

Water Services Delivery Plan Assessment

Assessment Report – Tasman District Council



Glossary and abbreviations

The table below sets out the abbreviations used in this report

	Abbreviation
Capital expenditure	Capex
Council Controlled Organisation	CCO
Department of Internal Affairs	Department
Drinking Water Quality Assurance Rules	DWQAR
Funds From Operations	FFO
In-house Business Unit	IBU
Local Government Funding Agency	LGFA
Local Government (Water Services Preliminary Arrangements) Act 2024	Preliminary Arrangements Act
Long Term Plan	LTP
Nelson Regional Sewerage Business Unit	NRSBU
Tasman District Council	TDC
Water Services Delivery Plan	Plan
Wastewater treatment plant	WWTP

Assessment Cover Sheet

Background on council and engagement with the Department

Detail	Commentary
Councils involved in plan	Tasman District Council
Number of connections	Drinking water connections: 14,017 Wastewater connections: 15,335 Stormwater connections: 16,216
DIA comment on council engagement during Plan development process	<ul style="list-style-type: none"> • TDC has been proactive in their engagement with the Department throughout the development of their Plan. • TDC initially engaged external providers to explore future service delivery models. A Project Governance Group was established to lead this work. As of November 2024, three options remained under consideration: In-house delivery, Single-council CCO and Multi-council CCO. • Until early 2025, TDC was working with neighbouring councils on a potential joint model. On 27 March 2025, TDC resolved to proceed with the in-house business unit delivery model as the preferred option. • TDC consulted its communities from April to May 2025, with a preferred model of an IBU. The majority of submitters supported the IBU model. • In July 2025, TDC wrote to the Minister of Local Government requesting an extension for the submission of the Plan, seeking an additional four weeks or until 1 October 2025, as recent flood events had required substantial Council resources, delaying progress on the Plan. On 8 August 2025, the Minister of Local Government granted TDC with an extension to 1 October 2025. • The final Plan was submitted on 29 September 2025.

Detail	Commentary
Feedback provided to council prior to submission on Draft Plan	TDC provided the Department with a draft Plan for review on 2 July 2025. The Department responded on 17 July 2025 with feedback stating that from the assessment of the draft, it did not meet all legislative requirements due to incomplete information and a lack of demonstrated financial sustainability. On 9 September 2025, TDC advised the Department they had addressed the concerns, corrected errors, and included further explanation on points raised from the draft.
Engagement with council during review and assessment process	The Department asked for clarification on the pricing and borrowing strategies used to inform the price path and the information provided further information on the debt funding of investments in the last three years of the plan. These assumptions aligned to the net debt to operating revenue ratio increasing from 307% to 405% over this period. We noted that TDC's upcoming LTP and Water Services Strategy will together look at the financing and affordability of council services for the community.
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 is assessed as meeting the legislative requirements set out in section 13 of the Preliminary Arrangements Act.
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 LOS, regulatory requirements and provides for growth. Actions required to achieve financially sustainable delivery of water services are in the Plan along with the risks and constraints.
Revenue Sufficiency	The average projected water services charges per connection start at \$2,268 rising to \$5,213 over the 10 years, an increase of 130%. Affordability rises from 2.6% to 5% of median household income over the 10 years. There is a projected operating cash surplus for water services every year of the Plan and TDC have projected operating surpluses for water services from 2026/27 onwards.
Investment Sufficiency	TDC’s proposed water services investment is sufficient to meet LOS, regulatory requirements and provide for growth. TDC are investing \$661.9m over 10 years, almost three times depreciation. The level of renewals expenditure is deemed to be appropriate as it considers the age and condition profile of the assets, with greater renewals investment required outside the period of this Plan. Total renewals are \$110.5m, which is 17% of the total Capex and 43.4% of forecasted depreciation. The investment program is aligned with the Infrastructure Strategy, Asset Management Plans and Financial Strategy updated in line with 2025/26 Annual Plan adjustments. Investment in renewals focuses on growth and LOS improvements over the 10-year period which will, over time, result in decreasing the average asset remaining life.
Financing Sufficiency	The Plan confirms sufficient funding and financing can be secured to deliver water services. Projected borrowings for water services are \$296.5m over the 10 years of the Plan. TDC’s projected council borrowings are within the 280% whole of council borrowing limits of the LGFA. Projected water services borrowings remain within the 500% debt to revenue internal policy limit peaking at 405% in 2033/34. There is sufficient borrowing headroom. The FFO metric is not assessed as this is an IBU, however TDC’s FFO is greater than 10% and could support a standalone CCO.
Overall assessment recommendation	The overall recommendation from the assessment phase is to accept the Plan from TDC.

Issues for discussion with Panel

Issue	Description	Recommended treatment
<p>Insurance arrangements</p>	<p>TDC’s Plan states that it has the necessary insurance policies, and an annual review of coverage and asset value is undertaken. A comprehensive risk evaluation and assessment process is undertaken for its water services infrastructure including the identification of the probability of asset failure and the potential cost of loss.</p> <p>We note the Plan says below-ground assets are typically not insured, due to the high replacement cost and the low probability of widespread simultaneous failure. However, there is cover for Council’s share (40%) in the case of a natural disaster. Tasman’s insurance approach is aligned with its broader Disaster Recovery and Resilience Policy. This includes planning for emergency response, access to central government disaster recovery funding, and business continuity provisions. Insurance is considered one of several risk transfer and mitigation tools in a layered resilience strategy.</p>	<p>We recommend that TDC review their insurance arrangements to ensure below ground assets are insured appropriately. We recommend monitoring insurance arrangements for below-ground assets during implementation.</p>
<p>Affordability and price pathway</p>	<p>Affordability for three waters rises from 2.6% to 5% of median household income over the 10 years. The average projected water services charges per connection start at \$2,268 rising to \$5,213 over the 10 years, an increase of 130%. The Plan has a 23.7% price increase in 2025/26, followed by increases of 16.6% and 15.4%. The increase drops to 6.4% in 2028/29 and remains below 9.1% the remaining years.</p> <p>Our calculations show the two waters affordability ratio per connection rises from 2.1% to 4.4% which is higher than the Departments guidance for two waters of 2.5% and could be smoothed over the period. We also note that 9% of the connections are non-residential from two major users – Allied and T&G Processed Foods.</p> <p>The Department asked for clarification on the pricing and borrowing strategies used to inform the price path and the information provided noted that TDC’s upcoming LTP and Water Services Strategy will together look at the financing and affordability of council services for the community.</p>	<p>We recommend the pricing strategy, including projected water services charges and movement towards price harmonisation, is monitored during implementation.</p>

Issue	Description	Recommended treatment
Delivery of the capital programme	<p>The Plan sets out an ambitious programme of capital projects, which exceeds what TDC has historically achieved.</p> <p>In 2024/25 TDC delivered total investment in water of \$33.7m against a budget of \$42.1m, being 80%.</p> <p>Average investment for the first four years is approximately \$49.4m per year, this is \$15.4m beyond what was delivered in 2024/25. The Plan steps up in 2028/29 – 2030/31 averaging \$56.4m per year and then approximately \$87.5m in 2031/32 and then \$101.3m and \$106.0m for the last two years respectively.</p>	<p>We recommend that delivery of the capital programme is monitored during implementation.</p>
DWQAR Compliance	<p>There are several complex regulatory compliance projects set out in the Plan that need to be delivered.</p> <p>Only one of the 15 supplies are currently compliant with DWQAR.</p> <p>A compliance solution for the small Hamama mixed-use rural water supply is being investigated with an acceptable solution currently proposed. Brightwater/Wakefield/88 Valley have a strategic improvement project to combine these schemes with a single new source and treatment. New source water for Dovedale is also being investigated.</p> <p>Details of projects to address non-compliant schemes are listed in Appendix B of the Plan.</p>	<p>We recommend that delivery of projects required to achieve regulatory compliance is monitored during implementation.</p>
Criticality framework	<p>Asset criticality is currently not considered in renewal decision making. A criticality framework has been developed but has yet to be implemented. This is an important factor to consider and should be implemented as soon as practical.</p>	<p>We recommend monitoring the implementation of the criticality framework.</p>

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>TDC has confirmed that it will be financially sustainable by 30 June 2028. Confirmation of financial sustainability detailed in Part D concludes that:</p> <ul style="list-style-type: none"> • Revenue sufficiency – TDC has sufficient revenue, including servicing of debt, to deliver water services required in the 10-year capital programme, including sufficient infrastructure investment and meeting increasing regulatory (and future estimated) requirements. Projected revenues are sufficient, with operating revenues over the forecast period exceeding forecast operating expenditure for water services. • Investment sufficiency – The 10-year capital programme includes sufficient investment of \$662m to meet LOS, regulatory requirements and provide for growth; and • Financing sufficiency – TDC has appropriate funding and financing arrangements to fund the 10-year capital programme, with additional headroom if required. The projected Council borrowings are within and meet the associated LGFA covenants. Key financial ratios are well within internal and external limits ensuring there is sufficient access to funding and financing to deliver water services over the forecast period. 	<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 LOS, regulatory requirements and provides for growth.</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
The proposed model to deliver water services	<p>TDC proposes to establish an IBU to continue the delivery of water services. The Implementation Plan outlines what activities are required, and the timeline, to transition from the current mode of delivery to a fully operational IBU by 1 July 2027. TDC supports ongoing efforts to identify efficiencies through shared services and other collaborative arrangements. TDC already has shared arrangements in place, such as the NRSBU which is an arrangement with Nelson City Council for sharing wastewater services. TDC will continue to work with neighbouring councils to investigate mutually beneficial opportunities for delivery water services to their communities.</p>	<p>The Plan’s description of the proposed IBU model is clear with implementation occurring from 2025 to July 2027.</p> <p>The IBU model includes changes to the organisational structure within Council including a new committee of council will be established to govern the IBU.</p> <p>The IBU will meet ring-fencing requirements.</p>	Meets requirements.	N/A
Implementing the proposed service delivery model	<p>TDC will give effect to the content and proposals outlined the Plan as described below:</p> <ul style="list-style-type: none"> • The IBU will be fully operational (and ring-fenced) no later than 1 July 2027. • The establishment of the new IBU will result in organisational changes at both the governance and staff levels. • The costs associated with implementing the Plan will initially be funded through the remaining balance of the Better Off funding allocated to our LWDW project. Provision has been made in the Annual Plan in case this funding proves insufficient. <p>The current Project Board will continue to provide strategic direction and ensure that the IBU establishment team remains adequately resourced and funded, at least until the new IBU governance structure is in place.</p>	<p>The Plan outlines an implementation plan as required by section 13(2) of the Preliminary Arrangements Act, but limited information is provided.</p>	Meets requirements.	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Consultation and engagement undertaken	<p>Consultation to inform the TDC Plan included the following key milestones:</p> <ul style="list-style-type: none"> • The Indicative Business Case, used to inform the Council’s decision on its preferred governance option for consultation, was completed. • The Council confirmed its preferred option and approved the Consultation Document and period on 27 March 2025. • The Consultation Period took place from 22 April to 23 May 2025. • The Council hearing, deliberations, and final decision on the preferred option occurred on 11 June 2025. <p>The consultation process was built on the understanding that many members of the Tasman District’s communities have a relatively low level of awareness regarding the systems and processes involved in delivering water, wastewater, and stormwater services across the district.</p>	Consultation meets the requirements of Part 3 of the Preliminary Arrangements Act.	Meets requirements	N/A
Assurance and adoption of the Plan				
Council resolution to adopt the Plan	At a meeting held on 25 September 2025 the TDC adopted the Plan.	N/A.	Meets requirements	N/A
Certification of the Chief Executive of Tasman District Council	The Chief Executive certified the Plan on 19 September 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>TDC is responsible for managing:</p> <ul style="list-style-type: none"> • 15 WTPs, 100 reservoirs, 30 bores and 28 pumpstations, with ~14k metered urban connections. • 7 WWTPs, 80 pump stations as part of the NRSBU. • 222km of stormwater pipes, with 15,480 connections • The current serviced population is 33,667 with limited growth and projected serviced population of 37,565 in the next 10 years. <p>Of the 27 performance measures, 21 were met in 2024.</p> <p>Non-residential and unserviced areas are described.</p>	<p>TDC expects growth of ~11% in serviced population over the next 10 years.</p> <p>Comprehensive information supplied on serviced areas, connections and growth.</p> <p>78% of water service performance measures were met in 2024.</p> <p>The percentage of real water loss is reported at 23% which is slightly below their target of 25%, the average water consumption is 224 l/p/day for residential, which is also below their target.</p>	Meets requirements	N/A
Assessment of the current condition and lifespan of the water services network	<p>Information provided on condition and age of assets by water service.</p> <p>Average asset age, drinking water 30 years, wastewater 22 years, stormwater 22 years.</p> <p>No backlog for water renewals provided.</p> <p>Level of condition information:</p> <p>For drinking water none of the above ground assets and 100% of the below ground assets have condition information provided, and 4% of the assets with condition data are in poor or very poor condition.</p> <p>For wastewater, none of the above ground assets and 100% of the below ground assets have condition information provided, and 4% of the assets with condition data are in poor or very poor condition.</p>	<p>Age and condition data is currently used to plan renewals programme.</p> <p>Existing condition information is suitable to plan maintenance, renewals and capital plans in the short term.</p> <p>We recommend monitoring the implementation of the criticality framework.</p>	Meets requirements	Yes

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	<p>For stormwater none of the above ground assets and 100% of the below ground assets have condition information provided, and 0.1% of the assets with condition data are in poor or very poor condition.</p> <p>Critical assets are not identified, as there is a framework in place yet to be implemented.</p>			
Asset management approach	<p>Existing and proposed delivery mechanisms are outlined, with a mix of in-house teams and contractor/consultant deliver. The asset management system framework provided links to the LTP, Asset Management Plans, and delivery.</p> <p>There is an Activity Management Policy.</p> <p>Asset management information systems are identified.</p> <p>2021 AMMA self-assessment results are provided. Focus areas for improvements were Asset Register Data, Asset Condition, Decision Making, Risk Management, and Operational Planning.</p> <p>Little change to the asset management approach is planned apart from internal Service Level Agreements.</p>	<p>Little change in asset management approach or delivery mechanisms planned.</p> <p>Limited commentary is provided on how asset management will support the proposed model.</p> <p>These observations do not limit the Secretary's ability to accept the Plan.</p>	Meets requirements	N/A
Statement of regulatory compliance	<p>Only one of the 15 supplies is currently compliant with DWQAR. Four non-compliances are due to lack of barriers, and the rest for reporting/SCADA issues.</p> <p>Details of projects to address non-compliant schemes are listed in Appendix B of the Plan.</p> <p>A compliance solution for the small Hamama mixed-use rural water supply is being investigated with an acceptable solution currently proposed.</p> <p>Brightwater/Wakefield/88 Valley have a strategic improvement project to combine these schemes with a single new source and treatment.</p> <p>New source water for Dovedale is also being investigated.</p>	<p>TDC does not currently meet drinking water compliance on all schemes.</p> <p>Projects and commentary have been provided detailing how compliance will be achieved. Most of these will be implemented by 2027/28 with Hamama scheme planned to be compliant by 2030/31.</p> <p>Council is meeting all consenting compliance requirements. Projects and funding provided to address non-compliances and consent renewals.</p>	Meets requirements	Yes

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	<p>Water usage 224l/p/d.</p> <p>Not required to be fluoridated.</p> <p>Four permanent boil water notices, and 18 temporary notices, have been issued between 2012-2024. All of TDC's Drinking Water Safety Plans have been submitted. The four permanent notices will be removed as capital projects are completed.</p> <p>There are 27 drinking water consents. None are operating under s 124, 14 are due to expire, and there are no active applications. Current non-compliances with water takes are expected to be resolved at consent renewal.</p> <p>There are 23 wastewater discharge consents. None are operating under s 124, three are due to expire, and there are no current applications.</p> <p>There is one stormwater discharge consent, none are operating under s 124, none are due to expire, and there are no active applications.</p> <p>No warnings, abatement or infringement notices.</p> <p>There are significant projects planned to address the non-compliances. These are detailed in Appendix B of the Plan.</p> <p>Noted most budget for new consents is included in Capex budgets, balance in operating expenditure of \$236k over the 10 years.</p>	<p>We recommend that the delivery of projects required to achieve regulatory compliance is monitored during implementation.</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>TDC’s planned investment during the period is sufficient to address and improve compliance, renewals and LOS. Growth investment is referenced.</p> <p>Total Capex for the 10-year plan period is \$661.9m.</p> <p>Annual expenditure increases year on year over the period of the Plan, from \$42m to \$106m in year 10.</p> <p>Capex was adjusted from the 2025/26 Annual Plan of approx. \$11m and approx. \$15m from LTP financials. These increases relate to compliance improvement, resilience, and growth-related Capex.</p> <p>Significant projects for each water service are listed in the Plan.</p>	<p>The Plan includes sufficient investment to achieve compliance, LOS and enable growth.</p> <p>The capex profile supports TDC’s Infrastructure Strategy focus areas, including network resilience and climate adaptation.</p> <p>Renewals are lower than forecast depreciation but appropriate given the age and performance profile of the portfolio.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p>Historical delivery against planned investment</p>	<p>In 2024/25 TDC delivered total investment in water of \$33.7m against a budget of \$42.1m, being 80%. Historical delivery between 2018-20 and 2023/24 averages to well above 100% for both renewals and total water service investment.</p> <p>Renewal delivery for the same period was \$23.6m against a plan of \$24.7m, being 96%.</p> <p>In the 10-year Plan, average investment for the first four years is approximately \$49.4m per year. This is an additional \$15.4m per year to what has been delivered in 2024/25. The Plan then steps up in 2028/29 to 2030/31 averaging \$56.4m investment per year and then approximately \$87.5m in 2031/32 and then \$101.3m and \$106.0m for the last two years respectively. There is time to optimise the programme and plan for increased resourcing to deliver on the increased programme commencing from 2027/28.</p>	<p>Planned Capex levels are above previous years and ramp up over the 10-year period.</p> <p>The Plan provides high level commentary on the feasibility to deliver an increasing Capex programme.</p> <p>We recommend that delivery of the capital programme 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>Current and proposed charges are stated – no changes are currently planned to charging mechanisms.</p> <p>The water services charges are managed through closed accounts, and this structure will be maintained under the in-house model.</p>	Charging and billing arrangements are outlined in the Plan.	Meets requirements	N/A
Water services revenue requirements and sources	Operating revenue is not broken down by where it is received from (rates, user charges/fees, development contributions, etc), and not by activity either i.e. simply water services, rather than drinking water, wastewater, and stormwater.	The Plan contains the water services revenue requirements and sources at a high level.	Meets requirements	N/A
Existing and projected commercial and industrial users' charges	Commercial and industrial users' charges are detailed by water, wastewater and stormwater noting two major users – Allied and T&G Processed Foods. In addition, TDC charges fees for water usage by industrial users in the Whakatu Estate, which is located within the Nelson City Council catchment.	<p>Current commercial and industrial user charges are outlined in the Plan along with trade waste charges.</p> <p>There are no projected commercial or industrial user charges.</p>	Meets requirements	N/A
The affordability of projected water services charges for communities	The charges for three waters rise from 2.6% of median household income in 2024/25 to 5.0% of median household income in 2033/34.	<p>The Plan states the affordability ratio for three waters rises from 2.6% to 5% of median household income over the 10 years, which is higher than the Departments guidance of 2.5%.</p> <p>Our calculations show the two waters affordability ratio per connection rises from 2.1% to 4.4% and we note that 9% of the connections are non-residential.</p>	Meets requirements	Yes

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
		<p>The Department asked for clarification on the pricing and borrowing strategies used to inform the price path and the information provided noted that TDC’s upcoming LTP and Water Services Strategy will together look at the financing and affordability of council services for the community.</p> <p>We recommend monitoring projected water services charges.</p>		
Funding and financing arrangements				
Water services financing requirements and sources	Borrowing will go through LGFA and is projected to peak at \$441m in year 10 as the level of investment grows to meet regulatory requirements. It is expected that the Treasury Risk Management Policy will need to be tweaked to account for the ring-fencing of the water services.	Water services financing requirements and sources are outlined in the Plan.	Meets requirements	N/A
Internal borrowing arrangements	The maximum term for internal borrowing arrangements is typically 20 years but can be up to 35 years for long life assets. Water services activities are charged an interest rate that reflects the weighted average cost of external borrowing. Council ring-fences all water services activity finances, ensuring that loans associated with each area are directly attributed to the respective activity.	TDC intends to continue using this internal borrowing and treasury approach within IBU for the management of water services.	Meets requirements	N/A
Determination of debt attributed to water services	<p>Three waters activity debt levels are currently kept separate for each activity and are ring-fenced. In June 2024 it totalled \$144.8m and had a net debt to operating revenue ratio of 349%.</p> <p>The Plan provides the debt and net debt to operating revenue ratio per activity in June 2024.</p>	The determination of debt attributed to water services is clear in the Plan.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Insurance arrangements	<p>TDC has the necessary insurance policies, and an annual review of coverage and asset value is undertaken. A comprehensive risk evaluation and assessment process is undertaken for its water services infrastructure including the identification of the probability of asset failure and the potential cost of loss.</p> <p>Below-ground assets are typically not insured, due to the high replacement cost and the low probability of widespread simultaneous failure. However, there is cover for Council's share (40%) in the case of a natural disaster. Tasman's insurance approach is aligned with its broader Disaster Recovery and Resilience Policy. This includes planning for emergency response, access to central government disaster recovery funding, and business continuity provisions. Insurance is considered one of several risk transfer and mitigation tools in a layered resilience strategy.</p>	<p>TDC provides details on its insurance arrangements, however below-ground assets are typically not insured.</p> <p>We recommend that TDC review their insurance arrangements to ensure below ground assets are insured appropriately.</p> <p>We recommend monitoring insurance arrangements for below-ground assets during implementation.</p>	Meets requirements	Yes

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	TDC's Plan confirms that it will be financially sustainable by the required date of 30 June 2028. Projected revenues are sufficient, with operating revenues over the forecast period exceeding forecast operating expenditure for water services.	The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets LOS, regulatory requirements and provides for growth.	Meets requirements	N/A
Actions required to achieve financially sustainable delivery of water services	TDC is currently financially sustainable as reflected by the LTP. The area of focus to meet the financial sustainability test relates to resolving issues with non-compliance predominately for drinking water supply. The capital programme will be optimised and prioritised to ensure that it meets with regulatory requirements but is also deliverable. This prioritised programme will then be approved by the planned Water Services Committee, prior to being submitted to the council for approval via the development of the water services strategy.	Actions required to achieve financially sustainable delivery of water services are noted in the Plan.	Meets requirements	N/A
Risks and constraints to achieving financially sustainable delivery of water services	TDC is currently financially sustainable as reflected by the LTP. This will remain so from the inception of an IBU model. Risks include natural disasters, inflation, limited availability of skilled contractors, reliance on stable or growing revenue streams to keep ratios within acceptable limits.	Risks and constraints to achieving financially sustainable delivery of water services have been provided.	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	<p>Operating revenue over the forecast period exceeds forecast operating expenditure for water services - there is a \$76k deficit in 2024/25 and \$858k deficit in 2025/26.</p> <p>Operating revenue is expected to go up 8.9% per year; operating costs are expected to go up 8.3% per year.</p>	<p>The Plan shows that projected water services revenues cover the projected costs of delivering water services.</p>	Meets requirements	N/A
Average projected charges for water services over 2024/25 to 2033/34	<p>Average projected charges per connections for water services rise from \$2,268 to \$5,213. There is a 23.7% price increase in 2025/26, followed by 16.6% and 15.4% before dropping to 6.4% in 2028/29 and remaining below 9.1% the remaining years.</p>	<p>The average projected water services charges per connection start at \$2,268 rising to \$5,213 over the 10 years, an increase of 130%. The affordability ratio for all three waters rises from 2.6% to 5% of median household income over the 10 years.</p> <p>We note that 9% of the connections are non-residential.</p> <p>The Department asked for clarification on the pricing and borrowing strategies used to inform the price path and the information provided noted that TDC's upcoming LTP and Water Services Strategy will together look at the financing and affordability of council services for the community.</p> <p>We recommend monitoring projected water services charges.</p>	Meets requirements	Yes

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Projected operating surpluses/(deficits) for water services	<p>The council is expected to effectively break even in 2024/25 with an operating deficit of \$76k in 2024/25 and \$858k in 2025/26. From 2026/27 onwards, operating revenues are forecasted to generate consistent surpluses.</p> <p>The revenue setting policy ensures that depreciation charges are fully recovered through operating revenues.</p> <p>Surpluses will be applied to renewals and capital investment, and scheduled debt servicing.</p>	TDC has projected operating surpluses for water services from 2026/27 onwards.	Meets requirements	N/A
Projected operating cash surpluses for water services	The operating cash flow ratio ranges between 54.4% and 57% throughout the planning period.	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 LOS, regulatory requirements and provide for growth	<p>Investment in water infrastructure is planned to exceed depreciation of the network at a total capital investment level but will not exceed depreciation when considering renewals alone. Based on current data the planned level of renewals is appropriate for the age, condition and performance of existing assets.</p> <p>Proposed level of investment is sufficient to meet LOS, regulatory requirements and provide for growth.</p>	<p>TDC's proposed water services investment is sufficient is sufficient to meet LOS, regulatory requirements and provide for growth.</p> <p>TDC plan to invest \$661.9m over 10 years, almost three times the depreciation.</p>	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	Key financial ratios are well within internal and external limits, ensuring there is sufficient access to funding and financing to deliver water services over the forecast period.	The Plan confirms sufficient funding and financing can be secured to deliver water services.	Meets requirements	N/A
Projected council borrowings against borrowing limits	Council borrowing is well below the LGFA's 280% debt to revenue covenant, reaching a maximum of 160% in 2033/34.	TDC's projected council borrowings are within the 280% whole of council borrowing limits of the LGFA.	Meets requirements	N/A
Projected water services borrowings against borrowing limits	Water services borrowing is relatively stable for the first seven years of the period covered. There is a relatively large increase that occurs over the last three years. Borrowing levels for water activities are not materially different from the 2024/34 LTP and remain within the 500% debt to revenue internal policy limit reaching a maximum of 405% in 2033/34.	Projected water services borrowings remain within the 500% debt to revenue internal policy limit, peaking at 405% in 2033/34.	Meets requirements	N/A
Projected borrowings for water services	There is a spike in net debt over the last three years going from 356% to 307% in 2025/26 then up to 405% in 2033/34 which corresponds with the major treatment plant upgrades.	Projected borrowings for water services are \$296.5m over the 10 years of the Plan.	Meets requirements	N/A
Borrowing headroom/(shortfall) for water services	Borrowing headroom calculated against debt to revenue and ranges from \$64m to \$152m over the 10 years.	There is borrowing headroom for water services.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Free funds from operations	The FFO climbs from 13.2% to 16.5% in year seven, then falls to 11.8% in year 10.	The FFO metric is not assessed as this is an IBU, however TDC's FFO is greater than 10% and could support a standalone CCO.	N/A	N/A
Assessment of financing sufficiency	Key financial ratios are well within internal and external limits, ensuring there is sufficient access to funding and financing to deliver water services over the forecast period. The Plan meets the financing sufficiency test.	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	The projected funding impact statement is shown for water services but not broken down by individual water activity.	Meets requirements.	N/A
Projected statement of comprehensive revenue and expense	The projected statement of comprehensive revenue and expense is shown for water services but not broken down by individual water activity.	Meets requirements.	N/A
Projected statement of cashflows	The projected cashflow is shown for water services but not broken down by individual water activity.	Meets requirements.	N/A
Projected statement of financial position	The projected balance sheet is shown for water services but not broken down by individual water activity.	Meets requirements.	N/A

Assessment Report: Part E – Financial projections and measures

Projected statement of comprehensive revenue and expense

Water Services Delivery Plan page 74

Projected statement of financial position

Water Services Delivery Plan pages 75 - 76

Financial measures: revenue sufficiency

Water Services Delivery Plan pages 59 - 62

Financial measures: investment sufficiency

Water Services Delivery Plan pages 63 - 66

Financial measures: financing sufficiency

Water Services Delivery Plan pages 67 - 72

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	Appendix B – Resource Consents held by TDC for the delivery of Water Services. Appendix C – Responses to DIA Review of Draft WSDP	N/A	N/A
Significant capital projects	Significant capital projects are listed by each activity and show projects to meet growth, improve LOS and renewals.	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