Water Services Delivery Plan

Timaru District Council

29 August 2025

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

A1. Statement that water services delivery is financially sustainable

Financially sustainable water services provision

Timaru District Council intends to complete transitional arrangements by way of establishing WSCCO governance, service level agreements with Council and the introduction of the new planning and accountability framework for water services within a phased transition from 1 July 2026 through to 1 July 2027.

TDC can confirm that the WSCCO will meet the financial sustainability requirements by FY 27/28, specifically:

- Projected Drinking Water and Wastewater revenue is sufficient to cover the costs of delivering the water services, including sufficient infrastructure investment and meeting increasing, known regulatory requirements.
- The proposed level of investment as outlined in the WSDP is sufficient to meet levels of services, regulatory requirements and provide for development as projected in the underlying LTP. In addition, the proposed level of investment can be fully funded by projected revenues.
- The projected WSCCO borrowings are within borrowing limits and will meet associated LGFA covenants within the initial five years. Initial cashflow to the WSCCO will be supported through a transitional period working capital arrangement from TDC to the WSCCO in FY25/26 and 26/27 ahead of revenue being received (collected on behalf of the WSCCO).

Additionally, TDC can confirm that the provision of Stormwater via a continuation of in-house services also meets the financial sustainability requirements, specifically:

- Projected stormwater revenue is sufficient to cover the costs of delivering stormwater services, including sufficient infrastructure investment and meeting increasing, known regulatory requirements. The proposed level of investment as outlined in the TDC WSDP (and TDC LTP) is sufficient to meet levels of services, regulatory requirements and provide for growth as projected in the underlying LTP. In addition, the proposed level of investment can be fully funded by projected revenues. Council will continue the current practice of revenue separation within the stormwater activity.
- The projected total TDC borrowings are within total borrowing limits and LGFA associated covenants.

On the above basis, and as confirmed in Section E: Financial Sustainability of this WSDP, TDC confirm that the provision of all three waters meet the financially sustainability requirements under the respective delivery models.

A2. Proposed Delivery Model

Timaru District Council explored a range of delivery models as proposed by the Department of Internal Affairs and has explored partnering opportunities for a joint WSCCO with a number of other District Councils.

Council gave consideration to the option of joining Southern Water (Central Otago, Gore and Clutha), and/or to partnering with any/all of our nearest neighbours being Waimate, Waitaki and Mackenzie, with Ashburton having indicated a lack of intent to partner at an early stage. Conversations are ongoing with the above-named Councils and Selwyn District Council and their WSCCO.

In these conversations Council focused on equity of community investment and return, with regard to the differing levels of investment by councils to date and respective asset/network condition, the varying water prices for consumers, the growth and investment requirements, and level of service requirements (including compliance requirements). Based on this information Council considered how the priorities of all councils might fit within the borrowing levels proposed by the reform.

Detailed assessment was undertaken on three options being continued in house delivery, a standalone WSCCO and a joint WSCCO with one or a combination of Waimate, Waitaki and Mackenzie, and this analysis led to an officer recommendation, subsequently endorsed by Council, to progress a joint WSCCO. The consultation noted the potential for a “different mix of councils to join this water organisation”. Feedback from community consultation undertaken on these options aligned with this preferred approach.

However, in July 2025 neighbouring councils confirmed that they would continue to deliver water services in house, precluding the option of a joint WSCCO within the timeframe required for completion of the present WSDP.

In that context Council resolved, on 22 July 2025, to progress work towards a standalone WSCCO to ensure that water services delivery in Timaru would not only meet all regulatory requirements (including financial sustainability) but would also be positioned for partnership in the near future should other councils decide to join with Timaru, and subject to agreed terms and conditions at such time.

In August 2025 Council was subsequently invited to sign up to a Commitment Agreement with Southern Water but, requiring more time to evaluate possible future options, did not progress this opportunity, and confirmed their intention to work towards a standalone WSCCO in the first instance.

Water Services CCO for delivery of Drinking Water and Wastewater

The target date for the operational commencement of the WSCCO (standalone or joint) for volumetric water services (drinking water and wastewater, including trade waste) is 1 July 2027. Council considers that this date is achievable with regard to interim establishment tasks and costs, will align with subsequent financial planning (Long Term Plan) cycles for Timaru District Council, and will provide assurance for staff who have been through several years of uncertainty under various water reform proposals.

Further detail is outlined in the Implementation Plan below, and Council will ensure that the future WSCCO has the governance, capability and systems in place to deliver its mandated work programme to the standard required by legislation and expected by our communities.

A fit-for-purpose governance framework will give effect to the Local Water Done Well reform, and independent directors selected for their capability and experience in infrastructure delivery, financial oversight, and regulatory compliance will be appointed. All Board activities will be guided by a Statement of Expectations and evaluated against performance metrics aligned to customer outcomes, regulatory requirements, and long-term financial sustainability.

A staged operating model and resourcing plan will be developed and costed to ensure that the WSCCO has the necessary technical, commercial, and operational expertise at each phase of its establishment and growth. Transitional support from Timaru District Council's shared services (e.g. finance, HR, IT) will be phased out as the organisation matures and becomes fully self-sufficient.

We will also embed asset and financial management systems aligned with industry standards, and the management team will oversee service delivery implementation focussing on assurance, risk management, and transparent reporting.

Financial ringfencing will separate drinking water and wastewater revenue expenditure, reserve funds, and debt from Council activities. Financial contributions will continue to be collected for the purpose of offsetting development's adverse impacts on water service infrastructure, as determined by the Council's Revenue and Financing Policy. These contributions will be transferred to the WSCCO, which will then start collecting development contributions.

While at present working towards the establishment of a WSCCO as a standalone entity for the Timaru District, future partnership opportunities, which could deliver greater efficiencies, standardisation, knowledge sharing, and ultimately lower costs for consumers, remain of interest to Council.

There are two possible future avenues towards establishment of a joint WSCCO, being (1) confirmation of partners before the standalone WSCCO is established or (2) addition of partners following establishment. It is noted that either of these approaches will require consideration of the statutory provisions regulating changes to structural arrangements for water service delivery.

To retain this future flexibility, Council will focus on planning and pre-establishment activities that allow for prior confirmation of one or more partners up to 31 March 2026, at which time board appointments will need to be made for a standalone WSCCO. In that event (no partners confirmed prior to 31 March 2026) the design of the WSCCO water delivery model will remain flexible and adaptable to future partnerships and regional collaboration to support strategic planning and to optimise water delivery costs over time.

Transition

Council will take a staged approach to establishing the WSCCO with initial establishment from 1 July 2026 shifting to operational status by 1 July 2027. A phased transition of operational components of water delivery to the WSCCO will therefore begin from 1 July, with the full transfer of responsibility and assets to be completed following the enactment of Bill 3.

This model allows for:

- Potential participation of other South Island councils;
- Progressive transition of services and establishment of processes to ensure continuity of level of service and customer experience;
- Establishment of financing (with Council subject to LGFA timelines for establishing access for a WSCCO);
- Transfer of assets and obligations following the enactment of Bill 3 to ensure full compliance with new legislation;
- Preparation of the updated Long Term Plan 2027-37 prior to full asset transfer;
- Council setting of rates for 2026/27, enabling time for the WSCCO to establish and communicate any billing changes;
- Response to regulatory, financial, or operational changes during transition; and
- Minimised disruption to staff to promote retention of water expertise and experience.

An Operational Delivery Agreement and Transitional Services Agreement will guide the operation and provision of services during the transition period, supported by staged staff transfers and progressive onboarding of core systems and capabilities. Oversight and management will be maintained by the WSCCO Board and Executive.

Asset Transfer

Council will execute a full transfer of Drinking Water and Wastewater (including trade waste) assets, including infrastructure and physical assets, data, and consents via a Transfer Agreement. Financial modelling assumes this will occur at or about 1 July 2027.

Future State Planning Considerations

The future WSCCO needs to be a sustainable organisation able both to maintain service levels and to deliver the operational efficiencies required to ensure affordability for our communities. The clarity of focus (utility provision) of the WSCCO will support this improvement in asset management maturity.

The WSCCO will be directly accountable to customers, regulators, and Council. Council direction will relate to strategic vision setting and outcomes as opposed to daily operations and funding, and accountability will also link to outcomes rather than outputs.

The operating model will enable expansion to include other councils' water services delivery operations and/or to support a shared services model that can accommodate both centralised and decentralised approaches. Through this approach business units can retain autonomy to deliver quality water services to the areas or schemes for which they are responsible, with the right skills and talent available to local communities.

Localised water services teams would also network across a wider geographic area, developing succession planning options for workforce development, and a centralised asset management system and expertise.

The operating model will be continuously reviewed and improved as the organisation matures, efficiencies are realised, and new ways of working are established that improve water services delivery to the service areas the WSCCO is responsible for. Regular assessment and feedback loops will help the WSCCO to adapt to changing circumstances and stay competitive.

In house delivery of Stormwater

Although stormwater is included in the Act for consideration, stormwater management is complex with many assets delivering multiple outcomes for the community (e.g. water quality, recreation, ecology, and cultural values). It is also critical that stormwater management is fully integrated with other Council activities such as transportation, parks and recreation, property management, planning and building regulation in order to promote a catchment-based approach to surface water management.

This makes it difficult to separate out stormwater assets for delivery and maintenance, and for these reasons, Council is retaining stormwater management in-house.

By maintaining an in-house business model for stormwater, Council will continue to provide high quality services to our community, while managing the complex interconnections with other activities. Due to the scale of this water service there is sufficient capacity to increase investment in infrastructure and to meet regulatory requirements within Council operations.

Reinforcing existing accounting rules/processes, Council will ensure that stormwater services revenue continues to be ringfenced and therefore separate from other council finances. This includes the collection of targeted rates, financial contributions and other fees and charges, all of which are held separately from other Council activities. Council will ensure the appropriate oversight of stormwater delivery priorities and investment programme, and will ensure adherence to current and future stormwater regulations. Stormwater has been prepared within the WSDP but separated in all financial statements to demonstrate the split of water services between the WSCCO and TDC.

A3. Implementation plan

The Council has resolved to establish a standalone WSCCO to deliver water services to the district. To achieve this, planning has been undertaken to ensure that a standalone WSCCO will be operational from 1 July 2027 when it assumes full legal and regulatory responsibility for water services delivery from the Council, including associated assets and liabilities.

Council is continuing to monitor and engage with other South Island councils who are contemplating joint WSCCO models. If opportunities arise that will provide benefits to the Timaru District Council, it is possible that a joint WSCCO rather than a standalone WSCCO will be pursued. If that occurs, further Council resolutions and a revised Water Services Delivery Plan will be required. The timelines below will be regularly reviewed and updated with the ability to speed up or slow down key milestones if other Councils emerge as realistic potential partners, while still meeting the target date of being fully operational by 1 July 2027.

If a joint WSCCO partner has not been identified by 31 March 2026, then Council will finalise setting up the standalone WSCCO. The setup of the WSCCO will provide a transparent approach for other councils to engage with Council to ensure a fair and equitable establishment and asset transfer process.

The planning for the standalone WSCCO is proceeding. This approach enables the Council to:

- Create an organisation solely focused on water services outcomes.
- Maintain local control and accountability over water service delivery.
- Build the capacity and capability required to meet rising regulatory, environmental, and community expectations.
- Prepare for future flexibility, including the potential for multi-council participation.

- Ensure long-term financial and operational sustainability, with services delivered on a cost-recovery and commercially disciplined basis, noting that water services are expected to meet the financial sustainability requirements throughout the WSDP period.

The WSCCO will be constituted under the Local Government (Water Services Preliminary Arrangements) Act 2024, the Local Government (Water Services) Bill, and Local Government Act 2002, and governed by founding documents that will enable future engagement with additional councils. The initial setup on a standalone basis will be to establish the minimum viable delivery by 1 July 2027, Implementation will proceed in the following stages:

- Preparation – this is the initial planning phase, awaiting DIA approval, and reformation of Council and its Committees following elections.
- Pre-establishment – legal establishment and governance appointments and arrangements for the new WSCCO.
- Establishment – all workstreams to transfer assets, staff, contracts, systems, and establish the financial and operational capability of the new entity.
- Operational – all operational, staffing, and regulatory responsibilities will be transitioned to the WSCCO to enable go-live on 1 July 2027.

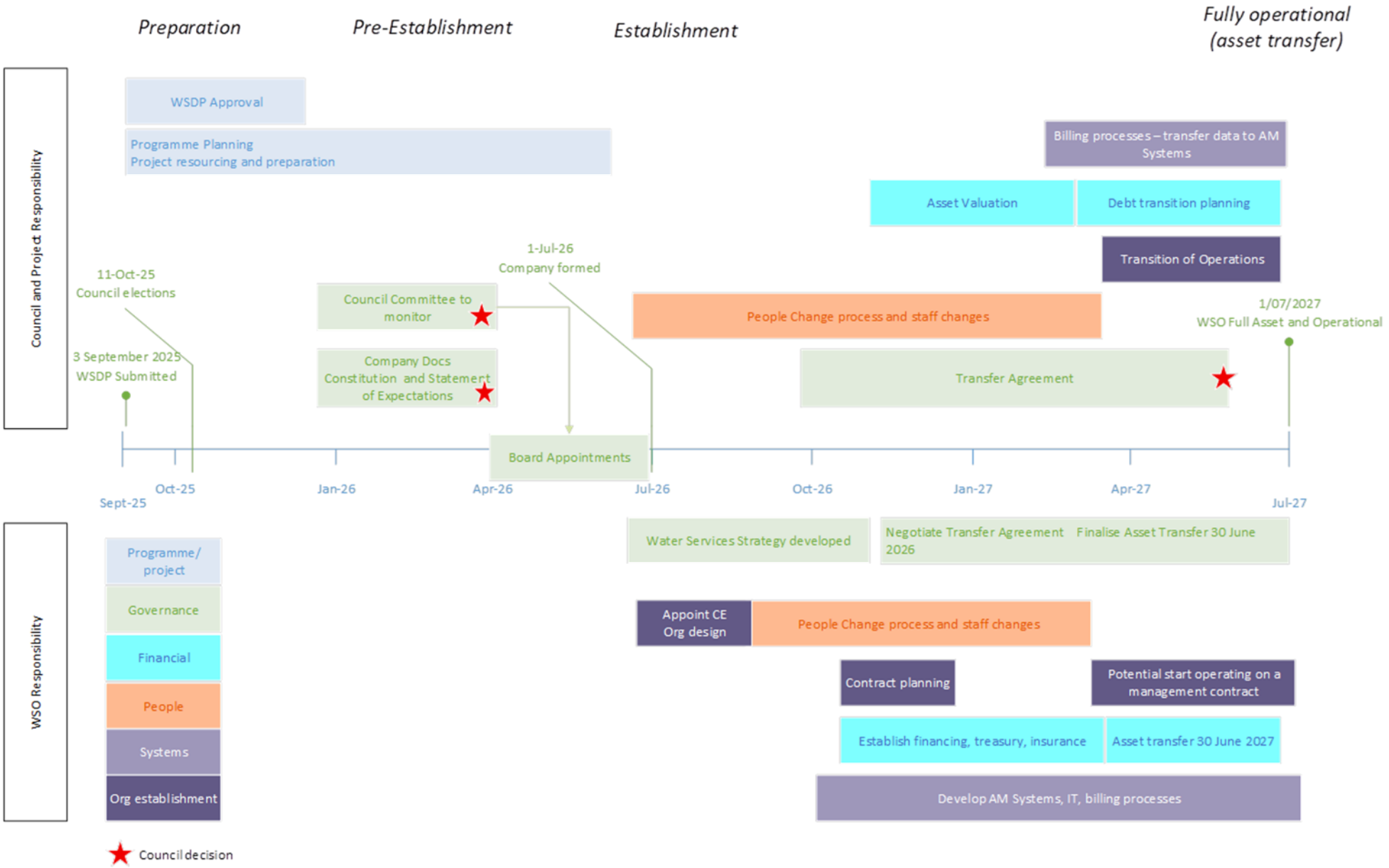
In the following table, the phases are described in more detail, indicating what additional works make be taken if a suitable joint WSCCO partner is identified.

Phases	Standalone WSCCO	Differences if Joint WSCCO
Preparation Phase		
Council oversight	DIA Approval of Plan Council Elections, Reform Council Committees	Re-establish discussions post Council elections with other Councils Identify common interests. Consult if appropriate Enter into Commitment Agreement
Operational planning	Appoint Project Manager – more detailed internal planning	Additional coordination
WSDP		Preparation of Revised WSDP to submit to DIA
		Latest to identify WSCCO partners **31 March 2026**
Pre-Establishment Phase		
Company Documents	Prepare Constitution and company documents Prepare Statement of Expectations (SoE) to issue to Board	Will also require: • Establishment of a joint monitoring committee/Shareholders Forum • Shareholders Agreement • Joint Council input into SoE

Board appointment	Recruitment and appointment process	Will require joint agreement (likely through the Shareholder Forum) May look for wider skillsets
Company formation	**Latest by 1 July 2026** Appoint (interim/permanent) CE	**Latest by 1 October 2026** May look for greater experience in CE
Establishment Phase		
Organisational, People and Staff	Organisational Design Staff Transfer process Organisational assets Operational functional scope incl. contracts Website and customer experience	Decisions on staff location, staff transfer, transfer of organisational assets.
Shared Services	Transitional shared services opportunities with Council (e.g. call centre management etc.)	Opportunities for transitional shared services with parent Councils to be reviewed as in-house capacity increases.
Systems and Corporate	Banking, financing facility with LGFA, council support, insurance Financial system and billing Asset Management Systems GIS and other corporate systems IT, control and security systems Note that in the interim the WSCCO may be able to adopt sub license or contract to Council for existing systems support with limited change	Each Council will have guarantee covenants over their share of net assets. Likely to require more considerable change i.e. moving to new AM/GIS/Corporate systems
Transfer Agreement	Asset Valuation Transfer Agreement for legal asset and liability transfers that will involve due diligence by both Council and the WSCCO Agree valuation and debt (consideration) as at transfer date. Also contract transfers, land/property etc. Interim shared services agreements.	Ensure asset valuations consistent
Preparation of Water Services Strategy	WSCCO to prepare a Water Services Strategy	Upon formation of the company and prior to a new strategy, the shareholding Councils and Board must agree interim arrangements that apply (e.g. such as continuation of funding in the LTP).
Stormwater	Ensure ring-fencing of stormwater	

Operational	
	Fully separated company (financial, physical, and functional)

The phasing of these workstreams over the timeline is summarised in the following diagram:


Preparation
Pre-Establishment
Establishment
Fully operational (asset transfer)
Council and Project Responsibility
WSDP Approval
Programme Planning
Project resourcing and preparation
Billing processes – transfer data to AM Systems
Asset Valuation
Debt transition planning
Transition of Operations
1-Jul-26
Company formed
11-Oct-25
Council elections
Council Committee to monitor
People Change process and staff changes
1/07/2027
WSO Full Asset and Operational
3 September 2025
WSDP Submitted
Company Docs Constitution and Statement of Expectations
Transfer Agreement
Board Appointments
Sept-25
Oct-25
Jan-26
Apr-26
Jul-26
Oct-26
Jan-27
Apr-27
Jul-27
Water Services Strategy developed
Negotiate Transfer Agreement
Finalise Asset Transfer 30 June 2026
WSO Responsibility
Programme/ project
Governance
Financial
People
Systems
Org establishment
Appoint CE Org design
People Change process and staff changes
Contract planning
Potential start operating on a management contract
Establish financing, treasury, insurance
Asset transfer 30 June 2027
Develop AM Systems, IT, billing processes
Council decision

Stormwater

As stormwater services will continue to be delivered via in-house resources limited actions are required. Stormwater is on track to meet financial sustainability by 30 June 2028. Existing water revenues, costs, and investments are able to be separately tracked and identified and 'ring-fenced'. This will be further tested by separately reporting these activities in the 2026/27 financial year. Council will ensure the appropriate oversight of stormwater delivery priorities, investment programme and ensure adherence to current and future stormwater regulations. Stormwater has been prepared within the WSDP but is separately identifiable.

Commitment to give effect to proposed model

On 26 August 2025 the Council passed a resolution committing "to implementing the proposed model within the Water Services Delivery Plan if the plan is accepted"

A4. Consultation and Engagement

The government's Local Water Done Well reforms require Council to consult the community on its proposed WSDP, specifically the delivery model.

On 6 May Council resolved "to take a Joint Council Controlled Water Services Organisation as the preferred option for public consultation" (Option Three in the consultation), providing feedback on the draft consultation document, and delegating authority for the Mayor and the Chair of the Infrastructure Committee to sign off the final version.

The consultation was open from 15 May to 6 June. The consultation document and supporting information were available online, and paper copies of the consultation document were circulated to households in the District with the Timaru Courier local newspaper on Thursday 15 May.

The community was invited to provide feedback either via online submission form, or via hard copy submission form (returnable to Council via Freepost or in person), or by emailing their submission to a dedicated submissions inbox.

The opportunity to make a submission was promoted via:

(i) Council's website, including a dedicated webpage;

(ii) Consultation Document published in the Timaru Courier;

(iii) Five in-person meetings at various locations around the district;

(iv) Two online webinars;

(v) Media promotion via Council's social media channels; and

(vi) Weekly advertising in the Timaru Courier via the Council Noticeboard page.

Community Feedback

140 submissions were received. 103 were received via the online portal, 35 via hard copy, and two via direct email.

A statistical breakdown of submission responses is outlined in the tables below. It factors in all submissions, including those who did not respond to particular questions.

Question	*# of respondents = percentage of submitters*
Q1. What is your preferred option?	
Option One – Keeping water services in-house and overseen by our Council	62 = 44.60%
Option Two – Establishing our own separate water organisation	4 = 2.88%
Option Three – Joining with neighbouring councils to set up a new water services organisation	70 = 50.36%
Did not respond to this question	3 = 2.16%

Q2. Ranking the factors that influence your view

	Most important	Second most important	Third most important	Least important	Did not respond
Affordability	98	33	3	1	4
Community influence	43	44	38	9	5
Cultural input	10	5	13	96	15
Access to finance	20	41	57	9	12

Sums may not equal 139 (total number of submissions) as the same option could be selected multiple times.

68 submitters provided additional, free-format information. 10 submitters provided attachments. Nine submitters requested to speak to their written submission.

Submission themes focussed on finding the best value for money solution for Timaru District ratepayers, equity of investment and return for Timaru ratepayers in the event that Timaru partnered with other Councils (reflecting concern that we would be subsidising our neighbours), and enthusiasm for local control and management.

A5. Assurance and Adoption of the Plan

MartinJenkins have assisted with the drafting of this plan and provided independent advice on its content.

The Assessment Management Plans relied upon for this WSDP have been independently reviewed by Utility. A copy of their report is supplied in the appendices.

Council resolution to adopt the Plan

Timaru District Council adopted this Water Service Delivery Plan by resolution on 26/08/2025 at an extraordinary Council meeting. The Report to Council remains publicly available and a signed copy of the report can be provided on request.

Certification of the Chief Executive of Timaru District 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: _ _____

Name: Nigel Trainor

Designation: Chief Executive

Council: Timaru District Council

Date: 29 August 2025

Part B: Network performance

B1. Investment to meet levels of service, regulatory standards and growth needs

Serviced Population

The Timaru District has a resident population of 47,547 (Stats NZ 2023 Census) with an average household size of 2.3 people per household. Population growth is generally lower than the national average (0.4% per annum for the five years to 2024, with a connection growth of 0.7% over the same period), in part due to deaths exceeding births and low migration. This is not expected to change drastically in the next few years however minor growth is projected to occur in the next 10 to 30 years as per the Growth Management Strategy 2018 – 2048.

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population drinking water	46,335	46,496	46,821	47,147	47,476	47,807	48,141	48,477	48,815	49,162
Serviced population wastewater	35,208	35,181	35,583	35,831	36,080	36,333	36,586	36,841	37,099	37,356
Total residential drinking water connections	20,146	20,216	20,357	20,499	20,642	20,786	20,931	21,077	21,224	21,372
Total residential wastewater connections	15,308	15,296	15,471	15,579	15,687	15,797	15,907	16,018	16,130	16,242
Total non-residential drinking water connections	1,906	1,963	2,015	2,029	2,043	2,057	2,072	2,086	2,101	2,115
Total non-residential wastewater connections	1,106	1,107	1,160	1,168	1,176	1,184	1,193	1,201	1,209	1,218

Notes:
The 2024/25 figures included above are correct as at 01 July 2025.
The contents of the table have been populated on the basis of 0.7% growth per annum, and have assumed a static relationship between residential and non-residential drinking water and sewer connections with projections based on the current distribution ie the number of non-residential drinking water connections sits at around 10% of the number of residential connections, non-residential wastewater connections sit at around 7.5% of the number of residential connections.
It has also been assumed that there will be no mandated expansion of the wastewater network to towns currently not serviced prior to 2034.

Serviced Areas

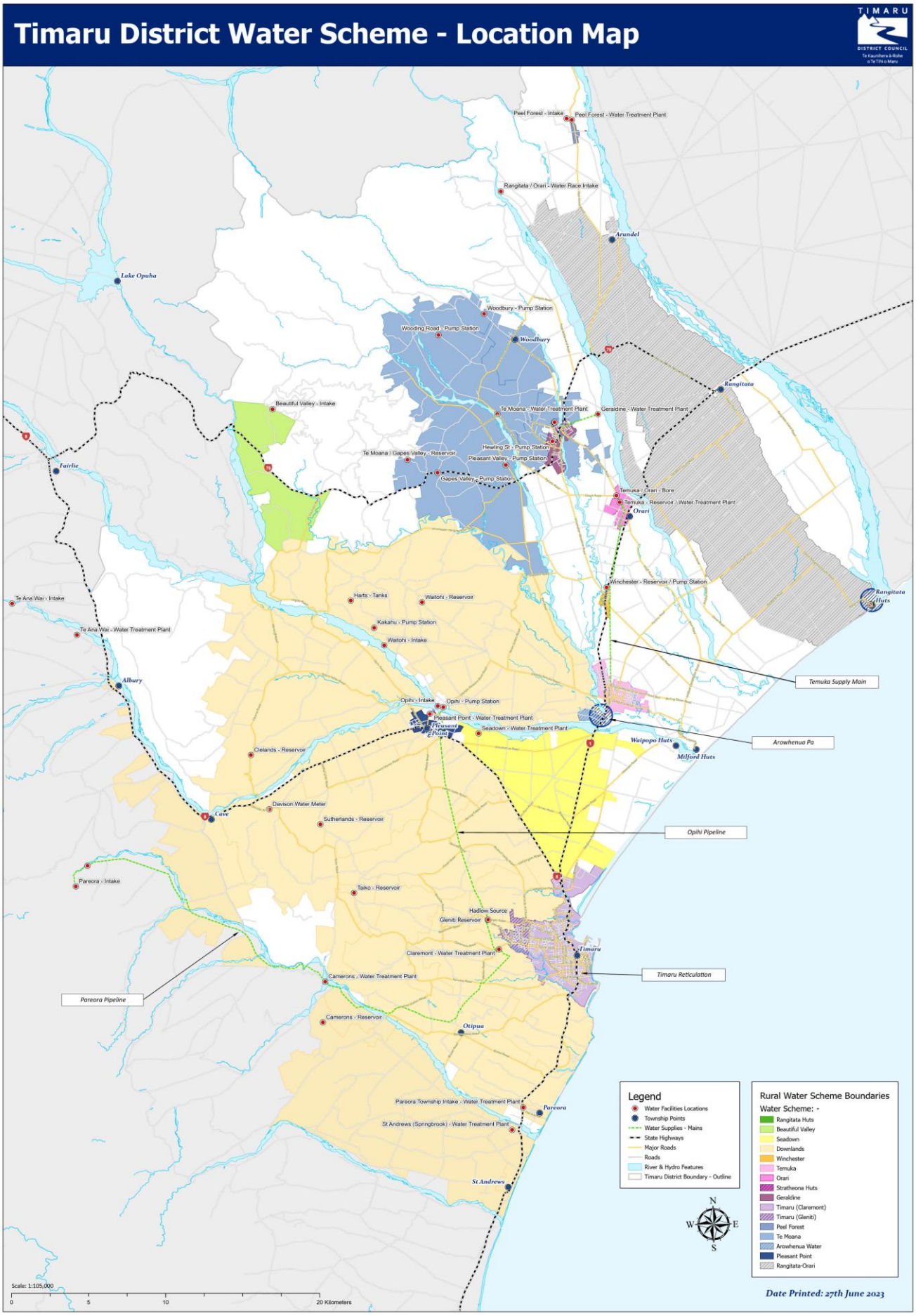
Water Services are provided for the main towns of Timaru District including Timaru, Temuka, Geraldine, Pleasant Point, Winchester, Orari, Pareora, Peel Forest and Cave. Three additional rural water supply schemes deliver drinking water across Downlands, Te Moana and Seadown areas. The Downlands scheme also supplies water to parts of the Mackenzie and Waimate Districts.

Wastewater reticulation is provided for the four main towns of Timaru, Temuka, Geraldine and Pleasant Point, however all properties on septic tanks are also served by the same treatment facility as the entire reticulated network via the liquid waste tanker reception at Aorangi Road Wastewater Treatment Plant.

Areas across the District that do not receive municipal water services include Arundel, Rangitata Gorge, Rangitata Island, and Milford.

Stormwater infrastructure and management areas covers Timaru, Temuka, Geraldine, and Pleasant Point.

The maps below show all water supply scheme networks, wastewater network and stormwater management areas operated by TDC.


Timaru District Water Scheme - Location Map
TIMARU DISTRICT COUNCIL
Peel Forest - Intake
Peel Forest - Water Treatment Plant
Rangitata / Orari - Water Race Intake
Arundel
Lake Opuha
Woodbury - Pump Station
Wooding Road - Pump Station
Woodbury
Rangitata
Beautiful Valley - Intake
Te Moana - Water Treatment Plant
Geraldine - Water Treatment Plant
Hewling St - Pump Station
Te Moana / Gapes Valley - Reservoir
Pleasant Valley - Pump Station
Fairlie
Gapes Valley - Pump Station
Temuka / Orari - Bore
Temuka - Reservoir / Water Treatment Plant
Orari
Winchester - Reservoir / Pump Station
Rangitata Huts
Te Ana Wai - Intake
Harts - Tanks
Waitohi - Reservoir
Kakahu - Pump Station
Te Ana Wai - Water Treatment Plant
Waitohi - Intake
Albury
Temuka Supply Main
Opihi - Intake
Opihi - Pump Station
Pleasant Point - Water Treatment Plant
Seadown - Water Treatment Plant
Clelands - Reservoir
Waipopo Huts
Milford Huts
Arowhenua Pa
Davison Water Meter
Cave
Sutherlands - Reservoir
Opihi Pipeline
Pareora - Intake
Taiko - Reservoir
Hadlow Source
Gleniti Reservoir
Timaru
Claremont - Water Treatment Plant
Timaru Reticulation
Camerons - Water Treatment Plant
Pareora Pipeline
Camerons - Reservoir
Otipua
Pareora Township Intake - Water Treatment Plant
Pareora
St Andrews (Springbrook) - Water Treatment Plant
St Andrews
Legend
Water Facilities Locations
Township Points
Water Supplies - Mains
State Highways
Major Roads
Roads
River & Hydro Features
Timaru District Boundary - Outline
Rural Water Scheme Boundaries
Water Scheme: -
Rangitata Huts
Beautiful Valley
Seadown
Downlands
Winchester
Temuka
Orari
Strathconna Huts
Geraldine
Timaru (Claremont)
Timaru (Gleniti)
Peel Forest
Te Moana
Arowhenua Water
Pleasant Point
Rangitata-Orari
N
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Scale: 1:105,000
0
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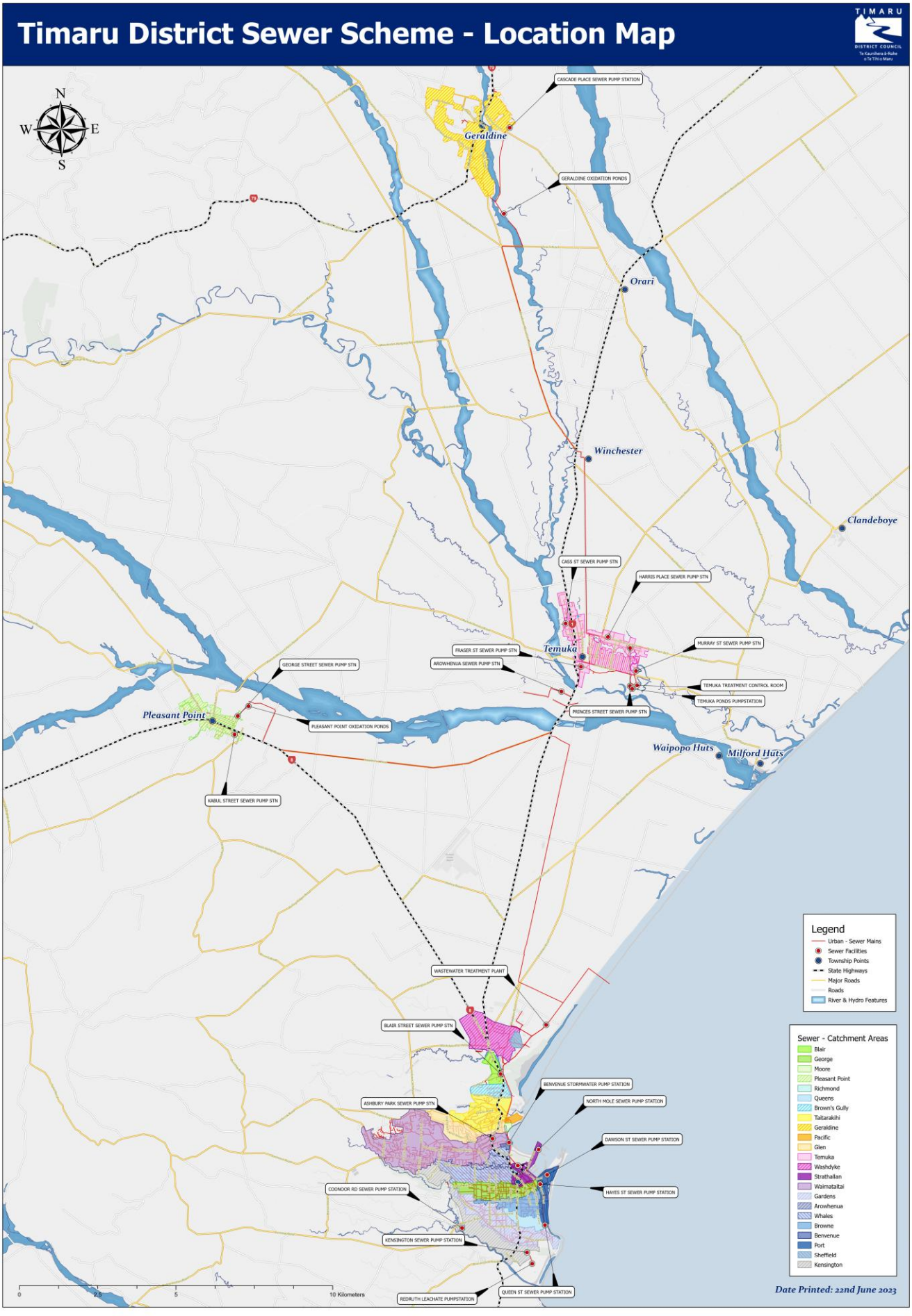
20 Kilometers
Date Printed: 27th June 2023


Timaru District Sewer Scheme - Location Map
TIMARU DISTRICT COUNCIL
Te Kaunihera a-Rohe o Te Tihi o Maru
N
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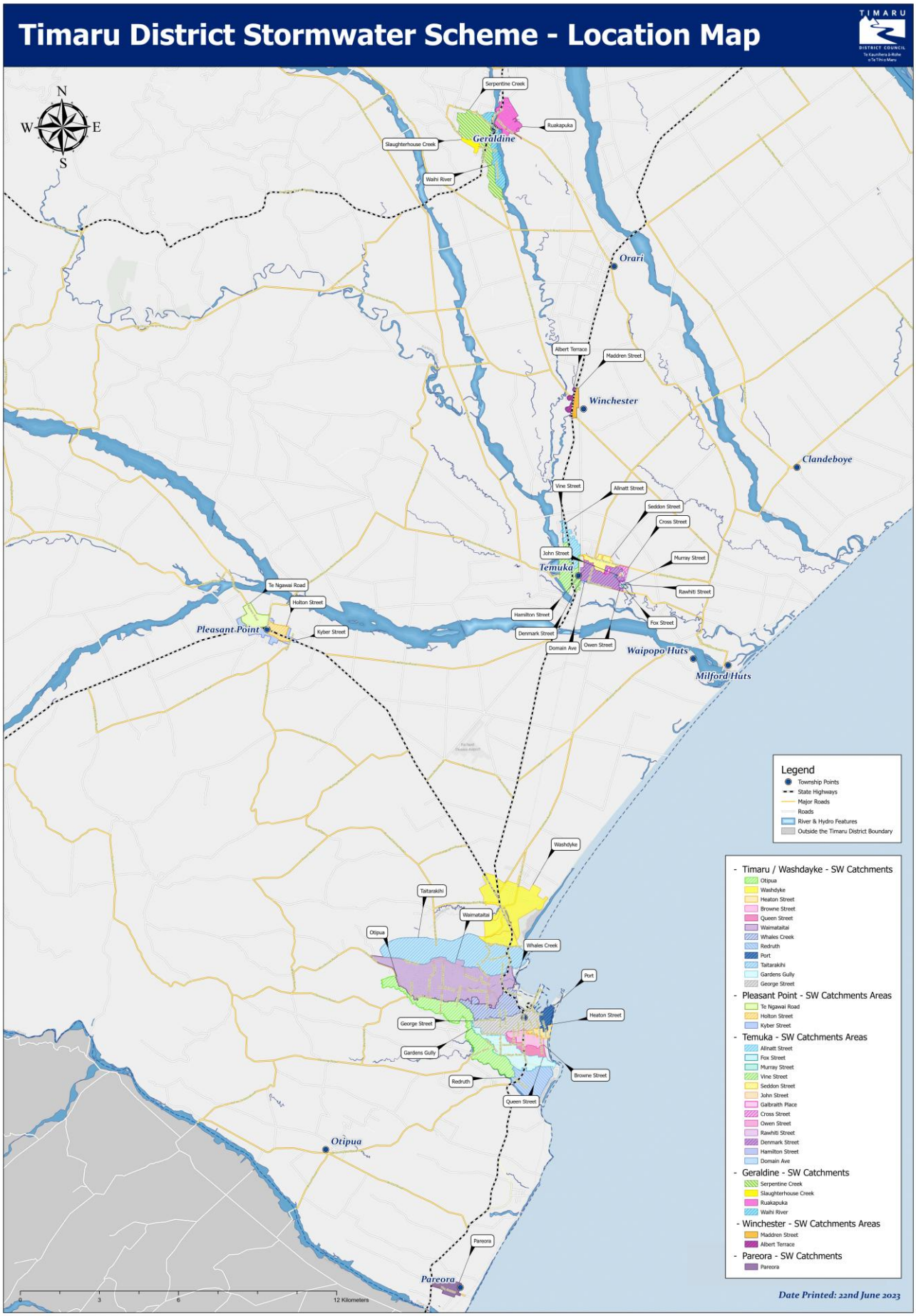
Geraldine
CASCADE PLACE SEWER PUMP STATION
GERALDINE OXIDATION PONDS
Orari
Winchester
Clandeboye
CASS ST SEWER PUMP STN
HARRIS PLACE SEWER PUMP STN
Temuka
MURRAY ST SEWER PUMP STN
FRASER ST SEWER PUMP STN
AROWHENUA SEWER PUMP STN
GEORGE STREET SEWER PUMP STN
TEMUKA TREATMENT CONTROL ROOM
TEMUKA PONDS PUMPSTATION
PRINCES STREET SEWER PUMP STN
Pleasant Point
PLEASANT POINT OXIDATION PONDS
Waipopo Huts
Milford Huts
KABUL STREET SEWER PUMP STN
WASTEWATER TREATMENT PLANT
BLAIR STREET SEWER PUMP STN
BENVENUE STORMWATER PUMP STATION
ASHBURY PARK SEWER PUMP STN
NORTH MOLE SEWER PUMP STATION
DAWSON ST SEWER PUMP STATION
COONOOR RD SEWER PUMP STATION
HAYES ST SEWER PUMP STATION
KENSINGTON SEWER PUMP STATION
REDRUTH LEACHATE PUMPSTATION
QUEEN ST SEWER PUMP STATION
0
2.5
5
10 Kilometers
Legend
Urban - Sewer Mains
Sewer Facilities
Township Points
State Highways
Major Roads
Roads
River & Hydro Features
Sewer - Catchment Areas
Blair
George
Moore
Pleasant Point
Richmond
Queens
Brown's Gully
Taitarakihi
Geraldine
Pacific
Glen
Temuka
Washdyke
Strathallan
Waimataitai
Gardens
Arowhenua
Whales
Browne
Benvenue
Port
Sheffield
Kensington
Date Printed: 22nd June 2023


Timaru District Stormwater Scheme - Location Map
TIMARU DISTRICT COUNCIL
N
W
E
S
Serpentine Creek
Ruakapuka
Slaughterhouse Creek
Geraldine
Waihi River
Orari
Albert Terrace
Maddren Street
Winchester
Clandeboye
Vine Street
Allnatt Street
Seddon Street
Cross Street
John Street
Murray Street
Temuka
Rawhiti Street
Te Ngawai Road
Holton Street
Hamilton Street
Fox Street
Pleasant Point
Kyber Street
Denmark Street
Owen Street
Domain Ave
Waipopo Huts
Milford Huts
Washdyke
Taitarakihi
Waimataitai
Otipua
Whales Creek
Port
Heaton Street
George Street
Gardens Gully
Redruth
Browne Street
Queen Street
Otipua
Pareora
Pareora
0
3
6
12 Kilometers
Legend
Township Points
State Highways
Major Roads
Roads
River & Hydro Features
Outside the Timaru District Boundary
- Timaru / Washdyke - SW Catchments
Otipua
Washdyke
Heaton Street
Browne Street
Queen Street
Waimataitai
Whales Creek
Redruth
Port
Taitarakihi
Gardens Gully
George Street
- Pleasant Point - SW Catchments Areas
Te Ngawai Road
Holton Street
Kyber Street
- Temuka - SW Catchments Areas
Allnatt Street
Fox Street
Murray Street
Vine Street
Seddon Street
John Street
Galbraith Place
Cross Street
Owen Street
Rawhiti Street
Denmark Street
Hamilton Street
Domain Ave
- Geraldine - SW Catchments
Serpentine Creek
Slaughterhouse Creek
Ruakapuka
Waihi River
- Winchester - SW Catchments Areas
Maddren Street
Albert Terrace
- Pareora - SW Catchments
Pareora
Date Printed: 22nd June 2023

Council's Community Outcomes and Levels of Service

Community Outcomes	Asset Contribution to Outcomes	Level of Service
High quality infrastructure to meet community and business needs.	Provision of quality water systems, wastewater systems and stormwater systems that meet district needs	Provide Safe Drinking Water
		Maintain excellent water supply network services
		Maintain excellent wastewater network services
		Maintain excellent stormwater network services
	Provision of water systems, wastewater systems and stormwater systems that cater for future growth and development	Provide management of the efficient use of water as a resource
		Provide management of trade waste services
Smart economic success supported and enabled	Provision of cost-effective water services, wastewater services, stormwater services	Deliver affordable water supply services
		Deliver affordable wastewater services
		Deliver affordable stormwater services
Communities that are safe, vibrant and growing	Provision of safe: drinking water sewage treatment and disposal stormwater treatment and disposal	Deliver water services according to required environmental standards
		Deliver wastewater services according to environmental standards and sustainable, future proofing practices.
A valued, healthy and accessible environment	that protects and maintains public and environmental health	Deliver stormwater services according to the required environmental standards

People enjoying a high quality of life	Provision of water systems, wastewater systems, stormwater systems that showcase excellent customer service standards	Maintain excellent customer service
A strong identity forged and promoted	Support to quality of life that Timaru District can be proud of	All of the above.

Notes: The Core Customer Values the Levels of Service apply to are Quality, Reliability, Efficiency, Affordability, Safety and Responsiveness

Level of Service Preliminary Results for 2024/25

The below LOS reporting is the Q4 summary with end of year projections as presented to Council 5 August 2025

Water Supply

Performance Measure	Period	Period Result	Year to Date Target	Year to Date Result	Status	Expected Year End Result
Drinking Water Standards (Drinking Water Quality Assurance Rules 2022) T3 Treatment Rules 4.10.1 T3 Bacterial Rules (mandatory) Formerly Drinking Water Standards (Part 4 NZDWS) Bacterial Compliance	Q4 FY25	Yes	Bacterial compliance all 8 drinking water schemes	Achieved		
	Current period comments All treatment plants were compliant this quarter			**Expected year end comments** Full compliance achieved		

Drinking Water Standards (Drinking Water Quality Assurance Rules 2022) T3 Treatment Rules 4.10.2 T3 Protozoal Rules (mandatory) Formerly Drinking Water Standards (Part 5 NZDWS) Protozoal Compliance	Q4 FY25	Yes	Protozoal compliance, all 8 drinking water schemes	Achieved		E
	Current period comments NF: All compliant. E: All compliant for this financial year			**Expected year end comments** Treatment compliance was achieved for the year		
Percentage of real water loss from TDC's networked reticulation systems (Mandatory)	FY25	28%	26%	28%		E
	Current period comments This measure is reported annually and compared to FY 23/24 the percentage of real water loss has not reduced.			**Expected year end comments** The combined average water loss for FY24/25 is 28%, which includes a 24% loss across urban schemes and 29% loss for rural schemes. The 23/24 result was a combined average of 27% so the % of water loss has not reduced.		
Median attendance time (in hours) for urgent callouts for urban water supply faults or unplanned interruptions in the network (Mandatory)	Q4 FY25	0.53	<1	0.56		E
	Current period comments There were 35 urgent callouts for the urban water supplies for the quarter with a median response time of 0.5 hours.			**Expected year end comments** There were 166 urgent callouts for the urban water supplies for the year with a median response time of 0.5 hours.		

Median attendance time (in hours) for urgent callouts for rural water supply faults or unplanned interruptions in the network (Mandatory)	Q4 FY25	1.00	3.99	1.23		
	Current period comments TDC received 36 urgent callouts for the period in the rural schemes and those were attended within, on average, 1 hour.			**Expected year end comments** Achieved In total, TDC received 186 urgent callouts for the year in the rural schemes and those were attended within, on average, 1.2 hours.		
Median resolution time (in hours) for urgent callouts for urban water supply faults or unplanned interruptions in the network (Mandatory)	Q4 FY25	1.80	3.99	2.20		
	Current period comments There were 35 urgent callouts for the urban water supplies for the quarter with a median resolution time of 1.8 hours.			**Expected year end comments** There were 166 urgent callouts for the urban water supplies for the year with a median resolution time of 2.2 hours.		
Median resolution time (in hours) for urgent callouts for rural water supply faults or unplanned interruptions in the network (Mandatory)	Q4 FY25	3.70	7.99	3.85		
	Current period comments There were 36 urgent callouts for the rural water supplies for the quarter with a median resolution time of 3.7 hours.			**Expected year end comments** Achieved - In total, TDC received 36 urgent callouts for the period in the rural schemes and those were resolved within, on average, 3.7 hours.		

Median attendance and resolution time (in hours) for non-urgent callouts for urban and rural water supply faults or unplanned interruptions in the network (Mandatory)	Q4 FY25	11.60	Median time to be reported	10.00	●	E
	Current period comments For the period there were 229 requests for water services of a non-urgent nature with a median response time of 11.6 hours and a resolution time of 14.8 hours.			**Expected year end comments** For the year there were 908 requests for water services of a non-urgent nature with a median response time of 11.6 hours and a resolution time of 14.8 hours.		
Total complaints received about drinking water (mandatory)	Q4 FY25	2.85‰	26	13.77‰	●	E
	Current period comments Complaints remain within targets. Those received have been isolated and do not show a trend.			**Expected year end comments** Well within in target for the year		
Average consumption of drinking water per day per resident within the Timaru district (litres) (mandatory)	FY25	299.00	300	Achieved	●	E
	Current period comments Annually reported indicator.			**Expected year end comments**		

				On average, the consumption for Urban Schemes is 267 litres per person per day, while for Rural Schemes it is 454 litres per person per day. The information reported is slightly lower than the target overall - lower for urban but higher for rural. One contributing factor for the higher average consumption on Rural Schemes is the supply to each consumer is through restricted tank connections. It is quite challenging to accurately differentiate between water supplied for stock or for human consumption. As a result, this indicator has a high percentage of uncertainty. Therefore, it is recommended to remove this indicator from reporting at this level and instead, treat it as a technical indicator only.		
Water Supply - Compliance with Resource Consent conditions	Q4 FY25	Yes	No abatement notices, infringement notices, enforcement orders, convictions	Achieved		E
	Current period comments No abatement notices, infringement notices, enforcement orders, convictions			**Expected year end comments** No abatement notices, infringement notices, enforcement orders, convictions during the year		

Wastewater

Performance Measure	Period	Period Result	Year to Date Target	Year to Date Result	Status	Expected Year End Result
Number of dry weather overflows from the sewerage system (Mandatory) (per 1000 connections)	FY25	0.30‰	2.5	0.30‰		E

	Current period comments Achieved - 2 sewer overflows from the reticulation due to blockages for the period.			**Expected year end comments** Achieved - 12 sewer overflows from the reticulation due to blockages for the year.		
Wastewater - Compliance with Resource consent conditions (Mandatory) - Number of abatement/ infringement notices, enforcement orders and convictions.	Q4 FY25	Yes	No abatement notices, infringement notices, enforcement orders, convictions	Achieved		
	Current period comments No abatement notices, infringement notices, enforcement orders or convictions received			**Expected year end comments** No abatement notices, infringement notices, enforcement orders or convictions received		
Median attendance times (in hours) to sewage overflow faults in the network (Mandatory)	Q4 FY25	0.00	1	0.11		
	Current period comments No sewer overflows required a reactive response for the period.			**Expected year end comments** Achieved - There were 9 overflows for the period with a median attendance time of 0.1 Hours.		
Total complaints received about: 1) Sewage odour 2) Sewerage system faults 3) Sewerage system blockages 4) The TDC response to sewage/sewerage issues (Mandatory) - 14 or fewer per 1000 connections	Q4 FY25	1.64‰	13.99	6.93‰		
	Current period comments			**Expected year end comments**		

	Well within target for quarter			Well within target for the year		
Median resolution time (in hours) to sewage overflow faults in the network (Mandatory)	Q4 FY25	0.00	7.99	1.00		
	Current period comments 0 sewer overflows for the period requiring a reactive response.			**Expected year end comments** Achieved - 9 sewer overflows for the year requiring a reactive response with an average resolution time of 1 hour.		

Stormwater

Performance Measure	Period	Period Result	Year to Date Target	Year to Date Result	Status	Expected Year End Result
Number of flooding events for rain events up to a 1 in 5 year return for residential zones (Mandatory)	Q4 FY25	3.00	0	6.00		
	Current period comments 3 rain events over Q4 resulted in flooding into private properties. 1 event in Early May was in excess of a 5 year return period in Temuka.			**Expected year end comments** Over the Course of FY24/25 the district experienced 4 rain events with a return period of 5 years. Recommendation is to continue maintenance programs to ensure functionality of assets and pursue upgrades using Climate Change factors in designing to provide flood resilience to both our infrastructure and community.		

Number of flooding events for rain events up to a 1 in 10 year return for commercial and industrial zones (Mandatory)	Q4 FY25	0.00	0	1.00		E
	Current period comments No flood events in Q4			**Expected year end comments** 1 flood event impacting commercial/industrial properties in 2024/2025. Continue to maintain the existing network and upgrade the network when possible.		
Number of habitable floors affected by flooding events in the Timaru district (Mandatory)	Q4 FY25	0.00	0	0.00		E
	Current period comments No habitable floors flooded in Q4			**Expected year end comments** No habitable floors were flooded in FY24/25. Council will continue to manage the construction of finished floor heights of new dwellings ensuring they are above a 200 year return period.		
Compliance with Resource consent conditions (Mandatory) - Stormwater	Q4 FY25	Yes	No abatement notices, infringement notices, enforcement orders, convictions	Achieved		E
	Current period comments No abatement notices, infringement notices, enforcement orders, convictions			**Expected year end comments** No abatement notices, infringement notices, enforcement orders, convictions during the year		

Median response times to attend a flooding event (Mandatory) - Less than one hour - Stormwater	Q4 FY25	32.00	<60	16.25	●	E
	Current period comments Median Response time of 0.53 hours on Nuisance stormwater flooding events attended to in Quarter 4. These primarily involved road flooding. Traffic management was deployed to warn drivers.			**Expected year end comments** At end of year our Median response time was 0.68 hours on stormwater flooding calls. We will continue to maintain our response time targets for customer service.		
Total complaints received about performance of stormwater system (per 1000 connections)	Q4 FY25	1.10‰	10	1.80‰	●	E
	Current period comments Customer Enquiries received on surface ponding on roadways and into gardens on private properties due to at capacity soakage systems. Also received further queries on failed stormwater laterals.			**Expected year end comments** Complaints received are above target percentages per 1000 connections. Continue maintenance and improvements to network to minimize complaints.		

Water Services Infrastructure for Current and Projected Population and Future Growth and Development

Serviced areas (by reticulated network)	Water supply # schemes	Wastewater #schemes	Stormwater # catchments
Residential areas Timaru Temuka Geraldine Pleasant Point Peel Forest Pareora St Andrews Orari Winchester Arowhenua	Total urban residential connections 17,138 Timaru – 12,706 Temuka – 2,091 Geraldine – 1,567 Pleasant Point – 617 Peel Forest – 35 Winchester - 122	Timaru District Wastewater Network – covers Timaru, Temuka (including Arowhenua), Geraldine and Pleasant Point. 15,296	Reticulated connections - 15,961 This includes Timaru, Temuka, Geraldine, Pleasant Point. Rural service - 5,316 Rest of district e.g. Downlands, Te Moana

Non-residential areas Washdyke	Total urban non-residential connections 1,464 Timaru – 1,113 Temuka – 142 Geraldine – 117 Pleasant Point – 42 Peel Forest – 4 Winchester - 14	Timaru District Wastewater Network – covers Timaru, Temuka (including Arowhenua), Geraldine and Pleasant Point. 1,107	Reticulated connections - 1,449 Rural service - 202
Mixed-Use rural drinking water schemes (where these schemes are not part of the council's water services network) **Distinctly separate networks operated by TDC**	Downlands – 2,075 residential, 339 non-residential (including connections in Waimate and Mackenzie Districts) Te Moana – 552 residential, 83 non-residential Seadown – 383 residential, 75 non-residential	n/a	n/a
Areas that do not receive water services All rural Milford Clandeboye Rangitata Island Arundel Rangitata Gorge	Across the district, there are a total of 756 rateable properties that are not served by reticulated water. This is 3% of all rateable properties in the district. This may include properties that are connected at the boundary but are yet to be plumbed to the network.	There are 6,532 rateable properties not connected to the wastewater network. This is 28% of all rateable properties in the district. Settlements include Orari, Winchester, Cave, Pareora, Peel Forest, Woodbury, Arundel, plus all rural areas.	All properties either receive reticulated or rural stormwater service in some form. The rural stormwater rate covers rural roads and management of overland flow paths among other things. Only 7 rateable properties are not currently charged for some form of stormwater management.

Proposed growth areas Development Areas under the Proposed District Plan include: DEV 1 Broughs Gully Development Area DEV 2 Gleniti Residential Development Area DEV 3Washdyke Industrial Development Area DEV 4 Temuka North West Residential Development Area Future Development Areas under the Proposed District Plan: FDA 1 Elloughton South Residential Development FDA 2 Kelland Heights Residential Development FDA 3 Scotts Farm Residential Development FDA 4 Elloughton North Residential Development FDA 5 Young Farm Residential Development FDA 6 Factory Road Residential Development FDA 7 Thompson Road Rural Lifestyle FDA 8 Manse Road Rural Lifestyle FDA 9 Gleniti North Rural Lifestyle FDA 10 Kellands Heights West Rural Lifestyle FDA 11 Templer Street Rural Lifestyle FDA 12 Sir Basil Arthur Park Industrial Development FDA 13 Seadown Road Industrial Development FDA 14 Kennels Road Urban Development Confirmation of proposed growth areas remains at the discretion of the District Plan Hearing Commissioners. Funding to provide the infrastructure required by these growth areas does not appear in the Long Term Plan 2024-34 as the corresponding growth and demand is not predicted to occur until years 10 to 30 and beyond. Based on present cost calculations growth will be an important driver of the commercial viability of these developments.	**Broughs Gully 59** **FDAs 1, 2 and 4 Elloughton/Kelland approx. 1,200** **FDA 3 Scotts Farm up to 84** **FDA 5 Young Farm up to 150, more than 10 years away.** **FDA 11 Templer St (Rural) more than 10 years away**	**Broughs Gully 59** **FDAs 1, 2 and 4 Elloughton/Kelland approx. 1,200** **FDA 3 Scotts Farm up to 84** **FDA 5 Young Farm up to 150, more than 10 years away.** **FDA 11 Templer St (Rural) more than 10 years away**	**Broughs Gully 59** **FDAs 1, 2 and 4 Elloughton/Kelland approx. 1,200** **FDA 3 Scotts Farm up to 84** **FDA 5 Young Farm up to 150, more than 10 years away.**

Notes: Connection numbers accurate as at 1 July 2025 from a total of 22,935 rateable properties (21,275 residential/1,660 non-residential)

Assessment of current condition and lifespan of the water services network

Asset condition varies across our drinking water, wastewater and stormwater assets however there is a shared history of underinvestment as a result of previous budget focus on affordability, and a pattern of assigning budget to the predicted time of asset failure (with maximum theoretical life based on material type and age of manufacture). This approach has maximised asset utility however as theoretical end of life is not a guarantee, with some renewals now overdue, with the volume of reactive renewals now significantly exceeding expected volumes in recent years, Council is now taking a new approach to renewals funding to mitigate the risk of asset failure with its corresponding health and safety risks and maintenance costs.

Increases in maintenance and operational expenditure over the life of the current Long Term Plan 2024-34 will enable a combination of both reactive and proactive renewals, with further increases signalled in the 30-year Infrastructure Strategy for years 11 to 30 to manage the wave of asset replacements and upgrades ahead. Council has also recently taken steps to address historic underfunding of depreciation. Following the last full revaluation of assets in 2020, inflation adjustments are now conducted annually with full revaluations every few years. Council is moving to fully fund depreciation annually, subject to any prudence decisions suggesting that a different level of funding is required.

Council has recently invested in PiPyR modelling software to better inform renewal and condition assessment programmes in the coming years.

Condition Summary

Information refresh accessed 28 July 2025, consistent with NEPM 2024/25 being prepared for Taumata Arowai.

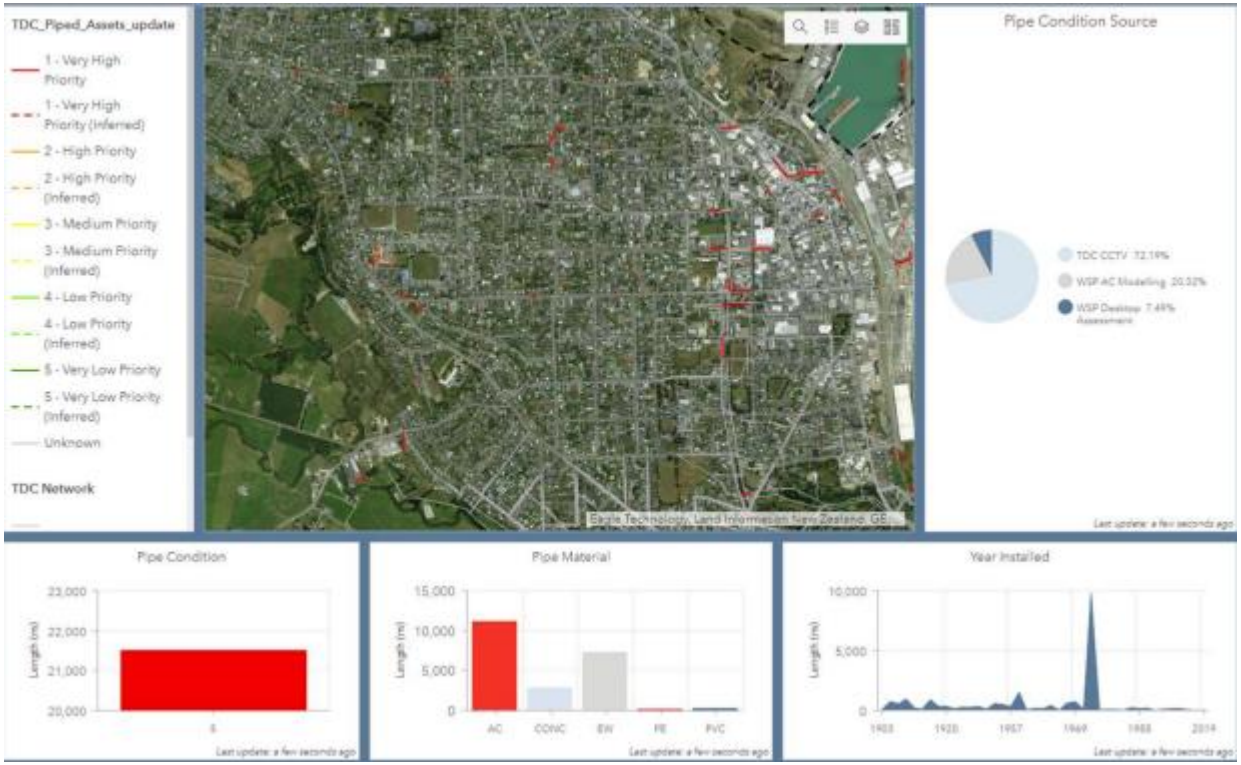
Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets	46.31 years	60.31 years	60.99 years
Critical Assets	identified	Identified	identified
Above ground assets			
• Treatment plant/s	10 treatment plants	1 treatment plant, 4 oxidation ponds	no treatment plants
• Percentage or number of above ground assets with a condition rating	25%	Not measured	N/A
• Percentage of above –ground assets in poor or very poor condition	3%	Not Measured	N/A
Below ground assets			
• Total Km of reticulation	2,002km	427km	232km
• Percentage of network with condition grading	94.87%	73.93%	62.11%
• Percentage of network in poor or very poor condition	5.02%	19.96%	4.3%

Condition assessment of reticulation assets are continuously carried out across the networks. Part of the maintenance regime involves targeted CCTV assessments which help inform the renewals programme. Due to the scale of the network, some areas have had condition assessments updated recently while some have not been checked since the 1990s. CCTV footage is reviewed and stored in our Asset Management Information System (AMIS) against the registered asset.

Many sections of the networks managed by TDC have been identified as approaching end of useful life within the next 10 years. To manage this in a manner that is most affordable to consumers, condition assessments have increased in the last six years to better inform a triage process for renewals.

Criticality

Criticality of Assets has been identified. For pipes, this is held in our PiPYR system. The below screenshot demonstrates what this looks like:



For plant assets, each AMP includes a table of criticality and condition ratings:

WATER SUPPLY SERVICES FACILITIES (Facilities)	Criticality		Condition Grading	Risk Level
	Score	Rating		
Beautiful Valley				
Beautiful Valley Intake	60	C	2	Insignificant
Downlands				
Springbrook Bore	72	C	1	Insignificant
Springbrook Treatment	122	A	2	Low
Springbrook Reservoir	122	A	3	Moderate
Tengawai Intake	106	B	3	Low
Waitohi Intake	90	C	2	Insignificant
Waitohi Treatment	122	A	2	Low
Waitohi Reservoir	122	A	2	Low
Camerons Reservoir	122	A	3	Moderate
Camerons Pump Station	90	C	2	Insignificant
Cleland Reservoir	110	B	2	Insignificant
Sutherlands Reservoir	122	A	2	Low
Taiko Reservoir	122	A	3	Moderate
Hart's Tanks (Holmes station)	68	C	2	Insignificant
Pareora Bore	96	C	2	Insignificant
Pareora Treatment	146	A	2	Low
Pareora Reservoir	138	A	1	Insignificant
Cannington Pump Station	44	C	2	Insignificant
Geraldine				
Geraldine Bores	124	A	2	Low
Geraldine Treatment	156	A	2	Low
Geraldine Reservoir	170	A	2	Low
Peel Forest				
Peel Forest Spring Intake	60	C	2	Insignificant
Peel Forest Treatment	96	C	2	Insignificant
Peel Forest Reservoir	94	C	1	Insignificant
Pleasant Point				
Pleasant Point Bores	116	B	2	Insignificant
Pleasant Point Treatment	156	A	2	Low
Pleasant Point Reservoir	160	A	2	Low
Rangitata Orari				
Rangitata Orari Intake	90	C	1	Insignificant
Seadown				

WATER SUPPLY SERVICES FACILITIES (Facilities)	Criticality		Condition Grading	Risk Level
	Score	Rating		
Seadown Bore	68	C	2	Insignificant
Seadown Treatment	118	B	2	Insignificant
Seadown Reservoir	122	A	2	Low
Te Moana				
Pleasant Valley Treatment	122	A	1	Low
Gapes Valley Pump Station	44	C	2	Insignificant
Pleasant Valley Intake	124	A	1	Low
Tripp St Pump Station	60	C	2	Insignificant
Pleasant Valley Pump Station	44	C	2	Insignificant
Temuka				
Temuka Bores	124	A	2	Low
Temuka Treatment	170	A	2	Low
Temuka Reservoir	170	A	2	Low
Temuka Spring Intake	116	B	3	Low
Temuka - Orari Bore	116	B	1	Insignificant
Temuka - Orari Intake	116	B	2	Insignificant
Timaru				
Pareora Intake	150	A	3	Moderate
Opihi Intake	140	A	3	Moderate
Gleniti Reservoir	170	A	2	Low
Gleniti Pump Station	130	A	2	Low
Claremont Reservoir	170	A	3	Moderate
Claremont Treatment Plant	174	A	2	Low
Winchester				
Winchester Bores	96	C	2	Insignificant
Winchester Treatment Plant	146	A	2	Low
Winchester Reservoir	146	A	1	Insignificant

NB: Criticality remains under review for some scheme assets

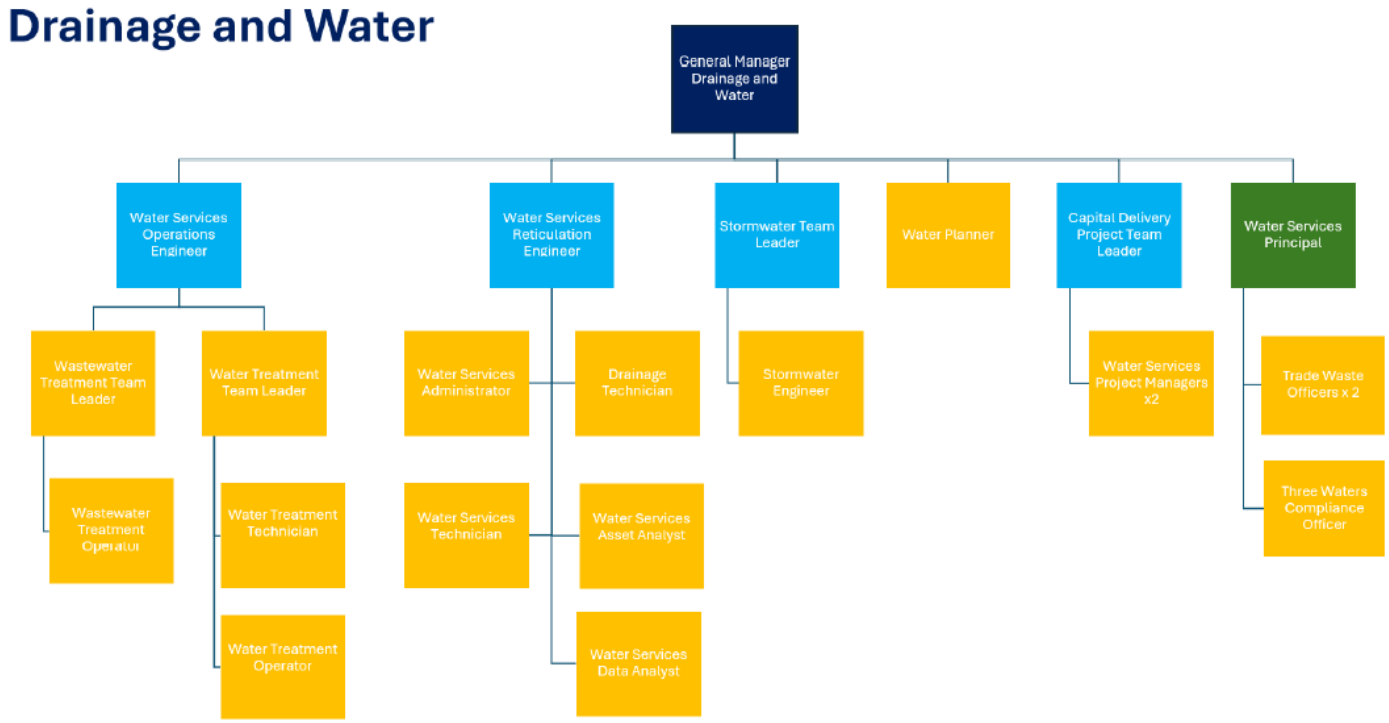
Facility	Rating	Back-up power	Telemetry
Milliscreen	A	On-site	Yes
Outfall	A	Not required	No
Geraldine Ponds	A	Not required	Yes
Pleasant Point Ponds	A	Not required	Yes
Temuka Ponds	A	On-site (partial capacity)	Yes
Arowhenua PS	C	Plug for mobile generator	Yes
Ashbury PS	B	Plug for mobile generator	Yes
Blair St	B	Plug for mobile generator	Yes
Caroline Bay PS	B	Plug for mobile generator	Yes
Cascade Pl PS	C	Nil	No
Cass St PS	B	Plug	Yes
Coonoor Rd PS	C	Nil	Yes
Dawson St PS	B	Plug for mobile generator	Yes
Fraser St PS	C	Plug	Yes
George St PS	B	Plug for mobile generator	Yes
Harris St PS	C	Plug	Yes
Hayes St PS	C	Nil	No
Kabul St PS	C	Plug	Yes
Kensington PS	A	On-site	Yes
Murray St PS	C	Plug	Yes
North Mole PS	B	Plug for mobile generator	Yes
Princes St PS	B	Plug for mobile generator	Yes
Queen St PS	A	On-site	Yes
Temuka PS	A	On-site	Yes

Criticality ratings are in the process of being updated for consistency across Plant and Reticulation assets. This will be completed in preparation for a re-write of the Asset Management Plans in the lead up to the development of the initial Water Services Strategy.

Asset Management Approach

Service Delivery Mechanisms

Timaru District Council delivers water services for residential, commercial, industrial and stockwater purposes. The Drainage and Water Unit manages and operates these services for TDC. This unit reports directly to the Chief Executive and is comprised of three main sub-groups plus some additional specialist staff.



The projects team look after the planning, procurement, contracts and project management of major capital projects.

The operations team look after our water and wastewater treatment and compliance activities. This includes taking raw water from its source, treatment and storage of water at treatment plants, maintaining our plant equipment including telemetry, responding to on call alarms 24/7, reporting on compliance and undertaking extensive testing/sampling. The operations team work with many liquid and gas chemicals therefore hazard and risk management is a significant component of their work.

The reticulations team looks after issues affecting the network, including managing our extensive pipe network and water filling stations. They also manage investigation and identification of leaks and losses, survey our pipe network to obtain updated condition assessments and update our Asset Management database. The reticulation team also provides water supply and wastewater information needed for LIMs and consent applications to other Council departments including the Building, Planning, and Infrastructure Consents teams.

Dedicated staff support stormwater service delivery which includes managing dependencies with related assets and planning for development. A small internal support team provides specialist advisory, compliance management (including trade waste) and community engagement services for both capital and operational programmes. It is expected that those staff currently engaged in the provision of water services will transfer to the WSCCO subject to due process and staff consultation.

The Drainage and Water Unit has historically also leveraged shared services from the wider Council including, among others, IT, HR, Finance, Customer Services support. The cost for these services has been recovered via internal overhead charges. These services may still be provided to a WSCCO via agreement with transparent cost recovery from Council.

Maintenance of the reticulation is contracted out via a single contract, to Citycare. The Utilities Maintenance Contract 2080 is in place until 30 June 2027 with the option to extend for two years to 2029. Citycare are the response agent to jobs generated by customer contacts, with the technicians in the reticulations team serving as the point of liaison. The transfer/novation of this contract to the new WSCCO will be a matter for negotiation with the WSCCO.

Significant capital works are typically facilitated by single contracts. Supplier selection processes are determined on a case-by-case basis. Preferred or existing supplier arrangements are used where possible to maximise value for money. All engagements follow TDC's procurement policies, with the new WSCCO to use existing polices until it develops its own.

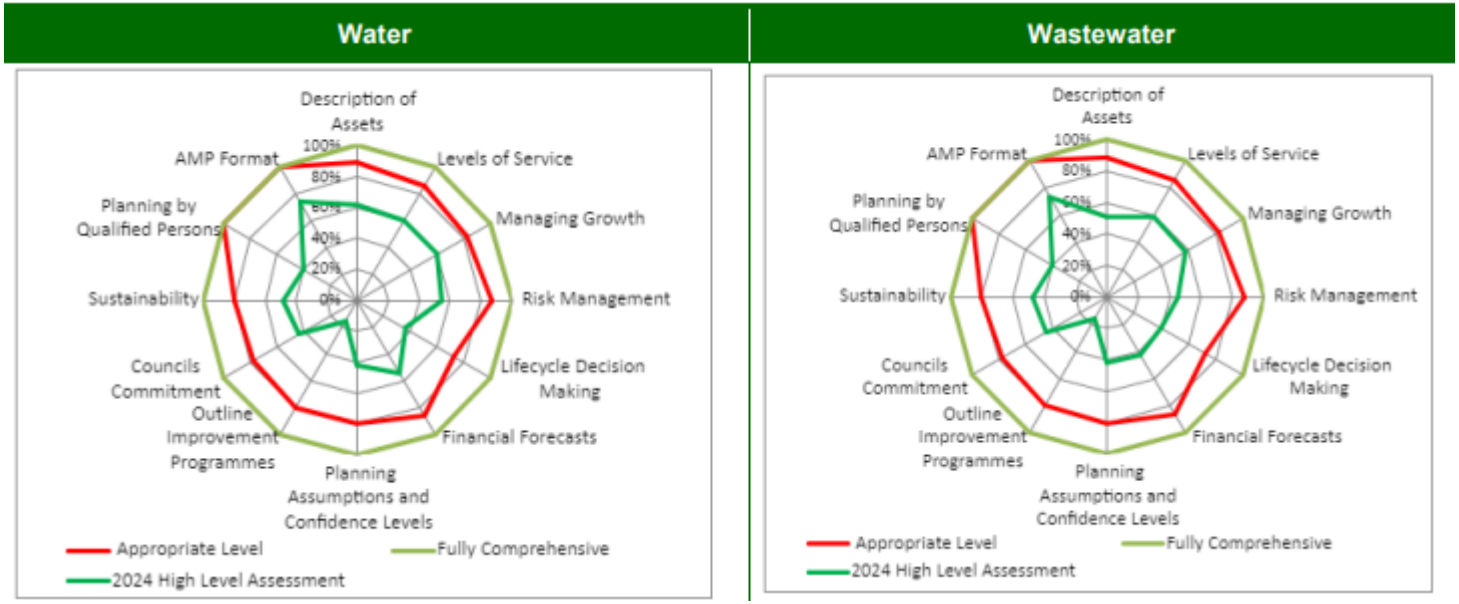
Civil works procurement and contract administration follow the provisions of NZS3910:2023 as industry best practice. The current Asset Management Plans cover in detail all relevant technical standards of practice followed.

Asset Management Systems

Council currently utilises two complementary systems to manage and plan infrastructure assets: Infor and PiPyR. Together, these platforms provide a robust framework for informed decision-making, operational efficiency, and strategic renewal planning. Infor serves as the centralised repository for asset data and integrates with Council's GIS and financial system. PiPyR is a specialised tool developed to support reticulation network renewal planning. It complements Infor by focusing on prioritisation and condition assessment. This dual-system approach ensures that asset decisions are not only data-driven but also aligned with operational, financial, and strategic goals.

Asset Management Policy or Framework and Asset Management Maturity Assessment

Council is currently in the process of reviewing its asset management policy/framework following the revocation of the previous Activity Management Planning Policy in February 2024 during the LTP development process when an Asset Management Plan peer review was undertaken by Waugh Infrastructure Management Limited. This review investigated both the Water Supply and Wastewater AMPs. The below maturity assessment spider diagrams come from that peer review. Overall, Asset management maturity at that time was assessed as being "Intermediate", which remains in line with the former "Core Plus" position maintained historically by Council Officers. The review led to further development of Improvement Planning, and the plan to re-write the AMPs for the Water Services Strategy.



The intention at the time of revocation was to develop a new Asset Management Policy to provide guidelines across all business units to improve consistency in management practices and reporting. Work on the new Policy was previously scheduled to align with the re-writing of the current Asset Management Plans as part of the development of Council's Long Term Plan 2027 – 2037 with officers working in accordance with the revoked policy in the interim.

Work will be commencing from August 2025 to ensure that a fit for purpose policy framework is in place in order to give full effect to the delivery model and implementation plan for water services outlined above. As part of this process Asset Management Planning will be transitioning from following the International Infrastructure Management Manual (IIMM) 2015 to incorporating the updated IIMM 2020 and IPWEA/Apopo best practice. Asset managers at TDC are members of Apopo, New Zealand's association of asset management professionals.

Priorities under this Water Services Delivery Plan will include improvement of asset data to support forward works planning and manage risks (including those posed by unforeseen events and hazards impacting BAU), outsourced delivery management, optimisation of resources and proactive recruitment and retention of the limited local talent pool, continued scrutiny of funding investment and affordability, review of costs and pricing to ensure value for money, and sustaining regular operations amidst changes in government policy and rising compliance standards.

Statement of Regulatory Compliance

Timaru District Council's water services comply with current regulatory requirements aside from some minor technical areas as detailed below. The technical non-compliances identified are being worked through with Environment Canterbury and are assessed as not posing any health or environmental risks or issues. In respect of anticipated regulatory requirements, TDC is confident that the forward works programme will support continued compliance throughout the term of the WSDP.

Consents held and/or in process

Council holds a range of resource consents to extract and discharge water from/to the natural environment. The consents are issued and monitored by Environment Canterbury (ECAN), who also manage the dependent catchments. Several significant water extraction consents are coming up for renewal in the next 5 years. Given the current, and signalled, regulatory environment, with municipal water supplies given priority in water allocation and the lack of need to increase the water volumes required, Council is confident in the ability to renew the existing water abstraction consents. Catchment management is also a vital dependency for the resilience of water supply in the Timaru District.

Council's consent for treated effluent disposal via ocean outfall is due for renewal in 2045. While there are new Wastewater Standards currently being drafted for release in 2025, due to the significant time remaining on the current consent, it is not expected that these standards will have an impact on current consent limits. Council has in recent years reached consent trigger levels on ammoniacal nitrogen concentrations for additional monitoring; ongoing environmental monitoring has not shown a deteriorating environment.

Council is currently working on its suite of air discharge consents for its inland town wastewater oxidation ponds following a review of ECANs air policy removing grandfathered status. Pleasant Point's consent has recently been granted, with applications to follow for Geraldine and Temuka. It is likely that the expiration dates for these consents will align with those currently held at these locations.

TDC has also recently been granted a resource consent for discharge of Geraldine stormwater. Stormwater discharge consent applications for the Timaru, Pleasant Point, Temuka and Washdyke areas have been submitted to ECAN for processing, with TDC objecting to ECAN decisions on consent duration for Pleasant Point and Temuka. A hearing has been scheduled for the end of August 2025.

Current and anticipated compliance

Drinking water quality assurance rules are being met across all schemes managed by Timaru District Council. All take and discharge resource consents for water supply and wastewater are currently being met, except that Council currently has or expects to have technical non-compliance but no action required ratings for the following wastewater discharge consents:

CRC164345

CRC163129

CRC164367

All non-compliances relate to a conflict in the wording of the resource consent and the seepage testing for the oxidation ponds at Temuka, Geraldine and Pleasant Point. Desludging was carried out at all the ponds in 2021 however certain reporting was not submitted at the time. Timaru District Council and ECan are currently working together to review seepage testing techniques and processes. Testing conducted to date confirms that the desludging has not resulted in increased seepage. There are no identified risks to human health or environmental values, and it is possible that a variation to the consents may be progressed by the WSCCO at some stage to address this issue.

All water safety plans are currently operational, with all earmarked improvement works for the next ten years and beyond covered in the Long Term Plan 2024 – 2034.

Timaru District Council received a letter that a fluoridation order was to follow in November 2022, however this order has yet to be received from the Director-General of Health. Design work, and the purchase of land required for expansion of plant has been carried out. Funding has been earmarked in the LTP in a placeholder timeframe position for 2026/27 for $941,850, an inflation-adjusted amount from when this work had been previously tendered. Once a mandate is received the WSCCO will be able to add this project during its annual planning process to update implementation phasing and funding.

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	 Yes Yes Yes 9 separate notices in place during last 3 years Budgeted in LTP ready for when directed 267l/person/day Urban; 454l/person/day Rural Yes Most schemes do, apart from Peel Forest or parts of the rural schemes.	n/a	n/a

Resource Management			
• Significant consents (note if consent is expired and operating on S124)	Water supply take CRC981008.2 Pleasant Point CRC010349 Seadown CRC010392 Pareora (expired, s124) CRC010393.1 Pareora R (expired, s124) CRC011399 Timaru Pareora take CRC012183 Opihi Downlands CRC012184 Tengawai Downlands CRC064043 Geraldine CRC093305 Timaru Opihi take CRC101875 Opihi extra take CRC120219 Peel Forest CRC167644 Temuka CRC192123 Te Moana Water discharge CRC940975 Gleniti Reservoir CRC992619.1 Te Hae Hae CRC992823 Camerons Reservoir CRC992824 Taiko Reservoir CRC992825 Sutherlands Reservoir CRC992826 Clelands Reservoir CRC992827 Waitohi Reservoir CRC011456 Timaru Pareora SV CRC011403 Pareora Trunkmain CRC012185 Downlands Trunkmain CRC147262 Claremont Reservoir	Wastewater discharge water/land/air CRC163129 Geraldine Pond CRC164345 Temuka Pond CRC164367 Pleasant Point Pond CRC165726 Aorangi Rd Air CRC242246 Aorangi Rd Ponds CRC242247 Ocean Outfall Network CRC072491 Aorangi Rd Storage CRC101832 Ocean Outfall placement CRC163114 Geraldine Pond CRC164341 Temuka Pond CRC164387 Pleasant Point Pond	Stormwater discharge CRC020341 Serpentine Ck CRC102769 Redruth CRC168825 Gleniti CRC194958 Geraldine SMP Network CRC020339 Serpentine Ck CRC020340 Serpentine Ck
• Expire in the next 10 years	CRC940975 12/05/2029 CRC981008.2 31/03/2034 CRC992619.1 10/08/2034 CRC992823 09/08/2034 CRC992824 09/08/2034 CRC992825 09/08/2034 CRC992826 09/08/2034 CRC992827 09/08/2034 CRC010349 09/10/2030 CRC011399 05/11/2024 CRC011403 05/11/2024 CRC011456 05/11/2024 CRC012183 09/10/2030 CRC012184 09/10/2030	None	None

	CRC012185 09/10/2030 CRC064043 30/10/2027 CRC093305 09/10/2030 CRC101875 09/10/2030		
• Non-compliance:			
• Significant risk non-compliance	0	0	0
• Moderate risk non-compliance	0	0	0
• Low risk non-compliance	0	1*	0
• Active resource consent applications	CRC244314 & CRC244315 Timaru scheme Pareora River take renewal & discharge CRC250507 Timaru scheme Pareora trunkmain maintenance renewal	Temuka and Geraldine ponds air discharge consent applications to be submitted FY26.	CRC230033 Temuka SMP CRC234735 Timaru SMP CRC245046 Waitarakao/Washdyke SMP
• Compliance actions (last 24 months):			
• Warning	0	0	0
• Abatement notice	0	0	0
• Infringement notice	0	0	0
• Enforcement order	0	0	0
• Convictions	0	0	0

*A technical non-compliance with no action required with CRC164345 to discharge contaminants to land at Temuka oxidation pond due to issues around de-sludging in 2021, subsequent reporting and seepage testing methodology. At the date of submission, TDC had yet to receive a finalised compliance monitoring report for CRC163129 Geraldine and CRC164367 Pleasant Point from Environment Canterbury though similar issues had been raised with officers.

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

Council has a number of large capital projects planned for the next 10 years. While Timaru is low population growth, the underlaying increasing water efficiency being experienced by households means that growth is not driving the need for increased treatment capacity. Renewals and resilience, increasing levels of services, is the key driver for capital expenditure.

The most significant project planned in the next 10 years is the Claremont Water Treatment Plant renewal. The current treatment process of ozone disinfection is approaching end of life and is unable to cope with repeat severe weather events. A concept design has been developed, and the project is currently at the early stage of procurement, with a Request for Information being issued in June. It is expected that a lead contract will be awarded in early 2026. The project is expected to be delivered in two stages, with full completion due by 2028.

Also in the drinking water space, is the Geraldine headworks resilience project with the planned duplication of the delivery trunk main, and additional water storage. This project will be delivered over the next 3 years. The Seadown Rural Water Scheme is also undergoing a significant network upgrade as it moves to a restricted supply in line with the other rural schemes. This project is two years into an expected 6 year programme. Towards the end of the 10 year LTP period further treatment resilience upgrades are planned for the inland towns in response to climate change.

The wastewater plant at Aorangi Rd has had significant number of renewals in the last year, with large improvement in health and safety. Replacement of the industrial wet well is the next significant project currently underway on site. Treatment upgrades are also planned for the Inland Towns starting with Temuka from 2031 in response to potential trade waste customers and growth forecasted past 2034.

Planned capital expenditure on stormwater sees a step change in the current 10 year horizon when compared to previous years. This is in response to the adaption management approach council is taking to the stormwater consents that are currently being processed by Environment Canterbury.

Reticulation renewals for both water and wastewater are focused on the strategic renewal of critical mains. Council is also using this as an opportunity to increase hydraulic capacity of sewer. It is expected that rate of renewal of small mains will accelerate past 2034 as more mains reach their end of life.

Projected investment in water services	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water										
Capital expenditure - to meet additional demand	1,478	0	750	767	784	799	812	824	836	847
Capital expenditure - to improve levels of services	1,239	0	13,914	23,214	2,188	0	0	0	0	14,368
Capital expenditure - to replace existing assets	6,832	15,499	11,936	8,313	15,683	10,086	12,896	6,228	6,342	7,310
Total projected investment for drinking water	9,549	15,499	26,600	32,294	18,655	10,885	13,708	7,052	7,177	22,525
Wastewater										
Capital expenditure - to meet additional demand	775	0	811	830	848	865	881	897	912	926
Capital expenditure - to improve levels of services	0	0	1,231	213	0	0	0	0	0	0
Capital expenditure - to replace existing assets	4,972	5,909	5,213	2,413	2,736	3,445	3,625	6,361	3,634	6,588
Total projected investment for wastewater	5,747	5,909	7,255	3,456	3,584	4,310	4,507	7,258	4,546	7,515
Stormwater										

Capital expenditure - to meet additional demand	1,297	0	750	767	784	801	818	837	854	869
Capital expenditure - to improve levels of services	0	0	331	11	0	0	0	0	6,769	0
Capital expenditure - to replace existing assets	4,010	2,449	3,117	2,731	2,498	4,025	5,101	3,634	4,669	2,800
Total projected investment for stormwater	5,307	2,449	4,198	3,509	3,282	4,826	5,919	4,471	12,292	3,669

Total projected investment in water services	20,603	23,857	38,053	39,260	25,521	20,021	24,133	18,781	24,015	33,708

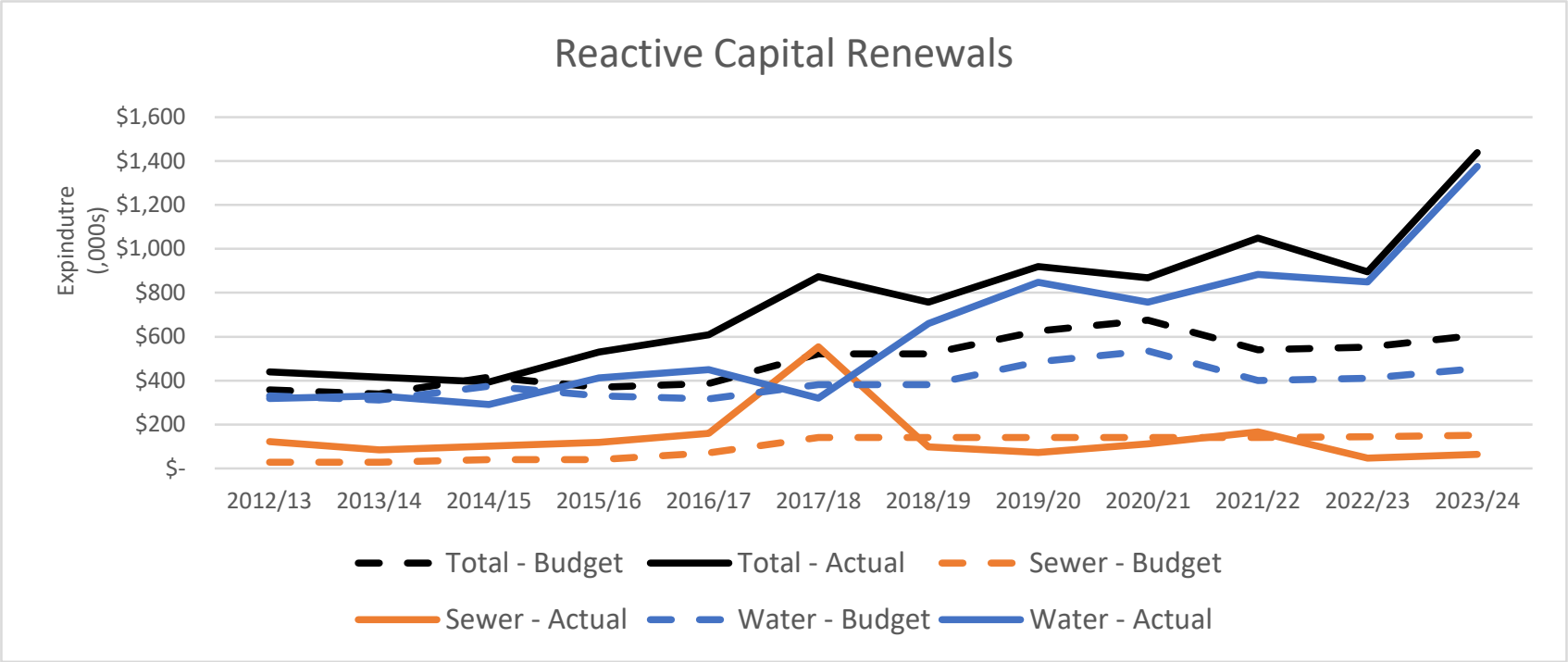
Note the projected capital expenditure to meet additional demand has been reduced from the LTP to reflect a more realistic expectation of the quantity of vested assets that will be passed to Council from new developments.

Historical delivery against planned investment

Delivery against planned investment	Renewals investment for water services				Total investment in water services			
	FY2024/25	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)	$27,306	$84,987	$78,955	$191,248	$27,306	$84,987	$78,955	$191,248
Total actual investment	$19,482*	$78,527	$48,491	$146,500	$19,482*	$78,527	$48,491	$146,500
Delivery against planned investment (%)	**71%**	**92%**	**61%**	**77%**	**71%**	**92%**	**61%**	**77%**

*Figures yet to be finalised with the Annual Report 2024/25.

The figures in the above table indicate a pattern of under-delivery of planned investment (with all investment categorised as ‘renewals’) however this reflects forecasting practise at the time rather than significant delivery constraints, specifically the past practice of allocating the total budget for multi-year projects to Year 1 with funds carried forward as required until project completion. These funds that were carried forward would remain in the previous year budgets, while also carrying forward to following years. In recent years, the poor phasing of capital delivery has been offset in part by increasing maintenance-generated (reactive) renewals exceeding forecasted budgets. This is demonstrated in the below graphs:



The numbers are also greatly skewed towards renewals over increased level of service and growth works. Network capacity has been sufficient for the current low growth rates in recent years. This has meant that planned works have been deferred as required to enable reactive renewals, which are escalating.

Delays to the Claremont project while it underwent scope and design review also had a significant impact on the above planned delivery.

Council is currently working on enhancing forecasting and staging for water services projects to ensure that budgets are allocated to the appropriate financial year. Since the adoption of the LTP 2024 – 2034 officers have been developing more sophisticated real time reporting tools which assist in allocating and tracking spend and we anticipate continued improvement in phasing and delivery of planned projects to budget.

Part C: Revenue and financing arrangements

C1. Revenue and charging arrangements

Charging and billing arrangements

Currently Council operates its water services as a 'ring fenced' operation, with water services revenue from targeted rates, metered water and trade waste charges. Costs are either charged directly or via an overhead allocation method. Under the proposed delivery model there will be a complete separation of finances between Council and the proposed WSCCO from 1 July 2027 however at time of establishment the approach to setting fees and charges will be unchanged.

Council will provide support services to manage collection of fees and charges on an interim transition basis should this be mutually desirable. A small amount of funding is included in budgets to facilitate exploration of universal metering and charges however whether this opportunity is progressed will be at the discretion of the new WSCCO.

Water services revenue requirements and sources

From July 2027 responsibility for setting water services revenue requirements will sit with the established WSCCO in accordance with indicative forecasts below, as will the discretion to amend the charging methodology or collection approach.

At present the cost of providing water supply, wastewater and stormwater services is recovered from those ratepayers who receive or benefit from those services through targeted charging.

The rates are assessed as follows:

- For Urban schemes a targeted rate is struck of a fixed amount per rating unit. For drinking water, this rate is uniform across all urban schemes. All connections to the domestic sewer network pay the same targeted rate. All properties fall into a community services area. The community works and services targeted rate collects revenue for both network and rural stormwater. This rate differs across urban and rural areas, and across different stormwater management areas.

- For rural water connections, a targeted rate is applied of a fixed amount based on various charging regimes applicable to a user's particular scheme, e.g. area charge (per hectare), unit charge, tank charge etc.

- Some high volume, mostly non-residential, users have a metered water connection and pay a targeted rate per cubic meter based on the meter reading. There are currently 299 metered connections for water in the district.
- Fees and charges also apply, such as for taking potable water from the designated filling stations, or for disposal of tankered waste at the Wastewater Treatment Plant.

Council amends fees and charges annually to reflect changes in costs as measured by council's rate of inflation, and to maintain cost recovery. There is ability to make changes outside of the annual planning process as required.

Under Council's Revenue and Financing Policy Council also has the ability to collect Financial Contributions and it is anticipated that the new WSCCO will in due course also collect development contributions. Council does not presently collect any capital or operating subsidies and grants however the new WSCCO will remain vigilant to such opportunities.

Existing and projected commercial and industrial users' charges

TDC holds industrial trade waste agreements with users that discharge directly to the Industrial Sewer Line. At present there are 12 industries that operate in this manner. They are charged for their trade waste discharge assessed as a portion of total operational costs attributable to conveyance of the industrial waste stream. In any year, around 90% of the trade waste charge covers fixed costs (e.g. monitoring, capital and depreciation) with the remainder covering variable costs including electricity and disposal of solids. The Revenue and Financing Policy states that user charges, including trade waste charges should be 20 to 30% of funding for the Wastewater Activity. For each of the industries, the charging formula is as follows:

Total fee ($/annum) = Fixed Charge Rate ($/m3) x Total Consented Median Discharge Volume (m3/day) x 365 (days/annum)

+

Variable Charge rate ($/m3) x Total Measured Discharge Volume (m3/annum)

The 12 industries are the only users being charged in this manner. All other commercial and industrial users in the district are subject to a permit system but discharge to the Domestic wastewater network. As such, they pay a fixed charge per pan, same as residential users. TDC and the WSCCO will undertake a Trade Waste Review which will include proposing changes to the consenting and charging regimes. This will lead in toward development of the Trade Waste Discharge Plan as will be required within two years of the Local Government (Water Services) Bill being enacted.

The affordability of projected water service charges for the community

Operating costs are projected to increase over the life of the Long Term Plan 2024-34 driven by increased delivery, depreciation and interest costs. Capital expenditure is over the next ten years totals $268m with a peak of $39m in 2027/28. This is an increase on historic capital spend and delivery will be dependent on internal and market capacity. Other delivery mechanisms are currently being explored, including multi-year renewal delivery packages.

The government has also indicated future changes to regulatory requirements and any increased requirements may lead to recalculations and reprioritisation of projects. However, strong capital delivery is essential to this WSDP as renewals needs are expected to increase significantly beyond the life of the present LTP2024-34 and any non-delivery in the short term will increase costs for future consumers. Backlogged renewals would also risk increases in non-compliance and health and safety issues, outcomes unacceptable to the Council.

Revenue is also expected to increase in line with rates and charges increases. Overall, delivery of water services based on reforecast investment levels (Annual Plan 2024/25) is financially sustainable over a ten year period.

C2. Affordability of projected water services charges for communities

Based on the assumptions in this WSDP, the average water charges per connection are expected to increase from $1,599 in 2025/26 to approximately $2,588 in 2033/34, representing an average annual increase of 7% from 2026/27. This is in nominal terms including inflation. Excluding inflation, this charge in 2034 is estimated as $2,194 (including GST). Note that price increases are mostly incurred in the next 4 years. The price increases from 2030 onwards are more modest and contribute to an increased operating surplus and some provision for phasing in increases to cover investment required from 2034 onwards (as per Timaru District Council's Infrastructure Strategy).

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)	805	888	1,050	1,203	1,375	1,561	1,561	1,561	1,560	1,560
Average wastewater bill (including GST)	352	451	451	454	466	483	514	551	585	622
Average stormwater bill (including GST)	258	260	306	349	352	370	372	371	387	406
Average charge per connection including GST	1,416	1,599	1,807	2,006	2,193	2,414	2,447	2,482	2,533	2,588
Projected increase	13.6%	13.0%	13.0%	11.0%	9.3%	10.1%	1.4%	1.4%	2.0%	2.2%
Projected number of connections	22,505	22,707	22,911	23,118	23,326	23,536	23,747	23,961	24,177	24,394
Projected median household income	84,535	87,324	90,381	93,544	96,818	100,110	103,514	107,033	110,672	114,435
Water services charges as % of household income	1.7%	1.8%	2.0%	2.1%	2.3%	2.4%	2.4%	2.3%	2.3%	2.3%

Water charges as a percentage of median household income range from 1.7% to 2.3% over the 10 year period and remain well under 3%.

C3. Funding and financing arrangements

Borrowing requirements and limits

Over the forecast period, water services in Timaru are forecast to require $268 million in capital investment to meet regulatory, growth, and service level obligations. To support this investment, borrowing of approximately $53 million is required, with the remaining funding to come from water services revenue. The table below identifies net debt by individual water service.

Debt to revenue by water service ($k)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water - operating revenue	19,873	22,001	23,164	26,412	30,105	34,125	34,506	34,914	35,297	35,724
Drinking water - net debt	62,559	69,697	90,312	116,398	125,825	124,101	125,143	119,442	113,912	123,654
Drinking water - net debt to operating revenue %	315%	317%	390%	441%	418%	364%	363%	342%	323%	346%
Wastewater - operating revenue	11,780	13,179	13,943	14,284	14,828	15,483	16,456	17,551	18,634	19,780
Wastewater - net debt	44,109	44,483	47,132	47,539	46,812	46,636	45,669	46,285	43,134	41,676
Wastewater - net debt to operating revenue %	374%	338%	338%	333%	316%	301%	278%	264%	231%	211%
Stormwater - operating revenue	6,458	6,568	6,968	7,934	8,066	8,519	8,659	8,720	9,160	9,647
Stormwater - net debt	4,559	2,422	1,914	(104)	(2,365)	(3,428)	(3,413)	(4,862)	1,179	(1,417)
Stormwater - net debt to operating revenue %	71%	37%	27%	-1%	-29%	-40%	-39%	-56%	13%	-15%
Three Waters - net debt to operating revenue %	292%	279%	316%	337%	321%	288%	281%	263%	251%	252%
Two Waters - net debt to operating revenue %	337%	325%	370%	403%	384%	344%	335%	316%	291%	298%

Water Services financing requirements and sources

The projected borrowing requirements over the next 10 years to deliver the necessary level of water services investment total $218 million. To support sustainable delivery, minimum cash and working capital requirements will consist of operating expenses, less depreciation, plus scheduled debt repayments, and headroom up to $112m in FY2033/34 has been allowed over the ten year period to provide for unforeseen events.

Council policy currently sets the borrowing limit for both water services and the wider business at 250% of operating revenue, while the LGFA borrowing limit is 280%. The borrowing limit for a WSCCO is 500% when within LGFA covenants. Water services borrowings are expected to remain within this WSCCO limit in all ten years.

The financial strategy for funding water services involves a blend of approaches: rates/fees and charges will cover operating expenditure and debt repayments; development contributions will fund limited growth-related capital expenditure; borrowing will finance capital expenditure to maintain or improve levels of service; and depreciation funding will support renewal capital expenditure, both for current needs and investment for future renewals.

Internal borrowing arrangements

This plan relates to the establishment of a WSCCO that will be legally separate from Timaru District Council. Accordingly, internal borrowing arrangements will not be available to the WSCCO in future. All existing water debt, including internal loans, is intended to be transferred to the WSCCO on transfer date.

Determination of debt attributed to water services

Timaru District Council debt has historically been allocated to each major Council activity based on % of spending. The movement of debt is determined through the actual operating revenue received, less cash operating costs, plus capital receipts (financial contributions, vested assets), less capital expenditure incurred during the year.

At time of transition a precise calculation of debt will be undertaken with numbers subject to review by both Council and the board of the WSCCO to confirm mutual satisfaction.

Insurance arrangements

It is expected that the WSCCO will seek to have existing insurance arrangements transferred from Council. The WSCCO will also require additional insurances, including directors' and officers' insurance and business continuity insurance to manage revenue risk in the event of natural disaster.

The WSCCO may consider potential different approaches to insurance, including the level of excess, and self-insurance that it is willing to accept.

Insurance cover is calculated using the market rate and the valuation of the assets in accordance with the clause *Material Damage and Business Interruption* from the *Renewal Overview*. For FY2024/25

"with a stabilising market NZI retained the current rate, with a reduction in Natural Disaster on buildings post 1935. Sum insured increased due to the Valuation being completed from Aon Valuation Services equating to a 15.76% increase along with a 16.15% increase under the Business Interruption section".

At present, Council holds a material damage insurance policy for above ground assets and reservoirs (100% insured), with insurance from the Local Authority Protection Programme (LAPP) covering underground reticulation assets (60% cover of assets; 40% self-insured).

Public Liability insurance is also currently held by Council and covers all council staff and activities.

The Risk Management Policy includes Risk Appetite statements specific to different areas of Council business, including:

*"We accept a **Low** level of risk to ensure efficient delivery of asset planning and maintenance activities that underpin agreed levels of service."*

*"Council has a **Low** Appetite for disruptions to its operations and processes. These disruptions will only be accepted if they were unavoidable as part of a transformational change or strategic initiatives and will not impact service delivery to our customers and communities."*

Part D: Financial sustainability assessment

D1. Confirmation of financial sustainability of water services

The Council confirms that the Water Services Delivery Plan will achieve financially sustainable delivery of water services by 30 June 2028.

Revenue sufficiency is met through the WSDP period, ensuring:

- Sufficient revenues to cover operating expenditure, and mostly covering depreciation, financing charges, and capital investment with some operating deficits.
- Positive operating cash flows sufficient to service debt and maintain liquidity.
- Upon establishment of the WSCCO, separate revenue and financial reporting.
- For stormwater, alignment with ringfencing and financial reporting requirements under the Local Water Done Well framework.

Investment sufficiency is met with capital investment over the forecast period targeted to meet levels of service to comply with regulatory requirements, and renewals, with growth mostly coming from vested assets. All plants are compliant, and our network age is reasonable.

Financing sufficiency is also met:

- For the WSCCO, free funds from operations (FFO) initially drops, reflecting the increased investment particularly in the next two years but then exceeds the 9% threshold from 2029/30.
- For stormwater, small net debts and some operating surpluses indicate the stormwater is not a constraint to Council's financial strategy and LGFA borrowing limits, with debts attributable to stormwater activities from general council debt as part of the transition to a ringfenced structure.

Actions required to achieve financially sustainable delivery of water services

All water services will achieve financial sustainability requirements over the WSDP by 2027/28 (with the WSCCO achieving the FFO requirement within the 5 year phase in period indicated by the LGFA). No additional actions are required to achieve financial sustainability of water services by 30 June 2028 beyond the steps already provided for in this WSDP and the implementation plan. These steps include the preparation for:

- Establishment of the WSCCO as outlined in the implementation plan.
- For stormwater, financial ring-fencing enhancements to fully separately reported while it continues to be delivered by Council.

Risks and constraints to achieving financially sustainable delivery of water services

Section F outlines to the risks to achieving this WSDP and the achieving financially sustainable delivery of water services.

Separate assessment for WSCCO and Council to achieve financially sustainable delivery of water services

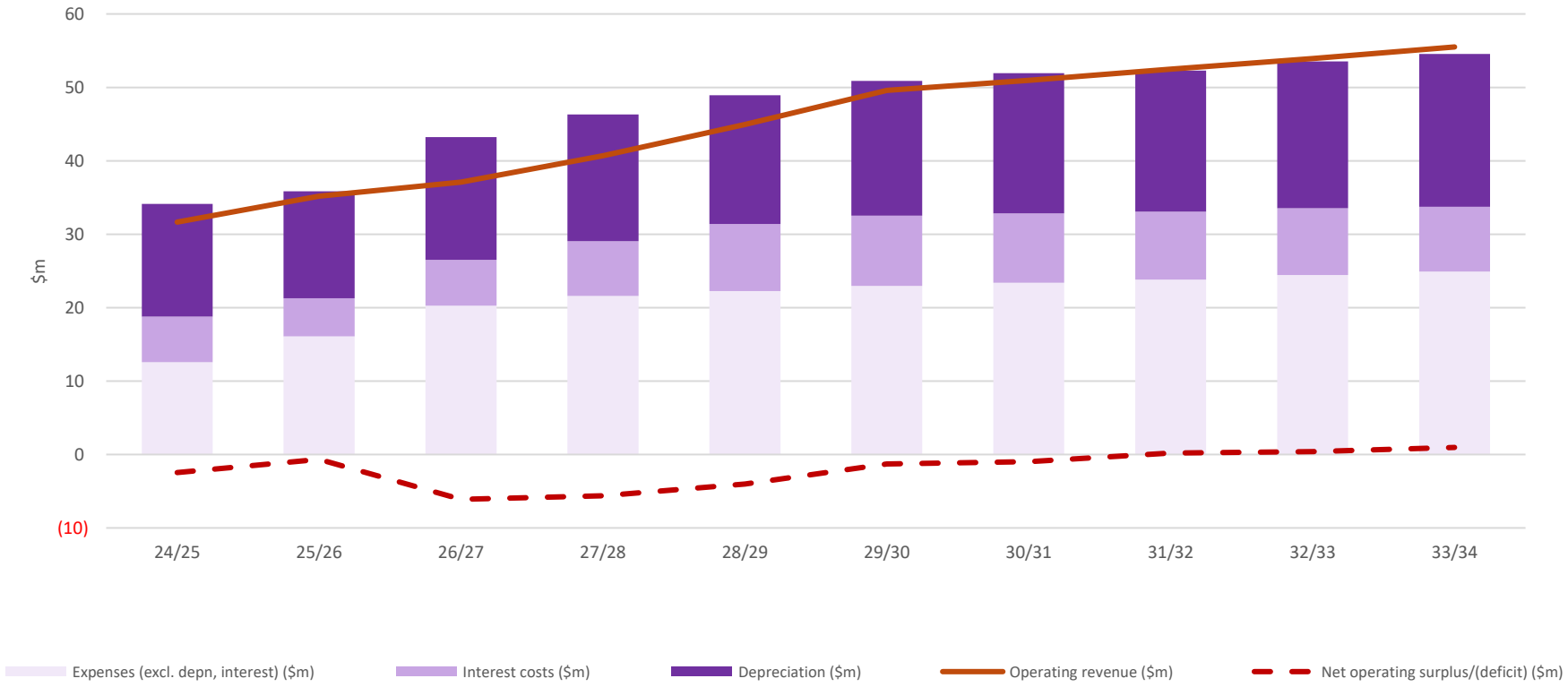
In the following sections, the sustainability assessments for the proposed WSCCO covering water and wastewater are presented separately from stormwater, which will remain in-house with Council. During the remainder of 2025/26 and through 2026/27 water and wastewater will remain with Council until the asset transfer is completed (target 30 June 2027). Commentary for water and wastewater services therefore relates to both Council (initial phase-in period) and then the WSCCO.

D2. Financial sustainability assessment - revenue sufficiency: Water Supply and Wastewater Services

Projected water services vs the projected costs of delivering water services: water supply and wastewater

For water supply and wastewater, the Council is projected that the WSCCO will run small deficits through the early years of this WSDP with an improving trend before moving into surpluses for the last three years of the WSDP. This is regarded as a prudent approach, utilising the borrowing ability of the WSCCO to increase debt funding initially before moving into covering all operation expenses (including depreciation). This means that consumers are not paying more upfront than they need to, with investment supported by borrowings.

Projected water supply and wastewater services revenue and expenses



Projected operating surpluses/deficits water supply and wastewater

For water supply and wastewater, operating deficits increase in the initial years of this WSDP before moving into surpluses from 2031/32. Operating deficits essentially indicates an increase in borrowings during this period (which remains within prudent levels).

Water Supply & Wastewater (WSCCO)										
Operating surplus ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) excluding capital revenues	(2,475)	(663)	(6,107)	(5,628)	(4,014)	(1,282)	(966)	191	385	961
Total operating revenue	31,653	35,180	37,106	40,696	44,933	49,608	50,961	52,464	53,930	55,504
Operating surplus ratio	(7.8%)	(1.9%)	(16.5%)	(13.8%)	(8.9%)	(2.6%)	(1.9%)	0.4%	0.7%	1.7%

Projected operating cash surpluses water supply and wastewater

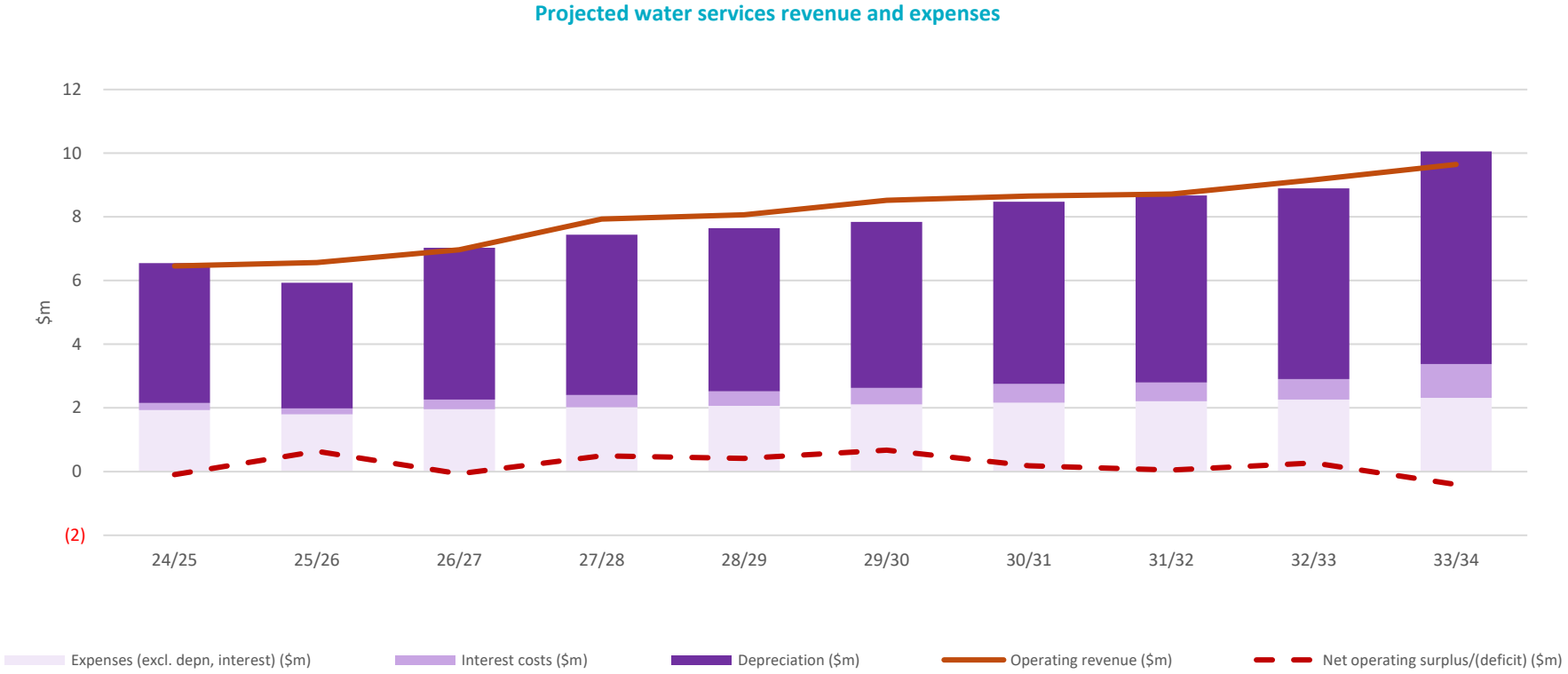
The projected operating cash ratio for water supply and wastewater remains positive throughout the forecast period, with cash surpluses over operating revenues averaging 53%. This indicates that operating activities are forecast to generate strong, sustained cash surpluses each year with a total of $159 million in surplus over the 10 year period.

Water Supply & Wastewater (WSCCO)										
Operating cash ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenue	19,092	19,091	16,846	19,109	22,659	26,657	27,562	28,625	29,478	30,605
Total operating revenue	31,653	35,180	37,106	40,696	44,933	49,608	50,961	52,464	53,930	55,504
Operating cash ratio	60.3%	54.3%	45.4%	47.0%	50.4%	53.7%	54.1%	54.6%	54.7%	55.1%

D3. Financial sustainability assessment - revenue sufficiency: stormwater

Projected water services vs the projected costs of delivering stormwater

The Council is projected to generate sufficient revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing.



Projected operating surpluses/deficits stormwater

Stormwater is on track to mostly be in operating over the forecast period with a $2 million surplus in total over that period.

Stormwater (Council)										
Operating surplus ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) excluding capital revenues	(93)	634	(70)	492	416	674	181	51	268	(406)
Total operating revenue	6,458	6,568	6,963	7,934	8,066	8,519	8,659	8,720	9,160	9,647
Operating surplus ratio	(1.4%)	9.7%	(1.0%)	6.2%	5.2%	7.9%	2.1%	0.6%	2.9%	(4.2%)

Projected operating cash surpluses stormwater

The projected cash ratio for stormwater remains very positive throughout the forecast period. This indicates that operating activities are forecast to generate strong, sustained cash surpluses each year and are projected to range from $4.7 million in 2025/26 to $7.3 million in 2033/34. These figures reflect the underlying cash-generating strength of the activity.

Stormwater (Council)										
Operating cash ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenue	4,529	4,766	5,000	5,916	6,003	6,407	6,493	6,510	6,900	7,331
Total operating revenue	6,458	6,568	6,963	7,934	8,066	8,519	8,659	8,720	9,160	9,647
Operating cash ratio	70.1%	72.6%	71.8%	74.6%	74.4%	75.2%	75.0%	74.7%	75.3%	76.0%

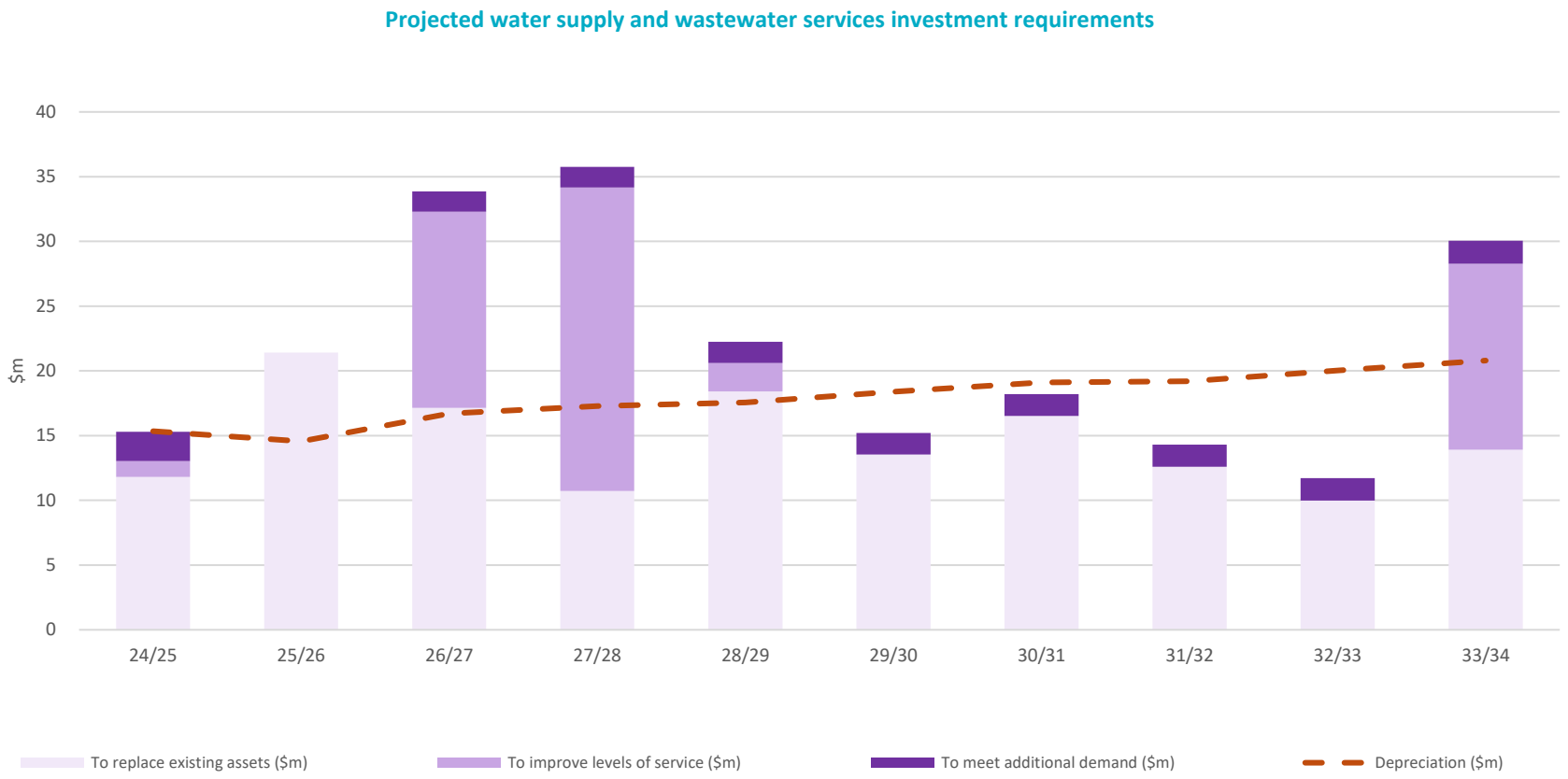
D4. Financial sustainability assessment - investment sufficiency Water Supply and Wastewater

Investment required to meet levels of service, regulatory requirements and provide for growth

Projected water services investment is sufficient to meet levels of service, and regulatory requirements. Minimal growth is forecast and essentially comes from assets vested in Council from developments. Council's proposed water services investments are sufficient and meet the 'investment sufficiency' test. Assets requiring renewal, and upgrades to meet levels of services have been budgeted for and are included in the 'Projected water services investment requirements' chart below. Note for growth, the vested assets have been reduced from the LTP to more accurately reflect future expectations.

All proposed level of investment is able to be fully funded. Asset renewals and infrastructure upgrades to meet regulatory requirements and increase levels of service will be financed by operating surpluses, borrowings and recovered over time through water revenues.

For water supply and wastewater services, $218 million in capital expenditure is planned over the WSDP period to meet renewals, to improve levels of service and to address growth. The WSCCO will have sufficient debt headroom to finance the required investments.



Total water services investment required over 10 years

The WSDP include $218 million in capital investment over the 10 year period. This programme includes:

- Upgrade of the Claremont Water Treatment Plant
- Replacement of storage and renewal and resilience upgrades of delivery trunkmains for Geraldine

- Abstraction optimisation and treatment plant renewal for Temuka
- Renewals at the Aorangi Road Wastewater Treatment Plant
- Initial phase for water meter deployment
- Ongoing renewal of the reticulation network

Water Supply & Wastewater (WSCCO)										
Asset investment ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Capital expenditure	15,296	21,408	33,855	35,750	22,239	15,195	18,215	14,310	11,723	30,040
Depreciation	15,334	14,559	16,698	17,285	17,554	18,378	19,105	19,204	20,020	20,794
Asset investment ratio	(0.2%)	47.0%	102.7%	106.8%	26.7%	(17.3%)	(4.7%)	(25.5%)	(41.4%)	44.5%

The WSCCO will further develop a Water Services Strategy to forecast future investment requirements beyond the 10 year period.

Renewals requirements for water supply and wastewater services

Planned renewal investments are guided by the AMP, live asset information and lifecycle modelling. This is supported by technical judgement and operational/engineering assessments. The proposed renewals investment profile is aligned with the Council's Asset Management Plan. There are slight misalignments between depreciation expense and planned renewals in any given year due to the actual renewals need, based on underlying asset condition. Over the 10-year period, planned renewals expenditure is $146 million versus projected depreciation expense of about $178 million. The Utility Report (attached below) assessed Timaru District Council's renewals profile as being at low risk of material change with the rate of replacement exceeding the rate of ageing overall.

Water Supply & Wastewater (WSCCO)										
Asset sustainability ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Capital expenditure on renewals	11,804	21,408	17,149	10,726	18,419	13,531	16,521	12,589	9,975	13,985
Depreciation	15,334	14,559	16,698	17,285	17,554	18,378	19,105	19,204	20,020	20,794
Asset sustainability ratio	(23.0%)	47.0%	2.7%	(37.9%)	4.9%	(26.4%)	(13.5%)	(34.4%)	(50.2%)	(32.7%)

Average remaining useful life of network assets for water supply and wastewater services

This plan represents a sustained programme of capital investment for the district's water infrastructure. Over the forecast period, the book value of water infrastructure assets increases from $625 million to $815 million, while the replacement value grows from $1,138 million to $1,614 million. This reflects both ongoing investment, assumed capital price inflation, and anticipated revaluation of the asset base.

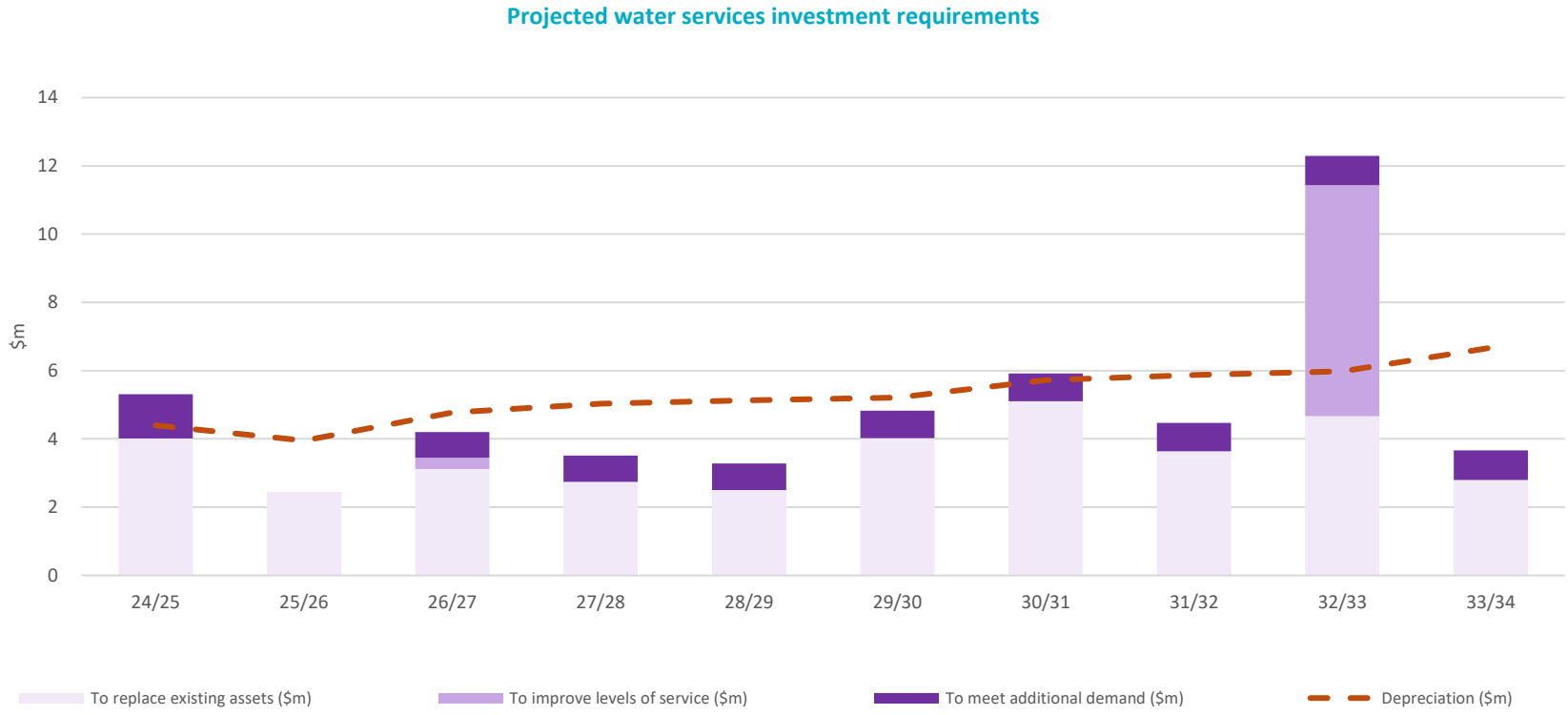
The asset consumption ratio declines moderately over the 10 years from 54.9% in FY24/25 to 50.5% over the ten years. This is not considered materially adverse as around 50% reflects the expected consumption ratio for these types of infrastructure assets. Continued investment beyond 2033/34 will be required to maintain service levels and manage asset consumption over the longer term and this will be incorporated into the WSCCO's Water Services Strategy.

Water Supply & Wastewater (WSCCO)										
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	618,414	625,263	689,834	708,299	712,985	763,875	762,985	758,090	805,697	814,942
Total estimated replacement value of infrastructure assets	1,117,056	1,138,464	1,258,650	1,294,400	1,316,640	1,431,689	1,449,903	1,464,213	1,583,910	1,613,949
Asset consumption ratio	55.4%	54.9%	54.8%	54.7%	54.2%	53.4%	52.6%	51.8%	50.9%	50.5%

D5. Financial sustainability assessment - investment sufficiency stormwater

Investment required to meet levels of service, regulatory requirements and provide for growth: stormwater

For stormwater, Council is planning for capital expenditure of $449.9 million over the forecast over the period of the WSDP to meet renewals, to improve levels of service and to address growth. While the Council has limited headroom over this period for borrowing, stormwater is a relatively small component of Council's expenditure, and the main peak of stormwater investment is in 2032/33 when there is more debt headroom available to Council. So investment in stormwater over this period should not be constrained by Council's borrowing limits.



Total water services investment required over 10 years - stormwater

The stormwater investment programme is mostly for renewals, with growth funding essentially from vested assets.

There is a significant investment in 2032/33 for an upgrade of the Caroline Bay Stormwater Pump Station in anticipation of sea level rise affecting the ability to discharge stormwater around Caroline Bay.

Stormwater (Council)										
Asset investment ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Capital expenditure	5,307	2,449	4,198	3,509	3,282	4,826	5,919	4,471	12,292	3,669
Depreciation	4,394	3,952	4,772	5,035	5,127	5,214	5,722	5,869	5,983	6,671
Asset investment ratio	20.8%	(38.0%)	(12.0%)	(30.3%)	(36.0%)	(7.4%)	3.4%	(23.8%)	105.4%	(45.0%)

Renewals requirements for stormwater

Planned renewal investments are guided by the AMP, live asset information and lifecycle modelling. This is supported by technical judgement and operational/engineering assessments. The proposed renewals investment profile is aligned with the Council's Asset Management Plan. Over the 10-year period, depreciation of $52.7 million exceeds planned renewals expenditure of $49.9 million. This reflects the lifecycle based investment. The Utility Report (attached below) assessed Timaru District Council's renewals profile as being at low risk of material change with the rate of replacement exceeding the rate of ageing overall.

Stormwater (Council)										
Asset sustainability ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Capital expenditure on renewals	4,010	2,449	3,117	2,731	2,498	4,025	5,101	3,634	4,669	2,800
Depreciation	4,394	3,952	4,772	5,035	5,127	5,214	5,722	5,869	5,983	6,671
Asset sustainability ratio	(8.7%)	(38.0%)	(34.7%)	(45.8%)	(51.3%)	(22.8%)	(10.9%)	(38.1%)	(22.0%)	(58.0%)

Average remaining useful life of network assets stormwater

This plan represents a sustained programme of capital investment for the district's stormwater. Over the forecast period, the book value of stormwater infrastructure assets increases from $177 million to $215 million, while the replacement value grows from $337 million to $504 million. This reflects both ongoing investment, assumed capital price inflation, and anticipated revaluation of the asset base.

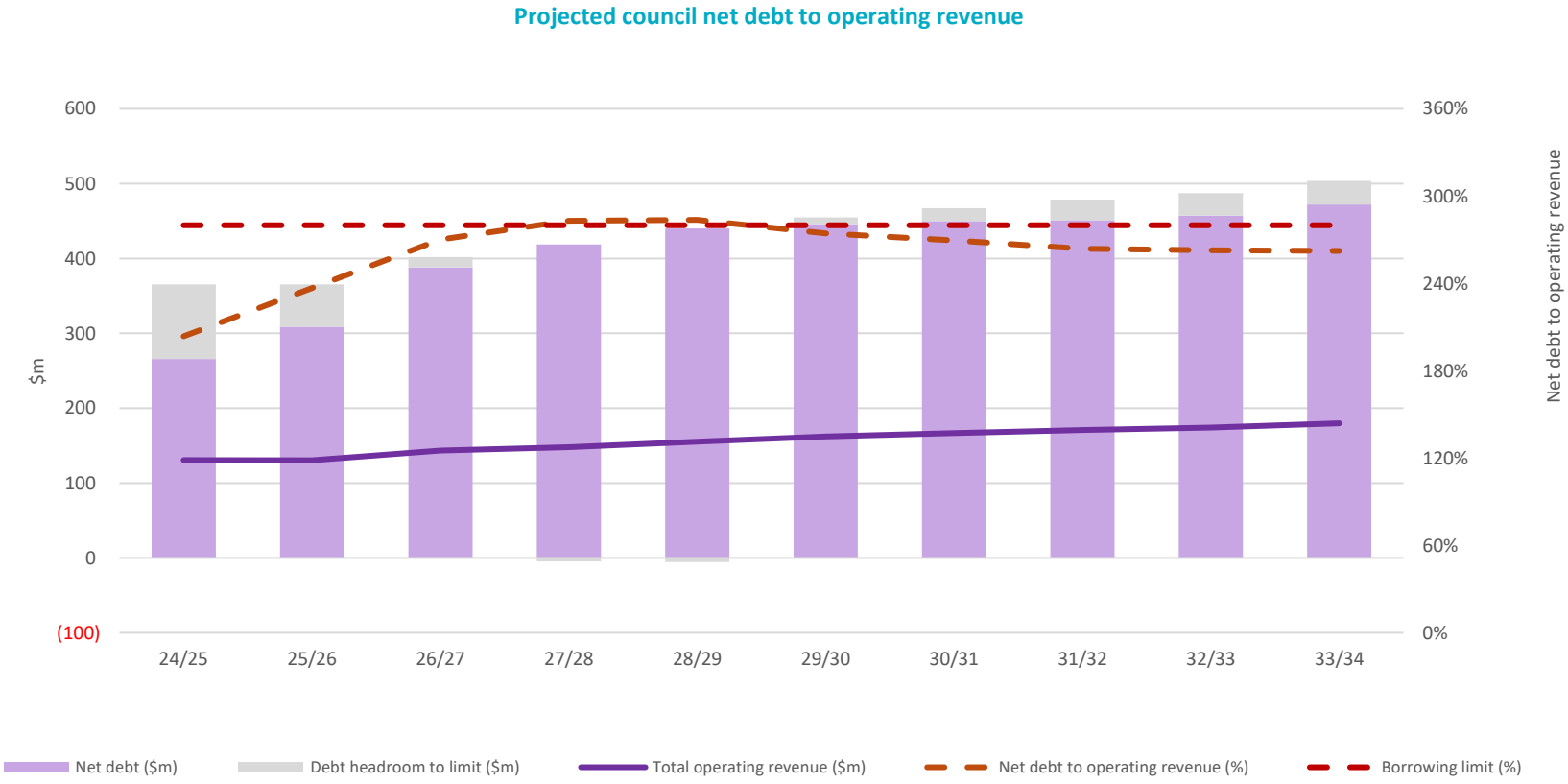
The asset consumption ratio declines over the 10 years from 48.4% in FY24/25 to 42.8% over the ten years. Council is currently in the process of getting Resource Consents for its various stormwater networks, with consents currently being processed by Environment Canterbury while this WSDP is being prepared. Council has taken an adaptive management approach to both the consents and the planned capital investment. This means that while there is small base of renewals over this period, improvements have been planned to build up and monitor network efficacy, and to respond to emerging issues. Continued investment beyond 2033/34 will be required to maintain service levels and manage asset consumption over the longer term and this will be incorporated into the Council's Infrastructure Strategy.

Stormwater (Council)										
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	177,372	175,869	188,631	187,105	185,261	198,923	199,119	197,721	218,610	215,608
Total estimated replacement value of infrastructure assets	366,776	369,225	401,422	404,931	408,213	443,998	449,916	454,387	500,186	503,855
Asset consumption ratio	48.4%	47.6%	47.0%	46.2%	45.4%	44.8%	44.3%	43.5%	43.7%	42.8%

D6. Financial sustainability assessment - financing sufficiency: Water Supply and Wastewater

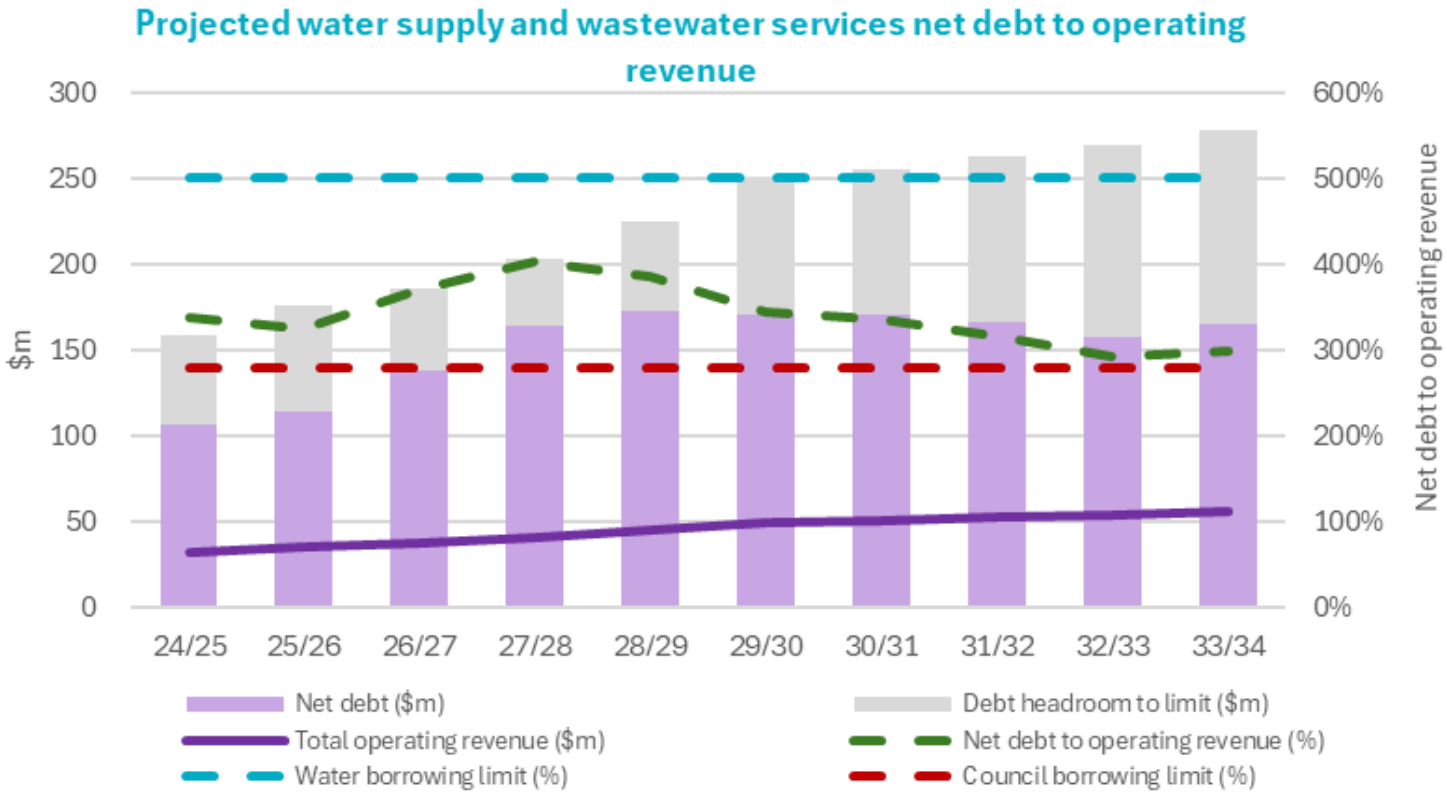
Confirmation that sufficient funding and financing can be secured to deliver water services – whole of Council

Timaru District Council has an external credit rating of AA- from Fitch so qualifies for the LGFA's "Foundation Policy Covenants" which means that ratio of net debt/total revenue can be up to 280%. At a whole of Council level, there is little debt headroom with net debt to operating revenue exceeding the 280% limit in each of 2027/28 (283%) and 2028/29 (284%). Council reduced the planned rates increase in the current LTP so the overall level of council debt will be an ongoing consideration.



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

For water supply and wastewater, the WSCCO will have sufficient debt headroom over the forecast period, within the 500% limit available.



Projected borrowings water supply and wastewater

For water supply and wastewater, total borrowing is projected to increase from $118 million in 2025/26 to $169 million by 2033/34. The net to debt to operating revenue averages 340% over this period, well within the borrowing limit of 500% for a WSCCO under the LGFA lending covenants. Borrowing by the WSCCO will be guaranteed by the Council as required by the LGFA.

Water Supply & Wastewater (WSCCO)										
Net debt	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total borrowings	110,300	117,811	141,074	167,569	176,268	174,368	174,444	169,359	160,678	168,961
Less: cash and financial assets	(3,632)	(3,631)	(3,631)	(3,632)	(3,631)	(3,631)	(3,632)	(3,632)	(3,632)	(3,632)
Net debt	106,668	114,180	137,444	163,937	172,637	170,736	170,812	165,727	157,046	165,330

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)	106,668	114,180	137,444	163,937	172,637	170,736	170,812	165,727	157,046	165,330
Operating revenue	31,653	35,180	37,106	40,696	44,933	49,608	50,961	52,464	53,930	55,504
Net debt to operating revenue	337%	325%	370%	403%	384%	344%	335%	316%	291%	298%

Borrowing headroom/(shortfall) for water supply and wastewater

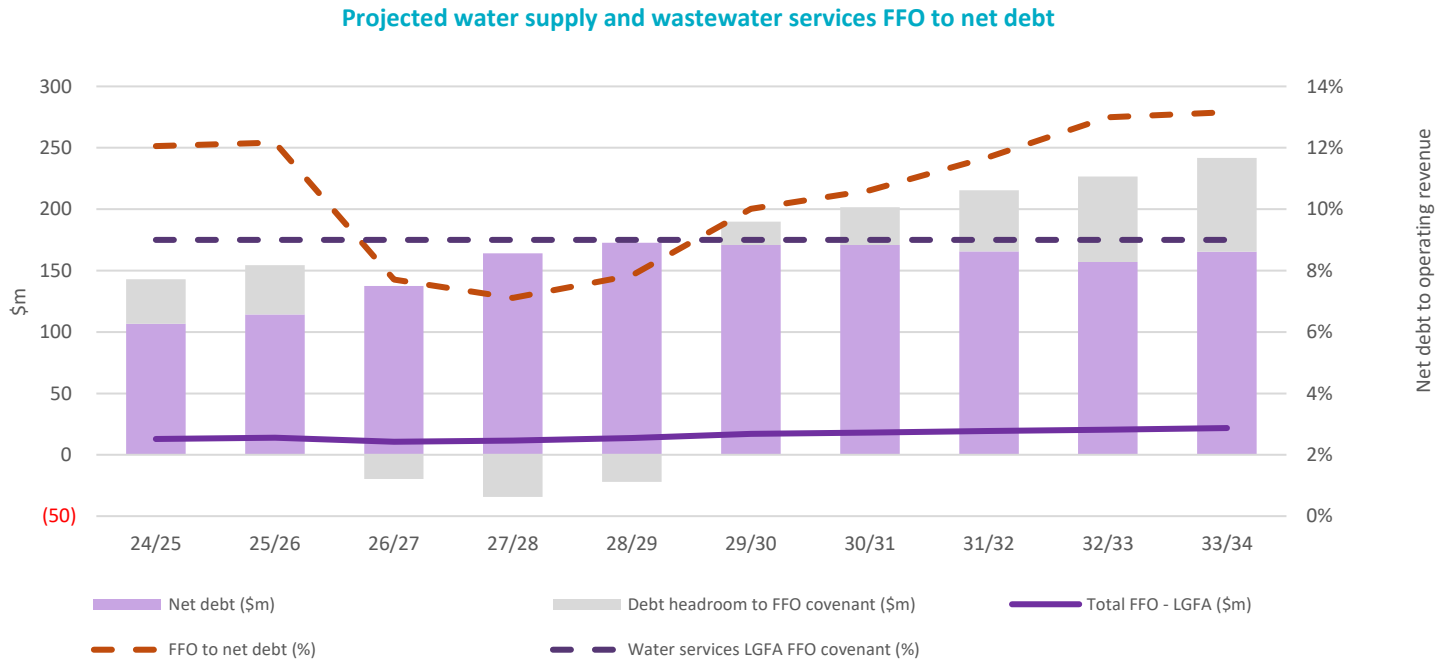
Attributing borrowings to water services, there is sufficient headroom also against potential constraints, with net water services debt to operating averaging 340% over the period, with debt headroom of $112 million by 2033/34. These debt levels are considered prudent and sustainable, given the long-life nature of infrastructure assets.

Water Supply & Wastewater (WSCCO)										
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	31,653	35,180	37,106	40,696	44,933	49,608	50,961	52,464	53,930	55,504
Debt to revenue limit	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt	158,265	175,902	185,532	203,482	224,664	248,039	254,807	262,321	269,652	277,521
Total net debt	106,668	114,180	137,444	163,937	172,637	170,736	170,812	165,727	157,046	165,330
Borrowing headroom/ (shortfall) against limit	51,597	61,722	48,089	39,544	52,027	77,303	83,995	96,594	112,606	112,191

Free funds from operations for water supply and wastewater

The WSCCO's free funds from operations (FFO) for water supply and wastewater drop below 9% for the next three years (2026/27 to 2028/29) before trending upwards reflecting the initial investments including the establishment costs of the WSCCO. From 2029/30 the FFO exceeds the LGFA covenant ratio of 9% which is applied by LGFA for a council with more than 20,000 connections. This is well within the 5 year phase in period to achieve this financial sustainability measure. We expect the LGFA to approve covenants on this basis.

Water Supply & Wastewater (WSCCO)										
Free funds from operations (FFO) to debt ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt	106,668	114,180	137,444	163,937	172,637	170,736	170,812	165,727	157,046	165,330
Funds from operations	12,859	13,896	10,591	11,656	13,539	17,096	18,139	19,395	20,404	21,756
FFO to debt ratio	12.1%	12.2%	7.7%	7.1%	7.8%	10.0%	10.6%	11.7%	13.0%	13.2%



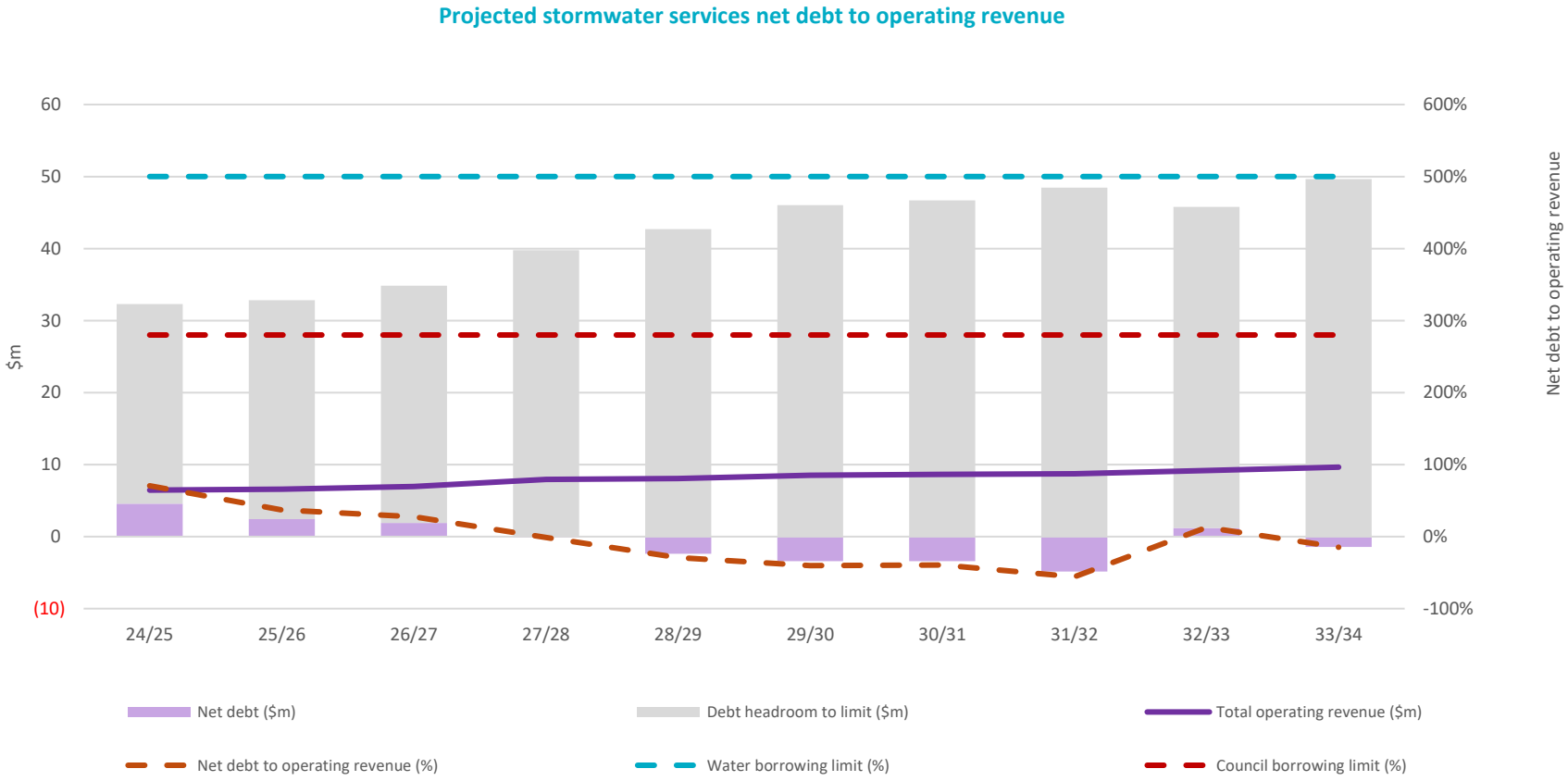
The interest coverage ratio averages 3% over the period of the WSDP – in excess of the 1.5x requirement of the LGFA.

Water Supply & Wastewater (WSCCO)										
Interest coverage ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Funds from operations	12,859	13,896	10,591	11,656	13,539	17,096	18,139	19,395	20,404	21,756
Cash interest	6,233	5,195	6,255	7,453	9,120	9,561	9,423	9,230	9,073	8,849
Interest coverage ratio	3.06	3.67	2.69	2.56	2.48	2.79	2.92	3.10	3.25	3.46

D7. Financial sustainability assessment - financing sufficiency: stormwater

Confirmation that sufficient funding and financing can be secured to deliver stormwater

For stormwater, the activity has little relative debt and moves into net surplus for five of the outyears so does not represent a constraint to Council borrowing.



Projected borrowings stormwater

Proposed borrowings are only required in four years, with significant surplus in other years. Although Council has limited headroom against its borrowing limits, along with insurances, there should be capacity to cover unforeseen events or additional investment requirements.

Stormwater (Council)										
Net debt	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total borrowings	4,826	2,688	2,181	164	(2,096)	(3,158)	(3,141)	(4,590)	1,450	(1,146)
Less: cash and financial assets	(266)	(265)	(267)	(268)	(269)	(270)	(271)	(271)	(271)	(271)
Net debt	4,559	2,422	1,914	(104)	(2,365)	(3,428)	(3,413)	(4,862)	1,179	(1,417)

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)	4,559	2,422	1,914	(104)	(2,365)	(3,428)	(3,413)	(4,862)	1,179	(1,417)
Operating revenue	6,458	6,568	6,968	7,934	8,066	8,519	8,659	8,720	9,160	9,647
Net debt to operating revenue	71%	37%	27%	(1%)	(29%)	(40%)	(39%)	(56%)	13%	(15%)

Borrowing headroom/(shortfall) for stormwater

Attributing borrowings to water services, there is sufficient headroom also against potential constraints, with net water services in surplus in most years. The debts and surpluses are minor and indicate a sustainable financial position, given the long-life nature of infrastructure assets.

Stormwater (Council)										
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	6,458	6,568	6,968	7,934	8,066	8,519	8,659	8,720	9,160	9,647
Debt to revenue limit	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt	32,290	32,840	34,838	39,671	40,331	42,593	43,293	43,600	45,799	48,234
Total net debt	4,559	2,422	1,914	(104)	(2,365)	(3,428)	(3,413)	(4,862)	1,179	(1,417)
Borrowing headroom/ (shortfall) against limit	27,731	30,418	32,925	39,775	42,696	46,021	46,706	48,461	44,620	49,652

Free funds from operations - stormwater

FFO is not a specific financial covenant requirement constraint for retaining in-house Council services. In any case, the low debt years and several years in surplus indicate healthy free funds from operations.

Stormwater (Council)										
Free funds from operations (FFO) to debt ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt	4,559	2,422	1,914	(104)	(2,365)	(3,428)	(3,413)	(4,862)	1,179	(1,417)
Funds from operations	4,301	4,586	4,707	5,527	5,543	5,888	5,903	5,920	6,251	6,265
FFO to debt ratio	94.3%	189.3%	245.9%	(5307.7%)	(234.4%)	(171.8%)	(173.0%)	(121.8%)	530.1%	(442.1%)

Part E: Projected financial statements for water services

E1. Projected Financial Statement Three Waters

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	27,317	31,163	35,473	39,688	43,709	48,486	49,626	50,819	52,353	54,023
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipt[1]s	4,087	4,176	2,870	2,936	3,000	3,064	3,123	3,185	3,244	3,306
Fees and charges	6,707	6,409	5,731	6,006	6,289	6,577	6,871	7,180	7,493	7,822
Total operating funding	38,111	41,748	44,074	48,631	52,999	58,126	59,620	61,184	63,090	65,151
Applications of operating funding										
Payments to staff and suppliers	9,629	12,862	15,985	16,414	16,842	17,249	17,635	18,010	18,383	18,762
Finance costs	6,461	5,375	6,553	7,842	9,580	10,079	10,012	9,820	9,722	9,915
Internal charges and overheads applied	4,861	5,029	6,238	7,191	7,495	7,814	7,930	8,039	8,330	8,453
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	20,951	23,266	28,776	31,447	33,916	35,142	35,578	35,869	36,435	37,130
Surplus/(deficit) of operating funding	17,160	18,482	15,298	17,183	19,083	22,984	24,042	25,315	26,655	28,021
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt	(456)	10,953	22,569	36,479	10,996	6,799	4,395	4,353	11,674	16,268

[1] Note: this 'other receipts' includes vested assets, which come in as revenue as the asset value, and then to reflect double-entry accounting are included as 'Capital expenditure – to meet additional demand'.

Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	(456)	10,953	22,569	36,479	10,996	6,799	4,395	4,353	11,674	16,268

Applications of capital funding										
Capital expenditure - to meet additional demand	3,550	0	2,311	2,365	2,416	2,465	2,511	2,558	2,601	2,642
Capital expenditure - to improve levels of services	1,239	0	15,476	23,438	2,188	0	0	0	6,769	14,281
Capital expenditure - to replace existing assets	15,814	23,857	20,266	13,457	20,917	17,556	21,622	16,223	14,644	16,785
Increase/(decrease) in reserves	(3,899)	5,580	(188)	12,001	4,557	9,761	4,302	10,887	14,315	10,581
Increase/(decrease) in investments	0	0	0	2,400	0	0	0	0	0	0
Total applications of capital funding	16,704	29,437	37,865	53,661	30,078	29,782	28,435	29,668	38,330	44,289

Surplus/(deficit) of capital funding	(17,160)	(18,484)	(15,296)	(17,182)	(19,082)	(22,983)	(24,041)	(25,314)	(26,656)	(28,021)

Funding balance	0	(2)	1	2	0	1	1	1	(0)	(0)

Statement of comprehensive revenue and expense ($000)	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Operating revenue	38,111	41,748	44,074	48,631	52,999	58,126	59,620	61,184	63,090	65,151
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	38,111	41,748	44,074	48,631	52,999	58,126	59,620	61,184	63,090	65,151
Operating expenses	9,629	12,862	15,985	16,414	16,842	17,249	17,635	18,010	18,383	18,762
Finance costs	6,461	5,375	6,553	7,842	9,580	10,079	10,012	9,820	9,722	9,915
Overheads and support costs	4,861	5,029	6,238	7,191	7,495	7,814	7,930	8,039	8,330	8,453
Depreciation & amortisation	19,728	18,511	21,470	22,320	22,680	23,592	24,827	25,073	26,003	27,465
Total expenses	40,679	41,777	50,246	53,767	56,597	58,734	60,405	60,942	62,437	64,596
Net surplus / (deficit)	(2,568)	(29)	(6,172)	(5,136)	(3,598)	(608)	(785)	242	653	556
Revaluation of infrastructure assets	0	0	60,750	0	0	68,123	0	0	70,483	0

Total comprehensive income	(2,568)	(29)	54,578	(5,136)	(3,598)	67,515	(785)	242	71,136	556
Cash surplus / (deficit) from operations (excl depreciation)	17,160	18,482	15,298	17,183	19,083	22,984	24,042	25,315	26,655	28,021

Statement of cashflows ($000)	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	17,160	18,482	15,298	17,183	19,083	22,984	24,042	25,315	26,655	28,021
[other items]										
Net cashflows from operating activities	17,160	18,482	15,298	17,183	19,083	22,984	24,042	25,315	26,655	28,021
Cashflows from investment activities										
[other items]	0	0	0	(2,400)	0	0	0	0	0	0
Capital expenditure	(20,603)	(23,857)	(38,053)	(39,260)	(25,521)	(20,021)	(24,133)	(18,781)	(24,015)	(33,708)
Net cashflows from investment activities	(20,603)	(23,857)	(38,053)	(41,660)	(25,521)	(20,021)	(24,133)	(18,781)	(24,015)	(33,708)
Cashflows from financing activities										
New borrowings	3,443	5,373	22,757	24,478	6,439	(2,962)	93	(6,534)	(2,641)	5,687
Repayment of borrowings										
Net cashflows from financing activities	3,443	5,373	22,757	24,478	6,439	(2,962)	93	(6,534)	(2,641)	5,687
Net increase/(decrease) in cash and cash equivalents	0	(2)	1	2	0	1	1	1	(0)	(0)
Cash and cash equivalents at beginning of year	3,899	3,899	3,897	3,898	3,900	3,900	3,902	3,903	3,904	3,903
Cash and cash equivalents at end of year	3,899	3,897	3,898	3,900	3,900	3,902	3,903	3,904	3,903	3,903

Statement of financial position ($000)	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	3,899	3,897	3,898	3,900	3,900	3,902	3,903	3,904	3,903	3,903
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	795,785	801,131	878,465	895,405	898,246	962,797	962,103	955,811	1,024,307	1,030,550

Other non-current assets	0	0	0	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Total assets	799,684	805,028	882,363	901,705	904,546	969,099	968,406	962,115	1,030,610	1,036,853
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	115,126	120,499	143,255	167,733	174,172	171,210	171,303	164,769	162,128	167,815
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	115,126	120,499	143,255	167,733	174,172	171,210	171,303	164,769	162,128	167,815
Net assets	684,558	684,529	739,108	733,971	730,374	797,889	797,104	797,346	868,482	869,038
Equity										
Revaluation reserve	0	0	60,750	60,750	60,750	128,873	128,873	128,873	199,357	199,357
Other reserves	684,558	684,529	678,357	673,221	669,623	669,015	668,230	668,473	669,125	669,681
Total equity	684,558	684,529	739,108	733,971	730,374	797,889	797,104	797,346	868,482	869,038

E2. Projected Financial Statements: Combined Water Supply and Wastewater (WSCCO)

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	22,156	25,920	29,255	32,521	36,427	40,768	41,784	42,932	44,042	45,241
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	2,790	2,851	2,120	2,169	2,216	2,263	2,306	2,353	2,395	2,442
Fees and charges	6,707	6,409	5,731	6,006	6,289	6,577	6,871	7,180	7,493	7,822
Total operating funding	31,653	35,180	37,106	40,696	44,933	49,608	50,961	52,464	53,930	55,504
Applications of operating funding										
Payments to staff and suppliers	7,963	11,263	14,349	14,740	15,131	15,502	15,853	16,193	16,531	16,875
Finance costs	6,233	5,195	6,255	7,453	9,120	9,561	9,423	9,230	9,073	8,849
Internal charges and overheads applied	4,598	4,826	5,911	6,847	7,143	7,449	7,546	7,646	7,922	8,024
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	18,794	21,284	26,515	29,040	31,393	32,512	32,823	33,069	33,526	33,749
Surplus/(deficit) of operating funding	12,859	13,896	10,591	11,656	13,539	17,096	18,139	19,395	20,404	21,756
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt	(1,196)	10,406	20,653	35,068	9,825	5,375	4,380	3,174	3,350	16,252
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	(1,196)	10,406	20,653	35,068	9,825	5,375	4,380	3,174	3,350	16,252
Applications of capital funding										
Capital expenditure - to meet additional demand	2,253	0	1,561	1,597	1,632	1,664	1,694	1,721	1,748	1,773

Capital expenditure - to improve levels of services	1,239	0	15,145	23,427	2,188	0	0	0	0	14,281
Capital expenditure - to replace existing assets	11,804	21,408	17,149	10,726	18,419	13,531	16,521	12,589	9,975	13,985
Increase/(decrease) in reserves	(3,633)	2,895	(2,610)	8,573	1,126	7,275	4,304	8,259	12,032	7,968
Increase/(decrease) in investments	0	0	0	2,400	0	0	0	0	0	0
Total applications of capital funding	11,663	24,303	31,245	46,723	23,365	22,470	22,519	22,569	23,755	38,008
Surplus/(deficit) of capital funding	(12,859)	(13,897)	(10,592)	(11,655)	(13,540)	(17,096)	(18,138)	(19,394)	(20,405)	(21,756)
Funding balance	0	(1)	(1)	1	(1)	0	0	1	(0)	(0)

Statement of comprehensive revenue and expense ($000)	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Operating revenue	31,653	35,180	37,106	40,696	44,933	49,608	50,961	52,464	53,930	55,504
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	31,653	35,180	37,106	40,696	44,933	49,608	50,961	52,464	53,930	55,504
Operating expenses	7,963	11,263	14,349	14,740	15,131	15,502	15,853	16,193	16,531	16,875
Finance costs	6,233	5,195	6,255	7,453	9,120	9,561	9,423	9,230	9,073	8,849
Overheads and support costs	4,598	4,826	5,911	6,847	7,143	7,449	7,546	7,646	7,922	8,024
Depreciation & amortisation	15,334	14,559	16,698	17,285	17,554	18,378	19,105	19,204	20,020	20,794
Total expenses	34,128	35,843	43,213	46,325	48,947	50,890	51,928	52,273	53,546	54,543
Net surplus / (deficit)	(2,475)	(663)	(6,107)	(5,628)	(4,014)	(1,282)	(966)	191	385	961
Revaluation of infrastructure assets	0	0	47,414	0	0	54,073	0	0	55,903	0
Total comprehensive income	(2,475)	(663)	41,307	(5,628)	(4,014)	52,791	(966)	191	56,288	961
Cash surplus / (deficit) from operations (excl depreciation)	12,859	13,896	10,591	11,656	13,539	17,096	18,139	19,395	20,404	21,756

Statement of cashflows ($000)	**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	12,859	13,896	10,591	11,656	13,539	17,096	18,139	19,395	20,404	21,756
[other items]										
Net cashflows from operating activities	12,859	13,896	10,591	11,656	13,539	17,096	18,139	19,395	20,404	21,756
Cashflows from investment activities										
[other items]	0	0	0	(2,400)	0	0	0	0	0	0
Capital expenditure	(15,296)	(21,408)	(33,855)	(35,750)	(22,239)	(15,195)	(18,215)	(14,310)	(11,723)	(30,040)
Net cashflows from investment activities	(15,296)	(21,408)	(33,855)	(38,150)	(22,239)	(15,195)	(18,215)	(14,310)	(11,723)	(30,040)
Cashflows from financing activities										
New borrowings	2,437	7,511	23,263	26,495	8,699	(1,900)	76	(5,085)	(8,682)	8,284
Repayment of borrowings										
Net cashflows from financing activities	2,437	7,511	23,263	26,495	8,699	(1,900)	76	(5,085)	(8,682)	8,284
Net increase/(decrease) in cash and cash equivalents	0	(1)	(1)	1	(1)	0	0	1	(0)	(0)
Cash and cash equivalents at beginning of year	3,632	3,632	3,631	3,631	3,632	3,631	3,631	3,632	3,632	3,632
Cash and cash equivalents at end of year	3,632	3,631	3,631	3,632	3,631	3,631	3,632	3,632	3,632	3,632

Statement of financial position ($000)	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	3,632	3,631	3,631	3,632	3,631	3,631	3,632	3,632	3,632	3,632
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	618,414	625,263	689,834	708,299	712,985	763,875	762,985	758,090	805,697	814,942
Other non-current assets	0	0	0	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Total assets	622,046	628,894	693,465	714,331	719,016	769,906	769,016	764,123	811,729	820,973
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	110,300	117,811	141,074	167,569	176,268	174,368	174,444	169,359	160,678	168,961
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	110,300	117,811	141,074	167,569	176,268	174,368	174,444	169,359	160,678	168,961
Net assets	511,746	511,083	552,390	546,762	542,748	595,538	594,572	594,763	651,051	652,012
Equity										
Revaluation reserve	0	0	47,414	47,414	47,414	101,487	101,487	101,487	157,390	157,390
Other reserves	511,746	511,083	504,976	499,348	495,334	494,052	493,085	493,276	493,661	494,622
Total equity	511,746	511,083	552,390	546,762	542,748	595,538	594,572	594,763	651,051	652,012

E3. Projected Financial Statements: Water Supply

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	15,129	16,854	20,094	23,226	26,800	30,700	30,962	31,243	31,500	31,796
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	1,922	1,964	1,212	1,240	1,267	1,294	1,318	1,345	1,368	1,395
Fees and charges	2,822	3,183	1,857	1,946	2,038	2,131	2,226	2,326	2,428	2,534
Total operating funding	19,873	22,001	23,164	26,412	30,105	34,125	34,506	34,914	35,297	35,724
Applications of operating funding										
Payments to staff and suppliers	5,519	7,551	10,025	10,298	10,571	10,831	11,079	11,321	11,560	11,806
Finance costs	3,536	3,070	3,713	4,634	6,019	6,213	6,228	6,243	6,274	6,317
Internal charges and overheads applied	3,008	3,019	3,442	4,028	4,286	4,472	4,533	4,597	4,755	4,819
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	12,063	13,640	17,179	18,960	20,877	21,516	21,840	22,160	22,589	22,942
Surplus/(deficit) of operating funding	7,810	8,361	5,985	7,452	9,228	12,609	12,665	12,753	12,707	12,783
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt	1,601	6,940	16,945	28,998	5,195	392	369	310	1,038	15,309
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	1,601	6,940	16,945	28,998	5,195	392	369	310	1,038	15,309
Applications of capital funding										
Capital expenditure - to meet additional demand	1,478	0	750	767	784	799	812	824	836	847

Capital expenditure - to improve levels of services	1,239	0	13,914	23,214	2,188	0	0	0	0	14,368
Capital expenditure - to replace existing assets	6,832	15,499	11,936	8,313	15,683	10,086	12,896	6,228	6,342	7,310
Increase/(decrease) in reserves	(137)	(198)	(3,671)	2,911	(4,232)	2,116	(674)	6,012	6,568	5,567
Increase/(decrease) in investments	0	0	0	1,244	0	0	0	0	0	0
Total applications of capital funding	9,412	15,301	22,929	36,449	14,423	13,001	13,034	13,064	13,745	28,092
Surplus/(deficit) of capital funding	(7,811)	(8,361)	(5,984)	(7,451)	(9,228)	(12,609)	(12,665)	(12,754)	(12,708)	(12,783)
Funding balance	(1)	0	0	1	0	0	0	(0)	(0)	(0)

Statement of comprehensive revenue and expense ($000)	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Operating revenue	19,873	22,001	23,164	26,412	30,105	34,125	34,506	34,914	35,297	35,724
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	19,873	22,001	23,164	26,412	30,105	34,125	34,506	34,914	35,297	35,724
Operating expenses	5,519	7,551	10,025	10,298	10,571	10,831	11,079	11,321	11,560	11,806
Finance costs	3,536	3,070	3,713	4,634	6,019	6,213	6,228	6,243	6,274	6,317
Overheads and support costs	3,008	3,019	3,442	4,028	4,286	4,472	4,533	4,597	4,755	4,819
Depreciation & amortisation	8,662	8,710	9,452	9,643	9,835	10,580	10,580	10,579	11,233	11,231
Total expenses	20,725	22,350	26,631	28,603	30,712	32,096	32,420	32,739	33,822	34,173
Net surplus / (deficit)	(852)	(349)	(3,467)	(2,191)	(607)	2,029	2,086	2,175	1,474	1,552
Revaluation of infrastructure assets	0	0	24,822	0	0	30,395	0	0	31,789	0
Total comprehensive income	(852)	(349)	21,355	(2,191)	(607)	32,425	2,086	2,175	33,263	1,552
Cash surplus / (deficit) from operations (excl depreciation)	7,810	8,361	5,985	7,452	9,228	12,609	12,665	12,753	12,707	12,783

Statement of cashflows ($000)	**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	7,810	8,361	5,985	7,452	9,228	12,609	12,665	12,753	12,707	12,783
[other items]										
Net cashflows from operating activities	7,810	8,361	5,985	7,452	9,228	12,609	12,665	12,753	12,707	12,783
Cashflows from investment activities										
[other items]				(1,244)						
Capital expenditure	(9,549)	(15,499)	(26,600)	(32,294)	(18,655)	(10,885)	(13,708)	(7,052)	(7,177)	(22,525)
Net cashflows from investment activities	(9,549)	(15,499)	(26,600)	(33,538)	(18,655)	(10,885)	(13,708)	(7,052)	(7,177)	(22,525)
Cashflows from financing activities										
New borrowings	1,738	7,138	20,616	26,087	9,427	(1,724)	1,043	(5,702)	(5,530)	9,742
Repayment of borrowings										
Net cashflows from financing activities	1,738	7,138	20,616	26,087	9,427	(1,724)	1,043	(5,702)	(5,530)	9,742
Net increase/(decrease) in cash and cash equivalents	(1)	0	0	1	0	0	0	(0)	(0)	(0)
Cash and cash equivalents at beginning of year	137	136	136	136	137	137	138	138	138	137
Cash and cash equivalents at end of year	136	136	136	137	137	138	138	138	137	137

Statement of financial position ($000)	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	136	136	136	137	137	138	138	138	137	137
Other current assets										
Infrastructure assets	320,551	327,340	369,311	391,962	400,782	431,482	434,611	431,084	458,817	470,111
Other non-current assets	0	0	0	1,244	1,244	1,244	1,244	1,244	1,244	1,244
Total assets	320,687	327,476	369,447	393,343	402,164	432,864	435,993	432,466	460,199	471,492
Liabilities										
Borrowings - current portion										
Other current liabilities										

Borrowings - non-current portion	62,694	69,832	90,448	116,536	125,963	124,238	125,281	119,580	114,049	123,791
Other non-current liabilities										
Total liabilities	62,694	69,832	90,448	116,536	125,963	124,238	125,281	119,580	114,049	123,791
Net assets	257,993	257,644	278,999	276,808	276,201	308,626	310,712	312,886	346,149	347,701
Equity										
Revaluation reserve	0	0	24,822	24,822	24,822	55,218	55,218	55,218	87,007	87,007
Other reserves	257,993	257,644	254,176	251,985	251,378	253,408	255,494	257,668	259,143	260,694
Total equity	257,993	257,644	278,999	276,808	276,201	308,626	310,712	312,886	346,149	347,701

E4. Projected Financial Statements: Wastewater

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	7,027	9,066	9,161	9,295	9,628	10,068	10,823	11,689	12,542	13,445
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	868	887	908	929	949	969	988	1,008	1,027	1,047
Fees and charges	3,885	3,226	3,874	4,060	4,251	4,446	4,645	4,854	5,065	5,288
Total operating funding	11,780	13,179	13,943	14,284	14,828	15,483	16,456	17,551	18,634	19,780
Applications of operating funding										
Payments to staff and suppliers	2,444	3,712	4,324	4,442	4,560	4,671	4,774	4,872	4,970	5,070
Finance costs	2,697	2,125	2,542	2,819	3,100	3,348	3,196	2,987	2,799	2,533
Internal charges and overheads applied	1,590	1,807	2,470	2,819	2,857	2,977	3,013	3,049	3,167	3,204
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	6,731	7,644	9,336	10,080	10,517	10,996	10,982	10,909	10,937	10,807
Surplus/(deficit) of operating funding	5,049	5,535	4,606	4,204	4,311	4,487	5,473	6,642	7,697	8,973
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt	(2,797)	3,466	3,709	6,069	4,630	4,983	4,011	2,864	2,313	943
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	(2,797)	3,466	3,709	6,069	4,630	4,983	4,011	2,864	2,313	943
Applications of capital funding										
Capital expenditure - to meet additional demand	775	0	811	830	848	865	881	897	912	926

Capital expenditure - to improve levels of services	0	0	1,231	213	0	0	0	0	0	(87)
Capital expenditure - to replace existing assets	4,972	5,909	5,213	2,413	2,736	3,445	3,625	6,361	3,634	6,675
Increase/(decrease) in reserves	(3,496)	3,093	1,061	5,662	5,358	5,159	4,978	2,247	5,464	2,401
Increase/(decrease) in investments	0	0	0	1,156	0	0	0	0	0	0
Total applications of capital funding	2,251	9,002	8,316	10,274	8,942	9,469	9,485	9,505	10,010	9,916
Surplus/(deficit) of capital funding	(5,048)	(5,536)	(4,607)	(4,204)	(4,312)	(4,487)	(5,473)	(6,641)	(7,697)	(8,973)
Funding balance	1	(1)	(1)	0	(1)	0	0	1	0	0

Statement of comprehensive revenue and expense ($000)	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Operating revenue	11,780	13,179	13,943	14,284	14,828	15,483	16,456	17,551	18,634	19,780
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	11,780	13,179	13,943	14,284	14,828	15,483	16,456	17,551	18,634	19,780
Operating expenses	2,444	3,712	4,324	4,442	4,560	4,671	4,774	4,872	4,970	5,070
Finance costs	2,697	2,125	2,542	2,819	3,100	3,348	3,196	2,987	2,799	2,533
Overheads and support costs	1,590	1,807	2,470	2,819	2,857	2,977	3,013	3,049	3,167	3,204
Depreciation & amortisation	6,672	5,849	7,246	7,642	7,719	7,798	8,525	8,625	8,787	9,563
Total expenses	13,403	13,493	16,582	17,722	18,235	18,794	19,508	19,534	19,723	20,370
Net surplus / (deficit)	(1,623)	(314)	(2,640)	(3,437)	(3,407)	(3,312)	(3,052)	(1,984)	(1,090)	(590)
Revaluation of infrastructure assets	0	0	22,592	0	0	23,677	0	0	24,114	0
Total comprehensive income	(1,623)	(314)	19,952	(3,437)	(3,407)	20,366	(3,052)	(1,984)	23,024	(590)
Cash surplus / (deficit) from operations (excl depreciation)	5,049	5,535	4,606	4,204	4,311	4,487	5,473	6,642	7,697	8,973

Statement of cashflows ($000)	**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	5,049	5,535	4,606	4,204	4,311	4,487	5,473	6,642	7,697	8,973
[other items]										
Net cashflows from operating activities	5,049	5,535	4,606	4,204	4,311	4,487	5,473	6,642	7,697	8,973
Cashflows from investment activities										
[other items]				(1,156)						
Capital expenditure	(5,747)	(5,909)	(7,255)	(3,456)	(3,584)	(4,310)	(4,507)	(7,258)	(4,546)	(7,515)
Net cashflows from investment activities	(5,747)	(5,909)	(7,255)	(4,612)	(3,584)	(4,310)	(4,507)	(7,258)	(4,546)	(7,515)
Cashflows from financing activities										
New borrowings	699	373	2,648	407	(728)	(176)	(967)	617	(3,151)	(1,458)
Repayment of borrowings										
Net cashflows from financing activities	699	373	2,648	407	(728)	(176)	(967)	617	(3,151)	(1,458)
Net increase/(decrease) in cash and cash equivalents	1	(1)	(1)	0	(1)	0	(0)	1	0	(0)
Cash and cash equivalents at beginning of year	3,496	3,497	3,496	3,495	3,495	3,494	3,494	3,494	3,495	3,495
Cash and cash equivalents at end of year	3,497	3,496	3,495	3,495	3,494	3,494	3,494	3,495	3,495	3,495

Statement of financial position ($000)	**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	3,497	3,496	3,495	3,495	3,494	3,494	3,494	3,495	3,495	3,495
Other current assets										
Infrastructure assets	297,862	297,922	320,523	316,337	312,203	332,392	328,374	327,006	346,879	344,831
Other non-current assets	0	0	0	1,156	1,156	1,156	1,156	1,156	1,156	1,156
Total assets	301,359	301,418	324,018	320,988	316,852	337,042	333,023	331,657	351,530	349,481
Liabilities										
Borrowings - current portion										
Other current liabilities										

Borrowings - non-current portion	47,606	47,979	50,626	51,034	50,306	50,129	49,163	49,780	46,629	45,170
Other non-current liabilities										
Total liabilities	47,606	47,979	50,626	51,034	50,306	50,129	49,163	49,780	46,629	45,170
Net assets	253,753	253,439	273,391	269,954	266,547	286,913	283,861	281,877	304,901	304,311
Equity										
Revaluation reserve	0	0	22,592	22,592	22,592	46,269	46,269	46,269	70,383	70,383
Other reserves	253,753	253,439	250,800	247,363	243,955	240,644	237,592	235,608	234,518	233,928
Total equity	253,753	253,439	273,391	269,954	266,547	286,913	283,861	281,877	304,901	304,311

E5. Projected Financial Statements: Stormwater

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	5,161	5,243	6,218	7,167	7,282	7,718	7,842	7,887	8,311	8,782
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	1,297	1,325	750	767	784	801	817	833	849	865
Fees and charges	0	0	0	0	0	0	0	0	0	0
Total operating funding	6,458	6,568	6,968	7,934	8,066	8,519	8,659	8,720	9,160	9,647
Applications of operating funding										
Payments to staff and suppliers	1,666	1,599	1,636	1,674	1,711	1,747	1,782	1,817	1,852	1,887
Finance costs	228	180	298	389	460	518	589	590	649	1,066
Internal charges and overheads applied	263	203	327	344	352	365	384	393	408	429
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	2,157	1,982	2,261	2,407	2,523	2,630	2,755	2,800	2,909	3,382
Surplus/(deficit) of operating funding	4,301	4,586	4,707	5,527	5,543	5,888	5,903	5,920	6,251	6,265
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt	740	547	1,915	1,411	1,171	1,424	14	1,179	8,324	17
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	740	547	1,915	1,411	1,171	1,424	14	1,179	8,324	17
Applications of capital funding										
Capital expenditure - to meet additional demand	1,297	0	750	767	784	801	818	837	854	869

Capital expenditure - to improve levels of services	0	0	331	11	0	0	0	0	6,769	0
Capital expenditure - to replace existing assets	4,010	2,449	3,117	2,731	2,498	4,025	5,101	3,634	4,669	2,800
Increase/(decrease) in reserves	(266)	2,685	2,422	3,428	3,431	2,486	(2)	2,628	2,283	2,613
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	5,041	5,134	6,620	6,937	6,713	7,312	5,917	7,099	14,575	6,282
Surplus/(deficit) of capital funding	(4,301)	(4,587)	(4,705)	(5,526)	(5,542)	(5,887)	(5,902)	(5,920)	(6,251)	(6,265)
Funding balance	0	(1)	2	1	1	1	1	0	0	0

Statement of comprehensive revenue and expense ($000)	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Operating revenue	6,458	6,568	6,968	7,934	8,066	8,519	8,659	8,720	9,160	9,647
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	6,458	6,568	6,968	7,934	8,066	8,519	8,659	8,720	9,160	9,647
Operating expenses	1,666	1,599	1,636	1,674	1,711	1,747	1,782	1,817	1,852	1,887
Finance costs	228	180	298	389	460	518	589	590	649	1,066
Overheads and support costs	263	203	327	344	352	365	384	393	408	429
Depreciation & amortisation	4,394	3,952	4,772	5,035	5,127	5,214	5,722	5,869	5,983	6,671
Total expenses	6,551	5,934	7,033	7,442	7,650	7,844	8,478	8,669	8,892	10,052
Net surplus / (deficit)	(93)	634	(65)	492	417	674	181	51	268	(406)
Revaluation of infrastructure assets	0	0	13,336	0	0	14,050	0	0	14,580	0
Total comprehensive income	(93)	634	13,271	492	417	14,724	181	51	14,848	(406)
Cash surplus / (deficit) from operations (excl depreciation)	4,301	4,586	4,707	5,527	5,543	5,888	5,903	5,920	6,251	6,265

Statement of cashflows ($000)	**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	4,301	4,586	4,707	5,527	5,543	5,888	5,903	5,920	6,251	6,265
[other items]										
Net cashflows from operating activities	4,301	4,586	4,707	5,527	5,543	5,888	5,903	5,920	6,251	6,265
Cashflows from investment activities										
[other items]				0						
Capital expenditure	(5,307)	(2,449)	(4,198)	(3,509)	(3,282)	(4,826)	(5,919)	(4,471)	(12,292)	(3,669)
Net cashflows from investment activities	(5,307)	(2,449)	(4,198)	(3,509)	(3,282)	(4,826)	(5,919)	(4,471)	(12,292)	(3,669)
Cashflows from financing activities										
New borrowings	1,006	(2,138)	(507)	(2,017)	(2,260)	(1,062)	16	(1,449)	6,041	(2,596)
Repayment of borrowings										
Net cashflows from financing activities	1,006	(2,138)	(507)	(2,017)	(2,260)	(1,062)	16	(1,449)	6,041	(2,596)
Net increase/(decrease) in cash and cash equivalents	0	(1)	2	1	1	1	1	0	0	0
Cash and cash equivalents at beginning of year	266	266	265	267	268	269	270	271	271	271
Cash and cash equivalents at end of year	266	265	267	268	269	270	271	271	271	271

Statement of financial position ($000)	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	266	265	267	268	269	270	271	271	271	271
Other current assets										
Infrastructure assets	177,372	175,869	188,631	187,105	185,261	198,923	199,119	197,721	218,610	215,608
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Total assets	177,638	176,134	188,898	187,374	185,530	199,193	199,390	197,992	218,882	215,880
Liabilities										
Borrowings - current portion										
Other current liabilities										

Borrowings - non-current portion	4,826	2,688	2,181	164	(2,096)	(3,158)	(3,141)	(4,590)	1,450	(1,146)
Other non-current liabilities										
Total liabilities	4,826	2,688	2,181	164	(2,096)	(3,158)	(3,141)	(4,590)	1,450	(1,146)
Net assets	172,812	173,446	186,717	187,209	187,626	202,350	202,531	202,583	217,431	217,026
Equity										
Revaluation reserve	0	0	13,336	13,336	13,336	27,386	27,386	27,386	41,967	41,967
Other reserves	172,812	173,446	173,381	173,873	174,290	174,964	175,145	175,196	175,464	175,059
Total equity	172,812	173,446	186,717	187,209	187,626	202,350	202,531	202,583	217,431	217,026

Water Services Delivery Plan: additional information

Significant Capital Projects

Drinking Water

Significant capital projects - drinking water	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
Urban Water - Vested Assets	1,478	0	750	767	784	799	812	824	836	847
Total investment to meet additional demand	1,478	0	750	767	784	799	812	824	836	847
Projects to improve levels of services										
Urban Water - Membrane Installation Timaru			10,465	10,706						
Urban Water - Membrane Installation Geraldine, Temuka, Pleasant Point										14,368
Water Meters			2,093	2,141	2,188					
Seadown Upgrade Programme	1,239									
Geraldine Water Resilience Programme				7,000						
Other projects			1,356	3,367						
Total investment to improve levels of services	1,239	0	13,914	23,214	2,188	0	0	0	0	14,368
Projects to replace existing assets										
Claremont Treatment Plant Upgrade	2,494	6,809								
Urban Water Reticulation Renewals (smoothed)	2,000	2,044	2,093	2,141	2,188	2,234	2,281	2,327	2,374	2,419
Urban Water Plant Renewals (smoothed)		700	523	525	547	559	570	582	593	605
Pareora Intake Renewal - Dam and Screen	200	200	1,431		1,047					
Opihi Intake Upgrade				102	1,047	1,606				
Pareora Pipeline Pipe Bridge Replacements				321	1,094	1,117	2,281			
Pareora Pipeline Upper Section Lindisfarne to Intake						1,117	3,422			
Gleniti Pump Station Replacement		200								
In ground reservoir lining and solid roof cover installation - Timaru			250	2,141	2,000					
Temuka Reservoir Refurbishment			523							

Temuka Additional Source	500	511								
Geraldine Water Resilience Programme	250	200	3,800							
Urban Water Network Modelling	300									
Fluoridation of all water schemes serving > 500 popn.			942							
Resource Consent Reconsenting		750				1,676	856			907
Seadown Upgrade Programme		1,281		1,743	104	106	108	110	113	115
Seadown Reservoir and Treatment Upgrade										
Seadown Network Modelling			5			128				6
Te Moana Reticulation Renewals (smoothed)		250	262	268	274	279	285	291	297	302
Te Moana Network Modelling				5			131			
Downlands Reticulation Renewals (smoothed)	820	838	858	878	897	916	935	954	973	992
Downlands Plant Renewals (smoothed)	200	219								
Downlands Reservoir pipework renewals		164								
Downlands Network Modelling	10	65	110				10			
Other Projects	58	1,268	1,139	189	6,485	348	2,017	1,964	1,992	1,964
Total investment to replace existing assets	6,832	15,499	11,936	8,313	15,683	10,086	12,896	6,228	6,342	7,310

Total investment in drinking water assets	9,549	15,499	26,600	32,294	18,655	10,885	13,708	7,052	7,178	22,525

Wastewater

Significant capital projects - wastewater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
Vested Assets	775	0	811	830	848	865	881	897	912	926
Total investment to meet additional demand	775	0	811	830	848	865	881	897	912	926

Projects to improve levels of services										
Industrial wet well	0	0	1,231	213	0	0	0	0	0	(87)
Total investment to improve levels of services	0	0	1,231	213	0	0	0	0	0	(87)

Projects to replace existing assets										
Wastewater reticulation renewals smoothed	2,000	2,044	2,093	1,742	2,189	2,234	2,281	2,327	2,374	2,419
Wastewater plant renewals smoothed	2,100	3,261	1,047	671	547	1,117	1,141	1,164	1,187	605
Geraldine Sewer Trunkmain Upgrade (Siphon to Ponds)		400								
Talbot Street Geraldine Sewer Siphon Upgrade	600									
Oxidation Ponds Lining - all inland towns										1,209
Inland Towns WWTP upgrades		204	1,385				203	2,870	73	2,442
Wave Band and Dam Safety Improvements	100									
Arowhenua Sewer Pump Station Refurbishment			658							
Other projects	172		30			94				
Total investment to replace existing assets	4,972	5,909	5,213	2,413	2,736	3,445	3,625	6,361	3,634	6,675

Total investment in wastewater assets	5,747	5,909	7,255	3,456	3,584	4,310	4,506	7,258	4,546	7,515

*There are no current projects to improve levels of services for Wastewater during the current Long Term Plan period.

Stormwater

Significant capital projects - stormwater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
Vested Assets	1,297	0	750	767	784	801	818	837	854	869
Total investment to meet additional demand	1,297	0	750	767	784	801	818	837	854	869

Projects to improve levels of services										
Timaru Urban Stream Restoration			331	11						
Caroline Bay Stormwater Pump Station Installation									6,769	
Total investment to improve levels of services	0	0	331	11	0	0	0	0	6,769	0

Projects to replace existing assets										
Geraldine Stormwater Reticulation Renewals	200	175	628	642	656	671	684	698	712	726

Geraldine Stormwater Network Modelling						39				
Temuka Stormwater Reticulation Renewals	100	102	105	107	109	112	114	116	119	121
Timaru Stormwater Pumps Renewal	890	404								
Timaru Stormwater Reticulation Renewals	1,600	1,468	1,337	1,447	1,186	2,488	2,022	1,656	2,299	1,953
Washdyke Stormwater Pump Station Upgrade	1,220	300	1,047	535	547	559				
Redruth Stormwater Pump Station Renewal						117	2,281			
Caroline Bay Stormwater Pump Station Installation								1,164	1,539	
Total investment to replace existing assets	4,010	2,449	3,117	2,731	2,498	4,025	5,101	3,634	4,669	2,800

Total investment in stormwater assets	5,307	2,449	4,198	3,509	3,282	4,826	5,919	4,471	12,292	3,669

Risks and Assumptions

Disclosure of risks and assumptions for water services delivery

In addition to the risks that Council identifies in its LTP, Infrastructure Strategy and AMPs the following are risks to the implementation of this WSDP and achieving financially sustainable delivery of water services:

Risk/Assumption	Key Risks`		Risk Mitigation	Significant Assumptions
Future water services delivery approach	DIA does not accept this WSDP	Peer reviews	DIA will accept this WSDP	
	Council significantly changes its approach to joint WSCCO formation		Clarity on timeframes – identifying key milestones for standalone or joint WSCCO. Ability to re-write WSDP if required	Any joint WSCCO arrangement will be concluded in a timely fashion to enable the WSDP to be updated.

Regulatory Compliance	Risk that regulatory standards change, creating the need for investment beyond current projected levels.	Monitoring proposed changes to regulatory settings	The Local Government (Water Services) Bill does not materially change and no further significant, or more onerous, regulatory changes are introduced by regulators.	
Delivery of Capital Programme	Failure to deliver planned investment.		Planning underway on significant projects.	Capital programmes will achieve their outcomes and be delivered within budget.
	Cost overruns on capital projects.	Some additional headroom if costs of capex delivery increase.		
Organisational Capacity and Systems to deliver WSDP	Loss of Key Staff Inability to recruit for WSCCO board and key WSCCO positions.		Effective planning, communication and management of timeframes	Council maintains capacity and systems to deliver on the WSDP. That current staff will be transferred across to the WSCCO That transitional arrangements will be sufficient to ensure continuity of service for the public until the WSCCO is fully operational and self-sufficient.

Stormwater Compliance	Financial and asset systems are not sufficient to support ring-fencing and future asset management.	Implementation Plan addresses early run of ring-fencing in advance of the 2027/28 year.	Stormwater will be compliant.	
Providing for Growth	Unforeseen growth.		Growth is relatively low.	Growth as per the LTP and Growth Management Strategy (0.4% population, with connection growth of 0.7%)
Change in Economic Conditions	Higher inflation or lower economic growth than forecast, or economic shocks affecting affordability for our District.	Affordability forecasts and debt headroom allow some flexibility.	No significant change to economic and inflation forecasts.	
Insurance and insurable events	Loss of insurance cover, and/or a significant event resulting in the need for asset reinstatement beyond insurance cover.		In addition to current insurance cover, debt headroom is available for more borrowing for event response and recovery.	No significant events or changes to insurance status.

In addition to the risks/assumptions above, the following assumptions have been used in preparing the financial statements:

Financial Assumption	Approach
Existing documents informed the inputs for FY24 – FY26	Actual audited Annual Report data was used for 2023/24 Long Term Plan Budget data was used for FY25 Annual Plan FIS statements were used for FY26
Interest rate on debt	The rates used in the Long Term Plan were used for FY24 – FY26 For outyears, the latest LGFA-advised 10-year rate was used.
FFO to debt modelling	FFO to debt was targeted at 10% to be prudent in excess of the LGFA covenant of 9% for a WSCCO with over 20,000 connections
Extra operating expenditure	Incorporates the known regulator levies From 2026/27 added additional organisational costs for the WSCCO including Board, management, and systems. Additional overheads were allocated to meet average benchmarks. As the current LTP includes the forecast budget for 2025/26, any incremental costs incurred in 2025/26 will have to be met from existing budgets.
Inflation	As per the Long Term Plan.
WSCCO Costs	Allowance has been made for establishment costs ($2.4 million) in addition to the extra operating expenditure. Small operating and capex efficiencies of 0.25% and 0.4% have been assumed (starting in 2029/30 but not fully realised till 2032/33) to reflect greater commerciality and focus within the WSCCO. Also makes some recognition that a joint partner may be identified in the period which could potentially lead to greater scale efficiencies.

Programme Assurance Report for proposed Southern WS CCO

Report prepared and issued by Utility for Morrison Low 13 March 2025

Southern CCO – Programme Assurance

This report provides an independent assurance assessment of the capital programmes for Clutha, Central Otago, Gore, Waitaki, and Timaru District Councils as they consider forming a joint Council-Controlled Organisation (CCO) for 3-Waters services.

Objective

The objective is to evaluate the financial confidence in baseline expenditure projections by analysing cost and planning assumptions, renewals investment sustainability, and sensitivity to proposed national wastewater standards. The findings will inform the financial modelling of the structure and pricing options for the CCO business case.

Methodology

The assessment employs a simplified risk-based scoring method to evaluate the likelihood of material changes to financial projections. This approach allows financial analysts to apply an indicative range to projections based on assessed risk levels.

Results

Cost Estimate Accuracy – Across the five Councils' short-term projects (Years 1-3) are generally well-defined with appropriate contingencies, medium- to long-term projects (Years 4-10) exhibit greater uncertainty due to reliance on early-stage cost estimates, inconsistent contingency application, and exposure to evolving regulatory requirements. This is not uncommon for long term plans, however.

Asset Sustainability and Renewals- The asset sustainability assessment identified varying levels of programme expenditure risk. While Central Otago DC, Waitaki DC, and Timaru DC demonstrate lower risks due to stable renewals investment, Clutha DC and Gore DC face medium to high risk of material changes to renewals expenditure from deferred investment combined with an ageing infrastructure base. Gore DC exhibits a significant backlog of renewals investment, combined with an asset based nearing the end of its service life. This is likely to require significant changes to the programme beyond Year 10, to maintain service levels.

Sensitivity to Wastewater Standards - Proposed national wastewater standards introduce a risk-based approach, potentially reducing treatment requirements and compliance costs for smaller schemes. This significantly increases the likelihood of material change to the baseline financial projections beyond the three-year window, particularly affecting Gore, Clutha, and Central Otago. The standards could lead to notable reductions in current programmes, especially for smaller wastewater schemes benefiting from lower treatment standards.

Commonality of Planning Assumptions - Lastly, it is important to ensure that all Water Service Delivery Plans are developed on consistent assumptions of affordability and of the service levels desired by the CCO. There is some inconsistency across the Councils at present, such as, projects being deferred or excluded due to funding constraints or uncertainties, while others have been less constrained and open about their network needs. Notable examples are

1. Waitaki DC may have several small scheme WWTP upgrades missing from its programme that create a high likelihood of material change for Wastewater programme later in the 10-year window. This is due to the high levels of uncertainty on the projects at the time to justify their inclusion in their programme.

2. By contrast, Gore DC has included a significant stormwater separation project (> $200m over 30 years), which also transparently addresses significant service level deficits for the district.
3. CODC has programmed a significant investment in growth which reflects a proactive approach to servicing future communities, but it also assumes that revenue will be recovered as and when projected.
4. Clutha DC have assumed several WWTP plants will need to be brought forward for re-consenting due to recent non-compliance. This may change with the proposed WW Treatment Standards.

Summary of Findings

The assessment identifies varying levels of risk to the baseline capital programme across the Councils. While short-term financial outlooks are stable, long-term risks remain significant due to uncertainty in cost estimates, ageing assets, and evolving regulatory requirements. Clutha and Gore are expected to experience medium to high risks of material changes, while Central Otago and Waitaki face moderate risks over the medium term. Timaru shows consistently low risk across all 3-Waters due to their historic investment in treatment and focus on renewals over the coming years.

Council	Risk of Material Change and Financial uncertainty to apply to Baseline		
	Year 1 to 3	Years 4 to 10	Year 10 to 30
Clutha DC	🟢 - Low Risk (-5%/+10%)	🟠 - Medium Risk (-10%/+20%)	N/A (see note below)
Central Otago DC		🟠 - Medium Risk (-10%/+20%)	
Gore DC		🔴 - High Risk -10%/+25%	
Waitaki DC		🔴 - High Risk -10%/+25%	
Timaru DC		🟢 - Low Risk -5%/+10%	

NB: Of note, is that long-term planning is inherently uncertain. The level of policy, regulatory, and legislative reforms over the past six years has amplified this further. This uncertainty limits the value in assessing the confidence in planned expenditure beyond the 10-year horizon. However, quantifying the key investments necessary remains important for the CCO, including major asset renewals to maintain service levels and resource consent renewals for wastewater and drinking water infrastructure. These have been provided by all five Councils.

Recommendations

To enhance financial confidence in the future CCO, Councils could commit to a Memorandum of Understanding or similar agreement to standardise their programme planning assumptions on service levels, standards, cost estimation practices, and renewals investment strategies.

Also, given the significant sensitivity, to the proposed WW standards on investment levels, Councils could also commit to undertaking a deeper review of these projects once these standards are legislated for.

These assumptions greatly influence service pricing, particularly with consumer price protection imminent. A unified commitment could highlight the broader value of the reforms to key stakeholders and other interested parties.


UTILITY

About Utility

Utility is a specialist infrastructure advisory firm with expertise in asset management, financial assurance and capital investment planning. Utility has worked extensively within local government, providing independent assessments that support sound decision-making for infrastructure projects. Our approach combines technical rigor with strategic insights to ensure investment programmes are pragmatic, cost-effective, and aligned with regulatory requirements.

Disclaimer

This report is based on information provided by the Councils and publicly available data at the time of assessment. While every effort has been made to ensure accuracy, the findings and recommendations are subject to change based on new information or regulatory adjustments. This report does not constitute financial or legal advice and should be used as a decision-support tool rather than a definitive financial forecast.

Version Status and History

Version	Issue Date	Author	Status and Changes
1.0	13th March 2025	Vaughn Crowther	Final for Morrison Low

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Context

Gore, Central Otago, Clutha, and Waitaki are exploring options for a joint Council-Controlled Organisation (CCO) to deliver 3-Waters services. CCO options are to be considered in March, with a preferred option to go to public consultation in April / May. Before moving forward, stakeholders need confidence that the proposed CCO and regional pricing model is based on robust baseline expenditure programmes. In particular:

1. How reliable and accurate are the 10-year financial projections (baseline) of each Council?
2. What degree of confidence can we place in the financial projections, in terms of the commonality of planning assumptions, and of any potential changes resulting from deferred or un-budgeted projects?
3. Furthermore, if and how will the proposed regulatory changes to wastewater standards impact on the current baseline programme?

Objective

To assess the confidence in baseline expenditure projections by analysing cost assumptions, renewals investment sustainability, and regulatory change sensitivities. The findings will inform the financial modelling of the structure and pricing options for the CCO business case.

Method of Scoring

To assist financial analysis and provide clarity when adjusting the 10-year financial projections for the combined Councils, a simplified risk-based scoring method has been employed. This approach allows financial users to easily apply an indicative plus or minus range to projections based on assessed risk levels.

To assist financial analysis and clearly inform adjustments to the 10-year financial projections for the combined Councils, a simplified risk-based scoring method has been applied. This method provides financial analysts with a straightforward way to incorporate an indicative plus or minus range into financial projections.

A 'material change' refers to a variation in project budgets exceeding 15% of the original cost estimates.

Score	Description	Recommended financial adjustment range:
🟢 - Low Risk of Material Change	Budget estimates are highly reliable, with minimal likelihood (<10%) of significant changes.	- 5% / +10%
🟠 - Medium Risk of Material Change	There is moderate uncertainty (10% to 50% likelihood) that budgets will materially change,	-10% /+ 20%
🔴 - High Risk of Material Change	There is a substantial likelihood (>50%) that project budgets will experience material changes	10% / + 25%

Application to Financial Projections

Financial analysts should apply these ranges to the 10-year financial projections, ensuring projections include appropriate financial buffers for uncertainties, especially for medium and high-risk rated projects. Low-risk projects require minimal adjustments due to their greater budget certainty.

Method of Assessment

This Programme Assurance report provides an independent assessment of the financial confidence in the Councils' proposed 10-year capital plans. It specifically evaluates:

1. **Cost Estimation Assurance** – To understand the likelihood of material changes to budgets, in years 1 to 3, and years 4 to 10
2. **Asset sustainability** – The likelihood of long-term renewals backlog having a material impact on the baseline.
3. Sensitivity to National Wastewater Treatment Standards.
4. The commonality (or not) of key planning assumptions and if projects / investments of material size are excluded that should not be.

The method of assessment used was:

1. Focussed on the areas creating the most risk to the baseline– By applying an 80/20 rule, the high costs projects in years 1 to 3, and again for years 4 to 10 were identified.
2. Engaged directly with Asset Managers on these high risk / cost projects to establish estimation method, contingency levels and remaining scope risk not priced-in.
3. Identified missing projects by reviewing long-term and annual plans, Taumata Arowai registers etc.
4. Applied assumed Wastewater Standard assumptions by classifying schemes based on size and assessing each planned WW upgrade.
5. Reviewing findings with individual Council GMs and the Project Team.
6. Sharing preliminary findings with DIA for feedback.

Cost Estimation Assurance

This aspect of assessment aimed to understand the following questions:

1. *Are the cost estimates in the capital programme well-founded, given their scale and timing, and if not, are the levels of contingency included, appropriate to reflect this risk?*
2. *Are there critical projects / expenditure missing from the programme that could pose a financial risk in future planning cycles? Included is the expectation that universal water metering will come into effect within 3 years of the establishment of the CCO (Post 2027).*

Methodology Used for Cost Estimate Assurance

For expedience, the method used to assess cost estimates was as follows:

1. Identify High-Cost Projects - An 80/20 approach was taken, to identify the highest cost projects that make up most of the planned expenditure over 10 years, and 30 years where significant. Only level of service driven projects were assessed, and growth projects with a high proportion of level of service cost allocation (>40%).

Then of these projects, the following was established through interviews and review of project information provided:

2. How were cost estimates for the specific projects developed? For instance, using historical cost data being inflated, consultant estimates?
    a. If a consultant's estimate was used, to what level? (Level 0 – Order of Magnitude, Level 1 – Conceptual, Level 2 – Preliminary, Level 3 – Detailed Design, Level 4 – Tendered).
    b. If not, is the level of contingency appropriate for the project's stage, timing and complexity?
3. In terms of risks to scope, how well is the project defined to avoid material scope creep?

Risk levels are applied using the following indicators. * A material shift is defined as a budget change of more than 15% relative to initial cost estimates.

Risk Level	Definition	Indicators
🟢 Low Risk of Material Change	Minimal likelihood (<10%) of material* shifts.	- Estimates at Level 3+ (Detailed/Tendered) - Contingency applied appropriately for project stage - Well-defined project scope with low variation potential
🟠 Medium Risk of Material Change	Some likelihood (10% to 50%) of material change exists but may be manageable	- Estimates at Level 2-3 (Preliminary/Detailed) - Contingency exists but is inconsistent to the remaining scope uncertainty - Some scope uncertainty, but moderate confidence in assumptions - Expected in Years 3-7 project
🔴 High Risk of Material Change	Significant likelihood (>50%) of material programme shifts.	- Estimates at Level 1-2 (Order of Magnitude/Preliminary) - Contingency is unclear or insufficient - Scope is not well-defined, making cost overruns >15% likely - Missing projects that could drive unplanned capital increases - Expected in Years 7+ projects, unless significantly large.

Results

Clutha DC

The original capital programme assessed was revised down significantly, from $116.3M to $37.1M, following the provision of updated cost estimates. The revised programme has been assessed as low risk of material change, with most projects in the near term already in construction or at the tender stage, improving cost certainty.

Timeframe	Risk Rating	% of Spend	Reasoning
Years 1-3:	Low Risk	35% ($13.0M0	Most of these projects are at scoping, tender, or construction stage, reducing cost uncertainty.
Years 4-10:	Med Risk	65% ($24.1m)	Estimates have been updated and a 30% contingency applied, reflecting the high scope risk that remains.

Items of note:

- Clutha has scheduled zone metering for most schemes within 3 years. However, universal metering will require a larger level of CAPEX than is scheduled.

Central Otago DC

The total high-risk capital programme assessed was $122.2M, which makes up 62% of all Level of Service CAPEX over the next 10 years. A large portion of projects are growth-driven, with significant level-of-service improvements. Cost certainty is higher in the near term, while longer-term WWTP projects have some exposure to regulatory changes.

Timeframe	Risk Rating	% of Spend	Reasoning
Years 1-3:	Low Risk	33% ($40.6M)	Projects in this period have greater cost certainty, as they are progressing through tender, construction, or advanced planning. While there is some exposure to regulatory-driven scope adjustments, cost estimates are well-developed with appropriate contingencies applied.
Years 4-10:	Med Risk	67% ($81.6m)	Projects in this period are based on Level 2 estimates, with a reasonable contingency applied, supporting cost confidence. However, longer-term infrastructure upgrades remain exposed to scope changes and regulatory factors, particularly for wastewater treatment.

Items of note:

- Significant amounts of the Capital Programme are to service projected growth in the district.
- CODC is already fully metered with volumetric charging in place for drinking water.

Gore DC

The total high-risk capital programme assessed was $67.6M, which makes up 94% of all Level of Service CAPEX over the next 10 years. The greatest risk remains in Years 4-10, where most projects still lack detailed cost certainty, and missing projects could result in budget shortfalls. The stormwater separation project, in particular, carries high financial and scope uncertainty due to its reliance on preliminary modelling rather than detailed cost estimation.

Timeframe	Risk Rating	% of Spend	Reasoning
Years 1-3:	Low Risk	21% ($14.3m)	Cost certainty is moderate due to a mix of more detailed (Level 3) and preliminary (Level 0-2) estimates on specific projects. Stormwater separation is acknowledged as an ongoing programme with set budgets each year.
Years 4-10:	High Risk	79% ($53.3m)	Most projects rely on early-stage cost estimates (Level 0-2), increasing the likelihood of cost changes. Scope and cost risk is high for the planned stormwater separation programme beyond the 10-year window.

Items of note:

- A significant stormwater separation programme is planned over the long term of 30 years (>$200m). The project is addressing service level deficits and health risks from localised flooding, which will likely increase due to climate change.
- The programme has included CAPEX for universal water meter rollout.
- Utility have observed that this cost of this programme exceeds the replacement cost of the entire stormwater network of the district (c. $42m), by several orders of magnitude. There is a likelihood that a programme of this scale will require extensive review and is primarily included to highlight a significant issue that needs addressing.

Waitaki DC

The total high-risk capital programme assessed was $96.5M, which makes up 83% of all Level of Service CAPEX over the next 10 years. The greatest financial risk exists in Years 4-10, where most projects lack detailed cost certainty, and scope changes could drive significant budget increases.

Timeframe	Risk Rating	% of Spend	Reasoning
Years 1-3:	Medium Risk	18% ($17.4m)	Projects in this period have better cost certainty, being closer to execution with more detailed cost estimates. However, some estimates remain at Level 2 (Preliminary), and contingency application is inconsistent, increasing the risk of minor cost overruns.
Years 4-10:	High Risk	82% ($79.1m)	Most projects rely on early-stage cost estimates, increasing the likelihood of material cost changes. Scope risk is high, particularly for wastewater and stormwater projects. Additionally, missing compliance-related investments (Lake Ohau, Kurow, Palmerston, Omarama, Hamden, Moeraki WWTPs) could result in significant unplanned capital increases at the end of 10-year programme.

Items of note:

- Several wastewater projects are excluded from the current programme that will have a material impact on wastewater investment levels in years 4 to 15. It has been stated that this is due to the high levels of uncertainty regarding their scope, timing and possible solutions.
- The programme has included CAPEX for universal water meter rollout.

Timaru DC

The total high-risk capital programme assessed was $161M, which makes up 58% of all CAPEX over the next 10 years. The greatest financial risk exists in Years 4-10, where most projects lack detailed cost certainty, and scope changes could drive significant budget increases.

Timeframe	Risk Rating	% of Spend	Reasoning
Years 1-3:	Low Risk	42% ($68.1m)	Projects in this period have a mix of low and medium-risk cost estimates. However, a minimum of 30% contingency is in place across all budgets, which mitigates this risk sufficiently. The large projects planned within the next 12 months, have design level cost estimates.

Timeframe	Risk Rating	% of Spend	Reasoning
Years 4-10:	Medium Risk	58% (92.7m)	Larger projects in this period are more exposed to high-risk cost estimation and scope uncertainty, with early-stage estimates and scope uncertainty despite 30% contingencies applied to all.

Items of note

- Most of the programmed investment is on the renewal of existing assets. Investments to meet drinking water standards and wastewater consents have largely been delivered for the district.
- The programme has included CAPEX for universal water meter rollout.

Asset Sustainability

This assessment determines the likelihood of an unrecognised long-term backlog or liability for asset renewals in investment programmes, excluding accumulated depreciation reserves, having a material impact on the baseline programme.

Does the current level of renewals investment pose a significant future spending liability for the CCO that is not accounted for?

Method

The sustainability of renewals investment considers the likelihood that additional renewals expenditure will be needed beyond what is planned, due to unexpected asset failures. This looks at two key indicators in combination.

Average Age - It looks at this at a very high level, over the next 10 to 30 years. It is assessed by comparing the average age of the assets, calculated from its depreciated replacement cost (proxy of life remaining) divided by its gross replacement cost (Proxy life expectancy). The lower this % value indicates the higher the risk of asset failure. I.e. the assets are nearing end of life.

Ther rate of ageing - This is then considered with another analysis, of whether future planned renewals spending is keeping pace with the rate at which the assets are ageing. If it is not, then the risk of asset failure is increasing. This will also increase the need for additional expenditure.

Exclusions - Preferably, as assessment of the age distribution of the assets would provide a more accurate assessment of age. I.e. understanding the 75%tile of age rather than average age. Also, projects deemed a renewal, yet also provided significant service level or growth benefits were excluded, particularly if they distorted results.

The following indicators of risk were applied to each Council:

Risk Level	Definition	Indicators
🟢 Low Risk of Material Change	Minimal likelihood (<10%) of material* shifts.	- Assets are relatively young and/or have renewals investment adequately matching or exceeding the rate of asset ageing (Renewals/Depreciation ratio >1)
🟠 Medium Risk of Material Change	Some likelihood (10% to 50%) of material change exists but may be manageable	Assets are middle aged, with renewals investment not reflecting this risk. Renewals investment lagging behind asset ageing (Renewals/Depreciation ratio approximately 0.6–1).
🔴 High Risk of Material Change	Significant likelihood (>50%) of material programme shifts.	Significant risk due to an older asset base and inadequate renewals investment reflecting this. (Renewals/Depreciation ratio <0.6), likely requiring substantial future expenditure adjustments.

Where material is defined as being a change in budgeted costs of greater than 15%.

Clutha DC

There is a likelihood of material change to the renewals programme. Assets are approximately halfway through their life, with a reasonable level of investment now underway to stop the net ageing.

Clutha DC	Average Life Remaining (DRC / GRC)		Rate of Ageing (Renewals / Depreciation over 10 years)	Risk to Renewals Programme
Wastewater	57%	Middle aged	0.5 Assets are ageing	Med Risk
Water Supply	60%	Middle aged	1.5 Getting younger	- Low Risk
Stormwater	49%	Middle aged	1.6 Getting younger	Medium Risk
			Overall Score	Medium Risk

Items of note:

- c. $5m of Cast Iron main renewals in the water network have been deferred beyond the 10-year window during the LTP on affordability grounds.
- Large proportions of the pipe assets have been recorded with expected lives at over 100 years. This can skew results greatly if not correctly assumed.

Central Otago DC

There is a low risk of material changes anticipated in the next 10 years.

Central Otago DC	Average Life Remaining (DRC / GRC)		Rate of Ageing (Renewals / Depreciation over 10 years)	Risk to Renewals Programme
Wastewater	60%	Middle aged network	0.9 – Asset age is steady	- Low Risk
Water Supply	70%	Young network	1.0 – Age is steady	- Low Risk
Stormwater	57%	Middle aged network	0.6 Assets are ageing	Medium Risk
			Overall Score	- Low Risk

Items of note

- Central Otago's rate of growth in new and vested assets could be outpacing the average ageing rate (depreciation). This could skew these metrics by reducing the average asset age over time. An assessment of 75%tile age would improve this understanding.

Gore DC

There is a high likelihood of material change, particularly post year 10. Large parts of the assets network are near the end of life also, with annual renewals spend still well below what is needed to halt this decline. Particularly for WW and SW. This indicates a high amount of asset renewals will be necessary, beyond what is programmed.

Gore DC	Average Life Remaining (DRC / GRC)		Rate of Ageing (Renewals / Depreciation over 10 years)	...and over 30 years	Risk to Renewals Programme
Wastewater	35%	An old network	0.7 Assets are ageing	0.5 Assets are ageing	High Risk
Water Supply	29%	An old network	1.2 Getting younger	1.0 Age is steady	High Risk
Stormwater	28%	An old network	0.2 Assets are ageing	4.4 Getting younger rapidly (see note)	High Risk
				Overall Score	High Risk

Items of note:

- Gore DC believes their asset sustainability is slightly better than presented in this assessment but acknowledges having the oldest infrastructure network does pose significant risk of cost increases. Gore DC has been pro-actively managing the tension between asset renewal needs and affordability for their community. Their renewals programme was deferred on affordability grounds recently, so the 80-year programme has been included to assess this.

Waitaki DC

There is low risk of a material change to the renewals anticipated in the next 10 years. The network has over half of its life left by value, and the rate of replacement largely matches the rate of ageing.

Waitaki DC	Average Life Remaining (DRC / GRC)		Rate of Ageing (Renewals / Depreciation over 10 years)	Risk to Renewals Programme
Wastewater	65%	Middle aged	1.4 Getting younger	- Low Risk
Water Supply	60%	Middle aged	0.8 Assets are ageing	- Low Risk
Stormwater	52%	Middle aged	0.8 Assets are ageing	Medium Risk
			Overall Score	- Low Risk

- The Oamaru Rising main duplication and Oamaru Muddy Creek stormwater capacity upgrade were removed from the renewals programme assessment. These may have been costed as renewals, possible incorrectly, which was skewing the assessment significantly.

Timaru DC

There is low risk of a material change to renewals anticipated in the next 10 years. The network has over half of its life left by value, and the rate of replacement exceeds the rate of ageing by several orders of magnitude.

Timaru DC	Average Life Remaining (DRC / GRC)		Rate of Ageing (Renewals / Depreciation over 10 years)	Risk to Programme
Wastewater	58%	Middle aged	4.7 Getting younger	- Low Risk
Water Supply	55%	Middle aged	5.3 Getting younger	- Low Risk
Stormwater	50%	Middle aged	3.9 Getting younger	- Low Risk
			Overall Score	- Low Risk

Sensitivity to National Wastewater Treatment Standards

This section evaluates the likelihood of material changes to planned Wastewater Treatment Plant upgrades from the proposed Wastewater National Treatment Standards.

The assessment is a score that indicates the level of sensitivity to a material change, where material is a budget change of more than 15% relative to initial cost estimates.

- Low Risk of Material Change – Minimal likelihood (<10%) of material shifts in overall Wastewater Treatment Plant cost estimates.
- Medium Risk of Material Change – Some likelihood (10% to 50%) of material shifts in overall Wastewater Treatment Plant cost estimates, requiring adjustments to the programme.
- High Risk of Material Change – Significant likelihood (>50%) of material shifts in Wastewater Treatment Plant cost estimates, requiring major adjustments to current programmes.

Explanation of the New Wastewater Standards

Proposed national wastewater standards were released for public consultation on 26th February. They aim reduce the amount of expenditure on wastewater treatment by, streamlining consenting processes, taking a more risk / impact-based approach to wastewater discharges standards. The standards differentiate requirements based on discharge type (water or land) and scheme size as a proxy for environmental impact.

Method and Assumptions

The assessment applied to WWTP cost estimates have used the following assumptions:

1. For WWTP's that discharge to water (Freshwater and Oceans):
   - Schemes with access to large water bodies may benefit from dilution capacity, which can influence discharge conditions and potentially reduce treatment requirements.
   - Schemes serving fewer than 1,000 users will not require nitrogen or phosphorus removal under the proposed land discharge standards. While this is not explicitly stated for water discharge schemes, it suggests that smaller loads may not require advanced nutrient removal.
2. For WWTPs discharging to land:
   - The standards remove land disposal requirements to account for cultural considerations; however, Councils can still pursue this pathway if desired.
   - Treatment requirements are now risk-based, meaning land discharge schemes will be classified by site suitability and environmental sensitivity.
3. Consenting terms
   - All consents will have a 35-year term.
   - Schemes with consents expiring within two years of the new standards taking effect can request a two-year extension.
   - The new standards aim to streamline the consenting process, reducing the existing administrative process of consent applications (c. 40% of costs stated in standards).
4. Enabling efficiencies and 'Packaged Plants' as an option:

- Standardising requirements across the country enhances scalability and supports the use of modern packaged wastewater treatment plants, improving efficiency and affordability, particularly for smaller schemes.
- Direct liaison with the DIA indicates a maximum WWTP upgrade cost of $15k–$20k per connection is being targeted for smaller schemes (< 1,000 people).

Sensitivity to Standards	Reasoning
Clutha DC -c. $52m of planned WWTP upgrades in the current programme is planned	
🟠 Medium Risk of Material Change	Several small schemes under 1,000 pax requiring lower treatment and Milton (larger scheme). However, there remains a reasonable level of uncertainty in their need at all, as they are planned due to non-compliance with existing consents standards. The new standards may reduce this risk and defer them—or reinforce the need for earlier upgrades, depending on their final form. Cost estimates have already dropped significantly (c. 75%) from recent WWTP re-estimations, incorporating revised land treatment assumptions (prior to release of the WW Standards).
Central Otago DC - c. $57m of WWTP Upgrade CAPEX is planned.	
🟠 Medium Risk of Material Change	Alexandra WWTP remains unchanged, as further adjustments would increase risk. Omakau WWTP has been reassessed, with changes made to align with revised expectations. Lake Roxburgh Village remains unchanged. While some flexibility may emerge in discharge requirements under the new standards, the overall impact on treatment processes is expected to be limited with large amounts allocated to growth and renewal.
Gore District Council –c $77m of WWTP Upgrade CAPEX is planned.	
🔴 High Risk of Material Change	Sensitivity to the proposed changes is high for the Gore and Mataura WWTP planned upgrades. Primarily due to removal of land purchase and wetland development originally included for cultural treatment at Gore WWTP. For Mataura WWTP, sensitivity is material but less significant as the existing discharge is expected to align with proposed regulatory standards, eliminating the immediate need for significant upgrades.
Waitaki District Council c. $27m of WWTP Upgrade CAPEX is planned.	
🟠 Medium Risk of Material Change	Several smaller schemes (Duntroon, Kurow, Lake Ohau, Omarama, Palmerston) may be effected, but some, like Lake Ohau, could see upgrade needs largely unnecessary under the new standards. Of greater uncertainty, is that several schemes lack a confirmed scope or funding and are excluded from the programme.
Timaru District Council No WWTP upgrade CAPEX planned.	
🟢 - Low Risk of Material Change	Timaru have already invested significantly in their Wastewater treatment plants in recent years and have long term consents in place. No material changes are anticipated.

Summary of Findings

This assurance assessment has identified varying levels of risk to the baseline capital programme across the five Councils. While the short-term financial outlook is stable, long-term risks remain significant due to uncertainty in cost estimates, aging assets, and evolving regulatory requirements.

	Year 1 to 3	Years 4 to 10
Clutha DC	Near-term budgets have high accuracy. Medium-term risks emerge primarily due to wastewater regulatory changes and moderate ageing of stormwater assets, though water assets are sustainably managed.	
Water Supply	Low (-5%/+10%)	Medium (-10%/+20%)
Wastewater	Low (-5%/+10%)	Medium (-10%/+20%)
Stormwater	Low (-5%/+10%)	Medium (-10%/+20%)
Central Otago DC	Cost certainty strong in short-term but moderate risks emerge longer-term, particularly with wastewater upgrades due to proposed standards.	
Water Supply	Low (-5%/+10%)	Medium (-10%/+20%)
Wastewater	Low (-5%/+10%)	Medium (-10%/+20%)
Stormwater	Low (-5%/+10%)	Medium (-10%/+20%)
Gore DC	Immediate cost certainty acceptable but long-term high risks exist across all asset classes, driven by ageing infrastructure, significant deferred renewals, and sensitivity to WW standards.	
Water Supply	Low (-5%/+10%)	High (-10%/+25%)
Wastewater	Low (-5%/+10%)	High (-10%/+25%)
Stormwater	Low (-5%/+10%)	High (-10%/+25%)
Waitaki DC	Short-term cost reliability is good, but medium-term risk exists from slightly insufficient renewal budgets and uncertainties in wastewater project scope and regulatory impacts.	
Water Supply	Low (-5%/+10%)	Medium (-10%/+20%)
Wastewater	Medium (-10%/+20%)	High (-10%/+25%)
Stormwater	Low (-5%/+10%)	Medium (-10%/+20%)
Timaru DC	Consistently low risk across asset classes with robust renewals investment and stable asset conditions, requiring minimal financial adjustments.	
Water Supply	Low (-5%/+10%)	Low (-5%/+10%)
Wastewater	Low (-5%/+10%)	Low (-5%/+10%)
Stormwater	Low (-5%/+10%)	Low (-5%/+10%)

Long-Term Planning Uncertainty beyond Year 10

The very nature of long-term planning means it carries inherent uncertainty, particularly given the significant policy, regulatory, and legislative reforms that have shaped the last two Long-Term Planning (LTP) cycles. Given this context, assessing the confidence of planned expenditure over the 10- to 30-year horizon other than low, is inherently limited in value.

However, it remains important to identify key known investments that will be necessary within these longer-term timeframes. These include:

- Major asset renewals, which will be required to maintain service levels.
- Resource consent renewals, particularly for wastewater and drinking water infrastructure.

Recommendations

To strengthen the confidence in the financial projections of the proposed CCO and any pricing model options, the following actions are recommended.

1. Standardised Capital Planning & Cost Estimation Practices
    - Introduce a structured cost estimation framework that standardises how contingencies and cost escalations are applied.
    - Councils should also commit to a Memorandum of Understanding (MoU) or similar, to align cost estimation methodologies, service level expectations, and renewals investment strategies.
2. Targeted Review of High-Cost Investments and Regulatory Changes
    - Conduct a detailed review of high-cost projects (>$10m) with early-stage estimates, particularly for Gore DC's stormwater separation and Waitaki DC's wastewater upgrades.
    - Once wastewater standards are formalised, also conduct a detailed review of planned wastewater treatment plant upgrades.

Furthermore, as consumer pricing will be a critical aspect of any future service delivery model for 3-waters, the planning processes and assurance levels will need to be explicitly driven by the effect to future customer prices, not just financial forecasts.


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