Quarterly monitoring report - water services delivery plan

Water Services CCO

Queenstown Lakes District Council

Reporting period: 1 April to 30 June 2026

Effective date: 30 June 2026

Submitted: 31 July 2026

Council plans that are establishing water organisations

Part A: Progress updates

Quarterly reporting period: 1 April to 30 June 2026

Milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks mitigations (if any) and Commentary
Initial Planning and Programme Establishment	3 months (1 Aug 2025 – 30 Oct 2025)	Complete	• Programme Director appointed February 2026 • Governance framework defined and operational • Workstream scope areas defined, key programme roles appointed • Programme Budget developed and approved • Water Services Systems & Processes stocktake completed
Governance and Incorporation	8 months (1 Nov 2025 - 30 Jun 2026)	Complete	• Board Chair confirmed May 2026 • Remaining directors confirmed 25 June 2026 • Council resolution adopting the WSCCO constitution 30 June 2026 • WSCCO incorporated and company registered 30 June 2026
WSCCO Establishment	16 months (1 Mar 2026 – 1 July 2027)	Yes	• Detailed workstream planning and delivery underway across seven workstreams • Level 3 integrated master schedule baselined May 2026; the programme is now managed in Monday.com • Draft WSCCO operating model, functional model and minimum viable product definition developed • Key delivery risks are set out below; mitigation plans are being formed • Risk - staff resilience, work overload and change fatigue • Risk - completing detailed planning to demonstrate the programme scope can be delivered while managing delivery and operational risk • Risk - access to key roles without impacting operational responsibilities

Milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks mitigations (if any) and Commentary
			• Risk - aligning the WSCCO establishment programme with the QLDC of the Future programme • Risk - delivering within the approved first cut budget of $8M
Operational Readiness and Transition	6 months (1 Feb 2027 – 30 Jun 2027)	Yes	• Risk – WSCCO Establishment detailed scoping and planning outcomes may require this milestone to commence from 1 April 2027.
Go Live: 1 Jul 2027.		Yes	• WSCCO Establishment and Operational Readiness risks noted above.

Expected activity in next quarter: 1 July to 30 September 2026

Milestone / deliverable	Expected activity
Governance and Incorporation	• First Board meeting held and Board induction underway (July 2026 - complete) • Shareholders' agreement and deeds of indemnity executed (July 2026 - complete) • Transition agreement approved by the Board and Council (July 2026 - complete) • Board endorsement of the establishment plan and governance calendar (August 2026) • Draft statement of expectations (September 2026)
WSCCO Establishment	• Day 0 interim insurance and directors' and officers' cover in place (July 2026 - complete) • CEO Appointment (July 2026 – complete) • CCO name agreed and interim website live (August – October 2026) • Digital strategy and QLDC impact assessment (August 2026) • Financial scenario modelling (August 2026). Growth policy to meet Commerce Commission requirements (September 2026) • External recruitment partner appointed for tier 2 appointments (September 2026) • Revenue and pricing strategy, alongside LGFA covenant negotiations (September 2026) • Submit QLDC reports for Commerce Commission information disclosure and the Community Access to Drinking Water report to the Water Services Authority
Operational Readiness and Transition	• Complete programme and workstream planning for Operational Readiness and Transition activities
Go Live: 1 Jul 2027.	• Complete programme and workstream planning for go live and post go live activities

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

Items noted in letters of acceptance	Progress update
The water services council-controlled organisation's pricing strategy, including to ensure that growth pays for growth;	• The WSCCO revenue and pricing strategy, alongside LGFA covenant negotiations are planned to be developed by September 2026.
The borrowing requirements and headroom;	• The WSCCO revenue and pricing strategy, alongside LGFA covenant negotiations are planned to be developed by September 2026.
Delivery of the capital programme	**FY25/26 capital programme delivery** Subject to finalisation of June actuals, $80.64M of capital expenditure was delivered in FY26. This total represents: • 69% of the FY26 total forecast in the WSDP, • 86% of the FY26 total forecast in the previous quarterly update, and • a 26% increase in total expenditure from FY25. 11 projects have recorded forecast **decreases** greater than $1 million relative to the original WSDP forecasts. In general, the movements are predominantly driven by project delivery delays and expenditure rephasing due to land acquisition, consenting and design challenges, along with procurement savings from favourable tender outcomes, projects being completed under budget, and optimisation of delivery timing to align with wider programme efficiencies and developer schedules. 4 projects have recorded forecast **increases** greater than $1 million relative to the original WSDP forecasts. In general, the movements are predominantly driven by the acceleration of project delivery and expenditure timing, and revised procurement and contracting strategies to manage project risk. **FY26/27 capital programme forecast** Subject to confirmation of carry forwards from FY26, $104.9M of capital expenditure is forecast for FY27. This forecast represents: • 85% of the FY27 total forecast in the WSDP, • 95% of the FY27 total forecast in the previous quarterly update, and • a 30% increase in total expenditure from FY26.

	13 projects have forecast **decreases** greater than $1 million relative to the original WSDP forecasts. In general, the movements are predominantly driven by capital programme savings achieved through favourable tender outcomes, the deferral and rephasing of expenditure to align with revised growth forecasts, network planning and project delivery schedules, and the reprioritisation of investment pending further planning, zoning or development decisions. A number of movements also reflect projects being delivered under budget, land acquisition delays, and the transfer of funding from programme-level budgets to more targeted project budgets as delivery priorities become clearer. 10 projects have forecast **increases** greater than $1 million relative to the original WSDP forecasts. These movements represent the establishment of project specific budgets from within overarching programme budgets, accelerated project delivery, and previous year deferrals. **10-year programme:** $1.43bn (97% of QLDC WSDP forecast). **Overall programme variance (10-year):** ~$38.6M reduction, driven by completion of projects under budget and competitive tender pricing secured on several high-value contracts.
Delivery of the projects required to achieve regulatory compliance.	Projects in place to achieve QLDC Regulatory Compliance, and the status of each project is as follows: • **Hawea Wastewater Treatment Plant -** *Abatement Notice in place. – Upper Clutha Conveyance Scheme Project to allow for Hawea WWTP Decommission – Construction in Progress.* • **Stormwater Discharge to Clutha River at Northlake** *Abatement Notice in Place – Detailed Design in Progress to inform Resource Consent. Application which will be lodged in July 2026. Pre-application meeting complete.* • **Stormwater Discharge to Bullock Creek at Alpha Series** - *Abatement Notice in Place – Construction works completed and system being monitored, application to cancel abatement notice to be made shortly.* • **Shotover Wastewater Disposal Field** - *Enforcement order in place. Plant operating under emergency discharge direct to Shotover River. Council decision made to secure Resource Consent for Land Flow Path to Kawerau River. Consent application underway. Note: This project is a Major Decision and requires feedback from the WSCCO Board prior to incorporation.* • **Shotover Country Wetlands Stormwater Discharge** - *Significant Non-Compliance – Further investigations are underway to identify both short-term operational improvements and longer-term remediation options. Detailed scoping is expected to be completed by August 2026 and will inform the pathway to consenting and full compliance.*

	• **Lake Hayes Water Supply** - *Abstraction limits breached for several weeks during peak summer demand. Corresponding LTP24 budget: Demand Management – Lake Hayes - Business Case now approved by Council*. • **Wanaka Wastewater Treatment Plant** - *Abatement Notice issued Nov 2025. WWTP Upgrade Project Completed. Effluent quality within consent limits. Rolling average expected to be compliant by Oct 2026.* • **Wanaka Wastewater Disposal Field** - *Abatement Notice issued Nov 2025. Project Scoping in progress and Concept Design under review. Out to tender in August 2026.* **Note:** Instances of technical / administrative non-compliance, which do not require a project to address, are excluded from this list.