



AGENDA

Infrastructure Committee Meeting Tuesday, 19 November 2024

Date Tuesday, 19 November 2024

Time Following Environmental Services Committee

Location Council Chamber
Timaru District Council Building
2 King George Place
Timaru

File Reference 1719322

Timaru District Council

Notice is hereby given that a meeting of the Infrastructure Committee will be held in the Council Chamber, Timaru District Council Building, 2 King George Place, Timaru, on Tuesday 19 November 2024, at the conclusion of the Environmental Services Committee meeting.

Infrastructure Committee Members

Clrs Sally Parker (Chairperson), Gavin Oliver (Deputy Chairperson), Stu Piddington, Peter Burt, Owen Jackson, Allan Booth, Stacey Scott, Michelle Pye, Scott Shannon and Mayor Nigel Bowen

Quorum – no less than 5 members

Local Authorities (Members' Interests) Act 1968

Committee members are reminded that if you have a pecuniary interest in any item on the agenda, then you must declare this interest and refrain from discussing or voting on this item, and are advised to withdraw from the meeting table.

Andrew Dixon
Group Manager Infrastructure

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- 1 Apologies**
- 2 Public Forum**
- 3 Identification of Items of Urgent Business**
- 4 Identification of Matters of a Minor Nature**
- 5 Declaration of Conflicts of Interest**
- 6 Chairperson's Report**

7 Confirmation of Minutes

7.1 Minutes of the Infrastructure Committee Meeting held on 8 October 2024

Author: Steph Forde, Corporate and Strategic Planner

Recommendation

That the Minutes of the Infrastructure Committee Meeting held on 8 October 2024 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Attachments

- 1. Minutes of the Infrastructure Committee Meeting held on 8 October 2024**



MINUTES

Infrastructure Committee Meeting Tuesday, 8 October 2024

Ref: 1719322

**Minutes of Timaru District Council
Infrastructure Committee Meeting**

**Held in the Council Chamber, Timaru District Council Building, 2 King George Place, Timaru
on Tuesday, 8 October 2024 Following Environmental Services Committee at 10:37am.**

Present: Sally Parker (Chairperson), Gavin Oliver (Deputy Chairperson), Mayor Nigel Bowen, Peter Burt, Owen Jackson, Allan Booth, Stacey Scott, Michelle Pye, Scott Shannon

In Attendance: Paul Cooper (Group Manager Environmental Services), Andrea Rankin (Chief Financial Officer), Justin Bagust (Chief Information Officer), Bill Steans (Parks and Recreation Manager), Andrea McAlister (Acting Group Manager People & Capability), Andrew Dixon (Group Manager Infrastructure), Jan Finlayson (Geraldine Community Board Member), Charles Scarsbrook (Temuka Community Board Member), Nicole Timney (Group Manager Property), Philip Howe (Museum Director), Susannah Ratahi (Land Transport Manager), Selina Kunac (Transport Strategic Advisor), Cara Fitzgerald (Art Gallery Manager), Steph Forde (Corporate and Strategic Planner), Stephen Doran (Group Manager Corporate and Communication), Maddison Gourlay (Marketing and Communications Advisor), Brendan Madley (Senior Policy Advisor), Naomi Scott (Community Funding Advisor), Stephen Compton (Minutes)

1 Apologies

1.1 Apologies Received

Resolution 2024/42

Moved: Cllr Sally Parker

Seconded: Deputy Chairperson Gavin Oliver

That the Infrastructure Services Committee receive and note these apologies

Carried

2 Public Forum

There were no public forum items.

3 Identification of Items of Urgent Business

No items of urgent business were received.

4 Identification of Matters of a Minor Nature

There were two matters of a minor nature noted:

1. Clr Gavin Oliver noted that a local resident had queried the competitive nature and cost of works taken out by local subcontractors and would like to discuss
2. Chair noted a query regards two upgrades TDC received from the Crown Resiliency programme (2024-7) to be discussed

5 Declaration of Conflicts of Interest

No conflicts of interest were declared.

6 Chairperson's Report

6.1 Chairperson's Report

Since the last meeting, the Chairperson has attended a Council Meeting, the Age Friendly Network meeting, Citizenship ceremonies, Hall of Fame ceremony, EOC Foundation course, Aorangi Stadium Trust meeting, Public Meeting for the Theatre Royal.

Resolution 2024/43

Moved: Clr Sally Parker

Seconded: Clr Owen Jackson

That the Infrastructure Services Committee receive and note this report

Carried

7 Confirmation of Minutes

7.1 Minutes of the Infrastructure Committee Meeting held on 27 August 2024

Resolution 2024/44

Moved: Mayor Nigel Bowen

Seconded: Clr Michelle Pye

That the Minutes of the Infrastructure Committee Meeting held on 27 August 2024 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Carried

8 Reports

8.1 Actions Register Update

Chair noted that as a matter arising from these minutes, Clr Stu Piddington has had a discussion with Andrew Dixon and is satisfied regarding the fleet of cars, and also noted that Chrome Platers building was meant to be on the Action Register but is not on there.

Recommendation

1. That the Infrastructure Committee receives and notes the updates to the Actions Register.
2. That the vehicle fleet information request is completed and action is closed.

8.2 South Canterbury Students Against Dangerous Driving (SADD) Consequences Video

Video played showing impact of poor decisions (getting in a car with an intoxicated driver) on those attending site, the video is to be played to local high school students

Infrastructure Committee thanked for production and asked if it could be distributed to the public as well?

Further discussion around community engagement, and noted that this was work in progress.

The Infrastructure Committee again thanked all involved and noted it as a great example of co-operation across many agencies and organisations.

Resolution 2024/45

Moved: Cllr Sally Parker

Seconded: Deputy Chairperson Gavin Oliver

That the Infrastructure Committee receives the South Canterbury Students Against Dangerous Driving (SADD) Consequences Video report.

Carried

8.3 Temporary Road Closure applications - Section 342 and Schedule 10, Clause 11(e) LGA 1974

The purpose of this report is to seek the Committee's approval of temporary road closure application(s), as per Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.

The Land Transport Manager presented the report and noted that there is a legislative requirement to bring these costs to the Infrastructure Services Committee.

Three closures noted: Geraldine Xmas Parade; Retro Rocket Museum; the Twilight Night Market. The fourth on the list is: "Get to the Point" but as it requires community funding and is closure of a State Highway this falls under NZTA

Discussion around noted closures and budget

Costs noted: To date about \$36,000, with \$60,000 - \$70,000 to be paid for the rest of the financial year: \$9,000 left for Santa Parades (Timaru, Temuka and Pleasant Point); \$15,000 for the Anzac Parades; also: Streetfood Woodbury; Hadlow to Harbour; Various Artisan Markets; the Cruise Ship season is upon us so working with Venture Timaru (Di Hay) to assess requirements but expecting costs to be less as Station Street now restricted to 30kph; and \$10,000 for Rock 'n Hop.

General discussion around costs and legislative requirements around Council's ability to provide Traffic Management Systems, and could this be explored, and partnerships with local suppliers could be worked on to be more cost effective.

Resolution 2024/46

Moved: Clr Sally Parker

Seconded: Clr Peter Burt

That the Infrastructure Committee:

1. Approves temporary closure of Talbot Street – SH79 (Peel Street to Hislop Street) and Wilson Street (Lewis Street to Waihi River) for the Geraldine Christmas Parade on 6 December 2024 from 6pm to 8pm under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.
2. Approves traffic management for the Geraldine Christmas Parade to be funded from the Community Events and Programmes budget.
3. Approves traffic management for Get to the Point to be funded from the Community Events and Programmes budget.
4. Approves temporary closure of Perth Street (Arthur Street to Sophia Street) and Sophia Street (Perth Street to Church Street) for the Retro Rock at the Museum 2025 on 15 February 2025 from 2pm to 12am (midnight) under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.
5. Approves traffic management for Retro Rock at the Museum 2025 to be funded from the Community Events and Programmes budget.
6. Approves temporary closure of Stafford Street (Port Loop Road to George Street), Church Street (Stafford Street to Sophia Street) and Strathallan Street (Stafford Street to the Terrace) for the Twilight Night Market on 22 December 2024 from 3pm to 8pm under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.
7. Approves traffic management for the Twilight Night Market to be funded from the Community Events and Programmes budget.
8. Approves the transfer of \$60,000 from the 4340.0460.0603 Community Programs & Events - Other Sundry Expenses budget to the 3260.0460.0401 Community Programs & Events - Contractors budget
9. We confirm that there is appetite to confirm that there is guaranteed funding for the Xmas Parades and ANZAC and that we then work through the process with the other ones when we have definitive costs

Carried

8.4 Adoption of Timaru District Active Transport Strategy and Project Prioritisation for FY2024/25

The Chair Welcomed Transport Strategy Advisor and Land Transport Manager to the meeting who spoke to the report and noted that the process had begun in 2022 and work had gone on with local stakeholders, and receiving feedback.

The Land Transport Manager spoke to a power point presentation on the Active Transport Strategy

It was noted that local amenities referred to bike repair stations, benches, bike parking in key destinations, water fountains. It was also noted that Promotion and Education had received a cut

to funding, so Council is looking to support external programmes. Also noted that planning applications for new subdivisions would take Active Transport Plans into consideration.

Discussion around work to encourage use of Active Transport, and willingness to work with third parties.

Funding is through Better off funding, about \$1.75 million for implementation, preferably over the next year and the wish is draw it down sooner. Noted that having an Adopted Active Transport Strategy is key to drawing down that funding.

Chair thanked for report and agreed to have questions on the Strategy at this stage.

General discussion around the strategy and funding, of note:

GM Infrastructure confirmed that there is a signed agreement for Tranche 1 funding of \$5m, Tranche 2 has been cancelled, so confident the funds are in place (\$2m for cycle trails, \$2m for Stadium, Art Gallery as well)

Further discussion around impact on road users.

Discussion around upgrading existing trails for equine users, and the expectation is that these will be short stretches, used for crossing the trail, and this is work in progress (safety concern over sharing trails with horses noted).

Chair thanked Land Transport Manager and team for work and moved to specific projects.

General discussion on a number of projects

Land Transport Manager noted engagement under way with businesses and local property owners over location of trails to minimise impact on local communities. Processes currently being worked through.

Chair noted that there was no provision in costs to upgrade lighting - No plans currently as the cost is prohibitively high.

Query- were pamphlets required? Response- Venture Timaru believe the pamphlets are useful in particular for Cruise Ship visitors.

Confirmation of existing projects to be worked through, and that these are moving ahead, and noted that there had been no prioritisation previously, which this report addresses.

Resolution 2024/47

Moved: Cllr Owen Jackson

Seconded: Mayor Nigel Bowen

- That the Infrastructure Committee adopts the Timaru District Active Transport Strategy 2024
- That the Infrastructure Committee endorses the following projects to be funded in FY2024/25:
 - TIMKUP-62 - Hayes St – Stuart St (construction of new shared path)
 - TIMKUP-63 – SH1 - Grants Rd to Eversley St (designation of existing footpath as shared path including a range of enhancements to support safety and amenity)
 - TIMKUP-54 - Meadows Rd to Smithfield (trail design and development, consenting, design and planning for new bridge, potentially some trail construction)

- RRP-231 - SH1 Crossing at Temuka River Bridge to Opihi River Bridge (trail construction)
- TIMKUP-55 - SH1 Washdyke (trail construction)
- RRP-222 - Geraldine to Woodbury (trail construction)
- TKANLP-131 – Temuka Domain to Temuka River Bridge SH1 (trail construction)
- WAY-4 - Publish a web-map of cycling and walking routes
- WAY-5 - Publish and distribute printed maps of cycling and walking routes
- WAY-6 – Further develop Timaru Trails App
- AMT -1 - Install public on-street bike parking: key destinations, urban centres
- TIP -1 - Selected upgrades on existing rural trails to accommodate equestrian use, including engagement with NZ Equestrian Advocacy Network

Carried

8.5 Claremont Water Treatment Plant Upgrade Strategy

The purpose of this report is to present the proposed upgrade strategy for the Claremont Water Treatment Plant Upgrade and to seek approval from the Infrastructure Committee, to proceed with the strategy.

At 11:58am, Cllr Owen Jackson left the meeting.

Chair Welcomed Grant Hall (GH) to the meeting, and noted that the report be taken as read

Three issues of note the reason for the proposed Claremont Water Treatment upgrade strategy

- i. Drinking water standard compliance
- ii. Issue of potential Taste and Odor issues
- iii. Treated Water Security

Options for the treatment of the Taste and Odor issues discussed:

- i. Active Carbon Treatment
- ii. Advanced Oxidation Process utilising Ultraviolet (UV) or Hydrogen Peroxide – UV
- iii. Microfiltration and pH correction would be the next stages in a multiple barrier process

The proposal is to use the current budget available, for the implementation of the strategy, and as part of the recommendations, do need to use the existing Treated Water Cover budget and that means we may need to look at that issue in the next LTP.

Impact would be need to re-cover the reservoir or implement new treated water storage and switch Claremont from a Treated to a Raw water storage plant.

Open to Questions from the floor

General discussion around Ozone replacement reasons:

- i. Reliance on water sourced at levels of NTU1 or less
- ii. This is also the only Ozone plant in NZ, maintained by the only company capable in NZ of doing so

- iii. The machinery is nearing the end of its recommended lifespan and the cost to replace the technology would be similar to a new microfiltration system
- iv. During cold weather periods, the generator and the back-up generator are both having to be on, so if one were to fail, the system would fail.

Further discussion around strategy and plan, it was noted that they are still working on the final solution (new reservoirs, upgrades etc), and strategy is being developed in line with Taste and Odor treatment solutions. There is robustness and redundancy built into the strategy

Chair confirmed that previous Infrastructure Committee had completed work to confirm that the current two water sources (Opihi and Pareora Rivers) were sufficient.

It was noted that each reservoir holds 5 days of average usage (10 days available at any stage). Also noted, that the quality of water received over time has deteriorated.

Comment Nigel Trainor (NT) noted –LTP has \$36m budgeted, originally for microfiltration and new covers. But given the Ozone nearing the end of life, the funds will look to be redirected to the replacement options (specifically UV which has lower operational costs).

There, will, therefore be a variation coming to the LTP, which once fully planned and costed will come back for full funding.

Originally also, the LTP had the two current reservoirs specified for for dirty (Raw) water, and once gone through the system would be used “as produced”,

Now the requirement is for more holding tanks – another variation to be accounted for

Further noted that recommended to get implementation of UV system right away.

Further discussion around the Design and build costs, it was noted that this is highly specialist work, and a standard approach across the industry, with proven track record of success.

General approval and gratitude for the report, and it was noted that there is an element of urgency, and the timeline for upgrades was 4 years

Resolution 2024/48

Moved: Mayor Nigel Bowen

Seconded: Cllr Peter Burt

1. That the Infrastructure Committee approves the proposed upgrade strategy for the Claremont Water Treatment Plant Upgrade.
2. That the Infrastructure Committee approves the proposed reallocation of the reservoir covers upgrade funding to the Treatment Plant upgrade budget for UV treatment in the Timaru District Council 2024-2034 Long Term Plan.
3. That the Infrastructure Committee note that budget allocation for secure treated water storage for the Claremont Water Treatment Plant may be required to be considered in future Long Term Plans.

Carried

8.6 South Rangitata Reserve Management Plan Review

This report is prepared to seek approval to notify Council’s intention to review the South Rangitata Reserve Management Plan.

Chair introduced Parks and Recreation Manager, and noted that taking the report as read.

The review is based on a Statutory Process – there has been recent clarification of the legal process and noted that this is a Comprehensive Review (not a minor review which do not require public consultation) and as such goes through: Intention to review the plan; Consider any feedback; prepare Draft; Consultation; then there is a Hearing (if required with written or oral submissions); Adoption of a plan considering any submissions and what was in the draft.

Under the Reserve Act, there are various delegations, somethings that can be delegated to staff and some things that can be delegated to other committees within Council. Unfortunately, the notification of the intention to Prepare to Review the Management plan, is something Full Council has to consider, so BS would like to make a change to the recommendation to:

“That the Infrastructure Committee confirm that the intention to review the South Rangitata Reserve Management Plan is publicly notified”

Next step: Public Notification of the intention to produce a plan (it was noted that a plan would be being developed, and other similar plans elsewhere would be referenced).

Further discussion around the opening of the Campground – it was noted that there is a major issue with the septic tank and a higher than usual water table, and as such resource consent from ECan would not be forthcoming, and so a timeline of when the campground would be open is not clear.

Resolution 2024/49

Moved: Clr Peter Burt

Seconded: Mayor Nigel Bowen

That the Infrastructure Committee recommend that Council confirm the intention to review the South Rangitata Reserve Management plan is publicly notified.

Carried

9 Consideration of Urgent Business Items

No items of urgent business were received.

10 Consideration of Minor Nature Matters

10.1 Crown Resilience Programme - Land Transport

The Land Transport Manager noted excitement at the selection of 2 projects under the Crown Resilience Programme 2024-2027 – following the submission of a number of projects to NZTA for consideration which were unsuccessful in the first round, but successful in the second round.

The first is the Cartwright Road Resilience Upgrade (as an alternative to SH1), where the hazard type is flooding.

The second is the Kellands Hill Resilience Upgrade, the connective project (Alternative to SH1)

Total cost for the projects is \$2.7 million, and the crown will fund just over \$2 million

Local share could be considered through a reprioritisation of our improvement program for years 2 and 3 of the LTP and no additional funding will be required.

The Land Transport Manager noted that we are at the concept stage at this point, but likely treatments will be some form of causeway/culvert

GM Infrastructure noted that the Financial Assistance Rate is 76% of cost as opposed to usual 51%

10.2 Approved Contractors for specialist work and costs involved

A local resident suggested that the costs for the installation of water tanks seemed to far outweigh the value of the work completed

There is a maintained list of approved contractors, based on Health and Safety; meeting those standards; the quality of their workmanship and their track record. There is continuous assessment against those criteria, especially as their work does often end up belonging to the Council. Contractors are open to apply to be on the list at any time, and be assessed, and the list is on the website. Although there is a need for Council to go out to suppliers to encourage application to be on the list. Also noted that should someone wish to use a contractor not on the list, the Council is open to looking at on a case-by-case basis

General discussion around ownership and responsibility of pipework, it was confirmed that in urban areas, TDC is responsible to the boundary, in the rural schemes it is to the Flow Restrictor at the tank, so the property owner pays for it, and then it becomes the responsibility of TDC (who would be responsible for any leaks).

11 Public Forum Items Requiring Consideration

There were no public forum items.

The Meeting closed at 12:54pm.

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Chairperson

8 Reports

8.1 Actions Register Update

Author: Steph Forde, Corporate and Strategic Planner

Authoriser: Stephen Doran, Group Manager Corporate and Communications

Recommendation

That the Infrastructure Committee receives and notes the updates to the Actions Register.

Purpose of Report

- 1 The purpose of this report is to provide the Infrastructure Committee with an update on the status of the action requests raised by councillors at previous Infrastructure Committee meetings.

Assessment of Significance

- 2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy as there is no impact on the service provision, no decision to transfer ownership or control of a strategic asset to or from Council, and no deviation from the Long Term Plan.

Discussion

- 3 The Actions register is a record of actions requested by councillors. It includes a status and comments section to update the Infrastructure Committee on the progress of each item.

Attachments

1. Infrastructure Services Actions Required

Information Requested from Councillors (Infrastructure Committee)

Information Requested	Update on Peel Forest Landfill		
Date Raised:	08 August 2023	Status:	Ongoing
Issue Owner	Group Manager Infrastructure	Completed Date:	
<p>Background: The Councillors requested an update on the work at the Peel Forest Landfill.</p> <p>Update: LINZ approval has been granted, and now ECan consent process is ongoing (oral update on timeframe to be provided at the meeting).</p> <p>February 2024 Update: Liaison continues with Aoraki Environmental Consultants. Consent application is almost complete for lodging and work is now commencing on the preparation of tender documentation.</p> <p>March 2024 Update: Report being presented to Infrastructure Committee following requests at last meeting. Consent application is ready to be filed.</p> <p>April 2024 Update: Consents are due to be lodged and work is underway preparing tender documentation. The next funding round for the Ministry for the Environment Contaminated Sites Remediation Fund is late September and we are investigating to see if we are eligible to apply for this. The breakdown of costs to provide clarity to the committee is underway.</p> <p>June 2024 Update: Consent applications have now been lodged and tender documentation is being prepared. Investigation into the Ministry for the Environment Contaminated Sites Remediation Fund continues. The cost breakdown was emailed to Councillors on 2 May 2024.</p> <p>July 2024 Update: Further requests for information were received for the consents and these have been responded to. Application for the Ministry for the Environment Contaminated Sites Remediation Fund which we are seeking to be considered as a priority outside of the usual funding rounds has been submitted. Looking to proceed to expression of interest process for works once funding has been confirmed, this will provide opportunity to contractors to understand the project and obtain necessary pre-qualifications so they are eligible to tender.</p> <p>August 2024 Update: A commissioner’s decision has determined that Council is now required to obtain a land use consent for the refuse removal. This will be a limited notification application with owners of Dennistoun Road properties. This is in addition to the Environment Canterbury consent.</p>			

October 2024 Update: There have been 2 submissions received in relation to the TDC consent and we are awaiting the close date of Environment Canterbury's limited notification to see if any submissions have been made. The two applications will be managed together so if required there will only be one hearing. We are awaiting notice from the Ministry for the Environment in relation to the funding application which we anticipate will be soon. With the consents getting close we are now able to proceed with registration of interest for the work in the coming weeks.

November 2024 Update: Funding has been confirmed from the Ministry for the Environment's Contaminated Sites and Vulnerable Landfills Fund for 50% of the works up to \$6.055M, the deed to secure the funding, commits Council to carrying out the remediation and sets out the work programme including specific milestones that need to be achieved and a process for any levy waiver to be factored into overall funding. The deed is currently being finalised and will be signed by the Chief Executive by the end of November. A pre-hearing conference was held with a submitter to discuss concerns regarding the consents and try to resolve prior to hearing, to date we are still in discussions. A hearing date has been tentatively booked for 9 December. The registration of interest process which included a compulsory site visit is complete and tender documentation is due to be issued in early December. Tenders will close in the New Year. It is anticipated that the contractor will be establishing the site in early March.

Information Requested	Chrome Platers Building			
Date Raised:		Status:	Complete	
Issue Owner	Group Manager Property	Due Date:	19 November 2024	Completed Date: 19 November 2024
Background: Transferred to Commercial and Strategy Actions Register as delegation sits with Commercial and Strategy Committee for matters relating to property.				

8.2 Temporary Road Closure applications - Section 342 and Schedule 10, Clause 11(e) LGA 1974

Author: Selina Kunac, Transport Strategic Advisor
Susannah Ratahi, Land Transport Manager

Authoriser: Andrew Dixon, Group Manager Infrastructure

Recommendation

That the Infrastructure Committee:

1. Approves temporary closure of Stafford Street (Port Loop Road to George Street), Church Street (Stafford Street to Sophia Street) & Strathallan Street (Stafford Street to the Terrace) for the Twilight Night Market on 22 November 2024 4pm to 10pm under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.
2. Approves traffic management for the Twilight Night Market be funded from the Land Transport Community Events and Programmes budget.
3. Approves temporary closure of King Street, Temuka (Wood Street to Domain Avenue) for the Temuka Christmas Parade on 29 November 2024 from 5pm to 9pm under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.
4. Approves traffic management for the Temuka Christmas Parade be funded from the Land Transport Community Events and Programmes budget.
5. Approves temporary closure of Barnard Street, Woolcombe Street, North Street (Latter Street to Stafford Street), Stafford Street (Heaton Street to Port Loop Road), George Street (Sophia Street to Strathallan Street), Cains Terrace, Beswick Street, Church Street (Sophia Street to Stafford Street), Cannon Street, Port Loop Road (Stafford Street to Marine Parade) and Marine Parade for the Timaru Christmas Parade on 1 December 2024 from 1pm to 3.30pm under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.
6. Approves traffic management for the Timaru Christmas Parade be funded from the Land Transport Community Events and Programmes budget.
7. Approves traffic management for the Pleasant Point Christmas Procession be funded from the Land Transport Community Events and Programmes budget.
8. Approves temporary closure of Port Loop Road (Marine Parade to Stafford Street), Stafford Street (Port Loop Road to Woolcombe Street), Beswick Street, Cains Terrace, Woolcombe Street (Stafford Street to Latter Street), Barnard Street (North Street to George Street), George Street (Sophia Street to Station Street), Church Street (Sophia Street to Stafford Street), Canon Street, Sophia Street (Canon Street to Church Street), King Street – Temuka (Wood Street to Commerce Street), Commerce Street – Temuka (Hally Terrace to Vine Street/State Highway One) for the Caroline Bay Rock and Hop Cruise 2025 on 14 March 2025 from 5.30pm to 8pm under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.
9. Approves traffic management for the Caroline Bay Rock and Hop Cruise be funded from the Land Transport Community Events and Programmes budget.

10. Approves temporary closure of Claremont Road (Brockley Road to Landsborough Road) for the Cycling New Zealand Elite Road Cycling Championships on 6 February, 7 February and 8 February 2025 from 8am to 5pm daily under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.
11. Approves Cycling New Zealand to charge an entry fee for the Cycling New Zealand Elite Road Cycling Championships under Schedule 10, Clause 11B of the Local Government Act 1974.
12. Approves temporary closure of Sophia Street (Bank Street to King George Place), King George Place (Sophia Street to Latter Street), Perth Street, Church Street (Perth Street to Bank Street) and Bank Street (Church Street to Sophia Street) for the Timaru Street Criterium on 26 December 2024 from 4pm to 10pm under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.
13. Approves Cycling New Zealand to charge an entry fee for the Timaru Street Criterium under Schedule 10, Clause 11B of the Local Government Act 1974.
14. Approves temporary closure of Burden Road, Woodbury (Woodbury Road to Church Street) for the Streetfood@Woodbury International Night Food Market event on 4 January 2025 from 5pm to 9pm under Section 342 and Schedule 10, Clause 11B(e) of the Local Government Act 1974.
15. Approves traffic management for Streetfood@Woodbury International Night to be funded from the Community Events and Programmes budget.
16. Approves temporary closure of Hadlow Road (Gleniti Road to Brockley Road) for the Hadlow to Harbour 2025 on 2 March 2025 from 8am to 10.30am under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.
17. Approves traffic management for the Hadlow to Harbour 2025 to be funded from the Community Events and Programmes budget.
18. Approves Timaru North Rotary to charge an entry fee for the Hadlow to Harbour 2025 event under Schedule 10, Clause 11B of the Local Government Act 1974.

Purpose of Report

- 1 The purpose of this report is to seek the Committee's approval of temporary road closure application(s), as per Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.

Assessment of Significance

- 2 This matter is deemed to be of low significance under Council's Significance and Engagement Policy as the process is in accordance with legislation and Council policies. However, it should be acknowledged that due to the nature of, and volumes of visitors expected at, the event(s) proposed, there is likely to be community interest.

Background

- 3 Under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974 Council (or a Committee of the whole) may close any road or part of a road to all traffic or any specified type of traffic (including pedestrian traffic) for a period or periods not exceeding in the aggregate 31 days in any year for any exhibition, fair, show, market, concert, film-making, race or other sporting event, or public function. This is provided that no road may be closed for

these purposes if that closure would, in the opinion of the council, be likely to impede traffic unreasonably.

- 4 Council officers operate a temporary road closure application process that enables organisations in the Timaru District to apply for temporary road closures for their events. All applications are assessed against key criteria including event type/activities planned, temporary traffic management arrangements, and impact on stakeholders.
- 5 Council budgets allow for funding of traffic management for community events and the following classification system is used to determine whether events are eligible for this funding and where responsibility for costs is held.

	Commercial Events	Community Events
Definition	Where the primary activity is the sale or marketing of goods or services	Where the primary activity is entertainment, recreation, celebration or commemoration
Responsibility for preparation of temporary traffic management plan (including associated costs).	Event	Council and/or Council’s contractor
Responsibility for implementing temporary traffic management plan (including associated costs)	Event	Council and/or Council’s contractor

Discussion

- 6 The following temporary road closure applications have been assessed by Council officers and require decision on approval by the Committee. Records of application assessment including full Council officer recommendations are included as Attachment 1. Council should consider approval or decline of each application individually.

Event Name / Organisation	Event type	Event date and traffic management set up/pack down times	Proposed closure area	Officer recommendation
Twilight Night Market	Community	22 November 2024 4pm to 10pm	Stafford Street (Port Loop Road to George Street) Church Street (Stafford Street to Sophia Street) Strathallan Street (Stafford Street to the Terrace)	Recommended
Temuka Christmas Parade	Community	29 November 2024 5pm to 9pm	King Street (Wood Street to Domain Avenue)	Recommended
Timaru Christmas Parade	Community	1 December 2024 1pm to 3.30pm	Barnard Street, Woolcombe Street, North Street (Latter Street to Stafford Street), Stafford Street (Heaton Street to Port Loop Road), George Street (Sophia Street to Strathallan Street), Cains	Recommended

			Terrace, Beswick Street, Church Street (Sophia Street to Stafford Street), Cannon Street, Port Loop Road (Stafford Street to Marine Parade), Marine Parade	
Caroline Bay Rock and Hop Cruise 2025	Community	14 March 2025 5.30pm to 8pm	Port Loop Road (Marine Parade to Stafford Street), Stafford Street (Port Loop Road to Woollcombe Street), Beswick Street, Cains Terrace, Woollcombe Street (Stafford Street to Latter Street), Barnard Street (North Street to George Street), George Street (Sophia Street to Station Street), Church Street (Sophia Street to Stafford Street), Canon Street, Sophia Street (Canon Street to Church Street), King Street – Temuka (Wood Street to Commerce Street), Commerce Street – Temuka (Hally Terrace to Vine Street/State Highway One)	Recommended
Cycling New Zealand Elite Road Championships	Community	6, 7 & 8 February 2025 8am to 5pm daily	Claremont Road (Brockley Road to Landsborough Road)	Recommended
Timaru Street Criterium	Community	26 December 2024 4pm to 10pm	Sophia Street (Bank Street to King George Place) King George Place (Sophia Street to Latter Street) Perth Street Church Street (Perth Street to Bank Street) Bank Street (Church Street to Sophia Street)	Recommended
Streetfood@Woodbury International Night Food Market	Community	4 January 2025 5pm to 9pm	Burden Road, Woodbury (Woodbury Road to Church Street)	Recommended
Hadlow to Harbour 2025	Community	2 March 2025 8am to 10.30am	Hadlow Road (Gleniti Road to Brockley Road)	Recommended

Options and Preferred Option

7 Option one is that the Committee:

- approves the following applications for temporary road closure under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974, including all conditions proposed by Officers:

Event Name / Organisation	Event type	Event date and time	Proposed closure area
Twilight Night Market	Community	22 November 2024 4pm to 10pm	Stafford Street (Port Loop Road to George Street) Church Street (Stafford Street to Sophia Street) Strathallan Street (Stafford Street to the Terrace)
Temuka Christmas Parade	Community	29 November 2024 5pm to 9pm	King Street (Wood Street to Domain Avenue)
Timaru Christmas Parade	Community	1 December 2024 1pm to 3.30pm	Barnard Street, Woolcombe Street, North Street (Latter Street to Stafford Street), Stafford Street (Heaton Street to Port Loop Road), George Street (Sophia Street to Strathallan Street), Cains Terrace, Beswick Street, Church Street (Sophia Street to Stafford Street), Cannon Street, Port Loop Road (Stafford Street to Marine Parade), Marine Parade
Caroline Bay Rock and Hop Cruise 2025	Community	14 March 2025 5.30pm to 8pm	Port Loop Road (Marine Parade to Stafford Street), Stafford Street (Port Loop Road to Woolcombe Street), Beswick Street, Cains Terrace, Woolcombe Street (Stafford Street to Latter Street), Barnard Street (North Street to George Street), George Street (Sophia Street to Station Street), Church Street (Sophia Street to Stafford Street), Canon Street, Sophia Street (Canon Street to Church Street), King Street – Temuka (Wood Street to Commerce Street), Commerce Street – Temuka (Hally Terrace to Vine Street/State Highway One)
Cycling New Zealand Elite Road Championships	Community	6, 7 & 8 February 2025 8am to 5pm daily	Claremont Road (Brockley Road to Landsborough Road)
Timaru Street Criterium	Community	26 December 2024 4pm to 10pm	Sophia Street (Bank Street to King George Place) King George Place (Sophia Street to Latter Street) Perth Street Church Street (Perth Street to Bank Street)

			Bank Street (Church Street to Sophia Street)
Streetfood@Woodbury International Night Food Market	Community	4 January 2025 5pm to 9pm	Burden Road, Woodbury (Woodbury Road to Church Street)
Hadlow to Harbour 2025	Community	2 March 2025 8am to 10.30am	Hadlow Road (Gleniti Road to Brockley Road)

- Approves that traffic management for the Twilight Night Market, Temuka Christmas Parade, Timaru Christmas Parade, Pleasant Point Christmas Procession, the Streetfood@Woodbury International Night Food Market, Hadlow to Harbour 2025 and the Rock and Hop be funded from the Community Events and Programmes budget. It should be noted that the Pleasant Point Christmas Procession requires closure of a State Highway, not a local road, therefore approval for temporary closure is outside of this Council’s jurisdiction. The Pleasant Point Christmas Procession has, however, requested funding for traffic management for this event which would require Council’s support. The Cycling New Zealand Elite Road Championships and Timaru Street Criterium Events are funding their own traffic management.
 - Approves Cycling New Zealand to charge entry fees for the Cycling New Zealand Elite Road Cycling Championships and the Timaru Street Criterium; and Timaru North Rotary to charge entry fees for the Hadlow to Harbour 2025 event, under Schedule 10, Clause 11B of the Local Government Act 1974.
 - This option incurs some cost to Council as outlined in the Financial Implications section below. These costs are within available budgets. Option 1 is the preferred option.
 - Approves
- 8 Option two is that the Committee approves the temporary road closure applications as per Option 1, under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974, with additional conditions to be advised by the Committee. This option incurs some cost to Council as outlined in the Financial Implications section below.
- 9 Option three is that the Committee advises alternate decisions to approve and/or decline the temporary road closure applications under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974, including advising any additional conditions if applicable. This option may result in the proposed event or events being unable to proceed as planned and cancelled.

Consultation

- 10 Under the Local Government Act 1974 Schedule 10, Council is required to:
- a) Publicly notify the intent to temporarily close roads for events
 - b) Publicly notify Council/Committee decisions to temporarily close roads for events
 - c) Consult with NZ Police and New Zealand Transport Agency prior to approving temporary road closures for events.
- Council officers have undertaken requirements a) and c) for all applications considered in this report.

- 11 The attached application review records outline feedback received from NZ Police and New Zealand Transport Agency (Attachment 1).
- 12 The temporary road closure application process requires applicants to produce a communications plan advising how they intend to communicate with key stakeholders and people impacted by the event. Communications plans for all applications considered in this report have been received and approved by Council officers. Implementation of these plans is noted as a condition of approval should the temporary road closure proceed. Council officers would further notify emergency services of confirmed closures.

Relevant Legislation, Council Policy and Plans

- 13 Local Government Act 1974
- 14 Timaru District Council Long Term Plan 2024-34

Financial and Funding Implications

- 15 Council has an approved Land Transport Community Events and Programmes budget of \$100,000 (excluding GST) for the current financial year within the Land Transport activity, which provides funding for traffic management for community events.
- 16 The following costs would be incurred by Council if these events were approved to proceed (all costs are estimates and exclude GST):

Event Name	Cost to prepare temporary traffic management plan	Cost to implement temporary traffic management plan
Twilight Night Market	\$450.00 + GST	\$5,620.00 + GST
Temuka Christmas Parade	\$450.00 + GST	\$3,020.00 + GST
Timaru Christmas Parade	\$750.00 + GST	\$4,545.00 + GST
Pleasant Point Christmas Procession	\$450.00 + GST	\$3,340.00 + GST
Caroline Bay Rock and Hop Cruise 2025	\$1,200 + GST	\$6,680 + GST
Streetfood@Woodbury International Night Food Market	\$450.00 + GST	\$2,585 + GST
Hadlow to Harbour 2025	\$500.00 + GST	\$3,940.80 + GST
	\$4,250 + GST	\$29,370.80 + GST
TOTAL (for approval in this paper)	\$33,620.80 + GST	
Previously approved	\$36,452.00 + GST	
Cost to date	\$70,072.80 + GST	
Estimated cost of events yet to be approved during FY 2024/25	\$25,000 Includes Anzac Day commemorations and 4 further Artisan Markets.	

Other Considerations

- 17 Council officers consider that temporary road closure presents some reputational, financial and health and safety risks to Council, however, these are mitigated by the proposed conditions of road closure including planned communications activity, provision of insurance cover and compliance with relevant regulations, legislation and bylaws respectively.

Attachments

- 1. Attachment 1 - Event Review Records**
- 2. Attachment 2 - Event Review Record -Twilight Night Market**

Temporary Road Closure

Application Review Record

Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974



Event details	
Event name:	Cycling New Zealand Elite Road Cycling Championships
Event organisation:	Cycling New Zealand
Event contact details:	Steff Holcroft
Event date/time:	6-8 February 2025 8am to 5pm daily
Road/road section to be closed:	Claremont Road (Brockley Road to Landsborough Road)
Event type:	Community

Officer application assessment result	Recommended
Recommendations	
<p>That Timaru District Council (or a Committee of the whole) approve temporary closure of Claremont Road (Brockley Road to Landsborough Road) for the Cycling New Zealand Elite Road Cycling Championships on 6-8 February 2025 8am to 5pm daily under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.</p> <p>That Timaru District Council (or a Committee of the whole) approve Cycling New Zealand to charge \$110-\$150 entry fee for this event under Schedule 10, Clause 11B of the Local Government Act 1974.</p> <p>That approval is subject to the following conditions:</p> <ul style="list-style-type: none"> • that Cycling New Zealand has public liability insurance in place for the event, covering a minimum of \$1,000,000. • that temporary closure is undertaken in accordance with the approved Temporary Traffic Management Plan • that communications activity is undertaken in accordance with the approved communications plan • that all staff at the event (including volunteers) comply with any instructions from NZ Police, Council Officers and Traffic Management staff. • that Cycling New Zealand will meet the cost of any damage to public property, including roads, caused by the event. • that following the event, all streets and surrounding areas will be left in a clean and tidy condition. • that Cycling New Zealand will ensure compliance with any other relevant regulation/bylaw pertaining to the event is met (for example, health and safety, food/liquor licenses, waste management). • that Cycling New Zealand has the authority to charge \$110-\$150 entry fee for the event (delete if not relevant) 	
Costs	
n/a	
Officer Name: Paul Forbes	Officer date: 31/10/2024

Application Assessment

Information checklist	
Applicant has fully completed all fields in 'Section 1 – Contact Details' of the Application Form	Yes
Applicant has fully completed all fields in 'Section 2 – Event Details' of the Application Form	Yes
Applicant has confirmed understanding of all obligations in section 4	Yes
Applicant has supplied proof of public liability insurance for the event	Yes
Applicant has supplied Communications Plan	Yes
COMMERCIAL EVENTS ONLY: Applicant has supplied a Temporary Traffic Management Plan (TTMP)	NA
COMMUNITY EVENTS ONLY: Applicant has supplied a map of the proposed temporary closure area/event route	Yes
Applicant has signed and dated declaration in 'Section 5 – Declaration'.	Yes

Applicant has satisfied all information requirements	Yes
Officer comments: The application has been processed as a Community event without a request for Council to fund the traffic management costs.	

NZTA / NZ Police Consultation	
NZTA	
Contact name:	Theresa Allan
Contact date:	14/10/2024
NZTA comments and TDC actions (if applicable):	No objections received.
NZ Police	
Contact name:	Vicky Walker
Contact date:	14/11/2024
NZ Police comments and TDC actions (if applicable):	No objections received.

Communications plan	
Communications Plan provides the following information: <ul style="list-style-type: none"> Lists affected stakeholders Describes how stakeholders will be affected by temporary road closure Outlines key messages 	Yes

<ul style="list-style-type: none"> • Includes action/implementation plan detailing how and when stakeholders will be communicated with • Includes procedure for managing complaints • Includes procedure for how the plan will be monitored 	
Communications Plan is approved:	Yes
Officer comments: Nil.	

Traffic management	
COMMERCIAL EVENTS ONLY: Temporary Traffic Management Plan approved	NA
Officer comments:	
COMMUNITY EVENTS ONLY: TTMP prepared by Council contractor and approved	NA
TTMP Preparation costs	\$
Estimated TTMP Implementation costs	\$
Officer comments: Cycling New Zealand are self-funding this event from entry fees.	

Event charges	Yes
Officer comments: e.g. the Applicant has specified \$110-\$150 entry fees for this event.	

Key dates	
Action	Date
Advertising intent of road closure <i>Ensure this is at least 2 weeks before Council/Committee report is due so that any feedback can be put in report.</i>	Published October 2024
Council/Committee report due	5/11/2024
Council/Committee decision	19/11/2024
Advertising confirmation of road closure	Following approval of closure

Temporary Road Closure

Application Review Record

Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974



Event details	
Event name:	Streetfood@Woodbury International Night Food Market
Event organisation:	Streetfood@Woodbury
Event contact details:	Kristine Diehl-Breeding
Event date/time:	4 January 2025 5pm to 9pm
Road/road section to be closed:	Burden Road, Woodbury (Woodbury Road to Church Street)
Event type:	Community

Officer application assessment result	Recommended
Recommendations	
<p>That Timaru District Council (or a Committee of the whole) approve temporary closure of Burden Road, Woodbury (Woodbury Road to Church Street) for the Streetfood@Woodbury International Night Food Market on 4 January 2025 5pm to 9pm under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.</p> <p>That Timaru District Council (or a Committee of the whole) approve traffic management for Streetfood@Woodbury International Night Food Market to be funded from the Community Events and Programmes budget.</p> <p>That approval is subject to the following conditions:</p> <ul style="list-style-type: none"> • that Streetfood@Woodbury has public liability insurance in place for the event, covering a minimum of \$1,000,000. • that temporary closure is undertaken in accordance with the approved Temporary Traffic Management Plan • that communications activity is undertaken in accordance with the approved communications plan • that all staff at the event (including volunteers) comply with any instructions from NZ Police, Council Officers and Traffic Management staff. • that Streetfood@Woodbury will meet the cost of any damage to public property, including roads, caused by the event. • that following the event, all streets and surrounding areas will be left in a clean and tidy condition. • that Streetfood@Woodbury will ensure compliance with any other relevant regulation/bylaw pertaining to the event is met (for example, health and safety, food/liquor licenses, waste management). 	
Costs	
<ul style="list-style-type: none"> • TM Design --> \$450 +GST; Delivery --> \$2,135 +GST • Total --> \$2,585 +GST 	
Officer Name: Paul Forbes	Officer date: 7/10/2024

Application Assessment

Information checklist	
Applicant has fully completed all fields in 'Section 1 – Contact Details' of the Application Form	Yes
Applicant has fully completed all fields in 'Section 2 – Event Details' of the Application Form	Yes
Applicant has confirmed understanding of all obligations in section 4	Yes
Applicant has supplied proof of public liability insurance for the event	No
Applicant has supplied Communications Plan	Yes
COMMERCIAL EVENTS ONLY: Applicant has supplied a Temporary Traffic Management Plan (TTMP)	NA
COMMUNITY EVENTS ONLY: Applicant has supplied a map of the proposed temporary closure area/event route	Yes
Applicant has signed and dated declaration in 'Section 5 – Declaration'.	Yes

Applicant has satisfied all information requirements	No
Officer comments: <i>Insurance certification expires in December 2024. Applicant has assured us that proof of renewed insurance will be provided when it is obtained.</i>	

NZTA / NZ Police Consultation	
NZTA	
Contact name:	Theresa Allan
Contact date:	17/10/2024
NZTA comments and TDC actions (if applicable):	nil
NZ Police	
Contact name:	Vicky Walker
Contact date:	17/10/2024
NZ Police comments and TDC actions (if applicable):	nil

Communications plan	
Communications Plan provides the following information: • Lists affected stakeholders	Yes

<ul style="list-style-type: none"> • Describes how stakeholders will be affected by temporary road closure • Outlines key messages • Includes action/implementation plan detailing how and when stakeholders will be communicated with • Includes procedure for managing complaints • Includes procedure for how the plan will be monitored 	
Communications Plan is approved:	Yes
Officer comments	

Traffic management	
COMMERCIAL EVENTS ONLY: Temporary Traffic Management Plan approved	NA
Officer comments:	
COMMUNITY EVENTS ONLY: TTMP prepared by Council contractor and approved	Yes
TTMP Preparation costs	\$450+GST
Estimated TTMP Implementation costs	\$2,585 +GST
Officer comments:	

Key dates	
Action	Date
Advertising intent of road closure <i>Ensure this is at least 2 weeks before Council/Committee report is due so that any feedback can be put in report.</i>	Published online during October 2024
Council/Committee report due	7/11/2024
Council/Committee decision	19/11/2024
Advertising confirmation of road closure	Following approval of road closure

Temporary Road Closure

Application Review Record

Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974



Event details	
Event name:	Temuka Christmas Parade
Event organisation:	Temuka Promotions Association
Event contact details:	Noeline Clarke
Event date/time:	29/11/2024 5pm to 9pm
Road/road section to be closed:	King Street (Wood Street to Domain Avenue)
Event type:	Community

Officer application assessment result	Recommended
Recommendations	
<p>That Timaru District Council (or a Committee of the whole) approve temporary closure of King Street (Wood Street to Domain Avenue) for the Temuka Christmas Parade on 29/11/2024, 5pm to 9pm under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.</p> <p>That Timaru District Council (or a Committee of the whole) approve traffic management for Temuka Christmas Parade to be funded from the Community Events and Programmes budget.</p> <p>That approval is subject to the following conditions:</p> <ul style="list-style-type: none"> that Temuka Promotions Association has public liability insurance in place for the event, covering a minimum of \$1,000,000. that temporary closure is undertaken in accordance with the approved Temporary Traffic Management Plan that communications activity is undertaken in accordance with the approved communications plan that all staff at the event (including volunteers) comply with any instructions from NZ Police, Council Officers and Traffic Management staff. that Temuka Promotions Association will meet the cost of any damage to public property, including roads, caused by the event. that following the event, all streets and surrounding areas will be left in a clean and tidy condition. that Temuka Promotions Association will ensure compliance with any other relevant regulation/bylaw pertaining to the event is met (for example, health and safety, food/liquor licenses, waste management). 	
Costs	
<p>Traffic management costs ex. Fulton Hogan:</p> <ul style="list-style-type: none"> Design --> \$450 +GST Delivery --> \$3,020 +GST Total --> \$3,470 +GST 	
Officer Name: Paul Forbes	Officer review date: 7/10/2024

Application Assessment

Information checklist	
Applicant has fully completed all fields in 'Section 1 – Contact Details' of the Application Form	Yes
Applicant has fully completed all fields in 'Section 2 – Event Details' of the Application Form	Yes
Applicant has confirmed understanding of all obligations in section 4	Yes
Applicant has supplied proof of public liability insurance for the event	Yes
Applicant has supplied Communications Plan	Yes
COMMERCIAL EVENTS ONLY: Applicant has supplied a Temporary Traffic Management Plan (TTMP)	NA
COMMUNITY EVENTS ONLY: Applicant has supplied a map of the proposed temporary closure area/event route	Yes
Applicant has signed and dated declaration in 'Section 5 – Declaration'.	Yes

Applicant has satisfied all information requirements	Yes
Officer comments: Nil	
<i>If No: Application to be returned to applicant to inform resubmission.</i>	

NZTA / NZ Police Consultation	
NZTA	
Contact name:	Thersa Allan
Contact date:	7/10/2024
NZTA comments and TDC actions (if applicable):	nil
NZ Police	
Contact name:	Vicky Walker
Contact date:	7/10/2024
NZ Police comments and TDC actions (if applicable):	nil

Communications plan	
Communications Plan provides the following information: <ul style="list-style-type: none"> Lists affected stakeholders Describes how stakeholders will be affected by temporary road closure 	Yes

<ul style="list-style-type: none"> • Outlines key messages • Includes action/implementation plan detailing how and when stakeholders will be communicated with • Includes procedure for managing complaints • Includes procedure for how the plan will be monitored 	
Communications Plan is approved:	Yes
Officer comments: Nil.	

Traffic management	
COMMERCIAL EVENTS ONLY: Temporary Traffic Management Plan approved	NA
Officer comments:	
COMMUNITY EVENTS ONLY: TTMP prepared by Council contractor and approved	Yes
TTMP Preparation costs	\$450 +GST
Estimated TTMP Implementation costs	\$3,020 +GST
Officer comments:	

Key dates	
Action	Date
Advertising intent of road closure <i>Ensure this is at least 2 weeks before Council/Committee report is due so that any feedback can be put in report.</i>	Published online during October
Council/Committee report due	7/11/2024
Council/Committee decision	19/11/2024
Advertising confirmation of road closure	Published online during October

Temporary Road Closure

Application Review Record

Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974



Event details	
Event name:	Timaru Santa Parade 2024
Event organisation:	Timaru Santa Parade Trust
Event contact details:	Teresa May
Event date/time:	1 December 2024 1pm to 3:30pm
Road/road section to be closed:	Barnard Street Woolcombe Street North Street (Latter Street to Stafford Street) Stafford Street (Heaton Street to Port Loop Road) George Street (Sophia Street to Strathallan Street) Cains Terrace Beswick Street Church Street (Sophia Street to Stafford Street) Cannon Street Port Loop Road (State Highway 78) The Bay Hill Marine Parade
Event type:	Community

Officer application assessment result	Recommended
Recommendations	
<p>That Timaru District Council (or a Committee of the whole) approve temporary closure of Barnard Street Woolcombe Street North Street (Latter Street to Stafford Street) Stafford Street (Heaton Street to Port Loop Road) George Street (Sophia Street to Strathallan Street) Cains Terrace Beswick Street Church Street (Sophia Street to Stafford Street) Cannon Street Port Loop Road (Stafford Street to Marine Parade) Marine Parade for the Timaru Santa Parade 2024 on 1 December 2024 from 1pm to 3:30pm under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.</p> <p>That Timaru District Council (or a Committee of the whole) approve traffic management costs for Timaru Santa Parade 2024 to be funded from the Community Events and Programmes budget.</p> <p>That approval is subject to the following conditions:</p>	

<ul style="list-style-type: none"> that Timaru Santa Parade Trust has public liability insurance in place for the event, covering a minimum of \$1,000,000. that temporary closure is undertaken in accordance with the approved Temporary Traffic Management Plan that communications activity is undertaken in accordance with the approved communications plan that all staff at the event (including volunteers) comply with any instructions from NZ Police, Council Officers and Traffic Management staff. that Timaru Santa Parade Trust will meet the cost of any damage to public property, including roads, caused by the event. that following the event, all streets and surrounding areas will be left in a clean and tidy condition. that Timaru Santa Parade Trust will ensure compliance with any other relevant regulation/bylaw pertaining to the event is met (for example, health and safety, food/liquor licenses, waste management). 	
Costs	
\$5,295 +GST	
Officer Name: Paul Forbes	Officer date: 17/9/2024

Application Assessment

Information checklist	
Applicant has fully completed all fields in 'Section 1 – Contact Details' of the Application Form	Yes
Applicant has fully completed all fields in 'Section 2 – Event Details' of the Application Form	Yes
Applicant has confirmed understanding of all obligations in section 4	Yes
Applicant has supplied proof of public liability insurance for the event	Yes
Applicant has supplied Communications Plan	Yes
COMMERCIAL EVENTS ONLY: Applicant has supplied a Temporary Traffic Management Plan (TTMP)	NA
COMMUNITY EVENTS ONLY: Applicant has supplied a map of the proposed temporary closure area/event route	Yes
Applicant has signed and dated declaration in 'Section 5 – Declaration'.	Yes

Applicant has satisfied all information requirements	Yes
Officer comments: NZTA will need to approve the closure of Port Loop Road from Stafford Street to Marine Parade.	

NZTA / NZ Police Consultation
NZTA

Contact name:	Theresa Allan NZTA Operations Team
Contact date:	
NZTA comments and TDC actions (if applicable):	No objections received.
NZ Police	
Contact name:	Vicky Walker/Peter Cooper
Contact date:	
NZ Police comments and TDC actions (if applicable):	No objections received.

Communications plan	
Communications Plan provides the following information: <ul style="list-style-type: none"> • Lists affected stakeholders • Describes how stakeholders will be affected by temporary road closure • Outlines key messages • Includes action/implementation plan detailing how and when stakeholders will be communicated with • Includes procedure for managing complaints • Includes procedure for how the plan will be monitored 	Yes
Communications Plan is approved:	Yes
Officer comments: Nil.	

Traffic management	
COMMERCIAL EVENTS ONLY: Temporary Traffic Management Plan approved	NA
Officer comments:	
COMMUNITY EVENTS ONLY: TTMP prepared by Council contractor and approved	Yes
TTMP Preparation costs	\$750 +GST
Estimated TTMP Implementation costs	\$4,545 +GST
Officer comments:	

Key dates	
Action	Date
Advertising intent of road closure <i>Ensure this is at least 2 weeks before Council/Committee report is due so that any feedback can be put in report.</i>	Published online during October.

Council/Committee report due	7/11/2024
Council/Committee decision	19/11/2024
Advertising confirmation of road closure	Following approval of road closure.

Temporary Road Closure

Application Review Record

Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974



Event details	
Event name:	Timaru Street Criterium
Event organisation:	Cycling South Canterbury
Event contact details:	Richard Qusted
Event date/time:	26 December 2024 4pm to 10pm
Road/road section to be closed:	Sophia Street (Bank Street to King George Place) King George Place (Sophia Street to Latter Street) Perth Street Church Street (Sophia Street to Bank Street) Bank Street (Church Street to Sophia Street)
Event type:	Community

Officer application assessment result	Recommended
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Recommendations

That Timaru District Council (or a Committee of the whole) **approve** temporary closure of **Sophia Street (Bank Street to King George Place), King George Place (Sophia Street to Latter Street), Perth Street, Church Street (Sophia Street to Bank Street), and Bank Street (Church Street to Sophia Street)** for the **Timaru Street Criterium** on **26/12/82024 4pm to 10pm** under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.

That Timaru District Council (or a Committee of the whole) **approve Cycling South Canterbury** to charge \$20 entry fee for this event under Schedule 10, Clause 11B of the Local Government Act 1974.

That approval is subject to the following conditions:

- that **Cycling South Canterbury** has public liability insurance in place for the event, covering a minimum of \$1,000,000.
- that temporary closure is undertaken in accordance with the approved Temporary Traffic Management Plan
- that communications activity is undertaken in accordance with the approved communications plan
- that all staff at the event (including volunteers) comply with any instructions from NZ Police, Council Officers and Traffic Management staff.
- that **Cycling South Canterbury** will meet the cost of any damage to public property, including roads, caused by the event.
- that following the event, all streets and surrounding areas will be left in a clean and tidy condition.
- that **Cycling South Canterbury** will ensure compliance with any other relevant regulation/bylaw pertaining to the event is met (for example, health and safety, food/liquor licenses, waste management).
- that **Cycling South Canterbury** has the authority to charge \$20 entry fee for the event.

Costs	
N/A, costs will be met by Cycling South Canterbury	
Officer Name:	Paul Forbes
Officer date:	17/10/2024

Application Assessment

Information checklist	
Applicant has fully completed all fields in 'Section 1 – Contact Details' of the Application Form	Yes
Applicant has fully completed all fields in 'Section 2 – Event Details' of the Application Form	Yes
Applicant has confirmed understanding of all obligations in section 4	Yes
Applicant has supplied proof of public liability insurance for the event	Yes
Applicant has supplied Communications Plan	Yes / No
COMMERCIAL EVENTS ONLY: Applicant has supplied a Temporary Traffic Management Plan (TTMP)	NA
COMMUNITY EVENTS ONLY: Applicant has supplied a map of the proposed temporary closure area/event route	Yes
Applicant has signed and dated declaration in 'Section 5 – Declaration'.	Yes

Applicant has satisfied all information requirements	Yes
Officer comments: N/A	

NZTA / NZ Police Consultation	
NZTA	
Contact name:	Theresa Allan
Contact date:	17/10//2024
NZTA comments and TDC actions (if applicable):	None received
NZ Police	
Contact name:	Vicky Walker
Contact date:	17/10/2024
NZ Police comments and TDC actions (if applicable):	None received

Communications plan	
Communications Plan provides the following information: <ul style="list-style-type: none"> • Lists affected stakeholders • Describes how stakeholders will be affected by temporary road closure • Outlines key messages • Includes action/implementation plan detailing how and when stakeholders will be communicated with • Includes procedure for managing complaints • Includes procedure for how the plan will be monitored 	Yes
Communications Plan is approved:	Yes
Officer comments: Nil.	

Traffic management	
COMMERCIAL EVENTS ONLY: Temporary Traffic Management Plan approved	NA
Officer comments:	
COMMUNITY EVENTS ONLY: TTMP prepared by Council contractor and approved	Yes
TTMP Preparation costs	NA
Estimated TTMP Implementation costs	NA
Officer comments: Event is funding own traffic management costs.	

Event charges	Yes
Officer comments: the Applicant has specified \$20 entry fees for this event.	

Key dates	
Action	Date
Advertising intent of road closure <i>Ensure this is at least 2 weeks before Council/Committee report is due so that any feedback can be put in report.</i>	Published online during October.
Council/Committee report due	7/11/2024
Council/Committee decision	19/11/2024
Advertising confirmation of road closure	Following approval of closure.

Temporary Road Closure

Application Review Record

Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974



Event details	
Event name:	Hadlow to Harbour 2025
Event organisation:	Timaru North Rotary
Event contact details:	Anthony Brien
Event date/time:	2 March 2025 8am to 10:30am
Road/road section to be closed:	Hadlow Road (Gleniti Road to Brockley Road)
Event type:	Community

Officer application assessment result	Recommended
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Recommendations

That Timaru District Council (or a Committee of the whole) **approve** temporary closure of Hadlow Road (Gleniti Road to Brockley Road) for the Hadlow to Harbour 2025 on 2 March 2025 8am to 10:30am under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.

That Timaru District Council (or a Committee of the whole) approve traffic management for Hadlow to Harbour 2025 to be funded from the Community Events and Programmes budget (delete if not relevant).

That approval is subject to the following conditions:

- that **Timaru North Rotary** has public liability insurance in place for the event, covering a minimum of \$1,000,000.
- that temporary closure is undertaken in accordance with the approved Temporary Traffic Management Plan
- that communications activity is undertaken in accordance with the approved communications plan
- that all staff at the event (including volunteers) comply with any instructions from NZ Police, Council Officers and Traffic Management staff.
- that **Timaru North Rotary** will meet the cost of any damage to public property, including roads, caused by the event.
- that following the event, all streets and surrounding areas will be left in a clean and tidy condition.
- that **Timaru North Rotary** will ensure compliance with any other relevant regulation/bylaw pertaining to the event is met (for example, health and safety, food/liquor licenses, waste management).

Costs

If relevant, copy and paste TTMP costs incurred by Council here.

Officer Name:	Paul Forbes	Officer date: 5/11/2024
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Application Assessment

Information checklist	
Applicant has fully completed all fields in 'Section 1 – Contact Details' of the Application Form	Yes
Applicant has fully completed all fields in 'Section 2 – Event Details' of the Application Form	Yes
Applicant has confirmed understanding of all obligations in section 4	Yes
Applicant has supplied proof of public liability insurance for the event	No
Applicant has supplied Communications Plan	Yes
COMMERCIAL EVENTS ONLY: Applicant has supplied a Temporary Traffic Management Plan (TTMP)	NA
COMMUNITY EVENTS ONLY: Applicant has supplied a map of the proposed temporary closure area/event route	Yes
Applicant has signed and dated declaration in 'Section 5 – Declaration'.	Yes

Applicant has satisfied all information requirements	Yes
Officer comments: This is a fundraising community event that charges a small fee for entrants. Applicant will supply evidence of public liability insurance prior to the event.	

NZTA / NZ Police Consultation	
NZTA	
Contact name:	Theresa Allan
Contact date:	1 November 2024
NZTA comments and TDC actions (if applicable):	Nil received
NZ Police	
Contact name:	Vicky Walker
Contact date:	1 November 2024
NZ Police comments and TDC actions (if applicable):	Nil received

Communications plan	
Communications Plan provides the following information: <ul style="list-style-type: none"> Lists affected stakeholders 	Yes

<ul style="list-style-type: none"> • Describes how stakeholders will be affected by temporary road closure • Outlines key messages • Includes action/implementation plan detailing how and when stakeholders will be communicated with • Includes procedure for managing complaints • Includes procedure for how the plan will be monitored 	
Communications Plan is approved:	Yes
Officer comments	

Traffic management	
COMMERCIAL EVENTS ONLY: Temporary Traffic Management Plan approved	NA
Officer comments:	
COMMUNITY EVENTS ONLY: TTMP prepared by Council contractor and approved	Yes
TTMP Preparation costs	\$500 +GST
Estimated TTMP Implementation costs	\$3,940.80 +GST
Officer comments:	

Event charges	Yes
Officer comments: \$10, school children \$5 & under 5 years old is free	

Key dates	
Action	Date
Advertising intent of road closure <i>Ensure this is at least 2 weeks before Council/Committee report is due so that any feedback can be put in report.</i>	Published online during November
Council/Committee report due	12/11/2024
Council/Committee decision	19/11/2024
Advertising confirmation of road closure	Following road closure approval.

Temporary Road Closure

Application Review Record

Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974



Event details	
Event name:	Twilight Night Market
Event organisation:	Timaru CBD Group Incorporated
Event contact details:	Samantha Shields - 0274206098 - samantha@venturetimaru.nz
Event date/time:	22 November 2024 4pm to 10pm
Road/road section to be closed:	Stafford Street (Port Loop Road to George Street) Church Street (Stafford Street to Sophia Street) Strathallan Street (Stafford Street to the Terrace)
Event type:	Community

Officer application assessment result	Recommended
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Recommendations

That Timaru District Council (or a Committee of the whole) **approve** temporary closure of **Stafford Street (Port Loop Road to George Street), Church Street (Stafford Street to Sophia Street) & Strathallan Street (Stafford Street to the Terrace)** for the **Twilight Night Market** on **22 November 2024 4pm to 10pm** under Section 342 and Schedule 10, Clause 11(e) of the Local Government Act 1974.
That Timaru District Council (or a Committee of the whole) **approve** traffic management costs for **Twilight Christmas Market** to be funded from the Community Events and Programmes budget.

That approval is subject to the following conditions:

- that **Timaru CBD Group Incorporated** has public liability insurance in place for the event, covering a minimum of \$1,000,000.
- that temporary closure is undertaken in accordance with the approved Temporary Traffic Management Plan
- that communications activity is undertaken in accordance with the approved communications plan
- that all staff at the event (including volunteers) comply with any instructions from NZ Police, Council Officers and Traffic Management staff.
- that **Timaru CBD Group Incorporated** will meet the cost of any damage to public property, including roads, caused by the event.
- that following the event, all streets and surrounding areas will be left in a clean and tidy condition.
- that **Timaru CBD Group Incorporated** will ensure compliance with any other relevant regulation/bylaw pertaining to the event is met (for example, health and safety, food/liquor licenses, waste management).

Costs

\$5,620 + GST

Officer Name:	Paul Forbes	Officer date:	23/10/2024
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Application Assessment

Information checklist	
Applicant has fully completed all fields in 'Section 1 – Contact Details' of the Application Form	Yes
Applicant has fully completed all fields in 'Section 2 – Event Details' of the Application Form	Yes
Applicant has confirmed understanding of all obligations in section 4	Yes
Applicant has supplied proof of public liability insurance for the event	Yes
Applicant has supplied Communications Plan	Yes
COMMERCIAL EVENTS ONLY: Applicant has supplied a Temporary Traffic Management Plan (TTMP)	NA
COMMUNITY EVENTS ONLY: Applicant has supplied a map of the proposed temporary closure area/event route	Yes
Applicant has signed and dated declaration in 'Section 5 – Declaration'.	Yes

Applicant has satisfied all information requirements	Yes
Officer comments: nil	
<i>If No: Application to be returned to applicant to inform resubmission.</i>	

NZTA / NZ Police Consultation	
NZTA	
Contact name:	Theresa Allan/NZTA Operations Team
Contact date:	23/10/2024
NZTA comments and TDC actions (if applicable):	No objections received
NZ Police	
Contact name:	Vicky Walker
Contact date:	23/10/2024
NZ Police comments and TDC actions (if applicable):	No objections received

Communications plan	
Communications Plan provides the following information: <ul style="list-style-type: none"> • Lists affected stakeholders • Describes how stakeholders will be affected by temporary road closure 	Yes

<ul style="list-style-type: none"> • Outlines key messages • Includes action/implementation plan detailing how and when stakeholders will be communicated with • Includes procedure for managing complaints • Includes procedure for how the plan will be monitored 	
Communications Plan is approved:	Yes
Officer comments	

Traffic management	
COMMERCIAL EVENTS ONLY: Temporary Traffic Management Plan approved	NA
Officer comments:	
COMMUNITY EVENTS ONLY: TTMP prepared by Council contractor and approved	
TTMP Preparation costs	\$450 + GST
Estimated TTMP Implementation costs	\$5,170 + GST
Officer comments:	

Event charges	No
Officer comments: nil	

Key dates	
Action	Date
Advertising intent of road closure <i>Ensure this is at least 2 weeks before Council/Committee report is due so that any feedback can be put in report.</i>	Website
Council/Committee report due	12/11/2024
Council/Committee decision	19/11/2024
Advertising confirmation of road closure	Website

Monitoring

Action	Date	Officer Name	Associated Record numbers
On-site records received			
Site Audit record (if applicable) Insert content here			

8.3 Impact of Smithfield closure on water revenue

Author: Andrew Lester, Drainage and Water Manager

Authoriser: Andrew Dixon, Group Manager Infrastructure

Recommendation

That the Infrastructure Committee acknowledge the Smithfield revenue loss and a likely financial year end deficit for Timaru Water and Sewer activities.

Purpose of Report

- 1 To provide the Infrastructure Committee information on the financial impact of the closure of the Smithfield meat processing facility on the Council waters activity.

Assessment of Significance

- 2 This matter is considered to be of low - medium significance in terms of the Timaru District Council Significance and Engagement Policy due to the financial impact.

Background

- 3 The Alliance Group confirmed the closure of the Smithfield meat processing plant in Timaru on 17 October 2014.
- 4 The Smithfield plant is connected to both the Timaru urban water supply and sewer networks. As an industrial user of these services volumetric charges apply to the water consumed and the trade waste discharged.
- 5 The wastewater (trade waste) is discharged into the industrial sewer pipeline that conveys this wastewater to the Timaru wastewater treatment plant in Aorangi Road where it is screened and mixed with the treated domestic wastewater prior to discharge to sea.
- 6 The water supply is metered with the plant consuming approximately 10% of the total Timaru water supply. The water supply charge for this water is approximately \$560,000 per annum excluding GST.
- 7 The Smithfield plant has a trade waste consent to discharge the industrial waste. This consent sets the quality limits and associated trade waste charges. The charges are approximately \$1.2M per annum excluding GST.
- 8 The loss in revenue will impact the sewer and water activities funding with a significant amount of revenue lost. The question that Committee members have asked is what can be done to reduce expenditure to counter this revenue reduction.

Discussion

- 9 The Water and Sewer activities are 'ring fenced' with revenue generated from targeted rates from properties connected to the network and user charges from high user water consumers and trade waste dischargers.

- 10 Timaru water supply is a separate activity funded by the Timaru urban area whereas the Sewer is funded on a district wide basis due to the centralised treatment and disposal of the wastewater.
- 11 These activities fund the maintenance and operations, depreciation on waters assets, loan interest associated with waters upgrades and a share of corporate overheads.
- 12 The total 2024/25 approved budget for Sewer is \$13.38 million and Timaru Urban Water is \$15.24 million.
- 13 The breakdown of the budgets for Sewer and Timaru Water are shown in the following table:

Budget activity	Sewer \$million	Timaru Water Supply \$million
Maintenance	\$1.52	\$1.46
Power and chemicals	\$0.60	\$0.96
Operations	\$0.30	\$0.56
Depreciation	\$6.67	\$6.86
Interest	\$2.70	\$2.75
Overheads	\$1.59	\$2.65
TOTAL	\$13.38	\$15.24

- 14 As shown in the table above of the \$13.38 million budget for sewer \$10.96 million (82%) is fixed corporate related costs. Of the \$15.24 million budget for Timaru Water \$12.26 million (80%) is fixed corporate related costs.
- 15 Of the remaining maintenance and operations costs most of these are also fixed costs as water supply needs to be delivered and wastewater treated with lower volumes having little impact of these costs.
- 16 One variable volume related cost is power. It has been estimated that the reduction in demand from Smithfield closure will reduce pumping costs and a potential saving of \$90,000 per annum.

Options and Preferred Option

- 17 Options to reduce costs are limited given the small proportion of discretionary operational expenditure. There are two options available.
- 18 Option 1 is to acknowledge the revenue loss likely for the financial and a year end deficit for Timaru Water and Sewer activities. Some savings will be made with the \$90k saving in power costs through reduced pumping and discretionary expenditure closely monitored that may deliver further minor savings. However, these savings will not be enough to compensate for the revenue loss. This is the preferred option.
- 19 Option 2 is to reduce maintenance and operations expenditure through changes in level of service. It would be difficult to reduce expenditure by the equivalent revenue loss of \$1.76 million as total maintenance and operations funding is \$3.84 million. The reduction would require a 46% reduction in such expenditure. Under this option network and plant

maintenance would practically cease with only urgent major failures attended to. Many leaks would not be fixed until major failure occurs.

- 20 It is important to note that both water supply and sewer have statutory obligations to ensure public health through compliance with drinking water rules and protection of the environment through resource consent compliance.
- 21 To reduce costs by \$1.7 million to compensate for the loss of the Smithfield revenue would result in an increase in risks as follows:
- Significant reduction in level of service with only major network failures repaired.
 - High risk of drinking water non-compliances and potential boil water notices for the Timaru Urban area.
 - High risk of resource consent non-compliances and potential abatement notices or prosecution.
 - Reputational damage with drop in level of service, increase in network failures, increase in water leakage and resident perception that Council is poorly managing the water assets.
 - This reduction in levels of service and increased risks to water quality may also have a negative impact on Timaru's ability to retain existing industries.
- 22 It should be noted that this loss of revenue for the current financial year is approximately 6 months of revenue being \$900k. There will be an opportunity to recover the full revenue loss next financial year although this is potentially going to result in a notable increase in targeted water and sewer rates.
- 23 Another potential scenario is the establishment of another 'wet industry' that has high water consumption and trade waste discharge. This maybe at the former Smithfield site or in Washdyke.

Consultation

- 24 If Council chooses to reduce the level of service to the community to reduce costs, consultation would be required as this would be a variation to the Long Term Plan.
- 25 If the level of service is not substantially changed consultation would not be required.

Relevant Legislation, Council Policy and Plans

- 26 Timaru District Long Term Plan 2024-34
- 27 Local Government Act 2002

Financial and Funding Implications

- 28 These have been outlined in the discussion section of this report.

Other Considerations

- 29 There are no other considerations.

Attachments

Nil

8.4 Local Water Done Well - Overview and Update

Author: Selina Kunac, Transport Strategic Advisor
Andrew Lester, Drainage and Water Manager

Authoriser: Andrew Dixon, Group Manager Infrastructure

Recommendation

That the Infrastructure Committee:

1. Notes the overview and update on Local Water Done Well, the coalition Government's water services reform programme (Attachments 1 and 2).
2. Agrees that three delivery model options to be explored for the Timaru District:
 - In-house service delivery
 - Council-controlled organisation
 - Joint-owned CCO (partnership with other neighbouring Councils subject to agreement by them)
3. Agrees the considerations for options assessment:
 - Impact on revenue and expenses
 - Impact on debt and borrowing capacity
 - Impact on consumers e.g. % change in water charges
 - Impact of increased economic regulation
 - Impact on Council's asset portfolio, land holdings and related operations (including potential for stranded assets, stranded overheads, and dependencies on inputs from other Council Units)
 - Impact of transition - including impact on/disruption to operations
 - Impact on Council's risk profile
4. Endorses next steps/project plan for response to the reform programme including use of the consultation procedure outlined in the Local Government (Water Services Preliminary Arrangements) Act 2024.
5. Confirms nominations for Elected Member representation on the internal Local Water Done Well Steering Group.

Purpose of Report

- 1 The purpose of this report is to:

- Present an overview and update on Local Water Done Well reforms, in accordance with the coalition Government's water services reform programme
- Seek agreement from the Infrastructure Committee on:
 - The internal plan for reform response
 - The future service delivery model options to be explored
 - Considerations for service delivery model options assessment
 - The public consultation procedure to be used
 - Elected Member nominees for Steering Group representation.

Assessment of Significance

- 2 This report is deemed to be of high significance as per Council's Significance and Engagement Policy. While options for future service delivery are yet to be explored in detail, there is potential for significant change to occur, affecting the current control, management, funding, financing and operations of Council's water assets, and the supporting workforce. Given the high profile of previous and current Government water services reforms, and the criticality of affected assets, there is likely to be significant community interest in Council's reform response. Consultation with the community will be required.

Background

- 3 Local Water Done Well is the coalition Government's plan to address New Zealand's longstanding water infrastructure challenges. It replaces the previous Government's Affordable Water Services (3 Waters Reform) Programme and is refocused on retaining local decision-making and flexibility for Councils to determine how their water services will be delivered in the future.
- 4 The key objectives of the reform include:
- Enabling new delivery models for water services
 - Introducing new financing options for water services
 - Establishing clear minimum regulatory and financial requirements for water services providers, and planning and accountability framework
 - Establishing a new approach for managing urban stormwater
 - Introducing new economic regulation and consumer protection
 - Updating drinking water quality regulation
 - Introducing standards to help reduce water infrastructure costs
 - Introducing new wastewater treatment and discharge standards
- 5 In response to the reform programme, Council are required to develop and adopt a Water Services Delivery Plan (WSDP) by 3 September 2025. The WSDP must include baseline information about current water services operations, assets, revenue, expenses, pricing, capital forward works and the necessary financing requirements to deliver these services.
- 6 The WSDP must also outline our preferred water services delivery arrangements and a plan for how these will be implemented.

- 7 This report addresses the planned internal response and seeks agreement from the Committee on key parameters of our WSDP development process.

Discussion

- 8 A presentation (Attachment 1) will be provided by Council officers to provide an overview of the reforms, a summary of the current state of water services and the proposed reform response plan. The Committee should note and discuss the summary of current state provided being important context to support modelling and assessment of future service delivery options.
- 9 The response plan would be supported by the establishment of a temporary project structure, with governance provided by the Group Manager Infrastructure and a Steering Group including the Chief Executive, and representation from Timaru District Holdings Limited and Elected Members.
- 10 The Government has introduced new delivery model options that may be explored by Council to inform the WSDP. This includes the establishment of a Council controlled organisation (CCO), with options for this to be wholly-Council owned or in partnership with other Councils. Council may also choose to explore the transfer of asset control to a consumer trust. The option to retain water services in-house must also be considered, noting that some enhancement to existing service delivery would be needed to meet new regulatory standards (including both economic and service-related regulation).
- 11 New legislation to be released in December 2024 will establish further settings for delivery model options, helping to guide local options assessment. Attachment 2 contains the current available guidance on each option.

Reform response plan

- 12 Officers have developed a plan for response to the reforms, comprised of 5 key stages:
- Stage 1: Define delivery model options – this includes scoping of legislated options to meet local context and clarification of all assumptions and dependencies underpinning modelling.
 - Stage 2: Complete options assessment – this includes assessing the viability, affordability, sustainability and deliverability of future service delivery model options.
 - Stage 3: Identify preferred option – this is a Council decision on the preferred service delivery model for the District, based on the options assessment.
 - Stage 4: Public consultation - as outlined in Attachment 2, Council are required to publicly consult on options for future services delivery. Council can choose whether to follow the Local Government Act 2002 or Local Government (Waters Services Preliminary Arrangements) Act 2024 provisions for public consultation.
 - The provisions in the 2024 Act enable a more streamlined process, requiring only 2 options to be explored (status quo and one other). If these consultative procedures are used, Council must pre-identify the preferred service delivery model.

- The provisions in the 2002 Act include the standard special consultative procedure. If this procedure is used, Council should explore the range of available options, and seek public feedback prior to identifying the preferred service delivery model.
- Stage 5: Preparation and submission of water services delivery plan.

Actions for the Committee

- 13 The Committee should discuss this plan for reform response and available future service delivery options, and decide:
- Agreement (or not) with the overall plan, including the proposed project management and governance arrangements
 - The delivery model options to be explored for the Timaru District
 - The considerations to be used for options assessment
 - The public consultation procedure to be used
 - Elected member nominees for Steering Group representation.

Next steps

- 14 Pending the outcome of these decisions, a project manager will be internally appointed and develop/implement a detailed project plan with oversight from the Project Sponsor and Steering Group.

Options and Preferred Option

Option 1 (preferred option) is that the Infrastructure Committee:

- Notes the overview and update on Local Water Done Well, the coalition Government's water services reform programme (Attachments 1 and 2).
- Agrees to investigate three delivery model options for the Timaru District:
 - In-house service delivery
 - Council-controlled organisation (CCO)
 - Joint-owned CCO (partnership with other neighbouring Councils subject to agreement by them)
- Agrees the considerations for options assessment:
 - Impact on revenue and expenses
 - Impact on debt and borrowing capacity
 - Impact on consumers e.g. % change in water charges
 - Impact of increased economic regulation
 - Impact on Council's asset portfolio, land holdings and related operations (including potential for stranded assets, dependencies on inputs from other Council Units)
 - Impact of transition - including impact on/disruption to operations
 - Impact on Council's risk profile

- Endorses next steps/project plan for response to the reform programme including use of the special consultative procedure outlined in the Local Government (Water Services Preliminary Arrangements) Act 2024.
- Confirms nominations for Elected Member representation on the internal Local Water Done Well Steering Group.

This option will enable Officers to proceed with project establishment and preliminary modelling of options in December 2024 and refine and complete options modelling and assessment in early 2025, enabling public consultation to occur in Quarter 2 2025. This would then enable completion of the Water Services Delivery Plan for adoption by Council in August and submission to the Department of Internal Affairs in September 2025. It is noted that this option may be dependent upon other Councils for inputs and collaboration. This is the preferred option.

15 Option 2 is similar to option 1 with the addition of a fourth delivery model option. This option is that the Infrastructure Committee:

- Notes the overview and update on Local Water Done Well, the coalition Government's water services reform programme (Attachments 1 and 2).
- Agrees to investigate four delivery model options for the Timaru District:
 - In-house service delivery
 - Council-controlled organisation
 - Joint-owned CCO (partnership with other Councils subject to agreement by them)
 - Transfer of assets or part thereof to a consumer trust and establishment of external water organisation.
- Agrees the considerations for options assessment:
 - Impact on revenue and expenses
 - Impact on debt and borrowing capacity
 - Impact on consumers e.g. % change in water charges
 - Impact of increased economic regulation
 - Impact on Council's asset portfolio, land holdings and related operations (including potential for stranded assets, dependencies on inputs from other Council Units)
 - Impact of transition - including impact on/disruption to operations
 - Impact on Council's risk profile
- Endorses next steps/project plan for response to the reform programme including use of the special consultative procedure outlined in the Local Government (Water Services Preliminary Arrangements) Act 2024.
- Confirms nominations for Elected Member representation on the internal Local Water Done Well Steering Group.

This option will enable a broader range of options to be explored, which may have an impact on project timelines, particularly the completion of options assessment. It is also

noted that this option may be dependent upon other Councils for inputs and collaboration.

Consultation

- 16 If the preferred option outlined in this report is supported by the Committee, a public consultation plan will be developed and supplied to the Committee for endorsement alongside the options assessment process in early 2025.
- 17 Regular internal engagement is being facilitated by the Chief Executive and a change management plan will be developed and implemented to support this ongoing.
- 18 There have been some preliminary discussion meetings with Waimate, Mackenzie, Ashburton and Waitaki District Council Officers facilitated by our Chief Executive. Ashburton District Council have declined a collaboration opportunity. Discussions with Waimate, Mackenzie and Waitaki have progressed but no firm commitment has been signalled to date.

Relevant Legislation, Council Policy and Plans

- 19 This report and its attachments are aligned to:
 - Timaru District Council Long Term Plan 2024-34
 - Local Government Act 2002
 - Local Government (Water Services Preliminary Arrangements) Act 2024
 - Water Services Act 2021

Financial and Funding Implications

- 20 A high level financial impact summary has been included in the Attachment 1 presentation. Two initial financial models have been developed, two waters (water supply and wastewater) and three waters (water supply, wastewater and stormwater). This modelling demonstrates that Timaru District Council water services are financially sustainable even as a stand alone entity.
- 21 The models show there are some financial challenges including for Council with the separation and unbundling of the debt and revenue.
- 22 Financial and funding implications for future service delivery models will be explored in detail and presented to Elected Members in early 2025.
- 23 The previous Government allocated Council 'transition funding' for the Affordable Water Services Reform. The unspent portion of this government funding (\$128,500) remains available to Council to assist with developing the Water Services Delivery Plan.

Other Considerations

- 24 Advice from the Department of Internal Affairs is to proceed independently, leaving the door open to explore collaborative opportunities if they arise.

Attachments

1. **Local Water Done Well Overview & Update**
2. **Water services delivery models - Guidance-for-local-authorities**



Local Water Done Well

Overview and next steps

Prepared for Infrastructure Committee
19 November 2024

Background

Local Water Done Well is the Coalition Government's plan to address New Zealand's longstanding water infrastructure challenges. It replaces the previous Government's Affordable Water Services (3 Waters Reform) Programme, and is refocused on retaining local decision-making and flexibility for Councils to determine how their water services will be delivered in the future.

Key objectives of the reforms

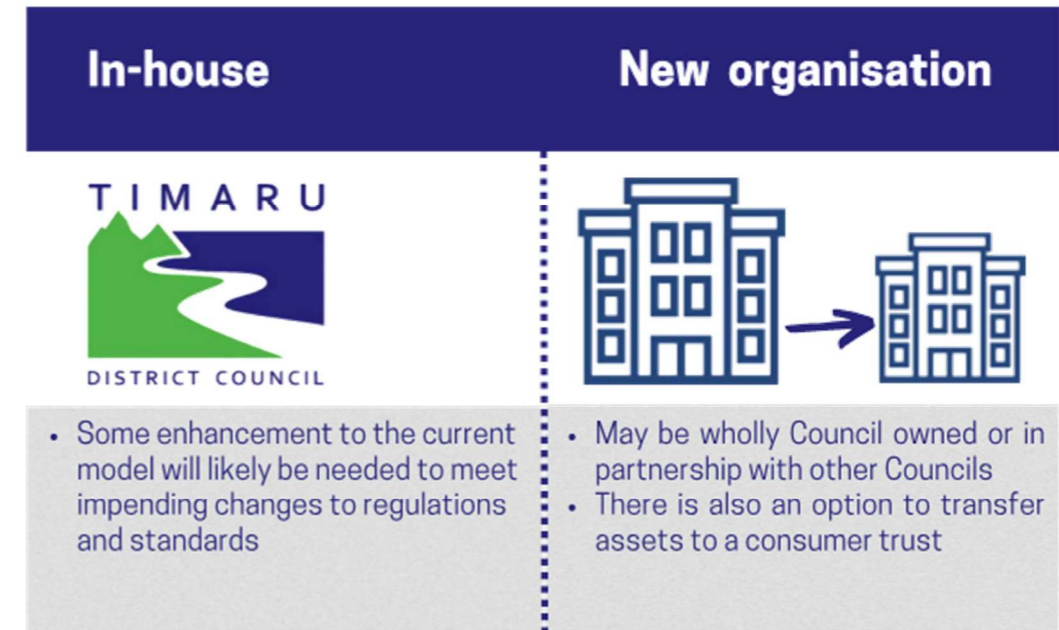
- **Introduce new economic regulation and consumer protection**
- **Enable new delivery models for water services**
- **Introduce new financing options for water services**
- **Establish clear minimum regulatory and financial requirements for water services providers, and a planning and accountability framework**
- **Establish a new approach for managing urban stormwater**
- **Update drinking water quality regulation**
- **Introduce standards to help reduce water infrastructure costs**
- **Introduce new wastewater treatment and discharge standards**
- **Introduce new National Engineering Design Standards**



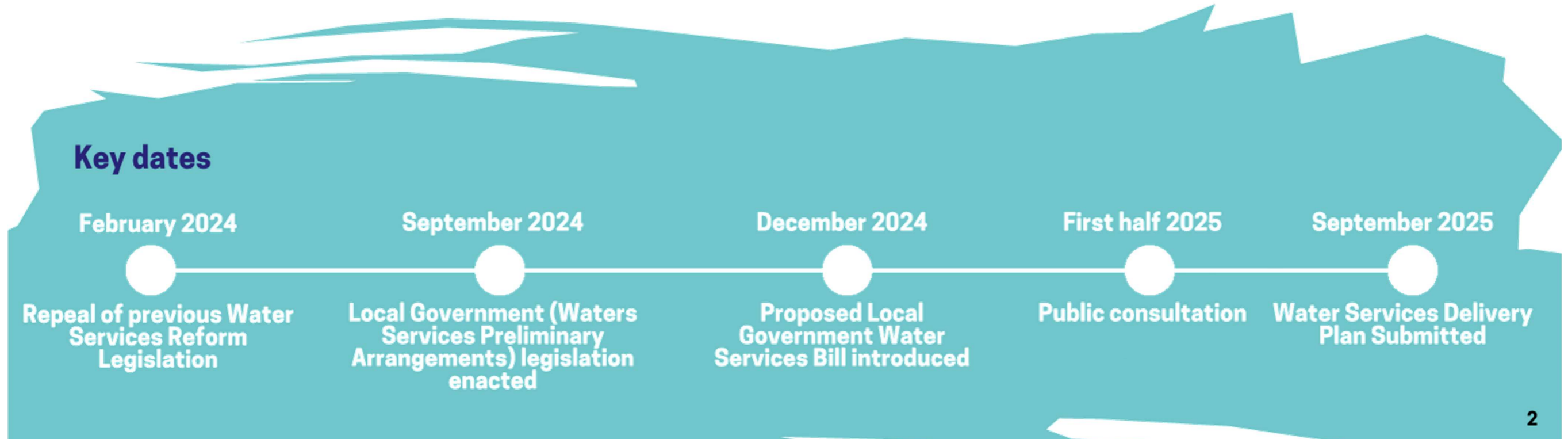
In a nutshell

- We are required to develop a Water Services Delivery Plan (WSDP) by 3 September 2025.
- The WSDP must include baseline information about water services operations, assets, revenue, expenses, pricing, capital forward works and the necessary financing requirements
- It must also outline our preferred future water services delivery arrangements and a plan for how these will be implemented. To inform this, Council must consider and evaluate future service delivery model options, and undertake public consultation.

Delivery Model Options



Key dates



What's in scope for reform?

Based on Government regulation and guidance as at 11 November 2024

Water supply

IN SCOPE

- Timaru urban supply
- Temuka supply (includes Winchester and Orari)
- Geraldine urban supply
- Pleasant Point urban supply
- Peel Forest supply
- Downlands Rural scheme*
- Te Moana Rural scheme (includes Woodbury)
- Seadown Rural scheme

NOT CLARIFIED

- Beautiful Valley stockwater
- Rangitata-Orari stockwater
- Hut Settlements supply
- Arowhenua scheme (private)

Wastewater

IN SCOPE

- Domestic wastewater services in currently serviced areas (Timaru, Temuka, Geraldine and Pleasant Point)
- Industrial and tankered wastewater

Stormwater

IN SCOPE

- Stormwater management and operations services within rateable stormwater management areas (Timaru, Geraldine, Washdyke, Pleasant Point and Temuka)

NOT CLARIFIED

- Ownership of stormwater assets
- Rural areas not rated for stormwater

*Scope of inclusion to be confirmed.

Snapshot of existing services

Water supply



Wastewater



Stormwater



	Water supply	Wastewater	Stormwater
Council wellbeing outcomes	<p>Water supply services contribute to these Council wellbeing outcomes:</p> <ul style="list-style-type: none"> • Sustainable environment • Resilient infrastructure 	<p>Wastewater services contribute to these Council wellbeing outcomes:</p> <ul style="list-style-type: none"> • Sustainable environment • Resilient infrastructure 	<p>Stormwater services contribute to these Council wellbeing outcomes:</p> <ul style="list-style-type: none"> • Sustainable environment • Resilient infrastructure
Services	<p>Council currently supplies drinking water to a total of 19,959 residential and 1,891 non-residential connections, serving a total estimated population of 43,030 out of 48,500 in the Timaru District. This includes the provision of:</p> <ul style="list-style-type: none"> • 5 urban drinking schemes for Geraldine, Peel Forest, Pleasant Point, Temuka (including Winchester & Orari) and Timaru • 3 rural drinking and stockwater schemes for Downlands, Seadown, and Te Moana • 2 stockwater only schemes for Beautiful Valley and Rangitata-Orari 	<p>Council currently supplies wastewater services to approximately 70% of the District's resident population, 34,000 out of 48,500. Council also services over 1,100 non-residential wastewater connections and a number of industrial trade waste customers.</p>	<p>Council currently supplies stormwater services to Timaru (including Washdyke), Temuka, Pleasant Point and Geraldine. Service management is guided by Stormwater Management Plans in place for these areas.</p>
Assets	<p>Council owns all the water intakes, treatment and reticulation assets from source to the property connection. This includes:</p> <ul style="list-style-type: none"> • 19 water intakes. • 12 treatment plants • 35 reservoirs • 24 pump stations • Approximately 1,850 kilometres of water supply pipelines. <p>Council also holds resource consents that allow extraction of water from the natural environment. Catchment management is the responsibility of Environment Canterbury (ECAN).</p>	<p>Council owns the pump stations, treatment facilities and reticulation assets that make up the wastewater network, and owns laterals at the property boundary. This includes:</p> <ul style="list-style-type: none"> • A wastewater treatment plant at Aorangi Road with milliscreen, tanker discharge reception facility, oxidation ponds, wetlands and ocean outfall • 3 inland treatment facilities/oxidation ponds at Geraldine, Pleasant Point and Temuka. • 24 wastewater pump stations. • Approximately 443km of pipeline. • Approximately 4,000 maintenance holes. <p>Council also holds a resource consent from ECAN that enables discharge of wastewater into the ocean until 2045.</p>	<p>Council owns a range of assets that make up the stormwater network including pipes, open channels, river and ocean outfalls and catch pits. Kerb and channel is also an important component of the stormwater network (this is managed by Council's Land Transport Unit). The stormwater network managed by Council's Drainage and Water staff includes:</p> <ul style="list-style-type: none"> • Approximately 146km of pipeline and 33km of open channel. • Six detention dams and 1 retention and filtration basin to treat stormwater run-off and help prevent flooding. • Two pump stations. • Over 2,344 manholes, 216 soak pits and 3,000 sumps. • Secondary overland flow paths. <p>Council also holds resource consents from ECAN that enable management/discharge of stormwater into the natural environment.</p>
Replacement value	<p>\$586 million</p> <p>Undepreciated replacement value of treatment and reticulation assets including Downlands (2023)</p>	<p>\$514 million</p> <p>Undepreciated replacement value of treatment and reticulation assets (2023)</p>	<p>\$353 million</p> <p>Undepreciated replacement value of stormwater assets (2023)</p>

Snapshot of existing services

Water supply

- Council owns, operates and maintains 5 urban drinking schemes and 3 rural schemes, and 2 stockwater only schemes including 12 treatment plants and approx 1,850km of pipelines
- Council owns all the water intakes, treatment and reticulation assets from source to property connection.
- Council also holds resource consents which allow abstraction of water

Wastewater

- Council owns, operates and maintains 1 wastewater network (servicing Timaru, Temuka, Geraldine and Pleasant Point) including 1 major treatment plant, 3 inland treatment facilities/oxidation ponds and approx 443km of pipelines
- Council owns the pump stations, treatment/disposal facilities and reticulation assets, including laterals up to the property boundary
- Council holds a resource consent that allows discharge of wastewater into the ocean until 2045.

Stormwater

- Council owns, operates and maintains stormwater assets in 4 urban areas
- There are two pump stations and approximately 146km of pipeline and 33km of open channel in urban areas.

ANTICIPATED BUDGET ALLOCATIONS OVER LIFE OF LONG TERM PLAN

OPEX \$67 million (net)
 + depreciation \$101 million
 + finance costs \$55 million
 + overheads \$39 million

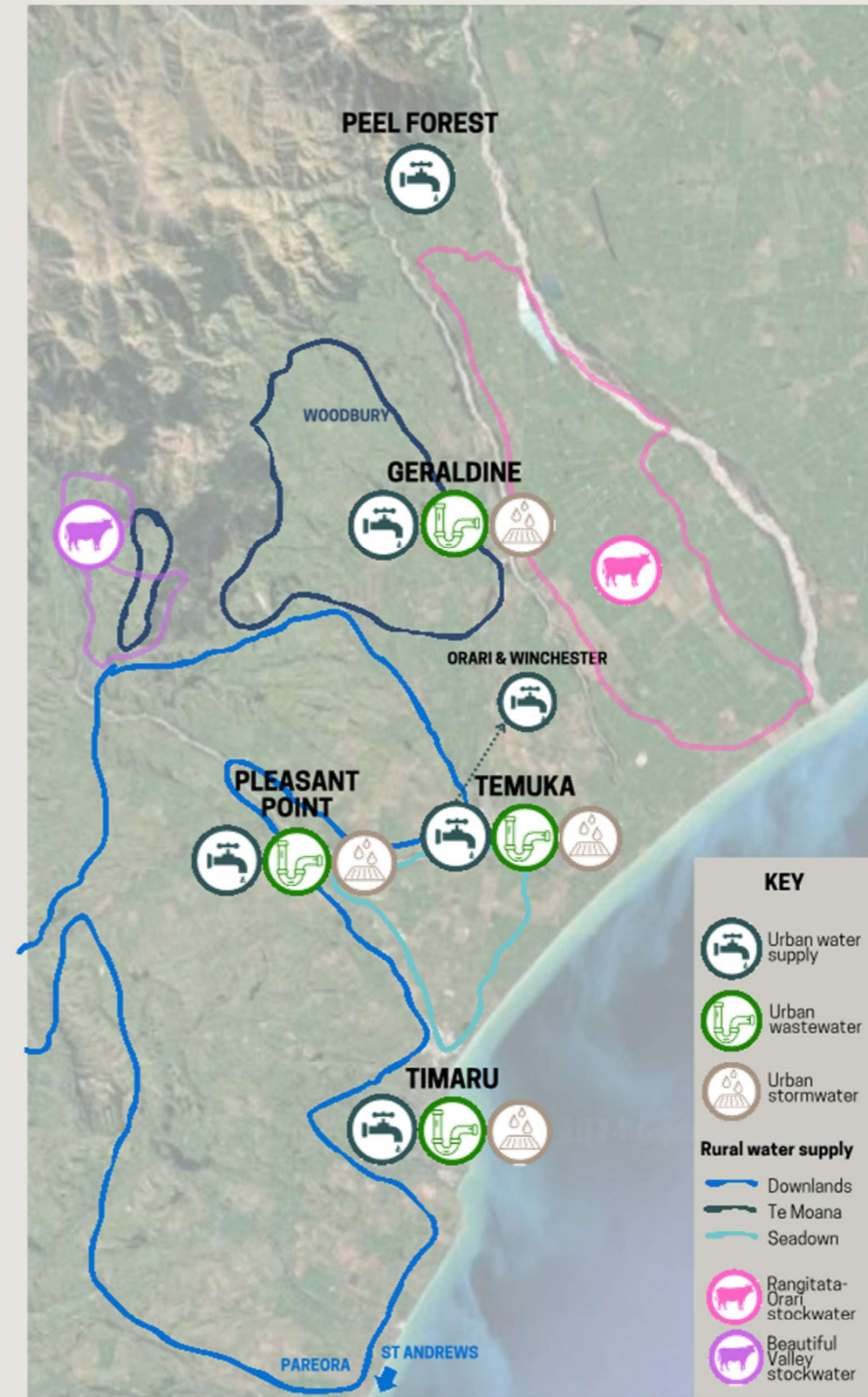
CAPEX \$184 million

OPEX \$27 million (net)
 + depreciation \$75 million
 + finance costs \$25 million
 + overheads \$21 million

CAPEX \$58 million

OPEX \$16 million (net)
 + depreciation \$49 million
 + finance costs \$6 million
 + overheads \$4 million

CAPEX \$72 million



Asset condition

Water supply

Historically, renewals forecasting and budgeting has had a focus on affordability, assigning budget to the predicted time of asset failure (based on an assessment of maximum theoretical life based on material type). Recently condition modelling of assets has highlighted a gap between this approach and the actual renewal needs on the network. Over 400 km (or 25%) of the reticulation network is currently in poor condition, and many assets are operating past their maximum theoretical life (overdue for renewal). This indicates a high risk of failure for a substantial portion of assets within the next 10 years, with most assets requiring renewal within the next 50 years, though we are seeing some assets maintain good condition long past their expected life. This assessment does not account for regulatory changes that may render components obsolete before their theoretical end of life. Technological advancements, particularly in software-dependent components, often lead to earlier obsolescence. Much of the available renewals budget goes toward upgrade of assets for compliance as opposed to replacements for condition and age-related factors. Historical deficiencies in maintenance practices have also led to some assets and components reaching their end of life sooner than expected.

It is noted that the Claremont Water Treatment Plant requires significant upgrade within the next 5 to 10 years.

Asset type - includes Downlands	% value water supply assets
Plant	28%
Reticulation	72%

Condition of reticulation assets



Wastewater

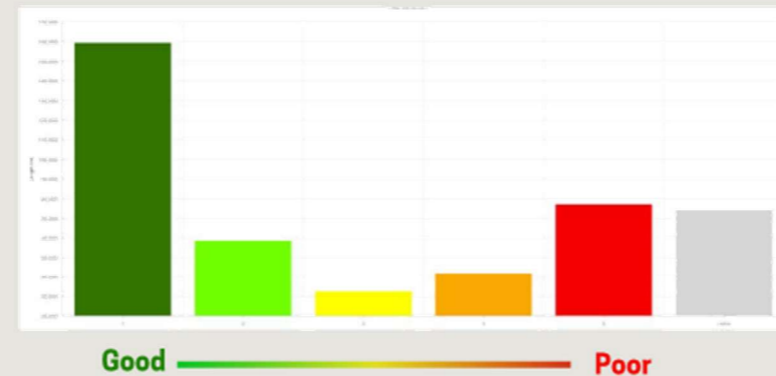
As with water supply assets, the historic approach to maintenance and renewal of wastewater assets has focused on affordability and investment has not met the actual renewals needs of the network. Over 75 km (or 17%) of the reticulation network is currently in poor condition, and many assets are operating past their maximum theoretical life (overdue for renewal). This indicates a high risk of failure for a substantial portion of assets within the next 10 years, as with water supply most assets will require renewal within the next 50 years, though we are seeing some assets maintain good condition long past their expected life. Again, as with water supply assets, this assessment does not consider regulatory changes that may render components obsolete before their theoretical end of life. Upgrades for compliance are the focus of renewals investment, as opposed to replacements for condition and age-related factors. Historical deficiencies in maintenance practices have also led to some assets and components reaching their end of life sooner than expected.

Case study: Aorangi Road wastewater treatment plant

- No componentisation of asset data or recorded maintenance programme since commissioning in 1987
- Many components operating well beyond end of life, in deteriorating condition and affecting life of overall assets
- Degraded asset condition has caused health and safety issues and prompted significant capital upgrade programme.

Asset type	% value waste water assets
Plant	22%
Reticulation	78%

Condition of reticulation assets



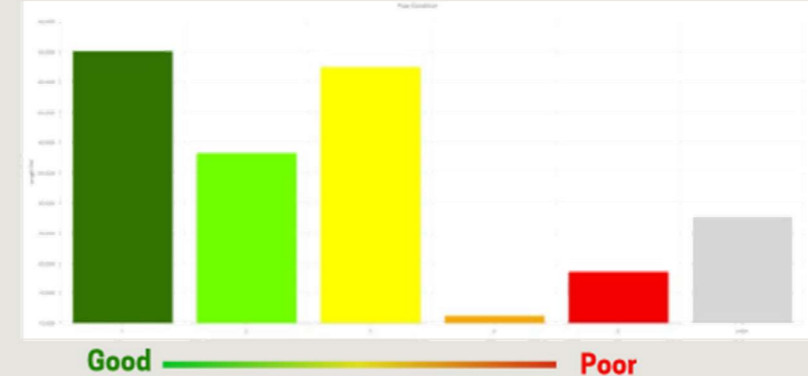
Stormwater

Existing stormwater assets are in better condition overall than water supply or wastewater assets, though the challenge in future years is to increase the capacity and effectiveness of these asset systems to meet resource consenting requirements, address ageing assets and growing challenges:

- Flooding - some urban areas suffer from nuisance flooding, particularly when it rains for an extended amount of time. This is due to limited drainage, blockage of natural flow paths and restrictions along waterways (e.g. culverts).
- Pollution - polluted stormwater is contributing to reduced water quality and diminished ecosystems in our local streams and coastal waters
- Development - our communities will continue to grow and as development intensifies, stormwater will increase. This puts greater pressure on the existing stormwater system and our environment.
- Climate change - our climate is changing and more extreme weather events and sea level rise will heighten existing issues with our stormwater system and the coastal discharges/outfalls.

Asset type	% value storm water assets
Plant	1%
Reticulation	99%

Condition of reticulation assets



Maintenance and renewals strategy

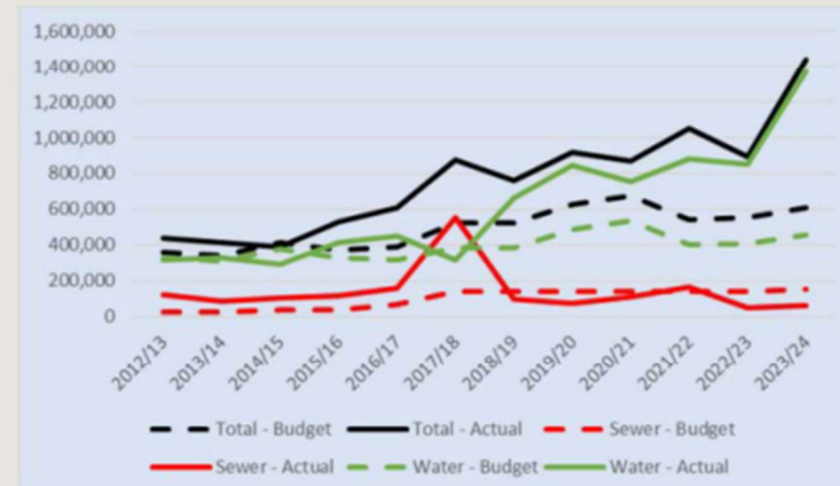
Overview

Historically, asset renewals have been planned to occur 'just in time', an approach that maximises asset utility and seeks to prioritise affordability of renewals for ratepayers. This approach relies heavily on assets reaching their full theoretical life, and effectively means assets 'run to failure' before they are replaced.

As shown on the previous page, theoretical end of life is not a guarantee, and we are now seeing many assets in poor condition ahead of their expected end of life. As we have not kept up with the pace of 'just in time' renewals, many assets are now also operating beyond their theoretical end of life. The impact of this is significantly increased risk of asset failure (and corresponding health and safety issues), and higher maintenance costs over time due to increased breakages and the need for reactive renewals. The critical investment challenge for Council is to address the backlog (reactive) while keeping up with proactive renewals to avoid cumulative renewals backlogs into the future.

Increases in maintenance and operational expenditure over the life of the current Long Term Plan are reflective of the 'catch-up' needed to renew the network and further increases in subsequent years will be needed to manage the wave of asset replacements and upgrades ahead.

The challenges faced by Timaru District are not unique. Many territorial authorities across New Zealand and other critical infrastructure providers encounter similar issues, highlighting a widespread need for improved asset management and funding strategies.



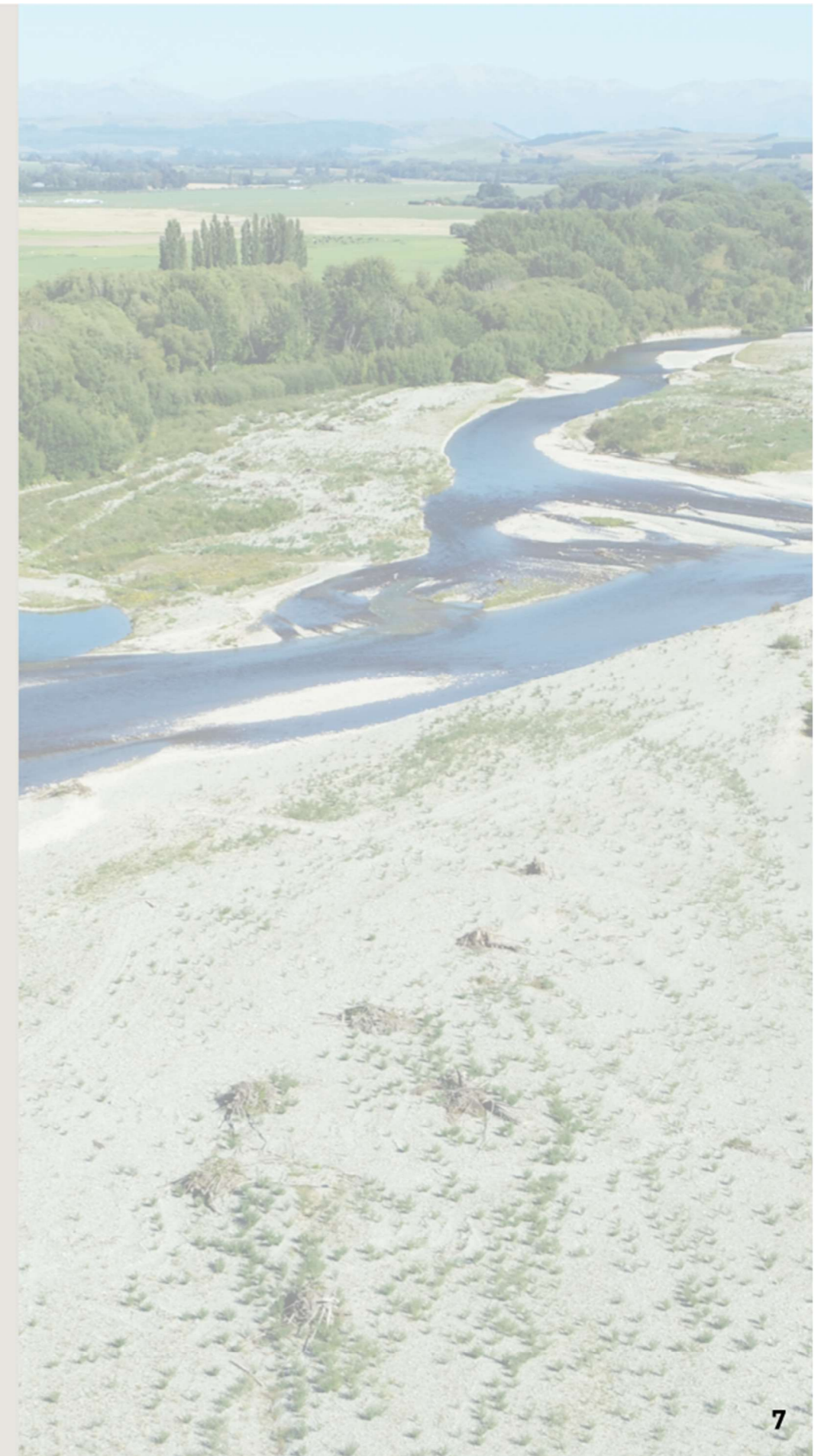
The volume of reactive renewals has far exceeded planned/expected volumes in recent years - this is due to increases in reactive renewals required to address failures on the network.

Depreciation

Historic underfunding of depreciation has a bearing on the affordability of renewing our assets.

The first comprehensive valuation of drainage and water assets occurred in 2005, setting depreciation rates that remained largely unchanged until a full revaluation in 2020. Over these years, as technology changed along with direct replacement values, replacement costs used to calculate depreciation rates were progressively underestimated and began to exceed asset values, even for insurance purposes. Depreciation was underfunded.

Inflation adjustments are now conducted annually, with full revaluations every few years, and Council is now fully funding depreciation for water services assets.



Regulatory overview & impending changes

Water supply and wastewater

Area of regulation	Current state	Reform changes
Taking water out of the environment	Resource consent issued by ECAN under RMA, informed by relevant policies and plans	No change
Treating raw water and reticulating it to consumer	NZ Drinking Water Standards compliance regulated by Taumata Arowai under the Water Services Act 2021	Indicated change: Taumata Arowai's settings to be more cost sensitive
Discharging wastewater back into the environment	Resource consent issued by ECAN under RMA, informed by relevant policies and plans	Indicated change: Taumata Arowai's settings to be more cost sensitive
Network planning and management	Local Authorities set network investment through the LTP process under the LGA 2002, and infrastructure planning framework	Change: If new entity local authority will appoint directors, set SOI and levels of service, and receive reporting. New entity will undertake its own network planning and management
Funding	Local Authorities set funding through the LTP process under the LGA 2002, and the Rating Acts and policies	Change: If in-house, funding ring-fenced and additional reporting. If new entity customers billed and reporting.
Financing	Local authorities borrow in line with financing policies	Change: if new entity, will need to negotiate new financing with market / LGFA, most likely with local authority backing.
Economic regulation and consumer cost protection	Local Authorities set costs through the LTP process under the LGA 2002, and the Rating Acts and policies	Change: Commerce Commission providing economic regulation, requires information disclosure and may set price quality paths. The Commerce Commission also provides consumer complaints service and may set levels of service.
Other: delivery co-ordination, HSWA, GIS data management	Corridor Managers co-ordinate utility operators and local authority network planning and grant access to the subsurface, the Road Control Authority grants traffic management permits. HSWA 2015 guides safe service delivery, GIS data is held by Councils.	No change.

Stormwater

Area of regulation	Current state	Reform changes
Identification of stormwater needs	Under the Resource Management Act both Regional and Territorial Authorities have hazard management functions, that interact with the Building Act's minimum standards to manage the built environment's interaction with flooding events.	Minor change: further role clarity, and planning and regulatory tools.
Network planning and management	Local Authorities set network investment through the Long Term Plan process under the LGA 2002, and infrastructure planning framework, which links back to the Resource Management Act's requirement for Territorial Authorities to provide sufficient development capacity, which in turn requires stormwater to be managed to enable buildings to be built.	No change.
Funding	Local Authorities set costs through the Long-Term Plan process under the LGA 2002, and the Rating Acts and policies.	No change.
Financing	Local authorities borrow in line with financing policies.	No change.
Economic regulation and consumer cost protection	Local Authorities set costs through the Long-Term Plan process under the LGA 2002, and the Rating Acts and policies	May change: Commerce Commission may regulate later.
Other: delivery co-ordination, HSWA, GIS data management	Corridor Managers co-ordinate utility operators and local authority network planning and grant access to the subsurface, the Road Control Authority grants traffic management permits, HSWA 2015 guides safe service delivery, GIS data is held by Councils.	No change.

Resource consents

Council holds a range of resource consents to extract and discharge water from/to the natural environment. The consents are issued and monitored by Environment Canterbury (ECAN), who also manage the dependent catchments.

Several significant water extraction consents are coming up for renewal in the next 5 years. Catchment management is also a vital dependency for the resilience of water supply in the Timaru District.

A new Wastewater Standard is currently being drafted for release in 2025. This is expected to guide regulators (i.e. regional councils as resource consent issuers) in their wastewater consenting and monitoring.

TDC is in the process of preparing to apply for air discharge consents for the inland town ponds at ECAN's request. The application for Pleasant Point is to be filed by the end of Q2 2024/25 with Temuka and Geraldine to follow later. It is likely that the expiration dates for these consents will align with the current ones.

TDC has recently been granted a resource consent for discharge of Geraldine stormwater. Stormwater discharge consent applications for the Timaru, Pleasant Point, Temuka and Washdyke areas have been submitted to ECAN for processing (still pending).

Water supply

Scheme	Consented source of extraction	Expiry date
Timaru	Upper Pareora River	05/11/2024
	Opihi River	09/10/2030
Temuka	Orari Station Road (bore)	23/08/2048
Geraldine	Orari Back Road	30/10/2027
Pleasant Point	Stratheona Road (bore)	30/03/2034
Peel Forest	Spring	31/08/2046
Downlands	Tengawai River Opihi River at Waitohi	09/10/2030
	Pareora (bore) St Andrews (Springbrook - bore)	27/10/2035
Te Moana	Pleasant Valley	21/06/2054
Seadown	Mill Road (bore)	09/10/2030
Beautiful Valley	Stoney Creek	10/08/2034
Rangitata-Orari	Orari River	03/03/2044
Timaru, Seadown, Downlands (Waitohi)	Additional take - Opihi River	09/10/2030

Wastewater

Location	Consented activities	Expiry date
Aorangi Road WWTP	Occupy coastal marine environment	26/11/2042
	Discharge contaminant into land to water	18/12/2042
	Storage of domestic effluent	13/12/2042
	Discharge contaminant to air	18/12/2042
	Discharge to coastal marine environment	26/11/2045
Temuka, Geraldine and Pleasant Point	Structure on land - effluent storage oxidation pond	06/04/2044
	Discharge contaminant into land to water	06/04/2044

Stormwater

Location	Consented activities	Expiry date
Geraldine	Discharge of stormwater	16/09/2049
German Creek (Pleasant Point)	Discharge of stormwater	10/12/2032
Gleniti	Stormwater management (swale)	02/07/2043
Pages Road	Stormwater management	17/09/2049
Washdyke Creek	Discharge of stormwater	17/04/2038

Current service delivery model

In-house resources

Timaru District Council delivers water services for residential, commercial, industrial and stockwater purposes. The Drainage and Water Unit manages and operates these services for TDC. The unit falls under the Infrastructure Group, and is comprised of three main sub-groups plus some additional specialist staff.

The Projects Team looks after the planning, procurement, contracts and project management of major capital projects.

The Operations Team looks after our water and wastewater treatment and compliance activities. This includes taking raw water from its source, treatment and storage of water at treatment plants, maintaining our plant equipment including telemetry, responding to on-call alarms 24/7, reporting on compliance, and undertaking extensive testing/sampling. The Operations Team work with many liquid and gas chemicals; therefore, hazard and risk management is a big component of their work.

The Reticulations Team looks after issues affecting the network, including managing our extensive pipe network and water filling stations. They also manage investigation and identification of leaks and losses, survey our pipe network to obtain updated condition assessments and update our Asset Management Database. The reticulation team also provides water supply and wastewater information needed for LIMs and consent applications to other Council departments including the Building, Planning and Infrastructure Consents teams.

Dedicated staff support stormwater service delivery which includes managing dependencies with related assets and planning for development.

A small internal support team provides specialist advisory, compliance management (including trade waste) and community engagement services for capital and operational programmes.




Outsourced delivery

Maintenance of the reticulation is contracted out via a single contract, Contract 2080 to Citycare. They are the response agent to jobs generated by customer contacts, with the Technicians in the Reticulation Team acting as the liaison between TDC and Citycare. The current contract is in place until 30 June 2027 with option to extend two years to 2029.

Significant capital works are typically facilitated by single contracts. Supplier selection processes are determined on a case-by-case basis. Preferred or existing supplier arrangements are used where possible to maximise value for money.

Challenges

- A need to improve asset data to support forward works planning and manage risks
- Unforeseen natural events and hazards impacting BAU
- Outsourced service delivery management
- Limited resources and a shrinking local workforce/recruitment difficulties
- Risks related to funding and investment affordability
- Cost and pricing concerns
- Sustaining regular operations amidst changes in government policy and rising compliance standards

Activity	Planning & management (including contract management)	Delivery of operations & maintenance	Capital Delivery
 Water supply	In house	In house /outsourced	Outsourced (project management is in-house)
 Wastewater	In house	In house /outsourced	Outsourced (project management is in-house)
 Stormwater	In house	In house /outsourced	Outsourced (project management is in-house)

Levels of service and current performance

Water Supply

Level of Service	Performance Measure	Target	Result/ Achievement
Provide safe drinking water	<p>Compliance with Drinking Water Standards (Drinking Water Quality Assurance Rules 2022) T3 Treatment Rules 4.10.1 T3 Bacterial Rules** (Mandatory) (New measure)</p> <p>**Results reported for the period from 14 November 2022 – 30 June 2023 in accordance with the Drinking Water Quality Assurance Rules 2022</p>	Bacterial Compliance – All drinking water supply schemes (8 schemes)	<p>Not achieved.</p> <p>0 of the 8 water supply schemes achieved full compliance for the period from 1 July 2023 – 30 June 2024. The majority of these are minor and technical non-compliances regarding monitoring and reporting. In other respects the schemes were compliant. No E-coli was detected during the period. Downlands, Geraldine, Temuka, Peel Forest: Technical non-compliances with recording of Chlorine dosage and contact time, turbidity and UV Dose. Pleasant Point: Technical non-compliances with recording of Chlorine dosage and contact time, turbidity and UV Dose. There were also 6 exceedances in maximum sample interval due to upgrades. Seadown: Technical non-compliances with recording of Chlorine dosage and contact time, turbidity and UV Dose. There was also 1 exceedance in maximum sample interval due to Christmas holidays. Timaru: Technical non-compliances with recording of Ozone dosage and contact time, turbidity and UV Dose. There was also 1 exceedance in maximum sample interval due to Christmas holidays. Te Moana: Technical non-compliances with recording of Chlorine dosage and contact time, turbidity and UV Dose. There was also 1 exceedance in maximum sample interval due to Christmas holidays. (2022/23: Not achieved).</p>
	<p>Compliance with Drinking Water Standards (Drinking Water Quality Assurance Rules 2022) T3 Treatment Rules 4.10.2 T3 Protozoal Rules** (Mandatory) (New measure)</p> <p>**Results reported for the period from 14 November 2022 – 30 June 2023 in accordance with the Drinking Water Quality Assurance Rules 2022.</p>	Protozoal Compliance – All drinking water supply schemes (8 schemes)	<p>Not Achieved:</p> <p>0 of the 8 water supply schemes achieved full compliance for the period from 1 July 2023 – 30 June 2024. The majority of these are minor and technical non-compliances regarding monitoring and reporting. All schemes had effective protozoal barriers in place and operating. Downlands: Pareora and St Andrews not compliant due to not monitoring of all inputs, however protozoal barrier was in place. 1 day of technical non-compliances due to recording of turbidity and UV Dose and 7 days due to UV Transmittance. Pleasant Point, Seadown, Temuka, Geraldine: Between 1 and 4 days of technical non-compliance due to recording of UV Dose and transmittance. Timaru: 3 days of non-compliance due to recording of ozone contact time and temperature and 2 due to turbidity. Peel Forest: 4 days of non-compliance due to recording of turbidity. Te Moana: 1 day of technical non-compliances due to recording of turbidity and UV Dose and 7 days due to recording of UV Transmittance. (2022/23: Not achieved)</p>

Levels of service and current performance

Water Supply

Level of Service	Performance Measure	Target	Result/ Achievement
Maintain excellent customer service	Percentage of real water loss from TDC's networked reticulation systems (Mandatory)	% real water loss from network system reduces	Not achieved: 26.95% - this has increased due to 33% loss on rural schemes, and 21% loss on urban schemes. Ongoing investment in upgrades and renewals is needed to reduce water loss. (2022/23: 23%).
	Median attendance and resolution times for urgent and nonurgent callouts for water supply faults or unplanned interruptions in the network (Mandatory)	The median time to attend urgent: <ul style="list-style-type: none"> • urban callouts: less than 1 hour • rural callouts: less than 4 hours 	Achieved: 0.6 hours – Good processes in place to ensure urgent calls are handled quickly. (2022/23: 0.46 hours) Achieved: 1.2 hours - Good processes in place to ensure urgent calls are handled quickly. (2022/23: 0.6 hours)
		The median time to resolve urgent <ul style="list-style-type: none"> - urban callouts – less than 4 hours - rural callouts – less than 8 hours 	Achieved: 2.4 hours – Positive result acknowledging the skill and knowledge of our water team and contractors. (2022/23: 2.5 hours) Achieved: 4.1 hours - Positive result acknowledging the skill and knowledge of our water team and contractors. (2022/23: 24.9 hours)
		The median time to attend and resolve all non-urgent callouts will be reported	Achieved: Attendance time – 7.6 hours Resolution time – 9 hours (2022/23: attendance time 6.6 hours, resolution time 12.3 hours)

Levels of service and current performance

Water Supply

Level of Service	Performance Measure	Target	Result/ Achievement
Maintain excellent customer service	Total complaints received about drinking water (Mandatory)	26 or fewer complaints received per 1,000 connections	Achieved: 9.19 complaints per 1,000 connections. Odour 0.23 Clarity 0.51 Taste 0.23 Water pressure/ flow 2.85 Continuity of supply 4.67 TDC response to complaints 0.7 – Positive year with no major events on all TDC water schemes. (2022/23: Achieved).
	Satisfaction with water supply services	85% user satisfaction	Achieved: 85% in residents survey. (2022/23: Not measured).
Provide demand management of water supply services	Average consumption of drinking water per day per resident within the Timaru District (Mandatory)	300 litres per day per resident	Not achieved: 312 – Water conservation messaging continues, but is challenging due to flat charge method of water supply. Consumption measures are also not adjusted for conditions such as dry weather - the effect for rural schemes/stockwater can be significant. (2022/23: Not achieved).
Deliver water services according to required environmental standards	Compliance with Resource Consent conditions	No abatement notices, infringement notices, enforcement orders and convictions	Achieved. (2022/23: Achieved)



Levels of service and current performance

Wastewater

Level of Service	Performance Measure	Target	Result/Achievement
Maintain excellent sewer network services	Number of dry weather overflows from the sewerage system (Mandatory)	2.5 or fewer recorded dry weather overflows per 1,000 connections	Achieved – 2.19 – better than target in line with previous years. (2022/23: 1.95)
Deliver sewer services according to required environmental standards	Compliance with Resource Consent conditions (Mandatory)	No abatement notices, infringement notices, enforcement orders and convictions	Achieved (2022/23: Achieved)
Maintain excellent customer service *Attendance – Response time applies from the time the local authority receives notification to the time service personnel reach the site **Resolution – Response time applies from the time the local authority receives notification to the time service personnel confirm resolution of the fault	Median attendance and resolution times to sewerage overflow faults in the network (Mandatory)	Median attendance time will be less than 1 hour Median resolution time will be less than 8 hours	Achieved: 0.87 hour - contractors continue to work on response times. (2022/23: 0.5) Achieved: 4.14 (2022/23: 3)
	Number of complaints per 1,000 connections received about: 1) Sewerage Odour 2) Sewerage system faults 3) Sewerage system blockages 4) The TDC response to sewerage system issues (Mandatory)	14 or fewer complaints received per 1,000 connections	Achieved: 4.6 (2022/23: 5.23)
	Satisfaction with sewer services	85% user satisfaction	Achieved: 88% in residents survey. (2022/23: Not measured).



Levels of service and current performance

Stormwater

Level of Service	Performance Measure	Target	Result/ Achievement
Maintain excellent stormwater network services *flooding event means an event where stormwater enters a habitable floor **number of habitable floors affected per 1,000 properties connected to the stormwater system	Number of flooding events in the Timaru district*(Mandatory)	Zero flooding for rain events up to a 1 in 5 year return for residential zones, and a 1 in 10 year return for commercial and industrial zones	Achieved: 0 (2022/23: 0)
	Number of habitable floors** affected by flooding events in the Timaru district (Mandatory)	Zero habitable floors affected by a flooding event	Achieved: 0 (2022/23: 0)
Deliver stormwater services according to environmental standards	Compliance with Resource Consent conditions (Mandatory)	No abatement notices, infringement notices, enforcement orders and convictions	Achieved: none received (2022/23: achieved)
Maintain excellent customer service ***time applies from the time the local authority receives notification to the time service personnel reach the site	Median response times to attending a flooding event*** (Mandatory)	Median time to attend a flooding event will be less than one hour	Achieved: 4 flooding events were attended with a median response time of 0.25 hours (2022/23: not achieved – 7.8 hours)
	Total complaints received about a performance of stormwater system (Mandatory)	10 or fewer per 1,000 connected properties	Achieved: 0 (2022/23: 0)
	Satisfaction with stormwater services	65% resident satisfaction	Achieved: 65% in residents survey (2022/23: not measured)



Key investment challenges

1

Low rate increases and historic underfunding of depreciation has put future financial sustainability and public affordability of Water Services at risk



Source: Stuff

2

A large number of assets and consents are nearing end of life over the term of the Infrastructure Strategy, which is insufficient to provide for growth and generates high risk of asset failure, increasing maintenance costs and health/safety risks



Source: Stuff

3

Climate change impacts are driving decreased resilience



Source: Stuff

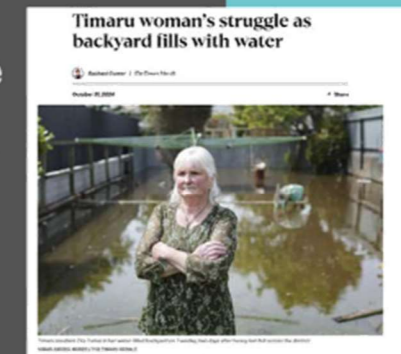
4

Increased regional and national compliance requirements are putting pressure on existing resources and reducing capacity to deliver LOS and develop the network



5

Consumer expectations are higher than funded levels of service



Source: Stuff

Financial sustainability assessment

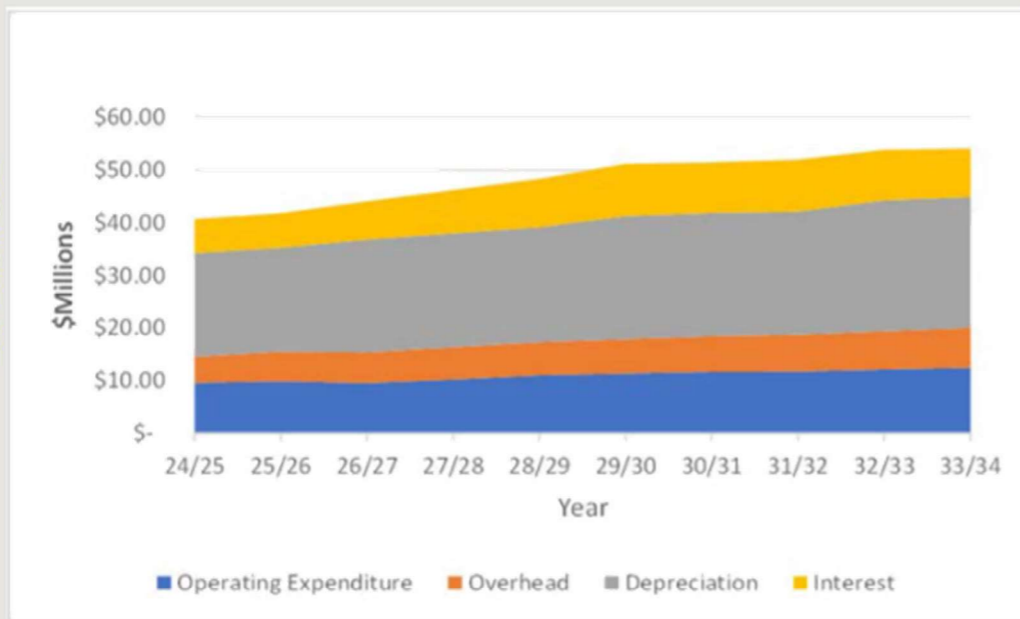
Current State

Currently Council operates its water services as a 'ring fenced' operation. That is, water services revenue is from targeted rates, metered water, and trade waste charges. Costs are either charged directly or via an overhead allocation method. Interest on loans raised to fund capital expenditure are charged to the water services activities. These pages outline an assessment of the financial sustainability of current state water services, which will provide a baseline for modelling of future service delivery options. A key assumption in this current state assessment is that investment provided for in the Long Term Plan 2024-34 is sufficient to meet asset needs and regulatory requirements over the next 10 years. The tables on this page take into consideration the impact of the closure of the Smithfield freezing works on water meter income of \$0.5m and trade waste charges of \$1.2m. It has been assumed that the \$1.7m loss of revenue in 2024/25 would be picked up through increased rates in 2025/26. The impact of this on total rates would be an additional 2.21% rate increase in 2025/26.

Operating income and expenditure

Operating costs are projected to increase over the life of the Long Term Plan 2024-34, driven by increased delivery, depreciation and interest costs. Revenue is also expected to increase in line with rates and charges increases. Overall, delivery of three waters services based on planned investment levels is financially sustainable over this period.

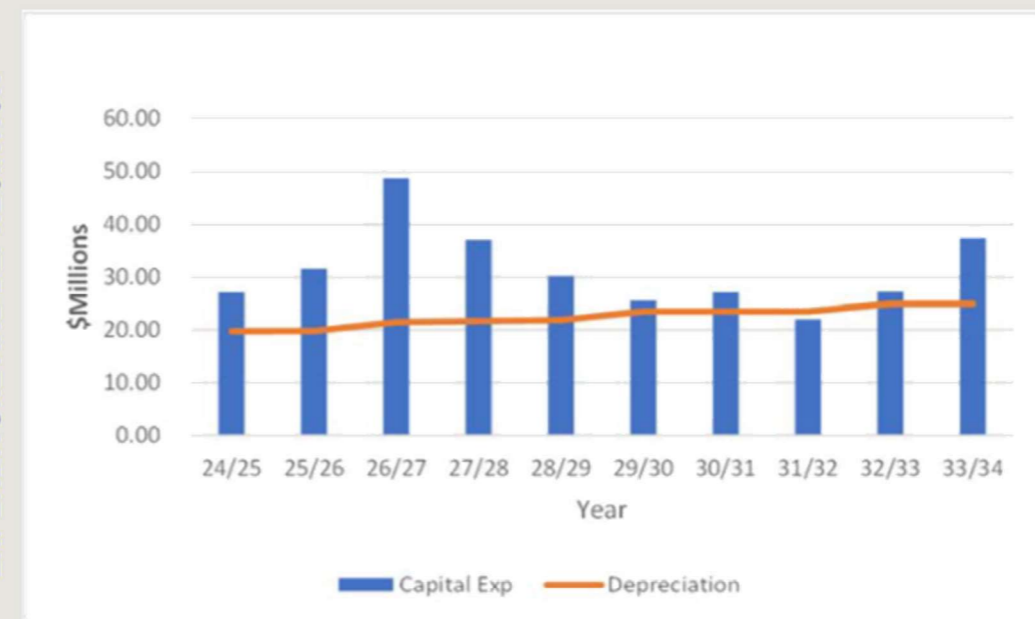
WATER SERVICES OPERATING EXPENDITURE



Capital expenditure

Capital expenditure on Water Services over the next ten years totals \$314.19m with an annual peak of \$48.74m in 2026/27. This is an increase on historic capital spend and delivery will be dependant upon internal and market capacity.

WATER SERVICES CAPITAL EXPENDITURE AND DEPRECIATION



INCOME & SUSTAINABILITY ASSESSMENT

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revenue											
Rates	27.32	31.89	35.85	38.50	40.71	43.45	43.32	43.37	44.83	44.66	393.89
Metered Income	5.01	5.36	5.73	6.01	6.29	6.58	6.87	7.18	7.49	7.82	64.34
Other Income	4.09	4.18	4.27	4.37	4.47	4.56	4.65	4.75	4.84	4.93	45.09
Expenses											
Operating Expenditure	36.41	41.42	45.85	48.88	51.47	54.59	54.85	55.29	57.16	57.41	503.32
Overhead	40.68	41.78	44.04	46.15	48.31	51.15	51.43	51.91	53.80	54.05	483.29
Depreciation	(4.27)	(0.35)	1.81	2.73	3.16	3.44	3.41	3.39	3.37	3.36	20.03

CAPEX SPEND/ BORROWINGS

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
CAPEX Spend											
Capital Expenditure	27.19	31.60	48.74	37.06	30.28	25.48	27.22	21.96	27.29	37.38	314.19
Liabilities - Borrowings											
Borrowings	118.34	130.99	155.44	174.64	188.23	191.11	195.41	191.08	183.16	195.95	

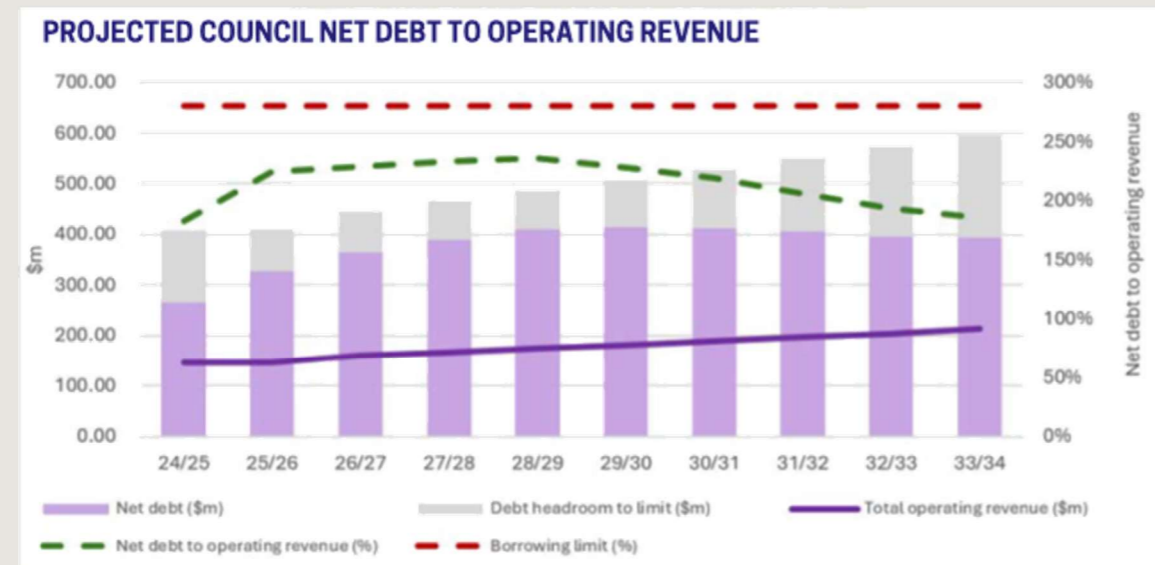
Financial sustainability assessment

Current State

Borrowing and financing sufficiency

Based on investment levels included in the Long Term Plan 2024-34, water services are within the borrowing ratio of 2.8 for Council.

TDC	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net Debt/Revenue										
Revenue										
Total	145.47	146.09	159.13	166.57	173.83	181.19	188.66	196.39	204.33	212.70
Borrowings										
Total	265.85	328.12	364.41	388.85	409.30	413.49	412.32	404.61	395.67	393.75
Ratio										
TDC	1.83	2.25	2.29	2.33	2.35	2.28	2.19	2.06	1.94	1.85
Headroom Available	141.46	80.93	81.16	77.55	77.41	93.85	115.93	145.28	176.44	201.81



Outlook and modelling of alternative models

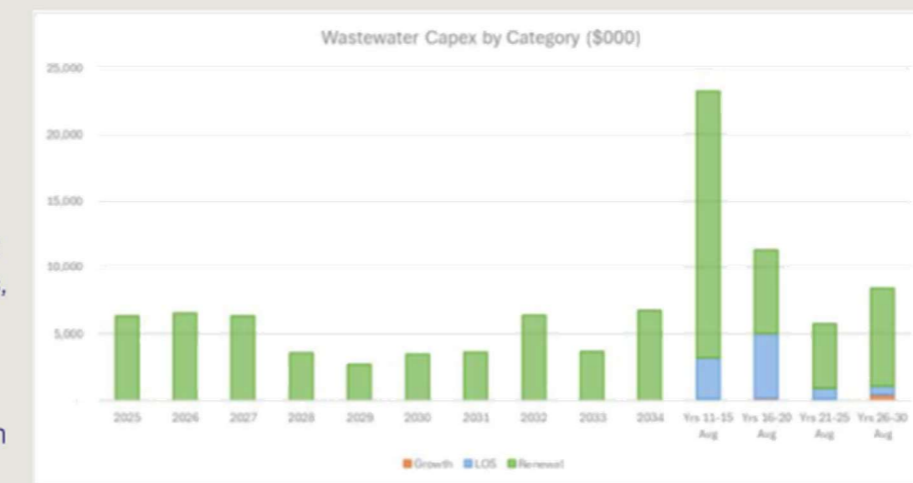
Based on current planned investment levels, preliminary assessment shows delivery of current state water services is financially sustainable over the life of the Long Term Plan. This assessment is subject to investment levels being sufficient to meet asset needs and regulatory requirements, and provide for future growth. The Government has indicated changes to regulatory requirements which are yet to be confirmed - these changes will need to be considered and factored in to modelling of all future state scenarios in due course (including maintaining/enhancing current state).

Strong capital delivery is also integral to this assessment - capital renewals needs are expected to increase significantly beyond the life of the Long Term Plan and any non-delivery in the short term will increase the cost of this for consumers in the long term. Backlogged renewals also risk increases in non-compliance and health and safety issues.

Preliminary modelling has indicated that separating water services functions from Council operations would be financially sustainable and increase Council's borrowing headroom. Again, this assessment is subject to settings yet to be introduced by Government and will be developed in detail once these settings are known.

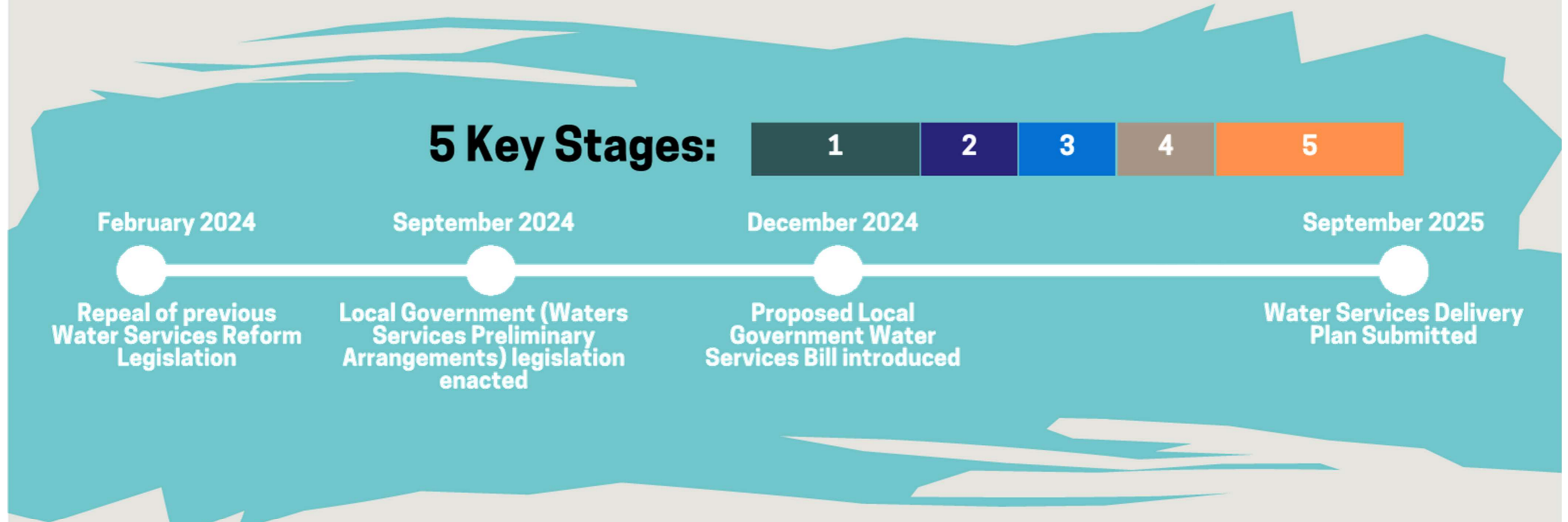
CASE STUDY

Long term financial sustainability of water services may be impacted by the wave of investment required in renewals, as outlined in Council's Infrastructure Strategy/ Long Term Plan.



Note: The tables on this page take into consideration the impact of the closure of the Smithfield freezing works on water meter income of \$0.5m and trade waste charges of \$1.2m. It has been assumed that the \$1.7m loss of revenue in 2024/25 would be picked up through increased rates in 2025/26. The impact of this on total rates would be an additional 2.21% rate increase in 2025/26.

Responding to reform



Stage 1 - Define delivery model options

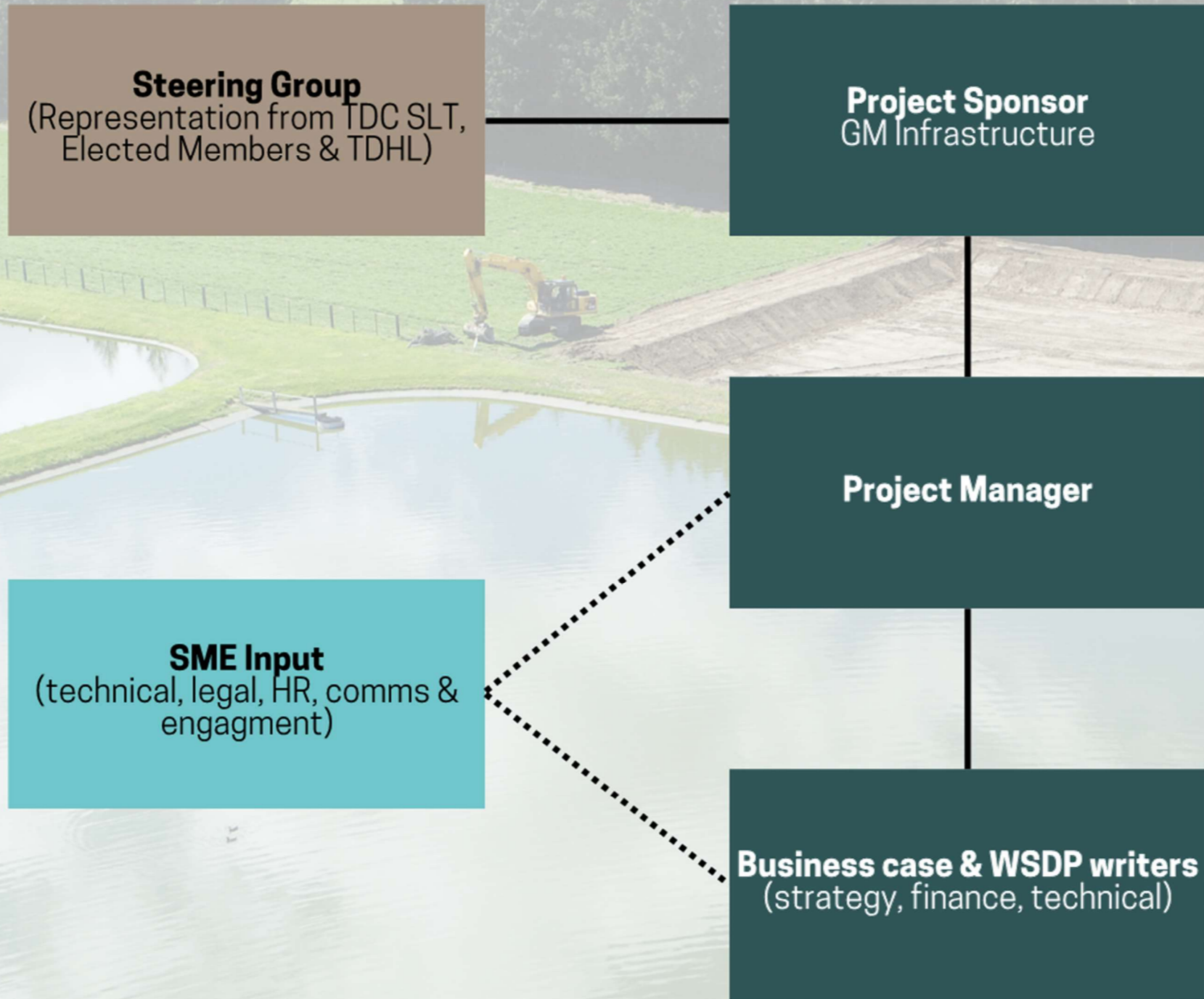
Stage 2 - Complete options assessment

Stage 3 - Identification of preferred option

Stage 4 - Public consultation

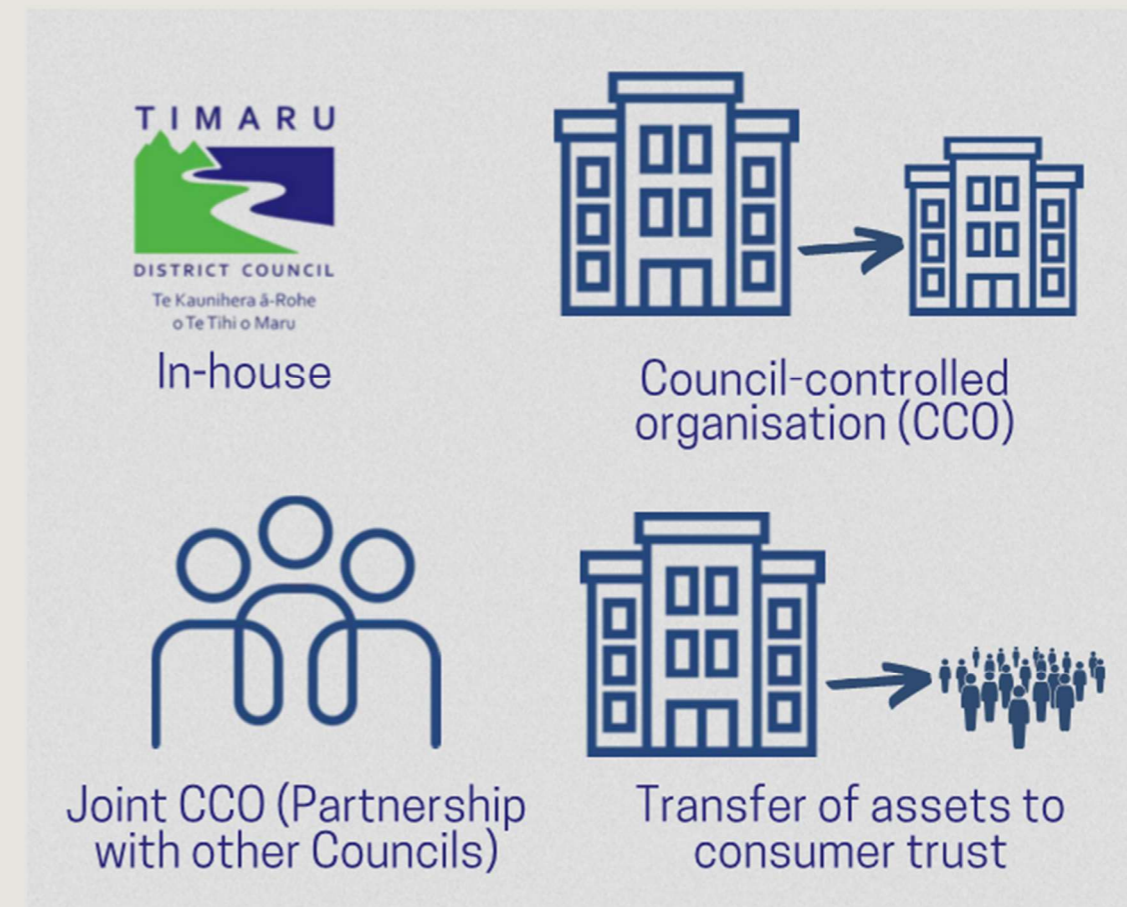
Stage 5 - Preparation and submission of Water Services Delivery Plan

Project management & governance



Stage 1 - Define delivery model options

- The Local Government (Waters Services Preliminary Arrangements) legislation (December 2024) is expected to provide additional guidance on delivery models
- Some scoping work will be needed to define/adapt the options for our local context and asset portfolio. The key output of this stage is a detailed explanation of each service delivery model option, clearly scoping the following features:
 - Ownership, governance, strategy, accountability and borrowing arrangements.
 - The arrangements proposed to meet the minimum requirements for service delivery outlined in the legislative framework (including economic, environmental and water quality regulation, financing requirements, financial sustainability requirements and other statutory objectives)
- All assumptions and dependencies will also need to be identified for consideration during options assessment.
- The options explored will have a bearing on the public consultation provisions to be used: either the Local Government Act 2002 or Local Government (Waters Services Preliminary Arrangements) Act 2024 (discussed further below).



Stage 2 - Complete options assessment

The options assessment process will determine the viability, affordability, sustainability and deliverability of future service delivery model options.

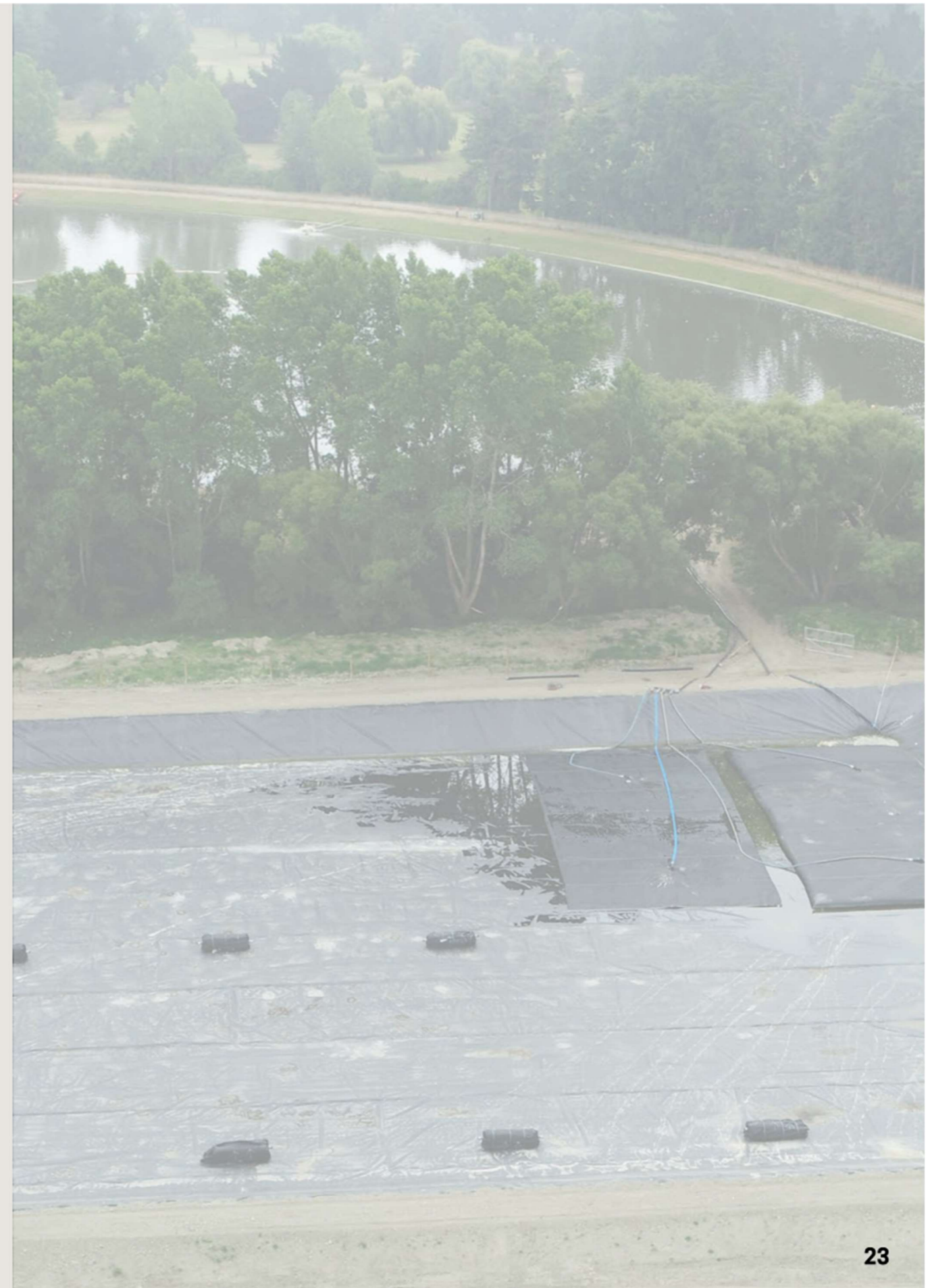
Considerations

- Impact on revenue and expenses
- Impact on debt and borrowing capacity
- Impact on consumers e.g. % change in water charges
- Impact of increased economic regulation
- Stranded assets
- Stranded overheads
- Land holdings
- Transition - including impact on/disruption to operations
- Council's risk profile



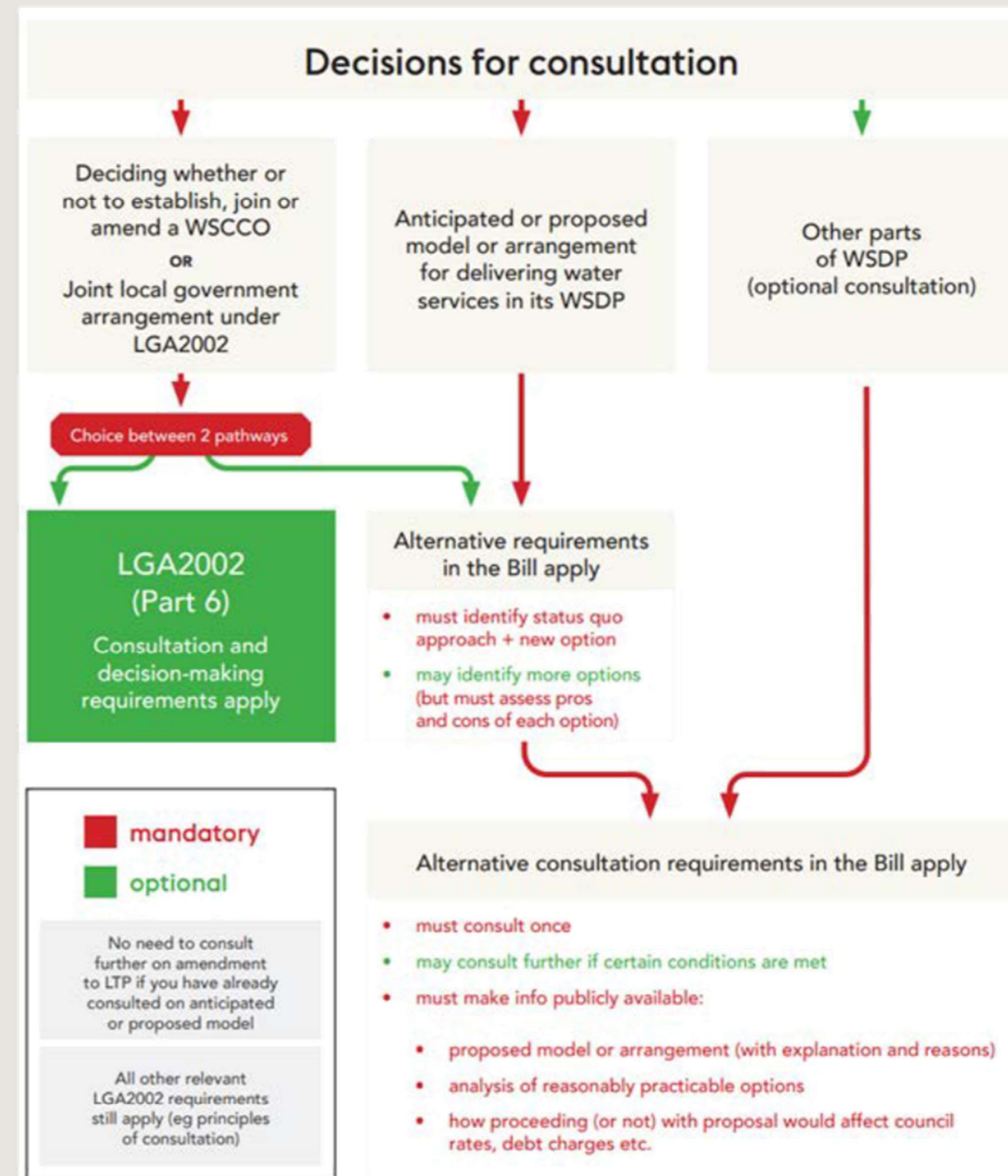
Stage 3- Identification of preferred option

- **Depending on the regulatory framework followed**, Council will need to identify the preferred service delivery model option.
- The options assessment (Stage 2) will be used to inform this decision.



Stage 4- Public consultation

- Council can choose whether to follow the Local Government Act 2002 or Local Government (Waters Services Preliminary Arrangements) Act 2024 provisions for public consultation
- In a nutshell - the provisions in the 2024 Act enable a more streamlined process, require only 2 options to be explored, require Council to pre-identify the preferred service delivery model.



Stage 5 - Preparation and submission of Water Services Delivery Plan

- This will be an iterative process over the next 10 months
- The WSDP requires us to outline:
 - the current state of water services (including a financial sustainability assessment)
 - our preferred future services delivery model
 - an implementation plan for transition to the future services delivery model

We are also required to demonstrate why our future services delivery model is preferred i.e. supply our options assessment.



Water services delivery models: Guidance for local authorities

LOCAL WATER DONE WELL

August 2024

Te Kāwanatanga o Aotearoa
New Zealand Government



Te Tari Taiwhenua
Internal Affairs

Introduction

Background

A key feature of Local Water Done Well is providing councils with the flexibility to determine the optimal structure and delivery method for their water services. To support this, the Government is progressing legislation to expand the range of local government water service providers by enabling the establishment of new, financially separate water organisations.

These new water organisations are intended to enable enhanced access to long-term borrowing for water infrastructure – supporting infrastructure development, while managing costs for consumers.

Councils will continue to be able to deliver water services directly (such as through inhouse business units), however they will also be able to establish new water organisations that are more financially and operationally independent of councils.

These models also make it easier for councils who wish to enter joint arrangements to achieve cost savings, improve efficiency and affordability.

Councils will be able to design their own alternative delivery arrangements, as long as these arrangements meet the minimum requirements set out in legislation.

Councils will also have choices about which water services are provided through different service delivery arrangements. For example, they may wish to provide drinking water and wastewater services through a water organisation but retain stormwater services in-house.

This guidance document aims to help inform local authorities on service delivery models. It should be read alongside other Local Water Done Well information. The guidance is informed by policy decisions that were announced by the Minister of Local Government in August 2024, and therefore are still subject to change through the Parliamentary process when the Local Government Water Services Bill is introduced to Parliament in December 2024.

More detailed information can also be found in the associated Cabinet papers that have been proactively released on the Department of Internal Affairs' website.

For further information about Local Water Done Well, visit www.dia.govt.nz/Water-Services-Policy-and-Legislation

Questions? Contact waterservices@dia.govt.nz

This guidance document

This guidance document focuses on the service delivery models and arrangements that will be available to local authorities to deliver water services. It provides further detail on proposals to expand the range of service delivery models available to councils, including by providing for new, financially separate water organisations that councils (and consumer trusts) can own.

In this guidance, the term '**water services provider**' means all forms of local government provider, and including councils that continue with direct (in-house) delivery as well as new water organisations. The term '**water organisation**' refers only to separate organisations that councils may establish to provide water services and does not include councils with direct (in-house) delivery.

This guidance document has five sections:

- Section 1: Minimum requirements of all water services providers and requirements for specific delivery models
- Section 2: Service delivery models available to councils
- Section 3: Governance and accountability arrangements
- Section 4: Financing and credit rating implications
- Section 5: Other powers and authorities available to water organisations.

01 Minimum requirements

Minimum requirements for all service delivery models

The legislation will look to establish a framework for water services delivery that includes:

- a set of minimum requirements that apply to water service providers
- additional legislative requirements that apply to water organisations, focusing on the ownership, governance and structural arrangements for these organisations, and
- further provisions that would apply only to consumer trust-owned (and mixed council/trust owned) water organisations.

Regardless of the model chosen, all water service providers must meet minimum requirements set out in the legislation.

These minimum requirements are designed to promote efficiency, improve the governance and management of financially sustainable water services, and ensure accountability within the sector.

The requirements will likely include that all water services providers:



Will be subject to economic, environmental and water quality regulation – further information on economic, environmental and water quality regulation is available in the related factsheets: Economic regulation of water services (refer to the economic regulation factsheet for more information), Drinking water quality regulation, and Standards to help reduce water infrastructure costs.



Will be subject to a new planning and accountability framework for water services, including the need to produce stand-alone financial statements for water supply, wastewater, and stormwater – further information outlined in the factsheet: Planning and accountability for local government water services.



Must be financially sustainable – legislation will include an enduring objective for water service providers to be financially sustainable, including a requirement for the ringfencing of water services, an expectation of revenue sufficiency, and accommodating for maintenance, renewals and growth.



Must act consistently with statutory objectives – legislation will set out a list of statutory objectives that will apply to all water service providers. There will also be several additional statutory objectives that apply to water organisations.



Will be subject to restrictions against privatisation – legislation will include prohibitions on losing control, selling or disposing of significant infrastructure. Further, water services assets cannot be used as security.

Additional requirements for water organisations

In addition to the minimum requirements that apply to all water services providers, the legislation will also look to include additional requirements that apply to water organisations – affecting their ownership, governance, and structural arrangements.

These requirements will apply to all water organisations, including any existing council-controlled organisations and council-controlled trading organisations that deliver water services.

These features are not relevant where councils continue with direct service delivery.

The following additional requirements apply to water organisations:



Current council staff and elected members cannot be appointed to boards.



Water organisations **must be companies**.



Activities of water organisations will be **limited to the provision of water services** and directly-related activities.



Only councils or consumer trusts can be shareholders of a water organisation.



Board appointments must be competency-based and have the appropriate mix of skills, knowledge, and experience.



There will be a range of protections against privatisation.

Requirements for trust-owned water organisations

Water organisations that involve consumer trusts as owners will require additional provisions to ensure that ownership interests cannot be transferred.

This option requires significant controls on the consumer trust as it would have the effective control of water services and assets.

Legislation will set out bespoke requirements that apply to consumer trust-owned (and mixed council/trust-owned) water organisations, to ensure alignment with requirements that apply to councils through other legislation.

For water organisations that involve consumer trusts:



Consumer trusts must **represent consumers** and their interests.



Consumer trusts will be responsible for **appointing and removing Boards and overseeing their performance.**



Trust deeds must include **restrictions on transfer of shares.**



Trustees must be **elected by consumers.** Trustees are responsible for appointing, monitoring, and removing Board members (subject to competency and independence requirements), as well as approving or issuing a statement of expectations (depending on mixed or full ownership).



Consumer trusts will have to **comply with all requirements in legislation** or general law relating to trusts, such as having a trust deed.



Consumer trusts may be a **minority or majority shareholder** of a water organisation with territorial authorities, or it may own 100% of the shares.



Trusts will be **restricted from modifying the objects in its trust deed** or selling its shareholding, except to another territorial authority or consumer trust shareholder of another water organisation.

Protections against privatisation

Under Local Water Done Well, the Government has committed that water services will remain in public ownership.

Councils and water organisations will not be able to privatise water services.

Legislation will likely include the following statutory protections:

- Only local authorities and/or consumer trusts will be permitted to own shares in a water organisation.
- Provisions that prevent:
 - water infrastructure assets from being used as security for any purpose
 - divestment of ownership or other interest in a water service except to another local government organisation or water organisation, and
 - loss of control of, sale, or other form of disposal of the significant infrastructure necessary for providing water services in its region or district, unless, in doing so, the local authority or water organisation retains its capacity to meet its obligations
- Shares in water organisations cannot give any right, title or interest in the assets, security, debts, or liabilities of the entity, and would not be able to be sold or transferred.
- Water organisations that involve consumer trusts will require additional provisions to ensure ownership interests cannot be transferred.

Exemptions from certain requirements

Exemptions can be considered on a case-by-case basis

The Government has agreed to enable exemptions from certain requirements. This will provide councils with the flexibility to identify and establish the delivery arrangements that work best for them. The exemptions framework acknowledges that there may be certain circumstances where there may be justification in waiving certain requirements.

Legislation will include a process where councils can apply for exemptions to the following requirements, on a case-by-case basis:

- water organisations must be companies
- activities of water organisations will be limited to the provision of water services, and directly-related activities, and
- only councils or consumer trusts can be shareholders of a water organisation, while noting that the legislation will look to ensure that no form of privatisation is permitted.

Councils who wish to apply for exemptions from the above requirements will be required to submit applications to the Secretary for Local Government, who will assess the application and provide advice to the Minister of Local Government. Exemption approvals would be granted through an Order in Council, on the recommendation of the Minister of Local Government.

Applications for exemptions must meet certain conditions

Exemptions will only be granted where the council's proposal for water services:

- meets the legislative objectives of Local Water Done Well
- maintains the core requirements that are non-negotiable bottom lines for all water organisations, including that the proposal does not involve any form of privatisation
- will provide water services that are financially sustainable, and
- satisfy the Minister of Local Government that the financial sustainability of water services would be put at greater risk if the exemption was not granted.



02 Service delivery
models

Councils can choose from a range of service delivery models

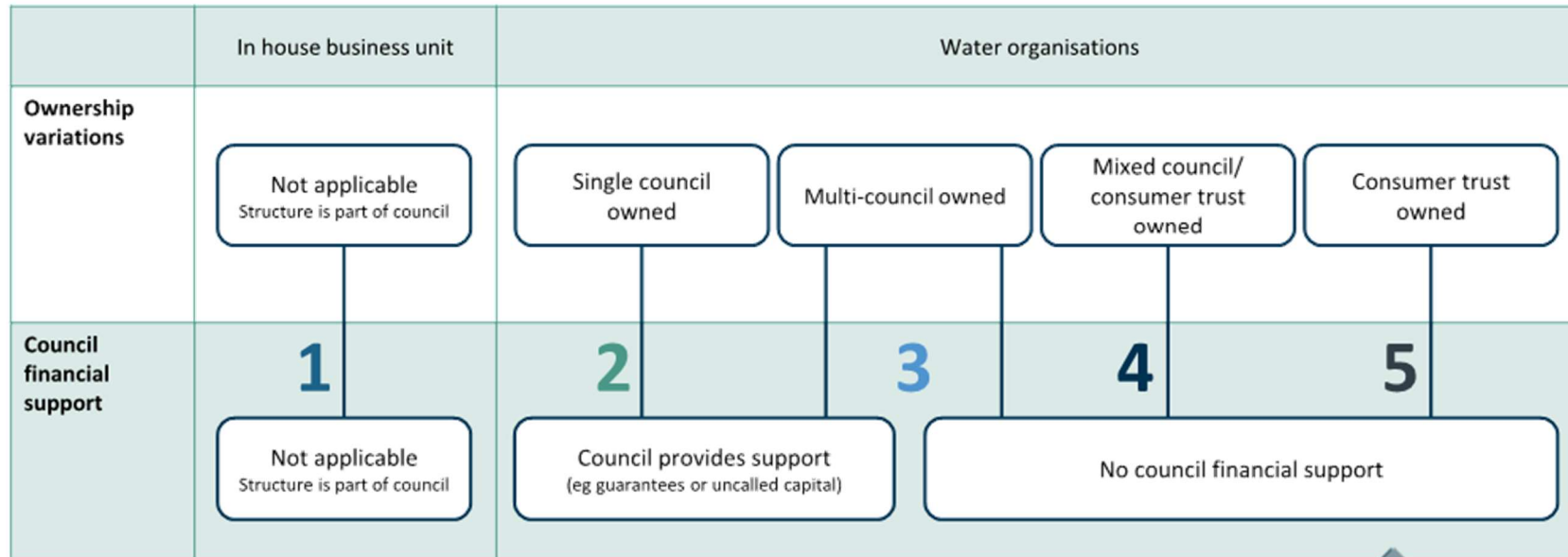
The choices available to councils include:

- whether to deliver water services in-house or establish a water organisation
- whether to deliver services on a stand-alone basis or establish a joint arrangement with other councils
- how to structure ownership and governance arrangements for any water organisation, and
- how to set up water organisations to facilitate access to long-term borrowing for water infrastructure

Councils that already deliver water services via a council-controlled organisation or council-controlled trading organisation will be able to continue to use these arrangements. However, the council-controlled organisation or council-controlled trading organisation will be subject to all of the new statutory requirements that will apply to water organisations and changes are likely to be required to meet these requirements. Councils will be able to design their own alternative delivery arrangements, as long as these arrangements meet the requirements for water service providers.

This guidance provides further detail on the following illustrative examples outlined below. Other delivery models are permissible provided they meet certain minimum requirements or if a council obtains an exemption.

Illustrative examples of service delivery models



Overview of service delivery models

1	Internal business unit or division	<ul style="list-style-type: none"> • Status quo for many councils • Minimum requirements for water service providers will apply • New financial sustainability, ringfencing rules, and economic regulation will apply
2	Single council-owned water organisation	<ul style="list-style-type: none"> • New company established, 100% owned by the council • Financial sustainability rules will apply, but retains a financial link to the council • Councils with existing water council-controlled organisations will be required to meet minimum requirements
3	Multi-council owned water organisation	<ul style="list-style-type: none"> • New company established with multi-council ownership • Appointment of a Board through shareholder council (or similar body) is advisable but not a statutory requirement • Option to access Local Government Funding Agency finance with the provision of parent support or to create a more financially independent organisation
4	Mixed council/consumer trust owned	<ul style="list-style-type: none"> • Consumer trust established to part-own a water organisation • One or more councils own the remainder of the shares • Structure enables financially independent organisation to be established while retaining some council ownership
5	Consumer Trust owned	<ul style="list-style-type: none"> • Council transfers assets to consumer trust owned organisation • Consumers elect trustees to represent their interests in the organisation • Most financially independent of the available models



1. Internal business unit or division

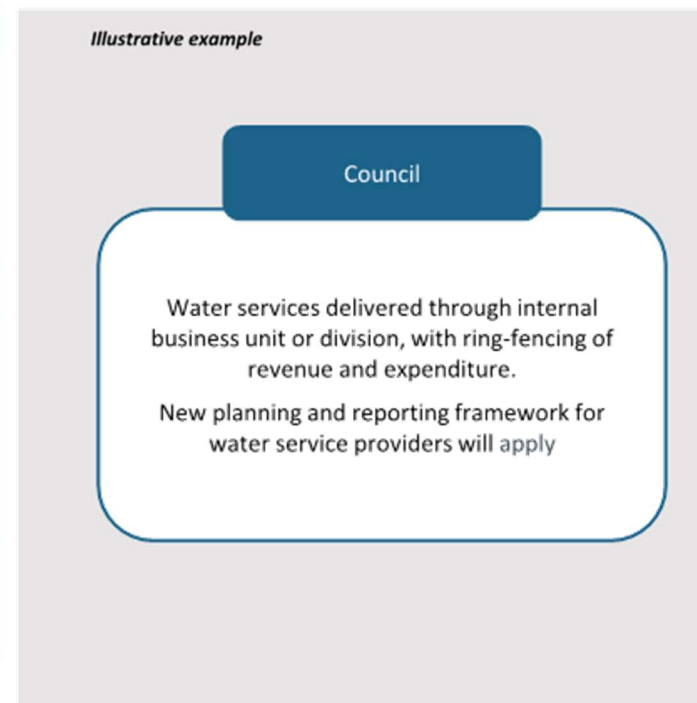
Under this option, water services would be delivered directly by the council 'inhouse' through an internal business unit or division, with planning and budgeting integrated into council planning and budgeting processes. This option will be subject to new ring-fencing and financial sustainability requirements, and economic regulation.

This option represents a continuation of the existing inhouse service delivery model used by many councils.

Revenue continues to be generated through a combination of general and targeted rates and financial/development contributions.

Water service delivery is fully integrated into council strategy, planning, and service delivery.

	Key features
Ownership	<ul style="list-style-type: none"> • 100% council owned as a business unit or division within the organisation • No new organisation is established
Governance	<ul style="list-style-type: none"> • Internal business unit or division responsible to the elected council members, with other usual council governance oversight
Strategy	<ul style="list-style-type: none"> • Councils will need to prepare a Water Services Strategy
Accountability	<ul style="list-style-type: none"> • Water division reports to council per established internal processes • Water service delivery will be accountable to the public through usual local democracy practices • Water-focused annual report and stand-alone financial statements on water will be completed to enhance current requirements
Borrowing	<ul style="list-style-type: none"> • Borrowing undertaken by council with water activity groups meeting their share of financing costs (on internal and any external borrowing)



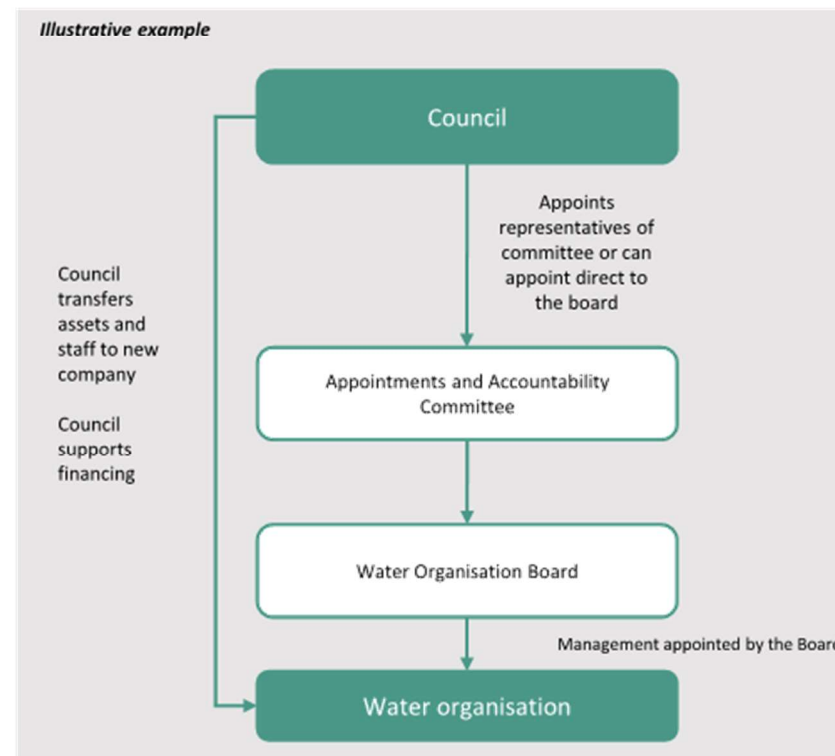
2. Single council-owned water organisation

New company established to deliver water services, with ownership by a single council. Council can transfer or retain ownership of assets, subject to transfer of asset use rights.

The council has flexibility to design governance and appointment arrangements, including to consider whether and how they involve mana whenua, consumers or community representatives (for example via an appointments and accountability body). The council can also choose to appoint board members directly without roles for other groups.

The council would provide financing to the water organisation or provide financial support to enable it to borrow from Local Government Funding Agency

	Key features
Ownership	<ul style="list-style-type: none"> Limited liability company, 100% owned by the council Ownership rights spelled out in a constitution, subject to compliance with legislation
Governance	<ul style="list-style-type: none"> Appointments made directly or via an Appointments and Accountability Committee (or similar body) Board comprised of independent and professional directors
Strategy	<ul style="list-style-type: none"> Shareholding council issues Statement of Expectations Water organisation prepares Water Services Strategy and consults the council
Accountability	<ul style="list-style-type: none"> Water organisation reports regularly to shareholding council on performance (for example quarterly) Water organisation prepares annual report containing audited financial statements, including reporting on actual performance, and other matters outlined in the water services strategy. Water organisation required to act consistently with statutory objectives
Borrowing	<ul style="list-style-type: none"> Borrowing via council or from Local Government Funding Agency directly supported by council guarantee or uncalled capital



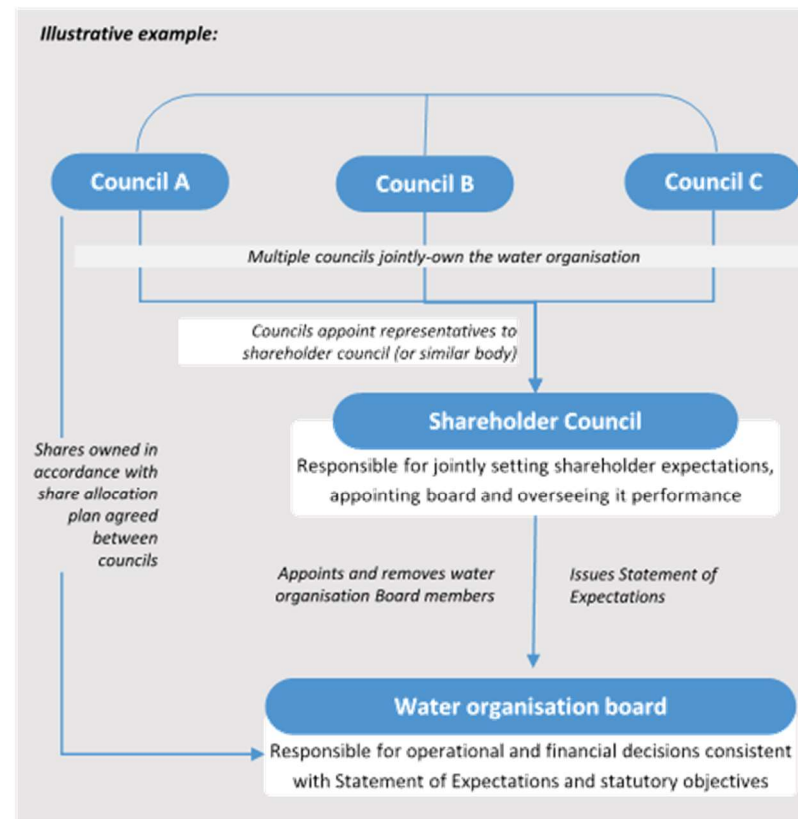
3. Multi-council-owned water organisation

Under this option, two or more councils would establish a jointly-owned water organisation.

Councils will have flexibility to establish shareholder rights and interests through a company constitution and/or shareholder agreement, subject to compliance with the legislation.

Financing options and credit rating impacts will be dependent on whether shareholding councils choose to provide financial support or not.

	Key features
Ownership	<ul style="list-style-type: none"> Limited liability company owned by two or more councils Ownership arrangements and rights set out in a constitution and/or shareholder agreement, subject to compliance with the legislation
Governance	<ul style="list-style-type: none"> Councils agree how to appoint and remove directors, for example through a shareholder council or similar Board comprised of independent and professional directors
Strategy	<ul style="list-style-type: none"> Shareholding councils agree the process for issuing a combined Statement of Expectations Water organisation prepares Water Services Strategy and consults shareholding councils
Accountability	<ul style="list-style-type: none"> Water organisation reports regularly to shareholding councils on performance (for example quarterly) Water organisation prepares annual report containing audited financial statements, including reporting on actual performance and other matters outlined in the Water Services Strategy. Water organisation required to act consistently with statutory objectives
Borrowing	<ul style="list-style-type: none"> Borrowing arrangements and credit rating implications dependent on whether shareholding councils provide financial support



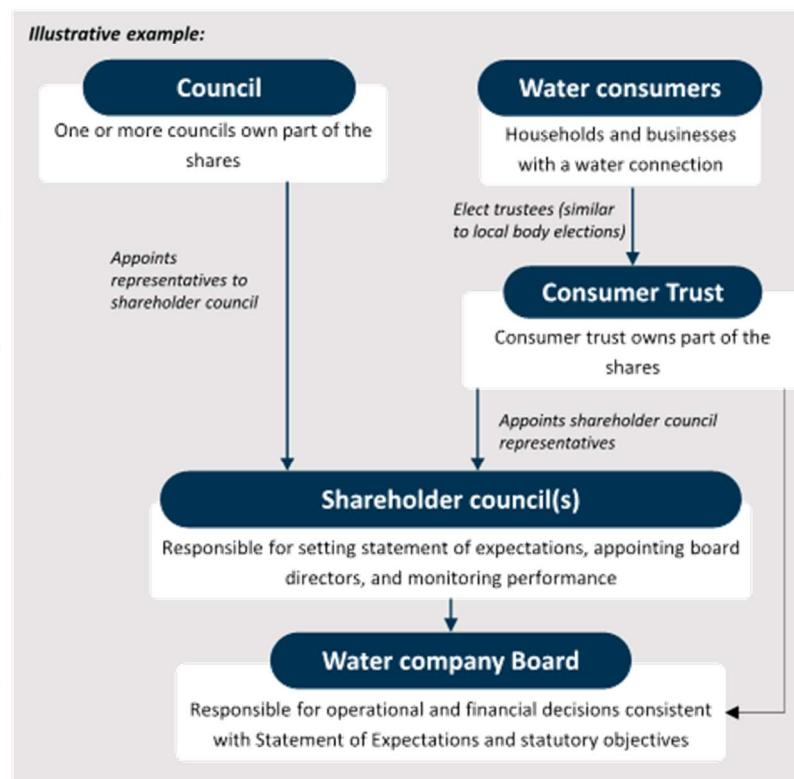
4. Mixed council/consumer trust owned water organisation

Under this option, a consumer trust would be established to part-own a water organisation, with one or more councils owning the remainder of the shares.

Councils will have flexibility to establish shareholder rights and interests through a company constitution and/or shareholder agreement upon establishment, subject to compliance with the legislation.

Water consumers elect trustees to the Consumer Trust. That consumer trust is then represented on the shareholder council (along with council representatives) and/or appoints board members directly. Certain restrictions apply to Consumer Trust to protect against privatisation.

	Key features
Ownership	<ul style="list-style-type: none"> Limited liability company owned by a consumer trust, with one or more councils owning the remainder of the shares Ownership arrangements and rights set out in constitution and/or shareholder agreement, subject to compliance with legislation
Governance	<ul style="list-style-type: none"> Councils and consumer trust appoint a shareholder council to appoint directors Water organisation governed by independent, professional board of directors
Strategy	<ul style="list-style-type: none"> Shareholders agree the process for issuing a combined Statement of Expectations Water organisation prepare Water Services Strategy and consults shareholders
Accountability	<ul style="list-style-type: none"> Water organisation reports regularly to shareholders on performance (for example quarterly) Water organisation prepares annual report containing audited financial statements, including reporting on actual performance and other matters outlined in the water services strategy. Water organisation required to act consistently with statutory objectives
Borrowing	<ul style="list-style-type: none"> Borrowing would be independent of local authorities (for example banks) and subject to water organisation achieving sufficient credit-quality and track record

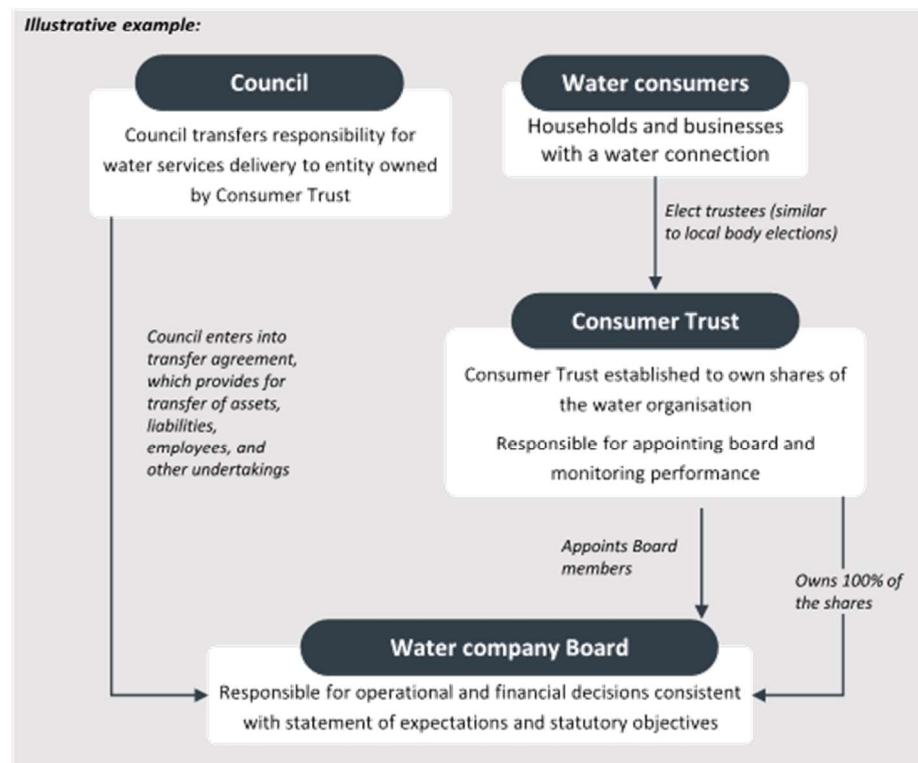


5. Consumer trust owned water organisation

Under this option, one or more councils would establish a wholly consumer trust-owned water organisation, and transfer water assets and responsibility for water services delivery to it.

The council would have no ongoing involvement, as the company board is wholly appointed through the Consumer Trust. Water consumers elect trustees to the Consumer Trust, similar to local body elections.

	Key features
Ownership	<ul style="list-style-type: none"> Limited liability company solely owned by a newly established consumer trust Trust deed is subject to certain minimum requirements to protect against privatisation
Governance	<ul style="list-style-type: none"> Trustees appoints company directors Water organisation governed by independent, professional board of directors
Strategy	<ul style="list-style-type: none"> Trustees issue Statement of Expectations Water organisation prepares Water Services Strategy
Accountability	<ul style="list-style-type: none"> Water organisation reports regularly to trustees and consumers on performance (for example quarterly) Water organisation prepares annual report containing audited financial statements Water organisation required to act consistently with statutory objectives
Borrowing	<ul style="list-style-type: none"> Borrowing would be independent of local authorities (for example banks) and subject to water organisation achieving sufficient credit-quality and track record



Summary of features of service delivery models

	1. Internal business unit or division	2. Council-owned water organisation	3. Multi-council-owned water organisation	4. Mixed ownership/ consumer trust owned water organisation	5. Consumer Trust owned water organisation
Ownership	Wholly council-owned as a business unit or division	Wholly council-owned as a separate water services organisation	Ownership shared across two or more councils	Consumer trust part-owns water organisation, with one or more councils owning the remainder of the shares	Wholly-owned by consumer trust as a separate water organisation
Governance	Internal business unit or division, responsible to Council through established mechanisms under Local Government Act 2002	Councils (and potentially other groups) appoint Appointments and Accountability committee (or can appoint board directly). Council or committee oversee board performance	Councils appoint members to a Shareholder Council, which appoints Board and oversees performance	Councils and trustees appoint a shareholder council to appoint directors	Trustees appoint directors and oversees performance
Strategy	Councils must prepare Water Services Strategy	Parent council issues Statement of Expectations. Water organisation prepares Water Services Strategy.	Shareholders agree process for issuing combined Statement of Expectations. Water organisation prepares Water Services Strategy	Shareholders agree process for issuing combined Statement of Expectations. Water organisation prepares Water Services Strategy	Trustees issue Statement of Expectations. Water organisation prepares Water Services Strategy
Accountability	Water-focused annual reports and financial statements	Reports to owners quarterly, prepares audited annual report, acts consistent with statutory objectives	Reports to owners quarterly, prepares audited annual report, acts consistent with statutory objectives	Reports to owners quarterly, prepares audited annual report, acts consistent with statutory objectives	Reports to owners quarterly, prepares audited annual report, acts consistent with statutory objectives
Borrowing	Council borrows, with water activity groups meeting their share of financing costs (on internal and external borrowing)	Borrowing via council or direct from Local Government Funding Agency with council financial support (guarantee or uncalled capital)	Borrowing direct from Local Government Funding Agency (with financial support from parent councils) or from banks	Borrows independently of local authorities, subject to water organisation achieving sufficient credit-quality and track record	Borrows independently of local authorities, subject to organisation achieving sufficient credit-quality and track record

Miscellaneous

Long-term contracting

Current arrangements under the Local Government Act 2002 enable local government organisations to enter contracts and joint local government arrangements with one another without restriction.

Legislation will ensure that water organisations are also considered to be local government organisations, with the maximum length of contracts to be extended to fifty years.

Extending the limit to fifty years may enable certain types of public-private partnerships, such as 'build, design and operate' contracts, for high capital expenditure assets. The development costs of the asset could be recovered over a longer period or match the economic life of the asset, which can lead to low costs per annum for providing this infrastructure.

Long-term contracting will be an option for all of the delivery models.

Local Government Official Information and Meetings Act 1987

Parts 1 to 7 of the Local Government Official Information and Meetings Act 1987 will apply to water all water service providers. All meetings would be open to the public except for commercially confidential matters or other matters specified in the Act.

Ombudsman

Water service providers would also be subject to the jurisdiction of the Ombudsman.



03 Governance and
Accountability

Constitutions and accountability framework

Councils establish constitutions

While constitutions will not be required, they are good governance practice, and it is therefore expected that councils will establish constitutions for water organisations, with content requirements expected to include:

- minimum board size
- rights and process to appoint and remove Directors and Board members, and
- Board member requirements.

There are no restrictions on what can be included within a company constitution provided it meets the requirements of relevant legislation.

To ensure financial separation from councils is maintained, amendment of key features of the constitutions will require agreement by super-majority (75%) of shareholders.

Shareholder council (or similar body)

Shareholding councils may also wish to provide for the establishment of a shareholder council (or similar body) to represent council interests in the entity. This body would support the coordination of multiple council interests and could play a key role in developing shareholder expectations, appointing board directors and overseeing performance.

Establishment of a shareholder council (or similar body) is not a statutory requirement but is advisable to avoid multiple interfaces between the water organisation and its owners.

Members of a shareholder council could be appointed by councils and/or trustees of consumer trusts. Unlike boards, there would be no statutory restrictions on who could be appointed to a shareholder council. The process of appointing a shareholder council could be set out in a shareholder agreement.

Accountability framework

Legislation will provide for a new planning and accountability framework for water services comprising three core components:

- **Statement of Expectations** – to be prepared by shareholders or their representatives (such as shareholder’s council), setting out shareholders’ general expectations, strategic outcomes, and priorities, including any general guidance to the Board.
- **Water Services Strategy** – this is the primary strategy and planning document for the water organisation, and will set out its strategic priorities, how it will meet regulatory requirements, service standards and financial performance objectives, and will contain projected financial statements and its long-term infrastructure strategy
- **Annual report** – this is the primary accountability document, through which the water organisation is required to report on performance against expectations, service standards and financial performance objectives. The annual report must contain audited financial statements.

The requirements for a Water Services Strategy and Annual Report apply to all water services providers, including local authorities providing services through an internal business unit or division of council.

Statements of Expectations and annual reporting

Shareholders are required to prepare a statement of expectations

Shareholders must prepare a statement of expectations every three years. Any matters contained in the Statement of Expectations must support and align with the legislation and any applicable regulatory requirements.

Water organisations are required to give effect to this Statement, provided it is consistent with its purpose, the water organisation's statutory objectives and other applicable statutory requirements.

Where a water organisation is owned by multiple councils, councils will be responsible for agreeing a process for preparing a joint statement of expectations. This process will not be prescribed in legislation.

An example of this may be the water organisation choosing to prioritise investment in safe drinking water in several jurisdictions (driven by quality regulation) as a higher priority over another jurisdiction where the council would like to invest in wastewater assets.

The purpose of the Statement of Expectations will include:

- stating the expectations, priorities, and strategic direction for the water organisation, and
- informing and guiding the decisions and actions of the board of the water organisation.

Legislation will require the Statement of Expectations to include information on:

- shareholders expectations and strategic priorities for the water organisation
- outcomes the shareholders expect to be achieved through the delivery of water services, and
- any specific requirements and/or obligations that relate to Treaty settlements or other arrangements that are in place with local iwi.

The Statement of Expectations may also include other matters the shareholders may wish to include, including requirements relating to:

- performance expectations
- process for collecting and responding to customer feedback on an organisation's services, and
- community engagement on specific matters of interest.

Annual reporting

Legislation will require water services providers to prepare and adopt an annual report on water services within three months of the end of each financial year

The annual report would include similar content to council annual reports under the Local Government Act, such as:

- an audited statement comparing the capital expenditure budgeted with the amount spent
- an audited statement that compares the level of service achieved in relation to each water activity with the performance target(s) for the activity
- audited financial statements, including GAAP compliant standalone financial statements for each of water supply, wastewater and stormwater.

In addition, for water organisations, the constitution may specify additional reporting requirement for the company to deliver to the company's shareholders, for example quarterly or half-yearly reports on the company's operations.

Water Services Strategy

All providers must prepare a water services strategy

Legislation will include requirements for a Water Services Strategy, which would apply to all forms of water services provider. The purpose of the Water Services Strategy will likely include elements such as to:

- state publicly the activities and intentions of the water services provider, and the objectives and outcomes to which those activities will contribute
- provide transparency about the regulatory requirements and other expectations that apply to the provider (including for financial sustainability), how it proposes to meet those requirements and expectations, and the associated costs and levels of investment needed, and
- provide a basis for the accountability of the provider for its performance.

Process for approving

Strategies are prepared by local authorities or water organisations in accordance with the purpose and objectives set out in legislation (and needs to give effect to regulatory requirements and any statement of expectations)

Where service delivery is through a separate water organisation, shareholder council(s) and any other parties named in the constitution may comment on the draft Water Services Strategy, and the Board must consider these comments before preparing a final version

The Board must approve and deliver to shareholders a final Water Services Strategy before the first financial year to which it relates, and publish it on the council and water organisation websites

Information on water services will not be included in councils' long-term plans. All relevant strategy and planning information related to water services included in the strategy.

Contents of the strategy

Water services providers will prepare a Water Services Strategy every three years covering strategic, operational and financial planning information. This is likely to include matters such as:

- how it intends to give effect to the Statement of Expectations
- its objectives and outcomes, including performance targets and measures
- factors impacting the provider, including population, land use, costs
- the significant activities or work the provider proposes to undertake
- proposed levels of service, including planned changes
- the key risks affecting levels of service, revenue setting and debt availability
- how the provider proposes to obtain feedback from customers
- planned water charges and financing strategy
- forecast financial statements, including forecasts of capital and operating expenditure to meet additional demand, improve the level of service, and replace existing assets
- funding impact statements, identifying the sources and application of funding for each of drinking water, wastewater and stormwater
- significant infrastructure issues over the next 30 years, the principal options for managing those issues, and indicative estimates of the projected capital and operating expenditure associated with management of water infrastructure assets.

The content required to be included in a Water Services Strategy and the process for developing it would be set out in legislation.



04 Charging,
borrowing and
related matters

Powers to charge customers and debt collection

Charging customers

Legislation will include provisions that enable Boards of water organisations to:

- assess, set and collect water services charges, including charges for any or all of the following:
 - water supply, wastewater, and stormwater (where applicable)
 - the initial connection to one or more of the above services
 - contributions to the capital costs of infrastructure needed to service additional demand on the network, and
 - meeting the costs that the water organisation incurs in performing and exercising its functions.
- determine how charges are assessed and invoiced, when they are due, and how they will be paid or collected.

The Legislation will include a framework to enable water organisations to identify which ratepayers should be charged for water services – which will be based on a modified version of the existing framework in the Local Government (Rating) Act 2002.

Legislation will provide for councils to share relevant billing information with water organisations to enable water companies to contact and bill their customers. Councils will be able to charge a reasonable fee for this service.

When a new water organisation is set up, there may be a transitional period until the organisation has a billing system in place. In this case, councils and water organisations can enter into a voluntary 'pass-through' billing agreement.

The legislation will also enable water organisations to use the development contributions regime in the Local Government Act 2002. This will give water organisations the ability to directly charge developers who place new or

additional demand on water infrastructure, to help recover the capital expenditure that is necessary to service that growth over the long term.

Debt collection powers

Water organisations will not have the same rates collection powers as local authorities and will instead rely on commercial debt practices to collect overdue amounts. This is similar to the situation for Watercare and other regulated utilities.

Powers of receivers

The Local Government Act 2002 and Receiverships Act 1993 contain longstanding provisions that allow a receiver to be appointed where a council defaults on a debt. Among other things, a receiver may collect rates to repay the debt.

New water organisations that borrow independently of Local Government Funding Agency will have similar provisions to ensure receivers can act appropriately in the event that a water organisation defaults on a debt.

New legislation will:

- allow the receiver to assess and collect for a given financial year both the amounts owed by the water organisation for that year and the reasonable costs incurred in collecting that amount
- prohibit the receiver from having any interest or security in water services infrastructure assets, and
- allow the receiver to collect the amount through water services charges assessed on consumers.

In the event of financial distress, relevant provisions of the Corporations (Investigation and Management) Act 1989 will also apply.

Borrowing and credit rating implications

Local Government Funding Agency

The Local Government Funding Agency will be able to provide financing to new water organisations guaranteed by its shareholders in the same way as council-guaranteed council-controlled organisations.

The Government is developing options to enable the Local Government Funding Agency to lend to new water organisations, with the aim to provide confidence to councils in suitable financial solutions.

Borrowing from Local Government Funding Agency, with the support of shareholding councils will provide a transitional step towards water organisations borrowing independently in the future.

This transition path allows time for water organisations to develop sufficiency in their revenue gathering and develop an operating track record.

Foreign currency borrowing

Legislation will explicitly allow water organisations to borrow in foreign currency. This acknowledges that many organisations will need to borrow significant amounts to meet infrastructure costs, expected to exceed the amount of New Zealand-based lending available.

Water organisations will also be allowed to enter into incidental arrangements, such as derivatives and hedges, which allow water organisations to reduce their exposure to currency risk.

Credit rating implications

The impact on local authority credit ratings of establishing a water organisation will depend on a range of factors, including key features of the proposed model adopted, ownership, and financing arrangements (including provision of any council support). Councils who are considering establishing a water organisation should obtain their own advice on the rating and financial implications prior to deciding to establish a water organisation.

With support from Crown Infrastructure Partners and its commercial advisors, the following table has been prepared as an illustrative guide of the hypothetical rating treatment based on certain scenarios and assumptions. Crown Infrastructure Partners is available to answer any questions you have about this indicative rating evaluation, including the assumptions underpinning it.

Model	Council support	Indicative rating treatment	Financing mechanism
Internal business unit or division	N/A	On balance sheet*	LGFA
Single-council water organisation	N/A	On balance sheet*	LGFA
Multi-council water organisation (with council support)	Parent council provides guarantee	Contingent liability*	LGFA
Multi-council water organisation (with no council support)	No support from parent	Contingent liability*	Banks and/or capital markets
Mixed ownership	No support from parent	Contingent liability*	Banks and/or capital markets
Consumer Trust-owned	No support from parent	Off balance sheet	Banks and/or capital markets

* Impact on council credit rating depends on council and/or water organisation revenues and debt.



Distributions, taxation and related arrangements

Distributions

Local authorities will be able to decide whether to permit water organisations to make distributions or pay dividends to shareholders, and in what circumstances, when they establish a water organisation. Should councils wish to prevent a water organisation from making distributions to shareholders, this can be provided for in the company constitution. Economic regulation will, in certain circumstances, include a focus on the appropriateness of water charges and revenues, including considering the appropriate return on capital.

Tax status of water organisations

Most new water organisations will be exempt from income tax. This is because water organisations are not primarily engaged in commercial activities with a profit-making objective and will be owned by councils or consumer trusts.

If a water organisation is wound up, there will be a requirement that assets must be transferred to another water organisation or to a council on wind-up. This ensures that a taxable consumer trust or private shareholder would not receive any of the water organisation's assets (including any untaxed accumulated gains).

Exemptions from minimum requirements, outlined earlier, may affect a water organisation's tax status if they no longer meet the criteria for the income tax exemption. If a water organisation has a shareholder that is not tax exempt (such as a consumer trust that does not have charitable status) it may not be granted tax exempt status.

Rateability of land and assets owned by water organisations

Land transferred to water organisations will be rateable. Legislation will require land owned by water organisations, and assets that are owned by the organisation but located on or under land the organisation does not own, should be rateable. This aligns with the way that land and assets of other network providers, such as electricity and telecommunications companies, are rated.

Councils may elect to remit those rates if they decide that the water organisation, which they will likely be shareholders in, should not have to pay them.

Civil Defence Emergency Management cost-sharing arrangements

Legislation will ensure that Civil Defence Emergency Management cost-sharing arrangements with the Crown would apply directly to water organisations. This will ensure financial separation of water organisations and allow them to directly seek partial reimbursement from the Crown for emergency expenses.

Modernised powers and stormwater services

Modernised powers to carry out work on land and control connections

Legislation will include modernised provisions relating to water infrastructure and service including:

- Powers for water service providers to control connections to water services and infrastructure. These are powers that enable councils to approve connections by private individuals or businesses to water supply, wastewater and/or stormwater infrastructure, and include the ability to set design or engineering requirements.
- Powers for water service providers to carry out work on land in relation to water services infrastructure. These are powers that are required by all kinds of utility providers (water, telecommunications, electricity, and gas) to ensure infrastructure can be constructed or maintained, particularly where it is on private property or underground.
- An updated approach to the bylaws relating to water services. The current system of bylaws will be replaced or supplemented with new, fit-for-purpose statutory provisions, including requirements for management plans and enforcement rules. This will enable more effective and consistent management, while still addressing local issues and needs.

These changes will allow water services providers to control and protect drinking water catchments and manage trade waste. The legislation will include transitional provisions to provide for how local authorities and water services providers will transition to the new system over time.

Arrangements for the management and delivery of stormwater services

Councils will retain legal responsibilities for the management of stormwater services, but that can choose to:

- continue to deliver stormwater services in-house and contract aspects of stormwater service delivery to a new water organisation
- transfer aspects of stormwater service delivery (this might include stormwater network assets*) to a water organisation, and
- contract aspects of stormwater service delivery to a third-party provider, via long-term contract or public-private partnership.

Councils can determine the levels of service and performance targets for the delivery of stormwater management services. Water service organization identify the costs of delivering stormwater management services that meet the expected levels of service and meet performance targets.

Councils may continue to collect revenue through rates from residents and businesses for stormwater management services. Revenue for the delivery of stormwater management services would need to be identified separately within council's accounts (ring fenced). Depending on the stormwater services or assets that are transferred to a new water organisation, how revenue is collected may be allocated between councils and the water organisation.

* Councils will need to consider this on a case-by-case basis as part of any transfer arrangements, including whether or not it is appropriate to transfer any assets as well as determining appropriate funding mechanisms.

9 Consideration of Urgent Business Items

10 Consideration of Minor Nature Matters

11 Public Forum Items Requiring Consideration