

Water Services Delivery Plan Assessment

Assessment Report – Auckland Council

Te Kāwanatanga o Aotearoa
New Zealand Government



Internal Affairs
Te Tari Taiwhenua

Glossary and abbreviations

The table below sets out the abbreviations used in this report

	Abbreviation
Auckland Council	AC
Asset Management Plan	AMP
Capital expenditure	Capex
Department of Internal Affairs	Department
Drinking Water Quality Assurance Rules	DWQAR
Funds From Operations	FFO
Healthy Waters and Flood Resilience Department (Auckland Council)	HWFR
In-house Business Unit	IBU
Levels of Service	LOS
Local Government Funding Agency	LGFA
Local Government (Water Services Preliminary Arrangements) Act 2024	Preliminary Arrangements Act
Local Government (Water Services) Act 2025	LGWSA
Long Term Plan	LTP
Water Services Delivery Plan	Plan

Assessment Cover Sheet

Background on council and engagement with the Department

Detail	Commentary
Councils involved in plan	Auckland Council
Number of connections	Stormwater: 556,800
DIA comment on council engagement during Plan development process	<ul style="list-style-type: none"> AC has been proactive in their engagement with the Department throughout the development of their Plan. From June 2025, the Department worked with AC to ensure the implications of ring-fencing stormwater operations within the Council were fully understood, whilst continuing to support the technical work for the draft Plan for stormwater. On 31 July 2025, AC adopted the proposed Plan for stormwater for the Auckland region.
Feedback provided to council prior to submission on Draft Plan	AC did not submit a draft plan to the Department for review prior to submitting their final Plan.
Engagement with council during review and assessment process	<p>AC submitted its final Plan on 27 August 2025.</p> <p>The Department asked AC for further information on the following aspects of their Plan:</p> <ul style="list-style-type: none"> the implementation plan; how the water services network condition and criticality assessment information informs renewals and other investment planning; and confirmation that projects and budgets are included in the Plan to meet all compliance and consent renewals. <p>The Department's assessment team was satisfied that AC's clarifications provided the additional detail required.</p>
Other Background Comments	AC's Plan is for stormwater only. Under section 12(3) of the Preliminary Arrangements Act, AC is exempt from the requirement to provide a Plan for drinking water or wastewater services. AC has transferred responsibility for delivery of its drinking water and wastewater services to Watercare Services Limited.

Assessment Summary

Section	Commentary
Confirmation of submission completeness checklist	Yes – all required components completed.
General Comment on Plan	The Department’s assessment identified no issues regarding the financial position of AC. The Plan is assessed as meeting the legislative requirements set out in section 13 of the Preliminary Arrangements Act.
Financial Sustainability Comment	The Plan explains how the delivery of stormwater services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets LOS, regulatory requirements and provides for growth. Sufficient details are provided on the actions required to achieve financially sustainable delivery of stormwater services and the risks and constraints have been outlined in the Plan.
Revenue Sufficiency	The average projected stormwater charges rise from \$422 to \$572 over the 10 years; a 35.5% increase. Projected stormwater services revenues cover the projected costs of delivering water services. Projected cash surpluses and projected operating surpluses are positive in all 10 years of the Plan, and trend down in the later years.
Investment Sufficiency	The Plan demonstrates that the proposed investment is sufficient to meet the requirements of LOS and growth. Planned renewals are less than depreciation for the next 10 years, and the average asset sustainability ratio is negative 58%. The Plan is consistent with the Council’s AMPs, LTP and Annual Plan, and the assets’ average life remaining is increasing due to expenditure on renewals and LOS projects.
Financing Sufficiency	The Plan confirms sufficient funding and financing can be secured to deliver stormwater services from 2027/28. Projected stormwater borrowings are \$449m over the 10 years and stay within the whole of Council borrowing limits and the stormwater borrowing limit of 500% net debt to revenue. Headroom starts at \$30m and increases steadily to \$207m in year 10 to cover any unforeseen costs.
Overall assessment recommendation	The overall recommendation from the assessment phase is to accept the plan from Auckland Council.

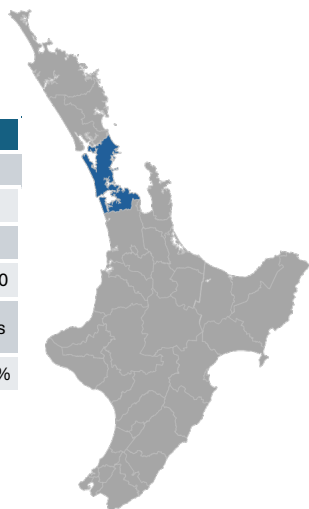
Topics for discussion with Panel

Topics	Description	Recommended treatment
Renewals requirements	<p>Planned renewals are less than depreciation for next 10 years and the average asset sustainability ratio is negative 58%. Renewals are not smoothed.</p> <p>The Plan explains that the renewal expenditure aligns with the LTP 2024 and HWFR Renewal Strategy, using known projects and asset renewal modelling. It assumes that deferred renewals will be addressed within five to 10 years. Most Auckland stormwater assets have long lifespans, with many not requiring replacement soon, resulting in projected renewal costs being lower than depreciation. This is mainly because a significant portion of depreciation applies to newer assets, and the straight-line depreciation method is more conservative than actual asset usage.</p>	For noting.
Delivery of the capital programme	<p>The planned capital programme is slightly larger than what has been historically achieved by AC. Over the next 10 years, the proposed average yearly capital investment is \$196m, which is higher than the \$135m spent annually over the past seven years, but it should be achievable as \$169m was invested in 2024/25. AC plans to spend an average of \$49m each year on renewals. This is less than the \$76m spent in the 2024/25 financial year.</p>	We recommend monitoring delivery of the capital projects programme during implementation.

Water Services Delivery Plan Summary Analysis – Auckland Council - Stormwater only IN CONFIDENCE

Council summary information

Summary information	Level
Current population	1.8m
Drinking water connector	-
Wastewater connections	-
Stormwater connections	556,800
High growth council	Yes
10 year population growth	17.1%



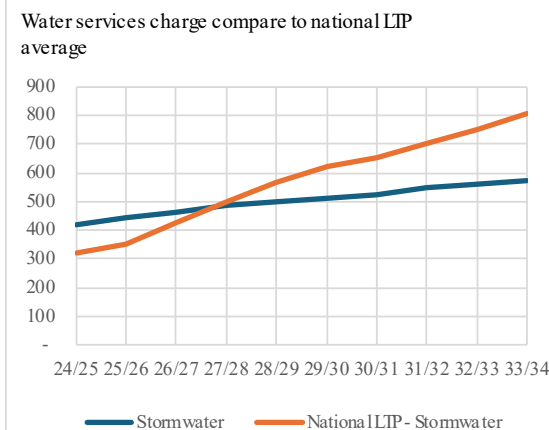
Assets, network and compliance

Asset measures	Year 1	Year 10	10 Year Average
Total assets per connection (\$)	13,328	16,391	15,131
Total debt per connection (\$)	2,016	2,472	2,267
Operating costs per connection (\$)	187	236	212
Age of network (years)	DW	WW	SW
Average age outlined in plan	N/A	N/A	38

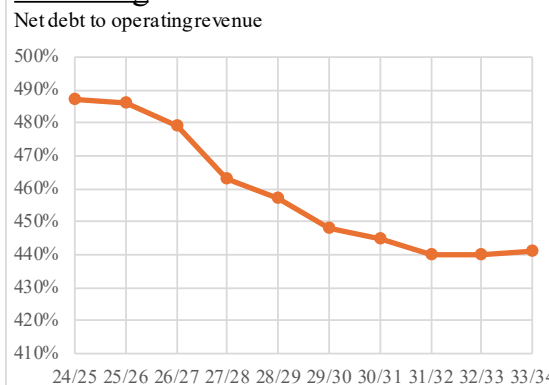
Network performance	Level
Level of service performance measures achieved	100%
Water loss rate (litres per day)	N/A
Average consumption (litres per person per day)	N/A

Compliance addressed in the Plan	Level
Drinking water compliance	N/A
Resource consent compliance	Yes

Affordability and growth



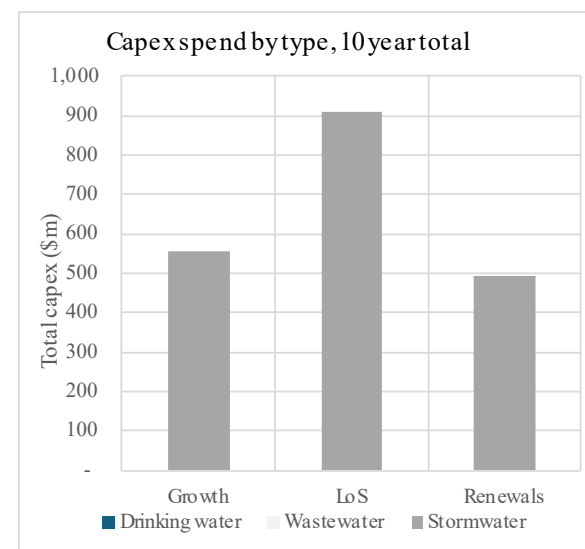
Financing



Capital expenditure	Category of capital expenditure			Total over 10 years
	Growth	Level of service	Renewals	
Drinking water	-	-	-	-
Wastewater	-	-	-	-
Stormwater	554,722	912,453	493,422	1,960,597
Total 10 years	554,722	912,453	493,422	1,960,597

Item	Year 1	Year 10	10 Year Average
Total charge as % of median income	0.30%	0.40%	0.35%
Annual price increase	3.40%	1.60%	3.44%
DC collected per new connection (\$)	N/A	N/A	4,795

Item	Year 1	Year 10	10 Year Average
Water related net debt to operating revenue %	487%	441%	459%
FFO to debt	9.6%	11.6%	10.9%
Whole of Council net debt to revenue (approx)	251%	178%	216%



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

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Delivery model and implementation				
<p>Financially sustainable water services provision</p>	<p>The Plan states that stormwater services delivery is financially sustainable.</p> <p>The net debt to operating revenue ratio for stormwater remains below the 500% threshold from 2024/25 to 2033/34, declining from 487% to 441%.</p> <p>Borrowing headroom ranges from \$30m to \$207m, indicating that operations are well within debt capacity.</p> <p>Strong operating cashflows and growing free funds from operations support financial sustainability throughout the period.</p> <p>Stormwater services are fully funded by steadily increasing operating revenues, including rates, fees, charges, and subsidies.</p> <p>Cost increases (depreciation, finance costs, overheads) are matched by revenue growth to maintain operational viability.</p> <p>Over \$1.8b is allocated to capital investment in stormwater infrastructure, which is focused on compliance, renewals, and capacity expansion.</p> <p>Funding for capital projects comes from development contributions, capital grants, and new debt, with increasing cash reserves over time.</p> <p>Net debt decreases and debt servicing capacity (FFO to debt) improves, indicating growing financial headroom. Short-term borrowing needs are managed through careful planning, and long-term investments are underpinned by robust financial strategies.</p>	<p>The Plan explains how the delivery of stormwater services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets LOS, regulatory requirements and provides for growth.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>The proposed model to deliver water services</p>	<p>Stormwater delivery services for the Auckland region will remain within AC, as resolved by the Governing Body on 2 May 2024.</p> <p>No changes are proposed to the delivery model or scope. AC will not provide stormwater services to other councils.</p> <p>AC's role as a unitary authority enables integrated management of stormwater across both urban and rural areas.</p> <p>The integrated catchment approach brings benefits including better planning, better response to environmental and climate challenges, and improved coordination of natural resource management.</p> <p>Stormwater services are managed by the Healthy Waters and Flood Resilience (HWFR) Department, with support from other council teams, external partners, stakeholders, and community groups.</p> <p>The plan outlines HWFR's stormwater functions, internal support relationships, and collaboration with external parties.</p>	<p>No changes are proposed to the delivery model or scope.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p>Implementing the proposed service delivery model</p>	<p>The Plan states the existing stormwater services delivery model aligns with all regulatory requirements and is financially sustainable, as set out in AC's 2024-2034 LTP and the 2025 Annual Plan.</p> <p>The Plan states that it addresses the requirement to ring-fence funding for stormwater delivery services. While no physical segregation of funds is undertaken, the Council ensures effective ring-fencing through robust internal controls, dedicated revenue and expenditure tracking, and transparent reporting. These mechanisms ensure that funds allocated for stormwater activities are used solely for this purpose, aligning with the intent of ring-fencing.</p> <p>Future changes anticipated include additions to the Making Space for Water programme, which was established after the 2023 extreme weather event. The programme focuses on flood resilience and involves significant government funding and property buyouts. Funding gaps may be addressed through redevelopment of impacted</p>	<p>The Plan states that the proposed delivery model is already implemented. It provides information on future potential initiatives which may affect service delivery.</p> <p>AC provided the following responses to queries from the Department:</p> <ul style="list-style-type: none"> AC proposes to continue delivering and funding stormwater services under the current, financially sustainable and ring-fenced model, with no immediate changes. When AC's Stormwater Plan was finalised for Governing Body submission and Chief Executive certification, the LGWSA was not yet 	<p>Meets requirements</p>	<p>N/A</p>

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	<p>areas.</p> <p>The 2025 Development Contributions Policy will increase revenue for stormwater infrastructure, with new service levels and planned upgrades for the Tāmaki catchment and future extension to Māngere and Mt Roskill. These changes are not yet reflected in the current financial statements.</p> <p>Central Government is proposing a shift from development contributions to Development Levies through the ‘Going for Housing Growth’ initiative, potentially affecting revenue forecasts from 2027 onwards.</p> <p>Private plan changes and fast track applications authorised after the 2024 LTP will need to be factored into future growth charges.</p>	<p>finalised. The Plan (p14) notes the likely expansion of stormwater management scope, and the Council is now planning to define the specific changes, implementation tasks and timelines.</p> <ul style="list-style-type: none"> AC’s first Governance Group meeting was scheduled to be held end of September to confirm areas of change and deadlines under the LGWSA, approve timelines and resourcing, and commence the design phase. Details will be shared with the Department once internally aligned. For immediate-effect requirements (e.g., land access powers), some changes are complete and further work is underway, with compliance achievable within the current operating model and forecasts. For future requirements—such as the Stormwater Services Strategy by July 2027 and the Stormwater Network Risk Management Plan by 2028—the Council will follow legislative processes and update the service scope, budgets and forecasts as plans are consulted on and approved, including the 2027–2037 Stormwater Services Strategy. 		

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Consultation and engagement undertaken	<p>The Plan relies on existing arrangements and investment levels specified in AC's LTP 2024 and Annual Plan 2025/26 (AP26).</p> <p>AC is not required to consult on the proposed model for water services delivery in its Plan as per section 17 of the Preliminary Arrangements Act.</p> <p>There are no pending joint agreements with other councils or water organisations for stormwater services, making sections 61 to 64 of the Preliminary Arrangements Act not applicable.</p> <p>Investment levels for water services were consulted on during the LTP 2024 and AP26 processes.</p> <p>Feedback from the 2024 LTP consultation, as summarised in AC's official publication, met the legislative requirements.</p> <p>The majority of feedback received supported the proposed water service programmes or requested increased action in this area.</p>	AC is not required to consult on the stormwater service delivery model in its Plan as per section 17(5) of the Preliminary Arrangements Act.	Meets requirements	N/A
Assurance and adoption of the plan				
Council resolution to adopt the Plan	AC's Governing Body resolved to adopt the Plan on 31 July 2025.	N/A	Meets requirements	N/A
Certification of the Chief Executive of Auckland Council	The Plan was certified by the Chief Executive on 21 August 2025.	N/A	Meets requirements	N/A

Assessment Report: Part B – Network Performance

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Investment required in water services				
Serviced population and serviced areas	<p>AC manages stormwater services across 76,000 hectares of urban land through a primary network designed for specific rainfall events and organised into 232 catchments, which discharge into 11 environments. Newer areas are built to higher standards, while older developments have varying capacities and treatment levels based on historical standards.</p> <p>Between now and 2034, Auckland is projected to add approximately 80,000 new dwellings, with 60,000 of these located in urban areas. Currently, stormwater services cover 550,000 residential and non-residential properties in both urban centres and rural settlements. However, about 53,000 dwellings in rural areas are not serviced.</p> <p>LOS and performance results are not provided. From the Annual Report 2023/24, all performance measures meet targets. The Plan states that AC performance on all current Department non-financial performance standards has been at or above required levels, except for habitable floor flooding and storm response during recent significant weather events. Planned capital investment (and operating budgets) have been adjusted in the most recent annual plan to address these critical points of failure and are reflected in the programme. AC is working in collaboration with the Water Services Authority to develop new service level metrics and expects to refine these in order to more closely align investment with desired outcomes, particularly in respect of risk mitigations in response to the intensification of rainfall during storms.</p>	<p>Comprehensive information is supplied on serviced areas, connections and growth areas. LOS and performance measures are met based on the Annual Report 2023/24.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Assessment of the current condition and lifespan of the water services network</p>	<ul style="list-style-type: none"> The average network asset age is 38 years. AC has 695 ponds. About 30% of ponds were inspected in the last nine years. About 28% of ponds are assessed to be in poor or very poor overall condition. AC has 6,915 km of pipes. 19% of all pipes have actual condition grading, 62% of critical pipes have actual condition grading. 100% of the network has either actual or modelled condition grading. About 11% of both critical and non-critical assets are expected to be in poor or very poor condition. Critical water infrastructure has been identified, prioritised, and incorporated into renewals and resilience programming. 	<p>Existing and future condition and performance information is suitable to plan maintenance, renewals and the capital and operating plan in the long-term. Critical assets are identified.</p> <p>The Plan included limited information on how the asset condition, performance and criticality inform asset renewals. The Department requested further information and received the following clarifications from AC. The Department’s assessment team is satisfied the clarifications from AC are sufficient to meet the legislative requirements. AC provided the following responses to queries from the Department:</p> <ul style="list-style-type: none"> AC’s stormwater asset renewal strategy is risk-based to support long-term network resilience and service performance. Renewals planning prioritises assets using criticality models (maintained since 2014) combined with condition data to target failures with the highest impact. Systematic pipe condition collection (since 2015) informs project scoping and deterioration modelling to forecast needs and optimise investment timing, with deteriorating, critical pipes driving renewals. Projects are evidence-based, scoped with recent condition data, and forecast up to five years ahead through business cases. Performance is tracked against a defined level of service, with measures confirmed and targets under viability review to ensure accountability and effective outcomes. 	<p>Meets requirements</p>	<p>N/A</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Asset management approach	<p>The asset management system is described, including the asset management policy and maturity assessment process. Asset management priorities are derived from AC's suite of strategic documents, including the LTP and the Infrastructure Strategy. AC's stormwater capital investment and operational expenditure investment programmes are aligned with the following four focus areas:</p> <ul style="list-style-type: none"> • resilient systems; • supporting growth; • storm ready; and • managing water quality and healthy ecosystems. <p>Where programmes sit across multiple focus areas, the costs are apportioned.</p>	The Plan provides commentary on how the asset management approach is used in service delivery and to focus investments.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Statement of regulatory compliance</p>	<ul style="list-style-type: none"> AC has one region-wide urban network stormwater discharge issued in 2019, which will expire on 26 November 2052. AC has 188 stormwater discharge consents; 100 of which will expire in the next 10 years. Urban consents will be surrendered and incorporated into the region-wide consent. There are some rural consents which will require renewal as they are not covered by the region-wide consent. AC has 201 infrastructure consents; 33 of which are due to expire in the next 10 years. AC has received one warning in the last two years. All HWFR dams were assessed for Potential Impact Classification (PIC) in August 2024; resulting in eight high, two medium, and 45 low PIC stormwater dams. PIC reviews are required every five years, with the next due in 2029. Comprehensive and intermediate dam safety reviews have been completed for all medium to high PIC dams, meeting regulatory standards. High PIC dams require a Dam Safety Assurance Plan (DSAP) within 12 months, and medium PIC dams require a DSAP within two years. DSAP development is on schedule. Low PIC dams require only five-yearly PIC reviews, but HWFR also conducts proactive inspections to maintain public safety and environmental responsibilities. 	<p>When queried by the Department, AC confirmed that the projects and budgets included in the Plan meet all compliance and consent renewals.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements	<p>The AC stormwater capital programme includes over 370 projects at different stages, which are based on the 2024 LTP and Annual Plan 2026. A sample list of significant projects is provided.</p> <p>Annual investment ranges from \$177m - \$210m over the 10-year period. The main spending driver is to meet LOS, then growth and then renewals.</p>	<p>When queried by the Department, AC confirmed that the projects and budgets included in the Plan meet all compliance and consent renewals.</p>	<p>Meets requirements</p>	<p>N/A</p>
Historical delivery against planned investment	<p>The renewal investment average is at 120% delivery of planned investment over the last three years. The total investment average is 97% delivery of planned investment over the last three years.</p> <p>The Plan states that variances between actual and forecasted stormwater capital expenditure are caused by factors affecting project delivery. External constraints like consent delays and land access issues often impact the mix of projects delivered each year. Over-programming capital works provides flexibility to substitute delayed projects with ready ones.</p> <p>Major events, such as the Anniversary Day Floods and Cyclone Gabrielle, drive urgent reprioritisation and increased renewals. The COVID-19 pandemic in 2020/2021 led to a sudden halt of many capital projects, with only contractually committed projects proceeding.</p>	<p>The planned capital programme is slightly larger than what has been historically achieved by AC. Over the next 10 years, the proposed average yearly capital investment is \$196m, which is higher than the \$135m spent annually over the past seven years, but it should be achievable as \$169m was invested in 2024/25. AC plans to spend an average of \$49m each year on renewals. This is less than the \$76m spent in the 2024/25 financial year.</p> <p>We recommend that delivery of the capital projects programme is monitored during implementation.</p>	<p>Meets requirements</p>	<p>Yes</p>

Assessment Report: Part C – Revenue and financing arrangements

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Revenue and charging arrangements				
Charging and billing arrangements	Stormwater services in Auckland are funded through a combination of general rates, targeted rates, and development contributions. These funding mechanisms are outlined in AC's Revenue and Financing Policy, which was adopted on 27 June 2024 and provides transparency and predictability around the sources and levels of funding available to the Council.	Charging and billing arrangements are sufficiently described in the Plan.	Meets requirements	N/A
Water services revenue requirements and sources	For stormwater management, general rates primarily fund core services, while targeted rates are applied where specific projects benefit a defined group of ratepayers—such as localised infrastructure upgrades or maintenance. Targeted rates may also be used to fund interest and capital costs for infrastructure not covered by development contributions. Development contributions fund the majority of growth-related public infrastructure, while financial contributions are also provided for in the policy to support environmental mitigation through the resource consent process. Borrowings are used to spread costs fairly across generations and manage cash flow timing.	Stormwater services revenue is broken down by type and by activity in the Plan.	Meets requirements	N/A
Existing and projected commercial and industrial users' charges	In some cases, targeted rates are applied universally on a differential basis (e.g. business compared to non-business) to enhance transparency around how funds are allocated and spent, compared to just using general rates.	Existing and projected commercial and industrial users' charges are outlined in the Plan.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
The affordability of projected water services charges for communities	<p>The Plan states that affordability of projected stormwater service charges is carefully considered within the broader context of overall rates and fees during the Council’s LTP process. Stormwater rates are not assessed in isolation; they form part of the total rating burden on households and businesses, which is evaluated to ensure fairness and sustainability.</p> <p>The Council committed to fully funding depreciation by 2028 to ease future debt pressures, maintaining a debt servicing to revenue limit of 15%, and introducing a new quantified limit on rates increases—capped at 1.5% per annum above inflation (based on the Consumers Price Index or Local Government Cost Index). These measures collectively support the affordability and sustainability of stormwater services for all ratepayers.</p>	The Plan describes the approach to managing affordability. Stormwater rates are considered part of the total rating burden and increases are capped at 1.5% per annum above inflation.	Meets requirements	N/A
Funding and financing arrangements				
Water services financing requirements and sources	To help deliver the planned \$1.8b in water infrastructure investment, the Council will raise new borrowings totalling approximately \$449m between 2024/25 and 2033/34. Borrowing is front loaded, with higher drawdowns in the first five years to support planned capital investment. This borrowing profile is consistent with prudent intergenerational funding practices and supports timely asset delivery.	Stormwater services financing requirements and sources are outlined clearly.	Meets requirements	N/A
Internal borrowing arrangements	AC does not currently have any internal borrowing arrangements between the stormwater area and any other areas of the Council.	The internal borrowings arrangement explanation is sufficient.	Meets requirements	N/A
Determination of debt attributed to water services	Debt allocation to the stormwater activity on 30 June 2024 is \$1.1b. The total debt figure has been estimated based on prior analysis conducted by the Council’s Treasury team as part of preparatory work for water reform. This analysis has since been updated to reflect the latest available data on asset valuations, existing debt levels, and revenue forecasts.	The determination of debt attributed to stormwater services is appropriately described.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Insurance arrangements	<p>The Plan notes that AC's primary tool for risk financing is insurance, supplemented by AC's Self Insurance Fund and, in certain circumstances, emergency government support arrangements. With the increasing costs and challenges of insurance, AC's risk financing strategy is regularly updated to reflect the changing risk environment (including climate change risks), the nature of AC's business, and the criticality and location of AC's assets.</p> <p>Under the Civil Defence Emergency Management Act 2002, AC can access discretionary funding up to 60% of the total loss when a loss event occurs.</p> <p>The levels of insurance coverage on stormwater assets are detailed below:</p> <ul style="list-style-type: none"> • current deductible: \$10m; • above ground limit: \$1b; and • infrastructure limit: \$1.5b (for the below ground assets); • policies up to \$10m are covered by the Self Insurance Fund. There are some policies that are outside the scope of the Fund and cannot be covered by the Fund, such as, motor vehicle, contract works and Directors and Officers; • excludes Terrorism Premium; and • assumes no consideration to Fire Levies. 	Sufficient information is provided on AC's insurance arrangements.	Meets requirements	N/A

Assessment Report: Part D – Financial sustainability assessment

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Financially sustainable water services provision				
Confirmation of financially sustainable delivery of water services by 30 June 2028	The Plan confirms that water services delivery will be financially sustainable by 30 June 2028 through a strategy that demonstrates revenue sufficiency, investment sufficiency, and financing sufficiency. Projected operating revenues increase steadily across the Plan period, with sufficient annual surpluses to cover all operating costs, including debt servicing.	The Plan explains how the delivery of stormwater services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets the LOS, regulatory requirements and provides for growth.	Meets requirements	N/A
Actions required to achieve financially sustainable delivery of water services	The Plan states that to support financially sustainable delivery of water services by 30 June 2028, the Council proposes a phased and responsible revenue strategy. Projected operating revenues—including general rates, targeted rates, and user charges—are set to rise steadily over the 10-year horizon, ensuring they remain aligned with the costs of service provision. These projections have been developed with the explicit objective of achieving full cost recovery, including the ongoing recovery of depreciation to support asset renewal funding. This approach safeguards the integrity of the water services system and reduces reliance on reactive or deferred investment.	Sufficient details are provided on the actions required to achieve financially sustainable delivery of stormwater services.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Risks and constraints to achieving financially sustainable delivery of water services	There is a risk that future investment levels in stormwater infrastructure may outpace the growth of revenue funding. This imbalance could arise from escalating climate resilience requirements, changing growth patterns, aging infrastructure replacement needs, regulatory compliance costs, or community demands for improved service levels. If capital and operational expenditures consistently exceed revenue inflows, it may lead to unsustainable financial pressure and deferred maintenance. To mitigate this risk, AC implements long-term financial planning, including AMPs that align investment needs with funding capacity. Regular reviews of revenue sources will be undertaken to ensure they remain adequate and responsive to evolving investment demands.	Sufficient details on the risks and constraints have been outlined in the Plan.	Meets requirements	N/A
Assessment of revenue sufficiency				
Projected water services revenues cover the projected costs of delivering water services	The Plan demonstrates that projected revenues are sufficient to support the ongoing delivery of stormwater activities, both operationally and in funding the required capital investment. Financial forecasts across the 10-year period show that revenue growth is aligned with cost escalation, debt servicing requirements, and long-term investment needs, satisfying the revenue sufficiency test.	Projected stormwater services revenues cover the projected costs of delivering water services.	Meets requirements	N/A
Average projected charges for water services over 202024/25 to 202033/34	Average stormwater charges start at \$422 and rise steadily over the 10-year period to \$572.	The average projected stormwater charges rise from \$422 to \$572 over the 10 years; a 35.5% increase.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Projected operating surpluses/(deficits) for water services	Across the 10-year Plan period, the council is forecasting consistent operating surpluses, with no projected deficits in any year. Operating revenues steadily increase, outpacing expenditure growth and generating surpluses each year. These surpluses confirm the Council’s ability to fund ongoing service delivery, meet debt servicing obligations, and support capital investment.	The projected operating surpluses are positive in all 10 years of the Plan. We note that the surpluses do trend down in the later years of the Plan.	Meets requirements	N/A
Projected operating cash surpluses for water services	Operating cash analysis has been omitted from the Plan but is included in the accompanying excel workbook. Like the operating surplus, the operating cash surplus is consistent and the ratio of operating cash to total operating revenue is just over 100%, except in the first year when it is 98%.	The projected cash surpluses are positive in all 10 years of the Plan.	Meets requirements	N/A
Assessment of investment sufficiency				
Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth	The Plan states that the proposed investment in water services infrastructure is adequate for future needs and is backed by reliable funding sources, meeting the investment sufficiency test.	The Plan demonstrates that investment is sufficient to meet the requirements of LOS and growth.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Renewals requirements for water services	<p>The average asset sustainability ratio is negative 58% over the 10-year period. The level of renewals is less than depreciation. Renewals are not smoothed.</p> <p>The Plan explains that the renewal expenditure aligns with the LTP 2024 and HWFR Renewal Strategy, using known projects and asset renewal modelling. It assumes that deferred renewals will be addressed within five to 10 years. Most Auckland stormwater assets have long lifespans, with many not requiring replacement soon, resulting in projected renewal costs being lower than depreciation. This is mainly because a significant portion of depreciation applies to newer assets, and the straight-line depreciation method is more conservative than actual asset usage.</p>	Planned renewals are less than depreciation for next 10 years and the average asset sustainability ratio is negative 58%.	Meets requirements	Yes
Total water services investment required over 10 years	<p>There is a positive asset investment ratio in all years. The average ratio over 10 years is 73%.</p> <p>The Plan states that with constrained funding, prioritising investment with a risk-based approach is key; balancing climate adaptation, growth, and community needs while maintaining existing assets. A funding shortfall requires efficient spending to maximise value and affordability. Renewal costs often differ from depreciation, as the relatively young stormwater asset base does not degrade uniformly. Strategic, data-driven investment decisions, based on risk and criticality, are used to prioritise the capital programme.</p>	The investment is consistent with the Council's AMPs, LTP and Annual Plan.	Meets requirements	N/A
Average remaining useful life of network assets	There is an increasing asset consumption ratio from 77% to 88%. A low proportion of total assets are nearing the end of their remaining useful life.	The average asset life remaining is increasing due to expenditure on renewals and LOS projects.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Assessment of financing sufficiency				
Confirmation that sufficient funding and financing can be secured to deliver water services	The financial projections indicate that sufficient funding and financing can be secured to sustainably deliver the proposed water services investment programme over the next 10 years.	The Plan confirms that sufficient funding and financing can be secured to deliver stormwater services from 2027/28.	Meets requirements	N/A
Projected council borrowings against borrowing limits	The council's total projected borrowings remain within the 280% borrowing limits set by the council.	AC's projected water services borrowings are within their whole of Council borrowing limits.	Meets requirements	N/A
Projected water services borrowings against borrowing limits	Stormwater borrowings are also within the Council-determined limit of 500% net debt to operating revenue. The net debt to revenue ratio for stormwater declines from 487% to 441%, showing a strengthening financial position and increasing headroom over time.	The Plan states that projected stormwater services borrowings are within AC's 500% borrowing limit.	Meets requirements	N/A
Projected borrowings for water services	Net debt increases steadily from \$1.1b in 2024/25 to \$1.5b in 2033/34, driven by a consistent borrowing pattern over the 10-year period. Investment requirements are spread across the years and aligned with the Council's long-term infrastructure development and renewal programs. The borrowing profile supports ongoing capital investment, rather than short-term or one-off projects, which is typical for stormwater infrastructure that requires sustained funding. The net debt to operating revenue ratio starts at 487% in 2024/25 and gradually declines to 441% by 2033/34. This downward trend reflects growing operating revenues and controlled borrowing growth, which is a positive financial indicator.	The Plan states that projected stormwater services borrowings are \$449m over the 10 years.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Borrowing headroom/(shortfall) for water services	The Council has set a net debt to operating revenue limit of 500% for the stormwater activity. Across all years from 2024/25 to 2033/34, the net debt remains within the 500% limit. The borrowing headroom ranges from \$30m in 2024/25 to \$207m in 2033/34. This comfortable buffer is maintained throughout the period, and the Council is not at risk of breaching its debt ceiling. There are no years with a borrowing shortfall given the current operating and capital investment programme.	Headroom starts at \$30m and increases steadily to \$207m in year 10.	Meets requirements	N/A
Free funds from operations	The Council's improving FFO to debt ratio, rising from 9.6% to 11.6% over 10 years, demonstrates strong debt servicing capacity. This trend supports the Council's ability to secure required borrowings, as it reflects sound financial management and operational performance. The consistent operating surpluses and growing revenues further reinforce the Council's overall creditworthiness and borrowing capability.	The FFO to debt is stated in the Plan and is above the required limit, however an IBU is not measured against this.	N/A	N/A
Assessment of financing sufficiency	The Plan provides details of funding and financing that can be secured to deliver stormwater services.	The Plan confirms that sufficient funding and financing can be secured to deliver stormwater services.	Meets requirements	N/A

Assessment Report: Part E – Projected financial statements for water services

Section in Part E	Summary of content in Plan	Assessment Review Comment	Focus for panel
Projected funding impact statement	Funding impact statement is shown for stormwater.	There is sufficient information provided for stormwater services.	N/A
Projected statement of comprehensive revenue and expense	Statement of comprehensive revenue and expense is shown for stormwater.	There is sufficient information provided for stormwater services.	N/A
Projected statement of cashflows	Projected statement of cashflows is shown for stormwater.	There is sufficient information provided for stormwater services.	N/A
Projected statement of financial position	Balance sheet is shown for stormwater.	There is sufficient information provided for stormwater services.	N/A

Assessment Report: Part E – Financial projections and measures

Projected statement of comprehensive revenue and expense

Water Services Delivery Plan page 59

Projected statement of financial position

Water Services Delivery Plan page 61

Financial measures: revenue sufficiency

Water Services Delivery Plan pages 47-49

Financial measures: investment sufficiency

Water Services Delivery Plan pages 50-52

Financial measures: financing sufficiency

Water Services Delivery Plan pages 53-55

Assessment Report: Water Service Delivery Plan – Additional information

Additional information	Summary of content in Plan	Assessment Review Comment	Focus for Panel
Additional disclosures to support Plan	N/A	N/A	N/A
Significant capital projects	The significant stormwater capital projects are listed.	The information is clearly documented and laid out to support the overall assessment of the Plan.	N/A
Key issues, constraints, risks and assumptions	A summary of the risks and assumptions is provided.	The information is clearly documented and laid out to support the overall assessment of the Plan.	N/A