Quarterly monitoring report - water services delivery plan

In-House Business Unit

Thames Coromandel 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 Thames Coromandel District Council (TCDC), there were two focus areas for implementation:

1. In House Business unit establishment
2. Exploring a joint WSO approach with Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBOPDC)

As noted in the TCDC WSDP we intended to partner with TCC and WBOPDC to form a three party joint WSO. Unfortunately on the 5 August 2025, WBOPDC and TCC voted to proceed with a joint WSO that did not include TCDC. As a result of this decision TCDC proceeded with an in-house business unit as it's only option for submitting a compliant WSDP.

At the time of approving their WSDP, TCDC continued to explore a partnership with TCC and WBOPDC. This included writing a letter to the Minister requesting a Crown Facilitator. The Minister advised TCDC that a Crown Facilitator would not be appointed and to date the agreement by WBOPDC to include TCDC in the joint WSO has not progressed to a point that TCDC can actively be involved in a joint WSO. As a result of this, key milestones (as identified in the TCDC WSDP) are not being achieved. A update on progress is captured below.

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

Activity / milestone / deliverable	Due Date (Per WSDP)	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	Complete	Status : Complete (noting this will continue to be assessed) • An assessment has been completed to determine resource requirements for AP26/27, this has been approved 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.

			• Contracts have been put in place with GHD to support the Water Service Strategy Development • Other resources for delivering the in house business unit is leveraging in-house resources with a mix of contracts – 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 completely ring-fence water services in financial and reporting systems	30/6/26	Complete	Status : Complete (noting this will continue to be assessed)
			• An initial assessment of the requirements to achieve ringfencing has been undertaken, requirements will include :
			  ○ Fees & Charges, Development contribution policy and finance strategy (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.
			• A kick off meeting has been undertaken in July 2026 to ensure successful delivery for FY26/27 activities, including schedule, finance, risk and governance.

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	1/7/26 – 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.
Determine if any changes are required – _governance and structure to support the new water services legislation	1/7/26 – 30/6/27	Status : On Track • A kick off meeting has been undertaken in July 2026 to ensure successful delivery for FY26/27 activities, including schedule, finance, risk and governance. • This requirement will be assessed as we progress through FY26/27.
Draft the Water Services Strategy	1/7/26 – 31/12/26	Status : On Track • A contract was put in place with GHD in June 2026 to deliver the WSS. • Outline framework of WSS drafted • Aligned deliverables to support the LTP27-37 development timeframe
Prepare any proposed changes to the Development Contributions Policy and Revenue and Financing Policy	1/7/26 – 31/12/26	Status : On Track • Being delivered in accordance with the timeframes as determined by the LTP27-37 schedule

Update : Exploring approach with TCC/ WBOPDC

Milestone / deliverable	Activity to date
TCDC joins TCC/ WBOPDC in WSO establishment	• TCDC continue to explore opportunities to join the TCC/WBOPDC Joint WSO • Through Simplification of Local Government reform, this option (Northern BoP) has been identified, each council (Tauranga, Western Bay and Thames-coromandel) is considering this as a realistic option. • Depending on the decision from councils on which Headstart proposal is progressed with on 9 August 2026, we will need to re-assess the approach for TCDC on LWDW.

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

Items noted in letters of acceptance	Progress update
Capital projects programme is monitored during implementation. TCDC has historically under-delivered on planned capital projects over the past six years, with an average deliverability of 38% for renewals and 54% for total investment. Deliverability is projected to improve to 64% for both renewals and total investment in 2024/25.	**NO CHANGE From Previous Report (1/1/26 to 31/3/26). This will be updated in 2026 once the Annual report is available.** Extract from Quarterly report (1/1/26 to 31/3/26) : The annual report (24/25) does not separate out the Three Waters activities. The Three waters team have confirmed the capex performance for 24/25 is as follows. Total budget $27.8M, actuals of $17.7M (64% delivery against forecast). A review of capital delivery was prepared and tabled with the TCDC Infrastructure and Finance Committee (30 Apr 2026). This included actuals up to end February 2026, with forecasts for the period (March 2026 – June 2026). For Three Waters the total budget for FY25/26 is $20.7M, actuals to date total $8M with a forecast spend planned of $14.8M, this takes the overall planned delivery to 71% of forecast. As per the commentary, this level of delivery far exceeds the average deliverability in the past 6 years, it also exceeds the planned improvement of 64% in FY24/25 (as noted).

Items noted in letters of acceptance	Progress update
Compliance with the new wastewater standards is monitored during implementation. The Plan notes that there is potentially a need for approximately $30m of investment in wastewater to meet the new wastewater standards, which is yet to be published. Currently this is not budgeted for in Council's 2024-34 long-term plan.	• A further review of the released wastewater standards was completed by BECA in March 2026. Key findings included : ○ Coromandel – The consent expiry date has been extended to 27 August 2028. A significant WWTP upgrade is likely to be required to reduce Ammonia-N, TN and TP if continue discharge to water due to the very low dilution available. An alternative discharge environment (estuary, land or mixed) could be considered. An options assessment and consenting strategy is required. A QMRA will be required and may trigger stricter disinfection requirements. QMRA will require hydrodynamic modelling of the discharge. It is recommended to start scoping these technical investigations now as part of a consent strategy. ○ Hahei – A WWTP upgrade is likely to be needed to reduce Ammoniacal-N and buffer discharge flows if continue with discharge to water. It is recommended to confirm if this discharge meets the small WWTP category and assess upgrade and discharge options 3 years prior to consent expiry (2027). This will include influent monitoring and confirmation of likely future connections. A QMRA may be required and may trigger stricter disinfection requirements. ○ Pāuanui - A good level of information is available on effects through monitoring included in current consent. A review of existing information (including risk assessment and loading rates) 3 years prior to expiry (2027) is recommended to confirm if WEPS apply. ○ Whangamata – An alternative RMA (or replacement) consenting pathway is likely to be applicable due to slopes excluding the discharge from the WEPS. • Options to address the findings in the BECA report are being progressed and will be considered alongside the LTP27-37 development and incorporated into the Water Services Strategy. • **July 2026 UPDATE : Each of the projects noted above are being developed into project scopes to support the LTP27-37 development.**

Items noted in letters of acceptance	Progress update
Monitoring the pricing strategy and its impact on water services charges during implementation. The affordability of projected three water charges starts at 3% and rises to 3.7% of the average.	TCDC continue to follow the price path as identified in the WSDP with revenue expectations for 26/27 largely in line with the WSDP, there are variances of ~0.5%. There is proposed to be a volumetric price adjustment in the 26/27 year to bring movements in volumetric targeted rates revenue in line with the increase seen in fixed targeted rates in the 25/26 year. This will impact the distribution of this revenue between volumetric and fixed rates but is not expected to affect total cost to the customer or the total revenue received through targeted rates. TCDC are continuing to explore joining a WSO with Tauranga City Council and Western Bay of Plenty District Council. This was TCDC preferred option for delivering future Water Service Delivery. Unfortunately iwi/hapū concerns were raised with WBOPDC over treaty settlement issues late in the decision making process that resulted in WBOPDC resolving to proceed with a joint WSO with WBOPDC/TCC only. If TCDC are able to join TCC/WBOPDC there will be significant improvements in affordability for Thames Coromandel residents by 2034 and beyond. **July 2026 UPDATE : As noted above, once there is clarity through Simplification Local Government Reform, TCDC will re-assess it's approach for LWDW.**