

Notice is hereby given that an Ordinary meeting of Southland District Council will be held on:

Date: Wednesday, 13 August 2025

Time: 10am

Meeting room: Council Chamber

Venue: Level 2

20 Don Street Invercargill

Council Agenda - Late Item OPEN



TABLE OF CONTENTS

ITEM PAGE

REPORTS

7.4 Adoption of Southland District Council Water Service Delivery Plan

3



Adoption of Southland District Council Water Service Delivery Plan

Record no: R/25/7/32356

Author: Jendi Paterson, Project Director Approved by: Cameron McIntosh, Chief executive

□ Decision	☐ Recommendation	☐ Information

Purpose

To seek Council approval of the final Water Services Delivery Plan (WSDP), as required under the Local Government (Water Services Preliminary Arrangements) Act 2024. This decision is the culmination of Southland District Council's water reform response and must be submitted to the Secretary for Local Government by 3 September 2025.

Executive summary

- Since 2021, Southland District Council (SDC) has actively participated in the national water reform journey first through engagement with the former National Transition Unit, and more recently, through development of a localised Water Services Delivery Plan (WSDP) under the "Local Water Done Well" framework.
- This report presents the final WSDP for Council adoption and confirms that the plan is compliant with the Local Government (Water Services Preliminary Arrangements) Act 2024. It reflects feedback received from the Department of Internal Affairs (DIA) and incorporates amendments to ensure a compliant and financially sustainable pathway.
- Following further executive deliberation and in response to DIA's feedback, the plan now includes fully funding depreciation for drinking water, wastewater and stormwater services from 2027/28. This change ensures the plan meets the Section 8 sustainability criteria while maintaining Council's rural service delivery challenges.
- 5 This report outlines:
 - The legislative framework and journey to date
 - Council's assessment of service delivery models and community consultation
 - Key updates made to strengthen the plan in response to DIA feedback
 - The unique rural context and evolving regulatory environment Council continues to advocate within
 - The implications of fully funding depreciation on rates.
- 6 Council is being asked to adopt the updated WSDP for submission by 3 September 2025.

Recommendation

That Council:

- a) **Receives the report titled "**Adoption of Southland District Council Water Service Delivery Plan".
- b) Determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002 and notes that the engagement followed was as required under the Local Government (Water Services Preliminary Arrangements) Act 2024.
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) **Notes that Council's preferred** delivery model is the Adjusted Status Quo (In-House) approach, as previously endorsed.
- e) Notes that the Water Services Delivery Plan is based on the 2024-2034 Long Term Plan with amendments as follows:
 - Fully fund the water, wastewater and stormwater depreciation from 2027/28 to meet the financial sustainability requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024. Recognising that water and wastewater depreciation has been funded in Councils 2024-2034 Long Term Plan (LTP) over 8 years with a 5% annual increase and that stormwater depreciation was not funded at all.
 - Undertake to fully fund water and wastewater interest on loans from rate funding in 2026/2027 as indicated in the LTP
 - The levels of service capital projects total cost have been reviewed to acknowledge and separate out the portion relating to capital renewals
- f) Adopts the Water Services Delivery Plan and agrees for it to be submitted to the Department of Internal Affairs by 3 September 2025.
- g) Authorises the chief executive to finalise and certify the WSDP for submission.
- h) Acknowledges the risk of intervention should the plan not be accepted and notes steps taken to mitigate this.
- i) Notes the ongoing uncertainty regarding final wastewater standards and Council's intention to respond through future planning cycles.

Background

- Southland District Council has been engaged in the water reform process since its inception in 2021. Initially, this involved participation in the government's proposed Three Waters Reform Programme, a comprehensive initiative aimed at centralising the delivery of drinking water, wastewater and stormwater services across the country.
- Over 2021–2022, Council worked collaboratively with other territorial authorities, the Department of Internal Affairs (DIA), and Taumata Arowai to understand the implications of reform and to provide detailed information about our water infrastructure, budgets, and performance. In parallel, Council helped shape regional priorities through the South Island Entity working groups, and later, was an active participant in the work of the National Transition Unit (NTU) through 2022 and 2023.
- 9 This extensive engagement included:
 - submitting infrastructure data for inclusion in the national asset register
 - supporting the development of draft service delivery frameworks and operating models
 - participating in the NTU's readiness assessments, workforce planning, and service continuity exercises
 - developing operational and governance insights for transition planning.
- In late 2023, following the General Election, the incoming government announced the repeal of the previous Water Services Entities legislation and replaced it with the Local Water Done Well framework. This pivot placed responsibility back with local authorities to demonstrate how they would sustainably manage and deliver water services going forward.
- Throughout 2024, Southland District Council played an active role in shaping regional collaboration opportunities and evaluating delivery models that best aligned with the needs of its communities. Council worked closely with Morrison Low and neighbouring Otago and Southland councils to assess joint delivery models, including potential Council Controlled Organisations (CCOs), shared services, and the Adjusted Status Quo model.
- This included participation in numerous regional and sub-regional operational working groups, as well as high-level governance discussions involving mayors and executive leadership teams. These forums explored the financial, service delivery, and regulatory implications of different models with a strong focus on affordability for ratepayers, workforce capacity, and long-term compliance obligations.
- Towards the end of 2024, Council staff also worked closely with officials from the Department of Internal Affairs to complete detailed WSDP templates, and to model the financial and operational implications of joint CCOs, individual CCOs, and a locally delivered Adjusted Status Quo option. This collaborative work helped inform both the draft and final versions of the plan.

- Importantly, SDC's existing focus as an infrastructure-intensive council, with strong inhouse expertise in asset management, service delivery, capital programming and financial management meant that many of the core principles of Local Water Done Well, such as financial ringfencing and transparency, are already well embedded in Councils existing operating model.
- In response to the new legislative direction, Council undertook a comprehensive review of its current and future delivery model, financial assumptions, and regulatory settings, which culminated in the development of this WSDP.
- 16 In March 2025, Council resolved to consult on two service delivery options:
 - Adjusted Status Quo (in-house model)
 - Standalone Water Services Council Controlled Organisation (WSCCO)
- 17 The decision to explore these models rather than any regional option was a result of not having certainty that harmonisation of rates across all those who participated would occur and the additional cost of establishing and maintaining any separate entity. The implications of investment needed due to the changing discharge standards was also unknown, making it difficult for an accurate cost picture for SDC to be factored in.
- Following a robust consultation process in April–May 2025, which included public meetings, digital engagement, and direct submissions, over 97% of respondents supported the Adjusted Status Quo model. This strong endorsement reflected widespread community preference for local control, affordability, simplicity, and confidence in Council's performance to date.
- On 11 June 2025, Council confirmed this model as its preferred approach. This decision enabled final drafting of the WSDP, including consultation outcomes, implementation milestones, risk assessments, and financial projections. Feedback on the draft WSDP was received from DIA on 28 July 2025.
 - Council Advocacy and Request for Extended Timeframes
- In recognition of the significant implications of new and evolving water regulations, Council has proactively advocated to central government for reasonable timeframes that enable robust planning, financial analysis, and community consultation.
- 21 Since December 2024, correspondence has been sent to both Minister Simeon Brown and Minister Simon Watts, formally requesting a 9–12 month extension to the 3 September 2025 WSDP deadline. These requests were made on the basis that:
 - Final water service standards have not yet been notified, creating uncertainty around compliance expectations and cost implications;
 - Planned consultation with our communities cannot be meaningfully undertaken until those standards are confirmed:
 - The Local Government elections in October 2025 constrain decision-making timelines, particularly for pre-election consultation and governance endorsement;
 - Significant affordability impacts exist for small schemes (e.g. Balfour township), where capital costs could vary drastically depending on whether discharge-towater remains an option.

- Council's letters highlighted the disproportionate impacts of the current timeline on rural councils with smaller ratepayer bases and more diverse scheme types.
- Advocacy efforts have been constructive, focused on securing adequate time to deliver high-quality, community-backed plans aligned with the final regulatory framework.
- The Mayor and Councillors have consistently advocated for the interests of Southland's communities in the water reform process. Their leadership has ensured that Council's unique context, large geographical area, dispersed population, and multiple scheme infrastructure, has been clearly communicated to central government.
- Through both formal channels and direct engagement, Elected Members have emphasised the importance of fit-for-purpose standards, equitable funding models, and realistic delivery timeframes. Their support has been vital to progressing a community-led and final WSDP.
 - Strategic Context and Preferred Approach
- While SDC has always worked hard to deliver its role as a water service provider sustainably, the expectations under the Local Water Done Well framework, combined with rising regulatory requirements and financial constraints, have placed councils in a challenging position. After exploring all available options including standalone and joint Council-Controlled Organisations (CCOs), the Adjusted Status Quo model was determined to be the most practical and financially viable option.
- In short, this plan represents the least constrained, most community-aligned option available to SDC at this time. It avoids the cost and complexity of new entities, retains local responsiveness, and enables Council to incrementally meet regulatory and financial expectations while maintaining alignment with existing asset management practice.
- As opportunities present themselves and the legislation is enacted, Council will continue to explore other methods of ownership or cost reductions that ensure the ongoing delivery of robust and compliant water services to our communities.
- Importantly, the final WSDP is now fully compliant. This plan commits to full depreciation funding from FY2027/28 (refer Appendix A), which meets the requirements of Section 8 of the Act and addresses DIA's earlier concerns regarding financial sustainability.
 - Summary of Water Services Delivery Plan
- 30 The WSDP outlines SDC's commitment to delivering safe, reliable, and financially sustainable three waters services; drinking water; wastewater, and stormwater across the district. The plan is a legislative requirement and serves as a forward-looking blueprint for how Council will meet both regulatory obligations and community expectations under the Local Government (Water Services Preliminary Arrangements) Act 2024.
- The WSDP draws from Council's long-standing expertise in infrastructure delivery, recent regional collaboration, and direct engagement with the DIA to ensure that Southland's approach is practical, affordable, and future-proofed. It builds on strong in-house delivery foundations and achieves full compliance and financial sustainability by mid-2028.

32 The plan includes:

Proposed delivery model

- Council retains ownership, governance, and operational control
- water revenues and expenses are ringfenced by activity
- in-house delivery is supplemented by contracted services.

Financial sustainability

- Long Term Plan (LTP) 2024–2034 projections form the basis for operational and capital investment
- Changes to the LTP to reflect the portion of levels of service capital projects that have an element of capital renewal.
- revenue, depreciation, renewals and debt funding are transparently modelled
- depreciation is fully funded from 2027-28 financial year
- financial sustainability is expected by 30 June 2028, subject to manageable risks.
- full funding of loan interest remains in the 2026/2027 financial year to support financial sustainability

Implementation plan

- five-stage roadmap from governance adoption
- includes improvements to financial systems, asset management, operational resilience, and regulatory reporting.

Regulatory compliance

- the WSDP aligns with current Taumata Arowai and RMA requirements
- active consent renewals and treatment upgrades are underway
- WSPs are in place for all 12 drinking water schemes.

DIA feedback

- On 28 July 2025, Council received formal feedback from the DIA on the draft WSDP. The feedback raised a number of queries and clarifications; including financial modelling to achieve financial sustainability.
- Council has incorporated responses to all the queries in the revised WSDP attached. These include:
 - clarification of investment sufficiency, particularly where renewals fall below depreciation, and how this aligns with regulatory compliance
 - explanation of the decrease in capital investment after 2029/2030
 - expanded description of regulatory compliance measures including WSP coverage and consent management
 - confirmation that fluoridation is not applicable to any SDC supplies
 - addition of urban vs rural consumption data
 - inclusion of commentary on capital upgrades for firefighting capacity
 - population projections and service area clarity (including unserved areas)
 - updated levels of service data and alignment with DIA non-financial performance measures
 - identification of critical assets including WWTPs

- further detail on backlog renewals and asset condition commentary
- clarification of asset management planning and reference to the Infrastructure Strategy
- commentary on delivery capacity and how Council will manage peaks in capital delivery
- overview of Council's internal borrowing policy
- provision of a full schemes map
- Fully funding depreciation by 2027/2028
- LOS vs renewal reclassifications
- GST treatment of rates revenue
- financial sustainability narrative
- updated tables and figures to reflect the revised investment profile
- Council staff are happy to continue to work closely with DIA officials and government to ensure the best outcome for the Southland community.
 - Navigating Evolving Regulatory Standards
- The WSDP acknowledges that outcomes from the national Wastewater Environmental Performance Standards (WEPS) review remain uncertain. These standards, once finalised, are expected to introduce new consent requirements and discharge limits that will particularly affect small and rural wastewater schemes.
- Council continues to operate in an environment of evolving regulatory expectations, and has taken a proactive role in shaping the final direction of the standards. This includes:
 - Providing formal submissions to central government;
 - Participating in national advisory forums and technical working groups;
 - Contributing to case studies that highlight the realities of delivering water services in dispersed, rural settings.
- Initial indications suggest the latest draft standards reflect a more proportionate and riskbased approach. Compared with earlier versions, the proposed standards appear to ease the scale of infrastructure upgrades required across many Southland communities. For SDC, this may translate into a more achievable and affordable compliance pathway, recognising the importance of tailoring environmental outcomes to rural realities.
- 39 Key points of advocacy from SDC have focused on:
 - The disproportionate cost burden of land-based discharge for small townships;
 - The challenges in securing suitable land in remote communities;
 - The need for practical and scalable monitoring requirements for small treatment plants;
 - The importance of flexible consent conditions that reflect the operational context of rural schemes.

- In parallel, Council has embedded this uncertainty into its long-term planning. The WSDP includes a flexible investment approach within the Long-Term Plan, enabling projects to be scaled or adjusted as the regulatory landscape becomes clearer. Council's planning assumptions have been supported by robust asset management, spatial service planning, and condition-based investment prioritisation.
- 41 Southland District's geographic scale and diverse infrastructure portfolio materially impact its ability to comply with one-size-fits-all standards. With over 30,000 km² of territory and numerous schemes serving fewer than 1,000 people each, Council will continue to advocate for fair, practical, and financially sustainable regulatory settings that enable compliance without disproportionate costs to communities.
- Council remains committed to meeting all future regulatory obligations. Ongoing monitoring of the WEPS development process will continue, with future updates to the Long-Term Plan and Asset Management Plans expected to reflect any confirmed changes. Key Risks
- The preparation and submission of the WSDP has been a comprehensive process involving multi-year reform engagement, community consultation, financial modelling, and collaboration with central government. While the final Plan reflects SDC's best efforts to meet all legislative and performance expectations, a number of residual risks remain. The table below outlines these key risks, their implications, and Council's current mitigation strategies.

Risk	Description	Mitigation
Non- acceptance by DIA	If the WSDP is not accepted, the Minister may appoint a Crown Water Services Specialist, and Council may incur additional oversight costs. The Act requires Council to prepare a plan that meets the definition of Financially Sustainable, under the Act.	The Plan contains full depreciation funding from 2027/28 and is now fully compliant with Section 8 of the Act. Ongoing engagement with DIA officials provides assurance and pre-submission confidence.
Affordability of compliance upgrades	Draft national wastewater standards are expected to impose lower capital and operating costs on small schemes, particularly in remote communities.	The LTP and this plan emphasise the increasing rating cost from capital work required to meet compliance standards. Council continues to advocate strongly for Southland, including making a submission on the draft standards and participating as a case study. The risk is flagged in the WSDP noting ongoing collaboration and advocacy.
Ongoing regulatory uncertainty	National regulatory settings, particularly relating to wastewater environmental performance standards, remain unresolved. Initial proposals posed significant capital implications for rural schemes. This may reduce the overall financial burden for SDC compared to earlier modelling.	Council has welcomed the draft changes and submitted formal feedback. The WSDP includes a flexible investment pathway that enables Council to adjust projects as regulatory settings are confirmed. Council continues to monitor the process and will reflect any changes through future LTP cycles and Annual Plans.

Factors to consider

Legal and statutory requirements

- The act sets out statutory requirements that Council must comply with as part of its WSDP process. If a council faces challenges in meeting these requirements, the act allows the Minister to intervene by appointing one of two roles:
 - Crown facilitators, who may work alongside councils to assist, advise, or amend draft WSDPs to ensure compliance
 - Crown water services specialists, who have the authority to prepare, direct, or adopt a WSDP on behalf of the council if necessary.

- This reinforces the importance of Council meeting its legislative obligations within the required timeframe, ensuring that Southland's water service delivery model is both locally determined and compliant with national regulations.
 - Community views
- The community views were obtained during formal public consultation which ran from 3 April to 21 May 2025, including community meetings, online engagement, and opportunities to submit feedback in person or in writing.
- In-person public meetings were held in nine locations across the district, hosted by Mayor Rob Scott and supported by Council staff. These provided an opportunity to present information on the legislative context, delivery models, and financial implications, and to answer questions from the public.
- The consultation process was designed to be accessible, transparent, and inclusive, ensuring that the final decision was informed by the voices and priorities of Southland communities.
- Over 97% of submissions supported the adjusted status quo model retaining in-house delivery of water services by Southland District Council, with necessary adjustments to meet legislative requirements.
- The overwhelming support for the adjusted status quo demonstrates a strong and unified community voice favouring local control, fiscal prudence, and practical improvements within the existing delivery framework.
 - Costs and funding
- Section 8(1)(b)(ii) of the Local Government (Water Services Preliminary Arrangements) Act 2024 (the Act) states that each territorial authority must prepare a water services delivery plan that is financially sustainable for the territorial authority.
- Financially sustainable, within the interpretation of the Act in relation to a territorial authority's delivery of water services means, that—
 - the revenue applied to the authority's delivery of those water services is sufficient to ensure the authority's long-term investment in delivering water services; and
 - the authority is financially able to meet all regulatory standards and requirements for the authority's delivery of those water services
- Section 11(1)(m) of the Act, states that the water services delivery plan must include an explanation of what the territorial authority proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028.

- Guidelines provided by the Department of Internal Affairs, provided further guidance on determining financial sustainability by providing a range of measures under three key headings
 - Revenue Sufficiency, is there sufficient revenue to cover the costs (including servicing debt) of water services delivery?
 - Investing Sufficiency is the projected level of investment sufficient to meet levels of service, regulatory requirements and provide for growth?
 - Financing Sufficiency, are funding and finance arrangements sufficient to meet investment requirements?
- Under each heading, the DIA have provided a number of measures for Council to complete, to gauge compliance. These measures are outlined in Part D of the attached Plan and summarised in Part A.
- After the DIA reviewed Councils draft plan, the key area of note for them was around Council ensuring that's its operating revenues met its operating expenses, including depreciation by 30 June 2028 at the latest. To do this, a revision to the funding of depreciation was required.
- In the current 2024/2034 LTP, Council had committed to increasing depreciation funding for water and wastewater services in a phased approach starting from 65% in 2027/2028 accumulating at 100% in 2033/2034 year. Additionally, depreciation for stormwater assets although not funded in the duration of the LTP, was indicated to be introduced post the fully funding of water and wastewater depreciation. Although this was always to be reviewed as part of each LTP. However, in response to feedback from the DIA, the requirement to have a balanced budget in order to fulfil one of the measures of financial sustainability has resulted in the need to fully fund depreciation for water, wastewater and stormwater from 2027/2028.
- What this means is from 2027/2028, average household charges for water services will reflect the full cost of service delivery, including asset depreciation. This represents a more significant step change than indicated in the LTP, however, it avoids future underinvestment and ensures intergenerational equity in funding water infrastructure. Noting that in a number of the years the level of capital renewals is less than the depreciation funding

- 59 Key features of the updated financial model include:
 - Full funding for water and wastewater and stormwater from 2027/2028.
 - Projected average household water charges rising from \$1,930 in 2025/26 to \$4,391 by 2033/2034. The LTP model had water charges increasing to \$4,301 by 2033/2034.
 - Water service costs increasing from 2.1% to approximately 4.8% of median household income over the ten-year period. Noting that under the current LTP, Council's measure for rates affordability is a maximum of 5% for Council and Environment Southland's combined rates
- The WSDP confirms that Council's financial management system maintains ringfencing for each of the three water activities, ensuring that revenue from rates, user charges and depreciation reserves is used exclusively for water-related purposes. This supports transparency, auditability, and compliance with the Local Water Done Well framework.
- The below table compares the impact on the combined water, wastewater and stormwater rates for a residential ratepayer, paying for all three services in a home compared to the level of rate requirement indicated in the LTP. Noting that by 2033/34, the total rates are similar but that the fully funded depreciation model includes the full funding of stormwater depreciation.

Financial Year	Fully Funded Depreciation Model	LTP Model	Variance (impact of fully funding depreciation from 2027/28 for all waters)
2024/25	\$1,769	\$1,769	-
2025/26	\$1,930	\$1,930	-
2026/27	\$2,590	\$2,590	-
2027/28	\$3,251	\$2,901	+\$350
2028/29	\$3,615	\$3,322	+\$293
2029/30	\$3,898	\$3,669	+\$229
2030/31	\$4,118	\$3,952	+\$166
2031/32	\$4,247	\$4,152	+\$95
2032/33	\$4,326	\$4,238	+\$88
2033/34	\$4,391	\$4,310	+\$81

LTP rates increases, reflected the 5% increase in funding water and wastewater depreciation as well as general inflationary and cost increases and the increase in interest and principal repayments on loans required to undertake projects to ensure compliance with regulatory standards. The rates under the fully funded depreciation model is based on the LTP model and adjusts it to reflect the funding of depreciation for all water assets from 2027/2028.

While the projected charges under the fully funded depreciation model are higher than those assumed in the 2024/2034 Long Term Plan, this adjustment reflects a deliberate and necessary shift to ensure the Water Services Delivery Plan complies with legislative requirements. It reduces the risk of non-acceptance by the Department of Internal Affairs and strengthens Council's ability to retain responsibility for service delivery under the preferred Adjusted Status Quo (in-house) model. By committing to full depreciation funding from 2027/28, Council is demonstrating prudent long-term financial stewardship and ensuring a sustainable foundation for local water services.

Policy implications

As part of Council's 2027-2037 LTP development, a review of Council's policies will be undertaken, including the Infrastructure and Financial strategies, Revenue and Financing Policy.

Analysis

Options considered

65 Council has two options: to adopt the Water Services Delivery Plan, including any amendments at this meeting, as required under legislation, or not to adopt the plan at this stage. The analysis below outlines the implications of each approach.

Analysis of options

- A key risk in finalising the WSDP is the lack of confirmed wastewater discharge standards and the compressed timeframe relative to the scale of work required. Attempting to finalise a 10-year water services strategy without certainty on standards could result in:
 - Estimated costs of service delivery being considerably higher than what could eventuate creating an affordability conversation which might not be necessary
 - Plans being revised shortly after adoption;
 - Unnecessary or premature capital planning;
 - Confusion and frustration from communities being asked to consult on unknowns;
 - Reputational risk if affordability concerns are not addressed transparently.
- While the current version of the WSDP meets the legislative requirements based on available information, Council has clearly signalled to Government that a longer timeframe would allow for improved outcomes and more robust community engagement.

Option 1 – Council adopts the Water Services Delivery Plan including any amendments agreed at the meeting

Advantages	Disadvantages
meets legislative requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024	commits Council to delivering services under regulatory and financial uncertainty, particularly in wastewater.
retains local governance, accountability, and service delivery control under the Adjusted Status Quo model	Commits Council to fully funding depreciation from 2027/28 and the full funding or interest on water and
ensures continuity of service delivery with a clear, community-endorsed implementation pathway	wastewater loans as indicated in the LTP in 2026/2027
avoids Crown intervention through appointment of a Water Services Specialist	
builds on strong community engagement and stakeholder input already completed.	

Option 2 – Council does not adopt the Water Services Delivery Plan

Advantages	Disadvantages
While delaying adoption would result in having additional time for regulatory and financial uncertainty to be reduced, particularly in regard to the upcoming wastewater standards, it is not a real advantage because Council would be in breach of its statutory requirement. Given that the adoption of the WSDP is a statutory requirement any advantage of delaying the adoption, or not adopting, would actually turn into a disadvantage.	 breaches statutory requirement to submit WSDP by 3 September 2025 likely triggers Ministerial intervention through appointment of a Crown Water Services Specialist undermines community confidence in Council's ability to manage water service delivery wastes significant time, cost, and effort already invested in consultation, modelling, and engagement puts at risk potential future funding or support from central government.

Assessment of significance

This decision has been assessed as significant based on Council's Significance and Engagement Policy. Public consultation and engagement to seek community views, however, have been undertaken as required under the Local Government (Water Services Preliminary Arrangements) Act 2024. Those requirements have been met.

Recommended option

In light of strong and consistent community feedback, alongside analysis of the advantages and disadvantages staff recommend option 1, Council adopts the Water Services Delivery Plan which utilises the Adjusted Status Quo model for future water service delivery.

Next steps

- Should Council approve the recommendation on the adoption of the Water Services Delivery Plan, the next step in the LWDW programme is for the chief executive to finalise and certify the plan for submission to the Department of Internal Affairs by 3 September 2025.
- 71 The team will also continue with early planning for implementation, including:
 - identification of any system changes required to support financial ringfencing and separate reporting for water services
 - planning for internal compliance capability, including ongoing interaction with Taumata Arowai and any new performance monitoring expectations
 - co-ordination with finance, strategy, and policy teams to align the WSDP with the upcoming 2027–2037 Long Term Plan and related reviews of the Revenue and Financing Policy, Infrastructure Strategy, and Financial Strategy
 - engagement with key contractors, operational staff, and governance partners to ensure all delivery and compliance expectations can be met under the chosen model.

Attachments

A Water Services Delivery Plan 😃

Water Services Delivery Plan

Southland District Council August 2025

Sensitivity: General

Table of Contents

${\bf Part\ A:\ Statement\ of\ financial\ sustainability,\ delivery\ model,\ implementation\ plan}$	
assurance	
Statement that water services delivery is financially sustainable	
Proposed delivery model	
Statement of Financial Sustainability	
Confirmation of Financial Sustainability	
Consultation and engagement	
Assurance and adoption of the Plan	
-	
Part B: Network performance	
Investment to meet levels of service, regulatory standards and growth needs	
Projected Growth in Serviced Population and Connections (2024–2054)	
Areas That Receive Water Services	
Areas That Do Not Receive Water Services	
Levels of Service and Current Performance	
Growth and Development Capacity	
Water Use and Network Commentary	24
Urban vs Rural Water Scheme Summary – Consumption, Losses and Network Condition	24
Asset Age, Condition and Material	25
Condition Assessment Approach	26
Part C: Revenue and financing arrangements	48
Revenue and charging arrangements	48
Funding and financing arrangements	55
Ringfencing and Compliance	56
Method for Allocating Debt to Water Services (as at 30 June 2024)	
Debt and Net Debt-to-Revenue Position (30 June 2024)	
Insurance Coverage and Ownership	
Risk Assessment and Insurance Reviews	
Insurance Coverage and Valuation Basis	
Insurance Management Policy and Risk Settings	
Delegations and Oversight	58
Part D: Financial sustainability assessment	
Confirmation of financially sustainable delivery of water services	
Financial sustainability assessment - revenue sufficiency	
Financial sustainability assessment - investment sufficiency	
Financial sustainability assessment - financing sufficiency	67

Page 2 of 137

Part E: Projected financial statements for water services	70
Water Services Delivery Plan: additional information	
Significant capital projects	83
Commentary on Significant Capital Projects	83
Risks and assumptions	87
Appendix A: Southland District Council Wastewater and Water Scheme Bound Locations	
Southland Map (Grey Scale)	90
Southland Townships Water Boundaries	91
Te Anau Area	91
Te Anau Water Boundary	92
Kakapo Rural Water Scheme	93
Homestead Rural Water Scheme	94
Ramparts Rural Water Scheme	95
Mt York Rural Water Scheme	96
Takitimu Rural Water Scheme	97
Duncraigen Rural Water Scheme	98
Princhester Rural Water Scheme	99
Manapouri Water Boundary	100
Lumsden Area	101
Lumsden Water Boundary	102
Lumsden-Balfour Rural Water Scheme	103
Mossburn Water Boundary	104
Winton Water Boundary	105
Edendale Water Boundary	106
Wyndham Water Boundary	107
Western Southland Area	108
Otahu Flat Rural Water Scheme	109
Eastern Bush Rural Water Scheme	110
Orawia Rural Water Scheme	111
Tuatapere Water Boundary	112
Ohai Water Boundary	113
Wairio Water Boundary	115
Otautau Water Boundary	116
Riverton Water Boundary	117
Southland townships sewer boundaries	118
Te Anau Sewer Boundary	118
Manapouri Sewer Boundary	119
Monowai Sewer Boundary	120
Lumsden Sewer Boundary	121
Balfour Sewer Boundary	122
Riversdale Sewer Boundary	123
Winton Sewer Roundary	124

Page 3 of 137

13 August 2025

Sensitivity: General

Edendale Sewer Boundary	125
Wyndham Sewer Boundary	126
Browns Sewer Boundary	127
Gorge Road Sewer Boundary	128
Tokanui Sewer Boundary	129
Curio Bay Sewer Boundary	130
Ohai Sewer Boundary	131
Nightcaps Sewer Boundary	132
Tuatapere Sewer Boundary	133
Otautau Sewer Boundary	134
Riverton Sewer Boundary	135
Wallacetown Sewer Boundary	136
Stewart Island - Halfmoon Bay/Ohan Sewer Boundary	137

Page 4 of 137

Sensitivity: General

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

Statement that water services delivery is financially sustainable Proposed delivery model

Statement that water services delivery is financially sustainable

Financially sustainable water services provision

Statement of Financial Sustainability

This section confirms that by 30 June 2028, Southland District Council (SDC) will deliver water services in a manner that meets the Financially Sustainable Delivery Assessment criteria outlined in Part D of this Plan. It addresses:

- Transitional arrangements to ensure financial sustainability;
- Revenue requirements to meet the cost of service delivery;
- · Proposed levels of investment over the Plan period; and
- Funding and financing arrangements to deliver those investments.

SDC's Water Services Delivery Plan is financially sustainable as defined in Section 8 of the Local Government (Water Services Preliminary Arrangements) Act 2024.

SDC covers the second largest area of any Council in New Zealand. Its small population of around 32,000 people are spread across a number of small to medium sized towns and a large rural area. This results in Council being unable to obtain economies of scale in its water and wastewater infrastructure. Overall Council is responsible for managing

- 12 water schemes serving 8,425 full connections
- 7 rural water schemes
- 20 wastewater schemes serving 7771 connections
- and a wide network of stormwater across approx. 30,000 square kilometres

Council has a strong network of community governance, with nine community boards providing an essential conduit between Council and its local communities. These boards play a key role in shaping priorities, engaging on challenges, and advocating for pragmatic, place-based solutions.

SDC has consistently demonstrated prudent financial stewardship and proactive asset management. Historically, it has maintained a strong financial position, free of significant legacy issues, due to its commitment to undertaking necessary works as required. This approach has ensured that assets are well-managed and maintained, as reflected in the current plan.

For many years, Council sustained its cashflow through internal loans supported by cash reserves of around \$40 million, avoiding the need for external borrowing. However, with the increasing legislative standards particularly for wastewater, Council has had to move into a debt position in the last three years. These legislative standards are generally aligned to managing effects of large metropolitan systems, resulting in significant borrowing requirements alongside broader inflationary pressures. The costs of disposing wastewater to land for each of Council's 20 wastewater schemes are crippling for the small communities they serve. Balfour, with a population of around 145 residents and only 75 connections, currently uses an Imhoff tank and trickling filter system discharging to the Longridge Stream. The LTP estimates that meeting proposed performance standards and moving to land-based disposal would require \$11.21 million in capital investment, primarily for land purchase, conveyance infrastructure, and construction of disposal fields. This equates to approximately \$149,500 per connection, imposing an unsustainable financial burden on ratepayers, with minimal ability to spread costs across a larger base.

Page 5 of 137

Sensitivity: General

In 2024, SDC worked with Otago and Southland councils through the Local Water Done Well Working Group, supported by Morrison Low, to explore regional water service delivery improvements. The group assessed five options, ranging from joint contracts to a fully integrated multi-council water organisation. SDC evaluated each model based on resilience, affordability, and service quality, but ultimately Council and its residents found the Adjusted Status Quo to be the most suitable option, due to many of the points raised above including:

- The district's large and dispersed geography;
- Diverse water treatment systems;
- A strong community preference for local control and accountability;
- The ability to access greater borrowing capacity under Council operations compared to a CCO, due to Council's higher revenue streams;
- Limited financial benefit from a CCO structure has been identified at this time, given no assurance
 of rates harmonisation and with limited regional interest noted to date—likely due to SDC's smaller
 population base and the significant future investment needed in wastewater infrastructure. SDC
 remains open to collaborative CCO models in the future, if they can demonstrably deliver better
 outcomes for our communities and ratepayers.

While SDC remains open to future collaboration – such as shared procurement, asset management, and compliance co-ordination, it emphasises that any regional model must be flexible and responsive to the realities of rural councils and communities.

Confirmation of Financial Sustainability

Southland District Council confirms that its Water Services Delivery Plan (WSDP) ensures the delivery of water services will be financially sustainable by 30 June 2028, in accordance with the Financially Sustainable Delivery Assessment criteria outlined in Part D of the Plan.

To deliver a financially sustainable plan, within the confines of the Local Government (Water Services Preliminary Arrangements) Bill, Council has had to fully fund all of its three waters infrastructure by 30 June 2028.

In using Council's current 2024 Long Term Plan as a basis for this Water Plan, Council is acknowledging the work undertaken to date, to ensure good asset management and to meet existing compliance standards. It is also acknowledging that the LTP has already been discussed openly and fully with its community to date.

The LTP was based on Council's decision to phase in the funding of water and wastewater depreciation over eight years, increasing funding levels by 5% annually. This decision was not taken lightly and reflected Council's need to balance rate affordability with the unprecedented inflationary pressures following COVID-19. Over this period, the value of Council's three waters infrastructure increased by around 150%, from \$270 million at 30 June 2020 rising to \$678 million at 30 June 2024. At that time, it was signalled that stormwater depreciation funding would likely commence only after water and wastewater were fully funded, although this would continue to be reviewed as part of each LTP.

In preparing this plan, Council has committed to two key initiatives:

- Fully funding interest from rates by 2026/2027: to ease financial pressure on ratepayers, Council has
 been partially funding interest on water and wastewater loans from depreciation collected for each
 activity. The 2024 LTP indicated this would cease in 2026/2027, and this plan confirms that
 position. This decision is necessary to meet the requirements of the Local Government (Water
 Services Preliminary Arrangements) Bill.
- 2. Fully funding depreciation for water, wastewater, and stormwater by 2027/2028: to meet the definition of a balanced budget, full funding of three waters depreciation must be achieved by 2027/2028. With the 2025/2026 Annual Plan already adopted, the change can only occur in either 2026/2027 or 2027/2028. Given that removing interest funding from depreciation will already result in a significant rates increase in 2026/2027, this plan schedules full depreciation funding for 2027/2028, aligning it with the next LTP. By that time, it is hoped the water standards will be finalised, potentially reducing the costs of resource consent renewals and wastewater disposal compliance, thereby easing the future rating burden on the community.

Page 6 of 137

Sensitivity: General

With these amendments to the 2024 LTP, Council will achieve full compliance. Guidance provided to all councils to evaluate the Financial Sustainability of the three waters delivery vehicle it chose, was to assess it in terms of three key parts as outlined below:

- Revenue Sufficiency
- Investment Sufficiency
- Financing Sufficiency

Each part is supported by performance measures over the 10-year planning horizon. A summary is provided below, with more detail provided in Part D of this plan.

Transitional Arrangements

SDC has adopted a phased implementation plan to deliver financial discipline, operational delivery, and regulatory alignment. Key actions include:

- Enhancing asset condition data and risk-based renewal planning;
- Continuing to implement financial ringfencing and improve transparency;
- · Investing in workforce resilience and shared capability with neighbouring councils; and
- Delivering priority infrastructure upgrades aligned with affordability and compliance requirements.

Revenue Sufficiency

This part assesses whether projected revenues are sufficient to cover the costs of water services delivery, including depreciation and debt servicing.

Overall, Council structures its targeted rates and volumetric charges to reflect the true cost of delivering water, wastewater, and stormwater services. This approach supports transparency and fairness, ensuring users contribute proportionately to the services they receive.

Assessment

	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) before Depn – combined water services	4,077	4,903	8,477	12,898	11,190	14,573	15,283	15,752	16,193	15,755
Operating surplus/(deficit) after depn – combined water services	(6,541)	(6,330)	(3,478)	143	(2,359)	268	314	348	459	(351)

Council's revised strategy confirms the removal of interest funding from depreciation reserves in 2026/2027 and full funding of all waters' depreciation from 2027/2028. As a result, only small operating deficits are forecast, occurring in 2031/2032 due to two major maintenance projects – a \$2.5 million wastewater pond desludging in 2028/2029 and a \$617,000 water supply maintenance project for Eastern Bush in 2033/2034. Although classified as maintenance for accounting purposes, both projects deliver benefits over multiple years, warranting loan funding.

These decisions will see projected average residential water service charges rise from \$1,769 in 2024/2025 to \$4,391 in 2033/2034 – an increase from around 2.1% to 4.8% of median household income. The 34% increase in 2026/2027 reflects the shift to fully rate-funding interest, while the 25% rise in 2027/2028 reflects the move to full depreciation funding. Increases also incorporate operational and debt repayment costs for significant capital compliance projects.

Wastewater rate increases will have a notable impact on commercial and industrial properties with multiple pans, such as motels and hotels, and this will need to be addressed in the next Long Term Plan.

If national water standards are enacted as expected, capital expenditure requirements may reduce, potentially lowering the actual increases from those forecast here.

Page 7 of 137

Sensitivity: General

Projected average rate per connection/ rating unit (including GST)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking water	\$816	\$841	\$1,099	\$1,276	\$1,350	\$1,369	\$1,414	\$1,418	\$1,464	\$1,489
Wastewater	\$841	\$951	\$1,325	\$1,641	\$1,909	\$2,151	\$2,304	\$2,408	\$2,414	\$2,432
Stormwater	\$112	\$138	\$167	\$334	\$355	\$378	\$401	\$421	\$447	\$469
Overall average charge per connection/ rating unit	\$1,769	\$1,930	\$2,590	\$3,251	\$3,615	\$3,898	\$4,118	\$4,247	\$4,326	\$4,391
Annual Increase in average charge	21%	9%	34%	25%	11%	8%	6%	3%	2%	1%
Water services charges as % of median household income	2.1%	2.3%	3.0%	3.8%	4.1%	4.4%	4.7%	4.8%	4.8%	4.8%

Investment Sufficiency

This part assesses whether the proposed level of investment is sufficient to meet service levels, regulatory requirements, and growth needs. The \$256.5 million capital programme over 10 years is designed to meet compliance obligations, address growth in priority areas, and deliver condition-based renewals that maintain asset sustainability. Surpluses from full depreciation funding from 2027/2028 will build activity-based reserves, ensuring investment is both strategically targeted and financially sustainable.

Key Performance Measures

	FY2024/2	FY2025/2	FY2026/2	FY2027/2	FY2028/2	FY2029/3	FY2030/3	FY2031/3	FY2032/3	FY2033/3
	5	6	7	8	9	0	1	2	3	4
Asset										
sustainability	(26.6%)	(5.7%)	14.4%	(23.8%)	(13.7%)	(21.2%)	(34.7%)	(44.0%)	(34.5%)	(33.3%)
ratio										
Asset										
investment	143.6%	130.2%	170.4%	159.9%	145.7%	123.2%	70.2%	(13.4%)	14.6%	7.2%
ratio										
Asset										
consumption	26.7%	27.7%	28.9%	30.0%	30.9%	31.6%	31.8%	31.3%	31.0%	30.7%
ratio										

Assessment

Council's investment programme totals \$256.5 million over 10 years, supporting compliance, growth, and renewals. While the asset sustainability ratio (renewals/ depreciation) is negative in most years as a result of asset renewals being less than depreciation for the year, this reflects a deliberate strategy to fund renewals based on asset condition and risk rather than age alone and it recognises that asset renewal is never as smooth as depreciation calculations, often reflecting where Council is in the life of the assets, lives can reach up to 80 years.

The investment programme in the LTP has been phased to reflect affordability, delivery capacity, and consent renewal timeframes. It is also anticipated that future compliance standards for smaller schemes may reduce, which would improve overall affordability and planning certainty.

This plan has also updated the split of the capital programme between levels of service and renewals compared to the LTP. In the LTP, if a project was identified mainly as an improvement to the levels of service it was coded fully to that. In preparing this plan, each project has been reviewed with a view to split the same cost but between levels of service and renewals, based on the best knowledge of the project currently held.

Page 8 of 137

Sensitivity: General

Overall, the asset consumption ratio (book value of assets/replacement value of assets) remains stable, indicating that the network is not being depleted unsustainably. The investment programme is designed to:

- Meet current and anticipated regulatory requirements, including Taumata Arowai standards and proposed wastewater environmental performance standards.
- · Address growth in key areas such as Te Anau, Winton, and Riverton.
- Prioritise renewals based on risk, condition, and service continuity.

The renewals programme is well supported by operating cash flows from 2027/2028, with depreciation funding exceeding the level of renewals required to meet existing compliance standards and good asset management. With excess funds building up depreciation reserves in the latter half of the plan. This is shown in the table below

	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Capital Renewals (all assets)	7,791	10,595	13,678	9,720	11,689	11,279	9,772	8,621	10,300	10,738
Surplus before Depn	4,077	4,903	8,477	12,898	11,190	14,573	15,283	15,752	16,193	15,755
Transfer to/(from) depreciation reserves	3,714	5,692	5,201	(3,178)	499	(3,294)	(5,511)	(7,131)	(5,893)	(5,017)

While the plan includes provisions for renewals, Council does not have a high level of deferred renewals. This confirms that the bulk of investment is not age-driven, but instead driven by increasing regulatory requirements – particularly for wastewater treatment and discharge compliance.

The table below summarises an example of major capital projects in the investment programme, showing their primary outcomes in terms of levels of service (LOS), compliance, and growth:

Project	Primary Outcome(s)	Notes			
Te Anau Wastewater Treatment and Disposal Upgrade	Compliance	Meets proposed Wastewater Environmental Performance Standards; upgrades treatment process and disposal method.			
Winton Wastewater Inflow/Infiltration Reduction Programme	Compliance/ LOS	Reduces wet-weather overflows, improves network reliability, and supports consent compliance.			
Eastern Bush Drinking Water Treatment Upgrade	Compliance/ LOS	Removes long-standing Boil Water Notice; adds filtration and UV treatment.			
Riverton Water Supply Bore Replacement and Treatment Enhancements	LOS/ Resilience	Improves water quality and reliability; ensures supply security during peak demand.			
Otautau Wastewater Pond Desludging	Compliance/ LOS	Restores treatment capacity; extends asset life.			
Stormwater Capacity Upgrade – Winton	LOS/ Resilience	Improves drainage performance; reduces flood risk during heavy rain events.			
Te Anau Stormwater Resilience Works	LOS/ Compliance	Meets hydraulic capacity standards; accounts for climate change impacts.			
Reticulation Renewals – District-Wide	LOS/ Asset Sustainability	Replaces aged assets based on condition/risk; reduces likelihood of failures.			
Riverton Wastewater Treatment Plant Improvements	Compliance/ Growth	Addresses consent requirements; accommodates moderate growth in catchment.			
Manapouri Wastewater Network Upgrades	Growth / LOS	Increases network capacity for new connections; improves service reliability.			

Page 9 of 137

Sensitivity: General

Financing Sufficiency

This part assesses whether Council's financing arrangements are sufficient to support the investment programme and remain within borrowing limits. SDC's debt position remains within the 175% revenue limit, maintaining headroom for adverse events. Council's higher overall revenue base (including roading activity) provides greater debt capacity than a standalone CCO, with the option to increase the borrowing limit to 280% through obtaining a credit rating if required. Free funds from operations ratios indicate a strengthening ability to service debt over time, while Council continues to prioritise advocacy for appropriate compliance standards to manage cost pressures before increasing borrowing.

Key Performance Measures

	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Net Debt	68,135	89,088	112,942	133,197	155,297	172,651	182,851	180,438	182,282	183,794
FFO to debt ratio	6%	5.5%	7.5%	7.1%	5.2%	6.7%	6.9%	7.4%	7.4%	7.1%
Borrowing Headroom at 175% limit	22,495	9,417	14,543	24,483	18,823	14,789	14,522	23,136	25,353	25,906
Council Net debt to operating revenue (current limit 175%)	53%	75%	97%	111%	126%	138%	144%	141%	141%	141%
Water Services net debt to operating revenue if a CCO (limit 500%)	376%	452%	443%	481%	502%	513%	511%	484%	484%	485%

Assessment

In this plan, Council's financing strategy maintains debt within LGFA limits, while holding water services within Council (max is 175%). This is due to the higher level of Council revenue, principally because of the large roading programme and the revenue generated to maintain this. However, it would fall just outside the limit for three years if Council was to create a separate waters entity (max. 500%). Although, this ratio for the CCO does not matter given Council's decision to retain water services, it does reflect the high cost of compliance for a small Council. If required, Council still has the ability to obtain a credit rating, to increase the debt capacity up to 280%, however, it continues to be Council's preference to advocate for appropriate compliance standards to restrain borrowing first.

The Free Funds from Operations (net debt/net surplus before depreciation) indicates Council's growing capability to service debt from operating cashflows.

Overall Financial Sustainability

SDC confirms that its Water Services Delivery Plan is financially sustainable as defined under Section 8 of the Local Government (Water Services Preliminary Arrangements) Act 2024.

The plan meets the Financial Sustainability Assessment criteria by demonstrating:

- Revenue sufficiency Operating revenues cover costs in all but two years after 2027/2028, with
 those exceptions due to one-off maintenance projects delivering multi-year benefits and funded
 through loans. This is achieved by fully funding depreciation from 2027/2028 and confirming the
 decision to fund interest from rates (rather than depreciation reserves) from 2026/2027.
- Investment sufficiency Capital programmes align with service levels, growth, and compliance requirements. While annual renewals do not exceed depreciation, this reflects current asset condition and lifecycle stage, and will be reviewed regularly through asset condition and maintenance programmes. Surpluses will be held in separate, activity-based depreciation reserves.

Page 10 of 137

Sensitivity: General

 Financing sufficiency – Borrowing remains within Council's 175% revenue limit, with headroom for adverse events. Financial management is sound, with the ability to increase borrowing limits if a credit rating is obtained.

Achieving this position requires a shift to full depreciation funding, resulting in significant rates increases in 2026/2027 (interest funding change) and 2027/2028 (full depreciation funding). Staging the increases over two years avoids a single large impact and allows time for national water standards to be finalised, which may reduce consent and compliance costs and ease the future rates burden.

Proposed model to deliver financially sustainable water services

The proposed model to deliver water services

Southland District Council will continue to own, govern, and operate water services internally under the Adjusted Status Quo delivery model. This approach reflects strong community preference (97.5% support in consultation) and delivers a financially sustainable, resilient, and locally accountable service that is proportionate to the district's rural scale and geographic realities. It preserves Council's borrowing headroom, maintains ringfenced water activity finances, and avoids the governance and administrative overhead of a new entity while allowing targeted collaboration with other councils where this delivers measurable benefits.

Under this model:

- Council remains the asset owner for all water services infrastructure, with governance and strategic direction retained by elected members.
- Council directly manages operations across twelve drinking water schemes, twenty wastewater treatment schemes, and stormwater networks within designated urban areas.
- Operational delivery is supported by in-house capability and contracted service providers, enabling flexibility and cost-effective service delivery in a large rural district.
- Charges for water services are collected through targeted rates, and volumetric user fees (where
 applicable), as defined in Council's Revenue and Financing Policy.

Water services will continue to be financially ringfenced, which ensures that:

- Water-related revenues are used exclusively for water services activities;
- Operating costs, depreciation, and renewals are transparently accounted for within water activity budgets;
- Surpluses or deficits are not cross-subsidised by or from general Council operations, maintaining the financial integrity of water service accounts;
- Asset management plans and capital investment programmes are funded on a user-pays basis.

SDC's financial management system is structured with dedicated business units for each of the three water services activities: drinking water, wastewater, and stormwater. Each activity has its own rate types linked to the corresponding business unit, and separate reserves are maintained for each water activity to support financial transparency and integrity.

Operational and capital costs associated with each activity are reviewed monthly as part of Council's end-ofmonth processes to ensure accurate coding and allocation. This internal review is further supported by Council's external audit process, which includes testing of operational expenditure and verification of capital project costs.

Council has maintained ringfenced financial management of water services since introducing a district-funded targeted rate for each of drinking water and wastewater in 2012. A separate district-wide targeted rate for stormwater was introduced in 2021. This approach supports clear accountability, aligns with legislative requirements, and ensures that revenue collected for each activity is used solely for that purpose.

The Adjusted Status Quo model was selected following a comprehensive assessment of service delivery options, including participation in a joint Council Controlled Organisation (CCO). Community feedback strongly supported Council retaining direct responsibility for water service delivery. Key concerns raised during consultation included potential governance complexity, reduced local responsiveness, and the risk of increased costs from regional aggregation.

Page 11 of 137

Sensitivity: General

A CCO offers no assured financial or service advantage for Southland. Rates harmonisation is not required under legislation, meaning our ratepayers could face higher costs without clear benefits. With limited regional interest and our small, dispersed population — alongside high wastewater compliance costs — the CCO model is neither financially prudent nor operationally advantageous at this time.

Hence the desire to adopt the Adjusted Status Quo model, Southland District Council is able to:

- Align water service delivery with local land use, climate resilience, and growth management planning;
- Maintain direct and responsive relationships with communities and mana whenua;
- Deliver services in a way that is proportionate to the scale and needs of rural schemes;
- Stage infrastructure investment to reflect affordability constraints and evolving compliance obligations.

Implementation plan

Implementation plan

Implementing the proposed service delivery model

Southland District Council's implementation of the Adjusted Status Quo model builds on an already established in-house delivery framework and a comprehensive planning foundation. The staged actions below align with Council's 2024–2034 Long Term Plan, 30-Year Infrastructure Strategy, and the Activity Management Plan for Water Services (2024).

This implementation plan sets out the key actions SDC will take to demonstrate compliance with the Local Government (Water Services Preliminary Arrangements) Act 2024, and to position the district for sustainable water service delivery into the future.

Stage 1: Confirm Plan and Governance Structures

(July-August 2025)

- Finalise and adopt the Water Services Delivery Plan, with chief executive certification and Council resolution.
- Submit the plan to the Department of Internal Affairs (DIA).
- Communicate delivery model decisions and transition arrangements to the community, mana whenua, operational contractors, and regional partners.
- · Confirm project governance roles and internal reporting structures for implementation tracking.

Stage 2: Strengthen Internal Systems and Capability

(September-December 2025)

- Update water services governance and delivery arrangements to reflect statutory changes, including reporting and assurance requirements under the Local Water Done Well framework.
- Enhance internal asset management systems using the AMP's improvement programme, including lifecycle planning, condition data capture, and risk-based prioritisation.
- Strengthen performance monitoring and operational oversight using existing KPIs in the AMP (eg unplanned service disruptions, consent compliance, and customer response times).
- Infrastructure Investment Priority Plan and Criticality Plan complete in conjunction with Waugh 2023 to help determine capital and operating budgets and improve asset management practices.
- Advance workforce planning for the water and waste team, including capability uplift and resilience
 of contracted services in remote areas.

Stage 3: Refine Financial Systems and Compliance Tools

(By June 2026)

 Refine and formalise existing financial ringfencing arrangements to ensure transparency across revenue, expenditure, renewals, and debt management within the three waters activities.

Page 12 of 137

Sensitivity: General

 Review and, if required, revise targeted rating mechanisms to align with cost recovery principles and equity objectives.

- Begin preparing system refinements to track and report on affordability impacts, particularly for rural and low-population schemes.
- Continue regulatory compliance planning for Taumata Arowai rules and anticipated wastewater environmental performance standards.

Stage 4: Deliver on Priority Renewals and Investment Commitments

(By June 2027)

- Deliver major renewals and treatment upgrades as outlined in the AMP, including:
 - Treatment improvements for rural drinking water schemes under boil water notices
 - Wastewater upgrades for consent compliance and resilience
 - Reticulation renewals in high-risk areas based on condition assessments
- Advance stormwater planning, with a focus on hydraulic capacity mapping, resilience assessments, and climate change adaptation (per AMP Section 6.3).
- Support regional discussions on cost sharing, environmental limits, and shared workforce solutions
 where appropriate.

Stage 5: Demonstrate Full Compliance and Strategic Readiness

(By June 2028)

- Demonstrate full alignment with the financial, operational, and governance expectations of the Local Water Done Well regime.
- Provide audited assurance of financial sustainability, asset performance, and service delivery outcomes
- Conduct a delivery model review to confirm its continued appropriateness and responsiveness to community, environmental, and regulatory needs.
- Integrate water services delivery into the next LTP cycle (2027–2037), ensuring alignment with updated national standards and community priorities.

SDC's implementation plan builds on strong foundations and an established planning and delivery framework. It is underpinned by Council's commitment to locally responsive, financially sustainable, and environmentally responsible water services provision.

Consultation and engagement

Consultation and engagement

Consultation and engagement undertaken

As part of the requirements under the Local Government (Water Services Preliminary Arrangements) Act 2024, Southland District Council undertook a formal and comprehensive consultation process during April–May 2025 to determine the preferred model for future delivery of water services.

Council invited feedback on two proposed service delivery options:

- Adjusted Status Quo (In-House Delivery) Council continues to manage and deliver water services directly, with strengthened governance, compliance, and financial structures.
- Standalone Council-Controlled Organisation (WSCCO) Creation of a new entity owned by Southland District Council to deliver water services.

This process was designed to be transparent, accessible, and providing a meaningful platform for public input into a decision that would shape the future of local water service delivery.

Page 13 of 137

Sensitivity: General

Engagement Approach

The consultation programme was supported by early engagement with elected members, key stakeholders, and technical advisors to shape and test the proposed delivery options. During the formal consultation period, Council implemented a multi-channel public engagement strategy that included:

 A dedicated consultation webpage titled "Local Water Done Well – What's the best way forward for Southland?", hosted on the SDC website.

This webpage served as the central hub for consultation and included:

- An overview of the legislative context and why Council was required to consult
- A summary of each delivery option and their respective pros and cons
- Frequently Asked Questions (FAQs) on ringfencing, compliance, funding, and service delivery implications
- Infographics explaining the impact on ratepayers and Council operations
- Downloadable documents and an online submission form
- Promotion of upcoming public meetings and how residents could participate.
 The language and layout of the page were clear and accessible, designed to support informed, district-wide engagement.
- 10 community meetings held across the district in Riversdale, Lumsden, Otautau (two sessions),
 Tuatapere, Riverton, Te Anau, Wyndham, Winton, and Stewart Island. These meetings were hosted
 by the Mayor and supported by senior Council staff, providing opportunities for in-person
 discussion and Q&A.
- · A broad communications campaign involving:
 - Facebook posts and website updates
 - Newspaper notices and local radio mentions
 - Mail drops and poster displays in public spaces
 - Printed submission forms available at service centres and libraries.

Throughout the process, elected members and staff maintained active engagement with communities to answer questions and promote participation.

Consultation Outcomes

A total of 200 submissions were received. Of these:

- 195 (97.5%) supported the Adjusted Status Quo delivery model;
- 5 submissions (2.5%) favoured the establishment of a CCO.

This strong and unified preference for retaining local, in-house delivery gave Council a clear mandate for decision-making.

Key Themes Identified in Feedback

The public consultation process generated a strong, consistent set of themes across both written submissions and public meetings. The following five themes summarise the community's key priorities and concerns in relation to future water service delivery.

1. Local Control and Accountability

The most prominent theme was the community's strong preference for retaining local control of water services. Residents emphasised that decisions about essential infrastructure should be made by people who understand Southland's unique rural context and are directly accountable to their communities. There was clear support for maintaining governance within Council, where public influence and transparency can be more easily preserved.

2. Cost and Affordability

Affordability was a key concern across many submissions. The community expressed unease about the establishment and ongoing costs of creating a new Council-Controlled Organisation, with many stating that these resources would be better directed toward infrastructure improvements. The in-house model was viewed as a more fiscally responsible and efficient way to deliver services without unnecessary overhead.

Page 14 of 137

Sensitivity: General

3. Desire for Stability and Certainty

Submitters expressed strong fatigue with reform and structural change, particularly following the uncertainty caused by the national Three Waters programme. Many supported an approach that maintained continuity and built on existing systems, rather than introducing a new entity that could result in disruption, confusion, or reduced service responsiveness.

4. Confidence in Council Delivery

Confidence in Council's existing water service delivery was frequently noted. Submitters pointed to the capability of current staff, familiarity with local infrastructure, and Council's responsiveness to community needs. Many believed that SDC was well-positioned to meet new legislative requirements while continuing to deliver safe and reliable services.

5. Practical, Proportionate Improvement

Rather than pursuing structural change, the community expressed a desire for pragmatic, proportionate improvements to existing systems. Submissions reflected a preference for simplicity, adaptability, and targeted investment – with a focus on delivering tangible outcomes rather than establishing new governance layers.

In summary, the consultation clearly signalled that Southland residents support a delivery model that maintains local accountability, ensures affordability, and builds on Council's existing strengths. The preference was for a steady, community-led path forward that meets new standards through practical improvements – not large-scale structural reform.

Council Deliberation and Decision

After reviewing the feedback and weighing the financial, operational, and community implications, Southland District Council resolved on 11 June 2025 to proceed with the Adjusted Status Quo as the preferred delivery model. The resolution was based on:

- Strong community support and consultation feedback
- Financial prudence and risk mitigation
- Council's existing capability and performance track record
- Alignment with the principles of Local Water Done Well.

This decision allows SDC to remain the direct provider of water services while progressively improving compliance, asset management, and financial structures in a way that is tailored to the needs of Southland's communities.

Assurance and adoption of the Plan

Assurance and adoption of the Plan

In certifying this Water Services Delivery Plan, the chief executive provides the following commentary regarding the underlying assumptions, level of confidence, and known risks associated with delivery under the Adjusted Status Quo model:

• Level of Confidence in Underlying Information:

The Plan draws on Southland District Council's most recently adopted 2024–2034 Long Term Plan, Infrastructure Strategy, and Activity Management Plans. These documents represent the best available information as at June 2025 and include projections based on known infrastructure condition, existing compliance obligations, and reasonable funding assumptions.

While there is a high degree of confidence in Council's ability to deliver water services under current legislative settings, there is less certainty around forward compliance costs – particularly in relation to the draft Wastewater Environmental Performance Standards and any associated changes to monitoring or discharge requirements.

Material Risks and Constraints:

Key risks that may impact on delivery of this Plan include:

Page 15 of 137

13 August 2025 Council

Sensitivity: General

Regulatory uncertainty: The wastewater standards under consultation may significantly increase capital and operational expenditure, particularly for small and dispersed schemes.

- Affordability and equity: Given Southland's low population density and rural service profile, any sudden increase in compliance requirements may challenge affordability and result in disproportionate per-connection costs.
- Funding availability: Any shifts in central government co-funding or support (eg subsidies, transition assistance) may impact Council's ability to stage upgrades as planned.
- Market conditions and delivery capability: Escalation in construction costs, supply chain constraints, or workforce shortages may affect project timeframes and cost assumptions.

Assurance and Verification Processes:

Internal quality assurance processes have been applied to the preparation of this plan, including cross-team review and validation of financial assumptions by Council's Finance team.

The plan aligns with existing audit processes associated with Council's LTP and financial strategies. Independent review of this plan has not been commissioned at this stage but may be considered ahead of the next LTP cycle or once national compliance expectations are finalised.

This commentary is intended to reflect both Council's readiness to implement the plan and the known variables that could influence successful delivery. Council will monitor these risks closely and update its approach through future LTP cycles, in consultation with central government and the community, to ensure water services remain financially sustainable, compliant, and fit for purpose.

Council resolution to adopt the Plan

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

Certification of the Chief Executive of Southland District Council

Council's chief executive can complete the following certification statement to demonstrate compliance. For joint Plans, this certification statement should be modified to certify only the information provided by Council in the preparation of the Plan, as opposed to all information included in the plan.

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:	
Designation:	
Council:	
Date:	

7.4 Attachment A Page 33

Page 16 of 137

Sensitivity: General

Part B: Network performance

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

Page 17 of 137

Sensitivity: General

Investment required in water services

Serviced population

Page 18 of 137

Sensitivity: General

Projected Growth in Serviced Population and Connections (2024–2054)

Southland District Council has modelled population and dwelling growth across the district to 2054 using Statistics New Zealand subnational projections (2021-base), Infometrics 2023 forecasts, and LTP growth assumptions. These projections reflect a low-growth scenario typical of rural councils, with limited but steady increases in households and demand for water services.

Area	Population 2024	2054	Dwellings 2024	2054	Growth Driver
Te Anau	3,150	3,600	1,450	1,750	Tourism, retirement migration
Riverton	2,050	2,250	950	1,080	Coastal amenity, lifestyle housing
Winton	2,370	2,550	1,000	1,100	Local service centre demand
Other towns	6,100	6,200	2,600	2,850	Minor infill growth
Rural/lifestyle	5,400	5,000	2,450	2,750	Smaller household sizes, spread living
Total	19,070	19,600	8,450	9,530	

Projections based on Stats NZ, Infometrics, and LTP assumptions. Growth primarily reflects household size decline and localised demand in select centres

The tables below project growth in connections for drinking water, wastewater, and stormwater services across the district. These are based on historic uptake patterns, capacity constraints, and expected development within existing reticulated areas.

Projected Serviced Connections - 10 Years

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking Water	8,425	8,429	8,433	8,437	8,442	8,446	8,450	8,454	8,458	8,463
Wastewater	10,322	10,327	10,332	10,337	10,342	10,347	10,353	10,358	10,363	10,368
Stormwater	11,081	11,087	11,092	11,098	11,103	11,109	11,115	11,120	11,126	11,131

The above table reflects the full connection equivalents for the three services

Projected Serviced Connections – 30 Years

Projected Growth in Serviced Population and Connections (2024–2054)

Service Type	FY2024/25	FY2029/30	FY2034/35	FY2039/40	FY2044/45	FY2053/54
Drinking Water	8,425	8,446	8,475	8,500	8,520	8,540
Wastewater	10,322	10,347	10,377	10,405	10,425	10,450
Stormwater	11,081	11,109	11,140	11,165	11,185	11,200

Page 19 of 137

Sensitivity: General

These forecasts are based on Statistics New Zealand (2021-base) low growth population scenarios, Infometrics 2023 district-level projections, and Southland District Council's Long Term Plan assumptions. They reflect steady population and household growth across existing serviced areas, informed by recent development trends and infrastructure capacity modelling from the 2024–2054 Infrastructure Strategy.

Council maintains a spatial register of serviced and unserviced communities, including maps and GIS overlays of current water service areas. This is supported by infrastructure strategies and development planning tools. A full list of unserviced communities is available through Council's GIS viewer.

Serviced areas

Southland District Council provides water services to a geographically large and sparsely populated district. With over 30 distinct communities and a high rural population, the distribution and scale of water infrastructure varies widely. A detailed map of Southland's current water and wastewater scheme boundaries is provided in *Appendix* [A]. This map illustrates the extent of Council-operated networks, including urban and rural schemes, and highlights the decentralised nature of service delivery across the district.

Areas That Receive Water Services

SDC operates:

- 12 registered drinking water schemes, including both urban and rural/agricultural areas
- 20 wastewater schemes, in 19 townships/areas
- Stormwater networks in 18 townships, generally limited to reticulated urban areas
- 7 rural stock water supplies in the Te Anau basin

The following townships are served by Council owned water and/or wastewater schemes:

- Drinking water: Te Anau, Winton, Riverton, Eastern Bush/Otahu Flat, Lumsden/Balfour, Otautau, Ohai/Nightcaps, Orawia, Manapouri, Mossburn Edendale/Wyndham and Tuatapere,
- Wastewater: Balfour, Browns, Edendale/Wyndham, Gorge Road, Lumsden, Manapouri, Monowai, Nightcaps, Ohai, Otautau, Riversdale, Riverton, Riverton Rocks, Stewart Island, Te Anau-Kepler, Tokanui, Tuatapere, Wallacetown, Winton and Curio Bay
- · Rural water schemes: Te Anau and other small-scale schemes supplying domestic and rural/agricultural users
- Stormwater networks: Present in urban areas such as Te Anau, Winton, and Riverton, often co-located with wastewater services

Water supplies are generally sourced groundwater bores or surface takes, and treatment methods vary based on the source and compliance requirements.

Areas That Do Not Receive Water Services

Approximately 60–65% of the district's population lives outside reticulated water service areas. In these rural and remote areas:

- Households rely on roof tanks, private bores, or stock water schemes
- Wastewater disposal is via on-site systems (eg septic tanks)
- Stormwater is managed via land drainage or natural overland flow

Page 20 of 137

Sensitivity: General

These communities are not directly supported by Council water services and fall outside the scope of this delivery plan, except where broader public health or environmental considerations apply.

Levels of Service and Current Performance

Performance is monitored through a combination of:

- DIA non-financial performance measures, such as:
 - o Water loss as a percentage of total volume
 - o Number of unplanned service disruptions
 - o Response times to faults and customer complaints
- Council's own Levels of Service (LOS) targets from the Long Term Plan and Activity Management Plan, including:
 - o Drinking water quality assurance compliance
 - o Wastewater discharge consent compliance
 - o Customer satisfaction with stormwater system effectiveness

Council monitors and reports on performance using the DIA mandatory non-financial measures. These are reported annually through the Long Term Plan and Annual Report processes. The table below provides a snapshot of recent performance and targets across key water service metrics.

Performance Measure	2023/24 Actual	Target
Drinking water compliance – bacteriological standards	100%	100%
Drinking water compliance – protozoal standards	83%	100%
Complaints per 1,000 connections (water clarity, taste, pressure, continuity etc.)	2.1	≤ 5
Median response time to urgent drinking water issues	1.6 hours	≤ 4 hours
Dry weather wastewater overflows per 1,000 connections	0.3	≤ 1
Stormwater discharge compliance with resource consent conditions	95%	100%

As at 2024, SDC generally meets performance targets across all three waters. However, some gaps exist:

- 1. Wastewater schemes such as Winton, Riversdale, Balfour and Edendale-Wyndham have ageing infrastructure and high levels of inflow/infiltration (I/I), placing pressure on treatment capacity and consent compliance.
- 2. Mixed use rural drinking water supply Eastern Bush continues to operate under Boil Water Notice and will require further treatment upgrades to comply with Taumata Arowai's Drinking Water Quality Assurance Rules.

Council has committed to a staged investment and operational improvement programme to address these issues, as outlined in the AMP, the Infrastructure Strategy (2024–2054), and the LTP 2024–2034 Capital Programme.

Page 21 of 137

Sensitivity: General

Key actions include:

Wastewater Improvements:

- Renewals and I&I reduction work in high-risk catchments (AMP Section 6.4.3)
- Treatment plant desludging, bunding, and re-consenting (Infrastructure Strategy Table 4)
- Network upgrades in response to population pressures and compliance needs (eg Manapouri)

• Drinking Water Compliance Upgrades:

- Filter and UV installations in small rural schemes (AMP Table 6.5)
- Source protection zone improvements and risk mitigation actions
- Progressive removal of Boil Water Notice, prioritised based on population served and risk exposure

• Stormwater Network Enhancements:

- Stormwater modelling for Winton, Te Anau and Riverton (AMP Section 6.6)
- Proactive renewals in known flooding areas
- Integration of resilience planning to account for climate change scenarios (Infrastructure Strategy Section 3.3)

The investment profile is phased over 10 years, with flexibility built in to accommodate delivery challenges and funding constraints. These improvements are aimed at lifting service levels, achieving regulatory compliance, and enhancing resilience while maintaining financial sustainability.

Growth and Development Capacity

The Southland district does not face widespread or rapid urbanisation, but modest and localised growth is anticipated, particularly in Te Anau, Winton, and Riverton. These townships are experiencing a steady increase in housing development, retirement living, tourism activity, and in some cases, infill subdivision.

To accommodate this growth, Council's infrastructure planning takes a measured and demand-responsive approach, ensuring that investment is proportionate, timely, and financially sustainable. The planning framework enables Council to respond effectively without overcommitting to infrastructure that may remain underutilised in low-growth areas.

Key elements of Council's growth planning approach include:

• Incremental Capacity Upgrades:

Water and wastewater systems in growth areas are monitored regularly for capacity constraints. Treatment plant upgrades, trunk main extensions, and pump station improvements are staged in alignment with growth signals and capital works programming. For example, Te Anau's wastewater network has undergone recent works to improve resilience and accommodate additional connections.

• Flexible Investment Programming:

Council's Long Term Plan and Infrastructure Strategy allow for investment to be advanced or deferred based on actual development uptake. This avoids premature infrastructure outlay while ensuring readiness when demand arises. Priority is given to areas with subdivision potential already identified in the District Plan or where developer interest is active.

• Integrated Land Use and Infrastructure Planning:

Council's District Plan, Development and Financial Contributions Policy, and water asset planning are aligned to ensure that infrastructure capacity and environmental constraints are factored into development decisions. Particular attention is paid to managing stormwater runoff and ensuring compliance with discharge consents in sensitive receiving environments (eg., estuaries, lake margins).

Page 22 of 137

Sensitivity: General

The 2024–2034 Long Term Plan includes provision for targeted investment to support growth in key townships, while maintaining affordability and regulatory compliance. This includes resilience upgrades that also improve capacity, ensuring dual benefits from planned works.

opulate the following table						
Serviced areas (by reticulated	Water supply	Wastewater	Stormwater			
network)	# schemes	#schemes	# catchments			
Residential areas (If more than one	Te Anau (~1,600),	20 schemes including	18 urban catchments (approx. 8,500			
identifies separately)	Winton (~1,250),	Balfour	properties served across all townships			
	Riverton (~950),	Browns				
	Eastern Bush /Otahu Flat	Edendale/Wyndham				
	Lumsden/Balfour,	Gorge Road				
	Otautau,	Lumsden				
	Ohai /Nightcaps,	Manapouri				
	Orawia	Monowai				
	Manapouri	Nightcaps				
	Mossburn	Ohai				
	Edendale/Wyndham,	Otautau				
	Tuatapere,	Riversdale				
	Total 12 schemes	Riverton				
	Total 12 schemes	Riverton Rocks				
		Stewart Island				
		Te Anau-Kepler				
		Tokanui				
		Tuatapere				
		Wallacetown				
		Winton				
		Curio Bay				
		(~7,800 total connections)				
Non-residential areas (If more than	Included in above; eg	Included in above (~500–600 trade	Included in above			
one identifies separately)	commercial/industrial meters in	waste/commercial units)				
1 77	Te Anau, Winton, Riverton (~600–	·				
	700 connections)					
Mixed-use rural drinking water	Eastern Bush (~80)	n/a	n/a			
schemes (where these schemes are	,	'				
not part of Council's water services						
network)						

Page 23 of 137

Sensitivity: General

	~6,000–7,000 rural properties rely on roof tanks/private bores	~6,500–7,500 use septic/on-site systems	~10,000 rural properties rely on land drainage/natural flow
Planned (as identified in district plan)	Te Anau (new subdivisions – ~150 lots), Winton (~80), Riverton (~60)	Te Anau, Winton, Riverton upgrades programmed to support growth. Stewart Island, whilst connections are small growth is challenging.	Catchments aligned to Te Anau, Winton, Riverton subdivision envelopes – stormwater planning in AMP

Water Use and Network Commentary

SDC operates a diverse portfolio of drinking water schemes that reflect the district's rural character and dispersed population. This includes both fully reticulated township systems (urban) and restricted rural networks that primarily support agricultural users. Understanding the consumption trends and water loss characteristics of each scheme is essential to shaping future investment and maintenance priorities.

As shown in the table below, urban schemes such as Winton, Edendale-Wyndham, and Manapouri perform exceptionally well in terms of water loss, with negative values recorded due to improved pipe materials, recent renewal programmes, and high metering accuracy. These three networks have benefited from targeted capital upgrades over the past 10-15 years and currently exhibit high asset condition ratings. Urban per capita consumption typically ranges from 698-882 litres per person per day, with Te Anau slightly higher due to its larger reticulated area, tourism demand, and some legacy infrastructure.

In contrast, rural schemes such as Eastern Bush-Otahu Flat show significantly higher consumption values up to 1,764 L/p/d, driven by stock water use and low population densities. However, these schemes are restricted via 2 m³/day tank-based supplies, which provide a clear and controlled basis for estimating actual demand and loss. Water loss remains within acceptable bounds (18–24%) for these schemes, and their current asset condition is rated as average, with renewals programmed over the next decade.

The data demonstrates that while water loss is well-controlled in most schemes, continued renewal investment, especially in larger, older networks such as Te Anau will be necessary to sustain performance and compliance. A tailored approach to renewals, informed by water loss metrics, condition ratings, and usage profiles, underpins Council's future investment strategy.

Urban vs Rural Water Scheme Summary - Consumption, Losses and Network Condition

Southland District operates a mix of urban reticulated schemes and restricted rural networks. Consumption data varies accordingly.

Urban networks (eg Winton, Edendale-Wyndham, Manapouri) show per capita consumption rates ranging from 698 -882 litres per person per day, depending on scheme size, demand profile, and metering accuracy.

Rural schemes (eg Eastern Bush,) serve largely agricultural customers and record higher average daily use up to 1,764 litres per person per day due to stock water demand and low household density. These networks are tank-restricted at 2,000 L/day per connection.

Despite high nominal consumption on rural schemes, actual demand is well managed through restrictor controls, and water loss percentages remain within acceptable ranges (typically 18–24%).

Page 24 of 137

Sensitivity: General

The AMP includes targeted renewals in both rural and urban areas based on this demand profile, with pipe materials and sizing selected to support both capacity and efficiency. Rural schemes are reviewed regularly to ensure they remain proportionate to service need.

Scheme	Туре	Average Daily Consumption (L/p/d)	Water Loss (%)	Pipe Condition	Commentary
Winton	Urban	350 L/p/d	-2.5%	High	Over the past decade, Winton has undergone extensive renewal of aging asbestos cement (AC) mains. This proactive replacement programme has significantly improved the integrity of the network, resulting in a high-performance rating and recorded negative water loss (due to meter and model variance).
Edendale– Wyndham	Urban	400 L/p/d	-1.7%	High	A major capital works programme in the early 2010s replaced much of the Edendale- Wyndham network with new PVC and HDPE mains. This has created a reliable and well- performing system, reflected in low water losses and high condition ratings.
Manapouri	Urban	375 L/p/d	-3.0%	High	The original pipework in Manapouri was installed in the 1970s by the Hydro Company and later vested to Council in the late 1990s. Since 2000, Council has invested in network expansion and upgrades, maintaining strong asset condition and efficient performance.
Te Anau	Urban	420 L/p/d	27.0%	Moderate	As the largest township scheme, Te Anau includes an extensive distribution network across varied terrain. Water loss is higher here due to the length and complexity of the network. Some renewal and leakage reduction work has been completed, but further investment is planned to address performance gaps. Noting Te Anau has a high tourist population at times with low population.
Lumsden– Balfour	Rural	1,396 L/p/d	23.6%	Average	A restricted rural scheme primarily supplying farms, this scheme uses 2,000L/day tank restrictors per connection. While this allows for controlled delivery and accurate water loss monitoring, per capita consumption appears high due to stockwater use and sparse population density. Pipe condition is average but serviceable.
Eastern Bush-Otahu Flat	Rural	1,764 L/p/d		Average	Similar to Lumsden–Balfour, this rural scheme uses restrictors to supply farming properties. Per capita usage is very high due to agricultural demand and low resident population. The scheme performs well in terms of leakage control but has moderate asset condition that will need attention over the coming years.

Note: Pipe condition reflects asset age, material, failure history, and recent renewals, as assessed by Council staff and AMP data

Asset Age, Condition and Material

As a rural territorial authority with many small communities, much of the network has been built incrementally over time to suit local conditions, often using a wide range of pipe materials and diameters. Council maintains detailed asset registers and renewal profiles that track the estimated age and remaining useful life of reticulation and plant components. A number of older schemes (eg Riverton, Winton) include pipes installed over 50 years ago, while some newer installations reflect

Page 25 of 137

Sensitivity: General

recent investment. Council's Activity Management Plan and Infrastructure Strategy note that the overall three waters asset portfolio is aging, with increasing reinvestment needs anticipated over the next 10–30 years.

Condition Assessment Approach

Formal condition assessments are undertaken where feasible (eg during renewal works or CCTV inspections for wastewater), but much of Council's condition grading relies on a combination of:

- Asset age and expected life
- Known break rates or operational issues
- Pipe material vulnerability (eg asbestos cement and unlined cast iron)
- Recent renewal history
- Staff field knowledge and observations

Note: Pipe condition ratings are based on a combination of asset age, material type, known failure history, renewal records, and operational staff knowledge. These are captured in Council's AMP models and updated iteratively as new information becomes available.

Council is progressively improving data confidence and has identified data quality improvements as a key priority for its AMP improvement plan. Pipe networks across SDC's water and wastewater systems include a mix of materials, including:

- Asbestos cement (AC): common in older schemes, now being progressively renewed
- PVC and PE: standard materials in more recent renewals
- Galvanised iron, copper and concrete: present in isolated areas or service laterals

Diameter profiles vary by scheme but are predominantly in the small-to-medium range (40 mm–150 mm), consistent with the low-density rural nature of most townships.

Council's renewal strategy focuses on proactively identifying and replacing water infrastructure assets that are nearing the end of their useful life, exhibit known deterioration, or pose a risk of service interruption, health non-compliance, or environmental harm. This strategy is critical for maintaining service levels, protecting public health, and avoiding costly reactive repairs or emergency responses.

Renewal priorities are informed by multiple inputs, including:

- Risk-based modelling: Using condition, consequence, and likelihood-of-failure criteria, assets are ranked according to risk to service continuity and community impact.
- Failure history: Recorded breakages, bursts, and treatment plant outages provide evidence for prioritising problematic sections of network.
- Hydraulic performance: Areas with under-sized or high-friction pipelines, insufficient fire flows, or suboptimal storage capacity are flagged for renewal or upgrade.
- Community board and operational staff feedback: Localised knowledge of persistent issues such as pressure complaints, water quality concerns, or legacy pipe materials ensures operational intelligence is factored into renewal planning.
- Asset age and material vulnerability: Known high-risk materials (eg asbestos cement, galvanised iron) or very old assets are also given early consideration, even if current condition is unknown.

Page 26 of 137

Sensitivity: General

Council's capital renewal programme is embedded within its LTP and is updated every three years through the Activity Management Plan process. Planned works are phased based on available funding, risk profile, and delivery feasibility — with bundling opportunities used where possible to optimise contractor mobilisation and minimise disruption.

To maintain affordability, Council has adopted a renewals funding strategy that blends depreciation funding with targeted borrowing, ensuring long-life assets are replaced in a financially sustainable manner.

The renewal strategy is closely aligned with SDC's Infrastructure Strategy 2024–2054, which sets out long-term investment drivers, resilience objectives, and intergenerational funding principles. These include a focus on:

- Replacing aging, brittle or non-compliant infrastructure
- Increasing resilience to natural hazards and climate variability
- Prioritising schemes with high risk of failure or non-compliance
- Coordinating renewal with upgrades or intensification where demand is growing

The Activity Management Plan – Water Services (April 2024) further operationalises these goals by setting out scheme-level investment priorities, indicative renewal profiles, and a forward works programme. Asset condition and criticality data will continue to be refined over time to improve targeting and support more granular decision-making.

Together, these strategic and operational planning documents ensure Council's investment in renewal is coordinated, risk-informed, and aligned with community expectations and statutory responsibilities.

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

SDC maintains three waters assets that range widely in age and condition due to historic service patterns, funding limitations, and variable scheme sizes. Condition data is strongest for above-ground assets (eg treatment plants, pump stations), while below-ground reticulation data is steadily improving through ongoing CCTV inspections and renewal programming.

As summarised in Council's 2024 Activity Management Plan:

- Asset age and condition varies significantly by scheme, but a large portion of the network was installed in the 1970s–1980s
- Approximately 20–25% of all three waters infrastructure is estimated to be in poor or very poor condition (Condition 4 or 5)
- · Critical water infrastructure has been identified, prioritised, and incorporated into renewals and resilience programming

Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets	38 years	42 years	35 years
Critical Assets	Treatment plants, reservoirs, key	Key pump stations, outfalls	Urban culverts, trunk mains
	mains		

Page 27 of 137

Sensitivity: General

Above ground assets Treatment plant/s Percentage or number of above ground assets with a condition rating	12 (urban and rural) 95%	[number] 90%	N/A 70% (limited inventory)
Percentage of above –ground assets in poor or very poor condition	20%	25%	20-25% (estimate)
Below ground assets Total km of reticulation	290km	310km	120km
Percentage of network with condition grading	45%	50%	30%
Percentage of network in poor or very poor condition	22%	28%	24%

Notes:

- Above-ground asset condition ratings are based on recent site inspections, risk registers, and AMP documentation
- Below-ground condition grading is derived from a mix of age-based modelling and limited CCTV surveys
- Renewals are prioritised in high-risk areas and incorporated into the 2024–2034 Long Term Plan

Wastewater treatment plants (WWTPs) are considered critical assets due to their environmental, public health, and regulatory compliance risks. Their condition and performance are closely monitored through resource consent status, operational data, and asset criticality assessments. Renewal and upgrade decisions are guided by Council's Infrastructure Investment Plan (IIP), asset management framework, and the need to meet evolving environmental standards.

The following WWTPs have been prioritised due to their high criticality and compliance risk profiles:

- Winton WWTP: Moderate condition. High inflow and infiltration, capacity constraints, and non-compliance with sludge management requirements. A major upgrade (\$49.3M across FY2024–2033) is underway to meet new consent conditions and ensure alignment with National Environmental Standards for freshwater.
- Nightcaps WWTP: Moderate condition. Oxidation pond nearing end-of-life with limited treatment capability. \$7.0M is allocated between FY2030–2034 to support a new treatment and disposal solution in line with modern regulatory requirements.
- Edendale—Wyndham WWTP: Moderate condition. The existing consent expired in 2023. \$13.9M is programmed from FY2024—2026 to deliver a treatment upgrade that meets anticipated new discharge quality standards.
- Ohai WWTP: Poor condition. An aging mechanical plant from the 1960s that is oversized for current needs. \$10.6M is allocated for replacement between FY2029–2031, reflecting compliance gaps and the need for right-sized, modernised treatment infrastructure.
- Manapouri WWTP: Fair condition. Currently transitioning to a membrane-based treatment system with land discharge to the Kepler dispersal fields. \$8.6M is budgeted between FY2024–2026 to complete the conversion and achieve full compliance with regional plan rules and the Drinking Water Quality Assurance Rules (as applicable).

Page 28 of 137

Sensitivity: General

Collectively, these five WWTPs represent more than \$89million in capital investment over the next 10 years, equating to over 75% of all wastewater programme expenditure. These upgrades are critical to ensure continued environmental protection, consent compliance, and alignment with national and regional regulatory frameworks. Council will continue to review progress annually, using updated compliance assessments, adaption from compliance changes, performance monitoring, and revised asset condition data to refine timing and scope.

Drinking Water Supply - Compliance and Critical Investment Focus

Council's drinking water assets are managed to ensure compliance, risks are primarily related to protozoa compliance, aging treatment plants, and seasonal source water variability in remote schemes.

Key high-priority investment areas include:

- Riverton Water Treatment Plant A major upgrade (\$1.7m in FY2024–2026) is underway to improve protozoa treatment and source water resilience.
- Eastern Bush and Tuatapere Schemes Targeted upgrades (\$5.5m FY2024–2034) address condition, flood resilience, and treatment capacity in line with compliance thresholds.
- Te Anau Water Supply Investigation and development of two new bores is programmed (\$2.6m FY2028–2031) to manage seasonal demand and future growth.

Council is progressing staged upgrades across multiple small schemes to meet UV and filtration requirements, improve source protection, and implement more robust monitoring. These works are prioritised through the Infrastructure Investment Plan (IIP), with further updates planned as Taumata Arowai revises its regulatory expectations.

Stormwater Networks - Environmental Standards and Future Focus

Historically lightly regulated, stormwater networks are increasingly subject to environmental performance expectations under regional planning frameworks (eg water quality, sediment control, and contaminant removal).

Council's stormwater network investments focus on improving discharge quality, managing flow peaks, and ensuring capacity for urban development in key areas. Key upcoming projects include:

- Te Anau Detention Basin A new basin to manage stormwater retention and peak attenuation (design and land acquisition FY2026–2027, \$474k).
- Riverton and Stewart Island Investigations and staged improvements for discharge quality from littoral outfalls, aligned with Environment Southland expectations (total of \$2.1M FY2027–2034).
- Winton Hydraulic improvements and treatment solution design to meet Oreti River discharge requirements (\$2.2M FY2027–2031).

Investments are sequenced based on environmental sensitivity, discharge proximity to water bodies, and known flooding hotspots. Future improvements will be shaped by evolving regional consents and integration into broader urban stormwater master planning.

Asset management approach

SDC maintains a structured and risk-informed approach to asset management across its three waters activities. This approach is documented in Council's 2024–2034 AMP and is underpinned by the principles of service continuity, whole-of-life asset stewardship, and financial sustainability.

Page 29 of 137

Sensitivity: General

Existing and Proposed Service Delivery Mechanisms

Water services are delivered through a combination of in-house management and external contractor partnerships. Council retains responsibility for asset planning, compliance, and investment programming, while day-to-day operations and maintenance are carried out by contracted service providers.

- Operations and maintenance contracts are in place for drinking water, wastewater, and stormwater systems across all 30 plus serviced communities.
- Council has strengthened performance monitoring and contractor reporting requirements to align with Taumata Arowai's regulatory regime.
- Under the Adjusted Status Quo model, Council will retain direct oversight and continue to evolve service delivery to meet new standards, using an integrated contract and internal governance model.

Existing and Proposed Asset Management Systems

Council uses a combination of digital tools and systems to support asset management, including:

- GIS and asset inventory systems for mapping and spatial tracking of infrastructure
- IPS asset register management, maintenance tracking, and work order processing
- · Risk-based decision-making frameworks that inform renewals, inspections, and critical asset planning
- Integration of condition data from field inspections, SCADA systems, and compliance reports into lifecycle planning.

Council is currently investing in improvements to asset data quality, particularly for older and rural schemes where condition data is limited. Further digitisation of asset lifecycle tracking is planned over the next 3–5 years.

Asset Management Policy and Strategic Framework

Council's asset management practices are guided by:

- The Southland District Council Asset Management Policy
- The Infrastructure Strategy 2024–2054, which outlines 30-year goals for resilience, climate adaptation, and long term affordability
- The AMP for Water Services (2024), which defines current asset condition, service level targets, risks, and capital expenditure priorities
- Alignment with the principles of ISO 55000 and the New Zealand Treasury's Investment Management Framework

Asset Management Maturity Assessment

In 2023, SDC undertook a formal self-assessment of its water services asset management capability using the National Asset Management Support (NAMS) Group's Maturity Model. This process was facilitated internally with reference to industry benchmarks and aligned with SDC's evolving role under the Local Water Done Well framework.

Page 30 of 137

Sensitivity: General

The assessment covered multiple domains, including planning and decision-making, asset data and systems, lifecycle delivery, financial forecasting, and organisational integration. Key findings included:

• Strengths:

- o SDC demonstrated well-developed processes for strategic infrastructure planning, particularly through its AMP and Infrastructure Strategy.
- o Contractor and operational delivery oversight was found to be mature, with strong alignment to service levels and compliance expectations.
- o Financial planning and forecasting was robust, supported by long term renewal modelling and sustainable funding policies.

• Areas for Improvement:

- The assessment highlighted a need to improve asset data confidence, particularly for below-ground assets most notably stormwater networks, which
 have limited condition or criticality data.
- o Integrated renewal planning across water, wastewater, and stormwater was identified as an opportunity area, especially where interdependencies exist (eg shared trenching or sequencing of upgrades).
- o A shift toward more advanced risk-based prioritisation and lifecycle optimisation would enhance the maturity of capital investment decisions.

• Overall Maturity Rating:

- SDC was assessed as operating at a Moderate-to-Advanced maturity level, consistent with a rural territorial authority actively managing a dispersed asset base.
- o The assessment provided a clear and achievable roadmap for improvement, focused on:
 - Enhanced asset data capture (including CCTV, GIS and field validation)
 - Digital lifecycle modelling and scenario planning
 - Development of a formal asset criticality register across all water activities

SDC is committed to embedding these improvements over the next 3–5 years and will use this assessment as a baseline for future audits. This work supports SDC's broader commitment to ensuring its water services remain resilient, reliable, and financially sustainable, with investment decisions grounded in evidence and aligned with national expectations.

Statement of regulatory compliance

Note on Regulatory Uncertainty

This section is prepared based on current regulatory standards and known compliance expectations as at June 2025. It is acknowledged that both the Wastewater Environmental Performance Standards and aspects of the Drinking Water Quality Assurance Rules are under review.

SDC's responses, investment plans, and compliance strategies are therefore aligned to the current legislative and regulatory framework. Any material changes to compliance thresholds, monitoring requirements, or discharge expectations will need to be assessed and responded to through future Long Term Plan cycles, in consultation with central government and the community.

Drinking Water Safety Plans (WSPs)

SDC maintains Drinking Water Safety Plans (DWSPs) for all 12 of its registered drinking water supplies, as required under the Water Services Act 2021 (sections 30-32). These statutory provisions require water suppliers to prepare and implement DWSPs that are proportionate to the scale and risk of each scheme, identify and manage hazards, include monitoring and emergency planning, and adopt a multi-barrier approach to ensuring drinking water safety. Taumata Arowai is responsible for reviewing these plans, overseeing compliance, and requiring updates where risks evolve.

Page 31 of 137

Sensitivity: General

All of SDC's DWSPs have been submitted and accepted by Taumata Arowai. Each plan reflects the unique source, treatment, and distribution profile of the relevant scheme. Plans are:

- Reviewed annually to ensure they remain accurate and effective
- Updated following material changes, including:
 - o Major infrastructure upgrades (eg UV or filter installation)
 - o Source contamination events or raw water quality changes
 - o Operational or monitoring non-compliance
 - o Changes in operations or service providers

SDC's water services AMP includes an ongoing DWSP improvement programme that supports operator training, source protection, and real-time water quality monitoring. The Adjusted Status Quo service delivery model enables close integration between field teams and compliance officers to ensure risks are identified early and mitigated proactively. DWSPs are treated as living documents, guiding operational practice, capital investment, and emergency preparedness across the district.

Scheme	Year Updated	Notes
Eastern Bush DWSP	29-Oct-24	DWSP 2025 is in draft
Edendale/Wyndham DWSP	14-Aug-24	DWSP 2025 is in draft
Lumsden/Balfour DWSP	09-Apr-24	DWSP 2025 is in draft
Manapouri DWSP	23-May-23	New Manapouri DWSP 2025 update is in draft
Mossburn DWSP	18-Dec-24	DWSP 2025 is in draft
Ohai/Nightcaps DWSP	26-Mar-25	DWSP 2025 is in draft
Orawia DWSP	06-Apr-23	DWSP 2025 is in draft
Otautau DWSP	30-Jan-25	DWSP 2025 is in draft
Riverton DWSP	30-Jan-25	DWSP 2025 is in draft
Te Anau DWSP	14-Aug-24	DWSP 2025 is in draft
Tuatapere DWSP	31-Jan-25	DWSP 2025 is in draft
Winton DWSP	31-Jan-25	DWSP 2025 is in draft

Fluoridation Status

None of SDC's drinking water supplies are currently fluoridated. At present, the Director-General of Health has not issued a fluoridation directive for any Councilowned scheme under Section 116I of the Health Act 1956 (as amended by the Water Services Act 2021).

Council will continue to monitor national policy settings in this area and is prepared to respond to future direction. Any new requirements relating to fluoridation would be considered through a formal planning and engagement process, including technical and financial assessments and community consultation.

Page 32 of 137

Sensitivity: General

Performance Against DIA Service Level Standards

The Department of Internal Affairs has established non-financial performance measures for all territorial authorities providing water services. Southland District Council monitors and reports against these measures as part of its Annual Report obligations.

The following table summarises recent performance against key response-time measures for wastewater and water services. These results reflect SDC's ability to meet or exceed service-level expectations under the current adjusted status quo model.

DIA Measure	Result (2024/25)	Performance Summary	Target Met
14.2a – Wastewater overflow median response time		There were 15 service requests during the year. The median response time was 52 minutes, within the DIA target of 1 hour.	Yes
15.1a – Water supply urgent fault response	0.97 hours		Yes
15.1c – Water supply non-urgent fault response	2.77 hours	Non-urgent faults were responded to in 2 hours and 46 minutes on average, well within the 4-hour target.	Yes

These performance measures are based on verified operational data and reported via Council's internal records (Ref: CM10 R/25/7/34096, R/25/7/34100, R/25/7/34099).

Additional LoS results relating to water loss, customer complaints, and network reliability are summarised in the Water Services AMP and where applicable reported to national water authorities.

Resource Consents Overview

SDC holds a range of water-related resource consents under the Resource Management Act 1991 (RMA), including:

- Water takes for drinking water supply across all 12 schemes
- Wastewater discharge consents to land and water for 20 schemes
- Stormwater discharge consents for 18 urban catchments
- Network consents for wastewater and stormwater in some locations

A full list of consents, their expiry dates, treatment types, and receiving environments is included in the below tables.

Consents Nearing Expiry or Under Section 124

As of June 2025, several wastewater consents have either expired and are being operated under Section 124 of the RMA, or are due to expire before 2030. These include:

- Edendale–Wyndham (expired Sept 2023, renewal underway)
- Balfour (expires Feb 2024)
- Manapouri and Oban (expire Sept and Nov 2024, respectively)

Page 33 of 137

Sensitivity: General

SDC is actively working with Environment Southland to renew these consents with updated treatment expectations. Renewal strategies reflect changing environmental limits, mana whenua engagement, and affordability constraints.

Active Consent Applications

As at June 2025, SDC has multiple active consent applications and pre-application processes underway with Environment Southland, reflecting the renewal cycle of long-held consents and emerging regulatory expectations. These include:

• Wastewater Discharge Consents

SDC is actively progressing renewal applications for wastewater discharges in Edendale–Wyndham, Oban (Stewart Island), Manapouri, and Balfour, all of which are either expired and operating under Section 124 of the RMA or due to expire within the next 12–18 months.

These applications involve the reassessment of treatment performance, receiving environment impacts, and – where required – proposals for upgraded infrastructure, monitoring programmes, and adaptive management plans.

Water Take Consents

Minor variations are being sought for several drinking water take consents where recent risk assessments (eg low flows or source quality variability) have highlighted the need for amended abstraction limits or operational flexibility. These applications aim to improve resilience while continuing to meet environmental flow conditions and ecological bottom lines.

Stormwater and Emerging Discharge Frameworks

SDC is engaging in pre-application discussions with Environment Southland around a district-wide approach to stormwater consenting, recognising the increasing national focus on stormwater quality, sediment control, and receiving environment protection.

These early-stage discussions consider how urban catchment management plans, stormwater modelling, and water-sensitive design practices may be incorporated into future consent frameworks.

• Integrated and Bundled Consent Strategies

In some locations, SDC is investigating whether multi-scheme or catchment-based consenting approaches could deliver efficiencies – for example, bundling renewals for schemes with shared environmental characteristics or adjacent discharge points.

This reflects a shift toward strategic consenting, where the regulatory, environmental, and financial implications are considered at a network or district scale, rather than scheme-by-scheme.

Through these applications, SDC is aiming to align infrastructure planning, environmental compliance, and affordability in a co-ordinated manner. The AMP and LTP provide the foundation for identifying priority schemes, and the delivery model enables direct engagement and ongoing management of compliance outcomes.

Compliance with Current Regulatory Requirements

SDC is broadly compliant with current drinking water, wastewater, and stormwater regulatory requirements, subject to the following:

• Drinking water:

Most urban schemes meet DWSNZ standards. Eastern Bush operate under Boil Water Notice due to lack of filtration/UV treatment. These are being addressed through targeted upgrades programmed in the AMP.

Page 34 of 137

Sensitivity: General

Wastewater:

Several small schemes are nearing consent limits due to inflow/infiltration, or are on historic consents with minimal monitoring requirements. While consent non-compliance is not systemic, Environment Southland has raised concerns around nutrient loading, land discharge buffering, and sludge management for sites such as Otautau and Ohai.

Stormwater:

Urban stormwater systems generally discharge in accordance with consented expectations. However, limited condition data and increasing rainfall intensity are challenging long term compliance, especially where combined networks exist or catchment capacity is constrained.

Future Regulatory Compliance

Anticipated regulatory shifts will have a significant impact on SDC's future compliance obligations, including:

• Wastewater Environmental Performance Standards (proposed, not yet in force):

SDC made a formal submission highlighting the high cost impact on small rural communities. Modelling suggests that 13 of 18 wastewater schemes would require substantial investment to meet proposed discharge thresholds.

• Taumata Arowai compliance:

Drinking water rules are increasingly stringent. While SDC is progressing water safety plans and treatment upgrades, full compliance across all schemes will require sustained investment, particularly for protozoa barriers and operator capacity.

• Climate and resilience standards:

New expectations for hydraulic capacity, stormwater treatment, and resilience will increase capital and planning complexity.

Areas of Known or Anticipated Non-Compliance

The following table summarises key areas of regulatory risk currently identified across SDC's three waters networks. These risks have been assessed based on known compliance challenges, consent status, and anticipated future requirements. The table outlines the type of risk, its relative severity, and the actions SDC is taking to address it.

In each case, SDC has either initiated, funded, or scheduled targeted improvements through its AMP and LTP. The Adjusted Status Quo delivery model allows SDC to maintain direct oversight of regulatory compliance and respond promptly to consent, drinking water, or environmental risks.

Council's approach ensures that investment is prioritised where risk is highest, and that regulatory expectations are integrated into both operational and capital work programmes. Risk levels are reviewed regularly through internal performance reporting and updated as part of AMP reviews and consent renewal planning.

Activity	Issue	Risk Level	Response
Wastewater – Edendale/Wyndham	Operating under S124	Moderate	Consent renewal in progress; AMP includes capital upgrades
Wastewater	Discharge nutrient limits, pond performance	Moderate to High	Renewals and desludging funded in LTP; consenting strategy under review
Drinking Water – Rural schemes (eg Eastern Bush)	Boil Water Notices in place	High	Filtration/UV upgrades underway per AMP
Stormwater – various townships	Catchment risk, ageing infrastructure	Moderate	Stormwater modelling and renewals staged in LTP

Page 35 of 137

Sensitivity: General

How the Adjusted Status Quo Model Supports Compliance

The Adjusted Status Quo model enables SDC to retain direct ownership, governance, and operational oversight of its water services. This structure is particularly effective in managing regulatory compliance, as it allows Council to tailor its response to the unique geographic, environmental, and affordability challenges of the district.

By retaining delivery in-house, SDC is able to:

- Align investment timing with consent cycles and risk levels:
 - Council can prioritise funding and renewals in areas where resource consents are expiring, discharge compliance is constrained, or drinking water upgrades are most urgent. This risk-based staging ensures infrastructure investment is responsive rather than speculative.
- Maintain direct relationships with key regulators:
 - SDC's long-standing and constructive working relationships with Environment Southland **and** Taumata Arowai allow for open dialogue around consent conditions, transitional arrangements, and pragmatic compliance solutions particularly important where national standards are still evolving.
- Tailor renewals to community affordability and context:
 - Small and remote schemes can be managed in a way that reflects their scale and cost profile, avoiding one-size-fits-all solutions. Council has the flexibility to sequence upgrades, use innovative technologies, or pursue funding support where full compliance requires external investment.
- Embed compliance within long term planning systems:
 - The AMP integrates current and anticipated regulatory requirements directly into asset condition assessments, risk registers, and capital work programmes. This ensures compliance is not an afterthought, but a core driver of investment prioritisation and service delivery design.
- Leverage ringfenced financial structures:
 - With water activity accounts clearly separated in Council's financial system, all expenditure is transparently traceable to the activity it supports. This ensures that revenue from water users funds compliance improvements and renewals, supporting long term sustainability without cross-subsidy.

In short, the Adjusted Status Quo model enables SDC to manage regulatory compliance in a flexible, locally responsive, and financially accountable manner. Where full compliance is not yet achieved, clear pathways and funding mechanisms are in place to close the gap within the next 3–5 years, aligned with LTP and consenting cycles.

Sensitivity: General

Parameters	Drinking supply schemes	Wastewater schemes	Stormwater Schemes/catchments
Drinking water supply		n/a	n/a
Bacterial compliance (E.coli)Protozoa compliance	Yes (majority of schemes) Partially compliant, upgrades in progress		
Chemical complianceBoiling water notices in place	Yes 1 rural schemes (Eastern Bush)		
• Fluoridation	over past 3 years		
Average consumption of drinking water	N/A		
• Water restrictions in place (last 3 years)	285-310L/person/day Yes periodically in Te Anau,		
Firefighting sufficient	Riverton and Ohai during dry summers		
	Partially		
Resource Management	W/	W/	C
 Significant consents (note if consent is expired and operating on S124) 	Water supply take 12 (2 under review)	Wastewater discharge water/land/air - 22 Network - 20	Stormwater discharge - 5 Network - 18
• Expire in the next 10 years	4-6 water takes		
 Non-compliance: Significant risk non-compliance Moderate risk non-compliance Low risk non-compliance 	No Yes- protozoa barriers for small schemes Yes – resolved issues (minor operational lapse)		
Active resource consent applications	2 water take variations	4 wastewater discharge renewals	2 stormwater planning consents
Compliance actions (last 24 months):Warning			

Page 37 of 137

Sensitivity: General

 Abatement notice Infringement notice Enforcement order Convictions 	1 – excessive water takes Princhester, restrictors have since been fitted		
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Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements

Planned Capital Investment (2024-2034)

SDC's projected capital investment in water services over the 10-year period from 2024/2025 to 2033/2034 totals \$256.5 million, spanning drinking water, wastewater, and stormwater infrastructure.

This investment programme is drawn from the 2024–2034 Long Term Plan (LTP) and AMP and reflects the scale of work required to meet service level targets, regulatory obligations, and growth demand. It also includes significant renewals and upgrades to replace aging infrastructure and address known asset condition risks.

The capital programme has been developed using a risk-based prioritisation framework and reflects both current and anticipated regulatory compliance requirements.

What the Investment Delivers

The level of investment has been designed to ensure that SDC:

- Meets existing and proposed levels of service, particularly for water quality, response time, and customer experience across all schemes.
- Enables the continued operation, maintenance, and renewal of critical above- and below-ground assets, many of which are approaching end-of-life based on condition assessments in the AMP.
- Supports regulatory compliance, including:
 - o Progressive upgrades to meet Taumata Arowai's drinking water standards
 - Wastewater treatment improvements aligned with regional discharge consents and anticipated wastewater environmental performance standards
 - o Improved stormwater capacity and flow management to meet climate resilience expectations
- Provides for growth in key urban areas (eg Te Anau, Riverton, Winton), consistent with the District Plan and supporting infill and greenfield development.

Significant Projects Included

Key projects contributing to this investment profile include:

Page 38 of 137

Sensitivity: General

Wastewater network and treatment upgrades in Otautau, Ohai, Edendale-Wyndham, and Te Anau (approx. \$170M total over 10 years)

- Drinking water filtration and protozoa compliance works in Eastern Bush (\$4million plus)
- Stormwater renewals and resilience upgrades in Riverton, Winton, Wyndham and Te Anau (\$30million over 10 years)
- Growth-related extensions in Te Anau and Winton (\$1.7million total), aligned with subdivision activity
- Backlog renewals for aging water and wastewater reticulation (\$70million plus across all activities)

These projects are phased to reflect affordability constraints, delivery capacity, and consent renewal timeframes. Investment peaks between FY2026–FY2029, particularly for wastewater and stormwater, reflecting consent renewal obligations and deferred works from prior planning periods.

Future Strategic Investment (Beyond LTP Horizon)

SDC's 30-Year Infrastructure Strategy identifies several capital investment needs that fall outside the current 2024–2034 Long Term Plan but are expected to materially affect service delivery, compliance, and community outcomes over the coming two decades.

These future-focused investments include:

• Treatment plant upgrades for rural wastewater schemes:

Anticipated tightening of environmental discharge standards – particularly around nitrogen, phosphorus, and pathogen loads – will require the progressive upgrading or replacement of several small rural treatment systems. This may include transitioning from basic oxidation ponds to multi-stage treatment processes or land-based disposal solutions to meet stricter nutrient thresholds.

· System-wide digital monitoring and smart infrastructure:

The strategy highlights the need to lift operational visibility and data-driven management through investment in:

- o SCADA and telemetry for all water and wastewater systems
- Smart metering and leak detection technology to support demand management and resilience
- o Cloud-based asset performance platforms to support proactive maintenance and renewals

• Stormwater detention, quality treatment, and discharge control:

Climate-related risks, urban intensification, and evolving national guidance on stormwater management point to the need for strategic investment in catchment-scale solutions, including:

- o Detention basins and wetlands for peak flow attenuation
- Filter-based systems and gross pollutant traps
- o Green infrastructure and low-impact design tools in high-risk or flood-prone urban areas

These projects are not currently funded in the LTP due to uncertainty in the timing, regulatory settings, and detailed design scopes. However, they are flagged as likely and necessary interventions to maintain compliance and resilience beyond 2034.

SDC will review and refine these priorities as part of future LTP and Infrastructure Strategy updates, ensuring that emerging risks, growth pressures, and standards are adequately addressed in subsequent planning cycles. Early-stage design and consenting work may be initiated within the current decade to enable smoother delivery in the post-2034 period.

Page 39 of 137

Sensitivity: General

Maintaining and Uplifting Service Levels

SDC's water services investment programme has been designed not only to maintain existing service levels, but to incrementally improve service delivery and resilience across the district. Many of the improvements reflect the need to move from minimum compliance toward a more sustainable, transparent, and customer-focused service model.

Key areas of uplift include:

• Improved Treatment Performance

Capital upgrades to water and wastewater treatment plants will result in:

- o Higher quality drinking water, with better filtration and UV treatment, particularly in small rural schemes
- o Reduced risk of discharge exceedances, especially for nitrogen, ammonia, and faecal contaminants in sensitive receiving environments
- o Greater operational control through the addition of SCADA, dosing systems, and monitoring infrastructure

• Reduced Service Disruptions and Faster Fault Response

Renewals of aging mains, pumps, and control systems will lower the frequency of:

- o Pipe bursts and leaks, particularly in high-risk zones with condition 4–5 assets
- o Emergency repairs and customer complaints

These upgrades will also improve response time and restoration performance, aligning with service level targets under the AMP and DIA performance measures.

• Enhanced Network Resilience

Investment in stormwater upgrades, drainage capacity, and overland flow path protection will:

- o Mitigate the impacts of intensifying rainfall and climate variability
- o Improve flood protection in urbanised areas such as Riverton, Winton, Wyndham and Te Anau
- o Reduce reliance on reactive maintenance and create more robust systems for managing runoff and ponding

Modernised Monitoring and Management Capability

The capital programme supports a transition toward:

- Digital monitoring and data capture across drinking water and wastewater systems
- o Improved transparency in compliance reporting and proactive fault detection
- o A customer-focused model of delivery where performance can be tracked in near-real time and used to inform service adjustments

• Compliance Uplift Across Multiple Schemes

Eastern Bush currently operates under Boil Water Notice or legacy discharge consents will reach full compliance as a direct result of programmed investment. This includes:

- o Drinking water upgrades in Eastern Bush and Riverton.
- Wastewater improvements in Edendale–Wyndham, Ohai, and Otautau

These upgrades reflect not just asset replacement, but a step-change in how services are delivered – focused on quality, reliability, and future readiness.

Page 40 of 137

Sensitivity: General

Benefits to Communities

The proposed level of investment in SDC's water services delivers significant and long-lasting benefits to local communities across the district. These benefits are both practical and strategic, improving daily service experience while setting communities up for sustainable growth and compliance.

Key benefits include:

Safe and Secure Drinking Water

Investment in small rural schemes – including filtration and UV upgrades – will support the removal of long-standing Boil Water Notices, improving public health outcomes and user confidence in local supplies. Urban supplies will also benefit from enhanced resilience and monitoring.

Environmental Protection and Compliance

Upgrades to wastewater treatment plants and stormwater systems will reduce the risk of harmful discharges to sensitive receiving environments such as the Waiau River, Riverton estuary, and lowland streams. This directly contributes to freshwater improvement goals and supports kaitiakitanga values held by local iwi.

Cost-Effective Renewal and Lifecycle Management

Targeted investment in aging pipe networks, pump stations, and treatment equipment avoids expensive unplanned failures and reduces reactive maintenance costs. This keeps the long term cost of service delivery manageable and helps avoid sudden rate spikes.

• Liveability and Growth Enablement

In townships like Te Anau, Winton, and Riverton, investment in water and wastewater capacity enables zoned residential land to be developed and supports housing delivery. This is particularly important in areas with population growth or tourism demand.

Financial Sustainability and Equity

Investment is staged and prioritised using a risk and affordability lens, ensuring major upgrades occur only when necessary and are not front-loaded. This helps balance long term infrastructure needs with the current capacity of ratepayers, particularly in rural and low-growth areas.

• Local Economic Development

Delivery of the capital programme will support jobs, contractor growth, and local supplier activity, especially in construction, maintenance, and professional services. This contributes to regional economic stability and skills development.

SDC's Capital Investment Plan reflects a disciplined, risk-informed, and community-centred approach to water infrastructure management. It acknowledges the scale of the challenge – both in terms of upgrading aging networks and meeting rising regulatory expectations – but responds in a structured, phased, and financially prudent way.

The programme balances:

- Compliance and Affordability: ensuring all services progressively meet drinking water, wastewater, and stormwater requirements without overburdening ratepayers.
- Renewal and Service Enhancement: addressing aging infrastructure while building smarter, more responsive networks.
- Growth Enablement and Environmental Stewardship: supporting township development and protecting Southland's unique freshwater environments.

This approach ensures that SDC can continue to deliver reliable, safe, and sustainable water services for the next generation.

Page 41 of 137

Sensitivity: General

Historical delivery against planned investment

Renewals investment for water services Total investment in water services Delivery against planned investment FY2024/25 FY21/22 - FY23/24 FY18/19 - FY20/21 FY21/22 - FY23/24 FY18/19 - FY20/21 FY2024/25 (\$000) Total Total (\$000) (\$000) (\$000) (\$000) (\$000) Total planned investment (set in the relevant LTP) 7,791 10,470 3,223 18,786 25,865 39,846 24,256 89,967 Total actual investment 3,091 13,539 7,013 23,571 19,157 31,310 34,425 84,892 Delivery against planned investment (%) 129% 218% 110% 74% 142% 94% 79%

Over the past six years, actual delivery against planned water investment has varied, reflecting a mix of internal delivery constraints, market conditions, and project rephasing. While renewals delivery was below target in FY2018–2021 (39%), this significantly improved in FY2021–2024 (129%), with total renewals investment exceeding planned levels over that three-year period. The lower delivery in FY2024/2025 reflects timing delays and procurement challenges.

Council has taken steps to improve programme delivery by strengthening internal project management capability, refining procurement processes, and sequencing projects to align with available capacity. Peaks in investment in FY2026–2029 will be supported through external partnerships and regular reviews to ensure financial and delivery capacity remains aligned. This adaptive approach supports long-term delivery confidence across the three waters programme.

Level of Investment

To demonstrate delivery capability and investment follow-through, SDC has reviewed actual capital expenditure on water infrastructure against what was planned in the relevant LTPs) for the past two LTP periods.

Renewals Investment

Between FY2018/2019 and FY2023/2024, SDC delivered 109% of planned renewals investment, with particularly strong performance over the 2021–2024 period where delivery reached 129% of the planned value. This over-performance reflects:

- The acceleration of critical renewals to respond to emerging risks (eg rising I&I in wastewater)
- Asset failures that triggered re-prioritisation of scheduled work
- Improved procurement and delivery oversight, allowing more efficient capital deployment

Total Water Services Investment

Across all water activities, SDC delivered 94% of total planned investment over the seven-year window (2018–2025). This shortfall is largely attributable to:

- Deferral of major wastewater upgrades, pending certainty on national three waters reform and discharge compliance targets
- Procurement market constraints in FY2022–2023, with limited contractor availability and high inflation creating delivery bottlenecks
- Delays in progressing stormwater and growth-related projects where developer demand or consenting conditions shifted during the LTP cycle

Page 42 of 137

Sensitivity: General

Response to Constraints and Future Improvements

In response to recent constraints – including national reform uncertainty, market volatility, and capacity challenges – SDC has introduced a suite of proactive measures to lift future delivery reliability and maintain alignment with its capital investment programme.

Key actions include:

• Forward Procurement Planning and Early Contractor Engagement

SDC is adopting a longer-term view of procurement, initiating advance market engagement on upcoming water infrastructure packages. This approach helps contractors align resources in advance and encourages collaboration on value engineering and delivery methodology.

Bundled Projects and Long-Term Supply Arrangements

Where appropriate, SDC is bundling capital works across schemes (eg similar upgrades across rural water or wastewater networks) to reduce transaction costs, increase delivery efficiency, and attract larger or more capable contractors. Multi-year frameworks or panels are being explored to provide continuity and scalability.

• Enhanced Programme and Project Management Capability

Internally, SDC has strengthened its delivery governance through:

- o Dedicated project managers for major workstreams
- Use of digital tools for scheduling, budgeting, and risk tracking
- o Improved co-ordination between asset planning, procurement, and finance teams
- o Regular performance reporting to governance committees and elected members

Refined Investment Prioritisation Frameworks

Capital projects are now prioritised using a clearer, risk-based methodology embedded in the AMP. This ensures:

- o Rapid mobilisation of funds for critical failure response
- Sequencing of renewals and upgrades based on asset criticality and consent pressure
- Flexibility to reallocate funding where regulatory or construction risks shift

Together, these improvements increase SDC's ability to deliver on its planned investment, respond to uncertainty, and maintain community confidence in its three waters programme.

Future Delivery Peaks and Approach

Investment peaks are forecast for FY2026 to FY2029, particularly within the wastewater and stormwater workstreams. These align with consent renewal deadlines and major compliance-driven upgrades. To accommodate these peaks, SDC has:

- Phased funding and delivery through its 10-year LTP and 30-year Infrastructure Strategy
- Developed shovel-ready project pipelines to enable faster mobilisation once funding is secured
- Built in contingency for inflation, cost escalation, and consenting delay risk within its project cost profiles

SDC's track record of over-delivery on renewals and continuous improvement in delivery planning provides a high level of confidence in its ability to execute the proposed capital programme set out in this Delivery Plan.

Page 43 of 137

Sensitivity: General

Regulatory Compliance - Current and Anticipated Requirements

SDC considers firefighting capacity a key factor in the planning and delivery of water renewals and upgrades. While many schemes are not required to meet full Fire and Emergency New Zealand (FENZ) standards due to scale or population, Council proactively incorporates firefighting considerations into:

- Reticulation renewals (eg increased pipe diameters, pressure optimisation)
- Storage capacity upgrades (eg tank-based head and flow support)
- Hydrant placement and condition surveys
- Hydraulic modelling of townships with reticulated water supply

Specific investment examples include:

- Pressure-boosted supply and main upgrades in Te Anau, Riverton, and Winton
- Renewals of aging 50mm–80mm mains in Ohai and Otautau to improve flow rates
- Provision of additional on-demand storage in small schemes with limited supply head

Council prioritises these upgrades based on:

- Community board input and site-specific risk assessments
- Network modelling using conservative demand assumptions

Firefighting capacity improvements are not always reported as standalone projects but are embedded in renewal and LoS work programmes to achieve multiple outcomes from each intervention.

Sensitivity: General

Additional guidance for Statement of Regulatory Compliance

Page 45 of 137

Sensitivity: General

SDC is managing a complex and evolving regulatory environment across its three waters responsibilities. Compliance requirements span the Water Services Act 2021, Drinking Water Quality Assurance Rules, resource consent obligations under the RMA, and provisions of the Health Act 1956.

These frameworks are becoming more stringent, and SDC is responding by integrating compliance requirements into its investment and delivery planning. The AMP, Infrastructure Strategy, and water safety plans all reflect these requirements, with priorities aligned to risk, affordability, and timing of regulatory change.

Current and Future Regulatory Pressures

SDC's water services network is affected by several emerging compliance risks that will require targeted responses over the next 10-20 years:

• Legacy wastewater consents:

A number of SDC's wastewater discharge consents were issued under relatively permissive regulatory regimes. As they come up for renewal, Environment Southland is expected to apply stricter environmental performance thresholds – particularly for nutrient loading, bacterial discharges, and receiving water effects.

Schemes such as Otautau, Ohai, Riversdale, and Edendale–Wyndham are likely to require significant investment in treatment upgrades or land disposal systems to achieve compliance.

• Section 124 operations and expired consents:

Some consents are currently operating under Section 124 of the RMA, including Edendale–Wyndham and Manapouri. These schemes are continuing under existing conditions while renewals are prepared, but renewal under the same terms is highly unlikely. Capital upgrades are planned to support compliant discharge under new consents.

Drinking water source and treatment challenges:

SDC's Water Safety Plans identify several risks across smaller schemes, including:

- o Source water contamination risk from agriculture and septic tanks \
- Seasonally variable water quality or availability (eg Stewart Island)
- o Incomplete protozoa treatment, requiring filtration and UV disinfection
- o In some cases, new sources may need to be identified or reticulation storage enhanced to manage peak demand and reliability.
- DWQAR source monitoring requirements: Recent changes under the Drinking Water Quality Assurance Rules require continuous online monitoring
 of source water for conductivity, pH, and turbidity. SDC is progressively implementing this across relevant schemes to ensure real-time detection of
 quality changes and maintain compliance.

• Stormwater consents and urban discharge expectations:

While stormwater has historically had more flexible regulation, SDC expects a future shift toward more prescriptive discharge conditions, including:

- Treatment of contaminants (eg sediment, hydrocarbons, metals)
- Retention or attenuation infrastructure to manage flow peaks
- Catchment-based consent models in urban centres such as Winton, Riverton, and Te Anau
 The current capital programme includes allowances for detention basins, improved conveyance, and green infrastructure trials.

Page 46 of 137

Sensitivity: General

Confirmation of Key Regulatory Positions

• Wastewater Consent Replacements and Environmental Standards

SDC is not delaying its wastewater consenting programme, but is actively staging renewals and upgrades to align with both affordability and anticipated changes to the Wastewater Environmental Performance Standards. This allows SDC to sequence investment efficiently and avoid early lock-in to potentially outdated compliance thresholds.

• Water Take Consents and Water Safety Plans

While no major water take consent shortfalls are currently identified, some schemes may require source amendments or treatment enhancements to comply with Taumata Arowai's expectations. Upgrades to abstraction points, reservoir storage, and water safety plan mitigations are included in the AMP and LTP.

• Fluoridation Compliance under the Health Act 1956

No fluoride installation projects are currently funded in the LTP. However, SDC acknowledges the national policy direction and is monitoring any future Ministry of Health directives or orders under **the** Health (Fluoridation of Drinking Water) Amendment Act 2021. Any mandated fluoridation would be reflected in a future LTP amendment or Annual Plan process

This clear line of sight between regulatory obligations and planned investment reinforces the credibility of SDC's delivery model. Council is taking a pragmatic, risk-based approach that prioritises health, environmental outcomes, and service continuity – while remaining financially responsible and responsive to community expectations.

Sensitivity: General

Part C: Revenue and financing arrangements

Revenue and charging arrangements

Revenue and charging arrangements

Charging and billing arrangements

This section describes how consumers are currently being charged for water services in the Southland district, and confirms the approach going forward, including any expected changes. Charging mechanisms are set out in SDC's Long Term Plan and Revenue and Financing Policy. This will apply until 30 June 2027 and will be reviewed as part of the LTP 2027-2037.

Ringfencing of Water Services Revenue

Southland District Council maintains strict ringfencing of all water services revenues and expenditures, ensuring they are accounted for separately from other Council activities. Each of the three water activities, drinking water, wastewater, and stormwater, operates under a dedicated business unit with separate targeted rates and/or user charges. Activity-specific reserves are maintained for each service, with no cross-subsidisation between water services or from general rates. All operational and capital costs, depreciation, and renewals are transparently allocated within each water activity and are subject to both monthly internal review and annual external audit.

Stormwater Targeted Rate

Purpose and What It Funds:

Stormwater infrastructure is essential for managing rainfall runoff, reducing the risk of flooding, and protecting both public and private property. It also supports public safety by preventing surface water from compromising roads and access routes. The stormwater targeted rate funds the operations, maintenance, and capital works of Council's stormwater networks, including the costs of:

- Repairing and upgrading pipes and culverts
- Operating stormwater detention or assets
- Ensuring compliance with regional resource consents

Who Pays and How It's Charged:

All properties within the district pay this rate, but the charge varies depending on whether the property is located within or outside a designated stormwater service area. The rate is applied as a fixed charge per property and is set on a differential basis to reflect the level of benefit received. Maps of these areas can be viewed at www.southlanddc.govt.nz/my-southland/maps/

How the rate is Assessed:

The rate is set on a differential basis based on the location of the rating unit, with a fixed amount per rating

- rating units in urban areas will pay a fixed full charge.
- rating units outside of these areas will pay a fixed quarter charge (25% of the full charge).

Rates differential definitions:

The differential categories and definitions outlined below reflect Council's assessment of the relative benefit received by those groups from the stormwater activity and therefore the share of costs each group should bear based on the principles outlined in the Revenue and Financing Policy.

Page 48 of 137

Sensitivity: General

	Differential	Definition
l	category	
	Full charge	Applies to properties located within defined urban or semi-urban areas where stormwater infrastructure is provided, operated, and maintained by Council
	Quarter charge	Applies to properties outside these defined stormwater service areas, where limited or no direct Council-provided stormwater infrastructure exists.

Water supply targeted rates

SDC owns and operates 12 drinking water supply schemes across the District – 11 urban and 1 rural residential. The targeted rates Council applies fund all operational and capital costs associated with the supply of drinking water, including:

- Water abstraction, treatment, and disinfection
- · Pipe network maintenance and renewals
- · Monitoring and compliance with drinking water regulations
- Upgrades to meet new standards under the Water Services Act 2021

Who Pays and How it's Charged:

Water supply rates are applied to properties connected to, or capable of connecting to, a Council water supply scheme within the designated boundaries. The method of charging depends on the nature of the connection (metered, non-metered, or restricted supply), as detailed below, in how the rates are assessed.

Maps of the scheme areas covered by each water supply can be viewed at www.southlanddc.govt.nz/my-southland/maps/

How the Rates are Assessed

The water supply targeted rates are assessed as outlined below.

Te Anau rural water scheme targeted rates

- · all rating units pay an annual fixed charge per restricted connection
- rating units are required to pay a fixed amount for each unit made available to the rating unit. One unit is calculated as 1,814.4 litres per day
- minimum allocation is one full unit. Half units are only applicable on rating units receiving above one full
 unit. These rates apply to all properties within the Te Anau rural water rating boundary (refer to Map
 160).

Metered property water supply targeted rates (excludes properties within the Te Anau rural water rating boundaries)

Council may require metering of a property when:

- a property is estimated to consistently exceed the expected annual usage (365 cubic metres), indicating a high-water use
- · where observation metering indicates high water use in relation to the expected annual usage
- where non-drinking use of water is evident, eg, truck wash-down, water for animal consumption is
 expected to exceed the expected annual usage quantity; or
- the property is classified commercial/industrial

Properties that are rated for metered water will be charged a fixed annual charge per water meter and a rate for actual water consumption per cubic metre, invoiced quarterly. In instances where the property is no longer exceeding the expected annual usage, the rates will revert back to a District water full rate.

Non-metered property water supply targeted rates (excludes properties within the Te Anau rural water rating boundaries)

These rates apply to all properties not within the Te Anau rural water rating boundaries and that are not provided with a metered water supply

one unit of service is one standard domestic connection. All rating units without meters that are
connected to a water supply scheme or are within the scheme rating boundary but are not connected are
charged a fixed amount for each unit of service

Page 49 of 137

Sensitivity: General

rating units with water troughs with direct feed from Council's water mains pay a fixed annual amount
per trough (note that backflow prevention and annual testing of the backflow preventer is required in
these cases)

vacant rating units within the scheme rating boundary are charged a "half charge" on a per rating unit
basis for the provision of the service due to the ability to connect (i.e. they are capable of connection) to
the scheme.

Wastewater Targeted Rate

Purpose and What It Funds:

SDC provides wastewater services to 18 towns through collection, treatment, and disposal infrastructure. The targeted rate funds all operating costs and capital works associated with:

- · Wastewater reticulation and pump station maintenance
- Treatment plant upgrades and sludge management
- · Environmental compliance and consent monitoring
- · Minor expansions and renewals of networks

Who Pays and How It's Charged:

This rate applies to all properties connected to a Council-owned wastewater scheme or within the defined rating boundary. It is charged differentially based on property use and occupancy. Maps of the areas of service for each Council scheme can be viewed at www.southlanddc.govt.nz/my-southland/maps/.

How the rate is assessed

The rate is set on a differential basis. Council has defined its differential categories based on the use of the rating unit. The liability factors used are, fixed amounts per rating unit, per separately used or inhabited part (SUIP) of a rating unit or fixed amount for each pan/urinal within the rating unit.

How the rate is calculated

Differential category	Definition	Basis of liability
District wastewater rate - full charge	Excluding the category below, all rating units connected to a District wastewater scheme or able to be connected within the defined wastewater scheme rating boundary that are: a) primarily residential/domestic/household in nature (eg Residential, lifestyle, farming) b) other rating units (eg Commercial/industrial/other properties)	The rate for these rating units are set as a fixed amount per: a) SUIP b) Pan/urinal
District wastewater rate - half charge	All rating units within the defined wastewater scheme rating boundaries that are vacant.	The rate for these rating units is set as a fixed amount per rating unit.

1 Able to be connected means that you are within the scheme boundary or within a distance of 30m from a property boundary to the pipe in the street or a distance of 60m from the house/dwelling to the pipe in the street.

General Rates Contribution:

A portion of water services costs are funded from general rates this recognises the wider community and environmental benefit provided by safe and compliant water supply, wastewater infrastructure and safe disposal of stormwater for all ratepayers irrespective of whether they reside in an urban or rural setting. This is collected by way of UAGC per rating unit 45% and a general in the dollar on capital value 55%. Overall the general rate contributes approximately 12% of the funding for the three water services.

Future Charging Approach

Council will review the approach to the charging of wastewater as part of reviewing the next LTP, noting the increase of costs particularly on the commercial/industrial area where multiple pan charges exist eg motels and hotels. Overall, however the current funding model – which uses a combination of targeted rates, volumetric charges (for metered supplies), and general rates contributions – has been developed to reflect the scale, complexity, and affordability considerations across SDC's diverse communities.

Page 50 of 137

Sensitivity: General

However, a formal review of the Revenue and Financing Policy will be undertaken as part of the development of the 2027–2037 LTP. This review provides an opportunity to assess whether the current balance between:

- Targeted user-pays funding, and
- General rates contributions for public good components

remains appropriate in light of evolving service delivery expectations, legislative requirements, and future investment needs.

The review will consider:

- · Whether the general rate contribution for water services should be increased, reduced, or phased out
- Whether the differential application of rates (eg vacant land, trough charges, pan charges) remains fair and efficient
- The distributional impact on rural versus urban communities, and on low-income households
- Whether the volumetric charges for metered supplies remain reasonable
- · How to ensure the funding model supports long term investment and asset renewal

Any proposed changes will be subject to community consultation through the LTP process, with a strong focus on maintaining equity, transparency, and affordability across the district. The review will also consider national direction, regulatory compliance costs, and future changes to the Local Water Done Well framework.

Ringfencing and Revenue Separation

SDC currently operates fully ringfenced financial structures for each of its three waters activities – drinking water, wastewater, and stormwater through the use of separate business units within Council's financial system. It will continue to do so to continue to meet the requirements of the Local Government (Water Services Preliminary Arrangements) Act 2024, and to uphold best practice financial management. This extends to the use of internal loans to track financing requirements by each activity and the creation of separate reserve accounts for any surplus rates and depreciation reserves by activity.

Council is currently in the process of implementing a new financial system. As part of this we are investigating how best to set up a structure to support the reporting requirements of legislation. In doing so we will ensure that it continues to:

- · Allocate revenue only to the service it relates to
- Track the activity expenditure independently, providing full transparency around how each dollar is spent
- Manage surpluses or unspent funds in activity-specific reserves for future reinvestment in that service
- Ensure financial reporting for each service can be clearly presented to the public, auditors, and regulatory agencies.

Water services revenue requirements and sources

This section outlines the expected revenue requirements to support the delivery of water services under the Plan, the sources of income used to meet those requirements, and how charges are applied and collected from consumers. Council will continue to act as the service provider under the Adjusted Status Quo model and will retain full responsibility for billing and revenue collection.

Revenue Requirements Under the Plan

The revenue required to deliver drinking water, wastewater, and stormwater services across the district over the 10-year planning period reflects:

- The full cost of operating, maintaining, and renewing existing infrastructure complying with and under existing legislation including new levels of services assets required.
- · Capital expenditure on growth-related capacity and resilience improvements
- Allowances for inflation, risk, and future service level uplift

Total projected operating and capital costs are detailed in SDC's 2024–2034 Long Term Plan and Infrastructure Strategy. Costs are allocated across each service based on activity-specific forecasts and are supported by ringfenced internal loans and reserves to manage timing fluctuations and long term sustainability.

The tables in Part E detail the total revenue required over the term of the plan.

Page 51 of 137

Sensitivity: General

Sources of Revenue

Revenue to fund water services is drawn from multiple sources to ensure equity, transparency, and alignment with the "benefit-user-pays" principle outlined in the Revenue and Financing Policy. These include

1. Property Charges - Targeted Rates and Volumetric Charges

- Water Supply
 - o Targeted rates (fixed per unit, SUIP, or connection)
 - Volumetric charges for metered properties
- Wastewater:
 - o Fixed targeted rates based on SUIPs or number of pans/urinals
- Stormwater:
 - o Targeted rates based on location (full or quarter charge)

2. Development Contributions

Southland District does not experience high growth, but where new subdivisions or developments place additional demand on water infrastructure, SDC has the ability to collect development contributions under its Development and Financial Contributions Policy. However, this policy is currently in remission to support and encourage growth across the district. The use of development contributions may be reconsidered during the next Long Term Plan review.

3. Grants, Subsidies, and External Income

SDC actively seeks external funding for major capital works through:

- o Government co-investment programmes (eg Three Waters Reform Better Off Funding)
- o Taumata Arowai or Ministry of Health support (particularly for small scheme compliance)
- o Regional partnerships or environmental funding for stormwater and resilience projects.

4. User Fees and Charges

Minor revenue is generated from connection fees, trade waste charges, and backflow testing. These reflect specific service use and the fees set are reviewed annually as part of the annual planning process.

5. General Rates Contribution

A portion of water services is funded from general rates. This recognises the wider community and environmental benefit provided by safe and compliant water supply and wastewater infrastructure – and safe disposal of stormwater and is charged as a fixed charge and a rate in the dollar on capital value.

Service Provider Model and Billing Approach

Under the Adjusted Status Quo model, SDC will continue to own and operate all water services directly. No separate water services organisation is being established. Therefore:

- SDC will retain full responsibility for charging and billing and undertaken through Councils current billing system
- There will be no third-party billing agents or pass-through arrangements
- All water-related revenue will continue to be collected by Council and allocated to ringfenced water activity accounts

This approach ensures continuity, administrative efficiency, and a single point of contact for residents and businesses.

Existing and projected commercial and industrial users' charges

Current Charging and Collection Methodology

SDC's water services charging approach is grounded in its Revenue and Financing Policy and Long-Term Plan. It applies a combination of targeted rates, fixed charges, volumetric metering (where applicable), user fees and general rate. Charges vary by service type, scheme characteristics, and customer activity, with an emphasis on equity, simplicity, and transparency.

Page 52 of 137

Sensitivity: General

Residential Consumers

Service	Charging Method	
Drinking Water	Fixed targeted rate per unit of service (non-metered) or fixed charge + volumetric rate (metered); separate charges for Te Anau rural scheme based on restricted units (1,814.4L/day).	
Wastewater	Fixed charge per SUIP (Separately Used or Inhabited Part); pan/urinal charges for multi-unit dwellings.	
Stormwater	Fixed targeted rate based on location – full or quarter charge. All rateable properties contribute.	

Non-Residential Consumers

Service	Charging Method	
Drinking Water	Metered charges common for commercial and industrial properties; invoiced quarterly.	
Wastewater	Charged per pan/urinal. Trade waste agreements apply for certain commercial users.	
Stormwater	Same methodology as residential – fixed charge based on rating boundary classification.	

Collection Approach

All water service rate charges are levied through rates invoices issued by Southland District Council. Annual rates notices will be sent out in July with rates due at the end of August, November, February and May. For properties with metered water supply, invoices are issued quarterly and are based on actual water usage recorded during the billing period.

Ratepayers have the ability to pay rates by cash, direct debit, automatic payment or credit card. They can make payments direct from their bank account, online through Council's website, in person at Councils offices. Direct Debit payments can be flexible to fit the individual and their circumstances.

An annual rating penalty of 10% is applied at the start of July for all outstanding amounts. Outstanding instalments are charged at 10% one month following payment due date.

Projected Residential Charges (2024–2034)

SDC has modelled the expected average cost to residential households for water services over the 10-year LTP period. These projections reflect anticipated investment, inflation, compliance costs, and service upgrades, while smoothing peaks to support affordability. The table below are the targeted rates for full charge incl GST.

Year	Average Residential Cost (All 3 Waters)	Annual Change
2024/2025	\$1,769	-
2025/2026	\$1,930	\$161
2026/2027	\$2,590	\$660
2027/2028	\$3,251	\$660
2028/2029	\$3,615	\$364
2029/2030	\$3,898	\$283
2030/2031	\$4,118	\$221
2031/2032	\$4,247	\$128
2032/2033	\$4,326	\$79
2033/2034	\$4,391	\$65

Note: Figures are indicative and averaged across all residential users. Individual charges will vary by scheme, metering status, and location. Stormwater charges are included where applicable.

Page 53 of 137

Sensitivity: General

These projections demonstrate SDC's compliance to achieve a financially sustainable model as required by the legislation.

Council remains committed to affordability and will continue to evaluate financial impacts during each Long-Term Plan and Annual Plan cycle. Importantly, as noted elsewhere in this Plan, any adjustments to national regulatory standards – particularly those recognising the unique challenges faced by small or rural schemes – could significantly reduce the scale of investment required, and in turn, ease the financial burden on residential ratepayers across the district.

The affordability of projected water services charges for communities

Affordability Considerations

As outlined in the previous table, the average residential water services charge is forecast to increase by 148% over the next 10 years — from \$1,769 in 2024/2025 to \$4,391 in 2033/2034. This growth is driven primarily by a significant capital investment programme required to meet increasingly stringent regulatory standards. Affordability is therefore a central concern in SDC's assessment of future water service delivery models.

When combined with all other Council rates, these increases push total household rates well beyond the Shand Report's affordability benchmark of 5% of median household income, a threshold already exceeded in Southland. Current projections show median total rates (including regional council rates) rising from 5.28% in 2024/2025 to 8.85% in 2033/2034, a level Council considers unsustainable for many households.

Financial analysis undertaken during the assessment of alternative delivery models confirmed that a CCO would not improve this position, in fact, it would make it worse. Without legislated rates harmonisation, Southland ratepayers could be required to fund their share of CCO costs at a higher level than the current Council-managed approach, with no guarantee of service improvements or efficiency gains.

A separate CCO entity would also incur its own governance, compliance, and operational overheads, which would be spread across a small population and already expensive schemes, further eroding affordability. This is particularly acute for wastewater, where future compliance costs are projected to be among the highest in the region.

The Adjusted Status Quo model — retaining water services within Council, was therefore assessed as the most financially sustainable and community-appropriate option under the Local Water Done Well framework. This conclusion was reinforced by public consultation, where 97.5% of submissions supported keeping services in-house, citing cost control, direct accountability, and local decision-making as key reasons.

Despite this decision, SDC still faces structural affordability challenges due to the large number of small, decentralised schemes it operates and the vast geographic spread of the district. These realities limit economies of scale and drive higher per-connection costs, particularly for wastewater in remote townships.

Affordability pressures are further compounded by the likelihood of ongoing regulatory changes requiring costly treatment upgrades and enhanced environmental performance. Small drinking water and wastewater schemes are particularly vulnerable, as compliance costs are spread over fewer connections. Unless national standards are proportionate and fit-for-purpose for rural schemes, the financial burden on Southland communities will continue to escalate.

Based on current median household income in the Southland District (approximately \$78,000 per year), water services charges alone are projected to rise from 2.1% to 4.9% of median household income over the next decade. This reinforces the need for prudent financial planning, targeted use of reserves, and strong advocacy for regulatory settings that balance public health and environmental outcomes with the reality of rural affordability.

7.4 Attachment A Page 71

Page 54 of 137

Sensitivity: General

Funding and financing arrangements

Funding and financing arrangements

Water services financing requirements and sources

Water Services Financing Requirements and Sources

SDC's water services investment and operating programme over the 2024–2034 period will be delivered through a combination of targeted rates, fees and charges, general rates, depreciation reserves, and activity specific internal loans supported by external borrowings, consistent with Council's broader financial strategy and Revenue and Financing Policy.

Projected Borrowing Requirements

Over the next 10 years, SDC anticipates borrowing a total of approximately \$165 million to support the delivery of capital works across its drinking water, wastewater, and stormwater networks. This borrowing is primarily required to fund:

- Major compliance and levels of service upgrades to wastewater treatment plants
- Renewals and resilience investment in all three waters not covered by depreciation funding
- · Some major maintenance projects such as sludge renewal.

The new borrowing drawdowns are forecast to peak between FY2025–FY2029, reflecting the phasing of high-value wastewater projects and alignment with discharge consent renewal deadlines.

Cash and Working Capital Requirements

SDC applies its treasury policies to support day-to-day liquidity. This approach ensures:

- · Sufficient liquidity for operational delivery;
- Capacity to respond to unplanned events (eg asset failures or compliance responses); and
- The ability to cash-fund renewals or co-fund projects with external partners when required.

Borrowing Limits and Compliance

Council's overall debt position is governed by borrowing limits defined by the Local Government Funding Agency (LGFA) and the Investment and Liability policy. These include:

- A current maximum debt-to-total revenue ratio of 175%
- Council policy currently is for net interest expense to not exceed 10% of total revenue. Council
 could as required increase this to 20% as set by the LGFA.
- Liquidity (external, borrowing +available committed loan facilities + available liquid investments as a
 percentage of existing external debt greater than 110%)

All projected borrowings across Council services remain within the applicable debt-to-revenue limits over the 10-year period.

Council will review its debt position as part of each planning cycle. Obtaining a credit rating would increase Council's borrowing capacity to 280% of revenue, providing significantly more headroom than would be available under a separate CCO structure. While this additional capacity could support future investment if required, Council recognises that higher debt levels directly increase the rates needed to service that borrowing.

Financial Strategy for Water Services

Council's approach to funding water services is based on:

- User-pays principles, with targeted rates, general rate and volumetric charges funding operational
 costs and debt repayment. With any excess retained in separate reserves by activity.
- Fully funding of depreciation for all three waters from 2027/2028.
- Funding collected for depreciation will be used to fund asset renewal projects and principal repayments on any renewal project loans with any excess depreciation collected retained in a separate depreciation reserves.
- Internal loans will be used to spread the cost of large capital infrastructure across the lesser of the life of the asset or 30 years. These will be supported by external loans.

Page 55 of 137

Sensitivity: General

Borrowing Tenor, Interest Rate and Refinance Risk Management

SDC follows a best practice borrowing approach under its Investment and Liability Policy, which includes:

- Spreading borrowings across multiple maturities
- Using fixed interest instruments to manage exposure to rate volatility when required
- · Rolling refinancing windows to avoid large repayment concentrations

Council accesses borrowing through the LGFA to achieve favourable interest rates and lending terms.

Debt Repayment Strategy

SDC uses a combination of:

- Scheduled repayments aligned to asset life up to a maximum of 30 years
- Refinancing strategies to extend or restructure debt when financially prudent

Internal borrowing arrangements

SDC currently uses internal borrowing arrangements as a method of tracking debt by activity and business unit. This is underwritten by external debt.

Current Use of Internal Borrowing

As at 2024, internal loans are in place for all water-related capital projects. These arrangements are:

- Formally recorded by activity in Council's financial system by financial year;
- Subject to interest charges, which are consistent with the weighted average cost of Council's external borrowings (to ensure neutrality); and
- Scheduled for repayment on the lesser of useful life or 30 years,

Use of Internal Borrowing to 30 June 2028

SDC proposes to continue using internal loans for water services through to 30 June 2028,

All such borrowings will continue to be recorded separately for each water activity, with appropriate interest charged to reflect the cost of borrowing. With interest and principal repayments annually charged to each activity.

Use Beyond 30 June 2028

It is expected that internal borrowing will continue to be used beyond 30 June 2028.

Future use will be reviewed as part of each Long Term Plan cycle and aligned with external borrowing strategies and interest rate forecasts but it is not expected to be changed.

Ringfencing and Compliance

To ensure ongoing compliance with ringfencing obligations under the Local Water Done Well framework, SDC will continue to:

- Maintain separate internal loan ledgers for drinking water, wastewater, and stormwater;
- Ensure interest and repayments are charged to the correct activity account;
- Include internal borrowing balances in all financial reporting and forecasting for water services;
- Regularly reconcile internal borrowing arrangements as part of annual budgeting and year-end audit processes.

This ensures that each water activity remains financially self-sustaining and that internal loans do not result in cross-subsidisation between Council functions or water services.

Determination of debt attributed to water services

7.4 Attachment A Page 73

Page 56 of 137

Sensitivity: General

Method for Allocating Debt to Water Services (as at 30 June 2024)

As Council has always tracked its debt requirements by activity, the debt attributed is the value of the internal loans at 30 June 2024.

Debt and Net Debt-to-Revenue Position (30 June 2024)

As of 30 June 2024:

- The total value of borrowings attributed to water services was \$46.347 million
- The net debt to operating revenue ratio for water services was calculated at 294.4% based on:
 - o Total water activity borrowings (internal);
 - o Less any available water activity reserves;
 - o Divided by total operating revenue from water activities (rates, charges, fees, and grants).

Insurance arrangements

7.4 Attachment A Page 74

Page 57 of 137

Sensitivity: General

Insurance Coverage and Ownership

Under the Adjusted Status Quo model, SDC will retain ownership of all water services infrastructure and therefore holds responsibility for maintaining the appropriate insurance cover. Councils insurance programme provides protection for both above and below-ground water assets, subject to thresholds and market conditions.

- Above-ground water assets, including treatment plants, reservoirs, pump stations, and other structures, are insured through Council's material damage insurance policy. These assets are revalued annually for inclusion in Council's insurance schedules.
- Below-ground assets (reticulation networks, laterals, and manholes) are insured via the Local
 Authority Protection Programme (LAPP). LAPP coverage is based on Councils assets listed in its
 Asset Management System and these are independently valued at replacement value annually. Claims
 are subject to a \$1 million threshold with a 40% deductible.

Risk Assessment and Insurance Reviews

All of Councils water assets are insured. On an annual basis Council revalue its assets and this forms the basis for the insurance replacement value which are reviewed on an annual basis.

Insurance Coverage and Valuation Basis

Insured assets are generally covered on a replacement value basis. Annual insurance values are informed by:

- Council's external asset valuations and condition assessments including inflation;
- · Quantity surveyor and engineering inputs;

Insurance Management Policy and Risk Settings

SDC's approach to insurance is guided by its Insurance Policy, which set out:

- Council's insurance review cycle and thresholds for asset inclusion;
- Risk appetite
- Identification of key risks (eg natural hazards, fire, mechanical failure) and relevant mitigations (eg seismic strengthening, redundancies in treatment systems).

Council's disaster recovery planning also intersects with insurance management. Major events affecting water infrastructure would trigger activation of business continuity protocols, Civil Defence co-ordination, and access to central government recovery assistance where applicable.

Delegations and Oversight

Insurance cover, renewals, and reviews are overseen by Council's Finance and Risk teams, with governance oversight through the Finance and Assurance Committee. Delegations for procurement and management of insurance policies sit with the Chief Executive and General Manager of Finance and Assurance.

7.4 Attachment A Page 75

Page 58 of 137

Sensitivity: General

Part D: Financial sustainability assessment

Confirmation of financially sustainable delivery of water services

Page 59 of 137

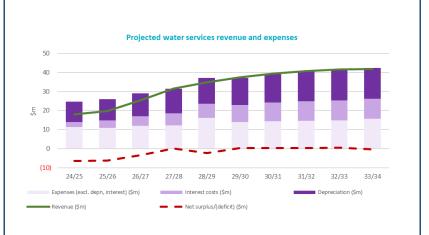
Sensitivity: General

Financial sustainability assessment - revenue sufficiency

Assessment of revenue sufficiency

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

The projected revenue profile across the 2024–2034 period demonstrates Council's commitment to delivering financially sustainable water services in terms of the Local Government (Water Services Preliminary Arrangements) Act 2024. To meet Council's three waters costs, Council has had to move to fully funding of depreciation from 2027/2028. This results in a balanced budget for all years except 2027/2028 and 2033/2034. In these years, substantial desludging maintenance projects, are being funded by loans, due to the cost, (\$2.2 million (2028/2029) \$675 thousand (33/34) and the projects benefits covering a number of years.



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

The projected charges shown in the table below represent the total targeted rate per connection or rating unit for each of the three water service activities – drinking water, wastewater, and stormwater. All values are inclusive of GST and reflect Council's current funding forecasts over the 10-year LTP period amended for full depreciation funding from 2028.

To calculate the percentage of household income represented by these charges, Council used the 2018 census median household income figure for Southland District. This figure was then adjusted by the BERL wage indices used for the LTP, past and future. These inflation adjustments were benchmarked against broader income trends to ensure a realistic comparison point for affordability analysis.

These projections provide a clear view of the rising cost pressures driven by necessary investment in water infrastructure and compliance, alongside Council's efforts to stage increases in a manner that balances affordability and service delivery obligations.

The Shand Report attempted to quantify rates affordability. They identified that rates in total should represent no more than 5% of household income. The below identifies that water rates alone will be near this target by the end of the LTP period. The key reason for this increase is funding the costs associated with increased compliance standards. It is hoped that final wastewater standards will reflect different community needs and therefore result in reduced costs that will then reduce the rate requirement needed as part of preparing the 2027/37 LTP.

Page 60 of 137

Sensitivity: General

Projected average charge per connection / rating unit (including GST)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking water	\$816	\$841	\$1,099	\$1,276	\$1,350	\$1,369	\$1,414	\$1,418	\$1,464	\$1,489
Wastewater	\$841	\$951	\$1,325	\$1,641	\$1,909	\$2,151	\$2,304	\$2,408	\$2,412	\$2,432
Stormwater	\$112	\$138	\$167	\$334	\$355	\$378	\$401	\$421	\$447	\$469
Average charge per connection / rating unit	\$1,769	\$1,930	\$2,590	\$3,251	\$3,615	\$3,898	\$4,118	\$4,247	\$4,326	\$4,391
Increase in average charge	21%	9%	34%	26%	11%	8%	6%	3%	2%	2%
Water services charges as % of median household income	2.1%	2.3%	3.0%	3.8%	4.1%	4.4%	4.7%	4.8%	4.8%	4.8%

Projected operating surpluses/(deficits) for water services

Operating surplus ratio (whether revenues cover costs)	FY2024/25 (\$000)	FY2025/26 (\$000)	FY2026/27 (\$000)	FY2027/28 (\$000)	FY2028/29 (\$000)	FY2029/30 (\$000)	FY2030/31 (\$000)	FY2031/32 (\$000)	FY2032/33 (\$000)	FY2033/34 (\$000)
Operating surplus/(deficit) excluding capital revenues – combined water services	(6,541)	(6,330)	(3,478)	143	(2,359)	268	314	348	459	(351)
Operating revenue – combined water services	18,126	19,701	25,497	31,536	34,824	37,488	39,475	40,715	41,527	41,940
Operating surplus ratio	(36.1%)	(32.1%)	(13.6%)	0.5%	(6.8%)	0.7%	0.8%	0.9%	1.1%	(0.8)%

- Note in 2028/2029 there are maintenance projects of \$2.5 million for sludge removal which are being funded by loan as there is a long-term benefit
- Note in 2033/2034 there is a water supply maintenance project at Eastern Bush of \$617,000 which is being funding by loan as there is a long term benefit

As noted above Council achieves a positive operating surplus in all but two of the years post 2027/28, due to the funding of maintenance projects that have a longer-term benefit. Both are funded by internal loans, with interest and principal being met from a mixture of rates and depreciation reserves in future years. Any surpluses that are generated in future years will be applied to debt reduction or reinvestment in the relevant water service activity.

Projected operating cash surpluses for water services

Operating cash ratio (whether revenues cover costs)	FY2024/25 (\$000)	FY2025/26 (\$000)	FY2026/27 (\$000)	FY2027/28 (\$000)	FY2028/29 (\$000)	FY2029/30 (\$000)	FY2030/31 (\$000)	FY2031/32 (\$000)	FY2032/33 (\$000)	FY2033/34 (\$000)
Operating surplus/(deficit) + depreciation + interest costs - capital revenues	6,715	8,758	13,505	19,268	18,758	23,422	25,130	26,154	26,698	26,195
Operating revenue – combined water services	18,126	19,701	25,497	31,536	34,824	37,488	39,475	40,715	41,527	41,940
Operating cash ratio	37%	44.5%	53%	61.1%	53.9%	62.5%	63.7%	64.2%	64.3%	62.5%

Projected operating cashflows are being generated each year. These surpluses represent the funds available after operating costs have been met and before capital investment is undertaken. They serve as a key measure of the financial sustainability of water services delivery.

The cash surpluses are primarily applied to interest payments and the scheduled repayment of debt associated with capital borrowing. They are also used to fund renewals and invest in water infrastructure, particularly as Council moves towards fully funding depreciation by 2027/28.

The projected operating cashflows are sufficient to meet the planned servicing of debt and contribute to the investment in renewals. This position has been achieved through increases in rating levels, through fully funding depreciation from 2027/28 and balanced against regulatory compliance obligations and the need for ongoing infrastructure investment.

Page 61 of 137

Sensitivity: General

Financial sustainability assessment - investment sufficiency

Assessment of investment sufficiency

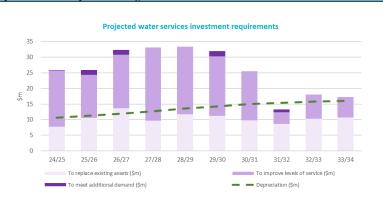
Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth

The proposed investment in water services across the 10-year period is considered sufficient to meet required levels of service, comply with regulatory standards, and provide for forecast growth across the district and meet renewals required.

The investment programme reflects a combination of renewal projects, level of service improvements, and limited growth-related upgrades. These have been prioritised based on condition assessments, compliance obligations (including Taumata Arowai standards), and asset criticality.

Projected investment is fully funded through a mix of, depreciation reserves, external borrowing and development contributions (where applicable). The financial strategy underpinning the 2024–2034 Long Term Plan ensures access to sufficient financing to support the delivery of the investment programme.

The proposed capital works align with asset management plans and have been tested against the 'investment sufficiency' test by confirming the investment addresses known renewal needs, enables regulatory compliance, and maintains the resilience of water infrastructure. Overall, the programme supports the sustainable delivery of water services across Southland. The graph shows that the level of renewals needed under the asset management plans is at this stage of the asset cycle less than the depreciation funding calculated. This graph shows the high levels of service required to meet statutory obligations and that this is the major concern for Council moving forward. It is appropriate that these are funded by loans as it meets the intergenerational equity principles.



Renewals requirements for water services

Asset sustainability ratio	FY2024/25 (\$000)	FY2025/26 (\$000)	FY2026/27 (\$000)	FY2027/28 (\$000)	FY2028/29 (\$000)	FY2029/30 (\$000)	FY2030/31 (\$000)	FY2031/32 (\$000)	FY2032/33 (\$000)	FY2033/34 (\$000)
Capital expenditure on renewals – all water services assets	7,791	10,592	13,678	9,720	11,689	11,279	9,772	8,621	10,300	10,738
Depreciation – all water services assets	10,618	11,233	11,955	12,755	13,549	14,305	14,969	15,404	15,734	16,106
Asset sustainability ratio	(26.6%)	(5.7%)	14.4%	(23.8%)	(13.7%)	(21.2%)	(34.7%)	(44.0%)	(34.5%)	(33.3%)

The proposed renewals investment programme is grounded in Southland District Council's Asset Management Plans and 30-Year Infrastructure Strategy, and further strengthened by recent work with Waugh Infrastructure Management to produce the Infrastructure Investment Plan (IIP) and Criticality Plan. Together, these tools have improved Council's understanding of asset condition, service risk, and investment priorities across the district's diverse water networks.

Page 62 of 137

Sensitivity: General

As noted in Part B, much of Southland's water infrastructure is not yet approaching end-of-life. This is a direct result of the significant capital investment wave between 2008 and 2013, which has extended the useful life of many key assets. Accordingly, the asset sustainability ratio shows renewals investment below annual depreciation in most years of the 10-year plan — a deliberate outcome of a risk-based, condition-informed approach rather than a sign of underinvestment.

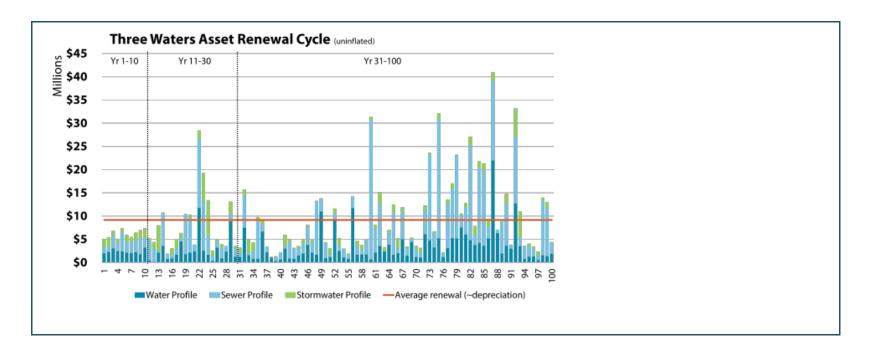
Renewals in Southland are driven by more than just asset age or condition. Regulatory change — particularly for wastewater treatment and discharge — is a major trigger, often requiring upgrades well before an asset's physical life is complete. The proposed programme therefore targets assets that combine high criticality with either condition risk or impending compliance obligations, ensuring that investment addresses the greatest risks to service continuity, public health, and environmental outcomes.

This approach maintains affordability for ratepayers while ensuring critical infrastructure is renewed in time to avoid service failures or non-compliance. It also aligns with the principles of intergenerational equity, spreading investment in line with asset life cycles and actual need.

Key factors supporting this approach include:

- A significant proportion of assets still have substantial remaining useful life, reducing near-term renewal demand.
- · Many renewals are compliance-driven, aligning with new or anticipated consent conditions and environmental performance standards.
- The use of the IIP and Criticality Plan enables clear prioritisation and sequencing based on risk, resilience, and service impact.
- The programme will be reviewed and updated as part of the 2027–2037 Long Term Plan to reflect the latest condition data, regulatory settings, and community priorities.

Sensitivity: General



Page 64 of 137

Sensitivity: General

Total water services investment required over 10 years

Asset investment ratio	FY2024/25 (\$000)	FY2025/26 (\$000)	FY2026/27 (\$000)	FY2027/28 (\$000)	FY2028/29 (\$000)	FY2029/30 (\$000)	FY2030/31 (\$000)	FY2031/32 (\$000)	FY2032/33 (\$000)	FY2033/34 (\$000)
Total capital expenditure - all water services assets	25,865	25,856	32,331	33,153	33,290	31,926	25,483	13,339	18,037	17,267
Depreciation – all water services assets	10,618	11,233	11,955	12,755	13,549	14,305	14,969	15,404	15,734	16,106
Asset investment ratio	143.6%	130.2%	170.4%	159.9%	145.7%	123.2%	70.2%	(13.4%)	14.6%	7.2%

The proposed levels of investment have been determined through SDC's AMP, Long Term Infrastructure Strategy, and recent work undertaken with Waugh's IIP and Criticality Plan. These tools have provided a more structured and risk-informed basis for prioritising investment across the 3 waters networks.

The IIP identifies key investment drivers across the water supply, wastewater, and stormwater activities, while the Criticality Plan assesses the consequence of asset failure, enabling a more targeted and transparent investment approach.

Investment levels over the 10-year period reflect:

- The need to address deferred renewals and resilience issues in smaller rural schemes;
- Targeted level of service upgrades aligned with compliance requirements (eg Drinking Water Quality Assurance Rules);
- Growth in select communities where demand is projected to increase (at this stage this is limited to some areas in Riverton and Te Anau); and
- A realistic delivery programme aligned with Council's financial strategy and internal project delivery capacity.

The Asset Investment Ratio indicates that capital investment will exceed depreciation in most years of the LTP, particularly in the early period, reflecting the need to meet regulatory standards and new consent conditions under current legislation. Ratios are lower in later years as major consent-related upgrades and treatment compliance projects are completed, and as investment demand tapers in line with reduced immediate compliance pressures.

The apparent drop in capital investment from 2029/2030 reflects both the completion of these major projects and the greater uncertainty of future needs in the outer years, where asset condition data, legislative settings, and consent requirements are not yet fully defined. This tapering is intentional and aligns with a prudent financial strategy, providing flexibility to reassess priorities in the 2027–2037 Long Term Plan based on updated asset information, community expectations, and affordability considerations.

This targeted investment profile is considered both prudent and sustainable, supporting long-term infrastructure stewardship while remaining consistent with Council's financial and risk management policies.

Sensitivity: General

Average remaining useful life of network assets

Asset consumption ratio	FY2024/25 (\$000)	FY2025/26 (\$000)	FY2026/27 (\$000)	FY2027/28 (\$000)	FY2028/29 (\$000)	FY2029/30 (\$000)	FY2030/31 (\$000)	FY2031/32 (\$000)	FY2032/33 (\$000)	FY2033/34 (\$000)
Book value of water infrastructure assets	203,577	229,274	262,304	295,748	328,869	359,562	383,855	395,505	411,144	425,971
Replacement value of water infrastructure assets	761,205	828,432	906,480	948,717	1,062,733	1,137,266	1,206,824	1,263,879	1,325,002	1,386,794
Asset consumption ratio	26.7%	27.7%	28.9%	30.0%	30.9%	31.6%	31.8%	31.3%	31.0%	30.7%

The proposed level of investment over the 10-year period results in a gradual increase in the average remaining useful life of Southland District's water infrastructure assets. As such the Asset Consumption Ratio increases from 26.7% in FY2024/2025 to 31.8% in FY2030/31, indicating that the planned capital programme is overall sufficient to offset asset depreciation and maintain general asset condition across the network.

Although the ratio levels off from FY2031/2032 onwards, it remains stable and does not show material decline. Future investment beyond FY2033/34 will continue to be informed by updated asset condition assessments, and revised renewal priorities through the Asset Management Plan and Infrastructure Strategy, ensuring replacement requirements are adequately addressed.

This approach supports long term asset sustainability and reduces the burden on future ratepayers by preserving network service levels through timely reinvestment.

Sensitivity: General

Financial sustainability assessment - financing sufficiency

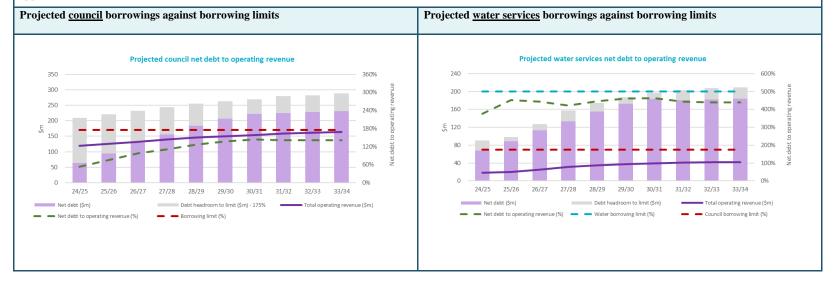
Assessment of financing sufficiency

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

The projected borrowings for Southland District Council remain within Council's established LGFA limit of 175% of revenue throughout the 10-year period. Council will consider if it needs to increase this limit as part of the next LTP noting that if it does, a credit rating will be sought with Council being able to borrow up to 280%. It is hoped that the enacted waters legislation will result in reduced compliance costs for many of Councils smaller schemes, that will mean increasing this debt limit is not necessary. Councils debt ceiling is higher than would be able to be obtained through a separate CCO of Council, with this plan indicating that it is near the 500% LGFA limit that would exist if it was. Another reason why Council has decided to retain it as a business unit of Council.

Borrowing requirements for water services have been developed based on the planned capital programme and consider available funding from reserves and forecasted operating surpluses. Council's Financial Strategy has set prudent borrowing parameters to ensure that investment in water infrastructure can proceed without breaching debt limits or compromising long term financial sustainability.

The graphs below demonstrate that Council is well within both the overall net debt to revenue ratio and the water services-specific debt limits across the life of the Long-Term Plan. This confirms that the plan meets the financing sufficiency test and that required investment can be funded through a responsible borrowing approach.



Page 67 of 137

Projected borrowings for water services

Net debt to operating revenue	FY2024/25 (\$000)	FY2025/26 (\$000)	FY2026/27 (\$000)	FY2027/28 (\$000)	FY2028/29 (\$000)	FY2029/30 (\$000)	FY2030/31 (\$000)	FY2031/32 (\$000)	FY2032/33 (\$000)	FY2033/34 (\$000)
Net debt attributed to water services (gross debt less cash)	68,135	89,088	112,942	133,197	155,297	172,651	182,851	180,438	182,282	183,794
Operating revenue – combined water services	18,126	19,701	25,497	31,536	34,824	37,488	39,475	40,715	41,527	41,940
Net debt to operating revenue %	376%	452%	443%	422%	446%	461%	463%	443%	439%	438%

The projected borrowing profile for water services aligns with the timing of planned capital investment across the 10-year period. This ensures that debt is drawn down in step with actual delivery of infrastructure projects, supporting the principle of intergenerational equity.

The net debt to operating revenue ratio for water services peaks at approximately 463% in FY2030/2031 before gradually declining. This ratio has been calculated using the method recommended by the LGFA and the DIA as part of the LWDW reform framework. It reflects the scale of investment required to renew and improve water infrastructure in Southland District.

Although the ratio for water services exceeds typical LGFA benchmarks, it sits within the parameters expected under LWDW reform of 500%, where ringfenced water services funding and borrowing is treated separately from Council's overall debt profile.

Given the decision to continue to operate as a part of Council, at a whole-of - Council level (as demonstrated in the table below), net debt to operating revenue remains well within the LGFA's limit of 175% throughout the life of the plan. This confirms that Council can sustainably manage both water services and general council borrowing without breaching financial covenants or compromising long term financial resilience.

Net debt to operating revenue whole of Council	FY2024/25 (\$000)	FY2025/26 (\$000)	FY2026/27 (\$000)	FY2027/28 (\$000)	FY2028/29 (\$000)	FY2029/30 (\$000)	FY2030/31 (\$000)	FY2031/32 (\$000)	FY2032/33 (\$000)	FY2033/34 (\$000)
Net debt attributed to for whole council (gross debt less cash)	63,981	94,823	128,796	155,140	184,307	207,014	222,142	225,000	228,220	231,928
Operating revenue	119,826	125,951	132,423	139,608	146,084	150,417	153,823	159,371	161,296	164,532
Net debt to operating revenue %	53%	75%	97%	111%	126%	138%	144%	141%	141%	141%

Borrowing headroom/(shortfall) for water services

Borrowing headroom/(shortfall) against limit	FY2024/25 (\$000)	FY2025/26 (\$000)	FY2026/27 (\$000)	FY2027/28 (\$000)	FY2028/29 (\$000)	FY2029/30 (\$000)	FY2030/31 (\$000)	FY2031/32 (\$000)	FY2032/33 (\$000)	FY2033/34 (\$000)
Operating revenue	18,126	19,701	25,497	31,536	34,824	37,488	39,475	40,715	41,527	41,940
Debt to revenue limit for water services (%)	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt at borrowing limit	90,630	98,505	127,485	157,680	174,120	187,440	197,373	203,574	207,634	209,700
Projected net debt attributed to water services	68,135	89,088	112,942	133,197	155,297	172,651	182,851	180,438	182,282	183,794
Borrowing headroom/(shortfall) against limit	22,945	9,417	14,543	24,483	18,823	14,789	14,522	23,136	25,353	25,906

This particular indicator is not applicable to Council given its decision to continue to treat water services as part of Council operations. However, we have completed the above table on a borrowing limit of 500% net debt to operating revenue being applied to water services, as recommended by the LGFA and the DIA under the LWDW reform framework.

Based on this limit, Council maintains positive borrowing headroom for the 10-year period.

Importantly referring to the net debt to operating revenue as outlined in the table in the previous section, Council's overall borrowing remains within the LGFA limit of 175% net debt to operating revenue across the full plan period. This ensures Council retains sufficient headroom in its total borrowing capacity to manage any emergencies.

Page 68 of 137

Sensitivity: General

Future updates to wastewater standards may reduce the scale or timing of investment required, further alleviating borrowing pressure and improving the water services borrowing position.

Free funds from operations

Free funds from operations	FY2024/25 (\$000)	FY2025/26 (\$000)	FY2026/27 (\$000)	FY2027/28 (\$000)	FY2028/29 (\$000)	FY2029/30 (\$000)	FY2030/31 (\$000)	FY2031/32 (\$000)	FY2032/33 (\$000)	FY2033/34 (\$000)
Projected net debt attributed to water services	68,135	89,088	112,942	133,197	155,297	172,651	182,851	180,438	182,282	183,794
Projected free funds from operations - water services	4,077	4,903	8,477	12,898	11,190	14,573	15,283	15,752	16,193	15,755
Free funds from operations to net debt ratio	6.0%	5.5%	7.5%	9.7%	7.2%	8.4%	8.4%	8.7%	8.9%	8.6%

The projected free funds from operations to net debt ratio for water services ranges between 5.5% and 9.7% over the 10-year period. This reflects Council's ability to generate sufficient operating cash flows to service debt and is within a sustainable range for long term financial planning.

Council's financial strategy recognises that water services borrowings accounts for approximately 70% of the total projected net debt of \$232 million by 2034. This elevated proportion is driven by the need to upgrade wastewater treatment plants and fund key renewals across the network.

External borrowings, where required, are on terms of up to 15 years from drawdown. Based on the projected free cash flow to net debt ratio, Council expects to be able to service debt repayments over an average of 15 years – consistent with loan terms and aligned with prudent financial management.

7.4 Attachment A Page 86

Page 69 of 137

Sensitivity: General

Part E: Projected financial statements for water services

Projected financial statements – total water services

Projected funding	impact statement
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Projected funding impact statement - water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
• •	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Sources of operating funding										
General rates	\$2,178	\$2,259	\$2,384	\$2,491	\$2,555	\$2,631	\$2,646	\$2,688	\$2,748	\$2,685
Targeted rates	\$15,803	\$17,297	\$22,966	\$28,874	\$32,087	\$34,657	\$36,616	\$37,797	\$38,449	\$38,987
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	\$145	\$145	\$147	\$171	\$182	\$200	\$212	\$230	\$330	\$268
Fees and charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total sources of operating funding	\$18,126	\$19,701	\$25,497	\$31,536	\$34,824	\$37,484	\$39,475	\$40,715	\$41,527	\$41,940
Applications of operating funding										
Payments to staff and suppliers	\$7,680	\$6,944	\$7,831	\$8,015	\$11,714	\$9,608	\$9,841	\$9,979	\$10,156	\$11,035
Finance costs	\$2,638	\$3,855	\$5,028	\$6,370	\$7,568	\$8,849	\$9,847	\$10,402	\$10,505	\$10,440
Internal charges and overheads applied	\$3,731	\$3,999	\$4,161	\$4,253	\$4,352	\$4,458	\$4,504	\$4,582	\$4,673	\$4,710
Other operating funding applications	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total applications of operating funding	\$14,049	\$14,798	\$17,020	\$18,638	\$23,634	\$22,915	\$24,192	\$24,963	\$25,334	\$26,185
Surplus/(deficit) of operating funding	\$4,077	\$4,903	\$8,477	\$12,898	\$11,190	\$14,573	\$15,283	\$15,752	\$16,193	\$15,755
Source 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	\$21,443	\$20,712	\$23,668	\$21,131	\$22,571	\$17,538	\$11,126	\$1,815	\$(1,120)	\$337
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	\$21,443	\$20,712	\$23,668	\$21,131	\$22,571	\$17,538	\$11,126	\$1,815	\$(1,120)	\$337
Applications of capital funding										
Capital expenditure - to meet additional demand	\$150	\$1,538	\$1,527	\$0	\$0	\$1,699	\$0	\$947	\$0	\$0
Capital expenditure - to improve levels of services	\$17,924	\$13,726	\$17,126	\$23,433	\$21,601	\$18,948	\$15,711	\$3,771	\$7,737	\$6,529
Capital expenditure - to replace existing assets	\$7,791	\$10,592	\$13,678	\$9,720	\$11,689	\$11,279	\$9,772	\$8,621	\$10,300	\$10,738
Increase/(decrease) in reserves	\$(105)	\$0	\$54	\$1,077	\$670	\$385	\$1,124	\$4,430	\$(2,767)	\$(979)
Increase/(decrease) in investments	\$(240)	\$(240)	\$(240)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)	\$(200)
Total applications of capital funding	\$25,520	\$25,616	\$32,145	\$34,030	\$33,760	\$32,111	\$26,407	\$17,569	\$15,070	\$16,088
Surplus/(deficit) of capital funding	\$(4,077)	\$(4,904)	\$(8,477)	\$(12,899)	\$(11,190)	\$(14,573)	\$(15.281)	\$(15,754)	\$(16,190)	\$(15,751)
Funding balance	\$0	\$(1)	\$0	\$(1)	\$0	\$0	\$2	\$(2)	\$3	\$4

Page 70 of 137

Projected statement of profit and loss - water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue	F 12024/23	F 1 2023/20	F 1 2020/27	F 1 2027/20	F12020/27	F 1 2027/30	F 1 2030/31	F 1 2031/32	F 1 2032/33	F 1 2033/34
Operating revenue	\$18,126	\$19,701	\$25,497	\$31,536	\$34,824	\$37,488	\$39,475	\$40,715	\$41,527	\$41,940
Other revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total revenue	\$18,126	\$19,701	\$25,497	\$31,536	\$34,824	\$37,488	\$39,475	\$40,715	\$41,527	\$41,940
Expenses										
Operating expenses	\$7,680	\$6,944	\$7,831	\$8,015	\$11,714	\$9,608	\$9,841	\$9,979	\$10,156	\$11,035
Finance costs	\$2,638	\$3,855	\$5,028	\$6,370	\$7,568	\$8,849	\$9,847	\$10,402	\$10,505	\$10,440
Overheads and support costs	\$3,731	\$3,999	\$4,161	\$4,253	\$4,352	\$4,458	\$4,504	\$4,582	\$4,673	\$4,710
Depreciation & amortisation	\$10,618	\$11,233	\$11,955	\$12,755	\$13,549	\$14,305	\$14,969	\$15,404	\$15,734	\$16,106
Total expenses	\$24,667	\$26,031	\$28,975	\$31,393	\$37,311	\$37,487	\$39,538	\$40,901	\$41,679	\$42,980
Net surplus/(deficit)	\$(6,541)	\$(6,330)	\$(3,478)	\$143	\$(2,359)	\$268	\$314	\$348	\$459	\$(351)
Revaluation of infrastructure assets	\$14,890	\$11,074	\$12,655	\$13,045	\$13,380	\$13,072	\$13,779	\$13,715	\$13,336	\$13,665
Total comprehensive income	\$8,349	\$4,744	\$9,177	\$13,188	\$11,021	\$13,340	\$14,092	\$14,063	\$13,796	\$13,314
Cash surplus/(deficit) from operations (ex non-cash	\$4,077	\$4,903	\$8,477	\$12.898	\$11.190	\$14.573	\$15,283	\$15,752	\$16,193	\$15,755
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	V 1,017		40,111	Ψ 123 070	φ11,170	φ 17 ,2 <i>1</i> 2	Ψ10 ,2 00	\$25,7 <i>02</i>	\$10,1 <i>73</i>	φ1 <i>0,13</i> 0
rojected statement of cashflows Projected statement of cashflows - water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	
rojected statement of cashflows Projected statement of cashflows - water services Cashflows from operating activities	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
rojected statement of cashflows Projected statement of cashflows - water services Cashflows from operating activities Cash surplus/(deficit) from operations	FY2024/25 \$4,077	FY2025/26 \$4,903	FY2026/27 \$8,477	FY2027/28 \$12,898	FY2028/29 \$11,190	FY2029/30 \$14,573	FY2030/31 \$15,283	FY2031/32 \$15,752	FY2032/33 \$16,193	FY2033/34 \$15,755
rojected statement of cashflows Projected statement of cashflows - water services Cashflows from operating activities Cash surplus/(deficit) from operations [Other items]	\$4,077 \$0	FY2025/26 \$4,903 \$0	FY2026/27 \$8,477 \$0	FY2027/28 \$12,898 \$0	FY2028/29 \$11,190 \$0	FY2029/30 \$14,573 \$0	FY2030/31 \$15,283 \$0	FY2031/32 \$15,752 \$0	FY2032/33 \$16,193 \$0	FY2033/34 \$15,755 \$0
rojected statement of cashflows Projected statement of cashflows - water services Cashflows from operating activities Cash surplus/(deficit) from operations [Other items]	FY2024/25 \$4,077	FY2025/26 \$4,903	FY2026/27 \$8,477	FY2027/28 \$12,898	FY2028/29 \$11,190	FY2029/30 \$14,573	FY2030/31 \$15,283	FY2031/32 \$15,752	FY2032/33 \$16,193	FY2033/34 \$15,755
Projected statement of cashflows Projected statement of cashflows - water services Cashflows from operating activities Cash surplus/(deficit) from operations (Other items) Net cashflows from operating activities	\$4,077 \$0	FY2025/26 \$4,903 \$0 \$4,903	FY2026/27 \$8,477 \$0 \$8,477	FY2027/28 \$12.898 \$0 \$12,898	FY2028/29 \$11,190 \$0 \$11,190	FY2029/30 \$14,573 \$0 \$14,573	FY2030/31 \$15,283 \$0	FY2031/32 \$15,752 \$0 \$15,752	FY2032/33 \$16,193 \$0	FY2033/34 \$15,755 \$0 \$15,755
Projected statement of cashflows Projected statement of cashflows - water services Cashflows from operating activities Cash surplus/(deficit) from operations [Other items] Net cashflows from operating activities Cashflows from investing activities	\$4,077 \$0	FY2025/26 \$4,903 \$0	FY2026/27 \$8,477 \$0	FY2027/28 \$12,898 \$0	FY2028/29 \$11,190 \$0	FY2029/30 \$14,573 \$0	FY2030/31 \$15,283 \$0	\$15,752 \$0 \$15,752 \$(13,339)	FY2032/33 \$16,193 \$0	FY2033/34 \$15,755
Projected statement of cashflows - water services Cashflows from operating activities Cash suplus/(deficit) from operations (Other items) Net cashflows from operating activities Cashflows from investing activities Cashflows from investing activities Capital expenditure – infrastructure assets	\$4,077 \$0 \$4,077	FY2025/26 \$4,903 \$0 \$4,903	FY2026/27 \$8,477 \$0 \$8,477	FY2027/28 \$12.898 \$0 \$12,898	FY2028/29 \$11,190 \$0 \$11,190	FY2029/30 \$14,573 \$0 \$14,573	FY2030/31 \$15,283 \$0 \$15,283	FY2031/32 \$15,752 \$0 \$15,752	FY2032/33 \$16,193 \$0 \$16,193	FY2033/34 \$15,755 \$(0,0) \$15,755 \$(17,267)
Projected statement of cashflows Projected statement of cashflows - water services Cashflows from operating activities Cash surplus/(deficit) from operations Other items] Net cashflows from operating activities Cashflows from investing activities Cashflows from investing activities Capital expenditure – infrastructure assets Other items]	\$4,077 \$0 \$4,077 \$1 \$25,865	\$4,903 \$0 \$4,903 \$0 \$4,903	\$8,477 \$0 \$8,477 \$0 \$8,477	\$12,898 \$0 \$12,898 \$0 \$12,898	FY2028/29 \$11,190 \$0 \$11,190 \$(33,290)	FY2029/30 \$14,573 \$0 \$14,573 \$(31,926)	FY2030/31 \$15,283 \$0 \$15,283 \$(25,483)	\$15,752 \$0 \$15,752 \$(13,339)	FY2032/33 \$16,193 \$0 \$16,193 \$(18,037)	FY2033/34 \$15,755 \$0 \$15,755 \$(17,267) \$0
Projected statement of cashflows - water services Cashflows from operating activities Cash surplus/(deficit) from operations Other items] Net cashflows from operating activities Cashflows from investing activities Cashflows from investing activities Capital expenditure – infrastructure assets Other items] Net cashflows from investing activities	\$4,077 \$0 \$4,077 \$0 \$4,077 \$(25,865) \$0	\$4,903 \$0 \$4,903 \$0 \$4,903 \$(25,856) \$0	\$8,477 \$0 \$8,477 \$0 \$8,477 \$(32,331) \$0	\$12,898 \$0 \$12,898 \$0 \$12,898 \$(33,153) \$0	\$11,190 \$0 \$11,190 \$0 \$11,190 \$(33,290) \$0	\$14,573 \$0 \$14,573 \$0 \$14,573 \$(31,926) \$0	\$15,283 \$0 \$15,283 \$0 \$15,283	\$15,752 \$0 \$15,752 \$0 \$15,752 \$(13,339) \$0	\$16,193 \$0 \$16,193 \$0 \$16,193 \$(18,037) \$0	FY2033/34 \$15,755 \$0 \$15,755 \$(17,267) \$0
Projected statement of cashflows - water services Cashflows from operating activities Cash surplus/(deficit) from operations Other items] Net cashflows from operating activities Cashflows from investing activities Capital expenditure – infrastructure assets Other items] Net cashflows from investing activities Capital expenditure – infrastructure assets Other items] Net cashflows from investing activities Cashflows from financing activities	\$4,077 \$0 \$4,077 \$0 \$4,077 \$(25,865) \$0	\$4,903 \$0 \$4,903 \$0 \$4,903 \$(25,856) \$0	\$8,477 \$0 \$8,477 \$0 \$8,477 \$(32,331) \$0	\$12,898 \$0 \$12,898 \$0 \$12,898 \$(33,153) \$0	\$11,190 \$0 \$11,190 \$0 \$11,190 \$(33,290) \$0	\$14,573 \$0 \$14,573 \$0 \$14,573 \$(31,926) \$0	\$15,283 \$0 \$15,283 \$0 \$15,283	\$15,752 \$0 \$15,752 \$0 \$15,752 \$(13,339) \$0	\$16,193 \$0 \$16,193 \$0 \$16,193 \$(18,037) \$0	\$15,755 \$0 \$15,755 \$(17,267) \$(17,267)
Projected statement of cashflows - water services Cashflows from operating activities Cash surplus/(deficit) from operations Other items] Net cashflows from operating activities Cashflows from investing activities Capital expenditure – infrastructure assets Other items] Net cashflows from investing activities Capital expenditure – infrastructure assets Other items] Net cashflows from investing activities Cashflows from financing activities	\$4,077 \$0 \$4,077 \$0 \$4,077 \$(25,865) \$0 \$(25,865)	\$4,903 \$0 \$4,903 \$0 \$4,903 \$(25,856) \$0 \$(25,856)	\$8,477 \$0 \$8,477 \$0 \$8,477 \$(32,331) \$0 \$(32,331)	\$12,898 \$0 \$12,898 \$0 \$12,898 \$(33,153) \$0 \$(33,153)	\$11,190 \$0 \$11,190 \$0 \$11,190 \$(33,290) \$0 \$(33,290)	\$14,573 \$0 \$14,573 \$0 \$14,573 \$(31,926) \$0 \$(31,926)	\$15,283 \$0 \$15,283 \$0 \$15,283 \$(25,483) \$0 \$(25,483)	\$15,752 \$0 \$15,752 \$0 \$15,752 \$(13,339) \$0 \$(13,339)	\$16,193 \$0 \$16,193 \$0 \$16,193 \$(18,037) \$0 \$(18,037)	\$15,755 \$(17,267) \$(17,267)
Projected statement of cashflows - water services Cashflows from operating activities Cash suplus/(deficit) from operations [Other items] Net cashflows from operating activities Cashflows from investing activities Capital expenditure – infrastructure assets [Other items] Net cashflows from investing activities Cashflows from investing activities Cashflows from financing activities Net cashflows from financing activities New borrowings Repayment of borrowings	\$4,077 \$0 \$4,077 \$0 \$4,077 \$(25,865) \$0 \$(25,865)	\$4,903 \$0 \$4,903 \$0 \$4,903 \$(25,856) \$0 \$(25,856) \$22,015	\$8,477 \$0 \$8,477 \$0 \$8,477 \$(32,331) \$0 \$(32,331) \$25,193	\$12,898 \$0 \$12,898 \$0 \$12,898 \$(33,153) \$0 \$(33,153) \$23,085	\$11,190 \$0 \$11,190 \$0 \$11,190 \$(33,290) \$0 \$(33,290) \$24,949	\$14,573 \$0 \$14,573 \$0 \$14,573 \$(31,926) \$0 \$(31,926) \$20,391	\$15,283 \$0 \$15,283 \$0 \$15,283 \$(25,483) \$0 \$(25,483)	\$15,752 \$0 \$15,752 \$0 \$15,752 \$(13,339) \$0 \$(13,339)	\$16,193 \$0 \$16,193 \$0 \$16,193 \$(18,037) \$0 \$(18,037) \$2,793	FY2033/34 \$15,755 \$0 \$15,755
Projected statement of cashflows - water services Cashflows from operating activities Cash surplus/(deficit) from operations (Other items) Net cashflows from operating activities Cashflows from investing activities Capital expenditure – infrastructure assets (Other items) Net cashflows from investing activities Cashflows from investing activities Cashflows from investing activities Cashflows from financing activities New borrowings Repayment of borrowings Net cashflows from financing activities	\$4,077 \$0 \$4,077 \$0 \$4,077 \$(25,865) \$0 \$(25,865) \$22,437 \$(1,297)	\$4,903 \$0 \$4,903 \$1,903 \$(25,856) \$0 \$(25,856) \$22,015 \$(1,613)	\$8,477 \$0 \$8,477 \$0 \$8,477 \$(32,331) \$0 \$(32,331) \$25,193 \$(1,852)	\$12.898 \$0 \$12,898 \$0 \$12,898 \$(33,153) \$0 \$(33,153) \$23,085 \$(2,299)	\$11,190 \$0 \$11,190 \$(33,290) \$0 \$(33,290) \$24,949 \$(2,743)	\$14,573 \$0 \$14,573 \$0 \$14,573 \$(31,926) \$0 \$(31,926) \$20,391 \$(3,238)	\$15,283 \$0 \$15,283 \$(25,483) \$(25,483) \$(25,483) \$14,390 \$(3,671)	\$15,752 \$0 \$15,752 \$(13,339) \$0 \$(13,339) \$5,444 \$(4,060)	\$16,193 \$0 \$16,193 \$(18,037) \$0 \$(18,037) \$0 \$(18,037)	\$15,755 \$15,755 \$15,755 \$(17,267 \$(17,267 \$4,504 \$4,504
rojected statement of cashflows Projected statement of cashflows - water services Cashflows from operating activities Cash surplus/(deficit) from operations [Other items] Net cashflows from operating activities Cashflows from investing activities Cashflows from investing activities Other items] Net cashflows from investing activities Cashflows from investing activities Cashflows from investing activities New borrowings Repayment of borrowings Net cashflows from financing activities Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at beginning of year	\$4,077 \$0 \$4,077 \$0 \$4,077 \$(25,865) \$0 \$(25,865) \$22,437 \$(1,297) \$21,443	\$4,903 \$0 \$4,903 \$(25,856) \$0 \$(25,856) \$22,015 \$(1,613) \$20,712	\$8,477 \$0 \$8,477 \$0 \$8,477 \$(32,331) \$0 \$(32,331) \$25,193 \$(1,852) \$23,668	\$12,898 \$0 \$12,898 \$0 \$12,898 \$(33,153) \$0 \$(33,153) \$23,085 \$(2,299) \$21,131	\$11,190 \$0 \$11,190 \$0 \$11,190 \$(33,290) \$0 \$(33,290) \$24,949 \$(2,743) \$22,571	\$14,573 \$0 \$14,573 \$0 \$14,573 \$(31,926) \$0 \$(31,926) \$20,391 \$(3,238) \$17,358	\$15,283 \$0 \$15,283 \$0 \$15,283 \$(25,483) \$0 \$(25,483) \$14,390 \$(3,671) \$11,126	\$15,752 \$0 \$15,752 \$(13,339) \$0 \$(13,339) \$5,444 \$(4,060) \$1,815	\$16,193 \$0 \$16,193 \$(18,037) \$0 \$(18,037) \$2,793 \$(4,350) \$(1,120)	\$15,755 \$15,755 \$15,755 \$(17,267 \$(17,267) \$4,500 \$(4,532) \$335

Projected statement of financial position

Page 71 of 137

Sensitivity: General

Projected statement of financial position	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	\$(345)	\$(586)	\$(772)	\$104	\$574	\$759	\$1,685	\$5,913	\$2,949	\$1,774
Other current assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Infrastructure assets	\$203,577	\$229,274	\$262,304	\$295,748	\$328,869	\$359,562	\$383,855	\$395,505	\$411,144	\$425,971
Other non-current assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total assets	\$203,232	\$228,688	\$261,532	\$295,852	\$329,444	\$360,322	\$385,540	\$401,418	\$414,093	\$427,745
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	\$67,790	\$88,502	\$112,170	\$133,301	\$155,872	\$173,410	\$184,536	\$186,351	\$185,231	\$185,568
Other non-current liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total liabilities	\$67,790	\$88,502	\$112,170	\$133,301	\$155,872	\$173,410	\$184,536	\$186,351	\$185,231	\$185,568
Net assets	\$135,442	\$140,186	\$149,362	\$162,551	\$173,572	\$186,912	\$201,004	\$215,067	\$228,862	\$242,176
Equity										
Revaluation reserves	\$320,609	\$331,683	\$344,337	\$357,383	\$370,763	\$383,835	\$397,614	\$411,329	\$424,665	\$438,331
Other reserves	\$(185,167)	\$(191,497)	\$(194,975)	\$(194,832)	\$(197,191)	\$(196,924)	\$(196,610)	\$(196,262)	\$(195,803)	\$(196,154)
Total equity	\$135,442	\$140,186	\$149,362	\$162,551	\$173.572	\$186,912	\$201,004	\$215,067	\$228,862	\$242,176

Funding balance

Projected financial statements –drinking water **Projected funding impact statement** Projected funding impact statement - drinking water FY2024/25 FY2025/26 FY2026/27 FY2027/28 FY2028/29 FY2029/30 FY2030/31 FY2031/32 FY2032/33 FY2033/34 Sources of operating funding \$812 \$844 \$893 \$933 \$959 \$989 \$995 \$1,011 \$1,035 \$1,035 General rates \$7,063 \$7,320 \$9,314 \$10,755 \$11,328 \$11,480 \$11,830 \$11,879 \$12,239 \$12,442 Targeted rates \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Subsidies and grants for operating purposes \$27 \$26 \$27 \$45 \$60 \$77 \$81 \$95 \$93 \$99 Local authorities fuel tax, fines, infringement fees and other \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Fees and charges Total sources of operating funding \$7,902 \$8,190 \$10,234 \$11,733 \$12,347 \$12,545 \$12,906 \$12,985 \$13,367 \$13,576 Applications of operating funding \$3,387 \$3,300 \$3,900 \$3,890 \$4,403 \$4,502 \$4,718 \$4,695 \$4,797 \$5,575 Payments to staff and suppliers \$1,185 \$1,749 \$1,732 \$1,078 \$1,435 \$1,820 \$1,794 \$1,782 \$1,848 \$1,846 Finance costs Internal charges and overheads applied \$1,556 \$1,672 \$1,738 \$1,774 \$1,814 \$1,858 \$1,877 \$1,910 \$1,947 \$1,964 Other operating funding applications \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Total applications of operating funding \$6,021 \$6,157 \$7,073 \$7,484 \$8,011 \$8,109 \$8,377 \$8,337 \$8,592 \$9,385 Surplus/(deficit) of operating funding \$1,881 \$2,033 \$3,161 \$4.249 \$4,336 \$4,436 \$4,529 \$4,648 \$4,775 \$4,191 Source 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 \$1,887 \$4,419 \$6,790 \$(466) \$(786) \$585 \$(895) \$2,047 \$(21) \$42 Increase/(decrease) in debt 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 \$1,887 \$4,419 \$(466) \$585 \$2,047 \$(21) \$42 Total sources of capital funding \$6,790 \$(786) \$(895) Applications of capital funding Capital expenditure - to meet additional demand \$150 \$1,538 \$0 \$0 \$0 \$1,699 \$0 \$947 \$0 \$0 \$2,454 Capital expenditure - to improve levels of services \$1.853 \$4,969 \$405 \$138 \$651 \$550 \$3,363 \$2,418 \$123 Capital expenditure - to replace existing assets \$1,966 \$2,557 \$5,024 \$2,603 \$2,602 \$2,367 \$2,375 \$2,605 \$2,176 \$3.937 \$(105) \$0 \$54 \$857 \$890 \$384 \$787 \$(139) \$238 \$252 Increase/(decrease) in reserves Increase/(decrease) in investments \$(96) \$(96) \$(96) \$(80) \$ (80) \$(80) \$(80) \$(80) \$(80) \$(80) Total applications of capital funding \$3,768 \$6,453 \$9,951 \$3,785 \$3,550 \$5,021 \$3,632 \$6,696 \$4,752 \$4,232 \$(4,251) \$(4,336) Surplus/(deficit) of capital funding \$(1,881) \$(2,034) \$(3,161) \$(4,436) \$(4,527) \$(4,649) \$(4,773) \$(4,190)

\$2

\$2

Page 73 of 137

\$0

Projected statement of comprehensive revenue and expense

Projected statement of profit and loss - drinking water	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	\$7,902	\$8,190	\$10,234	\$11,733	\$12,347	\$12,545	\$12,906	\$12,985	\$13,367	\$13,576
Other revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total revenue	\$7,902	\$8,190	\$10,234	\$11,733	\$12,347	\$12,545	\$12,906	\$12,985	\$13,637	\$13,576
Expenses										
Operating expenses	\$3,387	\$3,300	\$3,900	\$3,890	\$4,403	\$4,502	\$4,718	\$4,695	\$4,797	\$5,575
Finance costs	\$1,078	\$1,185	\$1,435	\$1,820	\$1,794	\$1,749	\$1,782	\$1,732	\$1,848	\$1,846
Overheads and support costs	\$1,556	\$1,672	\$1,738	\$1,774	\$1,814	\$1,858	\$1,877	\$1,910	\$1,947	\$1,964
Depreciation & amortisation	\$3,765	\$3,897	\$4,105	\$4,271	\$4,340	\$4,422	\$4,507	\$4,614	\$4,738	\$4,825
Total expenses	\$9,786	\$10,054	\$11,178	\$11,755	\$12,351	\$12,531	\$12,884	\$12,951	\$13,330	\$14,210
Net surplus/(deficit)	\$(1,884)	\$(1,864)	\$(944)	\$(22)	\$(4)	\$14	\$22	\$34	\$37	\$(634)
Revaluation of infrastructure assets	\$5,107	\$3,679	\$4,145	\$4,252	\$4,163	\$3,889	\$3,986	\$3,865	\$3,819	\$3,897
Total comprehensive income	\$3,223	\$1,815	\$3,201	\$4,230	\$4,160	\$3,904	\$4,008	\$3,900	\$3,857	\$3,262
Cash surplus/(deficit) from operations (ex non-cash items)	\$1,881	\$2,033	\$3,161	\$4,249	\$4,336	\$4,436	\$4,529	\$4,648	\$4,775	\$4,191

Projected statement of cashflows

Projected statement of cashflows - drinking water	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	\$1,881	\$2,033	\$3,161	\$4,249	\$4,336	\$4,436	\$4,529	\$4,648	\$4,775	\$4,191
[Other items]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net cashflows from operating activities	\$1,881	\$2,033	\$3,161	\$4,249	\$4,336	\$4,436	\$4,529	\$4,648	\$4,775	\$4,191
Cashflows from investing activities										
Capital expenditure – infrastructure assets	\$(3,969)	\$(6,549)	\$(9,993)	\$(3,008)	\$(2,740)	\$(4,717)	\$(2,925)	\$(6,915)	\$(4,594)	\$(4,060)
[Other items]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net cashflows from investing activities	\$(3,969)	\$(6,549)	\$(9,993)	\$(3,008)	\$(2,740)	\$(4,717)	\$(2,925)	\$(6,915)	\$(4,594)	\$(4,060)
Cashflows from financing activities										
New borrowings	\$2,416	\$4,999	\$7,396	\$274	\$0	\$1,415	\$0	\$2,992	\$1,018	\$1,142
Repayment of borrowings	\$(529)	\$(580)	\$(606)	\$(740)	\$(786)	\$(830)	\$(895)	\$(945)	\$(1039)	\$(1,100)
Net cashflows from financing activities	\$1,887	\$4,419	\$6,790	\$(466)	\$(786)	\$585	\$(895)	\$2,047	\$(21)	\$42
Net increase/(decrease) in cash and cash equivalents	\$(201)	\$(97)	\$(42)	\$775	\$810	\$304	\$709	\$(220)	\$160	\$173
Cash and cash equivalents at beginning of year	\$0	\$(201)	\$(298)	\$(340)	\$435	\$1,245	\$1,550	\$2,259	\$2,039	\$2,200
Cash and cash equivalents at end of year	\$(201)	\$(298)	\$(340)	\$435	\$1,245	\$1,550	\$2,259	\$2,039	\$2,200	\$2,372

7.4 Attachment A Page 91

Page 74 of 137

Sensitivity: General

Projected statement of financial position Projected statement of financial position FY2024/25 FY2025/26 FY2026/27 FY2027/28 FY2028/29 FY2029/30 FY2030/31 FY2031/32 FY2032/33 FY2033/34 Assets \$(201) \$(298) \$(340) \$435 \$1,245 \$1,550 \$2,259 \$2,039 \$2,200 \$2,372 Cash and cash equivalents \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Other current assets Infrastructure assets \$65,041 \$71,372 \$81,404 \$84,393 \$86,957 \$91,141 \$93,545 \$99,711 \$103,386 \$106,518 Other non-current assets \$0 \$0 \$0 Total assets \$64,840 \$84,828 \$88,202 \$92,691 \$95,804 \$101,751 \$105,586 \$108,890 \$71,074 \$81,064 Liabilities Borrowings - current portion \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Other current liabilities \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$21,140 \$25,559 \$32,349 \$31,883 \$31,097 \$31,682 \$30,787 \$32,834 \$32,813 \$32,855 Borrowings - non-current portion Other non-current liabilities \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$32,349 \$32,834 \$32,813 Total liabilities \$25,559 \$31,682 \$32,855 \$21,140 \$31,883 \$31,097 \$30,787 \$43,700 \$45,515 \$48,715 \$52,945 \$57,105 \$61,009 \$65,017 \$68,917 \$72,773 \$76,035 Net assets Equity Revaluation reserves \$112,034 \$115,713 \$119,857 \$124,109 \$128,273 \$132,162 \$136,148 \$140,013 \$143,832 \$147,729 Other reserves \$(68,334) \$(70,198) \$(71,142) \$(71,164) \$(71,168) \$(71,153) \$(71,131) \$(71,097) \$(71,059) \$(71,694) \$43,700 \$45,515 Total equity \$48,715 \$52,945 \$57,105 \$61,009 \$65,017 \$68,917 \$72,773 \$76,035

Projected financial statements – wastewater Projected funding impact statement Projected funding impact statement - wastewater FY2024/25 FY2025/26 FY2026/27 FY2027/28 FY2028/29 FY2029/30 FY2030/31 FY2031/32 FY2032/33 FY2033/34 Sources of operating funding \$935 \$966 \$1,015 \$1,054 \$1,078 \$1,108 \$1,113 \$1,129 \$1,152 \$1,088 General rates \$7,672 \$8,669 \$12,068 \$14,944 \$17,376 \$19,581 \$20,966 \$21,908 \$21,946 \$22,072 Targeted rates \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Subsidies and grants for operating purposes \$118 \$119 \$120 \$126 \$122 \$123 \$131 \$134 \$237 \$170 Local authorities fuel tax, fines, infringement fees and other \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Fees and charges Total sources of operating funding \$8,725 \$9,754 \$13,203 \$16,124 \$18,576 \$20,812 \$22,210 \$23,172 \$23,335 \$23,330 Applications of operating funding \$3,134 \$3,311 \$3,394 \$6,572 \$4,358 \$4,367 \$4,587 \$4,680 Payments to staff and suppliers \$3,760 \$4,520 \$2,332 \$7,330 \$1,402 \$3,132 \$3,939 \$5,056 \$6,288 \$7,120 \$7,654 \$7,496 Finance costs Internal charges and overheads applied \$1,369 \$1,466 \$1,527 \$1,559 \$1,596 \$1,636 \$1,680 \$1,714 \$1,726 \$1,652 Other operating funding applications \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Total applications of operating funding \$6,531 \$6,932 \$7,970 \$8,892 \$13,224 \$12,262 \$13,139 \$13,854 \$13,797 \$13,736 Surplus/(deficit) of operating funding \$2,194 \$2,822 \$5,233 \$7,232 \$5,352 \$8,550 \$9,073 \$9,318 \$9,518 \$9,594 Source 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 \$16,392 \$14,110 \$14,236 \$19,705 \$21,355 \$14,956 \$9,341 \$(2,788) \$(2,927) \$(1,831) Increase/(decrease) in debt 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 \$16,392 \$14,110 \$14,236 \$19,705 \$21,355 \$14,956 \$9,341 \$(2,788) \$(2,927) \$(1,831) Total sources of capital funding Applications of capital funding Capital expenditure - to meet additional demand \$0 \$0 \$1,053 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$4,937 Capital expenditure - to improve levels of services \$14,701 \$11,204 \$11,179 \$21,300 \$19,940 \$16.852 \$12.872 \$(1,338) \$4.050 Capital expenditure - to replace existing assets \$3,981 \$5.824 \$7,332 \$5,497 \$7,067 \$6,732 \$5,283 \$3,381 \$5,646 \$4.135 \$0 \$0 \$0 \$220 \$(220) \$337 \$4,568 \$(3,005) \$(1,230) Increase/(decrease) in reserves \$0 Increase/(decrease) in investments \$(96) \$(96) \$(96) \$(80) \$(80) \$(80) \$(80) \$(80) \$(80) \$(80) Total applications of capital funding \$18,586 \$16,932 \$19,468 \$26,937 \$26,707 \$25,304 \$18,412 \$6,531 \$6,611 \$7,762 \$(5,232) \$(7,232) \$(8,549) Surplus/(deficit) of capital funding \$(2,194) \$(2,822) \$(5,352) \$(9,319) \$(9,538) \$(9,592) \$(9,071) Funding balance \$0

7.4 Attachment A Page 93

Page 76 of 137

Projected statement of comprehensive revenue and expense

Projected statement of profit and loss - wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	\$8,725	\$9,754	\$13,203	\$16,124	\$18,576	\$20,812	\$22,210	\$23,172	\$23,335	\$23,330
Other revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total revenue	\$8,725	\$9,754	\$13,203	416,124	\$18,576	\$20,812	\$22,210	\$23,172	\$23,335	\$23,330
Expenses										
Operating expenses	\$3,760	\$3,134	\$3,311	\$3,394	\$6,572	\$4,358	\$4,367	\$4,520	\$4,587	\$4,680
Finance costs	\$1,402	\$2,332	\$3,132	\$3,939	\$5,056	\$6,268	\$7,120	\$7,654	\$7,496	\$7,330
Overheads and support costs	\$1,369	\$1,466	\$1,527	\$1,559	\$1,596	\$1,636	\$1,652	\$1,680	\$1,714	\$1,726
Depreciation & amortisation	\$5,594	\$6,022	\$6,471	\$7,028	\$7,668	\$8,256	\$8,740	\$8,964	\$9,077	\$9,272
Total expenses	\$12,125	\$12,954	\$14,441	\$15,920	\$20,892	\$20,518	\$21,879	\$22,818	\$22,874	\$23,008
Net surplus/(deficit)	\$(3,400)	\$(3,200)	\$(1,238)	\$204	\$(2,316)	\$294	\$331	\$354	\$461	\$322
Revaluation of infrastructure assets	\$8,030	\$6,110	\$7,061	\$7,325	\$7,721	\$7,726	\$8,257	\$8,287	\$7,939	\$8,119
Total comprehensive income	\$4,630	\$2,910	\$5,823	\$7,259	\$5,405	\$8,019	\$8,588	\$8,641	\$8,400	\$8,442
Cash surplus/(deficit) from operations (ex non-cash items)	\$2,194	\$2,822	\$5,233	\$7,232	\$5,352	\$8,550	\$9,071	\$9,318	\$9,538	\$9,594

Projected statement of cashflows

Projected statement of cashflows - wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	\$2,194	\$2,822	\$5,233	\$7,232	\$5,352	\$8,550	\$9,071	\$9,318	\$9,538	\$9,594
[Other items]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net cashflows from operating activities	\$2,194	\$2,822	\$5,233	\$7,232	\$5,352	\$8,550	\$9,071	\$9,318	\$9,538	\$9,594
Cashflows from investing activities										
Capital expenditure – infrastructure assets	\$(18,682)	\$(17,028)	\$(19,564)	\$(26,797)	\$(27,007)	\$(23,584)	\$(18,155)	\$(2,043)	\$(9,696)	\$(9,072)
[Other items]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net cashflows from investing activities	\$(18,682)	\$(17,028)	\$(19,564)	\$(26,797)	\$(27,007)	\$(23,584)	\$(18,155)	\$(2,043)	\$(9,696)	\$(9,072)
Cashflows from financing activities										
New borrowings	\$17,110	\$15,048	\$15,350	\$21,088	\$23,099	\$17,109	\$11,828	\$0	\$0	\$1,166
Repayment of borrowings	\$(718)	\$(938)	\$(1,114)	\$(1,383)	\$(1,744)	\$(2,153)	\$(2,487)	\$(2,788)	\$(2,927)	\$(2,997)
Net cashflows from financing activities	\$16,392	\$14,110	\$14,236	\$19,705	\$21,355	\$14,956	\$9,341	\$(2,788)	\$(2,927)	\$(1,831)
Net increase/(decrease) in cash and cash equivalents	\$(96)	\$(96)	\$(95)	\$140	\$(300)	\$(79)	\$257	\$4,487	\$(3,085)	\$(1,308)
Cash and cash equivalents at beginning of year	\$0	\$(96)	\$(192)	\$(287)	\$(147)	\$(447)	\$(526)	\$(269)	\$4,219	\$1,133
Cash and cash equivalents at end of year	\$(96)	\$(192)	\$(287)	\$(147)	\$(447)	\$(526)	\$(269)	\$4,219	\$1,133	\$(175)

7.4 Attachment A Page 94

Page 77 of 137

Sensitivity: General

Projected statement of financial position Projected statement of financial position FY2024/25 FY2025/26 FY2026/27 FY2027/28 FY2028/29 FY2029/30 FY2030/31 FY2031/32 FY2032/33 FY2033/34 Assets \$(96) \$(192) \$(287) \$(147) \$(447) \$(526) \$(269) \$4,219 \$1,133 \$(175) Cash and cash equivalents \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Other current assets Infrastructure assets \$110,746 \$127,862 \$148,017 \$175,110 \$202,170 \$225,224 \$242,895 \$244,261 \$252,819 \$260,739 Other non-current assets \$0 \$242,697 \$248,480 \$253,953 \$260,564 Total assets \$110,650 \$127,670 \$147,730 \$174,963 \$201,723 \$224,698 Liabilities Borrowings - current portion \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Other current liabilities \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$40,789 \$54,899 \$69,135 \$88,840 \$110,195 \$125,151 \$134,491 \$131,704 \$128,776 Borrowings - non-current portion \$126,946 Other non-current liabilities \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Total liabilities \$40,789 \$54,899 \$69,135 \$88,840 \$110,195 \$125,151 \$134,491 \$131,704 \$128,776 \$126,946 \$69,861 \$72,771 \$78,595 \$86,123 \$91,528 \$99,547 \$108,135 \$116,776 \$125,176 \$133,618 Net assets Equity \$165,872 \$171,982 \$179,044 \$186,368 \$194,089 \$201,815 \$210,071 \$218,358 \$226,297 \$234,417 Revaluation reserves Other reserves \$(96,011) \$(99,211) \$(100,449) \$(100,245) \$(102,561) \$(102,267) \$(101,936) \$(101,582) \$(101,121) \$(100,799) \$78,595 \$108,135 \$133,618 Total equity \$69,861 \$72,771 \$86,123 \$91,528 \$99,547 \$116,776 \$125,176

Projected financial statements – stormwater

Projected funding impact statement

Projected funding impact statement – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	\$431	\$449	\$476	\$504	\$518	\$534	\$538	\$548	\$561	\$562
Targeted rates	\$1,068	\$1,308	\$1,584	\$3,175	\$3,383	\$3,597	\$3,821	\$4,010	\$4,263	\$4,472
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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fees and charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total sources of operating funding	\$1,499	\$1,757	\$2,060	\$3,679	\$3,901	\$4,131	\$4,359	\$4,558	\$4,824	\$5,034
Applications of operating funding										
Payments to staff and suppliers	\$533	\$510	\$620	\$731	\$739	\$748	\$756	\$764	\$772	\$780
Finance costs	\$158	\$338	\$461	\$611	\$718	\$832	\$945	\$1,016	\$1,161	\$1,265
Internal charges and overheads applied	\$806	\$861	\$896	\$920	\$942	\$964	\$975	\$992	\$1,012	\$1,020
Other operating funding applications	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total applications of operating funding	\$1,497	\$1,709	\$1,977	\$2,262	\$2,399	\$2,544	\$2,676	\$2,772	\$2,945	\$3,065
Surplus/(deficit) of operating funding	\$2	\$48	\$83	\$1,417	\$1,501	\$1,587	\$1,682	\$1,786	\$1,880	\$1,970
Source 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	\$3,164	\$2,183	\$2,642	\$1,892	\$2,002	\$1,998	\$2,681	\$2,556	\$1,828	\$2,126
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	\$3,164	\$2,183	\$2,642	\$1,892	\$2,002	\$1,998	\$2,681	\$2,556	\$1,828	\$2,126
Applications of capital funding										
Capital expenditure - to meet additional demand	\$0	\$0	\$474	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital expenditure - to improve levels of services	\$1,370	\$68	\$978	\$1,728	\$1,523	\$1,445	\$2,289	\$1,746	\$1,269	\$1,469
Capital expenditure - to replace existing assets	\$1,844	\$2,211	\$1,322	\$1,620	\$2,020	\$2,180	\$2,114	\$2,635	\$2,478	\$2,666
Increase/(decrease) in reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increase/(decrease) in investments	\$(48)	\$(48)	\$(48)	\$(40)	\$(40)	\$(40)	\$(40)	\$(40)	\$(40)	\$(40)
Total applications of capital funding	\$3,166	\$2,231	\$2,726	\$3,308	\$3,503	\$3,585	\$4,363	\$4,341	\$3,707	\$4,095
	4/8	4/40	4(0.0)	44.44.0	4/4 =043	# (# # 00)	A (4 . CO.)	A (4 = 0.0	A (4.000)	h(1.0.50)
Surplus/(deficit) of capital funding	\$(2)	\$(48)	\$(84)	\$(1,416)	\$(1,501)	\$(1,588)	\$(1,682)	\$(1,786)	\$(1,879)	\$(1,969)
Funding balance	\$0	\$0	\$(1)	\$1	\$0	\$(1)	\$0	\$0	\$1	\$1

Page 79 of 137

Projected statement of comprehensive revenue and expense Projected statement of profit and loss - stormwater FY2024/25 FY2025/26 FY2026/27 FY2027/28 FY2028/29 FY2029/30 FY2030/31 FY2031/32 FY2032/33 FY2033/34 Revenue \$1,499 \$1,757 \$3,679 \$4,131 \$4,359 \$4,558 \$4,824 \$5,034 \$2,060 \$3,901 Operating revenue Other revenue \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Total revenue \$1,499 \$1,757 \$2,060 \$3,679 \$4,131 \$4,359 \$4,558 \$4,824 \$5,034 \$3,901 Expenses \$533 \$510 \$739 \$748 \$756 \$764 \$772 \$780 Operating expenses \$620 \$731 Finance costs \$158 \$338 \$461 \$611 \$718 \$832 \$945 \$1,016 \$1,161 \$1,265 Overheads and support costs \$806 \$861 \$896 \$920 \$942 \$964 \$975 \$992 \$1,012 \$1,020 Depreciation & amortisation \$1,259 \$1,314 \$1,379 \$1,456 \$1,541 \$1,627 \$1,722 \$1,826 \$1,919 \$2,009 Total expenses \$2,756 \$3,023 \$3,356 \$3,718 \$3,940 \$4,171 \$4,398 \$4,598 \$4,864 \$5,074 Net surplus/(deficit) \$(1,257) \$(1,266) \$(1,296) \$(39) \$(39) \$(39) \$(40) \$(40) \$(40) \$(40) Revaluation of infrastructure assets \$1,753 \$1,285 \$1,449 \$1,469 \$1,496 \$1,457 \$1,537 \$1,562 \$1,578 \$1,649 Total comprehensive income \$496 \$19 \$153 \$1,430 \$1,456 \$1,417 \$1,497 \$1,522 \$1,539 \$1,610 Cash surplus/(deficit) from operations (ex non-cash items) \$1,501 \$1,682 \$1,880 \$1,970

Projected statement of cashflows

Projected statement of cashflows - stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	\$2	\$48	\$83	\$1,417	\$1,501	\$1,587	\$1,682	\$1,786	\$1,880	\$1,970
[Other items]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net cashflows from operating activities	\$2	\$48	\$83	\$1,417	\$1,501	\$1,587	\$1,682	\$1,786	\$1,880	\$1,970
Cashflows from investing activities										
Capital expenditure – infrastructure assets	\$(3,214)	\$(2,279)	\$(2,774)	\$(3,348)	\$(3,543)	\$(3,625)	\$(4,403)	\$(4,381)	\$(3,747)	\$(4,135)
[Other items]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net cashflows from investing activities	\$(3,214)	\$(2,279)	\$(2,774)	\$(3,348)	\$(3,543)	\$(3,625)	\$(4,403)	\$(4,381)	\$(3,747)	\$(4,135)
Cashflows from financing activities										
New borrowings	\$3,214	\$2,278	\$2,773	\$2,068	\$2,215	\$2,253	\$2,970	\$2,882	\$2,212	\$2,561
Repayment of borrowings	\$(50)	\$(95)	\$(131)	\$(176)	\$(214)	\$(255)	\$(289)	\$(326)	\$(384)	\$(435)
Net cashflows from financing activities	\$3,164	\$2,183	\$2,642	\$1,892	\$2,002	\$1,998	\$2,681	\$2,556	\$1,828	\$2,126
Net increase/(decrease) in cash and cash equivalents	\$(48)	\$(48)	\$(49)	\$(39)	\$(40)	\$(41)	\$(40)	\$(40)	\$(39)	\$(39)
Cash and cash equivalents at beginning of year	\$0	\$(48)	\$(96)	\$(145)	\$(184)	\$(224)	\$(265)	\$(305)	\$(345)	\$(384
Cash and cash equivalents at end of year	\$(48)	\$(96)	\$(145)	\$(184)	\$(224)	\$(265)	\$(305)	\$(345)	\$(384)	\$(423

7.4 Attachment A Page 97

Page 80 of 137

Sensitivity: General

Projected statement of financial position Projected statement of financial position FY2024/25 FY2025/26 FY2026/27 FY2027/28 FY2028/29 FY2029/30 FY2030/31 FY2031/32 FY2032/33 FY2033/34 Assets \$(48) \$(96) \$(145) \$(184) \$(224) \$(265) \$(305) \$(345) \$(384) \$(423) Cash and cash equivalents \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Other current assets Infrastructure assets \$27,790 \$30,040 \$32,883 \$36,244 \$39,742 \$43,197 \$47,415 \$51,532 \$54,938 \$58,714 Other non-current assets \$0 \$0 \$0 \$0 Total assets \$27,742 \$29,944 \$32,738 \$36,060 \$39,518 \$42,932 \$47,110 \$51,187 \$54,554 \$58,291 Liabilities Borrowings - current portion \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 Other current liabilities \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$8,044 \$12,578 \$14,580 \$16,577 \$19,258 \$21,814 \$23,642 \$25,767 Borrowings - non-current portion \$5,861 \$10,686 Other non-current liabilities \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$23,642 Total liabilities \$8,044 \$21,814 \$5,861 \$10,686 \$12,578 \$14,580 \$16,577 \$19,258 \$25,767 \$21,881 \$21,900 \$22,052 \$23,482 \$24,939 \$26,355 \$27,852 \$29,374 \$30,913 \$32,523 Net assets Equity Revaluation reserves \$42,703 \$43,988 \$45,436 \$46,905 \$48,401 \$49,858 \$51,395 \$52,957 \$54,535 \$56,185 Other reserves \$(20,822) \$(22,088) \$(23,384) \$(23,423) \$(23,463) \$(23,503) \$(23,543) \$(23,583) \$(23,623) \$(23,662) \$21,881 423,482 \$26,355 \$29,374 \$30,913 \$32,523 Total equity \$21,900 \$22,052 \$24,939 \$27,852

Sensitivity: General

Water Services Delivery Plan: additional information

Additional disclosures to support Plan

Councils are requested to provide additional disclosures to accompany Plans:

- Projected expenditure on significant capital projects; and
- Disclosure of risks and material assumptions for water services delivery.

The information disclosure requirements have been set out in template form in this addendum section.

Councils may wish to use this suggested template, or alternatively can provide this supporting information in another form.

Page 82 of 137

Sensitivity: General

Significant capital projects

Commentary on Significant Capital Projects

The following tables and graphs outline Southland District Council's planned significant capital investment across the three waters over the 2024–2034 period. Significant projects are defined as those with a value exceeding \$1.5 million for water and wastewater, and \$1 million for stormwater.

Drinking Water

Investment in drinking water assets is primarily driven by compliance upgrades and the need to renew aging infrastructure, with a smaller proportion responding to growth-related demand in selected townships.

Compliance-driven projects include

- The Riverton and Manapouri Water Treatment Plant upgrades, ensuring alignment with current Drinking Water Quality Assurance Rules (DWQAR) and resilience
 against variable source water quality.
- The Tuatapere Water Treatment Plant relocation addresses both compliance and climate risk, moving critical infrastructure out of a known flood hazard zone.
- Growth demand is reflected in the additional bores for Te Anau, which support increased seasonal and population-based water demand.
- Renewals are ongoing through district-wide replacement of aging asbestos cement (AC) pipelines, targeting service continuity and risk mitigation.

Investment in drinking water peaks in 2026/27, primarily due to a convergence of major renewals and compliance upgrades.

Wastewater

Wastewater investment is the largest across the three waters, with a clear emphasis on compliance with new and emerging discharge consents, particularly under Environment Southland's proposed Water and Land Plan.

- Compliance is the dominant driver, with major upgrades planned for the Winton, Edendale—Wyndham, Manapouri, and Balfour wastewater treatment plants to meet stricter nutrient, bacteria, and discharge quality limits.
- · Renewal-driven investment includes district-wide pipeline upgrades and targeted renewals in schemes experiencing high infiltration or nearing end-of-life.
- A smaller amount of growth-related investment is planned, such as the Luxmore Subdivision system upgrade in Te Anau.

Wastewater investment is front-loaded between 2024–2030, reflecting the urgent need to meet consent renewals and improve environmental performance across multiple schemes.

Stormwater

Stormwater investment reflects a growing recognition of the need to address urban runoff quality, climate resilience, and the legacy of limited historical investment in stormwater infrastructure.

- Compliance and level-of-service improvements are driving upgrades in Te Anau, Riverton, and Winton, with a focus on introducing treatment, attenuation, and improved conveyance.
- Renewal projects are planned across the district, including in Edendale/Wyndham, Stewart Island, and Ohai, targeting failing pipes and outdated discharge structures.
- A limited number of growth projects are included, such as new stormwater detention infrastructure in Te Anau to accommodate development and protect downstream systems.

Stormwater investment steadily increases over time, peaking between 2029–2031, as infrastructure improvements align with emerging regulatory expectations.

Page 83 of 137

Significant capital projects Significant capital projects - drinking water FY2028/29 FY2033/34 FY2024/25 FY2025/26 FY2026/27 FY2027/28 FY2029/30 FY2030/31 FY2031/32 FY2032/33 Significant capital projects – drinking water (\$000) (\$000 (\$000 (\$000) (\$000 (\$000 (\$000 (\$000 (\$000 (\$000 Projects to meet additional demand Riverton Water Treatment Plant - Upgrade 150 1,538 Te Anau Water Supply - Identify locations for two additional 1,699 947 Total investment to meet additional demand 150 1,538 1,699 947 Projects to improve levels of services Eastern Bush Water Supply - Upgrade 257 1,842 Manapouri Water Treatment Plant - Upgrade 900 Riverton Water Treatment Plant - Upgrade 150 1,537 2,368 2,418 Tuatapere Water Supply - Relocate treatment plant out of flood zone 1,853 2,454 4,969 405 138 651 550 3,363 2,418 123 Total investment to meet improve levels of services Projects to replace existing assets District Water Supply - Replacement of AC pipe at end of 1,600 1,538 1,579 1,620 1,660 1,698 1,738 1,776 1,813 1,851 Eastern Bush Water Supply - Upgrade 257 1,842 Total investment to replace existing assets 1,966 2,557 5,024 2,603 2,602 2,367 2,375 2,605 2,176 3,937 4,060 Total investment in drinking water assets 3,969 6,549 3,008 2,740 4,717 2,925 6,915 4,594

Sensitivity: General

	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Significant capital projects – wastewater	(\$000)	(\$000)	(\$000	(\$000	(\$000	(\$000	(\$000	(\$000	(\$000	(\$000
Projects to meet additional demand										
Luxmore Subdivision - pump station or gravity system apgrade	0	0	1,053	0	0	0	0	0	0	0
Total investment to meet additional demand	0	0	1,053	0	0	0	0	0	0	0
Projects to improve levels of services										
Balfour Waste Water Treatment Plant - Consent renewal treatment upgrade	383		3,684	3,780						
Edendale/Wyndham Waste Water Treatment Plant - Consent renewal treatment upgrade	1,050	7,893	1,474							
Manapouri - Wastewater treatment upgrade	1,120	2,825	4,864							
Nightcaps Waste Water Treatment Plan - Treatment upgrade and land disposal investigation								2,072	3,385	3,456
Ohai Treatment Plant - Upgrade						6,342	3,244			
Winton Waste Water Treatment Plant - Upgrade	11,989			14,387	19,663	10,057	7,716	(3,943)		
Total investment to meet improve levels of services	14,701	11,204	11,179	21,300	19,940	16,852	12,872	(1,338)	4,050	4,937
Projects to replace existing assets										
District wide wastewater network renewals	1,000	1,025	1,035	1,080	1,107	1,133	1,159	1,184	1,209	1,234
Balfour Waste Water Treatment Plant - Consent renewal treatment upgrade	164		1,579	1,620						
Edendale/Wyndham Waste Water Treatment Plant - Consent renewal treatment upgrade	450	3,383	632							
Manapouri - Wastewater treatment upgrade	480	1,211	2,084							
Nightcaps Waste Water Treatment Plan - Treatment upgrade and land disposal investigation								888	1,451	1,481
Ohai Treatment Plant - Upgrade						2,718	1,390			•
Winton Waste Water Treatment Plant - Upgrade	1,511			1,813	2,478	1,268	973	(497)		
Total investment to replace existing assets	3,981	5,824	7,332	5,497	7,067	6,732	5,283	3,381	5,646	4,135
Total investment in wastewater assets	18,682	17,028	19,564	26,797	27.007	23,584	18,155	2.043	9,696	9,072

Sensitivity: General

ignificant capital projects – stormwater										
Significant capital projects – stormwater	FY2024/25 (\$000)	FY2025/26 (\$000)	FY2026/27 (\$000	FY2027/28 (\$000	FY2028/29 (\$000	FY2029/30 (\$000	FY2030/31 (\$000	FY2031/32 (\$000	FY2032/33 (\$000	FY2033/34 (\$000
Projects to meet additional demand										
Te Anau Stormwater - Creation of a new detention/retention basin	0	0	474	0	0	0	0	0	0	0
Total investment to meet additional demand	0	0	474	0	0	0	0	0	0	0
Projects to improve levels of services										
Lumsden - Reticulation upgrade	370			432	442					98
Riverton Stormwater - Investigate and design treatment solutions for the Riverton littoral outfalls			158	162	249	255	261	266		37
Riverton Taramea Bay - Outfall improvement investigation								1,184		
Stewart Island/Rakiura Stormwater - Investigate and design treatment solutions for the littoral outfalls				162	166					
Te Anau Stormwater - Sandy Brown Road stormwater upgrade	1,000									
Te Anau Stormwater - Discharge improvements to surface water at Lakefront		68	3				174		181	37
Winton Stormwater - Investigate and design treatment solutions for stormwater discharge prior to discharge into the Oreti River			526	540	553	566				
Total investment to meet improve levels of services	1,370	68	978	1,728	1,523	1,445	2,289	1,746	1,269	1,469
Projects to replace existing assets										
Edendale/Wyndham Stormwater - Main/manhole renewal and subsoils	1,143	1,200								
Lumsden - Reticulation upgrade	93			108	111					25
Ohai Stormwater - Investigations and renewals		228	132		138		290	296	302	123
Otautau Stormwater - Investigations and renewals						228		292	302	309
Riverton Stormwater - Investigate and design treatment solutions for the Riverton littoral outfalls			368	378	581	594	608	622		86
Stewart Island/Rakiura Stormwater - Investigate and design treatment solutions for the littoral outfalls				378	387					
Te Anau Stormwater - Discharge improvements to surface water at Lakefront		160	7				405		423	86
Winton - Investigation and replacement of storm main	500	513	526	540	553	566	579	592	604	617
Total investment to replace existing assets	1,844	2,211	1,322	1,620	2,020	2,180	2,114	2,635	2,478	2,666
Total investment in stormwater assets	3,214	2,279	2,774	3,348	3,543	3,625	4.403	4,381	3,747	4,135

Page 86 of 137

Sensitivity: General

Risks and assumptions

Disclosure of risks and material assumptions for water services delivery

Disclosure of risks and material assumptions for water services delivery. Councils may wish to disclose risks and material assumptions for water services delivery that have been included in the Plan. The following optional table has been included as a way risks and assumptions could be summarised.

	ving optional table has been included as a		
Parameters	Drinking supply	Wastewater	Stormwater
 Key Risks Future water service delivery Network performance Regulatory compliance Delivery of Capital Programme Organisational capacity Long term issues eg providing for growth, climate change 	Uncertainty around regulatory changes from Taumata Arowai Capacity constraints in small/rural schemes Ageing infrastructure with limited resilience to shocks Climatic variability impacting source reliability Limited pool of qualified operational staff	 Cost and timing of compliance with new wastewater discharge standards Risk of insufficient renewals accelerating asset failure High capital investment puts pressure on debt headroom Small communities may face affordability constraints 	 Incomplete asset data creates uncertainty in renewal timing Increasing frequency of storm events stresses network Competing capital priorities may defer upgrades Lack of dedicated revenue stream poses sustainability risks
Significant assumptions Future water service delivery Network performance Regulatory compliance Delivery of Capital Programme Organisational capacity Long term issues eg providing for growth, climate change	12 schemes maintained under status quo Progressive move to full depreciation funding by 2027/28 AMP and IIP assume moderate demand growth All schemes assumed to meet Drinking Water Standards Opex and Capex forecast assumes realistic procurement environment	 20 schemes maintained under status quo Significant upgrades assumed over next 10 years Financial forecasts assume 70% of council debt will relate to wastewater AMP and IIP investment pathway prioritise risk and resilience 	Limited current investment reflected in lower depreciation base AMP assumes targeted renewals in high-risk urban areas Criticality modelling used to inform investment profile Climate change effects projected using national guidelines

Page 87 of 137

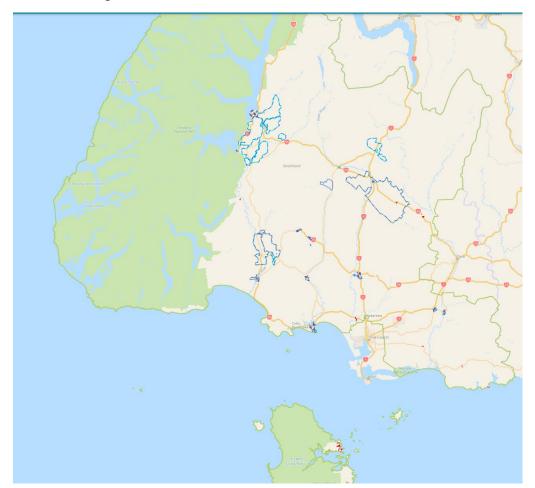
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Appendix A: Southland District Council Wastewater and Water Scheme Boundaries and Locations

Page 88 of 137

Sensitivity: General

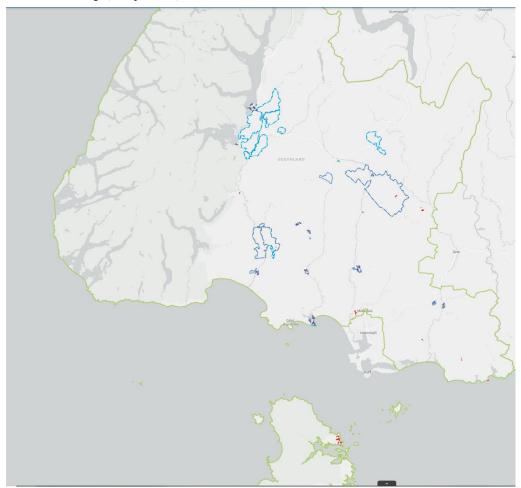
Southland Map - Water and Sewer Boundaries



Page 89 of 137

Sensitivity: General

Southland Map (Grey Scale)

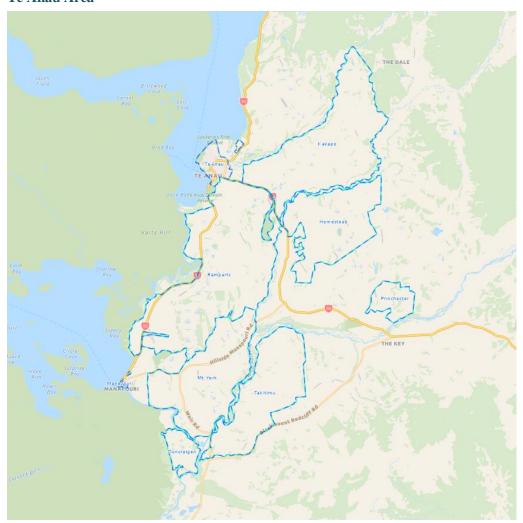


Page 90 of 137

Sensitivity: General

Southland Townships Water Boundaries

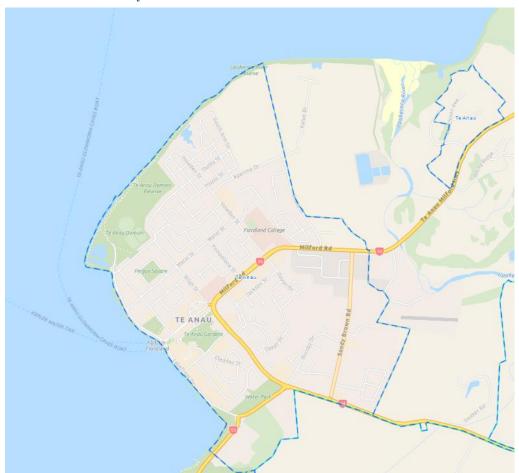
Te Anau Area



Page 91 of 137

Sensitivity: General

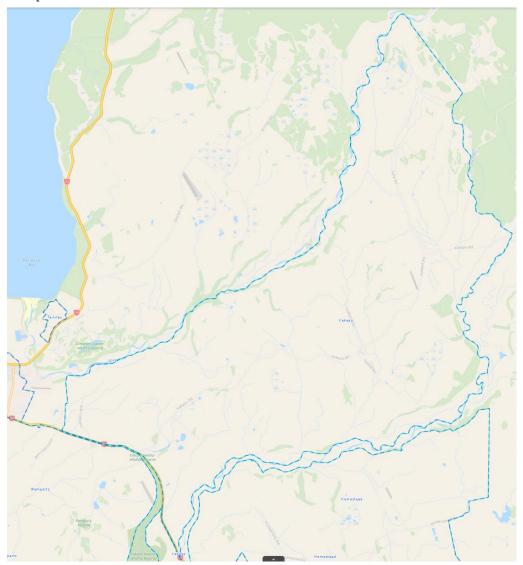
Te Anau Water Boundary



Page 92 of 137

Sensitivity: General

Kakapo Rural Water Scheme



Page 93 of 137

Sensitivity: General

Homestead Rural Water Scheme



Page 94 of 137

Sensitivity: General

Ramparts Rural Water Scheme



Page 95 of 137

Sensitivity: General

Mt York Rural Water Scheme



Page 96 of 137

Sensitivity: General

Takitimu Rural Water Scheme



Page 97 of 137

Sensitivity: General

Duncraigen Rural Water Scheme



Page 98 of 137

Sensitivity: General

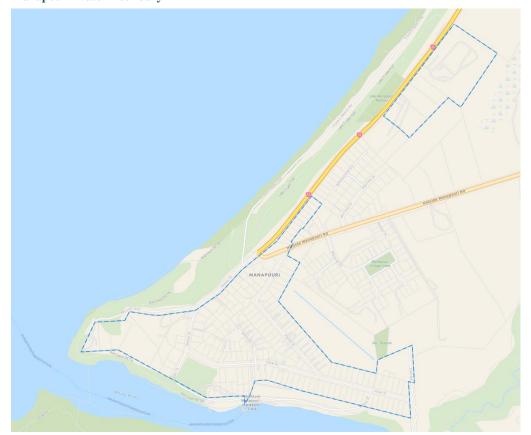
Princhester Rural Water Scheme



Page 99 of 137

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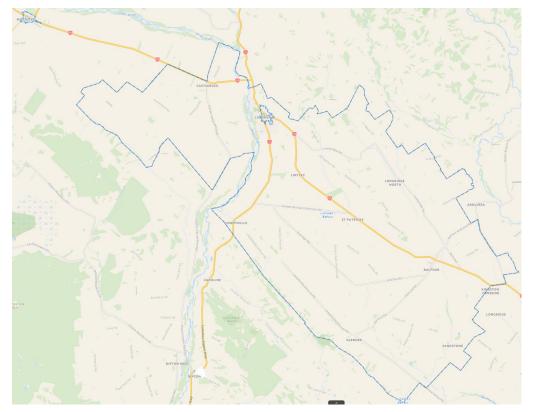
Manapouri Water Boundary



Page 100 of 137

Sensitivity: General

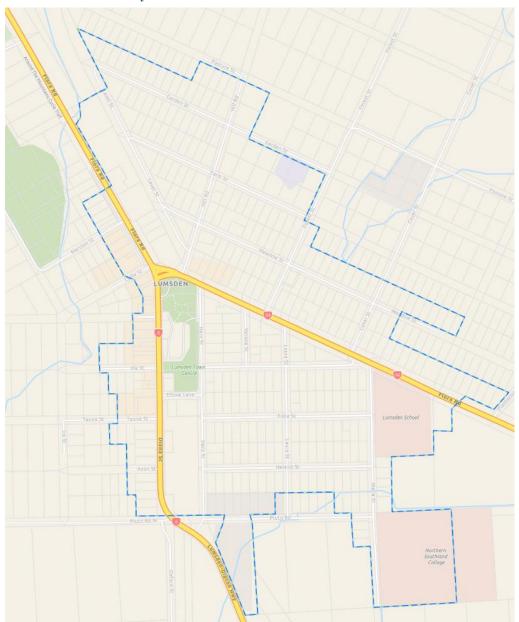
Lumsden Area



Page 101 of 137

Sensitivity: General

Lumsden Water Boundary



Page 102 of 137

Sensitivity: General

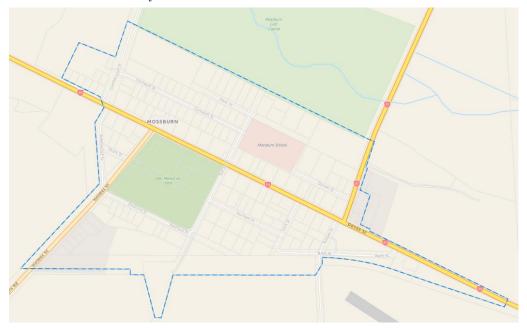
Lumsden-Balfour Rural Water Scheme



Page 103 of 137

Sensitivity: General

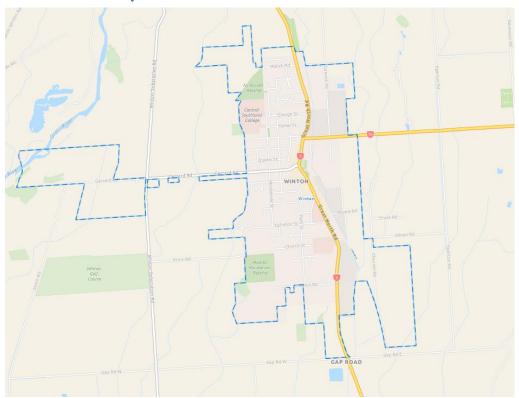
Mossburn Water Boundary



Page 104 of 137

Sensitivity: General

Winton Water Boundary



Page 105 of 137

Sensitivity: General

Edendale Water Boundary



Page 106 of 137

Sensitivity: General

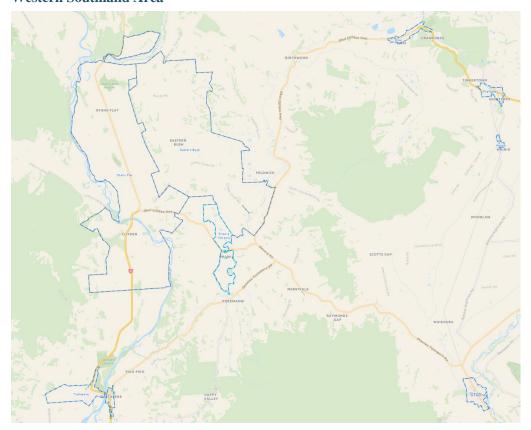
Wyndham Water Boundary



Page 107 of 137

Sensitivity: General

Western Southland Area



Page 108 of 137

Sensitivity: General

Otahu Flat Rural Water Scheme



Page 109 of 137

Sensitivity: General

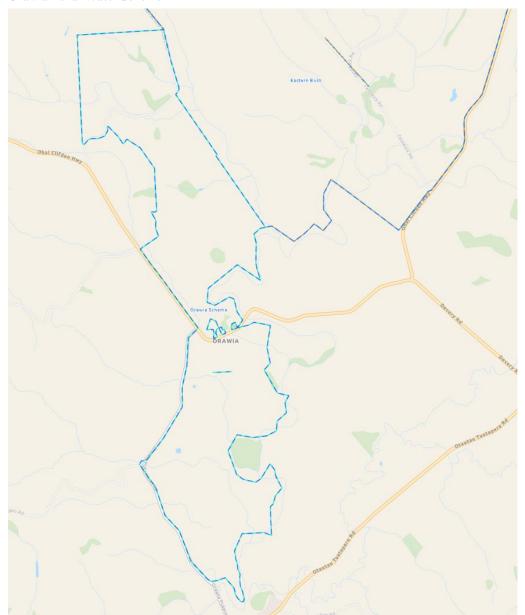
Eastern Bush Rural Water Scheme



Page 110 of 137

Sensitivity: General

Orawia Rural Water Scheme



Page 111 of 137

Sensitivity: General

Tuatapere Water Boundary



Page 112 of 137

Sensitivity: General

Ohai Water Boundary



Page 113 of 137

Sensitivity: General



Page 114 of 137

Sensitivity: General

Wairio Water Boundary



Page 115 of 137

Sensitivity: General

Otautau Water Boundary



Page 116 of 137

Sensitivity: General

Riverton Water Boundary



Page 117 of 137

Sensitivity: General

Southland townships sewer boundaries

Te Anau Sewer Boundary



Page 118 of 137

Sensitivity: General

Manapouri Sewer Boundary



Page 119 of 137

Sensitivity: General

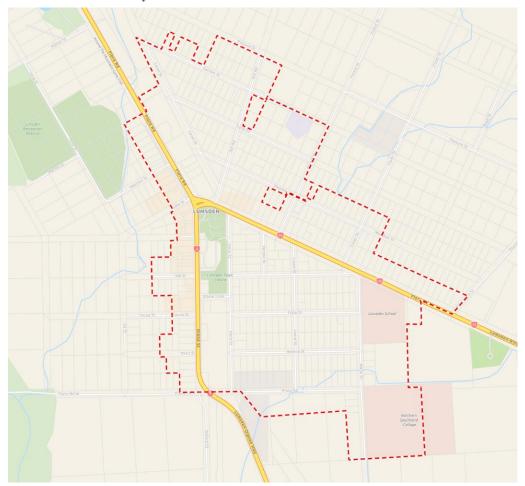
Monowai Sewer Boundary



Page 120 of 137

Sensitivity: General

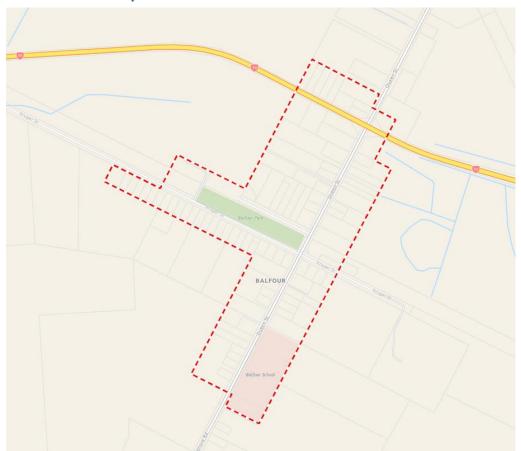
Lumsden Sewer Boundary



Page 121 of 137

Sensitivity: General

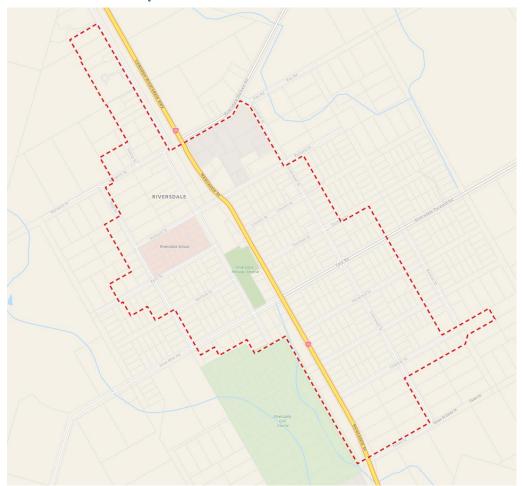
Balfour Sewer Boundary



Page 122 of 137

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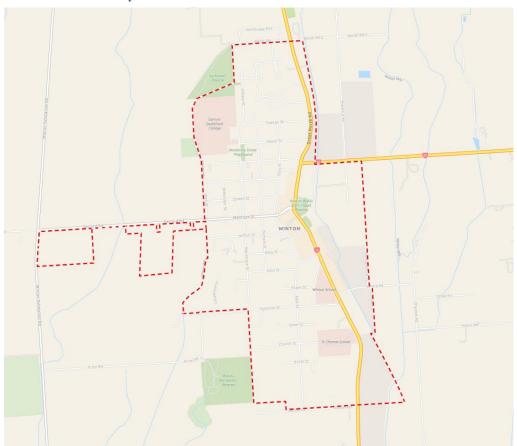
Riversdale Sewer Boundary



Page 123 of 137

Sensitivity: General

Winton Sewer Boundary



Page 124 of 137

Sensitivity: General

Edendale Sewer Boundary



Page 125 of 137

Sensitivity: General

Wyndham Sewer Boundary



Page 126 of 137

Sensitivity: General

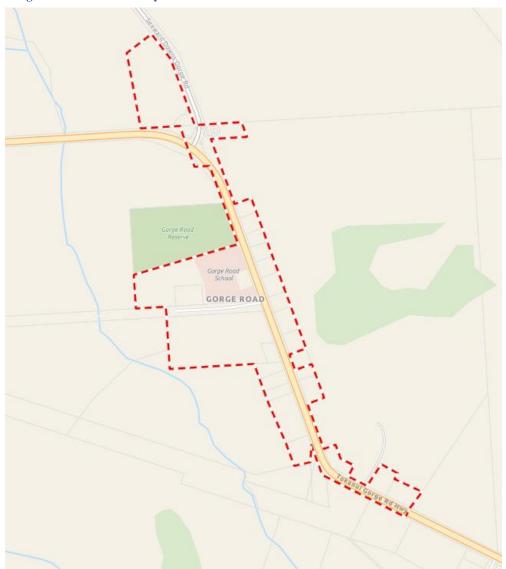
Browns Sewer Boundary



Page 127 of 137

Sensitivity: General

Gorge Road Sewer Boundary



Page 128 of 137

Sensitivity: General

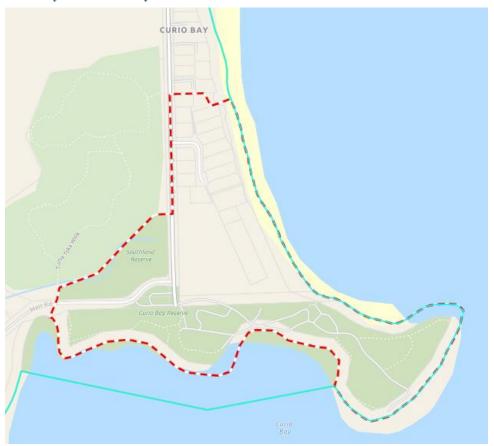
Tokanui Sewer Boundary



Page 129 of 137

Sensitivity: General

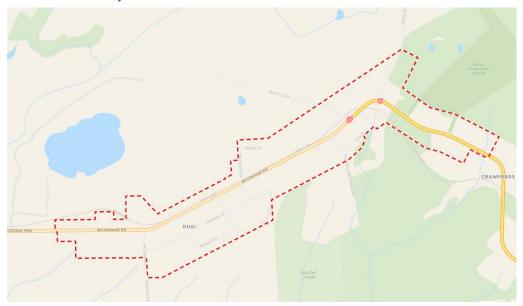
Curio Bay Sewer Boundary



Page 130 of 137

Sensitivity: General

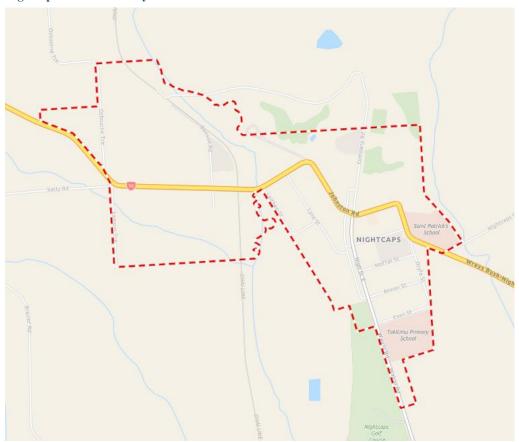
Ohai Sewer Boundary



Page 131 of 137

Sensitivity: General

Nightcaps Sewer Boundary



Page 132 of 137

Sensitivity: General

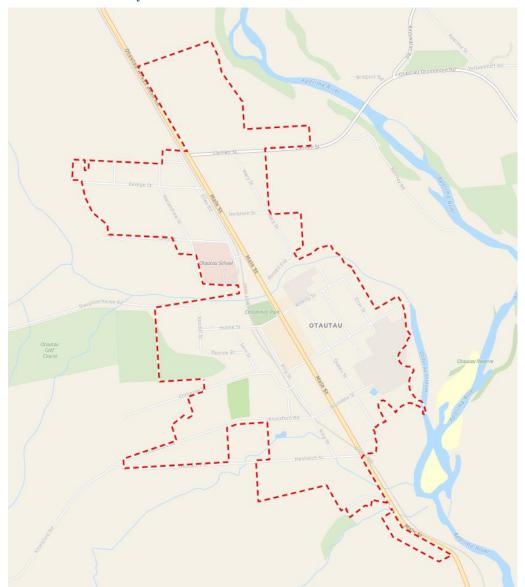
Tuatapere Sewer Boundary



Page 133 of 137

Sensitivity: General

Otautau Sewer Boundary



Page 134 of 137

Sensitivity: General

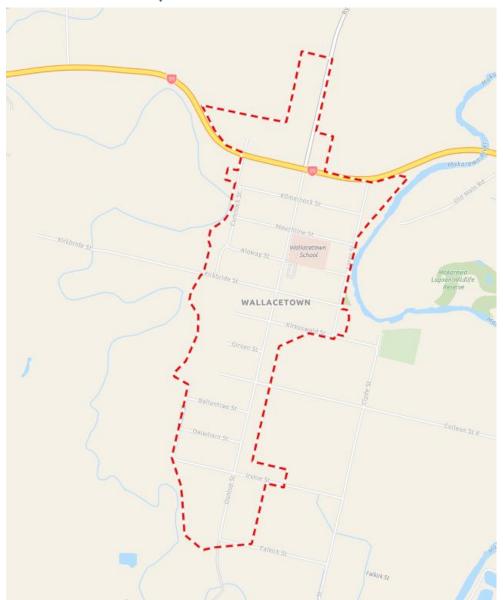
Riverton Sewer Boundary



Page 135 of 137

Sensitivity: General

Wallacetown Sewer Boundary



Page 136 of 137

Sensitivity: General

Stewart Island - Halfmoon Bay/Oban Sewer Boundary



Page 137 of 137