Water Services Strategy 2026–2027

Draft

Selwyn Water

Every drop.
Every generation.

February
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Contents

A message from our Chair

Selwyn Water begins its journey with strong foundations and a clear purpose – to deliver safe, reliable and sustainable water services for our growing district, while building a best-in-class water utility for our communities.

We have been established at a time of significant change for water services in Aotearoa New Zealand. Our formation reflects both national reform and a strong local commitment to ensuring that the people of Selwyn continue to receive safe, reliable, and sustainable water services as our district grows and evolves.

Selwyn Water is building on solid foundations. The decision to establish a standalone water services provider followed careful consideration by Selwyn District Council and extensive work undertaken through the development of the Water Services Delivery Plan. That work demonstrated that the Selwyn District has both the capability and the ambition to meet the challenges ahead. We acknowledge the leadership, analysis, and community engagement that brought us to this point, and we take that work forward with respect and responsibility.

As a newly established organisation, our immediate focus is on continuity and stability. We're committed to maintaining service reliability, meeting regulatory and water quality standards, and ensuring that the transition does not disrupt the essential services our communities rely on.

At the same time, a number of critical work programmes are already underway to strengthen our foundations and to support robust, evidence-based planning. These include independent validation of revenue assumptions and making sure everyone pays their fair share, comprehensive asset condition assessments to assist with forward planning, and targeted analysis of growth-driven capacity pressures – particularly to better understand and align the infrastructure implications of approved and future development.

In addition, we are consolidating our capital delivery activities into a structured and prioritised programme, improving visibility, coordination, and delivery confidence. The Council has told us that it wants us to align our planning with their forthcoming Long-Term Plan reset. This alignment will be a key focus over the coming year.

Together, this work will provide the clarity and accuracy required to support informed decision-making and ensuring that future investment is well-targeted, affordable, and aligned with the needs of our communities.

We recognise that the environment in which we operate continues to evolve. Legislative reform, economic regulation, new water safety standards, growth pressures, and environmental expectations will all shape our path. We'll have to be flexible, responsive, and open to learning. We've already made good progress, and our Water Services Strategy demonstrates that a dedicated water services focus can deliver improved outcomes for our customers alongside greater efficiency. That is our mission.

Alongside a rigorous focus on meeting water quality standards and delivering a well-sequenced capital programme, we know we need to ensure costs are managed well. While additional investment is required, we are encouraged that work to date has enabled us to reduce the impact on customers in the current year. We will continue to seek further efficiencies as the organisation grows and matures.

This Water Services Strategy has been developed as a one-year strategy, prepared in a period of global supply chain uncertainty arising from current geopolitical conditions. Selwyn Water is not immune to these pressures. The Board will continue to monitor the impact of these geopolitical conditions and work to minimise the effect of input cost increases on our customers.

We intend to provide an updated Water Services Strategy next year, aligned with the Council's 2027–2030 Long-Term Plan. This will allow us to provide our communities with a clearer view of how these external factors are influencing our financial models and future investment needs.

Our Water Services Strategy reflects both pragmatism and aspiration. Pragmatism, because building a modern water utility company requires disciplined governance, strong systems, and careful financial stewardship. Aspiration, because we believe Selwyn Water can, over time, become a best-in-class water services provider – one that earns the trust of its community through transparency, reliability, and consistent performance.

The Board is committed to providing steady oversight during this establishment phase and to supporting management as they build the capability, systems, and culture required for long-term success. We will measure ourselves not only by compliance and financial performance, but by how well we listen, adapt, and improve.

Our journey is just beginning. We approach it with humility, determination, and a clear sense of responsibility to our shareholder, our regulators, mana whenua, and the communities we serve.

Murray Strong
Chair
Selwyn Water

Overview

Purpose of this strategy

This Water Services Strategy (the Strategy) sets out how Selwyn Water will deliver safe, reliable, and sustainable water services for the district. It outlines our approach to investing in infrastructure, managing assets, and funding services over time.

Under the Government's Local Water Done Well reforms, water service providers are required to prepare a Water Services Strategy. These are typically long-term plans, looking ahead around 10 years.

This Strategy has been developed during Selwyn Water's establishment phase and represents a deliberate first step in building a robust, evidence-based platform for future decision-making.

A number of critical work programmes are already underway to strengthen that foundation. These include independent validation of revenue assumptions, comprehensive asset condition assessments, and further analysis of growth-driven capacity pressures to better understand the infrastructure implications of approved and future development. In parallel, Selwyn Water is consolidating its capital delivery activities into a structured and prioritised programme.

This work will improve the accuracy and completeness of our planning assumptions over time. As a result, longer-term planning is best undertaken in alignment with Selwyn District Council's (the Council's) Long-Term Plan.

For this reason, this is a one-year Strategy, intended to guide Selwyn Water's operations in the short-term. The Strategy will be updated alongside the Council's 2027–2030 Long-Term Plan, at which point longer-term assumptions, including investment requirements and pricing, will be revisited using a more mature and validated evidence base.

What this means for customers

Water charges will increase over the coming years as Selwyn Water invests to meet regulatory requirements, maintain and improve service reliability, and support growth in the district.

The indicative pricing path set out in this Strategy reflects current information and assumptions, drawing on the Council's Water Services Delivery Plan and previous Long-Term Plan. While the overall direction of investment remains necessary, Selwyn Water is focused on managing affordability impacts for customers.

This includes ongoing work to refine cost assumptions, optimise delivery timing, and assess funding approaches. As this work progresses, the profile of future price increases will continue to be reviewed and, where appropriate, adjusted.

The proposed increase for 2026/27 has reduced from 24% to 18% compared to earlier projections. This reflects updated modelling and further testing of financial and operational assumptions following the establishment of Selwyn Water and the transfer of assets from the Council.

This improved understanding provides greater confidence that Selwyn Water can meet service and compliance requirements, continue priority investment programmes, and maintain financial sustainability, while moderating short-term affordability impacts.

Further detail on pricing, including comparisons with previous plans and other providers, is provided in Chapter 8.

Why prices are increasing

Increases in water charges are driven by several factors:

- **Meeting regulatory and environmental requirements**
  Investment is required to meet drinking water and environmental standards and to protect public health
- **Maintaining and improving existing infrastructure**
  Parts of the network require renewal or upgrade to maintain reliable services
- **Supporting growth in Selwyn District**
  The district is growing rapidly, and infrastructure must be expanded to accommodate new development
- **Transitioning to a more sustainable funding model**
  Moving toward a clearer alignment between the cost of water services and the charges paid by users

These factors mean that, despite a strong focus on affordability, higher levels of investment are required than in the past, which will flow through to customer charges over time.

How decisions are made

Selwyn Water must balance a range of competing objectives when making investment and pricing decisions. These decisions are guided by the following decision hierarchy:

1. Public health and statutory compliance
2. Maintaining safe and reliable core services
3. Affordability for current and future consumers
4. Supporting growth and development

This hierarchy applies where objectives are in tension and provides a consistent framework for decision-making.

Affordability is a key constraint on the timing and sequencing of investment. Where investment can be deferred, re-phased, or delivered more efficiently without compromising public health or service reliability, this will be actively considered.

Investment to support growth will be undertaken in alignment with Council planning frameworks, including the Long-Term Plan and spatial planning. Where growth creates material affordability pressures or requires significant upfront investment, the timing, scale, or location of that growth may need to be reconsidered in partnership with the Council.

What is uncertain

This Strategy has been developed during a period of change, and several areas of uncertainty remain, including:

- The final structure of water-related debt and revenue arrangements
- The timing and sequencing of elements of the capital delivery programme
- Updated assumptions and projects as a result of the Council's 2027–2030 Long-Term Plan process
- Ongoing discussions with the Council regarding existing resource consents and their implications for future investment
- External factors, including global supply chain pressures and geopolitical uncertainty, which may affect costs and delivery timeframes

Selwyn Water will continue to monitor these factors and update its plans as needed, including through the next Water Services Strategy.

Looking ahead

Given Selwyn Water's establishment phase and the evolving nature of key assumptions, this Strategy will be updated to align with the Council's 2027–2030 Long-Term Plan.

This approach ensures the Strategy remains responsive while continuing to provide a clear direction for investment and service delivery.

Chapter 1:

Who we are

This chapter sets out Selwyn Water's purpose, objectives, and strategic context. It establishes the framework within which the service, investment, funding, and financing decisions in later chapters are considered.

Arthur's Pass

1.1 Introduction

Selwyn Water is a water organisation wholly owned by Selwyn District Council. We were established under the Local Government (Water Services) Act 2025 (the Act) to deliver safe, reliable, and resilient drinking water and wastewater services for the Selwyn District.

We were created as part of the Government's Local Water Done Well reform programme to strengthen regulatory compliance, improve long-term investment planning, and ensure water services are delivered in a financially and environmentally sustainable way. Our establishment reflects both national reform objectives and the Council's commitment to meeting the needs of a rapidly growing district.

We are in the early stages of our journey as Selwyn Water. Our immediate focus is on establishing strong foundations – regulatory compliance, service continuity, and organisational capability – while laying the groundwork for long-term, best-in-class water services delivery. This Water Services Strategy sets out how we intend to meet our obligations to our shareholder, our regulators, and our communities over the next decade and beyond.

1.2 Our district

The Selwyn District is located within Waitaha Canterbury on the east coast of Te Waipounamu the South Island. Selwyn District is strategically situated in central Canterbury, positioned to the south of Christchurch. The Selwyn District stretches from Kā Tirititiri o Te Moana the Southern Alps in the west, to the Tamatea Pōkai Whenua Port Hills, the Pacific Ocean and Te Waihora to the east. The district is bounded by two large, braided rivers, the Waimakariri River to the north and Rakaia River to the south. The land area of the Selwyn District is roughly 6,400km^2, and is comprised of coastal beach, alluvial plains (Canterbury Plains), and river terraces, rolling hill country, steep high country, and alpine areas, including Arthur's Pass National Park. Te Waihora, Canterbury's largest lake (fifth largest in New Zealand) holds local, regional, and national cultural and ecological significance.

Over the years, Selwyn has undergone a noteworthy transformation, evolving from a small and tranquil locale into a dynamic and rapidly growing district. As one of the fastest-growing territorial authorities in New Zealand, Selwyn District has seen a substantial increase in population and urban development. This growth underscores the importance of robust infrastructure planning, particularly in the areas of drinking water and wastewater management.

The district's large eastern towns have become focal points for attracting new residents, contributing to the district's overall growth. Simultaneously, our smaller towns continue to play a pivotal role by supporting essential rural communities and sustaining their local economies, all while preserving their inherent charm and character from the open rural landscape of western Selwyn to the Alps.

Selwyn has achieved its stellar growth, by being flexible and agile and willing to form strong partnerships with developers and key stakeholders to deliver quality infrastructure and provide effective and efficient delivery systems to meet the demands of our growing community and deliver on key government objectives in providing ongoing and sustainable housing provision.

As the district has developed and grown, additional pressure has been placed on the waterways and water resources within our district. Urban development built infrastructure and intensive farming have impacted on the extent and quality of natural water systems. Increasing populations and industry place greater demand on water systems. In Selwyn the average connected property uses approximately 0.70 cubic metres of water per day, with a total district daily average consumption of 27,165m^3.

1.3 Our purpose

Selwyn Water is a young organisation with big ambition. We are community owned and exist to protect Selwyn's most important resource – our wai (water). We are committed to providing trusted, community-owned water services that meet today's needs while building a sustainable, resilient future for generations to come.

Our purpose is to provide safe, reliable, and affordable drinking and wastewater services for everyone in the district, now and into the future. To do this, we bring specialist water expertise and governance, ensuring long-term reliability, resilience, and financial sustainability, and are investing in modern, sustainable infrastructure to strengthen water resilience, support growth, and protect our environment.

We are responsible for the operation, maintenance, compliance, and improvement of drinking water and wastewater services that were previously delivered directly by the Council.

Stormwater, land drainage, and water race services remain the responsibility of the Council, with coordination arrangements in place to ensure alignment across planning and delivery activities.

On 18 December 2025, ownership of drinking water and wastewater assets was formally transferred from the Council to Selwyn Water. This included treatment plants, reticulation networks, associated resource consents, contracts, liabilities, and related debt. The total value of assets transferred was approximately $1.1 billion, marking a significant milestone in our transition to an independent water services provider.

Over the next three years, Selwyn Water will deliver on commitments made to our communities. In the eighteen months post the transfer of assets, we will put in place the systems, processes, and capability needed to operate as a mature water services utility, focused on long-term service stewardship, regulatory compliance, and community outcomes. To reduce risk and cost, these activities will be sequenced to ensure water services demand can be met, while more effective data and resource management is put in place to drive efficiencies and increase value to the customer.

1.4 Our values

Our people work to provide safe, reliable, and affordable drinking and wastewater services for everyone in the district, every day. Our values define the way we work, and we are driven to deliver improved water services for Selwyn.

Our values guide how we work, make decisions, and treat each other. They shape our culture and bring consistency to our work. They are at the heart of how we seek to operate as an organisation.

Stewardship

Adopting a servant's heart for our precious water systems, caring for them daily, improving them continuously, and doing everything we can to support the sacred duty of the guardians, who hold water in trust for future generations.

Conviction

Holding firm to what matters – even when it's not easy, popular, or fast. Making decisions with purpose, daring to do things differently, and staying the course toward a water future we may never see – but deeply believe in.

Integrity

Having the courage to do what's right, not what's easy – even when no one's watching. Always putting the needs of water, and the people it serves, above politics or pressure.

Collaboration

Working alongside iwi, communities, and experts – listening, respecting knowledge, sharing responsibility, and staying open to what others see. Because no-one can do this alone.

Transparency

Earning trust the only way that matters – through action. By sharing what we know, doing what we say we will, showing what we're doing, and owning what we haven't yet got right.

1.5 Our objectives

Our objectives describe what we are seeking to achieve as a standalone water services provider, and how we will give effect to our statutory duties and shareholder expectations in practice.

As a newly established organisation, our objectives reflect both, the legislative framework within which we operate and the stage of maturity we are currently in. They provide a clear and coherent foundation for decisions about service levels, investment priorities, funding and financing, and organisational capability over the period covered by this Strategy.

Selwyn Water's strategic objectives

Selwyn Water's objectives are to:

1. **Protect public health and the environment** by delivering safe, reliable, sustainable, and resilient drinking water and wastewater services that meet all regulatory and environmental requirements
2. **Deliver services in a financially sustainable manner** ensuring that costs are managed prudently, resources are used efficiently, and the costs of water services are shared fairly over time between current and future users
3. **Continuously improve service performance and efficiency** as we transition from Council-delivered services to a specialist water services provider, building capability, data quality, and systems that support long-term service excellence
4. **Build trust and accountability** with our communities, mana whenua, regulators, and shareholder through transparent decision-making, strong governance, and clear communication about performance, costs, and trade-offs
5. **Be a capable and responsible employer** with the leadership, culture, and workforce required to deliver safe, reliable, and sustainable water services over the long-term

These objectives are interrelated and must be pursued together.

Decision hierarchy for trade-offs

In practice, Selwyn Water must make decisions where these objectives are in tension. This is particularly the case when balancing investment, service levels, affordability, and growth.

To support consistent and transparent decision-making, Selwyn Water applies the following hierarchy when resolving trade-offs:

1. **Public health and statutory compliance**
2. **Maintaining safe and reliable core services**
3. **Affordability for current and future consumers**
4. **Supporting growth and development**

This hierarchy is applied in order of priority, with higher-order considerations taking precedence where objectives are in tension. It applies where objectives cannot be fully achieved at the same time and decisions must be made about the timing, sequencing, or scope of investment.

These priorities provide the primary framework for decision-making across planning, investment, and pricing.

Role of affordability
Affordability is treated as a key constraint on the pace and sequencing of change. Where investment can be deferred, re-phased, or delivered in a lower-cost manner without compromising public health or core service reliability, this will be actively considered.

Supporting growth
Investment to support growth will be undertaken in alignment with Council planning frameworks, including the Long-Term Plan and spatial planning. Where growth would require significant upfront investment or create material affordability pressures, the timing, scale, or location of that growth may need to be reconsidered in partnership with Council.

Statutory and constitutional foundations

Selwyn Water's objectives are not discretionary. They are derived directly from, and must be read consistently with:

- The Local Government (Water Services) Act 2025, which sets out the core purpose and duties of water service providers
- Selwyn Water's Constitution, which reflects and reinforces those statutory obligations and the expectations of our shareholder
- Commitments made to the Selwyn community through the Council's Long-Term planning framework

In particular, the Act requires Selwyn Water to provide water services that are reliable, resilient, safe, and compliant; to operate in a cost-effective and financially sustainable manner including maintaining the ability to fund asset renewal and meet financial obligations over time; to act transparently and in accordance with sound business practice; to act in the best interests of current and future consumers; to support housing growth and urban development; and to be a good employer. These requirements are reflected throughout this Strategy.

Rather than restating legislative and constitutional provisions in full, this Strategy focuses on how Selwyn Water will give effect to those obligations through its intended levels of service, investment priorities, funding and financing approach, and organisational development.

These objectives provide the organising framework for this Strategy and are given effect through the levels of service (Chapter 2), infrastructure planning and delivery (Chapter 5), funding (Chapter 8) and financing (Chapter 9) arrangements, and engagement and accountability mechanisms described throughout the document.

Achieving financial sustainability

Financial sustainability requires Selwyn Water to manage its services in a way that ensures the ongoing ability to operate, maintain, renew, and replace infrastructure while meeting debt and regulatory obligations.

Selwyn Water intends to achieve this objective through:

- **Full cost recovery over time**
  Charges will be structured to progressively recover operating costs, regulatory compliance costs, and the long-run cost of maintaining and renewing infrastructure, together with financing costs. While accounting depreciation informs pricing and financial reporting, funding decisions are guided primarily by long-term asset management planning and average expected renewal requirements over a multi-decade horizon
- **Prudent use of debt**
  Borrowing will be used to fund long-lived infrastructure assets consistent with intergenerational equity principles. Debt settings will be determined with reference to long-term asset lives and cashflow capacity, while managing exposure to refinancing and interest rate risk within Board-approved limits
- **Alignment of pricing, capital delivery, and cashflow**
  Capital investment decisions and pricing decisions will be assessed alongside their funding and financing implications, ensuring that delivery programmes remain consistent with sustainable cashflow generation and covenant compliance
- **Renewal and asset stewardship**
  Funding settings will support the timely renewal and replacement of assets based on long-term asset management planning, rather than deferring costs to future periods
- **Financial risk management and monitoring**
  Selwyn Water will maintain treasury policies, liquidity settings, and financial performance metrics appropriate for a standalone water services provider operating within an economic regulatory framework

The detailed funding and financing arrangements that give effect to this objective are set out in Chapter 8 and Chapter 9.

1.6 Scope of water services activities

This section defines the scope of water services activities for which Selwyn Water is responsible. It clarifies what Selwyn Water delivers and manages, rather than what it seeks to achieve, which is set out in Section 1.5.

We deliver the following core water services activities across the Selwyn District:

- **Drinking water services,** including abstraction, treatment, storage, distribution, monitoring, and compliance with drinking water standards
- **Wastewater services,** including collection, conveyance, treatment, discharge, and environmental management
- **Infrastructure planning and development** to ensure capacity, resilience, and service continuity over time

Our responsibilities span the full lifecycle of water services delivery, from day-to-day operations through to long-term infrastructure investment planning. Where services remain delivered by the Council – most notably stormwater – we work collaboratively to ensure consistent standards, aligned growth planning, and integrated outcomes for communities.

1.7 Outcomes and shareholder expectations

This section sets out the outcomes and expectations against which Selwyn Water's performance will be assessed by its shareholder and the community. These expectations provide an external lens on the objectives described in Section 1.5 and inform how success will be measured and reported over time.

We were established with a clear expectation that water services in Selwyn will be delivered:

- **Safely and reliably,** meeting public health and environmental standards at all times
- **In a financially sustainable manner,** with a long-term focus on affordability and intergenerational equity
- **In a way that supports growth,** recognising Selwyn District as one of New Zealand's fastest-growing areas
- **With strong accountability,** transparency, and regulatory compliance
- **With ambition,** positioning Selwyn Water over time as a best-in-class public water services provider

These expectations are reflected in the Council's Water Services Delivery Plan adopted in July 2025, which demonstrates that planned investment and delivery arrangements are sufficient to meet regulatory requirements and service demands over the long-term.

In addition, our shareholder has outlined its expectations for Selwyn Water through its Statement of Expectations (SOE). The SOE reiterates the Council's expectation that Selwyn Water meet its objectives under the Act, and that we:

- Deliver high quality drinking water and wastewater services in a manner that is efficient, safe and reliable, and financially sustainable
- Ensure that affordability of water services for the district's residents remains a key focus for all decision-making
- Focus on delivering such services in a manner that minimises adverse environmental effects as far as is reasonably practicable
- Plan and deliver water services, as well as related infrastructure and assets, in a way that it is resilient, including to climate change and natural hazards, so that security of water services is achieved across the long-term

Our shareholder also directs us to focus our efforts initially on achieving a successful establishment, while noting its expectation that Selwyn Water explore future opportunities to achieve greater efficiency and scale, including through the potential investigation of opportunities to share services or partner with other water service providers.

Selwyn Water will work with the Council in a coordinated "Council family" approach, including early engagement on matters that may materially affect Council planning, growth sequencing, or shareholder expectations.

1.8 Transfer agreement overview

Our establishment was enabled through a Transfer Agreement approved by the Council in September 2025, in accordance with the Local Government (Water Services) Act 2025.

Through this agreement, responsibility for drinking water and wastewater services was transferred to Selwyn Water, including:

- Water supply and wastewater infrastructure assets
- Statutory authorisations
- Contracts, liabilities, and water-related debt
- Defined roles and responsibilities between Selwyn Water and the Council

The Council currently maintains ownership of the land that the water-related assets transferred to Selwyn Water are on. Water-related resource consents have yet to be transferred to Selwyn Water.

The Transfer Agreement provides the foundation for our long-term role as a standalone water services provider, while maintaining clear accountability to our shareholder and ongoing collaboration where responsibilities remain shared.

1.9 Strategic focus areas (10-Year horizon)

These strategic focus areas do not replace Selwyn Water's objectives or the decision hierarchy used to resolve trade-offs. They identify the areas of focus that the Board and management consider most critical over the next ten years, given the organisation's establishment phase, growth pressures, and regulatory context.

Over the next ten years, our strategic focus is on building a strong and sustainable foundation as an establishment-phase organisation. These areas include:

1. **Regulatory compliance and assurance**
   We are focused on meeting all requirements of the Water Services Authority Taumata Arowai, the Regional Council Environment Canterbury, and preparing for phased economic regulation by the Commerce Commission
2. **Safe and reliable service delivery**
   Our first priority is maintaining continuity of service and protecting public health while embedding consistent operational practices
3. **Growth-aligned infrastructure investment**
   We are planning and prioritising infrastructure investment to support ongoing population growth and urban development across Selwyn District
4. **Financial sustainability**
   We are committed to ensuring that investment, operating, and renewal decisions are financially sustainable over the long-term
5. **Stakeholder and community engagement**
   We are building meaningful engagement with mana whenua, customers, developers, and the wider community to inform strategic decision-making
6. **Organisational capability development**
   As a newly established entity, we are focused on building the people, systems, data, and governance capability required of a modern water services provider

Together, the objectives and decision hierarchy in Section 1.5, the scope and expectations in Sections 1.6 and 1.7, and the areas of strategic focus set out in this section provide the strategic framework that guides the remainder of this Strategy.

1.10 Strategic setting

Selwyn Water operates within a layered strategic, planning, and regulatory environment at national, regional, and local levels. These external strategies and plans do not replace Selwyn Water's own strategic judgement. Rather, they establish the context, constraints, and alignment expectations within which Selwyn Water plans, invests, and delivers water services.

This section summarises the strategic settings that are most relevant to Selwyn Water's role and decision-making, focusing on what they mean in practice for service delivery, investment, and funding.

National direction and reform

National water reform and infrastructure policy set clear expectations for how water services are planned, funded, and delivered over the long-term. In particular:

- The Local Government (Water Services) Act 2025 establishes Selwyn Water as a standalone water services provider and places strong emphasis on regulatory compliance, financial sustainability, transparency, and long-term planning
- The introduction of economic regulation and information disclosure by the Commerce Commission increases the importance of robust asset management, disciplined funding and financing arrangements, and clear accountability for performance
- National infrastructure and urban development policy reinforces the need for coordinated planning that supports housing growth, resilience, and intergenerational equity

For Selwyn Water, these settings reinforce the need to move beyond historical, rates-based approaches and toward clearer cost recovery, stronger investment discipline, and long-term service stewardship.

Regional and district planning context

Regional and district planning frameworks shape where growth occurs, the environmental standards that apply to water services, and the consenting environment within which infrastructure is delivered. Key influences include:

- Regional land and water planning frameworks that set environmental limits and consent requirements
- District-level spatial and land use planning that influences the timing, scale, and location of water and wastewater investment

These frameworks mean that Selwyn Water's infrastructure planning must remain closely aligned with Council's spatial planning and growth sequencing, while responding to increasingly stringent environmental and compliance expectations.

Council and shareholder planning framework

Selwyn Water has inherited its initial service delivery, investment, and funding baseline from the Council through the establishment process. This includes alignment with:

- The Long-Term Plan and associated Asset Management Plans
- The Water Services Delivery Plan approved under the Local Government (Water Services Preliminary Arrangements) Act 2024
- Shareholder expectations set through formal statements and governance arrangements

These documents provide the starting point for Selwyn Water's Strategy. This Strategy builds on those settings, while signalling where refinement, reprioritisation, and change may be required over time as Selwyn Water matures as an organisation and as regulatory and growth pressures evolve.

In practice, Selwyn Water will maintain alignment with the Council through regular engagement on growth sequencing, infrastructure planning, Long-Term Plan development, and areas where service, affordability, or delivery constraints may affect Council's planning assumptions. Where material misalignment emerges, this will be identified early and addressed through engagement between Selwyn Water and the Council.

Mana whenua and iwi strategies

Selwyn Water recognises mana whenua as partners in water management and acknowledges the strategic direction provided by iwi planning documents and the Waiora One Water Strategy. Selwyn Water's approach to partnership with mana whenua, and how iwi values and aspirations are reflected in water services planning and delivery, is set out in Chapter 3, Iwi and Māori partnerships.

1.11 Regulatory and legislative context

We operate within the legislative and regulatory framework established by the Local Government (Water Services) Act 2025, alongside the oversight of the Water Services Authority Taumata Arowai.

Economic regulation by the Commerce Commission will be phased in from mid-2026. Initial requirements focus on asset management, financial information, and investment planning, with broader information disclosure and performance regulation to follow. We are actively preparing for this transition as part of our establishment programme.

Meeting regulatory requirements

Selwyn Water operates within a strengthening and evolving regulatory framework. Compliance is not discretionary and forms a core element of our statutory purpose.

Selwyn Water intends to meet its regulatory obligations through the following mechanisms:

- **Drinking water regulation (Taumata Arowai)**
  We will maintain water safety plans for all drinking water supplies, implement risk-based monitoring and testing regimes, and ensure that treatment, storage, and distribution infrastructure is upgraded where required to meet current and emerging standards
- **Environmental and resource management requirements**
  Wastewater collection and treatment systems will be operated and upgraded to comply with resource consents, discharge conditions, and environmental standards. Investment decisions will reflect increasing regulatory expectations regarding environmental performance, resilience, and discharge quality
- **Economic regulation and information disclosure (Commerce Commission)**
  Selwyn Water will maintain robust financial management, asset management, and reporting systems to meet information disclosure requirements and demonstrate prudent investment, cost allocation, and financial sustainability. Funding and financing decisions will be developed with reference to emerging regulatory expectations regarding efficiency and transparency
- **Performance monitoring and reporting (DIA and other agencies)**
  We will monitor and publicly report performance against required service, quality, and financial measures, ensuring transparency and accountability to customers, regulators, and our shareholder

Regulatory requirements influence service levels, capital investment, operating costs, and funding settings. Chapters 2, 5, 8, and 9 set out how these requirements are integrated into Selwyn Water's levels of service, infrastructure planning, funding approach, and financing framework.

1.12 Significant factors affecting Selwyn Water

Growth as a strategic context

Growth is a defining strategic context for Selwyn Water, shaping the scale, timing, and location of water and wastewater investment over the next decade.

Selwyn District is experiencing sustained population and development growth, concentrated within a small number of large water and interconnected wastewater systems. This pattern of growth places pressure on existing assets, reduces available headroom, and accelerates the timing of investment that might otherwise have occurred later.

For Selwyn Water, growth is not simply an increase in demand. It influences when infrastructure must be delivered, the scale and specification of assets, and the extent to which investments deliver shared benefits for both existing and future users. As a result, growth has material implications for strategic choices about capital sequencing, service levels, and affordability.

The detailed implications of growth for infrastructure planning, funding, and pricing are addressed in later chapters of this Strategy, including:

- Infrastructure planning and investment pathways
- Funding and pricing principles for growth-related investment
- Financing and affordability considerations

This section therefore establishes growth as a core strategic context, while recognising that decisions about how growth is managed and funded require integrated consideration alongside service levels, investment priorities, and financial sustainability.

Establishment and structural uncertainty

Selwyn Water is in the early stages of establishment as a standalone water services provider. As a result, there are elements of the operating and financial framework that remain subject to refinement.

These include the treatment and transfer of inherited resource consents, the structure of water-related debt and revenue arrangements, and the sequencing of elements of the capital delivery programme.

These factors introduce a degree of uncertainty into planning assumptions and may influence the timing, scope, or prioritisation of future investment. Selwyn Water will continue to work with Council and other stakeholders to resolve these matters over time.

Regulatory and compliance costs

Regulatory and compliance requirements are a significant and non-discretionary driver of water and wastewater investment and operating costs.

Over recent years, the regulatory environment for water services has strengthened materially.

This includes:

- Enhanced drinking water regulation and oversight
- Increasingly stringent wastewater discharge and environmental compliance requirements
- The introduction of economic regulation and information disclosure for water service providers

These changes reflect higher national expectations for public health protection, environmental outcomes, transparency, and long-term service stewardship.

For Selwyn Water, regulatory compliance is not optional and does not scale proportionately with demand. Many compliance-related investments are required regardless of growth, and often apply uniformly across existing systems. This means that regulatory uplift can drive significant capital and operating expenditure even where population growth is modest.

Regulatory requirements also influence the timing and specification of investment. Assets may need to be upgraded earlier, built to higher standards, or operated with greater redundancy, monitoring, and reporting capability than under historical arrangements. These requirements can increase upfront cost, but are intended to improve resilience, reliability, and long-term outcomes.

The implications of regulatory and compliance requirements are reflected throughout this Strategy, including:

- The levels of service and performance measures set out in Chapter 2
- Infrastructure investment priorities and sequencing
- Funding, pricing, and financing decisions discussed in later chapters

This section therefore distinguishes regulatory and compliance uplift as a core strategic cost driver, separate from growth, while recognising that both interact in shaping Selwyn Water's overall investment and affordability profile.

Climate change and water resilience

Climate change presents increasing challenges for water services in Selwyn, including greater variability in water availability, higher temperatures, more frequent extreme weather events, and increased pressure on water quality. These changes can affect both source reliability and treatment requirements, and may require assets to be designed, operated, and renewed to higher resilience standards over time.

For Selwyn Water, climate change reinforces the importance of long-term planning, diversified water sources, network storage and resilience, and adaptive investment pathways. While detailed responses are addressed in later chapters, climate resilience is a core consideration in service planning, infrastructure investment, and risk management.

Resilience to natural hazards and system shocks

Selwyn Water's assets and operations are exposed to a range of natural hazard risks, including flooding, earthquakes, and severe weather events, as well as broader system shocks such as supply chain disruption and energy price volatility.

These risks do not occur evenly over time and can create sudden demands for investment, operational response, or service recovery. As a result, resilience is a key strategic consideration alongside efficiency and affordability, influencing decisions about redundancy, asset condition, emergency preparedness, and financial headroom.

Cost escalation and market conditions

The cost of constructing, renewing, and operating water infrastructure has increased materially in recent years, driven by construction market pressures, labour availability, materials costs, and supply chain constraints. These factors can affect both the timing and affordability of investment, even where the scope of work is unchanged.

These pressures may be influenced by global supply chain conditions and geopolitical uncertainty, which have the potential to affect construction costs and delivery timeframes.

For Selwyn Water, this reinforces the need for disciplined investment prioritisation, realistic cost forecasting, and flexibility in delivery sequencing.

Evolving environmental and service expectations

Over time, expectations for water services are likely to continue to evolve, including potential future requirements relating to water quality (such as emerging contaminants, nutrients or cyanobacteria), environmental performance, and service reliability. While not all future requirements are known or quantified, they create uncertainty that must be managed through adaptable planning rather than fixed assumptions.

Together, these factors reinforce the need for Selwyn Water to balance growth, compliance, resilience, affordability, and long-term sustainability when making strategic decisions about service levels, investment, and funding.

1.13 Partnerships and reform alignment

We recognise the potential benefits of partnering with neighbouring districts and other water service providers to achieve efficiencies, share capability, and improve outcomes through scale where appropriate.

Our strategic direction aligns with the Council's broader growth objectives and with the Government's water services reform agenda, while retaining a strong local focus and accountability to our community.

1.14 Bylaws and local planning framework

Local bylaws, policies, and planning instruments administered by the Council continue to apply to water services delivery within the district, including requirements relating to water connections, metering, and wastewater management. This includes the Water Supply Bylaw (2008) and the Trade Waste Bylaw 2021.

Rakaia Gorge

Chapter 2:

Performance and levels of service

This chapter sets out the measures, targets, and intended levels of service by which we measure and report our performance, and by which we will be held accountable by our shareholder and assessed by customers and regulators over time.

2.1 Introduction

As a newly established water services provider, many of our performance measures and service standards are inherited from the Council's Long-Term Plan and the adopted Water Services Delivery Plan (June 2025). These measures provide continuity for customers and establish a clear baseline as responsibility for water services transitions to Selwyn Water.

Over time, we will evolve its performance framework to reflect:

- The requirements of the Local Government (Water Services) Act 2025
- Any additional regulatory standards set by Taumata Arowai, under the Water Services Act (2021)
- Economic regulation and information disclosure requirements under the Commerce Act 1986
- Our ambition to become a best-in-class water services provider

2.2 Performance framework and accountability

Our shareholder and the public assess our performance through:

- Levels of service and performance measures set out in this Strategy
- Reporting required under our Statement of Expectations
- Reporting to Environment Canterbury for wastewater and source water consents
- Regulatory reporting to Taumata Arowai and, over time, the Commerce Commission
- Public reporting through annual reporting and information disclosures

During our establishment phase, we are focused on:

- Maintaining service continuity
- Embedding consistent data and reporting systems
- Establishing reliable baselines from which future performance improvement can be measured

For the purposes of assessing our performance against our statutory objectives and outcomes, the following classes of measures are proposed:

- Service reliability and responsiveness (continuity of supply, fault response times, overflow performance)
- Customer experience and trust (complaints, satisfaction, awareness and favourability)
- Public health and environmental compliance (drinking water quality and consent compliance)
- Efficiency and stewardship of assets (leakage, consumption, and asset data maturity)
- Affordability and value for money (reported context measures rather than hard targets in early years)

These measures are intended to be stable over time, with targets evolving as capability, data quality, and regulatory settings mature.

At the time of preparation of this Strategy, no additional performance measures or quality standards have been specified for Selwyn Water under section 52P of the Commerce Act 1986 or section 261B of the Local Government Act 2002. Selwyn Water will adopt and disclose any such requirements as they become applicable.

The performance measures set out in this chapter are consistent with the Non-Financial Performance Measures Rules 2024 made under section 261B of the Local Government Act 2002.

This framework is intended to give effect to the Statement of Expectations by linking shareholder priorities to service, compliance, customer, and affordability-related measures. Over time, Selwyn Water will continue to refine this framework to maintain a clear line of sight between shareholder expectations, performance measures, and reporting commitments.

2.3 Scope of water services activities covered

This chapter covers performance and levels of service for the following groups of water services activities for which we are responsible:

- Drinking water abstraction, treatment, and supply
- Wastewater collection, treatment and disposal

Stormwater services are excluded, as these remain the responsibility of the Council.

Some performance measures adopted through the Long-Term Plan and Water Services Delivery Plan are specified at a detailed operational level. In this Strategy, these measures are presented at a higher level of aggregation where appropriate, without removing or weakening any underlying obligations. Detailed operational and regulatory reporting will continue to occur through statutory reporting and delivery plans.

2.4 Drinking water – levels of service and performance measures

The following measures remain consistent with those outlined in the Council's Long-Term Plan 2024–2034, and relate to the delivery of drinking water services now provided by Selwyn Water.

Nature and scope of activities

We provide safe, reliable drinking water through the operation and maintenance of treatment plants, storage facilities, and distribution networks across the Selwyn District.

Key performance measures

Selwyn Water will monitor and report on the following drinking water performance measures, which are inherited from the Council's Long-Term Plan 2024–2034 and Water Services Delivery Plan, and adopted as the baseline for this Strategy:

Service quality and customer outcomes
- Complaints relating to drinking water (clarity, continuity, odour, taste, pressure / flow), measured per 1,000 connected properties
  - Target: <15 complaints per 1,000 properties

Fault response and resolution
- Median response time to urgent water supply faults
  - Attendance: <4 hours
  - Resolution: <48 hours
- Median response time to non urgent water supply faults
  - Attendance: <24 hours
  - Resolution: <120 hours

Water quality compliance
- Compliance with drinking water quality assurance rules (Taumata Arowai), including:
  - Daily compliance with bacteria and protozoa treatment requirements
  - Monthly compliance with distribution system requirements

Network performance and demand management
- Real water loss (%), calculated using the BenchlossNZ methodology
  - Target: ≤20%
- Average potable water consumption per resident per day
  - Target: <0.47 m^3 / person / day (urban supplies)

Service coverage
- Proportion of residential properties served by a reticulated water supply
  - Target: ≥80%

Environmental and consent compliance
Compliance with resource consents relating to drinking water abstraction and treatment, measured through the number of abatement notices, infringement notices, enforcement orders or prosecutions, consistent with measures adopted in Council's Long-Term Plan and Water Services Delivery Plan.

2.5 Wastewater – levels of service and performance measures

Nature and scope of activities

We operate and maintain wastewater collection, treatment, and disposal systems to protect public health and the environment.

Key performance measures

These measures provide continuity from Council delivery and form the baseline for future improvement under Selwyn Water.

Selwyn Water will monitor and report on the following wastewater performance measures, which are inherited from the Council's Long-Term Plan 2024–2034 and form the baseline for this Strategy:

Environmental performance
- Number of wastewater overflows per 1,000 connected properties
  - Dry weather overflows (mandatory measure)
  - Wet weather overflows
  - Target: <0.5 overflows per 1,000 properties for each category

Environmental and consent compliance
Compliance with resource consents relating to wastewater treatment and discharge, measured through regulatory enforcement actions, consistent with measures adopted in the Council's Long-Term Plan.

Customer experience
- Wastewater related complaints per 1,000 connected properties
  - Target: consistent with the Council's Long-Term Plan benchmarks (currently <20)

Fault response
- Median response and resolution times for wastewater faults, aligned to the same urgent / non urgent framework used for water supply

2.6 Intended levels of service (first 3 years and beyond)

Years 1–3 (establishment phase)

In the first three financial years covered by this Strategy, we intend to:

- Maintain existing levels of service inherited from the Council
- Meet all applicable drinking water and wastewater compliance requirements
- Establish reliable performance baselines and reporting systems
- Ensure consistency of response times and improve incident management

The performance measures and targets set out in Sections 2.4 and 2.5 apply unchanged for each of the first three financial years covered by this Strategy. Where specific numeric thresholds are stated (for example, complaint rates, fault response times, leakage levels, overflow limits, and compliance requirements), those thresholds apply consistently across Years 1–3 unless amended through a future review of this Strategy or required by regulatory change.

Beyond the first three financial years, Selwyn Water intends to maintain or progressively improve these levels of service, subject to regulatory requirements, asset condition, system growth, and affordability considerations. Specific targets will be updated in future Water Services Strategies and in response to any determinations under section 52P of the Commerce Act 1986 or rules made under section 261B of the Local Government Act 2002.

Years 4–10 (maturity and improvement phase)

Beyond the first three financial years, Selwyn Water intends to maintain or progressively improve these levels of service, subject to regulatory requirements, asset condition, growth, and affordability considerations. Over this period, we expect performance settings to evolve as organisational capability, asset information, and regulatory clarity mature.

From Year 4 onwards, we intend to retain the core measures above, while progressively:

- Refining targets as asset condition data, demand response and operational maturity improve
- Expanding network performance measures (e.g. more granular leakage and water balance indicators)
- Introducing additional affordability and value-for-money context measures
- Aligning disclosures with any measures or quality standards specified under a section 52P determination of the Commerce Act 1986

Aggregation of performance measures for strategy purposes

Some measures included in the Council's Long-Term Plan and Water Services Delivery Plan are specified at a more detailed, operational level than is appropriate for a Water Services Strategy. In these cases, no measures or obligations have been removed in substance; rather, they have been deliberately aggregated into higher-level levels of service outcomes. For example, the Water Services Delivery Plan distinguishes multiple drinking water quality compliance measures (including separate daily and monthly compliance requirements for bacteria, protozoa and distribution chlorine residuals, each with phased targets).

In this document, these are presented collectively as a single drinking water quality compliance level of service, with explicit reference to the same phased compliance pathway. This approach preserves the underlying regulatory and performance requirements, while avoiding unnecessary duplication of rule-level detail that is more appropriately managed through regulatory reporting, operational plans and internal performance monitoring.

2.7 New customer-focused performance measures

As part of our transition to an independent water services provider, we are introducing two new customer-focused performance measures to support transparency, trust, and accountability.

These measures recognise that building public understanding and confidence is critical during our establishment phase.

Customer awareness of Selwyn Water

- **Measure:** percentage of surveyed residents who are aware of Selwyn Water as their water services provider
- **Baseline:** to be established through initial customer research
- **Target:** demonstrated improvement over time

This measure will track how effectively we are communicating our role, responsibilities, and services to the community.

Customer favourability toward Selwyn Water

- **Measure:** net favourability rating of Selwyn Water among surveyed residents
- **Baseline:** to be established through initial customer research
- **Target:** demonstrated improvement over time

This measure will provide insight into public trust and confidence in Selwyn Water's performance and engagement.

The methodology for customer surveys, including frequency, sampling approach and reporting format, will be finalised during Selwyn Water's establishment phase.

In the initial years of this Strategy, the focus will be on establishing reliable baselines for customer awareness and favourability. Targets will be refined over time as consistent data becomes available and benchmarking opportunities develop.

2.8 Resource management and land use planning interface

We operate within Selwyn District's resource management and land use planning framework. Population growth, urban development, and changes in land use directly influence demand for water services.

We work closely with the Council to:

- Align infrastructure planning with growth areas
- Support housing and urban development objectives
- Ensure water services capacity is considered early in planning processes

2.9 Service zones and shared service arrangements

Drinking water and wastewater services are delivered across defined service areas within Selwyn District. Certain functions, and specific regulatory and assessment activities, continue to be undertaken by the Council under shared services arrangements.

These arrangements are intended to ensure continuity of service delivery, clear accountability, and efficient use of expertise during Selwyn Water's establishment phase. Selwyn Water will work closely with the Council to maintain alignment between operational delivery, regulatory responsibilities, and customer interfaces.

2.10 How we will achieve our strategic objectives

We will achieve our strategic priorities and service levels by:

- Embedding strong operational and asset management practices
- Prioritising compliance and public health outcomes
- Aligning investment with growth and infrastructure needs
- Building organisational capability and customer engagement over time

2.11 Summary

Our performance framework reflects both continuity and change. We are maintaining established levels of service while building the foundations for improved performance, transparency, and customer confidence. As Selwyn Water matures, our measures and targets will evolve to reflect regulatory requirements and our ambition to deliver best-in-class water services.

Any material changes to the cost of water services over time will be linked to changes in regulatory requirements, growth-related infrastructure investment, or service improvements, and will be explained alongside any associated changes to levels of service.

Chapter 3:

Iwi and Māori partnerships

This chapter sets out Selwyn Water's approach to partnership with mana whenua, including how iwi values, strategies, and aspirations inform water services planning, decision-making, and delivery. It is the primary location in this Strategy where Māori perspectives on water are addressed.

3.1 Introduction

We recognise that effective water services delivery in Selwyn District requires strong, enduring partnerships with mana whenua. Water is a taonga, and our responsibilities as a water services provider extend beyond infrastructure and compliance to include stewardship, partnership, and respect for cultural values associated with wai (water).

As a newly established organisation, we are building on existing relationships and commitments developed by the Council. Our focus in the establishment phase is to ensure continuity, trust, and clarity of roles, while laying the foundations for deeper and more structured partnerships over time.

3.2 Mana Whenua context

The service area covered by Selwyn Water sits within the Selwyn District sits within the takiwā (territory) of Ngāi Te Ruahikihiki and Ngāi Tūāhuriri. The two hapū (subtribes) jointly hold mana whenua status in the takiwā.

Two legal entities act on behalf of the hapū, Te Taumutu Rūnanga and Te Ngāi Tūāhuriri Rūnanga, respectively.

In late 2022, Council signed a formal relationship agreement with Te Taumutu Rūnanga. Relationship discussions have commenced with Te Ngāi Tūāhuriri Rūnanga.

3.3 Waiora One Water Strategy

The Waiora One Water Strategy expresses a collective desire that rūnanga and the Council have an agreed strategic framework and roadmap for those involved in water management to uphold the mana and mauri of all water (irrespective of the future management structures for water).

The Strategy sets an ever-present recognition of ‘one water’, a term which reflects the holistic ‘no boundaries’ nature of the water cycle, and a growing and deeper recognition from the community of cultural values. The vision, guiding principles and goals clearly articulate the importance of upholding the mana and mauri of all water, working collaboratively in partnership.

The Waiora One Water Strategy is intended to guide anyone with an interest in water to consider the Strategy in the context of their relationship. It guides Selwyn Water, Council, other water infrastructure providers, developers, and interested community members.

The implementation of the Waiora One Water Strategy requires integrated planning across land, water, and infrastructure. All decisions relating to water management, or impacting on water, should be guided by the vision, principles and goals of this Strategy.

Use of the Waiora One Water Strategy is supported by, but does not replace, mana whenua positions on water as expressed through key documents including Te Whakatau Kaupapa: Ngāi Tahu Resource Management Strategy, Mahaanui Kurataiao Iwi Management Plan, and Te Taumutu Rūnanga Natural Resources Plan 2003.

3.4 Existing relationships and arrangements

Our starting point is continuity. During our establishment, we are relying on existing frameworks and relationships that the Council has developed through:

- Long-term planning and infrastructure investment processes
- Resource management and consenting activities
- Environmental monitoring and protection programmes
- Engagement on water-related policy and strategy development

This Strategy acknowledges the importance of mana whenua engagement in water services planning and delivery, particularly in relation to environmental outcomes and long-term stewardship.

We are working closely with the Council to ensure that engagement responsibilities remain clear and that relationships are not disrupted as functions transition to Selwyn Water.

3.5 Our commitment to partnership

Our commitment to iwi partnerships is grounded in the following principles:

- **Respect for mana whenua values and mātauranga Māori,** particularly in relation to wai and the environment
- **Early and meaningful engagement** on matters that affect water resources and infrastructure
- **Transparency** and clarity about our role, decision-making responsibilities, and constraints
- **Continuous improvement,** recognising that our approach will evolve as Selwyn Water matures as an organisation

As a Council-owned Entity, Selwyn Water adheres to the Council's Te Rautaki Tikaka Rua Bicultural Strategy and the four pou of:

- **He Takata Our People**
  Our people are culturally competent and positive role models for our Treaty-based future
- **Kā Mahi Our Work**
  Our systems, process, and institutional culture actively empower and embed bicultural practices
- **Kā Honoka Our Relationships**
  Deep relationships with mana whenua drive our Treaty-based partnership
- **He Huarahi Hou A New Way**
  We walk confidently into the future looking backwards – we reflect, learn, adapt, innovate

3.6 Integrating cultural values into water services

Over time, we intend to strengthen how cultural values are reflected in our water services delivery, including:

- Considering cultural and environmental outcomes in infrastructure planning and investment
- Supporting improved environmental performance of drinking water and wastewater systems
- Aligning with catchment-based approaches and wider environmental objectives where appropriate

These intentions are consistent with the direction set out in the Council's Long-Term Plan and Water Services Delivery Plan.

3.7 Governance and engagement arrangements

During the period covered by this Strategy, governance-level engagement with mana whenua will continue to be coordinated with the Council, reflecting shared interests and responsibilities.

As Selwyn Water's governance and operating model matures, we will work with our shareholder and mana whenua to consider:

- The most appropriate long-term engagement mechanisms
- How iwi perspectives can best inform strategic planning and decision-making
- Opportunities to formalise engagement arrangements where appropriate

Any changes to governance or engagement structures will be developed collaboratively and transparently.

Chapter 4:

Customer and service delivery

This chapter sets out Selwyn Water's approach to customer engagement and service delivery, including how we communicate with customers, seek and respond to feedback, and ensure water services are delivered in a way that is transparent, reliable, and community-focused.

4.1 Introduction

Selwyn Water was established with a clear purpose: to act as a trusted guardian of drinking water and wastewater, grounded in the belief that water is life and that caring for water is caring for future generations. This philosophy shapes not only how we deliver our services, but how we listen, learn, and respond to our communities.

As a publicly owned organisation, Selwyn Water recognises that trust is earned through transparency, partnership, and meaningful engagement. The way we seek feedback is intentionally designed to uphold these values while meeting statutory obligations under the Local Government (Water Services) Act 2025, our Significance and Engagement Policy, and good practice public sector engagement principles.

Our engagement approach is grounded in the following core principles:

1. Water connects us – to our place, our people, and future generations
2. Selwyn Water exists to protect water as a taonga, a treasured and valued resource, planning long-term so decisions today benefit Selwyn communities tomorrow
3. Water services continue uninterrupted, but a dedicated organisation now exists to manage them with focus, care, and accountability
4. Our community is part of the solution, and Selwyn Water will listen deeply, speak clearly, and act with transparency and purpose

These principles guide how we communicate, invite feedback, and build confidence for our customers.

4.2 Our approach to our customers

Clear communication and meaningful engagement is central to our approach with our customers. This reflects our commitment to transparency. Customers will be provided with timely, plain-language information about their water services so they can make informed decisions. We will actively seek feedback through multiple accessible channels, and all feedback will be considered alongside technical, regulatory, and financial factors to ensure decisions reflect community needs and expectations.

Meeting our obligations to our customers requires us to act with conviction and integrity. This means prioritising public health, service quality, and the long-term wellbeing of communities, even when decisions are complex or challenging. We are committed to doing what is right for water and the people it serves, and to maintaining service reliability in line with regulatory and public health expectations.

We will obtain feedback from consumers through a planned, proportionate, and inclusive mix of engagement channels. In line with our Significance and Engagement Policy, engagement will occur across a spectrum of participation, from providing information and consulting on proposals, to involving or collaborating with communities where decisions are significant.

Our engagement approach is informed by the International Association for Public Participation (IAP2) principles and Public Participation Spectrum, which are widely used in New Zealand public sector engagement.

An adapted version of the IAP2 Public Participation Spectrum is used to clarify the level of engagement for different activities:

- Inform – providing clear, balanced, and timely information
- Consult – seeking feedback on proposals or options
- Involve – working directly with participants to shape approaches
- Collaborate – partnering to co-design outcomes where appropriate

In practice, this means we will:

- Communicate clearly and transparently about water services, including what is changing and what remains consistent
- Engage meaningfully with consumers and communities, including iwi, and considering feedback in decision-making
- Treat all consumers fairly and equitably, including those in vulnerable circumstances
- Manage enquiries and complaints promptly, respectfully, and effectively

4.3 Engagement channels and tools

We use a combination of digital, face-to-face, and traditional channels to ensure all consumers can access information and provide feedback in ways that suit them. This includes through our website, direct mail and email, social media and digital feedback mechanisms.

For issues of high significance and where specific groups are more directly affected by future decisions, we will undertake targeted engagement with affected communities, Council, mana whenua, developers, community boards and residents' associations, among others.

For strategies, policies, and other significant decisions, we use a combination of surveys, feedback forms and engagement documents to ensure we can receive feedback that is robust, transparent, and auditable.

The insights we receive from customers and stakeholders inform our decision-making, board reporting, and future engagement planning. Where possible, we will report back to consumers on what was heard and how feedback influenced outcomes.

We also use media releases and briefings to support public awareness, encourage participation in consultations, and help explain complex or technical topics in plain language.

Education and long-term engagement

Over time, we will support water literacy through education initiatives, including partnerships with schools and youth programmes, to encourage long-term stewardship of water resources.

4.4 Our Significance and Engagement Policy

Our Significance and Engagement Policy provides a clear and consistent framework for how Selwyn Water determines when engagement is required, who should be involved, and what level of engagement is appropriate. It ensures that engagement is transparent, proportionate to the level of impact, and aligned with Selwyn Water's role as a trusted guardian of drinking water and wastewater services.

Purpose of the policy

The policy sets out:

- How Selwyn Water determines whether a decision is low, medium, or high significance
- When communities, mana whenua, our shareholder, and stakeholders can expect to be engaged
- How engagement will be carried out depending on the significance and impact of the decision
- How Selwyn Water's engagement obligations align with our legal and regulatory requirements

It provides clarity for both Selwyn Water and the community about how decisions are made and when people can expect to be informed or asked for feedback.

Determining significance

To assess the significance of a decision, we consider a defined set of criteria, including:

- Financial impacts, including consumer charges
- Impacts on public health and levels of service
- Impacts on mana whenua, including effects on taonga (treasured resources)
- Environmental impacts
- Public interest and potential risks
- How consistent the decision is with existing policy, and whether it is reversible

The outcome of this assessment places decisions into one of three significance categories:

Low significance	Routine or operational matters with minimal impacts. **Engagement:** generally informing only.
Medium significance	Decisions with moderate impacts or interest, often affecting specific groups or locations. **Engagement:** targeted, obtaining feedback.
High significance	Major financial or service-level impacts, significant environmental or cultural effects, or decisions likely to attract high public interest. **Engagement:** early, proactive, and enabling communities to influence outcomes.

Decisions requiring enhanced engagement

Some decisions automatically require a higher level of engagement. These include:

- Significant joint water service provider arrangements
- Decisions involving strategic water services assets
- Significant changes to levels of service

These decisions follow a structured process that includes identifying options, publishing information, engaging mana whenua, providing opportunities for public input, and obtaining shareholder approval.

Engagement with mana whenua and our shareholder

The Significance and Engagement Policy embeds early and meaningful engagement with Te Taumutu Rūnanga. Engagement is grounded in ki uta ki tai (mountains to sea stewardship), intergenerational thinking, and shared responsibility for the health of wai.

The Council is engaged on key decisions and kept informed of matters that may interact with Council responsibilities. Selwyn Water balances community feedback with the views expressed by its shareholder when both are relevant.

When engagement may not occur

The policy recognises that engagement is not always appropriate. Examples include:

- Routine or operational decisions
- Urgent or emergency situations
- Decisions required to meet legal obligations
- Commercially sensitive matters
- Decisions affecting only individual customers

Even where formal engagement is not possible, Selwyn Water remains committed to keeping the community informed, wherever appropriate.

Any material amendments to the Significance and Engagement Policy will be communicated to the shareholder following consultation and approval.

Chapter 5:

Our assets and infrastructure delivery

This chapter provides a strategic overview of Selwyn Water's water and wastewater assets and the approach to maintaining, renewing, and investing in infrastructure over time.

It explains the current state of the asset base, the scale and drivers of planned capital investment, and the key decisions that will shape infrastructure delivery over the next several decades.

5.1 Introduction

The purpose of this chapter is not to present detailed engineering design or asset-by-asset prescriptions. Detailed lifecycle planning, asset condition assessments, and delivery methodologies are addressed through Selwyn Water's Strategic Asset Management Plan (SAMP), Asset Management Plans (AMPs), and Infrastructure Development Plan (IDP). Instead, this chapter focuses on the strategic questions relevant to governance, affordability, and long-term service outcomes.

In particular, it:

- Summarises the condition and value of Selwyn Water's existing asset base
- Outlines the major capital investments anticipated under the current "most likely" planning scenario
- Highlights the key infrastructure decisions and trade-offs facing Selwyn Water over the short, medium, and long-term
- Describes the approach to operations, maintenance, and renewals that underpins service continuity and long-term sustainability

The capital programme described in this chapter reflects inherited planning and current engineering assessments. It provides a working basis for funding, financing, and affordability analysis rather than a fixed commitment to scope, timing, or sequencing. Alternative delivery pathways, including affordability and delivery-led scenarios, are considered elsewhere in this Strategy and will be tested through further analysis and Board direction.

5.2 Current state of the asset base

Selwyn Water's asset base comprises treatment plants, storage facilities, pump stations, reticulation networks, and associated assets distributed across multiple schemes throughout the Selwyn District. These assets support the delivery of essential drinking water and wastewater services to urban, rural, and growth areas and reflect several decades of staged development.

The asset base includes large, interconnected systems, particularly in eastern Selwyn, alongside smaller discrete schemes. This structure influences both operational complexity and the scale and timing of future investment, as capacity constraints, renewal needs, and regulatory requirements tend to arise at a system level rather than on an asset-by-asset basis.

The following sections summarise the overall condition and value of Selwyn Water's assets, drawing on information inherited from the Council and updated through early establishment work. More detailed condition assessments, lifecycle modelling, and scheme-level analysis are addressed through Selwyn Water's asset management plans.

Asset condition

Asset condition information is derived from condition and criticality models established by the Council and updated as part of the transition to Selwyn Water. A condition grading model has been in place since 2014 and is updated annually using a combination of:

- CCTV inspections of network assets
- A condition model incorporating asset age, material, diameter, usage, and assumed useful lives
- Condition assessments provided by maintenance contractors

These inputs provide a high-level but comprehensive view of network condition across the district, suitable for strategic planning and prioritisation.

In addition to condition, Selwyn Water applies an asset criticality framework to identify assets where failure would have the greatest consequences, regardless of the likelihood of failure. Critical assets are those whose failure would have significant public health, service continuity, environmental, cultural, or economic impacts.

The most recent criticality assessment was undertaken in 2025. The assessment considered the scale and duration of disruption, the number of customers affected, and the sensitivity of receiving environments and communities. Criticality scores are recorded within the asset management system and spatially referenced through GIS.

Assets assessed as having 'high' criticality are summarised in Table 2.

Table 1. 2025 condition of assets

Parameters	Drinking Water	Wastewater
Above-ground assets:		
Treatment plants (no.)	**38**	**6**
Above-ground assets with a condition rating	**81%**	**91%**
Above–ground assets in poor or very poor condition	**1%**	**0%**
Below-ground assets:		
Total reticulation length (km)	**1,549km**	**736km**
Weighted-average age of network assets (years)	**22.8**	**15.2**
Percentage of network with condition grading	**94%**	**98%**
Percentage of network in poor or very poor condition	**2%**	**3.4%**

Overall, the condition profile indicates that the majority of network assets are in good or fair condition, with a relatively small proportion currently assessed as poor or very poor. However, the presence of highly critical assets within this cohort means that condition alone is not a sufficient indicator of risk.

These assets represent key points of system vulnerability and resilience focus, and feature prominently in both renewal planning and future capital investment decisions.

More detailed information is recorded in Selwyn Water's Asset Management Plans. Data reflects the most recent asset register and condition model available at the time of preparation of this Strategy.

Table 2. 'High' critical assets

Parameters	Wastewater
Rolleston WTP - Izone Drive	Pines WWTP
Rolleston WTP - Helpet Park	Ellesmere to Pines Rising Main
Darfield WTP - SH73	Allendale Lane – Lincoln to Rolleston rising main
Leeston WTP - Leeston Dunsandel Rd	Selwyn Road to Pines rising main
	Darfield to Pines pipeline
	Lincoln Allendale pump station

Asset values

The Council's water and wastewater assets were most recently valued on an optimised replacement cost basis as of 30 June 2025. This valuation approach reflects the cost of replacing assets with modern equivalents providing the same level of service, rather than historical cost.

A summary of optimised replacement cost (ORC), optimised depreciated replacement cost (ODRC), and annual depreciation for the water and wastewater asset groups is presented in Table 3.

Table 3. Asset replacement costs

Asset Group	Drinking Water	Wastewater
ORC ($)	**$582,867,090**	**$676,264,340**
ODRC ($)	**$442,501,783**	**$552,518,822**
AD ($)	**$9,451,955**	**$8,387,669**

5.3 Planned capital investment – most likely scenario

This section outlines the major capital investments anticipated under Selwyn Water's current "most likely" planning scenario. This scenario reflects inherited planning assumptions from the Long-Term Plan and the Water Services Delivery Plan, updated to reflect emerging growth pressures and early engineering reassessment during Selwyn Water's establishment phase. Anticipated drinking water projects are shown in Table 4 and wastewater projects in Table 5.

The programme described here provides a working basis for strategic discussion, funding and financing analysis, and scenario testing. It does not represent a fixed commitment to scope, timing, or sequencing, all of which remain subject to further analysis and Board direction.

With Selwyn District's sustained high growth, capital investment has been identified over a planning horizon extending to 2054, consistent with the Infrastructure Strategy 2024–2054. This longer-term view recognises that major water and wastewater investments are often triggered by population thresholds but require long lead times for planning, consenting, and delivery. Table 6 describes likely timing and sequencing of longer-term decisions.

Drinking Water Reservoir, Sheffield

Table 4. Significant drinking water projects over the next ten years (nominal values)

	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	10 year total
Projects to meet additional demand											
Malvern growth	506,550	-	-	1,334,607	-	-	-	-	-	-	**1,841,157**
Centralised treatment	-	450,383	1,031,503	1,058,676	-	-	-	-	2,366,828	9,367,560	**14,274,950**
Darfield growth	8,608,750	-	-	-	-	-	-	-	1,630,218	-	**10,238,968**
Kirwee growth	479,790	-	-	-	-	-	-	-	-	-	**479,790**
Well and pipework upgrade	-	-	-	-	-	-	-	1,179,508	-	-	**1,179,508**
Lincoln growth	2,514,368	997,287	78,800	207,991	111,300	1,649,626	-	469,267	425,600	-	**6,454,238**
Prebbleton growth	3,032,400	1,523,329	-	-	-	-	-	-	828,047	-	**5,383,776**
Rolleston growth	-	3,672,943	1,418,397	325,800	10,219,922	198,803	5,144,991	-	-	-	**20,980,857**
Southbridge growth	616,750	-	-	-	-	-	-	-	-	-	**616,750**
Contingent water capex	-	-	-	-	-	10,450,000	9,512,931	8,090,067	-	-	**28,052,998**
Total investment to meet additional demand	**15,758,608**	**6,643,942**	**2,528,700**	**2,927,074**	**10,331,222**	**12,298,429**	**14,657,923**	**9,738,841**	**5,250,694**	**9,367,560**	**89,502,993**
Projects to improve levels of service											
Centralised treatment	-	487,915	1,117,461	1,146,899	-	-	-	-	2,564,064	10,148,190	**15,464,529**
Water – capital works	17,203,143	9,657,139	10,386,270	8,075,586	7,387,357	3,307,015	1,623,357	3,013,452	2,587,648	2,642,976	**65,883,942**
Ngāti Moki Marae, Taumutu wastewater	-	-	-	1,201,116	-	-	-	-	-	-	**1,201,116**
Water – capital improvements	4,319,072	1,453,503	1,339,919	946,688	685,670	650,147	563,243	380,486	337,688	330,372	**11,006,789**
Contingent water capex	-	-	-	-	-	10,450,000	9,512,931	8,090,067	-	-	**28,052,998**
Total investment to improve levels of service	**21,522,215**	**11,598,557**	**12,843,650**	**11,370,289**	**8,073,028**	**14,407,161**	**11,699,531**	**11,484,006**	**5,489,400**	**13,121,538**	**121,609,374**
Projects to replace existing assets											
Renewals – linear (pipe valve)	4,780,118	4,944,561	5,064,720	5,192,896	5,266,192	5,380,754	5,543,664	5,638,428	5,625,770	5,734,149	**53,171,251**
Renewals – P&E (PS TP Teley)	2,318,577	2,833,232	1,290,975	1,150,206	1,178,802	1,207,398	1,234,936	1,262,473	1,287,892	1,315,429	**15,079,919**
Consent renewals	88,264	189,400	202,331	79,879	212,849	243,168	399,657	462,928	488,348	338,008	**2,704,831**
Lincoln town centre upgrade	-	-	-	658,637	-	-	-	-	-	-	**658,637**
Total investment to improve existing assets	**7,186,959**	**7,967,193**	**6,558,026**	**7,081,618**	**6,657,843**	**6,831,320**	**7,178,256**	**7,363,828**	**7,402,010**	**7,387,585**	**71,614,639**
Total investment in drinking water assets	**44,467,781**	**26,209,692**	**21,930,375**	**21,378,981**	**25,062,093**	**33,536,910**	**33,535,710**	**28,586,675**	**18,142,104**	**29,876,683**	**282,727,005**

Table 5. Significant wastewater projects over the next ten years (nominal values)

	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	10 year total
Projects to meet additional demand											
Conveyance and pumping	8,894,718	20,914,650	27,580,199	16,730,049	35,953,293	7,029,012	-	-	5,000,082	11,694,279	**133,796,283**
Pines 120	15,300,000	17,228,080	17,122,036	6,664,833	17,472,452	10,982,140	16,813,720	3,576,000	35,203,200	6,607,440	**146,969,900**
Contingent sewerage capex	-	-	-	-	-	3,800,000	3,329,526	2,379,431	-	-	**9,508,957**
Total investment to meet additional demand	**24,194,718**	**38,142,730**	**44,702,235**	**23,394,882**	**53,425,745**	**21,811,152**	**20,143,246**	**5,955,431**	**40,203,282**	**18,301,719**	**290,275,141**
Projects to improve levels of service											
WW capital works	5,189,714	808,789	272,507	2,517,472	-	1,212,960	1,240,624	1,605,779	6,576,730	5,765,037	**25,189,612**
Ngāti Moki Marae, Taumutu wastewater	-	-	-	4,778,943	4,897,757	-	-	-	-	-	**9,676,700**
WW capital improvements	2,893,048	834,872	754,227	774,188	793,435	812,683	831,218	849,753	866,862	885,397	**10,295,683**
Contingent sewerage capex	-	-	-	-	-	3,800,000	3,329,526	2,379,431	-	-	**9,508,957**
Total investment to improve levels of service	**8,082,762**	**1,643,661**	**1,026,734**	**8,070,602**	**5,691,192**	**5,825,643**	**5,401,368**	**4,834,964**	**7,443,592**	**6,650,434**	**54,670,952**
Projects to replace existing assets											
Renewals – linear (pipe valve)	1,283,981	1,396,064	1,343,307	1,382,028	1,413,564	1,674,301	1,477,759	1,510,750	1,549,109	1,578,433	**14,609,296**
Renewals – P&E (PS TP Teley)	4,171,303	3,721,914	3,568,128	3,486,926	1,463,180	1,475,875	1,662,017	1,543,196	1,574,267	1,670,027	**24,336,833**
Consent renewals	255,000	262,650	269,790	276,930	-	-	134,090	202,640	-	-	**1,401,100**
Lincoln town centre upgrade	-	1,266,679	-	680,922	-	-	-	-	-	-	**1,947,601**
Total investment to improve existing assets	**5,710,284**	**6,647,307**	**5,181,224**	**5,826,806**	**2,876,744**	**3,150,176**	**3,273,866**	**3,256,586**	**3,123,377**	**3,248,460**	**42,294,830**
Total investment in wastewater assets	**37,987,764**	**46,433,697**	**50,910,194**	**37,292,290**	**61,993,681**	**30,786,972**	**28,818,480**	**14,046,981**	**50,770,251**	**28,200,613**	**387,240,923**

5.4 Key capital investment drivers and decisions

Selwyn Water faces a number of significant capital investment decisions driven primarily by growth, regulatory requirements, and system capacity constraints. In several cases, actual development demand is exceeding the assumptions used in earlier infrastructure models, creating a material gap between existing capital budgets and the investment now required to maintain levels of service.

We rely on hydraulic modelling and scheme master planning to identify capacity constraints, forecast growth thresholds, and test infrastructure options. These models integrate network configuration, demand forecasts, and asset performance data to inform the timing and scale of capital investment. As growth assumptions and operational data evolve, modelling outputs are updated to ensure that infrastructure decisions remain aligned with service level and compliance requirements.

In water supply systems, this includes the need for additional source capacity, compliant treatment processes, and storage infrastructure. Updated modelling indicates that, in areas such as Rolleston and Lincoln, additional bore fields, treatment facilities, and storage may be required earlier and at greater scale than previously anticipated in order to maintain service reliability and support continued growth.

In water and wastewater reticulation networks, growth has created the need for accelerated and expanded upgrades, including new pump stations, reticulation and storage to manage increasing peak demands and improve resilience. These requirements have been identified at a conceptual level through updates to hydraulic models and scheme master plans.

Wastewater treatment investment is particularly sensitive to population thresholds. Current planning indicates that while existing budgets can accommodate growth to approximately 90,000–120,000 population equivalents, longer-term growth projections of 180,000–200,000 will require substantial additional investment in treatment, storage, power supply, and biosolids management at the Pines wastewater treatment system.

In addition to growth-driven investment, further capital will be required to meet new or evolving regulatory standards. The implications of recently released wastewater quality rules are still being assessed and will be incorporated into future iterations of the capital programme.

5.5 Timeline and sequencing of key investment decisions

The timing and sequencing of major investment decisions is as important as their scale. In practice, Selwyn Water's capital programme includes a small number of large, system-wide decisions with long lead times and limited flexibility once growth thresholds are reached.

Table 6 summarises the indicative timing of key decisions over the first 10 years of the Strategy and at five-year intervals thereafter. This timing reflects current understanding and will be refined through further modelling and Board direction. Table 4 and 5 provides the detail of these investment decisions.

Table 6. Timing and sequencing of capital investment decisions

Expected "Factor / Issue / Decision" FYs starting:	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036 to 2040	2041 to 2045	2046 to 2050	2051 to 2055
Rapid growth in demand for 2W services														
Natural hazards (e.g. seismic activity)														
Climate change (floods, heat, drought) impacts to water and wastewater schemes														
Further changes in quality standards, economic regulation, resource management reforms, and other legislative or regulatory changes														
Renewals optimisation to enhance service reliability and compliance														
Increasing service delivery complexities related to whole of service provision will demand suitably skilled personnel be available at the right time														
Costs escalation affecting CAPEX and OPEX activities ("pass-through" costs)														
Existing methods for managing biosolid waste from the Pines WWTP will become unaffordable														
Networks demand management incl. smart metering, leak reduction, and I / I reduction														

☐ No decision required ▫ Less significant or localised financial implications in this year ▪ Significant, broad financial implications in this year ■ Significant financial implications are expected, but the timing is unknown

Table 7. Significant expected issues, options, and implications, and expected significant decisions

Significant infrastructure issues	Expected timing of issue / decision	Principal options for managing issues	Implications of managing issues	Approximate scale of associated costs (30yr)
Rapid growth in demand for services – water treatment	2026 onwards, so long as high growth in service demands persists	Extend and expand water source and treatment works to align with higher growth than expected	Enable development while maintaining compliance and LOS	$35M additional capex
Rapid growth in demand for services – water distribution networks incl. storage	2026 onwards, so long as high growth in service demands persists	Extend and expand reticulation network to align with higher growth than expected	Enable development while maintaining compliance and LOS	$80M additional capex
Rapid growth in demand for services – wastewater collection network	2026 onwards, so long as high growth in service demands persists	Extend and expand reticulation network to align with higher growth than expected	Enable development while maintaining compliance and LOS	$100M additional capex
Rapid growth in demand for services – wastewater treatment	2026 onwards, so long as high growth in service demands persists	Expand Pines WWTP or develop added treatment capacity elsewhere	Enable development while maintaining compliance and LOS	$95M additional capex
Natural hazards (e.g. seismic activity)	Event timing is inherently uncertain, but likely to eventuate within 30 years	Critical water services assets are designed to IL4 standards. Insurance cover is adequate for immediate response and complete recovery of utility operations	2W service continuity is maintained to the greatest practical extent	TBC
Climate change (floods, heat, drought) impacts to water and wastewater schemes	Event timing is inherently uncertain, but likely to eventuate within 30 years	Asset risk (exposure, vulnerability, and hazards) identification, resilience monitoring using automated and visual means, strengthen / harden assets against predicted events, move / relocate assets (only as part of a wider programme response)	Minimise non-compliance events	TBC
Further changes in quality standards, economic regulation, resource management reforms, and other legislative or regulatory changes	Significant changes expected over next 3-5yr, then expect more measured changes in keeping with industry research and technological progress	Adaptive pathway approach for treatment and disposal systems; participation in sector changes and advocating for our communities; routine (operational) consent compliance monitoring; and trending	Minimise non-compliance events	Refer to OPEX short-term budget update; Capex implications TBC
Renewals optimisation to enhance service reliability and compliance	Minor issue today, but likely to compound over time if not addressed	Enhance asset condition assessment programme, develop risk-based renewals strategy, pilot alternative delivery methods	Reduction in asset failure risks, enhanced system reliability mitigating risk of non-compliances	Water $156M (CAPEX) Wastewater $139M (CAPEX) OPEX costs to enable targeted renewals ~$400k / annum

Significant infrastructure issues	Expected timing of issue / decision	Principal options for managing issues	Implications of managing issues	Approximate scale of associated costs (30yr)
Renewals optimisation to enhance service reliability and compliance	Minor issue today, but likely to compound over time if not addressed	Enhance asset condition assessment programme, develop risk-based renewals strategy, pilot alternative delivery methods	Reduction in asset failure risks, enhanced system reliability mitigating risk of non-compliances	Water $156M (CAPEX) Wastewater $139M (CAPEX) OPEX costs to enable targeted renewals ~$400k / annum
Costs escalation affecting CAPEX and OPEX activities ("pass-through" costs)	Ongoing and continuing	Develop procurement approaches that allow for agile and efficient procurement and risk-sharing, align asset valuations and project estimates with latest tender rates	Cost impacts on customers are managed	This affects all CAPEX and OPEX over time though unevenly
Existing methods for managing biosolid waste from the Pines WWTP will become unaffordable based on growing quantities and current treatment capability	Need to identify a short-term solution (2-3 years) and a long-term solution which depends on regulatory and commercial factors	Short-term: establish new solids stream at Pines to improve biosolids quality, introduction of heating to the existing process to minimise volume. Long-term: evaluate the costs and benefits of further quality improvements (commercial case) vs. traditional disposal options.	Managed OPEX costs, overall cost savings, potential sustainability benefits	TBC
Demand management needed to maximise capacity and mitigate compliance risks	Initial optimisation effort lasting 5-6 years to cover all schemes	Smart metering, leak detection and minimisation, inflow / infiltration detection and minimisation	Preserve the value of existing and future assets, mitigate risks consent non-compliances due to network / treatment capacity limitations	$750k / annum

5.6 Decision dimensions and trade-offs

Decision hierarchy for trade-offs

In resolving trade-offs between affordability, growth, compliance, resilience, and service levels, Selwyn Water applies the following hierarchy:

1. Public health and statutory compliance
2. Maintaining safe and reliable core services
3. Affordability for current and future consumers
4. Supporting growth and development

This hierarchy is applied in order of priority, with higher-order considerations taking precedence where objectives are in tension. It applies where objectives cannot be fully achieved at the same time and decisions must be made about the timing, sequencing, or scope of investment.

Applying the hierarchy in practice
Affordability acts as a key constraint on the pace and sequencing of investment. Where compliance and core service requirements can be met, investment may be deferred, re-phased, or scoped differently to moderate impacts on consumers.

Investment to support growth is undertaken in alignment with Council planning frameworks. Where growth would require significant upfront investment or create material affordability pressures, the timing, scale, or location of that growth may need to be reconsidered in partnership with Council.

This framework underpins the trade-offs described in the remainder of this section.

At a strategic level, many capital decisions involve choices about whether to respond immediately to emerging pressures or to defer, re-phase, or reshape investment. In practice, these choices involve trade-offs between meeting compliance requirements, maintaining service reliability, managing affordability impacts, and supporting growth.

Dynamic Adaptive Pathway Planning (DAPP)
Where Selwyn Water elects to proceed with investment, project-specific optioneering and value-for-money assessment will be undertaken, informed by Dynamic Adaptive Pathway Planning (DAPP) principles. This approach enables investment pathways to remain flexible over time while responding to new information about demand, cost, and regulatory change.

Decision-making in water services infrastructure planning requires long-term considerations of deep uncertainty due to climate change and population growth and infrastructure is typically 100-year design and services life. DAPP enables complex decision-making by generating multiple infrastructure options, rather than a single, static option.

This ensures short-term pathways that can be selected that avoid locking in future solutions which may become unsustainable as environmental conditions, societal perspectives and preferences change. In this way, long-term plans are able to retain flexibility and adapt to a variable and deeply uncertain future to ensure water services can continue for our communities.

A DAPP approach to infrastructure planning will include:

- Documentation of the drivers, triggers, and actions specific to an asset
- Adaptive pathways map
- Monitoring programme
- Programme for review of adaptive plan

Asset maintenance and renewal approach

Delivering Selwyn Water's service objectives requires a balanced focus on day-to-day operations, planned maintenance, and long-term asset renewal. Together, these activities support service continuity, regulatory compliance, and long-term asset sustainability.

Selwyn Water's maintenance and renewal approach is informed by asset condition, criticality, performance history, and lifecycle modelling, and is progressively being refined as data quality and asset management maturity improve.

Below is an overview of the existing maintenance and renewal programme.

Operations and maintenance

Operations and maintenance activities are structured to minimise the risk of asset failure, maintain regulatory compliance, and ensure continuity of water and wastewater services. These activities play a critical role in protecting public health, managing environmental risk, and sustaining levels of service while longer-term renewal and capital investment programmes are developed and delivered.

Maintenance activities are grouped into three broad categories:

Reactive maintenance
Corrective work undertaken in response to asset failures, customer reports, alarms, or other unplanned events. This includes fault response and service restoration activities required to address immediate risks to service continuity, public health, or compliance.

Scheduled maintenance
Planned inspection and routine maintenance activities designed to reduce the likelihood of failure and extend asset life. Scheduled maintenance is targeted toward assets where proactive intervention can materially reduce service risk or operating cost over time.

Instructed maintenance
Maintenance, renewal, or minor capital works initiated in response to condition assessments, performance issues, regulatory requirements, or changes in operating context. This category includes targeted interventions where assets are approaching end of life or where proactive replacement is required to manage risk.

Together, these maintenance activities support Selwyn Water's ability to meet its levels of service and regulatory obligations while operating within a constrained and evolving asset base. The balance between reactive, scheduled, and instructed maintenance is reviewed over time as asset condition data, performance information, and organisational capability mature.

Operational and maintenance activities are delivered through a combination of in-house capability and contracted services. Selwyn Water is responsible for ensuring that appropriate systems, skills, resourcing, and funding are in place to manage operational risk and support safe and reliable service delivery.

Maintenance activities are planned, recorded, and monitored through Selwyn Water's asset management system, supporting transparency, auditability, and continuous improvement. Over time, greater integration between operational data, asset condition information, and renewal planning will further strengthen risk-based decision-making and optimise whole-of-life asset management outcomes.

Renewals planning and long-term sustainability

The renewals programme is a core component of Selwyn Water's long-term sustainability. It progressively replaces assets as they reach, or approach, the end of their useful lives to maintain service reliability, manage risk, and avoid the accumulation of deferred renewal backlogs. Renewal decisions are informed primarily by asset condition, performance, and criticality, rather than by accounting depreciation alone.

For drinking water and wastewater pipe networks, Selwyn Water currently uses a risk-based renewal forecasting model (Infrastructure Decision Support – Wai) to inform a 30-year renewals programme. The model integrates asset inventory, condition, performance, and financial data to prioritise renewal where the likelihood and consequences of failure are greatest. Outputs are used to support both near-term renewal programmes and longer-term assessments of renewal sufficiency.

Model outputs do not automatically translate into immediate renewal. Renewal may be deferred where assets continue to perform adequately, where replacement is coordinated with planned upgrades or growth works, or where assets are expected to be decommissioned as part of wider system reconfiguration. This disciplined approach avoids premature expenditure while maintaining risk at acceptable levels.

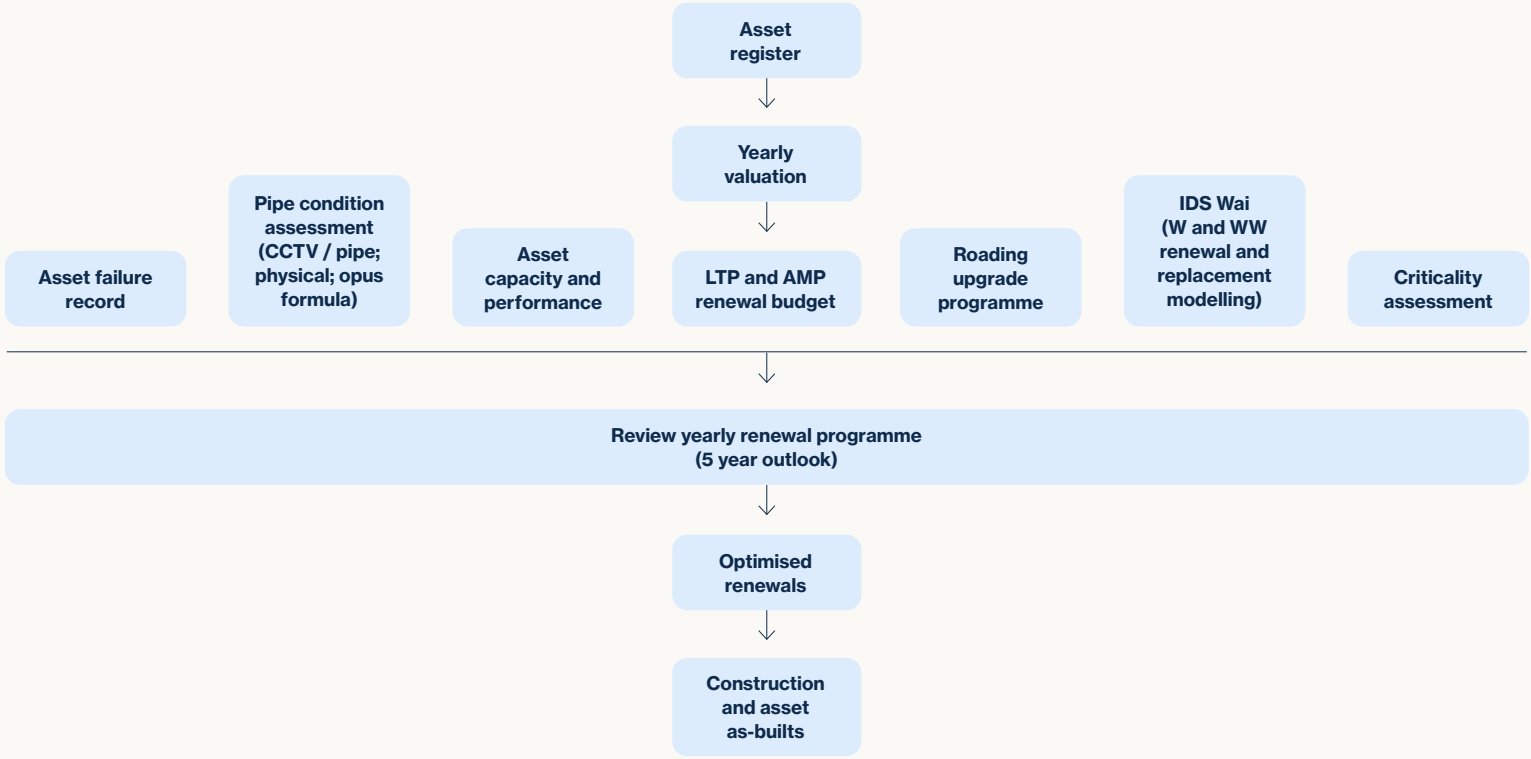
In practice, renewal activity often provides opportunities to improve resilience, reliability, and operational efficiency, rather than simply replacing assets on a like-for-like basis. Assets may be renewed at a higher specification or reconfigured to reflect updated standards, changed demand patterns, or the need to reduce future disruption and service risk. While this can increase upfront capital cost, it can materially reduce whole-of-life cost and improve service outcomes over time.

Consistent with the funding framework set out in Chapter 8, Selwyn Water assesses renewal funding adequacy over a long-run, portfolio-wide horizon rather than by matching renewal expenditure to annual accounting depreciation. Annual renewal expenditure is expected to vary over time as asset cohorts are replaced and delivery capacity fluctuates. Short-term differences between depreciation, renewal expenditure, and funding are therefore expected and acceptable, provided that renewal sufficiency is maintained over time.

Renewal planning and delivery are also shaped by practical constraints, including construction capacity, network access, disruption management, consenting requirements, and organisational capability. Renewal programmes are therefore designed to be deliverable and stable over time, balancing engineering need, affordability, and customer impact.

Figure 1 below illustrates the difference between annual accounting depreciation and a risk-based, long-run renewal programme, highlighting how renewal needs vary over time and are managed across the asset portfolio.

Figure 1. Illustrative renewal profile and long-run funding approach



Pines Wastewater Treatment Plant

Asset schedules and supporting information

Detailed asset schedules and scheme-level information are maintained within Selwyn Water's asset management systems and supporting asset management documentation, including the Strategic Asset Management Plan (SAMP) and Asset Management Plans (AMPs). These documents provide the primary source of detailed asset inventory, attributes, and scheme-specific information.

During the establishment of Selwyn Water, gaps and inconsistencies have been identified in asset schedule information inherited through historical development contributions documentation and transfer arrangements. Addressing these gaps is a priority for the completion of Selwyn Water's asset management framework and will support improved capital planning, renewal forecasting, and funding analysis over time.

The Strategy intentionally focuses on strategic context and decision-making rather than reproducing detailed asset schedules. As asset data maturity improves, future iterations of this Strategy will draw on more complete and consistent asset information.

5.7 Operating expenditure implications

While this chapter has focused primarily on capital investment and renewal planning, Selwyn Water's infrastructure programme also has operating expenditure implications over the strategy period.

Operating expenditure is primarily associated with the ongoing operation, maintenance, monitoring, and administration of water and wastewater services. For the first three financial years, the majority of operating expenditure relates to base service delivery and asset stewardship across the existing network.

Growth-related operating costs are expected to increase progressively as new assets are commissioned and brought into service. Strengthened regulatory requirements also give rise to additional monitoring, reporting, and compliance costs, which are incorporated within forecast operating expenditure.

Operating expenditure is not allocated on a project-by-project basis between renewal, growth, and level of service improvement. However, forecast operating expenditure reflects the cumulative effects of capital investment, regulatory expectations, and system expansion over time. The projected operating costs associated with this programme are incorporated in the forecast financial statements in Appendix A.

Chapter 6:

Our organisation

This chapter sets out how Selwyn Water is building the organisation, leadership, and culture needed to sustainably deliver drinking water and wastewater services over the long-term.

Pines Wastewater Treatment Plant

6.1 Introduction

The development of our people, our practices, and the shaping of our culture is critical to the sustained success of Selwyn Water. As New Zealand's first CCO established under the Local Water Done Well framework, we are building an organisation with the potential to lead the way for how New Zealand manages the provision of drinking and wastewater services.

Our approach to recruiting, retaining, leading, and developing our people needs to evolve and grow as our organisation matures from a start-up entity with transferred Council staff to a high-performing, customer-centric utility provider with scalable services that can be offered wider than our foundational customer base.

6.2 Strategic context

Operating environment

Selwyn Water operates in a unique context that shapes our people strategy:

- **Utility mindset with growth potential**
  We are shifting from a Council service delivery model to a utilities mindset, planning for scalable growth as we potentially support other customers through various service offerings
- **Start-up mentality meets experience**
  We blend deeply experienced staff with established ways of working from the Council alongside new hires, requiring us to retain strengths while adapting to a customer-centric, continuous improvement mindset
- **Balancing stability and agility**
  As we grow and add more services and people, we need to stay flexible and work closely together while ensuring our services remain reliable, efficient, and resilient

Time horizons

Our people strategy aligns with three development horizons:

- **Horizon 1 (Jan 2026–Jun 2026)**
  Foundational – adopting Council policies, establishing core roles, focusing on stability and compliance
- **Horizon 2 (Jul 2026–Jun 2027)**
  Development – refining fit-for-purpose practices, building capability, maturing workforce strategies
- **Horizon 3 (Jul 2027–Jun 2028)**
  Maturity – fully embedded systems and culture, operating as a benchmark utility provider

Key assumptions

Our workforce approach is based on the following assumptions about Selwyn Water's context and direction:

- **Service growth and scope**
  Selwyn Water will initially focus on Selwyn District, with a prospect of providing services to additional councils in later horizons.
  Any expansion will be planned and phased, allowing time to build capability, systems, and partnerships
- **Operating model and sourcing**
  The agreed operating model will remain the primary framework for how we source capability. Our approach to sourcing capability is outlined in Section 6.3. A mix of in-house and outsourced delivery will continue, with in-house teams focused on core, high-value utility functions
- **Policy and regulatory environment**
  The Local Water Done Well framework and associated regulatory settings will remain broadly stable, with changes signalled early enough to adjust workforce and capability plans. Compliance expectations will continue to increase over time, requiring ongoing investment in specialist skills
- **Technology and data**
  Digital transformation and data maturity will progress over the three horizons, enabling more automation, better decision-making, and different skill profiles in some roles. Investment in core systems (e.g. asset, customer, HR and finance platforms) will proceed broadly in line with the operating model roadmap
- **Labour market and partnerships**
  The labour market for specialist water, asset management and digital capability will remain tight, making attraction and retention a strategic priority. Key delivery partners will remain willing and able to support Selwyn Water through secondments, shared services and contracted arrangements
- **Financial parameters**
  Selwyn Water will operate within prudent financial settings focused on long-term sustainability rather than maximising short-term surpluses. Funding for critical people initiatives (leadership development, culture work, key systems and roles) will be prioritised as enablers of service performance

6.3 Workforce requirements

Future workforce characteristics

To succeed, we need a high-performing, adaptable workforce with high self-awareness and growth mindset, comfort with ambiguity, strong collaboration skills, customer-centric orientation, commercial acumen, and depth of expertise in drinking and wastewater management.

Sourcing strategy

We employ a flexible “build-buy-borrow-buddy” approach: building internal capability for core functions, buying specialist expertise, borrowing through secondments from the Council, and partnering with external service providers. The mix of insourced and outsourced capability will shift across horizons as functions mature.

6.4 Leadership philosophy

As Selwyn Water matures, our leaders must evolve from delegators to orchestrators, adopting a service delivery mindset that coordinates the optimal mix of capabilities, focusing on team success, and moving from command-and-control to coaching for performance.

Key leadership capabilities include systems thinking and collaboration, building self-managing teams at pace, commercial discipline, empowerment through clarity and context, and coaching for high performance.

Selwyn Water Board Chair, Murray Strong, Deputy CEO Heather Geddes and CEO Alex Cabrera

6.5 Culture and ways of working

Cultural foundations

Our culture must support our strategic posture with its focus on digital strategy, building customer trust, ensuring long-term sustainability, and deepening customer insights and community engagement.

Core cultural principles

Six principles guide our ways of working:

1. **Clarity**
   Clear vision, purpose, priorities, roles, and decision-making parameters – especially during change
2. **Customer centricity and continuous improvement**
   Customer experience, efficiency, transparency, scalability, and cost-to-serve drive how we design products and services
3. **Simplicity**
   Minimise complexity; keep things clear and well-documented to enable pace
4. **Right capability, right time, right place**
   Doing the right things in the right way to deliver outcomes in a financially sustainable manner
5. **Adaptability**
   Skills-based, organisation-wide view of resourcing; nimble and able to pivot while maintaining disciplined practices
6. **Smart tech and data-driven**
   Leverage digital tools and evidence-based analytics; roles evolve as technology changes how we work

Collaboration as core

Effective delivery depends on strong partnerships, role clarity, accountability, and regular communication. Our talent strategy prioritises individuals who value collaboration for organisational and customer success over individual achievement.

6.6 Development of people systems and practices

We are developing our people systems through a four-level maturity model:

Level 1: As-is
(stability and compliance)
- Adopt existing Council policies for all essential areas
- Ensure legal compliance and functional operation immediately
- Buy critical time for the new business to operate

Level 2: Tweak / modify
(fit for purpose and efficiency)
- Review frequently used or administratively burdensome policies
- Simplify, modernise, and remove Council-specific elements
- Deliver updated, lighter versions of core people policies

Level 3: New culture-build
(defining our identity)
- Develop signature Selwyn Water practices in 3-5 critical areas
- Move from “what we have to do” to “who we want to be”
- Create fully bespoke policies reflecting our strategy and desired culture

Level 4: Continuous evolution
(scalability and employee experience)
- Complete full suite of policies with feedback loops
- Implement formal annual / biannual policy review process
- Make practices living documents responsive to growth and market changes

Design principles

All people systems will align with these principles:
- Early engagement and clear communication for buy-in
- Well-planned, fit-for-purpose training and user support
- Integration across frameworks for consistent language and experience
- Measurable outcomes and continuous review
- Effective change management recognising transition impacts

Pines Wastewater Treatment Plant

6.7 Implementation priorities

Horizon 1 (current–Jun 2026)

- Formalise adoption of Council policies with clear communication
- Establish core HR functions and compliance frameworks
- Define roles and decision-making delegations
- Commence culture-setting activities with leadership team
- Begin skills mapping for future capability planning

Horizon 2 (Jul 2026–Jun 2027)

- Review and lighten most frequently used policies
- Develop 3-5 signature Selwyn Water people practices
- Implement formal performance and development frameworks
- Build leadership capability programmes
- Strengthen talent acquisition and retention strategies
- Develop robust succession and workforce planning

Horizon 3 (Jul 2027–Jun 2028)

- Complete bespoke policy suite aligned to mature strategy
- Embed formal policy review and feedback mechanisms
- Achieve mature leadership and culture state
- Operate as employer of choice in utilities sector
- Maintain agile, high-performing workforce capable of scaling

6.8 Success measures

We will track people strategy effectiveness through:

- **Engagement**
  Employee engagement scores, retention rates, voluntary turnover
- **Leadership effectiveness**
  Manager effectiveness ratings, leadership pipeline strength
- **Capability**
  Skills coverage, time-to-competency, critical role fill rates
- **Workforce agility**
  Ability to scale or pivot, internal mobility rates
- **Culture**
  Values alignment scores, collaboration effectiveness ratings
- **Attraction**
  Time-to-hire, offer acceptance rates, employer brand strength

Regular review of these measures will ensure our people approach remains fit for purpose as we grow and mature.

Chapter 7:

Our digital systems and processes

This chapter sets out Selwyn Water's approach to establishing and maturing the digital systems, data, and processes that support reliable, efficient, and future-focused water services.

Pines Wastewater Treatment Plant

7.1 Introduction

Selwyn Water, as a newly established water organisation, is building its asset information management capability from the ground up while transitioning away from the Council's IT environment. The approach is phased, structured, and aligned with modern architectural and governance practices so future asset data processes are secure, scalable, and fit for purpose.

A foundational priority is to identify and leverage inherited strengths – documenting operational systems, data sources, and dependencies to form a comprehensive baseline of asset information and workflows. This underpins a Target Operating Model that blends proven practices with modern platforms and clear decision filters about what we should build, partner for, or leave behind.

7.2 Governance and platforms

We are establishing architectural standards, compliance baselines, and design principles that govern how asset data is captured, stored, integrated, and maintained – supporting consistent asset lifecycle management as the organisation matures. Microsoft 365 and Intune provide secure collaboration, identity, device governance, and structured information management, implemented through a staged roadmap to protect critical milestones such as July 2026 billing.

How Selwyn Water retains, distributes, disposes and archives information will follow strict protocols to ensure security of information in the interests of its customers and the community it serves.

7.3 Digital twin as a core design principle

Selwyn Water's design principles explicitly prioritise Technology – UX, AI, and Digital Twin as a decision filter: if a capability is unique and valuable, Selwyn Water will own and understand it; if valuable but not unique, partner or source; if neither, leave it behind. This frames a water network digital twin that unifies asset registry, GIS, telemetry / SCADA, condition data, and work history to enable predictive maintenance, outage scenario modelling, risk-based renewals, capacity planning, and customer-facing dashboards.

7.4 Long-term thinking enabled by technology

Standing up digital systems from scratch required cultural change; the key lesson is to invest early in capability and data governance. Our roadmap emphasises small, scalable tech pilots that de-risk change while building organisational confidence – delivered with partners to keep the digital strategy aligned with our aspirations. Over the next decade, Selwyn Water targets full digitisation of the water lifecycle, from predictive maintenance to transparent, customer facing performance insights.

7.5 Horizon Model: staged maturity

We will deliver this evolution through the Draft Operating Design's Horizon Model:

- **Horizon 1 (Dec 2025 – Jun 2026)**
  Establish essential functions for service continuity and compliance; many processes remain manual and customer engagement is foundational
- **Horizon 2 (Jul 2026 – Jun 2027)**
  A more cohesive, scalable model; strategy increasingly shapes structure; enterprise systems lift preventative maintenance and risk management; CRM and structured engagement improve customer experience
- **Horizon 3 (Jul 2027 – Jun 2028)**
  A digitally enabled, customer centric utility; predictive analytics, automation, and AI embedded across asset management and operations; benchmark performance and resilience

7.6 Sourcing to accelerate outcomes

Selwyn Water applies "Build, Buy, Borrow, Buddy" to balance speed, risk, and strategic control – building high value capabilities (e.g. digital twin models and asset intelligence) while partnering where value is not unique.

7.7 Delivery as work packages

Prioritised packages will modernise data integration, implement records management, strengthen Zero Trust security, and map legacy asset features to digital equivalents. Gap analyses will drive data quality uplift and process optimisation. Continuous improvement will be supported by monitoring tools, compliance dashboards, and operational insights, with managed services ensuring resilience and alignment to growth.

Chapter 8:

Funding

This chapter sets out our approach to funding water and wastewater services, including how costs are recovered from customers, how charges are structured, and how affordability and equity are managed over time.

8.1 Purpose and funding context

Funding decisions determine:

- Who pays for water services (for example, existing versus new customers, residential versus non-residential users)
- When costs are paid (for example, through current charges or spread over time via borrowing as addressed in Chapter 9)

As a newly established water services entity, we are developing our first Water Services Strategy during a period of transition. In the near term, funding arrangements necessarily reflect historical policies and charging structures inherited from the Council.

Over time, we intend to refine and modernise these arrangements to better reflect cost-to-serve, regulatory expectations, environmental outcomes, and community priorities.

Accordingly, this Strategy adopts a staged, horizon-based approach to funding:

- Maintaining stability, continuity, and credibility during the establishment period
- While clearly signalling areas for future review and change, aligned with the next Council Long-Term Plan, improved data, and evolving regulatory settings

In applying this approach, affordability is treated as a key constraint on the timing and sequencing of funding changes, alongside the need to meet statutory requirements and maintain core service reliability.

The initial financial modelling was informed by earlier planning assumptions, including the Water Services Delivery Plan. Following establishment of Selwyn Water, updated financial information and operational refinements have enabled a moderation of initially planned price increases while maintaining long-term funding sufficiency. This funding framework is designed to support the long-term financial sustainability of water services, ensure transparent recovery of costs over time, and meet the requirements of the Local Government (Water Services) Act 2025 for inclusion in a Water Services Strategy.

8.2 Relationship to Fees and Charges Policy and Schedule

For the first financial year commencing 1 July 2026, Selwyn Water's detailed Fees and Charges Schedule forms part of the Fees and Charges Policy for statutory pricing disclosure purposes.

The Fees and Charges Policy (the Policy), approved separately by the Board, establishes the principles, definitions, and administrative framework for how water and wastewater charges are set and applied. The Policy and the associated Fees and Charges Schedule are published alongside this Strategy and support its implementation.

This chapter describes the strategic funding and pricing approach that underpins the Fees and Charges Schedule. Where detailed fee amounts are required, reference should be made to the Schedule that forms part of the Policy. Where operational charging rules or definitions are required, reference should be made to the current Fees and Charges Policy.

8.3 Selwyn funding context

Selwyn District faces a distinctive combination of funding pressures that shape this Strategy.

Selwyn is one of the fastest-growing districts in New Zealand, with growth concentrated in a small number of large water and wastewater systems, particularly in eastern Selwyn. This pattern creates large, lumpy capital investments that are triggered by growth but must also meet higher regulatory, environmental, and resilience standards at scale.

At the same time, a substantial share of drinking water and wastewater funding has historically been embedded within rates. Under the adopted Long-Term Plan, water-related activities already accounted for approximately one-third of total rates revenue in 2024/25, with materially higher-than-average growth rates relative to other Council services.

As a result, significant increases in water and wastewater funding requirements were already signalled prior to the establishment of Selwyn Water. The transition to a standalone water services entity does not create these pressures but makes them more transparent and subject to clearer accountability.

These characteristics mean that funding outcomes in Selwyn are driven as much by the timing, scale, and coordination of investment as by the absolute level of demand.

8.4 Key drivers of funding requirements

Projected changes in water and wastewater charges reflect a combination of historical funding settings, regulatory change, asset condition, and growth pressures specific to Selwyn District. These factors explain the reasons for material changes in funding requirements over the Strategy period and are critical to interpreting both the scale and timing of funding needed to support financially sustainable delivery of water services under this Strategy.

Historical under-collection and rates-based funding

Historically, a substantial share of water and wastewater costs in Selwyn were recovered through rates rather than direct charges. While this approach supported simplicity and affordability in earlier periods, it did not always fully reflect the underlying cost of service provision, particularly as regulatory requirements, growth pressures, and asset renewal needs increased.

Under the Council's adopted Long-Term Plan, water-related activities (including water supply, wastewater, stormwater and water races) accounted for approximately one-third of total rates revenue in 2024/25. These activities were also expected to experience higher-than-average cost and revenue growth compared with other Council services. As a result, significant increases in water-related funding requirements were already embedded in Council's adopted plans prior to the establishment of Selwyn Water.

For example, the Long-Term Plan signalled sustained increases in water-related funding requirements driven primarily by wastewater treatment upgrades, network expansion in high-growth areas, and compliance-related investment. These pressures were already reflected in headline rates increases of 15%–20% per annum for many properties.

The establishment of Selwyn Water does not introduce new investment pressures. Instead, it changes how existing and already-signalled costs are recovered and made visible, transitioning from rates-based funding to direct water and wastewater charges that are more transparent and aligned with regulatory expectations. Addressing these legacy funding settings is necessary to support transparent and financially sustainable water service provision over time.

Regulatory and compliance uplift

Selwyn Water operates within a strengthening regulatory environment that requires higher and more consistent levels of investment than under historical arrangements. This includes:

- Drinking water regulation and oversight by Taumata Arowai
- Wastewater discharge and environmental compliance requirements affecting treatment and network assets
- The introduction of economic regulation and information disclosure by the Commerce Commission

Meeting these requirements requires investment in treatment processes, monitoring, resilience, and operational capability across Selwyn's water and wastewater systems. These obligations are largely non-discretionary and apply irrespective of the funding or charging mechanism used.

Asset condition, renewal, and resilience

Selwyn's drinking water and wastewater networks include assets constructed during earlier periods of development that are now reaching renewal age. In many cases, renewal investment is required at the same time as systems are under increasing pressure from growth and higher service expectations.

In practice, renewal decisions frequently coincide with opportunities to improve resilience, reliability, or efficiency. For example, replacing assets at larger scale or higher specification can reduce future disruption, improve performance under peak or emergency conditions, and avoid the need for repeated interventions. While these decisions often increase upfront capital cost, they can deliver long-term operational and service benefits.

In Selwyn, this is evident in planned upgrades to major drinking water supply sources and storage, and in wastewater treatment investments where scale, redundancy, and environmental performance requirements increase sharply once population thresholds are reached.

These characteristics complicate the distinction between baseline renewal, resilience investment, and service improvement, and have implications for how costs are allocated between existing and future users, as discussed later in this chapter.

Growth pressures and growth-accelerated level of service investment

Population growth and development in Selwyn District continue to drive demand for additional water and wastewater capacity, network reinforcement, and treatment upgrades. While growth-related costs are, as far as practicable, recovered from new development, growth also places indirect pressure on existing systems by reducing available headroom and accelerating risk exposure.

In Selwyn, growth frequently does not create entirely new investment requirements. Instead, it accelerates the timing, scale, or specification of investments that would eventually be required to maintain compliance, resilience, or acceptable levels of service. This Strategy refers to such expenditure as growth-accelerated level of service investment. Examples include upgrades to the Pines Wastewater Treatment Plant and associated trunk infrastructure, where growth in eastern Selwyn accelerates investment that is also driven by higher treatment standards, resilience expectations, and environmental risk management.

Growth-accelerated level of service investment sits between purely growth-driven infrastructure and purely baseline renewal or compliance investment. How such costs are classified and funded involves policy judgement rather than a purely technical determination. Different approaches can materially affect charges, affordability, development feasibility, and intergenerational equity.

Further work will refine the identification and quantification of growth-accelerated level of service investment within the capital programme and test alternative cost-allocation approaches as part of future funding and development contributions reviews.

8.5 Funding and pricing principles (summary)

Our funding approach is guided by the following principles, which provide a stable policy foundation while allowing implementation to evolve over time:

- **Growth pays for growth**
  New development funds the infrastructure required to service it, minimising cross-subsidies from existing customers
- **Cost reflectivity**
  Charges reflect the cost to serve different customers and activities where practicable. This includes the treatment of trade waste discharges, where charges are intended to reflect the additional costs and risks associated with higher-strength or higher-volume wastewater
- **Intergenerational equity**
  Long-lived assets are funded over their useful lives, sharing costs fairly between current and future users
- **Revenue certainty and demand management**
  Funding arrangements balance predictable revenue with incentives for efficient water use
- **Full cost recovery**
  Charges ensure financial sustainability by progressively recovering the full economic cost of service provision to ensure costs and service risks are not unfairly transferred to future customers
- **Affordability and social equity**
  Essential services remain affordable, with impacts monitored and targeted support considered where appropriate

All funding and pricing decisions must comply with relevant legislative and regulatory requirements. The application of these principles to manage the timing of costs and price smoothing is addressed through financing choices in Chapter 9.

In applying these principles, Selwyn Water uses the decision hierarchy set out in Section 1.5 to guide how trade-offs are resolved. In practice, this means that public health and statutory compliance take precedence, followed by maintaining safe and reliable core services. Affordability acts as a key constraint on the pace and sequencing of change, while support for growth is pursued in alignment with Council planning and within financially sustainable limits.

The way in which these principles are applied to asset renewal funding and depreciation is described below.

Approach to asset renewal funding and depreciation

Our approach to funding asset renewal is grounded in whole-of-life asset management and reflects the approach historically adopted by the Council through its Long-Term Plan and Infrastructure Strategy.

Rather than mechanically aligning funding with annual accounting depreciation, Selwyn Water intends to ensure that renewal expenditure is sufficient over the long run to replace assets as they reach the end of their useful lives. This approach recognises the operational and financial realities of large infrastructure portfolios, where renewal needs are inherently uneven across time and assets are renewed, upgraded, and reconfigured on a continual basis.

Under this approach:

- Renewal programmes are informed primarily by asset condition, criticality, performance, and lifecycle modelling, rather than depreciation alone
- Funding is planned on the basis of a long-run average renewal requirement across the asset portfolio, recognising that actual renewal expenditure will vary from year to year as cohorts of assets are replaced
- Short-term differences between depreciation, renewal expenditure, and funding are expected and acceptable, provided that renewal adequacy is maintained over time

This approach avoids the need to create or manage explicit “sinking funds” for depreciation. In practice, funding depreciation as a cash concept would require the accumulation and active management of financial reserves, alongside the use of debt to finance capital investment. For a capital-intensive utility with ongoing investment needs, this would add complexity without improving asset sustainability outcomes.

Accounting depreciation remains an important information and signalling tool, but it is not treated as a direct proxy for renewal funding requirements. Depreciation outcomes are sensitive to asset valuation methodologies, componentisation, and periodic reassessment of asset lives, all of which can change over time as assets are renewed, upgraded, or repurposed. Selwyn Water therefore places greater weight on engineering-led lifecycle planning when determining renewal needs.

This portfolio-based, long-run approach is also consistent with delivery realities. Renewal activity is constrained not only by funding, but by factors such as construction capacity, disruption management, consenting, and organisational capability. As a result, deliverable renewal programmes tend to be relatively stable over time, even where theoretical renewal needs may appear lumpy. Planning and funding renewals on a long-run average basis supports affordability smoothing while remaining aligned with what can realistically be delivered.

Water and wastewater assets typically have long service lives. While the appropriate averaging horizon for renewal planning may therefore be longer than for some other infrastructure classes, extending the planning horizon does not materially change the underlying approach. The critical requirement is that renewal funding remains sufficient over time to maintain service levels and avoid the accumulation of renewal backlogs.

This approach represents a deliberate continuation and refinement of the funding philosophy applied in the Council's Long-Term Plan. We will continue to monitor asset condition, renewal performance, and funding adequacy over time, and will adjust renewal programmes and funding assumptions as improved data and operational experience become available.

Affordability and customer support

Selwyn Water recognises that access to safe drinking water and effective wastewater services is essential for community wellbeing. While charges are set to recover the cost of providing services and to support long-term sustainability, we acknowledge that some customers may experience difficulty meeting payment obligations from time to time.

Where affordability issues arise, our approach will prioritise early engagement and targeted customer support, rather than broad price suppression or cross-subsidisation that can undermine transparency and financial sustainability. Detailed arrangements for hardship assistance, payment plans, and the management of non-payment will be set out in separate customer support and payment policies, which will be developed and reviewed over time.

What these principles mean in practice

The principles above guide real-world decisions about how charges are structured and how funding trade-offs are managed. Table 8 below explains, in plain language, why each principle matters, what customers might notice over time, and the key trade-offs involved. The way these trade-offs are resolved in practice is guided by the decision hierarchy described earlier in this Strategy.

Taken together, these principles are intended to support the long-term sustainability of water and wastewater services. In particular, full cost recovery requires that funding arrangements recognise asset consumption over time and support the ability to maintain and replace assets as they wear out, while balancing affordability and intergenerational equity. The way these objectives are implemented over time is addressed through financing choices.

Where trade-offs arise between precision and understandability, we will favour transparency and simplicity, ensuring customers can understand how and why charges are set.

Further refinement of how principles are weighted and applied will be informed over time by improved data, consultation, and ongoing Board oversight.

Section 8.8 explores how these principles interact when infrastructure delivers shared benefits to existing and future users.

Table 8. Funding and pricing principles in practice

Principle	Why this principle matters	What customers might notice over time	Trade-offs and limitations
Growth pays for growth	Population growth drives the need for new infrastructure. Requiring development to fund its share supports fairness across generations and reduces pressure on existing customers.	Growth-related infrastructure is primarily funded through charges on new development rather than higher general water charges.	High growth charges can affect development feasibility. Some assets benefit both new and existing users, requiring judgement about cost sharing, timing, and efficiency.
Cost reflectivity and user pays	Water and wastewater services have high fixed costs (networks, treatment plants) and relatively low marginal costs for additional use. Aligning charges with cost drivers improves fairness, transparency, and economic efficiency.	Charges that more clearly distinguish between service availability (fixed components) and usage. Greater transparency about why different customers pay different amounts.	Fully cost-reflective pricing can increase complexity and relies on good data. Some cross-subsidies may be retained deliberately for social or strategic reasons and must be clearly justified.
Intergenerational equity	Infrastructure assets last for decades. Using debt and other financing mechanisms spreads costs over time so future users contribute to assets they benefit from, rather than current customers paying upfront.	Smoother price paths than if all capital were funded on a pay-as-you-go basis. Clear links between borrowing and long-term investment.	Greater use of debt increases exposure to interest rate and refinancing risk and requires prudent limits.
Revenue certainty and demand management	Volumetric charges provide conservation signals that can reduce discretionary use and delay new investment. However, most system costs are fixed and do not fall when demand falls, which can create revenue volatility.	A continued mix of fixed and usage-based charges. Incentives to reduce discretionary water use, particularly during peak periods.	Heavy reliance on volumetric pricing can increase revenue volatility and shift costs to larger households. Lower demand is not always economically optimal if infrastructure remains underutilised.
Full cost recovery	Over the long-term, charges must recover the full economic cost of providing water and wastewater services, including operating costs, asset consumption, and financing. This approach reflects a commitment to financial sustainability, ensuring that today's funding decisions do not transfer avoidable costs or service risks to future customers.	Gradual alignment of charges with the true cost of service delivery. Clearer links between charges, investment, and asset condition over time. Clearer differentiation between standard household charges and charges for higher-cost services such as trade waste discharges or bulk water supply.	Transitioning too quickly can create affordability pressures. Judgement is required about timing, smoothing, and the balance between current and future users.
Affordability and social equity	Water services are essential. Funding arrangements must avoid unintended hardship and recognise differences in ability to pay.	Monitoring of affordability impacts across customer groups. Consideration of targeted support rather than broad price suppression.	Targeted support requires clear eligibility criteria and administration. Broad subsidies can undermine long-term sustainability if not well targeted.

8.6 Pricing methodology

Prices and charges are set by first determining the total annual revenue requirement necessary to recover forecast operating costs, capital-related costs (including renewals and financing), and regulatory compliance costs.
Costs are allocated between water and wastewater activities and, where relevant, between customer groups based on service characteristics and underlying cost drivers.

For trade waste, cost allocation reflects both discharge volume and strength, recognising the additional treatment, monitoring, and compliance requirements associated with higher-strength discharges.

The resulting revenue requirement is then translated into a combination of fixed and volumetric charges consistent with the funding and pricing principles set out above. Detailed tariff calculations, charging definitions, and administrative rules are set out in the Fees and Charges Policy and Schedule.

8.7 Pricing and charging – clarification

For clarity:

- **Pricing** refers to the structure and level of tariffs (for example, the balance between fixed and volumetric components, and the treatment of different customer categories)
- **Charging** refers to how those tariffs are applied and administered (for example, metering basis, billing frequency, connection definitions, and serviceability boundaries)

This distinction reflects the statutory requirement to describe both the intended approach to pricing and the intended approach to charging consumers.

8.8 Implications for cost allocation and growth funding

Applying the principles set out above requires judgement, particularly where infrastructure investment delivers benefits to both existing and future users.

Water and wastewater infrastructure is characterised by high fixed costs (such as earthworks, treatment facilities, and network installation) and relatively low marginal costs of additional capacity. As a result, it is often significantly more efficient to deliver a single, coordinated investment than to undertake separate, sequential works.

Where assets are renewed or upgraded in anticipation of growth, different cost-allocation approaches may be applied depending on how the underlying driver of investment is interpreted. These approaches do not change total investment, but they can materially influence who pays and when.

In many cases, infrastructure delivers shared benefits to both existing and future users and can be delivered more efficiently as a coordinated investment than through separate works. A beneficiary-based perspective considers not only who triggers investment, but how the efficiency gains from coordination are shared between users.

In Selwyn, the application of these approaches is particularly relevant for large, shared assets such as wastewater treatment plants and trunk networks, where investment is driven by growth thresholds but delivers district-wide service and resilience benefits.

Different allocation approaches reflect different judgements about fairness, efficiency, and intergenerational equity. This Strategy does not prescribe a single method but signals the importance of making such judgements explicit and transparent when funding decisions are made.

Preferred cost-allocation principles for assets that deliver both renewal and growth benefits, including the treatment of triggering drivers, shared fixed costs, and efficiency gains, will be considered through future Board decision-making as part of funding and development contributions reviews.

These judgements will also need to remain aligned, as far as practicable, with Council's growth planning and wider development frameworks.

Table 9. Illustrative cost-allocation approaches for shared infrastructure

Allocation approach	Core logic	Typical implications
Renewal-first incremental	Renewal is unavoidable; growth affects only the scale of replacement	Lower growth charges; higher costs allocated to existing users; growth benefits from new assets at marginal cost
Growth-first incremental	Growth accelerates replacement timing; existing users benefit from avoided future renewal	Higher growth charges; existing users benefit from early renewal; potential impacts on development feasibility
Shared / beneficiary-based	Fixed costs and efficiency gains are shared between existing and future users based on relative benefit	More balanced outcomes; improved equity; greater analytical and policy complexity

8.9 Horizon-based funding approach

Horizon 1: Establishment and stability

During the initial establishment period, our funding approach prioritises continuity and operational stability. This includes:

- Largely rolling over existing tariff structures and charging methodologies
- Transitioning from targeted rates to fixed charges where required
- Maintaining existing development contributions arrangements
- Addressing clear gaps where charges do not reflect cost-to-serve (for example, trade waste and bulk water services)

This approach minimises disruption while we establish systems, data quality, and regulatory capability.

Horizon 2: Review and reform (Long-Term Plan-aligned)

Beyond the establishment period, we signal an intention to undertake more substantive reviews of funding and pricing arrangements, aligned, where appropriate, with the next Long-Term Plan and subsequent reviews of this Strategy.

Potential areas of reform include:

- Tariff restructuring or segmentation to improve equity and cost reflectivity
- Refinements to the balance between fixed and volumetric charges
- Updated growth charging methodologies under new legislative frameworks
- Further development of trade waste charging frameworks to improve cost reflectivity and transparency
- Development of bespoke affordability or social support mechanisms

These reforms are subject to further evidence, consultation, and Board direction. No material changes will be implemented without appropriate evidence and engagement.

8.10 Current funding arrangements (Horizon 1)

Selwyn Water currently recovers revenue through:

- Fixed charges to recover network and service availability costs
- Volumetric charges for metred water use
- Wastewater charges transitioning from rates-based mechanisms to fixed charges
- Development contributions to fund growth-related infrastructure

Trade waste and other non-standard services are recognised as areas requiring further refinement to ensure that charges appropriately reflect the costs and risks associated with different discharge characteristics, including volume, strength, and compliance requirements.

8.11 Structure of charges (summary)

Selwyn Water's charging framework for the first three financial years comprises the following core components. Detailed fee amounts are set out in our Fees and Charges Schedule.

Water supply

- Fixed charge per Separately Used or Inhabited Part (SUIP)
- Volumetric charge per cubic metre for metered supplies
- Restricted supply unit charges (where applicable)
- Serviceability charge for properties within a serviceable boundary but not connected
- Bulk and temporary extraction charges

Wastewater

- Fixed charge per SUIP
- Serviceability charge for properties within a serviceable boundary but not connected
- Additional plan-based charges where applicable
- Trade waste charges reflecting discharge volume and strength

Trade waste

- Annual permit or consent charges
- Volume-based and strength-based charges
- Monitoring, inspection, and compliance cost recovery

Trade waste charges are intended to ensure that customers placing greater load on the wastewater system contribute appropriately to treatment, monitoring, and compliance costs.

Administrative and technical charges

- Connection application fees
- Engineering and inspection charges
- Specialist technical services (time and materials)
- Late payment penalties, as permitted under legislation

This structure reflects the cost characteristics of water services, including high fixed infrastructure costs, regulatory compliance requirements, and the need for demand management where appropriate.

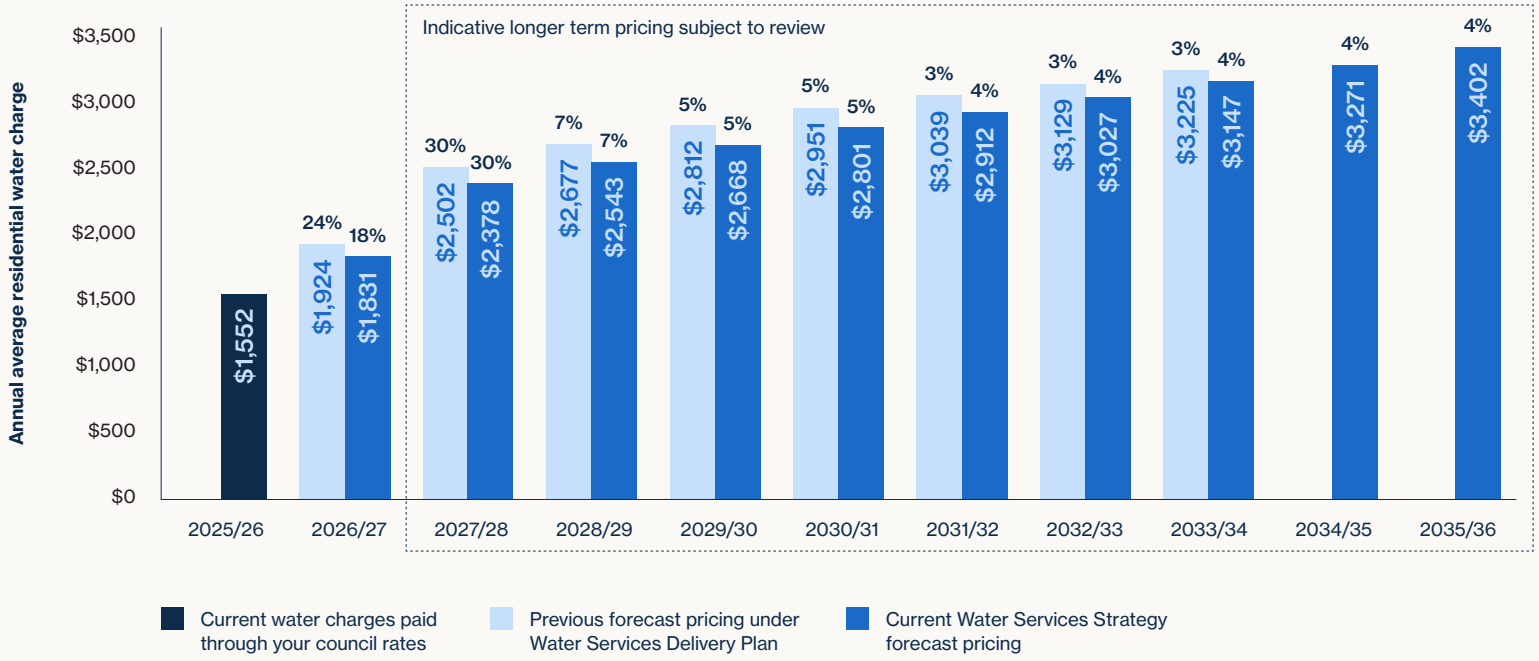
8.12 Indicative residential price path

Water charges will increase over the coming years as Selwyn Water invests to meet regulatory requirements, maintain and improve service reliability, and support growth in the district.

The graph and table below show the indicative 10-year price path for an average urban residential property with drinking water and wastewater services. Beyond 2026/27, these are long-term forecasts based on modelling assumptions from the Council's Water Services Delivery Plan (2025).

While the overall direction of investment remains necessary, Selwyn Water's focus on affordability means that we will continue to look for efficiencies that can reduce the future cost burden on our customers. The profile of future price increases will continue to be reviewed and, where appropriate, adjusted as Selwyn Water progresses through its establishment phase. This includes further work over the coming months to refine cost assumptions, delivery timing, and funding approaches.

Draft projected average residential water charges (2026–2036)



The increase in Year 1 (2026/27) is lower than previously indicated in the Council's Water Services Delivery Plan, reducing from 24% to 18%, following further work to manage short-term affordability impacts.

This reduction has been made possible through updated modelling and ongoing review and testing of the financial assumptions originally included in the Water Services Delivery Plan submitted by Council in July 2025. This work, together with further analysis undertaken since the establishment of Selwyn Water and the transfer of assets from the Council, has resulted in a more accurate understanding of Selwyn Water's financial, operational, and asset position.

This improved understanding confirms that Selwyn Water can meet service and compliance requirements, continue priority investment programmes, and maintain financial sustainability, while moderating short-term affordability impacts for customers.

The profile also reflects the timing of major capital investment, with higher increases in the early years followed by more moderate increases over time.

This price path will continue to be reviewed as Selwyn Water refines cost assumptions, delivery timing, and financing settings.

Annual changes in average residential water charges (2026–2036)

Year	Annual change (%)	Annual change ($)
2025/26	0%	-
2026/27	18%	280
2027/28	30%	547
2028/29	7%	164
2029/30	5%	126
2030/31	5%	133
2031/32	4%	111
2032/33	4%	115
2033/34	4%	120
2034/35	4%	124
2035/36	4%	131

Note: These indicative projections will be reviewed in line with future updates to our Water Services Strategy.

8.13 Intended sources of funding and revenue

For the first three financial years of this Strategy, Selwyn Water expects to recover revenue from the following principal sources:

- Fixed water supply charges
- Volumetric water charges
- Wastewater fixed charges
- Trade waste charges
- Development contributions or levies
- Minor fees and other income

The following summarises the expected composition of revenue over the first three financial years, consistent with the forecast financial statements in Appendix A.

The declining share of trade waste revenue over time primarily reflects the faster growth in residential and wastewater service charges relative to trade waste volumes under current modelling assumptions, rather than a reduction in trade waste activity. This relationship will continue to be monitored and refined as data quality and demand forecasting improve.

The relative mix reflects:

- The predominance of fixed infrastructure costs
- The application of volumetric charging for demand management
- The “growth pays for growth” principle through development contributions

Table 11. Composition of revenue

Revenue source (ex GST)	Year 1 ($m)	Year 2 ($m)	Year 3 ($m)	Year 1 (%)	Year 2 (%)	Year 3 (%)
Fixed water charges	15.13	20.47	22.76	32.4%	32.8%	32.9%
Volumetric water charges	9.24	12.53	13.97	19.8%	20.1%	20.2%
Wastewater fixed charges	19.65	26.69	29.79	42.1%	42.8%	43.0%
Trade waste	2.51	2.58	2.65	5.4%	4.1%	3.8%
Other revenue	0.10	0.11	0.11	0.2%	0.2%	0.2%
Total operating revenue	**46.63**	**62.39**	**69.28**	**100.0%**	**100.0%**	**100.0%**

8.14 Reasons for selecting each funding source and mechanism

Each funding source has been selected for the following reasons:

- **Fixed charges** support recovery of fixed network and treatment costs and provide revenue certainty
- **Volumetric charges** provide conservation incentives and improve equity by linking part of revenue recovery to usage
- **Trade waste charges** improve cost reflectivity by allocating treatment and monitoring costs to higher-impact dischargers
- **Development contributions / levies** give effect to the "growth pays for growth" principle and support intergenerational equity
- **Debt financing (refer Chapter 9)** spreads the cost of long-lived infrastructure across generations and smooths price paths
- **Equity and retained surpluses** provide balance sheet resilience and support long-term sustainability

Customer charging mechanisms, including billing frequency, metering requirements, and serviceability boundaries, are governed by the Fees and Charges Policy (as approved by the Board from time to time) and the Fees and Charges Schedule.

Together, these sources and mechanisms are intended to provide a stable, transparent, and sustainable funding framework during the establishment phase of Selwyn Water.

8.15 Relationship between funding and financing

Funding decisions determine how costs are allocated between customer groups and activities. Financing decisions determine how the timing of those costs is managed over time.

In practical terms:

- Funding settings (tariff structure, development contributions, cost allocation) determine who pays and on what basis
- Financing settings (borrowing, debt repayment profiles, liquidity management) determine when those costs are paid and how price paths are smoothed across generations

These dimensions are interdependent. For any given capital programme, limits on debt necessarily imply either higher near-term prices or deferred investment. Conversely, greater use of debt can smooth price impacts but increases balance sheet exposure.

Financing matters are addressed in Chapter 9.

8.16 Capital programme and price path optionality

In Selwyn, capital optionality is shaped by a small number of large, growth-driven systems rather than a broad portfolio of discretionary projects. This means that while there is limited flexibility to avoid major investment altogether, there is meaningful choice around timing, staging, scale, and the balance between resilience, compliance, and growth capacity.

Funding outcomes are highly sensitive to the scale, timing, and prioritisation of the capital programme. This Strategy adopts a reference capital and pricing pathway while recognising that future refinement may be required as further work is completed on costs, sequencing, affordability, and implementation risks.

This Strategy proceeds on the basis of an initial pricing and funding pathway informed by the Water Services Delivery Plan and prior consultation. Following establishment of Selwyn Water, updated opening financial information and operational refinements have enabled moderation of initial price increases while maintaining long-run financial sustainability. In implementing the Strategy, we will continue to test robustness against alternative capital delivery and affordability scenarios, including:

- An affordability-constrained pathway involving reprioritisation or deferral of investment
- A delivery-led pathway reflecting engineering assessments of asset condition and service risk

Each pathway has different implications for charges, borrowing, and service outcomes.

In practice, our capital programme includes both "hard" commitments and "soft" choices:

- Hard commitments include investments required to maintain regulatory compliance, public health outcomes, and environmental performance at existing and forecast population levels (for example, major wastewater treatment upgrades)
- Soft choices include the pace at which additional headroom, redundancy, and future-proofing are delivered, and whether investment is brought forward to avoid repeated disruption or delivered incrementally over time

For example, wastewater investment associated with the Pines Wastewater Treatment Plant has limited optionality in terms of overall scale once growth thresholds are reached, but retains optionality around staging, financing, and the timing of supporting network upgrades. Similarly, water supply investment often involves choices about whether to deliver resilience and capacity upgrades together or sequentially as growth materialises.

Preliminary financial modelling indicates that borrowing is used to smooth the timing of Selwyn's front-loaded capital programme, with debt increasing in the near term and declining later in the planning period. This supports intergenerational equity by spreading costs over time.

At the same time, consistent with the Board's commitment to financial sustainability and full cost recovery over time, our funding and financing arrangements are expected to support the timely replacement of assets as they wear out, including funding renewals based on average expected needs over a multi-decade horizon. The specific mechanisms through which renewal funding, debt repayment profiles, and price paths are coordinated will be refined through detailed financial modelling and implementation, as discussed further in Chapter 9.

The near-term balance between levels of service, resilience, and growth headroom is largely determined by the endorsed reference capital programme and the balanced use of debt reflected in this Strategy. Future refinement of service and resilience priorities will be informed by scenario testing, affordability analysis, and evolving regulatory expectations as part of subsequent strategy updates.

8.17 Explaining changes in charges

Significant increases in water and wastewater charges in Selwyn reflect the scale, timing, and nature of required investment, rather than a change in funding philosophy.

For an average urban residential property with sewerage, the indicative annual bill increases from approximately $1,552 in 2025/26 to $1,831 in 2026/27, an increase of around $280 or 18%.

This equates to approximately $5.38 per week. This initial increase is lower than previously indicated in the Water Services Delivery Plan, reflecting further work to moderate short-term affordability impacts while maintaining long-term funding sufficiency.

These pressures were already embedded in the Council's adopted Long-Term Plan and Water Services Delivery Plan, and are now made more transparent through the transition to a standalone water services entity.

In Selwyn, water and wastewater price paths are driven by different underlying factors. Wastewater price increases are dominated by a small number of large, growth-triggered treatment and conveyance investments, particularly in eastern Selwyn.

Water supply price increases are more strongly driven by resilience, compliance, and headroom investment across multiple schemes, reflecting regulatory expectations and reduced tolerance for risk as systems scale.

Over the next decade, Selwyn Water's combined capital programme for water and wastewater exceeds $600 million in nominal terms. Even with substantial development contribution funding, the scale and front-loaded timing of this investment places upward pressure on charges, particularly in the near term.

Growth increases the number of customers over time, but it also accelerates investment and reduces available system headroom, meaning that price pressures are not immediately offset by a larger customer base.

A significant proportion of these funding requirements was previously recovered through general rates. Under the Long-Term Plan, water-related activities already accounted for a substantial share of total rates revenue and were expected to experience higher-than-average growth relative to other Council services.

The establishment of Selwyn Water does not create new investment obligations, but separates water and wastewater costs from general rates, increasing transparency and accountability for how these services are funded.

We recognise that projected increases in charges are significant and require clear explanation. The organisation therefore commits to:

- Transparently explaining the drivers of change and the choices available
- Benchmarking charges and price paths against comparable water entities
- Contextualising water and wastewater charges within overall household costs, including rates

To provide additional context, Selwyn Water has compared its indicative year 10 residential charges with those of other New Zealand water service providers, based on publicly available Water Services Delivery Plan information.

This comparison indicates that Selwyn Water's projected charges are within the range observed across other providers. Selwyn Water sits slightly above the median, below the average, and broadly within the central range of outcomes.

Figure 2. Forecast year 10 combined water and wastewater prices

Differences between providers reflect a range of factors, including growth rates, asset condition, regulatory requirements, geography, and the timing and scale of investment programmes. As a result, these comparisons should be interpreted as providing general context rather than a direct measure of relative performance or efficiency.

For Selwyn Water, the projected price path reflects the district's combination of rapid growth, large-scale infrastructure requirements, and the transition to more transparent and cost-reflective funding arrangements.

Preliminary modelling also suggests that near-term charges are influenced by decisions about how capital investment is financed, including the extent to which borrowing is used to smooth large investments and the degree to which non-cash costs such as depreciation are recovered through charges. These choices affect not only short-term affordability but also long-term asset sustainability.

Future price increases will continue to be reviewed as Selwyn Water refines cost assumptions, delivery timing, financing settings, and the treatment of establishment-phase uncertainties.

Further detail on inherited funding trajectories and rates impacts is provided in Section 8.19 below.

Consideration of alternative pricing pathways

In developing this Strategy, and in response to the scale and timing of the charge increases described above, Selwyn Water and its Board considered a range of alternative pricing pathways. These included approaches that would moderate near-term price increases through deferral or reprioritisation of capital investment, as well as approaches that would accelerate investment and service improvements with higher near-term charges or increased reliance on borrowing. These alternatives were assessed in terms of their implications for affordability, delivery and compliance risk, intergenerational equity, and long-term financial sustainability.

These alternatives included variations in capital sequencing, the balance between debt and pay-as-you-go financing, and different approaches to the timing of cost recovery.

The pricing pathway adopted in this Strategy was initially informed by the Water Services Delivery Plan and prior consultation. Following establishment of Selwyn Water, updated modelling has enabled moderation of initial price increases while maintaining long-run financial sustainability. Ongoing scenario testing and monitoring will focus on the robustness of this pathway to changes in delivery assumptions, demand, and financing conditions.

8.18 Dependencies, gaps, and future work

Further refinement of the funding approach depends on:

- Confirmation of the preferred capital programme
- Completion of financial and scenario modelling
- Improved customer, consumption, and cost data
- Finalisation of inherited resource consent arrangements
- Confirmation of opening debt and revenue settings
- Alignment with the next Council Long-Term Plan
- Legislative outcomes relating to Development Levies

These matters will be progressed during the Strategy period and reflected in future updates.

8.19 Water reform and rates: context for funding and pricing decisions

This section provides context on how water and wastewater costs were historically funded through Council rates, and how those costs were expected to increase under the adopted Long-Term Plan and Water Services Delivery Plan planning assumptions.

Its purpose is to distinguish:

- Underlying cost drivers that pre-date the establishment of Selwyn Water
- The structural change in how those costs are recovered following the transition to direct water and wastewater charges

Why water-related costs were already driving rates increases

Under Council's adopted Long-Term Plan, water and wastewater activities accounted for a substantial share of total rates revenue and were expected to experience materially higher-than-average growth compared with other Council services.

These increases were driven primarily by:

- Front-loaded wastewater treatment and conveyance investment
- Regulatory and environmental compliance requirements
- Growth-related capacity and resilience upgrades in large, shared systems

As a result, significant rates increases were already signalled for many properties prior to the establishment of Selwyn Water. The creation of a standalone water services entity does not introduce new investment pressures but makes these previously embedded costs more visible and attributable to water and wastewater services.

From rates to charges: making cost pressures visible

Prior to the establishment of Selwyn Water, water and wastewater services were funded through Council rates alongside other activities. The scale of investment required in water infrastructure, regulatory compliance, and renewals was already embedded in Council planning documents, including the Long-Term Plan and Water Services Delivery Plan.

The transition to direct water and wastewater charges does not create new costs. Rather, it increases transparency by clearly attributing the costs of water services to the customers who receive them.

Water services face distinct cost pressures compared with many other Council activities, including growth-related infrastructure expansion, treatment and environmental compliance requirements, and long-lived asset renewal. These structural drivers mean that water-related charges may grow at a different rate from general Council rates over time.

The adopted pricing pathway reflects these underlying drivers while balancing affordability, financial sustainability, and intergenerational equity.

Interpretation

Together, this analysis demonstrates that:

- Significant water and wastewater cost pressures were already embedded in Council planning prior to Selwyn Water's establishment
- Separating water funding from rates increases transparency rather than creating new costs
- Funding outcomes are influenced by assumptions about demand, timing, and investment scale, which are incorporated into the adopted financial forecasts and subject to ongoing monitoring

These factors reinforce the importance of disciplined monitoring of funding, pricing, and capital delivery decisions, as reflected in the main body of the Strategy.

Chapter 9:

Financing

This chapter sets out how we intend to finance capital investment in water and wastewater services, including the use of debt and equity, the principles guiding borrowing decisions, and the approach to managing financial risk over time.

For clarity, this section uses “financing” to refer to the management of timing, debt, and liquidity, and “funding” to refer to the recovery of costs from customers through charges and other revenues.

9.1 Purpose and financing context

Financing decisions determine how investment costs are spread over time, rather than how much is spent. Financing choices are therefore an important mechanism, alongside pricing and capital decisions, through which Selwyn Water gives effect to its funding principles, including full cost recovery, intergenerational equity, and long-term asset sustainability. As such, financing is interrelated with:

- The scale and timing of the capital programme
- Funding and pricing decisions (Chapter 8)
- Affordability and intergenerational equity considerations

As a newly established entity, Selwyn Water's financing approach must balance:

- The need to deliver essential investment in assets and compliance
- The desire to smooth charges for customers over time
- The importance of maintaining balance sheet resilience, credibility with lenders, and regulatory readiness

For Selwyn Water financing decisions are shaped by a small number of large, front-loaded wastewater investments and a multi-scheme water supply programme, rather than a diffuse renewal profile. Additionally, the scale and timing of AMP-driven capital investment in Selwyn Water means that arrangements must accommodate significant year-to-year variability in financing and liquidity requirements.

Consistent with the funding framework set out in Chapter 8, financing choices influence the timing and smoothing of cost recovery rather than the quantum of costs recovered from customers. In particular:

- Financing decisions do not alter which costs are ultimately recovered, but affect when those costs are borne by customers
- Our approach to asset sustainability is based on ensuring long-run renewal adequacy, rather than mechanically funding annual accounting depreciation
- Financing arrangements are therefore assessed in terms of their ability to support renewal sufficiency, intergenerational equity, and affordability over time

9.2 Financing sources – overview

In addition to revenue recovered through customer charges, Selwyn Water's capital programme is supported by the following financing sources:

- Borrowing (primarily through the Local Government Funding Agency)
- Equity provided at establishment
- Retained operating surpluses, where applicable

These sources determine how investment costs are carried over time, rather than how they are allocated between customers.

9.3 Financing objectives

Our financing approach is guided by the following objectives:

- **Intergenerational equity**
  Spreading the cost of long-lived assets fairly between current and future users
- **Financial sustainability**
  Maintaining prudent levels of debt and adequate financial headroom, while supporting the long-term replacement of assets as they wear out
- **Affordability**
  Supporting price paths that are manageable for customers over time
- **Regulatory readiness**
  Aligning with anticipated Commerce Commission information disclosure and future price-quality regulation
- **Resilience**
  Ensuring the organisation can withstand financial shocks, including interest rate movements and unforeseen events

Selwyn Water does not have a profit-maximisation objective. Any operating surpluses are intended to support reinvestment, resilience, or price stability rather than dividend distribution.

9.4 Intergenerational equity and use of debt

Water and wastewater infrastructure assets typically provide benefits over many decades. Funding such assets entirely from current charges would require today's customers to pay for services that will also benefit future users.

Consistent with the principle of intergenerational equity, Selwyn Water intends to:

- Use debt to fund long-lived capital assets
- Structure repayment periods to broadly align with asset lives

This approach allows the costs of infrastructure investment to be shared across generations and supports smoother price paths than would occur under a purely pay-as-you-go funding model.

Borrowing is intended to smooth the timing of large capital investments, not to defer cost recovery indefinitely. Over time, financing arrangements should support the recovery of asset consumption and the ability to replace assets as they reach the end of their useful lives, consistent with the principle of full cost recovery.

Consistent with this discipline, Selwyn Water will not use debt to fund operating expenditure. Operating costs are expected to be recovered from current charges in the period in which they are incurred.

Consistent with Board direction, our financing approach is expected to broadly align debt repayment profiles with the lives of long-lived assets, while allowing flexibility in early years to accommodate front-loaded investment and price smoothing. Further refinement of depreciation funding and repayment profiles will be undertaken as part of detailed financial modelling and implementation.

9.5 Financing instruments and structure

Debt financing

We intend to finance borrowing through membership of the Local Government Funding Agency, providing access to large-scale, low-cost debt finance.

Use of Local Government Funding Agency and treasury operating model

Membership of the Local Government Funding Agency provides access to efficient, long-term debt finance but does not replace the need for an appropriate treasury management framework within Selwyn Water. While Local Government Funding Agency raises debt in wholesale markets and on-lends to borrowers under standardised policies, responsibility for financing strategy, treasury governance, interest rate risk management, liquidity planning, and covenant compliance remains with the borrowing entity.

We therefore intend to retain clear treasury governance and accountability, while delivering day-to-day treasury operations through a proportionate operating model. This may include shared services with the Council or the use of an external specialist treasury adviser, consistent with common practice across smaller councils and council-controlled organisations in New Zealand. This approach supports strong financial discipline and capability while avoiding unnecessary duplication of specialist functions.

Decisions about the extent to which treasury and financial risk management activities are coordinated with the Council are addressed separately in Section 9.8.

Use of Local Government Funding Agency as Selwyn Water's primary source of debt supports financial separation from the Council, provides access to competitive interest rates and longer maturities, and aligns with sector norms for local authority-owned water entities. It also supports the balanced debt path described in this Strategy by enabling borrowing to be undertaken within a disciplined, transparent, and well-understood financing framework.

Equity

Initial equity is provided through the transfer of assets and equity from the Council. Equity serves as a foundation for financial resilience rather than a return-generating investment.

Over time, the balance between debt and equity will be kept under review to ensure:

- Financial sustainability
- Alignment with shareholder expectations
- Appropriate sharing of costs between water users and ratepayers

Summary – indicative financing sources

Financing source	Purpose	Expected role
LGFA borrowing	Fund long-lived capital assets	Primary source of debt finance
Equity	Provide initial capital base	Balance sheet resilience
Retained surpluses	Build reserves / moderate prices	Secondary, as available

9.6 Debt appetite and financial risk management

Our debt posture is constrained by the scale and timing of the endorsed capital programme and the need to maintain financial sustainability. Within these constraints, the Board has indicated support for a balanced debt path consistent with sector norms for funding long-lived assets.

Debt appetite is not a standalone decision. It is a consequence of choices about:

- The scale and timing of the capital programme
- The desired smoothness of price paths
- Tolerance for financial and delivery risk

It also reflects choices about how quickly costs are recovered from customers and how renewal and replacement of assets is financed and recovered over time.

For any given capital programme, a lower appetite for debt implies either:

- Higher near-term charges
- Deferral or reprioritisation of investment

Conversely, a higher use of debt can:

- Enable earlier delivery of critical infrastructure
- Support intergenerational equity
- Smooth charges over time

All borrowing will be subject to:

- Prudent financial limits and covenants
- Lender requirements and market conditions
- Any applicable regulatory constraints

Financial covenants and alignment with the Water Services Delivery Plan

Local Government Funding Agency has signalled that financial covenants for water service providers are likely to focus primarily on cashflow-based measures, rather than traditional council rates-based ratios. Indicative covenant metrics typically include funds from operations (FFO) to debt, interest coverage, and minimum liquidity requirements, with covenant settings tailored to the operating profile of each entity and, where appropriate, phased in over time.

The Water Services Delivery Plan incorporates a number of indicative cashflow-based financial indicators, including FFO-related measures. These metrics provide an important foundation for future financing arrangements and demonstrate an intent to operate within a financial envelope broadly consistent with lender and credit-rating expectations. The indicative metrics highlight limited headroom in the early years, reinforcing the Board's view that financing flexibility is constrained rather than unconstrained during the establishment phase.

The Water Services Delivery Plan financial indicators have not yet been calibrated to formal lender covenant thresholds or tested under a full range of downside scenarios. In particular, future refinement of covenant settings will need to consider sensitivities such as demand response to price changes, delivery-led variations in capital expenditure, and interest rate volatility. These matters will be addressed as part of detailed financial modelling and financing implementation.

Further Board guidance will be sought once indicative covenant headroom has been tested under alternative delivery and pricing scenarios. Indicative financing metrics derived from the Water Services Delivery Plan reference modelling, and their implications for early-year financing headroom, are summarised in Section 9.12 Indicative financing metrics and early-year headroom (Water Services Delivery Plan reference case).

9.7 Relationship between capital programme, prices, and debt

The scale and prioritisation of the capital programme is the primary driver of financing requirements. Different capital delivery pathways have materially different implications for:

- Total borrowing requirements
- Exposure to interest rate and refinancing risk
- The profile of customer charges over time

This Strategy therefore recognises multiple potential capital pathways, including:

- A reference case informed by prior planning
- An affordability-constrained pathway
- A delivery-led pathway

The Board has endorsed the reference capital programme as the basis for this Strategy, with further refinement focused on correcting errors and improving sequencing rather than wholesale reset.

9.8 Financial risk and resilience

We will manage financial risk through:

- Maintaining appropriate liquidity and headroom
- Aligning debt maturities with asset lives
- Monitoring interest rate exposure
- Maintaining robust financial forecasting and scenario analysis

Group considerations in financial risk management

In considering its approach to financial risk management, in addition to entity-specific risk management practices, Selwyn Water recognises the close relationship between water charges and general rates from a customer and community perspective. While Selwyn Water will operate as a financially separate entity with our own borrowing, covenants, and accountability, there may be benefits in coordinating certain aspects of financial risk management with the Council.

In particular, Selwyn Water considers there to be merit in a coordinated approach to interest rate risk management at a group level, while maintaining separate treasury portfolios and liquidity arrangements. Under such an approach, Selwyn Water and the Council would retain independent borrowing programmes and covenant compliance, but align key parameters such as fixing horizons and debt maturity profiles to reduce the risk of coincident repricing or refinancing shocks for customers.

Liquidity management is expected to remain largely entity-specific. This reflects different operating cashflow characteristics and risk profiles. The appropriate balance between stand-alone and coordinated treasury arrangements will be confirmed as part of implementation planning, having regard to governance, regulatory expectations, and customer outcomes.

Financial resilience also depends on ensuring that revenue recovery and financing arrangements support long-term asset replacement, rather than relying on future customers to address accumulated renewal needs.

Financial resilience is particularly important given:

- The essential nature of water services
- Exposure to natural hazard risks
- The evolving regulatory environment

9.9 Surpluses and financial performance

Any operating surpluses generated by Selwyn Water will be applied for the benefit of current and future consumers, including through:

- Reinvestment in assets and service improvements
- Building financial reserves to improve resilience
- Moderating or smoothing future price increases

Transparent reporting of financial performance and the use of surpluses will be maintained in line with regulatory and shareholder expectations.

9.10 Dependencies and future review

Further refinement of the financing approach depends on:

- Confirmation of the preferred capital programme
- Board guidance on debt appetite
- Completion of detailed financial modelling and scenario analysis
- Alignment with the next Council Long-Term Plan
- Development of Commerce Commission information disclosure and regulatory settings

As we mature, a formal review of financing strategy and debt appetite may be undertaken to reflect improved data, organisational capability, and regulatory clarity.

9.11 Financing metrics: conceptual framework

This section provides a high-level framework for understanding the types of financial metrics commonly used by infrastructure lenders to assess the financial sustainability of water service providers, including the Local Government Funding Agency.

It is intended to:

- Explain the lens through which financing capacity is typically assessed
- Provide context for the indicative metrics presented in Section 9.12
- Support informed interpretation of financing risks without establishing binding limits

This section is conceptual in nature and does not include numerical analysis or conclusions regarding affordability or capital programme feasibility.

Indicative lender focus areas
For water service providers, lenders typically focus on cashflow sustainability and balance-sheet resilience, rather than rates-based or accounting measures alone. While specific requirements vary by lender and entity, common areas of focus include:

- Operating cashflow relative to debt levels, as an indicator of long-term sustainability
- Ability to service interest costs from operating cashflows
- Adequacy of liquidity and refinancing headroom, particularly during periods of elevated capital investment
- Stability of cashflows over time, including sensitivity to demand and cost variability

These measures are generally assessed dynamically, with particular attention to periods of heightened capital expenditure or refinancing activity.

Relationship to the Water Services Delivery Plan

The adopted Water Services Delivery Plan includes projections of operating performance, debt, and interest costs that allow indicative cashflow-based metrics to be derived. While these projections were prepared for planning purposes rather than lender assessment, they provide a credible baseline for considering financing implications.

Section 9.12 builds on this foundation by presenting indicative metrics derived from the Water Services Delivery Plan reference assumptions. These metrics provide supporting context for strategic discussion on capital sequencing, pricing phasing, and debt appetite, alongside updated modelling as it is finalised.

Use of this framework
This conceptual framework is intended to:

- Support transparent discussion of financing risks
- Provide consistency between strategic planning and future financing engagement
- Ensure that capital, pricing, and financing decisions are considered together rather than in isolation

It does not predetermine outcomes or imply lender positions, but provides a common reference point for governance-level decision-making.

9.12 Indicative financing metrics and early-year headroom (Water Services Delivery Plan reference case)

Purpose and status

This section summarises indicative financing metrics drawn directly from the adopted Water Services Delivery Plan and compares them with the types of cashflow-based measures commonly applied by infrastructure lenders, including the Local Government Funding Agency. These metrics are presented as a reference baseline and do not reflect an initial lower price increase as adopted in this Strategy. The purpose of this section is to:

- Provide transparency around early financing signals
- Identify periods of potential constraint
- Inform strategic discussion on capital sequencing, pricing paths, and debt appetite

The analysis is indicative only. It does not represent a lender covenant assessment, nor does it incorporate downside scenario testing.

Source of information

All metrics presented below are derived from the financial tables included in the adopted Water Services Delivery Plan, covering combined water and wastewater activities. No adjustments have been applied to reflect subsequent pricing moderation or refined modelling undertaken as part of this Strategy.

Indicative metrics: Funds from Operations (FFO) to debt

FFO-to-debt is a commonly used measure of cashflow sustainability, indicating the proportion of outstanding debt that could theoretically be repaid from annual operating cashflows.

This indicates a period of reduced cashflow headroom in the early years of the programme, before metrics recover toward steady-state levels in a manner consistent with an expected covenant transition profile.

Indicative metrics: FFO interest coverage

Interest coverage measures the ability of operating cashflows to service interest costs and is a key indicator of near-term financing resilience.

These figures suggest that interest servicing capacity was constrained in the early years under the Water Services Delivery Plan reference assumptions, before strengthening over time in line with an anticipated covenant phase-in.

Figure 3. Indicative Water Services Delivery Plan (WSDP) FFO to debt trajectory

Financial year	WSDP FFO / debt	WSDP reference benchmark
2024/25	~13%	9.0%
2025/26	~2.5%	9.0%
2026/27	~4.6%	9.0%
2027/28	~8.7%	9.0%
2028/29 onward	~9.0%	9.0%

Figure 4. Indicative WSDP FFO interest cover trajectory

Financial year	WSDP interest coverage	Indicative lender expectation*
2024/25	~6.1x	≥1.5x
2025/26	~0.84x	≥1.5x
2026/27	~1.48x	≥1.5x
2027/28	~2.5x	≥1.5x
Later years	~2.2–2.4x	≥1.5x

*Indicative ranges reflect commonly referenced infrastructure and Local Government Funding Agency style expectations and are provided for context only.

Interpretation and early signals

The adopted Water Services Delivery Plan includes cashflow-based financial metrics commonly used by lenders to assess financial sustainability. The Water Services Delivery Plan indicates that, under the reference capital programme and price path, financing headroom would be more constrained in the early years of the programme, before improving over time as the programme matures.

Under the moderated price phasing reflected in this Strategy, early-year debt levels are marginally higher and covenant headroom correspondingly tighter than under the Water Services Delivery Plan reference case. Updated modelling indicates that headroom remains within prudent limits, subject to confirmation through engagement with Local Government Funding Agency and finalisation of opening balance sheet settings.

The opening debt transfer position remains subject to final confirmation with Council; current indications suggest limited downside risk relative to modelling assumptions.

Local Government Funding Agency's lending framework for water organisations explicitly contemplates a phased introduction of covenant compliance, recognising that newly established entities may not meet steady-state covenant thresholds in their initial years. Where required, Local Government Funding Agency allows for a bespoke phase-in period of up to five years, subject to interim covenants that demonstrate an improving trend over time. On this basis, early-year constraint in the Water Services Delivery Plan metrics should be interpreted as indicative of a transition profile consistent with Local Government Funding Agency expectations, rather than as a signal of programme infeasibility.

Several observations can be drawn from the indicative metrics:

- The Water Services Delivery Plan implies a concentrated period of financing constraint in the early years, driven primarily by front-loaded capital investment
- Recovery toward more stable financing metrics occurs later in the planning horizon
- Early-year financing constraint is sensitive to changes in underlying assumptions, including:
  - Variation in customer demand response due to price increases relative to base-case assumptions
  - Changes in capital scope or delivery timing
  - Interest rate conditions over the transition period

Accordingly, while the Water Services Delivery Plan does not imply that the programme is unfinanceable, it does indicate limited tolerance for material capital acceleration or adverse shocks during the establishment and transition phase.

Strategic implications

The indicative analysis reinforces that:

- Capital scope, timing, and sequencing materially influence financing risk and remain a key lever for managing covenant headroom during transition
- Delivery-led approaches may require higher prices, lender flexibility, or acceptance of increased financial risk relative to the adopted pathway
- Further scenario testing is required to understand resilience under downside conditions

These signals provide important context for Board direction on capital pathways, pricing tolerance, and debt appetite.

Next steps

As part of further development of the Strategy and supporting financial modelling, Selwyn Water intends to:

- Undertake downside and sensitivity analysis of the adopted financial forecasts
- Test indicative covenant headroom under alternative capital and price phasing scenarios
- Refine financing assumptions as organisational capability and regulatory clarity improve

Development Contributions Policy

Selwyn Water inherited the existing Development Contributions Policy from the Council for water-related infrastructure.

This policy continues to apply during our establishment phase and provides the primary mechanism for recovering growth-related capital costs associated with drinking water and wastewater services.

We expect the current policy framework to remain in place until the Government enacts new legislation introducing

a developer levy system as part of its Going for Growth programme. That legislation is intended to replace the existing development contributions regime with a new approach to funding growth infrastructure.

Once the new legislative framework is confirmed, we will work with our shareholder to:

- Transition to the new developer levy regime
- Update our funding and growth infrastructure policies accordingly
- Ensure alignment with national settings and local growth objectives

9.13 Financial policies relating to borrowing, investment's and charging structure

In addition to the financing approach described above, Selwyn Water adopts the following policies in relation to borrowing security, financial investments, and charging structure.

1. Policy on giving security for borrowing

Selwyn Water may from time to time borrow to support the delivery of its capital programme and to manage timing differences between expenditure and revenue.

As a general policy:

- Borrowings are intended to be undertaken on an unsecured basis wherever commercially reasonable
- Security will not be granted over core water, wastewater, or stormwater infrastructure assets unless required to access efficient or cost-effective borrowing arrangements
- Any proposal to grant security over material assets would be subject to Board approval and, where required, shareholder approval

This approach reflects the essential public service nature of Selwyn Water's infrastructure and the importance of maintaining long-term stewardship of those assets.

2. Objectives for holding and managing financial investments and equity securities

Selwyn Water's primary financial objective is the sustainable delivery of water services rather than investment return maximisation.

Financial investments will therefore primarily comprise short-term cash deposits and liquidity reserves held to:

- Manage operational cash flow variability
- Meet debt servicing obligations
- Fund short-term capital commitments
- Maintain financial resilience under adverse conditions

Selwyn Water will operate under a Board-approved liquidity policy that sets minimum liquidity thresholds appropriate to its scale of operations, capital programme profile, and debt obligations.

Liquidity may be maintained through a combination of cash balances and committed borrowing facilities.

Cash and short-term investments will be managed conservatively, with priority given to preservation of capital and ready access to funds. Selwyn Water does not intend to accumulate surplus cash balances beyond prudent operational and resilience requirements.

Selwyn Water does not intend to hold equity securities or ownership interests in other entities except where operationally necessary to support water service delivery. Any such investment would require Board approval and must demonstrably support Selwyn Water's core service delivery objectives.

3. Targets for returns on financial investments and equity securities

Consistent with the conservative investment approach described above:

- Returns on cash investments are expected to align broadly with prevailing short-term bank deposit or wholesale money market rates
- Selwyn Water does not adopt a return-maximising investment strategy and does not set return targets comparable to commercial investment portfolios
- Any equity investments (if held) would be assessed primarily on their contribution to service delivery objectives rather than financial return

This approach ensures that customer funds are managed prudently and that financial risk is minimised.

Rolleston Broadway Parade Pump Station

4. Charging for separately used or inhabited parts of a property

For the purposes of water services charging under Section 95, a “separately used or inhabited part” of a property (SUIP) refers to:

- Any part of a rating unit separately used or inhabited by the ratepayer, or by any other person, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, or any part of parts of a rating unit that are used or occupied by the ratepayer for more than one single use. Separately used or inhabited parts include:
  - A residential, small holdings, or farmland property that contains two or more separately occupiable units, flats, or houses each of which is separately inhabited or is capable of separate inhabitation, i.e. has independent kitchen facilities

Where Selwyn Water applies separate water services charges to separately used or inhabited parts of a property, this definition will apply in determining charge liability.

If separate charging for SUIPs is not applied at establishment, Selwyn Water may consider its application in future as part of tariff design refinement, subject to statutory requirements and Board approval.

Selwyn Water’s financing framework is intended to support prudent balance sheet management, covenant compliance, and long-term infrastructure sustainability. Debt settings will be reviewed periodically as the organisation matures, regulatory expectations evolve, and financial performance stabilises.

Chapter 10:

Shareholder and community feedback

This chapter will be finalised following engagement with the community.

In preparing this Strategy, Selwyn Water engaged with our shareholder and the wider community in line with the requirements of the Local Government (Water Services) Act 2025 and our Significance and Engagement Policy.

10.1 Shareholder engagement

Selwyn Water engaged early with our shareholder during the preparation of this Strategy. Council reviewed the draft Strategy in March 2026, ahead of wider public engagement.

Council provided consolidated feedback on the draft Strategy, noting that it provided a strong foundation but would benefit from further strengthening in several areas. Key themes in the feedback included:

- Clearer articulation of how affordability influences decision-making and constrains investment, service levels, and pricing pathways
- More explicit explanation of how trade-offs between affordability, compliance, service reliability, and growth are prioritised in practice
- Stronger alignment with Council planning frameworks, including the Long-Term Plan and growth sequencing, and how this alignment will be maintained over time
- Clearer linkage between the Strategy's performance framework and Council's Statement of Expectations
- More explicit articulation of the purpose and application of any operating surpluses
- Improved clarity of pricing information, including the presentation of the price path and supporting context

In response to this feedback, Selwyn Water made a number of refinements to the draft Strategy. These included:

- Introducing a clearer decision-making framework, including an explicit decision hierarchy to guide trade-offs between competing objectives
- Strengthening the role of affordability as a key constraint on the timing and sequencing of investment and pricing decisions
- Enhancing alignment with Council planning by clarifying how growth, infrastructure delivery, and investment sequencing will be coordinated and how any misalignment will be managed
- Strengthening the performance and accountability framework, including clearer linkage to the Statement of Expectations
- Clarifying the intended use of operating surpluses, including their role in supporting affordability, resilience, and long-term sustainability
- Improving the presentation of pricing information, including clearer explanation of the ten-year price path, comparison with the Water Services Delivery Plan, and benchmarking against other New Zealand water service providers
- Incorporating additional discussion of uncertainty associated with Selwyn Water's establishment phase, including financial, operational, and delivery considerations, as well as external factors such as global supply chain pressures
- Acknowledging the need to update the Strategy over time to maintain alignment with Council's Long-Term Plan

These changes were incorporated prior to the release of the draft Water Services Strategy for public engagement.

10.2 Community engagement

This section will be updated after our community engagement.

10.3 Statement of responsibility

In line with Selwyn Water's constitution, this Strategy will be approved for release by the Board of Selwyn Water.

Chapter 11:

Key assumptions

This chapter summarises the key assumptions that underpin this Strategy, including assumptions used in developing service levels, infrastructure planning, funding and pricing, and financing settings.

11.1 Purpose and use of this section

This Strategy is being prepared during Selwyn Water's establishment phase, alongside the development of several foundational documents, including the Strategic Asset Management Plan (SAMP), Asset Management Plan (AMP), Infrastructure Development Plan (IDP), and detailed financial models. As a result, not all inputs are finalised at the time of preparing this Strategy.

The assumptions set out in this chapter underpin the financial estimates and projections presented elsewhere in the Strategy. This section is intended to:

- Provide transparency about the assumptions currently relied upon in the Strategy
- Distinguish between confirmed assumptions and those subject to further refinement
- Identify areas where further analysis or scenario testing is underway or planned
- Provide a single reference point for future refinement of the Strategy

Where assumptions are refined as additional information becomes available, this chapter will be updated in subsequent iterations of the Strategy.

11.2 Core planning assumptions

The following assumptions apply across multiple chapters of the Strategy and provide the baseline context within which other assumptions operate.

- **Scope of services**
  The Water Services Strategy covers drinking water and wastewater services only. Stormwater, land drainage, and water race services remain the responsibility of the Council and are excluded from this Strategy
- **Establishment-phase continuity**
  The Strategy assumes continuity of service delivery and regulatory obligations during Selwyn Water's establishment phase. Many service levels, delivery practices, and funding arrangements are therefore inherited from the Council in the short-term
- **Horizon-based approach**
  The Strategy is structured around a staged approach:
  - **Horizon 1:** Establishment and stability, with limited structural change
  - **Horizon 2:** More substantive reform aligned with the next Long-Term Plan, improved data maturity, and consultation
- **Baseline planning reference**
  The adopted Water Services Delivery Plan and the Council's Long-Term Plan provide the primary baseline for service levels and capital planning. Funding and financing trajectories reflected in this Strategy are informed by those documents and subsequently refined through updated modelling undertaken during Selwyn Water's establishment
- **No profit maximisation objective**
  Selwyn Water does not seek to maximise profits or distribute dividends. Any operating surpluses are assumed to be retained for reinvestment, resilience, or price smoothing

11.3 Key assumptions by theme

The assumptions below are grouped by theme to reflect how they are applied across the Strategy. Within each theme, a distinction is made between assumptions relied upon for this Strategy and assumptions that are provisional or subject to further testing.

A. Demand, growth, and service area

- Population and dwelling growth assumptions are consistent with those used in the Water Services Delivery Plan and the Council's planning documents
- Growth is assumed to remain concentrated in a small number of large water and wastewater systems, particularly in eastern Selwyn
- Base-case demand forecasts incorporate a modest short-run demand response to price increases. This reflects international evidence suggesting that demand for essential water services is relatively inelastic in the short-term, while acknowledging that some reduction in discretionary consumption may occur under higher volumetric charges
- The elasticity assumption applied in this Strategy is indicative rather than definitive. Empirical evidence on water demand response varies by jurisdiction, pricing structure, and customer mix, and local behavioural responses in Selwyn are not yet well established
- Selwyn Water will monitor consumption trends, billing performance, and customer behaviour over time and will refine demand assumptions as local data becomes available and modelling capability matures

Status: Current planning assumptions incorporating observed growth trends and a modest demand response.
Key uncertainty: Actual magnitude and timing of customer demand response to price changes.

B. Infrastructure and capital delivery

- Capital investment reflected in this Strategy is informed by the Water Services Delivery Plan reference programme and subsequent engineering reassessment during Selwyn Water's establishment
- The capital delivery programme will be fully reviewed as a priority within 12 months
- The capital delivery pathway reflected in this Strategy represents the current adopted planning case, subject to further review as asset information and delivery confidence improve
- The Strategy is supported by an adopted planning case, with alternative affordability-constrained and delivery-led pathways tested through scenario analysis
- Asset life-cycle assumptions, including asset lives and renewal profiles for significant infrastructure assets, are based on existing AMP assumptions
- These assumptions will continue to be refined as asset condition data improves and as the SAMP and AMP are finalised
- Some investment is assumed to represent growth-accelerated level of service investment, where growth accelerates or scales investment that also delivers compliance, resilience, or service benefits to existing users
- Assumptions regarding delivery capacity constraints, consenting timeframes, and construction market conditions are based on current information and will be updated as market conditions evolve

Status: Current adopted planning assumptions subject to further engineering review and sequencing refinement.
Key uncertainty: Final capital scope, delivery timing, and construction market capacity.

C. Operating model and organisational capability

- Selwyn Water's operating model is assumed to involve a mix of in-house capability, contracted services, shared services with the Council, and external specialist support
- This reflects current establishment-phase arrangements and will evolve as Selwyn Water's long-term operating model is confirmed
- Specialist water sector labour markets are assumed to remain constrained in the near term
- Information systems, asset data maturity, and reporting capability are assumed to improve progressively over the Strategy period
- The pace of capability uplift will be influenced by labour market conditions, procurement timeframes, system implementation complexity, and funding settings

Status: Confirmed strategic direction with staged implementation over the Strategy period.
Key uncertainty: Timing and pace of capability development, influenced by labour market and system implementation constraints.

D. Regulatory and policy environment

- Drinking water compliance trajectories follow the pathways set out in the Water Services Delivery Plan and current Taumata Arowai requirements
- Environmental and wastewater consent obligations are assumed to tighten over time, consistent with regional and national direction
- Economic regulation by the Commerce Commission is assumed to be phased in from mid-2026, with an initial focus on information disclosure and asset management maturity
- The detail, sequencing, and intensity of future regulatory requirements remain subject to regulatory decision-making and may evolve over time

Status: Confirmed regulatory direction with uncertainty regarding timing and detailed implementation requirements.
Key uncertainty: Future regulatory detail, sequencing, and compliance timing.

E. Funding, pricing, and renewals

- The pricing pathway previously socialised through the Water Services Delivery Plan provided the initial reference point for this Strategy. Updated financial information and operational refinements have enabled moderation of initial price increases while maintaining long-run financial sustainability
- The pricing pathway reflected in this Strategy represents the Board's adopted phasing at the time of publication. It is based on the best available financial and operational information and provides a consistent foundation for affordability and financing analysis
- Existing charging structures (including the mix of fixed and volumetric charges) are assumed to be largely retained during Horizon 1
- Development contributions are assumed to continue to apply in the short-term
- Potential transition to a development levies regime is subject to legislative change and has not been assumed in the base case
- Renewal and replacement of significant water infrastructure assets are assumed to be funded through charges over time, based on average long-run renewal needs rather than annual depreciation
- This approach is consistent with existing Council policy, which assesses renewal funding adequacy over an approximately 30-year horizon rather than on a year-by-year basis
- The translation of this long-run funding approach into annual charges and cashflows is supported by detailed financial modelling and will continue to be refined as modelling maturity improves

Status: Baseline funding assumptions consistent with existing policy and adopted pricing phasing.
Key uncertainty: Timing profile of renewal expenditure and associated cashflow impacts.

F. Financing and treasury

- Local Government Funding Agency membership is assumed to be Selwyn Water's primary source of debt financing
- Debt is assumed to be used as a financing mechanism to smooth the timing of capital expenditure relative to revenue recovery, rather than as a source of funding
- Financing arrangements are assumed to support intergenerational equity by spreading the cost of long-lived assets over time
- Financing headroom is expected to be more constrained in the early years of the programme, improving over time
- This expectation is based on indicative metrics derived from the Water Services Delivery Plan and from modelling prepared as part of this Water Services Strategy, rather than calibrated lender covenants
- Assumptions regarding debt appetite, covenant calibration, interest rates, and refinancing risk are based on current market conditions and will be confirmed through Board-approved treasury policies and engagement with Local Government Funding Agency
- Treasury governance and risk management may be coordinated with the Council where appropriate. The extent of any coordination will be determined through governance and service-level arrangements with the Council

Status: Financing assumptions based on current modelling and subject to confirmation through Board-approved treasury policies and lender engagement.
Key uncertainty: Debt appetite calibration, covenant headroom, and market conditions.

11.4 High-uncertainty assumptions and future testing

A small number of assumptions have the potential to materially influence financial outcomes under this Strategy and will be subject to further testing and refinement:

- Demand response to price increases
- Capital programme scope, timing, and prioritisation
- Affordability impacts and customer response
- Financing headroom and covenant sensitivity in early years
- Treatment of growth-accelerated level of service investment

Variation in these assumptions could materially affect projected charges, debt levels, and financing headroom reflected in the financial estimates.

These assumptions will continue to be explored through ongoing scenario analysis and financial monitoring.

11.5 Ongoing review

This Strategy, including the assumptions set out above, will be reviewed and updated as:

- The SAMP, AMP, and IDP are finalised
- A full review of the capital delivery plan is undertaken
- Financial modelling and scenario testing are completed
- Board direction is confirmed
- Regulatory and legislative settings evolve

Appendix A:

Forecast financial statements

Funding impact statement

Funding impact statement ($000)	FY 2025/26 Annual Plan $000	FY 2026/27 WSS $000	FY 2027/28 WSS $000	FY 2028/29 WSS $000	FY 2029/30 WSS $000	FY 2030/31 WSS $000	FY 2031/32 WSS $000	FY 2032/33 WSS $000	FY 2033/34 WSS $000	FY 2034/35 WSS $000	FY 2035/36 WSS $000	FY 2036/37 WSS $000	FY 2037/38 WSS $000	FY 2038/39 WSS $000	FY 2039/40 WSS $000	FY 2040/41 WSS $000	FY 2041/42 WSS $000	FY 2042/43 WSS $000	FY 2043/44 WSS $000	FY 2044/45 WSS $000	FY 2045/46 WSS $000	FY 2046/47 WSS $000	FY 2047/48 WSS $000	FY 2048/49 WSS $000	FY 2049/50 WSS $000	FY 2050/51 WSS $000	FY 2051/52 WSS $000	FY 2052/53 WSS $000	FY 2053/54 WSS $000	FY 2054/55 WSS $000	FY 2055/56 WSS $000
Sources of operating funding																															
General rates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	19,302	46,633	62,386	69,276	75,459	82,110	88,272	94,772	101,677	108,944	116,268	123,945	132,129	135,513	138,900	142,288	145,679	149,071	152,467	155,865	159,264	162,667	166,073	169,482	172,894	176,309	179,728	183,150	189,916	189,804	193,039
Total operating funding	19,302	46,633	62,386	69,276	75,459	82,110	88,272	94,772	101,677	108,944	116,268	123,945	132,129	135,513	138,900	142,288	145,679	149,071	152,467	155,865	159,264	162,667	166,073	169,482	172,894	176,309	179,728	183,150	189,916	189,804	193,039
Applications of operating funding																															
Payments to staff and suppliers	22,512	35,032	36,098	37,764	39,407	41,092	43,028	45,030	47,370	50,164	51,690	53,767	56,710	59,884	63,023	66,390	70,062	73,630	77,545	81,762	85,885	90,341	95,127	99,902	105,027	110,602	116,058	121,915	128,213	134,885	141,714
Finance costs	4,074	10,525	13,379	15,923	18,003	20,336	22,847	24,737	26,022	27,299	28,804	30,861	32,840	33,145	32,506	31,633	30,860	30,173	29,405	28,781	28,101	27,148	26,321	28,173	31,098	31,472	31,318	31,002	29,943	28,867	27,608
Internal charges and overheads applied	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	26,587	45,557	49,477	53,688	57,410	61,428	65,875	69,767	73,391	77,463	80,493	84,627	89,550	93,029	95,529	98,023	100,922	103,803	106,950	110,543	113,986	117,488	121,448	128,075	136,125	142,074	147,377	152,918	158,156	163,753	169,322
Surplus / (deficit) of operating funding	(7,285)	1,076	12,909	15,588	18,049	20,682	22,397	25,005	28,286	31,481	35,775	39,318	42,579	42,484	43,371	44,265	44,758	45,269	45,516	45,322	45,278	45,178	44,625	41,407	36,769	34,236	32,352	30,232	31,761	26,051	23,717
Sources of capital funding																															
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	2,320	15,425	18,196	18,045	15,885	15,251	14,697	14,878	15,564	19,506	19,734	19,990	16,209	16,425	16,646	16,871	17,102	17,337	17,578	17,824	18,075	18,332	18,594	18,862	19,136	19,416	19,702	19,994	20,292	20,292	20,292
Increase / (decrease) in debt	31,581	63,463	50,701	51,078	32,096	61,231	39,234	36,346	15,044	36,054	24,134	58,131	21,045	(8,856)	(16,671)	(18,255)	(12,698)	(14,766)	(15,963)	(8,990)	(18,197)	(19,949)	(13,119)	87,191	29,813	(14,845)	8,705	(21,348)	(21,030)	(22,001)	(28,354)
Gross proceeds from sales of assets	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	33,901	78,888	68,896	69,122	47,981	76,481	53,930	51,224	30,608	55,560	43,867	78,121	37,254	7,569	(25)	(1,383)	4,404	2,572	1,615	8,834	(122)	(1,618)	5,475	106,054	48,949	4,571	28,407	(1,354)	(738)	(1,708)	(8,062)
Applications of capital funding																															
Capital expenditure - to meet additional demand	19,394	39,953	44,787	47,231	26,322	63,757	34,110	34,801	15,694	45,454	27,669	63,859	36,583	7,005	253	144	7,091	3,766	1,386	8,131	0	0	8,574	109,317	51,081	2,880	1,055	213	1,125	0	0
Capital expenditure - to improve levels of services	9,966	29,605	13,242	13,870	19,441	13,764	20,233	17,101	16,319	12,933	19,772	17,918	5,479	5,643	5,831	6,040	6,223	6,427	6,659	6,861	7,086	7,320	7,272	7,513	7,762	11,151	37,407	8,556	8,837	9,130	2,501
Capital expenditure - to replace existing assets	6,678	12,897	14,615	11,739	12,908	9,535	9,981	10,452	10,620	10,525	10,636	10,540	9,516	9,885	10,168	10,259	10,457	10,807	11,275	11,974	12,284	12,327	12,718	13,118	13,585	13,948	14,636	15,122	15,689	16,168	16,687
Increase / (decrease) in reserves	(9,422)	(2,491)	9,162	11,870	7,358	10,107	12,003	13,875	16,260	18,128	21,565	25,122	28,256	27,520	27,094	26,439	25,390	26,840	27,811	27,191	25,785	23,914	21,536	17,512	13,291	10,828	7,660	4,987	5,372	(955)	(3,533)
Increase / (decrease) in investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	26,616	79,965	81,805	84,711	66,030	97,163	76,327	76,229	58,894	87,041	79,642	117,438	79,833	50,053	43,346	42,882	49,162	47,840	47,131	54,157	45,156	43,561	50,100	147,460	85,719	38,807	60,758	28,878	31,023	24,343	15,655
Surplus / (deficit) of capital funding	7,285	(1,076)	(12,909)	(15,588)	(18,049)	(20,682)	(22,397)	(25,005)	(28,286)	(31,481)	(35,775)	(39,318)	(42,579)	(42,484)	(43,371)	(44,265)	(44,758)	(45,269)	(45,516)	(45,322)	(45,278)	(45,178)	(44,625)	(41,407)	(36,769)	(34,236)	(32,352)	(30,232)	(31,761)	(26,051)	(23,717)
Funding balance	0	0	0	0	0	(0)	0	0	0	(0)	0	(0)	0	0	0	0	0	0	0	0	0	0	(0)	0	0	0	0	0	0	0	0

Appendix A:
Forecast financial statements

Statement of comprehensive revenue and expense

Statement of comprehensive revenue and expense ($000)	FY 2025/26 Annual Plan $000	FY 2026/27 WSS $000	FY 2027/28 WSS $000	FY 2028/29 WSS $000	FY 2029/30 WSS $000	FY 2030/31 WSS $000	FY 2031/32 WSS $000	FY 2032/33 WSS $000	FY 2033/34 WSS $000	FY 2034/35 WSS $000	FY 2035/36 WSS $000	FY 2036/37 WSS $000	FY 2037/38 WSS $000	FY 2038/39 WSS $000	FY 2039/40 WSS $000	FY 2040/41 WSS $000	FY 2041/42 WSS $000	FY 2042/43 WSS $000	FY 2043/44 WSS $000	FY 2044/45 WSS $000	FY 2045/46 WSS $000	FY 2046/47 WSS $000	FY 2047/48 WSS $000	FY 2048/49 WSS $000	FY 2049/50 WSS $000	FY 2050/51 WSS $000	FY 2051/52 WSS $000	FY 2052/53 WSS $000	FY 2053/54 WSS $000	FY 2054/55 WSS $000	FY 2055/56 WSS $000
Operating revenue (water charges and fees and charges)	19,302	46,633	62,386	69,276	75,459	82,110	88,272	94,772	101,677	108,944	116,268	129,274	132,129	135,513	138,900	142,288	145,679	149,071	152,467	155,865	159,264	162,667	166,073	169,482	172,894	176,309	179,728	183,150	189,916	189,804	193,039
Other revenue (development contributions and vested assets)	21,631	22,925	25,696	25,545	23,385	22,751	22,197	22,378	23,064	27,006	27,234	27,490	23,709	23,925	24,146	24,371	24,602	24,837	25,078	25,324	25,575	25,832	26,094	26,362	26,636	26,916	27,202	27,494	27,792	27,792	27,792
Total revenue	40,933	69,559	88,082	94,821	98,844	104,860	110,469	117,150	124,741	135,950	143,502	156,764	155,838	159,438	163,046	166,659	170,281	173,909	177,545	181,189	184,840	188,499	192,167	195,844	199,530	203,225	206,930	210,644	217,708	217,597	220,831
Operating expenses	13,301	26,294	27,186	28,432	29,913	31,167	32,659	34,213	36,090	38,427	39,462	41,033	43,292	45,748	48,124	50,693	53,520	56,202	59,181	62,407	65,495	68,857	72,489	76,047	79,890	84,114	88,148	92,510	97,235	102,241	107,319
Finance costs	4,074	10,525	13,379	15,923	18,003	20,336	22,847	24,737	26,022	27,299	28,804	30,861	32,840	33,145	32,506	31,633	30,860	30,173	29,405	28,781	28,101	27,148	26,321	28,173	31,098	31,472	31,318	31,002	29,943	28,867	27,608
Overheads and support costs	9,212	8,738	8,913	9,333	9,494	9,925	10,369	10,818	11,280	11,737	12,228	12,734	13,419	14,136	14,898	15,696	16,543	17,428	18,364	19,355	20,391	21,484	22,638	23,855	25,137	26,488	27,910	29,405	30,978	32,644	34,395
Depreciation and amortisation	21,856	23,094	24,200	27,554	28,303	29,695	32,755	33,487	33,817	36,919	37,490	38,738	41,651	41,411	41,052	43,340	43,095	42,796	45,212	44,983	44,614	47,126	46,897	48,700	52,440	52,093	52,249	55,175	54,723	54,275	57,197
Total expenses	48,443	68,651	73,677	81,241	85,713	91,123	98,630	103,255	107,208	114,382	117,983	123,366	131,201	134,440	136,581	141,363	144,017	146,599	152,162	155,526	158,601	164,615	168,345	176,775	188,564	194,167	199,626	208,093	212,879	218,028	226,519
Net surplus / (deficit)	(7,510)	908	14,404	13,579	13,132	13,737	11,839	13,896	17,533	21,568	25,519	33,398	24,638	24,998	26,465	25,296	26,265	27,310	25,383	25,663	26,239	23,884	23,822	19,069	10,966	9,058	7,304	2,551	4,830	(431)	(5,687)
Revaluation of infrastructure assets	0	0	108,640	0	0	111,309	0	0	112,400	0	0	124,257	0	0	131,614	0	0	137,219	0	0	143,115	0	0	156,203	0	0	167,623	0	0	174,185	0
Total comprehensive income	(7,510)	908	123,044	13,579	13,132	125,046	11,839	13,896	129,933	21,568	25,519	157,655	24,638	24,998	158,079	25,296	26,265	164,529	25,383	25,663	169,354	23,884	23,822	175,272	10,966	9,058	174,927	2,551	4,830	173,754	(5,687)
Cash surplus / (deficit) from operations (excl depreciation)	14,346	24,002	38,605	41,133	41,434	43,432	44,594	47,383	51,350	58,486	63,008	72,136	66,288	66,409	67,517	68,637	69,360	70,106	70,594	70,646	70,853	71,010	70,719	67,769	63,405	61,151	59,553	57,726	59,553	53,844	51,509

Statement of cashflows

Statement of cashflows ($000)	FY 2025/26 Annual Plan $000	FY 2026/27 WSS $000	FY 2027/28 WSS $000	FY 2028/29 WSS $000	FY 2029/30 WSS $000	FY 2030/31 WSS $000	FY 2031/32 WSS $000	FY 2032/33 WSS $000	FY 2033/34 WSS $000	FY 2034/35 WSS $000	FY 2035/36 WSS $000	FY 2036/37 WSS $000	FY 2037/38 WSS $000	FY 2038/39 WSS $000	FY 2039/40 WSS $000	FY 2040/41 WSS $000	FY 2041/42 WSS $000	FY 2042/43 WSS $000	FY 2043/44 WSS $000	FY 2044/45 WSS $000	FY 2045/46 WSS $000	FY 2046/47 WSS $000	FY 2047/48 WSS $000	FY 2048/49 WSS $000	FY 2049/50 WSS $000	FY 2050/51 WSS $000	FY 2051/52 WSS $000	FY 2052/53 WSS $000	FY 2053/54 WSS $000	FY 2054/55 WSS $000	FY 2055/56 WSS $000
Cashflows from operating activities																															
Cash surplus / (deficit) from operations	(4,965)	16,502	31,105	33,633	33,934	35,932	37,094	39,883	43,850	50,986	55,508	64,636	58,788	58,909	60,017	61,137	61,860	62,606	63,094	63,146	63,353	63,510	63,219	60,269	55,905	53,651	52,053	50,226	52,053	46,344	44,009
[other items]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net cashflows from operating activities	(4,965)	16,502	31,105	33,633	33,934	35,932	37,094	39,883	43,850	50,986	55,508	64,636	58,788	58,909	60,017	61,137	61,860	62,606	63,094	63,146	63,353	63,510	63,219	60,269	55,905	53,651	52,053	50,226	52,053	46,344	44,009
Cashflows from investment activities																															
[other items]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital expenditure	(36,038)	(82,456)	(72,643)	(72,841)	(58,671)	(87,056)	(64,324)	(62,354)	(42,634)	(68,912)	(58,077)	(92,316)	(51,578)	(22,533)	(16,252)	(16,443)	(23,771)	(21,000)	(19,320)	(26,966)	(19,371)	(19,647)	(28,564)	(129,948)	(72,428)	(27,979)	(53,098)	(23,891)	(25,651)	(25,298)	(19,188)
Net cashflows from investment activities	(36,038)	(82,456)	(72,643)	(72,841)	(58,671)	(87,056)	(64,324)	(62,354)	(42,634)	(68,912)	(58,077)	(92,316)	(51,578)	(22,533)	(16,252)	(16,443)	(23,771)	(21,000)	(19,320)	(26,966)	(19,371)	(19,647)	(28,564)	(129,948)	(72,428)	(27,979)	(53,098)	(23,891)	(25,651)	(25,298)	(19,188)
Cashflows from financing activities																															
New borrowings	36,618	84,176	75,008	75,746	62,074	91,430	69,645	68,155	48,709	74,792	64,005	99,340	59,708	31,049	24,534	24,301	31,271	28,872	28,377	36,824	29,145	28,989	37,485	139,528	82,888	38,292	63,021	33,343	34,589	34,236	28,126
Repayment of borrowings	(5,037)	(20,713)	(24,307)	(24,668)	(29,978)	(30,199)	(30,411)	(31,809)	(33,665)	(38,738)	(39,871)	(41,209)	(38,663)	(39,905)	(41,205)	(42,556)	(43,969)	(43,637)	(44,340)	(45,813)	(47,342)	(48,938)	(50,604)	(52,337)	(53,075)	(53,137)	(54,316)	(54,690)	(55,619)	(56,236)	(56,481)
Net cashflows from financing activities	31,581	63,463	50,701	51,078	32,096	61,231	39,234	36,346	15,044	36,054	24,134	58,131	21,045	(8,856)	(16,671)	(18,255)	(12,698)	(14,766)	(15,963)	(8,990)	(18,197)	(19,949)	(13,119)	87,191	29,813	(14,845)	8,705	(21,348)	(21,030)	(22,001)	(28,354)
Net increase / (decrease) in cash and cash equivalents	(9,422)	(2,491)	9,162	11,870	7,358	10,107	12,003	13,875	16,260	18,128	21,565	30,451	28,256	27,520	27,094	26,439	25,390	26,840	27,811	27,191	25,785	23,914	21,536	17,512	13,291	10,828	7,660	4,987	5,372	(955)	(3,533)
Cash and cash equivalents at beginning of year	0	(9,422)	(11,913)	(2,751)	9,119	16,478	26,585	38,588	52,463	68,723	86,852	108,417	138,867	167,123	194,643	221,737	248,176	273,566	300,406	328,217	355,407	381,193	405,107	426,642	444,154	457,445	468,273	475,933	480,920	486,292	485,338
Cash and cash equivalents at end of year	(9,422)	(11,913)	(2,751)	9,119	16,478	26,585	38,588	52,463	68,723	86,852	108,417	138,867	167,123	194,643	221,737	248,176	273,566	300,406	328,217	355,407	381,193	405,107	426,642	444,154	457,445	468,273	475,933	480,920	486,292	485,338	481,804

Statement of financial position

Statement of financial position ($000)	FY 2025/26 Annual Plan $000	FY 2026/27 WSS $000	FY 2027/28 WSS $000	FY 2028/29 WSS $000	FY 2029/30 WSS $000	FY 2030/31 WSS $000	FY 2031/32 WSS $000	FY 2032/33 WSS $000	FY 2033/34 WSS $000	FY 2034/35 WSS $000	FY 2035/36 WSS $000	FY 2036/37 WSS $000	FY 2037/38 WSS $000	FY 2038/39 WSS $000	FY 2039/40 WSS $000	FY 2040/41 WSS $000	FY 2041/42 WSS $000	FY 2042/43 WSS $000	FY 2043/44 WSS $000	FY 2044/45 WSS $000	FY 2045/46 WSS $000	FY 2046/47 WSS $000	FY 2047/48 WSS $000	FY 2048/49 WSS $000	FY 2049/50 WSS $000	FY 2050/51 WSS $000	FY 2051/52 WSS $000	FY 2052/53 WSS $000	FY 2053/54 WSS $000	FY 2054/55 WSS $000	FY 2055/56 WSS $000
Assets																															
Cash and cash equivalents	(9,422)	(11,913)	(2,751)	9,119	16,478	26,585	38,588	52,463	68,723	86,852	108,417	138,867	167,123	194,643	221,737	248,176	273,566	300,406	328,217	355,407	381,193	405,107	426,642	444,154	457,445	468,273	475,933	480,920	486,292	485,338	481,804
Other current assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	1,077,632	1,144,494	1,200,437	1,361,863	1,399,732	1,464,593	1,614,971	1,651,338	1,667,654	1,819,548	1,847,635	1,908,713	2,050,398	2,039,020	2,021,720	2,133,937	2,122,113	2,107,817	2,226,645	2,216,128	2,198,385	2,321,520	2,310,687	2,399,435	2,583,126	2,566,512	2,574,861	2,718,700	2,697,127	2,675,650	2,819,326
Other non-current assets	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156
Total assets	1,068,367	1,132,737	1,197,842	1,371,139	1,416,366	1,491,334	1,653,716	1,703,957	1,736,534	1,906,556	1,956,208	2,047,737	2,217,677	2,233,819	2,243,613	2,382,269	2,395,835	2,408,380	2,555,018	2,571,692	2,579,734	2,726,783	2,737,486	2,843,746	3,040,728	3,034,941	3,050,950	3,199,776	3,183,576	3,161,144	3,301,287
Liabilities																															
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	162,765	226,228	276,929	328,007	360,102	421,333	460,567	496,913	511,957	548,011	572,145	630,276	651,321	642,465	625,794	607,539	594,841	580,076	564,113	555,123	536,926	516,977	503,857	591,049	620,862	606,017	614,722	593,374	572,344	550,343	521,989
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total liabilities	162,765	226,228	276,929	328,007	360,102	421,333	460,567	496,913	511,957	548,011	572,145	630,276	651,321	642,465	625,794	607,539	594,841	580,076	564,113	555,123	536,926	516,977	503,857	591,049	620,862	606,017	614,722	593,374	572,344	550,343	521,989
Net assets	905,602	906,509	920,914	1,043,133	1,056,264	1,070,001	1,193,149	1,207,044	1,224,577	1,358,545	1,384,063	1,417,461	1,566,356	1,591,354	1,617,819	1,774,729	1,800,994	1,828,304	1,990,906	2,016,569	2,042,808	2,209,806	2,233,628	2,252,697	2,419,866	2,428,924	2,436,228	2,606,402	2,611,232	2,610,801	2,779,298
Equity																															
Revaluation reserve	0	0	108,640	108,640	108,640	219,949	219,949	219,949	332,349	332,349	332,349	456,606	456,606	456,606	588,220	588,220	588,220	725,439	725,439	725,439	868,553	868,553	868,553	1,024,757	1,024,757	1,024,757	1,192,380	1,192,380	1,192,380	1,366,565	1,366,565
Other reserves	905,602	906,509	812,274	934,493	947,625	850,053	973,200	987,096	892,229	1,026,196	1,051,715	960,856	1,109,750	1,134,749	1,029,600	1,186,510	1,212,774	1,102,865	1,265,467	1,291,130	1,174,254	1,341,253	1,365,075	1,227,940	1,395,109	1,404,167	1,243,848	1,414,022	1,418,852	1,244,236	1,412,733
Total equity	905,602	906,509	920,914	1,043,133	1,056,264	1,070,001	1,193,149	1,207,044	1,224,577	1,358,545	1,384,063	1,417,461	1,566,356	1,591,354	1,617,819	1,774,729	1,800,994	1,828,304	1,990,906	2,016,569	2,042,808	2,209,806	2,233,628	2,252,697	2,419,866	2,428,924	2,436,228	2,606,402	2,611,232	2,610,801	2,779,298

Selwyn Water