Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Rārangi take Komiti Ratonga Wai

Water Services Committee Agenda

Monday 16 November 2026, 9 am

Council Chamber, Administration Building, Albion Street, Hāwera



Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

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.

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

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	07/10/26				
Meeting	O	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 Haumaru / 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 instrcution 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 betweeen their role as an elected member and any private or other external interest they might have.

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Rārangi Agenda

Water Services Committee

Monday 16 November 2026 at 9 am

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 7 October 2026 ..... Page 9

6. **Pūrongo / Report**

6.1 Council and Three Waters Debt Ring-Fencing Arrangements and Externalisation of Internal Debt ..... Page 15
6.2 Significance and Engagement Policy - Water Services ..... Page 47

7. **Pūrongo-Whakamārama / Information Report**

7.1 First Quarter Financial Performance Report for Water Services period ending 30 September 2026 ..... Page 71
7.2 Quarter One Non-Financial Performance Measures – Three Waters ..... Page 86
7.3 Capital Works Progress Report – Quarter 1 2026/27 ..... Page 103
7.4 In-House Business Unit Transition Risks ..... Page 114
7.5 Water Services Strategy – Draft Review Update ..... Page 118
7.6 Water Services Committee 2027 Workplan ..... Page 164

8. **Karakia**

Next Meeting Date: Wednesday 24 February 2026 – Council Chamber
Elected Members' Deadline: Wednesday 10 February 2026

Karakia

1. Karakia

Ruruku Timata – Opening Prayer

Whaia, whaia, whaia te urutapunui a Tāne.
Tāne te waiora, Tāne te pūkenga, Tāne te wānanga
Tāne te whakaputa nei I te whaiao, I te ao mārama
Tīhei 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.

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

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.*

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Ngā Whakaputanga
Declarations of Interest

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*

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Whakatakoto Kaupapa Whānui, Whakaaturanga hoki

Open Forum and Presentations

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

To	Water Services Committee
Date	16 November 2026
Subject	**Water Services Committee 7 October 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 7 October 2026. The Water Services Committee is being asked to adopt their minutes from 7 October 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 7 October 2026 as a true and correct record.

Menīti
Minutes

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Ngā Menīti take o te Komiti Ratonga Wai
Water Services Committee

Council Chamber, Administration Building, Albion Street, Hāwera
on Wednesday 7 October 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 (External Member) and Peter Moeahu (Iwi Representative).

Ngā Taenga-Ā-Tinana / In Attendance: Mayor Phil Nixon, Fiona Aitken (Chief Executive) *online,* Kaya Acero (Governance Officer), Kylan Luke-McKeen (Strategic Planner), 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 Menīti / Confirmation of Minutes

2.1 Water Services Committee meeting held on 26 August 2026.

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

33/26 WS **THAT the Water Services Committee adopts the minutes from the meeting held on 26 August 2026 as a true and correct record.**

CARRIED

3. Pūrongo / Report

3.1 Insurance Renewal 2026/27

The report sought the Water Services Committee's recommendation to the Council on the proposed transfer of approximately $44 million of water services assets from the Council's self-insurance portfolio into the 2026/27 material damage insurance programme. The report also outlined the proposed interim maximum fire loss limit for the Council's insurance programme and its potential implications for water services.

Mr Mehta advised that the transfer would reduce the In-House Business Unit's exposure to uninsured asset losses while supporting water services ring-fencing requirements. He noted that the Risk and Assurance Committee had separately considered the proposed maximum fire loss limit and recommended the Council approve an interim maximum fire loss limit of $105 million.

Councillor Cleaver-Pittams queried whether the $44 million of assets currently sat within the Council's self-insurance portfolio and sought clarification on the overall level of asset exposure. In response, Mr Mehta confirmed the assets were currently self-insured and advised that the proposal would transfer them into the material damage insurance programme. He further advised that the additional insurance premium could be accommodated within existing budgets and expressed confidence that sufficient funding was available for the change.

RECOMMENDATION **(Deputy Mayor Northcott/Ms Buckingham)**

34/26 WS **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 2026/2027 material damage insurance programme; and

b) Notes that the Risk and Assurance Committee separately considered an interim maximum fire loss limit of $105 million for the Council's 2026/27 material damage insurance programme

CARRIED

4. Pūrongo-Whakamārama / Information Report

4.1 In-House Business Unit Establishment – Progress Update

The report provided the Water Services Committee with an update on progress towards establishing the In-House Business Unit (IBU), including work undertaken across governance support, service level agreements, financial separation, asset allocation, regulatory disclosures and sector collaboration.

Councillor Fleming queried whether transferring water services assets into the material damage insurance programme would improve financial ring-fencing arrangements. In response, Mr Mehta advised that the change would strengthen ring-fencing by clearly identifying insurance costs within the IBU rather than relying on self-insurance arrangements.

Ms Buckingham sought clarification regarding the separation of debtors and creditors and whether existing balances would transfer to the IBU. In response, Mr Mehta advised that internal work was underway to identify water services-related debtors and creditors with arrangements being developed to support financial separation and standalone reporting from 1 July 2027.

Deputy Mayor Northcott queried the proposed transfer/sale of Te Rourou (ex Hāwera Library building) to the IBU and sought clarification on the rationale for the approach. Mr Mehta advised that any transaction would be based on independent property valuation

advice. Mr Mehta noted that the matter had previously been considered through the Water Services Delivery Plan process and that ownership by the IBU would provide greater clarity should future structural changes to water services delivery occur. Mayor Nixon requested clarification on the terminology used and noted that the Council would expect any transfer of ownership to occur on a commercial basis. Mr Mehta confirmed that provision had been included within financial planning for the transaction.

Mr Moeahu queried how key programme risks and dependencies would be reported to the Committee. In response, Mr Mehta advised that risk reporting would continue to be provided through regular Risk Management Reports.

Ms Buckingham queried the collaborative work being undertaken with Stratford District Council and other councils establishing similar delivery models. Mr Mehta advised that regular information sharing was occurring through officer networks and a sector collaboration forum involving approximately 18 councils progressing in-house water services models.

Councillor Cleaver-Pittams queried whether officers were confident that charging arrangements and cost allocations between the Council and the IBU would be sufficiently accurate when the new arrangements commenced. In response, Mr Mehta advised that implementation work was already underway and that officers were confident any issues would be identified and addressed before the IBU became operational. He noted that work continued on the treatment of stranded overhead costs, although no significant issues were anticipated.

Discussion was held regarding future water charging arrangements, including universal water metering, billing processes and the potential impact on customers. Mr Mehta advised that work was progressing on separate billing and cashflow arrangements and noted that future user-pays charging would be implemented progressively.

Mayor Nixon queried whether reduced water usage arising from universal water metering could affect future consent renewal applications or the ability to accommodate future growth. In response, Mr Mehta advised that water demand would be one factor considered as part of future consent processes. Ms Aitken noted that current regulators already considered actual water usage when assessing consent requirements and that future regulatory approaches could place greater emphasis on demonstrated needs.

RESOLUTION **(Deputy Mayor Northcott/Cr Bellringer)**

35/26 WS **THAT the Water Services Committee receives the report on the In-House Business Unit (IBU) Establishment – Progress Update.**

CARRIED

4.2 Water Services Strategy Update

The report provided an update on discussions held through the Long Term Plan (LTP) 2027-2037 workshops relating to water supply, wastewater and stormwater services, and outlined progress on the development of the Water Services Strategy (the Strategy).

Mr Luke-McKeen advised that feedback received through the LTP workshops was being used to inform future levels of service, performance measures and funding approaches

across Council's water services activities. He noted that members had generally supported maintaining existing levels of service for water supply, stormwater and wastewater activities, while also discussing matters such as universal water metering, water conservation, stormwater performance measures and future wastewater funding mechanisms.

Mr Luke-McKeen provided an update on the development of the Strategy and advised that the majority of the strategic content had now been drafted. He noted that the Strategy had been developed using information already approved by the Council through the Water Services Framework and the Department of Internal Affairs-approved Water Services Delivery Plan to ensure consistency across the Council's water planning documents and compliance with legislative requirements.

Mr Luke-McKeen advised that the next phase of work would focus on completing the remaining operational, infrastructure and financial content, refining the draft Strategy and preparing the Summary Document required to support public consultation. He noted that the Summary Document would outline the key issues, strategic direction, service levels, investment requirements, funding considerations and the choices and trade-offs facing Council and the community. It was anticipated that a draft Summary Document would be presented to the Committee in early 2027, with consultation on the Strategy expected to occur alongside consultation on the LTP 2027-2037.

Ms Buckingham queried whether members would have visibility of the strategic projects contained within the Strategy and how matters such as wastewater funding mechanisms would be presented through consultation. Mr Mehta advised that the Strategy and LTP were closely linked, particularly in relation to funding approaches, and that relevant matters, such as funding mechanisms, would be considered through the LTP consultation process.

Councillor Fleming noted the importance of early community communication about the introduction of water metering and its implications. In response, Mr Mehta advised that communication and education would commence well in advance of implementation and that the transition to universal water metering would occur progressively. Ms Aitken noted that universal water metering was already a committed component of the Water Services Delivery Plan and would be implemented through an ongoing transition process.

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

36/26 WS **THAT the Water Services Committee receives the update on Long Term Plan workshop discussion relating to water services and progress on development of the Water Services Strategy.**

CARRIED

4.3 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.

RESOLUTION **(Deputy Mayor Northcott/Cr Bellringer)**

37/26 WS **THAT the Water Services Committee receives the Workplan for the 2026 calendar year.**

CARRIED

The meeting concluded at 1.41 pm.

Dated this day of 2026.

…….
CHAIRPERSON

Pūrongo
Report

6

To	Water Services Committee
From	Pouhautū Āheinga Pakihi / Head of Business Enablement, Vipul Mehta
Date	16 November 2026
Subject	**Council and Three Waters Debt Ring-Fencing Arrangements and Externalisation of Internal Debt**

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

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The Council has worked with PricewaterhouseCoopers (PwC) to develop a fair, transparent and auditable methodology for ring-fencing debt and interest-rate swaps attributable to the Three Waters In-House Business Unit (IBU). This supports the requirement for separate and verifiable water-services financial information from 1 July 2027, including the IBU's financial position and attributed debt.

2. The methodology, developed jointly by Council officers and PwC and documented in the attached PwC Discussion Paper, separates debt and associated interest-rate swaps between the Three Waters IBU and the remainder of Council while seeking to maintain an equitable allocation of funding costs and risk. As at 30 June 2026, identified water-related debt was $97.94 million, comprising $89.85 million of external debt and $8.09 million of internal loans, representing approximately 55% of Council's total debt of $178.23 million.

3. Once approved, the ring-fencing methodology will also be applied to new borrowing undertaken during the current (2026/27) financial year, providing a consistent basis for attributing new debt and associated financing costs between the Three Waters IBU and the remainder of Council.

4. Separately, this report recommends converting the water-related internal loans to external Local Government Funding Agency (LGFA) funding by 30 June 2027, with the proceeds used to repay the Long Term Investment Fund (LTIF). This recommendation reflects the longer-term strategic benefits of returning the internally borrowed funds to the LTIF for investment under its diversified investment strategy, rather than an assumption that the LTIF will outperform the cost of borrowing each year.

Taunakitanga / Recommendation

THAT the Water Services Committee recommends that the Council, subject to the Risk and Assurance Committee also recommending approval of the same arrangements:

a) approves the methodology developed as per the attached Discussion Paper from PwC for attributing and ring-fencing existing debt and interest-rate swaps to the Three Waters In-House Business Unit; and

b) approves the conversion of all water-related internal debt to external debt by 30 June 2027, with the external borrowing proceeds used to repay the Long-Term Investment Fund in full.

Kupu Whakamārama / Background

5. The Local Government (Water Services) Act requires the Council to produce ring-fenced water-services financial information. This includes comprehensive revenue and expenses, cash flows and a financial position that captures attributed water debt. Although the IBU remains within the Council, its debt, interest costs and treasury risk positions need to be separately identifiable and supported by a clear evidence trail.

6. The Council currently manages debt and hedging on a whole-of-Council basis. PwC was engaged to develop a representative method to attribute existing debt and swaps between water services and the residual Council without disadvantaging either group of ratepayers.

7. The methodology applies the water allocation consistently to economic value, book value, swaps and future cash flows. Whole LGFA instruments are selected on a best-endeavours basis so that the ring-fenced portfolio and residual Council portfolio closely match the Council-wide weighted-average cost, term and maturity profile. This also supports a potential future transfer to a water services council-controlled organisation.

Proposed Methodology

8. The proposed methodology for separating debt and associated interest-rate swaps between the Three Waters IBU and the remainder of Council has been developed jointly by Council officers and PwC and is fully documented in the PwC Discussion Paper attached to this report as Appendix 1.

9. Subject to Council approval, the methodology will be applied to the closing debt and interest-rate swap positions as at 30 June 2026, as set out in the Discussion Paper. This will establish the opening treasury positions for the Three Waters IBU and the remainder of Council.

10. The methodology will then be applied to new borrowing, refinancing and interest-rate risk management undertaken during the 2026/27 financial year. Applying the methodology throughout the year will enable any practical or operational issues to be identified and resolved in advance of 30 June 2027.

11. Water-related internal borrowing will be converted to external borrowing by 30 June 2027, with the corresponding principal repaid to the LTIF in full. Future water-services borrowing will, wherever practicable, be separately identifiable to support transparent and ongoing ring-fencing.

Rationale for Externalising Internal Debt

12. The internal loans for water-related debt as at 30 June 2026 were $8.09 million. The amount ultimately externalised and repaid will be the actual outstanding water-related internal debt at 30 June 2027, after scheduled repayments and reconciliation.

13. Externalisation aligns the financing source with the ring-fenced IBU and provides a clearer, auditable liability position. PwC estimated that external LGFA funding could be approximately 20 basis points below the relevant internal lending rate, which would equate to an indicative annual IBU financing saving of about $16,000 on $8.09 million.

14. Repaying the LTIF returns capital that can be invested in accordance with the SIPO and its diversified long-term objectives. The internal borrowing returned 5.8% over the previous 12 months compared with a 9.6% net return for the LTIF as a whole. This historical comparison supports the opportunity rationale but is not a forecast or assurance of future performance.

Ngā Kōwhiringa / Options - Identification and analysis

Option 1: Approve the methodology and externalise internal water debt

15. Under this option, the Council would approve the proposed debt ring-fencing methodology for separating debt and interest-rate swaps between the Three Waters IBU and the remainder of Council and apply it from the 30 June 2026 closing position and to new borrowing during 2026/27. Council would also refinance the existing water-related internal debt through external borrowing by 30 June 2027, with the proceeds used to repay the LTIF. This provides the clearest financial separation, improves transparency and traceability of water-related financing costs, and returns the internally borrowed capital to the LTIF for investment in accordance with its SIPO. This is the preferred option.

Option 2: Ring-fence debt but retain internal loans

16. Under this option, the Council would approve and implement the proposed methodology for separating external debt and interest-rate swaps but retain the existing water-related internal borrowing from the LTIF. This would improve the transparency and attribution of external debt and interest-rate exposures but would retain a mixed internal and external funding arrangement for the Three Waters IBU and would not return the internally borrowed capital to the LTIF. This option is not preferred.

Risks

17. ***Borrowing cost risk***: There is a risk that the final cost of external borrowing is higher than anticipated, reducing or eliminating the estimated financing benefit to the IBU. This risk would be managed by obtaining current LGFA pricing, comparing available borrowing options and undertaking transactions within Council's Liability Management Policy and approved delegations. The residual risk is assessed as low.

18. ***LTIF investment performance risk:*** There is a risk that future LTIF investment returns are lower than the return currently received from internal lending. This could mean the

anticipated benefit from returning capital to the LTIF is not realised, and investment values may fluctuate over time. The decision should therefore be considered against the LTIF's long-term SIPO objectives, diversification and risk tolerance rather than short-term or one-year investment returns. The residual risk is assessed as moderate.

19. ***Debt and swap allocation risk:*** There is a risk that debt or interest-rate swaps are incorrectly attributed between the IBU and residual Council, potentially resulting in inaccurate ring-fenced financial positions or unintended cross-subsidisation between water and non-water ratepayers. This will be mitigated through reconciliation of balances, documented allocation assumptions, a clear audit trail and independent review of the implementation schedule. The residual risk is assessed as low.

20. ***Policy compliance risk:*** The separate IBU and residual Council treasury portfolios may not initially meet all standalone policy bands, even though Council remains compliant on a consolidated basis. This will be managed through separate monitoring of the IBU, residual Council and consolidated treasury positions, with exposures rebalanced prospectively or policy settings amended where necessary and appropriately approved. The residual risk is assessed as moderate.

21. ***Debt and swap basis risk:*** A degree of mismatch may remain between the debt allocated to the IBU and its associated interest-rate swaps, meaning borrowing costs and hedge cash flows may not move consistently. This will be managed progressively through swap maturities and replacement and by aligning debt and hedge reset periods where practicable. The residual risk is assessed as moderate.

Whaiwhakaaro me ngā aromatawai / Considerations and Assessments

Local Government Purpose

22. The proposal supports prudent financial management, transparent allocation of water-services costs and long-term stewardship of Council funds. It reduces the risk of cross-subsidy and strengthens accountability for the IBU while retaining whole-of-Council oversight.

Assessment of Significance and Engagement

23. 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.	Medium - The proposal changes how existing water-related debt and financing costs are attributed and managed between the Water Services IBU and residual Council. While it does not directly change services to residents, it improves the financial separation and transparency of water services.
LOS	The achievement of, or ability to achieve, the stated levels of service set out in the Long Term Plan.	Low - The proposal does not directly change existing levels of service. It relates to financing arrangements supporting the delivery and future funding of water services.
Decision	Whether this type of decision, proposal or issue has generated wide public interest in South Taranaki.	Medium - Three Waters funding, debt allocation and the financial separation of the Water Services IBU are matters of public accountability and may attract community interest.
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.	High - The proposal involves refinancing internal water debt through external borrowing, reallocating existing debt and interest-rate swaps, and returning the corresponding capital to the LTIF. While primarily a financing restructure, the amounts involved and the effect on the Council's treasury position are financially significant.
Reversible	The degree to which the decision or proposal is reversible.	Low - The debt allocation methodology can be reviewed or amended in the future; however, external refinancing and repayment of LTIF principal involve transactions that cannot be readily reversed without further borrowing, investment and transaction decisions.

Criteria	Measure	Assessment
Environment	The degree of impact the decision will have on the environment.	Low - The proposal is a financial and treasury management decision and has no direct environmental impact. It supports the financial arrangements underpinning the ongoing delivery and renewal of water infrastructure.

24. In terms of the Council's Significance and Engagement Policy, this matter is assessed as being of medium significance. While the financial component is significant due to the value of debt and treasury arrangements involved, the proposal primarily changes the way existing water-related financing is structured and attributed and does not itself change levels of service or the delivery of water services.

Legislative Considerations

25. The methodology supports the requirement to produce ring-fenced water-services financial information and must be implemented consistently with the Local Government Act 2002, the Local Government (Water Services) framework, the Council's Liability Management Policy, LGFA requirements and applicable financial reporting standards.

Financial/Budget Considerations

26. The proposed transaction replaces internal funding with external borrowing. It increases external debt by the amount required to repay the outstanding water-related internal borrowing but does not increase the Council's underlying net obligations at the transaction date. Future outcomes will depend on external borrowing costs, LTIF investment returns, transaction costs and market conditions. These should be incorporated into the 2027-37 Long Term Plan and IBU budgets.

Consistency with Plans/Policies

27. The proposal is consistent with the draft Investment Policy and Liability Management Policy provisions requiring IBU balances, borrowing, liquidity, interest-rate risks, income and costs to be separately identified while consolidated Council compliance is maintained. Execution must remain within approved limits and delegations.

Affected Parties Consultation

28. No affected parties have been identified in relation to the proposed debt ring-fencing and refinancing arrangements. The methodology has been developed jointly by Council officers and PwC, with the detailed methodology and supporting analysis set out in the PwC Discussion Paper attached to this report. The Water Services Committee is being asked to consider the proposed arrangements from a water-services funding and financial accountability perspective. Its recommendation to Council is subject to the Risk and Assurance Committee also recommending approval of the same arrangements, with Council retaining the final approval decision.

Whakakapia / Conclusion

29. The proposed methodology provides a practical, transparent and equitable basis for separating debt and associated interest-rate swaps between the Three Waters IBU and the remainder of Council. Once approved, the methodology will be applied from the 30 June 2026 closing position and to new borrowing and treasury activity during 2026/27. Separately, externalising the remaining water-related internal debt by 30 June 2027 and repaying the LTIF in full will strengthen the financial separation of the IBU and return capital to the LTIF for investment under its long term diversified strategy. The Water Services Committee should therefore recommend that the Council approves these proposals, subject to the Risk and Assurance Committee also recommending approval of the same arrangements.

Vipul Mehta
Pouhautū Āheinga Pakihi / Head of Business Enablement

[Seen by]
Fiona Aitken
Tumu Whakahaere / Chief Executive

Appendix 1 - STDC_Ringfencing water-related debt for IBU_ September 2026.pdf

6

DRAFT for discussion:

Ring-fencing water-related debt for an in-house business unit



Prepared for South Taranaki District Council
2 September 2026

Important information

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Certain numbers included in tables throughout this report have been rounded and may not add exactly.

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2. The reader of this report acknowledges that this report was prepared at the direction of our addressee client and may not include all advice and / or procedures deemed necessary for the purposes of the reader.
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Ring-fencing South Taranaki District Council's water-related debt

Introduction

For an in-house business unit, South Taranaki District Council (STDC) is required to include ring-fenced water-services financial statements for the year beginning 1-July 2026, including:

- Comprehensive revenue and expenses;
- Cashflows; and
- Financial position which captures attributed water debt

Implementing operational, accounting and attributed debt ring-fencing arrangements provides the pathway to producing compliant water-services financial information necessary for the 2026/27 Financial Year.

This report outlines how identified debt tranches and swap instruments can be ring-fenced to the in-house business unit (IBU) in a way that serves as a viable and economically neutral allocation mechanism.

The analysis presented in this report illustrates the concept using existing council information and viable assumptions. As with any modelling exercise, the outputs are sensitive to the underlying inputs and should be revisited as updated information becomes available or underlying positions change.

Ring-fenced LGFA debt tranches

Selected LGFA instruments are ring-fenced and selected so that the weighted-average cost and term closely match STDC's wider portfolio.

Treatment of interest rate swaps

When considering interest rate swaps (swaps) for Council we have adopted an approach that is simple in cost allocation.

- The agreed ratio of water-related debt to total LGFA debt is applied to STDC's swap portfolio to determine the IBU's share of the existing swap position.
- This ring-fenced portfolio is then constructed in similar fashion to debt tranches, swaps are selected so that the weighted average rate, term, and marked-to-market profile are closely matched to STDC. This ensures neither party is left holding 'implied' water-related gains or losses on swaps after the underlying debt is ring-fenced.

Purpose of this report

- Define the assumptions and methodology used to construct a representative portfolio of LGFA instruments suitable for ring-fencing to the IBU.
- Assess any post-ring-fencing impacts on Council's funding and interest rate positions, including areas of temporary non-compliance with Treasury Policy.
- Outline additional considerations and next steps.

1

Water-services debt ring-fencing considerations and approach

Principles applied in ring-fencing an efficient, effective and equitable debt allocation to water services

A fair debt ring-fence mechanism ensures the economic value of water debt is preserved, regardless of the allocation mechanism or timing chosen by Council. Ensuring an economically neutral outcome for ratepayers is central to the design of the approach

Core quantitative fairness principle

At the heart of a fair allocation is a simple principle: the IBU takes on exactly the water-related economic value of Council debt. The agreed water-allocation percentage must therefore be applied consistently to book value, market value, swaps, and future cashflows. This consistency is the basis for all neutrality and mechanism design.

PwC's approach is to ensure good practice (with or without amalgamation).

This approach ensures no party worse off: council and the IBU water entity must each remain economically neutral. Ratepayers cannot subsidise (or be subsidised by) transfer choices even in the instance the IBU remains under council control.

Given the changing council landscape the approach should consider the potential future state where the IBU is absorbed into a standalone WSCCO.



STDC can achieve a fair, transparent and auditable attribution of water-related debt by constructing a representative ring-fenced portfolio of debt and interest-rate swaps. This approach preserves economic neutrality, supports separate IBU financial reporting and provides a practical pathway for future structural change.

Debt transfer design principles

These design principles focus on fairness, cost efficiency, and execution clarity. PwC's framework takes these high-level principles and translates them into practical, testable design components, ensuring the agreed mechanism is equitable, transparent and auditable.

- **Fairness and equity**: adopt a 'no party worse off' lens to guide equitable outcomes. This includes considering Council's risk position and ensuring that communities served by both are not impacted by the ring-fencing.
- **Cost efficiency and sustainability**: the mechanism should minimise economic cost across the system, including interest expense, break costs, and duplicated financing, while supporting the IBU's long-term ability to service its obligations.
- **Transparency and clarity:** written terms, auditable rationale, and clear documentation ensure full transparency across all parties. Simple, well-defined steps reduce execution risk and maintain consistency throughout the process.
- **Compliance and alignment:** the approach must comply with statutory frameworks and reflect the expectations of the LGFA, banks, and rating agencies.

How we approach ring-fencing water debt from the existing council debt portfolio

Verifiable debt balances for water services

All water in-house services and associated costs are required from 1 July 2026 to be ring-fenced from other council operations under the Local Government (Water Services) Act.

While the Act does not require legally separate debt instruments, council and IBU should adopt an approach that supports verifiable debt balances attributed to water services. Pragmatically, this is addressed in separate debt tranches for water services.

Ring-fenced methodology for existing debt

Council typically manages a portfolio of debt for all expenditures. A proportion of this portfolio must now be attributed to water services. PwC has constructed a representative portfolio aligned with transfer principles provided earlier to give effect to an efficient, effective and equitable debt allocation.

Methodology

1. Define the target principal amount to ring-fence

STDC's water allocation determines the notional principal value to be ring-fenced. LGFA instruments are then selected from Council's portfolio to meet the target principal amount. Internal loans are also considered in the attributed amount in addition to LGFA instruments.

2. Align with STDC's total portfolio characteristics

The representative portfolio is constructed on a best endeavours basis to align with the weighted-average cost of funds and weighted-average term of STDC's total LGFA portfolio.

To support simplicity and clarity, only full LGFA instruments are ring-fenced, rather than partial maturities or split allocations. This future proofs water debt transfer mechanisms under amalgamation or establishment of a WSCCO where the portfolio would be required to be lifted and shifted.

3. Select eligible LGFA debt instruments and assess the portfolios

The representative and residual portfolios are assessed to confirm that:

- Weighted average CoF and weighted average term remain closely aligned with STDC's residual portfolio.
- If applicable, the fixed-floating structure remains broadly consistent.
- The maturity profile remains well-distributed for ongoing funding and risk management.



This methodology provides a simple, robust, and scalable basis for identifying STDC's representative ring-fenced portfolio. Importantly, it provides flexibility in allowing water debt to be shifted into a standalone WSCCO should this occur in the future.

2

Water-services ring-fenced debt/swap portfolio construction

Baseline assumptions

Information provided by council

External debt composition

$168 million; $166m LGFA debt + $2m drawn facility

Water debt proportionality applied to existing debt as at 30 June 2026

Source	Water debt	Total Debt	%
External	$89,850,000	$168,000,000	53.5%
Internal	$8,090,000	$10,225,000	79.1%
	$97,940,000	**$178,225,000**	**55.0%**

Council category	30/06/2026 ($)	Loan repayment ($)	New loan ($)	Projected balance 30/06/2027 ($)
External	$168,000,000	$6,876,000	$27,876,000	$189,000,000
Internal	$10,225,000	$1,337,000	-	$8,888,000
Total	**$178,225,000**	**$8,213,000**	**$27,876,000**	**$197,888,000**
Three Water Services				
External Loan				
Water Services	$47,150,000	$1,170,000	$4,170,000	$50,150,000
Wastewater	$37,300,000	$770,000	$9,000,000	$45,530,000
Stormwater	$5,400,000	$170,000	$470,000	$5,700,000
Internal Loan				
Water Services	$4,450,000	$440,000	-	$4,010,000
Wastewater	$3,200,000	$430,000	-	$2,770,000
Stormwater	$440,000	$120,000	-	$320,000
Total	**$97,940,000**	**$3,100,000**	**$13,640,000**	**$108,480,000**

How we'll construct each component of the IBU water debt portfolio

1. LGFA portfolio

Will be the largest proportion of ring-fenced debt. We will look to ringfence full debt tranches to the nearest million.

2. Internal loan portfolio

Council has specified $8.09 million of water related internal loans. As this is already attributed to water lending there is no requirement to proportion this.

3. Residual debt managed via drawn bank debt

Drawn bank debt will be used as the balancing debt item.



4. Overall

Represent the overall aggregated ring-fenced profile of LGFA / internal loans / Residual drawn bank debt.

1. LGFA portfolio

Results

Employing the methodology and assumptions outlined, PwC has constructed a representative LGFA ring-fenced water debt portfolio.

	LGFA portfolio	Ring-fenced portfolio	Residual Council portfolio
Instrument count	22*	12	10
LGFA debt value constructed	166 m	89 m	77 m
Weighted average CoF (ex swaps)	*4.91%*	*4.92%*	*4.89%*
Weighted average term (years)	*3.167*	*3.139*	*3.199*

*Including refinancing of four instruments

When considering only the LGFA debt portfolio, the ring-fenced water services portfolio meets the representativeness objectives with very close alignment.

Debt refinancing FY2026/27

Council has $27 million of debt for refinancing in April 2027.

As this is existing debt, under the representative approach, ~55% of this would be classified water. 55% is the ratio representative of Council's water debt of $97.94 million relative to total debt $178.225 million.

We have assumed the following refinancing approach for illustrative purposes to construct a FY2026/27 year-end profile.

To ensure cost neutrality we have adopted matched maturities in the split between water and council debt. Margins are indicative based on AA- pricing as at 30 June 2026.

Loan Type	Start	Maturity	Amount	Margin
Water	15 Apr 2027	15 May 2031	$7.5 m	0.66%
Water	15 Apr 2027	15 Apr 2033	$7.5 m	0.77%
Council	15 Apr 2027	15 May 2031	$6.0 m	0.66%
Council	15 Apr 2027	15 Apr 2033	$6.0 m	0.77%
Total refinanced debt			**$27.0 m**	

2. Internal loan portfolio (1/2)

Internal loans

Council currently provides internal loans to fund water activities. In assessing the appropriate treatment of these loans, we have considered:

- continuing the existing internal lending arrangement;
- refinancing the internal loans with external LGFA debt and returning the capital to the LTIF; and
- the overall economic outcome for Council and the IBU.

Internal lending to water activities is priced at Council's weighted-average cost of funds plus a 0.50% margin, with the rate reset annually to reflect changes in Council's underlying debt and swap portfolio. Mercer reports the internal borrowing rate at 5.94% p.a. from 1 July 2026.

The relative efficiency of retaining the internal loans should therefore be assessed against two questions: whether the IBU can access external funding at a lower incremental margin than 0.50%, and whether Council can achieve a better long-term outcome by returning the capital to the LTIF for investment in accordance with its strategic asset allocation.

This provides the basis for assessing whether continuation of the internal loan remains the most efficient outcome for Council and the IBU as a whole.

Borrowing

Council's internal lending arrangement applies an annual margin of 0.50%, with Mercer reporting an internal borrowing rate of 5.94% p.a. from 1 July 2026. By comparison, the IBU is expected to access LGFA borrowing at a lower lending margin, including approximately 0.20% for 12-month commercial paper and 0.45% for borrowing out to two years. On a like-for-like basis, this represents a potential margin saving of approximately 0.30% for 12-month borrowing and 0.05% for two-year borrowing.

Return on Capital

Returning the capital to the LTIF would allow it to be reinvested in accordance with Council's strategic asset allocation rather than remaining invested through the internal loan. As at 31 July 2026, the LTIF was valued at approximately $149.8 million, with all asset classes within their prescribed allocation ranges.

The internal borrowing allocation returned 5.8% over the previous 12 months, compared with a 9.6% net return for the LTIF as a whole. However, returns varied materially by asset class. Accordingly, the case for returning capital should be based on the LTIF's long-term diversified investment objective and strategic allocation, rather than an assumption that each alternative asset class will outperform the internal lending rate.

2. Internal loan portfolio (2/2)

Assessment

The IBU and LTIF have different financial objectives. The IBU should seek to minimise the cost of financing water activities, while the LTIF is managed to generate long-term investment returns for the benefit of ratepayers.

Based on Council's weighted-average cost of funds plus the 0.50% internal lending margin, we calculate the current internal lending rate at approximately 4.90% p.a. We note this is materially lower than the 5.94% p.a. internal borrowing rate from 1 July 2026 reported in Mercer's July 2026 LTIF report. The approximately 1.04% difference should be reconciled with Council and/or Mercer.

Notwithstanding this difference, the economic assessment remains whether the IBU can access external LGFA funding at a lower cost than the applicable internal lending rate and whether repayment of the internal loan provides Council with a more efficient use of its capital. Repayment would return capital to the LTIF for investment in accordance with its strategic asset allocation.

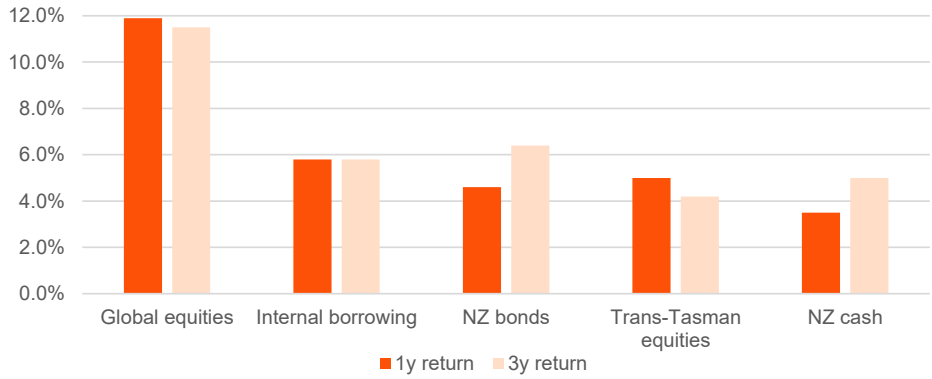
On the **$8.09 million** of internal water lending, refinancing through LGFA at an assumed 20 basis point lower cost would reduce annual IBU financing costs by approximately **$16,000**. Using Mercer's reported **5.94% internal borrowing rate** as the return forgone by the LTIF, and comparing this with the **11.4% net return achieved by Global Equities over the 12 months to July 2026**, the indicative incremental investment return would be approximately **$442,000.**

Component	Calculation	Annual benefit
Lower IBU borrowing cost	$8.09m × 0.20%	**$16,180**
Capital return uplift	$8.09m × (11.4% − 5.94%)	**$441,714**
Combined indicative benefit	$8.09m × 5.66%	**$457,894 p.a.**

Combined, this represents an illustrative annual economic benefit of approximately **$458,000**.

This approach aligns the IBU's objective of minimising its financing cost with the LTIF's objective of generating long-term investment returns, supporting an efficient overall outcome for Council.

Our analysis assumes the water-related internal loans are refinanced with lower-cost external LGFA debt and the corresponding capital returned to the LTIF.



3. Drawn bank debt

Residual debt managed via drawn bank debt

Council has $2 million drawn under its existing bank facility.

The exercise of ring-fencing existing LGFA debt and repaying internal loans with new external LGFA debt has used debt amounts rounded to the nearest $1 million.

Consequently, the residual water-debt that is less than $1 million will be captured under existing drawn bank debt as the balancing item.

This equates to $940,000 being the residual debt amounts from:

- **$850,000 = representative of external debt**
- **$90,000 = representative of internal loans**

Council has indicated the IBU will have its own Working Capital Facility which would be able to be drawn to repay Council the residual debt amount.
In time this amount could be termed out via the LGFA in addition to new capital expenditure requirements to a more meaningful size (i.e. >$1 million).

4. Overall ring-fenced portfolio - results

Results and interpretation

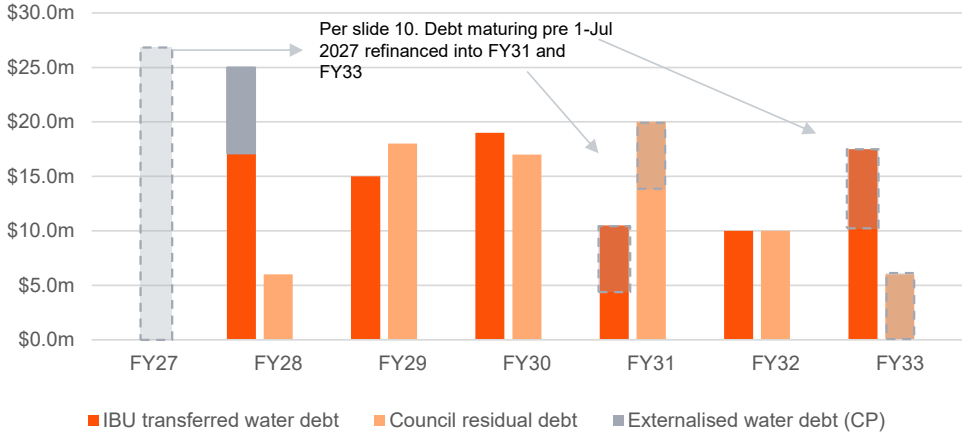
Applying the inputs from the previous slides, the output and comparison is summarised below as at 30 June 2026.

	Ring-fenced portfolio	Residual Council portfolio
LGFA debt	89.00 m	77.00 m
Internal loans	8.00 m*	2.135 m
Drawn bank debt	0.94 m	1.06 m
Final debt positions	**97.94 m**	**80.285 m**
Weighting %	55.0%	45.0%
Total debt	**178.225m** *aligns with base assumption*	
Weighted average CoF (ex swaps)	*4.89%*	*4.89%*
Weighted average term (years)	*2.963*	*3.199*

***Ring-fenced internal loan is replaced with external LGFA debt rounded to the nearest $1 million, however, is represented in the table as an internal loan for comparative purposes**.

The cost of funds calculation is based on the weighted average cost projected from FY27 to FY33 for the LGFA debt and externalised internal loans to be financed also with LGFA.

The following maturity profile illustrates the projected IBU and residual council external debt portfolios as at 1 July 2026. Attributed water debt is clearly visible and distinct from remaining Council debt. One caveat is the illustrated portfolio does not capture new loans of $27.9m to be raised by June 2027 ($13.6m for water). However, new debt does not alter the treatment of the methodology used to attribute the existing portfolio.



Selecting LGFA instruments that are representative of Council's overall portfolio supports a fair and equitable ring-fencing outcome, ensuring no party is worse off. It also creates a debt portfolio that can be readily transferred to a future WSCCO, while preserving economic neutrality between Council and the IBU.

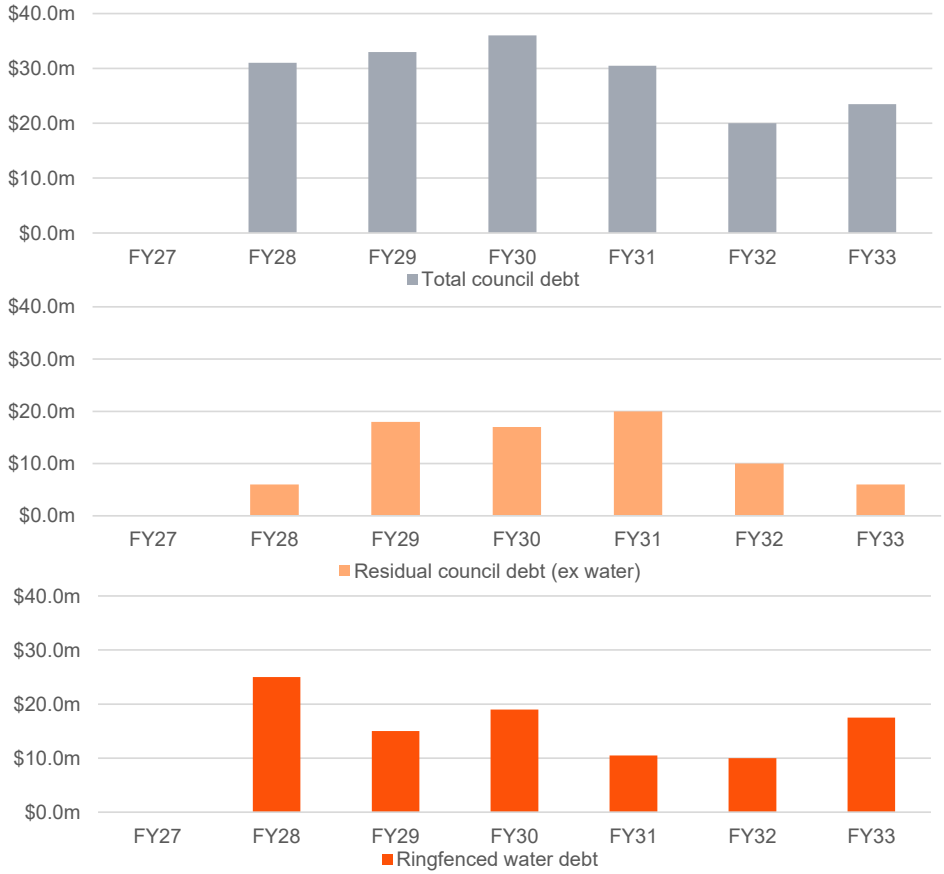
Instruments selected for inclusion in the ring-fenced portfolio

#	Instrument	Description	Start date	Maturity date	Face value ($)	Assessment note	Fixed interest rate	Margin over BKBM
1	Floating Rate Note	LGFA ST0927LF1110	9-Sep-24	15-Sep-27	7,000,000			0.6020%
2	Floating Rate Note	LGFA T067	23-Jul-18	15-Apr-28	5,000,000			0.7700%
3	Floating Rate Note	LGFA T074	7-Oct-19	15-Apr-28	5,000,000			0.7600%
4	Floating Rate Note	LGFA T073	26-Aug-19	20-Apr-29	10,000,000			0.6400%
5	Floating Rate Note	LGFA ST0429LF97	6-Mar-23	20-Apr-29	5,000,000			0.6400%
6	Floating Rate Note	LGFA ST0430LF88	14-Mar-22	15-Apr-30	5,000,000			0.5550%
7	Floating Rate Note	LGFA T108	15-Apr-26	15-May-30	14,000,000			0.7200%
8	Floating Rate Note	LGFA ST0930LF1110	9-Sep-24	15-Sep-30	3,000,000			0.9470%
9	Floating Rate Note	LGFA T106	27-Jan-26	14-May-32	10,000,000			0.8000%
10	Floating Rate Note	LGFA T107	27-Jan-26	14-Apr-33	10,000,000			0.8500%
11	Floating Rate Note	refi 1 water	15-Apr-27	15-May-31	7,500,000	Refinanced allocation		*0.6600%
12	Floating Rate Note	refi 2 water	15-Apr-27	15-Apr-33	7,500,000	Refinanced allocation		*0.7700%
13	Commercial Paper	Replaces internal loans	30-Jun-27	30-Jun-28	8,000,000	Externalised water debt		*0.2000%

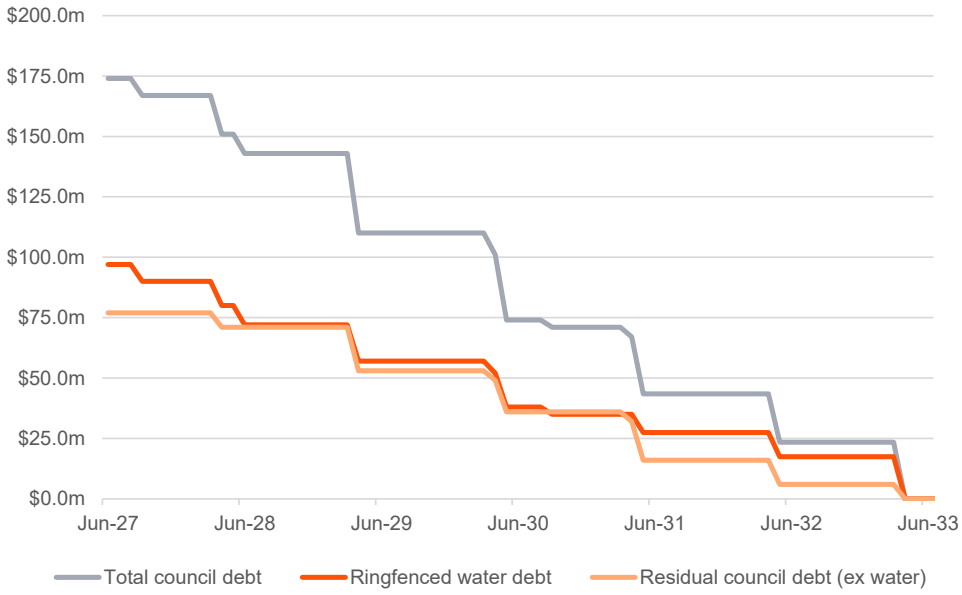
- Interest on projected refinanced debt ($15m) and restructured water debt ($8.0m) is indicative of existing AA- LGFA margins for the given tenors.

Debt portfolio overview

Debt maturity profiles



Debt maturity refinancing



The refinancing of both residual, and ring-fenced water portfolios are broadly aligned. This consistency reflects a fair and representative attribution of debt between Council and the IBU.

Approach to managing interest rate swaps

Ring-fencing the swap portfolio

As with debt instruments, we have ring-fenced interest rate swaps to create a representative water swap portfolio.

This approach simplifies how Council would proportion interest costs from its swap portfolio to the water IBU, is simple to administer and easier to monitor.

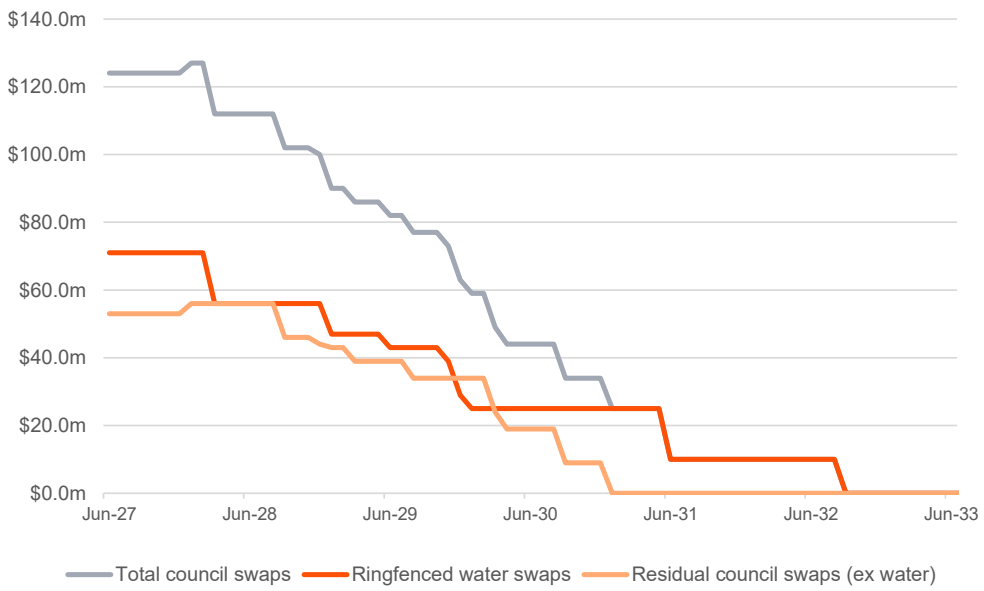
As water debt represents ~55% of total debt, the equivalent percentage of swaps are ring-fenced as 'water' fixing. This equates to ~$71 million of ring-fenced swaps.

As swaps will mature between now and 30 June 2027. We have adopted an approach based on 1 July 2027. The output is summarised below:

	STDC total portfolio	Ring-fenced portfolio	Residual Council portfolio
Swap count	21	10	11
Swap notional	129 m*	71 m	58 m
Weighted average term (years)	2.56	2.67	2.43
Weighted average swap rate	3.76%	3.75%	3.77%
Marked-to-market (30 Jun 26)	(0.97 m)	(0.54 m)	(0.43 m)

*includes $5m of forward start swaps.

Swap maturity over time



Adopting an approach to ring-fence swaps is pragmatic and provides operational simplicity to administer all-in interest costs to the water IBU (when also considering ring-fenced water debt).

Swaps selected for inclusion in the ring-fenced portfolio

#	Counterparty	Notional value ($)	Start date	Maturity date	Swap rate
1	Westpac	15,000,000	25-Sep-24	27-Mar-28	3.4875%
2	ANZ	4,000,000	17-Jul-23	15-Jan-29	3.9850%
3	ANZ	1,000,000	29-Oct-20	23-Jan-29	3.8050%
4	ANZ	4,000,000	29-Apr-24	29-Jan-29	3.9750%
5	ANZ	4,000,000	17-Jun-24	15-Jun-29	3.8875%
6	ANZ	4,000,000	20-Aug-18	20-Nov-29	4.4425%
7	Westpac	10,000,000	17-Jun-24	17-Dec-29	4.1500%
8	Westpac	4,000,000	23-Jan-25	23-Jan-30	2.9700%
9	Westpac	15,000,000	15-Mar-26	16-Jun-31	3.5800%
10	Westpac	10,000,000	25-Sep-24	25-Sep-32	3.7550%

Debt and interest rate summary

Forecast debt – LTP ($m)

Period	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Debt	187.8	185.6	180.9	177.7	186.0	204.3	214.1	-



The tables illustrate compliance profiles at the ring-fenced water IBU level, residual Council level, as well as total council against existing STDC policy limits. The interest rate profiles use forecast LTP debt figures provided. Council may need to consider how it approaches compliance ahead.

Debt (30 June 2027) – excluding standby facilities

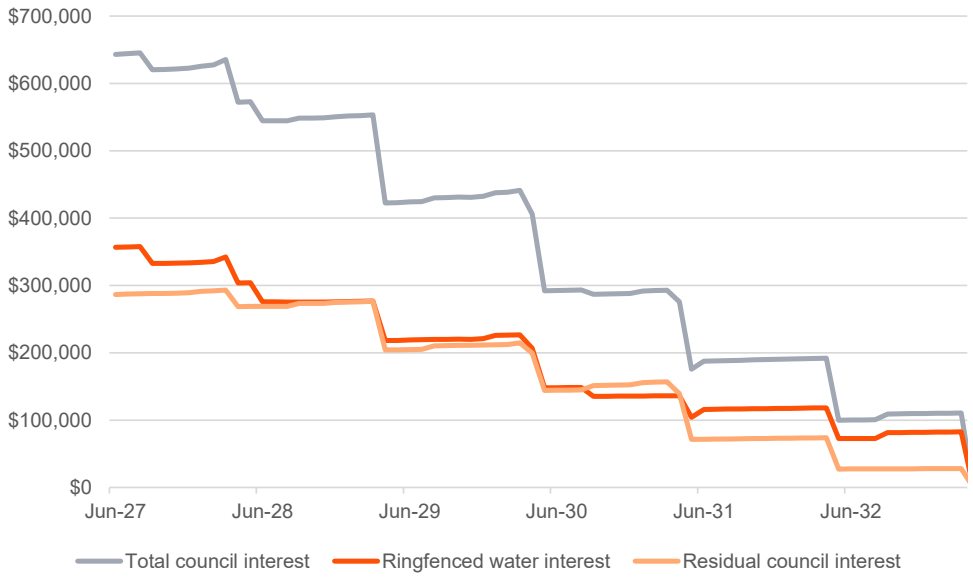
Period	Min	Max	Total Council	Water IBU	Residual Council
0 – 3	15%	60%	57.5%	60.8%	53.2%
3 – 7	25%	85%	42.5%	39.2%	46.8%
7 +	0%	60%	0.0%	0.0%	0.0%

Interest rates (30 June 2027)

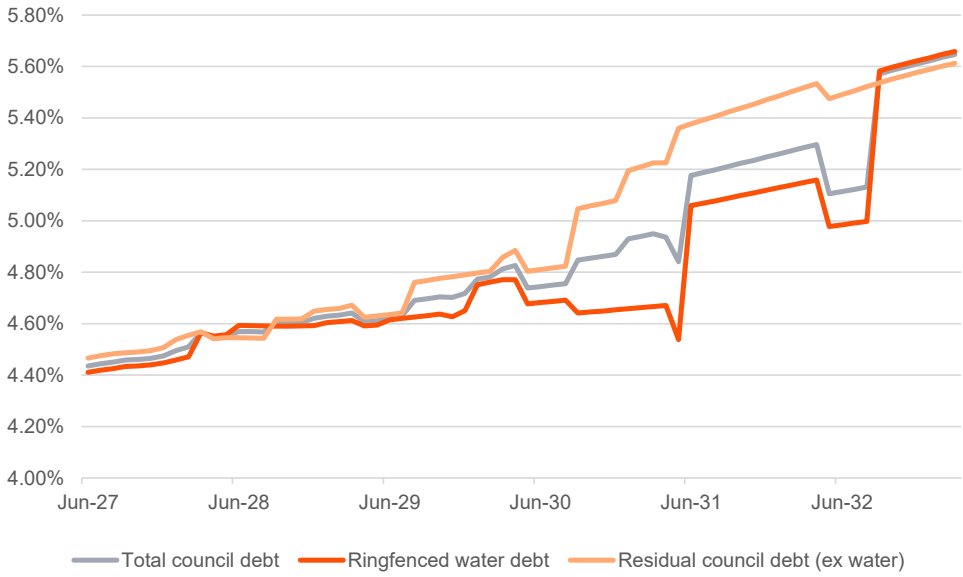
Period	Min	Max	Total council	Water IBU (55%)	Residual Council (45%)
0 – 12	40%	95%	64.2%	63.8%	64.6%
12 – 24	35%	90%	51.6%	50.1%	53.6%
24 – 36	30%	85%	34.5%	32.6%	36.7%
36 – 48	25%	80%	16.8%	24.3%	7.7%
48 – 60	20%	75%	5.4%	9.8%	0.0%
60 – 72	0%	70%	0.8%	1.5%	0.0%
72 – 84	0%	65%	0.0%	0.0%	0.0%
84 – 96	0%	60%	0.0%	0.0%	0.0%

Cost of funds comparison

Forecast monthly interest cost on debt and swap instruments



Projected all up cost of funds



The constructed debt and swaps portfolio for the ring-fenced water IBU are broadly economically neutral. Providing a verifiable output in allocating debt and interest cost for water-services.

Key treasury considerations and next steps

New debt issuance

Post the initial ring-fencing exercise new debt can be raised specifically for identified water expenditure.

Given the exercise undertaken to ring-fence whole LGFA instruments for future state, **Council should ensure new water-debt raised remain separate tranches to Council services debt**.

LGFA debt drawdowns

LGFA have advised councils when borrowing for in-house units that Council notifies LGFA of the use of funds. LGFA's preference is that separate water tranches are raised (i.e. not co-mingled as one debt item with council borrowing). While this is not required under legislation the purpose is to ensure an ability to report to LGFA's external investors water lending. Operationally, this lends itself to borrowing specific water tranches separate from Council's own borrowings.

Liquidity

In regards to how the IBU manages liquidity risk, a logical starting position would be to adopt a similar approach to Council. Noting LGFA financial covenants are also based at the consolidated group level for IBUs.

More broadly we have observed WSCCO's adopting shorter horizons (next 3-months) for liquidity management to avoid holding excess levels of liquidity to minimise the holding cost of carry (holding debt financed cash). This has also been supplemented with a lower liquidity percentage of 105%. A driver of this has been the ability of water entities (both IBU and WSCCO) to have immediate access to LGFA financing. Consequently execution risk (ability to raise/access debt), is greatly reduced.

We will consider a pragmatic approach when undertaking the Treasury Policy review component of the engagement.

Treasury Policy

PwC will consider the efficacy and design of a hybrid treasury policy framework that captures both Council and the water services IBU within a single treasury policy. This will include consideration of how the policy can appropriately distinguish between Council and IBU treasury settings, while maintaining a coherent overall treasury management framework.

Key treasury considerations and next steps

Reporting dashboards

A key input into the attribution of financing costs will be segregating reporting at the ring-fenced water level.

The next steps following Council's endorsement of the ring-fencing exercise will be creating a dynamic reporting tool that can both separate out ring-fenced water debt/swaps, then aggregate up for a holistic council profile.

The reporting dashboards will allow independent risk management approaches to be adopted by separating the attribution profile from any new debt and interest rate swaps subsequently transacted post 1 July 2026.

We expect to spend a significant amount of time constructing the reporting tool.

Basis risk considerations of the debt/swap portfolios

In undertaking the ring-fencing water swap exercise, we have identified a basis mismatch between Council's swap portfolio and council's underlying debt. This introduces interest rate basis risk into Council's portfolio (i.e. misalignment between floating rate debt being set relative to the floating rate leg of the swap). This is inherently structural and not related to the ring-fencing undertaken. Council might look to align rate set periods over the course of time through attrition and reinstatement of hedging.

Quarter roll periods	Existing LGFA debt	Existing swaps	Existing swaps as % of debt	LGFA selected water debt	Identified water swaps	Water swaps as % of debt	Difference: Water vs Existing
January quarter roll Jan / Apr / Jul / Oct	$85.5m	$30.0m	**35.1%**	$47.5m	$13.0m	**27.4%**	**(7.7) pp**
February quarter roll Feb / May / Aug / Nov	$70.5m	$9.0m	**12.8%**	$34.5m	$4.0m	**11.6%**	**(1.2) pp**
March quarter roll Mar / Jun / Sep / Dec	$10.0m	$90.0m	**900.0%**	$7.0m	$54.0m	**771.4%**	**(128.6) pp**
Total portfolio	**$166.0m**	**$129.0m**	**77.7%**	**$89.0m**	**$71.0m**	**79.8%**	**2.1 pp**

Regulatory considerations outside of treasury

Economic regulation will increasingly shape how STDC plans, funds and reports on water services. The immediate priority is to ensure the Water Services IBU has reliable data, clear ownership and robust controls to support confident future disclosure. Long-term this might influence regulatory views on water debt, affordability and balance sheet gearing.

Economic regulation will progressively shape how STDC plans, funds, delivers and reports on water services. It should not be viewed as a standalone compliance exercise. Over time, it will increase transparency over whether water services are being managed in the long-term interests of water users.

The initial focus will be information disclosure across areas such as revenue, expenditure, asset values, financing, ring-fencing, investment, asset management and service performance. For STDC, this means the Water Services IBU will need reliable data, clear ownership, documented assumptions, reconciled financial information and a traceable evidence base.



The key governance question is not only whether the required information can be produced, but whether Council and IBU leadership can be confident that it is complete, accurate and supported by effective controls. Certification should be the final step in a controlled process, rather than the primary control.

STDC should begin readiness work by confirming data ownership across finance, assets and operations, and identifying gaps in systems, controls and supporting evidence. Early readiness reviews, supported by engagement with auditors and other advisers, will help identify issues before implementation. Governance reporting should clearly explain key assumptions, risks and limitations.

Approached well, the regime can support better planning, stronger investment decisions and clearer accountability, rather than simply adding reporting requirements.

The immediate priority for STDC is to assess whether the underlying data, processes, controls and governance arrangements are sufficiently robust to support future regulatory disclosure.

As a prudent health check, we can introduce Council to our regulatory subject matter expert Lynne Taylor.

lynne.taylor@pwc.com

“

Clean water, clear thinking.

pwc.co.nz

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Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Pūrongo Report

6

To	Water Services Committee
From	Kaitātari Mātāmua Kaupapa Here | Senior Policy Advisor, Anne Sattler
Date	16 November 2026
Subject	**Significance and Engagement Policy - Water Services**

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

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The Local Government Act 2002 (LGA) requires Council to adopt a Significance and Engagement Policy. Following the establishment of Council's in-house water services business unit and the introduction of the Local Government (Water Services) Act 2025 (the Act), it is appropriate to adopt a dedicated Significance and Engagement Policy for Water Services that reflects the new legislative framework, see Appendix A.

2. The proposed Policy establishes a framework for assessing the significance of decisions relating to drinking water, wastewater and stormwater services, and provides guidance on how and when communities will be engaged in decision-making processes. The Policy builds upon Council's existing Significance and Engagement Policy while incorporating specific water services requirements.

3. Key amendments include the introduction of water services specific criteria, recognition of statutory ownership and control protections for water infrastructure, additional transparency principles relating to service reliability, public health, environmental performance and customer charges, and references to consultation and disclosure requirements under the Act. Adoption of the Policy will ensure Council has an appropriate framework for assessing significance and engagement in relation to water services decisions.

Taunakitanga / Recommendation

THAT the Water Services Committee recommends to Council to adopt the Significance and Engagement Policy – Water Services with or without amendments.

Kupu Whakamārama / Background

4. Section 76AA of the LGA requires Council to adopt a Significance and Engagement Policy. The purpose of the policy is to enable Council and the community to understand how the significance of decisions will be assessed and when and how engagement will occur.

5. The Local Government (Water Services) Act 2025 establishes a new legislative framework for the governance and delivery of drinking water, wastewater and stormwater services. The proposed Policy is consistent with the overarching principles of Council's existing Significant and Engagement Policy but introduces water services specific considerations required to support decisions made by the in-house water services business unit and comply with the new legislation.

Proposed Policy

6. The proposed Policy aligns with Council's obligations under the LGA while ensuring that water services decisions are assessed and communicated in a manner consistent with the Act.

7. The amendments strengthen transparency, provide greater clarity regarding significant water services decisions, and support consistent engagement practices for matters affecting drinking water, wastewater and stormwater services.

8. A new significance criterion has been added to assess whether a proposal could materially affect governance arrangements, delivery models, ownership arrangements, contracting arrangements, financial sustainability, statutory compliance or levels of service associated with drinking water, wastewater or stormwater services.

9. Guidance has been included to assist officers and elected members in determining whether a proposal should be considered low, medium or high significance. Certain decisions relating to ownership, control or major restructuring of water service delivery arrangements are automatically treated as highly significant matters.

10. A new transparency principle has been included, committing Council to provide clear information on how proposals may affect service reliability, public health outcomes, environmental performance, water quality, resilience and customer charges. The inclusion of this principle reflects the essential nature of water services and supports informed participation by customers and communities in decision-making processes.

Ngā Kōwhiringa / Options – Identification and analysis

Options

11. Option One: Approve the revised Policy.

12. Option Two: Amend and approve the revised Policy.

13. Option Three: Do not approve the revised Policy and advise council officers on the next steps.

14. Approval of option one or two would enable the Policy to be presented to Council for approval and be incorporated into and formatted as part of the Water Services Strategy.

Risks

15. The following points provide a risk analysis on the proposed changes to the Policy:

a) Adverse effect on the community
A policy must reflect the needs, expectations, and interests of the community it serves. If a policy does not adequately meet community needs, it may have adverse consequences for both the community and the Council, including reduced confidence in decision-making and the effectiveness of policy outcomes. This risk is mitigated as the Policy builds upon Council's existing Significance and Engagement Policy, which has been developed through community input and engagement processes, while incorporating the specific legislative requirements relating to water services.

b) Timeframes
As consultation on the Water Services Strategy is intended to occur alongside the Long-Term Plan in early 2027, delays in approving this Policy could place pressure on project timelines and the development of associated consultation material. This risk is mitigated by the ability to schedule additional Council meetings in the new year, providing sufficient opportunity to approve the Policy and complete any further document development required before public consultation commences.

c) Legal
The Council is required to review its Significance and Engagement Policy under sections 34–38 of the Local Government (Water Services) Act 2025 in its capacity as a water service provider. The proposed policy has been updated to meet the requirements of the new legislation while retaining the core principles and intent of the existing Significance and Engagement Policy.

Whaiwhakaaro me ngā aromatawai / Considerations and Assessments

Local Government Purpose

The purpose of local government is to: (a) enable democratic local decision-making and action by, and on behalf of, communities; and (b) meet the current and future needs of communities for good-quality, cost-effective, and local— (i) infrastructure; and (ii) public services; and (iii) performance of regulatory functions; and (c) support local economic growth and development by fulfilling the purpose set out in paragraph (b).

16. The Policy supports the purpose of local government by providing a clear framework for identifying significant water services decisions and determining the appropriate level of community engagement. By ensuring communities are informed and have opportunities to participate in decision-making on matters that may affect water services, the Policy enables democratic local decision-making and action on behalf of the community.

17. The Policy also supports the provision of good-quality, cost-effective local infrastructure and services by helping Council make informed decisions about drinking water, wastewater and stormwater services. Through the assessment of significance, consideration of service

levels, financial impacts, environmental effects and community views, the Policy promotes transparent and sustainable decision-making that considers both current and future community needs.

18. By fostering community confidence, transparency and accountability in decisions relating to essential water infrastructure, the Policy contributes to the long-term planning and investment needed to support economic growth and development across the district.

Assessment of Significance and Engagement

19. The level of significance of this matter has been determined by considering the following criteria and levels of engagement:

Criteria	Measure	Assessment
Degree	The number of residents and ratepayers affected and the degree to which they are affected by the decision or proposal.	**High:** This Policy affects all residents and ratepayers and provides a framework for assessing how Council decisions affect them.
LOS	The achievement of, or ability to achieve, the stated levels of service set out in the Long Term Plan.	**Low:** This Policy does not impact on the Council's ability to achieve its Level of Service.
Decision	Whether this type of decision, proposal or issue has generated wide public interest in South Taranaki.	**Low:** There is no evidence that this type of policy has generated wide public interest.
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 review of this policy can be completed with the Council's overall budget.
Reversible	The degree to which the decision or proposal is reversible.	**Low:** The Council may amend the Policy at any time.
Environment	The degree of impact the decision will have on the environment.	**Low:** The Policy has no direct environmental impact.

20. In terms of the Council's Significance and Engagement Policy this matter is of low / medium significance. The Policy will be consulted on as part of the Water Services Strategy.

Legislative Considerations

21. As required by sections 34-38 of the Act, the Significance and Engagement Policy has been reviewed and amended to reflect Councils role as a water service provider.

22. The proposed Policy incorporates the legislative requirements by:
    - identifying water supply, wastewater and stormwater networks as strategic assets;
    - introducing a dedicated water services significance criterion;
    - recognising statutory protections relating to ownership and control of water services infrastructure;

- incorporating water services-specific engagement principles; and
- acknowledging that certain decisions may be subject to consultation, disclosure or decision-making requirements under the Act.

Consistency with Plans/Policies

23. The recommendation within this report and the proposed Policy is consistent with the Council's Long Term Plan.

Consideration of Iwi/Māori

24. The Council's Significance and Engagement Policy was previously presented to Te Kāhui Matauraura for feedback, and their input was incorporated into the Policy prior to its adoption by Council.

25. This review is limited to amendments required to reflect Council's responsibilities under the Local Government (Water Services) Act 2025. The changes are largely legislative and administrative in nature and do not alter Council's existing commitments to Māori engagement as outlined in the Policy.

Whakakapia / Conclusion

26. The proposed Policy retains Council's existing Significance and Engagement Policy while introducing water services specific criteria, engagement principles and legislative references. These amendments provide a clear and transparent framework for future water services decision-making.

27. Recommended adoption of the Policy will ensure Council has an appropriate and legislatively aligned framework for assessing significance and undertaking engagement on water services matters.



Anne Sattler
Kaitātari Mātāmua Kaupapa Here /
Senior Policy Advisor



[Seen by]
Becky Wolland
Pouhautū Rautaki me te Whaitikanga /
Head of Strategy and Governance

Appendices:

Significance and Engagement Policy - Water Services
Significance and Engagement Policy - Water Services - tracked changes - 2026 11 16.docx
Significance and Engagement Policy - Water Services - no tracked changes - 2026 11 16.docx

Te Hihira me te Whakapānga Kaupapa Here – Ratonga Wai Significance and Engagement Policy – Water Services

Executive Summary

The Council is responsible for making decisions on behalf of its communities. We engage with our communities every day and in different ways. This can range from simple messages to keep an individual or group informed, or it can be a two-way process where we ask the community for their viewpoint. This information is used to inform the decisions the Council makes.

This policy provides guidance to the community about when they can expect to be informed about a proposal, or be asked for their view on an issue, to feed into the decision making process.

Purpose

This policy applies to ~~Council and includes~~ the in-house business unit for water services (drinking water, wastewater and stormwater). The policy establishes an approach for determining the significance of Council decisions and sets out when and how we will engage with communities in our decision making, relative to the significance of the decision.

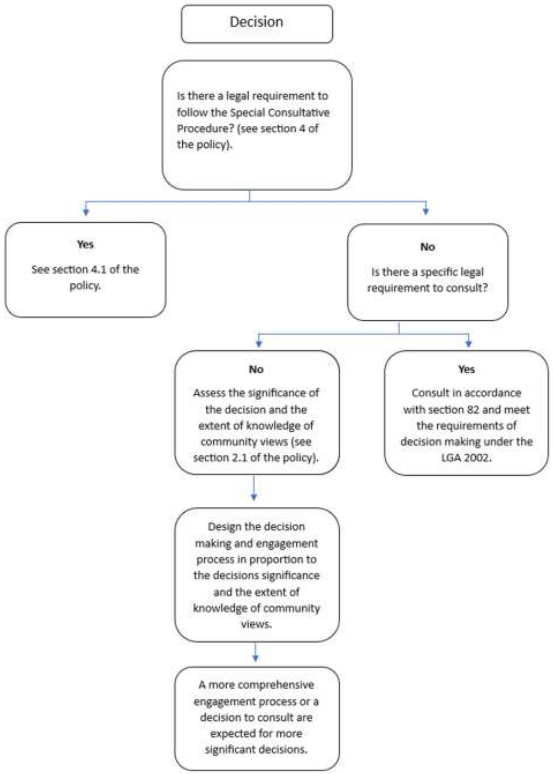
Objectives

The objectives of this policy are:

a) To enable the Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities.
b) To let communities know how and when they can expect to be engaged in the Council's decision making processes.
c) To inform the Council from the beginning of a decision making process about the extent, form and type of engagement required.
d) To ensure that the Council meets all legislative requirements for consultation and community engagement, including the requirements of section 76AA of the Local Government Act 2002 (LGA 2002).

Policy

1. Process overview diagram



2. Determining Significance

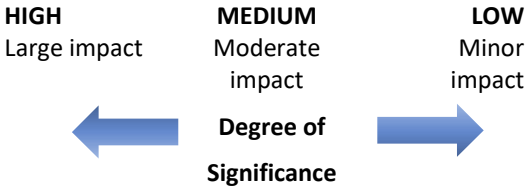
We first need to consider the level of significance in relation to the proposal, asset, decision or activity.

The following sections provide the step by step process for how we determine significance.

2.1 Assessment

For each decision an assessment will be undertaken by the report writer using the following thresholds and criteria, to determine significance:

2.1.1 Degree of significance



2.1.2 Criteria to determine significance

Council officers will need to think about the following ~~six~~ seven criteria and make a recommendation to the elected members about the decision's significance. The final decision about the significance of any matter rests with elected members.

Criteria	Measure
Degree	The number of residents and ratepayers affected and the degree to which they would be affected by the decision or proposal.
Levels of service	The achievement of, or ability to achieve, the Council's stated levels of service as set out in the Long Term Plan.
Decision	Whether this type of decision, proposal or issue has a history of generating wide public interest in South Taranaki.
Financial	The impact of the decision or proposal on the overall budget or whether it is included in an approved Long Term Plan and the Council's ability to carry out its existing or proposed functions and activities now and in the future.
Reversible	The degree to which the decision or proposal is reversible.
Environment	The degree of impact the decision would have on the environment.
Water Services	Whether the proposal changes, or could materially affect, the governance, delivery model, ownership arrangements, contracting arrangements, financial stability, or levels of service associated with drinking water, wastewater, or stormwater services.

2.2 Strategic Assets

Under section 76AA (3) of the LGA 2002, the Council must list the assets it considers to be strategic assets. ~~It has considered the previous list and re-confirmed that t~~The following assets or groups of assets are strategically important to achieve and promote the current and future well-being of the South Taranaki community:

- ~~All roading networks;~~
- ~~All solid waste networks;~~
- All water supply networks;
- All wastewater networks
- All stormwater networks;

Where a strategic asset is a network, or has many components, decisions can be made on individual components within the network without being regarded as significant, unless that component substantially affects the level of service provided to the community.

Decisions can be made to physically alter strategic assets to prevent an immediate hazardous situation arising or repair an asset due to damage from an emergency or unforeseen situation. Any decision relating to the sale or transfer, or sale of a shareholding of any of the above mentioned assets, is a significant matter and will trigger the Special Consultative Procedure (SCP).

See also section 3.6 (Determining when not to engage).

Water services infrastructure and related assets are also subject to the ownership and control protections contained in the Local Government (Water Services) Act 2025. When considering any proposal involving water services infrastructure, Council will have regard to the statutory requirements to retain ownership and control of water assets and infrastructure.

2.3 Requirements for reports:

2.3.1 Every agenda item requiring a Council decision will require the report writer to consider significance and engagement, as defined within this policy.

2.3.2 Each decision will be considered case by case to determine significance.

2.3.3 The consideration, disclosure and engagement will be proportional to the significance of the decision.

3. Engagement

After assessing the level of significance, we decide on the level of engagement required.

3.1 Principles of engagement

- **Genuine –** we will engage honestly and will respect and listen to the community's views with an open mind, and will give due consideration to them when making decisions.

- **Timely –** we will engage with the community as early as practicable. We will allow time for participants to contribute, and for them to be able to raise points on the issue.

- **Purposeful –** we will be clear about the purpose of the engagement and the ability and scope of the engagement to influence the decision.

- **Inclusive and accessible –** we will engage in a way that encourages participation by all who are likely to be affected by, or are interested in, a decision.

- **Recognition of diversity –** we will actively engage in ways that are appropriate to the issue and those we are seeking to engage, having regard to their culture, age, and ability.

- **Informed –** we will provide clear, easy to understand and objective information relating to the engagement, and ensure it is readily available so participants can make informed contributions.

- **Transparency** - we will provide clear information on how proposals may affect service reliability, public health outcomes, environmental performance, water quality, resilience and customer charges.

3.2 Determine level of engagement

We have identified four levels of engagement that we may use to convey information to the community on decisions we make.

Engagement assessment levels

Level	Goal
Inform	To provide the public with balanced and objective information to help them understand the problems, alternatives, opportunities and/or solutions.
Consult	To obtain public feedback on analysis, alternatives and/or decisions.
Involve	To work directly with the community throughout the process to ensure that public concerns and aspirations are consistently understood and considered.
Collaborate	To partner with the public in each aspect of the decision, including the development of alternatives and the identification of the preferred solution.

3.3 How we will engage

3.3.1 We will communicate across multiple channels to reach ratepayers and residents. This may include:

- Council's website
- Sent with rates notices - *Southlink Extra*
- Local newspapers (*Southlink* and public notification)
- Email
- Social media
- Antenno
- Face to face meetings / events
- Online surveys
- Other means of communication on a case by case basis

3.3.2 For any engagement above the level "Inform", an officer must complete a communications plan and or engagement plan. See link here.

3.4 Providing information

Depending on the level of engagement (when we will inform, consult, involve or collaborate), we will generally provide information on:

- What is proposed?
- Why?
- What options are available?
- Our preferred option, and why, when it's appropriate to say so.
- Costs and rating impact, if applicable.
- How the community can have its say.
- The timeframe and the process.
- How we will communicate the outcome.

There will be times when engagement will mean that not all of the information listed above can be provided, depending on the level of engagement we have decided to use.

3.5 Engagement with Māori

The LGA 2002 provides principles and requirements to facilitate participation of Māori in local decision making processes. The Local Government (Water Services) Act 2025 also provides for engagement with iwi, hapū and other Māori organisations, including consideration of when engagement should occur and the appropriate form and extent of that engagement.

Our goal is greater engagement with Māori, which includes strengthened and ongoing partnerships. We aim to receive advice, appropriate information and understanding from Iwi groups about the potential implications and/or effects of proposals on tangata whenua values. Engagement should be considered early in the decision-making process, particularly where a proposal or decision may affect Māori interests or values.

Our engagement with Māori is outlined in

- He Pou Tikanga / Ngā Iwi-Council Partnerships Strategy,
- He Tikanga Mahi Tahi / Ngā Iwi-Council Partnership Operations Guide,
- Te Kāhui Matauraura He Mana Ārahi / Te Kāhui Matauraura Terms of Reference, and the Long Term Plan and supporting documents.

3.6 Determining when not to engage

There are times when the Council will not consult with the community, because the issue is routine or operational, we must meet certain standards, or because there is an emergency. We also want to strike the right balance, and not over-consult. 'Consultation fatigue' could result in the community tuning out of conversations with us.

Here are some examples of things we won't be asking about:

- Organisational decisions such as staff changes and operational matters that do not reduce a level of service;
- Emergency management activities during a state of emergency - Emergency Management Act 2026;
- Decisions taken to manage an urgent issue; or
- Decisions to act where it is necessary to:
  - Comply with the law;
  - Save or protect life, health or amenity;
  - Prevent serious damage to property;
  - Avoid, remedy or mitigate an adverse effect on the environment;

- Protect the integrity of existing and future infrastructure and amenity.

- Decisions that are commercially sensitive (for example, awarding contracts).
- ~~Any decisions made by delegation/sub delegation to officers.~~Decision made under delegated authority that are operational or administrative in nature and do not trigger consultation or engagement requirements under the Local Government Act 2002, Local Government (Water Services) Act 2025, or any other enactment.
- Entry or exit from a development agreement (private contract) as per section 207A LGA 2002.
- Decisions in relation to regulatory and enforcement activities.
- When we are not required to consult by law, we can consider making a decision without consultation on a case by case basis.

4. Formal Consultation

4.1 Special Consultative Procedure

Some legislation specifically requires us to use the Special Consultative Procedure (SCP) to engage with the public. This is a very prescribed process set out in section 83 of the LGA 2002. The SCP is the most common type of formal consultation we undertake. This process is required for some plans and processes, including but not limited to, adopting or amending a Long Term Plan or bylaw.

The SCP process requires us to prepare a statement of proposal and make it publicly available. We are required to collect feedback from the public in the form of submissions for a minimum of one month, and allow each submitter the opportunity to present their views at a hearing.

If the SCP is required, we must use the process described in the LGA 2002, and we are not required to undertake an assessment using sections 2 and 3 of this policy.

Certain water services decisions may require consultation, public information disclosure, or other decision-making processes under the Local Government (Water Services) Act 2025. Where those requirements apply, Council will comply with the statutory process specified in the Act.

4.2 Hearings and Feedback

- Hearings are held at the Council Chambers, Albion Street, Hāwera, unless otherwise designated.
- Submitters can give their feedback using audio link or audio-visual link. We provide free internet access and terminals at every LibraryPlus in the District.
- We can facilitate interpretation, including Te Reo Māori and New Zealand sign language.
- We will acknowledge the receipt of any submission.
- We notify the decision by email or letter and on the Council's website.

5. Definitions

The Council is the South Taranaki District Council (elected members and/or officers).

Water Services means drinking water, wastewater, and stormwater services as defined in the Local Government (Water Services) Act 2025.

6. Review of Policy

The Significance and Engagement Policy – Water Services will be reviewed ~~every three years,~~ as part of the Water Services Strategy, ~~Long Term Plan process,~~ to ensure it reflects the way in which the Council engages with its communities.

6

Assessment Matrix

	Criteria		Explanation			Assessment score (number)
2.2	1. Strategic asset?	Yes	Is it a strategic asset where levels of service are impacted?	Yes	3	
				No	0	
		No			0	
Determining Significance (section 2.1.2)	2. Number of people affected?		LOW 100 or less		1	
			MEDIUM Less than 500 but more than 100		2	
			HIGH Greater than 500		3	
	3. Degree of impact on people affected		Criteria 3-9 require qualitative assessment. Remember: • Front page newspaper test • Impact on individuals and groups • Potential benefit vs. risks • Financial cost of the outcome • Potential precedent set • Related to land or water? • Assessed against environmental sustainability and climate change criteria? • Of political interest **N/A = 0 L = 1 M = 2 H = 3**			
	4. Impact on levels of service					
	5. Level of potential community interest					
	6. Cost of proposal					
	7. Is the decision reversible? Yes = 0, No = 2					
	8. Degree of impact on the environment					
3.5	9. Impact on Māori					
Total			Low / Medium / High (circle one)			
Level of significance			**LOW**	Score of 10 or less		

	MEDIUM	Score between 11 and 19	
	HIGH	Score of 20 or above	

Once the level of significance has been calculated from the matrix, this decides the engagement level to be used, as follows:

Level of significance	Engagement level
LOW	Consultation may not be required, or inform only (case-by-case basis)
MEDIUM	Must inform, consult or involve.
HIGH	Must consult, involve or collaborate.

Te Hihira me te Whakapānga Kaupapa Here – Ratonga Wai Significance and Engagement Policy – Water Services

Determining Significance guidance

Criteria	Measure	High	Medium	Low
Degree	The number of residents and ratepayers affected and the degree to which they are affected by the decision or proposal.	Impacts a large proportion of the community. *(for example, ~~change in rubbish collection~~introducing water meters across several towns)*	Impacts a subgroup or groups within the community *(for example, changing the water supply servicing a particular town or community~~creation of neighbourhood playground~~)*	Impacts an individual person or household. *(for example, ~~removal of one light on the roadside outside a house~~approving a new connection to a water supply)*
Levels of service	The achievement of, or ability to achieve, the Council's stated levels of service as set out in the Long-Term Plan 2024-2034.	Ceasing or commencing a service.	A more than nominal alteration of a service.	A nominal or no alteration of a service
Decision	Whether this type of decision, proposal or issue has a history of generating wide public interest in South Taranaki.	High degree *(for example, ~~town centre redevelopment~~significantly changing how water services are charged)*	Moderate degree *(for example, ~~disposal of surplus land/building~~changing the timing of a planned water infrastructure project)*	Low degree *(for example, ~~putting in a new bus stop~~a minor amendment to a policy with little or no effect on consumers)*
Financial	The impact of the decision or proposal on the overall budget or whether it is included in an approved Long Term Plan, and the Council's ability to carry out its existing or proposed functions and activities now and in the future.	Unbudgeted operating costs greater than 10% of total expenses in the financial year of the decision. And/or Unbudgeted capital costs greater than 1% of total assets in the financial year of the decision.	Unbudgeted operating costs greater than 5% (but less than 10%) of total expenses in the financial year of the decision. And/or Unbudgeted capital costs greater than 0.5% (but less than 1%) of total assets in the financial year of the decision.	Unbudgeted operating costs less than 5% of total expenses in the financial year of the decision. And/or Unbudgeted capital costs less than 0.5% of total assets in the financial year of the decision.
Reversible	The degree to which the decision or proposal is reversible.	Highly difficult *(for example, constructing a ~~purpose built building~~new water*	Moderately difficult *(for example, adoption of a bylaw)*	Low difficulty *(for example, minor amendment to a policy)*

Criteria	Measure	High	Medium	Low
		treatment plant of major water infrastructure)		
Environment	The degree of impact the decision will have on the environment	Significant impact on the environment	Has some impacts on the environment.	Has little or no impact on the environment
Water Services	Whether the proposed changes could materially affect: • the governance, • delivery model, • ownership arrangements, • contracting arrangements, • financial stability, • statutory compliance requirements, or • levels of service associated with drinking water, wastewater, or stormwater services.	Significant change to the governance, delivery model, ownership or control of water services, contracting arrangements, financial stability, statutory compliance, or a substantial reduction or increase in levels of service affecting a large proportion of the district. *(for example, establishment, disestablishment, or major restructuring of a water services business unit; transfer of significant water infrastructure responsibilities; major changes to drinking water, wastewater or stormwater service standards)*	Moderate change to the operation or delivery of water services, affecting a community, scheme, or service area but not fundamentally changing ownership, governance, or district-wide service levels. *(for example, significant changes to service levels for a township, changes to service delivery arrangements, or major renewals that alter customer outcomes)*	Minor operational, administrative, or asset management decision that does not materially affect governance, ownership, financial sustainability, or customer levels of service. *(for example, routine maintenance programmes, replacement of like-for-like assets, operational procedure updates, or contract renewals with no change to service outcomes)*
NOTE: Any proposal involving: • transfer of ownership of water services infrastructure; • transfer of control of water services infrastructure; • establishment, disestablishment, or significant restructuring of a water services delivery arrangement; • sale, disposal, lease, or concession of strategic water services infrastructure, will automatically be considered High significance regardless of any assessment score.				

Te Hihira me te Whakapānga Kaupapa Here – Ratonga Wai Significance and Engagement Policy – Water Services

Executive Summary

The Council is responsible for making decisions on behalf of its communities. We engage with our communities every day and in different ways. This can range from simple messages to keep an individual or group informed, or it can be a two-way process where we ask the community for their viewpoint. This information is used to inform the decisions the Council makes.

This policy provides guidance to the community about when they can expect to be informed about a proposal, or be asked for their view on an issue, to feed into the decision making process.

Purpose

This policy applies to the in-house business unit for water services (drinking water, wastewater and stormwater). The policy establishes an approach for determining the significance of Council decisions and sets out when and how we will engage with communities in our decision making, relative to the significance of the decision.

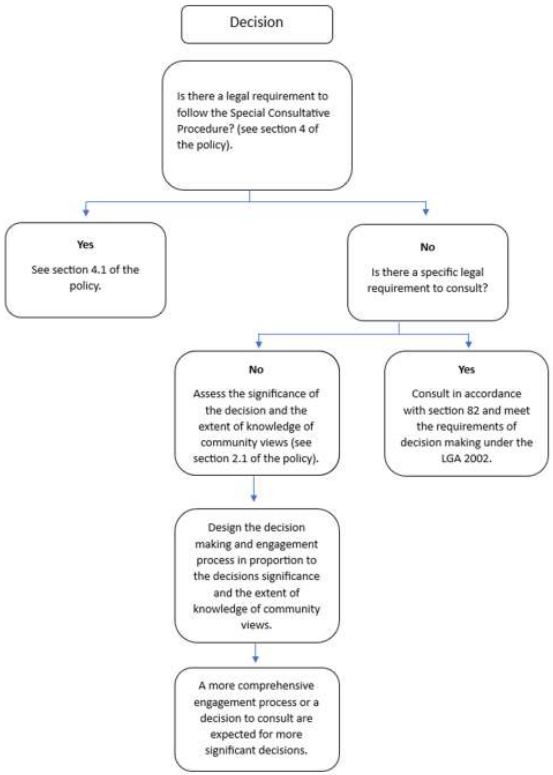
Objectives

The objectives of this policy are:

a) To enable the Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities.
b) To let communities know how and when they can expect to be engaged in the Council's decision making processes.
c) To inform the Council from the beginning of a decision making process about the extent, form and type of engagement required.
d) To ensure that the Council meets all legislative requirements for consultation and community engagement, including the requirements of section 76AA of the Local Government Act 2002 (LGA 2002).

Policy

1. Process overview diagram



6

2. Determining Significance

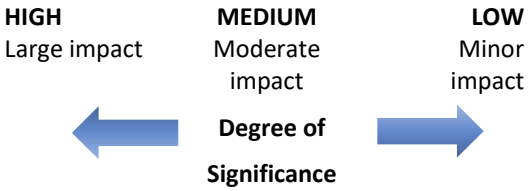
We first need to consider the level of significance in relation to the proposal, asset, decision or activity.

The following sections provide the step by step process for how we determine significance.

2.1 Assessment

For each decision an assessment will be undertaken by the report writer using the following thresholds and criteria, to determine significance:

2.1.1 Degree of significance



2.1.2 Criteria to determine significance

Council officers will need to think about the following seven criteria and make a recommendation to the elected members about the decision's significance. The final decision about the significance of any matter rests with elected members.

Criteria	Measure
Degree	The number of residents and ratepayers affected and the degree to which they would be affected by the decision or proposal.
Levels of service	The achievement of, or ability to achieve, the Council's stated levels of service as set out in the Long Term Plan.
Decision	Whether this type of decision, proposal or issue has a history of generating wide public interest in South Taranaki.
Financial	The impact of the decision or proposal on the overall budget or whether it is included in an approved Long Term Plan and the Council's ability to carry out its existing or proposed functions and activities now and in the future.
Reversible	The degree to which the decision or proposal is reversible.
Environment	The degree of impact the decision would have on the environment.
Water Services	Whether the proposal changes, or could materially affect, the governance, delivery model, ownership arrangements, contracting arrangements, financial stability, or levels of service associated with drinking water, wastewater, or stormwater services.

2.2 Strategic Assets

Under section 76AA (3) of the LGA 2002, the Council must list the assets it considers to be strategic assets. The following assets or groups of assets are strategically important to achieve and promote the current and future well-being of the South Taranaki community:

- All water supply networks;
- All wastewater networks
- All stormwater networks;

Where a strategic asset is a network, or has many components, decisions can be made on individual components within the network without being regarded as significant, unless that component substantially affects the level of service provided to the community.

Decisions can be made to physically alter strategic assets to prevent an immediate hazardous situation arising or repair an asset due to damage from an emergency or unforeseen situation. Any decision relating to the sale or transfer, or sale of a shareholding of any of the above mentioned assets, is a significant matter and will trigger the Special Consultative Procedure (SCP).

See also section 3.6 (Determining when not to engage).

Water services infrastructure and related assets are also subject to the ownership and control protections contained in the Local Government (Water Services) Act 2025. When considering any proposal involving water services infrastructure, Council will have regard to the statutory requirements to retain ownership and control of water assets and infrastructure.

2.3 Requirements for reports:

2.3.1 Every agenda item requiring a Council decision will require the report writer to consider significance and

engagement, as defined within this policy.

2.3.2 Each decision will be considered case by case to determine significance.

2.3.3 The consideration, disclosure and engagement will be proportional to the significance of the decision.

3. Engagement

After assessing the level of significance, we decide on the level of engagement required.

3.1 Principles of engagement

- **Genuine –** we will engage honestly and will respect and listen to the community's views with an open mind and will give due consideration to them when making decisions.
- **Timely –** we will engage with the community as early as practicable. We will allow time for participants to contribute, and for them to be able to raise points on the issue.
- **Purposeful –** we will be clear about the purpose of the engagement and the ability and scope of the engagement to influence the decision.
- **Inclusive and accessible –** we will engage in a way that encourages participation by all who are likely to be affected by, or are interested in, a decision.
- **Recognition of diversity –** we will actively engage in ways that are appropriate to the issue and those we are seeking to engage, having regard to their culture, age, and ability.
- **Informed –** we will provide clear, easy to understand and objective information relating to the engagement, and ensure it is readily available so participants can make informed contributions.
- **Transparency** - we will provide clear information on how proposals may affect service reliability, public health outcomes, environmental performance, water quality, resilience and customer charges.

3.2 Determine level of engagement

We have identified four levels of engagement that we may use to convey information to the community on decisions we make.

Engagement assessment levels

Level	Goal
Inform	To provide the public with balanced and objective information to help them understand the problems, alternatives, opportunities and/or solutions.
Consult	To obtain public feedback on analysis, alternatives and/or decisions.
Involve	To work directly with the community throughout the process to ensure that public concerns and aspirations are consistently understood and considered.
Collaborate	To partner with the public in each aspect of the decision, including the development of alternatives and the identification of the preferred solution.

3.3 How we will engage

3.3.1 We will communicate across multiple channels to reach ratepayers and residents. This may include:

- Council's website
- Sent with rates notices - *Southlink Extra*
- Local newspapers (*Southlink* and public notification)
- Email
- Social media
- Antenno
- Face to face meetings / events
- Online surveys

- Other means of communication on a case by case basis

3.3.2 For any engagement above the level "Inform", an officer must complete a communications plan and or engagement plan. See link here.

3.4 Providing information

Depending on the level of engagement (when we will inform, consult, involve or collaborate), we will generally provide information on:

- What is proposed?
- Why?
- What options are available?
- Our preferred option, and why, when it's appropriate to say so.
- Costs and rating impact, if applicable.
- How the community can have its say.
- The timeframe and the process.
- How we will communicate the outcome.

There will be times when engagement will mean that not all of the information listed above can be provided, depending on the level of engagement we have decided to use.

3.5 Engagement with Māori

The LGA 2002 provides principles and requirements to facilitate participation of Māori in local decision making processes. The Local Government (Water Services) Act 2025 also provides for engagement with iwi, hapū and other Māori organisations, including consideration of when engagement should occur and the appropriate form and extent of that engagement.

Our goal is greater engagement with Māori, which includes strengthened and ongoing partnerships. We aim to receive advice, appropriate information and understanding from Iwi groups about the potential implications and/or effects of proposals on tangata whenua values. Engagement should be considered early in the decision-making process, particularly where a proposal or decision may affect Māori interests or values.

Our engagement with Māori is outlined in

- He Pou Tikanga / Ngā Iwi-Council Partnerships Strategy,
- He Tikanga Mahi Tahi / Ngā Iwi-Council Partnership Operations Guide,
- Te Kāhui Matauraura He Mana Ārahi / Te Kāhui Matauraura Terms of Reference, and the Long Term Plan and supporting documents.

3.6 Determining when not to engage

There are times when the Council will not consult with the community, because the issue is routine or operational, we must meet certain standards, or because there is an emergency. We also want to strike the right balance, and not over-consult. 'Consultation fatigue' could result in the community tuning out of conversations with us.

Here are some examples of things we won't be asking about:

- Organisational decisions such as staff changes and operational matters that do not reduce a level of service;
- Emergency management activities during a state of emergency - Emergency Management Act 2026;
- Decisions taken to manage an urgent issue; or
- Decisions to act where it is necessary to:
  - Comply with the law;
  - Save or protect life, health or amenity;
  - Prevent serious damage to property;
  - Avoid, remedy or mitigate an adverse effect on the environment;
  - Protect the integrity of existing and future infrastructure and amenity.
- Decisions that are commercially sensitive (for example, awarding contracts).
- Decision made under delegated authority that are operational or administrative in nature and do not trigger consultation or engagement requirements under the Local Government Act 2002, Local Government (Water Services) Act 2025, or any other enactment.
- Entry or exit from a development agreement (private contract) as per section 207A LGA 2002.
- Decisions in relation to regulatory and enforcement activities.
- When we are not required to consult by law, we can consider making a decision without consultation on a case by case basis.

4. Formal Consultation

4.1 Special Consultative Procedure

Some legislation specifically requires us to use the Special Consultative Procedure (SCP) to engage with the public. This is a very prescribed process set out in section 83 of the LGA 2002. The SCP is the most common type of formal consultation we undertake. This process is required for some plans and processes, including but not limited to, adopting or amending a Long Term Plan or bylaw.

The SCP process requires us to prepare a statement of proposal and make it publicly available. We are required to collect feedback from the public in the form of submissions for a minimum of one month, and allow each submitter the opportunity to present their views at a hearing.

If the SCP is required, we must use the process described in the LGA 2002, and we are not required to undertake an assessment using sections 2 and 3 of this policy.

Certain water services decisions may require consultation, public information disclosure, or other decision-making processes under the Local Government (Water Services) Act 2025. Where those requirements apply, Council will comply with the statutory process specified in the Act.

4.2 Hearings and Feedback

- Hearings are held at the Council Chambers, Albion Street, Hāwera, unless otherwise designated.
- Submitters can give their feedback using audio link or audio-visual link. We provide free internet access and terminals at every LibraryPlus in the District.
- We can facilitate interpretation, including Te Reo Māori and New Zealand sign language.
- We will acknowledge the receipt of any submission.
- We notify the decision by email or letter and on the Council's website.

5. Definitions

The Council is the South Taranaki District Council (elected members and/or officers).

Water Services means drinking water, wastewater, and stormwater services as defined in the Local Government (Water Services) Act 2025.

6. Review of Policy

The Significance and Engagement Policy – Water Services will be reviewed as part of the Water Services Strategy, to ensure it reflects the way in which the Council engages with its communities.

Assessment Matrix

	Criteria		Explanation			Assessment score (number)
2.2	1. Strategic asset?	Yes	Is it a strategic asset where levels of service are impacted?	Yes	3	
				No	0	
		No			0	
Determining Significance (section 2.1.2)	2. Number of people affected?		LOW 100 or less		1	
			MEDIUM Less than 500 but more than 100		2	
			HIGH Greater than 500		3	
	3. Degree of impact on people affected		Criteria 3-9 require qualitative assessment. Remember: • Front page newspaper test • Impact on individuals and groups • Potential benefit vs. risks • Financial cost of the outcome • Potential precedent set • Related to land or water? • Assessed against environmental sustainability and climate change criteria? • Of political interest **N/A = 0 L = 1 M = 2 H = 3**			
	4. Impact on levels of service					
	5. Level of potential community interest					
	6. Cost of proposal					
	7. Is the decision reversible? Yes = 0, No = 2					
	8. Degree of impact on the environment					
3.5	9. Impact on Māori					
Total			Low / Medium / High (circle one)			
Level of significance			**LOW**	Score of 10 or less		
			MEDIUM	Score between 11 and 19		

	HIGH	Score of 20 or above	

Once the level of significance has been calculated from the matrix, this decides the engagement level to be used, as follows:

Level of significance	Engagement level
LOW	Consultation may not be required, or inform only (case-by-case basis)
MEDIUM	Must inform, consult or involve.
HIGH	Must consult, involve or collaborate.

Te Hihira me te Whakapānga Kaupapa Here – Ratonga Wai Significance and Engagement Policy – Water Services

Determining Significance guidance

Criteria	Measure	High	Medium	Low
Degree	The number of residents and ratepayers affected and the degree to which they are affected by the decision or proposal.	Impacts a large proportion of the community. *(for example, introducing water meters across several towns)*	Impacts a subgroup or groups within the community *(for example, changing the water supply servicing a particular town or community)*	Impacts an individual person or household. *(for example, approving a new connection to a water supply)*
Levels of service	The achievement of, or ability to achieve, the Council's stated levels of service as set out in the Long-Term Plan 2024-2034.	Ceasing or commencing a service.	A more than nominal alteration of a service.	A nominal or no alteration of a service
Decision	Whether this type of decision, proposal or issue has a history of generating wide public interest in South Taranaki.	High degree *(for example, significantly changing how water services are charged)*	Moderate degree *(for example, changing the timing of a planned water infrastructure project)*	Low degree *(for example, a minor amendment to a policy with little or no effect on consumers)*
Financial	The impact of the decision or proposal on the overall budget or whether it is included in an approved Long Term Plan, and the Council's ability to carry out its existing or proposed functions and activities now and in the future.	Unbudgeted operating costs greater than 10% of total expenses in the financial year of the decision. And/or Unbudgeted capital costs greater than 1% of total assets in the financial year of the decision.	Unbudgeted operating costs greater than 5% (but less than 10%) of total expenses in the financial year of the decision. And/or Unbudgeted capital costs greater than 0.5% (but less than 1%) of total assets in the financial year of the decision.	Unbudgeted operating costs less than 5% of total expenses in the financial year of the decision. And/or Unbudgeted capital costs less than 0.5% of total assets in the financial year of the decision.
Reversible	The degree to which the decision or proposal is reversible.	Highly difficult *(for example, constructing a new water treatment plant of major water infrastructure)*	Moderately difficult *(for example, adoption of a bylaw)*	Low difficulty *(for example, minor amendment to a policy)*

Criteria	Measure	High	Medium	Low
Environment	The degree of impact the decision will have on the environment	Significant impact on the environment	Has some impacts on the environment.	Has little or no impact on the environment
Water Services	Whether the proposed changes could materially affect: • the governance, • delivery model, • ownership arrangements, • contracting arrangements, • financial stability, • statutory compliance requirements, or • levels of service associated with drinking water, wastewater, or stormwater services.	Significant change to the governance, delivery model, ownership or control of water services, contracting arrangements, financial stability, statutory compliance, or a substantial reduction or increase in levels of service affecting a large proportion of the district. *(for example, establishment, disestablishment, or major restructuring of a water services business unit; transfer of significant water infrastructure responsibilities; major changes to drinking water, wastewater or stormwater service standards)*	Moderate change to the operation or delivery of water services, affecting a community, scheme, or service area but not fundamentally changing ownership, governance, or district-wide service levels. *(for example, significant changes to service levels for a township, changes to service delivery arrangements, or major renewals that alter customer outcomes)*	Minor operational, administrative, or asset management decision that does not materially affect governance, ownership, financial sustainability, or customer levels of service. *(for example, routine maintenance programmes, replacement of like-for-like assets, operational procedure updates, or contract renewals with no change to service outcomes)*
NOTE: Any proposal involving: • transfer of ownership of water services infrastructure; • transfer of control of water services infrastructure; • establishment, disestablishment, or significant restructuring of a water services delivery arrangement; • sale, disposal, lease, or concession of strategic water services infrastructure, will automatically be considered High significance regardless of any assessment score.				

Pūrongo-Whakamārama
Information Report

To	Water Services Committee
From	Te Tumuaki Whakamana Pakihi / Head of Business Enablement, Vipul Mehta
Date	16 November 2026
Subject	**First Quarter Financial Performance Report for Water Services period ending 30 September 2026**

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

7

Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report contains the Financial Performance Report for Water Services for the first quarter ending 30 September 2026. The report includes commentary from Council officers on the financial performance of the Council's three waters activities, together with management commentary where relevant.

2. The report includes the Statement of Comprehensive Revenue and Expense, Funding Impact Statements, and relevant sections of the Statement of Financial Position and Capital Works Programme. While a separate Statement of Cashflows is not yet available, Council officers are currently undertaking the necessary development work to support standalone Water Services reporting. It is anticipated that a separate Statement of Cashflows will be included from the second quarter of the 2026-27 financial year.

3. Council officers are currently progressing work to develop a complete suite of standalone financial statements for Water Services. While full financial separation is required by 1 July 2027, it is anticipated that this work will be completed ahead of this deadline. Progress updates will be provided as the work advances.

4. As this report covers the first quarter of the financial year, it is too early to draw any meaningful conclusions from year-to-date performance against full-year annual budget. Variances at this stage may largely reflect the timing of expenditure and revenue rather than underlying trends. For this first-quarter report, high-level financial commentary has therefore been included in this cover report rather than within the individual Group Summary reports.

Taunakitanga / Recommendation

THAT the Water Services Committee receives the Financial Performance Report for Water Services for the first quarter ending 30 September 2026.

Kupu Whakamārama / Background

Overall Results

5. As at 30 September 2026, Water Services recorded an operating deficit of $2.7 million (m) compared with a budgeted deficit of $2.3 m, resulting in an unfavourable variance of $400k.

Expenditure

6. Total expenditure for the year was $934,000 (10%) below budget. The favourable variance was primarily driven by timing of some of the expenditures (for example – insurance) and reactive maintenance being lower.

Income

7. Total income was $1.3 m (19%) below budget. The main contributors to this variance were water by meter revenue being approximately $256,000 below budget, reflecting continued water conservation efforts across the District, and the non-receipt of the South Taranaki Business Park financial contributions, and delay in recovery of project costs from anaerobic lagoon project from the Better Off Funding programme.

Capital Expenditure and Carryovers

8. Total capital expenditure as at 30 September 2026 was $3.5 m against year-to-date budget of $3.9 m.

9. The year-end forecast is currently showing a total spend of $25.9 m. However, based on performance trends in recent years, actual expenditure is likely to fall below this project. Having said this, we are expecting the expenditure to be better than the last financial year.

Financial Contributions - South Taranaki Business Park

10. No income has been received against this budgeted item, which includes South Taranaki Business Park (The Business Park). The actual contributions will depend on sub-divisions throughout the district as well as uptake within the Business Park.

Borrowing

11. Total Water Services borrowing at September 2026 was $99.0 m, comprising external borrowing of $90.9 m and internal borrowing of $8.1 m.

12. The weighted average interest rate on external debt for the quarter ending 30 September is 4.37%.

Whakakapia / Conclusion

13. Overall financial performance for Water Services as at 30 September 2026 is tracking below budget expectations, largely influenced by the lower than expected Long Term Investment

Fund (LTIF) income, lower water by meter revenue, delays in the Business Park financial contributions, and slower progress on the capital programme.

Vipul Mehta
Te Tumuaki Whakamana Pakihi / Head of Business Enablement

[Seen by]
Fiona Aitken
Tumu Whakahaere / Chief Executive

South Taranaki District Council

Statement of Comprehensive Revenue and Expense - 30 September 2026

Revenue	Actual ($000)	YTD Budget	Revised Budget ($000)	Forecast ($000)
Targeted Rates	5,056	5,303	25,528	25,528
General Rates	411	409	1,635	1,643
Fees and Charges	133	446	1,782	1,782
Capital Contributions, subsidies and grants	-	250	1,000	1,000
Development and financial contributions	-	471	1,884	1,884
Other Revenue	134	173	692	693
Total Income	**5,734**	**7,051**	**32,521**	**32,530**
Expenditure				
Personnel Costs	62	0	2	251
Depreciation	3,008	3,046	12,182	12,031
Finance Costs	1,133	1,183	4,731	4,532
Internal Charges and Overheads (Incl.Salaries)	1,681	1,708	6,832	6,781
Other Costs	2,518	3,399	9,715	9,845
Total Expenses	**8,402**	**9,336**	**33,461**	**33,441**
Surplus/(Deficit)	(2,668)	(2,285)	(939)	(910)

South Taranaki District Council

Three Waters Financial Statements

Statement of Financial Position - 30 September 2026		Forecast
	Actual ($000)	Actual ($000)
Assets		
Water	279,471	287,992
Wastewater	130,570	135,335
Stormwater	49,278	49,372
Total Assets	**459,319**	**472,699**
Liabilities		
Water	52,430	59,510
Wastewater	40,484	46,935
Stormwater	5,747	6,258
Total Liabilities	**98,662**	**112,703**
Total Net Assets	**360,657**	**359,996**
Accumulated Balances and Asset Revaluation Reserves	**360,657**	**359,996**

The above Statement of Financial Position exclude:

Assests

Land

Motor Vehicles

Cash

Accounts Receivables (Debtors, Prepayments, Stocks etc)

Liabilities

Loans for Motor Vehicles

Derivatives

Accounts Payables (Incl. Creditors, Employee Entitlements etc)

Funding Impact Statement for Three Waters as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	411	409	1,635	1,635	1,643
Targeted rates	5,056	5,303	25,528	25,528	25,528
Subsidies and grants for operating purposes	0	0	0	0	0
Fees and charges	133	446	1,782	1,782	1,782
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	134	173	692	692	693
Total operating funding (A)	**5,734**	**6,330**	**29,637**	**29,637**	**29,646**
Applications of operating funding					
Payments to staff and suppliers	2,581	3,400	9,715	9,715	10,097
Finance costs	1,133	1,183	4,731	4,731	4,532
Internal charges and overheads applied	1,681	1,708	6,832	6,832	6,781
Operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	**5,395**	**6,290**	**21,278**	**21,278**	**21,410**
Surplus (deficit) of operating funding (A-B)	**339**	**40**	**8,359**	**8,359**	**8,236**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	0	471	1,884	1,884	1,884
Increase (decrease) in debt	709	1,073	4,292	17,679	14,750
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	250	1,000	1,000	1,000
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**709**	**1,794**	**7,176**	**20,563**	**17,634**
Applications of capital funding					
- To meet additional demand	53	0	0	353	132
- To improve the level of service	2,263	1,974	7,616	15,906	13,417
- To replace existing assets	1,137	1,944	7,783	12,527	12,307
Increase (decrease) in reserves	-2,406	-2,085	136	136	15
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**1,048**	**1,834**	**15,535**	**28,922**	**25,871**
Surplus (deficit) of capital funding (C-D)	**-339**	**-40**	**-8,359**	**-8,359**	**-8,236**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	3,008	3,046	12,182	12,182	12,031

Funding Impact Statement for Water Supply as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	0	0	0	0	0
Targeted rates	3,110	3,367	17,784	17,784	17,784
Subsidies and grants for operating purposes	0	0	0	0	0
Fees and charges	10	35	139	139	139
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	76	114	457	457	457
Total operating funding (A)	**3,196**	**3,516**	**18,380**	**18,380**	**18,380**
Applications of operating funding					
Payments to staff and suppliers	1,311	1,836	5,188	5,188	5,176
Finance costs	597	609	2,435	2,435	2,388
Internal charges and overheads applied	1,070	1,042	4,168	4,168	4,280
Operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	**2,977**	**3,487**	**11,790**	**11,790**	**11,845**
Surplus (deficit) of operating funding (A-B)	**218**	**29**	**6,589**	**6,589**	**6,535**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	
Development and financial contributions	0	228	914	914	914
Increase (decrease) in debt	830	566	2,264	10,682	7,910
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**830**	**794**	**3,178**	**11,596**	**8,824**
Applications of capital funding					
- To meet additional demand	23	0	0	26	26
- To improve the level of service	2,158	1,457	5,547	10,724	8,224
- To replace existing assets	585	1,475	5,904	9,120	8,847
Increase (decrease) in reserves	-1,718	-2,108	-1,685	-1,685	-1,738
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**1,048**	**823**	**9,767**	**18,185**	**15,359**
Surplus (deficit) of capital funding (C-D)	**-218**	**-29**	**-6,589**	**-6,589**	**-6,535**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	1,937	1,966	7,864	7,864	7,747

South Taranaki District Council

Operational Expenditure For Water Supply
For the period ending September 2026

Description	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Forecast
Expenditure							
Direct Costs	1,310,572	1,836,286	525,714	29%	5,187,581	5,187,581	5,176,426
Interest Paid	597,001	608,721	11,720	2%	2,435,100	2,435,100	2,388,005
Depreciation	1,936,694	1,966,002	29,308	1%	7,864,006	7,864,006	7,746,776
Overheads	1,069,837	1,041,952	(27,885)	(3%)	4,167,807	4,167,807	4,280,286
Total Operational Expenditure	**4,914,104**	**5,452,961**	**538,857**	**10%**	**19,654,494**	**19,654,494**	**19,591,493**
Income							
User Fees and Charges	9,811	34,661	(24,850)	(72%)	138,645	138,645	138,645
Targeted Rates	3,110,351	3,366,599	(256,248)	(8%)	17,783,850	17,783,850	17,783,850
Sundry Revenue	75,626	114,254	(38,628)	(34%)	457,015	457,015	457,015
Capital Contribution	0	228,429	(228,429)	(100%)	913,717	913,717	913,717
Total Income	**3,195,788**	**3,743,943**	**(548,155)**	**(15%)**	**19,293,227**	**19,293,227**	**19,293,227**
Net Cost of Service - Surplus/(Deficit)	**(1,718,316)**	**(1,709,018)**	**(9,298)**		**(361,268)**	**(361,268)**	**(298,267)**

Funding Impact Statement for Wastewater as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	0	0	0	0	0
Targeted rates	1,943	1,934	7,735	7,735	7,735
Subsidies and grants for operating purposes	0	0	0	0	0
Fees and charges	123	411	1,643	1,643	1,643
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0
Total operating funding (A)	**2,066**	**2,345**	**9,378**	**9,378**	**9,378**
Applications of operating funding					
Payments to staff and suppliers	1,089	1,364	4,218	4,218	4,611
Finance costs	469	500	2,002	2,002	1,875
Internal charges and overheads applied	465	525	2,099	2,099	1,937
Operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	**2,022**	**2,389**	**8,319**	**8,319**	**8,423**
Surplus (deficit) of operating funding (A-B)	**44**	**-45**	**1,059**	**1,059**	**955**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	0	177	710	710	710
Increase (decrease) in debt	-48	525	2,101	6,321	6,403
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	250	1,000	1,000	1,000
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**-48**	**953**	**3,811**	**8,031**	**8,113**
Applications of capital funding					
- To meet additional demand	28	0	0	28	46
- To improve the level of service	95	470	1,881	4,902	4,913
- To replace existing assets	537	428	1,710	2,881	2,934
Increase (decrease) in reserves	-664	10	1,279	1,279	1,175
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**-4**	**908**	**4,870**	**9,090**	**9,068**
Surplus (deficit) of capital funding (C-D)	**-44**	**45**	**-1,059**	**-1,059**	**-955**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	823	823	3,294	3,294	3,291

South Taranaki District Council

Operational Expenditure For Wastewater
For the period ending September 2026

Description	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Forecast
Expenditure							
Direct Costs	1,026,431	1,364,169	337,738	25%	4,218,273	4,218,273	4,361,872
Interest Paid	468,654	500,483	31,830	6%	2,002,037	2,002,037	1,874,614
Depreciation	822,805	823,406	602	0%	3,293,625	3,293,625	3,291,219
Personnel Costs	62,393	0	(62,393)	(100%)	0	0	249,572
Overheads	464,849	524,724	59,875	11%	2,098,897	2,098,897	1,937,074
Total Operational Expenditure	**2,845,131**	**3,212,783**	**367,652**	**11%**	**11,612,832**	**11,612,832**	**11,714,351**
Income							
User Fees and Charges	122,863	410,875	(288,011)	(70%)	1,643,499	1,643,499	1,643,499
Grants and Subsidies	0	0	0	0%	0	0	0
Targeted Rates	1,943,155	1,933,725	9,430	0%	7,734,900	7,734,900	7,734,900
Capital Contribution	0	427,453	(427,453)	(100%)	1,709,811	1,709,811	1,709,811
Total Income	**2,066,018**	**2,772,052**	**(706,034)**	**(25%)**	**11,088,210**	**11,088,210**	**11,088,210**
Net Cost of Service - Surplus/(Deficit)	**(779,112)**	**(440,730)**	**(338,382)**		**(524,622)**	**(524,622)**	**(626,141)**

Funding Impact Statement for Stormwater as at September 2026

	YTD Actual 2026/27 ($000)	YTD Revised Bud 2026/27 ($000)	FY Budget 2026/27 ($000)	FY Revised Bud 2026/27 ($000)	Forecast ($000)
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	411	409	1,635	1,635	1,643
Targeted rates	2	2	9	9	9
Subsidies and grants for operating purposes	0	0	0	0	0
Fees and charges	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	59	59	235	235	236
Total operating funding (A)	**472**	**470**	**1,879**	**1,879**	**1,888**
Applications of operating funding					
Payments to staff and suppliers	181	199	309	309	309
Finance costs	67	73	294	294	269
Internal charges and overheads applied	146	141	566	566	564
Operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	**395**	**414**	**1,168**	**1,168**	**1,142**
Surplus (deficit) of operating funding (A-B)	**77**	**56**	**710**	**710**	**746**
Sources of capital funding					
Subsidies and grants for capital expenditure	0	0	0	0	0
Development and financial contributions	0	65	261	261	261
Increase (decrease) in debt	-74	-18	-73	676	437
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	**-74**	**47**	**188**	**937**	**698**
Applications of capital funding					
- To meet additional demand	2	0	0	300	60
- To improve the level of service	10	47	188	280	280
- To replace existing assets	14	42	168	526	526
Increase (decrease) in reserves	-24	14	542	542	578
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	**4**	**103**	**898**	**1,647**	**1,444**
Surplus (deficit) of capital funding (C-D)	**-77**	**-56**	**-710**	**-710**	**-746**
Funding balance ((A-B) + (C-D))	**0**	**0**	**0**	**0**	**0**
Excludes depreciation of:	248	256	1,025	1,025	993

South Taranaki District Council

Operational Expenditure For Stormwater
For the period ending September 2026

Description	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Forecast
Expenditure							
Direct Costs	181,300	198,672	17,372	9%	307,333	307,333	307,090
Interest Paid	67,287	73,484	6,197	8%	293,937	293,937	269,149
Depreciation	248,205	256,189	7,984	3%	1,024,757	1,024,757	992,819
Personnel Costs	0	419	419	100%	1,677	1,677	1,677
Overheads	146,213	141,376	(4,838)	(3%)	565,504	565,504	564,091
Total Operational Expenditure	**643,006**	**670,140**	**27,135**	**4%**	**2,193,208**	**2,193,208**	**2,134,826**
Income							
Targeted Rates	2,357	2,357	(0)	(0%)	9,429	9,429	9,429
General Rates & Revenue	469,708	467,376	2,332	0%	1,869,504	1,869,504	1,878,832
Capital Contribution	0	65,193	(65,193)	(100%)	260,772	260,772	260,772
Total Income	**472,065**	**534,926**	**(62,861)**	**(12%)**	**2,139,704**	**2,139,704**	**2,149,033**
Net Cost of Service - Surplus/(Deficit)	**(170,941)**	**(135,214)**	**(35,727)**		**(53,504)**	**(53,504)**	**14,207**

South Taranaki District Council

Capital Projects for Stormwater
For the period ending September 2026

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Carry forward from 25-26 - Q-4	New Revised budget	Full Year Forecast	CARRY FORWARD 2027/28	General Comments
Stormwater													
15340 - Stormwater Reticulation CCTV	CP	District	10,280	32,720	22,440	69%	130,881	130,881	83,469	214,350	214,350		The CCTV contract has been extended for a year.
90010 - Stormwater Renewals budgetholder	RN	District	0	42,030	42,030	100%	168,121	168,121	0	168,121	168,121		Budget holder.
90018 - King Edward St Stormwater Pipe - Renewal	RN	District	14,374	0	(14,374)	(100%)	0	0	330,055	330,055	330,055		Tender has been awarded. Work to commence soon.
90020 - Eltham - SW - Reticulation Renewal - North Street	RN	Eltham	0	0	0	0%	0	0	27,473	27,473	27,473		Awaiting response from Anzco.
92014 - Stormwater modelling when LIDAR available	CP	District	195	14,277	14,082	99%	57,107	57,107	8,119	65,227	65,227		Work ongoing.
92015 - South Taranaki Business Park stormwater	GR	Hawera	2,415	0	(2,415)	(100%)	0	0	300,000	300,000	60,000		Some stormwater costs at Glover Road intersection expected this FY
Total Expenditure for Stormwater			**27,264**	**89,027**	**61,763**	**69%**	**356,109**	**356,109**	**749,116**	**1,105,225**	**865,225**	**0**	
Total Capital Projects for Stormwater			**27,264**	**89,027**	**61,763**	**69%**	**356,109**	**356,109**	**749,116**	**1,105,225**	**865,225**	**0**	

Capital Projects for Wastewater
For the period ending September 2026

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Carry forward from 25-26 not included in annual plan budget sheet 26-27	New revised budget 2026/27	Full Year Forecast	CARRY FORWARD 2027/28	General Comments
Wastewater													
13102 - Hawera WWTP track renewals	RN	Hawera	0	2,727	2,727	100%	10,907	10,907	0	10,907	0		Not required.
15420 - Consent Renewals	RN	District	20,554	51,671	31,117	60%	206,683	206,683	37,866	244,549	244,549		Patea, Waverley & Hawera RCs+ BPOs & QMRAs.
15425 - Hawera WWTP Transformer Upgrade	CP	Hawera	0	25,000	25,000	100%	100,000	100,000	0	100,000	100,000		Planning underway.
80003 - Wastewater Reticulation Rehabilitation (place holder only)	RN	District	1,329	105,000	103,671	99%	500,000	420,000	0	420,000	420,000		As part of the Annual Plan, the Council approved a overall budget here of: $3,590,227. South Road main renewal: $745,500. We also use the budget holder to supplement relining.
80019 - Hawera - WW - Tawhiti Rd rising main renewal	RN	Hawera	2,607	0	(2,607)	(100%)	0	0	30,000	30,000	30,000		Works completed and now under maintenance period. Overheads and final costs to come.
80020 - District - WW - Pumpstn mechanical-civil renewals 22-23	RN	District	69,740	0	(69,740)	(100%)	0	0	30,745	30,745	69,740		Pump replacement that needed to be done. Aditional budget needs to be requested.
80032 - WWPS I&E Renewals	RN	District	41,641	35,412	(6,229)	(18%)	141,650	141,650	122,658	264,307	264,307		NPDC is working on I&E renewal programme. Rain gauges invoices included in this budget.
80034 - CCTV Programme (new contract)	RN	District	69,658	40,900	(28,757)	(70%)	163,601	163,601	100,000	263,601	263,601		Ongoing CCTV Contract. 1 Year extension has been granted.
80035 - District - WW - Pipe Renewals 2024-25	RN	District	2,895	0	(2,895)	(100%)	0	0	15,000	15,000	15,000		Completed. Overheads to come.
80036 - WW Reticulation Renewal - South Road Hawera	RN	Hawera	7,822	0	(7,822)	(100%)	0	0	0	0	7,822		Budget to be journaled from budget holder (PJ 80003).
80038 - Hawera - WW - Manhole Relining - Turuturu Road	RN	Hawera	5,555	0	(5,555)	(100%)	0	0	7,953	7,953	7,953		Overheads to come.
80040 - Hawera - WW - Manhole Relining - Hawera Aerodrome to	RN	Hawera	35,372	5,000	(30,372)	(607%)	0	20,000	0	20,000	35,372		Completed.
80041 - Eltham - WW - Pipe Renewal - Tayler St	RN	Eltham	10,169	5,000	(5,169)	(103%)	0	20,000	0	20,000	20,000		Budget to be journaled from budget holder (PJ 80003).
80042 - Hawera - WW - Pipe Renewal - Denby Rd	RN	Hawera	7,095	5,000	(2,095)	(42%)	0	20,000	0	20,000	20,000		Design underway.
80043 - Hawera - WW - Pipe Renewal - Kamahi Ave	RN	Hawera	7,822	5,000	(2,822)	(56%)	0	20,000	0	20,000	20,000		Design underway.
82002 - District - WW - Pipe relining 2023-24	RN	District	0	68,167	68,167	100%	272,669	272,669	0	272,669	0		Actuals in PJ 82003
82003 - District - WW - Pipe relining 2024-25	RN	District	203,735	0	(203,735)	(100%)	0	0	0	0	272,669		Budget for this in PJ 82002
84003 - Wastewater Network Model Development	CP	Hawera	10,803	0	(10,803)	(100%)	0	0	0	0	10,803		Project completed.
84004 - Wastewater CCTV (tranche funding) inspection & assessm	CP	Hawera	175	0	(175)	(100%)	0	0	0	0	175		Overheads.
84005 - York St WWPS overflow flowmeter upgrade	RN	Patea	125	0	(125)	(100%)	0	0	0	0	125		Overheads.
85010 - South Taranaki Business Park wastewater	GR	Hawera	10,054	0	(10,054)	(100%)	0	0	27,675	27,675	27,675		WWPS commissioning nearing completion. Overheads to come.
85012 - South Taranaki Business Park - WW - STBP & CJBP WW	GR	Hawera	17,973	0	(17,973)	(100%)	0	0	0	0	17,973		Project complete.
86001 - Oxidation Pond Desludging and Sludge Survey	RN	District	0	33,347	33,347	100%	133,390	133,390	0	133,390	133,390		Desludge Hawera.
86010 - Wastewater Treatment Renewals budgetholder	RN	District	34,765	45,852	11,087	24%	183,407	183,407	135,805	319,212	319,212		Hawera WTP pump station.
86018 - Eltham - WWTP - Lower bund emergency outlet 2022-23	RN	Eltham	15,170	0	(15,170)	(100%)	0	0	390,825	390,825	390,825		Work underway.
86021 - WWTP Civil/Structural Items Renewals	RN	District	0	24,540	24,540	100%	98,161	98,161	300,028	398,189	398,189		Patea waveband.

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Carry forward from 25-26 - Q-4	New Revised budget	Full Year Forecast	2027/28	General Comments
87003 - Wastewater Health and Safety Improvements	CP	District	0	3,668	3,668	100%	14,673	14,673	0	14,673	14,673		H & S gear and improvements during the year.
87012 - Waverley tertiary WWTP	CP	Waverley	0	62,500	62,500	100%	250,000	250,000	0	250,000	250,000		Awaiting Consent. Design-built to follow.
87013 - Opke wetland soakage field enhancements	CP	Opunake	10,429	0	(10,429)	(100%)	0	0	216,186	216,186	216,186		Work underway.
87019 - Kaponga & Manaia WWTP outlet flowmeters (Tranche 1 fi	CP	Manaia	100	0	(100)	(100%)	0	0	0	0	100		Overheads.
87027 - Generator switchover points	CP	Hawera	0	4,090	4,090	100%	16,360	16,360	0	16,360	16,360		Underway.
87028 - Hawera WWTP - New Anaerobic lagoon	CP	Hawera	74,524	375,000	301,736	80%	1,500,000	1,500,000	2,805,131	4,305,131	4,306,391		Process design complete. Lagoon design to follow. Actuals from PJ 10074 to be transferred here
Total Expenditure for Wastewater			**660,112**	**897,875**	**237,763**	**26%**	**3,591,499**	**3,591,499**	**4,219,873**	**7,811,372**	**7,893,090**	**0**	
Total Capital Projects for Wastewater			**660,112**	**897,875**	**237,763**	**26%**	**3,591,499**	**3,591,499**	**4,219,873**	**7,811,372**	**7,893,090**	**0**	

Capital Projects for Water Supply
For the period ending September 2026

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Carry forward from 25-26 not included in annual plan budget sheet 26-27	New revised budget 2026/27	Full Year Forecast	CARRY FORWARD 2027/28	General Comments
Urban Water Supply Schemes													
13125 - Resource Consent Renewals - Urban	RN	District	17,450	44,990	27,540	61%	179,961	179,961	56,229	236,190	236,190		In consultation with interested groups for Kapuni and Waverley, hearings maybe needed, hoping resolution by July
70006 - Renewals - Water Supply - Reticulation - Urban	RN	District	88	0	(88)	(100%)	0	0	0	0	88		Overheads
70010 - Urban Water Supply Reticulation Renewals LTP21-31 bud	RN	District	57,634	492,500	434,866	88%	2,000,000	1,970,000	301,043	2,671,043	2,671,043		As part of the Annual Plan, the Council approved a overall budget here of: $5,648,500. Glover Road projet overall budget is: $3,380,000. $1M is allocated in the forecast for Glover Road this FY.
70016 - Hawera - WS - Glover Rd Resilience Culvert Renewal	RN	Hawera	0	0	0	0%	0	0	63,369	63,369	63,369		Project will be tendered at the end of October.
70018 - Hawera - WS - pipe renewal - 47 Iredale Rd WWPS suppl	RN	Hawera	25	0	(25)	(100%)	0	0	0	0	25		Overheads
70019 - Hawera - WS - Retic renewal - Fantham St	RN	Hawera	100	0	(100)	(100%)	0	0	0	0	100		Overheads
70023 - Hawera - WS - Retic renewal - Glover/Ketemarae/Fitzgera	RN	Hawera	1,800	0	(1,800)	(100%)	0	0	0	0	1,800		Design completed. Will go to tender mid-November.
70034 - Hawera - WS - Reticulation Renewal - Murray Ave 24/25	RN	Hawera	2,607	0	(2,607)	(100%)	0	0	0	0	2,607		Overheads.
70037 - Manaia WS Reticulation Renewal Kapuni Rangauri St	RN	Manaia	188	0	(188)	(100%)	0	0	0	0	188		Overheads
70038 - Hawera - WS - 250mm Trunk Main Decomissioning - Glov	RN	Hawera	35,094	0	(35,094)	(100%)	0	0	501,025	501,025	501,025		Project in progress.
70039 - Hawera - WS - Reticulation Renewal - Buchanan Place	RN	Hawera	0	0	0	0%	0	0	3,000	3,000	3,000		Overheads to come.
70040 - Eltham - WS - Reticulation Renewal - Stanners Street	RN	Eltham	0	0	0	0%	0	0	32,810	32,810	32,810		Final Claims to come as well as overheads and componentisation.
70041 - Hawera - WS - Reticulation Renewal - Reid Avenue	RN	Hawera	250	0	(250)	(100%)	0	0	1,777	1,777	1,777		Overheads
70042 - Okaiawa - WS - Reticulation Renewal - Manu Road	RN	Okaiawa	50	0	(50)	(100%)	0	0	26,819	26,819	26,819		Overheads
70043 - Patea - WS - Reticulation Renewal - Cambridge Street	RN	Patea	0	0	0	0%	0	0	19,396	19,396	19,396		Currently ON HOLD pending completion of Patea WTP upgrade
70044 - Hawera - WS - Reticulation Renewal - Hunter St	RN	Hawera	18,973	0	(18,973)	(100%)	0	0		600,000	600,000		On tender. Budget to be journal from budget holder.
70048 - Hawera - WS - Reticulation Renewal - Princes St	RN	Hawera	7,482	0	(7,482)	(100%)	0	0	90,085	90,085	90,085		Design complete.
70049 - Hawera - WS - Reticulation Renewal - Glover Road (Keter	RN	Hawera	5,575	5,000	(575)	(11%)	0	20,000	0	20,000	20,000		Will be in tendered 26.10.26
70050 - Ohawe Beach - WS Reticulation Renewal - Rangatapu St	RN	Ohawe Beach	100	1,000	900	90%	0	10,000	0	10,000	10,000		Design underway
71010 - Pipework capital upgrades	CP	District	0	18,596	18,596	100%	74,384	74,384	0	74,384	74,384		New Rider main on Hunter Street
71015 - Demand management	CP	District	0	18,296	18,296	100%	73,184	73,184	0	73,184	73,184		Ongoing.
71022 - Eltham flushing enhancements	CP	District	0	14,489	14,489	100%	57,958	57,958	0	57,958	57,958		Ongoing.
71024 - Universal water metering	CP	District	913	0	(913)	(100%)	0	0	69,446	69,446	69,446		Ongoing.
71028 - District - WS - Water meter and backflow preventer progra	CP	District	21,147	0	(21,147)	(100%)	0	0	79,888	79,888	79,888		Ongoing.
71034 - Water Supply Agreements-Urban	RN	District	0	1,103	1,103	100%	4,413	4,413	0	4,413	4,413		Ongoing.
71035 - Pipe bridge structural assessments - Water Supply	RN	District	0	18,596	18,596	100%	74,384	74,384	0	74,384	0		Completed.
72004 - South Taranaki Business Park - WS - Stage 2 Developmer	GR	Hawera	22,773	0	(22,773)	(100%)	0	0	0	0	0		Road watermain.
73010 - Urban Water Treatment Renewals LTP21-31 budget holde	RN	District	117,668	136,078	18,409	14%	544,310	544,310	0	544,310	544,310		Budget holder.
73012 - Kapuni - WS - WTP VSD Renewals 22/23	RN	KAPUNI	0	2,727	2,727	100%	10,907	10,907	153,975	164,882	164,882		Report provided to NPDC to action.
73013 - Eltham - WS - WTP VSD Renewals 22/23	RN	Eltham	0	16,360	16,360	100%	65,440	65,440	233,618	299,058	299,058		Report provided to NPDC to action.
73014 - Opunake - WS - I&E renewals 22/23	RN	Opunake	0	0	0	0%	0	0	42,476	42,476	42,476		Report provided to NPDC to action.
73015 - Intake condition assessments	RN	District	0	5,002	5,002	100%	20,008	20,008	0	20,008	0		Completed.
74010 - Urban Water Treatment Capital LTP21-31	CP	District	1,360	35,992	34,632	96%	143,969	143,969	248,896	392,865	392,865		Budget holder.
74014 - Patea WTP treatment enhancement WSP action	CP	Patea	1,939,130	0	(1,939,130)	(100%)	0	0	3,782,895	3,782,895	3,782,895		Project in progress. To complete by 2027.

Description		Location	YTD Actuals	YTD Rev. Bud	Variance In $	Variance In %	Full Year Budget	Full Year Rev. Bud	Carry forward from 25-26 - Q-4	New Revised budget	Full Year Forecast	2027/28	General Comments
74016 - Opunake reservoir 2	CP	Opunake	250	250,000	249,750	100%	1,000,000	1,000,000	0	1,000,000	1,000,000		Tender awarded.
74019 - Waverley reservoir 2	CP	Waverley	13,647	125,000	111,353	89%	500,000	500,000	0	500,000	500,000		Tender awarded.
74020 - Waverley replacement bore	RN	Waverley	0	0	(0)	(100%)	0	0	10,000	10,000	10,000		Invoice to come.
74022 - Opunake Coag Optimisation	CP	Opunake	14,572	250,000	235,428	94%	1,000,000	1,000,000	0	1,000,000	1,000,000		Tender awarded.
contribut	RN	Kaponga	0	0	0	0%	0	0	40,772	40,772	40,772		Assessment to be done.
74035 - Eltham Taste & Odour Plant required for DWS Aesthetic	CP	Eltham	147,860	0	(147,860)	(100%)	0	0	200,000	200,000	200,000		Lid to be installed at a later date
74036 - Eltham Reservoir	CP	Eltham	11,334	125,010	113,676	91%	500,000	500,000	0	500,000	100,000	400,000	Design underway, physical work likely to happen next FY
74039 - Patea New Bore 7	CP	Patea	7,972	70,000	62,028	89%	0	700,000	0	700,000	700,000		Design underway.
Total Expenditure for Urban Water Supply Schemes			**2,446,040**	**1,630,739**	**(815,301)**	**(50%)**	**6,248,917**	**6,948,917**	**5,957,520**	**13,906,437**	**13,416,853**	**400,000**	
Waimate West Water Supply													
08003 - Waimate West new reservoir 2008	GR	Waimate West	0	0	0	0%	0	0	25,744	25,744	25,744		Hydraulics to be verified.
15335 - Waimate West WTP - Resource Consent - Renewals	RN	Waimate West	0	74,366	74,366	100%	297,463	297,463	0	297,463	297,463		Delayed, expecting to make headway with intereted parties over Waimate West and Inaha once precedent setting agreement is gained for Kapuni.
76010 - Waimate West/Inaha Retic Renewals LTP21-31 budgetho	RN	Waimate West	3,888	305,031	301,142	99%	1,260,122	1,220,122	110,139	1,330,262	1,330,262		Budget holder.
76012 - Auroa Road watermain renewal 21/22	RN	Waimate West	0	0	0	0%	0	0	3,000	3,000	3,000		Overheads to come.
76017 - District - WW - Waimate/Inaha water meter renewals	RN	Waimate West	2,240	14,997	12,757	85%	59,987	59,987	18,584	78,571	78,571		Water meters on order.
76021 - Water Supply Agreements-Kaponga & Manaia	RN	Waimate West	0	2,999	2,999	100%	11,997	11,997	0	11,997	11,997		Ongoing
76022 - Waimate West - WS - Reticulation Renewal - Normanby R	RN	Waimate West	267,769	0	(267,769)	(100%)	0	0	336,725	336,725	336,725		Overheads and invoice to come.
76023 - Waimate West - WS - Reticulation Renewal - Winks Road	RN		0	0	0	0%	0	0	5,000	5,000	5,000		Overheads to come.
76025 - Waimate West - WS Reticulation Renewal - Palmer Road	RN	Waimate West	16,693	0	(16,693)	(100%)	0	0	0	0	16,693		Project underway. Budget to be transferred from budget holder.
76026 - Waimate West - WS Reticulation Renewal - South Road C	RN	Waimate West	5,340	5,000	(340)	(7%)	0	20,000	0	20,000	20,000		Project underway.
76027 - Waimate West - WS - Reticulation Renewal - South Road	RN	Waimate West	5,340	5,000	(340)	(7%)	0	20,000	0	20,000	20,000		Project underway.
76512 - Trunk main duplication	CP	Waimate West	0	524,887	524,887	100%	2,099,547	2,099,547	0	2,099,547	0		Pipe sample information indicate that renewal not immediately required.
77010 - Waimate West Ttmt Plant Renewals LTP21-31 budgetholc	RN	Waimate West	19,055	219,635	200,580	91%	878,541	878,541	0	878,541	878,541		Desluge sludge ponds.
77011 - Waimate West Mangawhero abstraction consent RC0635-	RN	Waimate West	0	22,240	22,240	100%	88,961	88,961	143,203	232,164	232,164		Delayed, expecting to make headway with intereted parties over Waimate West and Inaha once precedent setting agreement is gained for Kapuni.
77013 - Rural - WS - Treatment - I&E renewals 22/23	RN	Waimate West	0	16,360	16,360	100%	65,440	65,440	22,507	87,948	87,948		Report provided to NPDC to action.
77510 - Backwash pond sludge disposal as per WSP	CP	Waimate West	0	24,540	24,540	100%	98,161	98,161	95,571	193,732	193,732		Desludge Inaha sludge pond.
79010 - Inaha Water Ttmt Plant Renewals LTP21-31 budgetholder	RN	Inaha	0	35,583	35,583	100%	142,331	142,331	0	142,331	142,331		Intake pumps, screens, fish passage renewal.
79511 - Backwash recycling & filter renewal	RN	Inaha	0	50,000	50,000	100%	200,000	200,000	0	200,000	0	200,000	Deferring to next FY. Deferring to next FY
Total Expenditure for Waimate West Water Supply			**320,325**	**1,300,638**	**980,313**	**75%**	**5,202,551**	**5,202,551**	**760,474**	**5,963,025**	**3,680,171**	**200,000**	
Total Capital Projects for Water Supply			**2,766,365**	**2,931,377**	**165,012**	**6%**	**11,451,467**	**12,151,467**	**6,717,994**	**19,869,461**	**17,097,023**	**600,000**	
Total Capital Projects for Water			**3,453,741**	**3,918,279**	**464,538**	**12%**	**15,399,076**	**16,099,076**	**11,686,983**	**28,786,058**	**25,855,338**	**600,000**	

Pūrongo-Whakamārama
Information Report

To	Water Services Committee
From	Kaiarataki Ratonga Pūhanga / General Manager Infrastructure, Herbert Denton
Date	16 November 2026
Subject	**Quarter One Non-Financial Performance Measures – Three Waters**

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

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Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report provides the Quarter One (as at 30 September 2026) results for non-financial performance measures (Appendix 1) for three waters activities: water supply, wastewater and stormwater.

Taunakitanga / Recommendation

THAT the Water Services Committee receives the Quarter One Non-Financial Performance Measures Report - Three Waters.

Whakawhiti Kōrero/Aromātai / Discussion/ Evaluation

2. This report provides an overview of Quarter One (Q1) 2026-2027 non-financial performance measures for the Three Waters activities: water supply, wastewater and stormwater as at 30 September 2026, including commentary and the additional drinking water safety measures aligned with the Department of Internal Affairs Non-Financial Performance Measure Rules 2024.

3. There was a strong overall performance across the water, wastewater and stormwater activities, with the majority of non-financial performance measures achieved in line with the 2024-2034 Long Term Plan and the updated Department of Internal Affairs (DIA) Non-Financial Performance Measure Rules 2024. All Q1 performance measures that could be assessed at this stage were achieved. Several annual measures are not yet due for reporting and will be measured and reported on at the end of Quarter Four (Q4).

4. Compliance with the new drinking water safety reporting requirements was fully achieved across the District in Q1. This is an improvement from Q1 2025/26 where ten measures were reported as non-compliant, as well as Q4 2025/26 where six measures were non-compliant.

Whakakapia / Conclusion

5. Overall, the Q1 results demonstrate strong three waters performance. All wastewater and stormwater measures were achieved, and all water supply measures were achieved.



Herbert Denton
Kaiarataki Ratonga Pūhanga /
Group Manager Infrastructure Services

Appendix 1 – Quarter Four Non-Financial Performance Measures Report – Three Waters

Non-Financial Performance Measures For Quarter One as at 30 September 2026

✅	**Achieved/On Track**
❓	**At Risk**
❌	**Not Achieved/Not on Target**
Q#	**This measure can only be reported on in a certain quarter**
N/A	**This measure is not applicable for this year**

Water Supply

Level of Service	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
The water supply is accessible and reliable.	(C) Number of complaints received about continuity of supply (per 1,000 connections). *DIA Performance Measure 4d*	≤ 10	1.12		Achieved. 1.12 complaints per 1,000 connections were received about continuity of supply in Q1.
	(T) Median response time for service personnel to attend urgent call-out measured from the time we receive notification to the time service personnel reach the site. *DIA Performance Measure 3a*	≤ 2 hrs	47min		Achieved. The median response time for service personnel to attend urgent callouts was 47 minutes in Q1.
	(T) Median response time for service personnel to resolve urgent call-out measured from the time we receive notification to the time service personnel confirm resolution of the fault or interruption. *DIA Performance Measure 3b*	≤ 5 hrs	2hr/21min		Achieved. The median time for service personnel to resolve urgent callouts was 2 hours and 21 minutes for Q1.
	(T) Median response time for service personnel to attend non-urgent call-out measured from the time we receive notification to the time service personnel reach the site. *DIA Performance Measure 3c*	≤ 5 days	3d/0h/33m		Achieved. The median response time for service personnel to attend non-urgent callouts was 3 days 0 hours and 33 minutes for Q1.

Level of Service	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
	(T) Median response time for service personnel to resolve non-urgent call-out measured form the time we receive notification to the time service personnel confirm resolution of the fault or interruption. *DIA Performance Measure 3d*	≤ 5 days	3d/2h/4m		Achieved. The median response time for service personnel to attend non-urgent callouts was 3 days 2 hours and 4 minutes for Q1.
The water supply is managed sustainably (maintenance of the reticulation network).	(T) % The percentage of real water loss from the networked reticulation system, using the Infrastructure Leakage Index (ILI) methodology. *DIA Performance Measure 2*	≤ 11.5%	**Q4**	**Q4**	Figures will be reported in the final quarter of the financial year.
	(T) Average consumption of drinking water per day per resident. *DIA Performance Measure 5*	≤ 370 L/c/d	**Q4**	**Q4**	Figures will be reported in the final quarter of the financial year.
Consumers are satisfied with the Water Supply service.	(C) Total number of complaints received about drinking water clarity (per 1,000 connections). *DIA Performance Measure 4a*	≤ 3	0.47		Achieved. 0.47 reported complaints about drinking water clarity per 1,000 connections were received in Q1.
	(C) Number of complaints received about drinking water taste (per 1,000 connections). *DIA Performance Measure 4a*	≤ 3	0.47		Achieved. 0.47 reported complaints about drinking water taste per 1,000 connections were received in Q1.

Level of Service	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
	(C) Number of complaints received about drinking water odour (per 1,000 connections). *DIA Performance Measure 4b*	≤ 3	0.28		Achieved. 0.28 reported complaints about drinking water odour per 1,000 connections were received in Q1.
	(C) Number of complaints received about drinking water pressure or flow (per 1,000 connections). *DIA Performance Measure 4c*	≤ 4	0.09		Achieved. 0.09 complaints about drinking water pressure per 1,000 connections were received in Q1.
	(C) Number of complaints received about response to the above (per 1,000 connections). *DIA Performance Measure 4e*	≤ 2	0		Achieved. No reported complaints about the response to the above per 1,000 connections have been received in this financial year.
	(C) Total number of complaints (per 1000 connections). *DIA Performance Measures 4a-4e*	≤ 20	2.43		Achieved. A total of 2.43 complaints per 1,000 connections were received in Q1.
	(C) % of consumers are satisfied with the Water Supply overall.	≥ 80%	**Q4**	**Q4**	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.

Wastewater

Level of Service	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
Sewage is managed without risk to public health.	(T) Median response time for service personnel to attend overflow, measured from the time we received notification to the time service personnel reach the site. *DIA Performance Measure 3a*	≤ 2 hrs	12min		Achieved. The median response time for Q1 was 12 minutes.
	(T) Median response time for service personnel to resolve overflow, measured from the time we received notification to the time service personnel confirm resolution of the blockage or other fault. *DIA Performance Measure 3b*	≤ 5 hrs	4hr/18min		Achieved. The median response time for Q1 was 4 hours, 18 minutes.
	(C) Number of customer complaints per year relating to odours from wastewater pump stations or treatment facilities (per 1,000 connections). DIA Performance Measure 4a	≤ 1	0.13		Achieved. 0.13 complaints per 1,000 connections were received for Q1.
	(C) Total number of complaints received about sewerage system faults (per 1,000 connections). *DIA Performance Measure 4b*	≤ 37	0		Achieved. No reported complaints per 1,000 connections were received about sewerage system faults in Q1.
	(C) Total number of complaints received about sewerage system blockages (per 1,000 connections). *DIA Performance Measure 4c*	≤ 13	1.27		Achieved. 1.27 complaints per 1,000 connections were received about sewerage system blockages in Q1.

Level of Service	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
	(C) Total number of complaints received about response to issues (per 1,000 connections). *DIA Performance Measure 4d*	≤ 3	0		Achieved. No reported complaints were received about the response to issues in Q1.
	(C) Total number of complaints (per 1,000 connections). DIA Performance Measures 4a-4d	≤ 50	1.39		Achieved. 1.39 complaints per 1,000 connections were received about sewerage system faults in Q1.
	(T) Number of dry weather overflows per 1,000 connections. *DIA Performance Measure 1*	≤ 1	0.25		Achieved. 0.25 dry weather overflows per 1,000 were reported in Q1.
	(T) Number of abatement notices received for discharges. *DIA Performance Measure 2a*	≤ 1	0		Achieved. No abatement notices were received in Q1.
	(T) Number of infringement notices received for discharges. *DIA Performance Measure 2b*	0	0		Achieved. No infringement notices were received in Q1.
Sewage does not affect the quality of the environment.	(T) Number of enforcement orders received for discharges. *DIA Performance Measure 2c*	0	0		Achieved. No enforcement orders were received in Q1.
	(T) Number of convictions received for discharges. *DIA Performance Measure 2d*	0	0		Achieved. No enforcement orders were received in Q1.

Level of Service	Performance Measure *C=customer measure* *T=technical measure*	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
Sewage is managed without risk to public health.	(C) % of consumers satisfied with the Wastewater services overall.	≥ 85%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.

Stormwater

Level of Service	Performance Measure C=customer measure T=technical measure	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
Council provides a reliable stormwater system that prevents houses from flooding.	(C) Number of reported flooding incidents of habitable properties. *DIA Performance Measure 1a*	< 10	0		Achieved. No flooding incidents of habitable properties were received for Q1.
	(T) For each flooding event, the number of habitable floors affected per 1,000 properties rated for stormwater. *DIA Performance Measure 1b*	≤ 1	0		Achieved. No habitable floors were affected per 1,000 properties rated for stormwater in Q1.
The stormwater system is managed sustainably.	(T) Number of abatement notices received for stormwater discharges *DIA Performance Measure 2a*	<2	0		Achieved. No abatement notices were received in Q1.
	(T) Number of infringement notices received for stormwater discharges *DIA Performance Measure 2b*	0	0		Achieved. No infringement notices were received for Q1.
	(T) Number of enforcement orders received for stormwater discharges *DIA Performance Measure 2c*	0	0		Achieved. No enforcement orders were received for Q1.

Level of Service	Performance Measure C=customer measure T=technical measure	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
	(T) Number of successful prosecutions made against the Council for stormwater discharges *DIA Performance Measure 2d*	0	0		Achieved. No prosecutions were made against the Council in Q1.
Council will respond promptly to reports of flooding and customer requests.	(C) Number of complaints received about stormwater system and response to issues (per 1,000 connections). *DIA Performance Measure 4*	≤ 1	0		Achieved. No complaints were received about the stormwater system or response to issues in Q1.
	(T) Median response time for service personnel to attend flooding event measured by the time we receive notification to the time service personnel reach the site. *DIA Performance Measure 3*	≤ 2 hrs	0		Achieved. No flooding events of habitable properties were reported in Q1.
Residents are satisfied with the Stormwater system.	(C) % of residents satisfied with the stormwater system.	≥ 80%	Q4	Q4	The Annual Residents' Survey is undertaken in Quarter 3 with results reported in Quarter 4.

Additional Water Supply Measures

From 22 August 2024, the Department of Internal Affairs introduced updated Non-Financial Performance Measures Rules 2024. These rules include a new mandatory measure for the safety of drinking water that councils are expected to report on for the full 2024/25 financial year. Although this change came after the adoption of our Long-Term Plan, which sets our statement of service provision, we have aligned our reporting with the new rules. The updated measure continues to assess bacterial and protozoal compliance but now references the Drinking Water Quality Assurance Rules 2022. Our reporting is, therefore, against those rules.

Compliance with DWQAR 2022



Met (100%)



Almost met (95% to 99%)



Partially met (1% to 94%)



Not met (0%)

This part of the report is subject to independent external audit findings - there maybe variances between the two.

Level of Service	Performance Measure	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
Eltham Serviced population of 2,064 people.	T3 Bacterial Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
	D3.29 Microbiological Monitoring Rule	100%	100%		Met. Q1 – 100% YTD: 0 days fail in 92 = 100%
	T3 Protozoal Rules	100%	100%		Met. Q1 – 100% YTD: 0 days fail in 92 = 100%
Hāwera Serviced population of 11,761 people.	T3 Bacterial Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
	D3.29 Microbiological Monitoring Rule	100%	100%		Met. Q1 – 100% YTD: 0 days fail in 92 = 100%
	T3 Protozoal Rules	100%	100%		Met. Q1 – 100% YTD: 0 days fail in 92 = 100%
Inaha Serviced population of 561 people.	T3 Bacterial Rules	100%	100%		Met. Q1 – 100% YTD: 0 days fail in 92 = 100%

Level of Service	Performance Measure	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
	D3.29 Microbiological Monitoring Rule	100%	100%		Met. Q1 – 100% YTD: 0 days fail in 92 = 100%
	T3 Protozoal Rules	100%	100%		Met. Q1 – 100% YTD: 0 days fail in 92 = 100%
Ōpunakē Serviced population of 1,446 people.	T3 Bacterial Rules	100%	100%		Met. Q1 – 100% YTD: 0 days fail in 92 = 100%
	D3.29 Microbiological Monitoring Rule	100%	100%		Met. Q1 – 100% YTD: 0 days fail in 92 = 100%
	T3 Protozoal Rules	100%	100%		Met. Q1 – 100% YTD: 0 days fail in 92 = 100%
Pātea Serviced population of 1,310 people.	T3 Bacterial Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%

Level of Service	Performance Measure	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
	D3.29 Microbiological Monitoring Rule	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
	T3 Protozoal Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
Rāhotu Serviced population of 199 people.	T3 Bacterial Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
	D3.29 Microbiological Monitoring Rule	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
	T3 Protozoal Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
Waiinu Beach Serviced population of 72 people.	T1 Bacterial Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%

Level of Service	Performance Measure	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
	D1.1 Microbiological Monitoring Rule	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
	T1 Protozoal Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
Waimate West Serviced population of 2,635 people.	T3 Bacterial Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
	D3.29 Microbiological Monitoring Rule	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
	T3 Protozoal Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
Waverley Serviced population of 878 people.	T3 Bacterial Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
	D3.29 Microbiological Monitoring Rule	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%

Level of Service	Performance Measure	Target 2026/27	Actual YTD	Status	For Quarter One as at 30 September 2026
	T3 Protozoal Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
Waverley Beach Serviced population of 36 people.	T1 Bacterial Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
	D1.1 Microbiological Monitoring Rule	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%
	T1 Protozoal Rules	100%	100%		Met Q1 – 100% YTD: 0 days fail in 92 = 100%

Pūrongo-Whakamārama
Information Report

To	Water Services Committee
From	Kaiarataki Ratonga Pūhanga / Group Manager Infrastructure Services, Herbert Denton
Date	16 November 2026
Subject	**Capital Works Progress Report – Quarter 1 2026/27**

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

Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report provides an update on the 2026/27 Capital Works Programme to the Water Services Committee. The report highlights risks associated with completing the programme and specific projects.

Taunakitanga / Recommendation

THAT the Water Services Committee receives the Capital Works Progress Report for Quarter One of the 2026/27 financial year.

Kupu Whakamārama / Background

2. The Council has a significant $28.8 million (m) projects programme for the 2026/27 year, including $11.6 m of carryovers from the 2025/26 year. The total actual spend in the first quarter was $3.5 m and the current forecast spend for the year is $25.9 m, as a result of reprioritisation on projects. Most of the construction projects will commence in the summer months. Several projects make up a significant portion of the programme, including:

- Pātea Water Treatment Plant Enhancement;
- Ōpunakē Treatment Plant Optimisation and New Reservoir;
- Waverley Water Treatment Plant Pipework / Building Extension and New Reservoir;
- Hāwera Wastewater Treatment Plant - New Anaerobic Lagoon; and
- Eltham Wastewater Treatment Plant Overflow Pond Embankment Repair and Renewal.

Whakawhiti Kōrero / Aromātai / Discussion / Evaluation

General Project Risks

3. Contractor availability and capacity, especially with larger projects, are general risks across all projects. The Strategic Assets team ensures that project scoping is completed and delivered to the Projects team for execution. The Strategic Assets team has been involved

in providing information and input into the establishment of the Three Waters In-House Business Unit (IBU) however scoping of projects will continue and projects will be handed to the Projects team for delivery.

4. In addition to contractor availability and capacity, common risks across the programme include incomplete project scoping, late design changes and delays in obtaining regulatory approvals. These risks may result in rework, increased costs and programme delays. Early confirmation of scope, clear decision-making responsibilities and timely engagement with approval authorities are essential to effective project delivery.

5. Cost escalation, constrained supply chains and long lead times for specialist materials and equipment remain key delivery risks. Robust cost forecasting, appropriate contingencies and early procurement of critical items are required to manage potential budget and schedule impacts.

Pātea Water Treatment Plant Enhancement

6. The Pātea Water Treatment Plant (WTP) upgrade project is being undertaken to achieve full compliance with the Drinking Water Standards and Water Services regulations, while ensuring the continued provision of safe and reliable drinking water to the Pātea community.

7. The scope of works includes the implementation of new treatment processes to address ammonia, organics, suspended solids, and metals, as well as enhancements to improve chlorine residual performance throughout the network.

8. The contract was competitively tendered through an open market procurement process and awarded in December 2025, following Council approval of a budget increase earlier that month. Construction works commenced in March 2026 and are progressing well, with the project now well advanced.

9. Pre-commissioning activities are scheduled to commence in early November 2026. The purpose of pre-commissioning is to verify that all construction works have been completed in accordance with the approved drawings and specifications, and that all non-operational checks and adjustments have been successfully undertaken. These activities include cold alignment checks, flushing and cleaning, pressure testing, and individual motor and pump testing.

10. Following pre-commissioning, the project will move into the Cold Commissioning phase. The purpose of Cold Commissioning is to demonstrate that all plant and equipment supplied under the contract have been installed, tested, and commissioned in accordance with the contract specifications, manufacturers' requirements, and relevant safety standards.

11. During this phase, electrical systems will be energised, the control system will be brought online by others, and input/output (I/O) testing of all plant and equipment will be completed.

12. Additional Cold Commissioning activities will include pump performance testing, as well as the loading, washing, and conditioning of the saturator and filter media. Upon successful completion of both Pre-Commissioning and Cold Commissioning, the project will progress to Hot Commissioning. Hot commissioning involves the introduction of treatment chemicals and the operation of the plant under actual process conditions. The objective is to verify that all treatment processes, plant equipment, instrumentation, and control systems

operate as intended and that the facility can reliably produce treated water that meets all required performance and water quality standards.

13. Subject to the successful completion of all Inspection and Test Plans (ITPs), the upgraded treatment plant is expected to achieve Practical Completion as early as February 2027, with full operational handover and optimisation anticipated by the end of March 2027, being the third quarter of the 2026/27 financial year.

14. Key Potential Risks for the Pātea WTP Enhancement project are:

a) The upgraded plant relies heavily on the successful integration of the Programmable Logic Controller (PLC), Supervisory Control and Data Acquisition (SCADA) system, instrumentation, and associated control logic. Failures in communications, incorrect programming, I/O mapping errors, calibration issues, or software defects identified during commissioning may result in delays, rework, and an inability to operate the plant automatically.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Moderate	Moderate	Medium

b) Commissioning activities involve multiple contractors and specialist suppliers working in a coordinated sequence. Delays in completing Inspection and Test Plans (ITPs), equipment defects, unresolved punch-list items, or failures during testing may delay progression from pre-commissioning to cold commissioning and subsequently to hot commissioning, potentially affecting the overall programme and practical completion date.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Likely	Major	Moderate	High

c) There is a risk that the upgraded treatment processes may not initially achieve the required performance targets for ammonia removal, turbidity reduction, metals removal, organics treatment, or chlorine residual management under actual operating conditions. This may necessitate optimisation works, process modifications, increased chemical dosing, or further specialist input before performance guarantees can be achieved.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Major	Major	High

d) Raw Water Quality and Source Variability: Variability in raw water quality such as elevated turbidity, algae, organic matter, iron and manganese and seasonal fluctuations poses a significant risk to the performance of the upgraded treatment plant. In particular, Bore 4, which is currently the dominant supply source, is again introducing sand into the system, presenting a critical operational issue if not adequately addressed. If raw water quality exceeds the assumptions used in the plant design, treatment processes may be unable to consistently meet drinking water standards, leading to reduced operational efficiency and the potential need for

additional treatment processes, increased chemical dosing or ongoing operational interventions following commissioning.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Major	Moderate	High

Ōpunakē Water Treatment Plant Optimisation and New Reservoir

15. The Ōpunakē Water Treatment Plant currently has three reservoirs, two 110 m³ tanks

16. The Ōpunakē Water Treatment Plant (WTP) requires optimisation works and the replacement of its ageing treated water reservoirs to improve water quality, system resilience, and storage capacity. The existing storage capacity is insufficient to meet future operational and emergency supply requirements.

17. The preferred solution includes the construction of a new 1,800 m³ treated water reservoir (either steel or reinforced concrete) together with treatment plant upgrades, including the installation of Biological Activated Carbon (BAC) filtration to enhance treatment performance and water quality outcomes.

18. The WTP optimisation works and reservoir construction will be delivered as two separate but interconnected contracts. The selected delivery models are a Traditional Contract for the treatment plant optimisation works and a Design and Build Contract for the new reservoir.

19. Following a procurement process and evaluation of submissions, preferred contractors have been identified and have been awarded the respective contracts. Bellcon Ltd has been engaged to deliver the treatment plant optimisation works, while Reliant Solutions Ltd has been engaged to undertake the design and construction of the new reservoir.

20. Physical works are anticipated to commence in late November 2026, with completion of both projects expected by October 2027. Successful delivery will require close coordination between the two contractors to ensure the treatment plant upgrades and reservoir infrastructure are fully integrated and commissioned in accordance with project requirements.

21. Key Potential Risks for the Ōpunakē WTP optimisation and new reservoir projects are:

    a) Supply Chain and Long-Lead Procurement Risk: The successful delivery of both the WTP optimisation works and the new reservoir construction is dependent on the timely procurement and delivery of specialised equipment, treatment components, mechanical and electrical plant, and construction materials. Delays in the supply of critical items, including BAC filtration components, instrumentation, pumps, electrical equipment, or reservoir materials, may impact construction sequencing, commissioning activities, and the overall project programme. Ongoing global manufacturing, shipping, and logistics constraints may further increase the risk of cost escalation and schedule delays.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Major	Moderate	High

b) Project Interface and Coordination Risk: The successful delivery of the Ōpunakē WTP Optimisation and New Reservoir projects relies on effective coordination between two separate contractors operating under different contract models and delivery programmes. Delays, scope changes, design amendments, or performance issues affecting either Bellcon Ltd or Reliant Solutions may have flow-on effects on the other contract, potentially impacting integration, commissioning activities, and the overall project completion date.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Likely	Major	Moderate	High

c) Commissioning and Operational Integration Risk: The WTP optimisation works and the new reservoir must ultimately operate as a single integrated system. There is a risk that commissioning activities, control system integration, telemetry, hydraulic performance, reservoir operation, or treatment process performance may not function as intended when the two projects are brought together. Any issues identified during commissioning may require additional testing, modifications, or optimisation works, potentially delaying operational handover.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Major	Moderate	High

Waverley Water Treatment Plant Pipework / Building Extension and New Reservoir

22. The Waverley Water Treatment Plant (WTP) Upgrade Project (PJ70419) involves the design and construction of a new 1,000 m³ potable water storage reservoir, along with associated infrastructure upgrades to improve treated water storage capacity, system resilience, operational reliability, and future supply security for the Waverley community.

23. The scope of works includes reservoir design, supply and construction, foundation works, extension of the existing treatment plant building to accommodate a new generator and pump room, installation of associated pipework and valves, mechanical and electrical upgrades, instrumentation and control systems, integration with existing WTP assets, testing, commissioning, and final handover.

24. The project will be delivered through two separate but interconnected contracts, using procurement approaches best suited to each component of the works:

- Contract 24/21 – Waverley New Reservoir (Design and Build Contract); and
- Contract 25/24 – Waverley WTP Main Works (Traditional Contract), including the building extension, pipework, mechanical, electrical, and civil works.

25. Both contracts were competitively tendered through an open market procurement process and subsequently awarded to preferred contractors. Reliant Solutions Ltd has been engaged for the design and construction of the new reservoir, while Bellcon Ltd has been engaged to undertake the treatment plant and associated infrastructure upgrades.

26. Physical works are anticipated to commence in late November 2026, with completion of both contracts expected by October 2027. Successful delivery of the project will require close coordination between the two contractors to ensure that the reservoir, treatment plant upgrades, and supporting infrastructure are fully integrated and commissioned as a single operational system.

27. Key Potential Risks for the Waverley WTP Upgrade and New Reservoir Project

a) Project Interface and Coordination Risk: The project is being delivered through two separate contracts, each with its own programme, deliverables, and contractor responsibilities. Delays, design changes, differing priorities, or performance issues affecting either contractor may have flow-on effects on the other contract. Poor coordination between the reservoir and treatment plant works could impact construction sequencing, commissioning activities, and the overall project delivery programme.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Likely	Major	Moderate	High

b) Supply Chain and Long-Lead Procurement Risk: The project relies on the timely manufacture and delivery of critical components, including reservoir materials, structural steel, pipework, valves, pumps, switchboards, control systems, and specialist instrumentation. Delays in the procurement or delivery of these items may impact construction activities, commissioning timeframes, and project completion dates, while also resulting in increased project costs.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Major	Moderate	High

c) Commissioning and Asset Integration Risk: The successful completion of the project is dependent on the seamless integration of the new reservoir, building extension, pipework, electrical systems, instrumentation, and existing treatment plant infrastructure. There is a risk that issues may arise during testing and commissioning, including control system integration, telemetry, hydraulic performance, equipment functionality, or operational changeover. Such issues may require additional troubleshooting, modifications, or optimisation works before the upgraded system can be fully commissioned and placed into service.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Major	Moderate	High

Hāwera Wastewater Treatment Plant - New Anaerobic Lagoon

28. The existing anaerobic lagoon at the Hāwera Wastewater Treatment Plant (WWTP) is approaching the end of its operational life and presents an increasing risk to the reliable

treatment of high-strength industrial wastewater, as well as the long-term performance and resilience of the overall treatment system.

29. To address this risk, the Council is progressing the development of a new Covered in Ground Methane Reactor (CGMR) to replace the existing anaerobic lagoon. The CGMR will provide a modern and more efficient treatment solution for high-strength industrial wastewater generated by major industrial dischargers within the district.

30. The project is being delivered in multiple stages. Stage One comprises the investigation, concept development, and preliminary design of both the CGMR and associated lagoon infrastructure. Stage Two will include detailed design, resource consenting and building approval processes, procurement and tendering, and Stage Three is for the construction, commissioning, and contract administration/site supervision services.

31. The detailed design of the CGMR has been substantially completed, while the associated lagoon infrastructure is currently undergoing further design development and optimisation to ensure the overall treatment solution meets operational, regulatory, and performance requirements.

32. Given the complexity of the project and the anticipated consenting requirements, it is expected that the detailed design, resource consenting, and statutory approval phases will be completed by the fourth quarter of the 2026/27 financial year. Subject to the successful completion of these activities and receipt of all necessary approvals, procurement is expected to commence shortly thereafter by first quarter of 2027/2028 with physical construction works anticipated to begin during the second quarter of the 2027/28 financial year.

33. The current estimated project cost is approximately $7.5 million. This estimate remains indicative at this stage and is expected to be refined as the design progresses and key project assumptions, consenting requirements, and construction methodologies become better understood.

34. Several potential risks can arise from the Hāwera WWTP - New Anaerobic Lagoon project. These risks cover environmental, technical, and financial aspects:

    a) Financial Risks: There is a risk that the design and construction costs for the new anaerobic lagoon and CGMR may exceed the allocated budget, particularly if unforeseen technical or geotechnical challenges arise. Additionally, complex or restrictive resource consenting conditions could introduce delays and increase costs. Any project delays may also result in higher labour and material expenses due to market fluctuations and inflation.

Likelihood	**Impact rating – financial**	**Impact rating – reputational/stakeholder**	**Risk rating**
Possible	Moderate	Moderate	Medium

    b) Geotechnical Risks During Construction: If unexpected soil conditions or stability issues arise, it could affect the design, construction timeline or increase costs.

Likelihood	**Impact rating – financial**	**Impact rating – reputational/stakeholder**	**Risk rating**
Possible	Major	Major	High

c) Coordination Between Contractors During Construction: The involvement of multiple consultants and contractors creates a coordination risk. Any miscommunication or delays in the handover between preliminary design and detailed design/construction phases could cause project delays or errors.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Likely	Moderate	Moderate	High

Eltham WWTP Overflow Pond Embankment Repair and Renewal

35. Permanent repair and renewal works at the Eltham WWTP commenced on 23 January 2026 and were originally scheduled for completion by the end of March 2026. However, due to prolonged periods of adverse weather, construction activities were placed on a temporary winter shutdown as site conditions became unsuitable for the continuation of earthworks.

36. Persistent rainfall resulted in highly saturated ground conditions across the site, with fill materials exceeding their optimum moisture content. As a result, the material could no longer be compacted to the required engineering and quality standards, preventing further progress on critical construction activities.

37. Consequently, works were temporarily suspended pending an improvement in weather and ground conditions to enable the safe and effective completion of the remaining repairs.

38. Following a reassessment of site conditions and construction suitability, the contractor recommenced works on 14 October 2026. Subject to favourable weather conditions and continued site accessibility, the remaining repair works are expected to reach Practical Completion before Christmas 2026.

39. Key Potential Risks for the Eltham WWTP Overflow Pond Embankment Repair and Renewal project are:

a) Budget and Funding Risks: Market-driven inflation, material price increases (particularly for rock, geosynthetics, or Mechanically Stabilised Earth (MSE) components, Fuel), and unforeseen repair requirements represent a financial risk. Additional defects or instability discovered during excavation could require scope changes, increasing the overall cost beyond initial estimates. This risk is heightened by the emergency nature of the works and the degraded condition of the existing embankment.

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Likely	Major	Moderate	High

b) Regulatory and Compliance Risk: The works are subject to strict compliance requirements under the Taranaki Regional Council Abatement Notice issued pursuant to Section 324 of the Resource Management Act. Failure to complete works to the required standard or within specified timeframes could result in enforcement action, infringement notices, or prosecution. Ongoing monitoring and certification of the completed works are mandatory and any non-compliance could trigger further remedial works.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Moderate	Moderate	Medium

c) Operational Continuity Risk: Construction activities may temporarily affect treatment plant operations, storage capacity or overflow management arrangements. Any failure to manage these interfaces effectively - particularly during high inflow events - could compromise treatment performance or result in non-compliant discharges during the construction period.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Moderate	Moderate	Medium

Whakakapia / Conclusion

40. Progress on the Significant Projects Programme for 2026/27 has been slow, however several large projects have advanced to the tender and award stage. These larger projects are now progressing to construction.

41. Due to the delays experienced in the previous financial year and the relatively high budget carry forward to 2026/27 year; reprioritisation of projects and forecasting remain a focus as construction of some of the large projects will span over two financial years.



Herbert Denton
Kaiarataki Ratonga Pūhanga /
Group Manager Infrastructure Services

Appendix 1: Risk Assessment Definitions

Likelihood of Occurrence

Likelihood	Strategic risks	Business / Operational risks	Project risks
Almost certain	Event is expected to occur more than once in the next year.	Virtually guaranteed to occur. Occurs as a matter of course in this type of assignment or situation.	Virtually guaranteed to occur in this type of projects.
Likely	Event is expected to occur once in the next year.	Will probably occurs in most circumstances. Happens Commonly in this type of assignment or situation.	Will probably occurs in most circumstances. Common occurrence in similar projects.
Possible	Event could occur at least once in the next two years.	Could occur at some stage. Has happened in this type of assignment or situation before.	Could occur at some stage. Some history of occurrence in similar projects.
Unlikely	Event could occur at least once in the next three to five years.	Chance of occurring but little history. Not known to have happened in this type of assignment or situation.	Could occur. Little history but a chance of occurring in similar projects.
Very unlikely	Event is unlikely to occur in the next five years.	May occur in exceptional circumstances, remote chance of occurring. Not Known to happen in this type of assignment or situation.	May occur only in exceptional circumstances. No history but a remote chance of occurring in similar projects.

Risk Assessment Matrix

Impact	Likelihood: Very unlikely	Unlikely	Possible	Likely	Almost Certain
Catastrophic	Medium	High	High	Extreme	Extreme
Major	Medium	Medium	High	High	Extreme
Moderate	Low	Medium	Medium	High	High
Minor	Low	Low	Medium	Medium	Medium
Insignificant	Low	Low	Low	Medium	Medium

D- Risk Rating

Comparative Levels of Risk	Action needed (Escalation)
Extreme	The Risk Owner immediately escalates the risk to the Senior Leadership Team (SLT), who considers escalating it to Risk and Assurance Committee. Report Monthly to SLT. Strategic risks to be escalated to Risk and Assurance Committee.
High	The Risk Owner immediately escalates the risk to the Risk and Internal Audit Manager, and to the Senior Leadership Team as applicable. Monitor monthly.
Medium	Monthly, the Risk Owner monitors and reviews the effectiveness of treatments and whether the risk rating has changed. Report Quarterly.
Low	No actions are required for risks with a combined score of 1-2 but keep the risks on the Risk Register and review six monthly. Keep risks with a combined score of 3-4 on the Risk Register and formally review them quarterly to make sure that the Likelihood and Consequence continues to pose a Low level. Report biannual.

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Pūrongo-Whakamārama
Information Report

To	Water Services Committee
From	Katātari Haumaru me te Arotake-o roto / Risk and Internal Audit Coordinator, Sara Dymond
Date	16 November 2026
Subject	**In-House Business Unit Transition Risks**

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

Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report provides a consolidated view of the key risks associated with the establishment and early operation of the South Taranaki District Council's In-House Business Unit (IBU) for water services delivery. The risks reflect the transition from a fully integrated council service model to a ring-fenced IBU under the Local Water Done Well legislative framework.

2. The most significant risks relate to financial separation and sustainability, regulatory and reporting compliance, capability and capacity constraints, and delivery of the capital programme within affordability limits. While many of these risks are inherent during transition, they are considered manageable through existing governance arrangements, implementation planning, and the Council's strong financial position.

Taunakitanga / Recommendation

THAT the Water Services Committee receives the In-House Business Unit Transition Risks Information Report.

Kupu Whakamārama / Background

Existing Council Policy

3. The Council has resolved to deliver water supply, wastewater and stormwater services through an IBU in accordance with the Local Government (Water Services Preliminary Arrangements) Act 2024. The decision requires full financial and operational ring-fencing of water services while retaining governance and accountability within the Council structures.

Current Practice

4. Three waters services are currently delivered within the Council, with partial financial separation already in place. The IBU transition requires enhanced separation of accounts, clearer governance, new reporting obligations, and uplift in compliance, assurance, and delivery capability.

Legislative Considerations

5. Key legislative drivers include:

- Local Government (Water Services Preliminary Arrangements) Act 2024.
- Taumata Arowai drinking water regulatory framework.
- Anticipated economic regulation and information disclosure by the Commerce Commission.

Whakawhiti Kōrero/Aromātai / Discussion/Evaluation

6. The transition to an IBU introduces a number of material risks that are typical of structural change, particularly where services become more explicitly regulated and ring-fenced. These risks are below:

a) Residual ("Stranded") Overheads

The separation of water services into a ring-fenced IBU may leave residual ("stranded") overheads within the Council's general operations. These overheads would no longer be recoverable through water activity budgets and could increase costs for non-water activities or lead to higher general rates.

The degree of stranded cost exposure will depend on the accuracy of internal allocations, the ability to adjust corporate support costs over time and the extent to which overheads can be reassigned or eliminated.

To mitigate this risk, the Council is ring-fencing Three Waters financials through separate ledgers, dedicated budgets, debt tracking and the establishment of internal service level agreements.

Likelihood – before mitigation	**Impact rating - financial**	**Impact rating - legislative**	**Risk rating** (residual)	**Likelihood – after mitigation**
Almost certain	Moderate	Moderate	Medium	Likely

b) Incorrect or Incomplete Financial Separation

There is a risk that financial separation for the ring-fenced IBU may be incorrect or incomplete. Errors in allocating costs, debt or revenue could result in non-compliance with legislative ring-fencing requirements. This may create financial reporting inaccuracies, undermine transparency or expose the Council to audit risks and regulatory scrutiny.

To mitigate this risk formal financial ring-fencing, including separate ledgers, budgets, debt tracking and internal service-level agreements will be undertaken. Regular reporting to the Commerce Commission and the Department of Internal Affairs (DIA) will provide external assurance and demonstrate compliance with legislative requirements.

Likelihood – before mitigation	**Impact rating - financial**	**Impact rating - legislative**	**Risk rating** (residual)	**Likelihood – after mitigation**
Possible	Moderate	Moderate	Low	Unlikely

c) Increased Compliance Demands

As water services transition to a ring-fenced IBU, the volume and complexity of compliance obligations is expected to increase. New or expanded requirements for monitoring reports, audits, financial statements and asset registers may exceed the current staff capacity.

If workloads rise faster than workforce capacity, there is a risk of delays, reduced reporting quality, or non-compliance with legislative requirements. This could affect both regulatory relationships and stakeholder confidence.

To mitigate this risk, responsibilities previously held by two managers have been redistributed across the wider management team. This allows those managers to focus specifically on establishing and embedding the ring-fencing arrangements. In addition, dedicated network performance roles will be assigned to meet the increased reporting and audit requirements.

Likelihood – before mitigation	**Impact rating - financial**	**Impact rating - legislative**	**Risk rating** (residual)	**Likelihood – after mitigation**
Likely	Minor	Minor	Low	Possible

d) Planning Assumptions Prove Incorrect

There is a risk that key assumptions underpinning the Water Services Delivery Plan may differ materially from actual conditions once implementation progresses. If underlying financial, operational or resourcing assumptions do not hold, this could result in cost pressures, delays or the need for unplanned adjustments to budgets or work programmes.

Ongoing scrutiny is required to ensure assumptions remain valid and that emerging variances are identified early.

Likelihood – before mitigation	**Impact rating - financial**	**Impact rating - legislative**	**Risk rating** (residual)	**Likelihood – after mitigation**
Likely	Moderate	Moderate	Medium	Possible

e) Staff Uncertainty During Transition

The initial risk relating to staff uncertainty during the transition to a ring-fenced IBU has largely been addressed through the implementation of the new structure. However, the recent Head Start process and associated proposals have created a renewed level of

uncertainty for some staff, which may impact morale, engagement, productivity, and overall wellbeing. Ongoing change and organisational uncertainty can also affect staff focus and retention if not managed effectively.

Based on the recent event with regard to the Head Start process the residual risk rating has been changed from low to medium.

Likelihood – before mitigation	**Impact rating – Staff recruitment and retention**	**Impact rating – reputation / stakeholder**	**Risk rating** (residual)	**Likelihood – after mitigation**
Likely	Moderate	Moderate	Medium	Unlikely

Whakakapia / Conclusion

7. The transition to an IBU represents a significant but manageable change for the Council. While the risk profile is elevated during establishment, clear governance, strong financial foundations and active risk management provide confidence that risks can be effectively controlled.

8. Ongoing oversight by the Water Services Committee will remain critical during the establishment period.

Sara Dymond
Katātari Haumaru me te Arotake-o roto /
Risk and Internal Audit Coordinator

[Seen by]
Becky Wolland
Pouhautū Rautaki me te Whaitikanga /
Head of Strategy and Governance

Pūrongo-Whakamārama Information Report

To	Water Services Committee
From	Kaitātari Whakamahere Rautaki / Strategic Planner, Kylan Luke-McKeen
Date	16 November 2026
Subject	**Water Services Strategy – Draft Review Update**

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

7

Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report provides an update on the development of the Water Services Strategy (the Strategy) and seeks high level feedback from the Water Services Committee on the draft document completed to date.

2. A substantial portion of the Strategy has now been drafted using information from the Council's Water Services Delivery Plan, Water Services Framework, Asset Management Plans, Long Term Plan work programmes, and other supporting information.

3. The draft Strategy has been written with the community as its primary audience and is intended to explain how drinking water, wastewater, and stormwater services will be delivered, managed, funded, and improved over time.

4. Remaining sections largely relate to financial sustainability, funding and charging approaches, affordability considerations, and supporting consultation and engagement material. These sections are dependent on information still being finalised through the Long Term Plan and associated financial workstreams.

5. At this stage, officers are seeking feedback on the overall structure, readability, content, and strategic direction of the Strategy rather than detailed wording, formatting, or editorial comments.

Taunakitanga / Recommendation

THAT the Water Services Committee:

a) Receives the Water Services Strategy – Draft Review Update Report; and

b) Provides feedback on the overall structure, direction, and content of the draft Water Services Strategy.

Kupu Whakamārama / Background

6. The Local Government (Water Services) Act 2025 requires the Council to prepare and adopt a Water Services Strategy as the primary planning document for drinking water, wastewater, and stormwater services.

7. The Strategy is intended to provide a long term view (30 to 50 years) of how water services will be delivered, funded, managed, and improved while helping communities understand the challenges and opportunities facing water services over time.

8. The Strategy builds on work already completed through the Water Services Delivery Plan and Local Water Done Well programme.

Existing Council Policy

9. Water services have historically been planned and managed through a range of Council documents and processes, including the Long Term Plan, Asset Management Plans, Infrastructure Strategy, Revenue and Financing Policy, and associated bylaws.

10. The Strategy has been developed to align with and build upon these existing planning and policy documents.

Current Practice

11. In response to the Government's Local Water Done Well reforms, the Council prepared and adopted a Water Services Delivery Plan in 2025, confirming an In-House Business Unit as the preferred model for delivering drinking water, wastewater, and stormwater services in South Taranaki.

12. Development of the Water Services Strategy is progressing in accordance with that direction and is intended to bring the Council's long term approach to managing water services into a single planning document.

Legislative Considerations

13. The draft Strategy has been prepared to align with the requirements of the Local Government (Water Services) Act 2025, including the content requirements contained within Schedule 3.

14. Future consultation on the Strategy will be undertaken in accordance with the Local Government (Water Services) Act 2025, the Local Government Act 2002, and the Council's Significance and Engagement Policy.

Whakawhiti Kōrero/Aromātai / Discussion/Evaluation

Progress to date

15. A substantial portion of the Strategy has now been drafted using information from the Council's approved Water Services Delivery Plan, Water Services Framework, Asset Management Plans, Infrastructure Strategy, Long Term Plan workstreams, and other supporting documents.

16. The draft Strategy addresses the Council's long term direction for water services, local context, service delivery and key challenges, levels of service, performance expectations, regulatory requirements, and future investment and infrastructure considerations.

17. Together, these sections provide a comprehensive overview of how South Taranaki District Council intends to deliver, manage, improve, and report on drinking water, wastewater, and stormwater services over time.

Remaining work

18. While significant progress has been made, several sections remain under development and are dependent on information that is still being finalised through related work programmes.

19. Remaining work primarily relates to:

- financial sustainability
- funding and charging approaches
- affordability considerations
- forecast financial information
- supporting appendices and reference material.

20. These sections are expected to be completed and presented to the Water Services Committee (the Committee) at its first scheduled meeting for 2027 on 24 February.

Strategy Consultation, and Significance and Engagement Policy

21. Once the Strategy is completed, a Summary Document will be prepared to support consultation requirements under the Local Government (Water Services) Act 2025. The Summary Document will provide an accessible overview for consultation purposes of the major matters contained within the Strategy and is expected to be consulted on alongside the 2027–37 Long Term Plan.

22. A draft Summary Document is expected to be presented to the Committee on 24 February 2027.

23. The Council is required by section 76AA of the Local Government Act 2002 to have a significance and engagement policy.

24. The Council has developed a water services specific Significance and Engagement Policy. The policy will help guide how the Council engages with communities, iwi, stakeholders,

and water users on significant water services matters. This is presented to the Committee as a separate paper alongside the Water Services Strategy Draft Update.

Whakakapia / Conclusion

25. Development of the Water Services Strategy is progressing well, with a substantial portion of the document now drafted. While some financial, funding, and consultation related content remains under development, the draft is sufficiently advanced to seek Committee feedback on its overall direction, structure, and content.

26. Feedback received through this review will be used to refine the Strategy before the remaining sections are completed and presented to the Committee on 24 February 2027. This will ensure the final Strategy aligns with the Water Services Delivery Plan, Local Water Done Well reforms, and the requirements of the Local Government (Water Services) Act 2025.

Kylan Luke-McKeen

Kylan Luke-McKeen
Kaitātari Whakamahere Rautaki / Strategic Planner

[Seen by]
Becky Wolland
Pouhautū Rautaki me te Whaitikanga / Head of Strategy and Governance

Appendix 1: Draft South Taranaki District Council Water Services Strategy

Appendix 1: Draft South Taranaki District Council Water Services Strategy

SOUTH TARANAKI DISTRICT COUNCIL

WATER SERVICES STRATEGY

Draft 1.0

October 2026

FRONT SECTION & EXECUTIVE SUMMARY

Title page

To be drafted

Mihi/Karakia

To be drafted

Acknowledgements – those who assisted and our community for wanting this

To be drafted

Contents

To be drafted

Mayoral and CE Statements

To be drafted

Executive Summary

Why this Strategy matters

Water services are some of the most important services Council provides. Every day, communities across South Taranaki rely on water services to support homes, marae, schools, businesses, farms, industry, and community facilities.

This Strategy is Council's long term plan for drinking water, wastewater, and stormwater services. It brings together the information needed to understand how water services will be delivered, funded, monitored, and improved over time.

The Strategy responds to the challenges facing water services by identifying priorities, setting service standards, outlining future infrastructure needs, and providing a framework for investment and decision making.

The Strategy has been developed under the Local Government (Water Services) Act 2025 and sits alongside Council's Long Term Plan, Asset Management Plans, Infrastructure Strategy, and Water Services Delivery Plan.

Strategic Direction

Water services are essential to the people and communities of South Taranaki. They support our homes, marae, farms, and businesses, protect public health, and contribute to community needs and the environment.

South Taranaki District Council provides water supply, wastewater, and stormwater services. These services need to be safe, reliable, and able to stand up to future challenges while still being affordable for our communities and meeting regulatory requirements.

Looking ahead, managing water services is becoming more complex. We are facing increasing regulations, aging infrastructure, the impacts of climate change, and the need to fairly share costs across our communities, while also preparing for growth and change.

In response, Council is taking a long term, people focused approach. We will continue to deliver water services that support communities, protect the environment, and are built to last. This includes upholding the mana and mauri of wai, strengthening partnerships with iwi, and ensuring water services are in place for future generations.

The Challenges ahead

Providing water services is becoming more complex. Like many councils across Aotearoa New Zealand, South Taranaki faces increasing infrastructure, environmental, regulatory, and financial challenges.

Some of the key challenges influencing the future of water services include:

- ageing infrastructure requiring ongoing renewal and replacement
- increasing drinking water, wastewater, and environmental requirements
- climate change and more frequent severe weather events
- rising construction, maintenance, and operating costs
- balancing investment needs with affordability
- ensuring water services remain reliable, resilient, and fit for purpose.

These challenges will influence how Council plans, funds, and delivers water services over the coming decades.

What communities can expect

This Strategy also sets out the standard of service Council aims to provide for drinking water, wastewater, and stormwater services.

It explains how Council plans to maintain and improve water infrastructure, respond to future challenges, and invest in services that support communities across South Taranaki.

This includes Levels of Service and Performance Measures that allow Council and the community to track performance, monitor progress, and understand how water services are being delivered over time.

These measures help Council and the community understand what success looks like, provide a transparent way to monitor progress, and support accountability for water service delivery.

Success will be achieved when:

- drinking water continues to meet safety and compliance requirements
- wastewater and stormwater services protect public health and the environment
- water services remain reliable and fit for purpose
- communities have confidence in how services are delivered and funded
- investment decisions support long term service sustainability.

These measures provide a clear way to track performance, support future investment decisions, and ensure Council remains accountable for the commitments outlined in this Strategy.

SECTION ONE: About this Strategy

The Strategy has been structured into seven clear parts with additional Information as an appendix:

Part One: *About this Strategy*	Explains why the Strategy has been prepared, what it covers, and how it fits within Council's wider planning framework.
Part Two: *Our South Taranaki story*	Provides local context, explains how we got here, and outlines the journey that led to the establishment of the In-House Business Unit.
Part Three: *Delivering Water Services*	Explains how drinking water, wastewater, and stormwater services are delivered, including the challenges they face, planned investment, service standards, and performance measures.
Part Four: *Regulatory requirements*	Explains the legislation, regulations, and standards that influence how water services are planned, funded, delivered, and monitored.
Part Five: *Funding Sustainability*	Outlines how water services are funded, how investment will be managed over time, and the approach Council is taking to support long term financial sustainability.
Part Six: *Looking ahead*	Summarises the key assumptions, future infrastructure needs, risks, and opportunities that may influence water services over the life of this Strategy.
Part Seven: *Appendices*	Provides supporting information, reference material, and additional technical information used to inform this Strategy.

STDC vision and community priorities

Council's vision, *Taranaki ki te Tonga – Ka Puta Ka Ora South Taranaki – Great people, connected communities, where we belong!*, provides the overarching direction for the Water Services Strategy. Reliable and sustainable water services are fundamental to supporting our communities, protecting public health and the environment, and enabling the District to thrive.

The Strategy also supports Council's community outcomes, including Mana Mauri (cultural outcome), Mana Tangata (social outcome), Mana Oranga (economic outcome) and Mana Taiao (environmental outcome), by ensuring investment in water services is planned and delivered in a way that meets the needs of our communities now and into the future.

Affordability is a key consideration. Council is committed to providing core infrastructure and services in a cost effective and financially sustainable way, while balancing affordability for today's ratepayers with the need to maintain and invest in infrastructure for future generations. This includes applying principles of intergenerational equity, so that the costs of long life infrastructure are appropriately shared between those who benefit from it over time.

Council also applies the principle that growth should pay for growth, where appropriate, so that existing communities do not carry an unreasonable share of infrastructure costs arising from new

development. Together, these principles help Council balance affordability, resilience, levels of service and the long term needs of South Taranaki.

Why Water Services have their own strategy

Historically, water services were planned and reported on through Council's Long Term Plan alongside many other Council activities.

Under the Local Government (Water Services) Act 2025, councils are now required to prepare a dedicated Water Services Strategy. The purpose of having a separate strategy is to provide greater transparency about how water services are delivered, funded, and managed over the long term.

Water infrastructure often operates for many decades and requires significant ongoing investment. Having a dedicated strategy helps Council plan ahead, identify future investment needs, and explain how water services will continue to meet the needs of South Taranaki communities.

For the community, this means there is a clear and dedicated focus on water services, including:

- the services Council provides
- the standards communities can expect
- the challenges facing water services
- future investment needs
- how water services will be funded and managed.

Our Long Term Priorities

To help guide long term decision making, investment, and service delivery, Council has identified eight priorities for water services. These priorities have been developed from Council's approved Water Services Delivery Plan (see Appendix XX), the objectives of the Local Government (Water Services) Act 2025, and direction provided by the Water Services Committee through workshop discussions.

These priorities reflect both the needs of South Taranaki communities and Council's responsibilities as a water service provider. Together, they guide decision making, investment, and service delivery over the long term.

1. Safe and Reliable Services	Safe drinking water and well managed wastewater and stormwater services are fundamental to healthy communities. We will continue to provide services that communities can rely on every day.
2. Looking After Our Infrastructure	We will maintain, renew, and improve water infrastructure so it continues to serve current and future generations.
3. Managing Costs Responsibly	We will take a disciplined approach to planning and investment to help ensure services remain affordable while meeting community needs and regulatory requirements.

4. Preparing for the Future	We will plan ahead and build resilience into our water systems so they can respond to future challenges and changing community needs.
5. Protecting the Environment	We will work to minimise environmental impacts, meet regulatory requirements, and recognise the importance of wai to iwi, hapū, communities, and future generations.
6. Supporting Communities and the Local Economy	Reliable and affordable water services support homes, marae, businesses, industries, farms, and community wellbeing.
7. Working Together	We will continue building strong relationships with iwi and engage with communities and stakeholders when making significant decisions about water services.
8. Keeping Decisions Local	We will support transparent, accountable, and locally informed decision making that reflects South Taranaki's priorities and needs.

Environment and Sustainability

Water services play an important role in supporting environmental outcomes across South Taranaki.

Council's approach to drinking water, wastewater, and stormwater services is guided by the need to use natural resources responsibly, protect waterways, support healthy ecosystems, minimise environmental impacts, and improve resilience to climate change and natural hazards.

Council is also considering the impacts of climate change through its wider planning processes, including the Long Term Plan and climate adaptation activities. This helps ensure water services remain resilient, sustainable, and able to respond to changing environmental conditions over time.

Throughout this Strategy, environmental sustainability and climate adaptation are considered when identifying future challenges, prioritising infrastructure investment, planning for growth, managing risks, and developing long term service delivery approaches.

This approach helps Council balance essential service delivery, environmental protection, affordability, and resilience over the long term.

How this Strategy connects to the Long Term Plan

To be drafted

Consultation themes and feedback

To be drafted

SECTION TWO: Our South Taranaki Story

South Taranaki is a district shaped by its connection to the land, sea, and our mountain, Taranaki Maunga. Stretching from the coast to the foothills, our district is home to rural communities, productive farmland, thriving townships, and places of deep cultural significance.

Nearly 30,000 people call South Taranaki home. Individually, each community has its own identity and story but together, these communities form a district that is practical, resilient, and proud of the place we call home.

The district's landscape and environment have helped shape the way our communities live and work. Water flows from the slopes of Taranaki Maunga through rivers, streams, wetlands, and coastal environments that support farming, industry, recreation, and cultural connections to place. These natural resources are an important part of South Taranaki's identity and contribute to the district's ongoing prosperity.

South Taranaki also has a strong agricultural and manufacturing base, with dairy farming, food production, and associated industries forming a significant part of the local economy. The district's success is closely linked to the reliability of the infrastructure and services that support these industries, communities, and future opportunities.

We also recognise the important relationship iwi and hapū have with wai. Ngāti Ruanui, Ngāruahine, Ngaa Rauru, and Te Kāhui o Taranaki have longstanding connections to the district's waterways, coastal environments, and natural resources. Their relationship with wai helps shape how water is valued, managed, and protected for future generations.

Our Credibility

Managing water services is not new to South Taranaki.

For many decades, Council has been responsible for providing drinking water, wastewater, and stormwater services across the district. During that time, significant investment has been made to maintain and improve water infrastructure, support compliance requirements, and meet the needs of growing and changing communities.

Today, Council operates multiple drinking water, wastewater, and stormwater networks serving communities across South Taranaki. Our drinking water supplies largely meet national requirements, and long term planning is already in place to maintain, renew, and improve critical infrastructure.

The move to an In-House Business Unit is not a new direction for Council. Rather, it builds on existing experience, knowledge, and infrastructure while strengthening the way water services are planned, funded, and managed.

How We Got Here

Across New Zealand, the way councils plan, fund, and deliver water services has changed significantly in recent years. Growing infrastructure costs, increasing regulatory requirements, and the need for long term investment prompted the Government to introduce the Local Water Done Well programme.

As part of these reforms, councils were required to consider how water services could best be delivered into the future. The goal was to ensure services remain safe, reliable, financially sustainable, and able to meet future challenges.

For South Taranaki, this presented an opportunity to take a close look at how water services should be managed in the years ahead. Council considered a range of delivery options, including joining a regional water organisation or establishing a dedicated IBU.

Each option was assessed against a range of factors, including service delivery, financial sustainability, local accountability, community priorities, and long term resilience.

The community also had an opportunity to have its say. Consultation undertaken in 2025 showed strong support for keeping ownership and decision making close to home, with 92% of submitters supporting the establishment of an IBU.

Following this work, Council adopted a Water Services Delivery Plan (see Appendix XX) confirming the IBU as South Taranaki's preferred approach to delivering drinking water, wastewater, and stormwater services. This Delivery Plan was approved by the Department of Internal Affairs in September 2025.

The decision to have an IBU reflects a desire to retain local ownership, local decision making, and local accountability while ensuring water services are managed in a way that meets future regulatory, financial, and infrastructure challenges.

This Water Services Strategy is the next step in that journey. It sets out the long term direction for water services and how Council intends to continue providing safe, reliable, and sustainable services for South Taranaki communities.

Engaging with communities, iwi, and hapū

Council sought input from communities, iwi and hapū, water users, stakeholders, neighbouring councils, and government agencies throughout the development of the Water Services Delivery Plan and the transition to an In-House Business Unit.

Community consultation undertaken as part of the Local Water Done Well programme showed strong support for retaining local ownership and local decision making. A total of 726 submissions were received, with 92% supporting the establishment of an In-House Business Unit as the preferred model for delivering water services in South Taranaki.

Council engaged with iwi and hapū throughout the process, including Ngāti Ruanui, Ngāruahine, Ngā Rauru, and Te Kāhui o Taranaki. Feedback highlighted the importance of local decision making, maintaining strong connections between communities and water services, protecting the mana and mauri of wai, and ensuring iwi continue to have opportunities to contribute to decisions that affect water.

Input was also sought from rural water users, technical advisors, and neighbouring councils. These discussions helped Council better understand the opportunities, challenges, and expectations associated with future water service delivery.

The feedback received through these engagement processes played an important role in shaping Council's Water Services Delivery Plan and contributed to the decision to establish an In-House Business Unit. It also continues to influence the development of this Water Services Strategy.

Council remains committed to maintaining strong relationships with communities, iwi and hapū, water users, regulators, and other stakeholders as water services continue to evolve. Ongoing engagement will help ensure future decisions are informed by local knowledge, community priorities, and a shared interest in providing safe, reliable, and sustainable water services.

What the IBU Means for South Taranaki

The IBU is the way South Taranaki District Council will deliver drinking water, wastewater, and stormwater services into the future.

Rather than transferring water services to an external organisation, South Taranaki chose to retain local ownership and local decision making through a dedicated part of Council focused solely on water services.

The purpose of the IBU is to provide greater focus on the planning, funding, management, and delivery of water services while ensuring they remain financially sustainable and able to meet future challenges.

One of the key features of the IBU is financial ring fencing. This means funding collected for water services is used specifically for water services, providing greater transparency about costs, investment, and service delivery.

What this means for our community

For most residents, the day to day experience of receiving water services will remain largely unchanged.

What changes is the level of visibility and accountability around those services.

The IBU provides:

- a dedicated focus on water services
- greater transparency around costs and investment
- stronger long term planning
- local decision making and accountability
- continued community ownership of water infrastructure.

Ultimately, the goal is simple: to ensure South Taranaki continues to receive safe, reliable, and sustainable water services while keeping decisions about water close to the communities they serve.

SECTION THREE: Delivering Water Services

What is a water service

Water services help keep our communities healthy, connected, and functioning safely. They provide safe drinking water, manage wastewater to protect public health and the environment, and help reduce flooding through stormwater systems.

South Taranaki District Council is responsible for planning, funding, operating, maintaining, renewing, improving, and providing three water services:

Drinking Water	Drinking water is supplied to homes, businesses, industry, schools, marae, and community facilities for everyday use. It is treated to meet relevant national standards before being delivered through Council's water supply network.
Wastewater	Council collects, treats, and safely returns wastewater to the environment in a way that helps protect public health and the environment.
Stormwater	Stormwater is rainwater that runs off roofs, roads, footpaths, and other surfaces during wet weather. Council manages stormwater through a network of drains, pipes, and channels to help reduce flooding and protect people, property, and infrastructure.

While drinking water, wastewater, and stormwater are often grouped together as "water services", each service has a different purpose, faces different challenges, and requires different types of investment.

The following sections look at each service individually. They explain what the service does, the infrastructure that supports it, the challenges it faces, the investments planned to address those challenges, and the standards Council is working towards.

Together, these sections provide a clearer picture of how water services are delivered across South Taranaki and how Council intends to maintain and improve them over time.

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1. Drinking Water

The purpose of the drinking water service is to provide water that is safe, reliable, resilient, and compliant with national requirements. Before it reaches the tap, water is collected from natural sources, treated to meet national drinking water requirements and standards, stored in reservoirs, and distributed Council's water supply networks. Safe and reliable drinking water helps protect public health, supports communities and businesses, and provides confidence that clean water will be available when it is needed.

Our drinking water network

Access to safe and reliable drinking water is something most people expect every day. Whether it is for drinking, cooking, cleaning, healthcare, education, farming, or business activities, drinking water is an essential part of everyday life in South Taranaki.

Council currently operates ten water supply schemes serving urban and rural communities:

Eltham	Inaha	Kāpuni (serving Hāwera, Normanby, and Ōhawe)	Ōpunakē	Pātea
Rāhotu	Wai-inu Beach	Waimate west	Waverley	Waverley Beach

Behind every glass of water is a large network of infrastructure working together to collect, treat, store, and deliver drinking water across South Taranaki. Council's drinking water network includes:

- water sources
- treatment plants
- reservoirs
- pump stations
- approximately 652 kilometres of water supply pipelines.

Many parts of the network have been serving communities for decades. Maintaining this infrastructure requires ongoing monitoring, maintenance, renewal, and investment to ensure it remains reliable and able to meet future needs.

Council takes a long term approach to managing drinking water infrastructure. This includes monitoring asset condition and performance, planning for renewals, and investing in improvements that support safe and reliable service delivery.

Over the next 30 years, renewal demand is expected to increase as more of the network ages. Approximately 21% of water supply pipes are currently assessed as being in poor or very poor condition, while the average age of water supply pipes is around 41 years. This means a significant portion of the network will require renewal or replacement during the period covered by this Strategy.

To help prepare for the future, Council will continue to:

- monitor asset condition and performance
- improve asset information to support investment decisions

- renew ageing infrastructure
- maintain and improve treatment, storage, and distribution systems
- improve network resilience and reliability
- plan for future regulatory requirements and community needs.

Taking a planned and long term approach to infrastructure management helps minimise the risk of service interruptions, supports public health, and provides confidence that drinking water services will continue to meet community needs.

Supporting Firefighting and Emergency Response

Drinking water infrastructure does more than supply water to homes, businesses and community facilities. It also plays an important role in supporting firefighting activities and emergency response across South Taranaki.

Reservoirs, water mains, and hydrants provide an important source of water for Fire and Emergency New Zealand during fire events. Maintaining adequate storage, network reliability, and water operating pressure helps support firefighting capacity where the network is designed to provide it.

When planning future drinking water projects, Council considers how improvements to water storage, supply resilience, and network performance can also support firefighting capability and emergency preparedness.

Challenges facing our drinking water service

Providing safe and reliable drinking water is becoming increasingly complex. South Taranaki, like many councils across New Zealand, is facing a combination of ageing infrastructure, increasing regulatory requirements, changing environmental conditions, rising costs, and evolving community expectations.

These challenges influence how Council plans, funds, and delivers drinking water services. They also affect the amount of investment needed to maintain reliable services, meet drinking water standards, improve resilience, and ensure infrastructure continues to support communities into the future.

Why this matters

While the challenges themselves are not unique to South Taranaki, the way Council responds must reflect local circumstances, priorities, and community expectations. The key issues currently affecting South Taranaki's drinking water service, and the projects planned to respond to them, are outlined below.

Key Capital Projects and Investments

The issues identified in the previous section require more than day to day maintenance and operations. They also require ongoing investment in the drinking water network to ensure services remain safe, reliable, resilient, and able to meet future needs.

The projects outlined below represent some of the most significant investments planned for South Taranaki's drinking water service. Together, they help address ageing infrastructure, improve network resilience and water security, support compliance with drinking water requirements, and maintain reliable service delivery.

While individual projects, costs, and timing may change as planning progresses, Council's overall direction remains focused on providing safe, reliable, and sustainable drinking water services for South Taranaki communities.

Key Issue/Challenge	What we're doing (Project)	Why it's needed	How the community benefits	Cost	Year
Ageing Infrastructure	Council maintains an ongoing programme of water main renewals, treatment plant upgrades, pump replacements, and network improvements across the district.	Approximately 21% of water supply pipes are currently assessed as being in poor or very poor condition, while the average age of water mains is around 41 years. As these assets continue to age, renewal and replacement work is required to maintain reliability and minimise the risk of failures.	• More reliable drinking water services • Reduced risk of outages and service interruptions • Improved network performance • Better value from long term infrastructure investment	TBC	TBC
Understanding asset condition and performance	Council is improving asset information, condition assessments, and renewal planning across the drinking water network to better understand asset risk, performance, and criticality.	Better asset information helps Council prioritise renewals, target investment to the areas of greatest need, and minimise the risk of unexpected failures or poorly targeted spending.	• More informed investment decisions • Better value for money • Reduced risk of unexpected failures • Improved long term planning	TBC	TBC
Meeting Drinking Water Standards	Council is investing in drinking water treatment facilities, monitoring systems, and compliance related upgrades across the district.	National drinking water requirements continue to evolve, placing greater expectations on water suppliers to demonstrate drinking water safety, resilience, and compliance.	• Continued access to safe drinking water • Improved public health protection • Greater confidence in water quality	TBC	TBC

			• Reduced risk of future compliance issues		
Increasing Water Storage and Supply Resilience	Council is planning new reservoirs in Waverley and Ōpunake, along with future reservoir replacement projects in Rāhotu and Waimate West.	Reservoirs play an important role in maintaining water pressure, providing operational and emergency storage, supporting firefighting capability where the network is designed to provide it, and improving resilience during outages, dry periods and periods of peak demand.	• Improved security of supply • Enhanced firefighting capability • Better resilience during emergencies and disruptions • Increased confidence in the reliability of the network	TBC	TBC
Climate Change and Resilience	Council is considering resilience improvements across the drinking water network, including backup arrangements, network interconnections, emergency response planning, storage infrastructure, network upgrades, source security, and other measures designed to strengthen service reliability and improve reliability during extreme weather and other disruptions.	Droughts, extreme weather events, and changing environmental conditions are expected to place increasing pressure on drinking water infrastructure and water sources.	• Improved resilience during extreme weather events • Reduced risk of prolonged service disruptions • Greater reliability during emergencies • Improved preparedness for future climate related impacts	TBC	TBC
Managing Water Use and Network efficiency	Council is progressing planning for a district-wide rollout of universal water metering while continuing to improve network monitoring, leak detection, and water loss management across the district.	Understanding how water is used and where water is being lost helps improve network efficiency, reduce wastage, support demand management, and inform future infrastructure planning and investment decisions.	• Reduced water loss and wastage • More efficient use of available water resources • Better understanding of water use across the district • Improved resilience during dry periods and peak demand • More informed infrastructure planning and investment decisions	TBC	TBC

Levels of Service and Performance Measures

The investments outlined in the previous section are intended to support a simple outcome: delivering a drinking water service that communities can trust and rely on.

Levels of Service describe the standard of service Council aims to provide, while Performance Measures help track how well those standards are being achieved. Together, they provide a transparent way to monitor performance, demonstrate accountability, and show whether drinking water services are meeting community expectations.

These measures cover key aspects of service delivery, including drinking water quality, continuity of supply, water pressure, customer satisfaction and response times for faults and service requests.

The Levels of Service and Performance Measures included in this Strategy largely reflect the standards Council currently provides and intends to maintain over the long term. At this stage, no significant changes to drinking water service levels are proposed. Any future changes would be considered through Council's planning and consultation processes.

Level of Service	**Performance Measure** C=Customer Measure, T=Technical measure	**Actual**	**Target**			
		2022/23	2024/25	2025/26	2026/27	Yrs 4-10
The water supply is accessible and reliable.	(C) Number of complaints received about continuity of supply (per 1,000 connections). DIA Performance Measure 4d	Achieved. 7.48	≤ 10	≤ 10	≤ 10	≤ 10
	(T) Median response time for service personnel to attend urgent call out measured from the time we receive notification to the time service personnel reach the site. DIA Performance Measure 3a	Achieved. 45min	≤ 2 hrs	≤ 2 hrs	≤ 2 hrs	≤ 2 hrs
	(T) Median response time for service personnel to resolve urgent call out measured from the time we receive notification to the time service personnel confirm resolution of fault or interruption. DIA Performance Measure 3b	Achieved. 2hr 39min	≤ 5 hrs	≤ 5 hrs	≤ 5 hrs	≤ 5 hrs
	(T) Median response time for service personnel to attend non urgent call out measured from the time we receive notification to the time service personnel reach the site. DIA Performance Measure 3c	Achieved. 3d/16h/9m	≤ 5 days	≤ 5 days	≤ 5 days	≤ 5 days

	(T) Median response time for service personnel to resolve non urgent call out form the time we receive notification to the time service personnel confirm resolution of the fault or interruption. DIA Performance Measure 3d	Achieved. 4d/16h/57m	≤ 5 days	≤ 5 days	≤ 5 days	≤ 5 days
Water supplied is clean and healthy.	(T) Extent of compliance with current NZ Drinking Water Standards (for bacteria). DIA Performance Measure 1a	Not achieved. Q1 & Q2 8/10 Q3 & Q4 5/10	10/10	10/10	10/10	10/10
	(T) Extent of compliance with NZ Drinking Water Standards (for protozoa). DIA Performance Measure 1b	Achieved - Q1 & Q2 10/10 Not achieved - Q3 & Q4 9/10	10/10	10/10	10/10	10/10
The water supply is managed sustainably (maintenance of the reticulation network)	(T) % The percentage of real water loss from the networked reticulation system, using the Infrastructure Leakage Index (ILI) methodology. DIA Performance Measure 2	Not achieved. 16.5%	≤ 11.5%	≤ 11.5%	≤ 11.5%	≤ 11.5%
	(T) Average consumption of drinking water per day per resident. DIA Performance Measure 5	Achieved. (361 L/c/d)	≤ 370 L/c/d	≤ 370 L/c/d	≤ 370 L/c/d	≤ 370 L/c/d
Consumers are satisfied with the Water Supply service.	(C) Number of complaints received about drinking water clarity (per 1,000 connections). DIA Performance Measure 4a	Achieved. 0.56	≤ 3	≤ 3	≤ 3	≤ 3
	(C) Number of complaints received about drinking water taste (per 1,000 connections). DIA Performance Measure 4a	Achieved. 0.65	≤ 3	≤ 3	≤ 3	≤ 3
	(C) Number of complaints received about drinking water odour (per 1,000 connections). DIA Performance Measure 4b	Achieved. 0.37	≤ 3	≤ 3	≤ 3	≤ 3
	(C) Number of complaints received about drinking water pressure or flow (per 1,000 connections). DIA Performance Measure 4c	Achieved. 3.93	≤ 4	≤ 4	≤ 4	≤ 4
	(C) Number of complaints received about response to the above (per 1,000 connections). DIA Performance Measure 4e	Achieved. 0	≤ 2	≤ 2	≤ 2	≤ 2
	(C) Total number of complaints (per 1000 connections). DIA Performance Measures 4a-4e	Achieved. 12.99	≤ 20	≤ 20	≤ 20	≤ 20
	(C) % of consumers are satisfied with the Water Supply overall.	Achieved.	≥ 80%	≥ 80%	≥ 80%	≥ 80%

		88%				

2. Wastewater

What is wastewater?

The purpose of the wastewater service is to protect public health and the environment through the safe management of wastewater. Once wastewater leaves a property, it enters Council's wastewater network where it is transported, treated, and managed before being safely returned to the environment.

Most people do not think about wastewater services until something goes wrong. However, reliable wastewater services play an important role in everyday life by helping keep homes, businesses, public facilities, and communities functioning safely and efficiently. They also help protect rivers, streams, coastal environments, and other receiving environments by ensuring wastewater is appropriately collected, treated, and discharged.

Wastewater services are also subject to increasing environmental and regulatory requirements. As environmental expectations and regulatory requirements continue to evolve, Council must continue to manage and invest in infrastructure, treatment processes, and network improvements to ensure wastewater services remain reliable, resilient and environmentally responsible

Our wastewater network

South Taranaki District Council provides wastewater services to a number of communities across the district. The service involves collecting, transporting, treating, and safely managing wastewater generated by homes, businesses, marae, schools, community facilities, and industry.

Council currently operates eight wastewater schemes serving:

Eltham	Hāwera	Kaponga	Manaia
Ōpunakē	Pātea	Waverley	Wai-inu Beach

Around 16,653 residents receive Council managed wastewater services, helping ensure wastewater is collected, treated and managed safely and efficiently across the district. The wastewater network includes approximately 194 kilometres of wastewater pipes, together with pump stations, treatment plants, manholes, and supporting infrastructure located throughout the district.

Much of this infrastructure operates out of sight, but it plays an important role in protecting public health, supporting communities and businesses, and helping safeguard the environment.

Wastewater infrastructure is built to serve communities over many decades. Pipes, pump stations, treatment plants, ponds, and other assets require ongoing maintenance, renewal, and improvement to continue operating effectively.

Council takes a long term approach to managing wastewater infrastructure. This includes monitoring asset condition and performance, improving asset information, planning for future renewals, and investing in infrastructure that supports reliable service delivery and environmental compliance.

As assets age, they require greater levels of maintenance and, in some cases, replacement. Regular condition assessments help Council prioritise investment and direct resources where they will provide the greatest benefit.

By taking a planned and proactive approach to infrastructure management, Council can help minimise the risk of failures and overflows, improve environmental outcomes, and support reliable wastewater services into the future.

Challenges facing our wastewater service

Providing safe, reliable, and environmentally responsible wastewater services is becoming increasingly complex. South Taranaki faces a range of challenges that will influence how wastewater services are planned, funded, and delivered over the coming decades.

Many of these challenges are being experienced by councils across New Zealand, while others reflect the specific characteristics of South Taranaki's communities, infrastructure, and environment. Together, they influence where future investment is needed, how risks are prioritised, and the decisions Council will need to make about wastewater services.

Why this matters

Wastewater infrastructure plays an important role in protecting public health, supporting communities, and safeguarding the environment. As infrastructure ages, environmental expectations increase, regulations evolve, and weather patterns change, Council must continue investing in the wastewater network and treatment systems to maintain reliable services and environmental compliance.

At the same time, investment decisions must balance environmental performance, service reliability, affordability, and long term financial sustainability.

The key issues currently influencing South Taranaki's wastewater service, and the projects planned to respond to them, are outlined below.

Key Capital Projects and Investments

The challenges outlined in the previous section cannot be addressed through day to day operations alone. They require ongoing investment in wastewater infrastructure, treatment facilities, network improvements, and better information about how the wastewater system performs.

The projects outlined below are a direct response to these challenges. Together, they help maintain reliable service delivery, protect public health and the environment, support compliance with regulatory requirements, and ensure the wastewater network remains fit for purpose.

Many of these investments will be delivered over the long term and are intended to improve environmental performance, strengthen network resilience, and support informed investment decisions for South Taranaki's wastewater service.

Considering Cost Effective Solutions

When planning future wastewater investments, Section 254 of the Local Government (Water Services) Act 2025 requires Council to consider a range of options to ensure proposed solutions are effective, appropriate, and provide value for money.

This includes considering different infrastructure, treatment, operational, and environmental management approaches before significant investment decisions are made. By assessing alternative options, Council can better balance environmental outcomes, service performance, regulatory requirements, and affordability for current and future communities.

This approach supports informed decision making and helps ensure investment in wastewater infrastructure delivers the greatest overall benefit.

Key Issue/Challenge	What we're doing (Project)	Why it's needed	How the community benefits	Cost	Year
Meeting Environmental and Consent Requirements	Council is investing in wastewater treatment plant upgrades, monitoring systems and improvements to wastewater treatment processes across the district. This includes future investment in higher levels of treatment where required and improvements to facilities operating under resource consent conditions.	Environmental expectations and consent requirements continue to evolve. Maintaining compliance requires ongoing investment in treatment systems and supporting infrastructure to ensure wastewater is treated appropriately before being discharged to the environment.	• Improved environmental outcomes • Protection of rivers, streams, coastal waters, and land • Continued compliance with environmental requirements • Greater confidence in the long term sustainability of wastewater services		
Ageing Infrastructure	Council is undertaking a long term programme of wastewater pipe renewals, pump station upgrades, manhole relining, and treatment infrastructure improvements to maintain the reliability of the wastewater network.	Much of the district's wastewater infrastructure has been in service for many decades. As these assets age, the risk of failures, overflows, and increasing maintenance costs also increases.	• More reliable wastewater services • Reduced risk of overflows and service disruptions • Better protection of public health and the environment • Continued support for homes, businesses, and community facilities		
Inflow and Infiltration	Council is continuing its CCTV inspection programme, condition assessment and targeted network improvements to identify areas where stormwater and groundwater are entering the wastewater network and prioritise remedial work.	Excess water entering the wastewater network places pressure on treatment plants and pipelines, increases operating costs, and raises the risk of overflows during wet weather events.	• Improved network performance • Reduced overflow risk • More efficient operation of treatment plants • Better value from existing infrastructure investments		
Understanding Asset Condition and Network Performance	Council is undertaking CCTV inspections, condition assessments, and network investigations to improve understanding of wastewater asset condition and network performance.	Good information helps Council identify which assets require maintenance, renewal, or replacement. It also improves understanding of network performance and supports better	• Better targeted investment decisions • Improved reliability of wastewater services		

		planning, prioritisation, and investment decisions.	• Reduced likelihood of unexpected failures and overflows • More efficient use of community funding • Improved long term asset management		
Maintaining Wastewater Treatment Performance	Council is planning desludging programmes for wastewater ponds, including facilities in Manaia, Ōpunake, and Kaponga, to maintain treatment performance and ensure treatment plants continue to operate efficiently	Over time, sludge accumulates in wastewater ponds and treatment facilities. If not removed, this can reduce treatment efficiency, affect capacity, and increase compliance risks.	• Improved treatment performance • Reduced environmental risks • Greater reliability of local wastewater systems • Continued compliance with treatment requirements		
Climate Change and Resilience	Council is incorporating climate resilience considerations into wastewater planning, including network improvements, resilience assessments, emergency planning, and targeted upgrades where vulnerabilities are identified.	More intense rainfall and severe weather events are expected to place increasing pressure on wastewater infrastructure and treatment systems.	• Improved resilience during severe weather events • Reduced risk of overflows • Better protection of public health and the environment • Improved preparedness for future climate impacts		

Levels of Service and Performance Measures

Levels of Service describe the standard of service Council aims to provide. Performance Measures help track whether those standards are being achieved and provide a clear and transparent way to monitor performance over time. Together, they support accountability, inform investment decisions, and help demonstrate whether wastewater services are delivering the outcomes communities expect.

The measures included in this Strategy cover key aspects of wastewater service delivery, including wastewater overflows, treatment performance, environmental compliance, response times, and customer satisfaction.

The Levels of Service and Performance Measures included in this Strategy largely reflect the standards Council currently provides and intends to maintain over the long term. At this stage, no significant changes to wastewater service levels are proposed. Any future changes would be considered through Council's planning and consultation processes.

Level of Service	**Performance Measure** C=Customer Measure, T=Technical measure	**Actual**	**Target**			
		2022/23	2024/25	2025/26	2026/27	Years 4-10
Wastewater is managed without risk to public health	(T) Median response time for service personnel to attend overflow, measured from the time we received notification to the time service personnel reach the site DIA Performance Measure 3a	Achieved. 58mins	≤ 2 hrs	≤ 2 hrs	≤ 2 hrs	≤ 2 hrs
	(T) Median response time for service personnel to resolve overflow, measured from the time we received notification to the time service personnel confirm resolution of the blockage or other fault. DIA Performance Measure 3b	Not achieved. 9h59m	≤ 5 hrs	≤ 5 hrs	≤ 5 hrs	≤ 5 hrs
	(C) Number of customer complaints per year relating to odours from wastewater pump stations or treatment facilities (per 1,000 connections). DIA Performance Measure 4a	Achieved. 0.25	≤ 1	≤ 1	≤ 1	≤ 1
	(C) Number of complaints received about sewerage system faults (per 1,000 connections). DIA Performance Measure 4b	Achieved. 16.73	≤ 37	≤ 37	≤ 37	≤ 37
	(C) Number of complaints received about sewerage system blockages (per 1,000 connections). DIA Performance Measure 4c	Achieved. 7.48	≤ 13	≤ 13	≤ 13	≤ 13
	(C) Number of complaints received about response to issues (per 1,000 connections). DIA Performance Measure 4d	Achieved. 0	≤ 3	≤ 3	≤ 3	≤ 3
	(C) Total number of complaints (per 1000 connections). DIA Performance Measure 4a-4d	Achieved. 24.46	≤ 50	≤ 50	≤ 50	≤ 50
	(T) Number of dry weather overflows per 1,000 connections. DIA Performance Measure 1	Achieved. 0.76	≤ 1	≤ 1	≤ 1	≤ 1
	(T) Number of abatement notices received for discharges. DIA Performance Measure 2a	Achieved. 0	≤ 1	≤ 1	≤ 1	≤ 1

	(T) Number of infringement notices received for discharges. DIA Performance Measure 2b	Achieved. 0	0	0	0	0

Level of Service	**Performance Measure** C=Customer Measure, T=Technical measure	**Actual**	**Target**			
		2022/23	2024/25	2025/26	2026/27	Years 4-10
Wastewater does not affect the quality of the environment. (to comply with the relevant standards)	(T) Number of enforcement orders received for discharges. DIA Performance Measure 2c	Achieved. 0	0	0	0	0
	(T) Number of convictions received for discharges. DIA Performance Measure 2d	Achieved. 0	0	0	0	0
Residents are satisfied with wastewater services overall.	(C) % of consumers satisfied with the Wastewater services overall.	Achieved. 97%	≥ 85%	≥ 85%	≥ 85%	≥ 85%

3. Stormwater

The purpose of the stormwater service is to collect, manage, and safely convey rainwater in a way that reduces flood risk, protects people and property, and supports the health of the environment.

Stormwater is the rainwater that runs off roofs, roads, footpaths, driveways, car parks, and other developed surfaces during wet weather. In natural environments, much of this water would soak into the ground or flow slowly through streams and waterways. In urban areas, hard surfaces prevent water from soaking into the ground, causing larger volumes of water to move more quickly across the landscape.

Without stormwater systems, heavy rainfall can lead to flooding, damage to homes and businesses, disruption to roads and public spaces, and increased pressure on other infrastructure.

Effective stormwater management helps communities remain safe and connected during wet weather while protecting roads, public facilities, and other infrastructure that people rely on every day.

Our stormwater network

South Taranaki District Council provides stormwater services to urban communities across the district. These services help manage rainfall runoff, reduce flood risks, and support the safe operation of homes, businesses, roads, and public spaces.

While much of the rainfall that falls on rural land is managed naturally through waterways and drainage systems, urban areas rely on dedicated stormwater infrastructure to safely manage large volumes of runoff during wet weather events.

Stormwater services also help protect other infrastructure, including the wastewater network, by reducing the amount of stormwater entering systems that are designed to carry wastewater only.

As communities grow and weather patterns continue to change, maintaining an effective stormwater network will remain an important part of supporting resilient and connected communities across South Taranaki.

Behind the stormwater service is a network of pipes, drains, channels, culverts, ponds, manholes, and outlet structures that help collect and convey rainfall during wet weather events.

Council's stormwater system includes approximately 91 kilometres of stormwater pipes and 4.7 kilometres of lined and unlined drainage channels and drains, together with a range of supporting infrastructure located across the district.

During periods of heavy rainfall, the stormwater network helps move water away from developed areas and directs it towards natural waterways and discharge points. This helps reduce flooding, protect infrastructure, and maintain access to roads, public facilities, and community spaces.

The stormwater network works alongside natural drainage systems and waterways throughout South Taranaki. While much of this infrastructure operates out of sight during normal weather conditions, it plays an important role in helping communities remain safe, connected, and resilient during heavy rainfall.

Stormwater infrastructure is built to serve communities over many decades. Pipes, drains, channels, culverts, ponds, and other assets require ongoing maintenance, renewal, and improvement to continue managing stormwater effectively. As assets age, they require increasing levels of maintenance and, in some cases, replacement. Regular condition assessments help Council prioritise investment and direct resources where they will provide the greatest benefit.

Looking after the network also involves understanding flood risks, improving information about network performance, and ensuring infrastructure continues to support safe and resilient communities.

By taking a planned and proactive approach to infrastructure management, Council can help reduce flood risks, improve network performance, support informed investment decisions, and ensure stormwater services continue to meet community needs.

Challenges facing our Stormwater service

Managing stormwater is becoming increasingly complex. South Taranaki faces a number of challenges that will influence how stormwater services are planned, funded, and delivered in the future.

Council must balance the need to reduce flood risks, protect people and property, support environmental outcomes, and maintain infrastructure while responding to changing weather patterns, ageing assets, increasing regulatory expectations, and rising costs.

Many of these challenges are being experienced by councils across New Zealand, while others reflect the specific characteristics of South Taranaki's communities, infrastructure, and environment. Together, they influence where investment is needed, how flood risks are managed, and the decisions Council will need to make over the coming decades.

Why this matters

Stormwater services play an important role in protecting communities, property, infrastructure, and the environment. As weather patterns change, infrastructure ages, regulatory expectations increase, and costs continue to rise, Council must continue investing in the stormwater network while balancing affordability, resilience, and long term sustainability.

The key issues currently influencing South Taranaki's stormwater service, and the projects planned to respond to them, are outlined below.

Key Capital Projects and Investments

The challenges outlined in the previous section require more than day to day maintenance and operational activities. They also require targeted investment in stormwater infrastructure, network improvements, and flood management initiatives.

The projects outlined below respond directly to these challenges. Together, they help reduce flood risks, improve network performance, support environmental outcomes, and maintain a stormwater service that is reliable and fit for purpose.

Many of these investments will be delivered over the long term and will help strengthen South Taranaki's ability to respond to changing weather patterns, growth, and future infrastructure needs.

Key Issue/Challenge	What we're doing (Project)	Why it's needed	How the community benefits	Cost	Year
Flood Risk and Community Resilience	Council is undertaking incremental upgrades to stormwater infrastructure in flood prone areas across the district and prioritising projects that provide the greatest reduction in flood risk.	Communities expect stormwater infrastructure to help reduce flooding impacts and support recovery following severe weather events. Climate change is expected to increase pressure on stormwater systems over time.	• Reduced flood risk • Improved public safety • Better protection of homes, businesses, and roads • Increased resilience during severe weather events		
Ageing Infrastructure	Council is continuing its programme of stormwater pipe renewals and replacement of ageing drainage infrastructure across the district.	As stormwater assets age, they become more susceptible to deterioration and failure. Renewing these assets helps maintain network performance and reduce future maintenance costs.	• Improved reliability of the stormwater network • Reduced likelihood of infrastructure failures • Better long term value from community investment • Continued protection of homes, roads, and public spaces		

Understanding Network Performance	Council is undertaking network inspections, CCTV investigations, and stormwater modelling programmes to improve understanding of asset condition and network performance.	Good information helps identify network weaknesses, flooding risks, and areas where future investment is needed. It also improves Council's ability to prioritise projects and make informed decisions.	• Better targeted investment decisions • Improved flood risk management • More effective maintenance and renewals • Reduced likelihood of unexpected failures		
Supporting Growth and Development	Council is investing in stormwater infrastructure associated with the South Taranaki Business Park development in Hāwera.	As development occurs, supporting infrastructure is required to safely manage stormwater runoff and ensure future growth does not increase flooding risks elsewhere in the network.	• Infrastructure that supports future growth • Improved stormwater capacity • Reduced flooding risks in developing areas • Better long term planning outcomes • Supports planned growth and development		
Environmental and Regulatory Expectations	Council continues to invest in stormwater infrastructure and network improvements that support environmental performance, water quality outcomes and compliance with resource consent requirements.	Environmental requirements influence how stormwater is collected, managed, treated where appropriate and discharged. Continued investment is required to ensure the network remains compliant and performs effectively.	• Improved environmental outcomes • Better protection of waterways and receiving environments • Continued compliance with environmental requirements • Increased confidence in how stormwater is managed		
Climate Change and Resilience	Council is incorporating climate resilience considerations into stormwater planning, including flood modelling, resilience assessments, emergency planning, and targeted infrastructure upgrades where vulnerabilities are identified.	More frequent and intense rainfall events are expected to place increasing pressure on stormwater infrastructure and flood management systems.	• Improved resilience during severe weather events • Reduced flood risk • Better protection of people, property, and infrastructure • Improved preparedness for future climate impacts		

Levels of Service and Performance Measures

When heavy rainfall occurs, communities expect stormwater systems to help manage runoff, reduce flooding risks, and protect homes, businesses, roads, and public spaces.

Levels of Service describe the standard of service Council aims to provide through its stormwater network. Performance Measures help track whether those standards are being achieved, including flood response, network performance, environmental compliance, and customer satisfaction. Together, they support accountability, inform investment decisions, and help demonstrate whether stormwater services are delivering the outcomes communities expect.

The measures included in this Strategy cover key aspects of stormwater service delivery, including flood management, environmental compliance, response times, network performance, and customer satisfaction. At this stage, no significant reductions in stormwater service levels are proposed. Any future changes would be considered through Council's planning and consultation processes.

Level of Service	**Performance Measure** C=Customer Measure, T=Technical measure	**Actual**	**Target**			
		2022/23	2024/25	2025/26	2026/27	Years 4-10
Council provides a reliable stormwater system that prevents houses from flooding.	(C) Number of reported flooding incidents of habitable properties. DIA Performance Measure 1a	Achieved. 0	< 10	< 10	< 10	< 10
	(T) For each flooding event, the number of habitable floors affected per 1,000 properties rated for stormwater. DIA Performance Measure 1b	Achieved. 0	≤ 1.00	≤ 1.00	≤ 1.00	≤ 1.00
The stormwater system is managed sustainably.	(T) Number of abatement notices received for stormwater discharges. DIA Performance Measure 2a	Achieved. 0	< 2	< 2	< 2	< 2
	(T) Number of infringement notices received for stormwater discharges. DIA Performance Measure 2b	Achieved. 0	0	0	0	0
	(T) Number of enforcement orders received for stormwater discharges. DIA Performance Measure 2c	Achieved. 0	0	0	0	0
	(T) Number of successful prosecutions made against the Council for stormwater discharges. DIA Performance Measure 2d	Achieved. 0	0	0	0	0

Council will respond promptly to reports of flooding and customer requests.	(C) Number of complaints received about stormwater system and response to issues (per 1,000 connections). DIA Performance Measure 4	Achieved. 0	≤ 1	≤ 1	≤ 1	≤ 1
	(T) Median response time for service personnel to attend flooding event measured from the time we receive notification to the time service personnel reach the site. DIA Performance Measure 3	Achieved. 0	≤ 2 hrs	≤ 2 hrs	≤ 2 hrs	≤ 2 hrs
Residents are satisfied with the Stormwater system.	(C) % of residents satisfied with the stormwater system.	Achieved. 85%	≥ 80%	≥ 80%	≥ 80%	≥ 80%

SECTION FOUR: Regulatory requirements

Because water services are essential to public health, environmental protection, and the functioning of our communities, they are subject to a range of laws, regulations, and standards.

These requirements help ensure drinking water is safe to use, wastewater is managed appropriately, stormwater systems protect people and property, and water services remain reliable and sustainable over the long term.

What Do These Requirements Mean for South Taranaki?

The rules and requirements described below influence many of the decisions Council makes about water services. They help determine how water services are planned, delivered, monitored, funded, and improved over time.

While these requirements can increase the cost and complexity of providing water services, they play an important role in protecting public health, supporting environmental outcomes, and ensuring water services remain safe, reliable, and sustainable for current and future generations.

The key legislation, regulations, and regulatory bodies influencing water services in South Taranaki are outlined below.

Local Government (Water Services) Act 2025

The Local Government (Water Services) Act 2025 establishes the framework for how water services are planned, funded, governed, and delivered in New Zealand. It requires councils to provide water services in a way that is safe, financially sustainable, transparent, and accountable.

What Council is doing

Council has established an In-House Business Unit and Water Services Committee to provide dedicated governance, oversight and accountability for water services. Council is implementing its DIA approved Water Services Delivery Plan and preparing this Water Services Strategy to guide and support long term planning, investment service delivery, performance monitoring, and financial sustainability. Together, these arrangements support a more transparent and focused approach to managing drinking water, wastewater, and stormwater services for South Taranaki.

Water Services Act 2021

The Water Services Act 2021 focuses on protecting public health by ensuring drinking water is safe and appropriately managed. It places responsibilities on drinking water suppliers to maintain safe drinking water systems and manage risks effectively.

What Council is doing

Council operates treatment plants, monitoring programmes, operational controls and water safety systems designed to help ensure drinking water remains safe and meets national

requirements. Council also continues to maintain and improve its treatment, storage, and distribution systems so drinking water services remain reliable, resilient, and fit for purpose.

Drinking Water Quality Assurance Rules

The Drinking Water Quality Assurance Rules set national requirements for drinking water quality, monitoring, treatment, and risk management.

What Council is doing

Council regularly monitors drinking water quality across its water supply schemes, maintains water safety planning processes, and continues to invest in treatment and monitoring systems that support compliance with national standards and requirements. Council also uses monitoring results, operational procedures, and reporting processes to identify risks early and respond where improvements are needed.

Wastewater Environmental Performance Standards

The Wastewater Environmental Performance Standards establish nationally consistent environmental requirements for wastewater networks and treatment plants. They help ensure wastewater is managed in a way that protects the environment.

What Council is doing

Council continues to invest in wastewater treatment plants, networks, pump stations, monitoring systems, and other supporting and associated infrastructure to improve environmental performance, maintain compliance, and reduce the risk of wastewater overflows. This includes renewing ageing assets, improving treatment performance, and undertaking targeted work to reduce stormwater and groundwater entering the wastewater network.

Taumata Arowai

Taumata Arowai is New Zealand's water services regulator. It oversees drinking water safety and monitors compliance with drinking water requirements.

What Council is doing

Council works with Taumata Arowai to meet regulatory requirements, maintain drinking water safety planning, undertake monitoring and reporting, and respond to changing regulatory expectations. This includes using compliance information, operational procedures, and improvement planning to help manage risks and ensure drinking water remains safe and reliable.

Resource Consents and Environmental Requirements

Council operates under a range of resource consents relating to water takes, wastewater discharges, stormwater discharges, and treatment activities. These consents include conditions that help protect the environment and influence how water services are managed.

What Council is doing

Council monitors compliance with consent conditions, undertakes environmental monitoring, and plans infrastructure upgrades where required to maintain or improve environmental performance.

Local Government Act 2002

The Local Government Act 2002 provides the broader framework for local government decision making, financial management, accountability, consultation, and infrastructure planning.

What Council is doing

Council uses long term planning, asset management planning, financial planning, annual reporting, and community engagement processes to support transparent and informed decision making and responsible management of water services. These processes help Council plan investment, manage costs responsibly, monitor performance, and ensure water services continue to reflect community needs and long term priorities.

Health and Safety Requirements

Council has responsibilities under health and safety legislation to provide safe systems of work for employees, contractors, and the public.

What Council is doing

Council maintains health and safety systems, operational procedures, staff training programmes, and contractor management processes designed to minimise risk and protect workers, contractors, and the public.

Economic Regulation and the Commerce Commission

The Commerce Commission is the economic regulator for water supply and wastewater services. Its role is to promote the long term interests of consumers by improving transparency, monitoring performance, and encouraging efficient and sustainable investment.

What Council is doing

Council is strengthening financial reporting, ring fencing water services revenue and expenditure, improving performance monitoring, and implementing dedicated governance arrangements through the In-House Business Unit. These changes support greater transparency, clearer accountability, efficient service delivery, and long term financial sustainability for water services.

Council Policies and Bylaws

Alongside national legislation and regulations, Council uses local policies, plans, and bylaws to help manage water services and support compliance obligations.

These documents provide guidance on topics such as funding, asset management, infrastructure planning, water use, trade waste, and service delivery.

What Council is doing

Council regularly reviews its policies, plans, and bylaws to ensure they remain fit for purpose, support regulatory compliance, and provide clear guidance for how water services are managed locally. This helps ensure local requirements continue to reflect South Taranaki's community needs, infrastructure needs, environmental responsibilities, and long term service delivery priorities.

What does this all mean?

Together, these legislative and regulatory requirements shape how Council plan, funds, delivers, monitors and reports on water services. They influence the levels of service communities can expect, how infrastructure is maintained and renewed, where investments is needed, how water services are funded and how costs are managed over time.

While regulatory requirements can increase the cost and complexity of delivering water services, they play an important role in protecting public health, improving environmental outcomes, strengthening accountability and ensuring water services remain safe, reliable, resilient, affordable and sustainable for current and future generations.

Risks from non compliance

To be drafted

Monitoring and Reporting

Delivering safe, reliable, and sustainable water services requires more than planning and investment. It also requires regular monitoring, reporting, and accountability to ensure Council is delivering on the commitments outlined in this Strategy.

The Levels of Service and Performance Measures included in this Strategy provide the foundation for monitoring performance. They help Council measure progress, identify areas for improvement, and understand whether water services are meeting community expectations.

Council will regularly monitor:

- drinking water, wastewater, and stormwater performance
- compliance with regulatory requirements

- progress on key projects and investments
- infrastructure condition and performance
- financial performance and sustainability
- achievement of Levels of Service and Performance Measure targets.

Reporting to the community

Council will report on the performance of water services through a range of public documents and processes, including:

- Annual Reports
- Long Term Plans
- Water Services Committee reporting
- Community engagement and consultation processes
- Regulatory and compliance reporting requirements.

These reports provide transparency about how water services are performing, how community funds are being invested, and whether Council is meeting the commitments outlined in this Strategy.

Reporting to the regulators and Government

Council also has a range of monitoring and reporting obligations to regulators and central government agencies.

As part of its approved Water Services Delivery Plan, Council currently provides quarterly implementation monitoring reports to the Ministry for Cities, Environment, Regions and Transport (formerly the Department of Internal Affairs). These reports track progress towards implementing the In-House Business Unit model, including governance, financial ring fencing, service delivery, infrastructure planning, and strategic planning milestones.

Council also undertakes reporting required by regulators, including Taumata Arowai, the Commerce Commission, and consent authorities, helping ensure water services remain compliant, transparent, and accountable.

SECTION FIVE: Funding Sustainability

Ring fencing water services

One of the key features of the In-House Business Unit is the ring fencing of water services.

Ring fencing means that drinking water, wastewater, and stormwater services are planned, funded, managed, and reported on separately from Council's other activities. This creates a clearer picture of the true cost of providing water services and helps ensure investment decisions are made specifically for the benefit of water services.

For South Taranaki, ring fencing supports greater transparency and accountability. It allows Council and the community to better understand:

- how much water services cost to operate and maintain
- where investment is needed
- how water services are funded
- how revenues associated with water services are being used.

Ring fencing also supports the long term sustainability of water services by ensuring funding collected for drinking water, wastewater, and stormwater activities is directed back into those services.

Funding approach, revenue, and charges

To be drafted

Financial affordability – how we pay for our projects

To be drafted

Supporting Long Term Planning

Water infrastructure often lasts for many decades and requires significant investment to maintain and renew over time. Ring fencing supports long term planning by helping Council identify future investment needs, understand the financial implications of those investments, and ensure water services remain sustainable over the long term.

It also helps ensure future decision making is focused on maintaining safe, reliable, and resilient water services while balancing affordability and community expectations.

What this means for your rates

To be drafted

What this means for our Community

For most residents, ring fencing will not change the day to day delivery of water services. People will continue to receive drinking water, wastewater, and stormwater services from Council as they do today.

What changes is the level of visibility around those services.

Ring fencing provides a clearer picture of:

- the costs of providing water services
- future infrastructure investment needs
- how water service funding is being used
- how Council is performing against water service objectives and commitments.

This helps communities understand the challenges facing water services and provides confidence that decisions relating to water infrastructure, funding, and service delivery are being made in a transparent and accountable way.

Forecast financial information

To be drafted

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Pūrongo-Whakamārama
Information Report

SECTION SIX: LOOKING AHEAD

Risks and Assumptions

Water services are long term activities that require significant planning and investment. The decisions outlined in this Strategy are based on a number of assumptions about the future. While these assumptions are considered reasonable at the time the Strategy is prepared, actual outcomes may differ and could affect how water services are delivered, funded, and managed.

Council regularly reviews these assumptions and will update this Strategy where significant changes occur.

Population and Growth	Assumption	South Taranaki's population will experience modest growth over the period covered by this Strategy, with most growth expected to occur in and around Hāwera. Future residential, commercial, and industrial development is also expected to be concentrated in these areas.
	Risk	*If growth is higher than expected, additional investment in drinking water, wastewater, and stormwater infrastructure may be required earlier than planned. If growth is lower than expected, some planned investment may be delayed or reprioritised.*
Climate Change and Severe Weather	Assumption	Climate change is expected to increase the frequency and severity of some weather events, including intense rainfall, storms, flooding, drought, coastal erosion, and other climate related disruptions
	Risk	*More frequent weather disruptions could place additional pressure on water infrastructure, affect service reliability, and increase future investment requirements.*
Regulatory Requirements	Assumption	Drinking water, wastewater, and stormwater services will continue to operate under an evolving regulatory environment, with changing national standards and compliance requirements.
	Risk	*Future regulatory changes may require additional investment in treatment facilities, monitoring systems, environmental compliance, and network improvements.*
Affordability	Assumption	Affordability will continue to be an important consideration for households and businesses across South Taranaki.
	Risk	*Increasing infrastructure, compliance, and operating costs may place pressure on the affordability of water services and limit the ability*

		to deliver all projects within existing funding assumptions.
Inflation and Construction Costs	Assumption	Inflation and construction costs will generally follow long term forecasts used in Council planning.
	Risk	*If inflation exceeds forecast levels, the cost of maintaining, renewing, and upgrading water infrastructure could increase significantly, potentially affecting project timing and affordability.*
Major Capital Projects	Assumption	Major projects will generally be delivered in accordance with planned budgets and timeframes.
	Risk	*Project delivery may be affected by contractor availability, supply chain constraints, community consultation outcomes, regulatory approvals, or changing priorities. Delays may result in higher costs and increased pressure on existing infrastructure.*
Asset Condition and Useful Life	Assumption	Asset condition information and useful life assumptions used to plan renewals are based on the best information currently available.
	Risk	*If assets deteriorate faster than expected, renewal or replacement may be required earlier than planned, increasing future investment requirements*
Water Services Delivery Model	Assumption	Water services will continue to be delivered through South Taranaki District Council's In-House Business Unit.
	Risk	*Future legislative reform could alter how water services are delivered, governed, or funded. While this is considered unlikely in the short term, changes in government policy may affect future planning assumptions.*

Future Infrastructure Needs

Water infrastructure is a long term investment. Much of South Taranaki's drinking water, wastewater, and stormwater infrastructure has been serving communities for decades and will require ongoing renewal, replacement, and improvement over time.

Across all three water services, Council's future infrastructure needs are expected to be influenced by five key themes:

1. **Ageing Assets and Renewals**

Many water assets are gradually approaching the end of their useful lives. Ongoing renewal and replacement programmes will be required to maintain service reliability, reduce the risk of asset failures, and ensure infrastructure continues to meet community needs.

2. **Treatment and Service Improvements**

Treatment plants, storage facilities, pump stations, and supporting infrastructure will require ongoing investment to maintain performance, improve efficiency, and respond to changing service and environmental expectations.

3. **Building Resilience**

Water infrastructure must be capable of responding to future challenges, including natural hazards, changing weather patterns, supply disruptions, and increasing service demands. Investment in resilience helps ensure services remain available during emergencies and recover more quickly following disruptive events.

4. **Meeting Regulatory Requirements**

National drinking water, wastewater, and environmental requirements continue to evolve. Future investment will be needed to help ensure Council remains compliant with these requirements and continues to provide safe and reliable services.

5. **Supporting Communities into the Future**

As community needs change over time, infrastructure investment will be required to maintain service levels, support growth where it occurs, and ensure water services remain reliable, sustainable, and fit for purpose.

Together, these themes will guide future infrastructure planning and investment decisions across South Taranaki's drinking water, wastewater, and stormwater services.

Looking Ahead

South Taranaki's water services are supported by strong infrastructure, experienced people, and a long history of local service delivery. While future challenges and uncertainties remain, Council is committed to taking a long term approach to planning, investment, and stewardship.

Through this Strategy, Council aims to ensure drinking water, wastewater, and stormwater services continue to support healthy communities, protect the environment, and meet the needs of South Taranaki both now and in the years ahead.

SECTION SEVEN: APPENDICES

1. Water Services Delivery Plan
2. Water Funding Growth Strategy
3. Water Services Significant and Engagement Policy

Pūrongo-Whakamārama
Information Report

To	Water Services Committee
From	Pouhautū Rautaki me te Whaitikanga / Head of Strategy and Governance, Becky Wolland
Date	16 November 2026
Subject	**Water Services Committee 2027 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 2027 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.

Taunakitanga / Recommendation

THAT the Water Services Committee receives the Workplan for the 2027 calendar year.

Kupu Whakamārama / Background

2. 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

3. The Workplan for the 2027 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

[Seen by]
Fiona Aitken
Tumu Whakahaere / Chief Executive

Appendix 1 - Water Services Committee 2026 Workplan

Committee Workplan 2027

	24 Feb	7Apr	26 May	7 July	25 Aug	6 Oct	24 Nov
Committee Workplan	√	√	√	√	√	√	√
Non-Financial Performance Measures Report	√		√		√		√
Quarterly Financial Report		√		√		√	
Risk Management Report	√		√		√		√
Business Unit Establishment Progress Report	√		√		√		√
Water Services Strategy	√		√				
Capital Works Progress Report	√		√		√		√

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki District Council

Karakia

8. Karakia

Ruruku Whakakapi – Closing Prayer

Unuhia, unuhia	*Draw on, draw on,*
Unuhia ki te uru tapu nui	*Draw on the supreme sacredness*
Kia wātea, kia māmā te ngākau, te	*To clear, to free the heart, the body and the*
tinana, te wairua i te ara takatū	*spirit of mankind*
Kia wātea, ka wātea, āe rā, kua wātea	*To be clear, will be clear, yes is cleared.*
Rire rire hau pai marire!	*Deeply in peace!*