Quarterly monitoring report - water services delivery plan

In-House Business Unit

South Taranaki District Council

Date submitted: 21 July 2026

Reporting period: 01 April 2026 – 30 June 2026

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

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*

Some examples of activities, deliverables and milestones that might be included

- *Complete any required service level agreement and operational handover from council*
- *Financial and treasury arrangements finalised (including LGFA access if amendments are required)*
- *Address financial separation / ringfencing requirements*

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: 01 April 2026 – 30 June 2026

Activity / milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
[Add as many milestones as identified]		**[Yes/No]**	**[Describe issues, risks and mitigations]**
Adopt a Policy and Governance framework to establish a Council Water Services Committee (or similar)	31 December 2025	Completed	Governance and policy frameworks were developed and adopted within the required timeframe. The Water Services Committee is now operational and provides governance oversight for three waters activities. All committee members have now been appointed, and the initial full committee meeting was held on 18 May 2026. No current issues or risks identified.
Appoint members to the new governing body (membership to be agreed and may include Elected Members, iwi representatives, and independent / professional members).	30 June 2026	Completed	All members have now been appointed to the Water Services Committee, and the first full committee meeting was held on 18 May 2026. With the Water Services Committee now established, governance input into the development of the strategy and performance framework has also commenced.
Develop and adopt the Strategic Plan and performance objectives.	30 June 2027	Yes	Development of the Water Services Strategy and performance objectives is underway. Initial scoping and alignment work has commenced, with key inputs being drawn from the Water Services Delivery Plan, Asset Management Plans, the 30-Year Infrastructure Strategy, and the IBU establishment work programme. No material issues have been identified at this stage. A key risk is alignment of timing across multiple planning inputs, particularly asset management planning and LTP development. This is being managed through coordinated programme planning and staged development of strategy components.

Implement improvements to meet financial ring-fencing requirements	30 June 2027	Yes	Good progress has continued across the financial ring-fencing workstreams during the quarter. Development of standalone financial structures for water services is progressing, including separation of revenue and expenditure, capital and operational budgets, assets and liabilities, and supporting frameworks for standalone financial reporting. Work is also underway to establish standalone general ledger and chart of accounts structures, together with separation of debtors, creditors and cashflows to support improved transparency and reporting. Council has engaged PwC's involvement to support the treasury and debt ring-fencing workstream. This work includes development of a methodology for allocating water-related debt, interest costs and treasury risks, together with consideration of refinancing requirements, liquidity management and future funding arrangements. PwC are also assisting in developing key design principles to ensure arrangements are fair, transparent, auditable and aligned with stakeholder and lender expectations. The separate three waters bank account remains a key initiative and is being progressed alongside system configuration work to support standalone cashflow monitoring, treasury management and future compliance requirements. Key risks continue to relate to financial system configuration, implementation of charging methodologies, and establishment of accurate cashflow tracking and reporting processes. These risks are being actively managed through detailed implementation planning, ongoing engagement with business units, specialist treasury advice and staged process changes.

Adoption in the 2027 Long Term Plan of changes to user charges for water services as outlined in the Endorsed Water Services Delivery Plan.	1 July 2027	Yes	No material issues or risks identified at this stage. Adoption of changes to user charges will be progressed through the 2027 Long-Term Plan (LTP) process, including consultation and decision-making in accordance with statutory requirements. The LTP process and workstreams are underway.
Implement the new structure, as shown in Figure 12 in approved WSDP.	30 June 2027	Completed	The new organisational structure was implemented on 4 May 2026. The structure strengthens leadership lines, role clarity, accountability for delivery, compliance, financial management and operational performance, and provides increased resourcing and focus within compliance.
Establish service level agreements (Identify, negotiate terms and agree KPIs for service level agreements with Council's key internal service providers).	31 December 2026	Yes	Good progress has been made on Service Level Agreements (SLAs). The first round of Engagement has been completed with Group Managers and service leads. The next phase is focused on developing charging methodologies, cost models, service definitions, cost recovery principles and transparent, defensible internal charging arrangements. No significant issues have been identified, although consistency and discipline in SLA implementation remains a key focus. This is being managed through standardised templates, engagement with internal service providers, and staged development of charging methodologies and KPIs.
Confirm and formalise arrangements for ongoing shared services with other councils. Develop new agreements where appropriate.	30 June 2027	Largely Complete	No issues or risks expected. Met with neighbouring councils (Stratford District Council and New Plymouth District Council) and renewed the Electrical and Control Systems Services Agreement. Shared service and/or supplier contracts for electrical maintenance services and chemical supply, amongst others, agreed to and will continue.

Develop a communications strategy internal and external for the transition to an IBU.	31 December 2026	Yes	Development of the communications strategy is underway and will primarily formalise and coordinate communication activity that has already occurred, rather than establish a new awareness process. Internally, there is already a good understanding of the transition to the In-House Business Unit. The full structure was implemented on 4 May 2026, all positions are filled, and job descriptions have been amended to reflect the required accountabilities, compliance obligations, financial responsibilities and service delivery expectations. Engagement has also occurred with Group Managers, department managers, team leaders and service leads through the Service Level Agreement discussions. Staff have been kept informed through internal newsletters and all-staff update presentations. The next step is to consolidate this into a structured communication plan that confirms key messages, audiences, channels, responsibilities and timing, with a focus on reinforcing role clarity, SLA implementation, financial separation requirements and the ongoing relationship between the IBU and other Council functions. Externally, the transition has already been communicated through Council and Water Services Committee reporting, engagement with other Taranaki territorial authorities, iwi engagement, and ongoing discussions with central government and regulatory agencies. The external component of the communications strategy will therefore focus on maintaining clear, consistent and transparent messaging for governance, iwi, regulators, neighbouring councils, key stakeholders and, where required, the wider community. Key messages will reinforce that the IBU model retains local decision-making, strengthens accountability, supports financial ring-fencing and transparency, and is being implemented in line with the approved Water Services Delivery Plan and Local Water Done Well requirements.

			No material issues or risks have been identified at this stage. The main risk is inconsistent messaging or stakeholder uncertainty as the programme moves from establishment into implementation. This is being mitigated through regular governance reporting, continued internal engagement, coordinated messaging with Communications and Customer Services, and staged updates aligned with key implementation milestones, including SLAs, financial ring-fencing, strategy development, LTP processes and full IBU operational readiness by 1 July 2027.

Expected activity in next quarter

Milestone / deliverable	Expected activity
Financial ring-fencing and IBU system readiness	Finalise SLA and internal charging frameworks, including charging methodologies and cost allocation models. Progress implementation of standalone financial reporting structures, chart of accounts changes and financial system configuration. Continue treasury and debt ring-fencing work, including development of methodologies for allocation of water-related debt and interest costs. Advance standalone cashflow management, reporting frameworks and compliance readiness activities.
Appoint members to the new governing body (membership to be agreed and may include Elected Members, iwi representatives, and independent / professional members).	All Water Services Committee members have now been appointed, and the first full committee meeting was held on 18 May 2026. Next-quarter activity will focus on supporting the Committee in its governance and oversight role for three waters activities.
Universal metering project.	Trials on different water meter technology Started in late April and will run for a period of at least 6 months. Results from the trials will form part of the business case and proposed options for universal metering brought forward from the LTP to be implemented.

AMP and 30 Year Infrastructure Strategy updating.	Continue reviewing and updating Asset Management Plans and the 30-Year Infrastructure Strategy to inform the Water Services Strategy, performance objectives, Long-Term Plan settings and the IBU establishment programme.
Implement the new structure, as shown in Figure 12 in approved WSDP.	The new organisational structure was implemented on 4 May 2026. Next-quarter activity will focus on embedding the structure, clarifying accountabilities, progressing any remaining recruitment, and ensuring compliance, reporting and operational performance responsibilities are set up and operating effectively.

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
The ongoing delivery of capital investment programme to ensure compliance with drinking water standards, including renewal of resource consents.	The capital delivery programme remains focused on achieving and maintaining regulatory compliance and ensuring planned investment is deliverable. Capital budgets and infrastructure planning are already largely aligned with Water Services Delivery Plan requirements, and compliance-driven projects continue to be prioritised. Multi-year projects are being phased to align with available resourcing and delivery capacity, supporting sustained progress while managing delivery risk.
Progress towards full funding of depreciation, as planned renewals are slightly lower than funded depreciation from 2028/29.	Progress towards full funding of depreciation continues to be monitored through Council's financial planning and forecasting processes. Further work will be undertaken to assess the relationship between funded depreciation, asset renewals and long-term funding requirements as part of the development of the 2027-37 Long Term Plan, Water Services Strategy and associated asset management planning. This work will support the ongoing financial sustainability of water services and ensure long-term funding arrangements remain aligned with planned asset reinvestment requirements.

Renewal of water take and stormwater consents over the next 5 years.	A structured programme will be developed to manage the renewal of water take and stormwater consents, taking into account current regulatory requirements and standards, and anticipated future standards. Initial assessment has identified that 16 of the Council's 27 consents are due to expire within the next five years, informing prioritisation and planning for renewals.
Implementation of universal water metering	Trials of different water meter technologies are progressing and will inform the business case and options for universal water metering. The outcomes will be considered alongside Long-Term Plan settings, financial ring-fencing requirements, operational readiness and customer impacts.