

KAIKŌURA HURUNUI WATER SERVICES LIMITED

WATER SERVICES ANNUAL BUDGET

2026/2027

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INTRODUCTION

A reminder of what we're doing and why?

Under Local Water Done Well, central government introduced new legislation every Council must follow. This includes meeting all environmental standards and new financial standards, to ensure sufficient investment is being made into Three Waters services (water supply, wastewater and stormwater) now and into the future.

Central government encouraged councils to work together to set up separate ringfenced water utility entities, to ensure water services could be fully separated out from other general council activities. Initially Hurunui District Council began discussions with Kaikōura and Waimakairi District Councils to consider how to work together.

In April 2025 and after consultation, Hurunui District Council arrived at an option to set up a Water Services Council Controlled Organisation (WSCCO) with Kaikōura District Council. This approach was approved by both Kaikōura and Hurunui District Councils in May 2025.

In August 2025 the two Councils submitted a joint Water Services Delivery Plan (WSDP) to central government outlining how the chosen option was going to work both operationally and financially. All Councils across New Zealand were required to submit a WSDP to central government for approval by September 2025.

The Kaikōura/Hurunui WSDP was formally approved in September 2025. Since then, a comprehensive implementation plan has been underway to have our joint WSCCO up and running by 1 July 2026.

Where are we currently?

In March 2026, after a national recruitment process, Hurunui and Kaikōura District Councils formally appointed the first of three independent Directors to the board of the new WSCCO.



Initial KHWS Independent Directors - (Left to Right) Karl Smith, Ross Pickworth and Lee Babe.

A further two independent Directors were appointed at the start of June 2026 - Murray Strong, by Hurunui District Council and Diane Brandish, by Kaikōura District Council



Appointed KHWS Independent Directors - (Left to Right) Murray Strong and Diane Brandish.

The WSCCO has been registered as a new company, and appropriate supporting information and systems are being implemented to ensure the company can operate efficiently from day one.

In May 2026, the Board of Directors appointed Benjamin Day as CEO to run the new company. All employees currently 100% dedicated to water services at both Hurunui and Kaikōura District Councils will transfer into the new company from 1 July to continue delivering Three Waters services to both districts. They will no longer be employed by Council.



KHWS CEO - Benjamin Day

Innovative Waste Kaikōura (IWK) will continue to provide three waters operational and maintenance services to the Kaikōura community as a contractor until at least June 2027. Their contract for services will be managed by the new company.

Both Hurunui and Kaikōura District Council have prepared separate annual plans for the financial year 2026/27, which has specifically allowed for the setting and collection of rates for water services. These annual plans are to be adopted by the respective councils on or before 30 June 2026.

This Water Services Annual Budget for Kaikōura Hurunui Water Services Limited has been prepared along side the annual plans for the shareholding councils. The rates collected for water services by the councils, along with any development contributions received will simply be passed onto Kaikōura Hurunui Water Services Limited to provide for the operational and capital requirements for the provision of water services for the 2026/27 financial year.

What are the next steps post 1 July 2026 for the new company?

From 1 July 2026 the new company will have full responsibility for ongoing delivery and management of Three Waters services across Hurunui and Kaikōura Districts.

A transition plan has been developed that will ensure to the fullest extent the impact on consumers is minimised. This includes each Council providing ongoing support to the new company for initial continuity.

One of the key pieces of work the new company will need to do within its first 12 months is to develop a water services strategy. This is similar to a council Long Term Plan, in that it outlines what Three Waters services will be delivered, how and when they will be delivered over the next ten years and what the costs are for doing it. This will include ways of how to incorporate efficiencies into delivery. Unlike a Long Term Plan, this strategy will be approved by the company Board rather than by each Council.

FORECAST FINANCIAL STATEMENTS:

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Forecast Statement of Comprehensive Revenue and Expense

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
Revenue			
Tariffs/Rates	0	18,187,731	0
Other Revenue	0	366,104	19,102,500
Development Contributions	0	957,468	962,686
Vested Asset Revenue	0	1,806,953	1,806,953
	0	21,318,256	21,872,139
Less Expenses			
Employee Benefits	123,333	3,356,552	3,570,576
Direct Expenses	280,000	9,841,395	11,304,401
Finance Costs	0	3,509,302	3,359,778
Depreciation	0	8,126,239	8,589,746
	403,333	24,833,488	26,824,500
Net Surplus/(Deficit) before tax	(403,333)	(3,515,232)	(4,952,361)
Tax expense	0	0	0
Net Surplus/(Deficit) after tax	(403,333)	(3,515,232)	(4,952,361)
Add Other Comprehensive Revenue			
Gains/(Losses) on Asset Revaluation	0	15,804,328	0
Other Comprehensive Revenue	0	15,804,328	0
Total Comprehensive Revenue and Expense	(403,333)	12,289,096	(4,952,361)
Summary of Capital Expenditure			
Drinking Water	0	6,884,275	6,891,721
Waste Water	0	2,504,911	3,686,758
Stormwater	0	2,710,500	2,688,920
Corporate	0	121,025	121,025
	0	12,220,711	13,388,424

Forecast Statement of Financial Position

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
Public Equity			
Accumulated General Reserves	0	269,066,146	303,740,495
Internal Funds/(Debt)	(403,333)	(86,427,351)	(88,643,252)
Asset Revaluation Reserves	0	15,804,328	0
Total Public Equity	(403,333)	198,443,122	215,097,243
Current Assets			
Cash & Cash Equivalents	96,667	202,649	356,748
Accounts Receivable	0	0	0
Inventories	0	0	0
Other current assets	0	0	0
	96,667	202,649	356,748
Non-Current Assets			
Operational Assets	0	(110,764)	409,050
Infrastructural Assets	0	285,351,238	303,331,445
Other Financial Assets	0	0	0
	0	285,240,474	303,740,495
Total Assets	96,667	285,443,123	304,097,243
Current Liabilities			
Accounts Payable	0	0	0
Other Current Liabilities	0	0	0
	0	0	0
Non Current Liabilities			
Term Debt	500,000	87,000,000	89,000,000
Other Non Current Liabilities	0	0	0
	500,000	87,000,000	89,000,000
Total Liabilities	500,000	87,000,000	89,000,000
Net Assets	(403,333)	198,443,123	215,097,243

Forecast Statement of Movements in Equity

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
Equity at the start of the year	0	(370,000)	(403,333)
Add Net Surplus/(Deficit) after tax	(403,333)	(3,515,232)	(4,952,361)
Shareholders Capital Introduced - Hurunui	0	111,712,027	146,337,173
Shareholders Capital Introduced - Kaikoura	0	74,812,000	74,115,764
Add increase in Asset Revaluation	0	15,804,328	0
Equity at the end of the year	<u>(403,333)</u>	<u>198,443,123</u>	<u>215,097,243</u>

Forecast Statement of Cash Flows

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
Cash Flows from Operating Activities			
<i>Cash provided from:</i>			
Tariffs	0	18,187,731	18,145,323
Other Income	0	1,323,572	1,919,863
External Interest Received	0	0	0
	0	19,511,303	20,065,186
<i>Cash paid to:</i>			
Cost of Services	403,333	13,197,947	14,874,977
Interest Paid	0	3,509,302	3,359,778
	403,333	16,707,249	18,234,754
Net Cash Flow from Operating Activities	(403,333)	2,804,054	1,830,432
Cash Flows from Investing Activities			
<i>Cash provided from:</i>			
Sale of Fixed Assets	0	0	0
Sale of Investments	0	0	0
Capital Introduced	0	186,524,027	220,452,937
	0	186,524,027	220,452,937
<i>Cash paid to:</i>			
Purchase of Fixed Assets	0	10,413,758	11,581,471
Introduction of Assets	0	265,341,674	298,941,817
Purchase of Investments	0	0	0
	0	275,755,432	310,523,288
Net Cash Flows from Investing Activities	0	(89,231,405)	(90,070,351)
Cash Flows from Financing Activities			
<i>Cash provided from:</i>			
Loans Raised	500,000	86,500,000	88,500,000
	500,000	86,500,000	88,500,000
<i>Cash paid to:</i>			
Loan Repayments	0	0	0
	0	0	0
Net Cash Flows from Financing Activities	500,000	86,500,000	88,500,000
Net Increase/(Decrease) in Cash Held	96,667	72,649	260,081
Opening Cash Balance	0	130,000	96,667
Closing Cash Balance	96,667	202,649	356,748

Forecast Statement of Cash Flows Reconciliation

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
Net Surplus/(Deficit) after tax	(403,333)	(3,515,232)	(4,952,361)
<i>Non Cash Items:</i>			
Vested Assets	0	(1,806,953)	(1,806,953)
Depreciation	0	8,126,239	8,589,746
	0	6,319,286	6,782,793
	(403,333)	2,804,054	1,830,432
<i>Movements in Working Capital:</i>			
(Increase)/Decrease in Accounts Receivable	0	0	0
(Increase)/Decrease in Inventories	0	0	0
(Increase)/Decrease in Other current assets	0	0	0
Increase/(Decrease) in Accounts Payable	0	0	0
Increase/(Decrease) in Other Current Liabilities	0	0	0
	0	0	0
Net Cash Flow from Operating	(403,333)	2,804,054	1,830,432

Forecast Summary of Capital Expenditure

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
Drinking Water			
Hurunui Water	0	6,263,402	6,321,906
Balmoral Water	0	0	0
Kaikoura Urban Water	0	340,911	413,875
Ocean Ridge Water	0	0	0
Oaro Water	0	7,286	7,286
Peketa Water	0	3,155	2,998
Kincaid Water	0	32,023	86,000
Fernleigh Water	0	62,798	59,656
East Coast Rural Water	0	153,473	0
East Coast Village Water	0	21,227	0
Hurunui Water Development Levies	0	0	0
Kaikoura Water Development Levies	0	0	0
	0	6,884,275	6,891,721
Waste Water			
Hurunui Waste Water	0	2,177,322	3,244,758
Kaikoura Waste Water	0	327,589	442,000
Kaikoura Stock Effluent	0	0	0
Hurunui Waste Water Development Levies	0	0	0
Kaikoura Waste Water Development Levies	0	0	0
	0	2,504,911	3,686,758
Stormwater and Drainage			
Hurunui Stormwater	0	2,678,920	2,678,920
Kaikoura Stormwater	0	31,580	10,000
Hurunui Stormwater Development Levies	0	0	0
Kaikoura Stormwater Development Levies	0	0	0
	0	2,710,500	2,688,920
Governance & Corporate Services			
Corporate Services	0	0	0
Treasury	0	0	0
Plant	0	121,025	121,025
	0	121,025	121,025
Total Capital Expenditure			
Drinking Water	0	6,884,275	6,891,721
Waste Water	0	2,504,911	3,686,758
Stormwater	0	2,710,500	2,688,920
Corporate	0	121,025	121,025
	0	12,220,711	13,388,424

Forecast Summary of Depreciation and Amortisation Expenses

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
Drinking Water	0	5,287,519	5,531,369
Waste Water	0	2,154,478	2,373,170
Stormwater	0	452,453	453,418
Corporate	0	231,789	231,789
	0	8,126,239	8,589,746

ACTIVITY SUMMARIES

Drinking Water

Waste Water

Stormwater

Corporate Services

Drinking Water

Overview

The Water Supply group of activities includes the various functions of rural and township water supplies.

Our Aim

We aim to provide a sustainable supply of water that meets the needs of present and future domestic and agricultural consumers and complies with Drinking Water Standards New Zealand.

Variances from the Water Service Delivery Plan (August 2025)

Operating revenue

- Overall, operating revenue has increased from the WSDP by \$73,476 due to an increase in water rates generated from Kaikōura District Council.
- It should be noted that as both Kaikōura and Hurunui District Councils have formally set rates for three waters as part of their respective Annual Plans, the funds that are passed onto KHWS will be treated as Other Income for the 2026/27 year.

Operating expenditure

- *Employment Costs* - \$191,383 lower than allowed for in the WSDP. This is due to a re-assessment of the time allocation of the three waters staff carried out since the completion of the respective Council's Long-term Plans.
- *Direct Operating Expenditure* - \$706,680 higher than allowed for in the WSDP. The key variance has been in the cost of electricity and insurance, both of which have significantly increased since the completion of the respective Council's Long-term Plans.
- *Overheads Expenditure* - \$118,794 higher than allowed for in the WSDP. This represents to movements in the underlying corporate costs associated with the respective Councils that has been assigned to support KHWS.
- *Depreciation* - \$243,850 higher than allowed for in the WSDP. This represents an anticipated increase in the underlying values of the drinking water assets as a result of the revaluation undertaken before the assets are transferred from the Councils to KHWS.

Capital expenditure

- Overall, Capital Expenditure for drinking water has increased from that allowed for in the WSDP by \$7,446.

Capital projects

The key capital projects identified for Drinking Water for the 2026/2027 year are:

Hurunui Drinking Water

Vested Assets	388,332
New Connections (Rural)	157,577
Pipe Upgrades (District Wide)	675,318
Flow Meter Renewals (District Wide)	210,478
Surface Pump Replacements (District Wide)	186,273
Pump Shed Replacements (District Wide)	214,239
Reticulation Renewals (District Wide)	287,675
Reservoir and Tank Renewals (District Wide)	153,579
Cheviot Main Pipe Upgrade	1,085,672
Blythe Booster Rising Main Upgrade	420,000
Investigation/Review of Filtration at Hanmer Springs Plant	999,770
New Reservoir at Intake Pump Station for Upper Waitohi Supply	800,000

Kaikōura Urban Water

Improved Levels of Services Capital Works	153,875
Renewals Capital Works	190,000

Drinking Water - Activity Summary

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
<u>Operating Statement</u>			
<i>Operating Revenue</i>			
Tariffs/Rates	0	12,966,206	0
Other Income	0	191,023	13,246,339
Internal Interest Received	0	25,096	6,735
Development Contributions	0	609,930	612,656
Vested Assets	0	388,332	388,332
<i>Total Operating Revenue</i>	<i>0</i>	<i>14,180,586</i>	<i>14,254,062</i>
<i>Operating Expenditure</i>			
Employee Benefits	0	2,205,004	2,013,621
Direct Operating Expenditure	0	4,897,176	5,603,856
Internal Interest Paid	0	2,596,178	2,628,625
Overheads Expenditure	0	2,544,883	2,663,677
Depreciation	0	5,287,519	5,531,369
<i>Total Operating Expenditure</i>	<i>0</i>	<i>17,530,760</i>	<i>18,441,148</i>
<i>Operating Surplus (Deficit)</i>	<i>0</i>	<i>(3,350,174)</i>	<i>(4,187,086)</i>
<u>Capital Statement</u>			
<i>Capital Expenditure</i>			
Hurunui Water	0	6,263,402	6,321,906
Balmoral Water	0	0	0
Kaikoura Urban Water	0	340,911	413,875
Ocean Ridge Water	0	0	0
Oaro Water	0	7,286	7,286
Peketa Water	0	3,155	2,998
Kincaid Water	0	32,023	86,000
Fernleigh Water	0	62,798	59,656
East Coast Rural Water	0	153,473	0
East Coast Village Water	0	21,227	0
<i>Total Capital Expenditure</i>	<i>0</i>	<i>6,884,275</i>	<i>6,891,721</i>

Performance measures

Below are the performance measures set by each Council for Drinking Water as part of the respective 2024/2034 Long-term Plans. As KHWS has yet to adopt a Water Services Strategy, the performance measures allowed for the 2026/2027 year by each Council form the performance measures for the Company for that year.

Safety – supply safe drinking water

Performance Measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Meet bacterial compliance with Water Services (Drinking Water Standards for New Zealand) Regulations 2022 and DWQAR (Drinking Water Quality Assurance Rules 2022). Less than 1 e-coli per 100ml of drinking water tested.	Bacteria compliance	100% compliance	100% compliance

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Meet protozoa compliance with Water Services (Drinking Water Standards for New Zealand) Regulations 2022 and DWQAR (Drinking Water Quality Assurance Rules 2022). Accredited treatment system in place to meet log-credited rating of water sources providing drinking water.	Protozoa compliance	100% of supplies compliant (8 supplies)	100% of supplies compliant (18 supplies)

Maintenance – maintain water systems so water is not wasted or lost

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
The percentage of real water loss from the local authority's networked reticulation system. Real water loss is losses through leaks, meter inaccuracies or water theft, but excludes 'unauthorised consumption'.	Water loss from metered town supplies (on demand water)	No more than 30%	No more than 20%

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
The percentage of real water loss from the local authority's networked reticulation system. Real water loss is losses through leaks, meter inaccuracies or water theft, but excludes 'unauthorised consumption'.	Water loss from rural supplies (restricted water)	No more than 30%*	No more than 20%

* Where such measurement is realistically achievable. On some rural supplies the lack of user water meters and 'trickle feed' supply arrangements prevent this.

Response time – to respond quickly to water supply call outs

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	Urgent fault responsiveness	To respond within 2 hours	To respond within 3 hours

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	Urgent fault resolution	To fix within 12 hours	To fix within 4 hours

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	Non-urgent fault responsiveness	To respond within 2 days (48 hours)	To respond within 4 days (96 hours)

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	Non-urgent fault resolution	To fix within 7 days (168 hours)	To fix within 10 days (240 hours)

Customer satisfaction – reduce the number of water related complaints

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
The total number of complaints received by the local authority about drinking water clarity.	Drinking water clarity	Included as part of total complaints below	No more than 10 complaints per annum

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
The total number of complaints received by the local authority about drinking water taste.	Drinking water taste	Included as part of total complaints below	No more than 20 complaints per annum

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
The total number of complaints received by the local authority about drinking water odour.	Drinking water odour	Included as part of total complaints below	No more than 9 complaints per annum

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
The total number of complaints received by the local authority about drinking water pressure or flow.	Drinking water pressure or flow	Included as part of total complaints below	No more than 340 complaints per annum

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
The total number of complaints received by the local authority about continuity of supply.	Continuity of drinking water supply	Included as part of total complaints below	No more than 180 complaints per annum

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
The total number of complaints received by the local authority about the local authority's response to any of the issues expressed per 1,000 connections to the local authority's networked reticulation system.	Issues in drinking water (re customer complaints above) expressed per 1000 connections to the network	No more than 13 customer complaints per 1,000 connections.	No more than 40 customer complaints per 1,000 connections.

Demand management – have enough water to supply our customers

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Understanding the customer's daily consumption of drinking water across all on-demand drinking water schemes provided by the service provider.	The average consumption of drinking water per day per resident within the territorial authority district.	To supply up to 400 litres per person per day	To supply up to 285 litres per person per day

Waste Water

Overview

The Waste Water group of activities includes the various functions of the eight sewerage schemes between the two districts.

Our Aim

We aim to provide proficient, compliant, cost-effective sewage disposal schemes relevant to the needs of the community.

Variances from the Water Service Delivery Plan (August 2025)

Operating revenue

- Overall, operating revenue has increased from the WSDP by \$89,811 due to an increase in sewer rates generated from Kaikōura District Council.
- It should be noted that as both Kaikōura and Hurunui District Councils have formally set rates for three waters as part of their respective Annual Plans, the funds that are passed onto KHWS will be treated as Other Income for the 2026/27 year.

Operating expenditure

- *Employment Costs* - \$126,042 higher than allowed for in the WSDP. This is due to a re-assessment of the time allocation of the three waters staff carried out since the completion of the respective Council's Long-term Plans.
- *Direct Operating Expenditure* - \$143,119 higher than allowed for in the WSDP. The key variance has been in the cost of insurance, which have significantly increased since the completion of the respective Council's Long-term Plans.
- *Internal Interest Paid* - \$134,030 lower than allowed for in the WSDP. The level of internal debt relating to Waste Water to be transferred by Hurunui District Council is lower than was anticipated when the WSDP was submitted, which has been due to some capital projects being deferred to a later period.
- *Overheads Expenditure* - \$196,548 higher than allowed for in the WSDP. This represents to movements in the underlying corporate costs associated with the respective Councils that has been assigned to support KHWS.
- *Depreciation* - \$218,692 higher than allowed for in the WSDP. This represents an anticipated increase in the underlying values of the drinking water assets as a result of the revaluation undertaken before the assets are transferred from the Councils to KHWS.

Capital expenditure

- Overall, Capital Expenditure for waste water has increased from that allowed for in the WSDP by \$1,181,847. The variance is primarily due to the budget for the Sequencing Biological Reactor project for Amberley Waste Water of \$1,000,000 being deferred from the 2025/26 to 2026/27.

Capital projects

The key capital projects identified for Waste Water for the 2026/2027 year are:

Hurunui Waste Water

Vested Assets	726,149
Pipe Renewals (District Wide)	885,401
Completion of Sequencing Biological Reactor (SBR) for Amberley	1,000,000
Desludging at Greta Valley	315,717

Kaikōura Waste Water

Improved Levels of Services Capital Works	322,000
Renewals Capital Works	120,000

Waste Water - Activity Summary

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
<u>Operating Statement</u>			
<i>Operating Revenue</i>			
Tariffs/Rates	0	3,908,537	0
Other Income	0	109,833	4,105,689
Development Contributions	0	345,652	348,144
Vested Assets	0	726,149	726,149
<i>Total Operating Revenue</i>	<i>0</i>	<i>5,090,172</i>	<i>5,179,982</i>
<i>Operating Expenditure</i>			
Employee Benefits	0	194,328	320,370
Direct Operating Expenditure	0	1,638,864	1,781,984
Internal Interest Paid	0	639,022	504,991
Overheads Expenditure	0	847,978	1,044,526
Depreciation	0	2,154,478	2,373,170
<i>Total Operating Expenditure</i>	<i>0</i>	<i>5,474,670</i>	<i>6,025,041</i>
<i>Operating Surplus (Deficit)</i>	<i>0</i>	<i>(384,498)</i>	<i>(845,059)</i>
<u>Capital Statement</u>			
<i>Capital Expenditure</i>			
Hurunui Waste Water	0	2,177,322	3,244,758
Kaikoura Waste Water	0	327,589	442,000
Kaikoura Stock Effluent	0	0	0
<i>Total Capital Expenditure</i>	<i>0</i>	<i>2,504,911</i>	<i>3,686,758</i>

Performance measures

Below are the performance measures set by each Council for Waste Water as part of the respective 2024/2034 Long-term Plans. As KHWS has yet to adopt a Water Services Strategy, the performance measures allowed for the 2026/2027 year by each Council form the performance measures for the Company for that year.

System and adequacy – sewerage systems to operate as they should

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Measuring the number of sewage overflows to the environment resulting from system inadequacy under 'normal' operating circumstances.	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	No dry weather sewerage overflows per 1,000 connections	No more than 2 dry weather sewerage overflows per 1,000 connections

Discharge compliance – comply with all sewerage discharge consents issued by Environment Canterbury (ECan)

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of abatement notices received by the territorial authority in relation those resource consents.	The number of abatement notices	No abatement notices	No abatement notices

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of infringement notices received by the territorial authority in relation those resource consents.	The number of infringement notices	No infringement notices	No infringement notices

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of enforcement orders received by the territorial authority in relation those resource consents.	The number of enforcement notices	No enforcement notices	No enforcement notices

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of convictions received by the territorial authority in relation those resource consents.	The number of convictions	No convictions	No convictions

Response time – to quickly respond to and resolve sewerage systems faults

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site.	Call-out attendance time period	To respond within 1 hour	To respond within 2 hours

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	Call-out resolution time period	To fix within 24 hours	To fix within 8 hours

Customer satisfaction – reduce the number of sewerage related complaints

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
The total number of complaints received by the territorial authority about sewage odour	The number of complaints about sewerage odour	Included as part of total complaints below	No more than 3 complaints per annum

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
The total number of complaints received by the territorial authority about sewerage system faults.	The number complaints about sewerage system faults	Included as part of total complaints below	No more than 3 complaints per annum

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
The total number of complaints received by the territorial authority about sewerage system blockages	The number of complaints about sewerage system blockages	Included as part of total complaints below	No more than 18 complaints received per annum

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
The total number of poor response complaints received by the territorial authority about sewerage.	The number poor response complaints about sewerage	Included as part of total complaints below	No poor response complaints received.

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
The total number of complaints received by the territorial authority about the territorial authority's response to issues with its sewerage system, expressed per 1,000 connections to the territorial authority's sewerage system.	The total number of complaints pertaining to the above issues per 1,000 connections	No more than 20 complaints per 1,000 connections received.	No more than 7 complaints per 1,000 connections received.

Stormwater

Overview

The Stormwater activity includes the various functions of land drainage schemes between the two districts.

Our Aim

We aim to prevent or minimise the adverse effects of surface flooding and stormwater discharge and improve the quality of discharges into natural waterways.

Variances from the Water Service Delivery Plan (August 2025)

Operating revenue

- Overall, operating revenue has increased from the WSDP by \$24,313 due to a slight increase in stormwater rates generated from Kaikōura District Council.
- It should be noted that as both Kaikōura and Hurunui District Councils have formally set rates for three waters as part of their respective Annual Plans, the funds that are passed onto KHWS will be treated as Other Income for the 2026/27 year.

Operating expenditure

- *Employment Costs* - \$97,766 higher than allowed for in the WSDP. This is due to a re-assessment of the time allocation of the three waters staff carried out since the completion of the respective Council's Long-term Plans.
- *Internal Interest Paid* - \$113,488 lower than allowed for in the WSDP. The level of internal debt relating to Stormwater to be transferred by Hurunui District Council is lower than was anticipated when the WSDP was submitted, which has been due to the offsetting the cost of purchase of land not being transferred to KHWS.

Capital expenditure

- Overall, Capital Expenditure for drinking water has decreased from that allowed for in the WSDP by \$21,580.

Capital projects

The key capital projects identified for Stormwater for the 2026/2027 year are:

Hurunui Stormwater

Vested Assets	692,472
Pipe Renewals (District Wide)	373,350
Eastern Drain Naturalisation and Enhancement (Amberley)	236,297
Investigation & scoping for Osborne Courage Rd/Foster Place collector drain flood risk/erosion issues (Amberley)	137,863
Penfold Square (Leithfield Beach)	105,239
Increase Culvert Sizes or Remove Culverts in Leithfield Township	105,239
Drainage improvement work in Scarborough Terrace (Hanmer Springs)	231,610

Argelins/Jacks Pass project (Hanmer Springs)	105,239
Kaikōura Stormwater	
Improved Levels of Services Capital Works	5,000
Renewals Capital Works	5,000

Stormwater - Activity Summary

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
<u>Operating Statement</u>			
<i>Operating Revenue</i>			
Tariffs/Rates	0	1,312,987	0
Other Income	0	2,105	1,340,251
Internal Interest Received	0	846	0
Development Contributions	0	1,886	1,886
Vested Asset Income	0	692,472	692,472
<i>Total Operating Revenue</i>	<i>0</i>	<i>2,010,296</i>	<i>2,034,609</i>
<i>Operating Expenditure</i>			
Employee Benefits	0	420,502	518,268
Direct Operating Expenditure	0	388,656	384,911
Internal Interest Paid	0	286,508	173,019
Overheads Expenditure	0	190,311	202,608
Depreciation	0	452,453	453,418
<i>Total Operating Expenditure</i>	<i>0</i>	<i>1,738,429</i>	<i>1,732,224</i>
<i>Operating Surplus (Deficit)</i>	<i>0</i>	<i>271,867</i>	<i>302,385</i>
<u>Capital Statement</u>			
<i>Capital Expenditure</i>			
Hurunui Stormwater	0	2,678,920	2,678,920
Kaikoura Stormwater	0	31,580	10,000
<i>Total Capital Expenditure</i>	<i>0</i>	<i>2,710,500</i>	<i>2,688,920</i>

Performance measures

Below are the performance measures set by each Council for Stormwater as part of the respective 2024/2034 Long-term Plans. As KHWS has yet to adopt a Water Services Strategy, the performance measures allowed for the 2026/2027 year by each Council form the performance measures for the Company for that year.

System and adequacy - have good stormwater drainage systems to prevent people's homes from flooding

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Measure the number of flooding events that occurs through a financial year, with a flooding event being an overflow from a service provider maintained stormwater system that enters a habitable floor.	The number of flooding events that occur in a territorial authority district.	No flooding events	No flooding events

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Measure the number of habitable floors that are affected through each flood event, per 1000 properties paying targeted rates for the maintenance of this stormwater system.	For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)	No more than 3 habitable floors flooded	No habitable floors flooded

Discharge compliance - comply with resource consents for discharge from the Council's stormwater systems

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of abatement notices received by the territorial authority in relation those resource consents.	The number of abatement notices	No abatement notices	No abatement notices

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of infringement notices received by the territorial authority in relation those resource consents.	The number of infringement notices	No infringement notices	No infringement notices

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of enforcement orders received by the territorial authority in relation those resource consents.	The number of enforcement notices	No enforcement notices	No enforcement notices

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of convictions received by the territorial authority in relation those resource consents.	The number of convictions	No convictions	No convictions

Response time - to respond quickly to flooded homes

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Measured median response time period taken by service provider official to attend to a floor-flood event complaint from a customer.	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	To respond in less than 1 hour	To respond in less than 2 hours

Customer satisfaction - have stormwater drainage systems which work well

Performance measure Description	Performance target issue	Kaikōura Target	Hurunui Target
Measured as the total number of complaints received for poor performance of all service provider maintained stormwater systems (over the financial year), per 1,000 properties paying targeted rates for maintenance of all service provider maintained stormwater systems across the district.	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system.	No more than 3 complaints per 1,000 connections per annum	No more than 7 complaints per 1,000 connections per annum

Corporate Services

Overview

This activity involves the corporate services and the treasury function of the organisation.

Our Aim

The corporate structure provides systems and processes for establishing and maintaining effective decision making for the overall benefit of the activities of the organisation.

Variances from the Water Service Delivery Plan (August 2025)

Operating revenue

- *Other Income* - \$347,077 higher than allowed for in the WSDP. This represents to components of Corporate Services team providing services back to the Councils – the predominant amount is from the Programme Management Office (PMO) that will continue to provide project management services for Hurunui District Council.
- *Internal Interest Paid* - \$215,072 lower than allowed for in the WSDP. This is partially due to the level of internal debt transferred by each Council being lower than anticipated in the WSDP. In addition, the underlying interest costs has been assumed at a lower rate than was allowed for in the WSDP.
- *Overheads Income* - \$327,639 higher than allowed for in the WSDP. This represents to movements in the underlying corporate costs associated with the respective Councils that has been assigned to support KHWS.

Operating expenditure

- *Employment Costs* - \$181,598 higher than allowed for in the WSDP. This represents the additional wage cost for components of Corporate Services that will be recovered from Councils for services provided.
- *Direct Operating Expenditure* - \$616,952 higher than allowed for in the WSDP. This represents to movements in the underlying corporate costs associated with the respective Councils that has been assigned to support KHWS. In addition, the operating costs reflect the non-wage costs associated with the Water Teams that wasn't provided for as part of the WSDP.
- *External Interest Paid* - \$149,525 lower than allowed for in the WSDP. The underlying interest costs has been assumed at a lower rate than was allowed for in the WSDP

Capital expenditure

- Overall, Capital Expenditure for Corporate Services of \$121,025 matches the amount allowed for in the WSDP. This expenditure relates to the replacement of vehicles for the Utilities Team and the Water Safety Team.

Performance Measures

There are no performance measures relating to this activity.

Corporate - Activity Summary

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
<u>Operating Statement</u>			
<i>Operating Revenue</i>			
Tariffs	0	0	0
Other Income	0	63,143	410,221
Internal Interest Received	0	3,521,708	3,306,636
Development Contributions	0	0	0
Overheads Income	(0)	3,583,171	3,910,811
<i>Total Operating Revenue</i>	<i>(0)</i>	<i>7,168,023</i>	<i>7,627,667</i>
<i>Operating Expenditure</i>			
Employee Benefits	123,333	536,719	718,317
Direct Operating Expenditure	280,000	2,916,699	3,533,651
External Interest Paid	0	3,509,302	3,359,778
Internal Interest Paid	0	25,942	6,735
Overheads Expenditure	0	0	0
Depreciation	0	231,789	231,789
<i>Total Operating Expenditure</i>	<i>403,333</i>	<i>7,220,450</i>	<i>7,850,269</i>
<i>Operating Surplus (Deficit)</i>	<i>(403,333)</i>	<i>(52,428)</i>	<i>(222,602)</i>
<u>Capital Statement</u>			
<i>Capital Expenditure</i>			
Governance	0	0	0
Treasury	0	0	0
Corporate Services	0	121,025	121,025
<i>Total Capital Expenditure</i>	<i>0</i>	<i>121,025</i>	<i>121,025</i>

FINANCIAL OVERVIEW

Funding impact statement - Organisation

Funding impact statement – Drinking Water

Funding impact statement - Waste Water

Funding impact statement - Stormwater

Funding impact statement - Corporate Services

Movements in Internal Funds/Debt

Local Government Funding Agency Covenant Compliance

Funding impact statement for 2026/2027 (whole of organisation)

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
<i>Sources of operating funding</i>			
Tariffs	0	18,187,731	0
Fees and charges	0	366,104	19,102,500
Interest and dividends from investments	0	0	0
Total operating funding (A)	0	18,553,835	19,102,500
<i>Applications of operating funding</i>			
Payments to staff and suppliers	403,333	13,197,947	14,874,977
Finance costs	0	3,509,302	3,359,778
Total applications of operating funding (B)	403,333	16,707,249	18,234,754
Surplus (deficit) of operating funding (A - B)	(403,333)	1,846,586	867,746
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	957,468	962,686
Vested assets income	0	1,806,953	1,806,953
Increase (decrease) in debt	500,000	86,500,000	88,500,000
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	500,000	89,264,421	91,269,639
<i>Applications of capital funding</i>			
Capital expenditure			
- to meet additional demand	0	2,415,480	2,113,250
- to improve the level of service	0	3,761,763	5,040,933
- to replace existing assets	0	6,043,468	6,234,241
Increase (decrease) in reserves	96,667	78,890,296	78,748,961
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	96,667	91,111,007	92,137,385
Surplus (deficit) of capital funding (C - D)	403,333	(1,846,586)	(867,746)
Funding balance ((A - B) + (C - D))	0	0	0
Reconciliation between Financial Summary and Funding Impact Statement (further information to the prescribed statement)			
Total Comprehensive Income	(403,333)	12,289,096	(4,952,361)
Add depreciation	0	8,126,239	8,589,746
Less gains on asset revaluation	0	(15,804,328)	0
Less development and financial contributions	0	(957,468)	(962,686)
Less vested assets income	0	(1,806,953)	(1,806,953)
Less subsidies and grants for capital expenditure	0	0	0
Surplus (deficit) of operating funding	(403,333)	1,846,586	867,746

Funding impact statement for 2026/2027 for Drinking Water

	Forecast 2025/2026	WSDP Budget 2026/2027	Annual Budget 2026/2027
<i>Sources of operating funding</i>			
Tariffs	0	12,966,206	0
Fees and charges	0	191,023	13,246,339
Internal charges and overheads recovered	0	0	0
Total operating funding (A)	0	13,157,228	13,246,339
<i>Applications of operating funding</i>			
Payments to staff and suppliers	0	7,102,180	7,617,477
Finance costs	0	2,571,082	2,621,890
Internal charges and overhead applied	0	2,544,883	2,663,677
Total applications of operating funding (B)	0	12,218,145	12,903,043
Surplus (deficit) of operating funding (A - B)	0	939,083	343,295
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	609,930	612,656
Vested assets income	0	388,332	388,332
Increase (decrease) in debt	0	4,946,930	5,547,438
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	5,945,192	6,548,426
<i>Applications of capital funding</i>			
Capital expenditure			
- to meet additional demand	0	996,859	694,629
- to improve the level of service	0	1,935,246	1,853,733
- to replace existing assets	0	3,952,170	4,343,360
Increase (decrease) in reserves	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	0	6,884,275	6,891,721
Surplus (deficit) of capital funding (C - D)	0	(939,083)	(343,295)
Funding balance ((A - B) + (C - D))	0	0	0
<i>Reconciliation between Financial Summary and Funding Impact Statement (further information to the prescribed statement)</i>			
<i>Operating Surplus/(Deficit) as per Financial Summary for</i>			
<i>Drinking Water</i>	0	(3,350,174)	(4,187,086)
Add depreciation	0	5,287,519	5,531,369
Less development and financial contributions	0	(609,930)	(612,656)
Less vested asset income	0	(388,332)	(388,332)
Less subsidies and grants for capital expenditure	0	0	0
Surplus (deficit) of operating funding	0	939,083	343,295

Funding impact statement for period 2026/2027 for Waste Water

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
<i>Sources of operating funding</i>			
Tariffs	0	3,908,537	0
Fees and charges	0	109,833	4,105,689
Internal charges and overheads recovered	0	0	0
Total operating funding (A)	0	4,018,371	4,105,689
<i>Applications of operating funding</i>			
Payments to staff and suppliers	0	1,833,192	2,102,354
Finance costs	0	639,022	504,991
Internal charges and overhead applied	0	847,978	1,044,526
Other operating funding applications	0	0	0
Total applications of operating funding (B)	0	3,320,191	3,651,871
Surplus (deficit) of operating funding (A - B)	0	698,179	453,819
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	345,652	348,144
Vested assets income	0	726,149	726,149
Increase (decrease) in debt	0	734,930	2,158,646
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	1,806,731	3,232,939
<i>Applications of capital funding</i>			
Capital expenditure			
- to meet additional demand	0	726,149	726,149
- to improve the level of service	0	187,102	1,569,102
- to replace existing assets	0	1,591,660	1,391,506
Increase (decrease) in reserves	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	0	2,504,911	3,686,758
Surplus (deficit) of capital funding (C - D)	0	(698,179)	(453,819)
Funding balance ((A - B) + (C - D))	0	0	0
<i>Reconciliation between Financial Summary and Funding Impact Statement (further information to the prescribed statement)</i>			
<i>Operating Surplus/(Deficit) as per Financial Summary for Waste Water</i>	<i>0</i>	<i>(384,498)</i>	<i>(845,059)</i>
Add depreciation	0	2,154,478	2,373,170
Less development and financial contributions	0	(345,652)	(348,144)
Less vested assets income	0	(726,149)	(726,149)
Surplus (deficit) of operating funding	0	698,179	453,819

Funding impact statement for period 2026/2027 for Stormwater

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
<i>Sources of operating funding</i>			
Tariffs	0	1,312,987	0
Fees and charges	0	2,105	1,340,251
Internal charges and overheads recovered	0	0	0
Total operating funding (A)	0	1,315,092	1,340,251
<i>Applications of operating funding</i>			
Payments to staff and suppliers	0	809,157	903,178
Finance costs	0	285,662	173,019
Internal charges and overhead applied	0	190,311	202,608
Other operating funding applications	0	0	0
Total applications of operating funding (B)	0	1,285,131	1,278,806
Surplus (deficit) of operating funding (A - B)	0	29,962	61,445
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	1,886	1,886
Vested assets income	0	692,472	692,472
Increase (decrease) in debt	0	1,986,180	1,933,117
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	2,680,538	2,627,475
<i>Applications of capital funding</i>			
Capital expenditure			
- to meet additional demand	0	692,472	692,472
- to improve the level of service	0	1,639,415	1,618,098
- to replace existing assets	0	378,613	378,350
Increase (decrease) in reserves	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	0	2,710,500	2,688,920
Surplus (deficit) of capital funding (C - D)	0	(29,962)	(61,445)
Funding balance ((A - B) + (C - D))	0	0	0

Reconciliation between Financial Summary and Funding Impact Statement (further information to the prescribed statement)

<i>Operating Surplus/(Deficit) as per Financial Summary for</i>			
<i>Stormwater</i>	<i>0</i>	<i>271,867</i>	<i>302,385</i>
Add depreciation	0	452,453	453,418
Less development and financial contributions	0	(1,886)	(1,886)
Less vested assets income	0	(692,472)	(692,472)
Surplus (deficit) of operating funding	0	29,962	61,445

Funding impact statement for 2026/2027 for Corporate

	<u>Forecast</u> <u>2025/2026</u>	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
<i>Sources of operating funding</i>			
Tariffs	0	0	0
Fees and charges	0	63,143	410,221
Internal charges and overheads recovered	(0)	3,583,171	3,910,811
Total operating funding (A)	(0)	3,646,315	4,321,031
<i>Applications of operating funding</i>			
Payments to staff and suppliers	403,333	3,453,417	4,251,968
Finance costs	0	13,536	59,877
Internal charges and overhead applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operating funding (B)	403,333	3,466,954	4,311,845
Surplus (deficit) of operating funding (A - B)	(403,333)	179,361	9,187
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Vested assets income	0	0	0
Increase (decrease) in debt	500,000	78,831,959	78,860,799
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	500,000	78,831,959	78,860,799
<i>Applications of capital funding</i>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	121,025	121,025
Increase (decrease) in reserves	96,667	78,890,295	78,748,961
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	96,667	79,011,320	78,869,986
Surplus (deficit) of capital funding (C - D)	403,333	(179,361)	(9,187)
Funding balance ((A - B) + (C - D))	0	0	0
Reconciliation between Financial Summary and Funding Impact Statement (further information to the prescribed statement)			
<i>Operating Surplus/(Deficit) as per Financial Summary for</i>			
<i>Corporate</i>	(403,333)	(52,428)	(222,602)
Add depreciation	0	231,789	231,789
Less development and financial contributions	0	0	0
Less vested asset income	0	0	0
Less subsidies and grants for capital expenditure	0	0	0
Surplus (deficit) of operating funding	(403,333)	179,361	9,187

FORECAST INTERNAL FUNDS/DEBT

	Forecast Balance 1 July 2026	Operating Revenue 2026-2027	Transfers from Other Reserves 2026-2027	Operating Expenditure 2026-2027	Other Capital Revenue 2026-2027	Capital Expenditure 2026-2027	Forecast Balance 30 June 2027
Drinking Water Accounts							
Hurunui Drinking Water	(62,586,315)	11,469,016	4,409,537	15,427,307	602,656	6,321,906	(67,854,320)
Balmoral Drinking Water	240,547	116,781	0	51,683	0	0	305,646
Kaikoura Urban Drinking Water Cohort	0	1,634,975	799,379	2,270,351	7,002	424,159	(253,154)
Kincaid Drinking Water	0	136,038	60,833	207,662	2,998	86,000	(93,793)
Fernleigh Drinking Water	0	202,652	89,644	234,641	0	59,656	(2,001)
East Coast Rural Drinking Water	0	81,944	171,976	249,504	0	0	4,417
Hurunui Drinking Water Development Levies	0	602,656	0	0	(602,656)	0	0
Kaikoura Drinking Water Development Levies	0	10,000	0	0	(10,000)	0	0
	(62,345,768)	14,254,062	5,531,369	18,441,148	0	6,891,721	(67,893,206)

	Forecast Balance 1 July 2026	Operating Revenue 2026-2027	Transfers from Other Reserves 2026-2027	Operating Expenditure 2026-2027	Other Capital Revenue 2026-2027	Capital Expenditure 2026-2027	Forecast Balance 30 June 2027
Waste Water Accounts							
Hurunui Waste Water	(11,925,366)	3,230,907	1,320,621	3,678,641	333,144	3,244,758	(13,964,092)
Kaikoura Waste Water	(98,236)	1,546,584	1,052,549	2,292,053	15,000	442,000	(218,156)
Kaikoura Stock Effluent	0	54,347	0	54,347	0	0	(0)
Hurunui Waste Water Development Levies	0	333,144	0	0	(333,144)	0	0
Kaikoura Waste Water Development Levies	0	15,000	0	0	(15,000)	0	0
	(12,023,602)	5,179,982	2,373,170	6,025,041	0	3,686,758	(14,182,248)

FORECAST INTERNAL FUNDS/DEBT (CONT'D)

	Forecast Balance 1 July 2026	Operating Revenue 2026-2027	Transfers from Other Reserves 2026-2027	Operating Expenditure 2026-2027	Other Capital Revenue 2026-2027	Capital Expenditure 2026-2027	Forecast Balance 30 June 2027
Stormwater Accounts							
Hurunui Stormwater	(4,119,510)	1,876,374	312,918	1,437,156	0	2,678,920	(6,046,294)
Kaikoura Stormwater	0	156,349	140,500	295,068	1,886	10,000	(6,333)
Hurunui Stormwater Development Levies	0	0	0	0	0	0	0
Kaikoura Stormwater Development Levies	0	1,886	0	0	(1,886)	0	0
	(4,119,510)	2,034,609	453,418	1,732,224	0	2,688,920	(6,052,627)

	Forecast Balance 1 July 2026	Operating Revenue 2026-2027	Transfers from Other Reserves 2026-2027	Operating Expenditure 2026-2027	Other Capital Revenue 2026-2027	Capital Expenditure 2026-2027	Forecast Balance 30 June 2027
Corporate Accounts							
Corporate Services	0	3,481,126	0	3,481,126	0	0	(0)
Treasury Function	(403,333)	3,369,779	0	3,453,513	0	0	(487,067)
Plant Account	0	429,685	231,789	568,554	0	121,025	(28,105)
	(403,333)	7,280,590	231,789	7,503,192	0	121,025	(515,171)
TOTAL INTERNAL DEBT	(78,892,213)	28,749,244	8,589,746	33,701,605	0	13,388,424	(88,643,252)

Local Government Funding Agency Covenant Compliance

10,000 to 20,000 connections

	<u>WSDP Budget</u> <u>2026/2027</u>	<u>Annual Budget</u> <u>2026/2027</u>
Funds from Operations (FFO)		
Operating Surplus	(3,515,232)	(4,952,361)
Less Development Contributions	(957,468)	(962,686)
Less Vested Assets Income	(1,806,953)	(1,806,953)
Plus Depreciation	8,126,239	8,589,746
Plus 50% of Development Contributions to be recognised	478,734	481,343
Funds from Operations (FFO)	2,325,320	1,349,089
 Cash Interest	 3,509,302	 3,359,778
FFO (adjusted) to Cash Interest Coverage	1.66	1.40
(minimum of 1.75 times after phase in period)		
 Gross Debt	 87,000,000	 89,000,000
FFO to Gross Debt Ratio	2.67%	1.52%
(minimum 10% after phase in period)		

REVENUE DISCLOSURES

As Kaikōura Hurunui Water Services Limited are not due to adopt a Water Services Strategy until before 30 June 2027, for the 2026/2027 financial year the shareholding Councils are responsible for to setting and collection of Rates, Fees and Charges relating to water services.

Rates:

Water Services Rates set by **Kaikōura District Council** for the 2026/2027 year:

	Rates 2026/2027	Rates 2025/2026
All rates are shown including GST	\$	\$
Water Rates		
Kaikōura Water Annual Charge	679.71	605.98
Kaikōura Water Annual Charge (Half)	339.86	302.99
Ocean Ridge Water Annual Charge	679.71	605.98
Ocean Ridge Water Annual Charge (Half)	339.86	302.99
East Coast Rural Water Charge	778.81	688.08
East Coast Village Water Charge	679.71	605.98
Kincaid Water Charge	235.72	211.77
Fernleigh Water Charge	759.71	737.66
Oaro Water Charge	679.71	605.98
Peketā Water Charge	679.71	605.98
Suburban Water Charge	679.71	605.98
Water Meter Charge (per m3)	2.10	2.10
Water Meter Maintenance Charge ¹	60.00	60.00
Sewer Rates		
Sewerage Full Charge	759.50	707.04
Sewerage Half Charge	379.75	353.52
Sewerage Additional Pan Charge ²		
Sewerage Charge - Commercial	375.00	350.00
Sewerage Charge - Self Contained and Serviced	200.00	200.00
Stormwater Rates		
Stormwater Rate (per \$ of Capital Value)	0.00012663	0.00009464

¹Invoiced twice a year \$30.00

²For each subsequent Pan where there is more than one Pan

Water Services Rates set by **Hurunui District Council** for the 2026/2027 year:

	Rates 2026/2027 \$	Rates 2025/2026 \$
All rates are shown including GST		
District Wide Water Urban Rates (On Demand Supplies)		
Targeted rate per connected separately used or inhabited part of a rating unit	416.80	391.25
Targeted rate per serviceable separately used or inhabited part of a rating unit	208.40	195.63
Fixed Charge per m3 supplied (based on previous year's usage)	1.4438	1.3553
District Wide Water Rural Rates (Restricted Supplies)		
Fixed Charge per Rural unit provided (1,800 litres per day) – Hanmer Springs, Medbury Line, Waipara, Waiau, Cheviot and Hurunui	1,333.74	1,251.99
Fixed Charge per Rural unit provided (1,000 litres per day) – Amuri Plains	740.97	695.55
Fixed Charge per Rural unit provided (1,000 litres per day) – Balmoral	169.63	164.68
Fixed Charge for each unit reserved but not provided – Balmoral	39.13	38.00
District Wide Sewer		
Targeted rate per connected separately used or inhabited part of a rating unit	610.90	555.81
Targeted rate for second Water Closet or Urinal in a connected separately used or inhabited part of a rating unit.	305.45	277.91
Fixed Amount per addition Water Closets or Urinals in excess of two in a connected separately used or inhabited part of a rating unit.	152.72	138.95
Fixed Amount per serviceable but not connected separately used or inhabited part of a rating unit.	305.45	277.91
Combined District Stormwater		
Targeted rate per separately used or inhabited part of a rating unit in Urban Areas	222.98	204.06
Targeted rate per separately used or inhabited part of a rating unit in Rural Areas	35.36	32.37

Fees and Charges:

Fees and Charges for Water Services set by **Kaikōura District Council** for the 2026/2027 year:

Water services fees (Kaikōura)

Fee/charge	Price (including GST)	
Water unit charges	Fernleigh	\$1,213.00
Applies to purchase of new units of water. These charges are in addition to service approval fees and development contributions (if any).	Kincaid	\$1,213.00
	Peketa	\$1,213.00
	Suburban	\$1,450.25
	East Coast	\$1,213.00
Services Approval Fees		
Apply to each of water, wastewater and stormwater services	\$285.00	Per service
Change in restrictor size		
Applies to either an increase or a reduction in the size of restrictor	All supplies	\$132.00
Physical works		
All costs associated with connection, shifting location, or other physical work related to water supply such as pipes, toby, restrictor, backflow preventer, meter, and any other components	Actual costs of plant, labour and materials.	
Meter reading fee (extra)		
Applies to any meter reading required to be taken outside the usual meter reading schedule (such as a final meter reading)	All supplies	\$79.00

Engineering fees (Kaikōura)

Fee/charge	Price (including GST)
Service Approval Fees	\$284.00
For each of water, sewerage and stormwater services	per service
Effluent Disposal Fees	
Applies to septic tank and/or portaloo emptying to the sewerage ponds	\$125.00 per cubic metre of waste

Development Contributions (Kaikōura)

The Council's Development Contributions Policy provides further detail about development contributions, and how these are assessed. Please refer to Councils Development Contributions Policy for details on the Housing Equivalent Unit, and how this policy applies. The Policy can be found on our website www.kaikoura.govt.nz or at the Council office.

Purchase of water units, connection fees and other costs associated with the development will also apply.

Fee/charge	Per Housing Equivalent Unit	Per Bed (Accommodation)
Sewer	\$2,987.91	\$663.98
Stormwater	\$450.58	\$100.13
Water – Kaikōura Urban and Suburban supply	\$998.44	\$221.88
Water – Peketa supply	\$1,228.45	\$272.99
Water – Oaro supply	\$1,228.45	\$272.99
Water East Coast supply	\$1,265.36 per water unit	
Water - Kincaid supply	\$2,000.00 per water unit	

Fees and Charges for Water Services set by **Hurunui District Council** for the 2026/2027 year:

Water Supply (Hurunui)

Water service connection fees are charged under the Hurunui District Council Three Waters Bylaw.

	2026-27 Charges
Restricted Water Supply	
New connection - no point of supply infrastructure installed (1,2,9,12)	\$2,227.00
Addition or reduction of water to an existing scheme tank (1,2)	\$653.00
Transfer of units between two existing tanks	\$843.00 + actual material costs
Shifting location of existing restrictor to new position on property (2,3)	\$2,301.00
On-Demand Water Supply	
New connection - no point of supply infrastructure installed (1,9,12)	\$2,094.00 + actual excavation and reinstatement costs
New connection – meter installation only (1)	\$816.00
50mm or larger new connection (1,2,6,9,12)	\$1,021.00 + actual installation, material, and reinstatement costs
Termination fee per disconnection	\$517.00
Meter reading on request	\$84.00
One cubic meter of water obtained from a certified tanker filling station	\$6.08 per cubic metre
Water Modelling Fees	

Standard Modelling fee - standard application (to be completed with each application) ⁽²⁾	\$432.00
Hydraulic Modelling (non-standard) – e.g., bulk assessment ⁽¹¹⁾	Minimum of \$432.00 + \$239.00 per additional hour
Engineering Subdivision Works – pre-application	\$142.00 per hour
Miscellaneous Water Charges	
Emergency additional supply ⁽⁴⁾	\$421.00
Swimming pool fill – working hours, Monday-Thursday only ⁽⁴⁾	\$482.00
Resetting restrictor after tampering – second time	\$2,032.00 + possible prosecution and restriction of water supply
Detected illegal water takes	\$2,032.00 + actual costs and possible prosecution
Water Officer callout rate where the issue was not in HDC network ⁽⁵⁾	\$155.00 per hour
Water Engineer - all other processing, auditing, inspections, and analysis conducted by Engineer not included in standard water applications or queries	\$150.00 per hour
Costs for unauthorised connection and/or breach of the 3 Waters Bylaw	\$2,137.00

Footnotes

1. A development contribution is applicable for all schemes (refer to the Development Contributions schedule).
2. All water applications will incur a non-refundable modelling fee
3. In addition to the fee, the actual cost of plant, labour and materials will be payable.
4. Supply between 1 November and 1 March is subject to availability. Based on a maximum increase in the supply of 10,000 litres.
5. Only charged for callouts occasioned by property owner's actions or equipment
6. Material only. In addition to the charge the actual cost of travel will be payable.
7. Costs will be individually assessed as the backflow prevention risks vary.
8. Fee for water usage will be as per Tanker Fills (\$55.00 per 10,000l or any part thereof).
9. For new connections to take water from an existing Council water supply, Council requires the consumer to pay for the cost to connect from the point of water supply.
10. Charge for calibration test based on request from property owner. Refund of charge if calibration test proves faulty meter. Charge stands if meter is accurate
11. Additional hourly assistance would include for dispute resolution on modelling if unfounded and additional modelling scenarios if presented.
12. Additional costs will apply to network extensions, if required.

Waste Water (Hurunui)

Waste water fees are charged under the Hurunui District Council Three Waters Bylaw.

	2026-27 Charges
Waste Water	
Connection application – administration charge ^(1,2)	\$300.00 + actual costs
Leithfield Road sewer extension charge (properties previously on private pumped line)	\$4,031.00
Leithfield Road sewer extension charge (properties which haven't previously paid a capital contribution)	\$5,116.00
Osborne Road sewer extension	\$1,621.00
Douglas Road sewer extension	\$1,410.00
Water Officer callout rate - issue not in HDC network	\$155.00 per hour
Water Modelling Fees	
Hydraulic Modelling (non-standard) – e.g., bulk assessment ⁽³⁾	Minimum of \$432.00 + \$239.00 per additional hour
Engineering Subdivision Works – pre-application	\$142.00 per hour
Combined Water/Wastewater modelling fee	Minimum of \$716.00 + \$227.00 per additional hour
Costs for unauthorised connection/discharge and or breach of the 3 Waters Bylaw	\$2,137.00

Footnotes

1. In addition, a development contribution is applicable for some schemes (refer to the Development Contributions schedule).
2. For new connections to connect to the wastewater system, Council requires the consumer will be required to pay for the cost to connect from the point of the wastewater system
3. Additional hourly assistance would include for dispute resolution on modelling if unfounded and additional modelling scenarios if presented.
4. Connections to a wastewater supply during the year will be charged on a pro-rata basis for the number of months remaining in the financial year. Sewer rates will be charged in the usual rates demand from the following year onwards.

Stormwater (Hurunui)

Stormwater fees are charged under the Hurunui District Council Three Waters Bylaw.

	2026-27 Charges
Stormwater Connection Fees	
For Discharge Consents covering Amberley, Hanmer Springs & District Wide Urban Areas	
Connection application – indirect connection	\$547.00
Connection application – direct connection	\$295.00
Engineering Subdivision Works - pre-application (first meeting up to 2 hours free) rate per additional hour	\$142.00 per hour
Costs for unauthorised connection/discharge and/or breach of the 3 Waters Bylaw	\$2,137.00

Development Contributions (Hurunui)

Development contributions are charged under the Local Government Act 2002

This table shows the development contributions by location under the proposed policy. Figures shown are inclusive of GST.

	2026-27 Charges
District Sewer	\$3,340.00
District Urban Water	\$1,740.00
District Rural Water	\$4,670.00