

# Water Services Delivery Plan Assessment

## Assessment Report – Manawatū District Council

**Te Kāwanatanga o Aotearoa**  
New Zealand Government



**Internal Affairs**  
**Te Tari Taiwhenua**

## Glossary and abbreviations

The table below sets out the abbreviations used in this report

|   | Abbreviation                 |
|---|------------------------------|
| Asset Management Plan   | AMP                          |
| Capital expenditure   | Capex                        |
| Department of Internal Affairs                                      | Department                   |
| Drinking Water Quality Assurance Rules                              | DWQAR                        |
| Funds From Operations   | FFO                          |
| 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                          |
| Manawatū District Council   | MDC                          |
| Water Services Council-controlled organisation                      | WSCCO                        |
| Water Services Delivery Plan  | Plan                         |
| Water Treatment Plant   | WTP                          |
| Wastewater treatment plant  | WWTP                         |

# Assessment Cover Sheet

## Background on council and engagement with the Department

| Detail   | Commentary  |
|--|---|
| <b>Councils involved in Plan</b>   | Manawatū District Council   |
| <b>Number of connections</b>   | Drinking water: 12,979<br>Wastewater: 8,728<br>Stormwater: 8,379  |
| <b>DIA comment on council engagement during Plan development process</b> | <ul style="list-style-type: none"> <li>From the outset MDC were clear that their preference was to deliver water services through an IBU. However, they did work with other districts to explore potential regional groupings with Palmerston North, Whanganui, Rangitikei and Ruapehu, Tararua and Horowhenua councils, and also with Kāpiti, Horowhenua and Palmerston North councils.</li> <li>The Department supported the latter grouping by providing financial analysis which highlighted the benefits of a four-council joint WSCCO. The Department also attended engagements with elected members from the four councils to discuss the benefits of a WSCCO.</li> <li>MDC resolved to consult on a preferred IBU model (with a joint model as the alternative) and, following consultation, resolved to progress the IBU model for inclusion in the Plan.</li> </ul> |
| <b>Feedback provided to council prior to submission on Draft Plan</b>    | On 12 June 2025, MDC provided the Department with a draft Plan for review. The Department provided material feedback regarding concerns around financial sustainability of the Plan. MDC wrote to the Department in response with assurances that the concerns would be addressed in the final Plan.  |

| Detail  | Commentary   |
|---|--|
| <b>Engagement with council during review and assessment process</b> | <p>MDC submitted their final Plan on 27 August 2025.</p> <p>On 11 September 2025, the Department asked MDC for the following information:</p> <ul style="list-style-type: none"> <li>• What capex allocation is specifically provided for Kimbolton, Cheltenham and Awahuri wastewater scheme centralisations or alternative WWTP upgrades to meet resource consent compliance and what year funding is allocated.</li> <li>• What the total renewals budgets each year for above and below ground renewals excluding the Feilding Water Resilience and Wastewater Centralisation projects.</li> <li>• What the proportion of the Feilding Water Resilience and Wastewater Centralisation projects is split between growth, LOS and renewal funding categories.</li> <li>• What growth projects (if any) are expected to be delivered directly by the developer as opposed to growth projects covered in the investment plan funded by Council.</li> <li>• Please send the updated financial statements for section E for each water activity as well as the consolidated financial statements for the water services.</li> </ul> <p>MDC provided an updated Plan which addressed all the requests on 17 September 2025.</p> |
| <b>Other Background Comments</b>                                    | N/A  |

## Assessment Summary

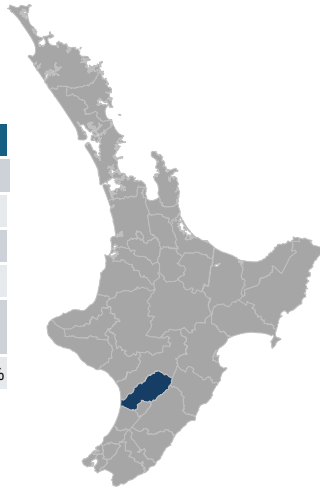
| Section  | Commentary  |
|--|---|
| <b>Confirmation of submission completeness checklist</b> | The submission completeness checklist has been filled out and the Plan contains all the required information.   |
| <b>General Comment on Plan</b>                           | The Plan provides all the information required under Preliminary Arrangements Act and demonstrates how financially sustainable water services will be supplied to the Manawatū district.  |
| <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. Actions to achieve financially sustainable water services are identified in the Plan along with limited risks. The Plan commented that no significant risks, constraints or issues are identified. This does not limit the Secretary's ability to accept the Plan.                             |
| <b>Revenue Sufficiency</b>                               | The average projected charges for three waters rise from \$1,536 (1.2% of median household income) to \$2,457 in 2033/34 (1.6% of median household income). The Plan demonstrates projected revenue sufficiency for water services. There are positive cash surpluses throughout the Plan and operating surpluses are recorded for nine of the 10 years of the Plan as capital revenue is excluded.   |
| <b>Investment Sufficiency</b>                            | The Plan demonstrates investment is sufficient to meet growth, LOS and compliance requirements and is consistent with AMPs and Infrastructure Strategy. Renewals are limited when the Wastewater Centralisation and Feilding Water Resilience projects are excluded. The renewals backlog is proposed to be addressed over a 30-year period which could result in LOS not being met over time. The remaining asset life remains reasonably stable due to investment in new assets and limited investment in renewals. |
| <b>Financing Sufficiency</b>                             | The Plan confirms sufficient funding and financing can be secured to deliver water services with projected borrowings of \$152.3m over the 10 years. MDC's whole of council borrowings is within their debt to revenue limit and there is no specified borrowing limit for water services. There is headroom for water services every year as borrowing is assessed at a limit of 280%. We note that the FFO is at a level to support a WSCCO with at least 50,000 water connections.                                 |
| <b>Overall assessment recommendation</b>                 | The overall recommendation from the assessment phase is to <b>accept</b> the Plan from MDC.   |

## Issues for discussion with Panel

| Issue                             | Description  | Recommended treatment  |
|-----------------------------------|--|--|
| <p><b>Renewals investment</b></p> | <p>The network assets average ages are:</p> <ul style="list-style-type: none"> <li>• drinking water – 30 years;</li> <li>• wastewater – 34 years; and</li> <li>• stormwater – 51 years.</li> </ul> <p>All above and below ground assets have condition ratings. Above ground assets in poor/very poor condition are 44% for water and 15% for wastewater. Below ground assets in poor/very poor condition are 14% for water, 13% for wastewater and 29% for stormwater.</p> <p>Actual renewals investment was \$12.6m in 2024/25 and averaged \$5.6m over the 2021/22 - 2023/24 period.</p> <p>Renewals investments are limited when the Wastewater Centralisation and Feilding Water Resilience projects are excluded (average of \$5m per year compared with depreciation average of \$8.6m per year).</p> <p>The renewals backlog is proposed to be addressed over a 30-year period which could result in LOS not being met over time. Note there is no commentary on a renewals strategy to support investment decisions considering future renewal peaks and backlog.</p> | <p>We recommend that delivery of the renewals investment programme, and any potential impacts on levels of service, should be monitored by the Department.</p> |

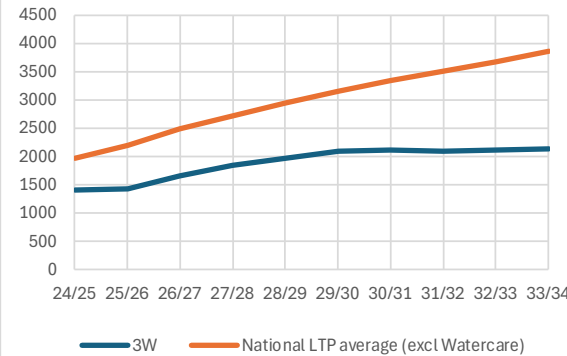
**Council summary information**

| Summary information        | Level  |
|----------------------------|--------|
| Current population         | 21,886 |
| Drinking water connections | 12,979 |
| Wastewater connections     | 8,728  |
| Stormwater connections     | 8,379  |
| High growth council        | No     |
| 10 year population growth  | 12.6%  |



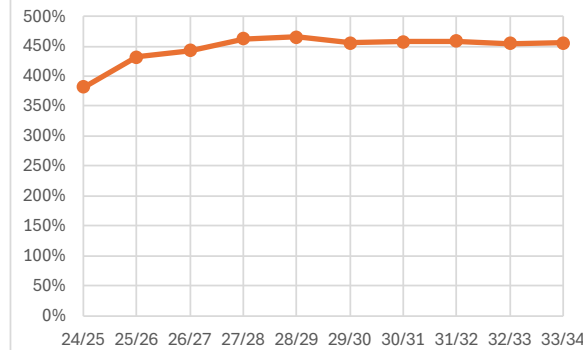
**Affordability and growth**

Water services charge compare to national LTP average



**Financing**

Net debt to operating revenue



**Assets, network and compliance**

| Asset measures                      | Year 1 | Year 10 | 10 Year Average |
|-------------------------------------|--------|---------|-----------------|
| Total assets per connection (\$)    | 9,443  | 11,485  | 10,759          |
| Total debt per connection (\$)      | 803    | 2,171   | 1,823           |
| Operating costs per connection (\$) | 325    | 418     | 390             |
| Age of network (years)              | DW     | WW      | SW              |
| Average age outlined in plan        | 30     | 34      | 51              |

| Network performance                             | Level              |
|---|--------------------|
| Level of service performance measures achieved  | Partially achieved |
| Water loss rate                                 | 16 - 34%           |
| Average consumption (litres per person per day) | 153 - 784          |

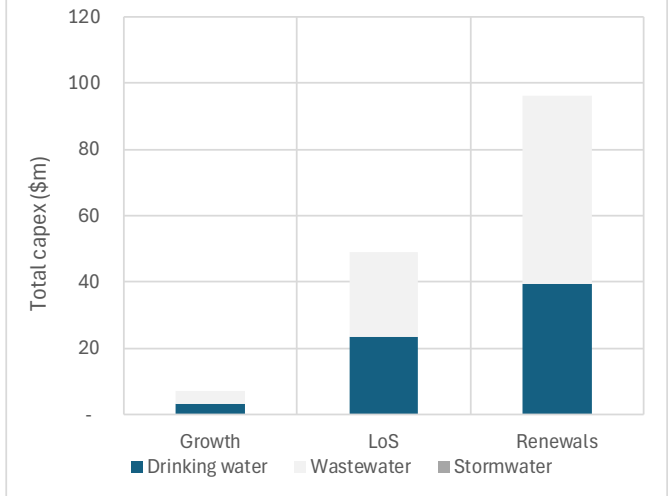
| Compliance addressed in the Plan |     |
|----------------------------------|-----|
| Drinking water compliance        | Yes |
| Resource consent compliance      | Yes |

| Capital expenditure   | Category of capital expenditure |                  |               | Total over 10 years |
|-----------------------|---------------------------------|------------------|---------------|---------------------|
|                       | Growth                          | Level of service | Renewals      |                     |
| Drinking water        | 3,416                           | 23,484           | 39,447        | 66,347              |
| Wastewater            | 3,685                           | 25,472           | 56,666        | 85,823              |
| Stormwater            | 14,293                          | 43,080           | 1,620         | 58,993              |
| <b>Total 10 years</b> | <b>21,394</b>                   | <b>92,036</b>    | <b>97,733</b> | <b>211,163</b>      |

| Item                                 | Year 1 | Year 10 | 10 Year Average |
|--------------------------------------|--------|---------|-----------------|
| Total charge as % of median income*  | 1.20%  | 1.60%   | 1.51%           |
| Annual price increase                | N/A    | 2.00%   | 5.22%           |
| DC collected per new connection (\$) | N/A    | N/A     | 6,587           |

| Item  | Year 1 | Year 10 | 10 Year Average |
|---|--------|---------|-----------------|
| Water related net debt to operating revenue % | 382%   | 456%    | 447%            |
| FFO to debt                                   | 11.2%  | 8.2%    | 8.6%            |
| Whole of Council net debt to revenue (approx) | 126%   | 59%     | 124%            |

Capex spend by type, 10 year total



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

| Section in Part A                                       | Summary of content in Plan  | Assessment Review Comment  | Assessment         | Focus for panel |
|---|---|--|--------------------|-----------------|
| <b>Delivery model and implementation</b>                |   |  |                    |                 |
| <b>Financially sustainable water services provision</b> | MDC 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 the LOS, regulatory requirements and provides for growth.                               | Meets requirements | N/A             |
| <b>The proposed model to deliver water services</b>     | MDC will deliver water services through an IBU. MDC will maintain separate accounting for all water service-related revenue and expenses. This ringfencing approach is already largely in place and changes, where required, will be in place by 1 July 2027.   | The proposed model for an in-house model to deliver water services is clear with a transition from the current arrangements by 1 July 2027.<br><br>The organisation structure is unchanged with governance proposed via the council committee structure. | Meets requirements | N/A             |
| <b>Implementing the proposed service delivery model</b> | Key milestones to achieve full ring fencing and compliance with legislation stated are: <ul style="list-style-type: none"> <li>2026/27 – Revenue generated from water services will continue to be allocated to specific cost centres dedicated to Water Services.</li> <li>2027/28 – Complete transition of set fee. This will be similar to a Universal Targeted Rate with a set fee charged per property to replace the capital value-based rate for this proportion of the stormwater rate. This will be implemented as part of the 2027- 37 Long Term Plan with adoption effective 1 July 2027.</li> </ul> | The Plan outlines an implementation plan as required by section 13(2) of the Preliminary Arrangements Act.   | Meets requirements | N/A             |

| Section in Part A                                  | Summary of content in Plan   | Assessment Review Comment   | Assessment         | Focus for panel |
|--|--|---|--------------------|-----------------|
|  | <ul style="list-style-type: none"> <li>2027/28 – Develop Growth and Infrastructure Strategy for 2027-37 Long Term Plan. The intention is to continue to charge via a user based, targeted water service fee.</li> </ul>  |   |                    |                 |
| <b>Consultation and engagement undertaken</b>      | <p>MDC consulted on three options:</p> <ul style="list-style-type: none"> <li>an in-house, stand-alone model (the status quo and the preferred option);</li> <li>a multi-council WSCCO involving MDC and Palmerston North City Council; and</li> <li>a multi-council WSCCO involving MDC, Palmerston North City Council, Horowhenua District Council and Kāpiti Coast District Council.</li> </ul> <p>505 submissions were received with 487 (96.4%) selecting the status quo as their preferred option.</p> | Consultation was undertaken in accordance with sections 61 to 64 of the Preliminary Arrangements Act. | Meets requirements | N/A             |
| <b>Assurance and adoption of the Plan</b>          |  |   |                    |                 |
| <b>Council resolution to adopt the Plan</b>        | MDC adopted this Plan on 20 August 2025  | N/A   | Meets requirements | N/A             |
| <b>Certification of the Chief Executive of MDC</b> | 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 |
|---|---|--|--------------------|-----------------|
| <b>Investment required in water services</b>  |   |  |                    |                 |
| <b>Serviced population and serviced areas</b>   | <p>MDC has five urban drinking water areas, three mixed use rural water areas, nine wastewater schemes and eight stormwater catchments. Serviced population growth is projected to be around 13% over the 10-year period. There are two mixed-use water schemes which are not part of MDC's water network.</p> <p>The planned growth areas are the Maewa residential and Kawakawa Agribusiness and Industrial Park, both in Feilding.</p> <p>Performance measures have generally been met with water consumption ranging from 153-784 l/p/d and water loss below the target &lt;35% target (15-34% range). Water consumption for Feilding was 184 l/p/d. Partial compliance for DWQAR and resource consents in 2023/24.</p> <p>MDC has four rural drainage schemes.</p>                 | Detailed information is provided on service areas, connections and growth.   | Meets requirements | N/A             |
| <b>Assessment of the current condition and lifespan of the water services network</b> | <p>The network assets average ages are:</p> <ul style="list-style-type: none"> <li>• drinking water – 30 years;</li> <li>• wastewater – 34 years; and</li> <li>• stormwater – 51 years.</li> </ul> <p>All above and below ground assets have condition ratings. Above ground assets in poor/very poor condition are 44% for water and 15% for wastewater. Below ground assets in poor/very poor condition are 14% for water, 13% for wastewater and 29% for stormwater.</p> <p>The Plan states MDC completed a desktop 'age-based' condition analysis. This is now being validated in greater detail through CCTV inspections of the sewer network, undertaken as part of a risk-based programme. MDC plan to begin assessing the water networks using the Pressure Pipe Inspection</p> | <p>The condition and performance information is suitable to plan maintenance, renewals and capital and operating planning in the short term.</p> <p>The condition assessment programme is on-going.</p> <p>We recommend that delivery of the renewals investment programme, and any potential impacts on levels of service, should be monitored by the Department.</p> | Meets requirements | Yes             |

| Section in Part B                         | Summary of content in Plan  | Assessment Review Comment   | Assessment                | Focus for panel |
|---|---|---|---------------------------|-----------------|
|   | <p>Manual and studying reactive maintenance. For above ground assets, MDC intends to conduct an audit during the 2025/26 financial year to verify that the asset register accurately reflects existing equipment. Items that have been replaced will be formally retired, and a plan will be developed for conducting condition assessments.</p> <p>The Plan notes critical assets are identified.</p> <p>MDC expects to complete all previously deferred water and wastewater renewals between 2024 and 2054.</p>  |   |                           |                 |
| <b>Asset management approach</b>          | <p>MDC's current service delivery model largely involves local council operations and management, supported by external contractors where appropriate. Asset management systems are in place. The asset management maturity has been assessed as "core" status. Proposed improvements include the adoption of more advanced digital platforms that support real-time monitoring, predictive analytics, and integration across the three waters network. The move to unified platforms is expected to enhance data accuracy, promote proactive maintenance, and improve decision-making capabilities.</p>  | <p>Detailed information is provided on the asset management approach.</p>   | <p>Meets requirements</p> | <p>N/A</p>      |
| <b>Statement of regulatory compliance</b> | <p>The boil water notice in place for the Stanway Halcombe rural water supply was lifted in 2025 following the commissioning of the new WTP. Compliance with DWQAR has improved over the last two years with improved monitoring, data management and move to T3 compliance for Waituna West. The outstanding compliance issue relates to raw water connections prior to the Awa St WTP which will be addressed through the Feilding Integrated Water Abstraction project.</p> <p>13 expired consents and four active applications, plus some wastewater consents will be replaced via the Wastewater Centralisation project. There has been one warning, four abatement notices and one conviction over the last 24 months. Water take meter validation and reporting non-compliances are being addressed through a dedicated compliance resource. Kimbolton WWTP discharge abatement notice is being addressed via a remedial work programme. Budgets are provided for consent renewals through the</p> | <p>The Plan describes investment is to achieve full compliance with DWQAR.</p> <p>The Plan also describes investment to achieve and maintain compliance with resource consents.</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>renewal's budgets. Investment has been provided for the Kimbolton, Awahuri and Cheltenham wastewater compliance upgrades between 2025/26 and 2029/30.</p> <p>The implications of the Wastewater Environmental standards have been considered. The Manawatū WWTP discharge is not currently compliant with the soluble inorganic nitrogen and ammonia requirements, and investment is provided for further upgrades over the 10-year period along with an expansion of the land discharge system.</p>   |   |                           |                 |
| <p><b>Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements</b></p> | <p>Commentary on significant projects provided.</p> <p>Growth capex per connection is low, there is about 1,098 new connections expected over the next 10 years, and growth investment is approximately \$19,000 per connection. The developer will provide all the growth-related projects, and vest the assets in MDC, for the Maewa Feilding residential growth precinct which provides most of residential growth in the district.</p> <p>Renewals investment includes the Wastewater Centralisation project and Feilding Water resilience projects which are creating new assets and so are not entirely renewals.</p> <p>Current stormwater LOS issues are addressed. Wastewater compliance investment is provided.</p> | <p>The Plan identifies appropriate investment for compliance, renewals, levels of service and growth.</p> <p>Additional commentary on renewals is included in the "issues for discussion with Panel section". We recommend that delivery of the renewals investment programme, and any potential impacts on levels of service, should be monitored by the Department.</p> | <p>Meets requirements</p> | <p>Yes</p>      |
| <p><b>Historical delivery against planned investment</b></p>  | <p>100-126% of planned investment has been delivered on average over the last seven years (renewals 72-139%). Actual investment was \$25m in the 2024/25 year.</p>  | <p>The investment programme continues at similar levels to 2024/25 actual delivery.</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>Current charging arrangements are identified.</p> <p>Stormwater is charged through a mix of general and targeted rates, wastewater through targeted rates and other fees, water charged 100% through targeted rates.</p> <p>Three waters charges are set in line with the revenue and charging policy. The Revenue and Financing Policy will be reviewed and consulted on as part of the 2027-37 LTP process.</p> | Sufficient charging and billing arrangements have been identified in the Plan.                   | Meets requirements | N/A             |
| <b>Water services revenue requirements and sources</b>                       | Sources of revenue include rates, volumetric charges (water), trade waste charges (wastewater), capital contributions, development contributions, capital and operating grants and subsidies, user fees and charges for both capital and operating activities.   | Revenue requirements and sources have been outlined in the Plan.                                 | Meets requirements | N/A             |
| <b>Existing and projected commercial and industrial users' charges</b>       | Commercial users are charged through rates and trade waste charges. No specific values are given for commercial users in the Plan other than the rates charges that apply to all rating units.   | Commercial charges are covered through rates as set out in the revenue sources and requirements. | Meets requirements | N/A             |
| <b>The affordability of projected water services charges for communities</b> | Average projected charges for three waters are \$1,536 in 2024/25 (1.2% of median household income) and rise to \$2,457 in 2033/34 (1.6% of median household income).  | The average projected charges align with the Department's affordability guidance.                | 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>  | Water services will be financed through LGFA borrowing at the whole of council level. MDC has a credit rating and can borrow up to 280% of net debt to revenue.   | Financing requirements and sources have been identified in the Plan.                                  | Meets requirements | N/A             |
| <b>Internal borrowing arrangements</b>                    | MDC currently uses internal borrowing arrangements for all debt for water services. MDC uses a mechanism which calculates the finance costs and principal repayments and charges them to the relevant Water Service to which the borrowings relate.   | Internal borrowing arrangements are identified in the Plan with appropriate ringfencing arrangements. | Meets requirements | N/A             |
| <b>Determination of debt attributed to water services</b> | As at 30 June 2024, the total value of water services borrowings was \$52.4m.   | Debt attributable to water services have been clearly outlined in the Plan.                           | Meets requirements | N/A             |
| <b>Insurance arrangements</b>                             | Insurance schedules are prepared annually in June/July for the Manawatū-Whanganui Local Authority Shared Services (MWLASS) "60/40" policy. The schedules provide coverage for horizontal (i.e. below ground) infrastructure for natural disasters and the material damage policy for more comprehensive coverage. | Detailed Insurance arrangements and coverage have been detailed in the Plan.                          | Meets requirements | N/A             |

## Assessment Report: Part D – Financial sustainability assessment

| Section in Part D   | Summary of content in Plan   | Assessment Review Comment  | Assessment         | Focus for panel |
|---|--|--|--------------------|-----------------|
| <b>Financially sustainable water services provision</b>   |  |  |                    |                 |
| <b>Confirmation of financially sustainable delivery of water services by 30 June 2028</b>       | The Plan demonstrates financially sustainable delivery of water services 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             |
| <b>Actions required to achieve financially sustainable delivery of water services</b>           | MDC will ring fence water activities. To date, the depreciation revenue from all Council activities has been pooled into a single depreciation reserve to fund renewal investment across all Council activities. The implementation of the IBU for water services now includes a ring-fencing provision to ensure that the IBU does not utilise cross subsidisation. | Actions to achieve financially sustainable water services are identified in the Plan.  | Meets requirements | N/A             |
| <b>Risks and constraints to achieving financially sustainable delivery of water services</b>    | The Plan states that no significant risks, constraints, or issues were identified through the financial sustainability assessments.  | Limited risks are identified, and the Plan comments that no significant risks, constraints or issues are identified.   | Meets requirements | N/A             |
| <b>Assessment of revenue sufficiency</b>  |  |  |                    |                 |
| <b>Projected water services revenues cover the projected costs of delivering water services</b> | Water services have an operating surplus from 2026/27 onwards. Revenues cover the expenses of delivering water services, however an operating deficit of \$798k is recorded in 2025/26 as capital revenue is excluded from the operating surplus calculation.  | The Plan demonstrates projected revenue sufficiency for water services.  | Meets requirements | N/A             |

| Section in Part D  | Summary of content in Plan   | Assessment Review Comment  | Assessment         | Focus for panel |
|--|--|--|--------------------|-----------------|
| <b>Average projected charges for water services over 2024/25 to 2033/34</b>  | Average projected charges for three waters are \$1,536 in 2024/25 (1.2% of median household income) and rise to \$2,457 in 2033/34 (1.6% of median household income).  | Average projected charges are stated for each of the three waters activities as well as a combined average charge. | Meets requirements | N/A             |
| <b>Projected operating surpluses/(deficits) for water services</b>   | Operating surpluses are recorded for nine of the 10 years of the Plan. An operating deficit of \$798k is recorded in 2025/26 as capital revenue is excluded from the operating surplus calculation.  | The projected operating surpluses/deficits are identified in the Plan.   | Meets requirements | N/A             |
| <b>Projected operating cash surpluses for water services</b>   | Operating cash surpluses are forecast for the whole Plan starting at 55.5% (\$9.97m) in 2024/25 increasing to 66.9% (\$20.85m) in 2033/34.   | There are positive cash surpluses throughout the Plan.   | Meets requirements | N/A             |
| <b>Assessment of investment sufficiency</b>  |  |  |                    |                 |
| <b>Projected water services investment is sufficient to meet LOS, regulatory requirements and provide for growth</b> | <p>Total of \$211m capex over the 10 years.</p> <p>Major projects are:</p> <ul style="list-style-type: none"> <li>• Turners Rd Industrial Growth Works (3 waters)</li> <li>• Maewa Residential Growth Works (3 waters)</li> <li>• Feilding Water Resilience</li> <li>• Wastewater Centralisation</li> <li>• Manawatū WWTP Reconsenting</li> <li>• Feilding Stormwater Upgrades</li> <li>• Village Stormwater Upgrades</li> </ul> | The Plan demonstrates investment is sufficient to meet growth, LOS and compliance requirements.                    | 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>  | The asset sustainability ratio is negative from 2028/29 (noting Feilding Water Resilience and Wastewater Centralisation Projects in earlier years have a significant renewal component). Excluding the major projects, renewals expenditure averages \$5m per year which is significantly lower than depreciation. The 2024 Infrastructure Strategy indicates renewal requirements for wastewater are expected to peak in the 2034-44 period. | Renewals investments are limited when the Wastewater Centralisation and Feilding Water Resilience projects are excluded. The renewals backlog is proposed to be addressed over a 30-year period which could result in LOS not being met over time. Note there is no commentary on a renewals strategy to support investment decisions considering future renewal peaks and backlog. | Meets requirements | Yes             |
| <b>Total water services investment required over 10 years</b>                                      | Asset investment ratio is consistently positive over the period.  | Investment is consistent with AMPs and Infrastructure Strategy.   | Meets requirements | N/A             |
| <b>Average remaining useful life of network assets</b>   | Asset consumption ratio decreases slightly.   | Remaining asset life remains reasonably stable due to investment in new assets and limited investment in renewals.  | 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> | Financing will be sourced at a whole of council level through LGFA. The whole of council will stay within its debt to revenue limits of 280% net debt to revenue.   | 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>                                       | Whole of council net debt to revenue is 126% (\$92.8m) in 2024/25, then peaks at 163% in 2026/27 and 2027/28 for total debt of \$145m, before decreasing to 59% (\$65.9m) in 2033/34.   | Whole of council borrowings are within their debt to revenue limit.   | Meets requirements | N/A             |

| 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> | A borrowing limit has not been specifically stated for water services. Projected borrowings for water services are measured against a debt to revenue limit of 280% which is the same as the whole of council limit.   | The Plan uses a projected water services borrowing limit of 280%.   | Meets requirements | N/A             |
| <b>Projected borrowings for water services</b>                      | Projected borrowings for water services are \$68.6m in 2024/25 (358% net debt to revenue) and increase to \$142.2m in 2033/34 (471% net debt to revenue). The net debt to revenue percentage peaks at 482% in 2028/29. | The projected borrowings for water services are \$152.3m over the 10 years of Plan.                         | Meets requirements | N/A             |
| <b>Borrowing headroom/(shortfall) for water services</b>            | Water services debt exceeds the 280% net debt to revenue for the whole period peaking at 482% in 2028/29 then decreasing to 471% in 2033/34.   | There is sufficient headroom for water services every year as it is assessed at the whole of council level. | Meets requirements | N/A             |
| <b>Free funds from operations</b>                                   | FFO to debt is 11.2% in 2024/25 then decreases to 8.2% in 2033/34.   | The FFO is at a level to support a WSCCO with at least 50,000 water connections.                            | Meets requirements | N/A             |
| <b>Assessment of financing sufficiency</b>                          | The Plan demonstrates financing sufficiency.   | 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>                       | Projected funding impact statement provided at a water services level and at an activity level.                       | Meets requirements        | N/A             |
| <b>Projected statement of comprehensive revenue and expense</b> | Projected statement of comprehensive revenue and expense provided at a water services level and at an activity level. | Meets requirements        | N/A             |
| <b>Projected statement of cashflows</b>                         | Projected statement of cashflows provided at a water services level and at an activity level.                         | Meets requirements        | N/A             |
| <b>Projected statement of financial position</b>                | Projected statement of financial position provided at a water services level and at an activity level.                | Meets requirements        | N/A             |

# Assessment Report: Part E – Financial projections and measures

## Projected statement of comprehensive revenue and expense

Water Services Delivery Plan pages 139 - 142

## Projected statement of financial position

Water Services Delivery Plan pages 147 - 150

## Financial measures: revenue sufficiency

Water Services Delivery Plan pages 123 - 126

## Financial measures: investment sufficiency

Water Services Delivery Plan pages 127 - 130

## Financial measures: financing sufficiency

Water Services Delivery Plan pages 131 - 132

# 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>         | <b>Appendix A: Council report 15 May 2025 .....</b><br><b>Appendix B: Morrison Low Report .....</b><br><b>Appendix C: Local Water Done Well consultation document .....</b><br><b>Appendix D: Council resolution – Adoption of Water Services Delivery Plan .....</b><br><b>Appendix E: Councils Development Contribution Policy .....</b><br><b>Appendix F: Staged Barrows Road abstraction reduction plan .....</b><br><b>Appendix G: DES-APP1 Manawatū Wastewater Treatment Plant designation conditions .....</b><br><b>Appendix H: Letter from LGFA July 2025 .....</b><br><b>Appendix I: Compliance letter from Simpson Grierson .....</b><br><b>Appendix J: Growth Strategy Framework .....</b> | N/A                       | N/A             |
| <b>Significant capital projects</b>                   | Significant capital projects were detailed in the plan under Part B.   | N/A                       | N/A             |
| <b>Key issues, constraints, risks and assumptions</b> | Disclosure of material assumptions for water services delivery is provided. Plan has commented that no significant risks, constraints or issues are identified.  | Meets requirements.       | N/A             |