Quarterly monitoring report - water services delivery plan

Water Services CCO

Horowhenua District Council, Palmerston North City Council and Rangitikei District Council

Date submitted 29 July 2026 for the reporting period 1 April – 30 June 2026

Council plans that are establishing water organisations

Part A: Progress updates

Guidance on completing this table

The purpose of this section is to:

- *Identify each of the key activities, deliverables and milestones involved in implementing the arrangements in an accepted water services delivery plan;*
- *Identify the expected date for completing each of the identified activities, deliverable and milestone*
- *State whether the activity, deliverable and milestone is on track or off track, and if off track provide commentary for why.*
- *Describe any significant issues and risks associated with achieving each activity, deliverable and milestones – and the mitigations in place to overcome these issues and risks*
- *Identify activity expected in the next quarter towards completion of milestones or deliverables*

Examples of activities, deliverables and milestones that should be included are listed below:

- *Formal legal incorporation*
- *Appoint interim board and chair*
- *Constitution*
- *Shareholders' Agreement*
- *Transfer Agreement*
- *Statement of expectations*
- *Financial and treasury arrangements finalised (LGFA access)*
- *Transfer of assets and liabilities*
- *Transfer of staff (if any)*

Note that even if your implementation plan did not cover these activities, any progress made in the last quarter should be reported here.

Quarterly reporting period: [e.g. 1 April to 30 June 2026]

Milestone / deliverable	Expected completion date/completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Approval of debt transfer method	May 2026	Yes	
Preparation for relationship with LGFA and other funding providers	June 2026	Yes	
Deed of Support approved by Councils	June 2026	Yes	
Statement of Expectation issued to CDW	June 2026	No	The original timeline had proposed the Shareholders Committee adopt the SoE at their 26 June meeting however this timeline has been extended out to August. The CDW board have received a draft SoE for feedback and this will be considered at their July board meeting.
Chief Executive appointed	June 2026	Yes	
Customer Strategy approved	June 2026	Yes	
Digital Strategy approved	June 2026	Yes	
People Strategy approved	June 2026	Yes	
Location of WS-CCO headquarters arranged	October 2026	Yes	A temporary CDW office has been set up within the PNCC building that houses the Establishment Team.

			Consideration of the future headquarters will be considered alongside the development of the organisation's structure as this will inform the size and scale required.
Agreement by Councils on what assets they propose to continue to own and how they will be serviced and funded	December 2026	Yes	A clear process has been established for all Councils to populate the required transfer schedules. The WSDP indicated that this work would be completed in Phase 1 of the implementation plan, moving this to Phase 2 will have minimal impact on the delivery of the overall programme. As an additional mitigation to achieving this milestone, External resourcing has been engaged to support the delivery of this programme of work.

Expected activity in next quarter

Milestone / deliverable	Expected activity
Statement of Expectations	The CDW Board will consider at their July meeting the draft Statement of Expectation that has been received from the Shareholders Committee with feedback to be sent back to them by the end of July. It is anticipated the Shareholders Committee will consider the feedback at their August meeting and will then approve the SoE and issue it to the CDW Board. Following this, the content of the SoE will be considered alongside the development of the Water Services Strategy.
Transfer Principles and drafting of Transfer Agreement	Workshops have been held with councils about the key components of the transfer schedules. These schedules are now currently being populated by Councils. The draft schedules are due to be approved by each Council Chief Executive by 31 August. We are planning to sign off the transfer agreement in December 2026. High level timeline.pptx

Financial and Treasury arrangements	The debt transfer principles and transfer method were approved by the board on 29 April and by individual councils by the end of June. This process has been positive and collaborative. A detailed financial model that maps to the Commerce Commission ID reporting requirements has been developed and is being used for the development of the budget supporting the Water Services Strategy. A pricing model has been set up to include the full customer database for future CDW customers and scenarios are being worked on to support the Pricing Strategy as part of the Water Services Strategy. We have been approved to accede to LGFA and have appointed BNZ as the transactional bank. The Councils have approved a Deed of Support for Councils to enable up to $20m of interim establishment funding and the final documents are being put into place and signed to secure the operation of the transactional banking and LOC for establishment funding with BNZ and LGFA – This is due to be active from the end of July 2026. The first draft of the Treasury Policy has been developed and will be presented to the Audit, Risk and Finance Committee in early August.
Capital Delivery Programme	Work will begin on the capital delivery model this quarter. The Capital Programme Delivery Programme will be developed utilising the prioritisation framework which is applied to the current council projects from the WSDP and Asset management Plans.
Risk Framework and Policy	We have completed the Risk Framework and Policy using existing resources from partner Councils to assist with this development. This will be presented to the Audit, Risk and Finance Committee in early August.
Procurement Strategy and Policy	A Procurement lead has been appointed to the Establishment Team who begins in late July. Their focus in the first three months is the Procurement Policy, negotiation of key contracts for CDW, development of key budgets for CDW, including fleet and the contracts portion of the transfer agreement.
Customer and Digital Strategies	Customer & Digital strategies have been approved by the Board. CDW is currently actively engaging with technology vendors to inform planning and delivery

Draft Water Services Strategy	A lead for the Strategy appointed to the establishment team and began work 20th April. A project plan has been developed for the Strategy, and this has now been incorporated into the overall establishment programme plan. Drafting of the Strategy has commenced including the regulatory context, levels of service and demands (including land use/growth). As part of this, levels of service, measures and targets for CDW have been approved by the Board. These have based on the bringing together of levels of service from the shareholding Councils. Consideration of the Draft Statement of Expectation and other information that will influence objectives, outcomes and expectations of CDW is advancing. We have also programmed for consultation on the Strategy and have timed this to align with the consultation on the Councils' Long-Term Plans.
Draft Communications and Engagement Strategy	The draft Communications and Engagement Strategy will be presented to the Board in July. The board will be signing off policies for public attendance at board meetings, notifications of meetings and LGOIMA during the next quarter.
Organisation Design	The proposed operating structure is expected to be finalised in early August with all tier 2 positions confirmed and ready for recruitment. Staff Transfer principles and direction is advanced and expected to be confirmed in Q1 with socialisation and change activities to follow in Q2. Current people state updates have been provided to the Board since April 2026 and are ongoing if/as details change, it is expected this will shift to have an onboarding focus going forward. Phasing of recruitment and onboarding of staff is at planning and discussion phase and will be confirmed with the CE in early Q1, with wider socialisation from early Q2. The People Journey Map is in development and due to be completed by the end of Q1. Capability and Capacity assessments are planned for a two-pronged approach with preliminary assessments beginning in August. This workstream activity is expected to continue through to 30th June 2027 as staff are hired and onboarded.

H&S Framework and Policies	A Health and Safety Framework and related policies are due for presentation to the Board in August 2026; Health and Safety training is underway for existing staff and executive/board Health and Safety training and refresher is ready to be offered.
Shared Services model	As part of the review of structure and matters of shared interest there is a workstream investigating where shared services or outsourcing of appropriate operational activities could be considered. This work is being undertaken with the council group and more broadly as needed. Arrangements for shared or outsourced operational delivery activities are planned to be in place ready for 1 July 2027, or earlier if Central Districts Water requires.
Significance and Engagement Policy	A draft Significance and Engagement Policy will be presented to the Board in August, this will include the proposed timeline and approach required to achieve adoption prior to 1 April 2027 by CDW.
Bylaws	A working group across all partner councils and the CDW Establishment Team has been formed. The future work programme will need to determine whether water services bylaw administration and enforcement functions will transfer to CDW, establish the review approach and resourcing model. This will be undertaken in a coordinated approach with partner councils and CDW.
CDEM plan	The current workplan for Emergency Management (EM) planning for CDW allows for 13 separate tasks to implementation (by July 2027) of an operative Emergency Management Plan. Task 1 (Discovery Phase) is complete, with liaison established with existing EM leads within the 3 shareholder councils, and Horizons as Regional EM Group lead, all endorsed by the CDW Board. The second task (Planning Phase) is for, “draft EM plan high level objectives, key risks and responsibilities/capabilities for CDW, for review by (i) CDW establishment team (ii) EMOs within TLAs (iii) external SMEs” which is intended to be completed in July/August 2026. A further 11 tasks are to be completed in the period September-June 2027

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

Guidance on completing this table
The purpose of this section is to: • *Identify each of the items noted in the letter of acceptance for a water services delivery plan – where the Secretary indicated the Department would be monitoring these items;* • *Describe progress with addressing the item(s) raised – including any significant issues and risks*

Items noted in letters of acceptance	Progress update
Delivery of projects required to achieve regulatory compliance We recommend that delivery of the capital programme, in particular the projects required to achieve regulatory compliance, is monitored during implementation.	CDW is working with each council to prioritise and optimise the capital programme. A prioritisation framework has been developed to assist in investment decision making for CDW's three waters capital works programme. The prioritisation framework will be a critical component for developing the capital programme for the Water Services Strategy, and the Investment Delivery Plan. Projects required to achieve regulatory compliance are given precedence through the framework. Once the programme is prioritised, if required, it will be adjusted to ensure that it is deliverable and financially sustainable. CDW has entered into a funding agreement with MCERT to assist in the development of a practical, end-to-end capital delivery system for CDW and provide a high-level implementation roadmap and/or case study that can be shared across the sector. The work will show how CDW can move from investment planning to reliable programme-led delivery.

Operational Expenditure We recommend that operational expenditure is monitored during implementation to ensure savings are realised.	This responsibility has not yet transferred into the Establishment phase, each Council is continuing to track their annual operational expenditure in alignment with their approved budgets in the current LTP cycle. CDW has established a Finance workstream that brings together finance SMEs from across each Council. This workstream will monitor and report on efficiency gains as outlined in the WSDP. The budget for the establishment of CDW is being monitored by the Establishment team, Council Chief Executives and the CD Water CE and Board.