

# Water Services Delivery Plan Assessment

## Assessment Report – West Coast

**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
Buller District Council	BDC
Capital expenditure	Capex
Department of Internal Affairs	Department
Drinking Water Standards for New Zealand	DWSNZ
Drinking Water Quality Assurance Rules	DWQAR
Funds From Operations	FFO
Grey District Council	GDC
In-house Business Unit	IBU
Levels of service	LOS
Local Government Funding Agency	LGFA
Local Government (Water Services Preliminary Arrangements) Act 2024	Preliminary Arrangements Act
Long Term Plan	LTP
Separately used or inhabited portion	SUIP
Water Services Council Controlled Organisation	WSCCO
Water Services Delivery Plan	Plan
Wastewater treatment plant	WWTP
Water services council-controlled organisation	WSCCO
Westland District Council	WDC

# Assessment Cover Sheet

## Background on councils and engagement with the Department

Detail	Commentary
<b>Councils involved in plan</b>	Buller District Council, Grey District Council and Westland District Council
<b>Number of connections</b>	Drinking water: 12,206 Wastewater: 12,971 Stormwater: 16,848
<b>DIA comment on council engagement during Plan development process</b>	<ul style="list-style-type: none"> <li>Following the enactment of the Preliminary Arrangements Act, BDC accepted an invitation to participate in an RFI led by Selwyn District Council. The councils also revisited previous regional modelling work in early 2025 but at that stage, the preferred way forward was for each Council to prepare a separate Water Services Delivery plan and no firm commitment to work together was made. .</li> <li>BDC initially explored a grouping option with Marlborough and Tasman District Councils. However, following Tasman and Marlborough's decisions to pursue standalone models, BDC re-initiated discussions with WDC and GDC.</li> <li>The Department had limited engagement with GDC and WDC. In December 2024, officials visited the councils, and the Department's Executive Director wrote to each Council to request that formal updates be provided to the Department to ensure any support could be provided early in the process if needed.</li> <li>In March 2025, the Department met with BDC, GDC and WDC. The Department provided support in the form of attending workshops and Council meetings and provided financial guidance to explore what a joint model could look like and enable each of the three councils to consult with their communities on the option.</li> <li>In June and July 2025, BDC, GDC and WDC all resolved to progress the multi-council regional option and develop a joint Plan.</li> <li>The final joint Plan was submitted on 2 September 2025.</li> </ul>
<b>Feedback provided to council prior to submission on Draft Plan</b>	The councils provided some information to the Department in late August 2025, but they did not submit a full draft Plan in time for the DIA to complete a full assessment ahead of the deadline.

Detail	Commentary
<b>Engagement with council during review and assessment process</b>	<p>The Department asked for clarification on the following matters in the final joint Plan:</p> <ul style="list-style-type: none"> <li>• confirmation that budget has been allocated in the investment plan to address all drinking water compliance issues and boil water notices;</li> <li>• confirmation that the WSCCO has sufficient budget allocated in the 10-year plan to meet growth, LOS, compliance and renewals; and</li> <li>• clarification on the 15-year timeline for infrastructure sufficiency; and</li> <li>• the FFO calculation.</li> </ul> <p>The Department’s assessment team was satisfied that the clarification from the councils provided the additional detail required.</p>
<b>Other Background Comments</b>	<p>This assessment report includes separate Part B (network performance) sections for each Council.</p>

## Assessment Summary

Section	Commentary
<b>Confirmation of submission completeness checklist</b>	Yes – all required components completed.
<b>General Comment on Plan</b>	The Department’s assessment identified no issues regarding the financial position of BDC, GDC and WDC. The Plan is assessed as meeting the legislative requirements set out in section 13 of the Preliminary Arrangements Act.
<b>Financial Sustainability Comment</b>	The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover long-term investment that meets the LOS, regulatory requirements and provides for growth. The projected price path, revenue requirements and the level of investment required over the 10 years are discussed for each Council individually in the first three years of the plan, and then the WSCCO from its formation for the remainder of the Plan. We note the main benefit of transitioning to a WSCCO will be improving affordability in the region, however, given the level of investment required, most of these efficiencies are not expected to be realised until after the 10-year period of the Plan.
<b>Revenue Sufficiency</b>	<p>The planned average projected charges for water services starts ranging between \$2,038 to \$2,766; from low to high this is a range of 35%. In 2033/34 the charges range is \$4,101 to \$4,454, showing a narrower range of 8.6% from low to high across the period. The combined affordability of projected water services charges ranges from 1.6% to 2.4% of median household income over the 10 years.</p> <p>The operating cash ratio is positive every year of the Plan, increasing over the period of the WSCCO. Projected water services revenue is rising to cover the costs and investment requirements. All three councils have operating deficits at some point in the first three years, with a combined deficit of \$1.2m leading into the WSCCO. The deficit decreases with the formation of the WSCCO and is in surplus of \$1.5m in 2028/29. The operating surpluses are sufficient to ensure LGFA indicative borrowing ratios are met.</p>
<b>Investment Sufficiency</b>	<p>The Plan shows the level of investment is sufficient to meet the requirements. BDC also confirmed that sufficient budget is allocated to meet the capital delivery requirements. LOS and compliance projects will be completed in 10 years, and the renewals backlog will be cleared in 15 years (to meet affordability constraints).</p> <p>The Plan shows an increase in renewals expenditure that will reduce the backlog over time. We note there is no mention of smoothing. The asset investment ratio over the 10-year period is positive and unchanged from the infrastructure strategies, LTPs and AMPs. The asset consumption ratio is consistent across the 10-year period, indicating that the average age of assets remains constant.</p>

Section	Commentary
<b><i>Financing Sufficiency</i></b>	<p>The projected borrowings for water services are \$92.6m over the 10 years. The projected whole of council borrowings for each council in the first three years is between 61% and 137%, remaining within LGFA 175% net debt to revenue covenant. The Plan does not show the whole of council borrowings after the formation of the WSCCO. From 2027/28 the WSCCO ranges between 374% to 413% over the seven years, remaining within its 500% net debt to revenue borrowing limit.</p> <p>The WSCCO has an FFO ratio of 6.1% in 2027/28 that rises to 10.5% in 2033/34. LGFA 10% FFO ratio limit is met for the first time in 2031/32, in the fifth year of the WSCCO's operation. LGFA provides a five-year transition period from inception for WSCCOs to comply with their covenants. Given that 2031/32 is the fifth year since the WSCCO's inception, financing sufficiency is projected to be met. However, there is less than \$10m headroom after compliance is reached. We recommend that the WSCCO work closely with LGFA to ensure sufficient funding and headroom is in place for emergency purposes.</p>
<b><i>Overall assessment recommendation</i></b>	The overall recommendation from the assessment phase is to <b>accept</b> the plan from BDC, GDC and WDC.

## Issues for discussion with Panel

Issue	Description	Recommended treatment
<p><b>The FFO and borrowing headroom</b></p>	<p>The WSCCO has an FFO ratio of 6.1% in 2027/28 that rises to 10.5% in 2033/34. LGFA 10% FFO ratio limit is met for the first time in 2031/32, in the fifth year of the WSCCO's operation.</p> <p>LGFA provides a five-year transition period from inception for CCOs to comply with their covenants. Given that 2031/32 is the fifth year since the WSCCO's inception, financing sufficiency is projected to be met. However, there is less than \$10m headroom after compliance is reached.</p>	<p>We recommend that the WSCCO work closely with LGFA to ensure sufficient funding and headroom is in place for emergency purposes.</p>
<p><b>Price pathway and affordability</b></p>	<p>Across the three councils the affordability of projected water services charges ranges from 1.6% to 2.4% of median household income over the 10 years, which aligns with the Department's guidance of 2.5%.</p> <p>There is sufficient discussion on affordability considerations and constraints in the Plan. However, BDC currently has an affordability index of 2.7%, rising to 3.4% in 2033/34 with an average rates increase from \$2,766 to \$4,456 during this period; an increase of 61%. WDC also currently has an affordability index of 2.3%, rising to 3.3% in 2033/34. Average rates increase from \$2,433 in 2024/25 to \$4,285 during this period; an increase of 76%.</p>	<p>We recommend the price pathway for the Buller and Westland Districts is monitored during implementation.</p>
<p><b>Delivery of capital programme</b></p>	<p>The Plan sets out an ambitious programme of capital projects, which exceeds what BDC and GDC have historically achieved.</p> <p>BDC's actual renewals and total investment has exceeded the planned investment in the last five years, mainly due to the 2021 flooding in Westport and COVID-19 lockdown impacts.</p> <p>Over the past five years, only 58% of GDC's planned investment was achieved, primarily due to construction delays caused by the COVID-19 lockdowns and restrictions. GDC's actual average investment into water services, over the last two years has improved to 107%.</p>	<p>We recommend the delivery of the capital programme is monitored during implementation.</p>

Issue	Description	Recommended treatment
	WDC's planned investment was achieved or exceeded due to unforeseen costs from treatment plant upgrades (addition of chlorination as required under the DWQAR).	
<b>Regulatory compliance for drinking water</b>	<p>BDC has four schemes compliant with the DWQAR; and five schemes on permanent boil water notice.</p> <p>GDC has two schemes that are compliant for bacteria but not for protozoa. There is some chemical non-compliance.</p> <p>WDC has two schemes mainly compliant, with some technical non-compliances (reporting). WDC has had nine boil water notices in the last three years.</p> <p>For all three councils, no schemes are fluoridated and no directions to fluoridate have been received from the Ministry of Health to date.</p> <p>The risks and assumptions table lists the risks, impacts, and control plan for the new WSCCO to address compliance issues. In response to a query from the Department, the councils have confirmed that budget has been allocated in the investment plan to address the non-compliances and boil water notices.</p>	We recommend the delivery of projects required to achieve regulatory compliance is monitored during implementation.
<b>Asset management</b>	The three councils have outlined their current asset management approaches based on their asset management frameworks and AMPs and have included a workstream called AMP to develop a combined Asset Management approach, including a review of the Capital programmes in terms of efficiencies and deliverability. .	We recommend the asset management approach is monitored during implementation, including the Asset Management workstream to improve asset management under the WSCCO.

**Water Services Delivery Plan Summary Analysis – West Coast CCO**

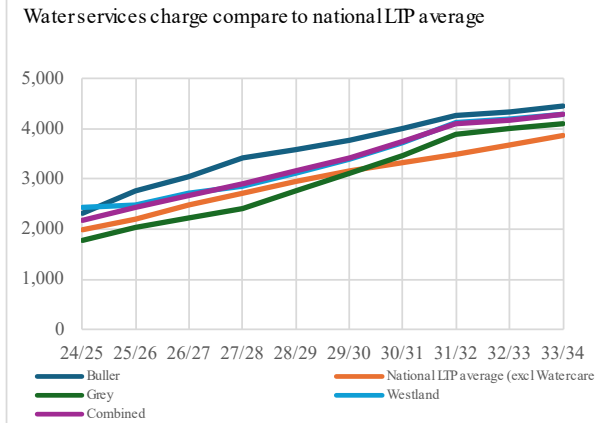
**IN CONFIDENCE**

Council summary information

Summary information	Level
Current population	32,701
Drinking water connections	12,206
Wastewater connections	12,971
Stormwater connections	16,848
High growth council	No
10 year population growth	5.1%



Affordability and growth



Item	Year 1	Year 10	10 Year Average
Total charge as % of median income	2.05%	3.13%	2.69%
Annual price increase	N/A	N/A	7.08%
DC collected per new connection (\$)	N/A	6,421	9,900

Item	Year 1	Year 10	10 Year Average
Water related net debt to operating revenue %	257%	389%	364%
FFO to debt	16.6%	10.5%	10.0%
Whole of Council net debt to revenue (approx)	N/A	N/A	N/A

Assets, network and compliance

Asset measures	Year 1	Year 10	10 Year Average
Total assets per connection (\$)	31,582	50,779	41,361
Total debt per connection (\$)	4,656	14,950	11,076
Operating costs per connection (\$)	751	1,125	1,085

Age of network (years)	DW	WW	SW
Average age outlined in plan	33	34	49

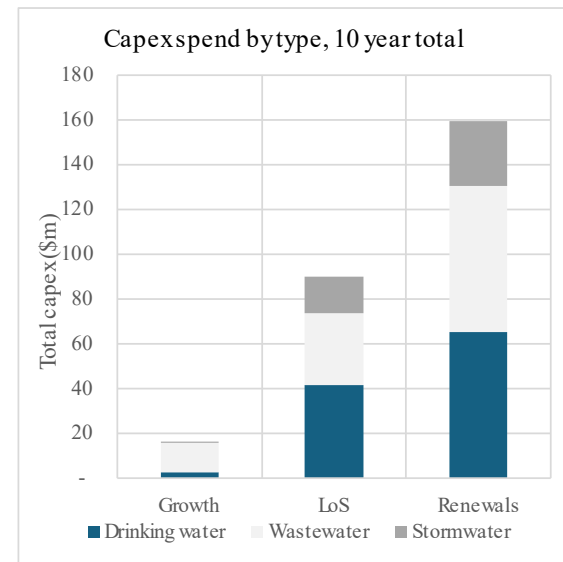
Network performance	Level
Level of service performance measures achieved	Partial
Water loss rate (% loss)	30% - 65%
Average consumption (litres per person per day)	770

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

Financing



Capital expenditure	Category of capital expenditure			Total over 10 years
	Growth	Level of service	Renewals	
Drinking water	2,547	41,878	65,222	109,646
Wastewater	13,394	31,870	65,447	110,711
Stormwater	300	16,001	28,654	44,955
<b>Total 10 years</b>	<b>16,241</b>	<b>89,748</b>	<b>159,323</b>	<b>265,312</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>	The Plan states that the West Coast Councils (WDC, GDC and BDC) confirm that water services will be delivered in a financially sustainable manner. This will be delivered by 30 June 2028 at the latest and that water services delivery will meet the financially sustainable delivery assessment outlined in Part D of the Plan.	The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover long-term investment that meets the LOS, regulatory requirements and provides for growth.	Meets requirements	N/A
<b>The proposed model to deliver water services</b>	<p>The West Coast Councils have agreed to establish a joint WSCCO that will hold responsibility (and assets) for all three waters services (drinking water, wastewater and stormwater). It will deliver water services across the entire West Coast region. The intention is for all transfers to be concluded by 1 July 2027, including all associated revenue, expenditure, assets and liabilities.</p> <p>A Shareholders Representative Forum will be formally established as part of the development of the foundational documents and transitional arrangements, with the key terms outlined in the Heads of Agreement entered into by the West Coast Councils. The councils plan to establish a WSCCO Board, with the governance structure provided in the Plan.</p>	<p>The proposed model for the delivery of water services is clearly defined, with the three councils transitioning from their current arrangements into the WSCCO by 1 July 2027.</p> <p>Governance is sufficiently addressed in the Plan, with a Heads of Agreement in place which sets out the proposed governance structure.</p> <p>The arrangements of the proposed WSCCO are consistent with the legislative requirements.</p>	Meets requirements	N/A

<p><b>Implementing the proposed service delivery model</b></p>	<p>The key proposed phases in the implementation plan are:</p> <ol style="list-style-type: none"> <li>1. Establishment: Initiate the transition programme, finalise the Heads of Agreement, and set up governance, a charter, and a detailed plan.</li> <li>2. Defining scope and approach: Review shared services to decide which will be managed by the WSCCO and which will remain with the councils or alternatives.</li> <li>3. Assessment: Collect essential information from each Council to support transition workstreams and identify knowledge gaps.</li> <li>4. Implementation: Organise key workstreams to collectively prepare for transition, scheduled from January 2026 to July 2027.</li> <li>5. Transition: Gradually move people, assets, and services into the WSCCO, including phased integration of some support services to minimise disruption.</li> </ol> <p>Further detail about workstreams in the transition phase is outlined in the Plan.</p>	<p>The implementation plan alongside the supporting information appended to the plan outlines the information required under section 13(2) of the Preliminary Arrangements Act.</p>	<p>Meets requirements</p>	<p>N/A</p>
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<b>Consultation and engagement undertaken</b>	<p>The three councils each undertook consultation and engagement from May-June 2025. The councils consulted on two options:</p> <ul style="list-style-type: none"> <li>• Joint WSCCO – a regional entity formed in partnership with WDC, GDC and BDC.</li> <li>• IBU – water services remain within each council, with ring-fenced revenue to meet the financial and regulatory requirements.</li> </ul> <p>WDC included a third option: WDC and one other WSCCO – a shared entity with one other neighbouring district.</p> <p>WDC consulted with their community from 16 May to 16 June 2025, which indicated 31% support for the WSCCO model.</p> <p>GDC consulted their community from 16 May to 16 June 2025, which indicated 50% support for the WSCCO model.</p> <p>BDC consulted with their community from 16 May to 13 June 2025, which indicated about 60% support for the WSCCO model.</p>	Consultation meets the requirements outlined in the Preliminary Arrangements Act.	Meets requirements	N/A
<b>Assurance and adoption of the plan</b>				
<b>Council resolution to adopt the Plan</b>	<p>The three councils each resolved to adopt their Plan on the following dates:</p> <ul style="list-style-type: none"> <li>• WDC: 28 August 2025;</li> <li>• GDC: 29 August 2025; and</li> <li>• BDC: 29 August 2025.</li> </ul>	N/A	Meets requirements	N/A
<b>Certification of the Chief Executive</b>	The Plan was certified by the Chief Executives of each of the three councils on 2 September 2025.	N/A	Meets requirements	N/A

## Assessment Report: Part B – Network Performance – Buller District Council

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Investment required in water services</b>				
<p><b>Serviced population and serviced areas</b></p>	<p><b>Service population</b></p> <p>BDC services the following district population:</p> <ul style="list-style-type: none"> <li>• 43% for drinking water;</li> <li>• 34% for wastewater; and</li> <li>• 79% for stormwater.</li> </ul> <p><b>LOS and performance</b></p> <p>There is mixed performance. Some water supplies do not meet the DWQAR. Water use is higher than the target, and wastewater blockages are above the target.</p> <p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Serviced population is based on an average household size of 2.1 people per household.</li> <li>• Growth projections are based on an average annual population change of 0.5% over the period.</li> <li>• Connection numbers include residential and non-residential connections.</li> <li>• Stormwater services are a community requirement. Whilst currently charged as part of the general rate it is assumed that in the future, the stormwater catchment will cover the full district.</li> </ul>	<p>The Plan describes the serviced areas, connections and growth areas. LOS and performance measures are mainly not achieved.</p> <p>This does not prevent the Plan from meeting the legislative requirements.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Assessment of the current condition and lifespan of the water services network</b>	<p>The average asset age for BDC is:</p> <ul style="list-style-type: none"> <li>• drinking water: 34 years;</li> <li>• wastewater: 49 years; and</li> <li>• stormwater: 49 years.</li> </ul> <p>100% of drinking water, wastewater and stormwater assets have been assigned a condition grading.</p> <p>Proportion of assets in poor/very poor condition:</p> <ul style="list-style-type: none"> <li>• drinking water: 7-36% based on schemes;</li> <li>• wastewater: 24%; and</li> <li>• stormwater: 32%</li> </ul> <p>Critical assets are described.</p>	<p>The Plan outlines condition and criticality information to plan maintenance, renewals and the capital and operating programme over the short-term. Ongoing verification of asset data and collection of condition information for all asset groups is planned to prioritise renewals in the medium to long-term.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Asset management approach</b>	<p>BDC's AMP recommends an affordability-focused, long-term investment approach that prioritises quality and compliance. BDC aims to address critical asset renewals—especially for ageing infrastructure—over the next 15 years, while recognising some investments may be delayed due to financial constraints.</p> <p>BDC uses Univerus for integrated asset management.</p> <p>Asset management – the Plan outlines the following steps:</p> <ul style="list-style-type: none"> <li>• Preparation of a consolidated AMP for the WSCCO based on the overall requirements for each of the three districts that is deliverable and aligns to the overall objectives of the WSCCO.</li> <li>• Prepare asset information to support the transition, including updated valuation that is consistent across each of the councils.</li> </ul> <p>Service delivery – the Plan outlines the following steps:</p> <ul style="list-style-type: none"> <li>• Prepare business cases as required to understand service delivery options for all potential shared services.</li> <li>• Separation of combined delivery of water services (where applicable), to enable three waters services to be transitioned into the new WSCCO.</li> <li>• Updates/development of the necessary policies and bylaws required for the new WSCCO and technical support for the development of relationship /service level agreements.</li> <li>• Transition plan to enable three waters functions to transition effectively on the transfer date.</li> <li>• Technical compliance and health and safety.</li> </ul>	<p>The Plan describes how service delivery and asset management will support the proposed model.</p> <p>The three councils have outlined their current asset management approaches based upon their asset management frameworks and asset management plans. These will need to be combined into one integrated asset management approach for the new WSCCO.</p> <p>We recommend the asset management approach is monitored during implementation, including opportunities to improve asset management under the WSCCO.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p><b>Statement of regulatory compliance – drinking water</b></p>	<p>BDC has four schemes compliant with the DWQAR; and five schemes on permanent boil water notice.</p> <p>No schemes are fluoridated and no directions to fluoridate have been received from the Ministry of Health to date.</p>	<p>BDC has partial compliance. The risks and assumptions table lists the risks, impacts, and control plan for the new WSCCO to address compliance issues. In response to a query from the Department, the councils have confirmed that budget has been allocated in the investment plan to address the non-compliances and boil water notices.</p> <p>We recommend the delivery of projects required to achieve regulatory compliance is monitored during implementation.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p><b>Statement of regulatory compliance – resource consents</b></p>	<p>Consents expiring in the next 10 years are outlined and included in the proposed investment plan for renewal.</p> <p>BDC has one consent expiring in the next 10 years; no formal compliance actions in the last two years; and non-compliances for wastewater overflow hours from WWTPs.</p>	<p>BDC is mainly compliant, with plans to address non-compliances outlined in the Plan. There are capital projects in the programme to address non-compliances and renew consents.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements</b>	<p>The proposed annual investment ranges from \$10.6m to \$16.4m over the 10-year period.</p> <p>Most significant projects are provided.</p> <p>The Plan states an approach for addressing the renewals backlog.</p>	<p>The Plan outlines investment to maintain compliance, meet LOS and enable growth. Renewals are appropriate and the backlog is being addressed over time.</p> <p>In response to a query from the Department, BDC has confirmed that sufficient budget is allocated to meet the capital delivery requirements. LOS and compliance projects will be completed in ten years, and the renewals backlog will be cleared in 15 years (to meet affordability constraints).</p>	Meets requirements	N/A
<b>Historical delivery against planned investment</b>	<p>BDC's actual renewals and total investment has exceeded the planned investment in the last five years, mainly due to the 2021 flooding in Westport and COVID-19 lockdown impacts.</p>	<p>BDC's actual investment exceeded planned renewals and total investment in the last five years, due to the flood response and pandemic impacts.</p> <p>We recommend the delivery of the capital programme is monitored during implementation.</p>	Meets requirements	Yes

## Assessment Report: Part B – Network Performance – Grey District Council

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Investment required in water services</b>				

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Serviced population and serviced areas</b>	<p><b>Service population</b></p> <p>GDC services the following district population:</p> <ul style="list-style-type: none"> <li>• 36% for drinking water;</li> <li>• 37% for wastewater; and</li> <li>• 51% for stormwater.</li> </ul> <p><b>LOS and performance</b></p> <p>While both water supply schemes did meet the DWQAR, they now require further upgrades to meet the new DWQAR. Allowance has been made to implement upgrades to meet compliance of the new standard.</p> <p>DWQAR Water use is higher than the target.</p>	<p>The Plan describes serviced areas, connections and growth areas. LOS and performance measures are mainly not achieved.</p> <p>This does not prevent the Plan from meeting the legislative requirements.</p>	Meets requirements	N/A
<b>Assessment of the current condition and lifespan of the water services network</b>	<p>GDC's average asset age is provided:</p> <ul style="list-style-type: none"> <li>• drinking water: 34 years;</li> <li>• wastewater: 21 years; and</li> <li>• stormwater: 50 years.</li> </ul> <p>100% of drinking water, wastewater and stormwater assets have been assigned a condition grading based on age and material. GDC is unable to provide proportion of assets in poor/very poor condition. GDC has noted that current condition assessments are not sufficiently reliable to calculate an accurate overall percentage and that this is currently being addressed. CCTV footage is now being captured for wastewater and stormwater inspections. To effectively utilise the information captured to support the GDC renewals programme, an improvement programme will be put in place during the transition to the WSCCO to formally take current and future CCTV footage and use it to accurately determine condition information to inform the ongoing renewals programme.</p> <p>Critical assets are described.</p>	<p>The Plan outlines condition and criticality information to plan maintenance, renewals and the capital and operating programme over the short-term. Ongoing verification of asset data and collection of condition information for all asset groups is planned to prioritise renewals in the medium to long-term.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p><b>Asset management approach</b></p>	<p>GDC outlines its asset management strategies for drinking water, wastewater, and stormwater through dedicated Activity Management Plans. The overall goal is to preserve asset life for their intended purposes, with asset age, condition, and other factors guiding renewal and maintenance decisions. GDC uses condition assessments, GIS systems, and Unity asset management software to track and analyse asset information and inform investment decisions.</p> <p>Asset management – the Plan outlines the following steps:</p> <ul style="list-style-type: none"> <li>• Preparation of a consolidated AMP for the WSCCO based on the overall requirements for each of the three districts that is deliverable and aligns to the overall objectives of the WSCCO.</li> <li>• Prepare asset information to support the transition, including updated valuation that is consistent across each of the councils.</li> </ul> <p>Service delivery – the Plan outlines the following steps:</p> <ul style="list-style-type: none"> <li>• Prepare business cases as required to understand service delivery options for all potential shared services.</li> <li>• Separation of combined delivery of water services (where applicable), to enable three waters services to be transitioned into the new WSCCO.</li> <li>• Updates/development of the necessary policies and bylaws required for the new WSCCO and technical support for the development of relationship/service level agreements.</li> <li>• Transition plan to enable three waters functions to transition effectively on the transfer date.</li> <li>• Technical compliance and health and safety.</li> </ul>	<p>The Plan describes how service delivery and asset management will support the proposed model.</p> <p>The three councils have outlined their current asset management approaches based on their asset management frameworks and AMPs. These will need to be combined into one integrated asset management approach for the new WSCCO.</p> <p>We recommend the asset management approach is monitored during implementation, including opportunities to improve asset management under the WSCCO.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Statement of regulatory compliance – drinking water</b>	<p>GDC – two schemes are compliant for bacteria but not for protozoa. There is some chemical non-compliance.</p> <p>No schemes are fluoridated and no directions to fluoridate have been received from the Ministry of Health to date.</p>	<p>GDC has partial compliance. The risks and assumptions table lists the risks, impacts, and control plan for the new WSCCO to address compliance issues. In response to a query from the Department, the councils have confirmed that budget has been allocated in the investment plan to address the non-compliances and boil water notices.</p> <p>We recommend the delivery of projects required to achieve regulatory compliance is monitored during implementation.</p>	Meets requirements	N/A
<b>Statement of regulatory compliance – resource consents</b>	<p>Consents expiring in the next 10 years are outlined and included in the proposed investment plan for renewal.</p> <p>GDC has 13 expired consents and 12 consents expiring in the next 10 years.</p>	<p>25 consents have expired or will expire in the next 10 years. Plans to address the non-compliances are outlined in sufficient detail. Capital projects are included in the programme to address non-compliances and renew consents.</p>	Meets requirements	N/A
<b>Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements</b>	<p>The proposed annual investment ranges from \$4.7m to \$19m over the 10-year period.</p> <p>Most significant projects are described.</p> <p>The Plan states an approach for addressing the renewals backlog.</p>	<p>The Plan outlines investment to maintain compliance, meet LOS and enable growth. Renewals are appropriate with the backlog being addressed over time.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Historical delivery against planned investment</b>	Actual renewals and total investment have been 58% of GDC's planned investment in the last five years, mainly due to construction delays with substantial impacts after lockdowns and restrictions during COVID-19 with planned works moving into subsequent years. GDC's actual average investment into water services, over the last two year has significantly improved to 107%.	Over the past five years, only 58% of GDC's planned investment was achieved, primarily due to construction delays caused by the COVID-19 lockdowns and restrictions. GDC's actual average investment into water services, over the last two year has improved to 107%.  We recommend the delivery of the capital programme is monitored during implementation.	Meets requirements	Yes

## Assessment Report: Part B – Network Performance – Westland District Council

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Investment required in water services</b>				
<p><b>Serviced population and serviced areas</b></p>	<p><b>Serviced population</b></p> <p>WDC services the following district population:</p> <ul style="list-style-type: none"> <li>• 34% for drinking water;</li> <li>• 50% for wastewater; and</li> <li>• 23% for stormwater.</li> </ul> <p><b>LOS and performance</b></p> <p>Departmental detailed performance results are not provided but narrative is included. WDC’s 2023/24 Annual Report shows that water supplies do not meet the DWSNZ, and some measures are not reported. The DWSNZ have now been replaced with the Drinking Water Quality Assurance Rules (DWQAR) of which WDC has implemented improvements to comply with the new Rules. Wastewater performance meets targets except for customer service response times. Stormwater performance measures are not reported, except for customer service response which met targets.</p> <p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Growth projections are based on an average annual population change of 0.5% over the 10-year period of this plan.</li> <li>• Connection numbers include residential and non-residential connections.</li> <li>• Connection numbers include factor additions.</li> <li>• Stormwater services are charged across the stormwater catchments, which is only in the Hokitika township.</li> </ul>	<p>The Plan describes serviced areas and connections. There are no growth areas. LOS and performance measures are mainly not achieved.</p> <p>This does not prevent the Plan from meeting the legislative requirements.</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
	<ul style="list-style-type: none"> <li>Population information for WDC is sourced from Infometrics (2023).</li> </ul>			
<p><b>Assessment of the current condition and lifespan of the water services network</b></p>	<p>WDC’s average asset age is provided:</p> <ul style="list-style-type: none"> <li>drinking water: 31 years;</li> <li>wastewater: 38 years; and</li> <li>stormwater: 44 years.</li> </ul> <p>100% of drinking water, wastewater and stormwater assets have been assigned a condition grading based on age and material.</p> <p>Proportion of assets in poor/very poor condition:</p> <ul style="list-style-type: none"> <li>above ground: 8% drinking water, 22% wastewater, 17% stormwater; and</li> <li>underground: 10% drinking water, 59% wastewater, 0.1% stormwater.</li> </ul> <p>Critical assets are described.</p>	<p>The Plan outlines condition and criticality information to plan maintenance, renewals and the capital and operating programme over the short-term. Ongoing verification of asset data and collection of condition information for all asset groups is planned to prioritise renewals in the medium to long-term.</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>Asset management approach</b></p>	<p>Funding for non-physical three waters improvements (system and resourcing) is limited and expected to be addressed during transition or by the WSCCO, while asset renewals will proceed where budgets allow. In the interim, priorities are to verify the condition of already surveyed reticulation and establish regular assessments and inspections for non-critical assets; verify and update above-ground asset records and apply appropriate condition ratings; monitor and report data accuracy and completeness to embed good practices; develop a consistent, good-practice renewal planning methodology informed by break histories, condition, criticality, material type and resilience; and implement quality management improvements to strengthen underlying processes.</p> <p>Asset management – the Plan outlines the following steps:</p> <ul style="list-style-type: none"> <li>• Preparation of a consolidated AMP for the WSCCO based on the overall requirements for each of the three districts that is deliverable and aligns to the overall objectives of the WSCCO.</li> <li>• Prepare asset information to support the transition, including updated valuation that is consistent across each of the councils.</li> </ul> <p>Service delivery – the Plan outlines the following steps:</p> <ul style="list-style-type: none"> <li>• Prepare business cases as required to understand service delivery options for all potential shared services.</li> <li>• Separation of combined delivery of water services (where applicable), to enable three waters services to be transitioned into the new WSCCO.</li> <li>• Updates/development of the necessary policies and bylaws required for the new WSCCO and technical support for the development of relationship/service level agreements.</li> <li>• Transition plan to enable three waters functions to transition effectively on the transfer date.</li> <li>• Technical compliance and health and safety.</li> </ul>	<p>The Plan describes how service delivery and asset management will support the proposed model.</p> <p>The three councils have outlined their current asset management approaches based on their asset management frameworks and AMPs. These will need to be combined into one integrated asset management approach for the new WSCCO.</p> <p>We recommend the asset management approach is monitored during implementation, including opportunities to improve asset management under the WSCCO.</p>	<p>Meets requirements</p>	<p>N/A</p>

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Statement of regulatory compliance – drinking water</b>	<p>WDC has two schemes mainly compliant, with some technical non-compliances (reporting). WDC has had nine boil water notices in the last three years.</p> <p>No schemes are fluoridated and no directions to fluoridate have been received from the Ministry of Health to date.</p>	<p>WDC has partial compliance. The risks and assumptions table lists the risks, impacts, and control plan for the new WSCCO to address compliance issues. In response to a query from the Department, the councils have confirmed that budget has been allocated in the investment plan to address the non-compliances and boil water notices.</p> <p>We recommend the delivery of projects required to achieve regulatory compliance is monitored during implementation.</p>	Meets requirements	N/A
<b>Statement of regulatory compliance – resource consents</b>	<p>WDC has five wastewater consents due to expire in the next 10 years; and no formal compliance actions in the last two years.</p>	<p>WDC has five wastewater consents due to expire in the next 10 years. Plans to address non-compliances are outlined in sufficient detail. Capital projects are included in the programme to address non-compliances and renew consents.</p>	Meets requirements	N/A
<b>Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements</b>	<p>Proposed annual investment ranges from \$3.4m to \$16.5m over the 10-year period.</p> <p>Most significant projects are provided.</p> <p>The Plan states an approach for addressing the renewals backlog.</p>	<p>The Plan includes sufficient investment to maintain compliance, meet LOS and enable growth. Renewals are appropriate and the backlog is being addressed over time.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Historical delivery against planned investment</b>	<p>WDC’s actual renewals and total investment has met or exceeded the planned investment in the last five years. Historical LTP renewal budgets have broadly aligned with actual spend over the past five years, but total water services investment was not budgeted in the LTP due to unforeseen costs from water treatment plant and WWTP upgrades, driven by delays and increased complexity that expanded scope, largely to meet LOS.</p> <p>Looking ahead, projects in the current LTP have been phased over the next decade, prioritised by need, regulatory deadlines and available budgets, and split across multiple years to spread costs to ratepayers and enable delivery; these include renewals of major water, wastewater and stormwater mains, and WWTP consent renewals.</p>	<p>WDC’s planned investment was achieved or exceeded due to unforeseen costs from treatment plant upgrades.</p> <p>We recommend the delivery of the capital programme is monitored during implementation.</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
<b>Revenue and charging arrangements</b>				
<b>Charging and billing arrangements</b>	<p><b>Drinking water supply</b></p> <p>All three Councils use targeted rates, set differently based on property use and number of connections (including each SUIP). Major users have specific rates. Some schemes charge all properties that are able to connect, and some also have a per-cubic-metre water rate.</p> <p><b>Wastewater</b></p> <p>All three Councils use targeted rates. BDC uses rating units or SUIP linked to the disposal line. Some schemes also charge units that could be connected.</p> <p>GDC and WDC charge per water closet/urinal if connected, or per rating unit if unconnected.</p> <p><b>Stormwater</b></p> <p>BDC and GDC use the general rate which is on land value with differentials. Both also have a Uniform Annual General charge as a fixed amount.</p> <p>WDC uses community targeted rates, charged per rating unit on all rateable land in the designated zone. Rates vary depending on land location and use.</p> <p><b>Other charging mechanisms</b></p> <p>The Councils set fees and charges covering connection fees, trade waste, and metered water. Some charges are for cost recovery.</p> <p>All three Councils collect financial contributions from developers under the current District Plans. With growth forecast at 0.5% per year, income from these contributions is expected to remain low.</p>	<p>The Plan details current charging and billing arrangements for each council. All three Councils currently segregate water services revenue and costs from other Council activities.</p> <p>Charging and billing mechanisms will transfer to the WSCCO on 1 July 2027. The Councils have not yet settled on the details of the charging and billing mechanisms for the WSCCO but make clear that changes will occur and they will be guided by the legislation.</p>	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	<p><b>Proposed</b></p> <p>The WSCCO will set water charges under the new legislation, covering drinking water, wastewater, and stormwater. If the WSCCO starts operating before July 2027, the councils will keep setting and collecting water rates, passing the revenue to the WSCCO, with agreements in place to manage the transition. Pricing will remain district specific.</p> <p><b>Ring-fencing</b></p> <p>The three Councils will keep their current charging methods until the WSCCO starts operating in July 2027.</p>			
<p><b>Water services revenue requirements and sources</b></p>	<p>The Plan shows revenue requirements for each of the member councils separately in the first three years, then for the WSCCO for the last seven years of the plan.</p> <p>BDC has projected operating revenue of \$8.0m in 2024/25 that increases to \$10.7m by 2026/27, and projected capital revenue of \$500k in 2024/25, \$7.3m in 2025/26 and \$8.6m in 2026/27. BDC has a capital subsidy for stormwater of \$5.0m in 2025/26 and \$8.0m in 2026/27.</p> <p>GDC has projected operating revenue of \$9.1m in 2024/25 that increases to \$12.4m by 2026/27, and projected capital revenue of \$80k in 2024/25, \$350k in 2025/26 and \$350k in 2026/27.</p> <p>WDC has projected operating revenue of \$8.3m in 2024/25 that increases to \$9.7m by 2026/27, and projected capital revenue of \$134k in 2025/26 alone.</p> <p>The WSCCO has operating revenue projected of \$36.6m in 2027/28 that increase to \$54.4m by 2033/34 and capital revenue projected of \$473k in each year of the plan.</p>	<p>The WSCCO Board will set charges in each district to deliver the agreed capital programmes. Stormwater charging will be finalised during the transition.</p> <p>The WSCCO has a revenue increase of 48% in total, with wastewater at 46%, drinking water at 48%, and stormwater at 58%.</p> <p>Operating costs increase by 18% over the period from 1 July 2027 to 30 June 2034, with wastewater increasing by 15%, drinking water by 18%, and stormwater by 31%.</p> <p>Surpluses are made for all years except the first year of the WSCCO.</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
<b>Existing and projected commercial and industrial users' charges</b>	Commercial and industrial users pay charges similar to residential consumers, with some specific fees like trade waste and septage. Large users, such as Westland Milk, have separate arrangements. The WSCCO will review the connections to ensure all commercial and industrial users are properly identified and charged appropriately.	Charges exist for commercial and industrial users for drinking water and wastewater where metering plays a role for water supply. Trade wastes apply for sewage disposal.	Meets requirements	N/A
<b>The affordability of projected water services charges for communities</b>	<p>Water services charges for each member Council, and the WSCCO once formed, are included in the Plan.</p> <p>BDC currently has an affordability index of 2.7%, rising to 3.4% in 2033/34. Average rates increase from \$2,766 to \$4,456 during this period.</p> <p>GDC currently has an affordability index of 1.6%, rising to 2.7% in 2033/34. Average rates increase from \$2,038 to \$4,101 during this period.</p> <p>WDC currently has an affordability index of 2.3%, rising to 3.3% in 2033/34. Average rates increase from \$2,482 to \$4,285 during this period.</p>	<p>Across the three Councils the affordability of projected water services charges ranges from 1.6% to 2.4% of median household income over the 10 years, which aligns with the Department's guidance of 2.5%.</p> <p>There is discussion on affordability considerations and constraints in the Plan. However, BDC currently has an affordability index of 2.7%, rising to 3.4% in 2033/34 with an average rates increase from \$2,766 to \$4,456 during this period; an increase of 61%. Also, WDC has an affordability index of 2.3%, rising to 3.3% in 2033/34. Average rates increase from \$2,433 in 2024/25 to \$4,285 during this period; an increase of 76%.</p> <p>We recommend the price pathway for the Buller and Westland Districts is monitored during implementation.</p>	Meets requirements	Yes

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Funding and financing arrangements</b>				
<b>Water services financing requirements and sources</b>	<p>Until the formation of the WSCCO, debt capacity is not an issue for any of the councils. However, it would be an emerging issue for BDC without the formation of the WSCCO.</p> <p>The WSCCO's funding model will meet LGFA covenant requirements, focusing on generating enough revenue to show debt repayment ability, but not setting aside specific principal repayments. Instead, the WSCCO will manage revenue and borrowing to stay compliant.</p> <p>Borrowing and financing costs will be allocated to each council district's three waters services.</p>	<p>The Plan describes the level of investment required for the individual councils in the first three years, and then the WSCCO for the remaining seven years.</p> <p>Upon inception of the WSCCO in 2027/28, net debt to operating revenue is below the 500% net debt to revenue ratio.</p> <p>The financial strategy is not discussed explicitly, but relevant aspects of this, including borrowing decisions, are discussed.</p>	Meets requirements	N/A
<b>Internal borrowing arrangements</b>	<p>The Councils will pool most borrowing and use internal loans for each activity. Water services debt includes internal loans and any external loans, offset by reserves from activity-related revenue to obtain net debt. The WSCCO will manage water services debt separately. The councils will manage their LGFA borrowing for a smooth transfer to the WSCCO.</p>	<p>Internal borrowing arrangements are sufficiently discussed and align between the member councils. These arrangements are planned to continue through to the end of 2025/26, and halt from 2026/27 with the formation of the WSCCO.</p>	Meets requirements	N/A
<b>Determination of debt attributed to water services</b>	<p>Net debt for each Council on 30 June 2025 is based on their balances at that date, with each Council tracking debt for three waters activities separately using a targeted, ring-fenced funding approach.</p> <p>BDC's debt is \$32.5m, GDC's debt is \$19.1m, and WDC's debt is \$9.8m, which totals \$59m in net debt across the three councils.</p>	<p>This section describes how debt has been determined and the net debt position for each member Council on 30 June 2025.</p> <p>Debt is projected for each council through the financial statements, up to the formation of the WSCCO.</p>	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p><b>Insurance arrangements</b></p>	<p>All three Councils have insurance for underground assets (via SICC) with sub-limits: BDC and WDC \$60m each, GDC \$100m, all with \$250k deductibles. Above ground assets are fully covered for material damage, and liability policies cover elected members and staff. Aon advises the councils on insurance and risk management and will support the transition to the WSCCO.</p> <p>Key strategies include risk management, loss modelling, defining risk tolerance, and optimising finances. Directors and Officers insurance will cover the WSCCO during the transition. Business interruption insurance may be needed for the WSCCO, as service charges may not continue after an event.</p> <p>Insurance reporting is currently to Audit and Risk Committees or full councils but will move to the WSCCO Board. Insurance costs for three waters assets will be on-charged from the asset transfer, with the coverage and terms expected to remain the same.</p> <p>The Government contributes 60% of underground asset damage costs above a set threshold.</p> <p>The Councils keep asset registers updated and regularly revalue assets for insurance purposes, with a revaluation before the transfer to the WSCCO.</p> <p>A South Island Council Collective Group programme is underway (as of August 2025) to model earthquake losses for three waters assets, which will inform future insurance needs for the WSCCO and the councils.</p>	<p>The Plan provides information on insurance arrangements. Aon is the insurance broker for each Council and will be retained to organise insurance during the transition to the WSCCO.</p> <p>The Plan mentions the key areas where risks are considered, risk tolerance and mitigations.</p> <p>Delegations and insurance reporting processes are included and are consistent with typical Council approaches.</p>	<p>Meets requirements</p>	<p>N/A</p>

## 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>	The Plan explains how the Councils will achieve financially sustainable water services by 30 June 2028. Meeting the investment sufficiency test for the WSCCO is expected to take at least 15 years due to affordability and deliverability limits, mainly to address BDC's renewals deficit. The Plan confirms it meets the revenue and financing requirements for the capital programme.	The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover long-term investment that meets the LOS, regulatory requirements and provides for growth.	Meets requirements	N/A
<b>Actions required to achieve financially sustainable delivery of water services</b>	<p>Key challenges to financially sustainable delivery of water services include compliance, legislative changes, and renewals based on age and materials, varying for each council. Each council's specific needs and risks are detailed in the Plan.</p> <p>Developing a WSCCO AMP early will help coordinate district requirements, review capital programmes for efficiency, and address deliverability and affordability. The WSCCO is expected to improve focus on three waters and achieve operational efficiencies. The larger scale should deliver cost savings and allow for better borrowing terms.</p> <p>Graphs are included in the Plan for each district showing water services rates under the LTP IBU in comparison to those from the WSCCO Plan. The rise in rates over the 10 years is noticeable for both options, but the IBU for each council is consistently higher than the WSCCO.</p>	<p>The projected price path, revenue requirements and the level of investment required over the 10 years are discussed for each council individually in the first three years of the Plan, and then the WSCCO from its formation for the remainder of the Plan.</p> <p>We note the main benefit of transitioning to a WSCCO will be improving affordability in the region, however, given the level of investment required, most of these efficiencies are not expected to be realised until after the 10-year period of the Plan.</p>	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Risks and constraints to achieving financially sustainable delivery of water services</b>	Risks and constraints are outlined in a table and include: <ul style="list-style-type: none"> <li>• risk of further information required by the Department;</li> <li>• no viable options for shared services in the WSCCO;</li> <li>• insufficient contractors to deliver the new capital programme;</li> <li>• affordability for ratepayers;</li> <li>• compliance challenges;</li> <li>• stormwater management complications/overlaps;</li> <li>• weather events/natural disasters;</li> <li>• financial viability;</li> <li>• legal implications; and</li> <li>• misalignment of rating policies across the councils.</li> </ul>	There is detail included in the Plan on a range of risks and constraints to the successful implementation of the WSCCO.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Assessment of revenue sufficiency</b>				
<p><b>Projected water services revenues cover the projected costs of delivering water services</b></p>	<p>Projected water services revenue and expenses for 2024-2034 show BDC has an operating surplus in year three, but cash surpluses in all years when adjusting for depreciation. GDC and WDC have deficits throughout, and depreciation adjustments do not always result in cash surpluses. All three councils need to increase their rates income in the first three years to achieve operating surpluses. The WSCCO achieves a surplus from 2028/29 by raising charges about 10% annually for six years.</p> <p>The WSCCO shows revenue increasing on average by 6.8% per annum from formation. The increases range from 8.8% to 9.2%, until 2032/33 when it drops to 2.7%.</p> <p>Operating costs build in efficiency as the increase in costs over the seven years of operation are 15% for wastewater, 18% for drinking water and 31% for stormwater.</p> <p>Finance costs rise as debt rises, from \$5.1 m to \$10.3m. However, the apparent interest rate is rising, as the finance cost rises by a higher proportion than the debt, increasing from 3.4% to 4.7% by 2033/34.</p>	<p>Projected water services revenue is rising to cover the costs and investment requirements.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p><b>Average projected charges for water services over 2024/25 to 2033/34</b></p>	<p>BDC currently has an affordability index (against median household income) of 2.7%, rising to 3.4% in 2033/34. Average rates increase from \$2,766 to \$4,456 during this period; an increase of 61%.</p> <p>GDC currently has an affordability index of 1.6%, rising to 2.7% in 2033/34. Average rates increase from \$2,038 to \$4,101 during this period; an increase of 101%.</p> <p>WDC currently has an affordability index of 2.3%, rising to 3.3% in 2033/34. Average rates increase from \$2,433 in 2024/25 to \$4,285 during this period; an increase of 76%.</p>	<p>The average projected charges for water services start with a range between \$2,038 to \$2,766, this is a range of 35%. In 2033/34 the range is \$4,101 to \$4,454, showing 8.6% from low to high and narrowing over the planned period.</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
<p><b>Projected operating surpluses/(deficits) for water services</b></p>	<p>The water operating surplus ratio for the 10 years shows all three councils and the WSCCO run deficits in the first few years. The WSCCO starts generating surpluses from 2028/29.</p> <p>The WSCCO shows a surplus in 2028/29 of \$0.1m, which rises to \$7.5m in 2033/34. There is a significant increase in 2030/31 and 3031/32, due to an 8.8% increase in revenue with only 2% to 3% increase in operating cost.</p>	<p>All councils are in deficit at some point in the first three years, with a combined deficit leading into the WSCCO formation. The deficit decreases on formation of the WSCCO and is in surplus in 2028/29.</p> <p>Operating surpluses are sufficient to ensure LGFA indicative borrowing ratios are met.</p>	Meets requirements	N/A
<p><b>Projected operating cash surpluses for water services</b></p>	<p>Cash surpluses rise from \$14.4m for the first year of the WSCCO (2027/28) to \$32.4m in 3033/34.</p>	<p>The operating cash ratio is positive in every year of the Plan, increasing over the period of the WSCCO. It rises quite steeply from formation of the WSCCO in 2027/28 to 2032/32 and then tapers to lower increases. This coincides when the debt to FFO ratio meets LGFA indicative borrowing levels.</p>	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>Part B details the capital programmes needed for each council to reach investment sufficiency over a 15-year period.</p> <p>Renewals investment aligns with the long-term infrastructure strategies and asset or activity management plans for each council.</p> <p>For BDC, requirements are outlined in the AMP and Infrastructure Strategy but scheduled over 15 years rather than the traditional 30 years. This 15-year timeline does not fulfil the 10-year infrastructure sufficiency requirement but is viewed as more realistic and affordable for Buller residents.</p>	The level of investment is sufficient to meet the requirements. BDC has confirmed in response to a query from the Department that sufficient budget is allocated to meet the capital delivery requirements. LOS and compliance projects will be completed in 10 years, and the renewals backlog will be cleared in 15 years (to meet affordability constraints).	Meets requirements	N/A
<b>Renewals requirements for water services</b>	<p>Individual council information is provided from 2024/25 to 2026/27, with WSCCO information provided from 2027/28 to 2033/34.</p> <p>From 2024/25 to 2026/27 BDC's planned renewals exceed depreciation, and GDC and WDC's planned renewals are below depreciation levels. From 2027/28 the future WSCCO investment plan shows renewals at higher levels than depreciation.</p> <p>The Plan states that the WSCCO plans to reduce the drinking water and wastewater renewals backlog within 15 years.</p>	Renewals expenditure is planned to reduce backlog over time. The Plan does not specifically state smoothing of renewals but there is a workstream for Asset Management to enable the combining of the existing Asset Management approaches and overall capital programme with a focus on joined-up efficiencies and deliverability that includes the necessary smoothing of the programme.	Meets requirements	N/A
<b>Total water services investment required over 10 years</b>	<p>Information related to each Council is provided from 2024/25 to 2026/27, with information on the WSCCO provided from 2027/28 to 2033/34.</p> <p>The asset investment ratio ranges from 107% to 308% across the period from 2027/28 to 2033/34.</p>	The asset investment ratio over the 10 period is positive and unchanged from the infrastructure strategies, LTPs and AMPs.	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>	Information related to each Council is provided from 2024/25 to 2026/27, with information on the WSCCO provided from 2027/28 to 2033/34.  Asset consumption is consistent across the period from 2027/28, ranging between 50% and 60%	Asset consumption is consistent across the 10-year period, indicating that the average age of assets remains constant.	Meets requirements	N/A
<b>Assessment of financing sufficiency</b>				
<b>Confirmation that sufficient funding and financing can be secured to deliver water services</b>	The councils meet LGFA debt covenants when all income and debt are included. The WSCCO meets financial sufficiency, with net debt to income well below the 500% limit.  The Plan states that informal discussions with LGFA indicate that the WSCCO can access required borrowings and meet the financial sufficiency test.	The Plan confirms that financing sufficiency is met and refers to the net debt to income covenant of 500% in assessing financing sufficiency. However, the FFO ratio will be used to assess financing sufficiency for WSCCOs.	Meets requirements	N/A
<b>Projected council borrowings against borrowing limits</b>	The projected Council borrowing limits are provided for the first three years of the Plan, but not for the last seven when the WSCCO is operational. Most Council debt is attributed to three waters, and therefore Council debt improves with the debt transfer to the WSCCO.	The projected Council borrowings for each Council in the first three years remain within the LGFA 175% limit with net debt to revenue ranging between 61% and 137%.  The Plan does not show whole of Council borrowings after the formation of the WSCCO.	Meets requirements	N/A
<b>Projected water services borrowings against borrowing limits</b>	The Plan includes a chart on the projected water services borrowings which is extended to 2044/45 to show the full extent of the investment plan. Over this period the ratio remains around 400%, with a steady decline apparent in later years.	The Plan shows that from 2027/28 the WSCCO remains within its 500% net debt to revenue borrowing limit, with a range between 374% to 413% over the seven years.	Meets requirements	N/A
<b>Projected borrowings for water services</b>	The WSCCO's net debt starts at \$151m and rises to \$212m on 30 June 2034. The ratio of net debt to revenue starts at 413% and reduces to 389% in 2033/34, as revenue rises.	The projected borrowings for water services are \$92.6m over the 10 years.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Borrowing headroom for water services</b>	<p>Councils have adequate debt headroom at whole of council until the transfer to the WSCCO.</p> <p>The WSCCO has approximately \$30m debt headroom in the first two years of operation, rising to over \$50m in the last three years of the plan.</p>	<p>We note that headroom has been calculated against the debt to revenue limit and not the FFO limit for the WSCCO years.</p> <p>Based on the revenue ratios for FFO at 10.2% they are close to the 10% requirement for the connection band they sit within, therefore the debt headroom is less than \$10m. We recommend that the WSCCO works closely with LGFA to ensure sufficient headroom is in place for emergency purposes.</p>	Meets requirements	Yes
<b>Free funds from operations</b>	<p>The WSCCO has an FFO ratio of 6.1% in 2027/28 that rises to 10.5% in 2033/34. The 10% FFO ratio limit is met for the first time in 2031/32, in the fifth year of the WSCCO's operation.</p>	<p>The 10% ratio referenced by the Council is in line with LGFA guidance given the connections in the region.</p> <p>LGFA provides a five-year transition period from inception for CCOs to comply with their covenants. Given 2031/32 is the fifth year since the WSCCO's inception, financing sufficiency is projected to be met. There is effectively no headroom after compliance is reached. We recommend that the WSCCO work closely with LGFA to ensure sufficient funding available.</p>	Meets requirements	Yes
<b>Assessment of financing sufficiency</b>	<p>The WSCCO achieves financing sufficiency within five years. The Plan states discussions (informally) with LGFA indicate that the required levels of borrowings for the WSCCO can be sourced so the plan meets the 'financial sufficiency' test.</p>	<p>The Plan confirms financing sufficiency can be met. As noted above, a 10.2% FFO ratio is very close to the 10% LGFA requirement and may necessitate some reconsideration of the revenue path.</p>	Meets requirements	N/A



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

Section in Part E	Summary of content in Plan	Assessment Review Comment	Focus for panel
<b>Projected funding impact statement</b>	The Plan includes the Funding Impact Statement for each Council for the period 2024/25 – 2026/27 and the combined WSCCO for the period 2027/28 – 2033/34. This also includes individual water services statements and combined water services statements.	There are no issues in the WSCCO statement. The individual Council statements had some minor rounding variances.	N/A
<b>Projected statement of comprehensive revenue and expense</b>	The Plan includes the Income Statement for each Council for the period 2024/25 – 2026/27 and the combined WSCCO for the period 2027/28 – 2033/34. This also includes individual water services statements and combined water services statements.	There are no issues in the WSCCO statement. The individual Council statements had some minor rounding variances.	N/A
<b>Projected statement of cashflows</b>	The Plan includes the Cash Flow Statement for each Council for the period 2024/25 – 2026/27 and the combined WSCCO for the period 2027/28 – 2033/34. This also includes individual water services statements and combined water services statements.	There are no issues in the WSCCO statement. The individual Council statements had some minor rounding variances.	N/A
<b>Projected statement of financial position</b>	The Plan includes the Balance Sheet for each Council for the period 2024/25 – 2026/27 and the combined WSCCO for the period 2027/28 – 2033/34. This also includes individual water services statements and combined water services statements.	There are no issues in the WSCCO statement. The individual Council statements had some minor rounding variances.	N/A

## Assessment Report: Part E – Financial projections and measures

### **Projected statement of comprehensive revenue and expense**

Water Services Delivery Plan pages 208 - 223

### **Projected statement of financial position**

Water Services Delivery Plan pages 237 - 252

### **Financial measures: revenue sufficiency**

Water Services Delivery Plan pages 161 - 167

### **Financial measures: investment sufficiency**

Water Services Delivery Plan pages 168 - 173

### **Financial measures: financing sufficiency**

Water Services Delivery Plan pages 174 - 182

## Assessment Report: Water Service Delivery Plan – Additional information

Additional information	Summary of content in Plan	Assessment Review Comment	Focus for Panel
<b>Additional disclosures to support Plan</b>	N/A	N/A	N/A
<b>Significant capital projects</b>	The three most significant projects for each Council are outlined in the Plan.	Meets requirements.	N/A
<b>Key issues, constraints, risks and assumptions</b>	Key risks and assumptions are identified for the WSCCO, in terms of water services delivery and the transition of those services from each Council to the WSCCO. The risks are categorised into a number of areas including strategic, legislative, legal, network, operational, financial and transitional. During the establishment phase, the risks will be identified, assessed and continually reviewed, and they will be monitored on an ongoing basis (which could include mitigation, transfer or monitor).	Meets requirements.	N/A