

Water Services Delivery Plan Assessment

Assessment Report – Christchurch City 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
Christchurch City Council	CCC
Capital expenditure	capex
Department of Internal Affairs	Department
Drinking Water Quality Assurance Rules	DWQAR
Funds From Operations	FFO
In-house Business Unit	IBU
Local Government Funding Agency	LGFA
Local Government (Water Services Preliminary Arrangements) Act 2024	Preliminary Arrangements Act
Long-Term Plan	LTP
Water Services Delivery Plan	Plan
Wastewater treatment plant	WWTP
Water services council-controlled organisation	WSSCO

Assessment Cover Sheet

Background on council and engagement with the Department

Detail	Commentary
Councils involved in plan	Christchurch City Council
Number of connections	Drinking water: 165,687 Wastewater: 175,089 Stormwater: 172,832
DIA comment on council engagement during Plan development process	<ul style="list-style-type: none"> Initially, CCC explored the viability of a multi-council WSCCO option with 11 other non-contiguous councils. In September 2024, the Department met with Council representatives to discuss the pathway and options to set up a single-council CCO. In February 2025, CCC provided the Department with their Water Service Delivery Options Draft Indicative Business Case to provide insight into their position. The business case assessed three potential models for the Council: enhancing the status quo with an in-house delivery model, a single-council three waters CCO, and a single-council two waters (water supply and wastewater) CCO. CCC agreed on the business case on 19 February 2025. Following this, CCC consulted with their communities from March to April 2025 with their preferred model of an IBU. On 7 May 2025, CCC agreed that the IBU would be included in the Plan as the Council's proposed water services delivery model.
Feedback provided to council prior to submission on Draft Plan	CCC did not submit a draft Plan to the Department for review prior to submitting their final Plan.

Detail	Commentary
Engagement with council during review and assessment process	<p>CCC submitted their final Plan on 22 August 2025.</p> <p>The Department asked for further information regarding bacterial non-compliance for drinking water, and the deliverability of the increased capital investment programme. The Department's assessment team was satisfied that CCC's clarifications provided the additional detail required.</p>
Other Background Comments	N/A

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 CCC. 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 water 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. Sufficient details are provided on the actions required to achieve financially sustainable delivery of water services, and the risks and constraints.
Revenue Sufficiency	The projected average charges start at \$2,206 and increase by 45.1% to \$3,201 over the 10 years. The Plan demonstrates that sufficient revenue will be collected to cover costs and allow the necessary investment to support LOS, growth and meet regulatory standards. There is a projected operating cash surplus for water services every year of the Plan and projected operating surpluses for water services from 2027/28 due to funding depreciation.

Section	Commentary
<i>Investment Sufficiency</i>	The Plan demonstrates that investment is sufficient to meet the LOS, regulatory requirements and provide for growth. Regulatory compliance is partially met, and bacterial compliance for drinking water is not achieved. CCC has provided an explanation regarding bacterial non-compliance for drinking water, and the Water Services Authority has confirmed they are working with the Council to address this. Under section 13 of the Preliminary Arrangements Act councils are required to have a plan in place to address non-compliances, and the Department's assessment team is satisfied that this engagement with the Authority is sufficient as a plan to meet the requirements. The renewals profile is not typical due to extensive renewals carried out after the earthquakes, so the planned renewals investment is less than depreciation for next 10 years and the average asset sustainability ratio is negative 24%. The total water services investment required over 10 years is consistent with CCC's AMPs and Infrastructure Strategies. The asset consumption ratio increases over the 10 years indicating that the planned investment will result in an increase in the average age of assets in the network.
<i>Financing Sufficiency</i>	The Plan confirms that sufficient funding and financing can be secured to deliver water services. CCC's projected water services borrowings for the 10 years is \$1b. The projected whole of council borrowings is within the LGFA 280% net debt to revenue borrowing limit. The projected water services borrowings are within the 300% Council determined limit. Headroom at both the projected whole of Council borrowing and projected water services borrowing levels are sufficient to cover any unforeseen events.
<i>Overall assessment recommendation</i>	The overall recommendation from the assessment phase is to accept the Plan from CCC.

Issues for discussion with Panel

Issue	Description	Recommended treatment
Drinking water non-compliance with bacteria rules	<p>All eight drinking water schemes are not compliant with the DWQAR in terms of bacteria and protozoa compliance and are not fluoridated. The Ministry of Health has not issued a direction to fluoridate water supplied by CCC. The Plan states that CCC is addressing non-compliance with the DWQAR by implementing a funded plan in the LTP, including significant investment in permanent chlorination equipment to meet water quality and regulatory requirements, replacing temporary measures. Work is underway and planned to meet protozoa compliance, however the current bacterial compliance requirements will not be met.</p> <p>To meet bacterial compliance, continuous water quality monitoring and treatment plant upgrades are needed in Banks Peninsula and Christchurch. CCC cannot currently meet the required bacterial chlorine contact time at Christchurch treatment plants due to infrastructure limitations. Compliance would require major new infrastructure.</p> <p>The Department has been advised that the Water Services Authority is aware of CCC's bacterial compliance issue. The Authority has confirmed that they have been working with CCC regarding the Council's compliance with contact times for chlorine. The Authority is currently performing a review of the Level 3 rules around disinfection for bacteria and virus treatment. The long contact time is required for viruses while the contact time for bacteria is much shorter. The Authority has advised that, with the virus project underway, it may help to decouple virus and bacteria contact times which would allow CCC to be compliant.</p> <p>The Department's assessment team is satisfied that CCC has described the current non-compliance with the regulatory requirements, and how the proposed model will assist to ensure compliance going forward.</p>	<p>We recommend monitoring the implementation of drinking water compliance projects and bacterial compliance.</p> <p>This issue does not prevent the Plan from meeting the requirements in section 13 of the Preliminary Arrangements Act. Under section 13 of the Preliminary Arrangements Act councils are required to have a plan in place to address non-compliances, and the Department's assessment team is satisfied that the described engagement with the Authority is sufficient as a plan to meet the requirements.</p>
Deliverability of capital programme	<p>The Plan sets out an ambitious programme of capital projects, which exceeds what CCC has historically achieved. The overall capital investment is approximately more than double the previous levels of investment. The Department asked CCC for further information on how they plan to increase their capacity and capability to deliver the increased capital investment programme. CCC advised that to strengthen delivery capability, the Council has put in place a number of initiatives. The Department's assessment team is satisfied that the clarification provided the additional detail required.</p>	<p>We recommend monitoring the delivery of the capital investment programme during implementation.</p>

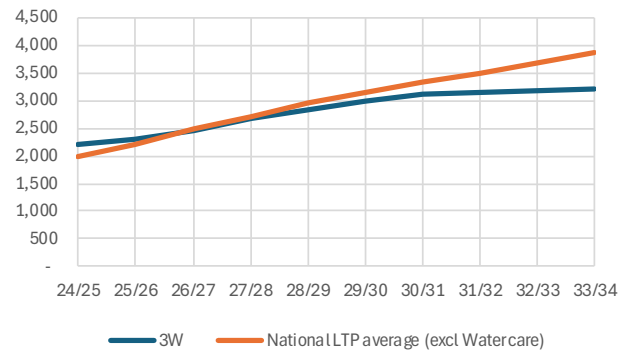
Council summary information

Summary information	Level
Current population	412,000
Drinking water connections	165,687
Wastewater connections	175,089
Stormwater connections	172,832
High growth council	Yes
10 year population growth	5.0%



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	1.90%	2.20%	2.15%
Annual price increase	12.70%	0.80%	5.11%
DC collected per new connection (\$)	9,533	16,142	13,877

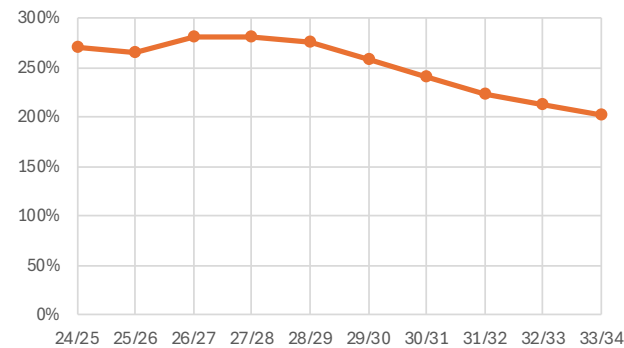
Item	Year 1	Year 10	10 Year Average
Water related net debt to operating revenue %	270%	203%	251%
FFO to debt	N/A	N/A	N/A
Whole of Council net debt to revenue (approx)	166%	173%	187%

Assets, network and compliance

Asset measures	Year 1	Year 10	10 Year Average
Total assets per connection (\$)	45,310	70,065	57,955
Total debt per connection (\$)	5,304	5,749	6,184
Operating costs per connection (\$)	698	879	806
Age of network (years)	DW	WW	SW
Average age outlined in plan	50	25	45

Financing

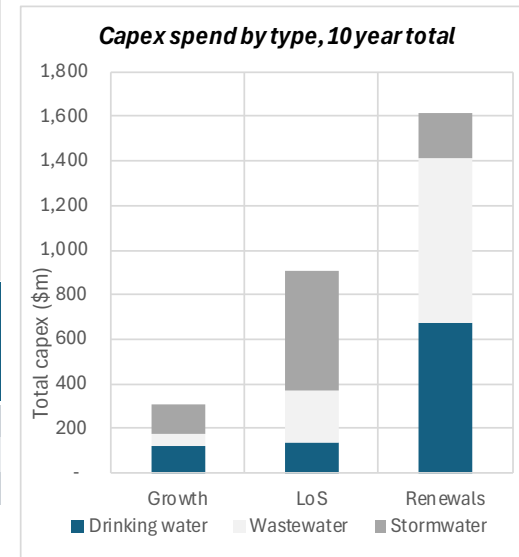
Net debt to operating revenue



Network performance	Level
Level of service performance measures achieved	Majority
Water loss rate	29%
Average consumption (litres per person per day)	239

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

Capital expenditure	Category of capital expenditure			Total over 10 years
	Growth	Level of service	Renewals	
Drinking water	120,414	132,992	674,091	927,497
Wastewater	55,876	233,636	738,069	1,027,581
Stormwater	134,888	541,936	205,987	882,811
Total 10 years	311,178	908,564	1,618,147	2,837,889



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	Includes a statement that the CCC IBU will meet financial sustainability requirements 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 the LOS, regulatory requirements and provides for growth.	Meets requirements	N/A

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>The proposal is for CCC to continue delivering water services in-house under an enhanced business unit model.</p> <p>The Water Services unit will continue to operate within the Council, focusing on service delivery and supporting integrated planning. It will follow the existing Council policies, which will be reviewed and updated as needed to align with the new framework. Future plans will allow for adjustments to help meet the regulatory and financial requirements, with changes to the structure and contracts aimed at supporting reliable and financially sound water services by 30 June 2028.</p> <p>The Plan proposes that the IBU will be under the Council’s current governance arrangements, with a review planned for the second quarter of 2026 to assess if changes are needed due to upcoming legislation or reforms. Staff will later provide recommendations to the Council regarding future governance arrangements.</p> <p>Full financial separation will be achieved by Q2 2026.</p>	<p>The Plan’s description of the proposed IBU model is clear, with implementation occurring from 2025 to July 2027.</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
Implementing the proposed service delivery model	<p>Key milestones to achieve full ring-fencing and compliance with legislation are:</p> <ul style="list-style-type: none"> • Receive and implement any feedback from DIA/Commerce Commission on the Delivery Plan – Q4 2025. • Assessment of shared services opportunities with Dunedin City Council (Phase 2 Report to Council) – Q4 2025. • Complete Water Services Operational Model: Identify service gaps or changes required. If changes are required, develop business case to implement changes – Q2 2026. • Review Governance of the Water Services unit – Q2 2026. • Financial separation of water services (ring-fencing) – Q2 2026. • Capital delivery and asset management improvement plan – Q4 2026. • Asset database review and update – Q4 2026. • Finalise Service Level Agreements and strategy for allocating internal costs for services – Q4 2026. • Develop Maintenance Strategy – Q1 2027. • Adopt Water Services Strategy – Q2 2027. • Operating Cost Improvement Plan – Q3 2027. • Implement operational and governance changes (if any) – Q2 2028. • Implement other changes required under the Local Government (Water Services) Act 2025 – as required. 	<p>The implementation plan is high level but includes all the information required in section 13(2) of the Preliminary Arrangements Act.</p> <p>Milestones and dates are provided with sufficient detail.</p>	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Consultation and engagement undertaken	<p>CCC initiated a public consultation on three proposed water service delivery models:</p> <ol style="list-style-type: none"> 1. In-house delivery; 2. Single-council Three Waters WSCCO; 3. Single-council Two Waters WSCCO. <p>Consultation ran from 7 March to 6 April 2025, with information provided on the 'Kōrero mai Let's Talk' webpage.</p> <p>Stakeholders were notified via targeted emails, and the consultation was promoted through news articles, social media, digital and print advertising, and materials distributed at Council libraries and service centres.</p> <p>The Council also held face-to-face sessions with local communities (rohe) to encourage participation and understanding of the proposed changes.</p> <p>Overall, 80% of submitters supported the in-house delivery model.</p>	Consultation meets the requirements of Part 3 of the Preliminary Arrangements Act.	Meets requirements	N/A
Assurance and adoption of the plan				
Council resolution to adopt the Plan	CCC resolved to adopt the Plan on 20 August 2025.	N/A	Meets requirements	N/A
Certification of the Chief Executive of Christchurch City Council	The Chief Executive certified the Plan on 22 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>CCC currently services 96% of the district’s population for drinking water and wastewater. The serviced population is expected to increase by 5% over the next decade.</p> <p>The current population is 404,500 and projected to reach about 432,900 in the next decade.</p> <p>Proposed growth areas have been identified.</p> <p>LOS and performance results are provided for the last five years. Not all drinking water supplies meet the drinking water standards. Real water loss in 2024 was 28.6%. This is higher than CCC’s target and Water NZ’s industry benchmark. Real water loss has been increasing since 2020.</p>	<p>Comprehensive information is supplied on serviced areas, connections and growth areas. LOS and performance results are provided. Drinking water standards are not met. Real water loss is higher than CCC’s target and the industry benchmark.</p>	Meets requirements	N/A

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"> • Average asset age has been provided: drinking water 50 years, wastewater 20-30 years, stormwater 40-50 years. • Condition data available for above ground assets: drinking water 50%, wastewater 100%, stormwater 50%. • Condition data available is available for 100% of below ground assets. • Assets in poor/very poor condition: <ul style="list-style-type: none"> ○ Above ground: drinking water 20%, wastewater 8%, stormwater 12% ○ Below ground: drinking water 21%, wastewater 25%, stormwater 16% • Planned improvements: <ul style="list-style-type: none"> ○ Drinking water supply: CCC aims to improve confidence in above-ground asset data. Most of the data is not yet in asset management systems, and further condition assessments—focusing on high-value structural assets—are needed but currently unfunded and unscheduled. ○ Wastewater: There is a significant backlog of pipe inspections, with \$1.5m budgeted over three years (80% for wastewater, 20% for stormwater). This will support renewals and improve asset data reliability, with ongoing processes planned for continued data improvement. ○ Stormwater: Many stormwater assets lack critical data. \$1.5m will be spent over three years on CCTV inspections (20% focused on high-risk pipes) and further assessments, aiming to better understand the condition of the stormwater network. • Critical assets are described in detail. 	<p>Existing and future condition and performance information is suitable to plan maintenance and renewals, and capital and operating planning in the long term.</p> <p>Critical assets are identified.</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
	<ul style="list-style-type: none"> Analysis using the Asset Assessment and Intervention Framework has revealed a backlog in pipe asset renewals. The number of pipe assets with a high consequence of failure is low. Staff are working to reduce this backlog more quickly than planned, with a major renewal programme scheduled for 2026/27 and 2027/28. Recent renewal spending has been lower than depreciation due to budget reductions following the 2010 and 2011 earthquakes, leading to a low asset sustainability ratio. For non-pipe assets, there is no current renewal backlog, but ongoing improvements in asset data over the next two years will help guide future investment decisions. 			

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Asset management approach</p>	<ul style="list-style-type: none"> • CCC delivers water services using a combination of in-house staff and external resources. The Water Services unit includes planners, asset managers, compliance officers, operations, and project managers. • External consultants and contractors are engaged to manage workload spikes and ensure delivery of renewal projects while meeting demand and compliance requirements. • Project delivery is streamlined using panels for both professional services and physical contracting, ensuring competitive processes. • Operation and maintenance of the water network is handled by a mix of internal teams and external contractors, with CityCare currently responsible for maintenance. • CCC is currently tendering new contracts for operations and maintenance. • Wastewater treatment plants are managed by CCC's in-house and onsite operation teams. • CCC has an asset management policy and improvement plan based on regular maturity assessments. This will form part of the implementation plan. 	<p>Commentary is provided on how service delivery and asset management will support the proposed model.</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>Statement of regulatory compliance – Drinking water standards compliance (including fluoride)</p>	<p>All eight drinking water schemes are not compliant with the DWQAR in terms of bacteria and protozoa compliance and are not fluoridated. The Ministry of Health has not issued a direction to fluoridate water supplied by CCC. The Plan states that CCC is addressing non-compliance with the DWQAR by implementing a funded plan in the LTP, including significant investment in permanent chlorination equipment to meet water quality and regulatory requirements, replacing temporary measures.</p> <p>The class 1 programme for protozoa compliance was completed in April 2025. 44 out of 46 treatment plants are now class 1 and protozoa compliant. Additional treatment for protozoa is not required for class 1 plants. Main Pumps is now compliant after installing UV treatment, and Tanner Street will be compliant by year-end.</p> <p>Banks Peninsula mainly sources water from streams requiring protozoa treatment – except Birdlings Flat, Little River, and Wainui, which use aquifers. Birdlings Flat and Little River already have UV treatment, and Wainui is in progress. Once the current projects are completed, all water supply systems will have the necessary protozoa barriers and meet quality assurance requirements within the set deadline.</p> <p>To meet bacterial compliance, continuous water quality monitoring and treatment plant upgrades are needed in Banks Peninsula and Christchurch. CCC cannot currently meet the required bacterial chlorine contact time at Christchurch treatment plants due to infrastructure limitations. Compliance would require major new infrastructure. The Water Services Authority is aware of CCC’s bacterial compliance issue.</p> <p>The investment plan does not include new fluoridation installations, only limited upgrades, and is not fully funded for the next decade.</p>	<p>Overall, compliance is only partially met, with bacterial compliance not achieved for drinking water. The Water Services Authority has confirmed that they are working with CCC regarding the bacterial non-compliance. The Authority is currently performing a review of the Level 3 rules around disinfection for bacteria and virus treatment. The long chlorine contact time is required for viruses while the contact time for bacteria is much shorter. The Authority has advised that, with the virus project underway, it may help to decouple virus and bacteria contact times which would allow CCC to be compliant.</p> <p>This issue does not prevent the Plan from meeting the requirements in section 13 of the Preliminary Arrangements Act. Under section 13 of the Preliminary Arrangements Act councils are required to have a plan in place to address non-compliances, and the Department’s assessment team is satisfied that this engagement with the Authority is sufficient as a plan to meet the requirements.</p> <p>The Department’s assessment team is satisfied that CCC has described the current non-compliance with the regulatory requirements, and how the proposed model will assist to ensure compliance going forward.</p> <p>We recommend that the implementation of drinking water compliance projects and bacterial compliance are monitored.</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>Statement of Regulatory Compliance – Resource consent compliance</p>	<p>CCC holds environmental resource consents for drinking water (18), wastewater (13) and stormwater (one). 10 drinking water consents and four wastewater consents expire in the next 10 years. CCC is mainly compliant with one infringement notice for water supply.</p> <p>Investment decisions are mainly guided by LOS standards set in the LTP, though some are initiated by elected members without direct LOS links.</p> <p>Staff invest significant effort into developing long-term investment needs, with ongoing work to support future water services strategy requirements.</p> <p>The Council currently does not comply with Water Services Authority regulations and the DWQAR regarding safe drinking water. A major capital investment programme is underway to install permanent equipment and controls to meet water quality standards.</p> <p>Research is being conducted by the Water Services Authority to assess if urban source water can inform changes to bacterial and viral compliance standards, which could alter regulatory requirements in the future.</p> <p>Until any regulatory changes are confirmed, the Council has budgeted to replace temporary chlorination equipment to maintain compliance and meet LOS expectations. The Council will continue to collaborate with the Water Services Authority to ensure informed decisions about any new requirements.</p> <p>For wastewater, potential new environmental standards may require reduced overflows and changes in discharge management.</p>	<p>Currently 99% of drinking water supply resource consent conditions are compliant. Wastewater resource consent conditions are 96% compliant. Stormwater resource consent conditions are 100% compliant. None of the non-compliant conditions are significant, and all of them have an action plan underway.</p> <p>The Plan states that 14 resource consents are due to expire in the next 10 years. Following clarification from the Department, CCC stated that there is sufficient budget within the 10-year plan for renewing of resource consents. For minor consents that do not require an asset renewal, these are funded through existing operational expenditure budgets. For significant consents that are part of larger projects (Akaroa WWTP and Duvauchelle WWTP) the funding for resource consents sits within the project budget.</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>Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements</p>	<p>Annual investment ranges from \$207m to \$317m over the 10-year period.</p> <p>The main spending drivers for water services are renewals, followed by LOS and growth.</p> <p>The Plan states the approach for addressing the renewals backlog.</p>	<p>The Plan includes sufficient investment to maintain compliance, meet LOS and enable growth.</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>Historical delivery against planned investment</p>	<p>The Plan sets out an ambitious programme of capital projects, exceeding what the Council has historically achieved. Historically, CCC has delivered more than 90% of planned water services investments. In 2024/25, CCC delivered about 70% of planned work due to delays with complex projects, procurement, obtaining consent and implementing mechanical, electrical, instrumentation, control and automation projects.</p> <p>The proposed level of renewals and overall capital investment is approximately more than double the previous levels of investment.</p> <p>The Department asked CCC for further information on how they plan to deliver this increased investment. CCC advised that they have put in place a number of initiatives to strengthen delivery capability:</p> <ul style="list-style-type: none"> • Improved capital delivery programming and stronger coordination with transport renewals and third parties, supported by a dedicated project scheduler. • Greater rigour in project planning and cost estimating. • Establishment of a new Capital Programme Director role to drive capital delivery improvements. • Enhanced focus on the WWTP, including a site-based programme manager and increased delivery team. • Additional resourcing across delivery functions. • Strengthened assurance through increased monitoring and project audits. • Creation of two new panels (Project Management and CM/CA), which will be operational before December 2025. 	<p>The proposed level of renewals and overall capital investment is approximately more than double the previous levels of investment.</p> <p>CCC was queried and provided further detail on how they will increase capacity and capability to deliver the increased capital investment programme. The Department's assessment team is satisfied that the clarification provided the additional detail required.</p> <p>We recommend that the delivery of the capital investment programme is monitored during implementation.</p>	Meets requirements	Yes

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	90% of CCC's water services revenue is charged to consumers through rates, with the remainder charged through Development Contributions or minor specific consumer pay fees.	The Plan provides sufficient coverage of the current charging methodologies.	Meets requirements	N/A
Water services revenue requirements and sources	<p>The revenue requirements under the Plan remain largely unchanged from current Council requirements. This involves ensuring the Funding Impact Statement is balanced and funding is sufficient to meet required expenditure. Minor changes will occur to improve clarity for ratepayers about the general rate portion applied to water services, and more accurately allocate finance costs to water services funded by targeted rates.</p> <p>Sources of revenue include:</p> <ul style="list-style-type: none"> • General rates • Targeted rates • Development Contributions • Charges and Fees. 	The Plan provides sufficient coverage and detail to ensure clarity on the composition of revenue.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Existing and projected commercial and industrial users' charges	<p>CCC applies differentials to the value-based general rate, based on the use to which the land is put and where the land is situated:</p> <ul style="list-style-type: none"> All properties are charged at a standard rate, except those that meet the criteria for business, city vacant or remote rural set out in the Funding Impact Statement. Business properties are charged at a differential rate which is higher than the standard rate. "City vacant" properties (vacant land properties in the central city and some suburban commercial centres) are charged at a differential rate which is higher than the standard and business rates. Remote rural properties are charged at a differential rate which is lower than the standard rate. 	The Plan adequately describes the differential approach in pricing for existing and projected commercial and industrial users' charges.	Meets requirements	N/A
The affordability of projected water services charges for communities	<p>When reviewing and setting rates, the Council considers the capital value of the property, how the land is used, and the benefit the users receive from these activities. The Plan states that CCC also considers affordability and financial pressures on the community.</p> <p>Rates are expected to slowly rise to pay for 100% of all renewals. The Council plans to stage these rises to reduce the immediate impact on the community. CCC did consider using more debt to fund work programmes to mitigate some of the rate increases, but this did not ensure a balanced budget is maintained.</p>	Affordability ranges from 1.9% in year one, up to 2.3% of median household income. This is within the guidance of 2.5% of medium household income that the Department provided.	Meets requirements	N/A
Funding and financing arrangements				
Water services financing requirements and sources	The Plan states that a prudent debt strategy should restrict planned borrowing to materially less than the covenant limit, to provide budget flexibility (or debt headroom) in the event of unexpected adverse changes to the Council's financial position or operating environment.	Water services financing requirements and sources are outlined clearly in the Plan.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Internal borrowing arrangements	<p>Minimum cash and working capital requirements are managed at an all of Council level, to ensure that cashflows are sufficient and ensure that both core Council activities and the water services activities can be carried out without interruption.</p> <p>The Council uses its Liability Management and Investment Policy to set limits and rules on the management of liquidity, funding and associated risks to ensure it maintains sufficient working capital and enough cash to carry out the budgeted works programme.</p>	The internal borrowings arrangement explanation in the Plan is sufficient.	Meets requirements	N/A
Determination of debt attributed to water services	<p>Total CCC debt as of 30 June 2024 was \$2.6b. The total debt related to water services as of 30 June 2024 was \$899.7m (35% of total Council debt). This put CCC's net debt to operating revenue at 145%, as of 30 June 2024.</p> <p>Per its annual report, CCC had no borrowing or balance of borrowing reported for its core activities (including water services) as of the end of financial year 2008. From 2009-2024, the new borrowing for water services has been extracted from the Funding Impact Statement in each financial year's annual report, for each water service.</p> <p>A straight line 30-year debt repayment has been assumed for each year's borrowing, reducing the balance of debt allocated to water services on 30 June 2024. Significant capital revenue, such as Crown earthquakes recoveries, which reduced the amount of borrowing or assisted with debt repayment have been applied to the activities in which those funds were spent, including water services, reducing the amount of debt applied to water services on 30 June 2024.</p>	The information provided about determination of debt attributed to water services is appropriate.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Insurance arrangements	<p>The most recent valuation carried out in 2023 is the basis for the level of insurance cover. Assets are valued every three years by external valuers, with desktop updates using cost indices taking into account new and disposed assets in the other years. The insurance cover listed below is based on capacity available in the market and the results of loss modelling:</p> <ul style="list-style-type: none"> • Above ground assets (pump stations, reservoirs, treatment plants) are covered against all perils for reinstatement value listed, up to a policy limit of \$1.5b. • Below ground assets (reticulation networks, land drainage etc) are covered against all perils for reinstatement value listed, up to the policy limit of \$600m. <p>The Plan notes that due to the size of the Council’s asset portfolio, the Council utilises a variety of different insurance schemes to ensure the policy limit is necessary for the assets. Recent global natural catastrophic losses have and continue to erode insurance capital for exposed risks, which in turn has reduced cover and increased costs. The Council continues to go to the market to see what capacity is out there so they can get as much coverage as possible.</p> <p>Once the insured value is finalised and policy limit is set, the Council determines how many of the assets are covered by the Crown, what is covered by insurance and how much debt the Council can cover. The Council assesses the level of insurance available annually and decides whether there is an acceptable level of risk remaining.</p>	<p>There is sufficient detail provided about CCC’s insurance arrangements.</p>	<p>Meets requirements</p>	<p>N/A</p>

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				
<p>Confirmation of financially sustainable delivery of water services by 30 June 2028</p>	<p>The Council plans to achieve financial sustainability by 30 June 2028, based on the financial measures and planning included in the Plan.</p> <p>The Council can afford day-to-day operations with projected water services revenues exceeding operating costs, resulting in a growing positive operating surplus ratio and a positive operating cash ratio. The positive operating surplus ratio is largely due to CCC’s strategy to increase rates to fully fund renewals through rates by 2032. The water services unit operating cash ratio is sufficient to meet the Council’s water services investment requirements and meet scheduled debt repayments.</p>	<p>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 the LOS, regulatory requirements and provides for growth.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Actions required to achieve financially sustainable delivery of water services	<p>The Council currently meets revenue and investment sufficiency, and this is not expected to change over the course of the Plan. However, minor actions that to implement the Plan include rating for renewals and ringfencing revenues.</p> <p>The Council separates its water services through its activity statements, allowing the Council to analyse the sustainability of its finances. Moving forward, the Council will ensure the separation is more easily accessible within the Council's reporting to enable ease of governance and management review.</p> <p>The Council's long-term strategy to increase rates to fully fund renewals through rates by 2032 will be implemented to ensure the Council continues to meet the LOS expected, achieve regulatory compliance and provide for growth.</p>	Sufficient details are provided on the actions required to achieve financially sustainable delivery of water services.	Meets requirements	N/A
Risks and constraints to achieving financially sustainable delivery of water services	<p>Risks included in the plan are:</p> <ul style="list-style-type: none"> • Programmes and projects cost variance • Regulatory changes • Variance in useful life of assets • Variance in growth estimates • Loss of credit rating • Contract rates increase. 	Sufficient information on the risks and constraints to achieving financially sustainable water services delivery are outlined in the Plan.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Assessment of revenue sufficiency				
Projected water services revenues cover the projected costs of delivering water services	<p>CCC’s projected water services revenues are sufficient to meet water services revenue sufficiency requirements.</p> <p>In all years covered by the Plan, the projected water services revenues exceed expenses, including finance costs and depreciation.</p> <p>The water services unit maintains and grows a positive operating surplus ratio from 2027/28.</p> <p>The water services unit maintains and grows a positive operating cash ratio for the full period of the Plan.</p> <p>The projected water services revenues applied to the delivery of those water services is sufficient to ensure the Council’s long-term investment in delivering the capital and renewals programmes, along with meeting the expected growth, LOS and regulatory requirements.</p>	<p>The Plan demonstrates that sufficient revenue will be collected to cover costs and allow the necessary investment to support LOS, growth and meet regulatory standards.</p>	Meets requirements	N/A
Average projected charges for water services over 2024/25 to 2033/34	<p>Average water services charges start at \$2,206 and rise sharply in the early years to \$3,201 in year 10.</p>	<p>The projected average charges are reasonable and start at \$2,206 increasing by 45.1% to \$3,201 over the 10 years.</p>	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Projected operating surpluses/(deficits) for water services</p>	<p>Fully funding renewals through rates is a key factor in the Council’s positive operating surplus ratio from 2027/28, as the Council does not rate for depreciation but rates for renewals of capital expenditure. The strategy, according to the Council’s 2024 LTP financial strategy is to incrementally increase rating for asset renewals to 100% of long run average renewals by 2032. The operating surplus ratio is expected to grow to 4.7% by 2033/34.</p> <p>The Council considers it appropriate to have a negative operating surplus ratio from financial year 2024/25 to 2026/27, due to the need to balance financial prudence, flexibility, and affordability.</p>	<p>There is a projected operating surplus for water services from 2027/28 due to funding capital renewals.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p>Projected operating cash surpluses for water services</p>	<p>The water services unit is projecting to maintain a positive operating cash ratio, growing from 58.7% to 63.7%. The positive ratio is a result of the Council’s policy to rate for interest expense, debt repayment and the increasing rating for renewals. The water services unit’s operating cash ratio is sufficient to meet investment requirements and meet scheduled debt repayments.</p> <p>Any cash surplus generated for water services will be applied to water services-related expenditure, either allocated to the repayment of water services related-debt or specific projects/operating costs approved by the governance structure.</p>	<p>There is a projected operating cash surplus for water services every year of the Plan.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Assessment of investment sufficiency				
Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth	The Plan includes a statement that CCC will be financially sustainable by 30 June 2028. Risks and mitigation measures are identified.	The Plan demonstrates that investment is sufficient to meet the regulatory requirements, growth, and LOS. Regulatory compliance is partially met, and bacterial compliance for drinking water is not achieved. CCC has provided an explanation and confirmed that they are working with the Water Services Authority to address the bacterial compliance issue. We recommend that the implementation of drinking water compliance projects and bacterial compliance are monitored.	Meets requirements	N/A
Renewals requirements for water services	CCC's renewals spending is currently below depreciation, reflecting earlier extensive post-earthquake investments in water infrastructure. While the recent renewal expenditure has been reduced to prioritise other assets, major works are scheduled for 2026/27 and 2027/28. Asset renewals are prioritised using the Asset Assessment Intervention Framework (AAIF), focusing on condition, risk, and consequences of failure rather than simply age or depreciation. Not all assets are renewed before failure due to financial constraints, and any funding gaps are managed via the AAIF tool or, if required, by leveraging the CCC's balance sheet.	The renewals profile is not typical due to extensive renewals carried out after the earthquakes. The planned renewals are less than depreciation for the next 10 years, and the average asset sustainability ratio is negative 24%.	Meets requirements	N/A
Total water services investment required over 10 years	The asset investment ratio ranges from 9% to 85% over the 10-year period.	The total water services investment required over 10 years is consistent with CCC's AMPs and Infrastructure Strategies.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Average remaining useful life of network assets	The asset consumption ratio increases from 59% in 2024/25 to 70% in 2033/34. This indicates that the current capital expenditure into water services assets is improving the alignment of the utilisation and burden of who pays to replace/renew the network of assets.	The asset consumption ratio is increasing over the 10 years, which indicates that the planned investment will result in an increase in the average age of assets in the network.	Meets requirements	N/A
Assessment of financing sufficiency				
Confirmation that sufficient funding and financing can be secured to deliver water services	CCC's projected water services funding and financing can be secured and is sufficient to meet the water services financing sufficiency test.	The Plan confirms that sufficient funding and financing can be secured to deliver water services.	Meets requirements	N/A
Projected council borrowings against borrowing limits	CCC's projected borrowings are within the whole of Council's borrowing limits and maintain sufficient debt headroom to borrow in response to an unforeseen significant event for all years of the Plan. The maximum debt to revenue ratio proposed over the 2024-34 period is 201% in 2028/29, well under the 280 percent LGFA limit. At this peak CCC will retain debt headroom of \$1.128b.	The projected whole of Council borrowings is within the LGFA 280% net debt to revenue borrowing limit.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Projected water services borrowings against borrowing limits	<p>The water services unit's net debt to operating revenue is 281% at its highest level in 2026/27 and 2027/28, due to the increase of renewal programmes and capital projects. However, this net debt to operating revenue drops to 203% by 2033/34, due to the Council's strategy to increase rating for renewals, which both increases the water services unit revenue and in turn limits the need for new borrowing for water services. The two years of net debt to operating revenue greater than 280% are not of concern, as the Council can leverage its overall net debt to enable this borrowing to carry out the projected water services capital programme.</p> <p>The water services net debt to operating revenue ratio remains within the Council determined limit for water services of 300% in all years of the Plan.</p>	The projected water services borrowings are within the 300% Council determined limit.	Meets requirements	N/A
Projected borrowings for water services	<p>CCC's projected position remains comfortably within its net debt to operating revenue limit for all years, enabling the Council to seek financing to meet its investment requirements.</p> <p>Projected borrowings are within the borrowing limits and maintain sufficient debt headroom to maintain the ability to borrow in response to an unforeseen significant event for all years of the Plan.</p>	CCC's projected water services borrowings for 10 years is \$1b.	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	For the water services unit, a borrowing headroom over the period of the water services delivery plan slightly drops in 2026/27 and 2027/28 before gradually increasing to \$519.6m by 2033/34, which is driven by the Council's strategy to increase rating for renewals. This will increase the operating revenue whilst lowering the amount of borrowing required for water services capital expenditure.	Headroom at both the projected whole of Council borrowing and projected water services borrowing levels are sufficient to cover any unforeseen events.	Meets requirements	N/A
Free funds from operations	The water services unit's FFO to debt ratio is provided in the Plan.	As this Plan is for an IBU, we do not assess the FFO calculation.	N/A	N/A
Assessment of financing sufficiency	Sufficient funding and financing can be secured to deliver water services.	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	Funding impact statement is shown for water services.	There is a funding impact statement for drinking water, wastewater, stormwater and combined water services.	N/A
Projected statement of comprehensive revenue and expense	Statement of comprehensive revenue and expense is shown for water services.	There is a statement of comprehensive revenue and expense for drinking water, wastewater, stormwater and combined water services.	N/A
Projected statement of cashflows	Cashflow is shown for water services.	There is a projected statement of cashflows balances for drinking water, wastewater, stormwater and combined water services.	N/A
Projected statement of financial position	Balance sheet is shown for water services.	There is a balance sheet for drinking water, wastewater, stormwater and combined water services.	N/A

Assessment Report: Part E – Financial projections and measures

Projected statement of comprehensive revenue and expense

Water Services Delivery Plan pages 100-101

Projected statement of financial position

Water Services Delivery Plan pages 104-105

Financial measures: revenue sufficiency

Water Services Delivery Plan pages 83-88

Financial measures: investment sufficiency

Water Services Delivery Plan pages 89-91

Financial measures: financing sufficiency

Water Services Delivery Plan pages 92-95

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	Capital projects are listed and have been taken from the LTPs. To highlight significant projects in the years of the Plan, projects with less than \$5m budgeted have been omitted.	The information is clearly documented and laid out to support the overall assessment of the Plan.	N/A
Key issues, constraints, risks and assumptions	Risks and material assumptions for water services delivery that have been included in the Plan are listed. For a comprehensive list of financial sustainability risks and assumptions, refer to Section D.3.	The information is clearly documented and laid out to support the overall assessment of the Plan.	N/A