Quarterly monitoring report - water services delivery plan

Water Services CCO

Tauranga City Council / Western Bay of Plenty District Council

[For the period April to June 2026]

31 July 2026

Council plans that establishing water organisations

Part A: Progress updates

Quarterly reporting period: [1 April to 31 June 2026]

Milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Develop Tangata Whenua partnership plan	Aug – Dec 25	New Time frame Dec 2026 Dependent on new senior staff member commencing with WO	**Report 2 – revised Narrative** Report presented to the WO Joint Committee in June 2026 to confirm the scope and key components of a draft Tangata Whenua workplan. The workplan will be finalised by the Strategic Māori and Iwi Partnerships role when appointed (currently recruiting). Some operational components will be undertaken in terms of policy and process development utilising existing arrangements as the starting point. **Risk**: • Political alignment between the two shareholder councils. • December 2025 target has already passed, but work continues on ensuring there is a good outcome.
Recruit and appoint a Joint Programme Director	Sept/October 25	Completed May 2026	**Report 2 – revised Narrative** **Commentary**: CEO for WSCCO was appointed in April. The role of Establishment Programme Manager has been appointed, successful candidate was Cathy Davidson. The role is accountable to the WS CEO and the two council project sponsors.
Due Diligence process starts, which includes independent review of asset and financial information	Sept 25 – March 26	Completed April 2026	**Report 2 – revised Narrative** Due diligence completed and reports presented to Council(s) 24th March. All reports accepted. Allowed establishment team to progress next stage. Council decisions confirmed the WO formation between WBODPC and TCC on 02 April 2026.

Milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Establish project governance and project team structures for WO	Early 2026	Completed	**Report 2 – revised Narrative** WS CEO and other project team structures all in place. This includes all workstream leads and establishment project support resources. The establishment team have co-located to TCC offices. Establishment programme and milestone monitoring has started, with reporting through to a project steering group. **Risk** • Clarity of project scope, given the complexity and size of the necessary programme
Establish ~~Shareholder Council~~ Joint Committee (TCC/WBOPDC) if approved *(now to be called a Joint Committee)*	Commence early 2026	Establishment Completed Committee Structures Ongoing	**Report 2 – revised Narrative** Joint Committee has been established. The committee is a committee that does not have decision making powers. It has been formed with 3 representatives for each of the following stakeholders/shareholders: • WBOPDC • TCC • Tangata Whenua **Risk** • The complexity and timeliness of getting decisions made
Developing WO Shareholder Agreement, Constitution, and other key documents	Early 2026	Yes Underway	**Report 2 – revised Narrative** Finalising decisions on commercial terms with Elected Members is largely complete. Foundation document will be presented to Council meetings in WBOPDC August and TCC September. Execution of foundation documents is expected in mid September 2026. **Risk** One outstanding matter relating to the operational influence, if any, the shareholders will have over charging for stormwater services. However, the parties have agreed to work together in good faith to resolve this issue prior to executing the foundation documents.

Milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Recruit key management roles - (either Interim or permanent) WO CEO, CFO, CDO	Apr – June 26	CEO Completed CFO Strategic Māori Relationships Underway	**Report 2 – revised Narrative** WO CEO commenced work in April 2026. Currently recruiting for a CFO, that interview process and reference checking should be complete by end of July. Appointment to this role (depending on any notice periods) is expected to be by November 2026. All workstream leads are in place to ensure progress of the establishment programme. Establishment Team is in place – all workstreams have Leads and an agreed plan. Strategic Communications Advisor in place. CFO and Manager Strategic Māori Relationships roles are at interview stage Other senior roles will be recruited when required.
Transfer arrangements, Statement of Expectations underway	Jan – Dec 2026	Commenced	**Report 2 – revised Narrative** Significant progress has been made on both the SOE and the TA. Both documents are in draft form. The draft SOE will be presented to elected members in July 2026. The draft TA will be shared in December 2026. **Risk** Complexity relating to the transfer of land to the WO, particularly where assets are sited on reserve land
Commence drafting of Water Services Strategy (WSS)	January 2027 onwards	Not yet started	**Report 2 – revised Narrative** Programme and process to prepare the WSS has been developed. An external consultant has been engaged to assist with the development of the WSS alongside the Strategic Asset Management Plan, the Asset Management Plans and the Investment Delivery Plan. **Risk** The possible extent of changes or gaps that may be surfaced as part of the work undertaken with AMPS, SAMPS and capital prioritisation.

Milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Go live with multi–Council WO	**1 July 2027**	**On Track**	Focus is on a safe transition. The team are focused in maintaining status quo as far as possible to minimise disruption for customers. There is a low appetite for any transformation work prior to go-live, with the exception of the development of new digital systems (incl Finance) to replace out of date or unsuitable legacy systems. Targeting early digital system (Finance, Payroll, Asset mgmt.) processes in place to ensure rigorous testing Bringing together staff from two separate organisations requires a strong focus. Change Management and communication channels all have a high priority for the Establishment Team.

Expected activity in next quarter

Milestone / deliverable	Expected activity
Digital Programme - Phase 1	**Report 2 – revised Narrative** On track to go live and exit Watercare systems by November 2026
Digital Programme - Phase 2	**Report 2 – revised Narrative** Phase 2 decisions supported by Council(s), (with the exception of more information required on whole of life operating costs for a new HR and payroll system). This gives the green light for joint partnership between TCC/WBOPDC and IAWAI. Awaiting final confirmation from IAWAI in relation to extent of services and timing.
Establish Joint Committee	**Report 2 – revised Narrative** Joint Committee structures all in place.
Board recruitment	**Report 2 – revised Narrative** Board member appointments and remuneration to go to Councils in early August, appointing a Chair and 2 directors. Two additional directors will be recruited in early 2027 2026, to bring the Board up to 5 members. Board commences on 01 September 2026.
Constitution and Shareholders Agreement	**Report 2 – revised Narrative** Completion expected August/September.
Transfer Agreement	**Report 2 – revised Narrative**

Milestone / deliverable	Expected activity
	Draft document and schedule planned for December 2026 with endorsement in February 2027
Stormwater – Land transfer	**Report 2 – revised Narrative** Work is well progressed. Work is complex with many scenarios of land ownership, assets of land and various land statuses found.
Stormwater - charging	**Report 2 – revised Narrative** Currently awaiting a written legal opinion on the preferred process for undertaking stormwater charging (Council billing on behalf of the Water Organisation). Capital value rating is the preferred method of rating (for Year 1) by the two Councils.
CCO Establishment	**Report 2 – revised Narrative** CCO establishment is continuing the progress. The founding documents are due to be confirmed by councils. Kevin Lavery has started as the new CEO. Board appointments are pending. Incorporation of CCO expected October 2026. Transition Agreement is due to be presented to Councils – October 2026. Establishment programme is on track.
Recruitment of key roles	**Report 2 – revised Narrative** Currently recruiting: Chief Financial Officer, Strategic Māori Relationships Advisor, HR Business Partner, Change Manager. Additional resources (positions) to support the establishment team and to support the Phase 2 Digital Programme.
Significance and Engagement Policy	**Report 2 – revised Narrative** Development of the Significance and Engagement Policy is underway. Anticipate that the WO will adopt the final policy in December 2026.
Charging methodology	**Report 2 – revised Narrative** Legal opinion sought for pass through billing for wastewater and stormwater services
Workforce - Organisational Design	**Report 2 – revised Narrative** People and Workforce workstream focusing work on a number of key milestones in next quarter: • Staff pathways • Organisational design, mapping from current positions to new organisation design • Position descriptions and recruitment for senior roles
Asset Revaluation	**Report 2 – revised Narrative** Procurement for external contractor to undertake the revaluation has been completed with revaluation to start November 2026.

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

Items noted in letters of acceptance	Progress update
Delivery of capital programme • Both councils have significant capital programmes over the ten-year period, with some significant projects being front loaded early in the Plan. • Both councils note significant opportunities for procurement efficiencies through the establishment of the WSCCO.	**Report 2 – revised Narrative** Have appointed a consultant to assist with: • A joint framework for prioritisation of capital programme. • Priortisation of combined capital programme • Smoothing of the capital programme • Gaps analysis of the AMPs • Part of the Investment Delivery Plan will be to assess the deliverability of the programme • Procurement efficiencies – procurement policy for the WO to ensure a smooth transition between the councils and the WO.

Items noted in letters of acceptance	Progress update
Delivery of project required to achieve regulatory compliance • WBOP's water supplies are non-compliant with protozoa requirements, with planned capital investments to achieve compliance by 2028. Planned investment also aims to address noncompliance with consents by 2028.	**Report 2 – revised Narrative** Western Bay has invested in the upgrade of 7 of its 8 water treatment plants to install UV units that is providing protection against protozoa. These upgrades were completed in the first and second quarter of the financial year and compliance has been achieved since. A contract has been awarded for the remaining site and compliance is expected to be achieved by the end of 2026
WSCCO – pricing strategy, including possible smoothing of the price path over next 10 years • The WBOP average charge peaks in 2029/30 at $4,306 per connection before reducing to $3,456 in 2033/34. The price path relies on economies of scale and efficiencies from the WSCCO being realised from 2029/30 onwards. The WBOP pricing is based on a cost to serve model. As the capital programme is front loaded with renewals the costs associated with these renewals need to be funded over the first half of the Plan. As the renewals reduce in the outer years, the average charges reduce to reflect the cost to serve. The average pricing for WBOP decreases from 2029/30 and affordability of average charges improves as the economies of scale and efficiencies are realised. Our assessment is the pricing strategy can be optimised to smooth the price path for the WSCCO utilising the financing tools available	**Report 2 – revised Narrative** The pricing strategy will be considered as part of the Water Services Strategy, alongside the commencement of the Board and CFO.

Kevin Lavery
Chief Executive Officer,
Water Services CCO for Tauranga City and Western Bay of Plenty District Councils