Water Services Delivery Plan

03 September 2025

Mackenzie
DISTRICT COUNCIL

Table of Contents

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

Statement that water services delivery is financially sustainable

Mackenzie District Council (Council) will continue delivering water services through its existing in-house Council business unit. This Water Services Delivery Plan (WSDP) sets out how Council will achieve financially sustainable delivery of drinking water, wastewater, and stormwater services by 30 June 2028, in line with the requirements of the Local Government (Water Services Preliminary Arrangements) Act 2024.

Overview of Financial Position

This Plan sets out a 30-year investment and funding pathway, designed to ensure that water services comply with regulatory requirements, support growth, and maintain appropriate service levels. It is based on the 2024 Long-Term Plan (LTP) and Infrastructure Strategy, with adjustments to ensure compliance with current consents and future anticipated regulatory standards.

Modelling confirms that financial sustainability is achievable. However, it will require:

- A substantial increase in revenue, particularly over the next 15 years;
- Significant borrowings, particularly from 2037/38 onward; and
- A proactive transition to volumetric charging for urban water supplies.

These changes are necessary because Council's current water services revenue is insufficient to enable borrowing at the scale required for future upgrades, particularly for major wastewater treatment plant renewals and compliance upgrades forecast in the 2040s.

The financial projections in this Plan reflect the *worst-case scenario*, where Council must collect increased revenues primarily from connected customers / ratepayers and receives no central government subsidies or additional funding support / grants, does not implement alternate funding sources (e.g. development contributions / levies, trade waste charges), and remains subject to the LGFA's 175% net debt-to-revenue cap as an unrated council during peak borrowing periods.

Investment Profile

The capital investment profile is 'lumpy', with major upgrades forecast for all three wastewater treatment plants from 2038 onward. These upgrades are required to:

- Replace ageing infrastructure;
- Meet higher discharge and environmental compliance standards; and
- Ensure resilience under future population and climate stressors.

The 2024 Long Term Plan did not fully consider funding requirements over the next 30-years, instead taking a 10-year view. So, Council is not currently collecting sufficient revenue for these future investments, specifically by not enabling sufficient borrowing capacity in peak years. Most of this capital will need to be debt funded and Council's net debt forecast will significantly exceed its 175% limit based on the current LTP revenue forecast.

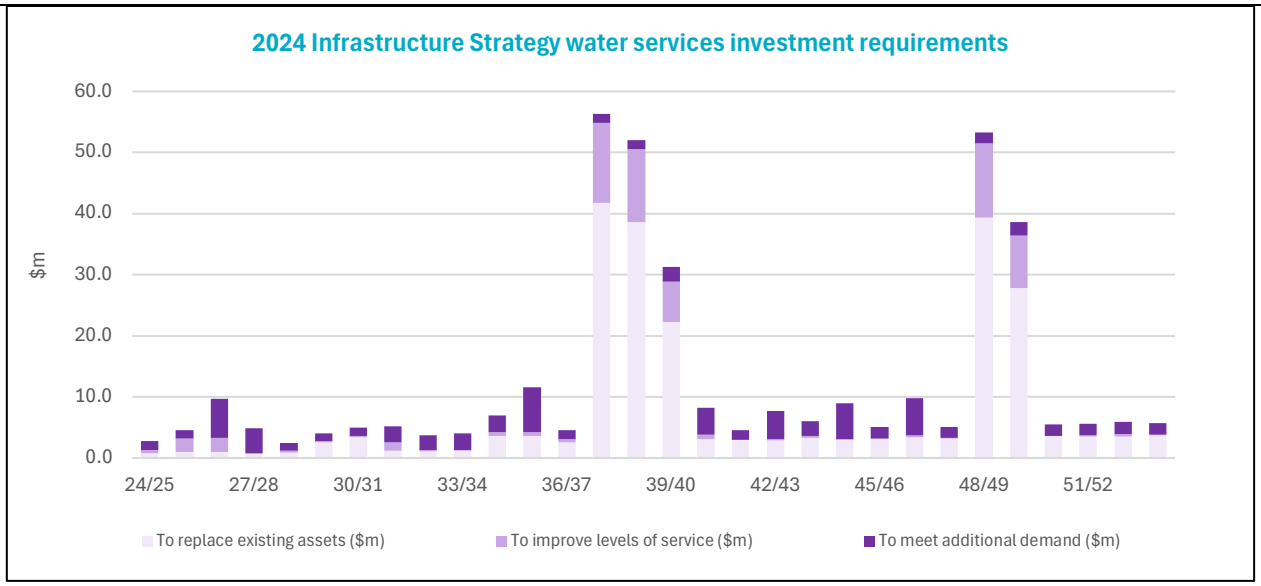


Figure 1: Water services investment requirements from 2024 Infrastructure Strategy

Revenue Requirements

Council's current LTP forecasts nominal (inflated) average water services revenue of $1,330 (incl. GST) per connected property in 2033/34. Under this Plan revenue will need to increase to $2,480 (incl. GST) per connection by the same year, an 86% increase. The cumulative difference in cost over 10-years per connection is approximately $4,600.

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
LTP	1,040	1,090	1,110	1,270	1,280	1,270	1,310	1,310	1,310	1,330
WSDP	1,040	1,090	1,270	1,430	1,600	1,750	1,910	2,080	2,270	2,480
Change $	-	-	160	160	320	480	600	770	970	1,150
Change %	-	-	14%	13%	25%	38%	46%	59%	73%	86%

This growth in revenue is essential to meet three key objectives:

1. **Expand borrowing capacity:** LGFA net debt limits are expressed as a percentage of revenue (175% for unrated Councils), so higher revenue enables higher borrowing without breaching debt limits.
2. **Service debt:** ensure there is sufficient operating revenue to meet increasing debt servicing costs from 2037 onward.
3. **Build reserves:** begin accumulating capital and maintain this at a more appropriate level to reduce future reliance on debt for certain types of projects, reserves also reduce Council's net debt figure so allow Council to borrow more against less revenue while staying within LGFA debt limits.

Even after these increases, the proportion of water services costs to median household income remains modest over the next 10-years. In 2024/25, Council's water services charges equated to just 1.2% of median household income, one of the lowest in New Zealand. Under this WSDP, that ratio is expected to rise to 2.0% by 2033/34, which is still below national benchmarks for affordability.

The increase is nonetheless significant in real terms and the impact on households and businesses will be material. Council acknowledges this will create affordability pressure, particularly for those on fixed incomes, and will engage transparently with the community as part of Annual Plan and Long-Term Plan processes to agree this change.

Transitional Arrangements

To manage this transition:

- An initial revenue uplift will be implemented through the 2026/27 Annual Plan, with more substantial increases being consulted on and adopted via the 2027-37 Long-Term Plan;

- A volumetric charging model will be phased in for urban water supplies beginning 1 July 2025, with metering to be progressively rolled out across Fairlie, Twizel, Takapō / Lake Tekapo, and Burkes Pass;
- The 2027–37 LTP will formalise the ongoing revenue pathway and capital programme.

In parallel, Council will explore alternative funding options to reduce pressure on ratepayers, including:

- Targeted rates or levies on new development;
- Tourism-related funding support;
- Crown infrastructure funding (e.g. for housing growth similar to the Infrastructure Acceleration Fund);

Funding and Financing Challenges

To enable the borrowing necessary for capital investment under a 175% debt-to-revenue ratio, Council must front-load revenue increases. However, this creates an unintended consequence: in the later years of the Plan, as debt is repaid, Council ends up collecting more revenue than it needs to meet actual operating or capital costs.

This over-collection leads to faster-than-desirable growth in reserve balances in the 2040s and 2050s — highlighting the inflexibility of the net debt ratio constraint when applied to councils with 'lumpy' investment profiles and modest growth.

Council acknowledges that water services have been underfunded for some time and that revenue increases are necessary. However, it is hoped that a more balanced approach can be achieved where revenue is set at a level sufficient to meet future operational and capital needs, without driving unnecessary over-collection simply to satisfy debt-to-revenue thresholds during peak borrowing periods.

Council considers this outcome suboptimal and will explore options to reduce its impact, this may include:

- Increasing borrowing headroom, either by lifting current limits or agreeing arrangements that better manage peak borrowing events while staying within limits over the longer term.
- Securing external funding, most likely Crown grants, for major capital projects to reduce borrowing needs.
- Deferring or rescheduling parts of the capital programme and making best use of existing assets to smooth future capital expenditure.
- Joining or forming a multi-Council water services organisation with greater borrowing capacity.
- Taking a more significant step change in water charges early in the 2027 Long-Term Plan (see Part F additional information) to reduce whole-of-life cost to ratepayers / customers.

Conclusion

Council confirms that this WSDP meets the financial sustainability criteria under the legislation, including revenue sufficiency, investment sufficiency, and financing sufficiency by 30 June 2028.

This has been achieved through conservative assumptions, with no reliance on future subsidies or relaxed lending conditions. However, the pathway to sustainability will involve real and unavoidable costs for ratepayers and may result in excessive revenue collection over time. Council is committed to refining its financial strategy and will continue to explore practical solutions to ease the burden on households while maintaining a prudent, long-term approach to funding essential water services.

Like many small rural councils, Mackenzie District Council faces tough choices to maintain financial sustainability across all of Council, not just for water services. Improving asset management, capital planning, and investment delivery will be essential. However, this challenge cannot be met by local government alone.

The scale of New Zealand's 30-year infrastructure task is likely beyond what current local revenue and financing tools can support. Central government will need to support change by enabling new funding and financing mechanisms better suited to the scale and nature of this work. We see this Plan, and those of other councils in similar positions, as an important part of that critical conversation.

Consultation and engagement

Water service delivery model options considered

The Government's legislation provides Council with a range of choices to consider, primarily whether to:

- deliver water services in-house or establish a water organisation; or
- deliver water services on a stand-alone basis or establish a joint arrangement with other councils.

In preparing this WSDP Council considered the full suite of water services delivery models:

Delivery Model	Assessment	Comment
In-house business unit (status quo)	Continued for consultation	Financially feasible and has minimum change to governance and operating requirements.
Single council owned water organisation	Discounted	Does not offer benefits of scale across people capability, operating and capital efficiency, or resilience to shocks. May be financially viable, but likely to have substantially higher annual operating costs compared to in-house and may not have sufficient borrowing leverage due to smaller operating revenue compared to whole-of-council.
Multi council owned water organisation	Continued for consultation	Financially viable and offers benefits of scale across people capability, operating and capital efficiency, and resilience to shocks.
Mix council / consumer trust owned water organisation	Discounted	Cannot access borrowing from LGFA and has complexity in trust ownership structure.
Consumer trust owned water organisation	Discounted	Cannot access borrowing from LGFA and has complexity in trust ownership structure.

Council undertook more detailed analysis of the in-house business unit and multi-council owned water organisation options and subsequently engaged on these with the community.

Overview of consultation process

Council engaged and consulted with its community on its proposed model for delivering water services under Local Water Done Well. The consultation was designed to satisfy the decision-making requirements set out in section 61-41 of the Water Services Preliminary Arrangements Act 2024 and other requirements in the Local Government Act 2002.

The proposed public consultation approach and draft consultation document were endorsed at a council workshop on 8 April. Public consultation on the proposed water service delivery model was undertaken from Friday 9 May to Friday 13 June 2025.

The consultation document, and supporting material, identified Council's proposal to *'Join a new council-controlled water services organisation, with other Councils.'* This option would see water and wastewater assets and services transferred to the new organisation, with stormwater to remain within the Council. The second option included in the consultation was the continuation of an in-house water services delivery model.

Consultation activity included:

- Let's Talk – Council's main hub of information and online consultation platform.
- In-person drop-in sessions.
- Articles / adverts in local media.
- Emails to community and stakeholder groups.
- Council newsletter.
- Social media promotion.

Summary of responses

A total of 125 submissions were received, representing 2.46% of the 5,115 usual resident population (Census 2023). Key responses and feedback from the consultation are summarised below:

Question 1: What is your preferred option?

A higher number of respondents favoured keeping water services in-house, with fewer supporting Council's proposed option to join a new water services organisation:

	Option 1: In-house delivery of water services with changes to meet new requirements	Option 2: Joining a new water services organisation, with our neighbours
Responses	70 (56%)	54 (44%)

Question 2: Tell us what's important to you

Respondents were asked to rank for aspects of water services delivery on a 1 (Highest) to 4 (Lowest) scale:

- Affordability
- Community Influence
- Access to Finance
- Cultural Input

Overall, affordability and community influence were the highest priority for all respondents, 91% of respondents rated affordability a 1 (Highest) or 2 priority, and community influence 72%. In contrast, access to finance was a moderately low priority with just 30% rating this positively, while cultural input was just 11%.

It was evident that supporters of the different service delivery options were influenced by different factors. Supporters of *Option 1: In-house* valued affordability alongside community influence, while supporters of *Option 2: Water organisation* placed a very high value on affordability.

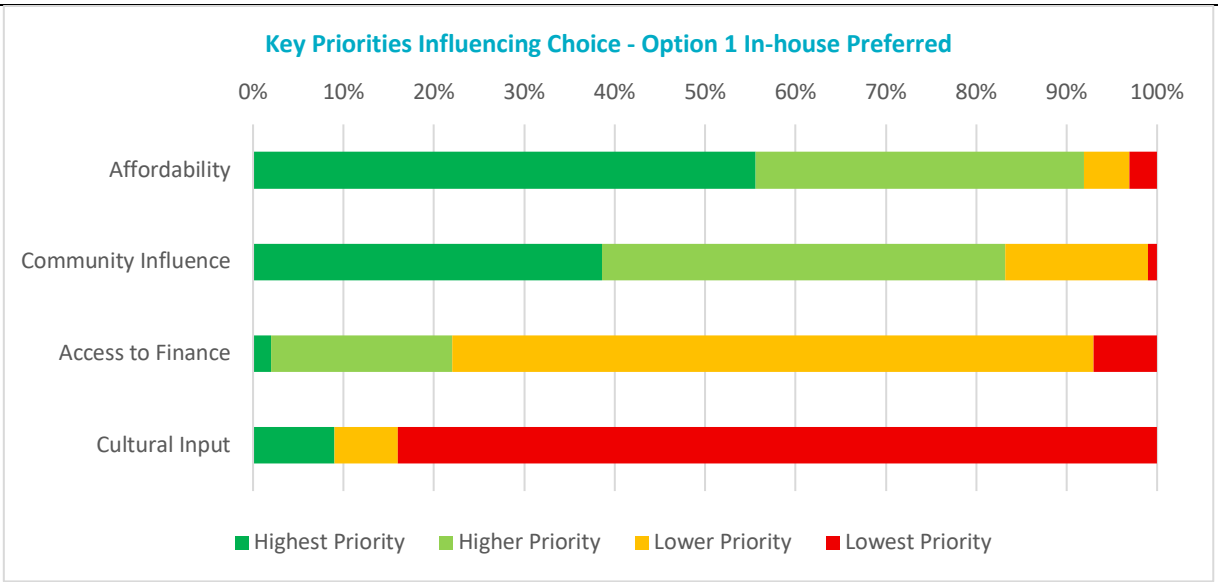


Figure 2: Consultation Option 1 key priorities influencing choice

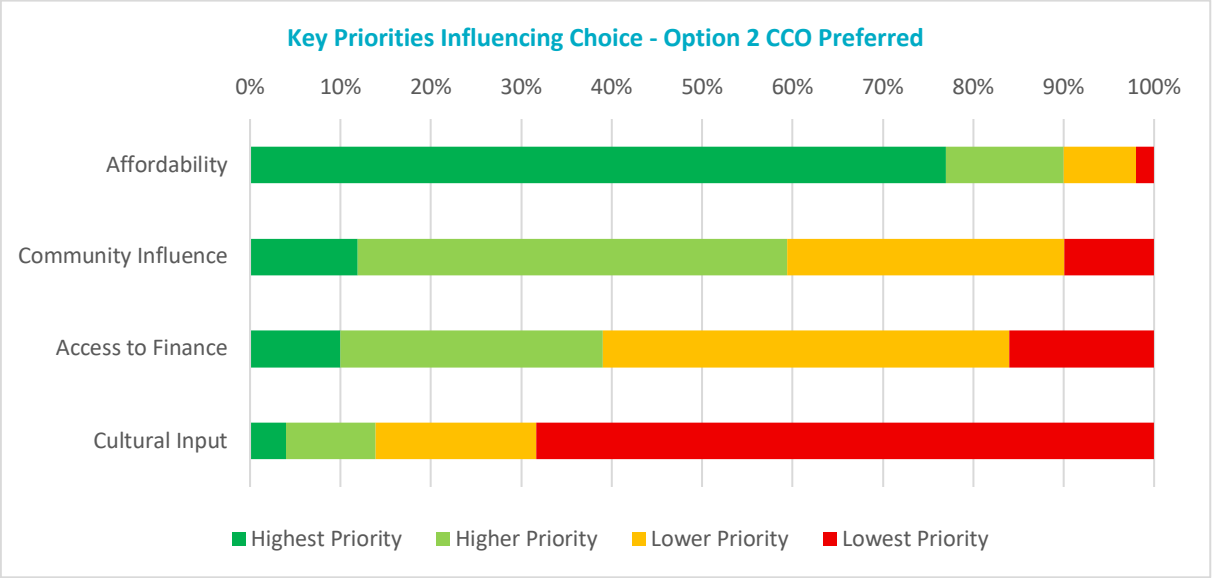


Figure 3: Consultation Option 2 key priorities influencing choice

Summary of key themes

Respondents provided open-ended responses, with the following key themes identified.

- **Affordability** emerged as the top concern across all feedback channels. Respondents prioritised models that ensure sustainable pricing, particularly for fixed-income and rural households.
- **Local control and governance** (Community Influence) were consistently raised as critical. Many community members expressed strong reservations about losing influence over service delivery decisions.
- **Access to finance** was acknowledged as a strength of the regional model, particularly in enabling long-term infrastructure investment. Joint Water services Organisation have their debt carrying threshold increased to up to 500% of total revenue whereas a professional business unit through Council would only be able to borrow up to 175% of the total revenue.
- **Service equity for rural communities** is a key concern. Residents fear a regional model could overlook the distinct needs of smaller towns and future population and tourism growth needs. Numerous submissions raised concerns that regionalisation could lead to resource prioritisation in higher-population centres, at the expense of smaller, rural communities like those in Mackenzie District. There is a fear that Mackenzie's

specific challenges – such as servicing dispersed communities, managing extreme weather conditions, and protecting alpine water sources – may not be well understood or prioritised by a broader regional entity. Submitters emphasised the need for service models that address these unique challenges and do not result in a 'one-size-fits-all' approach.

- **Trust and transparency** in new governance structures are essential for public confidence. Community members expressed varying degrees of trust in centralised institutions. Several submissions highlighted concerns that new entities might lack transparency and be more difficult for individuals and ratepayers to influence. There was a consistent call for transparency in governance, clear lines of accountability, and public oversight if a new organisation is formed. Submitters suggested mechanisms like community advisory panels, regular reporting to local councils, and clear processes for public engagement in decision-making.

Council deliberations and decision

Council held a Water Services hearing on 8 July 2025. This meeting tabled all 127 written submissions for consideration and heard from 17 submitters who wished to address Council verbally at the hearing.

Council's decision on the future water services delivery model for drinking water and wastewater considered a range of matters, including (in no particular order):

- Community consultation.
- Financial implications, including debt and affordability.
- Impact on levels of service and compliance.
- Governance, control and accountability.
- Ability to demonstrate compliance with the requirements of the Local Government (Water Servies Preliminary Arrangements) Act 2024.

The report to Council recommended Council approve Option 2: Joint water services organisation as the preferred option based on the decision-making framework presented to Council to inform deliberations.

In consideration of all matters, Council resolved on 15 July 2025 that Mackenzie District water services delivery model is continued in-house delivery for drinking water, wastewater, and stormwater services.

The decision to continue to in-house water services delivery, as opposed to the recommended joint water services organisation option, is reflective of Council's concern that insufficient time was available to fully consider all aspects of a move to a water services organisation, particularly how joint arrangements might be agreed on with neighbouring Councils. In the lead up to Council's decision it was unclear which Councils would be a part of future arrangements, and by the time a decision was made it appeared just Timaru District Council was a willing and available partner. Council raised similar concerns to some members of the community about making this move right now, preferring instead to continue the in-house business unit to meet needs for the time being, giving Council the opportunity to make plan and make future arrangements at a more pragmatic pace.

This WSDP proposes a decision on potential future water services organisation is included in the 2027 Long Term Plan, with the new Council to discuss potential arrangements from early 2026.

Proposed model

Proposed model to deliver financially sustainable water services

Council's existing in-house business unit for water service delivery will be enhanced in structure to improve planning and management of the delivery of three waters services. The proposed model allows for increased resourcing, especially in operations, asset management, and compliance, as well as financial ringfencing as required by the Act.

Key attributes of the enhanced in-house business unit are summarised below, several of these are yet to be decided on by Council:

- **In-house water and wastewater treatment operators.** This has already occurred as at 1 July 2025 with operators now directly employed by Council, a change from the previously outsourced approach. The purpose of this change is to give Council greater ability to train and retain key staff, and to provide continuity over an extended period, as opposed to the potential for change as contracts come up for renewal.
- **Increased staff resources.** This WSDP proposed to increase dedicated water services FTE (excluding wider Council support) from the current 9.6 to 13.8. Additional roles are for Asset Management, Capital Projects, Compliance & Regulatory, and a dedicated Finance resource.
- **Ringfencing water services revenues.** To ensure all revenue collected for water services is re-invested into the Council's water activities. Council will maintain distinct financial accounts for water services, this includes:
    - Separate income and expenditure tracking.
    - Separate financial statements.
    - Dedicated operating and capital budgets.
    - Separate asset registers for all water assets.
    - Separate financial records for water related internal and external debt (including loan principal and interest, repayment schedules, debt servicing metrics) and reserves.
- **Governance structure *and* arrangements.** Council may also consider changes to its water services governance. No decisions have been made at this time, but options for consideration may include a dedicated water services committee with independent members. Potential arrangements will be discussed and agreed in early 2026 with the newly elected Council.

As noted, Council will continue to engage with neighbouring Councils to identify opportunities for joint or aligned water services. The Chief Executives have agreed that it is staff's intent to wait for new Councils to be elected, and in early 2026 discuss with their respective Councils a timeline to progress any further engagement. Currently it is expected that the 2027 Long Term Plan will consult on the proposed way forward.

Implementation plan

Implementing the proposed service delivery model

The proposed enhanced Internal Council Business Unit for water services delivery represents a continuation of the existing inhouse service delivery, so there are relatively few actions needed to implement this model. The most significant changes will be uplift to water rates and charges, recruitment of new roles, and any changes to governance (if agreed). The following milestones will be completed to support establishment:

Process	Actions	Timeframe
Risk Review	Comprehensive review of risks across the three waters activity with mitigations proposed. This will be used to further validate the 30-year capital programme to ensure compliance.	October 2025
Organisation Structure	Confirm internal water services team structure.	October 2025
Funding Strategy	Develop funding / revenue strategy for inclusion in 2027 Long Term Plan (development contributions / levies, trade waste charges, targeted rates, user charges).	March 2026
Shared Services	Discuss potential shared services arrangements with neighbouring Councils.	March 2026
Future water Organisation	Discuss timetable with new Council to move to possible future multi council water organisation.	March 2026
Governance	Confirm in-house governance structure / arrangements with new Council, including potential for a water services committee with independent members.	March 2026
Annual Plan	2026/27 Annual Plan aligns with WSDP financials (revenue and expenditure).	June 2026
Audit & Legislative	Review legislative requirements and reporting requirements (Taumata Arowai & Commerce Commission) and audit needs.	June 2026
Financial Ringfencing	Ringfenced three waters financial statements for 2025/26 financial year.	June 2026
Long Term Plan	2027 Long Term Plan and Infrastructure Strategy align with WSDP.	June 2027
Recruitment	Recruit team as agreed.	By June 2027

Assurance and adoption of the Plan

Independent review

In addition to internal assurance processes, the following independent reviews have been completed:

- Independent assessment of proposed capital investment to meet regulatory requirements and standards.
- Independent assessment of financial sustainability, and review of the financial aspects of this WSDP.
- DIA feedback on an initial financial sustainability assessment (03 March 2025).

Council resolution to adopt the Plan

This Water Services Delivery Plan was adopted by Mackenzie District Council at the meeting of [insert date].

A copy of the resolution is available separately.

Certification of the Chief Executive

I certify that this Water Services Delivery Plan:

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

[insert signature]

Angela Oosthuizen

Chief Executive Officer | Mackenzie District Council

[insert date]

Part B: Network performance

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

Population trends and projections

Residents

Mackenzie District has a small residential population with just three main settlements of Fairlie, Takapō / Lake Tekapo, and Twizel. As of July 2022 60% of the population resided in these settlements, with the remainder residing in the smaller settlements of Burkes Pass, Albury, Kimbell, and rurally. The district has experienced strong growth, with population increasing by 40% from 2006 to 2020, this growth has been concentrated in Twizel and Takapō / Lake Tekapo while the population in Farilie has remained relatively steady. Population growth is forecast to increase by a further 68% from 2024 to 2054, from 5,690 residents to 9,565 residents, this growth is expected to continue to focus on Twizel and Takapō / Lake Tekapo and Fairlie to a lesser extent.

Visitors

Mackenzie District attracts a large number of visitors, particularly compared to its small resident population. Most of the visitation is centred on Twizel and Mackenzie Lakes areas (comprising Takapō / Lake Tekapo and the rural areas in the district west of Burkes Pass). Visitors to the district are diverse, consisting of tourists on commercially organised bus tours, those staying in commercial accommodation (hotels, campsites, Airbnb's etc.), freedom campers, and visitors staying in private residences (either in usually unoccupied holiday homes or as guests in occupied households). The impact of these visitors is most felt during peak summer period where demand on water and wastewater is highest. Peak day visitor numbers are forecast to increase from 35,600 in 2024 to 65,300 in 2054, and peak day visitor nights from 18,900 to 34,200.

Council's provision of infrastructure to meet this peak demand results in under-utilised assets for much of the rest of the year. Visitor numbers are forecast to increase substantially over the next 30-years, so our investment to meet growth must account for this. Behaviour change will be an importance aspect to the future programme, seeking to reduce demand on treated drinking water and wastewater treatment and discharge.

Projected visitor population	2024	2054
Average day visitor nights	4,850	8,750
Average day visitor numbers	6,400	11,500
Peak day visitor nights	18,900	34,200
Peak day visitor numbers	35,600	65,300

Industry

Over the last decade Mackenzie District has seen a change from pastoral farming to more intensive practices including logging, dairy conversions, cropping, and stock rearing / finishing. There has been growth in supporting commercial activities based in the three main towns, though overall industrial and commercial growth is modest and Council's focus is on ensuring provision of enabling infrastructure at the right time to support sustainable growth. The Mackenzie Spatial Plan has identified priority areas for industrial and commercial growth at Twizel, Takapō / Lake Tekapo, and Fairlie.

Serviced population

Water Supply

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	3,930	3,939	4,019	4,101	4,184	4,269	4,356	4,445	4,534	4,626
Total Residential Connections	2,959	3,015	3,076	3,138	3,202	3,267	3,334	3,402	3,471	3,542
Total non-residential Connections	223	233	237	241	245	249	253	258	263	268
Properties not connected – that can be	738	691	644	597	550	503	456	409	362	315
Properties not connected – outside of service	1,105	1,118	1,140	1,163	1,186	1,210	1,234	1,259	1,284	1,310

Wastewater

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	3,695	3,696	3,771	3,847	3,925	4,005	4,086	4,169	4,254	4,340
Total Residential Connections	2,726	2,784	2,840	2,897	2,956	3,016	3,077	3,139	3,203	3,268
Total non-residential Connections	233	233	237	241	245	249	253	258	263	268
Properties not connected – that can be	736	679	622	565	508	451	394	337	280	223
Properties not connected – outside service	1,340	1,361	1,388	1,416	1,445	1,474	1,504	1,534	1,565	1,596

Stormwater

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	3,645	3,650	3,723	3,797	3,873	3,950	4,029	4,109	4,191	4,274
Total Residential Connections	3,412	3,417	3,485	3,554	3,625	3,697	3,770	3,845	3,921	3,999
Total non-residential Connections	233	233	237	241	245	249	253	258	263	268

Properties not serviced	1,390	1,407	1,417	1,445	1,473	1,502	1,532	1,562	1,593	1,624

Serviced areas

Serviced areas (by reticulated network)	Water supply 6 schemes	Wastewater 4 schemes	Stormwater 3 catchments
Residential areas	Fairlie/Kimbell, Takapō / Lake Tekapo, Twizel, Burkes Pass, Allandale, Albury (Downlands Supply)	Fairlie, Takapō / Lake Tekapo, Twizel, Burkes Pass (small-scale system)	Fairlie, Takapō / Lake Tekapo, Twizel
Non-residential areas	Allandale, Albury (Downlands Supply)	N/A	N/A
Mixed-Use rural drinking water schemes (where these schemes are not part of the council's water services network)	Albury Water Supply (Privately Administered, Operated by Committee)	N/A	N/A
Proposed growth areas • Planned (as identified in district plan) • Infrastructure enabled (as identified and funded in LTP)	Growth Areas Identified in District Plan, with planned expansions in Twizel, Takapō / Lake Tekapo, and Fairlie	Expansion projects in Twizel and Takapō / Lake Tekapo for wastewater network upgrades	Stormwater network expansions and flood protection for Fairlie, Twizel, and Takapō / Lake Tekapo

Performance measures

Water Supply Level of Service Reporting Measures (2023/24 Annual Report)

Council's non-compliance with Drinking Water Standards (part 4 and part 5) is primarily due to not engaging independent expert to review compliance, and water treatment plants not having water safety plans approved by a drinking water assessor. Council has undertaken a review of schemes against the Standards, and where issues have been identified has been actively investing in improvements to meet these. Council will continue to make improvement, including gaining approval for water safety plans.

Water supply complaints and ratepayer satisfaction both do not meet targets. A key issue in 2023/24 was a prolonged water restriction season due to low rainfall to meet water take consents. There was significant angst in the community about restricted use and excessive irrigation by some users. Better water management remains a more economic solution over increasing supply, Council will continue to improve data capture and sharing of this with users as part of future demand management initiatives.

Level of Service Measure	2023/24 Target	2023/24 Performance
1. Compliance with Drinking Water Standards (part 4) – Bacterial Compliance and Drinking Water Quality Assurance	≥95%	0%
2. Compliance with Drinking Water Standards (part 5) – Protozoal Compliance and Drinking Water Quality Assurance Rules	3 of 5	0 of 5
3. The percentage of real water loss from the networked reticulated system	≤25%	26%
4. Median response times to attend a call-out in response to a fault or unplanned interruption to the network reticulated system		
Attendance for urgent call outs	≤2hrs	1.2
Resolution of urgent call outs	≤12hrs	2.1
Attendance for non-urgent call outs	≤72hrs	2.6

Resolution for non-urgent call outs	≤120hrs	6.3
5. The total number of complaints received	≤5 per 1,000 connected properties	23.4
6. The percentage of ratepayers satisfied with the water supply service	≥80%	76%
7. Average consumption of drinking water per day per resident within the district	≤1.2m3	1.2m3

Wastewater Level of Service Reporting Measures (2023/24 Annual Report)

ECAN recorded one significant non-compliance with action required, and one other non-compliance across our four wastewater treatment ponds. These have since been resolved but meant Council did not meet the compliance target for 2023/24. Ratepayer satisfaction is slightly below target, the primary concern being odour and blockages in the system. Council will continue to reline earthenware pipes and CCTV older parts of the network to identify and resolve issues.

Level of Service Measure	2023/24 Target	2023/24 Performance
1. The number of dry weather sewerage overflows from Council's sewerage system	≤2 per 1,000 connected properties	0.9
2. Compliance with Council's resource consents for discharge from its sewerage system		
Data within annual compliance reports	Compliant	Non-compliant
Abatement notices	0	0
Infringement notices	0	0
Enforcement orders	0	0
Convictions	0	0
3. Where the Council attends to sewerage overflows resulting from blockage or other fault in the Councils sewerage system, the following median response times measured		
Attendance time	≤1hr	0.7
Resolution time	≤4hrs	3.7
4. The total number of complaints received by Council	≤50 per 1,000 connected properties	10.3
5. The percentage of ratepayers satisfied with the wastewater service	≥85%	78%

Stormwater Level of Service Reporting Measures (2023/24 Annual Report)

Council achieved all technical performance measures for stormwater, but as for water supply and wastewater did not meet the target for ratepayer satisfaction. The primary issue identified by this survey was debris / blockages in the Council system impacting private property. Council continues to assess risk and determine where greater resilience can be built into the system to minimise adverse effects.

Level of Service Measure	2023/24 Target	2023/24 Performance
1. The number of flooding events in the Mackenzie District	≤2	0
2. For each flooding event, the number of habitable floors affected	≤2 per 1,000 connected properties	0

3. Compliance with Council's resource consents for discharge from its stormwater system		
Abatement notices	0	0
Infringement notices	0	0
Enforcement orders	0	0
Convictions	0	0
4. The median response time to attend a flooding event	≤2hrs	N/A
5. The total number of complaints received about the stormwater system	≤5 per 1,000 connected properties	2.6
6. The percentage of ratepayers satisfied with the stormwater service	≥80%	59%

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

Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets	25-30 years	35-40 years	30-35 years
Critical Assets			
Above ground assets			
• Treatment plants	6 water treatment plants	4 wastewater treatment plant	3 stormwater treatment areas
• Percentage of number of above ground assets with a condition rating	80% condition-rated	75% condition -rated	65% condition-rated
Below ground assets			
• Total km of reticulation	402.6 km	91.9 km	62.78 km
• Percentage of network with condition grading	85%	70% (condition grading improving with CCTV assessments)	50%
• Percentage of network in poor or very poor condition	20% (asbestos cement pipes, aging reservoirs)	56% (earthenware and asbestos cement pipes in wastewater system.	12% (Stormwater pipe network)

Asset management approach

Council's asset management approach follows the International Infrastructure Management Manual (IIMM) as the guiding document and we will continue to use this under an IBU. The IIMM was amended and reissued in 2015 and aligns to the ISO 55000 series, specifically this includes:

- ISO 55000 Asset Management Vocabulary, Overview and Principles.
- ISO 55001 Asset Management Certification, and;
- ISO 55002 Asset Management Systems, Guidelines for the application of ISO 55001

Council's asset management activities for water services include:

Activity	Objective
Strategic Planning	AMP supports the achievement of the relevant Council Community Outcomes and Infrastructure Strategy
	To develop Levels of Service aligned with strategies and plans
	To develop the professional skills of the staff through adequate training and experiences
Data Management	To develop and optimise the asset register and develop functionality in line with business needs
	Appropriate data collection programmes (condition, performance, asset registers) are closely aligned with business needs and are implemented in accordance with documented quality processes
	To ensure the asset data are subject to defined quality assurance processes
Business Processes	To ensure the AMP is a strategic 'living' document through regular updating and 3 yearly reviews
	Risk Management is an essential part of Asset Management and will be managed by the implementation of risk mitigation measures to maintain risk exposure at acceptable levels including but not limited to maintaining emergency response planning, condition monitoring of critical assets, preventative maintenance, development and implementation of operations manuals and standards
	To document, review and implement quality processes
Monitoring	To ensure agreed service levels and appropriate for demand
Financial	To ensure expenditure programmes are in accordance with funding and budget preparation policies and procedures
	To ensure systems are managed in a financially sustainable manner over the long term

Statement of regulatory compliance

The purpose of this section is to describe:

Any expired consents that are currently being renewed under section 124 Resource Management Act 1991: No consents are currently being renewed under section 124 Resource management Act 1991.

Any active resource consent applications: No resource consents are under active application.

Whether and to what extent water services comply with current regulatory requirements: Consents are held for water takes and discharges as is appropriate for the activity. Minor improvements are required in administrative and reporting thoroughness, particularly with regard to wastewater and stormwater consents. There are occasional gaps in water reporting data continuity and sampling accuracy requiring minor improvement in administrative processes.

Wastewater treatment performance and discharge quality are significant challenges for the Twizel, Tekapo, and Fairlie communities where compliance is unable to be consistently achieved. Wastewater and water volumes exceeds permitted levels on occasion for some communities.

There are insufficient barriers to contamination to meet the protozoa removal requirements for the Allandale and Albury water supply communities and achieving continuous, uninterrupted high frequency data records has proven challenging for many sites. While water treatment at the balance sites is typically producing compliant water there are times where individual water treatment parameters fall below the compliance threshold. Water use efficiency may not meet current guidelines and is the subject of current smart-metering projects.

Stormwater consents often include controls necessary for the construction phase of land development works, and compliance during this phase has proven problematic at times.

Whether and to what extent water services will comply with any anticipated future regulatory requirements: Wastewater treatment processes are not expected to meet future treatment standards due to limitations in process and upgraded processes will be required. Without upgrading, Allandale and Albury water supplies will continue to not meet water quality standards.

Whether any water services are not expected to comply with current regulatory requirements or are not expected to comply with any anticipated future regulatory requirements:

- Wastewater treatment processes are insufficient to achieve the current or anticipated future treatment requirements. This will be addressed by process upgrading.
- Water treatment processes are insufficient to achieve the current or anticipated future treatment requirements. This will be addressed by process upgrading.
- Stormwater treatment during construction phase will require additional attention and management of, most likely, very similar to current controls.
- Process upgrading will be delivered through a combination of in-house resources providing funding arrangements, scoping, and project management, with specialist assistance engaged to undertake concept, design and construction.
- The upgraded treatment processes would be expected to meet regulatory requirements. Training, monitoring and reporting actions will adjust to meet the needs of the upgraded treatment processes.

Drinking Water Supply

Scheme	Consent	Expiry	Bacterial Compliance	Protozoa Compliance	Chemical Compliance	Boil Water Notices in Place	Flouridation	Average Consumption	Purpose for use	Additional Comments
Albury	**CRC990686**	20/01/2034	NO	NO	NO	NO	N/A - MDC does not fluoridate water	<1.2m3	Take Water	
Allandale	**CRC080124.1**	19/10/2030	NO	Yes 2024 – boil notice applied	NO	No	N/A - MDC does not fluoridate water	<1.2m3	Take Water	Allandale – Future application required for water take transfer to Fairlie. Allandale also does not have hydrants so properties need a tank for fire fighting.
Burkes Pass	**CRC971594**	29/10/2032	NO	NO	NO	NO	N/A - MDC does not fluoridate water	<1.2m3	Divert Water	does not have hydrants so properties need a tank for fire fighting.
Fairlie	**CRC176495**	19/08/2044	NO	NO	NO	YES in 2024	N/A - MDC does not fluoridate water	<1.2m3	Take Water	

Takapō / Lake Tekapo	**CRC971414**	13/08/2033	NO	NO	NO	YES in 2024	N/A - MDC does not fluoridate water	<1.2m3	Take Water	
Twizel	**CRC042741**	20/08/2047	NO	NO	NO	YES in 2024	N/A - MDC does not fluoridate water	<1.2m3	Take Water	

Wastewater

Scheme	Consent	Expiry	Purpose	Non-compliance risk	Compliance actions last 24 months
Twizel	**CRC172311**	11/04/2053	Discharge to LAND and AIR	Wastewater treatment processes are insufficient to achieve the current or anticipated future treatment requirements	The compliance risks will be addressed by process upgrading and while this is currently ongoing the processes would be expected to meet regulatory requirements.
Twizel	**CRC172310**	11/04/2053	Use land to store contaminants		
Takapō / Lake Tekapo	**CRC042914**	18/03/2040	Discharge to LAND		
Burkes Pass	**CRC992607**	07/06/2040	Discharge to LAND		
Burkes Pass	**CRC992650**	07/06/2040	Discharge to AIR		
Fairlie	**CRC992608.1**	17/12/2038	Discharge to LAND and AIR		

Stormwater

Scheme	Consent	Expiry	Purpose	Non-compliance risk	Compliance actions last 24 months
Takapō / Lake Tekapo	**CRC157319**	03/08/2050	Discharge to stormwater to water	Minor improvements are required in administrative and reporting thoroughness particularly with regard to stormwater. Stormwater consents often include controls necessary for the construction phase of land development works, and compliance during this phase has proven problematic at times.	Stormwater treatment during construction phase will require additional attention and management of, most likely, very similar to current controls.
Takapō / Lake Tekapo	**CRC146447**	24/09/2039	Discharge contaminants to and water		
Takapō / Lake Tekapo	**CRC146445**	24/09/2039	Stormwater outfall structure		
Takapō / Lake Tekapo	**CRC141077**	23/12/2049	Discharge Stormwater to water		
Takapō / Lake Tekapo	**CRC042748**	18/02/2040	Discharge Stormwater to water		
Twizel	**CRC042742**	18/02/2040	Discharge Stormwater to water		
Twizel	**CRC243844**	01/04/2029	Discharge Stormwater to water		
Pukaki Airport	**CRC2084922**	09/09/2043	Discharge contaminants to land		
Pukaki Airport	**CRC081120**	07/12/2042	Discharge Stormwater to ground		

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

As described in Part A, this WSDP proposed a modified capital programme to that of the current 2024 Long Term Plan and Infrastructure Strategy. The intent is to bring forward / add critical improvements in Years 1-10 to ensure continued compliance of wastewater schemes. The intent is not to wait for consents to expire, instead Council wishes to ensure appropriate investment is made at the right time. This section summarises key investments for each scheme that are expected to ensure Council achieves agreed levels of service expectations, ensures compliance with future regulatory requirements, and provides for growth.

Water Supply

Scheme	Timing	Cost (uninflated)	Description
Takapō / Lake Tekapo	2026/27	$1,000,000	Chlorine conversion and enabling works.

Wastewater

Scheme	Timing	Cost (uninflated)	Description
Takapō / Lake Tekapo	2024/25 – 2027/28	$8,006,000	Stage 1 Takapō / Lake Tekapo WWTP end-of-life extension: upgrade to extend life to consent expiry, involves screening, pre-treatment, aeration, new pond with additional capacity, remove existing pond due to resilience risk on slope above river.
	2035/36	$5,000,000	Stage 2 Takapō / Lake Tekapo WWTP end-of-life extension: UV installation.
	2043/44 – 2044/45	$20,000,000	New Takapō / Lake Tekapo WWTP: likely to move to a membrane process.
Twizel	2025/26	$100,000	Twizel infiltration basin performance improvements.
	2029/30 – 2035/36	$14,320,000	Network growth upgrades: storage and North West Arch Pipe upsizing.
	2034/35	$5,000,000	Twizel WWTP UV upgrade.
	2051/52 – 2052/53	$22,000,000	Twizel WWTP including algae plant removal.
Fairlie	2025/26	$100,000	New aerator at WWTP.
	2026/27 – 2028/29	$10,000,000	Fairlie treatment plant upgrades: a major project to improve treatment process and environmental compliance, particularly during wet weather events. This project is likely to include a range of staged investments including aeration, backend treatment, and septage pre-treatment. This project has been advanced to ensure continued compliance through to consent expiry.
	2036/37 – 2038/39	$40,000,000	Treatment plan upgrade / replacement: timed to coincide with expiration of the current consent and in anticipation of new consent conditions and environmental standards.
Burkes Pass	2025/26 – 2027/28	$3,130,000	Burkes Pass additional pond, includes land acquisition and power connection.
	2039/40	$7,000,000	Burkes Pass WWTP upgrade / replacement for new consent.

Mackenzie DISTRICT COUNCIL

Stormwater

Scheme	Timing	Cost (uninflated)	Description
Twizel	2029-36	$9,200,000	Stormwater network growth upgrades – storage and North West Arch pipe upsizing.
Fairlie	2025-27	$500,000	Stormwater pipe upsizing
Takapō / Lake Tekapo	2032/33	$930,000	Lochinvar & Lakeside stormwater treatment – filter media replacement and disposal site improvements.

The following provides financial details of planned investment to meet levels of service, known regulatory standards and projected growth (based on LTP estimates and master planning), within the 10 years of this WSDP.

Projected investment in water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking Water										
Capital expenditure - to meet additional demand	8.5	418	611	437	447	456	466	475	485	494
Capital expenditure - to improve levels of services	550	542	2,229	2,248	55	112	228	1,408	119	121
Capital expenditure - to replace existing assets	243	450	556	196	397	864	996	567	502	572
Total projected investment for drinking water	**1,202**	**1,410**	**3,396**	**2,881**	**899**	**1,432**	**1,690**	**2,450**	**1,106**	**1,187**
Wastewater										
Capital expenditure - to meet additional demand	880	1,072	7,692	4,657	547	2,882	2,966	1,920	593	5,333
Capital expenditure - to improve levels of services	0	20	1,067	4,304	5,493	78	0	0	0	0
Capital expenditure - to replace existing assets	220	337	460	525	481	559	1,152	628	641	653
Total projected investment for wastewater	**1,100**	**1,429**	**9,219**	**9,486**	**6,521**	**3,519**	**4,118**	**2,548**	**1,234**	**5,986**
Stormwater										
Capital expenditure - to meet additional demand	200	204	209	214	219	223	228	233	1,341	242
Capital expenditure - to improve levels of services	0	0	0	54	274	56	0	0	0	0
Capital expenditure - to replace existing assets	0	232	293	0	0	1,173	1,198	0	0	0
Total projected investment for stormwater	**200**	**436**	**502**	**268**	**493**	**1,452**	**1,426**	**233**	**1,341**	**242**
Total projected investment in water services	**2,502**	**3,275**	**13,117**	**12,635**	**7,913**	**6,403**	**7,234**	**5,231**	**3,681**	**7,415**

Local Water Done Well requires that we must deliver water services in a financially sustainable way, while also ensuring we provide for growth and meeting regulatory standards. The section below highlights significant capital projects included in projected investment requirements, the key drivers for investment for each water activity and the significant projects. Further detail is included in the Significant capital projects section of this WSDP.

Part C: Revenue and financing arrangements

Revenue and charging arrangements

Water supply charging and billing arrangements

Current arrangements for water supply

Urban water supply currently uses targeted rates in the form of fixed charges to fund the activity:

- Water Treatment Rate on rating units located in Fairlie, Twizel, Takapō / Lake Tekapo, and Burkes Pass (except those rating units receiving a metered water supply) to fund the cost of urban water treatment.
- Water Infrastructure Rate on rating units located in Fairlie, Twizel, Takapō / Lake Tekapo, and Burkes Pass (except those rating units receiving a metered water supply) to fund the cost of urban water supply infrastructure services, including maintenance, depreciation, and the servicing of loans.
- Metered Water Rate a fixed amount per property on any separately used or inhabited part of a rating unit which receives a Council water metered supply (Fairlie, Twizel, Takapō / Lake Tekapo, Burkes Pass, Rural).

Rate	Factor	Estimated Revenue 2024/25
Treatment Fixed Charge	$95.39 per connected SUIP	306,016
Infrastructure Fixed Charge	$525.08 per connectable SUIP	2,071,978
Metered Water Fixed Charge	$620.48 per metered supply per SUIP	131,543
		2,509,537

Rural water supply applies a variety of fixed and unit charges by scheme to fund the costs of maintenance, depreciation, and the servicing of loans. In general, these charges only partly fund the total cost for each scheme, so other water services revenue is required to fund the shortfall.

Rate	Factor	Estimated Revenue 2024/25
Allandale Water Supply	$299.08 per unit	152,297
Fairlie Water Race Fixed Charge	$30.00 per rating unit	870
Fairlie Water Race	$4.32 per hectare	3,001
Spur Road Water Supply	$437.62 per unit	29,320
Downlands Water Fixed Charge	$722.00 per rating unit	41,154
Downlands Water Supply	$289.00 per unit	62,424
		289,066

Future arrangements for water supply

From 1 July 2025 Council is proposing to introduce volumetric charging for urban water supplies (Fairlie, Twizel, Takapō / Lake Tekapo, and Burkes Pass). This will be progressively introduced as smart water meters are installed across all connected properties in the district, currently Twizel is the only town that has universal coverage.

The volumetric charging approach will replace the current fixed charges via introduction of:

- **Uniform Annual Charge:** fixed charge used to collect annual depreciation, all connected and serviceable properties will be charged this.
- **Regular user charge:** targeted rate per cubic metre of actual water consumption up to that property's daily allowance.
- **High user charge:** targeted rate per cubic metre of actual water consumption more than that property's daily allowance.

The intention is to keep water supply charges low for below average users, with high users paying a fairer share of their actual usage. In 2024/25 analysis of Twizel water meters shows that 10% of connected properties consume 49% of the total metered water volume. Currently these ratepayers pay the same amount as the rest of the district, so their usage is being significantly subsidised by average and low users.

Wastewater charging and billing arrangements

Current arrangements for wastewater

Wastewater Targeted Rates on rating units located in Fairlie, Twizel, Takapō / Lake Tekapo, and Burkes Pass:

- Sewage Treatment Rate.
- Sewerage Infrastructure Rate.

Rate	Factor	Estimated Revenue 2024/25
Treatment Fixed Charge	$81.43 per SUIP	265,650
Treatment Additional Charge	$20.35 for each additional water closet	16,869
Infrastructure Fixed Charge	$269.11 per connectable SUIP	1,074,302
Infrastructure Additional Charge	$67.28 for each additional water closet	55,774
		1,412,595

Proposed future arrangements for wastewater

Proposed changes to future wastewater charging mechanisms:

- Development or financial contributions.
- Trade waste charges.
- Potential for differential charges based on connection size to account for domestic and non-domestic connections.

Stormwater charging and billing arrangements

Current arrangements for stormwater

Urban Stormwater Rate on rating units in Fairlie, Twizel, and Takapō / Lake Tekapo to fund the costs of Council's urban stormwater reticulation.

Rate	Factor	Estimated Revenue 2024/25
Fixed Charge	$59.12 per SUIP	**233,478**

Proposed future arrangements for stormwater

No changes proposed for stormwater charging and billing arrangements.

Development and financial contributions

Council does not currently levy any development contributions under the provisions of the Local Government Act 2002.

Financial contributions are levied under the provisions of the Resource Management Act 1991 and incorporated into relevant sections of the Mackenzie District Plan. Financial contributions are currently levied for water, wastewater, and stormwater infrastructure.

Central Government has recently announced plans for new infrastructure funding and finances tools, including replacement of development contributions with a development levy system and increasing the flexibility of targeted rates by allowing local authorities to set targeted rates that only apply to new developments. Council will continue to review and update its Development and Financial Contributions Policy to meet any changes to relevant legislation and ensure developers pay a proportionate cost of capital expenditure necessary to service growth.

Ringfencing water services revenue

All water services revenue will be derived via targeted fixed charges and user charges directly attributable to water services. No revenue will be sourced from general rates. Any development or financial contribution policy will clearly identify the component attributable to water services, with this held in the appropriate account when received.

Currently Council does not maintain separate reserve accounts for the water services activity. This approach will be implemented so any reserves are clearly identifiable and separate from the rest of Council.

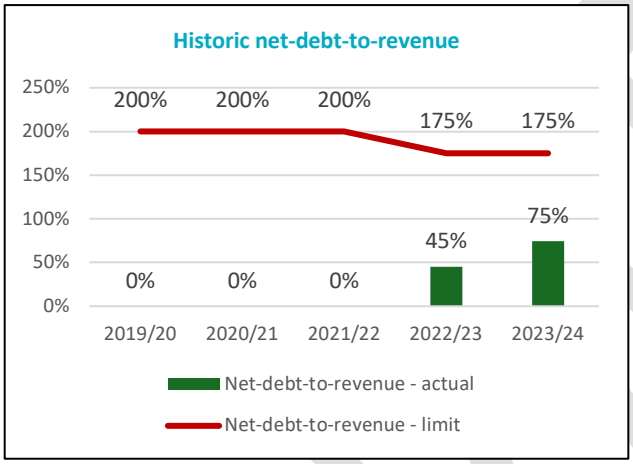
Funding and financing arrangements

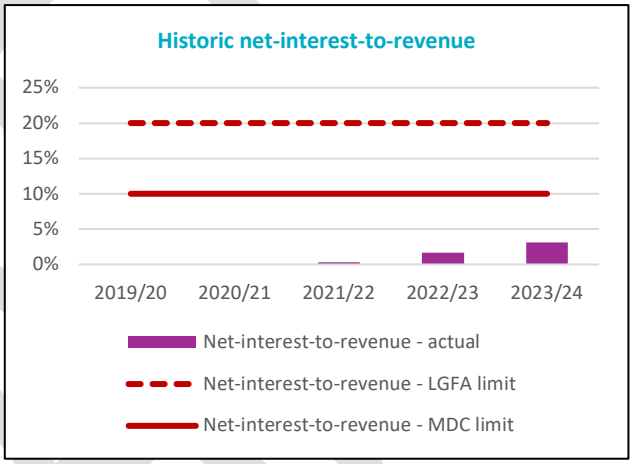
Water services financing requirements and sources

Council's borrowing limits for all council activities are set by the Local Government Funding Agency, and Council's own Long Term Plan Financial Strategy. As at 2024/25 these limits are as presented below, note that Council currently has a lower limit for Net Interest / Total Revenue compared to what is allowed by LGFA.

Financial Covenant	LGFA Limits	Council Financial Policy Limits (2024/25)
Net Debt / Total Revenue	<175%	<175%
Net Interest / Total Revenue	<20%	<10%
Net Interest / Annual Rates Revenue	<25%	
Liquidity	>100%	

Council has remained comfortably within its LGFA and self-imposed borrowing limits, as at the 2023/34 Annual Plan net-debt-to-revenue was 74.6% and borrowing costs were 3.1% of revenue.





Projected borrowing requirements

The 30-year capital programme, as included in this WSDP as well as the 2024 Long Term Plan and Infrastructure Strategy, will impose significant borrowing requirements on Council.

From a purely financial perspective this is achievable, however from a practical perspective is not desirable and Council will continue to seek alternate funding sources for its capital programme, including opportunity to defer or smooth the forward investment profile.

The key concern is that revenues must increase substantially to provide Council sufficient leverage to take on this amount of debt and stay within the 175% LGFA ratio. This level of revenue is almost exclusively to satisfy this requirement, and not needed to service the actual borrowings, while the net debt to operating revenue ratio approaches 175%:

- Net interest to operating revenue remains relatively low below 10%.
- Free funds from operations to debt ratio gets high in later years (>40%), well above an 8-12% target range.
- After peak debt is reached, revenue has been increased so much to provide this leverage that Council rapidly pays down debt and builds reserves.

Internal borrowing arrangements

All new borrowings beyond 1 July 2025 are assumed to be external, this WSDP makes no provision for new internal borrowing arrangements over the next 30-years. However, these may be considered based on cost/benefit analysis of expected returns on the investment versus costs of borrowing and the liquidity position of the Council. Internal borrowings will be drawn as per separate Council resolution and will be separately recorded for the respective three waters activity.

Determination of debt attributed to water services

Council currently has one loan attributed to the Urban Water activity.

Loans	Opening 1-July-2023	2023/24 New Debt	2023/24 Repayment	Closing 30-June-2024
Urban Water	$249,679	-	$13,141	$236,538

There is also a loan to the Allandale Water Scheme.

Loans	Opening 1-July-2023	2023/24 New Debt	2023/24 Repayment	Closing 30-June-2024
Allandale Water	$3,325,000	$6,000,000	$175,000	$9,150,000

There is a reserve account for Urban Water that is in deficit, so could be considered an internal loan however this has not been formalised as such. This WSDP allocates revenue to bring this reserve fund back into positive.

Operating Reserves	Opening 1-Jan-24	Closing 30-June-224 before interest	Interest
Urban Water	$5,221,134	$4,677,280	$98,443

Insurance arrangements

All above-ground infrastructure assets are currently insured by Council. The in-ground assets are not insured. Council keeps a $3M cash reserve balance to part fund any repairs and relies on Central Government assistance for repairs as a result of any natural disaster.

Council is not a member of the Local Authority Protection Programme (LAPP), but has considered becoming a financial member. However, since the Christchurch earthquake there has been a significant buy-in cost. Council has been investigating several options for insuring underground assets but is yet to find an appropriate and affordable insurance provider.

Part D: Financial sustainability assessment

Confirmation of financially sustainable delivery of water services

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

This Plan requires Council to demonstrate financial sustainability of water services by 30 June 2028, this requires:

- 'Investment sufficiency' – projected investment is sufficient to meet levels of service, regulatory requirements and provide for growth; and
- 'Revenue sufficiency' - sufficient revenue to cover the costs (including servicing debt) of water services delivery;
- 'Financing sufficiency' - funding and financing arrangements are sufficient to meet investment requirements.

Council's 30-year investment programme demonstrates Investment Sufficiency, it is a modified programme based on the 2024 Long Term Plan & Infrastructure Strategy with a focus on:

- Ensuring compliance with current consent conditions.
- Improvements in advance of increased requirements when new consents are needed.
- Delivering maintenance and renewals at an appropriate rate to ensure whole-of-life value.
- Achieving agreed levels of service.
- Meeting growth projections.

The financial information provided in this Plan is based entirely on funding this 30-year programme. As stated, a step-change in water services revenues is proposed in anticipation of the future investment requirements. This is forecast to commence from 2027/28 (Year 1 of the next Long-Term Plan) and is a substantial increase compared to the current 2024 Long-Term Plan forecast, reflecting that water revenues are insufficient to meet current and future requirements.

Alongside increased revenues, borrowing is needed to fund the capital programme resulting in a substantial increase in net debt from 2037 onward (for wastewater treatment plant projects).

Increasing water services revenue is critical to ensure a sustainable approach to debt through:

- Beginning to build reserves to fund renewals, instead of fully funding these via debt.
- Ensuring sufficient revenue to pay finance costs alongside other operating expenditure.
- Setting appropriate operating revenue to ensure Council can remain within is LGFA debt limits.
- Building reserves as debt is paid down, reserves are forecast to build from 2045 onward.

By taking a 30-year view and making the necessary changes now Council is confident that water services delivery will become financially sustainable by 30 June 2028.

Actions required to achieve financially sustainable delivery of water services

The primary action to ensure financial sustainability is for Council to immediately achieve a step-change in water services revenues, primarily through targeted rates and user charges for residential and non-residential connected properties.

As evidenced by this WSDP, Council currently lacks meaningful reserves and water services revenues are set too low to meet future operating and capital expenditure requirements. So, a step-change is needed and the longer this is delayed the larger the step required to meet future investment needs.

In its endorsement of the WSDP Council is committed to making change to water services revenues. These changes will be consulted on and adopted through the 2027 Long Term Plan process.

Risks and constraints to achieving financially sustainable delivery of water services

Risk: Capex programme is materially different from projection

The current programme has been independently reviewed and is considered a fair view of required investment. The programme will be revised annually to ensure it remains fit-for-purpose.

Risk: Real inflation is higher than projected

A relatively modest increase in annual inflation may have a substantial impact on the true cost of the 30-year programme, this has potential to impact Council's ability to fully fund capital projects.

Risk: Legislation is yet to be confirmed

Much of the future capital programme, especially for wastewater, is based on assumed requirements that are yet to be implemented either through legislation or standards. Council will ensure it monitors incoming legislation to understand potential impacts, and engage with the regulators on this.

Risk: Unexpected borrowing

Council's debt headroom is limited under the 30-year programme, if an unexpected event occurs which requires substantial borrowing (either for water services or other activities) Council may not be able to fully deliver the capital programme and stay within current LGFA limits.

Constraint: inability to collect revenue for water services from visitors

Much of the demand for infrastructure, particularly the ability to meet peak demand, is due to demand from visitors to the region who do not contribute to water rates or charges, creating a high financial burden on a relatively small number of ratepayers. Council will continue to seek alternate sources of funding, including potential for revenue streams via new or existing taxes with central government (e.g. bed tax, sharing of GST).

Financial sustainability assessment - revenue sufficiency

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

Forecast revenues exceed expenses in all years, with the level of surplus progressively increasing over time.

The forecast revenue has been calculated on a 30-year basis, to ensure sufficient borrowing leverage later in the 30-year programme to fund major capital renewals and improvements at wastewater treatment plants, while remaining within Council's net-debt-to-revenue limits.

This ensures there is sufficient revenue to ensure Council's long-term investment in delivering all waters services, including continued compliance with regulatory standards and requirements.

Surpluses in early years will be used to build reserves to an appropriate level, which assists with Council's net-debt-to-revenue ratios later in the programme. However, as noted elsewhere, borrowing leverage is the primary goal of the increased forecast here.

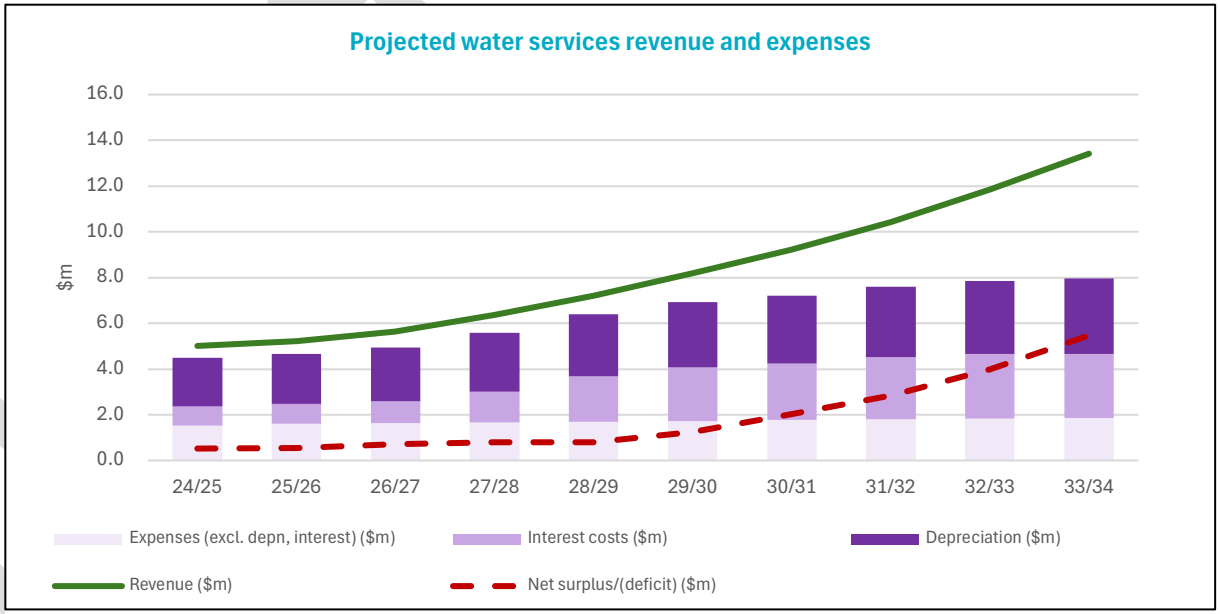


Figure 4: Projected water services revenue and expenses

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

The projected charges per connection / rating unit here provide a high-level overview of the 'average' cost to Mackenzie's ratepayers and businesses. However, these should be interpreted with some caution as:

- The proposal to introduce differential and volumetric charging for water supply such as domestic, non-domestic, high-user, and rural connections will impact the distribution of user fees and charges, with the expectation that 'below average' domestic users will have lower costs compared with high users and commercial properties.
- The proposal to introduce other sources of revenue, such as development of financial contributions and trade waste charges should reduce the revenue required from ratepayers and connected properties.

Median household income is based on the most recent Census data, the forecast below assumes a 4% per annum increase based on the rate of increase over the 2013, 2018 and 2023 Census'. This results in a forecast $88,397 median household income in 2024/25 rising to $126,008 in 2033/34.

Water services charges as a percent of median household income remains in a relatively affordable range. Council's current 1.2% is low relative to equivalent Councils nationally, and the high of 2.0% over the next 10-years is considered affordable.

Projected average charge per connection / rating unit (including GST)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking water	652	668	718	851	1,006	1,143	1,248	1,398	1,630	1,801
Wastewater	335	347	374	387	397	446	551	639	675	765
Stormwater	56	56	57	59	60	61	63	64	66	110
Average charge per connection / rating unit	**1,043**	**1,071**	**1,149**	**1,296**	**1,462**	**1,650**	**1,862**	**2,101**	**2,371**	**2,675**
Increase in average charge	-	2.7%	7.3%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%
Water services charges as % of median household income	**1.2%**	**1.2%**	**1.2%**	**1.3%**	**1.4%**	**1.5%**	**1.7%**	**1.8%**	**2.0%**	**2.1%**

Projected operating surpluses/(deficits) for water services

Water services are forecast to have an overall operating deficit until Year 9 of the programme, this surplus is forecast to continue to 2053/54 (Year 30):

Operating surplus ratio (whether revenues cover costs)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) excluding capital revenues – combined water services ($k)	(2,235)	(2,329)	(2,316)	(2,522)	(2,624)	(2,303)	(1,643)	(945)	98	1,438
Operating revenue – combined water services ($k)	4,377	4,549	4,896	5,420	6,244	7,180	8,208	9,397	10,781	12,335
Operating surplus ratio	**(51.1%)**	**(51.2%)**	**(47.3%)**	**(46.5%)**	**(42.0%)**	**(32.1%)**	**(20.0%)**	**(10.1%)**	**0.9%**	**11.7%**

This deficit is driven by a substantial increase in operating costs compared to the LTP due to:

- More accurately attributing corporate overhead costs to the three waters activity, previously waters has been subsidised by rest-of-council and not fully paid its share.
- Increased allocation to operation and maintenance contract costs to improve delivery of external suppliers.
- An increased in-house team, to accommodate the operators being brought in-house plus the additional FTE proposed by this WSDP.

As water charges begin to substantially increase this additional operating expenditure is covered by the higher total revenue and the activity returns to surplus.

Projected operating cash surpluses for water services

Water services are forecast to have a net operating surplus (operating surplus/(deficit) + depreciation + interest costs – capital revenues) under a 'ringfenced' water services arrangement, there are several drivers of this:

- The need to fund a higher rate of depreciation / reserves now to ensure sufficient money is available for major capital renewal projects later in the 30-year programme, as Council will not have the debt headroom to rely on this alone. This results in a higher revenue requirement than forecast in the 2024 LTP.
- While increased revenue is required now, the increased fees and charges will not be approved by Council to start until the 2027/28 FY.

Council plans to fund depreciation over the 30-year forecast, with surpluses going towards building reserves (improving net-debt-to-revenue ratios), repayment of debt, and reducing increases to water services charges in later years.

Operating cash ratio (whether revenues cover costs)	**FY2024/25**	**FY2025/26**	**FY2026/27**	**FY2027/28**	**FY2028/29**	**FY2029/30**	**FY2030/31**	**FY2031/32**	**FY2032/33**	**FY2033/34**
Operating surplus/(deficit) + depreciation + interest costs - capital revenues ($k)	730	744	980	1,385	2,087	2,899	3,801	4,860	6,111	7,528
Operating revenue – combined water services ($k)	4,377	4,549	4,896	5,420	6,244	7,180	8,208	9,397	10,781	12,335
Operating cash ratio	**16.7%**	**16.4%**	**20.0%**	**25.6%**	**33.4%**	**40.4%**	**46.3%**	**51.7%**	**56.7%**	**61.0%**

Financial sustainability assessment - investment sufficiency

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

The revenue and financing arrangements discussed in this Plan are based on ensuring sustainable and affordable investment in Mackenzie's water serviced for the next 30-years.

The programme of expenditure shown below is a modified 30-year forecast based on the 2024 LTP and Infrastructure Strategy, with some increased investment in Y1-Y10 to improve wastewater treatment plant performance. As shown, much of the major investment in water services is not required for some time, with just 21% of total capital expenditure occurring in the first 10-years, compared to 45% in the following 10-years. These large spikes in investment are due to wastewater consent expiry dates, with major investment to replace existing assets and carry out upgrades to improve levels of service and meet additional demand timed to occur at these dates.

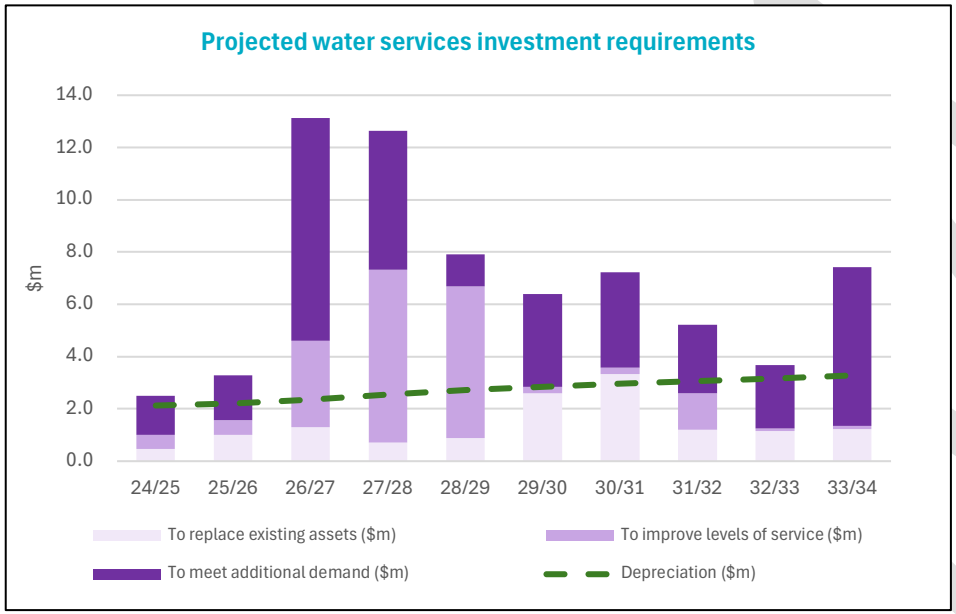


Figure 6: 10-year projected capital investment (uninflated)

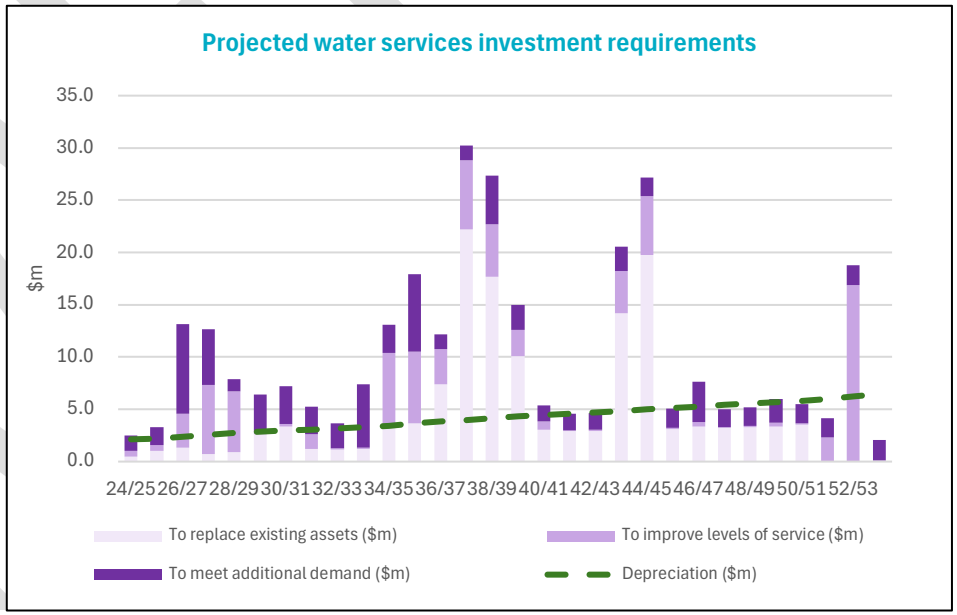


Figure 5: 30-year projected capital investment (uninflated)

Renewals requirements for water services

The asset sustainability ratio is generally negative through the 10-years of the WSDP highlighting that revenue is currently set too low to appropriately invest in asset renewals, a historic trend Council will seek to address over the next 30-years. Council intends to fund major treatment plant renewals through debt, and not depreciation reserves, as it is considered more appropriate for future users of these plants to fund them, and it is not desirable to build depreciation reserves to the level that would be required. So, a negative value is considered appropriate across the entire activity, but is forecast to improve to 30-40% as revenues increase and better match forecast depreciation on the reticulated networks.

Asset sustainability ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Capital expenditure on renewals – all water services assets ($k)	463	1,019	1,309	721	879	2,595	3,345	1,195	1,143	1,225
Depreciation – all water services assets ($k)	2,129	2,204	2,347	2,554	2,729	2,852	2,959	3,070	3,171	3,281
Asset sustainability ratio	**(78.3%)**	**(53.8%)**	**(44.2%)**	**(71.8%)**	**(67.8%)**	**(9.0%)**	**13.1%**	**(61.1%)**	**(64.0%)**	**(62.7%)**

Total water services investment required over 10 years

The proposed 10-year investment reflects a $21.9m increase on investment outlined for the same period in the 2024 Long-Term Plan. This is a result of improved evidence and information identifying potential risks to continued compliance at several wastewater treatment plants across the district. Accordingly, investment has been increased to ensure continued compliance with regulatory requirements, and to ensure that growth can be accommodated.

Council will continue to review the programme and has an ongoing project that will further develop the 10-year and 30-year capital programme, including improving engineering and cost-estimation to develop a higher level of confidence in long-term forecasts. This confidence is important as Council is making changes to water services charges now in anticipation of future expenditure. It is important that we strike the right balance and do not drive an unreasonable burden on both the current and future generations of ratepayers / customers.

The 30-year forecast developed for this WSDP will form the basis of Council's Asset Management Plan updates to inform the 2027 Long-Term Plan and Infrastructure Strategy.

Asset investment ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Total capital expenditure – all water services assets ($k)	2,502	3,275	13,118	12,635	7,912	6,403	7,233	5,230	3,680	7,414
Depreciation – all water services assets ($k)	2,129	2,204	2,347	2,554	2,729	2,852	2,959	3,070	3,171	3,281
Asset investment ratio	**17.5%**	**48.6%**	**458.8%**	**394.7%**	**189.9%**	**124.5%**	**144.4%**	**70.4%**	**16.1%**	**126.0%**

Average remaining useful life of network assets

Council's asset consumption ratio remains relatively unchanged over the next 10-years and is forecast to considerably improve rising to 84% by 2043/44 (Y20) and remaining at this level for the remainder of the next 30-years. This reflects the increased level of investment proposed, reducing the burden on future consumers to replace water services network and treatment assets.

Asset consumption ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Book value of water infrastructure assets ($k)	101,676	104,983	118,273	131,074	139,141	145,614	152,946	158,166	161,839	169,047
Replacement value of water infrastructure assets ($k)	160,435	166,221	182,019	198,119	209,512	217,719	226,179	234,738	241,970	252,757
Asset consumption ratio	**63.4%**	**63.2%**	**65.0%**	**66.2%**	**66.4%**	**66.9%**	**67.6%**	**67.4%**	**66.9%**	**66.9%**

Financial sustainability assessment - financing sufficiency

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

Council confirm that sufficient funding and financing can be achieved through borrowing over the next 10-years. However, as noted, the required increase to water services revenues to achieve this is significant over the longer term. Council will continue to seek additional sources of funding to reduce borrowing requirements, and work with government to determine if there are alternate borrowing strategies that can help deal with peak borrowing events, given the forecast to remain well below borrowing limits for most of the next 30-years.

Projected Council borrowings against borrowing limits

Council has a net-debt-to-revenue limit of 175%, total Council debt is forecast to remain within this limit for all of the next 10-years. Water services are forecast to account for most / all of Councils net debt increase over this period, with relatively few projects for other activities included in the 2024 Infrastructure Strategy that will require new borrowing. Over the 30-year period net debt increases, meeting the 175% limit in 2038/39 before rapidly decreasing due to the level of revenue being collected. Not shown is the build-up of reserves as debt reduces to zero. In reality net debt is unlikely to reach zero as there will almost certainly be new planned or unplanned expenditure Council must borrow for over this period.

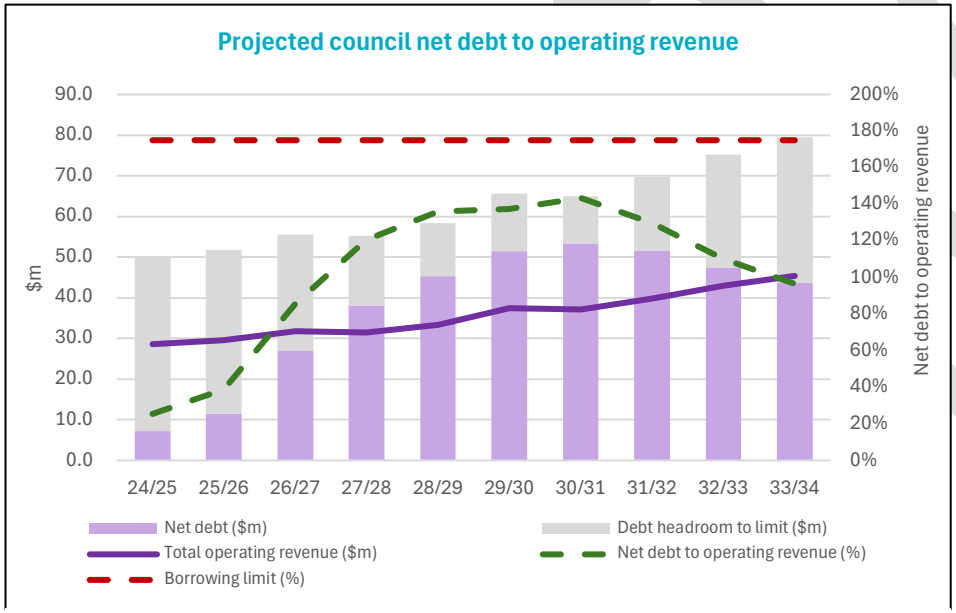


Figure 7: Forecast total Council net debt to operating revenue (10-years)

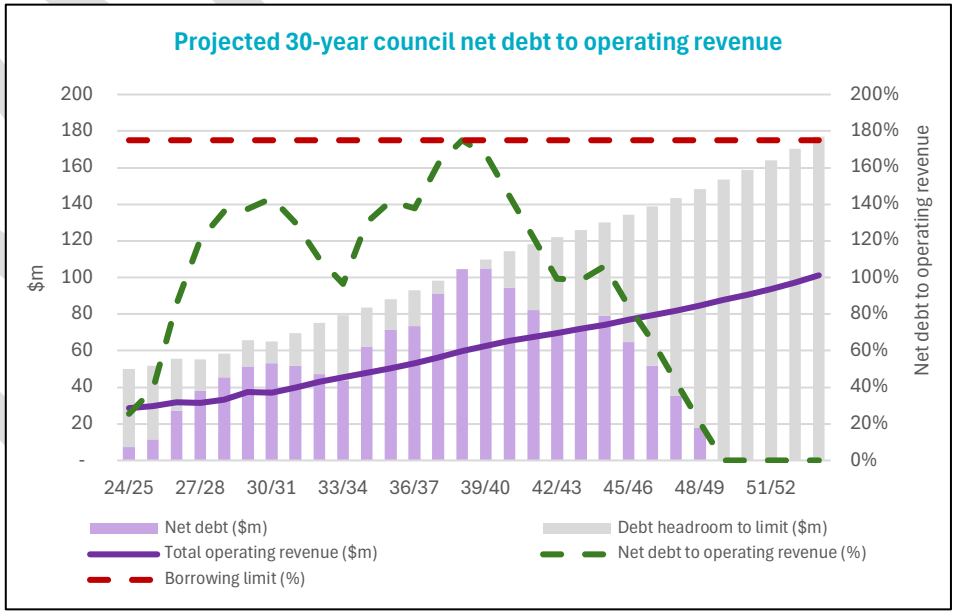


Figure 8: Forecast total Council net debt to operating revenue (30-years)

Projected borrowings for water services

Council's whole-of-Council net-debt-to-revenue is 175%, and this remains the primary limit Council must remain within. Council does not have a ratio for 'ringfenced' water services, though the table below provides an overview of this. Water services net-debt-to-revenue is forecast to substantially increase, to a peak of ~700% in 2028/29.

Net debt to operating revenue	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Net debt attributed to water services (gross debt less cash) ($m)	10.5	12.9	25.1	36.8	43.6	48.4	53.3	55.4	54.8	56.4
Operating revenue – combined water services ($m)	4.4	4.5	4.9	5.4	6.2	7.2	8.2	9.4	10.8	12.3
Net debt to operating revenue %	**239%**	**285%**	**513%**	**678%**	**698%**	**675%**	**650%**	**590%**	**508%**	**457%**

Borrowing headroom / (shortfall) for Council

Council is forecast to have borrowing headroom over the next 10-years.

Projected Council net debt to operating revenue	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Total Council operating revenue ($m)	28.6	29.6	31.7	31.5	33.3	37.5	37.2	39.8	42.9	45.4
Council net debt ($m)	7.3	11.5	27.1	38.0	45.3	51.5	53.3	51.6	47.3	43.8
Debt headroom to 175% limit	**42.8**	**40.3**	**28.4**	**17.1**	**13.0**	**14.1**	**11.7**	**18.1**	**27.8**	**35.6**

Free funds from operations

Free funds from operations, the percentage of debt that is generated in free cash flow each year, is negative for years 1-3 before achieving a positive value as revenues increase. Council intends to target 8-12% as an 'optimal' range, however as noted the large increase in revenue needed to provide borrowing leverage results in very high FFO ratio in some years, particularly after peak-borrowing occurs in early 2040's and debt is repaid. Council will seek to develop a revenue strategy that sets revenues and borrowing at a more optimal level, this will require support from external agencies and government.

Free funds from operations	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projected net debt attributed to water services ($m)	10.5	12.9	25.1	36.8	43.6	48.4	53.3	55.4	54.8	56.4
Projected free funds from operations – water services ($m)	(0.4)	(0.4)	(0.2)	0.0	0.1	0.5	1.3	2.1	3.3	4.7
Free funds from operations to net debt ratio	**(3.6%)**	**(2.8%)**	**(0.6%)**	**0.1%**	**0.2%**	**1.1%**	**2.5%**	**3.8%**	**6.0%**	**8.4%**

Mackenzie DISTRICT COUNCIL

Part E: Projected financial statements for water services

Projected funding impact statement

Projected funding impact statement for combined water services

Projected funding impact statement - water services ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	4,019	4,212	4,611	5,323	6,145	7,079	8,105	9,292	10,674	12,226
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other	26	27	27	28	28	29	30	30	31	31
Fees and charges	64	66	67	69	70	72	73	75	76	78
Total sources of operating funding ($K)	**4,109**	**4,304**	**4,706**	**5,420**	**6,244**	**7,180**	**8,208**	**9,397**	**10,781**	**12,335**
Applications of operating funding										
Payments to staff and suppliers	1,523	1,600	1,629	1,663	1,697	1,730	1,763	1,794	1,827	1,859
Finance costs	835	868	948	1,354	1,982	2,350	2,485	2,736	2,842	2,809
Internal charges and overheads applied	2,125	2,206	2,287	2,372	2,460	2,551	2,645	2,742	2,844	2,948
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding ($K)	**4,483**	**4,673**	**4,864**	**5,388**	**6,138**	**6,631**	**6,892**	**7,273**	**7,512**	**7,615**
Surplus/(deficit) of operating funding ($K)	**(374)**	**(369)**	**(159)**	**32**	**105**	**549**	**1,316**	**2,124**	**3,269**	**4,720**
Source of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	900	909	929	952	974	995	1,016	1,037	1,058	1,079
Increase/(decrease) in debt	5,965	1,410	8,345	11,651	6,834	4,859	4,901	2,068	(647)	1,615
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding ($K)	**6,865**	**2,319**	**9,274**	**12,603**	**7,807**	**5,854**	**5,917**	**3,106**	**411**	**2,695**
Applications of capital funding										
Capital expenditure - to meet additional demand	1,489	1,694	8,512	5,309	1,213	3,562	3,660	2,628	2,419	6,068
Capital expenditure - to improve levels of services	550	562	3,297	6,606	5,821	246	228	1,408	119	121
Capital expenditure - to replace existing assets	463	1,019	1,309	721	879	2,595	3,345	1,195	1,143	1,225
Increase/(decrease) in reserves	4,257	(1,080)	(3,812)	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding ($K)	**6,759**	**2,195**	**9,306**	**12,635**	**7,912**	**6,403**	**7,233**	**5,230**	**3,680**	**7,414**
Surplus/(deficit) of capital funding ($K)	**106**	**124**	**(32)**	**(32)**	**(105)**	**(549)**	**(1,316)**	**(2,124)**	**(3,269)**	**(4,720)**
Funding balance ($K)	(268)	(245)	(191)	0	0	0	0	0	0	0

Mackenzie DISTRICT COUNCIL

Projected funding impact statement for drinking water

Projected funding impact statement - water services ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	2,587	2,703	2,966	3,586	4,326	5,020	5,570	6,342	7,514	8,435
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other	26	27	27	28	28	29	30	30	31	31
Fees and charges	22	23	23	24	24	25	25	26	26	27
Total sources of operating funding ($K)	**2,635**	**2,752**	**3,016**	**3,637**	**4,379**	**5,074**	**5,625**	**6,398**	**7,572**	**8,493**
Applications of operating funding										
Payments to staff and suppliers	951	973	992	1,012	1,034	1,055	1,075	1,095	1,116	1,136
Finance costs	835	868	948	1,080	1,206	1,195	1,121	1,090	1,061	905
Internal charges and overheads applied	1,388	1,441	1,494	1,550	1,608	1,668	1,730	1,794	1,860	1,929
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding ($K)	**3,175**	**3,282**	**3,434**	**3,642**	**3,847**	**3,917**	**3,926**	**3,979**	**4,036**	**3,969**
Surplus/(deficit) of operating funding ($K)	**(540)**	**(531)**	**(418)**	**(5)**	**531**	**1,156**	**1,699**	**2,419**	**3,535**	**4,524**
Source of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	500	530	541	554	567	580	592	604	616	629
Increase/(decrease) in debt	5,965	1,410	3,272	2,332	(200)	(304)	(601)	(573)	(3,046)	(3,966)
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding ($K)	**6,465**	**1,939**	**3,813**	**2,887**	**367**	**275**	**(9)**	**31**	**(2,430)**	**(3,337)**
Applications of capital funding										
Capital expenditure - to meet additional demand	409	418	611	437	447	456	466	475	485	494
Capital expenditure - to improve levels of services	550	542	2,229	2,248	55	112	228	1,408	119	121
Capital expenditure - to replace existing assets	243	450	556	196	397	864	996	567	502	572
Increase/(decrease) in reserves	4,723	0	0	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding ($K)	**5,925**	**1,409**	**3,395**	**2,882**	**899**	**1,432**	**1,690**	**2,450**	**1,105**	**1,187**
Surplus/(deficit) of capital funding ($K)	**540**	**531**	**418**	**5**	**(531)**	**(1,156)**	**(1,699)**	**(2,419)**	**(3,535)**	**(4,524)**
Funding balance ($K)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Mackenzie DISTRICT COUNCIL

Projected funding impact statement for wastewater

Projected funding impact statement - water services ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	1,229	1,303	1,430	1,510	1,582	1,813	2,279	2,683	2,882	3,318
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other	0	0	0	0	0	0	0	0	0	0
Fees and charges	42	43	44	45	46	47	48	49	50	51
Total sources of operating funding ($K)	**1,271**	**1,346**	**1,474**	**1,556**	**1,628**	**1,860**	**2,327**	**2,733**	**2,932**	**3,369**
Applications of operating funding										
Payments to staff and suppliers	489	542	552	563	574	585	596	606	617	627
Finance costs	0	0	0	265	760	1,120	1,262	1,474	1,597	1,651
Internal charges and overheads applied	634	658	682	707	733	760	788	817	846	877
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding ($K)	**1,122**	**1,200**	**1,234**	**1,535**	**2,067**	**2,465**	**2,645**	**2,896**	**3,060**	**3,155**
Surplus/(deficit) of operating funding ($K)	**149**	**146**	**240**	**21**	**(439)**	**(605)**	**(318)**	**(164)**	**(128)**	**214**
Source of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	300	269	275	281	288	294	300	307	313	319
Increase/(decrease) in debt	0	0	4,914	9,183	6,673	3,830	4,135	2,405	1,049	5,452
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding ($K)	**300**	**269**	**5,189**	**9,465**	**6,961**	**4,124**	**4,436**	**2,712**	**1,362**	**5,771**
Applications of capital funding										
Capital expenditure - to meet additional demand	880	1,072	7,692	4,657	547	2,882	2,966	1,920	593	5,333
Capital expenditure - to improve levels of services	0	20	1,067	4,304	5,493	78	0	0	0	0
Capital expenditure - to replace existing assets	220	337	460	525	481	559	1,152	628	641	653
Increase/(decrease) in reserves	(410)	(794)	(3,611)	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding ($K)	**690**	**636**	**5,609**	**9,485**	**6,521**	**3,519**	**4,118**	**2,548**	**1,234**	**5,986**
Surplus/(deficit) of capital funding ($K)	**(390)**	**(367)**	**(420)**	**(21)**	**439**	**605**	**318**	**164**	**128**	**(214)**
Funding balance ($K)	**(241)**	**(220)**	**(181)**	**0**	**0**	**0**	**(0)**	**0**	**(0)**	**0**

Mackenzie DISTRICT COUNCIL

Projected funding impact statement for stormwater

Projected funding impact statement - water services ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	203	206	216	227	237	247	256	267	277	473
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0
Total sources of operating funding ($K)	**203**	**206**	**216**	**227**	**237**	**247**	**256**	**267**	**277**	**473**
Applications of operating funding										
Payments to staff and suppliers	83	85	86	87	89	90	92	93	94	96
Finance costs	0	0	0	9	16	35	102	172	184	253
Internal charges and overheads applied	103	107	111	115	119	123	128	132	137	142
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding **($K)**	**186**	**191**	**197**	**211**	**224**	**249**	**321**	**397**	**416**	**491**
Surplus/(deficit) of operating funding ($K)	**17**	**15**	**19**	**16**	**13**	**(2)**	**(65)**	**(131)**	**(138)**	**(18)**
Source of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	100	111	113	116	119	121	124	126	129	131
Increase/(decrease) in debt	0	0	159	136	361	1,333	1,367	237	1,350	129
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding ($K)	**100**	**111**	**272**	**252**	**479**	**1,454**	**1,491**	**363**	**1,479**	**260**
Applications of capital funding										
Capital expenditure - to meet additional demand	200	204	209	214	219	223	228	233	1,341	242
Capital expenditure - to improve levels of services	0	0	0	54	274	56	0	0	0	0
Capital expenditure - to replace existing assets	0	232	293	0	0	1,173	1,198	0	0	0
Increase/(decrease) in reserves	(55)	(286)	(201)	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding ($K)	**145**	**150**	**301**	**268**	**492**	**1,452**	**1,426**	**233**	**1,341**	**242**
Surplus/(deficit) of capital funding ($K)	**(45)**	**(39)**	**(29)**	**(16)**	**(13)**	**2**	**65**	**131**	**138**	**18**
Funding balance ($K)	**(27)**	**(24)**	**(10)**	**0**	**(0)**	**(0)**	**0**	**0**	**0**	**(0)**

Mackenzie DISTRICT COUNCIL

Projected statement of comprehensive revenue and expense

Projected statement of comprehensive revenue and expense for combined water services

Projected statement of profit and loss - water services ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	4,019	4,212	4,611	5,323	6,145	7,079	8,105	9,292	10,674	12,226
Other revenue	1,258	1,246	1,214	1,048	1,072	1,096	1,119	1,143	1,165	1,189
Total revenue ($K)	**5,277**	**5,458**	**5,826**	**6,371**	**7,217**	**8,175**	**9,224**	**10,434**	**11,839**	**13,414**
Expenses										
Operating expenses	1,523	1,600	1,629	1,663	1,697	1,730	1,763	1,794	1,827	1,859
Finance costs	835	868	948	1,354	1,982	2,350	2,485	2,736	2,842	2,809
Overheads and support costs	2,125	2,206	2,287	2,372	2,460	2,551	2,645	2,742	2,844	2,948
Depreciation & amortisation	2,129	2,204	2,347	2,554	2,729	2,852	2,959	3,070	3,171	3,281
Total expenses ($K)	**6,612**	**6,878**	**7,212**	**7,942**	**8,867**	**9,483**	**9,851**	**10,342**	**10,683**	**10,897**
Net surplus/(deficit) ($K)	**(1,335)**	**(1,419)**	**(1,386)**	**(1,571)**	**(1,650)**	**(1,308)**	**(627)**	**92**	**1,156**	**2,518**
Revaluation of infrastructure assets	0	2,237	2,520	2,720	2,884	2,922	3,058	3,059	3,163	3,075
Total comprehensive income ($K)	**(1,335)**	**818**	**1,133**	**1,150**	**1,234**	**1,614**	**2,431**	**3,151**	**4,320**	**5,593**
Cash surplus/(deficit) from operations (ex non-cash items)	**794**	**785**	**961**	**983**	**1,079**	**1,544**	**2,332**	**3,162**	**4,327**	**5,799**

Projected statement of comprehensive revenue and expense for drinking water

Projected statement of profit and loss - water services ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	2,587	2,703	2,966	3,586	4,326	5,020	5,570	6,342	7,514	8,435
Other revenue	548	579	592	606	620	633	647	660	673	687
Total revenue ($K)	**3,135**	**3,282**	**3,557**	**4,192**	**4,946**	**5,653**	**6,217**	**7,002**	**8,188**	**9,121**
Expenses										
Operating expenses	951	973	992	1,012	1,034	1,055	1,075	1,095	1,116	1,136
Finance costs	835	868	948	1,080	1,206	1,195	1,121	1,090	1,061	905
Overheads and support costs	1,388	1,441	1,494	1,550	1,608	1,668	1,730	1,794	1,860	1,929
Depreciation & amortisation	1,353	1,398	1,461	1,539	1,598	1,640	1,684	1,738	1,793	1,837
Total expenses ($K)	**4,528**	**4,680**	**4,895**	**5,181**	**5,445**	**5,558**	**5,610**	**5,717**	**5,829**	**5,806**
Net surplus/(deficit) ($K)	**(1,393)**	**(1,399)**	**(1,338)**	**(989)**	**(499)**	**96**	**606**	**1,285**	**2,359**	**3,316**
Revaluation of infrastructure assets	0	1,208	1,347	1,366	1,366	1,318	1,341	1,304	1,345	1,290
Total comprehensive income ($K)	**(1,393)**	**(191)**	**9**	**376**	**867**	**1,414**	**1,948**	**2,589**	**3,703**	**4,606**
Cash surplus/(deficit) from operations (ex non-cash items)	**(40)**	**(1)**	**124**	**549**	**1,099**	**1,736**	**2,291**	**3,023**	**4,151**	**5,152**

Projected statement of comprehensive revenue and expense for wastewater

Projected statement of profit and loss - water services ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	1,229	1,303	1,430	1,510	1,582	1,813	2,279	2,683	2,882	3,318
Other revenue	583	532	499	327	334	341	349	356	363	370
Total revenue ($K)	**1,812**	**1,835**	**1,929**	**1,837**	**1,916**	**2,154**	**2,628**	**3,039**	**3,245**	**3,688**
Expenses										
Operating expenses	489	542	552	563	574	585	596	606	617	627
Finance costs	0	0	0	265	760	1,120	1,262	1,474	1,597	1,651
Overheads and support costs	634	658	682	707	733	760	788	817	846	877
Depreciation & amortisation	672	699	775	900	1,011	1,087	1,146	1,198	1,237	1,296
Total expenses ($K)	**1,795**	**1,899**	**2,009**	**2,435**	**3,078**	**3,552**	**3,791**	**4,094**	**4,297**	**4,451**
Net surplus/(deficit) ($K)	**17**	**(64)**	**(80)**	**(598)**	**(1,163)**	**(1,398)**	**(1,163)**	**(1,055)**	**(1,052)**	**(763)**
Revaluation of infrastructure assets	0	751	855	1,033	1,200	1,286	1,364	1,386	1,441	1,396
Total comprehensive income ($K)	**17**	**687**	**775**	**435**	**37**	**(112)**	**201**	**331**	**388**	**633**
Cash surplus/(deficit) from operations (ex non-cash items)	**690**	**636**	**695**	**302**	**(152)**	**(311)**	**(18)**	**143**	**185**	**533**

Projected statement of comprehensive revenue and expense for stormwater

Projected statement of profit and loss - water services ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	203	206	216	227	237	247	256	267	277	473
Other revenue	127	135	123	116	119	121	124	126	129	131
Total revenue ($K)	**330**	**342**	**339**	**343**	**355**	**368**	**380**	**393**	**406**	**604**
Expenses										
Operating expenses	83	85	86	87	89	90	92	93	94	96
Finance costs	0	0	0	9	16	35	102	172	184	253
Overheads and support costs	103	107	111	115	119	123	128	132	137	142
Depreciation & amortisation	104	107	111	115	120	125	129	133	141	148
Total expenses ($K)	**289**	**299**	**308**	**326**	**344**	**374**	**450**	**530**	**556**	**639**
Net surplus/(deficit) ($K)	**41**	**43**	**31**	**17**	**12**	**(6)**	**(70)**	**(137)**	**(150)**	**(35)**
Revaluation of infrastructure assets	0	278	318	321	318	318	352	369	378	389
Total comprehensive income ($K)	**41**	**321**	**350**	**338**	**330**	**312**	**282**	**231**	**228**	**354**
Cash surplus/(deficit) from operations (ex non-cash items)	**145**	**150**	**142**	**132**	**132**	**119**	**59**	**(4)**	**(9)**	**113**

Projected statement of cashflows

Projected statement of cashflows for combined water services

Projected statement of cashflows - water services ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	794	785	961	983	1,079	1,544	2,332	3,162	4,327	5,799
[Other items]										
Net cashflows from operating activities ($K)	**794**	**785**	**961**	**983**	**1,079**	**1,544**	**2,332**	**3,162**	**4,327**	**5,799**
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(2,502)	(3,275)	(13,118)	(12,635)	(7,912)	(6,403)	(7,233)	(5,230)	(3,680)	(7,414)
[Other items]										
Net cashflows from investing activities ($K)	**(2,502)**	**(3,275)**	**(13,118)**	**(12,635)**	**(7,912)**	**(6,403)**	**(7,233)**	**(5,230)**	**(3,680)**	**(7,414)**
Cashflows from financing activities										
New borrowings										
Repayment of borrowings										
Net cashflows from financing activities ($K)	**5,965**	**1,410**	**8,345**	**11,651**	**6,834**	**4,859**	**4,901**	**2,068**	**(647)**	**1,615**
Net increase/(decrease) in cash and cash equivalents ($K)	**4,257**	**(1,080)**	**(3,812)**	**0**	**0**	**0**	**0**	**0**	**(0)**	**0**
Cash and cash equivalents at beginning of year	635	4,892	3,812	0	0	0	0	0	0	(0)
Cash and cash equivalents at end of year ($K)	**4,892**	**3,812**	**0**	**0**	**0**	**0**	**0**	**0**	**(0)**	**(0)**

Projected statement of cashflows for drinking water

Projected statement of cashflows - water services ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	(40)	(1)	124	549	1,099	1,736	2,291	3,023	4,151	5,152
[Other items]	0	0	0	0	0	0	0	0	0	0
Net cashflows from operating activities ($K)	**(40)**	**(1)**	**124**	**549**	**1,099**	**1,736**	**2,291**	**3,023**	**4,151**	**5,152**
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(1,202)	(1,409)	(3,395)	(2,882)	(899)	(1,432)	(1,690)	(2,450)	(1,105)	(1,187)
[Other items]	0	0	0	0	0	0	0	0	0	0
Net cashflows from investing activities ($K)	**(1,202)**	**(1,409)**	**(3,395)**	**(2,882)**	**(899)**	**(1,432)**	**(1,690)**	**(2,450)**	**(1,105)**	**(1,187)**
Cashflows from financing activities										
New borrowings										
Repayment of borrowings										
Net cashflows from financing activities ($K)	**5,965**	**1,410**	**3,272**	**2,332**	**(200)**	**(304)**	**(601)**	**(573)**	**(3,046)**	**(3,966)**
Net increase/(decrease) in cash and cash equivalents ($K)	**4,723**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cash and cash equivalents at beginning of year	0	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723	4,723
Cash and cash equivalents at end of year ($K)	**4,723**	**4,723**	**4,723**	**4,723**	**4,723**	**4,723**	**4,723**	**4,723**	**4,723**	**4,723**

Projected statement of cashflows for wastewater

Projected statement of cashflows - water services ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	690	636	695	302	(152)	(311)	(18)	143	185	533
[Other items]										
Net cashflows from operating activities ($K)	**690**	**636**	**695**	**302**	**(152)**	**(311)**	**(18)**	**143**	**185**	**533**
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(1,100)	(1,430)	(9,220)	(9,485)	(6,521)	(3,519)	(4,118)	(2,548)	(1,234)	(5,986)
[Other items]										
Net cashflows from investing activities ($K)	**(1,100)**	**(1,430)**	**(9,220)**	**(9,485)**	**(6,521)**	**(3,519)**	**(4,118)**	**(2,548)**	**(1,234)**	**(5,986)**
Cashflows from financing activities										
New borrowings										
Repayment of borrowings										
Net cashflows from financing activities ($K)	**0**	**0**	**4,914**	**9,183**	**6,673**	**3,830**	**4,135**	**2,405**	**1,049**	**5,452**
Net increase/(decrease) in cash and cash equivalents ($K)	**(410)**	**(794)**	**(3,611)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cash and cash equivalents at beginning of year	0	(410)	(1,205)	(4,815)	(4,815)	(4,815)	(4,815)	(4,815)	(4,815)	(4,815)
Cash and cash equivalents at end of year ($K)	**(410)**	**(1,205)**	**(4,815)**	**(4,815)**	**(4,815)**	**(4,815)**	**(4,815)**	**(4,815)**	**(4,815)**	**(4,815)**

Projected statement of cashflows for stormwater

Projected statement of cashflows - water services ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	145	150	142	132	132	119	59	(4)	(9)	113
[Other items]										
Net cashflows from operating activities ($K)	**145**	**150**	**142**	**132**	**132**	**119**	**59**	**(4)**	**(9)**	**113**
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(200)	(436)	(502)	(268)	(492)	(1,452)	(1,426)	(233)	(1,341)	(242)
[Other items]										
Net cashflows from investing activities ($K)	**(200)**	**(436)**	**(502)**	**(268)**	**(492)**	**(1,452)**	**(1,426)**	**(233)**	**(1,341)**	**(242)**
Cashflows from financing activities										
New borrowings										
Repayment of borrowings										
Net cashflows from financing activities ($K)	**0**	**0**	**159**	**136**	**361**	**1,333**	**1,367**	**237**	**1,350**	**129**
Net increase/(decrease) in cash and cash equivalents ($K)	**(55)**	**(286)**	**(201)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cash and cash equivalents at beginning of year	0	(55)	(342)	(543)	(543)	(543)	(543)	(543)	(543)	(543)
Cash and cash equivalents at end of year ($K)	**(55)**	**(342)**	**(543)**	**(543)**	**(543)**	**(543)**	**(543)**	**(543)**	**(543)**	**(543)**

Mackenzie DISTRICT COUNCIL

Projected statement of financial position

Projected statement of financial position for combined water services

Projected statement of financial position ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	4,892	3,812	0	0	0	0	0	0	0	0
Other current assets										
Infrastructure assets	101,676	104,983	118,273	131,074	139,141	145,614	152,946	158,166	161,839	169,047
Other non-current assets										
Total assets ($K)	**106,568**	**108,795**	**118,273**	**131,074**	**139,141**	**145,614**	**152,946**	**158,166**	**161,839**	**169,047**
Liabilities										
Borrowings – current portion	15,351	16,761	25,105	36,757	43,590	48,449	53,350	55,418	54,772	56,387
Other current liabilities										
Borrowings – non-current portion										
Other non-current liabilities										
Total liabilities ($K)	**15,351**	**16,761**	**25,105**	**36,757**	**43,590**	**48,449**	**53,350**	**55,418**	**54,772**	**56,387**
Net assets ($K)	**91,217**	**92,034**	**93,168**	**94,318**	**95,551**	**97,165**	**99,596**	**102,747**	**107,067**	**112,659**
Equity										
Revaluation reserves	0	2,237	4,756	7,477	10,360	13,282	16,340	19,399	22,562	25,637
Other reserves	91,217	89,798	88,411	86,841	85,191	83,883	83,256	83,348	84,504	87,022
Total equity ($K)	**91,217**	**92,034**	**93,168**	**94,318**	**95,551**	**97,165**	**99,596**	**102,747**	**107,067**	**112,659**

Projected statement of financial position for drinking water

Projected statement of financial position ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	54,889	56,108	59,388	62,097	62,764	63,874	65,220	67,236	67,893	68,533
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Total assets ($K)	**54,889**	**56,108**	**59,388**	**62,097**	**62,764**	**63,874**	**65,220**	**67,236**	**67,893**	**68,533**
Liabilities										
Borrowings – current portion	15,351	16,761	20,033	22,365	22,165	21,861	21,260	20,687	17,641	13,675
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings – non-current portion	0	0	0	0	0	0	0	0	0	0
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities ($K)	**15,351**	**16,761**	**20,033**	**22,365**	**22,165**	**21,861**	**21,260**	**20,687**	**17,641**	**13,675**
Net assets ($K)	**39,538**	**39,347**	**39,355**	**39,732**	**40,599**	**42,013**	**43,960**	**46,549**	**50,253**	**54,858**
Equity										
Revaluation reserves	0	1,208	2,554	3,920	5,286	6,604	7,946	9,250	10,595	11,885
Other reserves	39,538	38,139	36,801	35,812	35,312	35,408	36,015	37,299	39,658	42,974
Total equity ($K)	**39,538**	**39,347**	**39,355**	**39,732**	**40,599**	**42,013**	**43,960**	**46,549**	**50,253**	**54,858**

Projected statement of financial position for wastewater

Projected statement of financial position ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	4,405	3,611	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	34,130	35,611	44,911	54,529	61,239	64,957	69,293	72,029	73,466	79,551
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Total assets ($K)	**38,534**	**39,222**	**44,911**	**54,529**	**61,239**	**64,957**	**69,293**	**72,029**	**73,466**	**79,551**
Liabilities										
Borrowings – current portion	0	0	4,914	14,097	20,770	24,600	28,735	31,140	32,189	37,642
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings – non-current portion	0	0	0	0	0	0	0	0	0	0
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities ($K)	**0**	**0**	**4,914**	**14,097**	**20,770**	**24,600**	**28,735**	**31,140**	**32,189**	**37,642**
Net assets ($K)	**38,534**	**39,222**	**39,997**	**40,432**	**40,469**	**40,357**	**40,558**	**40,888**	**41,277**	**41,910**
Equity										
Revaluation reserves	0	751	1,606	2,638	3,838	5,124	6,488	7,874	9,315	10,710
Other reserves	38,534	38,471	38,391	37,793	36,631	35,233	34,070	33,014	31,962	31,199
Total equity ($K)	**38,534**	**39,222**	**39,997**	**40,432**	**40,469**	**40,357**	**40,558**	**40,888**	**41,277**	**41,910**

Projected statement of financial position for stormwater

Projected statement of financial position ($K)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	487	201	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	12,657	13,265	13,974	14,448	15,139	16,784	18,433	18,901	20,480	20,962
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Total assets ($K)	**13,144**	**13,466**	**13,974**	**14,448**	**15,139**	**16,784**	**18,433**	**18,901**	**20,480**	**20,962**
Liabilities										
Borrowings – current portion	0	0	159	294	655	1,988	3,355	3,592	4,942	5,071
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings – non-current portion	0	0	0	0	0	0	0	0	0	0
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities ($K)	**0**	**0**	**159**	**294**	**655**	**1,988**	**3,355**	**3,592**	**4,942**	**5,071**
Net assets ($K)	**13,144**	**13,466**	**13,816**	**14,154**	**14,484**	**14,796**	**15,078**	**15,310**	**15,538**	**15,892**
Equity										
Revaluation reserves	0	278	597	918	1,236	1,554	1,906	2,275	2,653	3,042
Other reserves	13,144	13,187	13,219	13,236	13,248	13,242	13,172	13,034	12,885	12,849
Total equity ($K)	**13,144**	**13,466**	**13,816**	**14,154**	**14,484**	**14,796**	**15,078**	**15,310**	**15,538**	**15,892**

Part F: Water Services Delivery Plan additional information

Alternate price pathways

Alternate price pathways over 30-years

This WSDP is focused on the next 10-years and provides surety Council can achieve financial sustainability over this period. However, given the long life of water services assets and large programmed expenditure beyond 10-years, Council has taken a 30-year view to its financial forecasts and forward work planning.

The key conclusion from this work is that the earlier Council makes a step change in water services revenue, the lower the whole-of-life cost to ratepayers / customers. The chart below shows this in the extreme, presenting two scenarios:

- Scenario 1: water services charges undergo moderate and sustained increases over 12-years.
- Scenario 2: large increase in a single year.

Ultimately Scenario 2 asks *'what would we need to do now to ensure the lowest average cost per connection in 30-years' time?'*.

The effect of these two pathways over 30-years is significant, with the forecast average (real) cost per connection in 2053/54 (Year 3) being $4,060 for Scenario 1 and $2,440 for Scenario 2. Notably the cost in 2033/34 (Year 10) between the two scenarios is similar, and from 2034/35 (Year 11) Scenario 2 quickly has a lower average cost per connection compared to Scenario 1.

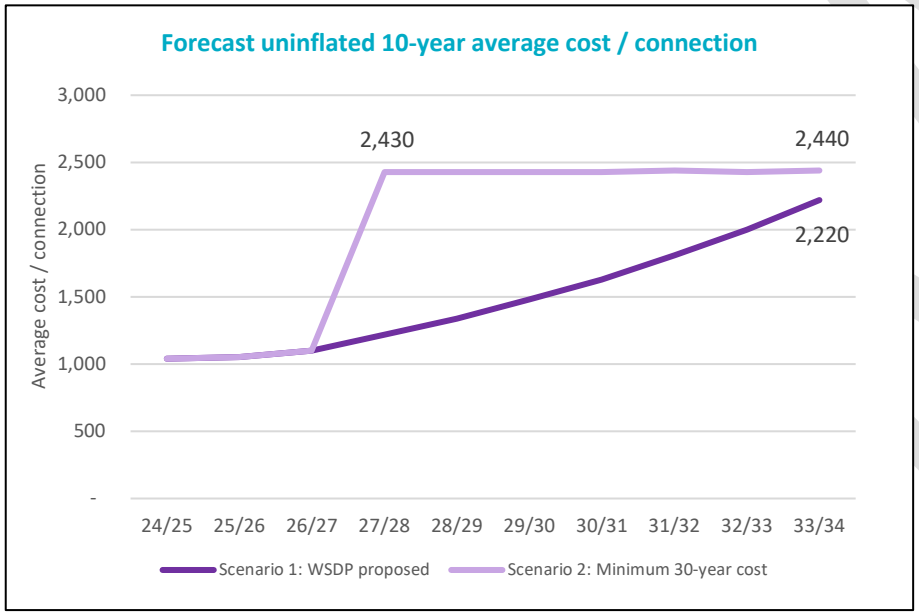


Figure 9: Modelled scenarios for 10-year cost per connection (real $FY25)

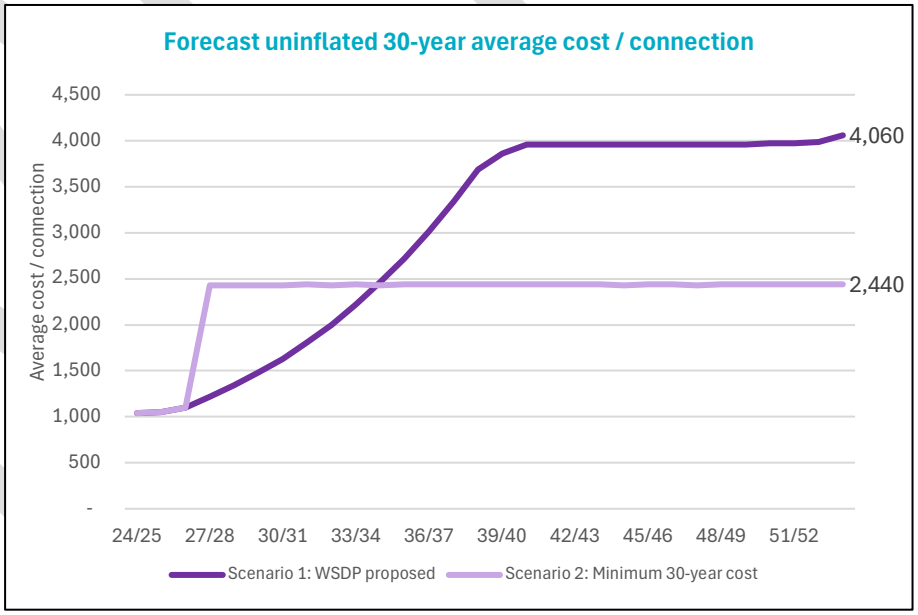


Figure 10: Modelled scenarios for real 30-year cost per connection

The cumulative cost per connection highlights the intergenerational aspect to any decisions made now about water services charges.

Scenario 1, a slower and more progressive increase, is forecast to have a cumulative cost per connection of $14,890 by 2033/34 (Year 10) compared to $20,220 for Scenario 2, a $5,330 difference per connection over 10-years.

In contrast, by 2053/54 (Year 30) this trend has significantly reversed, with Scenario 2 forecast to have a cumulative cost per connection of $68,990 compared to $89,560 for Scenario 1, a $20,570 difference per connection

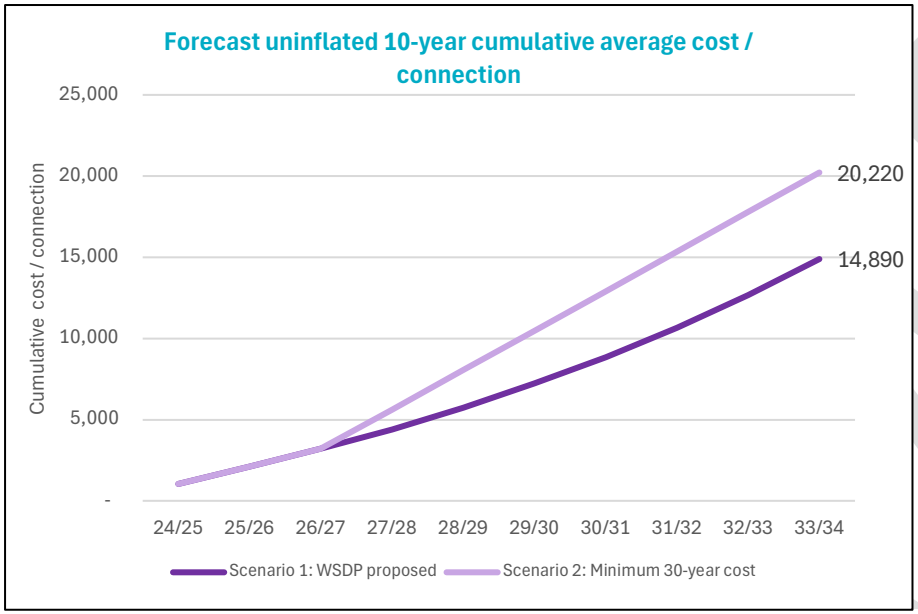


Figure 11: Modelled scenarios for 10-year cumulative average cost per connection (real $FY25)

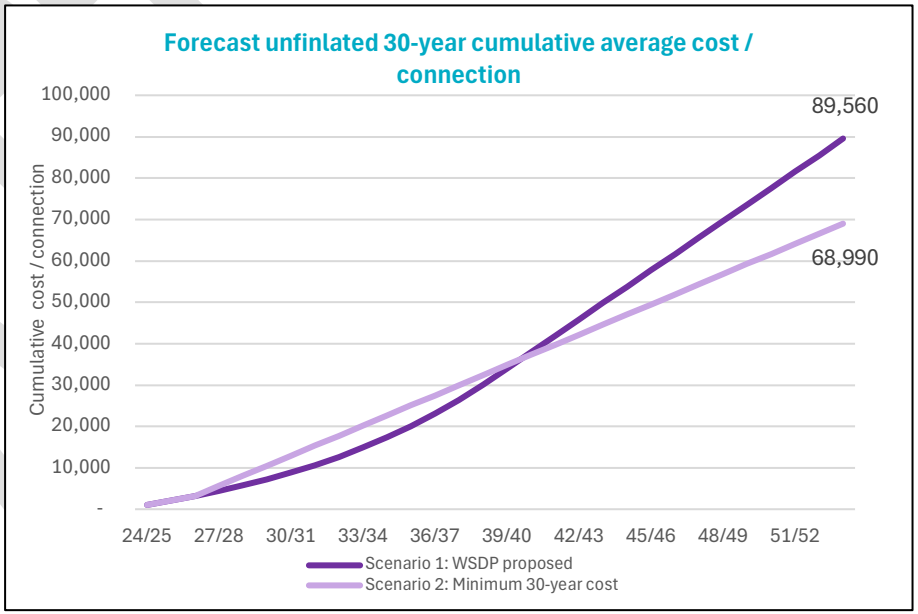


Figure 12: Modelled scenarios for 30-year cumulative average cost per connection (real $FY25)

There are additional financial benefits to an approach such as that shown by Scenario 2:

- Affordability (cost per connection as a percentage of household income) always remains within a more acceptable 2-2.5% range, whereas Scenario 1 gets substantially higher to a peak of 3.3% in early 2040s (assuming no new or alternate sources of revenue or funding).
- Total revenue is better matched to Council's 'average' programme, instead of to peak capital expenditure years (due to building and maintaining a more appropriate level of reserves), so Council has sufficient leverage for borrowing based on a smaller total revenue while remaining within the net-debt-to-revenue 175% limit.

The challenge for Council is how best to strike a balance between affordability for current and future ratepayers / customers. From a purely financial perspective a single large increase in 2027/28 has significant benefits for long-term cost and affordability, however the impact on households now will be substantial.

Council will continue to develop alternate price pathways and will consult on these as part of the 2027 Long-Term Plan. It is important that the community can see the effect of decisions made now on costs to future ratepayers, and how we can best balance current and future costs in an equitable way.

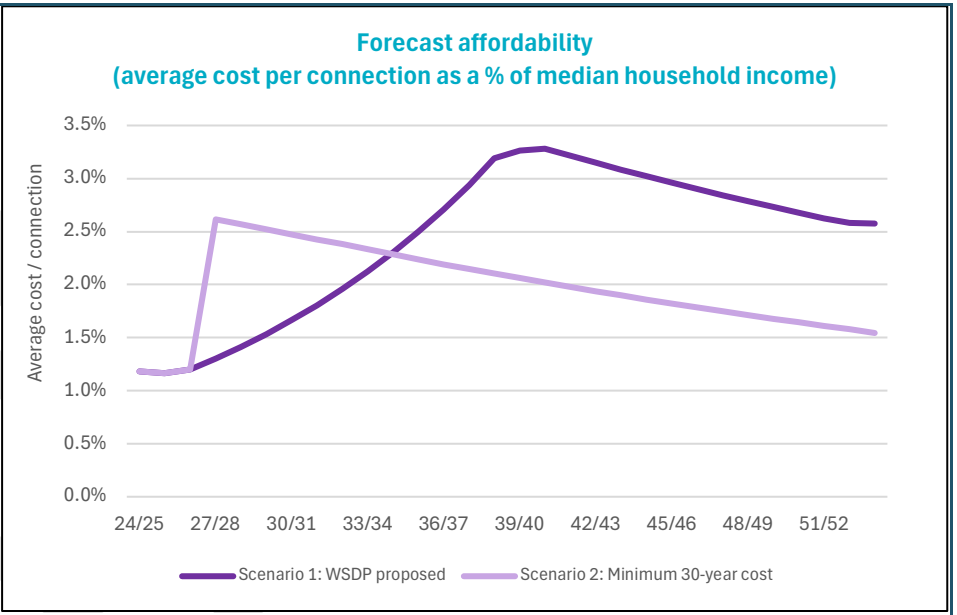


Figure 13: Forecast water services charges affordability

Mackenzie DISTRICT COUNCIL

Significant capital projects

Significant capital projects

Significant capital projects – drinking water

Significant capital projects – drinking water	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
1124 - Vested Assets	408,528	417,516	427,536	437,369	446,991	456,378	465,962	475,281	484,787	493,998
Albury Transfer – Lifestyle Properties to Downlands Scheme	0	0	183,142	0	0	0	0	0	0	0
Total investment to meet additional demand	408,528	417,516	610,678	437,369	446,991	456,378	465,962	475,281	484,787	493,998
Projects to improve levels of services										
1053 - Allandale/Spur Road water supply - Reticulation extension	0	102,200	1,569,792	2,141,196	0	0	0	0	0	0
2007 - URBW - New smart meters (Takapō / Lake Tekapo, Burkes Pass, Fairlie)	380,000	388,360	397,681	0	0	0	0	0	0	0
2017 - Reticulation - Second supply main to Takapō / Lake Tekapo town from reservoir (resilience project)	0	0	0	0	0	0	0	814,380	0	0
1126 - Backflow for Water Services Act compliance	50,000	51,100	52,326	53,530	54,708	55,856	57,029	58,170	59,333	60,461
2009 - URBW - Land acquisition for Treatment Plant	0	0	0	0	0	0	0	535,164	0	0
1128 - Water Safety Plans Upgrades	0	0	52,326	53,530	0	55,856	57,029	0	59,333	60,461
Allandale/Spur Road Water Metering	0	0	156,979	0	0	0	0	0	0	0
2020 - Treatment - improved treatment process (Twizel, Takapō / Lake Tekapo)	120,000	0	0	0	0	0	0	0	0	0
2024 - Treatment - Standby generator Takapō / Lake Tekapo (resilience project)	0	0	0	0	0	0	114,059	0	0	0
Total investment to meet improve levels of services	550,000	541,660	2,229,105	2,248,256	54,708	111,713	228,118	1,407,714	118,667	120,921
Projects to replace existing assets										
1033 - Reticulation - Water Pipes Renewal Programme	180,000	367,920	376,750	0	196,947	793,161	809,818	418,824	427,200	435,317
W061 - Downlands Reticulation Renewals smoothed	40,000	40,880	41,861	42,824	43,766	44,685	45,624	46,536	47,467	48,369
W065 - In ground reservoir lining and solid roof cover installation - Downlands	0	10,220	83,722	85,648	87,532	0	0	0	0	0
2023 - Treatment - Renewing data SCADA systems outside of treatment plants	0	0	0	0	0	0	114,059	58,170	0	60,461
W064 - Downlands Reservoir Pipework Renewals	8,000	0	41,861	42,824	43,766	0	0	0	0	0
W063 - Downlands Additional water supply delivery	0	0	0	12,847	13,130	13,406	13,687	13,961	14,240	14,511
W062 - Downlands Plant Renewals smoothed	0	20,440	6,279	6,424	6,565	6,703	6,844	23,268	7,120	7,255
1032 - Service Connections	15,000	10,220	5,233	5,353	5,471	5,586	5,703	5,817	5,933	6,046
1033 - Reticulation - Water Pipes Renewal Programme	180,000	367,920	376,750	0	196,947	793,161	809,818	418,824	427,200	435,317
W061 - Downlands Reticulation Renewals smoothed	40,000	40,880	41,861	42,824	43,766	44,685	45,624	46,536	47,467	48,369
Total investment to replace existing assets	243,000	449,680	555,706	195,919	397,177	863,540	995,733	566,576	501,961	571,959
Total investment in drinking water assets	1,201,528	1,408,856	3,395,489	2,881,545	898,876	1,431,631	1,689,813	2,449,571	1,105,414	1,186,878

Significant capital projects – wastewater

Significant capital projects – wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
1054 - Takapō / Lake Tekapo Treatment Plant Life Extension – Stage 1 Works to 2040	100,000	210,532	4,029,133	4,121,803	0	0	0	0	0	0
1119 - Vested Assets	500,000	511,000	523,264	535,299	547,076	558,564	570,294	581,700	593,334	604,607
Burkes Pass Pond Upgrade - Land acquisition, power & pond improvements	0	132,860	3,139,584	0	0	0	0	0	0	0
2000 - WW -Network Growth - North West Arch (southern) Pipe Upsizing	0	0	0	0	0	0	0	0	0	3,337,432
2000 - WW -Network Growth - Increase Storage Reservoir	0	0	0	0	0	0	0	1,337,910	0	1,390,597
2000 - WW -Network Growth - North West Arch Pipe Upsizing	0	0	0	0	0	0	2,395,235	0	0	0
2000 - WW -Network Growth - North West Arch (northern) Pipe Upsizing	0	0	0	0	0	2,323,627	0	0	0	0
2029 - Treatment - Septic Tanker Reception	200,000	0	0	0	0	0	0	0	0	0
2028 - Treatment - Real-time Monitoring Data Capture	80,000	105,266	0	0	0	0	0	0	0	0
2026 - Treatment - Fairlie Aerator	0	112,420	0	0	0	0	0	0	0	0
Total investment to meet additional demand	880,000	1,072,078	7,691,981	4,657,102	547,076	2,882,191	2,965,529	1,919,610	593,334	5,332,637
Projects to improve levels of services										
Fairlie Treatment Plant Upgrades	0	0	1,046,528	4,282,393	5,470,757	0	0	0	0	0
Takapō / Lake Tekapo Native Planting	0	20,440	20,931	21,412	21,883	22,343	0	0	0	0
Allendale to Fairlie Industrial area connection	0	0	0	0	0	55,856	0	0	0	0
Total investment to meet improve levels of services	0	20,440	1,067,459	4,303,805	5,492,640	78,199	0	0	0	0
Projects to replace existing assets										
2002 - WW -Sewer Reticulation	220,000	337,260	460,472	471,063	481,427	558,564	570,294	628,236	640,801	652,976
2058 - WW - Pipe Upgrade - New Pressure Main Lakeside Drive	0	0	0	0	0	0	581,700	0	0	0
Burkes Pass I&I Investigation	0	0	0	53,530	0	0	0	0	0	0
Total investment to replace existing assets	220,000	337,260	460,472	524,593	481,427	558,564	1,151,994	628,236	640,801	652,976
Total investment in wastewater assets	1,100,000	1,429,778	9,219,912	9,485,500	6,521,142	3,518,955	4,117,523	2,547,846	1,234,135	5,985,612

Significant capital projects – stormwater

Significant capital projects – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
1129 - Vested Assets	200,000	204,400	209,306	214,120	218,830	223,426	228,118	232,680	237,334	241,843
2005 - Lochinvar & Lakeside STW – Filter Media Replacement & Disposal Upgrade	0	0	0	0	0	0	0	0	1,103,601	0
Total investment to meet additional demand	200,000	204,400	209,306	214,120	218,830	223,426	228,118	232,680	1,340,935	241,843
Projects to improve levels of services										
Flood Alleviation Across Multiple Sites	0	0	0	0	218,830	0	0	0	0	0
2016 - Network Modelling (Takapō / Lake Tekapo, Twizel, Fairlie)	0	0	0	53,530	54,708	55,856	0	0	0	0
Total investment to meet improve levels of services	0	0	0	53,530	273,538	55,856	0	0	0	0
Projects to replace existing assets										
2013 - Pipe Renewals (Takapō / Lake Tekapo)	0	0	0	0	0	1,172,985	1,197,618	0	0	0
2012 - Upsizing - Sloane St, Regent St, Fire station	0	231,994	293,028	0	0	0	0	0	0	0
Total investment to replace existing assets	0	231,994	293,028	0	0	1,172,985	1,197,618	0	0	0
Total investment in stormwater assets	200,000	436,394	502,333	267,650	492,368	1,452,267	1,425,735	232,680	1,340,935	241,843

Risks and assumptions

Disclosure of risks and material assumptions for water services delivery

This section identifies key issues, risks and material assumptions for water services delivery that have been included in the Plan. It is not a comprehensive risk assessment of the water services activity; this is included in the relevant Asset / Activity Management Plan.

Key Issues / Risks

Drinking water supply	Wastewater	Stormwater
• Access to adequate in-house staff resource, including treatment plant operators. • Delay in completion of capital projects to align with forecast growth and to ensure continued compliance. • Compliance with new drinking water regulatory framework, including upgrades required to ensure drinking water safety. • Contamination of source water and resilience of single-source water supply schemes. • Water losses in the network require a higher level of treatment capacity and/or increased opex and capex expenditure to identify leaks and repair / replace pipes. • Insufficient capacity at peak summer period when visitor and residential irrigation demand is highest. • Insufficient backflow prevention for commercial properties (work is in progress).	• Access to adequate in-house staff resource, including treatment plant operators. • Delay in completion of capital projects to align with forecast growth and to ensure continued compliance. • Pipe renewals of ageing or defective pipes will continue across the urban centres based on condition rating and performance of the network. • Future regulation / standards exceed expectations and require more substantial upgrades than forecast in the Plan. • Inflow and infiltration increases requiring a higher level of treatment capacity and/or increased opex and capex expenditure to identify inflows and repair / replace pipes.	• Increased environmental standards arising from Canterbury Land and Water Plan requiring Council to obtain resource consents for discharges from stormwater systems, as opposed to historic permitted activity approach. • Impact of non-Council assets on Council stormwater networks.

Significant Assumptions

Drinking water supply	Wastewater	Stormwater
• Growth, including tourism, occurs at the projected rate, and in the locations identified by the Mackenzie District Plan and Spatial Plan. • Introduction of smart meters and move to volumetric charging drives behaviour change and reduces total demand, reducing the need for costly treatment plant upgrades. • Existing water sources continue to provide sufficient quality and quantity of water. • Water sources continue to be consented, and additional water sources (if required) can be consented or existing consents transferred (no new water sources are forecast in this Plan). • There are no significant changes to drinking water standards or compliance monitoring and reporting requirements. • Borrowing costs will align with financial forecasts.	• Work at all wastewater treatment plants will occur in the first 10-years of this Plan to improve treatment processes, account for growth, and ensure continued compliance. • Council does not have significant unplanned borrowings for other non-water services activities, or emergency events, that limit the ability to borrow for major programme of wastewater treatment plant upgrades over the next 30-years. • Growth, including tourism, occurs at the projected rate, and in the locations identified by the Mackenzie District Plan and Spatial Plan. • Resource consents required for continued operation of the district's wastewater treatment plants and discharge of treated wastewater can be secured. • Extension may be achieved for some wastewater consent renewals, based on proactive investment in Years 1-10, to smooth the profile of capital expenditure required over the next 30-years. • The current process for discharging treated wastewater to land continues to be acceptable.	• Land will be available for stormwater retention / detention / treatment where centralised facilities are required. • Discharge quality for stormwater to meet future consents can be managed operationally. • Developers provide and implement appropriately designed and effective treatment and disposal systems for new subdivisions.

Mackenzie
DISTRICT COUNCIL