



Financial forecasts for the Water Services Delivery Plan

Council workshop – 22 July 2025



Waitaki

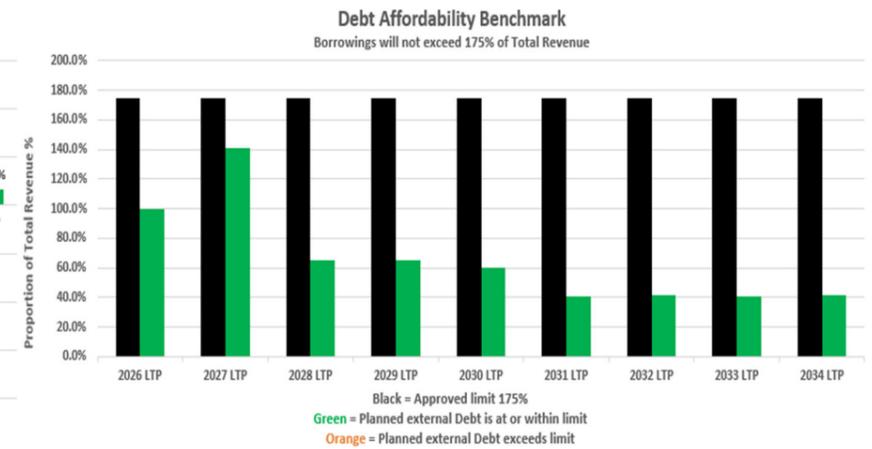
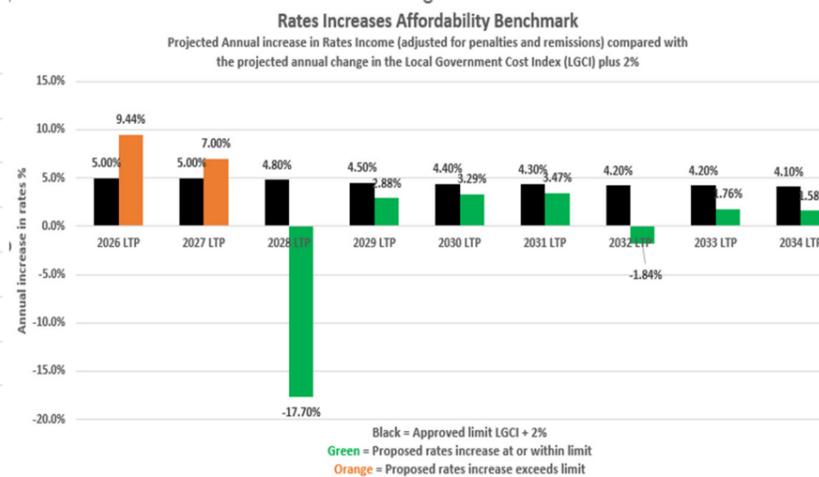
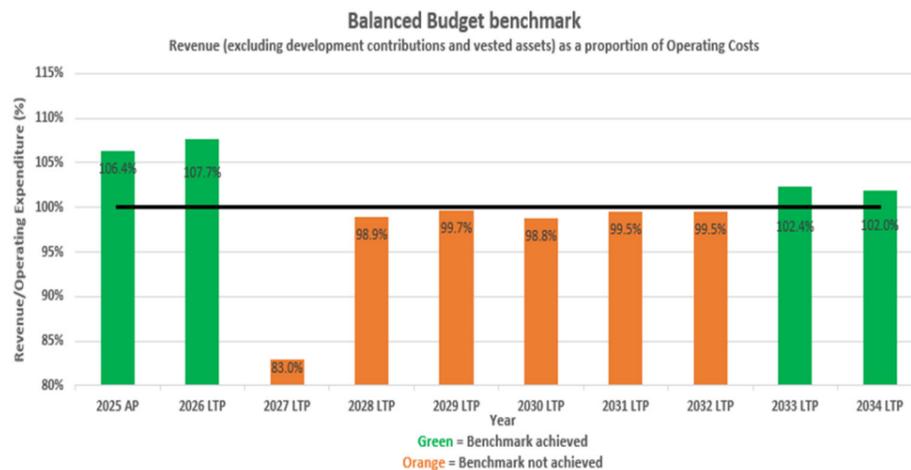
DISTRICT COUNCIL
TE KAUNIHERA Ā ROHE O WAITAKI

Long-Term Plan – approved forecasts

Prospective Statement of Comprehensive Revenue and Expense

Projected for the 9 years ending 30 June 2026 - 2034

	2025 Annual Plan \$000	2026 LTP Yr 1 \$000	2027 LTP Yr 2 \$000	2028 LTP Yr 3 \$000	2029 LTP Yr 4 \$000	2030 LTP Yr 5 \$000	2031 LTP Yr 6 \$000	2032 LTP Yr 7 \$000	2033 LTP Yr 8 \$000	2034 LTP Yr 9 \$000
Revenue										
Rates Revenue	46,602	51,064	54,613	44,325	45,600	47,097	48,724	47,840	48,683	49,453
User Charges	4,060	5,275	5,925	5,357	5,479	5,665	5,684	5,763	5,809	5,895
Property Rental	3,053	3,049	3,127	3,120	3,222	3,535	3,605	3,675	3,745	3,813
Regulatory Charges	2,352	2,369	2,432	2,491	2,543	2,592	2,642	2,689	2,736	2,781
Development and Financial Contributions	1,483	1,365	1,463	512	523	535	546	556	566	576
Grants, Subsidies and Donations	33,614	30,419	10,900	15,419	16,224	15,186	16,303	17,099	19,671	20,390
Finance Revenue	2,860	1,083	1,026	978	924	872	537	235	220	206
Petrol Tax	204	200	206	211	216	221	226	230	234	238
Infringements and Fines	77	83	85	87	89	90	92	93	95	97
Dividends received	350	350	350	350	350	350	350	350	350	350
Assets vested in Council	-	500	513	525	535	545	555	564	574	583
Total Revenue	94,655	95,757	80,640	73,374	75,706	76,689	79,263	79,094	82,683	84,381
Expenses										
Personnel costs	18,148	19,081	20,439	20,815	21,847	22,205	22,853	23,316	23,800	24,217
Depreciation and amortisation	20,538	24,696	27,250	19,995	20,481	20,904	21,531	21,149	21,450	22,145
Finance Costs	3,720	3,474	4,565	1,469	1,852	1,898	1,672	921	917	932
Other expenses	43,887	40,543	43,112	31,462	31,287	32,120	32,571	33,122	33,601	34,438
Non-trading Losses/(Gains)	1,310	(595)	(597)	(583)	(602)	(603)	(105)	(107)	(109)	(110)
	87,603	87,199	94,769	73,158	74,865	76,524	78,521	78,401	79,659	81,622
Surplus / (Deficit) before Tax	7,265	8,559	(14,129)	217	841	165	741	693	3,024	2,759



- Close to a balanced budget in all years except for 2027, improves in later years and in the long-term
- Rates increases are under the limit from 2028 onwards, assumed a separate 3 waters entity would be charging for 3 waters separately to Council, so aimed to keep rates increases as low as possible
- Debt is well under the cap from 2028 onwards, assumed that 3 waters debt would transfer to a separate 3 waters entity, would have given Council the headroom to complete capital work in other areas, if need be, this was to be reconsidered as part of the next LTP in two years' time

3 Waters department's income and expenditure from 1 July 2027

Prospective Statement of Comprehensive Revenue and Expense

Projected for the 9 years ending 30 June 2026 - 2034

	2025 Annual Plan \$000	2026 LTP Yr 1 \$000	2027 LTP Yr 2 \$000	2028 LTP Yr 3 \$000	2029 LTP Yr 4 \$000	2030 LTP Yr 5 \$000	2031 LTP Yr 6 \$000	2032 LTP Yr 7 \$000	2033 LTP Yr 8 \$000	2034 LTP Yr 9 \$000
Revenue										
Rates Revenue	-	-	-	14,689	16,595	18,274	19,297	20,871	22,118	25,480
User Charges	-	-	-	(575)	(581)	(583)	(587)	(557)	(564)	(569)
Property Rental	-	-	-	83	86	89	92	94	96	98
Regulatory Charges	-	-	-	-	-	-	-	-	-	-
Development and Financial Contributions	-	-	-	1,058	1,183	1,323	1,466	1,610	1,751	1,894
Grants, Subsidies and Donations	-	-	-	-	-	-	-	-	-	-
Finance Revenue	-	-	-	280	302	324	351	380	417	464
Petrol Tax	-	-	-	-	-	-	-	-	-	-
Infringements and Fines	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-
Assets vested in Council	-	-	-	-	-	-	-	-	-	-
Total Revenue	-	-	-	15,534	17,586	19,428	20,619	22,398	23,818	27,368
Expenses										
Personnel costs	-	-	-	(1,033)	(1,167)	(858)	(1,203)	(1,262)	(1,429)	(1,299)
Depreciation and amortisation	-	-	-	9,070	9,153	9,273	9,273	9,319	9,390	9,406
Finance Costs	-	-	-	3,859	4,534	5,147	5,422	5,955	6,338	7,788
Other expenses	-	-	-	11,141	11,620	11,515	14,936	12,171	12,356	12,594
Non-trading Losses/(Gains)	-	-	-	(17)	-	-	-	-	-	-
	-	-	-	23,021	24,139	25,078	28,428	26,183	26,655	28,489
Share of joint venture's surplus/(deficit)	-	-	-	-	-	-	-	-	-	-
Interest on LGFA Borrower Notes	-	-	-	-	-	-	-	-	-	-
Surplus / (Deficit) before Tax	-	-	-	(7,487)	(6,553)	(5,650)	(7,809)	(3,785)	(2,838)	(1,121)

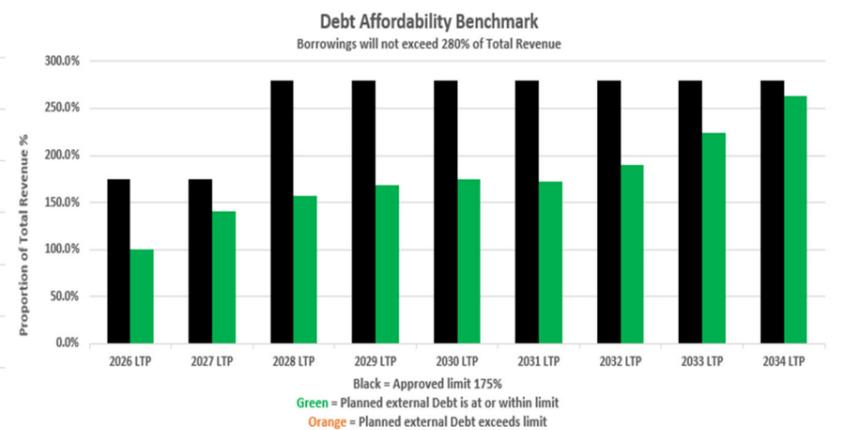
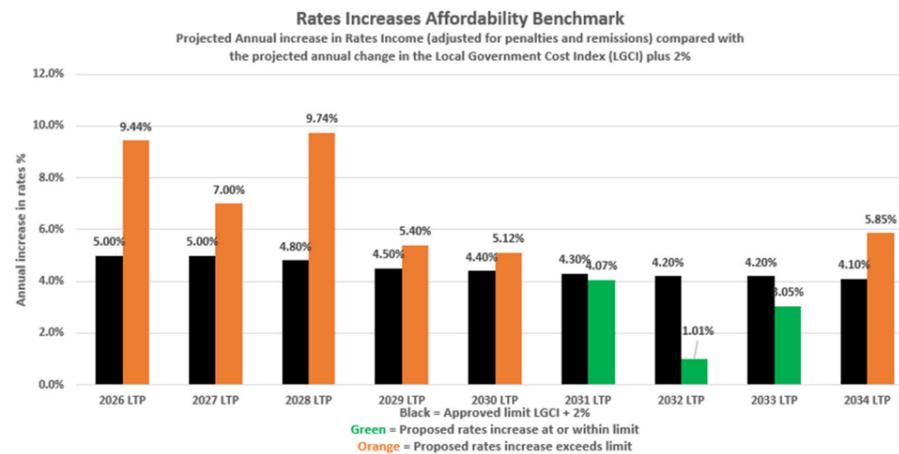
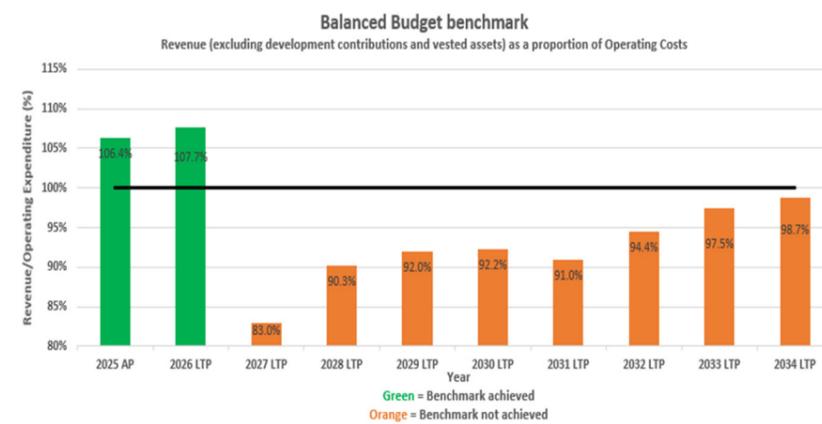
- Represents “business as usual” – inflationary adjusted income and expenditure – no extra costs added for a separate business unit / regulatory requirements
- Loss making business unit each year
- Includes depreciation expense, although not funding for depreciation in any year, in line with Council decision made during the LTP production
- Note: in the transformed entity 3 waters is not a separate business unit - no staff are in a “waters” department – so circa \$2.7m of personnel costs are included in other expenses in 2028 (overhead charges from other departments, and the actual personnel costs show up in another department), the amount inflates to circa \$2.9m in 2034

Long-Term Plan forecasts plus 3 waters back in from 1 July 2027

Prospective Statement of Comprehensive Revenue and Expense

Projected for the 9 years ending 30 June 2026 - 2034

	2025 Annual Plan \$000	2026 LTP Yr 1 \$000	2027 LTP Yr 2 \$000	2028 LTP Yr 3 \$000	2029 LTP Yr 4 \$000	2030 LTP Yr 5 \$000	2031 LTP Yr 6 \$000	2032 LTP Yr 7 \$000	2033 LTP Yr 8 \$000	2034 LTP Yr 9 \$000
Revenue										
Rates Revenue	46,602	51,064	54,613	59,014	62,195	65,371	68,021	68,710	70,801	74,934
User Charges	4,060	5,275	5,925	4,782	4,898	5,083	5,097	5,206	5,244	5,326
Property Rental	3,053	3,049	3,127	3,202	3,309	3,625	3,697	3,769	3,841	3,910
Regulatory Charges	2,352	2,369	2,432	2,491	2,543	2,592	2,642	2,689	2,736	2,781
Development and Financial Contributions	1,483	1,365	1,463	1,570	1,707	1,858	2,012	2,166	2,317	2,471
Grants, Subsidies and Donations	33,614	30,419	10,900	15,419	16,224	15,186	16,303	17,099	19,671	20,390
Finance Revenue	2,860	1,083	1,026	1,258	1,226	1,196	888	615	637	670
Petrol Tax	204	200	206	211	216	221	226	230	234	238
Infringements and Fines	77	83	85	87	89	90	92	93	95	97
Dividends received	350	350	350	350	350	350	350	350	350	350
Assets vested in Council	-	500	513	525	535	545	555	564	574	583
Total Revenue	94,655	95,757	80,640	88,908	93,292	96,117	99,882	101,492	106,501	111,749
Expenses										
Personnel costs	18,148	19,081	20,439	19,782	20,680	21,348	21,650	22,054	22,371	22,918
Depreciation and amortisation	20,538	24,696	27,250	29,065	29,634	30,177	30,804	30,468	30,840	31,551
Finance Costs	3,720	3,474	4,565	5,327	6,387	7,045	7,094	6,877	7,255	8,720
Other expenses	43,887	40,543	43,112	42,604	42,906	43,635	47,507	45,293	45,957	47,033
Non-trading Losses/(Gains)	1,310	(595)	(597)	(600)	(602)	(603)	(105)	(107)	(109)	(110)
	87,603	87,199	94,769	96,179	99,005	101,601	106,950	104,585	106,314	110,111
Share of joint venture's surplus/(deficit)	100	-	-	-	-	-	-	-	-	-
Interest on LGFA Borrower Notes	113	-	-	-	-	-	-	-	-	-
Surplus / (Deficit) before Tax	7,265	8,559	(14,129)	(7,270)	(5,712)	(5,484)	(7,068)	(3,093)	186	1,638



- Unbalanced budget long-term and worsening trend – would need to decrease costs or increase rates to resolve this
- Rates rises are above the limit until 2031 – would need to decrease costs to resolve this
- Under the debt cap (note: cap is 280% of total revenue from 2028, assuming a credit rating is obtained), however increasing trend and nearing cap in 2034 – would need to decrease capex or increase revenue to stay under the cap

Long-Term Plan - approved 3 Waters capital projects

LTP INITIATIVES LISTING					2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total	
#	Name	Primary outcome	Location	Activity	CapEx/OpEx	IBIS									
1038	LTP Adjusted 2025: Oamaru Stormwater Upgrades	Quality Services	Oamaru	Stormwater	Capital	-	-	-	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
1214	LTP Adjusted 2025: Otago Stormwater Management Plan & Resource	Valued Environment	District wide	Stormwater	Capital	-	-	130,000	-	130,000	-	-	-	-	260,000
2466	Stormwater Main Inspection & Cleaning Programme	Quality Services	District wide	Stormwater	Capital	-	-	200,000	200,000	150,000	150,000	150,000	150,000	150,000	1,150,000
4492	Oamaru Stormwater Structure Improvements	Quality Services	Oamaru	Stormwater	Capital	-	-	250,000	-	-	-	-	-	-	250,000
4568	Stormwater Main Renewals	Quality Services	District wide	Stormwater	Capital	50,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	2,850,000
4589	Oamaru Stormwater Capacity Study - Design Basis	Quality Services	Oamaru	Stormwater	Operational	-	-	100,000	-	-	-	-	-	-	100,000
4590	Oamaru Stormwater Capacity Study	Quality Services	Oamaru	Stormwater	Operational	-	-	-	100,000	-	-	-	-	-	100,000
4605	LTP Adjusted 2025: Stormwater Bylaw (New)	Valued Environment	District wide	Stormwater	Operational	-	-	-	60,000	-	-	-	30,000	-	90,000
1043	Awamoko Drinking Water Supply Upgrade	Quality Services	Ahuriri	Water Supply	Capital	800,000	-	-	-	-	-	-	-	-	800,000
1046	LTP Adjusted 2025: Bushy Creek Drinking Water Supply Upgrade	Quality Services	Ahuriri	Water Supply	Capital	600,000	-	-	-	-	-	-	-	-	600,000
1050	Kurow Resource Consent Renewal	Valued Environment	Ahuriri	Water Supply	Capital	-	-	65,000	-	-	-	-	-	-	65,000
1054	Oamaru Water Facilities Renewals (building related)	Quality Services	Oamaru	Water Supply	Capital	100,000	500,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,300,000
1055	Oamaru Urban Water Main Renewals (pipes etc)	Quality Services	Oamaru	Water Supply	Capital	500,000	500,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	9,960,000
1069	Tokarahi Drinking Water Supply Upgrade	Quality Services	Corriedale	Water Supply	Capital	2,000,000	-	-	-	-	-	-	-	-	2,000,000
1070	Tokarahi Resource Consent Renewal	Valued Environment	Corriedale	Water Supply	Capital	-	-	-	-	65,000	-	-	-	-	65,000
1073	Awahokomo Resource Consent Renewal	Valued Environment	Ahuriri	Water Supply	Capital	-	-	65,000	-	-	-	-	-	-	65,000
1197	Rural Water Main Renewals (district wide)	Quality Services	District wide	Water Supply	Capital	200,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,200,000
2448	LTP Adjusted 2025: Backflow Prevention Plan	Quality Services	District wide	Water Supply	Capital	150,000	750,000	950,000	-	-	-	-	-	-	1,850,000
2457	Kauru Hill Drinking Water Supply Upgrade	Quality Services	Corriedale	Water Supply	Capital	800,000	-	-	-	-	-	-	-	-	800,000
2458	LTP Adjusted 2025: Lower Waitaki Capacity Upgrade	Quality Services	Oamaru	Water Supply	Capital	-	-	-	500,000	-	-	-	-	-	500,000
2465	SCADA Renewals (Water)	Quality Services	District wide	Water Supply	Capital	-	500,000	650,000	325,000	65,000	65,000	65,000	-	-	1,670,000
2467	LTP Adjusted 2025: Waihemo Urban & Rural Water Main Upgrades	Quality Services	Waihemo	Water Supply	Capital	1,000,000	750,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	3,500,000
2470	Windsor Drinking Water Supply Upgrade	Quality Services	Corriedale	Water Supply	Capital	800,000	-	-	-	-	-	-	-	-	800,000
2473	Otematata Water Main Renewals	Quality Services	Ahuriri	Water Supply	Capital	-	-	-	-	-	-	-	200,000	200,000	400,000
4441	Oamaru Rural Water Main Renewals	Quality Services	Ahuriri	Water Supply	Capital	860,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	2,940,000
4459	Water Strategy Rest-of-District (Stage Two)	Quality Services	District wide	Water Supply	Operational	-	-	-	100,000	-	-	-	-	-	100,000
4460	Condition Assessment of Water Infrastructure	Quality Services	District wide	Water Supply	Operational	50,000	100,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	1,550,000
4490	Leak Detection Programme	Quality Services	District wide	Water Supply	Operational	100,000	100,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	1,950,000
4491	Mains Flushing Programme	Quality Services	District wide	Water Supply	Operational	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	900,000
4547	LTP Adjusted 2025: Oamaru Water Strategy Phases One (Build) & T	Quality Services	Oamaru	Water Supply	Capital	200,000	2,600,000	1,350,000	-	-	-	-	-	-	4,150,000
4548	LTP Adjusted 2025: Oamaru Water Treatment Plant Renewals	Quality Services	Oamaru	Water Supply	Capital	1,700,000	100,000	100,000	100,000	200,000	200,000	200,000	200,000	200,000	3,000,000
4551	Restrictor Check Programme	Quality Services	District wide	Water Supply	Operational	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,350,000
4554	Stoneburn Drinking Water Supply Upgrade	Quality Services	Waihemo	Water Supply	Capital	500,000	-	-	-	-	-	-	-	-	500,000
4567	Urban Water Main Renewals (Valley townships)	Quality Services	Ahuriri	Water Supply	Capital	100,000	100,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	1,600,000
4573	Appleby St Suction Main Upgrade	Quality Services	Waihemo	Water Supply	Capital	-	100,000	-	-	-	-	-	-	-	100,000
4577	Duntroon Resource Consent Renewal (Water)	Valued Environment	Ahuriri	Water Supply	Capital	-	-	-	-	-	-	-	50,000	-	50,000
4588	Oamaru North End Falling Water Main Upgrade	Quality Services	Oamaru	Water Supply	Capital	-	100,000	3,000,000	3,000,000	-	-	-	-	-	6,100,000
4597	LTP Adjusted 2025: Oamaru Water Strategy Source Resilience (Buil	Quality Services	Oamaru	Water Supply	Capital	-	-	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	12,000,000
4600	Omarama Reservoir Replacement - Concrete Tanks	Quality Services	Ahuriri	Water Supply	Capital	-	-	-	-	-	-	-	750,000	-	750,000
4601	Omarama Resource Consent Renewal (Water)	Valued Environment	Ahuriri	Water Supply	Capital	-	-	-	-	-	50,000	-	-	-	50,000
4611	Water Main Upgrades	Quality Services	District wide	Water Supply	Capital	-	-	-	-	-	1,500,000	1,500,000	200,000	-	3,200,000
5632	LTP New 2025: Ardgowan Dam Upgrades	Quality Services	Oamaru	Water Supply	Capital	100,000	900,000	-	-	-	-	-	-	-	1,000,000
5634	LTP New 2025: Kurow Water Supply Compliance and Resilience Im	Quality Services	Ahuriri	Water Supply	Capital	1,500,000	-	-	-	-	-	-	-	-	1,500,000
5635	LTP New 2025: Otematata Water Supply Storage Issues and Option	Quality Services	Ahuriri	Water Supply	Operational	-	30,000	-	-	-	-	-	-	-	30,000
5636	LTP New 2025: Universal Water Metering Investigation	Quality Services	District wide	Water Supply	Operational	100,000	-	-	-	-	-	-	-	-	100,000
5637	LTP New 2025: Universal Water Metering	Quality Services	District wide	Water Supply	Capital	-	-	-	-	-	-	-	-	8,000,000	8,000,000

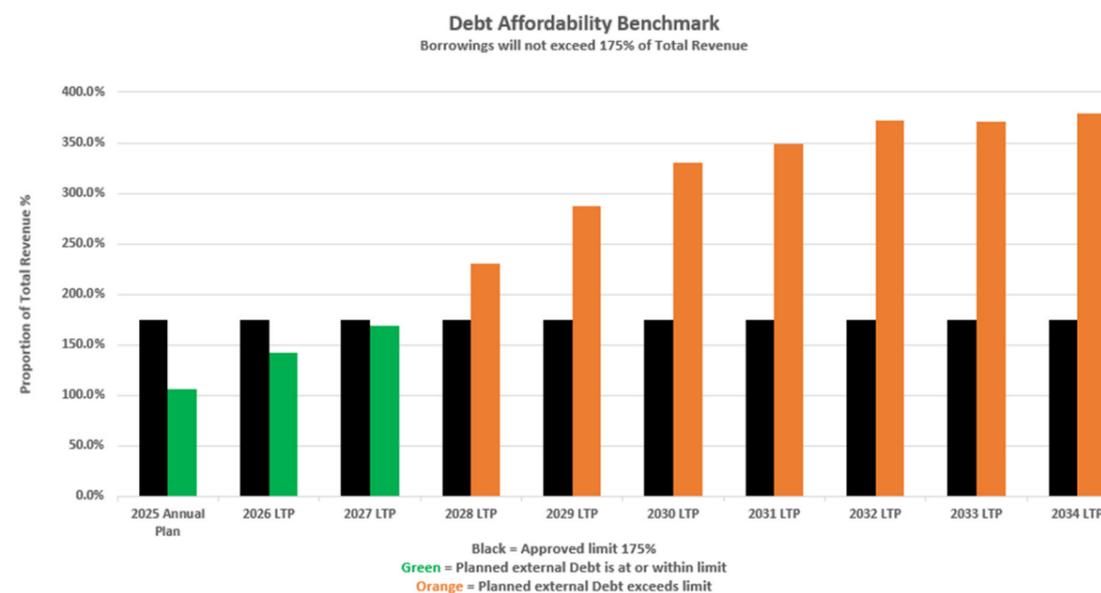
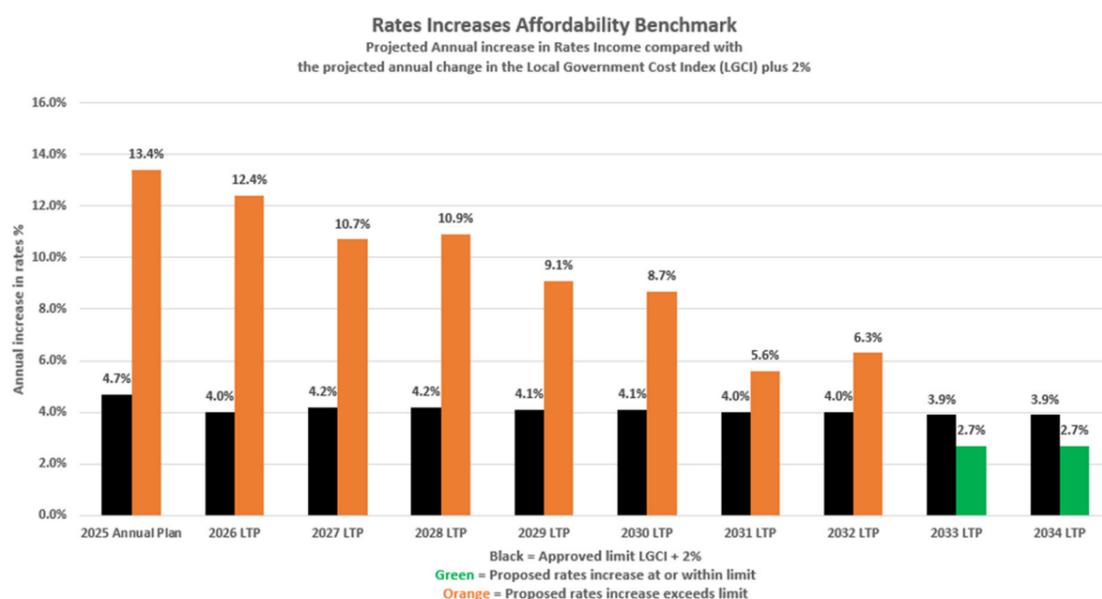
#	Name	Primary outcome	Location	Activity	CapEx/OpEx	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total
						IBIS	IBIS	IBIS	IBIS	IBIS	IBIS	IBIS	IBIS	IBIS	IBIS
1442	Wastewater Bylaw (AM)	Valued Environment	District wide	Sewerage	Operational	-	60,000	-	-	-	-	-	-	-	60,000
1075	Kurow Wastewater Treatment Plant Capacity Study	Quality Services	Ahuriri	Sewerage	Capital	-	65,000	-	-	-	-	-	-	-	65,000
1077	Moeraki Wastewater Mains Renewals/Upgrades	Quality Services	Waihemo	Sewerage	Capital	-	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	520,000
1080	LTP Adjusted 2025: Oamaru Wastewater Main Renewals	Quality Services	Oamaru	Sewerage	Capital	2,100,000	2,035,000	1,775,000	1,775,000	1,775,000	1,775,000	2,150,000	2,150,000	2,150,000	17,685,000
1084	Duntroon Wastewater Treatment Plant Upgrade	Quality Services	Ahuriri	Sewerage	Capital	-	200,000	2,400,000	-	-	-	-	-	-	2,600,000
1085	Duntroon Wastewater Resource Consent Application	Valued Environment	Ahuriri	Sewerage	Capital	65,000	-	-	-	-	-	-	-	-	65,000
1199	Oxidation Pond Desludging Programme	Quality Services	District wide	Sewerage	Operational	-	-	-	-	-	2,600,000	-	-	-	2,600,000
1201	Wastewater Inflow & Infiltration Reduction Programme	Quality Services	District wide	Sewerage	Operational	50,000	50,000	500,000	500,000	250,000	250,000	250,000	250,000	250,000	2,350,000
1202	Urban Wastewater Mains Renewals/Upgrades	Quality Services	Ahuriri	Sewerage	Capital	-	-	260,000	260,000	260,000	260,000	260,000	260,000	260,000	1,820,000
1204	Risk Management Plan - Oamaru	Quality Services	Oamaru	Sewerage	Capital	-	-	30,000	-	-	-	-	12,000	-	42,000
1205	Risk Management Plan - Lake Ohau	Quality Services	Ahuriri	Sewerage	Capital	-	-	25,000	-	-	-	-	9,000	-	34,000
1206	Risk Management Plan - Omarama	Quality Services	Ahuriri	Sewerage	Capital	-	-	25,000	-	-	-	-	9,000	-	34,000
1207	Risk Management Plan - Otematata	Quality Services	Ahuriri	Sewerage	Capital	-	-	25,000	-	-	-	-	9,000	-	34,000
1208	Risk Management Plan - Kurow	Quality Services	Ahuriri	Sewerage	Capital	-	-	25,000	-	-	-	-	9,000	-	34,000
1209	Risk Management Plan - Duntroon	Quality Services	Ahuriri	Sewerage	Capital	-	15,000	20,000	-	-	-	7,000	7,000	-	49,000
1210	Risk Management Plan - Moeraki	Quality Services	Waihemo	Sewerage	Capital	-	-	25,000	-	-	-	-	9,000	-	34,000
1211	Risk Management Plan - Palmerston	Quality Services	Waihemo	Sewerage	Capital	-	-	25,000	-	-	-	-	9,000	-	34,000
1212	Oamaru Wastewater - New Monitoring Equipment	Quality Services	Oamaru	Sewerage	Capital	-	50,000	-	-	-	-	-	-	-	50,000
2459	LTP Adjusted 2025: Oamaru Wastewater Overflow Mitigation	Quality Services	Oamaru	Sewerage	Capital	-	-	-	-	500,000	1,000,000	1,000,000	-	-	2,500,000
2463	Palmerston Wastewater Overflow Mitigation	Quality Services	Waihemo	Sewerage	Capital	-	-	150,000	150,000	150,000	-	-	-	-	450,000
2464	SCADA Renewals (Wastewater)	Quality Services	District wide	Sewerage	Capital	-	500,000	650,000	325,000	65,000	65,000	65,000	-	-	1,670,000
2481	Oamaru Wastewater Treatment Plant Capacity Study	Quality Services	Oamaru	Sewerage	Capital	150,000	-	-	-	-	-	-	-	-	150,000
4459	LTP Adjusted 2025: Condition Assessment of Wastewater Infrastruc	Quality Services	District wide	Sewerage	Operational	-	-	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,050,000
4461	LTP Adjusted 2025: Disposal of Desludging Biomass	Quality Services	District wide	Sewerage	Operational	700,000	700,000	-	-	-	-	-	-	-	1,400,000
4462	Effluent Dispersal Field Property Agreements	Quality Services	District wide	Sewerage	Capital	20,000	40,000	40,000	-	-	-	-	-	-	100,000
4474	Oamaru Wastewater Treatment Plant Interim Improvements	Quality Services	Oamaru	Sewerage	Capital	1,000,000	1,000,000	-	-	-	-	-	-	-	2,000,000
4546	Oamaru Wastewater Treatment Plant Septage Treatment Upgrade	Quality Services	Oamaru	Sewerage	Capital	200,000	-	-	-	-	-	-	-	-	200,000
4552	Sewer Main Inspection & Cleaning Programme	Quality Services	District wide	Sewerage	Operational	150,000	200,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,100,000
4555	Tradewaste Bylaw Review	Valued Environment	District wide	Sewerage	Operational	30,000	-	-	-	-	30,000	-	-	-	60,000
4558	LTP Adjusted 2025: Site-Specific Wastewater Screen Installs	Quality Services	District wide	Sewerage	Capital	50,000	200,000	200,000	-	-	-	-	-	-	450,000
4566	Palmerston Wastewater Main Renewals	Quality Services	Waihemo	Sewerage	Capital	-	-	750,000	750,000	500,000	500,000	500,000	500,000	500,000	4,000,000
4572	LTP Adjusted 2025: Additional Wastewater Monitoring	Quality Services	District wide	Sewerage	Operational	-	-	150,000	-	-	-	-	-	-	150,000
4574	LTP Adjusted 2025: Beach Road Catchment Upgrade	Quality Services	Oamaru	Sewerage	Capital	-	-	-	-	-	3,000,000	-	-	-	3,000,000
4575	Condition Assessment Manholes	Quality Services	District wide	Sewerage	Operational	-	-	100,000	100,000	100,000	100,000	100,000	-	-	500,000
4576	Desludging Wetland	Quality Services	District wide	Sewerage	Operational	-	500,000	-	-	-	-	-	-	-	500,000
4580	LTP Adjusted 2025: Kurow Wastewater Treatment Plant Upgrade	Quality Services	Ahuriri	Sewerage	Capital	-	-	-	1,000,000	-	-	-	-	-	1,000,000
4581	Kurow Wastewater Treatment Plant Resource Consent Application	Valued Environment	Ahuriri	Sewerage	Capital	-	-	65,000	-	-	-	-	-	-	65,000
4582	Lake Ohau Wastewater Treatment Plant Resource Consent Renewa	Valued Environment	Ahuriri	Sewerage	Capital	-	-	-	-	-	-	50,000	-	-	50,000
4585	LTP Adjusted 2025: Oamaru Additional Wastewater Pump Station	Quality Services	Oamaru	Sewerage	Capital	-	-	-	-	-	-	-	1,000,000	-	1,000,000
4586	LTP Adjusted 2025: Oamaru Creek - Wastewater Syphon Capacity I	Quality Services	Oamaru	Sewerage	Capital	-	-	-	-	-	-	2,000,000	-	-	2,000,000
4587	LTP Adjusted 2025: Oamaru Duplicate Wastewater Rising Main	Quality Services	Oamaru	Sewerage	Capital	-	-	-	-	-	-	-	10,000,000	10,000,000	20,000,000
4591	Oamaru Wastewater Pumpstation Renewals	Quality Services	Oamaru	Sewerage	Capital	-	-	200,000	200,000	200,000	200,000	200,000	200,000	200,000	1,400,000
4592	Oamaru Wastewater Treatment Plant Pond Desludging	Quality Services	Oamaru	Sewerage	Operational	-	1,500,000	-	-	-	-	-	-	-	1,500,000
4594	Oamaru Wastewater Treatment Plant Resource Consent Renewal	Valued Environment	Oamaru	Sewerage	Capital	-	50,000	-	-	-	-	-	-	-	50,000
4598	LTP Adjusted 2025: Oamaru Wastewater Relocation/Renewal - Orw	Quality Services	Oamaru	Sewerage	Capital	-	-	-	-	-	-	-	10,000,000	10,000,000	20,000,000
4602	Omarama Wastewater Treatment Plant Resource Consent Renewa	Valued Environment	Ahuriri	Sewerage	Capital	-	-	-	-	-	50,000	-	-	-	50,000
4603	LTP Adjusted 2025: Sanitary Assessment	Quality Services	District wide	Sewerage	Operational	-	-	100,000	-	-	-	-	-	-	100,000
4604	Sludge Management Issues & Options	Quality Services	District wide	Sewerage	Operational	-	100,000	-	-	-	-	-	-	-	100,000
4606	Tradewaste	Quality Services	District wide	Sewerage	Capital	-	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	3,200,000
4608	Wastewater Facilities Renewals	Quality Services	District wide	Sewerage	Capital	-	-	-	-	-	-	100,000	100,000	1,500,000	1,700,000
4609	Wastewater Overflow Capacity - Waitaki Valley	Quality Services	Ahuriri	Sewerage	Capital	-	-	100,000	100,000	-	-	-	-	-	200,000
TOTAL 3 WATERS						16,975,000	15,970,000	18,755,000	15,800,000	12,665,000	18,500,000	16,902,000	35,668,000	41,865,000	193,100,000
TOTAL PROJECTS						58,664,591	30,767,072	45,255,969	37,334,887	29,032,766	37,835,186	37,879,901	58,914,358	66,137,073	401,821,803
LONG-TERM PLAN FIGURES															
TOTAL PROJECTS - EXCLUDING 3 WATERS AFTER 1 JULY 2027						58,664,591	30,767,072	26,500,969	21,534,887	16,367,766	19,335,186	20,977,901	23,246,358	24,272,073	241,666,803
AS PER CONSULTATION - TOTAL PROJECTS - EXCLUDING 3 WATERS AFTER 1 JULY 2027						63,181,736	33,768,341	26,039,823	24,131,265	19,746,757	21,735,099	20,999,787	24,725,196	26,163,760	260,491,763
MOVEMENT FROM CONSULTATION DOCUMENT TO FINAL LTP						- 4,517,145	- 3,001,269	461,146	- 2,596,378	- 3,378,991	- 2,399,913	- 21,886	- 1,478,838	- 1,891,687	- 18,824,960

Long-Term Plan 3 Waters capital projects

- The listing above is the final approved projects / initiatives listing that was discussed and ultimately approved over the course of developing the LTP. It has total projects of \$402m over the 9 years
- In the approved LTP \$242m of projects were included out of the \$402m total project, as \$160m of 3 waters projects were not included after 1 July 2027 (assumed that they would be completed by a separate water entity)

Historic 3 waters capital projects listings and its impact on debt forecasts / rates rises / unbalanced budget

- The original project / initiatives listing submitted by officers for inclusion in the Long-Term Plan totalled \$597m, with around \$415m of the projects being 3 waters related (\$30m+ per annum waters projects)
- Due to that level of capex, the initial forecasts (“graphs of doom”) at the time of consultation on the 2025 Enhanced Annual Plan, in early 2024, were:



- Even with a credit rating, a debt cap of 280% would have been breached from 2029 onwards. In order to keep within the debt cap, total income / rates needed to be increased significantly year-on-year
- In mid-2024, it was ultimately decided to apply a \$15m cap on 3 waters projects to keep under the debt cap, and a significant number of projects were removed and deferred as much as possible. Rates also needed to increase in the second half of the LTP in order to stay under the debt cap.
- The Long-Term Plan project / initiatives listing reduced by almost \$200m from mid-2024 until mid-2025 due to the \$15m cap applied for 3 waters projects and other changes to the project listing:

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
TOTAL PROJECTS	58,664,591	30,767,072	45,255,969	37,334,887	29,032,766	37,835,186	37,879,901	58,914,358	66,137,073	401,821,803
TOTAL PROJECTS - MID-2024	74,475,623	47,773,710	80,723,344	86,228,485	78,013,144	77,486,811	65,313,922	37,449,653	49,773,206	597,237,898
capex removed through LTP process	15,811,032	17,006,638	35,467,375	48,893,598	48,980,378	39,651,625	27,434,021	- 21,464,705	- 16,363,867	195,416,095

- By applying the \$15m cap on 3 waters projects and increasing rates, the debt cap was no longer breached during the period of the LTP. However, the Council was forecasting an unbalanced budget in all years of the Plan, and was not comfortable with the rates rises forecast over the long term.
- In late 2024, it was decided that Council had no choice but to transfer 3 waters to a separate entity from 1 July 2027.
- During the Consultation on the LTP in February 2025, and in the months since, Council has still not been comfortable with the level of rates increases forecast and the unbalanced budget, even with 3 waters removed from the LTP forecasts from 1 July 2027.

3 Waters in-house as a Separate Business Unit – additional costs

- The figures discussed above, are 3 waters forecasts under “business as usual”, as if there has been no change in regulations and Council had never decided to remove 3 waters from the forecasts
- However, there are some additional costs that need to be considered under the new regulated environment as a Separate Business Unit to the rest of Council, such as:
 - Governance – some form of Committee, with 2-3 external / industry qualified members, expect to cost circa \$45k plus expenses p.a. for any qualified member
 - General Manager, and 2-3 specialist FTE (asset manager, financial manager) to operate in the regulated environment – expect to need to pay a competitive rate to attract a qualified GM, and circa \$150k per manager
 - Taumata Arowai levies – currently set at \$97k p.a. for the next 3 years
 - Costs to complete a credit rating and maintain it each year – circa \$50k
 - Additional audits would be needed as a separate annual report would need to be prepared under the regulations, there are also additional audit requirements – cost unknown
 - Systems improvements / new systems required to maintain the 3 waters assets, and finances, and complete waters charging instead of rating – cost unknown
- Thought also needs to be given to funding 3 waters depreciation again. The cost is around \$9m p.a. and although depreciation is considered in the balanced budget calculation, it is not funded so is not included in the rates forecasts currently. If 3 waters depreciation was to be funded for, rates increases would rise noticeably each year.

Potential forecasts with 3 waters as a Separate Business Unit

- Steps taken to develop sustainable financial forecasts:
 - Approved LTP forecasts with 3 waters added back in from 1 July 2027 [the forecasts shown on page 4], assuming one water rate across the district
 - Added in the 3 waters capex listing that was approved in the LTP process, with the circa \$15m p.a. cap applied [the listing on page 5-6]
 - Added in the additional costs of running a Separate Business Unit under the new regulations, of circa \$1m p.a. [as discussed on page 8]

This resulted in significant deficits and an unbalanced budget each year:

	2025 Annual Plan \$000	2026 LTP Yr 1 \$000	2027 LTP Yr 2 \$000	2028 LTP Yr 3 \$000	2029 LTP Yr 4 \$000	2030 LTP Yr 5 \$000	2031 LTP Yr 6 \$000	2032 LTP Yr 7 \$000	2033 LTP Yr 8 \$000	2034 LTP Yr 9 \$000
Surplus / (Deficit) after tax	7,265	8,559	(14,129)	(8,317)	(6,788)	(6,588)	(8,203)	(4,259)	(1,012)	407

- Increased rates / total income to remove the deficits after 2028. The financial forecasts are then as follows:

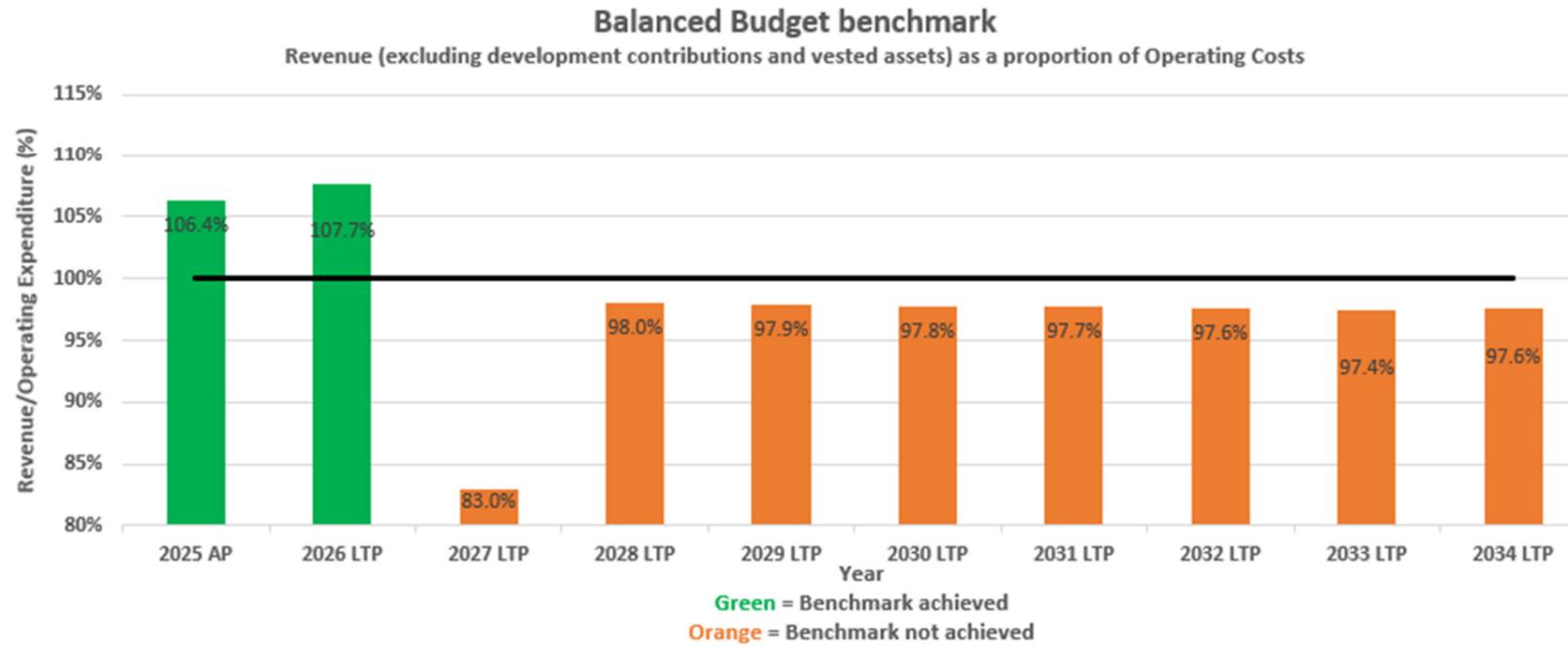
Financially sustainable financial forecasts - 3 waters as a Separate Business Unit

Prospective Statement of Comprehensive Revenue and Expense

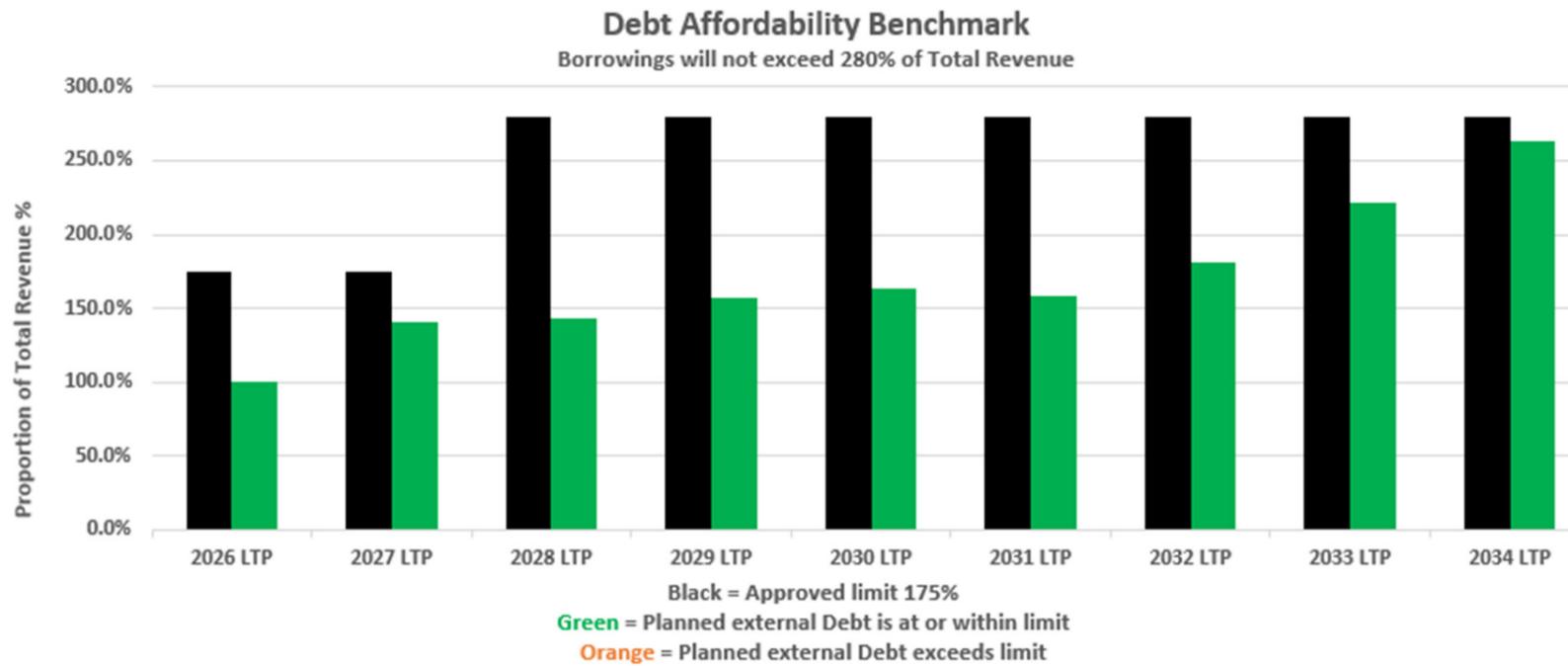
Projected for the 9 years ending 30 June 2026 - 2034

	2025 Annual Plan \$000	2026 LTP Yr 1 \$000	2027 LTP Yr 2 \$000	2028 LTP Yr 3 \$000	2029 LTP Yr 4 \$000	2030 LTP Yr 5 \$000	2031 LTP Yr 6 \$000	2032 LTP Yr 7 \$000	2033 LTP Yr 8 \$000	2034 LTP Yr 9 \$000
Revenue										
Rates Revenue	46,602	51,064	54,613	67,514	69,095	72,071	76,321	73,110	71,901	74,934
User Charges	4,060	5,275	5,925	4,782	4,898	5,083	5,097	5,206	5,244	5,326
Property Rental	3,053	3,049	3,127	3,202	3,309	3,625	3,697	3,769	3,841	3,910
Regulatory Charges	2,352	2,369	2,432	2,491	2,543	2,592	2,642	2,689	2,736	2,781
Development and Financial Contributions	1,483	1,365	1,463	1,570	1,707	1,858	2,012	2,166	2,317	2,471
Grants, Subsidies and Donations	33,614	30,419	10,900	15,419	16,224	15,186	16,303	17,099	19,671	20,390
Finance Revenue	2,860	1,083	1,026	1,258	1,226	1,196	888	615	637	670
Petrol Tax	204	200	206	211	216	221	226	230	234	238
Infringements and Fines	77	83	85	87	89	90	92	93	95	97
Dividends received	350	350	350	350	350	350	350	350	350	350
Assets vested in Council	-	500	513	525	535	545	555	564	574	583
Total Revenue	94,655	95,757	80,640	97,408	100,192	102,817	108,182	105,892	107,601	111,749
Expenses										
Personnel costs	18,148	19,081	20,439	20,332	21,247	21,931	22,251	22,673	23,009	23,575
Depreciation and amortisation	20,538	24,696	27,250	29,065	29,634	30,177	30,804	30,468	30,840	31,551
Finance Costs	3,720	3,474	4,565	5,327	6,387	7,045	7,094	6,877	7,255	8,720
Other expenses	43,887	40,543	43,112	43,101	43,415	44,156	48,041	45,840	46,517	47,607
Non-trading Losses/(Gains)	1,310	(595)	(597)	(600)	(602)	(603)	(105)	(107)	(109)	(110)
	87,603	87,199	94,769	97,226	100,081	102,705	108,085	105,751	107,512	111,342
Share of joint venture's surplus/(deficit)	100	-	-	-	-	-	-	-	-	-
Interest on LGFA Borrower Notes	113	-	-	-	-	-	-	-	-	-
Surplus / (Deficit) before Tax	7,265	8,559	(14,129)	183	112	112	97	141	88	407
Income Tax Expense/(Refund)	-	-	-	-	-	-	-	-	-	-
Surplus / (Deficit) after tax	7,265	8,559	(14,129)	183	112	112	97	141	88	407

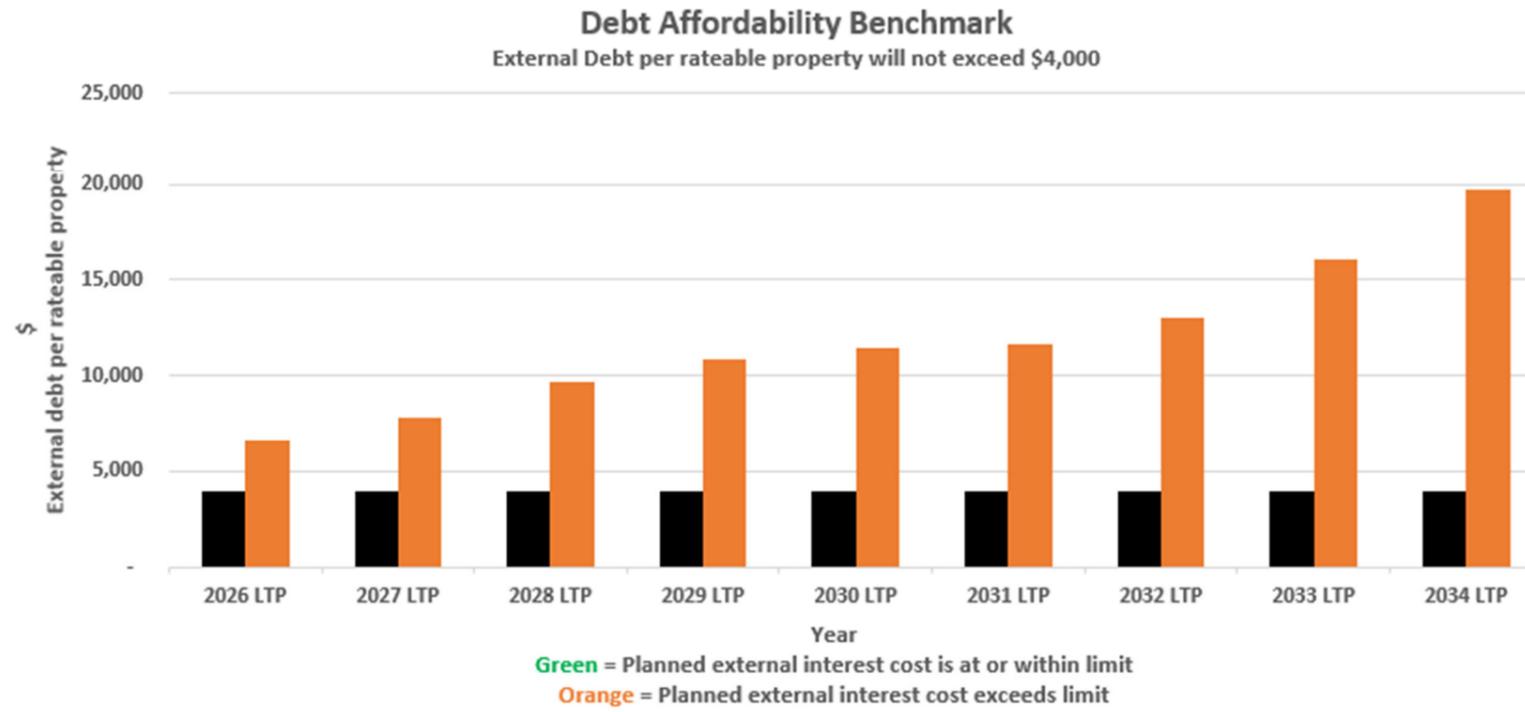
The balanced budget is then close to breakeven [note: to be above 100% rates would need to increase a further \$2m p.a. given DCs are taken off revenue in this benchmark]:



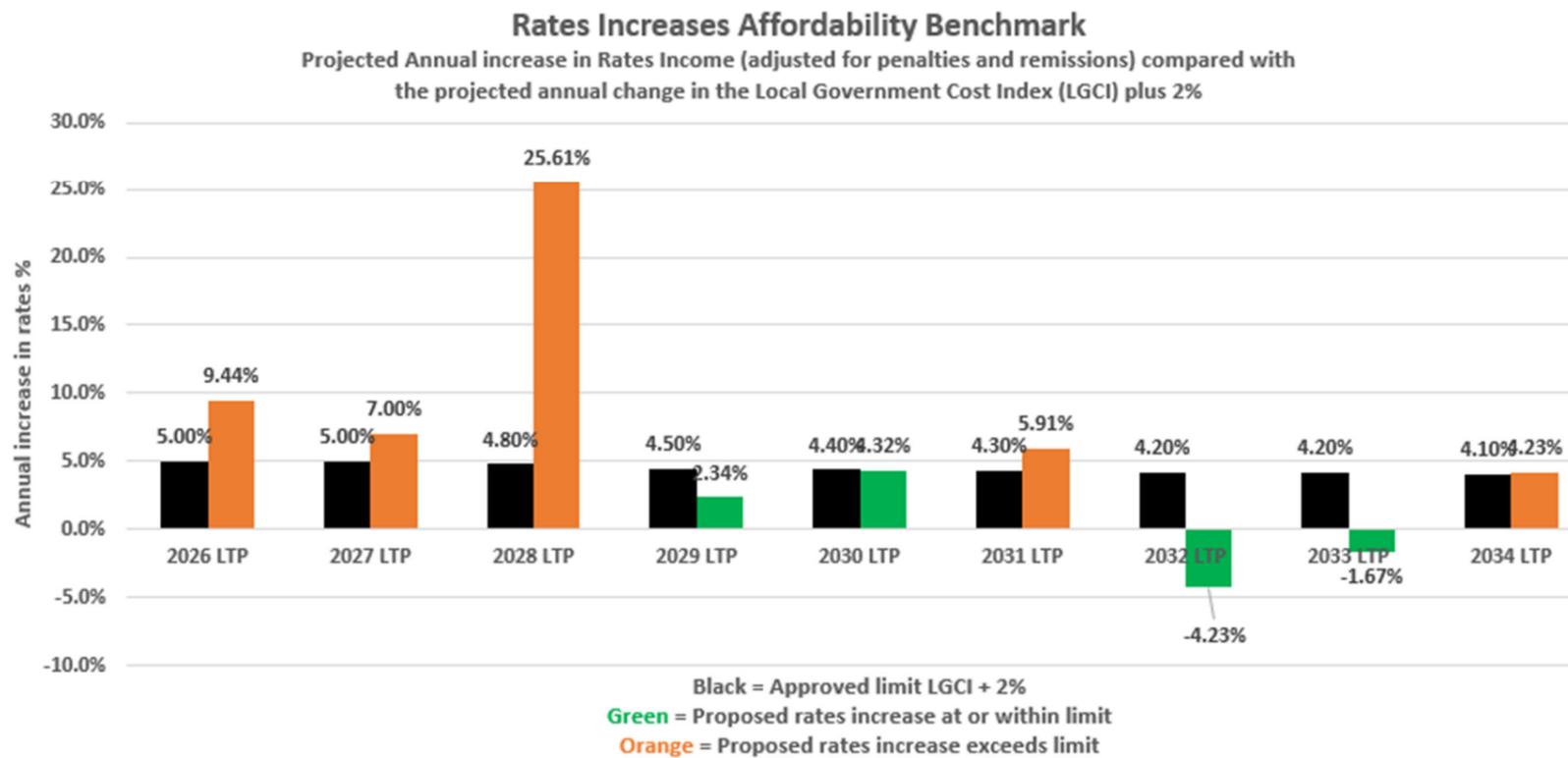
Debt is within the 280% debt cap in all years but is increasing and will go over the cap in 2035 [note: it is assuming the \$15m p.a. 3 waters cap which is highly unlikely]



However, in terms of debt affordability, the benchmark of debt per rateable property exceeds the \$4,000 cap each year:



Rates affordability, can be achieved if there is a significant increase in 2028, or this can be smoothed over later years at slightly above the threshold [note: unfunding 3 waters depreciation]:



Key messages / takeaways / things to consider:

- The forecasts above aim to achieve sustainable financial forecasts with 3 waters included as an in-house unit
- The 'business as usual' 3 waters departments were loss making so when these are added back in, there is a deficit and worse unbalanced budgets, to compensate for this rates revenue must be increased
- The regulations require 3 waters to be a standalone business unit and there are extra costs involved in this – it cannot simply be “business as usual” going forward – the lowest possible costs have been included in the forecasts
- If Council can obtain a credit rating it could have up to 280% borrowing against its total revenue. Debt is forecast to be within the 280% debt cap of 280% in all years, but there is an increasing trend and debt is forecast to breach the cap in 2035 and beyond.
 - What debt level is Council comfortable going to? How close are we prepared to go to the debt cap?
 - Is Council comfortable breaching the debt affordability threshold?
- In these forecasts Council has applied a \$15m p.a. cap on 3 waters capital projects. This is highly unlikely to be accepted. It was anticipated that a separate 3 waters CCO would have significantly increased its waters program of work.
 - Is Council comfortable with the 3 waters projects listing capped at \$15m?
- Given the significant program of work and nearing the debt cap, there will not be an opportunity to consider any other new projects across Council. It was anticipated that Council could consider other projects in the next LTP, after 3 waters moved to a separate entity and Council had debt capacity. There would be no capacity in the finances for unforeseen events, emergency work, or when assets to do last their expected useful life and need replacement earlier than expected.
- There will need to be a 25%+ rates increase in 2028 to achieve rates affordability in the mid to long term. This could be smoothed across a number of years, but would breach the rates affordability measure over more years.
 - Does Council want to smooth the required rates increase or have a large increase in 2028 when water charges come in?
- There is no funding for 3 waters depreciation in the forecasts above. This is highly unlikely to be accepted. If 3 waters depreciation was funded, this would add around \$9m per annum to the rates. That would mean 4-5% rates increases on top of that projected above. Officers require direction about what level of funding to apply.
 - Does Council wish to fund 3 waters depreciation? If so, from when and to what level of funding?

Next steps in terms of the financials:

- Incorporate responses from today's discussion
- Work with advisors to fine-tune the forecasts, and obtain the best information available in regards to future costs etc.
- Deliver financially sustainable financial forecasts for inclusion in the draft Water Services Delivery Plan, due by 31 July 2025
- Amend LTP to match the financial forecasts, once the Water Services Delivery Plan is approved