

# Water Services Delivery Plan Assessment

## Assessment Report – Waimate 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
Department of Internal Affairs	Department
Funds From Operations	FFO
In-house Business Unit	IBU
Levels of Service	LOS
Local Government Funding Agency	LGFA
Local Government (Water Services) Act 2025	the Act
Local Government (Water Services Preliminary Arrangements) Act 2024	Preliminary Arrangements Act
Long Term Plan	LTP
Separately Used or Inhabited Part	SUIP
Waimate District Council	WDC
Water Services Delivery Plan	Plan
Water Services Council Controlled Organisation	WSCCO
Wastewater treatment plant	WWTP

# Assessment Cover Sheet

## Background on council and engagement with the Department

Detail	Commentary
<b>Councils involved in plan</b>	Waimate District Council
<b>Number of connections</b>	Water supply: 3,595 Wastewater: 1,845 Stormwater: 1,845
<b>DIA comment on council engagement during Plan development process</b>	<ul style="list-style-type: none"> <li>WDC was involved in early discussions around the potential establishment of a joint WSCCO for South Canterbury (including Waitaki, Timaru and Mackenzie District Councils) including collaborative work on financial modelling. In December 2024, the Department met with Chief Executives and staff from South Canterbury councils, including WDC, to provide updates on progress and outline options for pursuing this initiative.</li> <li>In March 2025, the Department met with four South Canterbury Councils to continue discussions on options for a joint delivery model. The Department continued to work alongside the councils to discuss challenges and support work on modelling for a multi- council CCO.</li> <li>WDC consulted their communities from May to June 2025, with a preferred model of an IBU.</li> <li>On 1 July 2025, WDC decided that the IBU model would form the basis of their Plan.</li> <li>The final plan was submitted on 26 August 2025.</li> </ul>
<b>Feedback provided to council prior to submission on Draft Plan</b>	WDC provided the Department with information on their capital programme for review on 14 July 2025. The Department responded on 24 July 2025 with feedback stating that from the assessment of the draft, further clarification and commentary would be required (although it was acknowledged that the information was still a work in progress).
<b>Engagement with council during review and assessment process</b>	N/A

Detail	Commentary
<b>Other Background Comments</b>	<p>Waimate is a small rural council with a population of 8,121. WDC is responsible for one urban water supply system, one wastewater network and six mixed use rural water schemes.</p> <p>The Water Services Authority has been consulted on the compliance for the rural water schemes.</p> <p>Waimate has a 14% share of the Downlands water supply a joint venture with Timaru (82%) and Mackenzie District (4%) Councils. WDC consultation included a proposal for a joint model with Timaru District Council and Mackenzie District Council.</p>

## Assessment Summary

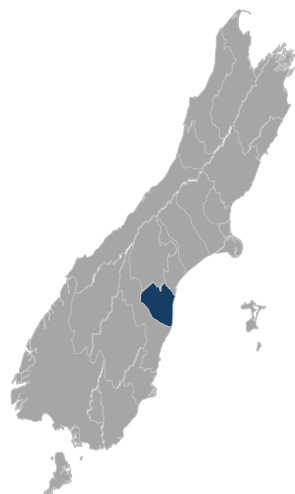
Section	Commentary
<b>General Comment on Plan</b>	The Plan meets requirements and is supported by external third-party input.
<b>Financial Sustainability Comment</b>	The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets LOS, regulatory requirements and provides for growth. WDC does not anticipate any additional actions will be required to achieve financially sustainable delivery beyond what is included in the Plan and a summary of issues, constraints and risks is provided with mitigations.
<b>Revenue Sufficiency</b>	The average projected charges per connection for water services are \$1,886 rising to \$2,798 over 10 years, an increase of 48.4%. The affordability of projected water services charges per connection ranges between 2.5% rising to 2.9% of median household income over the 10 years. The Plan confirms projected water services revenues cover the projected costs of delivering water services. WDC has a projected operating cash surplus for every year of the Plan and the average operating cash ratio for the period is 43%. WDC has projected operating surpluses for water services from 2031/32 onwards and over the 10 years the average operating surplus ratio is negative 0.9% which is breakeven, the small loss being unfunded depreciation.
<b>Investment Sufficiency</b>	The Plan demonstrates investment is sufficient to meet requirements of LOS, renewals and enable growth. The asset consumption ratio is stable across the Plan. Renewals are sufficient to meet requirements, and the Plan is consistent with AMPs, infrastructure strategies and the reports provided by WDC. The asset consumption ratio decreases slightly which is not considered material.
<b>Financing Sufficiency</b>	The Plan confirms sufficient funding and financing can be secured to deliver water services. Total water debt is forecast to increase from \$9.3m to \$26.6m across the period. Projected whole of Council borrowings including water related borrowings are within LGFA lending limits of 175% net debt to revenue. Projected water services net debt to operating revenue reaches 328% in the assessment period but remains within the 500% water debt to operating revenue limit. Water services borrowing headroom decreases from \$16.7m in 2024/25 to \$13.9m in 2033/34 however WDC has significant borrowing headroom across the 10-year period.
<b>Overall assessment recommendation</b>	The overall recommendation from the assessment phase is to <b>accept</b> the Plan from WDC.

## Topics for discussion with Panel

Issue	Description	Recommended treatment
Drinking water regulatory compliance	<p>Waimate currently has water quality issues with rural supplies that lack filtration and UV systems; and in the Lower Waihao supply nitrate levels, from groundwater sources exceed MAVs requiring access to alternative water supply.</p> <p>Investment in the Plan has been prioritised to address these compliance issues. Planned capital investments in 2025/26 and 2026/27 aim to achieve compliance with drinking water standards.</p> <p>Boil water notices have been issued for several schemes, including permanent notices for Cannington Motukaika, Waihaorunga, and Waikakahi.</p> <p>We note that fluoridation is under active consideration but not currently budgeted for.</p>	We recommend the delivery of projects required to achieve regulatory compliance is monitored during implementation.
Internal borrowing arrangements	Water services debt is managed via internal borrowings, based on related capital or operational spend. All transactions are tracked and reflected in reserves, which earn interest. WDC prefers internal lending for reserves, keeping borrowings specific to water services. From 2026/27, these borrowings will be managed on a commercial basis with set terms.	We recommend compliance with ring-fencing requirements is monitored during implementation.

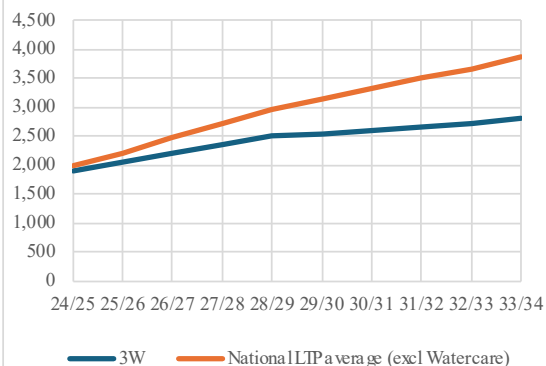
Council summary information

Summary information	Level
Current population	8,121
Drinking water connector	3,595
Wastewater connections	1,845
Stormwater connections	1,845
High growth council	No
10 year population growth	4.1%



Affordability and growth

Water services charge compare to national LIP average



Item	Year 1	Year 10	10 Year Average
Total charge as % of median income	2.50%	2.80%	2.79%
Annual price increase	N/A	2.60%	5.36%
DC collected per new connection (\$)	N/A	N/A	17,431

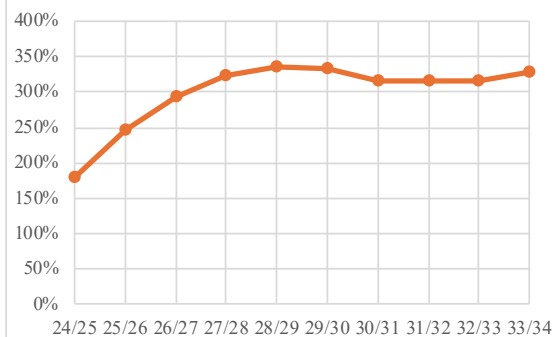
Item	Year 1	Year 10	10 Year Average
Water related net debt to operating revenue %	179%	328%	299%
FFO to debt	15.0%	9.6%	10.1%
Whole of Council net debt to revenue (approx)	27%	37%	46%

Assets, network and compliance

Asset measures	Year 1	Year 10	10 Year Average
Total assets per connection (\$)	15,183	23,047	19,577
Total debt per connection (\$)	1,474	4,927	4,311
Operating costs per connection (\$)	209	244	231
Age of network (years)	DW	WW	SW
Average age outlined in plan	27	58	42

Financing

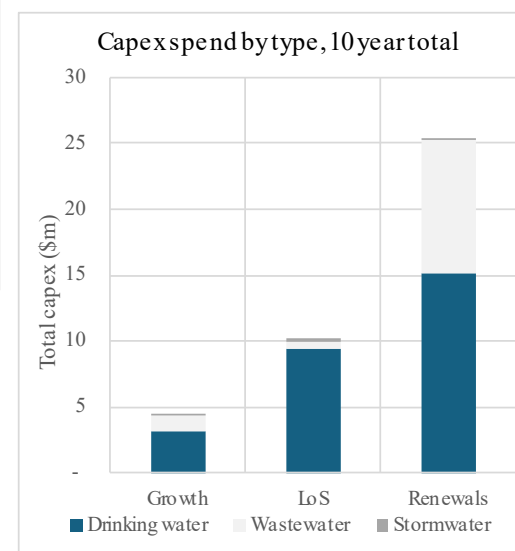
Net debt to operating revenue



Network performance	Level
Level of service performance measures achieved	83%
Water loss rate	17%
Average consumption (litres per person per day)	463

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

Capital expenditure	Category of capital expenditure			Total over 10 years
	Growth	Level of service	Renewals	
Drinking water	3,166	9,374	15,075	27,615
Wastewater	1,144	543	10,115	11,802
Stormwater	203	303	96	602
<b>Total 10 years</b>	<b>4,513</b>	<b>10,220</b>	<b>25,286</b>	<b>40,019</b>



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

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Delivery model and implementation</b>				
<b>Financially sustainable water services provision</b>	WDC will meet financial sustainability requirements 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
<b>The proposed model to deliver water services</b>	<p>The proposal will see WDC continue to deliver water services in-house under an enhanced business unit model.</p> <p>The model retains direct council ownership and operational responsibility while meeting financial and regulatory obligations under the Act. The model features ring-fenced revenues, dedicated governance via a Water Services Committee with independent experts, and clear identification of costs and debt financing. There is an appropriate allocation of internal resources and functions (e.g. asset management and finance).</p>	<p>The proposed model for an in-house model to deliver the water services is clear with a transition from the current arrangements.</p> <p>The IBU will initially have a governance committee to assist with implementation. Composition of the committee will be reviewed after two years. The IBU committee membership will have two external members, a member from Runanga, three councillors, an independent chair operating with delegated powers but with WDC retaining decision making rights.</p>	Meets Requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Implementing the proposed service delivery model</b>	<p>Key milestones to achieve full ring-fencing and compliance with legislation stated are:</p> <ul style="list-style-type: none"> <li>• Establishment of water committee and internal changes to business unit Q1 2026 with external representatives complete by June 2026;</li> <li>• Volumetric billing for water from 1 July 2027; and</li> <li>• Financial separation 'test run' from 2026/27 in advance of 2027/28.</li> </ul>	The Plan outlines an implementation plan as required by section 13(2) of the Preliminary Arrangements Act, but limited information detail is provided.	Meets Requirements	N/A
<b>Consultation and engagement undertaken</b>	<p>WDC undertook public consultation between 15 May 2025 and 16 June 2025.</p> <p>WDC consulted on:</p> <ul style="list-style-type: none"> <li>• Option 1: Forming an in-house business unit (WDC's preferred option)</li> <li>• Option 2: Forming a three-Council (Waimate/Timaru/Mackenzie) joint waters company</li> </ul> <p>Overall, 87% of submitters supported the preferred IBU option, with 13% support for the joint waters company.</p>	Consultation meets the requirements of Part 3 of the Preliminary Arrangements Act.	Meets Requirements	N/A
<b>Assurance and adoption of the plan</b>				
<b>Council resolution to adopt the Plan</b>	WDC resolved to adopt the Plan on 19 August 2025.	N/A	Meets Requirements	N/A
<b>Certification of the Chief Executive of Waimate District Council</b>	The Chief Executive certified the Plan on 26 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
<b>Investment required in water services</b>				
<b>Serviced population and serviced areas</b>	<p>Waimate's population is growing at 0.4% per annum, projected to increase from 8,186 in 2024/25 to 8,486 by 2033/34. The water supply LOS includes average consumption of 462.7 litres per day and 17.49% real water losses, with LOS complaints not achieved for water supply, wastewater, and stormwater.</p> <p>The main water supply comes from two bores (Timaru Road and Manchester Road), with rural supplies sourced from bore and river intakes. The Waimate Urban scheme has 2,056 connections, while 584 SUIPs remain unconnected to water schemes.</p> <p>The urban wastewater network serves 1,885 connections (10% business), with one treatment plant, two pumping stations, and 62km of reticulation. St Andrews manages waste from 56 households via private septic tanks.</p> <p>Stormwater infrastructure includes 10km of pipes and 4km of open drains.</p> <p>While no growth areas are identified in the District Plan, extended residential zones have been noted.</p>	<p>Sufficient information has been provided on service areas and connections, noting no real growth, and that LOS are generally met.</p> <p>Water meters are in place for urban areas.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Assessment of the current condition and lifespan of the water services network</b>	<p>The average age of networked water infrastructure is 44.1 years, wastewater is 63.6 years, and stormwater is 53 years.</p> <p>Condition assessments show 96.9% of above-ground and 92.2% of below-ground water assets assessed, with 0.3% above ground and 0.004% below ground in poor or very poor condition.</p> <p>For wastewater, 99.5% above-ground and 95.7% below-ground assets are assessed, with 25.2% below ground and 0% above ground in poor or very poor condition.</p> <p>Stormwater assessments cover 96.9% above ground and 92.2% below ground, with 0.3% above ground and 0.02% below ground in poor or very poor condition.</p> <p>An ongoing condition assessment program is in place.</p>	<p>Existing condition, and performance information is suitable to plan maintenance, renewals and capital and operating plan in the long term.</p> <p>Critical assets are identified, and condition assessments are ongoing.</p> <p>The Plan includes a summary of its forecast long term asset investment plan out to 2055.</p>	<p>Meets requirements</p>	<p>N/A</p>
<b>Asset management approach</b>	<p>WDC's asset management practices were assessed at "Core-plus" following a maturity assessment in August 2025.</p> <p>The Asset Management Policy is supported by three-yearly reviewed AMPs that include climate change risks. WDC uses the Univerus Assets system for asset data and renewal projections, key improvements focus on condition assessments, criticality alignment, demand management, pipe analysis, and wastewater CCTV inspections, all aligned with a ten-year improvement plan.</p>	<p>Information provided on asset management approach, but limited information is provided on how it will support the new model. An asset maturity assessment has been provided.</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><b>Statement of regulatory compliance (drinking water compliance)</b></p>	<p>Rural water supplies face issues with filtration, UV systems, and high nitrate levels in the Lower Waihao supply, but planned capital investments in 2025/26 and 2026/27 aim to achieve compliance with drinking water standards.</p> <p>Boil water notices have been issued for several schemes, including permanent notices for Cannington Motukaika, Waihaorunga, and Waikakahi.</p> <p>Fluoridation is under consideration for Waimate, Hook Waituna Rural, and the proposed Otaio Hook Rural scheme.</p> <p>No water restrictions have occurred in the last three years, and urban firefighting capacity is available.</p> <p>Bacteriological and protozoal measures are partially met across multiple schemes.</p>	<p>Waimate currently has water quality issues with rural supplies that lack filtration and UV systems, and in the Lower Waihao supply nitrate levels from groundwater sources exceed MAVs requiring access to alternative water supply.</p> <p>Investment in the Plan has been prioritised to address these compliance issues.</p> <p>We note that fluoridation is under active consideration but not currently budgeted for.</p> <p>We recommend the delivery of projects required to achieve regulatory compliance is monitored during implementation.</p>	<p>Meets requirements</p>	<p>Yes</p>
<p><b>Statement of regulatory compliance (resource consent compliance)</b></p>	<p>WDC holds 16 water resource consents, with five expiring in the next 10 years, and no compliance actions reported in the last two years. A \$7.3m investment is planned for drinking water compliance upgrades in 2025/26 and 2026/27 across six schemes.</p> <p>For wastewater, seven consents are held, none expiring within 10 years, and no compliance actions reported. The St Andrews septic tank emptying consent expires in 2032 but is not budgeted for renewal in the LTP.</p> <p>Five stormwater consents are compliant, with none expiring in the next 10 years and no compliance actions in the last two years.</p>	<p>Investment to address compliance issues is detailed in the Plan.</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><b>Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements</b></p>	<p>The water capital programme focuses on renewing aging urban and rural water pipes, with compliance upgrades for rural schemes (Hook Waituna, Cannington, Waihaorunga, and Waikakahi) planned for 2025/26 (\$6.62m), alongside pipeline upsizing, small extensions for growth, and urban water mains renewals (\$5.29m).</p> <p>Other key projects include the Hook/Waituna water supply link (\$2.39m), Glenavy and Makikihi mains renewals (\$1.06m), and urban water growth infrastructure extensions (\$1.92m).</p> <p>Wastewater priorities include renewing aged mains with high infiltration in Waimate township, addressing a \$9m backlog, and planning sewer extensions (\$1.33m).</p> <p>Stormwater investment remains minimal, with extensions for growth and service improvements, while major renewals are deferred due to long asset lifespans.</p> <p>WDC projects \$29m in renewals over 30 years, and the 2024–2034 budget of \$10.7m considered appropriate aligns with this approach.</p>	<p>Detailed information provided on investment for renewals and LOS, noting no real growth.</p> <p>Water meters are in place for urban areas.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p><b>Historical delivery against planned investment</b></p>	<p>Historical under-expenditure in water projects during 2020/21 and 2024/25 was primarily due to delays in clarifying acceptable solutions for drinking water standards, which will allow for cost-effective project alignment. Variances in 2021/22 and 2024/25 reflect re-budgeted compliance upgrades awaiting these solutions. Looking ahead, the capital investment profile indicates a higher-than-average delivery programme over the next four years. Improvements in performance are expected due to clarity on acceptable solutions for mixed use rural water supplies, advanced planning for upcoming Drinking Water Compliance Projects, increased resourcing for asset management and procurement, and the use of early contractor involvement to refine project scope, quality, costs, and timelines.</p>	<p>Historically, expenditure is approximately \$3-4m. The investment plan suggests spending of \$3-6m for future years. Additional resources for asset management and procurement and use of early contractor involvement supports this.</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
<b>Revenue and charging arrangements</b>				
<b>Charging and billing arrangements</b>	<p>WDC funds district expenses through rates: general rates (based on capital value and location) and targeted rates (for specific purposes, often per SUIP). Stormwater is funded by general rates. These funding methods will stay the same for 2025/26 and 2026/27, with water charges included in rates invoices.</p> <p>WDC will review tariffs for mixed-use rural water supplies and aim for price harmonisation, distinguishing between commercial and residential use. Wastewater charges remain as targeted rates. Stormwater charges will move from general rates to a targeted rate, as required by new legislation.</p> <p>In 2026/27, WDC will introduce a fixed and volumetric component to urban drinking water charges and will migrate charges from capital value.</p> <p>From 1 July 2027, Urban water charges will include a fixed rate on the rates notice and a six-monthly bill based on actual water use. WDC will use current water meter data to model new tariffs and consult with the community as part of the 2027/37 LTP.</p> <p>Wastewater services will continue to be funded through targeted rates, while funding for stormwater services will shift from general rates (capital value rates) to targeted rates.</p>	The Plan clearly outlines the charging and billing arrangements.	Meets requirements	N/A
<b>Water services revenue requirements and sources</b>	<p>WDC expects \$68.9m in water services revenue and \$49.0m in operating expenses, resulting in a \$19.9m cash surplus over the course of the Plan. Revenue mainly comes from targeted rates, with stormwater partly funded by general rates. Details are in the financial statements provided.</p> <p>Development contributions make up approximately 1% of funding.</p>	Water services revenue requirements and sources are outlined in the Plan.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Existing and projected commercial and industrial users' charges</b>	There is no specific breakdown of commercial and industrial users' charges. .	While no specific breakdown of commercial users is provided in the Plan, it shows an affordability ratio for urban households of 1.8% to 2% across the Plan compared to average connection affordability of 2.5% to 2.9% for all connections.	Meets requirements	N/A
<b>The affordability of projected water services charges for communities</b>	Affordability was a main concern in public feedback. The Plan provides that water charges will stay below 3% of median household income over 10 years. Projected increases are largely applied during the initial 3 years of the plan and stabilise from 2029/30 onwards to between 2% and 3%.  (This calculation assumes the number of connections grow by 158 from 2,428 to 2,586, over the 10 years.)	The affordability of projected water services charges per connection ranges between 2.5% and 2.9% of median household income over the 10 years, which is a little higher than the Departments guidance of 2.5%.	Meets requirements	N/A
<b>Funding and financing arrangements</b>				
<b>Water services financing requirements and sources</b>	The Plan forecasts \$40m capital investment over the forecast period funded by an increase in debt of \$19.9m to be borrowed from LGFA. The whole of Council borrowing remains well below the LGFA 175% debt to revenue limit throughout the 10 years averaging 49%.	Water services financing requirements and sources are outlined in the Plan.	Meets requirements	N/A
<b>Internal borrowing arrangements</b>	Water services debt is managed via internal borrowings, based on related capital or operational spend. All transactions are tracked and reflected in reserves, which earn interest. WDC prefers internal lending for reserves, keeping borrowings specific to water services. From 2026/27, these borrowings will be managed on a commercial basis with set terms.	Internal borrowing arrangements are clearly described in the Plan, confirming ring fencing and debt tracking.  We recommend that compliance with ring-fencing requirements is monitored during implementation.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Determination of debt attributed to water services</b>	As at 30 June 2025 water services borrowings were \$10.6m. Cash or equivalents were \$1.3m and net debt was \$53.5m.	The methodology to transfer Internal borrowings to the IBU and separation of additional council borrowing for water investment are clearly identified.	Meets requirements	N/A
<b>Insurance arrangements</b>	<p>WDC regularly reviews and maintains insurance cover, with an annual review by Marsh Insurance reported to the audit and risk committee. Insurance revaluation is done every three years, with yearly updates for asset changes. Specific policies for water assets include:</p> <ul style="list-style-type: none"> <li>• Reinstatement for above ground assets with insurers, with an insured value of \$62m in 2024/25;</li> <li>• Reinstatement for underground assets with the Local Authority Protection Programme which insures 40% of replacement value with the Government covering 60%. Insured value in 2023/24 was \$113m; and</li> <li>• \$1m cover for environmental impairment liability.</li> </ul> <p>In addition to insurance, WDC maintains borrowing headroom through this Plan averaging \$38m to provide additional cover for unforeseen events.</p>	Insurance arrangements are provided in detail in the Plan.	Meets requirements	N/A

# Assessment Report: Part D – Financial sustainability assessment

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Financially sustainable water services provision</b>				
<b>Confirmation of financially sustainable delivery of water services by 30 June 2028</b>	<p>WDC confirms the Plan will ensure financially sustainable water services by 30 June 2028. Revenue sufficiency is maintained throughout, covering all costs including depreciation ensuring positive cash flow for debt and liquidity.</p> <p>Debt levels for water remain within WDC and LGFA limits, with water-related debt separated from general council debt.</p> <p>Capital investment is targeted for service levels, compliance and growth, with investment to meet compliance confirmed by the engineering report provided by WDC in an annex: “Three waters – High Level Capital Programmes review’.</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.	Meets requirements	N/A
<b>Actions required to achieve financially sustainable delivery of water services</b>	All water services will meet financial sustainability by 2027/28 through current Plan and Implementation Plan steps, including financial ring-fencing and in-house business unit adjustments. The Plan provides that no extra actions needed.	WDC does not anticipate any additional actions will be required to achieve financially sustainable delivery beyond what is included in the Plan.	Meets requirements	N/A
<b>Risks and constraints to achieving financially sustainable delivery of water services</b>	The Plan details risks and constraints to achieving the Plan and financially sustainable water service delivery, insurance and insurable events.	A summary of issues, constraints and risks is provided with mitigations.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Assessment of revenue sufficiency				
<b>Projected water services revenues cover the projected costs of delivering water services</b>	The Plan confirms revenues cover all water service costs, including operations, and debt servicing. Operating surplus ratio is at breakeven over the ten years. Total operating revenue across the assessment period equals \$69m (cumulative).	The Plan confirms projected water services revenues cover the projected costs of delivering water services.	Meets requirements	N/A
<b>Average projected charges for water services over 2024/25 to 2033/34</b>	<p>The average projected charges per connection for water services is \$1,886 rising to \$2,798 over 10 years, an increase of 48.4%.</p> <p>The Plan breaks this down to show:</p> <ul style="list-style-type: none"> <li>Urban water services start at \$1,354 rising to \$1,910 over 10 years, with a 3.5% annual increase. Affordability starts at 1.8% of median household income and rises to 1.9% in 2033/34; and</li> <li>Rural water services start at \$1,917 rising to \$2,925 over 10 years, with a 4.3% annual increase. Affordability starts at 2.6% of median household income and rises to 2.9% in 2033/34.</li> </ul>	The average projected charges per connection for water services is \$1,886 rising to \$2,798 over 10 years, an increase of 48.4%.	Meets requirements	N/A
<b>Projected operating surpluses/(deficits) for water services</b>	<p>Small operating deficits are expected early, improving from 2027/28 to a 2.8% surplus by 2033/34.</p> <p>Water charges recover depreciation which is estimated to be 2.4-2.5% of asset values across the period.</p>	WDC has projected operating surpluses for water services from 2031/32 onwards. Over the 10 years the average operating surplus ratio is negative 0.9% which is breakeven, with the small loss being unfunded depreciation.	Meets requirements	N/A
<b>Projected operating cash surpluses for water services</b>	The combined three water services are forecast to maintain positive operating cash ratios, with annual cash surpluses of 35% to 47% of revenue (going from \$1.8m in 2024/25 to \$3.8m in 2033/34).	WDC has a projected operating cash surplus for every year of the Plan. The average operating cash ratio for the period is 43%.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Assessment of investment sufficiency</b>				
<b>Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth</b>	<p>The Plan states that investment is sufficient to meet LOS, regulatory requirements, and growth, and is \$2.4m less than the 24-34 LTP due to application of acceptable solutions for Mixed Urban Rural Water Schemes which has reduced some aspects of required investment.</p> <p>Investments are fully funded through charges and borrowing.</p> <p>The Plan and investment plan has been reviewed by external advisors. It is consistent with the development of their asset strategy plan.</p>	<p>The Plan demonstrates investment is sufficient to meet requirements of LOS, renewals and enable growth.</p> <p>The asset consumption ratio is stable across the Plan.</p>	Meets requirements	N/A
<b>Renewals requirements for water services</b>	<p>Planned renewal investments are guided by the AMPs, live asset data, lifecycle modelling, and technical assessments, aligning with WDC's LTP and infrastructure strategy. Over 10 years, planned renewals expenditure of \$25.3m exceeds projected depreciation expense of \$20m and is consistent with estimates of \$3m per year based on maintaining a stable asset useful life.</p>	Renewals are sufficient to meet requirements.	Meets requirements	N/A
<b>Total water services investment required over 10 years</b>	<p>The Plan outlines \$40m in capital investment over 10 years, including upgrades for compliance with drinking water standards in 2025/26 and 2026/27, renewals to maintain LOS and reliability, and growth-related projects to meet increased demand. Investment decisions are based on asset data and lifecycle modelling, prioritising critical assets and regulatory requirements.</p> <p>The total planned investment is deemed sufficient for ongoing regulatory compliance. The asset investment ratio fluctuates between negative 20.5% and 255.8%, remaining positive except in 2030/31. WDC's infrastructure strategy also identifies investment needs over a 30-year horizon.</p> <p>Growth Investment is \$4.5m, sufficient for 158 new connections or \$28.6k per connection.</p>	The Plan is consistent with AMPs, infrastructure strategies, reports provided by external advisors.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Average remaining useful life of network assets</b>	<p>The Plan provides sustained capital investment program to renew, upgrade, and expand water infrastructure, increasing asset book value from \$63m to \$96m and replacement value from \$122m to \$187m. This reflects ongoing investment, inflation, and asset revaluation.</p> <p>Continued investment beyond 2033/34 will be required to maintain service levels and manage long-term asset consumption. The asset consumption ratio remains stable, with a minor change from 51.7% to 51.2% over ten years, which is not considered materially adverse.</p>	<p>The asset consumption ratio decreases slightly which is not considered material.</p>	<p>Meets requirements</p>	<p>N/A</p>
<b>Assessment of financing sufficiency</b>				
<b>Confirmation that sufficient funding and financing can be secured to deliver water services</b>	<p>WDC confirms the Plan meets financing requirements, with borrowing well within limits and capacity for future needs. Operating surplus and financial covenants are strong and sustainable.</p> <p>The financing approach ensures flexibility, liquidity, and resilience for the water services investment programme, while staying compliant with policies.</p>	<p>The Plan confirms sufficient funding and financing can be secured to deliver water services.</p>	<p>Meets requirements</p>	<p>N/A</p>
<b>Projected council borrowings against borrowing limits</b>	<p>The Plan provides a chart of WDC's net debt to revenue. WDC's net debt is projected to average 49%, well below the LGFA limit of 175%.</p> <p>Debt rises over the next three years due to investment in drinking water, then falls over the following seven years, increasing debt headroom. New borrowings total \$19m over 10 years, mostly in the first five years.</p>	<p>Projected whole of council borrowings including water related borrowings are within LGFA lending limits of 175% net debt to revenue.</p>	<p>Meets requirements</p>	<p>N/A</p>
<b>Projected water services borrowings against borrowing limits</b>	<p>Viewing water services on a standalone basis, the graph shows that the net debt attributable to water services increases over the next three years and then plateaus. WDC maintains significant debt headroom relative to an indicative benchmark of 500% water debt to net operating revenue.</p> <p>Three waters net debt to operating revenue increases from 19% to 328% across the period. Wastewater net debt ranges from 28% to 558%, drinking water ranges from 198% to 299% and stormwater net debt to revenue decreases from 244% to negative 81% due to debt repayment.</p>	<p>Projected water services net debt to operating revenue reaches 328% in the assessment period but remains within the 500% water debt to operating revenue limit.</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
<b>Projected borrowings for water services</b>	All borrowings will be through LGFA. WDC's low debt allows ample borrowing capacity and coverage for unexpected events or extra investments.  As at 30 June 2025 water services borrowings were \$10.6m. Cash or equivalents were \$1.3m and net debt was \$53.5m.	Total water debt is forecast to increase from \$9.3m to \$26.6m across the period.	Meets requirements	N/A
<b>Borrowing headroom/(shortfall) for water services</b>	Water services debt averages 312% of operating, with enough headroom for constraints. Debt levels are seen as prudent and sustainable due to the long lifespan of assets.	Water services borrowing headroom decreases from \$16.7m in 2024/25 to \$13.9m in 2033/34.  WDC has significant borrowing headroom across the 10-year period.	Meets requirements	N/A
<b>Free funds from operations</b>	The FFO averages \$3m per year across the ten years and drops over the first three years due to extra investment, then recovers to just under 10%. FFO is not a covenant requirement for an IBU.	As this is an IBU we do not assess the FFO metric.  We note the FFO starts at 15.0% reducing to 9.6% by 2033/34.	N/A	N/A
<b>Assessment of financing sufficiency</b>	WDC confirms the Plan meets financing requirements, with borrowing well within limits and capacity for future needs. Operating surplus and financial covenants are strong and sustainable. The financing approach ensures flexibility, liquidity, and resilience for the water services investment programme, while staying compliant with policies.	The Plan confirms sufficient funding and financing can be secured to deliver water services.	Meets requirements	N/A

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

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

# Assessment Report: Part E – Financial projections and measures

## Projected statement of comprehensive revenue and expense

Water Services Delivery Plan pages 74 - 77

## Projected statement of financial position

Water Services Delivery Plan pages 82 - 85

## Financial measures: revenue sufficiency

Water Services Delivery Plan pages 59 - 60

## Financial measures: investment sufficiency

Water Services Delivery Plan pages 61 - 63

## Financial measures: financing sufficiency

Water Services Delivery Plan pages 64 - 67

# Assessment Report: Water Service Delivery Plan – Additional information

Additional information	Summary of content in Plan	Assessment Review Comment	Focus for Panel
<b>Additional disclosures to support Plan</b>	<p>Infrastructure strategy forecasts have been provided.</p> <p>There are also some appendices showing:</p> <ul style="list-style-type: none"> <li>• Resource consents;</li> <li>• Beca Report: “Three waters – High Level Capital Programmes review, Waimate District Council. 11 July 2025; and</li> <li>• DWS Plant Upgrade Programme July 2025.</li> </ul>	Meets requirements.	N/A
<b>Significant capital projects</b>	Significant capital projects are detailed in the Plan.	Meets requirements.	N/A
<b>Key issues, constraints, risks and assumptions</b>	Risks to the implementation of this Plan and achieving financially sustainable delivery of water services are shown.	Meets requirements.	N/A