

# Water Services Delivery Plan Assessment

## Assessment Report – Stratford 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
Council-controlled organisation	CCO
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
Stratford District Council	SDC
Water Services Delivery Plan	Plan

# Assessment Cover Sheet

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

Detail	Commentary
<b>Councils involved in Plan</b>	Stratford District Council
<b>Number of connections</b>	Water supply connections: 3,125 Wastewater connections: 2,765 Stormwater connections: 2,813
<b>DIA comment on council engagement during Plan development process</b>	<ul style="list-style-type: none"> <li>• SDC have been consistently proactive in their engagement with the Department throughout the development of their Plan. Since November 2024, SDC has continued discussions on the potential joint Water Services Council Controlled Organisation with New Plymouth District Council (NPDC) and South Taranaki District Council (STDC) as well as looking at delivering water independently.</li> <li>• The three Taranaki Council grouping presented a financially viable model within the debt to revenue limits and FFO to debt limits indicated by LGFA. In November 2025, the Department assisted the Taranaki grouping with the AMP section of the WSDP template.</li> <li>• In February 2025, STDC provided the Department with an updated regional financial model, on behalf of the grouping, for a quality assurance review before the Taranaki Council grouping finalised their consultation documents.</li> <li>• On 25 February 2025, through council resolution, the Council resolved to undertake public consultation on its proposed model for water service delivery. The preferred option was the joint Taranaki CCO in partnership with STDC and NPDC, with an alternative option being an IBU.</li> <li>• SDC consulted their community from 30 April 2025 to 30 May 2025, of 185 submissions received, which indicated clear support from the community for the IBU over the CCO model.</li> <li>• On 24 June 2025, SDC confirmed their decision of an IBU model, thereby exiting the Taranaki regional grouping as their preferred model for future water services delivery. Following this, the Secretary for Local Government wrote to the Council to express concerns that the Council would face significant barriers to achieving financial sustainability through a standalone model, based on analysis of the LTP.</li> </ul>

Detail	Commentary
	<ul style="list-style-type: none"> <li>The final Plan was submitted on 29 August 2025.</li> </ul>
<b>Feedback provided to council prior to submission on Draft Plan</b>	SDC submitted a draft Plan to the Department on 14 August 2025 for review. The main areas of feedback to SDC related to receiving more detailed performance measure information, how asset management will be improved, and requests for commentary on fluctuations within the forecasts for renewals expenditure and how ringfencing requirements would be met.
<b>Engagement with council during review and assessment process</b>	<p>On 15 September 2025 the Department made the follow request to SDC:</p> <ul style="list-style-type: none"> <li>Historical actual delivery has not met planned delivery. Please describe how SDC will deliver the proposed capital investment programme over the next 10 years.</li> <li>For renewals, a significant proportion of assets are reported to be in poor/very poor condition, but no renewals backlog has been identified. Please explain the rationale for this.</li> <li>While you are mainly compliant for drinking water and stormwater you note non-compliances for wastewater activity. Please describe any plans to address consent non-compliances in the capital investment programme.</li> </ul> <p>This information was supplied on 17 September 2025 by Sven Hanne, CEO of SDC.</p>
<b>Other Background Comments</b>	N/A

## Assessment Summary

Section	Commentary
<b>Confirmation of submission completeness checklist</b>	Yes - 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 Stratford 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 long-term investment that meets the LOS, regulatory requirements and provides for growth. There are sufficient actions identified in the Plan to demonstrate how water services will be delivered. Detailed risks and constraints to achieving financially sustainable delivery of water services are outlined.
<b>Revenue Sufficiency</b>	The Plan demonstrates sufficient revenue will be collected to cover costs and allow the necessary investment to support growth and meet regulatory standards. Projected revenues will cover costs of water services throughout the 10-year Plan. The average projected charges for water services starts at \$1,365 and rises to \$2,907 in 2033/34. Affordability is assessed at a three waters level and aligns with the Departmental guidance of 2.5% of the median income. SDC has cash surpluses forecast throughout the Plan and projected operating surpluses for water services are forecast from 2026/2027.
<b>Investment Sufficiency</b>	The Plan demonstrates investment is sufficient to deliver the required LOS, renewals and to enable growth. The asset sustainability ratio fluctuates over the 10-year period and overall planned renewals investment is higher than depreciation. The asset investment ratio over the 10-year period is positive and unchanged from the infrastructure strategy, LTP and AMP. Asset consumption is consistent across the 10-year period indicating that the average age of assets remains constant.
<b>Financing Sufficiency</b>	The Plan demonstrates financing sufficiency for a ring-fenced IBU. The Council has sufficient borrowing capacity to allow additional capital investment if necessary. The water services stay below their self-imposed debt to revenue limit of 500% while the whole of council stays within its 175% debt to revenue limit with sufficient headroom at both a water services level and a whole of council level. Borrowings identified for water services increase to a total of \$24.6m over the 10-year Plan and water services have sufficient headroom throughout the Plan to allow for additional capital investment if necessary. The headroom in 2033/34 allows for capital investment beyond the 10-year Plan timeframe and the FFO to net debt ratio demonstrates that water services could stand alone if required.

<b>Overall assessment recommendation</b>	The overall recommendation from the assessment phase is to <b>accept</b> the Plan from SDC.
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## Issues for discussion with Panel

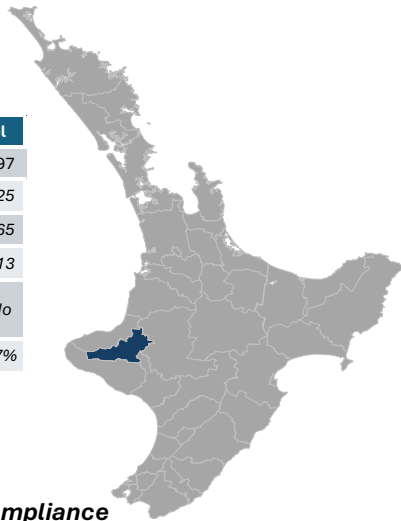
Issue	Description	Recommended treatment
Delivery of capital programme, including compliance and renewals projects	The Plan sets out an ambitious programme of capital projects, which exceeds what the SDC have historically achieved.	We recommend that delivery of capital programme is monitored.

**Water Services Delivery Plan Summary Analysis – Stratford District Council**

IN CONFIDENCE

**Council summary information**

Summary information	Level
Current population	10,597
Drinking water connections	3,125
Wastewater connections	2,765
Stormwater connections	2,813
High growth council	No
10 year population growth	3.7%



**Assets, network and compliance**

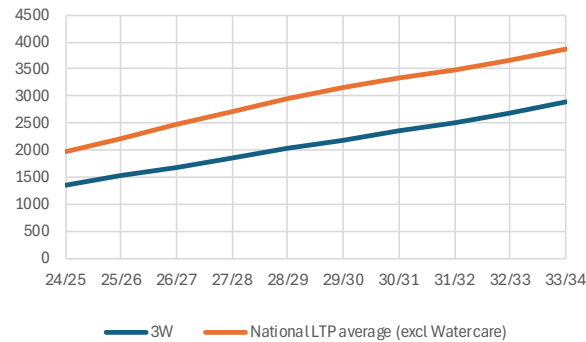
Asset measures	Year 1	Year 10	10 Year Average
Total assets per connection (\$)	26,692	38,203	31,035
Total debt per connection (\$)	5,037	8,172	6,167
Operating costs per connection (\$)	469	718	662
Age of network (years)	DW	WW	SW
Average age outlined in plan	28	50	44

Network performance	Level
Level of service performance measures achieved	89.5%
Water loss rate (% loss)	~10%
Average consumption (litres per person per day)	297

Compliance addressed in the plan	Level
Drinking water compliance	Yes
Resource consent compliance	Yes

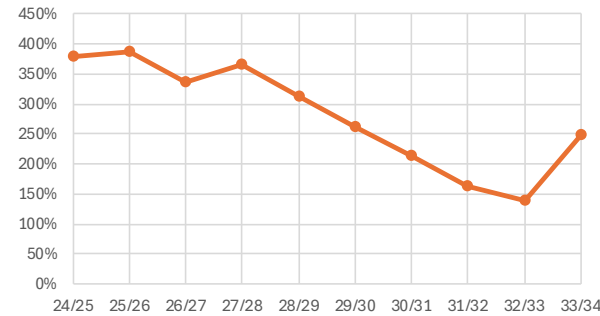
**Affordability and growth**

Water services charge compare to national LTP average



**Financing**

Net debt to operating revenue

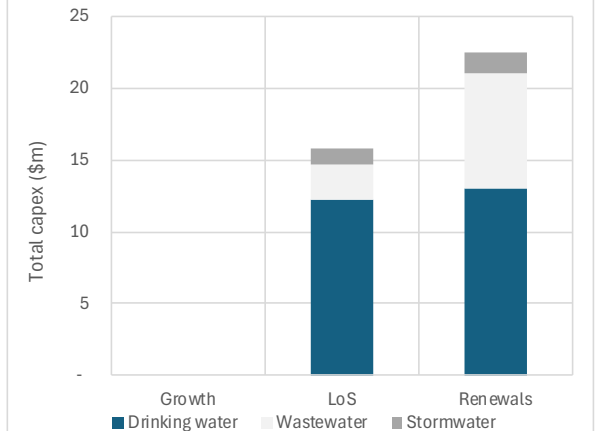


Capital expenditure	Category of capital expenditure			Total over 10 years
	Growth	Level of service	Renewals	
Drinking water	-	12,231	12,994	25,225
Wastewater	-	2,428	8,037	10,465
Stormwater	-	1,103	1,386	2,489
<b>Total 10 years</b>	-	<b>15,762</b>	<b>22,417</b>	<b>38,179</b>

Item	Year 1	Year 10	10 Year Average
Total charge as % of median income	1.60%	2.60%	2.14%
Annual price increase	14.70%	7.70%	9.37%
DC collected per new connection (\$)	N/A	N/A	N/A

Item	Year 1	Year 10	10 Year Average
Water related net debt to operating revenue %	380%	248%	280%
FFO to debt	10.2%	22.7%	19.0%
Whole of Council net debt to revenue (approx)	110%	106%	106%

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>	Includes a statement that the IBU will meet financial sustainability requirements by 1 July 2027. Full financial separation will be achieved from this date.	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>	<p>SDC is proposing to adopt an Internal Business Unit delivery model, which is an enhancement of the status quo, for the delivery of water services in the district. This standalone model builds on the progress achieved to date and leverages improved systems and resources to strengthen and future-proof water service delivery.</p> <p>The IBU model proposes the same organisational structure with the appointment of an additional 4.5FTEs. Council will establish a Water Services Committee to monitor performance.</p> <p>The IBU will meet ring fencing requirements.</p>	The Plan's description of the proposed IBU model is clear with implementation occurring from 2026 to July 2027.	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Implementing the proposed service delivery model</b>	<p>Key milestones to achieve full ring-fencing and compliance with legislation stated are:</p> <ul style="list-style-type: none"> <li>• Jan – Mar 2026 – Governance structure;</li> <li>• Apr 2026 – Jul 2027 – Financial ringfencing planning and implementation. Review and implement revenue, investment and financing programme;</li> <li>• Apr 2026 – Dec 2026 – Resource and infrastructure review;</li> <li>• Apr 2026 – Jun 2027 Operational development and integration;</li> <li>• Jan 2027 – Jul 2027 – Full operational rollout; and</li> <li>• Jul 2027 onwards – Business as usual.</li> </ul>	<p>The implementation plan is high level but includes all the information required in section 13(2) of the Preliminary Arrangements Act.</p> <p>Milestones and dates are provided with sufficient detail.</p>	Meets requirements	N/A
<b>Consultation and engagement undertaken</b>	<p>SDC undertook public consultation between 30 April and 30 May 2025 on:</p> <ul style="list-style-type: none"> <li>• Option A: Joint CCO with South Taranaki and New Plymouth District Councils (Council's preferred option); and</li> <li>• Option B: Forming an IBU.</li> </ul> <p>A total of 185 submissions were received. Overall, 7% of submitters supported the preferred CCO option, with 92% support for an IBU and the remainder did not choose an option.</p>	Consultation meets the requirements of Part 3 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
<b>Assurance and adoption of the Plan</b>				
<b>Council resolution to adopt the Plan</b>	SDC resolved to adopt the Plan on 26 August 2025.	N/A	Meets requirements	N/A
<b>Certification of the Chief Executive of Stratford District Council</b>	The Chief Executive certified the Plan on 29 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				

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p><b>Serviced population and serviced areas</b></p>	<p>The serviced areas are split into three water supplies and one wastewater service:</p> <ul style="list-style-type: none"> <li>• Stratford is the only township that receive wastewater services, several other communities do not; and</li> <li>• The communities of Stratford, Midhirst and Toko all receive water supply services.</li> </ul> <p>SDC currently services approximately 71% of the district population for water supply and 61% for wastewater, the remainder are rural properties which self-support. For stormwater, every property in Stratford town, including residential, commercial or industrial is serviced by and connected to SDC's stormwater reticulation network.</p> <p>The draft Structure Plan anticipates steady growth in Stratford, particularly in the northern township, supported by SDC's active promotion of subdivision development. Overall growth rates are expected to remain stable at around 0.4% over the next decade.</p> <p>Department LOS Performance Measures: 2023 - 2024 results provided. LOS and performance are mainly met with the following exceptions:</p> <p>Average consumption of water higher than target - to be addressed by implementing universal metering.</p> <p>Estimated real water loss stated about 10% - this is lower than the national average and universal metering will provide more accurate information. Wastewater complaints higher than target - mainly blockages caused by foreign materials - to be addressed by education campaign.</p>	<p>Comprehensive information supplied on serviced areas, connections and growth areas. LOS and performance are mainly met.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Assessment of the current condition and lifespan of the water services network</b>	<p>Average asset age has been provided:</p> <ul style="list-style-type: none"> <li>• drinking water – 28 years;</li> <li>• wastewater – 50 years; and</li> <li>• stormwater – 44 years.</li> </ul> <p>All water services assets have a condition grading. Above ground assets in poor/very poor condition:</p> <ul style="list-style-type: none"> <li>• drinking water – 27%;</li> <li>• wastewater – 7%; and</li> <li>• stormwater – 30%.</li> </ul> <p>Below ground assets in poor/very poor condition:</p> <ul style="list-style-type: none"> <li>• drinking water – 13%</li> <li>• wastewater – 40%</li> <li>• stormwater – 33%</li> </ul> <p>Critical assets have been described.</p>	<p>Condition and criticality information is suitable to be used to plan maintenance, renewals and capital and operating programme over the short term.</p> <p>SDC renews assets upon failure or functional decline.</p> <p>SDC was asked to explain why the Plan states that SDC has no backlog or deferred maintenance in its work programme when a significant proportion of assets are in poor/very poor condition.</p> <p>SDC’s response is summarised below:</p> <ul style="list-style-type: none"> <li>• Up to 40% of assets are expected to be in poor or very poor condition at any given time due to the mature asset base;</li> <li>• Even assets in poor or very poor condition are kept in service as long as they continue to perform their intended function, maximising value for ratepayers;</li> <li>• SDC does not replace performing assets that do not adversely affect LOS, aligning with efficient public fund management and value maximisation;</li> <li>• Renewal budgets are in place, but asset replacement is only triggered upon failure or functional decline;</li> <li>• Contracts with contractors are maintained to ensure prompt repair or replacement when assets fail; and</li> </ul>	Meets requirements	Yes

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
		<ul style="list-style-type: none"> <li>This strategy has not had a material negative impact on user experience, as evidenced by KPIs.</li> </ul> <p>Recommend monitoring the implementation of this renewals investment programme.</p>		
<b>Asset management approach</b>	<p>Service delivery approach – the Plan describes the internal IBU structure, external contracts and shared services arrangements with NPDC and STDC.</p> <p>Asset management approach – the Plan describes the asset management policy framework, systems utilised in managing assets, and mentions improvement planning. Future improvements will be maturity, criticality assessments, maintenance monitoring, routine and targeted inspections, condition management and grading systems.</p>	Commentary provided on how service delivery and asset management will support the proposed model.	Meets requirements	N/A
<b>Statement of regulatory compliance DWS Compliance (including fluoride)</b>	<p>All three drinking water schemes are mainly compliant with the Drinking Water Standards for NZ. The Stratford scheme is fluoridated. The Midhirst and Toko restricted supply schemes are not fluoridated.</p> <p>There was a non-compliance for the DWQAR - Bacterial for the month of July 2024, as reticulation sampling exceeded the maximum number of days allowed; and three non-compliance notices in the last 24 months.</p>	Water supply is largely compliant.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p><b>Statement of Regulatory Compliance</b></p> <p><b>Resource consent compliance</b></p>	<p>SDC holds 11 environmental resource consents for drinking water, wastewater and stormwater from Taranaki Regional Council. All consents are current and 10 expire in the next 10 years. SDC has received one abatement notice and two infringement notices for wastewater in the last two years. The Plan states that additional funding for system improvements</p>	<p>Compliant for drinking water and stormwater.</p> <p>Information provided on plans in investment plan to address wastewater consent non-compliances.</p> <p>SDC was asked to explain where non-compliances are planned to be addressed in the capital investment programme. Their response is summarised below:</p> <ul style="list-style-type: none"> <li>• Recent abatement/infringement notices indicate under-performance of current wastewater treatment infrastructure.</li> <li>• Notices to fix have been issued by the Taranaki Regional Council, prompting serious action from the SDC.</li> <li>• The Stratford wastewater pond desludging project, initially planned for 2027/28, has been brought forward to 2025/26 following investigations and expert advice.</li> <li>• The Plan and LTP account for further consent renewal and significant upgrades to wastewater treatment infrastructure.</li> </ul> <p>Recommend monitoring the implementation of these compliance projects.</p>	<p>Meets requirements</p>	<p>Yes</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements</b>	Annual investment ranges from \$950k to \$14.3m over the 10-year period. Investment plan is not smoothed.	Plan includes sufficient investment to maintain compliance, meet LOS and enable growth. Renewals investment does not increase with time but exceeds depreciation.	Meets requirements	N/A
<b>Historical delivery against planned investment</b>	<p>In 2024/25, SDC delivered 40% of planned renewals and 38% of total planned investment. Delivery from 2021/22 to 2023/24 was 85% of planned renewals and 87% total planned investment.</p> <p>The proposed capital investment programme is more than historically delivered.</p>	<p>Historical actual delivery has not met planned delivery with an average actual investment of \$2.1m. Annual proposed investment ranges from \$950k to \$14.3m over the 10-year period.</p> <p>SDC was asked to provide further explanation on how they plan to increase programme delivery. Their response is summarised below:</p> <ul style="list-style-type: none"> <li>• Recent staffing improvements include recruiting an additional Project Engineer and appointing an External Project Lead for major projects.</li> <li>• Design for a key project (Grit Tank and Raw Water Line) is complete, with construction scheduled between December 2025 and the end of 2025/26.</li> <li>• Organisational restructuring will result in increased resources to meet higher delivery and compliance demands.</li> <li>• Greater emphasis is being placed on thorough planning phases to prevent delays in engineering design and tendering, especially for complex projects.</li> </ul>	Meets requirements	Yes

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
		<ul style="list-style-type: none"> <li>• Procurement and project scheduling are being better aligned for future programmes.</li> <li>• Efforts are underway to improve cost estimates, though some budget variances will remain due to market conditions.</li> <li>• Other proactive measures such as upfront investments in critical infrastructure, improved asset condition assessment, and robust processes for asset replacement and renewal prioritisation.</li> </ul> <p>Recommend monitoring implementation of capital investment programme.</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 and proposed charging and billing arrangements are clearly outlined.</p> <p>Water supply charges will be reviewed in the 2027-37 LTP in line with the roll out of universal water metering. The current wastewater charging mechanism is expected to remain in the near future, with a shift to volumetric charging coupled to water consumption expected further into the future. Stormwater is expected to move to a district wide standalone fixed rate per separately used or inhabited part of a property.</p>	The Plan has sufficient detail about current and proposed charging arrangements.	Meets requirements	N/A
<b>Water services revenue requirements and sources</b>	Main sources of revenue will be fixed and volumetric water rates supplemented by other fees identified in the above section, noting that development contributions are currently not charged, nor planned in the future.	Sufficient information on revenue sources has been identified in the Plan.	Meets requirements	N/A
<b>Existing and projected commercial and industrial users' charges</b>	<p>Commercial properties pay \$713 per connection plus \$2.53/m<sup>3</sup> for water use over 250m<sup>3</sup>/year. Serviceable properties pay \$356.50 per rating unit.</p> <p>Wastewater rates are charged based on number of toilets.</p> <p>Stormwater is currently charged via UAGC, same as residential. Planned move to a fixed district-wide rate: \$109/separately used or inhabited part of a property for 2025/26.</p>	Sufficient detail is provided for commercial charges.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>The affordability of projected water services charges for communities</b>	SDC's projected water rates will be 1.6–2.7% of median household income over 30-year projections. Three waters average charges are 1.6% of median household income in 2024/25 and 2.6% of median household income in 2033/34.	Affordability is assessed at a three waters level and largely aligns to the Departmental guidance provided by the Department of 2.5% of median household income.	Meets requirements	N/A
<b>Funding and financing arrangements</b>				
<b>Water services financing requirements and sources</b>	The IBU will set its own Treasury Policy to manage investments and borrowings in line with legal and covenant requirements. Borrowings will be at a whole of council level sourced through LGFA.	The Plan shows sufficient financing requirements and sources.	Meets requirements	N/A
<b>Internal borrowing arrangements</b>	SDC only has internal borrowing for drinking water repaid at \$80k per annum. Interest is charged at Council's weighted average loan interest rate at 31 December every year. There are no plans for any future internal borrowing. All loans will be drawn specifically for its purpose only and a separate loans schedule maintained. Separate financial records for the IBU will include loan principal and interest repayment schedules and reporting against internal debt and borrowing limits and ratios set.	Current internal borrowing arrangements and future borrowing practices are identified in the Plan.	Meets requirements	N/A
<b>Determination of debt attributed to water services</b>	Actual balances as at 30 June 2027 will set opening balances for transferring assets and liabilities to the new IBU from 1 July 2027. Debt for 2024/25 identified in the financial statements is \$14.6m.	Debt attributable to water services is clearly identified.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Insurance arrangements</b>	The IBU’s insurance will be included under SDC’s existing insurance, with costs internally invoiced to keep them specific to water services. SDC’s insurance covers above and underground assets and includes policies for material damage, business interruption, vehicles, personal accident, liabilities, cyber risk, travel, and environmental liability	Sufficient information on insurance arrangements has been provided 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>	SDC will be financially sustainable as an IBU by 1 July 2027.	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>	SDC is increasing water services revenue and investing in infrastructure to ensure future sustainability.  Planned pricing and revenue will cover all costs, including depreciation and debt.  Implementation details are provided in the implementation plan.	There are sufficient actions identified in the Plan.	Meets requirements	N/A
<b>Risks and constraints to achieving financially sustainable delivery of water services</b>	SDC outlines risks and constraints including variability in the capital programme, inflation, natural disasters, regulatory, legislative, political, and financial risks. Mitigations for these risks are identified.	Detailed risks and constraints to achieving financially sustainable delivery of water services are outlined.	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 revenues are expected to cover costs each year except 2025/26, which has a \$178k operating deficit. An operating surplus of \$2.5m is forecast for 2033/34. Future operating surpluses will support the capital programme and debt repayments.	Projected revenues will cover costs of water services throughout the 10-year Plan.	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>	Water service charges as a percentage of household income increase from 1.6% (\$1,365) in 2024/25 to 2.6% (\$2,907) in 2033/34.	The average projected charges are sufficiently described.	Meets requirements	N/A
<b>Projected operating surpluses/(deficits) for water services</b>	Operating surpluses are forecast from 2026/27 onwards. There is an operating deficit of 4.1% (-\$178k) in 2025/26 then surpluses increasing to 30.6% (\$2.5m) in 2033/34.	Projected operating surpluses for water services are forecast from 2026/2027.	Meets requirements	N/A
<b>Projected operating cash surpluses for water services</b>	Positive operating cashflows are forecast to remain over the Plan, rising from 51.5% in 2024/25 to 65.9% in 2033/34.	SDC has cash surpluses forecast 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>The Plan states that planned infrastructure investment is sufficient to meet future needs for water services, including growth, renewals, service levels, and regulatory requirements.</p> <p>Investment sufficiency has been modelled and tested, confirming it meets service, regulatory, and growth demands.</p> <p>The proposed investment is fully funded through projected revenues and available financing.</p> <p>Most investment in the Stratford District will focus on renewals and service improvements, as it is not a high growth area.</p>	The Plan demonstrates investment is sufficient to deliver the required LOS, renewals and to enable growth.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Renewals requirements for water services</b>	<p>Renewals are not smoothed. Overall planned renewals investment exceeds depreciation levels. The Plan states that proposed investment aligns with Infrastructure Strategy and AMPs.</p> <p>The council's asset sustainability ratio—which compares how much is actually spent on renewing or replacing infrastructure to how much should be spent to keep it in good condition—shifts over the years, ranging from negative 44.9% to positive 207.4%.</p> <p>A 30-year extended renewal profile has been provided in the Plan which shows significant renewals required in the 10-years from FY35-FY44.</p>	While the asset sustainability ratio fluctuates over the 10-year period, overall renewals are higher than depreciation, indicating that over the course of the Plan, enough funds have been committed to maintenance.	Meets requirements	N/A
<b>Total water services investment required over 10 years</b>	The asset investment ratio ranges from negative 46% to positive 579% over the 10-year period. Investment has not been smoothed, and the average annual asset investment is 108%.	The trajectory of the asset investment ratio over the 10-year period is positive and unchanged from the infrastructure strategy, LTP and AMPs.	Meets requirements	N/A
<b>Average remaining useful life of network assets</b>	Asset consumption is consistent across the 10-year period at about 47% to 50%.	Asset consumption is consistent across the 10-year period indicating that the average age of assets remains constant.	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 Plan confirms sufficient funding and financing can be secured to deliver water services.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Projected council borrowings against borrowing limits</b>	The whole of council borrowings are forecast to remain below 175% net debt to revenue with about 110% in 2024/25 and 106% in 2033/34. This provides \$32.5m headroom at a whole of council level by 2033/34.	The whole of council has sufficient borrowing capacity to allow additional capital investment if necessary.	Meets requirements	N/A
<b>Projected water services borrowings against borrowing limits</b>	SDC has identified a self-imposed debt to revenue limit of 500% for water services. Net debt to revenue is 380% in 2024/25 and declines to 248% in 2033/34. SDC has provided a 30-year forecast of water services debt levels which show the net debt to revenue percentage peaking at about \$50m (500%) in 2039/40 before declining to around \$10m in 2053/54.	Water services are within the self-imposed debt to revenue limit of 500%.	Meets requirements	N/A
<b>Projected borrowings for water services</b>	Projected borrowings for SDC's water services are \$14.6m in 2024/25 and increase to \$24.6m in 2033/34. Borrowings peak at \$24.6m in 2033/34.	Borrowings identified for water services total \$24.6m over the 10 years.	Meets requirements	N/A
<b>Borrowing headroom/(shortfall) for water services</b>	SDC's water activities have a borrowing headroom of \$4.6m in 2024/25. Headroom increases to \$20.7m in 2033/34. SDC has sufficient borrowing headroom in their water activities and at the whole of council level.	Water services have sufficient headroom throughout the Plan to allow for additional capital investment if necessary. The headroom in 2033/34 allows for capital investment beyond the 10-year Plan timeframe.  The borrowing headroom generated by 2033/34 allows SDC to carry out the forecast renewals beyond the Plan period to align with the significant renewals in the 10-years from 2034/35 to 2043/44.	Meets requirements	N/A
<b>Free funds from operations</b>	The FFO to debt ratio varies over the Plan from a starting point of 10.2% through a peak of 39.7% in 2032/33 to an 2033/34 position of 22.7%.	FFO is not assessed for an IBU. However, the FFO to net debt ratio demonstrates that water services could stand alone under a CCO model if required.	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>	The projected funding impact statement is provided at a water services level, not by each individual water activity.	Financial statements are provided, and they reconcile to the information provided in the Plan.	N/A
<b>Projected statement of comprehensive revenue and expense</b>	The projected statement of comprehensive revenue and expense is provided at a water services level, not by each individual water activity.		N/A
<b>Projected statement of cashflows</b>	The projected statement of cashflows is provided at a water services level, not by each individual water activity.		N/A
<b>Projected statement of financial position</b>	The projected statement of financial position is provided at a water services level, not by each individual water activity.		N/A

# Assessment Report: Part E – Financial projections and measures

## Projected statement of comprehensive revenue and expense

Water Services Delivery Plan page 68

## Projected statement of financial position

Water Services Delivery Plan page 69

## Financial measures: revenue sufficiency

Water Services Delivery Plan pages 59 - 60

## Financial measures: investment sufficiency

Water Services Delivery Plan pages 61 - 62

## Financial measures: financing sufficiency

Water Services Delivery Plan pages 63 - 66

# Assessment Report: Water Service Delivery Plan – Additional information

Additional information	Summary of content in Plan	Assessment Review Comment	Focus for Panel
<b>Additional disclosures to support Plan</b>	N/A	N/A	N/A
<b>Significant capital projects</b>	There is a schedule of all material capital projects included in the investment projections in the Plan.	Meets requirements	N/A
<b>Key issues, constraints, risks and assumptions</b>	Disclosure of risks and material assumptions for water services delivery has been provided.	Meets requirements	N/A