Quarterly monitoring report - water services delivery plan

Water Services CCO

Northland Waters Limited

Reporting period 1 April 2026 – 30 June 2026

Council plans that establishing water organisations

Part A: Progress updates

Guidance on completing this table

The purpose of this section is to:

- *Identify each of the key activities, deliverables and milestones involved in implementing the arrangements in an accepted water services delivery plan;*
- *Identify the expected date for completing each of the identified activities, deliverable and milestone*
- *State whether the activity, deliverable and milestone is on track or off track, and if off track provide commentary for why.*
- *Describe any significant issues and risks associated with achieving each activity, deliverable and milestones – and the mitigations in place to overcome these issues and risks*
- *Identify activity expected in the next quarter towards completion of milestones or deliverables*

Examples of activities, deliverables and milestones that should be included are listed below:

- *Formal legal incorporation*
- *Appoint interim board and chair*
- *Constitution*
- *Shareholders' Agreement*
- *Transfer Agreement*
- *Statement of expectations*
- *Financial and treasury arrangements finalised (LGFA access)*
- *Transfer of assets and liabilities*
- *Transfer of staff (if any)*

Note that even if your implementation plan did not cover these activities, any progress made in the last quarter should be reported here.

Quarterly reporting period: 1 April to 30 June 2026

Milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Commitment point 2	June 2026	Yes	Council meetings to confirm commitment to the establishment of the CCO were held in late April for KDC and WDC and on May 20 for FNDC
Formal legal incorporation	June 2026	Yes	WDC incorporated Northland Waters Limited on 11 May 2026 with KDC and FNDC joining as founding shareholders on 21 May 2026. Shareholders Agreement, Constitution and Transition Agreement finalised for 20 May agreement.
Interim board and Chair – agreement at EMSG in Feb 2026 that EAG will become the board on incorporation	June 2026	Yes	WDC appointed the EAG members as Directors upon incorporation at 11 May 2026
Planning for both transitional and operational activities	June 2026	Yes	Updated Establishment Plan and an establishment budget for the period to 30 June 2027 were accepted and approved by the Board and Shareholder Representative Group (SRG) by 29 June 2026. Quarterly reviews will be completed of the plan to ensure it is reflective of the latest decisions, timeframes and expectations of the programme. Significant changes will be shared with the Board and SRG for agreement. Each council has appointed Transition Managers and are establishing their technical groups to interface with NWL during Establishment Phase. A draft governance structure has been developed and will be further refined in the next quarter as the practice evolves.
Technology RFP	July 2026		Delays for various reasons meant the RFP process is still ongoing with recommendations expected by end of July for Board consideration in August

Milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Preparation of LGFA financing	June 2026	No	Treasury advisors appointed (Bancorp); Legal advisors appointed (Simpson Grierson) LGFA required information submitted by 25 May 2026 as requested. Treasury working group of NWL and council staff established to work through terms sheet and suite of accession documents. Late August council meetings targeted for agreement to allow accession and provide required LGFA guarantee and securities. Due to delays with LGFA taking longer than expected to onboard water organisations commencing operations from 01 July 2026, this is now extending into September for completion. Interim funding needs for NWL fromm 01 July is via the shareholding councils using provisions in the Transition Agreement.
CE recruitment	July 2026	Yes	Role advertised with long list of candidates available. A short list for interview has been selected with interviews planned for July 2026
Agreement on principles, strategies, policies and expectations	June 2026	Yes	Finalised for inclusion in foundation documents and Transition Agreement as required. Day 1 principles and expectations expanded and refined in the Establishment Plan update noted above.
Workstream lead appointments	July 2026	Yes	All roles advertised and short list of candidates identified. Two of nine roles onboarded by end June
Interim Transactional Banking provider	July 2026	No	Original process has been altered and split into two parts with an interim banker being appointed until the RFP for the full transactional suite is established. No accounting services are being supplied by any of the shareholding councils for any expenditure post 30 June 2026

Expected activity in next quarter

Milestone / deliverable	Expected activity
Water Services Strategy	Draft Statement of Expectations to be received; building blocks for investment plan, current asset info (incl condition) and asset management approach to be developed
Asset Valuation	Asset data RFI being issued and asset valuation approach to be determined so tender for independent valuer can be issued
RFIs	Requests for information issued to participating councils to knowledge of what will transfer on Day 1 and what operational set up is required
Policies	Asset Management/Health and Safety to be completed; Significance and Engagement to be drafted; Treasury to be drafted
LGFA Application complete	LGFA Board agreement; participating Council agreement; executed accession documents
Technology	Vendor for ERP applications contracted with timelines established
Ongoing transactional banking provider RFP	Follow treasury advice on best approaches for this topic and procure services to begin as soon after incorporation as possible. A draft service level with a council to be in place to enable continuity while the CCO is established.

Stormwater update from each Council

Please note FNDC is now included in this joint report and will not be furnishing a separate report

Far North – Quarterly update: 1 April to 30 June 2026

Milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
1. Draft proposed governance model and organisational structure	June 2026	No	Issue was staff changes and lack of ownership. Moving forward activity will be incorporated into FNDC Transition Project for project governance oversight
2. Outline KPIs, SLAs, and performance monitoring/reporting plan	June 2026	No	Issue was staff changes and lack of ownership. Moving forward activity will be incorporated into FNDC Transition Project for project governance oversight
3. Full business case with options analysis, funding source, and risk register	June 2026	No	Issue was staff changes and lack of ownership. Moving forward activity will be incorporated into FNDC Transition Project for project governance oversight

Expected activity in next quarter

Milestone / deliverable	Expected activity
4. Draft proposed governance model and organisational structure	Continuation of activity that should have been completed in previous quarter
5. Determine requirements for WSS and SAMP	Collaborating with WDC and KDC to understand quantum of changes between current strategic planning artefacts (LTP and AMP) and new requirements
6. Define requirements for financial ringfencing	Working with SMEs to understand legislation and mechanics of changes to implement required future state

Whangārei – Quarterly update: 1 April to 30 June 2026

Milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Hire project manager for Stormwater Transition into New Council	June 2026	Yes	
Determine the difference between Council's LTP and what's required in the Stormwater LTP (Water Services Strategy – Stormwater)	June 2026	Yes	Some parts of the legislation are ambiguous. Water NZ developing guidance for Councils.
Develop Stormwater Service Zones	June 2026	Yes	Stormwater Service Zones developed and methodology shared with KDC and FNDC.
Establish working relationship with FNDC, KDC and NRC	June 2026	Yes	Working relationship for the purpose of sharing information. Recognise that each Council will have variations on how they approach Stormwater including expectations of what is required from the CCO.
Review financial requirements for Stormwater financial reporting	June 2026	Yes	Finance Department involved early to start working through required modelling.
Develop template for Water Service Strategy – Stormwater	June 2026	No	Template was worked but not completed till next quarter. Likely to keep changing throughout 3rd quarter in response to Taituarā guidance and internal efficiencies.
Agreed principles and agreements	May 2026	Yes	Principles and agreements presented in a Council Briefing May 12th 2026
Understand and document new deliverables required under new legislation	June 2026	Yes	New deliverables documented and included in new forecasts and budgets for 2027-2037 Stormwater Strategy/LTP

Milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Prepare, understand and document new tasks/responsibilities required under new legislation	June 2026	Yes	As above.
Analyse and document the implications of the dissolution of the Waters Group on Stormwater	June 2026	Yes	Stormwater functions currently undertaken by the Wastewater Department were documented and will inform the post-June 2027 Stormwater Service Model
Propose multiple future scenarios for the management of Stormwater & determine financial implications of each	June 2026	Yes	Multiple scenarios presented to staff and EMs and discussed in May. Financial implications to be examined in next quarter in preparation for SW Strategy/ LTP budget/revenue process.

Expected activity in next quarter

Milestone / deliverable	Expected activity
Develop template for Water Service Strategy – Stormwater (Stormwater LTP)	Work internally with Finance and Corporate Planning to develop template. Share with KDC and FNDC who already indicated preference to follow a standard template.
Develop a process for Stormwater Strategy/LTP alongside Council's LTP	Corporate Planning and Strategic Planning to develop a parallel process for the Stormwater Service Strategy/LTP that uses the same timelines, consultation workshops and deliverables as the Council LTP
Develop proposed model for Stormwater Service Delivery & financial implications (extra FTE vs. outsourcing costs)	Workshop preferred Department Structure for Stormwater, as well as supporting roles allocated for Stormwater functions across Council. Ensure that proposed model can deliver existing and new legislated requirements of Stormwater Service Providers. Work with HR and Finance to determine financial implication of change.
Develop proposed items to be contracted to Northland Waters CCO & financial implications	Propose a short term and long-term model, determine likely items and specification and financial implications. Consult as part of the LTP/Strategy process with management and Elected Members. Contract doesn't need finalising until end of first quarter 2027.

Milestone / deliverable	Expected activity
Review Levels of Service and clarify in relation to new legislated responsibilities for SW service providers.	Review existing Levels of Service for Stormwater in LTP and Asset Management Plans. Assess in relation to new or clarified responsibilities for Water Service Providers under the Water Services Act 2025.
Refine the water shed edge of the Stormwater Service Zones	Map the edge of the Stormwater Service Zones to identify the extent of the Stormwater Network (built and natural) that the Stormwater Service Provider is responsible for managing.

Kaipara – Quarterly update: 1 April to 30 June 2026

Milestone / deliverable	Expected completion date	On track to meet timeframe? (Yes/No)	Issues, risks and mitigations (if any)
Ring-fencing determinations	June 2026	Yes	Financial ring-fencing is complete; however discussions to finalise the operating model are ongoing. It is not expected that this will cause any change to the ring-fencing arrangements but it will be considered as part of that decision-making
Obtain credit rating	June 2026	Yes	Initial decision is this is not needed. Will be reconsidered if this causes issues with NWL's accession to LGFA. Nothing has been raised yet but watch for outcomes at end of August
Review areas of benefit for targeted rate	June 2026	No	Outcomes for this activity slipped this quarter and will now be complete in the following quarter. There is no impact to completion timeline for the WSS
Prepare Water Services Strategy	Nov 2026	Yes	Internal resourcing to deliver the new WSS requirements is an issue, we have hired external resource to coordinate the effort and keep things on track with parallel LTP process.

Expected activity in next quarter

Milestone / deliverable	Expected activity
Ring-fencing determinations	Confirm preferred operating model, required resources for that and any impacts for ring-fencing
Obtain credit rating	Finalise consideration once NWL's LGFA accession complete
Review areas of benefit for targeted rate	Confirm areas with SW assets that will be subject to targeted rates
Prepare Water Services Strategy	Establish framework of inputs with activities timing and resources; revisit capital programme including financial modelling for sustainability and affordability

Part B: Additional monitoring information – items noted in letters of acceptance

Guidance on completing this table
The purpose of this section is to: • *Identify each of the items noted in the letter of acceptance for a water services delivery plan – where the Secretary indicated the Department would be monitoring these items;* • *Describe progress with addressing the item(s) raised – including any significant issues and risks*

Please note FNDC furnished an individual report; updates for Whangarei District Council and Kaipara District Council are included in this table

Entity	Items noted in letters of acceptance	Progress update
Northland CCO	**Prioritisation and implementation of compliance projects to address consent renewals and non-compliances**	Capital programmes from all councils have been refreshed to ensure all know required activities are included. A prioritisation matrix has been established providing projects with a primary driver of health & safety of people a priority 1 followed by legislation, regulatory and consent compliance at priority 2. The programme will continue to be reviewed and updated as each council progresses their FY26 and FY27 capital programmes to ensure existing and any new compliance projects continue to be given the same high priority.
Whangarei District Council	**Delivery of the Council's capital programme for stormwater**	The Community Infrastructure Delivery team have the capacity to deliver stormwater projects. Currently delivering wetland, stream improvement and flood mitigation projects. Potential to utilise CCO or Roading delivery teams for renewal projects in the road corridor.
Kaipara District Council	**Prioritisation and implementation of the Council's stormwater renewals programme**	The renewals programme in the WSDP has progressed well through the LTP years and continues to have the same level of focus in preparation for the Water Services Strategy