

Rārangi take Komiti Ratonga Wai

Water Services Committee Agenda

Wednesday 7 October 2026, 1 pm

Council Chamber, Administration Building, Albion
Street, Hāwera



Purongo Whaitikanga Governance Information

Ngā Mema o te Komiti / Committee Members



Diana Reid
Chairperson



Robert Northcott
Deputy Chairperson



Mark Bellringer
Councillor



Racquel Cleaver-Pittams
Councillor



Janet Fleming
Councillor



Joy Buckingham
External Member



Peter Moeahu
Iwi Representative

Apatono / Delegations

The primary purpose of the Water Services Committee is to:

- Review and monitor the financial and non-financial performance measures.
- Review and monitor compliance reporting to the Commerce Commission, Taumata Arowai and the Department of Internal Affairs, ensuring all statutory and regulatory obligations are met.
- Review the effectiveness of water related strategies, policies, bylaws and plans and recommend improvements to Council.
- Provide oversight of risk management relating to water services.
- Provide oversight of the implementation of ring-fencing arrangements.
- Monitor progress of the capital works programme and budgets.

Purongo Whaitikanga Governance Information

Huinga Tangata / Attendance Register

Date	26/11/26	11/02/26	30/03/26	18/05/26	29/06/26	26/08/26					
Meeting	O	O	O	O	O	O					
Mark Bellringer	A	√	A	√	√	√					
Racquel Cleaver-Pittams	√	√	√	√	√	√					
Janet Fleming	√	√	√	√	√	√					
Robert Northcott	A	√	√	√	√	√					
Diana Reid	√	√	√	√	√	√					
Joy Buckingham	--	--	--	√	√	√					
Peter Moeahu	--	--	--	√	√	√					

Key

- √ Attended
- AO Attended Online
- Was not required to attend
- A Apology
- Y Attended but didn't have to attend
- X Did not attend - no apology given

Types of Meetings

- O Ordinary Meeting
- E Extraordinary Meeting

He Karere Haumarū / Health and Safety Message

In the event of an emergency, please follow the instructions of Council staff.
If there is an earthquake - drop, cover and hold where possible. Please remain where you are until further instruction is given.

He Pānga Whakararu / Conflicts of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected member and any private or other external interest they might have.



Rārangi Agenda

Water Services Committee Wednesday 7 October 2026 at 1 pm

1. **Karakia**
2. **Matakore / Apologies**
3. **Tauākī Whakarika / Declarations of Interest**
4. **Whakatakoto Kaupapa Whānui, Whakaaturanga hoki / Open Forum and Presentations**
5. **Whakaaetia ngā Menīti / Confirmation of Minutes**
 - 5.1 [Water Services Committee held on 26 August 2026](#) Page 9
6. **Pūrongo / Report**
 - 6.1 [Insurance Renewal 2026/27](#) Page 15
7. **Pūrongo-Whakamārama / Information Report**
 - 7.1 [In-House Business Unit \(IBU\) Establishment – Progress Update](#) Page 23
 - 7.2 [Water Services Strategy Update](#) Page 27
 - 7.3 [Water Services Committee 2026 Workplan](#) Page 31
8. **Karakia**

Next Meeting Date: 18 November 2026 – Council Chamber
Elected Members’ Deadline: 4 November 2026



Karakia

1. Karakia

Ruruku Timata – Opening Prayer

Whaia, whaia, whaia te urutapunui a Tāne.
Tāne te waiaora, Tāne te pūkenga, Tāne te wānanga
Tāne te whakaputa nei i te whaiao, i te ao mārama
Tihei mauri ora

*Let us follow in the footsteps of Tāne (The god who gave us knowledge)
Tāne the lifesource, Tāne the skilful, Tāne the knowledgeable
Tāne who brought light to the world
So give us life.*



Matakore Apologies

2. Matakore / Apologies

Leave of Absence: *The Committee may grant a member leave of absence following an application from that member. Leave of absences will be held in the Public Excluded section of the meeting.*



Ngā Whakaputanga Declarations of Interest

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3. Tauākī Whakarika / Declarations of Interest

Notification from elected members of:

- a) Any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting; and
- b) Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968.

Declarations of Interest: Notification from elected members of: Any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting; and Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968



Whakatakoto Kaupapa Whānui, Whakaaturanga hoki Open Forum and Presentations

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4. Whakatakoto Kaupapa Whānui, Whakaaturanga hoki / Open Forum and Presentations

The Board has set aside time for members of the public to speak in the public forum at the commencement of each Council, Committee and Community Board meeting (up to 10 minutes per person/organisation) when these meetings are open to the public. Permission of the Mayor or Chairperson is required for any person wishing to speak at the public forum.



Ngā Menīti Komiti

Committee Minutes

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To	Water Services Committee
Date	7 October 2026
Subject	Water Services Committee – 26 August 2026

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The Water Services Committee met on 26 August 2026. The Water Services Committee is being asked to adopt their minutes from 26 August 2026 as a true and correct record.
2. There were no recommendations within the minutes for the Council to consider.

Taunakitanga / Recommendation

THAT the Water Services Committee adopt the minutes of their meeting held on 26 August 2026 as a true and correct record.



Meniti Minutes

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Ngā Meniti take o te Komiti Ratonga Wai Water Services Committee

Council Chamber, Administration Building, Albion Street, Hāwera
on Wednesday 26 August 2026 at 1.00 pm

Kanohi Kitea / Present: Deputy Mayor Robert Northcott, Councillors Diana Reid (Chairperson), Mark Bellringer, Racquel Cleaver-Pittams, Janet Fleming, Joy Buckingham *online* (External Member) and Peter Moeahu (Iwi Representative).

Ngā Taenga-Ā-Tinana / In Attendance: Mayor Phil Nixon, Herbert Denton (Group Manager Infrastructure Services), Kaya Acero (Governance Officer), Sara Dymond (Risk and Internal Audit Coordinator), Vipul Mehta (Head of Business Enablement) and Becky Wolland (Head of Strategy and Governance).

Matakore / Apologies: Nil

1. Tauākī Whakarika / Declaration of Interest

There were no conflicts of interest declared at the meeting.

2. Whakaaetia ngā Meniti / Confirmation of Minutes

2.1 Water Services Committee meeting held on 29 June 2026.

RESOLUTION

(Ms Buckingham/Deputy Mayor Northcott)

26/26 WS **THAT** the Water Services Committee adopts the minutes from the meeting held on 29 June 2026 as a true and correct record.

CARRIED

3. Pūrongo-Whakamārama / Information Report

3.1 Capital Projects Progress Report

The report provided an update on the 2025/26 Capital Projects Programme to the Water Services Committee. The report highlighted risks associated with completing the programme and specific projects.

Mr Denton advised that practical completion of the Pātea Water Treatment Plant Enhancement project was expected during the 2026/27 financial year following delays during the early stages of construction. He noted that one of the key operational risks was Bore 4, which continued to introduce sand into the system despite previous remediation work. Mr Denton advised that a report would be presented to the Council seeking unbudgeted expenditure to address the issue.

Mr Moeahu queried whether the issue with Bore 4 posed a risk to the community water supply. In response, Mr Denton advised that the risk could become significant if no action was taken.

Councillor Cleaver-Pittams queried whether the amount of project carry-forwards indicated that project timeframes and budgets had historically not reflected the multi-year nature of major projects. Mr Denton advised that some significant projects, particularly treatment plant and reservoir projects, had been budgeted within a single financial year despite requiring design, consenting, procurement and construction phases across multiple years. He noted that this approach was being revised through the Annual Plan (AP) and future Long Term Plan (LTP) processes.

Ms Buckingham queried whether there was an opportunity to further improve project planning and phasing to better reflect project delivery timeframes and avoid recurring carry-forward discussions. Mr Denton advised that the AP process had already reset a number of project budgets and timeframes. Mr Mehta added that greater emphasis had been placed on spreading projects across future years to better align budgets with realistic delivery schedules.

Councillor Bellringer queried the reference within the report to differences between design assumptions and actual site conditions at the Pātea Water Treatment Plant. Mr Denton advised that underground services shown within the Council's asset records had either differed from their recorded location or were no longer present, creating challenges during construction.

Councillor Bellringer further queried how the Council intended to manage community concerns regarding dust and earthworks associated with the Eltham Wastewater Treatment Plant project. Mr Denton advised that feedback received from residents had been discussed with the contractor and that improved communication processes had been established for future works.

Deputy Mayor Northcott queried the risk relating to raw water quality at Pātea and sought clarification regarding the extent of the issue. In response, Mr Denton advised that the risk related primarily to the ongoing sand ingress from Bore 4 and turbidity of raw water, which had the potential to affect operational efficiency and increase treatment challenges.

Mr Moeahu queried the reasons for delays associated with some consent renewal processes. In response, Mr Denton advised that the delays were largely associated with negotiations and engagement processes involving interested parties and stakeholders.

RESOLUTION

(Deputy Mayor Northcott/Cr Fleming)

27/26 WS THAT the Water Services Committee receives the Capital Projects Progress Report for Quarter Four and full year of the 2025/26 financial year.

CARRIED**3.2 Network Environmental Performance Measures 2024-2025 - Overview**

The report informed the Committee of the Council's environmental performance for drinking water and wastewater services as reported to Taumata Arowai through the 2024/25 Network Environmental Performance Measures framework.

Deputy Mayor Northcott queried the District's water supply and leakage figures. Mr Denton advised that many of the Council's measures relied on estimated consumption due to the lack of residential water metering and noted that improved data would become available when more water meters are installed and as additional metering information was collected.

Councillor Fleming queried whether the taste and odour issues previously experienced in Eltham drinking water remained. Mr Denton advised that the issue related to seasonal algae growth within the source water and that Granular Activated Carbon filter media had been installed, as replacement filter media, to reduce taste and odour concerns.

Councillor Bellringer queried the wastewater asset condition data and the potential financial implications of assets recorded as being in poor or very poor condition. Mr Denton advised that many identified defects could be addressed through pipelining and rehabilitation works rather than full replacement, which significantly reduced costs.

Mr Moeahu queried the potential impact of future dry weather conditions and climate change on the District's water supplies. Mr Denton advised that climate change considerations were incorporated into water supply planning and discussed a range of water conservation initiatives, including water restrictions, greywater systems and other demand management measures aimed at reducing consumption.

RESOLUTION**(Ms Buckingham/Cr Bellringer)**

28/26 WS THAT the Water Services Committee receives the Network Environmental Performance Measures 2024/25 – Overview.

CARRIED**3.3 In-house Business Unit Transition Risks**

The report provided a consolidated view of the key risks associated with the establishment and early operation of the Water Services In-House Business Unit (IBU) for water services delivery.

Ms Dymond advised that four of the identified risks remained unchanged from previous reporting, while the staff uncertainty risk had been updated to reflect uncertainty arising from the Headstart Pathway process and potential future local government reform.

Councillor Reid queried whether the identified staff uncertainty risk reflected specific feedback from staff. In response, Mrs Wolland advised that recruitment and retention challenges were being experienced across the water sector.

Mayor Nixon acknowledged that ongoing reform processes could create uncertainty for staff. He noted that while the IBU structure was now established and operating as intended, future changes arising from the Headstart Pathway process could create additional risks that might need to be reflected in future reporting. Mayor Nixon noted that any future amalgamation of water service functions would present similar transition risks to those experienced through the establishment of the IBU.

RESOLUTION**(Deputy Mayor Northcott/Mayor Nixon)**

29/26 WS THAT the Water Services Committee receives the In-house Business Unit Transition Risks Information Report.

CARRIED

3.4 Quarter Four Non-Financial Performance Measures – Three Waters

The report provided an overview of Quarter Four non-financial performance measures for the three waters activities: water supply, wastewater and stormwater.

Councillor Reid congratulated officers on the overall results achieved and acknowledged the positive performance reflected throughout the report. Councillor Reid noted that, in the context of the overall results, the water pressure and flow complaint measure exceeded the target by only a small margin and considered the results to be a strong outcome for the year.

RESOLUTION**(Cr Fleming/Cr Bellringer)**

30/26 WS THAT the Water Services Committee receives the Quarter Four Non-Financial Performance Measures – Three Waters.

CARRIED

3.5 Interim Year End Financial Performance Report for Water Services period ending 30 June 2026.

The report contained the Year End Financial Performance Report for Water Services for the period ending 30 June 2026 and included commentary from officers on the financial performance of the three waters activities, together with management commentary where relevant.

Ms Buckingham expressed concern regarding the delivery of the capital programme and the continued level of project carry-forwards. She queried whether the level of expenditure proposed for 2026/27 was achievable. In response, Mr Mehta advised that the 2026/27 AP process had included a detailed review of capital budgets and project delivery programmes. He noted that expenditure had been spread over future years to better align budgets with delivery expectations and that the overall programme for 2026/27 was forecast at approximately \$16 million.

Mayor Nixon noted that several significant projects had progressed into delivery phases and acknowledged that this should assist with improving programme delivery outcomes.

RESOLUTION**(Ms Buckingham/Cr Fleming)**

31/26 WS THAT the Water Services Committee receives the Interim Year-end Financial Performance Report for Water Services period ending 30 June 2026.

CARRIED

3.6 Water Services Committee 2026 Workplan

The Workplan for the 2026 calendar year included key reports, workshops and policies that would be presented to the Committee throughout the year.

Mrs Wolland advised that an update on Water Services activities discussed during the LTP workshops would be added to the Workplan. She noted that the update would provide visibility of progress against strategic Water Services priorities and future planning work.

Mr Mehta advised that a Liability Management Policy would be presented to the Committee due to the significant debt associated with the Water Services Business Unit. He noted that the Committee would also receive an update on the insurance programme and self-insurance arrangements, with recommendations subsequently being presented to the Council.

Councillor Reid requested further information regarding the development of the Water Services Strategy. In response, Mrs Wolland advised that work was underway on the draft Strategy, drawing on the Water Services Delivery Plan, Asset Management Plans and feedback received through elected member workshops. She noted that the intention was to present the Strategy to the Committee before the end of the year.

Ms Buckingham queried whether members would have early visibility of planning work scheduled for 2027. Mrs Wolland advised that this information would be included in a future Committee meeting.

RESOLUTION

(Deputy Mayor Northcott/Cr Bellringer)

32/26 WS THAT the Water Services Committee receives the Workplan for the 2026 calendar year.

CARRIED

The meeting concluded at 2.03 pm.

Dated this day of 2026.

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CHAIRPERSON



Pūrongo Report

6.1

To	Water Services Committee
From	Pouhautū Āheinga Pakihi / Head of Business Enablement, Vipul Mehta
Date	7 October 2026
Subject	Insurance Renewal 2026/27

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. As part of the Council's 2026/27 insurance renewal programme, officers have reviewed the treatment of water services assets that are currently included within the Council's self-insurance portfolio.
2. In 2023, the Council adopted a material damage self-insurance approach for a portion of its above-ground assets in response to challenging insurance market conditions and affordability considerations.
3. Since that decision was made, insurance market conditions have softened and the relative cost of transferring risk to insurers has reduced. This provides an opportunity to insure a broader range of assets while remaining within current insurance budgets.
4. Financial ring-fencing requirements for water services create an additional consideration. Insurance costs, risks and funding arrangements associated with water services assets need to be capable of being separately identified and attributed to the Water Services Business Unit.
5. Approximately \$44 million of water services assets are currently included within the Council's self-insurance portfolio. These assets are proposed to be transferred into the material damage insurance programme as part of the 2026/27 renewal process.
6. The proposal would significantly reduce the Water Services Business Unit's exposure to uninsured asset losses, improve financial resilience and provide a clearer allocation of insurance costs and risk for ring-fencing and Commerce Commission financial reporting purposes.
7. The additional premium associated with this change can be accommodated within the Council's existing insurance budget.
8. As part of the wider 2026/27 insurance renewal programme, the Council is also considering an interim maximum fire loss limit of \$105 million. The approach recognises that Council assets are geographically dispersed and that the likelihood of all insured assets being destroyed by a single fire event is extremely low. The proposed interim methodology, based on the two highest-valued assets plus a 20% buffer, has been recommended by Aon pending

completion of formal loss modelling. This is a Council-wide insurance setting that will be considered through the Risk and Assurance Committee. It is noted in this report because it includes water services assets and may affect the Water Services Business Unit's risk exposure and insurance costs.

Taunakitanga / Recommendation

THAT the Water Services Committee recommends that the Council:

- a) Approves transferring approximately \$44 million of water services assets from the Council's self-insurance portfolio into the 2026/27 material damage insurance programme; or
- b) Maintain the current self-insurance portfolio for water services assets; and
- c) Notes that the Risk and Assurance Committee will separately consider an interim maximum fire loss limit of \$105 million for the Council's 2026/27 material damage insurance programme

Kupu Whakamārama / Background

9. As part of the insurance renewal process for the 2023/24 financial year, the Council adopted a self-insurance approach for selected above-ground assets due to challenging insurance market conditions and premium affordability considerations.
10. The Council subsequently advised both the Risk and Assurance Committee and Water Services Committee that the self-insurance arrangements would be reviewed as part of future insurance renewals, particularly in relation to water services assets.
11. Since the original decision was made, insurance market conditions have improved and the cost of transferring risk to insurers has become more favourable.
12. Water services ring-fencing requirements now require greater transparency around the funding, risks and costs associated with water services activities. This includes the treatment of insurance premiums, uninsured losses and asset risk.
13. Some water services assets are currently included within the Council's self-insurance portfolio. Under the present arrangements, any uninsured loss would ultimately need to be funded by the Water Services Business Unit.
14. Approximately \$44 million of water services assets are proposed to be transferred into the material damage insurance programme.
15. The values used for the current review differ from those considered when the self-insurance structure was established in 2023. Since that time, asset valuations have changed, asset information has improved and a number of assets previously included in the portfolio have been demolished or removed from service.

16. Council officers consider that insuring these assets is now a prudent and affordable means of reducing financial exposure within the Water Services Business Unit while supporting ring-fencing requirements.
17. Taranaki councils insure collectively through Aon and currently share a \$750 million regional maximum loss limit across the material damage insurance programme. The Council's proportional share provides an indicative fire loss limit of approximately \$210 million.
18. As part of the 2026/27 renewal, New Plymouth District Council has indicated that it intends to establish its own maximum fire loss limit and has asked the regional group to consider a similar approach. If one or more councils establish separate limits, the remaining councils may share a larger proportion of the regional limit, potentially increasing their fire insurance costs.
19. A maximum fire loss limit sets the maximum amount recoverable for fire damage arising from a single event, rather than insuring on the assumption that the Council's entire asset portfolio could be destroyed by one fire. Council assets are geographically dispersed and the likelihood of all insured assets being destroyed in a single fire event is extremely low. A maximum fire loss limit can therefore provide a more proportionate and cost-effective level of cover while retaining protection for a credible major loss scenario. Formal loss modelling is the preferred method for determining the limit; however, there is insufficient time to complete modelling before the 1 November 2026 renewal.
20. Aon has recommended an interim methodology based on the combined value of the Council's two highest-valued assets plus a 20% buffer. This asset-based approach provides a practical interim limit pending detailed loss modelling and allows for a fire event affecting more than one major asset, associated reinstatement costs and uncertainty in asset values. For the Council, this results in a proposed maximum fire loss limit of \$105 million, comprising the TSB Hub at \$53 million, the Kāpuni Water Treatment Plant at \$35 million and a \$17 million buffer. The limit can be reviewed and amended after renewal once formal loss modelling is available.
21. The proposed maximum fire loss limit applies across the Council's insured asset portfolio and is not specific to water services. The Risk and Assurance Committee will consider the proposal on 5 October 2026. The matter is included in this report for the Water Services Committee meeting on 7 October 2026 because the proposed limit includes water services assets and may affect water services insurance costs and risk exposure.

Ngā Kōwhiringa / Options - Identification and analysis

22. Two options have been considered. The preferred option is Option One.

Option One: Insure the identified Water Services Assets (Preferred)

23. Under this option, approximately \$44 million of water services assets currently included within the self-insurance portfolio would be transferred into the Council's material damage insurance programme. This option:

- Reduces exposure to uninsured losses;
- Improves financial resilience following a significant damage event;
- Supports financial ring-fencing requirements;
- Provides clearer attribution of insurance costs and risks;
- Can be accommodated within existing insurance budgets.

Option Two: Maintain the current self-insurance portfolio

24. Under this option, the identified water services assets would remain within the Council's self-insurance portfolio.
25. This option avoids additional insurance premium costs but results in the Water Services Business Unit continuing to carry the full financial exposure associated with any uninsured loss event.

Risks

26. The risks and proposed treatments are set out below. Scores are qualitative and should be read with the Council's Risk Management Framework.

Risk description	Impact	Inherent score	Current and planned treatments	Residual score
Major damage event affecting a self-insured water services asset	Significant unbudgeted cost to the Water Services Business Unit.	High	Insure identified three water assets.	Moderate
Insurance market conditions change prior to placement	Changes to premium or cover terms.	Moderate	Confirm final terms before renewal.	Low
Continuation of self-insurance arrangements	Ongoing exposure to uninsured losses.	Moderate	Review self-insurance settings at future renewals.	Low

Risk description	Impact	Inherent score	Current and planned treatments	Residual score
Total fire loss from a single event exceeds the proposed \$105 million maximum fire loss limit	Insurance recovery would be capped at \$105 million, with Council funding any loss above the limit, including any water services share.	High	Apply Aon's recommended interim methodology using the two highest-valued assets plus a 20% buffer, recognising that the likelihood of all geographically dispersed Council assets being destroyed by a single fire event is extremely low; complete formal loss modelling and review the limit at a future renewal.	Moderate

Whaiwhakaaro me ngā aromatawai / Considerations and Assessments

Local Government Purpose

27. The proposal supports the prudent management of public assets and public funds by strengthening the financial resilience of the Water Services Business Unit and improving its ability to recover from a significant loss event. The Committee's noting of the proposed interim maximum fire loss limit recognises its potential implications for water services, while responsibility for considering that Council-wide insurance setting remains with the Risk and Assurance Committee.

Assessment of Significance and Engagement

28. The level of significance has been assessed against the Council's Significance and Engagement Policy as follows:

Criteria	Measure	Assessment
Degree	The number of residents and ratepayers affected and the degree to which they are affected by the decision or proposal.	Low. The proposal relates to insurance arrangements and does not directly affect customers or service delivery. Noting the proposed interim maximum fire loss limit does not constitute a separate decision by the Water Services Committee.

Criteria	Measure	Assessment
LOS	The achievement of, or ability to achieve, the stated levels of service set out in the Long Term Plan.	Low. Improved insurance protection supports recovery following a significant asset loss event. The proposed interim maximum fire loss limit is being noted for its potential water services implications and will be considered separately by the Risk and Assurance Committee.
Decision	Whether this type of decision, proposal or issue has generated wide public interest in South Taranaki.	Low. The proposed transfer of water services assets into the material damage programme is not expected to generate wide public interest. The interim maximum fire loss limit is included for noting only and will be considered separately by the Risk and Assurance Committee.
Financial	The impact of the decision or proposal on the Council's overall budget or its inclusion in an approved Long Term Plan and the ability to carry out existing or proposed functions and activities now and in the future.	Low. The additional premium for insuring the identified water services assets can be met within the current insurance budget. Any financial implications of the proposed interim maximum fire loss limit will be considered separately through the Risk and Assurance Committee process.
Reversible	The degree to which the decision or proposal is reversible.	Low. Insurance and self-insurance settings can be reconsidered at future renewals, subject to market terms. The proposed interim maximum fire loss limit is not being determined through this report.
Environment	The degree of impact the decision will have on the environment.	Low. The decision changes financial risk transfer and has no direct environmental effect.

29. In terms of the Council's Significance and Engagement Policy, this matter is assessed as being of low significance. The appropriate level of engagement is to inform through the Council's public decision-making and minutes. Broader consultation is not considered necessary because the recommendation does not change levels of service or require additional funding, and the proposed interim maximum fire loss limit is included for noting rather than decision by this Committee.

Legislative Considerations

30. The proposal supports transparent and separately identifiable financial arrangements for water services. The recommendation is consistent with the Council's obligations under the Local Government Act 2002 regarding prudent financial management and consideration of reasonably practicable options. The Water Services Committee is not being asked to determine the proposed interim maximum fire loss limit; that Council-wide setting will be considered separately by the Risk and Assurance Committee.

Financial/Budget Considerations

31. The preferred option will increase the material damage insurance premium because approximately \$44 million of additional water services assets will be insured. However, the increase can be accommodated within the Council's existing insurance budget and no additional funding is sought. The proposed interim maximum fire loss limit may affect water services insurance costs and risk exposure, but it is included in this report for noting only and will be considered separately by the Risk and Assurance Committee.
32. The proposal materially reduces the potential financial impact of an uninsured loss affecting key water services assets and provides greater certainty around funding future asset recovery and replacement.

Environmental Sustainability

33. The proposal has no direct positive or negative environmental impact. Improved insurance protection may, however, support timely reinstatement of damaged assets following an insured event.

Consistency with Plans/Policies

34. The recommendation is consistent with the Council's Insurance Framework objectives of balancing affordability, risk transfer and financial resilience. It also supports the Council's water services ring-fencing programme. Noting the proposed interim maximum fire loss limit maintains visibility of its potential water services implications without pre-empting the Risk and Assurance Committee's separate consideration of that setting.

Consideration of Iwi/Māori

35. No specific impact on iwi or Māori has been identified because the proposal relates to the financial treatment of asset risk and does not change the use, ownership or level of service of the affected assets. Broader engagement is therefore not proposed for this decision.

Affected Parties Consultation

36. The proposal is being developed as part of the insurance renewal process with the Council's insurance broker. Water services implications have been considered through the ring-fencing work, and the Water Services Committee has previously been advised that self-insurance settings for water services assets would be reviewed. The Risk and Assurance Committee will separately consider the proposed interim maximum fire loss limit, while the

Water Services Committee is asked only to note that proposal and its potential implications for water services.

Whakakapia / Conclusion

6.1

37. The proposal represents a prudent and affordable means of reducing exposure to uninsured losses within the Water Services Business Unit. Approximately \$44 million of three waters assets are proposed to be transferred from the Council's self-insurance portfolio into the material damage insurance programme. This will improve financial resilience, support water services ring-fencing requirements, provide greater certainty around future asset recovery costs and reduce the financial consequences of a significant damage event. The Committee is also asked to note the proposed interim maximum fire loss limit of \$105 million and its potential implications for water services. The proposed limit recognises that the likelihood of all geographically dispersed Council assets being destroyed by a single fire event is extremely low and applies the interim methodology recommended by Aon, based on the two highest-valued assets plus a 20% buffer, pending formal loss modelling.



Vipul Mehta

**Pouhautū Āheinga Pakihi /
Head of Business Enablement**



[Seen by]
Fiona Aitken

**Tumu Whakahaere /
Chief Executive**



Pūrongo-Whakamārama Information Report

7.1

To	Water Services Committee
From	Kaiarataki Ratonga Pūhanga / Group Manager Infrastructure Services, Herbert Denton
Date	7 October 2026
Subject	In-House Business Unit (IBU) Establishment – Progress Update

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report provides the Water Services Committee with a progress update on the establishment of the In-House Business Unit (IBU), building on the June 2026 progress report and outlining work progressed to date across governance support, Service Level Agreements (SLA), financial separation, regulatory disclosure, asset allocation, property matters, strategy input and sector collaboration.
2. Good progress continues to be made across the key workstreams required to establish the IBU. Since the previous report, the Council has received a draft discussion document from PricewaterhouseCoopers (PwC) to support the next phase of financial ring-fencing for debt, progressed SLAs and associated charging structures, submitted recent disclosure information to the Commerce Commission, and established a prominent area on the Council's website for water services disclosures and related information.
3. The programme has moved from high-level design into detailed implementation and refinement. Current focus areas include finalising the SLA charging structures and rates, completing the financial separation work required for standalone reporting, identifying and allocating balance sheet items such as vehicles, land, and other assets to the relevant areas, considering the transfer or sale of the Te Rourou building to the IBU, and ensuring IBU input is reflected in the draft Water Services Strategy being developed by the Strategy and Governance team.

Taunakitanga / Recommendation

THAT the Water Services Committee receives the report on the In-House Business Unit (IBU) Establishment – Progress Update.

Kupu Whakamārama / Background

Legislative Considerations

4. The establishment of the IBU supports the Council's response to the Government's Local Water Done Well reforms and the financial separation, transparency, governance, and accountability expectations associated with future water services delivery. The current work programme is focused on ensuring the Council is ready to meet these requirements by the targeted establishment date.
5. Since the previous report, the Council has also progressed work to meet emerging information disclosure expectations. Recent disclosure submissions have been made to the Commerce Commission, and the Council has established a prominent area on its website where water services disclosures and other relevant information can be accessed by the community, regulators and other stakeholders.

Whakawhiti Kōrero/Aromātai – Discussion/Evaluation

6. Overall, good progress continues to be made across the workstreams required to establish the IBU. The programme is now focused on implementation, refinement and assurance, with particular emphasis on financial ring-fencing, SLAs, charging structures, asset and balance sheet separation, regulatory disclosure, and ensuring the IBU is positioned to operate transparently and sustainably from 1 July 2027.

The following matters summarise the main areas where progress has been made or where further work remains underway:

- Capital budgets and infrastructure planning are already largely aligned with Water Services Delivery Plan requirements.
 - Governance arrangements are in place, with the Water Services Committee now operational and the new organisational structure implemented.
 - The structure provides a clearer basis for assigning responsibility, monitoring performance, and ensuring compliance obligations are actively managed across the IBU.
 - The programme remains aligned with the establishment timeline of 1 July 2027.
 - PwC has provided a draft discussion document to support the next stage of IBU establishment with regard to the ring-fencing of water services debt. This document provides specialist advice on debt allocation and separation methodologies and assists the Council in developing a robust approach to the financial ring-fencing requirements associated with establishing the IBU.
 - The Council continues to make good progress on work required for IBU establishment across governance, operational, financial and regulatory workstreams.
7. Significant progress has been made across the financial ring-fencing workstreams. This includes development of standalone financial structures for three waters, separation of revenue and operating expenditure, capital and operational budgets, and assets and liabilities.
 - Frameworks are being developed for standalone financial statements.
 - Debt and treasury management arrangements for water services are being progressed.

- Early progress indicates capital budgets are already largely compliant with ring-fencing requirements.
 - A separate bank account for three waters has been established to support standalone reporting, accurate cashflow tracking, and compliance with ring-fencing requirements.
8. Work is progressing on SLAs and internal charging. Engagement has continued with Group Managers and service leads, and the current focus is on finalising the charging structures and rates within each SLA so that services, responsibilities, performance expectations and cost recovery arrangements are clear, consistent and defensible.
 - Services provided to three waters have been defined.
 - Cost recovery principles are being established.
 - Service definitions have been refined to support transparency and defensibility.
 - Rates and charging structures are being reviewed within each SLA to ensure the IBU pays an appropriate and transparent share of corporate, support and operational services used by the water activities.
 - The SLA work will also support future reporting and assurance by making the relationship between the IBU and the Council support functions clearer and more measurable.
 - Balance sheet items, including vehicles, land and other relevant assets, will be reviewed and allocated to the appropriate water services or support areas to strengthen transparency and support future standalone reporting.
 - Work will also progress on the transfer or sale of the Te Rourou building to the IBU, including consideration of valuation, ownership, funding, accounting treatment and any related internal charging implications.
 9. Financial systems and processes are being configured to support full financial separation, including standalone general ledger and chart of accounts arrangements, and separation of debtors, creditors, and cashflows. Key challenges being actively managed include separating receivables and payables and establishing accurate cashflow tracking and reporting systems.
 10. IBU teams have provided input into the draft Water Services Strategy being developed by the Strategy and Governance team. This has included asset management plan information, activity statement related information, and practical operational input to help ensure the strategy reflects the current state of the water, wastewater and stormwater activities, as well as the investment, compliance and service delivery challenges that will need to be managed over time.
 11. Over recent months, there has been a notable increase in collaboration with Stratford District Council, including the sharing of information, implementation experiences, draft documentation and approaches to common issues associated with establishing standalone water services operations. This collaborative approach is enabling councils to leverage collective knowledge, improve implementation outcomes and maintain awareness of emerging sector practices and regulatory requirements.
 12. A sector collaboration forum has been established for councils that are working through the establishment of IBUs or similar internal water services delivery models. Approximately 17 councils are participating in the forum, with information sharing and regular workstream-

specific discussions helping councils compare approaches, test assumptions and identify practical implementation lessons.

13. While good progress has been made, key focus areas remain. These include completing detailed financial system configuration, finalising SLA rates and cost recovery methodologies, confirming the treatment of balance sheet items and property transfers, maintaining alignment with regulatory disclosure requirements, and sequencing change in a way that minimises operational disruption. These risks and dependencies are recognised and are being actively managed within the programme.

Whakakapia / Conclusion

14. The Council has continued to make strong and steady progress in establishing the IBU. Since the June 2026 update, further progress has been made on the PwC establishment support proposal regarding financial ring-fencing of water services debt, SLAs, charging structures, Commerce Commission disclosure submissions, website disclosure access, financial and balance sheet separation, Te Rourou building considerations, Water Services Strategy input, and sector collaboration with other councils establishing similar models.
15. The Council remains on track to achieve full establishment of the IBU by 1 July 2027, in line with the approved Water Services Delivery Plan. The next phase will focus on completing the detailed implementation tasks required to confirm financial separation, finalise internal service arrangements, support transparent disclosure, and prepare the IBU for full operational readiness.



Herbert Denton

**Kaiarataki Ratonga Pūhanga /
Group Manager Infrastructure Services**



[Seen by]
Fiona Aitken

**Tumu Whakahaere /
Chief Executive**



Pūrongo-Whakamārama Information Report

7.2

To	Water Services Committee
From	Kaitātari Whakamahere Rautaki / Strategic Planner, Kylan Luke-McKeen
Date	7 October 2026
Subject	Water Services Strategy Update

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report provides an update to the Water Services Committee on discussions held during the Long Term Plan 2027-2037 workshops relating to water supply, stormwater, and wastewater services. The workshops focused on future levels of service, performance measures, funding approaches, and key challenges facing water services over the next 10 years.
2. The report also provides a high level update on the development of the Water Services Strategy. Work is underway on the strategy, including development of the front end, and other foundational sections required under Local Government (Water Services) Act 2025.

Taunakitanga / Recommendation

THAT the Water Services Committee receives the update on:

- Long Term Plan workshop discussions relating to water services, and
- Progress on development of the Water Services Strategy.

Kupu Whakamārama / Background

Current Practice

3. The Council is currently developing its Long Term Plan 2027-37 and Water Services Strategy concurrently. While the Water Services Strategy will become the primary planning document for water services, discussion through the Long Term Plan workshops provides valuable governance direction on levels of service, funding approaches, and future service delivery.

Whakawhiti Kōrero/Aromātai – Discussion/Evaluation

Long Term Plan workshop discussions

4. A workshop was held with elected members on 15 June 2026 to discuss future service delivery, levels of service, funding arrangements, and key challenges across a range of Council activities. Water supply, stormwater, and wastewater services were included in these discussions.

Water supply

5. The discussion focused on the future delivery of safe, reliable, and resilient drinking water services. Members generally supported maintaining existing levels of service, with minor wording changes suggested to better reflect service resilience and reliability. Members also discussed universal water metering, encouraging water storage solutions in new developments, and the role of water conservation in supporting long term resilience.
6. There was broad support for retaining the current assessment of benefits, recognising that water supply is primarily a private benefit service with wider public health benefits. Discussion on funding recognised the Council's commitment within the Water Services Delivery Plan to move towards universal water metering and user pays charging over time.

Stormwater

7. Discussion focused on managing flood risk, maintaining compliance, and responding to increasing climate related pressures. Members suggested refining existing levels of service to better reflect risk reduction and flood management outcomes. There was also discussion around improving public understanding of stormwater services and reviewing the relevance of customer satisfaction as a performance measure.
8. Members generally supported retaining the current assessment of public and private benefits and maintaining existing funding arrangements for both stormwater services and the Eltham Drainage Scheme.

Wastewater

9. Discussion focused on the increasing investment required to maintain compliance, renew ageing infrastructure, and meeting future environmental standards. Members suggested amendments to existing levels of service to better align with realistic service outcomes and regulatory expectations. There was also discussion regarding the continued use of customer satisfaction measures and the potential for revised wording focused on compliance and environmental performance.
10. Members noted the significant private benefit associated with wastewater services while recognising the wider environmental and public health benefits provided to the community. Discussion also occurred regarding future funding approaches, including consideration of trade waste, pan charges, and potential future links between water usage and wastewater charging mechanisms.

11. Looking ahead, the feedback received through the Long Term Plan workshops is now being used to inform the review of levels of service, performance measures, and funding approaches across water services activities.

Water Services Strategy Update

7.2

12. Development of the Water Services Strategy (the Strategy) is progressing well and the majority of the strategic content has now been drafted. Additionally, operational components of the Strategy have been drafted, including:
 - Objectives, outcomes and expectations.
 - Local, Iwi and Māori context.
 - Historical context relating to Local Water Done Well and establishment of the In-House Business Unit.
 - Service delivery, levels of service and performance measures, infrastructure planning, risks and assumptions, and major investment decisions.
13. The draft content is drawn from the Council's endorsed Water Services Framework and the Department of Internal Affairs (DIA) approved Water Services Delivery Plan. The content also aligns with what is required under the Local Government (Water Services) Act 2025.
14. The Local Government (Water Services) Act 2025 also requires the Council to prepare a summary of the major matters contained within the Water Services Strategy to support public consultation. This Summary Document will present the key issues, strategic direction, service levels, major investment needs, funding considerations, and the choices and trade-offs facing the Council and the community.
15. It is anticipated that a draft Summary Document will be presented to the Water Services Committee in January or February 2027 prior to consultation. Subject to the Council's approval, consultation on the Water Services Strategy is expected to occur alongside consultation on the 2027–37 Long Term Plan.

Whakakapia / Conclusion

16. The Long Term Plan workshop provided useful governance direction on future water service delivery, levels of service, and funding approaches. This feedback will assist both the Long Term Plan process and development of the Water Services Strategy.
17. The remaining work programme is focused on completing the operational, infrastructure, and financial components of the Strategy, including levels of service, performance measures, infrastructure planning, major investment decisions, and financial information required under Schedule 3 of the Local Government (Water Services) Act 2025.



Kylan Luke-McKeen

Kaitātari Whakamahere Rautaki
Strategic Planner



[Seen by]

Becky Wolland

Pouhautū Rautaki me te Whaitikanga
Head of Strategy and Governance

7.2



Pūrongo-Whakamārama Information Report

7.3

To	Water Services Committee
From	Pouhautū Rautaki me te Whaitikanga / Head of Strategy and Governance, Becky Wolland
Date	7 October 2026
Subject	Water Services Committee 2026 Workplan

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The Water Services Committee Workplan (the Workplan) for the 2026 calendar year includes a list of key reports, workshops and policies that will be presented to the Committee throughout the year. The Workplan is revised in alignment with directives issued through Water Services Committee reviews, reporting required by other Government organisations (Taumata Arowai, Commerce Commission) and reporting arising from the Council's operations.
2. The 2027 Master Meeting Schedule will be considered at the Ordinary Council meeting on 21 October with future reporting included in the November meeting following its adoption.

Taunakitanga / Recommendation

THAT the Water Services Committee receives the Workplan for the 2026 calendar year.

Kupu Whakamārama / Background

3. The Workplan includes key policies for review, regular reports and upcoming workshops. The Water Services Committee may review the Workplan at any stage and add or remove items.

Whakakapia / Conclusion

4. The Workplan for the 2026 calendar year is attached in Appendix 1 and includes key Council work that the Committee will review.



Becky Wolland

**Pouhautū Rautaki me te Whaitikanga /
Head of Strategy and Governance**

7.3



[Seen by]

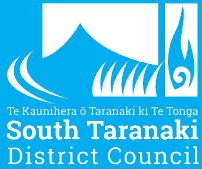
Fiona Aitken

**Tumu Whakahaere /
Chief Executive**

[Appendix 1 - Water Services Committee 2026 Workplan](#)

2026 Water Services Committee Workplan

	7 Oct	16 Nov
Quarterly Reporting		September Financial and non-financial Quarterly Report (Q1)
Risk Management		Risk Management Report
Water Services Strategy	Update Report	
Regular Update Reports	Committee Workplan Business Unit Establishment Progress Report	Committee Workplan Capital Works Project Progress Report
Additional Committee Reports / Sessions	Insurance Renewal	Water Services Strategy Liability Management Policy
Workshops		



Karakia

8. Karakia

Ruruku Whakakapi – Closing Prayer

Unuhia, unuhia

Unuhia ki te uru tapu nui

Kia wātea, kia māmā te ngākau, te
tinana, te wairua i te ara takatū

Kia wātea, ka wātea, āe rā, kua wātea
Rire rire hau pai marire!

Draw on, draw on,

Draw on the supreme sacredness

*To clear, to free the heart, the body and the
spirit of mankind*

*To be clear, will be clear, yes is cleared.
Deeply in peace!*