

ATTACHMENTS

Ordinary Council Meeting

27 August 2024

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**TAUPŌ DISTRICT COUNCIL
MINUTES OF THE ORDINARY COUNCIL MEETING
HELD AT TE MATAAPUNA, TŪRANGITUKUA PARK, HIRANGI ROAD, TŪRANGI
ON TUESDAY, 30 JULY 2024 AT 2.00PM**

PRESENT: Cr Kevin Taylor (in the Chair), Cr Duncan Campbell, Cr Karam Fletcher, Cr Sandra Greenslade, Cr Kylie Leonard (via MS Teams, until 2.50pm), Cr Danny Loughlin, Cr Anna Park (until 3.23pm), Cr Christine Rankin (via MS Teams), Cr Rachel Shepherd, Cr Kirsty Trueman, Cr John Williamson

IN ATTENDANCE: Chief Executive (J Gardyne), General Manager Organisation Performance (S Matthews), General Manager Strategy and Environment (W Zander), General Manager People and Community Partnerships (L O'Brien), General Manager Community Infrastructure and Services (T Hale), Legal and Governance Manager (N McAdie), Iwi and Co-Governance Manager (D Rameka), Project Management Office Manager (P Fletcher), Communications Manager (L McMichael, via MS Teams), Infrastructure Manager (R Stokes), Business Excellence Manager (L Chick), Environmental Impact Manager (B Aitken), Property and Development Manager (C Haskell), Property Manager (S Attenborough, via MS Teams), Commercial Manager (P Handcock), Property Advisor (T Wood), Senior Analyst – Business Transformation Investment Planning (T Paget, via MS Teams), Construction Project Manager (M Amjad, via MS Teams), Health and Safety Manager (T Lastinger), Financial Asset Data Specialist (K Fear, via MS Teams), Infrastructure Project Manager Operations (E May, via MS Teams), Project Manager Stakeholder Specialist (T Perry, via MS Teams), Communications Team Lead (D Beck, via MS Teams), Committee Advisor (N Turnbull, via MS Teams), Legal and Governance Coordinator (D Periam, via MS Teams), Governance Quality Manager (S James)

MEDIA AND PUBLIC: One member of the public

Notes: (i) Cr Kylie Leonard left the meeting at 2.50pm. She was not present for resolutions TDC202407/27-29 and TDC202407/C01.
(ii) Cr Anna Park left the meeting at 3.23pm. She was not present for resolution TDC202407/C01.

1 KARAKIA

Cr Karam Fletcher recited an opening karakia.

2 WHAKAPĀHA | APOLOGIES

TDC202407/21 RESOLUTION

Moved: Cr Danny Loughlin
Seconded: Cr Rachel Shepherd

That the apologies received from His Worship the Mayor, David Trewavas and Cr Yvonne Westerman be accepted.

CARRIED

Note: All members present at the Council meeting voted in favour of resolution TDC202407/21 above.

3 NGĀ WHAKAPĀNGA TUKITUKI | CONFLICTS OF INTEREST

Nil

4 WHAKAMANATANGA O NGĀ MENETI | CONFIRMATION OF MINUTES**4.1 ORDINARY COUNCIL MEETING - 25 JUNE 2024****TDC202407/22 RESOLUTION**

Moved: Cr Kylie Leonard

Seconded: Cr Anna Park

That the minutes of the Council meeting held on Tuesday 25 June 2024 be approved and adopted as a true and correct record.

CARRIED

Note: All members present at the Council meeting voted in favour of resolution TDC202407/22 above.

5 NGĀ KAUPAPA HERE ME NGĀ WHAKATAUNGA | POLICY AND DECISION MAKING**5.1 PUBLIC FORUM**

Item **withdrawn**.

5.1A NOTICE OF MOTION – NORTHERN ACCESS STUDY WORKSHOP

Cr Duncan Campbell altered his proposed notice of motion, removing the words “no later than 27 August 2024 (or date to be agreed)” and replacing them with the words “at a date to be agreed post adoption of the Long-term Plan 2024-34”. He moved the altered motion, explaining that it was not intended to undermine or contradict work done. A workshop would provide an opportunity for elected members to pause and ask questions about the northern access study. He wanted to support good decision-making and ensure no wasteful spending occurred.

The motion was seconded by Cr Rachel Shepherd.

TDC202407/23 RESOLUTION

Moved: Cr Duncan Campbell

Seconded: Cr Rachel Shepherd

That Council directs officers to present to Council for consideration at a date to be agreed post adoption of the Long-term Plan 2024-34, a workshop for the Northern Access Study which enables elected members to better understand, submit questions and receive answers.

CARRIED

Note: All members present at the Council meeting voted in favour of resolution TDC202407/23 above, with the exception of Crs Karam Fletcher, Sandra Greenslade, Kylie Leonard and Danny Loughlin, who voted against.

5.2 EAST URBAN LANDS (EUL) AFFORDABLE HOMES ELIGIBILITY CRITERIA

The General Manager Organisation Performance and the Property and Development Manager answered questions. The following points were noted:

- The criteria included a requirement to be a Taupō resident, or have an employment contract with a Taupō district-based business. Making the opportunity available to people who were employed by Taupō district-based businesses would ensure the criteria was not too restrictive.
- Typology, section size and house size would determine which homes would be affordable homes within the development.
- The two year minimum ownership period was consistent with the 'bright line' period for residential property in New Zealand.
- The process for approval of exceptions on the grounds of hardship had not yet been finalised, but it was likely that such approvals would sit with the Chief Executive.
- Bell Gully had provided legal advice as part of the agreement and criteria drafting process.
- Members of the public would be able to apply to purchase an affordable home once the Stage 1A terms had been agreed, expected to be in approximately four weeks' time. Stages 1B and 2 were subject to the adoption of the Long-term Plan 2024-34.

TDC202407/24 RESOLUTION

Moved: Cr Danny Loughlin
Seconded: Cr Rachel Shepherd

That Council approves the proposed eligibility criteria and two-year minimum ownership period, for the affordable homes within Stage 1 & 2 of Council's East Urban Lands development, with stages 1B & 2 subject to Council's 2024-34 Long-term Plan decision making processes.

CARRIED

Note: All members present at the Council meeting voted in favour of resolution TDC202407/24 above.

5.3 TAUPŌ DISTRICT LICENSING COMMITTEE - APPOINTMENT OF MEMBERS

The Governance Quality Manager summarised the report and answered questions of clarification.

TDC202407/25 RESOLUTION

Moved: Cr Anna Park
Seconded: Cr Danny Loughlin

That Council:

1. Endorses the process outlined in the report attached to the agenda for appointment of members to the Taupō District Licensing Committee this calendar year; and
2. Delegates authority for screening, long- and short-listing of candidates, and interviews to a Taupō District Licensing Committee recruitment panel consisting of the General Manager Strategy and Environment, the Iwi and Co-Governance Manager and the Environmental Services Manager, noting that the panel will make recommendations to Council for final appointments.

CARRIED

Note: All members present at the Council meeting voted in favour of resolution TDC202407/25 above.

5.4 RECEIPT OF FINAL STATEMENTS OF INTENT – COUNCIL CONTROLLED ORGANISATIONS

In answer to a question, the General Manager People and Community Partnerships advised that there had been no material changes to the statements of intent, however the Destination Great Lake Taupō document would need to be updated as a result of proposed changes to Long-term Plan 2024-34 budgets.

TDC202407/26 RESOLUTION

Moved: Cr John Williamson
Seconded: Cr Danny Loughlin

That Council receives the final Statements of Intent from the following Council Controlled Organisations:

- i. Taupō Airport Authority (TAA);
- ii. Destination (Great) Lake Taupō (DGLT);
- iii. Bay of Plenty Local Authority Shared Services (BOPLASS); and
- iv. New Zealand Local Government Funding Agency Limited (LGFA).

CARRIED

Note: All members present at the Council meeting voted in favour of resolution TDC202407/26 above, with the exception of Cr Kylie Leonard who voted against.

Cr Kylie Leonard left the meeting at this point (2.50pm).

5.5 TAUPŌ DISTRICT COUNCIL PERFORMANCE REPORT - JUNE 2024

The Chief Executive congratulated Mr Tony Hale on his appointment as General Manager Community Infrastructure and Services. The Long-term Plan 2024-34 continued to be a major piece of work across the organisation. Highlights of the month included Taupō District Council's nominations for several awards, including a Taituarā excellence award for Waiora House and the swim school being awarded platinum status by Swimming NZ.

The Project Management Office Manager highlighted key changes in the portfolio update. She answered questions of clarification and advised that work was underway to 'carry forward' projects into the new financial year.

TDC202407/27 RESOLUTION

Moved: Cr Anna Park
Seconded: Cr Rachel Shepherd

That Council notes the information contained in the Performance Report for the month of June 2024.

CARRIED

Note: All members present at the Council meeting voted in favour of resolution TDC202407/27 above.

5.6 COUNCIL ENGAGEMENTS AUGUST 2024, APPOINTMENTS, AND TRAINING AND CONFERENCE OPPORTUNITIES

Cr Anna Park advised that the Emergency Management Committee meeting scheduled to take place on Monday 5 August 2024 had been cancelled at her request, in light of Long-term Plan workloads.

Cr Sandra Greenslade advised that the Tongariro Representative Group meeting scheduled to take place on 21 August 2024 had been moved to 1pm, Wednesday 4 September 2024.

Ordinary Council Meeting Minutes

30 July 2024

TDC202407/28 RESOLUTION

Moved: Cr Kirsty Trueman
Seconded: Cr Karam Fletcher

That Council receives the information relating to engagements for August 2024.

CARRIED

Note: All members present at the Council meeting voted in favour of resolution TDC202407/28 above.

6 NGĀ KŌRERO TŪMATAITI | CONFIDENTIAL BUSINESS

TDC202407/29 RESOLUTION

Moved: Cr John Williamson
Seconded: Cr Anna Park

RESOLUTION TO EXCLUDE THE PUBLIC

I move that the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48[1] of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution	Plain English reason for passing this resolution in relation to each matter
Agenda Item No: 6.1 Crushed concrete management at Broadlands Landfill	Section 7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public	Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7	A health and safety issue has been identified in relation to crushed concrete at the Broadlands Road landfill. The matter needs to be considered with the public excluded to avoid prejudice to measures protecting the health or safety of members of the public.

CARRIED

Note: All members present at the Council meeting voted in favour of resolution TDC202407/29 above.

The meeting closed at 3.43pm with a karakia recited by Cr Karam Fletcher.

The minutes of this meeting were confirmed at the ordinary Council meeting held on 27 August 2024.

.....
CHAIRPERSON

TAUPŌ DISTRICT COUNCIL

NOTICE OF MOTION

I Duncan Campbell, give notice that I intend to move the following motion at the Taupō District Council meeting to be held on 27 August 2024:

1 Officers undertake the implementation of a trial mini-roundabout for the intersection of Roberts Street and Ruapehu Street no later than November 2024 (or a date to be decided).

Traffic congestion at this location during busy holiday periods has been an ongoing issue for the past two years, and it is believed that a roundabout may conceivably address these, at least for the short to medium term.

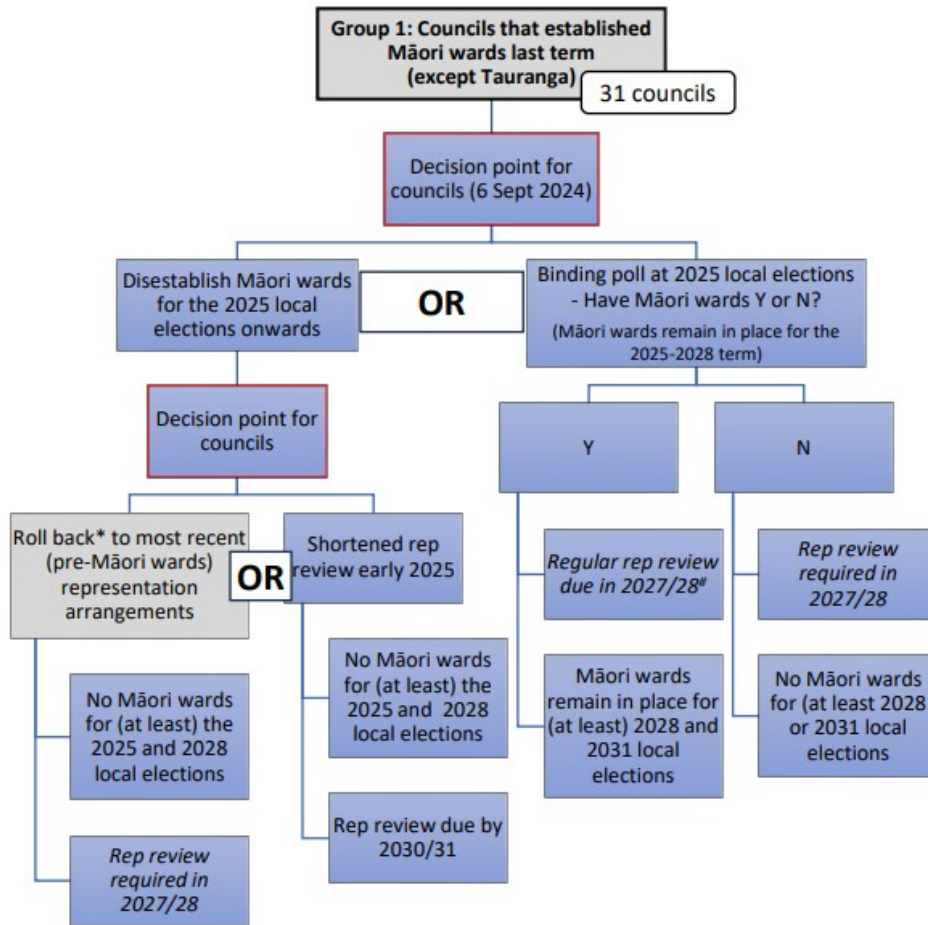
A mini-roundabout can be readily installed at this location and at very low cost. In Dunedin there were some trial roundabouts which were installed in 2023 for just \$10-\$15K each, and the same should be able to be done here as shown below.

Some changes in traffic behaviour may result, such as a potential increase in traffic volumes for Roberts Street past the restaurants. However, if implemented in conjunction with some speed reduction measures as currently being proposed, then this could be an acceptable outcome. In any case, it would not be significantly expensive or disruptive to remove.



Signed by mover:

Date: 19 August 2024



* Councils can only take this option if they would still meet the fair and representation requirements under the rolled back model.

Far North District Council not required to complete the regular rep review until 2030/31 if it has completed a rep review in the current term.

("Rep review" = review of council representation arrangements)



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29 May 2024

**SUBMISSION ON THE LOCAL GOVERNMENT (ELECTORAL LEGISLATION AND MĀORI
WARDS AND MĀORI CONSTITUENCIES) AMENDMENT BILL**

Dear Sir / Madam

This letter represents a submission from the Taupō District Council on the Local Government (Electoral Legislation and Māori Wards and Māori Constituencies) Amendment Bill, published 24 May 2024.

The Government's publicity and politicising of this bill means that many may believe that they are voting in support of democracy, and fair and proportionate representation – when in fact they are voting against it.

Māori make up a significant proportion of the population in Taupō District

Taupō district has a population of around 42,000 people, of whom around 30% are Māori. Around 19% of the voting population are on the Māori electoral roll.¹ Māori are significant landowners and ratepayers in the district.

All that is allowed for Māori is proportionate representation

We are aware that some individuals in the community disagree with the idea of Māori wards, in principle. We believe that most of the community support the ideas of:

- Democracy and equal voting rights
- Proportionate representation
- The value of having a diversity of opinions contributing to decision-making (on behalf of a diverse community).

Indeed, this is the exact purpose of our Māori ward. It ensures there are 2 Māori representatives out of 12 at the decision-making table (17 %), to represent the 19% of registered voters of the Māori electoral role. This is simply a proportionate level of representation – and these numbers are set out in the Electoral Act 2001.

Through public consultation we have seen that opposition stems from a common misconception that proportionate representation can be achieved democratically through equal voting rights without a Māori ward.

This is categorically not the case. While that may be true in a one person = one vote scenario, where each person votes for a single person to represent them (akin to the party vote system for central government) – this is not the voting system set out for local government by statute.

¹ Local Government Commission, November 2023, *Māori Electoral Population (MEP) and the General Electoral Population (GEP) for each region and territorial authority district as at 30 June 2023*.

For local government, “voters may cast as many votes as there are positions to be filled.” ² As an example, we have a ward that has seven elected members which enables voters in that ward to vote for seven different people. This is not a one person, one vote scenario. The majority is able to elect all Councillors by outvoting any minority for each vacancy. It leaves little opportunity for any minority community (whether it be a minority issue, or people, or geographic community) to achieve fair representation. This is illustrated in Figure 1 below.

Figure 1 – Illustrating the difference caused by multiple votes.

	One person, 1 vote, for 7 vacancies	One person, 7 votes each
	15% of votes guarantees a councillor (i.e. >1/7)	Most votes determines each councillor
Vacancy 1	A 70% majority community might expect to determine 5 councillors	70% majority community determines this councillor
Vacancy 2		70% majority community determines this councillor
Vacancy 3		70% majority community determines this councillor
Vacancy 4		70% majority community determines this councillor
Vacancy 5		70% majority community determines this councillor
Vacancy 6	A 30% minority community might expect to determine 2 councillors	70% majority community determines this councillor
Vacancy 7		70% majority community determines this councillor
A 30% minority community is unlikely to get any representation.		

This is exact reason why geographical wards are required. Without wards, even large and significant communities would not be able to achieve representation. Even a segment of the community as large as 30% such as Māori in Taupō District, struggle to achieve any representation (let alone proportionate representation) against a majority who is allowed to vote for each vacancy.

This all but ensures low representation, as empirically proven, rather than any unwillingness to participate in democracy by minority communities.

A majority should not be allowed to veto proportionate representation for a minority

Allowing a binding poll to determine whether or not there are Māori wards, allows a majority to veto the proportionate representation of a significant, but minority group.

Our community is already grappling with the increased cost of living. Reintroducing poll provisions at the expense of our ratepayers would exacerbate these problems, reignite divisive debates, and

² Section 5A of the Electoral Act 2001.

perpetuate discrimination, negatively impacting our Māori community. Are we to use Council's meagre budgets to try and inform and educate the public so that they can be fully informed?

This bill is anti-democratic. We should not undermine facts or democracy for ideology. If you cannot disprove the statements in this letter, you cannot in good conscience support this bill.

Taupō District has had a positive experience with our new Māori ward

Council introduced a Māori ward for the 2022 local election as a method among other recommendations to increase and enhance Māori representation and participation in our local government decision-making processes. Iwi/Māori throughout the District expressed that while achieving genuine partnership is the ultimate goal, the creation of Māori wards was seen as a necessary advancement towards genuine partnership.

Our two elected Māori ward councillors have provided invaluable contributions at the decision-making table enhancing the Council's comprehension of the significance of integrating Iwi/hapū aspirations into our strategic and operational delivery frameworks. Furthermore, reflecting the views of their constituents, they have been instrumental in overseeing the stewardship of our community's natural resources and taonga from a Te Ao Māori perspective.

They represent 2 out of 12 councillors, providing proportionate representation for our large Māori community. They contribute to decision-making and represent their constituents as well as consider the wider needs of the District just the same as the other (geographical) ward councillors.

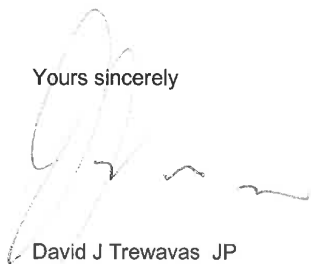
Taupō District Council is committed to working in partnership with Iwi/Māori

Taupō District Council's Māori engagement strategy, long-term plan, significance and engagement policy, and district plan collectively underscore the Council's dedication to fulfilling its responsibilities to Iwi/Māori and facilitating avenues for them to pursue their aspirations as partners under Te Tiriti o Waitangi. Moreover, we acknowledge their significant contributions to our district, and that fostering robust relationships with Iwi/Māori empowers us to achieve outcomes that benefit the broader community and environment beyond what we could achieve independently.

This partnership approach is supported by our Māori ward Councillors who provide valuable insights and knowledge on the range of issues Council deals with. Without a seat at the table much of this partnership work would be more difficult, as Māori may feel they are having to work against the system rather than in partnership with leaders who understand them and their views.

'Kua tawhiti kē tō haerenga mai, kia kore e haere tonu. He nui rawa ō mahi kia kore e mahi tōnu' – 'We have come too far not to go further. We have done too much not to do more' [Sir Hemi Henare].

Yours sincerely



David J Trewavas JP
Mayor
TAUPŌ DISTRICT COUNCIL

Waikato Water Done Well

*Ki te kotahi te kākaho, ka whati; ki te
kāpuia, e kore e whati*

*A single reed is vulnerable, but a
bunch of reeds together is
unbreakable*

Kīngi Tawhiao



August 2024

Authored by:
Vaughan Payne, Sinead Hart, Rohan Matuku

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1. Introduction

The Waikato is known nationally for its leadership in managing water, being courageous and innovative to ensure better long-term outcomes for Lake Taupō, the Waikato and Waipā rivers, Hauraki Coromandel rivers and Tīkapa Moana/Hauraki Gulf. Working with their Iwi partners, Waikato councils are now seeking to find a pragmatic solution to water infrastructure that, over time, meets the needs of each council, their communities and the requirements of central government.

Under the banner 'Waikato Water Done Well', the Waikato Joint Mayors and Chairs Forum (**Forum**) seeks to support individual councils to make informed decisions on the merits of aggregating water services, regionally or sub-regionally.

This report builds on the work presented to the Forum on 11 March 2024 and sets out what is being presented to councils in the context of step 5 of the Waikato collaborative roadmap (refer Figure 1.1 below) and the recommended way forward. This report should be read in conjunction with the cover report prepared for each council.

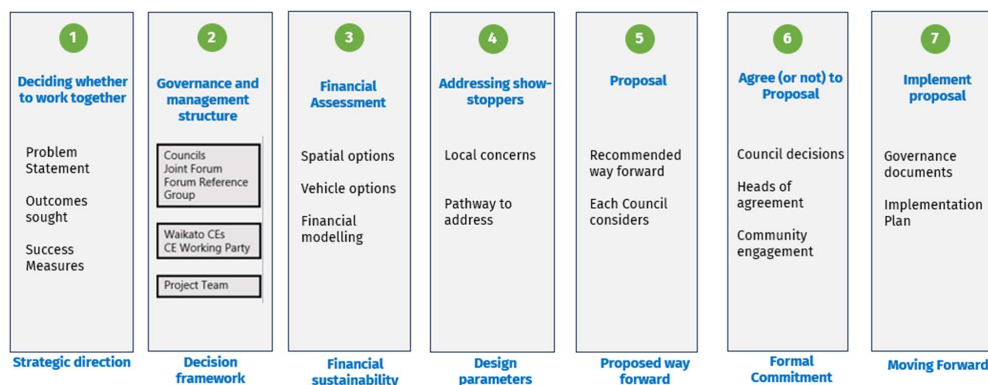


Figure 1.1 Waikato Collaborative Roadmap

We acknowledge the leadership and direction of the Chief Executive Working Party and the wider Chief Executive Forum in the development of this report and the recommended way forward. Against the national timeline and developments, extensive work has been carried out across Waikato Councils to work through the above roadmap. Details of the methodology applied in developing this report are included in Appendix 1.

2. National context

Local Water Done Well empowers local decision-making about future water services delivery but in the context of increased government oversight requirements. Local Water Done Well is being implemented in three stages:

- Stage 1** involved the repeal of all prior water services legislation with effect from 17 February 2024.
- Stage 2** is currently underway being the Local Government (Water Services Preliminary Arrangements) Bill (**Bill#2**). This was introduced into Parliament in May 2024. The Select Committee returned its report on the Bill on 18 July 2024. A summary of Bill#2 (with the proposed amendments from the Select Committee) is included in Appendix 2. The Bill is due to be passed into law in late August 2024. Key points to note are that it:

- Requires councils to submit water services delivery plans within 12 months of the Bill being passed into law (i.e. by late August 2025)
- Provides for foundation "economic regulation" through information disclosure requirements for specified entities
- Introduces a streamlined process for consulting on the establishment of a jointly owned water services council-controlled organisation (CCO)

Preparing water services delivery plans will require significant effort from councils. Chief Executives are currently considering how to ensure a consistent and cost-effective approach across Waikato councils who wish to adopt such an approach.

c) **Stage 3** will commence in December 2024. Bill#3 will provide the enduring settings for Local Water Done Well including:

- a comprehensive economic regulatory regime; and
- a comprehensive range of options, tools and models (service delivery models) that councils can choose from in relation to delivering water services.

Bill#3 is expected to be introduced into law by mid-2025 but the policy intent informing it was made known on 8 August 2024. Key points are that:

- All water service providers (i.e. councils or water organisations) must meet minimum requirements including;
 - i. meeting regulatory standards (economic, environmental and water quality)
 - ii. being financially sustainable
 - iii. operating within a new planning and accountability framework – this will require a water services strategy every 3 years and an annual water services report within three months of the financial year end. Information on water services will no longer form part of the long term plan even where services are kept in-house
 - iv. acting consistently with statutory objectives
- The water services delivery model choices available to councils include:
 - i. delivering water services in-house through a separate business division or unit
 - ii. establishing a wholly owned water organisation
 - iii. establishing a joint arrangement with other councils, including a water organisation that is owned by three or more councils or owned wholly or partly by a consumer trust
 - iv. councils design alternative arrangements that meet the minimum requirements
- Additional requirements for any water organisation are that:
 - i. it must be a company (subject to exemption)
 - ii. its activities must be limited to providing water services (subject to exemption)
 - iii. it can only be owned by councils or consumer trusts
 - iv. it must have restrictions against privatisation
 - v. Board appointments must be competency based but with no council staff or elected members on the board
 - vi. shareholders must prepare a statement of expectations at least every three years (must include information on strategic priorities and specific requirements / obligations that relate to Treaty settlements or other arrangements in place with local Iwi).

A large amount of the narrative around the service delivery options has focused on debt capacity as this is a key driver for growth councils. The need to set up an individual council CCO for debt funding purposes is often confused with the need to establish an aggregated waters services organisation (or CCO) that can provide relief for the issues raised in this report, not just an individual council's need for increased borrowing.

2.1. Increasing regulation

Bill#3 will provide for comprehensive economic regulation and consumer protection, with the regulator being the Commerce Commission. The Commerce Commission will have a range of regulatory tools, including mandatory information disclosure, designed to promote efficient practices and protections for consumers. The first focus of the Commerce Commission is stated to be monitoring whether sufficient revenue is being collected by water service providers for their investment needs. These initial requirements for information disclosure are expected to be set six months after the commencement of legislation (by early 2026).

The effect of the above is that water services is moving to whole of system regulation rather than the current 'end of pipe' regulation. Simply put:

- a) The taking of water and discharge of wastewater and stormwater (end of pipe) will continue to be regulated (Regional Council) and, in the Waikato context, must align with existing Treaty settlements requiring improved freshwater outcomes
- b) Drinking water and wastewater treatment will become more heavily regulated (Taumata Arowai) (but Taumata Arowai taking a proportionate, cost effective and efficient approach in its functions and duties)
- c) Infrastructure and service quality standards can be introduced covering investment in network and treatment plants - whether over investment or under investment (including requiring action to be taken to improve performance) (Commerce Commission)
- d) The cost of providing water services will be regulated through mandatory information disclosure requirements imposed on water services providers and scrutiny of the price charged to end users (Commerce Commission).

The Commerce Commissioner will also have regulatory tools to set revenue thresholds (minimum and maximum) and monitor and enforce financial ring-fencing. Depending on performance, it may also be given power (for specific providers) to place limits on revenue, similar to price quality regulation that applies in the electricity market. Under the new regulatory regime, planning and building infrastructure based on perceptions of what is acceptable to ratepayers will not be sustainable.

Councils will need to adapt their water services business to meet the above requirements. This will require significant investment to demonstrate compliance through robust data and asset management systems.

The importance of data to demonstrate performance and compliance, and ensure risks are being appropriately managed, is highlighted by the most recent Taumata Arowai report released on 27 June 2024. The findings in this are that the quality of data (particularly for network performance) and completeness of reporting needs to improve so that Taumata Arowai can understand whether risks are being appropriately managed, and sector performance is improving over time. The report also notes a lack of information about networks is likely to impact the ability of operators to properly manage the relevant networks. It notes this is likely to result in an increase in safety risks and costs because operators are more likely to be undertaking reactive maintenance than planning for, and investing in, resilient networks.

2.2. Timeline challenges

Water services delivery plans require councils to state their proposed model and implementation plan for delivering water services by August 2025. The policy intent explaining the available options, tools and models has been announced but the legislation will only be passed into law a few months before the submission date for the water services delivery plans (mid-2025).

Similarly, Bill#2 requires financial sustainability by 30 June 2028. This includes meeting regulatory requirements, which will include the comprehensive economic regulation regime that will only be passed into law in mid-2025.

Councils may not be able to make a final decision about the end model now. But there is sufficient information for councils to start addressing immediate risks and opportunities.

3. Strategic direction

To ensure clarity on the desired end point, **council members are asked to approve in principle the strategic direction for Waikato water services in the long term** (being through at least a 10-to-15-year lens). To this end, the following strategic framework is recommended.

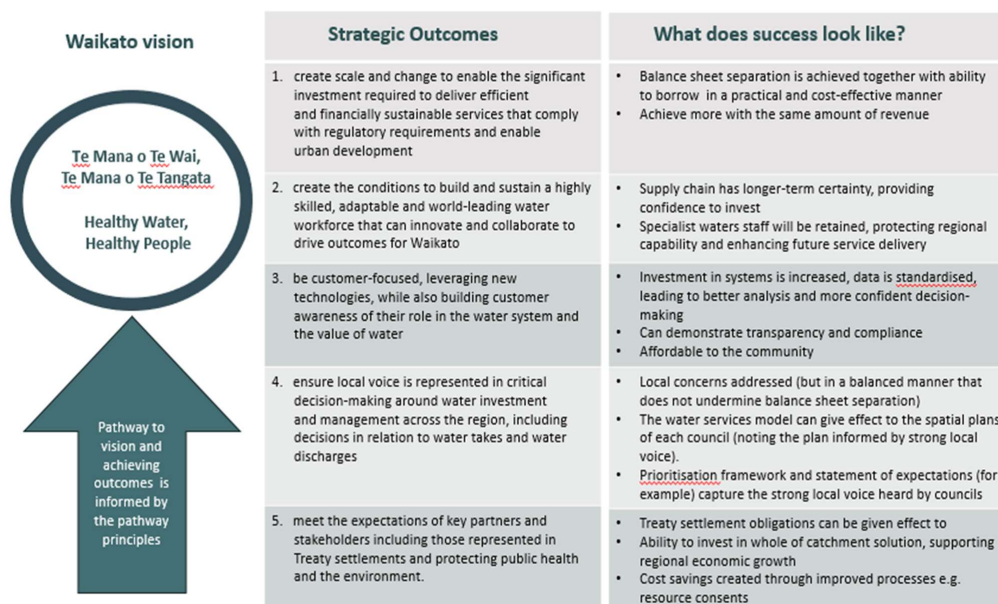


Figure 3.1 Waikato strategic direction for water services

4. Findings

4.1. Local findings

The Waikato comprises diverse councils, communities and needs. Table 4.1 summarises the water services drivers of each council as assessed by each council's Chief Executive.

Council / key problem	Debt capacity	Community affordability	Workforce availability	Capital works delivery	Business continuity	Compliance	Consenting
Hamilton	✓	✓	✓				✓
Waikato	✓	✓	✓	✓	✓	✓	✓
Waipā	✓	✓					
Taupō		✓	✓	✓		✓	✓
Thames-Coromandel				✓		✓	
Matamata-Piako			✓	✓		✓	✓
Hauraki		✓	✓	✓	✓	✓	✓
South Waikato		✓	✓	✓		✓	✓
Waitomo		✓	✓	✓		✓	
Ōtorohanga			✓	✓		✓	✓

Table 4.1 Water services drivers for each Council

The following paragraphs summarise each need as it relates to councils, individually or collectively.

4.1.1. Debt capacity

Growth councils have an immediate need to access increased borrowing to support growth. Of the councils in the Waikato, three have identified this as a key driver for change. For other councils, while debt capacity is not a driver currently, a significant amount of their debt headroom is taken up by waters. This limits their ability to borrow for other community initiatives.

4.1.2. Community affordability

Seven of the 10 councils in the Waikato have identified community affordability as an issue (whether now or in the future). LTPs point to significant increases in revenue being required to meet future infrastructure investment and regulatory requirements. In just three years, there have been significant increases in projected expenditure between the LTP21 and LTP24 (refer Figure 4.1 below). In respect of rates revenue and development contributions, such increases are being balanced against what is deemed to be affordable to customers.

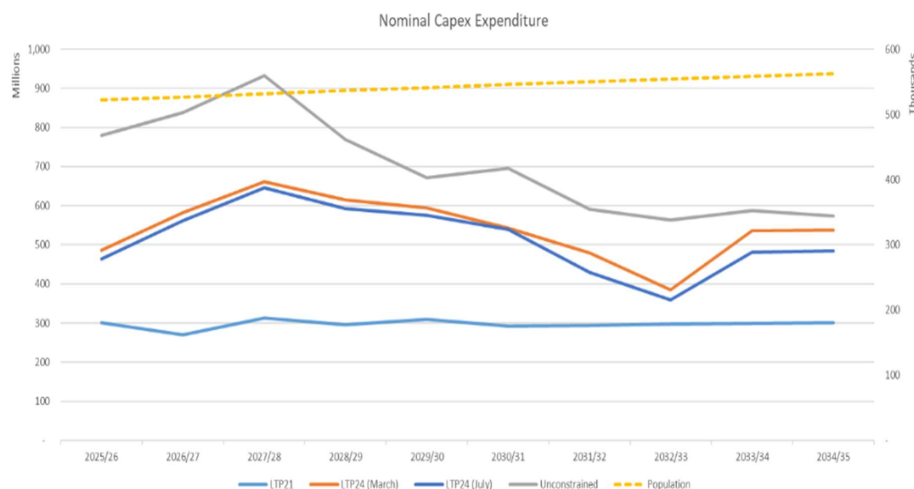


Figure 4.1 Population and capital works projections

Chief Executives were asked to rate how confident they are that their LTP24 reflects the future investment needs of their council, particularly in relation to supporting growth through capital expenditure. In response, all Chief Executives rated their confidence as being between medium to high, with the majority being close to very high.

There is no official definition of unaffordable water in New Zealand, but indicators suggest that there is an affordability challenge if water services are more than 2% of household income. Taking this measure, some Waikato communities increasingly face unaffordable water services. It should be noted that Watercare adopt a lower measure of 1.5% and other councils such as Thames Coromandel have adopted a higher measure of 2.5%.

Table 4.2 below has been completed based on:

- revised FY24 and FY35 water charges from Councils
- 2024 household average incomes from Infometrics (excluding Matamata-Piako and Waitomo which are unavailable); and
- 2035 household average income based on an annual 4.81% increase (which is the output of earlier DIA work)

The figures in Table 4.2 are likely to be conservative as in some LTPs, Councils say they will limit average 10-year rate increases for affordability (e.g. to 6% on average). This results in high increases in years 1 -3 and lower increases in the outer years to make the average work, thus understating the likely increases needed for the outer years. This pattern is reinforced by Figure 4.1 above.

Council	2024 Average Water Charges	2024 Mean Household Income	2024 Affordability	2035 Average Water Charges	2035 Mean Household Income	2035 Affordability
Hamilton	1,589	\$122,485	1.3%	5,281	\$195,968	2.7%
Hauraki	1,714	\$93,971	1.8%	4,860	\$150,348	3.2%
Matamata-Piako	1,539	\$106,012	1.5%	2,193	\$169,613	1.3%
Ōtorohanga	974	\$105,383	0.9%	1,652	\$168,606	1.0%
South Waikato	1,613	\$108,224	1.5%	2,337	\$173,152	1.3%
Taupō	1,655	\$110,702	1.5%	3,350	\$177,116	1.9%
Thames Coromandel	1,890	\$79,530	2.4%	3,049	\$127,243	2.4%
Waikato	2,310	\$129,602	1.8%	7,921	\$207,355	3.8%
Waipā	2,021	\$120,903	1.7%	3,470	\$193,437	1.8%
Waitomo	2,651	\$89,164	3.0%	4,634	\$142,657	3.2%

Table 4.2 Affordability across Councils 2024 and 2035

4.1.3. Workforce (staff and suppliers)

Critical waters staff and contractors report being under pressure given the ageing workforce, competition (from other potential employers including offshore) and an environment of ongoing uncertainty. Smaller councils, where operations can be highly dependent on a few individuals, are at risk of staff recruitment/retention. Civil construction contractors must also deal with the peaks and troughs in workflow that arise from each council's LTP capital works programmes. Their ability to deliver is increasingly challenged given their current state resources. They advise it will take 2-3 years to gear up for programmes bigger than what is currently in the market.

4.1.4. Capital works delivery

The investment needs of councils vary, but the regional priorities by expenditure are summed up by the following diagram in order of priority of spend:



Figure 4.2 Regional priority spend

In terms of asset condition, overall:

- Less than half (44%) of wastewater networks are rated as average or better
- On average 20% (11 Olympic sized swimming pools) of treated water is lost per day before it reaches customers

-
- c) Over the last decade, Waikato councils have been able to progressively increase their capacity to deliver capital work programmes. In the three years ending 20/21, an average of 78% of actual capex budgets was spent. More recent reports on capex budgets versus actual spend indicate this gap continues to close. However, we need to be mindful of the role recent significant inflationary pressures play in closing this financial gap i.e. an increase in spend does not necessarily equate to a proportional increase in programme delivery. According to Infometrics, water services infrastructure is estimated to cost 30% more to build than three years ago.
 - d) Figure 4.1 above demonstrates that the amount of capital works being projected is decreasing despite population growth increasing. A large gap continues between the investment in capital works provided for in LTPs and the investment that staff say is necessary (refer to 'unconstrained' line in Figure 4.1).
 - e) The key challenge for many councils is getting the work done. The reasons for under delivering on the LTP programmes are generally due to:
 - Resourcing - availability of appropriately skilled internal and external resources
 - Procurement - supply chain management, lead-in time for materials, tendering and approvals, stakeholder agreement
 - Project life cycle management – resource consent delays, business case approvals, scheduling, land purchases associated with developer led timelines, incorrect investment appraisals, unforeseen technical issues.

4.1.5. Business continuity

Waikato District Council's contract with Watercare will terminate at the end of June 2026. Waikato District Council is now assessing alternative options for delivering water services to its ratepayers from 1 July 2026. It must have certainty on how it will provide services (or the tender process it will engage in to procure services) by November 2024. The benefits of the Watercare arrangement have included improved service levels, delivery of capital projects, innovation and new ideas, and sharper procurement. This is a pointer to what may be achieved through aggregation in the Waikato.

4.1.6. Compliance

Complying with regulations and resource consents is a basic expectation.

- a) **Drinking water:** except for Hamilton and Waipā, all councils had supplies without protozoa or bacteria barriers or residual disinfection in the 2023/24 year.
- b) **Water supplies:** except for Taupō, Waipā, Hamilton and Waikato, there were moderate to significant non-compliance issues with water takes.
- c) **Wastewater:** except for Waipā and Hamilton, there were moderate to significant non-compliance issues with wastewater discharges.
- d) **Stormwater:** except for Taupō, Waipā, Waitomo and Hamilton, there were moderate to significant non-compliance issues with stormwater discharges.

Council	Waikato Regional Council ¹			Taumata Arowai ²	Summary
	Water	Wastewater	Stormwater		
Thames Coromandel	2	2	9	✓	✓
Hauraki	1	5	4		✓
Matamata-Piako	2	4	4	✓	✓
Taupō		3		✓	✓
South Waikato	1	2	1		✓
Waitomo	2	3			✓
Ōtorohanga	2	1	2	✓	✓
Waipā					
Hamilton					
Waikato		6	6		✓

Table 4.3 Compliance issues across Waikato Councils

Chief Executives were asked to rate how confident they are that their LTP24 reflects the future investment needs of their council to meet future regulatory requirements (including fees payable to regulators). In response, all Chief Executives rated their confidence as being between medium to high, the majority being highly confident.

4.1.7. Consenting

Almost one third of all consents are due to expire within the next six years (2030). From this group, 44 are related to wastewater discharge and 72 are associated with water abstraction. Within the next 10 years there are at least 30 moderate to high-risk consents that need renewing.

4.2. Financial findings

Financially, not all councils need a CCO at this time, but all can benefit. Over the next decade, a majority of Waikato households will face significant rate increases under the status quo. The proposed water rate increases and affordability impacts are included in Table 4.2 above.

4.2.1. Modelling

The financial modelling shows that aggregation requires less revenue than a standalone scenario to achieve the same outcomes. The decision-making body of any aggregated model can then determine whether the savings can be applied to reducing rates for customers or reinvestment in assets.

Across Waikato councils LTP24s indicate circa \$7.5 billion is budgeted to be invested in three waters over the next decade alone. Of this, nearly \$5 billion relates to capital works. Some further capital commitments were recommended to councils but were not included in the final 10-year budgets, largely because of affordability

¹ Number of 'regimes' with moderate to significant non-compliance in 23/24 year. WRC only recorded Hauraki, Matamata Piako, South Waikato and Waikato councils as having significant non-compliance over the last year

² Have supplies without protozoa or bacteria barriers or no residual disinfection in the 23/24 year

concerns. While the scope of capital works programmes may be reviewed once there is clarity on the national standard being developed for wastewater discharge, even with a 20% reduction, the scope of the programme remains significant. As noted earlier, the Waikato has unique Treaty settlements requiring improved freshwater outcomes which will also be relevant in informing capital works programmes.

There are multiple independent reports over the last decade (or more) that have been commissioned at a national and local level which show three waters can be delivered more cost-effectively if councils leveraged scale. In the context of comparing rates across councils in a standalone position versus in an aggregated mode, this has proved difficult based on LTP data as councils collect revenue differently. Therefore, the comparison is not like with like, or kina with kina. Because of this, efficiency savings have been used as the metric to measure the benefits of aggregation across the requested spatial options. With the inclusion of approximately \$100m additional spending in the model spread over 10 years to help drive efficiencies (spend to save), the efficiency savings set out in Figure 4.3 are projected in each of the spatial options identified over 10 years, with this being around \$338 million in a regional fully aggregated water organisation. This is based on a very conservative assumption of about 1% per annum efficiency target across all expenditure. The modelling shows that by FY34, efficiency savings is approximately 10% of projected spending, growing to 15% over the subsequent 8 years.

The assumption of 1% is conservative when compared with the 5% per year assumption that is included in other independent reports and with the 4% per annum efficiency target set for Watercare by its Board.

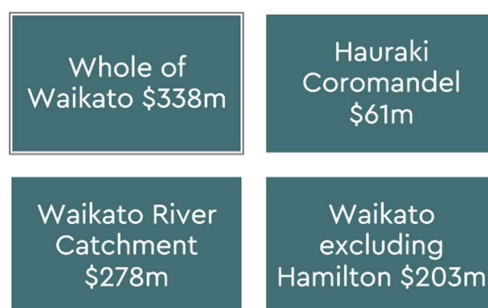


Figure 4.3 Efficiency savings across spatial options (fully aggregated)

The main driver of the efficiency savings relates to capital works planning and delivery, being \$185 million. Applying the same efficiency target of 1% to the projected capital expenditure for the different spatial options results in the projected efficiency savings in Figure 4.4 below.



Figure 4.4 Efficiency savings across spatial options (capital works)

4.2.2. Borrowing

The current model of borrowing through the Local Government Funding Agency (**LGFA**) is cost-effective and practical for councils and CCOs (that can borrow). Council backing is required for LGFA to provide funding to any water organisation established. Any model adopted in the Waikato should be designed to retain the ability to borrow through LGFA.

The service delivery options choices announced in August 2024 are:

- a) In-house (business unit or division)
- b) Single council owned water organisation
- c) Multi-council owned water organisation
- d) Mixed council / consumer trust owned
- e) Consumer trust owned

Councils are free to choose alternative arrangements subject to meeting the minimum requirements relating to regulatory requirements and being financially sustainable. From a borrowing perspective, the position is:

- a) High-growth councils may be able to borrow up to 350% revenue (subject to LGFA AGM in October 2024 and applications on a bespoke basis).
- b) A single council owned water organisation will be able to borrow up to 500% revenue (subject to prudent credit criteria and parent council financial support). This borrowing will be separate from the parent(s) council borrowing.
- c) A multi-council owned water organisation will be able to borrow up to 500% revenue (subject to prudent credit criteria and parent councils financial support). This borrowing will be separate from the parent(s) council borrowing.
- d) A multi-council owned water organisation without council guarantee or any water organisation that is not wholly owned by councils, will not be able to borrow through LGFA (in the short term in any event). Accordingly, these are not practical options for now.

Based on the guidance issued by DIA, any water services organisation needs to be a company. This, together with the need to obtain borrowing from LGFA, points to a limited liability company that is owned by all those councils who wish to aggregate as the recommended vehicle.

4.3. Local concerns ('showstoppers')

A significant effort has been made to identify local concerns for each council that need to be addressed in any future model. Local concerns are generally over and above financial considerations. Examples of local concerns include:

- a) Local voice and influence
- b) Prioritisation of local needs
- c) Meeting Treaty settlement obligations
- d) Asset ownership

All the showstoppers can be addressed as part of the proposed pathway forward (an aggregated model, staged by function over time). However, the way local concerns are addressed in the 'end point' model must align with the minimum requirements that will be set by legislation, including the additional requirements for a water services organisation. Again, as noted above, these requirements include that the water organisation:

- a) have no staff or elected members on board
- b) be a company
- c) be limited to water services activity
- d) be owned by a council and / or a consumer trust (for the reasons set out under borrowing above, a consumer trust is not a practical or cost-effective option in the Waikato)
- e) have a Board appointed on competency
- f) have restrictions against privatisation

In short, leadership will be required to balance local concerns into the design of a water organisation that meets the minimum requirements. The end model design parameters to achieve this balance are included in **Appendix 3**.

Summary of findings

The interconnection between all the above challenges and findings is summarised in Figure 4.5 below.



Figure 4.5 Challenges to delivering levels of service

Affordability is a key consideration of every council. This determines the level of revenue gathered from ratepayers, developers and so on. In turn, this determines how much can be borrowed under a council's debt to revenue policy. The overall funding envelope will determine the extent of a council's financial ability to meet compliance requirements, and to also address investment needs, whether they relate to growth, levels of service, resource consents and/or renewals. Whether a council has financial constraints or not, it must have access to a skilled and capable workforce (internal and external) to have confidence it can and will deliver services to the requisite level.

A way forward

4.4. A safe start

Not all councils need a fully aggregated water organisation now, but it is highly likely all councils and communities will need and benefit from one at some point.

Councils with debt as a driver are motivated to move faster. However, increasing debt capacity is not the only challenge these councils face. While debt capacity may be increased by these councils having their debt to revenue ratio increased to 350% (as is to be proposed at the LGFA October AGM) and / or establishing a single council owned water organisation (refer to as a standalone local CCO in Figure 5.1 below), this in isolation will not unlock the collective benefits projected in the financial modelling and the non-financial opportunities set out in section 5.1.2 below. Furthermore, the cost of the intended borrowing will need to be considered as part of assessing affordability to ratepayers / consumers. As noted above, multiple reports over multiple years show there are benefits to be unlocked by aggregating water infrastructure. All communities will benefit at different stages and so, over time, everyone wins.

If councils accept aggregation and scale provide the ability to collectively address the challenges they face, then the question is not whether to aggregate but rather what is the process that gives councils a safe pathway towards an aggregated model.

Previous government reform and other attempts at establishing fully aggregated water services entities in a non-incremental manner have been unsuccessful. This is largely due to what we have identified as 'showstoppers' or the local concerns, as set out in section 4.3 above. While 'showstoppers' can be addressed as part of the pathway forward, strong leadership (by both governance and management) will be necessary to balance such concerns while achieving the benefits of aggregation.

In addition, we understand that councils will not be prepared to make a firm commitment on the final form of any fully aggregated entity until there is further clarity on the applicable legislation, tools and options. However, doing nothing is not a cost-effective option. There is an opportunity now for councils to take a first, sensible and 'no-regret' step towards unlocking the opportunities of a joined-up approach to water infrastructure.

Based on the above, it is recommended Waikato councils consider and adopt an incremental model now that:

- a) positions them to leverage immediate opportunities for their communities and unlock some benefits in the short-term
- b) gets councils as far along the road to the vision and achieving the strategic outcomes as practicable at this time and
- a) has a built-in process that enables the model to evolve to meet councils' future long-term needs and respond to legislation as it develops.

To this end, it is recommended councils co-design an aggregated model that is staged by function and governed by a professional board from the outset. Stage 1 is a short-term solution involving the establishment of an entity that provides functional services to participating councils (a jointly owned contracting model). However, the pre-agreed end point (Stage 2) is an aggregated fully regulated water services entity.

Details of each stage are included below.

4.4.1. Stage 1 Description

Stage 1 of the staged aggregated model is the establishment of an entity that provides functional services to participating councils.

Key components of Stage 1 are:

- a) Councils agree on the long-term end point to achieve the strategic direction, being a fully regulated regional entity (referred to as a multi-owned council water organisation in more recent guidance), co-designed by councils in accordance with agreed design parameters set out in Appendix 3 (as updated to reflect the legislative requirements for any water organisation)
- b) The entity formed at Stage 1 will be jointly and equally owned by all participating councils
- c) The functional services (asset management, capital works delivery, consenting, project planning and design, procurement) will be provided to councils under the terms of a services agreement
- d) Councils will retain the role of water service provider (and so will remain the regulated provider)
- e) Councils retain decision-making in relation to price setting, ownership of assets and investment priorities

A regional entity established under Stage 1 will not achieve balance sheet separation on its own. Growth councils who need additional debt capacity now could achieve balance sheet separation under Stage 1 through a standalone local CCO, while remaining a participant in the regional model and working collaboratively to achieve the long-term end point. The expectation would be for the operations of each local CCO to merge into the fully regulated regional entity at the time Stage 2 is implemented.

The roles and responsibilities at Stage 1 are identified in Table 5.1 below.

Responsibility	Council (or local CCO)	Regional CCO
Assets ownership	✓	X
Prices / tariffs– entitlement to revenue, set prices, billing	✓	X
Funding sources / mechanisms - ability to borrow	✓	X
Decision re investments in service area	✓	X
Regulated entity – accountable and liable compliance and consenting (including economic regulatory compliance)	✓	X
Operations	✓	X
Capital works delivery	Monitor Services agreement	✓
Programme management		✓
Procurement		✓
Consenting		✓
Project planning and design		✓
Asset management		✓
Education and training		✓

Table 5.1 Stage 1 roles and responsibilities

Figure 5.1 provides an indicative structure for the regional CCO, including how a local CCO could fit within a regional model at Stage 1.

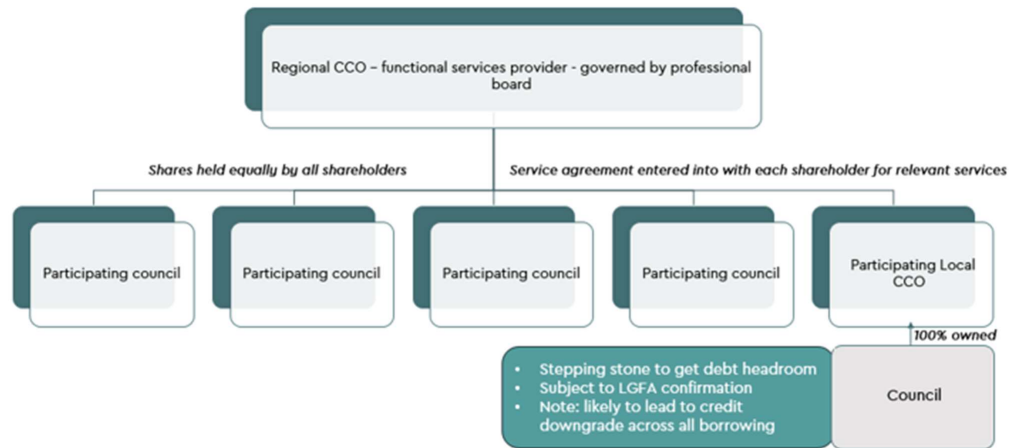


Figure 5.1 Stage 1 Indicative Regional CCO Structure

4.4.2. Stage 1 Opportunities

Stage 1 will not unlock all the benefits of aggregating water infrastructure but there are significant benefits that can be obtained without councils having to address any of the local concerns (showstoppers) at this point.

Table 5.2 lists the immediate needs of the Waikato in relation to water services and how Stage 1 can capture these opportunities. The potential efficiency savings from a combined approach to capital works is addressed at section 4.2.1; based on a 1% per annum efficiency target, this projects a potential \$185 million in savings over 10 years across the Waikato region. Again, this efficiency target is considered to be conservative.

Need	Immediate opportunity
A stronger workforce	<ul style="list-style-type: none"> • To rebuild, develop, retain a highly skilled and adaptable workforce with clear career paths in the water industry
Deliver capital works more efficiently and cost effectively	<ul style="list-style-type: none"> • To strengthen capital works delivery by having a single team focused delivering projects on time and in budget • To provide supply chain with certainty of pipeline and enable supply chain management • To smooth costs as councils not competing for same resources
Improve resilience and compliance	<ul style="list-style-type: none"> • For infrastructure to be planned and developed in a more resilient manner through a single AMP informed by a single strategic AMP
Smarter consenting	<ul style="list-style-type: none"> • To evolve from council boundary, ad hoc consent applications to strategic integrated investment planning that take a whole of catchment approach, and looks to whole of river health

Need	Immediate opportunity
Better data to make better decisions	<ul style="list-style-type: none"> To have a consolidated system capturing standardised data and supporting improved decision-making, effective prioritisation, proactive maintenance and capital works planning. This would address the risk identified by Taumata Arowai about network providers and the need for quality of data (particularly for network performance) and completeness of reporting needing to improve
Focused Governance	<ul style="list-style-type: none"> Consistency of governance where a professional board of directors is appointed and is focused on (and accountable for) creating efficiency and delivery

Table 5.2 Needs and immediate opportunities captured at Stage 1

4.5. The end point

Any staged model must provide clarity on the long-term (5/10/15 year) end point councils collectively want to reach. The end point which aligns with the strategic direction adopted by participating councils (refer section 3 above) is a regulated regional water organisation, co-designed by councils in accordance with agreed design parameters (refer Appendix 3 as amended to reflect proposed legislative requirements).

4.5.1. Stage 2 Description

To achieve the strategic outcomes, the (end point) regional entity must be able to borrow in its own name and so must:

- have an independent professional board
- have control of waters services assets³
- be able to make decisions about investments⁴
- be able to set the price and tariff structures for water services across the service area in accordance with pricing principles set by participating councils. Balance sheet separation will only be unlocked if the entity is entitled to the revenue from water services.

Appendix 3 further sets out the design parameters for the end point fully regulated entity.

Councils may need to move into a fully regulated end point at different times and so the design of the end point can provide flexibility for this (subject to there being sufficient scale to go live).

4.5.2. Stage 2 Opportunities

Stage 2 seeks to extend the benefits captured during Stage 1 by developing an aggregated model that is positioned to achieve the outcomes (as demonstrated by the success measures) set out in the strategic framework at Section 3 to this report. For residual councils, the following needs will also be met:

³ The ownership of assets is a matter that will be addressed once there is clarity on the options that will be made available to councils via legislation.

⁴ Having regard to a prioritization framework pre-approved by participating councils and a statement of expectations

Need	Long term opportunity
Removing water debt from council balance sheet	<ul style="list-style-type: none"> Where balance sheet separation is achieved, the increased borrowing will reduce the need for increased revenue from customers. From a council perspective, it will also open up balance sheet capacity within the council for its residual activities
Preparing for economic regulation	<ul style="list-style-type: none"> Providing councils with a ring-fencing solution in terms of water services activity. Enables councils to prepare for economic regulation by removing water services from their main business and transferring into an organisation designed to respond to regulatory requirements.

Table 5.3 Needs and opportunities captured at Stage 2

5. The transition pathway

5.1. Pathway principles

The proposed principles that will inform the pathway to implement the strategic direction are:

- Sustainability:** focusing on long term financial and non-financial benefits
- Pragmatic:** balanced and pragmatic approach to reach end goal
- Simplicity:** people understand what is proposed and why
- Flexibility:** design and timing are flexible to cater for different needs
- Commercial robustness:** independent professional board accountable to shareholders and clarity as to respective roles
- Equitable:** everyone wins at some stage
- Cost effective:** choices made that are the most cost effective
- Risk:** risks associated with aggregation (including residual risk to councils) are managed and mitigated

Figure 6.1 summarises the application of these principles to stages 1 and 2.

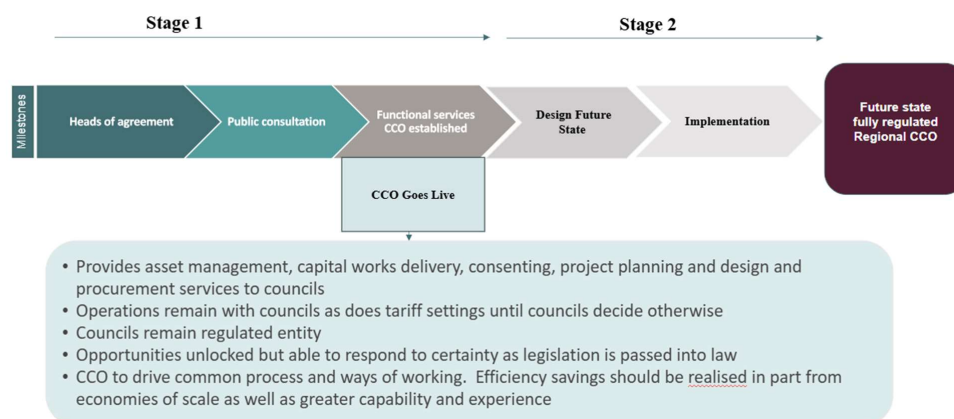


Figure 6.1 Overview of Transition Pathway

5.2. Stage 1 pathway

The first step to implementing Stage 1 is through a Heads of Agreement entered into by participating councils setting out the key terms of the relevant governance documentation. To ensure the detail required for the transition from current state to a functional services aggregated entity is captured and agreed (including managing risk to the residual business of council), it is recommended Chief Executives be given a mandate to commence negotiating a Heads of Agreement now.

The Heads of Agreement will be a non-binding agreement between participating councils, entered into in good faith to show a commitment to progress in the manner proposed. The content of the Heads of Agreement will include:

- a) identifying the key governance documents (constitution, shareholders' agreement, letter/statement of expectations) and the key terms to be covered in those documents e.g. share allocation, voting rights and board appointment process
- b) steps necessary to establish the Stage 1 functional services aggregated entity
- c) roles and responsibilities between councils and aggregated entity and decision-making framework
- d) consultation process to be adopted (i.e. whether new streamlined consultation process to be used)
- e) transition pathway for evolving into the Stage 2 fully regulated aggregated entity (including any applicable conditions) e.g. process for Board to develop an establishment plan for a fully regulated aggregated entity,
- f) key matters on which shareholder approval to be obtained for Stage 2 e.g. process principles for developing establishment plan, pricing principles, prioritisation framework, any share reallocation if assets are to transfer at the 'end point'
- g) any exit ramps if a council no longer wishes to be a participating council after the formal governance documentation has been adopted

The agreed framework will inform the development of more formal documentation. Councils that do not enter wish to be participating councils at the Heads of Agreement stage will exit this workstream but will be kept updated on the development of the Heads of Agreement.

5.3. Stage 2 pathway

The pathway to Stage 2 will be embedded in the design of the staged model. This will be achieved through the governance documentation developed during Stage 1. These documents will empower a professional board to develop an establishment plan for a fit-for-purpose organisation that gets councils to the 'end point'. At this time (which will be after mid-2025) legislation will be in place to inform the Board's establishment plan. This plan will need approval from the shareholding councils based on the process set out in the relevant documentation.

5.4. Timing

For the sake of waters staff, it is important to maintain momentum. Uncertainty created by various reforms has gone on for too long. This report has outlined pragmatic steps that can be taken now on a no regrets basis. What is proposed enables current needs to be addressed while having the flexibility to adapt as we get legislative certainty.

To retain Waikato District Council as a participant in the functional services aggregated entity, Waikato District Council has advised it needs a good faith commitment from councils as to the establishment of a stage 1 aggregated entity by November 2024. This will allow Waikato District Council sufficient time to put alternative arrangements in place before expiry of its contract with Watercare (end of June 2026).

Considering this, and balancing with the requirement of water services delivery plans to be submitted by August 2025 (subject to extensions of time in limited circumstances), the indicative timing for Stage 1 and Stage 2 development is as follows:

- a) **November 2024:** non-binding good faith Heads of Agreement in place
- b) **Q1 2025:** governance documentation is approved and adopted by participating councils
- c) **Q2 2025:** Stage 1 functional services entity established, establishment board and establishment Chief Executive in place
- d) **Post Q2 2025:** The timeframe for agreement of the establishment plan for Stage 2 will be a matter for shareholding councils to agree between themselves (in conjunction with the Board) as will the timeframe for the implementation of that plan.

The above timeline enables participating councils to manage and respond to the timeline challenges set out in section 2.2 above.

6. Next steps

6.1. Recommendations adopted

If the recommendations are adopted:

- a) A Heads of Agreement will be negotiated and brought back to the council for approval before the end of October 2024. The Heads of Agreement is intended to be a non-binding document.
- b) Formal commitment to Stage 1 will only occur when the governance documentation is approved and adopted by a participating council (likely to be by the end of Q1 2025). The process to design and develop Stage 2 will be embedded in the governance documentation, together with any exit ramps agreed by the shareholding councils.

6.2. Recommendations not adopted

If the recommendations are not adopted, and a council does not approve of being a participating council in the proposed aggregated model, it will exit the Waikato Water Done Well workstream but be kept informed of the work underway.

Appendix 1 - Methodology

1. The focus of the work undertaken for Waikato Water Done Well has been on:
 - a) potential spatial options for aggregation
 - b) “showstoppers” (a summary of the concerns raised by Forum members in relation to an aggregated entity)
2. Following a meeting of the Joint Forum on 11 March 2024, it was agreed that:
 - a) further work would be carried out on the spatial options, including a workshop with key Council staff to test the outputs from the financial modelling
 - b) developing design parameters to address the “showstoppers”
 - c) a proposal be submitted to the Forum on 22 July 2024
3. Since March 2024 numerous meetings have been held to move through steps 3 and 4 of the Waikato collaborative roadmap. This has been at a time when resources are already stretched, reflecting a strong desire across the region to arrive at the right pathway forward.
4. Council representatives of the Forum attended a briefing with the Local Government Minister Simeon Brown on 12 June 2024. At this, the Minister personally confirmed to the Forum that the government is looking for a more joined-up approach to three waters delivery, including in the Waikato.

Step 3 of roadmap - Financial assessment

5. The process informing the Waikato financial modelling undertaken at step 3 of the roadmap is set out below.

Spatial options

6. Based on feedback, the scope of the spatial options was increased to include the whole Waikato (excluding HCC) option. Accordingly, the four spatial options are:
 - a) Whole of Waikato
 - b) Waikato river catchment
 - c) Hauraki Coromandel catchment
 - d) Whole of Waikato (excluding HCC)

Vehicle options

7. Key requirements to achieve the strategic outcomes are that the end entity is one that can achieve balance sheet separation from councils and, in the short term, can borrow through the Local Government Funding Agency (LGFA). As LGFA can only lend to councils and CCOs, the entity will need to be a form of CCO that can access borrowing through LGFA and retain the current cost of borrowing.
8. The service delivery options that announced by the Department of Internal Affairs in August 2024 are:
 - a) In-house (business unit or division)
 - b) Single council owned water organisation
 - c) Multi-council owned water organisation
 - d) Mixed council / consumer trust owned

- e) Consumer trust owned
9. Guidance is that councils are free to choose alternative arrangements subject to them meeting the regulatory requirements and being financially sustainable.
 10. Based on the requirement for any vehicle to achieve balance sheet separation and retain the ability to borrow from LGFA, the legal form that aligns with the options announced is the multi-council owned water organisation. As per guidance, any such organisation needs to be company and, again to ensure the ability to borrow from LGFA, must be owned by councils.
 11. A limited liability company is consequently the recommended vehicle.

Financial modelling

12. The process applied to develop the Waikato financial model and confirm the assumptions which underpin it are as follows:

Steps in relation to development of financial model	
a)	as directed by the Forum, the Project Team has leveraged off past work done by councils and DIA in relation to water services delivery and has optimised existing resources available
b)	the financial model built by DIA's NTU financial modelling team in the context of the former Entity A (Wai Tamaki ki Te Hiku) Funding and Pricing Plan was used as the starting point
c)	the assumptions underpinning that model (version 1 assumptions) were reviewed by a project working group appointed by the Forum and Waikato CEs and updated (version 2 assumptions)
d)	the updated assumptions were then further tested with a small number of CFOs from across the Waikato (version 3 assumptions)
e)	the version 3 assumptions were tested with the wider CFO Forum in April 2024
Steps in relation to collation of data	
f)	Data is input based on the 10-year financial information for waters related activity (capex and opex) as included in the Long-Term Plan 2024 / enhanced Annual Plan

13. In addition to the above, the following steps have been undertaken to inform the recommendations:
 - a) A workshop with the CFOs to discuss, in addition to the assumptions, the data being input into the financial model and the metrics for measuring a comparative analysis of councils going alone versus an aggregated model. In overview, it was agreed that financial modelling should be completed using the LTP 2024 data rather than any unconstrained programme of work. This is because unconstrained is not realistic in either scenario due to issues around deliverability and capacity.
 - b) Further meetings to discuss the appropriate metrics that should be applied to compare options
 - c) Quality assurance carried out by council finance staff and Co-Lab in relation to the financial model
 - d) Input and direction from the CE Working Party on 8 April and 31 May in relation to financial modelling and showstoppers
 - e) Input and direction from the Waikato CE Forum on 19 April, 17 May in relation to financial modelling and showstoppers

- f) Further input and direction from the Waikato CE Forum on 21 June in relation to the strategic direction, findings and recommendations to be put to the Forum, with a follow up meeting on 5 July 2024
- g) Direction from the Forum Reference Group on 26 April and 15 June LTP Confidence survey across the CEs

Step 4 of roadmap – Design parameters (showstoppers)

14. Showstoppers are those local concerns over and above financial concerns raised by Forum members in relation to an aggregated entity. These were captured from discussions across CEs and tested with the Forum Reference Group.
15. Following workshops with the CE Forum, the concerns have been distilled into the below groups:
 - a) Local voice and influence
 - b) Distributional impacts
 - c) Service delivery, scope and standards
 - d) Transition considerations
16. For completeness, the table of concerns is included below.

Overarching groups identified	Concerns captured in grouping
Local Voice and influence	<ul style="list-style-type: none"> • Timeframe to price harmonization (formerly known as cross-subsidisation) • Enabling local voice • Governance • Prioritisation of communities • Community perception re assets being 'given away' • Ability to influence pricing • Iwi buy in and influence in decision making
Distributional impacts	<ul style="list-style-type: none"> • Timeframe to price harmonization • Prioritisation of communities • Water metering
Service delivery, scope and standards	<ul style="list-style-type: none"> • Ability to create scale and mode quickly • Stormwater – in or out
Transitional considerations	<ul style="list-style-type: none"> • Ability to create scale and move quickly • Stranded costs • Costs involved in standing up a CCO

Appendix 2 - Summary of Bill#2 (as at the date of this report)

1. The Local Government (Water Services Preliminary Arrangements) Bill was introduced into Parliament in May 2024. The Select Committee returned its report on 18 July 2024. The Bill is due to be passed into law in August 2024. It is the second stage in the Government's Local Water Done Well following repeal of the previous Government's water services entity model in February 2024.
2. The content of the Bill largely aligns with previous Ministerial announcements.
3. There are effectively three matters provided for in the Bill (not including provisions specific to Watercare). These are:
 - a) Water services delivery plans (**Plans**) (once off occurrence)
 - b) Foundational information disclosure
 - c) Streamlined provisions for consultation
4. Bill#2 will require councils to prepare and submit water services delivery plans (Plans) within 12 months of the Bill being passed into law. Plans must be submitted to the Secretary for Local Government (CE of Department of Internal Affairs (DIA)) for approval, but the Minister of Local Government can give a time extension in limited circumstances. Any extension of time granted by Minister to submission date must specify for how long
5. In broad terms, the Plans must identify the current state of a council's water services, and show how the council will deliver those services in a way that:
 - a) meets relevant regulatory quality standards for stormwater, wastewater and water supply networks
 - b) is financially sustainable
 - c) ensures compliance with drinking water quality standards; and
 - d) supports housing growth and urban development objectives.
6. More specifically, the Plans ask for councils to describe:
 - a) Current state of network
 - b) Current levels of service
 - c) Areas that receive water services in the district and those that don't, together with infrastructure associated with provision for population growth and development capacity
 - d) Whether water services comply with current regulatory requirements (and to what extent) and will comply with anticipated future regulatory requirements. Must describe any non-compliance (actual or anticipated) and how the proposed model for future delivery will address
 - e) Details of capex and opex required to deliver water services and for regulatory requirements
 - f) Financial projections for period of plan – opex, revenue, capex, debt.
 - g) Assessment of current condition, lifespan and value of network
 - h) Asset management approach
 - i) Issues, constraints and risks, together with impact on delivery
 - j) Anticipated or proposed model for delivering water services (including any joint arrangement or to continue to deliver alone)
 - k) How will revenue be separated from other functions

-
- l) What consultation was undertaken to develop the information re the anticipated or proposed model for delivering water services
 - m) Plan to make financially sustainable by 30 June 2028
 - n) Implementation plan for proposed model
 - o) Any other information set in rules by Secretary for Local Government under the Act within 3 months of Act being in force
 - 7. **Period covered:** Plans must cover at least 10 financial years, with more detailed information for the first three financial years. Plans cover 10 years from 2024/2025 financial year, but MAY include information for additional 20 years if helps to identify future investment requirement
 - 8. **Approval:** Plans must be adopted by resolution of council and certified as true and accurate by the Chief Executive.
 - 9. **Joint arrangements:** Councils can prepare a joint Plan with other councils. Joint arrangements must cover all water supply and wastewater services of the participating councils, but a council can choose to retain for itself delivery of some or all of its stormwater services, if it wishes. A key decision for councils when preparing their plan will be whether to continue delivering services alone, or enter into a joint arrangement with other councils, whether through a CCO or some other arrangement. If a CCO with other councils is preferred, there is a streamlined consultation process.
 - 10. **Implementation plan:** Plans must include an implementation plan for delivering proposed model or arrangements and if the proposal is to deliver water services alone, the actions that ensure financial sustainability by 30 June 2028. Implementation plans must include:
 - a) process for delivering the proposed model or arrangements
 - b) commitment to give effect to the proposed model or arrangements once plan is accepted
 - c) name of each council that commits to delivering the proposed model or arrangements
 - d) time frames and milestones for delivering the proposed model or arrangements
 - 11. **Post submission:** Minister is required to decide on whether Plan is compliant as soon as reasonably practicable after submission. Further:
 - a) Councils are required to give effect to proposals for future delivery once plan accepted - objective is to get councils to start actioning plans
 - b) Secretary given power to monitor compliance with plans
 - c) Plans can be changed post approval where amendments significant or is a change is to the proposed model set out in the original plan – amended plan must be submitted within 18 months of Bill becoming law
 - 12. **Statutory backstop:** A Plan will only be approved by the Secretary if it complies with the legislative requirements. If the Secretary is not satisfied the Plan is compliant, he can ask the council (or councils where the Plan is joint) to amend it and resubmit by a specified date. The Minister can appoint a Crown facilitator or Crown water services specialist in specific circumstances. The Crown facilitator can assist with preparation of the Plan and facilitate any negotiations between joint parties to an arrangement. The Crown water services specialist can prepare Plans on behalf of a council or direct a council to adopt a Plan that the specialist has prepared (which could effectively remove the council's lead role in the process).
 - a) Notice to be given before a Crown facilitator of water services specialist is appointed
 - b) Minister also has the power to appoint a Crown facilitator if plans not given effect to by Councils

Additional information: disclosure requirements

13. The Bill's explanatory note states that "foundational information disclosure" will be provided through Plans "to lay the groundwork for comprehensive economic regulation". It also enables the Commerce Commission to require a council or a CCO to publicly disclose a wide range of information such as financial statements, asset values and valuation reports, pricing information, contracts, related party transactions, financial and non-financial performance measures, asset management plans, and quality performance measures and statistics.

Streamlined consultation

14. The Bill provides for an alternative consultation and decision-making process (modifying the existing processes in the Local Government Act 2002).
15. The important features of these alternative arrangements are:
- a) Councils do not have to consider "all reasonably practicable options". They may identify two options only - being the status quo and the proposed new arrangement
 - b) Councils are only required to consult once, and do not have to consult on any amendments to the LTP that are required as a result of a decision relating to a CCO
 - c) Councils may conditionally approve an LTP plan amendment subject to the agreement by other parties to a joint arrangement
 - d) Councils may (but are not required to) consider the impact of a joint CCO on communities in the areas covered by the joint arrangement (not just their own districts)
 - e) principles for public consultation in LGA apply to alternative consultation process for joint arrangement
 - f) information made publicly available must include how proposal is likely to affect rates, debt, levels of service and charges for water
 - g) Councils will be temporarily exempt from having to consider the cost-effectiveness of current arrangements for meeting the community's needs, under section 17A of the Local Government Act 2002
 - h) For councils that opted to defer their LTPs, they can combine consultation on a CCO and their LTPs for 2025-2034.

Appendix 3 – Design parameters

Category	Design of future state fully regulated Regional CCO must:
Local voice and influence	<ul style="list-style-type: none"> • identify factors to be prioritised for further development – capture for statement of expectations • identify mechanisms for local voice/ influence/representation – noting the requirement to have a consumer complaints process under economic and consumer protection regulation • confirm integration of Treaty settlement arrangements as a key design principle
Distributional impacts	<ul style="list-style-type: none"> • have a phased pricing pathway/transition as a key design principle • provide for further work required on possible conditions of entry (to mitigate concerns over past investment) • agree consistent public messaging (officer and Elected Members) around the value of the model, scale of savings
Service delivery, scope and standards	<ul style="list-style-type: none"> • be flexible to account for regulatory uncertainty • have options for stormwater that align with government policy
Transition considerations	<ul style="list-style-type: none"> • approach LGFA to determine if borrowing will be available for aggregation establishment costs • recommend each council manage their own stranded costs – with time for this to be managed and transition pathway principles • provide for a staged model including ability for councils to 'opt-in' post establishment
Credit rating separation and increased borrowing	<ul style="list-style-type: none"> • align with design parameters set out in Bill#3 to achieve increased debt capacity but still enable LGFA borrowing. Model options and parameters currently being developed. May require councils to ring fence water services revenue and debt in a separate model and dilution of council control • enable residual councils' balance sheets to be opened up to meet other community expectations which are currently limited

RATING INSERT FOR DELEGATIONS MANUAL

COUNCIL’S DELEGATIONS TO CHIEF EXECUTIVE

PART A - LEGISLATIVE DELEGATIONS

1. Local Government (Rating) Act 2002

Delegation
To authorise the register of a notice of charge under section 90 in relation to postponed rates. This power may not be sub-delegated.
All of its responsibilities, duties, and powers under this Act.

2. Rates Rebate Act 1973

Delegation
All of its responsibilities, duties, and powers under this Act.

3. Rating Valuations Act 1998 and any regulations made under this Act

Delegation
All of its responsibilities, duties, and powers under this Act and regulations.

COUNCIL'S DELEGATIONS TO OTHER OFFICERS**PART B - LEGISLATIVE DELEGATIONS****KEY**

Position Title	Reference
General Manager Organisation Performance	GMOP
Finance Manager	FM
Rates Manager	RM
Senior Rating Officer & Māori Land	SRO
Rates Officer – Debt Management	RO
Finance Officers	FO

1. Local Government (Rating) Act 2002

Section	Delegation	Council	GMOP	FM	RM	SRO	RO/FO
15	To determine a separately used or inhabited part of a rating unit to charge a fixed amount under section 15		✓	✓	✓	✓	✓
20	To determine whether two or more rating units are to be treated as one rating unit.		✓	✓	✓	✓	✓
27	To keep and maintain the rating information database and to make decisions about the recognition of a rating unit in the rating information database.		✓	✓	✓	✓	✓
27 (s 7-9, 22, Schedules 1 and 2)	To determine the non-rateable status of a rating unit.		✓	✓	✓	✓	✓
27(4)	To make decisions with respect to determining: <ul style="list-style-type: none"> The category to which a rating unit belongs for the general rate; The categories to which the rating unit belongs for a targeted rate; and Excess water charges. 		✓	✓	✓	✓	✓
27(5)	To make decisions with respect to recording separately for different parts of a rating unit (if separate records are necessary because of different rating treatment for each part of a rating unit), any of the matters specified in this section.		✓	✓	✓	✓	✓
28(2)	To determine whether or not to include the name of any person in the rating information database because it is necessary to identify the rating unit.		✓	✓	✓		
28C	To withhold names from the rating information database.		✓	✓	✓	✓	✓
29	To determine ratepayer objections to the rating information database.		✓	✓	✓	✓	✓
32,33	To update the rating information database in accordance with these sections.		✓	✓	✓	✓	✓
35	To remove names from the rating information database in accordance with this section.		✓	✓	✓	✓	✓
36	To update the rating information database in accordance with this section.		✓	✓	✓	✓	✓
37	To keep and maintain the rates records.		✓	✓	✓	✓	✓
39	To determine objections to the rates record.		✓	✓	✓	✓	✓
40	To correct an error in the rating information database or the rates records.		✓	✓	✓		
41, 41A	To issue an amended rates assessment if an error is corrected.		✓	✓	✓	✓	✓
42	To recover additional rates from a ratepayer. To set the interest rate in accordance with this section.		✓	✓	✓		
44-51	To provide for the delivery of rates assessments and rates invoices in accordance with these sections.		✓	✓	✓	✓	✓
45, 46	To provide for the design (form and content) of rates assessments and invoices.		✓	✓	✓		
53	To negotiate and enter into agreements under section 53 to collect rates on behalf of other local authorities.		✓	✓			
54	To not collect rates that are uneconomic to collect.		✓	✓	✓		
58	To impose penalties not paid by the due date.		✓	✓	✓	✓	✓
61, 62	To exercise powers for recovery of rates if owner in default.		✓	✓	✓		

Section	Delegation	Council	GMOP	FM	RM	SRO	RO/FO
63	To commence legal proceedings to recover unpaid rates.		✓	✓	✓		
77	To determine to give public notice re abandoned land		✓	✓	✓		
87-90	To determine the applicability of rates postponements for extreme financial hardship.		✓	✓	✓		
98A	To divide a separate rating area from a rating unit on Māori freehold land in accordance with this section.		✓	✓	✓	✓	✓
98B	To make apportionments in accordance with this section.		✓	✓	✓	✓	✓
98D	To make adjustments in accordance with this section.		✓	✓	✓	✓	✓
98E	To determine that a separate rating area divided from a rating unit is no longer a separate rating area in accordance with this section.		✓	✓	✓	✓	✓
99	To apply to Māori Land Court for charging order.		✓				
108	To apply to Māori Land Court to enforce charging order.		✓				
111	To apply to Māori Land Court for payment of unpaid rates.		✓				
85 ,96 & 114	To approve remissions pursuant to Council rates remission and postponement policy for the Lake Taupō lakebed and Crown owned hydro lakebeds, community, sporting, Churches, Marae and other organisations, penalties (in the avoidance of doubt as described in the qualifying criteria outlined in the rates remission policy), parts of unused Māori freehold land, Māori freehold land under development, general rates for Council owned utilities, water leaks, Waitahanui - fixed charge targeted water rate.		✓	✓	✓	✓	✓
85 & 86	To approve remission pursuant to Council's rates remission and postponement policy for rates late payment penalties that don't meet the qualifying criteria outlined in the rates remission policy		✓	✓	✓		
85 & 86	To put into effect and activate the natural disaster rates remission policy	✓					
85, 86 & 87	To carry out any administrative tasks associated with rates remissions or postponements		✓	✓	✓	✓	✓
135	To sign documents as correct copies for the purpose of Court or Tribunal proceedings.		✓	✓	✓		



TAUPŌ DISTRICT COUNCIL

PERFORMANCE REPORT

JULY 2024

JULY 2024

JULIE GARDYNE

TUMU WHAKARAE | **CHIEF EXECUTIVE**

With the hearings and deliberations on our Long-term Plan now behind us, I would once again like to take the time to thank the Mayor, Councillors and Council team that have been involved in this process. The next step, ahead of adoption of the Long-term Plan at the end of September, is the independent audit, which is scheduled for four weeks, from 19 August 2024.



A journalist from the Waikato Herald recently reviewed and ranked the Long-term Plan consultation documents (and Enhanced Annual Plans) of the 12 councils in the Waikato Herald circulation area. It was great to see that Taupō District's consultation document came third in terms of user-friendliness and had the average person in mind more than others.

Te Kapua Papa Tākaro playground is once again an award finalist – this time for the LGNZ SuperCollab award, which focuses on meaningful collaboration, tangible community benefits, effective communication, and cooperation together with sustainability and longevity. We are really proud of this wonderful playground and wish Councillors Greenslade and Fletcher well as they represent Council at the awards in mid-August.

Ngā mihi

Julie



JULY 2024

SARAH MATTHEWS

KAIWHAKAHAERE MATUA -
WHAKATUTUKI WHAKAHAERE
**ORGANISATION PERFORMANCE
GENERAL MANAGER**



Group highlights of the month

With the start of the new financial year, the Organisation Performance Group have been working hard to complete their individual team and group business plans for the 2024/25 financial year, to ensure sound plans and goals are in place across the group. Our group session also looked back at what was completed for the 2023/24 financial year and I wanted to recognise my teams for an incredible list of achievements.

The property team are continuing to progress Council's East Urban Lands (EUL) with eligibility criteria and minimum ownership period for the affordable housing area being approved by Council at its meeting in July. There has been lots of work progressing the 2024/25 work programme, and we completed procurement for Council's fire security.

Work on Council's new administration building (CAB) is progressing for both the property and digital solutions teams, with most of the hardware procurement now underway.

The digital team are also completing a comprehensive review of Microsoft licensing. The team have also collaborated with the policy team to transform intricate growth strategy models and data into an interactive map for both internal use and public engagement. Although the next stages of Project Quantum (Council's digital transformation project) have been delayed, there has been notable progress in user acceptance testing and progressing the new September implementation date.

The finance team have continued to work on the Long-term Plan at the same time as progressing the Annual Report. Improvement work has also made significant progress including our new monthly dashboard reporting being very close to completion and significant progress capitalising assets in our new financial asset system.

The legal and governance team have been busy assisting the co-governance and representative group committees to make submissions to the Long-term Plan 2024-34 via their hui, and then supported the Long-term Plan hearings and deliberations processes.

The business excellence team presented a large agenda to the Risk and Assurance Committee and have been busy progressing actions from that. Our new Health and Safety Manager has started and will help health and safety progress improvements across the organisation.

Group challenges of the month

- Working through tenders for the CAB fitout, with different value engineering options.
- Project Quantum delays creating additional risk with legacy systems and shadow IT.
- Clearing the backlog of capitalisation of assets in a short period of time.
- Extra work communicating to our ratepayers and assisting them with the three rates instalments.
- Responding to additional operational health and safety matters.

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JULY 2024

Upcoming Plans for the Next Quarter

In the next quarter, we will continue to progress our large projects - CAB, EUL, Crown Road Development, Tirohanga Forest, and Project Quantum.

A major network redesign will commence which will strengthen our network security, reliability, and user connectivity. Protecting our information assets will continue the clean-up of both physical and digital information. Forecasting will be implemented, the Long-term Plan adopted, and finalising our draft of the Annual Report for Audit.

We plan to progress key improvement actions in the health and safety space, while the new Manager settles in. We will be supporting Council's decision-making in relation to its Māori wards and getting report writer training underway to contribute to quality Council decision-making.

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JULY 2024

LIBBY O'BRIEN

KAIWHAKAHAERE MATUA –
HONONGA TĀNGATA, HAPORI
PEOPLE AND COMMUNITY PARTNERSHIPS
GENERAL MANAGER



Group Highlights of the Month

Highlights this month have been strengthening our partnerships across the rohe, including with Ngāti Tahu Whaoa at Te Toke Marae, with Te Puni Kokiri and with our New Zealand Police peers who we hope will join our reo Māori classes later this year. We also hosted the Minister for Emergency Management and Recovery, Hon Mark Mitchell, at our emergency operations centre at Taupō Library. The Minister talked to elected members and staff about local operations and sector issues and heard our views and ideas.

Our People and Culture team completed the annual performance and pay process in July and ran the annual wellbeing survey to find out how we can support our staff better.

We reviewed the Long-term Plan community engagement process to see what we did well and what we could do better, and to share good practice and improve future community engagement events.

A major highlight was Council adopting a new Community Funding Policy and Eligibility and Assessment Framework after over two years of work by the team and hundreds of submissions from the public. The policy and framework provide a consistent, clear, and efficient way of allocating funding requests that align with Council's strategic goals.

Group Challenges of the Month

Our Iwi and Co-Governance team have been working to guide our teams through some challenging situations where there has been a misalignment of views between hapū and land block trustees. Our duty is always to involve hapū and we will continue to do so, but know it is often not the approach trustees wish us to take. We have also worked with hapū to manage expectations about the EUL and housing aspirations.

Our People and Culture team have reviewed policy changes that affect staff significantly, such as proposed changes to our Vehicle Policy and updated a CiA module (Tech One, Project Quantum) that improves onboarding and offboarding support for our staff and managers.

We communicated the change from quarterly to three rates instalments this year, due to the late adoption of the Long-term Plan. This was a challenging project as it was unprecedented, we planned carefully how and when to explain the change and started communications after the Long-term Plan consultation. This has led to many calls into our contact centres with customers looking to find out more information about the change.

Upcoming Plans for the Next Quarter

We are starting a new reo Māori group in October and planning to offer Tiriti workshops for staff, subject to budget approval.

People and Culture staff will take some leave before summer hiring ramps up and have a quarterly induction day with new starters planned for September.

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JULY 2024

The team will plan and prepare for three communications campaigns for late 2024-early 2025. Our priority is Project Quantum and its successful go-live with minimal impacts to our customers.

We will appoint and onboard a new senior community engagement advisor and implement and communicate the new Community Funding Policy and Framework. We also plan to facilitate a funder's forum, engage on the Motutere Reserve Management Plan review, the overland flow path project, and the Future Development Strategy.

Finally, we will continue emergency management community response planning and release an updated Taupō Emergency Guide.

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JULY 2024

WARRICK ZANDER

KAIWHAKAHAERE MATUA - RAUTAKI, TAIAO
STRATEGY AND ENVIRONMENT
GENERAL MANAGER



Group highlights of the month

Preparing for the Long-term Plan (LTP) hearings and deliberations was the focus for the policy team, and many others across the council, over the month of July. Every submission has been carefully considered, and staff will prepare responses to the submitters according to the guidance provided by Council through the deliberations process.

Building consent processing times continue to improve, reaching 99.2% of building consents being processed within 20 working days. This is a fantastic improvement from June 2023 which was at 79.3%.

Through LTP deliberations, Council moved \$35,000 of the youth spaces funding forward to year one (2024/25) of the Long-term Plan so improvements can be made quicker. The parks and reserves team are already looking into ideas on how to best allocate these funds.

The Motutere Recreation Reserve Management Plan committee met on 25 July to provide guidance for the development of the draft management plan. The committee unanimously decided to include a compromise option in the draft plan which would see the lakeshore camping lease area reconfigured to enable separate day use and camping (tents only) zones. This option will be consulted on, and the final decision will be made following community consultation, which will take place over the summer.

The resource consenting team is looking at native planting and how to get better collaborative outcomes with Greening Taupō and Ecologist Alana Delich.

The outside 'meet and greet' area at the Pound is almost finished. All cage doors inside the pound have been replaced and the internal fitout is finished. The number of registered dogs as of 31 July 2024 was 6,020 (in comparison to 5,886 in July 2023) which is 84 percent of the 7,440 total dogs in the district.

Taupō Airport finished the financial year end with a positive operating cash flow (excluding depreciation). In previous years this has been negative. The consulting works for the apron extension project have commenced.

Group challenges of the month

The airport continues to experience issues with the HVAC system and is working on a resolution. There has been slow progress with the construction of the baggage make-up extension, but it is expected to be completed within this quarter.

A car crashed through protective bollards and caused damage to the viewing platform pavers and feature fencing on top of the water treatment plant on Lake Terrace. The repair works have been scheduled for the week commencing 19 August 2024 due to the availability of materials. Council will be seeking to recover the repair costs.

Dog attacks have remained constant but seem to be slowing, with an average of two per week. Dogs off leash is an issue that requires more attention, and the team will be focusing on this over August.

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JULY 2024

Upcoming plans for the next quarter

As a result of decisions made during deliberations, the team is making changes to the draft LTP, draft development contributions policy, infrastructure strategy, finance strategy and other supporting documentation. The LTP will go through an audit review before it is adopted at the end of September.

Applications for the Taupō District Licensing Committee membership will be reviewed by the panel at the end of September, with interviews taking place in the week commencing 7 October 2024.

A meeting has been scheduled with Tūwharetoa Māori Trust Board in August, to progress the erosion control discussions and identify the next steps.

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JULY 2024

TONY HALE

KAIWHAKAHAERE MATUA - HANGANGA HĀPORI, RATONGA
COMMUNITY INFRASTRUCTURE AND SERVICES
GENERAL MANAGER



Group highlights of the month

I have been appointed as the general manager for community infrastructure and services group, formerly known as operations and delivery. I am enjoying learning more about events and venues who are back within the group after having reported to the chief executive while I was in an acting role. We are now recruiting for a permanent three waters manager to take over my old position.

July saw the first of the HEB Construction vehicles attending to our road maintenance needs, ahead of the full commencement of the contract on 1 August. Things are progressing well with establishing this relationship and getting the first year's programme agreed and underway.

Council confirmed the short to medium term solutions for the Tūrangi Wastewater Treatment Plant discharge and the management of wastewater of the residential areas on the northern side of the Waikato River, provided for in the draft Long-term Plan 2024-34. \$300,000 was added to prepare a new water services delivery plan, which will be required by the upcoming central government legislation. This is a massive piece of work that will involve a lot of time, effort and expertise, hence the cost.

The contractor has installed the last section of Southern Trunk sewer pipe that links the first installation from Kaimanawa reserve down to just before Mobil fuel station. This will see a total of 1.8km of pipe installed to date. Next, Fulton Hogan will be setting out traffic management from Two Mile Bay boat ramp to Tremaine Avenue with left and right turn sections at Hawaii Street.

Bonshaw Park water pipeline has been chlorinated with the works progressing to testing and commissioning of the pump station and changeover of the existing treatment plant. This should be completed in August.

New light poles have been installed on level 3 of the Owen Delany Park. The lighting goes live in August/September.

Group challenges of the month

Bags or bins was a hot topic during the Long-term Plan consultation and highlighted that one size does not fit all. Out of nearly 1150 submissions on kerbside waste collection, 65 percent opposed a move to rates-funded wheelie bins. Following the extensive community engagement, Council resolved to continue with the existing rubbish bag collection service. The work is underway to progress the new bags service contract due to commence on 1 July 2025. Tenders have already been received and once all tender negotiations have been completed, a recommendation will be produced.

IRONMAN New Zealand are placing the annual Taupō 70.3 event into hibernation – there will be no December race in 2025 and 2026 (the two remaining years of the current agreement). The decision is largely a financial one. The hibernation of the December event is likely to have a positive impact on the annual March events. This decision has no effect on the VINFAST IRONMAN 70.3 World Championship on 14 and 15 December 2024.

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Upcoming plans for the next quarter

The events and venues teams are gearing up for a busy event season. The promoters have announced a great line up of music acts for the summer; the Riverside Park and Amphitheatre will host L.A.B. 2025 NZ Summer Tour and the annual Summer Concert in January 2025, whereas Le Currents festival will be hosted at Owen Delany Park on 27 December 2024. Following the successful 2024 event, the 2025 ITM Taupō Super400 will be held on 11 to 13 April 2025 at the Taupō International Motorsport Park. The dates coincide with the start of the school holidays, and the tickets are expected to sell out quickly.

Taupō Museum's pre-loved art sale is on from Saturday 10 August to Monday 16 September. More than 50 pieces of pre-loved art will be on display and for sale.


Now that the decisions on most aspects of the Long-term Plan programme have been made, the teams are actively planning for the 2024-25 works and service delivery rollout. Changes to the fees and charges will be effective from 1 October 2024.

The project management office has been looking into the Long-term Plan deliverability and forecasting, and planning for improved portfolio level reporting and tracking.

Indications received at the end of July from the New Zealand Transport Agency (NZTA) are for a deep cut to road safety funding and footpath and cycleway maintenance and construction, which will significantly affect the service the council can offer the community for the next three years. Final NZTA figures are expected at the end of August.

Omori water main construction is expected to be completed mid-August.



<div><div>GREAT LAKE TAUPŌ Taupō District Council</div><div>PORTFOLIO UPDATE</div></div>								
PROJECT	OVERALL	TIME	COST	SCOPE	KEY UPDATES	UPCOMING MILESTONES	% COMPLETE (Life Budget)	LIFE BUDGET
Community Facilities								
Mangakino Lakefront Upgrade Project (phase 1)	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	Onhold - pending LTP outcome		<div><div></div></div> 96%	<div><div></div></div> \$0.4M
Owen Delany Park upgrade	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	Lighting install works are underway. Changing room upgrades are in the design phase.	Lower field lighting to be complete early August. Stadium lighting base portion of the poles being stood early August and transformer upgrade still in progress.	<div><div></div></div> 17%	<div><div></div></div> \$8.5M
Tūrangi Recreation & Activities Centre (TRAC)	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	Onhold - pending LTP outcome		<div><div></div></div> 21%	<div><div></div></div> \$1.3M
Democracy & Planning								
Long Term plan	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	Hearings and deliberations went well. We are now reviewing these decisions and completing the final draft LTP for Audit review on the 19th of August.	Audit Review will be on the 19th of August. Four week period which includes a hot review at the end.	<div><div></div></div> 0%	<div><div></div></div> \$0.0M
Parks & Reserves								
Erosion control-Taupo Bay, Lake Tce Cliffs & Tapuaeharuru Bay	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	Tonkin & Taylor and TDC are working on a PowerPoint presentation to deliver to the Tūwharetoa Māori Trust Board. Time: Challenges around arranging key stakeholder meetings have impacted the timeline of this project. However, meetings are now scheduled. Cost: Physical works costs could increase if approvals are delayed.	A meeting has been booked for the 13th August with the Tūwharetoa Māori Trust Board to discuss the project. Detailed design will start once we have Hapū approval.	<div><div></div></div> 35%	<div><div></div></div> \$2.0M
Property								
Civic Administration Building - Fit out	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	The change management piece is well underway. TDC have advised current landlords of our intent to terminate leases, preparing for the move. The base build is currently ahead of schedule.	'Fixture, Furniture & Fittings' tender to be evaluated, and preferred supplier/s notified.	<div><div></div></div> 130%	<div><div></div></div> \$1.0M
Reform, Investments								
204 Crown Road - subdivision earthworks & Civil	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	Earthworks onsite going well Time: Earthworks are progressing well. However, a potential delay may arise following challenges with Unison.		<div><div></div></div> 17%	<div><div></div></div> \$3.5M
3 Waters Reform Activities	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	Waikato Water Done Well' proposal will be presented to Mayors and Iwi Chairs Joint Forum on 22nd July. There has been \$150K funding per year added to LTP Year 1 and Year 2.	Workshop with councillors to discuss proposal of 'Waikato Water Done Well'. Outcome of upcoming council meeting will decide next steps.	<div><div></div></div> 73%	<div><div></div></div> \$0.8M
EUL Stage 1 Lot 20 -Earthworks & Civil	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	We have received 14 registrations of interest for the civil contractor role. Selection will be made early August.	Selecting of the civil contractor for Stage 1A.	<div><div></div></div> 22%	<div><div></div></div> \$7.6M
Project Quantum & Tech One	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	Time: The steering group have agreed to an extension of time for phase 3 go live to enable final testing for financial teams. The new go live date is the 9th of September.	Preparing for phase 3 of property and ratings - revenue modules to go live on the 9th September.	<div><div></div></div> 90%	<div><div></div></div> \$10.1M
Transport								
Northern Access Investigation	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	The 2 stages of the project are complete, and TDC are working with the consultant to close this project out. The next step will be determined based on the outcome of the LTP.	Investigation due to wrap up in August, the next steps of the project will be determined on the outcome of the LTP	<div><div></div></div> 96%	<div><div></div></div> \$0.3M
Tūrangi Street Revitalisation	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	All works have been completed within the project and practical completion will be issued to the Contractor.	Construction of the additional carpark.	<div><div></div></div> 99%	<div><div></div></div> \$5.7M
Wairakei Dr & Huka Falls Rd Roundabout	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	All works have been completed, list of final defects have been noted and contractor to action. Roads are open with free flowing traffic. Craters of the Moon tourism sign is to be reinstalled this week.	Project handover and closure sign off to be actioned.	<div><div></div></div> 70%	<div><div></div></div> \$2.5M
Whangamata Road improvements	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	Tender package is complete. Awaiting road safety audit response.	Once the road safety audit is complete, we can go out to tender.	<div><div></div></div> 18%	<div><div></div></div> \$2.1M

GREAT LAKE TAUPŌ Taupō District Council									
PORTFOLIO UPDATE									
PROJECT	OVERALL	TIME	COST	SCOPE	KEY UPDATES	UPCOMING MILESTONES	% COMPLETE (Life Budget)	LIFE BUDGET	
Wastewater									
SCADA Upgrade					Time: Due to TDC IT requirements, this project has been given a deadline of the end of this year (2024). This poses some challenges which will mean that we will have to bring additional integrators in to help achieve this deadline. Cost: May increase if additional integrators have to be brought on to achieve the end of year deadline Scope: Scope has not changed, however the lack of site asbuilds and functional descriptions is adding to the scope.	The new master control board for the Taupo Wastewater Treatment Plant is almost complete and will be installed prior to any FTView conversion being attempted.	72%	\$4.6M	
Taupo Wastewater Treatment Plant Primary Clarifier 3					Design phase is underway. Cost: The designer have suggested that the budget may be too low. This will be confirmed at the end of stage 2 works. The Year 1 budget has been bow-waved	Design due for completion in December.	6%	\$1.0M	
Taupo WW Southern Trunk Main Upgrade Stage 1					The contractor has installed the last section of pipe to link the first installation from Kaimanawa Reserve down to the Mobil station. Fulton Hogan is currently closing open excavations on Mere Road and on Lake Terrace.	Contractor is currently drilling pipe from Mapou Road to Tremain Ave.	35%	\$10.4M	
View Road Stage 2 LDS Expansion					The final integration of the project to the existing land disposal site is proving to be extremely challenging and time consuming, with limited resources to undertake this.	Final completion due for August/September.	92%	\$5.4M	
Water									
Bonshaw Park Drinking Water Standards NZ project					The majority of the work has been completed up to the existing treatment plant. All quality control and other testing results have been accepted by TDC.	Connecting new pipeline to existing treatment plant and commissioning to follow.	75%	\$2.7M	
Kinloch Drinking Water Standards NZ Upgrade					Peer review for the design has been signed off, piling is complete & the contractor is currently working on the construction of the foundation beams. Cost: Expected to be higher due to increased cost fluctuations and the technical foundation/piling solution being significantly more costly than anticipated - additional funds are requested in the LTP for next financial year.	Completion of concrete foundation.	95%	\$14.1M	
Motuoapa Drinking Water Standards NZ Upgrade					Planning assessment is complete, TDC should not require a resource consent for these works. Currently working on initial design and project details. Time: Red due to the flow on impact from the delays with Kinloch & Omori being the same contractor and their availability for resource. New programme from the contractor has been supplied. Cost: Expected to be higher due to inflation and geotech design - Additional funds are requested in the LTP for next financial year.	Awaiting the submission of geotech options and the submission of an extension of time from the contractor.	25%	\$3.9M	
Omori Drinking Water Standards NZ Upgrade					Design is nearing completion and the site works are due to commence. Time: Concerns that the contractors programme is starting to drift, TDC are awaiting a plan from the contractor to show how they can deliver the project on time Cost: Expected to be higher due to inflation and geotech design - additional funds are requested in the LTP for next financial year.	Commencement of civil works	50%	\$6.0M	
Tauhara Ridge Reservoir & Airport Connection					The reservoir pipeline and airport pipeline construction works are underway, and the reservoir tender has been released to market. The pump station design is complete and the reservoir designation process is underway. Time: Red due to delays in design.	Awaiting completion of the reservoir tender process and the pipeline construction.	19%	\$2.0M	
KEY									
	Low Risk		Risk Decreased (Amber/Red to Green)						
	Medium Risk		Risk Decreased (Red to Amber)						
	High Risk		Risk Increased (Green to Amber)						
	On Hold (waiting LTP)		Risk Increased (Amber/Green to Red)						
89%	Almost Complete	\$1.0M	Smaller Value Project						
12%	Low Spend to Date	\$8.5M	High Value Project						
% Complete = \$ Spend to Date / Life Budget									