\$2,128,128	\$2,143,688
EBITDA	(\$62,740)	\$223,670	(\$12,563)	(\$273,475)	(\$417,007)	(\$560,781)
NPBT	(\$510,687)	(\$3,705,634)	(\$7,301,867)	(\$7,562,779)	(\$7,706,311)	(\$7,850,085)
Community service costs	\$12,894	\$19,620	\$24,362	\$29,105	\$33,847	\$38,589
Total assets	\$5,727,065	\$105,405,258	\$98,103,390	\$90,540,612	\$82,834,300	\$74,984,216
Total shareholder funds	\$4,045,450	\$103,929,816	\$96,627,949	\$89,065,170	\$81,358,859	\$73,508,774
Total staff costs	\$2,058,747	\$2,205,900	\$2,360,313	\$2,478,329	\$2,478,329	\$2,478,329
Total employees	36	38	38	40	40	40
Total FTEs	36	38	38	40	40	40
Operating cash–flows	\$105,355	\$88,264	(\$20,624)	(\$273,475)	(\$417,007)	(\$560,781)
Equity injection by owners	\$4,170,634	\$107,760,634	\$107,760,634	\$107,760,634	\$107,760,634	\$107,760,634
Total dividends paid	N/A	N/A	N/A	N/A	N/A	N/A
Revenue mvmt excl & aid growth	88%	116%	5%	1%	1%	1%
CSC / Revenue %	0.33%	0.44%	0.53%	0.63%	0.28%	0.28%
Asset growth	50%	1740%	-7%	-8%	-9%	-9%
Return on equity	-13%	-4%	-8%	-8%	-9%	-11%
Debt to assets	-1%	-1%	-1%	-1%	-1%	-1%
Current ratio	1.20	0.15	-0.86	-1.79	-2.63	-2.63

II. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

To Tatou Vai Authority (“the Authority”) was constituted under the To Tatou Vai Act 2020 on the 24th November 2021. The Authority was previously registered as a company named To Tatou Vai Limited (“Company”) under the Companies Act 2017. As at 24 November 2021 the net assets were transferred from To Tatou Vai Limited to To Tatou Vai Authority.

The Authority remains as a wholly owned subsidiary of the Cook Islands Investment Corporation governed under the Cook Islands Investment Corporation Act 1998.

In addition, the Contributed Capital figure that previously represented share capital is now presented as Owner Contributions given the company structure was dissolved as at 24th 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, being at minimum twelve months from balance date.

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. The financial statements are prepared on the historical cost basis. The accounting policies have been applied consistently to all periods presented in these financial statements.

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. Investments

can include securities not falling within the definition of cash.

- c. Financing activities are those activities which result in changes in the size and composition of the capital structure of the Authority. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
- 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.

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 2023

Operating Expenses

Certain comparatives have been amended to match current period presentation.

Revenue

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 Value added tax and is recognized when a product is sold or service is provided.

The specific accounting policies for significant revenue items are explained below:

Revenue from 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.

CIG 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.

Revenue is intended to be spent within the same financial year. Budgeted appropriation that has not been received by year end is not recognized as revenue until the Authority has obtained the approval to carry forward the unspent portion to future periods and the funds have been received.”

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, 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 recognized in line with the period of service. A liability and an expense are recognized 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.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are accounted for as defined contribution superannuation schemes and are recognized as an expense in the surplus or deficit as incurred.

Income Tax Payable

The Authority is not subject to taxation on current year profits.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held on call with banks.

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.

Financial instruments

i. Financial assets

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

ii. Financial liabilities

Financial liabilities comprises trade and other payables, income tax payable, employee entitlements, and related party payables. These are measured at amortized cost.

The Authority derecognizes a financial liability

when its contractual obligations are discharged, cancelled or expire.

Impairment

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"

Measurement of Expected Credit Loss

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 recognising 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 includes 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 following:

- 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.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- | | |
|----------------------|-----------------|
| • 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.

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.

Impairment Consideration

"The Authority performed an assessment to determine if there is impairment of the Authority's Property, Plant and Equipment. This assessment included judgement over whether the level of assets held is in excess of what is required, and whether the useful life of the assets have reduced.

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.

Capital Commitments and Operating Leases

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



Sludge drying facility in Arorangi Rarotonga

III. ACRONYMS

AC Pipeline	Asbestos Cement Pipeline
ADB	ADB – Asian Development Bank
AVG	Automatic Valveless Gravity filter
CAPEX	Capital Expenditure
CIGPC	Cook Islands Government Property Corporation
CIIC	Cook Islands Investment Corporation
CSC	Community Service Costs
DRM	Disaster Risk Management
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
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit or Loss
HR	Human Resources
ICT	Information Communications Technology
IPSAS	International Public Sector Accounting Standards

ISO	International Organisation for Standardization
KPMG	Klynveld Peat Marwick Goerdeler
MFEM	Ministry of Finance & Economic Management
MOU	Memorandum of Understanding
NPBT	Net Profit Before Tax
OEMP	Operational Environment Management Plans for 10 intakes
PBE	Public Benefit Entity
PMU	Project Management Unit
POBOC	Payment on Behalf of the Crown
RDR	Reduced Disclosure Regime
ROE	Return on Equity
SCI	Statement of Corporate Intent
SOE	State Owned Enterprise
TTV	To Tatou Vai
UV	Ultraviolet
VAT	Value Added Tax
WTP	Water Treatment Plant

WATER WATCH

CONTACT THE WATER
HOTLINE ON 180 TO
REPORT ANY CONCERNS

180

TANIUNIU I TE NUMERO 180
NO TE TAUTURU VAI

PHONE

P: +682 24479

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Rarotonga Cook Islands

WWW.TOTATOUVAI.CO.CK

