

# Water Services Delivery Plan Assessment

Assessment Report – Thames-Coromandel District  
Council

**Te Kāwanatanga o Aotearoa**  
New Zealand Government



**Internal Affairs**  
**Te Tari Taiwhenua**

## Glossary and abbreviations

The table below sets out the abbreviations used in this report

	Abbreviation
Asset management plan	AMP
Capital expenditure	Capex
Department of Internal Affairs	Department
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
Resource Management Act	RMA
Tauranga City Council	TCC
Thames-Coromandel District Council	TCDC
Water Services Council Controlled Organisation	WSCCO
Water Services Delivery Plan	Plan
Wastewater treatment plant	WWTP
Water treatment plant (drinking water)	WTP
Western Bay of Plenty District Council	WBOPDC

# Assessment Cover Sheet

## Background on council and engagement with the Department

Detail	Commentary
<b>Councils involved in plan</b>	Thames-Coromandel District Council
<b>Number of connections</b>	Drinking water: 20,040 Wastewater: 19,675 Stormwater: 23,155
<b>DIA comment on council engagement during Plan development process</b>	<ul style="list-style-type: none"><li>TCDC was involved in exploratory discussions regarding the potential establishment of a joint WSCCO with neighbouring councils, as well as exploring an IBU.</li><li>TCDC consulted with their communities from April to May 2025, with a multi-council WSCCO as their preferred model. The consultation noted three potential joint WSCCO arrangements.</li><li>On 24 June 2025, TCDC decided to progress with the development of a Plan based on a joint WSCCO with Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBOPDC).</li><li>WBOPDC ultimately resolved to form a joint WSCCO with TCC only, due to concerns raised by tangata whenua regarding Treaty cross-claim matters associated with Hauraki iwi.</li><li>On 28 August 2025, TCDC adopted a Plan that proposes an IBU. The Council remains open to a joint WSCCO with other councils.</li><li>The final Plan was submitted on 1 September 2025.</li></ul>

Detail	Commentary
<b>Feedback provided to council prior to submission on Draft Plan</b>	TCDC provided the Department with a draft Plan for review on 12 August 2025. The Department responded on 19 August 2025 with feedback stating that from the assessment of the draft, the Department did not identify any material issues.
<b>Engagement with council during review and assessment process</b>	The Department sought clarification from TCDC on a minor matter in their final Plan regarding the whole of Council debt to revenue graph. The Department's assessment team was satisfied with the clarification provided by TCDC.
<b>Other Background Comments</b>	TCDC resolved on 28 August 2025 to request a Crown Facilitator to support identifying potential pathways to join a WSCCO and progress iwi/hapū issues of concern while settlement matters progress through appropriate channels. A formal request was sent to the Minister of Local Government on 2 September 2025. On 8 September 2025, the Minister replied to TCDC advising that he will not be appointing a Crown Facilitator at this stage and that Departmental officials will engage with relevant iwi to better understand the issues that are preventing a joint arrangement and how they may be navigated

## Assessment Summary

Section	Commentary
<b>Confirmation of submission completeness checklist</b>	Yes – all required components completed.
<b>General Comment on Plan</b>	The Department's assessment identified no issues regarding the financial position of TCDC. The Plan is assessed as meeting the legislative requirements set out in section 13 of the Preliminary Arrangements Act.
<b>Financial Sustainability Comment</b>	The Plan explains how the delivery of TCDC's 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. Actions have been identified in the implementation plan to achieve financially sustainable delivery of water services and risks are identified in the Plan as well as mitigations.
<b>Revenue Sufficiency</b>	<p>The average projected charges for water services start at \$1,975 and rise to \$3,255 over the 10 years; an increase of 64.8%.</p> <p>The Plan provides sufficient revenue to cover the projected costs of delivering the three waters services. Each year the Plan has an operating cash surplus, demonstrating a positive operating cash position throughout to allow for the necessary investment. Operating surpluses are forecast for the majority of the Plan, with surpluses increasing over the period to \$2.6m (or 3.8%) in year 10.</p>
<b>Investment Sufficiency</b>	<p>The Plan demonstrates that investment is sufficient to meet LOS, regulatory requirements and provide for growth. We note that TCDC commissioned an external review of their capital programme by Beca, and the report is attached to their plan as Appendix C.</p> <p>The Plan notes that there is potentially a need for approximately \$30m of investment in wastewater to meet the new wastewater standards, which is yet to be published. Currently this is not budgeted for in Council's 2024-34 long-term plan. However, work by Beca notes that current forecast investment in the 2024-34 long term plan is expected to be sufficient to meet regulatory compliance and that some renewal funding could be moved to 2033/34. TCDC will review and update the Plan when the wastewater standards are published.</p> <p>The asset sustainability ratio fluctuates due to the age and condition of assets affecting renewal timings. The Plan aligns with the Council's AMPs and Infrastructure Strategies. There is a decrease in the asset average life remaining due to lumpy mid-Plan expenditure on renewals, LOS and growth projects.</p>
<b>Financing Sufficiency</b>	<p>The Plan confirms sufficient funding and financing can be secured to deliver water services with projected borrowings of \$150.8m over the 10 years and a peak of \$164.6m in 2030/31. Borrowings for water services are assessed against a self-imposed debt to revenue limit of 280%.</p> <p>Whole of Council borrowings are at a low level compared to the sector due to reserves, and adequate headroom is available at a whole of Council level to respond to unforeseen capital expenditure requirements.</p> <p>There is sufficient borrowing headroom for water services throughout the Plan to respond to unforeseen capital expenditure requirements beyond what is forecast. The FFO to debt ratio is not assessed for an IBU, however the FFO is high enough to support a standalone water services organisation.</p>

<b>Overall assessment recommendation</b>	The overall recommendation from the assessment phase is to <b>accept</b> the plan from TCDC.
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## Topics for discussion with Panel

Topic	Description	Recommended treatment
Delivery of capital programme	<p>The Plan sets out an ambitious programme of capital projects, which exceeds what TCDC has historically achieved.</p> <p>TCDC has historically under-delivered on planned capital projects over the past six years, with an average deliverability of 38% for renewals and 54% for total investment. Improvements are underway, including a new project management system for 2025/26 and additional asset management resources to enhance project scoping and investigations.</p> <p>COVID-19 disruptions, contractor availability, cost escalations, and weather-related disruptions have impacted delivery. Deliverability is projected to improve to 64% for both renewals and total investment in 2024/25.</p> <p>Additional resources are proposed to support the investment plan. The capital programme is higher than 2024/25.</p>	We recommend the delivery of the capital projects programme is monitored during implementation.
Compliance with the new wastewater standards	<p>We note that TCDC commissioned an external review of their capital programme, and the report is attached to their plan as Appendix C.</p> <p>The Plan notes that there is potentially a need for approximately \$30m of investment in wastewater to meet the new wastewater standards, which is yet to be published. Currently this is not budgeted for in Council's 2024-34 long-term plan. However work by Beca notes that current forecast investment in the 2024-34 long term plan is expected to be sufficient to meet regulatory compliance and that some renewal funding could be moved to 2033/34. TCDC will review and update the Plan when the wastewater standards are published</p>	We recommend that compliance with the new wastewater standards is monitored during implementation.

Affordability of projected water services charges	<p>The affordability of projected three water charges starts at 3% and rises to 3.7% of the average household income over the 10 years.</p> <p>Water and wastewater charges are 2.7% of average household income in 2024/25 rising to 3.3% in 2033/34. This is higher than the Department's guidance of 2.5% of median household income for drinking water and wastewater charges.</p>	We recommend monitoring the pricing strategy and its impact on water services charges during implementation.
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Council summary information

Summary information	Level
Current population	31,463
Drinking water connections	20,040
Wastewater connections	19,675
Stormwater connections	23,155
High growth council	No
10 year population growth	4.1%

Assets, network and compliance

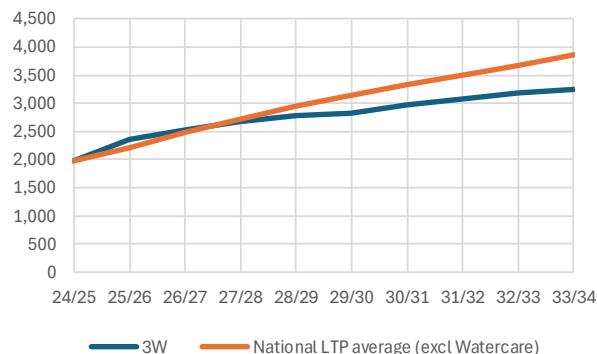
Asset measures	Year 1	Year 10	10 Year Average
Total assets per connection (\$)	28,604	37,068	32,865
Total debt per connection (\$)	5,395	6,875	6,464
Operating costs per connection (\$)	1,044	1,429	1,303
<b>Age of network (years)</b>	<b>DW</b>	<b>WW</b>	<b>SW</b>
Average age outlined in plan	34	36	43

Network performance		Level
Level of service performance measures achieved		67%
Water loss rate (% loss)		32%
Average consumption (litres per person per day)		484

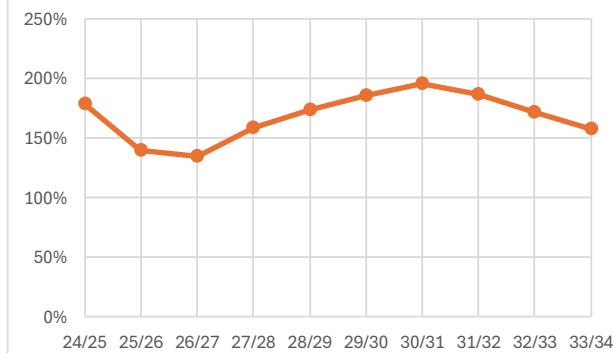
Compliance addressed in the Plan	
Drinking water compliance	Yes
Resource consent compliance	Yes

Affordability and growth

## Waterservices charge compare to national LTP average

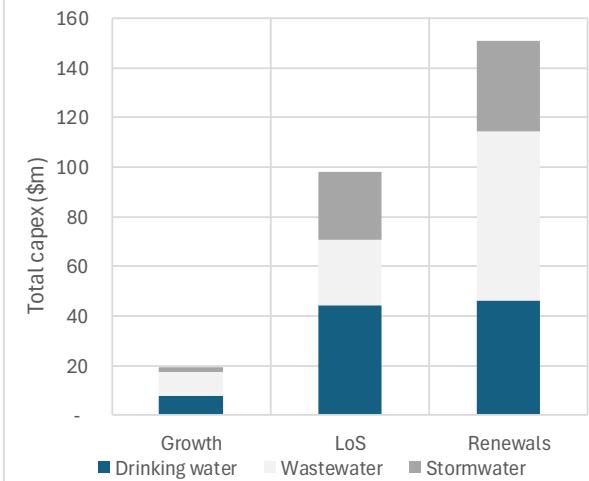
Financing

## Net debt to operating revenue



Item	Year 1	Year 10	10 Year Average
Total charge as % of average household income	3.0%	3.7%	3.6%
Annual price increase	11.7%	2.6%	6.4%
DC collected per new connection (\$)	N/A	N/A	24,028

Item	Year 1	Year 10	10 Year Average
Water related net debt to operating revenue %	179%	158%	169%
FFO to debt	17.1%	24.1%	21.9%
Whole of Council net debt to revenue (approx)	20%	38%	39%

Capex spend by type, 10 year total

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

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Delivery model and implementation</b>				
<b>Financially sustainable water services provision</b>	TCDC will meet the financial sustainability requirements by 30 June 2028.	The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets LOS, regulatory requirements and provides for growth.	Meets requirements	N/A

<p><b>The proposed model to deliver water services</b></p>	<p>On 15 August 2025, TCC approved a joint WSCCO with TCDC and WBOPDC, conditional on WBOPDC's agreement. However, WBOPDC excluded TCDC due to iwi/hapū concerns over Treaty settlement issues, making TCDC's preferred option unviable.</p> <p>TCDC therefore needed to revert to an internal business unit and informed the community and Hauraki iwi.</p> <p>On 28 August 2025, TCDC resolved to request a Crown facilitator through the Minister for Local Government. The Minister decided not to appoint a Crown facilitator.</p> <p>The proposal is therefore for TCDC to deliver water services through an internal business unit and continue to explore joint WSCCO options.</p> <ul style="list-style-type: none"> <li>Delivery model decision: TCDC resolved to adopt an internal business unit for water services delivery after TCC and WBOPDC opted for a WSCCO excluding TCDC.</li> <li>IBU: Meets legislative requirements under the Local Government (Water Services) Act 2025 and is acceptable for short-medium term delivery. Citycare Water (a CCO owned by Christchurch City Council) has been awarded Council's three waters operations and maintenance contract for a four-year term commencing 1 April 2026.</li> <li>Future exploration: TCDC intends to explore joining a WSCCO in the future to address growth pressures and climate change investment needs.</li> <li>Governance and structure: The governance arrangements for the IBU will be assessed by Council in 2026/27 to determine whether any changes are necessary, such as the introduction of an advisory committee. The three waters team will operate as an IBU, managing contracts and coordinating with other council units.</li> </ul>	<p>The proposed model for an IBU model to deliver water services is clear with a transition from the current arrangements and support expected to be available from 30 June 2026. The Governance arrangements for the IBU is yet to be decided by the new Council.</p>	<p>Meets requirements</p>	<p>N/A</p>
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Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
	<ul style="list-style-type: none"> <li>Ring-fencing requirements: Water services revenues and expenses will be separated from other council financials.</li> </ul> <p>TCDC is reviewing how stormwater overhead costs are allocated to ensure the approach meets ring-fencing requirements. Any required changes will be implemented in the next LTP cycle.</p>			

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Implementing the proposed service delivery model</b>	<p>Key milestones to achieve full ring-fencing and compliance with legislation stated are:</p> <ul style="list-style-type: none"> <li>• Recruit additional resources where required: by 30 June 2026.</li> <li>• Investigate ring-fencing requirements: by 30 June 2026.</li> <li>• Implement separate billing for water services: 1 July 2026 – 30 June 2027.</li> <li>• Review governance and structure for legislative compliance: 1 July 2026 – 30 June 2027.</li> <li>• Draft water services strategy: 1 July 2026 – 31 December 2026.</li> <li>• Prepare changes to development contributions and revenue policies: 1 July 2026 – 31 December 2026.</li> <li>• Consult on draft water services strategy: April – May 2027.</li> <li>• Consult on policy changes with LTP: April – May 2027.</li> <li>• Prepare first annual water services budget: January – June 2027.</li> <li>• Water services strategy takes effect: 1 July 2027.</li> <li>• First annual water services budget applies: 1 July 2027 – 30 June 2028.</li> <li>• Consult on draft stormwater network risk management plan: early 2028.</li> </ul>	<p>The Plan outlines an implementation plan as required by section 13(2) of the Preliminary Arrangements Act.</p>	Meets requirements	N/A

Section in Part A	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Consultation and engagement undertaken</b>	<p>Public consultation was between 15 April 2025 and 15 May 2025. TCDC consulted on:</p> <ul style="list-style-type: none"> <li>• Option 1: Forming a joint WSCCO (Council's preferred option);</li> <li>• Option 2: Retaining water services delivery in-house but establishing an internal business unit model.</li> </ul> <p>Overall, 51% of submitters supported the preferred joint WSCCO option, 46% supported the IBU model and 4% did not specify.</p>	Consultation meets the requirements of Part 3 of the Preliminary Arrangements Act.	Meets requirements	N/A
<b>Assurance and adoption of the plan</b>				
<b>Council resolution to adopt the Plan</b>	TCDC resolved to adopt the Plan on 28 August 2025.	N/A	Meets requirements	N/A
<b>Certification of the Chief Executive of Thames-Coromandel District council</b>	The Chief Executive certified the Plan on 1 September 2025.	N/A	Meets requirements	N/A

# Assessment Report: Part B – Network Performance

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Investment required in water services</b>				
<b>Serviced population and serviced areas</b>	<p>TCDC services 19,250 water connections (80% of the permanent population) and predicts 0.4% annual growth, increasing the population by 1,500 by 2034, after which growth is expected to flatline.</p> <p>By 2033/34, serviced populations are projected to rise to 28,515 for water, 27,939 for wastewater, and 29,928 for stormwater. It is noted that during peak holiday periods, demand increases significantly to treat wastewater.</p> <p>Currently, 51% of Thames-Coromandel residents live outside the district. Wastewater overflow targets were exceeded twice in four years, and stormwater experienced two flooding events in five years.</p> <p>Water losses are at 32%, with average daily consumption at 484 litres (2023/24). Water metering is implemented in Thames, Coromandel, Whitianga and Pāuanui.</p>	<p>Detailed information is provided on serviced areas, connections and growth.</p> <p>LOS for DWQAR are not fully met, but recent improvements mean that 97-98% of the serviced population has a compliant supply. Water loss is at 32%. Water metering is implemented in Thames, Coromandel, Whitianga and Pāuanui.</p>	Meets requirements	N/A
<b>Assessment of the current condition and lifespan of the water services network</b>	<p>100% of above-ground assets have condition grading. Below ground water supply assets average 34.4 years old, with 10% at the end of useful life, and 4% in poor/very poor condition.</p> <p>Wastewater assets average 35.5 years old, with 94% assessed and none in poor/very poor condition. Stormwater assets average 43.4 years old, with 72% in unknown condition and 1% of known assets in poor/very poor condition.</p> <p>A CCTV project for wastewater and stormwater assessments is scheduled for December 2025, and critical assets have been identified.</p>	<p>Existing condition and performance information is suitable to plan maintenance, renewals and capital, and the operating plan in the long-term.</p> <p>Critical assets are identified, and condition assessments are completed.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Asset management approach</b>	<p>TCDC has a current three waters AMP. Asset management includes in-house planning and management, with operations and capital delivery outsourced. Specialist contractors assist with resource consents and technical engineering.</p> <p>Veolia's external contract runs until 31 March 2026, after which Citycare Water will take over operations and maintenance under a four-year term, with provision for two rights of renewal of three-year terms each.</p> <p>Asset management practices align with the New Zealand Asset Management Support guidelines and International Infrastructure Management Manual 2015. The latest asset management maturity assessment was conducted in 2025, resetting the target from core to intermediate.</p> <p>A 20-year improvement plan is included in the AMP and LTP, with a new AMP scheduled for preparation in 2027.</p>	<p>Detailed information is provided on the asset management process. Limited commentary is provided on how asset management will support the proposed model. A summary of the asset maturity assessment is provided.</p>	Meets requirements	N/A
<b>Statement of regulatory compliance – drinking water</b>	<p>Some water supplies are non-compliant with the DWQAR. TCDC has improved drinking water compliance from near zero to 97-98% over six years, with over \$50m in investments.</p> <p>Upgrades to WTPs are either completed or underway, with key projects Matarangi WTP (November 2025), Hāhei WTP (September 2026), and Thames South WTP (2027/28) addressing non-compliance issues. Eight consents expire within the next decade, with two at moderate risk of non-compliance. Planned investments under the 2024-2034 LTP are sufficient to achieve full regulatory compliance by 2028.</p> <p>A boil water notice remains in place for Matarangi (until the new WTP is completed), and water restrictions have been implemented over the last three years, with average daily consumption at 484 litres.</p> <p>Fluoridation is limited to the Thames Water Supply. Firefighting water supply is sufficient.</p>	<p>The Plan describes an appropriate level of investment to address compliance issues. Fluoridation is required and provided in the Thames Water Supply only. Chemical compliance is not audited.</p>	Meets requirements	N/A

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Statement of regulatory compliance – resource consents</b>	<p>TCDC holds 97 consents for water services, with 62 consents considered significant, including five consents expired and operating under the RMA section 124 extensions.</p> <p>37 consents are set to expire in the next decade, with re-application processes underway.</p> <p>Following an external review of TCDC's capita programme, the Plan identifies an additional approximately \$30M in capital investment, which is not budgeted for. However, the planned investments are likely sufficient to meet regulatory requirements by 2028.</p> <p>Key projects include minor upgrades to the Coromandel WWTP after consent renewal in 2026, and a review of the Coromandel, Thames, and Hāhei WWTP consent requirements by 2026.</p> <p>Two wastewater abatement notices for Coromandel WWTP have been addressed to meet compliance requirements and are being monitored.</p> <p>Stormwater abatement at Pāuanui is also being resolved.</p>	<p>Investment to address compliance issues is underway. The Council is confident that operational actions will address the key non-compliances. The Plan states the potential for a \$30m compliance investment under the yet to be published new wastewater standards. This money is not budgeted under the Council's 2024-34 long term plan. However, the work done by Beca states that the planned investment under the current 2024-34 long-term plan is sufficient to meet regulatory compliance, and some renewal funding could be moved to 2033/34. The \$30m non-funded investment will be reviewed and updated once the wastewater standards are published.</p> <p>We recommend that compliance with the new wastewater standards is monitored during implementation.</p>	Meets requirements	Yes

Section in Part B	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements</b>	<p>The Plan outlines a \$268.5m capital programme, including \$19.4m for additional demand, \$92.2m to improve levels of service, and \$145m for asset replacements, aligning with the Council's LTP, Infrastructure Strategy, and AMP. Key investments focus on WTP upgrades (e.g., Matarangi, Thames South and Hāhei), addressing a \$40m renewals backlog, and expanding services for population growth.</p> <p>Planned projects include new and extended water and wastewater infrastructure (e.g., Puriri WTP, Hāhei WTP and Matarangi WWTP upgrade), and stormwater upgrades (e.g., Whangamatā, Totara Valley). A universal metering programme and stormwater risk management initiatives, including addressing an abatement notice, are also underway.</p>	<p>Investment for renewals, growth and LOS is sufficiently described in the Plan. As noted in the regulatory compliance section there is no funding for expiring consents and potential WWTP upgrades at Coromandel, Pāuanui and Hāhei. Work will depend on the new wastewater standards. The Council is confident that operational actions will address key non-compliances.</p>	Meets requirements	N/A
<b>Historical delivery against planned investment</b>	<p>TCDC has historically under-delivered on planned capital projects over the past six years, with an average deliverability of 38% for renewals and 54% for total investment. Improvements are underway, including a new project management system for 2025/26 and additional asset management resources to enhance project scoping and investigations.</p> <p>COVID-19 disruptions, contractor availability, cost escalations and weather events have impacted delivery. Deliverability is projected to improve to 64% for both renewals and total investment in 2024/25.</p>	<p>Additional resources are proposed to support the investment plan. The capital programme is higher than 2024/25.</p> <p>The Plan sets out an ambitious programme of capital projects, which exceeds what TCDC has historically achieved.</p> <p>We recommend the delivery of the capital projects programme is monitored during implementation.</p>	Meets requirements	Yes

# Assessment Report: Part C – Revenue and financing arrangements

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Revenue and charging arrangements</b>				
<b>Charging and billing arrangements</b>	<p>Charging and billing arrangements are identified.</p> <p>Water supply charges are through rates based on whether a property is connected or not and includes a mix of metered and unmetered charging arrangements. Bulk water supply is charged on a volumetric basis at \$1.36 per cubic litre.</p> <p>Wastewater is charged on a targeted rate to any property that is connected or within 30 meters of a public wastewater drain which it is capable of being connected to.</p> <p>Stormwater is charged on two rates. One targeted rate per separately used or inhabited part, and the other general rate is based on the improvement value of the property.</p>	Sufficient charging and billing arrangements are identified in the Plan.	Meets requirements	N/A
<b>Water services revenue requirements and sources</b>	<p>Revenue requirements are stated as \$585.4m over the Plan period to cover \$383.2m of operating expenses (excluding depreciation), generating \$290.9m in cash surpluses and \$10.3m in operating surpluses.</p> <p>Revenue will be from targeted rates and general rates.</p> <p>Future sources of revenue will be reviewed during the Council's 2027 LTP.</p>	Revenue sources and requirements are clearly outlined in the Plan.	Meets requirements	N/A
<b>Existing and projected commercial and industrial users' charges</b>	<p>Commercial charges are listed with the detailed rates charges.</p> <p>Non-residential charges are listed specifically for wastewater on a WC (water closet i.e. per toilet) basis.</p>	Commercial charges are identified in the Plan, noting the Council currently differentiates on a non-residential basis.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>The affordability of projected water services charges for communities</b>	<p>Three waters charges are 3.0% of average household income (\$1,975) in 2024/25 rising to 3.7% (\$3,255) in 2033/34. Affordability is stated at the three waters level.</p> <p>The plan notes “to reflect the unique composition of its ratepayer base, TCDC has applied an average household income measure rather than median. This approach recognises that Thames-Coromandel District’s ratepayers include a mix of non-resident and resident property owners (some of whom are on fixed incomes)”.</p>	<p>Affordability is measured at an average household income instead of a median household income. The differing measuring does not compare directly to the Departments guidance of drinking water and wastewater charges being 2.5% of median household income.</p> <p>The affordability of projected water rates starts at 3% and rises to 3.7% of the average household income over the 10 years.</p> <p>When water and wastewater charges are isolated, they are 2.7% of average household income in FY25 rising to 3.3% in FY34. This is higher than the Department’s guidance of 2.5% of median household income for drinking water and wastewater charges. We recommend monitoring the pricing strategy during implementation to ensure it is affordable for the community.</p>	Meets requirements	Yes
<b>Funding and financing arrangements</b>				
<b>Water services financing requirements and sources</b>	<p>TCDC will borrow at a whole of Council level.</p> <p>Approximately \$87.5m of additional debt is required over the Plan. Borrowing will be through the LGFA where the Council has a net debt to operating revenue limit of 175%.</p>	Water services financing requirements and sources are clearly identified in the Plan.	Meets requirements	N/A
<b>Internal borrowing arrangements</b>	An internal debt register tracks internal borrowing across all Council activities. Internal loans are 30-year loans and interest is charged to each activity.	Internal borrowing arrangements have are sufficiently explained.	Meets requirements	N/A

Section in Part C	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Determination of debt attributed to water services</b>	Debt attributable to water services for the 2024/25 year is \$32.5m for water, \$39.7m for wastewater, and \$0.8m for stormwater.	The determination of debt attributed to water services is shown for each activity.	Meets requirements	N/A
<b>Insurance arrangements</b>	TCDC obtains insurance through Waikato Local Authority Shared Services, with placement carried out by Aon Insurance. A review is completed each year as part of the annual insurance renewal process and TCDC is currently in the process of completing the 2025/2026 insurance review. Reporting on insurance is via the Audit and Risk Committee.	Insurance arrangements are clearly identified in the Plan.	Meets requirements	N/A

# Assessment Report: Part D – Financial sustainability assessment

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Financially sustainable water services provision</b>				
<b>Confirmation of financially sustainable delivery of water services by 30 June 2028</b>	TCDC confirms that the Plan will achieve financially sustainable delivery of water services by 30 June 2028.	The Plan explains how the delivery of water services will be financially sustainable and that revenue is sufficient to cover the long-term investment that meets LOS, regulatory requirements and provides for growth.	Meets requirements	N/A
<b>Actions required to achieve financially sustainable delivery of water services</b>	All water services will achieve financial sustainability requirements by 2027/28. No additional actions are required to achieve financial sustainability of water services by 30 June 2028 beyond the steps already provided for in the implementation plan.	Actions have been identified in the implementation plan to achieve financially sustainable delivery of water services.	Meets requirements	N/A
<b>Risks and constraints to achieving financially sustainable delivery of water services</b>	Risks to achieving financially sustainable water services are identified in the plan. This includes risks of cost escalation, inflation and interest rate volatility, revenue and affordability pressures, regulatory and compliance shocks, small supplies, supply chain constraints, incomplete or evolving datasets, climate change and resilience, and political risks.	Risks are identified in the Plan as well as mitigations.	Meets requirements	N/A
<b>Assessment of revenue sufficiency</b>				
<b>Projected water services revenues cover the projected costs of delivering water services</b>	Water services revenues cover the projected costs of delivering the water services throughout the Plan. There is a deficit in 2024/25 then surpluses from 2025/26 onwards.	The Plan projects sufficient revenue to cover the projected costs of delivering the three waters services.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Average projected charges for water services over 2024/25 to 2033/34</b>	Average charges for water services are \$1,975 (3.0% of average household income) in 2024/25, rising to \$3,255 (3.7% of average household income) in 2033/34.	The average projected charges for water services start at \$1,975 and rise to \$3,255 over the 10 years; an increase of 64.8%.	Meets requirements	N/A
<b>Projected operating surpluses/(deficits) for water services</b>	Operating deficits are forecast in 2024/25 before surpluses are forecast from 2025/26 onwards. The operating surplus ratio is 1.8% (\$0.9m) in 2025/26, rising to 3.8% (\$2.6m) in 2033/34.	Operating surpluses are forecast for the majority of the Plan with surpluses increasing over the period to \$2.6m in year 10.	Meets requirements	N/A
<b>Projected operating cash surpluses for water services</b>	Cash surpluses are forecast throughout the Plan, with an operating cash ratio of 43.0% (\$40.7m) in 2024/25 rising to 53.2% (\$37.3m) in 2033/34.	Every year of the Plan has an operating cash surplus, demonstrating a positive operating cash position throughout the Plan to allow for the necessary investment.	Meets requirements	N/A
<b>Assessment of investment sufficiency</b>				
<b>Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth</b>	The Plan includes \$268.5m in capital investment over 10 years, with \$87.5m debt funded. Operating revenue covers costs from 2025/26. Investment is front-loaded for compliance and renewals, with \$73.4m for Thames wastewater upgrades and \$21m for water improvements planned for 2040-2044. A capital prioritisation framework is introduced.  Investment planning is consistent with the approach used for the development of the Council's LTP, AMPs and Infrastructure Strategy.	The plan demonstrates investment is sufficient to meet LOS, regulatory requirements and provide for growth.  We note the Plan states the potential for an approximately \$30m investment for WWTP compliance to meet the new wastewater standards, which is yet to be published. This sum is not currently budgeted for in TCDC's 2024-34 long-term plan. However, work done by Beca confirms the planned investment under the 2024-34 long term plan is sufficient to meet regulatory compliance – some renewal funding could be moved to 2033/34, and there is sufficient headroom to cover any unforeseen costs. TCDC will review and update the Plan when the wastewater standards are published.	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Renewals requirements for water services</b>	<p>Renewal investments align with the AMPs, LTP, and Infrastructure Strategy, focusing on asset condition, performance, and risks. Investment is weighted toward 2027/28-2030/31 to address a \$40m renewals backlog. Funding has increased from \$127m (2019-2029) to \$267m (2024-2034), with higher renewals planned from year four of the Plan.</p> <p>Renewals are 21% below depreciation, but total investment is 39.9% above depreciation. The external review of TCDC's capital programme (Appendix C) confirmed the Plan is sufficient, with ongoing efforts to improve delivery. The asset sustainability ratio ranges from -64.8% to 14.4%.</p>	<p>The asset sustainability ratio fluctuates due to the age and condition of assets affecting renewal timings.</p>	Meets requirements	N/A
<b>Total water services investment required over 10 years</b>	<p>TCDC's ten-year water services investment plan is 39.9% above depreciation expense. It aligns with the AMPs and LTP and prioritises regulatory compliance by 2028. Investment timing varies to address resource and procurement constraints, with increased spending in 2028-2031. Recent 2024/25 to 2025/26 deferrals are of immaterial value to the Plan's total water services investment, with the asset investment ratio ranging from -13.6% to 119.8%.</p>	<p>The total water services investment required over 10 years aligns with the AMPs and Infrastructure Strategies.</p>	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Average remaining useful life of network assets</b>	<p>The asset consumption ratio decreases. The Plan plans to renew, improve and expand water infrastructure, increasing asset book value from \$581.8m (2024) to \$812.9m (2034), and replacement value from \$999.6m to \$1,545b.</p> <p>The asset consumption ratio drops from 57.4% to 52.6%, with renewals focussed in the LTP's middle years to target assets nearing renewal thresholds efficiently, with no adverse impact expected.</p>	There is a decrease in the asset average life remaining due to lumpy mid-Plan expenditure on renewals, LOS and growth projects.	Meets requirements	N/A
<b>Assessment of financing sufficiency</b>				
<b>Confirmation that sufficient funding and financing can be secured to deliver water services</b>	The Plan confirms sufficient funding and financing can be secured to deliver water services. Financing will be sourced through the LGFA at a whole of Council level.	The whole of Council is forecasting a positive position to secure financing for the water services activities.	Meets requirements	N/A
<b>Projected council borrowings against borrowing limits</b>	<p>Whole of Council borrowings are within the Council limits. The whole of Council net debt to operating revenue limit is 175% through the LGFA, with an internal limit of 150% net debt to operating revenue. Net debt to operating revenue is displayed on a graph in the Plan with approximately 40% in 2024/25, peaking at approximately 100% in 2030/31, then reducing to approximately 70% in 2033/34.</p> <p>The whole of Council debt is shown on a graph in the Plan and is approximately \$45m in 2024/25, rising to about \$170m in 2030/31, and reducing to around \$120m in 2033/34.</p>	<p>Council borrowings are at a low level compared to the sector. Adequate headroom is available at a whole of Council level to respond to unforeseen capital expenditure requirements.</p> <p>The Department has confirmed with TCDC that the net debt to revenue position for the whole of council shows less net debt than the water activities. Substantial reserves are held at the whole of Council level to offset the gross debt position and the reserves in the water activities are proportionally much lower.</p>	Meets requirements	N/A

Section in Part D	Summary of content in Plan	Assessment Review Comment	Assessment	Focus for panel
<b>Projected water services borrowings against borrowing limits</b>	Water services are assessed against a net debt to operating revenue limit of 280%. Water services have a net debt to operating revenue percentage of 179% in 2024/25, peaking at 196% in 2030/31, and reducing to 158% in 2033/34.	Borrowings for water services are assessed against a self-imposed debt to revenue limit of 280%.	Meets requirements	N/A
<b>Projected borrowings for water services</b>	Projected borrowings for water services are \$73.0m in 2024/25, rising to \$124.5m in 2030/31, then decreasing to \$110.7m in 2033/34.	Water services peak during the plan in 2030/31 then are forecast to decline to \$110.7m in 2033/34.	Meets requirements	N/A
<b>Borrowing headroom/(shortfall) for water services</b>	Water services are assessed against a net debt to operating revenue limit of 280%. Borrowing headroom is forecast throughout the Plan with a headroom of \$40.9m in 2024/25, increasing to \$85.3m in 2033/34.	There is sufficient borrowing headroom for water services throughout the Plan to respond to unforeseen capital expenditure requirements beyond what is forecast.	Meets requirements	N/A
<b>Free funds from operations</b>	FFO to debt is forecast to be 17.1% in 2024/25, rising to 24.1% in 2033/34.	The FFO to debt ratio is not assessed for an IBU. However, the FFO would support a standalone WSCCO.	N/A	N/A
<b>Assessment of financing sufficiency</b>	The Plan confirms financing sufficiency.	The Plan confirms sufficient funding and financing can be secured to deliver water services.	Meets requirements	N/A

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

Section in Part E	Summary of content in Plan	Assessment Review Comment	Focus for panel
<b>Projected funding impact statement</b>	Projected funding impact statements are provided at a water services level as well as each activity level.	Sufficient detail has been provided, and the financial statements align with the information in the body of the Plan.	N/A
<b>Projected statement of comprehensive revenue and expense</b>	Projected statements of comprehensive revenue and expense are provided at a water services level as well as each activity level.		N/A
<b>Projected statement of cashflows</b>	Projected statements of cashflows are provided at a water services level as well as each activity level.		N/A
<b>Projected statement of financial position</b>	Projected statements of financial position are provided at a water services level as well as each activity level.		N/A

# Assessment Report: Part E – Financial projections and measures

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

Water Services Delivery Plan pages 64 - 65

## **Projected statement of financial position**

Water Services Delivery Plan pages 69 - 71

## **Financial measures: revenue sufficiency**

Water Services Delivery Plan pages 47 - 49

## **Financial measures: investment sufficiency**

Water Services Delivery Plan pages 50 - 53

## **Financial measures: financing sufficiency**

Water Services Delivery Plan pages 55 - 58

# Assessment Report: Water Service Delivery Plan – Additional information

Additional information	Summary of content in Plan	Assessment Review Comment	Focus for Panel
<b>Additional disclosures to support Plan</b>	Appendices are attached with the following information: <ul style="list-style-type: none"><li>• Three Waters AMP (2024); Consents;</li><li>• Beca Capital Programme Review (2025);</li><li>• Joint Water Services Organisation Report (2025);</li><li>• Council Local Water Done Well reports (2024-2025);</li><li>• Department of Internal Affairs feedback and Council response.</li></ul>	N/A	N/A
<b>Significant capital projects</b>	Significant projects are included in the body of the Plan.	N/A	N/A
<b>Key issues, constraints, risks and assumptions</b>	Assumptions and risks are included in the Plan.	N/A	N/A