Water Services Delivery Plan

Kaikōura and Hurunui District Councils

7 August 2025

Kaikōura District Council's Beach Road sewer trunk renewal

How to populate this Water Services Delivery Plan template

The intent of this Water Services Delivery Plan template (Plan template) is to support councils to prepare Water Services Delivery Plans ('Plan(s)'), as required by the Local Government (Water Services Preliminary Arrangements) Act 2024 (Act). The Act requires councils to prepare Plans that:

- *Identify the current state of the council's water services;*
- *Demonstrate publicly the council's commitment to deliver water services in a way that:*
  - *Ensures that the council will meet all relevant regulatory quality standards for its water services;*
  - *Is financially sustainable for the council;*
  - *Ensures the council will meet all drinking water quality standards; and*
  - *Supports the council's housing growth and urban development, as specified in the council's Long-Term Plan.*

This Plan template includes explanations of the specific information required under the Act, the type of information that could be provided to demonstrate compliance with the content requirements for the Plans under the Act, and the Department of Internal Affairs' ('the Department(s)') general expectation as to the level of detail to be provided. Please note that these explanations do not constitute legal advice and councils should consider obtaining their own independent legal advice before submitting their Plans. The information needed to be able to complete the Plan should be sourced from existing council documents, such as the Long-Term Plan. Councils who require further information and/or support to prepare their Plans should contact the Department at wdsp@dia.govt.nz.

Please delete these explanations once each section has been completed.

***A Financial Plan Template [available at www.dia.govt.nz/Water-Services-Policy-Water-Services-Delivery-Plans] has also been provided to assist councils to populate financial data for financial projections, financial sustainability metrics and other financial disclosures.** The Department can provide councils with a Financial Projections template populated with publicly available information based on 2024-34 Long-Term Plan information on request. The projected financial statements are special purpose financial statements for the purpose of PBE FRS 42 – Prospective Financial Statements.*

Process guidance matters related to the preparation and submission of the Plans is available at www.dia.govt.nz/Water-Services-Policy-Water-Services-Delivery-Plans

***Joint Plans:** Part A of this Plan template includes additional guidance for information requirements in joint Plans. Councils who are proposing to submit joint Plan should contact the Department.*

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Part A: Statement of financial sustainability, delivery model, implementation plan and assurance

Introduction

Overview of the delivery model

The Kaikōura and Hurunui District Councils have agreed to work together to establish a joint Water Services Council Controlled Organisation (WSCCO) to provide water services in the Kaikōura and Hurunui districts (water, wastewater and stormwater).

The WSCCO will be governed by an independent board of five directors, three of whom will be appointed jointly and one by each of the Kaikōura and Hurunui District Councils.

Staff currently predominantly involved in the provision of water services from both councils will be encouraged to transfer to the new WSCCO. There will be shared services agreements between the councils and the WSCCO for a range of activities including corporate services activities.

It is planned to set up the WSCCO legal entity early in 2026 and that the Transfer Date will be 1 July 2026. It is expected that the finances will not be harmonised across the two districts in the first instance.

Approach to Financial Modelling

The key assumptions relating to the financial model are detailed in the Additional Information at the end of this document (e.g. cost/price movements, growth etc). By contrast, this section highlights the specific methodology adopted in preparing the financial model.

The figures in this Plan equate to those in the Long Term Plans 2024-2034 for the two councils, with the following exceptions:

- The budget model includes expenditure for the operation of the WSCCO, such as board remuneration, CEO and executive assistant costs, ICT, insurance and other costs.
- It has been assumed that both Councils will move to fully fund depreciation on Water Services Assets by 30 June 2034. This aligns with the assumption applied in the preparation of the Hurunui District Council Long Term Plan 2024-2034 but is different from the approach currently applied by the Kaikōura District Council, which rates to cover the cost of renewals.
- Due to upcoming changes in the regulations relating to wastewater treatment, it is expected that the costs incurred by the Hurunui District Council in renewing its wastewater consents will be lower than previously provided for in the Council's Long Term Plan. Adjustments have also been made to water and wastewater reticulation renewal costs in line with advice from National Infrastructure Funding and Financing company (NIFFCO).
- In preparing WSCCO financial model, it has been assumed that the internal funding cost for the WSCCO will be 20 basis points above the WSCCO's external funding cost. At this stage, it has been assumed that any debt between the Council and WSCCO would be charged at the Council's external funding cost. This assumption reflects the new requirement to fully ring-fence the finances associated with three waters services. This approach may be reviewed as more information about ring-fencing requirements comes
- It has been assumed that development contributions will be received evenly over the planning period. It is acknowledged that actual growth may fluctuate between years, and hence development contributions income may differ from expected. The auditors review this assumption when auditing Long Term Plans, and on balance it is considered that the assumed rate of growth is reasonable.
- The models have not factored in assumptions about the impacts of increased operating efficiency as a result of the establishment of the WSCCO. This reflects the relatively small size of the two local authorities, along with recognition that there are already various measures in place which support efficiency. However, it is expected that the WSCCO board will seek efficiencies. Further efficiencies would facilitate a faster move towards achieving financial sufficiency.

It is expected that the WSCCO will comply with regulatory obligations.

- At this time, one of the Hurunui District Council's 17 water schemes is not compliant with the protozoa protection requirements of the New Zealand Drinking Water Standards (the Balmoral scheme). There are 25 properties connected to this scheme and, while the Long Term Plan 2024-2034 included provision for the upgrading of the water scheme, it is unlikely that this will occur as the cost would be prohibitive for the small number of users. The Council has been engaging with the community and is

currently awaiting decisions from Taumata Arowai regarding acceptable solutions. One option would be for point of entry treatment.

- The financial projections include provision for works associated with the renewal of consents.
- At this time, neither the Kaikōura, nor Hurunui District Councils has a regulatory obligation to introduce fluoridation of water supplies. Accordingly, the financial modelling is based on the assumption that the WSCCO is not fluoridating water supplies.

Statement that water services delivery is financially sustainable

Statement that water services delivery is financially sustainable

Financially sustainable water services provision

The purpose of this section is to summarise how the Plan will ensure that water services will be delivered in a financially sustainable manner, by 30 June 2028 at the latest.
This requires confirmation that the Plan ensures water services delivery will meet the Financially Sustainable delivery assessment in Part D of the Plan template.
It is recommended that this section includes commentary (from Part D) on:

- *Transitional arrangements to ensure financially sustainable water services provision by 30 June 2028;*
- *Revenue requirements to meet costs of water services delivery over the Plan period;*
- *The proposed levels of investment required over the Plan period; and*
- *Funding and financing arrangements to deliver the proposed levels of investment.*

Overview

It is expected that the WSCCO operation will not meet the financial sustainability requirements on Transfer Date. However, it will achieve financial sustainability over the planning period.

It is forecast that the WSCCO will meet all but one of the LGFA covenant requirements within five years of the commencement of operations. It is expected that the WSCCO will not achieve compliance with the remaining LGFA covenant obligation - the ratio of Free Funds from Operations to Cash Interest Coverage - until 2033 (Year 7).

The positive trajectory in financial ratios largely reflects that the WSCCO will stage in the full funding of depreciation over the period to 30 June 2034. At this time, the Hurunui District Council has commenced the staging in of depreciation funding. The Kaikōura District Council currently rates to cover the cost of renewals as they occur, which has been a satisfactory approach in recent years because much of the water services infrastructure is relatively new. By 2034, the WSCCO will be fully funding depreciation.

The key reason for the phased introduction of depreciation relates to affordability. The 2023 NZ Statistics census show that the median household income for the $66,800 for the Kaikōura district and $77,400 for the Hurunui district (68.9% and 79.8% of the national median household income respectively). Hence the population-weighted median household income for the combined area was just under $75,000 in 2023. Given these low levels of median household income, a rapid move to fully funding depreciation would be likely to cause hardship for a significant proportion of households. As a result of the staged transition to fully funding depreciation, it is expected that the ratio of water services charges as a percentage of household income will increase from 2.0% to 3.1% during the period between 2024/25 and 2033/34.

The staged transition to the full funding of depreciation, combined with the additional costs associated with WSCCO operations, will result in an increase in revenue collection over the period to 30 June 2034.

Revenue requirements and transitional arrangements

The breakdown of revenue is provided in Part E of this Plan.

It is expected that the WSCCO will have between 12,000 and 13,500 water services connections during the period to 2034. The associated Local Government New Zealand covenant obligations are as follows

- Funds from operation (FFO) to Cash Interest Coverage Ratio (times) – at least 1.75 times
- FFO to Gross Debt ratio – at least 10%.

Metrics	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
FFO to cash interest coverage	1.55	1.56	1.66	1.79	2.04	2.36	2.54	2.69	3.24	3.41

FFO to net debt (applying 50% of development contributions)	2.6%	2.3%	2.7%	3.2%	4.4%	5.7%	6.6%	7.4%	10.3%	11.7%

It is projected that the WSCCO will meet the specified FFO to Cash Interest Coverage ratio by 2027/28, while the minimum FFO to Gross Debt Ratio will not be achieved until 2032/33.

It is noted that the ratio of FFO to Gross Debt is expected to rise further after 2032/33 (11.71% in 2033/34, 11.54% in 2034/35 and 12.02% in 2035/36).

Following a meeting with representatives from the Department of Internal Affairs and the LGFA on 28 July 2025, the shareholding councils sought approval from the LGFA to defer compliance with the FFO to Cash Interest Coverage ratio until to 30 June 2033. The LGFA Board has advised that it will consider a plan that has financial outcomes outside lending covenants beyond the specified five year transition timeframe, providing any non-compliance is for a limited time. However, the LGFA Board is not able to confirm this matter until the WSCCO applies to become a member of the LGFA.

Investment in water services assets

The proposed levels of investment required over the plan period are as follows:

Investment by water service ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Drinking water	11,681	12,688	6,884	7,267	3,615	3,689	12,721	14,430	8,233	5,284	86,492
Wastewater	2,895	6,108	2,505	4,435	1,825	6,113	1,356	1,794	4,141	2,398	33,571
Stormwater	2,700	2,352	2,711	3,761	2,052	2,190	2,096	2,268	1,925	1,770	23,824
Corporate	0	0	121	81	105	396	139	106	103	68	1,119
Total investment	17,276	21,149	12,221	15,544	7,598	12,388	16,312	18,598	14,401	9,520	145,007

$000s	Water	Wastewater	Stormwater	Corporate	Total
Capital expenditure - to meet additional demand	15,235	9,234	7,356	0	31,824
Capital expenditure - to improve levels of services	27,757	11,510	15,924	0	55,191
Capital expenditure - to replace existing assets	43,501	12827	545	1,119	57,991
Total projected investment	**86,492**	**33,571**	**23,824**	**1,119**	**145,007**

Over the ten-year period to 30 June 2034, total investment in renewals is expected to total $58.0 million compared with total depreciation expense of $92 million (63%). This reflects the following factors.

In recent years there has been very significant investment in water services assets in both the Kaikōura and Hurunui districts. Reasons have included:

- As a result of extensive damage, Kaikōura District Council carried out a significant renewal programme following the 2016 Kaikōura Hurunui earthquakes.
- Over the past few years, the Hurunui District Council has invested $24m in upgrading 16 of its 17 water treatment plants in order to comply with mandatory requirements relating to New Zealand Drinking Water Standards. This investment was carried out in a cost-effective manner, led by a newly established in house Project Management Office.[1]

Hence, the level of expenditure required over the period from 2024-2034 is lower than the long-term average.

[1] During 2025, the Hurunui District Council received the inaugural Taituarā "Award for Excellence in Cost Effective Impact" for its water safety (protozoa compliance) capital investment programme (https://taituara.org.nz/Article?Action=View&Article_id=687). The upgrade programme also won the Excellence in Water Project Award at the Institute of Public Works Engineering Australasia (IPWEA) Excellence Awards.

Some capital investment contributes to a combination of meeting additional demand, improving levels of service and replacing existing assets. Rather than splitting a specific investment between categories of expenditure, each acquisition has been assigned to one of these categories. In particular some investments which have been classified as improving levels of service or as being growth-related may also involve replacing existing assets. For example, a pipe may be replaced by a larger pipe due to growth.
The ratio of depreciation to the book value of infrastructure assets varies between 2.9% and 3.3% during the planning period, which is considered satisfactory having regard for the nature and expected useful lives of water services assets.

It is understood that the Commerce Commission is anticipating that WSCCOs for low growth areas will generate operating revenue of around 6% of the Regulated Asset Base. At this time, the methodology for calculating the Regulated Asset Base is yet to be determined. However, the ratio of Operating Revenue to the book value of the Infrastructure Assets is expected to range between 6.2% and 9.2% during the 2024-2034 period.

Funding and financing
Net debt on transition is expected to be $79.1 million. It is expected that net debt will peak at $130.6 million in 2032/33. Almost all of the opening water services debt reflects debt currently held by the Hurunui District Council which will be transferred into the WSCCO. This opening debt is largely attributable to the significant level of investment in water services assets in recent years. Other than the investment in water treatment plant upgrades, recent major investments in water services assets have included reticulation renewals, acquisition of land for stormwater retention, upgrade of the Amberely wastewater treatment plant pivot irrigator, an upgrade to the Hanmer Springs wastewater treatment plant and desludging of wastewater treatment ponds.

Metrics	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Net debt to operating revenue	396.8%	462.7%	467.8%	481.9%	448.8%	431.4%	423.6%	417.1%	366.0%	334.8%

As shown above, it is expected that the WSCCO's ratio of net debt to operating revenue will vary between 334% and 482% during the planning period. Communications received from LGFA to date have referred to an expected limit for net debt to operating revenue of 500% and current debt projections are well below that level.[2] However, LGFA is yet to announce the associated prudential criteria for water organisations of various sizes. In the unexpected event that the LGFA prudential limit is significantly lower than 500%, the shareholding councils would need to review the current proposal to ensure feasibility.

The ratio of finance costs to total operating revenue is expected to range between 16% and 20% between 2024/25 and 2033/34, which is considered satisfactory. The ratio of total debt to total assets varies between 25% and 36%, which reflects the recent major investments in water services assets and the long term nature of investment in water services assets. The ratio of total debt to total assets starts to decrease towards the end of the planning period. This reflects the level of investment and the increase in rates revenue in the later years.

The Hurunui District Council has requested officers to investigate obtaining a credit rating. LGFA has indicated that, where a major shareholding council holds a credit rating, the interest rate margins applicable to the WSCCO will reflect the credit rating.

It is recognised that in order for the WSCCO to access funding through the LGFA, it will be necessary for the Kaikōura District Council to become a guaranteeing authority. Kaikōura District Council has commenced work towards achieving this requirement.

[2] LGFA Fact Sheet (https://www.lgfa.co.nz/sites/default/files/2024-08/02.%20Factsheet%20-%20Financing%20for%20councils%20and%20water%20organisations.pdf).

Proposed delivery model

Proposed model to deliver financially sustainable water services

The proposed model to deliver water services

The purpose of this section is to succinctly describe the proposed delivery model, or arrangements for the future delivery of water services (including organisation structure, ownership and contractual arrangements).
In explaining how water services are proposed to be delivered, the Plan must set out:

- *The anticipated or proposed model or arrangements for delivering water services (including, whether the council or councils will continue to deliver water services in its district alone, or intends to enter a joint arrangement);*
- *How water services revenues will be ringfenced as separate and distinct from other council business.*
- *The following matters may also be included in this section*
  - *Why the proposed delivery model was selected and the benefits of this model;*
  - *Proposed revenue collection methods, how charges are set and how revenues will cover the costs of service provision.*

Councils will need to describe the anticipated or proposed model or arrangements in sufficient detail to enable an implementation plan to be developed and address the related sections regarding how the proposed model will impact regulatory compliance and financial projections.

The Hurunui and Kaikoura District Councils have agreed to work together to establish a Joint Water Services Council Controlled Organisation (WSCCO). The WSCCO will be 100% owned by the two Councils. It is expected that the shareholding will be based on the Net Asset Value contributed by the two Councils.

The organisation structure will be determined by the Board (which is currently expected to comprise five independent members). It is expected that on commencement of operations there will be a Chief Executive who will manage water services teams responsible for operations, project design and management and regulatory/administrative matters.

The WSCCO will be a separate legal entity. The finances of the WSCCO will be fully ring-fenced. In addition, it is expected that finances relating to the provision of water services will be separately ring-fenced within the WSCCO for services provided to the Kaikōura and Hurunui districts and the Ashley Rural Water Scheme (situated in the Waimakariri district).[3]

It is not expected that the finances will be harmonised between the Kaikōura and Hurunui districts in the first instance (at least during the first three years), although the matter of harmonisation may be considered at a later date. However, the Kaikōura District Council is currently investigating the harmonisation of finances for the water services within the Kaikōura District and could move to increasing harmonisation as early as 2026/27.

The WSCCO will deliver all water services for the Hurunui and Kaikōura District Councils. While most water services will be provided directly by the WSCCO, the WSCCO may enter into a shared services agreement with the respective shareholding councils for the delivery of some stormwater services on mixed-use land.

It is expected that the WSCCO will enter into shared service agreements with the Hurunui and/or Kaikōura district councils for the provision of a range of services including finance, customer services, information technology, human resources, and similar services.

The proposed delivery model was selected following community consultation with each of the Hurunui and Kaikōura districts. Reasons identified in the consultation documents included:

- Cost efficiencies through joint resourcing and procurement reducing costs to consumers over the long term
- Greater resilience in resourcing and service provision.

[3] The Hurunui District Council has an existing agreement with the Waimakariri District Council regarding the provision of water to households on the Ashley Rural Water Scheme. It is expected that, going forward, this will be novated to the WSCCO.

- The proposed WSCCO would take on the Councils' water services debt. This would ensure headroom for future projects.
- Establishing a WSCCO would align with central government expectations for the Local Water Done Well reforms. It could position the Council well to take advantage of future opportunities for working with others.
- A joint WSCCO would have independent directors appointed based on skills and competence. This may provide access to additional expertise.

The main sources of revenue for the WSCCO will be water services charges, development levies and fees/charges for specified services (e.g. new connections). It is currently anticipated that the WSCCO will invoice water users directly for services.

The methodology for setting charges will be determined by the Board, and will reflect regulatory obligations including:

- The WSCCO will spend the revenue it receives from providing water services on providing water services (including on maintenance, improvements, and providing for growth); and
- The WSCCO will ensure that the revenue it applies to the provision of water services is sufficient to sustain the provider's long-term investment in the provision of water services.

Working with others

The Hurunui District Council currently has shared services arrangements in place with the Waimakariri District Council:

- There is an agreement in place for the Hurunui District Council to supply water to properties on the Ashley Rural Water Scheme.
- The Waimakariri District Council carries out water services modelling services on behalf of the Hurunui District Council.

The Kaikōura and Hurunui District Councils and the WSCCO remain open to the possibility of working more closely with other territorial authorities regarding the provision of water services, whether by way of a water organisation or shared services agreements.

Implementation plan

Implementation plan

Implementing the proposed service delivery model

The council must give effect to the proposals or undertakings relating to the future delivery of water services that are identified in the councils' Plan. Plans must include an implementation plan that:

- *Sets out the process for delivering the proposed model or arrangements identified in the Plan; and*
- *If a council is proposing to continue to deliver water services itself, and not as part of a joint arrangement, the actions that the council will take to ensure its delivery of water services will be financially sustainable by 30 June 2028.*

The implementation plan must include:

- *The name of each council that commits to delivering the proposed model or arrangements;*
- *A process for delivering the proposed model or arrangements;*
- *A commitment to give effect to the proposed model or arrangements once the Plan is accepted; and*
- *The timeframes and milestones for delivering the proposed model or arrangements.*

The Hurunui and Kaikōura District Councils have committed to establishing and giving effect to a joint WSCCO once the Water Services Delivery Plan has been accepted by the Department of Internal Affairs.

The Councils have drafted a Commitment Agreement (based on the template on the Department of Internal Affairs website) which outlines the way in which the Councils will work together during the transition period. The Agreement is expected to be finalised shortly.

The two councils will work together to achieve the following milestones:

- Submission of the Water Services Delivery Plan to the Department of Internal Affairs - August 2025
- Council adoption of key documentation, including the Shareholders' Agreement and WSCCO Constitution – February 2026
- Establishment of the WSCCO legal entity and appointment of board - March 2026

- Completion of the Transfer Agreement – May 2026
- Agreement of the Statement of Expectations – June 2026
- Transfer of assets and liabilities, transfer of staff, and commencement of WSCCO operations - 1 July 2026.

Following the upcoming local government elections, a Reference Group will be established to oversee the implementation of the Water Services Delivery Plan. The group will comprise two councillors from each of the two councils, along with the two Chief Executive Officers.

- A Project Team has been established comprising the Chief Executives, Chief Financial Officers and Project leads within the two Councils. This group will work alongside staff within the councils who are involved in water services asset planning, asset management and operations and diverse support activities to implement the Water Services Delivery Plan. Specialist expertise will be accessed as and when required, e.g. legal, valuation, treasury, insurance

Additional guidance for joint Plans (and arrangements)

Each council that is proposed to be a party to the joint arrangement must be clearly identified in the joint plan.
Joint Plans must include:

- *A description of whether the joint arrangement will deliver:*
  - *All water services for all councils within the joint arrangement; or*
  - *All water services except for some or all services in relation to all the councils' stormwater networks; or*
  - *All water services for some of the councils, and all water services except for some or all services in relation to stormwater networks for other councils.*
- *Information on the likely form of the joint arrangement, including whether it is anticipated it will involve water services being delivered by:*
  - *A joint water services council-controlled organisation (WSCCO);*
  - *An arrangement described in section 137 of the Local Government Act 2002;*
  - *Another organisation or arrangement that the councils are considering.*
- *A joint Plan may also contain further information about the joint arrangement, including:*
  - *The ownership structure*
  - *The governance structure*
  - *The control and financial rights of each council in the joint arrangement.*

Consultation and engagement

Consultation and engagement

Consultation and engagement undertaken

The purpose of this section is to summarise consultation and engagement carried out in the development of the Plan. A council or group of councils must consult the community on its anticipated or proposed model or arrangement for delivering water services in its Plan. A council or groups of councils are not required to consult generally on a draft or final plan, but a council may choose to do so.
Any consultation the council undertakes must be in accordance with the consultation and decision-making requirements in sections 61 to 64 of the Act.
Further information on consultation is included in the ***Process guidance****.*

During April and May 2025, the two councils consulted their communities regarding options for the future delivery of water services in accordance with the requirements of sections 61 to 64 of the Local Government (Water Services Preliminary Arrangements) Act 2024.

Hurunui District Council consulted regarding two options (a joint WSCCO with Kaikōura District Council or an in-house business unit). Kaikōura District Council consulted regarding three options (a Joint WSCCO with Hurunui District Council, a single council WSCCO or an in-house business unit).

The views expressed in the written submissions were as follows:

Preferred option	Kaikōura District Council	Hurunui District Council
Joint WSCCO	9	25
In-house business unit	4	23
Single council WSCCO	0	n/a

Did not express a preference	1	5
Total	**14**	**53**

Six submitters made oral submissions to the Hurunui District Council. None of the submitters requested an opportunity to make an oral submission to the Kaikōura District Council.

On 13 May 2025, the Hurunui District Council passed a resolution indicating that its preferred option was to establish a joint WSCCO with the Kaikōura District Council. Kaikōura District Council passed the corresponding resolution on 28 May.

It is not proposed to consult the communities regarding the contents of the draft Water Services Delivery Plan (WSDP) as the proposed arrangement is in line with the proposal previously provided to the communities.

Assurance and adoption of the Plan

Assurance and adoption of the Plan

The Act requires that each Plan that is submitted to the Secretary for Local Government for acceptance must include a certification, made by the Chief Executive of the council(s) to which the Plan relates, that:

- *The Plan complies with the Act; and*
- *The information contained in the Plan is true and accurate.*

While the Act does not require Plans to be verified independently, to ensure that the information is true and accurate, Councils may wish to either seek independent advice to verify the accuracy of information provided in the Plan or assess their Plan in-house. While not a mandatory requirement, we recommend considering the matters set out below when certifying the Plan.

When certifying the Plan, the Chief Executive of the council(s) may include commentary on:

- *The levels of confidence in the underlying information included in the Plan. This could include comment on the level of confidence in regulatory compliance, asset condition, investment requirements, asset valuations or certainty around financial projections.*
- *Any material risks or constraints that may impact on the delivery of water services, the ability to implement the Plan or to achieve financially sustainable water services provision by 30 June 2028.*
- *Any assurance processes undertaken to verify the accuracy of information included in the Plan.*

The shareholding councils have taken a number of steps to ensure that the information provided in this plan is true and accurate based on available information:

- During the development of the Plan, advice was obtained from Castalia and Yule Alexander. The shareholding councils also met with the Department of Internal Affairs to discuss the development of the Water Services Delivery Plan.
- The Plan reflects the financial template provided by the Department of Internal Affairs which was populated with data from publicly available documents including the Long Term Plans 2024-2034.
- Prior to the submission date, the draft Water Services Delivery Plan was shared with the Department of Internal Affairs who provided preliminary general feedback, both relating to the financial model and relating to the commentary.
- Both Councils approved the draft Water Services Delivery Plan prior to submission.

With respect to the underlying information:

- The information contained in the shareholding councils' Long Term Plans 2024-2034 has been a key source of information for this Plan. The Long Term Plans were audited by Audit New Zealand on behalf of the Office of the Auditor General. The audit process included review of asset data and key assumptions underlying financial projections.
- Where available and appropriate, regard was had for relevant information sourced externally, such as the BERL projections of price movements for the water sector.
- Some of the data in the Plan has been sourced from the shareholding councils' Annual Reports, including data relating to regulatory compliance and asset valuations. The Annual Reports are audited. Councils' valuations of water services assets have been peer reviewed.

Key risks and assumptions associated with the delivery of this plan are outlined in the Additional Information section attached to this Plan. These include:

- Growth – If growth occurs significantly faster or slower than expected or in different locations, there is the possibility that planned capital and operating expenditure may not be sufficient to ensure planned levels of service are met.
- Regulatory change – This relates not only to legislation and other obligations associated with the Local Water Done Well programme, but also to the broader landscape of water services provision, including technical requirements. There is an ongoing risk that further regulatory change may require changes in the work programme, which could be either positive or negative.
- Asset information and valuations – Both councils have processes in place for regular updates of asset data. However, there is a risk that some information held in asset management systems may not fully reflect the actual age, condition and/or useful lives of underlying assets. This in turn could impact valuation and depreciation data.
- Price movements and interest rates – If capital and/or operating costs are significantly higher than projected, then it is likely that additional revenue would need to be obtained to ensure revenue sufficiency.
- Programme delivery – It is assumed that there will be sufficient capacity and capability (either internally and/or externally) to deliver the planned programme. In recent years, both councils have effectively managed and delivered the key components of their capital programmes.
- Natural disasters and climate change – As with much of New Zealand, there are potential vulnerabilities to a range of natural disasters. Both the Kaikōura and Hurunui districts were significantly impacted by the 2016 Kaikōura Hurunui earthquakes. Some anticipated impacts of climate change have been observed in some locations. The proposed work programmes have regard for the importance of enhancing and maintaining resilience.

In the event that there are major changes in the operating environment, it is likely that the Water Services Strategy and detailed work programme would be amended to address the key impacts.

Regarding the achievement of financially sustainable water services, the Hurunui District Council has been on a pathway towards fully funding depreciation on water services assets by the end of the current Long Term Plan period (2034). While Kaikōura District Council has not previously funded depreciation on water services assets, it has been its recent practice to fund renewals.

This Water Services Delivery Plan is based on models which assume that, once the WSCCO is established, its practice will be to phase in the full funding of depreciation over the period to 30 June 2034. This means that additional water revenue will be obtained for the Kaikōura District Council. It is anticipated that the Kaikōura District Council's ring-fenced account will have a significant positive balance by the end of 2034.

Council resolution to adopt the Plan

Councils must adopt their Plans by resolution. In order to demonstrate compliance with this requirement, it is expected that councils will include the resolution date and a copy of the decision to adopt the Plan. For a joint Plan, this resolution to adopt the Plan must be completed by each council to which the Plan relates.

The following resolution has been passed by both the Hurunui and Kaikōura District Councils:

- "That the Council adopts the attached Water Services Delivery Plan for submission to the Department of Internal Affairs".
- This resolution was passed by the Hurunui District Council on 5 August 2025 and by the Kaikōura District Council on 6 August 2025.

Certification of the Chief Executive of *[Council name]*

The Council Chief Executive can complete the following certification statement to demonstrate compliance. For joint Plans, this certification statement should be modified to certify only the information provided by the council in the preparation of the Plan, as opposed to all information included in the Plan.
For a joint Plan, a resolution to adopt the Plan must be completed by each council to which the Plan relates.
For a joint Plan, the certification statement must be made by the Chief Executive of each council to which the Plan relates, in respect of the information provided by that council.

I certify that this Water Services Delivery Plan:

- complies with the Local Government (Water Services Preliminary Arrangements) Act 2024, and
- the information contained in the Plan is true and accurate.

Signed:	_____	Signed:	_____
Name:	Will Doughty	Name:	Hamish Dobbie
Designation:	Chief Executive Officer	Designation:	Chief Executive Officer
Council:	Kaikōura District Council	Council:	Hurunui District Council
Date:	7 August 2025	Date:	7 August 2025

Part B: Network performance

Investment to meet levels of service, regulatory standards and growth needs

Investment required in water services

Serviced population

The purpose of this section is to succinctly describe:

- *Current population of the city or district (or combined city or districts) that the council (or councils) provide water services to;*
- *Current population within the city or district that does not receive water services; and*
- *The estimated future population that will require water services over the next 10-30 years.*

The following figures represent the projected serviced population and number of connections for water supplies for the joint WSCCO, which reflects water services provided in the Kaikōura district, Hurunui district and Ashley water scheme within the Waimakariri District. Because the Kaikōura and Hurunui districts include large areas of rural land, the number of connections varies between water, wastewater and stormwater services.

Projected serviced population - Total	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	18,914	19,246	19,558	19,879	20,208	20,541	20,882	21,228	21,580	21,942
Total residential connections	6,926	7,048	7,163	7,280	7,399	7,521	7,646	7,772	7,902	8,033
Total non-residential connections	4,752	4,836	4,915	4,996	5,078	5,161	5,247	5,334	5,423	5,513

Projected serviced population - Kaikōura	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	3,405	3,456	3,507	3,559	3,612	3,666	3,720	3,775	3,831	3,888
Total residential connections	2,129	2,160	2,192	2,224	2,257	2,290	2,324	2,358	2,393	2,428
Total non-residential connections	354	359	364	369	374	379	384	389	394	399

Projected serviced population – Hurunui excluding the Ashley Water Scheme	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	11,208	11,420	11,613	11,812	12,014	12,221	12,433	12,648	12,869	13,095
Total residential connections	4,797	4,888	4,971	5,056	5,142	5,231	5,322	5,414	5,509	5,605
Total non-residential connections	2,735	2,787	2,834	2,883	2,932	2,982	3,034	3,087	3,141	3,196

Plus Projected serviced population - Ashley water connections (from WDC)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	4,301	4,370	4,438	4,508	4,582	4,654	4,729	4,805	4,880	4,959
Total non-residential connections	1,663	1,690	1,717	1,744	1,772	1,800	1,829	1,858	1,888	1,918

Serviced areas

The purpose of this section is to succinctly describe:

- *The areas in the city or district that receive water services (agriculture/rural council owned water schemes that supply domestic drinking water to be included);*
- *The areas in the city or district that do not receive water services;*
- *Current levels of services and performance relating to water services currently provided (refer to non-financial DIA performance standards and council levels of service (LOS) performance measures); and*
- *The water services infrastructure associated with providing for population growth and development capacity.*

Populate the following table

Serviced areas (by reticulated network)	Water supply # schemes	Wastewater #schemes	Stormwater # catchments
Residential areas (If more than one identify separately)	Kaikōura: Kaikōura Urban Cohort, Ocean Ridge, Peketa, Oaro, East Coast Village Hurunui: Amberley, Cheviot, Culverden, Hanmer Springs, Waiau Township, Waipara Township	Kaikōura: services Kaikōura Urban & Ocean Ridge) Hurunui: Amberley, Cheviot, Greta Valley, Hanmer Springs, Hawarden, Motunau Beach, Waikari	Kaikōura: Kaikōura, Ocean Ridge Hurunui: Amberley and Hanmer Springs. Recently, consents have been obtained for Amberley Beach, Cheviot Culverden, Greta Valley, Gore Bay, Hawarden, Leithfield, Leithfield Beach, Motunau Beach, Rotherha, Waiau, Waikari, Waipara.
Non-residential areas (If more than one identify separately)	Kaikōura: Fernleigh Rural, Kincaid Rural, East Coast Rural. Hurunui: Amuri Plains Rural Water Supply, Ashley Rural, Balmoral Rural, Blythe, Waikari Basin, Kaiwara, Lower Waitohi, Hurunui #1, Waiau Rural, Parnassus	None	Kaikōura: None Hurunui: The Council does not generally provide stormwater services outside urban areas. However, there are some exceptions relating to outlets for stormwater which is sourced or passes through an urban area (e.g. Amberley Beach, Leithfield Beach, the coastal lagoons). The above excludes roadside drainage which is managed by the Roading team.
Mixed-Use rural drinking water schemes (where these schemes are not part of the council's water services network)	Kaikōura: Inland Road Subdivision, Kekerengu, Rakautara, Goose Bay Hurunui: Mt Lyford Village and the Hanmer Springs Engineers' Camp both have private water supplies which are not serviced by the Council. There are other very small private water supplies in the district.	n/a	n/a

Areas that do not receive water services (If more than one identify separately)	Kaikōura: Approximately 600 properties in the rural areas Hurunui: Claverley, other rural properties	Kaikōura: Approximately 1100 properties in the rural areas Hurunui: There are no reticulated wastewater services in other locations. The Long Term Plan includes provision for investigating the establishment of reticulated services in Culverden, Waiau, Rotherham, Waipara, and Scargill, but not for any associated implementation.	Kaikōura: Approximately 900 properties in the rural areas Hurunui: Other rural properties
Proposed growth areas • Planned (as identified in district plan) • Infrastructure enabled (as identified and funded in LTP)	Kaikōura: Planned - Vicarage Views subdivision, Seaview subdivision stage 3, Ocean Ridge Hurunui: Planned – The Clearing Development (Amberley), Amberley Retirement Village (Amberley), Riverside Springs/Woodbank South (Hanmer Springs), Morford Estate (Hanmer Springs), St James (Hanmer Springs – no consents, not known if likely to proceed).	Kaikōura: Planned - Vicarage Views subdivision, Seaview subdivision stage 3, Ocean Ridge Hurunui: Planned – The Clearing Development (Amberley), Amberley Retirement Village (Amberley), Riverside Springs/Woodbank South (Hanmer Springs), Morford Estate (Hanmer Springs), St James (Hanmer Springs – no consents, not known if likely to proceed).	Kaikōura: Planned - Vicarage Views subdivision stage 3, Seaview subdivision Hurunui: Planned – The Clearing Development (Amberley), Amberley Retirement Village (Amberley), Riverside Springs/Woodbank South (Hanmer Springs), Morford Estate (Hanmer Springs), St James (Hanmer Springs – no consents, not known if likely to proceed).

Additional information about growth

Growth rates for both the Kaikōura and Hurunui districts are low compared with our southern neighbours. Most of the growth in the Hurunui district is likely to occur in the southern part of the district, where it is projected that the population of Amberley will grow by 36% over the 10 year period from 2024-2034. It is expected that Kaikōura will grow by around 16% over the 10 year period 2024-2034. In order to ensure that water services assets are appropriately sized for future demand, the Hurunui District Council contracts the Waimakariri District Council to provide water modelling services. Many of the water services assets in the Amberley developments will be constructed by the developers and vested in Council.

The growth rate adopted by the Kaikōura District Council is in line with Statistics New Zealand. Hurunui District Council has adopted a growth assumption which assumes there is more growth than expected by Statistics New Zealand. In the event that growth occurs more quickly than expected, then assets constructed by developers may vest in the WSCCO earlier than expected and/or some growth-related projects may occur earlier than expected. Associated development contributions would also be received at a faster rate.

Levels of Service – Targets and performance for 2024/25

Both councils measure performance against the Department of Internal Affairs mandatory measures.

Kaikoura:

Measure – Water	2024/25 Actual	2024/25 Target	2025/26 Target	2026/27 Target	2027/28-33/34
The extent to which the water supply complies with Taumata Arowai standards	99%	100%	100%	100%	100%
The percentage of real water loss from networked reticulation systems	34%	< 30%	< 30%	< 30%	< 30%
The estimated average consumption of drinking water per day per resident (not all connections are metered)	355 litres	< 400 litres	< 400 litres	<400 litres	< 400 litres

The median response time to urgent callouts, being service failure, supply fault or contamination, from the time of notification to the time that service personnel attend the site	0.25 hours	< 2 hours	< 2 hours	< 2 hours	< 2 hours
The median resolution time to urgent callouts, being service failure, supply fault or contamination, from the time of notification to the time that the fault is resolved	< 1 hour	< 12 hours	< 12 hours	< 12 hours	< 12 hours
Median response times to non-urgent callouts (minor leaks and equipment maintenance)	0.5 hours	< 48 hours	< 48 hours	< 48 hours	< 48 hours
Median resolution time to non-urgent callouts	0.75 hours	< 1 week	< 1 week	< 1 week	< 1 week
The number of complaints received about drinking water clarity, per year per 1,000 connections	0.8	< 2	< 2	< 2	< 2
The number of complaints received about drinking water taste, per year per 1,000 connections	0	< 2	< 2	< 2	< 2
The number of complaints received about drinking water odour per year per 1,000 connections	0	< 2	< 2	< 2	< 2
The number of complaints received about drinking water pressure or flow, per year per 1,000 connections	3.1	< 5	< 5	< 5	< 5
The number of complaints received about drinking water continuity of supply, per year per 1,000 connections	0.9	< 2	< 2	< 2	< 2

Measure – Wastewater	2024/25 Actual	2024/25 Target	2025/26 Target	2026/27 Target	2027/28-33/34 Target
The number of sewage overflows, expressed per 1000 wastewater connections	1.1	0	0	0	0
Resource consents compliance (discharge from the wastewater system, measured by the number of actions taken against the Council in relation to those consents)					
- The number of abatement notices	0	0	0	0	0
- The number of infringement notices	0	0	0	0	0
- The number of enforcement orders	0	0	0	0	0
- The number of convictions	0	0	0	0	0
Fault response times Where the local authority attends to wastewater overflows resulting from a blockage or other fault in the wastewater system, the following median response times measured:					
The median attendance time to attend sewage overflows: from the time that the local authority receives notification to the time that service personnel reach the site.	0.21	< 1 hour	< 1 hour	< 1 hour	< 1 hour
The median resolution time: from the time that the local authority receives notification to the time that service personnel confirm blockage or other fault has been resolved.	1.25	< 24 hours	< 24 hours	< 24 hours	< 24 hours
Complaints and requests for service					
The number of complaints received about sewage ***odour***, expressed per 1,000 connections1	2.77	< 3	< 3	< 3	< 3
The number of complaints received about sewage ***system faults***, expressed per 1,000 connections	0	< 10	< 10	< 10	< 10
The number of complaints received about sewage system ***blockages***, per 1,000 connections	3.88	< 5	< 5	< 5	<5
The number of complaints received about the Councils (or the Councils service providers) ***response to the above issues***, per 1,000 connections	0	< 2	< 2	< 2	<2

Measure – Stormwater	2024/25 Actual	2024/25 Target	2025/26 Target	24/34-30/31 Target
The number of flooding events where water enters a habitable property per year	0	0	0	0
For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system	0	Less than 3	Less than 3	Less than 3
The number of abatement notices issued to the Council for non-compliance with resource consent conditions	0	0	0	0
The number of infringement notices issued to the Council for non-compliance with resource consent conditions	0	0	0	0

The number of enforcement orders issued to the Council for non-compliance of consent conditions	0	0	0	0
The number of convictions against the Council in relation to its resource consents	0	0	0	0
The median response time taken to attend a flooding event, from the time of notification to the time that service personnel reach the site	No flooding events	Less than 1 hour	Less than 1 hour	Less than 1 hour
The number of complaints received about performance of the stormwater system, expressed per 1,000 connections	0.333	Less than 3	Less than 3	Less than 3

Hurunui:

Measure – Water	2024/25 Actual	20242/5 Target	Target for 2033/34
Bacterial compliance (number of failed tests)	0	0	0
Protozoa compliance (number of compliant schemes	16 out of 17 are protected	All schemes have protozoa protection	All schemes have protozoa protection
The percentage of real water loss from networked reticulation systems	Real water loss 20.3%; Non-revenue water 22.1%	≤20%	≤20%
The estimated average consumption of drinking water per day per resident (not all connections are metered)	2023/4: 254.88l/person/ day across urban schemes	285l/person/ day across urban schemes	285l/person/ day across urban schemes
The median response time to urgent callouts, being service failure, supply fault or contamination, from the time of notification to the time that service personnel attend the site	1.9	≤3 hours	≤3 hours
The median resolution time to urgent callouts, being service failure, supply fault or contamination, from the time of notification to the time that the fault is resolved	2.6	≤4 hours	≤4 hours
Median response times to non-urgent callouts (minor leaks and equipment maintenance)	1	≤4 days	≤4 days
Median resolution time to non-urgent callouts	15	≤10 days	≤10 days
The number of complaints received about drinking water clarity, per year per 1,000 connections	15	≤10	≤10
The number of complaints received about drinking water taste, per year per 1,000 connections	4	≤20	≤20
The number of complaints received about drinking water odour per year per 1,000 connections	2	≤9	≤9
The number of complaints received about drinking water pressure or flow, per year per 1,000 connections	229	≤340	≤340
The number of complaints received about drinking water continuity of supply, per year per 1,000 connections	115	≤180	≤180
Total customer complaints per year per 1,000 connections	48.9	≤40	≤40

Measure - Wastewater	2024/25 Actual	2024/25 Target	Target for 2033/34
The number of dry weather sewage overflows, expressed per 1000 wastewater connections	3	≤2	≤2
- The number of abatement notices	0	0	0
- The number of infringement notices	0	0	0
- The number of enforcement orders	0	0	0
- The number of convictions	0	0	0

The median attendance time to attend sewage overflows: from the time that the local authority receives notification to the time that service personnel reach the site.	0.3 hours	≤2 hours	≤2 hours
The median resolution time: from the time that the local authority receives notification to the time that service personnel confirm blockage or other fault has been resolved.	1.5 hours	≤8 hours	≤8 hours
The number of complaints received about sewage ***odour***, expressed per 1,000 connections1	3	≤3	≤3
The number of complaints received about sewage ***system faults***, expressed per 1,000 connections	0	≤3	≤3
The number of complaints received about sewage system ***blockages***, per 1,000 connections	12	≤19	≤18
The number of complaints received about the Councils (or the Councils service providers) ***response to the above issues***, per 1,000 connections	0	0	0

Measure - Stormwater	2024/25 Actual	2024/25 Target	Target for 2033/34
The number of flooding events where water enters a habitable property per year	0	0	0
For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system	0	0	0
The number of abatement notices issued to the Council for non-compliance with resource consent conditions	0	0	0
The number of infringement notices issued to the Council for non-compliance with resource consent conditions	0	0	0
The number of enforcement orders issued to the Council for non-compliance of consent conditions	0	0	0
The number of convictions against the Council in relation to its resource consents	0	0	0
The median response time taken to attend a flooding event, from the time of notification to the time that service personnel reach the site	0	≤2 hours	≤2 hours
The number of complaints received about performance of the stormwater system, expressed per 1,000 connections	6.9	≤7 pa	≤7 pa

Assessment of the current condition and lifespan of the water services network

The purpose of this section is to describe:

- *Average age of network assets;*
- *Condition of network assets providing water services (include assessment of condition of assets, when condition assessment was last carried out, expected lifespan and quantity of backlog of renewals and maintenance); and*
- *Critical water services assets (if available).*

Kaikōura District – as at 30 June 2024	Drinking supply	Wastewater	Stormwater
Average age of Network Assets (value weighted)	26.8 years (average residual life is 29.3 years)	19.2 years (average residual life is 35.9 years)	27.8 years (average residual life is 49.6 years)
Critical Assets	The following assets have been identified as critical: • The Kincaid scheme surface intake (weir, infiltration gallery, suspended pipe river crossing)	The following assets have been identified as critical: • Power supplies and electrical systems • SCADA (system control and data acquisition) **7.3 Critical Assets** **Criticality Assessment Methodology**	The Kaikōura District Council's general definition of what is a critical asset is as follows:

	• Water supply bores for all other schemes, including the backup (alternative) bore for the Urban scheme • All pump stations • All water treatment plant facilities • Power supplies and electrical systems for all supplies • SCADA (system control and data acquisition) systems • Pumping mains from: Oaro, Peketa, Fernleigh, Ocean Ridge, Kaikōura Urban, East Coast	• Where the risks associated with asset failure are high, a higher level of pre-emptive management can be justified. Council has adopted the following approach towards determining the optimal level to which the assets should be managed. • The two key components to risk are probability and consequence. The probability of a failure is related to issues such as the asset's condition and any external environmental factors that may be relevant. The probability of failure can be established by investigating asset condition and the relevant external forces and quantifying the relationship between these factors and known failure mechanisms. • Work associated with quantifying failure probabilities can be considerable and the result of this work will have no of meaningful value if the assets under investigation are not significant to the wastewater system. • The criticality of an individual asset is based on the potential for a failure to effect service delivery and the extent of the resulting service disruption (i.e. number of people affected). systems • Main pump stations • Pressure mains • WWTP oxidation pond, pump station and infiltration beds	• *where there is potential for the asset to fail completely and the product of number of people affected, and the duration of the effect exceeds 250 person-days.* Applying this approach, there are no identified critical stormwater assets.
Above ground assets • Treatment plant/s • Percentage or number of above ground assets with a condition rating • Percentage of above –ground assets in poor or very poor condition	7 0%; condition assumed to be related to estimated residual life 18.9% by value*	1 0%; condition assumed to be related to estimated residual life 6.2% by value*	0%; condition assumed to be related to estimated residual life None
Below ground assets • Total Km of reticulation • Percentage of network with condition grading	209.4 km 0%; condition assumed to be related to estimated residual life	61.3 km 0%; condition assumed to be related to estimated residual life	18.1 km 0%; condition assumed to be related to estimated residual life

• Percentage of network in poor or very poor condition	12.2% by value*	0% by value*	0% by value*

Hurunui District – as at 30 June 2024	Drinking supply	Wastewater	Stormwater
Average age of Network Assets (Accumulated depreciation / Annual depreciation) as at 30 June 2024	Plant – 18.0 years Line – 34.6 years Point – 21.5 years Meters – 26.6 years Total – 28.2 years The above figures are as at 30 June 2024. Since then, the Council has commissioned a number of new water treatment plants. Accordingly, the average age of the plant will have decreased over the past year. However, the data as at 30 June 2025 is not available at this time.	Plant – 10.7 years Line – 32.0 years Point – 32.5 years Total – 25.3 years	Plant – 1.4 years Line – 20.7 years Point – 13.8 years Total – 18.9 years
Critical Assets (which HDC has considered to be those with a High or Very High criticality rating).	Identified – High and Very high criticality assets as at 30 June 2024 comprised 29.7% of non-depreciated asset value	Identified – High and Very high criticality assets as at 30 June 2024 comprised 32.6% of non-depreciated asset value	Identified – High and Very high criticality assets as at 30 June 2024 comprised 57.9% of non-depreciated asset value
Above ground assets **It has been assumed that the plant assets are above ground and the line, point and water meter assets are below ground.** • **Treatment plant/s** • **Percentage or number of above ground assets with a condition rating** • **Percentage of above –ground assets in poor or very poor condition*** ** It is noted that the confidence in the condition rating of the oldest assets for which data was previously imported from another system is lower than for the more recent assets.*	17 water treatment plants 100% 3.7%	7 99.9% 1.0%	n/a 100% 0%
Below ground assets • **Total Km of reticulation** • **Percentage of below ground network with condition grading** • **Percentage of below ground network in poor or very poor condition**	2,239.1km 100% 3.5% of non-depreciated value for the total of line, point and water meter assets	153.5km 100% 1.8% of non-depreciated value for the total of line, point and water meter assets	61.5km 100% 1.8% of non-depreciated value for the total of line, point and water meter assets

Additional information about asset condition

Kaikōura - Following the Kaikōura Hurunui Earthquakes in 2016, there were extensive replacements of underground infrastructure in the Kaikōura district. Hence the average of these assets is lower than it was prior to the earthquakes. Kaikōura District Council does not record condition information in the asset management database. Given the recent capital works, the risk that unplanned major capital expenditure will be required is considered low.

Hurunui - The above data for the Hurunui District Council is as at 30 June 2024. Since that time, the Council has commissioned several water treatment plant upgrades. The total cost of the upgrades to the 16 water treatment plants was $24 million. Accordingly, it is expected that the average age of the Hurunui water assets is now lower than it was as at 30 June 2024.

While many of the Hurunui pump station buildings are old, the pumps themselves are renewed according to a planned programme. Most have an element of remote control. The pumps are largely controlled by PLCs and have variable speed drives fitted to them.

The Hurunui reservoirs are in fair condition. There is a staff member dedicated to monitoring and maintenance of reservoirs. There is an ongoing renewal programme. There has been a reduction in contamination events over the past five years (a total of 2 incidents in the past 4-5 years).

All townships in the Hurunui area are metered. The team are in the process of selecting a smart system for metering and deployment of smart meters.
For the restricted supplies, the point of supply infrastructure is in good condition and there is an ongoing point of supply routine maintenance programme, which has two dedicated staff members dedicated to assessing and improving the point of supply infrastructure, e.g. backflow prevention measures and monitoring.
HDC has a reasonable amount of AC pipe which is coming to the end of its useful life, alongside the garnite pipe. HDC has a significant amount of polyetheline white stripe pipe (late 1970s and 1980s) that is prone to premature failure. The small pipe replacement programme, which has been operating for around six years, is progressively replacing the poor quality pipes for the modern equivalents.

Asset management approach

In this section, Plans must briefly describe the asset management approach being used or proposed for future delivery model, including capital, maintenance, and operational programmes for delivering water services. This may include:

- *Existing and proposed service delivery mechanisms;*
- *Existing and proposed asset management systems;*
- *Supporting asset management policy or framework; and*
- *Asset management maturity assessment (if available).*

1. Existing and proposed service delivery mechanisms

Existing service delivery mechanisms

Kaikōura:
The Kaikōura District Council owns water services assets and is responsible for asset management including renewals and upgrades. It is responsible for receiving and processing customer services requests. The monitoring, operation and physical maintenance of water services assets are contracted to the Council's 100% owned Council Controlled Organisation, Innovative Waste Kaikōura.

The Council contracts out work as required, including regular work requiring a local presence, one off projects and specialised work (e.g. system control and data acquisition (SCADA)) that needs to be undertaken by trusted specialist contractors. Water sampling is currently contracted out to Food and Health Environmental Ltd.

Hurunui:
The Hurunui District Council primarily provides water services through its in-house business units. The following activities are currently contracted out to other organisations:

- Modelling activities carried out by Waimakariri District Council on behalf of the Hurunui District Council

- Activities requiring specialist expertise not available within the Council
- Major capital works.

Waimakariri:
The Hurunui District Council is responsible for water delivery to properties on the Ashley Rural Water Scheme, which is situated in the northern part of the Waimakariri District.

Proposed service delivery mechanisms
It is proposed that all water services provided to the Kaikōura and Hurunui districts and the Ashley Rural Water Scheme will be provided by the new joint Water Services Council Controlled Organisation (provisionally named Kaikōura Hurunui Water Services Limited (KHWS)) which will be 100% owned by the Kaikōura and Hurunui District Councils.
It is anticipated that, while most services will be provided directly by the WSCCO, some services may be contracted back to either or both councils where this is the most efficient and effective approach. For example, at present, the maintenance of some stormwater assets in the Hurunui district council is carried out by the maintenance team which is responsible for the maintenance of reserves.
It is anticipated that the WSCCO will contract out services where appropriate, including where specialist expertise is required and for major capital works. At this time, it is expected that the Waimakariri District Council will provide modelling services to the WSCCO under a shared services agreement.

2. Existing and proposed asset management systems

Existing asset management systems
Kaikōura:
Kaikōura District Council has purchased the ADAPT AMS. To date, it has only been partially implemented, and hence the Council is also reliant on asset management processes based on spreadsheet data relating to water services assets.

Hurunui:
Water services asset data is primarily stored in the AssetFinda system (e.g. information about acquisition, disposal, age, location materials, value etc). Three waters tasks, such as inspection, testing, and maintenance and sampling records relating to assets are recorded in Water Outlook. Water Outlook is also used for some regulatory reporting, e.g. monthly and annual reports to Taumata Arowai and flow reporting and discharge reporting to Environment Canterbury.

Other software used by the Hurunui District Council in relation to three waters assets and activities includes: Datran (aggregates data from remote sites, provides performance information relating to plant operation and exceptional plant alarms), CSVue (consent data and compliance activities), Laserfiche (document repository system), CarryMap (field GIS system) and PowerBI (reporting). The Council has recently transitioned from MagiQ to Datascape ERP.

Proposed asset management systems
It is expected that once the joint WSCCO is in operation that the water services asset management data will be amalgamated onto a single software platform (yet to be determined).

3. Supporting asset management policy or framework

Existing
Kaikōura:

The Long Term Plan 2024-2034 for the Kaikōura District Council includes an Infrastructure Strategy which is supported by the Asset Management Plans for Water Services, Wastewater Systems and Stormwater Systems. The Council has an Asset Management Policy which sets out some of the key principles and responsibilities associated with Asset Management. The following bylaws are in place within the Kaikōura district: Water Supply Bylaw 2021, Drainage Bylaw 2001, Trade Waste Bylaw 2022.

Hurunui:
The Long Term Plan 2024-2034 for the Hurunui District Councils includes an Infrastructure Strategy which is supported by the Activity Management Plans for Water, Wastewater and Stormwater. The asset management policy and framework are reflected in the Activity Management Plans.

The Council adopted an Asset Management Policy in 2020, some parts of which are no longer current. The current Three Waters Bylaw 2019 is due for review (The Council has delayed progressing the update awaiting the likely future direction for water services). There is also a Three Waters Policy which accompanies the bylaw.

Proposed**:**
The WSCCO will be required to prepare a Water Services Strategy as soon as possible after establishment. The shareholding councils will be responsible for providing comments on and approving the Water Services Strategy. They may also require the WSCCO to modify the Water Services Strategy.

Prior to the establishment of the first Water Services Strategy for the WSCCO, the councils' long Term Plans will continue to apply.

The Water Services Strategy will outline the WSCCO's strategy for managing water services infrastructure assets over a period of at least 30 years. It will include information about capital and operating expenditure associated with managing assets and information about significant decisions relating to capital expenditure.

It is expected that the WSCCO will develop a policy relating to Asset Management. The Kaikōura and Hurunui District Councils will continue to maintain bylaws relating to water services.

4. Asset Management Maturity Assessment
Kaikōura: The latest assessment showed that Kaikōura District Council's asset management was at the upper end of the 'Basic' IIAM maturity category (39%)
Hurunui: The Hurunui District Council last carried out an asset management maturity assessment in October 2014, and hence it is no longer current. This related only to water supplies.

5. Capital Programming
Existing:
The capital programme contained in the Long Term Plans reflects the assessments carried out as part of the development of the Activity/Asset Management Plans. Having regard for resource constraints, it is necessary to prioritise capital works. The resulting proposed plan is consulted on as part of the consultation on the Long Term Plan. Once submissions have been considered, the councils finalise the capital works programme.
While not ideal, from time to time, there is a need to carry out capital works which have not been included in the councils' Long Term Plans. Where more than minor, a report is provided to the council which approves any such works.

Proposed:
It is expected that the 10 year capital programme will be outlined in the WSCCO Water Services Strategy. It is anticipated that the councils and the WSCCO will engage regarding matters relating to mixed-use assets.

6. Other Matters relating to Asset Management

The Hurunui District Council adopts an activity based approach to asset management. Accordingly, it identifies risks which could affect the achievement of the targeted levels of service and develops approaches to manage these risks. In some cases, the approaches involve infrastructure projects (included in the Long Term Plan), but management strategies may also include operating expenditure and/or enhancements to processes, such as maintenance activities. The approaches to managing the key risks are detailed in the Activity Management Plans.

Statement of regulatory compliance

The purpose of this section is to describe: :

- *Any significant resource consents held by the council or councils, the type of consent, and their expiry date;*
- *Any expired consents that are currently being renewed under section 124 Resource Management Act 1991;*
- *Any active resource consent applications;*
- *Whether and to what extent water services comply with current regulatory requirements;*
- *Whether and to what extent water services will comply with any anticipated future regulatory requirements;*
- *Whether any water services are not expected to comply with current regulatory requirements or are not expected to comply with any anticipated future regulatory requirements, and if so:*
  - *A description of the actual or potential non-compliance; and*
  - *A description of how the proposed delivery model or arrangements provided under the Plan will assist to ensure water services will comply.*

It is expected that in this section, Plans will also describe how the Plan ensures that the council (or councils for a joint Plan) will meet all relevant regulatory quality standards for its water services.

Kaikōura:

Parameters	Drinking supply schemes	Wastewater schemes	Stormwater Schemes/catchments
Drinking water supply • Bacterial compliance (E.coli) • Protozoa compliance • Chemical compliance • Boiling water notices in place • Fluoridation • Average consumption of drinking water • Water restrictions in place (last 3 years) • Firefighting sufficient	 100% for 2024/25 100% for 2024/25 98.8% for 2024/25 Nil The Kaikoura urban scheme will be fluoridated if required and if external funding is provided 270 l/person/day for 2024/25 No restrictions Firefighting sufficient in urban areas.	n/a	n/a

Resource Management
• Significant consents (note if consent is expired and operating on S124) – None has expired.
 	
• Expire in the next 10 years
• Non-compliance:
  • Significant risk non-compliance
  • Moderate risk non-compliance
  • Low risk non-compliance
• Active resource consent applications
• Compliance actions (last 24 months):
  • Warning
  • Abatement notice
  • Infringement notice
  • Enforcement order
  • Convictions
	Water supply take - 10
	Water discharge - 0
	
	0
	0
	0
	1
	
	0
	
	0
	3
	0
	0
	0
		Wastewater discharge water/land/air - 6
		Network – 0
		1
		2
		1
		3
		
		3 Effluent storage, discharges to air and into land
		0
		0
		0
		0
		0
			Stormwater discharge - 1
			Network - 0
			
			6
			0
			0
			1
			
			0
			
			0
			1
			0
			0
			0

Hurunui:

Parameters	Drinking supply Schemes	Wastewater schemes	Stormwater Schemes/catchments
Drinking water supply • Bacterial compliance (E.coli) • Protozoa compliance • Chemical compliance • Boling water notices in place • Fluoridation • Average consumption of drinking water	93.2% for 2024/25 79.2% for 2024/25 It is noted that a number of water treatment plant upgrades were completed during 2024/25, which will improve compliance in the coming year. 100% for 2024/25 There are currently two boil water notices in place (1 permanent notices – Kaiwara and 1 temporary boil water notice for the Balmoral water scheme). The water supplies are not fluoridated as it is not mandatory at this time. 2023/4: 254.88l/person/day across urban schemes based on 2.5 people per connection in urban areas (lower in rural areas).	n/a	n/a

• Water restrictions in place (last 3 years) • Firefighting sufficient	2023/4: Water restrictions over the past 3 years – 9 (some were for short periods to allow for firefighting activities). Last year, the longest was for Ashley 145 days due to Ashely River flows being constrained by consent. A recent assessment showed that Culverden was non-compliant. Council has approved expenditure, and it is expected it will be compliant shortly. There are some minor pockets of non-compliance elsewhere, for which no change is currently programmed as it is minor.		

Resource Management
• Significant consents (note if consent is expired and operating on S124)
 	
• Expire in the next 10 years
 	
• Non-compliance:
  • Significant risk non-compliance
  • Moderate risk non-compliance
  • Low risk non-compliance
 	
• Active resource consent applications
 	
• Compliance actions (last 24 months):
  • Warning
  • Abatement notice
  • Infringement notice
  • Enforcement order
  • Convictions
	Water supply take – 24 active
	Water discharge – 3
	Water – disturb beds - 4
	
	12 (to August 2035)
	
	2023/24:
	3%
	7%
	90%
	
	0
	
	0
	0
	0
	0
	0
		Wastewater discharge water/land/air – 12 active and 1 inactive
		Other 3
		
		8
		
		6%
		41%
		53%
		
		3
		
		0
		0
		0
		0
		0
			Stormwater discharge – 15 active and 1 inactive
			Network – 24 active and 1 inactive
			
			4
			
			0%
			3%
			97%
			
			0
			
			0
			0
			0
			0
			0

More information regarding compliance

- The Director General of Health has not directed either the Hurunui or Kaikōura District Councils to implement fluoridation of water supplies. Accordingly, neither council has made provision for this in the Long Term Plans.

Kaikōura Wastewater

- The Council received an abatement notice from Environment Canterbury (ECan) on 5 April 2022 for unconsented discharges at the Kaikōura wastewater treatment plant. The main concern was not having current consents for storage and dewatering of sludge that had to be removed from the treatment ponds to keep them functioning properly. That notice was cancelled by ECan on 10 October 2022 after actions by KDC.

- ECan then issued a further three abatement notices on 7 June 2023 related to the existing consents and issues pertaining to a historical unconsented discharge, completion of an odour management plan, pond management, completeness of records, and frequency of monitoring. An action plan was provided to ECan on 29 June 2023 and accepted by them on 6 July 2023 for actions to be carried out in the 2023-2024 and 2024-2025 years.
- ECan are satisfied with progress made by the Council to resolve the above issues and have provided an extension to allow the Council to apply for new resource consents.

Hurunui:

- The Hurunui District Council is now fully compliance with the Drinking Water Standards except for the Balmoral water scheme for which the Council is awaiting decisions by Taumata Arowai regarding acceptable solutions. The Long Term Plan includes provision for the necessary work once a decision is made.
- The Hurunui District Council has minor non-compliances regarding water take, wastewater discharge consents. The Long Term Plan includes projects aimed at addressing these issues, including seeking consents to increase water takes to cater for population growth and work at the Hanmer Springs Water Treatment Plant (2026/27). A multi-year project for the Cheviot wastewater plant will reduce short circuiting in the existing ponds and improve settlement times.
- Regarding stormwater consents, the Hurunui District Council has recently been granted a global stormwater discharge consent for 13 residential areas and is currently in the process of establishing routine maintenance practices, infrastructure installation such as autosamplers, and is looking to activate the consent when the relevant pre-work has been completed. It is generally compliant with the Amberley and Hanmer Springs global SW consents. There have been minor non-compliances which have been addressed by adapting routine monitoring and maintenance practices.
- Regarding the consent for the Cheviot wastewater irrigation field, after many years of being assessed as compliant, the Council was recently advised that the methodology used to calculate the irrigation rate for the discharge field needed to incorporate additional data. The requisite data is now being collected and it is expected that there will be a return to full compliance in the coming year.
- Another area of technical non-compliance at this time is that Ecan currently requires reporting on wastewater consents to occur intermittently during the year. These reports are prepared by an external consultant (PDP). Accordingly, for reasons of cost savings and efficiencies, the Council has been submitting all of its annual reports at the same time. Rather, than modify the timing of reports, the Council is in the process of seeing consent variations to adjust the reporting timeframes to ensure future compliance.

Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements

In this section, it is expected that Plans will highlight significant capital projects included in projected investment requirements. Significant projects are those that will achieve compliance, LOS, and enable growth. They should also include significant renewals and upgrades of the networks.

This section should include projects that may not currently be identified in the Long-Term Plan but are deemed to be a significant project over the following 20 years.

In this section, Plans must provide details on the capital expenditure required (for a period of not less than 10 consecutive financial years starting with the 2024-25 financial year) to deliver water services and ensure that water services comply with regulatory requirements.

In describing the capital expenditure required over 10 years to deliver water services, it is expected that councils will ensure that the level of investment:

- *Meets existing and proposed levels of service;*
- *Enables the operation, maintenance and renewal of network assets;*
- *Meets regulatory requirements; and*
- *Provides for growth to the extent it supports the council's housing growth and urban development, as specified in the council's current Long-Term Plan.*

Councils may refer to their 30-year Infrastructure Strategy, where proposed investment outside of the 10-year Plan period will respond to or have a material impact on the matters set out in the bullet points above.

Councils are encouraged to comment on:

- *How the proposed investment leads to an uplift (or maintains) the current level of service; and*
- *Benefits to communities from the proposed level of investment in terms of levels of service, compliance with regulatory requirements and providing for growth.*

Projected investment in water services - combined	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34		FY33/34
Drinking water												
Capital expenditure - to meet additional demand	3,460	1,941	997	1,287	748	694	718	2,292	2,218	879		15,234
Capital expenditure - to improve levels of services	3,547	2,631	1,935	1,388	127	167	7,339	9,123	1,442	59		27,758
Capital expenditure - to replace existing assets	4,674	8,116	3,952	4,592	2,740	2,829	4,665	3,015	4,573	4,346		43,500
Total projected investment for drinking water	11,681	12,688	6,884	7,267	3,615	3,689	12,721	14,430	8,233	5,284		86,492
Wastewater												
Capital expenditure - to meet additional demand	750	820	726	853	764	1,178	799	816	834	1,694		9,234
Capital expenditure - to improve levels of services	1,201	3,793	187	1,681	135	4,169	88	84	85	87		11,510
Capital expenditure - to replace existing assets	944	1,495	1,592	1,901	927	766	470	894	3,222	616		12,827
Total projected investment for wastewater	2,895	6,108	2,505	4,435	1,825	6,113	1,356	1,794	4,141	2,398		33,571
Stormwater												
Capital expenditure - to meet additional demand	658	674	692	711	728	745	762	778	795	812		7,356
Capital expenditure - to improve levels of services	2,037	1,567	1,639	3,045	1,317	1,439	1,326	1,480	1,123	950		15,924
Capital expenditure - to replace existing assets	5	111	379	5	8	6	8	9	6	8		545
Total projected investment for stormwater	2,700	2,352	2,711	3,761	2,052	2,190	2,096	2,268	1,925	1,770		23,824
Corporate												
Capital expenditure - to meet additional demand	0	0	0	0	0	0	0	0	0	0		0
Capital expenditure - to improve levels of services	0	0	0	0	0	0	0	0	0	0		0
Capital expenditure - to replace existing assets	0	0	121	81	105	396	139	106	103	68		1,119
Total projected investment for corporate assets	0	0	121	81	105	396	139	106	103	68		1,119
Total projected investment in water services	17,276	21,148	12,221	15,544	7,598	12,388	16,312	18,598	14,401	9,520		145,006

These figures are in line with those in the shareholding councils' Long Term Plans 2024-2034, adjusted for the assumptions detailed in Part A above.

The Additional Information section of this document lists the significant capital projects reflected in the above figures.

Regarding expenditure beyond 10 years, the following are taken from the respective councils' Infrastructure Strategies 2024-2054 (i.e. are as at 30 June 2024). The figures in years 1-10 differ slightly from those indicated elsewhere in the plan due to the differing underlying assumptions. It is noted that the Hurunui District Council figures have been inflation adjusted, while the Kaikōura District Council figures are in year 1 dollars.

Kaikōura:

Not Inflation Adjusted	***Years 1-5***	***Years 6-10***	***Years 11-15***	***Years 16-20***	***Years 21-25***	***Years 26-30***	***Total***
Water	2,555,838	3,535,343	3,570,646	2,725,349	2,986,027	2,799,234	18,172,438
Wastewater	2,441,114	1,734,371	1,699,952	4,580,305	1,323,677	1,867,826	13,647,244
Stormwater	120,000	50,000	50,000	85,978	50,000	747,945	1,103,923

Hurunui:

Inflation adjusted	**Years 1-5**	**Years 6-10**	**Years 11-15**	**Years 16-20**	**Years 21-25**	**Years 26-30**	**Total**
Water	40,319,739	41,840,255	39,869,996	32,678,698	44,789,026	67,878,305	**267,376,019**
Wastewater	20,772,654	17,476,204	23,361,326	38,518,535	64,585,109	91,155,268	**255,869,095**
Stormwater	13,447,070	10,188,736	8,385,046	10,014,613	5,567,951	11,979,195	**59,582,611**

The renewal profile for assets in the Hurunui district (reflected in the above table) will change once the water treatment plant upgrades which have been completed in 2024/25 are added to the model. The new assets will require regular renewals.

Historical delivery against planned investment

To demonstrate delivery against planning investment, councils are requested to disclose historical actual investment spend on water services infrastructure against planned investment.

Councils are encouraged to confirm if:

- *The level of investment that was delivered against what was provided for in the relevant Long-Term Plan;*
- *Any constraints on delivery that impacted historical actual investment;*
- *Any steps taken to improve future delivery against the Plan; and*
- *Peaks in future years and approach to accommodate and deliver on the planned investment.*

Combined:

Delivery against planned investment ($000s) – Combined	Renewals investment for water services				Total investment in water services			
	FY2024/25 (Estimated)	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	5,623	17,849	4,689	28,161	17,276	40,259	12,910	70,445
Total actual investment	5,532	22,239	12,430	40,201	14,477	55,367	27,899	97,743
Delivery against planned investment (%)	98%	125%	265%	143%	84%	138%	216%	139%

Kaikōura:

Delivery against planned investment ($000s) – Kaikōura	Renewals investment for water services				Total investment in water services			
	FY2024/25 (Estimated)	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP) *	597	1,178	1,028	2803	828	2,320	1,795	4,943
Total actual investment	1,331	1,006	342	2679	1,728	2,191	1,142	5,061
Delivery against planned investment (%)	**223%**	**85%**	**33%**	**96%**	**209%**	**94%**	**64%**	**102%**

- Due to the 2016 Hurunui Kaikōura earthquake, there was no Long Term Plan in place during the FY18/19-FY20/21 period. There was, however, a three year plan for the period 2018-2021. The above figures reflect that very substantial previously unplanned investments were made both for three waters and other infrastructure following the 2016 earthquake. Accordingly, it was not appropriate to implement the programme which had previously been planned.
- Delivery has progressively become better organised since 2020. Expenditure in 2024/25 is currently well aligned with plan despite significant additional developer-funded investment.

Hurunui:

Delivery against planned investment ($000s) - Hurunui	Renewals investment for water services				Total investment in water services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total excluding 2024/25	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total excluding 2024/25
Total planned investment (set in the relevant LTP)	5,026	16,671	3,661	25,358	16,448	37,939	11,115	65,502
Total actual investment	4,201	21,233	12,088	37,522	12,749	53,176	26,757	92,682
Delivery against planned investment (%)	**84%**	**127%**	**330%**	**148%**	**78%**	**140%**	**241%**	**141%**

In some cases the over-delivery is at least partly attributable to Annual Plans differing from the earlier Long Term Plans. In addition, the Council received COVID-19 Stimulus Funding which assisted with progressing some renewals more quickly than would otherwise have been the case.

1. **Any constraints on delivery that impacted historical actual investment;**

Investments between 2020 to 2022 were significantly affected by various constraints, largely due to the COVID-19 pandemic. The pandemic led to major disruptions in supply chains, causing delays in the delivery of essential components and materials. Additionally, the economic stimulus measures introduced in response to the crisis increased demand in multiple sectors, which further exacerbated the strain on supply chains and reduced contractor availability. These factors, including material shortages, logistical issues, and workforce limitations, caused project delays and cost escalations.

2. Steps taken to improve future delivery against the Plan; and

In February 2019, the Hurunui District Council established an internal Project Management Office with responsibility for delivery of various capital projects including most three waters capital projects. This has contributed to an improvement in delivery against plans compared with earlier LTPs

From time to time, access to experienced and qualified electrical contractors has introduced minor delays to the delivery of projects. During part of this period, the Council has employed in house qualified electrical expertise. In addition the Long Term Plan includes provision for a trainee to support this activity.

3. **Peaks in future years and approach to accommodate and deliver on the planned investment**

A strategic approach has been taken with the 2024-2034 LTP to ensure the capital programme is balanced to match the recourse available for this to be delivered. The current peak is planned for 2025/26 financial year which the programme has already been reviewed and we are confident we have the current workforce as well as wider suppliers available to deliver the planned investment. If project demands change then the Council has consultants available which it has used in the past to assist with delivery.

For the water activity, it is currently projected that there will be significant renewals of water assets in years 30 onwards. It is anticipated that, by the time this period is reached, that there will have been some smoothing such that the renewals will occur over a period of several years.

Additional guidance for Statement of Regulatory Compliance

Regulatory compliance includes meeting drinking water standards, resource consents for water takes and discharges, wastewater discharge consents (land, air, odour amongst others), stormwater discharge consents and network consents (do not include land use consents or temporary structure consents).
Current or future regulatory requirements includes:

- *When a system is nearing non-compliance or experiences frequent non-compliance with conditions (for example, nearing level of service, capacity constraints) and consent unlikely to be renewed in current form without investment in water services assets, and systems.*
- *Existing consents may have been in place for many years, and it is expected when they are renewed that regulatory requirements are likely to be changed significantly to align with newer consent conditions.*
- *Existing consent conditions are unlikely to meet community or iwi expectations therefore will need to be amended to accommodate.*

Confirm if:

- *You are delaying wastewater consent replacements and waiting for new regulatory wastewater standards;*
- *There are any issues with water take/source consents or implementation of water safety plans and associated improvement works (for example, need new water source); and/or*
- *The investment plan includes fluoridation installation or associated upgrades, (under the Health Act 1956).*

    - Neither council is delaying wastewater consent replacements while awaiting new regulatory wastewater standards. The Hurunui District Council Long Term plan includes provision for investigations and enabling works associated with renewing wastewater consents for the Hawarden, Waikari, Cheviot, Motunau Beach and Greta Valley wastewater treatment ponds. In the event that the standards which are currently being promulgated are adopted, some of the capital investment provided for in the Hurunui District Council's Long Term Plan (and reflected in this document) may no longer be required.
    - It is expected that in areas with higher growth, particularly Amberley, there will be a need for additional water take/source consents in future years to accommodate increasing demand. The Long Term Plan includes provision for work on additional water sources for Amberley.
    - At this time, neither council has been directed by the Director General of Health to implement fluoridation of water supplies. Accordingly, there is no provision in the Long Term Plans of either Council, nor in this Plan, for this to occur.

Part C: Revenue and financing arrangements

Revenue and charging arrangements

Revenue and charging arrangements

Charging and billing arrangements

It is expected that this section will describe how consumers will be charged for water services, including:

- *How water services are currently charged for each supply scheme/catchment;*
- *How water services are proposed to be charged for each supply scheme/catchment;*
- *Any changes between current and future charging mechanisms; and*
- *How the revenue from water services will be separated from the council's other functions and activities*

How water services are currently charged for the Council's schemes/catchments

Both councils charge for water services using a mix of targeted rates, development contributions and user fees and charges. Neither uses general rates to fund water services.

Both councils include rates on the quarterly rates demand and invoice for user fees and charges and development contributions.

1. Charging and collection methodology

Existing - Kaikōura:

(a) Targeted rates – Water

The following rates are levied as a fixed charge per separately used or inhabited part of a rating unit based on the scheme a property is connected to:

- Kaikōura urban water scheme
- Ocean Ridge
- Oaro
- Peketa

The following rates are levied as a fixed charge per unit of water. The volume of water comprising a water unit varies between the schemes:

- Suburban water scheme (1,000 litres per day)
- Kincaid (1,000 litres per day)
- Fernleigh (1,000 litres per day)
- East Coast Rural (1,800 litres per day)
- East Coast Village (1,800 litres per day)

For the Kaikōura and Ocean Ridge schemes, there is a differential based on whether a property is connected to the scheme, or whether it is not connected but situated within 100 meters of these schemes. The later pay 50% of the relevant fixed rate.

For the Kaikōura water scheme, there is a further rate which is levied as a fixed amount per cubic meter of water usage which exceeds 365m^3 per annum (or 183m^3 per six months as read). In addition, for properties with a water meter, there is a fixed rate per meter which helps fund the cost of reading, maintaining and renewing water meters.

In addition to funding the net costs of the supply, treatment, upgrading and maintenance of the Kaikōura water cohort, which includes the Kaikōura Urban water supply, the Kaikōura water rate partially subsidises the net costs of the Suburban, Ocean Ridge, East Coast village, Peketa, and Oaro water supplies.

(b) Targeted rates – Sewerage

A targeted rate is levied as a fixed rate for the first water closet all rateable properties connected to the Kaikōura sewerage system (which includes the Kaikōura township, South Bay, Ocean Ridge, and parts of the Kaikōura flats). Where a property is situated within 100 meters of the Kaikōura sewerage system but is not connected, it is levied 50% of the fixed rate.

The following types of properties pay fixed rates for additional water closets/pans:

- Self-contained and serviced - All rateable properties connected to the Kaikōura sewerage system, and used principally for short term accommodation, but limited to those properties with motel-type units, including motels, motor lodges, motor inns, motel apartments, serviced apartments.
- Commercial - All rateable properties within the Kaikōura urban area used principally for commercial and/or industrial purposes, or which are licenced premises, or are used for short term accommodation (excluding properties which are classified as "self-contained and serviced".

A sewerage loan rate is levied based on capital value for all rateable properties within the area serviced by the Kaikōura sewerage system (which includes the Kaikōura township, South Bay, Ocean Ridge, and parts of the Kaikōura flats), or within 100 metres of any part of that system.

(c) Targeted rates – Stormwater
Properties situated in the Kaikōura urban area are levied a stormwater rate based on capital value.

(d) User fees and charges
The Council's Fees and Charges Schedule details fees and charges for specific services. These include (but are not limited to):

- Water unit charges - Applies to purchase of new units of water. These charges are in addition to service approval fees and development contributions (if any).
- Service Approval fees - Apply to each of water, wastewater, and stormwater services
- Change in restrictor size - Applies to either an increase or a reduction in the size of restrictor
- Physical works - All costs associated with connection, shifting location, or other physical work related to water supply such as pipes, toby, restrictor, backflow preventer, meter, and any other components
- Meter reading fee (extra) - Applies to any meter reading required to be taken outside the usual meter reading schedule (such as a final meter reading)

(e) Development contributions
The Development Contributions Policy outlines the methodology used to levy development contributions. The following development contributions may be assessed in respect of water services:

Catchment	Catchment includes	How charged
Water – Kaikōura urban	Kaikōura urban area including Kaikōura township, South Bay, and Suburban area, but excluding Ocean Ridge	Per HUE
Water - Ocean Ridge		Per HUE
Water - Fernleigh		Per HUE
Water - Peketa		Per HUE
Water - Oaro		Per HUE
Water - Kincaid scheme		Per water unit
Water - East Coast scheme	East Coast scheme (including Clarence)	Per water unit
Sewerage - Kaikōura urban area	Kaikōura urban area (including Ocean Ridge) and including the Suburban area where the Kaikōura wastewater scheme is available to be connected	Per HUE
Sewerage - Fernleigh		Per HUE
Stormwater - Kaikōura urban area	Kaikōura urban area (including Ocean Ridge)	Per HUE

Existing - Hurunui:

(a) Targeted rates - Water
Water rates fund district wide water and the Balmoral water scheme. Only properties which are connected to or in close proximity to Council water schemes are rated for this service.

Some properties receive water on demand, while others are on restricted supplies.

All serviced/serviceable properties pay a fixed charge. Properties which have the ability to connect to an on-demand supply but are not connected (e.g. vacant sections) are charged half the 1/2 the standard connection charge.

Those connected to an on-demand supply are charged a standard charge for each cubic metre of water as recorded by individual water meters. At this time, water meters are read annually, although water meter reading may increase in frequency during the 10 year planning period (e.g. following installation of new water meters). The water rates are paid in the year following the year of usage, and are spread over the four quarters.

For all restricted supplies, except Balmoral, there is a common district wide charge per unit of water reserved (whether or not utilised). Charges are based on charged based on the volume of water supplied to a rating unit in the previous year.

The Balmoral rural water scheme is funded separately due to the significantly different cost structure associated with the scheme. A fixed charge is set differentially based on availability of service and based on the number of units of water reserved for availability to a rating unit, whether or not utilised.

(f) Targeted rates – Sewerage

Only properties which are connected to or in close proximity to Council sewerage schemes are rated for this service. There is a fixed charge per connection. Properties that have the ability to connect but are not connected (e.g. vacant sections) are charged half the 1/2 the standard connection charge. Rating units which are not connected to the schemes and which are not serviceable are not liable for this rate.

A targeted rate set differentially based on the number of water closets (toilets) or urinals in excess of one per separately used or inhabited part of a rating unit. A residence of not more than one household is deemed to have one water closet.

(g) Targeted rates – Stormwater/Drainage

Stormwater and drainage rates are applied to all rateable land in the district on a fixed charge per separately used or inhabited part of the rating unit. The rates are set on a differential basis based on whether the land is categorised as "urban" and "rural". Rates assessed on urban properties make up 90% of the total required stormwater rating requirement, while the rates assessed on rural properties make up the remaining 10% of the total stormwater rating requirement.

(h) User fees and charges

The Council's Fees and Charges Schedule details fees and charges for specific services. These include (but are not limited to):

- New connections
- Modelling services
- Call outs for water officers where the issue is not in the Council network
- Water engineering time
- Water meter reading
- Water meter calibration
- Resetting water restrictors after tampering
- Purchasing water
- Adding/removing water to/from a tank
- Sewer extension charges for properties in specified locations
- Unauthorised connection charges.

(i) Development contributions

The Development Contributions Policy outlines the methodology used to levy development contributions. The following development contributions may be assessed in respect of water services:

Catchment	Catchment includes	How charged
Urban water	Amberley Township, Hanmer Springs Township, Amberley Township Water Supply, Culverden Township Water Supply, Hamer Township Water	Per HUE

	Supply, Hawarden & Waikari Township Water Supply, Leithfield Beach Water Supply, Waiau Township Water Supply, Waipara Township Water Supply	
Rural water	Amuri Plains Rural Water Supply, Blythe/Cheviot/Parnassus/Kaiwara Rural Water Supply, Hurunui #1 Rural Water Supply, Lower Waitohi Rural Water Supply, The Peaks Rural Water Supply, Upper Waitohi Rural Water Supply, Waiau Rural Water Supply	Per HUE
District wide wastewater	Amberley, Cheviot, Greta Valley, Hanmer Springs, Hawarden, Motunau Beach and Waikari Wastewater Schemes. It is noted that the Amberley scheme services Amberley, Amberley Beach, Leithfield and Leithfield Beach.	Per HUE

These charges are adjusted annually for price movements based on the Producers' Price Index for Construction.

Proposed:
Under the current legislation, the WSCCO will not be able to rate users of water services. Accordingly, it is proposed to establish water charges which are similar/equivalent to the current rates in the first instance.

Section 60 of the Local Government (Water Services) Bill 2024 specifies that water charges levied by a water organisation must not be "based on, or take into consideration, any property valuations, including a property's annual value, land value, or capital value". However, section 65 provides that, during the first five years following establishment, a water organisation may use property valuation in conjunction with one or more other charging methodologies, providing it decreases its reliance on property valuation over time. Accordingly, as part of the implementation of this plan, alternative mechanisms will be investigated for charging to replace the:

- Kaikōura sewer loan rate, which is currently based on capital value; and
- Kaikōura stormwater rate, which is currently based on capital value.

At this time, there are no plans to harmonise the charging methodologies either within the local authority districts or across the total area serviced by the WSCCO. However, it is possible that the WSCCO board could raise this matter with the shareholding councils in future years.

2. Any changes between current and future charging mechanisms

The expected changes are as follows:

- The rates currently charged by the shareholding councils will be replaced by similar/equivalent water charges in the first instance.
- The Hurunui District Council will be responsible for invoicing for water charges on behalf of the WSCCO.
- Alternative mechanisms will be developed and phased in for costs which are currently funded by the Kaikōura sewer loan rate and the Kaikōura stormwater rate which are currently based on capital value.

3. How the revenue from water services will be separated from the council's other functions and activities

Existing - Kaikōura:
In general, the Kaikōura District Council rates to recover the annual costs incurred by each of the designated schemes, including the cost of any asset renewals. In the event that there are any over- or under-recoveries, these are carried over and applied to that scheme in the following year.

In the event that it is necessary to borrow externally to fund major capital expenditure, the external interest paid is charged to the relevant scheme. Interest is not payable/receivable on internal balances.

At this time, the Kaikōura District Council does not fund depreciation expense. Due to the impacts of the 2016 Kaikōura and Hurunui earthquakes, many water services assets are relatively new and in good condition. Accordingly, the current approach is not expected to result in funding issues in the near future. However, it is recognised that, looking at the longer term, funding depreciation is an appropriate mechanism for helping to maintain inter-generational equity. Accordingly, it is proposed to stage in the funding of depreciation once the WSCCO is established.

Existing – Hurunui:
Separate accounts are maintained for each Council activity/sub-activity/separately funded scheme (but not separate physical bank accounts). Revenue and expenditure are allocated accordingly. Hence there are separate financial records and balances for water (district wide and Balmoral), wastewater and urban and rural stormwater. The activities may hold internal debt or internal cash balances. Internal interest is either paid or received on each account.
Proposed:
It is anticipated that the WSCCO will adopt arrangements similar to those currently used by the Hurunui District Council, with separate accounts being maintained for each activity/sub-activity/separately funded scheme.

[Refer to the comments below regarding the Internal Financing Policy]

Water services revenue requirements and sources

It is expected that this section will summarise the:

- *Revenue requirements under the Plan;*
- *Sources of revenue – household charges (rates and volumetric charges) and other revenue sources (including user charges/fees, Development Contributions, capital/operating subsidies and grants, and other income);*
- *Where a water services organisation is to be established, whether it is proposed that the water services provider will directly charge consumers or whether charging and billing will be undertaken by council and passed through to the water services provider; and*
- *Charging and collection methodology – for residential and non-residential consumers.*

1. Revenue Requirements

The proposed legislation (section 16, Local Government (Water Services) Bill 2024) specifies that water services revenue and funding applied to providing water services must be sufficient to sustain long-term investment in its water services while meeting all regulatory requirements. This includes collecting sufficient revenue to deliver the planned level of service, renew required assets and provide for growth.

In determining this, key considerations include the planned level of services, changes in the operating context (e.g. due to growth, climate change and other factors), and existing commitments.

Revenue is also required to be sufficient to meet LGFA and any other funder covenants. LGFA has published the following requirements, which vary based on the number of water connections:

Water Connections	Funds from operation (FFO) to Cash Interest Coverage Ratio (times)	FFO to Gross Debt Ratio	Percentage of Development Contributions recognised in operating revenue
Less than 5,000	2.00	12%	0%
5,000 - 10,000	2.00	11%	25%
10,000 - 20,000	1.75	10%	50%
20,000 - 50,000	1.50	9%	50%
Greater than 50,0000	1.50	8%	75%

The Kaikōura and Hurunui districts have moderately low growth, and hence development contributions are well below the specified level. Current modelling suggests that the Free Funds from Operations to Gross Debt Ratio will be lower than desired, particularly in the early years. However, it will reach 9.2% by 2033/34.

The LGFA has indicated that a five year phase in period would be permitted for these covenants if required.

The revenue projections for the WSCCO are detailed below.

2. Sources of revenue

At this time, sources of revenue comprise targeted rates, user charges and development contributions. Interest income is received in respect of any positive balances. Neither council applies any general rates to water services.

In recent years, some revenue has been received from other sources, such as subsidies, grants or other income. Both councils received insurance payouts in connection with the 2016 Kaikōura Hurunui earthquakes. There have also been grants provided by central government in respect of COVID stimulus funding and Local Water Done Well. The forecasts for the remainder of the planning period do not provide for additional grant/subsidy income. However, grant/subsidy income will be sought if appropriate opportunities arise.

While the Hurunui District Council's Revenue and Financing Policy provides for the possibility of financial contributions, in practice, the Council has not levied any financial contributions in recent years.

Due to statutory requirements, it is expected that the income currently received from rates will be replaced by equivalent water services charges in respect of the water services.

Accordingly, it has been assumed that the primary sources of revenue during the 10 year planning period are expected to be water services charges approximately equivalent to the current rates structure (except where required to be modified under the legislation). In addition, there will be development contributions (later development levies) and user fees and charges. Activity/scheme accounts which have positive balances will receive internal interest.

3. Charging and billing

Existing:

At this time, the Kaikōura and Hurunui District Councils rate for water, sewerage and stormwater rates. This is payable as part of the quarterly rates invoice.

The Waimakariri District Council rates for the Ashley Rural Water Scheme on behalf of the Hurunui District Council and passes the rates collected on to the Hurunui District Council (less an administration charge, which is calculated as a percentage of revenue collected).

User fees and charges are invoiced to customers based on the councils' respective fees and charges schedules. Development contributions are invoiced in respect of development activity.

Proposed:

It is currently expected that the WSCCO will directly invoice consumers for water charges, user fees and charges and development contributions. The tasks associated with charging and revenue collection are likely to be contracted to the Hurunui District Council for the first three years. After that time, the WSCCO board will determine the most appropriate approach for charging and revenue collection.

4. Projected charges

The following table is from the Department of Internal Affairs template. It is noted that the divisor in each case is the projected number of connections, which is based on the number of water connections. This is because the largest component of the charge per connection relates to the cost of providing drinking water services.

In practice, there will be different numbers of connections for the three water service and hence the actual charges per connection may differ for wastewater and stormwater. There are fewer connections for wastewater because some rural properties have septic tanks. In Hurunui, the stormwater costs are currently spread across both urban and rural properties (at a differential). Nevertheless, the following table is indicative of the projected water services charges.

Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	1,096	1,170	1,235	1,312	1,394	1,482	1,576	1,675	1,782	1,895
Average wastewater bill (including GST)	317	335	372	400	430	462	497	535	577	622

Average stormwater bill (including GST)	107	116	125	136	149	162	177	192	210	229
Average charge per connection including GST	1,520	1,621	1,732	1,848	1,973	2,106	2,249	2,403	2,568	2,746
Projected increase	n/a	6.7%	6.8%	6.7%	6.7%	6.8%	6.8%	6.8%	6.9%	6.9%

Projected number of connections	11,578	11,884	12,078	12,276	12,477	12,682	12,893	13,106	13,325	13,546

Projected median household income	75,000	76,500	78,030	79,591	81,182	82,806	84,462	86,151	87,874	89,632
Water services charges as % of household income	2.0%	2.1%	2.2%	2.3%	2.4%	2.5%	2.7%	2.8%	2.9%	3.1%

Existing and projected commercial and industrial users' charges

It is expected that this section will summarise the:

- *Current charging and collection methodology for water services – for residential and non-residential consumers; and*
- *Projected charges for residential households on average over the 10-year period.*

The current charging and collection methodology for water services for residential and non-residential consumers is detailed above.

- In the Kaikōura district, the only water services rate for which there is a rates differential between residential and non-residential customers is the sewerage rate for additional water closets/pans.
  In the Hurunui district, there is no rates differential for water services between residential and non-residential customers other than in respect of the sewerage rate for additional water closets/pans.

The projected charges are detailed in Part D of this Plan.

The affordability of projected water services charges for communities

In this section, it is expected that councils will comment on:

- *Affordability considerations and constraints, including the community's ability to pay projected water services charges; and*
- *Average water charges per connection as a percentage of median household income.*

The 2023 NZ Statistics census showed that the median household income for the $66,800 for the Kaikōura district and $77,400 for the Hurunui district (68.9% and 79.8% of the national median household income respectively). Based on the relative populations of the two districts, this suggests a median household income for the combined area was $74,893 in 2023.

These numbers are the median household figures. Hence some households will be earning more and others less. It is expected that some households will find the projected increases in water charges extremely challenging.

Average water charges per connection as a percentage of projected median household income are as follows:

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projected median household income	75,000	76,500	78,030	79,591	81,182	82,806	84,462	86,151	87,874	89,632
Water services charges as % of household income	2.0%	2.1%	2.2%	2.3%	2.4%	2.5%	2.7%	2.8%	2.9%	3.1%

The Department of Internal Affairs has advised that the expected range for the ratio of Water Services Charges as a percentage of household income is between 2% and 3%.

Funding and financing arrangements

Funding and financing arrangements

Water services financing requirements and sources

It is expected that this section will describe:

- *Projected borrowing requirements over the 10-year period to deliver the level of investment required;*
- *Minimum cash and working capital requirements for the sustainable delivery of water services;*
- *Borrowing limits for water services and all council business;*
- *Whether projected borrowings are within borrowing limits;*
- *Financial strategy for financing water services investment and operating expenditure;*
- *Expected tenor of new borrowings and how interest rate and refinance risk will be managed; and*
- *Debt repayment strategy.*

4. Projected borrowing requirements over the 10 year period to deliver the level of investment required

Kaikōura District Council currently holds very little debt relating to water services. Internal debt projections reflected in the Long Term Plan 2024-2034 were as follows:

Closing internal debt ($000s)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2024/25	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**
Water										
Waste water	(100)					(396)				
Storm water										
Total	**(100)**					**(396)**				

These figures reflect the Kaikōura District Council's current approach of not funding depreciation on water services assets, but to fund renewals of water services assets.

The Hurunui District Council water services currently hold around $75 million in internal debt. Internal debt projections contained within the Long Term Plan 2024-2034 were as follows:

Closing internal debt ($000s)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2024/25	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**
Water	(48,802)	(59,300)	(64,053)	(68,631)	(68,440)	(67,986)	(75,866)	(84,416)	(84,699)	(81,914)
Waste water	(9,723)	(14,297)	(17,189)	(22,276)	(22,508)	(29,780)	(28,787)	(28,157)	(29,615)	(28,696)
Storm water	(4,820)	(6,482)	(8,452)	(11,470)	(12,716)	(14,053)	(15,192)	(16,377)	(17,070)	(17,411)
Total	**(63,345)**	**(80,078)**	**(89,695)**	**(102,377)**	**(103,664)**	**(111,819)**	**(119,844)**	**(128,950)**	**(131,384)**	**(128,021)**

These figures reflect the Hurunui District Council's current decision to fund in depreciation of all water services assets over the period between 2024-2034.

Because the WSCCO projections have been prepared on the assumption that the WSCCO will move to fully fund depreciation by 2034, the projected debt for the WSCCO is lower than the sum of the Kaikōura and Hurunui District Council debt projections:

Projected debt for the WSCCO is as follows:

Net debt ($000s)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total borrowings	62,087	79,318	89,000	100,500	104,000	112,500	120,500	129,000	130,500	126,000
Less: cash and financial assets	(20)	130	140	98	137	113	291	32	48	294
Net debt	62,107	79,188	88,860	100,402	103,863	112,387	120,209	128,968	130,452	125,706

It is anticipated that during the WSCCO's early years, to manage cashflow efficiently and reduce the risk of penalties, the Hurunui District Council may retain some external debt and that there would be an equivalent

loan established between the Hurunui District Council and the WSCCO. Over time this will be extinguished and the WSCCO will access its own external funding.

5. Minimum cash and working requirements for the sustainable delivery of water services
Minimum cash and working capital requirements are currently determined at an organisational level, not specifically for three waters activities.

6. Borrowing limits for water services and all council business

	LGFA requirement for councils	Kaikōura District Council treasury policy	Hurunui District Council treasury policy
Net external interest expense as a percentage of annual rates income	Not more than 25%	Less than 15%	Not more than 25%
Net interest expense as a percentage of total revenue	Not more than 20%	Less than 10%	Not more than 20%
Net external debt as a percentage of total revenue	Not more than 175%	Less than 150%	Not more than 175%
Total external debt	N/a	Not more than $15m	N/a
Liquidity ratio	Not less than 110%	Not less than 110%	Not less than 110%

As indicated above, additional LGFA requirements are as follows:

- Funds from operation to cash interest coverage ratio (assuming within the band of 10,000-20,000 connections) – at least 1.75 times
- Funds from operation to gross debt ratio (assuming within the band of 10,000-20,000 connections) – at least 10%

The LGFA has indicated that a five year phase in period would be permitted for these covenants if required.

7. Whether projected borrowings are within borrowing limits
Most borrowing limits are expected to be met.
    - The ratio of finance costs as a percentage of total rates for the WSCCO is expected to vary between 18.6% and 20.7% during the planning period.
    - The ratio of finance costs as a percentage of total revenue is expected to range between 15.6% and 18.6% during the planning period.
    - The ratio of net external debt as a percentage of total revenue is expected to range between 383.6% and 499.5%.
    - The ratio of funds from operation to net debt is currently expected to start at 1.8% and increase year on year, reaching 9.2% in 2033/34. This is lower than the proposed LGFA target. However, if the WSCCO board achieves efficiencies and/or if regulatory change results in lower funding costs, this ratio will be higher.

8. Financial strategy for financing water services investment and operating expenditure
At this time each council has an overall financial strategy covering all council activities (contained in the Long Term Plans). However, neither has a financial strategy relating solely to financing water services investment and operating expenditure.

It is expected that the core principles contained in the WSCCO's financial strategy will have as a starting point the requirements in section 16(1) of the Local Government (Water Services) Bill 2024:

(a) the provider must spend the revenue it receives from, and funding it receives for, providing water services on the water services it provides (including on maintenance, improvements, infrastructure renewal, servicing debt relating to the services it provides, and providing for growth):

(b) the provider must ensure that the revenue and funding it applies to providing water services is sufficient to sustain the provider's long-term investment in its water services while meeting all regulatory requirements:

(c) the provider's revenue and funding (including from charges), expenses, and dividends (if applicable) must be transparent to the public:

(d) the provider must be accountable for its revenue and funding and expenses,—

(i) if it is a territorial authority, to its communities; or

(i) if it is a water organisation, to its shareholders.

5. Expected tenor of new borrowings and how interest rate and refinance risk will be managed

The two councils currently use a common external treasury advisor. It is expected that the advisor will support the development of a preliminary Treasury Risk Management Policy for the WSCCO and the revision of the councils' Treasury Risk Management Policy to reflect the change in council activities.

(a) Expected tenor of new borrowings

Existing - Kaikōura:

There is no policy relating specifically to water services debt, and debt is very low. However, regarding the council's overall debt, the current Treasury Management Policy states:

The debt maturity profile, in respect to all external debt and committed bank facilities, is to be maintained within the following limits:

Period	*Minimum*	*Maximum*
0-3 years	*15%*	*60%*
3-7 years	*25%*	*85%*
7 years plus	*0%*	*60%*

A debt maturity profile that is outside the above limits, but self corrects within 90 days, is not in breach of this Policy. Maintaining a maturity profile outside of the above limits beyond 90 days requires specific approval from the Council. The Council may pre-fund forecast debt requirements, including new and refinanced debt, for a period of up to 18 months. Re-financing that has been prefunded will remain included within the funding maturity profile until maturity date.

Existing – Hurunui:

The Hurunui District Council Treasury Risk Management Policy does not include requirements relating to the tenor of debt. The tenor of debt (prior to hedging) as at 30 June 2025 is as follows:

Period	$
0-3 years	$62m
3-7 years	$25m
7 years plus	$0

WSCCO:

It is expected that this matter will be included in the WSCCO Treasury Risk Management Policy. Having regard for the projected increase in water services debt, particularly relating to the Hurunui district, and the expected useful lives of the assets being acquired with that debt, it is anticipated that the average tenor of water services debt will be greater in the future than it has been in the past.

(b) How interest rate and refinance risk will be managed

Existing – Kaikōura:

While there is no policy relating specifically to water services debt, the current Treasury Management Policy regarding the Council's overall debt states:

Exposure to interest rate risk is managed and mitigated through maintaining the percentage of gross forecast external debt that is subject to a 'fixed rate', rather than a 'floating rate', within the following limits (calculated on a rolling monthly basis):

Period	*Minimum*	*Maximum*
0-2 years	*40%*	*90%*
2-4 years	*20%*	*80%*
4-15 years	*0%*	*60%*

Compliance with the interest rate risk limits is maintained by altering the mix of fixed and floating rate debt raised. Derivative instruments, such as interest rate swaps, are not currently approved, however the Council may consider the use of these instruments for risk management activity in the future.

Existing – Hurunui:
While there is no policy relating specifically to water services debt, a significant proportion of the Council's current external debt relates to water services. The Council's Treasury Risk Management Policy permits the use of the following instruments for interest rate risk management:

- Forward rate agreements (FRAs) on bank bills
- Interest rate swaps including forward start swaps and amortising swaps
- Interest rate options including Caps (purchased caps only)

The current Treasury Risk Management Policy regarding the Council's overall debt states that the fixed rate cover percentages will be maintained within the following ranges:

Period	*Minimum*	*Maximum*
0-2 years	*40%*	*100%*
2-4 years	*25%*	*80%*
4-8 years	*0%*	*60%*
8-12 years	*0%*	*30%*

Any hedges beyond 12 years must be approved by Council.

WSCCO:
It is expected that this matter will be included in the WSCCO Treasury Risk Management Policy. It is anticipated that the WSCCO will use a range of derivative instruments to manage interest rate risk.

6. Debt repayment strategy

Existing – Kaikōura:
The current Treasury Management Policy states:
The Council will ensure that loan principal budgeted amounts are set aside in a special fund established to repay specific borrowing, a tabled mortgage is used, or it will repay debt from special reserves or special funds associated with the activity for which the loan has been raised. From time to time, where investment funds are surplus, those funds may be used to reduce term debt as provided in the Council's Investment Policy.

Existing – Hurunui:
The current Treasury Management Policy states:
Debt will be repaid as it falls due in accordance with the applicable loan agreement. …A loan may be rolled over and/or renegotiated as and when appropriate, providing the relevant limits are met.

Projected - WSCCO:
It is expected that the WSCCO debt repayment strategy will be included in the WSCCO Treasury Risk Management Policy.

It is noted that the additional cash generated through the staging in of the move to fully funding depreciation will enable debt to be repaid more rapidly than had previously been anticipated.

Internal borrowing arrangements

It is expected that this section will summarise:

- *Any current internal borrowing arrangements between water services and other council business, including whether finance costs are charged on these arrangements and repayment mechanics;*
- *Whether it is proposed that internal borrowing arrangements will be used up to 30 June 2028;*
- *Whether it is proposed that internal borrowing arrangements will be used beyond 30 June 2028; and*
- *How internal borrowings will be managed to ensure compliance with ringfencing requirements.*

Existing – Kaikōura:

The waters activities are able to borrow from and lend to the Council's treasury function. Each activity has its own internal account or special reserve which is are ringfenced from other activities. Activities which have positive balances do not receive internal interest and those with negative balances do not pay internal interest. However, in the event that external borrowing is needed to fund major water services capital expenditure, an activity may pay external interest.

However, there is very little borrowing at this time, and repayment of any debt if funded through rates.

Existing – Hurunui:

The three waters activities are able to borrow from and lend to the Council's treasury function. Receipts for each activity are deposited into that activity's account and payments for that activity are withdrawn from that account. Accordingly the finances of each activity are ring-fenced.

If there are funds in the account for an activity, then the Council pays interest to that activity. For these accounts, the rate of interest credited to the account shall be set at the rate the Council's transactional bank advertised as their three month term deposit rate at the applicable reset dates

Conversely, if the account is overdrawn, then that activity is charged interest. Interest on overdrawn activities is charged at 100 basis points above the base interest rate (the "All Up Weighted Average Cost of Funds Including Margin"), with the applicable rate being applied for the succeeding three months. Interest derived from internal financing is applied to costs associated with treasury activities in the first instance. Any surplus is used to offset the District Rate requirement.

The Internal Financing Policy outlines the following provisions relating to the repayment of internal debt:
There is also a need for those activities whose accounts are overdrawn to make provision to get out of overdraft. This is most likely done by setting rates at a level to not only pay the annual operating costs and interest charge, but to also fund additional amounts that will offset the overdraft.

The Council's policy is that internal debt should be repaid over 10 years (or such term Council deems appropriate in particular circumstances having regard for factors such as the lifespan of assets acquired using the funds and feasibility).

For Three Waters Assets (Water, Sewer and Stormwater) and the Hanmer Springs Thermal Pools and Spa Assets; there is the requirement for the activity to fully fund depreciation, although implementation of this requirement may be staged. The cash generated by increasing rates to cover the cost of depreciation will be used to repay internal debt.

The Long Term Plan 2024-2034 was based on the assumption that the funding of depreciation for Hurunui District Council three waters assets would be phased in over the planning period. Accordingly, the rate of debt repayment was projected to be lower in the early years of the plan, and to increase over time.

Proposed - WSCCO:

Because many water services assets in Kaikōura are relatively new and are not expected to require replacement in the 10-30 year planning timeline, and because Kaikōura has low levels of water services debt at this time, the move to fully funding depreciation is likely to result in the accumulation of positive cash balances for many schemes in the Kaikōura district. By contrast, following extensive investment in water services assets, including the recent upgrading of water treatment plants, there is significant debt associated with most water services activities in the Hurunui district. Accordingly, for reasons of cost-efficiency, it is expected that a Treasury function will be set up within the WSCCO and that internal financing will be available to the various WSCCO activities/sub-activities/schemes both prior to and after 30 June 2028.

Interest will be payable/receivable on account balances (methodology to be determined in the WSCCO internal financing policy, but expected to be consistent between activities/sub-activities/schemes in the Kaikōura and Hurunui districts). It is anticipated that a margin will be charge on interest on negative balances in order to cover the costs of the treasury function.

The staged transition to fully funding depreciation will enable to the appropriate repayment of debt, in a manner which is appropriate having regard for the lifespan of the assets being funded.

Determination of debt attributed to water services

It is expected that this section will describe:

- *How debt allocated to water services on 30 June 2024 was determined; and*
- *The total value of water services borrowings and the net debt to operating revenue calculation on 30 June 2024.*

Kaikōura:

How debt allocated to water services on 30 June 2024 was determined

Net amount of the internal borrowing as at 30 June 2024 was $102,000 after the loan repayment of $2,000. There was no internal borrowing as at 30 June 2024 for either wastewater or stormwater.

The level of debt for Kaikōura water services determined by costing projects relating to each of the three waters activities i.e. debt was allocated to a particular ringfenced department/cost centre for which the investment relates. For waters services, renewals capital investment is, typically, funded by rates (or grants) with non-renewal investment funded by debt (or grants).

Hurunui:

1. **Determination of debt allocated to water services as at 30 June 2024**

   Because the water, wastewater and stormwater accounts are fully ring-fenced and there are separate reserves for each activity, the debt allocated to water services is able to be extracted directly from the financial statements.

   The approach to determining three waters debt which is used by the Hurunui District Council has previously been reviewed by the Department of Internal Affairs as part of the work carried out regarding the three waters reforms.

2. **The total value of water services borrowings and the net debt to operating revenue calculation on 30 June 2024**

Activity	Reserve	Debt as at 30 June 2024	External operating revenue for 2024 (excludes transfers, internal interest, vested assets, development contributions)	Net 3W Debt to operating revenue ratio
Water	District wide water	42,403,926		
	Balmoral water	- 154,619		
	Urban Water Development Contributions Fund	- 1,218,413		
	Rural Water Development Contributions Fund	- 963,505		
	Net debt	**40,067,389**	**8,036,327**	**4.99**
Wastewater	District wide sewer	10,421,401		
	Sewer Development Contributions Fund	- 2,166,866		
	Net debt	**8,254,535**	**1,971,848**	**4.19**
Stormwater	District urban stormwater	- 255,048		

	Amberley stormwater	3,956,062		
	Cheviot stormwater	- 43,957		
	Jed River clearance	- 7,988		
	Motunau Beach stormwater	124,030		
	Hanmer Springs stormwater	144,985		
	Hawarden stormwater	- 11,903		
	Waikari Stormwater	- 43,238		
	Net	**3,862,943**	**861,397**	**4.48**

Insurance arrangements

This section should:

- *Confirm that the asset owning organisation in the proposed service delivery arrangement will hold the necessary insurance policies;*
- *Describe whether annual insurance risk assessments are undertaken – and if not annually, when the last review of insurance cover was completed;*
- *Describe whether risk evaluation and assessment identifies probability of loss and cost under scenarios (distinguishing between above and below ground assets); and*
- *Describe the level of insurance cover for the network, including the basis for valuation of water assets and how insurance cover is calculated for insurable water services assets.*

In addition, it is expected that this section will briefly summarise the insurance management policy for water services, including:

- *Insurance review policy and asset identification standards;*
- *Key insurable risks, a description of risk appetite/tolerance and identified mitigations;*
- *Any link with Council's disaster policy response to mitigate insurance losses; and*
- *Delegations and reporting on insurance.*

1. Insurance policies

   The asset owning organisations will hold the necessary insurance policies.

   - Material damage insurance cover will be held with LAPP for pipe networks and below ground water services assets.
   - At this time for water and wastewater assets, the councils hold Material Damage insurance for most above ground assets (e.g. water reservoirs and sewer pump stations).
   - Above ground stormwater assets are generally not insured. However, the amounts involved are much smaller than for water and wastewater.
   - Above ground assets which are less than 50 years' old are insured for replacement cost (proxy for reinstatement cost), whereas those which are 50-75 years old are insured for depreciated replacement value (proxy for indemnity value). Any assets over 75 years old are only covered for demolition value.
   - There is currently also insurance cover in respect of professional indemnity, public liability, statutory liability, business interruption, employers' liability, personal accident liability, crime insurance, environmental impairment liability, business travel, and motor vehicles
   - At this time, the councils do not hold cybersecurity insurance. At this time it is considered that it is more cost effective to invest in cybersecurity risk reduction.
   - The councils will continue to hold insurances in respect of non-water services assets and operations. Where appropriate, the councils will hold insurance policies covering any water services assets and operations which are not transferred to the WSCCO (e.g. some mixed use assets).

2. Insurance risk assessments

   Insurance cover is updated annually. The councils' Audit and Risk Committees are currently responsible for overseeing insurance arrangements.

   Regarding underground assets, the risk evaluation and assessment identifies the probability of loss and cost under specified scenarios. This work is carried out by LAPP for underground assets on behalf of the councils, but this approach is not used for above ground assets.
   It is expected that the WSCCO Statement of Expectations will set out minimum requirements relating to insurance.

3. Level of insurance cover

In respect of physical water services assets the insurance cover for the 2025/26 financial year is as follows:

	Kaikōura District Council	Hurunui District Council
Below ground water services assets (LAPP)	$87,875,490 based on optimized replacement costs	$204,580,759 based on optimised replacement costs
Above ground water services assets (QBE)	Up to 2 incidents at $300,000	$41,418,274 Coverage under Material Damage Policy
Total		**$245,999,033**

Hurunui Material QBE damage cover:

Asset	Reinstatement Value	Indemnity Value only
Tier 1 Water	27,052,168	156,468
Tier 1 Sewer	13,190,377	262,445
Tier 1 Stormwater	756,816	0
Total	**40,999,361**	**418,913**

For underground assets, LAPP provides cover for 40% of the reinstatement costs, with the remaining 60% being provided by central government.

The deductibles are as follows:

	Kaikōura District Council	Hurunui District Council
Below ground water services assets (LAPP)	$60,000	$160,000
Above ground water services assets (QBE)	-	$5,000

For LAPP, the threshold to make a claim is $150,000 for the Kaikōura District Council and $400,000 for the Hurunui District Council.

4. Insurance review policy and asset identification standards

Neither council has a formal policy relating to insurance reviews.

5. Key insurable risks, a description of risk appetite/tolerance and identified mitigations

Both councils adopt a risk averse approach to insuring water services assets.

- Water and sewer assets – There is all perils cover for above ground water and sewer assets.
- For below ground assets, the LAPP fund is for catastrophic protection (e.g. earthquake, storms, floods, volcanic eruptions, tsunamis).

6. Any link with Council's disaster policy response to mitigate insurance losses

Neither council has a formal disaster policy.

7. Delegations and reporting on insurance

The Audit and Risk Committees approve council insurance policies. The committees receive reports and discuss insurance policies both prior to annual renewals and following renewals.

For the Hurunui District Council, the Chief Financial Officer holds the delegation to enter into any required insurance policy and to accept premiums.

For the Kaikōura District Council, the Senior Manager Corporate Services is authorised to enter into insurance policies.

Part D: Financial sustainability assessment

Confirmation of financially sustainable delivery of water services

Financially sustainable water services provision

Confirmation of financially sustainable delivery of water services by 30 June 2028

It is expected that this section will demonstrate that the Plan achieves financially sustainable delivery of water services by 30 June 2028, which can be met by confirmation of:

- *'Revenue sufficiency' - sufficient revenue to cover the costs (including servicing debt) of water services delivery;*
- *'Investment sufficiency' – projected investment is sufficient to meet levels of service, regulatory requirements and provide for growth; and*
- *'Financing sufficiency' - funding and financing arrangements are sufficient to meet investment requirements.*

At this time, the Hurunui District Council is phasing in depreciation on water services assets, while the Kaikōura District Council funds renewals, rather than depreciation. In order to achieve revenue sufficiency, it is expected that the WSCCO will stage in the funding of depreciation over the period to 30 June 2034. This will mean that the WSCCO will be close to achieving revenue sufficiency by 2029/30 and will have achieved it by 2031/32. It is possible that revenue sufficiency could be achieved earlier if the WSCCO is able to achieve efficiencies and/or if regulatory change means that some wastewater capital expenditure which has been provided for in the plans is no longer required.

The decision to phase in depreciation over the period to 30 June 2034 reflects concerns regarding the affordability of water services for ratepayers in the Hurunui and Kaikōura districts. The increases in water charges will be considerable and are likely to cause hardship for some residents and ratepayers. Accordingly phasing in the increases will provide time for ratepayers to adjust to the increases.

The proposed level of investment is sufficient, with levels of investment in renewals exceeding depreciation expenses in most years.

It is recognised that in order for the WSCCO to access funding through the LGFA, the Kaikōura District Council will need to become a guaranteeing authority. The Kaikōura District Council has commenced work towards this requirement.

Actions required to achieve financially sustainable delivery of water services

The Plan must include an explanation of what the council proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028. This may include:

- *Projected price path/revenue requirements – and how this ensures that water revenues cover the costs of service (including assumptions for recovery of depreciation);*
- *The level of investment required over 10-years to meet levels of service, regulatory requirements and provide for growth; and*
- *How levels of borrowing will be managed within borrowing limits.*

It is planned to phase in the funding of depreciation over the period to 30 June 2024. This will mean that the WSCCO will achieve revenue sufficiency during the planning period.

Given that the Hurunui District Council has only started the pathway to funding depreciation in recent years and that the Kaikōura District Council funds renewals rather than depreciation, this is expected to result in significant increases in water services charges in future years, and there are concerns regarding the affordability of the increases, particularly given the lower than average median household income in the Kaikōura and Hurunui districts, and the demographics for these areas.

The Hururnui #1 water treatment plant is highly automated, reducing the need for frequent operator visits for testing and maintenance

The plan includes provision for appropriate levels of investment in water services assets over the period to 30 June 2034.

- Many assets in the Kaikōura district are relatively new due to replacement following the 2016 Kaikōura Hurunui Earthquakes. There are very few renewals required in the period to 30 June 2034. The move to fully funding depreciation will mean that some schemes will have significant positive account balances by 2034.

- The Hurunui District Council has recently completed a $24m upgrade of 16 of its 17 water treatment plants. This work was required in order to comply with the New Zealand Drinking Water Standards, particularly relating to protozoa compliance.

In order to carry out this work as cost efficiently as possible, the Council established an in house Project Management Office. This minimised consultancy costs and ensured the knowledge and learnings obtained during the upgrades was retained in house. The success of the cost-efficiency measures was recently recognised by Taituarā who awarded the Council the inaugural "Award for Excellence in Cost Effective Impact" for its water safety (protozoa compliance) capital investment programme.

The significant level of investment in water services assets in recent years will set up the WSCCO well for the future.

Risks and constraints to achieving financially sustainable delivery of water services

The purpose of this section is to summarise any issues, constraints and risks to delivery of financially sustainable water services.

The Additional Material provided at the end of this document details several key risks which could affect the provision of financially sustainable water services. These include:

- A key risk relates to unexpected future regulatory change which could result in significant additional capital and operating costs.
- Cost/price movements could differ from expectations, impacting operating and capital costs. If future revaluations differ significantly from expectations, this would impact depreciation charges and hence water charges.
- Growth in Kaikōura and Hurunui is currently relatively low compared with the districts closer to Christchurch. If growth occurs significantly faster than expected or in locations which differ from those previously planned, this could result in a need to bring forward some capital works. However, in such instances, it is also likely that development contributions would be higher than projected, which would assist in funding these works.
- The Hurunui and Kaikōura districts were both significantly impacted by the 2016 Kaikōura and Hurunui earthquakes and remain cognisant of the potential impacts of any future disaster event.

Financial sustainability assessment - revenue sufficiency

Assessment of revenue sufficiency

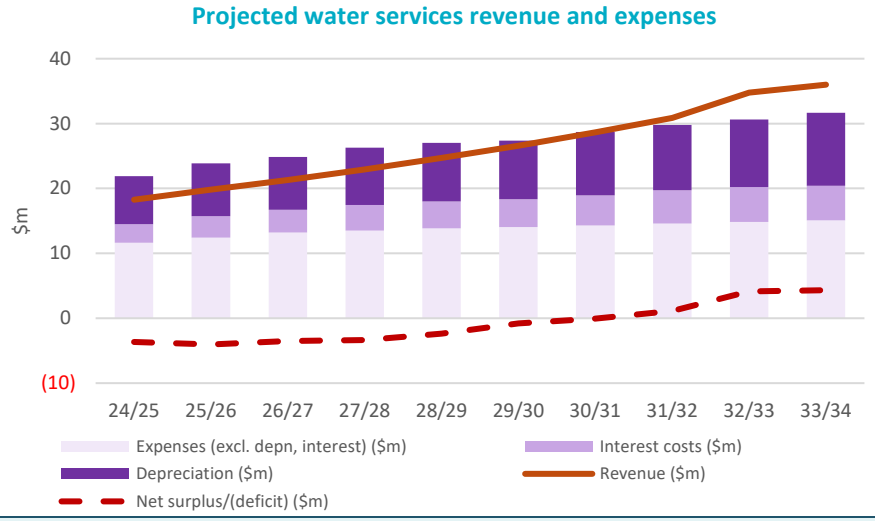
Projected water services revenues cover the projected costs of delivering water services

It is expected that this section will demonstrate that:

- *Projected revenues are sufficient to cover the costs (including servicing debt) of water services delivery;*
- *Projected revenues are sufficient to finance the required level of investment; and*
- *Whether projected revenues have been assessed as meeting the 'revenue sufficiency' test.*

It is projected that there will be an operating deficit in the early years as the WSCCO stages in the funding of depreciation. It is expected that operating surpluses will be achieved from 2032/33.

Include the following chart – "Projected water services revenue and expenses". This chart can be generated in the Financial Template.



Average projected charges for water services over FY2024/25 to FY2033/34

In this section, councils are requested to populate the financial table below. All projected charges should be inclusive of GST.
Councils should provide a brief description of assumptions used in calculating projected median household charges.

Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	1,096	1,170	1,235	1,312	1,394	1,482	1,576	1,675	1,782	1,895
Average wastewater bill (including GST)	317	335	372	400	430	462	497	535	577	622
Average stormwater bill (including GST)	107	116	125	136	149	162	177	192	210	229
Average charge per connection including GST	1,520	1,621	1,732	1,848	1,973	2,106	2,249	2,403	2,568	2,746
Projected increase	n/a	6.7%	6.8%	6.7%	6.7%	6.8%	6.8%	6.8%	6.9%	6.9%
Projected number of connections	11,578	11,884	12,078	12,276	12,477	12,682	12,893	13,106	13,325	13,546
Projected median household income	75,000	76,500	78,030	79,591	81,182	82,806	84,462	86,151	87,874	89,632
Water services charges as % of household income	2.0%	2.1%	2.2%	2.3%	2.4%	2.5%	2.7%	2.8%	2.9%	3.1%

The key assumptions are as follows:

- Except where otherwise stated, WSCCO revenue and expenditure for each scheme will be determined in line with the policies and contents of the Kaikōura and Hurunui District Councils' Long Term Plans 2024-2034.
- The WSCCO will increase revenue to phase in the full funding of depreciation over the period to 2033/34.
- Some additional costs have been added to reflect the expenditure necessary in order to carry out the business of the WSCCO, e.g. Board, CEO and administrative salaries, additional plant and equipment, treasury costs.
- The figures reflect the assumption that the WSCCO will not achieve any operating efficiencies. This reflects the small size of the two districts. If efficiencies are achieved, then the rates increase will be a little smaller than shown above.
- The capital cost for the works required to renew the Hawarden wastewater resource consents has now been spread over three years.
- The assumptions detailed in the "Additional Material" section of this Plan have been applied, e.g. regarding cost/price increases, no natural disasters etc.

It is noted that the overall average charge per connection shown above is appropriate, the breakdown of this figure into the average charge for each of drinking water, wastewater and stormwater based on the model provided does not reflect the likely average cost for these services. The model assumes that the same number of properties receive each of the three water services. However, the number of connections differs significantly between the three water services. For example, many rural properties receive drinking water services but have a septic tank systems and hence do not require council-supplied wastewater services. The number of stormwater connections used to calculate rates in the Long Term Plan is much higher than assumed for the purposes of the above plan because all properties in the Hurunui district are required to pay stormwater charges.

Projected operating surpluses/(deficits) for water services

In this section, councils are requested to populate the financial measure "Operating Surplus Ratio" [Operating surplus excluding capital revenues, divided by operating revenues]. This ratio is an indicator of whether operating revenue is sufficient to cover operating expenses. Where this ratio percentage is negative, this represents the percentage increase required for revenues to cover costs. Councils should specify the unit of measurement in the table (for example, $k or $m).
Councils should comment on:

- *Whether projected operating revenues generate surpluses or deficits;*
- *The policy for recovering depreciation charges when setting revenues;*
- *What any surpluses generated will be applied to; and*
- *Where there is an operating deficit in any year, comment as to why this is appropriate.*

Operating surplus ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Operating surplus/(deficit) excluding capital revenues	(6,248)	(6,732)	(6,280)	(6,203)	(5,260)	(3,764)	(3,075)	(1,973)	976	1,096	(37,463)
Total operating revenue	15,650	17,114	18,554	20,102	21,787	23,622	25,621	27,801	31,628	32,771	234,650
Operating surplus ratio	(39.9%)	(39.3%)	(33.8%)	(30.9%)	(24.1%)	(15.9%)	(12.0%)	(7.1%)	3.1%	3.3%	(16.0%)

It is expected that the projected operating revenues will generate deficits in the early years, which will reduce in size over time, and that operating surpluses will be achieved by the end of the planning period. This reflects the proposed policy for recovering depreciation charges, which is that the WSCCO will phase in the full funding of depreciation over the period to 30 June 2034.

As indicated above, the key driver for the staged funding of depreciation reflects significant affordability concerns (refer to the median household income, affordability ratio etc). The financial position is expected to improve rapidly during the planning period.

The surpluses in the later years will be applied to repaying debt. As indicated above, while there is a commitment to full funding of depreciation, it is not feasible to introduce full funding by 2028 because median household income is well below the national average and the resulting rapid increases in water charges would cause significant hardship for some households.

Projected operating cash surpluses for water services

In this section, councils are requested to populate the financial measure "Operating Cash Ratio" [Operating surplus plus depreciation plus interest costs minus capital revenues, divided by operating revenue]. This ratio is an indicator of whether cash surpluses are generated from operations to pay interest, fund investment and repay debt. Councils should specify the unit of measurement in the table (for example, $k or $m).
Councils should comment on:

- *Whether projected operating cashflows are generated;*
- *What cash surpluses generated will be applied to; and*
- *Whether projected operating cashflows are sufficient to meet renewals investment requirements and to meet scheduled debt repayments.*

It is expected that positive operating cashflows will be generated and that these will increase over time due to the staged funding of depreciation. These will be applied to capital expenditure and debt repayment.

Operating cash ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Operating surplus/(deficit) + depreciation + interest costs - capital revenue	3,989	5,039	5,356	6,598	7,939	9,552	11,315	13,196	16,770	17,674	97,428
Total operating revenue	15,650	17,114	18,554	20,102	21,787	23,622	25,621	27,801	31,628	32,771	234,650
Operating cash ratio	25.5%	29.4%	28.9%	32.8%	36.4%	40.4%	44.2%	47.5%	53.0%	53.9%	41.5%

The following table demonstrates that the projected operating cashflows will not be sufficient to meet renewals investment requirements during the early years, but will significantly exceed renewals investment in the later years, at which time some will be applied to repay debt. It is noted that operating cashflows will also be required to fund other capital expenditure.

Operating cashflow less renewals ($000s)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Operating surplus/(deficit) + depreciation + interest costs - capital revenue	3,989	5,039	5,356	6,598	7,939	9,552	11,315	13,196	15,319	17,674	95,977
Capital expenditure - to replace existing assets	5,623	9,722	6,043	6,580	3,779	3,996	5,282	4,025	7,903	5,038	59,715
Difference	-1,634	-4,683	-895	-371	4,080	5,423	5,803	9,087	6,906	12,548	36,262

Financial sustainability assessment - investment sufficiency

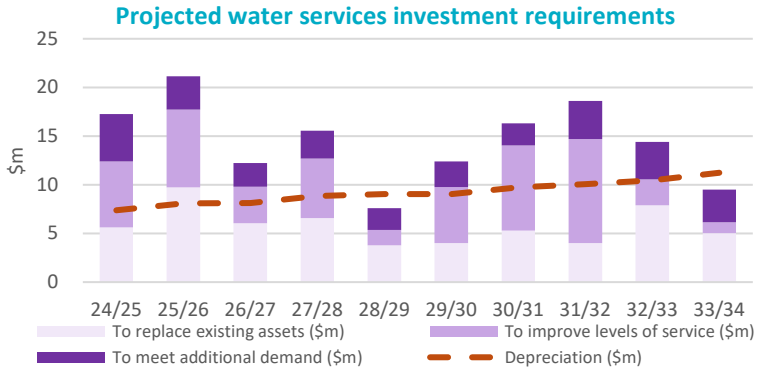
Assessment of investment sufficiency

Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth

It is expected that this section will demonstrate that:

- *Proposed level of investment is sufficient to meet levels of service, regulatory requirements and provide for growth;*
- *Proposed level of investment is fully funded by projected revenues and access to financing; and*
- *Projected levels of investment have been assessed as meeting the 'investment sufficiency' test.*

Include the following chart – "Projected water services investment requirements". This chart can be generated in the Financial Template.



Renewals requirements for water services

To demonstrate asset sustainability, councils are requested to populate the below financial measure "Asset Sustainability Ratio" [Capital expenditure on renewals divided by depreciation, minus 1]. This ratio assesses whether projected renewals investment is more or less than projected depreciation and is an indicator as to whether the renewals programme is replacing network assets in line with the rate of asset deterioration.
Where the ratio is positive, this means that there is more projected renewals investment than projected depreciation. Where this ratio is negative, this means that projected renewals investment is less than projected depreciation.
Councils should specify the unit of measurement in the table (for example, $k or $m).

Councils should comment on:

- *How the proposed renewals investment has been determined and how this is consistent with the long-term infrastructure strategy, asset management plan and/or other strategic documents relating to water services asset management; and*
- *Where the projected levels of renewals investment is lower than projected depreciation, why this is appropriate.*

Asset sustainability ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure on renewals	5,623	9,722	6,043	6,580	3,779	3,996	5,282	4,025	7,903	5,038	57,991
Depreciation	7,379	8,104	8,126	8,836	9,055	9,046	9,738	10,062	10,446	11,233	92,025
Asset sustainability ratio	(23.8%)	20.0%	(25.6%)	(25.5%)	(58.3%)	(55.8%)	(45.8%)	(60.0%)	(24.3%)	(55.1%)	(37.0%)

Renewals investment has been determined based on the local authorities' Infrastructure Strategies and Asset Management Plans. It has been assumed that most assets will be replaced at the end of their useful lives.

Over the period to 30 June 2034, total depreciation is expected to exceed total capital expenditure on renewals. While there are some years when the renewals expenditure is expected to be lower, this reflects the theoretical expected renewal profile. In practice, it may be that the WSCCO chooses to spread the renewal expenditure in order to ensure ongoing work for contractors.

Total water services investment required over 10 years

To demonstrate asset improvement, councils are requested to populate the below financial measure "Asset Investment Ratio" [Total capital expenditure divided by depreciation, minus 1].
This ratio compares total investment to projected depreciation. Where the ratio is positive, this means that there is more projected investment than projected depreciation. Where this ratio is negative, this means that projected investment is less than projected depreciation.
Councils should specify the unit of measurement in the table (for example, $k or $m).
Councils should comment on:

- *How the proposed levels of investment have been determined; and*
- *How this is consistent with the long-term infrastructure strategy, asset management plan and/or other strategic documents relating to water services asset management.*

Asset investment ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure	17,276	21,148	12,221	15,544	7,598	12,388	16,312	18,598	14,401	9,520	145,006
Depreciation	7,379	8,104	8,126	8,836	9,055	9,046	9,738	10,062	10,446	11,233	92,025
Asset investment ratio	134.1%	161.0%	50.4%	75.9%	(16.1%)	36.9%	67.5%	84.8%	37.9%	(15.3%)	57.6%

The proposed levels of investment been determined based on the local authorities' Infrastructure Strategies and Asset Management Plans. The plans reflect available information about water services assets, assumptions about district growth, and expectations regarding levels of service.

Over the period to 30 June 2025, total depreciation is expected to exceed total capital expenditure on renewals. There is no expectation that the funding of depreciation will be applied to fund capital expenditure on growth. Development contributions are charged to contribute to the cost of growth.

Average remaining useful life of network assets

To demonstrate asset consumption, councils are requested to populate the below financial measure "Asset Consumption Ratio" [Book value of infrastructure assets divided by replacement value of infrastructure assets].
This ratio compares the book value of water infrastructure assets to total replacement value of water infrastructure assets. The ratio percentage represents the average remaining useful life of network assets. If this ratio materially reduces over time, then this means that the burden on future consumers to replace network assets is increasing.
Councils should specify the unit of measurement in the table (for example, $k or $m).
Councils should comment on:

- *The impact that the proposed level of investment has on the average remaining useful life of network assets over the 10-year period; and*
- *Where there is a material decrease in the asset consumption ratio over time, how investment beyond FY2033/34 will ensure that asset replacement requirements are delivered.*

Asset consumption ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Book value of infrastructure assets	252,298	265,342	285,241	291,948	290,492	309,958	316,532	325,068	345,609	343,895
Total estimated replacement value of infrastructure assets	454,538	471,068	526,439	543,249	553,102	610,172	627,064	645,970	703,180	712,814
Asset consumption ratio	55.5%	56.3%	54.2%	53.7%	52.5%	50.8%	50.5%	50.3%	49.1%	48.2%

Financial sustainability assessment - financing sufficiency

Assessment of financing sufficiency

Confirmation that sufficient funding and financing can be secured to deliver water services

It is expected that this section will confirm:

- *Whether projected total council borrowings are within council borrowing limits;*
- *Whether projected water services borrowings are within the council-determined limit for water services borrowing;*
- *The required levels of borrowings can be sourced; and*
- *The Plan meets the 'financing sufficiency' test.*

1. Whether projected total council borrowings are within council borrowing limits

   Yes. The Kaikōura District Council has minimal debt. The majority of the Hurunui District Council's debt relates to water services and reflects the recent significant investment in water services infrastructure. Once the water services have transferred to the WSCCO, council debt will be significantly reduced and well below current council borrowing limits.

2. Whether projected water services borrowings are within the council-determined limit for water services borrowing

   There is no separate internal limit for water services borrowings for either council at this time.

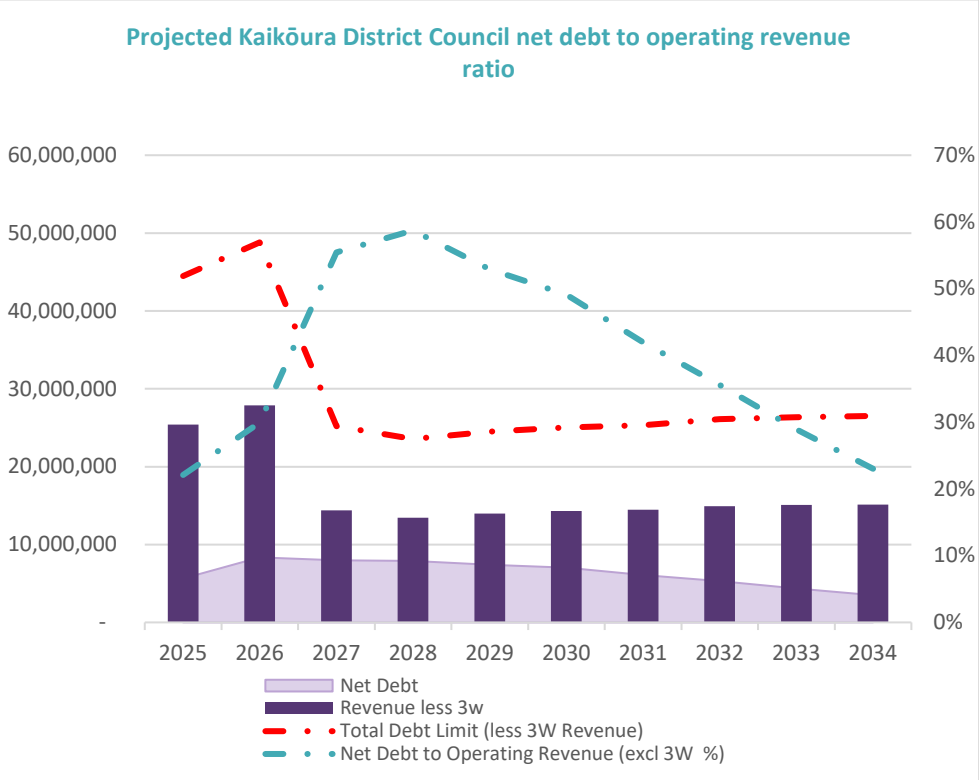
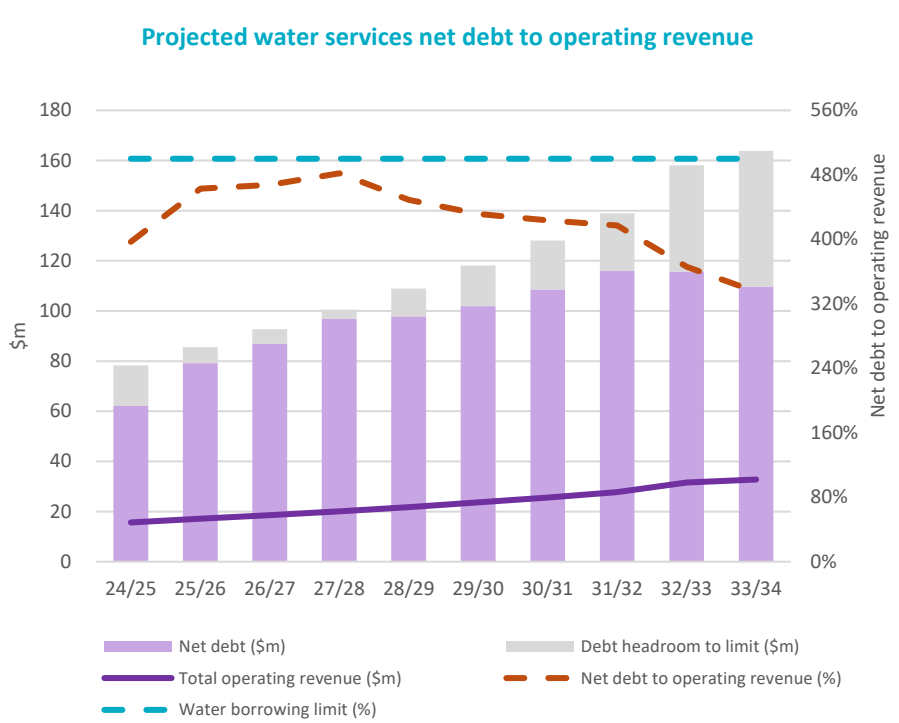
3. The required levels of borrowings can be sourced

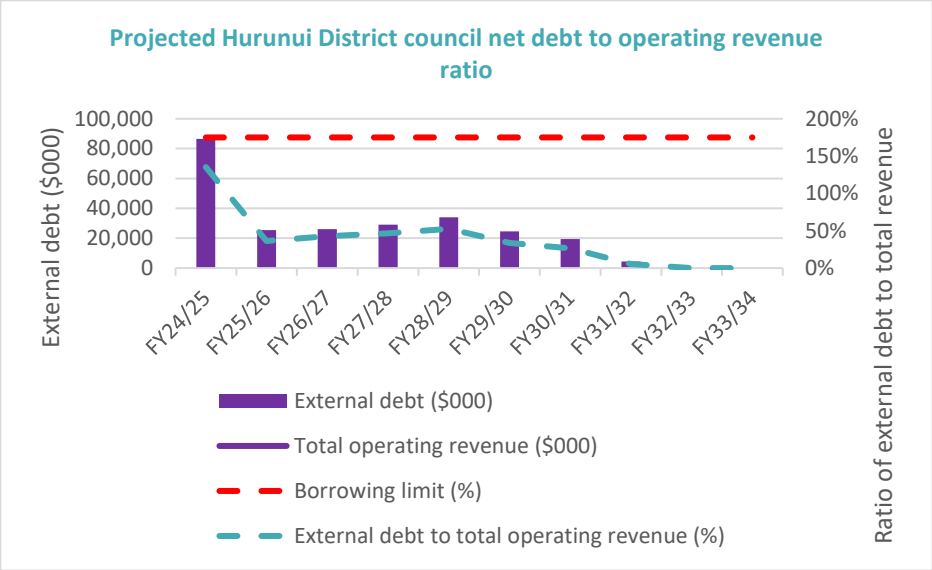
   Subject to the discussion above about seeking approval for a bespoke arrangement with the LGFA relating to the FFO to net debt ratio for a short period, it is expected that the required levels of borrowings can be sourced.

4. The Plan meets the 'financing sufficiency' test.

   As indicated above, the ratio of FFO to net debt is expected to reach the 10% threshold in 2032/33, i.e. later than the LGFA timeframe. Hence, a bespoke arrangement is being sought in order to achieve the financing sufficiency test.

   The ratio of FFO to net debt increases beyond 10% in subsequent years, once the WSCCO is fully funding depreciation.

Projected council borrowings against borrowing limits	Projected water services borrowings against borrowing limits
	



These graphs show that, post transfer, both councils will be operating within the LGFA covenant relating to external debt as a percentage of total operating revenue.

Projected borrowings for water services

In this section, councils are requested to populate the below financial measure "Net Debt to Operating Revenue" [gross borrowings minus cash and equivalents, divided by operating revenue].

Operating revenue is used as a proxy for the Local Government Funding Agency's (LGFA) definition of revenue, for simplicity. LGFA defines revenue for this purpose as "Cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets)".

This ratio compares projected borrowings (minus cash and cash equivalents) to projected operating revenues. Councils should specify the unit of measurement in the table (for example, $k or $m).

Councils should comment on:

- *The profile of borrowings required and how this relates to the timing of investment requirements; and*
- *Whether the projected net debt to operating revenue calculation is within the council-determined limit for water services.*

Net debt to operating revenue	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt (gross debt less cash)	62,107	79,188	86,797	96,874	97,773	101,912	108,529	115,947	115,764	109,730
Operating revenue	15,650	17,114	18,554	20,102	21,787	23,622	25,621	27,801	31,628	32,771
Net debt to operating revenue	397%	463%	468%	482%	449%	431%	424%	417%	366%	335%

The borrowing profile shown above reflects the expected timing of capital investments.

It is expected that a treasury policy will be developed for the WSCCO and that the existing treasury policies for the two shareholding councils will be significantly revised on the establishment of the WSCCO.
It is expected that the ratio of net debt to operating revenue will remain under 500% throughout the planning period.

Borrowing headroom/(shortfall) for water services

In this section, councils are requested to populate the below financial measure "Borrowing Headroom/(Shortfall)" [Maximum allowable net debt at borrowing limit (operating revenue multiplied by 'net debt to operating revenue limit for water services') minus projected net debt attributed to water services].

This measure determines whether projected borrowings are within borrowing limits, as well as the ability to borrow for unforeseen events. A positive number equates to the additional amount of borrowings that could be taken on without exceeding borrowing limits. A negative number means borrowings exceed the borrowing limit.

It is recommended that all water services delivery arrangements have a specified borrowing limit for water services – whether delivered in-house or through the establishment of a water services organisation.

Councils should specify the unit of measurement in the table (for example, $k or $m).

Councils should comment on:

- *The debt limit specified by council for water services on a net debt to operating revenue basis;*
- *The amount of projected borrowing headroom; and*
- *If, in any year, the ratio shows a borrowing shortfall against limit, how this shortfall will be backed by other council revenues, and how this will be rectified through appropriate revenue setting for water services delivery.*

Borrowings headroom/(shortfall) against limit	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	15,650	17,114	18,554	20,102	21,787	23,622	25,621	27,801	31,628	32,771
Debt to revenue limit	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt	78,250	85,570	92,769	100,510	108,935	118,112	128,106	139,003	158,142	163,855
Total net debt	62,107	79,188	86,797	96,874	97,773	101,912	108,529	115,947	115,764	109,730
Borrowing headroom/ (shortfall) against limit	16,143	6,382	5,972	3,636	11,162	16,200	19,577	23,057	42,378	54,125

It is expected that a treasury policy will be developed for the WSCCO and that the existing treasury policies for the two shareholding councils will be significantly revised on the establishment of the WSCCO. Assuming a limit for the ratio of Net Debt to Operating Revenue of 500%, there is borrowing headroom available in all years during the period to 30 June 2034. Borrowing headroom increases in the later years, primarily due to the increase in Operating Revenue.

Free funds from operations

In this section, councils are requested to populate the below financial measure "Free Funds from Operations". [Free funds from operations for water services (operating revenue minus operating expenses plus depreciation and other non-cash expenses, less interest revenue), divided by net debt (gross borrowings minus cash and equivalents)].

This ratio measures the percentage of debt balance that is generated in free cash flow each year and is key leverage indicator for financiers. Councils should specify the unit of measurement in the table (for example, $k or $m).

Councils should comment on the level of projected leverage for water services under the free funds from operations calculations and how this is consistent with the financial strategy for water services delivery.

Metrics	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Rates increase	n/a	9.5%	8.1%	8.5%	8.5%	8.5%	8.6%	8.6%	8.6%	8.7%
Operating revenue increase	n/a	9.4%	8.4%	8.3%	8.4%	8.4%	8.5%	8.5%	13.8%	3.6%
Operating expenses increase	n/a	6.7%	6.0%	2.3%	2.6%	1.6%	1.7%	2.1%	1.7%	1.6%
Depreciation rate	n/a	3.2%	3.1%	3.1%	3.1%	3.1%	3.1%	3.2%	3.2%	3.3%
Effective interest rate	9.2%	4.7%	4.2%	4.3%	4.3%	4.3%	4.4%	4.5%	4.6%	4.7%
FFO to net debt	1.8%	1.7%	2.1%	2.7%	3.9%	5.2%	6.1%	7.0%	9.9%	11.2%
Total development contributions ($000)	910	936	957	980	1,004	1,023	1,044	1,061	1,086	1,107
FFO to net debt (applying 50% of development contributions)	2.6%	2.3%	2.7%	3.2%	4.4%	5.7%	6.6%	7.4%	10.3%	11.7%

The WSCCO free funds from operations (FFO) ratio is positive throughout the planning period and increases over time to 11.7% in 2033/34, reflecting the planned increases in operating revenue.

The current Financial Strategy in the Long Term Plans is for the councils as a whole, rather than for water services in isolation and hence it is not possible to show a direct linkage between these figures and those in the Financial Strategy. It is likely that the WSCCO board will develop a Financial Strategy as part of its overall planning processes.

Part E: Projected financial statements for water services

Projected financial statements – for drinking water, wastewater, stormwater and combined water services

Projected funding impact statement

Funding impact statement ($000) - combined	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Sources of operating funding											
General rates	74	76	0	0	0	0	0	0	0	0	150
Targeted rates	15,301	16,756	18,188	19,726	21,402	23,228	25,219	27,389	29,758	32,342	229,310
Subsidies and grants for operating purposes	20	21	0	0	0	0	0	0	0	0	41
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	255	261	366	376	385	394	402	411	1,871	429	5,150
Total operating funding	15,650	17,114	18,554	20,102	21,787	23,622	25,621	27,801	31,628	32,771	234,650
Applications of operating funding											
Payments to staff and suppliers	9,442	10,111	13,198	13,504	13,849	14,070	14,306	14,605	14,858	15,097	133,040
Finance costs	2,858	3,296	3,509	3,965	4,144	4,270	4,653	5,108	5,348	5,345	42,495
Internal charges and overheads applied	2,219	2,335	0	0	0	0	0	0	0	0	4,554
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	14,519	15,742	16,707	17,469	17,992	18,340	18,958	19,712	20,206	20,442	180,089
Surplus/(deficit) of operating funding	1,131	1,372	1,847	2,633	3,795	5,282	6,663	8,088	11,422	12,329	54,562
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	900	936	957	980	1,004	1,023	1,044	1,061	1,086	1,107	10,099
Vested asset income	1,717	1,759	1,807	1,854	1,900	1,944	1,988	2,031	2,075	2,118	19,194
Increase/(decrease) in debt	13,336	17,231	7,682	10,000	1,000	4,000	7,000	7,000	0	(6,000)	61,249
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	15,953	19,926	10,447	12,834	3,904	6,967	10,032	10,092	3,162	(2,775)	90,542
Applications of capital funding											
Capital expenditure - to meet additional demand	4,868	3,435	2,415	2,851	2,240	2,617	2,279	3,886	3,847	3,385	31,824
Capital expenditure - to improve levels of services	6,785	7,991	3,762	6,113	1,578	5,775	8,752	10,687	2,651	1,096	55,191
Capital expenditure - to replace existing assets	5,623	9,722	6,043	6,580	3,779	3,996	5,282	4,025	7,903	5,038	57,991

Increase/(decrease) in reserves	(192)	150	73	(77)	101	(139)	383	(418)	183	34	98
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	17,084	21,298	12,293	15,467	7,699	12,249	16,695	18,180	14,584	9,554	145,104
Surplus/(deficit) of capital funding	(1,131)	(1,372)	(1,847)	(2,633)	(3,795)	(5,282)	(6,663)	(8,088)	(11,422)	(12,329)	(54,562)
Funding balance	0	0	0	0	(0)	0	0	0	0	0	0

Funding impact statement ($000) - water	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**	**Total**
Sources of operating funding											
General rates	64	65	0	0	0	0	0	0	0	0	129
Targeted rates	11,038	12,092	12,966	14,005	15,129	16,346	17,665	19,094	20,643	22,323	161,302
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	182	186	191	196	201	206	210	215	1,670	224	3,480
Total operating funding	11,284	12,343	13,157	14,201	15,330	16,552	17,875	19,309	22,313	22,547	164,912
Applications of operating funding											
Payments to staff and suppliers	6,857	6,991	7,102	7,271	7,444	7,617	7,767	7,887	8,038	8,162	75,135
Finance costs	2,210	2,529	2,571	2,844	3,013	3,038	3,108	3,546	3,996	4,083	30,936
Internal charges and overheads applied	1,557	1,630	2,545	2,597	2,654	2,716	2,752	2,804	2,867	2,913	25,034
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	10,624	11,150	12,218	12,712	13,110	13,371	13,627	14,236	14,900	15,158	131,105
Surplus/(deficit) of operating funding	660	1,193	939	1,489	2,220	3,181	4,249	5,073	7,414	7,389	33,807
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	579	597	610	624	640	652	665	674	692	705	6,439
Vested asset income	369	378	388	399	408	418	427	436	446	455	4,125
Increase/(decrease) in debt	9,926	10,498	4,947	4,755	347	(561)	7,380	8,246	(319)	(3,265)	41,953
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	10,874	11,473	5,945	5,778	1,396	508	8,472	9,357	819	(2,105)	52,517
Applications of capital funding											
Capital expenditure - to meet additional demand	3,460	1,941	997	1,287	748	694	718	2,292	2,218	879	15,234
Capital expenditure - to improve levels of services	3,547	2,631	1,935	1,388	127	167	7,339	9,123	1,442	59	27,758
Capital expenditure - to replace existing assets	4,674	8,116	3,952	4,592	2,740	2,829	4,665	3,015	4,573	4,346	43,500

Increase/(decrease) in reserves	(147)	(22)	0	0	0	0	0	0	0	0	(169)
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	11,534	12,666	6,884	7,267	3,615	3,689	12,721	14,430	8,233	5,284	86,323
Surplus/(deficit) of capital funding	(660)	(1,193)	(939)	(1,489)	(2,220)	(3,181)	(4,249)	(5,073)	(7,414)	(7,389)	(33,807)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

Funding impact statement ($000) - wastewater	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**	**Total**
Sources of operating funding											
General rates	10	11	0	0	0	0	0	0	0	0	21
Targeted rates	3,190	3,467	3,909	4,267	4,661	5,096	5,574	6,102	6,683	7,325	50,274
Subsidies and grants for operating purposes	20	21	0	0	0	0	0	0	0	0	41
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	71	73	110	113	115	118	120	123	126	128	1,098
Total operating funding	3,291	3,572	4,018	4,380	4,777	5,214	5,695	6,225	6,809	7,453	51,434
Applications of operating funding											
Payments to staff and suppliers	1,761	1,906	1,833	1,879	1,971	1,912	1,955	2,044	2,039	2,081	19,382
Finance costs	488	514	639	685	782	767	944	890	821	843	7,374
Internal charges and overheads applied	571	609	848	867	885	913	913	934	958	969	8,467
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	2,820	3,029	3,320	3,432	3,638	3,592	3,812	3,869	3,818	3,893	35,223
Surplus/(deficit) of operating funding	471	543	698	948	1,139	1,622	1,882	2,356	2,991	3,561	16,212
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	321	337	346	354	362	369	377	384	392	400	3,642
Vested asset income	690	707	726	745	764	781	799	816	834	851	7,714
Increase/(decrease) in debt	1,378	4,571	735	2,388	(439)	3,340	(1,702)	(1,763)	(75)	(2,414)	6,019
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	2,389	5,615	1,807	3,487	686	4,490	(526)	(562)	1,150	(1,163)	17,374
Applications of capital funding											
Capital expenditure - to meet additional demand	750	820	726	853	764	1,178	799	816	834	1,694	9,234
Capital expenditure - to improve levels of services	1,201	3,793	187	1,681	135	4,169	88	84	85	87	11,510
Capital expenditure - to replace existing assets	944	1,495	1,592	1,901	927	766	470	894	3,222	616	12,827

Increase/(decrease) in reserves	(35)	50	0	0	0	0	0	0	0	0	15
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	2,860	6,158	2,505	4,435	1,825	6,113	1,356	1,794	4,141	2,398	33,586
Surplus/(deficit) of capital funding	(471)	(543)	(698)	(948)	(1,139)	(1,622)	(1,882)	(2,356)	(2,991)	(3,561)	(16,212)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

Funding impact statement ($000) - stormwater	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**	**Total**
Sources of operating funding											
General rates	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	1,073	1,197	1,313	1,455	1,612	1,786	1,979	2,193	2,431	2,694	17,733
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	2	2	2	2	2	2	2	2	2	2	22
Total operating funding	1,075	1,199	1,315	1,457	1,614	1,788	1,981	2,196	2,433	2,697	17,755
Applications of operating funding											
Payments to staff and suppliers	824	844	809	827	833	847	855	871	890	905	8,507
Finance costs	160	253	286	381	509	567	643	711	775	824	5,108
Internal charges and overheads applied	91	96	190	195	199	204	206	210	215	218	1,823
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	1,075	1,193	1,285	1,403	1,540	1,618	1,704	1,792	1,880	1,947	15,438
Surplus/(deficit) of operating funding	0	6	30	54	74	170	277	403	553	750	2,318
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	2	2	2	2	2	2	2	2	2	18
Vested asset income	658	674	692	711	728	745	762	778	795	812	7,356
Increase/(decrease) in debt	2,032	1,662	1,986	2,994	1,248	1,273	1,054	1,084	574	206	14,114
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	2,690	2,338	2,681	3,707	1,978	2,020	1,819	1,864	1,371	1,020	21,488
Applications of capital funding											
Capital expenditure - to meet additional demand	658	674	692	711	728	745	762	778	795	812	7,356
Capital expenditure - to improve levels of services	2,037	1,567	1,639	3,045	1,317	1,439	1,326	1,480	1,123	950	15,924
Capital expenditure - to replace existing assets	5	111	379	5	8	6	8	9	6	8	545

Increase/(decrease) in reserves	(10)	(8)	0	0	0	0	0	0	0	0	(18)
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	2,690	2,344	2,711	3,761	2,052	2,190	2,096	2,268	1,925	1,770	23,806
Surplus/(deficit) of capital funding	0	(6)	(30)	(54)	(74)	(170)	(277)	(403)	(553)	(750)	(2,318)
Funding balance	0	0	(0)	0	0	0	0	0	0	0	(0)

Funding impact statement ($000) - corporate	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**	**Total**
Sources of operating funding											
General rates	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	63	65	66	68	69	71	73	74	549
Total operating funding	0	0	63	65	66	68	69	71	73	74	549
Applications of operating funding											
Payments to staff and suppliers	0	370	3,453	3,527	3,601	3,693	3,728	3,803	3,891	3,949	30,016
Finance costs	0	0	14	56	(160)	(102)	(43)	(40)	(244)	(404)	(923)
Internal charges and overheads applied	0	0	(3,583)	(3,660)	(3,737)	(3,832)	(3,870)	(3,948)	(4,039)	(4,100)	(30,769)
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	0	370	(116)	(77)	(296)	(241)	(185)	(185)	(392)	(555)	(1,677)
Surplus/(deficit) of operating funding	0	(370)	179	142	363	309	254	256	464	629	2,226
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Vested asset income	0	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt	0	500	14	(138)	(156)	(51)	268	(567)	(179)	(528)	(837)
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	0	500	14	(138)	(156)	(51)	268	(567)	(179)	(528)	(837)
Applications of capital funding											
Capital expenditure - to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	0	0	0	0	0	0	0	0	0	0
Capital expenditure - to replace existing assets	0	0	121	81	105	396	139	106	103	68	1,119

Increase/(decrease) in reserves	0	130	73	(77)	101	(139)	383	(418)	183	34	270
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	0	130	194	4	206	257	522	(311)	285	102	1,389
Surplus/(deficit) of capital funding	0	370	(179)	(142)	(363)	(309)	(254)	(256)	(464)	(629)	(2,226)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

Projected statement of comprehensive revenue and expense

Statement of comprehensive revenue and expense ($000) - combined	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Operating revenue	15,650	17,114	18,554	20,102	21,787	23,622	25,621	27,801	31,628	32,771
Other revenue	2,617	2,695	2,764	2,834	2,904	2,967	3,032	3,092	3,162	3,225
Total revenue	18,267	19,809	21,318	22,936	24,691	26,590	28,654	30,893	34,790	35,996
Operating expenses	9,442	10,111	13,198	13,504	13,849	14,070	14,306	14,605	14,858	15,097
Finance costs	2,858	3,296	3,509	3,965	4,144	4,270	4,653	5,108	5,348	5,345
Overheads and support costs	2,219	2,335	0	0	0	0	0	0	0	0
Depreciation & amortisation	7,379	8,104	8,126	8,836	9,055	9,046	9,738	10,062	10,446	11,233
Total expenses	21,898	23,846	24,833	26,305	27,047	27,387	28,696	29,774	30,652	31,675
Net surplus / (deficit)	(3,631)	(4,037)	(3,515)	(3,369)	(2,356)	(797)	(43)	1,119	4,138	4,321
Revaluation of infrastructure assets	0	0	15,804	0	0	16,124	0	0	16,585	0
Total comprehensive income	(3,631)	(4,037)	12,289	(3,369)	(2,356)	15,327	(43)	1,119	20,723	4,321
Cash surplus / (deficit) from operations (excl depreciation)	3,748	4,067	4,611	5,467	6,699	8,249	9,695	11,180	14,584	15,554

Statement of comprehensive revenue and expense ($000) - water	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Operating revenue	11,284	12,343	13,157	14,201	15,330	16,552	17,875	19,309	22,313	22,547
Other revenue	948	975	998	1,023	1,048	1,070	1,092	1,111	1,138	1,160
Total revenue	12,232	13,318	14,155	15,224	16,378	17,622	18,968	20,420	23,452	23,707
Operating expenses	6,857	6,991	7,102	7,271	7,444	7,617	7,767	7,887	8,038	8,162
Finance costs	2,210	2,529	2,571	2,844	3,013	3,038	3,108	3,546	3,996	4,083
Overheads and support costs	1,557	1,630	2,545	2,597	2,654	2,716	2,752	2,804	2,867	2,913
Depreciation & amortisation	4,982	5,454	5,288	5,731	5,786	5,735	6,037	6,330	6,690	7,230

Total expenses	15,606	16,604	17,506	18,443	18,897	19,106	19,664	20,566	21,590	22,388
Net surplus / (deficit)	(3,374)	(3,286)	(3,350)	(3,219)	(2,519)	(1,484)	(696)	(146)	1,862	1,320
Revaluation of infrastructure assets	0	0	9,757	0	0	9,710	0	0	9,572	0
Total comprehensive income	(3,374)	(3,286)	6,407	(3,219)	(2,519)	8,226	(696)	(146)	11,434	1,320
Cash surplus / (deficit) from operations (excl depreciation)	1,608	2,168	1,937	2,512	3,268	4,251	5,341	6,184	8,552	8,550

Statement of comprehensive revenue and expense ($000) - wastewater	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Operating revenue	3,291	3,572	4,018	4,380	4,777	5,214	5,695	6,225	6,809	7,453
Other revenue	1,011	1,044	1,072	1,099	1,126	1,151	1,176	1,201	1,226	1,251
Total revenue	4,302	4,616	5,090	5,479	5,903	6,365	6,871	7,426	8,035	8,704
Operating expenses	1,761	1,906	1,833	1,879	1,971	1,912	1,955	2,044	2,039	2,081
Finance costs	488	514	639	685	782	767	944	890	821	843
Overheads and support costs	571	609	848	867	885	913	913	934	958	969
Depreciation & amortisation	2,011	2,228	2,154	2,356	2,464	2,478	2,806	2,801	2,795	2,982
Total expenses	4,831	5,257	5,475	5,788	6,102	6,070	6,618	6,670	6,613	6,874
Net surplus / (deficit)	(529)	(641)	(384)	(309)	(199)	295	253	755	1,422	1,830
Revaluation of infrastructure assets	0	0	4,406	0	0	4,363	0	0	4,692	0
Total comprehensive income	(529)	(641)	4,022	(309)	(199)	4,658	253	755	6,115	1,830
Cash surplus / (deficit) from operations (excl depreciation)	1,482	1,587	1,770	2,047	2,265	2,773	3,058	3,557	4,217	4,811

Statement of comprehensive revenue and expense ($000) - stormwater	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Operating revenue	1,075	1,199	1,315	1,457	1,614	1,788	1,981	2,196	2,433	2,697
Other revenue	658	676	694	713	730	747	764	780	797	814
Total revenue	1,733	1,875	2,009	2,169	2,344	2,535	2,746	2,976	3,231	3,510
Operating expenses	824	844	809	827	833	847	855	871	890	905
Finance costs	160	253	286	381	509	567	643	711	775	824
Overheads and support costs	91	96	190	195	199	204	206	210	215	218

Depreciation & amortisation	386	422	452	512	560	584	640	669	695	750
Total expenses	1,461	1,615	1,738	1,915	2,101	2,202	2,344	2,462	2,575	2,697
Net surplus / (deficit)	272	260	272	255	244	333	401	514	656	814
Revaluation of infrastructure assets	0	0	1,641	0	0	2,051	0	0	2,321	0
Total comprehensive income	272	260	1,912	255	244	2,385	401	514	2,976	814
Cash surplus / (deficit) from operations (excl depreciation)	658	682	724	767	804	917	1,041	1,184	1,351	1,563

Statement of comprehensive revenue and expense ($000) - corporate	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Operating revenue	0	0	63	65	66	68	69	71	73	74
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	0	0	63	65	66	68	69	71	73	74
Operating expenses	0	370	3,453	3,527	3,601	3,693	3,728	3,803	3,891	3,949
Finance costs	0	0	14	56	(160)	(102)	(43)	(40)	(244)	(404)
Overheads and support costs	0	0	(3,583)	(3,660)	(3,737)	(3,832)	(3,870)	(3,948)	(4,039)	(4,100)
Depreciation & amortisation	0	0	232	238	244	249	255	261	266	272
Total expenses	0	370	116	161	(52)	9	70	76	(126)	(284)
Net surplus / (deficit)	0	(370)	(52)	(96)	119	59	(1)	(5)	198	358
Revaluation of infrastructure assets	0	0	0	0	0	0	0	0	0	0
Total comprehensive income	0	(370)	(52)	(96)	119	59	(1)	(5)	198	358
Cash surplus / (deficit) from operations (excl depreciation)	0	(370)	179	142	363	309	254	256	464	629

Projected statement of cashflows

Statement of cashflows ($000) - Combined	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Cashflows from operating activities										
Cash surplus / (deficit) from operations	3,748	4,067	4,611	5,467	6,699	8,249	9,695	11,180	14,584	15,554
[other items]	0	0	0	0	0	0	0	0	0	0
Net cashflows from operating activities	3,748	4,067	4,611	5,467	6,699	8,249	9,695	11,180	14,584	15,554
Cashflows from investment activities										

[other items]	0	0	0	0	0	0	0	0	0	0
Capital expenditure	(17,276)	(21,148)	(12,221)	(15,544)	(7,598)	(12,388)	(16,312)	(18,598)	(14,401)	(9,520)
Net cashflows from investment activities	(17,276)	(21,148)	(12,221)	(15,544)	(7,598)	(12,388)	(16,312)	(18,598)	(14,401)	(9,520)
Cashflows from financing activities										
New borrowings	13,336	17,231	7,682	10,000	1,000	4,000	7,000	7,000	0	(6,000)
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
Net cashflows from financing activities	13,336	17,231	7,682	10,000	1,000	4,000	7,000	7,000	0	(6,000)
Net increase/(decrease) in cash and cash equivalents	(192)	150	73	(77)	101	(139)	383	(418)	183	34
Cash and cash equivalents at beginning of year	172	(20)	130	203	126	227	88	471	53	236
Cash and cash equivalents at end of year	(20)	130	203	126	227	88	471	53	236	270

Statement of cashflows ($000) - water	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Cashflows from operating activities										
Cash surplus / (deficit) from operations	1,608	2,168	1,937	2,512	3,268	4,251	5,341	6,184	8,552	8,550
[other items]	0	0	0	0	0	0	0	0	0	0
Net cashflows from operating activities	1,608	2,168	1,937	2,512	3,268	4,251	5,341	6,184	8,552	8,550
Cashflows from investment activities										
[other items]	0	0	0	0	0	0	0	0	0	0
Capital expenditure	(11,681)	(12,688)	(6,884)	(7,267)	(3,615)	(3,689)	(12,721)	(14,430)	(8,233)	(5,284)
Net cashflows from investment activities	(11,681)	(12,688)	(6,884)	(7,267)	(3,615)	(3,689)	(12,721)	(14,430)	(8,233)	(5,284)
Cashflows from financing activities										
New borrowings	9,926	10,498	4,947	4,755	347	(561)	7,380	8,246	(319)	(3,265)
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
Net cashflows from financing activities	9,926	10,498	4,947	4,755	347	(561)	7,380	8,246	(319)	(3,265)
Net increase/(decrease) in cash and cash equivalents	(147)	(22)	0	0	0	0	0	0	(0)	0
Cash and cash equivalents at beginning of year	172	25	3	3	3	3	3	3	3	3
Cash and cash equivalents at end of year	25	3	3	3	3	3	3	3	3	3

Statement of cashflows ($000) - wastewater	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Cashflows from operating activities										
Cash surplus / (deficit) from operations	1,482	1,587	1,770	2,047	2,265	2,773	3,058	3,557	4,217	4,811
[other items]	0	0	0	0	0	0	0	0	0	0

Net cashflows from operating activities	1,482	1,587	1,770	2,047	2,265	2,773	3,058	3,557	4,217	4,811
Cashflows from investment activities										
[other items]	0	0	0	0	0	0	0	0	0	0
Capital expenditure	(2,895)	(6,108)	(2,505)	(4,435)	(1,825)	(6,113)	(1,356)	(1,794)	(4,141)	(2,398)
Net cashflows from investment activities	(2,895)	(6,108)	(2,505)	(4,435)	(1,825)	(6,113)	(1,356)	(1,794)	(4,141)	(2,398)
Cashflows from financing activities										
New borrowings	1,378	4,571	735	2,388	(439)	3,340	(1,702)	(1,763)	(75)	(2,414)
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
Net cashflows from financing activities	1,378	4,571	735	2,388	(439)	3,340	(1,702)	(1,763)	(75)	(2,414)
Net increase/(decrease) in cash and cash equivalents	(35)	50	0	0	0	0	0	0	(0)	0
Cash and cash equivalents at beginning of year	0	(35)	15	15	15	15	15	15	15	15
Cash and cash equivalents at end of year	(35)	15	15	15	15	15	15	15	15	15

Statement of cashflows ($000) - stormwater	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Cashflows from operating activities										
Cash surplus / (deficit) from operations	658	682	724	767	804	917	1,041	1,184	1,351	1,563
[other items]	0	0	0	0	0	0	0	0	0	0
Net cashflows from operating activities	658	682	724	767	804	917	1,041	1,184	1,351	1,563
Cashflows from investment activities										
[other items]	0	0	0	0	0	0	0	0	0	0
Capital expenditure	(2,700)	(2,352)	(2,711)	(3,761)	(2,052)	(2,190)	(2,096)	(2,268)	(1,925)	(1,770)
Net cashflows from investment activities	(2,700)	(2,352)	(2,711)	(3,761)	(2,052)	(2,190)	(2,096)	(2,268)	(1,925)	(1,770)
Cashflows from financing activities										
New borrowings	2,032	1,662	1,986	2,994	1,248	1,273	1,054	1,084	574	206
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
Net cashflows from financing activities	2,032	1,662	1,986	2,994	1,248	1,273	1,054	1,084	574	206
Net increase/(decrease) in cash and cash equivalents	(10)	(8)	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	0	(10)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
Cash and cash equivalents at end of year	(10)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)

Statement of cashflows ($000) - corporate	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**

Cashflows from operating activities										
Cash surplus / (deficit) from operations	0	(370)	179	142	363	309	254	256	464	629
[other items]	0	0	0	0	0	0	0	0	0	0
Net cashflows from operating activities	0	(370)	179	142	363	309	254	256	464	629
Cashflows from investment activities										
[other items]	0	0	0	0	0	0	0	0	0	0
Capital expenditure	0	0	(121)	(81)	(105)	(396)	(139)	(106)	(103)	(68)
Net cashflows from investment activities	0	0	(121)	(81)	(105)	(396)	(139)	(106)	(103)	(68)
Cashflows from financing activities										
New borrowings	0	500	14	(138)	(156)	(51)	268	(567)	(179)	(528)
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
Net cashflows from financing activities	0	500	14	(138)	(156)	(51)	268	(567)	(179)	(528)
Net increase/(decrease) in cash and cash equivalents	0	130	73	(77)	101	(139)	383	(418)	183	34
Cash and cash equivalents at beginning of year	0	0	130	203	126	227	88	471	53	236
Cash and cash equivalents at end of year	0	130	203	126	227	88	471	53	236	270

Projected statement of financial position

Statement of financial position ($000) - combined	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	(20)	130	203	126	227	88	471	53	236	270
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	252,298	265,342	285,241	291,948	290,492	309,958	316,532	325,068	345,609	343,895
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Total assets	252,278	265,472	285,443	292,074	290,719	310,046	317,003	325,121	345,845	344,165
Liabilities										
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	62,087	79,318	87,000	97,000	98,000	102,000	109,000	116,000	116,000	110,000
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	62,087	79,318	87,000	97,000	98,000	102,000	109,000	116,000	116,000	110,000
Net assets	190,191	186,154	198,443	195,074	192,719	208,046	208,003	209,122	229,845	234,165
	25%	30%	30%	33%	34%	33%	34%	36%	34%	32%
Equity										
Revaluation reserve	0	0	15,804	15,804	15,804	31,928	31,928	31,928	48,514	48,514

Other reserves	190,191	186,154	182,639	179,270	176,914	176,117	176,075	177,193	181,331	185,652
Total equity	190,191	186,154	198,443	195,074	192,719	208,046	208,003	209,122	229,845	234,165

Statement of financial position ($000) - water	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	25	3	3	3	3	3	3	3	3	3
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	143,281	150,515	161,869	163,405	161,234	168,899	175,582	183,682	194,796	192,850
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Total assets	143,306	150,518	161,872	163,408	161,237	168,902	175,585	183,685	194,799	192,853
Liabilities										
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	47,408	57,906	62,853	67,608	67,956	67,394	74,774	83,020	82,700	79,435
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	47,408	57,906	62,853	67,608	67,956	67,394	74,774	83,020	82,700	79,435
Net assets	95,898	92,612	99,019	95,800	93,281	101,507	100,811	100,665	112,099	113,418
	33%	38%	39%	41%	42%	40%	43%	45%	42%	41%
Equity										
Revaluation reserve	0	0	9,757	9,757	9,757	19,468	19,468	19,468	29,040	29,040
Other reserves	95,898	92,612	89,262	86,043	83,524	82,040	81,344	81,197	83,059	84,379
Total equity	95,898	92,612	99,019	95,800	93,281	101,507	100,811	100,665	112,099	113,418

Statement of financial position ($000) - wastewater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	(35)	15	15	15	15	15	15	15	15	15
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	81,564	85,444	90,200	92,280	91,641	99,638	98,189	97,182	103,221	102,637
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Total assets	81,529	85,459	90,215	92,295	91,656	99,653	98,204	97,197	103,236	102,652
Liabilities										
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	9,887	14,458	15,192	17,581	17,141	20,481	18,779	17,016	16,941	14,527

Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	9,887	14,458	15,192	17,581	17,141	20,481	18,779	17,016	16,941	14,527
Net assets	71,642	71,001	75,023	74,714	74,515	79,172	79,425	80,180	86,295	88,125
	12%	17%	17%	19%	19%	21%	19%	18%	16%	14%
Equity										
Revaluation reserve	0	0	4,406	4,406	4,406	8,769	8,769	8,769	13,462	13,462
Other reserves	71,642	71,001	70,617	70,308	70,109	70,403	70,656	71,411	72,834	74,663
Total equity	71,642	71,001	75,023	74,714	74,515	79,172	79,425	80,180	86,295	88,125

Statement of financial position ($000) - stormwater	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Assets										
Cash and cash equivalents	(10)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	27,453	29,383	33,282	36,531	38,023	41,680	43,136	44,734	48,284	49,305
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Total assets	27,443	29,365	33,264	36,513	38,005	41,662	43,118	44,716	48,266	49,287
Liabilities										
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	4,792	6,454	8,440	11,434	12,683	13,956	15,010	16,094	16,668	16,874
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	4,792	6,454	8,440	11,434	12,683	13,956	15,010	16,094	16,668	16,874
Net assets	22,651	22,911	24,823	25,078	25,322	27,706	28,108	28,622	31,599	32,412
	17%	22%	25%	31%	33%	33%	35%	36%	35%	34%
Equity										
Revaluation reserve	0	0	1,641	1,641	1,641	3,692	3,692	3,692	6,012	6,012
Other reserves	22,651	22,911	23,183	23,438	23,681	24,015	24,416	24,930	25,586	26,400
Total equity	22,651	22,911	24,823	25,078	25,322	27,706	28,108	28,622	31,599	32,412

Statement of financial position ($000) - corporate	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Assets										
Cash and cash equivalents	0	130	203	126	227	88	471	53	236	270
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	0	0	(111)	(268)	(406)	(259)	(375)	(529)	(693)	(897)
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Total assets	0	130	92	(142)	(179)	(171)	95	(476)	(457)	(627)

Liabilities										
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	0	500	514	376	220	169	437	(130)	(309)	(837)
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	0	500	514	376	220	169	437	(130)	(309)	(837)
Net assets	0	(370)	(422)	(518)	(399)	(340)	(341)	(346)	(148)	210
	#DIV/0!	385%	560%	-265%	-123%	-99%	457%	27%	68%	133%
Equity										
Revaluation reserve	0	0	0	0	0	0	0	0	0	0
Other reserves	0	(370)	(422)	(518)	(399)	(340)	(341)	(346)	(148)	210
Total equity	0	(370)	(422)	(518)	(399)	(340)	(341)	(346)	(148)	210

Water Services Delivery Plan: additional information

Significant capital projects

Significant capital projects ($)

Significant capital projects – drinking water

District	Significant capital projects – wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34	2024/34
District	**Projects to meet additional demand**											
Hurunui	Vested assets	369,000	378,157	388,332	398,506	408,342	417,838	427,335	436,492	445,988	455,145	4,125,135
Hurunui	Bulk Main to new Seadown Reservoir	2,096,000	0									2,096,000
Hurunui	Amberley Water Supply Growth Strategy	0	0						1,549,605			1,549,605
Hurunui	Cones Road to Henrys Road Ring Main	0	639,868		639,694							1,279,562
Hurunui	Ashworths Bush Road New Pump station & Rising Main	782,362		372,230								1,154,592
Hurunui	Other projects to meet additional demand	213,105	923,109	236,297	249,138	340,099	276,287	290,304	305,420	321,427	424,209	3,579,395
Kaikōura	IAF Water mains	0								1,450,690		1,450,690
	Total investment to meet additional demand	3,460,467	1,941,134	996,859	1,287,338	748,441	694,125	717,639	2,291,517	2,218,105	879,354	15,234,979
	Projects to improve levels of services											
Hurunui	Cheviot Main Pipe upgrade (225mm Main Res to Barnes Junction and Main line from Barnes to Cheviot TS Reservoir)		1,136,214	1,085,672	1,114,117							3,336,003
Hurunui	Upgrade of Blythe Booster rising main			651,403								651,403
Hurunui	Upgrades from Pyramid Valley to Waipara							2,039,887	1,396,039			3,435,926
Hurunui	New high level Reservoir & connection to Waipara TS								1,371,090			1,371,090
Hurunui	New pump station & reservoir to alleviate pressure issues on Conical Hill (Oregon Heights)							514,295	4,727,844			5,242,139

Hurunui	Hawarden bypass								1,411,464			1,411,464
Hurunui	Hawarden Waikari pump station and reservoir	426,209	256,204					2,370,857				3,053,270
Hurunui	Lower Waitohi - Upgrade of Main line from Karaka, the Browns Rising Main, the Browns pump station, SH crossing and rising main	1,176,380	557,032									1,733,412
Hurunui	Upper Waitohi - New rising main DN250 on Lake Sumner Road & M Rd to Birchdale Rd						40,051	2,355,974				2,396,025
Hurunui	Upper Waitohi - New rising main DN250 Birchdale Rd to Dalmeney								162,476			162,476
Hurunui	Upper Waitohi - New rising main DN250 Dalmeney to Pyramid Valley FH									1,301,725		1,301,725
Hurunui	Balmoral - Water treatment plant upgrade	915,000										915,000
Hurunui	Other projects to meet/improve levels of service	903,458	681,577	177,117	243,541	46,780	126,545	51,709	54,224	140,126	59,477	2,484,554
Kaikōura	Kincaid – Treatment improvements	100,000										100,000
Kaikōura	Other projects to meet/improve levels of service	25,500		21,054	30,241	80,261		5,793				162,848
	Total investment to meet improve levels of services	**3,546,547**	**2,631,027**	**1,935,245**	**1,387,899**	**127,041**	**166,596**	**7,338,514**	**9,123,137**	**1,441,851**	**59,477**	**27,757,335**
	Projects to replace existing assets											
Hurunui	District Wide Reticulation Renewals (Very High and High Critically Aged Based)	764,028	2,648,456	287,675	1,228,760		147,097	1,316,713		1,277,763		7,670,492
Hurunui	District Wide Pipe Level of Service Upgrade (identified during water applications & by watermen)	713,000	730,694	675,318	693,012	710,117	726,631	743,145	759,070	775,584	791,509	7,318,080
Hurunui	District Wide Rail/State Highway road Crossing ducts including consenting	79,559	83,721	88,232	92,949	98,051	103,147	108,380	114,024	120,000	126,137	1,014,200
Hurunui	District Wide Flow Meters	200,000	204,963	210,478	215,993	221,324	226,471	231,618	236,581	241,728	246,691	2,235,847
Hurunui	District Wide Surface Pump replacement	177,000	181,392	186,273	191,153	195,871	200,426	204,982	209,374	213,929	218,322	1,978,722

Hurunui	District Wide Pump Shed Upgrades		155,482	214,239	166,092	63,033	125,250	131,605	30,039	92,590	9,509	987,839
Hurunui	Water Meter Renewals/Manifolds	200,000	204,963	210,478	215,993	221,324	226,471	231,618	236,581	241,728	246,691	2,235,847
Hurunui	Reservoir and Tank Renewals	8,003	1,595,367	153,579	8,630	8,856	74,442	33,663	20,103	18,241	9,871	1,930,755
Hurunui	Hurunui #1 – Renewal of Treatment Plant assets										1,665,031	1,665,031
Hurunui	Other projects to replace existing assets	2,319,532	1,932,262	1,326,078	1,083,709	413,339	360,315	917,494	598,188	912,437	338,998	10,202,352
Kaikōura	Kaikōura – Asbestos cement water main renewals		76,875	105,268	339,443	347,929	355,931	364,118	372,128	379,943	387,922	2,729,557
Kaikōura	East Coast – Galvanised iron & PVC mains replacements			153,473								153,473
Kaikōura	Other projects to replace existing assets	212,688	302,215	341,080	356,031	459,740	282,461	381,546	438,902	298,687	304,960	3,378,312
	Total investment to replace existing assets	**4,673,810**	**8,116,390**	**3,952,171**	**4,591,765**	**2,739,584**	**2,828,643**	**4,664,882**	**3,014,991**	**4,572,630**	**4,345,641**	**43,500,507**
	Total investment in drinking water assets	**11,680,824**	**12,688,551**	**6,884,275**	**7,267,003**	**3,615,065**	**3,689,365**	**12,721,035**	**14,429,645**	**8,232,586**	**5,284,472**	**86,492,821**

Significant capital projects – wastewater

District	Significant capital projects – wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34	2024/34
	Projects to meet additional demand											
Hurunui	Vested Assets	690,000	707,123	726,149	745,175	763,566	781,324	799,081	816,204	833,961	851,085	7,713,668
Hurunui	Leithfield - Rising main from SH1 pump station to Hursley Tce										843,111	843,111
Hurunui	Other projects to meet additional demand	60,000	112,730									172,730
Kaikōura	Stormwater inflow prevention – South Bay Boat Park				108,004							108,004
Kaikōura	Mill Road Pump station overflow protection						396,378					396,378
	Total investment to meet additional demand	**750,000**	**819,853**	**726,149**	**853,179**	**763,566**	**1,177,702**	**799,081**	**816,204**	**833,961**	**1,694,196**	**9,233,891**
	Projects to improve levels of services											-
Hurunui	Hawarden - Investigation, Design and Enabling Works for new consent	150,000	153,722		971,967							1,275,689

Hurunui	Cheviot - Investigation, Design and Enabling Works for new consent						1,019,118					1,019,118
Hurunui	Waikari - Investigation, Design and Enabling Works for new consent						1,019,118					1,019,118
Hurunui	Motunau Beach - Investigation, Design and Enabling Works for new consent						1,019,118					1,019,118
Hurunui	Greta Valley - Investigation, Design and Enabling Works for new consent						1,019,118					1,019,118
Hurunui	Amberley – Complete Sequencing Biological Reactor plant	250,000	3,074,449									3,324,449
Hurunui	Other projects to meet/improve levels of service	700,847	559,904	187,102	705,326	134,721	92,749	87,668	83,632	85,451	87,205	2,724,605
Kaikōura	Treatment Plant consent renewal improvements	100,000										100,000
Kaikōura	Other projects to meet/improve levels of service		5,125		3,240							8,365
	Total investment to meet improve levels of services	**1,200,847**	**3,793,200**	**187,102**	**1,680,533**	**134,721**	**4,169,220**	**87,668**	**83,632**	**85,451**	**87,205**	**11,509,579**
Hurunui	**Projects to replace existing assets**											
Hurunui	District Wide Pipe Renewals (Medium/Low Criticality Age based replacement)		1,156,644	885,401	1,580,701	1,948	279,344	21,475		1,760,143		5,685,657
Hurunui	District Wide Pipe Renewals (V High/High Criticality Age based replacement)		16,154	17,769	1,486		43,240			782,009		860,657
Hurunui	Amberley - Wastewater treatment plant screen	180,000										180,000
Hurunui	Desludging (Hawarden, Greta Valley, Waikari)	300,000		315,717		553,309						1,169,026
Hurunui	Other projects to replace existing assets	85,000	39,222	45,183	0	2,742	5,980	10,696	433,360	232,237	159,617	1,014,037
Kaikōura	Pump station/well corrosion repairs including Hawthorne & Churchill Street	120,000	76,875	52,634		55,352						304,861
Kaikōura	Paddle wheel aerator replacement	120,000										120,000
Kaikōura	Other projects to replace existing assets	139,425	205,866	274,956	319,261	313,678	437,067	437,526	460,916	447,474	456,871	3,493,040

	Total investment to replace existing assets	944,425	1,494,761	1,591,659	1,901,449	927,029	765,631	469,697	894,276	3,221,863	616,488	12,827,278
	Total investment in wastewater assets	2,895,272	6,107,814	2,504,910	4,435,161	1,825,316	6,112,553	1,356,446	1,794,112	4,141,275	2,397,889	33,570,748

Significant capital projects – stormwater

District	Significant capital projects – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34	2024/34
	Projects to meet additional demand											
Hurunui	Vested Assets	658,000	674,329	692,472	710,616	728,154	745,088	762,022	778,351	795,285	811,614	7,355,931
	Total investment to meet additional demand	658,000	674,329	692,472	710,616	728,154	745,088	762,022	778,351	795,285	811,614	7,355,931
	Projects to improve levels of services											-
Hurunui	Leithfield Beach - Outfall Drain future						74,169	151,710	774,802			1,000,681
Hurunui	Leithfield - Increase culvert sizes/remove culverts in township			105,239			679,412					784,651
Hurunui	Leithfield - Stop bank for river protection				53,998				387,401			441,399
Hurunui	Hanmer Springs – Argelins/Jacks Pass project (subject to consent)	100,000	102,482	105,239	1,126,867							1,434,588
Hurunui	Hanmer Springs - Drainage improvement work in Scarborough Terrace		218,273	231,610	58,146		88,412					596,441
Hurunui	Culverden – Balmoral Street drainage additional pipe					77,464				725,184		802,648
Hurunui	Finalisation of Global Discharge Consents	77,113	182,253	82,718	85,641	88,529	90,588	92,647	94,632	97,176	99,910	991,207
Hurunui	Global district urban consent works for the 13 urban areas				323,989			347,426			123,346	794,761
Hurunui	Miscellaneous Emergency Repairs/Service requests	100,000	102,482	105,239	107,996	110,662	113,235	115,809	118,290	120,864	123,346	1,117,923
Hurunui	Stormwater Modelling	225,000	204,963	99,977	91,797	38,732	39,632	40,533	41,402	42,302	43,171	867,509
Hurunui	Other projects to meet/improve levels of service	1,529,677	751,101	883,076	1,191,128	940,290	348,198	571,858	57,963	131,742	553,821	6,958,854
Kaikōura	Other projects to meet/improve levels of service	5,000	5,125	26,317	5,400	60,888	5,663	5,793	5,920	6,045	6,171	132,321

	Total investment to meet improve levels of services	2,036,790	1,566,679	1,639,415	3,044,962	1,316,565	1,439,309	1,325,776	1,480,410	1,123,313	949,765		15,922,983
	Projects to replace existing assets												-
Hurunui	Replacement for SW pipes		106,480	373,350		1,987		2,160	3,020		2,215		489,212
Kaikōura	Sundry renewals	5,000	5,125	5,263	5,400	5,535	5,663	5,793	5,920	6,045	6,171		55,915
	Total investment to replace existing assets	5,000	111,605	378,613	5,400	7,522	5,663	7,953	8,940	6,045	8,386		545,127
	Total investment in stormwater assets	2,699,790	2,352,613	2,710,500	3,760,978	2,052,241	2,190,059	2,095,751	2,267,701	1,924,642	1,769,766		23,824,042

Risks and assumptions

Disclosure of risks and material assumptions for water services delivery

Parameters	Drinking supply	Wastewater	Stormwater
Key Risks	• Regulatory compliance obligations are expected to contribute to increased capital and operating costs, e.g. resource consent compliance projects, monitoring and reporting, obligations under the Water Services Act 2021, the NPS for Freshwater Management, and economic regulation. • It is projected that the population of Amberley will grow around 36%, Hanmer Springs by 27%, and Kaikōura by around 16% over the 10 year period 2024-2034. Planned programme activities include the identification and development of additional water sources, and water storage and upgrade some mains. If growth exceeds expected levels, additional investment may be required. • Climate change impacts are likely to impact both demand and supply for water (including both quantity and quality). For example, over time, sea level rise may result in coastal erosion, coastal inundation and rising groundwater levels in some locations. • Price movements and/or funding costs could differ significantly from expectations • A significant natural disaster, such as the 2016 Kaikōura Hurunui earthquakes, could adversely impact the ability to implement plans and to provide the expected levels of service	• Regulatory compliance obligations are expected to contribute to increased capital and operating costs, e.g. resource consent renewal compliance projects, additional monitoring and reporting requirements, obligations under Environmental Performance Standards and the National Water Code of Practice, and economic regulation. • It has been assumed that significant additional investment will be required in order to renew key consents for wastewater treatment plants/ponds in the Hurunui District. It is possible that the actual costs could be either greater or less than expected. • If growth exceeds expected levels, additional investment may be required. • Climate change is likely to increase the severity of extreme rainfall events, potentially increasing inflow and inundation and potentially increasing the risk of wastewater overflows. It is necessary to take steps to minimise inflow and inundation to reduce pressure on wastewater treatment facilities. • Price movements and/or funding costs could differ significantly from expectations • A significant natural disaster, such as the 2016 Kaikōura Hurunui earthquakes, could adversely impact the ability to implement plans and to provide the expected levels of service	• Regulatory compliance obligations are expected to contribute to increased capital and operating costs, , e.g. resource consent renewal compliance projects, additional monitoring and reporting requirements, obligations under Environmental Performance Standards and the National Water Code of Practice, and economic regulation. • Climate change is likely to increase the severity of extreme rainfall events, and increase the risk of flooding (including to habitable floors). Some adverse weather events may cause erosion and/or damage to stormwater infrastructure. Rising groundwater in some coastal areas may present challenges for stormwater activities. • Customer and third party activities can impinge upon the performance of stormwater assets, e.g. structures placed in drains, not maintaining stormwater assets on private land. • If growth exceeds expected levels, additional investment may be required. • In some cases, customer expectations regarding stormwater levels of service may differ from planned, which could create pressure for additional investment. • Price movements and/or funding costs could differ significantly from expectations • A significant natural disaster, such as the 2016 Kaikōura Hurunui earthquakes, could adversely impact the ability to implement plans and to provide the expected levels of service
Significant assumptions	It has been assumed that:	It has been assumed that:	It has been assumed that:

	• Growth will be in line with projections included in the Kaikōura and Hurunui District Councils' Long Term Plans 2024-2034. • It will be possible to renew water consents in a timely manner within the cost estimates contained in the Long Term Plan. • It will be possible to source additional water to meet growing demand by the time that the water is needed. • There will be no significant regulatory changes over the next 10 years other than those already known. This includes that the WSCCO will not be required to implement fluoridation of water supplies. • Activities will be conducted in compliance with the associated resource consents wherever possible. • It will be possible to access and/or retain the capacity and capability required to implement planned capital and operating activities. • Information available about assets, including age, condition, valuations and expected useful lives of assets, is sufficiently complete and reliable to be used for asset management and operational purposes. • Price movements are in line with the BERL estimates for use in the Long Term Plan 2024-2034 and that financing costs are in line with Long Term Plan projections. • Asset revaluations are in line with projections. • No major natural disasters, pandemics or similar critical events occur during the planning period. • The funding of WSCCO depreciation will be staged in over the period to 30 June 2034.	• Growth will be in line with projections included in the Kaikōura and Hurunui District Councils' Long Term Plans 2024-2034. • It will be possible to renew wastewater consents in a timely manner within the cost estimates contained in the Long Term Plan. • There will be no further significant regulatory changes, other than those already known, over the next 10 years. • Activities will be conducted in compliance with the associated resource consents wherever possible. • It will be possible to access and/or retain the capacity and capability required to implement planned capital and operating activities. • The information available about assets, including age, condition, valuations and expected useful lives of assets, is sufficiently complete and reliable to be used for asset management and operational purposes. • Price movements are in line with the BERL estimates for use in the Long Term Plan 2024-2034 and that financing costs are in line with the projections. • Asset revaluations are in line with projections. • No major natural disasters, pandemics or similar critical events occur during the planning period. • The funding of WSCCO depreciation will be staged in over the period to 30 June 2034.	• Growth will be in line with projections included in the Kaikōura and Hurunui District Councils' Long Term Plans 2024-2034. • It will be possible to renew stormwater consents in a timely manner within the cost estimates contained in the Long Term Plan. • If it becomes necessary to establish additional wastewater filtration ponds, that it will be possible to access suitable land. • There will be no further significant regulatory changes, other than those already known, over the next 10 years. • Activities will be conducted in compliance with the associated resource consents wherever possible. • It will be possible to access and/or retain the capacity and capability required to implement planned capital and operating activities. • The information available about assets, including age, condition, valuations and expected useful lives of assets, is sufficiently complete and reliable to be used for asset management and operational purposes. • Price movements are in line with the BERL estimates for use in the Long Term Plan 2024-2034 and that financing costs are in line with the projections. • Asset revaluations are in line with projections. • No major natural disasters, pandemics or similar critical events occur during the planning period. • The funding of WSCCO depreciation will be staged in over the period to 30 June 2034.