Quarterly monitoring report - water services delivery plan

In-House Business Unit

Nelson City Council

Submitted 31 July 2026, for 1 April – 30 June 2026

Council plans that are retaining water service delivery (In-house Business Unit)

Part A: Progress updates

Quarterly reporting period: 1 April to 30 June 2026

Activity / milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any) as per WSDP Risks and constraints to achieving financially sustainable delivery of water services
Establishment date	Nelson City Council has elected to retain the existing water services delivery model it currently operates. Council confirms that the water services delivery model is currently in place and operative. For the purposes of the Water Services Delivery Plan (WSDP) the Establishment Date was 1 July 2025.		
Complete any required service level agreement and operational handover from council	Complete – existing water services delivery model in place from 1 July 2025 as per WSDP.		
Financial and treasury arrangements finalised (including LGFA access if amendments are required)	Complete – existing arrangements remain unchanged. WSDP confirms current financial sustainability.		
Address financial separation / ringfencing requirements	Complete - Council operates closed financial accounts for the water services. Each activity is separately identified within Council finances. These are funded by targeted rates and specific utility fees and charges. There is no cross-subsidisation from general rates.		

Ongoing financial sustainability		Asset Valuations and Construction Costs: Increasing construction costs and future annual revaluations of our water services assets that act to produce increases in value that are considerably higher than the Local Government cost Index. Review as part of Long Term Plan 2027-37.
		Natural hazards: Extreme weather events and natural hazards such as earthquakes can significantly impact day to day work programmes and require large capital inputs with urgency. Complete recovery of 2022 and 2025 storm events. Maintain funding for natural hazard mitigation works.
		New materials and technology: Adoption of new materials and technology into the network will need to be managed to ensure that acceptable service lives will be met and any unanticipated issues with technology will not result in unsustainable costs. Monitor new technology and lifecycle costs.
Council workshop 23 April 2026. Key issues, activity priorities, and budget discussion.	Workshop complete	

Budgets drafted for the 2027 – 2037 Water Supply, Wastewater, and Stormwater Activity Management Plans for the 2027 – 2037 Long Term Plan (LTP) / Water Services Strategy 2027-2037.	Draft budgets for Water Supply, Wastewater, and Stormwater activities for the 2027 – 2037 Long Term Plan (LTP) / Water Services Strategy. Council will use the LTP to set water rates. Expected completion date 30 June 2027 with adoption by Council. On track	
Developed Water Services Strategy template	Expected completion of strategy date 30 June 2027 with adoption by Council. On track.	
First draft of the 2027 – 2037 Water Supply, and Wastewater Asset Management Plans, formatted to fit with the Commerce Commission requirements.	Expected completion date 30 June 2027 with adoption by Council. On track	
First draft of the 2027 – 2037 Stormwater Activity Management.	Expected completion date 30 June 2027 with adoption by Council. On track	
Commerce Commission Information Disclosures for Dividends Policy, Policy for Funding Growth, and information about charges and IFF levies	Completed 31 July 2026	

Expected activity in next quarter

Milestone / deliverable	Expected activity
Begin drafting the Water Services Strategy.	Water Services Strategy due end of June 2027.
Continue drafting the 2027 – 2037 Water Supply, and Wastewater Asset Management Plans, Strategic Asset Management Plan, and Investment and Delivery Plan according in line with the Commerce Commission requirements.	Strategic Asset Management Plans, and Investment and Delivery Plans - determine if there are information gaps that need to be addressed. Address any gaps in the Water Supply and Wastewater Asset Management Plans to meet Commerce Commission requirements.
Continue drafting the 2027 - 2037 Stormwater Activity Management Plan	Asset valuations will be completed by Dec 2026. Any associated updates will then be completed.
WSDP quarterly report July-Sept.	Complete report

Part B: Additional monitoring information – items noted in letters of acceptance

Items noted in letters of acceptance						
Delivery of the capital programme in the WSDP						
Progress update						
Year	**LTP 2024-34**	**Updated Annual Plan**	**Actual First Q**	**Actual Second Q**	**Actual Third Q**	**Year End**
Water Supply 2025-26	9,528,000	8,681,000	1,758,000	3,552,000	5,180,000	9,608,000
Stormwater 2025-26	10,159,000	17,400,000	2,354,000	7,155,000	10,783,000	15,162,000
Wastewater 2025-26	16,452,000	15,283,000	2,771,000	5,908,000	8,696,000	15,946,000

Comments on Capital programme Delivery

2025-26

Water Supply

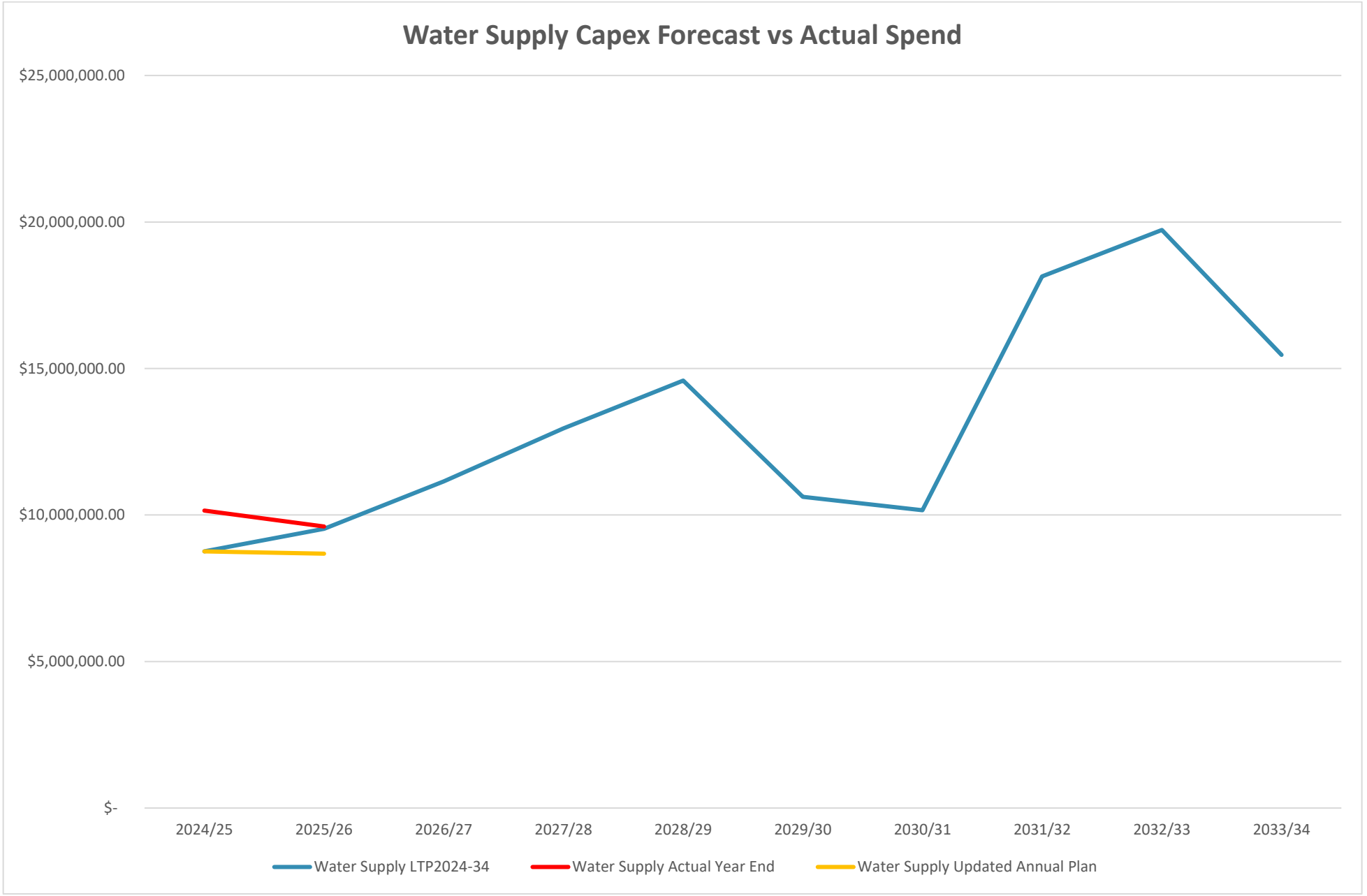
Year end slightly ahead of LTP 2024-34 and Annual Plan 2025-26 revised programme. This is due to construction works for a new development area progressing faster than anticipated.

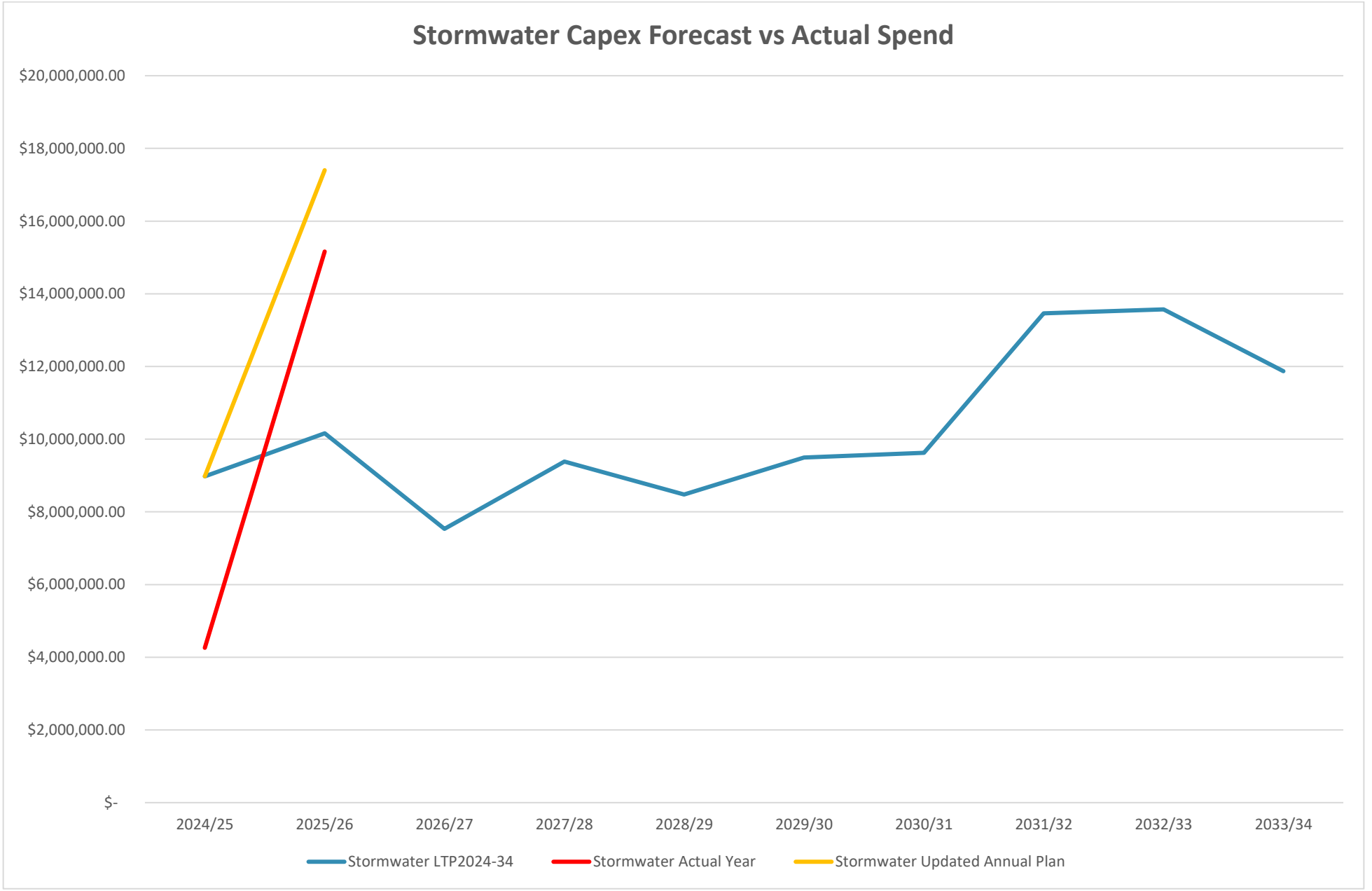
Stormwater

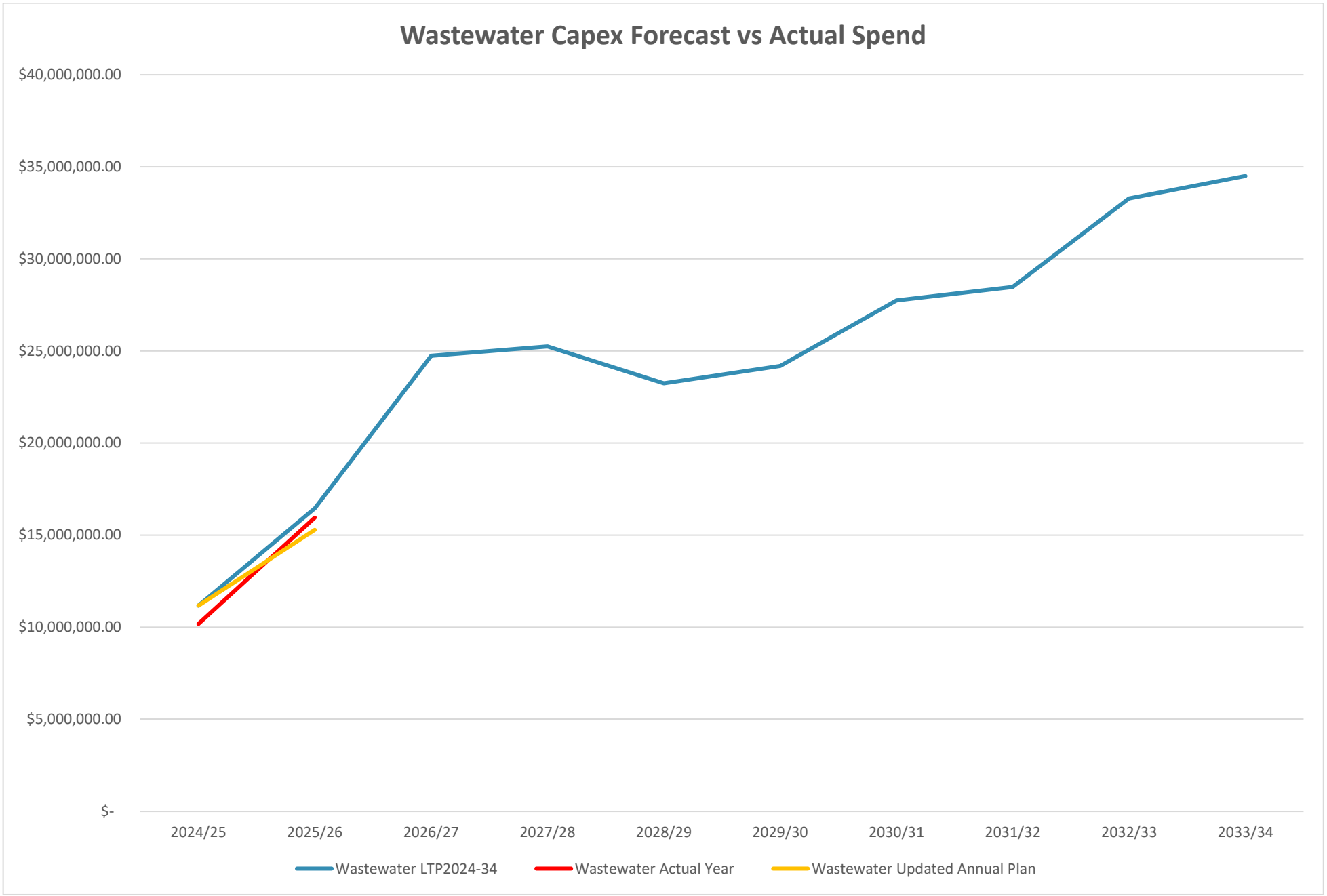
Year end ahead of LTP 2024-34 and behind Annual Plan 2025-26 revised programme. The variance to the Annual Plan is primarily due to the rephasing of the following construction projects, York Terrace Phase 1, Haven/St Vincent Culvert and Tahunanui Hills Catchment 2.

Wastewater

Year end behind LTP 2024-34 and slightly ahead of the Annual Plan 2025-26 revised programme. The LTP variance is due to a timing issue for the settlement of land acquisition for a pump station upgrade, amended resource consent application timeframes and rephasing of the following construction projects - Bridge to Better, Paru Paru Pump Station and Maitahi Upgrade.


Water Supply Capex Forecast vs Actual Spend
$25,000,000.00
$20,000,000.00
$15,000,000.00
$10,000,000.00
$5,000,000.00
$-
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
2030/31
2031/32
2032/33
2033/34
Water Supply LTP2024-34
Water Supply Actual Year End
Water Supply Updated Annual Plan


Stormwater Capex Forecast vs Actual Spend
$20,000,000.00
$18,000,000.00
$16,000,000.00
$14,000,000.00
$12,000,000.00
$10,000,000.00
$8,000,000.00
$6,000,000.00
$4,000,000.00
$2,000,000.00
$-
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
2030/31
2031/32
2032/33
2033/34
Stormwater LTP2024-34
Stormwater Actual Year
Stormwater Updated Annual Plan


Wastewater Capex Forecast vs Actual Spend
$40,000,000.00
$35,000,000.00
$30,000,000.00
$25,000,000.00
$20,000,000.00
$15,000,000.00
$10,000,000.00
$5,000,000.00
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2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
2030/31
2031/32
2032/33
2033/34
Wastewater LTP2024-34
Wastewater Actual Year
Wastewater Updated Annual Plan