

Water Services Delivery Plan Assessment

Assessment Report – Wairarapa + Tararua

Te Kāwanatanga o Aotearoa
New Zealand Government



Internal Affairs
Te Tari Taiwhenua

Glossary and abbreviations

The table below sets out the abbreviations used in this report

	Abbreviation
Asset Management Plan	AMP
Capital expenditure	Capex
Carterton District Council	CDC
Council Controlled Organisation	CCO
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
Masterton District Council	MDC
South Wairarapa District Council	SWDC
Tararua District Council	TDC
Wairarapa and Tararua grouping	Wai+T
Water Services Delivery Plan	Plan
Wastewater treatment Plant	WWTP
Water services council-controlled organisation	WSCCO

Assessment Cover Sheet

Background on councils and engagement with the Department

Detail	Commentary
Councils involved in Plan	Tararua District Council, Masterton District Council, Carterton District Council and South Wairarapa District Council
Number of connections	Drinking water: 23,220 Wastewater: 23,441 Stormwater: 21,313
DIA comment on council engagement during Plan development process	- SWDC, MDC and CDC were initially working with other councils in the Wellington region to investigate a 10-council regional grouping. Alongside this, SWDC, MDC and CDC were also exploring a potential grouping with TDC. - As part of the consideration between the two grouping options and other standalone models, MDC, CDC, SWDC and TDC all requested support from the Department to better understand the benefits of a sub-regional model among the four councils. This included a series of reports and supporting financial models which confirmed a joint WSCCO would be a viable model. - By the end of November 2024, CDC, MDC and SWDC had collectively resolved to opt out of the Greater Wellington regional model and continue investigating the sub-regional Wairarapa model. - From March to April 2025, the four councils each consulted on the joint WSCCO as a preferred option. - Following the consultation period, the Department attended elected member forums for each of the four councils as they deliberated on a preferred delivery model.
Feedback provided to council prior to submission on Draft Plan	- On 7 August 2025, the four councils provided their draft Plans to the Department for review. The Department outlined further information needed to assess financial sustainability – particularly investment sufficiency. - The overall feedback focussed on a recommendation to further consolidate the four separate Plans and present a single joint Plan to better communicate the forward WSCCO programme.

Engagement with council during review and assessment process	N/A
Other Background Comments	Ultimately the four Councils submitted individual Plans rather than a joint plan. This Assessment Report presents the assessment of the four Plans together. All councils have signed a commitment agreement detailing key terms to be finalised in a Shareholders Agreement. These include debt transfer amounts, shareholding allocation (water connections) principles and agreed funding to meet establishment costs and decisions related to a pricing model.

Assessment Summary

Section	Commentary
Confirmation of submission completeness checklist	Yes – all required components completed.
General Comment on Plans	The four Plans outline the required capex and pricing pathway for each council. The councils have agreed to a cost-to-serve pricing model for nine years and then to review the pricing model to determine the approach moving forward. Each Council will initially be required to set charges sufficient to meeting the costs of water service delivery and debt servicing for their connections, with responsibility passing to the WSCCO to continue to set charges by service area. The benefits from this arrangement arise from better coordinated capex delivery, access to LGFA funding and resulting improvement to each councils' debt headroom.
Financial Sustainability Comment	All four Plans explain how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets LOS, regulatory requirements and provides for growth. SWDC has immediate steps identified to achieve financial sustainability including reducing the water services capital programme by 45% and evaluating affordability challenges within the district, which may require prioritising certain projects. We note that MDC's Plan does not fully fund depreciation and has minimal investment projected. The risks identified in the Plans are comprehensive.
Revenue Sufficiency	The Plans all outline the average projected charges for water services in each respective district and the Departments calculation showed the average charge per connection across all Plans increasing from \$2,343 to \$4,176, an increase of 78.2% over 10 years. We note that the significant increases in rates for CDC, TDC, and SWDC (an increase of 80%, 107%, and 120% respectively) could be smoothed across the period, and that the pricing strategy could be a focus for the WSCCO once established. Affordability over the 10 years goes from 2.5% to 3.2% of median household income and is slightly higher than the Department's guidance of 2.5%. The four Plans show that projected water services revenues cover the projected costs of delivering water services. We note that MDC is projecting a negative operating surplus, as interest costs and depreciation increase. All four councils have positive operating cash surpluses and ratios. When consolidating all four councils, the average operating cash ratio is 56.8% across the period. As a joint CCO the average projected cash surplus per year is \$40m, the average projected operating surplus per year is \$2.7m over 10 years, and the average operating surplus ratio for the period is projected at 3.9%, with deficits occurring in 2024/25, 2027/28, and 2028/29.

Section	Commentary
<i>Investment Sufficiency</i>	Investment by SWDC, TDC and CDC is high due to significant backlog requiring investment in renewals and levels of service. The MDC investment strategy is focussed on maintenance levels until the Homebush wastewater plant upgrade is completed. This is scheduled for 2034 onward, following significant investment in treatment plants over recent years. The WSCCO is projected to have its highest capital expenditure in 2027/28, with a total of \$63.8m. The capital expenditure profile for the WSCCO is front loaded, reaching a peak in 2027/28, after which it is expected to decline steadily. The Plans demonstrate that investment and renewals are sufficient to meet requirements. The investment is consistent with Asset Management Plans and Infrastructure Strategies. The investment is assessed to maintain or improve asset life across the Plans and addresses backlogs.
<i>Financing Sufficiency</i>	All four Plans confirm sufficient funding and financing can be secured to deliver water services with combined debt reaching \$340m by 2033/34. All four Plans show the projected council borrowings against borrowing limits and a water borrowing limit of 500%. This is only breached in SWDC's Plan from 2027/28 to 2029/30 and TDC's from 2026/27 to 2027/28. However, at a WSCCO level, there is no breach, with a peak of 440% debt to revenue in 2028/29. Debt and revenue increase across the four Plans, however at different rates, causing the movements in the net debt to operating revenue ratio. The borrowing headroom or shortfall reflects a similar trend and at the WSCCO level, the available headroom reduces to \$41.6m in 2028/29. Our analysis on the four separate Plans, show that Wai+T has a FFO to debt ratio of 11.6% in 2023/24 and 10% in 2033/34. We note that the Plans state that the LGFA has confirmed that these figures are acceptable.
<i>Overall assessment recommendation</i>	The overall recommendation from the assessment phase is to accept the Plan from South Wairarapa, Tararua, Masterton and Carterton District Councils.

Issues for discussion with Panel

Issue	Description	Recommended treatment
All councils		
Price pathway and affordability	CDC's affordability over the 10 years goes from 2.6% to 3.5% of median household income and is roughly aligned to the Department's guidance of 2.5%. TDC advises due to backlog it is front loading water charge increases to fast-track renewals for poor condition wastewater pipes. It has indicated it is looking for the WSCCO to rephase investments to reduce charges. New national standards and compliance changes may also help with affordability which rises from 3.2% to 4.8% over the 10 years MDC is seeking to keep affordability under 2% of median household income over the 10 years and goes from 1.9% to 1.7% of median household income. SWDC's affordability goes from 2.9% to 4.8% of median household income over the 10 years with a peak of 5.1% in 2031/32 and seeks a four-year transition period to meet the LGFA FFO requirements and affordability targets. Combined affordability over the 10 years goes from 2.5% to 3.2% of median household income and is slightly higher than the Departments guidance of 2.5%.	We recommend monitoring the price pathway during implementation to ensure the projected charges are affordable for the South Wairarapa, Tararua, and Carterton Districts.
Free funds from operations	At a WSCCO level, our analysis confirms that Wai+T has a FFO to debt ratio of 11.6% in 2023/24 and 10% in 2033/34. Although, the FFO to debt ratio falls below the 9% covenant between 2027/28 and 2029/30, it remains above 9% in other years. The Plans state that the LGFA has confirmed that these figures are acceptable. We note that the price path for each council is calculated by the revenues required to maintain the FFO to debt ratio at 10%. All councils except SWDW meet a 10% FFO by 2029/30 and SWDW by 2031/32.	We recommend monitoring to ensure that the councils continue to work closely with LGFA to ensure that financing is confirmed for the WSCCO.
Delivery of the capital programme	All four Plans outline a significant increase in delivery required on the capital programme (SWDC, 200%; TDC, 100%; MDC, 50%; CDC, 50%) over the period of the Plans compared to historic delivery. The councils have identified deliverability is a risk and noted that it will be prioritised during establishment.	We recommend monitoring the delivery of the capital programme outlined in the Plans.

Issue	Description	Recommended treatment
Pricing structure and strategy	Our calculation showed the average charge per connection across all Plans increasing from \$2,343 to \$4,176, an increase of 78.2% over 10 years. We note that the significant increases in rates for CDC, TDC, and SWDC (increases of 80%, 107%, and 120% respectively) could be smoothed across the period, and that the pricing strategy could be a focus for the WSCCO once established to ensure growth pays for growth.	We recommend monitoring the pricing structure and strategy during implementation.

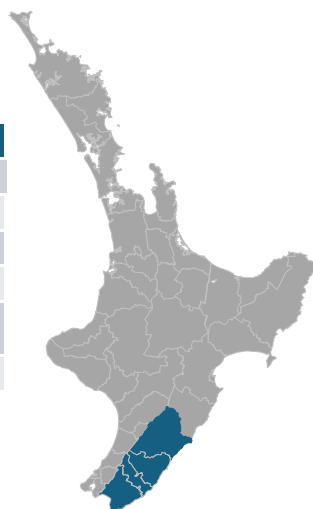
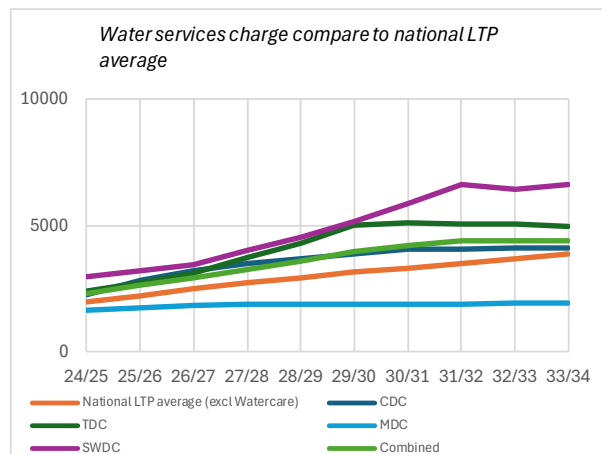
Masterton District Council		
Charging and billing arrangements	All councils have outlined their current charging methodologies and will collect revenue for the WSCCO during the transition, acting only as agents with no liability. Councils have agreed that the WSCCO will operate a cost to serve model for nine years, after which time the matter will be reviewed by the Board and Shareholding Councils. Future charging arrangements for CDC, SWDC and TDC remain the same with MDC transitioning from capital value charging to volumetric charging.	For noting only. This does not prevent the Plan from meeting the legislative requirements. .
Funding depreciation and operating deficits	MDC has a deficit for eight of the 10 years mainly due to funding depreciation and interest costs. Their average operating deficit per year is \$1.9m over 10 years. The operating surplus ratio increases from negative 1.0% in 2024/25 to positive 2.1% in 2026/27, then remains negative for the rest of the period. The lowest point is negative 17.9% in 2032/33 and the average 10-year operating deficit is 10.1%.	We recommend monitoring MDC's funding of depreciation and the growing operating deficits over the ten-year period

Water Services Delivery Plan Summary Analysis – Wairarapa & Tararua CCO

IN CONFIDENCE

Council summary information

Summary information	Level
Current population	70,077
Drinking water connections	23,220
Wastewater connections	23,441
Stormwater connections	21,313
High growth council	No
10 year population growth	11.8%

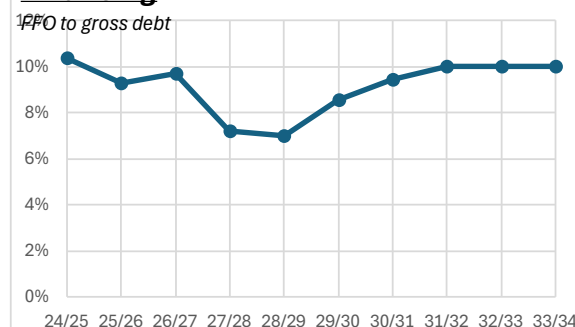
Affordability and growth

Item	Year 1	Year 10	10 Year Average
Total charge as % of median income	2.65%	3.70%	3.51%
Annual price increase	N/A	0.57%	7.41%
DC collected per new connection (\$)	N/A	3,305	3,036

Item	Year 1	Year 10	10 Year Average
Water related net debt to operating revenue %	323%	394%	398%
FFO to debt	10.4%	10.0%	9.2%
Whole of Council net debt to revenue (approx)	N/A	N/A	N/A

Assets, network and compliance

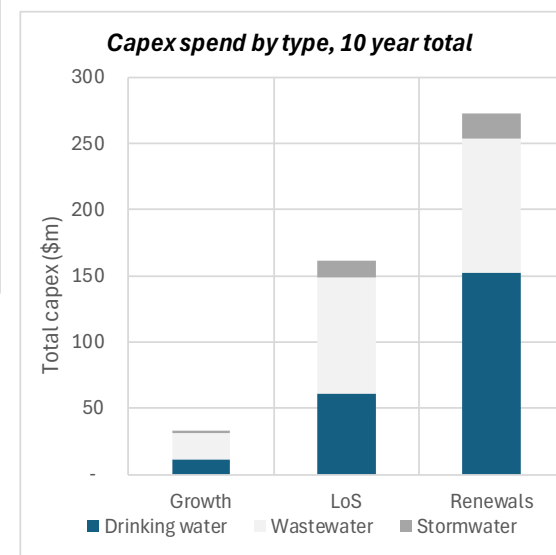
Asset measures	Year 1	Year 10	10 Year Average
Total assets per connection (\$)	28,070	41,369	35,798
Total debt per connection (\$)	5,978	12,703	10,842
Operating costs per connection (\$)	930	932	915
Age of network (years)	DW	WW	SW
Average age outlined in plan	14 - 80	16 - 80	27 - 80

Financing

Network performance	Level
Level of service performance measures achieved	Partially
Water loss rate	37.2%
Average consumption (litres per person per day)	418

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

Capital expenditure	Category of capital expenditure			Total over 10 years
	Growth	Level of service	Renewals	
Drinking water	10,977	61,282	152,566	224,825
Wastewater	20,551	87,651	101,090	209,292
Stormwater	1,222	12,519	18,698	32,439
Total 10 years	32,750	161,452	272,354	466,556



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	Each council confirmed their respective Plan ensures the financially sustainable delivery of water services by 30 June 2028.	The Plans explain how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets LOS, regulatory requirements and provides for growth.	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
The proposed model to deliver water services	SWDC, TDC, MDC and CDC, together with support of Rangitāne and Ngāti Kahungunu, propose to establish a joint WSCCO under the Local Government (Water Services) Act 2025 to deliver water services to their districts. This joint WSCCO will have approximately 25,000 connections and be responsible for all three waters services. Responsibilities for water services will transfer from the each of the four councils to the WSCCO on or before 1 July 2027. This will include associated revenue, expenditure, assets and liabilities. Establishment has commenced, with ways of working and commercial terms agreed and set out in a commitment agreement. The WSCCO will be owned by the four councils according to the shareholding arrangements based on the connections within each council district. The Shareholders' Agreement will contain principles for the entry and exit of shareholders, including provision to accept future council amalgamation or expansion of the WSCCO. Indicative shareholdings based on connections are: • MDC - 44% • TDC - 23% • SWDC - 20% • CDC - 13%	The proposed model for delivery of water services is clear with a 1 July 2027 transition from each council into a joint WSCCO. All councils have signed a commitment agreement identifying key term and principles for establishing shareholdings, amount of debt to transfer and pricing which will be formalised in a Shareholders Agreement. The organisation structure of the proposed WSCCO will meet the requirements of the Local Government (Water Services) Act 2025.	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Implementing the proposed service delivery model	The Plan states that the councils have agreed the WSCCO will be legally established on or before 1 July 2026 and operational on or before 1 July 2027. The commitment agreement sets out the governance and management arrangements for the programme to ensure the entity is established and operational within these timeframes and that it will guide the Shareholders Agreement. A project team of council staff, iwi representatives and external legal and advisory support will be accountable for establishment prior appointment of the Board of Directors. The project will be led by a Programme Director, reporting to a Project Steering Group (PSG). Following the local body elections in October 2025, the Stakeholders' Forum will be established, and this group would work alongside the PSG. Programme timing and key milestones are provided in the implementation plan. SWDC requires an interim arrangement until the WSCCO is operational due to the decision to withdraw from Wellington Water Limited as of 1 July 2026 for the 2026/27 year.	Sufficient information is provided in the implementation plan and includes all the information required in section 13(2) of the Preliminary Arrangements Act. The councils have identified the resources required to set up the WSCCO. The commitment agreement sets out the governance and management arrangements.	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Consultation and engagement undertaken	In 2025 (phase 2), the four councils carried out community consultation on two options – the joint WSCCO and the status quo delivery model (or a form of status quo delivery). This consultation occurred during March and April 2025. Community feedback from all four councils' consultations showed support for a regional water services organisation, with the following percentage of submitters supporting a Wairarapa Tararua model: • 88% SWDC submitters; • 65% Tararua submitters; • 70% Carterton submitters; and • 60% Masterton submitters. Key feedback across all four councils included the importance of local delivery and accountability, pricing structures and affordability for communities, reliable and quality water services, trust in the new delivery model, and recognising past investment in services and infrastructure in the region's communities.	Consultation meets the requirements of Part 3 of the Preliminary Arrangements Act. Feedback has been reflected in the Plan.	Meets requirements	N/A
Assurance and adoption of the Plan				
Council resolution to adopt the Plan	All four councils adopted their respective Plans on 20 August 2025 and have provided the associated resolution.	N/A	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Certification of the Chief Executive of South Wairarapa, Tararua, Masterton and Carterton District Councils	SWDC The CE certified the Plan on 28 August 2025. TDC The CE certified the Plan on 29 August 2025. MDC The CE certified the Plan on 26 August 2025. CDC The CE certified the Plan on 27 August 2025.	N/A	Meets requirements	N/A

Assessment Report: Part B – Network Performance

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Investment required in water services				
Serviced population and serviced areas	SWDC Serviced areas and connections are provided in the Plan and are projected out to 2033/34 with location descriptions. The Plan describes the schemes. Growth areas are listed with an average of 1.1% growth per year over the 10-year period. LOS and associated 2023/24 performance results have also been provided. Unserved areas are listed.	SWDC Required information is provided. Performance measures highlight water loss and average consumption not meeting targets (42% water loss, 583 L/p/d). Water meters are in place.	Meets requirements	N/A
	TDC Serviced populations and connections are provided in the Plan and are projected out to 2033/34 with location descriptions. Growth areas highlighted. LOS and associated performance results have also been provided Unserved areas are listed.	TDC Required information is provided. Performance measures highlight water loss and average consumption is not meeting targets. Universal water metering is included as a project to be implemented over the 10 years.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	MDC Serviced areas and populations are provided in the Plan and projected out to 2033/34 with location descriptions. Population growth of 14% is forecast by 2034/35. The Plan describes the schemes. In 2023/24 Council met five of the nine water supply performance measures. The performance measures that were not met were for drinking water technical issues and high leakage and consumption. All wastewater and stormwater performance measures were met except for stormwater complaints which was just above the target level. Growth areas have been described, non-residential growth expected to impact wastewater volumes. Unserviced areas are described.	MDC Required information provided. Water metering implementation and continued renewals expected to reduce water consumption and leakage over time.	Meets requirements	N/A
	CDC Serviced areas and populations are provided in the Plan and projected out to 2033/34. The Plan describes the water, wastewater and stormwater services. LOS and associated performance were reviewed in the 2023/24 Annual Report. Achieved targets except for response times, partial compliance with DWQAR and some resource consent non compliances in 2023/24. Growth areas have been identified. Unserviced areas are described.	CDC Required information provided on service areas, connections and growth. Water loss in 2023/24 was 13% and average water consumption 326 l/p/d. All properties have water meters.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Assessment of the current condition and lifespan of the water services network	SWDC Average asset age for different components has been described in the Plan, specifically: • Drinking water - 14-29 years • Wastewater - 16-29 years • Stormwater - 38-53 years Limited condition information percentages are available with <20% above ground assets having a condition grading. An estimate of pipe assets in poor and very poor condition has been provided. Critical assets are described.	SWDC Condition and performance information is suitable to plan maintenance, renewals and capital and operating programme over the short term.	Meets requirements	N/A
	TDC Average network asset age has been provided in the Plan, specifically: • Drinking water - 48 years • Wastewater - 54 years • Stormwater - 33 years Condition information percentages for network assets are provided including the percentage in poor or very poor condition. The above ground asset condition varies with several new treatment Plants. Critical assets are identified.	TDC Condition and criticality information is suitable to be used to plan maintenance, renewals and capital and operating programme over the short term.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	MDC Average network asset age is not available however the Plan indicates most of the water network is between 31-80 years old. Clarifications provided showed the stormwater and wastewater networks were mostly installed from 1960-2020. The MDC asset analysis takes into account CCTV inspection, water main samples and analysis, contractor service reports, planned smoke testing, operational performance data, condition rating scoring, and modelling through the Assetic system. Asset renewal planning is supported by an Optimised Renewal Decision Making (ORDM) framework and predictive deterioration modelling. All this is combined to establish condition assessment percentages. For drinking water, 84.4% of below ground assets have a condition grade with 23.5% of those assets in poor or very poor condition. For wastewater 21% of below ground assets have a condition grade and 39% of those assets are in poor or very poor condition. For stormwater no condition grading is available. Critical assets have been identified and listed.	MDC Condition and criticality information is suitable to be used to plan maintenance, renewals and capital and operating programme over the short term.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	CDC Average network asset age has been provided in the Plan, specifically: • Drinking water - 32 years • Wastewater - 37 years • Stormwater - 27 years Most of the above and below ground assets have condition scores. Few of the treatment assets are in poor or very poor condition. Above ground assets in poor or very poor condition are 29% for drinking water, 43% for wastewater and 6% for stormwater. Critical assets have been identified.	CDC Condition and performance information is suitable to plan maintenance, renewals and capital and operating plan in the long term.	Meets requirements	N/A
Asset management approach	SWDC Wellington Water Limited has been the operator and carried out asset renewals for SWDC since 2019. SWDC has recently (1 July 2025) taken over capital project delivery for system renewals and upgrades for LOS and growth. The proposed future delivery model will transfer all functions to the joint WSCCO. Asset management practices have been at a basic maturity level, based on operational knowledge. The Plan notes that the WSCCO will develop its own asset management policy and approach based on industry best practice and expected LOS, informed by the work the council(s) do in the transition period to review asset condition and the capital programme.	SWDC Detailed information is provided on asset management process. Limited commentary is provided on how asset management will support the proposed model.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	TDC Description of current in-house and alliance contract (network O&M) delivery mechanism provided. The proposed future delivery model is outlined. Wastewater and stormwater underground CCTV inspection has been completed over a period of close to 10 years with a subsequent condition rating completed. No asset management maturity results are provided, and the latest self-assessment was completed in 2018. Asset management policy in place. The Plan notes the WSCCO will develop its own asset management policy and approach based on industry best practice and expected levels of service, informed by the work the Council does in the transition period to review asset condition and the capital programme.	TDC Information is provided on the asset management process and how asset management will support the proposed model.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	MDC Treatment plant (both water and wastewater) service delivery, asset and contract management is via an in-house operations team. Reticulation (water, wastewater and stormwater) service delivery are via contract to Citycare Water which is due to expire in 2026. A one-year extension is currently being sought from the Council till 30 June 2027. Existing Asset Management systems listed. The Plan states two hydraulic models have been developed and implemented for development and future planning purposes for water and wastewater. MDC have a proactive approach to demand management with water meters installation scheduled for completion in 2025/26 and ongoing leak detection, trade waste management and inflow/infiltration investigations.	MDC We note that MDC self-assessed its current asset management practice in 2018 but the details of the assessment were not provided in the Plan. Detailed information provided on asset management process. Limited commentary is provided on how asset management will support the proposed model.	Meets requirements	N/A
	CDC Description of current in-house delivery mechanism supported by contracted service is provided in the Plan. Asset Management systems listed. Maturity assessment not available. Asset management policy referenced.	CDC Limited information provided on Asset Management process. Limited commentary is provided on how asset management will support the proposed model. These observations do not limit our ability to accept the plan	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Statement of regulatory compliance	SWDC SWDC is compliant for bacterial, protozoa and chemical compliance. No boil water notices in place. 6 significant drinking water consents, 12 wastewater (11 under S124) consents and one stormwater consent. 7 consents are due to expire in the next 10 years, 2 active wastewater consent applications. Stormwater consent granted in 2025 expires in 2030. Two significant risks of noncompliance, and two low risks of non-compliance for wastewater. One compliance warning and four abatement notices for wastewater discharges have been issued in the past 24 months. Wastewater non compliances relate to discharge volume to river non-compliances, nitrogen non-compliance, E.coli non-compliances, and Stage 2B irrigation capacity. The Martinborough and Greytown WWTP Growth and Capacity Study sets out the preferred WWTP upgrade strategies for both communities to cater for forecast growth to 2050.	SWDC The Plan provides details on compliance with drinking water standards and has budget in the investment plan to maintain compliance. Projects are outlined and funded to address resource consent compliance issues at the WWTPs scheduled for completion by 2030.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	TDC TDC has barriers in place for Bacterial and Protozoa compliance but has some non-compliances with DWQAR. Improvement to the monitoring and recording system in 2025 is expected to increase the robustness and security of the system and future reporting to achieve compliance. No permanent boil water notices in place. Significant consents are listed. Three drinking water and 16 wastewater consents are due to expire in the next 10 years. Six drinking water and five wastewater active consent compliances. Nine compliance abatement notices, infringements and warnings have been issued in the past 24 months. No stormwater consents are held by TDC. The water take consent non compliances will be resolved with flow meters installations and verifications which are expected to be completed in 2025/26. A water take application is underway for Norsewood with increased take to resolve non-compliance. Abatement notices for wastewater have been resolved with wetland construction at Eketahuna and Dannevirke DAF install. A project is in place for the Pongaroa WWTP in 2028/29 to resolve compliance issues.	TDC TDC is not fully meeting drinking water compliance on one or more schemes but provides commentary confirming budget is provided in investment plan to meet compliance in 2025/26. Investment described in the Plan is appropriate to address resource consent compliance issues.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	MDC MDC is compliant for E.coli and protozoa for Masterton and Tinui (following resolution of technical issues). The Wainuioru (mixed use rural supply) has a permanent boil water notice in place. The Wainuioru water supply is registered as a drinking water supply with MDC and operated by the users through a formal user agreement. MDC is working with the Water Services Authority regarding this arrangement to ensure responsibilities are adequately formalised and an acceptable solution is implemented. There are three significant drinking water consents, four wastewater consents and one stormwater consent. Three consents are due to expire in the next 10 years and there is one active consent application. The Plan states there were several low and moderate risk non-compliances recorded against MDC's resource consents for 2023/2024. These are summarized against the specific resource consents with explanations. An abatement notice in 2022/23 for wastewater was related to occasional high levels of E.coli in the final pond at Homebush. MDC advised these were investigated and the results were inconclusive, but the high levels have stopped occurring	MDC DWQAR compliance has been achieved in 2025 for the urban schemes. Further investigations are underway to determine a compliance solution for the Wainuioru mixed use rural supply. No resource consent compliance actions in 2023/24. Projects are in place to renew consents with upgrades planned. The Plan outlines investment to address compliance issues.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	CDC CDC is compliant with DWQAR. 2023/24 non-compliances related to equipment and missing data issues. No boil water notices. CDC has two significant drinking water consents, two wastewater consents and one stormwater consent. Three consents are due to expire in the next 10 years, and there is one active consent application. Stormwater consent renewal budget is allowed for. No compliance actions in last 24 months.	CDC DWQAR compliance has been achieved. Appropriate investment outlined in the Plan to address compliance issues and consent renewals.	Meets requirements	N/A
Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements	SWDC The significant capital investments are identified. There are significant LOS upgrades planned to water supply infrastructure in Greytown, and compliance upgrades to wastewater infrastructure, particularly treatment plants, in all three towns within the district. Following independent advice on the capital cost estimates provided by Wellington Water, a 45% reduction adjustment (relative to the Council's LTP programme) has been made to the projected capital costs from 2027/28 onwards. Proposed capex has been described with an increase in investment from 2024/25 onwards until 2029/30 where investment drops. Growth investment is only provided for wastewater to 2029/30.	SWDC The Plan described appropriate investment for renewals, compliance, levels and service and growth. Further refinement of the renewals and growth components of the capex programme is proposed over the next two years. Growth is currently restricted by WWTP capacity which is expected to be resolved by 2030.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	TDC A proposed capex programme of \$150m has been outlined which peaks in 2027/28. TDC has invested heavily in drinking water and wastewater treatment plants and storage over the past 18 years. Levels of service and growth planning is supported by hydraulic modelling, completed for all four major towns, covering water, wastewater, and stormwater systems and the development of an integrated "three waters masterplan". Once the Wastewater Environmental Performance Standards have been finalised, the investment allowed will be reviewed.	TDC The investment is appropriate to meet renewals, compliance, levels of service and growth.	Meets requirements	N/A
	MDC Proposed capex has been provided with \$94m in forecast capital investment over the 10-year period. Compliance has been the focus for the past three years. No growth projects are provided post 2025/26. The Plan states the wastewater infrastructure is enabled, but extensions to the network are needed and expected to be largely funded by developer contributions. Water and wastewater treatment plant capacity is considered sufficient for the expected growth, particularly due to the recent focus on leak detection, meter installation and renewals. The Masterton water and wastewater treatment plants have had significant investment over the last 20 years and do not need significant renewal expenditure in the next 10 years. The Homebush wastewater treatment plant consent needs to be renewed in 2034/35, and the capital investment programme includes investigative and design work to prepare for the consent renewal process, but a large investment sum is expected from the 2034/35 year.	MDC The Plan describes appropriate investment for growth, compliance, levels of service and renewals.	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	CDC Proposed capex has been provided. The Plan states the Council is prioritising resilience planning, compliance upgrades, and targeted replacements to maintain service levels. There is also a long-term focus on renewing the reticulation network to ensure the continuity of service delivery and compliance.	CDC Planned investment is sufficient for renewals, levels of service and growth.	Meets requirements	N/A
Historical delivery against Planned investment	SWDC Renewal delivery varies between 78% - 325%. Total investment in water services averages 31-105% delivery against budget in the last four years, typically around \$5m per year.	SWDC There is an approximately a 200% increase in the level of capex programme compared with historical actual delivery.	Meets requirements	Yes
	TDC Renewal delivery varies between 92% - 141%. Total investment in water services ranges 64-157% delivery against budget. Typical annual actual delivery has been about \$7m.	TDC There is an increase of approximately 100% in the level of capex programme compared with historical delivery.	Meets requirements	Yes
	MDC Renewal delivery has varied between 84% - 115%. A consistent forward programme of reticulation renewals and improved internal systems and processes has supported delivery. Total investment in water services averages 86% delivery against budget in the last seven years. Typical actual capex delivery has been about \$6m.	MDC There is an average increase of about 50% in the level of capex programme compared with historical delivery.	Meets requirements	Yes

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	CDC Renewal delivery varies between 73% - 132%. Total investment in water services averages 125% delivery against budget in the last seven years. Typical actual delivery has averaged about \$5m.	CDC There is an increase of approximately 50% in the level of capex programme compared with historical delivery.	Meets requirements	Yes
	All Plans The Plans state the WSCCO will have choices about how it manages the capital programme and, through the development of the Water Services Strategy, Councils expect to see an early assessment of the phasing and prioritisation of works to manage costs for customers, achieve efficiencies through bundling of work, or to better reflect a regional view of necessary investment.	All Plans The Councils have identified deliverability is a risk and will be prioritised during establishment.	Meets requirements	Yes

Assessment Report: Part C – Revenue and financing arrangements

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Revenue and charging arrangements				
Charging and billing arrangements	CDC Water supply: CDC operates two public water supply schemes funded by general rates, targeted charges per SUIP, with different rates for connected and unconnected properties, and metered use. New connections incur Financial Contributions. Wastewater: CDC has two wastewater schemes funded by a targeted charge per SUIP, a general rate, with differentials for connected and nearby properties or for residential and other properties in the industrial zone. Trade waste and septic tank customers pay fees based on discharge type and volume and new connections pay an infrastructure fee. Future new connections to the Masterton scheme will be charged based on total service delivery costs divided by total connections, under the upcoming Wairarapa Combined District Plan. Stormwater: Properties in CDC's urban area or next to the residential zone, where stormwater drains to the Council's system, pay a targeted land value rate for the urban stormwater network. Ringfencing: CDC records direct costs for each water activity and scheme to ensure accurate cost recovery, including depreciation, interest, and debt charges. Overheads are allocated to Carterton urban and Waingawa industrial networks. TDC TDC does not charge development or financial contributions but recovers new connection costs. Council tracks water costs by activity and scheme, using a district wide rating except for Pongaroa rural scheme. Water supply is charged by targeted rates and volumetric charges Wastewater is charged by general rates, targeted rates and schools and multi-unit	All councils have outlined their current charging methodologies and will collect revenue for the WSCCO during the transition, as its agent. Councils have agreed that the WSCCO will operate a cost to serve model for nine years, after which time the matter will be reviewed by the Board and Shareholding Councils. Future charging arrangements for CDC, SWDC and TDC remain the same with MDC transitioning from capital value charging to volumetric charging. We recommend the Department monitor the transition by MDC from capital value charging and to assess benefits of centralised billing during implementation.	Meets requirements	Yes

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	homes are charged per toilet; remissions may apply. Stormwater: Targeted rates are set fees for each property in areas where stormwater is managed to lower flood risk. MDC Water supply: MDC operates two public water supplies funded by targeted rates and direct charges including usage-based fees for connected rural and Waingawa properties. Fees for new connections and infrastructure contributions apply. Once the Wairarapa Combined District Plan is operative, new Masterton connections will pay a buy-in price based on the scheme capital value. Wastewater: MDC has four public wastewater schemes with the urban scheme funded by targeted rates although some differ for connected vs unconnected properties. Rural scheme charges cover direct costs only (no council overheads are included). Trade waste customers pay fees based on discharge plus charges for flow strength and solids. MDC also treats wastewater, with CDC paying MDC rates. The Tinui scheme is partly funded by a rural Sundry Facilities rate. New wastewater connections incur annual fees and infrastructure contributions, with some properties still paying historical capital contributions. A new buy in price for Masterton Urban connections will apply once the Wairarapa Combined District Plan is operative. Stormwater: MDC urban properties pay a targeted capital value rate for stormwater. Commercial properties pay double, while schools and retirement villages pay the residential rate. Minor stormwater costs at Riversdale Beach and Castlepoint are included in wastewater scheme charges. Commercial and industrial user charges: These ratepayers pay double the residential rates for water and wastewater. Trade waste customers are charged by discharge category, but flow strength and load charges are not currently used. Ringfencing: MDC tracks direct costs for each water activity and scheme to ensure accurate cost recovery, including depreciation, interest, and debt repayment. Overheads are allocated to MDC urban networks, while rural schemes are only			

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	charged direct costs. SWDC SWDC charges water services uniformly across all schemes, with rates billed in four instalments yearly. Most properties get an annual water usage invoice, while high-use properties receive an extra midyear bill. There is no charge differentiation by scheme, area, or property type. Other water income is invoiced directly by SWDC. Charges are per cubic metre and updated annually using the BERL LGCI. Future charging and billing arrangements The WSCCO will be responsible for charging and collecting revenue for water services in the future. The charging methods for each scheme are yet to be set. The WSCCO will review its tariff structure but cannot use the current capital value-based charging, so revenue collection will be adjusted. Billing arrangements from day one are still being decided; the Councils may collect revenue on behalf of WSCCO for a set period during the transition, passing all funds to WSCCO. Any payments made to councils by mistake will be transferred to WSCCO. MDC adds that they will start charging for water based on property usage from 2026/27, with a two-year transition from capital value rating. The WSCCO will finalise future tariff structures, as it cannot use capital value rates for wastewater or stormwater funding. The WSCCO will use a cost to serve model by current Council boundaries for nine years before review.			

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Water services revenue requirements and sources	Revenue and costs are based upon the Councils' current charging and pricing from the 2024/34 LTP, with adjustments outside of LTPs including Water Services Authority and Commerce Commission levies, WSSCO establishment costs (audit, board, management), debt funding setup, and updated financing costs to match LGFA rates. CDC CDC expects \$68m in water services expenses and \$109m in revenue over the Plan period. TDC TDC requires significant revenue for water services to ensure financial sustainability, ongoing operations, regulatory compliance, and capital investment. TDC expects \$212.1m in operating revenue and \$133.2m in cash surpluses over the Plan period, with \$22.9m in operating surpluses which recovers full depreciation. MDC Current revenue sources for MDC include rates and charges based on property value, connection/development fees, trade waste, water meter charges for rural properties, infrastructure contributions per Council Plans and CDC payments for Waingawa water (\$240k) and wastewater (\$100k). MDC water meters mean that usage-based charges are likely. Wastewater and stormwater charging methods are undecided, with capital value-based rates ending and possible cost shifts to lower value homes. SWDC Water services funding comes from targeted rates, user charges, development contributions, and government grants. Water supply and wastewater rates are fixed, with discounts for unconnected but serviceable properties. Stormwater is funded by a targeted rate based on capital value for urban properties. Development contributions support infrastructure growth. SWDC forecasts \$88.3m in operating expenses (excluding depreciation) and \$192m in revenue over the Plan period, resulting in \$103.8m cash surplus.	All four Plans outline sufficient revenue requirements and sources. Councils will levy water service charges and undertake revenue collection based on their respective LTPs with revenues transferred to the WSSCO until the WSSCO takes over billing. Under the terms of the commitment agreement the WSSCO must set charges to ensure each council meets the cost to serve their respective connections. Current Council charges are retained until the WSSCO sets future tariffs.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Existing and projected commercial and industrial users' charges	Commercial and industrial user charges are included in the charging and billing part of each Councils' Plan. All the Councils apply differential pricing between residential and non-residential connections and there are additional charges for non-residential connections e.g. trade waste, volumetric etc.	There is sufficient information on existing and projected commercial and industrial users' charges.	Meets requirements	N/A
The affordability of projected water services charges for communities	CDC Over 10 years, the average charge per connection increases from \$2,290 (2.6% of median household income) in 2024/25 to \$4,122 (3.5%) in 2033/34 and peaks at 3.8% in 2030/31. Increases average at 6% annual growth and are steady due to past investment and a stable capital programme.	CDC CDC's affordability goes from 2.6% to 3.5% of median household income and is roughly aligned to the Departments guidance of 2.5%.	Meets requirements	Yes
	TDC Over 10 years, the average charge per connection increases from \$2,398 (3.2% of median household income) in 2024/25 to \$4,956 (4.8%) in 2033/34, peaking at 5.7% in 2029/30. These costs, driven by Council's debt and a \$150m investment programme, pose affordability challenges. Most spending is essential, with limited discretionary projects like the water meter rollout.	TDC TDC advises, due to backlog, it is front loading water charge increases to fast tracked renewals for poor condition wastewater pipes. It has indicated it is looking for the WSCCO to rephase investments to reduce charges. New national standards and compliance changes may also help with affordability which rises from 3.2% to 4.8% over the 10 years.	Meets requirements	Yes
	MDC Over 10 years, the average charge per connection increases from \$1,650 to \$1,924 however water services as a percentage of household income decreases over the period from 1.9% to 1.7% with a peak of 2.0% in 2025/26 and 2026/27. The average charge per connection is projected below \$2,000 until 2034, meaning the average charge stays at or under 2% of median household income.	MDC MDC is seeking to keep affordability under 2% of median household income over the 10 years.	Meets requirements	Yes

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	SWDC SWDC's fragmented, ageing water infrastructure needs major upgrades, but with few ratepayers, costs are high. Water charges are projected to rise from \$3,000 in 2024/25 to \$6,605 by 2033/34. A four-year transition period is needed for SWDC to meet the LGFA FFO targets while remaining affordable and smoothing the required price increases for the community. The capital programme will be reviewed during this period to manage price increases, especially for non-essential projects. The Plan states that this transition period has been discussed with the LGFA.	SWDC SWDC's affordability goes from 2.9% to 4.8% of median household income over the 10 years with a peak of 5.1% in 2031/32. SWDC seeks a four-year transition period with the LGFA to meet FFO targets.	Meets requirements	Yes
Funding and financing arrangements				
Water services financing requirements and sources	CDC Over the next 10 years, CDC will invest around \$69m in capital projects to meet standards, maintain services, and support growth, with \$26m funded by debt. Major projects include pond sludge removal and nitrate removal upgrades. Three waters debt is expected to rise from \$28.6m in 2024/25 to \$52m in 2033/34, but borrowing will stay within set limits and covenants, maintaining sufficient headroom. TDC Water services will need \$150m in capital investment, increasing net debt from \$52.5m in 2024/25 to \$108.7m in 2033/34. Most funding will come from revenue, with net debt transferring to the WSO in 2027/28. TDC will require significant borrowing, especially in the first five years, resulting in a temporary breach of the 500% net debt to revenue limit in 2026/27 and 2027/28, but meeting the LGFA 9% FFO target by 2029/30. MDC Over the next 10 years, MDC plans major capital projects to renew assets, boost resilience, and support growth, funded by revenue and debt. Debt will remain below LGFA limits. Water services need \$96.9m in capital investment, with net debt rising from \$39.6m to \$66.7m. The rest will be funded by water revenue and development contributions. Net debt for water services will transfer to WSCCO in 2027/28.	All four Plans include details on water services financing requirements and sources. For TDC, adjusting the timing of expenditure could help it stay within borrowing limits, with a \$10.5m reduction in the first three years and reinstatement later. A broader review of the capital programme may help manage affordability and deliverability.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	SWDC Revised forecasts show \$150m needed for water services (45% less than first planned), funded by \$78.5m borrowing, \$4m development contributions, and revenue. SWDC's investment fits within WSCCO's borrowing limits but may affect customer affordability. SWDC will achieve a 10% FFO to debt ratio by 2031/32, as confirmed with LGFA. Capital programme phasing will be reviewed to balance affordability and compliance. Combined All Plans state that the WSCCO will borrow through LGFA with Council backing, following agreed security and covenant terms. It must meet two main LGFA covenants: FFO to debt above 9% (including 50% of Development Contributions) and interest coverage above 1.5 times. The WSCCO is projected to achieve 10% FFO to debt by 2031/32. MDC expects to meet both covenants from year one as it will maintain its 175% net debt to revenue limit, with the water services transfer improving its position and creating more capacity for other investments. The WSCCO will use debt for long term capital spending, fund operating costs from water revenue, and manage debt using FFO. Debt will be treated flexibly, with a focus on liquidity, interest servicing, and aligning debt with revenue and investment needs. Comprehensive treasury and financing policies will be developed to manage risks and facilities during the transition.			

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Internal borrowing arrangements	CDC / MDC / TDC All three councils currently fund three waters capital projects through internal borrowing, with separate tracking for water, wastewater, and stormwater schemes. Payments are monitored by scheme and activity, ensuring clear debt allocation and transparency. This will continue until the WSSCCO becomes operational from 1 July 2027. SWDC SWDC has no internal borrowing and does not plan any before moving to the WSSCCO. Any future internal borrowing would follow SWDC systems to meet ringfencing rules, keeping water finances separate and reporting regularly for transparency.	Internal borrowing arrangements are clearly outlined in each Plan.	Meets requirements	N/A
Determination of debt attributed to water services	CDC At 30 June 2024, total external debt was \$24.6m, net debt \$11.4m, and \$25.9m in net debt is allocated to water services. TDC At 30 June 2024, total three waters debt was \$41.7m, projected to increase to \$52.5m in 2025 and \$67m in 2026. MDC At 30 June 2024, net debt for three waters activities was \$39.6m, factoring in both internal, external borrowings and reserve funds. SWDC At 30 June 2024, net debt for water services was \$22.4m.	The determination of debt attributed to water services is appropriately identified in each Plan. The Commitment Agreement contains further details on the proposed determination of debt attributable to water services.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
Insurance arrangements	CDC Council insures above ground three water assets (treatment plants, reservoirs) for full replacement value, covering material damage. Below ground assets (water, wastewater, stormwater networks) are insured through AON for up to 40% of value, aligning with national arrangements. Asset data is updated to support insurance renewals and reinsurance. Policies are renewed annually, with risk modelling used to set cover levels. Assets are revalued every three years; the latest revaluations were as of 30 June 2022. TDC Council insures above ground three water assets at full replacement value, covering material damage. Below ground assets are insured for up to 40% of their value, in line with national disaster cost sharing, via MW LASS Limited and AON. Asset data is updated annually to support renewals and reinsurance. Annual revaluations are conducted, with assets valued at \$335m as of 30 June 2024. The Chief Financial Officer manages insurance. MDC Above ground assets are insured for full replacement value through the property portfolio, while below ground networks are covered for disasters under the LAPP scheme, which insures up to 40% of asset value. Current insurance arrangements are expected to continue through the transition, with LAPP confirming ongoing cover for assets transferred to WSCCO. Council renews insurance annually, using risk modelling to set cover levels. Asset revaluations occur every three years, with the next scheduled for 30 June 2026. SWDC SWDC insures water services for machinery breakdown, environmental liability, and material damage. Above ground assets are fully insured; underground assets are insured at 40%, with the rest covered by government disaster recovery. Asset valuations occur every two years, factoring in demolition and inflation. Infrastructure valuations are also biennial, with the next in 2026.	Current insurance arrangements are clearly outlined in the Plans. We note that the insurance arrangements for the WSCCO have yet to be finalised.	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	All four Plans provide details of revenue contributing to operational and cash surpluses to cover long term investments and state how they expect to finance the delivery of water services over the 10-year period.	All four Plans explain how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets LOS, regulatory requirements and provides for growth.	Meets requirements	N/A
Actions required to achieve financially sustainable delivery of water services	CDC / TDC / MDC Each Plan states that the Council is moving water services to the WSCCO to manage infrastructure, keep costs fair, and ensure long term funding. All services will be financially sustainable by 30 June 2028. SWDC The Plan states SWDC cannot deliver financially sustainable water services alone, so it joined with the other councils to form a WSCCO. This brings benefits, but each council, especially SWDC, faces its own financial transition. SWDC can reach financial sustainability through phased revenue increases to fund investment, meet standards, and comply with requirements. The Plan assumes a 45% reduction in SWDC's water capital programme, based on independent advice. The Plan notes that the WSCCO may reassess priorities, bundle works and spread costs over time to ease community affordability and ensure only essential projects are prioritised.	MDC We note that MDC's Plan does not fully fund depreciation and has minimal investment projected. These observations do not limit our ability to accept the plan. SWDC The Council has immediate steps identified to achieve financial sustainability. The primary actions include reducing the water services capital programme by 45% and evaluating affordability challenges within the district, which may require prioritising certain projects.	Meets requirements	N/A

Risks and constraints to achieving financially sustainable delivery of water services	CDC / TDC / MDC The Plans each state the same risks to achieving financial sustainability - cost escalation, inflation and interest rate volatility, revenue constraints and affordability, regulatory shocks, supply chain constraints, incomplete or evolving asset data, transition and governance risks, climate change and resilience SWDC SWDC's Plan also includes other risks due to their specific challenges - ageing infrastructure, low population density, existing debt levels, large necessary capital programme and resulting high per connection investment requirements.	The risks identified in the Plans are comprehensive. Mitigation strategies have not been provided. These observations do not limit our ability to accept the plan.	Meets requirements	N/A
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Assessment of revenue sufficiency				
Projected water services revenues cover the projected costs of delivering water services	CDC CDC maintains an operating surplus in all years except 2024/25. Among the expenditure items, interest costs show the highest growth. Operating expenditure, excluding depreciation and interest costs, does not appear to increase between 2030/31 and 2033/34. TDC TDC is projected to have an operating deficit in 2024/25 and 2027/28, with surpluses in all other years. The deficit in 2027/28 is primarily attributable to a significant rise in interest costs. The surplus increases from 2027/28 to 2029/30 and then remains relatively stable. MDC MDC is expected to have deficits most years except for 2025/26 and 2026/27 as both interest costs and depreciation increase, while revenue does not grow due to minimal increases in charges. SWDC SWDC is in a deficit from 2024/25 to 2028/29. In 2026/27 expenditure decreases and across the period, expenses excluding interest costs and depreciation have an unusual profile. From 2029/30 onwards there is a project surplus due to price increases. Combined at a total level, commentary can be found, but no charts.	The four Plans show that 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: • CDC: increasing from \$2,290 to \$4,122 (80%) • TDC: increasing from \$2,432 to \$5,045 (107%) • MDC: increasing from \$1,650 to \$1,924 (17%) • SWDC: increasing from \$3,000 to \$6,605 (120%) Price movement trend: • CDC: increases per year are projected to decline from 25% in 2025/26 to 13% in 2026/27, and 8% in 2027/28. Over the subsequent three years, increases in charges are expected to be approximately 5%, followed by small changes. • TDC: increases per year are forecast to decline from 15% in 2025/26 to 13% in 2026/27, rising to 19% in 2027/28, before declining to 16% in 2028/29 and 2029/30. From 2031/32 to 2033/34, decreases in charges are anticipated. • MDC: increases are expected to rise from 5.5% in 2025/26 to 6.4% in 2026/27, decline to negative 0.5% in 2028/29 and remain negative to 2030/31. Modest increases in charges are projected from 2031/32 to 2033/34. • SWDC: increases are forecast to rise from 7.0% in 2025/26 to 16.1% in 2027/28, stabilising around 13% from 2028/29 to 2031/32. A decrease in charges of negative 3.1% is expected in 2032/33, then charges increase again in 2033/34.	The four Plans all outline the average projected charges for water services and our calculation showed the average charge per connection increasing from \$2,343 to \$4,176, an increase of 78.2% over 10 years. We note that the significant increases in rates for CDC, TDC, and SWDC (80%, 107%, and 120% respectively) could be smoothed across the period. We recommend monitoring the average charges for water services during implementation. We note that the operating efficiencies modelled in the Plans are conservative, and any efficiencies realised through implementation may reduce the impact of charges to communities.	Meets requirements	Yes
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Projected operating surpluses/deficits for water services	CDC The average operating surplus per year is \$1.5m over 10 years. The operating surplus ratio is projected at negative 1.0% in 2024/25, then fluctuates between positive 7% and 13% throughout the period. The 10-year average is 10%, with the highest point at 12.8% in 2026/27. TDC The average operating surplus per year is \$2.3m over 10 years. The operating surplus ratio begins at negative 10.0% and improves to positive 6.6% by 2026/27 due to fully funding depreciation. It then decreases to negative 0.7% in 2027/28, before rising to a positive peak of 17.9% in 2030/31 and subsequently reducing to 14.3% in 2033/34. The 10-year average operating surplus is 12.2%. MDC The average operating deficit per year is \$1.9m over 10 years. The operating surplus ratio increases from negative 1.0% in 2024/25 to positive 2.1% in 2026/27, then remains negative for the rest of the period. The lowest point is negative 17.9% in 2032/33. The average 10-year operating deficit is 10.1%. SWDC The average operating surplus per year is \$13.4m over 10 years. The operating surplus ratio starts at negative 10.3%, becomes positive in 2029/30 at 4.8%, rises to 14.4% in 2030/31, and remains between 16% and 20% for the subsequent years. The average operating surplus for the 10-year period is 7.0%. Combined The average operating surplus per year is \$2.7m over 10 years. The operating surplus ratio in 2024/25 is negative 5.7% and rises to positive 3.8% in 2026/27, then it is negative to 2028/29, with positive results in the remaining periods, peaking at 8.9% in 2031/32. The average operating surplus across the 10-year period is 3.9%.	All four Plans outline the projected operating surpluses/deficits for water services over the 10 years. We note that MDC has a deficit for 8 of the 10 years due to depreciation and interest costs. As a joint WSCCO, the average projected operating surplus per year is \$2.7m over 10 years and the average operating surplus ratio for the 10-year period is projected at 3.9%, with deficits occurring in 2024/25, 2027/28, and 2028/29.	Meets requirements	N/A
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Projected operating cash surpluses for water services	CDC The operating cash ratio commences at 43.3%, rising to 61.6% in 2031/32, and remains steady at this level for the rest of the period. The operating cash ratio at the total level for the period is 56.7% and the average cash surplus per year over 10 years is \$6.3m. TDC The operating cash ratio begins at 41.4% and increases to 68.6% by 2030/31, before easing to 66.9% in 2033/34. The average operating cash ratio is 60.1% and average cash surplus per year over 10 years is \$13.3m. MDC The operating cash ratio is forecast at 52.9% in 2024/25 and varies between 51.2% and 57% for the remainder of the period, peaking in 2026/27 and reaching its lowest point in 2031/32–2033/34. The average cash surplus per year over 10 years is \$10m, providing enough to cover interest and liquidity needs. SWDC The operating cash ratio starts at 18.4% in 2024/25, increasing to 66.8% in 2033/34, with minor fluctuations during the period. The highest ratio is 68.7% in 2033/34, and the average ratio over 10 years is 49.1%. The average cash surplus per year over 10 years is \$10.4m. Combined The operating cash ratio starts at 39.9%, rising to 63.1% in 2032/33, then slightly decreasing to 62.3% in 2033/34. The average operating cash ratio across the period is 56.8% and the average cash surplus per year over 10 years is \$40m.	All four councils have positive operating cash surpluses and ratios and when consolidating all four councils, the projected average operating cash ratio is 56.8% across the period.	Meets requirements	N/A
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Assessment of investment sufficiency				
Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth	SWDC Renewals exceed depreciation for four years within the period. The greatest gap between depreciation and renewals occurs in 2027/28 and 2028/29. There is a significant allocation of capex towards compliance projects (improving levels of service) throughout the period. Capex related to growth is evident from 2025/26 to 2029/30.	SWDW/TDC/CDC Investment for the three councils is high due to significant backlog requiring investment in renewals and levels of service.	Meets requirements	N/A
	TDC Renewals exceed depreciation for most of the period, except in 2031/32 where depreciation is slightly higher. There is a notable amount of capex dedicated to improving levels of service from 2024/25 to 2028/29. Outside of this timeframe, there is limited to no capex for service enhancements. A small amount of capex is allocated to growth throughout the period.	MDC MDC's investment strategy is focussed on maintenance levels until the Homebush wastewater plant upgrade which is scheduled 2034 onward following significant investment in treatment plants over recent years.		
	MDC The Plan shows \$97m in capital investment over 10 years for renewals, upgrades for compliance and resilience, and projects to meet demand growth.	Joint WSCCO The WSCCO is projected to have its highest capital expenditure in 2027/28, with a total of \$63.8m. The capital expenditure profile for the WSCCO is front loaded, reaching a peak in 2027/28, after which it is expected to decline steadily.		
	CDC Renewals consistently exceed depreciation throughout the period. We note an increase in capex associated with improving levels of service in 2027/28 and 2030/31. Outside of these years, there is minimal to no capex allocated for service improvements. Capex to address additional demand remains minimal across all periods.	The Plans demonstrate investment is sufficient to meet requirements.		

Renewals requirements for water services	CDC The asset sustainability ratio begins at 102%, increases to 168% in 2025/26, and then declines to 64% in 2033/34, with some fluctuations throughout the period. Over the period, the asset sustainability ratio is 87%. TDC The asset sustainability ratio starts at 119%, decreases to 87% in 2026/27, and then fluctuates for the remainder of the period. The asset sustainability ratio over the period is 65%. MDC The asset sustainability ratio decreases from 14% to 2% in 2025/26 and is then negative for the remainder of the period. Across the period, the asset sustainability ratio is an average of negative 24%. SWDC The asset sustainability ratio fluctuates over the period with a peak of 154% in 2025/26, and then turns negative in 2027/28, with the lowest point at negative 53% in 2028/29. For the remainder of the period, the ratio remains slightly positive or negative. The asset sustainability ratio over the period is 7%. Combined Over the period, the asset sustainability ratio is 22%.	Renewals are sufficient to meet requirements.	Meets requirements	N/A
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Total water services investment required over 10 years	SWDC: Capital expenditure exceeds depreciation consistently giving a positive asset investment ratio across the period. TDC The asset investment ratio fluctuates throughout the forecast period but is consistently positive. MDC The asset investment ratio is negative from 2029/30 due to the approach to limit expenditure ahead of the Homebush WWTP upgrade from 2034. CDC The asset investment ratio is consistently positive.	The investment described in the Plan is consistent with Asset Management Plans and Infrastructure Strategies.	Meets requirements	N/A
Average remaining useful life of network assets	CDC/SWDC/MDC Asset consumption ratios are impacted by the assumptions made around asset revaluation. Given the proposed investment, asset life is expected to be maintained or improved. TDC Asset consumption ratio is stable over the period.	The Plans explain how investment is assessed to maintain or improve asset life and address backlogs.	Meets requirements	N/A

Assessment of financing sufficiency				
Confirmation that sufficient funding and financing can be secured to deliver water services	CDC CDC states that within the WSCCO, it achieves the financially sustainable delivery of water services by 30 June 2028. SWDC SWDC cannot sustainably retain its water services as Council borrowing limits are significantly exceeded through the full period of the Plan. SWDC can only meet financial sustainability requirements by shifting to a joint WSCCO structure with the other councils. Even within the joint WSCCO, SWDC has a challenging transition to sustainability, as evidenced by the projected water borrowings path and the price impacts for the community. TDC TDC's Plan states the WSCCO will borrow from the LGFA and be managed within the LGFA's specified financial covenants. The Plan demonstrates that TDC, within the WSCCO, can operate within financial sustainability requirements and demonstrates that the WSCCO can operate within financial sustainability requirements. MDC MDC's Plan states that within the WSCCO, the Council can meet the financing sufficiency test and has adequate borrowing capacity to fund proposed investments and revenue forecasts incorporate manageable staged increases to maintain financial covenants at prudent levels.	All four Plans confirm sufficient funding and financing can be secured within the WSCCO to deliver water services.	Meets requirements	N/A

Projected council borrowings against borrowing limits	CDC The Plan states CDC will continue to adhere to its LGFA commitments which sets a whole of council borrowing limit of 175% net debt to revenue. Their Plan focuses on water services and does not provide details on the projected council borrowing against whole of council borrowing limits. SWDC The Plan focuses on water services and does not provide details on the projected council borrowing against whole of council borrowing limits. TDC TDC's net debt builds to levels close to the LGFA's 175% covenant limit, driven by the large water services investment in the first five years of the Plan. TDC remains within these limits even with the significant programme. Following transfer to the WSO, the TDC's balance sheet pressure is substantially eased, and they have additional headroom of \$66m by 2033/34. MDC MDC's whole of council debt to revenue remains well within the LGFA cap of 175%. The Council's overall financial position is improved with the transfer of water services, with balance sheet pressure eased and greater levels of debt headroom created.	CDC/TDC/MDC The three Plans confirm projected whole of council borrowings will remain within borrowing limits. SWDC SWDC's Plan does not include comment on its whole of council borrowing. This does not limit the ability to accept the Plan.	Meets requirements	N/A
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Projected water services borrowings against borrowing limits	Each Plan includes an additional chart illustrating FFO to debt, along with its position relative to the LGFA covenant of 9% for the joint WSCCO: • CDC: Net debt to operating revenue remains above the council debt ratio throughout the period and is always below the water borrowing limit. • TDC: Net debt to operating revenue increases up to 2027/28, exceeding the water borrowing limit in 2026/27 and 2027/28. From 2028/29, the ratio declines, falling below the borrowing limit, and remains relatively flat from 2029/30 onwards. • MDC: Net debt to operating revenue exceeds the council borrowing limit for the entire period. The ratio increases from 2024/25 to 2028/29 and then remains steady for the rest of the period, and it stays below the water borrowing limit throughout the Plan. • SWDC: Net debt to operating revenue surpasses the water borrowing limit from 2027/28 to 2029/30. The ratio rises until 2028/29, decreases through to 2031/32, and then remains stable for the remainder of the period. Net debt to operating revenue is above the council borrowing limit for the full duration. • Combined: Commentary can be found, but there is no chart at a combined level.	All four Plans have a water borrowing limit of 500% and it is only breached in SWDC's Plan from 2027/28 to 2029/30 and TDC's from 2026/27 to 2027/28. However, at a WSCCO level, there is no breach, with a peak of 440% debt to revenue in 2028/29. Debt and revenue are increasing across all the four Plans however at different rates causing the movements in the net debt to operating revenue ratio. Our analysis, based on the four separate Plans, shows that the WSCCO is compliant with the LGFA funding ratios for a CCO.	Meets requirements	N/A
Projected borrowings for water services	CDC The net debt to operating revenue ratio in 2024/25 is 416%, declines to 362% in 2025/26, and subsequently increases to 392% in 2033/34, with some fluctuations throughout the period. The net debt to operating revenue ratio over the period is 387%.	CDC's total debt reaches \$52m by 2033/34.	Meets requirements	N/A
	TDC The net debt to operating revenue ratio in 2024/25 is 423%, increases to 530% in 2027/28, and subsequently declines to 420% in 2033/34. The net debt to operating revenue ratio over the period is 452%.	TDC Total debt reaches \$108.7m by 2033/34.	Meets requirements	N/A

	MDC The net debt to operating revenue ratio is projected to be 238% in 2024/25, increasing to 328% by 2029/30. It is expected to remain relatively stable thereafter, concluding at 326% in 2033/34. The average net debt to operating revenue ratio over this period is 306%.	MDC Total debt reaches \$66.7m by 2033/34.	Meets requirements	N/A
	SWDC The net debt to operating revenue ratio in 2024/25 is 285%, increases to 531% in 2028/29, and subsequently declines to 421% in 2033/34, with some fluctuations throughout the period. The net debt to operating revenue ratio over the period is 446%.	SWDC Total debt reaches \$112.6m by 2033/34.	Meets requirements	N/A
	Combined The net debt to operating revenue ratio begins at 323%, increases to 440% in 2028/29, and then declines to 394% in 2033/34 with some minor fluctuations throughout the period. The net debt to operating revenue ratio over the period is 401%.	Combined The combined debt reaches \$340m by 2033/34.	Meets requirements	N/A

Borrowing headroom/(shortfall) for water services	All Plans state that the net debt to revenue limit for water services is 500%: • CDC - Headroom increases over the period, rising from \$5.8m to \$14.3m. • TDC - There is a shortfall of \$350k in 2026/27 and \$5.6m in 2027/28. Headroom remains positive but decreases in the two years preceding the shortfall, then recovers and grows after these periods, reaching \$19.6m by the end of the period. • MDC -Headroom declines from \$43.7m to \$33.0m in 2029/30, before increasing to \$35.7m by 2033/34. • SWDC - Headroom decreases from \$25.8m to negative \$5.4m in 2028/29, then recovers to \$21.2m by 2033/34. There is a shortfall from 2027/28 through to 2029/30. • Combined -Headroom is maintained throughout the period. While it decreases from \$84.8m, reaching a low of \$41.5m in 2028/29, it subsequently increases to \$92m by 2034/34.	The borrowing headroom or shortfall reflects a similar trend to that described in the previous section. We note that at the WSCCO level, the available headroom reduces to \$41.6m in 2028/29.	Meets requirements	N/A
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Free funds from operations	All four council Plans target a 10% FFO to debt ratio, compared to the required LGFA covenant of a 9% FFO and an interest cover ratio of 1.5 times for a CCO with 20,000 connections: • CDC - The FFO to debt ratio is projected at 9.9% in 2024/25, rising to 12% in 2026/27, then declining to 9.7% in 2027/28 and 2028/29, before stabilising at 10% for the remainder of the period. The average FFO to debt ratio over the period is 10.1%. • TDC - The FFO to debt ratio is 6.8% in 2024/25, increasing to 8.4% in 2026/27, then decreasing to 5.7% in 2027/28 and 7.2% in 2028/29, before stabilising at 10% for the remainder of the period. The average FFO to debt ratio over the period is 8.8%. • MDC - The FFO to debt ratio is 20.6% in 2024/25, decreasing to 10.0% in 2029/30, and then stabilising at 10% for the remainder of the period. The average FFO to debt ratio over the period is 12.1%. • SWDC - The FFO to debt ratio is 4.3% in 2024/25, declining to 3.1% in 2028/29 with some fluctuations, before increasing to 10% in 2031/32 and then stabilising at 10% for the remainder of the period. The average FFO to debt ratio over the period is 6.9%. • Combined - The FFO to debt ratio is 10.4% in 2024/25, declining to 7.0% in 2028/29, increasing to 10.0% in 2031/32, and then stabilising at 10% for the remainder of the period. The average FFO to debt ratio over the period is 9.1%.	MDC and CDC are the only districts that consistently remain above the 9% LGFA covenant throughout the entire period. SWDC and TDC meet 9% FFO threshold and then exceed 9% in 2031/32 and 2029/30, respectively. Our analysis confirms that the joint WSCCO has a FFO to Debt ratio of 11.6% in 2023/24 and 10% in 2033/34 above a 9% FFO and interest cover greater than 1.5 time as per the LGFA requirements. However, the FFO to debt ratio falls below the 9% covenant between 2027/28 and 2029/30 but remains above 9% in other years. We note that the Plans state that the LGFA has confirmed that these figures are acceptable. We recommend that the Councils and WSCCO continue to work closely to ensure that financing is confirmed.	Meets requirements	Yes
Assessment of financing sufficiency	All four Plans confirm sufficient funding and financing can be secured within the WSCCO to deliver water services.	All four Plans confirm sufficient funding and financing can be secured with in the WSCCO to deliver water services.	Meets requirements	N/A

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

Section in Part E	Summary of content in Plan	Assessment Review Comment	Focus for panel
Projected funding impact statement	Statements provided for all three waters for each council and the total CCO level.	Sufficient information has been included in the Plans.	N/A
Projected statement of comprehensive revenue and expense	Statements provided for all three waters for each council and the total CCO level.	Sufficient information has been included in the Plans.	N/A
Projected statement of cashflows	Statements provided for all three waters for each council and the total CCO level.	There is a \$5m spend in 2027/28 for “other items” for the whole CCO. This is \$1.25m per council for the CCO’s establishment costs.	N/A
Projected statement of financial position	Statements provided for all three waters for each council and the total CCO level.	The combined financial position shows a negative cash balance of \$15.3m every year.	N/A

Assessment Report: Part E – Financial projections and measures

Projected statement of comprehensive revenue and expense

CDC Water Services Delivery Plan pages 49 - 50

TDC Water Services Delivery Plan pages 66 - 67

MDC Water Services Delivery Plan pages 65 - 66

SWDC Water Services Delivery Plan pages 63 - 64

Projected statement of financial position

CDC Water Services Delivery Plan pages 53 -56

TDC Water Services Delivery Plan pages 70 - 73

MDC Water Services Delivery Plan pages 69 - 72

SWDC Water Services Delivery Plan pages 67 - 70

Financial measures: revenue sufficiency

CDC Water Services Delivery Plan page 39

TDC Water Services Delivery Plan pages 54 - 55

MDC Water Services Delivery Plan pages 48 - 51

SWDC Water Services Delivery Plan pages 51 - 52

Financial measures: investment sufficiency

CDC Water Services Delivery Plan pages 40 -41

TDC Water Services Delivery Plan pages 56 - 58

MDC Water Services Delivery Plan pages 52 - 54

SWDC Water Services Delivery Plan pages 53 - 55

Financial measures: financing sufficiency

CDC Water Services Delivery Plan pages 42 - 44

TDC Water Services Delivery Plan pages 59 - 61

MDC Water Services Delivery Plan pages 55 - 60

SWDC Water Services Delivery Plan pages 56 - 58

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	All four Plans included separate financial templates to support the Plans.	Meets requirements	N/A
Significant capital projects	All four Plans include an outline of significant projects.	Meets requirements	N/A
Key issues, constraints, risks and assumptions	All four Plans include an outline of risks and assumptions.	Meets requirements	N/A