



NOTICE OF MEETING

**Notice is hereby given of the Meeting of the
Water Committee to be held in
the Council Chamber, First Floor, Civic Theatre,
88 Tay Street, Invercargill on
Tuesday 6 October 2026 at 9.00 am**

Cr G M Dermody (Chair)
Mayor T Campbell
Cr S J Broad
Cr A H Crackett
Cr B R Stewart
Matua M Bain
Mr L Babe

MICHAEL DAY
CHIEF EXECUTIVE

Water Committee - Public

06 October 2026 09:00 AM

Agenda Topic	Page
1. Apologies	
2. Declaration of Interest	
a. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.	
b. Elected members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.	
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Public Excluded Session

Moved , seconded that the public be excluded from the following parts of the proceedings of this meeting, namely:

- a) Minutes of the Public Excluded Session of the Water Committee held on 1 September 2026
- b) Branhorne Duplicate Pump Station

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
a) Minutes of the Public Excluded Session of the Water Committee held on 1 September 2026	Section 7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information Section 7(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
b) Branhorne Duplicate Pump Station	Section 7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information Section 7(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

**MINUTES OF WATER COMMITTEE, HELD IN THE COUNCIL CHAMBERS,
FIRST FLOOR, CIVIC THEATRE, 88 TAY STREET, INVERCARGILL
ON TUESDAY 1 SEPTEMBER 2026 AT 9.00 AM**

Present: Cr G M Dermody (Chair)
Mayor T Campbell
Cr S J Broad
Cr B R Stewart
Matua M Bain – Pou Manawhenua – Waihōpai Rūnaka
Mr L Babe – Independent Member – via Teams

In Attendance: Cr P M Boyle
Cr A L de Vries
Ms T Hurst – Acting Chief Executive
Mrs P Christie – Group Manager – Finance and Assurance
Mr R Capil – Group Manager – Community Spaces and Places
Mr M Keil – General Manager – Water Services
Mr M Morris – Manager – Governance and Legal
Mr B Staunton – Chief Financial Officer
Mr J Botting – Manager – Financial Planning
Ms R Suter – Manager – Strategy and Policy
Mr A Strahan – Three Waters Advisor
Mr R Hayes – Engineering Services Manager
Mr R Keen – Manager 3 Waters Operations
Mr A Snow – Contractor – Senior Project Manager
Mr A Eng – Team Leader – Communications Advisor
Ms M Broad – Executive Support

1. Apologies

Cr R I D Bond, Cr A H Crackett

Moved Cr Broad, seconded Cr Stewart and **RESOLVED** that the apologies be accepted.

2. Declaration of Interest

Nil

3. Public Forum

3.1 Thriving Southland - Richard Kyte and Jeff Grant

Mr Kyte and Mr Grant introduced to the meeting. Mr Grant outlined the purpose and background of Thrive Southland. Noted core funding from MPI which was secured for the next 4 years, funding also provided by Environment Southland and organisations within the various catchment areas.

Principles of Thriving Southland were provided with an overview of the type of projects that were undertaken, noting five staff and the large amount of volunteer time over the Southland region, the focus on education, science and linking with experts when working with the local communities and catchment groups to develop their own projects to lower environmental impacts of farming. Noted projects looking at water quality, outlined the Edendale aquifer group, the Awarua group looking at impact by Canadian geese and Makarewa Headwaters Group.

Thriving Southland sought funding and handled any costs. To date no projects that had been initiated had been dropped due to community ownership of the projects.

In response to a query relating to water services moving to a unitary authority and with various bodies including Central Government, Environment Southland and catchment boards how Thriving Southland fitted, it was indicated farmers were often not keen on the regulations put on their operations. Noted what Catchment Board projects start and how Thriving Southland assisted them to find solutions and assisted with meeting regulations between organisations and the community. Funding discussed and outlined, only rates funding was for project work applied for from Environment Southland.

In response to a query on pest control funding, it was noted funding was available from Environment Southland. Currently reviewing the problem and best solutions, noting a noticeable uptake from Catchment Boards looking for this type of funding however Thriving Southland did not have this funding currently.

Thriving Southland confirmed projects were predominately led by volunteer groups (generally consisting of farmers), who had a collective desire to improve and promote environmental stewardship initiatives across Southland, without having to contest with 'red tape'. Mr Kyte spoke of a number of examples where such projects had been successfully delivered. Mr Grant referenced the importance obtaining depth across project teams in order to provide members with a sufficient break between project workstreams.

In response to a query on how the model looked in an urban environment an invitation was extended to attend the AGM due to be held in Invercargill. It was acknowledged support was higher the closer people lived to the waterways. Indicated likely to get more catchment groups in future and there were no boundaries to involvement not just one group responsible and building a robust model over varying locations.

In response to integrating projects across areas it was noted that a Catchment Group Forum was held annually to avoid duplication. This allowed groups to outline what had been done over the year, way forward and ability to work together.

In response to a query on the future it was indicated that as Thriving Southland was not involved in public policy, they would continue to do the stuff on the ground. Trust had been built over time and could have a more active role in terms of driving the programme and building a relationship with the new regulatory body.

In response to interest in the social science and communications whether there could be a crossover of environmental work into the built up environment, it was indicated that the model was around building relationships and trust, whether rural and urban working alongside noted interested in the New River Estuary Forum and interest from the urban area.

Cr Dermody suggested a workshop in future for improved outcomes in the urban community it was noted urban biodiversity was attractive to the community.

4. Minutes of the Water Committee Meeting held on Tuesday 7 July 2026

Moved Mayor Campbell, seconded Cr Stewart and **RESOLVED** that the Minutes of the Water Committee meeting held on Tuesday 7 July 2026 be confirmed.

5. Formalisation of Wastewater and Stormwater Lateral Ownership

Mr Andrew Strahan and Mr Bryan Staunton spoke to the report. Noted that wastewater and stormwater laterals from the property boundary to Councils main were historically privately owned. Ownership to the main was an anomaly when looking across councils and meant the property owner was responsible for both maintenance and renewal of such lateral asset. Council currently ensures lateral renewals taking place whilst Council main(s) were being renewed within such location (ie street), however did not currently have ownership.

Outlined work undertaken to resolve and clarify ownership and responsibilities, acknowledging this had been undertaken by both Christchurch City Council and Wellington City Council previously. Legal advice sought on the statutory process, Beca engaged to value assets and review of the Significance and Engagement Policy implications undertaken. Recommendation to include in the Waste Services Strategy which would go out for public consultation along with the Long-term Plan followed by the Section 462 process for resolution to change ownership to Council.

In response to a query on the increase in depreciation each year and rating for 100% depreciation would require 2 – 2.1% increase to the ratepayers and why that would not include everyone within the city. It was noted it would apply to everyone with a reticulated wastewater/stormwater connection(s). Noted this would be discussed in the workshop and the increase would be higher for water rates, currently only indicative numbers. It was noted that laterals were being replaced by Council, although owners were not rated for replacement and assets were not on Council books. Concern expressed for impact given opening of the museum and other impacts on rates.

In response to a query whether laterals when replaced ownership shifted, it was noted pipeline assessed on a 'case by case basis' and Officers made a call if service team would make a repair or deferred to private owner, noted 9 times out of 10, Council would complete repairs with contractor.

In response to a query on the condition of the laterals and potential liability, it was noted that this aligned to aspirations of inflow and infiltration investigations undertaken each year. This covered approximately 10% of the network and showed what was coming into the large pipes of the network from the street and properties.

In response to a query whether required now or could be deferred it was noted requirements as an inhouse Water Business Unit and obligations to the Commerce Commission water and wastewater assets needed to be under the Water Unit ownership and would be monitored by the Commerce Commission. Clarified the Commerce Commission stated that the inhouse water unit or Water CCO were required to account

for how those lateral assets were accounted for, whether privately owned or through rates would be a decision of the committee.

Further information requested regarding financial implication and discussion on options available. Noted if ownership remained as current costs to property owners for lateral renewal acknowledging that many would not know they own the lateral.

Moved Cr Broad, seconded Cr Stewart and **RESOLVED** that Water Committee:

1. Receives the report "Formalisation of Wastewater and Stormwater Lateral Ownership".
2. Notes that section 462 of the Local Government Act 1974 enables Council, by resolution and following at least 14 days' public notice of the relevant Council meeting, to declare specified private drains to be public drains.
3. Notes that wastewater and stormwater laterals from the property boundary to Council's public main have historically been treated as privately owned, while Council already has a significant operational role in managing, renewing and insuring these assets.
4. Notes the Beca draft valuation report is dated 26 June 2026, with a valuation date of 30 June 2026, and assesses the laterals at an optimised depreciated replacement cost of approximately \$107.51 million with annual depreciation of approximately \$1.96 million. The depreciation figure is a full 12-month annual amount; any first-year accounting charge would apply from the effective asset-recognition date, subject to final accounting and audit confirmation.
7. Directs the Chief Executive to prepare a further report relating to the possibility of deferment of the implication as well as the additional financial implication (including rating impact information and current OPEX and capital replacement value) and providing the further information required to finalise the supporting GIS, legal and financial information.

6. 3 Waters Operational Performance – June / July 2026

Mr Russell Keen and Mr Rob Hayes took the report as read, noting information supplied for June and July 2026.

In response to a query regarding tenders it was indicated this related to a request for an extension of time for pricing, this was allowed to provide more competitive pricing. A report would be available in October in public excluded regarding the Branhholme Duplication Project.

In response to a query on infiltration rates, Bluff and Clifton being the same it was noted it was an exact science, some rounding occurring and where the calculations came from were outlined including that rainfall data was obtained from the Environment Southland site at the Waihōpai dam.

In response to a query whether costs of infiltration could be calculated it was indicated this could be done based on electricity and treatment costs. Had looked at cost to

remove infiltration against electricity costs and cheaper for the infiltration to be dealt with during the renewal process. System wide implications queried, it was noted that stormwater infiltration did provide dilution and also informed the capital works programme.

In response to a query on the higher rate of stormwater blockages this year, it was indicated a large number being caused by root intrusion, most commonly found where there were earthenware pipes.

In response to a query on the frequency of health and safety reporting it was indicated this would be provided quarterly.

Moved Cr Broad, seconded Cr Stewart and **RESOLVED** that Water Committee:

1. Receives the report "3 Waters Operational Performance – June/July 2026".

7. Water Services Performance Report Year Ended 30 June 2026

Ms Rhiannon Suter and Mr Jaimee Botting spoke to the report. Ms Suter noted to year end 30 June 2026 all performance measures for all three activities had been achieved.

Mr Botting noted correction on page 3 of the report under Financial Performance, it stated there was a net operating deficit which should be a net surplus. Surplus of \$2.7 million for the 3 Waters combined, acknowledged these were draft figures currently. Noted lower operational and reactive repairs and maintenance required, offset by lower revenue from water and sewerage areas, indicated customers using less water and less trade waste produced. Capital outlined noted lower than budget, higher than last year. Completion of Branhholme duplication pipe line. Noted trends in graphs with delivery of the plan consistently increasing.

In response to a query on savings on page 3, savings against water, sewerage and stormwater corporate services activity not yet charged, queried the amount this would take from the surplus whether surplus was accounting blip or increased efficiency. It was noted this was a snapshot in time and a final report would be brought to the Committee for the final position, after the Annual Report had been signed off around November/December.

It was confirmed Water Services would be reporting in a separate balance sheet and that the confirmed surplus was ringfenced and would remain within Water Services.

Moved Mayor Campbell, seconded Mr Babe and **RESOLVED** that Water Committee:

1. Receives the report "Water Services Performance Report Year Ended 30 June 2026".
2. Note that all performance measures for Water have been achieved.
3. Note that all performance measures for Stormwater have been achieved.
4. Note that all performance measures for Sewerage have been achieved.

5. Note that currently all three Water Services activities have a year-to-date net operating financial performance surplus variance higher than budget by more than 5%.
6. Note that the capital programme of the Water Services activities is lower than budget by \$1.1 million.
7. Notes the performance report contains provisional results for the year and is not the draft annual report. Year-end review and adjustments including some waters overhead cost allocations are still to be reflected.

8. Water Services Activity Planning Direction

Ms Rhiannon Suter noted the workshop on operational expenditure, taking iterative process for budget development, noted the risk section relating to availability of information. Outlined when revisions would be occurring throughout and discussions on deliverability and phases of the plan and revisions would continue to take place. Noted there would be several revisions prior to budget being finalised.

In response to whether new items were overlooked when the Water Services Delivery Plan was being developed, it was noted could not account for data configured in initial document, but could account for workflow required to move forward. Gaining further understanding of the network and condition, noted change in costs within the market increases in costs and supply chain getting busy elsewhere causing challenges. Discussion on investment in CCTV and benefits to the network and programme. It was noted traditionally condition assessments were done on a desktop basis, now being undertaken on inspection basis.

In response to a query on whether climate impact was factored in, it was noted going forward currently did not have technology to provide that detail, software due to go live on wastewater modelling due in October.

Ms Suter noted the report was based around the process for budgeting and that the Risk and Assurance Committee would receive updated information on climate change impacts at a high level.

Concerns raised additional costs being added causing an increase in rates, if being done cyclically why no reduction in costs. Concern of flaws in process. It was noted the requirement of investment to gain a greater understanding of the assets and network and the forward investment required so informed decisions could be made going forward.

Moved Cr Dermody, seconded Cr Stewart and **RESOLVED** that Water Committee:

1. Receives the report "Water Services Activity Planning Direction".

Recommend to Council:

2. Approves the inclusion of the following items for consideration as part of the Water Services (Water, Sewerage, Stormwater) activity plans budgets:

- a. Water - \$1,155,000 increased operational expenditure 2027 – 2037 (average \$115,500 per year) for works to maintain the network including: Branhholme filter and GAC media replacement on a cyclic basis; Branhholme fluoride biennial supply (chemical) on a cyclical basis; Branhholme filter blocks (12) cyclical reconditioning; Branhholme clarifier inspections on a cyclical basis; Branhholme Accelerator clarifier structural steel repainting on a cyclical basis; Branhholme clearwater tanks cyclical cleaning; Doon Street Reservoir cyclic roof repainting on a cyclical basis; Network modelling – design upgrades and future proofing the network for growth.
- b. Sewerage - \$1,790,000 increased operational expenditure 2027 - 2037, (Average \$179,000 per annum) for works to maintain the network including: additional CCTV – condition rating to advance the knowledge of the network; Network modelling – design upgrades and future proofing the network for growth; Otatara and Omaui desludging of wastewater ponds on a cyclic basis; Bluff Wastewater Treatment Plant screen reconditioning on a cyclic basis; Bluff Wastewater Treatment Plant clarifier inspection and structural steel repainting on a cyclical basis; Clifton Wastewater Treatment Plant screen (2) reconditioning on a cyclical basis; Clifton Wastewater Treatment Plant Trickling filter (2) media top up on a cyclical basis; Clifton Wastewater Treatment Plant clarifier inspection and structural steel repainting on a cyclical basis; Clifton Wastewater Treatment Plant emptying digesters (3) on a cyclical basis; Clifton Wastewater Treatment Plant sludge pond (5) emptying on a cyclical basis; Clifton Wastewater Treatment Plant delivery of sludge to Christies Road on a cyclical basis and Clifton Wastewater Treatment Plant desludging of the maturation pond on a cyclical basis.
- c. Stormwater - \$4,130,000 additional operational expenditure 2027 - 2037 (average \$413,000 per annum), for works needed to maintain the network including: additional CCTV – condition rating to advance the knowledge of the network; Network modelling – design upgrades and future proofing the network for growth; Desludging stormwater ponds on a cyclical basis; Reconditioning rock filters on a cyclic basis; Reconditioning rain gardens on a cyclical basis.

Note: Mayor Campbell voted against this recommendation.

9. Public Excluded Session

Moved Cr Broad, seconded Cr Stewart and **RESOLVED** that the public be excluded from the following parts of the proceedings of this meeting, namely:

- a. Minutes of the Public Excluded Session of the Water Committee held on 7 July 2026
- b. Primary Infrastructure Programme: Alternative Water Supply Project Update August 2026

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds

under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
a. Minutes of the Public Excluded Session of the Water Committee held on 7 July 2026	Section 7(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
b. Primary Infrastructure Programme: Alternative Water Supply Project Update August 2026	Section 7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

There being no further business, the meeting finished at 11.05 am.

ICC WATER SERVICE BUSINESS UNIT PROJECT – FOLLOW UP ON WASTEWATER AND STORMWATER LATERAL OWNERSHIP

To: Water Committee

Meeting Date: 6 October 2026

From: Andrew Strahan – Three Waters Advisor & Bryan Staunton – Chief Financial Officer

Approved: Matt Keil – General Manager – Water Services

Approved Date: 1 October 2026

Open Agenda: Yes

Public Excluded Agenda: No

Purpose and Summary

This report seeks a recommendation for Council to take ownership of wastewater and stormwater laterals between the property boundary and the public main and plan to fund their depreciation in full. The current private ownership designation does not reflect ICC's established role in repairing, renewing and insuring these assets.

Requiring individual owners to pay would be costly and difficult to administer; leaving ownership unchanged would perpetuate unclear responsibilities and asset treatment. Council ownership, with full depreciation funding, provides a clear and consistent basis for managing the whole network.

Recommendations

That the Water Committee:

1. Receives the report "ICC Water Service Business Unit Project - Follow Up on Wastewater and Stormwater Lateral Ownership".
2. Notes that ICC already undertakes much of the repair and renewal of these laterals and that private ownership does not, on its own, determine their accounting recognition or remove the need to plan for their depreciation.
3. Recommends to Council that it proceeds with formalising ownership of wastewater and stormwater laterals between the property boundary and the public main under section 462 of the Local Government Act 1974, following the required public notice and final asset identification.
4. Endorses Option 3 as the preferred policy position: Council ownership and 100% funding of the associated depreciation, consistent with ICC's current funding of its other water assets.

- a. Notes Beca's separate indicative annual depreciation estimate of \$1.954 million (\$1.216 million wastewater and \$0.738 million stormwater), and the indicative combined average of \$78.69 per rating unit receiving both services.
- b. Notes that officers will include lateral depreciation and the net funding impact in the October and November 2026 budget workshops to develop the 2027–2037 Long-term Plan, alongside the Water Services Strategy, Investment and Delivery Plan and Strategic Asset Management Plan.

Background

ICC owns the wastewater and stormwater mains but has historically treated the laterals between the property boundary and the public main as privately owned. In practice, ICC insures these assets and undertakes the renewal and much of the repair work on these laterals, particularly when renewing the associated mains.

Wynn Williams has confirmed that section 462 of the Local Government Act 1974 allows Council, by resolution and following at least 14 days' public notice, to declare specified private drains to be public drains. No compensation is payable for the drains themselves, although access rights may need to be addressed where assets cross private land.

Beca's August 2026 indicative valuation assessed the lateral network at a replacement cost of \$196.416 million, a book value of \$107.506 million and annual depreciation of \$1.954 million. These values comprise annual depreciation of approximately \$1.216 million for wastewater and \$0.738 million for stormwater.

Further Analysis

Case for Council Ownership

Council already repairs and renews many of these laterals, particularly alongside mains. A requirement for each affected owner to pay would place a large, unpredictable bill on a relatively small number of properties. Recent project examples indicate renewal costs of \$546–\$705 per metre for wastewater laterals and \$748 per metre for a recent stormwater project. For a 10 m connection, that illustrates about \$5,500–\$7,050 for wastewater or \$7,500 for stormwater per serviced property. These are project-level examples and factors such as depth, other underground services and site conditions can materially change the cost. Owner notification, agreement on works and cost recovery across multiple properties would also complicate and potentially delay coordinated main renewals.

Keeping the laterals private while ICC continues to fund capital works would leave the present mismatch between legal ownership and operational responsibility.

Council ownership is the most practical way to align responsibility with ICC's established work. It enables coordinated inspection and renewal with mains, consistent standards and asset records, and intervention on faulty laterals that contribute to inflow and infiltration. It also clarifies the basis for applying wastewater and stormwater revenue to assets ICC provides and manages.

As noted, the laterals are insured by ICC at present; access and any easement needs will be checked as part of the transfer process. Public ownership of the connection from boundary

to main is consistent with the approach taken elsewhere in New Zealand – notably Christchurch City Council and Wellington City Council have followed this approach to bring laterals into Council ownership.

It is also noted that stormwater laterals and service road sumps are recognised as Rooding Assets in the ICC Asset Register. Valuation and depreciation funding for these assets is provided for. Where mains renewals relate to these assets, Rooding Renewal funding will be required to ensure the financial ringfencing principles are consistently applied.

Current Asset Valuation – Inconsistent Approach

Laterals are not defined as ICC-owned assets in the asset register. When a main is renewed, the contract commonly includes associated laterals, and those costs have been capitalised to the main. The lateral component of the project value can range from nil to approximately 30%. This practice obscures the separate assets and their future renewal requirements.

Beca's 2024 revaluation of water assets used the assets recorded in ICC's asset register system and specifically excludes the private lateral network.

Beca's August 2026 lateral assessment provides an indicative lateral replacement cost of \$196.416 million, book value of \$107.506 million and annual depreciation of \$1.954 million for planning. The upcoming revaluation of water assets as at 30 June 2027, will define overall asset datasets, useful lives, depreciation, inflation and any adjustment to values already attributed to mains and the wider water service asset base.

Historical lateral works included in mains project costs will be reconciled as the asset register is updated, avoiding omission or double counting. That work is important for accurate reporting, but the current valuation timetable is not regarded as a reason to defer the ownership decision.

Renewal and Funding Sustainability

Full depreciation funding provides a transparent allowance for the assets consumed in providing services and supports future renewals. The actual renewal programme and funding requirement must still be tested against asset condition, useful lives, reserves, debt and delivery capacity over the 2027–2037 Long Term Plan.

ICC Annual Report for 2024/25 shows a surplus of operating funding of approximately \$4 million for stormwater and \$8 million for wastewater, against renewals of approximately \$3 million for each service. These figures do not establish that long-term renewals are sufficiently funded: actual renewal delivery was below plan, in part because of contractor availability.

As noted, where stormwater mains renewals include rooding assets, funding for that work from rooding renewal funding reserves is required.

Regulatory and Water Services Delivery Plan Context

The Commerce Commission has information-disclosure oversight of drinking water and wastewater but does not presently prescribe a minimum depreciation-funding percentage. A decision to fund the laterals below ICC's existing 100% approach would require a clear explanation of the funding gap, its implications for renewal and a credible path to full funding in Council's planning and regulatory reporting.

ICC's Water Services Delivery Plan recorded the 2025/26 position as 100% depreciation funding for water and 80% for wastewater and stormwater, with a pathway to full funding by 2028. ICC's 2026/27 Annual Plan now provides for full depreciation funding across its water, wastewater and stormwater assets. The laterals should be treated consistently with that achieved position, subject to confirmation of their accounting values and the net funding impact.

Option 3 maintains that consistent funding approach. Reduced depreciation funding would create a new exception for the laterals without a valuation dependency or an identified operational reason. It may reduce the initial rating effect, but would defer part of the funding needed for future replacement and require a justified recovery path. Retaining full funding also supports ICC's objective of a capable, financially sustainable water services business unit.

Options Assessment

Option	Assessment	Advantages	Disadvantages and Risks
Option 1 – Retain private ownership and continue ICC-funded works	Not recommended	No immediate change to service delivery or billing; avoids the statutory ownership process in the short term.	Leaves ownership, responsibility and asset treatment misaligned with ICC's established practice. Private title does not necessarily avoid recognition and depreciation where ICC controls the asset. ICC continues funding private works, with wastewater financial ring-fencing questions and no clear whole-network plan. Offers no durable answer for future renewal costs.
Option 2 – Retain private ownership and require owners to fund works	Not recommended	Aligns direct payment with legal title and avoids sharing individual renewal bills across all service users.	Unpredictable, substantial bills fall on individual owners: 10 m project examples are about \$5,500–\$7,050 for wastewater and \$7,500 for stormwater. Owners may defer necessary work. Establishing liability, notifying owners, coordinating works and recovering costs during main renewals would be difficult and may delay delivery. Does not resolve ICC's accounting position if it controls the assets.

Option	Assessment	Advantages	Disadvantages and Risks
Option 3 – Council ownership with full depreciation funding	Recommended	Aligns title with ICC's repair and renewal role; enables coordinated main and lateral works, consistent standards and action on inflow and infiltration. Clarifies asset records, insurance and wastewater funding accountability. Avoids large one-off owner bills. Maintains ICC's achieved 100% depreciation-funding approach and supports planned future renewals.	Spreads the cost across the relevant service rating units, including owners without an immediate lateral renewal. The indicative \$1.954 million depreciation is not the net rates impact; Finance Strategy modelling required to account for existing funding and reserves. Requires statutory notice, mapped assets, accounting reconciliation, and access and insurance checks.

Financial Implications

Beca's indicative annual lateral depreciation is \$1,953,821. If that amount were recovered evenly across the respective rating units, it would represent \$49.35 per wastewater rating unit and \$29.34 per stormwater rating unit, or \$78.69 annually for a property receiving both services. This is an illustrative gross allocation, not a confirmed net rates increase and is based upon the number of rating units paying the targeted wastewater and stormwater rates in the 2026-2027 rating year.

Service	Rating Units	Annual Depreciation	Average Annual Rates Cost Per Rating Unit
Wastewater	24,632	\$1,215,553	\$49.35
Stormwater	25,163	\$738,268	\$29.34
Total		\$1,953,821	\$78.69

Financial modelling will capture wastewater and stormwater separately, taking account of renewal expenditure already funded, reserves, debt, accounting adjustments and affordability. The average-property and overall rating effects will be considered through the Financial Strategy and Long-term Plan budget workshops, alongside the Water Services Strategy and Investment and Delivery Plan.

Under Option 3, Council would take ownership and include 100% of the confirmed lateral depreciation in its long-term funding approach. The final value and funding impact will be refined with Beca and the auditors. The current valuation programme does not determine when Council may make the ownership decision.

There is no clear case for departing from ICC's current full depreciation funding position; if Council chose to do so, it would need to consider the impact on the balanced budget, effect on renewals and reserves, and set out a defined route to full funding.

Implications and Risks

Risk	Mitigation
Asset values are omitted or double counted.	Reconcile historical lateral costs capitalised to mains, establish separate records and confirm accounting treatment with ICC Auditors.
Indicative depreciation and average rates figures are mistaken for a confirmed net increase.	Label them as gross illustrations; model existing renewal funding, reserves and accounting adjustments for each service before budget decisions.
Renewal funding or delivery capacity is insufficient.	Test asset condition, forecast renewals, reserves, debt and contractor delivery capacity over the LTP period.
A partial-funding decision weakens renewal provision.	If Council selects it, record the balanced-budget rationale, quantify the shortfall and specify a credible path to full funding.
The statutory ownership process is challenged.	Verify GIS schedules and affected assets, complete legal review and give at least 14 days' public notice.
Access or insurance arrangements are incomplete	Confirm current and future cover, required easements and access arrangements before transfer.
Council elects to maintain status quo with ensuing regulatory intervention from the Commerce Commission.	Ensure understanding that, if not funded via private property owners, Council is required to provide for depreciation and would expect regulatory scrutiny if not provided for.

Next Steps

- Complete the mapped lateral schedule, legal review and statutory public notice material for a Council resolution under section 462.
- Include the separate wastewater and stormwater depreciation estimates, net funding impacts and average-property effects in the October and November 2026 budget workshops and 2027–2037 Long Term Plan work.
- Ensure the Water Services Strategy and supporting consultation materials clearly set out the proposed changes and proceed with community engagement alongside the ICC Long Term Plan.
- Confirm the accounting treatment with ICC's auditors, including the legal position on section 251 of the Local Government (Water Services) Act 2025, and the Commerce Commission response to the proposal, when received.
- Confirm existing and future insurance cover, property access and any easement requirements before the transfer of ownership takes effect.
- Ensure roading stormwater asset renewals are identified through contract works and funded from roading renewal reserves.
- Prepare for the upcoming Water Services Revaluation, reconcile recorded mains renewal costs and establish the lateral asset data sets.
- Progress the public notification process per Section 462 of the Local Government Act 1974, and effect the transfer of stormwater and wastewater laterals from private to ICC ownership, as at 1 July 2027.

Attachments

1. Wynn Williams Memorandum – Ownership of stormwater and wastewater lateral connections (11294084).
2. Beca Lateral Valuation Summary, 25 August 2026 (11296599).



MEMORANDUM

Date: 3 March 2026
To: Rhiannon Suter | Andrew Strahan (Invercargill City Council)
From: Alice Balme | Michelle Mehlhopt (Wynn Williams)

Ownership of stormwater and wastewater lateral connections

1. Invercargill City Council (**Council**) currently takes the view that stormwater and wastewater lateral connections within the Invercargill City District are privately owned.
2. You have asked for advice on the Council's ability to acquire ownership of these private lateral connections within the district.

Executive Summary

3. The Local Government Act 1974 (**LGA 74**) provides Council the power to declare specified drains as public drains by Council resolution.
4. To exercise this power, Council will need to compile a list of the specific drains it intends to assert public ownership of and prepare a report outlining the reasons for taking public ownership. Public notice of the meeting needs to be given at least 14 days before the meeting. The report should also be made publicly available at this time. At this meeting, Council may then resolve to take public ownership of the specified drains.
5. We note that there is no statutory framework for an owner to contest Council claiming these drains. If a member of the public is not satisfied with the outcome, their only recourse would be to seek judicial review of the Council's decision.
6. There is also no requirement for Council to pay compensation for the taking of drains. The right to compensation only arises if Council needs to obtain a property right over privately owned land.

Local Government Act 1974

7. In accordance with section 462 of the LGA 74 the Council may declare any private drain to be a public drain. This declaration must be made by resolution at any Council meeting, with the only requirement being that 14 days' public notice of the meeting is given.
8. Section 462 can only be applied to drains that are specified as part of the resolution at the Council meeting. The form of this specification is not prescribed in the LGA 74. It should be specified in sufficient detail for property owners to ascertain whether they are affected. This could take the form of a comprehensive list or a detailed map or both.
9. This section applies specifically to "drains" which is not defined in the LGA 74. However, we can look to similar legislation enacted around the same time such as the Public Works Act 1981 (**PWA**) and Government Roadways Powers Act 1989 which both define "drain" as follows¹:

"a passage, channel, or pipe on, over, or under the ground for the reception and discharge of stormwater or pollutants, whether continuously or intermittently"
10. This definition clearly captures both stormwater and wastewater lateral pipes. It is also consistent with how the terms 'private drains' and 'public drains' are used in section 459 of the LGA 74 which provides Councils with powers to require owners of land in certain cases to provide private drains.

¹ Section 2 Public Works Act 1981 and section 43 Government Roadways Powers Act 1989

11. There is no case law or judicial commentary on the use of this section. However, we are aware that other Councils have exercised this power in the past.
12. In addition to the power to take drains, Council may also need to acquire property permissions to access drains where they are located in land not owned by the Council. Where this is the case, Council has the ability to acquire easement rights under the PWA.
13. We can provide additional advice in relation to the PWA process if that is required. However, at a high level, the first step in the process will be to negotiate directly with the landowners.
14. Where lateral connections exist outside the road corridor but on land owned or administered by the Council, we suggest Council registers easements supporting these lateral drains in order to standardize the property rights attaching to these lateral drains. This will have the effect of providing for a legal right supporting these drains, which will be able to move with the ownership of the drains and protect the rights to convey stormwater and wastewater through these drains regardless of the ownership of the land.

Compensation for previous owners

15. We note that there is nothing in the LGA 74 that requires Council to compensate the previous owner of a drain when it exercises the power under section 462 to take ownership of the drain. Vesting of pipes under the LGA 74 is not captured by the PWA as what vests is the drain infrastructure and not the fee simple estate in the underlying land. Ownership of the underlying land remains with the property owner. The landowners are also relieved of ongoing maintenance obligations which is typically viewed by most as a benefit to vesting.
16. If the drains are located within private property, such that an easement is required by the Council, the taking of the drains could give rise to an obligation to pay compensation under the PWA.

Wynn Williams

Sensitivity: General



Wastewater and Stormwater Lateral Assets Valuation for Financial Reporting Purposes 2026

Report

Prepared for Invercargill City Council
Prepared by Beca Limited

25 August 2026



Sensitivity: General

This report has been prepared by Beca on the specific instructions of our Client. It is solely for our Client's use for the purpose for which it is intended in accordance with the agreed Scope of Work. Any use or reliance by any person contrary to the above, to which Beca has not given its prior written consent, is at that person's own risk.

For the purpose of the valuation, this report does not consider events or circumstances arising after the Valuation Date and we have no responsibility to update the report for such events or circumstances. Our opinions on value reflect the current financial and economic conditions of the market, recent climate, and geopolitical risks. We note that the global economic, climate, and geopolitical landscape are constantly evolving and that our opinion of value reflects the circumstances prevailing at the Valuation Date, and any change in these expectations or impact on the entity could materially impact on value.

Revision History

Revision N°	Prepared By	Description	Date
1	Elaine Wang <i>Plant and Machinery Valuer</i>	WW and SW Lateral Assets Financial Reporting Valuation Report 2026 – DRAFT.	26 June 2026
2	Elaine Wang <i>Plant and Machinery Valuer</i>	WW and SW Lateral Assets Financial Reporting Valuation Report 2026 - FINAL	25 August 2026

Document Acceptance

Action	Name	Signed	Date
Prepared by	Elaine Wang <i>Plant and Machinery Valuer</i>		25 August 2026
Reviewed by	Robert Berghuis <i>Registered Plant & Machinery Valuer</i>		25 August 2026
Approved by	Marvin Clough <i>Job Director</i>		25 August 2026
On behalf of	Beca Limited		

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This report has been prepared by Beca on the specific instructions of our Client. It is solely for our Client's use for the purpose for which it is intended in accordance with the agreed scope of work. Any use or reliance by any person contrary to the above, to which Beca has not given its prior written consent, is at that person's own risk.

Sensitivity: General

Executive Summary

Client:

Invercargill City Council (ICC).

Intended Use of Valuation:

Beca Limited (Beca) was commissioned by ICC to assess the Fair Value of the assets detailed in the Scope for financial reporting purposes.

This valuation was completed in accordance with PBE IPSAS 17 – Property, Plant and Equipment with reference to; Property Institute of New Zealand “Guidance Papers for Valuers & Property Professionals”, specifically NZVGP502 – Valuations of Real Property, Plant & Equipment for use in New Zealand Financial Reports.

Scope:

The scope of the service completed by Beca is described as a desktop valuation of wastewater and stormwater lateral assets located at various locations within ICC’s jurisdiction.

Valuation Date:

30 June 2026.

Valuation Summary:

Invercargill City Council Lateral Assets for Financial Reporting Purposes as at 30 June 2026			
Asset Class	Optimised Replacement Cost (ORC) \$	Optimised Depreciated Replacement Cost (ODRC) \$	Annual Depreciation (AD) \$
Wastewater Lateral	122,325,992	63,778,671	1,215,553
Stormwater Lateral	74,090,383	43,727,025	738,268
Total	196,416,375	107,505,696	1,953,821
Grand Total (rounded)	196,420,000	107,510,000	1,960,000

The grand total is in New Zealand Dollars, rounded up to the nearest \$10,000 and excludes Goods and Services Tax.

Beca advises the executive summary be read in conjunction with the entirety of this valuation report.

Sensitivity: General

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Sensitivity: General

1 Introduction

1.1 Instructions

Client	Invercargill City Council (ICC)
Relying Party & Intended Use of Valuation	Beca Limited (Beca) was commissioned by ICC to assess the Fair Value of the assets detailed in the Scope for financial reporting purposes. Reliance by any other party is subject to written approval/assignment of the assessment by Beca.
Date of Inspection	Desktop only (all assets are underground)
Valuation Date	30 June 2026.

1.2 Valuation Process

In completing the valuation, Beca has:

- Completed a briefing session with ICC's asset team
- Reviewed the latest IPS asset data received from ICC for the assets being valued
- Assigned standard lives and remaining lives for the specialised assets
- Assessed the unit rates for the assets being valued based on comparable unit rates
- For specialised assets, assessed current gross replacement costs new (as a starting point for the depreciated replacement cost assessment), and determine optimised depreciated replacement costs (ODRC)
- Completed internal reviews
- Issued a valuation report and client spreadsheets for financial reporting purposes
- A supporting client spreadsheet titled "Invercargill City Council WW and SW Laterals Valuation 2026 – Draft 26.06.26".

Sensitivity: General

2 Scope of Work

The scope of the service completed by Beca is described as a desktop valuation of ICC intention to own wastewater and stormwater lateral assets.

These assets are currently privately owned between the property and the mains network. Council is transitioning to ownership from the property boundary to the mains connection point.

Inclusions:

The following assets have been included in the valuation:

- Wastewater laterals
- Stormwater laterals.

Exclusions:

The following have been excluded from the valuation:

- All other Three Waters infrastructure assets
- Land and buildings
- Leased plant & equipment
- Intangible assets
- Stock or raw materials
- Works of art
- Works in progress
- Employee's personal effects.

Sensitivity: General

3 Basis of Value

Financial Reporting Valuations (PBE IPSAS 17)

This valuation was completed in accordance with PBE IPSAS 17 *Property, Plant and Equipment*; and Property Institute of New Zealand “Guidance Papers for Valuers & Property Professionals”, specifically NZVGP502 – Valuations of Real Property, Plant & Equipment for use in New Zealand Financial Reports.

PBE IPSAS 17 applies to the financial reports of Government departments, crown entities and local authorities.

PBE IPSAS 17 defines property, plant and equipment as tangible assets which:

- Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- Are expected to be used during more than one reporting period.

PBE IPSAS 17 allows for property, plant and equipment to be valued on a revaluation model and paragraph 44 describes the process as:

“After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation, less any subsequent accumulated depreciation, and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date”.

PBE IPSAS 17 uses the concept of Fair Value, which it defines as “the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction”.

The PBE IPSAS 17 Application Guidance provides guidance on the estimation of fair value using the depreciated replacement cost method.

The Standard states in Paragraph 45:

“The fair value of items of property is usually determined from market-based evidence by appraisal. The fair value of items of plant and equipment is usually their market value determined by appraisal. For many assets, the fair value will be readily ascertainable by reference to quoted prices in an active and liquid market. For example, current market prices can usually be obtained for land, non-specialised buildings, motor vehicles, and many types of plant and equipment.”

“In the case of specialised buildings and other man-made structures, fair value may be estimated using depreciated replacement cost, or the restoration cost or service unit approaches. In many cases, the depreciated replacement cost of an asset can be established by reference to the buying price of a similar asset with similar remaining service potential in an active and liquid market. In some cases, an asset’s reproduction cost will be the best indicator of its replacement cost.”

PBE IPSAS 17 uses the concept of highest and best use, which is described as the highest, legally permitted, physically possible, financially feasible, and most probable use of the asset. It requires values to be based on the asset itself, independent of its actual use. The Valuer should be able to freely determine the highest and best use of the asset and value it accordingly to comply with the standard.

Sensitivity: General

4 Valuation Methodology & Rationale

4.1 Methodology

The valuation was completed based on our existing knowledge of such assets, and as agreed with ICC, it was completed on a desktop basis.

ICC supplied the current IPS data export for the assets, which included basic asset specifications, date purchased, and costs incurred. We note the necessary valuation attributes were substantially complete i.e. asset installation date, length, material and diameter.

As this was a desktop valuation the lateral assets were assumed to be in a condition relative to their age.

PBE IPSAS 17 outlines the principles for recognition, measurement, depreciation, and revaluation of property, plant, and equipment, thereby providing a consistent framework for transparent financial reporting. Infrastructure assets, for example, sewer systems, are characterised by being part of a system, specialised in nature, immovable, and often having no alternative use. They meet the definition of property, plant, and equipment and are accounted for accordingly.

In accordance with Section 2.1.3 of the Apopo Guidelines, infrastructure assets are generally considered to be of a specialised nature. This is often attributable to unique physical or geographical features that significantly limit their utility beyond their original intended function.

Therefore, the Depreciated Replacement Cost (DRC) approach is generally the most appropriate basis for determining the fair value of assets which are of a specialised nature and used to value ICC's lateral assets within the scope of works.

4.2 Market Considerations

We have utilised the ODRC methodology and do not directly look at a tradeable market for the assets. However, market evidenced building construction costs, estimated effective lives and market derived economic or functional obsolescence factors are key components to the valuation.

4.3 Depreciated Replacement Cost

This approach is used to value specialised assets which are deemed to be seldom traded on an open market or have a restricted market for the use of the asset. The depreciated replacement cost can also be used as a check of value against the market approaches.

The depreciated replacement cost reflects the minimum cost to provide the current level of utility or service. In this way the DRC approach is often referred to as the optimised depreciated replacement cost (ODRC) approach.

The ODRC approach method uses the assessment of replacement cost new of a modern equivalent asset as the starting point and applies optimisation and depreciation to adjust for age, condition, performance and remaining useful life.

We have excluded capitalised interest from the reported Fair Value given no capitalised interest is reported for central government and council agencies. The capitalised interest refers to the interest incurred over the construction period for those assets valued on an ODRC basis.

Sensitivity: General

4.4 Optimisation

Optimisation the process which a least cost replacement option is determined for the remaining service potential i.e. the future economic benefits embodied in asset, not necessarily represented by cash flows of an asset. The optimisation process recognises that the entity may have assets surplus to requirements, technically obsolete or over designed for their purpose.

Therefore, optimisation explores opportunities to minimise the cost of replacing the service potential embodied in the asset with MEA in the most efficient way given the service requirements, the age and condition of the existing assets and replacement in the normal course of operation.

As all assets are considered fully utilised, no optimisation factor was applied i.e. optimisation = 100%.

4.5 Residual Values and Asset Life

As noted in the Standards, the residual value and asset life is defined in terms of the asset's expected usefulness to the entity. The asset is identified and recorded at the component level, which has an expected useful life. The useful life is thus the period that the asset (component) is expected to provide services to the entity.

Useful life can be a function of time or units of production.

The Standards recommend the following factors are considered in determining the useful life of an asset:

- Expected usage of the asset. Usage is assessed by reference to the asset's expected capacity or physical output.
- Expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance programme, and the care and maintenance of the asset while idle.
- Technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset.
- Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

4.6 Standard Lives

Standard lives have been assessed based on industry-standard manuals such as the Āpōpō Infrastructure Asset Valuation and Depreciation Guidelines 2025.

The standard lives of the assets are assessed with consideration of quality and type of materials, construction specifications, use of the asset, location including environmental considerations and the condition of the asset.

The valuation takes into consideration the lives of similar assets based on experience and comparison to similar asset bases in the wider market.

Obsolescence is also factored into the assessment of standard lives on the basis of future economic benefits and service potential embodied in the asset. Obsolescence is categorised as follows:

- *Physical Obsolescence* – loss of utility due to physical deterioration from age or use that results in loss in value. This could also include any environmental impact on an asset owing to a specific locational environment.
- *Functional Obsolescence* – loss of utility arising from inefficiencies of a subject asset, when compared to the modern replacement.
- *External Obsolescence* – is loss of utility caused by economic or location factors external to the asset that result in loss of value. This could include economic changes in supply or demand or how goods and services are delivered.

The standard life of an asset is assessed on an asset-by-asset basis with consideration to the above.

Sensitivity: General

4.7 Remaining Useful Life

Remaining useful lives are assessed for each asset to be valued using the optimised depreciated replacement cost approach and reflects factors for example, age, condition, functional obsolescence, technological obsolescence, environmental considerations and remaining useful economic life.

The remaining useful life of an asset is assessed as the standard life less the asset's age. Further consideration is given to improvement or prolonging of a standard life of an asset through renovation or upgrading of an asset since new. Further considerations are made for the amount of maintenance and refurbishment work done in various areas, the time of the installation and the condition of the asset.

The assessment will adjust for renovation or improvement to an asset by increasing the total life of an asset, resulting in an increased remaining useful life.

The assessment makes allowances for a plateau or residual value dependant on the type of asset, whereby the asset has been assessed to have reached the end of its useful life and retains an ongoing nominal value in use until the asset is disposed or rejuvenated and thus prolonging its life beyond its economic life. A minimum remaining life of 3 years has been applied to such assets.

4.8 Capital Works in Progress

As noted in the scope of work, works in progress are excluded from the valuation as they are captured under a contract works policy which is outside the scope of this valuation.

4.9 Sources of Information

The sources of information used to prepare this valuation shown below are taken to be reliable.

- Latest wastewater lateral assets IPS data titled "Prod_SewerServiceLines_LATESTNOGAPS_2026" received from ICC dated '19 June 2026'.
- Latest stormwater lateral assets IPS data titled "Prod_StormServiceLines_LATESTNOGAPS_2026" received from ICC dated '19 June 2026'.
- Conversations and liaison with ICC financial and asset management staff
- Inflation indices gathered from Statistics NZ and Beca forecasting methodologies

Sensitivity: General

5 Assumptions

5.1 Standard Assumptions

As part of the valuation process the following assumptions have been applied:

- The asset registers and other information provided for the valuation by the client is substantially complete and reliable. We have not sought to independently verify such information unless expressly included otherwise in the scope. To the extent any of this information provided is inaccurate or incomplete, the opinions expressed by Beca in this report may no longer be valid and should be reviewed. If, however, data errors become evident that should affect the valuation, we will notify you at the earliest opportunity to review the data and advise us of any instructions. In such cases, we will reserve our right to review our fees if our time is affected.
- Aside from identifying assets that are at or near the end of their useful life and or will become redundant, all assets valued comply with certifications and are profitably utilised within the business.
- We assume all improvements comply with local council zoning regulations or have obtained relevant consents for the erection and use of the structures.
- It is assumed that any modification made to improvements have been done so in accordance with current building codes and that appropriate consent has been granted prior to any amendments made. It is also assumed that these consents have either been approved for sign off or have a completion certificate by the respective agencies.
- This valuation is conditional on there being no material change (including as a result of general market movements, or factors specific to the particular property) between the date of inspection, and the date of effect that would impact on the value of the subject property. Should such an event occur, the valuer should be contacted for comment prior to reliance upon the valuation.
- Our report is based on our understanding and interpretation of relevant current standards, guidelines, legislation, codes and policies, as valuers, and should not be construed as legal opinions or advice. Unless special arrangements are made, the report will not be updated to take account of subsequent changes to any standards, guidelines, legislation, codes or policies.

Sensitivity: General

6 Limitations

This report and schedules are prepared for the private and confidential use of the Client named in Section 1 of this report, and only for the intended use outlined in Section 2 of financial reporting purposes. It should not be relied on by the Client for any other purpose and should not be reproduced in whole or part for any other purpose without the express written consent of Beca Limited (Beca). Any party that is not the named Client may not rely on this report for any purpose and should obtain their own report before acting in any way in respect to the assets.

Reliance on this report should only be taken upon sighting an original document that has been signed by the valuer and countersigned by the Project Director of Beca. The counter-signatory verifies that this report is genuine and issued and endorsed by Beca. The opinion of value expressed in this report, however, has been arrived at by the prime signatory acting as the valuer.

This report should be read in full, having regard to all stated assumptions and limitations. No part of this report shall be taken out of context, and, to the maximum extent permitted by law, no responsibility is accepted by Beca for the use of any part of this report in any context, or for any purpose, other than that stated herein. Neither the whole nor any part of this report or any reference thereto may be included in any document, circular or statement without Beca's prior written approval of the form and context in which it will appear. For the avoidance of doubt, such approval is required whether or not Beca is referred to by name and whether or not the contents of the Report are combined with other reports.

In accordance with industry guidelines and requirements, Beca cannot assign or confirm the original or initial valuation after the expiration of three months from the date of valuation. Any written assignment of the valuation by Beca within this three-month period is required to contain a statement that the valuer has not re-inspected the assets nor undertaken further investigations or analysis since the original/initial valuation and accepts no responsibility for reliance upon the original/initial valuation other than as a valuation of the assets at the original/initial date of valuation.

This valuation is conditional on there being no material change (including as a result of general market movements, or factors specific to the particular asset) between the date of inspection, and the valuation date that would impact on the value of the assets. Should such an event occur, the valuer should be contacted for comment prior to reliance upon the valuation.

In accordance with our conditions of engagement and to the maximum extent permitted by law, Beca disclaims and excludes all liability and responsibility (whether arising in contract or tort, including negligence, or otherwise) for any indirect or consequential loss including loss of profits or damage which may be suffered as a result of any reliance by the Client or any other person on this report or any of the information contained in or omitted from this report, whether that loss is caused by any fault or negligence on the part of Beca or otherwise.

This report has been prepared for valuation purposes only and is not intended to be a structural, geotechnical or environmental survey, nor does it constitute an environmental audit. Valuers are not qualified to assess the stability, load bearing capacity or integrity of the land. The valuer is not qualified to detect substances such as asbestos, chemicals, toxic wastes or other potentially hazardous materials, nor to quantify the possible impact on values or estimate the remedial costs without involvement of the appropriate specialists and further work.

Our report is based on our understanding and interpretation of relevant current standards, guidelines, legislation, codes and policies, as valuers, and should not be construed as legal opinions or advice. Unless special arrangements are made, the report will not be updated to take account of subsequent changes to any standards, guidelines, legislation, codes or policies.

Beca reserves the right, but not the obligation, to review all calculations included or referred to in this report. If Beca considers it necessary to revise our opinion in the light of any information existing at the date of valuation which becomes known to us after the date of this valuation report.

Sensitivity: General

This document may contain information which is directly derived from outside sources without verification by Beca and Beca does not warrant or represent that such information is accurate or correct. Beca has relied on the accuracy and completeness of the information supplied. Information relied upon will be identified in the report.

This valuation encompasses only those assets identified in the scope.

Where assets have been notified with incorrect details, Beca has amended these details and valued accordingly.

Remaining lives are an indication only and will fluctuate depending on the degree of capital expenditure. Beca therefore reserves the right to reassess these where additional monies have been spent.

Sensitivity: General

7 Compliance Statement

7.1 Independence

The valuation has been performed in accordance with the requirements of the Property Institute of New Zealand Code of Ethics.

Beca confirms that the above valuation is considered suitable for financial reporting purposes and has been performed in accordance with the relevant standards issued by the External Reporting Board.

Beca's valuation staff have acted as independent consultants in completing this valuation as reported above, and Beca's fees are not contingent on the outcome of the valuation. Neither Beca, nor the staff employed by Beca, has an interest in the subject assets.

The valuer has satisfied professional education requirements, possesses the necessary qualifications, ability, and experience to execute the valuation and has inspected the property. The statements of fact presented in the report are correct to the best of the Valuer's knowledge and the analysis and conclusions are limited only by the reported assumptions and limitations.

7.2 Valuation Summary

Based the scope, methodology, approach and assumptions outlined in this report, the valuation summary of the ICC Lateral Assets as at 30 June 2026 is outlined below:

Invercargill City Council Lateral Assets for Financial Reporting Purposes as at 30 June 2026			
Asset Class	Optimised Replacement Cost (ORC) \$	Optimised Depreciated Replacement Cost (ODRC) \$	Annual Depreciation (AD) \$
Wastewater Lateral	122,325,992	63,778,671	1,215,553
Stormwater Lateral	74,090,383	43,727,025	738,268
Total	196,416,375	107,505,696	1,953,821
Grant Total (rounded)	196,420,000	107,510,000	1,960,000

The total value is in New Zealand Dollars, is rounded up to the nearest \$10,000 and excludes Goods and Services Tax.



Elaine Wang, PINZ
Plant and Machinery Valuer



Marvin Clough, FPINZ
Registered Plant & Machinery Valuer

on behalf of
Beca Limited
Email: Marvin.Clough@beca.com

Sensitivity: General



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ICC WATER SERVICE BUSINESS UNIT PROJECT STATUS UPDATE

To:	Water Committee
Meeting Date:	Tuesday 6 October 2026
From:	Andrew Strahan – Three Waters Advisor
Approved:	Matt Keil – General Manager - Water Services
Approved Date:	Thursday 1 October 2026
Open Agenda:	Yes
Public Excluded Agenda:	No

Purpose and Summary

This report updates the Water Committee on delivery of the Water Services Business Unit project. The project remains on track, with the current focus on completing and reviewing the strategic and asset-planning documents, preparing the Water Services Strategy and Investment Delivery Plan for Financial Strategy input, delivering the Community Assessment of Drinking Water engagement plan, and progressing the Trade Waste Discharge Plan and water-services bylaw reviews.

The wastewater and stormwater laterals ownership proposal is addressed in a separate report to this meeting for decision with the Water Committee.

Recommendations

That the Water Committee:

1. Receives the report "ICC Water Services Business Unit Project Status Update".
2. Notes the programme status and scope summary provided in the Project Dashboard at Attachment 1 and the project milestones at Attachment 2.
3. Notes that the Strategic Asset Management Plan and three technical Asset Management Plans have been delivered in draft and are under review.
4. Notes the planned October and November 2026 delivery of the Community Assessment of Drinking Water engagement plan, supported by the draft customer communication at Attachment 3.
5. Notes that consultation on the Trade Waste Discharge Plan and associated water-services bylaw changes is planned for Q1 of 2027.

Background

Following completion of the June 2026 statutory and regulatory milestones, the programme has moved into its next delivery phase. The Dashboard and Planner milestone report provide the updated view of delivery status, scope, dependencies and key decisions to the 1 July 2027 finalisation and submission of regulatory and legislative requirements.

The project continues to coordinate inputs across finance, asset management, policy and engagement and operations. Attention is focussed on the sequencing of the Water Services Strategy and the supporting Investment Delivery Plan to align with Council's Financial Strategy and Long-term Plan development.

Issues and Options

Project Status

Overall project status remains Green. Scope remains stable through to 31 December 2026. Delivery is focused on the strategic planning package, Community Assessment of Drinking Water engagement, Information Disclosure readiness, and the planning required for the Trade Waste Discharge Plan and water-services bylaw reviews.

Attachment 1 provides the Dashboard and scope summary to the end of December. Attachment 2 provides the supporting milestone report extracted from Planner, including current owners, dates, dependencies and delivery status.

Key Matters To Note

Water Services Strategy Asset Planning and Investment Delivery

The Strategic Asset Management Plan and the Water, Wastewater and Stormwater Asset Management Plans have been delivered in draft and are now under ICC review. Review feedback will be consolidated and returned to the consultant for completion of the final drafts. The Water Services Strategy and Investment Delivery Plan are being progressed in parallel. Their programmes have been aligned with the Financial Strategy and Long-term Plan process.

The Water Services Strategy draft is scheduled for ICC review from 21 September to 1 October 2026, with the final draft due 16 October. It is then planned for Water Committee consideration on 3 November and Council consideration on 24 November 2026.

Community Assessment of Drinking Water Engagement

The Community Assessment of Drinking Water engagement plan will now move into delivery during October and November 2026. Engagement will focus on the relevant non-reticulated groups, the need to engage with Taumata Arowai ahead, and the practical actions available to improve drinking-water resilience and safety.

A draft customer communication and set of FAQ's is included at Attachment 3. Feedback from delivery will be recorded and used to inform subsequent implementation activity and future updates to the assessment.

Trade Waste Discharge Plan and Bylaw Reviews

The delivery timetable has been defined for the Trade Waste Discharge Plan and the coordinated review of Council's water-services bylaws. Detailed drafting and supporting technical and legal work for Water Committee consideration.

The programme provides for the required consultation, hearings and deliberations, final drafting and Council adoption in advance of the August 2027 statutory deadline. Detailed milestones are included in Attachment 2.

Wastewater and Stormwater Laterals

A separate report is presented to this meeting seeking approval on the ownership structure for proposed reticulated wastewater and stormwater laterals.

Implications and Risks

Strategic Consistency

The programme remains aligned with the approved Water Services Delivery Plan and Local Water Done Well framework.

Financial Implications

As of end August 2026, \$940,373 actual versus \$1,086,000 budget (favourable \$146,000). Approval of ICC Claim (\$420,000) against Ministry for Cities, Environment, Regions & Transport (MCERT) Better Off Funding has progressed through the review process but is not yet approved.

Legal Implications

The principal legal requirements during this phase relate to preparation and consultation on the Trade Waste Discharge Plan, review of Council's water-services bylaws, compliance with Commerce Commission Information Disclosure requirements, and the statutory process for any change to wastewater and stormwater lateral ownership.

Risk

Risk	Mitigation
Strategic and asset-planning outputs do not provide timely or sufficiently developed inputs to the Financial Strategy and Long-term Plan.	Maintain the integrated Planner schedule, manage review deadlines closely, and escalate dependencies or decisions through the Project Steering Group and Water Committee.
Internal review capacity delays finalisation of the Strategic Asset Management Plan and technical Asset Management Plans.	Confirm named reviewers and due dates, consolidate comments through a single review process, and prioritise feedback that affects strategy, investment or regulatory delivery.
Community Assessment of Drinking Water engagement does not reach affected customers or identify practical implementation needs.	Deliver the approved engagement plan during October and November, use targeted customer communication, and record feedback and follow-up actions.

Risk	Mitigation
Trade Waste Discharge Plan and bylaw review activity is delayed by the Long-term Plan programme.	Complete drafting and specialist inputs ahead of consultation, maintain the defined post-LTP timetable, and actively manage statutory decision points through to August 2027.
Legal, financial or operational uncertainty regarding wastewater and stormwater laterals delays a decision	Complete the option analysis using the valuation, legal advice and operational assessment, with Project Steering Group review in August and Water Committee consideration in September 2026.
Future structural reform arising from the Southland amalgamation proposal may affect the operating model	Monitor the amalgamation process and provide early advice on any implications for the WSDP and Water Services Business Unit.

Next Steps

Over the next reporting period, the project will focus on:

- Complete ICC review and finalisation of the Strategic Asset Management Plan and three technical Asset Management Plans.
- Progress the Water Services Strategy and Investment Delivery Plan to meet Financial Strategy and Long-term Plan input dates.
- Deliver the Community Assessment of Drinking Water engagement plan during October and November 2026 and supporting customer communications.
- Progress drafting and preparatory work for consultation on the Trade Waste Discharge Plan and Bylaw.
- Progress the wastewater and stormwater laterals ownership direction through the separate decision report and, subject to approval, the Long-term Plan consultation and adoption process.

Attachments

1. ICC WSBU Project Status Report (11287585)
2. ICC WSBU Milestone Plan (11287574)
3. Community Supply Stakeholder Letter & FAQ (11287563)

Water Committee - Public - ICC Water Services Business Unit Project Status Update

Document Set ID: 11267565
Version: 2, Version Date: 18/09/2026



Status Report

Project

Water Services Business Unit

18/09/2026 11:09:45 a.m.
Last Refresh

Total Budget	Total Forecast	Total Actual	Forecast to Complete	Overdue Tasks	Active Risks	Active Issues	Active Changes
\$3.3M	\$3.0M	\$940.4K	\$2.1M	0	14	1	0

Link	Report Date	Project Manager	Phase	Overall	Time	Cost	Scope	Start	Finish	Progress
Link	17/09/2026	Andrew Strahan	(3) Delivery	●	▲	●	●	1/12/2025	30/06/2027	68%

Overall Comments	Additional Comments
Overall status remains Green. Scope and budget remain stable. Transition to the approved WSBU organisational structure is complete. Focus has moved to strategic planning, asset planning and June 2027 Information Disclosure.	Draft Strategic Asset Management Plan (SAMP) and technical Asset Management Plans (AMPs) delivered and under review. Water Service Strategy (WSS) and Investment Delivery Plan (IDP) delivery aligned with Financial Strategy and Long Term Plan inputs. Laterals ownership progressing through a separate report.

Completed Milestones

Milestone	Finish	Baseline Finish	Variance
WSDP - Water Services Business Unit in Place	30/09/2026		
Water Committee - Asset Mgt Workshop - 4 A...	4/08/2026		
ID Submn - Policy for Funding Growth (Water ...	30/06/2026		
TA Submn - Community Access to Drinking W...	30/06/2026		
Testing Complete	30/06/2026		
Pathway Config Complete	22/05/2026		

Accomplished Activities	Planned Activities
WSBU organisational transition completed. Draft SAMP and AMPs delivered for team review CADW engagement plan and customer communication prepared. Trade Waste and bylaw programme confirmed. Updated milestone plan completed.	Finalise the WSS, SAMP, AMPs and IDP - to allow Audit to Commence Deliver CADW engagement during October–November. Complete Trade Waste and bylaw drafting by December. Prepare for Trade Waste consultation in March 2027. Progress June 2027 Information Disclosure readiness.

Upcoming Milestones

Milestone	Finish	Baseline Finish	Variance
Water Committee Committee Meeting - Revie...	3/11/2026		
Council Meeting - Adopt LTP / WSS - for audit	24/11/2026		
DEP: Finance Policy / FIS / Etc for Input to WSS...	24/11/2026		
WSS - Public Consultation (alongside LTP)	9/03/2027		
WSS - Final for Council Adoption (alongside L...	29/06/2027		
DIA Submn - Water Services Strategy (WSS), St...	30/06/2027		

Water Committee - Public - ICC Water Services Business Unit Project Status Update

Document Set ID: 11267565
Version: 2, Version Date: 18/09/2026

 Status Detail		Project		Water Services Business Unit 18/09/2026 11:09:45 a.m. Last Refresh			
Total Budget	Total Forecast	Total Actual	Forecast to Complete	Overdue Tasks	Active Risks	Active Issues	Active Changes
\$3.3M	\$3.0M	\$940.4K	\$2.1M	0	14	1	0
Status	Indicator	Commentary		Status	Indicator	Commentary	
	Overall	Overall status remains Green. Scope and budget remain stable. Transition to the approved WSBU organisational structure is complete. Focus has moved to strategic planning, asset planning and June 2027 Information Disclosure.			Resource	- Stantec appointed to provide Asset Management Advisory Support - Placeholders for WSBU Management Reporting enhancements	
	Benefit	- Demonstrable financial sustainability - Improve transparency and regulatory confidence - Strengthen asset planning and long-term investment discipline - Position ICC to meet Commerce Commission and Taumata Arowai expectations - Protect service continuity and water quality outcomes for customers			Health Safety and Environmental Stakeholder	No health, safety or environmental incidents to report. To commence delivery of Community Access to Drinking Water - stakeholder engagement during Oct & Nov 2026 Third Quarterly report to MCERT in draft and to submit by end Oct 26.	
	Cost	- As of end Aug. 2026, \$940k actual. Reforecasted budget removes unused contingency and FY25/26 underspend. - Approval of ICC Claim (\$420k) against Ministry for Cities, Environment, Regions & Transport (MCERT) Better Off Funding remains outstanding (Open Project Issue - until approved)			Quality	Quality focus is to achieve defensible regulatory alignment. Independent legal and specialist input is being embedded to ensure compliance robustness.	
	Time	- WSS and IDP - on watch given dependencies on with ICC Financial Strategy - Otherwise on track for upcoming 30 June 2027 regulatory and legislative milestone			Risk Issue	- ICC Enterprise Risk Log updated with CADW and WSDP outcomes. - OPEN ISSUE - relates to Better of Funding Claim Approval Status	
	Scope	- Stormwater / wastewater lateral ownership options for decision. If project is to deliver to be provided for via change request. - Complete ID gap analysis and develop prioritised plan to resolve process / data / capability gaps.					

Water Committee - Public - ICC Water Services Business Unit Project Status Update

ICC WSBU Project - Milestone Plan

Ministry for Cities, Env't, Regions & Transport (MCERT)- Key Dates

WSDP Implementation Plan - Status Reporting
Community Access to Drinking Water Review & Submission (s69)
Develop ICC Trade Waste Discharge Plan (s185)
Conduct ICC Water Services Bylaw Review (s263)
Water Services Strategy Submission

Commerce Commission - Information Disclosure - Key Dates

Policy for Funding Growth (Water Services)
Charges, IFF Levies & Development Contributions
30/6/27 Financial & Asset Information Disclosure
Asset Data ID Reporting
Financial Data ID Reporting

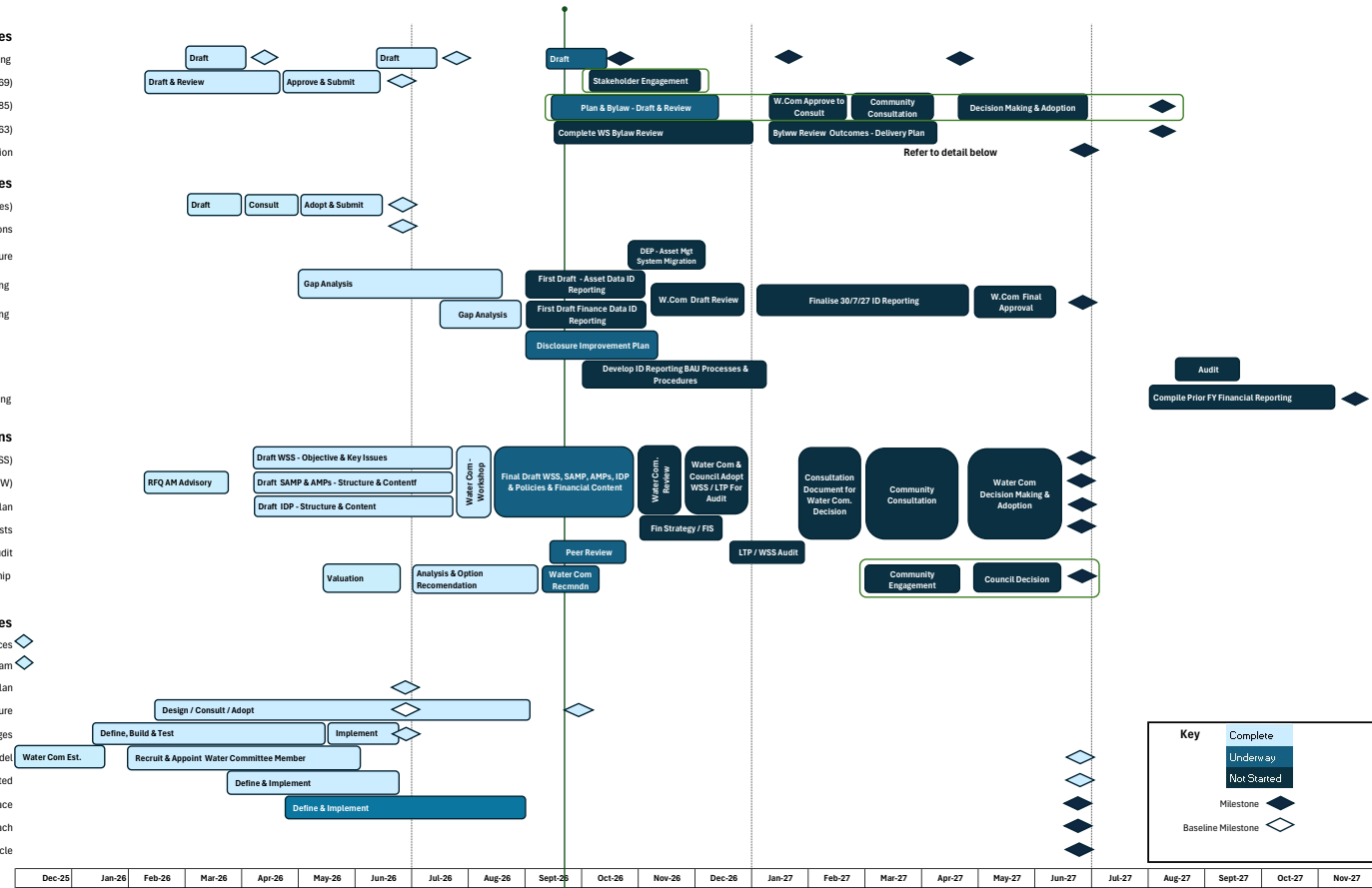
Previous Financial Year - Actuals Reporting

Water Services Strategy (WSS) & Asset Mgt. Plans

Water Services Strategy (WSS)
Strategic & Asset Management Plans (WS / WW / SW)
Investment Delivery Plan
10 & 30 Year Financial Forecasts
Peer Review & Audit
Wastewater & Stormwater Laterals - Valuation & Ownership

ICC WSDP - Implementation Plan Dates

Appoint GM Water Services
Develop WS Establishment Team
Develop Ong Transition Plan
Transition to WSBU Structure
Establish WS financial system changes
Develop & implement WS governance model
WS financial ringfencing system & process changes implemented
Contracts for support services in place
Implement new Stormwater Rating approach
WSS Development - 3 year refresh cycle



Invercargill City Council
Private Bag 90104
Invercargill 9840

Date XX

Name
[Company Name]
Address Line 1
Address Line 2
City Postcode

Important Information for Organisations Operating Drinking Water Supplies

Dear XX,

Invercargill City Council is writing to community organisations, leaseholders, schools, clubs, businesses, and other public facing facility operators to help raise awareness of current and upcoming drinking water responsibilities under New Zealand's drinking water regulatory framework.

If your organisation provides drinking water to club members, visitors, staff, students, campers, customers, or the public from a water supply system that you own or operate, you will have obligations under the Water Services Act 2021 and the requirements administered by The Water Services Authority - Taumata Arowai – the drinking water regulator for New Zealand.

Many organisations are unaware that even very small water supplies can fall within the regulatory framework. The purpose of this letter is simply to encourage organisations and businesses to start becoming familiar with their obligations early, particularly where supplies may require:

- Registration as a drinking water supplier
- A Drinking Water Safety Plan
- A treatment upgrade
- Routine lab monitoring
- Record keeping and compliance reporting

Getting Started

For many organisations, the first steps are simply determining:

- Your drinking water obligations based on the number of people your supply serves
- Whether your existing system, documentation, and processes are adequate
- If a treatment upgrade will be required
- What level of routine lab monitoring and record keeping is required on an ongoing basis

Council understands this area can be unfamiliar and at times difficult to navigate, particularly for volunteer-led organisations.

To help support organisations through this process, Council has attached a simple FAQ information sheet with links to useful Taumata Arowai guidance and resources. As noted, Councils role is to raise awareness, if you have particular queries about supply, the regulations or action needed to comply, these should all be directed to Taumata Arowai.

If you have immediate concerns regarding public health or drinking water quality, please contact Taumata Arowai directly.

Thank you for taking the time to review this information and for your continued contribution to the Invercargill community.

Yours sincerely,

[Name]

[Position]

Invercargill City Council

Frequently Asked Questions (FAQ)

1. Why have we received this letter?

Invercargill City Council have recently undertaken an assessment of communities' access to drinking water which is a requirement under the Local Government (Water Services) Act 2025.

You have received this letter because your organisation may operate a drinking water supply system that provides water to members, staff, visitors, campers, customers, students or the public.

2. When am I excluded from the requirements?

You are excluded from the requirements if you are:

- A domestic self-supply – which means a stand-alone domestic dwelling that has its own supply of drinking water. This includes stand-alone domestic dwellings that may be tenanted (short or long term) or provide holiday accommodation.
- A shared domestic self-supply - if your domestic dwelling forms part of a group of domestic dwellings where the combined water supply serves 25 or less people, and it is only used for domestic use.

Safe drinking water for these are primarily managed through the requirements of the Building Act 2004 and NZ Building Code Clause G12, and compliance with this is not covered within this Letter.

Additionally, if you have a direct connection with Invercargill City Council's reticulated water supply, you are also excluded from the requirements.

3. What is Taumata Arowai?

Taumata Arowai is New Zealand's drinking water regulator.

Their role is to:

- Improve drinking water safety
- Administer the Water Services Act 2021
- Monitor drinking water suppliers
- Provide guidance and oversight for drinking water compliance

Website: <https://www.taumataarowai.govt.nz>

4. What is considered a "drinking water supply"?

A drinking water supply is generally any system that provides water intended for drinking, food preparation, or other activity that may result in human consumption. It includes all aspects from the water source, through to water storage, treatment, and the pipework providing drinkable water to all users.

5. We only use rainwater tanks. Does this still apply to us?

Yes. Roof water supplies still fall within the drinking water framework, particularly where water is supplied to:

- Members of the public
- Campers or guests

- Customers
- Students
- Employees
- Community users

6. Does this apply even if our supply is small?

Yes. Even very small supplies, regardless of size can fall under New Zealand's drinking water regulatory framework, including:

- Community halls and clubrooms
- Sports clubs and recreation facilities
- Camping grounds and holiday parks
- Marae and community centres
- Educational or training facilities
- Commercial premises
- Rural or independently supplied facilities where staff access drinking water

<https://www.taumataarowai.govt.nz/drinking-water-suppliers-and-operators/for-drinking-water-suppliers/what-type-of-drinking-water-supply-do-i-provide>

7. What generally is required to comply for small - medium supplies?

The level of treatment, monitoring and documentation depends on the population size that your water supply provides for. Even the smallest supplies will still require:

- Registration
- Water treatment
- Routine monitoring
- Documentation (such as a Drinking Water Safety Plan)

Depending on your supply, your compliance approach may be achieved by following the Drinking Water Quality Assurance Rules or Acceptable Solutions.

8. When do we need to be registered by?

If the regulations do apply to your supply, and you have been in operating prior to November 2021, you have until 15 November 2028 to register with Taumata Arowai. Registering by then will ensure you're compliant with a key requirement of the Act. You don't need to be compliant with all other relevant parts of the Act until 2030 but you must still ensure you provide safe drinking water to the people connected to your supply in the meantime.

If the regulations apply and the drinking water supply/scheme started operating after November 2021, or there is a future plan to operate a drinking water supply/ scheme, the person responsible for the supply is required to:

- Register the supply with Taumata Arowai
- Ensure the supply complies with the Act.

Registration information: <https://www.taumataarowai.govt.nz/for-water-suppliers/register-your-drinking-water-supply/>

9. What is a Drinking Water Safety Plan?

A Drinking Water Safety Plan (DWSP) is a document that explains:

- How your water supply works
- What risks exist
- What treatment systems are in place
- How water quality is managed
- What maintenance and routine lab monitoring is undertaken
- What actions are taken if problems occur

It is essentially the main risk management document for a drinking water supply. More information:

<https://www.taumataarowai.govt.nz/for-water-suppliers/water-safety-plans/>

10. What happens if we do nothing?

The intention of the regulatory framework is to improve public health outcomes and drinking water safety. Water suppliers are expected to progressively demonstrate that:

- Risks are understood
- Water quality is being managed appropriately
- Systems are maintained and monitored
- Required documentation is in place

Starting early generally makes the process easier and helps avoid rushed upgrades or documentation work later.

11. Where should we start?

Practical first steps are usually to:

- Identify your water source(s)
- Confirm the normal number who potentially may drink from your water supply
- Confirm whether water is also supplied to others
- Identify any treatment currently installed
- Gather any existing plans, reports or test results
- Determine whether your supply may need registration
- Review links provided to consider your best compliance route
- Develop a Drinking Water Safety Plan

12. Can someone help us with this?

Yes. In the first instance contact the Water Services Authority Taumata Arowai -

<https://www.taumataarowai.govt.nz/contact-us>

If needed, there are also specialists who can assist with:

- Understanding obligations

- Registering your supply
- Reviewing existing systems
- Preparing Water Safety Plans
- Treatment assessments
- Monitoring programmes
- Compliance planning

13. Useful Links

Taumata Arowai Home Page

<https://www.taumataarowai.govt.nz>

What Type of Water Supply?

<https://www.taumataarowai.govt.nz/drinking-water-suppliers-and-operators/for-drinking-water-suppliers/what-type-of-drinking-water-supply-do-i-provide?decisionpathway=46%2C4>

Registering a Drinking Water Supply

<https://www.taumataarowai.govt.nz/for-water-suppliers/register-your-drinking-water-supply/>

Taumata Arowai How-To Guidance

<https://www.taumataarowai.govt.nz/drinking-water-suppliers-and-operators/for-drinking-water-suppliers/how-to-guidance>

Drinking Water Quality Assurance Rules, Standards, & Aesthetic Values

<https://www.taumataarowai.govt.nz/drinking-water-suppliers-and-operators/for-drinking-water-suppliers/ways-to-comply/drinking-water-quality-assurance-rules>

Small Supplies Guidance

<https://www.taumataarowai.govt.nz/for-water-suppliers/>

Acceptable Solutions

<https://www.taumataarowai.govt.nz/drinking-water-suppliers-and-operators/for-drinking-water-suppliers/ways-to-comply/acceptable-solutions>

Legislation and Regulations

<https://www.taumataarowai.govt.nz/about-us/legislation>

Disclaimer

This information sheet is intended as general guidance only and does not constitute legal or technical advice. Organisations should seek independent advice where required regarding their specific circumstances and obligations under the Water Services Act 2021 and associated drinking water requirements.

3 WATERS OPERATIONAL PERFORMANCE – AUGUST 2026

To: Water Committee

Meeting Date: Tuesday 6 October 2026

From: Rob Hayes - Engineering Services Manager
Russell Keen – Manager 3 Waters Operations
Michael Hartstonge - Operations Engineer - Water Services
Colin McManus – Contract and Relationship Manager
Corrine Wright – Manager – Health, Safety and Wellbeing

Approved: Matt Keil – General Manager – Water Services

Approved Date: Thursday 1 October 2026

Open Agenda: Yes

Public Excluded Agenda: No

Purpose and Summary

This report has been prepared to provide Water Committee members with an operational snapshot for the previous month of activities delivered across all Invercargill City Council Water Service Operations defined as Treatment Operations, Environmental, Capital Delivery and Reticulation Operations, the report will cover operational milestones, challenges and risk.

Recommendations

That the Water Committee:

1. Receives the report “3 Waters Operational Performance – August 2026”.

Background

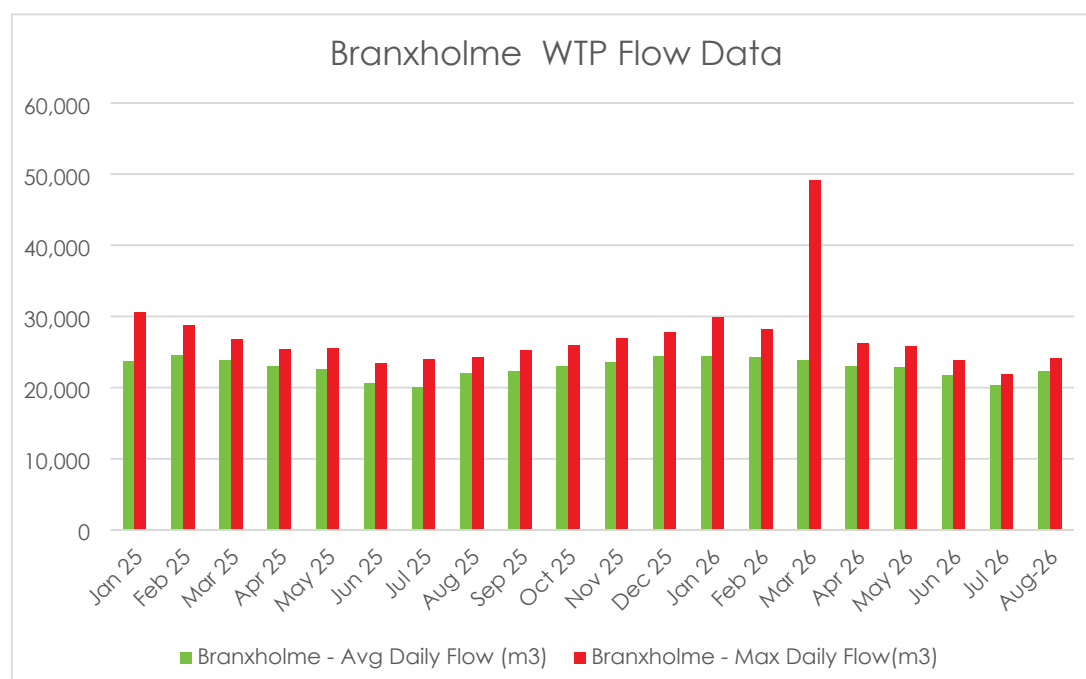
The month of August 2026 saw another busy period for all Operational Water Services staff and contracted suppliers alike.

Water Treatment Operations

The Branhholme Water Treatment Plant produced 692,265 m³ in August 2026 of treated water.

Branhholme Water Treatment Plant 2025/2026 SCADA Data

Branhholme Water Treatment Plant 2025/2026 SCADA Data		
Branhholme Water Treatment Plant		
Month / Year	August 2025	August 2026
Total Monthly Flow (m ³)	679,748	692,265
Average Daily Flow (m ³)	21,927	22,331
Maximum Daily Flow (m ³)	24,225	24,153
Minimum Daily Flow (m ³)	18,816	19,698
Monthly Rainfall (mm)	84.5	133.5



Note: The peak in March 2026 is due to the plant being off line to allow for a power transformer to be replaced.

Branhholme Duplicate Pump Station Project

Tenders submitted have been reviewed and a separate report will be presented to the Committee.

Wastewater Treatment Plants Operation

All three plants continue to operate, as per their respective consent conditions.

Clifton Wastewater Treatment Plant

The Clifton Plant received 1,207,818 m³ of influent in August 2026.

The infiltration rate for August 2026 was 2.5 time the average dry daily flow rate.

Bluff Wastewater Treatment Plant

The Bluff Plant discharged 29,279 m³ of treated effluent for the month of August 2026.

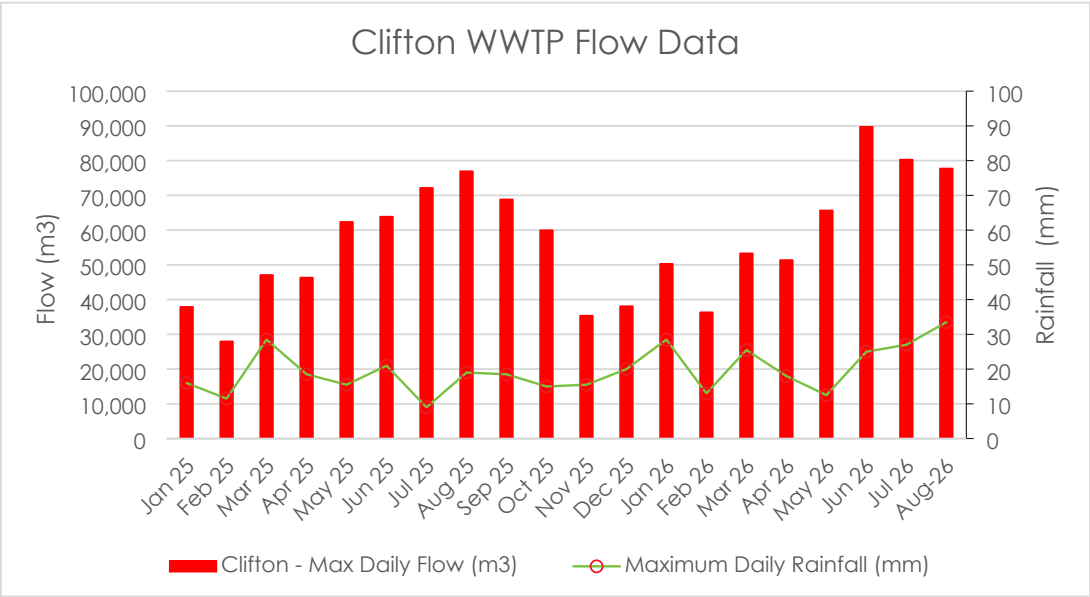
The infiltration rate for August 2026 was 2.2 time the average dry daily flow rate.

Clifton and Bluff Wastewater Treatment Plants June 2025/2026 Data:

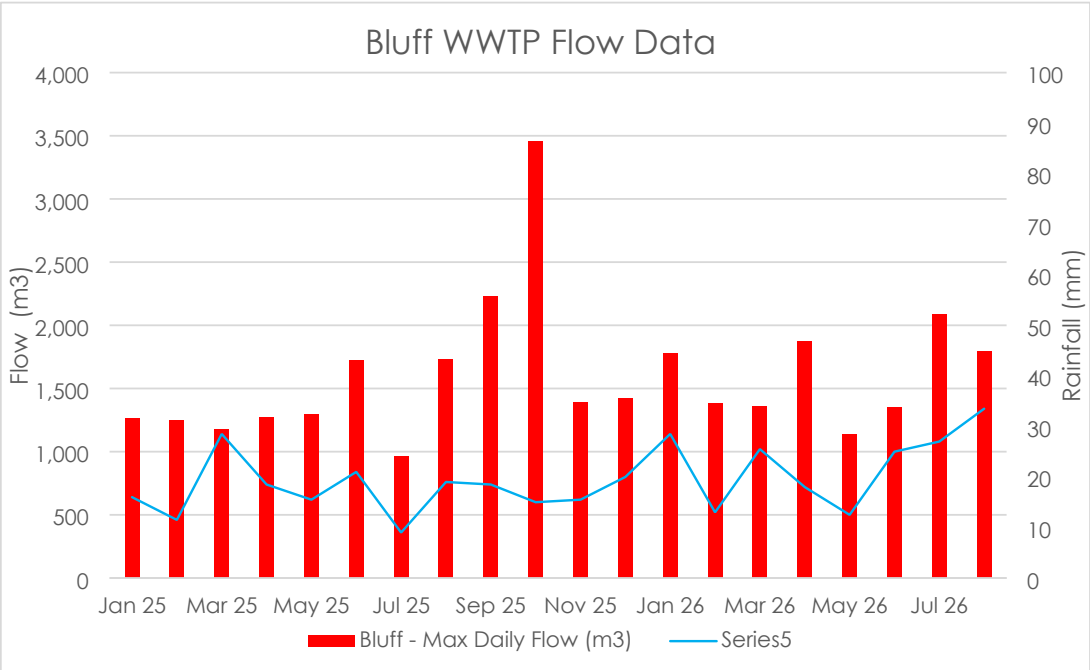
Waste Water Treatment Plants				
Measures	Clifton		Bluff	
Month / Year	August 2025	August 2026	August 2025	August 2026
Total Monthly Flow (m ³)	787,715	1,207,818	25,314	29,279
Average Daily Flow (m ³)	25,410	38,962	817	944
Maximum Daily Flow (m ³)	76,927	77,713	1,729	1,790
Minimum Daily Flow (m ³)	19,158	26,948	579	601
Maximum Daily Rainfall (mm)	19.0	34	19.0	34
Average Dry Daily Flow (m ³)	20,326	31,270	737	797
Infiltration rate (times)	3.8	2.5	2.3	2.2

Note – Rainfall data is from the Environment Southland Waihōpai dam site Invercargill

Clifton Flows



Bluff Flows



Omaui Oxidation Pond

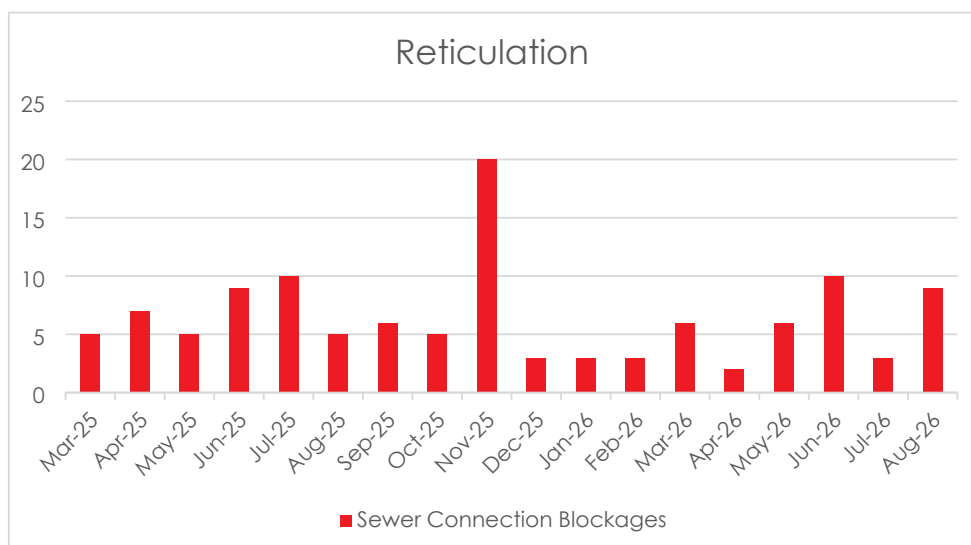
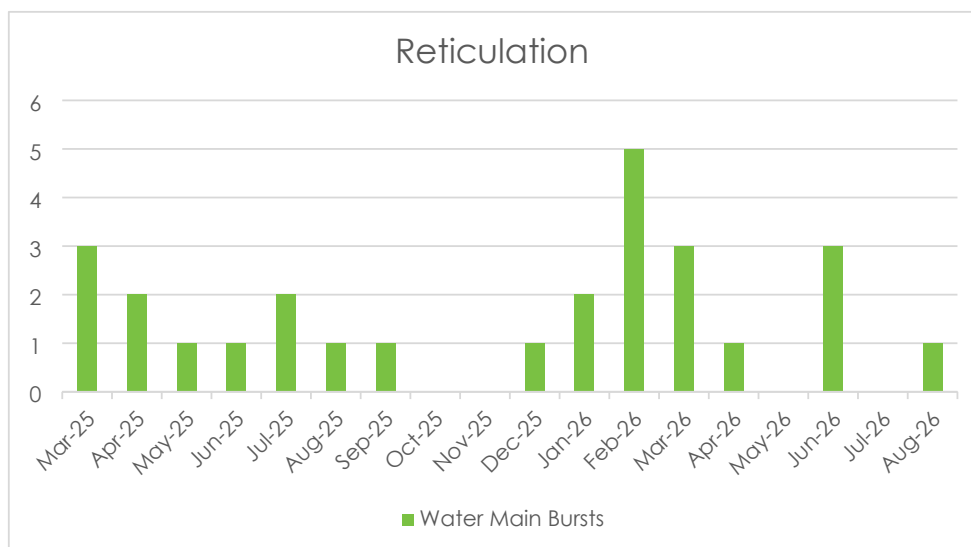
The Omaui oxidation pond is operating well and within its consent conditions. Flow monitoring equipment is still being investigated to confirm flows.

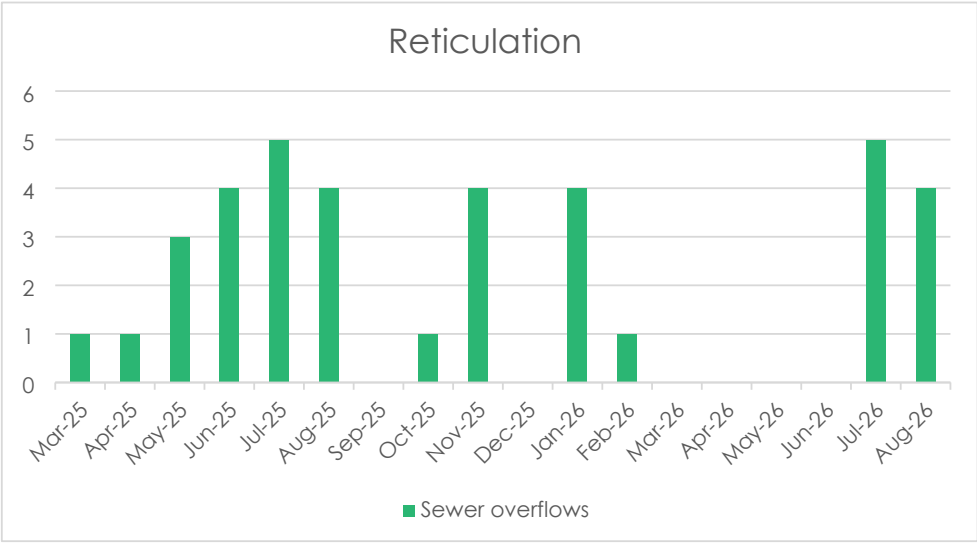
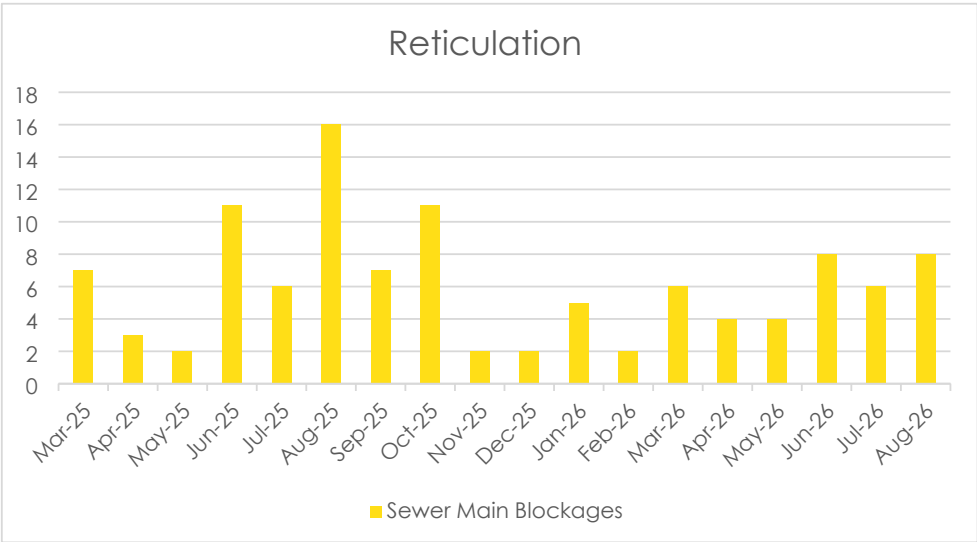
Reticulation Operations

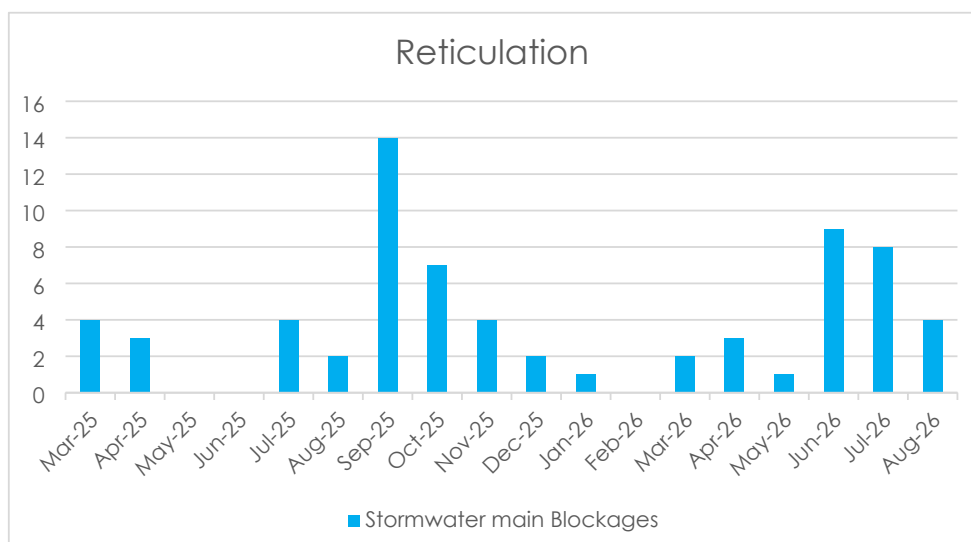
Water/Sewer/Storm

During the month of August 2026, the reticulated network had the following events compared to 2025:

Activity	August 2025	August 2026
Watermain bursts	1	1
Sewer connection blockages	5	9
Sewer main blockages	16	8
Sewer overflows	4	4
Stormwater main blockage	2	4







Environmental

The following rainfall data is from the Environment Southland rain gauge at the Waihōpai dam Invercargill.

Environmental – Rainfall data		
Month / Year	August 2025	August 2026
Total rainfall (mm)	84.5	133.5
Maximum daily rainfall (mm)	19	33.5
Number of dry days	19	14
Number of days considered as a dry weather flow event	4	1

It is noted that August 2026 has been the wettest August since 2019 when it was 140.5 mm.

Below is the last 5 year monthly rainfall data.

Rainfall data (mm) - Waihopai Dam													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2022	49.0	57.5	13.0	127.5	121.5	81.0	109.5	57.0	72.0	104.5	150.5	43.5	986.5
2023	27.5	83.5	128.5	75.0	125.5	83.0	157.5	54.0	149.5	52.5	40.5	110.0	1087.0
2024	96.5	113.0	109.5	106.5	112.0	87.0	61.5	84.0	145.1	136.0	84.5	96.5	1232.1
2025	56.5	51.5	100.0	66.0	92.0	100.0	33.5	84.5	152.5	132.5	51.5	69.0	989.5
2026	81.5	79.5	101.5	82.5	60.0	87.0	90.5	133.5					492.0

Capital Delivery

It has been another very busy month for our delivery team(s):

- ESG has three active construction sites on York, Tweed, and Deveron Streets.
- Two contracts with a combined value of approx. \$3 million have been awarded in August.
- Recent procurements have seen an increasing number of tender submission.

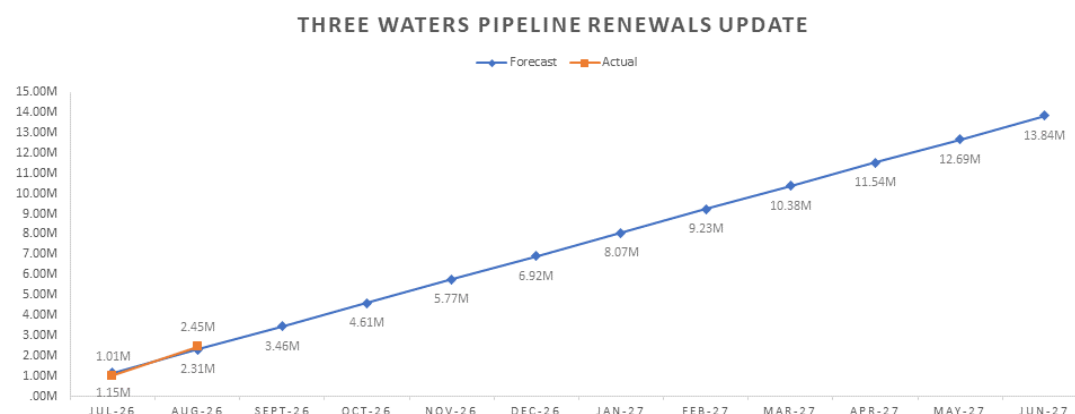
Projects Status 2026/27

Services	Number	Metres of Pipe Programmed	Metres of Pipe Constructed	Progress Percentage
STW	8	4,129	237	6%
SEW	8	5,732	952	17%
WTR	11	7,850	260	3%
Total	27	1,7711	1,448	8%

Services	Programmed 26/27	Spend to date 26/27	LTP Budget	Percentage
STW	3,262,440	661,656	4,970,159	13%
SEW	5,239,960	1,150,606	3,165,510	36%
WTR	7,653,194	629,801	5,706,631	10%
TOTAL	16,155,594*	2,442,063	13,842,300	18%

*Increased due to a section of watermain being added to a contract.

Forecasting Information





Health and Safety Performance

August Safety Status					
Hours Worked	Lost Time Injuries	Near Miss	Incidents	First Aid	Environmental
5074	0	1	5	0	0
26/27 Safety to Date					
Hours Worked	Lost Time Injuries	Near Miss	Incidents	First Aid	Environmental
10656	0	6	8	0	1

Incident and Activity Summary

A total of five events were reported across the 3 Waters activity during the three-month reporting period, which is slightly below the 12-month rolling average of 5.8 events. There were no lost time injuries, medically treated injuries, first aid injuries, or contractor events reported during the period. Reported events consisted primarily of near misses (4) and one low-potential event

Eight safety audits were completed during the reporting period, and there were no open or overdue corrective actions.

Overall, the results indicate a continued low level of injury harm within the 3 Waters activity, with reporting focused on near misses and hazard identification, supporting proactive management of health and safety risks.

Work is also underway on a programme of critical risk assessments to strengthen the understanding and management of key operational risks

The recent realignment of the 3 Waters structure has now been implemented and will be reflected in reporting from the next period.

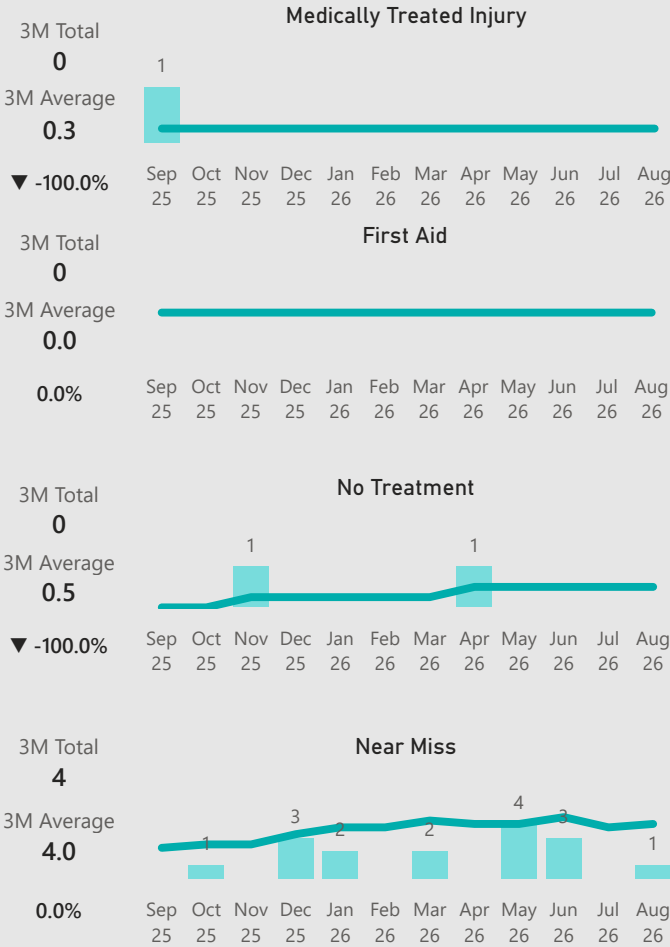
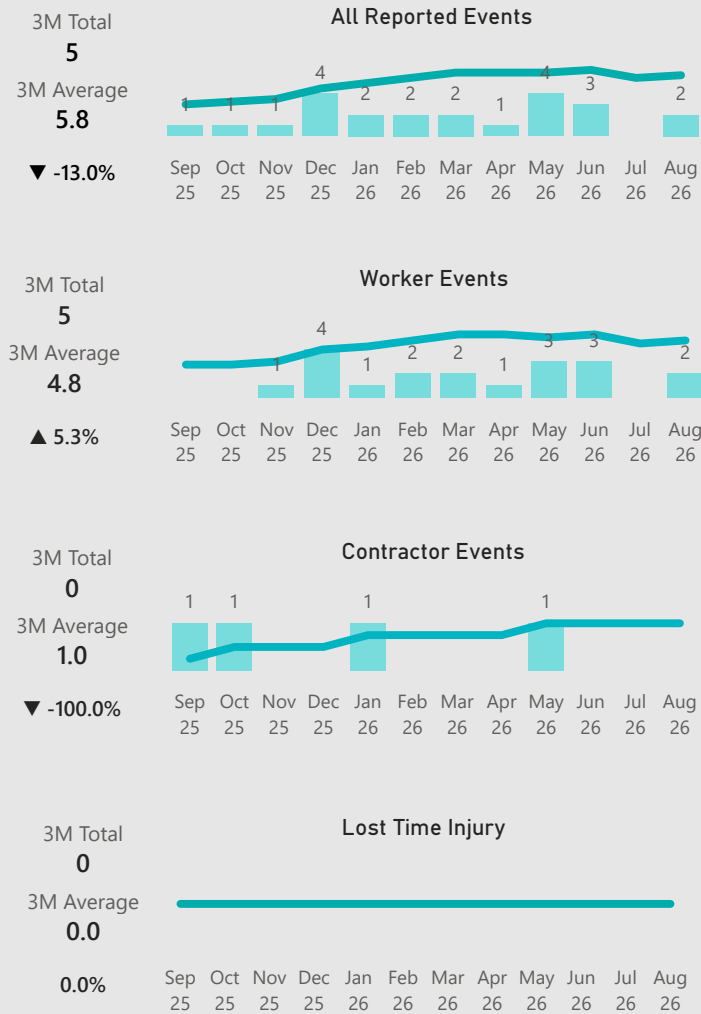
Attachments

1. 2026 08 31 – HSW Dashboard 3W (11285084)

3 Waters - Health & Safety

Event Reporting, Risk, Audit, Cause & Action

Reporting Month
June - August 2026
Multiple selections ▾



Event Risk Potential



Safety Audits Completed



Cause ▾

Structure	1
Person	1

Actions

Open Overdue