Quarterly monitoring report - water services delivery plan

In-House Business Unit

Gisborne District Council

Submitted 31 July 2026: 1 April 2026 to 30 June 2026

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

Part A: Progress updates:

Quarterly reporting period: 1 April 2026 - 30 June 2026

Activity / milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Financial Ring Fencing	30 June 2026	Yes	COMPLETED - Initial financial ring-fencing systems are now operational. Configuration, testing and validation have been completed, enabling standalone financial reporting for FY2026/27 in accordance with the WSDP.
Financial Ring Fencing	30 June 2027	Yes	Balance of requirements by 30 June 2027.
Credit Rating	30 April 2027	Yes	Refer to Part B.
Proposed Charging Mechanism	30 June 2027	Yes	Updating Revenue & Financing Policy: • Modelling impacts of changes (removal of General rates from Water Services) • Affordability review, based on updated detail statistics from independent study.
Overhead & Cost Allocation Methodologies	30 November	Yes	Reviewing directly attributed costs and overhead allocations between internal business units to ensure all costs are accurately captured, appropriately allocated and transparently reported.
Insurance Strategy	30 June 2027	Yes	Ongoing assessment of earthquake maximum probable loss for critical infrastructure and regular asset revaluations continue. A Waters Asset Management Policy has been developed to support consistent asset management practices and the future Water Services Business Unit.

Activity / milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Governance & Waters Internal Business Unit (WIBU) Establishment	1 July 2027	Yes	Water Services Committee established with inaugural committee meeting held 24/02/2026. The Interim Water Management Committee has received further WIBU progress updates since inauguration, including the integrated programme timeline covering legislative milestones and Council decision points.
Water Services Strategy (WSS)	30 June 2027	Yes	Consultants engaged to assist with development of WSS, SAMP, AMPs and IDP in alignment with Long-Term Plan (LTP), including integrated engagement with Te Tiriti partners and elected members. ***Risks*** 1. *Reliance on external providers (Waugh Infrastructure) for delivery of key strategic documents* 2. *Alignment with LTP timeframes may impact WSS adoption.* ***Mitigation*** 1. *Maintain strong internal ownership and oversight of all deliverables, supported by clear scopes, milestones, and regular reporting from Waugh.* 2. *Coordinate governance and milestone planning closely with the LTP programme team*
Strategic Asset Management Plan (SAMP)	30 June 2027	Yes	
Asset Management Plans (AMPs)	30 June 2027	Yes	
Investment and Delivery Plan (IDP)	30 June 2027	Yes	
Water Bylaws reviewed and initial draft	27 August 2027	Yes	Planning for review underway, action incorporated into water service business unit project programme and aligned with wider regulatory work.
Trade Waste Discharge Plan (TWDP)	27 August 2027	Yes	Consultants have been engaged to assist with TWDP development. Project planning, scope development and stakeholder engagement planning has commenced. The TWDP will be developed alongside the bylaw review programme while remaining a separate statutory requirement.
Stormwater Risk Management Plan	27 August 2028	Yes	Work remains programmed in accordance with legislative timeframes.

While no critical issues are currently recorded, the following programme pressures continue to be actively managed:

- Alignment of the Water Services Strategy, Long Term Plan and associated strategic planning documents to support timely adoption by 30 June 2027.
- Delivery of multiple statutory implementation workstreams within the required legislative timeframes.
- Continued reliance on external specialist providers for delivery of key strategic planning documents.

Expected activity in next quarter

Milestone / deliverable	Expected activity
Deliverables as per last quarter reporting	Ongoing work to meet expected completion dates including: • Continue implementation of financial ring-fencing requirements for the Water Services Business Unit. • Progress development of the Water Services Strategy, Strategic Asset Management Plan, Asset Management Plans and Investment and Delivery Plan. • Continue development of the proposed charging mechanism, including Revenue and Financing Policy review and affordability modelling. • Progress overhead and shared service cost allocation methodologies. • Continue engagement with the appointed credit rating agency towards obtaining a formal credit rating by April 2027. • Progress development of the Trade Waste Discharge Plan and Water Bylaw review in accordance with legislative timeframes. • Continue preparation for Commerce Commission information disclosure requirements.

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

<table>
<tr><th>Items noted in letters of acceptance</th><th>Progress update</th></tr>
<tr><td>Gisborne District Council securing a credit rating.
The pre lodgment assessment of Councils draft WSDP by DIA noted:

<table>
<tr><th>Issue</th><th>Description</th><th>Recommended treatment</th></tr>
<tr><td>Credit Rating</td><td>The projected whole of council borrowings is within the LGFA 280% net debt to revenue limits, assuming GDC seek a credit rating by 1 July 2027. GDC currently has no credit rating but has indicated it will seek a credit rating to increase debt headroom with LGFA.</td><td>We recommend that GDC work closely with rating agencies and LGFA to achieve a credit rating by 2028.
We also recommend monitoring GDC’s credit rating during implementation.</td></tr>
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</td><td>Council has completed the procurement process and appointed its preferred credit rating agency. Initial engagement has commenced, with the formal assessment scheduled during 2026/27. Council remains on track to obtain a formal credit rating by April 2027, consistent with the implementation pathway outlined in the Water Services Delivery Plan.</td></tr>
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