



Local Waters Done Well

14 August 2025

Agenda

	Topic
1	Opening Karakia
2	Approve previous minutes
3	WSDP's – discuss and review draft plans for council decision.
4	Implementation Plan and resourcing
5	Commitment Agreement - discuss draft and highlight points of agreement and those for further discussion. Discuss option to defer to next triennial.
7	Closing Karakia

Joint Water Services Delivery Plan

Key points

1. DIA templates used for document and financial tables
2. CCO values are combined water and wastewater for all 3 councils unless template requested separation by water service
3. Stormwater financials are kept separate and included for each Council
4. Dollar values are inflated using the same inflation rates as WDC LTP
5. Years 1-3 have been maintained as per the LTP wherever possible

Joint Water Services Delivery Plan

Key points cont'd

6. Shared with DIA 30 July for review
7. Initial DIA feedback has no showstoppers
8. The plan has comments and placeholders that will be addressed this week and next along with feedback
9. Review period completes 08 August to finalise for adoption 27 August

WSDP – DIA feedback

1. FNDC calculations corrected – had no bearing on totals
2. KDC and FNDC both considering stormwater values and commentary
3. Commentary will be added or amended for:
 - a) Compliance
 - b) Level of service
 - c) Major projects
 - d) Part D charts and tables

WSDP – Part A

1. Statement of financial sustainability
2. Proposed delivery model
3. Implementation Plan – discussed in next topic
4. Description of consultation
5. Assurance re content
6. Certification by CE

WSDP – Part B

1. Serviced population determined by connection numbers for each service multiplied by a HUE (housing unit equivalent)
2. Serviced areas are listed and will be mapped if we can make them readable when Kaipara and Far North are so widespread
3. Levels of service and compliance are reported from the FY2023/24 Annual Reports
4. Asset Management – we all aspire to the same practices but are in different places of maturity for various aspects including asset management systems
5. Service delivery mechanisms are explained – all have outsourcing with nuance for each council
6. Capital investment programme reflects the first 10 years of the 30 year plans developed by each council

WSDP – Part C

1. Water service charges – current and what might change for both council and CCO
2. Affordability is reported at an average rate per connection at the CCO level for water and wastewater, and per council for stormwater
 - a) There will be differences between the councils due to non-harmonisation and internal charging methods
3. Funding and financing arrangements are explained
 - a) Will include WDC reserve and debt scenario
 - b) Includes KDC needing to obtain a credit rating in order to fund stormwater and support CCO debt
4. Insurance arrangements are similar with all three councils and a strategy will be developed for the CCO

WSDP – Parts D&E

1. Tables and charts for all water services
 - a) Further commentary has been requested in the DIA feedback
 - b) Some presentation formatting to do to distinguish individual council information
2. Risks and constraints are generic across all councils where relevant with some specifics called out
3. Will add uninflated charges per connection for more valid comparison

Financial summary in DIA model format

from financial template submitted to DIA for review 3007									
Summary		Two Waters				Stormwater			
Metrics	KDC	FNDC	WDC	RCCO3	RCCO2		KDC	FNDC	WDC
Average % or Household Income	2.4%	3.4%	1.7%	2.3%	1.9%		0.5%	0.5%	0.2%
Revenue % increase over 10 years	45.3%	101.9%	43.2%	63.1%	43.6%		86.3%	31.3%	3134.2%
Median Debt to Revenue %	267.0%	376.2%	292.0%	241.3%	131.2%		224.3%	283.9%	101.7%
Median FFO to Debt Including DC's	21.6%	10.3%	11.4%	19.5%	31.6%		15.5%	25.6%	44.8%
Financials	KDC	FNDC	WDC	RCCO3	RCCO2		KDC	FNDC	WDC
Revenue	170,011	586,360	604,381	1,360,753	774,392		42,103	74,851	78,933
Development contributions	66,878	24,290	33,364	124,532	100,242		3,303	0	3,000
Total income	236,889	610,650	637,745	1,485,285	874,634		45,406	74,851	81,933
Opex (excluding depreciation)	(94,128)	(340,010)	(372,643)	(787,520)	(434,837)		(25,424)	(37,708)	(37,483)
Cash surplus from operations	142,762	270,640	265,102	697,765	439,798		19,981	37,142	44,450
Capex	(144,549)	(437,673)	(434,188)	(1,016,410)	(578,737)		(39,910)	(91,680)	(42,774)
Funding requirement	(1,787)	(167,033)	(169,086)	(318,645)	(138,939)		(19,929)	(54,538)	1,676
Debt (Increase) / repayment	(1,788)	(87,577)	(212,501)	(301,865)	(214,289)		(19,930)	(9,252)	0
Cash Increase / (reduction)	1	(79,456)	(56,585)	(16,779)	75,349		1	(45,286)	1,676
Total Funding	(1,787)	(167,033)	(269,086)	(318,645)	(138,939)		(19,929)	(54,538)	1,676
Opex to Revenue %	55%	58%	62%	58%	56%		60%	50%	47%

★ These numbers are inflated where the DIA model was not

Implementation Plan

The implementation of a Regional CCO for Northland’s drinking water and wastewater services will occur in three distinct phases:

Scoping & Preparation Phase – This phase is dedicated to establishing governance and operational structures, defining project scope, and preparing detailed plans to support a successful implementation.

Establishment & Transition Phase – This phase incorporates the Regional CCO as a separate legal entity and commences the transitional and operational activities required to establish a standalone business are carried out.

Operational Phase – This phase marks the commencement of drinking and wastewater service delivery to the Northland community by the Regional CCO. With an initial operating environment established, the Regional CCO will focus on improving service quality, driving operational efficiencies, and securing long-term financial sustainability.

Implementation Phases



Scoping & Preparation (Sep 2025 - Jun 2026)

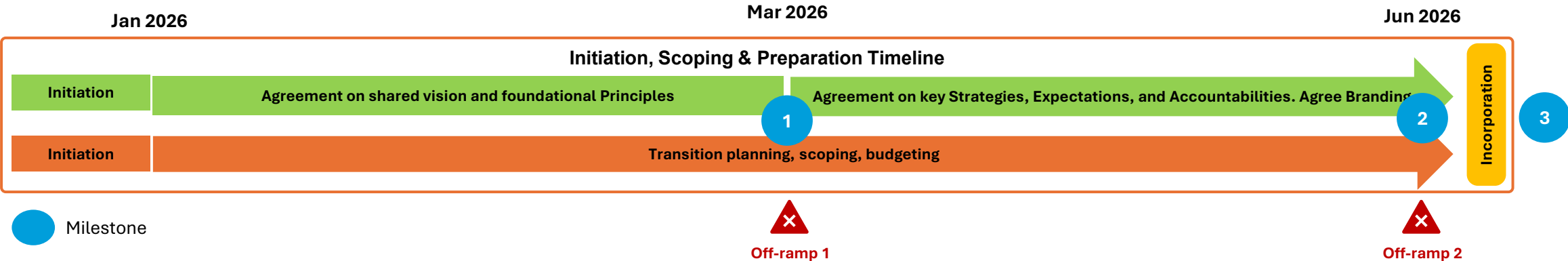
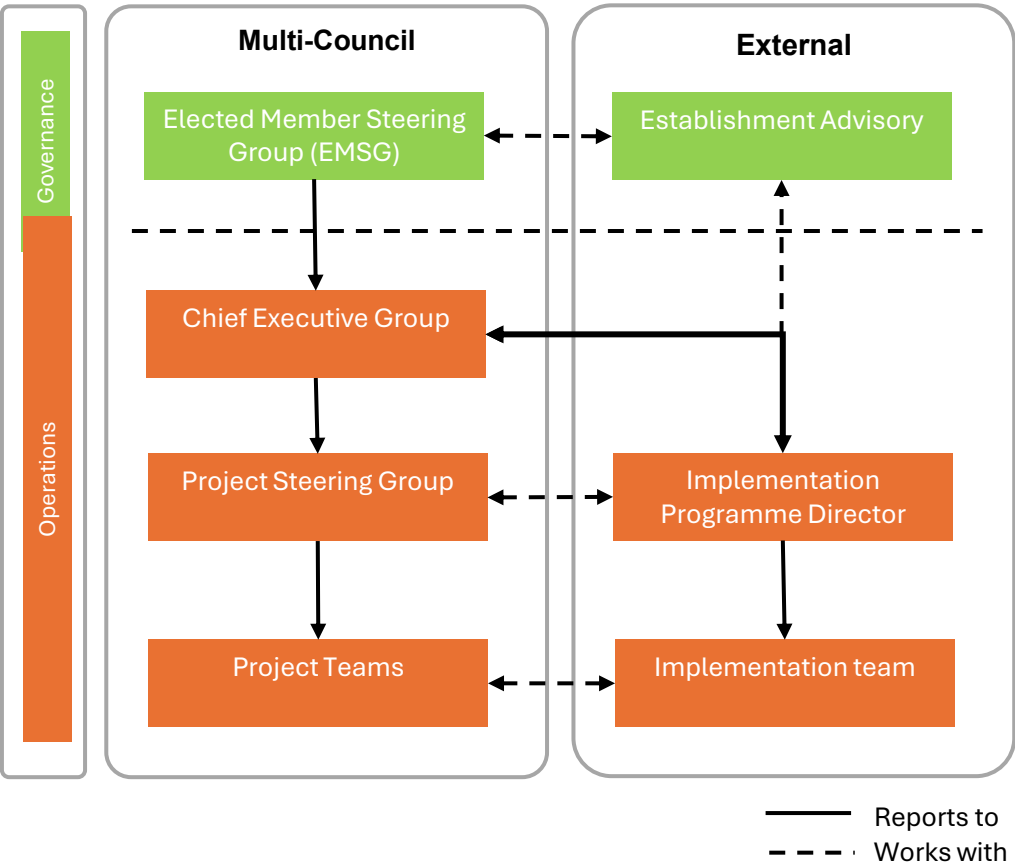
This phase focuses on establishing the governance and operational foundation necessary for the successful implementation of the Regional CCO.

Governance Focus: The Elected Member Steering Group (EMSG) oversees strategic direction and works closely with the Chief Executive Group and Project Steering Group to guide delivery. The Project Steering Group manages day-to-day operational oversight and coordination of Project Teams. External Establishment Advisory provides specialist advice to support sound decision-making.

Operational Focus: The Implementation Programme Director leads detailed transition planning, including scoping, budgeting, and preparation of foundational documents. The Implementation Team supports delivery of operational activities aligned with governance expectations.

Deliverables: In conjunction with Governance decision making, foundational documents are developed, including shareholder agreement, company constitution, and strategic policies. Detailed planning and budgeting activities run concurrently to prepare for well planned establishment and transitional activities. LGFA financing established to fund next phase.

Off-ramps: Two decision points must receive unanimous agreement: foundational principles (set out in OAG guidance), and strategic approach of the Regional CCO. If consensus isn't reached at either point, off-ramps enable a Council to exit the agreement.



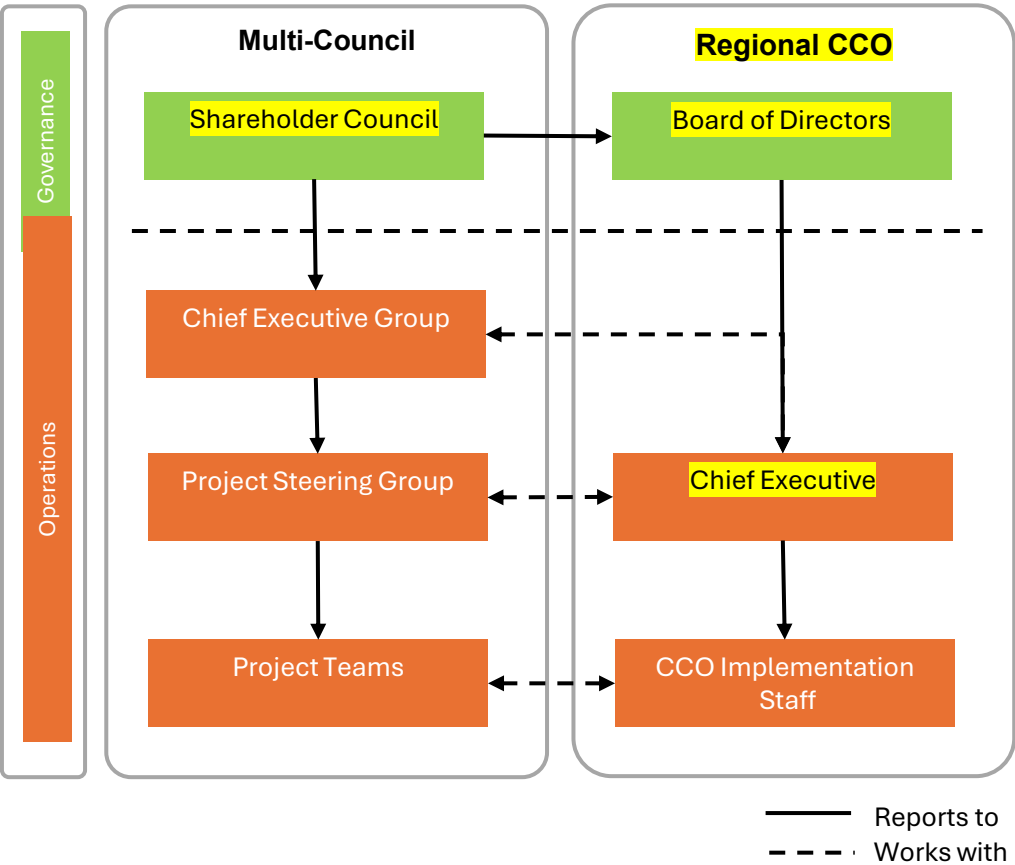
Establishment & Transition (Jun 2026 – July 2027)

This phase marks the activities post incorporation of the Regional CCO as a separate legal entity, and the delivery of necessary transition activities to establish a fully operational standalone business.

Governance Focus: The Shareholder Council provides oversight and appoints the Regional CCO Board of Directors, which is responsible for strategic leadership and accountability. Together with the Regional CCO Chief Executive, the Board oversees the operational setup and early management of the entity. Throughout the transition, the Chief Executive Group and Project Steering Group work closely to coordinate activities between the councils and the Regional CCO.

Operational Focus: The Regional CCO Chief Executive leads the Implementation Staff, who collaborate closely with Council Project Teams to deliver transition activities. These include finalising asset management plans, developing the water services strategy, operational policies, managing ICT and systems rollout, and all necessary requirements to facilitate day 1 go live.

Deliverables: Appointment of the Shareholder Council and Board members occurs early to establish governance continuity and direction. Shareholder Council approval of Water Service Strategy required. Finalisation of operational readiness requirements and preparations set the stage for a successful go-live and service delivery.

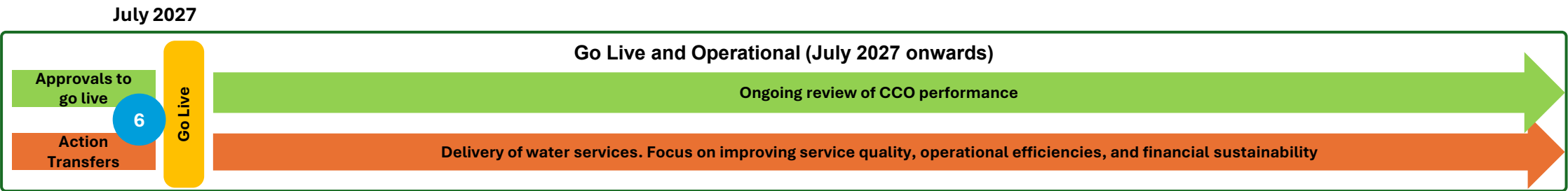
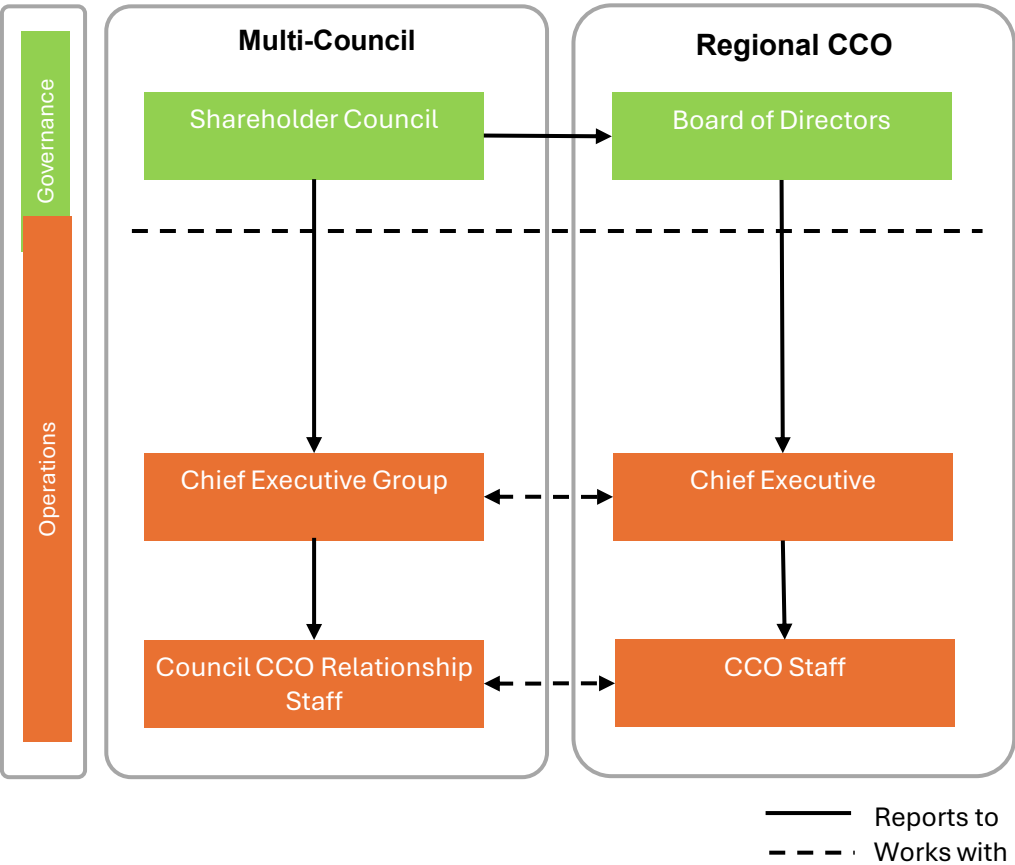


Go Live and Operational (July 2027 onwards)

This phase marks the full transition of service delivery responsibilities to the newly established CCO as an independent legal entity with its own governance and operational teams.

Governance Focus: Each Council must approve necessary transfers to the Regional CCO of assets and liabilities, staff, and contract novation. The Shareholder Council provides strategic oversight and ensures the Regional CCO aligns with council objectives and regulatory requirements. The Board of Directors governs the Regional CCO, setting strategy, overseeing compliance, and monitoring performance against agreed outcomes. The Chief Executive Group transitions to an advisory and monitoring role, supporting ongoing collaboration between the Regional CCO and councils.

Operational Focus: The Regional CCO Chief Executive Officer leads day-to-day operations and resources staffing requirements and also champions organisational culture, financial stewardship, regulatory compliance, and continuous improvement initiatives to ensure service quality, operational efficiency, and long-term sustainability.



Implementation – Work Streams

Work Stream	Examples
People and Capability	Work force transition, organisational design, consultation, council interface established
Finance, Funding & Commercial	Treasury, Insurance, Financial Management, Procurement, Property and Fleet, Regulation, Budgets
Asset Management and Capital Delivery	Asset register, asset condition assessment, investment plan, capital delivery continues, virtual PMO, Resource consents
Operations	Water safety plans, ops and maintenance contracts, Risk register, compliance strategy, stormwater service level agreement, Health and Safety, incident management, customer relations, trade waste
Governance and Legal	Entity establishment, legislation compliance roadmap, Board and CE appointment process, internal business policy framework, bylaws, contract register, Transfer agreements, relationship agreements
Technology	Systems of record (Finance,, Assets, Ops, GIS, People, Payroll, H&S, Data migration), Corporates systems, Operational Tech, Data Platform, Information Management
Comms	Internal and external comms plan and preparation of copy material

Resourcing and Budget

Phase	Budget	Comment
Scoping and preparation	\$1.5 - \$2.0m	Shared across councils Procurement in accordance with council policy Option to debt fund and transfer to CCO or seek external funding
Establishment and Transition	\$3.5 - \$6.5m (complete workstreams) \$3.0 - \$5.0m (IT – including licensing)	Once CCO set-up can accumulate debt. Look for nationwide opportunities for savings (other organizations going through this) Possible some capital costs can be deferred by sharing existing council services
Go live and operational		CCO cost

Commitment Agreement

- Heads of Agreement setting out how the councils will work together, primarily over the next 10 months prior to the incorporation of the CCO.
- Non-binding and based on the Department of Internal Affairs template
- Updated to incorporate proposed governance structures and high level principles
- Reviewed by the LWDW Working Group and council staff
- Final draft intended to be adopted at the 28 August Council meeting
- [Draft Northland Water CCO Commitment Agreement - post 4 August meeting v3.docx](#)