Water Services Delivery Plan

Tasman District Council

In-house Business Unit

25 September 2025 (ver1.1)

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

Statement that water services delivery is financially sustainable

Financially sustainable water services provision

The purpose of this section is to summarise how the Plan will ensure that water services will be delivered in a financially sustainable manner, by 30 June 2028 at the latest.

This requires confirmation that the Plan ensures water services delivery will meet the Financially Sustainable delivery assessment in Part D of the Plan template.

It is recommended that this section includes commentary (from Part D) on:

- *Transitional arrangements to ensure financially sustainable water services provision by 30 June 2028;*
- *Revenue requirements to meet costs of water services delivery over the Plan period;*
- *The proposed levels of investment required over the Plan period; and*
- *Funding and financing arrangements to deliver the proposed levels of investment.*

Tasman District Council (Tasman) is a unitary Council in that it carries our Regional Council activities alongside Territorial Authority (TA) activities and responsibilities. Many of the activities overlap in their management of these two areas of responsibility. This has many benefits such as being able to carry out integrated catchment management and response to climate change along with the challenges such as being a regulator under the Resource Management Act (RMA).

In relation to Local Waters Done Well (LWDW) and being financially sustainable, with Tasman being a unitary Council, this means that the revenue tests are more achievable (than a district/city Council) due to the additional revenue that comes with having more activities that it is responsible for. Conversely, due to the integration throughout Council, there may be more work to achieve appropriate levels of ringfencing.

This plan is based on Tasman's revenue and financing requirements to meet the forecast cost of investment in water service operations and capital programme over the ten-year financial period from FY2024/2025 to FY2033/2034. The programme is based on Tasman's current Long-Term Plan and modified to include the 2025-26 Annual Plan financials.

Additional activities have been included to ensure future regulatory compliance (by 30 June 2028), based on our current interpretation of the LWDW legislative requirements.

Additional note on the changes made to reflect the 2025-26 Annual Plan (the change is in terms of the draft WSDP sent to DIA on 2 July 2025)

The main reason for updating the LTP to the 2025-26 Annual Plan financials is to improve the confidence in accuracy to enable the council managers signing off this plan to give the appropriate assurance that the information in this plan is true and correct.

The changes involved…

- Due to an increase in the value of the assets (Through a recent re-valuation process that gave larger increases than forecast), the costs in funding depreciation have risen.
- Operational expenditure (Opex) has increased – this is largely due to the LTP being overly optimistic that the level of Opex funding could be retained and an increase would not be required (Opex funding has been kept at the same level for a number of years).
- Modifying the capital expenditure to reflect what is in the 2025-26 Annual Plan. The budget change here approx. $11m. (approx. $15m total in all adders from LTP financials) These increases are compliance improvement, resilience, and growth related.

These changes better reflect current and future costs.

The impact of these particular changes has been:

- Increased debt by the end of the plan period from $368m to $385m in yr10.

- The level of revenue has increased from $86m to $95m
- the net debt to operating ratio falls from 429% to 405%,
- FFO to debt ratio rises slightly (from 10.8% to 11.8%
- Affordability has essentially not changed, now at 5.0% (vs 5.1%) – (This is due to some other corrections that initially lowered the affordability ratio further, before these changes were made)

Tasman District Council can confirm that it will be financially sustainable by the required date of 30 June 2028. Confirmation of financial sustainability detailed in Part D concludes that:

- **Revenue sufficiency –** Tasman has sufficient revenue, including servicing of debt, to deliver water services required in the 10-year capital programme, including sufficient infrastructure investment and meeting increasing regulatory (and future estimated) requirements. Projected revenues are sufficient, with operating revenues over the forecast period exceeding forecast operating expenditure for water services. Moderate surpluses are forecast for FY27-FY34 ($76k deficit in FY25 and $858k deficit in 2026).
- **Investment sufficiency –** The 10-year capital programme includes sufficient investment of $662M to meet levels of service, regulatory requirements and provide for growth. Council is confident that it can deliver the investment plan. In addition, the proposed level of investment can be funded by debt and projected revenues; and
- **Financing sufficiency –** Tasman has appropriate funding and financing arrangements to fund the 10-year capital programme, with additional headroom if required. The projected Council borrowings are within and meet the associated Local Government Funding Agency (LGFA) covenants. Key financial ratios are well within internal and external limits ensuring there is sufficient access to funding and financing to deliver water services over the forecast period. The plan meets the financing sufficiency test. Total council borrowings (including water activities) are forecast to remain within the LGFA's 280% debt to revenue covenant (reaching a maximum of 160% in FY34).

Proposed delivery model

Proposed model to deliver financially sustainable water services

The proposed model to deliver water services

The purpose of this section is to succinctly describe the proposed delivery model, or arrangements for the future delivery of water services (including organisation structure, ownership and contractual arrangements).

In explaining how water services are proposed to be delivered, the Plan must set out:

- *The anticipated or proposed model or arrangements for delivering water services (including, whether the council or councils will continue to deliver water services in its district alone, or intends to enter a joint arrangement);*
- *How water services revenues will be ringfenced as separate and distinct from other council business.*
- *The following matters may also be included in this section*
  - *Why the proposed delivery model was selected and the benefits of this model;*
  - *Proposed revenue collection methods, how charges are set and how revenues will cover the costs of service provision.*

Councils will need to describe the anticipated or proposed model or arrangements in sufficient detail to enable an implementation plan to be developed and address the related sections regarding how the proposed model will impact regulatory compliance and financial projections.

Our Council has confirmed that an In-House Water Business Unit (IBU) will be established to continue the delivery of our water services.

Our Implementation Plan outlines what activities are required, and the timeline, to transition from our current mode of delivery to a fully operational IBU by 01 July 2027.

The Council supports ongoing efforts to identify efficiencies through shared services and other collaborative arrangements. Our Council already has shared arrangements in place, such as the Nelson Regional Sewerage Business Unit (NRSBU) which is an arrangement with Nelson City Council for sharing wastewater services. Our Council will continue to work with neighbouring councils to investigate mutually beneficial opportunities for delivery water services to our communities.

Proposed revenue collection methods and charging mechanisms will largely remain the same and will cover the costs of delivering water services. Some changes may take place to improve reporting and efficiency of revenue collection.

Responding to LWDW initiatives and legislation

A strategic project was initiated in June 2024 to respond to the Local Water Done Well (LWDW) legislative requirements. The project includes:

- An advisory Project Governance Group (comprising the Mayor, Deputy Mayor, two Councillors—who are also Tasman Committee Chairs—and three members representing Te Tauihu iwi),
- A Project Board (four Tasman Group Managers),
- A Council Project Team, and
- Expert advisor consultants (Beca, Mafic, and Martin Jenkins), as well as legal advisors.

An Indicative Business Case was developed, which included financial modelling of three potential delivery models:

- An in-house business unit,
- A Tasman-only Water Council-Controlled Organisation (CCO), and
- A multi-council Water CCO (Tasman, Marlborough, and Buller District Councils).

Although the CCO models showed improved efficiencies beyond the ten-year modelling period, the financial results within the modelled period were similar. This led the Council to confirm that an in-house business unit was the preferred model for consultation on 27 March 2025. The Council reconfirmed this position following hearings and deliberations on 11 June 2025 and resolved that the

in-house business unit would be the proposed model to progress and reflect in this Water Services Delivery Plan (WSDP).

Further comparison with other delivery models

Most if not all the key risk areas in achieving financial sustainability are common with the three delivery models that were compared. This is largely due to the starting position of the Water Services in Tasman District Council and key big infrastructure projects occurring in the last 3 years of the LTP.

Tasman District Council's starting position is heavily influenced by being a high growth region and the infrastructure required to service this growth to date and for the LTP impacting on debt levels and therefore in the servicing of this debt. Recent large asset revaluation increases compound the situation going forward.

None of the delivery options investigated, have the ability to fundamentally change the bottom line for Tasman District Council's community in the delivery of water services.

This graph is an exert out of the work done comparing the three different water service delivery options. 'Water rates' is in terms of all three water services – Water supply, Wastewater, and Stormwater.

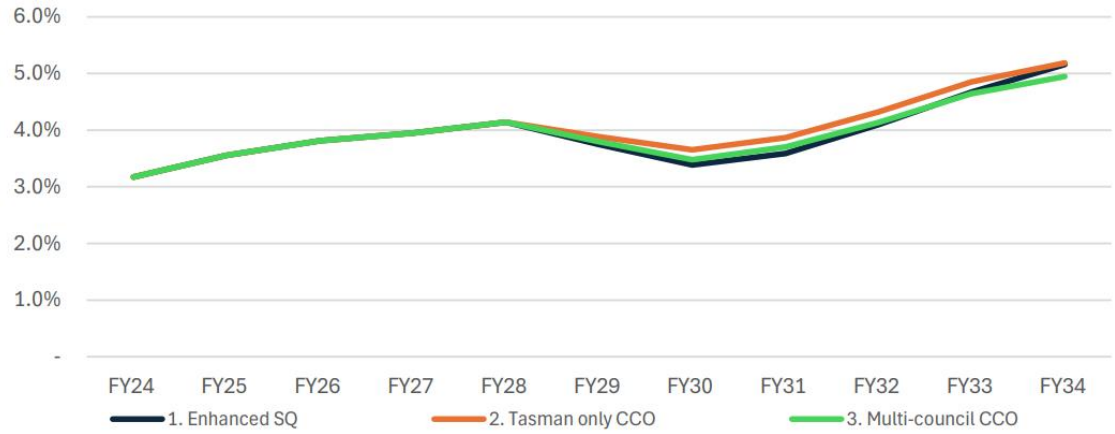


Figure 13: Water rates as a proportion of median household income

In-house Business Unit (IBU)

The key anticipated benefits of the chosen delivery model include:

- Less organisational transition costs and disruption compared to establishing a CCO.
- Utilises existing council resources and minimises stranded overheads
- Ongoing alignment with Council's strategic goals and community priorities.
- Service level agreements with other related functions of council such as Transportation, Rivers, Reserves and Hazards.
- The ability—particularly in a Unitary Authority context—to maintain existing cross-group working relationships within Council; and
- The retention of flexibility for future shared service arrangements, if mutually beneficial, while allowing time to embed the LWDW requirements.

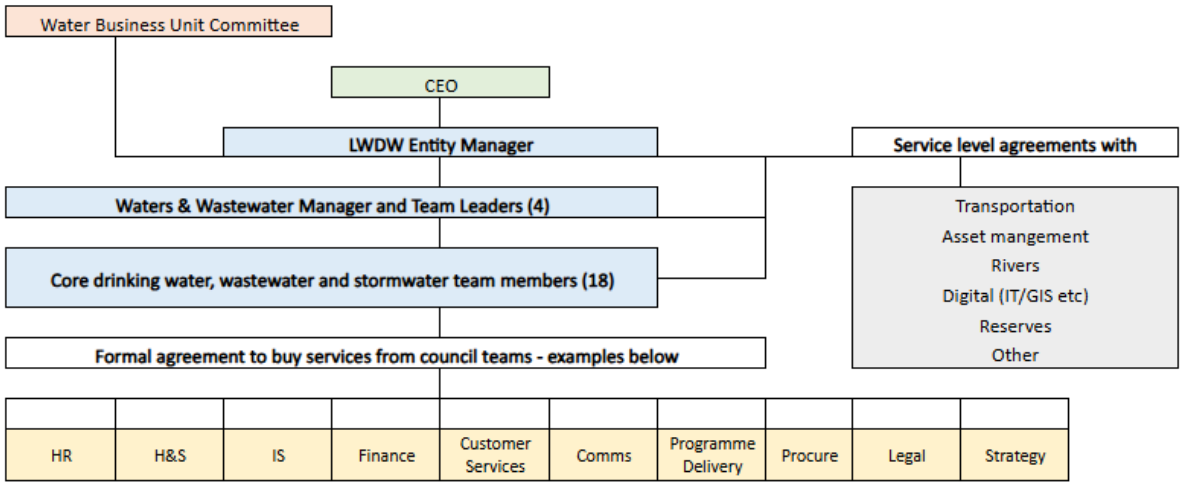
The IBU establishment plan is detailed in the Implementation Plan.
The IBU will operate within the Council's organisational structure and ownership, with an increased level of autonomy (extent yet to be determined). It will be aligned to its own strategic objectives, budget, revenue, and governance in order to focus more effectively on delivery and compliance.

The key attributes of the IBU will include:

- A new committee of Council will be established to govern the IBU;
- A core team of dedicated water services staff will form the IBU including additional specialist resources and support if required;
- Formal agreements will be developed to reduce duplication and provide internal support services (e.g., HR, Finance, IT, Customer Services);
- Documentation will outline how customer service will be maintained during and after IBU establishment;
- The IBU will operate on a “pay its own way” basis - either purchasing Council services or selling its time back to other parts of Council on a full cost recovery basis;
- Integration of LWDW strategic planning and reporting requirements (e.g. development of a Water Services Strategy) into the Council’s Long-Term Plan (LTP), annual planning, and consultation processes;
- Continue and enhance the ringfencing of water services revenue to ensure reinvestment into the activity; and
- Compliance with the Council’s financial strategy, financial roadmap and LGFA debt covenants.

The Chief Executive has confirmed a whole of Council re-organisation that includes a new In-house Water Services Business Unit. The proposed structure and interaction of the new business unit with the balance of Council is shown in the sketch below:

Provisional structure of the in-house Water Business Unit and interface with the balance of council



Financial ringfencing

The Council ring-fences all financial activity related to the water services, ensuring that revenue and loans are directly attributed to the respective service. Some balance sheet items - such as debtors, bad debtors and creditors - require further review and will be addressed as necessary to ensure compliance with legislative requirements. These are immaterial financially.

Our Council has, for many years, followed a 'ringfencing' philosophy when charging for water services. This has led to the creation of ‘closed accounts’ for the financial management of Water, Wastewater, and Stormwater. This is supported by the use of time-sheeting that the Water Services activity have been undertaking for many years. The practice of time-sheeting is getting expanded in late 2025 to other activity areas of Council and this will assist in in officers time (in support and advisory roles) being aligned to the correct activity.

It should be noted that we report on the water services areas as part of our restricted reserve section of the Annual Report, the Annual Plan and Long Term Plan. These are Council created reserves that are audited annually to ensure they are ringfenced. As such we believe that our current ringfencing of the water services activity is robust.

We also acknowledge the proposed future role of the Commerce Commission in regulating water charges.

Waimea Community Dam

The Waimea Community dam (WCD) is owned and operated by a CCO (Waimea Water Ltd) in a PPP arrangement. Councils' investment in the CCO primarily relates to securing an augmented and reliable urban water supply for Richmond and the surrounding areas. The other partner in the PPP arrangement is Waimea Irrigators Ltd who fund the irrigation capacity provided by the dam. It is expected that the existing CCO arrangements will continue.
The CCO operates on a cost recovery basis and charges Council and Waimea Irrigators Ltd through quarterly water charges. Loan arrangements for Councils' investment is ringfenced. Council also provides pass through funding to the CCO. The dam owning and operating CCO it is subject to separate LGA reporting and audit requirements, which will be reviewed to ensure compliance with LWDW legislation.

Financial modelling has confirmed that the Council can meet its obligations to the Waimea Water Ltd PPP while remaining financially sustainable and compliant with LGFA covenants.

As a result for the establishment of the IBU, there is no difference to the bottom line whether the WCD is in or out of the IBU. Having the investment in the WCD means that the IBU retains an amount of control of the charges for the river water allocation and this investment secures the rights of the water for Water Supply purposes.

The day-to-day management of the relationship with Waimea Water Ltd will continue to be handled by the Council's Water Supply team within the IBU, through the 3 Waters Operations and Maintenance contract.

The Wai-iti Dam

The Wai-iti Dam is currently operated and maintained by the Water Services Team.

The plan is to exclude this dam from the water activity and the IBU financially. This is because it is primarily an irrigation storage dam. This is planned to be completed before 1 July 2027. Once the Waimea Plains Water Supply Scheme is operational the Wakefield community will be supplied by the Brightwater (Clover Road bore field), the community will no longer rely on the Wai-iti stream for their water supply.

The Nelson Regional Sewerage Business Unit (NRSBU)

The Nelson Regional Sewerage Business Unit is governed by a joint committee of the Nelson City Council (NCC) and Tasman District Council. It is not a separate legal entity.

Both councils have chosen to deliver their water services, as required under LWDW legislation, through in-house water business units (IBUs). The assets and compliance arrangements for the NRSBU are detailed in Part B of this Plan.

It is intended that the existing arrangement will remain in place. Notwithstanding this, both councils will review the arrangement to ensure that it is compliant with LWDW requirements.

LGFA Expectations

The LGFA recently advised local authorities of the expectations they have for inhouse water models. They are:

- Governance
    - An independent Chair for the committee overseeing water services (Director institute of NZ)
    - Are additional independent skills required for a high risk and high-profile area of Council
- Financial Prudence

        - Council should focus on achieving the financial prudence balanced budget benchmark each year
            - WSDP's will require sufficient water revenue
            - LGFA will look to ensure revenue is not transferred from non-water activities to make the WSDP look better
    - Inhouse expertise to navigate the technical, regulatory and long term investment challenges that water entities will require
    - Good reporting
        - Financials for the water activities
        - Reporting against regulatory standards
        - Future Capex plans

We acknowledge these expectations are going to be on Council to adhere to secure LGFA debt funding.

Emergency response

Whilst the district is in recovery mode from recent weather events the impact on water services has been minimal and therefore there has been no requirement to update the programme or budget to accommodate any remedial work. However there has been an impact on other Council activities that is being managed through the 2025/26 annual plan process

Implementation plan

Implementation plan

Implementing the proposed service delivery model

The council must give effect to the proposals or undertakings relating to the future delivery of water services that are identified in the councils' Plan. Plans must include an implementation plan that:

- *Sets out the process for delivering the proposed model or arrangements identified in the Plan; and*
- *If a council is proposing to continue to deliver water services itself, and not as part of a joint arrangement, the actions that the council will take to ensure its delivery of water services will be financially sustainable by 30 June 2028.*

The implementation plan must include:

- *The name of each council that commits to delivering the proposed model or arrangements;*
- *A process for delivering the proposed model or arrangements;*
- *A commitment to give effect to the proposed model or arrangements once the Plan is accepted; and*
- *The timeframes and milestones for delivering the proposed model or arrangements.*

Tasman District Council will give effect to the content and proposals outlined in this Water Services Delivery Plan (WSDP) as described below:

- The Council has determined that the In-House Water Business Unit (IBU) will be fully operational (and ringfenced) no later than **1 July 2027**.
- The establishment of the new IBU will result in organisational changes at both the governance and staff levels. In mid-September 2025 the Chief Executive confirmed a whole of staff re-organisation which includes a new Water business unit. Although still in transition, we have shown in Part A the structure of how we propose the IBU will interact with the balance of the Council
- The costs associated with implementing this Plan will initially be funded through the remaining balance of the Better Off funding allocated to our LWDW project. Provision has been made in the Annual Plan in case this funding proves insufficient.
- The current Project Board will continue to provide strategic direction and ensure that the IBU establishment team remains adequately resourced and funded, at least until the new IBU governance structure is in place.
- The Council remains financially sustainable and compliant with the legislative requirements, as outlined in this Plan.

Implementation Plan – Key Milestones and Dates

Activity	Description	Target date
Establish a Council project to manage the transition to the first day of operation (1 July 2027)	A formal Council project will be initiated to manage the activities required to transition to the future state of the delivery of water services. Projects such as this are reported against and monitored by the Executive Leadership Team and by Council	Q4 2025
Receive feedback on WSDP	Receive feedback on the assessment of our plan and adjust our Implementation Plan if required.	Q1 2026
Confirm a new water services council committee	It is proposed that a new committee of Council will be added to govern the IBU. The membership and delegations will be determined by the next elected Council.	Q1/2 2026
Investigate ongoing transition requirements	As much as possible use the 2026/2027 financial year to not only implement the establishment of the IBU but also to test and adjust as necessary e.g. ascertaining if additional specialist resource and support is necessary to meet emerging requirements	Q2 2026 – Q1 2027
Financial changes (minor)	Confirming any changes to the balance sheet to reflect ring fencing requirements. Roll out of timesheets across the council to accurate record water service costs.	Q2 2026
Internal service level agreements	Using common templates, agreements will be made for the IBU and council to share arrangements where required.	Q2/3 2026
Investigate options for shared services and other arrangements with other councils	Continue to investigate options for shared services with other councils that are mutually beneficial.	Quarter 4 2026 – ongoing
Clarification on planning and reporting requirements	The LWDW planning and reporting requirements of the IBU will be prepared, such as the Water Services Strategy and associated documents	Q1 2027
Capital delivery programme actively monitored and reported to IBU governance committee to meet financial sustainability requirements	There are a number of treatment upgrades that are required to meet compliance with the drinking water standards (DWQA) (works have commenced). There are also upgrades to wastewater treatment plants to maintain compliance and resilience. These works are scheduled to be completed prior to 30 June 2028, to meet financially sustainability.	Present - Q1 2028
IBU Day 1	IBU set up and operational.	1 July 2027

Consultation and engagement

Consultation and engagement

Consultation and engagement undertaken

The purpose of this section is to summarise consultation and engagement carried out in the development of the Plan. A council or group of councils must consult the community on its anticipated or proposed model or arrangement for delivering water services in its Plan. A council or groups of councils are not required to consult generally on a draft or final plan, but a council may choose to do so.

Any consultation the council undertakes must be in accordance with the consultation and decision-making requirements in sections 61 to 64 of the Act.

*Further information on consultation is included in the **Process guidance**.*

Consultation Process

Consultation to inform the Tasman District Council Water Services Delivery Plan has met—and in many areas exceeded—the requirements of the Act.

Key milestones:

- The Indicative Business Case, used to inform the Council's decision on its preferred governance option for consultation, was completed.
- The Council confirmed its preferred option and approved the Consultation Document and period on 27 March 2025.
- The Consultation Period took place from 22 April to 23 May 2025.
- The Council hearings and deliberations, along with the final decision on the preferred option, occurred on 11 June 2025.

The consultation process was built on the understanding that many members of the Tasman District's communities have a relatively low level of awareness regarding the systems and processes involved in delivering water, wastewater, and stormwater services across the District.

To address this, the Council initiated an information programme well in advance of the consultation process, to support informed decision-making regarding the preferred governance model. Over several weeks, this programme utilised:

- The Council's newsletter, *Newsline*;
- The online engagement platform, *Shape Tasman*; and
- The Council's social media channels (to direct the public to more detailed information).

These communications aimed to identify, describe, and explain the range of water, wastewater, and stormwater services currently provided by Tasman District Council.

The information package was further supported by regional media releases outlining discussions with potential shared service partners—particularly Marlborough and Buller District Councils. These releases explained the rationale behind those discussions and detailed the three governance models under consideration.

Immediately before the consultation period commenced, further media activity was undertaken to explain:

- The governance models being considered;
- The process by which these models were selected; and
- The next steps following consultation (including decisions to be made by central government and the Department of Internal Affairs regarding the submitted Water Services Delivery Plan).

Additionally, Community Association meetings held throughout the District—both before and during the consultation period—were used to share information about the Local Water Done Well (LWDW) programme, the consultation process, and the specific decisions being sought. In total, up to 15 Community Association meetings were held, along with the regular monthly meetings of the Motueka and Golden Bay Community Boards.

Iwi engagement was by way of having representation on the LWDW Project Governance Group

Assurance and adoption of the Plan

Assurance and adoption of the Plan

The Act requires that each Plan that is submitted to the Secretary for Local Government for acceptance must include a certification, made by the Chief Executive of the council(s) to which the Plan relates, that:

- *The Plan complies with the Act; and*
- *The information contained in the Plan is true and accurate.*

While the Act does not require Plans to be verified independently, to ensure that the information is true and accurate, Councils may wish to either seek independent advice to verify the accuracy of information provided in the Plan or assess their Plan in-house. While not a mandatory requirement, we recommend considering the matters set out below when certifying the Plan.

When certifying the Plan, the Chief Executive of the council(s) may include commentary on:

- *The levels of confidence in the underlying information included in the Plan. This could include comment on the level of confidence in regulatory compliance, asset condition, investment requirements, asset valuations or certainty around financial projections.*
- *Any material risks or constraints that may impact on the delivery of water services, the ability to implement the Plan or to achieve financially sustainable water services provision by 30 June 2028.*
- *Any assurance processes undertaken to verify the accuracy of information included in the Plan.*

In certifying the Plan, I (Leonie Rae, Chief Executive of Tasman District Council) make the following comments:

- Apart from our internal staff resources we have engaged expert consultants Beca, Mafic and Martin Jenkins and legal firms Simpson Grierson and Russell McVeigh to guide us through the LWDW legislative requirements in the Plan.
- The financial information used in the Plan was taken at a point in time late 2024 from our adopted Long Term Plan and other associated water asset plans. These plans include many assumptions and contingencies therefore, we have the same level of confidence in the Plan content as we do for our current ten-year plans (LTP, Infrastructure Strategy, Financial Strategy, Annual Reports, and Activity Management Plans). To improve confidence of financial information and accuracy the financials were updated to include changes made through the 2025-26 Annual Plan process.
- With respect to risk management, we note that our recent emergency response to two consecutive floods in our region have highlighted the need to be agile in re-prioritising projects over a similar timeframe to the LWDW June 2028 deadlines. We wish therefore to reserve the opportunity to discuss any conflicts that may arise once we have adjusted our current annual planning to include our emergency response and LWDW requirements

Council resolution to adopt the Plan

Councils must adopt their Plans by resolution. In order to demonstrate compliance with this requirement, it is expected that councils will include the resolution date and a copy of the decision to adopt the Plan. For a joint Plan, this resolution to adopt the Plan must be completed by each council to which the Plan relates.

The Tasman District Council at a meeting held on 25 September 2025 adopted our Water Services Delivery Plan.

Resolution:

Moved Councillor Maling/Councillor Dowler
CN25-09-23

That the Tasman District Council

1. receives the Local Water Done Well - Adoption of the Water Services Delivery Plan 25 September 2025 report, RCN25-09-25; and

2. adopts the Water Services Delivery Plan 25 September 2025 (Attachment 1 to the agenda report), subject to any amendments made at the Council meeting; and

3. notes that the Chief Executive will certify that the adopted Water Services Delivery Plan 25 September 2025:

- ***complies with the Local Government (Water Services Preliminary Arrangements) Act 2024; and***
- ***the information contained in the plan is true and accurate.***

4. delegates the Chief Executive to consider any comments from the Department of Internal Affairs during its review of the Water Services Delivery Plan 25 September 2025 and make the necessary minor amendments as required; and

5. notes that early in the new triennium the Chief Executive will present a report for the Council to consider:

5.1 the establishment of a Water Committee to provide governance to the Three Waters Internal Business Unit; and

5.2 the proposed terms of reference for, membership of and delegations given to the Water Committee.

CARRIED

Certification of the Chief Executive of Tasman District Council

The Council Chief Executive can complete the following certification statement to demonstrate compliance. For joint Plans, this certification statement should be modified to certify only the information provided by the council in the preparation of the Plan, as opposed to all information included in the Plan.

I certify that this Water Services Delivery Plan:

- Complies with the Local Government (Water Services Preliminary Arrangements) Act 2024, and
- The information contained in the Plan is true and correct to the end of the 2023/24 financial year (30/6/2024) (incorporating 2024/25 Annual Plan, unless otherwise noted.

Signed: Signed by: Steve Manners Date & Time: 19 Sep, 2025 14:04:55 NZST	Signed: Signed by: Mike Drummond Date & Time: 19 Sep, 2025 13:40:22 NZST	Signed: Signed by: Richard Kirby Date & Time: 19 Sep, 2025 16:21:10 NZST
Name: **Steve Manners (acting on behalf of Leonie Rae)**	Name: **Michael J Drummond**	Name: **Richard Kirby**
Designation: **Chief Executive**	Designation: **Chief Financial Officer**	Designation: **Group Manager – Community Infrastructure**
Council: Tasman District Council	Council: Tasman District Council	Council: Tasman District Council

Part B: Network performance

Investment to meet levels of service, regulatory standards and growth needs

Investment required in water services

Serviced Population

The purpose of this section is to succinctly describe:

- *Current population of the city or district (or combined city or districts) that the council (or councils) provide water services to;*
- *Current population within the city or district that does not receive water services; and*
- *The estimated future population that will require water services over the next 10-30 years.*

The Tasman District Council (Tasman) covers an area of 9,782 km². The population lives in a mix of urban townships, rural communities, and remote areas. Tasman shares its boundaries with Nelson City Council (NCC), Marlborough District Council (MDC), and Buller District Council (BDC).

The serviced population of the district, along with projected serviced population, is shown in the following table. (Note: The number of connections is based on water supply connections.)

Projected serviced population (yearly)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Serviced population	33,677	34,089	34,505	34,926	35,353	35,785	36,222	36,664	37,112	37,565
Total residential connections	14,188	14,361	14,537	14,714	14,894	15,076	15,260	15,446	15,635	15,826
Total non-residential connections	1,397	1,414	1,431	1,449	1,466	1,484	1,502	1,521	1,539	1,558

Projected serviced population (5-yearly)	FY2039/40	FY2044/45	FY2049/50
Serviced population	39,392	41,308	42,798
Total residential connections	16,596	17,403	18,031
Total non-residential connections	1,634	1,713	1,775

Serviced Areas

The purpose of this section is to succinctly describe:

- *The areas in the city or district that receive water services (agriculture/rural council owned water schemes that supply domestic drinking water to be included);*
- *The areas in the city or district that do not receive water services;*
- *Current levels of services and performance relating to water services currently provided (refer to non-financial DIA performance standards and council levels of service (LOS) performance measures); and*
- *The water services infrastructure associated with providing for population growth and development capacity.*

Source information – 2024 – 2034 AMP's, LTP, Infrastructure Strategy. Water Service Safety Plans, 2024 Annual Report

Water Supply

Tasman District Council owns and manages 16 drinking water supply schemes, comprising:

- 15 water treatment plants
- 100 reservoirs
- 30 bores
- 28 pump stations
- 810 km of pipes
- Approximately 14,000 metered urban connections
- 1,620 restricted rural connections

The Council manages the resource consents required to operate these schemes and aims to provide safe and secure drinking water to the communities it serves across the District.

In addition to these schemes, the Council:

- Owns and manages the Tākaka Firefighting Scheme and the Wai-iti storage dam; and
- Is a majority shareholder in the Waimea Community Dam PPP, which is now fully operational
- Has affiliated its water consents in the Waimea Community dam zone of effect, under the TRMP, to obtain augmented water supplies.

Wastewater

Tasman District Council owns and operates:

- 7 wastewater treatment plants
- 80 pump stations
- 391 km of wastewater pipes

The Council manages the resource consents associated with its wastewater schemes and aims to provide sustainable systems that protect public health and the environment.

Tasman and Nelson City Council (NCC) jointly own the Nelson Regional Sewerage Scheme, including the Bell Island Treatment Plant. This scheme is managed by the Nelson Regional Sewerage Business Unit (NRSBU), as outlined below.

The Nelson Regional Sewerage Business Unit (NRSBU)

The NRSBU is a joint committee of Nelson City Council and Tasman District Council. It is not a separate legal entity.

Both councils have confirmed that they will continue to deliver their water services services—as required by the Local Water Done Well (LWDW) legislation—through an In-House Water Business Unit (IBU).

Background

The two councils jointly and equally own 50% of the following strategic assets comprising the NRSBU:

- The wastewater treatment plant located on Bell Island (within Tasman District), including infrastructure for distributing bio-solids to the Rabbit Island forest block
- Pump stations located in both Nelson City and Tasman District
- Associated sewer reticulation infrastructure across both jurisdictions

The Bell Island Wastewater Treatment Plant services:

  - The southern part of Nelson City (the Wakapuaka Wastewater Treatment Plant services the northern part)
- The townships of Richmond, Hope, Brightwater, Wakefield, and Māpua/Ruby Bay, including rural extensions
- Major industrial users, including AFFCO Meat Works (Nelson City) and Nelson Pine Industries (Tasman District)

Governance

A Memorandum of Understanding (MoU) defines the organisational structure of the NRSBU, along with its delegated powers and responsibilities. The committee comprises:

- Equal representation from both councils

- One representative from major industry
- One representative from iwi

Administration

Nelson City Council provides administrative support to the NRSBU, including maintaining a bank account. However, the NRSBU may not borrow money, or purchase/dispose of significant assets without the prior approval of both councils. Both councils fund the NRSBU capital works programme 50/50 by borrowing and on lending to the NRSBU.

The NRSBU prepares an Asset Management Plan and an Annual Business Plan, including budgets, which are subject to approval by both councils. These plans incorporate volumetric and trade waste charges, determined by:

- Capacity purchased by each council (litres per second)
- Volumetric charges based on actual wastewater discharged
- Trade waste charges based on suspended solids and oxygen demand, proportionally allocated by discharge volume

Note: Once the Annual and Long Term Plans are approved, Tasman District Council incorporates the relevant costs into its Wastewater Activity Management Plan, which informs wastewater charges in the Long Term Plan and Annual Plan. Nelson City Council follows a similar but independent process for setting its wastewater charges.

Consents

The NRSBU holds all necessary resource consents, including:

- Consents for wastewater treatment and discharge
- Consent to spray bio-solids
- Any additional consents required under government legislation

NRSBU are fully compliant with all consents.

Stormwater

Tasman District Council has 15,480 stormwater connections to its networks and owns and maintains:

- 222 km of stormwater pipes
- 42 km of open drains and streams
- 11 detention dams

The Council manages the resource consents related to stormwater operations and aims to provide sustainable stormwater systems that mitigate flooding risk and comply with environmental requirements.

The Council has an effective GIS mapping system that records that location and details of both stormwater piped and open channel assets to a reasonable standard. Flood modelling has been undertaken of most of the Districts urban settlements and overland flow paths have been mapped for the District. Therefore, Tasman District Council is well placed to prepare the required Risk Management Plans and manage the urban stormwater network in the future.

Water service areas: Water supply, Wastewater and Stormwater

	Water supply (either Urban or Mixed Use)		Wastewater (based on WWTP's)		Stormwater	
	Supply Name	**Number of Connections**	**Network Name**	**Number of Connections**	**Urban Drainage Area**	**Properties**
Council owned areas of service	Collingwood	195	Collingwood	169	Brightwater	803
	Pohara	48	Motueka	3974	Collingwood	204
	Kaiteriteri	611	Murchison	225	Kaiteriteri	539
	Redwood Valley 1	73	St Arnaud	283	Ligar Bay - Tata Beach	208
	Redwood Valley 2	258	Takaka	1224	Mapua - Ruby Bay	1197
	Mapua/Ruby Bay	1246	Tapawera	143	Motueka	3472
	Richmond	7727	Upper Takaka	14	Murchison	266
	Dovedale (Rural)	223	Bell Island (NRSBU) (Richmond/Brightwater/Hope/ Wakefield/Mapua/Ruby Bay)	9303	Patons Rock	63
	Brightwater	864			Pohara	290
	Wakefield	912			Richmond	7184
	Tapawera	133			St Arnaud	340
	Murchison	232			Takaka	635
	Motueka	1328			Tapawera	143
	Eighty Eight Valley (Rural)	135			Tasman	50
	Upper Takaka	16			Wakefield	822
	Hamama	16				

Areas not serviced by Tasman District Council

Due to the large area and spread-out population, there are a number of communities and facilities that are not serviced by Tasman District Council. The following tables illustrate this:

	Water supply		
	Community	Water Supply Source	No of Properties
Communities without a Council owned water supply	Braeburn/Harakeke	Mixture of groundwater and rainwater	86
	Brooklyn	There is a small private reticulation scheme that extracts from groundwater	n/a
	Ligar Bay	Mostly rainwater, with a small reticulation scheme that serves several houses and extracts from a creek.	45
	Lower Moutere	The Lower Moutere Irrigation Scheme serves most houses from a groundwater source	131
	Marahau/Sandy Bay	Groundwater, rainwater with a small reticulation scheme that serves several houses and extracts from a creek.	103
	*Motueka	Groundwater	2700
	Pakawau	Mixture of groundwater, surface water and rain water	46
	Parapara	Private water scheme pumping from a groundwater source	89
	Patons Rock	Groundwater and rain water	76
	Pohara (excluding Pohara Valley)	Rainwater	200
	Puponga	Rainwater	15
	Rangihaeata	Rainwater	39
	Riwaka	Rainwater; shallow bores and wells	156
	Rotoroa	Rainwater	47
	St Arnaud	Rainwater and DOC have a small system that abstracts from Lake Rotoiti	317
	Tadmor	Rainwater	20
	Takaka	Groundwater	320
	Tasman/Kina	Rainwater, with some reported use of shallow wells	64

	Water supply		
	Community	Water Supply Source	No of Properties
	Tata Beach	Rainwater and there are said to be some houses that are able to abstract groundwater	195
	Tokongawa	Rainwater	69
	Tukurua	Rainwater with a small reticulation scheme that serves several houses and extracts from a creek.	30 plus camp ground (800people at peak summer season)
	Upper Moutere	Mixture of groundwater and rainwater	53

*Motueka – covers all Motueka properties not served by Councils Motueka Water Supply Scheme or the Lower Moutere Irrigation Scheme

In addition to these communities above, there are approximately 17 schools, 11 Tourist facilities, 2 iwi organisation facilities and 3 commercial/industrial facilities that are not served by a water supply owned or operated by the Council.

Wastewater:

There are two known sizeable private Wastewater systems in our district. They are Appleby Hills Estate scheme which serves approximately 89 dwellings and Galeo Estate scheme which serves approximately 70 properties.

All other properties are self-serviced for wastewater, in that they have their own on-site wastewater systems.

Levels of Service and Performance (non-financial DIA performance standards and Council LOS)

Levels of Service (LOS) are what the Council commits to providing and are reported on annually in the Annual Report. They are set according to the requirements of legislation, consumers, community outcomes, and strategic goals. The following table includes the most recent LOS performance measure results, included in the 2023/24 Annual Report. Many of these are reported on a quarterly basis to the Executive Leadership Team.

Water Supply Performance Measures

Note: in relation to compliance with the drinking water regulations, it should be noted that there is a conflict between the DIA mandatory reporting measures and the Drinking Water Quality Assurance (DWQA) rules, hence additional information has been sourced from the Drinking Water Regulatory Report 2024 for drinking water compliance.

	Outcome	2024 Result	2024 Target	2023 Result	How did we perform
Our water takes are sustainable					
Compliance with resource consent is achieved, as measured by the number of notices, orders, and convictions received in relation to those resource consents. All resource consents are held in DORIS.					
Abatement notices	Fully achieved	0	0	0	There were no notices or convictions over the 2023/2024 year. Exemptions to water take restrictions were issued for Eighty-Eight Valley and Dovedale under section 329 of the Resource Management Act.
Infringement notices		0	0	0	
Enforcement orders		0	0	0	
Convictions		0	0	0	
The volume and percentage of real water loss from the network is less than the target. Total real loss = total water provided – water metered – non-revenue water. % = L real loss divided by average L usage per connection as yearly average	Fully achieved	23%	≤25%	22%	This shows a similar result to last year and within target. Council staff have been proactively monitoring and responding to water losses, using new equipment and making pump station improvements to reduce pressure surges.
The average urban consumption of drinking water per day per resident is less than the target.	Fully achieved	224 Litres	<250L	232 Litres	The average urban consumption of drinking water per day per resident was below the 250L target.
Our water is safe to drink					
Minimise the number of temporary advisory notices issued to customers to boil water.	Not achieved	2	0	8	The following schemes are compliant: Brightwater Tapawera, Mapua/Ruby Bay, Motueka, Pohara, Wakefield, Kaiteriteri, Murchison, Richmond and Collingwood The following are non-compliant. Boil notices are issued for the following: Upper Tākaka, Eighty-Eight Valley and Dovedale.
We comply with Part 4 (bacterial compliance criteria) of the Drinking Water Standards, as determined by the Drinking Water Assessor. Measured by the number of schemes with plant compliance, and zone compliance.					
Plant compliance	Not achieved	Jul 2023 – Jun 2024	100% compliance	Jul to Dec 2022:	All treatment plants have a bacterial barrier present. Full compliance with every rule for every applicable time period is difficult to achieve.

		1/15 (7%)		6/13 46% Jan to Jun 2023: 2/15 13%	The main areas where plants failed to achieve full compliance are outlined below. Richmond was fully compliant. Collingwood; Brightwater; Kaiteriteri; Motueka; Murchison; Tapawera; Māpua Ruby Bay; Wakefield Minor non-compliance due to communications outages or minor data issues when UV disinfection performs very short water production 'runs'. Redwoods 1 Non-compliance was only with pH rule (low pH), with disinfection not compromised. Redwoods 2 Non-compliance was due to insufficient chlorine contact time prior to leaving treatment plant. Dovedale Periods of frequent high turbidity in source water. Pōhara Frequent communications outages meant compliance data was lost and unable to prove compliance. Water safety was not compromised. Upper Tākaka - Rules stipulate that cartridge filters are required. These filters were installed part way through the year therefore full annual compliance could not be achieved. Eighty-Eight Valley - There was one month where source water turbidity was above the maximum allowable threshold due to heavy rainfall in catchment.
Zone compliance	Not achieved	Jul 2023 – Jun 2024 12/17 (71%)	100% compliance	Jul to Dec 2022: 14/14 100% Jan to Jun 2023: 13/16 81%	The main areas where plants failed to achieve full compliance are outlined below. Distribution zones have a compliance monitoring period of one month and have been assessed over 12 months, with 12 of the zones recording compliance for all 12 months. Collingwood; Brightwater; Kaiteriteri; Motueka; Māpua Ruby Bay; Wakefield; Richmond Queen; Richmond Champion; Richmond Hope; Pohara; Upper Takaka; Redwoods 1 Dovedale - High turbidity and lengthy reticulation meant chlorine residual in network was lower than required. This water supply is on a permanent boil water notice. Tapawera; Murchison; Redwoods 2 - Non-compliance was for one month due to a single chlorine sample not being taken. Water safety was not compromised. Eighty-Eight Valley - One month had one sample with low chlorine residual caused by heavy rainfall and high turbidity in source water. .
We comply with Part 5 (protozoal compliance criteria) of the Drinking Water Standards. As measured by the number of schemes with compliant protozoa treatment determined by the Drinking Water Assessor.	Not achieved	Jul 2023 – Jun 2024 1/15 7%	100% compliance	Jul to Dec 2022: 1/13 8% Jan to Jun 2023: 1/15	The main areas where plants failed to achieve full compliance are outlined below. S**chemes with a protozoa barrier installed**: Richmond fully compliant. Pōhara, Brightwater, Wakefield, Māpua/Ruby Bay - Non-compliance was for short periods of time due to periods of data outages or very minor data issues on short UV 'runs'.

				7%	Kaiteriteri - Short instances of low UV dose on bore start up affected compliance across short UV 'runs'. Murchison - There were three brief times when minimum UV dose was not achieved following network pipe breaks which resulted in flows being higher than those required to achieve a full 40mJ/cm2 UV dose. Collingwood - Periods of data outages were for a range of reasons. Motueka - There were UV Transmittance data quality and monitoring configuration issues. The whole scheme also could not be compliant on three days (total of four hours) during which it was supplied by the untreated Recreation Centre bores. Tapawera - There were periods where UV Transmittance data was of insufficient quality to be able to demonstrate compliance. Upper Tākaka - Rules specify that cartridge filtration is used despite there being high quality macrolite filtration in place. Cartridges were installed part way through the year. **Schemes with no protozoa barrier** Dovedale, Redwoods 1 & 2, and Eighty-Eight Valley - These schemes have no protozoa treatment and therefore cannot comply. They now have permanent Boil Water Notices as required and as agreed with The Water Services Authority (Taumata Arowai) until they are upgraded or connected to other compliant water supplies
Our water supply systems provide fire protection to a level that is consistent with the national standard					
Annually test, and achieve at least 95% compliance with FW2 standards, for 15 randomly selected fire hydrants in Richmond, and not less than five randomly selected fire hydrants in each of the other urban supplies in our District.	Fully achieved	98%	95%	96%	60 hydrants were randomly selected and 59 passed the test. The hydrant at Tadmore Road in Tapawera failed the flow test, but the hydrant is located at the end of the line.
Our water supply systems are built, operated and maintained so that failures can be managed and responded to quickly					
Planned service interruptions do not exceed 8 hours as required under section 69S(3) of the Health Act 1956*	Fully achieved	100%	<8 hours	100%	Of the 18 planned water shutdowns, none exceeded the 8-hour target.
Our water supply activities are managed at a level that the community is satisfied with					
The percentage of customers (who receive a service) are satisfied with the water supply.	Fully achieved	87%	≥ 80%	85%	This result is slightly higher than last year and met the target.

Complaints per 1,000 connections are less than the target – relates to clarity, taste, odour, pressure or flow, continuity of supply and Council response to these issues. Justified complaint is defined as a notification of a drop in LOS. Measured Confirm database and NSC system.	Fully achieved	15.5	<20	15.4	There was a similar level of complaints to the previous year and within the target of less than 20 complaints per 1,000 connections.
Median resolution times are within targets for urgent callouts.	Fully achieved	22.6 hours	<24 hours	22.4 hours	The resolution time is similar to the 2022/2023 year and still within target.
Median resolution times are within targets for non-urgent callouts.	Fully achieved	29.1 hours	<3 working days	25.7 hours	This pleasing result is well within target.
Median response times are within targets for urgent callouts.	Fully achieved	1.9 hours	<2 hours	1.9 hours	The median response time of 1.9 hours is just within the target.
Median response times are within targets for non-urgent callouts.	Fully achieved	4.2 hours	<48 hours	3.4 hours	The median response time of 4.2 hours for non-urgent callouts is well within target.

Wastewater Performance Measures

	Outcome	2024 Result	2024 Target	2023 Result	How did we perform
Our wastewater systems do not adversely affect the receiving environment					
Compliance with resource consents for discharges from wastewater systems is achieved. **Mandatory measure two.** As measured by the number of:	Fully achieved				In 2023/2024, there were no notices or enforcement orders issued or convictions received.
abatement notices		0	0	0	
infringement notices		0	0	0	
enforcement orders		0	0	0	
convictions		0	0	0	

The number of times temporary wastewater overflow signs are erected at waterways is minimised.	Not achieved	7	<5	13	Five of the overflows were due to blockages, three of which were on Oxford Street. The sewer was inspected by CCTV and was cleaned. One overflow was due to wet weather combined with a programming issue and the other was due to a poorly performing UV system at Collingwood Wastewater Treatment Plant (WWTP).
Our wastewater systems reliably take out wastewater with a minimum of odours, overflows or disturbance to the public					
The total number of complaints received about: • odour • system faults • system blockages The council's response to issues within its systems is less than the target. (Expressed per 1,000 connections).	Fully achieved	1	<35	0.5	
Our wastewater systems are built, operated and maintained so that failures can be managed and responded to quickly					
The number of dry weather overflows from the Council wastewater system (expressed per 1,000 connections to wastewater system) is less than the target.	Fully achieved	1.6	<5	0.9	
Overflows resulting from a blockage or other fault in the wastewater system are attended to and resolved within the target timeframes.					
Attendance time[2] (median) - from the time Council receives notification to the time that service personnel reach the site.	Achieved within 5%	61 mins	≤60 mins	119 mins	The target was missed by one minute but performed better than last year.
Resolution time[3] (median) - – from the time Council receives notification to the time that the service personnel confirm resolution of the blockage or other fault.	Fully achieved	8.4 hours	≤ 9 hours	8.4 hours	
Our wastewater activities are managed at a level that satisfies the community					
The percentage of customers (who receive a service) are satisfied with the wastewater service. Measured through the annual residents' survey.	Fully achieved	94%	>80%	92%	Customer satisfaction is still significantly above the target.

Stormwater Performance Measures

	Outcome	2024 Result	2024 Target	2023 Result	How did we perform
Stormwater flooding: We have measures in place to respond to and reduce flood damage from stormwater to property and risk to the community					
The number of flooding events that occur in the District. For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the territorial authority's stormwater system). A habitable floor refers to a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages.	Fully achieved	0	<1	0.7	There were no flooding events during 2023/2024.
The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.	Fully achieved	0	<2 hours	35 minutes	There were no flooding events to attend this year.
The number of complaints received by Council about the performance* of its stormwater system, expressed per 1,000 properties connected to the stormwater system. • As measured through confirm and NCS database • Justified complaints about the performance of Council's stormwater system	Fully achieved	2.2	<20	8.2	This result is well below the target at 2.2 complaints per 1,000 properties. This was helped by it being a very dry year resulting in fewer enquiries.
Customer satisfaction: Our stormwater activities are managed at a level which satisfies the community					
Percentage of customers (who receive the service) that are satisfied with the stormwater service.	Fully achieved	88%	80%	82%	This measure was fully met and increased above the 2022/2023 result.
The environment: Our stormwater systems do not adversely affect or degrade the receiving environment					
Compliance with Council's resource consents for discharge from its stormwater system, measured by the number of: **Mandatory measure five**					
Abatement notices	Fully achieved	0	≤1	0	Compliance was achieved over the year 2023/2024 with no notices, orders, or prosecutions.
Infringement notices		0	0	0	
Enforcement orders		0	0	0	
Successful prosecutions		0	0	0	

SW global consent – compliant. Work is continuing with the development of water catchment plans, noting that there will be additional requirements that will need to be reflected by the Local Government Water Services Act. Future budgets will need to reflect updated compliance requirements.

Proposed Growth Areas

Tasman is a high growth region. The water services infrastructure projects associated with providing for this growth are outlined in the Asset Management Plans, Infrastructure Strategy and Long-Term Plan documents. Funding has been provided to cater for the growth as identified in the Long-Term Plan.

Proposed growth areas	**Total Capacity Added**	
Location	**Short and Medium Term Years 1-10 (Infrastructure enabled (as identified and funded in LTP))**	**Long Term Years 11-30**
Motueka	320	900
Māpua/Ruby Bay	280	830
Richmond	1600	2800
Brightwater	200	780
Wakefield	150	750
Moutere	800	830
Collingwood	40	30
Takaka	110	300
Pohara/Ligar/Tata	190	50
Tapawera	15	30
St Arnaud	70	10
Murchison	60	70
Kaiteriteri	90	0

Tasman District Council (shared with Nelson City Council) has the Nelson Tasman Future Development Strategy to manage growth. Implementation of the Strategy is by way of Plan Changes to the Tasman Resource Management Plan (TRMP) and the Nelson Tasman Land Development Manual (which sets out the infrastructure rules).

New developments are approved by Council and assets to be invested are identified and require sign off by Council prior to be vested into Council. This process enables Council to understand the value of assets to be transferred along with any potential consequential operating costs, these are factored into the LTP.

Assessment of the current condition and lifespan of the water services network

The purpose of this section is to describe:

- *Average age of network assets;*
- *Condition of network assets providing water services (include assessment of condition of assets, when condition assessment was last carried out, expected lifespan and quantity of backlog of renewals and maintenance); and*
- *Critical water services assets (if available).*

The ages of the water services networks are relatively young. This is due to the high level of growth that Tasman has had and is experiencing. As a result, little in the way of physical condition assessment is undertaken. Theoretically, very few are in poor or very poor condition.

Critical Assets

Council has developed an asset criticality assessment framework for the water services which is detailed in the AMPs. Cost and resourcing constraints have prevented the assessment from taking place currently. Funding towards resourcing this initiative is in the LTP from year 4. As above, the current restructure underway (forming a Water Services In-house Business Unit) and proposed governance structure sets the Council up to improve resourcing and funding in this area of Water Services Delivery.

The framework is defined by:

- A 'Criticality Score' from one (very low criticality asset) to five (very high criticality asset);
- A set of 'Criteria' against which each asset will be assessed and assigned a Criticality Score (see one above); and
- A logical set of rules and measures under each criterion that can be assessed for each asset, enable a criticality score to be assigned in a spatial GIS context.

Asset Condition

Condition assessments both of above and below ground assets are included in the AMPs. However, cost constraints have prevented the programme from continuing and getting expanded to industry standard programmes. Approximately $1 million is budgeted in the LTP (predominantly from year 4) to commence a condition assessment programme for Water and Wastewater. There is not currently budget allocation for condition assessment for stormwater assets, and this is primarily due to there being no scheduled renewals planned for the current LTP period. The current restructure underway (including forming a Water Services In-house Business Unit) and proposed governance structure sets the Council up to improve resourcing and funding in this area of Water Services Delivery

Above ground asset condition data has been collected in the past and was captured in our 'confirm' asset management information system. This information can be used to compare asset condition gradings when the process of capturing data is restarted.

Officer knowledge of condition is used to plan out which pipes are renewed. Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets (years)	30	22	22
Critical Assets	Not yet identified. Framework in place	Not yet identified. Framework in place	Not yet identified. Framework in place
Above ground assets • Treatment plant/s • Percentage or number of above ground assets with a condition rating • Percentage of above – ground assets in poor or very poor condition	 15 Not currently collected Not available	 7 Not currently collected Not available	 0 Not currently collected Not available
Below ground assets • Total Km of reticulation • Percentage of network with condition grading This is based on a desktop exercise using pipe age and material and number of recorded breaks. • Percentage of network in poor or very poor condition	 849km 100% 4%	 413km 100% 4%	 237km 100% 0.1%

Above ground asset condition rating is in the operations and maintenance contract for the contractors to carry out. While this has not occurred more recently, discussions are currently underway to have the Contractor carry out this function as stipulated in the contract.

Asset management approach

In this section, Plans must briefly describe the asset management approach being used or proposed for future delivery model, including capital, maintenance, and operational programmes for delivering water services. This may include:

- *Existing and proposed service delivery mechanisms;*
- *Existing and proposed asset management systems;*
- *Supporting asset management policy or framework; and*
- *Asset management maturity assessment (if available).*

Existing Asset Management approach

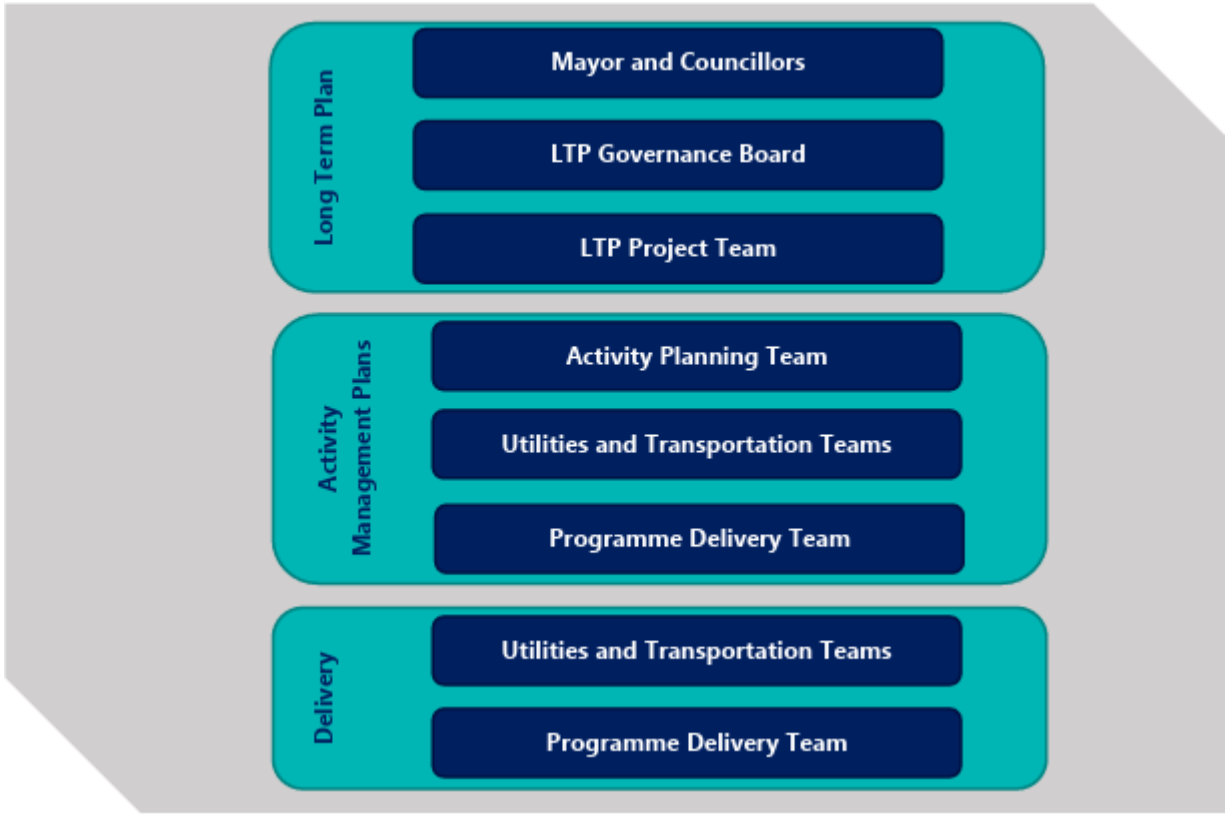
Delivery mechanisms are a mixture of in-house and external resourcing as outlined:

Water Services Function	Function Delivery Method
Asset Management	In-house (with minimal Consultant & Contractor assistance (data gathering))
Strategic Planning	In-house with assistance from consultants (e.g. modelling)
Operations & Maintenance	External Contractor managed in-house
Compliance Monitoring & Reporting	In-house
Procurement & Project Delivery	Inhouse with assistance from consultants (design and costing)

While no change is anticipated, legislative requirements may require assessment of these delivery mechanisms, and it is anticipated internal service levels agreements will be required in parts.

Asset Management Framework

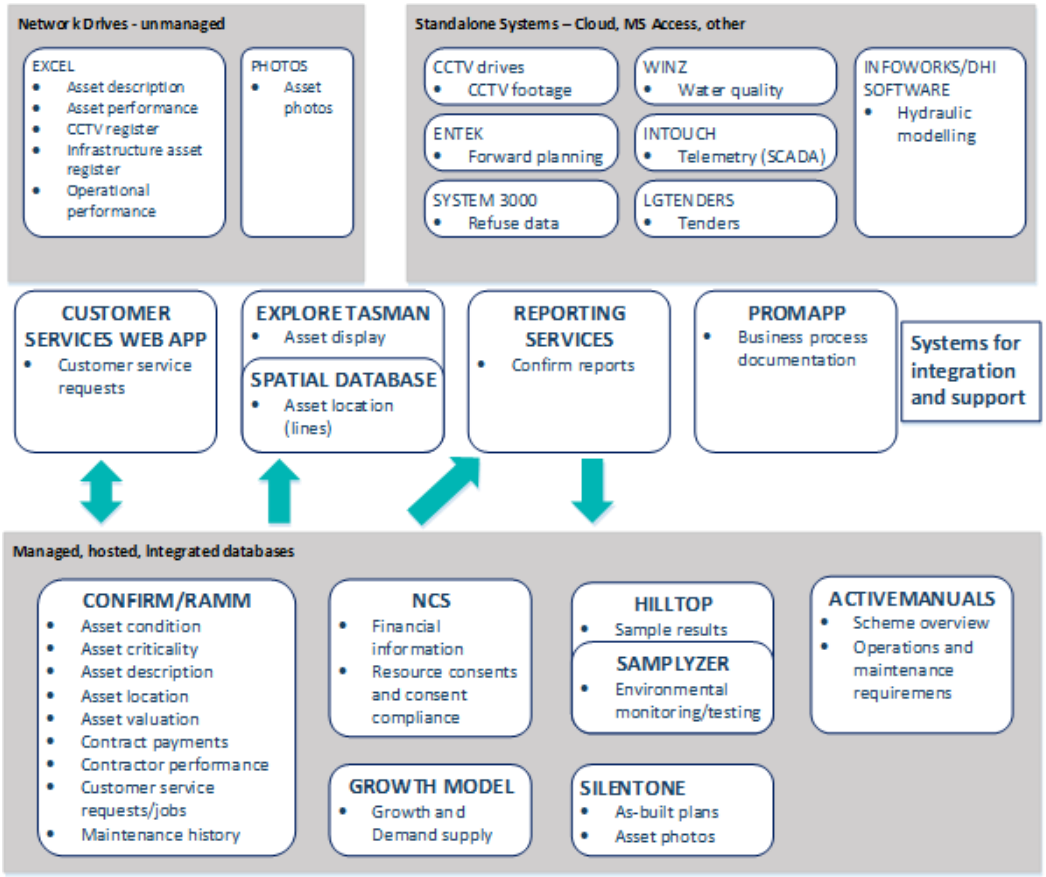
The Council has an organisational structure and capability that supports asset management planning. Multiple teams across the Council have responsibility for the different aspects of activity and asset management. The focus of the teams ranges from a strategic focus at a Long-Term Plan/Infrastructure Strategy level, which involves a cross-Council team, through to the focussed delivery of the capital projects programme and a detailed, operational focus at the Operational team level. The activity management planning function is managed by the Infrastructure Planning team. Operations and maintenance (contracts) and compliance is the responsibility of the Community Infrastructure teams, while Projects are managed by the Programme Delivery team.



Asset Management Systems

There are many individual systems that make up the asset management system. Additional and/or updated systems to the table below are:

- Water Outlook (which allows integration into The Water Services Authority's Hinekōrako system)
- MagiQ is our main financial system, Enterprise is the base system with Performance a reporting tool sitting above Enterprise



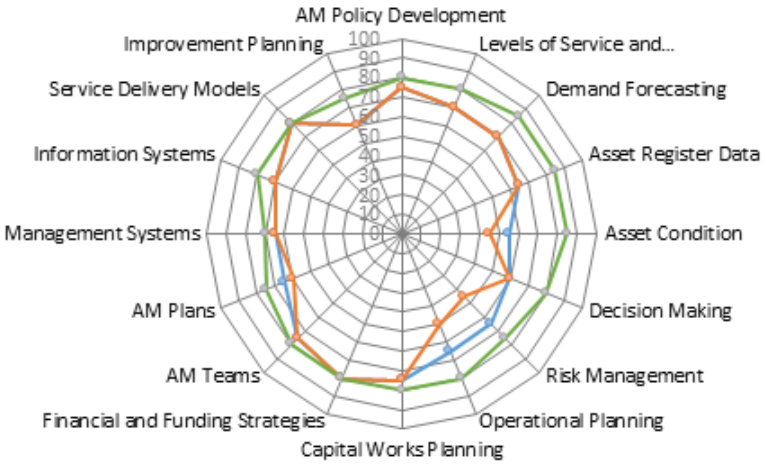
While many of these systems are standalone, many are shared with other activities of Council. These systems will be assessed to what the level of change is required, if at all to effectively ringfence the Water Services activities. Other than the financial system it is anticipated that there will be little change required. Service level agreements will be made where required systems are shared.

Appropriate Asset Management Practice Levels

In 2020, the Council reviewed its Activity Management Policy and adopted an updated version. The Policy sets out the Council's activity management objectives and appropriate levels of practice. For the Water Supply activity, the Council has determined that the appropriate level of practice to aim at is an 'intermediate level' with 'advanced level' level of practice for demand forecasting, asset register data and asset condition. The policy was updated in 2023 where water services were removed due to the impending (at the time) changes to Water Services delivery.

Maturity assessment

In 2021 the Council undertook an asset management maturity review, and targets were developed.
The maturity levels were based on the International Infrastructure Management Manual descriptions to maturity.



The figure above indicates that focus areas for improvements were Asset Register Data, Asset Condition, Decision Making, Risk Management, and Operational Planning. Improvements have been incorporated, and previously identified gaps have been addressed. Further improvements will be needed to be implemented over the next couple of years to meet the target and actions have been included in the Improvement Plan.

Asset management approach - Future State in IBU

The asset management approach, systems and delivery mechanisms will largely remain the same. Further work on Renewals profiling is required beyond the 10-year plan to account for the drop in renewals expenditure towards the end of the 10-year plan to ensure that a bow wave of renewals is not created beyond the plan. There will need to be increased emphasis on sound asset management principles and analysis that will drive the renewals programme.

Internal service level agreements have been identified in the Implementation Plan as an activity that will need to be completed to stand up the IBU, the SLAs will identify the service and charging regime appropriate for each activity, such as Infrastructure Planning that will carry out aspects of asset management as mentioned above. Time sheeting for the whole organisation is to be reintroduced this year, and this will assist in the appropriate charging of these services

Statement of regulatory compliance

The purpose of this section is to describe:

- *Any significant resource consents held by the council or councils, the type of consent, and their expiry date;*
- *Any expired consents that are currently being renewed under section 124 Resource Management Act 1991;*
- *Any active resource consent applications;*
- *Whether and to what extent water services comply with current regulatory requirements;*
- *Whether and to what extent water services will comply with any anticipated future regulatory requirements;*
- *Whether any water services are not expected to comply with current regulatory requirements or are not expected to comply with any anticipated future regulatory requirements, and if so:*
    - *A description of the actual or potential non-compliance; and*
    - *A description of how the proposed delivery model or arrangements provided under the Plan will assist to ensure water services will comply.*

It is expected that in this section, Plans will also describe how the Plan ensures that the council (or councils for a joint Plan) will meet all relevant regulatory quality standards for its water services.

Resource consent compliance

A list of consents that Tasman District Council hold for the delivery of Water Services is in Appendix A

Note that this table below may differ slightly from the Performance Measures above as they are reported at a different level of compliance e.g. non-compliance has not necessarily resulted in compliance actions (which is a Performance Measure).

Resource Management	Drinking supply schemes	Wastewater schemes	Stormwater Schemes/catchments
• Significant consents (note if consent is expired and operating on S124)	Water supply take [number] – 22 Water discharge [number] - 5 (1 to stormwater) No Expired Consents requiring a S124	Wastewater discharge water/land/air - 23 Consents, Network - 7 Schemes No Expired Consents requiring a S124	Stormwater discharge [number] - 1 Network [number] - 3 No Expired Consents requiring a S124
• Expire in the next 10 years	14	3	0
• Non-compliance:			
• Significant risk non-compliance	1	3	1
• Moderate risk non-compliance	1	1	0
• Low risk non-compliance	2	20	0
• Active resource consent applications	0	0	0
• Compliance actions (last 24 months):			
• Warning	0	0	0
• Abatement notice	0	0	0
• Infringement notice	0	0	0
• Enforcement order	0	0	0
• Convictions	0	0	0

Overview of water take and discharge compliance.

Non-compliances have been due to going over abstraction rates. These are being managed going forward and will be rectified when new resource consents are applied for. There are a number of the consents that will expire with in the 10 year LTP timeframe where the budget for applying for a new consent is included as part of a capital upgrade project while the remainder are budgeted in the operational space ($236k over the 10 years).

Overview of Drinking water compliance

Drinking water supply	
• Bacterial compliance (E.coli) • Protozoa compliance • Chemical compliance • Boiling water notices in place • Fluoridation • Average consumption of drinking water • Water restrictions in place (last 3 years)	1/15 (7%) [14/15 – refer to summary from WSA – bacterial barrier } 1/15 (7%) [10/15 have protozoa barrier] All Comply with monitoring requirements. 1 supply has had disinfection by-products present in retic 4 permanent (2025); 18 temporary - 2021 - 2024 No fluoridation 224 l per person 138 days

Water supply	Treatment Plant		Distribution zone	
	Bacterial	Protozoa	Microbiological	Residual disinfectant
Collingwood	339/366	339/366	12/12	12/12
Dovedale	2/3 & 2/274	0/3 & 0/274	12/12	2/12
88 Valley	11/12	0/12	12/12	11/12
Brightwater	364/366	364/366	12/12	12/12
Kaiteriteri	325/366	325/366	12/12	12/12
Motueka	347/366	347/366	12/12	12/12
Murchison	363/366	363/366	12/12	11/12
Pohara	267/366	329/366	12/12	12/12
Redwoods 1	0/12	0/12	12/12	12/12
Redwoods 2	0/3 & 0/274	0/3 & 0/274	12/12	11/12
Richmond (Queen)	366/366	366/366	12/12	12/12
Richmond (Champion)			12/12	12/12
Richmond (Hope)			9/9	9/9
Tapawera	360/366	353/366	12/12	11/12
Mapua Ruby Bay	352/366	352/366	12/12	12/12
Wakefield	346/355	346/355	12/12	12/12
Upper Takaka	2/4		4/4	n/a

Please find in Appendix B tables which outlines all the projects that council is investing in FY 25 – FY 28 to get the drinking water plants capable of meeting compliance with the Drinking Water Quality Assurance Rules. The planned Water services unit committee, which will be a sub-committee of council will monitor regulatory compliance and the delivery of these projects.

Water supply compliance - Table sourced from Drinking Water Regulation Report 2024 (Water Services Authority)

Table below provides the latest compliance information sourced WSA drinking water regulatory report for the Drinking Water Quality Assurance Rules 2024. There are 5 plants that require to be upgraded to be able to meet the DRWA rules.

Supply Name	Supply Population	DWSP lodged	Protozoa Barrier	Bacterial Barrier	Residual Disinfection	E.coli detections (lab notifications)	Chemical Mav exceedances (lab notifications)	Long term advisories
Brightwater	2,158	Yes	Yes	Yes	Yes			
Tapawera	400	Yes	Yes	Yes	Yes			
Mapua/Ruby Bay	2,832	Yes	Yes	Yes	Yes			
Upper Takaka	50	Yes	Yes	Yes	No	1		
Redwood Valley 1	180	Yes	No	Yes	Yes			1*
Redwood Valley 2	710	Yes	No	Yes	Yes			1*
Motueka	3,257	Yes	Yes*	Yes*	Yes			
Pohara	160	Yes	Yes	Yes	Yes			
Wakefield	2,316	Yes	Yes	Yes	Yes			
Kaiteriteri	680	Yes	Yes	Yes	Yes			
Murchison	421	Yes	Yes	Yes	Yes			
Richmond	18,630	Yes	Yes	Yes	Yes			
Eighty Eight Valley Rural	450	Yes	No	Yes	Yes			1*
Collingwood	310	Yes	Yes	Yes	Yes			
Dovedale Rural	660	Yes	No	Yes	Yes		1	1 (6yrs)

*Note the Redwood Valley 1 and 2 and Eighty Eight Valley Rural supplies long term advisories (Boil Water Notices) were not included in the 2024 reporting year and have since been added due to the lack of Protozoal treatment and in liaison with and approval by the Water Services Authority – Taumata Arowai. Also, that the Motueka Supply does now have bacterial and protozoal treatment barriers.

With reference to the LOS and drinking water regulation report 2023 the following outlines the plans to address any compliance matters:

- the Motueka scheme has been reconfigured and upgraded and now meets the DWQA rules, work was completed June 2025.
- There is funding in the 10-year plan to undertake upgrades to meet the DWQA rules for all schemes, this includes but is not limited to scada and system upgrades, maintenance works, UV and filtration installations and residual disinfection.
- The schemes specified below are not able to comply with the DWQA rules because of missing contamination barriers and until such time as they are compliant, they are subject to boil water notices as directed by Water Services Authority - Taumata Arowai.

Scheme	Investment Plan	Compliant by 30 June 2028
Redwood 1 and 2	Neither scheme has a barrier to protozoa contamination. Redwood 1 and 2 schemes will be rationalised into a single source and treatment plant which will meet the DWQA rules by including all required barriers to contamination. (serves a population of 890)	Yes – works to be completed during 2027 (Budget approx. $10.1m).
Eighty Eight Valley Rural	The scheme does not have a barrier to protozoa contamination. Scheme to be reconfigured and connected to the Wakefield and Brightwater schemes which are compliant and meet the DWQA rules (serves a population of 450)	Yes – works to be completed mid-2027 (Budget approx. $16.6m (not all exclusively for this water supply)).
Dovedale Rural	The scheme has no barrier to protozoa contamination and effectiveness of chlorine as a bacterial barrier is limited due to poor source water quality. The 10 year plan provides funding for investigations into a new more reliable and higher quality water source. There are a number of challenges with this scheme – finding a new source, obtaining easements and access in relation to a new source, treatment – whether utilising the Mixed-use Rural Acceptable Solution provided for under the Water Services Act or full centralised treatment aligning with the Drinking Water Quality Assurance Rules	Yes – this work is scheduled to be undertaken prior to 30 June 2028 (Budget approx. $7m).

All other schemes	All treatment plants have protozoa and bacteria barriers. Non-compliance is mostly concerned with interruptions to communications between treatment plants and SCADA caused by power outages, communication system outages or minor instances of short apparent low UV dose during very short water production runs. Any instance of a minor non-compliance with one or more of the myriad of rules affects the overall compliance status with regard to the DWQA but does not necessarily equate to unsafe water.	Improvements to communication systems are being addressed wherever possible but loss of data or comms can often be out of the control of Council. Kaiteriteri – capital project underway to address short spikes in turbidity on pump startup which can affect protozoa and bacterial treatment plant compliance (Budget approx. $900k). Tapawera – capital programme in place to replace ageing bores, build new treatment plant to incorporate greater resilience to periods of elevated groundwater turbidity or disinfection equipment failures (Budget approx. $2.2m). Murchison - capital project to renew water treatment plant processes and equipment to improve compliance and resilience (Budget approx. $2m) Waimea Water Strategy – implementation to occur prior to 2030. This will combine Brightwater, Wakefield and 88 Valley schemes into one and remove the existing source water vulnerabilities to storm events (Budget approx. $30m over 10 years).

Overview of wastewater compliance.

Council has 24 non-compliances with wastewater resource consents, these were issued primarily for going over consented discharge rates and for excess nitrogen in effluent discharge. Investment is planned and underway for three of the main non-complying facilities to improve compliance as outlined below.

Whilst Council has no compliance actions with resource consents there is funding (approx. $330m) to continue to improve compliance obligations, cater for growth and climate change requirements.

Motueka WWTP

The Motueka Wastewater Treatment plant is currently undergoing a upgrade to improve compliance which included installation of UV treatment. The plant has experienced seasonal non-compliance with nitrogen. A resource consent change is being considered to better reflect and enable compliance with nitrogen as current condition is impractical and not achievable in current state. The Council's resource consents team has been notified, and the water services team is working towards amending this condition.

The Council are aware that these upgrades will be taking place whilst wastewater performance standards are being developed. Council will be monitoring the status of the standards and if appropriate will fact these into any future upgrades, noting the consents do not expire until 2034.

Takaka WWTP

The Takaka wastewater plant is undergoing interim improvements to maintain compliance. Works have been completed on the rapid infiltration beds, and further work is scheduled for filtration and nitrogen management. Future work is funded and scheduled for 2029-2035 to cater for growth and resilience.

The Council are aware that these upgrades will be taking place whilst wastewater performance standards are being developed. Council will be monitoring the status of the standards and if appropriate will factor these into any future upgrades, noting the consents do not expire until 2038.

Collingwood WWTP

The Collingwood wastewater plant has recently undergone some minor interim improvements to manage flows into the plant e.g. control valves etc.

NSRBU consents for wastewater:

- consents associated with the wastewater treatment plant and its discharges
- consent to spray bio-solids; and NRSBU is bound to comply with all government acts and regulations.
- **All consents are fully compliant**

Overview of Stormwater compliance

We are mostly complaint with our stormwater global consents and are continuing to progress Catchment Management Plans (CMPs) at a rate that should catch up with the final consent CMP completion deadline. The consents will need to consider the changes to the legislation as it applied to the delivery of stormwater services.

Future Arrangements:

With increasing regulation, we see the need for additional resource to meet the increasing compliance demands. Two additional compliance officers are included in the financials as part of this Water Services Delivery Plan.

Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements

In this section, it is expected that Plans will highlight significant capital projects included in projected investment requirements. Significant projects are those that will achieve compliance, LOS, and enable growth. They should also include significant renewals and upgrades of the networks.

This section should include projects that may not currently be identified in the Long-Term Plan but are deemed to be a significant project over the following 20 years.

In this section, Plans must provide details on the capital expenditure required (for a period of not less than 10 consecutive financial years starting with the 2024-25 financial year) to deliver water services and ensure that water services comply with regulatory requirements.

In describing the capital expenditure required over 10 years to deliver water services, it is expected that councils will ensure that the level of investment:

- *Meets existing and proposed levels of service;*
- *Enables the operation, maintenance and renewal of network assets;*
- *Meets regulatory requirements; and*
- *Provides for growth to the extent it supports the council's housing growth and urban development, as specified in the council's current Long-Term Plan.*

Councils may refer to their 30-year Infrastructure Strategy, where proposed investment outside of the 10-year Plan period will respond to or have a material impact on the matters set out in the bullet points above.

Councils are encouraged to comment on:

- *How the proposed investment leads to an uplift (or maintains) the current level of service; and*
- *Benefits to communities from the proposed level of investment in terms of levels of service, compliance with regulatory requirements and providing for growth.*

Levels of Service

Council largely meets the required levels of service, with the exception of drinking water compliance. As outlined earlier, the capital programme includes projects specifically aimed at addressing these issues and achieving compliance with the Drinking Water Quality Assurance (DWQA) framework. It should be noted that the drinking water compliance rules are complex and failure to achieve full compliance 100% of the time with every rule results in an assessment that a water supply is non-compliant with the rules. The distinction between *absolute* compliance and with provision of safe drinking water needs to be recognised.

There are also a few minor non-compliances related to wastewater overflows, primarily due to maintenance issues, which have now been resolved.

The investment plan seeks to maintain current service levels over the 10-year planning period.

Renewals

The average age of the assets is as follows:

- Drinking water: 30 years
- Wastewater and stormwater: 22 years

This reflects a relatively young network that does not require significant renewals within the next 10 years. The renewals programme decreases gradually from FY2024 to FY2030, with a stepped reduction for the final three years of the planning period. This profile accounts for resourcing capacity, as several major treatment plant upgrades are scheduled for FY2030–2034.

There have been minimal failures across the network, which is consistent with the young age and strong performance of existing infrastructure. Consequently, renewals investment is currently below depreciation, but this is considered appropriate given the age and condition of the assets.

While renewal investment is lower it is expected to escalate beyond FY2033/34. This trend is reflected in the Long-Term Infrastructure Strategy and supporting Activity Management Plans (AMPs).

Stormwater renewals are not included in the 10-year investment plan, as most stormwater assets are relatively young and not expected to require replacement within this timeframe.

Over the 10-year period from FY2024/25 to FY2033/34, the Asset Sustainability Ratio remains negative, ranging from -29.2% to -77.5%, indicating that renewals investment is below depreciation. It is noted that the LGA and OAG have an expectation that depreciation is fully funded.

The proposed levels of renewals investment have been determined using:

- Risk-based prioritisation, focusing on critical and deteriorating assets
- Alignment with the AMP, which sets renewals based primarily based on age and service levels
- Consideration of project integration, where renewals may be deferred to align with upgrade works, thereby reducing lifecycle costs

This approach ensures that renewals are strategically targeted and cost-effective, rather than applying a blanket replacement policy based on average depreciation.

This approach aligns with:

- The Infrastructure Strategy and the AMP
- The Financial Strategy, which balances affordability and long-term sustainability

While the Asset Sustainability Ratio is currently negative, the Council's asset management approach is designed to adapt as the asset base ages and respond to LOS. Future investment plans will scale up renewals in line with condition assessments (funded Yr 4 onwards) and service continuity needs.

Regulatory compliance

Part B of this Plan outlines regulatory compliance for water supply, wastewater, and stormwater services. Investment to resolve all outstanding significant compliance matters is included in the 10-year plan and will be completed by 30 June 2028.

Growth

The investment plan accommodates anticipated growth as outlined in the AMP's, Long Term Plan (LTP), and the Infrastructure Strategy.

This section requires the population of the following summary table of projected investment requirements.

Projected investment in water services	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water										
Capital expenditure - to meet additional demand	1,735	5,271	3,605	6,772	5,189	5,248	6,904	3,715	1,895	484
Capital expenditure - to improve levels of services	5,630	6,589	8,705	12,577	8,139	4,920	5,434	4,287	1,985	489
Capital expenditure - to replace existing assets	5,437	3,976	8,028	6,816	4,884	6,378	3,788	3,160	3,227	3,292
Total projected investment for drinking water	**12,802**	**15,836**	**20,338**	**26,165**	**18,212**	**16,546**	**16,126**	**11,162**	**7,106**	**4,265**
Wastewater										
Capital expenditure - to meet additional demand	6,220	5,169	2,881	10,526	16,876	14,707	13,888	20,782	24,045	28,992
Capital expenditure - to improve levels of services	7,026	8,204	2,657	7,792	11,194	9,041	6,420	31,657	58,319	62,589
Capital expenditure - to replace existing assets	3,643	4,071	11,361	4,650	6,226	6,152	4,735	3,079	4,188	4,375
Total projected investment for wastewater	**16,889**	**17,444**	**16,898**	**22,969**	**34,296**	**29,900**	**25,043**	**55,517**	**86,553**	**95,956**
Stormwater										
Capital expenditure - to meet additional demand	7,704	9,778	6,738	4,104	4,142	7,899	11,536	17,106	4,868	3,189
Capital expenditure - to improve levels of services	3,054	3,694	2,981	1,467	1,606	1,700	2,249	3,608	2,724	2,663
Capital expenditure - to replace existing assets	1,684	2,609	4,600	0	0	0	65	66	0	0
Total projected investment for stormwater	**12,441**	**16,081**	**14,319**	**5,571**	**5,748**	**9,599**	**13,850**	**20,779**	**7,592**	**5,852**
Total projected investment in water services	**42,132**	**49,361**	**51,556**	**54,704**	**58,256**	**56,044**	**55,019**	**87,458**	**101,251**	**106,073**

Historical delivery against planned investment

To demonstrate delivery against planning investment, councils are requested to disclose historical actual investment spend on water services infrastructure against planned investment.

Delivery against planned investment	Renewals investment for water services				Total investment in water services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	24,673	42,741	24,950	92,364	42,132	106,718	69,764	**218,614**
Total actual investment	23,589	55,181	31,869	110,639	33,783	133,403	66,366	**233,552**
Delivery against planned investment (%)	**95.6%**	**129.1%**	**127.7%**	**119.8%**	**80.2%**	**125.0%**	**95.1%**	**106.8%**

Councils are encouraged to confirm if:

- *The level of investment that was delivered against what was provided for in the relevant Long-Term Plan;*
- *Any constraints on delivery that impacted historical actual investment;*
- *Any steps taken to improve future delivery against the Plan; and*
- *Peaks in future years and approach to accommodate and deliver on the planned investment.*

Our organisation understands the importance of delivering what we include in our annual and long-term plans. In the 10 year plan average investment for the first 4 years is approximately $49.4 million per year, this is an additional $15.4 million than what has been delivered in FY 24/25. The plan then steps up in FY28-29 – FY30/31 averaging $56.4 million per year and then it is approximately $87.5 million in FY31/32 and then $101.3 million and $106.0 million for the last 2 years respectively. Council is confident that they can deliver on the increased programme, particularly as $33.8 million was delivered in FY24/25 and that programme was heavily impacted by several factors such as emergency management events and resources redirected onto LWDW activities. There is 4 years to optimise the programme and plan for increased resourcing to deliver on the increased programme commencing from FY28, noting that the increase in the later years is due to significant treatment plant upgrades, which will rely heavily on external resources. Also, to accommodate the increased programme from Year 5 onwards the renewals programme has been scaled back over the same period, allowing resources to be redirected toward priority upgrade projects, this approach will not negatively impact on the renewals programme moving forward.

The capital programme includes targeted projects that will address outstanding compliance issues and ensure the Council meets the requirements for financial sustainability by 30 June 2028.

The capital activities are delivered through two key mechanisms namely:

- An ongoing capital delivery programme managed by Council's in-house Programme Delivery team
- Specific tasks carried out using Council's long term operations & maintenance contract with Downer

The Waters team (who will form the in-house Water business unit) prepares project briefs which are passed on to the Programme Delivery team who monitors the life cycle of all of the individual projects which are linked back to the LTP with each activity allocated to a separate project manager. Council includes

contingencies within the project budget estimates as appropriate and the contingencies are monitored and assessed as the projects move through the project lifecycle, tender, design and physical work stages.

The concept through to final design is typically carried out by one of councils panel of consultants (Beca, Stantec, WSP and Tonkin & Taylor) who have well staffed offices in the Nelson region. Council's procurement team will use the appropriate procurement method to enter into a contract with typically one of the region's contractors. Apart from Downer and Fulton Hogan we have an approved register of multiple other capable construction firms based in our region who have to pass our minimum standards of health & safety etc.

Through experience we have identified a core number of delivery risks to achieving our programme which include land purchase, consenting and sensitive cultural matters. Our long term aim is to get ahead of the programme so that we have completed design projects available to fill a gap left when, for example, a project stalls because of a consenting issue. We are not quite there yet but we have significantly improved our delivery capability by separating the asset managers (the in-house clients) from the programme delivery and procurement teams.

Progress against the capital programme will be monitored through reporting to the planned Water Services Committee, to ensure that resources and funding remain aligned with delivery objectives and that the necessary compliance upgrades are completed on time.

Additional guidance for Statement of Regulatory Compliance

Regulatory compliance includes meeting drinking water standards, resource consents for water takes and discharges, wastewater discharge consents (land, air, odour amongst others), stormwater discharge consents and network consents (do not include land use consents or temporary structure consents).

Current or future regulatory requirements includes:

- *When a system is nearing non-compliance or experiences frequent non-compliance with conditions (for example, nearing level of service, capacity constraints) and consent unlikely to be renewed in current form without investment in water services assets, and systems.*
- *Existing consents may have been in place for many years, and it is expected when they are renewed that regulatory requirements are likely to be changed significantly to align with newer consent conditions.*
- *Existing consent conditions are unlikely to meet community or iwi expectations therefore will need to be amended to accommodate.*

Confirm if:

- *You are delaying wastewater consent replacements and waiting for new regulatory wastewater standards;*

No – We have no consents requiring replacement for wastewater discharges for the next 7 years

- *There are any issues with water take/source consents or implementation of water safety plans and associated improvement works (for example, need new water source);*

Yes – Dovedale – Finding a new water source is proving to be problematic. Further Investigations are underway to source water from near the Motueka River. This project is fully funded for in the first 4 years of the LTP.

- *The investment plan includes fluoridation installation or associated upgrades, (under the Health Act 1956).*

No – There is no current directive from the Ministry of Health to install fluoridation on any of Tasman District Council water supplies.

Part C: Revenue and financing arrangements

Revenue and charging arrangements

Charging and billing arrangements

It is expected that this section will describe how consumers will be charged for water services, including:

- *How water services are currently charged for each supply scheme/catchment;*
- *How water services are proposed to be charged for each supply scheme/catchment;*
- *Any changes between current and future charging mechanisms; and*
- *How the revenue from water services will be separated from the council's other functions and activities.*

The current charging mechanisms are detailed in Tasman District Council's Long Term Plan 2024–2034, within the Revenue and Financing Policy. A summary of the 2024/25 charges is provided below.

Stormwater

Stormwater is funded via a targeted rate with a differential structure.

For every $100 collected:

- $10 is paid by all ratepayers across the district
- $90 is paid by ratepayers within the Urban Drainage Area, as defined in the LTP

The rate is based on the land value of each property.

Note: No changes are anticipated to the stormwater charging mechanism in the foreseeable future. However, Funding will be reassessed now that the Local Government (Water Services) Bill is enacted and when further regulatory guidance is received.

Council already operates a closed account for all targeted rates, as such Council will continue to this with the in-house model

Wastewater

Wastewater is also funded via a targeted rate, with charges based on the number of toilet pans on a property. Charges fall into three bands:

- First toilet
- 2–10 toilets
- More than 10 toilets (with diminishing charges per additional pan)

This charging mechanism is expected to remain unchanged under the in-house delivery model.

As with stormwater, wastewater operates under a closed account structure, which will continue.

Nelson Regional Sewerage Business Unit (NRSBU)

Details regarding asset ownership, governance, and operational responsibilities for the NRSBU are outlined in Section B.

No changes are expected to the current charging arrangements in the short term. These will, however, be reviewed once legislation is enacted and guidance on economic regulation is provided.

Water Supply

Water services are funded through multiple targeted rates, depending on the scheme and customer category. These include:

Urban Water Supply (excluding Motueka and industrial agreement holders)

- Metered connections – volumetric charge
- Metered connections – service charge
- Rural connections to urban supplies

Motueka Water Supply

- Metered connections – volumetric charge
- Metered connections – service charge

Rural Water Supply Connections

- Dovedale Rural Water Supply
    - Dovedale Differential A
    - Dovedale Differential B
- Redwood Valley Rural Water Supply
- Eighty Eight Valley Rural Water Supply
    - Variable charge
    - Service charge
- Hamama Rural Water Supply
    - Variable charge
    - Service charge
    - Fixed charge (based on land value)

Water Supply – Firefighting

- Motueka Firefighting Supply
- Tākaka Firefighting – Capital Costs
    - Tākaka CBD Differential
    - Tākaka Residential Differential
    - Tākaka Balance of Golden Bay Ward Differential
- Tākaka Firefighting – Operating Costs

As with other water services, these charges are managed through closed accounts, and this structure will be maintained under the in-house model.

Waimea Community Dam (WCD)

The Waimea Community Dam provides an augmented water flow in the Waimea River system and this recharges the associated aquifers, which are drawn upon to supply water to the urban network.

Waimea Water Limited is a CCO operating a PPP. It is jointly owned by Tasman District Council and Waimea Irrigators Limited. The CCO was formed to oversee the construction, operation, and maintenance of the Waimea Community Dam.
Waimea Water Ltd recovers it costs through quarterly water charges to Council and Waimea Irrigators Ltd.

All revenue gathered by the Council in relation to its share of costs for the operation and management of the WCD CCO - will transfer to the in-house water services business unit.
In the dam funding model, 30% of costs were allocated to maintaining the necessary environmental flows in the river. This investment allows the increased extractive capacity from the aquifers.
This cost is currently funded through two targeted rates:

- A district wide fixed charge on all properties (70% of the environmental flow cost)

- A targeted rate based on land value in the "Zone of Benefit" (30% of the environmental flow cost). Due to their closer proximity to the benefits from the dam.

It is envisaged that there will be no change to the governance, funding or management of the WCD CCO. Tasman District Council operates closed accounts for activities funded by targeted rates. As such we will continue to do this with the inhouse model for the Water activity.

Water services revenue requirements and sources

It is expected that this section will summarise the:

- *Revenue requirements under the Plan;*

  See Section D
- *Sources of revenue – household charges (rates and volumetric charges) and other revenue sources (including user charges/fees, Development Contributions, capital/operating subsidies and grants, and other income);*

  As above and below
- *Where a water services organisation is to be established, whether it is proposed that the water services provider will directly charge consumers or whether charging and billing will be undertaken by council and passed through to the water services provider; and*

  Not Applicable
- *Charging and collection methodology – for residential and non-residential consumers.*

  As above and below

Existing and projected commercial and industrial users' charges

It is expected that this section will summarise the:

- *Current charging and collection methodology for water services – for residential and non-residential consumers; and*
- *Projected charges for residential households on average over the 10-year period.*

Water – Industrial Users

Tasman District Council currently charges two major industrial water users:

- T&G Processed Foods Ltd
- The Allied Group Ltd

In addition, Tasman charges for water usage by industrial users in the Whakatu Estate, which is located within the Nelson City Council catchment.

Council also charges Nelson City Council (NCC) for residential water usage by users located on the north side of Champion Road, which lies on the boundary between Tasman and Nelson.

All revenue collected from these users is treated as a fee or charge, not a targeted rate.
Charges are calculated using the Council's comprehensive financial modelling framework, which ensures consistency with the Revenue and Financing Policy.

Wastewater

Tasman District Council also charges commercial and industrial users for the discharge of trade waste into the wastewater network.

Charging Framework

The fee schedule for trade waste outlines the financial obligations for businesses and facilities that discharge non-domestic wastewater. It includes:

- Fixed charges: Annual or temporary fees for particular trade waste activities
- Variable charges: Based on specific waste characteristics, including:
  - Volume

- Suspended solids
- Biological oxygen demand (BOD)
- Other relevant contaminant loads

Pan Charge Offsets

In situations where trade waste flows are combined with domestic wastewater, the Council allows for pan charge offsetting. This ensures that customers are not charged twice for wastewater treatment (once via the pan charge and again for the trade waste component).

Discharge Classification

Trade waste operators are responsible for determining whether their discharges are:

- Separated from domestic flows, or
- Combined with domestic flows

This classification affects how charges are calculated and applied under the Council's trade waste bylaws.

A clear understanding of wastewater composition, flow volumes, and discharge characteristics is essential for accurate forecasting of charges and for compliance with Tasman's Trade Waste Bylaw.

Category	**Charge Type**	**Fee (NZD)**
Conditional Trade Waste Activity	Temporary Discharge	$206.00
	Grease Converter Annual Charge¹	$206.00
	All Other Conditional Trade Waste Activities (Annual)	$583.00
Conveyance and Treatment Charges	**Parameter**	**Rate**
	Volume	$2.39 / m^3
	Five-day Biochemical Oxygen Demand (BOD_5)	$2.61 / kg
	Chemical Oxygen Demand (COD)	$0.16 / kg
	Total Suspended Solids (TSS)	$1.65 / kg
	Total Kjeldahl Nitrogen (TKN)	$2.05 / kg
	Total Phosphorus (TP)	$0.89 / kg

The affordability of projected water services charges for communities

In this section, it is expected that councils will comment on:

- *Affordability considerations and constraints, including the community's ability to pay projected water services charges; and*
- *Average water charges per connection as a percentage of median household income.*

Affordability remains a key consideration for Tasman District Council due to several underlying factors:

- The presence of communities with high levels of socio-economic deprivation
- A significant proportion of ratepayers on fixed retirement incomes

These conditions create particular pressure on the community's ability to absorb increased water services charges over time.

International guidelines suggest that water user charges are considered affordable when they fall between 2–3% of median household income. However, based on current financial modelling, the 30-year capital programme for water services is projected to result in average charges equivalent to 2.6% to 5.0% of median household income.

While this exceeds the commonly accepted affordability threshold, the figures reflect long-term capital investment needs. These projections are subject to ongoing review and refinement to ensure a balance between service levels and affordability.

The projections are partially offset in affordability terms for the community by the balance of Council's activities getting the benefit of the portion of dividends (from our joint Port Nelson and Nelson Airport holding CCO) that were previously used in the Water Services space, being redistributed to the balance of Council's activities.

The following table illustrates the projected average water charges per connection as a percentage of median household income over time.

Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	1,217	1,384	1,589	1,773	1,898	1,943	2,034	2,102	2,135	2,188
Average wastewater bill (including GST)	645	964	1,167	1,418	1,521	1,615	1,736	1,827	2,017	2,380
Average stormwater bill (including GST)	406	459	517	584	597	595	620	626	627	645
Average charge per connection including GST	2,268	2,806	3,272	3,775	4,016	4,154	4,389	4,555	4,780	5,213
Projected increase	0%	23.7%	16.6%	15.4%	6.4%	3.4%	5.7%	3.8%	4.9%	9.1%
Projected number of connections	14,700	14,947	15,198	15,454	15,713	15,977	16,246	16,519	16,796	17,078
Projected median household income	87,575	89,327	91,113	92,935	94,794	96,690	98,624	100,596	102,608	104,660
Water services charges as % of household income	**2.6%**	**3.1%**	**3.6%**	**4.1%**	**4.2%**	**4.3%**	**4.5%**	**4.5%**	**4.7%**	**5.0%**

Note: Industrial users (Whakatu Estate, Nelson City Council and out two industrial users) are excluded from this calculation, as their water usage is significantly higher and charged on a volumetric basis, which is not directly comparable to typical residential use. Note rural properties that receive potable water are included in the residential charges.

While Council does not currently differentiate between commercial and residential properties for water charges, we have used a method to estimate the split. Council has identified 1,403 users who pay for two or more pan charges. If it is assumed these users are commercial, reallocating their costs could reduce the water charge burden on residential ratepayers. This adjustment will help regarding water pricing.

The Council acknowledges that water services costs are high. However, these costs are consistent with the 2024–2034 Long Term Plan, which was assessed by auditors as being financially sustainable.

Council has analysed 'all of Council' rates revenue from around NZ. The analysis brings together Territorial Authorities and Regional Council (and Unitary Council's such as Tasman District Council) and compared them in term of rates revenue per rating unit. The average is $3,863 per rating unit and Tasman District Council is at $3,668 per rating unit, just below the average in comparison to the other 61 Territorial Authorities that we compared ourselves too (that we have data for).

The Council believes that delivering water services through an in-house business unit (IBU) is both financially sustainable and affordable. This is supported by the overall strength of the Council's balance sheet, as well as by additional non–water services revenue streams that provide financial flexibility.

Historically, the Council has had a high dollar rates base, reflecting the unique structure of the district, which comprises 17 separate communities. This structure requires substantial and distributed investment in water services infrastructure, resulting in higher baseline costs than those faced by many other Councils.

The Council remains committed to monitoring the affordability of water services and will continue to explore options to mitigate cost impacts, including:

- Targeted assistance for vulnerable households; and
- Phased delivery of capital works to spread costs over time

The increases in the table above are indicative, when they become more real the Council will be consulting with the community about the level of increase. The feedback will be considered by the Council and the fee will be set accordingly. Noting that the Commerce Commission will also have oversight of the setting of the annual fee/rate.

Funding and financing arrangements

Funding and financing arrangements

Water services financing requirements and sources

It is expected that this section will describe:

- *Projected borrowing requirements over the 10-year period to deliver the level of investment required;*

  Borrowing is projected to peak at $441M in year 10 of Council LTP as level of investment grows to meet our regulatory requirements. The later years of the LTP have large capital investment increases due to two Wastewater Treatment Plants requiring replacement/relocation.

- *Minimum cash and working capital requirements for the sustainable delivery of water services;*

  To ensure the sustainable delivery of water services, Tasman District Council maintains prudent levels of cash and working capital. These reserves are guided by the Council's Treasury Policy, which sets minimum liquidity thresholds to meet operational needs and buffer against unforeseen financial pressures.

  The Council uses a combination of funding sources to finance water services, including debt (primarily for new or upgraded infrastructure), partially funded depreciation (for renewals), development contributions (growth-related capacity), and external capital contributions and reserve funding. This mix supports intergenerational equity by aligning funding with asset life and ensuring that those who benefit from infrastructure investments contribute appropriately.

  Our working capital is monitored daily to ensure we have sufficient liquid assets to meet our obligations in terms of payments to suppliers.

- *Borrowing limits for water services and all council business;*

  Council operates within borrowing limits defined in its current Financial Strategy and its 2024 Treasury Risk Management Policy (including Liability Management and Investment policies). These include a net debt-to-revenue ratio cap, annual debt servicing limits, and liquidity coverage ratios. Borrowing limits apply to total Council debt at the parent level, including water services, and are structured to maintain long-term financial sustainability and creditworthiness.

- *Whether projected borrowings are within borrowing limits;*

  Projected borrowings for water and other infrastructure remain within the Council's established borrowing limits over the 10-year horizon. While gross debt levels are expected to rise in line with investment needs, they are actively managed to ensure compliance with policy thresholds and to retain borrowing headroom. Council's established borrowing limits are a net debt to revenue ratio of 160% which is below those in our own treasury policy and those set by the LGFA. This means we do have new debt headroom for unforeseen events.

- *Financial strategy for financing water services investment and operating expenditure;*

  Council adopts a prudent and sustainable approach to debt and funding, recognising the need to support infrastructure development, particularly in a high-growth environment. This section outlines key elements of the Council's financial strategy in relation to water services and overall debt management.

  Over the next 10 years, Council expects to undertake significant investment to maintain and expand water infrastructure, aligning with projected growth across the district. Borrowing will be required to fund a portion of this investment, especially for new assets associated with growth and service improvement. The level of borrowing will be determined through the Long-Term Plan (and future Water Services Strategy) and reviewed regularly to reflect changes in project scope, timing, and funding availability.

Debt servicing, including both interest and principal, is funded through targeted rates, general rates and fees & charges. Renewal projects are generally funded from depreciation reserves, while growth and level-of-service improvements are typically debt-funded. Council's approach ensures that debt repayment aligns with asset life and that repayments are manageable for current and future ratepayers.

Operating costs are all funded from targeted rates and fees & charges from within the water services. There is a one for one relationship between operational spend and targeted rates. A such they are fully funded.

- *Expected tenor of new borrowings and how interest rate and refinance risk will be managed; and*

Council funds its Balance Sheet as a whole. Individual activities are funded by internal loans these are typically P & I loans for 20-35 years with internal interest rate reviewed quarterly based on Councils weighted average cost of borrowing.

Interest rate and refinancing risks are actively managed through the Council's Treasury Risk Management Policy , which includes spreading maturity profiles, using interest rate swaps, and maintaining access to diverse funding sources, particularly the Local Government Funding Agency (LGFA). As a shareholder in the LGFA, Council benefits from favourable borrowing terms compared to commercial alternatives.

It is expected that the Treasury Risk Management Policy will need to be tweaked to account for the ringfencing of the water services. We await the detail to see if other changes may be required e.g. an internal treasury function for water services.

- *Debt repayment strategy.*

It is also important to note that Council's overall approach to treasury management remains stable and is not expected to change significantly in the medium term. The existing 2024 Treasury Risk Management Policy (including Liability Management and Investment policies) provides a robust framework for managing borrowing, liquidity, and risk, which supports the sustainable delivery of water and other Council services.

Internal borrowing arrangements

It is expected that this section will summarise:

- *Any current internal borrowing arrangements between water services and other council business, including whether finance costs are charged on these arrangements and repayment mechanics;*

  Tasman District Council operates an internal treasury function, through which all water services activities—water supply, wastewater, and stormwater—are funded. This centralised treasury model allows for efficient management of Council's overall borrowing and liquidity requirements.

  When necessary, the internal treasury function sources funding from the external market to meet borrowing needs, including those related to water services activities. These decisions are made based on both the specific funding requirements of water services projects and the broader cash flow needs of the Council.

  Council ring-fences all water services activity finances, ensuring that loans associated with each area are directly attributed to the respective activity. The only exception to this approach has been the Waimea Community Dam, for which concessional external borrowing from CIIL was arranged specifically.

  Under this internal model, the water services activities are charged an interest rate that reflects the weighted average cost of external borrowing. This includes credit margins and any other relevant costs. Interest rates applied to internal borrowing are approved through the Long Term Plan (LTP) process and reviewed quarterly for the current year and annually for budgeting purposes. The maximum term for internal borrowing arrangements is normally 20 years but up to 35 years for long life assets can be approved.

- *Whether it is proposed that internal borrowing arrangements will be used up to 30 June 2028;*

  Yes.

- *Whether it is proposed that internal borrowing arrangements will be used beyond 30 June 2028; and*

  Tasman intends to continue using this internal treasury approach within the in-house model currently being adopted for the management of water services. This model will remain in place through to 30 June 2028 and is expected to continue beyond that date.

- *How internal borrowings will be managed to ensure compliance with ringfencing requirements.*

  See above

Determination of debt attributed to water services

It is expected that this section will describe:

- *How debt allocated to water services on 30 June 2024 was determined; and*

  The majority of the revenue collected for the water services activities is generated through targeted rates. For water and wastewater services, we also collect some revenue via fees and charges. Due to the use of targeted rates, Tasman has maintained separate closed accounts for water services activities for at least the past 20 years.

  We operate an internal treasury function, which ensures that internal debt raised for new capital projects is appropriately allocated to the corresponding water services activity. All capital expenditure is subject to a funding rule that determines the appropriate source of funding. The vast majority of capital investment in the water services activities is funded through development contributions, new loans, or the application of available depreciation funding.

  Given the long-standing use of closed accounts for water services, the transparency of targeted rates, and the associated annual audits conducted by Audit New Zealand, we are confident that the balances as of 30 June 2024 accurately reflect the internal borrowings associated with these activities.

- *The total value of water services borrowings and the net debt to operating revenue calculation on 30 June 2024.*

  Water services activity debt levels are currently kept separate for each activity and are ringfenced. Water services debt will continue to be accounted for in this manner going forward. The total value of the water services borrowing and the Net Debt to Operating Revenue as at June 2024 is:

Activity	Amount	Net Debt to Operating Revenue
Drinking water	82,928	387.2%
Wastewater	33,776	238.5%
Stormwater	28,093	467.6%
Total	**144,797**	**349.0%**

Insurance arrangements

This section should:

- *Confirm that the asset owning organisation in the proposed service delivery arrangement will hold the necessary insurance **policies;***

  Yes they will be holding the necessary insurance policies.

- *Describe whether annual insurance risk assessments are undertaken – and if not annually, when the last review of insurance cover was completed;*

  Yes. Council undertakes an annual review and engages with our brokers around coverage and asset value.

- *Describe whether risk evaluation and assessment identifies probability of loss and cost under scenarios (distinguishing between above and below ground assets); and*

  Tasman undertakes comprehensive risk evaluation and assessment processes for its water services infrastructure. These assessments include the identification of both the probability of asset failure and the potential cost of loss, based on a range of scenarios.
  Key distinctions are made between:

  - Above-ground assets (e.g., pump stations, reservoirs, treatment plants), which are more susceptible to damage from weather events, vandalism, and fire.
  - Below-ground assets (e.g., water mains, wastewater and stormwater pipes), which are exposed to risks such as seismic activity, land movement, and gradual degradation over time.

- Risk assessments are integrated into the asset management planning cycle and inform both renewal strategies and capital investment priorities. They also support decisions around insurability and resilience planning.

- *Describe the level of insurance cover for the network, including the basis for valuation of water assets and how insurance cover is calculated for insurable water services assets.*

  Tasman holds insurance for its insurable Water services assets, with cover generally focused on significant above-ground infrastructure. Below-ground assets are typically not insured, due to the high replacement cost and the low probability of widespread simultaneous failure. However, there is cover for Council's share (40%) in the case of a natural disaster.

  Basis of Valuation: Insurable water assets are valued on a replacement cost basis, in accordance with asset management and financial reporting standards.

  Insurance Calculation: Insurance coverage is determined using a combination of asset valuations, risk exposure assessments, and insurer guidelines. Cover levels are reviewed annually to ensure alignment with asset values and inflationary movements.

In addition, it is expected that this section will briefly summarise the insurance management policy for water services, including:

- *Insurance review policy and asset identification standards;*

  Insurance coverage is reviewed annually, aligned with the Long-Term Plan and asset revaluation cycle. Assets are identified based on materiality, risk exposure, and their criticality to service delivery.

- *Key insurable risks, a description of risk appetite/tolerance and identified mitigations;*

  Key insurable risks include fire, earthquake, landslide, and flooding for above-ground facilities. The Council's risk tolerance is moderate too low for critical infrastructure; hence, risk is mitigated through a combination of insurance, renewal investment, and redundancy in system design. Mitigations include proactive maintenance, seismic strengthening, and strategic spares.

- *Any link with Council's disaster policy response to mitigate insurance losses; and*

  Tasman's insurance approach is aligned with its broader Disaster Recovery and Resilience Policy. This includes planning for emergency response, access to central government disaster recovery funding, and business continuity provisions. Insurance is considered one of several risk transfer and mitigation tools in a layered resilience strategy.

- *Delegations and reporting on insurance.*

  Insurance responsibilities are delegated to the Chief Operations Officer, with operational input from infrastructure and asset managers.
  Regular reporting on insurance coverage, renewals, and claims is provided to the Council's Audit and Risk Committee.

Part D: Financial sustainability assessment

Confirmation of financially sustainable delivery of water services

Financially sustainable water services provision

Confirmation of financially sustainable delivery of water services by 30 June 2028

It is expected that this section will demonstrate that the Plan achieves financially sustainable delivery of water services by 30 June 2028, which can be met by confirmation of:

- *'Revenue sufficiency' - sufficient revenue to cover the costs (including servicing debt) of water services delivery;*
- *'Investment sufficiency' – projected investment is sufficient to meet levels of service, regulatory requirements and provide for growth; and*
- *'Financing sufficiency' - funding and financing arrangements are sufficient to meet investment requirements.*

Tasman District Council can confirm that it will be financially sustainable by the required date of 30 June 2028. Confirmation of financial sustainability includes confirmation that:

- **Revenue sufficiency –** Tasman has sufficient revenue, including servicing of debt, to deliver water services required in the 10-year capital programme. Projected revenues are sufficient, with operating revenues over the forecast period exceeding forecast operating expenditure for water services. Moderate surpluses are forecast for FY27-FY34 ($76k deficit in FY25 and $858k in FY26).
- **Investment sufficiency –** The 10-year capital programme includes sufficient investment to meet levels of service, regulatory requirements and provide for growth.
- **Financing sufficiency –** Tasman has appropriate funding and financing arrangements to fund the 10-year capital programme, with additional headroom for unknown future investments. Details and evidence of financial sustainability are included in the remaining sections of Part D. Key financial ratios are well within internal and external limits ensuring there is sufficient access to funding and financing to deliver water services over the forecast period. The plan meets the financing sufficiency test. Total council borrowings at the parent level (including water activities) are forecast to remain within the LGFA's 280% debt to revenue covenant (reaching a maximum of 160% in FY34).

Actions required to achieve financially sustainable delivery of water services

The Plan must include an explanation of what the council proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028. This may include:

- *Projected price path/revenue requirements – and how this ensures that water revenues cover the costs of service (including assumptions for recovery of depreciation);*
- *The level of investment required over 10-years to meet levels of service, regulatory requirements and provide for growth; and*
- *How levels of borrowing will be managed within borrowing limits.*

From a finance perspective the Council is currently financially sustainable as reflected by the 2024-2034 LTP. The area of focus to meet the financial sustainability test is related to resolving issues with non-compliance predominately for drinking water supply. Funding has been included in the LTP to address these non-compliances and the work will be completed by 30 June 2028.

The capital programme will be optimised and prioritised to ensure that it meets with regulatory requirements but is also deliverable. This prioritised programme will then be approved by the planned Water Services Committee, prior to being submitted to the council for approval via the development of the water services strategy.

As demonstrated by the graphs later, Tasman will remain well below the legislated net debt to revenue limit. The debt headroom within the next ten years remains over $60m across all ten years.

Net debt headroom is Councils primary mechanism for funding unbudgeted costs related to emergency events.

Risks and constraints to achieving financially sustainable delivery of water services

The purpose of this section is to summarise any issues, constraints and risks to delivery of financially sustainable water services.

The Council is currently financially sustainable as reflected by the LTP. This will remain so from the inception of an inhouse business unit model. Works to address any regulatory compliance has been included in the LTP and funded and will be complete by 30 June 2028.

To monitor and manage risks for financial sustainability and how Tasman intends to eliminate or mitigate them are outlined below:

Issues

The common underlying issues relate to financial uncertainty, political and community acceptance, legislative changes, and external shocks (like inflation and disasters), all of which can affect council's ability to deliver sustainable water services and meet financial policies.

Constraints

Debt-to-Revenue Ratio

- Financial policy limits: Council must adhere to strict financial policies and LGFA lending covenants limiting debt levels, constraining borrowing capacity.
- Revenue growth: Reliance on stable or growing revenue streams to keep the ratio within acceptable limits; constrained if revenues stagnate or decline.

CAPEX Programme

- Budget limitations: Capital budgets are finite and must be balanced against other priorities.
- Resource availability: Limited availability of skilled contractors, materials, and funding can constrain project delivery timelines and costs.

Inflation Constraints

- Economic factors: Inflation rates are largely outside council control and can fluctuate unpredictably.
- Fixed budget cycles: Budgets are typically set annually or multi-yearly, making real-time adjustments to inflation difficult.

Natural Disaster

- Emergency funding limits: Even with debt headroom and government support, the scale of a disaster could exceed financial and operational capacity.
- Recovery time: Financial and operational recovery from disasters can be slow, impacting ongoing service delivery.

Waimea Community Dam

- CCO Stakeholder dependence: Council has provided credit support and lending to the PPP CCO. Council is at risk should the other stakeholder (WIL) in the CCO default on their water charges and the credit support then being called. Councils credit support and lending is secured over the dam assets.

Risks

Net Three-Waters Debt-to-Revenue Ratio

- Risk: The net three-waters debt-to-revenue ratio (excluding 'all of Council' debt and reserves) could exceed Tasman's Financial Policy limit of 160% and LGFA lending requirements during multiple years within the next decade.
- Mitigation: Current projections indicate the net debt-to-revenue ratio will remain comfortably within all Financial Policy limits, maintaining compliance with lending covenants.

Capital Expenditure (CAPEX) Programme Variance

- Risk: The actual CAPEX programme may differ materially from projections, affecting financial planning and debt servicing.
- Mitigation: The CAPEX programme will be reviewed and updated quarterly, with corresponding adjustments to debt, interest, and affordability projections.

Inflation Exceeding Projections

- Risk: Inflation rates may be higher than forecasted, increasing costs beyond budgeted amounts.
- Mitigation: Quarterly reviews of the programme will incorporate external economic indicators and inflation updates to allow timely adjustments.

Uncertainty Around Legislation

- Risk: Upcoming infrastructure standards legislation remains unconfirmed, potentially impacting compliance and costs.
- Mitigation: Tasman will actively engage with central government to stay informed and prepare for forthcoming legislative changes.

Impact of Natural Disasters

- Risk: A natural disaster could impose unexpected fiscal pressures on the council's finances.
- Mitigation: Tasman maintains sufficient debt headroom to respond financially, supplemented by central government disaster funding to support recovery and ongoing operations.

Waimea Community Dam

- Risk: Waimea Water Ltd CCO Stakeholder financial distress: Council has provided credit support and lending to the PPP CCO. Council is at risk should the other stakeholder (WIL) in the CCO default on their water charges and the WWL /CIIL loan credit support then being called.
- Mitigation: Councils credit support and lending is secured over the dam asset. Council has provided a $5m water charge smoothing facility for WIL. WWL has a competent professional board.

Financial sustainability assessment - revenue sufficiency

Assessment of revenue sufficiency

Projected water services revenues cover the projected costs of delivering water services

It is expected that this section will demonstrate that:

- *Projected revenues are sufficient to cover the costs (including servicing debt) of water services delivery;*
- *Projected revenues are sufficient to finance the required level of investment; and*
- *Whether projected revenues have been assessed as meeting the 'revenue sufficiency' test.*

Projected revenues are sufficient, with operating revenues over the forecast period exceeding forecast operating expenditure for water services. Moderate surpluses are forecast for FY27-FY34 ($76k deficit in FY25 and $858k in FY26).

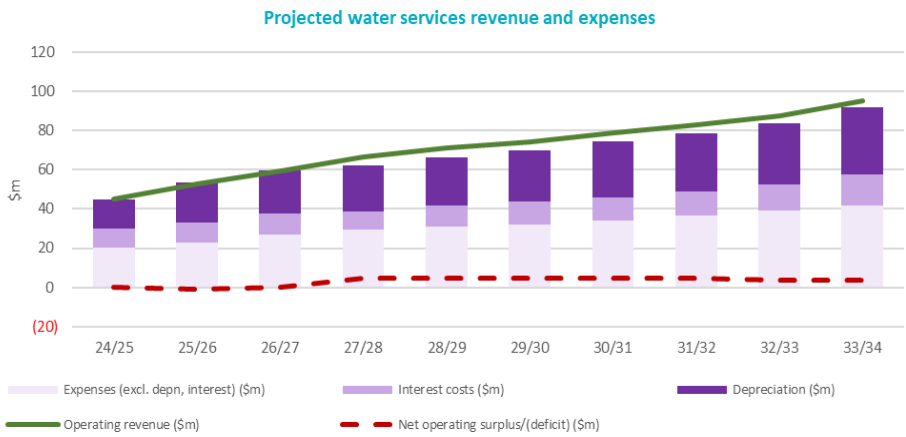
Projected revenues are sized to cover operating costs (including servicing debt) of water services delivery over the next 10 years.

Operating revenues for water services are expected to roughly double in the next decade, increasing from $44.8 million (FY25) to $95.4 million (FY34). This is an average annual increase of 8.9% ((44.8/(95.4-44.8))/10 years).

Over the same period, operating costs (including finance costs and depreciation) are forecast to increase from $45.0 million (FY25) to $91.8 million (FY34). This is an average annual increase of 9.6% ((45/(91.8-45))/10 years).

Revenues are also sufficient to finance the required level of investment (discussed further below).

The approach to determining revenues is on the basis that operating revenues pay for operating costs and capital sources pay for capital investment. This is consistent with financial sustainability and ringfencing requirements.



Average projected charges for water services over FY2024/25 to FY2033/34

Water charges per connection (including GST) are forecast to rise from $2,268 in FY25 to $5,213 in FY34. This represents a nominal increase of $2,945 per connection.

This means the average cost of water services per connection is projected to increase from 2.6% of average household income in FY25 to 5.0% by FY34. The affordability of water services is discussed above.

Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	1,217	1,384	1,589	1,773	1,898	1,943	2,034	2,102	2,135	2,188
Average wastewater bill (including GST)	645	964	1,167	1,418	1,521	1,615	1,736	1,827	2,017	2,380
Average stormwater bill (including GST)	406	459	517	584	597	595	620	626	627	645
Average charge per connection including GST	2,268	2,806	3,272	3,775	4,016	4,154	4,389	4,555	4,780	5,213
Projected increase	0%	23.7%	16.6%	15.4%	6.4%	3.4%	5.7%	3.8%	4.9%	9.1%
Projected number of connections	14,700	14,947	15,198	15,454	15,713	15,977	16,246	16,519	16,796	17,078
Projected median household income	87,575	89,327	91,113	92,935	94,794	96,690	98,624	100,596	102,608	104,660
Water services charges as % of household income	**2.6%**	**3.1%**	**3.6%**	**4.1%**	**4.2%**	**4.3%**	**4.5%**	**4.5%**	**4.7%**	**5.0%**

Projected operating surpluses/(deficits) for water services

In this section, councils are requested to populate the financial measure "Operating Surplus Ratio" [Operating surplus excluding capital revenues, divided by operating revenues].

This ratio is an indicator of whether operating revenue is sufficient to cover operating expenses. Where this ratio percentage is negative, this represents the percentage increase required for revenues to cover costs. Councils should specify the unit of measurement in the table (for example, $k or $m).

Operating surplus ratio		FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Operating surplus/(deficit) excluding capital revenues		(76)	(858)	15	4,718	4,822	4,461	4,570	4,470	3,697	3,546	29,364
Total operating revenue		44,860	52,823	59,524	66,722	71,093	74,093	78,749	82,730	87,360	95,358	713,313
Operating surplus ratio		**(0.2%)**	**(1.6%)**	**0.0%**	**7.1%**	**6.8%**	**6.0%**	**5.8%**	**5.4%**	**4.2%**	**3.7%**	**4.1%**

Councils should comment on:

- *Whether projected operating revenues generate surpluses or deficits;*

Tasman District Council is projected to almost break even in FY26/27 with a marginal operating deficit of -$76k, which effectively represents a 0.2% operating surplus ratio. From FY27 onwards, operating revenues are forecasted to generate consistent surpluses ranging from 0.0% to 7.1% of operating revenue. This indicates that the Council's operating revenue is sufficient to cover operating expenses, demonstrating improving financial sustainability over the 10-year period.

- *The policy for recovering depreciation charges when setting revenues;*

Council's revenue-setting policy is to increase depreciation charges to a point where they are fully recovered through operating revenues. This aligns with best practice asset management principles, ensuring that sufficient funds are generated to support asset renewal and replacement over time. Recovering depreciation promotes intergenerational equity, ensuring that current users fund the consumption of the infrastructure assets they benefit from.

- *What any surpluses generated will be applied to; and*

The operating surpluses generated are strategically applied to:

1. Fund ongoing renewals and capital investment, reducing dependence on borrowing and external funding;
2. Support scheduled debt servicing, including interest and principal repayments;

- *Where there is an operating deficit in any year, comment as to why this is appropriate.*

The near break-even operating deficit projected in FY25 and FY26 is considered appropriate and manageable due to several factors:

1. Transitional financial pressures, including cost escalations and the timing of revenue adjustments;
2. Strategic investment in asset maintenance and service improvements that temporarily increase operating costs;
3. Planned future surpluses from FY25/26 onward that offset this short-term deficit;
4. The council's robust financial planning framework includes reserves and borrowing capacity to absorb temporary deficits without compromising service delivery or long-term sustainability.

Projected operating cash surpluses for water services

In this section, councils are requested to populate the financial measure "Operating Cash Ratio" [Operating surplus plus depreciation plus interest costs minus capital revenues, divided by operating revenue]. This ratio is an indicator of whether cash surpluses are generated from operations to pay interest, fund investment and repay debt. Councils should specify the unit of measurement in the table (for example, $k or $m).

Operating cash ratio		FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Operating surplus/(deficit) + depreciation + interest costs - capital revenue		24,384	30,131	32,766	37,210	40,191	41,949	44,876	46,173	48,157	53,704	399,539
Total operating revenue		44,860	52,823	59,524	66,722	71,093	74,093	78,749	82,730	87,360	95,358	713,313
Operating cash ratio		**54.4%**	**57.0%**	**55.0%**	**55.8%**	**56.5%**	**56.6%**	**57.0%**	**55.8%**	**55.1%**	**56.3%**	**56.0%**

Councils should comment on:

- *Whether projected operating cashflows are generated;*

The ratio remains consistently above 54% over the period FY24/25 to FY33/34, ranging from 54.4% to 57.0%. This indicates that the council is projected to generate strong and stable operating cashflows throughout the 10-year planning period.

This steady performance reflects:

  - Robust revenue growth, keeping pace with service delivery costs;
  - Effective financial planning to maintain operating surpluses;
  - Consistent reinvestment in infrastructure through depreciation funding.

- *What cash surpluses generated will be applied to; and*

Application of Cash Surpluses

The operating cash surpluses—rising from $24.4 million in FY24/25 to $53.7 million in FY33/34—are strategically applied to support the council's [Water services] long-term objectives, including:

Funding renewals and infrastructure investment: These internal funds reduce reliance on debt and external grants, helping to fund capital works, particularly renewals.

Servicing interest and debt repayments: Cash surpluses provide sufficient liquidity to meet scheduled interest payments and reduce outstanding debt.

Building financial resilience: Surpluses support the council's ability to respond to unforeseen events or asset failures without disrupting core services or increasing debt burdens.

Maintaining intergenerational equity: By reinvesting today's revenue into long-lived assets, the council ensures future ratepayers do not carry an undue share of the infrastructure burden.

- *Whether projected operating cashflows are sufficient to meet renewals investment requirements and to meet scheduled debt repayments.*

While the projected cashflows are healthy, their sufficiency must be considered in the context of renewal needs and debt servicing:

Renewals investment: As outlined in the Asset Sustainability Ratio, renewals investment is currently below depreciation. While the cash surpluses are sufficient to fund the current (modest) level of renewals, the council must plan for increased renewal needs beyond FY33/34 as asset age profiles mature. The surplus provides a strong base to scale up renewals when required.

Debt servicing: The operating cashflows are more than projected interest costs and provide a buffer to manage scheduled principal repayments. This supports a prudent debt profile and aligns with the council's financial strategy.

Financial sustainability assessment - investment sufficiency

Assessment of investment sufficiency

Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth

It is expected that this section will demonstrate that:

- *Proposed level of investment is sufficient to meet levels of service, regulatory requirements and provide for growth;*
- *Proposed level of investment is fully funded by projected revenues and access to financing; and*
- *Projected levels of investment have been assessed as meeting the 'investment sufficiency' test.*

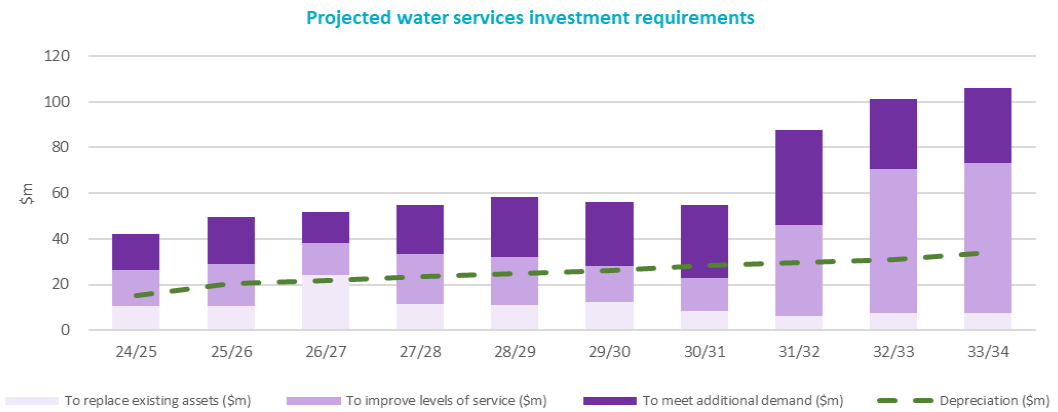
Please see below.

The proposed level of investment is sufficient to meet level of service, regulatory compliance and cater for growth. All non-compliances will be addressed by 30 June 2028.

The level of investment is fully funded by project revenues and access to funding.

Levels of investment meets the 'investment sufficiency test'

Include the following chart – "Projected water services investment requirements". This chart can be generated in the Financial Template.



Renewals requirements for water services

To demonstrate asset sustainability, councils are requested to populate the below financial measure "Asset Sustainability Ratio" [Capital expenditure on renewals divided by depreciation, minus 1]. This ratio assesses whether projected renewals investment is more or less than projected depreciation and is an indicator as to whether the renewals programme is replacing network assets in line with the rate of asset deterioration.

Where the ratio is positive, this means that there is more projected renewals investment than projected depreciation. Where this ratio is negative, this means that projected renewals investment is less than projected depreciation.

Councils should specify the unit of measurement in the table (for example, $k or $m).

Asset sustainability ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure on renewals	10,764	10,656	23,990	11,467	11,110	12,530	8,588	6,305	7,415	7,666	110,491
Depreciation	15,204	20,638	21,640	23,461	24,686	25,945	28,371	29,591	31,036	34,027	254,598
Asset sustainability ratio	**(29.2%)**	**(48.4%)**	**10.9%**	**(51.1%)**	**(55.0%)**	**(51.7%)**	**(69.7%)**	**(78.7%)**	**(76.1%)**	**(77.5%)**	**(56.6%)**

Councils should comment on:

- *How the proposed renewals investment has been determined and how this is consistent with the long-term infrastructure strategy, asset management plan and/or other strategic documents relating to water services asset management; and*
- *Where the projected levels of renewals investment is lower than projected depreciation, why this is appropriate.*

Renewals overview and approach is outlined in Part B:

The average age of the assets for drinking water is 30 years, wastewater and stormwater are 22 years, which indicates a 'younger' network which does not require significant renewals over the next 10-year period, this is supported by the LoS measures for the networks which are fully achieved and therefore do not indicate any significant failures within the system. The renewals programme slowly declines over the plan; this has been recognised in the asset management plan and infrastructure strategy to ensure that there is no significant backlog or deferred maintenance.

The renewals investment is below depreciation but as noted this reflects the age and current performance of the assets. Renewals are planned to increase when needed, and renewal needs will escalate beyond FY33/34, and this is reflected in the Long-Term Infrastructure Strategy and AMP. Over the 10-year period from FY24/25 to FY33/34, the ratio remains **negative**, ranging from **-29.2% to -78.7%**, indicating that renewals investment is below depreciation.

While the Asset Sustainability Ratio is negative throughout the period, this does not automatically indicate underinvestment. Several factors support the appropriateness of this level of renewals:

- Depreciation is an accounting estimate, not a direct measure of asset condition or imminent failure. Renewals are scheduled based on age and level of service, not depreciation schedules.
- Many water infrastructure assets have long useful lives, and past investments have led to a relatively young asset base in some areas. This supports deferral of significant renewals in the later years of the planning period when other highly intensive treatment upgrade projects are planned.

- Focus on strategic upgrades and capacity improvements: Some capital expenditure currently categorised as "new or upgraded" assets includes elements of renewals, particularly where existing assets are replaced as part of growth or service-level improvement projects.
- We do note that some of the large treatment plants upgrade have been categorised to 'growth' but they also have a large component of 'renewals', work will be undertaken to assess the proportions of funding for these projects and ensure that they have been accurately categorised.

Total water services investment required over 10 years

To demonstrate asset improvement, councils are requested to populate the below financial measure "Asset Investment Ratio" [Total capital expenditure divided by depreciation, minus 1].

This ratio compares total investment to projected depreciation. Where the ratio is positive, this means that there is more projected investment than projected depreciation. Where this ratio is negative, this means that projected investment is less than projected depreciation.

Councils should specify the unit of measurement in the table (for example, $k or $m).

Asset investment ratio		FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure		42,132	49,361	51,556	54,704	58,256	56,044	55,019	87,458	101,251	106,073	661,855
Depreciation		15,204	20,638	21,640	23,461	24,686	25,945	28,371	29,591	31,036	34,027	254,598
Asset investment ratio		**177.1%**	**139.2%**	**138.2%**	**133.2%**	**136.0%**	**116.0%**	**93.9%**	**195.6%**	**226.2%**	**211.7%**	**160.0%**

Councils should comment on:

- *How the proposed levels of investment have been determined; and*

Key inputs to determining investment levels include:

- Asset information, primarily age and level of service driven. Hence why renewals are lower
- Depreciation forecasts: Investment is planned to exceed depreciation, ensuring that the network is not only maintained but improved. Note the increase in capital expenditure over the 10-year period is largely being driven by level of service (regulatory compliance) and growth upgrades for both drinking water and wastewater treatment plants, pumpstations and reticulation upgrades and for stormwater there is a number of land purchases and network upgrades. Whilst renewal investment decreases over the 10 year period which is addressed above in the in the asset sustainability ratio.
- Growth projections: Investment aligns with expected population growth and increased demand for water services across the region as reflected in the LTP.
- Regulatory compliance: Capital projects incorporate mandatory improvements and projects have been included to meet drinking water compliance and provide resilience and capacity upgrades for wastewater treatment plans. All compliance projects will be completed prior to 30 June 2028.
- Funding constraints and affordability: Investment has been staged to align with long-term financial planning, ensuring fiscal responsibility.

This process ensures that investment decisions are well-targeted, sustainable, and responsive to both short-term needs and long-term service outcomes.

- *How this is consistent with the long-term infrastructure strategy, asset management plan and/or other strategic documents relating to water services asset management.*

The investment program is fully aligned with the following strategic documents:

- Infrastructure Strategy (IS): The IS outlines a forward-looking vision for sustainable water infrastructure. The capital expenditure profile supports the strategy's focus areas, including network resilience, climate adaptation, and lifecycle renewals.
- Asset Management Plan (AMP): The AMP provides a detailed picture of the current state of assets, their expected remaining lives, and projected renewal needs. Capital expenditure aligns closely with the AMP's recommendations for planned renewals, level of service improvements, and critical asset replacement.
- Financial Strategy Plan: The financial plan confirms that proposed investments are affordable, with funding sourced through a balanced mix of rates, development contributions, and potential external funding (e.g. central government support).

Average remaining useful life of network assets

To demonstrate asset consumption, councils are requested to populate the below financial measure "Asset Consumption Ratio" [Book value of infrastructure assets divided by replacement value of infrastructure assets].

This ratio compares the book value of water infrastructure assets to total replacement value of water infrastructure assets. The ratio percentage represents the average remaining useful life of network assets. If this ratio materially reduces over time, then this means that the burden on future consumers to replace network assets is increasing.

Councils should specify the unit of measurement in the table (for example, $k or $m).

Asset consumption ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Book value of infrastructure assets	896,444	925,167	1,013,707	1,044,951	1,078,521	1,171,108	1,197,755	1,255,623	1,395,944	1,467,990
Total estimated replacement value of infrastructure assets	1,113,853	1,163,214	1,289,040	1,343,744	1,402,000	1,539,709	1,594,728	1,682,186	1,877,697	1,983,771
Asset consumption ratio	**80.5%**	**79.5%**	**78.6%**	**77.8%**	**76.9%**	**76.1%**	**75.1%**	**74.6%**	**74.3%**	**74.0%**

Councils should comment on:

- *The impact that the proposed level of investment has on the average remaining useful life of network assets over the 10-year period; and*

Over the 10-year period from FY24/25 to FY33/34, the ACR shows a gradual decline from 80.5% to 74.0%. This indicates that while ongoing investment is occurring, it is not fully offsetting the consumption (depreciation) of the existing asset base. This downward trend suggests that, on average, the infrastructure network is aging, and the remaining useful life of assets is declining slightly over time.

This trend is reflective of moderate reinvestment in infrastructure relative to the growing asset base and replacement costs. The council's investment strategy during this period appears to support asset renewal to a degree, but not at a rate sufficient to maintain the current consumption ratio.

- *Where there is a material decrease in the asset consumption ratio over time, how investment beyond FY2033/34 will ensure that asset replacement requirements are delivered.*

Council's figures do not show a material decrease, targeted uplift in capital renewal investment post-FY33/34 may be necessary to stabilise or improve the ACR trend and safeguard infrastructure sustainability.

Financial sustainability assessment - financing sufficiency

Assessment of financing sufficiency

Confirmation that sufficient funding and financing can be secured to deliver water services

It is expected that this section will confirm:

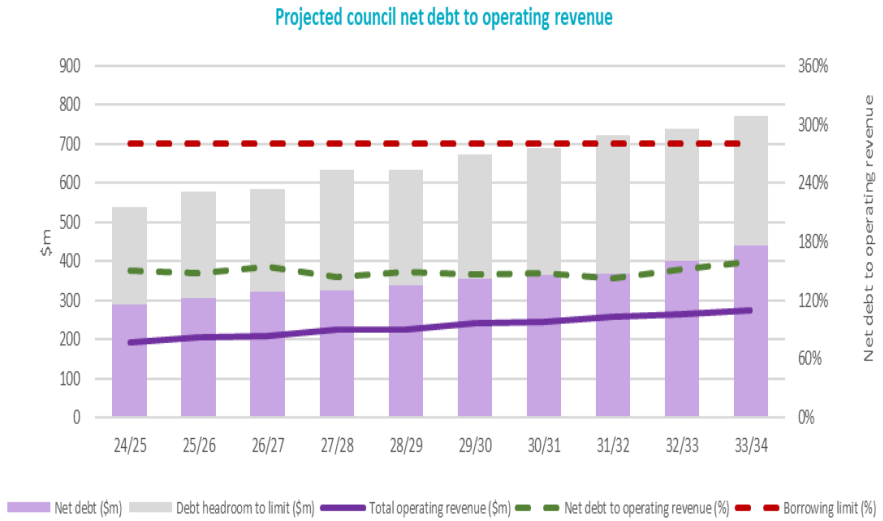
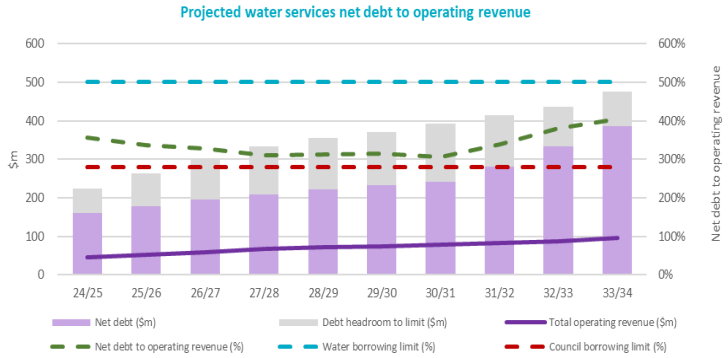
- *Whether projected total council borrowings are within council borrowing limits;*
- *Whether projected water services borrowings are within the council-determined limit for water services borrowing;*
- *The required levels of borrowings can be sourced; and*
- *The Plan meets the 'financing sufficiency' test.*

Key financial ratios are well within internal and external limits ensuring there is sufficient access to funding and financing to deliver water services over the forecast period. The plan meets the financing sufficiency test.

Total council borrowings (including water activities) are forecast to remain within the LGFA's 280% debt to revenue covenant (reaching a maximum of 160% in FY34).

Borrowing levels for water activities are not materially different from the 2024/34 LTP and remain within the 500% debt to revenue internal policy limit (reaching a maximum of 405% in FY34).

Borrowing will continue to be sourced from LGFA and, under the inhouse model. Water activities will continue to be included when calculating the LGFA financial covenants. As noted above, Tasman District Council's all of Council debt to revenue at the parent level (including water activities) is well below the LGFA's financial covenant (280%), ensuring access to financing through LGFA and adequate borrowing headroom over the forecast period.

Projected <u>council</u> borrowings against borrowing limits	**Projected <u>water services</u> borrowings against borrowing limits**
Include the following chart – "Projected council net debt to operating revenue". This chart can be generated in the Financial Template. *If councils have produced a joint Plan, each council is required to produce a projected council net debt to operating revenue graph. Advice should be sought from the Department as to whether water services revenues and debt should be included, which will be dependent on the proposed service delivery model.* 	*Include the following chart – "Projected water services net debt to operating revenue". This chart can be generated in the Financial Template.* *It is recommended that an appropriate borrowing limit is set for water services that reflects the levels of investment proposed, whilst ensuring that council stays within its borrowing covenants.* 

Projected borrowings for water services

In this section, councils are requested to populate the below financial measure "Net Debt to Operating Revenue" [gross borrowings minus cash and equivalents, divided by operating revenue].

Operating revenue is used as a proxy for the Local Government Funding Agency's (LGFA) definition of revenue, for simplicity. LGFA defines revenue for this purpose as "Cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets)".

This ratio compares projected borrowings (minus cash and cash equivalents) to projected operating revenues. Councils should specify the unit of measurement in the table (for example, $k or $m).

Net debt to operating revenue	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt (gross debt less cash)	159,837	177,398	195,278	207,795	222,400	233,897	241,833	281,095	333,479	385,851
Operating revenue	44,860	52,823	59,524	66,722	71,093	74,093	78,749	82,730	87,360	95,358
Net debt to operating revenue	**356%**	**336%**	**328%**	**311%**	**313%**	**316%**	**307%**	**340%**	**382%**	**405%**

Councils should comment on:

- *The profile of borrowings required and how this relates to the timing of investment requirements; and*

The projected net debt increases steadily over the 10-year period, reflecting the council's planned capital investment program in water services infrastructure. This profile aligns closely with the timing of significant investment requirements, particularly in asset renewals and capacity upgrades to meet growing demand and regulatory standards. The gradual rise in net debt demonstrates a strategic approach to funding long-term infrastructure needs while balancing cash flows and borrowing capacity.

The spike in net debt in later years (notably FY31/32 onwards) corresponds to major treatment plant upgrades, requiring careful cash flow and debt management to ensure ongoing financial sustainability. It is expected that leverage ratios will decline from FY34 following the completion of the major works and as the cost of these projects is repaid. Given the nature of these projects and benefits that accrue to future water users, it is appropriate to fund these investments with debt and recover the costs over the life of the assets.

- *Whether the projected net debt to operating revenue calculation is within the council-determined limit for water services.*

The projected net debt to operating revenue ratio ranges from 307% to 405% over the period. This exceeds typical local government financial prudence benchmarks and council's own water services-specific debt limits (which are often set significantly lower, e.g., below 160%-200%). This elevated ratio indicates a high level of borrowing relative to operating revenue, which may present financial risk and affect borrowing capacity.

The council acknowledges this constraint and will continue to monitor debt levels closely, adjusting the capital program and exploring funding alternatives where necessary to maintain compliance with financial policies. The council's financial strategy includes regular quarterly reviews of debt projections and capital expenditure to mitigate risks associated with rising net debt.

Although financial ratios are high for water activities relative to other council activities and the council overall, this is considered appropriate given water activities are more capital intensive than other council activities. Also, as outlined above, operating costs (including depreciation) are covered by operating revenues and are not debt funded.

Borrowing headroom/(shortfall) for water services

In this section, councils are requested to populate the below financial measure "Borrowing Headroom/(Shortfall)" [Maximum allowable net debt at borrowing limit (operating revenue multiplied by 'net debt to operating revenue limit for water services') minus projected net debt attributed to water services].

This measure determines whether projected borrowings are within borrowing limits, as well as the ability to borrow for unforeseen events. A positive number equates to the additional amount of borrowings that could be taken on without exceeding borrowing limits. A negative number means borrowings exceed the borrowing limit.

It is recommended that all water services delivery arrangements have a specified borrowing limit for water services – whether delivered in-house or through the establishment of a water services organisation.

Councils should specify the unit of measurement in the table (for example, $k or $m).

Borrowings headroom/(shortfall) against limit ($k)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	44,860	52,823	59,524	66,722	71,093	74,093	78,749	82,730	87,360	95,358
Debt to revenue limit	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt	224,302	264,115	297,619	333,610	355,465	370,466	393,747	413,648	436,802	476,790
Total net debt	159,837	177,398	195,278	207,795	222,400	233,897	241,833	281,095	333,479	385,851
Borrowing headroom/ (shortfall) against limit	64,465	86,717	102,341	125,816	133,065	136,569	151,914	132,553	103,323	90,940

Councils should comment on:

- *The debt limit specified by council for water services on a net debt to operating revenue basis;*

  The council has set a net debt to operating revenue limit for water services at 500%, reflecting a strategic balance between enabling sufficient borrowing capacity to fund essential infrastructure investments and maintaining financial prudence. This limit is designed to support ongoing capital requirements while preserving flexibility for unforeseen events or emergencies.

- *The amount of projected borrowing headroom; and*

  Across the 10-year forecast period, the council projects a consistent positive borrowing headroom, ranging from approximately **$64.5 million to $151.9 million**. This indicates that the council remains well within its established borrowing limits for water services, with substantial capacity to increase borrowings if necessary. This headroom provides the Council with the financial flexibility to respond to unexpected infrastructure needs or external shocks without immediately breaching policy limits.

- *If, in any year, the ratio shows a borrowing shortfall against limit, how this shortfall will be backed by other council revenues, and how this will be rectified through appropriate revenue setting for water services delivery.*

  Although no borrowing shortfalls are projected during this period, should a shortfall occur in any future year, Council is committed to managing this through a combination of strategies. These may include leveraging other Council revenue streams, revising capital expenditure plans, or adjusting water service revenue settings to ensure compliance with borrowing limits. The Council's robust financial planning framework, including

regular reviews and updates of revenue and expenditure assumptions, supports proactive management of borrowing capacity to maintain long-term financial sustainability.

Free funds from operations

In this section, councils are requested to populate the below financial measure "Free Funds from Operations". [Free funds from operations for water services (operating revenue minus operating expenses plus depreciation and other non-cash expenses, less interest revenue), divided by net debt (gross borrowings minus cash and equivalents)].

This ratio measures the percentage of debt balance that is generated in free cash flow each year and is key leverage indicator for financiers. Councils should specify the unit of measurement in the table (for example, $k or $m).

Free funds from operations (FFO) to debt ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue (minus interest income)	44,860	52,823	59,524	66,722	71,093	74,093	78,749	82,730	87,360	95,358
Less Expenses (minus depreciation and non-cash items)	(29,732)	(33,043)	(37,869)	(38,543)	(41,585)	(43,688)	(45,808)	(48,668)	(52,628)	(57,786)
Development contributions	6,010	6,010	6,010	7,004	7,071	7,071	7,071	7,068	7,068	8,065
Free funds from operations	**21,138**	**25,790**	**27,665**	**35,183**	**36,579**	**37,476**	**40,012**	**41,129**	**41,800**	**45,637**
Free funds from operations (FFO) to debt ratio	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Total net debt	159,837	177,398	195,278	207,795	222,400	233,897	241,833	281,095	333,479	385,851
Funds from operations	21,138	25,790	27,665	35,183	36,579	37,476	40,012	41,129	41,800	45,637
FFO to debt ratio	**13.2%**	**14.5%**	**14.2%**	**16.9%**	**16.4%**	**16.0%**	**16.5%**	**14.6%**	**12.5%**	**11.8%**

Councils should comment on the level of projected leverage for water services under the free funds from operations calculations and how this is consistent with the financial strategy for water services delivery.

The projected Free Funds from Operations (FFO) to debt ratio ranges from 11.8% to 16.9%. This ratio reflects the proportion of net debt that is covered by free cash generated from operating activities each year, an important indicator of the council's ability to service its debt obligations through operational cash flows. Development contributions have been included in FFO at 50%, consistent with guidance from LGFA.

The steady FFO to debt ratio in the initial years indicates a healthy level of leverage, demonstrating that the council's water services operations generate sufficient free cash flow to manage debt servicing and provide financial stability. The gradual decline towards the later years reflects the increased debt levels to fund major capital works; however, the ratio remains within acceptable bounds consistent with the council's financial strategy.

The FFO/debt ratio also remains above the relevant threshold that would be applied by LGFA for a stand-alone water entity of this size (10%). Noting this limit does not apply to Council's water activity as the all of council debt to revenue financial covenant is the relevant metric for the inhouse model. The borrowing headroom on a 10% FFO is also shown.

Total council borrowings (including water activities) are forecast to remain within the LGFA's 280% debt to revenue covenant (reaching a maximum of 160% in FY34).

This level of leverage aligns with the council's commitment to sustainable financial management for water services delivery. The council's financial strategy emphasizes maintaining adequate cash flows to support ongoing debt servicing while investing prudently in infrastructure renewal and growth. The projected FFO to debt ratio supports the council's ability to meet these objectives and maintain confidence with financiers and stakeholders.

Part E: Projected financial statements for water services

Projected financial statements – for drinking water, wastewater, stormwater and combined water services

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	821	304	272	272	272	270	270	270	270	270
Targeted rates	39,293	47,328	53,587	61,137	65,316	68,248	72,615	76,130	80,623	88,357
Subsidies and grants for operating purposes	205	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	3,900	4,411	4,875	4,513	4,694	4,754	5,033	5,488	5,615	5,868
Fees and charges	641	780	790	800	811	821	831	841	852	863
Total operating funding	44,860	52,823	59,524	66,722	71,093	74,093	78,749	82,730	87,360	95,358
Applications of operating funding										
Payments to staff and suppliers	15,919	17,844	21,217	23,924	24,661	25,270	26,288	27,477	28,358	29,529
Finance costs	9,256	10,351	11,111	9,031	10,683	11,544	11,934	12,112	13,424	16,132
Internal charges and overheads applied	4,557	4,849	5,541	5,588	6,241	6,874	7,586	9,080	10,845	12,125
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	29,732	33,043	37,869	38,543	41,585	43,688	45,808	48,668	52,628	57,786
Surplus/(deficit) of operating funding	15,128	19,780	21,655	28,179	29,508	30,405	32,941	34,061	34,732	37,572
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	12,020	12,020	12,020	14,009	14,142	14,142	14,142	14,135	14,135	16,129
Increase/(decrease) in debt	15,626	11,427	17,142	5,871	7,364	2,351	(5,179)	14,726	37,955	44,439
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	27,646	23,447	29,162	19,880	21,506	16,493	8,963	28,861	52,090	60,568

Applications of capital funding										
Capital expenditure - to meet additional demand	15,658	20,218	13,224	21,402	26,207	27,854	32,328	41,602	30,808	32,666
Capital expenditure - to improve levels of services	15,710	18,487	14,342	21,836	20,939	15,660	14,104	39,551	63,028	65,741
Capital expenditure - to replace existing assets	10,764	10,656	23,990	11,467	11,110	12,530	8,588	6,305	7,415	7,666
Increase/(decrease) in reserves	732	(6,134)	(739)	(6,071)	(7,241)	(9,146)	(13,115)	(24,536)	(14,429)	(7,802)
Increase/(decrease) in investments	(90)	0	0	(575)	0	0	0	0	0	(131)
Total applications of capital funding	42,774	43,227	50,817	48,058	51,014	46,898	41,905	62,922	86,822	98,140

Surplus/(deficit) of capital funding	(15,128)	(19,780)	(21,655)	(28,179)	(29,508)	(30,405)	(32,941)	(34,061)	(34,732)	(37,572)

Funding balance	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0	(0)

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	44,860	52,823	59,524	66,722	71,093	74,093	78,749	82,730	87,360	95,358
Other revenue	12,020	12,020	12,020	14,009	14,142	14,142	14,142	14,135	14,135	16,129
Total revenue	56,881	64,843	71,544	80,731	85,235	88,235	92,891	96,865	101,495	111,487
Operating expenses	15,919	17,844	21,217	23,924	24,661	25,270	26,288	27,477	28,358	29,529
Finance costs	9,256	10,351	11,111	9,031	10,683	11,544	11,934	12,112	13,424	16,132
Overheads and support costs	4,557	4,849	5,541	5,588	6,241	6,874	7,586	9,080	10,845	12,125
Depreciation & amortisation	15,204	20,638	21,640	23,461	24,686	25,945	28,371	29,591	31,036	34,027
Total expenses	44,936	53,681	59,509	62,004	66,271	69,633	74,180	78,260	83,664	91,812
Net surplus / (deficit)	11,944	11,162	12,035	18,727	18,964	18,603	18,712	18,605	17,832	19,675
Revaluation of infrastructure assets	0	0	58,625	0	0	62,488	0	0	70,106	0
Total comprehensive income	11,944	11,162	70,660	18,727	18,964	81,090	18,712	18,605	87,938	19,675
Cash surplus / (deficit) from operations (excl depreciation)	27,149	31,800	33,675	42,188	43,650	44,547	47,083	48,196	48,867	53,702

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	27,149	31,800	33,675	42,188	43,650	44,547	47,083	48,196	48,867	53,702
[other items]										
Net cashflows from operating activities	27,149	31,800	33,675	42,188	43,650	44,547	47,083	48,196	48,867	53,702
Cashflows from investment activities										
[other items]										
Capital expenditure	(42,132)	(49,361)	(51,556)	(54,704)	(58,256)	(56,044)	(55,019)	(87,458)	(101,251)	(106,073)
Net cashflows from investment activities	(42,132)	(49,361)	(51,556)	(54,704)	(58,256)	(56,044)	(55,019)	(87,458)	(101,251)	(106,073)
Cashflows from financing activities										
New borrowings	15,626	11,427	17,142	5,871	7,364	2,351	(5,179)	14,726	37,955	44,439
Repayment of borrowings										
Net cashflows from financing activities	15,626	11,427	17,142	5,871	7,364	2,351	(5,179)	14,726	37,955	44,439
Net increase/(decrease) in cash and cash equivalents	642	(6,134)	(739)	(6,646)	(7,241)	(9,146)	(13,115)	(24,536)	(14,429)	(7,933)
Cash and cash equivalents at beginning of year	(56)	586	(5,548)	(6,287)	(12,933)	(20,174)	(29,320)	(42,434)	(66,970)	(81,399)
Cash and cash equivalents at end of year	586	(5,548)	(6,287)	(12,933)	(20,174)	(29,320)	(42,434)	(66,970)	(81,399)	(89,332)

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	586	(5,548)	(6,287)	(12,933)	(20,174)	(29,320)	(42,434)	(66,970)	(81,399)	(89,332)
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	896,444	925,167	1,013,707	1,044,951	1,078,521	1,171,108	1,197,755	1,255,623	1,395,944	1,467,990
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Total assets	**897,030**	**919,619**	**1,007,420**	**1,032,018**	**1,058,346**	**1,141,788**	**1,155,321**	**1,188,652**	**1,314,544**	**1,378,658**

Liabilities										
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	160,423	171,850	188,991	194,862	202,226	204,577	199,399	214,125	252,080	296,518
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	**160,423**	**171,850**	**188,991**	**194,862**	**202,226**	**204,577**	**199,399**	**214,125**	**252,080**	**296,518**
Net assets	**736,607**	**747,769**	**818,429**	**837,156**	**856,120**	**937,210**	**955,922**	**974,527**	**1,062,465**	**1,082,140**
Equity										
Revaluation reserve	399,594	399,594	458,219	458,219	458,219	520,706	520,706	520,706	590,812	590,812
Other reserves	337,013	348,175	360,210	378,938	397,902	416,504	435,216	453,821	471,653	491,328
Total equity	**736,607**	**747,769**	**818,429**	**837,156**	**856,120**	**937,210**	**955,922**	**974,527**	**1,062,465**	**1,082,140**

Water Services Delivery Plan: additional information

Additional disclosures to support Plan
Councils are requested to provide additional disclosures to accompany Plans: • *Projected expenditure on significant capital projects; and* • *Disclosure of risks and material assumptions for water services delivery.* *The information disclosure requirements have been set out in template form in this addendum section.* *Councils may wish to use this suggested template, or alternatively can provide this supporting information in another form.*

Significant capital projects

This section is to provide a schedule of all material capital projects included in the investment projections in the Plan. Councils are encouraged to set and describe an appropriate materiality threshold for populating these schedules, for example as currently provided in your Long-Term Plans. Councils may wish to include capital projects details that cover an additional 20 years (referring to Infrastructure Strategy).

Significant capital projects

Significant capital projects – drinking water

Significant capital projects - drinking water ($k)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
Richmond Reticulation Upgrades to service growth	0	0	0	276	845	2,589	2,937	2,996	1,895	0
Waimea Water Strategy - Brightwater & Wakefield Water Retic,	0	0	0	4,102	3,561	92	658	719	0	249
P1267 Waimea Water Programme	824	1,116	2,148	0	0	0	0	0	0	0
P1141 Richmond South Reticulation - Low Level Reservoir Stag	181	3,864	0	0	0	0	0	0	0	0
Mapua - Reticulation Upgrades to service Growth	0	0	0	0	106	1,740	1,776	0	0	0
Motueka Reticulation - Motueka West Water Main Stage 2	0	0	0	0	0	155	1,533	0	0	0
Brightwater Reticulation Upgrades	0	0	73	533	545	0	0	0	0	0
Richmond WTP - Capacity Upgrade	0	0	119	695	0	0	0	0	0	0
Richmond South Reticulation - Bateup Rd/White Rd Connection	0	0	0	0	131	672	0	0	0	0
Other	729	292	1,265	1,166	0	0	0	0	0	235

Total investment to meet additional demand	**1,735**	**5,271**	**3,605**	**6,772**	**5,189**	**5,248**	**6,904**	**3,715**	**1,895**	**484**
Projects to improve levels of services										
Waimea Water Strategy - Brightwater & Wakefield Water Retic,	0	0	0	6,153	5,342	138	987	1,078	0	374
Richmond Reticulation Upgrades to service growth	0	0	0	276	845	2,589	2,937	2,996	1,895	0
P1267 Waimea Water Programme	1,236	1,674	3,223	0	0	0	0	0	0	0
Dovedale - New source & raw water line from Motueka River Va	309	511	2,721	2,150	0	0	0	0	0	0
P1188 Redwood Valley Water Supply Upgrade	142	1,576	1,900	0	0	0	0	0	0	0
P1256 88 Valley Reticulation Upgrades	1,522	1,534	0	0	0	0	0	0	0	0
Mapua - Reticulation Upgrades to service Growth	0	0	0	0	63	1,022	1,043	0	0	0
Other	2,421	1,295	861	3,998	1,889	1,171	467	213	90	115
Total investment to improve levels of services	**5,630**	**6,589**	**8,705**	**12,577**	**8,139**	**4,920**	**5,434**	**4,287**	**1,985**	**489**
Projects to replace existing assets										
Urban Water Club Reticulation - Renewal	0	0	0	1,158	1,183	1,208	1,234	1,258	1,283	1,308
Urban Water Club Reticulation - Meter Renewal	0	0	0	1,103	1,127	1,151	1,175	1,198	1,222	1,245
Old Upper Richmond Pipe renewal x6 street	0	0	424	1,733	1,772	1,809	0	0	0	0
P1143 Urban Water Club Reticulation - Renewal	1,082	1,105	1,132	0	0	0	0	0	0	0
P1188 Redwood Valley Water Supply Upgrade	116	1,290	1,555	0	0	0	0	0	0	0
P1203 Urban Water Club Reticulation - Meter Renewal	1,030	383	1,078	0	0	0	0	0	0	0
P1493 Murchison WTP & PS - Treatment Renewals	299	51	1,725	0	0	0	0	0	0	0
Urban Water Club Reticulation - Valve Renewal	190	51	198	203	207	212	216	220	225	229
Mapua - Brabant Drive Pipe Renewal	0	0	0	0	113	1,122	0	0	0	0
Other	2,722	1,096	1,917	2,619	482	877	1,164	483	496	509
Total investment to replace existing assets	**5,437**	**3,976**	**8,028**	**6,816**	**4,884**	**6,378**	**3,788**	**3,160**	**3,227**	**3,292**
Total investment in drinking water assets	**12,802**	**15,836**	**20,338**	**26,165**	**18,212**	**16,546**	**16,126**	**11,162**	**7,106**	**4,265**
Note - Tasman District Council has not received a directive from MoH to fluoridate any of its supplies										

Significant capital projects – wastewater

Significant capital projects - wastewater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
NRSBU	4,117	2,524	1,393	1,988	3,867	4,267	4,809	2,887	3,071	10,185
New Motueka WWTP - Construction	0	0	216	221	451	460	470	4,793	12,223	12,455
Part C - New pressure main from Burkes Banks to Beach Road P	0	0	0	0	0	214	3,642	7,429	7,578	3,861
Part B - New pump station at Wakefield and increase capacity	0	0	0	2,735	6,289	5,707	0	0	0	0
Richmond South - new pump stations and rising main	0	0	0	1,676	1,713	115	2,690	2,386	0	0
Part A Brightwater - Lord Rutherford Pump Station	0	0	0	342	2,717	2,854	0	0	0	0
New - Relocate Takaka WWTP	0	0	0	0	45	46	117	1,150	1,173	2,491
New Seaton Valley Road Pump Station & Rising Main	0	0	0	0	0	0	233	2,135	0	0
Other	2,103	2,645	1,272	3,564	1,794	1,044	1,927	0	0	0
Total investment to meet additional demand	**6,220**	**5,169**	**2,881**	**10,526**	**16,876**	**14,707**	**13,888**	**20,782**	**24,045**	**28,992**
Projects to improve levels of services										
New Motueka WWTP - Construction	0	0	862	882	1,803	1,841	1,880	19,173	48,891	49,820
New - Relocate Takaka WWTP	0	0	0	0	180	184	470	4,601	4,694	9,964
Part C - New pressure main from Burkes Banks to Beach Road P	0	0	0	0	0	131	2,232	4,554	4,645	2,366
Part B - New pump station at Wakefield and increase capacity	0	0	0	1,676	3,854	3,498	0	0	0	0
P1450 Motueka WW Treatment Plant Compliance	3,914	3,884	0	0	0	0	0	0	0	0
NRSBU	257	792	1,583	1,643	0	0	0	0	0	373
P1451 Takaka WW Treatment Plant Compliance	1,957	1,709	0	0	0	0	0	0	0	0
Part A Brightwater - Lord Rutherford Pump Station	0	0	0	210	1,665	1,749	0	0	0	0
Collingwood WWTP Upgrade	0	0	0	0	0	132	305	1,989	0	0
P1306 New Rising Main Motueka - Stage 3	1,141	1,166	0	0	0	0	0	0	0	0
Other	(242)	654	212	3,382	3,691	1,506	1,533	1,339	90	66
Total investment to improve levels of services	**7,026**	**8,204**	**2,657**	**7,792**	**11,194**	**9,041**	**6,420**	**31,657**	**58,319**	**62,589**
Projects to replace existing assets										

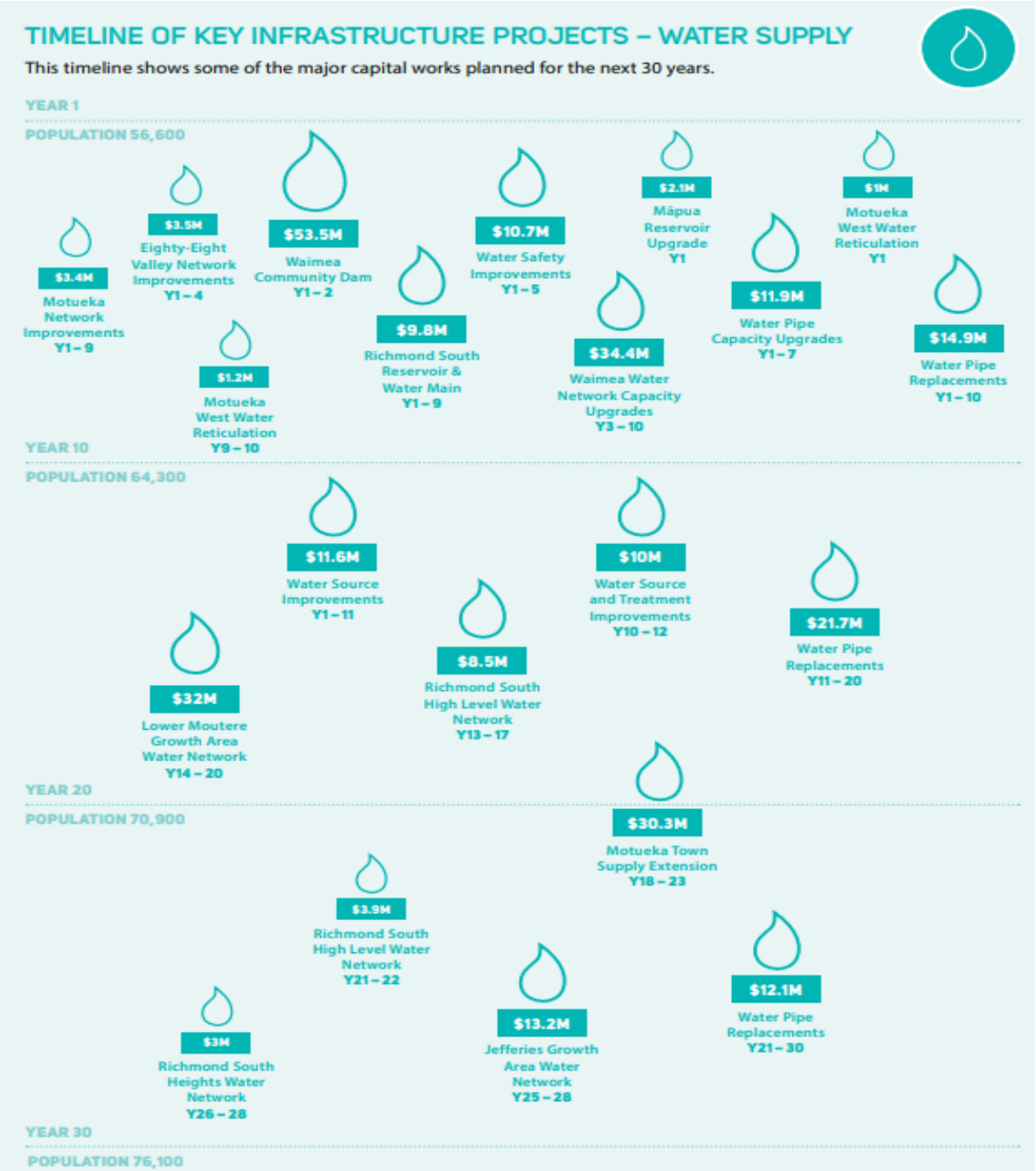
NRSBU	1,072	1,165	1,422	1,095	1,118	1,142	1,165	1,188	1,210	1,233
Renewals at Pump Stations & WWTPs	762	383	910	457	1,417	637	1,030	908	1,688	1,071
District Wide Reticulation Renewals	324	0	0	636	650	664	678	503	513	523
Sludge Removal	784	0	873	221	0	351	687	0	0	529
District Wide Reactive Reticulation Renewals	258	263	269	276	282	288	294	300	306	311
District wide sludge reuse or disposal	165	195	1,315	0	0	478	0	0	0	423
New - St Arnaud - Alpine Lodge to WWTP Pressure Main Upgrade	0	0	0	88	460	1,511	0	0	0	0
Motueka WWTP -replacement membrane	0	1,022	0	0	282	288	0	0	306	0
District Wide Reactive Reticulation Renewals	0	0	0	0	676	690	0	0	0	0
Other	277	1,043	6,572	1,878	1,341	104	881	180	165	283
Total investment to replace existing assets	**3,643**	**4,071**	**11,361**	**4,650**	**6,226**	**6,152**	**4,735**	**3,079**	**4,188**	**4,375**
Total investment in wastewater assets	**16,889**	**17,444**	**16,898**	**22,969**	**34,296**	**29,900**	**25,043**	**55,517**	**86,553**	**95,956**

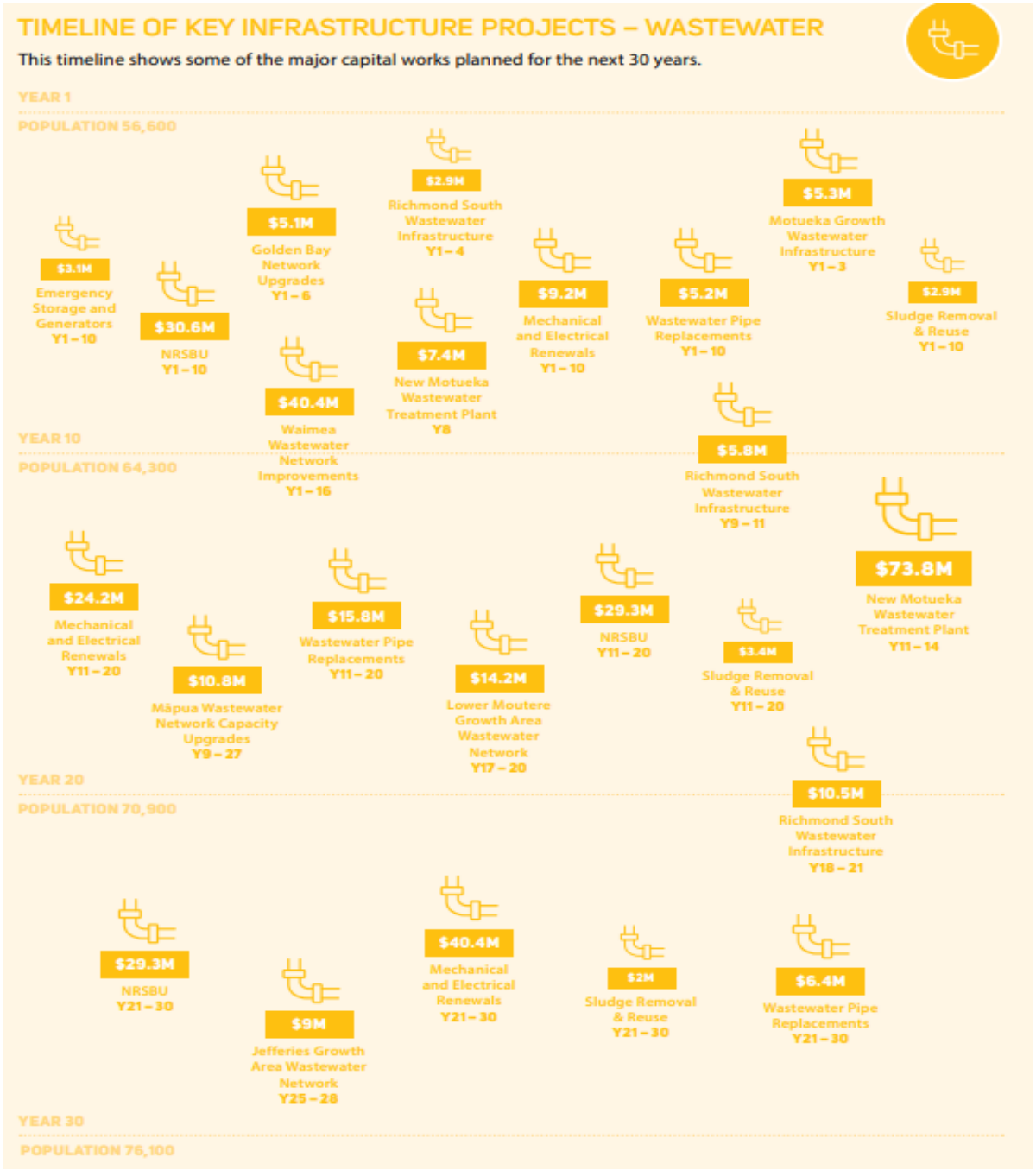
Significant capital projects – stormwater

Significant capital projects - stormwater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
Reed/Andrews Drain: SH6 Culvert and Network Tasman drain upg	538	0	0	0	0	7,049	6,736	3,983	0	0
P1268 Lower Queen Street Bridge Capacity Upgrade	3,237	5,611	314	0	0	0	0	0	0	0
Borck Creek SH60 Bridge Capacity upgrade	0	0	0	3,475	3,551	0	0	0	0	0
P1168 Richmond Stormwater Land Purchase	1,452	1,694	2,794	0	0	0	0	0	0	0
Borck Creek Widening - SH60 to Reed/Andrews	0	0	0	0	0	0	276	2,549	2,600	0
Reed / Andrews Drain Upgrade	0	0	0	0	0	0	442	4,212	0	0
Seaton Valley Integrated Stormwater Solution	0	0	0	0	0	501	1,533	2,085	0	0
P1317SW - Richmond South Section H - Bateup Drain Upgrd Stg	717	1,374	1,407	0	0	0	0	0	0	0
Richmond Stormwater Land Purchase	0	0	0	0	0	0	0	0	1,150	1,920

Mapua Seaton Valley Stormwater Land Purchase	0	0	0	0	0	0	0	1,847	733	0
Other	1,760	1,100	2,223	630	591	350	2,548	2,430	384	1,270
Total investment to meet additional demand	**7,704**	**9,778**	**6,738**	**4,104**	**4,142**	**7,899**	**11,536**	**17,106**	**4,868**	**3,189**
Projects to improve levels of services										
P1268 Lower Queen Street Bridge Capacity Upgrade	2,158	3,741	209	0	0	0	0	0	0	0
P1168 Richmond Stormwater Land Purchase	968	1,129	1,863	0	0	0	0	0	0	0
Secondary Flowpath Improvements	155	0	323	331	338	345	352	359	367	374
Minor Stormwater Improvements	271	0	135	276	282	288	294	300	306	311
Richmond Stormwater Land Purchase	0	0	0	0	0	0	0	0	767	1,280
Richmond Intensification Stormwater Capacity Upgrades (FDS T	103	105	0	110	113	288	294	300	306	311
Mapua Seaton Valley Stormwater Land Purchase	0	0	0	0	0	0	0	1,231	489	0
P1269 Borck Creek Widening - Headingly Lane to Estuary	33	0	1,185	0	0	0	0	0	0	0
Other	(634)	(1,281)	(735)	750	873	779	1,310	1,418	491	387
Total investment to improve levels of services	**3,054**	**3,694**	**2,981**	**1,467**	**1,606**	**1,700**	**2,249**	**3,608**	**2,724**	**2,663**
Projects to replace existing assets										
P1404 Richmond Sth SW Pukerua Subdivision	900	204	0	0	0	0	0	0	0	0
P1249 Motueka West Discharge System	722	0	0	0	0	0	0	0	0	0
Other	62	2,404	4,600	0	0	0	65	66	0	0
Total investment to replace existing assets	**1,684**	**2,609**	**4,600**	**0**	**0**	**0**	**65**	**66**	**0**	**0**
Total investment in stormwater assets	**12,441**	**16,081**	**14,319**	**5,571**	**5,748**	**9,599**	**13,850**	**20,779**	**7,592**	**5,852**

Significant projects have been identified in the Infrastructure Strategy, which includes the Motueka wastewater treatment plant as indicated in timeline below for water services.


TIMELINE OF KEY INFRASTRUCTURE PROJECTS – WATER SUPPLY
This timeline shows some of the major capital works planned for the next 30 years.
YEAR 1
POPULATION 56,600
$3.4M
Motueka Network Improvements
Y1 – 9
$3.5M
Eighty-Eight Valley Network Improvements
Y1 – 4
$53.5M
Waimea Community Dam
Y1 – 2
$1.2M
Motueka West Water Reticulation
Y9 – 10
$9.8M
Richmond South Reservoir & Water Main
Y1 – 9
$10.7M
Water Safety Improvements
Y1 – 5
$34.4M
Waimea Water Network Capacity Upgrades
Y3 – 10
$2.1M
Māpua Reservoir Upgrade
Y1
$11.9M
Water Pipe Capacity Upgrades
Y1 – 7
$1M
Motueka West Water Reticulation
Y1
$14.9M
Water Pipe Replacements
Y1 – 10
YEAR 10
POPULATION 64,300
$11.6M
Water Source Improvements
Y1 – 11
$32M
Lower Moutere Growth Area Water Network
Y14 – 20
$8.5M
Richmond South High Level Water Network
Y13 – 17
$10M
Water Source and Treatment Improvements
Y10 – 12
$21.7M
Water Pipe Replacements
Y11 – 20
YEAR 20
POPULATION 70,900
$30.3M
Motueka Town Supply Extension
Y18 – 23
$3.9M
Richmond South High Level Water Network
Y21 – 22
$3M
Richmond South Heights Water Network
Y26 – 28
$13.2M
Jefferies Growth Area Water Network
Y25 – 28
$12.1M
Water Pipe Replacements
Y21 – 30
YEAR 30
POPULATION 76,100


TIMELINE OF KEY INFRASTRUCTURE PROJECTS – WASTEWATER
This timeline shows some of the major capital works planned for the next 30 years.
YEAR 1
POPULATION 56,600
$3.1M
Emergency Storage and Generators
Y1 – 10
$30.6M
NRSBU
Y1 – 10
$5.1M
Golden Bay Network Upgrades
Y1 – 6
$40.4M
Waimea Wastewater Network Improvements
Y1 – 16
$2.9M
Richmond South Wastewater Infrastructure
Y1 – 4
$7.4M
New Motueka Wastewater Treatment Plant
Y8
$9.2M
Mechanical and Electrical Renewals
Y1 – 10
$5.2M
Wastewater Pipe Replacements
Y1 – 10
$5.3M
Motueka Growth Wastewater Infrastructure
Y1 – 3
$2.9M
Sludge Removal & Reuse
Y1 – 10
YEAR 10
POPULATION 64,300
$5.8M
Richmond South Wastewater Infrastructure
Y9 – 11
$24.2M
Mechanical and Electrical Renewals
Y11 – 20
$10.8M
Māpua Wastewater Network Capacity Upgrades
Y9 – 27
$15.8M
Wastewater Pipe Replacements
Y11 – 20
$14.2M
Lower Moutere Growth Area Wastewater Network
Y17 – 20
$29.3M
NRSBU
Y11 – 20
$3.4M
Sludge Removal & Reuse
Y11 – 20
$73.8M
New Motueka Wastewater Treatment Plant
Y11 – 14
YEAR 20
POPULATION 70,900
$10.5M
Richmond South Wastewater Infrastructure
Y18 – 21
$29.3M
NRSBU
Y21 – 30
$9M
Jefferies Growth Area Wastewater Network
Y25 – 28
$40.4M
Mechanical and Electrical Renewals
Y21 – 30
$2M
Sludge Removal & Reuse
Y21 – 30
$6.4M
Wastewater Pipe Replacements
Y21 – 30
YEAR 30
POPULATION 76,100


TIMELINE OF KEY INFRASTRUCTURE PROJECTS – STORMWATER
This timeline shows some of the major capital works planned for the next 30 years.
YEAR 1
POPULATION 56,600
$12.9M
Richmond West Stormwater Improvements Y1 – 8
$4M
Māpua Stormwater Improvements Y4 – 13
$1.6M
Stormwater Treatment Improvements Y1 – 10
$2M
Tākaka Stormwater Improvements Y7 – 8
$20.3M
Richmond South Stormwater Improvements Y1 – 7
$2.1M
Secondary Flowpath Improvements Y1 – 10
$13M
Richmond Central Stormwater Improvements Y5 – 11
$5.9M
Motueka West Stormwater Improvements Y1 – 3
$10.2M
Richmond Stormwater Land Acquisition Y1 – 7
YEAR 10
POPULATION 64,300
$2.7M
Richmond Central Stormwater Improvements Y13 – 15
$26.5M
Motueka South West Stormwater Improvements Y15 – 20
$1.5M
Stormwater Treatment Improvements Y11 – 20
$3.8M
Secondary Flowpath Improvements Y11 – 20
YEAR 20
POPULATION 70,900
$21.8M
Richmond Central Stormwater Improvements Y20 – 25
$3.5M
Jefferies Growth Area Stormwater Network Y21 – 22
$1M
Stormwater Treatment Improvements Y21 – 30
$4.9M
Secondary Flowpath Improvements Y21 – 30
$3.4M
Richmond South Stormwater Improvements Y20 – 21
$10.3M
Richmond South Stormwater Improvements Y27 – 30
YEAR 30
POPULATION 76,100

Additional Financial Information on the investment in the Waimea Community Dam is as follows:

		$m	Council		Waimea Irrigators Ltd
	Waimea Community Dam Funding		**Water Activity**	**Env Flows**	**WIL**
	Project final cost	211.233			
Plus	Capitalised Int CIIL/WWL	0.498			
Plus	Capitalised Int TDC/WWL	0.400			
	less Interest Income in WW	-1.4300			
		210.701	**44.25**	**63.21**	**103.24**

Council Funding Sources		**Water Activity**	**Env Flows**	**WIL**
NCC Grant*	5.00	5.00	-	
FIF Grant*	7.00		7.00	
CIIL Env Loan*	10.00		10.00	
DC's	10.22	10.22	-	
Council Enterprise Profit*	11.66		11.66	
Total Equity	43.88	15.22	28.66	25.97
Debt in WWL				
CIIL/WWL loan				25.498
Shareholder advances		29.03	34.55	51.75
Allocation for Share of Env Cap		19.05	- 19.05	-
		63.296	**44.162**	**103.215**

Note The $25.498 CIIL/WWL loan converts to equity

Note the Environmental flows are required for any extractive capacity

* These items have reserves assigned or are non loan items

	Hae	Ha
Extractive Capacity	2,340	5,425
	30.1%	70%

Risks and assumptions

Disclosure of risks and material assumptions for water services delivery

Councils may wish to disclose risks and material assumptions for water services delivery that have been included in the Plan. The following optional table has been included as a way such risks and assumptions could be summarised.

Parameters	***Drinking supply***	***Wastewater***	***Stormwater***
Key Risks			
• *Future water service delivery*	• In-house key risks – IBU establishment decisions and timing reliant on council resourcing and decisions and aligning with regulatory requirements. Shared service arrangements to be established to support the delivery of water services. Ring fencing provisions to be completed as required.		
• *Network performance*	• Network performance – no concerns on network performance.		
• *Regulatory compliance*	• Regulatory compliance – There are non-compliances with drinking water which will be resolved by 30 June 2028, funding has been provided in LTP. Council to actively monitor delivery of these projects to ensure they are completed on time, scheduled to be completed by July 2027.		
• *Delivery of Capital Programme*	• Delivery of Capital Programme (3 waters) – The Tasman District Council's 10 year programme to be prioritised and assessed for deliverability, noting there is a stepped increases throughout the plan, which will need to be planned for and resourced accordingly. Note renewal programme is not extensive which reflects appropriate management of the assets, renewals programme will uplift beyond 10-year plan in line with Infrastructure Strategy.		
• *Organisational capacity*	It is anticipated that our council will ensure that there is sufficient organisational capacity to successfully deliver the 3 waters services.		
• *Long term issues e.g. providing for growth, climate change*	• Growth has been provided for in the investment plan and aligns with LTP. Climate change and resilience will measure and are provided in the current investment plan particularly associated with treatment plant upgrades.		• note additional resilience will be required for stormwater, particularly management of floods and overland flow paths etc.
Significant assumptions			
• *Future water service delivery*	• Future water service delivery - Financial assumptions are detailed in Part C and D above • Bill 3 amendments will have not material impact on proposed model and financial sustainability assessment.		
• *Network performance*	• Network performance – detailed above, no significant assumptions.		
• *Regulatory compliance*	• Regulatory compliance – As noted above projects in place for to upgrade plants to meet drinking water compliance, these are based on current standards.		
• *Delivery of Capital Programme*	• Delivery of Capital Programme (3 waters). The 10 year programme needs to be prioritised, and optimised for delivery, ensuring resourcing are adequate (both internal and external) to successfully delivery the programme.		
• *Organisational capacity*	• Existing arrangements will largely remain in place, but anticipate a restructure may be required and additional resources in compliance. Service level agreements across council activities will be required to support the delivery of water services.		
Long term issues e.g. providing for growth, climate change	• Growth Assumptions as per the LTP. Climate change and resilience (weather events and earthquake) as per the LTP, noting that these need to be updated to reflect recent weather events.		

Financial Assumptions:

Initially, Tasman District Council's 10-Year Plan 2024–2034 was used to underpin a range of financial assumptions concerning inflation, interest rates, funding sources, asset management, and other key factors. However, a decision was taken to bring in the impacts of the changes caused by the 2025/26 annual budget process. These in turn rolled out and impacted the financial results out to 2033/34. The assumptions made remained in line with the LTP and were updated as appropriate. These assumptions carry varying levels of uncertainty, which may impact the Council's financial estimates, investment programmes, and service delivery.

- Inflation:
  Inflation assumptions are primarily based on BERL indices, with adjustments for salaries and expected rate increases in 2024/25 and 2025/26. A medium risk exists if inflation exceeds forecasts, potentially requiring rate increases, debt adjustments, or service reductions. Conversely, lower inflation could reduce costs and provide opportunities to adjust rates or enhance services.

- Interest Rates:
  Borrowing costs are forecast using advice from PwC, with an expected average borrowing rate of 4.8% over ten years. The current volatile interest rate environment poses a medium to high risk, as increased borrowing costs could necessitate higher rates or reduced borrowing.

- Asset Management and Depreciation:
  The Council assumes standard useful lives for assets and plans to fully fund depreciation by 2029/30 (noting that an adjustment was made to fully fund depreciation by 30 June 2028). Asset revaluation affects depreciation costs but carries low uncertainty. Shorter asset lives or higher depreciation costs may require increased borrowing or rates.

- Insurance and Risk Management:
  Insurance premiums are expected to rise substantially due to climate-related risks, posing a medium risk. Limited or unavailable insurance for vulnerable assets may necessitate increased self-insurance reserves or borrowing capacity.

- Credit and Borrowing:
  Access to credit on competitive terms is assumed to remain available, with low risk. Reduced credit availability would impact borrowing costs and infrastructure investment.

Financial assumptions for in-house model

Financial forecasts are based on the 2024-34 LTP, plus adjustments for:

- Motueka WWTP – Upgrade to improve compliance ($3.88m in FY25)
- Motueka WWTP – Membrane Replacement ($1m in FY25 & $1m in FY27)
- Takaka WWTP – Upgrade to improve compliance ($2.25m in FY25)
- Richmond South Stormwater – Land purchase (to service growth) ($1.2m in FY25, $4.6m in FY26)
- Mapua Stormwater – Land purchase (to service growth) ($1m in FY25)
- Compliance officer, engineering cadet and other Opex left out of LTP added
- Depreciation fully funded from FY28
- Investment Holdings Ltd (IHL) dividends allocated to water services have been excluded (and replaced with targeted rates revenue)
- Water services excludes Council's Waimea Water Ltd (WWL) shareholder advances to WWL for irrigator capacity and serviced by Waimea Irrigators Ltd (WIL)
- Note: Council's interest in Waimea dam, and the associated borrowing costs are included in the information underpinning this analysis
- Levies from the Water Services Authority have been included – Taumata Arowai and the Commerce Commission

- Forecast funds from operations (FFO) includes 50% of development contributions (in line with guidance from LGFA)
- No specific operating or capital efficiency assumptions have been applied to the financial forecasts. Efficiencies will be investigated (as per implementation plan)

Appendix A – Resource Consents

Resource Consents held by Tasman District Council for the delivery of Water Services

Current Consents						
Consent Number	**Name**	**Description**	**Activity**	**Location**	**Issued Date**	**Expiry Date**
RM160098	To dam, take and use surface water for Rural water scheme supply	Water take, use and dam	Water	Eighty Eight Valley	31-Aug-16	31-May-31
RM150189V1	To take groundwater for Kaiteriteri water supply	Water take	Water	Kaiteriteri/Riwake	20-Nov-18	31-May-33
RM100114V1	To dam, take and use water for Dovedale rural water scheme and associated use of riverbed	Water take	Water	Dovedale	12-Dec-11	31-May-33
RM100116V1	To dam Humphries creek for the operation of the Dovedale rural water scheme	To dam Humphries Creek	Water	Dovedale	12-Dec-11	31-May-33
RM100117	Use of riverbed relating to two existing intake weirs, pipes, etc	Use of riverbed	Water	Dovedale	12-Dec-11	31-May-33
RM150188	To take groundwater for community supply	Water take	Water	Motueka - Recreation centre	29-May-15	31-May-33
RM070187	To take and use water from the Te Matu water management zone for the purpose of community supply	Water take	Water	Motueka	11-Jun-14	31-May-33
RM190412	Collingwood - to take and use water for community water supply	Water take	Water	Collingwood	21-May-20	31-May-34
RM180940	Tapawera - to take and use groundwater for community water supply	Water take	Water	Tapawera	13-Sep-19	31-May-34
RM190411V1	To take and use surface water for community water supply	Water take	Water	Hamama	8-Jun-21	31-May-34
RM100113	Taking and diversion of water	Water take	Water	Upper Tākaka	16-Mar-11	31-May-34
RM100120	Taking and diversion of water	Structure in bed of river	Water	Upper Tākaka	16-Mar-11	31-May-34

RM191328	Murchison - to take and use water for community water supply	Water take	Water	Murchison	2-Sep-20	31-May-35
RM161220	To take and use water for community water supply	Water take	Water	Golden Hills	30-Jan-20	30-Nov-39
RM161218V2	To take and use water for community water supply	Water take	Water	Redwoods - River Road	30-Jan-20	30-Nov-39
RM161217V2	To take and use water for industry and community water supply - Waimea supply	Water take	Water	Waimea bore field - Mapua and Richmond water supplies	30-Jan-20	30-Nov-39
RM160099	Richmond - to take and use groundwater for community water supply	Water take	Water	Richmond	30-Jan-20	30-Nov-39
RM161216	To take groundwater for community water supply	Water take	Water	Brightwater	30-Jan-20	30-Nov-39
RM161219V2	To take and use groundwater for Community water supply (Redwoods Valley Scheme 2, O'Connors Creek)	Water take	Water	Redwoods Valley - O'Connors Creek	30-Jan-20	30-Nov-39
RM210695	To take groundwater for community water supply	Water take	Water	Wakefield	22-Dec-22	30-May-40
RM130752V1	To discharge water containing contaminants to Borck Creek	Discharge to water	Water	Richmond	8-Jul-15	14-Nov-48
RM170512	Emergency discharge of water to land from the Kaiteriteri water treatment plant to water within a roadside drain	Discharge to water	Water	Kaiteriteri/Riwaka	29-May-15	28-Jun-52
RM200234	Stormwater and raw flush water discharges from Collingwood water treatment plant	Water take	Water	Collingwood	1-May-20	1-May-55
RM210135	To discharge water and associated sediment from a water treatment plant via settlement and filtering to Dove River	Discharge to water	Water	Dovedale	21-May-21	21-May-56
RM160813	Pōhara - discharge of backwash water to stream	Discharge to water	Water	Pōhara	29-Jun-17	29-Jun-26
NN720010	Pōhara - dam and take water for urban water supply	Water take	Water	Pōhara		1-Oct-26

RM191015	To use and operate existing public urban stormwater network infrastructure structures	Stormwater infrastructure within the 15 Urban Development Areas	Stormwater	Tasman District UDA's	26-May-21	
RM191016	Combined land use consent and coastal permit	To occupy the common marine and coastal area or coastal marine area with existing public urban stormwater network infrastructure and for any associated maintenance, repair, replacement or removal	Stormwater	Tasman District UDA's	25-May-21	1-Jun-41
RM191018	Combined discharge permit to discharge water, including contaminants, to stormwater infrastructure from maintenance, repair, removal, replacement activities on network infrastructure	Combined discharge permit and coastal permit to discharge water, including contaminants, to land, air, coastal water and fresh water from small to medium scale maintenance, repair, removal and replacement activities on the public urban stormwater network infrastructure	Stormwater	Tasman District UDA's	26-May-21	1-Jun-41
RM191019	Discharge permit and coastal permit to discharge stormwater to land, coastal water and freshwater.	To discharge stormwater, including associated contaminants, from existing and future public urban stormwater network infrastructure (including existing and future discharge points) of the 15 Urban Drainage Areas to land, coastal water and freshwater.	Stormwater	Tasman District UDA's	26-May-21	1-Jun-41
RM190490	Collingwood WWTP - Odour discharge including for desludging	Discharge to air	Wastewater	Collingwood	10-Jun-19	1-Jul-34
RM080703	Collingwood WWTP -Treated ww to surface water	Discharge to water	Wastewater	Collingwood	1-Jul-09	1-Jul-34
RM080704	Collingwood WWTP - Discharge structure in creek	Land-use consent	Wastewater	Collingwood	7/07/2009	1-Jul-34
RM141088	Motueka WWTP - Discharge to CMA	Discharge to water	Wastewater	Motueka	16-Oct-15	15-Oct-35
RM141091	Motueka WWTP - Odour discharge including for desludging	Discharge to air	Wastewater	Motueka	16-Oct-15	15-Oct-35
RM141092	Motueka WWTP - Disturb and occupation of CMA by outfall pipeline	Coastal permit	Wastewater	Motueka	16-Oct-15	15-Oct-35
RM171013	Motueka WWTP - earthworks for wetland - unlimited	Land-use consent	Wastewater	Motueka	22-Sep-17	Unlimited
RM050617V4	Murchison WWTP - Treated ww to land	Discharge to land	Wastewater	Murchison	19-Jun-14	2-Jun-41

RM050618	Murchison WWTP - Odour from operation of WWTP	Discharge to air	Wastewater	Murchison	30-Jun-06	2-Jun-41
RM050811	Murchison WWTP - Construction of WWTP	Land-use consent	Wastewater	Murchison	30-Jun-06	2-Jun-41
RM050843	Murchison WWTP - Odour from desludging of WWTP	Discharge to air	Wastewater	Murchison	2-Jun-06	4-Feb-41
RM130179	St Arnaud WWTP - Treated ww to land	Discharge to land	Wastewater	St Arnaud	16-Apr-13	16-Apr-38
RM130180	St Arnaud WWTP - Odour discharge including for desludging	Discharge to air	Wastewater	St Arnaud	16-Apr-13	16-Apr-38
RM130181	St Arnaud WWTP - For WWTP and Reticulation - Unlimited	Land-use consent	Wastewater	St Arnaud	16-Apr-13	Unlimited
RM080146V2	Takaka WWTP - Treated ww to land	Discharge to land	Wastewater	Takaka	11-Jun-13	4-Jul-38
RM080166V1	Takaka WWTP - Odour discharge	Discharge to air	Wastewater	Takaka	11-Jun-13	4-Jul-38
RM100333	Takaka WWTP Designation Extension - unlimited	Land-use consent	Wastewater	Takaka	11-Jun-13	Unlimited
RM071078V1	Takaka WWTP - Odour discharge for desludging	Discharge to air	Wastewater	Takaka	2-Apr-08	4-Jul-42
RM050391V4	Tapawera WWTP - Treated ww to land	Discharge to land	Wastewater	Tapawera	12-Dec-11	31-Jul-42
RM070634V2	Tapawera WWTP - Odour discharge including for desludging	Discharge to air	Wastewater	Tapawera	21-Oct-11	31-Jul-42
RM070699	Tapawera WWTP Alteration to Designation - unlimited	Land-use consent	Wastewater	Tapawera	27-Aug-07	Unlimited
NN010258V3	Upper Takaka WWTP - Treated ww to land	Discharge to land	Wastewater	Upper Takaka	30-Oct-09	11-Jul-42
RM070404	Upper Takaka WWTP - Odour discharge including for desludging	Discharge to air	Wastewater	Upper Takaka	11-Jul-07	11-Jul-42

Appendix B - Projects to improve Regulatory Compliance

Projects to improve Regulatory Compliance

WATER						
Scheme/Supply	**Program/Project**	**Issue**	**Potential Significant Constraints**	**Project Stage**	**Budget $M**	**Timeline and completion date**
Collingwood	Water Treatment upgrade/ Collingwood - WTP - install filtration & pH adjus	Remove aeration tower /lime chip pH control - pathway for contamination - and replace with Sodium hydroxide dosing system; Add filtration as another barrier		Active - Delivery	**$608k**	2025-26
Pohara	Water Treatment upgrade/ Pohara WTP Upgrade	A range of minor improvements and upgrades following the major upgrade to a membrane filtration plant. Chlorine dosing system renewal; Telemetry upgrades to improve data comms; pumping upgrades, Scada controls; chlorine contact tank refurbishment		Active - Delivery	**$310k**	2024-25
Kaiteriteri	Network/Storage upgrade/ Kaiteriteri Reticulation - Reservoir Improvements	The two main reservoirs are timber tanks lined with membranes. These structures are ageing and deteriorating and vulnerable to contamination due to vermin, structural damage, vandalism, lining damage. Improvements to the structures and linings of one or both or replacement of one or both with more robust structures is required.		Active - Design	**$400k**	2025-26
Kaiteriteri	Water Treatment upgrade/ Kaiteriteri WTP contact tank, WTP - filtration, flush	Add filtration barrier; add chlorine contact to achieve adequate chlorine disinfection prior to first customers on scheme and to achieve anticipated new viral compliance criteria; Add flush-to-waste capacity to allow ability to discard poorly treated water prior to it entering network.		Active - Delivery	**$1m**	2025-26
Redwood Valley 1*	Water Treatment upgrade/ Redwood Valley Water Supply Upgrade to meet DWS	Supply has no barrier to protozoa. Both Redwoods schemes on permanent boil water notice as a result. One of the two source bores is prone to turbidity increases and is not secure from surface water ingress. Combining the two Redwoods schemes into one with a single, high quality source water and new treatment plant with all required barriers will bring Redwoods 1 and 2 into compliance.		Active - Delivery	**$9.2m**	2024-25 - 2028-29 (Bulk of project completed by 2027/28)
Redwood Valley 2*	Water Treatment upgrade/ Redwood Valley WTP & PS - O'Connor's Creek Treatment Upgrade			Active - Delivery	**$850k**	2025-26

Scheme/Supply	Program/Project	Issue	Potential Significant Constraints	Project Stage	Budget $M	Timeline and completion date
Dovedale (Rural)*	Source water; Water treatment upgrades/ Dovedale - New source & raw water line from Motueka River Valley	Source water stream is prone to flooding, sedimentation, high turbidity and low summer flows. Treatment plant unable to remove sufficient turbidity to enable bacterial disinfection using chlorine. No protozoa barrier. Disinfection by-products within network. New reliable source water required and treatment with all barriers to contamination required.	No sufficient or reliable groundwater in the vicinity as established by numerous investigations. Remaining option is infiltration galleries beside Motueka river or from the river itself. Investigations ongoing but outcome remains uncertain. Consenting and consultation constraints; high costs associated with finding viable water, with piping water to treatment plant site and then with installing required treatment systems. Majority of water use is for agriculture/horticulture. 'Closed' water account - high cost directly to scheme users.	Active - Delivery	**$6.3M**	2026-27
Dovedale (Rural)*	Source water; Water treatment upgrades/ Dovedale - WTP - Filtration & UV			Follows from above	**$930k**	2027-28
Brightwater/ Wakefield/ 88 Valley*	Source, Treatment, Network/ Waimea Water Programme	A large-scale strategic improvement project to combine three existing schemes into one - Wakefield, Brightwater, 88 Valley. Single reliable and high consistent-quality groundwater source. Single treatment plant incorporating all necessary barriers to contamination. Existing source waters for each of these three schemes are vulnerable to flooding events. 88 Valley has no protozoa barrier and is on permanent boil water notice as a result.	Identification and procurement of land for new treatment plant	Active - Parent Project Bucket	**$30.5M**	10 year programme of projects - concentrating on having 88 Valley meeting NZDWAR's as soon as practically possible.
Wakefield	Network upgrade/ Tanker Filling Station - Wakefield	DWQAR do not allow water carriers to take water from hydrants in large water schemes. Need a third tanker filling station to augment the existing stations in Motueka and Richmond		Active - Delivery	**$100k**	2027-28
Tapawera	Source upgrades; Treatment upgrades/ Tapawera WTP and Bore Renewal	Source bores nearing end of life. Treatment plant has no filtration and a single UV unit. Plant flooded in June 2025 storm event. Improved resilience and additoonal barriers to contamination required. New site largely unaffected by storm flooding event		Active - Delivery	**$2.25m**	2024-25 - 2025-26

Scheme/Supply	Program/Project	Issue	Potential Significant Constraints	Project Stage	Budget $M	Timeline and completion date
Murchison	Treatment upgrades/ Murchison WTP & PS - Treatment Renewals	Treatment plant has a single UV unit and no filtration barrier. pH control via Aeration tower which is a potential source for contamination. Upgrade includes two UV units and a filtration barrier. pH control via sodium hydroxide dosing.		Active - Design	**$2M**	2024-25 - 2025-26
Motueka	Network upgrade/ Tanker Filling Station - Motueka	DWQAR do not allow water carriers to take water from hydrants in large water schemes. Need a third tanker filling station to augment the existing stations in Motueka and Richmond		Active - Delivery	**$100k**	Completed 2023
Motueka	Storage upgrade/ Motueka Rec. Parker Street Reservoir	Currently no storage capacity within system meaning network rapidly drained in event of network breaks and other events. Storage capacity will allow some resilience to such events.		Active - Design	**$1.7M**	2023-24 - 2025-26
Upper Takaka**	Treatment upgrades/ Upper Takaka WTP upgrade	A third reservoir added to allow resilience to poor source water quality; Filter media renewed; flush to waste system improved;		Active - Delivery	**$100k**	2025-2026
Hamama**	Storage upgrade/ Hamama Reticulation - Reservoir Renewal			Not Started	**$250k**	2029-30
Hamama**	Treatment upgrades/ Hamama Treatment - Install Household Treatment Units	No treatment barriers currently. Vast majority of water use is agricultural. Looking to employ the Mixed-use Rural Agricultutral Acceptable compliance solution where individual point of entry treatment systems are located at each household.	The current Acceptable Solution places the onus on Council to ensure maintenance and verification of treatment systems are performed. Level of involvement is a risk to Council. Anticipating revised solution may address these issues to make this compliance option viable.	Not Started	**$36k**	2030-31

Scheme/Supply	Program/Project	Issue	Potential Significant Constraints	Project Stage	Budget $M	Timeline and completion date
All(Water)	Monitoring Equipment Renewal/Upgrade			Active - Delivery	**$500k**	Programme of upgrades to each Supply
All(Water)	Telemetry Upgrade			Active - Delivery	**$160k**	Programme of upgrades to each Supply
All(Water)	Telemetry Renewal			Active - Delivery	**$500k**	Programme of upgrades to each Supply
All(Water)	Backflow Prevention Programme			Active - Delivery	**$1.85m**	Continous Programme
*** Denotes that these supplies do not currently have a protozoal barrier (and are on Boil Water Notices until upgraded)** **** Denotes that these are very small water supplies**						

Appendix C – Responses to DIA Review of Draft WSDP

Note: This appendix was drafted in response to the DIA review of the draft WSDP.

Changes have since been made to the base financial modelling and so there may now be differences between the responses below and what is in the final WSDP.

Technical queries and comments

Section 13(1)(e)(ii) requires the plan to include, if any water services do not comply with current regulatory requirements or will not comply with any anticipated future regulatory requirements, a description of how the anticipated or proposed model will assist to ensure water services will comply with regulatory requirements in the future. While the plan does state, on page 59, that "all non-compliance will be addressed by 30 June 2028" this is not sufficient, and more information is needed.

Performance is concerning, especially for the 2023/24 year where only 1 in 15 water treatment plans were compliant. While there is Capex budgeted to address compliance issues, we would like to see more detail about what will be done, and when, to ensure compliance with regulatory requirements.

Please find in Appendix B tables which outline all the projects that council is investing in FY 25 – FY 28 to get the drinking water plants capable of meeting compliance with the Drinking Water Quality Assurance Rules. The planned Water services unit committee, which will be a sub-committee of council will monitor regulatory compliance and the delivery of these projects.

Table below provides the latest compliance information sourced WSA drinking water regulatory report for the Drinking Water Quality Assurance Rules 2024. There are 5 plants that require to be upgraded to be able to meet the DRWA rules.

Supply Name	Supply Population	DWSP lodged	Protozoa Barrier	Bacterial Barrier	Residual Disinfection	E.coli detections (lab notifications)	Chemical Mav exceedances (lab notifications)	Long term advisories
Brightwater	2,158	Yes	Yes	Yes	Yes			
Tapawera	400	Yes	Yes	Yes	Yes			
Mapua/Ruby Bay	2,832	Yes	Yes	Yes	Yes			
Upper Takaka	50	Yes	Yes	Yes	No	1		
Redwood Valley 1	180	Yes	No	Yes	Yes			1
Redwood Valley 2	710	Yes	No	Yes	Yes			1
Motueka	3,257	Yes	Yes	Yes	Yes			
Pohara	160	Yes	Yes	Yes	Yes			
Wakefield	2,316	Yes	Yes	Yes	Yes			
Kaiteriteri	680	Yes	Yes	Yes	Yes			
Murchison	421	Yes	Yes	Yes	Yes			
Richmond	18,630	Yes	Yes	Yes	Yes			
Eighty Eight Valley Rural	450	Yes	No	Yes	Yes			1
Collingwood	310	Yes	Yes	Yes	Yes			
Dovedale Rural	660	Yes	No	Yes	Yes		1	1 (6yrs)

Note the Redwood Valley 1 and 2 and Eighty Eight Valley Rural supplies long term advisories (Boil Water Notices) were not included in the 2024 reporting year and have since been added due to the lack of Protozoal treatment and in liaison with and approval by the Water Services Authority – Taumata Arowai. Also, that the Motueka Supply does now have bacteria and protozoal treatment barriers.

The plan anticipates a consistently high level of capex investment over the period with the last four years being three to five times the level of delivery that has historically been achieved. Given local conditions, industry constraints, increased levels of demand from other Councils on the same services, we would like to see further information from TDC as to how they intend to change their sourcing, procurement and delivery strategies to achieve these higher levels.

The programme included in the WSDP largely follows the LTP which has been adopted by council and consulted with the community. An additional project, Motueka Wastewater Treatment plant membranes, $2 million was included in FY24/25 – FY26/27 to meet regulatory requirements and accommodate the legislative requirement for growth. Council recognises that the WSDP is a one-off document and that during the IBU establishment phase the capital programme will be optimised and prioritised to ensure that it meets with regulatory requirements but is also deliverable. This prioritised programme will then be approved by the planned Water Services Committee, prior to being submitted to the Council for approval via the development of the water services strategy.

Tasman District Council has demonstrated successful delivery of its water services capital programme, with delivery against planned investment for water services from FY18/19 to FY24/25 average of 106%

-	**Water Services FY2024/25**	**Water Services FY21/22 to FY23/24**	**Water Services FY18/19 to FY20/21**	**Water Services Total**
Total planned investment (set in the relevant LTP)	43,132	106,718	69,764	219,614
Total actual investment	33,783	133.403	66,366	233,552
Delivery against planned investment (%)	78%	125%	95%	106%

Our organisation understands the importance of delivering what we include in our annual and long-term plans. In the 10 year plan average investment for the first 4 years is approximately $43 million per year, this is an additional $10 million than what has been delivered in FY 24/25. The plan then steps up in FY28-29 – FY30/31 averaging $51.3 million per year and then it is approximately $80million in FY31/32 and then $92 million and $96 million for the last 2 years respectively. Council is confident that they can deliver on the increased programme, particularly as $33 million was delivered in FY24/25 and that programme was heavily impacted by several factors such as emergency management events and resources redirected onto LWDW activities. There is 4 years to optimise the programme and plan for increased resourcing to deliver on the increased programme, noting that the increase in the later years is due to significant treatment plant upgrades, which will rely heavily on external resources. Also, to accommodate the increased programme from Year 5 onwards the renewals programme has been scaled back over the same period, allowing resources to be redirected toward priority upgrade projects, this approach will not negatively impact on the renewals programme moving forward.

The capital programme includes targeted projects that will address outstanding compliance issues and ensure the Council meets the requirements for financial sustainability by 30 June 2028.

The capital activities are delivered through two key mechanisms namely:

- An ongoing capital delivery programme managed by councils in-house Programme Delivery team
- Specific tasks carried out using councils long term operations & maintenance contract with Downer

The Waters team (who will form the in-house Water business unit) prepares project briefs which are passed on to the Programme Delivery team who monitor the life cycle of all of the individual projects which are linked back to the LTP with each activity allocated to a separate project manager. Council includes contingencies within the project budget estimates as appropriate and the contingencies are monitored and assessed as the projects move through the project lifecycle, tender, design and physical work stages.

The concept through to final design is typically carried out by one of councils panel of consultants (Beca, Stantec, WSP and Tonkin & Taylor) who have well-staffed offices in the Nelson region. Council's procurement team will use the appropriate procurement method to enter into a contract with typically one of the region's contractors. Apart from Downer and Fulton Hogan we have an approved register of multiple other capable construction firms based in our region who have to pass our minimum standards of health & safety etc.

Through experience we have identified a core number of delivery risks to achieving our programme which include land purchase, consenting and sensitive cultural matters. Our long-term aim is to get ahead of the programme so that we have completed design projects available to fill a gap left when, for example, a project stalls because of a consenting issue. We are not quite there yet but we have significantly improved our delivery capability by separating the asset managers (the in-house clients) from the programme delivery and procurement teams.

Progress against the capital programme will be monitored through reporting to the Commerce Commission to ensure that resources and funding remain aligned with delivery objectives and that the necessary compliance upgrades are completed on time.

We are concerned that the stated percentage of assets in poor or very poor condition is very low. While the asset age is relatively low, the asset conditions are not comparable to other networks with similar asset ages. We note that page 27 states that 100% of assets have been condition graded, however that this has been done through a desktop assessment. It would be good to understand what actions are being taken to address this.

Above ground assets have not been assessed and this should be given priority given relatively high levels of non-compliance and forecast replacements. While page 27 states that critical assets have been identified, these need to be listed or summarised.

Above ground asset condition rating is in the operations and maintenance contract for the contractors to carry out. While this has not occurred recently, discussions are currently underway to have the Contractor carry out this function as stipulated in the contract.

Condition assessments both of above and below ground assets are included in the AMPs. However, cost constraints have prevented the programme from continuing and getting and expanded to industry standard programmes. Approximately $1 million is budgeted in the LTP (predominantly from year 4) to commence a condition assessment programme for Water and Wastewater. There is not currently budget allocation for condition assessment for stormwater assets, and this is primarily due to there being no scheduled renewals planned for the current LTP period. The current restructure underway (including forming a Water Services In-house Business Unit) and proposed governance structure sets the Council up to improve resourcing and funding in this area of Water Services Delivery

Council has developed an asset criticality assessment framework for the water services which is detailed in the AMPs. Cost and resourcing constraints have prevented the assessment from taking place currently. Funding towards resourcing this initiative is in the LTP from year 4. As above, the current restructure underway (forming a Water Services In-house Business Unit) and proposed governance structure sets the Council up to improve resourcing and funding in this area of Water Services Delivery.

At the bottom of page 36 it states, "the renewals programme slowly increased from FY24 to FY30 and then declines over the last three years of the plan." This is contrary to the table on page 60 which shows capex expenditure decreasing from 2024/25, slightly increasing in 2028/29 and 2029/30, before decreasing again for later year. Please reconcile this information.

Noted amended.

Page 61 covers "Total water services investment required over 10 years" and talks about how the asset base is relatively young, however TDC intended to invest at levels exceeding depreciation to ensure that "the network is not only maintained but improved." Can you please provide more details about this approach as the asset investment ratio is quite high.

To clarify, the increase in capital expenditure over the 10-year period is largely being driven by level of service (regulatory compliance) and growth upgrades for both drinking water and wastewater treatment plants, pumpstations and reticulation upgrades and for stormwater there is several land purchases and network upgrades, which will maintain and improve the networks hence the investment ratio is high. However, the investment in renewals decreases over the 10-year period which does not negatively impact on the networks this has been highlighted in the asset sustainability ratio table and narrative.

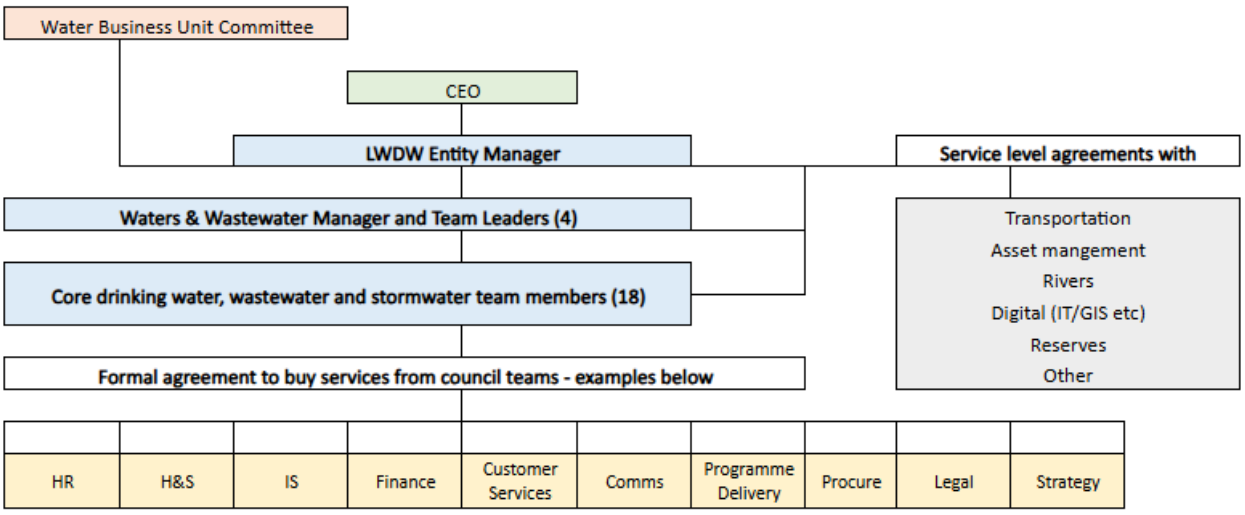
It would be helpful to append a detailed schedule of consents including for those consents due to expire in the next 10 years.

Included in Appendix A

We would like more information about how the asset management functions will be delivered to the in-house business unit from within TDC. Will this be covered by a service level agreement and internal charges?

Yes, Internal service level agreements have been identified in the Implementation Plan as an activity that will need to be completed to stand up the IBU, the SLAs will identify the service and charging regime appropriate for each activity. Refer to IBU structure (below).

Provisional structure of the in-house Water Business Unit and interface with the balance of council



Time sheeting for the whole organisation is to be reintroduced this year, and this will assist in the appropriate charging of these services.

Please confirm in the plan if the levies expected from the Water Services Authority – Taumata Arowai and the Commerce Commission have been budgeted for.

Yes, these costs have been included in operating costs and have been detailed in the financial assumptions in the additional information section.

The forecast level of service and compliance expenditure for stormwater appears low, especially in light of recent flood events in the region. Acknowledging this is a very recent event, some evaluation and commentary against the levels of service may be appropriate, and for the 2024/25 year just ended.

The Council is currently assessing the impact of recent weather events on the 3 waters infrastructure and will be addressed via the usual council processes. The stormwater level of service investment is low in the 10-year plan as the level of service is currently being met. As noted in the significant projects list there are several LOS improvement projects which includes land purchase, capacity upgrades and secondary flow path improvements.

Please provide details of the Capex spend extending beyond the ten-year period for those projects that have been agreed to, such as the Motueka wastewater treatment plant.

Significant projects have been identified in the Infrastructure Strategy, which includes the Motueka wastewater treatment plant as indicated in images that have been added to the document from page 81. These images are timelines of the major projects planned for the next 30 years.

Confirm if treatment plants, reservoirs and other major network assets have capacity for planned growth. –

Yes, the capital expenditure over the 10-year period is largely being driven by level of service (regulatory compliance) and growth upgrades for both drinking water and wastewater treatment plants, pumpstations and reticulation upgrades and for stormwater there is several land purchases and network upgrade projects. Many of the significant projects included in the plan in the '… additional information' section are upgrades to plants, reservoirs and network assets.

Please confirm that no TDC drinking water supplies are required to be fluoridated by Ministry of Health directive.

Correct, Tasman District Council has not received a directive from MoH to fluoridate any of its supplies

Outline what assets developers are likely to provide and vest in Council and the implications for operational costs.

Tasman District Council (shared with Nelson City Council) has the Nelson Tasman Future Development Strategy to manage growth. Implementation of the Strategy is by way of Plan Changes to the Tasman Resource Management Plan (TRMP) and the Nelson Tasman Land Development Manual (which sets out the infrastructure rules).

New developments are approved by Council and assets to be invested are identified and require sign off by Council prior to be vested into Council. This process enables Council to understand the value of assets to be transferred along with any potential consequential operating costs, these are factored into the LTP.

Legislative compliance

Section 13(1)(l) requires the plan to provide an explanation of how the revenue from, and delivery of, water services will be separated from the territorial authority's other functions and activities. The plan does not cover this.

Added Commentary (page 6):

Our Council has, for many years, followed a 'ringfencing' philosophy when charging for water services. This has led to the creation of closed accounts for the financial management of Water, Wastewater, and Stormwater. This is supported by the use of time-sheeting that the Water Services area have been undertaking for many years. The practice of time-sheeting is getting expanded in late 2025 to other activity areas of Council and this will assist in officers time (in support and advisory roles) being aligned to the correct activity.

It should be noted that we report on the three waters areas as part of our restricted reserve section of the Annual Report, the Annual Plan and Long Term Plan. These are Council created reserves that are audited annually to ensure they are ringfenced. As such we believe that our current ringfencing of the three waters activity is robust.

We also acknowledge the proposed future role of the Commerce Commission in regulating water charges.

Section 13(1)(n) requires the plan to provide an explanation of what the council will do to ensure that the delivery of water services will be financially sustainable by 30 June 2028. The plan does not provide enough information on this issue for us to be confident that financial sustainability will be achieved by the deadline. More information is provided in the following section.

Financial sustainability

- *An explanation on how TDC will implement the projected price increases given that charges will rise from 3.5% of median income to 4.9% within the forecast period. (Note that these numbers are taken from the table on page 46, the text on page 45 lists them as 3.7% and 5.1% respectively - please reconcile these figures.)*

Correction made

- *More detail in the sections on "Water services financing requirements and sources" and "Internal borrowing arrangements." Please complete these sections.*

Water services financing requirements and sources – further information added to sections. Pages 50 & 51

- *Projected borrowing requirements over the 10-year period to deliver the level of investment required;*

Borrowing is projected to peak at $442M in year 10 of Council LTP as level of investment grows to meet our regulatory requirements. The later years of the LTP have large capital investment increases due to two Wastewater Treatment Plants requiring replacement/relocation.

- *Minimum cash and working capital requirements for the sustainable delivery of water services;*

To ensure the sustainable delivery of water services, Tasman District Council maintains prudent levels of cash and working capital. These reserves are guided by the Council's Treasury Policy, which sets minimum liquidity thresholds to meet operational needs and buffer against unforeseen financial pressures.

The Council uses a combination of funding sources to finance water services, including debt (primarily for new or upgraded infrastructure), partially funded depreciation (for renewals), development contributions (growth-related capacity), and external capital contributions and reserve funding. This mix supports intergenerational equity by aligning funding with asset life and ensuring that those who benefit from infrastructure investments contribute appropriately.

Our working capital is monitored daily to ensure we have sufficient liquid assets to meet our obligations in terms of payments to suppliers.

- *Borrowing limits for water services and all council business;*

Council operates within borrowing limits defined in its Financial Strategy and 2024 Treasury Risk Management Policy. These include a net debt-to-revenue ratio cap, annual debt servicing limits, and liquidity coverage ratios. Borrowing limits apply to total Council debt at the parent level, including water services, and are structured to maintain long-term financial sustainability and creditworthiness.

- *Whether projected borrowings are within borrowing limits;*

Projected borrowings for water and other infrastructure remain within the Council's established borrowing limits over the 10-year horizon. While gross debt levels are expected to rise in line with investment needs, they are actively managed to ensure compliance with policy thresholds and to retain borrowing headroom. Council's established borrowing limits are a net debt to revenue ratio of 160% which is below those in our own treasury policy and those set by the LGFA. This means we do have new debt headroom for unforeseen events.

- *Financial strategy for financing water services investment and operating expenditure;*

Council adopts a prudent and sustainable approach to debt and funding, recognising the need to support infrastructure development, particularly in a high-growth environment. This section outlines key elements of the Council's financial strategy in relation to water services and overall debt management.

Over the next 10 years, Council expects to undertake significant investment to maintain and expand water infrastructure, aligning with projected growth across the district. Borrowing will be required to fund a portion of this investment, especially for new assets associated with growth and service improvement. The level of borrowing will be determined through the Long-Term Plan (and future Water Services Strategy) and reviewed regularly to reflect changes in project scope, timing, and funding availability.

Debt servicing, including both interest and principal, is funded through targeted general rates. Renewal projects are generally funded from depreciation reserves, while growth and level-of-service improvements are typically debt-funded. Council's approach ensures that debt repayment aligns with asset life and that repayments are manageable for current and future ratepayers.

Operating costs are all funded from targeted rates (and Fees and charges) from within the three waters. There is a one for one relationship between operational spend and targeted rates. A such they are fully funded.

- *Expected tenor of new borrowings and how interest rate and refinance risk will be managed; and*

Council funds its Balance Sheet as a whole. Individual activities are funded by internal loans these are typically P & I loans for 20-35 years with internal interest rate reviewed quarterly based on Councils weighted average cost of borrowing.

Interest rate and refinancing risks are actively managed through the Council's 2024 Treasury Risk Management Policy, which includes spreading maturity profiles, using interest rate swaps, and maintaining access to diverse funding sources, particularly the Local Government Funding Agency (LGFA). As a shareholder in the LGFA, Council benefits from favourable borrowing terms compared to commercial alternatives.

It is expected that the Treasury Risk Management Policy will need to be tweaked to account for the ringfencing of the three waters. We await the detail to see if other changes may be required. For example, an internal treasury function for the 3 waters activities.

- *Debt repayment strategy.*

It is also important to note that Council's overall approach to treasury management remains stable and is not expected to change significantly in the medium term. The existing 2024 Treasury Risk Management Policy (including Liability Management and Investment policies) provides a robust framework for managing borrowing, liquidity, and risk, which supports the sustainable delivery of water and other Council services.

Internal Borrowing Arrangements pg 52

- *Any current internal borrowing arrangements between water services and other council business, including whether finance costs are charged on these arrangements and repayment mechanics;*

Tasman District Council (Tasman) operates an internal treasury function, through which all three waters activities—water supply, wastewater, and stormwater—are funded. This centralised treasury model allows for efficient management of Council's overall borrowing and liquidity requirements.

When necessary, the internal treasury function sources funding from the external market to meet borrowing needs, including those related to three waters activities. These decisions are made based on both the specific funding requirements of three waters projects and the broader cash flow needs of the Council.

The Council ring-fences all three waters activity finances, ensuring that loans associated with each area are directly attributed to the respective activity. The only exception to this approach has been the Waimea Community Dam, for which concessional external borrowing from CIIL was arranged specifically.

Under this internal model, the three waters activities are charged an interest rate that reflects the weighted average cost of external borrowing. This includes credit margins and any other relevant costs. Interest rates applied to internal borrowing are approved through the Long Term Plan (LTP) process and reviewed quarterly for the current year and annually for budgeting purposes. The maximum term for internal borrowing arrangements is 20 years but up to 35 years for long life assets can be approved.

- *Whether it is proposed that internal borrowing arrangements will be used up to 30 June 2028;*

Yes.

- *Whether it is proposed that internal borrowing arrangements will be used beyond 30 June 2028; and*

Tasman intends to continue using this internal treasury approach within the in-house model currently being adopted for the management of three waters. This model will remain in place through to 30 June 2028 and is expected to continue beyond that date.

- *How internal borrowings will be managed to ensure compliance with ringfencing requirements.*

See above

- *Clarity on how the Waimea Dam will be treated under the new arrangements. On page 7 you state that "the plan is the exclude the dam from the water activity" however, in the risks and assumptions section (pages 80-82) you state that "Tasman's interest in the Waimea Dam, and the associate borrowing costs are included in the information underpinning this*

analysis". We would like to see more information about the commitments TDC has to the Waimea Dam, its debt and revenue, as well as confirmation as to whether the Dam is included or excluded from the in-house business unit.

Explanation of Tasman's District Council interest in Waimea Community Dam PPP has been changed significantly:

Part A - The Waimea Community dam is owned and operated by a CCO (Waimea Water Ltd) in a PPP arrangement. Councils' investment in the CCO primarily relates to securing an augmented and reliable urban water supply for Richmond and the surrounding areas. The other partner in the PPP arrangement is Waimea Irrigators Ltd who fund the irrigation capacity provided by the dam. It is expected that the existing CCO arrangements will continue.

The CCO operates on a cost recovery basis and charges Council and Waimea Irrigators Ltd through quarterly water charges. Loan arrangements for Councils' investment is ringfenced. Council also provides pass through funding to the CCO. The dam owning and operating CCO it is subject to separate LGA reporting and audit requirements, which will be reviewed to ensure compliance with LWDW legislation.

Financial modelling has confirmed that the Council can meet its obligations to Waimea Water Ltd while remaining financially sustainable and compliant with LGFA covenants.

Ultimately for the IBU there is no difference to the bottom line to whether the investment in the WCD is in or out of the IBU. Having the investment in the WCD means that the IBU retains an amount of control of the charges that are the responsibility of the IBU to pay to secure water for water supply purposes and that having that investment secures the rights to the water for Water Supply purposes.

The day-to-day management of the relationship with Waimea Water Ltd will continue to be handled by the Council's Water Supply team within the IBU, through the 3 Waters Operations and Maintenance contract.

Part C - The Waimea Community Dam provides an augmented water flow in the Waimea River system and this recharges the associated aquifers, which are drawn upon to supply water to the urban network.

Waimea Water Limited is a CCO operating a PPP. It is jointly owned by Tasman District Council and Waimea Irrigators Limited. The CCO was formed to oversee the construction, operation, and maintenance of the Waimea Community Dam as a water augmentation scheme.

Waimea Water Ltd recovers it costs through quarterly water charges to Council and Waimea Irrigators Ltd.

All revenue gathered by the Council in relation to its share of costs for the operation and management of the WCD CCO - that is from water supply users (for water supply reasons) - will transfer to the in-house water services business unit.

In the dam funding model, 30% of costs were allocated to maintaining the necessary environmental flows in the river. This investment allows the increased extractive capacity from the aquifers.

This cost is currently funded through two targeted rates:

- A district wide fixed charge on all properties (70% of the Environmental flow cost)
- A targeted rate based on land value in the "Zone of Benefit" (30% of the Environmental flow cost). Due to their closer proximity to the benefits from the dam.

It is envisaged that there will be no change to the governance, funding or management of the WCD CCO.

Tasman District Council operates closed accounts for activities funded by targeted rates. As such we will continue to do this with the inhouse model for the Water activity.

Part C - Internal Borrowing Arrangement:

The Council ring-fences all three waters activity finances, ensuring that loans associated with each area are directly attributed to the respective activity. The only exception to this approach has been the Waimea Community Dam, for which concessional external borrowing from CIIL was arranged specifically.

Part D – Risks and Constraints:

Waimea Community Dam

- CCO Stakeholder dependence: Council has provided credit support and lending to the PPP CCO. Council is at risk should the other stakeholder (WIL) in the CCO default on their water charges and the credit support then being called. Councils credit support and lending is secured over the dam asset.

Risks:

- Risk: Waimea Water Ltd CCO Stakeholder financial distress: Council has provided credit support and lending to the PPP CCO. Council is at risk should the other stakeholder (WIL) in the CCO default on their water charges and the WWL /CIIL loan credit support then being called.
- Mitigation: Councils credit support and lending is secured over the dam asset. Council has provided a $5m water charge smoothing facility for WIL. WWL has a competent professional board.

Additional Information - Financial Assumptions:

- Additional (final) investment in Waimea Water Ltd ($4m in FY25)
- Three waters excludes Council's Waimea Water Ltd (WWL) shareholder advances to WWL for irrigator capacity serviced by Waimea Irrigators LTD (WIL)
- Note: Tasman's interest in Waimea dam, and the associated borrowing costs are included in the information underpinning this analysis

Additional Financial Information is as follows:

		$m	Council		Waimea Irrigators Ltd
	Waimea Community Dam Funding		**Water Activity**	**Env Flows**	**WIL**
	Project final cost	211.233			
Plus	Capitalised Int CIIL/WWL	0.498			
Plus	Capitalised Int TDC/WWL	0.400			
	less Interest Income in WW	-1.4300			
		210.701	**44.25**	**63.21**	**103.24**

Council Funding Sources		**Water Activity**	**Env Flows**	**WIL**
NCC Grant*	5.00	5.00	-	
FIF Grant*	7.00		7.00	
CIIL Env Loan*	10.00		10.00	
DC's	10.22	10.22	-	
Council Enterprise Profit*	11.66		11.66	
Total Equity	43.88	15.22	28.66	25.97
Debt in WWL				
CIIL/WWL loan				25.498
Shareholder advances		29.03	34.55	51.75
Allocation for Share of Env Cap		19.05	- 19.05	-
		63.296	**44.162**	**103.215**

Note The $25.498 CIIL/WWL loan converts to equity
Note the Environmental flows are required for any extractive capacity
* These items have reserves assigned or are non loan items

	Hae	Ha
Extractive Capacity	2,340	5,425
	30.1%	70%

- *Similarly, we would like more information on the Wa-iti Dam and how it is intended to financially operate within TDC.*

The Wai-iti Dam is operated and maintained by the Water Services Team.

The plan is to exclude the dam from the water activity and the IBU financially. This is because it is primarily an irrigation storage dam. Once the Waimea Plains Water Supply Scheme is operational the Wakefield community will be supplied by the Brightwater (Clover Road bore field), the community will no longer rely on the Wai-iti stream for their water supply.

Projected council borrowings are within the limit. However, financing sufficiency and borrowing headroom have been calculated against a debt to revenue ratio. These calculations should be done based on FFO/net debt percentages. Page 64 of the plan states that "Tasman District Council has set a conservative net debt to operating revenue limit for water services at 500%" and we query if that is a "conservative" limit. Notwithstanding that overall council borrowing is well below the LGFA's 280% debt to revenue covenant, a 500% debt to revenue limit for water operations is at the extreme end of what the LGFA would lend to a water organisation (i.e. a CCO).

Rows have been added to the free fund from operation table:

Free funds from operations (FFO) to debt ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt	164,712	177,389	187,032	199,390	214,568	226,223	234,646	271,127	319,472	368,276
Funds from operations	21,263	23,596	25,986	29,405	30,680	32,254	34,621	35,572	36,142	39,776
FFO to debt ratio	12.9%	13.3%	13.9%	14.7%	14.3%	14.3%	14.8%	13.1%	11.3%	10.8%
	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Free funds from operations	21,263	23,596	25,986	29,405	30,680	32,254	34,621	35,572	36,142	39,776
Free funds from operations %	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Borrowing headroom/ (shortfall) against limit	47,922	58,568	72,831	94,658	92,230	96,319	111,563	84,591	41,946	29,484

We agree on the setting of net debt to operating revenue statement – we have removed the word ‘conservative’

Revenue sufficiency

We note that the figures in the top table on page 56 (water services charges as % of household income) differ slightly per year compared to the table on page 46.

Tables have been updated to match

We recommend, for transparency, that a split between residential and commercial or industrial charges is included along with more information on existing and projected commercial and industrial users’ charges.

Some commentary has been added:

The following table on the following page illustrates the projected average water charges per connection as a percentage of median household income over time.

Note: Industrial users (Whakatu Estate, Nelson City Council and two industrial users) are excluded from this calculation, as their water usage is significantly higher and charged on a volumetric basis, which is not directly comparable to typical residential use. Note rural properties that receive potable water are included in the residential charges.

While our Council does not currently differentiate between commercial and residential properties for water charges, it's important to note that the relatively high Tier 3 water charge reflects this approach. In contrast, other Councils are able to separate residential and commercial ratepayers, which allows for a more balanced distribution of costs.

For wastewater charges, our Council has identified 1,403 users who pay for two or more pan charges. If we assume these users are commercial, reallocating their costs could reduce the water charge burden on residential ratepayers. This adjustment would mean that our Council is no longer an outlier in terms of water pricing.

The Council acknowledges that Three Waters costs are high. However, these costs are consistent with the 2024–2034 Long Term Plan, which was assessed by auditors as being financially sustainable.

Local Government (Water Services Preliminary Arrangements) Act 2024	WSDP Reference (Part / Page)	TDC additional comments
13 Contents of water services delivery plan (1) A territorial authority's water services delivery plan must contain the following information in relation to the water services delivered in the authority's district:		
(a) a description of the current state of the water services network:	Part B / Page 29 - 30	
(b) a description of the current levels of service relating to water services provided:	Part B / Page 22 - 27	
(c) a description of — (i) the areas in the district that receive water services (including a description of any areas in the district that do not receive water services); and (ii) the water services infrastructure associated with providing for population growth and development capacity:	Part B / Page 19 – 21 Part B / Page 28 & 42	All Infrastructure existing and built has allowance for growth
(d) whether and to what extent water services— (i) comply with current regulatory requirements: (ii) will comply with any anticipated future regulatory requirements:	Part B / Page 34 - 39	
(e) if any water services do not comply with current regulatory requirements or will not comply with any anticipated future regulatory requirements- (i) a description of the non-compliance; and (ii) a description of how the anticipated or proposed model or arrangements provided under paragraph (k) will assist to ensure water services will comply:	Part B / Page 34 – 390 Part A / Page 5, Part B / Page 39	
(f) details of the capital and operational expenditure required — (i) to deliver the water services; and (ii) to ensure that water services comply with regulatory requirements:	Capital - Part B / Page 40 - 42, Part D/ Page 63 - 65, Part E / Page 73 – 74, Additional Information / Page 77 – 81, Appendix B / Page 93 - 96	

(g) financial projections for delivering water services over the period covered by the plan, including— 1. (i) the operating costs and revenue required to deliver water services; and 2. (ii) projected capital expenditure on water services infrastructure; and (iii) projected borrowing to deliver water services:	In general – Part E / Page 73 - 76 Part D / Page 59 - 61 Part B / Page 40 - 42, Part D / Page 63 - 65 Part D / Page 68 - 70	
(h) an assessment of the current condition, lifespan, and value of the water services networks:	Part B / Page 29 & 30, Part D / Page 66	
(i) a description of the asset management approach being used, including capital, maintenance, and operational programmes for delivering water services:	Part B / Page 30 - 32	
(j) a description of any issues, constraints, and risks that impact on delivering water services:	Part D / Page 57 & 58, Additional information / Page 86- 88	
(k) the anticipated or proposed model or arrangements for delivering water services (including whether the territorial authority is likely to enter into a joint arrangement under section 10 or will continue to deliver water services in its district alone):	Part A / Page 4 - 7	
(l) an explanation of how the revenue from, and delivery of, water services will be separated from the territorial authority's other functions and activities:	Part A / Page 5 & 6	
(m) a summary of any consultation undertaken as part of developing the information required to be included in the plan under paragraph (k):	Part A / Page 10	
(n) an explanation of what the territorial authority proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028:	Part A / Page 6 - 10 Part D	
(o) an implementation plan— (i) for delivering the proposed model or arrangements described under paragraph (k); and	Part A / Page 11	

(ii) if a territorial authority is proposing to deliver water services itself and not as part of a joint arrangement for delivering water services, that sets out the action that the territorial authority will take to ensure its delivery of water services will be financially sustainable by 30 June 2028:		
(p) any other information prescribed in rules made by the Secretary under section 16.	n/a	
(2) For the purposes of subsection (1)(o), an implementation plan must include the following:		
(a) a process for delivering the proposed model or arrangements:	Part A / Page 11	
(b) a commitment to give effect to the proposed model or arrangements once the plan is accepted:	Part A / Page 11 & 13	
(c) the name of each territorial authority that commits to delivering the proposed model or arrangements:	n/a	
(d) the time frames and milestones for delivering the proposed model or arrangements.	Part A / Page 5	
(a) all water services delivered in the joint service area (including services relating to each territorial authority's stormwater network).	n/a	
(2) Subsection (1)(c) applies to a territorial authority's delivery of water services relating to its stormwater network even if the delivery of those services is not part of the joint arrangement.	n/a	
(3) A joint plan must also comply with any requirements prescribed in rules made by the Secretary under section 16.	n/a	