Quarterly monitoring report - water services delivery plan

In-House Business Unit

Ōpōtiki District Council

Reporting period : 1 April 2026 to 30 June 2026

Submitted 30 July 2026

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

Part A: Progress updates

As part of the Water Service Delivery Plan (WSDP) submitted by Ōpōtiki District Council (ODC), there were two focus areas for implementation:

1. In House Business unit establishment
2. Exploring a joint Water Service Organisation (WSO) approach with neighbouring councils

We have structured this report to reflect the focus on these two areas.

Quarterly reporting period: 1 April 2026 to 30 June 2026 (In House Business Unit)

Activity / milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Recruit additional resource to help meet planning and reporting requirements	30/6/26	Yes	Status : Ongoing (noting this will continue to be assessed) • An assessment has been completed to determine resource requirements for AP26/27, this has been included in the AP26/27. • This includes a mixture of staff resources and contract resources required to deliver requirements of the legislation due between 1 Jul 2026 to 30 Jun 2027 – this will continue to be assessed throughout 2026. • A kick off meeting has been undertaken in July 2026 to ensure successful delivery for FY26/27 activities, including schedule, finance, risk and governance.
Investigate requirements and undertake any changes necessary to	30/6/26	Yes	Status : Ongoing (noting this will continue to be assessed) • An initial assessment of the requirements to achieve ringfencing has been undertaken, requirements will include :

completely ring-fence water services in financial systems, reporting systems, governance and structure.			○ Prepare development contribution policy and revenue and financing policy (developed alongside LTP27-37 – including relevant consultation) and incorporated into the Water Service Strategy ○ Understand changes to enable separate billing & reporting (Funds allocated in 26/27) ○ Update to systems & tools (Funds allocated in 26/27) • In addition further work is required to assess the overhead allocation for three waters and non-three waters to ensure the overhead split is appropriate. • ODC are working closely with Whakatāne and Kawerau councils to share knowledge / templates to efficiently deliver this requirement.

Quarterly reporting period: 1 April 2026 to 30 June 2026 (Exploring a Joint WSO with neighbouring councils)

Activity / milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Undertake technical study • Capture lessons from other WSOs set up nationally. Final report ready for governance decisions.	31/7/2026	Yes	Status : On Track • A draft technical report has been tabled with the Waters Working Group, with feedback received on 21 July 2026 • A final report, along with recommendation for all four councils will be tabled with the Waters Working Group on 17 August 2026
Community and iwi engagement • Develop engagement plan	30/9/2026	Yes	Status : On Track • Regional and local comms and engagement plan prepared and tabled with both WWG and individual councils for feedback.

• Partner with mana whenua throughout process. • Inform ŌDC's community progressively about the work of the Waters Working Group. The Waters Working Group to report back to ŌDC's elected members on a quarterly basis.			• Standard agenda item on WWG agenda to discuss comms and engagement status. • It was agreed in July 2026 to invite iwi representatives to be observers at the Water Working group, with representatives attending on 21 July 2026 meeting.

Expected activity in next quarter : 1 July 2026 to 30 September 2026 (In House Business Unit)

Milestone / deliverable	Due Date (Per WSDP)	Expected activity
Implement changes identified in the previous stage to enable water services to be billed separately and to bed in reporting systems for separate financial accounts for water services	30/6/27	Status : On Track • As noted above an initial assessment has been undertaken in regard to ring-fencing & billing separately. • Further work is required to assess the overhead allocation for three waters and non-three waters to ensure the overhead split is appropriate. • A kick off meeting has been undertaken in July 2026 to ensure successful delivery for FY26/27 activities, including schedule, finance, risk and governance.
Draft the Water Services Strategy	31/12/26	Status : On Track • ODC are engaging with Whakatāne District Council to identify potential to collaborate in the drafting of our strategies.

		• Aligned deliverables to support the LTP27-37 development timeframe
Prepare any proposed changes to the Development Contributions Policy and Revenue and Financing Policy	31/12/26	Status : On Track • Being delivered in accordance with the timeframes as determined by the LTP27-37 schedule

Expected activity in next quarter : 1 July 2026 to 30 September 2026 (Exploring a Joint WSO with neighbouring councils)

Milestone / deliverable	Due Date (Per WSDP)	Expected activity
Undertake technical study • Capture lessons from other WSOs set up nationally. • Final report ready for governance decisions.	31/7/26	Status : On Track (See comments above) • A final report, along with recommendation for all four councils will be tabled with the Waters Working Group on 17 August 2026 • Individual councils will then consider if they want to progress with community consultation on this WSO in September / October 2026
Community and iwi engagement • Develop engagement plan • Partner with mana whenua throughout process. • Inform ŌDC's community progressively about the work of the Waters Working Group. • The Waters Working Group to report back to ŌDC's elected members on a quarterly basis.	30/9/26	Status : On Track (See comments above) • A final report, along with recommendation for all four councils will be tabled with the Waters Working Group on 17 August 2026 • Individual councils will then consider if they want to progress with community consultation on this WSO in September / October 2026

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

Items noted in letters of acceptance	Progress update

Significant uplift in Capex programme
There is a significant uplift in the capex programme (over 200% compared to historical actuals).
	NO CHANGE From Previous Report (1/1/26 to 31/3/26). This will be updated in 2026 once the Annual report is available.
	• Overall delivery expenditure against the LTP budget was 29% in 24/25. From an asset management perspective, this lower level of delivery reflects a programme still building maturity in project readiness, scope definition, and delivery capacity, which can increase asset risk exposure and delay planned level of service improvements.
	• Delivery expenditure is forecasted to increase to 51% in 25/26. This is based on actual expenditure for Q1-3 and forecast expenditure for Q4 and includes the carryover budget from 24/25. This increase indicates an improving conversion of planned capital investment into delivered asset outcomes, supported by better alignment between capital programming and asset planning.
	• A Programme Delivery Improvement Plan has been developed and rolled out at ODC. This includes:
	  ○ Strengthening the Programme Delivery team with in-house leadership and new Project Lead and Coordinator roles to improve delivery governance, sequencing, and oversight across the Three Waters capital programme.
	  ○ The development of an Assets Team to ensure projects are well planned for, scoped and budgeted to provide the best value and outcomes for Council and the community. This strengthens the front end of the asset lifecycle by improving the link between asset condition, performance, risk, and investment decisions.
	  ○ Improved processes, templates, and documentation to support effective project management and delivery. This provides greater consistency, assurance, and transparency across the capital delivery lifecycle.
	  ○ Engagement of external project managers and subject matter experts. This supplements internal capacity and provides specialist technical assurance for complex Three Waters assets.
	• Delivery expenditure is forecasted to increase to 83% of the total 3-year budget by the end of 26/27 supported by this improvement plan. This forecast provides increased confidence that LTP commitments will be delivered, and that critical renewal and compliance-related assets will be addressed in a timely manner.
	• While this reflects a positive trajectory of improvement, continued focus on the delivery improvement plan is essential to further build delivery confidence. In particular, maintaining strong asset information, scope discipline and asset handover processes will be critical to ensure that increased delivery translates into sustainable asset performance, risk reduction, and value for money. As delivery ramps up, emphasis will shift from expenditure alone to demonstrating asset outcomes achieved, including reduced risk, improved compliance, and sustained levels of service

Items noted in letters of acceptance	Progress update
Price pathway is monitored during implementation. The average projected charges for water services rise from $2,175 to $5,485, an increase of 152% over 10 years. As a percentage of median household income this is an increase from 3.0% to 5.5%. This is significantly higher than the Department's guidance of 2.5% of medium household income. The council acknowledges this in their plan and notes that ongoing work to establish a joint water entity in the future as the key mitigation to address this. We note that under a future joint arrangement with other councils' affordability would improve.	**NO CHANGE From Previous Report (1/1/26 to 31/3/26).** The price pathway for the AP26/27 is as per the submitted WSDSP. ŌDC is exploring a joint WSO alongside Rotorua Lakes Council, Whakatāne District Council, and Kawerau District Council. As part of this exercise MartinJenkins has been commissioned to produce a technical report which will support council decision making. A key aspect of this report will address water services charging and compare the price pathway for a Joint WSO vs In-house business unit (as a comparator). This report will be available in July 2026, with each council making decisions on whether to proceed with community consultation in August 2026. Final decisions on whether to proceed with a Joint WSO will occur after community consultation, planned for Feb 2027 (as per the WSDP implementation plan).
Monitoring water services borrowing levels against limits and headroom during implementation Projected water services borrowings peak in 2028/29 at 576% net debt to revenue and breach the in-house water debt limit of 500% in all years, except for 2033/34. ŌDC has no borrowing headroom for water services until 2033/34 but has headroom at a whole of Council level and they could on lend if required.	**NO CHANGE From Previous Report (1/1/26 to 31/3/26).** The 2026/27 borrowing levels (3W and council) is largely as per the information as submitted in the WSDP. ŌDC is exploring a joint WSO alongside Rotorua Lakes Council, Whakatāne District Council, and Kawerau District Council. As part of this exercise MartinJenkins has been commissioned to produce a technical report which will support council decision making. This report will address water services borrowing levels and compare between a Joint WSO vs In-house business unit. This report will be available in July 2026, with each council making decisions on whether to proceed with community consultation in August 2026. Final decisions on whether to proceed with a Joint WSO will occur after community consultation, planned for Feb 2027 (as per the WSDP implementation plan).

Items noted in letters of acceptance	Progress update
Charging and Billing Arrangements Current charging mechanisms are described in detail. These will continue until 30 June 2028. Charging details are not provided for after this date.	**NO CHANGE From Previous Report (1/1/26 to 31/3/26).** ŌDC is exploring a joint WSO alongside Rotorua Lakes Council, Whakatāne District Council, and Kawerau District Council. If councils decide to proceed with a joint WSO, the intended start date for this WSO is 1 July 2028, as part of this joint WSO details of charging and billing will be defined as the Joint WSO is set up. Final decisions on whether to proceed with a Joint WSO will occur after community consultation, planned for Feb 2027 (as per the WSDP implementation plan). If the decision is made not to proceed with a Joint WSO by ŌDC, further work on the in-house charging and billing approach will be undertaken after February 2027.