

Date:	Thursday, 11 June 2026
Time:	1.00pm
Location:	Council Chamber Level 1, 67 Horomātangi Street Taupō

SUPPLEMENTARY AGENDA

MEMBERSHIP

Chairperson Mr Brian Hanna
Deputy Chairperson Cr Kevin Taylor

Members
Cr Rachel Cameron
Cr Duncan Campbell
Cr Ngāhuia Foreman
Mayor John Funnell
Cr Sandra Greenslade
Cr Steve Manunui

Quorum 4

Julie Gardyne
Chief Executive

Auditory Announcement

Please note that one of today's meeting participants has hearing loss. To support clear communication, please use the microphones, speak clearly, and keep your mouth visible to assist with lip-reading.

Reports Not Council Policy

The reports included in this agenda are provided for consideration only and do not represent Council policy unless or until they are formally adopted. If you require further information about any report, please contact the Chief Executive, the Chairperson, or the Deputy Chairperson.

Public Forum

Members of the public are welcome to address the Council or committee during the public forum at the start of the meeting. To participate, please complete the public forum request form available on Council's website by 4.00pm on the day prior to the meeting.

Livestreaming and Recording

Meetings held in the Council Chamber are livestreamed on Council's YouTube channel, and recordings are uploaded shortly after the meeting.

Karakia Timatanga – opening prayer gifted by Iraia Bailey of Ngāti Tūwharetoa to Taupō District Council

Tuia ki te mauri o te whenua	Connect to the life essence of the land
Tuia ki te mana o te tangata	Connect and respect to all
Tuia ki te pono, te aroha	Be honest and compassionate
Kia piki, kia eke	(As we seek) to improve, to exceed
Ki te taumata	Expectations
Hui e, Tāiki e	To aim/reach for the summit
	(As we) come together

Karakia Whakamutunga – closing prayer gifted by Iraia Bailey of Ngāti Tūwharetoa to Taupō District Council

Unuhia te rito o tēnei hui	Remove any angst/stress that may have arisen during this gathering
Kia wātea i runga	To be free of anything that impacts your wellbeing
Kia wātea i raro	
Aro ki te tika	That we will act with integrity
Aro ki te pae	As we pursue our goals
Hui e, Tāiki e!	(As we) come together

Order Of Business

5 Ngā Ripoata | Reports

5.7	The Audit of the Water Services Strategy	19
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5.7 THE AUDIT OF THE WATER SERVICES STRATEGY

Author: Kendall Goode, Senior Policy Advisor

Authorised by: Nick Carroll, Policy Manager

TE PŪTAKE | PURPOSE

For the Committee to consider whether or not to recommend that Council request a report from the Auditor-General on the 2027 Water Services Strategy.

WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY

Council has opted to deliver water services in-house. Under these new arrangements, Council is required to exclude water services from the Long-term Plan and prepare and adopt a separate Water Services Strategy.

The audit requirements for the Water Services Strategy are outlined in Section 239 of the Local Government (Water Services) Act 2025 ('The Act'). Unlike the Long-term Plan which must be audited, the audit of the Water Services Strategy is only required if requested by the Secretary for Local Government or if Council requests the Auditor-General to audit the Water Services Strategy.

A request from the Secretary of Local Government has not been received, as such the committee may still consider whether or not to recommend to council that a report from the Auditor-General should be requested. A request is required by 30 June 2026.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Taupō District Water Services Committee recommends to Council that it:

1. Engages the Audit Office to audit Council's Water Services Strategy

OR

2. Not engage the Audit Office to audit Council's Water Services Strategy.

NGĀ KŌRERORERO | DISCUSSION

Councils who have opted to deliver water services in-house are required to prepare and adopt a Water Services Strategy. Unlike the Long-term Plan that must be audited, unless requested by the Secretary of Local Government, the audit of the Water Services Strategy is optional for Council as provided for in Section 239 of the Local Government (Water Services) Act 2025.

Section 239 – Audit of Water Services Strategy

(1) A water service provider—

(a) must request a report from the Auditor-General on the provider's water services strategy if the Secretary requires the provider to do so; and

(b) may request a report from the Auditor-General on the provider's water services strategy if the provider decides, on its volition, to do so.

(2) If a water service provider requests a report from the Auditor-General under subsection (1), it must do so at least 12 months before the date by which the water service provider must adopt the water services strategy.

A request has not been received from the Secretary of Local Government. As such, the committee can still consider whether or not to recommend that Council requests a report from the Auditor-General on the Water Services Strategy. The latest available date to request an audit from the Auditor-General is 30 June 2026.

While a formal decision is not expressly required by the legislation, recording the Committee’s recommendation and Council’s decision provides certainty for the Committee and the community that Council has considered the merits of requesting an audit of the Water Services Strategy and made an informed decision. Formalising the decision also provides clear direction to staff and mitigates the risk of a future request for an audit being raised after the timeframe for undertaking an audit has passed.

The water services strategy is a new statutory requirement, for in-house business units the audit process is still unclear. Councils who deliver water services in-house need to produce both a Water Services Strategy and a Long-term Plan. While separate, there are parts such as the Financial Strategy that will relate to both processes, how these interrelated matters will be managed is unknown. It is also unclear whether or not the consultation document would form part of the audit process. Finally, the costs to undertake the audit of the Water Services Strategy are unknown, these could be comparable to that of the Long-term Plan, which in 2024 were around \$135,000.

NGĀ KŌWHIRINGA | OPTIONS

There are two options for consideration. Each option and their associated advantages and disadvantages are discussed below.

Option 1: That the Water Services Committee recommend that Council engages the Audit Office to review the Water Services Strategy

Advantages	Disadvantages
<ul style="list-style-type: none"> • Provides independent assurance that the Water Services Strategy is based on reasonable assumptions, forecasts and supporting information. • May identify risks, gaps or inconsistencies before the strategy is finalised. • Will confirm alignment between the Long-term Plan, financial strategy with the Water Services Strategy. 	<ul style="list-style-type: none"> • Audit costs are unknown but are expected to be significant. For reference the audit costs for the 2024 Long-term Plan were approximately \$135,000. • No budget has been included in the draft 2026/27 Annual Plan. The Annual Plan could be amended before adoption to include this additional funding. • This is a new process, there is limited understanding of the scope and process for the audit of the Water Services Strategy and Consultation Document, this creates uncertainties. • Costs perceived as unnecessary as the sector is subject to regulatory oversight, although this will be applied after the Water Services Strategy is adopted. • Additional staff resource and time would be required to support the audit process.

Option 2: That the Water Services Committee recommend that no audit is requested.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Expenditure of approximately \$135,000 would not be required, no further impact on ratepayers. • No additional staff resource and time would be required. • Water Services are now subject to regulatory oversight, while a different process. After the Water Services Strategy is adopted, a high degree of scrutiny will be applied to assumptions, future investment and service delivery forecasts. 	<ul style="list-style-type: none"> • No independent assurance prior to the Water Services Strategy being adopted. • Possibility that risks, gaps or inconsistencies are not identified before the strategy is finalised. This includes misalignment between the Long-term Plan and Water Services Strategy.

NGĀ HĪRAUNGA | CONSIDERATIONS

Ngā Aronga Pūtea | Financial Considerations

Requesting an audit of the Waters Services Strategy will result in additional expenditure for the 2026/27 financial year. These costs have not been confirmed but could be similar to the Long-term Plan. The audit costs for the 2024 Long-term Plan were approximately \$135,000.

Ngā Aronga Ture | Legal Considerations

Local Government Act 2002

The matter comes within scope of the Council's lawful powers, including satisfying the purpose statement of [Section 10](#) of the Local Government Act 2002. That section of the Act states that the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. It is considered that social and economic are of relevance to this particular matter.

The proposal has been evaluated with regards to a range of legislation. The key legislation applicable to the proposal has been reviewed, more specifically the Local Government Act 2002 and the Local Government (Water Services) Act 2025.

Ngā Hīraunga Kaupapa Here | Policy Implications

There are no known policy implications.

Te Kōrero tahi ki te Māori | Māori Engagement

Taupō District Council is committed to meeting its statutory obligations including in relation to Te Tiriti o Waitangi/Treaty of Waitangi principles, consideration of Māori interests and meaningful engagement with Māori. In meeting its statutory obligations, Council is committed to acting reasonably and in good faith and consistently with a partnership-based approach. Te Tiriti/Treaty principles include but are not limited to active protection of Māori interests, informed decision-making and enabling effective Māori participation in Council processes.

No specific engagement with Māori on this matter is necessary. Consultation with Māori will be undertaken as part of consultation on Council's draft Water Services Strategy in early 2027.

Ngā Tūraru | Risks

The key risks of this recommendation are:

1) Financial Risk

Requesting an audit of the Water Services Strategy would result in additional expenditure. While the final cost has not yet been scoped staff anticipate that these costs could be comparable to the previous Long-term Plan, these were approximately \$135,000. Water Services Strategies are a new statutory requirement, the scope and assurance expectations of the audit are unknown and may contribute to increased audit time and cost.

2) Timing and Delivery Risk

There is a risk that undertaking an audit could impact programme timeframes if additional information or amendments are required through the audit process. Conversely, delaying a decision on whether to request an audit may result in insufficient time to secure audit involvement later.

3) Reputational/Public Confidence

A decision not to request an audit may be perceived as providing a lower level of independent assurance over the Water Services Strategy. An audit process may also identify issues or uncertainties that require further public explanation or clarification. Water services are also subject to regulatory oversight. While a different process, a high degree of scrutiny will be applied to assumptions, future investment and service delivery forecasts. An audit, more so the costs associated with the audit may be perceived as unwarranted.

4) Governance Risk

In the absence of a formal resolution, there is a risk of uncertainty regarding Council's position on whether an audit was considered or intended. Recording a formal decision provides clarity for governance and staff and reduces the likelihood of the matter being revisited after audit timeframes have passed.

In summary, the risks associated with either option are considered manageable provided a clear and timely decision regarding whether to request an audit of the Water Services Strategy.

TE HIRANGA O TE WHAKATAU, TE TONO RĀNEI | SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement Policy identifies matters to be taken into account when assessing the degree of significance of proposals and decisions. Officers have undertaken an assessment of the matters in the [Significance and Engagement Policy \(2022\)](#), and are of the opinion that the proposal under consideration is significant.

TE KŌRERO TAHI | ENGAGEMENT

Taking into consideration the above assessment, that the decision is of a low degree of significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

TE WHAKAWHITI KŌRERO PĀPAHO | COMMUNICATION/MEDIA

No communication/media required.

WHAKAKAPINGA | CONCLUSION

The Water Services Committee can make a recommendation to Council whether or not to audit the Water Services Strategy. If Council decides not to request an audit of the Water Services Strategy, no further action will be required in relation to audit engagement. The Water Services Strategy will continue to be developed in accordance with legislative requirements and apply its usual internal review and quality assurance processes.

If Council decides to request an audit of the Water Services Strategy, a formal request will be prepared and submitted to the Audit Office prior to 1 July 2026.

NGĀ TĀPIRIHANGA | ATTACHMENTS

Nil