

Water Services Delivery Plan Assessment

Assessment Report – Rotorua Lakes Council

Te Kāwanatanga o Aotearoa
New Zealand Government



Internal Affairs
Te Tari Taiwhenua

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Glossary and abbreviations

The table below sets out the abbreviations used in this report

Term	Abbreviation
Asset Management Plan	AMP
Capital expenditure	Capex
Council-controlled organisation	CCO
Department of Internal Affairs	Department
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
Rotorua Lakes Council	RLC
Water services council-controlled organisation	WSCCO
Waste-water treatment plant	WWTP

Assessment Cover Sheet

Background on council/s and engagement with the Department

Detail	Commentary
Councils involved in Plan	Rotorua Lakes Council
Number of connections	Drinking water: 27,185 Wastewater: 25,964 Stormwater: 24,989

Detail	Commentary
<p>DIA comment on council engagement during Plan development process</p>	<ul style="list-style-type: none"> • RLC has been consistently proactive in their engagement with the Department throughout the development of their water services delivery Plan. • In November 2024, RLC notified the Department of their intention to proceed on the basis that their draft Plan would be prepared based on retaining in-house delivery as their preferred model, whilst still exploring other arrangements. • In January 2025, the Department provided advice to RLC, Kawerau District Council (KDC), Opotiki District Council (ODC), Whakatāne District Council (WDC), Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBoP) on the financial viability of a Bay of Plenty Water WSCCO. • Following this, the Department met with the four Eastern Bay of Plenty (EBoP) Chief Executives in February 2025, to discuss analysis for the four council sub-regional grouping with WDC, KDC, ODC and RLC which confirmed this model would likely be financially sustainable and to discuss primary financial benefits and implementation approaches available. • Following public consultation, on 25 June 2025, RLC resolved that water services delivery be outlined via the Plan as an IBU. RLC's proposed service delivery model is multi-staged with water services being delivered in-house until 1 July 2028. It may then be delivered by a joint WSCCO from July 2028 onwards. This is dependent on a regional Waters Working Group report in 2027 and the Council to make a final decision on participating in the joint WSCCO. • The final Plan was submitted on 14 August 2025. • On 28 August 2025, the ŌDC, Whakatāne, Kawerau, and Rotorua Lakes District Councils wrote to the Department seeking assistance to explore the development of a multi-council WSCCO. • On 19 September 2025, the Department held a workshop with WDC, KDC, ODC, Gisborne District Council and RLC to assist with progressing their investigation of a joint WSCCO arrangement.
<p>Feedback provided to council prior to submission on Draft Plan</p>	<ul style="list-style-type: none"> • RLC provided the Department with a draft Plan for review on 7 July 2025. The Department responded on 11 July 2025 with feedback stating that from the assessment of the draft, the Department did not identify any material issues and feedback was mostly focussed on areas of clarification needed and general feedback for consideration.

Detail	Commentary
Engagement with council during review and assessment process	<ul style="list-style-type: none"> • On 17 September 2025, the Department requested that RLC clarify technical and financial matters which were raised during the review process. RLC responded on 21 September 2025 with an updated Plan. • The updated Plan included some corrections in relation to the financial information, a further explanation of asset condition and a further explanation of the renewal approach / methodology. • During the 9 October 2025 Review Panel meeting, the Panel agreed to ask the Council about whether required plans and budget have been allocated to ensure the discharge from the Rotorua wastewater treatment plant meets compliance. This query was sent via email and RLC responded on 10 October 2025 to confirm that RLC is currently upgrading its primary treatment plant, with completion expected early 2026. RLC stated that the Council’s Long-Term Plan and Infrastructure Strategy have made financial provisions for both the WWTP upgrade (that is about 80% complete) and the conveyance of recovered water to an agreed discharge point.
Other Background Comments	N/A

Assessment Summary

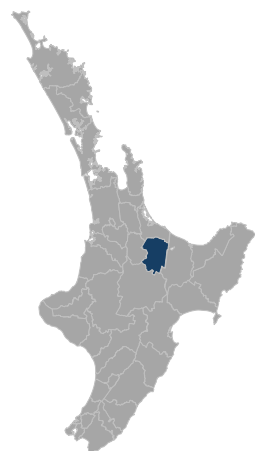
Section	Commentary
Confirmation of submission completeness checklist	Yes – all required components completed.
General Comment on Plan	The Plan demonstrates financial sustainability, with sufficient revenue to cover costs, and sufficient investment to meet relevant regulatory standards.
Financial Sustainability Comment	The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets the LOS, regulatory requirements and provides for growth. The actions required to achieve financially sustainable delivery of water services are provided along with a description of risks and constraints.
Revenue Sufficiency	The average projected charges for water services increase from \$2,240 to \$3,290, a 46.9% increase over 10 years. The affordability ratio ranges between 2.3% to 2.7% of median household income, roughly aligning to the Department’s guidance of 2.5% of median household income. The Plan shows that projected water services revenues cover the projected costs of delivering water services. Every year of the Plan has a projected operating cash surplus for water services ranging between \$20.6m and \$41m. There are projected operating surpluses for water services from 2027/28 onwards.
Investment Sufficiency	The Plan demonstrates investment is sufficient to meet requirements of LOS, renewals and enable growth. The Plan notes that growth requirements have been considered through to 2055 for key projects. Expenditure is consistent with RLC’s Infrastructure Strategy and AMP. The average asset remaining life is increasing due to expenditure on renewals and new assets.
Financing Sufficiency	The Plan confirms sufficient funding and financing can be secured to deliver water services. The projected borrowings for water services are \$263.8m over the 10 years. The projected whole of council borrowings will remain within the LGFA 280% net debt to revenue limit and projected water services remain under the 500% limit, peaking at 413% in 2026/27 then reducing to 324% in year 10. Using the 500% net debt to revenue limit the borrowing headroom for water services ranges between \$48.3m and \$143.3m over the 10 years. This Plan is for an IBU therefore the FFO calculation does not need to be assessed. However, we note that RLC has a FFO of over 9% from 2028/29 which would align with being part of a joint CCO with over 20,000 connections.
Overall assessment recommendation	The overall recommendation from the assessment phase is to accept the Plan from RLC.

Issues for discussion with Panel

Issue	Description	Recommended treatment
All councils		
Delivery of the capital programme	The capital programme is higher in the first four years of the Plan related to several large projects. RLC has stated that delivery is a risk which is being managed through a new Capital Programmes Team and more comprehensive master planning. The Plan highlights that a key benefit of a joint WSCCO would be having the scale and capability to deliver the larger investment programmes.	We recommend monitoring the delivery of the capital programme outlined in the Plans

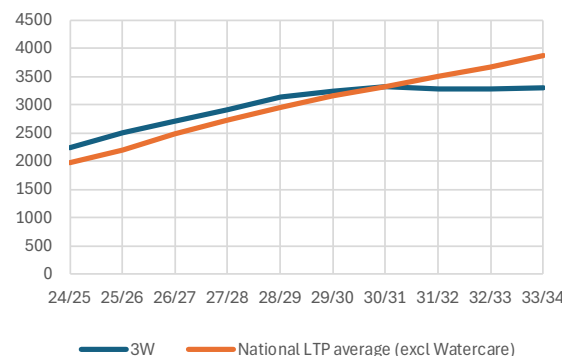
Council summary information

Summary information	Level
Current population	77,100
Drinking water connections	27,185
Wastewater connections	25,964
Stormwater connections	24,989
High growth council	No
10 year population growth	6.1%



Affordability and growth

Water services charge compare to national LTP average



Assets, network and compliance

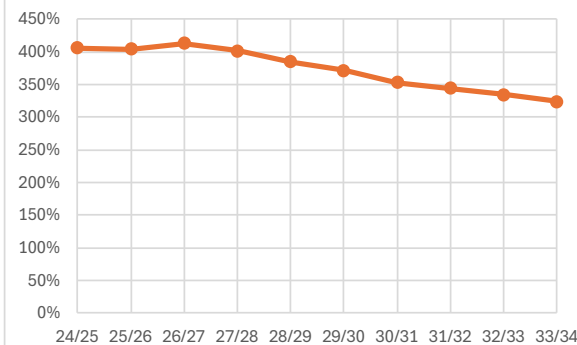
Asset measures	Year 1	Year 10	10 Year Average
Total assets per connection (\$)	26,607	39,772	34,766
Total debt per connection (\$)	7,405	8,616	8,925
Operating costs per connection (\$)	850	1,062	971
Age of network (years)	DW	WW	SW
Average age outlined in plan	31	27	42

Network performance	Level
Level of service performance measures achieved	Partially Achieved
Water loss rate	31.6%
Average consumption (litres per person per day)	217

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

Financing

Net debt to operating revenue

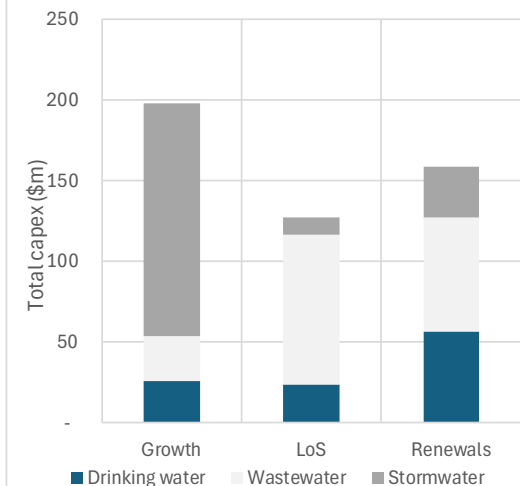


Capital expenditure	Category of capital expenditure			Total over 10 years
	Growth	Level of service	Renewals	
Drinking water	25,934	23,777	56,995	106,706
Wastewater	27,771	92,875	69,989	190,635
Stormwater	143,953	10,467	31,615	186,035
Total 10 years	197,658	127,119	158,599	483,376

Item	Year 1	Year 10	10 Year Average
Total charge as % of median income	2.30%	2.40%	2.54%
Annual price increase	16.90%	0.30%	5.71%
DC collected per new connection (\$)	N/A	19,259	24,410

Item	Year 1	Year 10	10 Year Average
Water related net debt to operating revenue %	406%	324%	374%
FFO to debt	8.5%	10.4%	9.4%
Whole of Council net debt to revenue (approx)	225%	200%	213%

Capex spend by type, 10 year total



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

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Delivery model and implementation				
Financially sustainable water services provision	RLC confirms that a multi-stage approach with an IBU until 2028 meets the financial sustainability requirements.	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
The proposed model to deliver water services	RLC's proposed service delivery model is multi-staged with water services being delivered in-house until 1 July 2028. It may then be delivered by a joint WSCCO from July 2028 onwards. This is dependent on a regional Waters Working Group report in 2027 and the Council to making a final decision on participating in the joint WSCCO. RLC's fall- back option is an IBU.	The proposed model for an in-house business unit to deliver the water services is clear with a transition from the current arrangements from 1 July 2026. The organisation structure is unchanged with governance proposed via the council committee structure.	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Implementing the proposed service delivery model	<p>RLC states it has already broadly established financial ringfencing for its three waters activities.</p> <p>Key milestones to achieve compliance with legislation stated are:</p> <ul style="list-style-type: none"> • In-house water services delivery starting 1 July 2026 • Set up Waters Working Group and Sign Heads of Agreement for participating Councils for multi-council WSCCO (Oct 2025 – Dec 2025) • Undertake detailed study for joint WSCCO (Oct 2025 – February 2027) • Community and Iwi engagement (March - October 2026) • Set up WSCCO Transitional body and develop detailed transition plan • Undertake key establishment tasks. 	<p>The implementation plan outlines key milestones and dates with sufficient detail, noting a decision on the joint WSCCO is expected by March 2027.</p>	<p>Meets requirements</p>	<p>N/A</p>
Consultation and engagement undertaken	<p>RLC has consulted with its community on two service delivery options for water services:</p> <ul style="list-style-type: none"> • Option one (preferred) - Water services delivered in-house until 2028, then delivered by a WSCCO (either wholly owned by RLC or a joint WSCCO) from July 2028 onwards. • Option two - In-house Council Water Services Division. 	<p>Consultation meets the requirements of Part 3 of the Preliminary Arrangements Act.</p>	<p>Meets requirements</p>	<p>N/A</p>

Assurance and adoption of the Plan				
Council resolution to adopt the Plan	The Council adopted this Plan on 23 July 2025.	N/A	Meets requirements	N/A
Certification of the Chief Executive of RLC	The Chief Executive certified the Plan on 6 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	RLC has 10 defined water supply areas, 13 wastewater areas and 14 stormwater catchments. Detailed information provided on serviced areas, residential and non-residential connections. Growth areas are planned out to 2054/55. Performance measures are achieved except for real water loss at 31.6%.	Required information is provided.	Meets requirements	N/A
Assessment of the current condition and lifespan of the water services network	<p>The network assets (mains) average ages are:</p> <ul style="list-style-type: none"> • Drinking water - 34 years • Wastewater - 41 years • Stormwater - 33 years <p>A proportion of the above and below ground assets have condition ratings. Above ground assets in poor/very poor condition are estimated at <10%. Below ground assets have limited condition information. The current renewals focus is on replacing galvanised iron mains, asbestos cement pipes, trunk mains (critical assets) and rider mains (known to leak). The Infrastructure Strategy (2024-2054) provides further detail on the percent of average asset life used and remaining for each asset sub-type and age profiles of each network by material type for below ground assets. Further clarification was provided on the asset condition assessment carried out on critical AC water pipelines in 2022 and water supply reservoirs in 2025.</p>	<p>The condition and performance information is suitable to plan maintenance, renewals and capital and operating planning in the short term. On-going condition assessment programmes are in place to increase the available condition information.</p> <p>Critical assets are identified.</p> <p>Based on the asset age profile in the infrastructure strategy, there are few assets due to reach the end of their useful lives in the next 10 years and given the on-going investment in condition assessment, the renewal plan is appropriate.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Asset management approach</p>	<p>RLC has an Asset Management Policy and Strategy in place. Asset management systems are described.</p> <p>The Plan states the focus will be to address the gaps in asset management practices (as identified in the AMP) as well as meeting economic regulation requirements as these are implemented by the Commerce Commission. If RLC decides to join a joint WSCCO, it is expected that there will be a period of harmonisation of asset management practices to lift capability across the joining councils.</p> <p>Asset management maturity was self-assessed in 2024 as at “higher level of core” for three waters.</p>	<p>Detailed information provided on the asset management approach. Commentary is provided on how asset management will support the proposed model.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Statement of regulatory compliance</p>	<p>Fully compliant for all supplies. No boil water notices. Fluoridation has commenced in Rotorua Central and East as directed by the Ministry of Health (compliance date March 2025). Average consumption is 234 litres per day.</p> <p>There have been no consent enforcement actions or significant non-compliances. Consents include 13 Water supply take/discharge (three expired water takes/active applications operating on S124), four wastewater discharge consents with one active application operating on S124 and four wastewater network consents, 32 Stormwater consents.</p> <p>18 consents expire in the next 10 years. 11 are stormwater consents which will be replaced by the comprehensive stormwater consent (currently under appeal to environment court). Water take consent renewals are in process. The discharge location for the WWTP discharge is planned to change following engagement with Iwi but will be subject to a revised consent application.</p>	<p>Investment is appropriate to maintain DWQAR compliance.</p> <p>Budgets are provided for consents due to expire. The risk associated with water take consent renewal reducing allowable take has been identified.</p> <p>Investment sufficient for regulatory compliance.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p>Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements</p>	<p>RLC has developed master plans, an overarching framework to consider interrelated issues for planning i.e. growth plans, service level pressures, and poor-quality assets. The Plan states long-term planning is informed by the master plans for each of the water services activities, which identify the infrastructure and investment needed to support growth over a 30-year horizon. These master plans are reviewed every six years to ensure they reflect current growth trends and regulatory requirements.</p>	<p>Appropriate investment has been provided for compliance, renewals, growth and LOS.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Historical delivery against planned investment</p>	<p>Renewal delivery was 82% of planned in 2022/24. The Plan includes an explanation of delivery challenges. Capex delivery was 112% of planned for 2022/24.</p> <p>Over the last three years actual delivery averaged about \$49 million which is similar to the proposed level in the Plan post WWTP upgrade and IAF stormwater project completion.</p> <p>The Plan highlights that a key benefit of a joint WSCCO is having the scale and capability to deliver the larger investment programmes.</p>	<p>The capital programme is higher in the first four years of the Plan related to several large projects. RLC has stated that delivery is a risk which is being managed through a new Capital Programmes Team and more comprehensive master planning.</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
Revenue and charging arrangements				
Charging and billing arrangements	<p>Current and proposed charges are stated in the Plan with no changes planned to change the charging mechanisms.</p> <p>The Plan indicates that once if a WSCCO is established, a Board of Directors will agree the pricing principles for charging and the pathway to long-term pricing subject to economic regulation, as set out in a CCO Shareholders Agreement.</p>	Charging and billing arrangements are outlined in the Plan.	Meets requirements	N/A
Water services revenue requirements and sources	A high-level summary of expected revenue sources is listed for each activity. The projected financial statements also provide information on the breakdown of operating revenue received, as well as by which water activity.	Water services revenue requirements and sources are outlined in the Plan.	Meets requirements	N/A
Existing and projected commercial and industrial users' charges	<p>Commercial and industrial users typically pay water charges based on use. This is 15% of total water revenue.</p> <p>Commercial and industrial users pay based on the number of toilets connected to the wastewater network and is approximately 10% of wastewater revenue.</p> <p>RLC will shift funding for stormwater activities from general rates to targeted rates in the 2027/28 financial year. 10% is collected from non-residential users.</p>	Existing commercial and industrial users' charges are in the Plan.	Meets requirements	N/A
The affordability of projected water services charges for communities	The charges range from 2.3% of median household income to 2.7% of median household income in the middle years. It is projected that these will come down to 2.4% by the end of the forecast period.	The Plan confirms that the affordability of projected water services charges roughly aligns with the Department's guideline of 2.5% of medium household income.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Funding and financing arrangements				
Water services financing requirements and sources	<p>Net debt in relation to water services is expected to increase from \$169m to a peak of \$286m by 2030.</p> <p>Debt is currently acquired through a mixture of fixed term, fixed rate debenture stock, and floating rate stock.</p>	Water services financing requirements and sources are sufficient.	Meets requirements	N/A
Internal borrowing arrangements	<p>RLC does not have an internal treasury function and manages its external treasury function at a total council level. RLC will be working towards implementing an internal treasury for water services through 2025/26 for implementation in 2026/27 and beyond.</p>	Internal borrowing arrangements are outlined in the Plan.	Meets requirements	N/A
Determination of debt attributed to water services	<p>Debt is assigned to water services based on actual spend on projects and the funding sources of those projects in accordance with the Council's revenue and financing policy.</p> <p>RLC net debt position at 30 June 2024 has been provided at a combined and activity level.</p>	The determination of debt attributed to water services is appropriately detailed in the Plan.	Meets requirements	N/A
Insurance arrangements	<p>No change is proposed to the ownership of water assets, and RLC intends to continue to hold an appropriate level of insurance over three water assets.</p>	Sufficient information on Insurance arrangements is 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
Financially sustainable water services provision				
Confirmation of financially sustainable delivery of water services by 30 June 2028	RLC confirms that it will be able to achieve financial sustainability by 30 June 2028. Depreciation is currently not fully funded, however, is expected to be funded by 2027/28.	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	Planned investment in new and replacement assets is sufficient to meet compliance and service level requirements for future water service delivery in the district and RLC has sufficient borrowing headroom to provide financially sustainable water services through any of the possible delivery models.	The actions required to achieve financially sustainable delivery of water services are described.	Meets requirements	N/A
Risks and constraints to achieving financially sustainable delivery of water services	<p>Key risks include:</p> <ul style="list-style-type: none"> • Delivery risks may impact the timing of investment but are unlikely to result in failure to meet financing sufficiency or revenue sufficiency tests. • Risk of capital goods inflation outpacing projections. • Consequential risk of capital good inflation on depreciation forecasts. 	Risks and constraints to achieving financially sustainable delivery of water services are described.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Assessment of revenue sufficiency				
Projected water services revenues cover the projected costs of delivering water services	There is a deficit in the first three years of the planning period due to depreciation funding. Subsequently, projected revenue is greater than projected expenditure.	The Plan shows that 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	Average projected residential charges per connection (including GST) for water services rise from \$2,240 in year one to \$3,290 in year 10, a 46.9% increase over 10 years.	The average projected charges are sufficiently described.	Meets requirements	N/A
Projected operating surpluses/(deficits) for water services	There is an operating deficit in the first three years of the period. This reduces and turns into a surplus for the remainder of the period. These are applied towards the funding of capital works and the repayment of debt depending on overall cashflow requirements.	Projected operating surpluses are forecast for water services from 2027/28 onwards.	Meets requirements	N/A
Projected operating cash surpluses for water services	The operating cash ratio ranges between 40.3% and 51.4%. Cash surpluses generated through the water activities are applied firstly to the payment of financing costs on waters related debt, and secondly towards replacement (renewal) of existing assets.	Each year of the Plan has a projected operating cash surplus for water services ranging between \$20.6m and \$41m.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Assessment of investment sufficiency				
Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth	<p>Major projects are:</p> <ul style="list-style-type: none"> • WWTP upgrade (~\$65m). • Tarawera Sewerage Scheme (~\$22m). • Stormwater Infrastructure Acceleration Fund projects (~\$104m). • Water supply upgrade and growth projects for next ten years (~\$103m). <p>Growth expenditure over the period averages \$74,000 per new connection (majority of growth expenditure is for stormwater).</p> <p>The Plan notes that growth requirements have been considered through to 2055 for key projects.</p>	<p>The Plan demonstrates investment is sufficient to meet requirements of LOS, renewals and enable growth.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Renewals requirements for water services	<p>Asset sustainability ratio is on average slightly negative for the duration of the Plan.</p> <p>Focus for renewals is on water assets +23% over the 10 years, wastewater at -35% and stormwater at -21% compared with depreciation.</p> <p>The renewals plan is consistent with the age profile of the assets.</p> <p>Further clarification was sought and provided on RLC's renewal rationale: "Council's approach to renewal planning to ensure resilient infrastructure is:</p> <ul style="list-style-type: none"> • Critical assets are the priority for our renewal programmes. • Non-critical assets are managed on reactive repairs / replacement. • Assets are renewed with a risk-based approach as follows: <ul style="list-style-type: none"> - Public safety renewals are implemented with shortened timeframes using the best information available - Renew assets classified as critical before the end of their effective life - Run to failure non-critical assets and replace reactively." 	The Plan demonstrates sufficient investment to meet the renewals requirements for water services.	Meets requirements	N/A
Total water services investment required over 10 years	The Investment ratio varies over the period with higher levels in the first five years of the Plan but remains positive throughout the period. The first five years of the Plan reflect committed projects such as the Rotorua WWTP upgrade and IAF stormwater work.	Expenditure is consistent with RLC's Infrastructure Strategy and AMP.	Meets requirements	N/A
Average remaining useful life of network assets	Asset consumption ratio increases from 55.4% - 60.3% over the 10 years. Supports adequate renewals.	Average asset remaining life is increasing due to expenditure on renewals and new assets.	Meets requirements	N/A
Assessment of financing sufficiency				

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Confirmation that sufficient funding and financing can be secured to deliver water services	Overall council debt to revenue will remain below the covenants imposed by LGFA.	The Plan confirms sufficient funding and financing can be secured to deliver water services.	Meets requirements	N/A
Projected council borrowings against borrowing limits	RLC borrowing is projected to be within the LGFA lending covenant limit. Borrowing increases in the first few years, then decreases for the second half of the period covered by the Plan.	The projected whole of council borrowings will remain within the LGFA 280% net debt to revenue limit.	Meets requirements	N/A
Projected water services borrowings against borrowing limits	The borrowing limit for three waters debt to revenue is indicated in this Plan as being 500%, however there is no formal resolution adopting a specific limit for three waters activities. Water services borrowing will peak in 2026/27, and then slowly decrease.	The projected water services remain under the 500% limit, peaking at 413% in 2026/27 then reducing to 324% in year 10.	Meets requirements	N/A
Projected borrowings for water services	Net debt attributed to water services goes up for the first three years but then goes down for the remainder of the period. Net debt to operating revenue fluctuates from 406% at the start to a peak of 413% and finishes at 324%.	The projected borrowings for water services are \$263.8m over the 10 years.	Meets requirements	N/A
Borrowing headroom/(shortfall) for water services	Borrowing headroom calculated against debt to revenue.	Using the 500% net debt to revenue limit the borrowing headroom for water services ranges between \$48.3m and \$143.3m over the 10 years.	Meets requirements	N/A
Free funds from operations	FFO increases from 8.5% to 10.4% – however this decreases to 8.4% in the second and third year first before increasing again. RLC’s combined water services FFO to debt ratio remains above 9% after 1 July 2028. This remains above the minimum FFO of 9% indicated in the guidance issued by LGFA for a WSCCO with between 20,000 – 50,000 connections.	This Plan is for an IBU therefore the FFO calculation does not need to be assessed. However, we note that RLC has a FFO of over 9% from 2028/29 which would align with being part of a joint WSCCO with over 20,000 connections.	N/A	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Assessment of financing sufficiency	RLC's future borrowing requirements and operating revenue projections indicate that under its preferred delivery model sufficient funding and financing can be secured to deliver water services.	The Plan confirms sufficient funding and financing can be secured to deliver water services.	Meets requirements	N/A

Assessment Report: Part E – Projected financial statements for water services

Section in Part E	Summary of content in Plan	Assessment Review Comment	Focus for panel
Projected funding impact statement	Projected funding impact statements are shown for water services, at a combined and activity level.	Meets requirements	N/A
Projected statement of comprehensive revenue and expense	Projected statements of comprehensive revenue and expense are shown for water services, at a combined and activity level.	Meets requirements	N/A
Projected statement of cashflows	Projected statements of cashflows are shown for water services, at a combined and activity level.	Meets requirements	N/A
Projected statement of financial position	Projected statements of financial position are shown for water services, at a combined and 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 page 47

[Projected statement of financial position](#)

Water Services Delivery Plan page 49

[Financial measures: revenue sufficiency](#)

Water Services Delivery Plan pages 36 - 39

[Financial measures: investment sufficiency](#)

Water Services Delivery Plan pages 39 - 41

[Financial measures: financing sufficiency](#)

Water Services Delivery Plan pages 42 - 44

Assessment Report: Water Service Delivery Plan – Additional information

Additional information	Summary of content in Plan	Assessment Review Comment	Focus for Panel
Additional disclosures to support Plan	N/A	N/A	N/A
Significant capital projects	Tables in the Plan show planned significant capital projects for the three water activities between 2024/25 and 2033/34.	Meets Requirements	N/A
Key issues, constraints, risks and assumptions	Disclosure of risks and material assumptions for water services delivery are in the Plan.	Meets Requirements	N/A