

# Water Services Delivery Plan Assessment

## Assessment Report – Gisborne 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 Plans	AMP
Capital expenditure	capex
Council-controlled organisation	CCO
Department of Internal Affairs	Department
Drinking Water Quality Assurance Rules	DWQAR
Funds from operations	FFO
Gisborne District Council	GDC
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
Operating expenditure	opex
Wastewater treatment plant	WWTP
Water services council-controlled organisation	WSCCO
Water Services Delivery Plan	Plan

# Assessment Cover Sheet

## Background on council/s and engagement with the Department

Detail	Commentary
<b>Councils involved in Plan</b>	Gisborne District Council
<b>Number of connections</b>	Drinking Water: 17,543 Wastewater: 13,877 Stormwater: 15,994
<b>DIA comment on council engagement during Plan development process</b>	<ul style="list-style-type: none"> <li>In December 2024, GDC presented a business case which outlined viable delivery options. The business case identified that the preferred option for water services delivery was the modified status quo of in-house delivery via a stand-alone business unit.</li> <li>In February 2025, GDC explored options supported by the modelling work based on its AMP which demonstrated two viable options as a IBU and a single council CCO. GDC continues to have conversations with other councils to consider alternative options.</li> <li>From April to May 2025, GDC consulted its community on its preferred option of an in-house model. Following this, on 21 May 2025, GDC formally resolved to approve the in-house delivery option for inclusion in the Plan.</li> <li>In June 2025, the Department facilitated engagement between the Commerce Commission, GDC staff and councillors to better understand how the economic regulation regime may be applied and what it would mean for GDC's preferred option at the time (IBU).</li> </ul>
<b>Feedback provided to council prior to submission on Draft Plan</b>	<ul style="list-style-type: none"> <li>GDC provided the Department with a draft Plan for review on 14 August 2025. The Department responded on 19 August 2025 with feedback stating that from the assessment of the draft, the Department did not identify any material issues regarding financial sustainability.</li> </ul>
<b>Engagement with council during review and assessment process</b>	<ul style="list-style-type: none"> <li>On 2 October 2025, we wrote to GDC asking for clarification of some inconsistencies in the valuation of water infrastructure assets included in the Plan. This information was sought for background purposes and was not material to the overall assessment of the Plan.</li> </ul>

Detail	Commentary
<b>Other Background Comments</b>	The Plan states GDC is considering options to work with other councils. GDC has identified as a risk the government requiring councils to join regional water entities and has signalled its intent to review implementation settings and delivery progress within the first few years. The Plan is designed to preserve the ability to join a regional entity or enter joint service arrangements with other councils where shared benefits can be achieved. GDC is particularly considering potential collaboration with councils in Taupō, Wairoa, Hawke's Bay and the Bay of Plenty, where non-contiguous alignments and shared service models could offer operational or financial advantages.

## Assessment Summary

Section	Commentary
<b>Confirmation of submission completeness checklist</b>	Yes – all required components completed.
<b>General Comment on Plan</b>	The Plan demonstrates financial sustainability, with sufficient revenue to cover the costs, and sufficient investment to meet relevant regulatory standards.
<b>Financial Sustainability Comment</b>	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. We note that no further actions beyond those in the Plan are required to become financially sustainable, and the key risks have been clearly outlined.
<b>Revenue Sufficiency</b>	Average projected residential water charges rise from \$1,410 in 2024/25 to \$2,307 in 2033/34, averaging a 6.4% annual increase. The Plan confirms that projected water services revenues cover the projected costs of delivering water services. The projected operating cash surpluses for water services increases every year, for 10 years and the average operating surplus ratio is 45.3%. Projected operating surpluses for water services are achieved after 2027/28.
<b>Investment Sufficiency</b>	The Plan demonstrates the investment is sufficient to meet LOS, regulatory requirements and provide for growth. The asset investment ratio rises from 67.9% to 197.8% in 2029/30, before decreasing to 135.9% by 2033/34. Minor fluctuations are observed during this period, and the lowest point of this ratio is 66.0% in 2026/27. Investment is consistent with AMP and Infrastructure Strategy with increases to support housing growth and urban development. Remaining asset life remains stable due to expenditure on renewals, LOS and growth projects.
<b>Financing Sufficiency</b>	The Plan confirms sufficient funding and financing can be secured to deliver water services. The projected whole of council borrowings are within the LGFA 280% net debt to revenue limits, assuming GDC achieves a credit rating by 1 July 2027. Projected water services borrowings stay well within the 500% limit, with a peak of 359% in 2033/34 and projected to increase to \$152.5m over the 10 years of the Plan. The Plan shows sufficient borrowing headroom for water services. We also note that GDC is not required to meet the LGFA requirement of 10% FFO as it is operating as an IBU. However, GDC achieves this from 2025/26 onwards.
<b>Overall assessment recommendation</b>	The overall recommendation from the assessment phase is to <b>accept</b> the Plan from GDC.

## Issues for discussion with Panel

Issue	Description	Recommended treatment
<b>Credit Rating</b>	The projected whole of council borrowings is within the LGFA 280% net debt to revenue limits, assuming GDC seek a credit rating by 1 July 2027. GDC currently has no credit rating but has indicated it will seek a credit rating to increase debt headroom with LGFA.	<p>We recommend that GDC work closely with rating agencies and LGFA to achieve a credit rating by 2028.</p> <p>We also recommend monitoring GDC’s credit rating during implementation.</p>

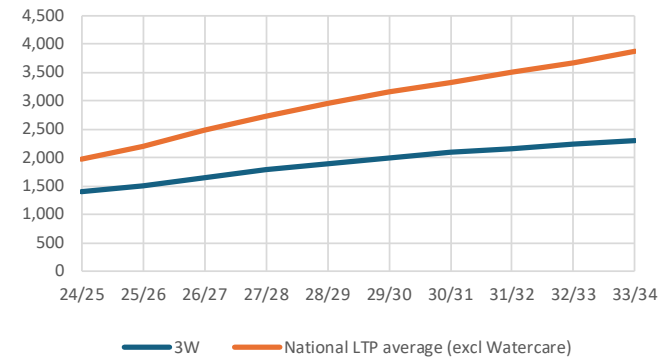
**Council summary information**

Summary information	Level
Current population	51,135
Drinking water connections	17,543
Wastewater connections	13,877
Stormwater connections	15,994
High growth council	No
10 year population growth	7.1%



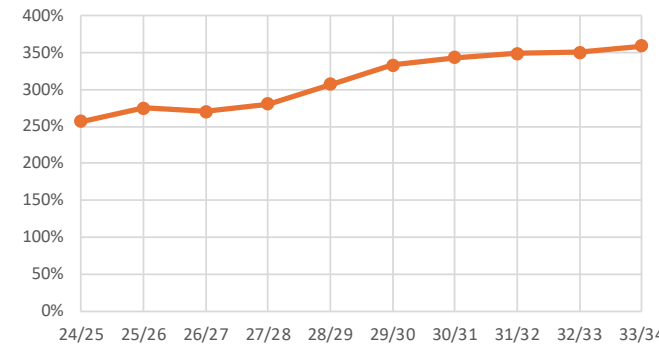
**Affordability and growth**

Water services charge compare to national LTP average



**Financing**

Net debt to operating revenue



Item	Year 1	Year 10	10 Year Average
Total charge as % of median income	1.10%	1.50%	1.31%
Annual price increase	N/A	3.00%	5.00%
DC collected per new connection (\$)	N/A	N/A	9,938

Item	Year 1	Year 10	10 Year Average
Water related net debt to operating revenue %	257%	359%	312%
FFO to debt	9.0%	10.0%	10.2%
Whole of Council net debt to revenue (approx.)	157%	163%	160%

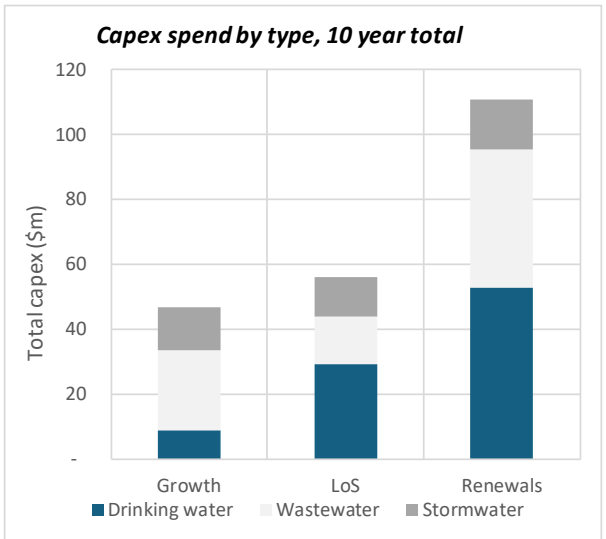
**Assets, network and compliance**

Asset measures	Year 1	Year 10	10 Year Average
Total assets per connection (\$)	32,402	44,585	38,040
Total debt per connection (\$)	4,156	10,252	7,268
Operating costs per connection (\$)	914	1,096	1,011
Age of network (years)	DW	WW	SW
Average age outlined in plan	49	50	42

Network performance	Level
Level of service performance measures achieved	Partially Achieved
Water loss rate (% loss)	19%
Average consumption (litres per person per day)	176

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	8,736	29,261	52,874	90,871
Wastewater	24,964	14,579	42,471	82,014
Stormwater	13,088	12,309	15,458	40,855
<b>Total 10 years</b>	<b>46,788</b>	<b>56,149</b>	<b>110,803</b>	<b>213,740</b>



# 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
<b>Delivery model and implementation</b>				
<b>Financially sustainable water services provision</b>	GDC has confirmed that it will be financially sustainable as an IBU 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
<b>The proposed model to deliver water services</b>	<p>GDC will deliver water services through an IBU, while continuing to remain open to future collaboration through multi-council WSCCOs, particularly in regions such as Taupō, Wairoa, Hawke’s Bay and the Bay of Plenty. These entities could offer operational scale, shared expertise and financial efficiencies.</p> <p>Regulatory and financial ring-fencing requirements will be met by 1 July 2027.</p> <p>Governance oversight will occur through regular reporting to the Infrastructure Operations Committee. GDC will establish a dedicated Water Services Committee to reflect the significance of ongoing partnerships with mana whenua groups. The detailed governance structure will be confirmed through further engagement.</p>	<p>The proposed model for an IBU to deliver water services is clear with a transition from the current arrangements by 1 July 2027.</p> <p>Governance arrangements are outlined.</p>	Meets requirements	N/A

<b>Implementing the proposed service delivery model</b>	<p>The implementation plan outlines key project team roles and responsibilities.</p> <p>Key milestones to achieve full ring fencing and compliance with legislation are:</p> <ul style="list-style-type: none"> <li>• Nov 2026-Jan 2027 – Preparation and planning.</li> <li>• Feb- April 2027 – Establishment.</li> <li>• May – June 2027 – Strategy implementation.</li> </ul>	<p>The implementation plan meets the requirements of section 13(2) of the Preliminary Arrangements Act. The implementation plan outlines key milestones and dates with sufficient detail.</p>	Meets requirements	N/A
<b>Consultation and engagement undertaken</b>	<p>GDC engaged with mana whenua in February and March 2025 to signal the upcoming consultation and share early information on shortlisted delivery options. Community consultation followed from 1 April to 1 May 2025.</p> <p>A total of 204 submissions were received. Of these, 90% supported the modified IBU delivery model (Option 1 - Our Water, Our Way), while 10% favoured a WSCCO (Option 2 - Single council CCO).</p>	<p>Consultation was in accordance with sections 61 to 64 of the Preliminary Arrangements Act.</p> <p>The number of submissions represents approximately 0.4% of the population in the district.</p>	Meets requirements	N/A
<b>Assurance and adoption of the Plan</b>				
<b>Council resolution to adopt the Plan</b>	GDC adopted the Plan on 21 August 2025.	N/A	Meets requirements	N/A
<b>Certification of the Chief Executive of GDC</b>	The Chief Executive 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
<b>Investment required in water services</b>				
<b>Serviced population and serviced areas</b>	<p>GDC has three drinking water and two wastewater schemes. Stormwater systems are provided in Gisborne and 12 rural communities.</p> <p>The growth in serviced population is six percent over the 10-year period of the Plan (880 new connections). Growth is expected to be split between infill and greenfield development in Gisborne and Rural Residential/Lifestyle (generally unserviced).</p> <p>Water loss has historically been below 15% but was impacted by cyclone recovery in 2023/24 (19.4%). Water use was 176 litres per person per day in 2023/24.</p> <p>72.8% of GDC population is in Gisborne City.</p>	<p>The Plan provides information on service areas, connections and growth. Growth investment per new connection is approximately \$53,000.</p> <p>LOS are met.</p> <p>Performance measures have generally been met, with the 2023 weather events impacting customer satisfaction and water loss.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p><b>Assessment of the current condition and lifespan of the water services network</b></p>	<p>The network assets (mains) average ages are:</p> <ul style="list-style-type: none"> <li>• Drinking water - 49 years</li> <li>• Wastewater - 50 years</li> <li>• Stormwater - 42 years.</li> </ul> <p>All above and below ground assets have condition ratings using a combination of visual assessment, CCTV and age-based inferred condition.</p> <p>For above ground assets 38.7% of water assets and 31.8% of wastewater assets are in poor or very poor condition.</p> <p>For below ground assets 23% of water assets, 11% of wastewater assets and 8.8% stormwater assets are in poor or very poor condition.</p> <p>The pipes in worst condition are generally asbestos cement and cast-iron pipes for water and earthenware and asbestos cement pipes for wastewater.</p> <p>The Plan states the Waingake bulk supply treated water and raw water pipelines are in variable condition with corrosion mainly observed at gibault joints. Renewal of pipeline coatings and replacing gibault joints with welded connections will help to meet the projected remaining life of these pipelines. Renewals backlogs are identified and scheduled for renewal over the next five to 10 years.</p>	<p>The condition and performance information is suitable to plan maintenance, 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
<b>Asset management approach</b>	<p>Water services are currently managed by the Water Team who cover capital planning, project management and three waters management. Operations and maintenance are carried out by a contracted service provider. Asset management systems are in place.</p> <p>The Plan states pipeline renewal priorities are determined using a risk-based approach. The last asset maturity self-assessment was completed in 2020, with overall maturity rated at an average of approximately 75% of appropriate targets.</p>	Detailed information on asset management processes is provided.	Meets requirements	N/A
<b>Statement of regulatory compliance</b>	<p>Drinking water treatment and the network comply with DWQAR. Short term issues, including a boil water notice in place for 35 days, were experienced following Cyclone Gabrielle in 2023.</p> <p>GDC holds four water take consents, five water discharge consents, five wastewater discharge consents and two wastewater network consents for Gisborne. All water take consents are due to expire within the next 10 years, while wastewater discharge consents remain valid until 2042.</p> <p>GDC are currently non-compliant with the Gisborne WWTP discharge consent following non-performance of the tertiary filter component of the recent upgrade. This is expected to be resolved in the next 12 months.</p>	<p>Water supplies are compliant.</p> <p>Appropriate investment has been provided to maintain compliance with resource consents. Budgets are provided for consent renewals.</p>	Meets requirements	N/A
<b>Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements</b>	Growth capex has been provided for infill and greenfield developments. There is significant spare capacity in the treatment plants and network. The renewals focus is on asbestos cement water mains replacement over the first five years and older wastewater pipes for the 10 years of the Plan.	Appropriate investment has been provided for renewals, growth and LOS.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p><b>Historical delivery against planned investment</b></p>	<p>Between 2021/22 and 2023/24, actual investment exceeded planned levels by 11% for water renewals and 18% across all water services. 2024/25 data is not yet provided for the full year. Additional government funding for Cyclone Gabrielle recovery and higher-than-expected costs during Stage 2 construction of the Banks Street WWTP upgrade contributed to the over-delivery.</p> <p>The Plan states that since Cyclone Gabrielle, GDC has significantly strengthened its project management capacity and capability. This has included the recruitment of experienced project managers, the development of robust delivery frameworks, and the move to establish a Project Management Office (PMO), which will play a central role in coordinating, sequencing, and assuring delivery of water services investments.</p>	<p>There is a gradual uplift in the capex programme from \$15.8m in 2025/26 to \$25.9m in 2033/34. The proposed programme will mitigate delivery risk with activity ramping up over time to support the development of both internal and contractor delivery capability.</p>	<p>Meets requirements</p>	<p>N/A</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
<b>Revenue and charging arrangements</b>				
<b>Charging and billing arrangements</b>	<p>GDC’s current charging and billing arrangements are outlined in the Plan, along with details on GDC’s Rates Remissions Policy.</p> <p>GDC plans to introduce targeted rates for water, wastewater, and stormwater by removing the 10% general rate, replacing it with capital value-based targeted rates, and starting price harmonisation. Volumetric charging pilots will begin from July 2027 with water metering, adjusting based on demand and customer impact until 2034. Other charges stay the same.</p> <p>Water services will be managed in-house, with finances kept separate from other activities. Systems will track water revenue and costs, with distinct balance sheets and rates for drinking water, wastewater, and stormwater.</p> <p>GDC will keep invoicing rateable properties as usual. Residential water meters may be installed from 2029–2032 after any on-property leak issues are resolved, supporting a mixed charging model. Volumetric charges could start in 2034 after leak issues are resolved.</p>	<p>The current charging methodology for three waters is outlined in the Plan, with a shift to adding targeted rates based on capital value and the application of price harmonisation where appropriate.</p>	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Water services revenue requirements and sources</b>	<p>From 2027/28, GDC expects water services to cover all operational costs, including depreciation and debt. By June 2028, the Plan is forecast to break even with a \$100,000 surplus, rising to \$3m by 2033/34 due to unfunded depreciation, mainly for wastewater. This phased approach allows for impact modelling and managing affordability. Revenue sufficiency will be maintained. The Plan will be replaced by the Water Services Strategy and the 2027–2037 LTP.</p> <p>Sources of revenue include targeted rates, volumetric charges, fees and charges such as trade waste and septage charges, commercial and industrial water supply fees from bulk filling stations, and high water-user agreements. Other sources of revenue will be loan funding, financial and development contributions, and fines and infringements.</p>	Water services revenue requirements and sources are clearly outlined in the Plan.	Meets requirements	N/A
<b>Existing and projected commercial and industrial users' charges</b>	<p>Drinking water is charged as for residential users, plus a fee per cubic metre used.</p> <p>Wastewater charges include a fixed fee per toilet for Gisborne City and Te Karaka, plus a general rate based on capital value. Trade waste fees apply to industries using the city wastewater system.</p> <p>Stormwater is charged through a targeted rate, fixed fee, general rate (capital value). Fees and charges are on a per connection basis. There are financial contributions for capital works, projects, and related interest costs.</p>	<p>Charging for non-residential properties is outlined in the Plan.</p> <p>Average charge per commercial connection increases from \$3,203 to \$5,240 by 2034.</p>	Meets requirements	N/A
<b>The affordability of projected water services charges for communities</b>	<p>Affordability is a key factor in Gisborne's water services planning due to lower household incomes and high deprivation. The district's deprivation index is 7.3, well above the national median of 5.5, with some areas at 9. GDC is phasing investment and charges and continuing the Rates Remissions Policy to help those most in need. Remissions will reduce water services revenue accordingly. Average residential water charges are expected to stay at or below 1.5% of median income, which is under international benchmarks of 2–5%.</p>	Water charges as a percentage of median income increases from 1.1% to 1.5% by 2034, which is well within the 2.5% guidance provided by the Department.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Funding and financing arrangements</b>				
<b>Water services financing requirements and sources</b>	<p>Total borrowing for water, wastewater and stormwater services over the 10 years of the Plan is projected at \$152m, with an opening debt of \$58m as at 1 July 2025. Figures reflect planned investment in renewals, resilience and growth.</p> <p>GDC will keep sufficient credit lines for sound financial management, and all planned borrowing meets financial limits, ensuring sustainable service delivery.</p> <p>The Financial Strategy ensures sustainable funding for water services through operating revenue and debt. From 2027/28, water services are expected to generate a surplus, fully fund depreciation, and need less debt for renewals. GDC expects a credit rating by 2027/28, allowing borrowing up to 280% of net debt to revenue.</p>	Water services financing requirements and sources are sufficiently outlined in the Plan.	Meets requirements	N/A
<b>Internal borrowing arrangements</b>	<p>Internal borrowing arrangements are detailed in the Plan, governed by GDC's Treasury Policy and supported by clear procedures for interest charging, repayment schedules and financial reporting.</p> <p>Internal borrowings for water services will be ring-fenced and shown separately for water, wastewater and stormwater, ensuring transparency and compliance. Debt will be split into tranches linked to specific investments. As tranches are repaid, Council will raise new external borrowings from LGFA or approved lenders.</p>	Internal borrowing arrangements are clearly outlined in the Plan, and this approach is expected to continue, with ring-fencing.	Meets requirements	N/A
<b>Determination of debt attributed to water services</b>	Debt for water services as at 30 June 2024 is allocated using internal borrowings and reserves, based on cash-backed transactions. Debt will be managed under the current internal borrowing's framework.	The determination of debt attributed to water services is provided in the Plan.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Insurance arrangements</b>	<p>Insurance arrangements are regularly reviewed to match asset values and risks. Guided by its 2021/22 Insurance Strategy (next due for review in 2026), GDC focuses on regular asset revaluation, earthquake loss assessment, tailored coverage for low-risk assets, reviewing risk retention, and aligning with its Enterprise Risk Management framework. GDC has undertaken risk analysis to assess loss impacts from various event scenarios. These measures ensure effective risk management and response to major asset losses.</p> <p>GDC renews insurance annually and asset values are updated every three years through external valuations. GDC assets are insured via Bay of Plenty Local Authority Shared Services, the Chief Executive oversees insurance, with the Chief Financial Officer and legal team handling operations. Strategy, coverage and risks are regularly reported to the Audit and Risk Committee for transparency and accountability.</p>	<p>GDC maintains a comprehensive insurance programme and details are clearly outlined in the Plan.</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
<b>Financially sustainable water services provision</b>				
<b>Confirmation of financially sustainable delivery of water services by 30 June 2028</b>	GDC has confirmed that water services will be financially sustainable by 30 June 2028. This includes revenue sufficiency, investment sufficiency and financing sufficiency tests all being met.	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
<b>Actions required to achieve financially sustainable delivery of water services</b>	No extra information on the actions required to achieve financially sustainable delivery of water services were detailed in the Plan.	No further actions beyond those in the Plan are required to become financially sustainable.	Meets requirements	N/A
<b>Risks and constraints to achieving financially sustainable delivery of water services</b>	Key risks include higher financing costs; policy changes slowing water services; economic or global events affecting growth and investment; misalignment of water standards and community/Tangata Whenua goals; climate events exceeding funding capacity; increased regulation raising charges; unaffordable or unavailable insurance; lack of contractor/staff capacity for work and renewals.	Key risks have been outlined in the Plan.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Assessment of revenue sufficiency</b>				
<b>Projected water services revenues cover the projected costs of delivering water services</b>	<p>GDC expects water services revenue will cover operating costs by 2027/28. Revenue is set to rise from \$22.6m to \$42.5m by 2033/34. Net operating surpluses (with capital revenue) reach \$5.2m by 2033/34; without capital revenue, surpluses range from \$100,000 to \$3m. Operating deficits are expected in the first three years, mainly due to depreciation funding for the WWTP, rising costs and project carryovers.</p> <p>Water services revenue is projected to rise from \$22.6m to \$40.4m over the 10 years of the Plan, covering all costs and debt, with a small surplus from development contributions. These contributions will fund growth projects and help lower GDC debt.</p>	The Plan confirms that projected water services revenues cover the projected costs of delivering water services.	Meets requirements	N/A
<b>Average projected charges for water services over 2024/25 to 2033/34</b>	<p>Over the 10 years of the Plan, average residential charges for three waters services will increase from \$1,410 in 2024/25 to \$2,307 in 2033/34.</p> <p>The current 10% public good component will be removed, so around 9,500 unconnected rural properties will see rates drop, usually by up to \$200.</p>	<p>The average projected residential water charges rise from \$1,410 in 2024/25 to \$2,307 in 2033/34, averaging a 6.4% annual increase.</p> <p>The average charges for non-residential properties increase from \$3,203 to \$5,240. The majority of this charge is for wastewater and excludes trade waste fees and water meter fees.</p>	Meets requirements	N/A
<b>Projected operating surpluses/(deficits) for water services</b>	The IBU is forecast to break even in 2027/28 and achieve a \$3m surplus by 2033/34, allowing recovery of earlier deficits (2024/25–2026/27). Projected revenue will cover opex, including depreciation and finance costs.	<p>Projected operating cash surpluses for water services are achieved after 2027/28, with full recovery of depreciation.</p> <p>We note that opex to infrastructure assets is around 3.0% across the Plan, indicating stable costs of service and investment delivery over 10 years.</p>	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Projected operating cash surpluses for water services</b>	The Plan expects the IBU operating cash ratio to stay positive, rising from 35% in 2024/25 to 52% of revenue by 2033/34.	The Plan has projected operating cash surpluses for water services increasing every year, for 10 years or \$16.1m by 2034. The average operating surplus ratio for the 10-year period of the Plan is 45.3%.	Meets requirements	N/A
<b>Assessment of investment sufficiency</b>				
<b>Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth</b>	<p>GDC plans to invest about \$214m in water services infrastructure to support growth, meet regulatory standards, renew assets, and improve reliability. Funding is spread across key capital areas, balancing improvements with financial limits to maintain essential services and allow new projects as funding permits.</p> <p>GDC will keep investing to meet Water Services Act 2021 and other legal requirements. Planning will guide investment decisions over the 10-year Plan period. Capital spending for growth matches expected district development, with new investment prioritised as the city expands. Service improvements focus on system upgrades and resilience, supporting compliance with regulations and water standards. Asset renewals are planned to maintain service reliability, based on asset condition and future needs. The Plan sets out detailed investment analysis and project summaries.</p> <p>The investment chart has been supplied.</p>	The Plan demonstrates investment is sufficient to meet the requirements for renewals, growth, LOS and compliance.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Renewals requirements for water services</b>	<p>The Plan focuses on replacing and renewing water, wastewater and stormwater infrastructure, prioritising assets at the end of their useful life or in poor condition.</p> <p>The asset sustainability ratio varies between 0% and 47%, averaging 17%, confirming sufficient investment. Peaks and dips in the ratio reflect timing of asset replacements, with growth and service upgrades helping offset lower years.</p> <p>The Plan identifies a backlog value of:</p> <ul style="list-style-type: none"> <li>• \$9.9m for renewal of water assets to be addressed over 10 years</li> <li>• \$17.4m for renewal of wastewater assets over five years</li> <li>• \$1.6m for renewal of stormwater assets over seven to eight years.</li> </ul>	<p>Renewals are sufficient to meet requirements and maintain assets.</p> <p>We note that GDC has calculated the asset sustainability ratio incorrectly – 1 was not subtracted from the percentage. Figures referred to have been adjusted to be correct.</p>	Meets requirements	N/A
<b>Total water services investment required over 10 years</b>	<p>Total water investment set out in the Plan is \$214m over 10 years, to improve the district’s water services, based on updated 2024 AMP. The Plan, aligned with previous long-term strategies, considers forecast growth and future service needs. Work will be phased to ensure it remains affordable and achievable, while meeting key resilience, regulatory and service goals.</p> <p>The Plan’s asset investment ratio (planned capital investment vs. projected depreciation) is 119% by 30 June 2028 (range: 68%–198%).</p> <p>The asset investment ratio is positive for all years.</p>	<p>Investment is consistent with AMP and Infrastructure Strategy with increases to support housing growth and urban development.</p> <p>We note that GDC has calculated the asset investment ratio incorrectly. Figures referred to have been adjusted to be correct.</p>	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Average remaining useful life of network assets</b>	<p>Over the 10-year Plan period the asset consumption ratio is stable between 54-55%.</p> <p>Assets are revalued annually at 2%, and new assets built for service improvement or demand are fully included.</p>	Average remaining asset life is stable, due to expenditure on renewals, LOS and growth projects.	Meets requirements	N/A
<b>Assessment of financing sufficiency</b>				
<b>Confirmation that sufficient funding and financing can be secured to deliver water services</b>	<p>The delivery of planned water services investment is financially sustainable in terms of both the FFO and GDC's overall debt capacity. Over the 10 years of the Plan, the FFO ratio is projected to range between 9% and 11%.</p> <p>Council's debt-to-revenue ratio is expected to remain within 280% throughout the 10-year period, assuming access to LGFA financing and GDC achieving a credit rating by 1 July 2027.</p> <p>By 2033/34, GDC is projected to retain \$254m borrowing headroom for whole of council operations. Aggregated water services debt is forecast to be \$153m by 2033/34, with a projected \$60m borrowing headroom capacity.</p>	The Plan confirms sufficient funding and financing can be secured to deliver water services.	Meets requirements	N/A
<b>Projected council borrowings against borrowing limits</b>	<p>GDC's debt-to-revenue ratio is expected to remain within 280% throughout the 10-year period of the Plan, assuming access to LGFA financing and achieving a credit rating by 1 July 2027.</p> <p>Council debt is projected to reach \$353m by 2033/34 with a 163% of net debt to operating revenue, peaking at 174% in 2029/30. All planned borrowing meets financial limits, ensuring sustainable service delivery.</p>	<p>The projected whole of council borrowing is within the LGFA 280% net debt to revenue limits, assuming GDC achieves a credit rating by 1 July 2027.</p> <p>We recommend that the Department receives confirmation of GDC's new credit rating by 2028 and monitors this process during the implementation.</p>	Meets requirements	Yes

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Projected water services borrowings against borrowing limits</b>	<p>By 2033/34, water services debt is forecast to be \$153m, or 359% of operating revenue, staying within the 500% borrowing limit and showing the investment plan is financially sustainable.</p> <p>Water services borrowing will stay within the 500% revenue limit, with net debt to revenue rising from 257% in 2024/25 to 359% by 2033/34.</p>	The projected water services borrowings stay well within the 500% limit with a peak of 359% in 2033/34.	Meets requirements	N/A
<b>Projected borrowings for water services</b>	Projected borrowings for the 10 years of the Plan are shown in the Statement of Financial Position, and the net debt is in a number of tables throughout the Plan.	Water services borrowings are projected to increase to \$152.5m over the 10 years of the Plan.	Meets requirements	N/A
<b>Borrowing headroom/(shortfall) for water services</b>	Water services borrowing headroom against the 500% limit found between \$55m and \$61m or a peak of 359% on a net debt to revenue basis, providing additional debt headroom for unforeseen events.	The Plan shows sufficient borrowing headroom for water services. Supported by a credit rating this is estimated at \$254m at peak borrowing.	Meets requirements	N/A
<b>Free funds from operations</b>	<p>Over the 10 years of the Plan, the FFO ratio is expected to be 9–11%, reflecting higher revenue and better capacity to meet debt. While not a formal benchmark, this adds insight into financial sustainability.</p> <p>The FFO to cash interest coverage ratio for water services is greater than three times across the Plan.</p>	GDC is not required to meet LGFA's 10% FFO to debt ratio as it is operating as an IBU. However, we note that GDC achieves this from 2025/26 onwards and it exceeds LGFA's FFO to cash interest coverage ratio of 1.5 times.	N/A	N/A
<b>Assessment of financing sufficiency</b>	The delivery of planned water services investment is financially sustainable in terms of both the FFO and GDC's overall debt capacity.	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
<b>Projected funding impact statement</b>	Statements are provided at a combined level.	Sufficient information has been provided however the sources of operating funding do not equal the operating revenue. This does not affect our ability to accept the Plan.	N/A
<b>Projected statement of comprehensive revenue and expense</b>	Statements are provided at a combined level.	Sufficient information has been provided.	N/A
<b>Projected statement of cashflows</b>	Statements are provided at a combined level.	Sufficient information has been provided.	N/A
<b>Projected statement of financial position</b>	Statements are provided at a combined level.	Sufficient information has been provided however the infrastructure assets in the balance sheet is different to what is used in the asset consumption ratio. This does not affect our ability to accept the Plan.	N/A

# Assessment Report: Part E – Financial projections and measures

## Projected statement of comprehensive revenue and expense

Water Services Delivery Plan page 73

## Projected statement of financial position

Water Services Delivery Plan page 74

## Financial measures: revenue sufficiency

Water Services Delivery Plan pages 52 - 54

## Financial measures: investment sufficiency

Water Services Delivery Plan pages 55 - 59

## Financial measures: financing sufficiency

Water Services Delivery Plan pages 59 - 60

## Assessment Report: Water Service Delivery Plan – Additional information

Additional information	Summary of content in Plan	Assessment Review Comment	Focus for Panel
<b>Additional disclosures to support Plan</b>	N/A	N/A	N/A
<b>Significant capital projects</b>	Tables provide significant capital projects per water activity and whether they are required to meet additional demand, improve LOS or to replace existing assets.	Meets requirements	N/A
<b>Key issues, constraints, risks and assumptions</b>	Assumptions and risks are clearly documented in tables at the end of the report.	Meets requirements	N/A