

Water Services Delivery Plan Assessment

Assessment Report - Whanganui and Ruapehu District Councils

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
Capital expenditure	Capex
Department of Internal Affairs	Department
Drinking Water Quality Assurance Rules	DWQAR
Funds from Operations	FFO
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
Ruapehu District Council	RDC
Water Services Delivery Plan	Plan
Wastewater treatment plant	WWTP
Water services council-controlled organisation	WSCCO
Whanganui District Council	WDC

This Assessment Report reflects a plan as submitted by the Whanganui and Ruapehu District Councils. During the assessment review, the Department identified inconsistencies between the provided financial statements and tables within the plan. These inconsistencies did not impact the overall assessment recommendation to accept the plan. The Department recommended that the councils update their plan to address the inconsistencies, which was been done after the assessment review and which will be reflected in the plan as published on the Councils respective websites.

Assessment Cover Sheet

Background on councils and engagement with the Department

Detail	Commentary
Councils involved in plan	Whanganui District Council and Ruapehu District Council
Number of connections	Drinking water: 25,786 Wastewater: 21,847 Stormwater: 22,922
DIA comment on council engagement during Plan development process	<ul style="list-style-type: none"> WDC and RDC were initially part of a larger Manawatu-Whanganui grouping alongside Palmerston North, Tararua, Manawatu, Horowhenua and Rangitīkei District Councils. Following initial council resolutions on models to pursue at the end of 2024, this group split into three. One group consisted of Horowhenua District Council, Palmerston North City Council and Manawatu District Council (as well as Kāpiti Coast) and the second included Whanganui, Ruapehu and Rangitīkei, with Tararua District Council choosing to work with the three Wairarapa councils. Rangitīkei, Whanganui and Ruapehu progressed a grouping of three until, following consultation with their communities, Rangitīkei District Council opted to work with Palmerston North City Council and Horowhenua District Council.

Detail	Commentary
Feedback provided to council prior to submission on Draft Plan	WDC and RDC did not provide a draft Plan to the Department for review. However, we did receive a draft Plan and provide feedback relating to WDC and RDC as a three-council model alongside Rangitikei District Council. No material issues were identified, however the Department did suggest some additional information WDC and RDC could include.
Engagement with council during review and assessment process	The Department has engaged with the councils to highlight several issues with the Plan relating to the format of the financial information and inconsistency between the financial statements and the tables elsewhere in the Plan. The councils have advised that they will provide the Department with an amended Plan to address the issues raised. However, we note that these issues do not affect our ability to assess the Plan and provide a recommendation to the Secretary.
Other Background Comments	N/A

Assessment Summary

Section	Commentary
Confirmation of submission completeness checklist	Yes – all required components completed.
General Comment on Plan	The Plan covers detail for the three water services for each council but only gives the overall financials for the joint WSCCO. The totals for the WSCCO reconcile to the sum of the individual councils, so for analysis purposes we have been able to calculate the detail for the WSCCO. The revenue mechanisms in the financial statement do not reflect that the WSCCO will have user charges and will not be collecting rates. Also, the detailed financial statement could be read to indicate that the councils are delivering the services from 1 July 2027, as the figures for each council cover the full 10 years. The consolidated information for the WSCCO also covers the information for the period prior to its formation.
Financial Sustainability Comment	The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets the LOS, regulatory requirements and provides for growth. No further actions beyond those in the Plan and implementation plan are required to become financially sustainable and risks are adequately covered in the Plan.
Revenue Sufficiency	The average projected charges per connection for water services rise from \$1,824 to \$2,944 over 10 years, a 61% increase. The affordability of projected water services charges starts at 2.2% and rises to 2.7% of median household income. The projected water services revenues cover the projected costs of delivering water services. The WSCCO has projected cash surpluses from operations every year over the 10-year period and there are projected operating surpluses for water services from 2031/32.

Section	Commentary
Investment Sufficiency	The Plan demonstrates investment is sufficient to meet LOS, regulatory requirements and provide for growth. Investments are \$269.6m over 10 years which is \$86.2m above depreciation. The level of renewals expenditure is significantly lower than projected depreciation. This reflects the relatively young age of a portion of the WDC wastewater and stormwater network and the focus on LOS improvements to meet regulatory compliance. This investment profile aligns to the LTP budgets and is consistent with the investment priorities identified. The asset consumption ratio decreases over the 10-year period which indicates a marginal aging of the assets.
Financing Sufficiency	The Plan confirms sufficient funding and financing can be secured to deliver water services. Financial statements show debt rising from \$172m to \$230m over the 10 years, still within prudent limits. WDC and RDC remain within council borrowing parameters and projected water services borrowings are within the proposed WSCCO borrowing limits and there is adequate borrowing headroom for water services. The FFO reaches 9.7% in 2031/32, 10.3% in 2032/33 and 11.5% in 2033/34. These are acceptable levels for a WSCCO and within the LGFA guidance.
Overall assessment recommendation	The overall recommendation from the assessment phase is to accept the plan from WDC and RDC.

Issues for discussion with Panel

Issue	Description	Recommended treatment
Ruapehu District Council		
Pricing strategy	<p>Average projected charges per connection rise from \$1,824 to \$2,944 over 10 years, a 61% increase.</p> <p>The WSCCO's affordability of projected water services charges per connection starts at 2.2% and rises to 2.7% of median household income. WDC affordability of projected water services charges per connection starts at 2.2% and rises to 2.8%. WDC has 18,945 connections and the average projected charge per connection rises from \$1,762 to \$2,693 over 10 years, a 53% increase. The Plan states that for residential properties in Whanganui it is \$1,404 per annum and 1.7% of median household income.</p>	We recommend monitoring the pricing strategy and the impact on the projected residential water charges for RDC during implementation.

Sensitivity: General

	Affordability of projected average water services charges for RDC's urban community per connection for the starts at 3.4% and rises to 4.9%. Our calculation shows the average projected charges per connection rising from \$2,061 to \$3,954 over 10 years, a 92% increase. However, we note that 25% of the 5,615 connections are classified as non-residential and that improved affordability has been a key factor for RDC in seeking partners.	
Delivery of compliance projects	The Plan includes sufficient investment to achieve compliance, LOS and enable growth. Renewals are low given the age profile of the portfolio, but reasoning has been provided. The Plan appears to balance achieving regulatory compliance and renewals with deliverability.	We recommend monitoring delivery of the projects required to achieve regulatory compliance.

Council summary information

Summary information	Level
Current population	64,208
Drinking water connections	25,786
Wastewater connections	21,854
Stormwater connections	22,922
High growth council	No
10 year population growth	3.3%



Assets, network and compliance

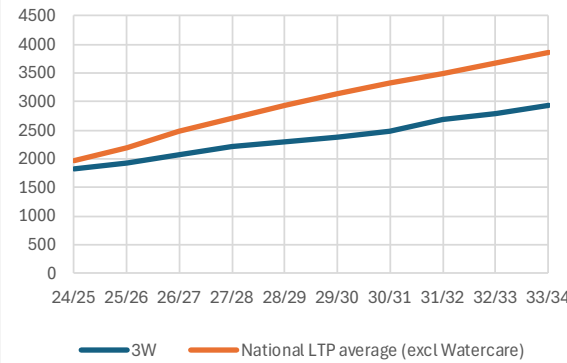
Asset measures	Year 1	Year 10	10 Year Average
Total assets per connection (\$)	29,299	37,287	32,592
Total debt per connection (\$)	5,568	8,606	7,376
Operating costs per connection (\$)	758	793	797
Age of network (years)	DW	WW	SW
Average age outlined in plan	36	52	34

Network performance	Level
Level of service performance measures achieved	76%
Water loss rate	30%
Average consumption (litres per person per day)	286 & 448

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

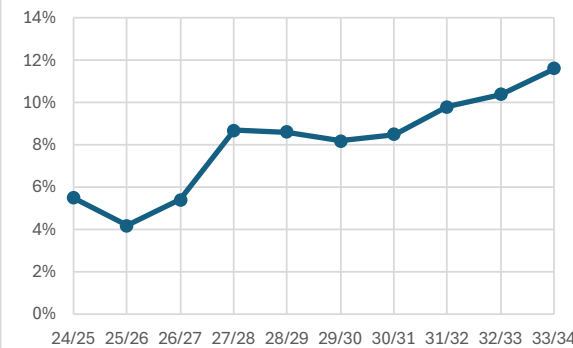
Affordability and growth

Water services charge compare to national LTP average



Financing

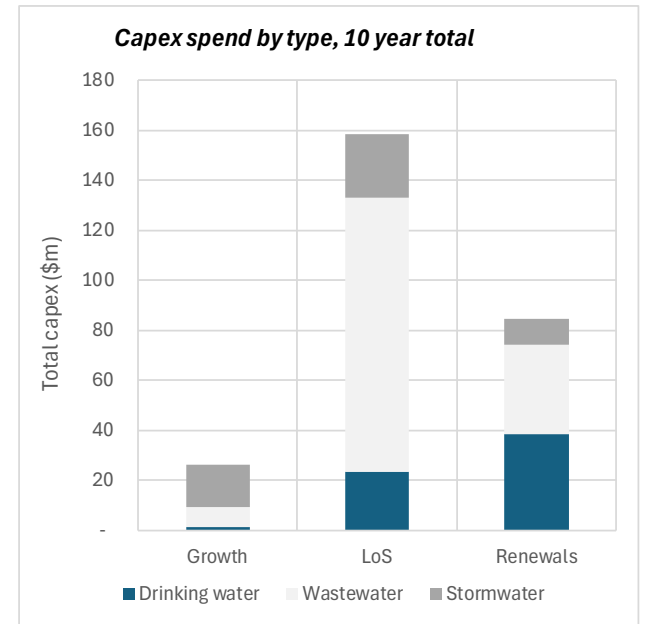
FFO to net debt



Capital expenditure	Category of capital expenditure			Total over 10 years
	Growth	Level of service	Renewals	
Drinking water	1,072	23,531	38,552	63,155
Wastewater	8,283	109,394	35,623	153,300
Stormwater	16,719	25,823	10,554	53,096
Total 10 years	26,074	158,748	84,729	269,551

Item	Year 1	Year 10	10 Year Average
Total charge as % of median income	2.20%	2.72%	2.48%
Annual price increase	N/A	5.09%	4.92%
DC collected per new connection (\$)	N/A	N/A	3,171

Item	Year 1	Year 10	10 Year Average
Water related net debt to operating revenue %	364%	357%	377%
FFO to debt	5.5%	11.6%	8.1%



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

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Delivery model and implementation				
Financially sustainable water services provision	<p>This joint Plan encompasses all council-owned water services, including stormwater, along with the related costs and revenues for the three waters. The Plan sets out how the joint WSCCO model will provide sufficient revenue, sufficient investment and sufficient debt to respond to growth and renewal needs of the combined areas, manage water quality in line with legislative requirements and ensure resilient and compliant services.</p> <p>Financial modelling for the Plan was undertaken by the participating councils, led by WDC. The financial outputs confirmed financial sustainability from 1 July 2028.</p>	<p>The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets the LOS, regulatory requirements and provides for growth.</p>	Meets requirements	N/A
The proposed model to deliver water services	<p>RDC and WDC each resolved to establish a WSCCO together as their proposed model for the future delivery of their water services.</p> <p>Responsibility for delivering three water services for the Ruapehu District and Whanganui District combined service area will be transferred to a joint WSCCO. The WSCCO will generally own water supply, wastewater, and stormwater infrastructure assets. The WSCCO will:</p> <ul style="list-style-type: none"> • Be established with the principles of Te Awa Tupua at the heart of its governance, management and operational structures, ensuring that the well-being of the river and its connected communities are placed at the centre of decision-making. • Be dedicated to delivering water services for both Councils and ensure financially viable and environmentally sustainable operations. 	<p>The proposed model for the delivery of water services is clearly defined with the two councils transitioning from their current arrangements into the WSCCO from 1 July 2027.</p> <p>Governance is appropriately addressed in the Plan, and a Shareholder's Agreement (SHA) has been referred to.</p>	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
		The organisational structure of the proposed WSCCO meets the requirements of the Local Government (Water Services) Act 2025.		
Implementing the proposed service delivery model	<p>The implementation plan outlines the process, milestones and timeframes for the establishment of the joint WSCCO as a fully effective entity.</p> <p>Through adoption of the Plan, RDC and WDC have committed to actioning the implementation process following the Plan’s acceptance.</p> <p>1. January – July 2026 (approx.): Establishment Phase: Lay solid foundations for a successful WSCCO which incorporates the principles of Te Awa Tupua and ensures it is legally established.</p> <p>2. August 2026 (approx.) – June 2027 Transition Phase: WSCCO plans and leads planning for a successful Day One of the Operational Phase.</p> <p>3. 1 July 2027 onwards - Operational Phase: staff, assets and contracts transferred to the WSCCO and it becomes responsible for the delivery of water services.</p>	The Plan outlines an implementation plan as required by section 13(2) of the Preliminary Arrangements Act. A detailed implementation plan is included as an appendix.	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Consultation and engagement undertaken</p>	<p>RDC</p> <p>The Ruapehu District Council undertook public consultation between Monday, 10 March 2025 and Friday, 11 April 2025. Public meetings were held throughout the district. RDC received 31 submissions to the consultation. Six submitters requested to speak at the public hearing, which was held on 29 April 2025.</p> <p>The second round of consultation conducted by RDC took place from 28 May 2025 to 11 June 2025. The key question being gauged in this round was whether the Ruapehu communities supported a WSCCO with four or five councils, as this had not been consulted on in March 2025. Online submissions received were strongly in favour of joining a larger entity, with 35 supporting it if it keeps costs down, 10 opposed, and 11 undecided or not responding. Written submissions, however, were strongly against the proposal, with one in favour, six opposed, and six not responding.</p> <p>WDC</p> <p>Initial engagement with the community was carried out in September/October 2024. This involved an educational campaign, an overview of possible options and a chance to provide early feedback on what matters most to communities about water services. Council's consultation set out the advantages and disadvantages of four options, including a preferred option (a three council WSCCO with RDC and Rangitikei District Councils), continuing with the status quo (in-house), a WSCCO with Whanganui as the sole shareholder, and a WSCCO with as many councils from within the wider Manawatu-Whanganui area as possible. The public feedback was broadly in line with that provided during a period of engagement in September/October 2024 where the community was also asked to provide their feedback.</p>	<p>Consultation was in accordance with the Preliminary Arrangements Act.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p>Assurance and adoption of the plan</p>				
<p>Council resolution to adopt the Plan</p>	<p>The RDC and WDC joint Plan was adopted by RDC at its meeting of 13 August 2025.</p>	<p>N/A</p>	<p>Meets requirements</p>	<p>N/A</p>

Sensitivity: General

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	The RDC and WDC joint Plan was adopted by WDC at its meeting of 12 August 2025			
Certification of the Chief Executives of Whanganui and Ruapehu District Councils	WDC's CE certified the plan on 25 August 2025. RDC's CE certified the plan on 26 August 2025. An updated version of the Plan, submitted at the recommendation of the Department, was certified on the 28 October 2025 by the RDC CE and 29 October 2025 by the WDC CE.	N/A	Meets requirements	N/A

Assessment Report: Part B – Network Performance

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Investment required in water services				
Serviced population and serviced areas	<p>WDC and RDC are responsible for managing the following:</p> <ul style="list-style-type: none"> • A population of 58,000 with 23,000 residential connections. • 11 water schemes. • four rural water schemes. • 10 wastewater schemes. <p>Of the combined performance measures:</p> <ul style="list-style-type: none"> • Drinking water - 12 of 17 were met. • Wastewater - seven of 11 were met. • Stormwater - 12 of 13 measures were met. 	<p>The Plan describes the serviced areas and connections.</p> <p>WDC and RDC are low growth councils, with 4% growth expected over the next 10 years.</p>	Meets requirements	N/A
Assessment of the current condition and lifespan of the water services network	<p>The Plan includes information provided on condition and age.</p> <p>WDC WDC note no backlog.</p> <p>WDC have 100% condition information. 1% of assets are in poor or very poor condition and the average age is 31-53 years.</p> <p>RDC RDC have 97-99% condition information. 1-2% of assets are in poor or very poor condition, and the average age is 33-47 years.</p>	<p>The Plan provides condition and criticality information, which is used to plan the renewals programme. Existing condition information is suitable to plan maintenance, renewals and capital plans.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Asset management approach	<p>RDC</p> <p>The Plan is aligned to the International Infrastructure Management Manual. Includes a reference to Asset Management Policy.</p> <p>No delivery information provided.</p> <p>Asset Management Maturity Assessment self-assessment was carried out in 2022.</p> <p>Asset Management Information systems have been identified.</p> <p>WDC</p> <p>The Plan is aligned to the ISO55001.</p> <p>Includes a reference to the Asset Management Policy.</p> <p>Asset management planning is provided as well as a description of delivery mechanisms.</p> <p>No Asset Management Maturity Assessment has been referenced.</p> <p>Asset Management Information systems have been identified.</p>	<p>The Plan describes the asset management approach, although we note that limited information on delivery mechanisms was provided.</p>	<p>Meets requirements</p>	<p>N/A</p>

<p>Statement of regulatory compliance</p>	<p>RDC</p> <p>The Plan does not include a DWQAR compliance table. Information has been sourced from council reporting and commentary within the Plan.</p> <p>There are a number of non-compliant supplies, however, projects have been identified to rectify these. After completing the work, all drinking water treatment plants will fully comply with the DWQAR.</p> <p>Over the next decade, there are scheduled upgrades for the SCADA systems to improve monitoring, control, and reporting.</p> <p>One boil water notice in place which has since been removed.</p> <p>There are seven drinking water consents; three operating under s 124, two due to expire in the next 10 years and three active consent applications.</p> <p>There are 14 wastewater discharge consents; four operating under s 124, none are due to expire and all 14 have active applications.</p> <p>No stormwater consents.</p> <p>One abatement notice, and one warning.</p> <p>WDC</p> <p>Non-compliances with DWQAR have been noted.</p> <p>The Plan includes details of projects to address the issues raised, with completion targeted by the end of the 2025/26.</p> <p>There are eight water take consents; five operating under s 124, two expire in the next 10 years and one active application (for a global take consent).</p> <p>There are four wastewater discharge consents; one operating under s 124, three expire in the next 10 years and one active application.</p> <p>There are two stormwater discharge consents with two due to expire in the next 10 years and no active applications.</p> <p>No abatement, warnings or infringement notices.</p>	<p>RDC</p> <p>The Council have provided additional information on DWQAR compliance and other drinking water metrics. They have confirmed no boil water notices, chemical compliance is achieved and there is no fluoridation within the district. They also supplied the list of projects to address the three non-compliant supplies.</p> <p>The Council is not meeting consent compliance on one scheme but has provided commentary confirming budget(s) are provided in investment plan to meet compliance.</p> <p>WDC</p> <p>Appropriate funding is in place to address the non-compliances.</p> <p>The Council meets consent compliance on all schemes.</p>	<p>Meets requirements</p>	<p>N/A</p>
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Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<p>Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements</p>	<p>RDC</p> <p>The Plan includes information on improving drinking water treatment to meet DWQAR.</p> <p>The Plan also includes a table outlining the projected investment into RDC water services for the next 10 years, sourced from the adopted LTP, with the addition of bringing forward \$66m (for capital expenditure to improve wastewater levels of service) to fund the required upgrades of the WWTPs. This increased budget allocates funding for resource consents and associated capital works. The WSCCO is to decide priorities based on the regulatory requirements and investment and financing limits available at the time.</p> <p>WDC</p> <p>The Plan includes summary detail on all major projects. Appropriate funding for projects is in place to address the non-compliances.</p> <p>Total combined expenditure varies from \$18.8m (2025/26) to \$35m (2030/31).</p> <p>Total 10-year capital investment in water services is \$269.6m.</p>	<p>The Plan includes sufficient investment to achieve compliance, LOS and enable growth. Renewals are low given the age profile of the portfolio, but reasoning has been provided.</p>	<p>Meets requirements</p>	<p>N/A</p>
<p>Historical delivery against planned investment</p>	<p>RDC</p> <p>From 2021/22 to 2023/24, RDC budgeted to invest \$30.6m of capital expenditure in water services. Of this, a total of \$31.2m (102%) was delivered.</p> <p>WDC</p> <p>From 2021/22 to 2023/24, WDC budgeted to invest \$22.6m of capital expenditure in water services. Of this, a total of \$29.1m (129%) was delivered. There was mixed delivery of renewals over the same period between 63% - 128%.</p>	<p>The combined capital programme will continue at a similar level to 2024/25 which has been delivered at above 100%.</p> <p>A significant growth in annual capital expenditure occurs in 2028/29. This allows time for the new WSCCO to develop efficiencies in delivery.</p>	<p>Meets requirements</p>	<p>N/A</p>

Assessment Report: Part C – Revenue and financing arrangements

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Revenue and charging arrangements				
Charging and billing arrangements	<p>RDC and WDC use similar mechanisms for drinking water, wastewater and stormwater.</p> <p>Drinking water supply is billed as a targeted rate, with drinking water supply based on every SUIP connected or capable of connection. Large or extraordinary users are also metered for volume.</p> <p>WDC has an additional targeted rate for water for firefighting capacity. This rate is set on the capital value of the property.</p> <p>Wastewater is also billed at a targeted rate based on the number of pans. Residential properties are deemed to have only one pan. Trade waste charges are billed.</p> <p>Stormwater is recovered from targeted rates with RDC using a uniform annual charge plus capital value rates. WDC collects its rate on the capital value of the property, with differentials for connected and serviceable properties.</p> <p>Development contributions are charged based on the location and cost of the infrastructure development, further broken down into residential and non-residential contributions.</p> <p>The councils will initially invoice for water charges and pass revenue to the WSCCO, but over time, the WSCCO will take over direct billing. The WSCCO is set to start from 1 July 2027, with a new billing structure.</p>	<p>The Plan outlines charging mechanisms. Both councils use similar mechanisms for all three waters services, except for a capital value rate for firefighting capacity for the Whanganui water supply.</p> <p>The charging mechanisms used are compatible with mechanisms available to a WSCCO, except for the capital value charging for stormwater in both RDC and WDC. The Plan does not indicate what charging mechanism will be used for stormwater. However, this does not limit the ability to accept the Plan.</p>	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Water services revenue requirements and sources	<p>RDC</p> <p>The annual operating revenue for three water activities is \$9.9m in 2025/26, rising to \$18.4m by 2033/34. Representing an increase of 84%.</p> <p>WDC</p> <p>The annual operating revenue rises from \$31.7m in 2025/26 to \$46.4m in 2033/34. Representing an increase of 47%.</p>	<p>The Plan outlines revenue requirements. We note that RDC has a higher revenue increase than WDC. Details in rates mechanisms is not available to show whether this is due to a lower starting price for RDC.</p>	<p>Meets requirements</p>	<p>N/A</p>
Existing and projected commercial and industrial users' charges	<p>The Plan does not distinguish between average for commercial or residential charges but lists the average per connection.</p> <p>The Plan states that commercial and industrial users' charges will move in line with residential.</p> <p>Trade waste charges are shown in the Plan separately at \$1,552,000 for all years of modelling.</p>	<p>The Plan does outline commercial charging mechanisms. It appears trade waste revenue does not increase throughout the 10 years. However, this does not affect the Secretary's ability to accept the Plan.</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												
<p>The affordability of projected water services charges for communities</p>	<p>Affordability compared to the median household income rises from 2.2% in 2024/25 to 2.7% in 2033/34.</p> <p>The Plan states that for residential properties in Whanganui the figure is \$1,407 per annum and 1.7% of median household income.</p> <p>RDC analyses affordability in three areas in the district:</p> <table border="1" data-bbox="418 539 983 801"> <thead> <tr> <th></th> <th>Urban</th> <th>North</th> <th>South</th> </tr> </thead> <tbody> <tr> <td>Median household income</td> <td>\$63k</td> <td>\$54.2k</td> <td>\$82.4k</td> </tr> <tr> <td>Cost to median household income</td> <td>4.9%</td> <td>5.75%</td> <td>3.78%</td> </tr> </tbody> </table>		Urban	North	South	Median household income	\$63k	\$54.2k	\$82.4k	Cost to median household income	4.9%	5.75%	3.78%	<p>The Plan outlines affordability of projected water services charges. Affordability starts at 2.2% and rises to 2.7% of median household income which is aligned to the Department's guidance of 2.5%.</p> <p>Affordability of projected average water services charges for RDC's urban community (farming communities and Waiouru township is excluded) per connection for the starts at 3.4% and rises to 4.9%. Our calculation shows the average projected charges per connection rising from \$2,061 to \$3,954 over 10 years, a 92% increase. However, we note that 25% of the 5,615 connections are classified as non-residential and that improved affordability has been a key factor for RDC in seeking partners.</p>	<p>Meets requirements</p>	<p>Yes</p>
	Urban	North	South													
Median household income	\$63k	\$54.2k	\$82.4k													
Cost to median household income	4.9%	5.75%	3.78%													

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Funding and financing arrangements				
Water services financing requirements and sources	<p>RDC</p> <p>The Council has operating deficits in comprehensive income in all water activities until 2033/34. The deficits reduce from \$3.1m to \$0.7m, with a small surplus of \$0.4m in 2033/34 after applying \$0.1m of “capital revenue”.</p> <p>Capital spending is relatively low for the first five years then sits around \$18m per annum.</p> <p>Ruapehu water users’ portion of the WSCCO’s net debt to revenue rises to 680% in 2032/33.</p> <p>WDC</p> <p>The Council has operating deficits for the current year 2025/26 and 2026/27, then forecast surpluses rising to \$5.8m by 2033/34. Capital spending starts at \$18m per annum and drops to \$13m from 2030/31 to 2033/34.</p> <p>Whanganui water users’ portion of the WSCCO’s net debt to revenue rises from 239% to 330% and reduces back to 226% by 2033/34.</p> <p>Combined</p> <p>The joint WSCCO being formed on 1 July 2027 is projected to have losses for the first three years, then surpluses from 1 July 2030. The WSCCO is forecasting efficiencies with operating costs and overheads in 2033/34 6% to 8% below the cost to the Councils prior to formation.</p> <p>Operating costs to replacement value drops from 2.8% to 2.1%.</p> <p>WSCCO debt peaks at 410% in 2030/31. While debt rises from \$167m at formation of the WSCCO to \$233m in 30 June 2034.</p>	<p>The Plan describes appropriate financing requirements, and the forecasts include efficiency gains.</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
Internal borrowing arrangements	The Plan does not describe internal borrowing arrangements. The WSCCO will be independent from the councils and borrowing for its activities will be from LGFA. Activity reporting will ensure that debt and cash balances are within the correct activity.	Internal borrowing arrangements will not apply to the WSCCO which intends to borrow directly from the LGFA.	Meets requirements	N/A
Determination of debt attributed to water services	Debt has been based on the debt the councils hold for the activities. It is consistent between the councils prior to formation and the WSCCO after formation. It is also consistent with the funding impact statement's cost of funds.	The determination of debt has been adequately described, and the debt is consistent with the financial statements of the councils.	Meets requirements	N/A
Insurance arrangements	<p>The Plan indicates that the councils are to own and insure assets until 30 June 2027. From 1 July 2027, the WSCCO will take over. Insurance is through Manawatū-Whanganui Local Authority Shared Service Limited, with joint caps and sub-limits. These insurance arrangements will continue under the WSCCO. Policies are reviewed annually, with separate cover for above and below-ground assets.</p> <p>Each council determines its own levels of cover and deductibles. Three water asset categories are insured as follows:</p> <ul style="list-style-type: none"> • Above ground assets are covered under a Material Damage and Business Interruption policy at full replacement value, • Below ground assets are insured under an Infrastructure Policy, with costs shared 40% by Council and 60% by Central Government. <p>The councils will continue to insure these assets until the WSCCO establishes its own insurance arrangements.</p> <p>Asset data, values, and schedules are reviewed annually to ensure accuracy. Insurance risk assessments are conducted on a rolling basis, with the most recent assessment completed in 2022. Aon provides Maximum Probable Loss estimates, which inform policy sub-limits. Declared values account for replacement costs, demolition, professional fees, and inflation.</p>	The Plan outlines the insurance arrangements for each council and confirms that the same arrangements will continue for the WSCCO.	Meets requirements	N/A

Assessment Report: Part D – Financial sustainability assessment

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Financially sustainable water services provision				
Confirmation of financially sustainable delivery of water services by 30 June 2028	The Plan states that Part D demonstrates how the Plan achieves financially sustainable delivery of water services by 30 June 2028 and confirms the revenue, investment and financing sufficiency tests are met.	The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets the LOS, regulatory requirements and provides for growth.	Meets requirements	N/A
Actions required to achieve financially sustainable delivery of water services	The confirmation of financial sustainability above and details of how this is achieved are included in detail throughout the Plan.	No further actions beyond those in the Plan and implementation plan are required to become financially sustainable.	Meets requirements	N/A
Risks and constraints to achieving financially sustainable delivery of water services	<p>The key risks identified for three waters include:</p> <ul style="list-style-type: none"> • The future WSCCO. • Network performance. • Regulatory compliance. • Delivery of the capital programme. • Organisational capacity. • Long-term issues (i.e. providing for growth, climate change). <p>These areas and the corresponding detailed commentary on the specific risks therein is relevant and applicable.</p> <p>There is no discussion on potential constraints or mitigations to the described risks for either Council.</p>	Risks are identified in the Plan.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Assessment of revenue sufficiency				
Projected water services revenues cover the projected costs of delivering water services	<p>The WSCCO is expected to have losses for the first three years but will have surpluses from 1 July 2030.</p> <p>The WSCCO is forecasting for efficiency with operating costs and overhead in 2034 being 6% to 8% below the cost to council prior to formation.</p> <p>Operating costs to asset replacement value drops from 2.8% to 2.1%.</p> <p>CCO debt peaks at 410% in 2030/31. While debt rises from \$167m at formation to \$233m at 30 June 2034.</p>	The projected water services revenues cover the projected costs of delivering water services.	Meets requirements	N/A
Average projected charges for water services over 2024/25 to 2033/34	Average charges per connection rise from \$1,824 in 2024/25 for three waters to \$2,944 in 2033/34. This represents an increase of 61%.	The average projected charges re connection for water services rise from \$1,824 to \$2,941 over 10 years, a 61% increase.	Meets requirements	N/A
Projected operating surpluses/(deficits) for water services	The WSCCO will operate deficits for three years then has surpluses the last four years of the Plan, rising to \$5.6m.	There are projected operating surpluses for water services from 2031/32.	Meets requirement	N/A
Projected operating cash surpluses for water services	The projected operating cash surpluses are healthy starting at \$39.1m in 2024/25 and rising to \$64.7m in 2033/34.	The organisation has healthy projected cash surpluses from operations every year over the 10-year period.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Assessment of investment sufficiency				
Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth	Amounts are from the approved 2024-2034 LTP's of each council which were developed in line with the Infrastructure Strategy and AMPs. The only variation is bringing the Ruapehu Wastewater Treatment plants upgrades forward to 2028/29 – 2033/34. These projects are associated with an increased level of service to address consents operating under s124. Total capital expenditure includes growth investment for both greenfield and infill projects within the Whanganui urban area. There is limited investment in growth relating to Ruapehu.	The Plan demonstrates investment is sufficient to meet the requirements growth, LOS and renewals. Investing \$269.6m over 10 years, \$86.2m above depreciation.	Meets requirements	N/A
Renewals requirements for water services	Renewals are below depreciation for the duration of the Plan. Asset renewals funded from existing budgets will be prioritised based on criticality, risk and age of assets. The asset sustainability ratio is forecast to remain negative for the 10 years. This is driven mainly by WDC, which has a new WWTP and stormwater/wastewater separation network. As these assets are still in the early phase of their lifecycle, the forecast renewals are relatively low in comparison to depreciation. WDC's asset management approach which supports this is set out in more detail.	The level of renewals expenditure is deemed to be appropriate even though it is significantly lower than projected depreciation. This reflects the relatively young age of a portion of the WDC wastewater and stormwater network and the focus on LOS improvements to meet regulatory compliance.	Meets requirements	N/A
Total water services investment required over 10 years	Over the 10-year period the asset investment ratio fluctuates, however remains positive with an average ratio 46.4%. In years 2028/29, 2029/30 and 2030/31, the asset investment ratio increases due to the treatment plant upgrades.	This investment profile aligns to the LTP budgets and is consistent with the investment priorities identified.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Average remaining useful life of network assets	Slightly decreasing asset consumption ratio from 61% to 58%. The asset average life remaining is decreasing over the period of the Plan.	The asset consumption ratio is decreasing over the 10-year period which indicates a marginal aging of the assets.	Meets requirements	N/A
Assessment of financing sufficiency				
Confirmation that sufficient funding and financing can be secured to deliver water services	As shown, the Plan demonstrates sufficient revenue is planned and adequate debt and debt headroom is available to the WSCCO.	The Plan confirms sufficient funding and financing can be secured to deliver water services.	Meets requirements	N/A
Projected council borrowings against borrowing limits	RDC debt excluding three-water rises from approximately \$27m to \$40m or from 44% to 61% of revenue, WDC debt excluding three-water rises from approximately \$110m to \$140m before dropping to approximately \$122m. Debt to revenue sits at around ~110%, then decreasing to 98% by 2033/34. Both councils are within the debt constraints.	WDC and RDC remain within council borrowing parameters.	Meets requirements	N/A
Projected water services borrowings against borrowing limits	Debt peaks at 410% of revenue and the WSCCO meets the LGFA FFO ratio within five years of formation and shows a steady path of improved metrics for debt.	Projected water services borrowings are within the proposed WSCCO borrowing limits.	Meets requirements	N/A
Projected borrowings for water services	Projected borrowing rises from \$167m to \$233m between 1 July 2027 and 30 June 2034.	Financial statements show debt rising from \$167m to \$233m over the 7 years of CCO operations, still within prudent limits.	Meets requirements	N/A

Borrowing headroom/(shortfall) for water services	Borrowing headroom using a 500% debt to revenue limit starts at \$64m in 2027/28 and rises to \$90.3m at 30 June 2034/35.	There is adequate borrowing headroom for water services.	Meets requirements	N/A
Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Free funds from operations	The Plan shows FFO being 8.6% from 2027/28 and rising to 11.5% by 2033/34.	Our calculations showed that the FFO to debt ratio reaches 9.8% in 2031/32, 10.4% in 2032/33 and rises to 11.6% in 2033/34. These are sufficient levels and within LGFA guidance.	Meets requirements	N/A
Assessment of financing sufficiency	The Plan demonstrates sufficient revenue is planned and adequate debt and debt headroom is available to the CCO.	Financing sufficiency is adequate with good levels of debt headroom for the CCO throughout the Plan.	Meets requirements	N/A

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

Section in Part E	Summary of content in Plan	Assessment Review Comment	Focus for panel
Projected funding impact statement	The Plan provides details for each council and for each water service for the first 3 years of the plan, and then shows separate statements for the WSCCO for the remaining 7 years of the plan from 1 July 2027 to 30 June 3034.	We noted several inconsistencies and formatting errors in the original plan and recommended that the Councils submit an updated plan which addresses the issues raised.	N/A
Projected statement of comprehensive revenue and expense	Financial statements have been completed.		
Projected statement of cashflows	Statement has been completed.		
Projected statement of financial position	Statement has been completed.		

Assessment Report: Part E – Financial projections and measures

Projected statement of comprehensive revenue and expense

Water Services Delivery Plan page 154

Projected statement of financial position

Water Services Delivery Plan page 155

Financial measures: revenue sufficiency

Water Services Delivery Plan pages 117 - 119

Financial measures: investment sufficiency

Water Services Delivery Plan pages 119 - 121

Financial measures: financing sufficiency

Water Services Delivery Plan pages 121 - 124

Assessment Report: Water Service Delivery Plan – Additional information

Additional information	Summary of content in Plan	Assessment Review Comment	Focus for Panel
Additional disclosures to support Plan	N/A	N/A	N/A
Significant capital projects	Significant capital projects are provided by activity.	Meets requirements.	N/A
Key issues, constraints, risks and assumptions	Disclosures of risks and key material assumptions for both RDC and WDC are outlined in the Plan.	Meets requirements.	N/A