

Water Services Delivery Plan Assessment

Assessment Report – Timaru District Council

Te Kāwanatanga o Aotearoa
New Zealand Government



Internal Affairs
Te Tari Taiwhenua

Glossary and abbreviations

The table below sets out the abbreviations used in this report

	Abbreviation
Asset Management Plan	AMP
Capital Expenditure	Capex
Department of Internal Affairs	Department
Funds From Operations	FFO
Level of Service	LOS
Local Government Funding Agency	LGFA
Local Government (Water Services Preliminary Arrangements) Act 2024	Preliminary Arrangements Act
Long Term Plan	LTP
Resource Management Act 1991	RMA
Timaru District Council	TDC
Water services council-controlled organisation	WSCCO
Water Services Delivery Plan	Plan
Wastewater treatment plant	WWTP

Assessment Cover Sheet

Background on council/s and engagement with the Department

Detail	Commentary
Councils involved in plan	Timaru District Council
Number of connections	Drinking water: 22,052 rising to 23,487 by 2034 Wastewater: 16,414 rising to 17,460 by 2034 Stormwater: 15,961
DIA comment on council engagement during Plan development process	<ul style="list-style-type: none"> TDC coordinated early conversations with Mackenzie, Waimate and Waitaki District Councils to explore options for progressing a joint WSCCO, however this did not eventuate. The Department supported engagements between TDC and its South Canterbury neighbours to provide guidance on how a joint model could be established. In March 2025, TDC signed a commitment agreement to work with councils as part of Southern Water Done Well to explore the joint option. In May 2025 commenced consultation on a preferred multi-council WSCCO option. At the end of July 2025, TDC resolved to submit a Plan for a single-council WSCCO following Mackenzie District Council's decision to retain water services in-house. The Department understands that TDC has communicated to its neighbouring councils that it continues to be open to a joint model.
Feedback provided to council prior to submission on Draft Plan	TDC did not submit a draft Plan to the Department for review.
Engagement with council during review and assessment process	<p>The Department queried and the Council confirmed that:</p> <ul style="list-style-type: none"> the below ground drinking water network asset condition gradings provided in the Plan are consistent with information provided to the Water Services Authority; and

	<ul style="list-style-type: none"> the capital programme is designed to ensure the Council continues to meet drinking water quality regulatory standards.
Other Background Comments	N/A

Assessment Summary

Section	Commentary
Confirmation of submission completeness checklist	Yes – all required components completed.
General Comment on Plan	The Plan demonstrates financial sustainability, with sufficient revenue to cover the costs, and sufficient investment to meet relevant regulatory standards.
Financial Sustainability Comment	The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets the LOS, regulatory requirements and provides for growth. Water services will achieve financial sustainability requirements by 2027/28 by using the LGFA's transitional five-year phase in period to achieve the 9% FFO requirement. Risks and mitigations included described in the Plan are both appropriate and relevant.
Revenue Sufficiency	<p>The average water charges are projected to increase from \$1,416 in 2024/25 to \$2,588 in 2033/34, an average annual increase of 7%.</p> <p>The water supply and wastewater operating cash ratio is positive throughout the assessment period, decreasing from 60.3% in 2024/25 to 55.1% in 2033/34. The WSCCO operating surplus ratio improves from a deficit of 7.8% in 2024/25 to a surplus from 2030/31 onwards, as debt funding is utilised during initial years to reduce costs for consumers.</p> <p>The operating cash ratio for stormwater is also positive, averaging 53% across the assessment period. TDC also anticipates stormwater to operate in a surplus over the majority of the assessment period with the ratio peaking at 9.7% in 2025/26 before falling to negative 4.2% in 2033/34. Expenses are largely associated with depreciation.</p>

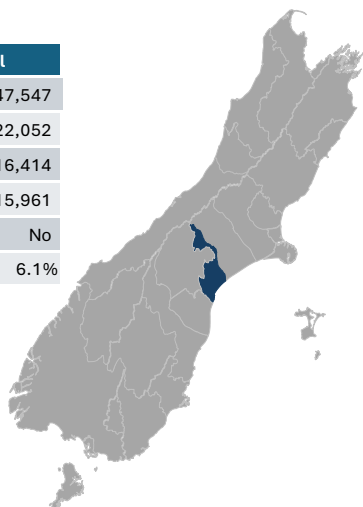
Section	Commentary
Investment Sufficiency	<p>The Plan demonstrates investment is sufficient to meet regulatory requirements. Growth will be accommodated via capacity and renewals investment. The asset sustainability ratio fluctuates negatively as investment is below depreciation. TDC have stated that the renewals profile is at low risk of material change because the rate of replacement is exceeding the rate of aging overall. However, we note the increasing age of the assets may require increased renewals consideration. T The asset average life remaining is decreasing and continued investment beyond 2033/34 is required to maintain service levels and manage asset consumption.</p>
Financing Sufficiency	<p>Total projected borrowings for all water services are \$167.8m and the Plan confirms that sufficient funding and financing can be secured to deliver water services.</p> <p>The WSCCO net debt to revenue does not exceed the proposed 500% borrowing limit in the Plan. This ratio decreases from 337% in 2024/25 to 298% in 2033/34. Water supply and wastewater debt headroom increases from \$51.6m in 2024/25 to \$112.2m in 2033/34 and the net debt to revenue limit of 500% is not breached. The FFO to debt ratio exceeds the LGFA's 9% covenant in all years outside of the period from 2026/27 to 2028/29. This reflects initial investments and establishment costs associated with the WSCCO and uses the LGFA's five-year transitional phase in period.</p> <p>Stormwater net debt to revenue is negative (indicating a surplus) from 2027/28 to 2031/32 and in 2033/34. Borrowings are required from 2024/25-2026/27 and in 2032/33. This includes a significant spend for an upgrade to the Caroline Bay Stormwater Pump station. Stormwater has low debt levels which remain below borrowing limits. Council debt breaches 280% debt to revenue limit in 2027/28 and 2028/29. Stormwater debt headroom increases from \$27.7m to \$49.7m across the assessment period and the net debt to revenue limit of 500% is not breached.</p>
Overall assessment recommendation	<p>The overall recommendation from the assessment phase is to accept the Plan from TDC.</p>

Topics for discussion with Panel

Issue	Description	Recommended treatment
Free funds from operations	The FFO to debt ratio exceeds the LGFA's 9% covenant in all years apart from 2026/27 to 2028/29. This reflects initial investments and establishment costs associated with the WSCCO and uses the LGFA's transitional five-year phase in period.	We recommend that TDC continues to work with the LGFA to ensure the WSCCO has transitional funding and that this is monitored during implementation.

Council summary information

Summary information	Level
Current population	47,547
Drinking water connections	22,052
Wastewater connections	16,414
Stormwater connections	15,961
High growth council	No
10 year population growth	6.1%



Assets, network and compliance

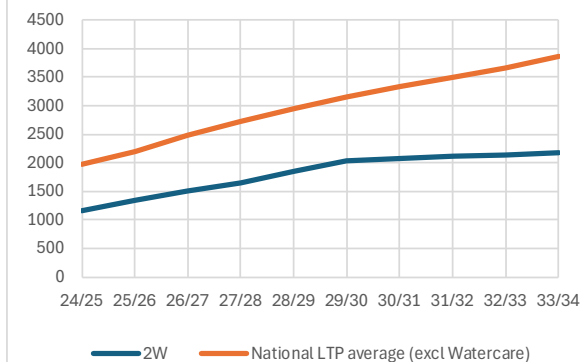
Asset measures	Year 1	Year 10	10 Year Average
Total assets per connection (\$)	16,077	19,902	18,273
Total debt per connection (\$)	2,867	4,126	3,926
Operating costs per connection (\$)	207	388	353
Age of network (years)	DW	WW	SW
Average age outlined in plan	46	60	N/A

Network performance	Level
Level of service performance measures achieved	93.8%
Water loss rate	28%
Average consumption (litres per person per day)	299

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

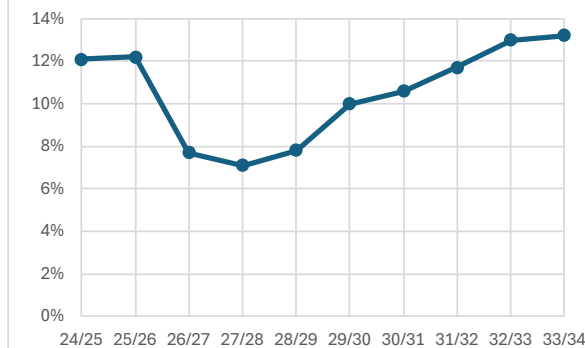
Affordability and growth

Water services charge compare to national LTP average



Financing

FFO to net debt

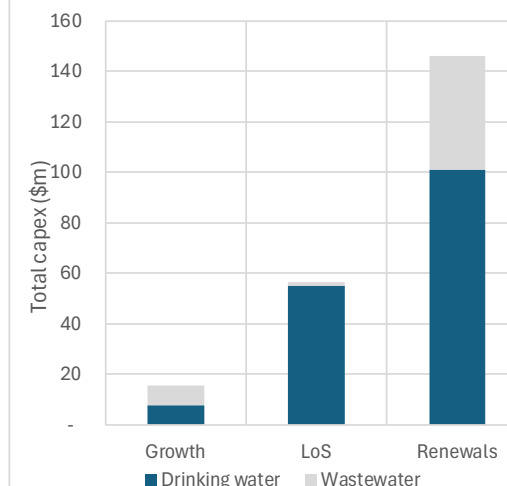


Capital expenditure	Category of capital expenditure			Total over 10 years
	Growth	Level of service	Renewals	
Drinking water	7,897	54,923	101,125	163,945
Wastewater	7,745	1,444	44,896	54,085
Stormwater	-	-	-	-
Total 10 years	15,642	56,367	146,021	218,030

Item	Year 1	Year 10	10 Year Average
Total charge as % of median income	1.37%	2.09%	1.85%
Annual price increase	N/A	1.72%	6.69%
DC collected per new connection (\$)	0	0	0

Item	Year 1	Year 10	10 Year Average
Water related net debt to operating revenue %	337%	298%	340%
FFO to debt	12.1%	13.2%	10.5%
Whole of Council net debt to revenue (approx)	N/A	N/A	N/A

Capex spend by type, 10 year total



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

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Delivery model and implementation				
Financially sustainable water services provision	<p>TDC plans a phased transition from July 1, 2026 to July 1, 2027 for WSCCO governance, service agreements, and a new planning framework. The WSCCO is projected to achieve financial sustainability by 2027/28, with drinking water and wastewater revenues covering service delivery, infrastructure investment, and regulatory requirements.</p> <p>Stormwater services will remain in-house, with revenue sufficient to meet service levels, regulatory needs, and growth. Borrowings for both WSCCO and TDC are within limits and LGFA covenants, supported by transitional working capital arrangements in 2025/26 and 2026/27.</p>	<p>The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets the LOS, regulatory requirements and provides for growth.</p> <p>Water services will achieve financial sustainability requirements by 2027/28 by using LGFA’s transitional five-year phase in period to achieve the 9% FFO requirement.</p>	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>The proposed model to deliver water services</p>	<p>The Plan proposes a standalone WSCCO for drinking water and wastewater. TDC shareholders will transfer their drinking water and wastewater assets to the WSCCO by 1 July 2027. This model is to ensure that water services delivery in Timaru will not only meet all regulatory requirements (including financial sustainability) but also be positioned for partnership in the near future should other councils decide to join with Timaru.</p> <p>The WSCCO will become a legal entity on 1 July 2026 with a transfer date of 1 July 2027.</p> <p>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 proposal is for TDC to continue delivering stormwater services in-house under an enhanced and ringfenced business unit model.</p> <p>TDC considered the option of joining Southern Water (Central Otago, Gore and Clutha), and/or to partnering with any/all of their nearest neighbours (Waimate, Waitaki and Mackenzie), with Ashburton having indicated a lack of intent to partner at an early stage. Conversations are ongoing with the above-named councils and Selwyn District Council and their WSCCO.</p>	<p>The proposed model for the delivery of water and wastewater services is clearly defined with TDC transitioning from their current arrangements into the WSCCO from the establishment date of 1 July 2026.</p> <p>The organisational structure of the proposed WSCCO meets the requirements of the Preliminary Arrangements Act.</p> <p>TDC will ensure the appropriate oversight of stormwater delivery priorities, investment programme and ensure adherence to current and future stormwater regulations.</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>TDC has resolved to establish a standalone WSCCO to deliver drinking water and wastewater water services to the district. To achieve this, planning has been undertaken to ensure that a standalone WSCCO will be operational from 1 July 2027 when it assumes full legal and regulatory responsibility for water services delivery from TDC, including associated assets and liabilities.</p> <p>TDC is continuing to monitor and engage with other South Island councils who are contemplating joint WSCCO models.</p> <p>If opportunities arise that will provide benefits to the TDC, it is possible that a joint WSCCO rather than a standalone WSCCO will be pursued. If that occurs, further Council resolutions and a revised Plan will be required.</p> <p>The Plan states that the timelines will be regularly reviewed and updated with the ability to speed up or slow down key milestones if other Councils emerge as realistic potential partners, while still meeting the target date of being fully operational by 1 July 2027.</p> <p>If a joint WSCCO partner has not been identified by 31 March 2026, then TDC will finalise setting up the standalone WSCCO.</p> <p>Implementation will proceed in the following stages:</p> <ul style="list-style-type: none"> • Preparation –the initial planning phase, awaiting Department approval, and reformation of Council and its Committees following elections. • Pre-establishment – legal establishment and governance appointments and arrangements for the new WSCCO. • Establishment – all workstreams to transfer assets, staff, contracts, systems, and establish the financial and operational capability of the new entity. • Operational – all operational, staffing, and regulatory responsibilities will be transitioned to the WSCCO to enable go-live on 1 July 2027 • Key milestones to achieve full ring-fencing and compliance with legislation for the stormwater services function to be reported on from 1st July 2026. 	<p>Limited information is provided in the implementation plan, but it is sufficient to meet the requirements of section 13(2) of the Preliminary Arrangements Act.</p> <p>TDC is holding an option to to identify joint WSCCO partners open until 31 March 2026.</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>TDC undertook public consultation between 15 May 2025 – 6 June 2025</p> <p>TDC consulted on:</p> <ul style="list-style-type: none"> • Option 1: Forming a joint WSCCO (Council’s preferred option) 50.36% • Option 2: Forming an in-house business unit 44.60%. • Option 3: Forming own WSCCO 2.88% <p>Overall, 50.36% of submitters supported the preferred WSCCO option.</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	TDC resolved to adopt the Plan on 26 August 2025.	N/A	Meets requirements	N/A
Certification of the Chief Executive of Timaru District Council	The Chief Executive certified the Plan on 29 August 2025.	N/A	Meets requirements	N/A

Assessment Report: Part B – Network Performance

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Investment required in water services				
Serviced population and serviced areas	<p>The serviced population of 46,335 is growing at a lower-than-national-average rate (0.4% annually), with water connection growth at 0.7%. It is projected to reach 49,162 in the next decade. Water supply covers Timaru, Temuka, Geraldine, and surrounding areas, including three rural schemes (Downlands, Te Moana, Seadown). Wastewater services include Timaru, Temuka, Geraldine, and Pleasant Point, with septic tank properties served by Aorangi Road WWTP. Water losses remain high at 28%, with urban consumption averaging 267 litres/day and rural at 454 litres/day. Stormwater systems experienced flooding events in 2024/25. Maps, connection tables, and LOS data is provided, with preliminary 2024/25 results; however, there is limited commentary for the period of 2023/24.</p>	<p>Sufficient information has been provided on service areas, connections and growth.</p> <p>The current LOS are met except for flooding events, with flood resilience upgrades planned.</p> <p>The water losses are not reducing, and the current renewal activities are not specifically focused on addressing this issue.</p>	Meets requirements	N/A
Assessment of the current condition and lifespan of the water services network	<p>Drinking water assets average 46.31 years, wastewater 60.31 years, and stormwater 60.99 years. Critical assets are tracked in the PiPYR system. Above-ground drinking water assets are 25% condition-rated, with 3% rated poor/very poor. No assessment information provided for storm or waste water above ground services.</p> <p>Below-ground assets show 94.8% of drinking water (5.02% poor/very poor), 73.93% of wastewater (19.96% poor/very poor), and 62.11% of stormwater (4.3% poor/very poor) rated. Many network sections will reach the end of their useful life within 10 years, with some assessments outdated since the 1990s. Condition summary and CCTV-informed renewal plans are detailed in the AMIS system.</p>	<p>Existing and projected condition and performance data are appropriate for informing long-term maintenance, renewal, capital, and operational planning</p> <p>Critical assets have been identified.</p> <p>Condition assessments are being undertaken with increasing frequency to inform renewals.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Asset management approach	<p>Existing service delivery mechanisms and asset management systems are described.</p> <p>There is limited detail provided on proposed asset management systems and delivery mechanisms within the Plan.</p> <p>The AMP is being rewritten ahead of the Water Services Strategy development. Service delivery is managed through a Citycare maintenance contract. It is yet to be negotiated if this will transfer/novate to the new WSCCO. Capital projects adhere to TDC procurement policies. Two systems (Infor and PiPYR) integrate with Council GIS and financial systems for asset management data. The 2024 maturity assessment rates TDC at an "intermediate" level. A review of TDC's asset management policy and framework aligned with Apopo and IIMM 2020. Current staff resources are proposed to transfer to the WSCCO.</p>	<p>Limited information is provided on proposed asset management process. Similarly, limited commentary is provided on how asset management will support the proposed model.</p> <p>A 2024 asset maturity assessment is provided.</p>	Meets requirements	N/A
Statement of regulatory compliance – Drinking Water	<p>Over the past three years, there have been nine boil water notices and ongoing water restrictions. Fluoridation is budgeted for 2026/27. Firefighting capacity is sufficient except in Peel Forest and parts of rural schemes. Three resource consents are in process, 18 expire within 10 years. Drinking water supply has achieved 100% compliance. Key investment priorities include upgrades to the Claremont Water Treatment Plant, Geraldine headworks resilience and duplication of trunk mains, and initial water meter deployment and Seadown Rural Water Scheme network upgrade. Significant capital projects addressing compliance are detailed in provided tables.</p>	<p>The Investment Plan budget addresses specific compliance requirements.</p> <p>A fluoridation order was due in 2022 from the Director-General of Health, however it has yet to be received.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Statement of regulatory compliance – Resource Consents	<p>Two water take consents are expired but operating under s 124 of the RMA, with technical non-compliance on three discharge consents.</p> <p>Wastewater includes six significant discharge consents and five network consents, while stormwater has four significant discharge consents and two network consents, with none expiring in the next 10 years. There is one low-risk non-compliance at the Temuka Oxidation Pond. Two wastewater and three stormwater consents are active.</p> <p>Major investments include replacing the industrial wet well at Aorangi Rd and treatment upgrades for inland towns, starting with Temuka. Stormwater adaptation management will see increased investment over the next decade.</p>	<p>The Investment Plan budget addresses compliance requirements.</p>	<p>Meets requirements</p>	<p>N/A</p>
Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements	<p>Capex is driven by renewals, resilience, and service level improvements rather than growth, which is at 0.7% annually. Over the next 10 years, \$218m is allocated for water supply and wastewater (\$49.9m for stormwater) investments to meet demand, enhance service levels, and replace assets. Planned capital investment exceeds depreciation, though renewals fall short. Key projects include urban water membrane installations, water meter installations, and the Geraldine Water Resilience Upgrade. Significant wastewater and stormwater projects are scheduled, including the Caroline Bay Pump Station. TDC has allowed debt headroom for these investments and is addressing historic underfunding of depreciation by moving to fully fund it annually.</p> <p>Metering is proposed.</p>	<p>The plan includes sufficient investment for renewals, compliance and LOS.</p> <p>Provisions for growth are stated as not being a key driver for TDC.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Historical delivery against planned investment</p>	<p>Historic under-delivery of planned investments and phased "carry forward" budgets have resulted in increased reactive renewals. Over the past five years, average delivery has been 77% of planned investment, with 71% estimated for 2024/25. Network capacity has been sufficient for the low growth rate, and TDC is developing real-time reporting tools to improve allocation and tracking of spending.</p>	<p>It is not stated that any confirmed additional resources will be available to deliver the programme.</p> <p>The capital programme continues at a similar level in 2024/25 which has been delivered historically at 77%.</p> <p>In response to a question asked of TDC to confirm what steps are being undertaken to fully deliver the programme, TDC confirmed that the previous lower levels of delivery were due in part from budget phasing, savings arising from contractor pricing, and delays in Claremont Water Treatment plant renewal. TDC confirmed future budget phasing will align with anticipated delivery stages without front loading projects into the first planned year and then carrying forward funds for future construction phases.</p>	<p>Meets requirements</p>	<p>N/A</p>

Assessment Report: Part C – Revenue and financing arrangements

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Revenue and charging arrangements				
Charging and billing arrangements	TDC currently runs water services separately, with revenue from targeted rates, metered water, and trade waste charges. Costs are allocated directly or via overheads. From 1 July 2027, finances will be fully separated between TDC and the new WSCCO, but fee-setting will stay the same at first. TDC may support fee collection during the transition if needed. Some funding is set aside to explore universal metering, but the new WSCCO will decide whether to proceed.	The Plan clearly outlines charging and billing arrangements.	Meets requirements	N/A
Water services revenue requirements and sources	The way in which current water service costs are recovered is provided. From 1 July 2027, the WSCCO will set water services revenue requirements and may adjust charging or collection methods. Revenue requirements under the new WSCCO have not yet been established.	Water services revenue requirements and sources have been explained in the Plan.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Existing and projected commercial and industrial users' charges	TDC holds industrial trade waste agreements with users that discharge directly to the Industrial Sewer Line. They are charged for their trade waste discharge assessed as a portion of total operational costs attributable to conveyance of the industrial waste stream. TDC and the WSCCO will undertake a Trade Waste Review which will include proposing changes to the consenting and charging regimes. This will lead in toward development of the Trade Waste Discharge Plan as will be required within two years of the Local Government (Water Services) Act 2025.	Projected commercial or industrial user charges are explained in the plan but are not separated out.	Meets requirements	N/A
The affordability of projected water services charges for communities	Water charges will remain between 1.7 and 2.4 percent of median household income for all three waters. The average increase for three water charges is 7% per year over the 10 years, which is skewed with a 13.6% increase reducing to 9.3% over the first six years, followed by under 2.2% for the remainder of the period.	The affordability of projected water services charges is within the guidance provided by the Department of 2.5% of median household income for two waters.	Meets requirements	N/A
Funding and financing arrangements				
Water services financing requirements and sources	It is forecast that \$268m in capital investment is required to meet regulatory, growth, and service level obligations. Of that approximately \$53m will be borrowed for three waters through the LGFA. Capital investment for the WSCCO (for drinking water and wastewater) is forecast to be \$218m, of which \$59m will be borrowed.	The plan provides describes water services financing requirements and sources. We note that the WSCCO debt is \$6m greater than the three waters debt as stormwater is forecast to have negative debt.	Meets requirements	N/A
Internal borrowing arrangements	As the WSCCO will be a separate entity there will be no internal borrowing.	There will be no internal borrowing arrangements with the WSCCO.	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	TDC allocates debt to activities based on spending percentages. Debt changes are calculated using operating revenue, cash costs, capital receipts, and capital expenditure. A detailed debt calculation will be reviewed by both TDC and the WSCCO board during transition.	The determination of debt attributed to water services has been outlined in the Plan.	Meets requirements	N/A
Insurance arrangements	It is expected that the WSCCO will seek to have existing insurance arrangements transferred from TDC. The WSCCO will also require additional insurances, including directors' and officers' insurance and business continuity insurance to manage revenue risk in the event of natural disaster.	Insurance arrangements have been outlined in the Plan at a high level.	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	TDC confirms that delivery of water services will be financially sustainable by 30 June 2028.	The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets the LOS, regulatory requirements and provides for growth.	Meets requirements	N/A
Actions required to achieve financially sustainable delivery of water services	All water services will achieve financial sustainability requirements by 2027/28. The WSCCO will achieve the FFO requirement within the five year phase in period indicated by the LGFA.	<p>Actions required to achieve financially sustainable delivery of water services have been included in the implementation plan.</p> <p>No additional actions are required to achieve financial sustainability of water services by 30 June 2028, beyond the steps already provided for in the Plan and the implementation plan.</p>	Meets requirements	N/A
Risks and constraints to achieving financially sustainable delivery of water services	Risks listed for future water services include delivery approach, regulatory compliance, delivery of capital programme, organisational capacity and systems to deliver the Plan, stormwater compliance, providing growth, change in economic conditions, insurance and insurable events.	Risks and constraints to achieving financially sustainable delivery of water services are identified.	Meets requirements	N/A
Assessment of revenue sufficiency				
Projected water services revenues cover the projected costs of delivering water services	The WSCCO will run a deficit for the first few years of the planning period, and a small surplus for the last three years to ensure all operating expenses are covered including depreciation.	The Plan confirms projected water services revenues cover the projected costs of delivering water services.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Average projected charges for water services over 2024/25 to 2033/34	Average projected charges are shown at a per connections level. Average projected charges per connection for water services rise from \$1,416 in year one to \$2,588 in year ten. This figure relates to three waters.	The average projected charges per connection for water services are detailed in the Plan.	Meets requirements	N/A
Projected operating surpluses/(deficits) for water services	An operating deficit is projected for the first seven years of the planning period, ranging between \$0.6m and \$6.1m – or (1.9%) and (16.5%) operating surplus ratio (deficit). There is a small surplus for the last three years.	The operating deficits essentially indicate an increase in borrowing over the first seven years.	Meets requirements	N/A
Projected operating cash surpluses for water services	Sufficient operating cash surplus. The operating cash ratio for the combined ten years is 53%; ranging between 45.4% and 60.3%.	Projected operating cash surpluses for water services every year of the Plan.	Meets requirements	N/A
Assessment of investment sufficiency				
Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth	TDC confirms water and wastewater investments meet service level and regulatory needs, with minimal growth driven by vested assets. Funding will come from operating surpluses, borrowings, and water revenues, with sufficient debt headroom available. Total investment exceeds depreciation from 2025/26 to 2028/29 before tapering off, while stormwater investment remains steady, spiking in 2032/33 for the Caroline Bay Pump Station. The investment planning approach adopted by TDC is consistent with the approach used for the development of their LTP.	The Plan demonstrates investment is sufficient to meet the LOS and regulatory requirements. Growth will be accommodated via capacity and renewals investment.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Renewals requirements for water services	The asset sustainability ratios are predominantly negative throughout the Plan (water and wastewater ratios are negative except in 2025/26, 2026/27, and 2028/29). Planned renewals align with the AMP, live asset data, and lifecycle modelling, supported by a utility report. Asset Sustainability Ratios fluctuate between negative 8.7% to negative 51.3% for stormwater, and positive 47.0% to negative 50.2% for water and wastewater.	The asset sustainability ratio fluctuates negatively as investment is below depreciation. TDC have stated that the renewals profile is at low risk of material change with rate of replacement exceeding rate of aging overall. However, we note the increasing age of the assets may require increased renewals consideration.	Meets requirements	N/A
Total water services investment required over 10 years	The asset investment ratio fluctuates for water and wastewater between negative 0.2% and positive 106.8% (peaking in 2026/27 and 2027/28) and for stormwater between negative 45% and positive 105.4% (spiking in 2032/33). TDC confirms alignment of investments with the AMP and LTP.	The total water investment is predominantly for LOS and renewals, consistent with AMPs and LTP.	Meets requirements	N/A
Average remaining useful life of network assets	The asset consumption ratio declines over the next decade from 54.9% to 50.5% for water and wastewater, and from 48.4% to 42.8% for stormwater.	The average asset life remaining is decreasing due to insufficient total expenditure on renewals, LOS and growth projects. Continued investment beyond 2033/2034 is required to maintain service levels and manage asset consumption.	Meets requirements	N/A
Assessment of financing sufficiency				
Confirmation that sufficient funding and financing can be secured to deliver water services	For water supply and wastewater, the WSCCO will have sufficient debt headroom over the forecast period.	The Plan confirms sufficient funding and financing can be secured to deliver water services.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Projected council borrowings against borrowing limits	TDC has an external credit rating of AA- from Fitch so qualifies for the LGFA's "Foundation Policy Covenants" which means that ratio of net debt/total revenue can be up to 280%. TDC have confirmed that at a whole of council level they are operating within these limits.	Projected council borrowings are within the whole of Council LGFA borrowing limits.	Meets requirements	N/A
Projected water services borrowings against borrowing limits	WSSCO borrowing will peak around financial years 2027/28 and 2028/29 and remain within internal policy borrowing limits. Borrowing will then decrease, apart from a small uptick in the final year of the planning period.	Projected water services borrowings are within the 500% limit for water services borrowing.	Meets requirements	N/A
Projected borrowings for water services	Net debt to operating revenue goes from 337% at the start to a peak of 403% and finishes at 298%.	Total projected borrowings for all water services are \$169m.	Meets requirements	N/A
Borrowing headroom/(shortfall) for water services	Attributing borrowings to water services, there is sufficient headroom against potential constraints, with net water services debt to operating averaging 340% over the period, with debt headroom of \$112m by 2033/34.	Borrowing headroom for water services is sufficient however the calculation should be against FFO to debt metric.	Meets requirements	N/A
Free funds from operations	The WSSCO FFO falls below the required 9% for three years of the planning period, before trending up again. This occurs within the five year phase in period to achieve the financial sustainability measure. Specifically, it falls from 12.1% in 2024/25 to 7.1% in 2027/28 and then climbs to 13.2% in 2033/34.	TDC meet the 9% FFO LGFA requirement in 2029/30 which is within the five year phase in period. We recommend that TDC work with the LGFA to confirm their transitional arrangements.	Meets requirements	Yes
Assessment of financing sufficiency	Sufficient funding and financing can be secured to deliver water services.	The Plan confirms sufficient funding and financing can be secured to deliver water services.	Meets requirements	N/A

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

Section in Part E	Summary of content in Plan	Assessment Review Comment	Focus for panel
Projected funding impact statement	Project funding impact statement provided for all three waters.	Sufficient information has been provided.	N/A
Projected statement of comprehensive revenue and expense	Comprehensive revenue and expense statement provided for all three waters.	Sufficient information has been provided.	N/A
Projected statement of cashflows	Cashflow statement provided for all three waters.	Sufficient information has been provided.	N/A
Projected statement of financial position	Statement of financial position provided for all three waters.	Sufficient information has been provided.	N/A

Assessment Report: Part E – Financial projections and measures

Projected statement of comprehensive revenue and expense

Water Services Delivery Plan pages 83 - 84

Projected statement of financial position

Water Services Delivery Plan pages 84 -85

Financial measures: revenue sufficiency

Water Services Delivery Plan pages 63 - 66

Financial measures: investment sufficiency

Water Services Delivery Plan pages 67 - 73

Financial measures: financing sufficiency

Water Services Delivery Plan pages 74 - 81

Assessment Report: Water Service Delivery Plan – Additional information

Additional information	Summary of content in Plan	Assessment Review Comment	Focus for Panel
Additional disclosures to support Plan	N/A	N/A	N/A
Significant capital projects	<p>The Plan includes capital projects for drinking water projects to:</p> <ul style="list-style-type: none"> • Improve level of service • Replace existing assets <p>The Plan includes capital projects for wastewater projects to:</p> <ul style="list-style-type: none"> • Meet additional demand • Improve levels of service • Replace existing assets <p>The Plan includes capital projects for stormwater projects to:</p> <ul style="list-style-type: none"> • Meet additional demand • Improve levels of service <p>Replace existing assets</p>	Meets requirements	N/A
Key issues, constraints, risks and assumptions	The Plan includes key risks and material assumptions for water services delivery.	Meets requirements	N/A