Thursday, 28 August 2025

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council
Council Meeting

Kaupapataka

Attachments – Volume 1

Te Rā Hui: Meeting date:	**Thursday, 28 August 2025**
Te Wā: Time:	**1:00 PM**
Te Wāhi: Venue:	**Council Chamber** **Ground Floor** **Civic Administration Building** **Lyndon Road East** **Hastings**

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TE KAUNIHERA Ā-ROHE O HERETAUNGA

Water Services Delivery Plan

Central Hawke's Bay District Council
Hastings District Council
Napier City Council

August 2025

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Part A:

Statement of Financial Sustainability, Delivery Model, Implementation Plan and Assurance

Statement that Water Services Delivery is Financially Sustainable

Financially sustainable water services provision

Central Hawke's Bay District, Hastings District, and Napier City Councils (The Councils) have conducted financial sustainability tests comprising of Revenue Sufficiency, Investment Sufficiency and Financing Sufficiency. Results from this testing, as demonstrated in this plan, confirm that the proposed joint water entity, in the form of a joint water services council-controlled organisation (WSCCO) will be able to deliver drinking water, wastewater and storm water services in a financially sustainable manner by 30 June 2028.

The financial modelling undertaken to inform the plan sets out the level of investment required over a 10-year period as indicated under the Local Government (Water Services Preliminary Arrangements Act) 2024. The modelling illustrates how the proposed joint WSCCO provides sufficient revenue, the required investment to meet regulatory compliance, renewals and growth, along with the adequate access to financing to fund the required investment.

Further details of the modelling, along with assumptions, can be found in appendix 1. It should be noted that the financial modelling set out in the appendix has analysis that includes Wairoa District Council, who resolved to withdraw from the joint WSCCO pathway at their 22 July 2025 Ordinary Council Meeting. The financial data presented in the body of this plan has been updated to reflect modelling excluding Wairoa District Council.

Proposed Delivery Model

Proposed Model to Deliver Financially Sustainable Water Services

Water Services for the Central Hawke's Bay District, Hastings District, and Napier City Councils (The Councils) combined servicing area will be delivered by a joint water services council-controlled organisation (WSCCO). The joint WSCCO will own all water services (drinking water, wastewater, and urban stormwater) infrastructure and assets.

The Councils undertook a thorough evaluation of three possible delivery models (In-house delivery, single council water services CCO and a joint WSCCO) against pre-determined criteria to determine the preferred water services delivery model (modelling and assessment criteria appended in appendix 1). Through this evaluation, a joint WSCCO that delivers all three water services (drinking water, wastewater, and urban stormwater) was identified as the preferred model.

Following this, the Councils completed individual public consultation processes, with a joint WSCCO identified as the preferred option by each. As part of consultation, each council also identified a single council WSCCO and in-house council delivered service as alternative options. A summary of this consultation process is provided in the relevant section of this plan.

The proposed joint WSCCO is expected to deliver significant benefits to the communities of all the participating councils, including:

Cost efficiency: Larger scale organisations reduce the per-user costs of infrastructure investment, maintenance and regulatory compliance. This is achieved as costs are spread across a larger pool of residents. A single joint entity also avoids duplication of systems and processes, creating efficiencies in areas such as procurement, technology, and reporting. In addition, operating within a consistent framework across the region provides benefits for contractors, suppliers and regulators who can engage with one organisation rather than multiple councils.

Shared expertise: Establishing a joint WSCCO allows the participating councils to pool technical, operational and professional resources. This means access to a deeper pool of engineers, treatment specialists, planners and asset managers than is possible within smaller individual councils. By drawing on this broader range of skills and experience, the organisation is better able to adopt best practice, introduce innovative approaches, and ensure continuity of service where individual councils may currently face resourcing or recruitment challenges.

Enhanced resilience: A larger-scale model provides greater capacity to manage both day to day risks and unexpected events. A joint organisation has more staff, equipment and financial resources available to respond to natural disasters, system failures, or public health emergencies. It can also better plan and invest for long-term challenges, including adapting to climate change impacts, meeting increasing demand from population growth, and addressing the requirements of ageing infrastructure.

Improved investment capability: The bigger the organisation, the greater the ability to access higher levels of debt funding for water infrastructure upgrades (and at a lower cost). This opens the door to accelerated investment programmes that can upgrade critical infrastructure faster, addressing existing service challenges and reducing any backlog of renewals. The resulting investment also brings broader benefits to the local economy, such as job creation, skills development and support for local suppliers.

Regulatory compliance: Meeting national standards for drinking water, wastewater, and stormwater management is becoming more complex and resource intensive. A consolidated organisation is better positioned to ensure consistent, region-wide compliance with health, environment and economic regulations. This includes adopting common systems for monitoring and reporting, developing specialist compliance teams, and staying ahead of emerging requirements set by advancing government standards.

The Councils are currently progressing their planning to determine the timeframes for when responsibilities and assets fully transfer to the WSCCO. Currently, the Councils have identified an incorporated establishment date of 1 July 2026. At this point the WSCCO will be an incorporated company with an establishment board and an establishment Chief Executive appointed, meaning work can commence into the transitional phase. An overview of the implementation plan is provided in the next section.

Implementation Plan

Implementing the Proposed Service Delivery Model

Implementing the response to Local Water Done Well is proposed through four project stages. These are expanded on below but comprise of a pre-establishment phase, establishment phase, transitional phase, and then concluding with an ongoing operational phase.

Although not expressly mentioned below, it is understood and expected that ongoing external and internal communications will be a significant requirement along with continued engagement and involvement with mana whenua partners.

Timeline and Milestones

Pre-Establishment Phase – Now to 3 September 2025 In preparation for the establishment phase of the proposed WSCCO, the participating councils are working together to complete the following milestones in advance of the 3 September 2025 deadline to submitting the joint WSDP for approval.

Pre-Establishment Milestones

- Finalise joint WSDP, obtain Council approval, and work with DIA as required to meet acceptance from the Secretary of Local Government.
- Participating councils agree to and enter a Heads of Agreement. The agreement outlines proposed arrangements for;
  - Initial shareholding amounts
  - Initial governance structure
  - Voting Rights
  - Reserved matters and resolutions

- Finalise WSDP
- Commit to Heads of Agreement

- Appoint Establishment Board
- Develop and Approve Foundational Documents
- Prepare Transitional Agreements

- Establish Enduring Governance
- Develop Transfer Schedules
- Commence Integration

- Formalise long-term Service Level Agreements
- Identify and Realise Efficiency Opportunities

Establishment Phase – 3 September 2025 to 1 July 2026

To establish the proposed WSCCO a dedicated governance and project team will be put in place. The transitional governance group (TGG) will consist of the mayor and one other appointee from each member council of Central Hawke's Bay, Hastings District, and Napier City.

The immediate focus of the TGG will be to appoint an establishment board that will have the responsibility of governing the establishment phase of the WSCCO.

The establishment board will then be responsible for appointing an establishment Chief Executive and overseeing the development of key foundational documents required to support both establishment and transitional operations.

The establishment Chief Executive will be supported by a dedicated project team consisting of members from each participating council and external support where required. The establishment Chief Executive will also have the delegated authority to enter into contracts and procure external support as required.

Establishment Key Milestones

- Appoint Establishment Board
- Appoint Establishment CE
- Develop detailed programme
- Develop Foundational Documents
- Prepare transitional and service level agreements for transitional stage

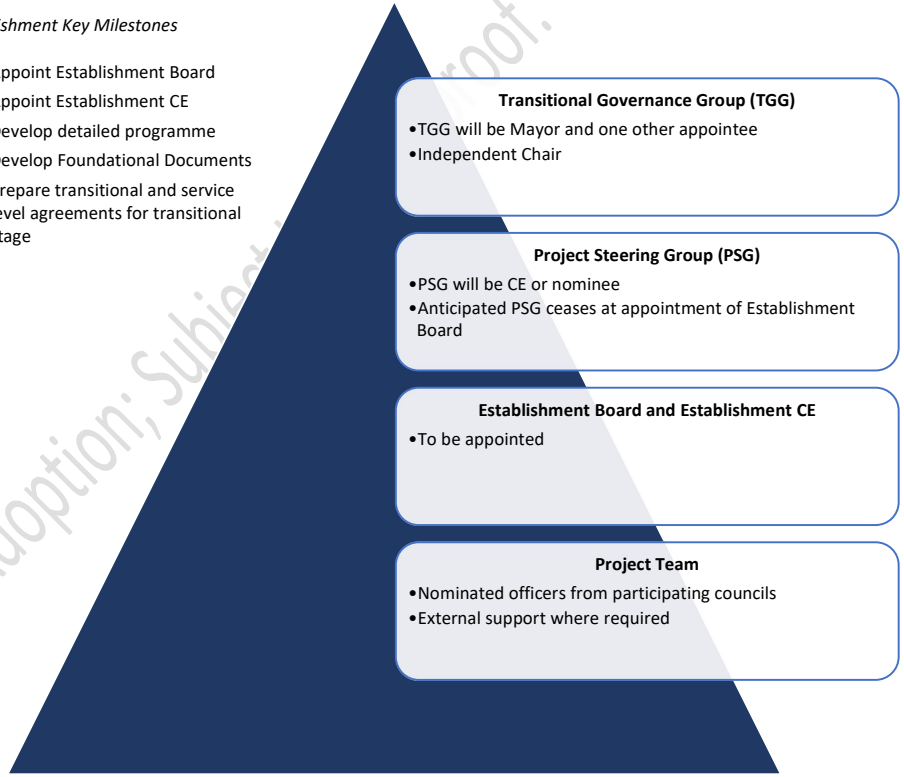

Figure 2 - Establishment Governance

Transitional Phase – 1 July 2026 to 1 July 2027

During the Transitional stage of the project, governance will shift from the proposed establishment structure into an enduring structure that would continue through to the ongoing operational stage.

The TGG from the establishment phase would evolve into the Shareholders Representative Forum and enduring board appointments would be made.

Director appointments are expected to follow a rolling timeframe, ensuring continuity and stability as future appointments are considered.

At the same time the Project Team is expected to expand and workstream leads would be identified. This will require careful consideration at each shareholding council level to determine what can be resourced internally and what will require external recruitment.

Further consideration will need to be given to robust stakeholder engagement and communications planning, both internally and externally facing.

Councils will also need to commence robust planning for when the transfer of staff, assets, and responsibilities to the new organisation occur.

Transitional Phase Key Workstreams

- Identify Asset and Liability Transfers
  - Legal and financial identification of assets to be moved to the new organisation.
- Identify People and Workforce
- Financial Integration and separation from parent councils
- Systems and Technology Integration
- Enter required shared service arrangements

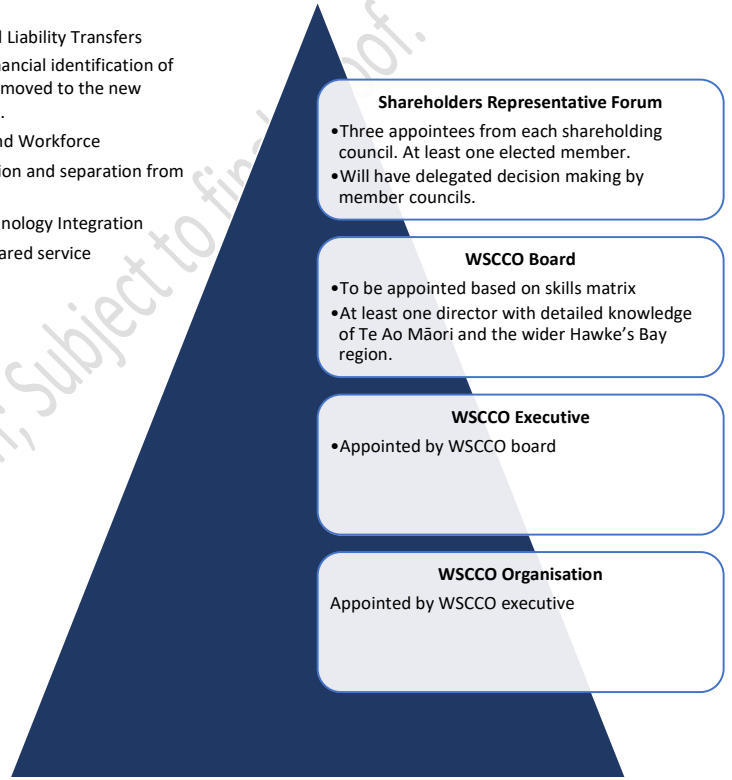

Figure 3 - Transitional and Enduring Governance

Ongoing Operational Phase – 1 July 2027 onwards

During the Ongoing Operational phase of the project, the governance will continue under the same structure identified in the Transitional phase. It is anticipated the project team will wind down and operations become part of everyday business. However, this is the stage where efficiencies are expected to be identified, and the implementation of standards and unification of delivery would occur.

Further, at this point the residual impacts to member councils should be fully understood and planning a response to these impacts should be well advanced at a Council level.

It is recommended that a continuous improvement framework be implemented that reviews organisational effectiveness. This will identify gaps in service level agreements, customer expectations, capital delivery, and ongoing maintenance and operations.

A key focus will be on improving on data confidence as providing reliable data will be essential to meeting the information disclosure requirements under economic and environmental regulation. Ongoing efforts will focus on strengthening data quality, consistency, and transparency to support accurate reporting, informed decision-making, and public accountability.

Efficiency Considerations

- Unified capital delivery plan
- Review operations and maintenance delivery plans
- Standardisation of design and materials
- Common data platforms implemented

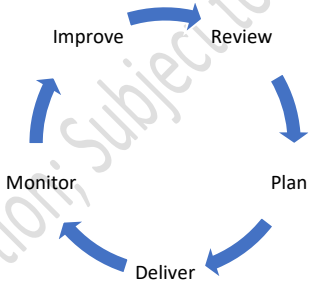

Figure 4 - Continuous Improvement Cycle

Consultation and Engagement

Consultation and Engagement Undertaken

At the time of formal consultation, the four territorial authorities of Hawke's Bay consulted in parallel, and all indicated the preferred option of a joint WSCCO owned by the participating Councils of Wairoa District, Napier City, Hastings District, and Central Hawke's Bay District.

The Council's all ran well-rounded, multi-channel engagement and consultation campaigns from 12 May 2025 to 15 June 2025 (24 working days) and exceeded the requirements set out in the Local Government (Water Services Preliminary Arrangements) Act 2024. The individual Council's engagement was further supported by a regionally coordinated effort managed by the Hawke's Bay Regional Recovery Agency.

Although Wairoa District Council subsequently resolved to withdraw from the joint WSCCO pathway, the below commentary makes mention of them to provide consistency with the formal engagement conducted by the Councils.

Mana Whenua Engagement

All three councils are focussed on ensuring the chosen water services delivery model upholds their respective partnership agreements (which may include Treaty settlement commitments) and that iwi / hapū have a meaningful role in water services decision-making and outcome setting into the future.

Each council has been directly engaging with relevant groups throughout the process thus far and while the important role of iwi / hapū is still to be determined, it has been agreed via the Heads of Agreement that it will sit with each council separately to decide how their mana whenua relationships are reflected within Shareholders Representative Forum membership.

It has also been agreed through this process that the skills matrix for the Board of Directors must include at least one director with detailed knowledge of Te Ao Māori.

Public Consultation

Following the decisions across the four councils agreeing to the joint WSCCO as the preferred water services delivery model for consultation, Councils sought the views of their respective communities. This was completed through a formal consultation process, in accordance with the Local Government (Water Services Preliminary Arrangements) Act 2024.

Each Council designed and ran their own consultation engagement programmes, taking place from **Monday 12 May to Sunday 15 June 2025**.

Below is a table summarising community support for the preferred Regional CCO option:

Table 1 - Community Support for preferred option

Hastings District Council	Napier City Council	CHB District Council
83% support	79% support	56% support

Hastings District Council consulted on

1. Forming a joint water services Council-Controlled Organisation (joint WSCCO) with Central Hawke's Bay District Council, Napier City Council and Wairoa District Council (Council's preferred option)
2. Forming a water services Council-Controlled Organisation (WSCCO) owned by Hastings District Council
3. Hastings District Council service (in-house)

Public consultation was undertaken through a wide range of initiatives to ensure a broad awareness of the proposal. Widespread information was distributed through numerous digital and print media. Extensive engagement was undertaken through Council's digital channels and a pop-up shop, which enabled reach to a diverse segment of the community. Hard copies of the summary consultation document and submission forms were delivered to 31,800 letterboxes. Opportunities for residents to make submissions were also provided online, through the Council's consultation website, and through printed information and submission forms available at Council facilities. A FAQ session run via Facebook live provided further context on the proposal. A webinar, pop-up stand and community meetings were also utilised in specific locations.

Over 1,000 submissions were received from Hastings residents - 83% of which expressed support for the preferred option – forming a joint WSCCO.

A total of 17% of submitters opposed the preferred option, made up of 4.7% who favoured option 2 - a Hastings District Council-only CCO, 10.3% who favoured option 3 – in-house delivery and 2% who did not select a preferred option.

Affordability, improved service delivery and infrastructure outcomes, local control and accountability and the use of water metering/user pays were among some of the key themes present in the quantum of submissions.

The submissions received, along with a thorough process of option analysis informed Council's decision to form a joint WSCCO made on 31 July 2025.

Napier City Council consulted on

1. Forming a joint water services Council-Controlled Organisation (joint WSCCO) with Central Hawke's Bay District Council, Hastings District Council and Wairoa District Council (Council's preferred option)
2. Forming a water services Council-Controlled Organisation (CCO) owned by Napier City Council
3. Keeping water services delivery in-house

Napier City Council ran a multi-channel programme using a wide range of consultation initiatives to ensure a broad awareness of this significant proposal. This included extensive engagement through its digital channels (both direct email and via social channels). Hard copies of the summary consultation document and submission forms were delivered to 23,000 letterboxes. Opportunities for residents to make submissions were also provided online, through the Council's consultation website, and through printed information and submission forms available at Council facilities.

A total of 666 submissions were received. Of those, 79% of submitters preferred option 1 – forming a joint WSCCO, 3.3% of submitters preferred option 2 – a Napier City Council-only CCO, 6.5% preferred option 3 – in-house delivery, 7.8% did not support option 1 but did not indicate their preferred option and 3% of submitters did not indicate a preferred option at all.

Affordability, local voice, water metering (both for and against) and investment transparency were the most prominent themes present across the quantum of submissions.

The submissions received, along with a thorough process of option analysis informed Council's decision to form a joint WSCCO made on the 31 July 2025.

Central Hawke's Bay District Council consulted on

1. Forming a joint water services Council-Controlled Organisation (joint WSCCO) with Hastings District Council, Napier City Council and Wairoa District Council (Council's preferred option)
2. Forming a water services Council-Controlled Organisation (CCO) owned by Central Hawke's Bay District Council
3. Keeping water services delivery in-house

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Public consultation was undertaken through a series of community conversations and live online events. A total of 208 submissions were received. Opportunities for residents to make submissions were also provided online, through the Council's consultation website, and through printed information and submission forms available at Council facilities. Live update sessions were run via Facebook to provide further context and information on the detail of the proposal.

Of the 208 submissions, 49% preferred option 1 – forming a joint WSCCO, 11% of submitters preferred option 2 – forming a Central Hawke's Bay District-only water service organisation and 27% preferred option 3 – in-house delivery and 13% of submitters did not indicate a preferred option.

Of the submitters who did express a preference, 56% of submitters preferred option 1 – joint WSCCO, 13% of submitters preferred option 2 – CHB CCO, 31% preferred option 3 – in house delivery.

Affordability was the most significant theme present throughout submissions. Local control and reliability, safety and quality of water services were also among the key themes present across the quantum of submissions.

The submissions received, along with a thorough process of option analysis informed Council's decision to form a joint WSCCO made on the 3 July 2025.

Assurance and Adoption of the Plan

On 7 August 2025 (Central Hawke's Bay District Council), 31 July 2025 (Hastings District Council and Napier City Council), the Partner Councils agreed to progress a joint Water Services Council Controlled Organisation (WSCCO). This Joint Water Services Delivery Plan (WSDP) has been prepared on that basis.

The development of this WSDP has been overseen by the Chief Executives of the three Councils and prepared in accordance with each Council's internal assurance processes. The starting point for the WSDP is the latest Long-Term Plan (LTP) for all councils with additional reference to the current Annual Plan as some investment profiles have changed, such as Napier City Council bringing forward some key compliance investment.

Financial modelling was supported by external consultants and forms the basis for much of the financial information populated in the WSDP. The model included several assumptions and these are noted in appendix 1. It is worth nothing that the efficiency assumptions used were deemed very conservative as reviewed and approved by Council CEs, CFOs, and other members of the project team. During community consultation, Central Hawke's Bay District Council received significant feedback from their community regarding the affordability of the forecasted charges. In response to this, they have provided an alternative capital delivery programme that ensures delivery on key compliance requirements while aiming to keep charges in line with community expectation. This alternate capital profile was produced in-house and provided to consultants to conduct the modelling. These outputs have been verified as accurate by the other partner councils and is attached as appendix 2.

Council Resolutions to Adopt the Plan

Council resolutions to adopt this WSDP were achieved on the dates set out below.

- Hastings District Council resolved to adopt this Joint Water Services Delivery Plan on the XX August 2025[1].
- Napier City Council resolved to adopt this Joint Water Services Delivery Plan on the XX August 2025[2].
- Central Hawke's Bay District Council resolved to adopt this Joint Water Services Delivery Plan on the XX August 2025[3].

[1] Hastings District Council: [insert meeting title and link to minutes] – 28 June 2025

[2] Napier City Council: [insert meeting title and link to minutes] – 28 June 2025

[3] Central Hawke's Bay District Council: [insert meeting title and link to minutes] – 28 June 2025

Certification of the Chief Executive of Central Hawke's Bay District Council

I certify that this Water Services Delivery Plan:

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

Signed: _____

Name: _____

Designation: _____

Council: _____

Date: _____

Certification of the Chief Executive of Hastings District Council

I certify that this Water Services Delivery Plan:

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

Signed: _____

Name: _____

Designation: _____

Council: _____

Date: _____

Certification of the Chief Executive of Napier City Council

I certify that this Water Services Delivery Plan:

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

Signed: _____

Name: _____

Designation: _____

Council: _____

Date: _____

Part B:

Network Performance

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

Initial Investment Approach

Each member Council has its own unique investment portfolio, based on several factors including their asset integrity, critical consent renewals, anticipated population growth, and adaptations to climate change risks.

The proposed joint WSCCO will inherit each council's current investment profile with the expectation to deliver on these. Arrangements and agreements to ensure this delivery will need to be carefully considered and defined through the establishment and transition stages of implementation.

Once operational it is anticipated that the WSCCO will review and identify opportunities where a joint model for delivering water services can improve on the current levels of investment. This will be strongly influenced by statement of expectation from member councils.

A summary of each shareholding council's top investment priorities and challenges are as follows:

Central Hawke's Bay District Council (CHBDC)

- End of life water reservoirs
- Current abatement notices and compliance risks with Wastewater Discharges
- Affordability challenges with delivering the capital programme used in the financials presented in this plan. Appended is an alternative capital programme to address affordability, however, this comes with heightened regulatory risk.

Napier City Council (NCC)

- Non-compliant water supply being addressed with development of new bores, treatment plants, reservoirs, and associated pipe network.
- Wastewater outfall – critical asset renewal
- Improving level urban drainage level of service via Te Awa Pumpstation and Lagoon Farm stormwater diversion.
- Renewals backlog will remain a challenge as prioritisation is given to the above.

Hastings District Council (HDC)

- East Clive Wastewater Treatment Plant - Outfall renewal
- Pipework renewal backlog and delivery to programme
- Water Conservation and Demand Management capital works programme, budgeted and unbudgeted projects (for example, pressure reduction projects, smart metering need)

To ensure delivery it is anticipated that each shareholder council will retain this responsibility until the WSCCO is at an operational level to absorb this responsibility without disruption.

Investment Required in Water Services

Serviced Population

Table 2 was populated based on each individual council's own estimated growth projection in number of connections. As well, number of connections was interpreted to be an average of water supply, wastewater, and stormwater as opposed to an aggregate.

Table 2 includes the current FY, and eight-year projection. Projection assumptions are consistent across member councils.

Table 2 - Projected Serviced Population of WSCCO

Projected Serviced Population - CHBDC	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced Population	9,967	10,160	10,353	10,546	10,739	10,932	11,125	11,318	11,511	11,704
Total Residential Connections	4,251	4,334	4,417	4,500	4,583	4,666	4,749	4,832	4,915	4,998
Total Non-Residential Connections	453	467	481	495	509	523	537	551	565	579
Projected Serviced Population - HDC										
Serviced Population	66,537	67,230	67,929	68,636	69,350	70,001	70,658	71,321	71,991	72,667
Total Residential Connections	23,085	23,518	23,952	24,385	24,818	25,252	25,685	26,118	26,552	26,985
Total Non-Residential Connections	3,309	3,348	3,387	3,427	3,467	3,501	3,535	3,569	3,604	3,639
Projected Serviced Population - NCC										
Serviced Population	67,490	68,365	69,240	70,115	70,990	71,865	72,740	73,615	74,490	75,365
Total Residential Connections	24,979	25,196	25,416	25,637	25,860	26,085	26,312	26,541	26,772	27,004
Total Non-Residential Connections	1,493	1,504	1,515	1,526	1,537	1,548	1,559	1,570	1,581	1,592
Total Regional Projected Serviced Population										
Serviced Population	143,994	145,755	147,522	149,297	151,079	152,798	154,523	156,254	157,992	159,736
Total Residential Connections	52,315	53,048	53,785	54,522	55,261	56,003	56,746	57,491	58,239	58,987
Total Non-Residential Connections	5,255	5,319	5,383	5,448	5,513	5,572	5,631	5,690	5,750	5,810

Serviced Areas

The proposed WSCCO will absorb the responsibility of managing 15 water supply networks, 7 wastewater networks, and 15 main stormwater catchments with some significant growth nodes identified through relevant spatial planning processes that are discussed later in this document.

The organisation will cover an area of over 8,600 km2 managing over 52,000 connections and a serviced population of approximately 144,000.

With specific regard to stormwater, it should be noted that mixed ownership/management models exist between Hawke's Bay Regional Council (HBRC) and the member councils of the proposed joint WSCCO. The most complex of these models is between NCC and HBRC. It is further noted that a review of stormwater assets and arrangements between HDC and HBRC is also required and is in active discussion between these Councils at the time of writing.

With regard to NCC and HBRC, as of 30 June 2023 valuation HBRC owns approximately $10m worth of stormwater assets that are located within the urban boundary of NCC (this equates to roughly 0.4% of the value of NCC's total assets). A comprehensive study supported by a business case has been underway since 2021 in response to the 2020 Napier Flood Report that identified issues with the current mixed ownership/management model including;

- Levels of Service – Existing levels of service for some drainage catchments are based on land drainage levels of service and are not clearly aligned to urban stormwater levels of service.
- Roles and Responsibilities – There is no contract or formal arrangement in place between the two Councils regarding management of the waterways. There is no single 'source of truth' formalised documentation about roles and responsibilities.
- Accountability – Accountability is not clear across the stormwater activity with regards to waterways maintenance and operation. Public and communities are not clear who is responsible for what.
- Ownership – Land, assets and equipment may have different ownership e.g. pump station owned by HBRC, but SCADA system installed by NCC, who operate the pump station.
- Investment and Decision Making – Level of investment may not be consistent across both Councils which could have downstream impacts. Each council makes investment decisions based on their own 'risk appetite' with limited coordination. A whole of network approach is required for planned future investment in drainage assets which is more challenging under joint ownership and operation. Officers currently aim to address this through regular coordination meetings.
- Compliance – There is an increasing need for accurate asset data, and performance and consent monitoring.

The business case concludes that the preferred option is to transfer the identified assets from HBRC to NCC. Both councils have endorsed this recommendation, and work has commenced toward this outcome noting the community consultation is a likely requirement prior to any transfer being executed.

To avoid duplication of work, and to ensure efficiencies and timing alignment with the implementation of the joint WSCCO, it is anticipated that the identification of assets and completion of a transfer schedule from HBRC to NCC (or the WSCCO) will fall into the workstreams identified in the transitional phase of the implementation plan.

Table 3 - Details of Central Hawke's Bay District Council's Serviced Areas

Serviced Areas	Water Supply	Wastewater	Stormwater
Residential Area	Five network schemes ●Waipawa & Otane: 1,437 connections ●Waipukurau: 2,432 connections ●Takapau: 288 connections ●Poranagahau: 228 connections ●Kairakau: 127 connections	Four network schemes ●Waipawa & Otane: 1,364 connections ●Waipukurau: 2,442 connections ●Takapau: 240 connections ●Poranagahau: 223 connections	Three catchment schemes ●Waipawa & Otane: 1,328 connections ●Waipukurau: 2,167 connections ●Takapau: 280 connections
Non-Residential Areas	Nil	Nil	Nil
Mixed-Use Rural Drinking Water Schemes	●Farm Rd Private Supply Scheme - unknown connections ●Hautope Rd - unknown connections	Nil	Nil
Areas that Do Not Receive Water Services	Council does not identify/record areas that do not receive services in this way	Council does not identify/record areas that do not receive services in this way	Council does not identify/record areas that do not receive services in this way
Proposed Growth Areas ●Planned (as identified in district plan) ●Infrastructure enabled (as identified and funded in LTP)	●Waipukurau South Growth Precinct: 800-950 new connections ●Golden Hills Development: 230 new connections	●Waipukurau South Growth Precinct: 800-950 new connections ●Golden Hills Development: 230 new connections	●Waipukurau South Growth Precinct: 800-950 new connections ●Golden Hills Development: 230 new connections

Table 4 - Details of Napier City Council's Serviced Areas

Serviced Areas	Water Supply	Wastewater	Stormwater
Residential Area	One network scheme NAP001 and 23,346 connections	One network scheme 22804 connections	One catchment scheme 23341 connections
Non-Residential Areas	NAP001 and 1,493 connections	1500 connections	1804 connections
Mixed-Use Rural Drinking Water Schemes	N/A	N/A	N/A
Areas that Do Not Receive Water Services	2,175	2,713	1,872
Proposed Growth Areas ●Planned (as identified in district plan) ●Infrastructure enabled (as identified and funded in LTP)	Infill Intensification Total = 2,225 ●Ahuriri – 75 ●Greenmeadows – 180 ●Maraenui – 355 ●Pirimai – 140 ●Napier Central – 90 ●Napier Hills – 15 ●Napier South – 90 ●Onekawa – 135 ●Tamatea – 95 ●Taradale – 310 Green Field = 5,947 ●Bay View – 1462 ●Parklands – 310 ●Riverbend – 655 ●The Loop – 630 ●Mission Hills – 1200 ●South Pirimai – 1170 ●Whareranga - 520	Infill Intensification Total = 2,225 ●Ahuriri – 75 ●Greenmeadows – 180 ●Maraenui – 355 ●Pirimai – 140 ●Napier Central – 90 ●Napier Hills – 15 ●Napier South – 90 ●Onekawa – 135 ●Tamatea – 95 ●Taradale – 310 Green Field = 6,400 ●Bay View – 1915 ●Parklands – 310 ●Riverbend – 655 ●The Loop – 630 ●Mission Hills – 1200 ●South Pirimai – 1170 ●Whareranga - 520	Infill Intensification Total = 2,225 ●Ahuriri – 75 ●Greenmeadows – 180 ●Maraenui – 355 ●Pirimai – 140 ●Napier Central – 90 ●Napier Hills – 15 ●Napier South – 90 ●Onekawa – 135 ●Tamatea – 95 ●Taradale – 310 Green Field = 6,400 ●Bay View – 1915 ●Parklands – 310 ●Riverbend – 655 ●The Loop – 630 ●Mission Hills – 1200 ●South Pirimai – 1170 ●Whareranga - 520

Table 5 - Details of Hastings District Council's Serviced Areas

Serviced Areas	Water Supply	Wastewater	Stormwater
Residential Area	Ten network schemes ●Hastings (Hastings, Havelock North, Flaxmere, Bridge Pa and Paki Paki): 18,788 ●Waipatu: 14 ●Whakatu: 132 ●Clive: 398 ●Haumoana & Te Awanga: 838 ●Waimarama: 308 ●Omahu: 37 ●Whirinaki-Esk: 292 ●Waipatiki: 76 ●Te Pohue: 18	Two network schemes ●Hastings: 20,640 ●Waipatiki: 60	Eleven catchment schemes ●Hastings: 12,368 ●Havelock North: 5,359 ●Flaxmere: 3,068 ●Paki Paki: 42 ●Whakatu: 151 ●Clive: 538 ●Haumoana: 445 ●Te Awanga: 335 ●Waimarama: 332 ●Omahu: 29 ●Waipatiki: 74
Non-Residential Areas	●Hastings (Hastings, Havelock North, Flaxmere, Bridge Pa and Paki Paki): 2,511 ●Waipatu: 2 ●Whakatu: 20 ●Clive: 25 ●Haumoana & Te Awanga: 54 ●Waimarama: 33 ●Omahu: 5 ●Whirinaki-Esk: 34 ●Waipatiki: 3 ●Te Pohue: 3	●Hastings: 1,695 ●Waipatiki: 2	●Hastings: 1,511 ●Havelock North: 230 ●Flaxmere: 35 ●Paki Paki: 2 ●Whakatu: 111 ●Clive: 112 ●Haumoana: 27 ●Te Awanga: 7 ●Waimarama: 9 ●Omahu: 0 ●Waipatiki: 1
Mixed-Use Rural Drinking Water Schemes	No systemized information held	N/A	N/A
Areas that Do Not Receive Water Services	●Hastings (Hastings, Havelock North, Flaxmere, Bridge Pa and Paki Paki): 245 ●Waipatu: 0 ●Whakatu: 53 ●Clive: 216 ●Haumoana & Te Awanga: 21 ●Waimarama: 5 ●Omahu: 0 ●Whirinaki-Esk: 9 ●Waipatiki: 7 ●Te Pohue: 1	●Hastings: 249 ●Waipatiki: 15	N/A
Proposed Growth Areas ●Planned (as identified in district plan) ●Infrastructure enabled (as identified and funded in LTP)	Existing serviced growth: ●Infill est. 2000 New Growth: ●H3 Kaiapo Road (Residential): 430 ●H4 Murdoch Road (Residential): 120 ●H8 Copeland Road (Residential): 130 ●H2a Lyndhurst Extension (Residential): 280 ●HN2b Arataki Extension (Residential): 110 ●HN6 Brookvale Road (Residential): 80 ●HN10 Oderings Site (Residential): 35 ●FM9 (Residential): 500 ●FM2 Portsmouth Road (Residential): 330 ●IR2 Irongate South (Industrial): 480Ha ●IR3a Irongate West (Industrial): 52.5Ha ●IR3b Irongate West (Industrial): 53Ha	Existing serviced growth: ●Infill est. 2000 New Growth: ●H3 Kaiapo Road (Residential): 430 ●H4 Murdoch Road (Residential): 120 ●H8 Copeland Road (Residential): 130 ●H2a Lyndhurst Extension (Residential): 280 ●HN2b Arataki Extension (Residential): 110 ●HN6 Brookvale Road (Residential): 80 ●HN10 Oderings Site (Residential): 35 ●FM9 (Residential): 500 ●FM2 Portsmouth Road (Residential): 330 ●IR2 Irongate South (Industrial): 480Ha ●IR3a Irongate West (Industrial): 52.5Ha ●IR3b Irongate West (Industrial): 53Ha	Existing serviced growth: ●Infill est. 2000 New Growth: ●H3 Kaiapo Road (Residential): 430 ●H4 Murdoch Road (Residential): 120 ●H8 Copeland Road (Residential): 130 ●H2a Lyndhurst Extension (Residential): 280 ●HN2b Arataki Extension (Residential): 110 ●HN6 Brookvale Road (Residential): 80 ●HN10 Oderings Site (Residential): 35 ●FM9 (Residential): 500 ●FM2 Portsmouth Road (Residential): 330 ●IR2 Irongate South (Industrial): 480Ha ●IR3a Irongate West (Industrial): 52.5Ha ●IR3b Irongate West (Industrial): 53Ha

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

The following tables and graphs illustrate the current state of network assets by each member Council, and an aggregated view for the regional WSCCO.

A consistent methodology has been applied across member Councils for Below Ground Asset condition assessment. Applying a standard methodology provides easy and consistent relativity, and an indication of broad metrics to support strategic planning.

A simplified curve has been used to derive an estimated a coarse condition, expressed as an asset condition score, providing a relative view of asset condition. The default conservative exponential curve, expressed as a percentage of expected asset life is shown in Figure xxx. Cast Iron, Ductile Iron and Steel watermains, and all hydrants, meters and valves, are treated as exceptions with linear deterioration.

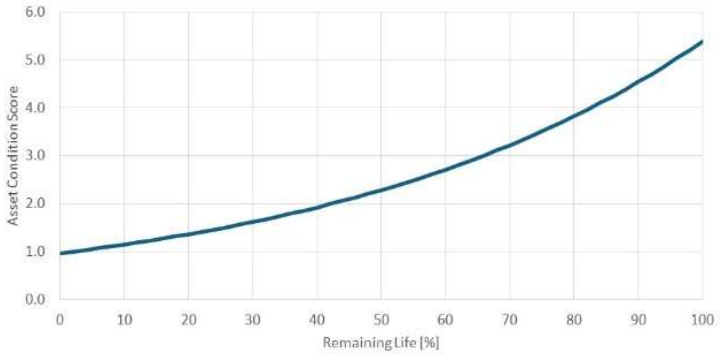


Figure 5 - Exponential Deterioration Curve

In places the calculated Asset Condition Score has been converted to a narrative "grading". A condition score 5 is considered As New/Excellent, 4 is considered Good, down to condition score 1 being considered Higher Risk/Very Poor.

WSCCO Member Councils acknowledge robust condition assessment data is lacking, and data confidence needs improvement. Work programmes will be put in place to enhance critical areas such as condition assessment and better understanding of those assets in Poor or Very Poor condition

Table 6 - Network Assets Held by WSCCO

Parameter	Water Supply	Wastewater	Stormwater
Average Age of Network Assets	43.0 years	39.8 years	54.1 years
Critical Assets	Identified	Identified	Identified
Above Ground Assets			
● Treatment plant/s	28	13	0
● Percentage or number of above ground assets with a condition rating	41%	42%	49%
● Percentage of above –ground assets in poor or very poor condition	3%	2.70%	4.20%
Below Ground Assets			
● Total Km of reticulation	1224.6km	922.7km	608.3km
● Percentage of network with condition grading			
● Percentage of network in poor or very poor condition	22%	27%	6%

Table 7 - Network Assets Held by CHB

Parameter	Water Supply	Wastewater	Stormwater
Average Age of Network Assets	47.9 years	44.9 years	52.9 years
Critical Assets	Identified	Identified	Identified
Above Ground Assets			
● Treatment plant/s	5	6	0
● Percentage or number of above ground assets with a condition rating	100%	100%	N/A No above ground assets recorded
● Percentage of above –ground assets in poor or very poor condition	1%	1.40%	N/A No above ground assets recorded
Below Ground Assets			
● Total Km of reticulation	165 km	95.7 km	40.4 km
● Percentage of network with condition grading	100%		
● Percentage of network in poor or very poor condition	7.30%	25.70%	2.50%

Table 8 - Network Asset Held by NCC

Parameter	Water Supply	Wastewater	Stormwater
Average Age of Network Assets	36.1 years	31.7 years	54.1 years
Critical Assets	Identified	Identified	Identified
Above Ground Assets			
● Treatment plant/s	2 at associated bore sites	1	0
● Percentage or number of above ground assets with a condition rating	90%	94%	94.9%
● Percentage of above –ground assets in poor or very poor condition	12.00%	12.10%	9.10%
Below Ground Assets			
● Total Km of reticulation	511.3 km	401.7 km	251.5 km
● Percentage of network with condition grading	100%	100%	100%
● Percentage of network in poor or very poor condition	20.30%	41.70%	10.50%

Table 9 - Network Assets Held by HDC

Parameter	Water Supply	Wastewater	Stormwater
Average Age of Network Assets	47.9 years	46.3 years	54.3 years
Critical Assets	Identified	Identified	Identified
Above Ground Assets			
● Treatment plant/s	18 10 Pumpstations, 12 Reservoir sites	2 53 Pumpstations	13 Pumpstations
● Percentage or number of above ground assets with a condition rating	100%	100%	100%
● Percentage of above –ground assets in poor or very poor condition	7.69%	5.77%	7.69%
Below Ground Assets			
● Total Km of reticulation	548.3 km	425.3 km	316.4 km
● Percentage of network with condition grading	100%	100%	100%
● Percentage of network in poor or very poor condition	28.50%	12.90%	3.30%

Mains Age and Condition Assessments

The following figures represent the below ground mains for each activity and exclude other below ground assets such as valves, laterals, meters, chambers, etc.

Water Supply

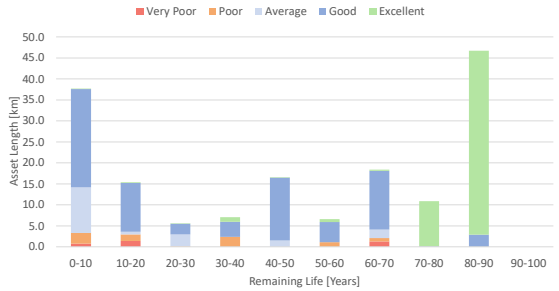


Figure 6 - Condition and Age of CHBDC Water Supply Mains

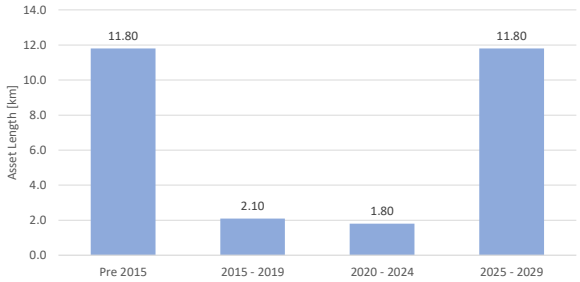


Figure 7 - CHBDC Water Supply Mains Renewals Backlog and Five-Year Forecast

The CHBDC Water Supply network is generally in operable condition, although most assets are assessed as being in Good or Excellent condition, with long remaining life there is generally low confidence in this data, particularly the condition grading. A small proportion is Poor or Very Poor condition, presenting a low immediate risk. Proactive physical inspection and verification of the assessed condition is recommended as a significant proportion of assets are approaching the end of their theoretical useful life.

There is an elevated risk to service interruption and water quality within the CHBDC network resulting from the asset age and likely condition being worse than it is currently recorded as. Renewal priority of the most at-risk assets will be considered by the WSCCO noting that no highly critical assets are due to reach the end of their theoretical useful life in the next five years.

25.14km of the network is currently operating beyond its useful lifespan, and 2.736 kilometres will fall due for replacement in the current five-year window.

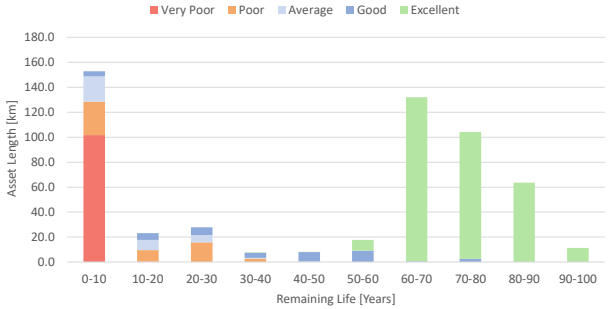


Figure 8 - Condition and Age of HDC Water Supply Mains

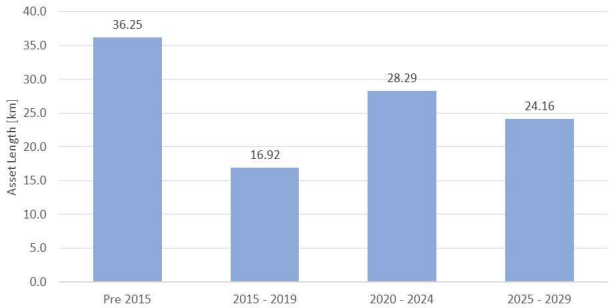


Figure 9 - HDC Water Supply Mains Renewals Backlog and Five-Year Forecast

The HDC Water Supply network has a higher proportion of assets in Poor or Very Poor condition, particularly with less than 10 years useful like remaining. However, a significant proportion has been assessed as Excellent condition. There is an elevated risk to service interruption and water quality within the HDC network resulting from the assessed asset condition. Renewal priority of the most at-risk assets will be considered by the WSCCO.

The total HDC Water Supply network backlog and short-term forecast water supply main renewal is 105.63 km, of which 77% is backlog. Renewals are evenly distributed across the presented time periods. Renewal backlogs pose an elevated risk to Water Supply service reliability if not addressed.

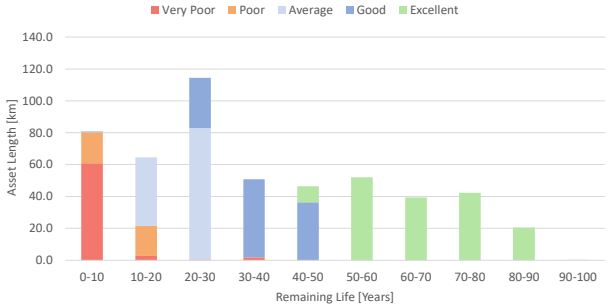


Figure 10 - Condition and Age of NCC Water Supply Mains

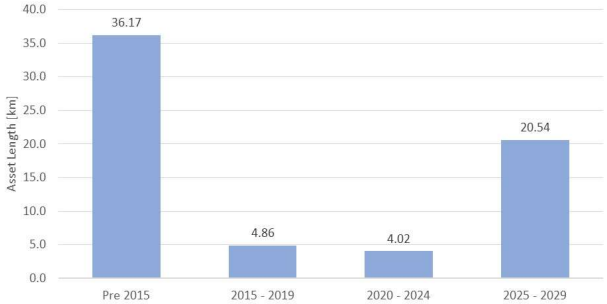


Figure 11 - NCC Water Supply Mains Renewals Backlog and Five-Year Forecast

The NCC Water Supply network is in sound overall condition, with a significant proportion of assets assessed as being in Excellent or Good condition with long remaining useful life. However, the majority of assets with less than 10 years remaining life are assessed as being in Very Poor or Poor condition. Physical inspection is required to verify the assessed condition, and the required renewals.

The NCC Water Supply network renewal backlog is skewed towards older assets, again presenting an elevated risk to service reliability if not addressed. Potential for a significant near-term investment is also identified.

Wastewater

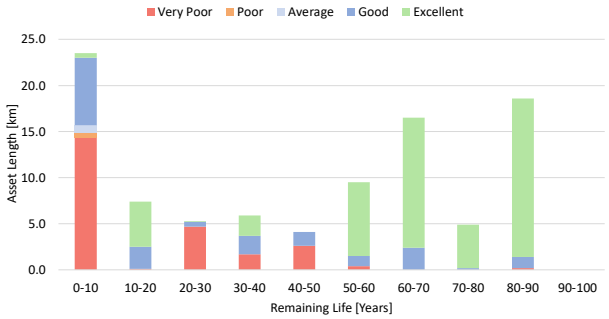


Figure 12 - Condition and Age of CHB Wastewater Mains

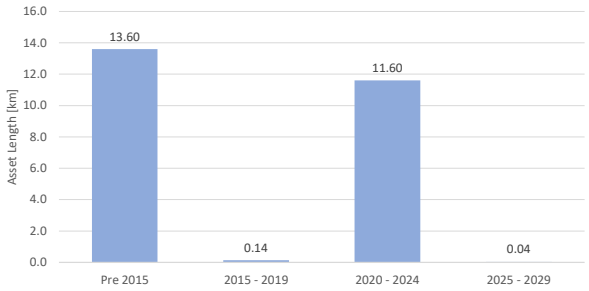


Figure 13 - CHBDC Wastewater Mains Renewals Backlog and Five-Year Forecast

The CHBDC Wastewater network contains a notable proportion of assets assessed as being in Very Poor condition, especially with less than 10 years remaining useful life. However, there is also a significant length in 'Good' and 'Excellent' condition. There is a moderate risk of asset failure and service disruption in the short term, particularly from assets with little remaining life and poor condition.

Wastewater asset renewal backlog has been identified which, coupled with the assets with Very Poor condition assessment, require consideration through near term planned investment.

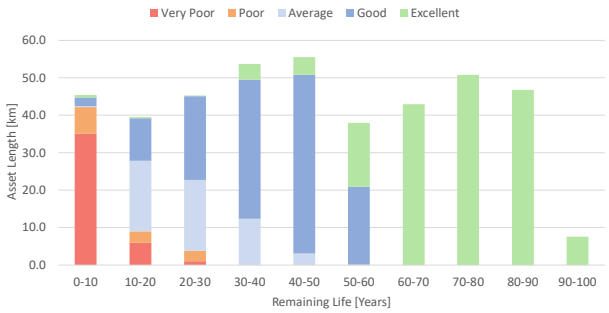


Figure 14 - Condition and Age of HDC Wastewater Mains

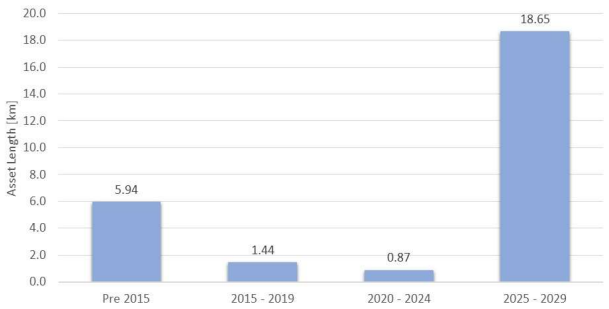


Figure 15 - HDC Wastewater Mains Renewals Backlog and Five-Year Forecast

The majority of the HDC Wastewater network is assessed as being in Average or better condition. However, a high proportion of the network with less than 10 years useful life remaining is assessed as being in Very Poor or Poor condition. This represents a high risk of service failure and potential regulatory non-compliance due to the large proportion of poor condition assets.
Smaller backlogs exist for earlier periods, with 5.94 km pre-2015, 1.44 km in 2015–2019, and 0.87 km in 2020–2024.

The HDC Wastewater backlog profile is skewed towards near term future renewals. 18.65 km of the network is scheduled for renewal in the 2025–2029 period, indicating a significant near-term investment need.

The forecast near term renewals and assessed asset condition point to an imminent requirement for investment across the HDC Wastewater network.

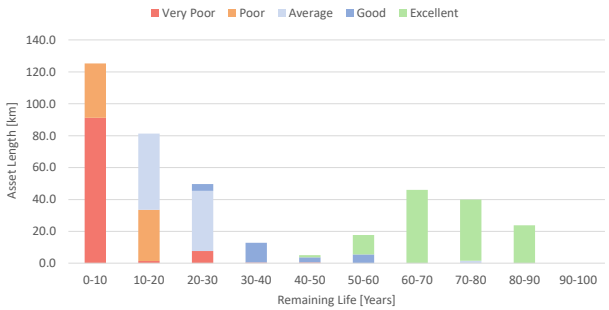


Figure 16 - Condition and Age of NCC Wastewater Mains

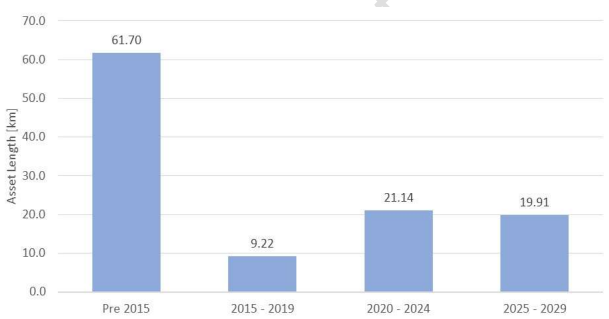


Figure 17 - NCC Wastewater Mains Renewals Backlog and Five-Year Forecast

The NCC Wastewater network contains a large proportion of assets with less than 20 years remaining useful life. A significant proportion of these aging assets are assessed as being in Very Poor or Poor condition. The presents short-term risk of asset failure with potential service delivery failure and environmental consequences.

This renewal backlog is skewed towards older assets, again presenting an elevated risk if not addressed. A notable asset length also sits within the recent backlog and near-term expected renewal.

The forecast near term renewals, the renewal backlog, and assessed asset condition point to an imminent requirement for investment across the NCC Wastewater network.

Stormwater

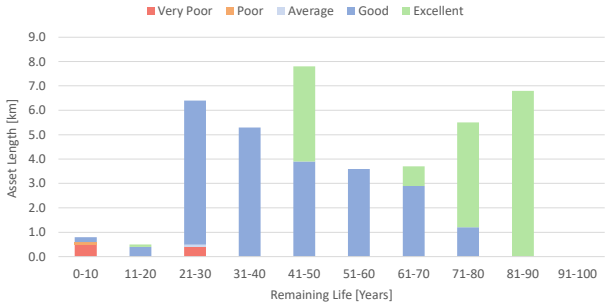


Figure 18 - Condition and Age of CHBDC Stormwater Mains

A majority of the CHBDC Stormwater network has a long remaining life, with very little length assessed as being in Very Poor or Poor condition. None of the CHBDC Stormwater network is identified as being in a renewal backlog.

The CHBDC Stormwater network likely presents a very low asset risk profile.

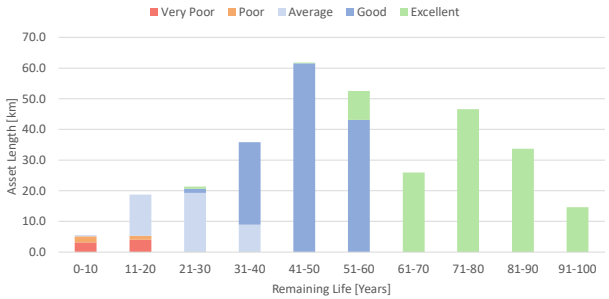


Figure 19 - Condition and Age of HDC Stormwater Mains

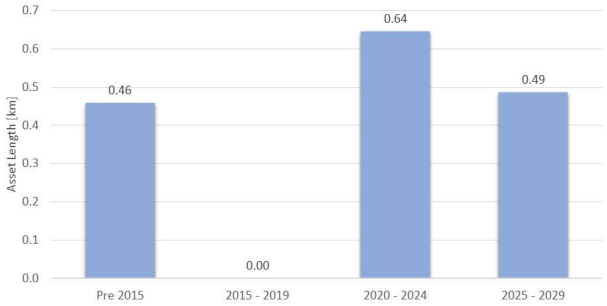


Figure 20 - HDC Stormwater Mains Renewals Backlog and Five-Year Forecast

HDC's stormwater network shows a proportion of assets in 'Very Poor' and 'Poor' condition, particularly in the 0–10-year remaining life band. However, a significant portion of the network still has a long remaining life and is in 'Good' or 'Excellent' condition.

The backlog is relatively low, with the majority (0.64 km) in 2019–2024 and 0.49 km in 2024–2029. There is a small amount (0.46 km) pre-2014, and no backlog in 2014–2019. This represents a minimal backlog and aligns with the previous chart of overall asset condition.

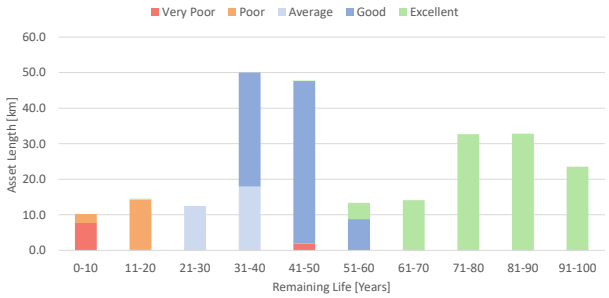


Figure 21 - Condition and Age of NCC Stormwater Mains

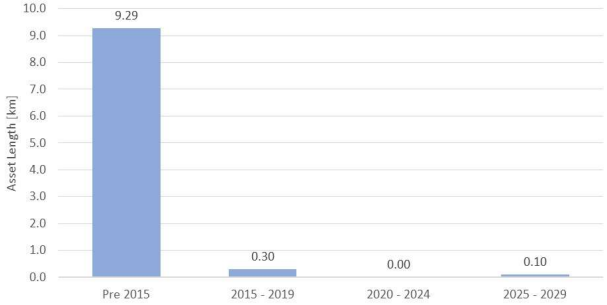


Figure 22 - NCC Stormwater Mains Renewals Backlog and Five-Year Forecast

The NCC Stormwater network is generally in good condition, with most assets assessed as being in either Excellent or Good condition with long remaining usable life. There is a small but notable proportion of assets assessed as Very Poor condition that may need to be renewed in the short-term.

Level of Service

Each shareholding Council sets the target Levels of Service (LoS) in response to community expectations. We have provided an overview of these LoS targets and performance for each participating Council based on the Department of Internal Affairs (DIA) reporting on non-financial performance measures.

The entries in each table is an aggregated view of each Council's achievement against the targets.

Where Councils have multiple networks, they may Achieve and Not Achieve in various places. Where this is true, Not Achieved has been stated in the table with a note added.

Initially, the new joint WSCCO will adopt the current LoS targets set by each shareholding council. These targets reflect community expectations and are based on established agreements and regulatory requirements.

It can be anticipated that the WSCCO will set a consistent LoS by unifying the existing targets into a regional standard.

- **Performance Monitoring:**
  Achievement against LoS is tracked using non-financial performance measures, as reported to the DIA and as required through information disclosures. This ensures transparency and helps identify areas for improvement across all networks.
- **Investment Alignment:**
  The level of investment to meet LoS is based on each council's current agreements. As the WSCCO matures, it will review and adjust these investments to ensure they continue to meet evolving regulatory standards and community needs.
- **Continuous Improvement:**
  With the introduction of economic and environmental regulation, the WSCCO will periodically revisit LoS agreements with communities. This process will balance new regulatory requirements with local affordability concerns, ensuring that service delivery remains both compliant and sustainable.
- **Strategic Planning:**
  The development of key documents, such as the Water Services Strategy, will guide the transition from council-specific LoS agreements to unified regional targets. This strategic approach ensures that service levels are consistently high across the region and responsive to future challenges.

Table 10 - Water Supply DIA non-financial performance measures

Level of Service	Performance measure	CHBDC	NCC	HDC
Safeguard Public Health	Compliance with Part 4 criteria of the Drinking Water Standards (bacteria compliance criteria) (Mandatory measure 1)	Not Achieved [1]	Not Achieved	Not Achieved [2]
	Compliance with Part 5 criteria of the Drinking Water Standards (protozoa compliance criteria) (Mandatory measure 1)	Not Achieved [1]	Not Achieved	Not Achieved [2]
Management of Environmental Impacts	The percentage of real water losses from Council's networked reticulation system as determined through an annual water balance (Mandatory measure 2)	Data not available	Data not available	Not Achieved
	Average annual consumption of drinking water per day per resident (Mandatory measure 5)	Achieved	Achieved	Not Achieved
	Median response times from time notification received: attendance time for urgent call-outs (Mandatory)	Achieved	Achieved	Achieved
	Median response times from time notification received: resolution time for urgent call-outs (Mandatory)	Achieved	Achieved	Achieved
	Median response times from time notification received: attendance for non-urgent call-outs (Mandatory)	Achieved	Not Achieved	Achieved
	Median response times from time notification received: resolution time for non-urgent call-outs (Mandatory)	Achieved	Achieved	Achieved
Customer Satisfaction	Total number of complaints per 1,000 connections relating to drinking water clarity	Achieved	Achieved	Not Achieved
	Total number of complaints per 1,000 connections relating to drinking water taste, drinking water clarity, drinking water odour, drinking water pressure or flow, and continuity of supply (Mandatory measure 4)	Achieved	Not Achieved	Not Achieved
	Percentage of residents satisfied with Water Supply in the Residents' Satisfaction Survey	Not Achieved	Not Achieved	
Investigation of Options for Chlorine Free Network	Complete the 'Chlorine Free Review' report by 2021 and consult with the community on the implementation of the findings	N/A	Achieved	N/A

Note 1: CHB's Compliance with Part 4 and Part 5 of the was generally not achieved due to both data loss/communications issues from the sites and the need for increased treatment log credits at the Pōrangahau Water Treatment Plant. Data collection has improved over the 2024/25 year but will be improved with a network wide SCADA upgrade funding in the 2025/26 Annual Plan to improve the systems resilience. Pōrangahau has had its UV unit upgraded to compliant standards in June 2025.

Note 2: HDC achieved compliance in seven of 11 network areas for bacterial criteria, and achieved compliance in eight of 11 for protozoa criteria

Portsmouth WTP non-compliant as cannot meet contact time for chlorination. Note this bore is now only an emergency supply site, UV treatment is being added in 2025 which will achieve compliance. Omahu water supply - Low chlorine level in 1 sample due to a dosing fault – Online monitoring consistent with other small community supplies has been installed to mitigate further occurrences. Waipatiki water supply - Low Chlorine level in 2 samples associated with low turnover in the network and commissioning of the new gas chlorination facility. Operational responses have resolved the matter. Hastings Urban Supply - Low chlorine level in 1 sample in Flaxmere in close proximity to Portsmouth WTP due to a dosing fault. The WTP controls shut down the facility however a small volume of water with low chlorine entered the network requiring flushing to be undertaken. Waimarama water supply - HDC Scheduling error led to one missed Bacteriological sample. The cause was identified, and measures have been implemented to mitigate further occurrences. Te Pohue water supply – UVT monitoring instrument failed. A new instrument was installed.

Table 11 - Wastewater DIA non-financial performance measures

Level of Service	Performance Measure	CHB	NCC	HDC
Public Health and Sanitation: We operate, maintain, and size the network to minimise the occurrence of raw wastewater overflows into habitable areas	Number of wastewater overflows	Achieved	Not Achieved	Achieved
Minimise Environmental Impacts: By treating wastewater to the legally required standard before discharging into the environment	Compliance with resource consents for discharge from the wastewater system as measured by the number of abatement notices received in relation to wastewater resource consents (Mandatory)	Achieved	Achieved	Achieved
	Compliance with resource consents for discharge from the wastewater system as measured by the number of infringement notices received in relation to wastewater resource consents (Mandatory)	Achieved	Achieved	Achieved
	Compliance with resource consents for discharge from the wastewater system as measured by the number of enforcement orders received in relation to wastewater resource consents (Mandatory)	Achieved	Achieved	Achieved
	Compliance with resource consents for discharge from the wastewater system as measured by the number of convictions received in relation to wastewater resource consents (Mandatory)	Achieved	Achieved	Partial, Fined
Customer Responsiveness and Satisfaction	Median response times to sewerage overflows: attendance time from notification to staff on site (Mandatory)	Achieved	Achieved	Achieved
We respond to and restore loss of service and address complaints, and will deliver a consistently high level of customer satisfaction	Median response times to sewerage overflows: resolution time from notification to resolution of the issue (Mandatory)	Achieved	Achieved	Achieved
	Customer satisfaction with wastewater in the Residents' Satisfaction Survey			
	Total number of complaints per 1,000 connections relating to sewage odour, sewerage system faults, sewerage system blockages, and response to issues with Napier's sewerage system (Mandatory)	Not Achieved	Achieved	Achieved
	Blockages resulting in overflows into the Ahuriri Estuary	N/A	Not Achieved	N/A

Table 12 - Stormwater DIA non-financial performance measures

Level of Service	Performance Measure	CHB	NCC	HDC
The stormwater network adequately protects the health and safety of Napier residents and protects property by providing protection against flooding	Number of flooding events that occur per year (Mandatory)	Achieved	Achieved	
	For each flooding event, the number of habitable floors affected per 1,000 properties (Mandatory)	Achieved	Achieved	Achieved
	Median response time to attending a flood event (notification to personnel being on site) (Mandatory)	Not Achieved	Achieved	Achieved
Stormwater is collected and disposed of in a manner that protects public and environmental health	Compliance with resource consents for discharge from the stormwater system as measured by the number of abatement notices (Mandatory)	Achieved	Achieved	Achieved
	Compliance with resource consents for discharge from the stormwater system as measured by the number of infringement notices (Mandatory)	Achieved	Achieved	Achieved
	Compliance with resource consents for discharge from the stormwater system as measured by the number of enforcement orders (Mandatory)	Achieved	Achieved	Achieved
	Compliance with resource consents for discharge from the stormwater system as measured by the number of convictions received in relation to stormwater resource consents (Mandatory)	Achieved	Achieved	Achieved
Residents are satisfied with Council's stormwater service	Number of complaints received about performance of stormwater system (per 1,000 properties connected) (Mandatory)	Achieved	Achieved	Achieved
	Percentage of residents satisfied with stormwater in Residents' Satisfaction Survey	Not Achieved	Not Achieved	Achieved
Stormwater is collected and disposed of in a manner that protects public and environmental health	Number of education programmes delivered to improve stormwater quality			

Growth

Responding to Growth through the Hastings–Napier Future Development Strategy and Central Hawke's Bay Three Towns Integrated Spatial Plan

Our joint WSCCO will use two key spatial planning documents—the Hastings and Napier *Future Development Strategy (FDS)* and the Central Hawke's Bay District Council's Three Towns *Integrated Spatial Plan (ISP)*—as the foundation for aligning three waters infrastructure planning with projected growth across the region.

The FDS was developed by the Future Development Strategy Joint Committee, a collaborative partnership between Hastings District Council, Napier City Council, Hawke's Bay Regional Council, and the three iwi authorities: Maungaharuru-Tangitū Trust, Mana Ahuriri Trust, and Tamatea Pōkai Whenua. The ISP was shaped through a community-led process, involving workshops with residents and key stakeholders such as Centralines and NZ Transport Agency Waka Kotahi.

Together, these documents set the strategic direction for where and how urban, industrial, and commercial development will occur over the next 30 years. They ensure sufficient capacity for residential and business growth, while safeguarding the region's highly productive soils, freshwater resources, natural environments, and sites of significance to Māori. They also provide direction on how to manage risks from natural hazards and the impacts of climate change.

The current draft FDS identifies several areas where a lack of three waters infrastructure, either collectively or individually, constrain potential development. It will be critical that the WSCCO formulates appropriate internal policies to enable the growth needs of the Councils along with the supporting relationship agreements and process to implement policy.

As a starting point for developing the required processes and relationship agreements to ensure the WSCCO can meet the needs of the shareholding councils' growth planning, the *Growth Planning – Transitional Practice Guide* developed during the Water Services Reform Programme will be referred to.

By integrating long-term land use planning with population, housing, and infrastructure needs, the FDS and ISP enable our WSCCO to proactively plan and coordinate three waters infrastructure investment. These strategies are central to ensuring timely, efficient, and sustainable service delivery, and will guide the implementation of the Long-Term Plan. Aligning with these strategies also positions the WSCCO to respond effectively to broader planning reforms, including the Resource Management Act (RMA) reforms and the government's focus on enabling housing and urban growth.

Asset Management Approach

WSCCO

It is acknowledged that the proposed WSCCO will be inheriting differing Asset Management philosophies from each shareholding council. These approaches are generally implemented across a wide and varied asset base of the whole council. With the establishment of the WSCCO whose sole focus is delivering water services, the approach to Asset Management must change to reflect this organisational direction.

As a starting point, is it recommended that the WSCCO leverage the work undertaken by DIA for the previous Three Waters Reform notably the National Asset Management Plan Framework as a starting point. Under this framework it is anticipated that the WSCCO will develop fit for purpose Asset Management Policies, Strategies, and Plans that reflect the needs of the company's asset base along with meeting legislative requirements. Member councils will be encouraged to review their current approach against the decided upon WSCCO framework and perform a gap analysis to identify the areas that require focus to meet the proposed framework.

Aligning under a single asset management framework, it is also expected that the WSCCO implement a common asset management system that will allow for improved efficiency in delivering on the asset management plans under the unified framework.

Underpinning the asset management framework and systems will be the expected requirements of enhanced information disclosure and reporting to both the Commerce Commission as the economic regulator and Taumata Arowai as the water quality regulator.

The current approaches of each shareholding council are outlined below.

Central Hawke's Bay District Council

CHBDC has a contract with Veolia Water Services to operate and maintain water and wastewater services in CHB. This contract commenced in 2018 and runs for a period of 11 years. CHBDC water assets are held in Assetfinda and this tracks the asset, construction date, materials, condition, value and criticality, spatial mapping is done with QGIS. Data confidence is however generally low.

Capital works are tendered on an ad hoc basis as and when needed, panel arrangements are in place for civil and pipeline works and consultant support, and these panel arrangements are likely to be extended to 2027 following Council approval.

The following are a summary of key contracts CHBDC has in place;

Operational Contract

Scope: Day to day delivery of all operations, includes management of all Water and Wastewater treatment plants, Reticulation network maintenance and delivery of new connections to the network.

Contract: Bespoke

Term: Dec 2018 – Dec 2029

Contractor: Veolia (currently Joint Venture with Green by Nature as contract also includes facilities maintenance)

Civil and Pipeline Panel

Scope: Capital Delivery of 3 Waters pipeline and minor civils projects.

Contract: Base NZS3910:2013 – individual projects issued under Projects Works Orders (PWO)

Term: Oct 2022 – June 2027

Contractor/s: Higgins, Fulton Hogan

Professional Services support Panel

Scope: Consultant Support for Three waters activities. Includes project support (design, procurement and MSQA) asset management support, network modelling

Contract: CCCS

Term: Oct 2021 – Dec 2025

Consultants: WSP, Stantec, Beca, Lowe Environmental Impact

Asset management focus has increased in the last 12 months; a recent Asset Management Maturity assessment is appended. Previously maturity has been low, although this is now improving reasonably quickly. New processes are in the process of being implemented, supported by additional resources and tools, these include:

- Initial course criticality assessment (pipelines)
- Detailed Asset Criticality Framework
- Streamline asset management tool (Harmonics) - to be linked with future IDS tool

Revised pipeline renewal planning process.

Hastings District Council

Asset Management Approach
HDC operates a corporatized delivery model. The Asset Management function is delivered in-house with general maintenance, civil works and specialist support as required via contract or bespoke procurement.

Asset Management is delivered under a philosophy of *Think * Plan * Do * Review*

Asset Management Maturity Assessment Waugh (2014) 3Waters 'Intermediate' appropriate level aligned with final 'Intermediate' assessment. AST-1-1-18-4.

3Waters - Leadership/Management

- Staff Management/Engagement/support, Career development, Succession planning, training. Management Team oversight.
- Supporting Asset Management Policy and Framework LGA 2002 Legislation, Annual Plan, Long Term Plan, SAMP, AMP Asset Management Plan, Water Services Policy and Procedures Manual, Local Authority Bylaws.

Asset Management

- In-house: (SAMP, AMP, Valuations, Policy, procedure, Strategy, Growth & Dev, Resource Consents, Public/Political Engagement, Data systems/db, Reporting, Hydraulic Modelling (management).
- Outsourced: External consultant/contractor support, systems support, field survey, management reporting. OT SCADA, IoT, Data logging.

Planning

Planning occurs in-house. Spatial tool developed for internal coordination (transportation) and for broad visibility/distribution.

- Inhouse: (strategic management, Input, Acceptance) Planning. Specialist services delivered in-house include hydraulic modelling.
- Outsourced: External consultant support (delivery) Professional Services Contract (Panel Stantec/WSP/GHD) 2021 3+3+2+1? To 2030.

Project Delivery
Design, contract management, project management is via professional services panel contract model (Stantec, GHD and WSP).

Civil construction is a fully contracted service.

- In-house (Management, Principal PM, Engineer to Contract (ETC).

- Outsourced: external Professional Services Contract (Panel Stantec/WSP/GHD} (Design, CM, PM), Civil Works (Competitively tendered open market, PreQual, with limited provision within Underground Services Maintenance Contract),

Operations and Maintenance

Reticulation and Wastewater and Stormwater facilities maintenance (excluding primary WWTP) is via contracted service. Fulton Hogan 2021 (5+2+2), with renewal option.

The notable exception is in-house management of Drinking Water Plant and Facilities, and the Wastewater Treatment Plant.

- In-house: (Drinking Water Plant & Facilities, WWTP, Public/Political engagement)

- Outsourced: Operations {external} (Remainder) 3Waters Maintenance Contractor (Fulton-Hogan), specialist contracting/consulting. CON2020007 Mar-2021 (5+2+2) to 2030.

HBRC Dams and Streams maintenance Contract. 2024 2+1(2027)

Compliance

- In-house: Regulator interface, Trade-waste approvals, Backflow compliance/management, compliance data/systems, reporting Compliance

- Outsourced: {external} sampling, lab testing, backflow testing (3W Maintenance Contractor)

Systems

The water services management framework integrates several specialized systems.

Infor IPS serves as the core Asset Management System (AMS), running on SQL2022, with modules for CRM (service requests), work management, inspections (CCTV), planning, and valuations.

A custom web services integration connects Infor IPS to the maintenance contractor Fulton-Hogan's Maximo system. GIS operations are handled via ESRI ArcPro and MapInfo for spatial querying. Infor IPS interfaces with ESRI through IPS Sync middleware.

Corporate IT maintains a robust backup regime with real-time replication across two production sites, alternating 4-hour snapshots (offset by 2 hours), retained for 5 days. Daily snapshots are kept for 14 days, and off-site disaster recovery backups are retained for 7 days. Modelled retention includes 3 daily, 4 weekly, 12 monthly, and 7 yearly backups.

Finance and billing functions are managed through TechOne, covering accounting, budgeting, reporting, rating, and water meter billing. Reporting tools include SAP Crystal Server for scheduling, SAP Crystal Reports Professional for report writing, and Tableau/MS Power BI for dashboards.

Modelling tools include Autodesk ICM (drainage), Autodesk WSPro (water networks), and Autodesk Asset Info Viewer for source data management. Compliance is supported by Infrastructure Data and Backflow ID systems. SCADA operations are currently transitioning from Powerlink-Aspex to GeoSCADA, with migration targeted for completion by June 2027

Napier City Council

Inhouse resources

Water services operations are primarily delivered by two directorates:

- Infrastructure Services providing strategic planning, operations, compliance, asset management, programme and project management, development engineering, and water reform transition - approximately 19 FTE's
- City Services (the Depot) providing operational and maintenance services, including treatment plant operation - approximately 47 FTE's

The team works closely with Corporate Services who provide HR, financial, procurement, IT and legal services.

Recently, NCC has progressed through an organisational redesign that has brought the above core water services under one directorate. This has been conducted in advance of progressing to a joint WSCCO to ringfence roles, activities, and costs to allow for ease of transition in the new organisation.

Outsourced delivery

Approximately 10% of operational services are contracted out, including specialised services such as electrical maintenance. The remainder of the works are completed by City Services.

Approximately 90% of the capital programme is completed by consultants and contractors. A small proportion of this work may be completed by City Services. Programme and project management of the works is undertaken by Infrastructure Services.

A professional services panel is in place to provide design, project management, MSQA, and technical expertise to support delivery of capital works. The current contract runs through to February 2026, and work is currently underway for renewal.

NCC and HBRC co-manage and share responsibility for parts of the city's stormwater network. The complexities regarding the mixed ownership and management model of the stormwater assets are explained earlier in this WSDP.

Renewals

The Council currently operates under a 'run to failure' model, where underground assets are renewed on a reactive and as needed basis. This approach does not enable efficiencies to be achieved through planned use of resources and funding.

Infrastructure Services are working towards a more proactive renewals management approach. To assist with renewal forecasting a condition assessment was undertaken for above ground assets last year. This information has yet to be converted into a planned renewal programme.

Systems

Currently NCC use Accela for data for above ground assets - this tool is now unsupported. Below ground asset data is managed through a system called Triton. All assets are spatially represented through the ArcGIS platform ESRI.

Policy

The current Council-wide Asset Management Policy and Asset Management Strategy are under review, but the purpose is outlined below.

• Policy Approval and Review: The policy was originally approved on June 29, 2016, and is set for review on June 30, 2026, with the last review completed on September 31, 2023.

• Strategic Context: It emphasises providing infrastructure that enhances the quality of life in the city, aligning with the Local Government Act 2002 and supporting community well-being.

• Policy Objectives: The policy aims to meet service levels cost-effectively, manage assets for current and future communities, and recognize the importance of asset management as a planning tool.

• Scope of Application: It applies to all council activities reliant on assets for service delivery, including transportation, water supply, parks, and facilities.

• Principles of Asset Management: Key principles include aligning decisions with organizational goals, prioritizing health and safety, ensuring transparency, and incorporating climate resilience in decision-making.

• Responsibilities: The Council, Chief Executive, employees, and contractors all have defined roles in implementing the policy, ensuring assets are managed effectively and responsibly.

Asset management maturity assessment conducted Late 2024 using IPWEA online tool. Average maturity rating 38/100. Asset Management improvement register developed from the assessment based on steps to reach next maturity level.

It is acknowledged that as the responsibility for delivering water services and managing the associated assets transfers to the WSCCO that the asset management framework identified above will supersede those currently used.

Statement of Regulatory Compliance

Water Supply

CHBDC's Compliance with Part 4 and Part 5 of the was generally not achieved due to both data loss/communications issues from the sites and the need for increased treatment log credits at the Pōrangahau Water Treatment Plant. Data collection has improved over the 2024/25 year but will be improved with a network wide SCADA upgrade funding in the 2025/26 Annual Plan to improve the systems resilience. Pōrangahau has had its UV unit upgraded to compliant standards in June 2025.

Hastings District Council (HDC) currently meets the regulatory requirements set out by Taumata Arowai where Napier City Council (NCC) currently lacks the requisite protozoa barrier to be deemed compliant while Central Hawke's Bay DIstrict Council (CHBDC) fails in this regard for three supplies along with not meeting bacterial compliance. NCC have a well-established programme of work planned out through a Water Supply Master Programme with key project identified in the significant capital projects table link and include the development of new bores and associate treatment plants, reservoirs, and the pipe network

HDC's community water supplies operate under 13 Hawke's Bay Regional Council (HBRC) abstraction consents. Seven of these consents are currently operating under section 124 while an amalgamation consent lodged with HBRC is being processed. Seven consents have low risk non-compliant grading, requiring daily telemetered data. It is expected at time of publication these consents will be compliant. One consent has a moderate non-compliance grading due to annual abstraction volume exceedance due to customer side leakage and population increase following Cyclone Gabrielle and new emergency housing installation.

NCC's main water take consent is due for renewal in 2027 with budget allocated and work underway in preparation for this application. This includes the development of a water demand management plan. This plan is in its early stages but will look to identify ways in which NCC can reduce its water usage such as education programmes, leak reduction, focus on high user reduction methods and other network improvements. At this stage, any associated capital works for demand management have not been budgeted for. This will need to be considered if these improvements become part of a consent condition.

Table 13 - Drinking Water Compliance Status

	CHBDC	HDC	NCC
Significant Consents (note if consent is expired and operating on S124)	7	13 7 operating in S124	1
Expire in the Next 10 Years	4	7	1
Non-compliance:			
● Significant Risk Non-Compliance	0	0	0
● Moderate Risk Non-Compliance	0	1	0
● Low Risk Non-Compliance	3	7	20
Active Resource Consent Applications	0	3 Heretaunga Plains Amalgamation, Brookvale and Waipatu	0
Compliance Actions (last 24 months):			
● Warning	0	0	0
● Abatement Notice	0	0	0
● Infringement Notice	0	0	0
● Enforcement Order	0	0	0
● Convictions	0	0	0

Table 14 - Water Supply Consents Status

Parameter	CHBDC	HDC	NCC
Bacterial Compliance (E.coli)	No	Yes	Yes
Protozoa Compliance	2 Yes, 3 No	Yes	No
Chemical Compliance	No	Yes	Yes
Boil Water Notices in Place	5	None in place, most recent 9 Feb – 5 April 2023 (cyclone)	Once in place post cyclone, now removed
Fluoridation	No	Yes	No
Average Consumption of Drinking Water [L per person per day]	439	662.6	500
Water Restrictions in Place (last 3 years)	Yes	Level 2 (Alternate days sprinklers only between hours of 6-8am & 7-9pm) or Level 3 (Alternate days hand held watering only between hours of 6-8am & 7-9pm) in place over summer months	Yes
Firefighting Sufficient	No	Yes (where available) 2 supplies where no firefighting provision, 1 limited provision due to size of supplies	Yes

Wastewater

CHBDC operates 6 Wastewater Treatment Plants across the district; larger sites at Waipukurau and Waipawa require investment to address ongoing significant non-compliances with effluent discharge quality. CHBDC has lodged consent applications for the Pōrangahau and Te Paerahi Wastewater discharges currently operating under s124. A number of prehearings for these sites were stalled following Cyclone Gabrielle and as CHBDC considered a revised approach. It is likely that because of the Taumata Arowai wastewater standards, new consent applications will be prepared and lodged within the 2025/26 financial year.

NCC's main wastewater discharge consent is due for renewal in 2037, however, as a condition of the current consent NCC is required to investigate additional treatment measures. This work is underway; however, no significant recommendations have been made and, therefore, no budget has been allocated to treatment improvements at this stage. The key wastewater investment for NCC is the replacement of the wastewater treatment plant discharge outfall pipeline as noted on table link.

HDC operates two Wastewater Treatment Plants (East Clive and Waipātiki) under nine HBRC resource consents for a combination of discharge, land use and abstraction consent. Two consents, one discharge (Waipātiki) and one abstraction (East Clive), are operating under section 124 while renewal applications are being processed by HBRC.

HDC received a court conviction and fine in April 2024 for a sewer main overflow at Whakatū, June 2022. The overflow was caused through complications resulting from a scheduled power outage during routine sewer main flushing operations.

Table 15 - Wastewater Consents Status

	CHBDC	HDC	NCC
Significant Consents (note if consent is expired and operating on S124)	5 2 operating in S124	3 1 operating in S124	1
Expire in the Next 10 Years	2	1	
Non-compliance:			
● Significant Risk Non-Compliance	2	0	0
● Moderate Risk Non-Compliance	2	0	0
● Low Risk Non-Compliance	1	2	1
Active Resource Consent Applications	2	1 Waipatiki WWTP discharge to air and land	0
Compliance Actions (last 24 months):			
● Warning	0	0	0
● Abatement Notice	0	0	0
● Infringement Notice	0	0	0
● Enforcement Order	0	0	0
● Convictions	0	1	0

Stormwater

NCC currently has two stormwater discharge consents operating under section 124 with the renewed consents to be issued soon. One of these, the Thames-Tyne catchment is likely to require in catchment treatment devices to be installed with an updated monitoring plan. The treatment is budgeted for but is not of the scale to be included in the significant capital projects table on page XX. A risk to stormwater compliance which could lead onto significant levels of currently unbudgeted investment is the direction HBRC takes on the necessity for fish passage and/or fish exclusion to be incorporated into future stormwater upgrades. Further risks are associated with current outfalls that are not consented but may become required to do so in the future.

HDC has one primary Stormwater discharge consent for the urban Hastings, Flaxmere, Clive and Havelock North areas. This is compliant and presently operating under section 124. In total HDC operates seven additional smaller stormwater discharge consents, three of these are operating under section 124, two of these have low risk non-compliance status and two of these have moderate non-compliance status. A global stormwater network consent application was lodged with HBRC in February 2022 to combine. The application was placed on hold to allow a cultural review of the consent application to be undertaken. An updated HDC global stormwater network consent application is to be resubmitted with HBRC in November 2025.

Table 16 - Stormwater Consents Status

	CHBDC	HDC	NCC
Significant Consents (note if consent is expired and operating on S124)	9 ? operating in S124	8 4	6 2 operating in S124
Expire in the Next 10 Years	0	11	2
Non-compliance:			
● Significant Risk Non-Compliance	0	0	0
● Moderate Risk Non-Compliance	0	2	1
● Low Risk Non-Compliance	0	2	2
Active Resource Consent Applications	0	1 Global consent 118324-03	2 Discharge Consent to replace Auth-119680-01 expired 31/05/25, Discharge consent to replace CD070023W, expired 31/05/2022
Compliance Actions (last 24 months):			
● Warning	0	0	0
● Abatement Notice	0	0	0
● Infringement Notice	0	0	0
● Enforcement Order	0	0	0
● Convictions	0	0	0

Consent Summary

Table 17 - Water Supply consents held by WSCCO Member Councils

Scheme	Consent	Activity	Status	Expiry
NCC - NAP001	AUTH-116128-04	To take water from 10 wells for the purpose of Napier City public water supply	Compliant	31/05/2027
CHBDC - Kairakau Spring	AUTH-118076-01 WP090166T	To take up to 0.7 l/s of water to supply the Kairakau township	Full Compliance	31/05/2029
CHBDC - Kairakau Bore	AUTH-118053-01 WP090153T	To take up to 1.0 l/s of water to supply the Kairakau township	Full Compliance	31/05/2029
CHBDC - Porangahau	AUTH-118048-01 WP090150T	To take up to 10.2 l/s of water to supply the Porangahau and Te Paerahi townships	Full Compliance	31/05/2034
CHBDC - Takapau	AUTH-121511-01 WP140534T	To take up to 19 l/s of water to supply the Takapau township	Full Compliance	31/05/2035
CHBDC - Waipawa - Johnson Street	AUTH-113776-01 WP030817T	To take up to 35 l/s of water to supply Waipawa	Low Risk Non- Compliance	31/05/2028
CHBDC - Waipawa - Tikokino Rd	AUTH-127023-01	To take up to 155 l/s of water to supply Waipawa and Waipukurau	Compliant	31/05/2050
CHBDC - Waipukurau	AUTH-113708-03	To take up to 100 l/s of water to supply Waipukurau	Low Risk Non- Compliance	31/05/2028
CHBDC - Pourerere	AUTH-128235-01	To take up to 0.17 l/s of water to supply Pourerere Campground	Low Risk Non- Compliance	31/05/2042
HDC- Brookvale WTP (DW abstraction)	AUTH-116302-03	Take water from well no. 1329 and well no's 2106 & 4151for a public water supply.	Compliant	31/05/2018
HDC- Clive WTP-Ferry Road Bore (DW Abstraction)	AUTH-114790-03	Take water from a well No. 1658, to provide a public water supply to parts of Clive	Low risk Non-Compliant	31/05/2025

HDC - Clive WTP-Tucker Lane Bore (DW Abstraction)	AUTH-114779-04	Take and use water from well no. 542 or 17075 to provide a public water supply to parts of Clive	Low risk Non-Compliant	31/05/2025
HDC - Haumoana WTP (DW abstraction)	AUTH-124374-01	Take and use water from well no's 16889, 1187, 15176, and 5830 to supply potable water to the Haumoana, Te Awanga and Parkhill	Low risk Non-Compliant	31/05/2047
HDC - Omahu WTP (DW Abstraction)	AUTH-111979-01	Take groundwater from 2x bores to supply for public water supply for part of the Omahu township	Moderate risk Non-Compliant	31/05/2026
HDC - Te Pohue WTP (DW Abstraction)	AUTH-122615-01	Take and use water from a natural spring, a tributary of the Mangaone River, to provide a public water supply to twenty properties.	Compliant	31/05/2028
HDC - Urban WTP (DW Abstraction)	AUTH-120019-05	Take and use groudwater from fourteen wells as listed in schedule 1 to provide for a municipal public water supply.	Low risk Non-Compliant	31/05/2047
HDC - Waimarama WTP (DW Abstraction)	AUTH-119996-02	Take and use water from well no. 15419 to provide a public water supply to Waimarama	Low risk Non-Compliant	31/05/2033
HDC - Waipatiki WTP (DW Abstraction)	AUTH-125382-01	Take and use water from well no. 3516 to provide a public water supply to Waipatiki Township.	Low risk Non-Compliant	31/05/2055
HDC - Waipatu WTP (DW Abstraction)	AUTH-117639-04	Take and use water from well no.15713 for community water supply at Waipatu, Hastings.	Compliant	31/05/2023
HDC - Whakatu WTP (DW Abstraction)	AUTH-114782-04	Take and use water from well no.16673 and 473 to provide a public water supply to the Whakatu Township.	Compliant	31/05/2025
HDC - Whirinaki/Esk WTP-Esk for Viticulture (DW Abstraction)	AUTH-119527-01	To use water (taken under WP110126T) for irrigation of 7 hectares of viticulture	Compliant	31/05/2040

HDC - Whirinaki/Esk WTP-Municipal Supply (DW Abstraction)	AUTH-119526-01	Take water from well no. 5033, 15707, 4015 to use for a municipal water supply (Esk-Whirinaki), and to take water for irrigation of a 7 hectares of viticulture.	Low risk Non-Compliant	31/05/2040

Table 18 - Wastewater consents held by WSCCO Member Councils

Scheme	Consent	Activity	Status	Expiry
NCC	AUTH-118503-02	To discharge domestic sewage and industrial wastewater into Hawke Bay at Awatoto via a marine outfall	Moderate non-compliance	16/06/2037
CHBDC - Jones St oxidation pond, Porangahau	AUTH-113126-01 DP030233W	To discharge treated domestic effluent into the Porangahau River	Low Risk Non-Compliance	31/05/2021 Operating under S124
CHBDC - Keppel Street, Porangahau	AUTH-113842-01 DP030861A	To discharge contaminants (odour) to air associated with the operation of the Porangahau Township oxidation pond	Full Compliance	31/05/2021 Operating under S124
CHBDC - Te Paerahi oxidation pond, Porangahau Beach	AUTH-113127-02 DP030234La	To discharge treated domestic effluent into or onto land (via soakage) form the existing Te Paerahi Oxidation Pond in circumstances where that contaminant may enter water.	Moderate Non-Compliance	31/05/2021 Operating under S124
CHBDC - Te Paerahi oxidation pond, Porangahau Beach	AUTH-113843-01	To discharge contaminants (odour) to air associated with the operation of the Porangahau TePaerahi Township (Porangahau Beach) oxidation pond	Full Compliance	31/05/2021 Operating under S124
CHBDC - Pourerere Road, Waipawa	AUTH-113123-04	To discharge treated municipal sewage to water and to land where it may enter water	Significant Non-Compliance	30/09/2030
CHBDC - Pourerere Road, Waipawa	AUTH-113839-04	To discharge contaminants (odour) associated with a sewage treatment plant to air	Moderate Non-Compliance	30/09/2030

CHBDC - Takapau Oxidation Pond, Burnside Rd, Takapau	AUTH-127077-01	To discharge treated sewage effluent from the Takapau oxidation pond into or onto land (wetland) in circumstances where contaminants (or any other contaminants emanating as a result of natural processes from those contaminants) may enter water	Moderate Non-Compliance	31/05/2057
CHBDC - Mt Herbert Rd, Waipukurau	AUTH-113118-04	To discharge treated municipal sewage to water associated with a sewage treatment plant	Significant Non-Compliance	30/09/2030
BDC - Mt Herbert Rd, Waipukurau	AUTH-113834-04	To discharge to air	Low Risk Non-Compliance	30/09/2030
HDC - Clive WWTP - Beach Overflow Chamber (Emergency ww discharge)	AUTH-120775-01	Discharge domestic sewage and industrial wastewater into Hawke Bay at East Clive via a beach overflow chamber	Compliant	31/05/2049
HDC - Clive WWTP - Beach Overflow Chamber (Inactive land use)	AUTH-121862-01	Erect a coastal structure to protect the beach overflow chamber and outfall pipe	Compliant	31/05/2049
HDC - Clive WWTP (Coastal Protection)	AUTH-121916-01	Occupy the coastal marine area with a coastal structure to protect the beach overflow chamber and outfall pipe	Compliant	31/05/2049
HDC - Clive WWTP (Odour and air discharge)	AUTH-119219-01	Discharge contaminants to air associated with the treatment of wastewater at the Hastings District Council Wastewater Facility.	Compliant	31/05/2037
HDC - Clive WWTP (WW discharge)	AUTH-120712-01	Discharge final combined wastewater into Hawke Bay at East Clive via the long offshore outfall.	Low risk Non-Compliant	31/05/2049
HDC - Clive WWTP Buoys (Land use)	AUTH-115086-01	Place six buoys, to occupy the space in the Coastal Marine Area	Compliant	31/05/2040
HDC - Clive WWTP Outfall (Land use)	AUTH-121788-02	Occupy the coastal marine area with a 300 m replacement outfall diffuser	Compliant	31/05/2049

HDC - Clive WWTP Short Shoreline Outfall (Emergency WW discharge)	AUTH-120774-01	Discharge domestic sewage and industrial wastewater into Hawke Bay at East Clive via a short shoreline outfall.	Compliant	31/05/2049
HDC - Clive WWTP Bores (Abstraction)	AUTH-114866-02	Take water from Well No. 744 for domestic use within the pump station and Council house, from Well No. 745 for general use at the pump station and Well No. 3399 for the purpose of providing sparge water for cleaning milliscreens.	Low risk Non-Compliant	31/05/2025
HDC - Waipatiki WWTP (WW discharge)	AUTH-115047-01	Discharge: (j) Secondary treated effluent from the Waipatiki settlement and; ii. contaminants (odour) into air directly associated with the treatment and discharge of secondary treated effluent described in (i) above.	Low risk Non-Compliant	31/05/2025

Table 19 - Stormwater consents held by WSCCO Member Councils

Scheme	Consent	Activity	Status	Expiry
NCC	AUTH-116228-01	To discharge stormwater collected from the Burns Road catchment area to the Bridge Street end of the Iron Pot.	Expired, under s. 124	31/05/2022
NCC	AUTH-119680-01	To divert and discharge stormwater, excluding runoff that is not a consequence of rain, from any open drain system or piped stormwater drainage system to water, including discharges to land in a manner that subsequently results in the stormwater entering water (Thames and Tyne Waterways), within the following catchments as shown in Attachment A	Expired, under s. 124	31/05/2025
NCC	AUTH-103945-01	To discharge stormwater from the Tyne Street Drain into a new open channel	Full Compliance	30/09/2026
NCC	AUTH-103946-01	To discharge stormwater to the old bed of the Tutaekuri River	Full Compliance	30/09/2026

NCC	AUTH-108618-04	A resource consent to discharge stormwater from the Cross Country Drain into the Coastal Marine Area.	Low risk of non-compliance	31/05/2027
NCC	AUTH-119686-02	To divert and discharge stormwater collected from a part of the Napier Hill and the Napier Central Business District (CBD) area from any open drain system or piped stormwater drainage system, including discharges to land in a manner that subsequently results in the stormwater entering water, via the Browning Street, Tennyson Street and Dalton Street outfalls, to the coastal marine area (CMA) at Marine Parade Beach	Low risk of non-compliance	31/05/2032
NCC	AUTH-113443-01	To divert and discharge stormwater from an arterial road into the Taipo Stream	Technical non-compliance	31/05/2038
NCC	AUTH-123310-01	To divert and discharge stormwater, excluding runoff that is not a consequence of rain, from any open drain system or piped stormwater drainage system to water, including discharges to land in a manner that subsequently results in the stormwater entering water within the certain catchments.	Low risk of non-compliance	31/05/2040
NCC	AUTH-123317-02	To discharge water and stormwater to the Ahuriri Estuary (Lagoon Farm).	Moderate non-compliance	31/05/2040
CHBDC Global Discharge Permit				
Tamumu Road, Waipawa	AUTH-119585-01 DP110176W	to discharge stormwater into the Bush Drain and then into the Waipawa River	Moderate non-compliance	31/05/2037
McGreevy Street, Waipawa	DP110178W	to discharge stormwater into the Bush Drain and then into the Waipawa River		31/05/2037

Harker Road, Waipawa	DP110179W	to discharge stormwater from a property behind Harker Road into Harker Road Drain and then into the Waipawa River		31/05/2037
Stephenson's Yard, Waipawa	DP110180W	to discharge stormwater into the Coronation Park Waterway and then into Waipawa River from a site adjacent to Stephenson's Yard		31/05/2037
Coughlan Road, Waipukurau	DP110181W	to discharge water into Coughlan Road Drain and then into the Tukituki River from a discharge point located at the end of Coughlan Road		31/05/2037
Coughlan Road, Waipukurau	DP110182W	to discharge stormwater into Coughlan Road Drain and then into the Tukituki River from a point located at the end of Coughlan Road east and downstream of the No 1 culvert		31/05/2037
James Street, Waipukurau	DP110183W	to discharge stormwater from a point located at the end of James Street into the Harris Street Drain and then into Tukituki River		31/05/2037
Northumberland Street, Waipukurau	DP110184W	to discharge stormwater from a point located past the Rail Bridge into Harris Street Drain and then into the Tukituki River		31/05/2037
Mt Herbert Road, Waipukurau	DP110185W	to discharge stormwater from a point adjacent to Mount Herbert Road into the Pah Flat Stream and then into the Tukituki River		31/05/2037
HDC- Barnes Place Catchment (SW discharge)	AUTH-119174-01	Divert and discharge stormwater from the Barnes Place stormwater catchment area to land and water.	Compliant, S124	31/05/2022
HDC - Haggerty Drain 252 Clifton Road, Te Awanga	AUTH-124562-01, AUTH-124847-01 and AUTH-124869-01	Erect structures in and within 6 m of the Haggerty Drainy, to dam water, to disturb the bed of the Haggerty Drain	Non-Compliant	31/05/2030

HDC - Haggerty Drain Lower DP (SW Discharge)	AUTH-124678-01	Divert and to discharge stormwater from an 85-lot subdivision to the Haggerty Drain	Non-Compliant	31/05/2040
HDC - Haggerty Drain Lower LU	AUTH-125306-01 and AUTH-125304-01	Erect structures in and within 6 m of the Haggerty Drain, to disturb the bed of the Haggerty Drain	Non-Complaint	31/05/2030
HDC - Haggerty Drain Upper DP (SW Discharge)	AUTH-125303-01	Divert and discharge stormwater from a stormwater detention area into the Haggerty Drain	Non-Compliant	31/05/2040
HDC - Howard Street development (SW Consent)	AUTH-128203-02, AUTH-128351-02 and AUTH-128369-02	Erect structures, being three outlet pipes, an emergency spillway, and associated riprap, within the bed of the Riverslea Drain. To carry out excavation works in and within 6m of the Riverslea Drain	No Status (no compliance report from HBRC)	31/05/2027
HDC - James Rochfort Place Catchment (SW discharge)	AUTH-119173-01	Divert and discharge stormwater from the James Rochfort Place stormwater catchment area to land and to water via a sand filter.	Compliant, S124	31/05/2022
HDC - Lowes Pit Catchment (SW discharge)	AUTH-119172-02	Divert and discharge stormwater from the Lowes Pit stormwater catchment area (as shown in Schedule 1) to water (Lowes Pit).	Compliant, S124	31/05/2022
HDC - Lyndhurst Development Area (SW Discharge)	AUTH-114364-05	Divert and discharge stormwater to the Lyndhurst and Mahora Drains and then to the Raupare Stream.	Non-Compliant	30/04/2040
HDC - Omahu North Industrial (SW Discharge)	AUTH-120054-03 & AUTH-120056-03	Divert stormwater from a 63 hectare industrial area (Omahu North Industrial Area) and to discharge this stormwater to land and to water via individual infiltration basins.	Compliant	31/05/2032
HDC - Whakatu West Industrial Area Catchment (SW discharge)	AUTH-112330-02	Discharge stormwater, condenser water, defrost water and subsurface drainage water from a managed reticulated stormwater system by gravity or through a pumped system into Clive River.	Non-Compliant	31/05/2039

HDC - Network Stormwater Consent (SW Discharge)	AUTH-118324-03	Divert and discharge stormwater, from any open drain system or piped stormwater drainage system to water, including discharges to land in a manner that subsequently results in the stormwater entering water	Compliant, S124	30/05/2022

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

Projected investment in water services ($000s)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water										
Capital expenditure - to meet additional demand	6,765	7,940	11,152	11,209	7,700	1,202	9,004	9,363	4,677	7,546
Capital expenditure - to improve levels of services	14,472	16,148	26,764	27,563	13,565	5,068	5,223	7,023	5,450	6,036
Capital expenditure - to replace existing assets	23,471	20,702	18,244	26,289	25,185	11,410	14,165	13,188	12,676	16,100
Total projected investment for drinking water	44,708	44,790	56,161	65,062	46,450	17,680	28,392	29,575	22,803	29,682
Wastewater										
Capital expenditure - to meet additional demand	26,387	12,967	11,585	10,335	5,950	6,480	5,785	8,248	10,919	31,319
Capital expenditure - to improve levels of services	6,000	3,146	3,394	8,100	9,077	7,492	7,432	14,200	15,693	23,741
Capital expenditure - to replace existing assets	28,059	32,663	27,644	29,382	31,404	39,374	39,019	36,441	40,104	34,696
Total projected investment for wastewater	60,446	48,777	42,623	47,817	46,431	53,345	52,235	58,889	66,716	89,756
Stormwater										
Capital expenditure - to meet additional demand	6,574	5,445	6,030	2,341	3,566	3,902	3,043	5,398	7,370	2,949
Capital expenditure - to improve levels of services	9,227	12,301	22,077	14,528	18,890	11,470	4,524	17,529	24,545	20,051

Projected investment in water services ($000s)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Capital expenditure - to replace existing assets	4,414	4,395	11,739	4,547	9,937	11,701	5,754	13,799	16,239	14,030
Total projected investment for stormwater	20,215	22,141	39,846	21,416	32,393	27,073	13,322	36,726	48,154	37,030
Total projected investment in water services	**125,369**	**115,708**	**138,629**	**134,295**	**125,273**	**98,098**	**93,948**	**125,190**	**137,673**	**156,468**

Table 20 - Projected investment in water services (joint WSCCO)

Historical delivery against planned investment

Over the past seven years, NCC, HDC and CHBDC have experienced varying degrees of delivery against their planned water infrastructure investments. These differences reflect each council's unique local priorities, network needs and resourcing contexts.

While HDC and NCC have generally maintained strong delivery performances in their renewals programmes, CHBDC has faced fiscal constraints that have limited its ability to deliver planned investments in both renewals and total water infrastructure.

HDC's high level of total water services investment over the period (105% of planned) is largely attributable to significant investment in drinking water following the 2016 Havelock North water contamination event.

Similarly, NCC experienced a spike in renewals in the three years to 2020/21, primarily due to unbudgeted works required to address discoloured water issues in its drinking water network.

More recently, Cyclone Gabrielle has placed substantial strain on both HDC and CHB, which manage extensive roading networks. In the wake of the cyclone, both councils were required to redirect resources and capital delivery capacity toward emergency response and roading recovery – particularly considering the time-limited nature of external funding for recovery works. This shift is reflected in lower than budgeted water infrastructure investment in 2024/25, as recovery took precedence.

Other factors which have typically impacted the timing of the delivery of planned works include:

- Unbudgeted external funding received in certain years, enabling investment levels to exceed planned budgets during those periods
- Timing of delivery of growth needs
- Debt constraints resulting in re-phasing timing of projects
- Resourcing constraints (staffing)

Delivery against planned investment ($000s)	Renewals investment for water services				Total Investment in water services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	$12,017	$29,219	$20,952	$62,188	$20,617	$55,905	$20,952	$97,474
Total actual investment	$4,672	$14,046	$10,679	$29,397	$9,018	$34,414	$28,873	$72,305
Delivery against planned investment (%)	39%	48%	51%	47%	44%	62%	138%	74%

Table 21 - CHBDC Programme Delivery

Delivery against planned investment($000s)	Renewals investment for water services				Total Investment in water services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	$10,199	$20,517	$6,635	$37,351	$22,850	$94,252	$31,457	$148,559
Total actual investment	$13,774	$24,591	$16,697	$55,062	$41,326	$55,833	$30,584	$127,743
Delivery against planned investment (%)	135%	120%	252%	147%	181%	59%	97%	86%

Table 22 - NCC Programme Delivery

Delivery against planned investment($000s)	Renewals investment for water services				Total Investment in water services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	$33,782	$36,594	$26,103	$96,479	$81,956	$92,287	$81,229	$255,472
Total actual investment	$20,968	$43,528	$26,813	$91,309	$48,279	$128,399	$91,148	$267,826
Delivery against planned investment (%)	62%	119%	103%	95%	59%	139%	112%	105%

Table 23 - HDC Programme Delivery

Part C:

Revenue and financing arrangements

Revenue and charging arrangements

Charging and billing arrangements

Current charging mechanisms

Table 24 - Current charging mechanisms

HDC	NCC	CHB
Residential		
Combination of: - Rates via: o Targeted rates (for specific scheme funding in particular rating areas – Waipatiki Wastewater scheme targeted rate only applies to connected or serviceable rating units in the Waipatiki Scheme area). And targeted rates per SUIP for connected/serviceable properties. o Component of the Uniform Annual General Charge (UAGC) for wastewater (20%) and Waimarama Sea Wall (10%) o General rates based on capital value (12% for urban properties for Stormwater, 1% for rural properties for Stormwater) - Fees and charges (connection fees – 100% user pays)	Combination of: - Rates via: o Targeted rates (95%-100% for particular schemes, differential targeted rates) o Water rates o General rates - Fees and charges (connection and disconnection fees) - Development Contributions - Financial Contributions - Some properties water metered: they receive a 300 unit use allocation for each Water Targeted Rate they are charged. Approximately 1,000 Water meters are billed.	Combination of: - Rates: o Targeted rates per SUIP for all three waters for connected/serviceable properties/networks o General rates (10% of stormwater) - Fees and charges - 30% of residents have water meters but only charged for excessive use (greater than 300m3 per year)

HDC	NCC	CHB
- Development Contributions (base charge per Housing Unit Equivalent – HUE)		
Non-residential		
Wastewater: - Effluent disposal – direct beneficiaries are charged trade waste fees (annual fee) - Domestic waste – direct beneficiaries are charged trade waste fees (annual fee) Water Supply: - Extraordinary users are charged via targeted rates (connected or serviceable) based on volumetric readings for use over and above typical household consumption. Charged to residential properties over 1,500m2 containing a single dwelling, lifestyle lots, trade premises, industrial and horticultural properties.	Wastewater – fees and charges – trade waste, various charges per cubic meter for different target areas. There is a separate trade waste metering and billing system	Water Supply: - Charged on volumetric basis: 6 industrial users that are 100% volumetric charging. Remainder of users are a flat connection fee with some excess volumetric charging or high volume users. Wastewater: - Trade waste levy (based on volume of waste and type of solids) – same 6 industrial users.

Proposed charging mechanisms – under shared service arrangements

Table 25 - proposed charging mechanisms

HDC	NCC	CHB
Charging		
Until 1 July 2026: As per current charging mechanisms, no changes proposed. **Post 1 July 2026** Councils will charge and collect revenue on behalf of the WSCCO until such time that the WSCCO is in a position to determine charges and collect revenue (likely 2-3 years). At this point Councils may continue to collect revenue on behalf of the WSCCO on the basis that: o The WSCCO will work within the Water Services Strategy and CCO Development Contributions Policy (or Council policy until CCO policy is established) to outline revenue pathway and charging transitions. o WSCCO will set water charges (with charging based on capital or land value to cease post 1 July 2029). o WSCCO will start to set up and transition to its own billing system.		
Revenue Separation		
Each council will maintain separate balance sheets, and revenue and expenditure related to three waters must be clearly attributed to water, wastewater and stormwater activities. Once the WSCCO has set up its own finance system, all revenue and expenditure related to three waters, along with balance sheet, is expected to transact through the joint WSCCO finance system.		

Water services revenue requirements and sources

The following funding impact statement outlines the total projected operating and capital funding for the joint WSCCO. At this stage, detailed revenue and charging arrangements remain under development. It is anticipated that for the first three years of operation, the WSCCO will retain the existing charging models currently used by each member Council (as outlined above). Over time, and with oversight from the independent board, alternative charging models will be evaluated and brought back to the member Councils for consideration. This process will be further developed through a detailed implementation plan and will take into account any relevant regulatory guidance or direction.

It is important to note that:

- no costs associated with the implementation of alternative charging mechanisms have been budgeted or modelled at this stage
- by 1 July 2029 the WSCCO must move away from charging by land and/or capital value
- as such, previously rated charges will need to move to water charges

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	6,912	8,684	8,825	8,810	9,047	9,374	9,236	9,210	9,338	11,328
Targeted rates	68,167	82,803	94,416	107,052	118,466	127,102	129,959	135,157	141,580	152,589
Subsidies and grants for operating purposes	860	0	0	0	0	0	0	0	0	0
Internal charges, overheads recovered & other operating funding	314	110	114	116	115	113	109	107	106	103
Fees and charges	5,915	6,646	7,344	7,832	8,288	8,733	8,719	8,736	8,886	9,206
Total operating funding	82,169	98,243	110,698	123,810	135,916	145,323	148,023	153,211	159,911	173,226
Sources of capital funding										
Subsidies and grants for capital expenditure	11,605	8,844	6,034	195	204	239	297	385	401	220
Development and financial contributions	12,992	14,810	16,594	22,195	22,577	23,041	22,909	23,309	23,153	23,555
Increase/(decrease) in debt	76,968	71,704	85,711	71,425	53,274	18,774	13,232	40,446	49,211	63,351
Gross proceeds from sales of assets	136	71	129	145	75	106	152	113	112	159
Lumpsum contributions & other dedicated capital funding	49	50	52	53	55	56	58	59	60	62
Total sources of capital funding	101,750	95,480	108,520	94,013	76,184	42,216	36,647	64,312	72,937	87,347

Table 26 - Joint WSCCO funding sources

Existing and projected commercial and industrial users' charges

Details on existing and projected commercial and industrial users' charges are outlined in Table 24 above on page 66.

Projected charges for residential households on average over the 10-year period:

Note – these charges are based on the assumption that the household is connected to all three water services. The charge has been calculated using projected price path revenue per each water asset class divided by the number of connected households for that water service.

Average charge per connection including GST ($)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	718	852	929	1,042	1,120	1,161	1,136	1,142	1,153	1,212
Average wastewater bill (including GST)	623	758	871	944	1,034	1,094	1,135	1,197	1,249	1,345
Average stormwater bill (including GST)	302	365	399	448	489	538	542	542	572	633
Average charge per connection including GST	1,642	1,974	2,199	2,434	2,643	2,793	2,813	2,881	2,974	3,190

Table 27 - Joint WSCCO average charge per connection (GST inclusive)

The affordability of projected water services charges for communities

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Water services charges as % of household income	1.9%	2.2%	2.4%	2.6%	2.8%	2.9%	2.8%	2.8%	2.8%	3.0%
- CHB	4.4%	4.9%	5.5%	5.9%	6.5%	6.9%	6.8%	6.7%	6.7%	6.5%
- NCC	1.5%	1.6%	1.8%	2.0%	2.2%	2.3%	2.4%	2.5%	2.6%	2.7%
- HDC	2.3%	2.6%	2.8%	2.9%	3.0%	3.0%	2.8%	2.7%	2.6%	2.8%

Table 28 - Water services as a % of household income

Using the aggregated Joint WSCCO charges as a percentage of regional household income, the data shows that the water service charges are approximately 2% of median household income, increasing to around 3% by year 10. On the surface this sits within the range of what is considered 'affordable' for water user charges under international standards[4].

However, this joint average does not accurately capture the affordability constraints faced by specific communities. Throughout the consultation process, affordability was a key concern raised by many ratepayers across councils and has been a key consideration for all member councils.

The WSCCO will need to recover sufficient revenue as determined by the price path methodology to meet financing and investing sufficiency ratios. While Councils are aware of affordability challenges and are actively exploring ways to address them (see specifics below), these will need to be balanced by the price path requirements set out by the Commerce Commission and funding covenants set by the Local Government Funding Agency (LGFA).

Under the current modelling, most of the capital and operational costs are ringfenced to each Council (aside from shared establishment and ongoing operational costs) with CHBDC having the smallest number of connections per each of the three Councils over which to spread the costs for their planned capital investment works.

NUMBER OF CONNECTIONS	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
HDC										
Connections - drinking water	24,350	24,783	25,217	25,650	26,083	26,517	26,950	27,383	27,817	28,250
Connections - wastewater	22,576	23,009	23,443	23,876	24,309	24,743	25,176	25,609	26,043	26,476
Connections - stormwater	22,329	22,762	23,196	23,629	24,062	24,496	24,929	25,362	25,796	26,229
NCC										
Connections - drinking water	25,058	25,276	25,496	25,718	25,942	26,167	26,395	26,625	26,856	27,090

[4] As per *Submission to Productivity Commision Issues Paper: Local government funding and financing inquiry* produced by Water New Zealand in 2019.

Connections - wastewater	24,515	24,729	24,944	25,161	25,380	25,601	25,823	26,048	26,275	26,503
Connections - stormwater	25,364	25,584	25,807	26,032	26,258	26,486	26,717	26,949	27,184	27,420
CHBDC										
Connections - drinking water	4,588	4,671	4,754	4,837	4,920	5,003	5,086	5,169	5,252	5,335
Connections - wastewater	4,336	4,419	4,502	4,585	4,668	4,751	4,834	4,917	5,000	5,083
Connections - stormwater	3,830	3,913	3,996	4,079	4,162	4,245	4,328	4,411	4,494	4,577

Table 29 - Number of connections per member Council

As part of CHBDC's consultation, modelling indicated that the regional WSCCO was the most affordable delivery model. However, the community provided significant feedback that the projected cost per connection in 2034 was not an acceptable price path. In response, CHBDC reviewed its capital works programme and rephased planned investments to reduce costs for households and lower water service charges as a percentage of household income.

This revised capital programme modelling was completed after the regional modelling had been finalised, leaving insufficient time to incorporate these changes into the overall regional model. Nevertheless, the updated programme for CHBDC further reduced the project cost per connection to $5,360 per connection (GST inclusive), equivalent to 4.9% of household income which is below the 5% of household income limit indicated by international standards but is still unaffordable to the community.

This modelling and the impact on CHBDC's ringfenced financials is attached as Appendix 2 – CHBDC Revised Capital Programme Modelling.

Councils are likely to outline affordability issues for their ratepayers in the Statement of Expectations to the WSCCO Board and likely options for the Board to consider include:

- Rephasing capital programmes to smooth investment profiles
- Awaiting confirmation of new wastewater discharge standards (which may enable the use of pre-consented treatment plant designs and thereby reduce project costs)
- That greater efficiencies are achieved in operational and capital programmes as the economies of scale and enhanced purchasing power of a larger regional entity are realised
- Price harmonisation at a future date in time

It is acknowledged that, regardless of the delivery model, there will be members of the community for whom water services may be unaffordable. It is anticipated that support will continue to be available through existing or future social support mechanisms and central government programmes to assist those facing financial hardship.

Funding and Financing Arrangements

Water services financing requirements and sources

Projected borrowing requirements over the 10-year period

The table below summarises the projected borrowing requirements for combined water supply, wastewater and stormwater activities at the regional entity level.

Net debt ($000s)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total borrowings	391,450	462,468	549,215	621,931	676,124	695,138	708,907	750,162	800,031	863,302
Less: cash and financial assets	(0)	0	0	0	(0)	(0)	(0)	(0)	(0)	0
Net debt	**391,450**	**462,468**	**549,215**	**621,931**	**676,124**	**695,138**	**708,906**	**750,162**	**800,031**	**863,302**

Table 30 - Projected borrowings

Minimum cash and working capital requirements for the sustainable delivery of water services

Under the assumptions applied in the modelling, the joint WSCCO starts without any cash balances and funding/new debt is set such that it covers costs (i.e. balanced benchmark financials). Realistically Councils will need to supply funds for operations to start, the basis of this is still to be determined as councils work through the timing of transitional arrangements.

Borrowing limits for water services and all council business

While a debt management or treasury policy is not yet in place for the joint WSCCO, it is anticipated that such policies will be developed as part of the entity's foundational policy suite during the implementation phase. These will likely be informed by standard treasury practices and existing member council policies and are expected to include borrowing limits aligned with LGFA debt covenant requirements.

Below is a summary of existing member council internal debt limits per policy and published net debt to revenue ratios for the 2023/24 financial year.

Council	Council policy limit	2023-2024 actuals
HDC	250%	125.70%
NCC	230%	11.89%
CHB	150%	52.00%

Table 31 - Existing member council net debt to revenue ratios for 2023/24 against internal policy limits

Whether projected borrowings are withing borrowing limits

Under the joint WSCCO, the net debt to revenue ratio remains within the 500% limit (previously indicated by the LGFA for WSCCOs) for most of the ten-year projection for borrowings.

The financial modelling sets water service charges at a level sufficient to fund operational expenditure and debt servicing, with new capital investments to be funded through debt.

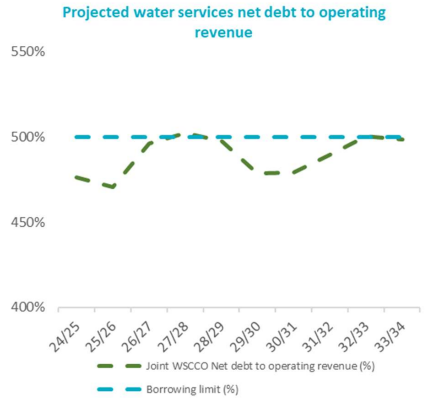


Figure 23 - Projected water services net debt to operating revenue (joint WSCCO)

The financial covenants released by the LGFA in December 2024 set out a Free Funds from Operations (FFO) to Gross Debt ratio requirement ranging from 8% to 12% depending on several factors (including the size of the water CCO and whether multi owned CCO or not). At the time that financial modelling and pricing path for water charges were developed, the following assumptions were applied:

- A transitional period of up to five years to achieve compliance with the FFO/debt ratio
- A target FFO/debt ratio of 8% given the size (over 50,000 connections) and nature of the proposed WSCCO (multi owned CCO)
- An FFO cash interest coverage requirement of between 1.5 and 2.

Based on these assumptions, the financial modelling projected the WSCCO to meet the 8% FFO to debt ratio in year four of operations (2029/30). This gradual approach was adopted to support affordability for water users by moderating the pace of water service charge increases in the early years.

In April 2025, following the completion of the Hawkes Bay regional modelling, the LGFA released further clarification on the financial covenant requirements for WSCCOs. A key development in this space was the ability for large WSCCOs to include a portion of development contributions in the operating revenue calculation for the FFO to debt ratio.

For the joint WSCCO, this means that 75% of development contributions (as the joint WSCCO has over 50,000 connections) can be recognised in the FFO calculation. With this adjustment, the financial modelling indicates compliance with the FFO to debt ratio by year two of operations (2027/28) with an FFO/debt ratio of 8.9% increasing to 10.1% by 2033/34.

These numbers indicate that there is scope for review when preparing the ten-year budget for the Water Services Strategy, which may allow for reduced debt drawdowns or improved pricing outcomes for consumers while still meeting financial covenants.

Financial strategy for financing water services investment and operating expenditure

As outlined above, the financial strategy underpinning the joint WSCCO modelling is for water services investment and operating costs to be funded through a combination of water service charges and debt.

The revenue path set in the modelling (based on the capital programmes initially drawn from the Long-Term Plans of the member councils) is designed to ensure that, from year three onward, water service charges are sufficient to cover the majority of operational costs, including depreciation and debt servicing. Any resulting operating surplus will be used to fund capital renewals and other capital works, with the remaining capital programme funded via debt.

During the first two years of operation, the WSCCO is forecast to generate a positive operating cashflow; but these operating cashflows will not yet fully cover depreciation (a non-cash expense).

This indicates that the WSCCO will initially rely on debt to partly fund the cost of asset renewals. A programme to address the renewals backlog—discussed further in Section D (page 88)—has been incorporated into the modelling. Overall, the approach reflects a staged transition to full funding of depreciation (or debt repayment) through operating revenue.

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

It is expected that the joint WSCCO will develop a Treasury and Debt Management Policy as part of its foundational documents during the implementation phase. This policy would outline the entity's borrowing strategy, including the expected mix and tenor (length) of new borrowings. It is anticipated that the WSCCO will adopt a similar approach to member councils by employing a blend of short-, medium-, and long-term debt instruments. In principle, the tenor of borrowings might align with the economic life of the underlying infrastructure, supporting intergenerational equity by spreading the cost of assets across the period during which they deliver benefits.

At present, HDC has the highest level of external debt among the three member councils and holds a credit rating of A+ (stable) from Standard & Poor's. NCCl is currently in the process of obtaining a credit rating. The LGFA has indicated that loan pricing margins for the WSCCO will be based on the weighted average credit ratings of all member councils. Until the WSCCO establishes its own credit profile, borrowing assumptions (i.e. interest rate margins) reflect the current ratings and borrowing terms of the member councils.

HDC manages its interest rate risk through regular engagement with banking advisors, employing a combination of fixed and floating-rate loans and interest rate swaps. It is expected that the WSCCO will adopt similar risk management tools, tailored to its scale and structure, as part of a fit-for-purpose treasury strategy.

In addition, sound debt management will involve staggering debt maturities to reduce refinance risk and avoid concentrated rollover periods. The WSCCO may also consider a range of hedging strategies, including interest rate swaps and other commonly applied instruments, to manage exposure to interest rate volatility. These strategies will be further developed within the WSCCO's Treasury and Debt Management Policy during the implementation phase.

Debt repayment strategy

The financial modelling for the joint WSCCO reflects a focus on long-term affordability and financial sustainability, rather than a reduction in absolute debt levels over the forecast period. Due to historic underinvestment in renewals—driven by financial and capacity constraints within the member councils—the initial focus of the WSCCO is on addressing infrastructure deficits to meet investment sufficiency requirements. As a result, debt levels are expected to increase in line with the planned capital works programme.

The ability to include 75% of development contributions in the FFO to debt ratio has resulted in a stronger-than-required ratio being modelled from years 2 to 8 of the WSCCO's operations. This indicates an opportunity to refine the financial strategy. The balance between maintaining a stable FFO to debt ratio, minimising new debt, and ensuring affordability for consumers will be a key focus of the Water Services Strategy budget process. Repayment of debt—through a reduction in future borrowing requirements—will likely form part of that strategy.

Currently, HDC repays maturing debt by refinancing through new borrowings, a standard approach across the local government sector. A similar approach is expected in the short to medium term for the joint WSCCO, with future opportunities to reduce net debt over time through lower borrowing requirements if operating performance exceeds expectations.

Importantly, debt repayment responsibilities will remain ringfenced to each member council's water service area. This means that any legacy debt transferred into the WSCCO—as well as new debt raised for specific council areas—will be serviced through revenue collected from customers in that area. For example, Napier residents will fund the repayment of both historic and new debt associated with water services delivered within the Napier district, even under a joint WSCCO model. This approach will remain in place unless and until the future WSCCO Board, after approval from shareholders, determines otherwise.

Internal borrowing arrangements

Not applicable to the joint WSCCO. It is assumed that any existing internal debt within member councils will become external debt owing by the WSCCO.

Determination of debt attributed to water services

Existing financial information systems are set up to report on three waters activities separately at member councils (to enable statutory reporting obligations in the Annual Report Funding Impact Statements per activity group).

Each member council provided closing debt balances (driven from existing financial information systems) for each water class for the year ending 30 June 2024. These are outlined below.

Asset Class	NCC ($000s)	HDC ($000s)	CHBDC ($000s)	TOTAL ($000s)
Drinking Water	19,518	122,683	20,024	162,225
Wastewater	12,185	69,858	23,013	105,056
Stormwater	8,452	27,521	3,328	39,301
Total	**40,155**	**220,062**	**46,365**	**306,582**

Table 32 - Total three waters debt as at 30 June 2024

Insurance arrangements

Confirmation of insurance policies

Currently the three member councils insure three water assets in various ways.

AON are HDC's current brokers and HDC is part of the LAPP insurance group. HDC will continue to include water assets in current and future insurance policies until appropriate asset transfers, and joint WSCCO insurance policies are held.

NCC's current broker is AON. AON arranges NCC insurance cover for the underground water assets under a policy separate from other councils. The above ground water assets are insured under the HB Group Material Damage Policy. NCC will continue to include water assets in current and future insurance policies until appropriate asset transfers are completed, and joint WSCCO insurance policies are in place.

AON are CHBDC's current brokers and CHBDC is part of the Manawatu/Wanganui/Hawke's Bay (MWLASS+HB) grouping for below ground water assets, and part of the Hawke's Bay grouping for above ground (treatment plants and reservoirs) waters assets. CHBDC will continue to include water assets in current and future insurance policies until appropriate asset transfers, and joint WSCCO insurance policies are held.

Once assets are transferred to the joint WSCCO, the joint WSCCO will hold the necessary insurance policies.

Risk evaluation and assessment

The LAPP insurance group (which HDC is part of) undertook loss modelling in 2024 for insurance renewal purposes (above ground assets fully covered, below ground assets insured for 40%).

NCC engaged AON Global Risk Consulting to undertake a high-level estimate of losses in consequence of an earthquake event, from assets insured in the underground infrastructure policy. This earthquake loss analysis was completed in January 2025.

The MWLASS+HB insurance group (which CHBDC is part of) undertook loss modelling in 2023 for insurance renewal purposes (above ground assets fully covered, below ground assets insured for 40%).

It is expected that the joint WSCCO will need to go through similar loss modelling exercises in anticipation of going to market for new insurance cover.

Level of insurance cover

Currently all relevant assets are insured under the individual policies of each member council, with the level and structure of cover outlined in detail below It is expected that the joint WSCCO will adopt a similar approach to its member councils in managing insurance cover, with assets insured at replacement value based on valuations undertaken regularly by industry experts.

HDC: Replacement cost values determined through (for insurance purposes) internal asset assessments, which are peer reviewed by external consultants. All "below ground" assets are insured at 40% of replacement value reflecting HDC's exposure in a disaster event with a loss limit on the policy of $300m (increasing to $400m from November 2025). The "above ground" assets, including buildings and plant, are externally valued and insured at full replacement cost under HDC's current policies.

NCC: Replacement cost values are determined through internal assessments, which are peer reviewed by external consultants. Based on affordability of insurance and the ability for NCC to accommodate an uninsured loss, NCC has retained a historic level of underground infrastructure insurance, being 40% of $120m with an excess of $10m. Based on recent loss modelling, this insurance cover (with remaining 60% covered by Government emergency response) resulting in an estimated $123.3m uninsured exposure in a one in 500 year seismic event. Above ground assets are fully insured under the Material Damage Policy. Funding of uninsured risks and amounts over and above any insurance recovery and Government support would be provided from a combination of debt and the reprioritisation of Councils planned capital and operational expenditure.

CHB: Replacement cost values are determined through (for insurance purposes) internal asset assessments, which are peer reviewed by external

consultants. All "below ground" assets are insured at 40% of replacement value reflecting CHBDC's exposure in a disaster event. The "above ground" assets, including buildings and plant, are externally valued and insured at full replacement cost under CHBDC's current policies.

Insurance management policy summary

At present, the three member councils each take a slightly different approach to water services insurance, including varying coverage levels, asset identification methods, and disaster response linkages. As part of the establishment of the regional WSCCO, a unified and best-practice insurance management policy will likely be developed during the implementation phase to ensure consistency, financial resilience, and effective risk management across the region.

The WSCCO's insurance policy is expected to include the following key components:

- Insurance review policy and asset identification standards:

  The WSCCO will likely adopt a regular insurance review cycle aligned with industry best practice, including scheduled revaluations of insurable assets by qualified valuers. Asset identification will be standardised to ensure accurate and comprehensive coverage.

- Key insurable risks and mitigation strategy:

  The policy will need to identify key insurable risks such as natural disasters (e.g. earthquakes, floods), infrastructure failure, and third-party damage. The WSCCO will define its risk appetite and apply a risk-based approach to coverage, supported by appropriate deductibles and the use of risk mitigation strategies such as network redundancy, asset renewal planning, and emergency response capability.

- Disaster response linkage:

  The WSCCO's insurance approach will need to be integrated with regional and local disaster response and recovery frameworks. This alignment will support faster response and claims processes and ensure that the financial impact of major events is managed within broader emergency planning efforts.

- Delegations and reporting:

  The insurance policy will need to clearly define financial and operational delegations relating to the procurement and management of insurance, as well as processes for regular reporting to the WSCCO Board and member councils. This will include post-event reporting, annual renewal summaries, and alignment with audit and risk oversight functions.

By consolidating water services under a single joint entity, the WSCCO will be positioned to leverage economies of scale and specialist advice in procuring insurance, while also embedding robust governance, reporting, and risk management practices.

Part D:

Financial sustainability assessment

Confirmation of financially sustainable delivery of water services

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

Revenue sufficiency

The revenue sufficiency test asks water entities to confirm:

- That projected revenues are sufficient to cover the costs (including the servicing of debt) and to finance the required level of investment.

  Under the modelled financials, the joint WSCCO is projected to obtain sufficient revenue to cover operational costs (including servicing of debt costs and depreciation) by year two of operations for the joint WSCCO (FY27/28) and therefore it has met the revenue sufficiency test by FY27/28.

  This is further detailed below on page 83.

Investment sufficiency

The investment sufficiency test asks water entities to confirm:

- That the proposed level of investment is sufficient to meet levels of service, regulatory requirements and provide for growth, and is also fully funded by projected revenues and access to financing.

  As detailed below on page 87, the joint WSCCO meets the investment sufficiency measures from its initial creation in FY26/27 with sufficient levels of renewals, overall capital expenditure and revenue/debt movements to fund the required capital works based on the quality standards and regulatory requirements currently in force.

Financing sufficiency

The financing sufficiency test asks water entities to confirm:

- That total borrowings are within borrowing limits of the WSCCO and that these can be appropriately sourced.

  Financial modelling was conducted using FFO to debt as the main constraint to ensure revenue and debt levels were appropriate. The projected FFO to debt ratio for the joint WSCCO (including 75% of development contributions) is expected to reach 8.9% by FY27/28 and thus meets the minimum borrowing threshold of 8% within the required timeframes for financing sufficiency.

  This is outlined in further detail below on page 92.

Actions required to achieve financially sustainable delivery of water services

The financial modelling indicates that projected revenues are sufficient to fund the operational expenditure and service the debt required to support the planned investment programme. From FY27/28 onward, water service charges are modelled to fully fund operational costs, depreciation, and debt servicing obligations, resulting in a positive Free Funds from Operations position.

Capital investment is primarily funded through a combination of development contributions, operating surpluses (i.e. funded depreciation), and new debt. The modelling shows that this funding mix is sufficient to deliver the forecast capital programme over the 10-year period, although debt levels are expected to increase over time as the entity addresses historical underinvestment in renewals.

While the modelling supports the required investment levels, there is an opportunity—through the development of the Water Services Strategy and associated 10-year budget—to further refine the balance between revenue, debt, and investment timing. This may help reduce the reliance on new borrowing or improve affordability outcomes for consumers, while still maintaining service levels and financial sustainability.

Risks and constraints to achieving financially sustainable delivery of water services

The following outlines some of the key risks and constraints associated with achieving long-term financial sustainability for the joint WSCCO.

Key Risk	Mitigation
Affordability – Under the current modelled scenarios, certain regions face projected price paths that exceed internationally recognised affordability benchmarks.	Councils will further investigate how capital expenditure profiles can be rephased or prioritised to improve affordability while still meeting regulatory and service level expectations. In addition, the introduction of new drinking water and wastewater standards may reduce the scope or timing of investment required to achieve compliance. Once established, a new independent board will also have the ability to identify and drive efficiencies beyond those currently modelled, which could further alleviate affordability pressures.
Deferred Investment – all member councils have legacy backlogs in at least some renewals and other deferred investment that needs addressing. Premature failure of aged infrastructure could increase the need for reactive maintenance and result in unplanned expenditure exceeding forecast levels.	Councils will continue to review and refine their respective Asset Management Plans (AMPs), with a view to transitioning (where needed) from reactive to planned renewal programmes. This will improve cost visibility and enable more efficient long-term investment planning.

Natural Disaster – Hawke's Bay was recently hit by a significant natural disaster and continues to manage its financial aftermath. A similar event in future could pose a material risk to the joint WSCCO's financial position and may lead to temporary breaches of lending covenants.	The joint WSCCO will adopt robust risk management, insurance and asset protection strategies, aligned with regional disaster response frameworks, to improve financial resilience and recovery capacity. This will include maintaining appropriate insurance cover for key assets, regularly reviewing coverage levels, and ensuring policies are structured to support timely recovery and minimise financial losses in the event of a disaster.
Communication and Public Understanding – Clear, transparent and timely communication with ratepayers/customers is critical to building trust and acceptance of water service charges. Ineffective communication may result in public misunderstanding of price drivers, and the benefits of investment, and the long-term consequences of underinvestment. This could lead to reduced support for necessary funding decisions, political pressure to defer projects, and reputational risk for the WSCCO and member councils.	Development of a coordinated communication strategy across all member councils and the WSCCO will be required, providing consistent, accessible and evidence-based messaging about investment needs, regulatory drivers, and service improvements. This should include proactive engagement, plain-language materials, and clear links between charges, investment, and customer outcomes. Community consultation (whether lead directly by the joint WSCCO or facilitated through member councils) will also need to be undertaken to inform decision-making, capture local perspectives, and build public confidence in the investment programme. Accountability back to the council shareholders and expected levels of engagement with the community (by the joint WSCCO) are likely to form key components of the Statement of Expectations issued by the joint shareholders to the Board.
Inflationary Pressure – Under the LWDW policy and new LGFA funding provisions, significant capital is expected to flow into the water services sector nationally. This could create inflationary pressure, increasing actual delivery costs relative to those currently budgeted.	Cost assumptions and escalation factors will be regularly reviewed as part of the WSCCO's long-term planning and procurement processes Contracting strategies may also be explored to help mitigate construction cost escalation and supply chain risk.

Assessment of revenue sufficiency

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

The following chart summarises the projected revenue, expenses (with depreciation and interest shown separately), and operating surplus over the 10-year period to 2033/34.

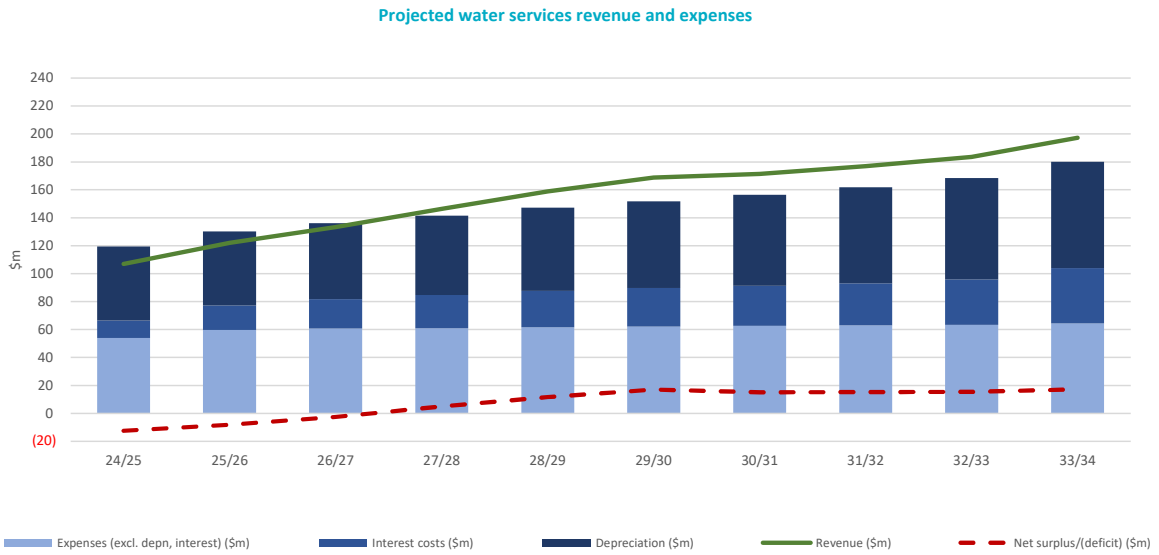


Figure 24 - Joint WSCCO projected water services revenue and expenses

Under the regional modelling completed, projected revenues are sufficient to cover the costs (including servicing of debt) by FY27/28 as illustrated by the graph above.

Commentary in below sections in relation to revenue sufficiency is included where the more detailed analysis has been presented.

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

Regionally

Median household income for the region was calculated by summing the proportionate median household income for each of the three regions proposing to join under the WSCCO. Growth in income was assumed at 2.5% per annum. See above section in Part C regarding commentary on affordability.

Projected average charge per connection / rating unit including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water	718	852	929	1,042	1,120	1,161	1,136	1,142	1,153	1,212
Wastewater	623	758	871	944	1,034	1,094	1,135	1,197	1,249	1,345
Stormwater	302	365	399	448	489	538	542	542	572	633
Average charge per connection / rating unit	**1,642**	**1,974**	**2,199**	**2,434**	**2,643**	**2,793**	**2,813**	**2,881**	**2,974**	**3,190**
Increase in average charge		20.2%	11.4%	10.7%	8.6%	5.7%	0.7%	2.4%	3.2%	7.3%
Water services charges as % of household income	**1.9%**	**2.2%**	**2.4%**	**2.6%**	**2.8%**	**2.9%**	**2.8%**	**2.8%**	**2.8%**	**3.0%**

Table 33 - Average projected charges

Basis of preparation

The projected average charge per connection has been calculated based on revenue required (driven by capital expenditure programme and operating costs) to keep within the FFO to debt ratio requirements and other key LGFA covenants. The modelling has been run at a per council level and then aggregated up to form joint WSCCO revenue levels per each of the three water asset classes. These revenue values have then been averaged out over the number of connections per each asset class to form an average charge per connection. The average charge per total rating unit presumes that each rating unit is connected to each water service (i.e. one household has one drinking water connection, one wastewater connection and one stormwater connection).

Detailed modelling assumptions are provided as an appendix to this report, please refer to Appendix 1 – Modelling and Criteria assumptions

The number of connections data has been provided by each member council, calculated based on current connections and future growth projections.

Joint WSCCO	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projected number of connections	52,315	53,049	53,785	54,522	55,261	56,003	56,746	57,491	58,239	58,988
Connections - drinking water	53,996	54,730	55,467	56,205	56,945	57,687	58,431	59,177	59,925	60,675
Connections - wastewater	51,427	52,157	52,889	53,622	54,357	55,094	55,833	56,574	57,317	58,062
Connections - stormwater	51,523	52,260	52,999	53,740	54,482	55,227	55,974	56,723	57,473	58,226

Table 34 - Number of connections data

Projected operating surpluses/(deficits) for water services

The below table outlines the operating surplus ratio for the three water services over ten years. Operating surplus excludes capital revenues (i.e. development contributions) and includes depreciation.

Operating surplus ratio ($000s)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) excluding capital revenues	(37,283)	(31,872)	(25,322)	(17,607)	(11,341)	(6,469)	(8,395)	(8,666)	(8,384)	(6,844)
Total operating revenue	82,169	98,243	110,698	123,810	135,916	145,323	148,023	153,211	159,911	173,226
Operating surplus ratio	**(45.4%)**	**(32.4%)**	**(22.9%)**	**(14.2%)**	**(8.3%)**	**(4.5%)**	**(5.7%)**	**(5.7%)**	**(5.2%)**	**(4.0%)**

Table 35 - Operating surplus ratio

Under the current financial modelling, the WSCCO is forecast to report a large negative operating surplus ratio in the early years, improving to (4%) by the final year of the forecast period. This deficit position is driven by high depreciation charges, which represent approximately 42% of total expenses over the forecast period, reflecting the scale and replacement cost of the asset base. Depreciation is a non-cash expense and does not reflect a cash shortfall; rather, it is a proxy for the funding required over time to renew assets.

The WSCCO's policy will be to set revenues to fully fund operating costs, interest, and—over time—depreciation, recognising that in the early years a proportion of renewals will be debt-funded to address historic underinvestment. This approach supports intergenerational equity by aligning the repayment of long-life assets with the period over which they provide service.

Where operating surpluses are generated in later years, they will be applied to fund asset renewals, repay debt, or reduce the reliance on future borrowings. Conversely, where an operating deficit occurs, it will reflect the planned use of debt to fund renewals and capital upgrades as part of the agreed investment programme. This is considered appropriate in the initial years of operation to enable the WSCCO to meet investment sufficiency standards, improve service performance, and transition towards full depreciation funding within a sustainable price path.

Projected operating cash surpluses for water services

The below table outlines the operating cash ratio for the three water services over ten years. It still excludes capital revenues but removes costs to service debt and depreciation charges.

Operating cash ratio ($000s)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenue	28,273	38,577	49,903	62,853	74,328	83,239	85,508	90,227	96,499	108,878
Total operating revenue	82,169	98,243	110,698	123,810	135,916	145,323	148,023	153,211	159,911	173,226
Operating cash ratio	**34.4%**	**39.3%**	**45.1%**	**50.8%**	**54.7%**	**57.3%**	**57.8%**	**58.9%**	**60.3%**	**62.9%**

Table 36 - Operating cash ratio

The financial modelling projects positive operating cashflows throughout the forecast period, with the operating cashflow ratio improving from 34.4% in year 1 to 62.9% by year 10. This reflects that water service charges are set at a level sufficient to fund operating costs and debt servicing, with surplus cash available for reinvestment in the network.

Cash surpluses generated will be applied to funding asset renewals, reducing the need for additional borrowing, and maintaining prudent liquidity levels. This supports long-term financial sustainability and helps moderate price increases for customers over time.

While operating cashflows are sufficient to meet scheduled debt servicing requirements, they are not sufficient to fully fund the level of renewals investment required in the early years. As such, a proportion of renewals and other capital works will continue to be debt-funded in the short to medium term, enabling the WSCCO to address historical underinvestment while maintaining an affordable price path. Over time, the increasing operating cashflow ratio provides greater capacity to fund renewals directly from cashflows, reducing reliance on new debt.

Assessment of investment sufficiency

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

The below chart outlines the investment capital programme for the joint WSCCO overlaid with the depreciation charges per annum.

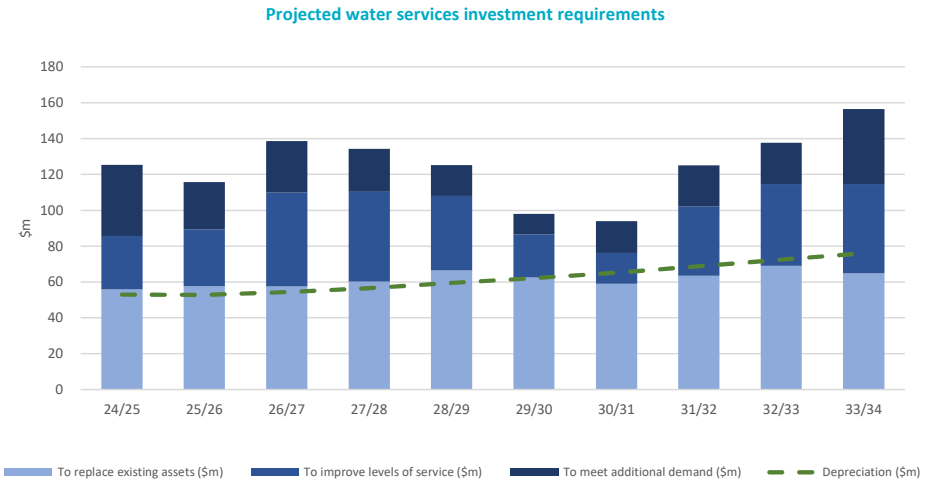


Figure 25 - Projected water services investment requirements

Basis of preparation

The proposed investment programme is designed to meet agreed levels of service, comply with current and anticipated regulatory requirements, and provide capacity for projected growth. The programme is based on the member councils' LTPs, with adjustments to reflect historic delivery performance and affordability considerations. While the LTPs provide the primary source of capital programme data, experience shows that council capital budgets tend to be optimistic, with annual delivery often falling short of forecast levels.

For the 2024 LTP cycle, Hawke's Bay councils were in a unique position due to Cyclone Gabrielle and were permitted to produce unaudited 3-year LTPs instead of the usual 10-year documents. This process of completing financial modelling for LWDW has resulted in significant adjustments to NCC's capital programme compared to its published LTP. In addition, for all member councils, the aggregated capital budgets have been reduced by 20% in the regional modelling to reflect the optimism bias typically observed in council capital delivery and to produce a more realistic price path for consumers.

As detailed down below, the joint WSCCO does meet the required investment sufficiency tests, delivering the required uplift in compliance, service performance, and asset condition, while maintaining a sustainable and affordable funding pathway.

Renewals requirements for water services

This ratio assesses whether projected renewals investment is more or less than projected depreciation and is an indicator as to whether the renewals programme is replacing network assets in line with the rate of asset deterioration.

Where the ratio is positive, this means that there is more projected renewals investment than projected depreciation. Where this ratio is negative, this means that projected renewals investment is less than projected depreciation.

Asset sustainability ratio ($000s)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Capital expenditure on renewals	55,944	57,760	57,627	60,218	66,527	62,484	58,937	63,428	69,019	64,826
Depreciation	53,002	52,787	54,395	56,598	59,511	62,110	65,160	68,735	72,462	76,045
Asset sustainability ratio	**5.6%**	**9.4%**	**5.9%**	**6.4%**	**11.8%**	**0.6%**	**(9.5%)**	**(7.7%)**	**(4.8%)**	**(14.8%)**

Table 37 - Asset sustainability ratio

The proposed renewals investment programme has been developed from the member councils' AMPs and LTPs, with adjustments in the regional modelling to address historic underinvestment, critical asset condition risks, and regulatory compliance priorities. The phasing of renewals reflects the strategic direction in each council's long-term infrastructure strategy to transition toward proactive and planned renewals, while also maintaining affordability for customers.

In the early years of the forecast period, renewals investment is higher than annual depreciation, reflecting the need to address renewals backlogs and replace ageing assets at higher-than-normal rates. In the later years, renewals investment falls below annual depreciation. This is a deliberate approach to smooth the price path, balance investment across compliance and growth projects, and avoid overburdening customers once the most urgent renewal needs have been met. It also reflects the fact that many assets, having recently received significant investment, will now be in the earlier stages of their life cycle and therefore do not require the same level of reinvestment. Depreciation provides an indication of future renewal needs, assuming assets are, on average, around the midpoint of their life cycle.

At an overall entity level, the asset sustainability ratio peaks at 11.8% in FY28/29 before becoming negative in the later years of the forecast. However, the asset consumption ratio improves steadily from 53.0% in FY24/25 to 76.3% in FY33/34, demonstrating that even with renewals investment below depreciation in the later years, the overall programme is sufficient to improve the condition and performance of the water services asset base.

Council-level commentary

Central Hawke's Bay District Council

CHBDC's asset sustainability ratio is consistently high in the early and mid-forecast years, peaking at 184.7% in FY24/25 and again at 114.7% in FY27/28. This reflects a front-loaded renewals programme aimed at addressing historical underinvestment and replacing assets nearing end-of-life. Renewals represent 69% of CHBDC's total capital programme — the highest proportion of any member council. Ratios remain well above 40% through most of the forecast, before dipping to (10.2%) in FY33/34 as the most urgent renewals are completed and investment rebalances across compliance and growth priorities.

Napier City Council

NCC's profile is more volatile and predominantly negative in the first half of the forecast, ranging from (57.1%) in FY25/26 to (1.0%) in FY30/31, with only two positive years — 20.5% in FY28/29 and 34.0% in FY29/30. This is due to a more balanced capital programme where renewals make up 36% of total capex, with significant investment also going into growth and levels of service projects. While ratios are negative in several years, these are interspersed with short periods of higher renewal investment in response to specific asset condition drivers.

Hastings District Council

HDC shows a different pattern, with positive ratios in the early years (12.3% in FY24/25, 29.9% in FY25/26, and 14.5% in FY26/27) before dropping sharply into sustained negative territory from FY27/28 to FY32/33, reaching a low of (32.4%) in FY30/31. The ratio returns to a modest positive of 2.9% by FY33/34. These results reflect the fact that HDC's water assets are generally newer due to significant investment over the last 6–8 years; lower renewals expenditure in the medium term aligns with asset lifecycle timing rather than underinvestment. Renewals comprise 56% of HDC's total capital programme.

The combined WSCCO asset sustainability ratio profile reflects the differing investment priorities, asset conditions, and lifecycle stages across the member councils. High early renewals investment by CHBDC lifts the aggregated ratio in the initial years, while lower ratios in some councils reflect either newer asset bases (as in HDC) or a broader balance of investment across renewals, growth, and compliance (as in NCC). These variations are well understood and are being actively managed. Through the joint planning process, the WSCCO will continue to optimise the phasing of renewals programmes, leverage economies of scale, and share best practice asset management to ensure that, over time, each council area maintains the right level of renewals investment to sustain asset condition and service levels.

Total water services investment required over 10 years

This ratio compares total investment to projected depreciation. Where the ratio is positive, this means that there is more projected investment than projected depreciation. Where this ratio is negative, this means that projected investment is less than projected depreciation.

Asset investment ratio ($000s)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Capital expenditure	125,369	115,708	138,629	134,295	125,273	98,098	93,948	125,190	137,673	156,468
Depreciation	53,002	52,787	54,395	56,598	59,511	62,110	65,160	68,735	72,462	76,045
Asset investment ratio	**136.5%**	**119.2%**	**154.9%**	**137.3%**	**110.5%**	**57.9%**	**44.2%**	**82.1%**	**90.0%**	**105.8%**

Table 38 - Asset investment ratio

As outlined in the asset sustainability ratio commentary above, the proposed capital investment levels are based on the member councils' AMPs and LTPs, consolidated and adjusted in the regional modelling to reflect historic delivery performance, affordability, and project phasing.

The asset investment ratio—comparing total capital investment to annual depreciation—remains well above 100% in the first five years, peaking at 154.9% in FY26/27 as the WSCCO addresses renewals backlogs and undertakes major compliance and growth projects. The ratio then tapers to 44.2% in FY30/31 before increasing again to 105.8% by FY33/34, reflecting the timing of large-scale capital works.

This profile is consistent with the strategic direction in each council's long-term infrastructure strategy, ensuring that early investment addresses the most pressing needs while maintaining alignment with longer-term asset management priorities.

Average remaining useful life of network assets

This ratio compares the book value of water infrastructure assets to total replacement value of water infrastructure assets. The ratio percentage represents the average remaining useful life of network assets. If this ratio materially reduces over time, then this means that the burden on future consumers to replace network assets is increasing.

Asset consumption ratio ($000s)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Book value of infrastructure assets	2,119,865	2,248,414	2,421,575	2,499,273	2,710,998	2,768,415	2,893,496	3,002,272	3,200,571	3,280,994
Total estimated replacement value of infrastructure assets	3,996,239	4,083,692	4,152,553	3,978,188	4,247,933	3,983,247	4,122,503	4,067,638	4,237,693	4,302,374
Asset consumption ratio	**53.0%**	**55.1%**	**58.3%**	**62.8%**	**63.8%**	**69.5%**	**70.2%**	**73.8%**	**75.5%**	**76.3%**

Table 39 - Asset consumption ratio

The asset consumption ratio measures the proportion of an asset's useful life that remains, providing an indication of overall asset condition. Under the proposed investment programme, the ratio improves steadily from 53.0% in FY24/25 to 76.3% in FY33/34. This reflects the targeted renewals in the early years to address backlogs, combined with ongoing investment in compliance and growth projects that also extend the life and performance of existing assets.

There is no material decrease in the asset consumption ratio over the 10-year forecast period. The gradual and sustained improvement indicates that the proposed investment levels are sufficient to increase the average remaining useful life of the network assets. Beyond FY33/34, investment will continue to be guided by updated AMPs and long-term infrastructure strategies to ensure timely asset replacement and to maintain service levels in line with regulatory and community expectations.

Assessment of financial sufficiency

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

The funding and financing arrangements for the joint WSCCO are sufficient to meet the planned investment requirements. Financial projections in the WSDP confirm that total council borrowings, inclusive of water services, are expected to remain within each council's borrowing limits.

For water services specifically, projected borrowings remain within the 500% net debt to operating revenue limit previously indicated by the LGFA for WSCCOs for most years in the modelling. Across the 10-year forecast, headroom is maintained in all years bar one, with the narrowest breach occurring in FY27/28 during the peak investment period.

The modelling confirms that the required levels of borrowing can be sourced within these limits. This assessment takes into account the LGFA's revised April 2025 guidance on the calculation of the FFO to debt ratio, which allows the inclusion of 75% of development contribution (DC) revenue for WSCCOs with more than 50,000 connections. Under both the pre-update (excluding DC revenue) and post-update (including 75% DC revenue) calculations, the WSCCO remains within the LGFA's covenant requirements.

Based on this analysis, the Plan meets the 'financing sufficiency' test. Borrowings required to deliver the planned renewals, growth, and compliance-driven investment can be prudently accommodated within the established limits, and the entity is projected to meet all relevant financial covenants. Even under a scenario where growth slows and DC revenue is reduced, the modelling without DC revenue shows that the joint WSCCO would continue to meet the LGFA's minimum 8% FFO to debt ratio from FY29/30 onward, providing additional assurance of financial sustainability.

Projected water services borrowings against borrowing limits

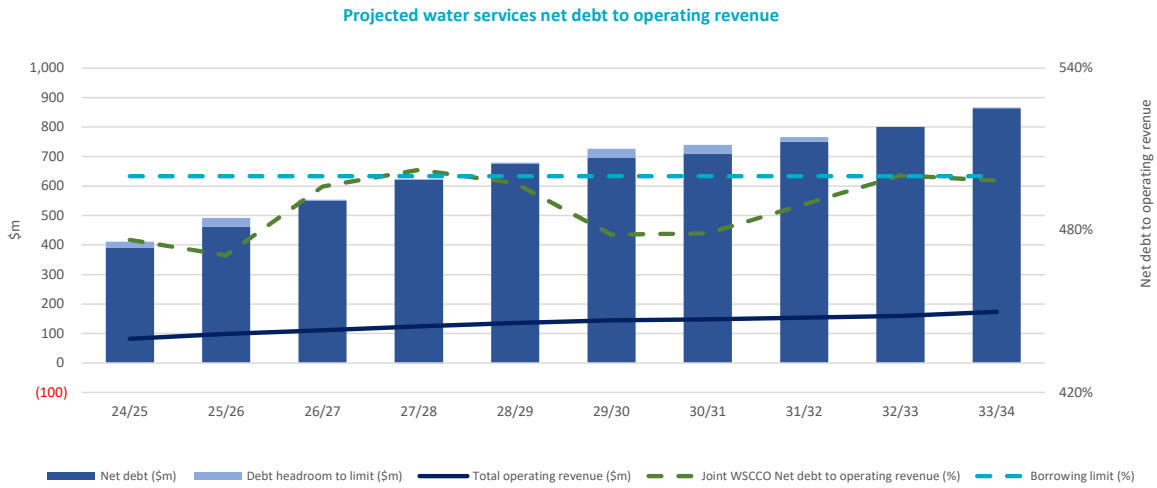


Figure 26 - Projected water services net debt to operating revenue

Projected council borrowings against borrowing limits

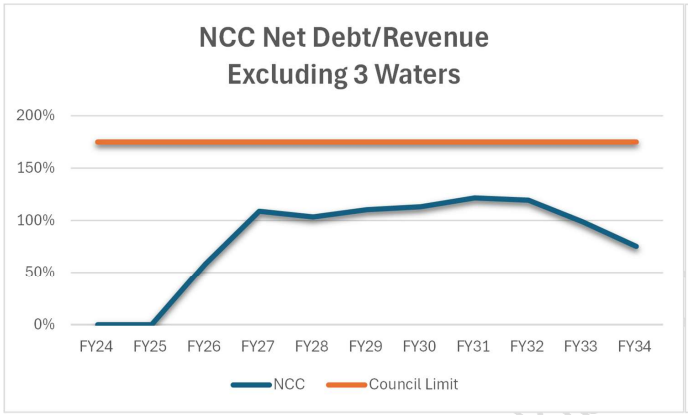


Figure 28 - NCC Debt to Revenue excl. 3 Waters

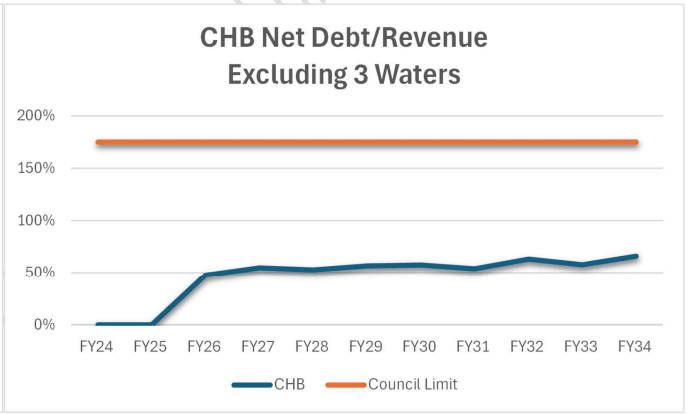


Figure 27 - CHB Debt to Revenue excl. 3 Waters

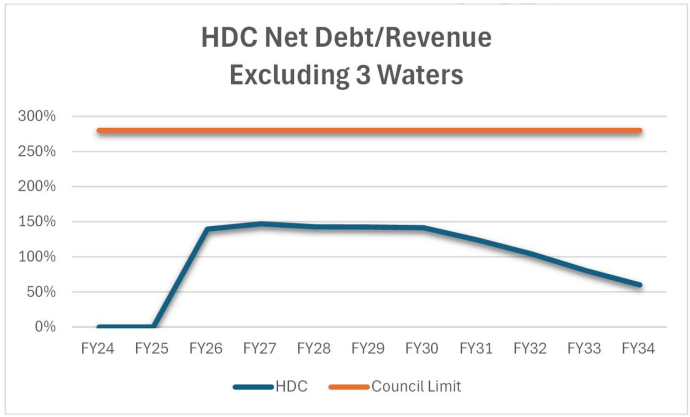


Figure 29 - HDC Debt to Revenue excl. 3 Waters

Projected borrowings for water services

The table below outlines the joint WSCCO's net debt to operating revenue percentage.

The profile of borrowings required closely follows the timing of planned water services investment with debt levels peaking (relative to operating incomes) in the initial years of operation as significant renewals are undertaken to historical underinvestment. Borrowings remain elevated across the 10-year period, reflecting the scale of renewals, growth-related works and increasing regulatory compliance requirements.

The projected net debt to total operating revenue ratio for water services remains with the 500% limit previously indicated by the LGFA for WSCCOs for most of the 10-year forecast. The gradual improvement in the ratio from its peak in FY27/28 is driven by forecast growth in operating revenue over time, rather than a material reduction in debt levels.

Net debt to operating revenue ($000s)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt (gross debt less cash)	391,450	462,468	549,215	621,931	676,124	695,138	708,906	750,162	800,031	863,302
Operating revenue	82,169	98,243	110,698	123,810	135,916	145,323	148,023	153,211	159,911	173,226
Net debt to operating revenue	**476%**	**471%**	**496%**	**502%**	**497%**	**478%**	**479%**	**490%**	**500%**	**498%**

Table 40 - Net debt to operating revenue ratio

Borrowing headroom/(shortfall) for water services

The table below indicates the joint WSCCO's borrowing headroom over the forecast period.

The debt limit specified for water services is 500% debt to operating revenue, consistent with the limit previously indicated by the LGFA for WSCCOs.

Based on the projected operating revenue and debt profiles, borrowing headroom is maintained in nearly all years of the forecast period. Headroom ranges from a high of $31.5 million to a low point in FY27/28 where borrowing is projected to exceed the nominal limit by $2.9 million. The tightest margins occur in FY27/28 and FY32/33, reflecting the peak in borrowing requirements as major renewals and compliance-driven investment are delivered.

Although the projections show temporary exceedances of the 500% debt to revenue ratio in two years of the forecast, the joint WSCCO continues to meet the minimum 8% FFO to gross debt requirement from FY29/30. This indicates that cashflow generation remains sufficient to service det within affordability thresholds and so there should be no need to back water services debt with other council revenues.

Free funds from operations

Prior to the April 2025 LGFA update, the free funds from operations (FFO) to debt ratio calculation excluded all capital revenues, including DCs. On this basis and focusing on the years from FY26/27 when the joint WSCCO is expected to commence operations, Table 41 below shows the FFO to debt ratio is projected to range from 5.3% in FY26/27 to 8.0% in FY33/34. Gradual improvement over this period reflects increasing operating revenues, with the LGFA's minimum 8% covenant level met from FY29/30 onward, even without the inclusion of DC revenue.

Free funds from operations (FFO) to debt ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt	391,450	462,468	549,215	621,931	676,124	695,138	708,906	750,162	800,031	863,302
Funds from operations	15,719	20,915	29,073	38,990	48,170	55,641	56,765	60,069	64,078	69,202
FFO to debt ratio	**4.0%**	**4.5%**	**5.3%**	**6.3%**	**7.1%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**

Table 41 - FFO to debt ratio

Following the LGFA's April 2025 update, WSCCOs with more than 50,000 connections are now able to include 75% of DC revenue in the FFO calculation. When this adjustment is applied, Table 42 shows the FFO to debt ratio strengthens from a range of 7.6% in FY26/27 to 10.1% in FY33/34. This represents a step-change in financial headroom, particularly in the early years of operation when investment and debt levels are at their highest.

Free funds from operations (FFO) to debt ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Gross debt	391,450	462,468	549,215	621,931	676,124	695,138	708,907	750,162	800,031	863,302
FFO	25,463	32,022	41,519	55,636	65,102	72,922	73,946	77,551	81,443	86,868
FFO to debt ratio	**6.5%**	**6.9%**	**7.6%**	**8.9%**	**9.6%**	**10.5%**	**10.4%**	**10.3%**	**10.2%**	**10.1%**

Table 42 - FFO to debt ratio (including DCs)

This improvement aligns closely with the WSCCO's financial strategy, which seeks to maintain prudent leverage while delivering the significant renewals, growth, and compliance-driven investment required. The inclusion of 75% of DC revenue provides a more accurate reflection of the organisation's recurring cash generation capability, enhances its ability to meet borrowing covenants, and supports both planned investment and responsiveness to unforeseen financial pressures. It also creates some flexibility in the revenue assumptions used in the price path calculations, providing some capacity to adjust charges within the water services strategy if required.

However, the change also introduces a degree of dependency on development activity levels. Should growth slow due to economic or demographic shifts, DC revenue may decline, reducing the benefit to the FFO calculation. The underlying position without DC revenue, as shown in Table 41 above, still indicates that the WSCCO is projected to meet the LGFA's 8% minimum covenant from FY29/30 onward. This provides confidence that even under a worst-case growth slowdown, the strategy would remain compliant and financially sustainable, provided ongoing monitoring and conservative revenue forecasting are maintained.

Part E:

Projected financial statements for water services

Projected funding impact statement

Combined water services

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	6,912	8,684	8,825	8,810	9,047	9,374	9,236	9,210	9,338	11,328
Targeted rates	68,167	82,803	94,416	107,052	118,466	127,102	129,959	135,157	141,580	152,589
Subsidies and grants for operating purposes	860	0	0	0	0	0	0	0	0	0
Internal charges, overheads recovered & other operating funding	314	110	114	116	115	113	109	107	106	103
Fees and charges	5,915	6,646	7,344	7,832	8,288	8,733	8,719	8,736	8,886	9,206
Total operating funding	82,169	98,243	110,698	123,810	135,916	145,323	148,023	153,211	159,911	173,226
Applications of operating funding										
Payments to staff and suppliers	37,368	50,238	50,941	51,145	51,663	52,117	52,538	52,958	53,336	54,276
Finance costs	12,554	17,663	20,830	23,863	26,158	27,597	28,743	30,158	32,422	39,677
Internal charges and overheads applied	16,307	9,201	9,620	9,575	9,687	9,727	9,736	9,783	9,831	9,827
Other operating funding applications	221	227	234	236	238	240	241	243	244	245
Total applications of operating funding	66,450	77,328	81,625	84,819	87,746	89,681	91,259	93,142	95,833	104,025
Surplus/(deficit) of operating funding	15,719	20,915	29,073	38,990	48,170	55,641	56,765	60,069	64,078	69,202
Sources of capital funding										
Subsidies and grants for capital expenditure	11,605	8,844	6,034	195	204	239	297	385	401	220
Development and financial contributions	12,992	14,810	16,594	22,195	22,577	23,041	22,909	23,309	23,153	23,555
Increase/(decrease) in debt	76,968	71,704	85,711	71,425	53,274	18,774	13,232	40,446	49,211	63,351
Gross proceeds from sales of assets	136	71	129	145	75	106	152	113	112	159

Lumpsum contributions & other dedicated capital funding	49	50	52	53	55	56	58	59	60	62
Total sources of capital funding	101,750	95,480	108,520	94,013	76,184	42,216	36,647	64,312	72,937	87,347
Applications of capital funding										
Capital expenditure - to meet additional demand	39,726	26,353	28,767	23,885	17,215	11,584	17,832	23,010	22,966	41,814
Capital expenditure - to improve levels of services	29,699	31,595	52,235	50,192	41,532	24,030	17,179	38,753	45,689	49,829
Capital expenditure - to replace existing assets	55,944	57,760	57,627	60,218	66,527	62,484	58,937	63,428	69,019	64,826
Increase/(decrease) in reserves	(7,900)	687	(1,036)	(1,292)	(919)	(240)	(536)	(810)	(658)	80
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	117,469	116,395	137,593	133,003	124,354	97,858	93,412	124,381	137,015	156,548
Surplus/(deficit) of capital funding	(15,719)	(20,915)	(29,073)	(38,990)	(48,170)	(55,641)	(56,765)	(60,069)	(64,078)	(69,202)
Funding balance	(0)	(0)	0	(0)	0	0	0	0	0	0

Drinking water

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	161	164	163	162	166	171	169	168	168	174
Targeted rates	33,529	40,379	44,656	50,770	55,304	58,050	57,539	58,588	59,928	63,798
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Internal charges, overheads recovered & other operating funding	83	14	15	15	15	15	14	14	14	13
Fees and charges	788	809	814	819	842	871	861	863	865	902
Total operating funding	34,560	41,365	45,648	51,766	56,326	59,107	58,583	59,633	60,974	64,887

Applications of operating funding										
Payments to staff and suppliers	19,529	23,977	24,410	24,513	24,725	24,906	25,071	25,234	25,377	25,516
Finance costs	6,821	9,688	10,925	12,083	13,098	13,144	12,785	12,764	12,891	15,049
Internal charges and overheads applied	3,099	769	878	855	891	906	901	916	936	933
Other operating funding applications	40	41	42	43	43	43	44	44	44	44
Total applications of operating funding	29,489	34,475	36,255	37,494	38,757	38,999	38,800	38,957	39,247	41,542
Surplus/(deficit) of operating funding	5,071	6,890	9,393	14,272	17,569	20,107	19,784	20,675	21,727	23,345
Sources of capital funding										
Subsidies and grants for capital expenditure	3,312	835	631	0	0	0	0	0	0	0
Development and financial contributions	3,943	4,409	4,878	6,137	6,255	6,390	6,380	6,502	6,349	6,469
Increase/(decrease) in debt	26,647	30,950	40,326	44,181	22,378	(8,469)	2,533	2,808	(4,856)	244
Gross proceeds from sales of assets	136	71	129	145	75	106	152	113	112	159
Lumpsum contributions & other dedicated capital funding	25	26	26	27	28	29	29	30	31	31
Total sources of capital funding	34,063	36,291	45,991	50,490	28,736	(1,945)	9,094	9,453	1,635	6,903
Applications of capital funding										
Capital expenditure - to meet additional demand	6,765	7,940	11,152	11,209	7,700	1,202	9,004	9,363	4,677	7,546
Capital expenditure - to improve levels of services	14,472	16,148	26,764	27,563	13,565	5,068	5,223	7,023	5,450	6,036
Capital expenditure - to replace existing assets	23,471	20,702	18,244	26,289	25,185	11,410	14,165	13,188	12,676	16,100
Increase/(decrease) in reserves	(5,573)	(1,609)	(776)	(299)	(145)	483	486	553	558	565
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	39,135	43,181	55,385	64,762	46,305	18,163	28,878	30,128	23,362	30,248
Surplus/(deficit) of capital funding	(5,071)	(6,890)	(9,393)	(14,272)	(17,569)	(20,107)	(19,784)	(20,675)	(21,727)	(23,345)
Funding balance	(0)	(0)	0	(0)	(0)	0	0	0	0	0

Wastewater

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	708	770	820	835	861	875	853	851	878	1,046
Targeted rates	27,168	33,593	39,230	43,165	47,998	51,551	54,242	58,049	61,368	66,853
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Internal charges, overheads recovered & other operating funding	78	37	39	39	39	38	37	36	36	35
Fees and charges	5,003	5,709	6,402	6,885	7,314	7,725	7,722	7,737	7,885	8,161
Total operating funding	32,957	40,109	46,490	50,924	56,211	60,189	62,855	66,673	70,167	76,095
Applications of operating funding										
Payments to staff and suppliers	12,833	17,472	17,699	17,803	17,998	18,172	18,333	18,495	18,641	18,792
Finance costs	4,351	5,921	7,304	7,831	8,452	8,978	10,033	11,320	12,575	15,859
Internal charges and overheads applied	7,934	5,551	5,761	5,743	5,798	5,815	5,821	5,841	5,862	5,858
Other operating funding applications	107	109	113	114	115	116	116	117	117	118
Total applications of operating funding	25,224	29,053	30,876	31,491	32,362	33,082	34,304	35,774	37,196	40,627
Surplus/(deficit) of operating funding	7,733	11,057	15,614	19,432	23,849	27,107	28,551	30,899	32,972	35,468
Sources of capital funding										
Subsidies and grants for capital expenditure	7,293	3,897	108	195	204	239	297	385	401	220
Development and financial contributions	5,847	6,873	7,866	11,220	11,384	11,595	11,587	11,758	11,710	11,881
Increase/(decrease) in debt	36,979	29,069	19,194	16,410	10,668	14,144	11,254	14,817	20,763	42,059
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Lumpsum contributions & other dedicated capital funding	24	25	25	26	27	28	28	29	30	30
Total sources of capital funding	50,143	39,863	27,193	27,851	22,283	26,005	23,166	26,989	32,904	54,191

Applications of capital funding										
Capital expenditure - to meet additional demand	26,387	12,967	11,585	10,335	5,950	6,480	5,785	8,248	10,919	31,319
Capital expenditure - to improve levels of services	6,000	3,146	3,394	8,100	9,077	7,492	7,432	14,200	15,693	23,741
Capital expenditure - to replace existing assets	28,059	32,663	27,644	29,382	31,404	39,374	39,019	36,441	40,104	34,696
Increase/(decrease) in reserves	(2,571)	2,143	185	(533)	(299)	(233)	(518)	(1,002)	(841)	(97)
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	57,875	50,920	42,807	47,284	46,132	53,112	51,717	57,887	65,876	89,659
Surplus/(deficit) of capital funding	(7,732)	(11,057)	(15,614)	(19,432)	(23,849)	(27,107)	(28,551)	(30,899)	(32,972)	(35,468)
Funding balance	0	(0)	(0)	0	0	0	0	0	0	0

Stormwater

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	6,044	7,750	7,842	7,813	8,020	8,328	8,214	8,191	8,292	10,108
Targeted rates	7,470	8,832	10,529	13,118	15,165	17,502	18,177	18,521	20,284	21,939
Subsidies and grants for operating purposes	860	0	0	0	0	0	0	0	0	0
Internal charges, overheads recovered & other operating funding	153	59	61	62	62	61	58	57	57	55
Fees and charges	124	127	128	128	132	137	136	136	137	143
Total operating funding	14,651	16,768	18,560	21,120	23,379	26,027	26,586	26,905	28,769	32,244
Applications of operating funding										
Payments to staff and suppliers	5,006	8,789	8,832	8,829	8,940	9,039	9,134	9,229	9,318	9,968
Finance costs	1,382	2,053	2,601	3,949	4,608	5,475	5,925	6,074	6,955	8,768
Internal charges and overheads applied	5,274	2,881	2,982	2,976	2,999	3,005	3,015	3,026	3,034	3,037
Other operating funding applications	75	77	79	80	80	81	81	82	82	83
Total applications of operating funding	11,736	13,800	14,494	15,835	16,627	17,600	18,155	18,411	19,390	21,856

Surplus/(deficit) of operating funding	2,915	2,968	4,066	5,286	6,751	8,427	8,430	8,495	9,379	10,389
Sources of capital funding										
Subsidies and grants for capital expenditure	1,000	4,112	5,295	0	0	0	0	0	0	0
Development and financial contributions	3,202	3,528	3,850	4,839	4,938	5,056	4,943	5,049	5,095	5,205
Increase/(decrease) in debt	13,342	11,685	26,191	10,833	20,227	13,100	(556)	22,821	33,304	21,049
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Lumpsum contributions & other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	17,544	19,326	35,336	15,671	25,166	18,156	4,387	27,870	38,399	26,253
Applications of capital funding										
Capital expenditure - to meet additional demand	6,574	5,445	6,030	2,341	3,566	3,902	3,043	5,398	7,370	2,949
Capital expenditure - to improve levels of services	9,227	12,301	22,077	14,528	18,890	11,470	4,524	17,529	24,545	20,051
Capital expenditure - to replace existing assets	4,414	4,395	11,739	4,547	9,937	11,701	5,754	13,799	16,239	14,030
Increase/(decrease) in reserves	244	153	(444)	(459)	(476)	(489)	(505)	(361)	(375)	(388)
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	20,458	22,294	39,402	20,957	31,917	26,583	12,817	36,365	47,778	36,642
Surplus/(deficit) of capital funding	(2,914)	(2,968)	(4,066)	(5,286)	(6,751)	(8,427)	(8,430)	(8,495)	(9,379)	(10,389)
Funding balance	0	(0)	0	0	0	0	0	0	0	0

Projected statement of comprehensive revenue and expense

Combined water services

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	82,169	98,243	110,698	123,810	135,916	145,323	148,023	153,211	159,911	173,226
Other revenue	24,782	23,776	22,809	22,588	22,910	23,442	23,415	23,866	23,727	23,996
Total revenue	106,951	122,019	133,508	146,398	158,826	168,765	171,439	177,077	183,637	197,222
Operating expenses	37,589	50,465	51,175	51,382	51,901	52,357	52,779	53,201	53,580	54,521
Finance costs	12,554	17,663	20,830	23,863	26,158	27,597	28,743	30,158	32,422	39,677
Overheads and support costs	16,307	9,201	9,620	9,575	9,687	9,727	9,736	9,783	9,831	9,827
Depreciation & amortisation	53,002	52,787	54,395	56,598	59,511	62,110	65,160	68,735	72,462	76,045
Total expenses	119,452	130,115	136,020	141,417	147,257	151,792	156,418	161,877	168,295	180,070
Net surplus / (deficit)	(12,501)	(8,096)	(2,512)	4,981	11,569	16,973	15,020	15,200	15,342	17,152
Revaluation of infrastructure assets	24,548	65,627	88,927	0	145,963	21,430	96,293	52,320	133,088	0
Total comprehensive income	12,047	57,531	86,415	4,981	157,532	38,403	111,313	67,520	148,430	17,152
Cash surplus / (deficit) from operations (excl depreciation)	40,501	44,691	51,882	61,578	71,080	79,084	80,180	83,935	87,805	93,197

Drinking water

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	34,560	41,365	45,648	51,766	56,326	59,107	58,583	59,633	60,974	64,887
Other revenue	7,416	5,341	5,665	6,309	6,357	6,525	6,561	6,645	6,491	6,659

Total revenue	41,977	46,706	51,313	58,074	62,683	65,631	65,144	66,278	67,466	71,546
Operating expenses	19,569	24,018	24,452	24,556	24,768	24,949	25,114	25,278	25,421	25,560
Finance costs	6,821	9,688	10,925	12,083	13,098	13,144	12,785	12,764	12,891	15,049
Overheads and support costs	3,099	769	878	855	891	906	901	916	936	933
Depreciation & amortisation	14,699	15,471	15,991	16,569	17,489	18,263	18,873	19,554	20,344	21,087
Total expenses	44,188	49,946	52,246	54,063	56,246	57,263	57,672	58,511	59,592	62,630
Net surplus / (deficit)	(2,211)	(3,240)	(933)	4,011	6,437	8,369	7,472	7,767	7,874	8,916
Revaluation of infrastructure assets	(7,563)	17,224	27,101	0	40,053	9,283	27,331	13,587	40,788	0
Total comprehensive income	(9,774)	13,984	26,169	4,011	46,490	17,652	34,803	21,354	48,662	8,916
Cash surplus / (deficit) from operations (excl depreciation)	12,488	12,231	15,058	20,581	23,927	26,632	26,345	27,321	28,218	30,004

Wastewater

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	32,957	40,109	46,490	50,924	56,211	60,189	62,855	66,673	70,167	76,095
Other revenue	13,164	10,795	7,999	11,441	11,615	11,861	11,912	12,172	12,141	12,132
Total revenue	46,121	50,904	54,490	62,364	67,826	72,050	74,766	78,844	82,308	88,226
Operating expenses	12,939	17,581	17,812	17,917	18,112	18,288	18,449	18,612	18,759	18,910
Finance costs	4,351	5,921	7,304	7,831	8,452	8,978	10,033	11,320	12,575	15,859
Overheads and support costs	7,934	5,551	5,761	5,743	5,798	5,815	5,821	5,841	5,862	5,858
Depreciation & amortisation	25,159	24,853	25,625	26,629	27,817	28,951	30,681	32,842	34,907	36,818
Total expenses	50,383	53,906	56,501	58,120	60,179	62,033	64,984	68,616	72,102	77,445
Net surplus / (deficit)	(4,263)	(3,002)	(2,011)	4,244	7,647	10,017	9,782	10,229	10,206	10,781
Revaluation of infrastructure assets	(32,707)	25,437	37,962	0	62,659	9,130	42,893	19,434	60,659	0
Total comprehensive income	(36,970)	22,435	35,951	4,244	70,306	19,147	52,675	29,663	70,864	10,781

Cash surplus / (deficit) from operations (excl depreciation)	20,896	21,851	23,613	30,873	35,464	38,968	40,463	43,070	45,112	47,600

Stormwater

Statement of comprehensive revenue and expense ($000)	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Operating revenue	14,651	16,768	18,560	21,120	23,379	26,027	26,586	26,905	28,769	32,244
Other revenue	4,202	7,640	9,145	4,839	4,938	5,056	4,943	5,049	5,095	5,205
Total revenue	18,853	24,409	27,705	25,959	28,317	31,084	31,528	31,954	33,864	37,449
Operating expenses	5,081	8,866	8,911	8,909	9,020	9,120	9,215	9,311	9,400	10,051
Finance costs	1,382	2,053	2,601	3,949	4,608	5,475	5,925	6,074	6,955	8,768
Overheads and support costs	5,274	2,881	2,982	2,976	2,999	3,005	3,015	3,026	3,034	3,037
Depreciation & amortisation	13,144	12,463	12,779	13,399	14,205	14,896	15,606	16,339	17,211	18,140
Total expenses	24,880	26,263	27,273	29,234	30,832	32,496	33,762	34,750	36,601	39,995
Net surplus / (deficit)	(6,027)	(1,855)	432	(3,275)	(2,515)	(1,412)	(2,234)	(2,795)	(2,737)	(2,546)
Revaluation of infrastructure assets	64,818	22,966	23,864	0	43,251	3,016	26,069	19,299	31,641	0
Total comprehensive income	58,791	21,111	24,295	(3,275)	40,736	1,604	23,835	16,504	28,903	(2,546)
Cash surplus / (deficit) from operations (excl depreciation)	7,117	10,608	13,211	10,124	11,690	13,483	13,373	13,544	14,474	15,594

Project statement of cashflows

Combined water services

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	40,501	44,691	51,882	61,578	71,080	79,084	80,180	83,935	87,805	93,197
Net cashflows from operating activities	40,501	44,691	51,882	61,578	71,080	79,084	80,180	83,935	87,805	93,197
Cashflows from investment activities										
Capital expenditure	(125,369)	(115,708)	(138,629)	(134,295)	(125,273)	(98,098)	(93,948)	(125,190)	(137,673)	(156,468)
Net cashflows from investment activities	(125,369)	(115,708)	(138,629)	(134,295)	(125,273)	(98,098)	(93,948)	(125,190)	(137,673)	(156,468)
Cashflows from financing activities										
New borrowings	84,868	71,017	86,747	72,717	54,193	19,014	13,768	41,255	49,869	63,271
Net cashflows from financing activities	84,868	71,017	86,747	72,717	54,193	19,014	13,768	41,255	49,869	63,271
Net increase/(decrease) in cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at end of year	0	0	0	0	0	0	0	0	0	0

Drinking water

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	12,488	12,231	15,058	20,581	23,927	26,632	26,345	27,321	28,218	30,004
Net cashflows from operating activities	12,488	12,231	15,058	20,581	23,927	26,632	26,345	27,321	28,218	30,004
Cashflows from investment activities										

Capital expenditure	(44,708)	(44,790)	(56,161)	(65,062)	(46,450)	(17,680)	(28,392)	(29,575)	(22,803)	(29,682)
Net cashflows from investment activities	(44,708)	(44,790)	(56,161)	(65,062)	(46,450)	(17,680)	(28,392)	(29,575)	(22,803)	(29,682)
Cashflows from financing activities										
New borrowings	32,220	32,559	41,103	44,481	22,523	(8,952)	2,047	2,254	(5,415)	(322)
Net cashflows from financing activities	32,220	32,559	41,103	44,481	22,523	(8,952)	2,047	2,254	(5,415)	(322)
Net increase/(decrease) in cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at end of year	0	0	0	0	0	0	0	0	0	0

Wastewater

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	20,896	21,851	23,613	30,873	35,464	38,968	40,463	43,070	45,112	47,600
Net cashflows from operating activities	20,896	21,851	23,613	30,873	35,464	38,968	40,463	43,070	45,112	47,600
Cashflows from investment activities										
Capital expenditure	(60,446)	(48,777)	(42,623)	(47,817)	(46,431)	(53,345)	(52,235)	(58,889)	(66,716)	(89,756)
Net cashflows from investment activities	(60,446)	(48,777)	(42,623)	(47,817)	(46,431)	(53,345)	(52,235)	(58,889)	(66,716)	(89,756)
Cashflows from financing activities										
New borrowings	39,550	26,926	19,009	16,944	10,967	14,377	11,772	15,819	21,604	42,156
Net cashflows from financing activities	39,550	26,926	19,009	16,944	10,967	14,377	11,772	15,819	21,604	42,156
Net increase/(decrease) in cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at end of year	0	0	0	0	0	0	0	0	0	0

Stormwater

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	7,117	10,608	13,211	10,124	11,690	13,483	13,373	13,544	14,474	15,594
Net cashflows from operating activities	7,117	10,608	13,211	10,124	11,690	13,483	13,373	13,544	14,474	15,594
Cashflows from investment activities										
Capital expenditure	(20,215)	(22,141)	(39,846)	(21,416)	(32,393)	(27,073)	(13,322)	(36,726)	(48,154)	(37,030)
Net cashflows from investment activities	(20,215)	(22,141)	(39,846)	(21,416)	(32,393)	(27,073)	(13,322)	(36,726)	(48,154)	(37,030)
Cashflows from financing activities										
New borrowings	13,098	11,533	26,635	11,292	20,703	13,589	(51)	23,182	33,679	21,437
Net cashflows from financing activities	13,098	11,533	26,635	11,292	20,703	13,589	(51)	23,182	33,679	21,437
Net increase/(decrease) in cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at end of year	0	0	0	0	0	0	0	0	0	0

Projected statement of financial position

Combined water services

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	2,119,865	2,248,414	2,421,575	2,499,273	2,710,998	2,768,415	2,893,496	3,002,272	3,200,571	3,280,994
Total assets	2,119,866	2,248,414	2,421,575	2,499,273	2,710,998	2,768,415	2,893,496	3,002,272	3,200,571	3,280,993
Liabilities										

Borrowings - non-current portion	391,450	462,468	549,215	621,931	676,124	695,138	708,907	750,162	800,031	863,302
Total liabilities	391,450	462,468	549,215	621,931	676,124	695,138	708,907	750,162	800,031	863,302
Net assets	1,728,415	1,785,946	1,872,361	1,877,342	2,034,873	2,073,277	2,184,590	2,252,110	2,400,540	2,417,691
Equity										
Revaluation reserve	1,531,709	1,597,336	1,686,263	1,686,263	1,832,226	1,853,656	1,949,949	2,002,269	2,135,356	2,135,356
Other reserves	196,707	188,610	186,098	191,079	202,648	219,621	234,642	249,842	265,184	282,336
Total equity	1,728,416	1,785,946	1,872,361	1,877,342	2,034,874	2,073,277	2,184,590	2,252,111	2,400,541	2,417,692

Drinking water

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	560,293	606,836	674,108	722,600	791,613	800,313	837,163	860,772	904,019	912,614
Total assets	560,293	606,836	674,107	722,600	791,613	800,313	837,163	860,771	904,019	912,613
Liabilities										
Borrowings - non-current portion	194,445	227,004	268,107	312,588	335,111	326,158	328,206	330,460	325,045	324,723
Total liabilities	194,445	227,004	268,107	312,588	335,111	326,158	328,206	330,460	325,045	324,723
Net assets	365,848	379,832	406,001	410,012	456,502	474,155	508,957	530,311	578,974	587,890
Equity										
Revaluation reserve	306,308	323,532	350,633	350,633	390,686	399,970	427,301	440,888	481,676	481,676
Other reserves	59,540	56,300	55,367	59,379	65,816	74,185	81,657	89,424	97,297	106,214
Total equity	365,848	379,832	406,001	410,012	456,502	474,155	508,957	530,311	578,974	587,890

Wastewater

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

Assets										
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	829,137	878,498	933,458	954,647	1,035,919	1,069,443	1,133,891	1,179,372	1,271,841	1,324,778
Total assets	829,138	878,499	933,459	954,647	1,035,920	1,069,444	1,133,891	1,179,373	1,271,841	1,324,779
Liabilities										
Borrowings - current portion										
Other current liabilities										
Borrowings - non-current portion	144,606	171,532	190,541	207,485	218,452	232,829	244,601	260,420	282,024	324,180
Other non-current liabilities										
Total liabilities	144,606	171,532	190,541	207,485	218,452	232,829	244,601	260,420	282,024	324,180
Net assets	684,531	706,967	742,918	747,162	817,468	836,615	889,290	918,953	989,817	1,000,598
Equity										
Revaluation reserve	619,800	645,237	683,199	683,199	745,858	754,988	797,881	817,315	877,974	877,974
Other reserves	64,731	61,730	59,719	63,963	71,610	81,627	91,409	101,637	111,843	122,624
Total equity	684,531	706,967	742,918	747,162	817,468	836,615	889,290	918,953	989,817	1,000,598

Stormwater

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	730,435	763,079	814,009	822,026	883,465	898,658	922,442	962,128	1,024,711	1,043,601
Total assets	730,435	763,079	814,010	822,027	883,466	898,659	922,443	962,129	1,024,711	1,043,602
Liabilities										
Borrowings - non-current portion	52,399	63,932	90,567	101,859	122,562	136,151	136,100	159,282	192,962	214,398
Total liabilities	52,399	63,932	90,567	101,859	122,562	136,151	136,100	159,282	192,962	214,398
Net assets	678,036	699,148	723,443	720,168	760,904	762,508	786,343	802,846	831,750	829,204

Equity										
Revaluation reserve	605,601	628,567	652,431	652,431	695,682	698,698	724,767	744,066	775,706	775,706
Other reserves	72,435	70,581	71,012	67,737	65,222	63,810	61,576	58,781	56,044	53,498
Total equity	678,036	699,148	723,443	720,168	760,904	762,508	786,343	802,846	831,750	829,204

Additional Information

Significant Capital Projects

Significant capital projects – water supply

Central Hawke's Bay

Significant capital projects – drinking water	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Miscellaneous Growth Related	200,000	128,750	53,045	54,636	56,276	57,851	59,587	-	-	-
Total investment to meet additional demand	**200,000**	**128,750**	**53,045**	**54,636**	**56,276**	**57,851**	**59,587**	**-**	**-**	**-**
Projects to improve levels of services										
Second Supply	5,064,576	7,297,250	6,310,116	0	-	-	-	-	-	-
Miscellaneous	1,470,500	1,287,500	265,225	562,755	579,639	595,866	613,743	632,155	82,181	84,482
Total investment to meet improve levels of services	**6,535,076**	**8,584,750**	**6,575,341**	**562,755**	**579,639**	**595,866**	**613,743**	**632,155**	**82,181**	**84,482**
Projects to replace existing assets										
Reservoir Replacement	2,190,000	1,503,800	1,506,478	4,655,030	3,196,448	0	-	-	-	-
Miscellaneous	4,251,592	5,980,719	3,338,146	3,438,300	3,997,275	3,133,823	3,227,839	3,314,212	3,413,637	3,509,220
Total investment to replace existing assets	**6,441,592**	**7,484,519**	**4,844,624**	**8,093,330**	**7,193,723**	**3,133,823**	**3,227,839**	**3,314,212**	**3,413,637**	**3,509,220**
Total investment in drinking water assets	**13,176,668**	**16,198,019**	**11,473,010**	**8,710,721**	**7,829,638**	**3,787,540**	**3,901,169**	**3,946,367**	**3,495,818**	**3,593,702**

Napier City Council

Significant capital projects – drinking water	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Mission Hills Reservoir	1,000,000	2,129,244	4,993,537	-	-	-	-	-	-	-
Various Growth	-	73,000	103,200	106,400	109,700	1,163,793	835,801	1,223,900	3,273,611	1,282,049
Taradale Rising and Falling Trunk Mains	200,000	635,120	11,352,000	6,212,017	-	-	-	-	-	-
Taradale Borefield	64,200	150,526	2,734,800	2,660,000	-	-	-	-	-	-
Total investment to meet additional demand	**1,264,200**	**2,987,890**	**19,183,537**	**8,978,417**	**109,700**	**1,163,793**	**835,801**	**1,223,900**	**3,273,611**	**1,282,049**
Projects to improve levels of services										
Awatoto Treatment Plant	200,000	150,526	3,199,200	3,192,000	-	-	-	-	-	-
Taradale Treatment Plant	-	198,845	3,562,245	3,192,000	-	-	-	-	-	-
Awatoto Rising and Falling Trunk Mains	200,000	851,578	638,395	7,448,000	8,348,563	-	-	-	-	-
Awatoto Borefield	250,000	188,158	717,131	4,676,684	-	-	-	-	-	-
Total investment to meet improve levels of services	**650,000**	**1,389,107**	**8,116,971**	**18,508,684**	**8,348,563**	**-**	**-**	**-**	**-**	**-**
Projects to replace existing assets										
Various Renewals	889,000	669,088	945,889	1,299,926	1,340,243	690,129	1,414,891	2,218,931	2,272,203	2,324,354
Mataruahou Reservoir (Enfield Replacement)	350,000	939,749	1,063,992	21,280,000	26,328,000	-	-	-	-	-
Development of DMAS	-	-	-	-	964,749	992,715	1,018,483	1,043,987	1,069,051	-
Total investment to replace existing assets	**1,239,000**	**1,608,837**	**2,009,881**	**22,579,926**	**28,632,992**	**1,682,844**	**2,433,374**	**3,262,918**	**3,341,254**	**2,324,354**
Total investment in drinking water assets	**3,153,200**	**5,985,834**	**29,310,389**	**50,067,027**	**37,091,255**	**2,846,637**	**3,269,175**	**4,486,818**	**6,614,865**	**3,606,403**

Figure 30 - Significant Water Supply Projects CHB/NCC

Significant capital projects – water supply continued

Hastings District Council

Significant capital projects – drinking water	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Havelock Hills: New Reservoir and Pumpstation	-	-	-	-	-	-	1,485,110	1,984,950	1,353,000	-
Havelock Hills - Tauroa link to Burbury	-	-	-	-	-	-	3,199,150	5,052,600	1,230,000	-
Crombie Drain - Link Rd	-	-	-	-	-	-	1,174,000	-	-	-
Romanes Drive Improvements	47,566	2,225,000	-	-	-	-	-	-	-	-
Total investment to meet additional demand	**47,566**	**2,225,000**	**-**	**-**	**-**	**-**	**5,858,260**	**7,037,550**	**2,583,000**	**-**
Projects to improve levels of services										
Treatment Plant Upgrades	490,000	-	-	500,000	500,000	-	-	-	-	-
New Bore and Pump/ Frimley	15,000	175,000	800,000	-	-	-	-	-	-	-
Backflow Preventers & New Water Meter	980,098	1,000,000	400,000	200,000	-	-	-	-	-	-
Online Monitoring	45,630	250,000	250,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Parkhill reservoir and Te Awanga link	- 95	-	-	-	-	-	-	-	100,000	3,000,000
Firefighting capacity upgrades	73,842	-	-	500,000	500,000	500,000	-	-	-	-
Wilson Road WTP Fluoridation	299,995	-	-	-	-	-	-	-	-	-
Eastbourne to Sylvan Road	255,495	50,000	6,165,200	-	-	-	-	-	-	-
Treatment Upgrades – Portsmouth	129,912	1,380,000	-	-	-	-	-	-	-	-
Demand Management and zoning programme	46,015	250,000	430,000	-	-	-	-	-	-	-
Smart Leak Detection	71,080	50,000	500,000	400,000	-	-	-	-	-	-
Haumoana Supply Resillience	83,500	55,000	-	-	-	-	-	-	-	-
Whirinaki/Esk - Supply Resilience	79,092	550,000	550,000	1,000,000	1,000,000	-	-	-	-	-
Omahu Road Drinking Water Main Renewal - Wairatahi Portion	220,260	-	-	-	-	-	-	-	-	-
Total investment to meet improve levels of services	**2,789,824**	**3,760,000**	**9,095,200**	**2,625,000**	**2,025,000**	**525,000**	**25,000**	**25,000**	**125,000**	**3,025,000**
Projects to replace existing assets										
Consent Renewals	67,531	100,000	-	100,000	-	-	-	-	100,000	-
Collection Network Planned Renewals	9,005	2,500,000	2,500,000	2,500,000	2,000,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Collection Network Reactive Renewals	79,347	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Ridermain & Connection Renewals	281,181	1,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Reservoir Upgrades	290,604	2,000,000	1,250,000	-	-	100,000	200,000	-	-	-
Te Pohue Drinking water upgrade	43,823	410,000	-	-	-	-	-	-	-	-
Backflow preventer replacements	74,767	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Telemetry Renewals	189,595	1,365,000	1,365,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Omahu Drinking Water Main renewal	1,392,521	5,200,000	3,700,000	-	-	-	-	-	-	-
Trunkmain Renewals	-	50,000	50,000	2,500,000	-	-	2,500,000	-	-	2,500,000
Asset Decomissioning	30,207	450,000	-	-	-	-	-	-	-	-
Omahu Source renewal	43,500	325,000	-	-	-	-	-	-	-	-
Omahu Road Drinking Water Main Renewal - Wairatahi	572,108	-	-	-	-	-	-	-	-	-
Total investment to replace existing assets	**3,074,189**	**14,000,000**	**10,965,000**	**7,300,000**	**4,200,000**	**4,800,000**	**7,400,000**	**4,700,000**	**4,800,000**	**7,200,000**
Total investment in drinking water assets	**5,911,579**	**19,985,000**	**20,060,200**	**9,925,000**	**6,225,000**	**5,325,000**	**13,283,260**	**11,762,550**	**7,508,000**	**10,225,000**

Figure 31 - Significant Water Supply Projects HDC

Significant capital projects – wastewater

Central Hawke's Bay

Significant capital projects – wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Miscellaneous	300,000	51,500	53,045	54,636	56,276	57,851	59,587			
Total investment to meet additional demand	**300,000**	**51,500**	**53,045**	**54,636**	**56,276**	**57,851**	**59,587**	**-**	**-**	**-**
Projects to improve levels of services										
Takapau Treatment & Discharge Upgrade	300,000			3,060,885	1,077,567		310,329	1,464,024		
Porangahau Treatment & Discharge Upgrade	150,000	150,000		3,189,681	5,922,460	2,148,470	2,532,915	4,663,797	4,637,987	2,738,938
Total investment to meet improve levels of services	**450,000**	**150,000**	**-**	**6,250,566**	**7,000,027**	**2,148,470**	**2,843,244**	**6,127,821**	**4,637,987**	**2,738,938**
Projects to replace existing assets										
Waipawa/Waipukurau/Otane Treatment & Discharge Upgrade	2,900,000	3,119,812	900,000	5,081,354	5,417,755	7,010,357	9,793,212	14,056,617	14,670,494	5,492,264
District I&I Project	300,000	309,000	318,270	327,819	337,653	347,107	357,520			
Miscellaneous Renewals	1,700,000	1,751,000	1,803,530	1,857,641	1,913,367	1,966,939	2,025,948	2,086,726	2,149,327	2,209,509
Total investment to replace existing assets	**4,900,000**	**5,179,812**	**3,021,800**	**7,266,814**	**7,668,775**	**9,324,403**	**12,176,680**	**16,143,343**	**16,819,821**	**7,701,773**
Total investment in wastewater assets	**5,650,000**	**5,381,312**	**3,074,845**	**13,572,016**	**14,725,078**	**11,530,724**	**15,079,511**	**22,271,164**	**21,457,808**	**10,440,711**

Napier City Council

Significant capital projects – wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Greenmeadows Pump Station	-	-	-	526,914	1,131,007	1,163,793	1,194,001	-	-	-
Western Hills	-	-	-	-	-	-	-	1,450,322	1,485,141	1,519,227
Guppy Road	-	395,000	2,089,800	1,892,807	-	-	-	-	-	-
Harold Holt	-	395,000	2,089,800	2,079,405	-	-	-	-	-	-
Total investment to meet additional demand	**-**	**790,000**	**4,179,600**	**4,499,126**	**1,131,007**	**1,163,793**	**1,194,001**	**1,450,322**	**1,485,141**	**1,519,227**
Projects to improve levels of services										
New WWTP Inlet Works	-	-	-	-	-	-	579,050	593,550	8,509,200	11,748,107
WWTP Upgrades	2,000,000	1,628,980	1,723,667	-	-	-	-	-	-	-
Tradewaste Treatment	-	-	-	234,757	822,750	2,909,482	2,797,008	-	-	-
New Outfall Pumpstation	-	-	421,264	888,557	1,131,007	564,400	579,050	2,374,200	2,561,967	-
WWTP Resilience Work	3,994,057	175,000	158,000	1,512,292	599,776	763,430	785,560	3,994,057	175,000	158,000
Total investment to meet improve levels of services	**5,994,057**	**1,803,980**	**2,302,931**	**2,635,606**	**2,553,533**	**4,237,312**	**4,740,668**	**6,961,807**	**11,246,167**	**11,906,107**
Projects to replace existing assets										
WWTP Outfall Replacement	-	-	361,200	710,846	1,097,000	23,976,107	24,809,397	-	-	-
Various Renewals	2,000,000	1,221,735	867,867	1,052,940	1,340,243	1,379,094	1,414,891	2,176,094	2,228,338	2,279,482
Total investment to replace existing assets	**2,000,000**	**1,221,735**	**1,229,067**	**1,763,786**	**2,437,243**	**25,355,201**	**26,224,288**	**2,176,094**	**2,228,338**	**2,279,482**
Total investment in wastewater assets	**7,994,057**	**3,815,715**	**7,711,598**	**8,898,518**	**6,121,783**	**30,756,306**	**32,158,957**	**10,588,223**	**14,959,646**	**15,704,816**

Figure 32 - Significant Wastewater Projects CHB/NCC

Significant capital projects – wastewater continued

Hastings District Council

Significant capital projects – wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Iona-Middle Road	627,308	-	-	-	-	-	-	3,244,000	3,244,000	-
Brookvale Road Development	36,303	680,000	200,000	-	-	-	-	-	-	-
Flaxmere Urban Development	14,000	200,000	200,000	1,000,000	3,050,000	900,000	-	-	-	-
Paharakeke Wastewater Main (Omahu Rd to Coventry Rd) -	5,159,129	12,593,000	-	-	-	-	-	-	-	-
Karamu/Waipatu/Otene Pump Station and WW Trunk - Growth	258,139	2,000,000	-	-	-	-	-	-	-	-
HTST Irongate/York Pump Station & Rising Main - Growth	1,723,473	2,900,000	-	-	-	-	-	-	-	-
Kaiapo Development Wastewater - Growth Portion	-	-	-	-	-	-	-	-	30,000	3,540,000
Louie/Ada/Hood Wastewater upgrades - Growth Portion	-	70,000	2,800,000	2,800,000	1,050,000	35,000	560,000	-	-	-
Raureka to Pepper St - Growth Portion	-	-	-	-	-	-	-	-	-	15,120,000
Akina Capacity Upgrade (Racecourse to Pepper) - Growth	-	-	-	-	-	-	-	-	30,000	2,570,000
Park RD North PS Capacity Improvement - Growth portion	84,756	680,000	2,400,000	2,000,000	-	-	-	-	-	-
Total investment to meet additional demand	**7,903,108**	**19,123,000**	**5,600,000**	**5,800,000**	**4,100,000**	**935,000**	**560,000**	**3,244,000**	**3,304,000**	**21,230,000**
Projects to improve levels of services										
Waipatiki Campground RM	264,515	200,000	1,000,000	-	-	-	-	-	-	-
Construct 3rd BTF	-	-	-	500,000	500,000	1,000,000	-	1,000,000	-	8,500,000
Total investment to meet improve levels of services	**264,515**	**200,000**	**1,000,000**	**500,000**	**500,000**	**1,000,000**	**-**	**1,000,000**	**-**	**8,500,000**
Projects to replace existing assets										
Pumpstation Renewal	293,480	750,000	750,000	850,000	2,750,000	2,750,000	750,000	750,000	750,000	750,000
Collection Network Planned Renewals	380,153	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Collection Network Reactive Renewals	214,319	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Rising Main Renewals	24,853	200,000	200,000	700,000	2,600,000	1,750,000	1,400,000	500,000	500,000	2,800,000
Murdoch Rd Pump Station Storage	32,558	200,000	300,000	1,200,000	1,200,000	-	-	-	-	-
Scada & Telemetry upgrades	490,939	2,992,500	3,092,500	-	-	-	-	-	-	-
Urban Trunks Renewal - Domestic	315,507	500,000	500,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Flaxmere PS Capacity Imp(Enabling Infrast) - Non Growth	89,252	225,000	550,000	75,000	2,220,000	3,440,000	-	-	-	-
Flaxmere Rising Main (Enabling Infrast) - Non Growth Portion	364,069	150,000	300,000	1,000,000	1,250,000	-	-	-	-	-
Hastings Medium Density (Enabling Works) - Non growth	-	-	-	75,000	750,000	800,000	-	-	-	4,500,000
Louise/Ada /Hood Wastewater Upgrades - Non Growth Portion	-	30,000	1,200,000	1,200,000	450,000	15,000	240,000	-	-	-
Reactive Pumpstation Renewal	8,553	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Reactive Rising main renewals	-	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Trunk Sewers	128	200,000	1,000,000	1,000,000	-	-	-	-	-	-
Outfall - Emergency Beach overflow	-	-	-	-	-	-	100,000	4,000,000	2,000,000	-
Urban Trunk Sewer Renewals -Industrial	562,328	500,000	500,000	1,000,000	1,000,000	-	-	-	-	-
Inland Trunk Sewer Renewals	3,539,057	2,850,000	2,850,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
WWTP Infrastructure Renewals	2,139,420	6,600,000	8,000,000	5,000,000	800,000	1,200,000	1,000,000	500,000	1,150,000	950,000
WWTP Reactive Renewals	100,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total investment to replace existing assets	**8,554,616**	**17,297,500**	**21,342,500**	**17,200,000**	**18,120,000**	**15,055,000**	**8,590,000**	**10,850,000**	**9,500,000**	**14,100,000**
Total investment in wastewater assets	**16,722,239**	**36,620,500**	**27,942,500**	**23,500,000**	**22,720,000**	**16,990,000**	**9,150,000**	**15,094,000**	**12,804,000**	**43,830,000**

Figure 33 - Significant Wastewater Projects HDC

Significant capital projects – stormwater

Central Hawke's Bay

Significant capital projects – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Miscellaneous	815,000	270,498	159,315	163,909	168,827	173,553	178,760	-	-	-
Total investment to meet additional demand	**815,000**	**270,498**	**159,315**	**163,909**	**168,827**	**173,553**	**178,760**	**-**	**-**	**-**
Projects to improve levels of services										
Miscellaneous	300,000	309,000	795,675	109,273	112,551	115,702	119,173	-	-	-
Total investment to meet improve levels of services	**300,000**	**309,000**	**795,675**	**109,273**	**112,551**	**115,702**	**119,173**	**-**	**-**	**-**
Projects to replace existing assets										
Miscellaneous	675,000	695,250	716,108	737,593	759,720	780,990	804,420	245,497	252,862	259,942
Total investment to replace existing assets	**675,000**	**695,250**	**716,108**	**737,593**	**759,720**	**780,990**	**804,420**	**245,497**	**252,862**	**259,942**
Total investment in stormwater assets	**1,790,000**	**1,274,748**	**1,671,098**	**1,010,775**	**1,041,098**	**1,070,245**	**1,102,353**	**245,497**	**252,862**	**259,942**

Napier City Council

Significant capital projects – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Maraenui to Te Awa Upgrades	500,000	1,000,000	23,736,000	-	-	-	-	-	-	-
Te Awa Growth Upgrades	100,000	100,000	103,200	106,400	195,106	2,257,600	2,316,200	2,374,200	1,116,529	-
Total investment to meet additional demand	**600,000**	**1,100,000**	**23,839,200**	**106,400**	**195,106**	**2,257,600**	**2,316,200**	**2,374,200**	**1,116,529**	**-**
Projects to improve levels of services										
Lagoon Farm SW Diversion	237,000	500,000	1,135,200	10,210,603	12,615,500	-	-	-	-	-
Taradale Road Culverts	-	-	258,000	266,000	565,504	1,163,793	1,194,001	-	-	-
CBD Improvements	-	-	-	-	339,302	814,655	708,043	611,950	626,642	9,948,000
Total investment to meet improve levels of services	**237,000**	**500,000**	**1,393,200**	**10,476,603**	**13,520,306**	**1,978,448**	**1,902,044**	**611,950**	**626,642**	**9,948,000**
Projects to replace existing assets										
Tennyson Outfall	150,000	564,980	2,679,063	3,192,000	-	-	-	-	-	
Various Renewals	356,000	282,618	378,781	390,526	402,638	414,310	425,064	435,708	446,169	456,409
Total investment to replace existing assets	**506,000**	**847,598**	**3,057,844**	**3,582,526**	**402,638**	**414,310**	**425,064**	**435,708**	**446,169**	**456,409**
Total investment in stormwater assets	**1,343,000**	**2,447,598**	**28,290,244**	**14,165,529**	**14,118,050**	**4,650,358**	**4,643,308**	**3,421,858**	**2,189,340**	**10,404,409**

Figure 34 - Significant Stormwater Projects CHB/NCC

Significant capital projects – stormwater continued

Hastings District Council

Significant capital projects – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Lyndhurst - Mahora Drain	-	1,500,000	757,500	257,500	-	-	-	-	-	-
Lyndhurst Extension	-	-	-	-	400,000	500,000	-	-	-	-
Havelock North - Medium Density Housing strategy	-	245,000	-	-	-	-	-	-	-	-
Hastings - Medium Density Housing Strategy	-	80,000	-	-	-	-	-	-	-	-
Parkvale - Medium Density Housing Strategy	-	-	43,000	-	61,000	-	-	-	-	-
Mahora - Medium Density housing Strategy	-	60,000	30,000	-	-	-	200,000	100,000	-	-
Iona-Middle Road	794,412	-	-	-	-	-	-	-	-	-
Brookvale Road Development	1,453,789	4,200,000	2,000,000	-	-	-	-	-	-	-
Flaxmere Urban Development	219,003	2,840,000	-	-	-	-	-	-	-	-
Whakatu West Industrial Development	195,825	5,700,000	-	-	-	-	-	-	-	-
Total investment to meet additional demand	**2,663,029**	**14,625,000**	**2,830,500**	**257,500**	**461,000**	**500,000**	**200,000**	**100,000**	**-**	**-**
Projects to improve levels of services										
Asset Data Capture	2,476	55,000	20,000	20,000	40,000	20,000	20,000	-	-	-
Establishment - All Connections	117,940	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Network Programmes	30,001	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Havelock North Dam Break Analysis	109,074	500,000	1,000,000	144,000	-	-	-	-	-	-
Detention Dam - Monitoring Equipment	20,000	20,000	20,000	-	-	-	-	-	-	-
Miscellaneous Minor Works	43,014	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Pump stations - Various	17,056	100,000	-	-	-	-	-	-	-	-
Stormwater Resource Consent Renewals	40,000	-	-	-	-	-	10,000	50,000	-	-
Stormwater quality - Improvements	65,152	300,000	250,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Duart Rd - network extension	-	50,000	50,000	-	-	-	-	-	-	-
Caroline Road Extension	36,425	150,000	720,000	-	-	-	-	-	-	-
Network Modelling and Analysis	67,630	60,000	60,000	40,000	40,000	40,000	40,000	40,000		
Pakowhai Catchments - Stormwater Improvements	-	-	-	500,000	500,000	500,000	500,000	-		
Various – Flood mitigation	-	-	80,000	-	400,000	-	-	500,000		
Scada & Telemetry upgrades	90,351	295,000	335,000	-	-	-	-	-		
Climate Change Capital works	-	500,000	800,000	-	-	-	-	-		
Flaxmere Urban Development - Non Growth	50,000	250,000	-	-	-	-	-	-		
Havelock North Streams CMP	1,306,719	1,200,000	-	-	-	-	-	-	-	-
CDSR & IDSR reporting - dams	19,027	25,000	30,000	30,000	30,000	30,000	30,000	40,000	40,000	40,000
New works - collection network	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Stormwater Land Purchases	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Havelock North Streams 2C works	1,054,309	7,560,000	1,440,000	-	-	-	-	-	-	-
Havelock North Streams	130,715	-	-	-	-	-	-	-	-	-
Total investment to meet improve levels of services	**3,199,889**	**11,905,000**	**5,645,000**	**1,674,000**	**1,950,000**	**1,530,000**	**1,540,000**	**1,570,000**	**3,980,000**	**3,980,000**
Projects to replace existing assets										
Establishment - All Connections	4,500	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Pump stations - Various	136,454	50,000	52,000	-	32,000	-	10,000	15,000	10,000	36,000
Advanced Investigations	65,806	270,000	90,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Collection Network Planned Renewals	355,802	300,000	500,000	600,000	700,000	800,000	900,000	1,000,000	1,100,000	1,200,000
Collection Network Reactive Renewals	50,208	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Project delivery lead costs	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Telemetry Renewals	169,818	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-
Scada & Telemetry upgrades	2,665	349,000	394,000	-	-	-	-	-	-	-
Stormwater Capex Overhead	307,294	340,000	360,000	280,000	400,000	400,000	400,000	400,000	400,000	400,000
Total investment to replace existing assets	**1,192,547**	**1,524,000**	**1,611,000**	**1,135,000**	**1,387,000**	**1,455,000**	**1,565,000**	**1,665,000**	**1,760,000**	**1,886,000**
Total investment in stormwater assets	**7,055,465**	**28,054,000**	**10,086,500**	**3,066,500**	**3,798,000**	**3,485,000**	**3,305,000**	**3,335,000**	**5,740,000**	**5,866,000**

Figure 35 - Significant Stormwater Projects HDC

Risks and Assumptions

Table 43 - Key Water Supply Risks and Assumptions made by WSCCO Member Councils

	CHBDC	HDC	NCC
Key Risks	• Affordability to be able to pay for capital program required with only 4,500 connected households • 3 key reservoirs beyond useful life and at failure risk • Aging pipe network, lack of historic investment particularly in critical areas of network • Second Supply project requires river crossing consents • Main townships require significant investment (in plan) to service forecasted growth (source volumes, treatment, storage and reticulation constraints)	• Water safety breach due to treatment failure, reticulation pipe burst, reservoir contamination. Water source contamination, climate change impacts, water allocation, pandemic and emergency risks, maintenance contract continuity • Asset failure / loss of service due to renewals programmes not being delivered • Legislative risks e.g. increased compliance costs due to DWQAR changes and water reform. Water allocation exhausted. • Contactor markets, contractor availability, funding availability • Staff retention, job uncertainty through waters reform, loss of skilled staff • Water allocations, network resilience, increased demand for housing / water. Insurance coverage. Demographic changes (eg ageing populations). Climate Change impacts.	• Aquifer depletion • Aging assets • Leaks, variable pressure zones • Insufficient funding for renewals • Currently do not meet standards • Lack of skilled resources in the district • Uncertainty around growth. Changing priorities of developers • Renewals on the hill is cost prohibitive
Significant Assumptions	• Growth and development will remain funded by those developing • No regulatory or statutory actions (abatements, enforcement, legislative changes etc) are taken that affect the phasing or scope of the capital programme • Consenting of critical aspects of the programme will not be delayed • No long term vacancies or changes in delivery structures	• Regular asset valuation. • Infrastructure upgrades will address risks from natural hazards and emergencies. Renewal strategies based on asset age, condition and performance. • Water conservation strategies will reduce demand and improve efficiency. Current treatment will meet future standards. • Annual capital works programmes are delivered. • Funding available to secure skilled water sector workforce • Growth planning, e.g. hydraulic modelling and infrastructure planning to address growth related challenges.	• Improved asset data will enable better asset management • Reduced demand by putting demand management strategies in place • No further changes to compliance requirements • Renewal of Water take consent, with no reduction in limits • Water Services entity will allow/provide better resourcing • Funding will be available over the coming years • No other developments, other than those identified already in the Future Development Strategy (FDS)

Table 44 - Key Wastewater Risks and Assumptions made by WSCCO Member Councils

	CHBDC	HDC	NCC
Key Risks	• Affordability to be able to pay for capital program required with only 4,500 connected households • Limited capacity throughout with small diameter aged pipe networks, large percentage of network beyond expected useful like • Taken to court for non-compliance of discharge in 2018, significant upgrade program outlined in Wastewater strategy to get to compliant is likely unaffordable • Most existing treatment plants not achieving compliance with current consents • Porangahau and Te Paerahi plants operating under RMA s124 • Planning a new centralised super plant in Waipawa for Waipawa, Otane, & Waipukurau but requires river crossing consents • Main townships require significant investment (in plan) to service forecasted growth (reticulation constraints, pump station capacity and treatment capacity and effectiveness)	• Natural disasters, climate change impacts, and nutrient loading from on-site systems. Increasing demand in unserved communities and capacity issues in specific areas. Failure of critical assets like trunk mains, pump stations, and wastewater treatment components. • Asset failure / loss of service due to renewals programmes not being delivered. Aging infrastructure requiring renewals and upgrades. • Implications of new wastewater standards / increasing compliance standards population growth exceeding projections. Breach of resource consent conditions and increased compliance requirements due to regulatory reforms. • Economic impacts affecting funding and changes in Council revenue policies. • Staff retention, job uncertainty through waters reform, loss of skilled staff. • Strategic planning, climate change, growth readiness. population growth exceeding projections.	• Capacity issues due to population growth • Aging assets • I&I - Inflow and infiltration • Insufficient funding for renewals • New discharge standards • Lack of skilled resources in the district • Uncertainty around growth
Significant Assumptions	• Growth and development will remain funded by those developing • No regulatory or statutory actions (abatements, enforcement, legislative changes etc) are taken that affect the phasing or scope of the capital programme • Consenting of critical aspects of the programme will not be delayed • No long term vacancies or changes in delivery structures	• Funding through general rates, depreciation reserves, and development contributions will continue • Current service levels maintained, with risks of increased demand or affordability issues. • Changes in service delivery and standards impacting compliance and operational costs. • Assets expected to provide service potential based on industry standards, with renewals funded as needed. • Funding available to secure skilled water sector workforce • Development forecasts driving infrastructure upgrades and capacity planning. Adaptive management required for rising temperatures, changing rainfall patterns, and extreme weather events.	• Hot spots are identified, and improvements will reduce overflows

Table 45 - Key Stormwater Risks and Assumptions made by WSCCO Member Councils

	CHBDC	HDC	NCC
Key Risks	• Modelling indicates many habitable floors at risk of flooding across all AEP events from 1-20% • New approach to be discussed and agreed with council to target investment to protect habitable floors	• Risks of increased costs due to stricter environmental standards. Risks from illegal discharges into the stormwater network. • Asset failure / loss of service due to renewals programmes not being delivered • Undefined local authority stormwater catchment areas. Risks from illegal discharges into the stormwater network, mitigated through public awareness, monitoring, and response plans • Contactor markets, contractor availability, funding availability. • Staff retention, job uncertainty through waters reform, loss of skilled staff. • Risks of inadequate response to natural hazards, mitigated by emergency response plans and regional Civil Defence planning.	• Climate change, sea level rise • Capacity issues • Model is not calibrated for stormwater • Insufficient funding for renewals • Do not meet the level of service for our level of existing floor levels • Coastal inundation, Uncertainty around growth
Significant Assumptions	• No regulatory or statutory actions (abatements, enforcement, legislative changes etc) are taken that affect the phasing or scope of the capital programme • No long term vacancies or changes in delivery structures • Note: Modelling generally uses RCP 8.5	• Funding through general rates, depreciation reserves, and development contributions will continue • Current service levels will be maintained, with adjustments for community expectations and regulations. Assets will provide service potential based on industry standards, with renewals as needed. • Compliance with relevant legislation will be maintained. • Annual capital works programmes are delivered. • Funding available to secure skilled water sector workforce • Population growth will follow trends, driving demand for infrastructure. Climate change impacts will align with Ministry projections, including increased rainfall intensity and sea level rise.	• Treatment requirements will increase, but manageably so

Appendices

Appendix 1.

Modelling Assumptions

Current modelling assumptions

Parameter	Assumption
FFO/Gross debt	• Pricing (revenue) is adjusted to ensure that the FFO/Gross Debt ratio remains at a minimum of 11% for the In-house Delivery and Single WSCCO options, and 8% for the Regional WSCCO option, from FY30 to 2034.
Cash interest ratio	• Single WSCCO and Regional WSCCO option: Funds from operation to cash interest coverage of a minimum of 1.5 times from FY30.
Debt covenants	• Five years to meet key LGFA metrics (LGFA finance covenants).
Capex	• CAPEX delivery factors to be reduced to 80% from current plans, given historical underinvestment, DIA guidance. • Subsequent reduction in depreciation, through standardised method across councils.
Debt/revenue covenant	• Existing Council debt/revenue covenants are used to assess balance sheet capacity. Previous modelling imposed a 500% debt/revenue constraint on 3-waters finances due to previous central Government guidance; this measure does not appear in LGFA's guidance anymore and so has been removed as a control. • No changes to In-house Delivery debt limits: – Central Hawke's Bay, Napier*, Wairoa: Current LGFA: 175% Net Debt/Revenue – Hastings: Current LGFA: 280% Net Debt/Revenue; Internal 250% limit *Note if Napier were to secure a credit rating its LGFA limit would be expected to be 280%
Regional WSCCO efficiencies	• Conservative modelling assumes the joint WSCCO capital efficiencies will start at 1% **in year 3**, growing 1% per annum (5% by FY34). • Conservative modelling assumes operating efficiencies of 2% i**n year 3**, growing to 12% by FY34.
Establishment costs	• Regional WSCCO and In-house Delivery: The indicative estimated cost is based on the figures provided in the 2020 Morrison Low business case for Hawke's Bay Councils, adjusted for inflation. • Single WSCCO: As above, but costs are adjusted to 50% of the estimates of establishing a Regional WSCCO.
Ongoing operational costs	• Regional WSCCO and In-house Delivery: The indicative estimated cost is based on the figures provided in the Morrison Low business case, adjusted for inflation. • Single WSCCO: As above, but costs are adjusted to 50% of the Morrison Low estimates.
Stranded costs	• Councils provided guidance on potential stranded costs (see below).

Establishment and additional operational/capex costs as a result of the change

The costs in the following indicative estimate are variable and will depend on the level of activities that can be completed by any new WSCCO, at their own cost, after establishment. All figures are based on analysis conducted by Morrison Low during the previous reforms. The costs below are shown indexed to FY25 values from the FY20 values using historical inflation. The forecast has been indexed using NZIER inflation rates through FY28 and 3% thereafter.

Establishment costs ($000s)	In-house delivery	Single WSCCO	Regional WSCCO
Operating costs	1,373	1,769	3,538
Capital costs	1,507	2,174	4,347

Stranded costs

All figures are based on analysis conducted by the councils and where this has not been available, we have used the analysis by Morrison Low during the previous reforms.

Counc	Updated mode ng ($000s)
Central Hawke's Bay	1,125
Hastings	3,131
Napier	573 Morrison Low analysis used

Wairoa	902

Ongoing operational costs created as a result of the change

Establishment costs ($000s)	In-house delivery	Single WSCCO	Regional WSCCO
Directors	49	92	183
Tier 1 additional costs	305	214	427
Tier 2 additional costs	0	305	610
ICT – extra operating	61	61	122
Harmonisation of salary	177	89	177
Audit remuneration	18	101	201
Regulatory auditing	18	101	201
Accommodation – office rent	549	275	549
Office overheads	33	24	47
Staff overheads	81	148	295

Additional resources	418	833	1,665

Modelling overview

In the charts below, previous council cost and pricing projections have not been included as these projections are not considered viable options, given the new regulations and financial sustainability requirements expected to be mandated by the LWDW framework legislation.

The financial modelling covers a ten-year horizon, based on the latest LTPs, and in Napier's case new Annual Plan numbers. For modelling purposes, a capex delivery factor of 0.8 and an accompanying depreciation reduction has been applied across Councils, given historical under-delivery of capex plans. This also follows guidance from DIA to Councils that forward-looking plans, while acknowledging the scale of investment required, need to be realistic regarding delivery capacity. The lower capex delivery factor is not a proposal to reduce capex, but rather used to present what might be more realistic debt and cost-per-connection outputs from the modelling to what the community and Councils might face expenditure-wise over the timeframe modelled. A combined regional capex programme of $1.32 billion is modelled out to FY34.

Modelling of 100% of current capex plans was conducted through this process, although with slightly different assumptions regarding the LGFA covenants which would apply. A high-level observation across this previous modelling and the current modelling outputs is that a Regional WSCCO may be able to deliver 100% of current capex plans at a similar or lower cost-per-connection than each individual Council would have to charge to deliver 80% of their current capex plans through either In-House or the Single WSCCO delivery options.

Appendix 2

Central Hawke's Bay District Council Alternate CAPEX Delivery Profile

Central Hawkes Bay District Council – Alternative Capital Program

Background

In early 2025 the Hawkes Bay group of Council's engaged PriceWaterhouse Coopers (PwC) to prepare financial modelling for what a joint WSCCO would look like for the district. The modelling was conducted by ringfencing both costs and revenues for each district within the joint WSCCO, without incorporating price harmonisation across the entire region. Although Central Hawke's Bay benefits from an expanded WSCCO, through enhanced expertise, regional co-ordination efficiencies, bulk purchasing advantages, access to lower cost borrowing and governance by a professional board – it remains limited by its small ratepayer base, which these advantages do not address.

The modelling indicated that, although the Regional WSCCO was identified as the preferred option, it did not fully resolve the affordability challenges experienced by Central Hawkes Bay District. During community consultation for Local Water Done Well (LWDW), participants expressed support for the regional WSCCO model but raised concerns about the projected price path, stating it remained unaffordable even with the efficiencies outlined in the model.

The original modelling was prepared based on Council's Long-Term Plan which was collated before much of the legislation regarding Local Water Done Well was finalised. This included Department of Internal Affairs (DIA) Funds From Operations (FFO) to debt and interest cover requirements and amendments to Taumata Arowai's Drinking Water Quality Assurance Rules (DWQAR), and proposed Wastewater Standards, which gives some relief to small wastewater networks.

While the new additional financial sustainability requirements have required Central Hawkes Bay District to raise its rating requirements further, the Taumata Arowai changes has given Central Hawkes Bay District the ability to further review its capital program.

Since the consultation on LWDW closed, and as the wastewater standards became clearer, Central Hawkes Bay District officers have been working on preparing a reduced capital delivery program with the view of reducing the rating burden on future ratepayers.

As part of this decision making, the following principals (bottom lines) were developed by Councillors:

1. Principle #1 – Drinking water compliance will not be compromised.
2. Principle #2 – Wastewater discharge investment is minimised.
3. Principle #3 – Network resilience is deprioritised.

4. Principle #4 – Growth investment is a 'just in time' approach.
5. Principle #5 – Addressing historic underinvestment is slowed, but not stopped.

The following assumptions and risks have also factored into the revised modelling:

Assumption 1: Compliance

Although the revised plan involves a considerable decrease in water services investment over the next 10 years, Officers anticipate that compliant, safe, and healthy water in accordance with Taumata Arowai's Drinking Water Quality Assurance Rules (DWQAR) will continue to be supplied to the community. Wastewater discharges are also expected to meet compliance standards within 10 years, based on the assumption of surface water discharges in the medium term but are likely to require further investment over time subject to population growth.

Assumption 2: Consenting

Consenting pathways and timeframes could vary significantly depending on the approach Council wishes to adopt. It is assumed that projects would be progressed under the proposed wastewater national standards to provide greater timeframe and cost certainty. Similarly, consenting timeframes for the drinking water projects are assumed to be reasonable and not protracted over several years which would result in significant cost escalations.

Assumption 3: Modular approach to investment to service growth

Officers have adopted a modular philosophy to proposed infrastructure investment by ensuring that proposed programmes and projects in the revised water services plan are right sized for the community at any given time, particularly in relation to population growth. This means that infrastructure components can be added over time in accordance with a predetermined master plan to ensure value for money for the community. Furthermore, it is assumed that growth will pay for growth related infrastructure.

Risk 1: Community and Mana Whenua support

Extensive work has been undertaken on CHBDC's water services plan over the past 8 years, which has been consulted on and documented in Council's strategy 2021-31 LTP and 2024-27 Three-Year plan. Specifically in the wastewater programme, the original strategy was to move to land-based discharges to support community expectation and cultural considerations, whereas the revised strategy assumes surface water discharges which are expected to be enabled under the proposed national wastewater standards. This proposed shift in approach will be perceived by many as a reduction in level of service.

Risk 2: Cost estimates

The accuracy of cost estimates for the revised plan varies in accuracy due to the number of unknowns and the maturity of the design work completed to date, although contingencies have been allowed for across the programmes. Further to this, whole of life costs are not fully understood at this stage, particularly with respect to operational costs associated with numerous tertiary treatment systems for which some allowances have been included for in the revised plan.

Risk 3: Resilience

The proposed revised water services plan will inevitably result in less embedded infrastructure resilience than provided for within the current plan, which will result in higher operational costs. Examples of this include an expected increase in drinking water network leaks, particularly in low criticality assets and less resilience in the small wastewater plant upgrades, which is likely to result in the need for future upgrades over the next 30 years.

What are the proposed changes to programme:

Drinking Water: 2nd Water Supply

This change prioritises the delivery of the 2nd Water Supply project in the short to medium term, with modifications to the current scope to enable an additional water supply back to Waipawa from the proposed central reservoir. This would provide a safe and healthy water supply for Waipukurau, Waipawa, and Otane as an addition or upgrade to the existing systems and provides water source resilience for Waipukurau.

However, the four existing reservoirs in Waipukurau and Waipawa would not be renewed in the short to medium term and would be run to failure or until uneconomic to maintain. Officers are confident that there are viable plans to maintain resilient storage in these locations should an existing asset become in-operable in the short or medium term, although these would come at additional cost, if required.

This means that the 2nd Water Supply would be the primary water supply scheme for the 3 townships and would be able to service growth in the medium term. The estimated cost for the programme, which includes this key component is $61.2 million over 10 years (original programme $77.0m).

Small Wastewater plants

We will undertake relatively minor improvements to enable compliance with the proposed wastewater national standards on the basis that surface water discharges can continue. The estimated costs for the three treatment plants are $3.7 million for Takapau, $4.2 million for Pōrangahau and $2.6 million for Te Paerahi, noting that the latter two plants will not be centralised as originally planned. The total upgrade cost of this is $10.5 million (original Programme was $32.3m).

This would retain the existing pond-based treatment while adding small scale modular tertiary treatment, being Moving Bed Biofilm Reactors (MBBR) and UV filtration. A nominal sum has been provided for in the estimate to relocate the Te Paerahi discharge location from the current location to surface water.

Large Wastewater plants (Waipukurau, Waipawa and Otane)

We will not progress to a centralised treatment approach in the medium term, however will provide necessary tertiary treatment at both Waipawa and Waipukurau, which can be undertaken in a modular fashion to match increasing demand over time. The estimated cost of this is $41 million within the first 10 years with a future investment requirement beyond that (original programme was $61.5m).

This retains the pond-based treatment systems for both sites and in Waipawa adds to the existing tertiary treatment system (DAF and UV) with a Moving Bed Biofilm Reactor (MBBR). DAF capacity upgrades are also included in Year 10 based on projected growth.

In Waipukurau, an initial treatment upgrade is proposed where new DAF and UV systems would be delivered to replace the existing underperforming Lamella clarifiers. This would be followed by MBBR treatment systems in latter years.

Ōtāne's wastewater is proposed to continue in the current arrangement whereby initial treatment takes place through the pond-based system in Otane before being conveyed to Waipawa for additional treatment and discharge.

Model Changes

Below is the financial highlights from the revised PWC modelling:

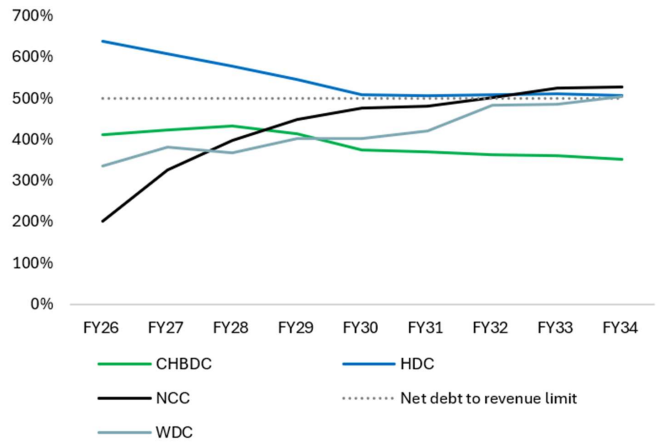
The model has a reduction in capital spend of $71.3m as detailed above:

3W capital programme ($000s)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Entity - CHBDC Original	5,279	20,046	22,260	15,734	21,678	21,965	14,154	17,098	22,550	21,178	10,727	192,669
Entity - CHBDC Revised Capex	5,279	7,500	15,406	17,687	19,196	16,414	5,544	8,807	7,003	9,133	9,445	121,413

As much of the capital programme is debt funded this has reduced the projected debt levels of both the new WSCCO and the portion that is ringfenced to CHBDC:

Net debt 3W debt ($000s)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
CHBDC - Original			78,496	87,165	98,747	108,129	109,686	113,525	121,316	127,389	125,324
CHBDC - Revised Capex			60,267	70,670	80,180	85,860	82,075	80,989	78,821	78,614	79,056
WSCCO Entity - Original			462,468	549,215	621,932	676,125	695,958	710,545	752,620	803,307	867,398
WSCCO Entity - Revised Capex			444,239	532,720	603,364	653,855	668,347	678,009	710,124	754,532	821,130

Three Waters net debt to revenue by council



N.B the chart above reflects each councils 3Ws debt under the regional entity scenario

This debt reduction also improves the regional WSCCO's net debt to revenue ratios:

3W Net debt / revenue	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Regional CCO (entity) - Original			473%	493%	496%	495%	480%	482%	497%	507%	506%
Regional CCO (entity) - Revised Capex			456%	482%	486%	485%	471%	472%	484%	495%	495%
* NB - Modelling includes Wairoa District Councils figures in both scenarios and they have withdrawn from the entity but won't impact the value of the change											

And it's FFO Interest coverage ratios:

FFO cash interest coverage (3W)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Entity ratio (aggregated councils) - Original			1.1	1.4	1.6	1.8	2.0	2.0	2.0	2.0	1.7
Entity ratio (aggregated councils) - Revised Capex			1.2	1.4	1.7	1.9	2.0	2.0	2.0	2.0	1.8

And is compliant with DIA's FFO/Gross Debt ratios:

FFO/gross debt	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
CHBDC - Original			1%	3%	5%	6%	8%	8%	8%	8%	8%
CHBDC - Revised Capex			2%	4%	5%	7%	8%	8%	8%	8%	8%

But most importantly to the CHBDC rate payers it improves future affordability, albeit still remaining unaffordable for many in our community:

Cost per connection ($000s)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Original Modelling	2.46	3.13	3.54	4.19	4.81	5.48	5.83	5.69	5.54	5.47	5.55
Revised Capital Programme	2.46	3.13	3.54	3.98	4.32	4.72	4.89	4.78	4.65	4.59	4.66

Cost per connection as % of Household Income	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Original Modelling	2.9%	3.7%	4.4%	5.0%	5.3%	5.9%	6.3%	6.1%	6.2%	6.1%	6.0%
Revised Capital Programme	2.9%	3.6%	4.3%	4.9%	5.1%	5.4%	5.5%	5.2%	5.0%	4.8%	4.8%

Comparison of cost per connection by council