Quarterly Monitoring Report 2
Water Services Delivery Plan

Stratford Waters In-House Business Unit



DATE SUBMITTED: 31 JULY 2026
REPORTING PERIOD: 1 APRIL 2026 – 30 JUNE 2026

TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

Part A: Progress updates

Quarterly Report 1 – Complete

Reporting Period: 1 January 2026 – 31 March 2026

Workstream and Indicative Timeframes	Objectives	Commentary	Key Actions	Expected Completion Date	On track to meet timeframe?	Issues, risks and mitigations (if any)
Workstream 1 **Governance Structure** (3 months) Jan 2026 – Mar 2026	To establish robust governance arrangements to ensure clear decision-making, risk ownership and compliance oversight throughout the transition and beyond.	SDC will establish a Water Services Steering Group to provide strategic oversight throughout the transition period. This group, chaired by the Chief Executive, will include Directors from Assets Corporate and Community Services (governance), and will report quarterly to the Policy and Services Committee. Once established, the dedicated Manager, Water Services, will assume operational responsibility for all three waters functions, reporting directly to the Director- Assets will be the key interface with Taumata Arowai and other regulatory agencies. Clearly define responsibilities for governance (Council), operations (management), delivery (staff), and regulatory interface (external), to ensure appropriate separation of oversight and operations, consistent with DIA expectations and the LWDW framework.	Define internal and political accountability for the new business unit.	March 2026	**COMPLETE** • The **Water Services Committee** has also been formally established. **Appendix 1** (attached) provides the **Terms of Reference** (ToR) which define its Purpose, Membership, and defined Roles and Responsibilities for the purpose of strengthening governance and ensuring clear political accountability for the Stratford Internal Business Unit (SWIBU). The Committee will be chaired in the interim by the Mayor, until a suitable Independent Chair is appointed. • **Water Services Steering Group** has been established, see **Appendix 2** (attached) for ToR detailing its Purpose, Membership, and defined Roles and Responsibilities. The ToR also shows clear escalation and reporting mechanisms to Council. This Group will ensure internal accountability of the SWIBU. The first quarterly report to the Policy and Services Committee is June 2026. • Recruitment for the **General Manager - Business Unit** - is nearing completion. Appointment offers have been issued and accepted. The preferred candidate is scheduled for onboarding in May 2026. Once on board, the General Manager will assume operational responsibility for the 'Waters' functions, identify capability and resourcing needs and progress the recruitment of any additional specialist roles required to meet operational, strategic and compliance demands. This role will also play a critical part in establishing the ring-fencing requirements of legislation.	• **Risk 1:** The Council is unable to appoint a suitable Independent Chair to lead the **Water Services Committee.** **Mitigation: C**ouncil will follow an appropriate selection and appointment process but prior to starting this process has already received expressions of interest from independent persons with the appropriate skills. This risk is therefore considered low and most likely only short term if it arises at all. Should this risk eventuate, the Mayor will continue to chair this committee until a suitable appointment is found. • **Risk 2:** The General Manager - Business Unit does not commence employment as anticipated. **Mitigation:** In the event that the General Manager – Business Unit is unable to start as planned, the Director – Assets will continue to provide strategic and operational leadership to maintain continuity of service delivery. This will ensure that the legislatively mandated programme of works retains momentum and remains aligned with Council's obligations and timeframes. To further mitigate any capacity or expertise gaps, Council will engage experienced water-sector consultants on an as-needed basis. These specialists will provide targeted technical support, quality assurance and professional advice to ensure that delivery, compliance and risk management functions continue without interruption. This combined approach will ensure organisational stability, maintain progress on priority workstreams and reduce operational risk during the transitional period.
			Develop clear escalation and reporting mechanisms to Council.	March 2026		
			Embed risk and compliance tracking within governance reports.	March 2026		

Quarterly Report 2 – In Progress
Reporting Period: 1 April 2026 – 30 June 2026

Workstream and Indicative Timeframes	Objectives	Commentary	Key Actions	Expected Completion Date	On track to meet timeframe?	Issues, risks and mitigations (if any)
Workstream 1 **Governance Structure** (3 months) Jan 2026 – Mar 2026	To establish robust governance arrangements to ensure clear decision-making, risk ownership and compliance oversight throughout the transition and beyond.	SDC will establish a Water Services Steering Group to provide strategic oversight throughout the transition period. This group, chaired by the Chief Executive, will include Directors from Assets, Corporate Services, and Community Services, and will report quarterly to the Policy and Services Committee. The General Manager – Water Services, reporting directly to the Chief Executive, will assume operational responsibility for all Three Waters functions and be the key interface with Taumata Arowai and other regulatory agencies. Clearly define responsibilities for governance (Council), operations (management), delivery (staff), and regulatory interface (external), to ensure appropriate separation of oversight and operations, consistent with the Water Services Delivery Plan (WSDP).	Define internal and political accountability for the new business unit.	March 2026	**COMPLETE** • The **Water Services Committee** (Committee) held its inaugural meeting on 30 June 2026, with future meetings planned on a six-weekly cycle pursuant to the Terms of Reference (ToR) of the Committee. • Recruitment planning for the independent members of the Committee is underway, including an independent chair and a mana whenua representative. The Mayor continues to chair the Committee until an independent chair is appointed. • **Water Services Steering Group** held its inaugural meeting on 1 July 2026 and convenes fortnightly to provide operational oversight of the SWIBU Establishment Programme. • The **General Manager – Water Services** has been appointed and is responsible for delivering on the SWIBU Establishment Programme in addition to supporting the Director – Assets in providing operational responsibility for the Three Waters functions.	• **Risk:** The constitution of the **Water Services Committee** is incongruent with the intended outcomes contemplated in the WSDP in light of the Minister for Local Government's announcement on voting rights. • **Mitigation:** SDC will follow an appropriate selection and appointment process for each independent member but will ensure that the quorum of the Committee provides for sufficient elected member representation to enable fair and transparent decision making. Should the risk eventuate, amendments to the Committee ToR will be sought by Council resolution. The risk is assessed to be low. This approach will ensure organisational stability, maintain progress on priority workstreams and reduce operational risk during the transitional period.
			Develop clear escalation and reporting mechanisms to Council.	March 2026		
			Embed risk and compliance tracking within governance reports.	March 2026		

Workstream 2 **Financial Ringfencing Planning and Implementation** (15 months) Concurrent with Workstreams 3, 4 & 5 Apr 2026 – Jul 2027	To establish a transparent and legally compliant separate financial structure and general ledger that separates water services financial activities from SDC.	SWIBU's financial ringfencing will be implemented through a new and separate balance sheet and general ledger "entity" within the current SDC Enterprise Management System, Authority. This separate financial structure will: • Prevent cross-subsidisation between water and non-water services • Enhance transparency for ratepayers and regulatory bodies • Provide a basis for benchmarking and future investment planning • Ensure adequate funding is available for infrastructure investment. Quarterly financial reporting will include actuals vs budget, CAPEX progress, and commentary on key drivers. SDC will engage with its external auditor to verify the integrity of its ringfenced accounting framework prior to Day 1. Separate SWIBU business bank accounts, procurement, invoicing and loan accounts will be implemented from 1 July 2027 to ensure financial transactions are run independently and recorded accurately. Separation of the stormwater revenue from other UAGC revenue, through a new district-wide stormwater fixed rate per SUIP is to be implemented through the 2027-37 LTP process.	Create a separate general ledger and accounting structures "entity" for SWIBU within Authority.	July 2027	**ON TRACK** • The Finance and Commercial workstream of the Establishment Programme is responsible for delivering Workstream 2. • Early planning for financial separation has commenced as part of the 2027-37 LTP process, which aligns with the 1 July 2027 SWIBU Go Live date (Day 1). • Final opening balances can only be confirmed at end of financial year (EOFY). However, the reconciliation scope is being defined. This will include assets and depreciation, debt, reserves, cash, revenue and debtors, creditors, accruals, provisions and other opening balance adjustments. Trial reconciliations will be required before Day 1. • Planning for financial separation of stormwater services has commenced. This requires a change to the rating regime which will likely trigger community consultation through the 2027-37 LTP process. • SDC's Revenue and Financing Policy and Treasury Management Policy will be reviewed during the 2027-37 LTP process and updated to accommodate changes required as a result of the SWIBU. This will include funding, borrowing, debt, reserves, internal charging and the proposed separation of stormwater revenue. • SDC's investment plans and funding sources are also being reviewed in view of the Investment and Delivery Plan required under Clause 3.6 to Part 3 of the Water Services Information Disclosure Determination 2026 (Determination) to ensure that reporting remains fit for purpose with Commerce Commission expectations.	• **Risk 1:** Treatment of transactions crossing both Council and SWIBU activities. • **Mitigation 1:** A cutover date has been set in advance of Day 1, with reconciliations planned for EOFY. Processes and testing procedures are planned to assist with confirmation of opening balances. • **Risk 2:** Wellbeing and capacity of Finance team while 2027–37 LTP is being concurrently developed. • **Mitigation 2:** SDC is intending on deploying a dedicated Finance resource to support the SWIBU Finance and Commercial workstream. This will ensure that tasks on the critical path of the Establishment Programme remain on track without adding undue pressure to the existing Finance Team during a critical time. • **Risk 3:** Investment programme remains sensitive to asset data quality, modelling/planning assumptions, compliance requirements, and debt headroom. • **Mitigation 3:** Network models are being recalibrated, and asset data quality issues are slowly being identified, validated, and resolved. An Optimised Decision Making (ODM) tool is being developed to assist with investment prioritisation.
			Reconcile SDC's closing water services balance sheet items for transfer to the new SWIBU's "entity" in Authority from 1 July 2027.	July 2027		
			Develop the full range of financial reporting required to monitor and disclose financial performance, position and cashflows.	July 2027		
Workstream 3 **Review and implement Revenue, Investment and Financing Program** **Review and implement Revenue, Investment and Financing Programme** Concurrent with Workstream 2, 4 & 5 Apr 2026 – Jul 2027	To establish a financially sustainable model that supports long-term investment in water infrastructure while remaining affordable for ratepayers.	SDC will implement the financial plans and SWIBU's financial ringfencing from 1 July 2027 to align with the timing of the 2027-37 LTP and avoid the additional costs of an LTP amendment. The revenue and financial strategies will focus on full cost recovery over the long term, sufficient resources and financing availability for the planned infrastructure projects, and retaining affordability for the community. A separate Financial Strategy, Revenue and Financing and Treasury Policy will be developed for the SWIBU to support and guide its primary financial goals and purpose.	Review existing investment plans and funding sources.	July 2027		
			Update the Council's and develop SWIBU's Revenue and Financing Policy, Financial Strategy, and Treasury Policies.	July 2027		
			Integrate and adopt SWIBU's ringfenced finances into SDC's 2027-37 LTP.	July 2027		

Workstream 4 **Resource & Infrastructure Review** (6 - 9 months) Concurrent with Workstream 5 Apr 2026 – Dec 2026	Build the organisational, system, and infrastructure capability required to operate an in-house water services business unit under new regulatory standards	To support this transition, SDC will establish a dedicated team with the skills and capacity to meet the performance and compliance expectations under the new legislative framework. SWIBU will be supported by shared services from Finance, IT, and Communications, and will have access to specialist consultants as needed. Recruitment will be phased, beginning with key managerial roles in late 2025. A training programme will ensure that all staff understand the legislative framework, new SOPs, risk management, customer engagement protocols and systems (e.g. Assetfinda, SCADA).	Recruit staff.	December 2026	**ON TRACK** • The General Manager – Water Services was appointed and commenced in April 2026. A current-state resource and capability review is being undertaken to define the future operating model, required capacity, and role accountabilities. This will be used to identify an appropriate balance between dedicated SWIBU positions, Council shared services and specialist external support. Wider recruitment will follow confirmation of the target operating model. • The GIS position identified in the WSDP has been filled in advance of SWIBU establishment due to data reconciliation requirements. • SDC intends on approaching the market in August 2026 for a specialist resource to support the Finance and Commercial workstream.	• **Risk:** Limited recruitment period and availability of specialist skills in the Three Waters sector. • **Mitigation:** Approaching the market as early as reasonably practicable for specialist skills required to support mission-critical Day 1 outcomes.
			Train existing and new staff in regulatory and operational expectations.	December 2026	**ON TRACK** • Required competencies are being identified across the legislative and regulatory framework, standard operating procedures, risk and incident management, customer protocols, asset management, financial processes, and data governance. A SWIBU competency matrix and training programme will be developed following the resource review.	• **Risk:** The target date creates a relatively short period to assess gaps and deliver priority training whilst responding to a new regulatory framework. • **Mitigation:** Prioritising mission critical Day 1 outcomes and concomitant training requirements and involving current staff in current work packages for exposure. Staging training, aligning with sector guidance, and seeking opportunities for shared training across other water organisations in Taranaki to ensure the appropriate competencies are being prioritised at the right time.
			Ensure tools, systems, are in place to support compliance and customer service.	December 2026	**ON TRACK** • Key system interfaces have been identified, including the Enterprise Management System, Asset Management Information System, GIS, and OT. SWIBU will use the systems and tools currently utilised by SDC. • Data cleansing is currently underway. Once data quality is substantially resolved, data governance, standards, and processes are planned to be implemented.	• **Risk:** Data quality, system integration, access controls, and testing capacity are material risks particularly because SDC is currently undergoing significant back-end IT upgrades. • **Mitigation:** Clear data governance arrangements with data ownership, standards, and processes will partially mitigate these risks. Structured data cleansing, clear testing environments, and cutover arrangements will also ensure business continuity during a period of change.
			Engage the community to ensure needs are met and changes communicated	December 2026	**ON TRACK** • The Communications and Customer workstream of the Establishment Programme is responsible for delivering	• **Risk 1:** Mixed messages or mistimed communication creating confusion or unrealistic expectations. • **Mitigation 1:** Staged communications plan aligned with

			effectively.		Workstream 4. • Planned activity includes public updates, mana whenua and stakeholder engagement through established channels, customer-channel readiness, water education, and plain-language material explaining service changes.	programme decisions. Tactics will include a mix of general consultation and targeted engagement as appropriate. • **Risk 2:** SDC consulting on multiple high significance matters in a short span of time creating consultation fatigue. • **Mitigation 2:** Planned consultative periods will be used for any public consultation required for the SWIBU, such as changes to stormwater charging regime being included in LTP consultation.
Workstream 5 **Operational Development and Integration** (9 – 15 months) Concurrent with Workstream 4 Apr 2026 – Jun 2027	To develop the operational systems, internal relationships, and frameworks required to integrate the new water services unit with broader SDC functions and ensure seamless service delivery.	• SDC Integration: Ensure compatibility with core systems and processes, including finance (billing, procurement), GIS, HR, Finance, and asset management tools. • Service Delivery Framework: A written framework will define roles and responsibilities across teams, escalation procedures, customer service protocols, shared resource use. • Community & Stakeholder Engagement: A strategic communications and engagement plan will support the transition. This includes Public updates via SDC newsletters, website, social media, hui and briefings with mana whenua and key community stakeholders, development of customer-facing materials on service changes and water conservation. • Infrastructure Alignment: Prioritise infrastructure renewals and upgrades that support effective operational integration and minimise service disruption. • Quality Assurance and Compliance: SOPs and service-level tracking systems will ensure that operational performance is monitored, with corrective actions taken where needed. This includes incident response protocols, audit schedules, staff	Embed SWIBU processes with existing SDC functions.	June 2027	**ON TRACK** • SWIBU will use the established systems, tools, and processes currently utilised by SDC. • Relevant SDC policies will be reviewed to ensure that they are fit for purpose for the SWIBU.	
			Develop internal service level agreements (SLAs) and workflows to support cross-department collaboration.	June 2027	**ON TRACK** • 13 SLAs between SWIBU and SDC departments are substantially complete, including: ○ Finance ○ Governance ○ Human Resources ○ Health and Safety and Emergency Management ○ IT and Information Management ○ Communications ○ Customer Services ○ Contracts and Procurement ○ Development Controls ○ Property and Facilities ○ Parks and Reserves ○ Wai O Rua – Stratford Aquatic Centre ○ Fixed Management.	• **Risk:** Charging methodology does not meet expectations of Commerce Commission. • **Mitigation:** Advice to be sought directly from Commerce Commission around expectations, timing, and level of detail required in charging methodology.
			Establish a formal service delivery framework.	June 2027	**ON TRACK** • The intended framework will encompass roles and	• **Risk:** Simplifying Local Government will likely impact the operating model of SWIBU.

		performance dashboards, and environmental compliance trackers.	Prepare operational teams and the community for the service transition	June 2027	responsibilities, escalation pathways, customer-service protocols, shared-resource arrangements, incident response, compliance monitoring, contractor interfaces and business-continuity requirements. • Operational continuity arrangements are in place. The Establishment Programme is identifying the readiness activities required for staff, contractors, elected members, and communities.	• **Mitigation:** Subject to Government acceptance of SDC's preferred Head Start Proposal and General Elections 2026, SDC will review the WSDP and explore opportunities for reprioritising the Establishment Programme to focus efforts on value-add work. SDC may also review whether an amendment to the WSDP is required.

Water Services Implementation Milestone Roadmap

TE KAUNIHERA Ā ROHE O WHAKAAHURANGI
STRATFORD DISTRICT COUNCIL

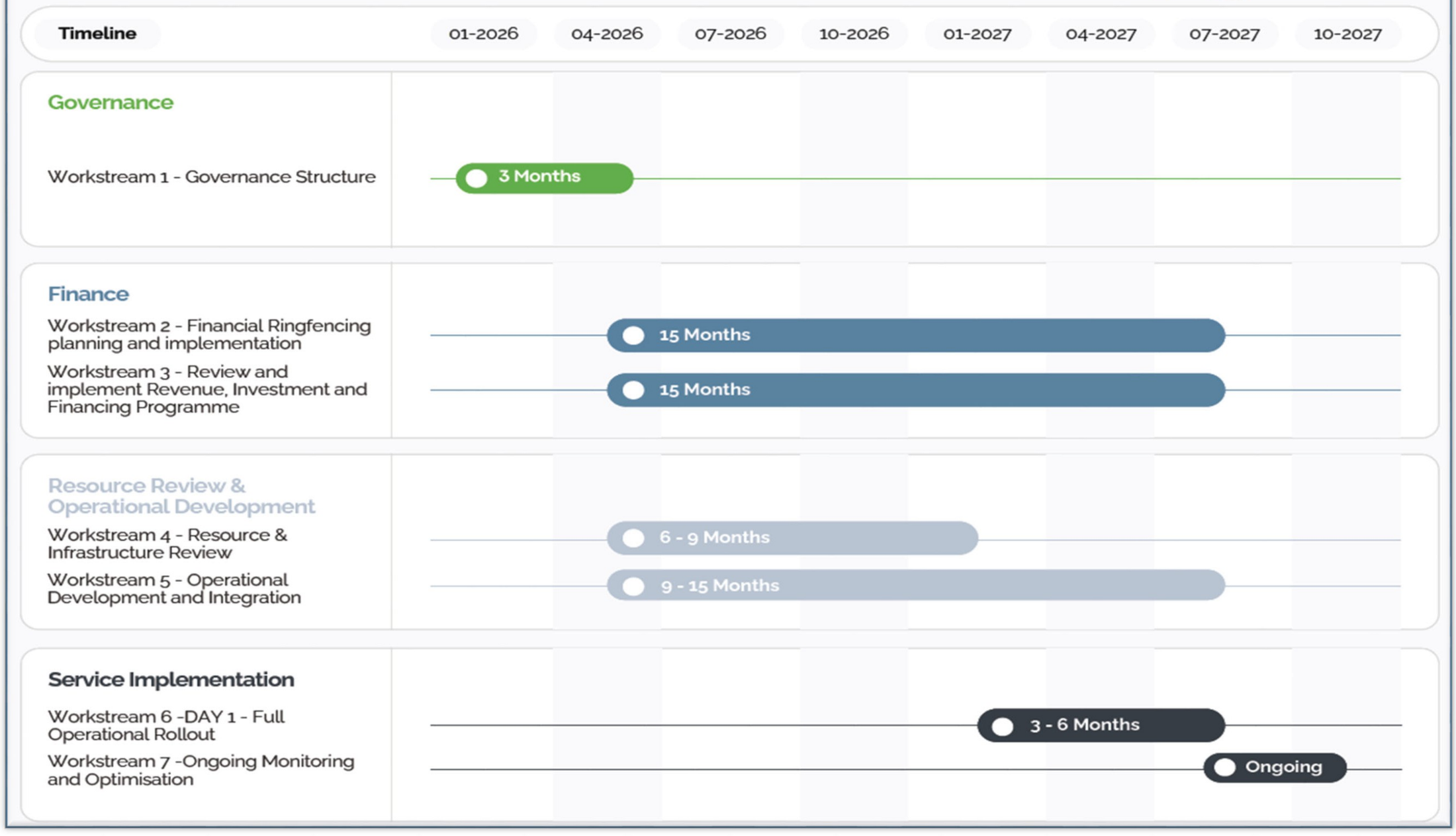


Figure 1: Water Services Implementation Milestone Chart

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

	Items noted in letters of acceptance	Progress update
1	Monitoring the implementation of the renewals investment programme.	A comprehensive progress update based on the significant capital projects for Water, Wastewater and Stormwater of the WSDP **(Page 71 – 73)** has been summarised below **(Table 1 – 3)**. Many projects have been delivered under budget, a reflection of the competitive tendering process engaged in supplier selection. Note also additional projects brought forward from LTP Year 3 to Year 2 **(Table 1, Item 7**) and LTP Year 4 to Year 2 **(Table 2**, **Item 8).** These projects are expected to be substantially complete by the end of the funded FY. Overall, SDC is on track to deliver all LTP projects within their respective timeframes.
2	Monitoring the implementation of the compliance projects.	
3	Monitoring implementation of capital investment program.	

Table 1: Drinking Water Significant Capital Projects

Item	A. Drinking Water	Budget		Renewal	Compliance	Investment	Progress
	Projects to Improve Levels of Service	**LTP**	**Projected/Actual**				
1	Universal Water Metering	$ 1,593,851	$ 1,614,180		☑	☑	Complete.
2	Street Work Ridermains	$ 100,000	$ 118,276			☑	Complete.
3	Toko Storage Tank	$ 20,000	$ 12,622			☑	Complete.
4	Alternative Power Supply for Midhirst and Toko	$ 50,000	$ 56,201			☑	Construction - Electrical works underway as part of the design and build contract.
5	Reticulation Modelling	$ 102,500	$ 42,095			☑	Complete.
7	Stratford Bore Water Supply	$ 102,500	$ 670,000		☑	☑	Project complete and investigation successful. Council has brought forward the construction works scheduled for LTP Year 4 to Year 3.
8	Fuel Tank for Generator	$ 41,000	$ 18,225			☑	Complete.
10	Midhirst Resource Consent	$ 50,000	$ 15,788		☑		Complete.
	Total	**$ 2,059,851**	**$ 2,547,387**				
	Projects to Replace Existing Assets						
6	Street Work Ridermains	$ 200,000	$ 200,901	☑		☑	Complete.
9	Infrastructure Renewal	$ 440,911	$ 440,911	☑			Ongoing as replacement is required.
11	Stratford Grit Tanks	$ 4,120,000	$ 4,120,000	☑		☑	Construction underway, due for completion in August 2026.

12	Fluoride Plant Upgrade	$ 300,000	$ 162,525		☑	☑	Installation underway.
13	Stratford Bulk Water Delivery System	$ 0	$ 17,360	☑			Complete.
14	Midhirst Reservoir Cleaning	$ 60,000	$ 36,072	☑	☑		Complete.
	Membranes	$ 160,000	$ 141,500				Complete.
	Total	**$ 5,280,911**	**$ 5,119,269**				
	Drinking Water Total	**$ 7,340,762**	**$ 7,666,656**				

Table 2: Wastewater Significant Capital Projects

Item	B. Wastewater	Budget		Renewal	Compliance	Investment	Progress
	Projects to Improve Levels of Service	**LTP**	**Projected/Actual**				
5	Treatment Plant Upgrade	$ 562,500	$ 423,034		☑	☑	Ongoing. Ultrasonic Algae Destroyers to be installed on all ponds.
1	Wastewater Reticulation Modelling	$ 0	$ 43,460			☑	Complete.
2	Pipework Capacity Increase	$ 100,000	$ 64,382			☑	Complete.
3	Pipe at Swansea Road Bridge	$ 157,901	$ -	☑		☑	Complete, as per Swansea Road Replacement project.
	Total	**$ 820,401**	**$ 530,876**				
	Projects to Replace Existing Assets						
1	Wastewater Reticulation Modelling	$ 50,000	$ 48,038			☑	Complete.
4	Safety Renewals	$ 207,767	$ 207,767	☑			Ongoing as replacement is required.
6	Pipe at Swansea Road Bridge	$ 300,000	$ 223,872	☑		☑	Complete.
7	Infiltration Renewals	$ 765,535	$ 959,535	☑	☑		Co-funding of $194,000 has been applied from the Better off Funding (BoF). Works are included in the Sewer Lining Maintenance Contract.
8	Desludging Pond	$ -	$ 1,800,000	☑	☑		Works underway, for substantial completion in December 2027. Note that this project has been brought forward from LTP Year 4 to Year 2.
9	Step/Aerate Treatment Renewals	$ 107,719	$ 91,928	☑	☑		Ongoing - as replacement is required.
10	Campervan Discharge Facility	$ 10,527	$ 10,527	☑			Design for replacement in FY2027-28.
	Total	**$ 1,441,548**	**$ 3,341,667**				

	Wastewater Total	**$ 2,261,949**	**$ 3,872,543**			

Table 3: Stormwater Significant Capital Projects

Item	C. Stormwater	Budget		Renewal	Compliance	Investment	Progress
	Projects to Improve Levels of Service	**LTP**	**Projected/Actual**				
1	Pipework Capacity Increase	$ 157,901	$ 157,901			☑	Scheduled for Year 3, following the completion of the Stormwater Modelling Project.
2	Safety Improvements	$ 50,000	$ 18,230	☑	☑	☑	Complete.
3	Modelling	$ 400,000	$ 112,735			☑	Initial model complete, extra validation being carried out.
	Total	**$ 607,901**	**$ 288,866**				
	Projects to Replace Existing Assets						
4	Safety Improvements	$ 21,053	$ 21,053	☑	☑	☑	Scheduled for Year 3.
5	Reticulation Renewals	$ 307,767	$ 307,767	☑			Ongoing, as replacement is required.
	Silt Retention – Victoria Park	$ 100,000	$ 159,652				
	Total	**$ 428,820**	**$ 136,118**				
	Stormwater Total	**$ 1,036,721**	**$ 424,984**				

	GRAND TOTAL	**$ 10,639,432**	**$ 11,964,183**			

Expected activities in next quarter(s)

Workstream and Indicative Timeframes	Objectives	Commentary	Key Actions	Expected Completion Date	On track to meet timeframe?	Issues, risks and mitigations (if any)
Workstream 2 **Financial Ringfencing Planning and Implementation**	To establish a transparent and legally compliant separate financial structure and general ledger that separates	SWIBU's financial ringfencing will be implemented through a new and separate balance sheet and general ledger "entity" within the current SDC Enterprise Management System, Authority. This separate financial structure will:	Create a separate general ledger and accounting structures "entity" for SWIBU within Authority.	July 2027	**ON TRACK** • The Water Services Strategy (WSS) will be developed in tandem with the 2027 – 2037 LTP to ensure alignment with financial separation, forecasting assumptions, and	

Workstream and Indicative Timeframes	Objectives	Commentary	Key Actions	Expected Completion Date	On track to meet timeframe?	Issues, risks and mitigations (if any)
(15 months) Concurrent with Workstreams 3, 4 & 5 Apr 2026 – Jul 2027	water services financial activities from SDC.	• Prevent cross-subsidisation between water and non-water services • Enhance transparency for ratepayers and regulatory bodies • Provide a basis for benchmarking and future investment planning • Ensure adequate funding is available for infrastructure investment. Quarterly financial reporting will include actuals vs budget, CAPEX progress, and commentary on key drivers. SDC will engage with its external auditor to verify the integrity of its ringfenced accounting framework prior to Day 1. Separate SWIBU's business bank accounts, procurement, invoicing and loan accounts will be implemented from 1 July 2027 to ensure financial transactions are run independently and recorded accurately. Separation of the stormwater revenue from other UAGC revenue, through a new district wide stormwater fixed rate per SUIP is to be implemented through the 2027-37 LTP process.	Reconcile SDC's closing water services balance sheet items for transfer to the new SWIBU's "entity" in Authority from 1 July 2027.	July 2027	consultative timeframes. • Work has already commenced on the Asset Management Plan, which will now be transposed against the requirements for a Strategic Asset Management Plan and Investment and Delivery Plan pursuant to the Determination.	
			Develop the full range of financial reporting required to monitor and disclose financial performance, position and cashflows.	July 2027		
Workstream 3 **Review and implement Revenue, Investment and Financing Programme** (15 months) Concurrent with Workstream 2, 4 & 5 Apr 2026 – Jul 2027	To establish a financially sustainable model that supports long-term investment in water infrastructure while remaining affordable for ratepayers.	SDC will implement the financial plans and SWIBU's financial ringfencing from 1 July 2027 to align with the timing of the 2027-37 LTP and avoid the additional costs of an LTP amendment. The revenue and financial strategies will focus on full cost recovery over the long term, sufficient resources and financing availability for the planned infrastructure projects and retaining affordability for the community. A separate Financial Strategy, Revenue and Financing and Treasury Policy will be developed for the SWIBU to support and guide its primary financial goals and purpose.	Review existing investment plans and funding sources.	July 2027		
			Update the Council's and develop SWIBU's Revenue and Financing Policy, Financial Strategy, and Treasury Policies.	July 2027		
			Integrate and adopt SWIBU's ringfenced finances into SDC's 2027-37 LTP.	July 2027		
Workstream 4 **Resource & Infrastructure**	Build the organisational, system, and infrastructure capability required to operate an in-house water	To support this transition, SDC will establish a dedicated team with the skills and capacity to meet the performance and compliance	Recruit staff.	~~December 2026~~ March 2027	**ON TRACK** • Subject to the outcomes of the Resource & Infrastructure Review, the General Manager – Water Services will lead a	• **Risk:** The Three Waters sector has been in a state of reform for nearly a decade, which has been compounded by the impacts of Simplifying Local Government. These conditions create noticeable

Workstream and Indicative Timeframes	Objectives	Commentary	Key Actions	Expected Completion Date	On track to meet timeframe?	Issues, risks and mitigations (if any)
Review (6 - 9 months) Concurrent with Workstream 5 Apr 2026 – Dec 2026	services business unit under new regulatory standards	expectations under the new legislative framework. SWIBU will be supported by shared services from Finance, IT, and Communications, and will have access to specialist consultants as needed. Recruitment will be phased, beginning with key managerial roles in late 2025. A training programme will ensure that all staff understand the legislative framework, new SOPs, risk management, customer engagement protocols and systems (e.g. Assetfinda, SCADA).			workplace change process to establish the appropriate structure and capability arrangements for the SWIBU. • SDC does not consider it feasible or appropriate to complete this in December 2026. March 2027 is assessed to be a more appropriate date as it is closer Day 1, will allow pertinent information from General Elections and Simplifying Local Government to be factored into the process, and enables sufficient time for all parties to engage in the process.	change fatigue, impacting staff wellbeing and the ability for councils to retain talent. Another workplace change process exposes SDC staff to further change fatigue. • **Mitigation:** Initiating the workplace change process early to ensure SDC can conduct a fair and transparent process and affected staff have sufficient time to engage.
			Train existing and new staff in regulatory and operational expectations.	December 2026	**ON TRACK** • A review of key operational documents and processes will be conducted in consultation with staff, which will provide an opportunity for training. • Appropriate Learning and Development opportunities relevant to statutory or operational expectations will be sought.	
			Ensure tools, systems, are in place to support compliance and customer service.	December 2026	**ON TRACK** • Planned system and software upgrades will be implemented. • Data cleansing and fault analysis will be concurrently performed to inform the development of improved processes, data governance, and data standards.	• **Risk:** Data quality, system integration, access controls, and testing capacity are material risks particularly because SDC is currently undergoing significant back-end IT upgrades. • **Mitigation:** Clear data governance arrangements with data ownership, standards, and processes will partially mitigate these risks. Structured data cleansing, clear testing environments, and cutover arrangements will also ensure business continuity during a period of change.
			Engage the community to ensure needs are met and changes communicated effectively.	December 2026	**ON TRACK** • Planned activity includes public website updates, mana whenua and stakeholder engagement through established channels, ensuring that SDC does not duplicate consultative requirements.	

Workstream and Indicative Timeframes	Objectives	Commentary	Key Actions	Expected Completion Date	On track to meet timeframe?	Issues, risks and mitigations (if any)
Workstream 5 **Operational Development and Integration** (9 – 15 months) Concurrent with Workstream 4 Apr 2026 – Jun 2027	To develop the operational systems, internal relationships, and frameworks required to integrate the new water services unit with broader SDC functions and ensure seamless service delivery.	• SDC Integration: Ensure compatibility with core systems and processes, including finance (billing, procurement), GIS, HR, Finance, and asset management tools. • Service Delivery Framework: A written framework will define roles and responsibilities across teams, escalation procedures, customer service protocols, shared resource use • Community & Stakeholder Engagement: A strategic communications and engagement plan will support the transition. This includes Public updates via SDC newsletters, website, social media, hui and briefings with mana whenua and key community stakeholders, development of customer-facing materials on service changes and water conservation • Infrastructure Alignment: Prioritise infrastructure renewals and upgrades that support effective operational integration and minimise service disruption. • Quality Assurance and Compliance: SOPs and service-level tracking systems will ensure that operational performance is monitored, with corrective actions taken where needed. This includes incident response protocols, audit schedules, staff performance dashboards, and environmental compliance trackers.	Embed SWIBU processes with existing SDC functions.	June 2027	**ON TRACK** • SWIBU will use the established systems, tools, and processes currently utilised by SDC. • Relevant SDC policies will be reviewed to ensure that they are fit for purpose for the SWIBU.	
			Develop internal service level agreements (SLAs) and workflows to support cross- department collaboration.	June 2027	**ON TRACK** • 13 SLAs between SWIBU and SDC departments will be complete.	
			Establish a formal service delivery framework.	June 2027	**ON TRACK** • Continue implementing service delivery framework unless a change to operating conditions or potential improvement necessitates review.	• **Risk:** Simplifying Local Government will likely impact the operating model of SWIBU. • **Mitigation:** Subject to Government acceptance of SDC's preferred Head Start Proposal and General Elections 2026, SDC will review the WSDP and explore opportunities for reprioritising the Establishment Programme to focus efforts on value-add work. SDC may also review whether an amendment to the WSDP is required.