Full Council

26 August 2025

Report for Agenda Item | Rīpoata moto e Rāraki take [1]

Department: Property & Infrastructure

Title | Taitara: Water Services Delivery Plan

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to adopt the Queenstown Lakes District Council Water Services Delivery Plan (Attachment A).

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report; and

2. **Adopt** the attached Water Services Delivery Plan pursuant to sections 8 – 18 of the Local Government (Water Services Preliminary Arrangements) Act 2024.

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15 August 2025

Reviewed and Authorised by:

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15 August 2025

Context | Horopaki

The Local Water Done Well (LWDW) reform was introduced to improve the safety, reliability, and sustainability of New Zealand's water services

1. In response to the significant challenges faced by New Zealand's water infrastructure, the Government introduced the LWDW reform, building on the previous Government's water reform programme. LWDW aims to address long standing issues in drinking water, wastewater, and stormwater services across the country. The reforms were prompted by the 2016 Havelock North gastroenteritis outbreak, which highlighted the urgent need for improvements in water service delivery. The reforms seek to ensure that water services are safe, reliable, and sustainable, with a strong emphasis on compliance with central government regulations.

Under LWDW, QLDC must adopt a Water Services Delivery Plan (WSDP) and submit this to the Department of Internal Affairs (DIA) by 3 September 2025.

2. The WSDP is a transitional planning requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024 (WSPA Act). Its purpose is to demonstrate how each council will deliver water services, drinking water, wastewater, and stormwater, in a manner that is financially sustainable, meets regulatory standards, and supports growth and urban development through to 30 June 2028.

3. The first step in the WSDP is to determine the future service delivery model for water services on which the WSDP must be based. QLDC resolved on 31 July 2025 to establish a wholly owned Water Services Council Controlled Organisation (WSCCO) as its future water service delivery model (further explained in paragraph 8 below).

4. The WSDP must also outline the implementation plan for the water services delivery model and requires detailed assessments of network performance, revenue and financing arrangements, and projected financial statements over a minimum 10-year horizon.

A core requirement of the WSDP is to confirm that water services will be delivered in a financially sustainable manner by 30 June 2028.

5. Financial sustainability is defined through three interrelated components:

   - *Revenue Sufficiency:* Councils must demonstrate that projected revenues are sufficient to cover the full costs of water service delivery, including operating expenses and debt servicing. This includes ensuring that water revenues are ringfenced i.e. used exclusively for water services, and that any cash surpluses are retained for future water related expenditure.
   - *Investment Sufficiency:* The WSDP must show that planned investment is adequate to meet current and future levels of service, comply with regulatory requirements, and support anticipated growth. This includes capital expenditure for renewals, upgrades, and new infrastructure.

- *Financing Sufficiency:* Councils must confirm that funding and financing arrangements are sufficient to deliver the required investment. This includes assessing borrowing capacity, managing debt within limits, and ensuring that financial strategies are robust and resilient to risks and constraints.

6. The WSDP must also include projected financial statements, covering funding impact, revenue and expense, cashflows, and financial position, for each water service and in consolidated form.

7. Together, these elements provide assurance that the council's water services will be financially viable, compliant, and capable of meeting community needs over the plan period.

QLDC has resolved to establish a WSCCO as its future water service delivery model.

8. Following a comprehensive assessment of delivery options and public consultation, QLDC resolved to establish a wholly owned WSCCO as its future water service delivery model. This decision reflects QLDC's commitment to delivering water services that are financially sustainable, operationally efficient, and aligned with new regulatory requirements under the LWDW reform. The WSCCO model was selected for its ability to provide dedicated specialist governance and a singular focus on water, and clearer accountability, while ensuring continuity of service and strategic oversight by QLDC as sole shareholder. Implementation planning will commence following adoption of the WSDP, with the new WSCCO entity planned to take over water services delivery from 1 July 2027.

QLDC has completed its WSDP and intends to meet DIA's financial sustainability requirements by 1 July 2027, one year ahead of the statutory deadline.

9. The WSDP demonstrates financial sustainability through three key tests: revenue sufficiency, investment sufficiency, and financing sufficiency. Revenue sufficiency is achieved through ringfenced water revenues that fully fund operational and capital costs, including targeted rates and development contributions. Investment sufficiency is demonstrated by a capital programme that meets current and future levels of service, regulatory obligations, and growth needs. Financing sufficiency is supported by modelling that confirms QLDC's borrowing remains within Local Government Funding Agency (LGFA) limits during the in-house delivery period, with the WSCCO expected to maintain a Free Funds from Operations (FFO) to Net Debt Ratio of approximately 9% from 2027/28. LGFA have indicated support for both the existing arrangement, to continue until June 2027, and the proposed WSCCO arrangement. Together, these elements confirm that QLDC's water services are on track to be financially sustainable from the outset of WSCCO operations.

QLDC's WSDP prioritises managing the affordability of household water charges through a range of measures designed to manage costs and support long-term financial sustainability.

10. Affordability of household water charges is a key consideration in QLDC's WSDP. Over the next decade, average residential household charges for water supply, wastewater and stormwater are

projected to rise from $1,500 in FY24/25 to $4,889 in 2033/34, reflecting the significant investment required to maintain, upgrade, and expand water infrastructure. Despite these increases, water charges as a percentage of median household income are expected to remain within DIA's indicative target of 2.5%, rising from 1.1% to 2.3% over the same period. By comparison the average electricity charge per household for Queenstown Lakes is currently $3,542, representing 2.4% of the median income.

11. To help manage affordability, QLDC is exploring a suite of initiatives, including a district-wide water demand management programme (enabling future volumetric charging), better integration of infrastructure and land use planning, and alternative funding tools such as bespoke developer agreements and the Infrastructure Funding & Financing Act. These measures are designed to ensure that water services remain affordable, transparent, and fair, while supporting the long-term sustainability of the district's water infrastructure.

The WSDP is directly based on the cost and investment programme set out in QLDC's 2024 Long Term Plan, with no changes made to the underlying capital or operational budgets.

12. This demonstrates that QLDC's existing planning processes are robust and already designed to respond effectively to growth, compliance, renewals, and levels of service requirements. The only change to the 2024 LTP reflected in the WSDP is the borrowing structure, which has been adjusted to meet new requirements, ensuring the investment programme is fully financed and compliant with updated compliance and financial sustainability expectations. The WSDP is also based on the existing Revenue and Financing Policy, Development Contributions Policy and Financial Strategy as set out in the 2024 Long Term Plan.

The Chief Executive has certified the WSDP, and this is supported by independent review of the WSDP

13. As required by Section 18 of the WSPA Act, the Chief Executive has certified the WSDP, confirming that it complies with the WSPA Act and that the information contained in the Plan is true and accurate. This certification is underpinned by robust assurance processes identified in the WSDP, including financial modelling that was independently developed by Morrison Low, comprehensive assessments of regulatory compliance, asset condition, and investment requirements, and independent verification from Morrison Low that the WSDP meets all legislative and financial sustainability tests. Together, these measures provide Council with a high level of confidence in the robustness, completeness, and compliance of the WSDP as adopted.

Once the WSDP is adopted by Council it will be submitted to DIA for the Secretary for Local Government's consideration.

14. After QLDC submits the WSDP to DIA, the Department will review the plan to ensure it meets all legislative requirements, including confirmation of financial sustainability, alignment with regulatory expectations, and completeness of required content. DIA may request further information or clarification if needed.

15. The Secretary for Local Government may appoint a Crown facilitator or specialist if a council fails to meet its obligations under the WSDP process. Specifically, this can occur if the council does not submit an acceptable WSDP by the required deadline, fails to give effect to the plan once it is accepted, or if there are significant concerns about the council's ability to deliver financially sustainable water services. The appointment of a Crown facilitator or specialist is intended to provide additional support, oversight, or intervention to help the council address issues and ensure compliance with legislative requirements and the objectives of the water services reform.

16. Once DIA are confident that the WSDP meets all requirements the Secretary for Local Government will accept the plan. Once accepted, QLDC is required to give effect to the WSDP, meaning QLDC must implement the delivery model, investment programme, and financial strategies as outlined, and report on progress as required. Any significant changes to the plan or delivery model will require review and approval from DIA and, if necessary, an update to the WSDP.

Analysis and Advice | Tatāritaka me kā Tohutohu

17. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.

18. Option 1 Adopt the Water Services Delivery Plan

Advantages:

- Adopting the WSDP enables Council to meet its obligations to submit a Water Services Delivery Plan demonstrating financial sustainability of water services to DIA by 3 September 2025, in accordance with section 18 of the WSPA Act.
- Provides certainty to Government and ratepayers that there is a plan in place that can meet the Government's expectations for the delivery of safe and efficient water services.

Disadvantages:

- Reduces flexibility for future Councils; once adopted and published, Council must give effect to the WSDP; any material change must go back through DIA for review and approval. Note that this is outweighed by the disadvantage of not adopting, which is that QLDC will likely not be given the opportunity to make further changes (see below).

19. Option 2 Do not adopt the Water Services Delivery Plan

Advantages:

- No real advantage for Council as the WSDP would likely be subject to additional scrutiny and potential change driven by the Crown.

Disadvantages:

- Choosing not to adopt the WSDP would result in a delay that would prevent QDLC from meeting its statutory requirement to submit a WSDP to DIA by the due date of 3 September, which would amount to a breach of section 18 of the WSPA Act.
- The Minister for Local Government has publicly stated that he would appoint a Crown Facilitator or Specialist to those Councils that do not submit a financial sustainable WSDP by the due date. A Crown Specialist can be granted the power to prepare a WSDP on Council's behalf.

20. This report recommends **Option 1** for addressing the matter because it enables Council to meet its obligations to submit a WSDP demonstrating financial sustainability to DIA by 3 September 2025, in accordance with section 18 of the WSPA Act.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

21. The WSPA Act (section 17-3) does not require a council to consult on a draft or final WSDP. The WSPA Act (sections 61-64) only requires council to consult on the proposed future service delivery model on which the WSDP is based. Consultation was undertaken in relation to the future service delivery model using the alternative requirements provided under the WSPA Act but is not required for the WSDP decision outlined in this paper.

Māori Consultation | Iwi Rūnaka

22. The Council engaged with Te Ao Marama and Aukaha as representatives of QLDC's treaty partnership with Kāi Tahu as part of the 2024 Long Term Plan process; the programme delivered under the WSDP is the same as that outlined in the 2024 Long Term Plan (as adjusted by the 2025 Annual Plan).

23. Although mana whenua was not formally engaged during consultation on the future service delivery model, QLDC recognises their vital partnership in water governance and delivery and is committed to actively involving mana whenua in the design and implementation of the WSCCO to ensure iwi values and aspirations are reflected.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

24. This matter relates to the Regulatory/Legal/Compliance risk category. It is associated with RISK10021 Ineffective operations and maintenance of property or infrastructure assets within the QLDC Risk Register. This risk has been assessed as having a very high residual risk rating.

25. The WSDP sets out how water services will be delivered in line with the new regulatory requirements and therefore can assist in mitigating this risk.

Financial Implications | Kā Riteka ā-Pūtea

26. The financial implications of establishing a WSCCO and implementing financial sustainability requirements do not take effect until after the period covered by the current LTP and will be subject to separate decision making processes.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

27. The WSDP supports QLDC's ability to deliver on the outcomes and priorities set out in QLDC's strategic framework, and the objectives and actions to address significant issues set out in QLDC's 2024-54 Infrastructure Strategy over the period until water services are transferred to the Water Services Council Controlled Organisation.

28. The WSDP is based on the investment programme and cost base as set out in the 2024 Long Term Plan, as adjusted by the 2025 Annual Plan. The WSDP shows a different financial profile than what is set out in the 2024 Long Term Plan from 1 July 2027, which aligns with the planned implementation date for the WSCCO and implementation of new financial sustainability requirements.

Legal Considerations and Statutory Responsibilities | Ka Ture Whaiwhakaaro me kā Takohaka Waeture

29. The WSPA Act sets requirements for councils to prepare, adopt and submit a WSDP to DIA by 3 September 2025, as set out in Attachment A. This report sets out QLDC's approach to meeting the requirements above by presenting, for adoption, a WSDP that demonstrates financial sustainability. The Chief Executive has certified the WSDP as complying with these requirements, as required by Section 18 of the WSPA Act.

30. There are further obligations that may yet apply in the LGWS Bill, if future changes are considered by the Council. The Select Committee has considered this Bill, but it has not yet been enacted. Any additional, or different, obligations imposed by the LGWS Bill will only apply after the LGWS Bill is passed into law, which is expected to be after the Council has adopted its WSDP.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kīaka

31. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. One of the core drivers of Local Water Done Well is to enable financially sustainable water services that balance economic outcomes with environmental and water quality outcomes. The decision to establish a WSCCO aligns with local government's purpose to promote economic, social and environmental well-being of communities in the present and for the future. The decision in this paper to adopt a WSDP reinforces that decision.

32. The recommended option:
- will help meet the current and future needs of communities for good quality water infrastructure and services in a way that is most cost-effective for households; and
- is consistent with the Council's plans and policies

Attachments | Kā Tāpirihaka

A	Local Government (Water Services Preliminary Arrangements) Act 2024 – Requirements for Water Service Delivery Plans
B	Queenstown Lakes District Council Water Services Delivery Plan

ATTACHMENT A: LOCAL GOVERNMENT (WATER SERVICES PRELIMINARY ARRANGEMENTS) ACT – 2024 REQUIREMENTS FOR WATER SERVICE DELIVERY PLANS

Section 8: Council must prepare a water services delivery plan that:

- identifies the current state of its water services; and
- demonstrates publicly its commitment to deliver water services in a way that:
  - ensures it will meet all relevant regulatory quality standards for water services; and
  - is financially sustainable; and
  - supports housing growth and urban development as specified in its Long Term Plan.

Section 13: WSDP must include the following information:

- a description of the current state of the water services network;
- a description of the current levels of service relating to water services provided;
- a description of:
  - the areas in the district that receive water services (including a description of any areas in the district that do not receive water services); and
  - the water services infrastructure associated with providing for population growth and development capacity.
- whether and to what extent water services:
  - comply with current regulatory requirements; and
  - will comply with any anticipated future regulatory requirements.
- if any water services do not comply with current regulatory requirements or will not comply with any anticipated future regulatory requirements:
  - a description of the non-compliance; and
  - a description of how the future service delivery model will assist to ensure water services will comply.
- details of the capital and operational expenditure required:
  - to deliver the water services; and
  - to ensure that water services comply with regulatory requirements.
- financial projections for delivering water services over the period covered by the plan, including:
  - the operating costs and revenue required to deliver water services; and
  - projected capital expenditure on water services infrastructure; and
  - projected borrowing to deliver water services.
- an assessment of the current condition, lifespan, and value of the water services networks;
- a description of the asset management approach being used, including capital, maintenance, and operational programmes for delivering water services;
- a description of any issues, constraints, and risks that impact on delivering water services;
- the anticipated or proposed model or arrangements for delivering water services;
- an explanation of how the revenue from, and delivery of, water services will be separated from council's other functions and activities;
- a summary of any consultation undertaken as part of developing the information required to be included in the plan;
- an explanation of what council proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028:

- an implementation plan for delivering the future service delivery model that includes the following:
  - a process for delivering the model;
  - a commitment to give effect to the model once the plan is accepted; and
  - the time frames and milestones for delivering the model.

Section 15: Period covered by WSDP.

- A water services delivery plan:
  - must cover a period of not less than 10 consecutive financial years, starting with the 2024–25 financial year; and
  - may include information that covers an additional 20 consecutive years, if the information identifies investment requirements:
    - for water services infrastructure; or
    - to support future housing growth and urban development.
- A water services delivery plan must provide the required information:
  - in detail for each of the first 3 financial years covered by the plan; and
  - in outline for each of the subsequent financial years covered by the plan.

Section 17: Process to prepare and adopt water services delivery plan

- A territorial authority must adopt a water services delivery plan by resolution.
- In relation to the future service delivery model in its water services delivery plan councils must:
  - undertake consultation; and
  - ensure that its consultation and decision-making complies with the alternative consultation requirements of the WSPA Act.
- Councils are not required to consult on a draft or final WSDP.
- If a council does consult on a part of its WSDP, other than the future service delivery model, it must do so in accordance with the alternative consultation requirements of the WSPA Act

Section 18: Plan must be submitted to Secretary for acceptance.

- Council must submit its water services delivery plan to the Secretary for Local Government no later than 1 year after the date on which this section comes into force, unless an extension is given;
- Each WSDP that is submitted to the Secretary must include a certification that:
  - the plan complies with the WSPA Act; and
  - the information contained in the plan is true and accurate.
- The certification must be made by the chief executive.

Section 20: Secretary accepts WSDP.

- The Secretary must, as soon as reasonably practicable:
  - consider each WSDP; and
  - accept a WSDP only if satisfied that the plan complies with the WSDP Act.
- In deciding whether to accept a WSDP, the Secretary may consult one or more of:
  - a government department;
  - the Commission;
  - Taumata Arowai;

- Crown Infrastructure Partners Limited; or
- any other person the Secretary considers relevant.

- If the Secretary is not satisfied that a plan complies with the requirements of the WSDP Act, the Secretary must, as soon as reasonably practicable:
  - advise the council why the Secretary is not satisfied with the plan and require the council to amend the plan (which may be by including additional information) and resubmit it to the Secretary by a specified date; or
  - decide not to accept the plan.
- A council must comply with a requirement to amend and resubmit a plan by the date specified.
- After deciding whether to accept a water services delivery plan, the Secretary must notify the council:
  - whether the Secretary has accepted the plan; and
  - if the Secretary has decided not to accept the plan, the reason for that decision.

Section 21: Publication of accepted WSDP.

- If the Secretary notifies a council that its WSDP has been accepted:
  - the council must, as soon as reasonably practicable, publish the WSDP
  - the Secretary must, at the same time as the Secretary notifies having accepted the plan, provide a copy of the plan to the Commerce Commission and Taumata Arowai.

Section 22: Council must give effect to WSDP.

- Council must give effect to the proposals or undertakings relating to the future delivery of water services that are specified in the council's WSDP.

Water Services Delivery Plan

Queenstown Lakes District Council

12 August 2025

Contents

Part A: Confirmation of Financial Sustainability

1. Delivery Model

The Queenstown Lakes District Council has resolved to establish a Water Services Council Controlled Organisation (WSCCO) as the future delivery model for water services[1]. The WSCCO will be:

- wholly owned by QLDC, with no provision for privatisation or dividend payments,
- governed by an independent board appointed for their capabilities and expertise, not including elected members or council staff, and
- responsible for all aspects of drinking water, wastewater, and stormwater services, including ownership of assets and associated debt.

This model replaces the current inhouse delivery by QLDC and is designed to meet the requirements of the Local Government (Water Services Preliminary Arrangements) Act 2024 and the forthcoming Local Government (Water Services) Bill. While Council has resolved to establish a WSCCO, QLDC remains open to further discussions about joint WSCCO partnership opportunities.

2. Statement of Financially Sustainability

This Water Services Delivery Plan ("Plan") confirms that the delivery of water services is financially sustainable from establishment of the WSCCO on 1 July 2027, approximately one year before the required date of 30 June 2028.

- **Revenue sufficiency** is demonstrated through a funding strategy that includes targeted rates and development contributions, which together are forecast to meet the operational and capital funding needs through to 2034 and to secure required borrowings.
- **Investment sufficiency** is demonstrated by a capital programme that meets current and future levels of service, addresses all known and anticipated regulatory requirements, and provides for projected growth. This investment is fully funded through projected revenues, including targeted rates and development contributions, and confirmed access to financing, including LGFA debt and external grants.
- **Financing sufficiency** is supported by modelling that shows QLDC's total borrowings remain within LGFA limits during the inhouse delivery period, with additional flexibility available through its high growth council status. From establishment the WSCCO is expected to maintain a Free Funds from Operations (FFO) to Net Debt Ratio of approximately 9%, supported by a bespoke LGFA covenant.

Together, these elements confirm that the Plan provides a financially sustainable pathway for water services delivery through to 2034 and beyond. The only changes to be made to the approach currently set out in QLDC's 2024 Long Term Plan are an increase in revenue requirements and borrowings from 1 July 2027 to enable the WSCCO to meet the LGFA's borrowing requirements for WSCCOs and to ensure that the investment programme is fully financed.

Except where otherwise stated, the period covered by this Plan is 2024/25 – 2033/24.

Ringfencing of Water Services Revenues

Under both the current and future models, water services revenues are and will continue to be ringfenced:

[1] This was agreed by the Council on 31 July 2025.

- Under the inhouse model, water related rates are set and spent separately from other council activities.

- Under the WSCCO model, the organisation will charge directly for water services, and all revenue will be used solely for water services, ensuring compliance with financial ringfencing requirements enforced by the Commerce Commission.

Rationale and Benefits of the Delivery Model

The WSCCO model was selected after a comprehensive assessment of options against six criteria: cost to consumers, people and capability, operational efficacy, economic efficiency, community interest, and adaptability. Key benefits include:

- independent expert governance focused solely on water services,

- better alignment with future regulatory expectations, including economic regulation and performance monitoring by the Commerce Commission,

- more agile and adaptable to future reforms and opportunities, and

- improved long-term financial sustainability, with lower household water charges projected from 2035 onward.

Revenue Collection, Charges, and Cost Recovery

Revenue for water services is currently collected through targeted rates, including fixed annual charges per connection and capital value based rates as well as Development Contributions. Charges are set according to scheme level costs, with a mix of uniform rates and rates based on property value, ensuring costs are distributed fairly between private and public benefits. Water service charges will continue to be calculated and billed through rates until the establishment of the WSCCO. Once the WSCCO is established it will move to incrementally implement fixed charges within the legislated period but will continue to calculate water charges on the same cost recovery basis as the current rates calculation until then. QLDC will continue to bill on the WSCCO's behalf until the WSCCO has implemented its new charging regime. The capital programme outlined in this Plan includes implementation of volumetric charging; work is currently underway to assess the value in accelerating this.

Revenues are structured to recover the full operational and capital costs of water supply, wastewater, and stormwater services, with rates and charges adjusted to reflect the level of service provided and to support future infrastructure investment. The WSCCO must meet a FFO to debt ratio of 9%, which will be achieved from commencement.

3. Implementation Plan

Outlined below are the key milestones and timeframes for establishing and implementing the WSCCO, as committed to by resolution by the Council on 31 July 2025. The WSCCO will achieve financial sustainability by increasing borrowing and revenue.

- *Initial Planning and Programme Establishment: 3 months (1 Aug 2025 – 30 Oct 2025).* This phase involves detailed implementation planning, programme setup including resourcing, and procurement of services needed in later phases. Detailed implementation planning will determine whether an earlier transition of people and services to the WSCCO can be achieved.

- *Governance and Incorporation: 4 months (1 Nov 2025 – 28 Feb 2026).* Includes recruiting the Board and Chief Executive and completing legal incorporation. Timing is driven by the recruitment period for the Board. There are two key decision points in this phase:

    a. Is the whole board appointed or only a smaller subset to oversee the establishment,

    b. Is the permanent CE recruited now, or an interim CE / programme lead for the establishment phase.

- *WSCCO Establishment: 11 months (1 Mar 2026 – 31 Jan 2027).* This phase involves detailed organisational design, workforce transition planning, asset identification, legal and commercial arrangements, future data and systems design, and shared services design, alongside development of financial structures to support sustainable operations. Timing is driven by the period required for the workforce needs assessment and transition planning elements. Some of these workstreams can commence in parallel to the first two phases.

- *Operational Readiness and Transition: 6 months (1 Feb 2027 – 30 Jun 2027).* Includes data and systems setup and data transfer, legal transfers, executive appointments, and customer frameworks.

- *Go Live: 1 Jul 2027.* Formal launch and transition of services, people and assets.

Through implementation planning QLDC will remain open to discussions with potential future partners on opportunities for a joint arrangement but will be primarily focused on ensuring that the Queenstown Lakes WSCCO is best set up for success. Success of implementation planning will be dependent on timely decision-making, availability of dedicated specialist resources and flexibility to adapt to joint WSCCO opportunities or regulatory changes.

4. Consultation and Engagement

QLDC undertook a targeted consultation process between 2 June and 6 July 2025 to seek community feedback on its proposed future water service delivery model. This consultation was focused solely on the water service delivery model and did not include consultation on this Plan.

The consultation presented two options: establishing a WSCCO wholly owned by QLDC or retaining water services inhouse. A joint entity was not consulted on as appropriate joint partners could not be identified, however QLDC remains open to discussion about joint arrangements in the future. The proposed model for consultation was the WSCCO. The consultation was promoted through multiple channels including direct communication to all ratepayers via email and mail, social media, radio, and print media. Materials were made available both online through QLDC's "Let's Talk" platform and in hard copy at QLDC offices and libraries.

A total of 125 submissions were received: 28 supported the WSCCO model, 94 preferred retaining services inhouse, and two did not express a preference. The submission themes were presented to the Council as part of the future water services delivery model decision paper on 31 July 2025.

Key themes raised in submissions were:

- *Concerns about household costs in the medium term.* The Council report acknowledged that charges under a WSCCO model would be higher through to 2034 due to borrowing requirements but explained that these would be offset by lower long-term costs through more efficient debt repayment. Transitional financial strategies were also outlined to reduce short-term impacts.

- *The cost and complexity of establishing and operating a WSCCO.* The Council report clarified that the estimated $8 million setup cost would be debt funded and repaid over 30 years, resulting in a modest

annual impact per household. Potential duplication and stranded costs were acknowledged, with mitigation strategies including transitional service arrangements and organisational efficiencies.

- *Accountability and transparency.* Concerns about accountability and transparency were addressed in the Council report by highlighting the strengthened planning and reporting framework proposed under the Local Government (Water Services) Bill, including Statements of Expectation and regulatory oversight.

- *Community involvement.* Community involvement concerns were similarly responded to, with reference to legislative amendments requiring WSCCOs to adopt significance and engagement policies to ensure meaningful public participation.

- *Potential duplication and bureaucracy.* Fears of increased bureaucracy were addressed in the Council report by describing the focused, expert-led nature of a WSCCO and its ability to streamline decision making.

- *Trust in QLDC's ability to manage a separate entity.* Concerns about QLDC's ability to manage a separate entity were addressed in the Council report by emphasising the safeguards built into the WSCCO governance and regulatory framework, including independent oversight and a statutory prohibition on privatisation.

While formal engagement with mana whenua did not occur during the consultation phase, QLDC has committed to involving iwi in the design and implementation of the WSCCO. This includes contributing to the development of the Statement of Expectations and ensuring the entity reflects iwi values and priorities.

5. Assurance and Adoption

Level of Confidence:	QLDC has a high level of confidence in the financial and operational foundations of this Plan. Regulatory compliance is supported by targeted investment in known areas of non-compliance and anticipated future standards, including upgrades to drinking water treatment and wastewater discharge systems. Asset condition and valuation have been assessed through scheme level performance data, hydraulic modelling, and asset age profiles, confirming that the network is in a maintainable state and that planned renewals are appropriately timed. Investment requirements have been modelled for levels of service improvements and growth enabling infrastructure, ensuring service continuity and capacity expansion. Financial projections, including revenue, operating costs, and borrowing, was completed by an independent provider. Together, these assessments provide confidence that the Plan is robust, evidence based, and financially sustainable by 2028.
Material Risks:	Outlined below are material risks that may impact on the delivery of water services, the ability to implement the WSDP, or to achieve financially sustainable water services provision by 30 June 2028: • Policy uncertainty in Water Reform • Growth Coordination Challenges Under Separate Delivery Entity • Regulatory Uncertainty and Compliance Pressure • Infrastructure Delivery Timelines vs. Developer Expectations • Organisational Capacity and Delivery Risk

	• Coordination and Funding Dependencies • Climate Change and Resilience These risks are elaborated on in Part D section 1.3.
Assurance:	This Plan is underpinned by robust, independently developed financial modelling. This modelling has been reviewed and verified by QLDC's inhouse finance team. The Plan has been independently assessed to confirm that all required content is included and that it meets the financial sustainability tests set out in the Local Government (Water Services Preliminary Arrangements) Act 2024. This provides confidence that the Plan is both comprehensive and compliant with legislative expectations.
Chief Executive Certification	I certify that this Water Services Delivery Plan complies with the Local Government (Water Services Preliminary Arrangements) Act 2024, and that the information contained in the Plan is true and accurate. **Mike Theelen, Chief Executive** **Date** Queenstown Lakes District Council
Council Adoption	This Water Service Delivery Plan was adopted by the Queenstown Lakes District Council on 26 August 2025. A copy of the resolution is attached.

Part B: Network Performance

1. Description of Water Services in Queenstown Lakes

The district's water services play a critical role in providing for essential everyday needs, preserving and enhancing the natural environment, enabling the area's growing and complex economy, and sustainably supporting rapid and sustained population growth. The district's water services are comprised of a number of discrete networks that support relatively small populations due to geographic spread and geotechnical constraints; this distribution makes planning for future growth, compliance and levels of service more complex when compared to areas that have integrated networks servicing large population centres.

There are a number of private three waters schemes operating across the district. Due to recent legislative changes and stricter compliance requirements, some of these schemes may need increased investment and improved management to meet new standards. As a result, some operators may seek to divest schemes with QLDC to reduce health and safety risks and/or avoid increasing operational costs and liabilities. Any decisions around vesting or acquiring private schemes will be made in accordance with QLDC's **Acquisition and Vesting of Private 3-waters Schemes Policy (2021)** until the WSCCO is established and adopts its own policy on the matter.

1.1 Water Supply

Water supply services provide people with safe drinking water primarily for consumption, hygiene and firefighting. The service involves the abstraction, treatment, storage, distribution and ongoing management of these supplies.

There are 11 public water supply schemes covering around 83% of total properties in the district.[2] The two largest schemes (Queenstown and Wānaka) are supplied from surface water (lake intakes), with remaining schemes serviced by relatively shallow bores (majority around 30m deep).

Being top of catchment, the district benefits from very high-quality source water. This source water is then treated to ensure it is safe for homes and businesses to use. Treatment generally consists of ultraviolet (UV) disinfection and chlorination, except for Cardrona which utilises membrane filtration as the protozoa barrier. Some sites include additional treatment steps such as filtration or PH correction. In addition to treatment, source water protection, network monitoring, backflow prevention, and network access procedures are deployed to protect the safety of the water supply.

The continuity and resilience of water supplies across the district is supported by treated water storage and standby power generation (permanent and portable depending on scheme size and location).

[2] *Total properties* defined as any property paying a general rate; comprising residential, non-residential, and vacant lots.

Number of schemes & connections	The 11 water supply schemes in the district registered with the Water Services Authority Taumata Arowai are listed below. • **Arrowtown:** 1,351 residential connections; 44 non-residential connections.[3] • **Arthurs Point:** 451 residential connections; 8 non-residential connections. • **Cardrona Valley:** 49 residential connections; 9 non-residential connections. • **Corbridge Downs:** 1 residential connection; 19 non-residential connections. • **Glenorchy:** 211 residential connections; 11 non-residential connections. • **Hāwea:** 1,179 residential connections; 9 non-residential connections. • **Lake Hayes:** 1,025 residential connections; 31 non-residential connections. • **Luggate:** 255 residential connections; 7 non-residential connections. • **Queenstown:** 6,442 residential connections; 509 non-residential connections. • **Wānaka:** 6,592 residential connections; 269 non-residential connections. • **Wānaka Airport:** 3 residential connections; 3 non-residential connections. Across the district, there are a further 3,410 vacant lots within the above scheme boundaries. **There are no mixed-use drinking water schemes in the district.**
Areas that do not receive water services	The total number of properties outside of public water supply scheme boundaries is 4,344; comprised of 3,628 dwellings and 716 vacant lots. Main areas include Jacks Point (a large private reticulated supply), Gibbston, Hāwea Flat, and Kingston, along with some small settlement pockets. This Plan includes provision for significant investment in new water supply schemes for the Kingston and Te Tapuae Southern Corridor areas. Detailed planning will confirm the extent to which existing settlements in those areas (respectively, Kingston and Jacks Point) are connected to these new schemes.

1.2 Wastewater

Wastewater (or sewage) is used water that has been affected by domestic, industrial, or commercial use. Reticulated wastewater networks collect, transfer, convey, treat, and dispose of the district's wastewater and trade waste.

The district has four wastewater schemes, defined by their respective point of treatment and disposal. Together, these schemes cover around 81% of total properties in the district.[4] Historically, an approach to centralise wastewater management arrangements has been adopted, enabling high-quality treatment arrangements to benefit from economies-of-scale.

Treatment technologies vary across the district's wastewater treatment plants, with continued investment to improve treatment performance and increase capacity. The district has modern treatment plants; all have been built or upgraded within the last decade. The treatment technologies deployed include Modified Ludzack-Ettinger (MLE), Sequencing Batch Reactor (SBR) and Moving Bed Biofilm Reactor (MBBR) with oxidation pond.

[3] Millbrook is supplied by a bulk connection to the public network however all internal reticulation is private. Accordingly, the area is counted as one connection.

[4] *Total properties* defined as any property paying a general rate; comprising residential, non-residential, and vacant lots.

The resilience of the network is continually improving as targeted expansions of emergency storage at major pump stations continues across the district. Treatment plants and larger pump stations also feature permanent standby generators, with smaller facilities supported by portable generators if required.

Number of schemes & connections	The four wastewater schemes in the district are listed below. • **Shotover:** 9,197 residential connections; 578 non-residential connections. *Areas within the Shotover scheme include Arrowtown, Millbrook[5], Arthurs Point, Queenstown, Frankton, Shotover Country/Lake Hayes Estate, Lake Hayes, and Hanley's Farm/Jacks Point Village.* • **Cardrona:** 44 residential connections; 6 non-residential connections. • **Wānaka:** 6,818 residential connections; 277 non-residential connections. *Areas within the Wānaka scheme include Wānaka, Albert Town, and Luggate.* • **Hāwea:** 1,175 residential connections; 5 non-residential connections.[6] Across the district, there are a further 3,272 vacant lots within the above scheme boundaries.
Areas that do not receive wastewater services	The total number of properties outside of public reticulated wastewater scheme boundaries is 4,860; comprised of 4,006 dwellings and 854 vacant lots. Main areas include Jacks Point (private reticulated scheme, excluding Jacks Point Village), Gibbston, Kingston, Glenorchy, and Hāwea Flat, along with some other small settlement pockets. This Plan includes provision for significant investment in new wastewater schemes for the Kingston and Te Tapuae Southern Corridor areas. Detailed planning will confirm the extent to which existing settlements in those areas (Kingston and Jacks Point respectively) are connected to these new schemes.

1.3 Stormwater

Stormwater is the water that runs off surfaces during and after rainfall. The management of stormwater is essential for protecting communities and the environment by controlling runoff, managing pollutants and reducing the risk of flooding.

The district has two rateable stormwater wards (used as a proxy for schemes); together, these schemes cover around 83% of total properties in the district.[7]

The district's stormwater systems include reticulated pipes, open channels, detention basins, watercourses, soakage devices, filtration and wetlands. There are a number of discharge points across the district where stormwater enters the receiving environment (water or land); for the most part these discharges are not currently treated. Large stormwater detention areas, storage within the piped network, overland flow paths, and infrastructure to attenuate high flows support the schemes to cope with potential flooding events.

Number of schemes & connections	The two rateable stormwater wards in the district are listed below. • **Whakatipu:** 9,516 residential connections; 588 non-residential connections. *Areas within the Whakatipu scheme that receive a reticulated stormwater*

[5] Millbrook has a bulk connection to the public network however all internal reticulation is private. Accordingly the area is counted as one connection.

[6] On or before 2028, Hāwea will be connected to the Wanaka scheme via a significant conveyance project.

[7] *Total properties* defined as any property paying a general rate; comprising residential, non-residential, and vacant lots.

	service include Arrowtown, Arthurs Point, Frankton, Glenorchy, Hanley's Farm/Jacks Point Village, Lake Hayes, Shotover Country/Lake Hayes Estate, and Queenstown. • **Upper Clutha:** 8,057 residential connections; 282 non-residential connections. *Areas within the Upper Clutha scheme that receive a reticulated stormwater service include Hāwea, Cardrona, Wānaka, Albert Town, and Luggate.* Across the district, there are a further 3,427 vacant lots within the above scheme boundaries.
Areas that do not receive stormwater services	The total number of properties outside of the public stormwater scheme boundaries is 4,361; comprised of 3,662 dwellings and 699 vacant lots. Key areas that are not covered by these schemes include Jacks Point, Gibbston, Kingston, and Hāwea Flat, along with some other small settlement pockets.

2. Service Planning, Asset Management, and Delivery

2.1 Network and service planning approach

Network and service planning for the district's water services follows (and will continue to follow) a layered approach, moving from setting a long-term strategic vision to ongoing operations and renewals planning. Each stage, outlined below, is iteratively linked and routinely reviewed to ensure all layers of planning are current and agile to change. Some aspects of this planning approach are well-developed, while others are still new and maturing. Growing investment lifecycle maturity and capability for the district's water services (and wider infrastructure investment environment) is a key improvement focus area, and the below describes the target future state.

2.1.1 Strategic planning (ultimate horizon)

Strategic planning defines the overarching long-term vision and direction for the district's infrastructure (water services included), looking beyond 30 years in anticipation of an ultimate development state. The primary focus of this planning is to align water services objectives with broader strategic outcomes, ensuring more detailed layers of planning are strategically aligned, consistent, efficient, and reliable.

Key outputs:

- Strategic infrastructure vision that guides future-focussed and integrated planning and aligns infrastructure development with national and local strategic direction.
- Long term scenarios that explore how key variables may influence the district's infrastructure over time, supporting robust and agile infrastructure strategies.
- High-level spatial and activity-based strategies that integrate land use and infrastructure.

2.1.2 Network and system planning (10-30 years)

Network and system planning identifies network and service-level development pathways over a more predictable 10 – 30 year horizon. This planning focusses on defining how water networks will evolve over time, identifying where more capacity is needed (specifying triggers and levers), what key enabling actions are required (e.g. securing strategic infrastructure corridors), how new technology may be utilised, and how dependent activities can work together.

Key outputs:

- Spatial Plan – a long-term strategic plan that guides how the district will grow and develop over the next 30+ years, identifying where housing and business development will occur and associated infrastructural and environmental considerations.

- 30 Year Infrastructure Strategy (in future, Water Services Strategy), with an increased focus on alignment with, and integration of, dependent infrastructure activities and services within the district.

- Network development plans that set out what infrastructure is needed, where, and by when, and how plans will adapt to changes in core drivers. These plans are underpinned by comprehensive network needs assessments that identify the network improvements required to meet current and future demands. These plans identify where network integration is appropriate / possible and improved system resilience through enhanced redundancy measures, ensuring reliance and robust service delivery.

- Long-term asset lifecycle plans, informed by activity management planning, that convert improvements in the quality and accessibility of asset data into robust and cost-effective investment and asset management plans.

2.1.3 Programme planning (3-10 years)

Programme development processes translate priorities identified through strategic, network, and system planning into prioritised, sequenced, and funded programmes and projects for detailed planning and delivery.

An investment prioritisation framework and portfolio management approach are used to support the optimal mix and sequencing of investment to maximise value and be agile to change. A continued focus on improving programme development and management practices is occurring to ensure investment plans are strategically aligned, deliverable, and affordable.

Key outputs:

- Long Term Plan (in future, Water Services Strategy)

- Strategic Assessments and Infrastructure Investment Plans that (a) identify and maintain a steady-state short-term project delivery pipeline for immediate service needs and low/no regrets investments, (b) optimise sequencing of new infrastructure across areas and activity-types, and (c) specify non-built solutions that promote efficiency and effectiveness e.g. demand management.

- Programme Business Cases (where advantageous) that build on Infrastructure Investment Plans to ensure complex, dependent investments are coordinated, achievable, and deliver best value-for-money.

2.1.4 Project planning (1-3 years)

Project planning activities scope, design, and plan for the delivery of projects that respond to investment needs identified and prioritised through network plans and investment programmes. Project-supporting activities, such as procurement and delivery methodologies and processes, are also routinely reviewed and improved. A key current improvement focus is to enhance consistency and quality in forward works planning to build market confidence and enable efficiencies through collaborative industry participation.

Key outputs:

- Investment logic maps, business cases, benefit realisation and risk management plans, project charters,

and detailed project management plans

- A Basis of Design is developed to validate key assumptions underpinning project-level planning (e.g. demand projections, plan-enabled capacity, technical operational requirements and limitations). This discipline ensures that investments are grounded in the best available data at the project level, reducing reliance on broader demand forecasting processes.

- Expert supplier panels that supplement internal capacity and capability as required (e.g. engineering and specialist support services, contract works)

- Early stage enabling packages (e.g. land acquisitions, planning permissions, investigations)

- Developer agreements that enable private funding and delivery opportunities

- A rolling short-term project delivery pipeline (in development) ensuring sustained improvements and market spend, informed by evolving longer-term planning activities.

2.1.5 Operational and tactical asset planning (ongoing)

Operations, maintenance, and renewals planning activities ensure network assets deliver QLDC's intended service levels efficiently, and as much as is practicable, the effective life/capacity of those assets is extended to optimise their value.

Indicative renewal requirements are programmed out across ten-years using a holistic desktop modelling approach that considers age, known or assumed condition, criticality, and risk appetite to inform long-term budgeting processes.

Detailed rolling annual renewal programmes are subsequently determined in collaboration with the maintenance contractor based on CCTV information, fault data, operator and officer observations and other requests received from the public. The annual programme is prioritised to generally work within allocated budgets, with some flexibility to accommodate unexpected renewals requirements.

Key outputs: this layer of planning is reflected in the water services AMP, in project plans where that project includes a major renewal, and in agreed renewals and maintenance schedules for the contractor.

2.2 Asset management framework

The asset management framework is aligned with ISO 55000 and is comprised of an Asset Management Policy, Strategic Asset Management Plan, Asset Management Plan, asset information systems, maturity assessment, and improvement programme. The framework is continually applied, reviewed, and improved.

The framework consolidates and applies all layers of network and service planning, translating insights into asset-based investment considerations and programmes. The framework will continue to be adapted to reflect current legislative, regulatory, and policy planning settings - in future it will take strategic direction from the Water Services Strategy instead of QLDC's 30 Year Infrastructure Strategy and Long Term Plan.

2.2.1 Asset Management Policy

The Asset Management Policy sets guiding principles and objectives for asset management and specifies how essential asset management services will be delivered. QLDC's Asset Management Policy has been recently reviewed and will be before Council on 4 September 2025 for approval. Refer to Appendix 7 for a copy of this revised Policy.

2.2.2 Strategic Asset Management Plan

The Asset Management Policy is directly linked to the Strategic Asset Management Plan which details specific actions, strategies, and tactics necessary to achieve the objectives set in the Policy. Together these two documents provide a comprehensive approach to water services asset management. The policy sets the vision, and the Strategic Asset Management Plan outlines the steps to realise that vision.

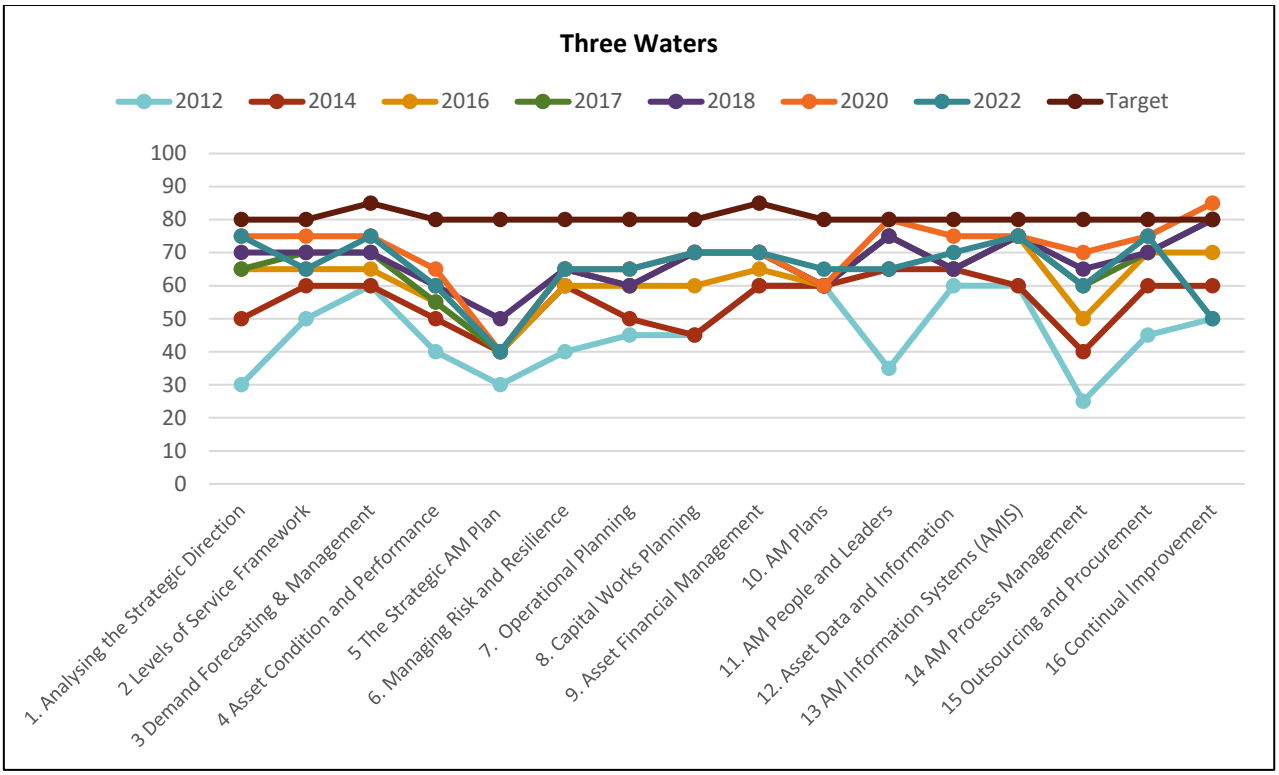
2.2.3 3W Asset Management Plan (AMP)

The AMP includes detailed information about the operating environment, key challenges and risks, service levels, and the age, condition, performance and valuation of assets. It defines the asset lifecycle management approach, including the proposed level of investment in assets and services (and associated financial management arrangements) for operations, maintenance, renewals, and improvements. It also covers how risk will be managed, the commercial models to be used for procurement and delivery of services, and ongoing improvement plans. Development of a more interactive digital AMP is underway which intends to provide improved visibility of the assets, and the investment required to maintain them.

Refer Appendix 8 for the "AMP at a glance"; the full AMP can be found on the QLDC website.

2.2.4 Asset Management Maturity Assessment

Asset management maturity is independently assessed periodically based on the NAMS IIMM guidelines. The assessment identifies achievements, key areas of strength, and opportunities for improvement. The figure below illustrates the historical maturity assessment trends from 2012-2022 for water services. The dip in maturity in 2022 was one of the drivers for establishing a stand alone asset management team with a specific focus on improving asset management maturity. The improvement programme is outlined below.



2.2.5 Asset Management Improvement Programme

Current key focus areas of the asset management continuous improvement programme include the effectiveness and robustness of data, asset systems, and processes and practices. Ongoing investment in

asset management capacity and capability has been budgeted over the next ten years to ensure:

- accurate and complete data is captured and maintained throughout the life of the asset, including both operational and financial elements,
- information systems are consistent, robust, and aligned to better inform decisions and enhance the efficiency of water service operations, and
- the use of information systems and data improves asset management processes.

The improvement programme is developed based on the results of the maturity assessment and areas of highest risk. It will continue to be recalibrated and rolled out in line with the changing water services environment.

2.2.6 Asset information systems

A range of systems are currently in use to manage water asset information (outlined below). Continual improvement of asset information systems is an ongoing focus to ensure decisions are well-informed and water services operations are as efficient as possible.

ESRI ArcGIS:	Used to maintain the three waters reticulation asset inventory. This involves leveraging geospatial capabilities to centralise, visualise, and manage asset data. *Current improvement focus: improve integrations between GIS and Technology One.*
TechnologyOne	Integrated enterprise solution that is used across QLDC for many functions from customer request management, applications and licencing as well as financial management and asset management. *Current improvement focus: optimisation of current system and processes for three waters asset information to better enable the asset register to be maintained and costs tracked.*
InfoAsset Manager	Used to track pipe inspection history. The application collates pipe defects and associated video/photos, enabling QLDC to assess asset condition trends over time. Supports data cleansing and capacity assurance.
Veolia Asset Management System (VAMS)	Used by the maintenance contractor to track operational work orders. There is an opportunity to utilise TechnologyOne capability for work management (including the field app) in future.
Supervisory Control and Data Acquisition (SCADA) software	QLDC uses the Abbey Systems Powerlink software for most of the district, with one scheme at Lake Hayes (the product of a 20 year Design-Build-Operate contract) using AVEVA System Platform. Given the Powerlink product is approaching end of life, QLDC is progressing with the district-wide rollout of AVEVA System Platform. Supporting hardware will be progressively migrated as part of the standard renewal cycle. *Current improvement focus: alignment of SCADA communication with asset data*
Infrastructure Data	Processes SCADA data for reporting e.g. Drinking Water compliance reporting to the Water Services Authority Taumata Arowai.
CS-VUE	A management system, dashboard and interface for environmental monitoring data, resource consent compliance, and reporting.

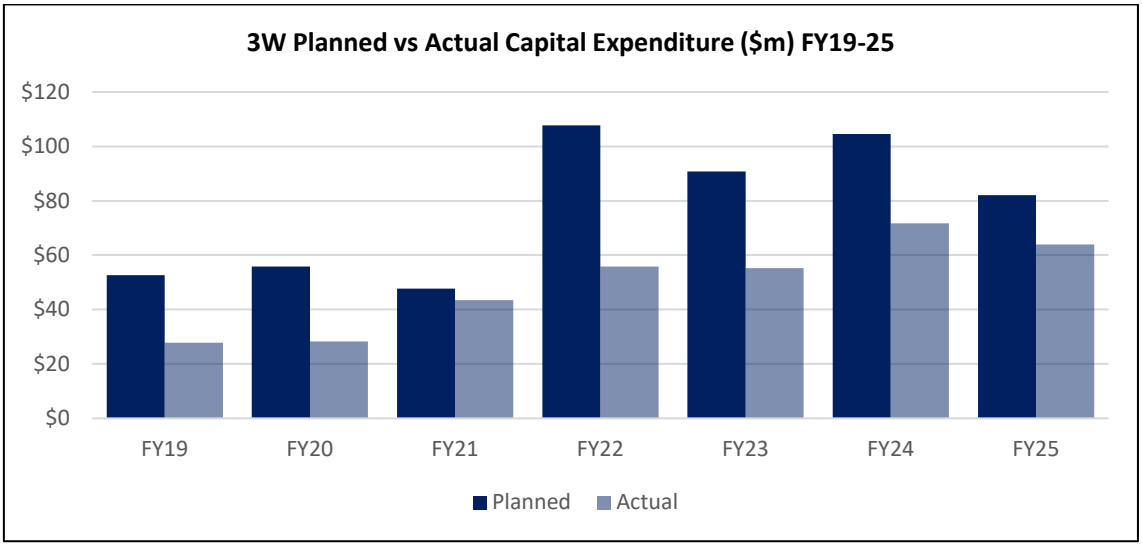
Hydraulic models	Historically, the district's water, wastewater, and stormwater schemes have been hydraulically modelled using a range of different software platforms and approaches. Model specifications for each network have now been developed to ensure more consistent outputs are achieved through models; systems used are InfoWorks ICM (wastewater), InfoWorks WS Pro (water supply), and DHI Mike+ (stormwater).

2.3 Planned investment and delivery arrangements

Residential growth in the district continues to outpace the rest of the country, and visitor numbers are exceeding pre-Covid levels. Providing water services that respond to this growth, maintain the quality of the surrounding natural environment, and meet customer expectations requires significant capital investment and a range of robust planning and delivery arrangements.

2.3.1 Historical delivery against planned investment

Between 2018/19 and 2024/25, QLDC budgeted to invest $541.2 million of capital expenditure in water services. Of this, a total of $346.3 million (64%) was spent. Planned expenditure is based on original budgets approved in the respective Annual Plan, before taking into account changes made via regular budgeted adjustment processes throughout the financial year (e.g. year-end carry forwards, reforecasts)



All 3W ($m)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Planned	52.62	55.80	47.66	107.68	90.72	104.58	82.10	541.16
Actual expenditure	27.80	28.29	43.50	55.79	55.19	71.76	63.94	346.26
Actual vs planned	**53%**	**51%**	**91%**	**52%**	**61%**	**69%**	**78%**	**64%**

Renewals only ($m)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Planned	3.61	3.68	3.83	10.61	11.70	6.47	6.97	46.86
Actual expenditure	6.62	4.97	7.93	5.47	4.63	3.67	4.32	37.61
Actual vs planned	**120%**	**100%**	**121%**	**52%**	**68%**	**77%**	**95%**	**80%**

The period assessed is characterised by (1) a significant increase in required capital expenditure across QLDC's activities, (2) the disruption arising from COVID-19, and (3) the uncertainty associated with water

sector reform.

- Between the 2015 Long Term Plan (LTP) and 2024 LTP, QLDC's planned 10-year capital expenditure grew by over 500%, driven by increased infrastructure investment required to meet demand growth, increasing standards, and strategic goals. Scaling up capacity to deliver the ambitious capital programme was occurring, but at times local resourcing constraints posed challenges to delivery.

- COVID-19 significantly disrupted efforts to grow local capacity and deliver the planned investment programme. While stimulus funding temporarily boosted renewals, major projects were deferred due to inflation eroding value, reduced demand growth from lockdowns and border closures, and the reallocation of internal resources to response and recovery activities. This led to the deferral of some major projects and lower than planned capital expenditure. Deferral of planned expenditure was further impacted by QLDC's financial obligations in relation to weathertightness settlements.

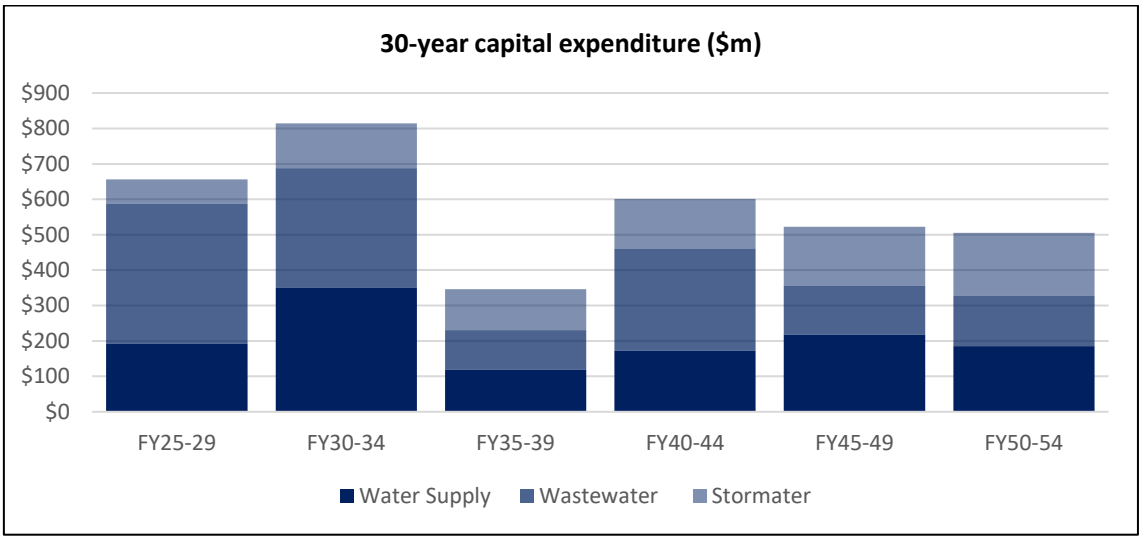
- Since the announcement of government's Three Waters Reform Programme in 2020, ongoing changes in direction have impacted the sector's ability to plan with certainty and required key staff to focus on reform related work over core service delivery.

Despite these challenges, the district's appeal, population growth, and strong work pipeline has fostered a robust local supplier market. Improved capability across the investment lifecycle is leading to better prioritisation, realistic project scoping, and more successful delivery.

2.3.2 Planned capital investment

Significant capital investment in the district's water services is planned over the next 30-years to meet levels of service, maintain and renew existing assets, comply with regulatory requirements, and provide for growth and urban development. Further detail on this planned investment is provided in Appendix 1 (capital investment by activity and cost driver) and Appendix 2 (significant capital projects), and key projects are highlighted throughout Part B of this Plan.

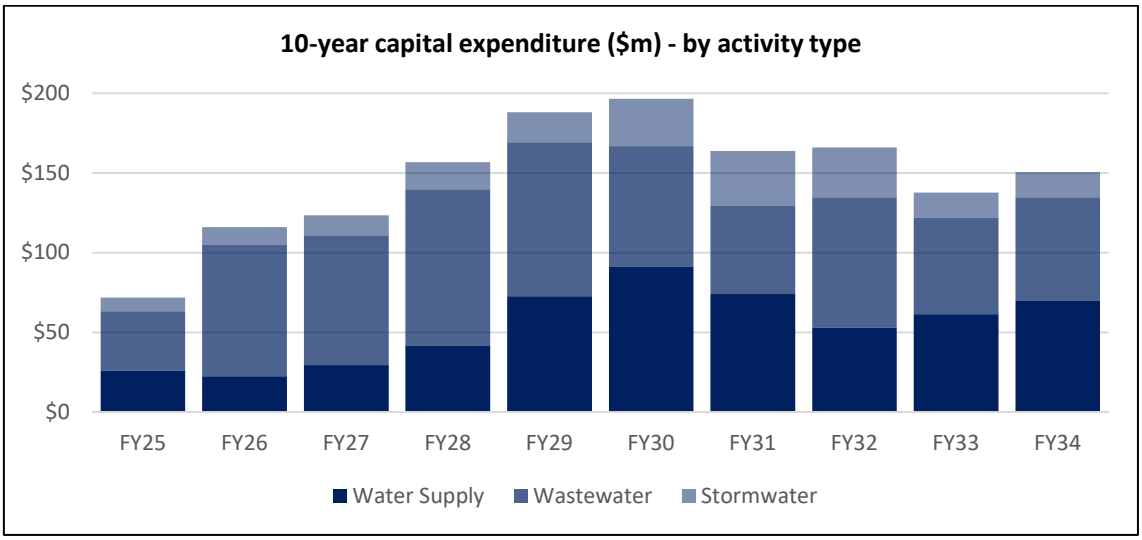
Over the next 30 years, $3.45 billion is provisionally planned for investment in water services, comprised of $1.24 billion in water supply (36%), $1.41 billion in wastewater (41%), and $0.80 billion in stormwater (23%). Expenditure is somewhat frontloaded, with the first ten years representing 43% of the total. This frontloaded expenditure is largely driven by the introduction of major new growth servicing schemes that will provide capacity into the 2034/35+ period.



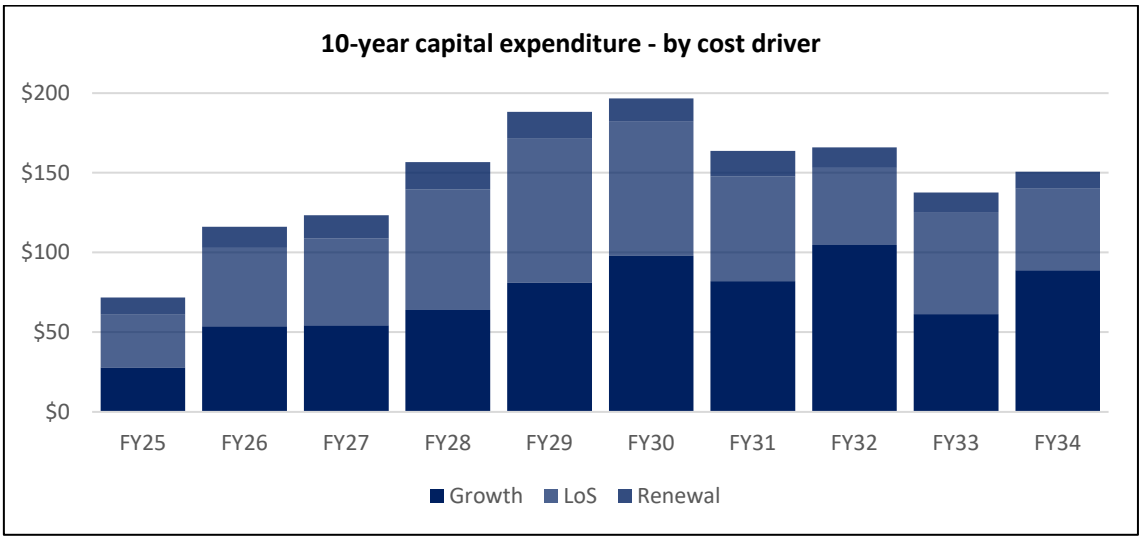
Planned expenditure notably drops off in the 2034/35 – 2038/39 period; this indicative reduction in investment need is attributable to the significant growth capacity delivered in the 2024/25 – 2033/34 period and the uncertainty of need/planning beyond the period covered by this Plan. This long-term expenditure

profile is formally reviewed and updated every three years as part of the 30 Year Infrastructure Strategy development process (in future, the Water Services Strategy).

Within the period covered by this Plan, $1.47 billion is budgeted for investment in water services, comprised of $541.6 million in water supply (37%), $733.6 million in wastewater (50%), and $195.6 million in stormwater (13%).



Of the total investment in water services, around 49% is expected to respond to growth, 42% to maintain or improve service levels, and the remaining 9% to renew existing assets. At this level of planned investment, current and future communities will benefit from high quality water services (discussed further in Part B, section 5), compliance with current and future regulatory requirements (discussed further in Part B, section 6), and a significant amount of new and efficient water services capacity across the district to accommodate projected demand and enable the optimisation of land use planning and infrastructure servicing (discussed further in Part B, section 4).



This ten-year water services capital investment plan was developed in the context of wider organisational priorities and funding arrangements. Opportunities to further accelerate and smooth delivery are being explored; responding to sector reform, more flexible and accessible funding arrangements, evolving regulations, and a responsive development market that is willing to negotiate bespoke developer agreements.

As currently programmed, capital expenditure will peak across 2028/29 – 2029/30, with major scheme upgrades underway or entering construction. These follow on from current significant projects, giving

confidence that the delivery market will be ready for the next tranche of work. Ongoing review and adjustment of the capital investment plan (based on emerging needs, demand changes, market capacity, and funding availability) will ensure future forecasting remain aligned, realistic, and deliverable.

2.3.3 Delivering water services

Improvements to the district's water services networks are typically delivered as projects, while the ongoing operation, maintenance, and renewal of services is provided through an operations and maintenance contract. The planning and performance of delivery activities is defined and overseen by a small, multi-disciplinary inhouse team (including engineers, programme and project managers, operations and contract managers, compliance officers, investment planners, and commercial specialists).

Projects	Significant upgrades and new infrastructure, including large or complex renewals, are delivered as capital works projects. **Design and planning** Project design and planning activities are delivered through a mixture of inhouse and external capability. An engineering and specialist support services panel with project management, design and technical advisory, cost management, engineer to contract, and planning disciplines is utilised to efficiently procure consistent and reliable project planning deliverables. *Current improvement focus: developing right-sized and fit-for-purpose project planning and oversight frameworks to promote robust and efficient project planning and management practices and reduce outsourcing of deliverables that can be produced more cost-effectively inhouse (in particular, business cases).* **Contract works** Queenstown Lakes has a well-established contractor base, and a forward works programme that will continue to attract and sustain existing and new contractors in the region. Generally, water projects are tendered directly to an established capital works delivery panel (with four tier one contractors), though from time-to-time work packages are tendered to the open market. The established panel arrangement is scheduled for review in late 2025. Most physical works projects utilise NZS3910.
Operations and maintenance	Maintenance and operations of the district's water services is currently outsourced to Veolia under a traditional contracting arrangement. Veolia's resource profile (personnel and plant) is based on the contract specification, ensuring sufficient resource to undertake preventative maintenance, respond to Requests for Service (per Level of Service and contract KPIs), provide 24/7 on-call coverage to respond to alarms and breakdowns, supply critical and routine spare parts, and provide necessary vehicles and plant. The contract has numerous mechanisms to identify and resolve issues in the event Veolia's resourcing is inadequate, including early warnings, monthly contract reporting and meetings, quarterly contract leadership meetings, and an annual target cost review. The long-term existing contract arrangement with Veolia ends in June 2027. Procurement planning is underway to test the current contract form and to explore other opportunities. Market engagement will occur around March

2026, with contract award to follow around October 2026.

It is anticipated the future contract will be split into two separable portions:

- Operation and maintenance of treatment plants, pumps & pump stations; all electrical works; SCADA systems.
- Wastewater and stormwater blockages, repairs and maintenance of all pipes and fittings, water leaks and burst mains; other maintenance activities including all valves, hydrants, PRV's, flow meters.

In addition to the district-wide operation and maintenance contract, contracts also exist for the following activities:

- Communications network for three waters Operational Technology (OT) - currently held by Countrynet
- Sludge cartage – currently held by SJ Allen
- Operation and Maintenance of the Cardrona Valley Water and Wastewater treatment plants – currently held by Apex Water (these services will be incorporated into the next iteration of the district-wide contract)

Contract management: Major operational contracts have been broadly standardised to NZS3917. A dedicated team with a strong knowledge base and competency manages these contracts, supports network operations, and informs asset management and future investment planning activities.

3. Assets and Renewals

Over period covered by this Plan, $137.3 million has been budgeted for investment in asset renewals, representing around 9% of total planned capital investment across water services. At this level of investment, the district's existing water assets will continue to maintain service levels, support increasing demand, and improve network resilience.

3.1 Asset value, age, and condition

The district's rapid growth has resulted in a relatively young average asset age across the water services network. According to industry standards, a young network (such as Queenstown Lakes) typically has approximately 80% of pipes in good condition and less than 5% in poor or very poor condition.[8] Based on available GIS data, around 84% of the district's pipe network is in good condition. Less than 5% of the network is assessed as being in poor or very poor condition, including less than 1% of the critical network in poor or very poor condition. This demonstrates historic investment in maintenance and renewals has been sufficient, with planned future investment sized to maintain condition grades in line with the continued expansion and aging of the network.

	Water supply	Wastewater	Stormwater
Asset Net Book Value (as at June 2024)	$432.6 million	$570.4 million	$419.7 million
Average asset age	18.8 years	21.1 years	15.8 years
Above ground assets			
Treatment plants (#)	15	4	0

[8] AWWA, IWA and WRc

Pump stations (#)	41	74	0
Assets with a condition rating (%)[9]	83%	76%	83%
Assets in poor or very poor condition (%)	2%	< 1%	N/A
Below ground assets			
Total reticulation (km)	710km	563km	410km
% network with condition grading[10]	100%	100%	100%
% network in poor or very poor condition	<1%	<1%	<1%

Monitoring of the district's asset performance has improved significantly in recent years through a programme of hydraulic modelling and desktop analysis. Recent improvements and integrations in the asset management system, and a more holistic modelling approach, allows for more advanced analytics and confidence related to asset performance.

Asset condition and performance information underpins agreed work programmes for the maintenance contractor and informs the development of renewals and improvement programmes. The approach to determining the condition of assets is outlined below.

Above-ground	A preventative maintenance approach for above ground assets is driven through the maintenance contract; the contract monitors preventative maintenance at a high level and provides the key methodology for identifying failures. The contractor is expected to regularly assess each facility at the following frequency: • Water supply: at least every week • Wastewater: at least every two weeks QLDC also undertakes regular audits of facilities as follows: • Water supply: at least every month • Wastewater: at least every week
Below-ground	Residual life is gauged using different approaches depending on the nature of the asset. • Gravity sewers and stormwater pipes: a programme of closed-circuit television (CCTV) inspections allows the internal condition of the pipe to be assessed. QLDC invests approximately $250,000 annually in routine proactive CCTV inspections (~20km). • Pressurized pipes (e.g. rising mains, water supply pipes): a determination is based on the pipe's material, age, and performance (driven by number of breakages). In addition, when operators are repairing assets, a visual rating is applied to the pipe (not to fittings as 90% of water leaks are at the fittings; these are replaced at failure).
Key process improvements	Two key actions are underway to improve asset condition data currency and reliability: • Visibility of the contractor's assessment processes is being improved, with a focus

[9] A complete condition rating for above-ground assets isn't available due to ratings being recorded at the parent asset level and the large number of individual components.

[10] Condition rating is a combination of surveyed and estimated condition. Currently only around 35% of the wastewater network and 15% of the stormwater network has a surveyed condition rating.

	on converting the outcomes of inspections into condition ratings in the asset management system in a timely manner. • The hierarchy of water services assets is being reviewed to align with a more standard industry approach and to make detailed data easier to access and utilise e.g. better grouping of the high number of component parts will enable improved condition rating and analysis.

3.2 Critical assets

Asset criticality determines the importance of the asset to the network and considers the potential impact of failure. The criticality influences the prioritisation of response in advent of failure for maintenance and investment in renewal planning and capital improvement. A review of the water services criticality framework is indicatively programmed for 2026.

Key critical water assets are outlined below.

Water supply	Intakes, treatment plants, reservoirs, and significant trunk mains for all schemes.
Wastewater	Treatment plants, large pump stations and rising mains (e.g. Frankton Beach, Albert Town #2) and significant trunk gravity sewers.
Stormwater	Horne Creek is the only dam in the district assigned as high Potential Impact Classification (PIC) due to the potential damage level for assessed failure scenarios. In addition, some trunk stormwater mains will have high criticality.

3.3 Capital investment in renewals

The investment prioritisation framework that underpins budgeted expenditure outlined in this Plan includes a foundational commitment to 'getting the basics right first'. In practice, this means that investment required to maintain existing assets and services has been prioritised ahead of other competing demands.

Over the period covered by this Plan, $137.3 million has been budgeted for investment in renewals. Of this, around 72% is for regular renewals programmes, with the remaining 28% allocated to major one-off renewal projects or the renewal element of a major project that also has LoS and/or growth drivers.

3.3.1 Regular renewals programme

A holistic approach that considers age, condition, and criticality in a risk management framework is used to develop proposed renewals budgets that balance cost, risk, and levels of service. Total indicated investment need is smoothed using 10 year rolling averages to ensure renewals programme expenditure is consistent, predictable, and deliverable.

Renewal year is generally calculated from the remaining life (TUL-Age) in the most recent financial valuation, except where remaining life is determined on the following basis:

- Where there is condition data (pipes only) this is used in preference to asset age. Condition data includes an assessment of pipe bursts for water supply, and CCTV inspections for gravity pipes (defects are scored and aggregated to derive estimates of structural and service conditions).
- Total useful life has been reduced as asset criticality increases e.g. critical assets will be renewed before failure (theoretically) to reduce risk.

- A reduced asset life of 50-60 years is used for assets with vulnerable materials e.g. earthenware, pre-2002 PVC, and AC have had a reduction in life to 50 - 60 years.
- An increased asset life of around 40 years is used for assets with low consequence of failure (e.g. valves) to maximise asset through a more reactive renewals approach.
- Pipes that have been re-lined have had an increase in remaining useful life of about 40 years.

General allowances and assumptions:

- For small schemes that don't have a spread of asset ages and lives, a minimum annual renewals budget is set at 5% of depreciation, ensuring availability of funding for reactive renewals.
- It is assumed that 2.5% of water supply and wastewater laterals need to be renewed each year.
- An allowance is made to renew or replace pipes confirmed as being in poor condition via survey data.

This approach has resulted in the following renewals programme budgets being set for 2024/25 – 2033/34:

	Water supply	Wastewater	Stormwater
2024/25-2033/34 renewals programme	$28.3 million	$55.8 million	$15.1 million

Working within the prioritised and smoothed ten year rolling renewals budgets, annual renewal programmes are developed collaboratively with the maintenance contractor. These annual programmes draw on CCTV information, fault data, operator and officer observations, and requests received from the public to ensure funding is optimally deployed and sufficient flexibility is maintained to respond to unplanned issues.

3.3.2 Other renewals

Where significant renewals are required, either as standalone projects or as part of a larger investments that also include growth and/or level of service elements, separate project budgets are prepared. For this Plan, these include:

Wastewater	• Renewal of conveyance assets between Queenstown CBD and Shotover Wastewater Treatment Plant. *Corresponding LTP24 budgets: CBD to Frankton Conveyance (WW) and Frankton Beach to Shotover Conveyance (WW)* • Renewal of conveyance assets between Arrowtown and Shotover Wastewater Treatment Plant. *Corresponding LTP24 budgets: Conveyance Upgrade – [Arrowtown/Lake Hayes] (WW)* • Renewal of Project Shotover Wastewater Treatment Plant assets. *Corresponding LTP24 budgets: Project Shotover Stage 3 (WW) and Project Shotover Future Works (WW)* • Renewal of other key wastewater conveyance assets not otherwise provided for through the regular programme of renewals. *Corresponding LTP24 budgets: Remarkables Park Pump Station (WW), Marine Parade Pump Station (WW), Robins Road Conveyance (WW), Southwest Wānaka Conveyance Scheme (WW), and Upper Clutha Conveyance Scheme (WW).*
Water supply	• Renewal of Glenorchy borefield assets. *Corresponding LTP24 budget: Glenorchy Bore Upgrades (WS)*

- Renewal of the Beacon Point intake assets. *Corresponding LTP24 budget: Beacon Point Supply Upgrades (WS)*
- Renewal of conveyance assets within the Luggate water supply scheme. *Corresponding LTP24 budget: Luggate Scheme Upgrades (WS)*

Expenditure on 'other' renewals across 2024/25 – 2033/34, such as those described above, is as follows:

	Water supply	Wastewater	Stormwater
2024/25-2033/34 other renewals	$4.5 million	$33.7 million	$0.04 million

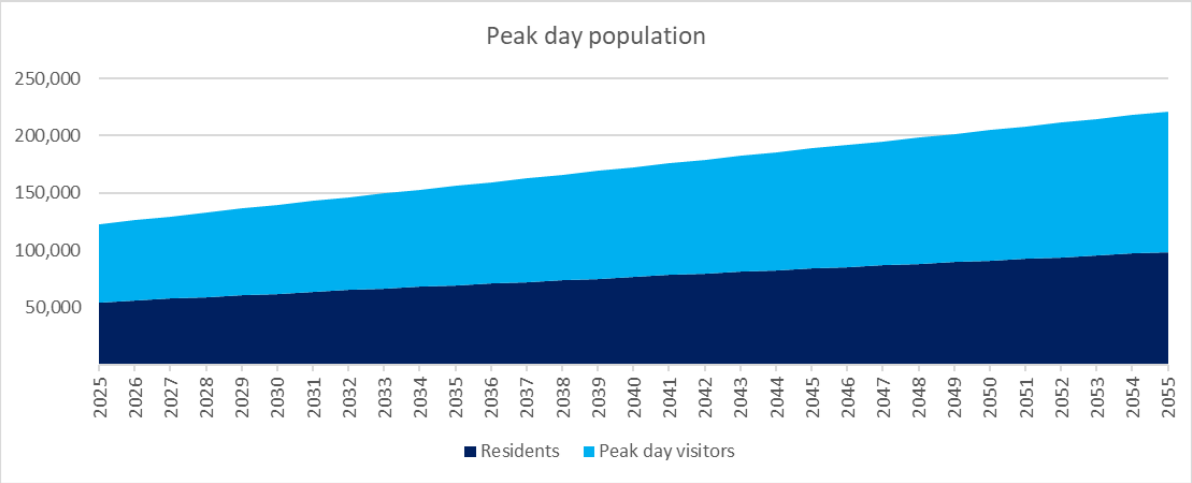
4. Growth

Over the period covered by this Plan, $715.7 million has been budgeted for investment in growth infrastructure. This represents around 49% of total planned capital investment across water services. This level of investment will deliver a significant uplift in water services capacity, performance, and resilience across the district, and includes the introduction of major new schemes within priority development areas.

4.1 Current and projected population

The Queenstown Lakes district has experienced significant growth in its resident population, visitors, housing and commercial development and the local economy. This growth generates high levels of subdivision and development activity which places increasing pressure on water assets and services. Significant investment in additional assets and services is therefore required to meet the demands of growth.

The chart below shows the current and projected resident and peak day visitor populations, highlighting that the peak day population is estimated to grow to 156,161 in the next ten years and 221,276 in the next 30 years. The chart highlights that the peak day population is 2.25 times the resident population; planning to accommodate this is one of the key challenges for infrastructure for the district. QLDC currently provides water services to approximately 110,000 people on a peak day.[11] There are approximately 12,500 people, on a peak day, in the areas not serviced by QLDC's water services[12].



4.2 Providing for growth

The Queenstown Lakes Spatial Plan sets out a long-term strategy to manage growth by concentrating development in key urban areas and growth nodes across the district. Rather than planned for dispersed or ad hoc expansion, the Spatial Plan promotes a compact and efficient urban form that supports well-connected communities, protects the natural environment, and enables infrastructure to be delivered cost-effectively. The Spatial Plan reflects a collaborative vision developed through the Grow Well Whaiora Partnership, ensuring that growth is both sustainable and strategically guided through to 2050.

The priority development areas below have been identified through the Spatial Plan as focal points for future housing and business growth. These areas are supported by planned infrastructure investment and are aligned with the district's transport, housing, and environmental goals.

[11] The number of connections is outlined in Part B Section 1.

[12] Jacks Point, Gibbston, Kingston, Hāwea Flat and Glenorchy.

4.2.1 Whakatipu

The Whakatipu has four specified priority development areas: Te Pūtahi Eastern Corridor, Te Tapuae Southern Corridor, Te Kirikiri Frankton, and the Queenstown Town Centre to Frankton Corridor. The 2024 LTP and 30 Year Infrastructure Strategy outline an ongoing commitment to the provision of growth servicing infrastructure for these areas. It is expected these commitments will be reconfirmed through the district's first Water Services Strategy.

Te Pūtahi Eastern Corridor	A streamlined planning process has recently been completed, upzoning part of this area from rural residential to mixed-use, enabling medium and high-density housing and a new commercial area. Planned growth investment: • New water supply, wastewater, and stormwater schemes. *Corresponding LTP24 budgets: Ladies Mile New Scheme (WS), Ladies Mile New Scheme (WW), and Ladies Mile New Scheme (SW).* Current zoning enables approximately 3,830 additional dwellings.[13] Demand projections estimate an additional 432 dwellings in the area by 2034. Investment outlined in the 2024 LTP, together with existing infrastructure capacity, will enable an additional 1,493 dwellings by 2034.
Te Tapuae Southern Corridor	Part of this area is already zoned through the district plan for mixed use. Planned growth investment: • New water supply and wastewater schemes. *Corresponding LTP24 budgets: Southern Corridor New Scheme (WS) and Southern Corridor New Scheme (WW).* • Hanley's Farm wastewater pumpstation upgrade. *Corresponding LTP24 budget: Hanleys Farm Pump Station (WW).* Current zoning enables approximately 3,160 additional dwellings. A structure planning process is currently underway and will lead to upzoning from rural to mixed-use, enabling medium-high density housing, additional commercial and industrial zoning. It is estimated that this will provide additional zoned capacity of 7,800 dwellings. Demand projections estimate an additional 847 dwellings in the area by 2034. Investment outlined in the 2024 LTP, together with existing infrastructure capacity, will enable an additional 7,641 dwellings by 2034.
Te Kirikiri Frankton	This area is already zoned through the district plan for mixed use – including the areas main commercial and industrial area, and medium and high-density housing. Planned growth investment: • New water storage capacity. *Corresponding LTP24 budget: Quail Rise Reservoir (WS)* • Stormwater management upgrades. *Corresponding LTP24 budgets: Remarkables Park Outlet (SW) and SH6/6A Improvements (SW).* • Wastewater conveyance upgrades. *Corresponding LTP24 budgets: Frankton Beach to Shotover Conveyance (WW), Remarkables Park Pump Station (WW), and Hawthorne Drive Capacity (WW).*

[13] Dwelling means dwelling equivalent units and takes account of both residential and non-residential requirements. This definition applies throughout this section (Section 4.2) where the term 'dwelling' is used.

	Current zoning enables approximately 9,733 additional dwellings. Demand projections estimate an additional 1,362 dwellings in the area by 2034. Investment outlined in the 2024 LTP, together with existing infrastructure capacity, will enable an additional 3,314 dwellings by 2034. Beyond 2034, further investment in the area's wastewater and water supply reticulation capacity and resilience is planned. *Corresponding 30YIS budgets: Frankton Beach to Shotover Conveyance (WW) and Frankton Ringmain Initiative (WS).*
Queenstown town centre to Frankton corridor	This area is already zoned through the district plan for medium-high-density housing, visitor accommodation and commercial. Planned growth investment: • Wastewater conveyance upgrades. *Corresponding LTP24 budgets: CBD to Frankton Conveyance (WW) and Frankton Beach to Shotover Conveyance (WW)* • Ongoing investment in the Queenstown scheme's water supply intake and storage arrangements to either directly or indirectly create servicing capacity for this corridor. *Corresponding LTP24 budgets: Two Mile Supply Upgrades (WS), Filtration – Queenstown (WS), and Quail Rise Reservoir (WS).* Current zoning enables approximately 8,869 additional dwellings. Demand projections estimate an additional 1,527 dwellings in the area by 2034. Investment outlined in the 2024 LTP, together with existing infrastructure capacity, will enable an additional 1,615 dwellings by 2034. Beyond 2034, further investment in the area's wastewater reticulation capacity and resilience is planned. *Corresponding 30YIS budgets: CBD to Frankton Conveyance (WW) and Frankton Beach to Shotover Conveyance (WW).*
Common/shared enabling infrastructure	The interconnected nature of water services networks across the Whakatipu means many of the priority growth areas (and broader general growth) are supported by common facilities (e.g. water and wastewater treatment plants). Planned investment that supports/enables some, or all, of the Whakatipu's priority growth areas: • Wastewater treatment and disposal. *Corresponding LTP24 budgets: Biosolids Disposal – [all schemes] (WW), Project Shotover Stage 3 (WW), Project Shotover Future Works (WW), and Shotover Disposal Field (WW).* • Water intake, treatment, and storage capacity. *Corresponding LTP24 budget: Quail Rise Reservoir (WS).* • Water demand management. *Corresponding LTP24 budgets: Demand Mgt – [all schemes] (WS).* Beyond 2034, further investment in network capacity, capability, and resilience is planned, along with continued investment in water demand management. *Corresponding 30YIS budgets: Inflow & Infiltration Programme (WW), Project Shotover Future Works (WW), Two Mile Supply Upgrades (WS), and Demand Mgt – [all schemes] (WS).* Additionally, a rolling water services programme allowance for not-yet-specified major improvement projects spans 2024/25 – 2053/54; these are also expected to deliver major capacity upgrades that support growth.

4.2.2 Upper Clutha

The Upper Clutha has three specified priority growth areas: Southern Wānaka, the Wānaka town centre to Three Parks corridor, and Hāwea. The 2024 LTP and 30 Year Infrastructure Strategy outline an ongoing commitment to the provision of growth servicing infrastructure for these areas. It is expected these commitments will be reconfirmed through the district's first Water Services Strategy.

Southern Wānaka	Part of this area is already zoned through the district plan for mixed use. Planned growth investment: • Wastewater conveyance upgrades. *Corresponding LTP24 budgets: Southwest Wānaka Conveyance Scheme (WW) and Upper Clutha Conveyance Scheme (WW).* • Water supply intake, treatment, and storage upgrades. *Corresponding LTP24 budgets: Filtration – Wanaka (WS), Beacon Point Supply Upgrades (WS), and Wanaka Storage Upgrades (WS).* Current zoning enables approximately 2,941 additional dwellings. A structure planning process is planned to commence in late 2025 / early 2026 and will lead to upzoning from rural residential to mixed use, allowing medium and high-density housing and commercial activities. It is estimated that this will provide additional zoned capacity of 8,800 dwellings. Demand projections estimate an additional 484 dwellings in the area by 2034. Investment outlined in the 2024 LTP, together with existing infrastructure capacity, will enable an additional 590 dwellings by 2034. Beyond 2034, investment in the area's wastewater and water supply capacity and resilience is planned. *Corresponding 30YIS budgets: Upper Clutha Conveyance Scheme (WW) and Wanaka Storage Upgrades (WS).*
Wānaka town centre to Three Parks corridor	This area is already zoned through the district plan for medium and high-density housing. Planned growth investment: • Water supply intake, treatment, and storage upgrades. *Corresponding LTP24 budgets: Filtration – Wanaka (WS), Beacon Point Supply Upgrades (WS) and Wanaka Storage Upgrades (WS).* • Wider wastewater network upgrades will release capacity within the existing network to continue servicing growth in this area. *Corresponding LTP24 budgets: North Wānaka Conveyance Stage 2 (WW) and Upper Clutha Conveyance Scheme (WW).* Current zoning enables approximately 7,084 additional dwellings. Demand projections estimate an additional 1,423 dwellings in the area by 2034. Investment outlined in the 2024 LTP, together with existing infrastructure capacity, will enable an additional 1,685 dwellings by 2034. Beyond 2034, it is anticipated that a third intake and treatment facility will be added to the scheme, and it is likely this will be the primary water source for this central development area. Investment in wastewater capacity and resilience is also planned. *Corresponding 30YIS budget: Wānaka New Intake & WTP (WS) and Upper Clutha Conveyance Scheme (WW).*

Hāwea	This area is already zoned through the district plan for medium and high-density housing. Planned growth investment: • Wastewater conveyance upgrades. *Corresponding LTP24 budget: Upper Clutha Conveyance Scheme (WW).* • Water supply intake, treatment, storage, and reticulation upgrades. *Corresponding LTP24 budgets: Hāwea LoS Improvements (WS), Capell Ave Watermain Extension (WS), and Hāwea Scheme Upgrades (WS).* Current zoning enables approximately 5,155 additional dwellings. Demand projections estimate an additional 689 dwellings in the area by 2034. Investment outlined in the 2024 LTP, together with existing infrastructure capacity, will enable an additional 1,067 dwellings by 2034. Beyond 2034, investment in water supply and wastewater network capacity, capability, and resilience is planned. *Corresponding 30YIS budgets: Upper Clutha Conveyance Scheme (WW) and Hāwea Scheme Upgrades (WS).*
Common/shared enabling infrastructure	The interconnected nature of water services networks across the Upper Clutha means many of the priority growth areas (and broader general growth) are supported by common facilities (e.g. water and wastewater treatment plants). Planned investment that supports/enables some, or all, of the Upper Clutha's priority growth areas: • Wastewater treatment and disposal. *Corresponding LTP24 budgets: Upper Clutha Conveyance Scheme (WW), Biosolids Disposal – [all schemes] (WW) and Project Pure Future Works (WW)* • Water demand management. *Corresponding LTP24 budgets: Demand Mgt – [all schemes] (WS).* Beyond 2034, investment in network capacity, capability, and resilience is planned, along with continued investment in water demand management. *Corresponding 30YIS budgets: Inflow & Infiltration Programme (WW), Project Pure Future Works (WW), Wānaka Ringmain Initiative (WS), Wānaka New Intake & WTP (WS), Wanaka Storage Upgrades (WS), and Demand Management – [all schemes] (WS).* Additionally, a rolling water services programme allowance for not-yet-specified major improvement projects spans 2024/25 – 2053/54; these are also expected to deliver major capacity upgrades that support growth.

QLDC recently commissioned an independent assessment of the projected infrastructure capacity needs against the capacity enabled through the growth investments outlined in this plan. This assessment confirmed that the planned level of investment is sufficient to provide for projected growth by unlocking development capacity across the district in the medium (ten years) and long term (30 years). Approximately 23,500 additional dwellings will be enabled by 2034 through committed water services infrastructure projects, compared to a projected growth in demand for dwellings of 9,200 and current zoning for over 77,000. Structure planning for Te Tapuae Southern Corridor and Southern Wānaka is estimated to provide capacity for an additional 16,600 dwellings. However, there are short term (in the next three years) constraints in some areas; projects are underway to address these constraints. Additional intensification is also planned to be introduced through the Urban Intensification Variation that is currently in progress.

While significant capacity will be unlocked by 2034, the timeline for infrastructure delivery does not always align with the expectations of individual developers, especially those operating outside priority

development areas, leading to pressure for fast tracked approvals and out-of-sequence servicing. Accelerating infrastructure servicing to respond to developer-driven timeframes must be carefully coordinated to manage increased risks associated with stranded/underutilised capacity, sub-optimal network configurations, delayed recovery of growth revenue, and challenging assets to operate. Additionally, some developers within serviced areas are not progressing developments (either at all, or to plan-enabled capacity), which limits the efficient use of existing and planned infrastructure.

Addressing these challenges and mitigating the associated risks will require stronger alignment between infrastructure planning, consenting, and incentives for well-sequenced and optimised development across the district, as well as progression of alternative funding and financing approaches such as those available through the IFFA and bespoke developer agreements. The emerging Regional Deal presents an opportunity to coordinate funding, planning, and delivery at a broader scale, ensuring that infrastructure investment continues to enable growth, while supporting regional housing and economic objectives.

5. Levels of Service

The Level of Service (LoS) framework for water services in the district is based on key aspects of each type of service. Each LoS is described as a customer-focused outcome e.g. for water quality the LoS outcome is "water is safe." Each outcome has specific measures to track performance, which are assessed either at the scheme level or across the whole network, depending on what's being measured. All LoS performance results are shown below.

Alongside the customer-focused LoS, the district's water services are also assessed using standards set by the Department of Internal Affairs (DIA) – noting that in some instances these measures do overlap. These results are published on the QLDC website via monthly, quarterly and annual reports. If any services are not currently meeting DIA standards, their performance details are shown below.

Over the period covered by this Plan, $617.7 million has been budgeted to maintain or improve water services LoS in the district; this represents 42% of total planned capital investment across water services.

5.1 Water Supply LoS

Water supply service levels focus on **quality, pressure, firefighting,** and **network condition.** To maintain or improve these water supply LoS, $268.3 million of capital investment is budgeted over the period covered by this Plan. This accounts for 50% of planned water supply investment and 18% of total water services investment over the period.

Performance against water supply LoS (all) and DIA performance standards (by exception) is as follows:

Water is safe	**Measure:** compliance with NZ Drinking Water Quality Assurance Rules **Performance:** 9 of 11 schemes have the infrastructure installed to achieve this LoS. QLDC schemes achieve high levels of compliance against the NZDWQAR, with the majority being assessed as 'Almost Met' under the DIA's methodology for determining the safety of drinking water for the 24/25 annual report. Further information on the two schemes that do not achieve this LoS, along with corresponding planned investment, is provided in Section 6.2.1.
Network pressures are within an acceptable range	**Measure:** Pressure at the boundary is greater than 200kPa **Performance:** 4 of 11 schemes fully achieve this LoS; however, overall >99.5% of connections achieve this LoS across the district. A small number of properties in the remaining seven schemes do not achieve this LoS. This will be systematically addressed based on impact, relative priority, and opportunity – either through planned scheme-level upgrades (corresponding LTP budgets specified below), or general LoS performance and minor improvement programmes. *Corresponding LTP24 budgets: LoS Performance – [all schemes] (WS) and Minor Improvements – [all schemes] (WS)*. • **Queenstown** (28 properties below LoS representing 0.2% of demand) and Shotover Country (3 properties below LoS representing 0.1% of demand). • **Arthurs Point** (3 properties below LoS representing 0.6% of demand). *Corresponding LTP24 budget: Arthurs Point Reservoir (WS).* • **Arrowtown** (1 property below LoS representing 0.1% of demand).

	Corresponding LTP24 budget: Arrowtown Scheme Upgrades (WS). • **Lake Hayes** (28 properties below LoS representing 3% of demand). • **Glenorchy** (5 properties below LoS representing 2% of demand). • **Hāwea** (1 property below LoS representing 0.1% of demand). *Corresponding LTP24 budget: Hāwea Scheme Upgrades (WS).* • **Wānaka** (41 properties below LoS representing 0.5% of demand). *Corresponding LTP24 budgets: Beacon Point Supply Upgrades (WS) and Wānaka Storage Upgrades (WS)*.
Adequate water is available for firefighting purposes	**Measure:** 90% compliance based on FW2 (as per SNZ PAS 4509:2008) **Performance:** 8 of 11 schemes achieve this LoS. Three have small pockets of suboptimal hydrant flow/pressure (where single hydrant flow is <25l/s). Further information on compliance with firefighting compliance is included in Section 6.2.1.
Network condition is maintained in adequate condition to prevent excessive losses	**Measure:** Less than 30% losses measured via night flow monitoring **Performance:** the water supply network achieves this LoS, with a district-wide loss rate of 27%.
DIA standards not currently met	**Measure:** Average consumption of water per person per day. Target < 495 litres per person per day. **Performance:** 507 l/person/day A comprehensive programme of water demand management is in development, with trials underway in a number of schemes to inform district-wide rollout. *Corresponding LTP24 budgets: Demand Mgt – [all schemes] (WS)*
	Measure: Number of complaints per 1,000 connections to a public water reticulation network about the pressure of drinking water. Target of <4 per 1,000 connections. **Performance:** 4.52 complaints per 1,000 connections (note – majority of complaints driven by nuisance blockages caused by lake algae). Pre-UV filtration for surface water intake schemes is programmed for delivery in FY27. This filtration will significantly reduce algae entering the reticulated network. *Corresponding LTP24 budgets: Filtration – Queenstown (WS) and Filtration – Wānaka (WS).*

5.2 Wastewater LoS

Wastewater service levels focus on **quality, capacity,** and **network condition.** To maintain or improve these wastewater LoS, $285.8 million of capital investment is budgeted over the period covered by this Plan. This accounts for 39% of planned wastewater investment and 19% of total water services investment over the period.

All DIA wastewater standards are currently met. Performance against all wastewater LoS is as follows:

Wastewater is treated and disposed of appropriately	**Measure:** Wastewater treatment plants are fully compliant with their resource consents **Performance**: 2 of 4 schemes achieve this LoS. Further information on the two schemes that do not meet this LoS, including corresponding investment, is provided in Section 6.1.2.
The network has adequate capacity	**Measure:** No overflows in a five-year Average Recurrence Interval event. **Performance:** 2 of 4 schemes achieve this LoS. Capacity constraints in the two schemes that do not meet this LoS will be addressed through targeted upgrade projects (corresponding LTP24 budgets specified below), and as otherwise required, general LoS performance and/or minor improvement programmes. *Corresponding LTP24 budgets: LoS Performance – [all schemes] (WS) and Minor Improvements – [all schemes] (WS)*. • **Whakatipu** (13 overflows modelled). A range of projects to develop new and upgrade existing conveyance arrangements are planned. *Corresponding LTP24 budgets: CBD to Frankton Conveyance (WW), Frankton Beach to Shotover Conveyance (WW), Robins Road Conveyance (WW), Conveyance Upgrade – [Arrowtown/Lake Hayes] (WW), Remarkables Park Pump Station (WW), and Marine Parade Pump Station (WW).* • **Wānaka** (19 overflows modelled). A range of projects to develop new and upgrade existing conveyance arrangements are planned. *Corresponding LTP24 budgets: Southwest Wānaka Conveyance Scheme (WW), North Wānaka Conveyance Stage 2 (WW), and Upper Clutha Conveyance Scheme (WW).*
Overflows due to network condition are minimised	**Measure:** Less than 3 dry weather overflows per 1,000 connected properties per year. **Performance:** the wastewater network achieves this LoS, with a district-wide dry weather overflow rate of 1.72.

5.3 Stormwater LoS

Stormwater service levels focus on **quality** and **capacity**. To maintain or improve these stormwater LoS, $63.7 million of capital investment is budgeted over the period covered by this Plan. This accounts for 33% of planned stormwater investment and 4% of total water services investment over the period.

Performance against stormwater LoS (all) and DIA performance standards (by exception) is as follows:

Stormwater discharges do not degrade the natural environment	**Measure:** All discharges compliant with resource consent and Regional Plan. **Performance:** 3 discharges do not meet this LoS. Further information on the discharges that do not meet this LoS, including corresponding investment, is provided in Section 6.1.2.

Adequate capacity is available to protect properties from flooding	**Measure:** No flooding to habitable floors in a 20-year Average Recurrence Interval event (number of habitable buildings flooded at flood depth > 0.05m). **Performance:** Met. No flooding to habitable floors recorded in the past 5 years. Models for catchment areas are being systematically developed across the district to better inform future planning. Recently updated models exist for four areas of the district, these indicate some potential risk of non-compliance with this LoS however the models are currently uncalibrated. The number of habitable buildings impacted by a flood depth >0.05m for these areas, based on expected development, are: • North Wānaka: 626 (9%) • South Wānaka: 49 (5%) • Queenstown: 260 (13%) • Frankton: 73 (6%) As required, related issues will be addressed through the stormwater major improvements programme. *Corresponding LTP24 budgets: Major Improvements – Whakatipu (SW) and Major Improvements – Upper Clutha (SW).*
DIA standards not currently met	**Measure:** The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system. Target <5 per 1,000 connections. **Performance:** 6.92 per 1,000 connections As required, related issues will be addressed through the stormwater minor improvements programme. *Corresponding LTP24 budgets: Minor Improvements – [all schemes] (SW).*

6. Regulatory Standards

This section describes (a) the current status of the district's water services compliance with regulatory requirements, and (b) planned actions to ensure all known and reasonably anticipated requirements are met and maintained over the period covered by this Plan. The Water Services CCO delivery model will give effect to the actions and requirements outlined in this section.

6.1 Resource Consents

Parameters	Water Supply	Wastewater	Stormwater
Significant consents	Water take: 14	Discharge: 9	Discharge: 1
Expire in the next 10 years	2	3	0
Active resource consent applications	0	1	0
Non-compliance:			
• Significant risk non-compliance	0	2	1
• Moderate risk non-compliance	3	0	0
• Low risk non-compliance	6	2	0
Compliance actions (last 24 months):			
• Warning	0	0	0
• Abatement notice	0	3	2
• Infringement notice	0	11	2
• Enforcement order	1	1	0
• Convictions	0	0	0

6.1.1 Current Consents

Outlined below are the current resource consents for water services held by QLDC. Consents expiring within the next ten years are highlighted. QLDC is not operating any facilities under expired resource consents and no consents are in the process of being renewed under section 124 of the Resource Management Act 1991.

Water Supply:

Consent Detail	Consent Issuer	Type of Consent	Expiry
RM14.278.01 Hāwea Water Supply – To take and use groundwater from the Hāwea basin aquifer for the purpose of Hāwea community water supply	Otago Regional Council	Water Take	19/01/2050

Consent Detail	Consent Issuer	Type of Consent	Expiry
2008.459 Western Wānaka Water Supply – To take and use water as primary allocation from lake Wānaka for the purpose of community supply.	Otago Regional Council	Water Take	5/11/2043
2008.46 Beacon Point Water Supply – To take and use water as primary allocation from lake Wānaka for the purpose of community supply.	Otago Regional Council	Water Take	5/11/2043
RM19.097.01 Wānaka Airport – To take and use groundwater from the Wānaka Basin Cardrona Aquifer for the purpose of irrigation, public amenity supply and commercial use.	Otago Regional Council	Water Take	1/06/2041
RM11.177.01 Corbridge Water Supply – To take and use groundwater from the Wānaka basin Cardrona gravel aquifer for the purpose of communal domestic supply, commercial and industrial use.	Otago Regional Council	Water Take	30/08/2036
2009.158 Glenorchy Water Supply – To take and use groundwater for the purpose of community supply.	Otago Regional Council	Water Take	2/12/2044
RM19.413.01 Luggate Water Supply – To take and use groundwater for the purpose of providing community supply.	Otago Regional Council	Water Take	20/12/2044
RM22.344.01 Luggate Water Supply – To take and use groundwater from (3) bores for the purpose of community supply of Luggate and the surrounding area.	Otago Regional Council	Water Take	19/10/2028
2001.822 Lake Hayes Water Supply – For the purpose of a community water supply	Otago Regional Council	Water Take	20/05/2027
RM16.142.01 Shotover Country (SOC) – To take and use groundwater for the purpose of providing community supply	Otago Regional Council	Water Take	1/10/2048
2007.665 Two Mile Water Supply – To take and use water as primary allocation from lake Wakatipu for the purpose of community supply.	Otago Regional Council	Water Take	1/02/2042
2004.552 Kelvin Heights Water Supply – To take and use surface water for the purpose of a community water supply	Otago Regional Council	Water Take	1/04/2040
2005.762 Arthurs Point Water Supply – To take and use groundwater for the purpose of a community water supply.	Otago Regional Council	Water Take	1/12/2042
RM19.410.01 Arrowtown Water Supply – To take and use groundwater for the purpose of public water supply of Arrowtown and Millbrook townships	Otago Regional Council	Water Take	30/10/2035

Wastewater:

Consent Detail	Consent Issuer	Type of Consent	Expiry
RM13.215.01 Shotover WWTP – **T**o discharge contaminants to air for the purpose of operating the Queenstown wastewater treatment plant	Otago Regional Council	Discharge to Air	18/03/2044
RM13.215.03 Shotover WWTP – To discharge treated wastewater to land	Otago Regional Council	Discharge to Land	31/12/2031
2008.238 Shotover WWTP – To discharge treated wastewater to land	Otago Regional Council	Discharge to Land	18/03/2044
2009.348.v3 Cardrona WWTP – To discharge treated wastewater to land for the purpose of disposing of wastewater from the Mt Cardrona Station development, the Cardrona Village and the Cardrona Alpine Resort	Otago Regional Council	Discharge to Land	15/07/2045
RM22.178.01 Hāwea WWTP – To discharge contaminants to air for the purpose of discharging treated wastewater.	Otago Regional Council	Discharge to Air	7/07/2033
RM22.178.02 Hāwea WWTP – To discharge contaminants to land for the purpose of discharging treated wastewater.	Otago Regional Council	Discharge to Land	7/07/2033
2005.485 Project Pure (Wānaka) WWTP – To discharge contaminants into air from wastewater treatment, for the purpose of operating the Wānaka basin wastewater treatment and disposal system.	Otago Regional Council	Discharge to Air	30/09/2041
2005.484 Project Pure (Wānaka) WWTP – To discharge treated wastewater to land for the purpose of disposal of wastewater from the Wānaka basin wastewater treatment and disposal system.	Otago Regional Council	Discharge to Land	30/09/2041
RM20.164 Kingston WWTP – To discharge treated municipal wastewater to land for the purpose of disposal of wastewater from Kingston Township	Otago Regional Council	Discharge to Land	1/02/2057

QLDC also has one active resource consent application for wastewater:

Consent Detail	Consent Issuer	Type of Consent	Expected Expiry
RM25.206 Shotover WWTP – Discharge of Treated Wastewater to Shotover River (short term consent)	Otago Regional Council	Discharge to Water	31/12/2030

Stormwater:

Consent Detail	Consent Issuer	Type of Consent	Expiry
RM15.277.01 Shotover Country Wetland SW Discharge – To discharge stormwater to a Regionally Significant Wetland for the purpose of disposing of stormwater from a residential development	Otago Regional Council	Discharge to Water	21/12/2050

6.1.2 Compliance

Compliance is achieved across all current resource consent conditions, with the small number of exceptions outlined below. Remediation of all areas of non-compliance has been planned and budgeted for over the period covered by this Plan.

Significant risk non-compliance:	Wastewater: • Shotover wastewater treatment plant - disposal field failures causing surface water ponding and runoff contrary to consent conditions. Discharge mechanism changed under Emergency Provisions of RMA and a short-term consent sought for a period of five years while a long solution is developed. Planning is currently underway, with remediation planned for completion by 2030. *Corresponding LTP24 budget: Shotover Disposal Field (WW).* • Hāwea wastewater treatment plant – primarily related to the Nitrogen removal performance of the plant, resulting in exceedances of the Total Nitrogen concentration in the treated effluent and an exceedance of the annual Nitrogen loading. A project to connect Hāwea to the Wanaka wastewater scheme is in delivery will be completed in 2027/28. *Corresponding LTP24 budget: Upper Clutha Conveyance Scheme (WW).* Stormwater: • Shotover stormwater discharge - related to weed control and planting. Remediation is planned for completion by end of 2026. *Corresponding LTP24 budget: Minor Improvements – Whakatipu (SW).*
Moderate risk non-compliance	Water Supply: • Beacon Point intake (2008.46) - flowmeter serial number differed from ORC records, and the flowmeter required its 5yearly verification. *No corresponding LTP24 budget required to address.* • Lake Hayes (2001.822) - abstraction limits breached for a number of weeks during peak summer demand, and weir records had missing data. *Corresponding LTP24 budget: Demand Management – Lake Hayes (WS).* • Glenorchy (2009.158) – associated with data quality (missing/incorrect). *No corresponding LTP24 budget required to address.*
Low risk non-compliance	Wastewater: • Cardrona wastewater treatment plant - administrative non-compliance only. *No corresponding LTP24 budget required to address.* • Shotover wastewater treatment plant – odour management plan submitted late to the Stakeholder Reference Group. *No corresponding LTP24 budget required to address.* Water Supply: • Six water permits received low risk non-compliance gradings in their most recent audit arising from administrative matters. *No corresponding LTP24 budget required to address.*

Outlined below are the compliance actions taken in relation to QLDC's resource consents over the last two years and the associated investments planned to ensure that they are addressed. The service delivery model doesn't directly impact the ability to address these areas as they are all currently planned and budgeted for.

Abatement Notices:	Wastewater: • Shotover wastewater treatment plant (x 2) - disposal field failures causing surface water ponding and runoff contrary to consent conditions. Discharge mechanism changed under Emergency Provisions of RMA and a short-term consent sought for a period of five years while a long solution is developed. Planning is currently underway, with remediation planned for completion by 2030. *Corresponding LTP24 budget: Shotover Disposal Field (WW).* • Hāwea wastewater treatment plant – primarily related to the Nitrogen removal performance of the plant, resulting in exceedances of the Total Nitrogen concentration in the treated effluent and an exceedance of the annual Nitrogen loading. A project to connect Hāwea to the Wanaka wastewater scheme is in delivery will be completed in 2027/28. *Corresponding LTP24 budget: Upper Clutha Conveyance Scheme (WW).* Stormwater: • Related to non-compliances with the Permitted Activity rules for stormwater flows through Rockabilly Gully. The 2024 LTP provides for mitigation of adverse effects by 2027. *Corresponding LTP24 budget: Rockabilly Gully Erosion Protection (SW).* • Related to non-compliances with the permitted activity rules for stormwater flows into Bullock Creek. The 2024 LTP provides for diversion of stormwater flows away from Bullock Creek by 2029. *Corresponding LTP24 budget: Stone Street Upgrades (SW).*
Infringement Notices:	Wastewater: • Shotover wastewater treatment plant (x 11) - disposal field failures causing surface water ponding and runoff contrary to consent conditions. Discharge mechanism changed under Emergency Provisions of RMA and a short-term consent sought for a period of five years while a long solution is developed. Planning is currently underway, with remediation planned for completion by 2030. *Corresponding LTP24 budget – Shotover Disposal Field (WW).* Stormwater: • Related to non-compliances with the Permitted Activity rules for stormwater flows through Rockabilly Gully. The 2024 LTP provides for mitigation of adverse effects by 2027. *Corresponding LTP24 budget: Rockabilly Gully Erosion Protection (SW).* • Related to non-compliances with the permitted activity rules for stormwater flows into Bullock Creek. The 2024 LTP provides for diversion of stormwater flows away from Bullock Creek by 2029. *Corresponding LTP24 budget: Stone Street Upgrades (SW).*

Enforcement Orders:	Water Supply: • Queenstown Water Supply – associated with the absence of a protozoa barrier on the Queenstown Two Mile water supply. **Now resolved.** • Shotover wastewater treatment plant - disposal field failures causing surface water ponding and runoff contrary to consent conditions. Discharge mechanism changed under Emergency Provisions of RMA and a short-term consent sought for a period of five years while a long solution is developed. Planning is currently underway, with remediation planned for completion by 2030. *Corresponding LTP24 budget: Shotover Disposal Field (WW).*

6.1.3 Anticipated Future Requirements

Outlined below are anticipated changes to resource consenting and the planned response to these. The service delivery model doesn't directly impact the ability to address these areas as they are all currently planned and budgeted for.

Anticipated requirement for global stormwater discharge consents	QLDC expects that provisions for increasing quality of stormwater discharges will be introduced. The current LTP allows for significant investment in improving stormwater management both regarding quantity and quality, including production of Stormwater Quantity Plans and Stormwater Quality Plans. There remains a risk that the investment programme is not aligned to when regulatory requirements are introduced or is insufficient to achieve compliance with new regulations. *Corresponding LTP24 budgets: Compliance Plans – [all schemes] (SW), Major Improvements – Whakatipu (SW), Major Improvements – Upper Clutha (SW), and Minor Improvements – [all schemes] (SW).*
Expiring consent for Lake Hayes water supply	The existing consent for the Lake Hayes water take is expiring in May 2027. It is not expected that an increased standard will be required, but provision has been made in the 2024 LTP to obtain the new consent and manage any unexpected changes. *Corresponding LTP24 budget: Lake Hayes Permit (WS).*
Expiring consent for Luggate water supply	The existing consent for the Luggate water take is expiring in October 2028. It is not expected that an increased standard will be required, but provision has been made in the 2024 LTP to obtain the new consent and manage any unexpected changes. *Corresponding LTP24 budget: Luggate Scheme Upgrades (WS).*
Arrowtown Water Demand	In 2024/25 the annual volume abstracted against the Arrowtown water permit exceeded the annual allocation. At this stage the planned response is not to seek a revision to the existing water permit, but rather focus on managing demand to better utilise the water resource currently available. *Corresponding LTP24 budget: Demand Mgt – Arrowtown (WS)*

Expiring consents for Hāwea wastewater treatment plant	The existing consents for the Hāwea wastewater treatment plant are expiring in July 2033, and there are currently instances of non-compliance with the current consents. Within the 2025 calendar year, QLDC will commence construction of a major project to connect the Hāwea township to Wānaka's wastewater treatment plant (Project Pure) resulting in the Hāwea plant being decommissioned. The project is forecast for completion in 2027/28. The introduction of the proposed Wastewater Environmental Performance Standard does not impact the timing of this project as the project involves connecting an existing township to an existing, compliant wastewater treatment plant with a consent that will not expire until 2041. *Corresponding LTP24 budget: Upper Clutha Conveyance Scheme (WW)*
Expiring consent for Shotover wastewater treatment plant	One of the existing consents for the Shotover wastewater treatment plant is expiring in 2031, and there is current non-compliance with the consents. Due to issues with the disposal fields, treated wastewater is currently being discharged directly to the Shotover river under emergency powers, with an application for a temporary consent currently in progress. Work is currently underway to identify a long term solution to addressing the issues with the disposal fields, which will return the discharge to a compliant state. This work was provided for in the 2024 LTP. The introduction of the proposed Wastewater Environmental Performance Standard could have a significant impact on this project. The Shotover wastewater treatment plant is currently consented for a discharge to land via a dose and drain disposal field that is not operating effectively. The plant is currently discharging to water under emergency powers while a long term solution for treated wastewater disposal is implemented. The proposed standard would likely enable continued water-based discharge, and this is being assessed as one of the options. Community and iwi consultation will be required before a solution is agreed and implemented. *Corresponding LTP24 budget: Shotover Disposal Field (WW)*

6.2 Drinking Water Quality Standards

6.2.1 Compliance

Compliance is achieved across all drinking water quality standards, except for the instances of non-compliance outlined below. Remediation of all non-compliance is underway and will be complete by the end of 2025. The service delivery model doesn't directly impact the ability to address these areas as they are all currently underway.

Bacterial compliance	**One instance of non-compliance.** One scheme has insufficient chlorine contact time and as such is non-compliant; the 2024 LTP provides for rollout of UV technology and the connection of the Corbridge Scheme to the Luggate Scheme, to address this non-compliance by the end of 2025. • Corbridge Scheme. *Corresponding LTP24 budget: Compliance Response UV Treatment (WS).*
Protozoa compliance	**Two instances of non-compliance.** Two schemes have no protozoa barrier; the 2024 LTP provides for roll-out of UV technology across all schemes that are non-compliant (or at risk of non-compliance) with protozoal barrier requirements by the end of 2025: • Luggate Scheme. *Corresponding LTP24 budget: Compliance Response UV Treatment (WS).* • Corbridge Scheme. *Corresponding LTP24 budget: Compliance Response UV Treatment (WS).* The Water Services Authority wrote to QLDC in April 2025 setting out clear regulatory expectations related to the importance of having multi-barrier treatment in place. The letter highlighted two schemes that lack multibarrier protection and therefore are at higher risk of providing contaminated drinking water and indicated that this Plan should outline how that would be addressed. As outlined above all schemes without a protozoa barrier will have UV disinfection implemented by the end of this year, mitigating this risk.
Chemical compliance	**Currently compliant.** Currently undertaking increased testing for Lead due to a one-off result greater than 50% of the MAV. This is not anticipated to be an on-going issue requiring capital investment.
Firefighting sufficiency	**Broadly achieved.** Broad compliance achieved across the network with some pockets of suboptimal hydrant flow/pressure. *Corresponding LTP24 budget: LoS Performance – [all schemes] (WS).*
Boiling water notices	**Two boiling water notices have been in place over the last 3 years.** • Luggate scheme (13 August 2023 – as a result of a fault with the chlorine dosing system). **Issue resolved** within 24 hrs. • Queenstown scheme (18/09/2024 to 8/12/2024 - as a result of an outbreak of cryptosporidiosis and the absence of a protozoa barrier on the Two Mile water supply). **Now resolved.**

Fluoridation	**Introduction of fluoridation is planned.** Water supplies are not currently fluoridated. The 2024 LTP provides for the fluoridation of all QLDC schemes; budgeted in response to indication that the Director General of Health may introduce this requirement during the LTP24 period. However, Fluoridation will not be implemented unless it is mandated. *Corresponding LTP24 budget: Fluoridation – [all schemes] (WS).*
Consumption	**Households use, on average, 565 litres per day** Source: Water Demand Management Plan. A comprehensive programme of water demand management is in development, with trials underway in a number of schemes to inform district-wide rollout.
Restrictions	**Water restrictions used regularly.** Restrictions used routinely over summer periods as a tool to manage excessive demand for irrigation and reduce pressure on infrastructure, rather than because of true water scarcity.

6.2.2 Anticipated Future Requirements

Outlined below are anticipated changes to drinking water quality standards and the planned response to these. The service delivery model doesn't directly impact the ability to address these areas as they are all currently planned and budgeted for.

Anticipated requirement for surface water supplies to include a filtration barrier	The lake fed supplies from lakes Wakatipu (Two Mile and Kelvin Heights) and Wānaka (Western and Beacon Point) do not currently include a filtration stage and would not achieve compliance if such a requirement was introduced. The 2024 LTP provides for the installation of pre-UV filtration to surface water intake schemes to maintain ongoing compliance in line with anticipated increase to standards by 2027. *Corresponding LTP24 budgets: Filtration – Queenstown (WS) and Filtration – Wānaka (WS).* The proposed filtration will be between 10 and 20 microns. The key risk surrounding the proposed response is if the revised standard requires a finer level of filtration. This would trigger a far more significant level of investment as it would no longer be possible to add filtration 'in line'.
Anticipated addition of Viral standards	The anticipated Viral requirements are expected to be met through either the provision of appropriate contact time or an increased UV dose. Whilst all schemes are currently chlorinated, some schemes rely on UV disinfection for bacterial compliance as the required chlorine contact time cannot be achieved as configured (especially where direct injection is utilised). The response will vary scheme to scheme but will either involve the acceleration of the construction of planned reservoirs to provide for the required contact time or the upgrade of the UV disinfection reactors to achieve the higher dose requirement. 2024/25-2033/34 budgets provide for significant water supply upgrades across the district; any new requirements would be incorporated as part of the respective

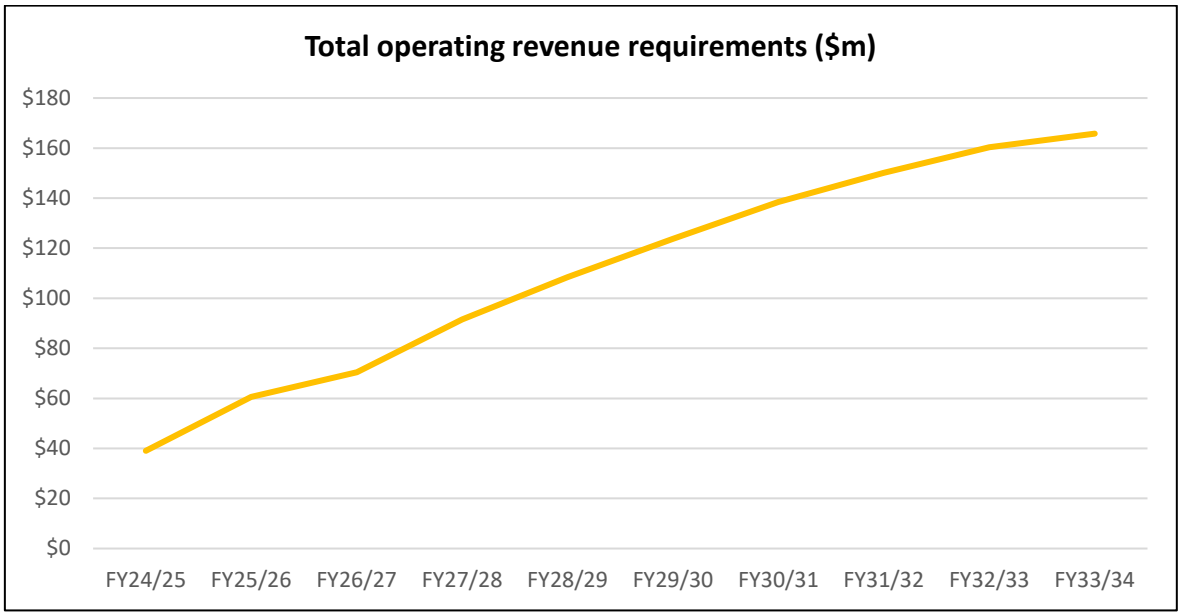
	project planning processes; however, there may be additional costs associated with additional standards that cannot be accommodated within currently established budgets. *Corresponding LTP24 provisions that may be applicable subject to unique conditions/requirements of any impacted scheme: Arrowtown Scheme Upgrades (WS), Arthurs Point Reservoir (WS), Beacon Point Supply Upgrades (WS), Glenorchy Bore Upgrades (WS), Hāwea Scheme Upgrades (WS), Luggate Scheme Upgrades (WS), Quail Rise Reservoir (WS), Two Mile Supply Upgrades (WS), Wānaka Storage Upgrades (WS).*

Part C: Revenue and Financing Arrangements

1. Revenue and Charging Arrangements

1.1 Revenue Requirements

The chart below provides an overview of projected revenue requirements. It outlines the anticipated funding needed over the ten year span of this Plan, reflecting both capital and operational costs associated with maintaining and enhancing water infrastructure. The chart highlights how revenue needs increase as borrowing levels, interest and investment in growth infrastructure increases over the term of the Plan.



1.2 Revenue Sources

This Plan is based on the following sources of revenue (funding):

Household Charges	Water services are currently funded by rates applied to relevant properties within the district using a capital value rating system. While general rates fund other Council services, water services are funded via targeted rates: • Water supply is funded by capital valued based rates and fixed annual charges • Wastewater is funded by fixed annual charges • Stormwater is funded by capital value based rates Water services will continue to be funded through rates until the establishment of the WSCCO. Once the WSCCO is established it will move to implement fixed charges within the legislated period. Charges will be calculated on the same cost recovery basis as rates are currently calculated.

Non-Residential Charges	Consistent with household charges, water services for non-residential activities are currently funded by rates applied to relevant properties within the district using a capital value rating system with differentials for activity and location. In addition, QLDC has two significant commercial agreements in place for bulk water supply/wastewater management. These agreements provide for volumetric charging for water supplied and/or wastewater managed.
Government Subsidies	Some capital projects included in this Plan have attracted, or are in the process of attracting, government subsidies. These are summarised below, including annotation where the funding or financing is inconsistent with QLDC's adopted Long Term Plan (which underpins this Plan's financial analysis). **Infrastructure Acceleration Fund:** Grant funding for new and upgraded infrastructure required to unlock housing in the Hāwea and wider Wānaka areas. • Upper Clutha Wastewater Conveyance Scheme. Programmed for completion in 2027/28, attracting an IAF contribution of up to $21.88 million. • Hāwea Water Demand Management. Programmed for completion in 2025/26, attracting an IAF contribution of up to $2.12 million. **Better Off Funding:** • Luggate Water Supply Upgrades being delivered via the UV Compliance programme. Programmed for completion 2025/26, attracting an estimated BOF contribution of around $0.4 million. • Telemetry. Programmed for completion 2025/26, attracting an estimated BOF contribution of around $1 million. *NB: the reallocation of Better Off Funding to the above workstreams is yet to be formally approved, and accordingly, has not been reflected in QLDC's 2024 LTP or this Plan's financial analysis.* **Housing Infrastructure Fund:** an interest free cash advance facility to QLDC for Kingston 3W infrastructure, to be repaid to Government in accordance with the repayment schedule set down in the Facility Agreement. The Facility Agreement anticipates drawdowns totalling $26.4 million across 202425 - 2025/26, with repayment obligations of $11.5 million across the 2027/28 - 2033/34 period. *NB: HIF related provisions in QLDC's 2024 LTP and this Plan's financial analysis differ to obligations anticipated in the Facility Agreement. For the corresponding periods, the 2024 LTP assumes drawdown of $26 million and repayment of $4.4 million. This is currently being reviewed and will be updated through the Water Services Strategy.*
Development Contributions	It is intended that the portion of capital expenditure attributable to growth is funded from development contributions. Development contributions are the best mechanism available to ensure the cost of growth (net of any external funding) is funded by those who have created the need for that cost. QLDC updates and adopts the Development Contributions Policy as part of the LTP process. This Policy specifically addresses network infrastructure for water services and will remain in place until the

	WSCCO is established and the WSCCO adopts its own Policy. Growth Capex Trends: QLDC's growth capital expenditure (capex) has seen a significant increase over the years. From 2005 to 2025, the growth capex was $327 million, and it is projected to rise to $861 million from 2026 to 2034. QLDC has recently undertaken a review of growth investment against development contributions to identify the effectiveness of this as a funding tool and to identify any improvement that could be made. The findings of this review are outlined below: • *DC Revenue Lag:* DC revenue tends to lag growth capex because QLDC acts as an infrastructure banker, providing capacity ahead of time to enable development. Over the last twenty years, QLDC has only recovered around 65% of growth capex and lag between investment and revenue has increased steadily over this time. • *Forecasting Improvements:* There are opportunities to improve DC income forecasting in Annual Plans and LTPs to better align with growth capex, developer intentions and legislative changes. This involves refining the models used to forecast future DC revenue and ensuring they accurately reflect the costs and capacity built into the infrastructure networks. • *Funding Tools:* New funding mechanisms are needed to keep pace with rising costs and support effective recovery. These include Development Levies, Targeted Rates, and private development agreements. These tools will help QLDC better understand costs and provide improved forecasts of DC/DL revenue. • *Collaboration Potential:* Comparisons with Infrastructure Commission data and collaboration with other councils can enhance methods and outcomes for growth cost recovery. Working with the Infrastructure Commission and other councils like Tauranga City Council and Hamilton City Council presents an opportunity to compare methods and results, and to develop flexible funding tools that can adapt to increasing costs. This is an opportunity that will be explored through the City and Regional Deal for Otago Central Lakes.
Asset Sale Proceeds	Proceeds from the sale of the Commonage in Queenstown ($33 million) must be applied for the benefit of the Old Queenstown Borough for the purposes of water and sewage upgrades.
Investment Interest	Interest income is recognised from all investment sources but is very minor. Most investment income is used to offset rates.

Alternative Income	QLDC will continue to investigate different financing tools for growth related infrastructure, as indicated in the 2024 LTP consultation, that would enable construction of new infrastructure to support growth within optimal timeframes: • Infrastructure Funding and Financing Act (IFFA): Allows infrastructure to be delivered and financed without the debt being carried on QLDC's (or WSCCO's) balance sheet. Under the IFFA, the beneficiaries of the infrastructure are charged by way of an annual levy. • Developer Agreements: QLDC will look to make developer agreements that require higher upfront payments from developers towards growth servicing costs or for developers to provide trunk infrastructure in exchange for credits on future development contributions. • There may be opportunities to access additional alternative funding and financing tools through the proposed City and Regional Deal for Otago Central Lakes
Trade Waste	QLDC has an Integrated Three Waters Bylaw which incorporates provisions for the management of trade waste. Currently commercial premises are required to obtain a Trade Waste consent to authorise discharges to the wastewater network, and charges are applied for processing consent applications and undertaking inspections. However, whilst the bylaw signals future volumetric charging for trade waste discharges this has not been implemented at this time.

1.3 Charging and Billing

Water services are currently charged by way of rates applied to relevant properties within the district. QLDC uses a capital value rating system, rather than land value, as QLDC believes that it provides a better proxy for the allocation of cost for services. While general rates fund other QLDC services, water services are all funded via targeted rates:

- Water supply is funded by capital valued based rates and fixed annual charges per connection calculated based on scheme level costs, with the costs of some smaller schemes spread across each ward.
- Wastewater is funded by fixed annual charges per connection calculated based on scheme level costs, with the costs of some smaller schemes spread across each ward.
- Stormwater is funded by capital value based rates calculated based on ward level costs.

The sections below outline how water services are funded, generally showing that where private benefits exist the cost is recovered by a targeted rate. The cost of public benefits is usually rate funded, with the targeted capital value rates used to fund 'property' related activities and the fixed targeted annual charges and targeted capital value rates used to fund 'people'-related activities. The approach outlined in this section applies to both residential and non-residential properties.

Water service charges will continue to be calculated and billed through rates, as outlined below, until the establishment of the WSCCO. Once the WSCCO is established the ability to set charges and revenue requirements will be transferred to the WSCCO on 1 July 2027. It will then move to incrementally implement fixed charges as required within the legislated period but will continue to calculate water charges on the same cost recovery basis as the current rates calculation. QLDC will continue to bill on the WSCCO's behalf until the

WSCCO has implemented its new charging regime. The capital programme outlined in this Plan includes implementation of volumetric charging; work is currently underway to assess the value in accelerating this.

Water Supply:

The purpose of this activity is to provide reliable, high quality water supplies for domestic and commercial consumers and for firefighting purposes. QLDC collects rates for water schemes in Queenstown, Arrowtown, Glenorchy, Lake Hayes, Arthurs Point, Wānaka (which also incorporates the Corbridge and Wānaka Airport schemes), Hāwea, Cardrona, and Luggate.

FUNDING PRINCIPLES				
Activity	Distribution of Benefit (User Pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Water Supply	High	High	Med	High

Volumetric charging for water supply is widely regarded as the most equitable and efficient approach to managing water resources. By charging users based on the volume of water they consume, this method incentivises conservation by allowing consumer choice, promotes fairness, and aligns with the principles of sustainable resource management. It ensures that those who use more water contribute proportionally to the costs of supply and infrastructure, while encouraging more mindful usage across the community. This Plan budgets for the implementation of a comprehensive water demand management programme, including necessary capability to enable volumetric charging. As major programmes and projects are scoped over the ten-year period, consideration will be given to the likely per capita reductions that can be achieved as a result of the water demand management programme. The anticipated behavioural shift supports QLDC's long term goals of resilience, affordability, and environmental stewardship.

The water supply activity is largely private good in nature and QLDC recognises that the best way of recovering cost would be via volumetric charging. As noted above volumetric charging is not planned to be implemented until late in the ten-year period covered by this Plan. Water supply will therefore be funded 40% from the targeted uniform water rate which will be charged to all serviceable properties as a supply charge, and 60% from a targeted water rate based on capital value and applied on a scheme basis to all properties connected to the public water supply.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Water Supply	90%	10%	0%	100%	0%	Targeted Uniform Rate (water) / Targeted CV Rate (water)	-

Wastewater:

The primary purpose is to provide reliable and efficient sewage collection, treatment and disposal systems that meet all discharge consent conditions. QLDC collects rates for the following sewage schemes; Arrowtown, Arthurs Point, Lake Hayes, and Queenstown (all connected to the Shotover wastewater treatment plant), Wānaka/Albert Town, and Luggate (both connected to Project Pure wastewater treatment plant), Cardrona, and Hāwea.

FUNDING PRINCIPLES				
Activity	Distribution of Benefit (User Pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Wastewater	High	High	Med	High

This activity is largely private good, and the operational costs will therefore be funded by a targeted uniform sewage charge, which is charged out based on the number of connected pans/urinals within the property. A rating unit used primarily as a residence for one household shall be deemed to have not more than one pan/urinal in accordance with the Local Government (Rating) Act 2002. Remission policies have been developed in relation to the application of this rate to businesses with multiple connections and to various non-profit organisations

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Wastewater	90%	10%	0%	100%	0%	Sewerage Charge	-

Stormwater:

The primary purpose is to provide reliable and efficient stormwater collection and disposal systems from buildings and land across the district, including the provision of reticulated stormwater services in more urbanised areas. QLDC collects rates for stormwater management from all properties in the district, managed as two separate wards (Whakatipu & Wānaka).

FUNDING PRINCIPLES				
Activity	Distribution of Benefit (User Pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Stormwater	Low	Med	Med	Med

This activity is largely public good in nature and will therefore be funded 100% from a targeted stormwater rate based on capital value and applied on a ward basis to all urban properties.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Stormwater	0%	100%	0%	0%	100%	-	Stormwater CV Rate/ Waterways concession

1.4 Ringfencing

QLDC has all Water Supply, Wastewater and Stormwater serviced areas set up with individual cost centres in its general ledger. This means all related revenue, costs, assets and debt can be identified for water services.

At present a rollup view is available at the Water Supply, Wastewater and Stormwater level. It is anticipated that these cost centres will be grouped to a total Water Services roll up prior to the establishment of the WSCCO.

Under both the current and future models, water services revenues are and will continue to be ringfenced:

- Under the inhouse model, water related rates are set and spent separately from other council activities.
- Under the WSCCO model, the organisation will charge directly for water services, and all revenue will be used solely for water services, ensuring compliance with financial ringfencing requirements enforced by the Commerce Commission.

QLDC's approach to ringfencing costs and revenue was independently reviewed, confirming that all revenue and direct costs are currently coded to cost centres and ringfenced. The review identified the following improvements for the apportionment of shared costs in the period prior to WSCCO establishment, which are currently underway:

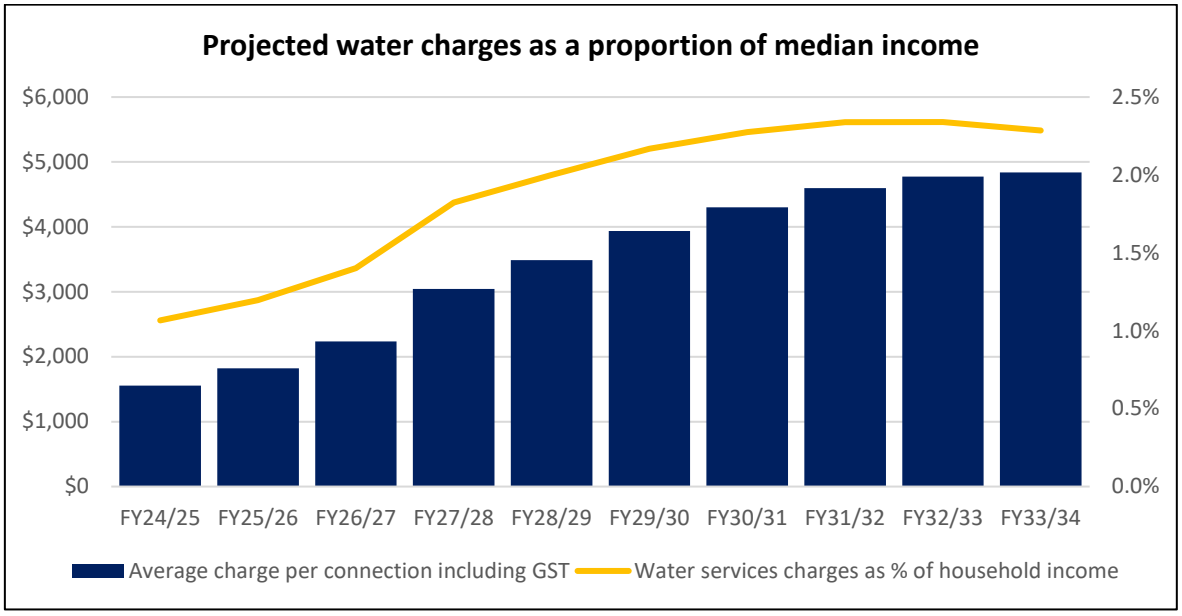
- Review the overhead allocation model to better reflect actual effort and prepare for a future without three waters (consider timesheet based allocation).
- Review financial planning processes for mixed capital projects to validate historical debt allocations, implement consistent methods for allocating debt, interest and depreciation costs across mixed components.

1.5 Projected Charges and Affordability

Over the next decade, average water charges for residential households are projected to rise steadily from $1,500 in FY24/25 to $4,889 in 2033/34. This increase corresponds with the significant investment needed to maintain, upgrade, and expand water infrastructure to support projected growth, as well as the revenue requirements to comply with the LGFA's FFO requirement to access borrowing. Projected average household incomes also rise over the same period; water charges as a percentage of household income increases from 1.1% in FY24/25 to 2.3% in 2033/34. This illustrates that while water charges are projected to rise, incomes are expected to grow at a similar rate. Nonetheless, QLDC has recognised the importance of volumetric charging and sustainable funding and financing mechanisms to manage demand, reduce cost and ensure affordability over time.

To determine household charges as a percentage of household income, the following assumptions have been made:

- Household median income for Queenstown has been taken from Statistics New Zealand data for the 2023 year.
- Historic growth in median household income in Queenstown has been determined between 2013 and 2023 using Statistics New Zealand data, this shows median household income has increased 59.6% over the period.
- Historic change in the Local Government Cost Index (LGCI) for water infrastructure has been assessed during the same period. This has shown an increase of 39.9% during the period.
- This shows that household income in Queenstown has grown at 179% of the rate of water infrastructure costs (per the LGCI) over the previous 10 years. We have assumed this trend will continue.
- Financial modelling uses the LGCI inflators for water infrastructure. Household median income growth has been pegged to occur at 179% of this.



Achieving and maintaining affordable water services into the long-term will require a broad suite of interventions. Key initiatives to manage ongoing household water charges are expected to include:

- Using pricing interventions to influence how and when water services are used, both reducing overall demand per capita and smoothing peak demand. Of note, this Plan includes significant investment in a district-wide water demand management programme, which amongst other things, will enable volumetric charging for water services.

- Better integrating infrastructure and land use planning, enabling improved coordination and prioritisation of infrastructure servicing to new areas, optimising the functionality and usage of existing networks, and managing the allocation of capacity where there are finite servicing constraints. This coordination is essential to maximising servicing capacity in line with demand, and minimising risks cost and operational risks associated with sub-optimal network configurations.

- Exploring how planning and policy-based interventions can delay or negate the need for physical solutions, in particular, scalable and differential service levels set in consultation with communities.

- Proactively seeking opportunities to work with others in the delivery of new or expanded water services; in particular, with developers through bespoke developer agreements for the funding and/or delivery of infrastructure, and with other potential funding mechanisms e.g. the Infrastructure Funding & Financing Act.

- Investing confidently and quickly in assets and services that are beneficial in any scenario (low/no regrets) and prioritising investment approaches that enable staged capacity increases over time and future-proof for emergent technologies.

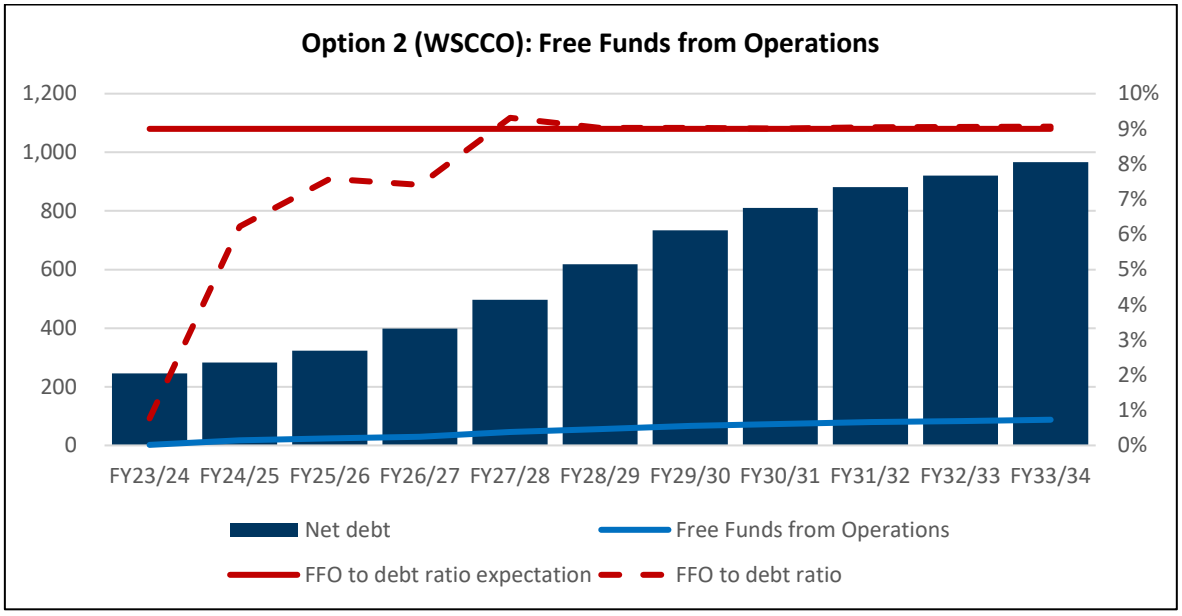
Together, these initiatives will form an affordable, resilient, and responsive water services funding framework that aligns with both growth pressures and community expectations for transparency and fairness, maintaining average annual household charges within DIAs' indicative target of 2.5% of household income.

2. Funding and Financing Arrangements

2.1 Financing Requirements and Sources

2.1.1 Borrowing requirements

The chart below shows the required borrowing to deliver on the investment programme set out in this Plan as well as the FFO to debt ratio for the period of the Plan. This includes the first three years during which time QLDC is still the water services provider. While QLDC does not meet the FFO to debt ratio that a WSCCO would be expected to meet over the first two years, it does comply with its LGFA lending covenants. The WSCCO is projected to have FFO to debt ratio around the expected 9% from establishment in July 2027.



Cash and working capital requirements

The WSCCO will develop its own treasury management and liquidity policies as part of its establishment. While modelling does not include an allowance for working capital it is expected that the WSCCO would require some level of working capital and that this would likely be acquired through the establishment of a liquidity facility through its lenders. Working capital requirements will depend on the billing and payment cycle of the WSCCO but are likely to be equal to around 2 – 3 months of cash operating expenses initially. There is no material impact on the financial projections included in this plan as lending metrics are measured at a net debt level.

Expected Tenor of New Borrowings

QLDC's borrowing strategy is designed to support long term infrastructure investment. QLDC typically aligns borrowing terms with the life of the assets being funded, often between 20 to 30 years for major infrastructure. This approach ensures intergenerational equity and aligns repayment with asset usage.

Interest Rate and Refinance Risk Management

To manage interest rate risk, QLDC uses a mix of fixed and floating rate debt and may employ interest rate swaps to smooth exposure over time. QLDC works within the parameters set by the LGFA, which provides access to competitively priced debt and refinancing options. Refinance risk is managed by staggering debt maturities and maintaining access to multiple funding sources, ensuring that no single year carries an outsized refinancing burden.

Debt Repayment Strategy

QLDC's debt repayment strategy focuses on maintaining debt within LGFA covenant limits (currently 280% of revenue, with potential to increase to 350% as a high-growth council). Debt is repaid through targeted rates and user charges, with water-related debt specifically ringfenced. QLDC aims to stabilise debt levels by the end of the ten year period, balancing new borrowing with repayments and ensuring long-term financial sustainability. Note there are no internal borrowing arrangements currently in place or proposed.

2.1.2 Financial strategy for financing water services

Capital Expenditure:

New assets will be paid for by a mix of borrowing, development contributions, grants and subsidies, capital revenue, and asset sales. Generally, the costs of new assets will not be met from rates, however a portion of the costs of servicing loans will be funded from rates. Funding and financing for new capital works will depend on the nature of the work, in particular the reasons which have made the work necessary, as outlined below.

Growth:	Funding and financing sources for growth capital expenditure, in order of priority: i. Vested assets ii. Development contributions or where appropriate IFFA iii. Capital grants and subsidies attributable to growth portion iv. Borrowing The growth portion of the capital programme will be largely funded by development contributions in the long run but must be funded primarily by debt in the first instance. This allows for the cost of large infrastructure projects to be spread over the expected life of the asset. Using debt in this way means that future residents and ratepayers contribute a fair share to the use they make of a facility. The downside of this approach is that there is no certainty as to when the development will take place and may have to carry large portions of growth-related debt for considerable periods.
Levels of Service:	Funding and financing sources for Levels of Service capital expenditure, including meeting regulatory requirements, in order of priority: i. Capital grants and subsidies or where appropriate IFFA ii. Capital revenues and asset sale proceeds iii. Borrowing iv. Rates Some of the capital works relate to increasing levels of service for the community. Sometimes these improvements are required because of changes to legislation or resource consent conditions and there is little discretion. An example of this would be the requirement to provide additional water treatment facilities because of the introduction of new Water Treatment Standards.
Renewals:	Funding and financing sources for renewal capital expenditure, in order of priority: i. Depreciation reserves or where appropriate IFFA

ii. Borrowing

iii. Rates

Renewal works are those capital expenditure costs that are incurred in restoring an asset to previous service levels, usually reflected in the amount that an asset has depreciated. Therefore, by using depreciation funds, the council will be maintaining infrastructural networks to at least their existing service level.

Operational Expenditure:

Operational expenditure for water services is recovered through targeted rates as outlined in Part C section 1.3 above.

2.1.3 Determination of Debt Attributed to Water Services

QLDC maintains an internal loan book and net operating expenditure is captured at scheme or cost centre level in the general ledger. This allows the debt to revenue calculations to be performed at a scheme level and therefore at an overall water services level. The total value of water services borrowing on 30 June 2024 was $245 million and this was determined based on the scheme and cost centre level debt as recorded in the internal loan book. The estimated debt to revenue for water services borrowing on 30 June 2024 is 755%.

2.2 Insurance

QLDC currently holds the necessary insurance policies required for future water service delivery arrangements. QLDC participates in the South Island Council Collective (SICC), a group insurance programme with seven other South Island councils. SICC holds collective insurance under a 'Local Authority Infrastructure Policy' (LAI Policy). This policy specifically covers: $500 million of three waters assets. The current insurance period for the policy concludes on 1 November 2025. QLDC intends to continue this arrangement, subject to confirmation from the other participating councils and finalisation of ongoing collective agreement, and the policy can be transferred ('novated') to WSCCOs (as a collective). QLDC will keep all parties, including the Department of Internal Affairs, informed as discussions and negotiations progress. QLDC is currently working with its insurer Aon (broker) on several different insurance options in the unlikely event that this insurance arrangement will not continue, this includes QLDC, or a WSCCO (from transition) holding the requisite insurance in its own name.

In addition to the above, QLDC holds cover under a 'Material Damage and Business Interruption Policy' (MDBI Policy) in its own name. The MDBI Policy is provided by a panel of insurers including Vero Insurance New Zealand Limited (lead), NZI A Division of IAG NZ Limited, Chubb Insurance New Zealand Limited and AIG Insurance New Zealand Limited, and facilitated by Aon. This policy specifically covers material damage to buildings owned by QLDC (along with contents, plant, machinery and stock). The MDBI Policy makes specific provision for water assets, as listed within the 3 Waters Schedule of Declared Values, namely: Buildings/Contents $306,023,090, Three Waters $411,597,427.

The period of insurance is twelve months, and the policy was most recently renewed on 30 April 2025. QLDC holds asset inventories that would enable separate policies to be held by QLDC and an WSCCO.

QLDC regularly reviews and, where necessary, adjusts its insurance cover. As the relevant insurance policy periods are twelve months, QLDC reviews the sufficiency of its coverage annually. Asset values and risk exposures are reassessed to ensure that insurance cover remains appropriate and responsive to the evolving asset base and risk environment. In the case of the LAI Policy, given its coverage of significant water assets, these reviews may occur more frequently if significant changes occur. For the latest renewal of the LAI Policy (November 2025, as above), QLDC has procured an increased sub-limit from $197 million to $240 million – a 21.8% uplift – to strengthen protection against catastrophic events. The SICC has raised the overall programme

limit from $300 million to $500 million, taking advantage of favourable market conditions and increased insurance capacity to enhance coverage without significant premium increases.

Although QLDC has not conducted loss modelling in recent years (see below), it utilises modelling results to ensure adequate insurance coverage for severe events affecting infrastructure. QLDC's Senior Insurance Advisor and Strategic Asset Management Team will resume and update loss modelling as part of preparations for the November 2025 renewal of the LAI Policy. This will provide a more robust understanding of QLDC's potential asset losses in the event of a catastrophe and will help inform QLDC's insurance strategy in collaboration with other members of the collective policy. This approach ensures that QLDC remains responsive to both internal developments and external dynamics, maintaining comprehensive and cost-effective insurance protection for its critical infrastructure assets.

QLDC's Assurance and Risk Team holds quarterly risk review meetings across all departments to identify and review emerging and existing risks, update plans, and ensure compliance with legislative obligations. All risks, including those related to water infrastructure, are recorded and actively managed in QLDC's 'TechOne Risk Register', which tracks both strategic and operational risks. Although loss modelling has not been undertaken since 2018, asset values and exposures are reassessed during each insurance renewal cycle, with updated loss modelling and refined sub-limits currently underway ahead of the November 2025 renewal of LAI Policy. The updated Risk Management Policy, effective 1 July 2025, further strengthens this framework by clarifying risk hierarchy, adopting a 'three lines assurance model', and refining QLDC's approach to risk appetite and consequence ratings, in alignment with the AS/NZS ISO 31000 Risk Management Standard.

Under both the LAI Policy and MDBI Policy, QLDC has protection for physical loss and material damage to water assets, including loss arising from natural catastrophes. QLDC's current insurance sub-limit is $240 million within the LAI Policy, with the overall limit for the collective set at $500 million. Three waters cover under the MDBI Policy is $411,597,427. The insured values for water infrastructure assets are based on valuations submitted to the insurer in accordance with QLDC's Local Authority Infrastructure Policy (see below). Asset values are periodically reviewed to reflect asset growth and inflation, ensuring the sum insured remains sufficient.

Insurance Review Policy: QLDC insurance management is not centralised into one policy, however, is guided by several policies and instruments.

Asset Identification Standards: All infrastructure assets are identified and valued as per the Schedules of Values provided to insurers at each renewal. In respect of the LAI Policy, the policy also includes cover for unspecified items provided the insurer is notified promptly upon discovery. This coverage is subject always to the Sub-limit stated in the Schedule of this Policy. Additionally, acquisitions are covered for 90 days from commissioning or acquisition, after which they must be reported to the insurer for continued coverage. This coverage is subject to the Sub-Limit 5% of the total declared in the Schedule of Values or $10,000,000 (whichever is greater). Under the MDBI Policy, property acquired by the insured during the insurance period (including alterations, additions, and improvements to existing property) is covered, provided the insurer is notified before the period ends.

Key Insurable Risks: The primary insurable risks under both polices generally cover the same events, albeit each policy has its own distinctions. Under the LAI Policy, QLDC has cover for direct physical loss and relevant business interruption resulting from natural catastrophes such as earthquakes, floods, landslips, tsunamis, volcanic activity, and other major events. The policy also covers associated costs such as expediting expenses, enablement costs, and claims preparation.

Risk Appetite/Tolerance and Mitigations: QLDC's has a defined risk appetite model within its Risk Management Policy. QLDC's insurance strategy is developed considering its defined risk appetite.

Link with Disaster Policy Response: QLDC is guided by the Civil Defence Emergency Management Act 2002, which requires councils to manage risks to essential infrastructure through a combination of planning, insurance, and resilience measures. Following an emergency, and subject to Cabinet approval, the

Government funds 60% of eligible costs (above the local authority's threshold) to rebuild or repair damaged essential infrastructure, river management systems, and community assets. Beyond this, QLDC maintains 40% insurance cover, ensuring that any insurance settlement significantly contributes to recovery costs, with the local authority responsible for covering any remaining shortfall.

Delegations and Reporting: Insurance delegations are consistent with financial delegations which can be found at QLDC - Council Meetings.

Part D: Financial Sustainability Assessment

1. Confirmation of financially sustainable delivery of water services

1.1 Confirmation of financial sustainability

This Plan confirms that the delivery of water services is financially sustainable from establishment of the WSCCO on 1 July 2027, approximately one year before the required date of 30 June 2028.

- **Revenue sufficiency** is demonstrated through a funding strategy that includes targeted rates and development contributions, which together are forecast to meet the operational and capital funding needs through to 2034 and to secure required borrowings.

- **Investment sufficiency** is demonstrated by a capital programme that meets current and future levels of service, addresses all known and anticipated regulatory requirements, and provides for projected growth. This investment is fully funded through projected revenues, including targeted rates and development contributions, and confirmed access to financing, including LGFA debt and external grants.

- **Financing sufficiency** is supported by modelling that shows QLDC's total borrowings remain within LGFA limits during the inhouse delivery period, with additional flexibility available through its high-growth council status. From establishment, the WSCCO is expected to maintain a FFO to Net Debt Ratio of approximately 9%, supported by a bespoke LGFA covenant.

Together, these elements confirm that the Plan provides a financially sustainable pathway for water services delivery from 1 July 2027.

1.2 Actions required to achieve financial sustainability

The only actions to be taken to achieve financial sustainability will be to raise more revenue via water charges, enabling the WSCCO to meet the new FFO LGFA borrowing requirements, and to increase borrowings, ensuring that the capital programme is fully financed.

As noted in Part C Section 1.5 of this Plan, a range of initiatives to support ongoing affordability of water services are planned to maintain average annual charges within DIA's indicative target of 2.5% of household income.

1.3 Risks to achieving financial sustainability

Outlined below are material risks to the delivery of water services, or the ability to implement the Plan. These risks apply across all water services.

Policy uncertainty in Water Reform	Future changes in central government policy may require QLDC to alter its water service delivery model, potentially disrupting implementation of this Plan and the WSCCO and delaying infrastructure investment. This creates uncertainty around governance, funding, and operational arrangements.
Growth Coordination Challenges Under Separate Delivery Entity	Delivering water services through a separate new entity introduces operational and planning complexity that may affect the timely delivery of infrastructure needed to support growth. Misalignment between spatial planning, development sequencing, and infrastructure delivery could constrain capacity in key growth areas and delay the realisation of planned development.

Regulatory Uncertainty and Compliance Pressure	The evolving regulatory landscape, including anticipated changes to drinking water standards and wastewater discharge rules, poses a risk to compliance certainty. While resolution of known non-compliance issues, and provision of unanticipated future requirements, are budgeted for, future unanticipated regulatory shifts may require additional investment or accelerated delivery.
Infrastructure Delivery Timelines vs. Developer Expectations	There is a misalignment between infrastructure delivery timelines and the expectations of developers. This is exacerbated by pressure for fast-tracked approvals, putting further demands on limited resources, and risks inefficient use of infrastructure where development is not progressing in areas already serviced by infrastructure.
Organisational Capacity and Delivery Risk	The scale and complexity of separating water service functions from QLDC and transferring them to a new WSCCO, combined with the scale and complexity of the capital programme, presents a material risk. This includes challenges in disaggregating systems, staff, budgets, contracts, and assets which may and strain organisational capacity during the transition period.
Climate Change and Resilience	Long-term risks such as climate change, increased rainfall intensity, and natural hazards may impact asset performance and require adaptive investment strategies. These are acknowledged in the Infrastructure Strategy but remain difficult to quantify.

1.4 Significant assumptions

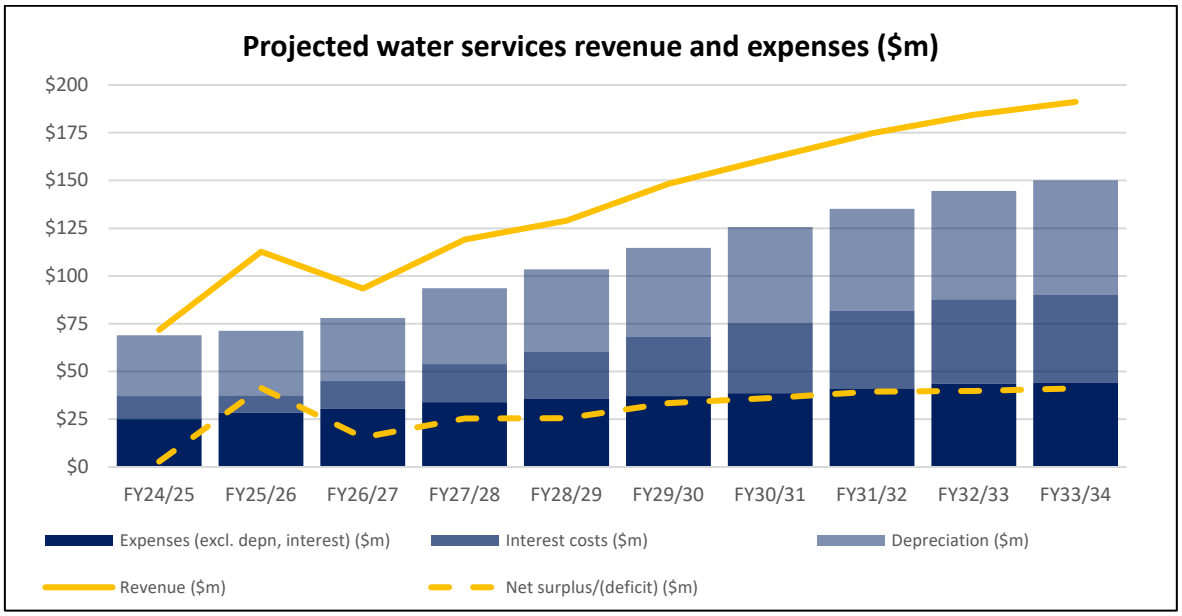
Regulatory Stability	Current, and already indicated future, regulatory requirements for drinking water, wastewater, and stormwater will remain broadly stable, and that anticipated changes (e.g. to drinking water standards or discharge consents) have been reasonably accounted for in the investment programme.
Delivery Model Continuity	Water services will either remain within QLDC or transition to a wholly owned WSCCO under a known and manageable framework, without major disruption to delivery or financing arrangements.
Growth Alignment	Population and development growth will occur broadly in line with the Spatial Plan, and infrastructure investment will be sequenced accordingly to support Priority Development Areas.
Demand Projections	Demand projections prepared by QLDC officers alongside external experts are accurate, as they are regularly reviewed and updated using the most current information.
Development Contributions	Development contributions align with infrastructure investment. The Council expects to collect 100% of the revenue indicated in the Development Contributions and Financial Contributions Policy.
Developer Participation	QLDC / WSCCO will continue to negotiate and enter into development agreements that enable developer led delivery of infrastructure in some areas.

Revenue Sufficiency	Revenue from targeted rates and development contributions will be as projected and therefore will be sufficient to fund operating costs, debt servicing, and capital investment.
Financing Access	QLDC maintains, and the WSCCO can achieve, an AA- credit rating to enable continued access to favourable borrowing through the LGFA, supporting a projected $1.21 billion net debt by year 10 and ensuring capacity to fund the capital programme.
Cost Inflation and Delivery Capacity	It is assumed that cost escalation, contractor availability, and supply chain constraints will remain within manageable bounds, and that QLDC / WSCCO has or can secure the organisational capacity to deliver the capital programme. Note that the 2024 Long Term Plan budgets were prepared in an inflationary environment, and some competitive tendering and contracts are now being let notably below budget.
Asset Values	Asset lifecycles and values are deemed accurate based on expert valuations, with annual revaluations from 2024 adjusting for cost movements and capital additions, as outlined in Asset Management Plans and the Statement of Accounting Policies. Vested asset estimates, which are based on average values for the past ten years and adjusted for inflation annually, are assumed to be accurate.
Visitor Levy	QLDC will continue to work with central Government to progress the legislation to enable a visitor levy to be introduced. However, due to the need for future central Government decisions as to whether and when to progress this matter, no revenue from any potential future visitor levy is assumed. This is an important future source of revenue given that water infrastructure must be built to enable a peak day population that is double the district's resident population (and ratepayer base) but will need to be considered alongside volumetric charging to ensure fair cost recovery.
Climate and Environmental Conditions	Climate change impacts (e.g. rainfall intensity) will evolve gradually and that adaptive planning and investment will be sufficient to maintain service levels and resilience.
Expiring Resource Consents	A number of resource consents will expire during the life of the Plan. It is assumed they will be re-consented and new consents will be obtained and conditions met.

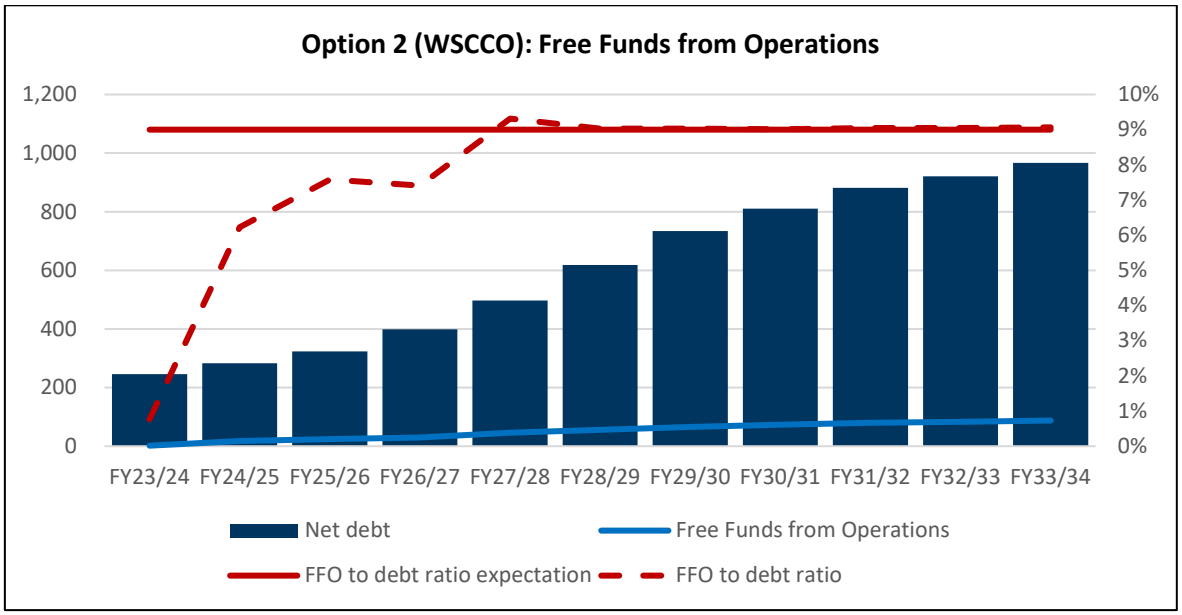
2. Revenue Sufficiency

2.1 Confirmation of revenue sufficiency

The chart below demonstrates that projected revenues are sufficient to cover the projected costs to deliver water services, including the full cost of depreciation, in every year covered by this Plan. Refer Appendix 3 for the table supporting this chart.



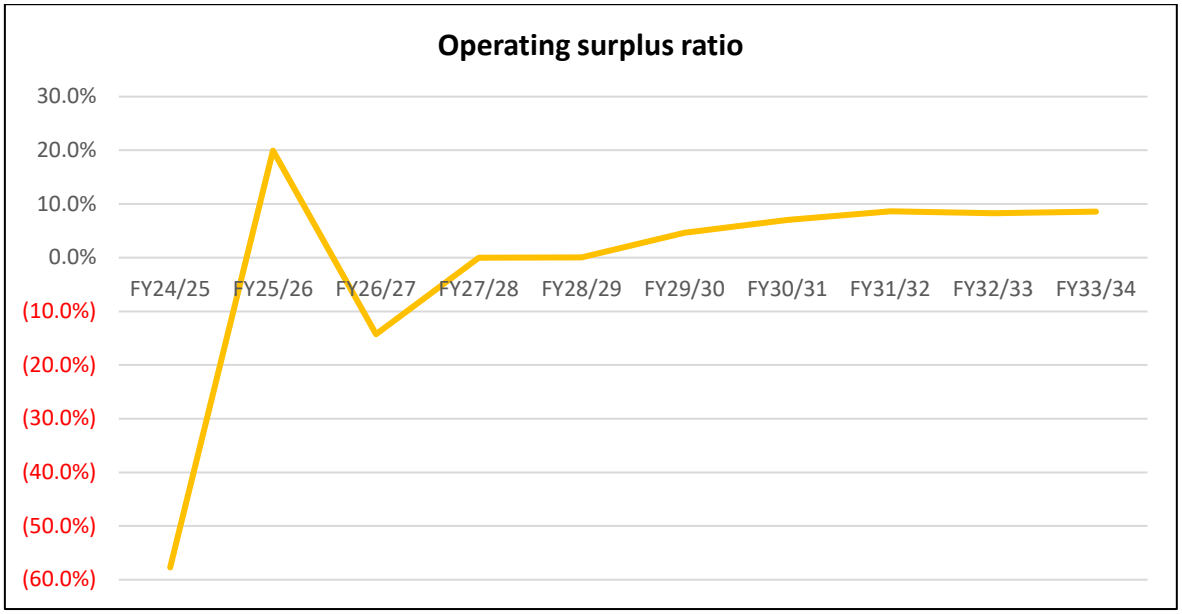
The chart below demonstrates that the projected revenues are sufficient to finance the required level of investment across the ten years of this Plan. Together with the chart above this demonstrates that the 'revenue sufficiency' test is met. The chart below shows the required borrowing to deliver on investment programme set out in this plan as well as the FFO to debt ratio for the period of the Plan. This includes the first three years during which time QLDC is still the water services provider. While QLDC does not meet the FFO to debt ratio that a WSCCO would be expected to meet over the first two years, it does comply with its LGFA lending covenants. The WSCCO is projected to have a FFO to debt ratio around the expected 9% from establishment in July 2027, meeting the revenue requirements to secure financing for the investment programme. Refer Appendix 3 for the table supporting this chart.



Average projected charges, along with a comparison to median incomes and an outline of QLDC's planned approach to improving affordability, are detailed in Part C section 1.5.

2.2 Projected operating surpluses

Operating Surplus Ratio is an indicator of whether operating revenue is sufficient to cover operating expenses. Where this ratio percentage is negative, this represents the percentage increase required for revenues to cover costs. The chart below shows that the operating surplus ratio is negative leading up to the WSCCO establishment, but in all other years it is positive and increases throughout the period of the Plan, demonstrating financial sustainability over time because projected operating revenues generate surpluses and are sufficient to cover costs. The spike in 2025/26 is due to the receipt of the proceeds from the sale of the commonage. Modelling has included capital receipts as they are used to fund long term investment in delivering water services and has assumed that surpluses will be used to pay down debt. Refer Appendix 3 for table supporting this chart.



The funding of depreciation is an implied requirement of the Local Government Act 2002's (LGA) "balanced budget" provision. It requires that Council fully fund all operating costs, including reductions in the useful life or quality of assets. The requirement arises from Government concern that some local authorities were not adequately maintaining infrastructure assets. In instances where this occurred, current ratepayers were paying too little and leaving a major financial burden for future generations.

QLDC has provided adequately for asset renewal in recent years. A major effort has been made over the past decade or so to address deferred maintenance and the budgets have provided appropriately for the renewal of infrastructure. QLDC now has far more reliable asset information and a much better understanding of the life cycle of its assets. The LGA allows some flexibility in fully funding depreciation which QLDC has taken advantage of in two key areas:

- It is unreasonable to fund depreciation where a community has funded a water or sewerage scheme by lump sum contributions or loan charges as that community ends up paying twice – for loan charges and depreciation.

- As QLDC has generally maintained the value of its infrastructure, funded depreciation will be used to finance renewal projects and repay loans. It will not be used to fund new assets or asset improvements.

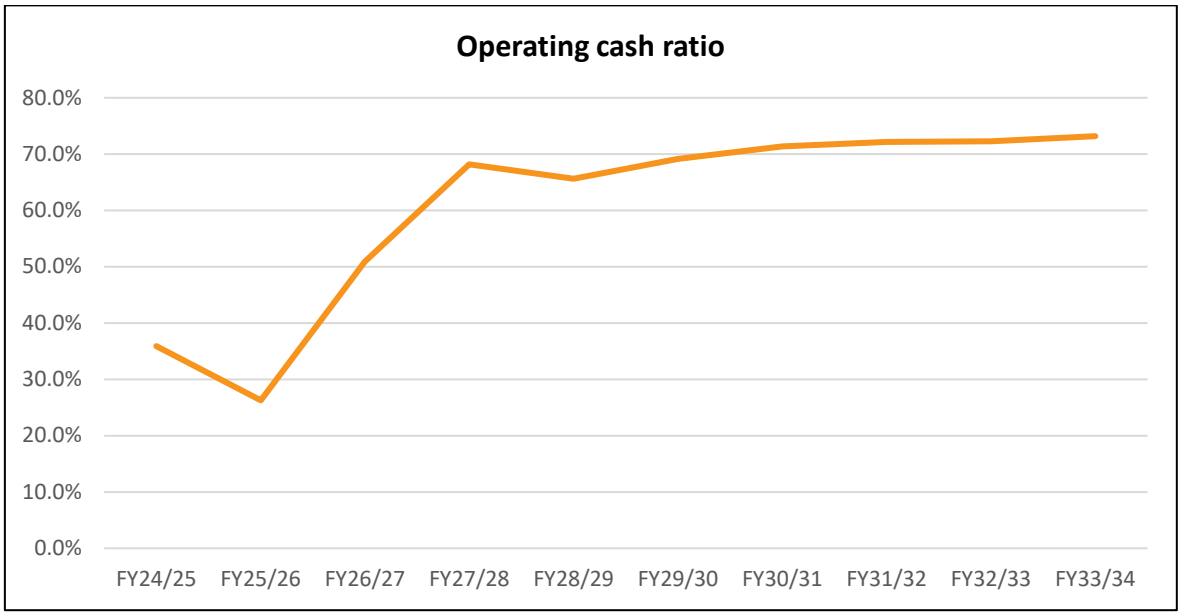
The impact of the above approach has led to the following depreciation amounts being funded:

- Water Supply: 39% of depreciation is funded
- Wastewater: 24% of depreciation is funded
- Stormwater: 29% of depreciation is funded

QLDC has historically funded up to 50% of depreciation expense to provide adequate budgets for asset renewals. The large increase in infrastructure asset values over the past five years as well as the large capital programme has seen the funded percentage drop in 2023/24. QLDC is planning on progressively increasing the funded percentage to 67% by 2033/34, to avoid a large spike in rates required in a single year. This will continue until the WSCCO takes effect; the WSCCO's requirement to meet the 9% FFO requirements will mean it effectively fully funds depreciation from establishment.

2.3 Projected operating cash surpluses

The Operating Cash Ratio is an indicator of whether cash surpluses are generated from operations to pay interest, fund investment and repay debt. The operating cash ratio is positive throughout the period of the Plan, demonstrating that cash surpluses are generated and therefore that operating cashflows are sufficient to meet all investment needs and to meet debt repayment obligations. Modelling has assumed that surpluses will be used to pay down debt. Refer Appendix 3 for table supporting this chart.



3. Investment Sufficiency

3.1 Confirmation of investment sufficiency

The level of investment outlined in this Plan is sufficient to meet current and future levels of service, address all known and anticipated regulatory requirements, maintain existing assets, and provide for projected growth across the district, as outlined below:

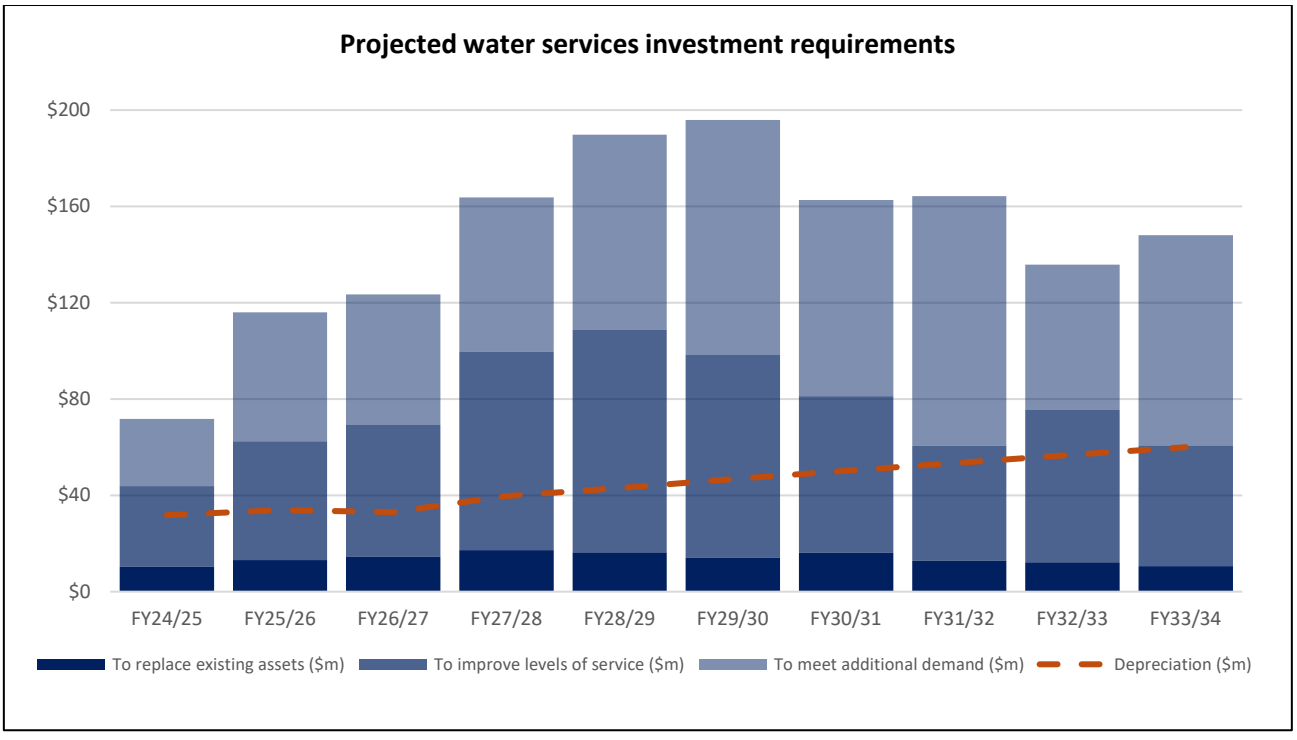
- *Levels of Service:* Investment to maintain and improve levels of service is sufficient, based on a comprehensive assessment of current performance, future needs, and planned projects. Over the 2024/25–2033/34 period, $617.7 million is budgeted for Level of Service improvements; 42% of total water services investment. This includes targeted projects to address known service gaps and programme level budgets for ongoing improvements. Investment priorities were informed by scheme level

performance data, asset condition, and hydraulic modelling, ensuring that service levels are sustained and enhanced across all networks.

- *Growth:* The investment programme in this Plan is sufficient to meet projected demand over the medium (10 years), with key projects already underway to resolve short-term constraints. Over the 2024/25 - 2033/34 period, $715.7 million is budgeted for growth-related investment; 49% of total water services capital expenditure. While significant excess capacity will be unlocked by 2034, delivery timelines and priority development areas don't always align with developer expectations. In some serviced areas, development is not progressing, limiting infrastructure efficiency. Addressing this requires better alignment between planning and consenting and advancing alternative funding tools like IFFA and bespoke agreements. The Regional Deal offers a pathway to coordinate infrastructure delivery and funding at scale, supporting growth across the district.

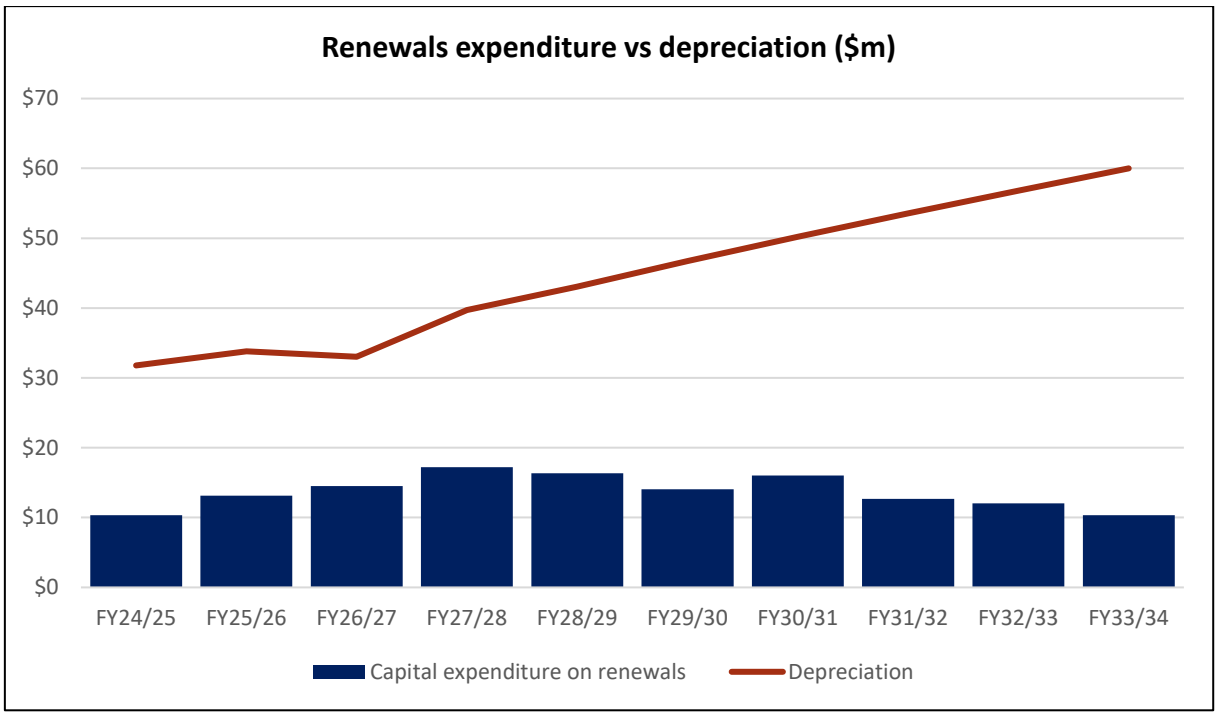
- Regulatory compliance: Investment to meet regulatory compliance requirements is sufficient, based on a comprehensive assessment of current non-compliance, anticipated future standards, and required infrastructure upgrades. All known instances of non-compliance have been budgeted for in the 2024 Long Term Plan, with remediation projects already underway in most cases. Anticipated future requirements where some certainty of direction exists, such as Fluoridation of drinking water supplies and consenting of stormwater discharges, have also been accounted for. Investment planning was informed by audits and regulatory correspondence, ensuring that infrastructure upgrades are aligned with both current and emerging compliance obligations.

This investment programme outlined in this Plan is fully funded through a combination of targeted rates, development contributions, and confirmed financing arrangements, including debt and external grants. The investment sufficiency test has been met, with planned capital expenditure exceeding depreciation across the ten-year horizon, and the average remaining useful life of network assets remaining stable, and all current and future compliance requirements budgeted for, along with sufficient provision for growth. This demonstrates that the network will continue to deliver reliable services and that investment is appropriately timed, prioritised, and financially sustainable.



3.2 Renewals requirements

The Asset Sustainability 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. The asset sustainability ratio is negative throughout the period of the Plan (refer Appendix 4 for a table showing the ratio over the term of the Plan). This means that projected renewals investment is less than projected depreciation. The chart below outlines the value of depreciation, funded depreciation and renewals investment over the period of the Plan.



QLDC takes a pragmatic approach to funding depreciation, as outlined in Part D section 2.3. While the general principle is to fund depreciation to ensure long-term asset sustainability, QLDC acknowledges that full funding is not always feasible or necessary. QLDC considers factors such as the useful life of assets, replacement strategies, and affordability constraints when deciding how much depreciation to fund. In some cases, where funding is expected from other sources like development contributions or subsidies, depreciation may be partially funded. This approach is considered acceptable because it balances the need for financial prudence with the realities of ratepayer affordability and intergenerational equity, ensuring that today's ratepayers are not overburdened while still planning responsibly for future infrastructure needs. As a result of the revenue requirements to meet the 9% FFO requirements, the WSCCO will effectively fully fund depreciation from establishment. Any funded depreciation more than renewals spend is used to pay down debt.

The planned renewals investment outlined in this Plan has been determined using a holistic, risk-based modelling approach that considers asset age, condition, criticality, and risk appetite.[14] Further detail on this approach is outlined in the following section and Part B Section 3 of this Plan.

While this Plan acknowledges that renewals investment is lower than depreciation, this is justified by QLDC's historically young network, strong asset condition and good understanding of network condition. This approach is considered financially sustainable and consistent with the Asset Management Plan, Long Term Plan and Infrastructure Strategy. QLDC will continue to focus on improvements to the renewals process, with an emphasis on improving data quality and systems.

[14] The approach to outlined in more detail in Part B section 3: Assets and Renewals.

3.3 Total investment required

The Asset Investment 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.

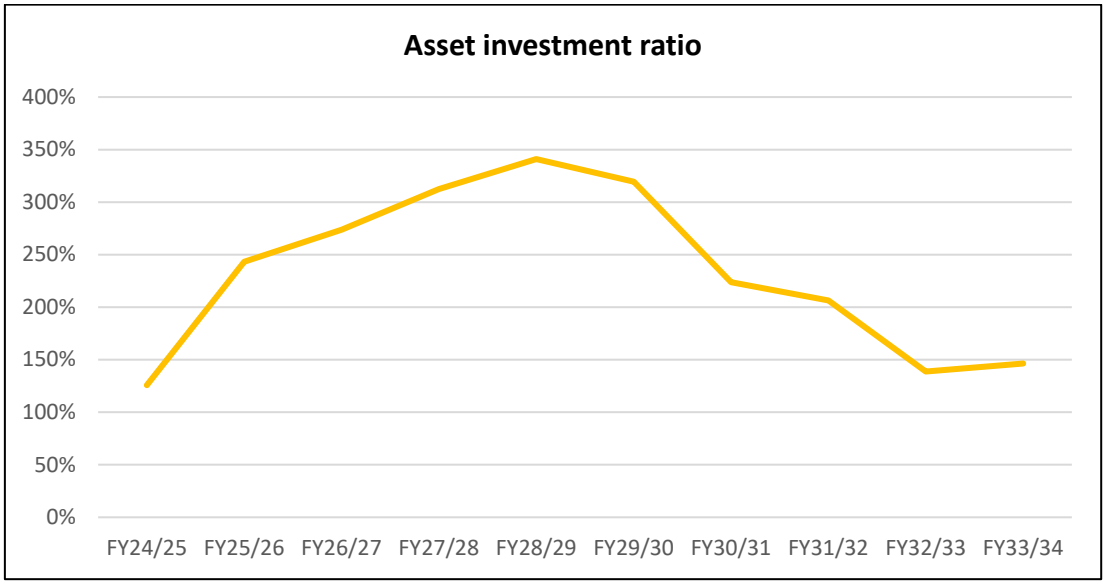
The planned level of investment outlined in this Plan is based on the 2024 LTP, accounting for adjustments made through the 2025 Annual Plan process. The financial sustainability assessment required by this Plan has confirmed that no changes to the planned investment programme are required. The 2024 LTP investment programme was determined as follows:

- Regulatory Compliance Investment: Compliance related investment was identified through assessment of current performance against drinking water standards, resource consent conditions, and anticipated future regulatory requirements. Projects were prioritised to address existing non-compliance (e.g. UV treatment upgrades, disposal field remediation) and to prepare for expected changes (e.g. filtration for surface water supplies). All compliance related investment is budgeted for in the 2024 LTP, and the capital delivery mechanisms outlined in Part B ensures that these projects are implemented within required timeframes. This proactive approach supports both current and future regulatory alignment. The regulatory compliance investment approach is outlined in more detail in Part B Section 6.

- Renewals Investment: The regular renewals programme budget is based on risk informed modelling that considers asset age, condition, and criticality. These budgets are smoothed over rolling ten-year periods for consistency, with annual delivery programmes refined in partnership with the network contractor using real time data like CCTV inspections and fault records. In addition, separate budgets are established for major stand-alone renewal projects, and where applicable, renewals provisions are embedded in broader capital project budgets. The renewals investment approach is outlined in more detail in Part B Section 3.

- Growth Investment: Investment to support growth was determined by aligning infrastructure planning with the district's Spatial Plan and demand projections. This investment includes major projects that unlock development capacity and respond to anticipated demand across multiple population centres and price points, with the funding sourced from development contributions, debt serviced by rates and, where applicable, government grants. This ensures infrastructure is in place to support growth while maintaining affordability and financial sustainability.

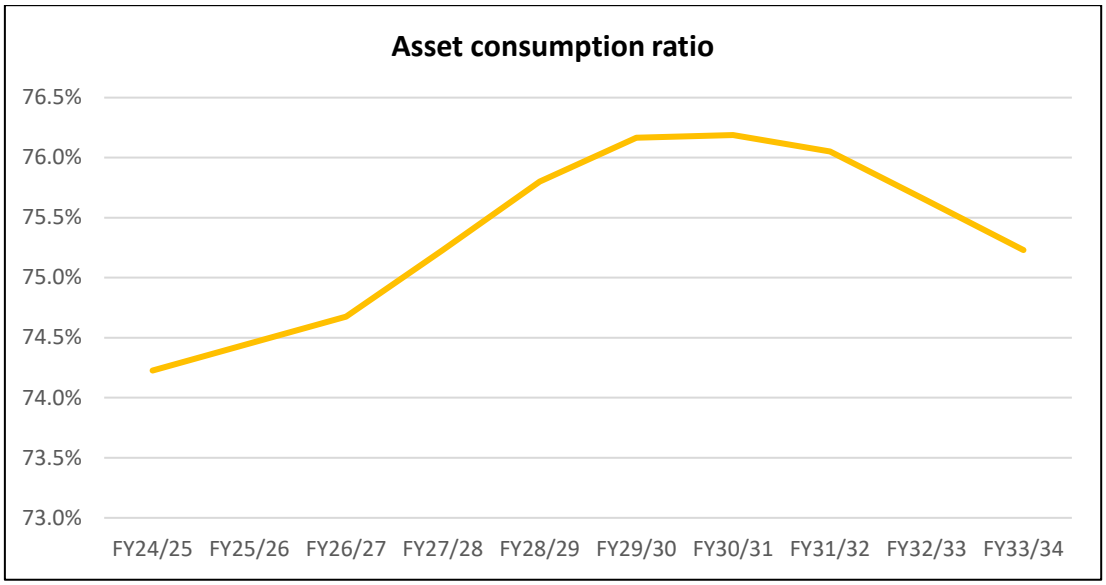
The chart below demonstrates that planned capital investment in water services significantly exceeds annual depreciation across the ten-year planning horizon. This sustained positive ratio indicates that the QLDC is investing well above the rate at which assets are wearing out, indicating a proactive approach to infrastructure renewal, service level improvement, and growth provision. This level of investment supports the conclusion that QLDC's programme meets the investment sufficiency test, as it reflects a commitment to maintaining and enhancing the asset base in line with regulatory requirements, service expectations, and projected demand. The ratio also provides confidence that the planned capital programme is not only adequate to sustain current service levels but is also future focused, ensuring long term resilience and compliance. Refer Appendix 4 for the table supporting this chart.



3.4 Average remaining life of network assets

The Asset Consumption 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.

The chart below shows the asset consumption ratio across the ten years covered by this Plan. The district's networks are relatively young due to the significant amount of growth over recent years. This combined with high levels of investment projected over the ten year period, means that the average remaining useful life of the network assets is high and will remain relatively steady over the decade. The high average asset consumption ratio of 76% means the assets are relatively new or well maintained and haven't yet used up much of their expected lifespan. While there is a slight downward trend from 2030/31, this is not material and is not expected to impact the average age or performance of the assets. Refer Appendix 4 for the table supporting this chart.



4. Financing Sufficiency

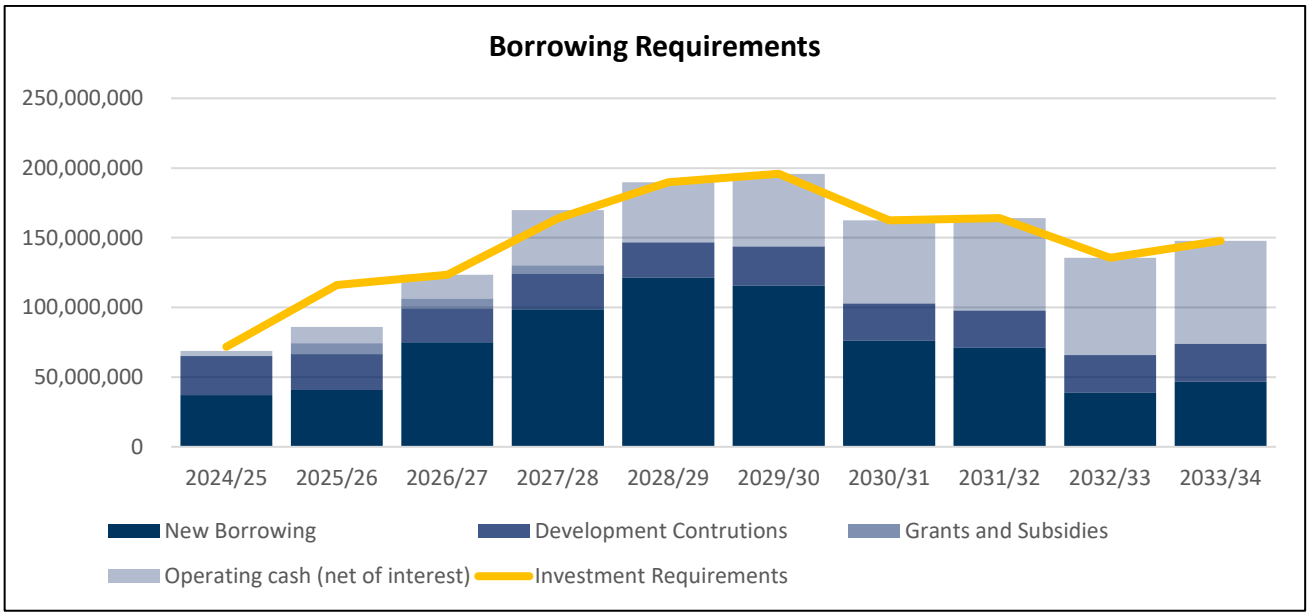
4.1 Confirmation of financing sufficiency

This Plan confirms that projected total QLDC borrowings remain within the borrowing limits set by the LGFA, with QLDC's debt to revenue ratio staying below the 280% threshold during the inhouse delivery period (2024/25 to 2026/27). As a designated high growth council, QLDC can increase its borrowing limit to 350% if required, providing additional flexibility to support the scale of investment outlined in the Plan. While water services borrowings individually exceed this ratio, the Council has determined that prioritising water infrastructure investment within its overall borrowing capacity is appropriate and has not set a separate borrowing limit for water services during this period. From 2027/28 onward, under the WSCCO, water services borrowings are projected to align with financial sustainability expectations, including maintaining a FFO to Net Debt Ratio of approximately 9%. The WSCCO will be able to access the required level of borrowing through a new covenant with LGFA. This confirms that the financing sufficiency test is met, ensuring that the investment programme is deliverable and financially sustainable over the term of the Plan.

The WSCCO will develop its own financial strategy, liability management policy and risk management framework which will ultimately determine the extent to which it leverages its full lending capability. Modelling has assumed that the WSCCO will seek to maximise leveraging for at least the first ten years to manage overall affordability impact of a change in delivery model.

4.2 Borrowing requirements

The chart below shows the borrowing needed to enable the delivery of the water services investment programme over the ten-year period covered by this Plan. Borrowing starts at $37.1 million in 2024/25, increasing to a peak of $121.4 million in 2028/29 before gradually reducing to $46.7 million in 2033/34. This aligns with the forecast peak in capital expenditure, with major scheme upgrades underway or entering construction, and follows on from the current tranche of upgrades underway or commencing shortly. The chart demonstrates that borrowing is the key financing tool for delivering the planned investment programme, alongside funding tools such as development contributions.



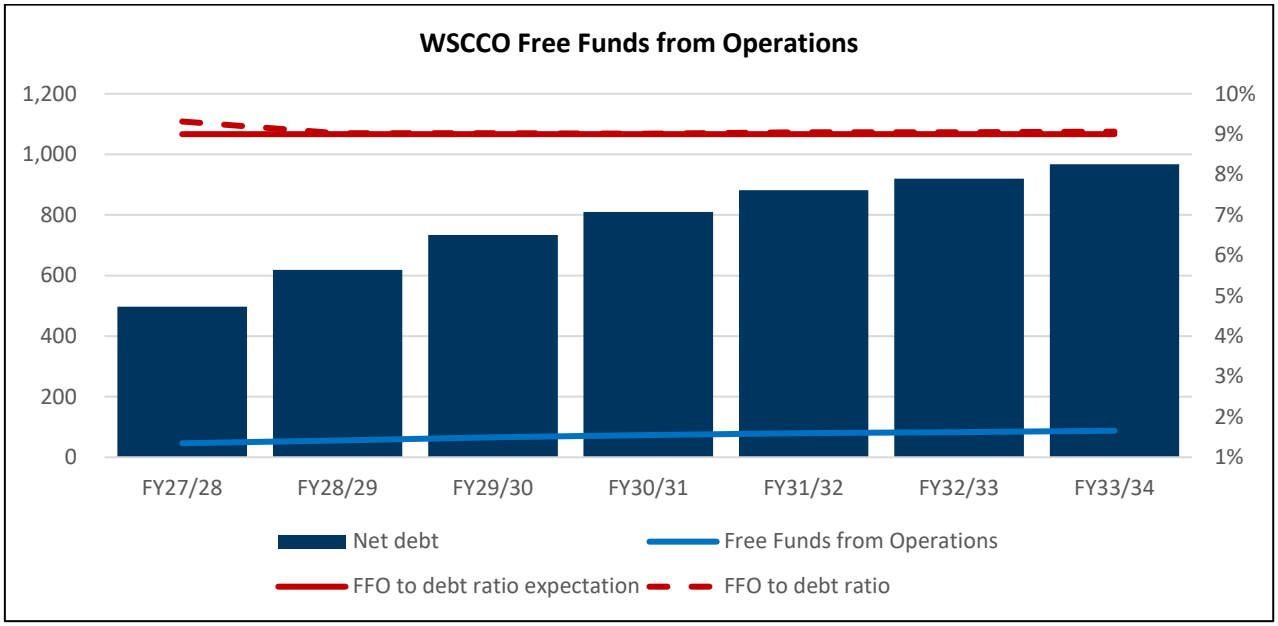
4.3 Borrowing availability (2024/25 – 2026/27: QLDC as water services provider)

For the first three years, when QLDC is the water service provider, projected QLDC borrowings are within the LGFA borrowing limit of 280% with the debt to operating revenue ratio at 278% in 2024/25, 255% in 2025/26 and 257% in 2026/27, providing borrowing headroom of $5.2 million in 2024/25, $69.1 million in 2025/26 and $70.4 million in 2026/27. Refer Appendix 5 for table supporting these figures.

Over this same period the water services debt to operating revenue ratio is 737% in 24/25, 577% in 2025/26 and 613% in 2026/27. For the period that QLDC is the water service provider, a specific limit for water services borrowing has not been determined. The Council has agreed that as this is the level of investment required for water services it is appropriate to utilise a large proportion of QLDC's borrowing headroom to invest in water services ahead of other services that QLDC is responsible for. This is necessary to ensure that water infrastructure adequately supports visitor numbers that double the population on a peak day, and to fill the gap left by development contributions to enable growth. While debt, interest and repayments are ringfenced to water services, QLDC leverages revenue from all services to access borrowing for water investments.

4.4 Borrowing availability (2027/28 – 2033/34: WSCCO as water services provider)

FFO to Net Debt Ratio measures the percentage of debt balance that is generated in free cash flow each year and is key leverage indicator for financiers. The chart below shows a projected FFO to Net Debt Ratio of approximately 9% from establishment in July 2027, aligning with the financial sustainability expectations, and LGFA lending covenant requirements, for WSCCOs. This ratio indicates that sufficient operating cash flow will be generated to service debt, reflecting prudent financial management. During the initial three years (2024/25 to 2026/27), when QLDC remains the water services provider, the FFO ratio is slightly below the 9% benchmark but remains within LGFA borrowing covenants. This transitional leverage profile is consistent with the financial strategy outlined in the 2024 LTP, which prioritises early investment in core infrastructure, manages debt within sustainable limits, and progressively increases depreciation funding to support renewals. The strategy also emphasises intergenerational equity, ensuring that borrowing aligns with asset lifecycles and that future ratepayers are not unduly burdened.



Appendices

Appendix 1: Capital Programme by Cost Driver

Projected Capital Expenditure ($m)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Water Supply										
To meet additional demand	9.48	7.42	10.52	20.97	42.92	42.69	26.35	29.94	18.53	31.75
To improve levels of services	13.51	12.81	16.61	17.65	26.77	45.22	42.96	19.46	39.07	34.23
To replace existing assets	2.81	2.12	2.38	2.89	2.97	3.44	4.78	3.53	3.83	4.03
Total (Water Supply)	**25.80**	**22.35**	**29.50**	**41.50**	**72.66**	**91.36**	**74.08**	**52.93**	**61.42**	**70.01**
Wastewater										
To meet additional demand	13.66	39.45	36.83	30.05	29.89	34.20	33.27	53.10	37.23	50.68
To improve levels of services	17.37	33.21	34.68	56.24	55.68	31.65	12.19	20.20	15.85	8.72
To replace existing assets	6.29	10.01	9.79	11.96	10.92	9.55	9.99	8.37	7.42	5.18
Total (Wastewater)	**37.32**	**82.67**	**81.30**	**98.25**	**96.48**	**75.41**	**55.44**	**81.67**	**60.50**	**64.57**
Stormwater										
To meet additional demand	4.72	6.76	6.89	13.02	8.23	20.98	22.45	21.76	5.48	6.49
To improve levels of services	2.67	3.29	3.38	1.67	8.35	7.76	10.39	8.68	9.31	8.21
To replace existing assets	1.25	1.01	2.37	2.36	2.44	1.10	1.37	0.93	0.96	1.33
Total (Stormwater)	**8.64**	**11.05**	**12.64**	**17.05**	**19.02**	**29.83**	**34.21**	**31.36**	**15.76**	**16.03**
TOTAL	**71.75**	**116.08**	**123.45**	**156.80**	**188.16**	**196.60**	**163.74**	**165.96**	**137.67**	**150.62**

Appendix 2: Significant Capital Projects

Significant projects have been defined as those with a capital budget greater than $10 million (or where the project is explicitly referenced elsewhere in this Plan and <$10 million), and do not include ongoing programmes of renewals, minor improvements, or planning activities (e.g. masterplanning, modelling, AMP development)

Water Supply (WS)

Significant projects represent $487.6 million (90%) of the total 2024/25 – 2033/34 water supply capital budget of $541.6 million.

Significant capital projects ($m)	Total	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	LoS	Growth	Renew.
Southern Corridor New Scheme	**86.01**	0.28	0.40	2.43	7.51	20.49	14.30	2.89	12.65	12.92	12.14		ü	
Wānaka Storage Upgrades	**71.59**				0.33	3.02	15.45	15.81	3.59	16.52	16.88	ü		
Ladies Mile New Scheme	**29.30**			0.27	1.10	1.97	8.65	8.85	8.45				ü	
Beacon Point Supply Upgrades	**28.54**	0.13	0.41	2.47	9.85	11.55	4.13					ü	ü	ü
Quail Rise Reservoir	**28.18**	0.91			0.27	2.46	10.16	11.46	2.93			ü	ü	
Hāwea Scheme Upgrades	**24.43**	0.22	0.41	2.31	4.75	9.75	5.00	1.98				ü	ü	
Two Mile Supply Upgrades	**23.76**							0.36	1.48	4.54	17.38	ü	ü	
Kingston New Scheme	**21.06**	6.02	4.87		0.33	3.05	2.72			0.40	3.68		ü	
Compliance Response – UV Treat.	**17.96**	9.22	8.74									ü		
Historic Land Encroachments	**14.78**							0.14	0.58	14.06		ü		
Arrowtown Scheme Upgrades	**11.51**			0.21	0.44	0.67	5.73	4.46				ü	ü	
Luggate Scheme Upgrades	**11.34**		0.20	0.55	0.61	1.57	3.22	3.84	1.35			ü	ü	ü
Arthurs Point Reservoir	**9.42**				0.18	0.91	4.68	3.64				ü	ü	
Filtration – Wānaka	**6.18**	0.06	0.54	5.58								ü	ü	
Filtration – Queenstown	**4.94**	0.05	0.44	4.46								ü	ü	
Hāwea LoS Improvements	**1.96**	0.83	1.13	-								ü	ü	
Capell Ave Watermain Extension	**1.28**		0.02	0.23	1.03							ü	ü	
Lake Hayes Water Permit	**0.66**	0.13	0.33	0.20										ü
Glenorchy Bore Upgrades	**0.57**								0.57			ü	ü	ü
Demand Mgt – [all schemes]	**52.05**	1.61	0.89	5.41	6.95	9.24	8.77	8.97	10.20			ü	ü	

Significant capital projects ($m)	Total	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	LoS	Growth	Renew.
LoS Performance – [all schemes]	**36.26**		0.22	2.43	4.54	4.65	4.77	4.88	4.99	5.10	4.69	ü	ü	
Fluoridation – [all schemes]	**5.83**							1.41	1.44	1.47	1.50	ü		
Total investment	**487.60**	19.45	18.61	26.55	37.87	69.33	87.59	68.70	48.23	55.00	56.27			

Over the following 20-years (2034/35 – 2035/54), significant projects represent $467.3 million (67%) of the total $693.8 million in indicative water supply capital investment.

Significant capital projects ($m)	Total	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	FY45-49	FY50-54
Wanaka Storage Upgrades	**93.73**					0.41	3.77	17.10	17.44	4.45		24.93	25.64
Wanaka New Intake & WTP	**41.71**									0.40	3.64	37.67	
Hāwea Scheme Upgrades	**36.55**											27.15	9.40
Wanaka Ringmain Initiative	**26.45**		0.54	4.97					0.61	5.60		7.00	7.72
Frankton Ringmain Initiative	**26.45**		0.54	4.97					0.61	5.60		7.00	7.72
Luggate Scheme Upgrades	**26.15**		0.25	2.28	10.36	10.56	2.69						
Arterial Stage 2	**22.67**								0.03	0.29	0.33	21.86	0.16
Arterial Stage 3	**18.90**				0.03	0.20	0.24	0.11	1.78	7.28	7.43	1.83	
Arrowtown Scheme Upgrades	**15.85**							0.15	1.40	14.29			
Two Mile Supply Upgrades	**14.97**	14.97											
LoS Performance – [all schemes]	**129.09**	5.31	5.42	5.53	5.64	5.75	5.87	5.98	6.10	6.22	6.35	33.70	37.21
Demand Mgt – [all schemes]	**14.83**							0.66	6.03				8.14
Total investment	**467.33**	20.28	6.75	17.76	16.02	16.93	12.57	24.00	34.01	44.13	17.75	161.13	96.01

Wastewater

Significant projects represent $641.1 million (87%) of the total 2024/25 – 2033/34 wastewater capital budget of $733.6 million.

Significant capital projects ($m)	Total	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	LoS	Growth	Renew.
Southern Corridor New Scheme	**92.52**	0.25		0.16	0.17	0.57	3.49	6.25	27.38	27.97	26.29		ü	
Upper Clutha Conveyance Scheme	**85.80**	2.19	19.69	25.58	26.26	12.08						ü	ü	
Shotover Disposal Field	**77.09**	0.84	2.29	5.22	26.78	27.48	14.48					ü	ü	
Project Pure Future Works	**45.38**		0.07	1.39	3.96	13.08	20.36	6.51				ü	ü	
Kingston New Scheme	**38.84**	0.73	12.05	8.88			0.41	1.66			15.12		ü	
CBD to Frankton Conveyance	**37.74**	1.02	13.35	13.42	9.95							ü	ü	ü
Ladies Mile New Scheme	**34.21**			0.31	1.28	2.30	10.10	10.34	9.87				ü	
Frankton Beach to Shotover Conv.	**33.77**	0.15	0.41	2.91	9.96	13.63	6.70					ü	ü	ü
Project Shotover Stage 3	**29.98**	18.41	9.46	2.12								ü	ü	ü
Southwest Wānaka Conveyance	**26.01**	0.15	0.36	5.05	10.37	10.08						ü	ü	ü
Project Shotover Future Works	**22.36**				0.29	4.97	0.85	1.31	11.90	0.63	2.41	ü	ü	ü
North Wānaka Conveyance Stg. 2	**15.98**	0.26	7.93	7.80								ü	ü	
Cardrona Scheme Upgrades	**10.63**					0.12	0.69	5.92	3.89				ü	
Remarkables Park Pump Station	**8.85**	0.02				0.17	0.87	7.79				ü	ü	ü
Convey. Upgrade – Arrowtown	**8.09**						0.15	0.79	3.86	3.29		ü	ü	ü
Convey. Upgrade – Lake Hayes	**8.09**						0.15	0.79	3.86	3.29		ü	ü	ü
Robins Rd Conveyance	**6.58**	2.71	3.54	0.33								ü	ü	ü
Hawthorne Drive Capacity	**6.05**				0.12	0.59	5.34						ü	
Marine Parade Pump Station	**3.80**				0.37	3.42						ü	ü	ü
Hanleys Farm Pump Station	**2.92**	1.47	1.45										ü	
LoS Performance – [all schemes]	**23.10**		2.32	2.38	2.44	2.51	2.57	2.63	2.69	2.75	2.81	ü	ü	
Biosolids Disposal – [all schemes]	**23.27**						0.22	0.89	6.86	9.34	5.96	ü	ü	
Total investment	**641.06**	28.20	72.92	75.55	91.95	91.02	66.39	44.87	70.31	47.25	52.59			

Over the following 20-years (2034/35 – 2053/54), significant projects represent $454.0 million (67%) of the total $681.0 million in indicative wastewater capital investment.

Significant capital projects ($m)	Total	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	FY45-49	FY50-54
Project Shotover Future Works	**75.24**								0.72	6.57	29.80	38.15	
Project Pure Future Works	**72.49**	2.71					0.30	2.75	12.46	12.70	3.24		38.33
Frankton Beach to Shotover Conv.	**47.17**						0.45	4.12	18.68	19.06	4.86		
Glenorchy Wastewater Scheme	**46.24**					0.44	4.04	18.32	18.68	4.76			
Upper Clutha Conveyance Scheme	**44.45**			0.42	3.88	17.60	17.96	4.58					
CBD to Frankton Conveyance	**44.45**			0.42	3.88	17.60	17.96	4.58					
Arterial Stage 2	**22.67**								0.03	0.29	0.33	21.86	0.16
Arterial Stage 3	**18.90**				0.03	0.20	0.24	0.11	1.78	7.28	7.43	1.83	
Inflow & Infiltration Programme	**3.48**		0.10	0.30	0.30	0.31				0.11	0.34	0.70	1.32
LoS Performance – [all schemes]	**78.91**	0.32	6.24	0.33	6.49	0.35	6.75	0.36	7.03	0.38	7.31	16.74	26.61
Total investment	**453.99**	3.03	6.33	1.48	14.58	36.51	47.69	34.82	59.38	51.15	53.30	79.29	66.42

Stormwater

Significant projects represent $164.3 million (84%) of the total 2024/25 – 2033/34 stormwater capital budget of $195.6 million.

Significant capital projects ($m)	Total	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	LoS	Growth	Renew.
Ladies Mile New Scheme	**50.18**			0.46	1.88	3.38	14.82	15.17	14.48				ü	
Kingston New Scheme	**15.35**	4.50	4.95	0.02			0.08	3.90	1.91			ü	ü	
Stone St Upgrades	**11.27**			1.10	10.17								ü	
Rockabilly Gully Erosion Protect.	**5.49**	0.28	2.85	2.36									ü	
Remarkables Park Outlet	**4.91**		0.48	4.43								ü	ü	
SH6/6A Improvements	**0.71**	0.40	0.31										ü	
Major Imp. – Whakatipu	**38.43**				1.15	10.65	1.21	11.16	1.27	11.66	1.32	ü	ü	
Major Imp. – Upper Clutha	**37.97**					1.18	10.91	1.24	11.42	1.30	11.92	ü	ü	
Total investment	**164.32**	5.18	8.59	8.37	13.20	15.21	27.02	31.47	29.07	12.96	13.24			

Over the following 20-years (2034/35 – 2053/54), significant projects represent $443.4 million (74%) of the total $600.2 million in indicative stormwater capital investment.

Significant capital projects ($m)	Total	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	FY45-49	FY50-54
Major Imp. – Upper Clutha	**165.37**	1.35	12.40	1.41	12.90	1.46	13.42	1.52	13.96	1.58	14.53	35.98	54.87
Major Imp. – Whakatipu	**162.77**	12.16	1.38	12.65	1.43	13.16	1.49	13.69	1.55	14.24	1.61	49.70	39.72
Treatment Programme	**115.26**	4.74	4.84	4.94	5.03	5.13	5.24	5.34	5.45	5.56	5.67	30.09	33.22
Total investment	**443.40**	18.25	18.61	18.99	19.37	19.75	20.15	20.55	20.96	21.38	21.81	115.76	127.81

Appendix 3: Tables Supporting Revenue Sufficiency Assessment

Projected Average Charge Per Connection

Average charge per connection ($000)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Water Supply	609	648	800	1,079	1,244	1,422	1,609	1,789	1,881	1,909
Wastewater	723	892	1,061	1,438	1,696	1,945	2,078	2,149	2,205	2,245
Stormwater	223	281	376	527	550	572	617	661	687	685
Total	1,554	1,821	2,237	3,044	3,490	3,938	4,304	4,599	4,772	4,839
Percentage increase in average charge	17.5%	17.2%	22.8%	36.1%	14.7%	12.9%	9.3%	6.9%	3.8%	1.4%
Median annual household income	145,706	152,227	159,584	167,011	174,485	181,668	189,148	196,597	203,987	211,655
Charges as percentage of median household income	1.1%	1.2%	1.4%	1.8%	2.0%	2.2%	2.3%	2.3%	2.3%	2.3%

Operating surplus ratio

Operating surplus ratio ($000)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating surplus/(deficit) excluding capital revenues	(25)	16	(9)	0	0	6	9	13	13	14
Operating revenue	44	79	62	87	103	120	135	148	158	164
Operating surplus ratio	(57.7%)	19.9%	(14.2%)	0.0%	0.0%	4.6%	7.0%	8.6%	8.3%	8.6%

Operating cash ratio

Operating cash ratio ($000)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenues	16	21	32	60	68	83	96	107	114	120
Operating revenue	44	79	62	87	103	120	135	148	158	164
Operating cash ratio	35.9%	26.3%	50.9%	68.2%	65.6%	69.1%	71.4%	72.2%	72.3%	73.2%

Appendix 4: Tables Supporting Investment Sufficiency Assessment

Asset sustainability ratio

Asset sustainability ratio ($000)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Capital expenditure on renewals	10	13	15	17	16	14	16	13	12	10
Depreciation	32	34	33	40	43	47	50	54	57	60
Asset sustainability ratio	(67.4%)	(61.1%)	(56.0%)	(56.7%)	(62.1%)	(69.9%)	(68.1%)	(76.3%)	(78.8%)	(82.8%)

Asset investment ratio

Asset investment ratio ($000)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Total capital expenditure – all water services assets	72	116	123	164	190	196	163	164	136	148
Depreciation – all water services assets	32	34	33	40	43	47	50	54	57	60
Asset investment ratio	125.7%	243.2%	273.7%	312.4%	341.0%	319.4%	223.7%	206.5%	138.8%	146.4%

Asset consumption ratio

Asset consumption ratio ($000)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Book value of water infrastructure assets	1,583	1,697	1,817	1,977	2,164	2,356	2,516	2,677	2,809	2,953
Replacement value of water infrastructure assets	2,133	2,279	2,433	2,629	2,855	3,094	3,302	3,519	3,713	3,925
Asset consumption ratio	74.2%	74.5%	74.7%	75.2%	75.8%	76.2%	76.2%	76.1%	75.6%	75.2%

Appendix 5: Tables Supporting Financing Sufficiency Assessment

Net debt to operating revenue ratio – QLDC, All

Net debt to operating revenue ($000)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating revenue	251.6	239.5	303.7							
Net debt (gross debt less cash)	697.9	668.9	750.0							
Net debt to operating revenue %	277%	279%	247%							
Maximum allowable net debt at borrowing limit	280%	280%	280%							
Borrowing headroom/(shortfall) against limit	6.4	1.6	100.5							

Net debt to operating revenue ratio – QLDC, water services

Net debt to operating revenue ($000)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating revenue	43.7	87.1	69.1							
Net debt (gross debt less cash)	282.6	323.5	398.4							
Net debt to operating revenue %	647%	372%	576%							

Free Funds from Operations to net debt ratio

Free funds from operations ($000)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Projected net debt				497	618	734	810	881	920	967
Projected free funds from operations				46	56	66	73	80	83	88
Free funds from operations to net debt ratio				9%	9%	9%	9%	9%	9%	9%

Appendix 6: Projected Financial Statements – Water Services

Projected Funding Impact Statement

Funding impact statement	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Sources of operating funding										
General rates	-	-	-	-	-	-	-	-	-	-
Targeted rates	40,371	48,793	61,949							
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines,etc	-	-	-	-	-	-	-	-	-	-
Fees and charges	324	411	356	87,451	103,494	120,357	135,047	147,986	157,619	164,090
Total operating funding	40,695	49,203	62,305	87,451	103,494	120,357	135,047	147,986	157,619	164,090
Applications of operating funding										
Payments to staff and suppliers	20,984	24,157	26,109	33,950	35,568	37,155	38,646	41,155	43,656	43,996
Finance costs	12,121	9,065	14,376	19,921	24,853	30,917	36,700	40,511	44,062	46,012
Internal charges and overheads applied	4,022	4,234	4,489	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	37,127	37,456	44,973	53,871	60,421	68,072	75,346	81,665	87,718	90,008
Surplus/(deficit) of operating funding	3,568	11,748	17,331	33,581	43,074	52,284	59,701	66,321	69,901	74,082
Sources of capital funding										
Subsidies and grants for capital expenditure	-	7,873	6,836	6,129	-	-	-	-	-	-
Development and financial contributions	28,053	25,575	24,372	25,427	25,460	27,940	26,641	26,795	26,786	27,087
Increase/(decrease) in debt	37,133	40,883	74,911	98,633	121,284	115,663	76,209	71,038	38,983	46,704
Gross proceeds from sales of assets	3,000	30,000	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	68,186	104,331	106,119	130,189	146,745	143,603	102,850	97,832	65,769	73,791
Applications of capital funding										
Capital expenditure - to meet additional demand	27,864	53,629	54,249	64,041	81,041	97,527	81,466	103,660	60,346	87,305
Capital expenditure - to improve levels of services	33,542	49,310	54,669	82,527	92,455	84,320	65,061	47,805	63,297	50,224
Capital expenditure - to replace existing assets	10,348	13,140	14,531	17,202	16,322	14,041	16,023	12,689	12,027	10,343
Total applications of capital funding	71,754	116,079	123,450	163,770	189,818	195,888	162,550	164,153	135,670	147,873
Surplus/(deficit) of capital funding	-3,568	-11,748	-17,331	-33,581	-43,074	-52,284	-59,701	-66,321	-69,901	-74,082
Funding balance	-	-	-	-	-	-	-	-	-	-

Projected Statement of Comprehensive Revenue and Expense

Statement of comprehensive revenue & expense	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating revenue	40,695	49,203	62,305	87,451	103,494	120,357	135,047	147,986	157,619	164,090
Other revenue	31,053	63,448	31,208	31,556	25,460	27,940	26,641	26,795	26,786	27,087
Total revenue	71,748	112,652	93,513	119,007	128,955	148,297	161,687	174,781	184,405	191,177
Operating expenses	20,984	24,157	26,109	33,950	35,568	37,155	38,646	41,155	43,656	43,996
Finance costs	12,121	9,065	14,376	19,921	24,853	30,917	36,700	40,511	44,062	46,012
Overheads and support costs	4,022	4,234	4,489	-	-	-	-	-	-	-
Depreciation & amortisation	31,785	33,820	33,037	39,709	43,046	46,711	50,220	53,563	56,804	60,003
Total expenses	68,912	71,276	78,010	93,580	103,466	114,784	125,566	135,228	144,522	150,011
Net surplus / (deficit)	2,836	41,376	15,503	25,428	25,488	33,514	36,121	39,553	39,883	41,166
Revaluation of infrastructure assets	30,279	31,668	33,932	36,341	39,549	43,276	47,125	50,314	53,532	56,180
Vested assets revenue	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	33,115	73,044	49,435	61,769	65,037	76,789	83,246	89,866	93,414	97,346
Cash surplus / (deficit) from operations (excl depreciation)	34,621	75,196	48,539	65,137	68,534	80,225	86,341	93,116	96,687	101,169

Projected Statement of Cashflows

Statement of Cashflows	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	34,621	75,196	48,539	65,137	68,534	80,225	86,341	93,116	96,687	101,169
[other items]										
Net Cashflows from operating activities	34,621	75,196	48,539	65,137	68,534	80,225	86,341	93,116	96,687	101,169
Cashflows from investment activities										
Capital expenditure	-71,754	-116,079	-123,450	-163,770	-189,818	-195,888	-162,550	-164,153	-135,670	-147,873
Net Cashflows from investment activities	-71,754	-116,079	-123,450	-163,770	-189,818	-195,888	-162,550	-164,153	-135,670	-147,873
Cashflows from financing activities										
New borrowings	37,133	40,883	74,911	98,633	121,284	115,663	76,209	71,038	38,983	46,704
Repayment of borrowings										
Net Cashflows from financing activities	37,133	40,883	74,911	98,633	121,284	115,663	76,209	71,038	38,983	46,704
Net increase/(decrease) in cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	-	-	-	-	-	-	-	-	-	-
Cash & cash equivalents transfer	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at end of year	-	-	-	-	-	-	-	-	-	-

Projected Statement of Financial Position

Statement of financial position	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Assets										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-	-	-	-
Infrastructure assets	1,583,413	1,696,610	1,817,058	1,977,460	2,163,782	2,356,234	2,515,689	2,676,593	2,808,991	2,953,041
Other non-current assets	-	-	-	-	-	-	-	-	-	-
Total assets	1,583,413	1,696,610	1,817,058	1,977,460	2,163,782	2,356,234	2,515,689	2,676,593	2,808,991	2,953,041
Liabilities										
Borrowings - current portion	282,628	323,510	398,421	497,054	618,339	734,002	810,211	881,249	920,232	966,936
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Borrowings - non-current portion	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	282,628	323,510	398,421	497,054	618,339	734,002	810,211	881,249	920,232	966,936
Net assets	1,300,786	1,373,099	1,418,637	1,480,406	1,545,443	1,622,232	1,705,478	1,795,345	1,888,759	1,986,105
Equity										
Revaluation reserve	30,279	61,948	95,880	132,221	171,770	215,046	262,171	312,484	366,016	422,196
Net Transfers	-	-	-	-	-	-	-	-	-	-
Other reserves	1,270,506	1,311,152	1,322,757	1,348,185	1,373,673	1,407,186	1,443,308	1,482,860	1,522,743	1,563,909
Total equity	1,300,786	1,373,099	1,418,637	1,480,406	1,545,443	1,622,232	1,705,478	1,795,345	1,888,759	1,986,105

Appendix 7: Projected Financial Statements – Drinking Water

Projected Funding Impact Statement

Funding impact statement	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Sources of operating funding										
General rates	-	-	-	-	-	-	-	-	-	-
Targeted rates	14,480	15,837	20,190							
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines,etc	-	-	-	-	-	-	-	-	-	-
Fees and charges	50	52	53	28,186	33,491	39,412	45,895	52,463	56,653	59,027
Total operating funding	14,529	15,889	20,243	28,186	33,491	39,412	45,895	52,463	56,653	59,027
Applications of operating funding										
Payments to staff and suppliers	7,685	9,158	9,682	12,690	13,216	13,655	14,125	15,703	17,350	16,847
Finance costs	3,301	2,717	4,439	5,796	7,026	9,529	12,736	14,978	16,022	17,404
Internal charges and overheads applied	1,548	1,476	1,727	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	12,534	13,351	15,849	18,486	20,242	23,183	26,861	30,681	33,372	34,251
Surplus/(deficit) of operating funding	1,995	2,538	4,394	9,699	13,249	16,228	19,034	21,782	23,281	24,777
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	10,029	10,429	8,904	9,810	9,975	10,645	9,673	9,687	9,606	9,612
Increase/(decrease) in debt	12,573	-2,619	16,207	24,594	50,053	64,152	44,837	20,882	27,638	34,350
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	1,200	12,005	-	-	-	-	-	-	-	-
Total sources of capital funding	23,802	19,815	25,111	34,404	60,028	74,796	54,510	30,569	37,245	43,962
Applications of capital funding										
Capital expenditure - to meet additional demand	9,482	7,419	10,522	20,970	42,921	42,539	26,158	29,615	18,257	31,176
Capital expenditure - to improve levels of services	13,508	12,811	16,607	20,246	27,387	45,055	42,645	19,245	38,498	33,604
Capital expenditure - to replace existing assets	2,808	2,123	2,376	2,888	2,970	3,431	4,741	3,492	3,771	3,958
Total applications of capital funding	25,797	22,353	29,505	44,103	73,277	91,025	73,544	52,351	60,526	68,738
Surplus/(deficit) of capital funding	-1,995	-2,538	-4,394	-9,699	-13,249	-16,228	-19,034	-21,782	-23,281	-24,777
Funding balance	-	-	-	-	-	-	-	-	-	-

Projected Statement of Comprehensive Revenue and Expense

Statement of comprehensive revenue & expense	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating revenue	14,529	15,889	20,243	28,186	33,491	39,412	45,895	52,463	56,653	59,027
Other revenue	11,229	22,434	8,904	9,810	9,975	10,645	9,673	9,687	9,606	9,612
Total revenue	25,759	38,323	29,147	37,996	43,466	50,056	55,568	62,151	66,259	68,640
Operating expenses	7,685	9,158	9,682	12,690	13,216	13,655	14,125	15,703	17,350	16,847
Finance costs	3,301	2,717	4,439	5,796	7,026	9,529	12,736	14,978	16,022	17,404
Overheads and support costs	1,548	1,476	1,727	-	-	-	-	-	-	-
Depreciation & amortisation	9,463	10,543	10,755	11,593	12,695	14,180	15,683	16,914	18,076	19,386
Total expenses	21,997	23,894	26,604	30,080	32,936	37,363	42,544	47,595	51,448	53,636
Net surplus / (deficit)	3,762	14,429	2,543	7,916	10,530	12,693	13,024	14,555	14,811	15,003
Revaluation of infrastructure assets	9,604	10,117	10,561	11,145	12,019	13,471	15,277	16,740	17,783	18,988
Vested assets revenue	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	13,365	24,546	13,104	19,062	22,549	26,164	28,301	31,295	32,594	33,991
Cash surplus / (deficit) from operations (excl depreciation)	13,225	24,972	13,298	19,509	23,225	26,873	28,707	31,470	32,888	34,389

Projected Statement of Cashflows

Statement of Cashflows	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	13,225	24,972	13,298	19,509	23,225	26,873	28,707	31,470	32,888	34,389
[other items]										
Net Cashflows from operating activities	13,225	24,972	13,298	19,509	23,225	26,873	28,707	31,470	32,888	34,389
Cashflows from investment activities										
Capital expenditure	-25,797	-22,353	-29,505	-44,103	-73,277	-91,025	-73,544	-52,351	-60,526	-68,738
Net Cashflows from investment activities	-25,797	-22,353	-29,505	-44,103	-73,277	-91,025	-73,544	-52,351	-60,526	-68,738
Cashflows from financing activities										
New borrowings	12,573	-2,619	16,207	24,594	50,053	64,152	44,837	20,882	27,638	34,350
Repayment of borrowings										
Net Cashflows from financing activities	12,573	-2,619	16,207	24,594	50,053	64,152	44,837	20,882	27,638	34,350
Net increase/(decrease) in cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	-	-	-	-	-	-	-	-	-	-
Cash & cash equivalents transfer	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at end of year	-	-	-	-	-	-	-	-	-	-

Projected Statement of Financial Position

Statement of financial position	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Assets										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-	-	-	-
Infrastructure assets	505,849	528,050	557,273	600,928	673,529	763,845	836,982	889,158	949,391	1,017,732
Other non-current assets	-	-	-	-	-	-	-	-	-	-
Total assets	505,849	528,050	557,273	600,928	673,529	763,845	836,982	889,158	949,391	1,017,732
Liabilities										
Borrowings - current portion	102,337	99,718	115,925	140,519	190,572	254,723	299,560	320,441	348,080	382,429
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Borrowings - non-current portion	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	102,337	99,718	115,925	140,519	190,572	254,723	299,560	320,441	348,080	382,429
Net assets	403,512	428,332	441,348	460,409	482,958	509,122	537,422	568,717	601,311	635,302
Equity										
Revaluation reserve	9,604	19,721	30,282	41,427	53,446	66,916	82,193	98,933	116,716	135,704
Net Transfers	-	-	-	-	-	-	-	-	-	-
Other reserves	393,908	408,612	411,066	418,982	429,512	442,205	455,229	469,784	484,595	499,599
Total equity	403,512	428,332	441,348	460,409	482,958	509,122	537,422	568,717	601,311	635,302

Appendix 8: Projected Financial Statements – Wastewater

Projected Funding Impact Statement

Funding impact statement	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Sources of operating funding										
General rates	-	-	-	-	-	-	-	-	-	-
Targeted rates	20,255	25,644	31,654							
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines,etc	-	-	-	-	-	-	-	-	-	-
Fees and charges	274	359	303	44,675	54,298	64,138	70,496	74,963	79,031	82,592
Total operating funding	20,529	26,003	31,957	44,675	54,298	64,138	70,496	74,963	79,031	82,592
Applications of operating funding										
Payments to staff and suppliers	11,033	12,679	13,958	18,075	19,008	20,042	20,955	21,775	22,486	23,221
Finance costs	7,678	5,376	8,559	12,604	16,120	19,455	21,335	22,055	23,914	24,637
Internal charges and overheads applied	2,007	2,340	2,240	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	20,718	20,395	24,757	30,679	35,128	39,497	42,290	43,830	46,400	47,858
Surplus/(deficit) of operating funding	-189	5,608	7,200	13,996	19,170	24,640	28,206	31,133	32,631	34,734
Sources of capital funding										
Subsidies and grants for capital expenditure	-	7,873	6,836	6,129	-	-	-	-	-	-
Development and financial contributions	13,859	11,349	11,456	11,475	11,497	12,892	12,449	12,466	12,517	12,684
Increase/(decrease) in debt	21,849	39,848	55,812	70,338	66,694	37,604	14,387	37,183	14,469	15,981
Gross proceeds from sales of assets	1,800	17,995	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	37,508	77,066	74,104	87,942	78,191	50,496	26,835	49,649	26,986	28,665
Applications of capital funding										
Capital expenditure - to meet additional demand	13,662	39,453	36,834	30,052	29,886	34,080	33,025	52,524	36,687	49,757
Capital expenditure - to improve levels of services	17,367	33,211	34,683	59,931	56,560	31,539	12,098	19,977	15,622	8,558
Capital expenditure - to replace existing assets	6,290	10,010	9,787	11,955	10,915	9,518	9,918	8,281	7,308	5,084
Total applications of capital funding	37,318	82,674	81,304	101,938	97,361	75,137	55,041	80,782	59,617	63,398
Surplus/(deficit) of capital funding	189	-5,608	-7,200	-13,996	-19,170	-24,640	-28,206	-31,133	-32,631	-34,734
Funding balance	-	-	-	-	-	-	-	-	-	-

Projected Statement of Comprehensive Revenue and Expense

Statement of comprehensive revenue & expense	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating revenue	20,529	26,003	31,957	44,675	54,298	64,138	70,496	74,963	79,031	82,592
Other revenue	15,659	37,218	18,292	17,604	11,497	12,892	12,449	12,466	12,517	12,684
Total revenue	36,188	63,221	50,249	62,279	65,795	77,030	82,944	87,429	91,547	95,276
Operating expenses	11,033	12,679	13,958	18,075	19,008	20,042	20,955	21,775	22,486	23,221
Finance costs	7,678	5,376	8,559	12,604	16,120	19,455	21,335	22,055	23,914	24,637
Overheads and support costs	2,007	2,340	2,240	-	-	-	-	-	-	-
Depreciation & amortisation	13,570	14,102	14,735	18,199	19,997	21,634	22,967	24,383	25,886	27,303
Total expenses	34,288	34,497	39,492	48,878	55,126	61,131	65,257	68,213	72,285	75,161
Net surplus / (deficit)	1,899	28,724	10,757	13,402	10,670	15,899	17,687	19,216	19,262	20,115
Revaluation of infrastructure assets	12,168	12,878	14,488	16,072	18,069	19,977	21,447	22,517	24,096	25,252
Vested assets revenue	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	14,067	41,602	25,245	29,474	28,738	35,876	39,134	41,733	43,358	45,367
Cash surplus / (deficit) from operations (excl depreciation)	15,469	42,826	25,492	31,600	30,667	37,533	40,654	43,599	45,148	47,417

Projected Statement of Cashflows

Statement of Cashflows	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	15,469	42,826	25,492	31,600	30,667	37,533	40,654	43,599	45,148	47,417
[other items]										
Net Cashflows from operating activities	15,469	42,826	25,492	31,600	30,667	37,533	40,654	43,599	45,148	47,417
Cashflows from investment activities										
Capital expenditure	-37,318	-82,674	-81,304	-101,938	-97,361	-75,137	-55,041	-80,782	-59,617	-63,398
Net Cashflows from investment activities	-37,318	-82,674	-81,304	-101,938	-97,361	-75,137	-55,041	-80,782	-59,617	-63,398
Cashflows from financing activities										
New borrowings	21,849	39,848	55,812	70,338	66,694	37,604	14,387	37,183	14,469	15,981
Repayment of borrowings										
Net Cashflows from financing activities	21,849	39,848	55,812	70,338	66,694	37,604	14,387	37,183	14,469	15,981
Net increase/(decrease) in cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	-	-	-	-	-	-	-	-	-	-
Cash & cash equivalents transfer	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at end of year	-	-	-	-	-	-	-	-	-	-

Projected Statement of Financial Position

Statement of financial position	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Assets										
Cash and cash equivalents	0	0	0	-0	-0	-0	-0	-0	-0	-0
Other current assets	-	-	-	-	-	-	-	-	-	-
Infrastructure assets	643,909	724,381	803,618	903,430	998,862	1,072,342	1,125,863	1,204,779	1,262,606	1,323,953
Other non-current assets	-	-	-	-	-	-	-	-	-	-
Total assets	643,909	724,381	803,618	903,430	998,862	1,072,342	1,125,863	1,204,779	1,262,606	1,323,953
Liabilities										
Borrowings - current portion	156,411	196,259	252,071	322,409	389,103	426,707	441,094	478,277	492,745	508,726
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Borrowings - non-current portion	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	156,411	196,259	252,071	322,409	389,103	426,707	441,094	478,277	492,745	508,726
Net assets	487,498	528,121	551,547	581,021	609,759	645,635	684,769	726,502	769,860	815,227
Equity										
Revaluation reserve	12,168	25,046	39,533	55,606	73,674	93,652	115,098	137,616	161,711	186,963
Net Transfers	-	-	-	-	-	-	-	-	-	-
Other reserves	475,330	503,076	512,013	525,415	536,085	551,984	569,671	588,887	608,149	628,264
Total equity	487,498	528,121	551,547	581,021	609,759	645,635	684,769	726,502	769,860	815,227

Appendix 9: Projected Financial Statements – Stormwater

Projected Funding Impact Statement

Funding impact statement	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Sources of operating funding										
General rates	-	-	-	-	-	-	-	-	-	-
Targeted rates	5,637	7,311	10,105							
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines,etc	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	14,590	15,705	16,807	18,657	20,560	21,935	22,470
Total operating funding	5,637	7,311	10,105	14,590	15,705	16,807	18,657	20,560	21,935	22,470
Applications of operating funding										
Payments to staff and suppliers	2,266	2,319	2,469	3,184	3,344	3,458	3,567	3,677	3,820	3,928
Finance costs	1,141	972	1,377	1,521	1,706	1,933	2,629	3,478	4,127	3,970
Internal charges and overheads applied	468	418	522	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	3,875	3,709	4,367	4,705	5,051	5,391	6,195	7,154	7,946	7,899
Surplus/(deficit) of operating funding	1,762	3,602	5,737	9,885	10,655	11,416	12,461	13,405	13,988	14,572
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	4,165	3,797	4,012	4,142	3,988	4,403	4,519	4,642	4,663	4,791
Increase/(decrease) in debt	2,711	3,654	2,892	3,701	4,538	13,908	16,986	12,973	-3,124	-3,626
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	6,876	7,450	6,904	7,843	8,525	18,311	21,505	17,615	1,539	1,165
Applications of capital funding										
Capital expenditure - to meet additional demand	4,721	6,756	6,893	13,019	8,234	20,908	22,284	21,521	5,402	6,373
Capital expenditure - to improve levels of services	2,667	3,288	3,379	2,350	8,509	7,727	10,318	8,583	9,176	8,062
Capital expenditure - to replace existing assets	1,250	1,008	2,369	2,359	2,437	1,092	1,364	916	949	1,301
Total applications of capital funding	8,638	11,052	12,641	17,729	19,180	29,727	33,966	31,020	15,528	15,736
Surplus/(deficit) of capital funding	-1,762	-3,602	-5,737	-9,885	-10,655	-11,416	-12,461	-13,405	-13,988	-14,572
Funding balance	-	-	-	-	-	-	-	-	-	-

Projected Statement of Comprehensive Revenue and Expense

Statement of comprehensive revenue & expense	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating revenue	5,637	7,311	10,105	14,590	15,705	16,807	18,657	20,560	21,935	22,470
Other revenue	4,165	3,797	4,012	4,142	3,988	4,403	4,519	4,642	4,663	4,791
Total revenue	9,802	11,108	14,117	18,732	19,693	21,210	23,175	25,202	26,598	27,261
Operating expenses	2,266	2,319	2,469	3,184	3,344	3,458	3,567	3,677	3,820	3,928
Finance costs	1,141	972	1,377	1,521	1,706	1,933	2,629	3,478	4,127	3,970
Overheads and support costs	468	418	522	-	-	-	-	-	-	-
Depreciation & amortisation	8,752	9,175	7,547	9,917	10,354	10,897	11,569	12,266	12,842	13,314
Total expenses	12,627	12,884	11,914	14,622	15,404	16,289	17,765	19,420	20,789	21,213
Net surplus / (deficit)	-2,825	-1,776	2,202	4,110	4,289	4,922	5,410	5,781	5,809	6,048
Revaluation of infrastructure assets	8,508	8,673	8,884	9,123	9,462	9,828	10,401	11,057	11,653	11,940
Vested assets revenue	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	5,683	6,897	11,086	13,233	13,751	14,750	15,811	16,838	17,462	17,988
Cash surplus / (deficit) from operations (excl depreciation)	5,927	7,398	9,749	14,027	14,642	15,819	16,980	18,047	18,651	19,363

Projected Statement of Cashflows

Statement of Cashflows	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	5,927	7,398	9,749	14,027	14,642	15,819	16,980	18,047	18,651	19,363
[other items]										
Net Cashflows from operating activities	5,927	7,398	9,749	14,027	14,642	15,819	16,980	18,047	18,651	19,363
Cashflows from investment activities										
Capital expenditure	-8,638	-11,052	-12,641	-17,729	-19,180	-29,727	-33,966	-31,020	-15,528	-15,736
Net Cashflows from investment activities	-8,638	-11,052	-12,641	-17,729	-19,180	-29,727	-33,966	-31,020	-15,528	-15,736
Cashflows from financing activities										
New borrowings	2,711	3,654	2,892	3,701	4,538	13,908	16,986	12,973	-3,124	-3,626
Repayment of borrowings										
Net Cashflows from financing activities	2,711	3,654	2,892	3,701	4,538	13,908	16,986	12,973	-3,124	-3,626
Net increase/(decrease) in cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	-	-	-	-	-	-	-	-	-	-
Cash & cash equivalents transfer	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at end of year	-	-	-	-	-	-	-	-	-	-

Projected Statement of Financial Position

Statement of financial position	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Assets										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-	-	-	-
Infrastructure assets	433,655	444,179	456,167	473,102	491,390	520,047	552,845	582,656	596,994	611,356
Other non-current assets	-	-	-	-	-	-	-	-	-	-
Total assets	433,655	444,179	456,167	473,102	491,390	520,047	552,845	582,656	596,994	611,356
Liabilities										
Borrowings - current portion	23,879	27,533	30,425	34,127	38,664	52,572	69,558	82,531	79,407	75,781
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Borrowings - non-current portion	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	23,879	27,533	30,425	34,127	38,664	52,572	69,558	82,531	79,407	75,781
Net assets	409,776	416,646	425,742	438,975	452,726	467,475	483,287	500,125	517,587	535,575
Equity										
Revaluation reserve	8,508	17,181	26,065	35,188	44,650	54,478	64,879	75,936	87,589	99,529
Net Transfers	-	-	-	-	-	-	-	-	-	-
Other reserves	401,268	399,464	399,677	403,787	408,076	412,998	418,408	424,189	429,998	436,046
Total equity	409,776	416,646	425,742	438,975	452,726	467,475	483,287	500,125	517,587	535,575

Appendix 10: Asset Management Policy

Attached separately

Appendix 11: Three Waters AMP “at a glance”

Attached separately

APPENDIX 11: THREE WATERS | 2024/25 AMP "at a glance"

QUEENSTOWN LAKES DISTRICT COUNCIL

FRAMEWORK

- Asset Management Policy
- Strategic Asset Management Plan
- **Asset Management Plan**
- Maturity Assessment & Improvement Programme
- Asset Information Systems

This AMP-at-a-glance provides a clear, high-level summary of QLDC's full Three Waters Asset Management Plan (3W AMP).

It distils key information into a short and digestible format, communicating essential components of the AMP and serving as a quick-reference tool for informed decision-making.

This summary is periodically updated to reflect most-recent information between reviews of the full 3W AMP.

About the 3W AMP

The 3W AMP details the approach for delivering 3W services in a cost-effective way to achieve long term strategic goals and deliver agreed levels of service. It includes:

- Description of 3W assets, activities, and intended outcomes
- Strategic assessment of service levels
- Analysis of demand and operational changes
- Proposed 10-year investment programme
- Opportunities to improve processes and asset management maturity
- Continuous improvement and a prioritised performance plan

OUR 3W ASSET MANAGEMENT PURPOSE

To provide access to safe and reliable water supplies, waste disposal, and flood protection systems that protect health and ecosystems

Questions about this AMP-at-a-glance?
Contact Property & Infrastructure's Strategic Asset Management Team

Next update: 2025/26

Overview of assets: QLDC's 3W networks are relatively young due to rapid growth. Around **84% of the pipe network is in good condition,** with less than 5% in poor or very poor condition.

STORMWATER

Average asset age: **15.8 years**

Pipes: **410km**

Wards: **2** (11 sub-schemes)

Connections: **21,870**

NBV (June 2024): **$419.7M**

DRINKING WATER

Average asset age: **18.8 years**

Treatment plants: **15**

Pipes: **710km**

Schemes: **11**

Pump stations: **41**

Reservoirs: **44**

Connections: **21,888**

Supplied: **13,809,893m³**

NBV (June 2024): **$432.6M**

WASTEWATER

Average asset age: **21.1 years**

Treatment plants: **4**

Pipes: **563km**

Schemes: **4** (11 sub-schemes)

Pump stations: **74**

Connections: **21,372**

Treated: **7,448,670m³**

NBV (June 2024): **$570.4M**

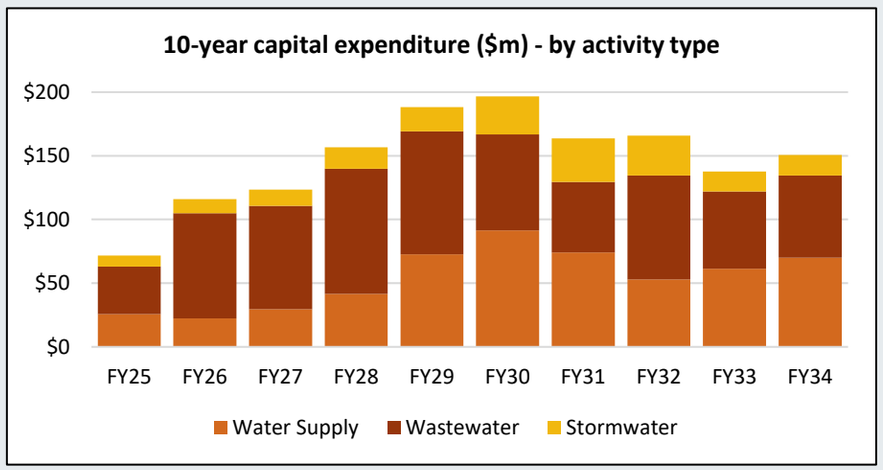
Activity	Level of Service (outcome)	Target	Performance
WS	Water is safe	Compliance with NZQAR	9/11 schemes
	Pressures are acceptable	Pressure at boundary >200kPa	>99.5% of cxns
	Adequate water for firefighting	90% compliance FW2 per SNZ PAS 4509:2008	8/11 schemes*
	Condition prevents excessive loss	<30% losses measured via night flow monitoring	27% losses
WW	Appropriate treatment & disposal	Full compliance with resource consents	2/4 schemes
	Adequate capacity	No overflows in 5-ARI event	2/4 schemes
	Network condition	<3 dry weather overflows/1000 connections	1.72
SW	Discharges don't degrade environ.	Fully compliance with resource consent & Reg. Plan	3 don't comply
	Adequate capacity	No flooding to habitable floors in 20-ARI event	Met

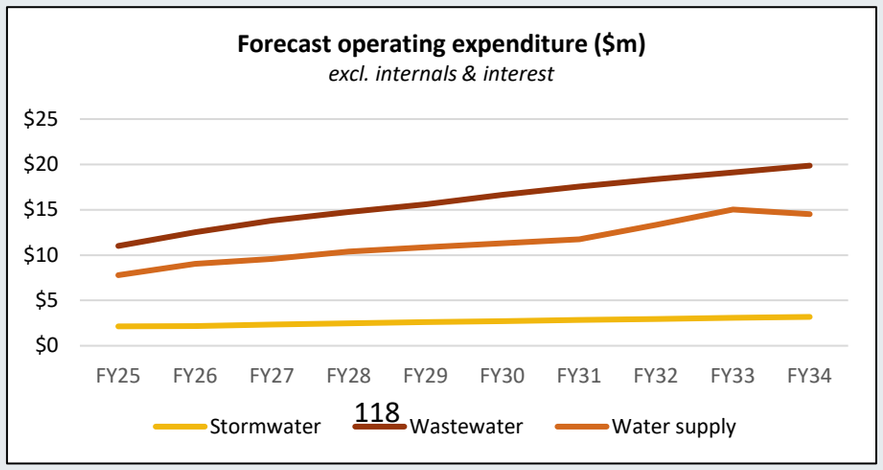
**3 schemes have very small pockets of sub-optimal hydrant flow/pressure (<25l/s)*

Investing in 3W: over the FY25-34 period, QLDC has budgeted to invest **$1.47Bn** of capital into drinking water ($541.6M, 37%), wastewater ($733.6M, 50%), and stormwater ($195.6M, 13%) services. Of this investment, around 49% responds to growth, 42% maintains or improves service levels, and 9% renews existing assets. This capital investment is supported by a steady uplift in direct operational expenditure, totalling around **$300M** over the ten years.

In building the 3W investment plan, QLDC focussed first on what must be done – honouring existing commitments, maintaining service levels, taking care of existing assets, delivering critical enablers for future priorities, and complying with regulatory requirements. Remaining headroom was then allocated to delivering on the strategic priorities defined in QLDC's Strategic Framework.

In delivering planned capital investment, the district will receive three new reticulated wastewater and water supply networks (for Ladies Mile, Southern Corridor, and Kingston), major capacity and performance upgrades across water supply, wastewater, and stormwater networks, and unlock capacity for around 23,500 new dwellings in the district. This is the largest ever 3W capital programme for the district, reflecting a 500% uplift when compared to the 2015 LTP.





KEY ISSUES & RISKS

- The wide suite of asset information systems, dependence on timely contributions from the operator, & lack of integration between systems risks reliability of data.
- Sustained pace of demand growth is placing pressure on existing networks & ability to plan for future servicing requirements strategically.
- Uncertainty in the policy environment is making it difficult to plan & resource water services (part. future delivery model; drinking water standards; wastewater discharge rules).
- Challenges in securing skilled workers to plan and operate infrastructure (both QLDC and network contractor).
- Natural hazards & increasing rainfall risks asset performance.

IMPROVEMENT FOCUS AREAS FOR THE YEAR AHEAD

- Capture of accurate & complete data across the asset lifecycle (including operational and financial considerations), and consistency/alignment of information systems to inform decision-making and improve operational efficiency.
- Planning for next maintenance contract with a focus on asset management integration in the contract.
- Developing and integrating strategic and network/system planning (10-30+yr horizon).

Appendix 10:
Asset Management Policy

1 CONTENTS

Team/Directorate	Property & Infrastructure and Community Services.			
Approved/Adopted by	Council Resolution 4 September 2025			
Effective date	4 September 2025			
Next review				
Version	1.0		Date	TBC

2 PURPOSE

The Asset Management Policy (the policy) serves as the overarching strategic framework, direction-setting, and intentions for asset management.

The policy outlines the vision and guiding principles by which Queenstown Lakes District Council (QLDC/Council) intends to apply asset management to achieve its organisational objectives.

3 TERMS AND DEFINITIONS

For the purposes of this policy, the terms and definitions set out in ISO 55,000 and Appendix A shall apply.

4 SCOPE

This policy guides asset management for all property, plant and equipment assets within the Property and Infrastructure Directorate and the Community Services Directorate.

This policy applies to all QLDC permanent, temporary, and casual staff, as well as staff seconded from another organisation and contingent workers, including labour hire, professional services contractors, and consultants.

5 VISION

Our vision for asset management is as follows:

"To deliver best-practice asset management that supports the well-being of an evolving community while balancing service levels and cost efficiency."

6 GUIDING PRINCIPLES

We are committed to the guiding principles by which the organisation intends to apply asset management to achieve its objectives.

Our guiding principles for asset management are:

a) Ensuring that services and infrastructure are provided in a financially sustainable manner, with the appropriate levels of service to customers and the environment.
b) a fit for purpose-integrated asset management system
c) satisfying applicable legal, regulatory and stakeholder requirements
d) leadership led with asset management accountabilities and responsibilities defined
e) planning takes a whole-of-life approach, considering cost, performance, and risk to achieve the asset management objectives.
f) providing support and resources to realise the asset management objectives
g) manage operations, decision-making and change through operational control processes
h) reporting on and evaluating asset management performance
i) continual improvement of asset management and the asset management system
j) supporting long-term organisational objectives and sustainable outcomes

7 STANDARD

Our asset management will be consistent with ISO 55000 overview, principles and terminology; 55001 management system requirements and 55002 management system guidelines; and relevant industry best practices and guidance.

8 ROLES AND RESPONSIBILITIES

The ***Council*** is responsible for adopting the asset management policy, vision and guiding principles by which the organisation intends to apply asset management to achieve its objectives.

The ***Chief Executive*** is responsible for achieving the QLDC's asset management objectives and allocating resources needed to establish, implement, maintain and continually improve the asset management system.

The ***General Manager*** for each ***Directorate*** is responsible for asset management operational planning and control, including implementing processes and actions determined by the asset management plans and corrective or preventative actions.

The relevan***t Directorate Committee (Property and Infrastructure / Community and Services)*** is responsible for the adoption and approval of Asset Management Plans

The ***Strategic Asset Manager (Property & Infrastructure)*** is responsible for driving asset management competence, awareness, documented information, performance evaluation, improvement and management of change across QLDC.

The ***Asset Management Steering Group*** is responsible for developing and implementing a consistent asset management system, determining the information requirements and the control processes needed to meet requirements. Supporting and sharing technical asset management approaches across all asset management practitioners in the organisation.

9 IMPLEMENTATION

The Strategic Asset Management Plan shall outline the approach to implementing the policy and guiding principles including timelines and relevant review periods for Plans.

The Strategic Asset Management Plan operationalises these guiding principles, detailing specific actions, strategies, and tactics necessary to achieve the strategic asset management objectives set out in the Strategic Asset Management Plan.

The Executive Leadership Team shall approve the Strategic Asset Management Plan.

10 COMMUNICATION

The asset management policy vision, guiding principles, intentions, expectations, policies, and procedures will be communicated regularly and included in staff training programmes.

The Asset Management Steering Group is key communication channel.

11 REVIEW

The policy shall be reviewed three yearly and at least 12 months before the Council adopts its Long Term Plan.

The asset management system, including the Strategic Asset Management Plan, shall be reviewed three yearly at least 12 months before the Long Term Plan is adopted.

Asset management plans shall be reviewed every three years and 12 months before Council adopts its Long Term Plan.

12 APPENDIX A – TERMS AND DEFINITIONS

The terms and definitions are sourced from ISO55,000 and, in some cases, have been modified to suit QLDC. For the complete set of terms, definitions, and supporting notes for asset management, refer to ISO 55,000.

General terms

capability	"asset management" measure of capacity and the ability of an entity (system, person or *organisation*) to achieve its *objectives*
competence	ability to apply knowledge and skills to achieve intended results
conformity	fulfilment of a *requirement*
continual improvement	recurring activity to enhance *performance*
documented information	information required to be controlled and maintained by an *organisation* and the medium on which it is contained
effectiveness	extent to which planned activities are realised and planned results achieved
monitoring	determining the status of a system, a *process* or an activity
measurement	*process* to determine a value
nonconformity	non-fulfilment of a *requirement*
objective	result to be achieved. Note: an objective can be strategic, tactical, or operational
organisation	person or group of people that has its own functions with responsibilities, authorities and relationships to achieve its *objectives*
organisational objective	overarching *objective* that sets the context and direction for an *organisation's* activities
organisational plan	*documented information* that specifies the programmes to achieve the *organisational objectives*
performance	measurable result
policy	intentions and direction of an *organisation* as formally expressed by the Council
process	set of interrelated or interacting activities which transforms inputs into outputs
risk	effect of uncertainty on objectives
requirement	need or expectation that is stated, generally implied or obligatory
stakeholder	person or *organisation* that can affect, be affected by, or perceive themselves to be affected by a decision or activity
Executive Leadership Team	person or group of people who directs and controls an *organisation* at the highest level

Terms relating to assets

asset	item, thing or entity that has potential or actual value to an *organisation*
asset life	period from *asset* creation to asset end-of-life
life cycle	stages involved in the management of an *asset*
asset portfolio	*assets* that are within the scope of the *asset management system*
asset system	set of *assets* that interact or are interrelated
asset type	grouping of *assets* having common characteristics that distinguish those assets as a group or class
critical asset	*asset* having potential to significantly impact on the achievement of the *organisation's objectives*

Terms relating to asset management

asset management	coordinated activity of an *organisation* to realise value from *assets*
strategic asset management plan (SAMP)	*documented information* that specifies how *organisational objectives* are to be converted into *asset management objectives*, the approach for developing *asset management plans*, and the role of the *asset management system* in supporting achievement of the asset management objectives
asset management plan	*documented information* that specifies the activities, resources and timescales required for an individual *asset*, or a grouping of assets, to achieve the *organisation's asset management objectives.*
level of service	parameters, or combination of parameters, which reflect social, political, environmental and economic outcomes that the *organisation* delivers

Terms relating to the asset management system

corrective action	action to eliminate the cause of a *nonconformity* and to prevent recurrence
management system	set of interrelated or interacting elements of an *organisation* to establish *policies* and *objectives* and *processes* to achieve those objectives
asset management system	*management system* for *asset management* whose function is to establish the asset management *policy* and asset management *objectives*