

Kaunihera | Council

Kaupapataka Wātea | Open Agenda



Notice is hereby given that an ordinary meeting of Matamata-Piako District Council will be held on:

Ko te rā | Date: **Wednesday 27 November 2024**
Wā | Time: **9:00**
Wāhi | Venue: **Council Chambers**
35 Kenrick Street
TE AROHA

Ngā Mema | Membership

Manuhua | Mayor

Adrienne Wilcock, JP (Chair)

Koromatua Tautoko | Deputy Mayor

James Thomas

Kaunihera ā-Rohe | District Councillors

Caleb Ansell

Sarah-Jane Bourne

Sharon Dean

Bruce Dewhurst

Dayne Horne

Peter Jager

James Sainsbury

Russell Smith

Kevin Tappin

Gary Thompson

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1 Whakatūwheratanga o te hui | Meeting Opening

2 Ngā whakapāha/Tono whakawātea | Apologies/Leave of Absence

At the close of the agenda no apologies had been received.

3 Pānui i Ngā Take Ohore Anō | Notification of Urgent/Additional Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

- (a) The local authority by resolution so decides; and
- (b) The presiding member explains at the meeting, at a time when it is open to the public,-
 - (i) The reason why the item is not on the agenda; and
 - (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
 - (i) That item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
 - (iii) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

4 Whākī pānga | Declaration of Interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

5 Whakaaetanga mēneti | Confirmation of Minutes

Minutes, as circulated, of the ordinary meeting of Matamata-Piako District Council, held on 30 October 2024

6 Papa ā-iwi whānui | Public Forum

7 Pūrongo me whakatau | Decision Reports

7.1 Waikato Waters Done Well - Memorandum of Understanding

CM No.: 2950498

Te Kaupapa | Purpose

The purpose of this report is to provide information to allow Council to decide whether it wishes to sign a Heads of Agreement to further advance work on a regional delivery model for Three Waters activities.

Rāpopotonga Matua | Executive Summary

All New Zealand councils must identify a sustainable model for delivering water services while complying with regulations. Councils must analyze existing options and explore alternatives, including establishing a Council-Controlled Organization (CCO).

Council must follow a process to:

- Identify a preferred option
- Consult the community

Councils must submit water service delivery plans to the Department of Internal Affairs by 3 September 2025.

A number of Waikato councils have been working collaboratively with Colab to explore options for a regional delivery model.

This co-designed regional model will be evaluated alongside existing arrangements. The proposed model seeks to achieve greater efficiency and access to borrowing beyond the level available for individual councils. Under the regional model, a limited liability water services company (CCO) would be established, with specific governance structures and a Shareholder Representative Forum involving iwi chairs.

A Heads of Agreement (HoA) has been prepared to advance work on the regional model to the next stage.

The councils that have developed the regional CCO option encompass 64% of the Waikato population. The CCO aims to empower councils to shape their water service futures through collective decision-making.

It is considered that continuing to be a party to the collaborative regional model allows Council to better influence the Three Waters service delivery model for the district.

By signing the HoA:

- a) Council is agreeing to continue to be part of the next phase of development of the Waikato Water Done Well model. This will involve:
 - development of a proposal that will set out in detail the advantages and disadvantages of the co-designed model together with all other information required by legislation

- ongoing good faith discussions and investment in the development of the model for the next phase of public consultation, followed by formal governance documentation
- b) Participating Councils keep Waikato Water Done Well alive as an option. If sufficient Councils do not sign, and Councils take a wait and see approach, momentum will be lost and the collective initiative will fail. This will result in the consequential loss of:
 - the investment to date of the ten Councils (including WRC) in co-designing a collective model
 - the collective pathway to addressing Council's challenges in a timely manner
 - the opportunity for communities to be presented with this option for consideration and feedback

Tūtohunga | Recommendation

That:

1. **The report and Heads of Agreement be received.**
2. **That the regional service delivery option be approved as one of the two options that Council must consult on.**
3. **That the Chief Executive Officer be authorised to sign the Heads of Agreement.**
4. **That Council confirm that it would be its intention to proceed to Stage 2 if, following public consultation, it decides to join the regional delivery model.**
5. **That the timing of of this transfer would need to take account of organisational capacity and change processes.**

Horopaki | Background

Councils must demonstrate their commitment to delivering water services in a manner that is financially sustainable and meets regulatory requirements. They must do this through water services delivery plans which are a requirement of the Local Government (Water Services Preliminary Arrangements) Act 2024¹ (**Preliminary Arrangements Act**). The plans are due to be delivered to the Department of Internal Affairs (**DIA**) by 3 September 2025 for consideration and approval

The Waikato Joint Mayors and Chairs Forum requested that work be carried out to identify collective water services challenges and facilitate co-designing an aggregated water services delivery model, regionally or sub-regionally, to address those challenges.

The Chief Executives of the following ten councils have worked with Colab to undertake this work:

- Waikato
- Waipā
- Taupō

¹ Enacted in September 2024

- Thames-Coromandel
- Matamata-Piako
- Hauraki
- South Waikato
- Waitomo
- Ōtorohanga
- Waikato Regional Council

This has culminated in the preparation of the HoA attached to this report.

Before confirming Councils intended service delivery model, as a minimum, Council must:

- a) identify and assess the advantages and disadvantages of two options: retaining existing arrangements (i.e. Option 1: the internal business unit) versus joining, establishing or amending a CCO (i.e. Option 2 or 3) or another form of joint arrangement
- b) carry out an analysis of the above two options with reference to rates, debt, levels of service and water charges
- c) identify a preferred option and make the analysis of the other option publicly available
- d) decide on the future model and include that in its water services delivery plan.

The attached report prepared by Vaughan Payne and the Colab project team provides extensive information on the processes, issues and provisions relevant to the HoA.

Ngā Take/Kōrerorero | Issues/Discussion

The following recommendations are included in the report::

1. **Receive:** this report and the attached HoA
2. **Note:** the purpose of the HoA in a national and regional context
3. **Approve:** presenting this regional service delivery option, as outlined in the HoA, to the Matamata-Piako community as part of public consultation
4. **Approve:** the Heads of Agreement being signed by the Chief Executive on behalf of Council
5. **Confirm:** confirm in principle whether, if the regional model is adopted, Council's preferred position is to go to Stage 1 or directly to Stage 2 (i.e. transfer its water services business directly into what will be an asset owning CCO)
6. **Note:** that any feedback Council may have on the HoA will be captured and considered at the same time as submissions received through the public consultation process.

Recommendations 3, 4 and 5 are the most important matters.

Recommendations 3 and 4 Regional Service Delivery Option

Council must consult on a minimum of two options for the future delivery of water services.

There has been extensive work undertaken and momentum gained on the regional delivery model.

Notwithstanding the many benefits of a regional model, it would be a major advantage to leverage off that work as one of the options for consultation. The alternative is staff would have to develop a second option for Council. There have been many advantages from working collaboratively, including:

- Sharing and generating ideas
- Wider perspectives on issues
- Efficient and effective use of resources (eg avoiding duplication of effort).

Recommendation 5 – Proceeding to Stage 1 or directly to Stage 2

The regional delivery model offers compelling benefits to our community. The full extent of the benefits will be realised when the full aggregation of services has occurred.

The two stages in the HoA recognise the different needs and positions of the various councils.

For MPDC, if we commit to Stage 1 if is considered we are effectively committing to Stage 2 (ie to realise the maximum benefits).

It is considered that the question of moving to Stage 2 then becomes more of a practical issue about internal processes (eg staff) and organisation capacity for change. This may also be influenced by the implementation plan for a regional entity if the proposal goes ahead.

Mōrearea | Risk

It is considered that signing the HoA mitigates legal, financial and operational risks.

The process will provide the information for one of the two options Council must consult on. There is already considerable work that has been undertaken. Progressing with this collaborative approach will be more efficient and cost effective than Council developing a second option in isolation.

The project team with the Chief executives have clearly identified issues that are sensitive for each Council and their communities. The HoA has been shaped to address these matters.

This will assist to deal with political risks.

Ngā Whiringa | Options

Option One – That the regional service delivery option be approved as one of the two options that Council must consult on.

That the Chief Executive Officer be authorised to sign the HoA.

That Council confirm that it would be its intention to proceed to Stage 2 if, following public consultation, it decides to join the regional delivery model.

That the timing of of this transfer would need to take account of organisational capacity

and change processes,	
Description of option	
Council will continue with the collaborative approach to develop the regional devlivery model.	
Advantages	Disadvantages
Council can influence a proposal that has the potential to deliver more benefits due to scale, than Council could provide working alone.	Interested parties may consider that Council has pre-determined a position before public consultation,
The process will be more cost-effective and robust than Council developing a second option on its own.	

Option Two – That Council independently formulate a second option and take no further part in the regional collaboration project.	
Description of option	
Council would develop service deloivery options in isolation/	
Advantages	Disadvantages
Council can fully control the process.	Council could miss an opportunity to achieve positive outcomes that come from operating at a larger scale.
	Council staff would have to develop a second option which is likely to be more costly and potentially less robust.
	It questionable that there is a practical second option for Council working in isolation.

Recommended option

Option one is recommended.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

The HoA takes account of all legal requirements.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	Options are addressed in this report and the attached report.
Section 78 – requires consideration of the views of Interested/affected people	The water service delivery options will be subject to public consultation. This report is dealing with progressing one of the two options for the consultative process.
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a low level of significance.
Section 82 – this sets out principles of consultation.	Consultation will be undertaken at a future date.

Policy Considerations

1. To the best of the writer’s knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

A communications and engagement plan will be developed for the public consultation.





Timeframes

An indicative time-line is included in Appendix 5 of the attached report.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata Piako District Council’s Community Outcomes are set out below:

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE	MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION
TŌ MĀTOU WHAKAKITENGA OUR VISION	
Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. ‘The heart of our community is our people, and the people are the heart of our community.	

TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			
He wāhi kaingākau ki te manawa A place with people at its heart	He wāhi puawaitanga A place to thrive	He wāhi e poipoi ai tō tātou taiao A place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga A place to belong and create

The community outcomes relevant to this report are as follows:

- Quality infrastructure is provided to support community well-being.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The costs of the next stage of the regional delivery model are still to be finalised. It is expected that the costs will be less than Council developing a second option in isolation.

Ngā Tāpiritanga | Attachments

[A↓](#). Waikato Water Done Well - Waikato Mayors and Chairs Joint Forum Report

[B↓](#). Waikato Water Done Well Heads of Agreement

Ngā waitohu | Signatories

Author(s)	Manaia Te Wiata Group Manager Business Support	
Approved by	Don McLeod Chief Executive Officer	

Waikato Water Done Well Matamata-Piako District Council	
Report:	Agreed form Heads of Agreement
Meeting Date:	27 November 2024
Prepared by:	Vaughan Payne and Waikato Water Done Well Project Team

Purpose

Enable Matamata-Piako District Council to understand the Heads of Agreement (HoA) negotiated by Chief Executives

Confirm whether Council wishes to remain part of the Waikato Water Done Well workstream with the intention of presenting this co-designed regional service delivery option to the Matamata-Piako community as part of public consultation.

Recommendations

It is recommended that Matamata-Piako District Council :

- 1.1. **Receive:** this report and the attached HoA
- 1.2. **Note:** the purpose of the HoA in a national and regional context
- 1.3. **Approve:** presenting this regional service delivery option, as outlined in the HoA , to the Matamata-Piako District community as part of public consultation
- 1.4. **Approve:** the Heads of Agreement being signed by the Chief Executive on behalf of Council
- 1.5. **Confirm:** confirm in principle whether, if the regional model is adopted, Council's preferred position is to go to Stage 1 or directly to Stage 2 (i.e. transfer its water services business directly into what will be an asset owning CCO)
- 1.6. **Note:** that any feedback Council may have on the HoA will be captured and considered at the same time as submissions received through the public consultation process.

Executive summary

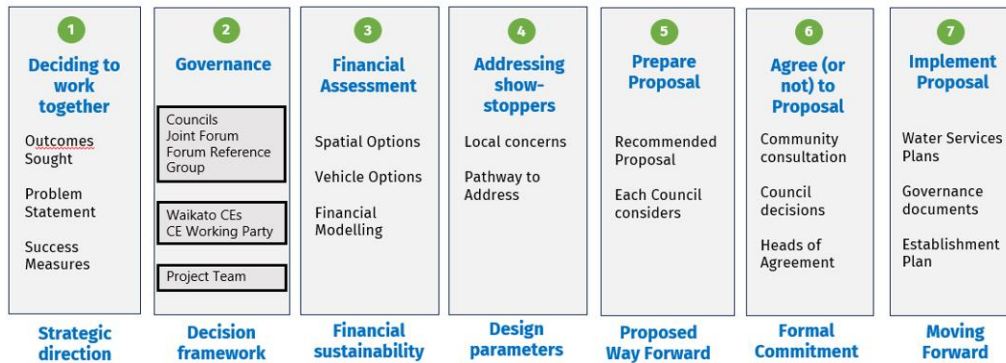
1. All Councils in New Zealand are required to identify a viable model for delivering water services to their communities in a way that is financially sustainable and meets regulatory requirement. Councils have options for this. As a minimum, Councils must:
 - a) analyse existing arrangements alongside (at least) one other option with reference to rates, debt, levels of service and water charges. One option must involve joining or establishing a CCO or some other form of arrangement.
 - b) identify a preferred option, and consult the community on the preferred option (while also making the analysis of the other option publicly available)
 - c) decide a future model and include that model in its water services delivery plan. The plans must be delivered to the Department of Internal Affairs (DIA) by 3 September 2025 for consideration and approval.

2. The co-designed regional model can be analysed against existing arrangements (and potentially other options).
3. Councils that have negotiated the HoA have agreed in principle to the vision of Te Mana o Te Wai, Te Mana o Te Tangata | Healthy Water, Healthy People. The vision sets the foundation for a strategic and results oriented approach to water services governance and delivery.
4. The HoA sets out the framework of the regional service delivery model co-designed by Chief Executives to meet the strategic direction agreed in principle. The model is measured against success factors, including the need to address 'showstoppers' and be affordable to the community. Affordability has been identified by nearly all Councils as a key challenge for them. Although each Council's needs for Water Service Delivery change are different, all Councils will benefit in some way through a regional model. In line with Government policy, the proposed model will enable Councils to work together and achieve greater efficiency while also accessing additional borrowing (at Stage 2) to increase the affordability of water services for their communities.
5. The content of the HOA framework is premised on a council-owned limited liability water services company being established (CCO) with two parallel transition plans based on what stage Councils want to transition to, and in what timeframe. No dividend would be payable by the company and shares could only be held by a council (not be sold or transferred).
6. The company would be guided by council's long-term planning and a combined Statement of Expectations to the Board. The Board will be made up of professional directors, appointed by shareholding Councils. A Shareholder Representative Forum would develop with Iwi chairs a proposal regarding their role in shareholder decision-making for council's approval.
7. The proposed regional CCO is significant in terms of scale. Specifically, Councils that have negotiated the HoA represent 64% of the Waikato population, 63% of the region's water and wastewater connections and 70% of the region's water services annual revenue (excluding development contributions).
8. Being part of a regional CCO helps to ensure council determines its future through an organisation that it has co-designed with like Councils and from a position of strength.
9. By signing the HoA, Councils will harness the progress made to date and enable the model to develop into the next phase. The objective of the co-design process is to empower Councils to determine their own best future on behalf of the communities they represent, opposed to having no oversight of the designed model.
10. The financial analysis of a regional CCO is currently being updated. This will soon be available.

1. Background to the HOA negotiations

- 1.1. Under the banner 'Waikato Water Done Well', the Waikato Joint Mayors and Chairs Forum (**Forum**) requested that work be carried out to identify collective water services challenges and facilitate co-designing an aggregated water services delivery model, regionally or sub-regionally, to address those challenges. The intent of this work is two-fold:
 - a) to inform a service delivery option Councils can consider as part of the requirements of Local Water Done Well (refer paragraph 1.6 to 1.14 below)

- b) to consider how Councils can work together to achieve the strategic direction they have agreed in principle, which includes working smarter by taking a whole of catchment investment approach
- 1.2. For ease, the collaborative roadmap that has guided the development of the Waikato Water Done Well model is included below. In accordance with this, a proposal was put to the Forum in July 2024 in relation to the co-design of a regional model for water services delivery. The recommendations included that the proposal be put to each Forum member organisation for consideration. This recommendation was endorsed and this Council approved the recommendations when the proposal was put before it.



- 1.3. The detailed recommendations are included in the background section of the attached Heads of Agreement. For ease, the key recommendations are included below:

Recommendation 1: Strategic direction: *That the vision, outcomes and success measures be adopted in principle. [Note: this is included in Schedule 2 to the attached heads of agreement].*

Recommendation 2: Co-design a staged aggregated model (for water services): *That Participating Councils co-design an aggregated model that is staged by function and governed by a professional board from the outset. Stage 1 will be the establishment of an entity providing functional services to participating councils (in relation to water services). The end point (to deliver on the vision, outcomes and success measures) is an aggregated, fully regulated water services entity (this being Stage 2, where the assets and liabilities are transferred from Councils into the entity). [Note: essentially, Stage 2 is the Option 3 multi-Council owned CCO service delivery option]*

Recommendation 4: Heads of Agreement (HOA): *That participating councils instruct their Chief Executive to negotiate a HOA to bring back for their approval by the end of October 2024 (with the intention of the HOA being signed in November 2024). The HOA will be a non-binding agreement between participating councils, entered into on a good faith basis to show a commitment to progress in the manner proposed. The framework will inform the development of more formal documentation.*

- 1.4. As mandated, the Chief Executive, together with the Chief Executives of all other Participating Councils, has negotiated the attached HoA. For transparency, the process applied is set out in Appendix 1.
- 1.5. The content of the HoA is explained later in this report (refer section 2). It is important to note:
 - a) the HoA remains a non-binding commitment for Participating Councils to work together
 - b) the HoA captures good progress made in co-designing an aggregated model and is realistic about the scope and extent of work to be done to develop this option for future water services delivery
 - c) the agreed framework is subject to adaptation to reflect accepted feedback from public consultation (including feedback from councils in the form of submissions), and the requirements of further legislation and associated policy
 - d) the agreed design (as adapted in light of (c) above) will inform the development of formal CCO governance documentation; including the company constitution and the Shareholders Agreement.

What is the purpose of the HOA?

- 1.6. The purpose of the HoA is to set out the framework of a shared water services regional model that has been co-designed by Participating Councils. To understand why it is needed, it is necessary to set out the national context and regional context in which it was been negotiated.

National context

- 1.7. In a national context, Councils must demonstrate their commitment to delivering water services in a manner that is financially sustainable and meets regulatory requirements. They must do this through water services delivery plans which are a requirement of the Local Government (Water Services Preliminary Arrangements) Act 2024¹ (**Preliminary Arrangements Act**). The plans are due to be delivered to the Department of Internal Affairs (**DIA**) by 3 September 2025 for consideration and approval.

Options

- 1.8. When determining the optimal structure and delivery method for water services, Councils have options (as confirmed by DIA guidance²). Subject to meeting minimum legislative requirements (refer Appendix 2), the delivery options are:
 - a) **Option 1:** an in-house business unit
 - b) **Option 2:** a single council-owned Council Controlled Organisation (**CCO**) (with Council support)
 - c) **Option 3:** a multi-Council owned CCO (again with Council support)

¹ Enacted in September 2024

² The supporting legislation will only be introduced in late November / early December 2024 (Local Government Water Services legislation (Bill#3)) and is expected to be law by mid-2025

- d) **Option 4:** a mixed Council/ consumer trust owned water organisation
- e) **Option 5:** some other form of arrangement³

Reason for options

- 1.9. The policy intent behind the options is captured in a Ministerial announcement in August 2024:

*“The new water service delivery models will also ensure sustainable water services across New Zealand by providing councils with the flexibility and tools they need to meet their unique needs. **By working together, councils can achieve greater efficiency and access the borrowing they need to keep water services affordable for their communities.** Our expectation is that councils will now use this certainty and the additional borrowing capacity to reduce pressure on ratepayers while being able to invest in the critical water infrastructure New Zealand needs.”⁴*

- 1.10. The greater access to borrowing referred to by the Minister:

- a) is achieved because a water services CCO created under Option 2 or Option 3 will be able to borrow up to the equivalent of 500% of operating revenue (around twice that of existing councils) through the Local Government Funding Agency (LGFA), subject to prudent credit criteria and Council support
- b) will enable enhanced access to long-term borrowing for water infrastructure. This will reduce the need to fund such investments directly from rates and other revenue and so will decrease the pressure on current day consumers.
- c) The policy intent is to enable councils to move from a system that requires large rate increases to a model that facilitates a smoother price path by combining long-term work programmes across a region (supporting longer-term procurement arrangements) and using debt to spread the costs of long-term assets over time. This will have a significant impact on ratepayer affordability.

- 1.11. In the context of the Councils who have negotiated the HoA, affordability of water charges is a key challenge that has been identified (refer table at paragraph 1.21 below).

Process before deciding options

- 1.12. Before confirming their intended service delivery model, as a minimum, councils must:

- a) identify and assess the advantages and disadvantages of two options: retaining existing arrangements (i.e. Option 1: the internal business unit) versus joining, establishing or amending a CCO (i.e. Option 2 or 3) or another form of joint arrangement
- b) carry out an analysis of the above two options with reference to rates, debt, levels of service and water charges

³ Option 5 will not be able to access funding through LGFA and so this option is not considered an effective option at this point in time.

⁴ [Unlocking Local Water Done Well: New water service delivery models | Beehive.govt.nz](#)

- c) identify a **preferred option** and make the analysis of the other option publicly available
- d) decide in relation to the future model and include that in its water services delivery plan.

1.13. Appendix 2 sets out further detail on the relevance of service delivery models in the context of water services delivery plans and the process councils must go through before deciding on the model to include in its water services delivery plan.

1.14. Water services delivery options are required to meet future regulatory requirements, which includes the soon-to-be introduced economic regulation. In general terms, the role of the regulator will be to make sure there is the right level of water infrastructure investment, to enforce information disclosure, drive efficiency gains, and ensure consumers are protected. Economic regulation will increase transparency and external scrutiny of water services businesses. Initial requirements for information disclosure are expected by early 2026. The ability to address economic regulation from when it is effective should also be a consideration for councils as they undertake this analysis.

Regional context

1.15. As noted in prior reports, 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.

1.16. The Waikato region sits at the heart of the ‘golden triangle’, a strategically significant socio-economic zone between Auckland and the Bay of Plenty regions. The region’s growth is increasingly impacting on its rural and provincial communities which are also critical for supporting a number of nationally significant sectors based in the Waikato including tourism, market gardening, forestry and wood processing, dairy farming, mining, aquaculture and horse breeding.

1.17. Councils who have negotiated the HoA are the rural and provincial councils, all of whom have agreed in principle to the vision of Te Mana o Te Wai, Te Mana o Te Tangata | Healthy Water, Healthy People. The vision sets the foundation for a more strategic and results oriented approach to water services governance and delivery.

1.18. It provides a future-focused opportunity that transcends borders, allowing the Waikato to show leadership in Water Services Delivery for generations to come, with a unified voice and scale. This strategic opportunity to work together for the benefit of communities and the wider region was recognised during negotiations with reference to the whakataukī by King Tawhiao; “*Ki te kotahi te kākaho, ka whati; ki te kāpuia, e kore e whati*” | *When a reed stands alone it is vulnerable, but a group of reeds together is unbreakable.*

1.19. Waikato councils have recognised a range of significant challenges (see paragraph 1.21 below) in the management of water services and have generally acknowledged that change is necessary to deliver the best outcome for ratepayers and the wider community.

Scale of Participating Councils

1.20. Together, the scale of Participating Councils is not insignificant with:

- a) 324,090 people or 64% of the region’s population

- b) Growth over the last five years ranging from 3% to 13.7%, and all districts having growth higher than the national average of 2.07%
- c) 208,221 connections or 63% of the region’s water and wastewater connections
- d) \$208,092 million or 70% of the region’s water services annual revenue (excluding development contributions).

Challenges of Participating Councils

1.21. The challenges to delivering water services over the next 10-year period have been assessed across Councils to be as follows:

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

1.22. The interconnection between all the above challenges, and the findings set out in the August 2024 technical report, have been summarised in the following visual:



1.23. At the heart of it, affordability is a key consideration of most Councils, particularly in a cost-of-living crisis. 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.

Pathway to a solution designed through HoA

1.24. In line with the policy intent of Local Water Done Well, Participating Councils are working together to determine how best to deliver water services in a sustainable way. The regional model has been co-designed by the Chief Executives with a focus on:

- a) positioning councils to address their individual challenges together and achieve the collective strategic outcomes. In summary, these outcomes are:
 - i. Financial sustainability
 - ii. Leading workforce
 - iii. Customer focus (including affordability)
 - iv. Local influence
 - v. Delivering on expectations and protecting public health and the environment.
- b) addressing the showstoppers or local concerns previously identified by Councils

2. What does the HoA propose?

The content of the HoA framework is premised on:

- 2.1. **Form:** a limited liability company being established
- 2.2. **Purpose:** the overarching purpose of the company being to achieve the strategic direction (refer clause 3 of the HoA). As Councils are aware, the original recommendation was to co-design an aggregated model that would be stood up in stages; Stage 1 being functional services and then Stage 2 (an asset-owning CCO into which councils will transfer their water services business). During negotiations it became apparent some Councils need to go directly to Stage 2. To enable this, the HoA provides that:
 - a) On the date the CCO is operationalised, there will be two categories of councils – those going directly to Stage 2 and those transitioning into the CCO in a staged manner, starting with Stage 1
 - b) The CCO will be set up as an asset-owning CCO from the outset (i.e. akin to a Watercare) but with two parallel transition plans
 - i. Transition planning for the transfer of the water services business of those councils going directly to Stage 2
 - ii. Transition planning for councils who are going to Stage 1 and who will obtain functional services from the CCO from the date it is operationalised under the terms of a service level agreement
- 2.3. **Councils will own the Company:** Councils will own the company as shareholders. When the CCO is first established, all councils will hold shares equally and will be referred to as Stage 1 shareholders. When the CCO 'goes live' and a council transfers its water services business into the CCO, Stage 2 Shares will be issued to that Council and it will become a

Stage 2 shareholder. Stage 2 Shares will be allocated between councils based on the number of full connections. The terms of the shares include:

- a) No dividend
- b) Shares cannot be sold or transferred and can only be held by a Council
- c) Stage 1 shareholders must enter into a service level agreement with the CCO. To have confidence that scale and efficiencies will be achieved over a reasonable time, all councils commit to moving to Stage 2 within five years of the CCO becoming operational (with it being assumed that the CCO will be operational from July 2026)
- d) When a Council moves to Stage 2, its Stage 1 shares will be cancelled. A Shareholding Council cannot be a Stage 1 Shareholder and Stage 2 Shareholder at the same time

- 2.4. **Council's ability to influence:** Stage 1 Shareholding Councils will continue to set the direction for its infrastructure assets through long-term planning (and such new requirements). The CCO will support these councils delivering on these through the service level agreement. Stage 2 Shareholding Councils will continue to set the direction for water services and infrastructure assets in their service area through a combined Statement of Expectations to the Board and through input into, and monitoring of, other documents (as required under the new accountability framework). In both scenarios it is expected the CCO will be required to provide water infrastructure to help deliver spatial plans prepared by councils which reflect local voice and aspirations.
- 2.5. **Directors:** a professional board of directors will be appointed by the Shareholding Councils having regard to the Board Skills Matrix set out in Schedule 7 to the HoA. By law, directors cannot be elected members or staff members of any of the Shareholding Councils). Accordingly, no Council can have "representatives" on the Board. The role of the Board is to act in the best interests of the company and ensure a fully focused approach to water services, creating opportunities for new capital and operating efficiencies (at Stage 1 and Stage 2).
- 2.6. **Iwi Partnership:** Until there is clarity on which councils are shareholders in the CCO, it is not possible to engage meaningfully with Iwi to work through their involvement in shareholder decision making. For this reason, the role of Iwi in relation to shareholder decision making has been left as a matter for the Shareholder Representative Forum (comprising Mayors) to lead with the Waikato Iwi Chairs Forum (or relevant Iwi Chairs depending on the councils involved). The HoA proposes that the SRF develop a proposal on how best to partner with Iwi, including respecting existing arrangements between councils and hapū/Iwi.
- 2.7. In addition, the Statement of expectations will highlight the importance of the CCO having strategic relationships with Iwi, hapū and other entities (e.g. Waikato River Authority; Waihou, Piako, Coromandel Catchment Authority). As the Board is an independent Board, Councils will not have representatives on the Board. For the same reason, it will not be possible to have Iwi 'representatives' on the Board. However, as set out in the Board Skills Matrix at Schedule 7, integrating Te Ao Māori and Tikanga Māori in a professional board environment is a Board competency. The HoA notes that the proposal in relation to the long-term engagement with Iwi will require deep engagement and consideration and so it is likely to postdate the initial board appointment process (aiming for mid-2025). For the initial appointment process, the Waikato Iwi Chairs Forum (or relevant Iwi Chairs) will be

invited to participate in the appointment process so there is assurance this Board competency is demonstrated during the recruitment process.

- 2.8. **CCO being operationalised:** Once the CCO is operational, the ownership structure will alter in the manner set out above (i.e. there will be both Stage 1 Shareholders and Stage 2 Shareholders). The CCO will have two layers of activity:

- a) water services delivery to customers in the service areas of Stage 2 Shareholders
- b) functional services to Stage 1 Shareholders that will acquire services from the CCO under the terms of a Service Level Agreement for a period of time but will seek to transition their business into the CCO in an incremental manner over no longer than a 5-year period

- 2.9. **Next phase and on-ramps and off ramps:**

- a) The indicative timeline together with the milestones for the next phase is included in Appendix 5.
- b) Signing the HoA is an on-ramp to the next phase of developing Waikato Water Done Well as an option for water services delivery
- c) The next phase will require investment from Councils to enable:
 - i. the full development of this service delivery option in a manner that complies with legislation. This will require an analysis of the option that can be considered by councils and either consulted on (where it is the preferred option) or made publicly available (where it is not the preferred option) and support with the presentation of the option as part of the public consultation process and subsequent council decision making. (**Note:** the HoA describes one option being considered by Council. The other option Council is required to consider is its existing arrangement; this option is not within scope of the Waikato Water Done Well Project team)
 - ii. development of formal governance documentation (constitution and shareholders' agreement) which, as noted above, will be based on the position arrived at by the Chief Executives and will be brought back to Councils for formal approval. A Council can leave this arrangement ('off-ramp') if it does not approve the documentation.
 - iii. Once the CCO is established, it is intended other councils will be able to join the CCO over time. However, no new shareholders will be admitted between the CCO being established (indicative timeline being mid 2025) and for a period after the CCO is operationalised. The next on-ramp after the CCO is incorporated will be late 2026. Any council joining will need the approval of existing shareholders and will be required to pay an entry contribution fee and such other requirements as set out in the formal governance documentation.

- 2.10. An illustrative example of the multi-council owned CCO taken from DIA which is reflective of what is intended in the context of the HoA co-designed model is included in Appendix 3.

3. How does regional design support strategic outcomes?

The strategic outcomes agreed by Participating Councils in principle are set out (blue boxes) followed a brief explanation of how the co-designed CCO can deliver these outcomes.

Outcome 1: <i>create scale and change to enable the significant investment required to deliver efficient and financially sustainable services that comply with regulatory requirements and enable urban development</i>	Success Measures: <ul style="list-style-type: none"> • Balance sheet separation is achieved together with ability to borrow in a practical and cost-effective manner • Achieve more with the same amount of revenue
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3.1. Multiple independent reports commissioned over the last decade (or more) at a national and local level show three waters can be delivered more cost-effectively if councils leveraged scale (refer August 2024 technical report).

Creating scale

3.2. As noted at paragraph 1.20 above, the scale of Participating Councils is not insignificant, including 324,090 people or 64% of the region’s population, 208,221 connections or 63% of the region’s water and wastewater connections, and \$208,092 million or 70% of the region’s water services annual revenue (excluding development contributions).

3.3. A finding was made in previous work (refer August 2024 technical report) that not all councils need a full water services organisation now, but it is highly likely all councils and communities will need and benefit from one at some point. Through the co-design process, it has been agreed that scale will be created as follows:

- a) Participating Councils will have the option of going directly to Stage 2 (i.e. transfer their water services business directly into the asset-owning CCO). This will greatly assist Councils who are reaching their debt capacity but also responds to the risk identified by other Councils of separating their operations and capital works activity
- b) The establishment of the CCO will not be staged but Participating Councils can stage the way they transfer their business into the CCO, with Councils that join at Stage 1 receiving functional services from the CCO
- c) To ensure there is confidence that scale will be created, all Participating Councils commit to transferring their business into the CCO within five years of it becoming operational

Balance sheet separation and increased borrowing

3.4. LGFA has confirmed that water services CCOs which control the water revenue for water services can borrow 500% revenue subject to prudent credit criteria being met. In a multi-council owned CCO such as that proposed for Stage 2 Councils, this will be treated as separate from council borrowing (but with Council support). Balance sheet separation will be achieved under this proposed model. This will also free up a council’s balance sheet

for non-water activities. The more Councils that aggregate together, the more the revenue generated by the CCO (at Stage 2) and so the more it can borrow. A key focus of the proposed model is to ensure that investment is made in a more strategic and cost-effective manner (refer later paragraphs).

Achieve more with revenue

- 3.5. Financial modelling based on full aggregation by 2031 shows that aggregation requires less revenue than a standalone scenario to achieve the same outcomes. The financial analysis of a regional CCO is currently being updated. This will soon be available. The Board of the CCO, having regard to what is required from a regulatory compliance perspective and with reference to the Shareholders' Statement of Expectations, will determine whether savings should be applied to reducing rates for customers or are needed for reinvestment in assets.

Enable significant infrastructure investment

- 3.6. A design feature of the multi-council owned CCO for Stage 1 Councils and Stage 2 Councils is to have a single team focused on water services, procuring contractors and delivering projects on time and in budget. This will enable Shareholding Councils to deliver on the significant capital works required over the next decade alone. Excluding HCC, Waikato Councils indicate circa \$2.3 billion is budgeted to be invested in three waters over the next decade alone.
- 3.7. Although Waikato Councils have been able to progressively increase their capacity to deliver capital work programmes over the last decade⁵, this is based on spend against budget. According to Infometrics, water services infrastructure is estimated to cost 30% more to build than three years ago. Increased capital expenditure does not always reflect value and better outcomes. Economic regulation will shift the focus from delivery against budget to outcomes, quality service delivery and customer benefits.

Strategic consenting

- 3.8. A further design requirement in the investment category is that there is a more strategic and cost-effective approach to consenting (noting one third of all water consents in the region expire in the next five years). Consenting is a significant driver of capital works programmes. Currently, consents are granted on an ad-hoc first-in first-served basis. In relation to wastewater treatment plants (**WWTP**) (which are the most expensive to consent and upgrade), there are currently 20 consented discharges (12 Councils) in the Waikato and Waipā river catchment and 24 consented discharges (14 Councils) in the Hauraki River catchment. A visual of where the WWTPs are located is included in Appendix 4.
- 3.9. The model proposes a shift to consents that take a whole of catchment investment approach and to work smarter by seeking the best return on investment for the rivers concerned. This could include:
- a) Nutrient balancing between WWTPs (council and industry)

⁵ 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.

- b) A long-term integrated catchment plan to inform the best return on investment through a potential:
 - i. an offset regime to reduce the impact of diffuse discharges (land use)
 - ii. a partnership opportunity between all parties: Iwi, river authorities, industry, farmers and the CCO

3.10. Waikato Regional Council has supported and invested in the development of this regional model. The HoA acknowledges the contribution to date and captures the need for the transition plan to include exploring future partnership opportunities with WRC including, but not limited to, technical leadership around a catchment-based approach to land use planning, infrastructure services and consenting.

Leading Workforce

Outcome 2:	Success Measures:
<p><i>create the conditions to build and sustain a highly skilled, adaptable and world-leading water workforce that can innovate and collaborate to drive outcomes for Waikato</i></p>	<ul style="list-style-type: none"> • Supply chain has longer-term certainty, providing confidence to invest • Specialist waters staff will be retained, protecting regional capability and enhancing future service delivery

- 3.11. The aggregated approach to capital works through a single focused team, together with the creation of a consolidated Asset Management Plan (AMP) informed by a long-term strategy, will provide the supply chain with longer term certainty of pipeline and give it confidence to invest in resources to support the AMP.
- 3.12. The above will also enable supply chain management, again through a single team. This will both lower and smooth costs as Councils will not be competing for the same resources.
- 3.13. Critical waters staff and contractors report being under pressure given the ageing workforce, competition (from other potential employers including locally and offshore) and an environment of ongoing uncertainty. Smaller Councils, where operations can be highly dependent on a few individuals, are at risk of losing critical staff. Civil construction contractors must also deal with the peaks and troughs in workflow that arise from each council’s three-yearly LTP capital works programmes. Their ability to deliver is increasingly challenged given their current state resources. Contractors advise it will take 2-3 years to gear up for programmes bigger than what is currently in the market.
- 3.14. Specialist waters staff across the region will work together in the CCO, sharing knowledge, building capability, enhancing future service delivery and better local career paths for the regional water’s workforce. A continued local presence to support local delivery is an expectation of the operating model and can be specified in the Statement of Expectations.
- 3.15. The design gives existing staff line of sight of a Council’s intentions and so confidence as to their future career pathway. This is important as uncertainty created by various reforms has gone on for too long. This also makes service delivery more resilient, particularly for smaller Councils where operations can be highly dependent on a few individuals. The need to create an attractive proposition for staff remains even more important as other

CCOs are stood up around the motu and engage in a recruitment drive to attract the most skilled.

Responding to economic regulation

- 3.16. The workforce will need to be supported by the CCO’s capability to build systems and processes that efficiently respond to and meet the requirements of economic regulation. A CCO at Stage 2 will enable Councils to prepare for economic regulation by removing water services from their main activities and transferring these into an organisation designed to respond to regulatory requirements.

<p style="text-align: center;">Outcome 3:</p> <p style="text-align: center;"><i>be customer-focused, leveraging new technologies, while also building customer awareness of their role in the water system and the value of water</i></p>	<p style="text-align: center;">Success Measures:</p> <ul style="list-style-type: none"> Investment in systems is increased, data is standardised, leading to better analysis and more confident decision-making Can demonstrate transparency and compliance Affordable to the community
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- 3.17. The agreed transition principles (refer clause 10 of HoA) state there must be a seamless transition for customers. While the management of the CCO will be overseen by the Board, Councils will set the strategic direction via the accountability framework which includes the preparation of a combined Statement of Expectations. The minimum content agreed includes a requirement that the Board focus on achieving better outcomes for communities. The strategic framework adopted in principle by the shareholders is the starting point for what the Board needs to achieve.

- 3.18. In relation to systems and compliance, Taumata Arowai has identified the need to improve the quality of data (particularly for network performance) and completeness of reporting. All Councils will need to adapt their water services business to meet the requirements of economic regulation; this will have a massive impact on how water services business must operate with increased transparency and external scrutiny being key features.

- 3.19. Significant investment to demonstrate compliance with information disclosure requirements under economic regulation will be needed through robust data and asset management systems. By aggregating, there is the opportunity work together to leverage new technologies to achieve this outcome. This is also relevant to Outcome 2 as the multitude of systems across Councils and the lack of standardised data is likely to impact the ability of operators to properly manage the relevant networks.

Local influence

<p style="text-align: center;">Outcome 4:</p> <p style="text-align: center;"><i>ensure local voice is represented in critical decision-making around water investment and management across the region, including decisions in relation to water takes and water discharge</i></p>	<p style="text-align: center;">Success Measures:</p> <ul style="list-style-type: none"> Local concerns addressed (but in a balanced matter that does not undermine balance sheet separation) The water services model can give effect to the spatial plans of each council (noting the plan informed by strong local voice).
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	<ul style="list-style-type: none">• Prioritisation framework and statement of expectations (for example) capture the strong local voice heard by Councils
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- 3.20. A requirement of legislation is that a competency-based Board must be appointed. Neither elected members nor staff of a Shareholding Council can be appointed to the Board. The co-designed model ensures that local voice is represented in the following manner:
- a) Within the HoA, each shareholder will have at least one representative on the Shareholders Representative Forum; this being the body that will support the coordination of multiple council interests in relation to those matters that fall within scope of the shareholders decision making.
 - b) At Stage 1, all shares are held equally, giving all shareholders equal influence
 - c) Best endeavours will be applied to reach all shareholder decisions by consensus. Where this cannot be achieved, shareholders will vote, with 75% being the threshold for decisions.
 - d) Councils with Stage 2 shares will have shares allocated based on number of full connections (with review periods included). This was arrived at as the appropriate means for allocating shares because:
 - i. Shares cannot be sold or transferred in the CCO
 - ii. No dividend is attached to shares
 - iii. The relevance of the number of shares is the ability to influence decisions
 - iv. As influence is exercised on behalf of customers, the number of connections best reflects community interests and local voice
- 3.21. To protect the influence of all Shareholders, two levels of decision making are included in the decision-making framework for Stage 2; 75% of votes and 75% of number. The latter ensures that a few large shareholders can not unduly dominate.
- 3.22. The HoA provides for the development of a transition plan, which will be brought to Shareholding Councils for approval when only Stage 1 Shareholders exist. This must incorporate the principles that will inform the investment prioritisation framework of the CCO (including any transition). This will be approved before the CCO 'goes live'.
- 3.23. Under the new accountability framework Bill#3 will introduce, Councils will also set out their expectations of the Board in a combined Statement of Expectations which will include strategic outcomes, priorities and any other general guidance shareholders wish to include. This will capture the strong local voice heard by Shareholding Councils and set the expectation that the CCO give effect to the spatial plans of each Council.
- 3.24. A new document, referred to as a water services strategy, will be required from the Board. This will set out the Board's strategic priorities, how it will meet regulatory requirements, and how it will respond to the Statement of Expectations. Shareholders will have the opportunity to review and comment on this before the water services strategy is finalised.

Delivering on Expectations

<p style="text-align: center;">Outcome 5: <i>meet the expectations of key partners and stakeholders including those represented in Treaty settlements</i></p>	<p style="text-align: center;">Success Measures:</p> <ul style="list-style-type: none"> Treaty settlement obligations can be given effect to Ability to invest in whole of catchment solution, supporting regional economic growth
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3.25. The role of Iwi in relation to shareholder decision making has been left as a matter for the Shareholder Representative Forum to work with Iwi on. This will ensure Iwi have clarity as to the Councils who are committed and can sensibly assess what that means for them. This relates only to the role of Iwi in shareholder decision making. Effective partnering with Iwi is a key requirement for the Board in the minimum content of the Statement of Expectations. This would include maintaining and enhancing existing relationships Councils have with local hapū and Iwi as they relate to water services, and forming effective relationships with with current and proposed entities (Waikato River Authority, Hauraki Gulf Forum and Waihou, Piako, Coromandel Catchment Authority).

<p style="text-align: center;">Outcome 6: <i>Protecting public health and the environment</i></p>	<p style="text-align: center;">Success Measures</p> <p style="text-align: center;"><i>Ability to invest in whole of catchment solution, supporting regional economic growth</i></p>
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3.26. As noted at paragraph 3.9 above, a key focus in the design is to invest in a whole of catchment solutions. This will require an understanding of the overall impacts that multiple water takes or wastewater discharges are having on the health and wellbeing of rivers that transcend council boundaries. In this manner, the CCO can ensure consent processes deliver the best return on investment at a catchment scale as opposed to being driven by expensive ad hoc individual consent processes.

3.27. The HoA includes engaging with Iwi in relation to achieving this outcome but also forming effective working relationships with Waikato Regional Council and Taumata Arowai.

4. ‘Showstoppers’ and HoA Design

4.1. Previous government reform and other attempts at establishing fully operational water services entities have been unsuccessful. This is largely due to what has been identified as ‘showstoppers’ in the context of the Waikato Water Done Well work. The showstoppers were identified from one-on-one discussions with Chief Executives as to what they considered to be the “showstopper” in the context of their business and confirmed by the Forum Reference Group. The showstoppers were then distilled into four categories as per the below table. This section sets out how the HoA design proposes to address them.

4.2. It is important to note that while the 'showstoppers' are addressed in the HoA model, without the support of local leaders, communities may be reluctant to buy into a fully aggregated entity.

Overarching groups identified	‘Showstoppers’ captured in grouping
<p>1. Local voice and influence</p>	<ul style="list-style-type: none"> Timeframe to price harmonisation (formerly known as cross-subsidisation) Enabling local voice Governance

	<ul style="list-style-type: none"> • Prioritisation of communities • Community perception re assets being ‘given away’ • Ability to Influence pricing • Iwi buy in and influence in decision making
2. Distributional impacts	<ul style="list-style-type: none"> • Timeframe to price harmonisation • Prioritisation of communities • Water metering
3. Service delivery, scope and standards	<ul style="list-style-type: none"> • Ability to create scale and move quickly • Stormwater – in or out
4. Transitional considerations	<ul style="list-style-type: none"> • Ability to create scale and move quickly • Stranded costs • Costs involved in standing up a CCO

Local voice and influence – HoA Design

4.3. In addition to the design matters set out in Outcome 4 above, the transition plan proposed by the HoA requires Shareholding Councils agreement on:

- a) the pricing principles for charging and the pathway to long-term pricing harmonisation (whether on a regional basis and / or local community-based approach to pricing (jam-jarring)). The overriding requirement of economic regulation is that the true cost of the service is reflected in the price.
- b) Assets will be owned by the CCO which, in turn, will be owned by Shareholders. Assets cannot be given as security. Shares can only be held by Councils.
- c) Iwi and shareholder decision making – partnership proposal to be prepared by Shareholder Representative Forum

Distributional Impacts – HoA design

4.4. Process for addressing historic underinvestment will be agreed by the Shareholding Councils (refer clause 10.13 of the HoA). This approach recognises the fact that Councils will have to complete Water Service Delivery Plans and address any underinvestment in any event.

Service delivery, scope and standards – HoA design

4.5. HoA has created a staged approach to enable some Councils to move faster than others. This includes the enablement of Councils to go directly to Stage 2 where that is appropriate in the context of their business.

4.6. It is proposed that stormwater be addressed via a stormwater management agreement in the first instance but noting the optionality that may be available later once the scope of Bill#3 is fully understood.

Transitional considerations – HoA design

4.7. Stranded costs is a risk that must be managed as part of the transition planning. Transitional arrangements between Councils and the CCO will be worked through to manage and minimise such costs. The staging approach also enables Stage 1 shareholders to manage this cost as part of their change planning for transition into the CCO within the 5-year timeframe.

- 4.8. The more Councils, the more that costs can be shared. It may be that the costs can be passed into CCO from a point in time – this is a matter that is being discussed with LGFA. If further Councils join, they will be required to pay an entry contribution in the manner set out in the HOA.

5. Implications of signing the HoA

- 5.1. Waikato Water Done Well gives Councils a co-designed service delivery option to deliver on the strategic outcomes in a way that can be measured against success and has mechanisms for addressing ‘showstoppers’. This model can be analysed by Councils against existing arrangements (and potentially other options) in accordance with the legal requirement that Councils assess at least two options, one of which must involve joining or establishing a CCO or some other form of arrangement.
- 5.2. By signing the HoA:
- a) a Council is agreeing to continue to be part of the next phase of development of the Waikato Water Done Well model. This will involve:
 - development of a proposal that will set out in detail the advantages and disadvantages of the co-designed model together with all other information required by legislation
 - ongoing good faith discussions and investment in the development of the model for the next phase of public consultation, followed by formal governance documentation
 - b) Participating Councils keep Waikato Water Done Well alive as an option. If sufficient Councils do not sign, and Councils take a wait and see approach, momentum will be lost and the collective initiative will fail. This will result in the consequential loss of:
 - the investment to date of the ten Councils (including WRC) in co-designing a collective model
 - the collective pathway to addressing Council’s challenges in a timely manner
 - the opportunity for communities to be presented with this option for consideration and feedback
- 5.3. The model proposed by the HoA enables Council to lock in the agreed terms on which they can join a CCO whether directly as a Stage 2 Shareholder or later down the line. The alternative is for a council to retain their existing arrangements and when the need for scale materialises (including capability to address the full impact of economic regulation), Councils find themselves seeking to join an existing CCO they have had no input into designing. Continuing to develop the model into the next phase gives Councils the opportunity to determine their own future rather than having it directed to them.
- 5.4. To safeguard the above, Participating Councils are asked to maintain momentum in a CCO that they have co-designed to meet individual and collective needs. In the interests of ensuring local voice is heard in relation to options, the regional option should be continued and disclosed to the public during consultation to ensure their feedback can be received. The model can then be improved to reflect this feedback (which will include council submissions).

- 5.5. If a council chooses not to sign the HoA, it is not progressing with WWDW workstream as an option.
- 5.6. However, if a council intends to put the regional model forward as the alternative option during consultation, and make it publicly available, the council will still need to engage with the project to complete the analysis of WWDW as an option.
- 5.7. For those Councils who wish to put the regional model forward as an option during consultation, it is proposed a Joint Committee will be established by the Participating Parties to support the consultation process. Although Councils may consult at different times, it will be important that the format and content for a regional model proposal is agreed by the relevant Councils to ensure consistency in messaging to communities.
- 5.8. To enable all Councils to consult within their intended timeframes, it is not intended that the HoA be amended before public consultation. However, the formal governance documentation will reflect all accepted feedback from consultation and will be brought back to each Council for consideration and approval.

6. Required investment

- 6.1 The required investment in support of WWDW is currently being updated and will be shared with Chief Executives prior to Council decisions on WWDW.

7. Next steps

- 7.1. The indicative timeline and future decision points are included in Appendix 5.
- 7.2. The immediate next step is the progression of the regional model proposal for it to be an option considered by communities as part of the public consultation process. Feedback will be considered and will inform Council decision-making.
- 7.3. If the Council decision making is favourable, and there are sufficient Councils, the governance documentation for the regional CCO will be finalised and brought back to Councils for formal approval.

Appendix 1 - HoA Development Process

Negotiations

1. On 7 October 2024 an initial draft of the Heads of Agreement was circulated to CEs (**Initial HoA**). This captured the output of meetings had with the CEs on:
 - a) 18 September
 - b) 27 September; and
 - c) 2 October 2024
2. CEs were asked to provide written feedback on the Initial HoA by 11 October 2024. Such feedback was duly provided by the majority of CEs and the HoA was updated to incorporate this. In addition, the Initial HOA has been updated to reflect:
 - a) matters discussed with CEs and feedback received on 9 October and 16 October respectively
 - b) feedback received from Russell McVeagh following review
3. A further version of the HoA was circulated to CEs on 18 October 2024 and this was discussed at the 23 October meeting.
4. Following on from the above, a further iteration was circulated and discussed on 30 October 2024.
5. Based on the output of the above discussions, an agreed form HoA was circulated on 1 November 2024.

Process applied to develop content [to be completed]

6. The questions that informed the scope of discussions between the CEs during the negotiations of the HoA are set out below.

1. Form of entity	2. Purpose of entity	3. Stage 1 shares allocation	4. Who is on shareholder forum?
5. What is Iwi involvement?	6. How will shareholders make decisions?	7. Directors	8. Scope of Statement of Expectations?
9. What does public consultation look like?	10. Transition planning	11. Stage 2 – how and implications	12. On ramp / off ramp

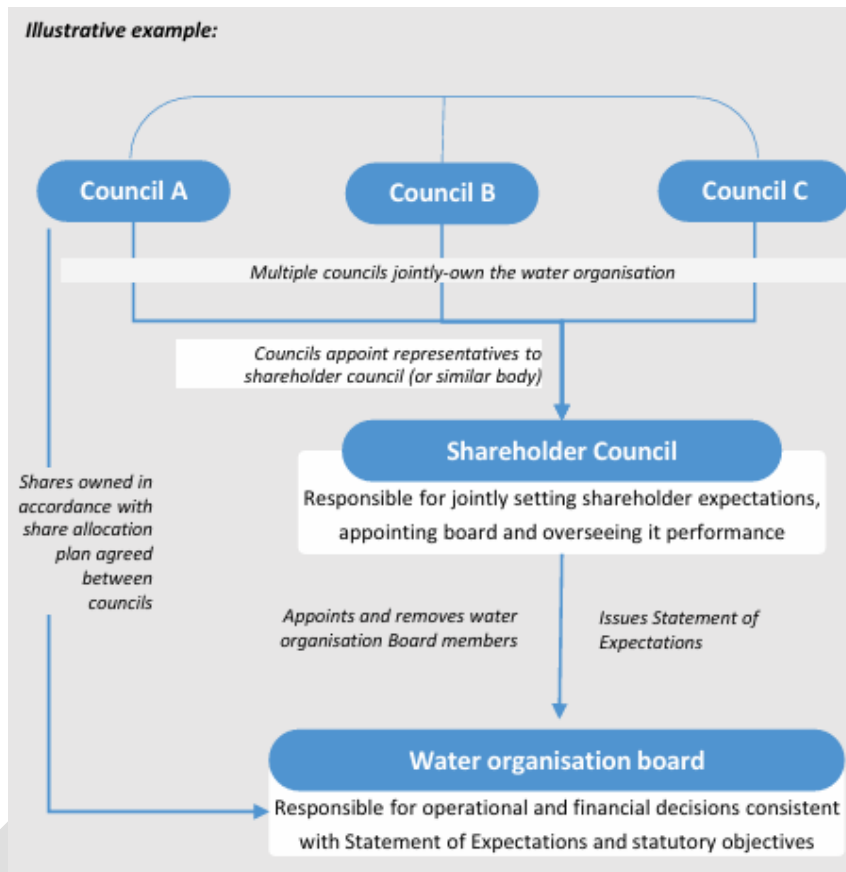
Appendix 2 – Water Services Delivery Plans and service delivery models

1. Water services delivery plans are required under the Preliminary Arrangements Act. The focus of these plans is financial and asset condition, investment requirements and service delivery model arrangements.
2. Process wise:
 - a) each council is required to submit a water services plan by 3 September 2025
 - b) this must include the intended future water services delivery model
 - c) the minimum requirements for all service delivery models are that they:
 - a) can meet economic, environmental and water quality regulation
 - b) meet new planning and accountability framework
 - c) are financially sustainable (with ring-fencing of water services, revenue sufficiency and investment sufficiency)
 - d) act consistently with statutory objectives
 - e) are subject to restrictions against privatization
 - d) Councils must consult on the intended future water services delivery model
 - e) Councils are only required to consult on their anticipated or proposed arrangements/model for delivering water services.
 - f) In their decision making regarding the preferred option, Councils must identify and assess the advantages and disadvantages of at least two options;
 - f) retaining their existing arrangements (i.e. the internal business unit); and
 - g) joining, establishing or amending a CCO or another form of joint arrangement. Councils may choose to consider more options
 - g) when consulting, Council must make the analysis of the above options publicly available, with information as to:
 - h) what is proposed, an explanation of it and the reasons for the proposal
 - i) how proceeding with the proposal is likely to affect:
 - the Council's rates, debt, and levels of service; and
 - any charges for water services:
 - j) how not proceeding with the proposal is likely to affect:
 - the Council's rates, debt, and levels of service; and
 - any charges for water services:
 - k) if the proposal involves a joint water services CCO, or a joint local government arrangement, the implications for communities throughout the joint service area of that

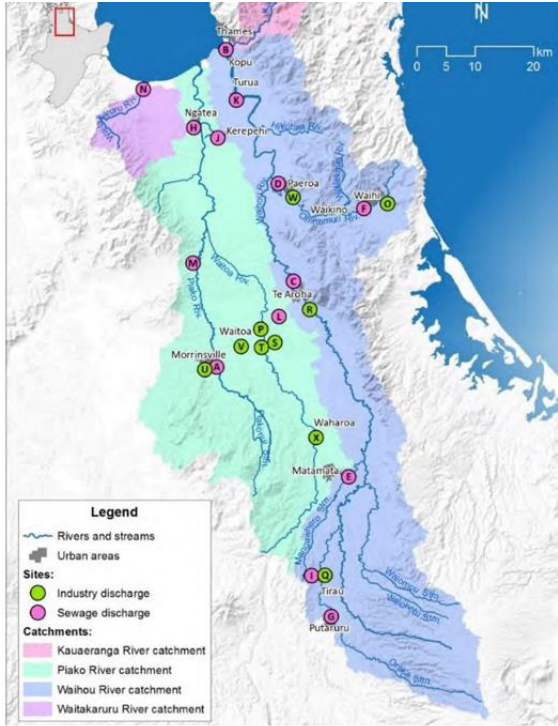
- l) if the proposal involves transferring ownership or control of a strategic asset to a water services CCO or the joint local government arrangement, a description of any accountability or monitoring arrangements the authority will use to assess the performance of the water services CCO or the joint local government arrangement in regard to the asset
- m) any other relevant implications of the proposal that the authority considers will be of interest to the public.

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Appendix 3 – Multi-Council owned CCO example



Appendix 4 – Wastewater Treatment Plants in the Waikato and Hauraki river catchments

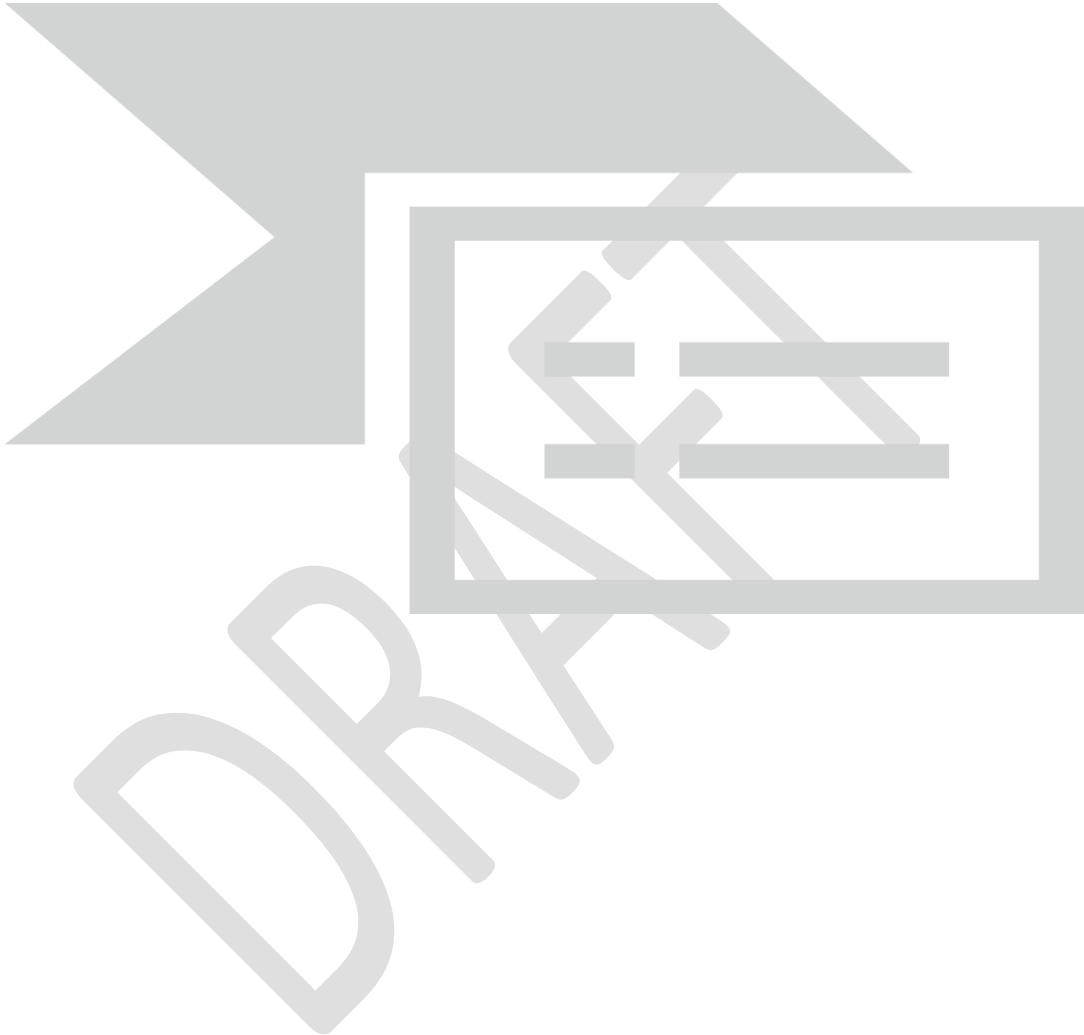


Item 7.1

Attachment A

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Appendix 5 – WWDW indicative timeline and milestones



HEADS OF AGREEMENT

relating to

WAIKATO WATER DONE WELL

Between the Signatory Councils listed in Schedule 1

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Parties

This agreement is entered into between the Councils listed in Schedule 1 (**Participating Councils**)

Background

- A. Under the banner 'Waikato Water Done Well', the Waikato Joint Mayors and Chairs Forum (**Forum**) requested that work be carried out to support individual councils in the Waikato to make an informed decision on the merits of aggregating water services, regionally or sub-regionally.
- B. In July 2024, based on a pre-circulated paper and a presentation made by the Waikato Water Done Well Project team, the Forum endorsed the following recommendations being put to each Forum member organisation for decision making:
 - a. **Strategic direction:** That the vision, outcomes and success measures (as now set out in Schedule 2 to this agreement) be adopted in principle.
 - b. **Co-design a staged aggregated model (for water services):** That participating councils co-design an aggregated model that is staged by function and governed by a professional board from the outset. Stage 1 will be the establishment of an entity providing functional services to participating councils (in relation to water services). The end point (to deliver on the vision, outcomes and success measures) is an aggregated, fully regulated water services entity (this being Stage 2, where the assets and liabilities are transferred from Councils into the entity).
 - c. **Advise Forum Chairs of decision:** That each member organisation formally advise the Forum Chairs of their decision in relation to the above recommendations by mid-September 2024. Non-participating councils will exit this workstream but will be kept informed of the work underway.
 - d. **Heads of Agreement (HOA):** That participating councils instruct their Chief Executive to negotiate a HOA to bring back for their approval by the end of October 2024 (with the intention of the HOA being signed in November 2024). The HOA will be a non-binding agreement between participating councils, entered into on a good faith basis to show a commitment to progress in the manner proposed. The framework will inform the development of more formal documentation.
- C. Over the course of August and September 2024, the above recommendations were presented to each Waikato council. A formal resolution to participate was passed by all but one council (this being Hamilton City Council) and a mandate given to the Chief Executives to negotiate a HOA. This mandate was also given by Waikato Regional Council (**WRC**) to its Chief Executive to participate in the HOA process and contribute towards the negotiation of a regional approach.
- D. The Chief Executives have discharged the mandate from their respective organisations. This agreement documents the output of the HOA negotiations and the intended key terms of the formal governance documentation for the proposed aggregated model. For completeness, it is noted that the negotiations were completed based on the relationship principles and HOA decision making framework set out in Schedule 3. It is intended that the

same relationship principles will inform the Participating Councils negotiation of the formal governance documentation.

- E. During the course of negotiations (and subject to formal council approval and public consultation), certain Participating Councils expressed the desire / need to move directly to the Stage 2 end-point (and transfer their water services business to the aggregated entity) rather than progress in an incremental manner. To ensure flexibility, the ability of Participating Councils to go directly to the Stage 2 end-point is also built into this HOA.
- F. The role of WRC as a key party to the negotiation of this agreement, and as a strong partner and supporter of the collaborative regional approach that can deliver the strategic outcomes is again acknowledged. At this point it is noted that WRC is not a signatory to this agreement because its functions are currently outside the scope of water services contemplated by this agreement. However, to demonstrate its ongoing support for a regional approach, WRC has requested the provision be included in this agreement to formally document its wish to maintain a partnership relationship going forward (refer clause 10.10 and 10.11 below).

Agreement

The Parties have agreed the following:

1. Legal status and purpose of this agreement

- 1.1. This agreement is not intended to be legally binding. It is entered into by the Parties in good faith to demonstrate their commitment to co-design an aggregated model for the delivery of water services that can achieve the purposes set out in clause 3.
- 1.2. This agreement sets out the framework of the agreed design and is subject to such adaptations as are considered necessary by the Parties to comply with the requirements of upcoming legislation (Bill#3), any associated Government policy and the outcome of public consultation.
- 1.3. The intention of the Parties is for this agreement to inform the key provisions of:
 - a) the formal documentation required to establish the aggregated model, namely:
 - i. Public consultation documentation
 - ii. Constitution
 - iii. Shareholders' agreement (including terms of reference for the Shareholder Representative Group (refer section 7 below))
 - iv. Statement of expectations
 - b) the service level agreement to be entered into between each Participating Council and the CCO at Stage 1.
- 1.4. Further detail on the content and purpose of the above documents is set out in Schedule 4 to this agreement. These documents will be brought back to each Party for consideration and formal approval at the appropriate time.
- 1.5. By entering this HOA, the Parties commit to undertake the co-design activities for the aggregated model. To ensure consistent messaging across communities as to the content of this HOA, and what has been agreed, Participating Councils agree to collaborate and ensure, to the extent practicable, a no surprises approach is taken when communicating about the contents of this HOA and the analysis of this option.

2. Establishment of a water services company

- 2.1. Subject to public consultation and agreement on the formal documentation, the Parties agree to establish a water services company which will be:
- incorporated as a limited liability company under the Companies Act 1993
 - owned by the Parties who will have voting rights
 - a Council Controlled Organisation (**CCO**) within the meaning of section 6 of the Local Government Act 2002
 - an asset owning fully regulated company that will deliver water services to communities (Stage 2) and a provider of **Agreed Functional Services** (refer clause 10.6) to Participating Councils for the period of time that they are at Stage 1
 - a water services CCO within the meaning of section 5 of the Local Government (Water Services Preliminary Arrangements) Act 2024 (**Preliminary Arrangements Act**)
- 2.2. The CCO will have:
- the registered name of Waikato Waters Limited and a registered office will be confirmed closer to the date of incorporation. Any change in name is a matter on which shareholder approval must be sought
 - have the purpose set out in clause 3 below
- 2.3. The key provisions in, and format of, this agreement, set out:
- how the CCO will be owned, including the classes of shares that can be held (**Council Ownership**) with each Council referred to as a **Shareholding Council**
 - what decisions will be brought to Shareholding Councils for decision making, how the shareholders will make those decisions and communicate expectations to the Board of Directors (**Shareholding Councils Influence and Control**)
 - the way Shareholding Councils will organise themselves to make decisions in relation to those matters that Shareholders have decision making rights over (**Shareholder Representative Forum**)
 - the requirements for appointing Directors (**Board of Directors**)
 - the intended process for engaging with Iwi and determining how to effectively partner with Iwi (**Iwi Partner Involvement**)
 - the intended steps to undertake transition planning to the Stage 2 end-point from an operational perspective, with clarity on the part of the journey to get to Stage 1 (**Transition Planning**)
 - the steps a Shareholding Council will undertake to move to Stage 2 (**Transfer of water services business into CCO**)
 - how the proportionality of Stage 2 Shares will be set as between Shareholding Councils (**Issue of Shares at Stage 2**)
 - high-level overview of what will be settled between a Council and the CCO at the time the Council transfers its business into the CCO (**Settlement**)
 - key matters to be included in the Stage 1 service level agreement (**Service Level Agreement**)

- k) all Parties agree that the model proposed should be inclusive and designed to cater for the collective benefit. Provision is made for other councils to join over time subject to existing shareholder approval. To enable the Board to focus on establishing the CCO and ensure smooth and safe transition for existing shareholders, there will be periods where other councils cannot be admitted into the model. Similarly, there is provision for councils to exit the model¹. These are referred to as **On-ramps / Off-ramps** in this HOA.

3. Purpose of water services company

4. Roles and responsibilities in a water services company

Note: For ease of reference, the roles and responsibilities as between the Board, Shareholders and the Shareholders Representative Forum is set out below.

- 4.1. **Board:** under general law, the business of a company must be managed by the directors. Policy guidance issued to date has confirmed the overarching purpose of the CCO is to:
 - 4.2. achieve the objectives of the Shareholding Councils, both commercial and non-commercial, as stated in the relevant governance documentation and Statement of Expectations
 - 4.3. enable Shareholding Councils to collectively achieve the strategic outcomes for water services in their service area in the long term. The strategic outcomes approved in principle are:
 - a) create scale and change to enable the significant investment required to deliver efficient and financially sustainable services that comply with regulatory requirements and enable urban and commercial development
 - b) create the conditions to build and sustain a highly skilled, adaptable and world-leading water workforce that can innovate and collaborate to drive outcomes for Waikato
 - c) be customer-focused, leveraging new technologies, while also building customer awareness of their role in the water system and the value of water
 - d) ensure local voice is represented in critical decision-making around water investment and management across the region, including decisions in relation to water takes and water discharges
 - e) meet the expectations of key partners and stakeholders including those represented in Treaty settlements and Joint Management Agreements
 - f) protecting public health and the environment
 - 4.4. support Shareholding Councils in complying with law, including the Preliminary Arrangements Act, water and wastewater standards, economic regulation such as further regulatory requirements as are introduced in the suite of enduring settings for Local Water Done Well
 - 4.5. to the extent responsibility for any matter vests in the CCO, to comply with the law.
 - 4.6. The purpose of Stage 1 is to enable Participating Councils to move to the end-point in a timeframe that works for them (through no longer than a 5 year lens. The incremental approach involves the CCO providing Agreed Functional Services (refer clause 10.6) at Stage 1 to:

¹ It will be a matter for each council to consider (at the appropriate time) what the implications are for it exiting the model if it has committed to it as part of its water services delivery plan.

- 4.7. enable councils to collectively leverage immediate opportunities for their communities and unlock some benefits of a joined-up approach to water infrastructure in the short-term. The immediate opportunities intended to be unlocked (which will also be realised at Stage 2) are:
 - a) Stronger workforce development (build together rather than compete)
 - b) Capital works delivery (more efficient and cost-effective driven by professional board and single management team)
 - c) Resilience: infrastructure planned through single AMP informed by a long-term infrastructure strategy
 - d) Smarter consenting: evolve from ad hoc consent applications to integrated consents
 - e) Better data: consolidated system capturing standardized data and leading to better decision making
 - f) Identify opportunities for cost saving by having a focussed approach across the region. For example, management of water allocation across councils.
- 4.8. get councils as far along the road to the vision and achieving the strategic outcomes as practicable in the context of Stage 1 while providing a means by which the council can engage with the CCO to respond to its future needs and move to Stage 2 at the appropriate time
- 4.9. conduct its affairs in accordance with sound business practice and in a manner that adheres to the relevant services level agreement while supporting relevant councils to achieve their individual water services strategy deliverables and performance measures, noting that Participating Councils at Stage 1 will retain:
 - a) ownership of water services assets
 - b) the role of water services provider (and so will remain the regulated provider)
 - c) decision making in relation to price setting and investment priorities.
- 4.10. med that Local Water Done Well legislation (Bill#3) will require the Board of a water services organisation (as defined in that legislation) to be made up of professional directors. Neither staff nor elected members of a shareholding council can be appointed to the Board. Directors must act in the best interests of a company.
- 4.11. **Shareholders:** Shareholders are the owners the company and will appoint the Board. However, they do not have the authority to directly instruct directors on how to manage the company on a day-to-day basis. There are matters that a Board must seek shareholder approval for which will be set out in the company constitution and the shareholder agreement. Shareholders will also set their expectations of the Board through a combined Statement of Expectations. The governance documentation informed by this HOA will empower the CCO to issue at least two classes of shares; Stage 1 Shares and Stage 2 Shares (refer clause 5 below).
- 4.12. **Shareholder Representative Forum:** the purpose of the Shareholder Representative Forum is to support the coordination and expression of multiple council interests. It will be the Forum at which shareholders will cast their votes to make decisions on those matters that are reserved for shareholder decision making (refer clause 7 below).

5. Council Ownership

- 5.1. Council ownership in the CCO will be way of shares in the company.
- 5.2. Councils will hold shares as **Stage 1 Shareholders** or **Stage 2 Shareholders**.
- 5.3. On establishment the CCO will only have **Stage 1 Shares** on issue. Stage 1 Shares will be held by all Participating Councils who are listed as Shareholders on incorporation of the

CCO. This will include both Participating Councils who will progress to Stage 1 in the short-term and Participating Councils who have committed to going directly to Stage 2 by a specific date (refer clause 5.6).

- 5.4. Stage 1 Shares will be held equally among the Shareholding Councils and all shareholders will have the same voting rights.
- 5.5. Stage 2 Shares will be issued to Participating Councils on the transfer of their water services business (drinking water and wastewater) into the CCO. The number of Stage 2 Shares will be determined in accordance with clause 12. Stage 1 Shares previously held by such councils will be cancelled.
- 5.6. Subject to public consultation and agreement on the formal documentation, all Shareholding Councils agree in principle to becoming a Stage 2 Shareholder in future and support the CCO in achieving the overarching purpose identified at clause 3.1. The timing and circumstances on which a Shareholding Council will move to Stage 2 will be determined by each council.
- 5.7. The Parties acknowledge that as Participating Councils move to Stage 2, the number of Stage 1 Shareholders will reduce. Once the number of Stage 2 Shareholders is the same or greater than the number of Stage 1 Shareholders, it is no longer appropriate for Stage 1 Shareholders to be able to influence key decisions in respect of the ownership rights of the CCO. This is reflected in clause 6.4 below. After a period of 5 years from the CCO becoming operational, it is intended that all Stage 1 Shareholders will have transitioned to Stage 2 and there will be no more Stage 1 Shareholders.

Terms of Shares

- 5.8. Shares will be issued on the following terms:

Stage 1 Shares	Stage 2 Shares
a) Shares cannot be sold or transferred and must be owned by a council (or another water services CCO)	
b) Shareholders must be a party to the shareholders agreement	
c) A security interest cannot be given over any shares Note: Bill#3 will also prohibit water services assets being used as security.	
d) Shares will not carry a right to a dividend	
e) Subject to clause 5.3 and clause 5.7, shares are held subject to the relevant council: <ul style="list-style-type: none"> • becoming a party to a service level agreement with the CCO (with the effective date being when the CCO is operational) for a period of 5 years • committing to the CCO providing the Agreed Functional Services (refer clause 10.6). 	e) Stage 2 shares will be issued to a council in return for it transferring its water services business (assets and liabilities) into the CCO and the CCO undertaking to discharge all future water services delivery obligations for that Council (refer clause 11 and clause 12)

If a shareholder terminates the services level agreement (or it expires), it will trigger a cancellation of its Stage 1 Shares (for no consideration).	
f) Shares are held equally by shareholders with all shareholders having the same voting rights.	f) Shares are held in accordance with the methodology agreed in clause 12 below.

5.9. **Note:** As noted above, Stage 1 Shares will be cancelled once a Shareholder becomes a Stage 2 Shareholder. Each Council will have a different number of Stage 2 Shares when it becomes a Stage 2 Shareholder (determined in accordance with Clause 12). Accordingly, there will be a difference between the voting power of the different Stage 2 Shareholders. The decision-making framework in Section 6 below has been designed to manage this. This will be scenario tested once there is greater clarity on who wishes to progress with WWDW and the likely allocation of shares once those parties have progressed to Stage 2. As with all provisions in this HOA, it will also be reviewed against the requirements of upcoming legislation.

6. Shareholding Councils influence and control

- 6.1. The general role of a shareholder in a company is set out in clause 4.2 above.
- 6.2. In the CCO, Shareholding Councils will have oversight of decision making in the CCO in the following manner:
 - a) voting on those matters that are reserved for Shareholding Council decision making (refer clause 6.4)
 - b) issuing a Statement of Expectations to the Board (refer clause 6.5)
 - c) oversight of the Board through the reporting requirements from the Board to the Shareholders (refer clause 6.8).

Matters reserved for Shareholding Council decision making

- 6.3. The matters that require approval of the Shareholding Councils are set out in the below table. The Shareholding Councils will reach agreement on these matters through votes cast by their representative on the Shareholder Representative Forum.
- 6.4. While best endeavours will be applied for decisions to be made by consensus, this may not always be possible in a timely manner. To ensure the CCO can operate effectively, and that Shareholding Councils have confidence in their ability to influence decision making, the level of support required for a decision to be made collectively by the Shareholding Councils is as set out below. The level of support at Stage 1 refers to when all shareholders are Stage 1 Shareholders. The level of support at Stage 2 applies from the first issue of Stage 2 Shares.

Reserved matter	Stage 1 Level of Support	Stage 2 Level of Support
Changes to constitution	75%	51% or more of Stage 1 Shareholders and 75% votes (and number) Stage 2 shareholders

Reserved matter	Stage 1 Level of Support	Stage 2 Level of Support
Admission of new shareholders. Noting the intention for the model to be inclusive and that only Stage 2 shareholders will be admitted after incorporation	75%	75% votes (and number) of Stage 2 shareholders
Five-year periodic review of Stage 2 Share allocation provided for in clause 12.4	N/A	75% votes and number Stage 2 Shareholder
Any changes to the rights attached to shares (Note: is class of share specific)	75%	75% number of Stage 1 Shareholders for changes to Stage 1 Shares only 75% votes and number Stage 2 Shareholders for changes to any class of shares
Any winding up or restructuring (includes any merger or amalgamation)	75%	75% votes of Stage 2 shareholders (and 75% number)
Any major transactions	75%	75% votes of Stage 2 shareholders (and 75% number)
Appointment of Directors	75%	51% or more Stage 1 shareholders and 75% (number) of Stage 2 shareholders
Approving the transition plan for Stage 2 (will include: the pricing principles for future fully regulated entity and investment prioritisation framework)	75% (with option for dissenting shareholder to off-ramp in accordance with clause 15.3)	N/A (Note: The transition plan will be approved and implemented when Stage 2 shares are issued)
Approving Statement of Expectations	75%	Combined SOE for purpose of Bill#3: 75% votes of Stage 2 shareholders

Reserved matter	Stage 1 Level of Support	Stage 2 Level of Support
		(Note: Ongoing expectations of Stage 1 shareholders will be more appropriately addressed in service level agreement)

Statement of Expectations

- 6.5. Shareholding Councils will prepare a combined Statement of Expectations which will inform and guide the decisions and actions of the CCO Board.
- 6.6. The Statement of Expectations must cover all matters required by legislation and be consistent with the agreed purpose of the CCO.
- 6.7. The agreed minimum content of the combined Statement of Expectations is set out in Schedule 5.

Reporting requirements

- 6.8. Subject to such adjustments as may be necessary to meet the minimum requirements under Bill#3, the Board must deliver to the Shareholder:
 - a) half yearly report: a report on the CCO's operations during each half year, with the report delivered within 2 months after the end of the half year.
 - b) an annual report on the CCO's operations which complies with all legislative requirements. For Stage 2 shareholders, this will include the requirements to be confirmed by Bill#3
 - c) such other reporting as may be agreed by the Shareholding Councils after discussion with the Board
 - d) a draft water services strategy for comment to Stage 2 Shareholding Councils.
- 6.9. **Note:** Bill#3 will provide that all relevant strategy and planning information related to water services must be included in a water services strategy document and not in the LTP. The strategy will be required every three years and the content and process for developing it will be set out in legislation. Stage 1 Shareholders will be required to prepare their own water services strategy document with input from the CCO. The CCO will be responsible for a water services strategy in respect of the business transferred by Stage 2 Shareholders. The Board must state how it is giving effect to the statement of expectations. Stage 2 Shareholders will be able to comment on the draft water services strategy and the Board must consider these comments before preparing a final version.

7. Shareholders Representative Forum

- 7.1. The role of the Shareholder Representative Forum is as stated at clause 4 above.
- 7.2. The Shareholding councils commit to co-operating and supporting the CCO to be empowered to deliver on its purpose. Effective communication and cooperation between the CCO and Shareholding Councils is critical to the CCO's success. While Shareholding Councils expect that the Chair of the CCO Board and the CCO Chief Executive will develop and maintain strong relationships with each Shareholding Council, it is also necessary that

the CCO be able to engage with Shareholding Councils in a co-ordinated and expedient manner.

- 7.3. It is agreed that a Shareholder Representative Forum will be established immediately after the incorporation of the CCO. Each Shareholding Council will appoint a representative with the necessary authority to cast votes on its behalf in relation to matters that are brought to the Shareholder Representative Forum for decision making. Each Party will confirm who their representative is at the time they formally adopt the governance documentation. In the absence of a Party confirming otherwise, their representative will be their Mayor.
- 7.4. Shareholder Representative Forum terms of reference will be agreed as part of the preparation of the formal governance documentation. Proposed content for the terms of reference is included at Schedule 6. This includes that there is clarity on the matters the Shareholder Representative Forum:
 - a) has delegated authority in relation to and so effective decision making
 - b) must refer back to respective Councils for decision making. In relation to such matters, the Representative will be required seek a decision from their Council within a stipulated timeframe and in accordance with the process applicable to that Council. The Shareholder Representative will then bring the decision back to the Shareholder Representative Forum and vote in accordance with that decision.
- 7.5. Shareholder Representatives must be equipped to cast votes on behalf of their councils at each meeting.
- 7.6. Decisions made by the Shareholder Representative Forum are binding on the councils.

8. Board of Directors

- 8.1. The role of the Board is as stated at clause 4 above.
- 8.2. In accordance with legislative requirements, a Board of professional Directors will be appointed to govern the CCO. No current council staff nor elected members of any Shareholding Council can be appointed to the Board.
- 8.3. The minimum number of directors will be 5 and the maximum number will be 7 (subject to clause 8.7).
- 8.4. The Shareholder Representative Forum will lead the recruitment (with external support), selection and appointment of the Chair of the Board of directors.
- 8.5. The Chair will support the Shareholder Representative Forum in the recruitment, selection and appointment of the additional Board members.
- 8.6. All appointments will be competency based having regard to:
 - a) the essential attributes and core competencies of directors provided for in the Institute of Directors Competency Framework; and
 - b) the required Board Skills Matrix set out in Schedule 7
- 8.7. The CCO will be incorporated before the competency-based Board is appointed. Named Directors will be required at the time of incorporation. To enable this, it is agreed that two nominal directors will be appointed at the time of incorporation until such time as the appointment of the professional Board of Directors. The nominal directors will be confirmed by those councils who adopt the formal governance documentation to establish the CCO. The nominal directors will be approved by the Chief Executives from Participating Councils and may be from their number.

9. Iwi Partner Involvement

- 9.1. The Waikato is known nationally for its leadership in managing water to help ensure better long-term outcomes for the Waikato and Waipā rivers, Hauraki Coromandel rivers and Tīkapa Moana/Hauraki Gulf. Participating Councils have adopted in principle the vision 'Te Mana o Te Wai, Te Mana o Te Tangata | Healthy Waters Healthy People'.
- 9.2. The purpose of the CCO (refer clause 3) includes meeting the obligations of Councils as represented in Treaty settlements and other agreements including Joint Management agreements. Given such obligations, an opportunity exists for the CCO (and its Shareholding Councils) to:
 - a) benefit from strategic relationships with Iwi partners to deliver on its purpose (and identify cost effective solutions to resource consents); and
 - b) build upon existing co-governance entities of the region (Waikato River Authority, Hauraki Gulf Forum and Waihou, Piako, Coromandel Catchment Authority). (**Note:** this would not change any existing commitments to Iwi from any council).
- 9.3. The Statement of Expectations will also particularise the expectation that the Board will establish and maintain these strategic relationships. In relation to the role of Iwi in shareholder decision making, the Shareholder Representative Forum will be responsible for engaging with Iwi to prepare a proposal for how shareholders can effectively partner with Iwi and with existing arrangements across the region to achieve the agreed outcomes. The proposal will be brought back to each of the Shareholding Councils for consideration and approval.
- 9.4. For completeness, reference is made to the Board Skills Matrix at Schedule 7 which includes specialist experience of integrating Te Ao Māori and Tikanga Māori in a professional board environment. As the proposal in relation to the long-term engagement with Iwi will require deep engagement and consideration, it is likely to postdate the initial board appointment process. For the initial appointment process, the Waikato Iwi Chairs Forum will be invited to participate in the appointment process so there is assurance this Board competency is demonstrated during the recruitment process.

10. Transition Planning

- 10.1. The establishment of the CCO will provide the legal structure into which the relevant people, processes and systems must transition in order for the CCO to operationally deliver the Stage 1 Agreed Functional Services and Stage 2 water services delivery.

Transition principles

- 10.2. To ensure a smooth and safe transition, the transition planning will be undertaken in accordance with the following transition principles:
 - a) **Sustainability:** focussing on long term financial and non-financial benefits
 - b) **Pragmatic:** balanced and pragmatic approach to reach end goal; each stage of planning must be fit for purpose and achievable in the circumstances
 - c) **Simplicity:** people understand what is proposed and why
 - d) **Flexibility:** design and timing are flexible to cater for different needs
 - e) **Commercial robustness:** independent professional board accountable to shareholders and clarity as to respective roles

- f) **Equitable:** everyone wins at some stage based on taking a long-term view
- g) **Value for money:** choices made as part of transition using sound procurement to get the best public value and affordable services for customers
- h) **Work smart:** to the extent appropriate, the work programme will leverage off previous relevant work rather than reinvent the wheel
- i) **Safe transition:** focus during establishment is on safe transition with transformational outcomes being a long-term objective
- j) **Manage expectations:** maintain confidence of key stakeholders
- k) **Customers:** create seamless transition from a service delivery viewpoint
- l) **Employees:** certainty, opportunity, fairness and consistency – feel valued

Scope and timing of planning

- 10.3. Participating Councils have expressed a desire to move to Stage 2 at different times. In keeping with the transition principle regarding flexibility, the transition planning will provide flexibility for this to be achieved.
- 10.4. Pending the appointment of the CCO Board, the Participating Councils will drive development of a transition plan. As soon as practicable, transition planning will commence with staff of the relevant councils. A high-level overview of the activities that Participating Councils will be required to engage in transition planning is included at Schedule 8.
- 10.5. Stage 1 Shareholders will receive Agreed Functional Services in accordance with the Service Level Agreement to be entered into between each Shareholding Council and the CCO.
- 10.6. The **Agreed Functional Services** are identified as:
- a) asset management planning
 - b) input into council planning processes
 - c) capital works delivery
 - d) strategic or catchment-wide consenting (compliance will stay with councils as part of operations unless that compliance relates to capital works delivery)
 - e) project planning and design and procurement
- 10.7. Implementation of transition planning will be supported by a:
- a) robust change process to support safe and seamless transition of people, systems and processes into the CCO
 - b) for Stage 1 Shareholders, a process for agreeing the capital works programme both at the time of transition and periodically after that so the CCO has line of sight of councils' intentions in sufficient time to give the supply chain certainty of pipeline. *[Note: The intention is to leverage off information in the water services delivery plans that are signed off by councils as this should capture the detailed capital works to meet regulatory requirements for the first number of years]*
- 10.8. The full scope of activity of the CCO at Stage 2 will be worked through in detail as part of the transition planning. Legislation will partly assist the transition with policy confirmation already received that Bill#3 will include provision regarding:

- a) transitional arrangements in relation to the transfer of assets and liabilities and ability of the CCO to issue offers to existing council staff
 - b) the powers for a water services organisation to control connections
 - c) the power to carry out work on land that is required by a utility provider to ensure infrastructure can be constructed
 - d) an updated approach to the bylaws relating to water services
 - e) transitional provisions as to how a water services provider will transition to the new system over time.
- 10.9. In addition to the above, the end-point transition plan must incorporate:
- a) how the CCO will charge for and collect revenue on 'day 1'. This is likely to be under a transitional arrangement in the early years until the CCO has capability to invoice customers directly
 - b) the pricing principles for charging and the pathway to long-term pricing harmonisation (whether on a regional basis and / or local community based approach to pricing). The pricing pathway will take time and must include detail of the period of 'jam-jarring' and any charges for historical under-investment (refer clause that may be considered appropriate). In particular, of the establishment principles:
 - i. **Simplicity**: people understand what is proposed and why
 - ii. **Equitable**: everyone wins at some stage based on taking a long-term view
 - iii. **Value for money**: affordable services for customers
 - c) principles that will inform the investment prioritisation framework (including any transition)
 - d) consideration of any wider existing agreements or contracts
 - e) a plan for relationship management with civil and other contractors
 - f) systems the CCO will rely on for operations (e.g. finance, asset management, people, customer facing software) and any transitional arrangement required before the systems are fully operational
 - g) readiness criteria the Board will apply to determine readiness to receive a water services business in a seamless and safe manner.
- 10.10. The transition plan must also have regard to the future partnership opportunities identified by Participating Councils with WRC which include, but are not limited to:
- a) technical leadership around a catchment-based approach to land use planning, infrastructure services and consenting
 - b) shared services including technology
 - c) the future delivery of functional services by the CCO to WRC
- 10.11. The Chief Executives of Participating Councils will continue to explore these partner opportunities in the timeframe between now and the establishment of the CCO, with the Board and Chief Executive of the CCO taking responsibility thereafter. The Statement of Expectations will reflect these opportunities.

Addressing historical underinvestment

Note: *The need to bring assets up to a standard is an issue that needs to be addressed as part of the new regulatory regime whether a Council chooses to join a CCO or not. A multi-council owned asset owning CCO will, for asset management and economic regulatory purposes, need to develop standards for the assets it holds. At the time of transfer of assets into the CCO, some council's assets may be over this standard and others may be under this. The following provision is included in this agreement to provide Participating Councils with a framework for navigating this*

- 10.12. Councils are required to identify and address any historical underinvestment as part of the development of water services delivery plans. This applies irrespective of whether a Council seeks to join a CCO or not. At the time of entering into this agreement, this work is still underway by Councils and pending legislation will confirm the scope of the future regulatory regime.
- 10.13. Under the Waikato Water Done Well model, Councils will transfer to Stage 2 at different times, up to a timeframe of 5 years from the CCO becoming operational. At the time of transfer of a water services business, there may be a remaining gap between what is required to comply with regulatory requirements and a Council's infrastructure backlog. To address any backlog, as part of transition planning and having regard to the developing requirements of economic regulation, the Participating Councils will agree the principles and process for measuring and addressing any underinvestment by a Participating Council and the collective position in relation to cross subsidisation. In so doing, Councils will:
 - a) be guided by pragmatism
 - b) leverage off assessments done in other water services CCOs (including overseas, where appropriate)
 - c) consider the lack of water meters a historic underinvestment

11. Transfer of water services business into CCO (Stage 2)

Two waters or three waters

- 11.1. In return for the CCO undertaking to discharge all future obligations of a Council in relation to the delivery of drinking water and wastewater services (see clause 11.3 below for stormwater services), a Council will transfer its water services business into the CCO.
- 11.2. Bill#3 will provide that Councils will retain legal responsibility for the management of stormwater services but, in the context of a CCO, can choose to:
 - a) deliver stormwater services in-house but contract aspects to the CCO
 - b) transfer aspects of stormwater service delivery (including certain stormwater network assets) to the CCO (DIA guidance provides that further detail in relation to what this means in relation to the CCO being able to charge for stormwater will be provided in Bill#3).
- 11.3. It is agreed that the option in clause 11.2(b) above is the preferred option in the early years of the CCO with councils determining if they will receive stormwater management services from the CCO. The provision of such services will be charged on a cost-plus basis. Prior to a Shareholding Council moving to Stage 2, it will engage with the CCO regarding the

nature of the stormwater management services to be provided by the CCO, together with the levels of service, performance targets and the cost to be paid to the CCO for the service.

Scope of transfer

- 11.4. The starting point for determining what will transfer from a Shareholding Council to the CCO will be the information in the relevant Shareholding Council's approved water services delivery plan (as signed off by councils and certified by CEs). This will provide detail on the current state of a Council's water services business (with the plans due to be submitted by 3 September 2025 subject to an extension of time being granted).
- 11.5. Where the intended transfer of the business is over 18 months after the water services delivery plan has been approved, the Board may require a further independent assessment of:
- current state of assets of a council, the value and lifespan
 - necessary investment for the assets to be compliant
 - ring-fenced water services debt
 - ring-fenced water services revenue (including development contributions that are attributable to water services activity)
- 11.6. As a minimum, the transfer at Stage 2 will include:
- the transfer of assets, liabilities, and other matters relevant to water services (including contracts) from Councils to the CCO
 - transfer of development contribution or financial contribution required for water services infrastructure from Councils to the CCO
 - payment by the CCO to the Council of its two waters infrastructure debt. The mechanics of this will be confirmed with LGFA.
- 11.7. The net amount payable by the CCO to the Shareholding Council will be calculated in accordance with clause 13 below.
- 11.8. Bill#3 will provide further detail on the legislative mechanisms that will be available to transfer water services business into a water services CCO (assets, liabilities, processes to offer staff a role in the CCO). All legislative requirements and processes that Bill#3 will provide to support a transfer will be complied with and incorporated into the transition planning.

12. Issue of Stage 2 Shares

- 12.1. **Note:** *As stated at clause 5.8, Stage 2 Shares cannot be sold or transferred, nor do they carry a right to a dividend. The relevance of the number of Stage 2 Shares is the voting rights that they carry. The matters which will be voted on and the threshold for decisions to pass are set out in clause 6.4.*
- 12.2. The voting rights that a shareholder has will be exercised to inform the direction of the CCO in the circumstances set out in clause 6.4. As the influence of a Shareholder will be exercised for the benefit of the communities to whom water services are being delivered, it has been agreed that shares will be allocated by reference to number of full connections in a council in the following manner:

- a) The first issue of Stage 2 Shares will be based on one share for every 1,000 full connections (rounded up) within the relevant Participating Council's service area on the date of issue
 - b) All subsequent issues of Stage 2 Shares will:
 - i. be based on one share for every 1,000 connections (rounded up) within the service area of the incoming shareholder on the intended date of issue (**Intended Date**)
 - ii. trigger a review of the Stage 2 Shares held by existing Stage 2 Shareholders and the issue of further Stage 2 shares to reflect any increase in the number of connections in its former service area on the Intended Date. Any decreases in connections will be ignored.
- 12.3. Stage 1 Shares held by a council will be cancelled (for no consideration) on issue of Stage 2 Shares to that council.
- 12.4. To ensure the proportionality of Stage 2 Shares reflects the number of connections across the service area, and can be adjusted to reflect material changes whether due to population growth or other changes, a 5 yearly review of connections will be carried out. This requirement to carry out a review can be waived with the approval of 75% (votes) and 75% (number) of Stage 2 Shareholders.
- 12.5. Shareholding Councils waive any pre-emptive rights in respect of the issue of shares to an existing Shareholder Council where the shares are issued because of the transfer of its business into the CCO (or because of an increase under clause 12.2(b)(ii) or clause 12.4).

13. Settlement between CCO and Councils

- 13.1. A settlement statement will be prepared in advance of a Shareholding Council's business transferring into the CCO. The form of the settlement statement will be agreed between the CCO and the Shareholders in advance (with regard had to any guidance issued by DIA in relation to transfer agreements and / settlement statements and tax advice to inform the development of an efficient approach to settlement statement).
- 13.2. As a principle, on settlement the CCO will be required to refinance out the level of council debt (less cash reserves) attributable to water at the settlement date. In practical terms, this will require the CCO to borrow from LGFA, pay the proceeds to council, and council then use the proceeds to pay down water related borrowings with LGFA.

14. Service Level Agreement

- 14.1. Key provisions in the Service Level Agreement will include:
- a) Effective date from which services will be provided
 - b) A commitment to obtain all Agreed Functional Services from the CCO from the effective date (subject to limited exceptions for 'in-flight' projects)
 - c) The need to provide an inventory of existing contracts that will be managed by the CCO from the effective date
 - d) Agreement that CCO will be the principal to all future contracts for capital works management
 - e) Agreement as to the management charge payable to the CCO for general overheads and services

- f) Annual work programme agreed in advance together with capex budget (and instalments for payment). Details as to how CCO will be funded.
- g) Three-year plan to be provided no later than 6 months prior to the due date for water services strategy (which will be required under the new legislation).

15. On-ramps / Off-ramps

Stage 1 on-ramps and off-ramps

- 15.1. In this HOA, a Participating Council commits (in good faith) to negotiate formal governance documentation and such other matters as necessary to establish the CCO. If a Participating Council does not adopt the formal governance documentation, it will exit the Waikato Water Done Well Workstream. The timeframe for completion of the formal governance documentation is estimated to be the end of Q1 2025 / early Q2 2025.
- 15.2. Councils who have not been party to this HOA but consider and agree to the governance documentation before the CCO is formally incorporated can join as a Shareholding Council during this time. This is subject to:
 - a) other Participating Councils' agreement
 - b) a contribution towards the costs that have been incurred and investment made by other councils in the ongoing Waikato Water Done Well work determined in accordance with the same formula set out in clause 15.11 below.

Next off-ramp (ability to exit)

- 15.3. If a Shareholding Council cannot agree to the transition plan that is presented to it by the Board (estimated to be in Q3 2025) within a period of 3 months after the establishment plan is tabled to the Shareholder Representative Forum²:
 - a) it can exercise its option for the CCO to buy back its shares (for nominal consideration); or
 - b) the other shareholders can pass a resolution (75% in number) to buy back that shareholders shares (for no consideration)
- 15.4. Cancellation of shares in these circumstances does not mean the existing council will be unable to obtain services under a services level agreement once the CCO becomes operative. However, the council will no longer be a Shareholding Council.

Future on-ramps (admitting other councils as shareholders)

- 15.5. After incorporation, it is intended that new shareholders will only be admitted as Stage 2 Shareholders. The CCO may choose to offer functional services to other councils under a service level agreement but these councils will not be shareholders.
- 15.6. While the intention is to create an entity for the collective benefit, this needs to be balanced with the need to enable the CCO to focus on developing the processes that will achieve the anticipated efficiencies and safely transition existing shareholders into the CCO (and provide certainty for the purpose of completing water services delivery plans). For this reason, new shareholders will not be able to join in the period between the CCO being established and the first Shareholding Council having safely transitioned to Stage 2.

² It is the responsibility of each Council (based on its own factual circumstances) to consider its ability to exit against its water services delivery plan commitment.

Assuming the first Shareholding Council will transition to Stage 2 on 1 July 2026, it is anticipated that other shareholders will not be admitted any earlier than Q3 2026.

- 15.7. The admission of new shareholders will be subject to the approval of existing Shareholding Councils.
- 15.8. Any application to become a shareholder must be supported by a formal resolution from the council submitting the application. The Board will put a proposal to the shareholders via the Shareholder Representative Forum seeking approval to admit a new shareholder.
- 15.9. The proposal must include:
 - a) an independent assessment of the proposed incoming shareholders assets and:
 - b) whether there is any historical underinvestment that needs to be addressed, having regard to the position of the Participating Councils determined in accordance with clause 10.12 and clause 10.13 above
 - c) financial implications for the CCO if the council is admitted
 - d) conditions of entry that will apply, including the entry contribution to be made by the incoming shareholder (refer clause 15.11 below)
 - e) likely shares to be issued to incoming shareholder and impact on existing shareholders. The number of shares that will be issued to the incoming shareholder will be determined by the same Stage 2 Share issue methodology
 - f) a recommendation in relation to the timing and transition of the proposed new shareholder which ensures any risk to the safe transition of existing Shareholders or operations of the CCO is fully mitigated.
- 15.10. The applicant shareholder will be required to meet the cost of the Board preparing the above proposal.
- 15.11. If the proposal is approved, the Incoming Shareholders will be required to:
 - a) accede to the shareholders agreement on the existing terms
 - b) pay the entry contribution agreed by the existing Shareholders which is equitable and factors in the upfront monetary and time investment made by the original Shareholders. The entry contribution will be no less than the:

contribution towards the IP built up by the CCO *plus* cost of
establishment of CCO

divided by: current number of connections *multiplied by* number of
connections in service area of incoming shareholder
 - c) comply with any further conditions of entry established by the Board and approved by existing shareholders

16. Water services delivery plans and the HOA

- 16.1. The Parties are each obliged to prepare a water services delivery plan under the terms of the Preliminary Arrangements Act and submit it to the Department of Internal Affairs by 3 September 2025 for approval. Each Party is obliged to consult with its communities on the future water services delivery model that it intends to adopt in its water services delivery plan. The manner in which consultation will take place will be addressed by Participating Councils outside of this Heads of Agreement.
- 16.2. The framework in this HOA is predicated on:

- a) the future service delivery model of each Participating Council being underpinned by the establishment of the CCO and being informed by the positions developed under the governance documentation
- b) a joint water services delivery plan being prepared by those councils who adopt the formal governance documentation to establish the CCO (following public consultation); and
- c) Participating Councils working together and supporting the workstreams under the HOA to enable each council to comply with their obligations under the Preliminary Arrangements Act.

16.3. A short-term success measure that has been agreed in principle by Participating Councils is that each of them will submit a compliant water services delivery plan.

17. Governance of HOA implementation

17.1. The Parties agree that implementation of this HOA will be overseen by the Chief Executives of the Participating Councils (and noting that entry into formal governance documentation must be brought back to each council for decision making).

17.2. The Chief Executives will be responsible for:

- a) ensuring their respective Elected Members are updated regularly on progress
- b) determining whether, for efficiency purposes, a steering group should be formed from their number to oversee the work programme. Should a steering group be considered necessary, the group must include a Chief Executive from a minimum of one council intending to move to Stage 1 and the Chief Executive of each council intending to move directly to Stage 2.

17.3. The above will apply until the CCO is incorporated. From incorporation, the Shareholder Representative Forum will be established. The Chief Executives will work with the members of that Forum to transition governance oversight in a manner considered appropriate at that time.

18. Term and termination clause

18.1. This agreement commences on the date it is last signed by all of the Participating Councils and continues until:

- a) the CCO is established in accordance with the formal governance documentation accepted by the Shareholding Councils; or
- b) a resolution is passed by a Party that it does not wish to adopt the formal governance documentation.

19. Dispute resolution

19.1. The Parties agree that best endeavours will be applied to facilitate the avoidance of disputes in the first instance.

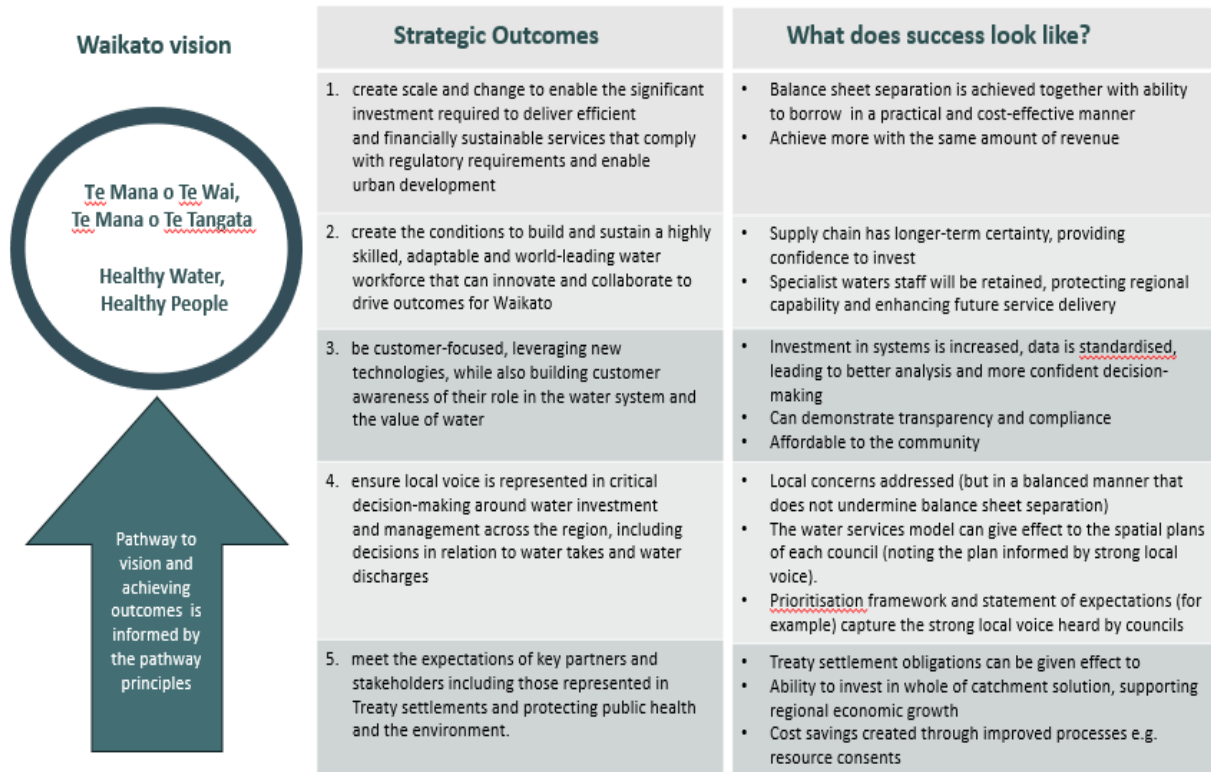
19.2. Although this HOA is not legally binding, should a dispute arise, the Parties will attempt to resolve that dispute through good faith negotiations. All formal documentation entered into by the Parties will contain a substantive dispute resolution clause.

- 19.3. The purpose of this clause is to provide a dispute resolution process should a dispute or difficulty arise before the formal documentation is adopted.
- 19.4. Should a difficulty arise in relation to the HOA that is not resolved through negotiations, a party to the difficulty may at any time give written notice to another party requesting that a meeting take place to seek to resolve the dispute. The Chief Executives of the parties to the difficulty must meet within ten business days of the giving of the notice and endeavour to resolve the difficulty in good faith.
- 19.5. If such meeting does not take place or if five business days after the meeting the difficulty remains unresolved, the matter may, at the discretion of the Party who notified the difficulty, be referred to the Chair of Audit and Risk Committee (or equivalent Committee) of the respective parties who must negotiate in good faith to resolve the difficulty.
- 19.6. If it is referred to the Chair of Audit and Risk Committee (or equivalent Committee) and after five business days of being referred, the difficulty remains unresolved, the parties must, in good faith and acting reasonably, determine the appropriate means of resolving the difficulty whether through:
 - a) a request for a Crown Facilitator to be appointed under the Preliminary Arrangements Act; or
 - b) participating in mediation with an independent mediator.
- 19.7. If the parties do not agree on a mediator, then the mediator will be appointed by the President of the New Zealand Law Society.
- 19.8. The parties must mediate the difficulty in accordance with principles agreed between them or, if no agreement can be reached, the principles determined by the mediator.
- 19.9. Unless the parties agree otherwise, the mediator's fee and any other costs of the mediation itself (such as for venue hire or refreshments) will be shared equally between the parties, but the parties will each pay their own costs of preparing for and participating in the mediation (such as for travel and legal representation).

Schedule 1 – Signatory Councils

[Delete those that do not sign]	Authorised signatory	Signature
1. Hauraki District Council	David Speirs	
2. Matamata Piako District Council	Don McLeod	
3. Otorohanga District Council	Tanya Winter	
4. South Waikato District Council	Susan Law	
5. Taupo District Council	Julie Gardyne	
6. Thames-Coromandel District Council	Aileen Lawrie	
7. Waikato District Council	Gavin Ion	
8. Waipa District Council	Steph O’Sullivan	
9. Waitomo District Council	Ben Smit	

Schedule 2 – Strategic framework



Schedule 3 – Heads of Agreement Development Process

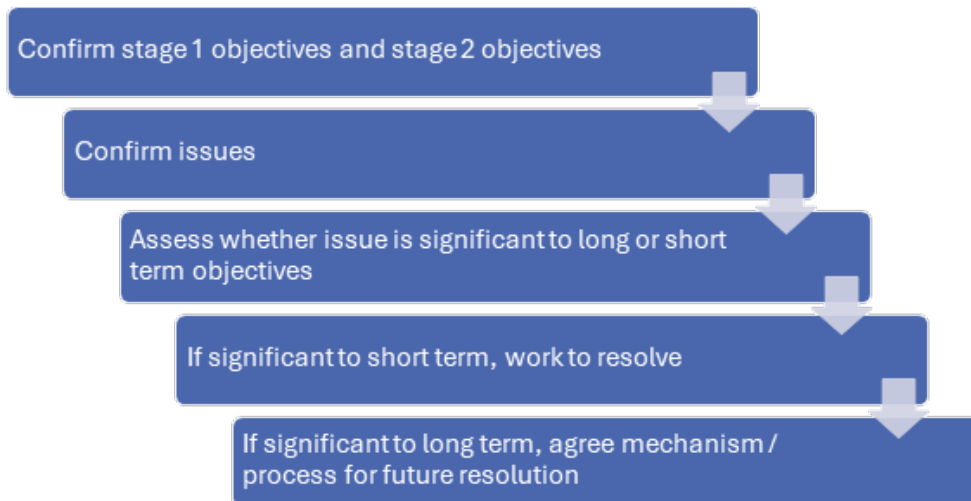
HOA relationship principles

The parties will:

- a) **Partnership:** engage with each other leveraging off their existing relationships of trust and open communication and will seek to resolve any issues through robust and frank discussion
- b) **Maintain confidence:** conduct themselves in a manner that enables each member to rely on each other including respecting confidential discussions and information
- c) **No Surprises:** communicate openly, honestly and respectfully with each other, including sharing of each council's thinking, their issues and actual or potential changes in direction
- d) **Build goodwill:** work in a manner that is reasonable, honourable and in good faith, and which builds and maintains goodwill between the parties and for the benefit of the people and communities the parties serve
- e) **Timeliness:** maintain their commitment to the timeframes agreed through council resolutions and will respond in a timely manner to issues raised and to communications
- f) **Effective engagement:** make themselves available to effectively engage in the negotiations with the objective of searching for solutions to issues raised
- g) **Be strategic:** work through short-term challenges while being focused on long term opportunities.

Heads of Agreement decision making framework

Application of the following decision-making framework when working through the various issues tabled by each council.



Schedule 4 – Documents the HOA will inform

The content of the heads of agreement will inform development of each of the below documents which will be brought back for formal approval at the appropriate time.

Documents	Detail
Public consultation documentation	Will set out the manner in which the Waikato Water Done Well option will be presented to communities alongside other options Councils may have regarding the anticipated or proposed model or arrangement for delivering water services for the purposes of its water services delivery plan, such as the option of remaining with the existing approach for delivering water services where this is a viable option.
Constitution	Based on the aggregated model being a company (refer clause 2 below), this will set out the rules of how any entity will be governed.
Shareholders' Agreement	Will set out how shareholders will operate with the Board of Directors of any entity and between themselves.
Statement of Expectations	Will set out the expectations the shareholders have of the Board, including how the entity is to conduct its relationship with the shareholding councils, communities, Iwi, hapū, and other Māori organisations.
Service level agreement	Scope of services that each Stage 1 shareholding council will acquire and relevant terms and conditions.
Water services delivery plans	Those Councils who commit to establishing a CCO will prepare a water services delivery plan jointly in relation to the future services delivery model.

Schedule 5 – Statement of Expectations Minimum Content

The below is the minimum content that must be included in the Statement of Expectations:

- a) Such matters as required by legislation
- b) That the CCO is managed for the collective benefit
- c) Strategic priorities – including that the Board focus on achieving better outcomes for communities, noting that the shareholders are councils who have determined to come on board for the benefit of their communities
- d) The strategic framework adopted in principle by the shareholders is the starting point for the Board when focussing on the long-term strategic direction
- e) Critical success factors. This includes:
 - i. Clarity on mission of Board and values expected to adhere to
 - ii. Maintaining an effective and trusted relationship with each Shareholding Council:
 - iii. Working collaboratively with each Shareholding Council to support the transition and establishment principles being given effect to, including understanding the impact of transition on councils and, to the extent reasonable, the nature of the services that may need to be provided to manage risk
 - iv. Development of staff
- f) Effective partnering with Iwi (refer 9 clause of the Heads of Agreement) to build on existing obligations of Councils (including giving effect to Te Ture Whaimana) and establish and maintain strategic relationships.
- g) Catchment approach to be taken to consenting and investment
- h) Within the context of the CCO, and the wider Statement of Expectations, establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the CCO and consider ways in which it may foster the development of Māori capacity to contribute to these decision-making processes
- i) Effective partnering with Waikato Regional Council to explore the potential opportunities set out in the Heads of Agreement, and as developed over time.
- j) Engage with regulator re regulatory model.
- k) Board will have a significant focus on ensuring a smooth and successful transition of people, processes and systems at each Stage.
- l) Management of risk and robust change process during transition
- m) Grow the cultural competence of the company through governance, management and workforce
- n) Board to ensure effective delivery of the functional services at Stage 1 in accordance with the terms of the services level agreement
- o) Planning and implementation of Stage 2 is to be carried out in accordance with the agreed establishment principles.
- p) Stage 2 establishment planning in accordance with design parameters and key matters agreed below for Stage 2 design

Schedule 6 – Shareholders Representative Forum Terms of Reference

The Terms of Reference for the Shareholders Representative Forum will include the following as a minimum:

Purpose

1. The purpose of the Shareholder Representative Forum is to support the coordination of multiple council interests and operate as the liaison between the CCO and the Shareholders and between the Shareholders themselves.

Representative

2. It is expected that only one representative from each Shareholding Council will be appointed and attend meetings of the Shareholder Representative Forum. Unless decided otherwise by a Shareholding Council, the representative will be their Mayor.

Decision making

3. The Shareholder Representative Forum will:
 - a) have delegated authority in relation to general shareholder oversight responsibilities and the matters listed in paragraph 5 below
 - b) be responsible for referring those matters not within the Shareholder Representative Forum's effective decision-making back to their respective Councils for decision making. The matter referred will require a decision of the Council to be brought back to the Shareholder Representative Forum within a stipulated timeframe. Shareholder Representatives must be equipped to cast votes on behalf of their councils at the relevant meeting.
4. Decisions made by the Shareholder Representative Forum are binding on the councils and are not capable of review

Delegated authority

5. The role of the Shareholder Representative Forum will include:
 - a) leading the recruitment, selection and appointment process for the Chair of the CCO Board
 - b) in conjunction with the Chair of the Board, lead the recruitment, selection and appointment process for the Board Directors
 - c) approving a remuneration framework for the Board
 - d) negotiating the combined Shareholders Statement of Expectations
 - e) engaging with the Board in response to any requests for input into policy or procedural matters
 - f) ensuring Shareholding Councils are informed about the CCO's performance
 - g) making and implementing decisions on behalf of Shareholding Councils (in a manner that will be particularised in detailed terms of reference)

- h) support decision making in relation to Partner involvement (refer clause 99 of HOA)

Quorum

- 6. For a meeting of the Shareholder Representative Group to have a quorum, at least 75% of the Shareholder Representatives, or their appointed Alternates, must be present. A Representative can appoint an Alternate.

Schedule 7 – Board Skills and Competency

Matrix of Skills

Each Director of the Company must have the skills, knowledge, or experience to:

- guide the Company, given the nature and scope of its activities; and
- contribute to the achievement of the objectives of the Company.

In making all Director appointments, the Shareholding Councils must ensure that all directors have the essential attributes and core competencies set out in the Institute of Directors Competency Framework and that the Board collectively has the following attributes:

COLLECTIVE BOARD ATTRIBUTES

Candidates with the ability and willingness to:		Desirable but not mandatory	At least one director	Multiple directors	All directors
1.	Chair the Board		√		
2.	Participate fully in the life of the Board and on subcommittees as required				√
3.	Demonstrate the individual attributes outlined below				√
Relevant knowledge and experience in/of:					
4.	Governance and leadership experience				√
5.	Commercial strategic and business acumen (with experience to oversee commercial negotiations)			√	
6.	Board member suitable to chair the Finance and Assurance committee, likely with a Chartered Accountant or equivalent background		√		
7.	Relationship management skills and experience, particularly in the Local Government context and with previous public sector experience Proven track record of high EQ and leading through complex change processes			√	
8.	Understanding of governance delivering community good civil infrastructure assets		√		
9.	Governance experience in industries delivering other utilities (such as electricity, telecoms)		√		
10.	A strong understanding of the Waikato region and contemporary local government context, including appreciation of public accountability			√	

Candidates with the ability and willingness to:		Desirable but not mandatory	At least one director	Multiple directors	All directors
11.	Practical, and preferably governance leadership experience in Water Services		√		

Candidates with the ability and willingness to:		Desirable but not mandatory	At least one director	Multiple directors	All directors
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12.	Resource and environmental management and the RMA - – <u>demonstrating a commitment to kaitiakitanga and stewardship of the natural environment</u>		√		
13.	Experience integrating Te Ao Māori and Tikanga Māori in a professional board environment Understands how to lead, impact and influence to maintain, uphold, and proactively engage with the principles of the Treaty of Waitangi		√		
14.	Demonstrates a strong knowledge of relevant settlements in the region, for example, Te Ture Whaimana			√	

Schedule 8 – HOA Council Activity

Council activity

1. To implement this HOA, a detailed project plan is being developed setting out the phases of work, funding and expectations of councils, with the intention of the CCO being operational by no later than 1 July 2026.
2. Transition planning will begin in earnest once Participating Councils have approved the governance documentation. Once planning commences, it is expected that each Participating Council will work with the other Participating Councils to:
 - i. develop and document the Participating Councils' technical, operational, legal and other requirements to support transition planning for the aggregated model ("**Requirements**")
 - ii. plan and design transition to meet the Requirements (to the extent reasonable) at such time(s) required by the other Participating Councils
 - iii. make decisions in relation to matters for developing the aggregated model within agreed timeframes having regard to the timeframe for submission of water services delivery plans and the intended implementation plan
 - iv. provide a dedicated single point of contact for that Participating Council for the management of the project delivery (ideally a project manager, who will also be the person authorised to make decisions (for example, approvals of proposed public comments on the project) on behalf of that Participating Council)
 - v. provide a dedicated and senior level 'sponsor' for the project
 - vi. attend those meetings agreed by the Participating Councils as appropriate or necessary for the effective governance of and/or the delivery of the aggregated model
 - vii. fund and provide resources to undertake the project

7 Pūrongo me whakatau | Decision Reports

7.2 Risk and Assurance Committee Report of 19 November 2024

CM No.: 2960856

Te Kaupapa | Purpose

The purpose of this report is to provide Council with an update from the Risk and Assurance Committee following its meeting on 19 November 2024.

Rāpopotonga Matua | Executive Summary Risk and Assurance Committee Chairperson, Jaydene Kana, in attendance to update Council on the committee business, provide an overview of the minutes and any recommendations from the Risk and Assurance Committee meeting held on 19 November 2024.

Chair's report to be circulated separately.

Tūtohunga | Recommendation

That:

1. The information be received.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Tamara Kingi Governance Team Leader	
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Approved by	Sandra Harris Policy, Partnerships and Governance Manager	
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7 Pūrongo me whakatau | Decision Reports

7.3 Adoption of Annual Report and Summary 2023/24

CM No.: 2959078

Te Kaupapa | Purpose

The purpose of this report is to present the Annual Report 2023/24 and Annual Report Summary 2023/24 for adoption following Audit.

Rāpopotonga Matua | Executive Summary

The Annual Report is prepared and adopted each year in accordance with the Local Government Act 2002.

René Van Zyl and Claudia Brink from Audit New Zealand in attendance to present their Audit Opinion and accompanying documents.

All documents in this report will be circulated separately.

- a) Warrant of Fitness for the Annual Report 2023/24 and Annual Report Summary 2023/24
- b) Audit Opinions for the Annual Report 2023/24 and Annual Report Summary 2023/24
- c) Letter of representation for the Annual Report and Annual Report Summary 2023/24 and staff review of representations made
- d) Summary of issues noted during Audit, as recorded by staff
- e) Annual Report 2023/24
- f) Annual Report Summary 2023/24

Tūtohunga | Recommendation

That:

1. **The following documents are received:**
 - a. **Warrant of Fitness for the Annual Report and Summary 2023/24**
 - b. **Audit Opinions for the Annual Report 2023/24 and Annual Report Summary 2023/24**
 - c. **Letter of representation for the Annual Report and Annual Report Summary 2023/24 and staff review of representations made**
 - d. **Summary of issues noted during Audit, as recorded by staff**
 - e. **Annual Report 2023/24**
 - f. **Annual Report Summary 2023/24**
2. **The Warrant of Fitness section 13 is completed by Elected Members.**
3. **The Annual Report 2023/24 and Annual Report Summary 2023/24 are adopted.**

Horopaki | Background

The Annual Report and Annual Report Summary for 2023/24 have been prepared in accordance with the LGA 2002. The Report and Summary are traditionally required to be adopted before 31 October each year, however under transitional legislation for the 3 Waters reform, Councils who had not adopted their Long Term Plan before 30 June 2024, could defer their Annual Report adoption until 31 December 2024. During the final Audit, Audit New Zealand needed to redirect resources to meet other public sector deadlines, meaning a delay in the planned adoption of our Report and Summary, but that statutory timeframes could be still be met.

Ngā Take/Kōrerorero | Issues/Discussion

The Warrant of Fitness has proven to be a useful tool for staff to check that significant matters have been considered in the preparation of the Annual Report. It is intended to provide some assurance to Council in this regard. The Warrant of Fitness section 13 is to be completed by elected members.

The summary of issues noted during Audit, as recorded by staff replaces the previously seen schedule of misstatements due to a system changeover for Audit New Zealand. Council staff and Audit New Zealand will be in attendance to discuss any matters.

Mōrearea | Risk

At the time of writing this report staff and Audit New Zealand are still working to have the Annual Report and Annual Report Summary ready for Council adoption on 27 November. There is a risk the Annual Report will be subject to further delays.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

Policy Considerations

1. To the best of the writer’s knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.





Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

The Annual Report and Summary for 2023/24 must be made publically available within 1 month of adoption. The Report and Summary will be uploaded to the Council website.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata-Piako District Council’s Community Outcomes are set out below:

<p>MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE</p>	<p>MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION</p>
<p style="text-align: center;">TŌ MĀTOU WHAKAKITENGA OUR VISION</p> <p>Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. ‘The heart of our community is our people, and the people are the heart of our community.</p>	

TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			
He wāhi kaingākau ki te manawa A place with people at its heart	He wāhi puawaitanga A place to thrive	He wāhi e poipoi ai tō tātou taiao A place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga A place to belong and create

The community outcomes relevant to this report are as follows:

- The Annual Report monitors progress toward all community outcomes.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The production of the Annual Report and Summary has a budget of \$7,000. The Annual Report cost is provided for within the Strategies and Plans activity budgets. The Audit of the Annual Report is funded separately and funded from general rates.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Olivia Picard Graduate Policy Advisor	
	Larnia Rushbrooke Finance & Business Services Manager	

Approved by	Sandra Harris Policy, Partnerships and Governance Manager	
	Kelly Reith Group Manager People, Governance & Relationships	
	Manaia Te Wiata Group Manager Business Support	

7 Pūrongo me whakatau | Decision Reports

7.4 Regulation 19 Report and Alcohol Fee Setting Bylaw

CM No.: 2922216

Te Kaupapa | Purpose

The purpose of this report is to:

- provide an update on the Sale of Alcohol activity
- confirm if Council wishes to consider developing an Alcohol Fee Setting Bylaw and begin early engagement with current and recent licence holders.

Rāpopotonga Matua | Executive Summary Council are one of the administrators of the Sale and Supply of Alcohol Act 2012. This report includes an update on this activity as well as the Regulation 19 report which we are required to produce each year. The Regulation 19 report is in line with the guidance material released by the Ministry of Justice in October 2018.

Councillor Sue Whiting as Chairperson of the District Licensing Committee (DLC) along with staff will provide an update on this activity for alcohol licensing including the attached report.

Council to also consider developing an Alcohol Fee Setting Bylaw and begin early engagement with current and recent licence holders based on the evidence within this report.

Tūtohunga | Recommendation

That:

1. **The Regulation 19 Report be received.**
2. **Council consider developing an Alcohol Fee Setting Bylaw and begin early engagement with current and recent licence holders based on the evidence within this report.**

Horopaki | Background

The object of the Sale and Supply of Alcohol Act 2012 (Act) is contained within section 4 as stated below:

Section 4 – Object

(1) *The object of this Act is that –*

(a) *The sale, supply and consumption of alcohol should be undertaken safely and responsibly; and*

(b) *The harm caused by the excessive or inappropriate consumption of alcohol should be minimised.*

(2) *For the purpose of subsection (1), the harm caused by the excessive or inappropriate consumption of alcohol includes –*

- (a) Any crime, damage, death, disease, disorderly behaviour, illness, or injury, directly or indirectly caused, or directly or indirectly contributed to, by the excessive or inappropriate consumption of alcohol; and
- (b) Any harm to society generally or the community, directly or indirectly caused, or directly or indirectly contributed to, by any crime, damage, death, disease, disorderly behaviour, illness, or injury of a kind described in paragraph (a)

Further to this, regulation 19 of the Sale and Supply of Alcohol (Fees) Regulations 2013 requires us to make publically available each year a report showing the fees payable in relation to and the costs incurred for this activity. In October 2018, the Ministry of Justice released guidance material on how this should be calculated as each council was calculating it differently and no clear comparisons could be made. The report for the 2023/2024 financial year is attached. 'The intention of this regime is the local TAs' costs related to licensing are fully recovered from the fees received (regulation 6(4) of the Fees Regulation)'.

Council may, under the Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013, adopt a bylaw, setting its own fees and if it has not adopted a bylaw then the regulated fees and charges as prescribed in this report must be used. To date, Council has not adopted a bylaw, therefore fees have been set through statute since 2012.

Current Licencing Fees set by statute:

	Licence Application fee (GST Included)	Annual fee (GST Included)
On/Off/Clubs Very low	\$ 368.00	\$ 161.00
On/Off/Clubs Low	\$ 609.50	\$ 391.00
On/Off/Clubs Medium	\$ 816.50	\$ 632.50
On/Off/Clubs High	\$ 1,023.50	\$ 1,035.00
On/Off/Clubs Very High	\$ 1,207.50	\$ 1,437.50
Special licence Class 1	\$ 575.00	
Special licence Class 2	\$ 207.00	
Special licence Class 3	\$ 63.25	
Temporary Authority	\$ 296.70	
Temporary Licence	\$ 296.70	

**manager's certificates cannot be changed unless all territorial authorities change the fee. They currently remain at \$275 as per section 11, Sale and Supply of Alcohol (Fees) Regulations 2013.*

Special Licence Activity 2023/24

Council had previously delegated under section 10 of the Sale and Supply of alcohol (fees) regulations 2013 to the Group Manager Community Development (Dennis Bellamy) and the District Planner (Ally van Kuijk) the ability to reduce a fee category for special licences provided it meets certain criteria. The updated delegations are Group Manager Growth and Regulation (Ally van Kuijk) and Community Protection and Compliance Manager (Ryan Johnston).

The reduced fee category was used for one application this year. This was for a theatre production for the Matamata Dramatic Society and a reduced fee is normal practice for such an event and in line with the criteria set by Council.

Discretionary conditions

Two of the discretionary conditions under the Local Alcohol Policy 2023 are the ability to limit specials for any six month period and that no more than 18 specials are issued for any premises in a six month period. The DLC had two applications where a discretionary condition was used during this period.

In addition to this, the attached report, further outlines an overview of the alcohol activity for the 23/24 financial year.

Ngā Take/Kōrerorero | Issues/Discussion

Alcohol update

Councillor Sue Whiting will provide a brief update on the activity as a whole.

Regulation 19 and Alcohol Fees Bylaw

Our alcohol activity expenditure is calculated using a prescribed formula and includes council staff time spent, hearing costs and DLC time. This same formula has been used since 2017/18 to be in line with the Ministry of Justice's Guidelines.

Below is a summary of the Income and Expenditure since 2017/18 financial year. It is likely most of the cost increase is due to inflation and staff wages increasing with this. 2020 figures were impacted by the COVID19 pandemic, however mainly only affecting special licencing with less events going ahead. Costing figures are also affected by the three yearly cycle of licence renewals. The last three years indicate that these types of figures can be expected to be relatively consistent.

	Income	Expenditure	Cost
2023/24	\$141,704.95	\$211,448.90	-\$69,743.95
2022/23	\$130,345.89	\$192,745.68	-\$65,399.79
2021/22	\$125,042.04	\$192,019.10	-\$66,977.06
2020/21	\$136,573.89	\$177,330.40	-\$40,756.51
2019/20	\$120,135.25	\$163,192.90	-\$43,057.65
2018/19	\$118,421.65	\$171,540.40	-\$53,118.75
2017/18	\$117,397.32	\$163,746.42	-\$46,349.10

**previous reported figures have been incorrectly inflated due to an error of adding a 60% increase for overhead costs instead of a 40%, this has been rectified in line with the recommended calculations.*

The Regulation 19 report shows that the cost increasingly outweighs the income received for this activity, the current fees set by statute in 2012 are not sustainable in the long term and are expected to continue to increase.

Council's Revenue and Financing Policy adopted in 2024 states the funding sources of Alcohol Licencing and Enforcement are:

- Licence processing fees set by legislation
- Enquiries/complaints/enforcement: 100% funded by rates

As legislation allows for fees to be set via a bylaw this is in line with Council’s Revenue and Financing Policy.

Enquiries and complaints associated with this activity are not overly intensive.

Current fees vs actual costs

Below is an example of Council income from receiving Class 3 Special License applications compared to expenditure to process is based on 2023/2024 financial year. Staff do note that Class 3 applications probably has the highest percentage of current unrecoverable costs.

Statutory Cost for a Class 3 Special licence	\$63.25	The cost the applicant pays under the current Act
True cost to Council to process & issue the Class 3 application	\$439.50	Includes all staff & departments dealing with alcohol licensing
The shortfall paid by the rate payer per Class 3 application	\$376.50	

42 Applications received = Total Council Income from applications was \$2,646.00.

Total cost subsidised by the rate payer was \$15,813.00 using the actual cost.

Mōrearea | Risk

Increasing costs of running a business can stifle innovation and growth or place pressure on already struggling operators. The hospitality industry provides benefits for the community through employment and a safe place to socialise with alcohol. It’s harder to argue any public benefit from bottle stores and other off licence businesses. A fee increase could negatively affect some of these businesses, although this could be explored through engagement. Any hardship an increase could cause would have to be balanced with the costs for Council to undertake its legislative requirements and the overall cost of alcohol on our communities in particular the indirect costs on the Police and Te Whatu Ora. Council carry out the bulk of the administrative tasks at a local level. These activities are becoming costlier and are an important function to ensure public safety due to the risks involved with the sale of alcohol. Failing to manage this activity can result in ongoing risk of social harm.

To mitigate any possible significant impact on those required to pay for licencing activities due to a fee increase, the fee increase could be staggered over a two or three-year period to lower the impact on affected businesses. This is common practice across Council’s who have implemented Alcohol Fee Setting Bylaws.

Ngā Whiringa | Options

The two options that Council has in regards to fees are:

Option One – Continue using the current statutory fees
Description of option

Continue using the current statutory fees	
Advantages	Disadvantages
No further process is required	This activity isn't self-funding and the costs are increasing each year which falls on the general rate payer
Businesses keep paying a comparatively low fee	Allowing fees to remain the same may mean a more dramatic increase in fees in the future

Option Two Consider developing an Alcohol Fee Setting Bylaw

Description of option

Consider developing an Alcohol Fee Setting Bylaw and begin early engagement with current and recent licence holders

Advantages	Disadvantages
Fees could be increased to cover more of the costs of this activity ensuring sustainability and ongoing quality of service	The bylaw process will incur some costs, however the process can be completed in-house using current staff resources in conjunction with other proposed bylaw changes.
General rates will be used less to fund this activity	The hospitality and alcohol industry may respond negatively to the increase

Recommended option

It is staff's recommendation that Council consider developing an Alcohol Fee Setting Bylaw and begin early engagement with current and recent licence holders.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Should Council wish to consider an Alcohol Fee Setting Bylaw then a new bylaw will be required and will be completed in line with legal requirements.





Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

Should Council wish to consider an Alcohol Fee Setting Bylaw then a draft timeline is below to coincide with other proposed bylaw changes.

13 November 2024	Council workshop
27 November 2024	Council meeting – approval to consider a fee setting bylaw and proceed with early engagement
December 2024	Early engagement with current and recent licence holders
January 2025	Staff to draft Bylaw and Statement of Proposal
February 2025	Council meeting – approval of Draft Bylaw and Statement of Proposal for formal public consultation
March/April 2025	Formal public consultation (one month minimum)
May 2025	Council hearing of submissions
May 2025	Council deliberations
June 2025	Council meeting – approval of Final Bylaw
July 2025	New fees in force

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata-Piako District Council’s Community Outcomes are set out below:

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE		MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION	
TŌ MĀTOU WHAKAKITENGA OUR VISION			
Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. ‘The heart of our community is our people, and the people are the heart of our community.			
TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			
He wāhi kaingākau ki te manawa A place with people at its heart	He wāhi puawaitanga A place to thrive	He wāhi e poipoi ai tō tātou taiao A place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga A place to belong and create

The community outcomes relevant to this report are as follows:

- A place with people at its heart
- A place to thrive
- A place to belong and create

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

Funding of this activity is within existing budgets.

Ngā Tāpiritanga | Attachments

[A↓](#). Regulation 19 & ARLA 2023-2024 report

Ngā waitohu | Signatories

Author(s)	Loryna Prinsloo Environmental Health Administrator	
	Sandra Harris Policy, Partnerships and Governance Manager	
Approved by	Ryan Johnston Community Protection and Compliance Manager	
	Ally van Kuijk General Manager Growth & Regulation	

Alcohol Update

Executive Summary

Under the Sale and Supply of Alcohol Act 2012, Council is required to publically report annually on the income received from alcohol applications and also the cost associated with processing them. In addition to this, each year the Alcohol Regulatory and Licensing Authority (ARLA) request an annual report detailing various information including number and the type of applications received.

Cr Sue Whiting as Chairperson of the District Licensing Committee will provide an update on the 2023/24 year for alcohol licensing including the attached reports.

Recommendation That: 1. The information be received.

Attachments

- A. S19 Report 2023/2024
- B. Annual ARLA Report- 2023/24

Signatories

Author(s)	Ryan Johnston Community Protection and Compliance Manager	
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Approved by	Ally van Kuijk Group Manager Growth and Regulation	
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Alcohol Licensing Fees and Costs Report

Sale and Supply of Alcohol (Fees) Regulations 2013

Regulation 19 – Reporting by territorial authorities

- 1) Every territorial authority must each year, prepare and make publically available a report showing its income from fees payable in relation to, and its costs incurred in,-
 - a) The performance of the functions of its licensing committee under the Act; and
 - b) The performance of the functions of its inspectors under the Act; and
 - c) Undertaking enforcement activities under the Act.
- 2) The first report required by the regulation must relate to the year commencing 1 July 2023.

Income	\$	Costs	\$
Application and Annual Fees	\$153 020.95	District Licensing Committee Function - 19(1)(a)	\$190 943.00
Less ARLA* fees	\$11 316.00	Inspectors Function - 19(1)(b)	\$20 505.09
		Enforcement Function – 19(1)(c)	\$0.00
TOTAL	\$141 704.95		\$211 448.09

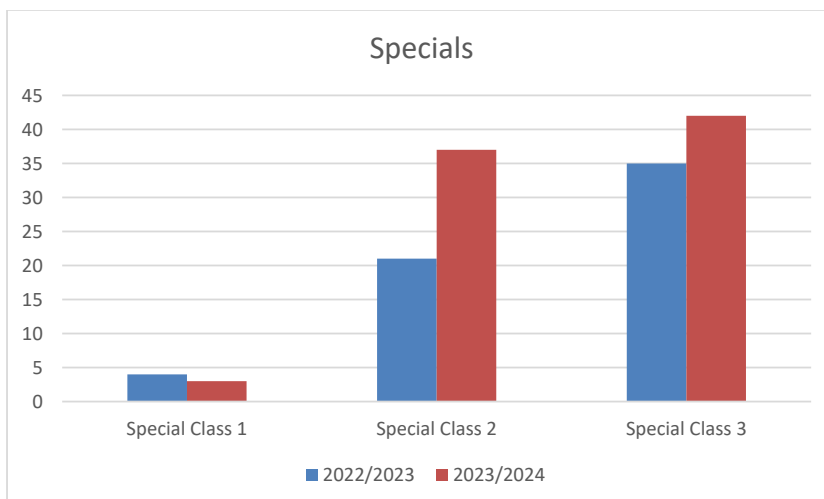
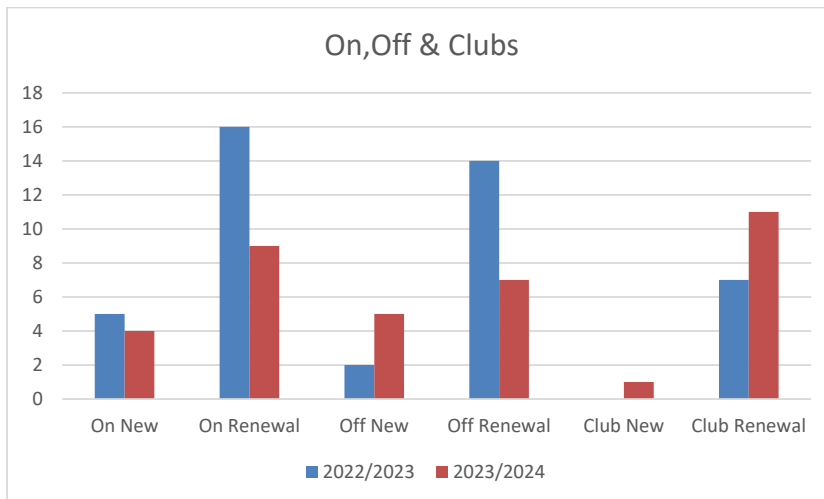
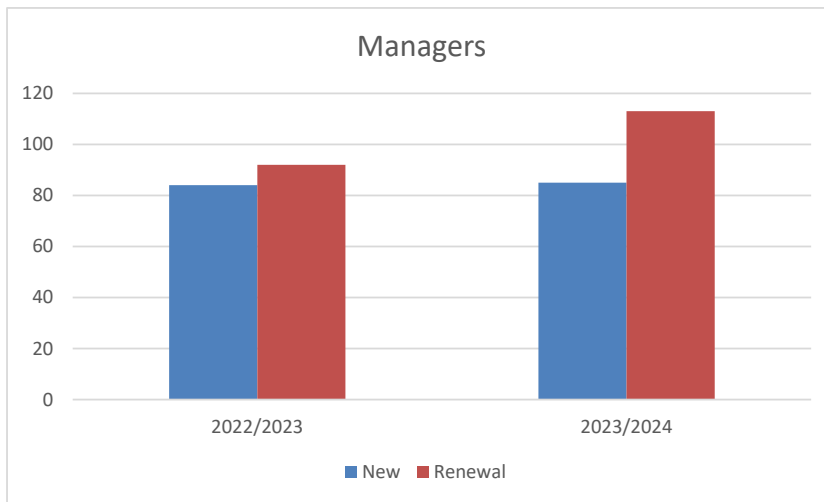
*Alcohol Regulatory and Licensing Authority

Explanatory Notes:

All figures in this report are inclusive of GST and relate to the financial year 2023/2024; that is, 1 July 2023 through 30 June 2024. They are consistent with the figures from the Annual Report 2023/2024.

Council staff for the 2023/2024 year maintained timesheets for duties undertaken directly in relation the Sale and Supply of Alcohol Act 2012. The above costs reflect the charge out rates set in the Councils schedule of Fees and Charges. No costs in relation to the management of the activity or maintenance of Council systems are included.

Comparison of licences processed for the last two Years:



Annual Return (Fees) to Alcohol Regulatory and Licensing Authority

Territorial Authority:

Annual Return for the Year Ending 30 June 2024

On-licence, Off-licence and Club Licence Applications Received						
Application Type	Number Received in Fee Category – Very Low	Number Received in Fee Category – Low	Number Received in Fee Category – Medium	Number Received in Fee Category – High	Number Received in Fee Category – Very High	Total
On-licence new	0	1	3	0	0	4
On-licence variation	0	0	0	0	0	0
On-licence renewal	1	2	6	0	0	9
Off-licence new	0	1	4	0	0	5
Off-licence variation	0	0	0	0	0	0
Off-licence renewal	0	1	6	0	0	7
Club licence new	1	0	0	0	0	1
Club licence variation	0	0	0	0	0	0
Club licence renewal	9	2	0	0	0	11
Total number	11	7	19	0	0	37
Total fees payable to ARLA (GST incl)						
Total fees paid to ARLA (GST incl)	\$189.75	\$241.50	\$983.25	\$0.00	\$0.00	\$1414.50
Annual Fees for Existing Licences Received						
Licence Type	Number Received in Fee Category – Very Low	Number Received in Fee Category – Low	Number Received in Fee Category – Medium	Number Received in Fee Category – High	Number Received in Fee Category – Very High	Total
On-licence	1	14	23	2	0	40
Off-licence	0	6	27	0	0	33
Club licence	22	9	1	0	0	32
Total number						
Total fees payable to ARLA (GST incl)	23	29	51	2	0	105
Total fees paid to ARLA (GST incl)	\$396.75	\$1000.50	\$2639.25	\$172.50	\$0.00	\$4209.00
Managers' Certificate Applications Received						
Application Type	Number Received					
Managers' certificate new	85					
Managers' certificate renewal	113					
Total number	198					
Total fees payable to ARLA (GST incl)						
Total fees paid to ARLA (GST incl)	\$5692.50					

Special Licence Applications Received			
	Number Received in Category – Class 1	Number Received in Category – Class 2	Number Received in Category – Class 3
Special licence	3	37	42
Temporary Authority Applications Received			
			Number Received
Temporary authority			11
Permanent Club Charter Payments Received			
			Number Received
Permanent club charter payments			0
Total paid to ARLA			\$11 316.00

7 Pūrongo me whakatau | Decision Reports

7.5 Land Transport Funding for 2024/25

CM No.: 2951373

Te Kaupapa | Purpose

Council is asked to determine whether to fund any of the capital Low Cost Low Risk Rooding Programme identified for 2024/25 in the Longer Term Plan without the 51% co investment from the NZ Transport Agency.

Rāpopotonga Matua | Executive Summary

The Council has adopted the 2024 Long Term Plan, focusing on maximizing subsidies from the NZ Transport Agency (NZTA). Key changes included reallocating funds from walking, cycling, and speed management programs to road pavement and drainage renewals.

The NZ Transport Agency's final funding allocations for 2024-27 were confirmed in late September 2024, with some programs receiving full funding and others, like our capital programme for Low Cost Low Risk, not meeting the threshold. The Council aims to maintain current service levels and optimize funding to address budget impacts for 2024/25. Resulting in some minor changes to some of the funding allocation and the work being completed for 2024/25.

Council needs to decide whether to invest in the Low Cost Low Risk (LCLR) capital programme, which focuses on road safety and speed management around schools. The options are:

1. Cutting this budget completely
2. Delivering a reduced programme without any subsidy from NZTA
3. Delivering the full programme as outlined in the Long Term Plan without any subsidy from NZTA

Choosing options two or three will require trade-offs to balance priorities and budgets. Staff recommend funding a reduced programme to maintain current service levels while addressing some of the safety priorities.

Tūtohunga | Recommendation

That:

1. Council receives the report.
2. Council decides whether to fund any unsubsidised Low Cost Low Risk capital programs following the NZ Transport Agency's decision not to provide co-funding.

Horopaki | Background

The Council has adopted the 2024 Long Term Plan and the associated budgets, effective from 1 July 2024.

A key discussion point throughout the Long Term Plan was the updated Land Transport Budgets. The Council aimed to maximize the subsidy from the NZ Transport Agency. Changes. The Government Policy Statement (GPS 2024) draft was released in May 2024.

To optimize our program’s co-funding potential, the following key program changes were made as part of the Long Term Plan deliberations:

- The capital walking and cycling programme and small passenger transport infrastructure investment was removed and this funding re-allocated to road pavement renewals.
- The Speed Management programme was reduced and this funding re-allocated to road pavement and drainage renewals.

Ngā Take/Kōrerorero | Issues/Discussion

General Programme

The NZ Transport Agency Waka Kotahi Board adopted the 2024-7 National Land Transport Programme (NLTP) and notified Council of the final decision early September 2024.

The letter received outlined the commitment to the Government’s priorities for the land transport system set out in the GPS 2024. These are boosting economic growth and productivity, increasing resilience and maintenance, improving safety and focusing on value for money.

The NZTA Board has endorsed the final allocations for our continuous programmes as shown in the table below.

Activity Class	2024-27 final funding	2024-27 funding request	2024-27 allocation compared to 2024-27 request (%)
Total Local road pothole prevention	\$31,957,000	\$31,957,000	100%
Total Local road operations	\$1,338,000	\$1,338,000	100%
Walking and Cycling	\$321,000	\$891,000	-64%
Low Cost Low Risk	\$0	\$2,458,365	

For the Low Cost low Risk (LCLR) capital allocation, the funding was not approved as these activities did not meet their threshold. In this NLTP, given the available funding and existing commitments, coupled with the specific priorities of the GPS 2024, LCLR programmes were only affordable in the state highway improvements and local road improvements activity classes for high GPS 2024 aligned activities.

While the NZ Transport Agency has matched the total three-year funding for Local Road operations and pothole prevention, the annual allocations differ. The Council can reallocate funds between the three years as needed, provided the total three-year budget is not exceeded.

All Council-approved road expenditures under the subsidised programme receive a 51% subsidy, which is considered income. The projected income budget for 2024/25 was set accordingly. However, the reduction in capital funding has led to a decrease in the anticipated income compared to our initial budgets.

Staff have completed an assessment of the impacts on our budgets for 2024/25:

	2024/25 Council budget	2024/25 NLTP final (without changes below)	Difference
Total Maintenance	\$6,572,658	\$6,613,312	\$40,654
Total Renewals and capital	\$7,885,155	\$7,285,587	- \$600,000
Income	\$7,409,211	\$7,088,440	\$320,771 below projection

Council has set the total Budgets for 2024/25 and based the budgets on maintaining current levels of service of our transport network.

Staff have proposed additional changes to maximize the NZ Transport Agency subsidy income and achieve the best outcomes. The deficit can be offset by making the following changes:

- **Additional Income:** An additional \$187,000 has been approved by the NZ Transport Agency for Transport Choices, to be spent entirely on school safety. This funding can now be allocated to physical works at a school that has completed a school travel plan as part of the 2023/24 Transport Choices initiative.
- **Increased Renewal Budgets.** Matching our renewal budgets to the NZ Transport Agency's funding for 2024/25 across all categories.
- **Reallocation of Funds:** Reallocating some road pavement maintenance funds to road pavement renewals.

Staff are confident that reallocating less than \$200,000 from maintenance to renewals will not impact our network's level of service. This shift will focus more on road rehabilitation and renewal work rather than just repairing potholes or pavement faults.

The final figures will depend on whether Council wishes to complete some unsubsidised capital works. The report asks Council to make this decision.

Low Cost Low Risk Capital Programme

The LTP allocated \$2,458,365 over three years for LCLR projects aimed at safety improvements. Without NZTA funding, the Council must determine whether to proceed with any portion of this program. Staff have identified a reduced, unsubsidized program of \$291,000 focusing on:

- Speed Management: \$170,000 for school safety initiatives.
- Intersection Safety: \$40,000 for improvements at high-risk intersections.
- Street Lighting: \$80,000 for lighting upgrades in key areas.

Alternatively, Council can fully fund the \$849,000 program as per the LTP or cancel the program entirely.

Mōrearea | Risk

Key risks include:

- **Safety Risks:** Without investment, critical road safety improvements will not proceed, potentially leading to higher accident rates.
- **Compliance Risks:** The Speed Limit Rule 2024 requires local authorities to implement school zone speed changes by 2026. Delays could impact compliance.
- **Reputational Risks:** Cancelling or reducing the program may affect community trust, particularly in areas prioritized for safety improvements.

Ngā Whiringa | Options

There are some options For Council:

1. Try and Live within our means and maximising our maintenance and renewal budgets But Decline to fund any LCLR un-subsidised capital works for 2024/25.
2. Try and Live within our means and maximising our maintenance and renewal budgets and funding a reduced LCLR capital programme of \$291,000 for 2024/25 without NZTA subsidy.
3. Fund the full un-subsidised LCLR capital works programme of \$849,000 for 2024/25 without NZTA subsidy.

Option One – Don't fund any Low Cost Low Risk Capital programme for 2024/25

Description of option

Council does not fund any of the Low Cost Low Risk work it had programmed for 2024/25.

Advantages

There is no financial impact

Our priorities are aligned with the Governments priorities.

Disadvantages

No intersection safety improvements will be completed

No speed management implementation work will be completed

Option Two – Fund a reduced Low Cost Low Risk Capital programme for 2024/25 (\$291,000)

Description of option

Council fund a reduced 2024/25 Low Cost Low Risk programme of prioritized work for the following:

\$170,000 on speed management implementation. Focusing on our schools.

\$80,000 on new streetlights or upgrading some of the existing lighting in high-risk areas.

\$40,000 making improvements to one of our high-risk intersection with some low cost engineering solutions to address the crashes occurring.

The funding not attracting any subsidy from NZTA.

Note: \$291,000 is the figure that can be accommodated within our current programme without making cuts to the overall maintenance and renewal budgets.

Advantages	Disadvantages
Achieve key outcomes and enhance safety at one of our high-risk rural intersections.	The work doesn't attract any NZTA subsidy. \$291,000 of capital funding is required.
Gradual implementation of our speed management plan to enhance safety around schools.	
By further tweaking some of our funding allocation for pavement between maintenance and renewals, existing funding can be utilized.	

Option Three – Fund the full Low Cost Low Risk programme for 2024/25 (\$849,000)

Description of option

Council fund the full LCLR capital programme of \$849,000 for 2024/25 as per LTP, for the following works:

\$320,000 on speed management implementation. Focusing on our schools.

\$130,000 on new streetlights or upgrading some of the existing lighting in high risk areas.

\$400,000 making improvements at some of our high risk intersections to address the crashes occurring.

The funding does not attracting any subsidy from NZTA.

Advantages	Disadvantages
Achieve key outcomes and enhance safety at some of our high-risk rural intersections.	The work doesn't attract any NZTA subsidy. \$849,000 of capital funding required.
Implementation of our speed management plan to enhance safety around our schools.	Although the funding shortfall could be funded by reducing our maintenance budget, it will start impacting our level of service.

Recommended option

Option Two – Fund a reduced Low Cost Low Risk Capital programme.

This approach balances financial prudence with delivering some key safety outcomes.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

This does change our Long Term Plan budgets but is not a Significant to require an amendment to the Long Term Plan.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	Options are addressed above in this report.
Section 78 – requires consideration of the views of Interested/affected people	The community provided feedback on the Long Term Plan but there were no specific submissions received about the Low Cost Low Risk Programme. The topic of our roading levels of service was discussed and the feedback supported continued investment to maintain current levels of service.
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a low level of significance.
Section 82 – this sets out principles of consultation.	No further consultation to occur.

Policy Considerations

1. To the best of the writer’s knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

The Long Term Plan was consulted and one particular topic Council sought feedback on was whether we reduce the maintenance on our roads. The community supported funding our maintenance and renewals to ensure our level of service was maintained.





An update to the schools will likely require to be provided as the speed management implementation programme has slowed down.

Ngā take ā-Ihinga | Consent issues

No consents are required.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata Piako District Council's Community Outcomes are set out below:

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE		MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION	
TŌ MĀTOU WHAKAKITENGA OUR VISION			
Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. 'The heart of our community is our people, and the people are the heart of our community.'			
TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			
He wāhi kaingākau ki te manawa A place with people at its heart	He wāhi puawaitanga A place to thrive	He wāhi e poipoi ai tō tātou taiao A place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga A place to belong and create

The community outcomes relevant to this report are as follows:

- A place with people at its heart
- A place to thrive

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The financial implications of the proposed options are outlined above.

Investing in new capital projects incurs additional costs, including interest on borrowed funds and depreciation expenses to cover the ongoing maintenance of new assets.

The \$291,000 option has been proposed as it aligns with current budgets and achieves some safety improvements without requiring additional funding.

In contrast, the \$849,000 option necessitates either additional budget adjustments or reallocating funds from maintenance to renewals to remain within the overall budget limits.

Any changes resulting from Council's decision will be reflected in the Annual Plan and incorporated into the draft budgets for 2025/26.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Susanne Kampshof Assets and Projects Manager	
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Approved by	Manaia Te Wiata Group Manager Business Support	
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7 Pūrongo me whakataua | Decision Reports

7.6 Retaining Wall RSA Studholme Street Morrinsville

CM No.: 2963228

Te Kaupapa | Purpose

The purpose of this report is to inform the Council about a Dangerous Structure Notice issued for a retaining wall at 27–29 Studholme Street, Morrinsville, and to seek guidance on the appropriate course of action to address the issue.

Rāpopotonga Matua | Executive Summary

This report outlines the structural issues identified with a retaining wall located at 27 and 29 Studholme Street, Morrinsville and outlines the steps taken to date, as well as the ongoing discussions regarding remediation.

In May 2024 a Dangerous Structure notice was placed by MPDC Building Consent Authority (BCA) on the retaining wall around the RSA Club rooms at 27 – 29 Studholme Street, Morrinsville. In response, immediate safety measures, including a footpath diversion and safety barriers were installed to mitigate risks to the public.

A structural assessment, jointly funded by RSA and MPDC, confirmed that the wall has reached the end of its economic life and requires complete reconstruction. Preliminary cost estimates for this work, including legal and consent fees, range between \$280,000 and \$300,000.

There is no specific budget allocated for investigative or remedial work at this stage.

This summary outlines the deteriorated retaining wall and the need for collaborative decision-making to resolve the matter.

Tūtohunga | Recommendation

That:

1. Council receive the report;
2. Direct staff to engage with the RSA to formalise a cost-sharing arrangement;
3. Approve the allocation of a budget to proceed with the cost of replacing the Retaining Wall at 27-29 Studholme Street, Morrinsville.

Horopaki | Background

In early 2022, maintenance work was conducted on the wastewater sewer main located within 29 Studholme Street, Morrinsville. During this work, signs of deterioration were observed in some of the stone blocks within the retaining wall.

The retaining wall, constructed in 1969, was built by the RSA when the property was owned by KiwiRail. It extends along the front boundary of 27 Studholme Street within the road reserve, turning at a 90-degree angle up the slope of 29 Studholme Street. Approximately 3 meters of the wall crosses the legal boundary and is now situated on MPDC-owned property.

In April/May 2024, an inspection of the retaining wall identified significant structural issues, leading to a Dangerous Structure Notice being issued to the two property owners, RSA and MPDC.

To ensure public safety, KVS installed a footpath diversion and safety barriers as an immediate protective measure.

A structural assessment, jointly funded by RSA and MPDC on a 50/50 cost-sharing basis, confirmed that the retaining wall has reached the end of its economic life.

Discussions about the next steps and responsibilities for addressing the issue are ongoing.

Ngā Take/Kōrerorero | Issues/Discussion

The retaining wall surrounding the Morrinsville RSA Club rooms on two sides was originally constructed in 1969.

The front section of the wall is positioned at the back edge of the footpath and remains largely within RSA-owned property, except for approximately 50mm, which extends slightly beyond the front boundary into the road reserve. The side section of the wall, which follows the slope, was initially constructed on land owned by KiwiRail at the time and leased to the RSA for use as a car park.

In 2015, as part of Crown settlements, this land parcel—along with five others in Morrinsville—was transferred to Ngāti Hauā. Although Ngāti Hauā had no immediate plans for these parcels, they were aware of MPDC's interest in some and agreed to sell all six sections as a package deal to MPDC. Subsequently, the land previously used as the RSA car park was leased back to the RSA by MPDC at a nominal peppercorn rate, as MPDC had no specific plans for its use at the time.

In May 2024, staff identified structural issues with the retaining wall, prompting the Building Consent Authority (BCA) to issue a Dangerous Structure Notice. This notice was served to both the RSA and MPDC. A request has been made to the BCA for an extension to address the issues.

An initial meeting between the RSA and MPDC resulted in an agreement for a 50/50 cost-sharing arrangement for a structural engineer's report to assess the extent of the wall's structural compromise. Discussions also included the potential for shared costs for any necessary repairs, though the specifics would depend on further information, including property boundaries and areas affected.

No budget has been allocated for previous or further investigative work or detailed design. Preliminary cost estimates—based on general estimating tools, material quotes, and potential legal and consent fees—indicate a total cost of \$280,000–\$300,000. The RSA has indicated they can contribute up to \$100,000 toward this project.

Recent legal advice suggests that MPDC's obligation may be limited to isolating the dangerous structure. However, there may be alternative interpretations or additional factors to consider regarding this position.

Mōrearea | Risk

The risk to the public of the consequences of a catastrophic failure of the wall has been mitigated by isolating the danger zone by barricades.

There is a minor risk but with high consequences from pedestrians that choose to walk in the road rather than diverted footpath.

A Public perception of a closed construction area with no activity.

The structural engineer has been requested to confirm that the separation between the retaining wall and the safety barricades is still appropriate.

Ngā Whiringa | Options

Under current legislation the process of replacing the wall is not permissible. Any new structure will require a Building Consent, however the current location is across two titles with different owners therefore a consent cannot be granted. It is impracticable to relocate the wall wholly into RSA owned property.

An option is for a boundary adjustment or transferring Title of 29 Studholme Street to the RSA. A Building Consent could then be applied for.

Option One – Status Quo	
Description of option	
Do nothing. At least 50% is not on MPDC property and what is was constructed by others	
Advantages	Disadvantages
No financial cost to Council	Negative perception of moral responsibility
	Negative view of southern approach into Morrinsville
	Potential Litigation from the BCA

Option Two – <Insert Option>	
Description of option	
Agree to a cost share based on location of wall in relation to the current legal boundaries. Consider boundary adjustment or sale/transfer of property to RSA	
Advantages	Disadvantages
A safer pedestrian walkway along Studholme Street	Unfunded work required
Opportunity to remove any ambiguity around ownership/liability.	Council may be seen to favoring some community Groups
Opportunity to remove any future liability on Council	Perceived potential loss of asset
Ongoing community benefit (RSA)	
No ongoing perceived responsibility for rail corridor boundary	

Recommended option

The preferred option is to replace the retaining wall at 27–29 Studholme Street, Morrinsville, to address the structural issues identified in the Dangerous Structure Notice and ensure long-term safety and stability.

To proceed, the following steps are proposed:

1. **Budget Allocation:** Council allocates the necessary budget to cover MPDC's share of the project costs, including detailed design, consent processes, and construction. Preliminary cost estimates for the project range between \$280,000 and \$300,000.
2. **Cost-Sharing with RSA:** The RSA has indicated a willingness to contribute up to \$100,000 toward the project. Council is requested to provide direction on the appropriate cost-sharing arrangement.
3. **Wall Replacement:** Reconstruction of the retaining wall to structural standards, addressing both the public safety risks and the need for a, long-term solution.

By pursuing this option, the Council can address safety concerns, comply with regulatory requirements, and foster a collaborative approach with the RSA to achieve a mutually beneficial outcome.

me ngā Whakawhitiwhitinga | Communications and engagement

Staff have communicated with RSA committee to discuss various issues.

Timeframes

Key Task	Dates
At this stage no formal project has been approved	TBA

Ngā take ā-lhinga | Consent issues

A Building Consent is required to rebuild the retaining wall.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

Desk-top exercises indicate that the total costs of rebuilding the wall including boundary adjustments or title transfer could be in the region of \$280 – 300k.

The original wall is not documented as a Council asset and there is no depreciated funding allocated. Significant parts are not within Council ownership and cannot be capitalised.

A possible funding source is through the LTP process or by a draw on community reserves.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Roger Lamberth Property & Community Projects Manager	
Approved by	Fiona Vessey Group Manager Operations	

7 Pūrongo me whakatau | Decision Reports

7.7 Natural Hazard Submission

CM No.: 2969111

Te Kaupapa | Purpose

The purpose of this report is to gain retrospective endorsement for a submission recently made in relation to the Proposed Regulations for Natural Hazard information in Land Information Memoranda (LIMs)

Rāpopotonga Matua | Executive Summary

Matamata-Piako District Council (MPDC) for the most part, are supportive of the regulations and their intent.

However, there are some areas of omission or ambiguity that may be counterproductive to the overall intention. Our response to the questions are outlined in the attached submission and identifies areas we believe could benefit from further refinement or clarification.

Tūtohunga | Recommendation

That:

1. The information be received.
2. Council retrospectively endorse the submission on the Government's Proposed Regulations for Natural Hazard information in Land Information Memoranda (LIMs).

Horopaki | Background

The Department of Internal Affairs (DIA) are consulting on draft regulations that will support councils to implement recent amendments to the LGOIMA to improve natural hazard information disclosure in LIMs.

The LGOIMA amendments are here: [Local Government Official Information and Meetings Amendment Act 2023 No 41 \(as at 23 December 2023\)](#), [Public Act Contents – New Zealand Legislation](#) and are due to come into force on 1 July 2025 (but may come into force before then).

Key amendments are: a purpose to ensure that natural hazard information in LIMs is understandable; a requirement that regional councils must provide territorial authorities with natural hazard information; and a limitation of legal liability for local authorities when making available natural hazard information in good faith in LIMs.

The draft regulations are likely to: address how councils can meet the new requirements; additional information to make natural hazard information more understandable; and how that information is summarised and presented.

Ngā Take/Kōrerorero | Issues/Discussion

MPDC staff from Planning, Legal, Information Management, Customer Services, Partnerships, Policy & Governance and Assets, discussed and provided feedback for the submission.

The group also considered submissions from Waikato Regional Council, Taituarā and surrounding Councils.

Mōrearea | Risk

The proposed amendments would cause some additional risk to Council around providing incorrect or outdated information. The MPDC submission recommends including key criteria to reduce this risk. The section of our submission that specifically addresses this is;

One matter that could be clarified by this regulation is the status of natural hazard information (particularly technical reports). The Council recommends that the regulations should consider providing councils with the ability to restrict the sharing of information and reports that are historic, 'draft' or have the potential to be outdated, superseded, inaccurate, incomplete or misleading.

Key criteria would help reduce the uncertainties in information or how this is reported. Essentially, MPDC submits that the regulations should address:

- *At what stage natural hazard information is considered advanced or complete enough to be added to LIM documentation – what is “known”.*
- *At what stage information is considered to be historic, superseded or unreliable due to age, outdated parameters or assumptions. Noting that the Council considers that subject to national guidance, councils should be able to assess this on a case-by-case basis.*
- *Where technical information is conflicting, how the LIM should address this.*

We suggest investigating an amendment to the proposed regulations to create a system of approved codes of practice to record natural hazards information in a LIM. This could use similar mechanisms to the ones under the Health and Safety at Work Act 2015 to develop approved codes of practice.

MPDC approves the general aim of reducing the risk of legal liability for Councils through clearer guidelines and requirements. We believe that the obligations outlined for Councils alongside the noted comments outlined in this submission would provide clarity on Council’s requirements when presenting information in LIMs.





Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

We anticipate there will be limited public interest in this. It is likely that Council would implement the changes, and may communicate directly with specifically interested parties (such as Real Estate agents).

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata Piako District Council’s Community Outcomes are set out below:

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE	MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION
TŌ MĀTOU WHAKAKITENGA OUR VISION	

Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. 'The heart of our community is our people, and the people are the heart of our community.'			
TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			
He wāhi kaingākau ki te manawa A place with people at its heart	He wāhi puawaitanga A place to thrive	He wāhi e poipoi ai tō tātou taiao A place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga A place to belong and create

All community outcomes are relevant to this report.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The additional staff time required to deliver on these changes is difficult to quantify at this stage and will be monitored. Council may want to consider removing the option for an urgent LIM service and increasing LIM fees in future to reflect any additional time cost.

Ngā Tāpiritanga | Attachments

[A↓](#). MPDC Submission on the Proposed Regulations for Natural Hazard information in LIM_signed -

Ngā waitohu | Signatories

Author(s)	Tamara Kingi Governance Team Leader	
Approved by	Jenni Cochrane Group Manager Customer Experience	
	Ally van Kuijk General Manager Growth & Regulation	

**SUBMISSION FROM THE MATAMATA-PIAKO DISTRICT COUNCIL
ON – the Proposed Regulations for Natural Hazard information in
Land Information Memoranda (LIMs)**



Background

The Matamata-Piako District Council ("MPDC" or "the Council") appreciates the opportunity to provide feedback on the Proposed Regulations for Natural Hazard information in Land Information Memoranda (LIMs).

Matamata-Piako covers approximately 182,000ha, and sits in central Waikato. Approximately 38,000 people live within the district, with most of these residing in the main three towns of Matamata, Morrinsville and Te Aroha.

It is bounded by the Kaimai Ranges to the east and older ranges, such as the Pakaroa Range to the west. It encompasses the southern portion of the Hauraki Plains and much of the Thames Valley. This flood plain is bisected by the Piako, Waitoa and Waihou Rivers as they flow through to the Firth of Thames to the north.

With regard to natural hazards, the area contains and is impacted by the Kerepehi fault, amongst others, the Hauraki flood plains, land instability of the Kaimai ranges and subsidence associated with peat soils.

Submission Summary

MPDC for the most part, are supportive of the regulations and their intent.

However, there some areas of omission or ambiguity that may be counterproductive to the overall intention. Our response to the questions below identifies areas we believe could benefit from further refinement or clarification.

1. Will the regulations ensure that LIMs provide property buyers with natural hazard information that is clear, concise, and easy to understand and presented in a way that is nationally more consistent?

MPDC agrees in part. It is MPDC's view that the regulations need to take a more standardised approach regarding the information local authorities are required to provide.

While MPDC appreciates that LIMs are a 'disclosure document', disclosure needs to be balanced with providing information that is relevant. Without clear parameters in the regulations, there is the potential for buyers to be overloaded with technical reports that are of little applicability and add no value to their decision making. A national template would help to ensure that local authorities provide natural hazard information in a way that is consistent, concise, and relevant.

As such, MPDC supports the introduction of a national template or standard for LIMs which could be created adjacent to the regulations (or as part of them) to better enable national consistency.

MPDC considers that the regulations should address the following matters:

- Specify parameters for electronic accessibility - links to online sources can be confusing. Often the maps which present the necessary information can be difficult to find on a website, hard to interpret and require multiple clicks to access; and
- Strengthen wording - for example, Regulation 10 states "any maps". This broad approach is unlikely to be appropriate if the aim to present clear, concise information to buyers.
- The context around the technical report's age, status and peer review needs to be further considered; and
- Set parameters regarding historic or superseded information. Again, if the aim is to help buyers navigate complex information, the regulations should specify that local authorities do not need to include superseded or outdated information; and
- Provide guidance for situations where information is conflicting. Often information held by regional councils is different to information held by districts. These differences may be related to detail, scale, timeframes, methodology, assumptions and mapping but they add confusion. Consider how buyers can be guided when interpreting conflicting information; and
- Requirements relating to the quality and credibility of natural hazard.

2. Do the regulations provide certainty to local authorities on the natural hazard information they need to share?

MPDC agrees in part.

Under the draft regulations, local authorities must still determine the appropriateness, format and reliability of natural hazard information before including it as part of a LIM. This needs to be balanced against the requirement to supply information that is 'known' to the Council.

To clarify; under the proposed regulations, what is known to the Council remains a decision for councils to make.

Draft information that is not necessarily accurate or complete appears to be required to be disclosed under the regulations. Notwithstanding this, LIMs must be accurate, state the position fairly and not mislead (see *Weir v Kāpiti District Council* [2013] NZHC 3522). These two requirements will be difficult for councils to balance.

The discussion document notes that LIMs can be hundreds of pages long and technically complex, and the intent of the regulations is to ensure that LIMs share information about natural hazards in a way that's clear, concise, and easy to understand. However, regulation 6 requires the Council to provide all the relevant natural hazard information it knows. Similarly, under regulation 9 the Council must provide details of a technical report that contains information relating to natural hazards.

There is some ambiguity in the regulations about what is "relevant", particularly in relation to technical information that may be historical or has since been superseded. This could result in a level of information being provided in a LIM that frustrates the intent of the regulations. Clarification is sought on whether there is a requirement to supply of reports that have been superseded.

It is also suggested that there should be, as under the Building Act, a timeframe that notes that the Council has limited information prior to X date.

Guidelines that includes templates would be useful and reduce potential for confusion or incomplete supply of information. Being clear as to the source legislation used to identify the specific natural hazards required within the LIM. As an example, should the LIM show all the natural hazards identified in the RMA (e.g. sedimentation, drought), or just those the Council may have information on?

Matamata-Piako District Council also requests that there be standard definition of the functions of Regional and Territorial Councils, to assist the understanding of the LIM purchaser.

3. Are the regulations efficient and technically feasible for local authorities to implement and administer?

It is MPDC's view that a nationally consistent approach is key.

Natural hazard science is an emergent and evolving field, as are the tools for sharing this kind of information across a wide range of audiences. Councils have often had to develop (or commission for development) tools which natural hazard information can be made accessible.

Currently, ratepayers across New Zealand have completely different means of accessing natural hazard information, and this includes the many ways of presenting geospatial hazard information. Until this is rectified, councils will continue to struggle to find the most appropriate way of providing natural hazard information on LIMs that is digestible, quick to find and consistent.

Without guidance or a template to support the implementation of these regulations, councils will remain burdened by the issue of how to best represent natural hazard information on LIMs. This is a time and resource intensive part of the LIM process that has not been resolved by the proposed regulations.

It will take time and resource to identify all information held by the Council that will now need to be included in a LIM as natural hazard information. Time will also be required to allow for conversations with and consistency between Regional Councils and Territorial Authorities.

In relation to the information supplied by the Regional Council, how it is envisaged that this will happen, is there an expectation that there will be options beyond a portal type link. If so, what is the detail of that expectation?

In terms of efficiencies, it will be difficult for LIM officers to identify existing information not labelled for natural hazard purposes. MPDC will require additional LIM resourcing to apply these requirements in a LIM. This will increase the cost of managing and supplying LIMs. These costs would have to be passed onto the applicant.

To assist with the practical actions required and to manage the time taken managing supply of information, effectively a "line drawn in the sand" approach to when

information can be expected to be supplied from would make clear expectations and understanding for all involved.

Through the information provided to date on the proposed regulations, there have been no clear timeline on when the guidance will be available. As noted throughout this submission the mahi required to achieve the regulations will be extensive and therefore the regulation guidance need to be finalised no later than the end of March to enable the intent to be met.

In summary, MPDC agrees that the proposed regulations will improve efficiency in terms of making it clearer to local authorities what information must be included. However, they will not improve the efficiency of sourcing and formatting that information for LIMs and will likely result in the cost of LIMs increasing.

4. Will the regulations work for expected developments in natural hazard information and meet future LIM users' needs?

The regulations are a good starting point, and it is anticipated that they will shape future development of natural hazards information systems.

We see potential over time, providing that clear templates, definitions and quality guidance are developed. Then the regulations could ensure clarity, conciseness, and ease of understanding in a nationally consistent way for expected developments in natural hazards.

We also note that the legislation framework for natural hazards is a real focus area at the moment nationwide. As a result, the requirements do need to be able to flex, adapt and integrate with all these legislative changes and we hope that DIA are across all these proposed changes and their impacts.

5. We would like to hear from you on what specific areas the guidance should cover. We also welcome your thoughts on what other support local authorities will need.

MPDC recommends the following guidance is provided to support the implementation of the proposed regulations:

- A definition of natural hazard - what constitutes a hazard and is there a minimum threshold?
- A central repository of plain language terms and summaries of commonly natural included natural hazard information
- A central repository of legal opinions and peer reviews of natural hazard matters
- A nationally consistent approach to commissioning technical reports. For example, what Representative Concentration Pathway should be used?
- The introduction of a national template or standard for LIMs similar to the National Planning Standards under the Resource Management Act 1991
- A mapping standard for presenting geospatial hazard information.
- Clear guidance on what should be included where there is out dated or superseded information
- Clear guidance on what is "known" to Council in this space.

It is noted that we prefer that some of these matters are covered in the regulations as a first option but if not that they are included in the guidance.

6. Do you consider that the regulation provides sufficient clarity to territorial authorities?

MPDC agrees that LIMs are disclosure tools, not risk assessment tools. The Council supports any limitation of obligations that have the effect of reducing the legal risk to councils and that this is made clear to LIM purchasers

One matter which could be clarified by this regulation is the status of natural hazard information (particularly technical reports). The Council recommends that the regulations should consider providing councils with the ability to restrict the sharing of information and reports that are historic, 'draft' or have the potential to be outdated, superseded, inaccurate, incomplete or misleading.

Key criteria would help reduce the uncertainties in information or how this is reported. Essentially, MPDC submits that the regulations should address:

- At what stage natural hazard information is considered advanced or complete enough to be added to LIM documentation – what is “known”.
- At what stage information is considered to be historic, superseded or unreliable due to age, outdated parameters or assumptions. Noting that the Council considers that subject to national guidance, councils should be able to assess this on a case-by-case basis.
- Where technical information is conflicting, how the LIM should address this.

We suggest investigating an amendment to the proposed regulations to create a system of approved codes of practice to record natural hazards information in a LIM. This could use similar mechanisms to the ones under the Health and Safety at Work Act 2015 to develop approved codes of practice.

7. Do you consider that the proposed headings are the right ones? Are there any missing?

MPDC supports the proposed headings listed in Regulation 8 but make the following comments:

MPDC supports the ability to include subheadings.

- Given this, the Council suggest landslides and subsidence could be merged under one heading, such as 'land movement'. This would mean that Council's LIM officers do not need to determine exactly what type of instability is happening.
- Clarify whether liquefaction is identified as an earthquake hazard.
- The Council notes that earthquakes and wind are not defined as natural hazards under the Building Act. The Council consider that 'wind' hazards would benefit from an explanation or thresholds. For example, is an extra high wind zone a natural hazard?
- The Council have noted an increased interest in identifying areas of fire risk. The assessment and mapping of fire risk areas can be very difficult, but it may interest some districts who have experienced increased wildfires.

8. Are these the right minimum details that councils should include in LIMs for each technical report?

MPDC does not consider it necessary to list:

- The name of the person or entity that commissioned the report
- The purpose of the report
- The scope of the report

This information is already covered in the report or an attached covering letter. Requiring councils to list this information is both inefficient and repetitive for council processing officers.

Furthermore, these details are not always clear to a LIM officer, especially with historic and draft technical reports.

- The Council considers that any reports required to be included in a LIM should meet specified standards and that the regulations should set this standard.

We note the consultation document uses of the word *risk* interchangeably with *hazard*. We urge consistency in the use of those terms as they are not interchangeable and have very different implications for both the LIM creator and the LIM recipient.

We also encourage DIA to keep the language consistent with the wording under section 44B(1)(b) – impacts of climate change that exacerbate natural hazards. This will make it clearer that the Act and regulation refer to how climate change will impact the hazard, and not the impact of climate change on people.

MPDC notes that regulation 7 requires TAs to include in the natural hazards section, all the relevant natural hazard information. We recommend developing criteria to narrow down 'relevant', to determine what type of technical reports and information are required to add onto the LIM. This would be for a more efficient implementation of the regulations. Without a set of criteria to narrow down the information, local government authorities would spend a significant amount of time and resources going through their whole document management system to identify all reports relating to the land concerned.

9. Does this regulation provide sufficient clarity for territorial authorities on how to share natural hazard maps in LIMs?

Regulation 10 is clear about the expectations for District Councils. MPDC is aware of existing significant differences in the presentation of mapped information across the country. Larger councils are able to create searchable online portals presenting natural hazard information.

Less resourced councils may only be able to link to static maps and PDFs of documents. Definitive standards for what a map contains and how it is produced is critical to ensuring councils provide nationally consistent and easy to understand natural hazard maps, but shall also recognise the space current information and resources are at

10. Should this requirement apply to all pieces of natural hazard information or only to technical reports?

It is essential that any limitations on the information or reports provided is made clear to LIM readers - but MPDC notes that these limitations are sometimes difficult to explain.

For District Councils, the requirement in the amended LGOIMA for information to be explicitly/more 'understandable' is new. This potentially is expecting a level of interpretation, as creating a description of a technical report in "plain language" can take away from the information that is held and/or wrongly distort it.

Despite regulation 11, the Council remains concerned that councils may interpret the provision differently.

However, MPDC supports:

Regulation 11 not applying to natural hazard information that was created before the date of the regulations.

Given the definition refers to a complex section of the Act, to avoid the need for legal interpretation of what is 'natural hazard information' and what is not, it is the Council's preference that the obligation in Regulation 11 applies only to technical reports. Only applying this requirement to technical reports will clarify the duties of councils in terms of providing this information in LIMs.

The provision of 'exemplar information summaries' of technical reports in guidance documents. The explanation of limitations, parameters, conditions, assumptions and other factors used in modelling and technical reports can be particularly problematic to explain.

11. Does this regulation sufficiently clarify for territorial authorities what district plan information related to natural hazards should be included in LIMs?

MPDC agrees.

12. Does this regulation sufficiently clarify how territorial authorities should include information on Building Act notices related to natural hazards in LIMs?

MPDC agrees in part.

MPDC suggests 13(c) and 13(d) should be included, however, the Council are of the opinion that there is no added value in supplying 13(a) and there are legal implications for local authorities and property owners when supplying 13(b). In regard to 13(a), this information is readily available through LINZ when ordering a record of title. This information may not always be readily retrievable for older building consents and in this situation, Council would need to order it from LINZ.

In regard to 13(b), this initial rapid assessment completed by a Council Officer may conclude an outcome that there is no damage to the land or building and that the

hazard may have been minimal or trivial. These assessments may also be quickly superseded by a specialist's report. Although it may give a snapshot as to where an event may have had an effect, if this information is to be included the Council Officers may become reluctant to use these assessments so freely as they will impact the owner's property value and potential for insurance and claims in the future.

Furthermore, clarification as to whether a copy of the notice is to be included and the type of note that is to be used would be helpful. For example (b) (c) and (d) may be yes or no answers and (a) should specify a copy of the notice is to be included.

13. Does this regulation sufficiently clarify the responsibilities of territorial authorities and regional councils in the LIM system?

MPDC agrees it is clear, but there is no guidance around how that information is to be made available to Councils from Regional Councils.

As technically they may have large amounts of information available and having this information categorised before the requirements come into play could prove to be difficult.

14. Does this regulation sufficiently clarify the responsibilities of regional councils in the LIM system?

MPDC has no comment

15. Will this regulation be sufficient to ensure territorial authorities are able to share regional council information in LIMs in a way that complies with the LGOIMA and the regulations?

MPDC has no comment

Other comments

MPDC approves the general aim of reducing the risk of legal liability for Council's through clearer guidelines and requirements. We believe that the obligations outlined for Council's alongside the noted comments outlined in this submission would provide clarity on Council's requirements when presenting information in LIMs.



Signed by: Manaia Te Wiata
Date & Time: 25 Oct, 2024 14:36:22 NZDT

Manaia Te Wiata
Acting Chief Executive Officer

Date:

Submitter Contact Details:

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7 Pūrongo me whakatau | Decision Reports

7.8 Council and Committee Meetings Calendar 2025

CM No.: 2948853

Te Kaupapa | Purpose

The purpose of this report is to seek confirmation of the attached 2025 meeting schedule for Council meetings / workshops.

Rāpopotonga Matua | Executive Summary

Council is asked to confirm their schedule for 2025. Other committees including Te Manawhenua Forum mō Matamata-Piako, Risk and Assurance and Waharoa (Matamata) Aerodrome Committee to confirm their relevant meeting dates between October and December 2024. A full calendar is attached for information.

Tūtohunga | Recommendation

That:

1. The information be received.
2. Council confirms the meeting schedule for 2025.

Horopaki | Background

Generally meetings are scheduled according to the following, with amendments made for particular projects and Local Government Elections:

- Council meet the 4th Wednesday of the month.
- Council workshops every 1st and 2nd Wednesday of the month.
- Te Manawhenua Forum mō Matamata-Piako meet every two months on the 1st Tuesday of the relevant month.
- Risk and Assurance Committee meet quarterly on the Tuesday one week prior to Council.
- Waharoa (Matamata) Aerodrome Committee meet two-three times a year on the 3rd or 4th Thursday of a month.





Ngā Take/Kōrerorero | Issues/Discussion

Local Government Elections will be held on Saturday 11 October 2025. The final Council meeting prior to the election polling day is scheduled for Wednesday, 8 October 2025 'to be confirmed' as it will depend on any urgent requirements for adoption such as the Annual Report. The final meeting will be confirmed closer to the time. Swearing In and inductions have been tentatively pencilled in following the election, although these will be confirmed by the incoming Mayor alongside Committees and dates following the Election.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata-Piako District Council's Community Outcomes are set out below:

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE	MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION
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TŌ MĀTOU WHAKAKITENGA OUR VISION			
Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. 'The heart of our community is our people, and the people are the heart of our community.'			
TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			
He wāhi kaingākau ki te manawa A place with people at its heart	He wāhi puawaitanga A place to thrive	He wāhi e poipoi ai tō tātou taiao A place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga A place to belong and create

All of the above community outcomes are relevant to this report.

Ngā Tāpiritanga | Attachments

[A↓](#). 2025 Meeting Planner, Event Calendar

Ngā waitohu | Signatories

Author(s)	Tamara Kingi Governance Team Leader	
Approved by	Sandra Harris Policy, Partnerships and Governance Manager	

MPDC Meeting Planner 2025

	January	February	March	April	May	June	July	August	September	October	November	December													
SUN													SUN												
MON													MON												
TUES				1	2								TUES												
WED	1	New Year's Day		2	Workshop			2	Workshop				WED												
THURS	2	Day after New Year's		3		1							THURS												
FRI	3			4		2							FRI												
SAT	4		1	5		3							SAT												
SUN	5		2	6		4							SUN												
MON	6		3	7		5		2	King's Birthday				MON												
TUES	7		4	8		6		3	TMF				TUES												
WED	8		5	Council	9	Workshop	7	Council Hearing	4	Workshop	9	Workshop	6	Workshop	10	Workshop	8	Council TBC	5		10		WED		
THURS	9		6	Waitangi Day	6		10		8	Council Hearing (TBC)	5		10		7		11		9		6		11		THURS
FRI	10		7		7		11		9		6		11		8		12		10		7		12		FRI
SAT	11		8		8		12		10		7		12		9		13		11	Local Govt. Elections	8		13		SAT
SUN	12		9		9		13		11		8		13		10		14		12		9		14		SUN
MON	13		10		10	Regional Transport	14		12		9	Regional Transport	14		11		15		13		10		15		MON
TUES	14		11		11		15		13		10		15		12		16		14		11		16		TUES
WED	15		12		12	Workshop	16		14	Workshop	11	Workshop	16		13	Workshop	17		15	Workshop TBC	15		17		WED
THURS	16		13		13		17		15		12		17		14		18		16		13		18		THURS
FRI	17		14		14		18		16		13		18		15		19		17		14		19		FRI
SAT	18		15		15		19		17		14		19		16		20		18		15		20		SAT
SUN	19		16		16		20		18		15		20		17		21		19		16		21		SUN
MON	20		17		17		21		19		16		21		18		22		20		17		22		MON
TUES	21		18		18		22		20		17		22		19		23		21		18		23		TUES
WED	22		19		19	Workshop	23		21		18		23		20		24		22		19		24		WED
THURS	23		20		20	WMAC	24		22		19		24		21		25		23		20		25		THURS
FRI	24		21		21		25		23		20		25		22		26		24		21		26		FRI
SAT	25		22		22		26		24		21		26		23		27		25		22		27		SAT
SUN	26		23		23		27		25		22		27		24		28		26		23		28		SUN
MON	27		24		24		28		26		23		28		25		29		27		24		29		MON
TUES	28		25		25		29		27		24		29		26		30		28		25		30		TUES
WED	29		26		26		30		28		25		30		27		31		29		26		31		WED
THURS	30		27		27				29		26				28				30		27				THURS
FRI	31		28		28				30		27				29				31		28				FRI
SAT			29		29				31		28				30						29				SAT
SUN			30		30						29				31						30				SUN
MON			31		31																				MON
	January	February	March	April	May	June	July	August	September	October	November	December													
Key	Public Holidays	Workshop Frequency: 1st and 2nd Wednesday per month *3rd Wednesday is TBC	Council Frequency: 4th Wednesday of every month *as required for Annual Plan	CEPC Chief Executive Performance Committee Frequency: Annual *informal as required	TMF Te Manawhenua Forum Frequency: bi-monthly per annum	RAC Risk and Assurance Committee Frequency: Quarterly per annum	WMAC Waharoa (Matamata) Aerodrome Committee Frequency: 2-3 meetings per annum	Local Govt. Elections Election day, Swearing in and post-election inductions (TBC)																	

Item 7.8

Attachment A

8 Ngā Pūrongo Whakamārama | Information Reports

8.1 Civil Defence and Emergency Management update

CM No.: 2968609

Te Kaupapa | Purpose

To update and inform the Council of the emergency management matters that occurring at a National, Regional and Local level.

Rāpopotonga Matua | Executive Summary

Civil Defence and Emergency Management team will be in attendance to present an update to Council on the activities carried out during the previous quarter (Q1) and highlight any matters that are impending or would have an impact on the activity. The activities include work plans, projects, legislation and the intended activities looking forward.

Tūtohunga | Recommendation

That:

1. The information be received

Horopaki | Background

Matamata-Piako District Council (MPDC) entered into a service level agreement with Waikato Regional Council to assist in meeting its obligations under the Civil Defence and Emergency Management (CDEM) Act 2002. The service is delivered through the Group Emergency Management Office (GEMO) and this arrangement was first established in August 2019. Officers have agreed to continue the arrangement for a further five year term (until 2029).

Ngā Take/Kōrerorero | Issues/Discussion

NATIONAL

The following section is to inform Council about activities that are happening at a National level.

Legislation, Strategies and Plans:

- a. **Government response to North Island Severe Weather Events (NISWE) Inquiry** - On 10 October the Minister for Emergency Management (Hon Mark Mitchell) released the "Strengthening disaster resilience and emergency management Government response to the report of the Government inquiry into the response to the North Island Severe weather events".
<https://www.civildefence.govt.nz/assets/Uploads/documents/publications/reports/Strengthening-disaster-resilience-and-emergency-management.pdf>
 - The document states: *"The emergency management system is not fit for purpose for large events that impact multiple regions at once. We must now transform this system to one that consistently implements improvements over time, even as it comes under increasing pressure.*

To enable this, we will deliver a programme of change across five broad focus areas (subject to clarifying the scope, timing, and funding requirements).

FOCUS AREA 1: Give effect to the whole-of-society approach to emergency management

1.1 Develop and invest in a comprehensive and ongoing national public readiness programme to protect lives, prevent injuries and other trauma, and reduce the burden on response efforts.

1.2 Recognise and enable the significant contribution of iwi and Māori in emergency management to the benefit of all people in New Zealand.

1.3 Direct a greater share of emergency management investment in community resilience initiatives

1.4 Improve how communities access funding after an emergency.

1.5 Expand the number and quality of formal agreements with businesses, community organisations, iwi and Māori to deliver assistance in times of emergencies.

FOCUS AREA 2: Support and enable local government to deliver a consistent minimum standard of emergency management across New Zealand

2.1 NEMA will increase its focus on the provision of resources that local authorities need.

2.2 NEMA will set standards for the delivery of emergency management and assure these standards are being met.

2.3 Clarify operational roles and responsibilities in an emergency response.

2.4 Strengthen the regional tier of emergency management.

FOCUS AREA 3: Professionalise and build the capability and capacity of the emergency management workforce

3.1 NEMA will build on existing work to deliver a significant uplift in capability development efforts

3.2 Develop and invest in a model for a full-time deployable incident management surge support

FOCUS AREA 4: Enable the different parts of the system to work better together at the national level

4.1 Clarify national level roles and responsibilities and strengthen leadership in risk reduction, readiness, response, and recovery.

4.2 Progress work to enable interoperability

FOCUS AREA 5: Drive a strategic focus on investment and implementation

5.1 Ensure a well-governed approach to delivery of Strengthening disaster resilience and emergency management.

5.2 Deliver a detailed implementation and investment roadmap to deliver the work programme set out in Strengthening disaster resilience and emergency management and to drive delivery.”

- There is a lot more water to flow under the bridge before we know exactly what the implications on the emergency management system are likely to be and before we see a “National Roadmap” (likely in early 2025). There are however parts of the findings above where we are taking the initiative at a Group level and which will be reflected in the new

Group Plan. Focus areas 1 and 2 above indicate a strengthening of community response (especially with iwi / Māori) and that local government delivery of emergency management needs to be supported and aligned with some standardisation.

REGIONAL (GROUP)

The CDEM Group is a Joint Committee of the 11 Local Authorities in the Waikato Regional area and Councillor Smith is the MPDC representative. The following section is to inform Council about activities that the Waikato Group Emergency Management office (GEMO) have been involved with MPDC and other Group Members at a regional level.

Policies, Strategies and Plans:

- b. **Group CDEM Plan Review** - Work on the review of the Group Plan is well underway. This is being project managed by GEMO staff and supported with the use of a contractor. Currently we are in the consultation phase and focussing on ensuring we are capturing the voice of iwi / Māori in the plan.
- c. The CDEM Act 2002 requires every CDEM Group to prepare and approve a Group Plan (S48). Section 49(2) states what the Group Plan must contain and Section 56 requires the Plan to be reviewed every five years. The current Plan was last reviewed in 2018 and the Group (being the Joint Committee) initially agreed to commence the hazard section review and await the then proposed changes to the CDEM legislation. Upon the actions of the current Government it became clear that new legislation may be some time away and the Group decided to get on with the balance of the review. Like all “policy” decision approved by the Group, the new Plan will be binding on all Councils that make up the CDEM Group in the Waikato Regional area including MPDC. Ally van Kuijk is the Eastern Waikato CEG member on the review group.
- d. Key element of the project to date are:
 - The **National Disaster Resilience Strategy 2019 – 2029** goals will underpin the goals of the Group Plan as the Group Plan must not be inconsistent with the National Disaster Resilience Strategy (NDRS). The NDRS aims to:
 - i. Manage risk
 - ii. Effective response to and recovery from emergencies
 - iii. Enable, empower & support community resilience
 - A **community survey** has had approximately 650 responses to date and closed at end of October. The online survey asked people what was important to them before, during and after an emergency.
 - Integration of **iwi / Māori perspective** and tikanga into the emergency management system is an important aspect of the Group Plan. Iwi / Māori involvement has been via local authority iwi liaison officers using their networks and contacts and GEMO staff have presented to the four Waikato River Joint Management Agreement co-governance committees (Iwi / Waikato Regional Council). A poster and video has been made available to Iwi / Marae and hapu to use and inviting their input. We are also scheduled to present to the Te Manawhenua Forum on the 3 December 2024.

- The **structure of the Group Plan** will alter from what we have now:
 - i. It will contain strategic objectives and success factors by 2030
 - ii. There will be annual “Group action plans” identifying the priority steps required to deliver the strategy and
 - iii. Local “CDEM work programmes” for delivery to implement the Group action plan
- The proposed structure will allow the Group to flex and respond to changing environments impacting on emergency management within the five-year life of the Group Plan.
- **Key dates** for the Group Plan project are:

Key dates	What’s happening	Who	e.
Aug 31 Oct 2024	Community Feedback online survey	Public	Current Group Plan Work Programme – The Group work plan has been approved by CEG for the 2024/25 financial year.
Aug 24 – 31 Jan 25	Iwi engagement - strategic priorities (<i>need to understand challenges/aspirations</i>)	GEMO, Iwi, Councils	
Aug 24 – 31 Jan 25	Partner agency engagement - strategic priorities	GEMO, multiple partner agencies involved in EM	
Sep 31 Oct 24	Administrative content collation	GEMO and contractor	
24 Mar 25	Adopt Draft CDEM Group Strategic Plan for consultation	Joint Committee	
25 Mar – 30 Apr 25	Consultation on Draft Group Strategic Plan	Public	
21 Jul 25	Hearing and deliberations	Joint Committee & public submitters	
30 Jul – 26 Aug 25	Ministerial review	NEMA	
22 Sep 25	Adoption of Waikato CDEM Group Strategic Plan 2025-2030	Joint Committee	

There will be quarterly reporting by each local authority to the CEG on delivery of the agreed priority actions. It is acknowledged The priority work areas include:

- **Understanding and communicating risk**
- **Being ready – Communities**, through public engagement and community response planning

- **Being ready – The Waikato CDEM Group**, building capability and capacity through training and have systems and processes ready to roll out
 - **Recovery** – a Group wide recovery workplan for all councils to contribute to and deploy
 - **Partnership arrangements** – focussing on welfare agencies, Lifeline utilities, emergency services and marae preparedness.
- f. **GEMO staffing – LTP outcomes** – The Group (Joint Committee) approved the creation of three new roles to meet the challenges of emergency management identified in multiple reviews of the North Island Severe Weather Events (NISWE) of 2023. These roles were included in the WRC LTP and are being recruited:
- GIS specialist (who will be supported by the WRC GIS team)
 - Māori advisor (who will be supported by the WRC Tai – Ranga Whenua team)
 - Operational projects (this was an existing fixed term role)
- g. **Hikurangi Subduction Zone project** – The Hikurangi Subduction Zone (HSZ) was identified as one of New Zealand’s (and the Waikato region’s) most significant seismic risks and has a 25% chance of a major earthquake in the next 50 years. Following presentations to the CEG during 2019, approval was given to progress work to understand the impact of a Hikurangi Subduction Zone seismic event on the region.
- **Stage one** of the project has been completed and an exposure impact assessment has been received for each Council. The assessment was based on a magnitude 9.1 on the HSZ and includes seismic ground motion (assessed as MM6 – MM8 in the [Modified Mercalli Intensity Scale](#)) and earthquake induced landslide (assessed as a probability of landslides occurring). The information will help to inform the initial operational response plan for earthquake currently being prepared.
 - **Further stages** will look at how the hazard will likely impact on things like buildings, bridges, and engineering lifelines (power, three waters, telecommunications etc). The hazard assessment shows Matamata-Piako District reaches the threshold where liquefaction could occur and the inference is that there will be damage to in-ground and on-ground structures and services where liquefaction occurs.
 - The report notes there are local faults within the Matamata-Piako District and they are likely to cause more intense shaking than the HSZ.
 - Of course there will be impacts on national resources and infrastructure that will impact on the services in the Waikato Region.
- h. **Geospatial Common Operating Picture (COP)** – from the North Island Severe Weather Event review in the Waikato CDEM Group area and the review in other Group areas, the CEG prioritised the development of a COP. While we awaited the outcomes of the LTP process (paragraph f above) and recruitment, we engaged Eagle Technologies to develop the framework and essential information elements of a COP. The intention of the CoP is for multiple agencies to contribute their data and have a shared “picture” of the impacts of an event in as close to real time as possible. This work will be picked up and progressed by the GIS specialist now employed and they will work with the MPDC

GIS staff to make sure the project is relevant to a MPDC emergency operational response and recovery.

LOCAL (MPDC)

The following section is to inform Council about activities that we are undertaking at a local level.

- i. **Staffing** – The Emergency Management Officer commenced his employment at the end of August 2024 after the resignation of the previous staff member. They are settling in very well and enjoying the friendliness and warm welcome from MPDC staff.

- j. **Work plan** – The MPDC emergency management workplan focusses on achieving the priority actions from the Group Plan (where there is local deployment) as well as achieving the local needs. It is founded on the following strategic pillars:

- **Pillar 1 – We are prepared**
- **Pillar 2 – Build community resilience**
- **Pillar 3 – Enhance our capability and capacity**
- **Pillar 4 – Future ready (horizon scanning)**





In the last quarter the work plan focus has been on:

- Ongoing improvement of ICT systems and processes (templates and forms) to ensure effective response capability,
- Ongoing delivery of the annual welfare business plan
- Ongoing training opportunities for MPDC staff
- Completion of an operational response plan for earthquake risk by end November.
- Receipt and testing of a Regional VHF radio kit to ensure alternative communications
- Relationship with marae leaders with a view to providing support for marae readiness planning and inclusion in the emergency management system.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata Piako District Council’s Community Outcomes are set out below:

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE	MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION
<p>TŌ MĀTOU WHAKAKITENGA OUR VISION</p> <p>Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. ‘The heart of our community is our people, and the people are the heart of our community.</p>	

TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			
He wāhi kaingākau ki te manawa A place with people at its heart	He wāhi puawaitanga A place to thrive	He wāhi e poipoi ai tō tātou taiao A place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga A place to belong and create

The community outcomes relevant to this report are as follows:

- A place with people at its heart

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

Costs of undertaking this function are provided through existing budgets.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

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Approved by	Ally van Kuijk General Manager Growth & Regulation	