

Water Services Delivery Plan Assessment

Assessment Report – Horowhenua District Council,
Palmerston North City Council and Rangitīkei District
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
Asset Management Plan	AMP
Capital expenditure	Capex
Department of Internal Affairs	The Department
Drinking Water Quality Assurance Rules	DWQAR
Funds From Operations	FFO
Horowhenua District Council	HDC
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
Long Term Plan	LTP
Palmerston North City Council	PNCC
Rangitīkei District Council	RDC
Water Services Delivery Plan	Plan
Wastewater treatment plant	WWTP
Water Services Council Controlled Organisation	WSCCO

Assessment Cover Sheet

Background on councils and engagement with the Department

Detail	Commentary
Councils involved in Plan	Horowhenua District Council, Palmerston North City Council, and Rangitīkei District Council
Number of connections	Drinking water: 54, 110 Wastewater: 51, 358 Stormwater: 78, 776
DIA comment on council engagement during Plan development process	<ul style="list-style-type: none"> HDC, PNCC and RDC were initially part of a larger Manawatu-Whanganui grouping alongside Tararua, Manawatu, Whanganui and Ruapehu District Councils. Following council resolutions on models to pursue at the end of 2024, this group split into two. One group consisted of HDC, PNCC and Manawatu District Council (as well as Kāpiti Coast) and the second included Whanganui, Ruapehu and RDC. The Department provided the HDC, PNCC, Manawatu District Council and Kāpiti Coast District Council grouping with support, particularly with financial modelling to ensure a financially viable four council model. Kāpiti Coast and Manawatu District Councils each decided to pursue an in-house business unit, leaving PNCC and HDC to consider other options. RDC, Whanganui and Ruapehu progressed a grouping of three until, following consultation with their communities, RDC opted to work with PNCC and HDC.
Feedback provided to council prior to submission on Draft Plan	<p>The Department received a draft plan from the grouping for review on 21 July 2025.</p> <p>Feedback from the Department was provided on 24 July 2025 with no material issues being identified, however the Department did suggest some additional information that could be provided in the final plan.</p>
Engagement with council during review and assessment process	<p>On 19 September 2025, the Department sent a request for clarification and additional information.</p> <p>On 24 September 2025, the Departments received a response with clarifications and the additional information requested.</p>

Other Background Comments	N/A
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Assessment Summary

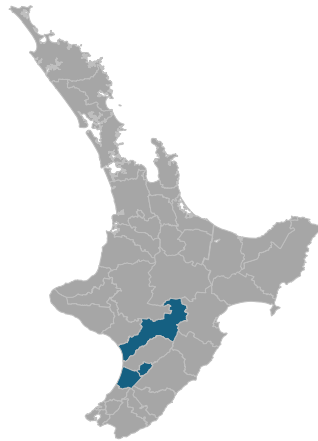
Section	Commentary
Confirmation of submission completeness checklist	Yes – all required components completed.
General Comment on Plan	The Plan demonstrates financial sustainability, with sufficient revenue to cover costs, and sufficient investment to meet relevant regulatory standards.
Financial Sustainability Comment	The Plan explains how the delivery of water 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 actions are identified in the Plan to achieve financially sustainable delivery of water services and risks are identified.
Revenue Sufficiency	The average projected charges for the WSCCO start at \$1,560 and rise to \$3,374 over the 10 years, an increase of 116%. The Plan describes sufficient revenue to cover the projected costs of delivering the three waters services for the WSCCO. There are cash surpluses throughout the Plan and there are also operating surpluses.
Investment Sufficiency	The Plan demonstrates that investment is sufficient to meet LOS, regulatory requirements and provide for growth and is consistent with AMPs and Infrastructure Strategies. The average asset remaining lives will increase due to investment in renewals and new assets.
Financing Sufficiency	The Plan confirms sufficient funding and financing can be secured to deliver water services with projected borrowings of \$991.2m over the 10 years. All councils are within the whole of Council net debt to operating revenue ratios over the Plan. The headroom assessed correctly against the FFO to net debt percentage indicates that pricing is optimised within financing constraints. The FFO is above the minimum of 8% FFO to debt percentage covenant set by LGFA.
Overall assessment recommendation	The overall recommendation from the assessment phase is to accept the Plan from Horowhenua District Council, Palmerston North City Council and Rangitīkei District Council.

Issues for discussion with Panel

Issue	Description	Recommended treatment
Delivery of projects required to achieve regulatory compliance	<p>The Plan sets out an ambitious programme of capital projects, which exceeds what HDC, PNCC and RDC have historically achieved.</p> <p>For HDC, the proposed capital programme is approximately a 100% increase in the level of capex programme compared with historical actual delivery.</p> <p>For PNCC, there is an increase of approximately 500% in the level of capex programme compared with historical delivery.</p> <p>For RDC, there is an average increase of approximately 100% in the level of capex programme compared with historical delivery.</p> <p>Technical clarification confirmed that the WSCCO will establish a robust capital delivery team within its organisation.</p> <p>There are a number of complex regulatory compliance projects set out in the Plan that need to be delivered.</p>	We recommend that delivery of the capital programme, in particular the projects required to achieve regulatory compliance, is monitored during implementation.
Operational expenditure	<p>The Plan outlines anticipated benefits of transitioning to the WSCCO including:</p> <ul style="list-style-type: none"> • improved financial efficiency because of greater borrowing capacity; • operational effectiveness by removing duplication and standardising processes and systems, energy efficiencies and improved data quality and reliability; and • opportunities of scale due to optimising a bigger programme of work and reducing consequential operating expenses. 	We recommend that operational expenditure is monitored during implementation to ensure savings are realised.

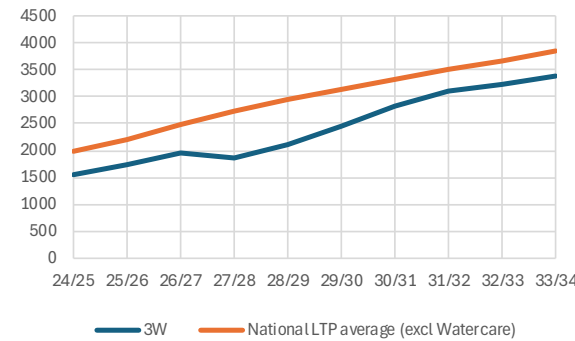
Council summary information

Summary information	Level
Current population	149,492
Drinking water connections	54,110
Wastewater connections	51,358
Stormwater connections	78,776
High growth council	No
10 year population growth	10.5%



Affordability and growth

Water services charge compare to national LTP average



Item	Year 1	Year 10	10 Year Average
Total charge as % of median income	1.70%	2.80%	2.23%
Annual price increase	N/A	4.10%	8.24%
DC collected per new connection (\$)	N/A	N/A	7,749

Item	Year 1	Year 10	10 Year Average
Water related net debt to operating revenue %	257%	526%	438%
FFO to debt	20.3%	8.5%	12.3%

Assets, network and compliance

Asset measures	Year 1	Year 10	10 Year Average
Total assets per connection (\$)	27,808	48,311	38,075
Total debt per connection (\$)	4,188	16,667	10,954
Operating costs per connection (\$)	598	989	813

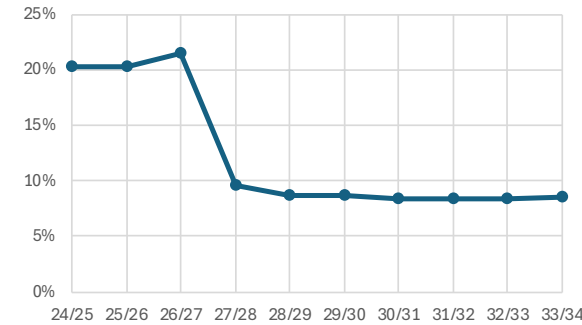
Age of network (years)	DW	WW	SW
Average age outlined in plan	33	33	47

Network performance	Level
Level of service performance measures achieved	Partially
Water loss rate (% loss)	18%
Average consumption (litres per person per day)	277

Compliance addressed in the Plan	
Drinking water compliance	Yes
Resource consent compliance	Yes

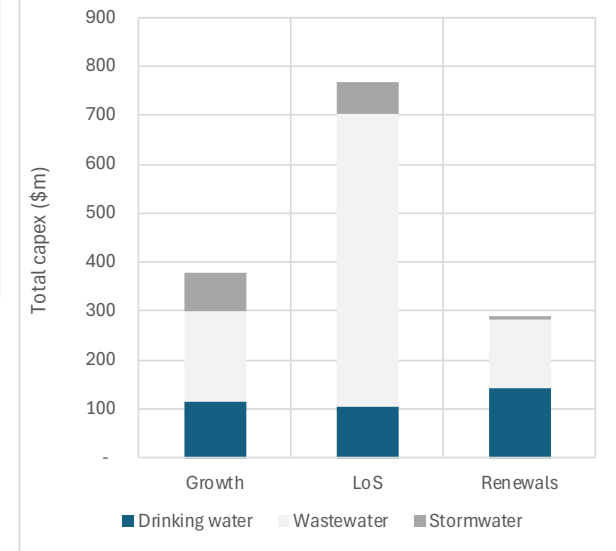
Financing

FFO to net debt



Capital expenditure	Category of capital expenditure			Total over 10 years
	Growth	Level of service	Renewals	
Drinking water	114,534	104,078	141,846	360,458
Wastewater	183,115	598,671	140,332	922,118
Stormwater	81,990	65,394	6,280	153,664
Total 10 years	379,639	768,143	288,458	1,436,240

Capex spend by type, 10 year total



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				
Financially sustainable water services provision	The Plan states that water, wastewater and stormwater services in the HDC, PNCC and RDC will be delivered in a financially sustainable manner by a joint WSCCO by 30 June 2028.	The Plan explains how the delivery of water 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.	Meets requirements	N/A
The proposed model to deliver water services	<p>Three waters services for the HDC, PNCC and RDC combined area will be delivered by a joint WSCCO. The WSCCO will generally own water supply, wastewater and stormwater infrastructure assets. Where assets continue to be owned by a council, the WSCCO will provide the relevant services to that council under a service contract. Together the number of connections will be in excess of 50,000 connections.</p> <p>The Councils' Collaboration Agreement outlines the process to form a WSCCO and the approach to completing the Plan and transition planning. It provides for a transition team from within the Councils providing the necessary functions for the WSCCO to function from 1 July 2027 and empowering the WSCCO establishment board to make future decisions guided by the statement of expectations.</p>	<p>The Plan clearly explains the proposed model for delivery of water services with a 1 July 2027 transition from the current arrangements into the WSCCO.</p> <p>The organisation structure of the proposed WSCCO will meet the requirements of the Local Government (Water Services) Act 2025.</p>	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Implementing the proposed service delivery model	<p>Implementation of the new water service delivery model will take a three-phased approach from 1 July 2025 to 30 June 2027.</p> <p>The key milestones outlined in the Plan are as follows:</p> <ul style="list-style-type: none"> • 1 July 2025 – 30 June 2026: Councils’ preparation including project establishment team and governance structure, agreement on assets to transfer, foundational documents completed, preparation for relationship with LGFA WSCCO registered on the Companies Register. • 1 July 2026 – 30 June 2027: WSCCO legally established including the appointment of directors, completion of first water services strategy and annual budget, and employment of staff. • 1 July 2027 onwards – WSCCO: Operational includes delivery of three waters services, preparation of business systems. 	<p>The Plan outlines an implementation plan as required by section 13(2) of the Preliminary Arrangements Act.</p> <p>The Councils have identified the resources required to set up the WSCCO. The proposed governance and oversight arrangements for the WSCCO are outlined.</p>	Meets requirements	N/A
Consultation and engagement undertaken	<p>HDC consulted on 3 options:</p> <p>Option 1: A WSCCO jointly owned by HDC, PNCC, Manawatū District Council and Kāpiti Coast District Council.</p> <p>Option 2: A WSCCO jointly owned by all willing councils from the Manawatū-Whanganui and Kāpiti regions.</p> <p>Option 3: Status Quo.</p> <p>The HDC consultation period was from 10 March to 10 April 2025.</p> <p>HDC received 94 submissions. 56% supported Option 1.</p> <p>PNCC consulted on 3 options:</p> <p>Option 1: Establish a multi-council WSCCO with four councils – PNCC, HDC, Manawatū and Kapiti District Coast councils.</p> <p>Option 2: Establish a multi-council WSCCO with one or more councils within the Manawatū-Whanganui region.</p>	Consultation was in accordance with the Preliminary Arrangements Act.	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	<p>Option 3: Status Quo with changes. The PNCC consultation period was from 27 February to 30 March 2025.</p> <p>PNCC received 291 submissions to the consultation. 68% supported Option 1 as their first preference.</p> <p>RDC consulted on three options:</p> <p>Option 1 (Council’s preferred option): A WSCCO with RDC, Whanganui District Council, Ruapehu District Council;</p> <p>Option 2: Maintain the current water services delivery model – in-house management (the ‘enhanced status quo’);</p> <p>Option 3: A WSCCO with as many councils in the Manawatū-Whanganui region as possible (noting that other councils in the region have chosen different models as their preferred model).</p> <p>The RDC submission period was from 5 March 2025 to 2 April 2025. 90 submissions were received. Option 1 received a majority of support.</p>			
Assurance and adoption of the plan				
Council resolution to adopt the Plan	<p>HDC:</p> <p>The Plan was adopted by Horowhenua District Council on 6 August 2025. The resolution was provided.</p> <p>PNCC:</p> <p>The Plan was adopted by the Palmerston North District Council on 13 August 2025. The resolution was provided.</p> <p>RDC:</p> <p>The Plan was adopted by the Rangitīkei District Council on 14 August 2025. The resolution was provided.</p>	N/A	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Certification of the Chief Executive of Horowhenua District Council, Palmerston North City Council and Rangitikei District Council	HDC: The CE certified the Plan on 21 August 2025. PNCC: The CE certified the Plan on 21 August 2025. RDC: The CE certified the Plan 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>HDC</p> <p>Serviced areas and connections provided, projected out to 2033/34 with location descriptions.</p> <p>Schemes are described.</p> <p>Growth areas are listed with 18% growth in serviced population over the 10-year period.</p> <p>LOS and associated 2023/24 performance results have been provided. Complaints have been higher than targets for water and wastewater.</p> <p>Unserviced areas are listed.</p> <p>PNCC</p> <p>Serviced areas and connections provided, projected out to 2033/34 with location descriptions.</p> <p>Schemes are described.</p> <p>Growth areas are listed with 5% growth in serviced population over the 10-year period.</p> <p>LOS and associated performance results have been provided, all targets met except DWQAR rules for a number of bores. The 2023/24 water loss was 15% and average use 284 l/p/d.</p> <p>Unserviced areas are listed.</p> <p>RDC</p> <p>Serviced areas described. Serviced population growth of 5% forecast over the 10 years.</p>	<p>HDC</p> <p>The Plan provides sufficient information on serviced populations and areas.</p> <p>Performance measures highlight water loss is not meeting targets in some locations. Water meters are in place.</p> <p>PNCC</p> <p>The Plan provides sufficient information on serviced populations and areas. We have reviewed the 2023/24 Annual report as this data wasn't provided – all targets met except DWQAR.</p> <p>RDC</p> <p>The Plan provides sufficient information on serviced populations and areas. We have reviewed the 2023/24 Annual report as this data was not provided. We note that there are several LOS that were not met. However, this does not affect the ability to accept the Plan.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	<p>The Plan describes the schemes.</p> <p>LOS and associated performance – 2023/24 water loss (56%) and use (543 l/p/d) exceeded targets. Customer complaints did not meet targets for water and wastewater.</p> <p>Growth areas have been described.</p> <p>Unserviced areas are described.</p>			
<p>Assessment of the current condition and lifespan of the water services network</p>	<p>HDC</p> <p>Average asset age for different components has been provided:</p> <ul style="list-style-type: none"> • Drinking water: 35 years; • Wastewater: 42 years; and • Stormwater: 26-42 years. <p>No condition information percentages are available for above ground assets, and maintenance is reactive. Most below ground assets have a condition grade: 21% of drinking water, 31% of wastewater, and 14% of stormwater assets are in poor or very poor condition. A proactive condition assessment programme for treatment plant assets is planned. Treatment plant operations have recently been brought back in house.</p> <p>The Plan states below ground critical assets are identified.</p> <p>PNCC</p> <p>Average network asset age has been provided:</p> <ul style="list-style-type: none"> • Drinking water: 30 years; • Wastewater: 27 years; and • Stormwater: 50 years. <p>The treatment plant average ages are 71 years for water and 56 years for wastewater.</p>	<p>HDC</p> <p>Condition and criticality information is suitable to be used to plan maintenance, renewals and capital and operating programme over the short term. On-going condition assessment programmes are in place.</p> <p>PNCC</p> <p>Condition and criticality information is suitable to be used to plan maintenance, renewals and capital and operating programme over the long term.</p> <p>RDC</p> <p>Condition and performance information is suitable to plan maintenance, renewals and capital and operating plan in the short term.</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>Detailed information is provided on condition for major asset groups with on-going condition assessment programmes in place for above ground assets and CCTV for wastewater and stormwater. Based on network age, 2% of the drinking water network, 7% of the wastewater network and 5% of the stormwater network is expected to be in poor or very poor condition. 41% of drinking water, 24% of wastewater and 56% of stormwater above ground assets are expected to be in poor or very poor condition.</p> <p>RDC</p> <p>Average network asset age has been provided:</p> <ul style="list-style-type: none"> • Drinking water: 47 years; • Wastewater: 54 years; and • Stormwater: 47 years. <p>Issues have been experienced with the asset management system storage of condition data. Known poor condition assets are identified in the Plan footnotes. CCTV inspections and reservoir seismic inspections have been carried out.</p> <p>Critical assets are not identified.</p>			
Asset management approach	<p>HDC</p> <p>Three waters operations and maintenance were brought inhouse in November 2024. Proposed future delivery model to transfer all functions to the WSCCO.</p> <p>Asset management systems are described.</p> <p>The Plan states asset management practice has not been formally assessed but it is expected to be operating at a basic to core maturity level based on operational knowledge.</p>	<p>HDC</p> <p>The Plan provides information on the asset management approach and how asset management will support the proposed model.</p> <p>PNCC</p> <p>The Plan provides information on the asset management approach and how asset management will support the proposed model.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	<p>The Plan states the WSCCO is expected to build on the asset management systems and improvements underway for each council to address gaps through a common approach to asset management.</p> <p>PNCC</p> <p>Three waters operations and maintenance, and asset management is provided by in-house teams with external resources for design, some operational projects and major upgrades, and mechanical / electrical repair. Proposed future delivery model to transfer all functions to the WSCCO.</p> <p>Asset management systems are described.</p> <p>Asset management maturity results from 2022 provided with scores all at the high end of core. Improvements are identified.</p> <p>The Plan states that the WSCCO is expected to build on the asset management systems and improvements underway for each council to address gaps through a common approach to asset management.</p> <p>RDC</p> <p>Operations and maintenance are currently delivered inhouse supported by external resources.</p> <p>Asset management systems are described.</p> <p>No maturity assessment is provided.</p> <p>The Plan states the WSCCO is expected to build on the asset management systems and improvements underway for each council to address gaps through a common approach to asset management.</p>	<p>RDC</p> <p>The Plan provides information on the asset management approach and how asset management will support the proposed model. No maturity results were provided. This does not affect the ability to accept the Plan.</p>		

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Statement of regulatory compliance</p>	<p>HDC</p> <p>HDC is compliant for bacterial, protozoa and chemical requirements.</p> <p>No boil water notices in place currently (historical notices are outlined).</p> <p>Fluoridation has been in place for Levin and Ōhau since November 2024.</p> <p>Water consumption for 2023/24 was 309L/persons/day, greater than the 300L/person/day target. This reinforces the need for HDC’s proactive water demand management programme including leak detection and water metering, to reduce demand on the water supply network.</p> <p>HDC has 21 significant drinking water resource consents (four under s 124 RMA), 33 wastewater resource consents (six under s 124 RMA) and three stormwater consents.</p> <p>In addition to eight resource consents currently being processed, 12 drinking water and seven wastewater resource consents expire in the next 10 years.</p> <p>There are three significant non-compliances. The Plan states HDC has worked with Horizons Regional Council to respond to the formal warnings and remedy the identified issues. There are current and future work programmes and improvements that will allow for consent compliance. HDC has formally communicated its proposed actions with Horizons Regional Council to resolve the consent breaches</p> <p>Two significant risk non-compliance, two low risk non-compliance for wastewater.</p> <p>An abatement notice was received in July 2024 for Tokomaru WWTP consent for technical non-compliances relating to the provision of information and working party meeting frequency which were resolved.</p> <p>PNCC</p>	<p>HDC</p> <p>Meets compliance with drinking water standards and DWQAR.</p> <p>Projects are outlined and funded to renew consents and address compliance issues. There are several complex projects that need to be delivered.</p> <p>Clarification information was provided to confirm projects and funding are in place to resolve compliance issues and renew consents.</p> <p>PNCC</p> <p>PNCC is not fully meeting drinking water compliance for the Palmerston North supply for 3 bore sites. Budget is provided in the investment plan to fully meet compliance by 2032/33.</p> <p>Investment provided in the Plan is appropriate to maintain consent compliance. The Totara Road WWTP consent renewal programme (Nature Calls project) is funded from 2024/25 to 2033/34.</p> <p>Clarification information confirmed projects and funding are in place to renew consents.</p> <p>RDC</p>	<p>Meets requirements</p>	<p>Yes</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	<p>PNCC has full protozoal and chemical compliance. Contact time requirements for three bore sites are not met for bacterial compliance, but other sites comply with DWQAR.</p> <p>No boil water notices issued in the last three years.</p> <p>Clarification information was provided around bore compliance - PNCC is currently working closely with the Water Services Authority to understand any future changes to the bacteriological standards with regard to contact time and viral risk for the city bore sites. Budgets are allocated for these upgrades if required.</p> <p>PNCC has eight significant drinking water consents, six wastewater consents and seven stormwater consents. Consents are all compliant.</p> <p>In addition to five consents currently active, two drinking water, five wastewater and four stormwater consents expire in the next 10 years.</p> <p>There have been no enforcement actions in the past 24 months.</p> <p>Implications of changing environmental standards have been considered.</p> <p>RDC</p> <p>For the urban schemes RDC is partially compliant with bacterial and protozoal requirements due to monitoring or reporting challenges. Protozoal barriers are in place, RDC is focusing on improving automation and control at these remote installations to reduce the risk of future non-compliance. The Marton Water Supply project is committed to a new bore supply which includes a new WTP. Funding for the Marton Water Supply project for \$11m was committed as part of the 2021 LTP and has been carried forward.</p> <p>No boil water notices are in place and fluoridation is not required.</p> <p>RDC has 13 significant drinking water resource consents (three operating under s 124 of the RMA), 16 wastewater resource consents (seven operating under s 124 of the RMA) and three stormwater consents.</p>	<p>DWQAR compliance has not been achieved. Data and operational improvements and the new Marton WWTP are expected to achieve compliance by end of 2026 for the urban schemes.</p> <p>Assets for mixed-use rural water supplies and one stock only water supply, will not be transferred to the WSCCO. Funding for any acceptable solution implementation is proposed to be directly by the domestic users.</p> <p>Projects are underway to renew consents with many upgrades planned. Investment provided is appropriate to address compliance issues by 2034. The National Environmental Performance Standards could result in alternative upgrade or discharge options becoming available.</p>		

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	<p>13 consents expire in the next 10 years, and there are seven active consent applications.</p> <p>Over the past 24 months, there have been no enforcement actions for water or stormwater.</p> <p>It has been clarified that budgets are provided for water and stormwater consent renewals and associated upgrades.</p> <p>There have been three warnings, one abatement notice, 10 infringement notices and four significant non-compliances for wastewater.</p> <p>The Plan states significant issues with wastewater discharge compliance are experienced across the RDC. Work is underway at each of the treatment facilities to address issues that will improve compliance with current and future resource consents.</p> <p>It has been clarified that additional funding of \$4.5m has been identified as required for the Ratana WWTP discharge which was not in the LTP.</p>	<p>Clarification has been provided that for the three mixed use rural water supplies, RDC will discuss with each committee whether they wish to proceed with implementing an acceptable solution (if water quality suitable) and register before November 2028 or whether to close down the drinking water component of the scheme. It is not intended to transfer the rural water supply assets to the WSCCO. Operational responsibility for these schemes could be under a negotiated service level agreement.</p> <p>We recommend monitoring the capital projects required to achieve regulatory compliance.</p>		
<p>Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements</p>	<p>HDC</p> <p>The significant capital investments identified are:</p> <ul style="list-style-type: none"> • addressing poor condition assets; • meeting LOS; • renewing expired consents; and • infrastructure to support the district’s growth. <p>The investment profile allows for a consistent programme \$18.6-36.9m with a total of \$284m over the 10-year period.</p> <p>Clarification was provided on the renewals methodology which is supported by external analysis and development of master plans.</p>	<p>HDC</p> <p>The Plan describes sufficient investment for renewals, compliance, LOS and growth.</p> <p>PNCC</p> <p>The Plan describes sufficient investment to meet renewals, compliance, LOS and growth.</p> <p>RDC</p>	<p>Meets requirements</p>	<p>N/A</p>

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	<p>PNCC</p> <p>Proposed capex programme of \$1,027m over 10 years with peaks between 2027/28 – 2031/32.</p> <p>\$480m of the programme relates to the major WWTP upgrade programme.</p> <p>Clarification was provided on renewals methodology to address backlog which is outlined in the published AMPs.</p> <p>RDC</p> <p>There is \$124.9m in forecast capital investment over the 10-year period. Major capital projects have been identified. Wastewater growth capex relates to the Marton to Bulls wastewater treatment upgrade. Upgrades are also allowed for Hunterville, Mangaweka and Taihape WWTP. The new WWTP for Marton is expected to be complete by the end of 2025.</p> <p>Additional funding for the Ratana WWTP upgrade is expected to be approved via the 2026/27 Annual plan.</p> <p>Renewals funding is described.</p>	<p>The Plan describes sufficient investment for growth, compliance, LOS and renewals.</p>		
<p>Historical delivery against planned investment</p>	<p>HDC</p> <p>Since 2018, renewal delivery has varied between 69% - 96% of planned renewals.</p> <p>Delivery against planned total investment in water services averaged 55 - 84% delivery against budget, typically around \$15m in actual capex per year.</p> <p>HDC is planning to improve delivery by improved scoping and an independent project management team.</p> <p>PNCC</p> <p>Since 2018, renewal delivery has varied between 87% - 155% of planned renewals.</p>	<p>HDC</p> <p>The proposed capital programme is approximately a 100% increase in the level of capex programme compared with historical actual delivery.</p> <p>PNCC</p> <p>There is an increase of approximately 500% in the level of capex programme compared with historical delivery.</p> <p>RDC</p>	<p>Meets requirements</p>	<p>Yes</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	<p>Delivery against total investment in water services varied between 51-95% delivery against budget. Typical annual actual delivery has been approximately \$18m.</p> <p>The Plan states to accommodate and deliver on projected investment peaks, PNCC is:</p> <ul style="list-style-type: none"> • Reviewing its procurement strategy to support multiple concurrent projects; • Exploring partnership models with other councils and regional agencies to leverage scale and improve access to shared contractor pools; and • Prioritising investments based on risk and criticality, ensuring high-priority renewal and compliance-driven projects are not delayed. <p>RDC</p> <p>Since 2018, renewal delivery has varied between 36% - 69% of planned renewals. Delivery against total investment in water services has ranged between 39% - 60% of planned averages 86% delivery against budget. Typical actual capex delivery has been approximately \$6m.</p> <p>The Plan states the major constraints on historical delivery for RDC have been:</p> <ul style="list-style-type: none"> • delays in getting resource consents; • availability of suitably skilled and experienced staff; and • delays in securing suitable sites for discharge to land. <p>It is anticipated that delays in getting resource consents will ease once wastewater standards are finalised.</p>	<p>There is an average increase of approximately 100% in the level of capex programme compared with historical delivery.</p> <p>ALL</p> <p>Technical clarification confirmed that the WSCCO will establish a robust capital delivery team within its organisation, which could include a combination of an in-house PMO and externally contracted programme and project management capability, particularly for the small number of large capital projects in the capital programme.</p> <p>We recommend that progress on compliance projects is monitored during implementation.</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	<p>Current charging and billing arrangements have been identified for the three councils.</p> <p>HDC uses a mixture of fixed targeted rates per rating unit for three waters as well as volumetric charging for metered water supply.</p> <p>PNCC uses a mixture of targeted rates, a portion of general rates for stormwater only, volumetric charges for metered properties, trade waste charges, and development contributions. The volumetric water charges are primarily commercial and industrial users.</p> <p>RDC currently charges through targeted rates for three water services except for water supply in Hunterville township. Hunterville properties have volumetric charging.</p> <p>Charging arrangements for the WSCCO have not been finalised.</p>	<p>The Plan outlines current charging and billing arrangements.</p> <p>Future charging arrangements for the WSCCO have not been finalised.</p>	Meets requirements	N/A
Water services revenue requirements and sources	<p>Revenue requirements for each plan are shown in their financial statements. The sources have been identified for each council in the WSCCO as noted below:</p> <p>HDC's revenue sources include fixed targeted rates, volumetric charges, trade waste charges, a utility connection charges, and development contributions.</p> <p>PNCC's revenue sources from residential and commercial users are stated for fixed targeted rates and volumetric charges</p>	<p>Revenue requirements and sources are sufficiently identified. The Plan provides forecasts for the revenue requirements in part D.</p>	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	<p>RDC's revenue sources include targeted rates with a mixture of fixed rates per separately used or inhabited part or based on land value as well as volumetric charging for some areas.</p>			
<p>Existing and projected commercial and industrial users' charges</p>	<p>HDC has not specified current commercial and industrial charges.</p> <p>PNCC has identified commercial charges for non-residential consumers. These include charges based on connection size and volumetric charges.</p> <p>RDC has no differential between residential and commercial charges other than Bulls ANZCO (beef and lamb processor) which has volumetric water at \$1.72 per cubic meter compared to the \$2.32 per cubic meter for other volumetric users who consume excess of 250 cubic meters per annum.</p>	<p>Each council has provided their own commercial charges. We note that the commercial charges between the three councils are not aligned. It is expected that the WSCCO will implement a charging policy for commercial and industrial charges.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p>The affordability of projected water services charges for communities</p>	<p>Affordability is stated at a WSCCO level as well as per council within the WSCCO. Affordability is calculated at a three waters level.</p> <p>The group affordability is 1.7% of median household income (\$1,560) in 2024/25 rising to 2.8% (\$3,374) in 2033/34.</p> <p>HDC's affordability is 2.4% of median household income (\$1,710) in 2024/25 rising to 3.4% (\$3,474) in 2033/34.</p> <p>PNCC's affordability is 1.5% of median household income rising to 2.5% in 2033/34.</p> <p>RDC's affordability is 1.9% of median household income rising to 3.0% in 2033/34.</p>	<p>The affordability of projected water services charges at the group level is roughly aligned to the Departments guidance of 2.5% of median household income.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p>Funding and financing arrangements</p>				

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Water services financing requirements and sources	The Plan includes a separate section for each of the Council's financing requirements. All sections identify the three waters activities will be funded through the WSCCO.	The Plan outlines the financing requirements and sources for water services.	Meets requirements	N/A
Internal borrowing arrangements	The proposed WSCCO will not have any internal borrowing arrangements. The Councils have mechanisms in place to repay any current internal borrowing arrangements prior to the setup of the WSCCO.	Sufficient details are provided that confirm the Councils will repay any internal borrowing prior to the establishment of the WSCCO.	Meets requirements	N/A
Determination of debt attributed to water services	<p>HDC's opening debt as of 30 June 2024 is \$84.5m (\$19.5m water, \$45.7m wastewater, and \$19.3m stormwater).</p> <p>PNCC' opening three waters debt at 30 June 2024 is \$66.9m.</p> <p>RDC's debt attributable to water services as at 30 June 2024 is \$38.5m.</p>	The Plan outlines the opening debt for water services for each council in the WSCCO.	Meets requirements	N/A
Insurance arrangements	<p>HDC is insured through MW LASS (Manawatu Whanganui Local Authority Shared Services) with a recent review of insurance and coverage levels. HDC also annually budgets \$100,000 through rates to build up a fund for adverse events or emergencies.</p> <p>PNCC has insurance arrangements through the Local Authority Protection Programme. PNCC will hold insurance on the three water assets until 1 July 2027 when the three water assets will be transferred to the WSCCO.</p> <p>RDC is insured through MW LASS mutual coverage, and separate coverage for above and below ground assets, reviewing premiums, excess levels, risk of events, and risk appetite on an annual basis.</p>	The Plan identifies current insurance arrangements for each council in the WSCCO. Limited insurance arrangements are identified for once the WSCCO forms from 1 July 2027.	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 states that water services will be financially sustainable by 30 June 2028.	The Plan explains how the delivery of water 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.	Meets requirements	N/A
Actions required to achieve financially sustainable delivery of water services	Planned investment in new and replacement assets will ensure that regulatory compliance obligations are met and result in an overall improvement in the average age of its assets. Depreciation is fully funded through the life of the Plan, with this funding to be applied towards renewing the existing infrastructure and managing debt. Operating funding is not intended to be applied towards LOS of growth infrastructure, with debt being preferred to match expenditure and beneficiaries.	Actions are identified to achieve financially sustainable delivery of water services.	Meets requirements	N/A
Risks and constraints to achieving financially sustainable delivery of water services	Risks identified in the Plan are delivery risks for the capital works programme, risks of capital goods inflation, consequential risks on depreciation forecasts, and funding risks.	Risks to the financially sustainable delivery of water services are identified.	Meets requirements	N/A
Assessment of revenue sufficiency				
Projected water services revenues cover the projected costs of delivering water services	Projected revenues cover the projected costs of delivering water services throughout the Plan. Surpluses are projected throughout the whole Plan period.	The Plan describes sufficient revenue to cover the projected costs of delivering the three waters services for the WSCCO.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Average projected charges for water services over 2024/25 to 2033/34	Average charges are shown at a combined three waters level as a percentage of median household income. Average charges are 1.7% of median household income (\$1,560) in 2024/25 rising 2.8% (\$3,374) in 2033/34.	The average projected charges for the WSCCO start at \$1,560 and rise to \$3,374 over the 10 years, an increase of 116%.	Meets requirements	N/A
Projected operating surpluses/(deficits) for water services	Operating surpluses are projected throughout the Plan at \$10.3m (12.7%) in 2024/25 rising to \$26.1m (14.3%) in 2033/34.	Sufficient operating surpluses are projected in the Plan.	Meets requirements	N/A
Projected operating cash surpluses for water services	Cash surpluses are projected throughout the Plan. The operating cash ratio is 61.2% (\$49.5m) in 2024/25 rising to 67.9% (\$124.4m) in 2033/34.	Cash surpluses are sufficient throughout 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	<p>HDC Total investment of \$282m over the 10 years.</p> <p>PNCC Total investment of \$1,027m over the 10 years which includes \$480m for the Nature Calls WWTP upgrade project.</p> <p>RDC Total investment of \$125m over the 10 years. This excludes the Marton WTP project and additional Ratana WWTP upgrade costs.</p>	The Plan demonstrates the investment is sufficient to meet LOS, regulatory requirements and provide for growth.	Meets requirements	N/A
Renewals requirements for water services	The asset sustainability ratio is negative over the 10 years of the Plan. Renewals have been prioritised considering the age, condition, performance and criticality of the assets. A portion of the LOS expenditure is likely to replace	Renewals investment is sufficiently described.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	existing assets, such as WWTPs, so actual renewals expenditure is likely to be higher. The renewals backlogs is being addressed over time.			
Total water services investment required over 10 years	The asset investment ratio varies. During the 10-year period it is positive and ranges between 127.7% and 493.0%.	Investment is consistent with AMPs and Infrastructure Strategies.	Meets requirements	N/A
Average remaining useful life of network assets	The asset consumption ratio increases from 57.8% to 67.9% over the 10-year period.	The average asset remaining life is increasing due to investment in renewals and new assets.	Meets requirements	N/A
Assessment of financing sufficiency				
Confirmation that sufficient funding and financing can be secured to deliver water services	Financing will be sourced through LGFA. The FFO to debt percentage is above 8% for the Plan period, above LGFA minimum FFO to debt percentage for a WSCCO with 50,000 water connections.	The Plan confirms sufficient funding and financing can be secured to deliver water services.	Meets requirements	N/A
Projected council borrowings against borrowing limits	Projected council borrowings for each council are shown on graphs for their net debt to revenue percentage. HDC's net debt to revenue is approximately 190% in 2024/25 rising to approx. 240% in 2026/27 then declining to approximately 160% in 2033/34. PNCC's net debt to revenue is approximately 160% in 2024/25 rising to approximately 180% in 2027/28 then declining to approx. 150% in 2033/34.	All councils are within their total net debt to operating revenue ratios over the Plan.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	RDC's net debt to revenue is 80% in 2024/25 rising to approximately 115% in 2026/27 then declining to approx. 40% in 2033/34.			
Projected water services borrowings against borrowing limits	The borrowing limit for three waters debt to revenue is indicated in this plan as being 500% noting that this is a proxy for LGFA lending covenants of an 8% FFO to debt for a water WS-CCO. The Plan shows there is positive headroom throughout when assessed against the minimum FFO to debt percentage with a headroom of \$62.8m by 2033/34. Whereas using the 500% net debt to revenue ratio shows the Plan has negative debt headroom from 2029/30 onwards.	We have assessed the headroom for the CCO against the FFO to net debt percentage and note that there is headroom available throughout the Plan.	Meets requirements	N/A
Projected borrowings for water services	Projected water service borrowings over the period are \$207.8m in 2024/25 rising to \$963.5m in 2033/34.	Projected borrowings for water services over the 10 years are \$991.2m.	Meets requirements	N/A
Borrowing headroom/(shortfall) for water services	Borrowing headroom is available throughout the Plan when assessed against the minimum FFO to net debt percentage of 8%. Borrowing headroom is \$319.4m in 2024/25 reducing to \$62.8m in 2033/34.	Borrowing headroom is forecast throughout the Plan. The level of borrowing headroom indicates that pricing is optimised within financing constraints.	Meets requirements	N/A
Free funds from operations	The FFO to net debt percentage is above the 8% minimum. The FFO is 20.3% in 2024/25 and reduces to 8.5% in 2033/34.	The FFO is above the minimum 8% FFO to net debt percentage covenant set by LGFA.	Meets requirements	N/A
Assessment of financing sufficiency	The Plan demonstrates financing sufficiency throughout the 10 years.	The Plan confirms sufficient funding and financing can be secured to deliver water 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	The projected funding impact statement is shown at a total WSCCO level as well as the level for each individual activity.	Meets requirements.	N/A
Projected statement of comprehensive revenue and expense	The projected statement of comprehensive revenue and expense is shown at a total WSCCO level as well as the level for each individual activity.	Meets requirements.	N/A
Projected statement of cashflows	The projected statement of cashflows is shown at a total WSCCO level as well as the level for each individual activity.	Meets requirements.	N/A
Projected statement of financial position	The projected statement of financial position is shown at a total WSCCO level as well as the level for each individual activity.	Meets requirements.	N/A

Assessment Report: Part E – Financial projections and measures

[Projected statement of comprehensive revenue and expense](#)

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[Projected statement of financial position](#)

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[Financial measures: revenue sufficiency](#)

Water Services Delivery Plan pages 141 - 145

[Financial measures: investment sufficiency](#)

Water Services Delivery Plan pages 146 - 148

[Financial measures: financing sufficiency](#)

Water Services Delivery Plan pages 149 - 153

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	Morrison Low water modelling assumptions are provided.	N/A	N/A
Significant capital projects	The significant projects are within the body of the Plan.	N/A	N/A
Key issues, constraints, risks and assumptions	Key risks and treatments are provided along with the disclosure of material assumptions.	N/A	N/A