

6 NGĀ PŪRONGO TĀPIRI / SUPPLEMENTARY REPORTS

6.9 LOCAL WATER DONE WELL - SELECTION OF WATER SERVICES DELIVERY MODEL

File Number: A5251683

Author: Andy Dowdle, Change Specialist - Organisational Development

Authoriser: Charlie Billington, Group Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

This report seeks a decision from Council to select the service delivery model through which Far North District Council will deliver its three waters services (drinking water, wastewater and stormwater) within the current Government Local Water Done Well (LWDW) legislative framework.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- Far North District Council (FNDC) is required under the Local Water Done Well (LWDW) framework to select a delivery model for drinking water, wastewater, and stormwater services and submit a Water Services Delivery Plan (WSDP) to the Department of Internal Affairs (DIA) by 3 September 2025.
- Two options were developed and publicly consulted on:
 - 1) developing a strengthened in-house business unit of council (“Te Pēke”), and
 - 2) joining Kaipara (KDC) and Whangārei (WDC) District Councils to form a Regional Multi-Council Controlled Organisation (RCCO) (“Te Kete”) for water and wastewater services, with stormwater remaining in-house.
- Extensive public and iwi/hapū engagement was undertaken. Of 116 submissions (the highest in Northland), 68% supported the in-house model. All but one iwi/hapū submission also supported the in-house model, favouring opportunities for partnership and local governance.
- FNDC initiated, with KDC and WDC, a Multi-Council Elected Member Working Group (EMWG), supported by a Crown-appointed facilitator and the Department of Internal Affairs (DIA). The EMWG is advisory only and holds no decision-making powers.
- The proposed RCCO pathway requires a WSDP including an implementation plan with defined “offramps” at key milestones, enabling councils to reconsider their participation if agreement is not reached. These safeguards provided the assurance necessary for the EMWG’s unanimous recommendation to proceed with the RCCO, despite some foundational governance principles remaining unresolved.
- Council’s decision will determine the structure, accountability, investment priorities, and partnership settings for water services in the Far North for at least the next decade.

TŪTOHUNGA / RECOMMENDATION

That Council:

1. **Subject to the same confirmation from the Kaipara and Whangārei District Councils, approve to work with the other district councils of Northland to create a joint Water Services Delivery Plan with Kaipara and Whangārei councils where:**
 - a. **Water and Wastewater services are delivered by a Regional Asset owning CCO**
 - b. **Stormwater services are delivered through an in-house business unit of council**
 - c. **The Far North works with Kaipara and Whangārei to develop opportunities for Government funding to support critical projects.**
2. **Approve entering into a Commitment Agreement (Heads of Terms) with Whangārei and Kaipara District Councils to establish a CCO by 1 July 2027**
3. **Note the formation of a regional waters CCO will be based on an initial set of principles**

That Initially Financials are to be ring-fenced to each council

That Initially Water charges are not harmonized across the three founding council areas

The CCO will review ring-fencing of finances and harmonising charges within 3 years from its commencement date

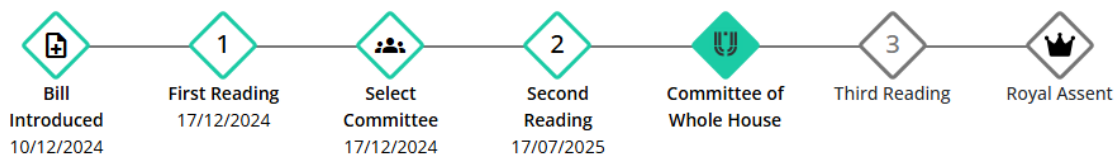
A shareholder council be formed that includes two representatives from each founding Council, of which at least one must be an elected member.

When scheduling growth projects, the CCO is aligned with each council's growth strategies.

1) TĀHUHU KŌRERO / BACKGROUND

New Zealand's water services sector is undergoing significant change. In February 2024 the '**Water Services Acts Repeal Act**' was passed, repealing the previous 'Three Waters Reform Programme'. In September 2024 the '**Water Services Preliminary Arrangements Act**' established the Local Water Done Well (LWDW) framework and the preliminary arrangements for water services providers. A further third piece of legislation ('**The Local Government (Water Services Bill)**') (the third bill) is currently passing through government, and as it is not yet finalised, presents some uncertainty as to final legislative requirements.

Progress of the Bill



Source: bills.parliament.nz

Local Water Done Well

The Local Water Done Well (LWDW) framework is the Government's approach to enabling councils and their communities to determine the best model for managing, funding, and delivering water, wastewater, and stormwater services. LWDW emphasises public ownership, financial sustainability, and regulatory compliance, while maintaining strong local decision-making.

Key requirements of LWDW include:

- **Financial ring-fencing:** All water, wastewater, and stormwater revenues, expenses, assets, and debt must be kept strictly separate from general council finances ("ring-fenced"). Funds collected for water services cannot be used for other council activities, and vice versa.
- **Economic regulation:** The Commerce Commission will regulate pricing, investment, and long-term financial sustainability.
- **Quality and compliance:** Taumata Arowai sets national drinking water standards and monitors environmental compliance for wastewater and stormwater.
- **Public and Māori engagement:** Councils must consult their communities and iwi/hapū and demonstrate robust partnership and engagement in water governance and decision-making.
- **Transparency and reporting:** Councils are required to disclose comprehensive information on asset condition, compliance, investment needs, and future planning.

The government's core priorities for LWDW are:

- Local decision-making (councils retain ownership and responsibility),
- Affordability (focus on efficient, long-term investment),

- Accountability (economic regulation and consumer protection).

Throughout, government has encouraged councils to consider standalone or regional CCOs.

Aligning with this direction may improve councils' ability to leverage future government funding and reduce risk of conflicting operational decisions. The DIA has signalled that WSDPs for in-house delivery models (non-CCO) will be subject to closer scrutiny than WSDPs for CCOs.

The statutory requirements apply regardless of which model council selects.

Regulation

Under LWDW, Taumata Arowai is the water regulator responsible for setting standards to ensure safe drinking water and overseeing the environmental performance of wastewater and stormwater services. It ensures that water services providers meet health and safety standards and uphold Te Mana o te Wai.

The Commerce Commission acts as the economic regulator (in the same way it currently does for the electricity industry), monitoring pricing, investment efficiency, and long-term affordability. From 2027, it will set rules on pricing to protect consumers and ensure water services are financially sustainable. Council will need to clearly report to the Commerce Commission on customer service, costs, funding, performance, and future investment plans for water services.

Water Services Delivery Plan

Under the Water Services Preliminary Arrangements Act, council is required to submit a Water Services Delivery Plan (WSDP), for acceptance by the DIA by 3 September 2025. The WSDP is to describe in detail the model FNDC proposes to adopt for delivering water services in the Far North.

- Disclosure of current delivery arrangements, asset state, compliance status, and investment required to meet new standards,
- A full description of the delivery model, including revenue, expenditure, pricing, investment and financing sufficiency,
- An implementation plan with activities, timelines, milestones, and demonstrating financial sustainability by July 2028.

These requirements do not change regardless of the model that is adopted.

Government has indicated WSDPs will be reviewed and councils notified of acceptance, or otherwise, by mid-December 2025. Representatives from the DIA have made it clear that 'the bar will be higher' for a WSDP proposing an in-house model and that there is a likelihood that an in-house WSDP would be rejected.

If a council needs more time before submitting its WSDP it may request an extension from the Minister for Local Government. However, that extension request must be filed by 3 August 2025 and will only be granted in exceptional circumstances. Exceptional circumstances are not defined.

A WSDP must cover the 10-year period from 2024/25 to 2034/35, although may include information covering an additional 20 consecutive years.

Council Actions to Date

FNDC has played an active role working towards the requirements under LWDW:

- Elected Members committed significant time between December 2024 to date, and attended internal workshops, discussed at Council meetings, and attended EMWG meetings with KDC and WDC.
- The EMWG is supported by a regionally coordinated secretariat, the Department of Internal Affairs (who have provided \$250,000 in support), and a Crown-appointed facilitator (ex-Papakura Mayor David Hawkins).

- FNDC recognised early in the process that the significant requirements of LWDW and potential impacts of poorly informed decision making necessitated a review of asset condition, waters strategy, and engineering estimates, to ensure an appropriate balance of compliance, renewal and affordability for the district. This work commenced early 2025 and remains ongoing to best inform the WSDP.
- During this period, timelines for council decisions were deferred from 5 June to 3 July, and subsequently to 31 July 2025, to allow more thorough consideration and consultation on core governance principles for CCO formation by the EMWG. Based on guidance from the Office of the Auditor General (OAG), FNDC developed and distributed a paper to clarify these issues and support thorough discussion within the group.
- Throughout, FNDC's approach has prioritised well informed decision making, transparency, collaborative engagement with Northland councils and other stakeholders.
 - **04 December 2024 – Internal workshop** introducing the Local Water Done Well (LWDW) framework, allowable service delivery options, DIA assessment criteria, and initial financial modelling based on the previous three waters capital programme.
 - **11 February 2025 – Internal workshop** discussing national updates to the LWDW framework (including feedback on the draft third bill), engagement of consultants BECA and Martin Jenkins to assist in developing a regional financial model, and updates on engineering work to prioritise three waters investment.
 - **13 March 2025 – Council meeting** confirming the service delivery options for public consultation: a strengthened in-house business unit and a Regional Council-Controlled Organisation (RCCO); Council also directed the CEO to prepare a Statement of Intent and enter into a Commitment Agreement (Heads of Terms), committing to a principle-based approach to collaboration with KDC and WDC.
 - **25 March 2025 – Internal workshop** to receive BECA and Martin Jenkins' RCCO financial modelling, and further updates on engineering work and the prioritised capital programmes.
 - **2 April 2025 – Council meeting** to approve the LWDW consultation document.
 - **8 May 2025 – Council meeting** to approve the formation of a Multi-Council Elected Member Working Group (EMWG) with KDC and WDC, appointing Kahika Moko Tepania, Cr John Vujcich, and Cr Ann Court as FNDC representatives.
 - **26 May 2025 – Initial EMWG meeting** confirming the group's role and intended outcomes, reviewing district-level water service backgrounds, and introducing service delivery models including CCOs, in-house business units, and shared services.
 - **27 May 2025 – Internal workshop** to table and discuss results from public consultation and iwi/hapū engagement.
 - **9 June 2025 – EMWG meeting** focused on assessing the financial and operational foundations for water service delivery in Northland, including compliance, affordability, population growth, and capital investment needs; the group also reviewed the structure and requirements of a WSDP.
 - **23 June 2025 – EMWG meeting** reviewed legislative provisions for transferring consents to a RCCO, discussed DIA financial modelling, and identified financial risks including KDC's reliance on Development Contributions, high debt requirements of FNDC, and broader economic uncertainty; the group agreed to hold a full-day workshop on 7 July to progress consensus on principles.
 - **7 July 2025 – EMWG workshop** discussed national LWDW developments, financial modelling, risk scenarios, governance structures, and foundational issues including ringfencing debt, non-harmonised pricing, iwi engagement, and alignment with growth strategies. With confirmation of 'off-ramps' from the DIA, the group resolved to recommend forming a regional CCO, retaining stormwater services within individual councils, and preparing a joint WSDP supported by a Commitment Agreement (Heads of Terms) to initiate establishment by 1 July 2027.
 - **21 July 2025 – EMWG meeting** reviewed the progress on creating a joint WSDP. A key component of the WSDP is an Implementation Plan, FNDC agreed to take the lead in preparing the Implementation Plan. WDC presented draft communications to be used as

councils made their decisions. A draft Commitment Agreement was tabled for Councils to provide feedback on.

- **31 July 2025 – Council meeting** intended to confirm preferred delivery model under the LWDW framework.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The decision for drinking water and wastewater services is a significant one, with long-term implications for Northland and Councils across Aotearoa.

During its assessment, Council considered the following delivery models:

- **Standalone CCO:** An FNDC-only owned CCO was assessed but excluded, as based on the capital programme forecast at that time, projected debt exceeded the 500% debt-to-revenue limit set by the Local Government Funding Agency (LGFA).
- **Community trust/multi-trust models:** Not advanced due to higher costs, such as establishment costs, administrative costs and lack of access to preferential lending rates through the Local Government Funding Agency (LGFA).
- **Enhanced in-house business unit (Te Pēke):** Direct delivery by FNDC, albeit with improvements required under LWDW, such as ringfencing of water services revenues, strengthened governance and compliance.
- **Regional multi-council CCO (Te Kete):** A jointly owned asset-owning CCO for water/wastewater with KDC and WDC, stormwater remaining in-house for each.

Following evaluation of these options, on 13 March 2025, Council resolved to progress Te Pēke and Te Kete for public consultation.

Te Pēke (Enhanced In-house, consulted on as our ‘current preferred option’):

The enhanced in-house model means FNDC would continue to own and operate its water, wastewater, and stormwater services as a council-run business unit, but with improvements needed to meet the new LWDW requirements. This includes separating all water-related revenue, costs, assets, and debt from other council activities (financial ringfencing), and delivering improved asset management, stronger governance, and regular public reporting.

Under this model, FNDC must show it can sustainably fund and manage water services, comply with higher standards set by Taumata Arowai and the Commerce Commission, and ensure engagement with iwi and hapū.

The enhanced in-house approach is a mandated step up from previous arrangements, requiring clear evidence of sound planning, financial sustainability, and partnership with the community and mana whenua.

Advantages:

- Direct local control and accountability for assets and services
- Easier for local community and mana whenua to engage directly
- Certainty for local jobs, knowledge, relationships
- Consistent with majority of public and iwi/hapū feedback
- Least disruptive, simplest to implement

Disadvantages:

- FNDC alone bears financial/operational/compliance risk
- Less ability to benefit from economies of scale or technical specialisation
- Higher risk of Crown intervention if affordability/compliance is not achieved
- Less ability to share costs or innovation with neighbours

Te Kete (Regional Multi-Council CCO):

The RCCO would be a jointly owned, professionally managed company established by FNDC, KDC, and WDC to own and operate drinking water and wastewater assets and services across all three districts. Unlike an in-house business unit, where each council retains ownership of its own water assets and directly delivers services, the RCCO is an independent legal entity that holds ownership of the assets on behalf of all three councils. The RCCO is governed by its own board and commercial management team, and each council would hold shares in the company and participate in a “shareholder representative council” responsible for approving strategy, appointing directors, and overseeing the protection of local interests. Under this model, stormwater services would continue to be managed by each council individually.

As with the enhanced in-house model, the RCCO must fully comply with all requirements of LWDW, including financial ringfencing, asset strategy and management, transparency, and regulation by Taumata Arowai and the Commerce Commission. The RCCO structure provides a commercial focus, higher borrowing limits (up to 500% of water revenue), and enables regional-scale investment and procurement, with all water assets and revenues managed independently from council operations.

Advantages:

- Access to higher borrowing capacity (LGFA 500% cap, water revenues only)
- Potential longer-term cost savings for water business from efficiencies and economies of scale
- Larger workforce, easier to recruit/retain technical staff
- Dedicated commercial water governance, executive
- Risk-sharing amongst councils

Disadvantages:

- More complex/costly to establish
- Less direct council control post-transfer
- Robust agreements needed to protect district interests
- Significant part of council business to be transferred, potentially reducing economies for non-water council functions

Stormwater

Under both proposed service delivery models, urban stormwater will continue to be delivered in-house through a business unit of FNDC i.e. it will not form part of the RCCO. The primary reasons for excluding stormwater from the RCCO is that stormwater beneficiaries and therefore billing/revenue is hard to determine, unlike water and wastewater where visibility of connections is clear and billing systems are well established. Stormwater also overlaps with other areas of council such as roads, parks, planning and building approvals.

Financial requirements

Both the in-house and regional CCO models have been subject to financial evaluation. The in-house model incorporates FNDC’s prioritised capital programme drawing on internal engineering work, while the regional CCO model incorporated capital programmes from FNDC, KDC, and WDC and financial modelling for all three districts

Council sought to ensure that, whichever option was adopted, the solution would be able to meet the requirements set out under LWDW: being affordable for the district, meet regulatory requirements, and support sustainable long-term investment and affordability.

The DIA financial parameters for Water Services Delivery Plans include maintaining a Free Funds from Operations (FFO) to Debt ratio of around 10%, a maximum debt-to-revenue ratio (DTR) within LGFA requirements (Te Pēke: below 280%, Te Kete: below 500%), and water services costs as a percentage of median household income less than 3.5%.

Financial modelling for both options demonstrates an ability to meet these requirements with FNDC's prioritised capital programme.

Capital Requirements, Debt Capacity, Investment prioritisation

Preliminary financial modelling for FNDC was based on the previous 'three waters' capital programme, totalling approximately \$563 million over 10 years for water and wastewater.

To ensure compliance with LWDW and inform both delivery models, FNDC commissioned significant engineering evaluation by its internal teams and specialist water engineering advisors. This enabled the investment programme to be prioritised and staged, significantly reducing the projected capital requirement within a 10-year horizon. The result is a more balanced investment programme that spreads financial burden over a longer timeframe, while prioritising compliance and essential service upgrades.

Investment prioritisation for FNDC has been rigorously guided by three criteria, informed by an appropriate balance of internal engineering assessment and analysis of affordability:

- 1) **Compliance:** Meeting statutory health, safety, and environmental obligations is the foremost priority. This includes addressing abatement notices, resource consent breaches, and ensuring all drinking water and wastewater schemes meet national standards set by Taumata Arowai and Northland Regional Council (NRC). Achieving and maintaining compliance is the primary driver of the capital works programme and must be addressed first to avoid enforcement action, Crown intervention, or ongoing environmental harm.
- 2) **Levels of Service:** After compliance, investment focuses on maintaining and enhancing agreed service levels to customers, such as reliability, responsiveness to failures, and meeting community expectations for water quality and wastewater treatment.
- 3) **Renewals:** Thirdly, renewals address the replacement or upgrade of aging assets to prevent failure, reduce operating costs, and maintain resilience.

This prioritisation approach has enabled FNDC to target limited funding to the most urgent needs and spread the investment burden over a longer period, improving both affordability and outcomes for ratepayers.

Current FNDC policy requires 'scheme-based pricing', meaning the cost of upgrades is borne solely by users of that scheme. For small communities, this can make upgrades unaffordable without changes to the rating system or finding alternative, lower-cost solutions. Addressing affordability for these schemes is an ongoing issue and will require further analysis under either delivery model.

Investment in both models will be primarily funded through debt, and partially through development contributions (DCs). The in-house model is limited to a maximum borrowing cap of 280% of all of council revenue, while the RCCO would be able to borrow up to 500% of its water services revenue. When combining revenues across all three Councils, the regional CCO's greater debt capacity offers additional flexibility to fund major upgrades or respond to unforeseen challenges than any individual Council might be able to manage independently, provided it is not ringfenced.

FNDC currently benefits from relatively low water debt, supporting its ability to afford the prioritised investment programme under the in-house model.

Indicative cost comparison between models

The current average cost for water/wastewater connections in the Far North is \$2,532 per year. Financial modelling forecasts a 10-year cost of \$3,471 per year for the Te Pēke, and \$3,667 per year for Te Kete, with all values excluding inflation.

Financial year	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
FNDC - standalone	2,532	2,813	3,123	3,294	3,347	3,436	3,511	3,526	3,531	3,471
FNDC - CCO non-harmonised	2,532	2,813	3,123	3,294	3,639	4,001	3,917	3,857	3,765	3,667
FNDC - CCO harmonised	2,532	2,813	3,123	3,294	3,065	2,892	2,723	2,510	2,303	2,046

The EMWG has recommended “price harmonisation”, meaning charges are standardised across the region rather than each district paying separate prices, be excluded initially and to be reviewed after three years post establishment of the RCCO. Implementation would require political appetite, further policy review, and careful consideration of equity and cost recovery.

If price harmonisation is implemented at some stage in the future, the average annual cost at year 10 could be \$2,046 per connection.

Figures presented above are indicative, reflective today’s equivalent pricing, and subject to change in the final water services delivery plan.

Differences in costs between models

Establishing a RCCO would require additional administrative costs, including a board of directors, executive management. It would also need to fund additional property, IT systems, fleet, and specialist support staff (finance, procurement, legal, etc). These costs would be shared by all participating council, although the basis of this cost sharing has not yet been confirmed.

In contrast, an in-house business unit can leverage existing council systems and support services, resulting in lower upfront operating costs and less duplication.

The regional CCO is expected to deliver efficiencies and cost savings over time, through consolidated purchasing, shared technical staff, joint asset management, and other economies of scale and efficiencies. Achieving these benefits is dependent on effective leadership, robust regional governance, and well-managed establishment and transition arrangements. Forecasting the precise value or timing of these savings is inherently uncertain at this stage, although expected to be realised in the medium to long term (>10 years).

Regardless of delivery model, the district’s ability to invest is ultimately finite, determined by borrowing limits, revenue sources (such as DCs), and the community’s capacity to pay. This means that investment must be prioritised. Both the in-house and regional CCO models will require careful staging of capital works to remain within affordable and sustainable limits, with clear processes for prioritisation and review.

Investment prioritisation

FNDC, KDC, and WDC each face different investment priorities due to their unique geography, demographics, and asset condition.

KDC’s smaller, more rural schemes require upgrades and are highly reliant on assumptions regarding DCs for funding investment, particularly in Mangawhai.

WDC’s concentrated urban population supports efficient, large-scale infrastructure, and its current network is more modern with less compliance issues. Whangārei’s priorities lie more in growth investment in areas such as Ruakaka and is not significantly reliant on DC income.

FNDC’s must spread significant investment across a wide area of small communities, many of which face immediate compliance requirements and higher per-connection costs. FNDC makes assumptions around the implementation of DCs (currently, there is no policy regarding this).

These differences in priorities and starting points can create natural tensions in allocating limited resources, scheduling upgrades, and setting strategic direction. For the RCCO to function effectively and endure, it will be critical to have robust constitutional and governance arrangements that ensure fair allocation of costs and benefits, transparent prioritisation, and clear mechanisms for managing any disagreements. Early discussions have considered ringfencing costs and revenues for each council area, but further work is required to agree enduring principles that strike a balance between local control and regional efficiency and risk management.

Far North Context:

The Far North is geographically large and has the land available for housing growth, but much of the land is not currently infrastructure-enabled. Existing water and wastewater schemes serve a proportion of the population, with substantial areas reliant on private tanks and onsite systems. Expanding these schemes or building new infrastructure to support growth will require significant planning, coordination, and funding.

Water and Wastewater Compliance

A significant portion of FNDC's investment requirement is driven by compliance challenges. Of the fifteen wastewater treatment plants, eight are currently non-compliant with NRC resource consents (two major, six minor) and seven have active abatement notices. Of nine drinking water plants, five comply with bacterial standards and five complies with protozoa standards. Achieving and maintaining compliance with new and existing regulations is the primary investment driver for the Far North.

Funding for Growth

Investment in new infrastructure to enable growth will be an ongoing challenge, particularly because each council faces different growth rates and accordingly, investment priorities. The RCCO will need to work closely with all councils to align its investment programme with district growth strategies and to fairly allocate resources and funding for new developments. For FNDC, financial modelling assumes growth will be supported by the reintroduction of DCs. To be effective, the implementation of DCs must be closely aligned with the water services capital works programme to ensure that developments within current or future benefit areas are appropriately charged, avoiding unintended incentives that could drive development in unserved areas.

Financial Impact for Rest of Council / Ratepayers

Regardless of the selected delivery model, certain overhead costs, such as general systems, administrative services, and other shared resources, will continue to be incurred by Council. Under the in-house model, a portion of these costs is allocated to water services and would remain so. If a RCCO is established, these overheads will need to be re-evaluated; some costs currently attributed to water may need to be redistributed across other council services, which could impact the cost structure and budgeting for remaining activities. Additionally, Council will lose some economies of scale for specialist support functions if water services are moved out.

Risks

The following table sets out key risks, limitations, and trade-offs identified for the delivery of water services under either an in-house model or a RCCO.

Risk Category	Te Pēke	Te Kete
Financial	- Lower borrowing capacity may constrain investment in water infrastructure.	- Complexity in cost-sharing, accounting and billing may require complex administration and audit.
	- Investment in water services may reduce council's borrowing headroom for other priorities.	- Potential complexity in ring-fencing and harmonisation transition arrangements (if implemented).
	- Financial forecasting relies on assumptions and actual results may differ.	
Governance & Implementation	- Direct council control retains governance accountability in increasingly regulated environment.	- Requires agreement among councils on principles of governance, partnership, investment, and transition arrangements, which can be complex.
	- Governance capacity may be stretched, especially with increasing technical and regulatory demands.	- Shared decision-making introduces risk of delays or disagreements. - Implementation costs may be higher than forecast.

Risk Category	Te Pēke	Te Kete
Operational	- National competition for suitably qualified board/committee members may create challenges in governance resourcing.	
	- Improvements in operational capability to meet LWDW requirements may present resourcing challenges.	- Integration of staff, assets, and IT systems across councils may result in higher transition risk resulting temporary service disruption.
	- Potential for opportunity cost in achieving efficiencies or innovation due to limited resourcing.	- Differences in systems and data standards may result in higher alignment costs.
	- DIA expectations for WSDP are higher, and may result in the plan being rejected.	- Realising efficiencies depends on effective management and resourcing.
Community	- Cost or service changes may create community concern.	- Community perception of loss of local partnership, voice, or control. - Regional governance may dilute responsiveness to specific local needs.
Legislative & Regulatory	- Council remains directly accountable for all compliance and regulatory requirements.	- Evolving legislation settings may require further changes before RCCO establishment.
	- Less resourcing to respond to any future changes legislative or regulatory environment.	- “Off-ramp” or withdrawal may result in challenges from DIA and/or additional costs and reputational harm.

Other Key Considerations: Governance, Control, and Partnership

The Office of the Auditor-General (OAG) and FNDC’s own Statement of Intent highlight that robust governance, accountability, and partnership with iwi/hapū are critical to success, regardless of the model.

For a RCCO, these arrangements are still to be developed and will be finalised as part of the implementation plan. If consensus cannot be reached, off-ramps in the plan allow councils to reconsider their participation.

Enduring principles for both models include fair allocation of costs/risks/benefits, protection of local voice, transparency, adaptability, and strong iwi/hapū involvement in governance and decision-making.

Governance and Control

The OAG emphasises that CCOs require effective robust governance, clear accountability, and clarity of purpose. FNDC’s Statement of Intent and Key Principles, developed in to aid the EMWG, reinforce these expectations for both the in-house and RCCO models.

Key governance recommendations for the RCCO include:

- Clear constitutional documents and shareholder agreements that define board roles, decision-making rights, and dispute resolution processes.

- Robust accountability mechanisms to ensure transparent investment prioritisation, performance reporting, and responsiveness to shareholder owner councils.
- Protections for local priorities and interests through initial “ringfencing” of finances and potential for staged harmonisation of charges.
- Shareholder Council formation, with representation from each council, ensuring ongoing input into key decisions.

For the in-house model, the principles translate into:

- Clear governance structures frameworks (such as a dedicated water committee with independent appointments).
- Regular reporting to Council and community.
- Formal mechanisms for stakeholder engagement.

Role of Iwi and Hapū in Decision Making

Both OAG guidance and FNDC’s Key Principles stress that meaningful iwi and hapū partnership is not optional but foundational. This includes:

- Opportunities for co-governance or advisory roles within any RCCO structure (for example, seat(s) on the Shareholder Council, Board of Directors, or standing advisory forums).
- Transparent and structured engagement processes for all major investment and operational decisions.
- Explicit commitments to Te Mana o te Wai and to upholding the Treaty of Waitangi in governance arrangements, whether through a CCO or continued in-house management.

Irrespective of the option progressed by Council, FNDC remains committed to ensuring iwi and hapū role in decision making for the future of water services in the Far North.

Decision Making Framework

The Council’s approach to this decision has been based on three key pillars:

- Public consultation
- Iwi and hapū engagement
- Technical, financial, and governance analysis by the EMWG



Three Pillars to inform Decision Making

Public Consultation

Public consultation occurred between 3 April 2025 and 4 May 2025, seeking feedback on which model the community preferred.

FNDC received 116 submissions, the highest in Northland, with 68% favouring the in-house model. The majority (59%) of submissions originated in the Bay of Islands-Whangāroa ward.

At the same time as the FNDC was consulting with our community, KDC and WDC undertook separate consultation. KDC received 66 submissions which on the other hand were 61% in favour of the regional model and WDC received 73 submissions which were approximately 73% in favour of retaining service delivery in house.

Public feedback for the FNDC included the following.

Primary themes for Te Pēke:

- Desire to keep decision making local,
- Far North would be 'poor relation' in regional collaboration,
- Confidence in FNDC's management,
- Concerns about water quality.

Primary themes for Te Kete:

- General economies of scale,
- Technical resource pooling,
- Historically poor record of delivery by FNDC,
- Improved capacity for borrowing.

Group submissions included:

- **Federated Farmers:** Support for Regional Model as the group believed 'strengthening' an in-house model would lead to increased costs. In addition, a regional CCO would have a higher borrower ratio base thereby reducing investment risk.
- **Russel Protection Society:** In favour of In-House option as it will help retain local control over key infrastructure. The ratepayers of Russell have invested heavily in individual systems (water tanks and septic/onsite sewage systems) and wish to safeguard their capital investment.

Other common issues raised (regardless of preferred option):

- There should be increased use of private water tanks,
- NTA and Watercare examples of poor regional collaboration,
- Reticulated water is poor tasting,

- Keep jobs and skills in the Far North.

Iwi Engagement

FNDC has and will continue to engage with Iwi and Hapū utilising existing frameworks/communication channels, specifically councils Te Kuaka Te Ao Māori Committee and the Te Hono team. Reporting to Te Kuaka was initiated in April 2025 and the LWDW project team is providing regular updates moving forward.

Māori views and concerns were well articulated during the consultation, and notably, six detailed submissions from Iwi / Hapū were received from:

- Ngāti Korokoro Hapū
- Ngāti Kopaki Hapū
- Te Rūnanga o Te Rarawa
- Te Rūnanga o Ngāti Rēhia
- Te Uri Taniwha
- Te Rūnanga o Whaingaroa
- Te Hiku Ngāti Kuri, Te Aupouri, Ngāi Takoto, and Te Rarawa (Joint submission)

With one exception (that presented a third even more localised model) all Iwi / Hapū submissions were in favour of Te Pēke, believing it offers the greatest scope for the role of Iwi in the future governance of water services delivery

Consistent messages from iwi submissions included: Iwi/hapū feedback emphasised the importance of embedding co-governance, supporting sustainable and affordable delivery, and maintaining meaningful, ongoing engagement with tangata whenua.

Regional Elected Member Working Group (EMWG)

The EMWG was initiated by FNDC and established under clear Terms of Reference as an advisory group only, it does not hold decision-making powers. Its purpose has been to oversee analysis, engagement, and provide recommendations back to each parent council on the feasibility of regional water service delivery.

FNDC initiated the EMWG, and approved its Terms of Reference and establishment and at the Council meeting on 2 April 2025. The group comprised elected members from FNDC, KDC, WDC. It is supported by a regionally coordinated secretariat, officials from the DIA, and a Crown-appointed facilitator, former Papakura Mayor David Hawkins. The initial agenda for the working group, set by the regional secretariat is as set out below.

Meeting 1 Setup	Meeting 2 Sustainability	Meeting 3 Financial	Meeting 4 Implementation 1	Meeting 5 Implementation 2	Meeting 6 Adopt WSP
Elect chair WG purpose Background Set programme	Compliance Affordability Growth Capex Opex Debt Stormwater	Review model Test assumptions Set Water Service delivery preferences	WS Opportunities Makeup of delivery entity (s) Stages Timeframes	Review finance models Establish milestone dates Review Draft WSP	Review WSP Set recommendations for council adoption

The EMWG held six fortnightly meetings, commencing 26 May 2025. Throughout the process, the groups collaboration was constructive and positive, enabling robust discussion and joint scenario analysis. While significant progress was made in understanding regional needs and service delivery options, agreement on certain foundational governance principles, required for the legal formation of a CCO, remained outstanding as the WSDP deadline approached. These priorities were identified in FNDC's Statement of Intent (March 2025) and further examined in governance materials prepared by FNDC to support the group.

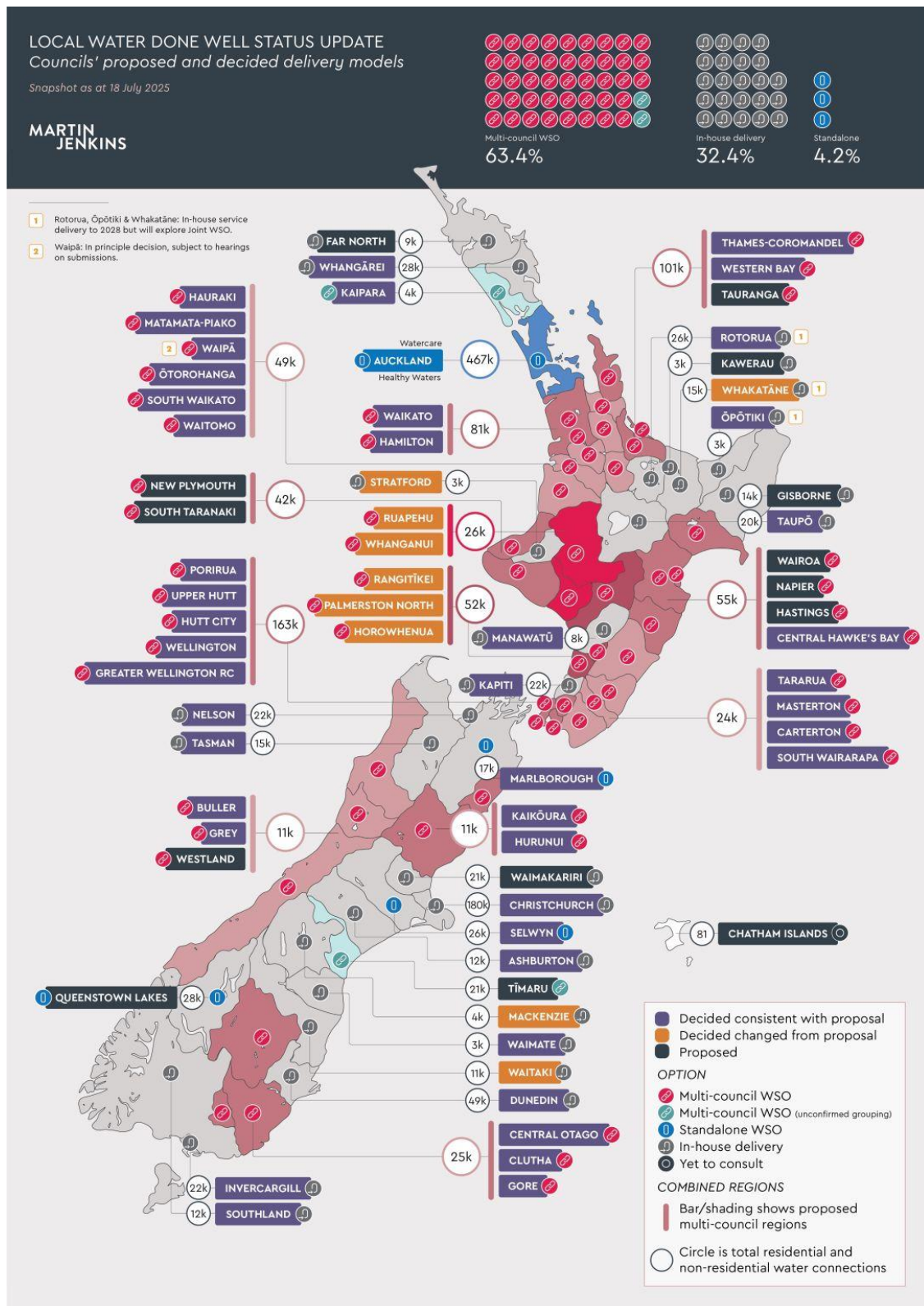
To provide assurance and a clear path forward, a joint WSDP for a RCCO would need to include an implementation plan with defined “off-ramps”, milestones and review points at which any council may reconsider its participation if key agreements are not reached. At its 23 June 2025 meeting, the EMWG minuted guidance from the DIA that such off-ramps and staged decision points are consistent with the legislation, which allows a Water Services Delivery Plan to be amended if changes are “significant and necessary due to exceptional circumstances,” including withdrawal from a RCCO. This DIA assurance provided the group with confidence that, even with key principles remaining unresolved, sufficient safeguards were in place.

To meet WSDP deadlines, the group agreed to a full-day workshop to make a formal ‘go or no-go’ recommendation at its fourth meeting on 7 July 2025. At that meeting, the EMWG unanimously recommended proceeding with the formation of a RCCO to deliver water and wastewater services in Northland, and that each council enter into a collective Commitment Agreement (Heads of Terms) to establish the CCO by 1 July 2027.

Decision making nationally

All territorial authorities across Aotearoa (except for Chatham Island) are subject to the same LWDW legislation and timeframes. Most councils have just completed consultation and indicated to their communities their preferred service delivery model. Nationally it seems that councils are split into one of three thirds 1. In-house business unit 2. Local (standalone) CCO or 3. Regional (collaboration) CCO.

The map below was produced by Martin Jenkins and shows councils preferred delivery model (18 July 2025). Where a CCO is being created approximately 50% are targeting an establishment date of 01 July 2027



Discussion of Options

Option 1 (recommended option):

Council approve the creation of joint WSDP with KDC and WDC, leading to the formation of a RCCO by 1 July 2027 to provide drinking and wastewater services in Northland, and FNDC retain Stormwater services through an in-house business unit.

At the time of consultation, Te Pēke (the strengthened in-house model) was put forward as the Council's preferred option, and aligned with support from the community and iwi/hapū. However, Council also recognised the potential advantages of a RCCO and the need for additional time to fully understand the complexities involved. To progress this work, the EMWG was established to investigate the regional model in more detail. Following its assessment, the Working Group concluded that, on balance, a regional CCO offers greater long-term benefits for Northland. The Group also acknowledged that expectations of the community and iwi/hapū can be incorporated within a RCCO, provided that consensus among the partner councils is achieved on the foundational principles and governance arrangements. The DIA confirmed that if such consensus cannot be reached, "offramps" remain available, allowing elected members to reconsider their participation and ensure community views are appropriately represented before any final commitment is made.

Advantages

- The potential for drinking water and wastewater customers in the Far North to benefit from cost savings gained through shared resources and economies of scale over time.
- Greater resilience through a larger shared workforce. CCOs can attract and retain technical staff (e.g. engineers and asset managers) better than individual councils
- Separation from council operations allows for a commercially focused board and management team that delivers and reports on water performance independently.
- LGFA lending to water organisations is capped at 500% of water revenue and does not count towards the council borrowing limit (Councils borrowing is capped at 280%)
- Asset-owning water organisation would support better alignment between investment requirements and funding decisions (by comparison to a service only water organisation).

Disadvantages

- Complex to obtain alignment from all Councils on key principles is necessary to develop foundation documents and establish enduring settings.
- Complex option with higher implementation costs and transition requirements than in-house delivery
- Elected members have less direct influence over service delivery priorities, pricing, and asset management decisions once functions are transferred to the CCO
- Reduces 'economies of scale' efficiency for rest of council remaining in-house business.

Note: Whichever option is chosen, further work will be required to finalise detailed governance, operational, and financial arrangements, and to manage risks.

Option 2:

Council does not approve the creation of joint WSDP and instead directs staff to develop a WSDP that delivers drinking water, waste water and stormwater services through an in-house business unit of council.

Advantages

- Simplest and easiest option to implement with the least disruption to council staff, assets, facilities, activities, systems and processes. Ensures retention of workforce in the Far North.
- Lowest implementation costs.

- Council maintains direct control of water services operations, price setting, investment decisions and priorities
- Current Mana Whenua / Tangata Whenua relationships and opportunities to engage in the decision-making process would be maintained
- Aligns with the majority of opinion from public consultation and iwi/hapū engagement.

Disadvantages

- Places increased requirement for Council debt capacity to be directed toward waters infrastructure, limiting ability to debt fund other projects.
- Governance and management focus may be diluted through other wider priorities, although appetite for separate waters committee with independent professional members has been signalled.
- Fewer opportunities are provided to achieve economies of scale and generate efficiency savings.
- Goes against central government encouragement of a regional approach, and the WSDP could face greater scrutiny than under a RCCO.
- There is a possibility that the DIA will reject the in-house WSDP and either direct council to implement a different service delivery model or appoint a Crown Administrator to oversee service delivery

Note: Whichever option is chosen, further work will be required to finalise detailed governance, operational, and financial arrangements, and to manage risks.

Next Steps

The LWDW project team must finalise creating the WSDP ready for adoption by Council at the 28 August 2025 Council Meeting and submission to the DIA by 3 September 2025. A key component of the WSDP is an implementation plan that outlines the activities and milestones for implementing the chosen delivery model.

If the creation of a RCCO is approved, a Commitment Agreement (Heads of Agreement) will be entered into with KDC and WDC.

TAKE TŪTOHUNGA / REASON FOR THE RECOMMENDATION

The EMWG was initiated to assess the potential establishment of RCCO for water services in Northland. After considering the likely benefits, challenges, and potential risks of a regional approach, the Working Group unanimously agreed that a RCCO represents the most promising pathway for delivering affordable, sustainable, and compliant water services for the region. The Group also acknowledged that further work is required to develop and agree on the foundational principles and governance arrangements that will inform the core documents of the RCCO, and noted that 'off-ramps', as confirmed by the DIA, remain viable alternatives should consensus not be reached.

3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

Financial modelling undertaken in collaboration with the DIA indicates that a RCCO comprising the FNDC, KDC and WDC would meet the affordability and sustainability criteria for Water Services Delivery Plans.

ĀPITI HANGA / ATTACHMENTS

1. Joint LWDW Working Group Terms of Reference - A5168816 [↓](#) 
 2. LWDW Statement of Intent - A5168817 [↓](#) 
 3. LWDW Regional Working Group Recommendations - A5287718 [↓](#) 
- Hōtaka Take Ōkawa / Compliance Schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
 - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
 - b) Assess the options in terms of their advantages and disadvantages; and
 - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / Staff Assessment
State the level of significance (high or low) of the issue or proposal as determined by the Council's Significance and Engagement Policy	The selection of a Water Service Delivery model has a very high level of significance as it involves the transfer of ownership and control of a significant proportion of council's assets
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	The Local Government (Water Services Preliminary Arrangements) Act 2024 establishes the LWDW framework and outlines the requirement for councils to develop a Water Services Delivery Plan by 3 September 2025
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	Deciding how council will deliver future water services has district-wide relevance and is not within the delegations of Community Boards to consider
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water. State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	The Water Services Act 2021 (which remains in force) includes provisions to uphold Te Mana o te Wai, a key concept reflecting the mauri and spiritual significance of water. FNDC recognises the importance of water to Māori and commits to ensuring a role for iwi in the governance/decision making of water going forward irrespective of model selected.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	• Far North District water services customers • Far North District ratepayers • Department of internal affairs • Commerce Commission • Taumata Arowai • Local Government Funding Agency • Minister for Local Government
State the financial implications and where budgetary provisions have been made to support this decision.	Financial implications are discussed within the body of the paper.
Chief Financial Officer review.	24 July 2025.

Terms of Reference: Joint Local Water Done Well Working Group

Background

Local Water Done Well is the Coalition Government's plan to address New Zealand's longstanding water infrastructure challenges. It recognises the importance of local decision-making and flexibility for communities and councils to determine how their water services will be delivered in the future. It will achieve this while maintaining a strong emphasis on meeting economic, environmental, and water quality regulatory requirements

Purpose of the working group

For the Whangārei District Council (WDC), Far North District Council (FNDC) and Kaipara District Council (KDC) to work together to ensuring the long-term sustainability, efficiency, and regulatory compliance of water service delivery in Northland.

These Terms of Reference outline the scope of work for the Local Water Done Well Working Group (the Working group) required to;

- explore the establishment of a Multi-Council CCO for regional water services
- explore the possibility of a shared service/contract for service model between WDC and KDC, which could also include FNDC

Membership

Membership will consist of:

- Three elected members appointed by KDC
- Three elected members appointed by WDC
- Three elected members appointed by FNDC
- An independent expert in an advisory capacity, appointed by the Working Group

The Working Group will elect a Chair from within its membership using normal Local Government Act processes.

The Working Group will be supported by the Northland Chief Executives Group and an operational staff project team from the three Northland Councils.

Responsibilities

The Working Group;

- has no authority to make decisions
- will assess and understand material to determine and then recommend the best regional approach to LWDW
- to oversee the creation and production of a joint Water Services Delivery Plan
- to make recommendations to each parent Council for decision-making on the draft Water and Wastewater services delivery model and the management of Stormwater functions in Northland.

Life of the Advisory Group

The Working Group will be disestablished at the end of this triennium but may conclude its business earlier as Water Services Delivery Plans are finalised and submitted.

Meetings of the Working Group

- The Working Group will meet as regularly as required
- Working group meetings are not open to the public
- A quorum of 1 elected member from each Council is required for meetings of the Working Group
- The Chair shall be responsible for all Working Group meeting processes and procedures
- Recommendations made by the Working Group are to be by consensus and by majority if needed
- WDC will provide secretariat services for the Working Group
- Agendas and minutes will be created for all Working Group meetings by the secretariat

Further Considerations

The following LWDW considerations will guide the Working Group:

- **Financial Sustainability** – Developing an equitable model that ensures financial viability and affordability for consumers
- **Operational Efficiency** – Implementing shared services to optimise infrastructure management and delivery
- **Regulatory Compliance** – Aligning governance structures with national water service standards
- **Māori Partnership** – Engaging with Māori and encouraging participation
- **Environmental Responsibility** – Aligning water service management with climate resilience and sustainability principles
- **Transparency and Accountability** – Ensuring clear public reporting and decision-making processes
- **Establishment date of any new model** – The new model establishment is to tie in with the end of the current Long Term Plan period, i.e. 2027 or 2028

By adopting a collaborative and transparent approach, Northland Councils aim to establish a regional water services framework that meets community needs while ensuring economic, environmental, and regulatory sustainability.



HE ARA TĀMATA
CREATING GREAT PLACES
Supporting our people

Private Bag 752, Kaikohe 0440, New Zealand

ask.us@fndc.govt.nz

0800 920 029

fndc.govt.nz

Guy Holroyd
Chief Executive
Far North District Council
Email: guy.holroyd@fndc.govt.nz
Date: 31 March 2025

Simon Weston
Chief Executive
Whangarei District Council
Email: simon.weston@wdc.govt.nz

Jason Marris
Chief Executive
Kaipara District Council
Email: jmarris@kaipara.govt.nz

Tēnā koe Simon and Jason,

Subject: Statement of Intent – Local Water Done Well

The Far North District Council (FNDC) is committed to ensuring the long-term sustainability, efficiency, and regulatory compliance of water service delivery. This Statement of Intent outlines FNDC's objective to explore, with the guidance of a Multi-Council Elected Member Steering Group, the formation of a Multi-Council Council-Controlled Organisation (CCO) for regional water services with Whangārei (WDC) and Kaipara (KDC) District Councils. The establishment of this entity could represent a meaningful step towards improving services, financial sustainability, and operational effectiveness of water delivery in Northland.

In publishing this statement, FNDC affirms a strong commitment to exploring options under the Local Waters Done Well legislation, including where we can work collaboratively with other councils. We will work in good faith with our regional partners to address water infrastructure challenges and serve the best interests of our communities, residents, and ratepayers.

FNDC acknowledges that negotiating such an agreement is a complex process, requiring careful consideration of financial structures, pricing and investment arrangements, governance models, and regulatory obligations. This initiative will be approached with full transparency and collaboration, ensuring that all partners, stakeholders, and communities are actively engaged. A rigorous and evidence-based approach will be taken to assess the feasibility and benefits of a regional CCO before making any final commitments.

What FNDC Intends to Do

FNDC intends to enter into a Heads of Terms Agreement with WDC and KDC as the foundation for establishing a Multi-Council CCO responsible for delivering and managing water services across the Northland region. The objective of this negotiation process is to explore and agree on a shared way forward that meets requirements set by the Local Water Done Well (LWDW) framework while ensuring an equitable and efficient model for all participating councils on behalf of their districts.

This initiative will focus on:

- Exploring the feasibility of a joint model that leverages a regional approach to improve efficiency and service delivery.

- Ensuring that all the respective council's interests, particularly regarding financial sustainability and community engagement, are protected throughout the negotiation process.
- Establishing a clear roadmap for how the councils can work together to address current and future water infrastructure challenges.

Why FNDC is Pursuing This Approach

The decision to explore a Multi-Council CCO is based on the following strategic considerations:

- **Financial Sustainability:** A joint regional entity could enable mechanisms for sharing resources and costs that may reduce financial pressure on individual councils. This approach will provide greater access to capital, such as through the Local Government Funding Agency (LGFA), and achieving economies of scale in procurement, infrastructure investment, and service operations.
- **Operational Efficiencies:** The formation of a Multi-Council CCO would allow councils to pool resources, technical expertise, and management structures, reducing duplication and optimising service delivery.
- **Regulatory Compliance:** The evolving legislative landscape under LWDW requires councils to meet stringent regulatory requirements enforced by Taumata Arowai and the Commerce Commission. It is expected that a dedicated water entity will have the governance structure and operational focus necessary to ensure long-term compliance with national water quality and service delivery standards.
- **Resilience and Future-Proofing:** Northland faces unique environmental and climate challenges, including water scarcity and extreme weather events. A Multi-Council CCO could have the capacity to invest in regional infrastructure projects that enhance resilience, supporting growth, ensuring sustainable and secure water services for the future.
- **Community and Stakeholder Engagement:** FNDC recognises the importance of engaging with iwi, local communities, and businesses to ensure that water services remain responsive to the districts' needs. A collaborative model needs to provide opportunities for enhanced transparency and public accountability.

Key Challenges and Complexities in Negotiation

While the benefits of a Multi-Council CCO could be significant, achieving consensus on critical elements of the agreement presents challenges. FNDC acknowledges that successful negotiations will require all parties to:

Agree on key structural and financial details, including:

- Shareholding arrangements and equity structures among councils.
- Governance frameworks, including representation, decision-making processes, and oversight mechanisms.
- Pricing strategies that ensure affordability and investment sufficiency to sustain compliant operations.
- Investment prioritisation and allocation of funds for capital upgrades, compliance, and future growth.
- Workplace locations and the distribution of operational functions across districts.
- Transitioning and harmonising existing contracts, particularly for Operations & Maintenance (O&M) services or infrastructure projects that are partially completed.

Standardise IT systems, asset management data and planning methodologies, as currently, each council operates under different systems and data standards. This misalignment could impact:

- The ability to accurately assess infrastructure conditions across districts.
- Investment planning for future growth and regulatory compliance.
- The development of a unified financial strategy that ensures sufficient revenue and long-term asset sustainability.
- Develop a shared approach to investment, financing, and risk management, including:
- Securing sustainable funding models to support both compliance-driven upgrades and infrastructure expansion.
- Aligning financing strategies across the participating councils to optimise borrowing and cost management.

- Implementing a structured risk management framework that ensures service continuity and mitigates financial exposure.

Engage Māori in governance and decision-making, ensuring:

- Participation of iwi and hapū.
- The recognition of Te Tiriti o Waitangi obligations.
- A framework for long-term collaboration with Māori stakeholders.

Objectives of the Heads of Terms Agreement

FNDC's negotiations will be guided by the following objectives:

- **Achieving Financial Sustainability:** Developing an equitable model that ensures financial viability and affordability for consumers.
- **Enhancing Operational Efficiencies:** Implementing a shared-service approach that optimises infrastructure management and service delivery.
- **Ensuring Regulatory Compliance:** Establishing a governance framework that aligns with national water service standards and reporting obligations.
- **Strengthening Māori Partnership:** Embedding genuine Māori participation in governance and decision-making.
- **Promoting Environmental Responsibility:** Aligning water service management with climate resilience strategies and sustainability principles.
- **Facilitating Transparent Decision-Making:** Maintaining clear lines of accountability and public reporting mechanisms.

Next Steps and FNDC's Commitment

FNDC is committed to transparent, collaborative negotiations, ensuring full understanding of all terms and conditions before making binding commitments on behalf of the district. The council will continue to engage actively with partner councils and Māori stakeholders, maintain a central focus on the best interests of FNDC ratepayers, and prepare internally to support a potential transition to a Multi-Council CCO.

Nāku noa, nā,



Guy Holroyd
Chief Executive
Far North District Council



Recommendations of the Northland Local Waters Done Well Working Group

Aim Ensure sustainable, compliant, and efficient water service outcomes for Northland.

Scope These recommendations are made in the interest of providing the best overall water service for Northland by elected members of the LWDW Working Group from Far North, Kaipara and Whangārei district councils.

Recommendations

1. We recommend that a joint Council Controlled Organisation (CCO) be formed to provide drinking water and wastewater services in Northland.
2. We recommend that each council is best placed to provide stormwater services in its respective district.
3. We recommend that the three Northland Councils agree to create one Water Services Delivery Plan where:
 - a) Water and Wastewater services are delivered by a Regional Asset owning CCO
 - b) Stormwater services remain with their respective councils effectively status quo (one section per council)
 - c) Opportunities for government funding to support critical projects be sought
4. We recommend that the following initial principles be incorporated in the formation of a regional waters CCO:
 - a) That initially financials are ring-fenced to each council.
 - b) That initially water charges are not harmonised across the three founding council areas.
 - c) That the CCO review ring-fencing of finances and harmonising charges within 3 years from its commencement date.
 - d) That a shareholder council be formed that includes two representatives of each founding Council, of which at least one must be an elected member.
 - e) When scheduling growth projects, the CCO is aligned with each councils growth strategies.
5. We recommend that the councils enter into a collective Heads of Agreement to establish a CCO by 1 July 2027

Signed

On Monday 7 July 2025 unless noted

Mayor Vince Cocurullo (Chair)

Mayor Moko Tepania

Mayor Craig Jepson

Cr. Ann Court

Cr. John Vujcich

Cr. Phil Halse

Cr. Ken Couper

Cr. Jonathan Larsen

Cr. Rachael Williams