Quarterly monitoring report - water services delivery plan

In-House Business Unit

Waimate District Council

Reporting Period: 01 April 2026 to 30 June 2026

Submitted: 24 July 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: 1 April to 30 June 2026

Activity / milestone / deliverable	Expected completion date	On track to meet timeframe (Yes/No)	Issues, risks and mitigations (if any)
1. Financial separation: Ring-fencing of Water Services financials, along with separate balance sheets for each	30 June 2026 Complete	Yes	Finance to ensure the correct level of detail is required before implementing – Separation of Three Waters financial statements to be incorporated into the Waimate District Council Annual Plan 2027 as an appendix. 30.06.26 Status: Complete (subject to internal peer review of balance sheet)
2. Governance will be provided through a Water Services Committee – to be formed in Q1 2026	30 June 2026	Yes	The Water Services Committee has appointed an independent chair. The first meeting with the Water Services Committee was held on 8 April 2026. 30.06.26 Status: Voting members rights may need to be reviewed in future depending on legislation changes.
3. Appropriate allocation of internal support costs and overheads between Council and the internal Business Unit	~~30 June 2026~~ 31 Dec 2026	Yes	Review of the internal allocations is currently being progressed with the Leadership Team. Integration of this review will be included in the Annual Plan 2027 and LTP 2027-37. The overhead model has been reviewed in conjunction with Martin Jenkins, with the leadership team now refining the application and methodology. The methodology will form part of the Information Disclosures. 30.06.26 Status: No further progress
4. Debt financing for IBU clearly identifiable	30 June 2026 Complete	Yes	Separation of financial statements to be incorporated into the Annual Plan 2027. 30.06.26 Status: Complete
5. Efficiency workstream (FieldForce 4)	31 August 2026	Yes	Project is being progressed and is scheduled for implementation in August 2026. 30.06.26 Status: In progress
6. Integrated service delivery – Service level agreements between Council and IBU	30 June 2027	Yes	Work is scheduled to start in April / May 2026 via an initial workshop. 30.06.26 Status: Staff are working closely with other IBU councils to create efficiency.

7. Revenue workstream – modelling can commence for rural and urban water supplies	01 July 2027	Yes	Work is due to commence in Q2 2026, with implementation from the 1 July 2027 to 30 June 2028 rating year to align with the Long-Term Plan 2027-37 process. There is an intention to consult on the proposed changes prior to consulting on the Water services Strategy. 30.06.26 Status: Rates modelling work has begun and is being refined to be presented to the Water Services Committee and Council.
8. Compliance upgrades - Investment in the capital programme during 2026 and 2027 to ensure that rural drinking water supplies are compliant with Drinking Water Quality Assurance Rules.		Yes	Refer to Part B of this report for updates.
10. Assessment of communities' access to drinking water Section 69 prior to 1 July 2026	30 June 2026 Complete	Yes	Work is underway and we expect to meet the required timeframe. Matt Malloy Consulting have been commissioned to assist the team in achieving this. 30.06.26 Status: The report was submitted by 30 June 2026 as expected, therefore Complete
11. Waiver of charges – consideration of any remissions	30 June 2027	Yes	Work streams have begun and will be completed in line with the Long Term Plan 2027-37 process. 30.06.26 Status: In progress
12. Development contributions Policy review	30 June 2027	Yes	Work stream due to commence in line with the Long-Term Plan 2027-37 process. 30.06.26 Status: In progress
13. Water Service Bylaws review	30 June 2027	Yes	Work stream due to commence in line with the Long-Term Plan 2027-37 process. Wastewater and trade waste bylaw review proposed to be completed in collaboration with Timaru, Ashburton and Mackenzie District Councils. 30.06.26 Status: In progress
14. Revenue forecasts incorporate staged increases in water rates to maintain affordability and support required investment	Ongoing	Yes	This remains a focus for the Annual Plan 2027 and the Long-Term Plan 2027-37.
15. Projected borrowings remain within LGFA covenants	Ongoing	Yes	This remains a focus for the Annual Plan 2027 and the Long-Term Plan 2027-37.

Staff resourcing: Appoint Finance Lead (new role)	03 March 2026 Complete	Yes	The Finance Lead has been appointed and started on 3 March 2026. 30.06.26 Status: Complete
Staff resourcing: Appoint Asset Manager (new role)	7 April 2026 Complete	Yes	The Asset Manager role (now Asset Management Data Specialist) filled internally, commences April 2026 30.06.26 Status: Complete
Staff resourcing: Appoint Procurement Administrator (new role)	30 June 2026 Complete	Yes	The Procurement Administrator (now Asset Group Administrator) to be filled internally once other Council vacancies filled. 30.06.26 Status: The position has been filled and commenced on 2 June 2026 therefore Complete
Staff resourcing: Appoint Health and Safety Advisor (new role – 0.5 FTE)	25 Feb 2026 Complete	Yes	The Health and Safety Advisor has been appointed and started on 25 February 2026. 30.06.26 Status: Complete

Expected activity in next quarter

Milestone / deliverable	Expected activity		
3. Appropriate allocation of internal support costs and overheads between Council and the internal Business Unit	~~30 June 2026~~ 31 Dec 2026	Yes	Review of the internal allocations is currently being progressed with the Leadership Team. Integration of this review will be included in the Annual Plan 2027 and LTP 2027-37. The overhead model has been reviewed in conjunction with Martin Jenkins, with the leadership team now refining the application and methodology. The methodology will form part of the Information Disclosures.
5. Efficiency workstream (FieldForce 4)	31 August 2026	Yes	Project is being progressed and is scheduled for implementation in August 2026
9. Development of the Water Services Strategy	30 June 2027	Yes	Waugh Infrastructure has been engaged to assist the IBU with developing the Water Services Strategy and supporting documents. Work is currently underway on the draft WSS with a Council review currently scheduled for November / December 2026. 30.06.26 Status: A draft SAMP is currently being reviewed by staff and supporting asset information is currently being analysed to generate the AMP's.

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 delivery of projects required to achieve regulatory compliance:	
1. *Cannington*	*The 2026 financial year includes a budget of $1.2m for compliance upgrades. This project is now proposed to move forward with a Point of Entry solution and is expected to cost $0.6m. The project is due to commence April 2026 with commissioning expected in quarter 1 2026/27. Firm dates yet to be confirmed as within the procurement process currently.*
2. *Hook / Waituna*	*The 2026 financial year includes a total budget of $3.7m for compliance upgrades. This project is expected to commence shortly and be commissioned in December 2026. Some delays are expected, alongside increases in material supply costs.*
3. *Lower Waihao*	*Council approved a project spend of $3.8m for compliance upgrades on 24 February 2026. This project is expected to commence shortly and be commissioned in December 2026. Price escalations have already occurred since the initial ECI estimates were presented.*
4. *Otaio / Makikihi*	*Scheme is compliant but will be connected to the Hook Waituna treatment plant to provide redundancy to both schemes.*
5. *Waihaorunga*	*The 2026 financial year includes a budget of $1.2m for compliance upgrades. This project is now proposed to move forward with a Point of Entry solution and is expected to cost $0.6m. The project is due to commence after Cannington with commissioning expected by the end of quarter 2 2026/27.*
6. *Waikakahi*	*The 2026 financial year includes a budget of $2.9m for compliance upgrades. This project is now proposed to move forward with a Point of Entry solution and is budgeted at $1.6m. This separable portion is currently on hold whilst investigations are completed. These investigations could potentially allow part of the scheme to be supplied by the new Lower Waihao treatment plant. These results will be available from our hydraulic modellers in April / May 2026.*

Compliance with the ring-fencing requirements	
Please refer to milestone point 1 above for progress	