Quarterly monitoring report - water services delivery plan

Water Services CCO

Wai Hononga Water Services Limited

New Plymouth Water Services CCO

Quarter 2 – Apr to Jun 2026

Council plans that establish water organisations

Part A: Progress updates

Quarterly reporting period: 1 April to 30 June 2026

Overall, the establishment of Wai Hononga Water Services Limited remains on track. During the quarter, substantive progress was made on legal and asset due diligence, drafting of the Transfer Agreement, adoption of the Statement of Expectations, and planning for development of the Water Services Strategy and supporting asset management planning documentation. Where completion dates for individual workstreams have been rephased, these reflect deliberate sequencing decisions to align with the Transfer Agreement, Long Term Plan (LTP) and Water Services Strategy (WSS) processes, and do not affect the planned commencement of full operational responsibility on 1 July 2027.

1. Wai Hononga commenced its legal and asset due diligence process during the quarter, with the majority of this work completed by 30 June 2026. The Board has been reviewing the information produced through the due diligence process and providing feedback on areas of focus, as well as considering the implications of the findings for the development of the Transfer Agreement and WSS.
2. A first draft of the Transfer Agreement has been developed and is under review.
3. New Plymouth District Council adopted the Statement of Expectations on 24 June 2026 following feedback from the elected members and the community.
4. Discussions relating to the future management of Stormwater are ongoing and, as per the previous update, Wai Hononga and NPDC will identify options and make a decision through the development of the LTP and WSS.
5. NPDC finalised its Annual Plan 2026/27 in June which, when factoring previous budgeting decisions taken since 2023/24, reduced the Water Services Delivery Plan Funds From Operations (FFO) to Net Debt by 2.4% to 9.1% and reduced the forecast total revenue increase from 11.3% to 8.9% for 2026/27.
6. Wai Hononga is working closely with the Local Government Funding Agency to map its approval process, explore options and develop a detailed debt transition plan, with the most recent meeting taking place on June 25.

7. An asset due diligence process was commenced during the period to inform development of the Water Services Strategy. Development of the Strategic Asset Management Plan and Asset Management Plan have also commenced with NPDC's planning division providing preliminary growth forecast and spatial planning inputs to Wai Hononga to ensure alignment between the WSS and Council's LTP.

Overall, establishment activities during the quarter demonstrate steady and coordinated progress toward a fully operational Wai Hononga, with governance, legal and foundational arrangements substantially in place and work continuing on transition and delivery planning.

Milestone / deliverable in WSDP	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Finalisation of the full Statement of Expectations (SoE)	Complete		Adopted by New Plymouth District Council 24 June 2026
Appointment of the Enduring Chief Executive	15/09/2026	On Track	Interviews with potential candidates were undertaken in the period and a decision on the enduring Chief Executive is expected in July.
Development of the WSCCO's Significance and Engagement Policy	05/02/2027	On Track	Development of the draft Significance and Engagement Policy is underway. The expected completion date has moved from 30/11/2026 to 05/02/2027 to allow the outcomes of due diligence and the Transfer Agreement to inform the policy, consistent with the statutory requirement to complete it within 12 months of establishment.
Determination of Council services supported by appropriate Service Agreements (SAs)	30/06/2026	On Track	Support services to be provided by NPDC to Wai Hononga Water Services have been scoped and service agreements will be developed based on the process outlined in the Master Services Agreement which forms part of the Transfer Agreement (currently in development). The timing for completion of all elements in this workstream is 30/06/2027.

Establishment of financial management processes and confirmation of an interim water billing approach	30/06/2026	Complete	Core financial management policies and processes have been established including a Corporate Model, Delegations Policy, Procurement Policy.
Continued refinement of stormwater service delivery arrangements	30/06/2027	On Track	The timing of this workstream has been updated from 30/06/2026 to 30/06/2027. Discussions regarding the delivery of stormwater contractual arrangements with NPDC are ongoing. The Company and Council have agreed to align decision-making on stormwater through the development of Council's Long Term Plan and the Company's Water Services Strategy.
Novation of relevant service delivery contracts to support seamless water services operations	30/06/2027	On Track	The timing of this workstream has been updated from 30/06/2026 to 30/06/2027. Timing is to be adjusted to align with the Transfer Agreement (currently under development)
Union engagement and a full expression of interest process to support a well-managed staff reassignment	TBC	On Track	Union engagement underway and on track. Timing of staff transfer dependent on final wording of Transfer Agreement.
Identification of a suitable physical location that meets operational needs and fosters collaboration between the WSCCO and Council	30/06/2026	Complete	Suitable space has been located within the NPDC Civic Centre (and is currently being used by the Company under Transitional Support Agreement). Formal lease for period post 30/6/27 will be included in the Service Agreement for provision of property and property related services.
Transfer Agreement development	30/09/2026	On Track	The draft Transfer Agreement has been developed including a Master Services Agreement, which will form the basis on which Service Agreements are developed for the provision of corporate services by NPDC to Wai Hononga Water Services.

Expected activity in next quarter

Milestone / deliverable	Expected activity
Appointment of the Enduring Chief Executive	Confirm the appointment of the enduring Chief Executive (decision expected July 2026), finalise employment arrangements, and commence transition and onboarding planning.
Transfer Agreement	Legal and Asset Due Diligence to be completed in August 2026. Refinement, finalisation and adoption of the Transfer Agreement by NPDC is scheduled to be completed by 30 September 2026.
Service Agreements	Development of the Master Services Agreement and Service Agreement documentation to capture services decisions and the long term services strategy
Water Services Strategy	Development of draft planning and financial inputs into the Water Services Strategy
Significance and Engagement Policy	Development of the draft Significance and Engagement Policy and its related engagement plan.

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
Charging and billing arrangements	Following submission of its Water Services Delivery Plan, NPDC undertook public consultation and on 12 August 2025 decided to implement volumetric billing for water for all residential properties effective 1 July 2027, following a period of mock billing to be undertaken between 1 July 2026 and 30 June 2027. NPDC is developing its mock billing approach with an associated customer communications plan. NPDC will produce mock bills in FY2026/27 as part of the plan to inform property-owners and businesses about the change to come and assist people with identifying and resolving leaks on their properties. Wai Hononga will develop its detailed pricing methodologies for both water and wastewater as part of its Water Services Strategy prior to the 30 June 2027.