

Water Services Delivery Plan Assessment

Assessment Report – Tauranga City Council and
Western Bay of Plenty District Council



Glossary and abbreviations

The table below sets out the abbreviations used in this report

	Abbreviation
Asset Management Plan	AMP
Capital expenditure	Capex
Council controlled organisation	CCO
Department of Internal Affairs	Department
Funds From Operations	FFO
Levels of Service	LOS
Local Government Funding Agency	LGFA
Local Government (Water Services Preliminary Arrangements) Act 2024	Preliminary Arrangements Act
Long-term plan	LTP
Tauranga City Council	TCC
Water Organisation	WO
Water Services Delivery Plan	Plan
Wastewater treatment plant	WWTP
Western Bay of Plenty District Council	WBOP
Water services council-controlled organisation	WSSCO

Assessment Cover Sheet

Background on councils and engagement with the Department

Detail	Commentary
Councils involved in Plans	Tauranga City Council and Western Bay of Plenty District Council
Number of connections	Drinking water: 81,902 Wastewater: 71,068 Stormwater: 77,487
DIA comment on council engagement during Plan development process	<ul style="list-style-type: none"> • TCC and WBOP were involved in early discussions around the potential establishment of a joint WSCCO with neighbouring councils. • Both Councils consulted their communities from April to May 2025, with a preferred model of a multi-council WSCCO with each other and/or other neighbouring councils. • TCC initially resolved on an IBU, with the intention of exploring regional models by 2028 with other Bay of Plenty councils. WBOP resolved on a two-council model with TCC, which was not a viable option following the decision by TCC. On 15 August 2025, TCC considered new information from council officers at a meeting attended by the Department and resolved to adopt a three water two-council WSCCO with WBOP. • On 1 September 2025, the Mayors and Chief Executives of TCC and WBOP signed a formal commitment agreement, pledging to collaborate, including the preparation of a detailed joint implementation plan. • The final Plan was submitted independently by each Council on 2 September 2025.

Detail	Commentary
Feedback provided to council prior to submission on Draft Plan	<p>TCC provided the Department with a draft Plan for review on 10 July 2025. The Department responded on 24 July 2025: the draft included information for potential group members for a joint Plan, however, the information provided was not sufficient for the Department to assess whether the Plan met the requirements. The draft Plan was reviewed as a single council CCO, with TCC as the sole shareholder, delivering wastewater, drinking water, and stormwater services. With that in mind, the draft provided a good level of detail for a single council CCO, but the Department advised if the final plan was to be a joint CCO then significantly more information on the other council/s would need to be provided to meet the requirements.</p> <p>WBOP did not submit a draft Plan to the Department for review prior to submitting their final Plan.</p>
Engagement with council during review and assessment process	The Department requested clarifications and updates to TCC's financial statements. The Plan was resubmitted with amended financial statements which did not change the Department's assessment of the Plan.
Other Background Comments	N/A

Assessment Summary

Section	Commentary
Confirmation of submission completeness checklist	Yes – all required components completed.
General Comment on Plans	<p>TCC and WBOP submitted separate Plans that are assessed together in this report. The financial aspects of the Plans were consistent reflecting the joint model.</p> <p>The Department’s assessment identified no issues regarding the financial position of TCC and WBOP. The Plan is assessed as meeting the legislative requirements set out in section 13 of the Preliminary Arrangements Act.</p>
Financial Sustainability Comment	The TCC and WBOP Plans demonstrate delivery of financially sustainable water services by 30 June 2028. Both Plans identify the actions required to achieve financially sustainable delivery of water services, the implementation plan has the same milestones in each Plan and risks are clearly identified.
Revenue Sufficiency	<p>Cash surpluses for the WSCCO are assessed from the combined statement of comprehensive revenue and expenses and demonstrate that cash surpluses increase over the Plan period. The joint financials forecast sufficient revenue to cover costs of delivering water services throughout the Plan with operating deficits forecast for the first seven years of the WSCCO. Development contributions average \$46.9m per year throughout the plan and allow forecast surpluses through the statement of comprehensive revenue and expense.</p> <p>TCC average charges for all water services are 1.2% of average household income (\$1,614) in 2024/25 increasing to 1.7% (\$3,329) in 2033/34. WBOP average charges for all water services are 2.5% of median household income (\$2,396) in 2024/25 increasing to 2.6% (\$3,456) in 2033/34.</p>
Investment Sufficiency	<p>TCC’s Plan demonstrates investment is sufficient to meet the requirements for growth, LOS and compliance. The asset sustainability ratio shows renewals are sufficient to meet requirements, and the Plan is consistent with AMPs and Infrastructure Strategies. The average asset life remains the same as the expenditure on renewals, LOS and growth projects is consistent.</p> <p>WBOP’s Plan is front loaded with two major investments, Te Puke WWTP (\$77.6m) to support residential and industrial growth and Katikati Outfall pipe (\$68.1m). Renewals are sufficient to meet requirements, and the asset sustainability ratio is negative, showing investment is below depreciation due to the young age of assets. The Plan is consistent with AMPs and Infrastructure Strategies, and the average asset life remaining is decreasing due to relatively young age of assets and timing of expenditure on renewals, LOS and growth projects.</p>

Section	Commentary
<i>Financing Sufficiency</i>	<p>Sufficient financing can be secured to fund water services and over 10 years the projected borrowings are \$1.9b. The projected borrowings for each council's water services are stated in both Plans as well as the consolidated borrowings forecast in the consolidated water services statement of financial position for the WSCCO, however the WSCCO borrowing limit is not provided in the Plan.</p> <p>Both councils forecast a FFO to allow financing to meet the LGFA's minimum FFO to net debt percentage of 8% after five years of operations. The combined WSCCO FFO to net debt is calculated as 10.0% in 2024/25 reducing to 7.6% in 2027/28 increasing to 8.8% in 2033/34. The WSCCO has borrowing headroom for nine of the 10 years of the Plan. Borrowing headroom is (\$52.3m) for 2027/28 then increases to \$149.2m by 2033/34.</p>
<i>Overall assessment recommendation</i>	The overall recommendation from the assessment phase is to accept the Plans from TCC and WBOP.

Issues for discussion with Panel

Issue	Description	Recommended treatment
Delivery of capital programme	<p>Both councils have significant capital programmes over the ten-year period, with some significant projects being front loaded early in the Plan.</p> <p>Both councils note significant opportunities for procurement efficiencies through the establishment of the WSCCO.</p>	We recommend that delivery of the capital programme is monitored during implementation.
Delivery of projects required to achieve regulatory compliance	WBOP's water supplies are non-compliant with protozoa requirements, with planned capital investments to achieve compliance by 2028. Planned investment also aims to address noncompliance with consents by 2028.	We recommend that delivery of projects required to achieve regulatory compliance is monitored during implementation.
Pricing strategy for WBOP	<p>The WBOP average charge peaks in 2029/30 at \$4,306 per connection before reducing to \$3,456 in 2033/34. The price path relies on economies of scale and efficiencies from the WSCCO being realised from 2029/30 onwards. The WBOP pricing is based on a cost to serve model. As the capital programme is front loaded with renewals the costs associated with these renewals need to be funded over the first half of the Plan. As the renewals reduce in the outer years, the average charges reduce to reflect the cost to serve. The average pricing for WBOP decreases from 2029/30 and affordability of average charges improves as the economies of scale and efficiencies are realised.</p> <p>Our assessment is the pricing strategy can be optimised to smooth the price path for the WSCCO utilising the financing tools available</p>	We recommend the WSCCO pricing strategy is monitored, including possible smoothing of the price path over the next 10 years.

Water Services Delivery Plan Summary Analysis – TCC/WBOP - WSCCO

IN CONFIDENCE

*note this infographic only contains information for Water and Wastewater which are being transferred into the WSCCO

Council summary information

Summary information	Level
Current population	222,850
Drinking water connections	81,902
Waste water connections	71,068
Stormwater connections	77,487
High growth council	Yes
10 year population growth	11.3%



Assets, network and compliance

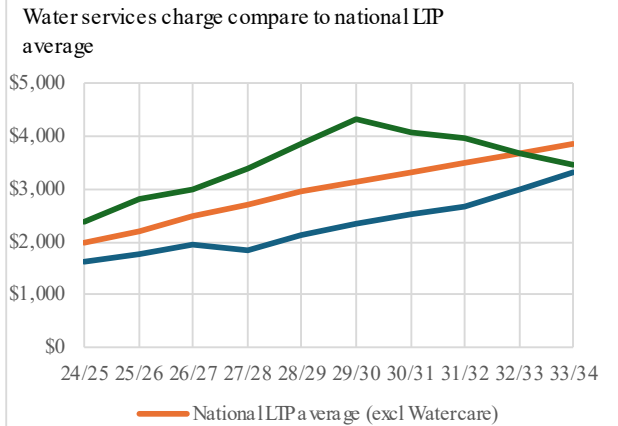
Asset measures	Year 1	Year 10	10YA
Total assets per connection (\$)	43,975	68,024	54,923
Total debt per connection (\$)	10,351	26,328	17,178
Operating costs per connection (\$)	947	1,094	1,052

Age of network (years)	DW	WW	SW
Average age outlined in plan	25	29	26

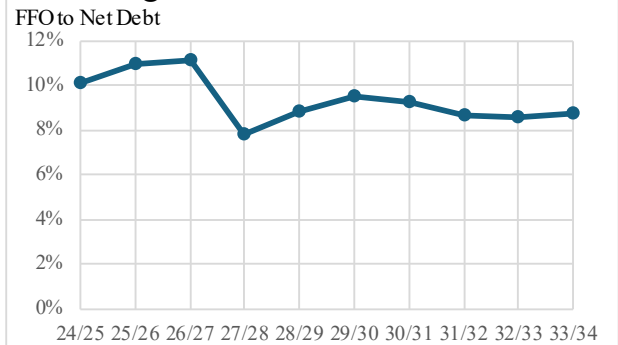
Network performance	Level
Level of service performance measures achieved	Majority
Water loss rate	16%
Average consumption (L per person per day)	212

Compliance addressed in WSDP	
Drinking water compliance	Yes
Resource consent compliance	Yes

Affordability and growth



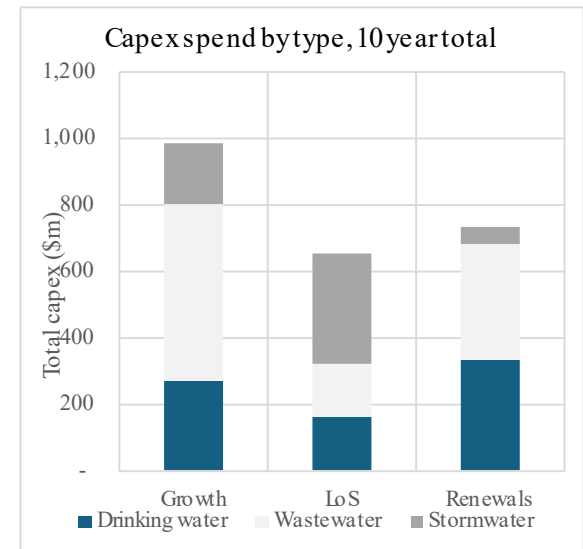
Financing



Capital expenditure	Category of capital expenditure			Total over 10 years
	Growth	Level of service	Renewals	
Drinking water	271,546	164,923	334,373	770,842
Wastewater	533,043	160,667	347,652	1,041,362
Stormwater	184,231	329,197	50,584	564,012
Total 10 years	988,820	654,787	732,609	2,376,216

Item	Year 3	Year 10	10YA
Total charge as % of average income - TCC	1.20%	1.70%	1.42%
Total charge as % of median income - WBOP	2.50%	2.60%	3.07%
Annual price increase	7.85%	1.82%	6.17%
DC collected per new connection (\$)	N/A	N/A	36,846

Item	Year 3	Year 10	10YA
Water related net debt to operating revenue %	420%	489%	452%
FFO to debt	11.14%	8.76%	9.35%



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	WBOP and TCC's WSCCO will meet financial sustainability requirements by 30 June 2028. Full financial separation will be achieved by 1 July 2027.	The Plans explain how the delivery of water services will be financially sustainable and revenue sufficient to cover the long-term investment that meets LOS, regulatory requirements, and provides for growth.	Meets requirements	N/A
The proposed model to deliver water services	<p>The Plans propose a WSCCO with two council shareholders that will transfer their drinking water and wastewater/stormwater assets to the WSCCO on 1 July 2027.</p> <p>The WSCCO will become a legal entity in July 2027 with a transfer date of 1 July 2027.</p> <p>Shareholding arrangements in the WSCCO between the two councils have yet to be decided.</p> <p>WBOP will transfer stormwater assets in urban areas to the WSCCO, non-urban stormwater will be retained by this Council and future stormwater infrastructure will be the responsibility of the WSCCO. Tauranga will transfer urban and non-urban stormwater assets to the WSCCO. The WSCCO will be governed by an independent board of directors who will provide governance oversight in relation to the implementation of a detailed establishment plan and adherence to shareholding council obligations to ensure financial sustainability.</p>	<p>The Plans describes the proposed model for the delivery of water services with the two councils transitioning from their current arrangements into the WSCCO from 1 July 2027.</p> <p>Governance is addressed in the Plan, and a Shareholder's Agreement (SHA) referred to.</p> <p>The organisational structure of the proposed WSCCO meets legislative requirements.</p>	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Implementing the proposed service delivery model</p>	<p>TCC and WBOP have committed to establishing and giving effect to the WSCCO once the Plan is accepted, subject to a period of due diligence agreed to in the signed Commitment Agreement.</p> <p>Implementation of the WSCCO will occur over the next 23 months.</p> <p>The Councils have drafted a commitment agreement, and key milestones are below:</p> <ul style="list-style-type: none"> • Due diligence process between Sept-Dec 2025 • Establish project governance and project team structure in early 2026 • Recruit and appoint WSCCO Board of Directors between April-June 2026 • Water Services Strategy drafting from January 2027 • WSCCO operational from 1 July 2027 	<p>The Plans outlines an implementation plan as required by section 13(2) of the Preliminary Arrangements Act, but limited information is provided.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Consultation and engagement undertaken	<p>The councils undertook public consultation between 28 March and 28th April (TCC) and 24 March and 24 April (WBOP).</p> <p>TCC consulted on:</p> <ul style="list-style-type: none"> • Option 1: Proposed joint WSCCO (Council’s preferred option) 41% • Option 2: TCC only WSCCO 19% • Option 3: Forming an IBU 38% <p>WBOP consulted on:</p> <ul style="list-style-type: none"> • Option 1: Forming a joint WSCCO (Council’s preferred option) 70.5% • Option 2: Single-council WSCCO model 18% • Option 3: Status quo 11.5% <p>Overall, most submitters supported the preferred joint WSCCO option, with 41% support in TCC, and 70.5% support in WBOP.</p>	Consultation was in accordance with sections 61 to 64 of the Preliminary Arrangements Act.	Meets requirements	N/A
Assurance and adoption of the Plan				
Council resolution to adopt the Plan	<p>TCC resolved to adopt its Plan on 26 August 2025.</p> <p>WBOP resolved to adopt its Plan on 28 August 2025.</p>	N/A	Meets requirements	N/A
Certification of the Chief Executives of TCC and WBOP	<p>The Chief Executive for TCC certified the Plan on 2 September 2025.</p> <p>The Chief Executive for WBOP certified the Plan on 1 September 2025.</p>	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				
<p>Serviced population and serviced areas</p>	<p>TCC’s population has grown 30% in the last decade to 163,000 and is projected to reach 175,000 by 2033. In 2024/25, the serviced population includes 159,359 for drinking water, 150,666 for wastewater, and 160,707 for stormwater.</p> <p>Residential connections total 59,100 for drinking water, 55,900 for wastewater, and 59,700 for stormwater, alongside non-residential connections of 4,300, 3,900, and 4,100 respectively.</p> <p>Areas without services include 2,480 for water, 6,110 for wastewater, and 2,070 for stormwater. Planned growth will enable infrastructure for Tauriko West and Ohauti South within 10 years, and Keenan Road and Te Tumu beyond 10 years. Wastewater and stormwater meet LOS, except for flooding events in 2022/2023. Water metering has been in place since 2021.</p> <p>Water loss is 16%.</p> <p>WBOP’s population is 59,850 and is growing in Waihi Beach, Katikati, Ōmokoroa, and Te Puke, with Waihi Beach facing high summer peak water demand. In 2024/25, the serviced population was 39,290, and is projected to increase to 47,357 by 2033/34, while wastewater-serviced population grows from 24,294 to 31,603, and stormwater-serviced population from 27,689 to 35,376. LOS are partially achieved.</p> <p>Fluoridation is yet to be implemented as directed by the Ministry of Health for Wharawhara and Athenree.</p> <p>WBOP has a water meter programme in place. Water loss target is 22%. Bore renewals are targeted.</p>	<p>TCC – The Plan describes service areas, connections and growth.</p> <p>LOS are generally met.</p> <p>WBOP - The Plan describes service areas, connections and growth.</p> <p>LOS are partially 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
<p>Assessment of the current condition and lifespan of the water services network</p>	<p>TCC’s average asset age is 25 years for water supply, 30 years for wastewater, and 26 years for stormwater. Critical assets are prioritized in the renewals programme, with above-ground assets undergoing condition assessments and below-ground assets graded by age and material, supplemented by CCTV data for some wastewater assets. 10% of drinking water, 12% of wastewater, and 5% of stormwater below ground networks are in poor or very poor condition, informing the renewals programme.</p> <p>WBOP’s average age of water assets is 27 years, wastewater 23 years, and stormwater 24 years. While 100% of above-ground water assets have been assessed, with 15% in poor or very poor condition, below-ground water asset condition ratings are outdated, with 4% estimated in poor or very poor condition. Aging asbestos cement water mains, comprising 28% of the network, are scheduled for renewal over the next 15 years. Wastewater pipes are mostly newer, with 50% under 20 years old. Additionally, the critical Katikati outfall pipe is failing prematurely. Stormwater pipes are generally younger, with 85% under 30 years old.</p>	<p>TCC – The Plan outlines existing condition, and performance information to plan maintenance, renewals and capital and operating plan in the long term.</p> <p>Critical assets are identified, Condition assessments are completed.</p> <p>WBOP – The Plan outlines condition and age information to plan maintenance, renewals and capital and operating programme over the short term. Plans to improve condition and criticality assessment are underway.</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>Asset management approach</p>	<p>TCC delivers most services in-house, including infrastructure planning, capital delivery, plant operations, and compliance, while outsourcing water network operations to Downer NZ Ltd under a \$20m annual contract. No changes to service delivery are planned, with staff transitions to the WSCCO expected post-due diligence. TCC manages critical systems like ArcGIS, PowerPlan AIO, and SCADA/Telemetry, with water network data migrating from Watercare systems post-2027. Asset management, guided by an Asset Management Policy, scored 70% in a 2022 maturity assessment, with improvement actions underway, including a strategic AMP and triennial asset management maturity assessment reviews.</p> <p>WBOP's asset management relies on AMPs for water, wastewater, and stormwater, forecasting expenditure based on service levels, demand, and asset life. Renewals aim to replace assets before failure, with major projects planned over 30 years. Depreciation and asset replacement are funded directly from rates, aligning with budget benchmarks. Asset management will transition to an integrated asset management system (Infor IPS), compliant with National Asset Data Standards, which will enhance efficiency and affordability through the WSCCO alongside TCC and Downer. The Plan states that the Council currently has low asset management maturity.</p>	<p>TCC – The Plan provides information on asset management process, asset management maturity assessment completed 2022.</p> <p>WBOP – Council currently has an average asset management maturity score of 70%, derived from a 2023 peer review conducted by Morrison Low, which is guided by an Asset Management Policy and supported by an Asset Management Strategy</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 - DWS</p>	<p>TCC's drinking water supply is compliant with bacterial, protozoal, and chemical standards, with no boil water notices issued in the last three years and fluoridation in place. Average drinking water consumption is 261 litres per day, with real water losses at 14.1%. Water restrictions have been implemented in the past three years, and there is sufficient firefighting capacity.</p> <p>WBOP: New groundwater sources have been identified in the Eastern and Central supply zones to support expansion, with production bores operational by 2024/25. Water safety plans have been submitted for all five district water supply systems. Current water supply is non-compliant with protozoal requirements, with planned capital investments to achieve compliance by 2028. Infrastructure upgrades and UV installations are pending for Ōmokoroa, Waihi Beach, Tahawai, Pongakawa, Athenree, and Katikati. Funding is allocated for Athenree and Wharawhara WTP fluoridation in 2025, with UV treatment installations scheduled for Western and Eastern plants in 2025/26 and Central WTP in 2027.</p>	<p>TCC – We note no specific investment as there are no significant compliance issues.</p> <p>WBOP – Investment is planned to address compliance issues.</p>	Meets requirements	Yes
<p>Statement of regulatory compliance – RCs</p>	<p>TCC holds three water take permits, one wastewater discharge consent, and four stormwater consents, with renewals underway for two expiring in 2026. Compliance is met across all standards, with no major issues. The Waiāri water supply system, introduced in 2022, ensures water sufficiency for 30-40 years. Fluoridation was implemented in 2024, funded by the Ministry of Health. Water Safety Plans are progressing, though some infrastructure delivery faces delay due to financial constraints.</p> <p>WBOP: Most of the Council's key consents expire outside the Plan period, ranging from 2036 to 2055, with the Ōmokoroa Stormwater Consent under Regional Council consideration after expiring in 2023 (operating under S124). No wastewater discharge consents expire in the next decade, with WWTP consents valid for 25-30 years. A consenting strategy is proposed.</p> <p>Principal water take consents are current for 10-15 years. Compliance issues include significant non-compliance at Raymond Dam due to an inoperable scour valve, moderate non-compliance in wastewater discharge, and stormwater discharge issues. Planned compliance investment aims to address these by 2028.</p>	<p>TCC - Investment prioritised to address compliance issues sufficient.</p> <p>WBOP - Investment to address compliance issues by 2028.</p>	Meets requirements	Yes

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>TCC's total projected waters investment is \$2.08b, with \$1.03b for additional demand, \$540.2m to improve LOS and \$541.2m to replace existing assets. The capital investment programme is prioritised into five categories: P1 (Health & Safety, committed), P2 (growth, compliance, critical asset renewals), P3 (renewals), P4 (LOS), and P5 (future development). The programme mainly focuses on growth, compliance, and critical asset renewals. Water supply priorities are growth, followed by Health & Safety and committed works. Wastewater investment focuses on growth, health & safety, and committed works, while stormwater investment prioritises LOS and growth.</p> <p>WBOP: Over the next decade, WBOP plans to invest \$92m to meet additional demand, \$118.4m to improve LOS, and \$163.4m to replace existing assets as per the LTP. Upgrades to water treatment plants aim to meet compliance standards, while new water sources are explored for resilience. Wastewater projects include a remaining spend of \$77.6m to upgrade the Te Puke WWTP and a \$68.1m initiative for the Katikati Outfall pipe, with iwi collaboration on disposal alternatives. Unfunded considerations on sludge disposal with TCC are ongoing. Stormwater management at Waihi Beach requires a service level review due to frequent flooding.</p>	<p>TCC - Appropriate investment has been provided for compliance, renewals, growth and LOS.</p> <p>WBOP - Appropriate investment has been provided for compliance, renewals, growth and LOS.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Historical delivery against planned investment</p>	<p>TCC: For 2024/25, TCC plans to deliver 94% of the renewal's investment programme, consistent with the previous average of 94%. Total investment delivery is projected at 82%, compared to a previous average of 79%. Future investment delivery is guided by a prioritisation framework, focusing on that which is contractually committed, health and safety, compliance, and growth projects from the LTP commitment. TCC employs a procurement framework with an external panel for expertise and resources. The emphasis is on growth, with plans for additional staff and resources to support the expanding capital programme. Over the next 10 years, no high-value mega projects are planned, but rather programmes of works to address growth needs.</p> <p>WBOP: The Council's 2024/25 financial year forecasts a 94% delivery rate against total planned investment, significantly higher than the historical average of 68.1%, with renewals forecasted at 100% (historical average 70.3%). External risks will be managed to maintain this improved performance. Procurement opportunities through the WSCCO will enable long-term planning and efficiency. Capital expenditure peaks in water and wastewater budgets due to major projects, with a future focus on balanced asset replacement.</p>	<p>TCC - The capital programme continues at a similar level to 2024/25 which has been delivered at 79%.</p> <p>We recommend that this is monitored during implementation.</p> <p>WBOP - The WSCCO model includes shared resources to deliver the capital programme.</p>	Meets requirements	Yes

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>Charging and billing arrangements are outlined in each Plan at a council level.</p> <p>TCC water supply is charged through volumetric charging with minor fees and charges.</p> <p>Wastewater is charged through a uniform annual general charge (UAGC) based on toilet count, trade waste charges, and a discharge acceptance for Ōmokoroa.</p> <p>Stormwater is charged through rates based on property capital value with differentials between residential and commercial rates.</p> <p>It is envisaged that the current charging mechanisms will continue, with some minor tweaks to the pricing strategy.</p> <p>Reliance on rateable values for the collection of stormwater will be decreased over the first five years, and other methodology will be in place by year six</p> <p>WBOP water is charged using a metered or unmetered Uniform Targeted Rate (UTR).</p> <p>Wastewater is charged on a Uniform Targeted Rate. All properties connected or available to be connected (within 30 metres of a public wastewater drain) will be charged a Uniform Targeted Wastewater Rate.</p> <p>Stormwater services are charged through the general rates (including the UAGC) and targeted rates.</p>	<p>Both Plans identify current charging mechanisms.</p> <p>Both Plans acknowledge that charging mechanisms will be assessed and may change once the WSCCO is established.</p>	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Water services revenue requirements and sources</p>	<p>Revenue requirements are outlined in each plan at a council level.</p> <p>TCC revenue will be sourced through household charges (rates (UAGC) and property values, together with volumetric charges for water) and other revenue sources (including user charges/fees, development contributions, capital/operating subsidies and grants, and other income). The Plan directs revenue requirements to the financial statements.</p> <p>WBOP plan states the revenue required over the 10 years is \$522m to cover expenses (excluding depreciation) of \$418.7m. The plan provides a Financial Impact Statement to show the sources of revenue.</p>	<p>Each Plan forecasts sufficient revenue and outlines revenue sources.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p>Existing and projected commercial and industrial users' charges</p>	<p>TCC projected commercial and industrial user charges are stated at the average charge level with \$10,965 in 2024/25 increasing to \$22,619 in 2033/34.</p> <p>WBOP current charging for residential and non-residential water consumers does not have a distinction through a classification grouping. Higher water users will pay a higher amount through their higher volumetric usage, along with those on a larger connection size or available charge size.</p>	<p>TCC clearly forecasts the average commercial charges in the Plan.</p> <p>WBOP does not state values for projected commercial charges, but it does outline the charging mechanisms for commercial users.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
The affordability of projected water services charges for communities	<p>TCC average charges for water services are 1.2% of average household income (\$1,614) in 2024/25 increasing to 1.7% (\$3,329) in 2033/34.</p> <p>Affordability is assessed as a percentage of household residential water charges to the mean household income, because it is Tauranga specific whereas the median is at a regional level.</p> <p>WBOP average charges for water services are 2.5% of median household income (\$2,396) in 2024/25 increasing to a peak of 3.7% (\$4,306) in 2029/30 then reducing to 2.6% (\$3,456) in 2033/34. The Plan states “[the plan has] declining affordability through to FY30, at 3.7%, before improving to around 2.6% by FY34 as the benefits from economies of scale and greater efficiency begin to kick in, and as the capital renewals programme reduces.”</p>	<p>Affordability is not stated in the Plans at a CCO level but for both councils the affordability falls within the Department’ guidelines.</p> <p>Both Plans have assessed affordability at a three waters level.</p> <p>We recommend the WSCCO pricing strategy is monitored to ensure the price path can be smoothed over the next 10 years.</p> <p>Our assessment is the pricing strategy can be optimised to smooth the price path for the WSCCO utilising the financing tools available.</p>	Meets requirements	Yes
Funding and financing arrangements				
Water services financing requirements and sources	<p>TCC confirmed financing will be sourced through LGFA at the CCO level. TCC will be above the 8% minimum FFO to debt percentage set by LGFA and above the 1.5 times interest coverage.</p> <p>WBOP debt requirements for each activity are identified. Financing will be sourced through LGFA, and the expectation is the water organisation will be required to comply with the two key LGFA financial covenants.</p>	Financing sources and requirements align between both Plans and both demonstrate that the LGFA financing covenants for a WSCCO can be met.	Meets requirements	N/A
Internal borrowing arrangements	<p>TCC propose internal borrowings up to 30 June 2028. There are internal borrowings against the waters balance sheet. However full balance sheet separation is kept within Council accounts.</p> <p>WBOP internal borrowings arrangements are assumed to be used going forward pre and post 1 July 2027 within Council and with the WSCCO to keep debt for individual water areas separate.</p>	Both Plans will have identified the internal borrowing arrangements that will be used until the CCO is operational.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Determination of debt attributed to water services	<p>TCC debt attributable to water services on 30 June 2024 is \$489m.</p> <p>WBOP opening debt for each activity is stated in the statement of financial position for the individual activities. As of 30 June 2025, debt is \$24.3m for water, \$67.0m for wastewater, and \$69.7m for stormwater.</p>	Both Plans have clearly identified the opening debt for water services.	Meets requirements	N/A
Insurance arrangements	<p>TCC note the proposed WSCCO will hold the necessary insurance policies. Current renewal of TCC's insurance is undertaken through (BOPLASS – shared service WO for BOP) with reporting to council on a regular basis (costs and any insurance events).</p> <p>WBOP state the council currently own the three waters assets and has insurance in place through the assistance of Aon. Transfer of insurance arrangements has been identified as a workstream within the transition and establishment plans.</p>	Both Plans have identified their current insurance arrangements. The Plans identify that the future insurance arrangements for the WSCCO will be identified in the transition period.	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	<p>The combined WSCCO allows financially sustainable delivery of water services by 30 June 2028.</p> <p>Both Plans demonstrate delivery of financially sustainable water services by 30 June 2028.</p>	Both Plans demonstrate delivery of financially sustainable water services by 30 June 2028.	Meets requirements	N/A
Actions required to achieve financially sustainable delivery of water services	<p>TCC actions to achieve financially sustainable delivery of water services are outlined in the detailed implementation plan in Part A of the Plan.</p> <p>WBOP actions to achieve financially sustainable delivery of water services are outlined in the detailed implementation plan in Part A of the Plan. The Council will also undertake a detailed review of the forecast and historical collection levels of Financial Contributions and associated debt, noting past under-collection.</p>	<p>Both Plans identify the actions required to achieve financially sustainable delivery of water services by 30 June 2028.</p> <p>We note that the implementation plan has the same milestones in each Plan.</p>	Meets requirements	N/A
Risks and constraints to achieving financially sustainable delivery of water services	<p>TCC's key risks are detailed in the additional information of the Plan.</p> <p>WBOP's key risks are detailed in the additional information of the Plan.</p>	Risks are clearly identified.	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>Projected revenues for water services are \$209.8m in 2024/25 increasing to \$396.2m in 2033/34. Projected revenue covers the costs throughout the Plan.</p> <p>TCC financials demonstrate that revenue covers the costs of delivering water services throughout the Plan.</p> <p>WBOP financials demonstrate that revenue covers the costs of delivering water services (excluding depreciation) throughout the Plan.</p>	The joint financials forecast shows there is sufficient revenue to cover costs of delivering water services throughout the Plan.	Meets requirements	N/A
Average projected charges for water services over 2024/25 to 2033/34	<p>The average charges for the CCO are not stated in the Plan. Average charges are stated at a council level.</p> <p>TCC average charges for water services are \$1,614 in 2024/25 increasing to \$3,329 in 2033/34, a 106% increase over the 10 years.</p> <p>WBOP average charges for water services are \$2,396 in 2024/25 increasing to \$3,456 in 2033/34, a 44% increase over the 10 years.</p>	The average charges are sufficiently stated at a council level.	Meets requirements	N/A
Projected operating surpluses/(deficits) for water services	<p>The joint financials project operating deficits of \$21.1m in 2024/25 reducing to a deficit of \$0.5m in 2030/31. Operating surpluses are projected from 2031/32 to 2033/34 reaching \$138.1m by 2033/34.</p> <p>TCC operating deficits are forecast from 2024/25 to 2029/30 before surpluses are forecast from 2030/31 onwards reaching \$39.5m (13.1%) by 2033/34.</p> <p>WBOP operating deficits are forecast for the whole plan ranging from negative 22.7% in 2024/25 to negative 17.7% in 2033/34.</p>	<p>Operating deficits are forecast for the first seven years of the WSCCO. Development contributions average \$46.9m per year throughout the plan. The revenue from development contributions allows forecast surpluses through the statement of comprehensive revenue and expense.</p> <p>TCC and WBOP are both high growth councils which have a larger proportion of development contributions revenue compared to non-growth councils.</p>	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Projected operating cash surpluses for water services</p>	<p>Projected cash surpluses are forecast for each year from \$71.8m in 2024/25 increasing to \$231.6m in 2033/34.</p> <p>TCC cash surpluses are projected throughout the plan from \$60.6m (45.9%) in 2033/34 increasing to \$208.1m (69.2%) in 2033/34.</p> <p>WBOP cash surpluses are projected throughout the plan from \$11.2 (31.3%) in 2033/34 increasing to \$23.4m (42.3%) in 2033/34.</p>	<p>Cash surpluses for the WSCCO were assessed by using the combined statement of comprehensive revenue and expenses.</p> <p>Both plans demonstrate that cash surpluses increase over the plan period.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p>Assessment of investment sufficiency</p>				
<p>Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth</p>	<p>WBOP investment programme is front-loaded from 2024/25, targeting renewals backlogs, compliance, and growth, with capital expenditure tapering from 2027/28 onwards to reduce cost pressures. Early investments focus on drinking water safety, wastewater and stormwater compliance, and growth infrastructure, aligning with the 2024 AMP. Key initiatives include UV upgrades for drinking water compliance, wastewater treatment upgrades for consent compliance, and stormwater projects in Ōmokoroa. Risks such as land acquisition and overflow requirements are acknowledged, with plans for ongoing improvements in asset data, condition assessments, and demand forecasting. Post-2028, the focus shifts to asset renewals, with cyclic peaks aligned to growth and potential adjustments for tighter overflow requirements. Investment planning approaches adopted are consistent with the approach used for the development of LTP, AMP and Infrastructure Strategy.</p> <p>TCC proposed 10-year investment, covering LOS, regulatory requirements, and growth (47% of the programme) is fully funded through revenues and financing, aligning with the Infrastructure Strategy and AMP. Investment planning approach by council is consistent with the approach used for the development of the Asset Management Plans and Infrastructure Strategy.</p>	<p>WBOP's Plan demonstrates investment is sufficient to meet the requirements for growth, LOS and compliance. Noting it is front loaded with two major investments Te Puke WWTP (\$77.6m) to support residential and industrial growth and the failing Katikati Outfall pipe (\$68.1m).</p> <p>TCC's Plan demonstrates investment is sufficient to meet the requirements for growth, LOS and compliance.</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>TCC has (over 10 years) a \$2.1b capital programme that allocates 47% to growth, 27% to LOS, and 27% to renewals. Renewals investment aligns with Asset Management Plans and depreciation funding, with \$573m projected against \$572m funded depreciation. The asset sustainability ratio remains positive, ranging from 142% to 72%.</p> <p>WBOP renewals investment is projected to be 10% lower than depreciation due to the young asset base and classification anomalies, with some capital investments including renewals components. Total capital expenditure is 38.6% higher than depreciation over the planning period, with renewals concentrated in 2026/27-2029/30. Enhancements in asset condition data and long-term projections will improve prioritisation and understanding of renewals peaks. The asset sustainability ratio fluctuates between negative 84.4% and positive 82.4%. It starts negatively, turning positive from 2025/26 to 2029/30, and becomes negative again thereafter.</p>	<p>TCC's asset sustainability ratio shows renewals are sufficient to meet requirements.</p> <p>WBOP renewals are generally sufficient to meet requirements for the first half of the plan period with front loaded investment. Where the asset sustainability ratio is negative, investment below depreciation is generally due to the young age of assets.</p>	Meets requirements	N/A
Total water services investment required over 10 years	<p>WBOP asset investment ratio varies across the period 389.5% to -71.9%, reflecting the planned timing of major renewal and upgrade projects. While some years show investment below depreciation levels, this is offset by significantly higher levels of investment between 2024/25 and 2029/30 and total capital investment representing twice that of depreciation.</p> <p>TCC water services investment prioritises growth (47%), aligning with the Infrastructure Strategy and AMP. The asset investment ratio is positive, ranging from 241% to 468%, indicating investment exceeds depreciation.</p>	<p>WBOP's Plan is consistent with AMPs and Infrastructure Strategies.</p> <p>TCC's Plan is consistent with AMPs and Infrastructure Strategies.</p>	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Average remaining useful life of network assets</p>	<p>TCC's proposed investment has no impact on the useful remaining life of the assets, the ratio remains consistent over the 10-year period ranging from 85.5% to 88.2%.</p> <p>WBOP water network's sustained capital investment programme will increase the book value of assets from \$514 million to \$841.2 million and the replacement value from \$788.6 million to \$1.374 billion, reflecting ongoing investment and asset revaluation. The asset consumption ratio declines from 65.2% to 61.2% over ten years, indicating renewals are occurring while some assets remain mid-lifecycle, with no material impact. Timing aligns with key renewal thresholds to optimize expenditure benefits. The WSCCO will refine the investment profile and develop a regional water services strategy, with continued investment beyond 2033/34 essential to maintain service levels and manage long-term asset consumption.</p>	<p>TCC asset average life remains consistently the same for expenditure on renewals, LOS and growth projects .</p> <p>WBOP the remaining asset average life is decreasing due to relatively young age of assets and timing of expenditure on renewals, LOS and growth projects.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p>Assessment of financing sufficiency</p>				
<p>Confirmation that sufficient funding and financing can be secured to deliver water services</p>	<p>Each plan individually confirms that sufficient financing can be secured to deliver water services.</p> <p>TCC's plan confirms the revenue proposed will deliver a positive FFO that is sufficient to meet the LGFA covenants.</p> <p>WBOP's plan confirms the WSCCO will borrow through LGFA based on the LGFA guidance and financial covenants.</p>	<p>Sufficient financing can be secured to fund water services.</p> <p>The WSCCO meets the LGFA's minimum FFO to net debt percentage of 8% from 2028/29 onwards (year two of the WSCCO).</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
Projected council borrowings against borrowing limits	<p>Each plan provides a whole of council overview of the council borrowings compared to its borrowing limits.</p> <p>TCC's plan compares the whole of council borrowing to a 330% net debt to revenue limit with net debt to revenue at 234% in 2024/25 peaking at 330% in 2028/29 then reducing to 311% at 2033/34. TCC has an internal whole of council debt limit of 330% and a bespoke net debt to revenue limit from LGFA of 350%.</p> <p>WBOP whole of council borrowings are displayed on a graph in the Plan. The whole of council borrowings has an internal limit of 200% net debt to revenue. Debt is forecast to be about 115% in 2024/25 peaking around 190% in 2027/28 decreasing to around 170% in 2033/34.</p>	<p>The projected borrowings for each council's water services are stated in both Plans as well as the consolidated borrowings forecast in the consolidated water services statement of financial position for the WSCCO.</p>	Meets requirements	N/A
Projected water services borrowings against borrowing limits	<p>Borrowings have been assessed in each plan at an individual council level.</p> <p>TCC has assessed the borrowings against a minimum FFO to net debt ratio of 8%. Borrowings maintain a FFO above 8% for the whole plan. The FFO to net debt percentage is a minimum of 8.0% in 2027/28 then rises to 8.5% by 2033/34.</p> <p>WBOP has assessed the borrowings against a minimum FFO to net debt ratio of 8%. The FFO to net debt ratio drops below 8% for one year to 6.5% in 2027/28 while remaining above 8% for the remainder of the plan, reaching 9.9% by 2033/34.</p>	<p>The WSCCO FFO to net debt percentage is a minimum of 7.6% in 2027/28 then increases to 8.7% in 2033/34. The Plan makes use of the transition timing provided by LGFA to reach a sustainable FFO to net debt percentage above 8%.</p> <p>This has been calculated using the combined financial statements provided in the Plan.</p>	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Projected borrowings for water services</p>	<p>Projected borrowings have been assessed in each Plan at an individual council level.</p> <p>TCC borrowings are \$628m in 2024/25 increasing to \$1.7b in 2033/34.</p> <p>WBOP borrowings are \$161m in 2024/25 increasing to \$226.5m in 2033/34.</p> <p>WSCCO projected borrowings are \$789m in 2024/25 increasing to \$1.9b in 2033/34.</p>	<p>Both council’s borrowings are stated in the Plan.</p> <p>Combined borrowings are taken from the combined statement of financial position.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p>Borrowing headroom/(shortfall) for water services</p>	<p>Borrowing headroom is stated in the Plans at a council level.</p> <p>TCC borrowing headroom is calculated using a minimum FFO to net debt percentage of 8%. Borrowing headroom is \$154.8m in 2024/25 decreasing to negative \$2.1m in 2027/28 then increasing over the remaining six years to \$92.5m in 2033/34.</p> <p>WBOP borrowing headroom is calculated using a 500% net debt to revenue limit. Using this limit, borrowing headroom is available from 2029/30 onwards with negative headroom assessed from 2024/25 to 2028/29.</p>	<p>The WSCCO borrowing limit is not provided in the plan. A WSCCO spreadsheet has been provided to the Department that shows borrowing headroom measured against a minimum FFO to net debt of 8%.</p> <p>The WSCCO has borrowing headroom for nine of the 10 years of the plan. Borrowing headroom is negative \$52.3m for 2027/28 then increases to positive \$149.2m by 2033/34.</p> <p>We note that the WBOP Plan incorrectly calculates borrowing headroom against a net debt to revenue instead of a FFO to net debt percentage. Our calculations show borrowing headroom using a FFO to net debt calculation would have one year of negative headroom in 2027/28.</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
Free funds from operations	<p>FFO to net debt stated in the Plans at a council level.</p> <p>TCC FFO to net debt percentage for TCC is 10.6% in 2024/25 reducing to 8.0% in 2027/28 then increasing to 8.5% in 2033/34.</p> <p>WBOP FFO to net debt percentage for WBOP is 9.6% in 2024/25 reducing to 6.5% in 2027/28 then increasing to 9.9% in 2033/34.</p>	<p>Both councils forecast a FFO to allow financing to meet the LGFA’s minimum FFO to net debt percentage of 8% after five years of operations.</p> <p>The WSCCO FFO to net debt is calculated as 10.0% in 2024/25 reducing to 7.6% in 2027/28 increasing to 8.78% in 2033/34. The WSCCO’s FFO percentage meets the LGFA’s FFO covenants.</p>	Meets requirements	N/A
Assessment of financing sufficiency	Both council’s Plans demonstrate financing sufficiency.	Sufficient financing can be secured to fund 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 provided at the individual council level for each activity and combined water services, then at a combined water services level for the WSCCO.	Financial statements are provided and reconcile to the information provided in the Plans.	N/A
Projected statement of comprehensive revenue and expense	The projected statement of comprehensive revenue and expense is provided at the individual council level for each activity and combined water services, then at a combined water services level for the CCO.		N/A
Projected statement of cashflows	The projected statement of cashflows are provided at the individual council level for each activity and combined water services, then at a combined water services level for the WSCCO.		N/A
Projected statement of financial position	The projected statement of financial position is provided at the individual council level for each activity and combined water services, then at a combined water services level for the WSCCO.		N/A

Assessment Report: Part E – Financial projections and measures

Projected statement of comprehensive revenue and expense

TCC	Water Services Delivery Plan page 71
WBOP	Water Services Delivery Plan page 71
CCO	Water Services Delivery Plan page 85

Projected statement of financial position

TCC	Water Services Delivery Plan page 79
WBOP	Water Services Delivery Plan page 79
CCO	Water Services Delivery Plan page 87

Financial measures: revenue sufficiency

TCC	Water Services Delivery Plan pages 53 - 56
WBOP	Water Services Delivery Plan pages 55 - 57

Financial measures: investment sufficiency

TCC	Water Services Delivery Plan pages 57 - 59
WBOP	Water Services Delivery Plan pages 58 - 60

Financial measures: financing sufficiency

TCC	Water Services Delivery Plan pages 60 - 65
WBOP	Water Services Delivery Plan pages 61 - 65

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	<p>Both plans have in their appendices:</p> <ul style="list-style-type: none"> the Joint Implementation Plan Gantt Chart; and a copy of the Commitment Agreement. <p>WBOP's Plan also has appendices showing:</p> <ul style="list-style-type: none"> a list of Consents; a Beca Report on the Three Waters High Level Capital Programme Review; the Council resolution on 28 August 2025; and key assumptions for the Plan development. 	N/A	N/A
Significant capital projects	Significant capital projects are listed in both Plans.	Meets requirements	N/A
Key issues, constraints, risks and assumptions	Risks and constraints to achieving financially sustainable delivery of water services and the disclosure of risks and material assumptions are in both Plans.	Meets requirements	N/A