

Water Services Delivery Plan Assessment

Assessment Report - Queenstown Lakes 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
Water Services Council Controlled Organisation	WSCCO
Department of Internal Affairs	Department
Funds From Operations	FFO
Local Government Funding Agency	LGFA
Local Government (Water Services Preliminary Arrangements) Act 2024	Preliminary Arrangements Act
Long-term plan	LTP
Queenstown Lakes District Council	QLDC
Water Services Delivery Plan	Plan

Assessment Cover Sheet

Background on council and engagement with the Department

Detail	Commentary
Councils involved in plan	Queenstown Lakes District Council
Number of connections	Water supply: 21,888 Wastewater: 21,372 Stormwater: 21,870
DIA comment on council engagement during Plan development process	<ul style="list-style-type: none"> • QLDC engaged proactively with the Department early in preparing its Plan, mostly through seeking guidance and clarity around the practical application of water services legislation, i.e., how consultation is expected to work. The Department also assisted the Council with financial modelling as part of exploring potential delivery models. • In late 2024, QLDC was involved in assessing the merits of a regional Southland-Otago grouping consisting of Invercargill, Southland, Gore, Clutha Dunedin, Central Otago, Waitaki, and Queenstown- Lakes councils. • The Council's focus shifted to exploring standalone models. The Department supported discussions with the Council to explore the benefits of a standalone WSCCO.
Feedback provided to council prior to submission on Draft Plan	QLDC did not provide the Department with a draft Plan for review.
Engagement with council during review and assessment process	N/A
Other Background Comments	N/A

Assessment Summary

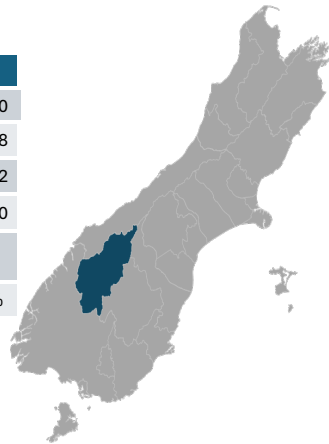
Section	Commentary
Confirmation of submission completeness checklist	Yes – all required components completed.
General Comment on Plan	The Plan demonstrates financial sustainability, with sufficient revenue to cover the costs, and sufficient investment to meet relevant regulatory standards. QLDC has an ambitious capital works programme that is supported by a pricing strategy that increases 211% for the community and borrowings that are close to debt limits.
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 average projected charges increase from \$1,554 to \$4,839, with increases in the first 4 years between 17.2% and 36.1% reducing to 1.4% in year 10. This represents a 211% increase over the 10 years. There is a projected operating cash surplus for water services every year of the Plan and operating surpluses improve from losses of \$25m in early years, to a surplus of \$14m in year 10 due to funding depreciation.
Investment Sufficiency	Council proposed water services investment is sufficient and QLDC are investing \$1.4b over 10 years, which is more than double the depreciation. The level of renewals expenditure is deemed to be appropriate even though it is lower than projected depreciation. This reflects the relatively young age of a large proportion of the network and the growth focus of council. This investment profile aligns to the LTP budgets and is consistent with the investment priorities identified. Investment in renewals, LOS and growth over the 10-year period results in an increase in average remaining lives of assets over time.
Financing Sufficiency	The Plan confirms sufficient funding and financing can be secured to deliver financially sustainable water services from 2027/28 and is supported by a bespoke LGFA covenant. There is three years of data showing net debt to operating revenue between 279% and 247% for the whole of council compared to the 280% LGFA funding limit leaving them with no headroom. Projected water services borrowings from 2027/28 to 2033/34 meet LGFA requirements and are outlined in the Plan. Borrowings for water services over ten years is \$967m and the WSCCO meets the 9% FFO requirement but will be operating at the limit of their funding.
Overall assessment recommendation	The overall recommendation from the assessment phase is to accept the plan from QLDC.

Issues for discussion with Panel

Issue	Description	Recommended treatment
Average projected charges for water services over 2024/25 to 2033/34	The average projected charges increase from \$1,554 to \$4,839 with increases in the first four years between 17.2% and 36.1% reducing to 1.4% in year 10, representing a 211% increase over the 10 years.	We recommend monitoring the pricing strategy during implementation.
Borrowing requirements and headroom	The Plan shows QLDC and the WSCCO will be operating at LGFA funding limits. Additional information noted that transitional arrangements offered by LGFA have not been relied upon in determining revenue paths for the WSCCO but would provide emergency headroom availability if required.	<p>We recommend that QLDC works with LGFA to ensure financing can be sourced and that QLDC remain within borrowing covenants.</p> <p>We recommend that borrowing requirements and headroom to deliver water services are monitored during implementation.</p>
Deliverability of capital programme	The capital delivery information in the plan shows that in the previous seven years \$346m of water services capex has been delivered. In this plan for the next seven years, there is an ambitious forecast is to deliver \$1.115b. Total capex for 10 years is \$1.47b. We note the significant jump in spend and risk of non-delivery.	We recommend that the delivery of the capital programme is monitored during implementation, including the delivery of projects to achieve regulatory compliance.

Council summary information

Summary information	Level
Current population	52,900
Drinking water connections	21,888
Wastewater connections	21,372
Stormwater connections	21,870
High growth council	Yes
10 year population growth*	42.0%



Assets, network and compliance

Asset measures	Year 1	Year 10	10 Year Average
Total assets per connection (\$)	61,270	88,139	75,384
Total debt per connection (\$)	10,936	28,860	21,188
Operating costs per connection (\$)	812	1,313	1,153
Age of network (years)	DW	WW	SW
Average age outlined in plan	19	21	16

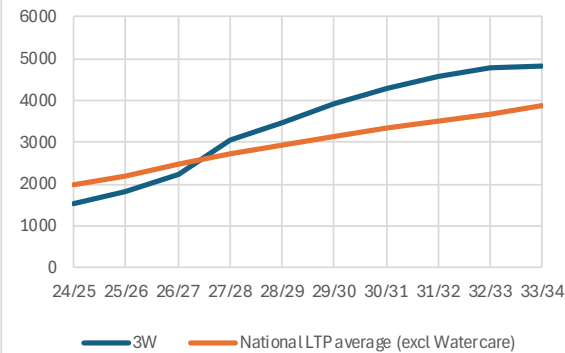
Network performance	Level
Level of service performance measures achieved	27.2%
Water loss rate (litres per day)	27%
Average consumption (litres per person per day)	370

Compliance addressed in the Plan	Level
Drinking water compliance	YES
Resource consent compliance	YES

*Population growth is the "peak day population" projection

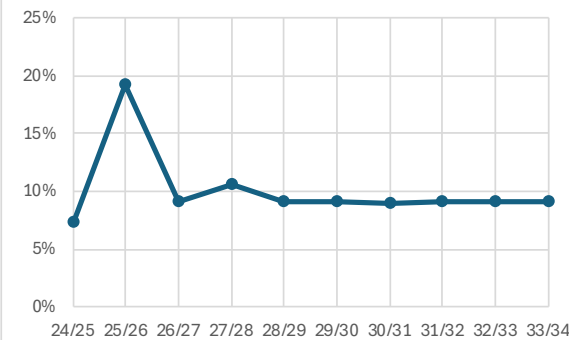
Affordability and growth

Water services charge compare to national LTP average



Financing

FFO to Net Debt

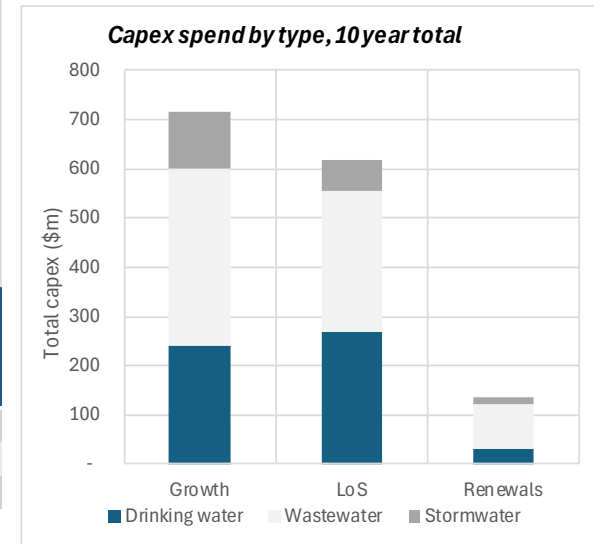


Capital expenditure	Category of capital expenditure			Total over 10 years
	Growth	Level of service	Renewals	
Drinking water	240,570	268,290	32,780	541,640
Wastewater	358,360	285,790	89,480	733,630
Stormwater	116,780	63,710	15,120	195,610
Total 10 years	715,710	617,790	137,380	1,470,880

Item	Year 1	Year 10	10 Year Average
Total charge as % of median income	1.10%	2.30%	1.89%
Annual price increase	17.50%	1.40%	14.26%
DC collected per new connection (\$)	40,076	30,972	31,824

Item	Year 1	Year 10	10 Year Average
Water related net debt to operating revenue %	647%	589%	570%
FFO to debt	7.3%	9.1%	10.0%
Whole of Council net debt to revenue (approx)*	277%	N/A	268%

*Only years 1-3 for Council Debt provided



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	<p>The Plan confirms that the delivery of water services is financially sustainable from establishment of the WSCCO on 1 July 2027, approximately one year before the required date of 30 June 2028.</p> <p>QLDC confirms the Plan provides a financially sustainable pathway for water services delivery through to 2034 and beyond. The only changes to be made to the approach currently set out in the Council’s 2024 LTP are an increase in revenue requirements and borrowings from 1 July 2027 to enable the WSCCO to meet LGFA borrowing requirements for WSCCOs and to ensure that the investment programme is fully financed.</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>	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>QLDC has resolved to establish a WSCCO as the future delivery model for water services. The WSCCO will be:</p> <ul style="list-style-type: none"> • wholly owned by QLDC, with no provision for privatisation or dividend payments; • governed by an independent board appointed for their capabilities and expertise, not including elected members or council staff; and • responsible for all aspects of drinking water, wastewater, and stormwater services, including ownership of assets and associated debt. <p>This model replaces the current inhouse delivery by QLDC and is designed to meet the requirements of the Preliminary Arrangements Act and the Local Government (Water Services) Act 2025. While QLDC has resolved to establish a WSCCO, QLDC remains open to further discussions about joint WSCCO partnership opportunities.</p>	<p>The Plan sufficiently details the organisational structure of the proposed WSCCO.</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>Outlined below are the key milestones and timeframes for establishing and implementing the WSCCO, as committed to by resolution by the Council on 31 July 2025. The WSCCO will achieve financial sustainability by increasing borrowing and revenue.</p> <ul style="list-style-type: none"> • Initial Planning and Programme Establishment: 3 months (1 Aug 2025 – 30 Oct 2025). • Governance and Incorporation: 4 months (1 Nov 2025 – 28 Feb 2026). • WSCCO Establishment: 11 months (1 Mar 2026 – 31 Jan 2027). • Operational Readiness and Transition: 6 months (1 Feb 2027 – 30 Jun 2027). 	<p>An implementation plan is provided, including a timeline and milestones for delivering the proposed arrangements, and roles and responsibilities, which meets the requirements of section 13(2) of the Preliminary Arrangements Act.</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
Consultation and engagement undertaken	<p>QLDC undertook a targeted consultation process between 2 June and 6 July 2025 to seek community feedback on its proposed future water service delivery model. This consultation was focused solely on the water service delivery model and did not include consultation on this Plan.</p> <p>The consultation presented two options: establishing a WSCCO wholly owned by QLDC or retaining water services inhouse. A joint entity was not consulted on as appropriate joint partners could not be identified, however QLDC remains open to discussion about joint arrangements in the future.</p> <p>The proposed model for consultation was the WSCCO. A total of 125 submissions were received: 28 supported the WSCCO model, 94 preferred retaining services inhouse, and two did not express a preference. The submission themes were presented to the Council as part of the future water services delivery model decision paper on 31 July 2025.</p>	Consultation was carried out in accordance with Sections 61 to 64 of the Preliminary Arrangements Act.	Meets requirements	N/A
Assurance and adoption of the plan				
Council resolution to adopt the Plan	The Plan was adopted by QLDC on 26 August 2025. A copy of the resolution is attached to the Plan.	N/A.	Meets requirements	N/A
Certification of the Chief Executive of QLDC	The Chief Executive certified the Plan on 19 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>QLDC is responsible for managing:</p> <ul style="list-style-type: none"> • 11 water schemes serving 17,559 residential connections and 919 non-residential; • seven rural water schemes; • four wastewater schemes serving ~17,000 connections; and • two stormwater rating areas servicing 17,500 connections. <p>Of the 11 performance measures, three were met in 2024/25. Explanations for the unmet measures are provided.</p>	<p>QLDC is a high growth council with resident numbers expected to grow to 156,000 in the next 10 years. Comprehensive information is supplied on serviced areas, connections and growth.</p>	Meets requirements	N/A
Assessment of the current condition and lifespan of the water services network	<p>Assets have an average age of 15-21 years.</p> <p>Condition information is available for 76% - 83% of above ground and 100% of below ground assets.</p> <p>Roughly 1.5% of assets are in poor/very poor condition. Critical assets identified.</p>	<p>Condition and criticality information is used to plan renewals programme.</p> <p>Existing condition information is suitable to plan maintenance, renewals and capital plans.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Asset management approach	<p>Asset management approach is aligned to ISO55000 standard, asset management policy, strategic asset management plan and AMPs.</p> <p>A mix of internal and external contract for operations. No significant changes planned.</p> <p>Asset Management Maturity Assessment completed in 2021/22.</p> <p>Asset management information systems identified.</p> <p>Project design and planning activities are delivered through a mixture of inhouse and external capability. Maintenance and operations of the water services are currently outsourced under a traditional contracting arrangement.</p>	<p>There is little change in delivery mechanisms identified. Areas for improvement have been identified in the Asset Management Maturity Assessment with high-level discussion on how improvements will be implemented. Strategic context has been outlined.</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</p>	<p>One bacterial non-compliance with budget assigned to rectify.</p> <p>Two protozoa non-compliances with budget assigned to address. All schemes without a protozoa barrier will have UV disinfection implemented by the end of this year, mitigating this risk.</p> <p>There have been two boil water notices over the last two years, with both resolved.</p> <p>QLDC has 14 water take consents, nine wastewater discharge consents, and one stormwater discharge consent.</p> <p>QLDC has one current active consent application.</p> <p>Five consents expire in the next 10 years.</p> <p>Five abatements, 11 infringement notices, and two enforcement orders have been received in the last two years.</p> <p>Details have been provided on plans to rectify the abatement notices, infringements notices and enforcement orders, with LTP programme references.</p>	<p>QLDC does not currently meet drinking water compliance on one or more schemes but has provided detail confirming budget is provided in the investment plan to meet compliance.</p> <p>QLDC does not meet consent compliance requirements on one or more schemes but has provided commentary confirming budget(s) are provided in the investment plan to meet compliance.</p> <p>We recommend that the capital plan is monitored during implementation to ensure compliance is achieved as indicated.</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>The Plan includes an investment prioritisation framework that underpins budgeted expenditure.</p> <p>There is a detailed outline of growth plans and associated funding.</p> <p>Total expenditure varies from \$71.75m (2024/25) to \$196m (2029/30).</p> <p>Total 10-year capex investment in water services is \$1.47b.</p> <p>Expenditure is planned until 2050-54.</p> <p>Of the total investment in water services, around 49% is to respond to growth, 42% to maintain or improve service levels, and the remaining 9% to renew existing assets.</p>	<p>Plan includes sufficient investment to achieve compliance, LOS and enable growth. Renewals are appropriate given the age profile of the portfolio.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p>Historical delivery against planned investment</p>	<p>Between 2018/19 and 2024/25, QLDC budgeted to invest \$541.2m of capex in water services. Of this, a total of \$346.3m (64%) was spent.</p> <p>The highest level of delivery was in 2023/24, with \$70m of a \$100m plan delivered.</p> <p>There is no discussion about improvements to deliverability.</p>	<p>The Plan describes significant uplift in capex compared to previous delivery levels. Additional information was requested from council to confirm plans to address this.</p> <p>The Council confirmed that the size, complexity and sequencing of the capex programme has been strategically sequenced to ensure a steady pipeline of work.</p> <p>We recommend that the capex programme delivery is monitored during implementation.</p>	<p>Meets requirements</p>	<p>Yes</p>

Assessment Report: Part C – Revenue and financing arrangements

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Revenue and charging arrangements				
Charging and billing arrangements	<p>Water services will continue to be funded through rates until the establishment of the WSCCO. Once the WSCCO is established, it will move to implement charges within the legislated period. Charges will be calculated on the same cost recovery basis as rates are currently calculated.</p> <p>QLDC will continue to bill on the WSCCO's behalf until the WSCCO has implemented its new charging regime. The capital programme outlined in this Plan includes implementation of volumetric charging; work is currently underway to assess the value in accelerating this.</p>	Charging and billing arrangements are outlined in the Plan. The WSCCO will implement its own charging regime.	Meets requirements	N/A
Water services revenue requirements and sources	<p>Water services are currently charged by way of rates applied to relevant properties within the district. QLDC uses a capital value rating system, rather than land value, as QLDC believes that it provides a better proxy for the allocation of cost for services. While general rates fund other QLDC services, water services are all funded via targeted rates:</p> <ul style="list-style-type: none"> • Water supply is funded by capital valued based rates and fixed annual charges per connection calculated; • based on scheme level costs, with the costs of some smaller schemes spread across each ward; • Wastewater is funded by fixed annual charges per connection calculated based on scheme level costs; • with the costs of some smaller schemes spread across each ward; and • Stormwater is funded by capital value-based rates calculated based on ward level costs. <p>Development contributions provide \$264m of capital funding over the period of the plan.</p>	Water services revenue is broken down by source and by activity in the Plan.	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	Consistent with household charges, water services for non-residential activities are currently funded by rates applied to relevant properties within the district using a capital value rating system with differentials for activity and location. In addition, QLDC has two significant commercial agreements in place for bulk water supply/wastewater management. These agreements provide for volumetric charging for water supplied and/or wastewater managed.	Existing and projected commercial and industrial users' charges are outlined in the plan.	Meets requirements	N/A
The affordability of projected water services charges for communities	Water charges as a percentage of household income increases from 1.1% in 2024/25 to 2.3% in 2033/34. While water charges are projected to rise, the plan assumes incomes will grow at a similar rate.	The affordability of future water services is within the guidance provided by the Department of 2.5% of median household income. We note the household income in QLDC is higher than the national average.	Meets requirements	N/A
Funding and financing arrangements				
Water services financing requirements and sources	The projected borrowing requirement for the WSCCO will be \$721m over the period of the plan. Borrowing will be through LGFA. While QLDC does not meet the FFO to debt ratio that a WSCCO would be expected to meet over the first two years, it does comply with LGFA lending covenants. The WSCCO is projected to have a FFO to debt ratio around the expected 9% from establishment in July 2027.	Water services financing requirements and sources are outlined clearly.	Meets requirements	N/A
Internal borrowing arrangements	QLDC's debt repayment strategy focuses on maintaining debt within LGFA covenant limits (currently 280% of revenue, with potential to increase to 350% as a high-growth council). Debt is repaid through targeted rates and user charges, with water-related debt specifically ringfenced. QLDC aims to stabilise debt levels by the end of the 10-year period, balancing new borrowing with repayments and ensuring long-term financial sustainability. Note there are no internal borrowing arrangements currently in place or proposed.	The internal borrowings arrangement explanation is sufficient.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Determination of debt attributed to water services	QLDC maintains an internal loan book and net operating expenditure is captured at scheme or cost centre level in the general ledger. This allows the debt to revenue calculations to be performed at a scheme level and therefore at an overall water services level. The total value of water services borrowing on 30 June 2024 was \$245m and this was determined based on the scheme and cost centre level debt as recorded in the internal loan book. The estimated debt to revenue for water services borrowing on 30 June 2024 is 755%.	The determination of debt attributed to water services is sufficiently described.	Meets requirements	N/A
Insurance arrangements	QLDC participates in the South Island Council Collective (SICC), a group insurance programme with seven other South Island councils. SICC holds collective insurance under a 'Local Authority Infrastructure Policy' (LAI Policy). This policy specifically covers: \$500m of three waters assets. The current insurance period for the policy concludes on 1 November 2025. QLDC intends to continue this arrangement. In addition to the above, QLDC holds cover under a 'Material Damage and Business Interruption' Policy (MDBI Policy) in its own name. This policy specifically covers material damage to buildings owned by QLDC (along with contents, plant, machinery and stock). The MDBI Policy makes specific provision for water assets, as listed within the 3 Waters Schedule of Declared Values, namely: Buildings/Contents \$306,023,090, Three Waters \$411,597,427.	There is sufficient detail on QLDC's insurance arrangements.	Meets requirements	N/A

Assessment Report: Part D – Financial sustainability assessment

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Financially sustainable water services provision				
Confirmation of financially sustainable delivery of water services by 30 June 2028	This Plan confirms that the delivery of water services is financially sustainable from establishment of the WSCCO on 1 July 2027, approximately one year before the required date of 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
Actions required to achieve financially sustainable delivery of water services	<p>The Plan states that the actions to be taken to achieve financial sustainability will be to raise more revenue via water charges, to enable the WSCCO to meet the new FFO LGFA borrowing requirements, to increase borrowings, and ensure that the capital programme is fully financed.</p> <p>As noted in Part C of the Plan, a range of initiatives to support ongoing affordability of water services are planned to maintain average annual charges within the Department's indicative target of 2.5% of household income.</p>	Sufficient details are provided on the actions required to achieve financially sustainable delivery of water services.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Risks and constraints to achieving financially sustainable delivery of water services	<p>The Plan lists the following risks:</p> <ul style="list-style-type: none"> • policy uncertainty in water reform; • growth coordination challenges under separate delivery entity; • regulatory uncertainty and compliance pressure; • infrastructure delivery timelines vs. developer expectations; • organisational capacity and delivery risk; and • climate change and resilience. 	<p>Sufficient details on the risks and constraints to achieving financially sustainable delivery have been outlined in the Plan.</p> <p>Additional information was received detailing anticipated risks and mitigations associated with source of revenue.</p>	Meets requirements	N/A
Assessment of revenue sufficiency				
Projected water services revenues cover the projected costs of delivering water services	Revenue sufficiency is demonstrated through a funding strategy that includes charges and development contributions, which together are forecast to meet the operational and capital funding needs through to 2034 and to secure required borrowings.	Projected water services revenues cover the projected costs of delivering water services.	Meets requirements	N/A
Average projected charges for water services over 2024/25 to 2033/34	The average projected charges increase from \$1,554 to \$4,839 with increases in the first 4 years between 17.2% and 36.1% reducing to 1.4% in year 10 representing a 211% increase over the 10 years.	We recommend that the pricing strategy and future increases are monitored during implementation.	Meets requirements	Yes
Projected operating surpluses/(deficits) for water services	<p>The Plan shows an operating deficit in year one of \$25m, and \$9m in year three. From 2027/28, the Plan shows a zero surplus for two years building to \$14m in year 10.</p> <p>The operating surplus ratio starts at negative 58% and slowly increases to positive 9% in the last year of the plan.</p>	Projected operating surpluses improve from losses of \$25m in early years to a surplus of \$14m in year 10 mainly due to funding depreciation.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Projected operating cash surpluses for water services	<p>The Plan shows a cash surplus for all 10 years. The cash surplus in the first year is \$16m and increases to \$120m in year 10.</p> <p>The operating cash ratio starts at 36% and increases steadily to 73% in year 10.</p>	There is a projected operating cash surplus for water services every year of the Plan.	Meets requirements	N/A
Assessment of investment sufficiency				
Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth	QLDC's proposed water services investment programme is based on assets requiring renewal, regulatory requirements and forecasted growth as budgeted for in the LTP 2024-34. The proposed level of investment has funds allocated using the three capex types.	QLDC's proposed water services investment is sufficient, investing \$1.4b over 10 years, more than double depreciation.	Meets requirements	N/A
Renewals requirements for water services	<p>Renewals are below depreciation for the duration of the plan. The renewals programme is supported by condition assessments.</p> <p>Asset Sustainability Ratio is negative throughout the Plan.</p>	The Plan confirms that the level of renewals expenditure is appropriate even though it is lower than projected depreciation. This reflects the relatively young age of a large proportion of the network and the growth focus of council.	Meets requirements	N/A
Total water services investment required over 10 years	<p>Positive investment ratio in all years of the plan, 123% - 341%.</p> <p>Total investment is well above depreciation.</p>	This investment profile aligns to the LTP budgets and consistent with the investment priorities identified.	Meets requirements	N/A
Average remaining useful life of network assets	Slightly increasing ratio 74.2% - 75.2%, asset average life remaining is increasing due to expenditure on renewals and growth.	Investment in renewals, LOS and growth over the 10-year period results in an increase in average remaining lives over time.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Assessment of financing sufficiency				
Confirmation that sufficient funding and financing can be secured to deliver water services	<p>Financing sufficiency is supported by modelling that shows QLDC's total borrowings remain within LGFA limits during the inhouse delivery period, with additional flexibility available through its high-growth council status.</p> <p>From establishment, the WSCCO is expected to maintain an FFO to Net Debt Ratio of approximately 9%, supported by a bespoke LGFA covenant.</p>	The Plan confirms sufficient funding and financing can be secured to deliver water services from 2027/28 and is supported by a bespoke LGFA covenant.	Meets requirements	N/A
Projected council borrowings against borrowing limits	QLDC have only provided the first three years of the debt head room calculation for Council in Appendix 5. For the first two years of the plan QLDC have no debt head room available. This is forecast to improve in year three where QLDC will have \$100m available.	There is only three years of data showing net debt to operating revenue between 279% and 247% for the whole of council debt. QLDC has a 280% LGFA funding limit so this leaves them with little headroom.	Meets requirements	N/A
Projected water services borrowings against borrowing limits	From the information provided in the Plan, water services will be operating on the borrowing limit for all 10 years of the plan.	Projected water services borrowings from 2027/28 to 2033/34 meet LGFA requirements and are outlined in the Plan.	Meets requirements	N/A
Projected borrowings for water services	Funding from borrowings for water services are expected to be \$721m over the 10 years of the plan. Net debt starts at \$282m in year one and increases to \$967m in year 10.	<p>The projected borrowings for water services over ten years is \$967m and the WSCCO will be operating at the limit of their funding.</p> <p>We recommend they continue to work with LGFA to ensure they sufficient funding.</p>	Meets requirements	Yes

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Borrowing headroom/(shortfall) for water services	The WSCCO will have little to no borrowing headroom over the course of the plan.	<p>The Plan shows QLDC will be operating at LGFA funding limits. Additional information noted that transitional arrangements offered by LGFA have not been relied upon in determining revenue paths for the WSCCO but would provide emergency headroom availability if required.</p> <p>We recommend they continue to work with LGFA to ensure they sufficient funding to cover unforeseen events or costs.</p>	Meets requirements	Yes
Free funds from operations	Based on the FFO approach the water services start with a very low FFO to net debt ratio that increases sharply to 9% in the 2027/28 year. After that the ratio remains at 9%.	The WSCCO meet the 9% FFO requirement but will be operating at the limit of their funding with LGFA.	Meets requirements	N/A
Assessment of financing sufficiency	Sufficient funding and financing can be secured to deliver water services however the WSCCO will be operating without any headroom for the 10 years of the plan.	<p>The Plan confirms sufficient funding and financing can be secured to deliver water services from 2027/28 and is supported by a bespoke LGFA covenant.</p> <p>We recommend they continue to work with LGFA to ensure sufficient funding to cover unforeseen events or costs.</p>	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 shown for water services.	There is sufficient information for drinking water, wastewater, stormwater and combined water services.	N/A
Projected statement of comprehensive revenue and expense	Statement of comprehensive revenue and expense shown for water services.	There is sufficient information for drinking water, wastewater, stormwater and combined water services.	N/A
Projected statement of cashflows	Cashflow 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 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 84

Projected statement of financial position

Water Services Delivery Plan pages 86

Financial measures: revenue sufficiency

Water Services Delivery Plan pages 63 - 65

Financial measures: investment sufficiency

Water Services Delivery Plan pages 65 - 69

Financial measures: financing sufficiency

Water Services Delivery Plan pages 70 -71

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	QLDC have provided their Asset Management Policy.	The information is clearly documented and laid out to support the overall assessment of the Plan.	N/A
Significant capital projects	The significant capital projects are listed.	The information is clearly documented and laid out to support the overall assessment of the Plan.	N/A
Key issues, constraints, risks and assumptions	Risks to achieving financial sustainability and assumptions are listed.	The information is clearly documented and laid out to support the overall assessment of the Plan.	N/A