

Kaunihera | Council

Ngā Tāpiritanga – Mēneti | Attachments – Minutes

Attachments – Minutes of a meeting of an ordinary meeting of Matamata-Piako District Council held in the Council Chambers, 35 Kenrick Street, TE AROHA on 24 Jun 2026 at 9:00.

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Note: *The attachments contained within this document are for consideration and should not be construed as Council policy unless and until adopted. Should Councillors require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.*



MAHERE Ā-TAU ANNUAL PLAN

2026-2027



ADOPTED BY COUNCIL **XX/06/2026**

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SECTION 1:

Kupu whakataki | Introduction.



Nau mai | Welcome.

MAI TŌ KOUTOU KOROMATUA RĀUA | MESSAGE FROM YOUR MAYOR

This Annual Plan has been put together at a time when a lot of people are feeling the pinch – and Council is no different.

Things are rough right now. Costs are up across the board, fuel costs will only drive that further - and Local Government is working through reform around water, resource management (RMA) and how local government should be structured in future. None of that makes things simpler, and none of it is happening in isolation from what households and businesses are dealing with every day.

Rates are a tax; I don't know of anyone that particularly likes paying them. I am now in my 13th year in local government and I would not be able to count the times where people in our communities have told me "I don't get anything for my rates". So recently I put an ad in the paper that listed every service Council delivers using your rates money. It took two whole pages – and even then, it turned out I'd missed some. When you pay your power bill every month, you get power. When you pay your rates bill every three months, you're paying for a ridiculously long list of things that keep this community running. And I think we do a great job at delivering within the budget we have.

The Annual Plan includes a rates increase of 5.92%. Despite rising costs – including all the money being spent meeting governments ever-changing demands – we have managed to keep this to a similar level we projected and consulted on through the Long Term Plan in 2024. There are no surprises there. While rates increases are never welcome – sticking to what we said matters, especially when times are tough for a lot of people out there.

Just like many households, we've also made some tough decisions. A couple of significant projects - including the Te Aroha Library upgrade and spa improvements - have been deferred. That wasn't an easy call, but it was the responsible one. Deferring doesn't mean cancelling. It gives us 12 months to think carefully about how we approach those projects, look at costs and options, and come back to the community with clear proposals as part of our Long Term Plan.

A change we're preparing for now is our water and wastewater services moving to Waikato Waters Ltd from 1 October. We'll keep you updated as this transition progresses.

A lot of the work in this Plan won't be immediately visible, but it's critical. Every year it costs more just to deliver the same services – materials, insurance, interest, and contractor costs all continue to rise. We've focused hard on financial discipline and on the infrastructure that keeps the district running.

I want to acknowledge our staff, who are doing a great job in a challenging environment, and the community, who continue to engage, ask questions, and hold us to account. That matters.

Over the next 12 months, we'll also be preparing for the next Long Term Plan. There will be some big conversations ahead about the future of local government and what our community wants from Council. I'm up for those conversations, and I know the community will be too.



Ash Tanner
Mayor



Tō tātou kāwanatanga | Our governance.

Council has established the following governance structure:

COUNCIL

The Matamata-Piako district has four wards: Matamata, Morrinsville, Te Aroha and Te Toa Horopū ā Matamata-Piako.

Our Council consists of 12 Councillors, elected by their respective wards, and one Mayor, elected by all voters throughout the district. The Councillors and Mayor represent their communities and make decisions for the district.

Elected representatives are supported by the Council's Chief Executive Officer, and staff, who provide advice, implement Council decisions, and look after the district's day-to-day operations.

TE MANAWHENUA FORUM

Te Manawhenua Forum mō Matamata-Piako is a standing committee of Council that advises on cultural, economic, environmental and social issues of significance to manawhenua groups and provides feedback when Council is developing plans and policies, such as the Long Term Plan or District Plan.

The Forum includes representatives from Council, Ngāti Hauā, Ngāti Rāhiri-Tumutumu, Raukawa, Ngāti Maru, Ngāti Whanaunga, Ngāti Pāoa, Ngāti Hinerangi and Ngāti Tamaterā.

The Forum is chaired by Hinerangi Vaimoso. Council representatives include Mayor Ash Tanner and Councillors James Sainsbury (Deputy Mayor), Rewiti Vaimoso, and Gary Thompson (observer).

RISK AND ASSURANCE COMMITTEE

The Risk and Assurance Committee ensures we have appropriate risk management and internal and financial control systems.

This committee includes Jaydene Kana as independent chairperson, Mayor Ash Tanner, and Councillors James Sainsbury (Deputy Mayor), James Thomas, Bruce Dewhurst and Andrew McGiven.

DISTRICT LICENSING COMMITTEE

Council has a District Licensing Committee to consider and determine alcohol licence applications under the Sale and Supply of Alcohol Act 2012.

The Committee is chaired by Councillor Sue Whiting with Deputy Chair Greg Marshall. Members of the committee are appointed from a list of appropriately qualified people.

HEARINGS COMMISSION

The Hearings Commission is responsible for hearing and determining applications for resource consents under the Resource Management Act 1991, and objections under the Dog Control Act 1996.

The Hearings Commission consists of four Councillors, Councillor Sue Whiting, Councillor Andrew McGiven, Councillor Grace Bonnar and Councillor Tyrel Glass.

CHIEF EXECUTIVE OFFICER PERFORMANCE COMMITTEE

The Chief Executive Officer Performance Committee undertakes a review of the performance and remuneration of the Chief Executive Officer on an annual basis in accordance with the Chief Executive Officer's employment agreement.

The Committee includes Mayor Ash Tanner, and Councillors James Sainsbury (Deputy Mayor), Vincent Andersen, Andrew McGiven, Bruce Dewhurst, Sue Whiting, and Dayne Horne.

WAHAROA AERODROME COMMITTEE

The Waharoa (Matamata) Aerodrome Committee was established in 2015 by legislation under the Ngāti Hauā Claims Settlement Act 2014.

The committee comprises Mayor Ash Tanner (Co-Chair), Councillors James Sainsbury (Deputy Mayor) and James Thomas, along with three members appointed by the Ngāti Hauā Iwi Trust Board trustees, Muna Wharawhara (Co-Chair), Rangitonga Kaukau and Deacon Paul. The functions of the Waharoa (Matamata) Aerodrome Committee, as set out in the Ngāti Hauā Claims Settlement Act 2014, are to:

- Make recommendations to Council in relation to any aspect of the administration of Waharoa Aerodrome land.
- Make final decisions on access and parking arrangements for the Waharoa Aerodrome land that affect Raungaiti Marae.
- Perform the functions of the administering body under section 41 of the Reserves Act 1977 in relation to any review of the reserve management plan that has been authorised by Council.
- Perform any other function delegated to the committee by Council.

GOVERNANCE GROUP FOR PLAN CHANGE 49 - WAHAROA

The PC49 Governance group of 4 includes two elected members, Councillor Vincent Andersen and Councillor Sue Whiting, and two members of Ngāti Hauā. The group provides advice and oversight into the development of the plan change.

SINGLE YEAR COMMUNITY GRANT COMMITTEE

The Single-year Community Grants Committee consists of one elected member per ward, meeting twice per year to distribute funds for projects/events in our district. Elected members alternate for each hearing. There is no chair for this committee.

CREATIVE COMMUNITIES SCHEME COMMITTEE

The Creative Communities Scheme Committee consists of 7-11 community arts representatives that meet twice a year to assess and distribute funding from Creative NZ to support local arts and cultural projects/events. The current chairperson is Janelle Burnside. Councillors Greg Marshall and Grace Bonnar are members of the Committee.



Kaunihera | Council.

COUNCILLORS & MAYOR 2025/26

Council staff	Te Manawhenua Forum mo Matamata-Piako	Hearings Commission	District Licensing Committee	Risk and Assurance Committee	Waharoa (Matamata) Aerodrome Committee	Chief Executive Officer Performance Committee
Council employs the Chief Executive Officer, who in turn employs Council staff	Chairperson: Tiamana Hinerangi Vaimoso	No chairperson	Chairperson: Councillor Sue Whiting	Chairperson: Jaydene Kana	Co-chair persons Muna Wharawhara and Mayor Ash Tanner	No chairperson



Ash Tanner
 Koromatua | Mayor



Gary Thompson
 Te Toa Horopū Ā Matamata-Piako



Tyrel Glass
 Te Aroha Ward



Andrew McGiven
 Te Aroha Ward



Greg Marshall
 Te Aroha Ward



Vincent Andersen
 Matamata Ward



James Sainsbury
 Koromatua Tautoko | Deputy Mayor
 Matamata Ward



Rewiti Vaimoso
 Matamata Ward



Sue Whiting
 Matamata Ward



Grace Bonnar
 Morrinsville Ward



Bruce Dewhurst
 Morrinsville Ward



Dayne Horne
 Morrinsville Ward



James Thomas
 Morrinsville Ward

Te aratohu o te mahere-ā-tāu | Annual plan guide.

The key elements of Council's three year planning cycle are outlined below.

WHAT IS AN ANNUAL PLAN?

Council's plans for how we manage delivery of services to the community are produced on a three-year cycle. In the first year of each three-year cycle, a Long Term Plan is produced which sets out a comprehensive plan for how Council will manage its budgets and services over the next ten years. In the second and third year of each cycle, the Annual Plan then provides any necessary updates and adjustments to the Long Term Plan.

WHY DO WE DO IT?

We are required to prepare an Annual Plan under the Local Government Act 2002. Apart from this legal requirement, it also makes good sense to revise our plans each year. While the budgeting and planning undertaken for the three-year period of the Long Term Plan is based on the best forecasting information available at the time, there are always changes. Higher inflation, increased costs and the wider economic and policy context all have an impact on what we do. The Annual Plan gives us the opportunity to update and revise our plan in response to these changes, and to seek community feedback on the plan when necessary.

WHAT IS A LONG TERM PLAN?

The Long Term Plan sets out our direction for the next ten years, outlining our key aims, objectives and priorities for the Matamata-Piako district. A Long Term Plan:

- describes the type of district our communities have told us they want – our community outcomes
- identifies the key projects to take place over the next ten years
- provides an overview of each activity we will carry out and the services we will provide for the next ten years
- determines how much this will all cost and how we will fund it.

WHAT IS AN ANNUAL REPORT?

We produce an Annual Report every year. This is a review of our performance, letting the community know whether we did what we said we would. It also checks financial performance against the budget and Financial Strategy.

WHAT HAS CHANGED?

We didn't consult on the Annual Plan this year because we weren't proposing any significant or material changes from what we had planned in the Long Term Plan. In Section 2 of this Plan, you can read about any changes to the funding of our services outlined under Key Projects and Funding Impact Statements.

YOUR DISTRICT

Area 175,477 hectares	2023/24	2024/25	2025/26
Number of electors (enrolled)*	26,087	26,165	25,423
Number of rating units**	16,424	16,660	16,854
Value of improvements**	\$7,444,941,799	\$7,544,090,338	\$8,771,109,700
Total land value**	\$12,512,505,401	\$12,447,478,360	\$11,795,036,500
Total capital value**	\$19,957,447,200	\$19,991,568,698	\$20,566,146,200
Total rates***	\$47,160,000	\$54,153,000	\$57,421,000
Average total rates per rating unit	\$2,871	\$3,250	\$3,407

*Electoral enrolment centre.

** At the end of the preceding financial year.

*** Excludes metered water rates, targeted rates from industries, lump-sum contributions and penalties

HOW MUCH WILL MY RATES BE?

To keep our services running and cover rising costs, Council needs to collect 5.92% more in rates in total next year. Some of this cost is offset by growth – the total value of properties across the district rose 1.71% over the last year (e.g. through new homes and subdivisions), and we added new connections to services such as kerbside collection and water supply.

5.92% is the district-wide figure – how much your own rates bill will change depends on what your property is worth (its capital value) and which services you receive. For example, only properties connected to the wastewater network pay for it, so rising wastewater costs fall on those properties.

The wastewater increase is particularly high this year because of both rising costs and reduced income, as a long-standing funding agreement with industry partners – paid through rates – reached the end of its agreed term during 2026. In the example properties shown below, this impact is clearly reflected in the movement in the total rates bill for urban residential properties, and significantly for commercial/industrial properties with more than one wastewater charge.

To see the impact on your property, please visit www.mpdc.govt.nz/rates/propertyrates-search.

Below are examples of different types of properties throughout the district. Please note these are for 'average' property values and may not reflect your particular situation.

Property type	Capital Value	2025/26 rates bill	2026/27 rates bill	Movement in total rates bill	
Urban residential – full services (e.g. water supply, wastewater, kerbside collection)	\$500,000	\$3,651	\$3,975	+\$324	+8.9%
	\$750,000	\$3,997	\$4,321	+\$325	+8.1%
	\$1,250,000	\$4,688	\$5,014	+\$326	+7.0%
Commercial/Industrial - with 2 additional toilets and no kerbside collection	\$1,000,000	\$5,661	\$6,455	+\$793	+14.0%
	\$2,000,000	\$7,045	\$7,840	+\$796	+11.3%
	\$3,000,000	\$8,428	\$9,226	+\$798	+9.5%
Rural lifestyle - no services (e.g. no water supply or kerbside collection)	\$1,000,000	\$2,342	\$2,429	+\$86	+3.7%
	\$2,500,000	\$4,417	\$4,507	+\$90	+2.0%
Rural - no services (e.g. no water supply or kerbside collection)	\$4,000,000	\$6,492	\$6,586	+\$94	+1.4%
	\$8,000,000	\$12,025	\$12,128	+\$103	+0.9%

SECTION 2:
Mahi ā rōpū |
What we do



Ngā wāhi māna me ngā rawa ā-hapori (hui katoa) | Community facilities and property.

WHAT WE DO

Community Facilities and Property is about providing parks, open spaces and built facilities for sport, recreation, social and cultural activities as well as buildings that enable us to provide a range of services to the community, including affordable housing for elderly people.

The activities responsible for this are: Cemeteries, Housing and Property, Libraries, Parks and Open Spaces, Pools and Spas, Public Toilets, and Community Venues.

WHY WE DO THESE ACTIVITIES

Council is committed to providing open spaces and built facilities that promote healthy communities, enable social connections, look after our natural and cultural heritage, and provide economic opportunities.

- We support and improve public health by providing places and facilities where people can engage in play, active recreation, and sports activities which provide physical and mental health benefits. Our public toilet network also promotes public health.
- We provide open spaces (like parks) and built facilities (such as event centres and libraries) where people can gather to connect socially. We also provide affordable housing complexes for elderly people.
- Our network of parks and reserves helps protect and enhance our natural environment.
- We help preserve our cultural heritage by supporting museums as well as by managing historic sites, monuments, or buildings on parks and reserves.
- Our parks and community facilities provide economic opportunities through tourism and events.

PROJECTS FOR 2026/27

Projects are proceeding as planned and where there are any changes from the LTP these are noted below.

Project ID	Project	LTP 2026/27	Annual Plan 2026/27	Explanation of variances to the LTP budget
		(\$000)	(\$000)	
357	Te Aroha Library	230	220	
376	Destination Playground (Te Aroha)	1,569	1,569	
375	Te Aroha Spa enhancement	5,229	-	Investigation work only – no capital

FUNDING IMPACT STATEMENT

COMMUNITY FACILITIES AND PROPERTY 1 JULY 2026 TO 30 JUNE 2027

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
	Sources of operating funding			
13,798	General rates, uniform annual general charges, rates penalties	14,105	15,453	An increase in general rates is required to fund the budgeted shortfall in revenue from fees and charges and additional operating costs.
75	Targeted rates	78	73	
33	Subsidies and grants for operating purposes	34	33	
5,383	Fees and charges	5,511	4,936	Expected revenue from fees and charges has reduced compared to the LTP in line with reduced visitor numbers and use of pool and spa facilities experienced in the current financial year.
299	Internal charges and overheads recovered	302	344	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
19,588	Total operating funding (A)	20,030	20,839	
	Applications of operating funding			
13,011	Payments to staff and suppliers	13,112	14,176	Additional operating costs have been budgeted for the operation of the new Matamata Stadium that opened during 2025/26, as well as increased exterior/interior cleaning costs across facilities. Market movements in staff costs have been slightly higher than budgeted in the LTP. Under the 2024/25 organisation restructure, Events staff previously budgeted in the LTP under Communications have been reallocated to the Community Facilities team. Budgeted building maintenance costs have increased, and costs like catering that are on-charged to users of our events and meeting facilities have been budgeted for.
572	Finance costs	726	754	
3,185	Internal charges and overheads applied	3,244	3,507	Overhead costs are expected to increase compared to the LTP.
-	Other operating funding applications	-	-	
16,768	Total applications of operating funding (B)	17,082	18,437	
2,820	Surplus (deficit) of operating funding (A - B)	2,948	2,402	
	Sources of capital funding			

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
-	Subsidies and grants for capital expenditure	-	-	
56	Development and financial contributions	58	58	
(497)	Increase (decrease) in debt	5,651	2,344	The reduced capital programme for 2026/27 means that debt will not be raised as anticipated in the LTP.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
(441)	Total sources of capital funding (C)	5,709	2,402	
	Applications of capital funding			
	Capital expenditure			
39	To meet additional demand	25	-	
1,179	–to improve the level of service	7,442	3,531	The LTP included \$5.2m for a project to develop the Te Aroha Spas in 2026/27. Council will reconsider this project in the upcoming LTP alongside other priorities. The Te Aroha destination playground is planned for 2026/27
1,105	–to replace existing assets	1,132	1,273	
56	Increase (decrease) in reserves	58	-	
-	Increase (decrease) of investments	-	-	
2,379	Total applications of capital funding (D)	8,657	4,804	
(2,820)	Surplus (deficit) of capital funding (C - D)	(2,948)	(2,402)	
-	Funding balance ((A - B) + (C - D))	-	-	

Te rautaki me te whakawhitiwhiti kōrero | Strategy and engagement.

WHAT WE DO

Strategy and Engagement supports our community to get involved in the democratic process, and provides the strategic direction needed to ensure our community thrives and is prosperous.

The activities responsible for this are Emergency Management, Communications and Events, Community Leadership, and Strategies and Plans.

WHY WE DO THESE ACTIVITIES

These activities ensure our community are informed of Council activities and can be involved in open and transparent decision making. This helps us plan for the long term to ensure that our communities grow and develop in an integrated and sustainable way.

The Local Government Act 2002, Resource Management Act 1991, and Civil Defence Emergency Management Act 2002 also have a significant impact on these activities, as they set a number of legislative requirements that we must meet.

PROJECTS FOR 2026/27

Projects are proceeding as planned and where there are any changes from the LTP these are noted below.



FUNDING IMPACT STATEMENT

STRATEGY AND ENGAGEMENT 1 JULY 2026 TO 30 JUNE 2027

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
	Sources of operating funding			
7,687	General rates, uniform annual general charges, rates penalties	7,795	7,945	
-	Targeted rates	-	-	
199	Subsidies and grants for operating purposes	204	94	
397	Fees and charges	410	1,768	Following the transfer of Water and Wastewater activities to Waikato Waters Limited (WWL) from 1 October 2026, Council will continue to provide some services related to the new entity, including billing and customer services. WWL will reimburse Council for these services. In addition, Council expects to earn additional interest on funds received in the WWL settlement from 1 October.
710	Internal charges and overheads recovered	705	868	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
8,993	Total operating funding (A)	9,114	10,675	
	Applications of operating funding			
6,986	Payments to staff and suppliers	6,949	7,550	Compared to the LTP, there were some savings in employee costs to this activity due to the 2024/25 restructure, and a reduction in staff numbers funded from Better-off funding. These savings were offset by the addition of \$150,000 in funding for Future-proof activities that was overlooked in the LTP budget, and additional funding for Iwi participation for Te Manawhenua Forum and Council remuneration that is set by legislation. Market movements in staff costs were also higher than anticipated in the LTP.
295	Finance costs	291	214	
2,629	Internal charges and overheads applied	2,695	3,925	Overhead costs are expected to increase compared to the LTP.
-	Other operating funding applications	-	-	
9,910	Total applications of operating funding (B)	9,935	11,689	
(917)	Surplus (deficit) of operating funding (A – B)	(821)	(1,014)	

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
-	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
-	Development and financial contributions	-	-	
1,615	Increase (decrease) in debt	1,601	(320)	
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
1,615	Total sources of capital funding (C)	1,601	(320)	
	Applications of capital funding			
	Capital expenditure			
-	—to meet additional demand	-	-	
-	—to improve the level of service	-	-	
1,673	—to replace existing assets	1,660	1,088	Plans in the LTP to begin an upgrade of Council's software system in 26/27 have been deferred.
(975)	Increase (decrease) in reserves	(880)	(2,422)	Anticipated stranded overheads in the first year of transfer of water and wastewater activities to WWL are budgeted to be funded from reserves unless other offsets or opportunities are identified during this transitional year.
-	Increase (decrease) of investments	-	-	
698	Total applications of capital funding (D)	780	(1,334)	
917	Surplus (deficit) of capital funding (C - D)	821	1,014	
-	Funding balance ((A - B) + (C - D))	-	-	

Ngā rori | Roading.

WHAT WE DO

Our transport network consists of 967km of sealed roads, and 55km of unsealed roads. It also includes 377 bridges, street lights, road markings, signs and road drainage assets.

In addition to providing access to properties, the road corridor is also where utilities are usually located (e.g. gas, power, telecommunications, water, sewer and stormwater).

WHY WE DO THIS ACTIVITY

Roads provide for a wide variety of users with diverse needs, including private and commercial car drivers and passengers, freight operators, dairy tankers, stock trucks, quarry trucks/ machinery, public transport, harvesting contractors/ farm machinery, cyclists and pedestrians. They also support and enable economic growth, and when designed appropriately, enhance living environments and amenity.

PROJECTS FOR 2026/27

Projects are proceeding as planned and where there are any changes from the LTP these are noted below.

Project ID	Project	LTP 2026/27	Annual Plan 2026/27	Explanation of variances to the LTP budget
		(\$000)	(\$000)	
326-328	NZTA subsidised – local road improvements	633	381	NZTA funding was not approved so some limited safety work and streetlighting upgrade works is planned instead



FUNDING IMPACT STATEMENT

ROADING 1 JULY 2026 TO 30 JUNE 2027

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
	Sources of operating funding			
9,501	General rates, uniform annual general charges, rates penalties	9,664	9,189	Funding (through rates) for the future replacement of our roading assets has reduced to align with Council's share of planned renewal work.
-	Targeted rates	-	-	
4,162	Subsidies and grants for operating purposes	4,285	3,471	The NZTA approved budget has changed from that signalled at the time the LTP budget was approved.
309	Fees and charges	304	287	
270	Internal charges and overheads recovered	266	683	
225	Local authorities fuel tax, fines, infringement fees, and other receipts	230	220	
14,467	Total operating funding (A)	14,749	13,850	
	Applications of operating funding			
8,155	Payments to staff and suppliers	8,323	8,058	
365	Finance costs	395	336	
1,424	Internal charges and overheads applied	1,444	1,551	Overhead costs are expected to increase compared to the LTP.
-	Other operating funding applications	-	-	
9,944	Total applications of operating funding (B)	10,162	9,945	
4,523	Surplus (deficit) of operating funding (A - B)	4,587	3,905	
	Sources of capital funding			
3,821	Subsidies and grants for capital expenditure	4,089	4,080	
226	Development and financial contributions	230	230	

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
192	Increase (decrease) in debt	1,017	1,494	
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
4,239	Total sources of capital funding (C)	5,336	5,804	
	Applications of capital funding			
	Capital expenditure			
690	–to meet additional demand	1,071	992	Roading capital budgets have been aligned to available funding assistance from NZTA
579	–to improve the level of service	834	701	
7,493	–to replace existing assets	8,018	8,016	
-	Increase (decrease) in reserves	-	-	
	Increase (decrease) of investments		-	
8,762	Total applications of capital funding (D)	9,923	9,709	
(4,523)	Surplus (deficit) of capital funding (C – D)	(4,587)	(3,905)	
-	Funding balance ((A – B) + (C – D))	-	-	

Te para me te whakahōu | Rubbish and recycling.

WHAT WE DO

Our Rubbish and Recycling activity (which is sometimes referred to as our Solid Waste activity) currently provides kerbside rubbish and recycling collection services to approximately 10,000 households across the district, as well as operating three transfer stations located at Matamata, Morrinsville and Waihou.

We provide waste minimisation and sustainability education to schools across the district. We also have three closed landfills at Matamata, Morrinsville and Te Aroha that we monitor under the terms of their resource consents to ensure they do not endanger the environment or public health.

WHY WE DO THIS ACTIVITY

Our day to day lives generate a lot of waste that must be managed for the health of our community and our environment. As part of the Matamata-Piako District Council Waste Management and Minimisation Plan 2021-2027 (WMMP), we have committed to reducing the total amount of general waste sent to landfill from our district.

In September 2023, Council transitioned to a new kerbside collection service that incorporated food scrap collection to reduce both waste to landfill and methane emissions. The collection area now includes rural residential properties that were previously excluded. We also separate e-waste and batteries at our three Refuse Transfer Stations which are sent for recycling.

PROJECTS FOR 2026/27

Projects are proceeding as planned and where there are any changes from the LTP these are noted below.

Project ID	Project	LTP 2026/27	Annual Plan 2026/27	Explanation of variances to the LTP budget
		(\$000)	(\$000)	
365	New recovery centre	523	100	Investigations planned but decision deferred to LTP



FUNDING IMPACT STATEMENT

RUBBISH AND RECYCLING 1 JULY 2026 TO 30 JUNE 2027

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
	Sources of operating funding			
2,047	General rates, uniform annual general charges, rates penalties	2,137	1,650	The allocation of contracted costs between kerbside activities (which is funded from targeted rates) and other refuse activities is now better reflected, and overall costs are expected to be lower than anticipated in the LTP.
2,650	Targeted rates	2,766	2,809	
266	Subsidies and grants for operating purposes	272	260	
899	Fees and charges	921	943	
1	Internal charges and overheads recovered	1	1	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
5,863	Total operating funding (A)	6,097	5,663	
	Applications of operating funding			
5,212	Payments to staff and suppliers	5,336	4,897	Staff and contract costs are anticipated to be lower than set out in the LTP.
129	Finance costs	166	103	
380	Internal charges and overheads applied	388	429	
-	Other operating funding applications	-	-	
5,721	Total applications of operating funding (B)	5,890	5,429	
142	Surplus (deficit) of operating funding (A - B)	207	234	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
-	Development and financial contributions	-	-	
1,388	Increase (decrease) in debt	314	(134)	

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
-	Gross proceeds from sale of assets	-		
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
1,388	Total sources of capital funding (C)	314	(134)	
	Applications of capital funding			
	Capital expenditure			
-	-to meet additional demand	-	-	
1,532	-to improve the level of service	523	100	The 2024-34 LTP included a resource recovery centre project in 2026/27, but this has been deferred for further consideration as part of the upcoming LTP.
-	-to replace existing assets	-	-	
(2)	Increase (decrease) in reserves	(2)	-	
-	Increase (decrease) of investments	-	-	
1,530	Total applications of capital funding (D)	521	100	
(142)	Surplus (deficit) of capital funding (C - D)	(207)	(234)	
-	Funding balance ((A - B) + (C - D))	-	-	



Te waimarangai | Stormwater.

WHAT WE DO

We have stormwater discharge consents to collect and dispose stormwater from urban areas of Matamata, Morrinsville, Te Aroha and Waharoa. Stormwater from these urban areas is collected and treated appropriately to comply with discharge consents before discharging into surface water bodies or ground. We ensure stormwater discharge from new developments is complying with our resource consent conditions.

We work collaboratively with Waikato Regional Council and our roading team as they also own, manage and maintain parts of the drainage system. Some drains of the urban stormwater network are situated in private properties. Maintenance of these drains are the responsibility of the property owners. We liaise with the property owners on matters related to these drains. Maintaining all of our assets involves undertaking scheduled and unscheduled maintenance and repair work. We have renewal strategies to allow for the progressive replacement of assets as they are required.

WHY WE DO THIS ACTIVITY

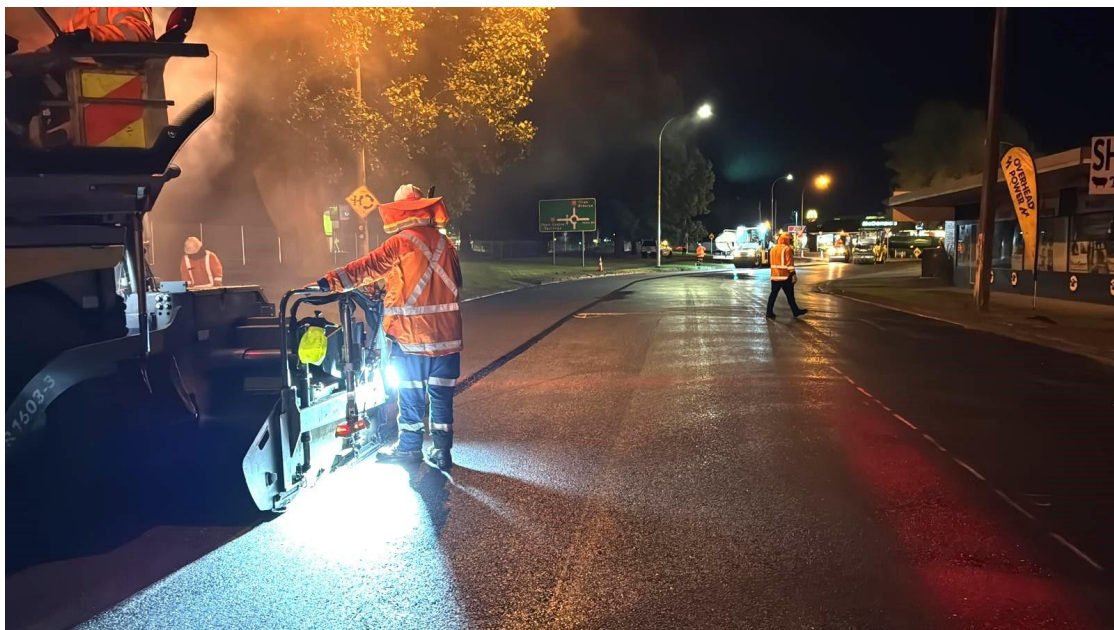
We ensure stormwater systems are managed safely and efficiently to drain surface water to minimise flooding in our communities and stormwater discharged from urban areas does not pollute the receiving environment. We work with property owners and other partners to achieve best outcomes.

The main purpose is to ensure that we are looking after our environment in a sustainable but also affordable manner for the short and long term and minimise the hazards from stormwater on public and private properties.

PROJECTS FOR 2026/27

Projects are proceeding as planned and where there are any changes from the LTP these are noted below.

Project ID	Project	Water Services Delivery Plan (WSDP) 2026/27	Annual Plan 2026/27	Explanation of variances to the WSDP budget
		(\$000)	(\$000)	
335	Stormwater upgrades	800	800	



FUNDING IMPACT STATEMENT

STORMWATER 1 JULY 2026 TO 30 JUNE 2027

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
	Sources of operating funding			
161	General rates, uniform annual general charges, rates penalties	169	142	
992	Targeted rates	1,036	873	
-	Subsidies and grants for operating purposes	-	-	
-	Fees and charges	-	-	
168	Internal charges and overheads recovered	165	167	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
1,321	Total operating funding (A)	1,370	1,182	
	Applications of operating funding			
650	Payments to staff and suppliers	665	682	
86	Finance costs	97	42	
282	Internal charges and overheads applied	289	326	
-	Other operating funding applications	-	-	
1,018	Total applications of operating funding (B)	1,051	1,050	
303	Surplus (deficit) of operating funding (A - B)	319	132	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
-	Development and financial contributions	-	11	

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
(32)	Increase (decrease) in debt	(35)	(38)	
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
(32)	Total sources of capital funding (C)	(35)	(27)	
	Applications of capital funding			
	Capital expenditure			
128	–to meet additional demand	-	-	
434	–to improve the level of service	-	800	Morrinsville CBD stormwater upgrades
511	–to replace existing assets	105	105	
(802)	Increase (decrease) in reserves	179	(800)	Improvement works are planned to be funded from available stormwater improvement reserves
-	Increase (decrease) of investments	-	-	
271	Total applications of capital funding (D)	284	105	
(303)	Surplus (deficit) of capital funding (C - D)	(319)	(132)	
-	Funding balance ((A - B) + (C - D))	-	-	



Te waipara | Wastewater.

WHAT WE DO

We supply wastewater services to the urban areas of Matamata, Morrinsville, Te Aroha, Waihou, Tahuna, Rukumoana, Raungaiti and Waharoa by collecting the wastewater from these communities and treating it through five treatment plants.

Treatment plants are situated in Matamata (which also treats wastewater from Waharoa and Raungaiti), Morrinsville (which also treats wastewater from Rukumoana), Te Aroha and Tahuna. The Morrinsville treatment plant also treats and disposes of rural septic tank waste. All plants have discharge consents with conditions that we have to meet that specify the required treatment at each plant.

Approximately 50% of the wastewater treated in Morrinsville is from local industry. Industrial and commercial wastewater is regulated through tradewaste agreements and our Tradewaste Bylaw 2020. Under our tradewaste agreements, companies pay for the cost of processing their waste.

The efficient operation and maintenance of our wastewater network is achieved by providing adequate backup facilities, equipment, machinery and staff to handle any break down of the service. Corrective and preventative maintenance programmes are in place to ensure our systems remain in good condition.

WHY WE DO THIS ACTIVITY

The Wastewater service ensures that wastewater (sewerage and the “grey” water that goes down your drains) is collected, treated and disposed of appropriately. The treatment is particularly important, as after wastewater is treated it is discharged into waterways or to land.

We aim to ensure wastewater is well managed for the wellbeing of our community and our environment.

NON-FINANCIAL PERFORMANCE REPORTING – VARIATION FROM LONG TERM PLAN

On 1 October 2026 Council’s wastewater services transfer to Waikato Waters Limited. Council does not intend to report on the performance measures for the wastewater activity after the transfer. Reporting for this activity will be provided up to the date that Wastewater services will be transferred (from 1 July 2026 - 30 September 2026) in the 2026/27 Annual Report.

PROJECTS FOR 2026/27

Projects are proceeding as planned and where there are any changes from the LTP these are noted below.

Project ID	Project	Water Services Delivery Plan (WSDP) 2026/27	Annual Plan 2026/27	Explanation of variances to the WSDP budget
		(\$000)	(\$000)	
337	District wide inflow and infiltration reduction	500	500	
244	Matamata wastewater treatment plant upgrade (consent driven)	15,000	30,000	Budget has increased and timing is now to have it completed in 26/27
408	Allen St wastewater pump station upgrade	1,000	1,000	This was combined with ID:424 Morrinsville Wastewater Treatment Plant Upgrades 25/28
414	District Sludge & Biosolids Management	2,500	2,500	

FUNDING IMPACT STATEMENT

WASTEWATER 1 JULY 2026 TO 30 JUNE 2027

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	
9,940	Targeted rates	11,683	10,980	The decrease in rates compared to the LTP is reflective of the completion of the significant Matamata Wastewater Treatment plant upgrade being behind the timing anticipated in the LTP, leading to reduced finance and other costs. In addition, a greater portion of this activity has been funded through fees charged to industries who have a high impact on the network.
-	Subsidies and grants for operating purposes	-	-	
1,311	Fees and charges	1,343	638	Funding from fees and charges is only recognised up to the date that Wastewater services will be transferred to Waikato Waters Limited on 1 October 2026. Compared to the LTP, a greater portion of this activity has been funded through fees charged to industries who have a high impact on the network.
581	Internal charges and overheads recovered	572	13	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
11,832	Total operating funding (A)	13,598	11,631	
	Applications of operating funding			
5,885	Payments to staff and suppliers	6,025	1,897	Payments to staff and suppliers are only recognised up to the date that Wastewater services will be transferred to Waikato Waters Limited on 1 October 2026.
2,345	Finance costs	3,149	621	The delayed progress of the Matamata Wastewater Treatment Plant project and the uncertainty around the operational desludging projects at the Morrinsville and Te Aroha plants (which were to be financed) has led to a decrease in anticipated finance costs for the 26/27 year. Finance costs are only recognised up to the date that Wastewater services will be transferred to Waikato Waters Limited on 1 October 2026.
732	Internal charges and overheads applied	754	167	Internal charges and overhead costs are only recognised up to the date that Wastewater services will be transferred to Waikato Waters Limited on 1 October 2026.
-	Other operating funding applications	-	7,598	From 1 October 2026, Council will pay rates collected in respect of the Wastewater service across to Waikato Waters Limited.
8,962	Total applications of	9,928	10,283	

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
	operating funding (B)			
2,870	Surplus (deficit) of operating funding (A – B)	3,670	1,348	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
1,728	Development and financial contributions	1,763	539	Development contributions are only recognised up to the date that Wastewater services will be transferred to Waikato Waters Limited on 1 October 2026.
23,999	Increase (decrease) in debt	13,010	4,940	Wastewater operations will be transferred to WWL from 1 October 2026. The forecast increase in debt is for the first 3 month period only.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
25,727	Total sources of capital funding (C)	14,773	5,479	
	Applications of capital funding			
	Capital expenditure			
7,449	–to meet additional demand	7,208	2,250	The progress of the Matamata Wastewater Treatment Plant project has been delayed, but also the cost of the final project was significantly more than budgeted in the LTP. WWL will take over the capital programme for Wastewater assets from 1 October 2026
14,832	–to improve the level of service	5,459	6,250	
5,874	–to replace existing assets	6,014	2,143	
442	Increase (decrease) in reserves	(238)	(3,816)	\$1 million in rates funding will be collected and applied to the Wastewater desludging reserve to fund future work required. All Wastewater reserves will be transferred to WWL on 1 October 2026.
-	Increase (decrease) of investments	-	-	
28,597	Total applications of capital funding (D)	18,443	6,827	
(2,870)	Surplus (deficit) of capital funding (C – D)	(3,670)	(1,348)	
-	Funding balance ((A – B) + (C – D))	-	-	

Te wai | Water.

WHAT WE DO

We own and operate six water supply schemes in the district - in Matamata (including Waharoa and Raungaiti), Morrinsville, Te Aroha (including Te Aroha West) and three small schemes in Te Poi, Tahuna, and Hinuera. Each area has one or more treatment plants, and the district has a total of 410 km of pipes (excluding service lines).

We provide water 24 hours a day, seven days a week, which means operating and maintaining equipment, machinery and backup facilities, and training staff to respond rapidly in the event of a problem. We need to meet drinking water standards and undertake reporting for the new regulator, Taumata Arowai.

We have corrective and preventative maintenance programmes in place to ensure our systems remain in good condition. We also monitor the lifecycles of our assets (such as water mains) and renew them when necessary.

WHY WE DO THIS ACTIVITY

The Water activity provides our communities with clean, safe drinking water to ensure the health and wellbeing of our residents. Our approach to managing our Water activity and network aligns with national and regional drivers. It recognises that the use of water is not unlimited and it is a very valuable resource that needs to be protected and managed in a sustainable manner for the community today and tomorrow.

NON-FINANCIAL PERFORMANCE REPORTING – VARIATION FROM LONG TERM PLAN

On 1 October 2026 Council’s water services transfer to Waikato Waters Ltd. Council does not intend to report on the performance measures for the water activity after the transfer. Reporting for this activity will be provided up to the date that Water services will be transferred (from 1 July 2026 - 30 September 2026) in the 2026/27 Annual Report.

PROJECTS FOR 2026/27

Projects are proceeding as planned and where there are any changes from the LTP these are noted below.

Project ID	Project	Water Services Delivery Plan (WSDP) 2026/27	Annual Plan 2026/27	Explanation of variances to the WSDP budget
		(\$000)	(\$000)	
	Water Compliance projects	500	500	
354	Te Aroha water treatment plant upgrade	1,300	1,300	

FUNDING IMPACT STATEMENT

WATER 1 JULY 2026 TO 30 JUNE 2027

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	
11,287	Targeted rates	11,777	12,263	Increased rates required to fund anticipated operating cost increases to deliver a safe and compliant water supply.
-	Subsidies and grants for operating purposes	-	-	
11	Fees and charges	11	3	
68	Internal charges and overheads recovered	67	14	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
11,366	Total operating funding (A)	11,855	12,280	
	Applications of operating funding			
5,320	Payments to staff and suppliers	5,447	1,461	Budgeted operating costs increased compared to the LTP, particularly for electrical maintenance contract, contractor and chemical costs. Payments to staff and suppliers are only recognised up to the date that Water services will be transferred to Waikato Waters Limited on 1 October 2026.
1,286	Finance costs	1,391	282	Finance costs are only recognised up to the date that Water services will be transferred to Waikato Waters Limited on 1 October 2026.
1,157	Internal charges and overheads applied	1,166	281	Overhead costs are only recognised up to the date that Water services will be transferred to Waikato Waters Limited on 1 October 2026.
-	Other operating funding applications	-	9,239	From 1 October 2026, Council will pay rates collected in respect of the Water service across to Waikato Waters Limited.
7,763	Total applications of operating funding (B)	8,004	11,263	
3,603	Surplus (deficit) of operating funding (A - B)	3,851	1,017	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
193	Development and financial contributions	197	188	
3,721	Increase (decrease) in debt	1,714	1,342	
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
3,914	Total sources of capital funding (C)	1,911	1,530	
	Applications of capital funding			
	Capital expenditure			
-	—to meet additional demand	-	201	WWL will take over the capital programme for Water assets from 1 October 2026
2,401	—to improve the level of service	785	809	
5,116	—to replace existing assets	4,977	1,537	
	Increase (decrease) in reserves		-	
-	Increase (decrease) of investments	-	-	
7,517	Total applications of capital funding (D)	5,762	2,547	
(3,603)	Surplus (deficit) of capital funding (C - D)	(3,851)	(1,017)	
-	Funding balance ((A - B) + (C - D))	-	-	

Ngā whakaaetanga me ngā raihana | Consents and licensing.

WHAT WE DO

Consents and Licensing is about carrying out the regulatory functions that we have an obligation to perform under legislation.

The functions that fall within this activity group are Animal Control, Building Consents and Monitoring, Licensing and Enforcement, and Resource Consents and Monitoring.

WHY WE DO THESE ACTIVITIES

The Consents and Licensing activity group ensures we are protecting the natural resources of the district, keeping our communities safe and healthy, and balancing the different needs and interests of people and businesses in our community.

Legislation has a significant impact on these activities, as it sets a number of requirements that we must meet.

PROJECTS FOR 2026/27

There are no major projects for this group of activities in the LTP.



FUNDING IMPACT STATEMENT

CONSENTS AND LICENSING 1 JULY 2026 TO 30 JUNE 2027

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
	Sources of operating funding			
4,103	General rates, uniform annual general charges, rates penalties	4,206	4,405	
-	Targeted rates	-	-	
-	Subsidies and grants for operating purposes	-	-	
4,177	Fees and charges	4,276	4,296	
-	Internal charges and overheads recovered	-	-	
39	Local authorities fuel tax, fines, infringement fees, and other receipts	40	39	
8,319	Total operating funding (A)	8,522	8,740	
	Applications of operating funding			
5,774	Payments to staff and suppliers	5,912	5,988	
61	Finance costs	60	69	
2,214	Internal charges and overheads applied	2,274	2,555	Overhead costs are expected to increase compared to the LTP.
-	Other operating funding applications	-	-	
8,049	Total applications of operating funding (B)	8,246	8,612	
270	Surplus (deficit) of operating funding (A - B)	276	128	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
-	Development and financial contributions	-	-	

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
(270)	Increase (decrease) in debt	(276)	(228)	
-	Gross proceeds from sale of assets	-		
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
(270)	Total sources of capital funding (C)	(276)	(228)	
	Applications of capital funding			
	Capital expenditure			
-	–to meet additional demand	-	-	
-	–to improve the level of service	-	-	
-	–to replace existing assets	-	-	
-	Increase (decrease) in reserves	-	(100)	
-	Increase (decrease) of investments	-	-	
-	Total applications of capital funding (D)	-	(100)	
(270)	Surplus (deficit) of capital funding (C – D)	(276)	(128)	
-	Funding balance ((A – B) + (C – D))	-	-	

SECTION 3:

Mahi ā rōpū | What we do



FORECAST STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE 2027

Annual Plan 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
Revenue from continuing operations				
62,249	Rates	65,416	42,538	
8,065	Subsidies and grants	8,884	7,937	NZTA subsidies have been updated to match current approved budgets.
12,225	Fees and charges	12,386	11,323	Water and wastewater fees are only recognised up to the WWL transfer on 1 October 2026.
2,203	Development and financial contributions	2,248	299	Water and Wastewater contributions are only recognised up until the transfer date.
531	Interest revenue	544	1,259	Council expects to earn additional interest on funds received in the WWL settlement from 1 October.
463	Other revenue	479	463	
85,736	Total revenue from continuing operations	89,957	63,819	
Expenses from continuing operations				
31,237	Personnel costs	29,478	30,241	An organisational restructure finalised after the LTP resulted in some additional positions to manage increasing compliance requirements and to ensure service and project delivery. Personnel costs for Water and Wastewater activities are only recognised up until these activities are transferred to WWL
23,932	Depreciation and amortisation	25,006	17,755	Depreciation is higher than the LTP because recent revaluations increased asset replacement costs. This is partly offset as water and wastewater depreciation stops at the 1 October 2026 transfer.
3,471	Finance costs	6,482	1,697	Water and wastewater finance costs are only counted up to the transfer.
30,318	Other expenses	32,414	22,684	Water and wastewater operating costs are only recognised up to the transfer date.
88,958	Total expenses from continuing operations	93,380	72,377	
(3,222)	Surplus/(deficit) from continuing operations	(3,423)	(8,558)	
-	Surplus/(deficit) from discontinued operations	-	27,102	See Note A: Discontinued operations (Water and Wastewater)
(3,222)	Surplus/(deficit) for the year	(3,423)	18,544	
Other comprehensive revenue and expense				
-	Financial assets at fair value through other comprehensive revenue and expense	-	-	
25,637	Property, plant and equipment revaluations	26,352	13,046	Council will no longer revalue water and wastewater assets.
25,637	Total other comprehensive revenue and expense	26,352	13,046	
22,415	Total comprehensive revenue and expense	22,929	31,590	

Note A: Discontinued operations (Water and Wastewater)

Council's drinking water and wastewater services will be classified as a discontinued operation in the year ended 30 June 2027, and the transfer to Waikato Waters Limited will be completed on 1 October 2026. Because Council will no longer deliver water and wastewater services from that date, none of the water and wastewater revenue or expenditure will form part of Council's operations from the 2027/28 year onwards. Accordingly, all water and wastewater revenue and expenditure for the 2026/27 year is presented within discontinued operations.

	Annual Plan 2026/27	
Revenue from discontinued operations	(\$000)	
Rates	23,243	Council has set water and wastewater rates for the full 2026/27 financial year. From 1 July 2027, it is anticipated that WWL will set and collect their own water charges.
Fees and charges	641	
Development and financial contributions	727	
Other revenue	25,570	Cash received on WWL settlement in respect of internally borrowed funds will be recognised as a gain on transfer in 2026/27
Total revenue from discontinued operations	50,181	
Expenses from discontinued operations		
Personnel costs	783	
Depreciation and amortisation	1,982	
Finance costs	903	
Payment of rates to WWL	16,836	From 1 October 2026, Council will collect and pay water and wastewater rates to WWL until they have necessary structures in place to set and collect their own charges.
Other expenses	2,575	
Total expenses from discontinued operations	23,079	
Surplus/(deficit) from discontinued operations	27,102	

FORECAST STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2027

Annual Plan 2025/26		LTP 2026/27	Annual Plan 2026/27	Explanation of significant variances to LTP budget
(\$000)		(\$000)	(\$000)	
982,765	Balance at 1 July	1,010,031	1,230,672	Opening equity is forecast to be significantly higher than the LTP for 1 July 2026 due to the impact of asset revaluations since the time the LTP forecasts were adopted.
22,415	Total comprehensive revenue and expense for the year	22,929	31,590	The transfer of Water and Wastewater activities to WWL has a significant impact on the total revenue and expenses recognised in this transitional year.
1,005,180	Balance at 30 June	1,032,960	1,262,262	

FORECAST STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2027

Annual Plan 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
Assets				
Current Assets				
570	Cash and cash equivalents	341	16,869	Council expects to receive additional cash in the WWL settlement in respect of internally borrowed funds. This will be held in reserves and Council will determine the future purpose of the reserve.
7,144	Receivables	7,413	7,644	
700	Prepayments	700	1,373	
919	Inventory	941	358	Spare plant related to Wastewater treatment activities will be transferred on transition to WWL.
-	Non-current assets held for sale	-	270	
-	Derivative financial instruments	-	-	
	Other financial assets:		-	
14,079	- Term deposits	12,808	13,500	
273	- Investments in CCO's and other similar entities	265	311	
-	- Investments in other entities	-	-	
23,685	Total current assets	22,469	40,325	
Non-current assets				
-	Derivative financial instruments	-	-	
	Other financial assets:			
37,029	- Investments in CCO's and other similar entities	37,389	44,335	The value of Council's investment in Waikato Regional Airport Limited has increased significantly since the LTP was adopted
111	- Investments in other entities	111	111	
1,066,462	Property, plant and equipment	1,139,139	1,016,004	The value of infrastructural assets has increased significantly since the LTP was adopted. Water and Wastewater assets are transferred to Waikato Waters Limited from 1 October 2026
609	Intangible assets	556	226,001	Represented here is Council's expected interest in the Waikato Waters Limited entity.
1,104,211	Total non-current assets	1,177,195	1,286,451	
1,127,897	Total assets	1,199,664	1,326,776	
Liabilities				
Current liabilities				
10,297	Payables and deferred revenue	12,501	14,790	
-	Derivative financial instruments	-	12	

Annual Plan 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
13,500	Borrowings	13,500	25,000	\$25m reflects current debt maturities, however this will depend on what tranches of debt are novated in the settlement with WWL during the year.
2,669	Employee entitlements	2,733	2,786	The liability for employee entitlements has increased compared to the LTP due to higher staff numbers and market movements. Offsetting this, entitlements due to staff transferring to WWL will also transfer on settlement.
80	Provisions	38	42	
26,546	Total current liabilities	28,772	42,630	
	Non-current liabilities			
-	Derivative financial instruments	-	599	
95,584	Borrowings	137,347	20,597	Debt in respect of Water and Wastewater assets will be transferred to WWL on 1 October 2026
370	Employee entitlements	379	411	
216	Provisions	205	277	
96,170	Total non-current liabilities	137,931	21,884	
122,716	Total liabilities	166,703	64,514	
1,005,180	Net assets	1,032,960	1,262,262	
	Equity			
474,635	Accumulated funds	463,303	595,309	
530,545	Other reserves	569,657	666,953	Revaluation reserves from water and wastewater assets transferred to WWL will be shifted to accumulated funds upon transition.
1,005,180	Total equity	1,032,960	1,262,262	

FORECAST STATEMENT OF CASHFLOWS FOR THE YEAR ENDING 30 JUNE 2027

Annual Plan 2025/26		LTP 2026/27	Annual Plan 2026/27	Explanation of significant variances to LTP budget
(\$000)		(\$000)	(\$000)	
	Cashflow from operating activities – continuing operations			
61,919	Receipts from rates revenue	64,937	42,744	From 1 October 2026, Council will collect and pay water and wastewater rates to WWL until they have necessary structures in place to set and collect their own charges.
8,053	Subsidies and grants received	8,884	7,937	
12,180	Fees and charges received	12,386	11,324	Council will act as an agent in collecting fees and charges on behalf of WWL from 1 October 2026. These fees are not represented in Council's cashflow.
2,066	Development and financial contributions received	2,248	299	Council will act as an agent in collecting development contributions on behalf of WWL from 1 October 2026. These fees are not represented in Council's cashflow.
531	Interest received	544	1,259	Council expects to earn additional interest on funds received in the WWL settlement from 1 October.
463	Receipts from other revenue	479	573	Council will continue to provide some services related to the new entity, including billing and customer services. WWL will reimburse Council for these services. Other receipts related to the settlement transaction are expected to be received.
(30,629)	Payments to suppliers	(31,623)	(24,247)	Forecast operating costs in some activities have increased compared to the LTP. Payments to suppliers for Water and Wastewater activities are only recognised up until these activities are transferred.
(30,951)	Payments to employees	(29,405)	(30,241)	An organisational restructure finalised after the LTP resulted in some additional positions to manage increasing compliance requirements and to ensure service and project delivery. Personnel costs for Water and Wastewater activities are only recognised up until these activities are transferred to Waikato Waters Limited
(3,500)	Interest paid	(6,482)	(1,697)	Finance costs for Water and Wastewater activities are only recognised up until these activities are transferred.
-	GST (net)	-	-	
20,132	Net cashflow from operating activities – continuing operations	21,968	7,951	
-	Net cashflow from operating activities – discontinued operations	-	5,408	See Note B: Discontinued operations (Water and Wastewater)
	Cashflow from investing activities – continuing operations			
(58,493)	Purchase of property, plant and equipment	(45,082)	(16,606)	Capital spending on Water and Wastewater assets will become WWL's responsibility from 1 October 2026.
(280)	Purchase of intangible assets	(170)	-	
(96)	Purchase of investments	(385)	-	
(58,869)	Net cashflows from investing activities - continuing operations	(45,637)	(16,606)	

Annual Plan 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
-	Net cashflow from investing activities – discontinued operations	-	(13,190)	See Note B: Discontinued operations (Water and Wastewater)
	Cash flows from financing activities - continuing operations			
52,466	Proceeds from borrowings	43,669	37,220	
(13,500)	Repayment of borrowings	(20,000)	(27,000)	
38,966	Net cashflow from financing activities - continuing operations	23,669	10,220	
-	Net cashflow from financing activities – discontinued operations	-	22,516	See Note B: Discontinued operations (Water and Wastewater)
229	Net increase/(decrease) in cash and cash equivalents – continuing operations	-	1,565	
-	Net increase/(decrease) in cash and cash equivalents – discontinued operations	-	14,734	See Note B: Discontinued operations (Water and Wastewater)
229	Net increase/(decrease) in cash and cash equivalents	-	16,299	
341	Cash and cash equivalents at the beginning of the year	341	570	
570	Cash and cash equivalents at the end of the year	341	16,869	

Note B: Discontinued operations (Water and Wastewater)

Council's drinking water and wastewater services will be classified as a discontinued operation in the year ended 30 June 2027, and the transfer to Waikato Waters Limited will be completed on 1 October 2026. Because Council will no longer deliver water and wastewater services from that date, none of the water and wastewater revenue or expenditure will form part of Council's operations from the 2027/28 year onwards. Accordingly, all water and wastewater cashflows for the 2026/27 year are presented within discontinued operations.

	Annual Plan 2026/27 (\$000)	
Cashflow from operating activities – discontinued operations		
Receipts from rates revenue	23,243	Council has set water and wastewater rates for the full 2026/27 financial year. From 1 July 2027, it is anticipated that WWL will set and collect their own water charges.
Fees and charges received	641	
Development and financial contributions received	727	
Receipts from other revenue	1,894	
Payment of rates collected to Waikato Waters Limited	(16,836)	From 1 October 2026, Council will pay collected water and wastewater rates to WWL to fund their operation of the assets for the remainder of the 2026/27 year
Payments to suppliers	(2,575)	
Payments to employees	(783)	
Interest paid	(903)	
Net cashflow from operating activities – discontinued operations	5,408	

Cashflow from investing activities – discontinued operations		
Purchase of property, plant and equipment	(13,190)	The forecast capital spend for Water and Wastewater up to 1 October is significant compared to the timing in the LTP, particularly with the Matamata Wastewater treatment plant upgrade in full construction mode.
Net cashflow from investing activities – discontinued operations	(13,190)	
Cashflow from financing activities – discontinued operations		
Settlement of internal debt and reserves in transfer to WWL	22,516	Over many years, the Water and Wastewater activities have internally borrowed surplus funds from available reserves and accumulated funds to fund both capital expenditure and on occasion to fund annual operating deficits. On transfer of the Water and Wastewater activities to WWL, these internally borrowed funds will be repaid to Council to settle these debts. At the same time, cash reserves collected in respect of Water and Wastewater activities will be paid to WWL on settlement.
Net cashflow from financing activities – discontinued operations	22,516	
Net increase/(decrease) in cash and cash equivalents – discontinued operations	14,734	

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Matamata-Piako District Council (the Council) is a local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Council provides local infrastructure, local public services, and performs regulatory functions for the community. Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial information contained within this document is prospective financial information in terms of Financial Reporting Standard 42 Prospective Financial Statements (PBE). The purpose for which this has been prepared is to provide a broad accountability mechanism of the Council to the community. The financial information in the Annual Plan may not be appropriate for purposes other than those described.

The forecast financial statements of the Council are for the year ended 30 June 2027. The draft forecast financial statements were authorised for issue as part of the Annual Plan by Council on 24 June 2026. Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Basis of Preparation

The forecast financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently to all periods presented in these forecast financial statements.

Transfer of Water and Wastewater Services to Waikato Waters Limited

On 1 October 2026, Council will transfer its drinking water and wastewater services to Waikato Waters Limited (WWL), a council-controlled organisation jointly established by Matamata-Piako District Council and five other Waikato councils under the Local Government (Water Services) Act 2025. From that date, Council will no longer recognise the operating assets, liabilities, or expenditure relating to drinking water and wastewater service delivery. Council retains full responsibility for the management and delivery of stormwater services.

The transfer includes water and wastewater infrastructure, associated land and buildings, plant and equipment, capital work in progress, assumed contracts, resource consents, employees primarily engaged in water services, and Council Water Infrastructure Debt. In consideration, Council receives a Settlement Amount equal to its Water Infrastructure Debt (including internally funded water debt) and Stage 2 Shares in WWL.

Council has set water and wastewater rates (including targeted rates, metered water charges, penalties, and remissions) for the full 2026/27 financial year under section 23 of the Local Government (Rating) Act 2002. Council is the principal in respect of these rates – it sets them under its own statutory authority, collects them in its own name, and bears the collection risk. Accordingly, water and wastewater rates revenue is recognised as Council revenue for the full 12-month period. Any of these water and wastewater rates invoiced and collected from 1 October 2026 are passed to WWL and recognised as an expense (water services funding passed to WWL).

Council has also set water and wastewater fees and charges for the full 2026/27 year. However, as these fees relate to specific water services to be delivered by WWL from 1 October 2026, Council will continue to collect those fees and pass on the revenue to WWL from that date until the end of the financial year. This arrangement has been agreed between the Council and WWL and is recorded in the transfer agreement between the parties. Fees and charges revenue is therefore recognised as Council revenue for the period 1 July to 30 September 2026 only. Amounts invoiced and collected from 1 October 2026 are held and passed to WWL and are not recognised as Council revenue.

The 2026/27 forecast financial statements therefore reflect: water and wastewater rates revenue for the full year (12 months, as principal); water and wastewater fees and charges revenue for 3 months only (1 July to 30 September 2026); and water and wastewater service delivery costs for 3 months only (1 July to 30 September 2026), with the remaining 9 months recognised as water services funding passed to WWL. Where an accounting policy has been affected by the transfer, this is noted below.

Implementation of new and amended standards

All standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to the Council or are not expected to have a material impact on the financial statements of the Council and, therefore, have not been disclosed.

Statement of compliance

The forecast financial statements have been prepared in accordance with the requirements of the LGA, and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). These forecast financial statements have been prepared in accordance with and comply with PBE Standards.

Presentation currency and rounding

The forecast financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Opening balances

The actual results for the 2024/25 financial year and the Annual Plan financial performance and cash flows for the 2025/26 financial year, as modified by known changes, have been used to arrive at the forecast opening balances for the plan as at 1 July 2026.

A cautionary note

The information in the forecast financial statements is uncertain and the preparation requires the exercising of judgement. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material. Events and circumstances may not occur as expected or may not have been predicted or we may subsequently take actions that differ from the proposed courses of action on which the forecast financial statements are based. The information contained within these forecast financial statements may not be suitable for use in another capacity.

Revenue

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below.

[Rates revenue](#)

The following policies for rates have been applied:

- General Rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised as it is invoiced. Council has set water-by-meter rates for the full 2026/27 year under section 23 of the Local Government (Rating) Act 2002. Council is the principal in this arrangement and accordingly water-by-meter revenue is recognised as Council revenue for the full year.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Water and wastewater targeted rates

Council has set targeted rates for water supply and wastewater services for the full 2026/27 financial year under section 23 of the Local Government (Rating) Act 2002. Council is the principal in this arrangement – it sets the rates under its own statutory authority, collects the rates in its own name, and bears the collection risk. Accordingly, water and wastewater targeted rates are recognised as Council revenue for the full 12-month period. Penalties on overdue water and wastewater rates are also recognised as Council revenue for the full year.

Fees and Charges

Fees and charges are recognised as revenue when the obligation to pay arises or, in the case of license fees, upon renewal of the license.

Council has set fees and charges for water and wastewater services for the full 2026/27 financial year. Fees and charges relating to water and wastewater services are recognised as Council revenue for the period 1 July 2026 to 30 September 2026 only, being the period during which Council will be the water service provider. Amounts invoiced and collected from 1 October 2026 are collected by Council as agent for WWL – the fees relate to services delivered by WWL, and the amounts collected are held and remitted to WWL. They are not recognised as Council revenue. This treatment differs from water and wastewater rates, where Council is the principal for the full year (refer to the rates revenue policy above).

Transitional services revenue

Council provides post-completion transition services to WWL (which may include billing services, call centre operations, IT, and other back-office support) under agreed service arrangements. Revenue from these services is recognised when the services are provided.

NZ Transport Agency roading subsidies

The Council receives funding assistance from the NZ Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Private works

The revenue from private works is recognised as revenue by reference to the stage of completion of the work at balance date.

Building and resource consent revenue

Fees and charges for building and resource consent services are recognised when received or invoiced.

Infringement fees and fines

Infringement fees and fines related to animal control are recognised when the payment of the fee or fine is received.

Lease and rental revenue

Lease and rental revenue arising on property owned by us is accounted for on a straight line basis over the lease term.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service. From 1 October 2026, development contributions relating to water supply and wastewater services are collected by Council as agent for WWL – the fees relate to services delivered by WWL, and the amounts collected are held and remitted to WWL.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer. An exception to this is land under roads which is valued using the average land values for the urban and rural areas of the whole district as at 1 July 2001. For long-lived assets that must be used for a specific use (for example, land that must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

From 1 October 2026, water supply and wastewater assets vested through subdivision development are vested directly in WWL and are not recognised by Council.

Found assets

Found asset revenue recognises the value of assets that we own, or where we have full control and management of the asset (and that asset is not recorded as such by any other entity), and these assets have not been previously accounted for. These assets are recognised at their fair value from the time that they are identified.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (for example, as the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method. Dividends are recognised when the right to receive the payment has been established.

Personnel costs

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Defined contribution superannuation scheme

Employer contributions to KiwiSaver, the Government Superannuation Fund, are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Finance costs

Finance/borrowing costs are recognised as an expense in the financial year in which they are incurred.

Other expenses

Grant expenditure

The Council's grants awarded have no substantive conditions attached. Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where the Council have no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Water services funding remitted to Waikato Waters Limited

Any water and wastewater rates invoiced and collected from 1 October 2026 relate to water services delivered by WWL and are remitted to that entity. As Council is the principal in the rates collection arrangement (setting the rates under its own statutory authority and bearing the collection risk), the amounts remitted to WWL are recognised as an expense when payable. This expense is presented within continuing operations, as it relates to Council's ongoing role in setting and collecting water rates under section 23 of the Local Government (Rating) Act 2002.

Stormwater services

Council retains full responsibility for the management and delivery of stormwater services. Stormwater is not included in the transfer of water and wastewater services to WWL. Costs of managing and delivering stormwater services are recognised as expenditure when incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Short-term receivables are recorded at the amount due, less an allowance for Expected Credit Losses (ECL). The Council applies the simplified ECL model of recognising lifetime ECL for short-term receivables. In measuring ECLs, receivables have been grouped into rates and other general receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

As Council is the principal in the water rates collection arrangement for the full 2026/27 year, outstanding water and wastewater rates at 30 June 2027 remain Council receivables. A corresponding payable to Waikato Waters Limited is recognised for amounts invoiced and collected (or invoiced and due to be collected) from 1 October 2026 that are payable to WWL. Outstanding water and wastewater fees and charges at 30 June 2027 that relate to services provided by WWL from 1 October 2026 are not Council receivables – these amounts are collected as agent and any amounts outstanding are receivable on behalf of WWL.

Rates are 'written-off':

- When remitted in accordance with the Council's rates remission policy; and
- In accordance with the write off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002 (LG(R)A 2002).

Other general receivables are written off when there is no reasonable expectation of recovery.

Inventory

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first. Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write-down.

When land held for development and future resale is transferred from property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory with the exception of infrastructural asset costs, which are capitalised to property, plant and equipment.

Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

A discontinued operation is a component of Council that either has been disposed of or is classified as held for sale, and represents a separate major activity or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major activity. The results of discontinued operations are presented as a single line in the statement of comprehensive revenue and expense, with prior period comparatives re-presented on the same basis. The net cash flows attributable to discontinued operations are disclosed separately.

Council's drinking water and wastewater services will be classified as a discontinued operation in the year ended 30 June 2027, and the transfer to Waikato Waters Limited will be completed on 1 October 2026. Because Council will no longer deliver water and wastewater services from that date, none of the water and wastewater revenue or expenditure will form part of Council's operations from the 2027/28 year onwards. Accordingly, all water and wastewater revenue and expenditure for the 2026/27 year is presented within discontinued operations. This includes water and wastewater rates revenue for the full year (recognised by Council as principal); water and wastewater fees and charges revenue for the period 1 July to 30 September 2026; water and wastewater service delivery costs for the period 1 July to 30 September 2026; water services funding remitted to WWL for the period 1 October 2026 to 30 June 2027; and any gain or loss on derecognition of the water and wastewater assets and liabilities transferred. No water and wastewater revenue or expenditure is presented within continuing operations.

Derivative financial instruments

Council uses derivative financial instruments to manage exposure to interest rate risk arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date with the resulting gain or loss recognised in the surplus or deficit. Council's derivative financial instruments are not designated as hedging instruments for accounting purposes. Accordingly, derivative financial instruments are reported as financial instruments at fair value through surplus or deficit. The fair value of the derivative is classified as current if the contract is due for settlement within 12 months of balance date. Otherwise derivatives are classified as non-current.

Other financial assets

PBE Standards classify financial assets into three categories: financial assets mandatorily measured at fair value through surplus or deficit, amortised cost and financial assets at fair value through other comprehensive revenue. The classification depends on the Council's management model for the financial asset and the contractual cash flow

characteristics of the financial asset. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are measured at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

Short term investments

Short term investments are initially measured at the amount invested. Interest is subsequently accrued and added to the investment and loan balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

Equity investments

Equity investments are irrevocably designated at fair value through other comprehensive revenue and expense at initial recognition. After initial recognition, the shares are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred within equity to general funds.

Interest in Waikato Waters Limited

From 1 October 2026, Council will hold Stage 2 Shares in WWL, a council-controlled organisation jointly owned by six Waikato councils. WWL was established for the purpose of providing drinking water and wastewater services.

The Stage 2 Shares issued by WWL do not meet the definition of an equity instrument, because the shares do not carry any right to a dividend or distribution (WWL Constitution clause 8), cannot be sold or transferred other than as expressly provided for in the Shareholders' Agreement, and do not evidence a residual interest in the net assets of WWL in the traditional sense. The shares are a governance mechanism that provides Council with voting rights proportional to its Total Water Connections, and the right to participate in the oversight and direction of WWL through the Shareholder Representative Forum.

Accordingly, Council's interest in WWL is not classified as a financial asset. Instead, Council's interest is recognised as an intangible asset, described as an "Interest in Waikato Waters Limited" (or "WWL participation right"). The interest is identifiable as it arises from binding arrangements – being the Shareholders' Agreement, the WWL Constitution, the Transfer Agreement, and the Local Government (Water Services) Act 2024.

Initial measurement

The intangible asset is initially measured at cost. The cost of the interest in WWL is the carrying amount of the net water operations (assets less directly associated liabilities) transferred to WWL on the Completion Date. This is on the basis that the transfer of water operations to WWL is an exchange transaction – Council exchanges its water operations for an interest in WWL that delivers equivalent service potential (being the ongoing provision of water services to the Matamata-Piako District by WWL).

Subsequent measurement

After initial recognition, the intangible asset is carried at cost less any accumulated impairment losses. It is not revalued, as there is no active market for this type of intangible asset.

Useful life

The interest in WWL has an indefinite useful life. There is no foreseeable limit to the period over which WWL is expected to provide water services (and hence generate service potential) to Council's communities. The Shareholders' Agreement and Constitution do not specify an exit date, and the arrangement is intended to be permanent. The indefinite life assessment is reviewed each reporting period. As the useful life is indefinite, the intangible asset is not amortised.

Impairment testing

The intangible asset is tested for impairment annually by comparing its carrying amount with its recoverable service amount, irrespective of whether there is any indication of impairment. The asset is a non-cash-generating asset, as Council does not receive dividends, distributions, or other direct financial returns from WWL. The recoverable service amount is determined based on the asset's value in use (service potential), being the value of ongoing access to the

provision of water services for the Matamata-Piako District and the right to receive or direct the use of water assets and operations in the event of liquidation of WWL or other agreed exit from the arrangement.

Financial guarantee contracts

Council has entered into a deed of guarantee with the New Zealand Local Government Funding Agency (LGFA) in respect of Waikato Waters Limited's debt liabilities to LGFA, limited to Council's Agreed Proportionate Amount in the guarantee documentation.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at fair value. The guarantee is subsequently measured at the higher of: (a) the amount of the loss allowance for expected credit losses; and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised as revenue. Where the guarantee is provided at no or nominal consideration (a non-exchange transaction), and no reliable measure of fair value can be determined, the financial guarantee contract is measured at the amount of the loss allowance for expected credit losses.

Where the likelihood of any payment under the guarantee is considered remote, the guarantee is disclosed as a contingent liability in the notes to the financial statements rather than recognised as a liability.

Property, plant and equipment

Property, plant and equipment consist of:

Operational assets

These include land, buildings, plant and machinery, furniture and equipment, computer equipment, and library collections.

Restricted assets

Restricted assets are mainly parks, reserves and cycleways owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets

Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, the stormwater system includes the stormwater mains, manholes, pumps, service lines, and swale drains. Following the transfer of water and wastewater services to WWL on 1 October 2026, Council's infrastructure assets comprise roading and stormwater networks, and the associated land and buildings, only.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluations

Infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. Following the transfer of water and wastewater infrastructure to WWL on 1 October 2026, Council's revaluation programme for infrastructure assets relates to roading and stormwater networks, (and associated buildings), only.

Land and Buildings (operational and restricted) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every five years.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the

surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Derecognition of water and wastewater assets

On 1 October 2026, all property, plant and equipment relating to water supply and wastewater services (including infrastructure, land, buildings, plant, vehicles, equipment, and capital work in progress) will be derecognised from Council's statement of financial position on transfer to WWL. On derecognition, Council will recognise an intangible asset (Interest in WWL) at cost, being the carrying amount of the net water operations transferred (refer to the accounting policy for "Interest in Waikato Waters Limited" above). The Settlement Amount from WWL will extinguish Council's corresponding external borrowings. To the extent that the Settlement Amount includes repayment of internally funded water debt not recorded as a liability in Council's financial statements, the cash received is recognised as a gain within discontinued operations.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment (other than land and the library collection), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The library collection is depreciated on a diminishing value basis.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows.

Asset class	Useful Life	Depreciation rate
Operational assets		
Buildings	2 to 100 years	1% - 50%
Restricted assets (buildings)	2 to 100 years	1% - 50%
Restricted assets (cycleways)	2 to 50 years	2% - 50%
Restricted assets (walkways)	2 to 50 years	2% - 50%
Plant and machinery	2 to 15 years	6% - 50%
Furniture and equipment	2 to 20 years	5% - 50%
Computer equipment	3 to 10 years	10% - 33%
Server hard drives	1 year	100%
Library collection	2 to 9 years	11% - 50%
Infrastructural assets		
Roading network		
Street lighting	10 to 25 years	4% - 10%
Formation carriageway	100 years	1%
Pavement surfacing	5 to 50 years	2% - 20%
Pavement structure	60 to 90 years	1% - 2%
Footpaths	5 to 50 years	2% - 20%
Drainage	60 to 80 years	1% - 2%
Bridges	60 to 90 years	1% - 2%
All other	1 to 70 years	1% - 100%
Utility assets		
Buildings	2 to 100 years	1% - 50%
Wastewater mains	50 to 100 years	1% - 2%
Wastewater other	80 to 100 years	1% - 2%

Asset class	Useful Life	Depreciation rate
Wastewater pump station equipment	1 to 120 years	1% - 100%
Wastewater service lines	50 to 100 years	1% - 2%
Water mains	40 to 88 years	1% - 3%
Water valves	35 to 80 years	1% - 3%
Water hydrants	80 years	1%
Water nodes	80 years	1%
Water pump station equipment	3 to 100 years	1% - 33%
Water service lines	40 to 88 years	1% - 3%
Stormwater mains	51 to 100 years	1% - 2%
Stormwater manholes	100 years	1%
Stormwater pumps	15 years	7%
Stormwater service lines	60 to 100 years	1% - 2%
Swale drains	Indefinite	0%

The residual value and useful life of an asset is reviewed and adjusted if applicable, at each balance date.

Impairment of non-financial assets

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount.

For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash generating assets is the present value of expected future cash flows.

Intangible assets

Also refer to the "Interest in Waikato Waters Limited" policy above.

Intangible assets are defined as identifiable non-monetary assets without physical form. Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with

maintaining computer software are recognised in the surplus or deficit when incurred. Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. Computer software is estimated to have a useful life of 1 to 15 years and is amortised at a rate of 6.67% to 100%.

Impairment

Refer to the policy for impairment of property, plant and equipment. The same approach applies to the impairment of intangible assets.

Payables and deferred revenue

Short-term creditors and other payables are recorded at their face value.

From 1 October 2026, Council recognises a payable to WWL for water and wastewater rates collected by Council that are due to be remitted to WWL. This payable is measured at the amount invoiced and collected (or invoiced and due to be collected) in respect of the period from 1 October 2026. Water and wastewater fees and charges collected as agent for WWL from 1 October 2026 are not recognised as a payable – they are held and passed through to WWL as agent collections.

Borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and recognised in accrued expenses. Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

On 1 October 2026, Council Water Infrastructure Debt will be transferred to WWL as part of the water services transfer. From that date, Council's total borrowings exclude water-related external debt. The Settlement Amount from WWL will extinguish Council's corresponding external borrowings.

Employee entitlements

Short term employee entitlements

Employee benefits that are expected to be settled wholly within twelve months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

Long term employee entitlements

Employee benefits that are expected to be settled wholly within twelve months after the end of the year in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and the present value of the estimated future cash flows.

Transfer of employee entitlements to Waikato Waters Limited

On 1 October 2026, employees primarily engaged in water and wastewater services will transfer to WWL, with continuity of service recognised. All accrued employee benefit liabilities relating to transferring employees (including annual leave, sick leave, long service leave, and retirement gratuities) will be assumed by WWL on the transfer date and derecognised from Council's statement of financial position. From that date, Council's employee benefit liabilities relate only to employees engaged in Council's continuing operations.

Presentation of employee entitlements

Sick leave, annual leave, long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as current liabilities. All other employee entitlements are classified as non-current liabilities.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- There is a present obligation (either legal or constructive) as a result of a past event
- It is probable that an outflow of future economic benefits will be required to settle the obligation
- A reliable estimate can be made of the amount of the obligation

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Accumulated funds

Other reserves - other reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Other reserves include:

Council created reserves - reserves established by Council decision. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at Council's discretion.

Restricted reserves - those reserves subject to specific conditions accepted as binding by Council and which may not be revised without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain conditions are met.

Asset revaluation reserves - represent unrealised gains on assets owned by Council. The gains are held in the reserve until such time as the gain is realised and a transfer can be made to retained earnings.

Fair value through other comprehensive revenue and expense reserve – this reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

Goods and service tax (GST)

Items in the financial statements are stated exclusive of GST, except for receivables and payables which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ\$ (the functional currency) using the spot exchange rate at the dates of the transactions.

Foreign exchange gains and losses resulting for the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Cost allocation

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area. The allocation of indirect costs to the activities of Council has also been benchmarked against neighbouring local authorities for moderation.

Critical accounting estimates and assumptions

In preparing these forecast financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the period of the forecast financial statements are as follows.

Infrastructural and building assets

Roading, stormwater assets and buildings are valued using the depreciated replacement cost method.

Following the transfer of water and wastewater services to WWL on 1 October 2026, Council's infrastructure asset valuations relate to roading and stormwater networks, and the associated land and buildings, only. There are a number of estimates and assumptions exercised when valuing assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date for infrastructural assets, it is indexed using Statistics New Zealand's capital Goods Price Index (based on a forecasted June quarter index) for civil constructions or the Waka Kotahi Index for road and bridge construction to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over the useful life estimates.

Provisions for landfill aftercare and Tui Mine site monitoring

The cash outflows for landfill post closure costs and Mine site monitoring costs are expected to occur over the next 12 to 30 years. The long-term nature of these liabilities means that there are inherent uncertainties in estimating costs that will be incurred. The provisions have been estimated taking into account existing technology and known changes to legal requirements.

The following significant assumptions have been made in calculating the provision:

- Obligations for the post closure work are for 30 years after landfill closure
- Costs have been estimated based on best information and technology known at this point.
- Discount rates have been used to discount the estimated future cash overflows determined using New Zealand Government bond yield information and extrapolated beyond the available market data.

Water reform

Under the Local Government (Water Services) Act 2024, councils are required to develop a financially sustainable and regulatory-compliant model for delivering water services. Council, together with five other Waikato councils, jointly established Waikato Waters Limited (WWL) as a council-controlled organisation for the delivery of drinking water and

wastewater services. Council's water and wastewater services will transfer to WWL on 1 October 2026. Council retains full responsibility for the management and delivery of stormwater services.

Key estimates and assumptions relating to the transfer include:

- The carrying amount of water and wastewater assets and directly associated liabilities transferred to WWL, which determines the cost of the intangible asset (Interest in WWL) recognised by Council;
- The amount of Council Water Infrastructure Debt (including any internally funded water debt), determined through historical two-water activity ringfencing in accordance with the Shareholders' Agreement;
- The allocation of shared costs and overheads between water/wastewater (discontinued) and continuing operations for the purpose of presenting discontinued operations in the income statement;
- Any gain on transfer arising from the Settlement Amount received in respect of internally funded water debt that is not recorded as a liability in Council's financial statements;
- The apportionment of water and wastewater fees and charges revenue between the period 1 July to 30 September 2026 (Council revenue) and 1 October 2026 to 30 June 2027 (agency collections – not Council revenue); and

Interest in Waikato Waters Limited – impairment assessment

Council's intangible asset (Interest in WWL) is a non-cash-generating asset with an indefinite useful life and is tested for impairment annually. The recoverable service amount is based on the asset's value in use (service potential), being the value to Council of ongoing access to the provision of water services for its citizens. Assessing the recoverable service amount of this asset involves significant judgment, as there is no active market for such interests and the benefits are primarily non-financial in nature. Council may need to engage a professional valuer with public sector infrastructure experience to support the annual impairment assessment.

LGFA guarantee exposure

Council has provided a guarantee to the NZ Local Government Funding Agency (LGFA) in respect of WWL's borrowings, limited to Council's Agreed Proportionate Amount. The estimated exposure under this guarantee is subject to change as WWL's borrowing levels change over time. Management has assessed the likelihood of any payment under the guarantee as remote, and accordingly the guarantee is disclosed as a contingent liability rather than recognised as a provision. This assessment is based on the expectation that WWL will meet its debt obligations from its own revenue streams.

Critical judgments in applying accounting policies

Management has exercised the following critical judgments in applying accounting policies:

Classification of property

We own a number of properties held to provide housing to elderly persons. The receipt of rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of our social housing policy. The properties are therefore accounted for as property, plant and equipment.

Classification of water and wastewater services as a discontinued operation

Council will classify its water supply and wastewater services as a discontinued operation. This classification reflects management's judgment that: (a) water and wastewater services constitute a separate major activity of Council, with distinct operations, revenue streams, infrastructure assets, and dedicated staff that can be clearly distinguished from the rest of Council's activities; and (b) the transfer to WWL forms part of a single co-ordinated plan to dispose of this major activity.

Nature of Council's interest in Waikato Waters Limited

Council has assessed the nature of its interest in WWL and concluded that the Stage 2 Shares issued by WWL do not meet the definition of an equity instrument. This is because:

- The WWL Constitution (clause 8) prohibits the payment of any dividend or distribution of surplus to shareholders;
- Stage 2 Shares cannot be sold or transferred other than as expressly provided for in the Shareholders' Agreement and the Local Government (Water Services) Act 2024;
- The shares do not evidence a residual interest in the net assets of WWL in the traditional sense – on any exit from the arrangement, a Council would receive back its water operations (per the LG(WS) Act), not a proportionate share of any accumulated surplus; and

- The shares function as a governance mechanism (providing voting rights proportional to Total Water Connections) rather than as a financial instrument providing economic returns.

As the shares are not equity instruments, Council's interest is not classified as a financial asset, and questions of significant influence and equity accounting do not arise. Instead, Council's interest is recognised as an intangible asset, measured at cost (being the carrying amount of the net water operations transferred), with an indefinite useful life and annual impairment testing.

Water and wastewater rates – Council as principal

Council has set water and wastewater rates for the full 2026/27 financial year under section 23 of the Local Government (Rating) Act 2002. Management has assessed whether Council is acting as principal or agent in respect of water and wastewater rates. Management has concluded that Council is the principal for the full year, on the basis that: (a) Council sets the rates under its own statutory authority and rates resolution – this is not a delegated or outsourced function; (b) Council collects the rates in its own name, using its own billing and collection systems; (c) Council bears the credit risk on uncollected amounts; and (d) the rates are legally Council rates, set under Council's rating powers, not charges imposed by WWL. From 1 October 2026, the funds invoiced and collected are remitted to WWL and recognised as an expense. The net effect on Council's surplus or deficit from the post-1 October water rates revenue and corresponding expense is nil.

Water and wastewater fees and charges – Council as agent from 1 October 2026

Council has set water and wastewater fees and charges for the full 2026/27 year. However, management has assessed that Council acts as agent (not principal) in respect of water and wastewater fees and charges invoiced from 1 October 2026. This is because: (a) fees and charges are directly linked to specific water services, which are delivered by WWL from that date – Council does not provide the service the fee relates to; (b) the economic benefit of the fees flows to WWL, not to Council; and (c) Council has no discretion over the use of the fees collected – they are remitted to WWL. This treatment differs from water rates, where Council is the principal because rates are set under Council's own statutory rating authority and are not directly linked to specific service transactions.

Waikato Regional Airport Limited

The fair value for the investment in WRAL has been determined based on Council's proportion of ownership of the WRAL's net assets (15.625%). Net assets are considered to provide an appropriate estimate of the WRAL's fair value, this is because WRAL's fair value derives mainly from the underlying fair value of its assets net of liabilities.

FORECAST DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

Annual Plan 2025/26		LTP 2026/27	Annual Plan 2026/27
(\$000)		(\$000)	(\$000)
Directly attributable depreciation and amortisation expense by group of activity			
2,198	Community facilities	2,364	2,275
11,883	Roading	11,413	13,000
161	Rubbish and recycling	110	202
1,139	Stormwater	1,136	1,281
3,693	Wastewater	4,906	982
3,628	Water	3,777	999
1	Strategy and engagement	2	1
17	Consents and licensing	9	17
1,212	Depreciation and amortisation not directly related to groups of activities	1,289	980
23,932	Total depreciation and amortisation expense	25,006	19,737

FORECAST TARGETED RATES FROM METERED WATER SUPPLY

Council has set targeted rates for metered water supply for the full 2026/27 financial year under section 23 of the Local Government (Rating) Act 2002. Council will continue to invoice and collect metered water rates for the full 12-month period. From 1 October 2026, following the transition of water and wastewater services to Waikato Waters Limited (WWL), the rates collected from that date will be remitted to WWL.

Annual Plan 2025/26		LTP 2026/27	Annual Plan 2026/27
(\$000)		(\$000)	(\$000)
3,851	Targeted rates from metered water supply	4,034	3,998

Reserve funds

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by us. Restricted reserves are those reserves subject to conditions accepted as binding by us which may not be revised by us without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain conditions are met.

Council created reserves are established by Council decision. We may alter them without reference to any third party or the Court. Transfers to and from these reserves are at our discretion. Asset revaluation reserves represent unrealised gains on assets owned by us. The gains are held in the reserve until such time as the gain is realised and a transfer can be made to retained earnings. Details of specific reserve funds held by us are as follows:

	Purpose	Activities related to	Forecast balance 1 July 2026	Transfers in	Funds will come from	Transfers out	Funds will be applied to	Forecast balance 30 June 2027
			(\$000)	(\$000)		(\$000)		(\$000)
Council created reserves								
Community purposes reserve	Funds received and set aside for use on community facilities or for community purposes eg grants.	All Council activities	2,910	-	No additional funding anticipated for this year	(1,201)	Digital enablement projects and climate change initiatives	1,709
Power New Zealand reserve fund	Funds received and set aside on behalf of the community from the dissolution of the local power board co-operative for internal borrowing or external investment, with returns used to subsidise rates.	All Council activities	23,562	831	Internal interest and external interest from the invested portion of the fund	(651)	Returns are offset against rates requirements	23,742
Wastewater capital	Capital contribution	Wastewater	2,437	-	Annual targeted	(2,437)	Funds transferred to	-

	Purpose	Activities related to	Forecast balance 1 July 2026	Transfers in	Funds will come from	Transfers out	Funds will be applied to	Forecast balance 30 June 2027
			(\$000)	(\$000)		(\$000)		(\$000)
contribution reserve	funds received from industry and set aside to offset future depreciation.				rates charged to Fonterra and Greenleas Morrinsville (ended 2025/26)		Waikato Waters Limited on 1 October 2026.	
Stormwater funding reserve	Surplus funds (mainly depreciation) set aside for application to future capital needs.	Stormwater	2,278	256	Depreciation funding	(1,056)	Replacement of assets	1,478
Stormwater improvement reserve	Funds set aside to fund stormwater projects.	Stormwater	109	-	No additional funding anticipated for this year	-	Stormwater projects	109
Te Aroha wastewater desludging	Funds set aside for the desludging of wastewater ponds.	Wastewater	1,379	1,000	Targeted wastewater rates collected for future desludging projects	(2,379)	Funds transferred to Waikato Waters Limited on 1 October 2026.	-
Te Aroha Spa development reserve	Funds set aside for the investigative stages of the Te Aroha Spa development project	Strategy & Engagement	320	-	No additional funding anticipated for this year	-	Spa development investigations	320
Town Centre revitalisation reserve	Funds set aside for the district Town Centre revitalisation (POP) project	Community facilities	630	-	No additional funding anticipated for this year.	-	Funding resources to deliver the POP project outcomes	630
Waters settlement funds	Funds set aside from the 1 October 2026 Waikato Waters Ltd (WWL) settlement	Strategy & Engagement	-	25,435	WWL settlement (effectively the value of waters internal borrowing on settlement)	(1,321)	Fund anticipated stranded overheads in the first year of transition of water and wastewater activities to WWL	24,114
Total Council created reserves			33,625	27,522		(9,045)		52,102
Restricted reserves								
Endowment land sales reserve	Funds set aside in respect of the sale of endowment	Community facilities	313	-	No additional funding anticipated for this year.	-		313

	Purpose	Activities related to	Forecast balance 1 July 2026 (\$000)	Transfers in (\$000)	Funds will come from	Transfers out (\$000)	Funds will be applied to	Forecast balance 30 June 2027 (\$000)
	land in Te Aroha. The proceeds must be used for the improvement of services and public amenities for the benefit of the inhabitants of Te Aroha.							
Reserves development	Funds set aside from reserves contributions to be used for parks and reserves.	Development of parks and reserves	1,576	58	Financial contributions	-		1,634
Bequests and trust funds	Funds set aside to be used for the nominated purpose of the bequest or trust fund.	Nominated purposes	184	-	No additional funding anticipated for this year	-		184
Waste minimisation	Funds set aside for the purpose of initiatives encouraging the minimisation of waste	Nominated purposes	1,811	260	Government funding of waste minimisation	(262)	Apply to waste minimisation programme	1,809
Youth Ambassadors	Funds set aside for initiatives that empower the youth of our district	Nominated purposes	29	10	General rates	(10)	Youth initiatives	29
Civil Defence fund	Funds set aside for the purpose of Civil Defence activities	Nominated purposes	65	-	No additional funding anticipated for this year.	-		65
Total restricted reserves			3,978	328		(272)		4,034
Asset revaluation reserves	Surpluses from the revaluation of property plant and equipment	All Council activities	671,594	13,046	Asset revaluations	(111,954)	Reserve is transferred to accumulated funds upon transfer of assets to WWL	572,686
Fair value through other comprehensive revenue and expense reserve	Net change in fair value of financial assets	All Council activities	39,147	-	Financial asset revaluations	-		39,147

	Purpose	Activities related to	Forecast balance 1 July 2026 (\$000)	Transfers in (\$000)	Funds will come from	Transfers out (\$000)	Funds will be applied to	Forecast balance 30 June 2027 (\$000)
Total reserve funds			748,344	40,896		(121,271)		667,969

RECONCILIATION BETWEEN THE FUNDING IMPACT STATEMENT AND STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

The funding impact statement is prepared in compliance with the requirements of clause 15, part 1, schedule 10 of the Local Government Act 2002. Unlike the statement of comprehensive revenue and expense, the funding impact statement is not compliant with generally accepted accounting standards (GAAP). The funding impact statement is intended to show in a transparent manner, how all sources of funding received by us are applied. It does not include "non-cash" that is classified as income on the statement of comprehensive revenue and expense (as required by GAAP) such as assets that are vested to us through the subdivision process, or unrealised gains on assets. The statement of comprehensive revenue and expense also requires "non-cash" expenses such as depreciation, amortisation, and unrealised losses of assets to be reflected, whereas these are excluded from the funding impact statement. The reconciliation below identifies the differences between these two statements.

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)
	Funding sources as shown in the overall Council funding impact statement		
79,652	Total operating funding		82,685
36,140	Total capital funding		14,509
	Less capital movements		
(30,116)	(Increase)/decrease in debt		(9,403)
-	Gross proceeds from sale of assets		-
	Add non-funded income		
204	Vested assets	209	203
-	Other gains	-	25,373
150	Income from support activities	154	633
86,030	Total funding sources	89,957	114,000
86,030	Total income as shown in the statement of comprehensive revenue and expense	89,957	114,000
	Application of funding as shown in the overall Council funding impact statement		
66,038	Total applications of operating funding	68,220	74,535
49,754	Total applications of capital funding	44,370	22,658
	Less capital movements		
(51,035)	Capital expenditure	(45,253)	(29,796)
1,281	(Increase)/decrease in reserves	883	7,138
-	(Increase)/decrease in investments	-	-
	Add non-funded expenditure		
22,764	Depreciation and amortisation	25,006	19,737
-	Other losses	-	550
150	Expenses from support activities	154	633
88,952	Total funding application	93,380	95,455
88,952	Total expenditure as shown in the statement of comprehensive revenue and expense	93,380	95,455

FORECAST FUNDING IMPACT STATEMENT FOR 1 JULY 2026 TO 30 JUNE 2027 FOR WHOLE OF COUNCIL

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
	Sources of operating funding			
37,297	General rates, uniform annual general charges, rates penalties	38,076	38,784	
24,944	Targeted rates	27,340	26,998	
4,660	Subsidies and grants for operating purposes	4,795	3,858	NZTA subsidy income is aligned with approved budgets which have been updated since the LTP was adopted.
11,890	Fees and charges	12,146	12,337	Fees and charges for Water and Wastewater activities are recognised up until these activities are transferred to Waikato Waters Limited (WWL) on 1 October 2026.
597	Interest and dividends from investments	630	449	
264	Local authorities fuel tax, fines, infringement fees, and other receipts	270	259	
79,652	Total operating funding (A)	83,257	82,685	
	Applications of operating funding			
60,899	Payments to staff and suppliers	61,945	55,278	An organisational restructure finalised after the LTP resulted in some additional positions to manage increasing compliance requirements and to ensure service and project delivery. Personnel costs for Water and Wastewater activities are only recognised up until these activities are transferred to WWL
5,139	Finance costs	6,275	2,421	Finance costs for Water and Wastewater activities are only recognised up until these activities are transferred to WWL
-	Other operating funding applications	-	16,836	From 1 October 2026, Council will pay collected water and wastewater rates to WWL to fund their operation of the assets for the remainder of the 2026/27 year
66,038	Total applications of operating funding (B)	68,220	74,535	
13,614	Surplus (deficit) of operating funding (A – B)	15,037	8,150	
	Sources of capital funding			
3,821	Subsidies and grants for capital expenditure	4,089	4,080	
2,203	Development and financial contributions	2,248	1,026	

LTP 2025/26 (\$000)		LTP 2026/27 (\$000)	Annual Plan 2026/27 (\$000)	Explanation of significant variances to LTP budget
30,116	Increase (decrease) in debt	22,996	9,403	The reduced debt reflects the reduced capital programme and the transfer of the programme to WWL
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
36,140	Total sources of capital funding (C)	29,333	14,509	
	Applications of capital funding			
	Capital expenditure			
8,306	–to meet additional demand	8,304	3,444	WWL will take over the capital programme for Water and Wastewater assets from 1 October 2026
20,957	–to improve the level of service	15,043	12,191	
21,772	–to replace existing assets	21,906	14,162	
(1,281)	Increase (decrease) in reserves	(883)	(7,138)	Wastewater reserves were paid over to WWL on settlement date. Reserves have been earmarked to fund any shortfall in funding of stranded overheads that may result from the shift of the waters activities to WWL in this transitional year.
-	Increase (decrease) of investments	-	-	
49,754	Total applications of capital funding (D)	44,370	22,659	
(13,614)	Surplus (deficit) of capital funding (C – D)	(15,037)	(8,150)	
-	Funding balance ((A – B) + (C – D))	-	-	

CALCULATION OF RATES

For 1 July 2026 to 30 June 2027. These rates shown are inclusive of GST unless otherwise stated.

Council has set targeted rates for water and wastewater (including metered water charges) for the full 2026/27 financial year under section 23 of the Local Government (Rating) Act 2002. Council will continue to invoice and collect water and wastewater rates for the full 12-month period. From 1 October 2026, following the transition of water and wastewater services to Waikato Waters Limited (WWL), the rates collected by the Council from that date will be passed to WWL.

Source	General rates		Targeted rates	
	General Rate	Uniform Annual General Charge	Stormwater	Rubbish and Recycling - Kerbside collection
Funded activity			Stormwater disposal activities	Kerbside collection services
Category	All rateable land in the Matamata-Piako District	All rateable land in the Matamata-Piako District	Rating units within serviced areas	Rating units within serviced areas
Forecast revenue 2026/27 (excluding GST) (\$000)	24,557	14,376	873	2,809
How the rate will be calculated	Per dollar of capital value	Uniform charge per rating unit	Uniform charge per rating unit within the townships of Matamata, Morrinsville, Te Aroha and Waharoa	Uniform charge per separately used or inhabited part of a rating unit to which the service is available
Annual Plan 2025/26 (\$)	0.00138321	958.99	110.25	307.68
Annual Plan 2026/27 (\$)	0.00138560	1,043.09	94.54	311.27

Targeted rates								
Source	Wastewater (sewage disposal)							
Funded activity	Wastewater disposal activities							
Category	Connected single residential house	Connected non-single residential and non-residential properties						Serviceable properties within 30 metres of Council's wastewater reticulation network
Forecast revenue 2026/27 (excluding GST) (\$000)	9,371	1,326						283
How the rate will be calculated	Uniform charge per connected rating unit	Uniform charge per rating unit for the first pan on all connected properties and:	Additional uniform charge per pan (excluding the first pan) for properties with up to 4 pans	Or additional uniform charge per pan (excluding the first pan) for properties with up to 10 pans	Or additional uniform charge per pan (excluding the first pan) for properties with up to 15 pans	Or additional uniform charge per pan (excluding the first pan) for properties with up to 20 pans	Or additional uniform charge per pan (excluding the first pan) for properties with more than 20 pans	Uniform charge per rating unit to which the service is available (but not connected)
Annual Plan 2025/26 (\$)	813.21	813.21	813.21	691.23	650.57	609.91	569.25	406.61
Annual Plan 2026/27 (\$)	1049.12	1049.12	1049.12	891.75	839.30	786.84	734.39	524.56

	Targeted rates							
Source	Industry contributions to the Morrinsville wastewater treatment plant upgrade		Water supply		Water supply (metered)*			
Funded activity	Wastewater disposal activities		Water activities		Water activities			
Category	18 Allen Street, Morrinsville	38 Pickett Place Morrinsville	Connected properties	Serviceable properties within 100 metres of Council's water reticulation network	Metered supply (general)**	Metered supply raw water Pohomihi (Te Aroha West) water Line	Metered supply Braeside Aquaria	Matamata farm properties***
Forecast revenue 2026/27 (excluding GST) (\$000)	-	-	8,057	208	3,883	48	17	51
How the rate will be calculated	Uniform charge per specified rating unit		Uniform charge per separately used or inhabited part of a rating unit to which the service is connected and provided	Uniform charge per separately used or inhabited part of a rating unit to which the service is available (but not connected)	Charge per cubic metre of water consumed (as measured by meter) over and above the first 63 cubic metres of water consumed per quarter or the first 21 cubic metres consumed per month	Charge per cubic metre of water consumed (as measured by meter) over and above the first 63 cubic metres of water consumed per quarter or the first 21 cubic metres consumed per month in the Pohomihi (Te Aroha West) supply area	Charge per cubic metre of water consumed (as measured by meter) over and above the first 63 cubic metres of water consumed per quarter or the first 21 cubic metres consumed per month for Braeside Aquaria	Charge per cubic metre of water consumed (as measured by meter) over and above the first 63 cubic metres of water consumed per quarter or the first 21 cubic metres consumed per month for Matamata farm properties that contain the Matamata trunk main from Tills Road
Annual Plan 2025/26 (\$)	591,499.54	187,712.08	769.28	384.64	3.01	2.20	1.60	3.01
Annual Plan 2026/27 (\$)	-	-	784.14	392.07	3.12	2.28	1.65	3.12

Footnotes

* Targeted Rates for a metered water supply are charged in addition to a uniform charge per separately used or inhabited part of a rating unit to which the service is connected and provided.

**Excluding the other categories of metered supplies listed (being Pohomihi, Braeside Aquaria and Matamata farm properties).

***A 50% discount will be applied to this rate if the invoice is paid by the due date.

Targeted rates						
Source	Community Facilities and Property Targeted rural hall rates will apply to all land within the hall rating area as listed.					
Funded activity	Expenditure on rural halls					
Category	Tauhei	Hoe-O-Tainui	Springdale	Kiwitahi	Patetonga	Wardville
Forecast revenue 2026/27 (excluding GST) (\$000)	9.05	3.00	2.76	3.43	0.29	3.77
How the rate will be calculated	Per dollar of land value					
Annual Plan 2025/26 (\$)	0.00013188	0.0000279	0.00001541	0.0000203	0.00003423	0.00003173
Annual Plan 2026/27 (\$)	0.00013619	0.00002790	0.00001541	0.00002030	0.00003535	0.00003332

Targeted rates							
Source	Community Facilities and Property Targeted rural hall rates will apply to all land within the hall rating area as listed.						
Funded activity	Expenditure on rural halls						
Category	Tahuna	Mangateparu	Kereone	Tatuanui	Walton	Okauia	Hinuera
Forecast revenue 2026/27 (excluding GST) (\$000)	7.21	5.88	4.17	4.65	5.87	3.39	5.70
How the rate will be calculated	Uniform charge per rating unit					Per dollar of capital value	
Annual Plan 2025/26 (\$)	58.71	39.82	44.43	69.47	32.11	0.00001862	0.00001530
Annual Plan 2026/27 (\$)	68.71	39.82	44.43	71.74	32.11	0.00001922	0.00001580

Targeted rates				
Source	Community Facilities and Property Targeted rural hall rates will apply to all land within the hall rating area as listed.			
Funded activity	Expenditure on rural halls			
Category	Mangaiti	Waihou	Elstow	Manawaru
Forecast revenue 2026/27 (excluding GST) (\$000)	0.81	5.48	2.98	4.93
How the rate will be calculated	Uniform charge per separately used or inhabited part of a rating unit			
Annual Plan 2025/26 (\$)	14.22	29.97	24.29	37.01
Annual Plan 2026/27 (\$)	14.68	29.97	25.08	38.22

GST

The calculation of rates is shown inclusive of GST at the current rate of 15%. Any future changes in the rate of GST would need to be applied to these rates as appropriate.

[Revenue and Financing Policy](#)

The rationale for the selection of various funding sources is set out in our Revenue and Financing Policy.

[Separately used or inhabited part of rating unit](#)

A separately used or inhabited part of a rating unit is any part of a rating unit that is or is able to be separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.

[Targeted rates - serviced areas](#)

Detailed maps showing the serviced areas for our targeted rates can be found on our website. These include stormwater serviced areas, kerbside collection serviced areas, and Hall rating areas.

[Lump sum contributions](#)

The Council does not invite lump sum contributions for any targeted rates.

ANNUAL PLAN DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2027

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether we are prudently managing our revenues, expenses, assets, liabilities, and general financial dealings.

We are required to include this statement in our LTP in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark		Planned	Met	Comments
Rates (income) affordability benchmark	Rates income for three water activities (including metered water) will not increase by more than 11%	\$24,258,000	Yes	The planned rates income for three water activities is within the limit set in the LTP for 2026/27.
	Rates income for other rate funded activities will not increase by more than 5%	\$41,523,000	Yes	The planned rates income for other rate funded activities is within the limit set in the LTP for 2026/27
Rates (increases) affordability benchmark	Rates income for three water activities (including metered water) will not increase by more than 11%	10.14%	Yes	The planned rates increase for three water activities is within the limit set in the LTP for 2026/27 of 11.0%.
	Rates income for other rate funded activities will not increase by more than 5%	3.2%	Yes	The planned rates increase for other rates funded activities is within the limit set in the LTP for 2026/27 of 5.0%.
Debt affordability benchmark	Net external debt* as a percentage of total revenue** will not exceed 175%	24%	Yes	In this transitional year, Council continues to recognise rates revenue for water and wastewater assets for the full year, despite having transferred the assets and debt to WWL after the first quarter. This skews the debt affordability benchmark, making it appear more favourable. If it were calculated for 2026/27 excluding any revenue from the Water activities, then Council's net debt to revenue is forecast to sit around 38% which is still comfortably within the limit.
Balanced budget benchmark	>100%	91%	No	Council have resolved that it is prudent to not fully fund depreciation on some assets including Roading, Stormwater, and some community buildings and assets that will not be replaced in the future. This is the main reason for the forecast unbalanced budget.
Essential services benchmark	>100%	146%	Yes	In the 2026/27 year Council expects to spend \$23.8m on capital work on essential infrastructure, compared to the depreciation expense for those networks of \$16m. WWL will take over the maintenance and renewal of water and wastewater assets from 1 October 2026.
Debt servicing benchmark	<10%	3.0%	Yes	Again this benchmark is skewed due to the transitional nature of this year. If it were calculated for 2026/27 excluding any revenue from the Water activities, then Council's debt servicing benchmark is forecast to sit at 4.1% which is still comfortably within the 10% limit.

Footnote

Net external debt is defined as external debt less liquid financial assets and investments. Liquid financial assets and investments are defined as cash, bank deposits and any fixed interest and equity investments that are held for other than strategic purposes.

1 Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue. Revenue excludes non-government developer contributions and vested assets (including found assets and the revaluation of derivatives and assets).¹ Net external debt is defined as external debt less liquid financial assets and investments. Liquid financial assets and investments are defined as cash, bank deposits and any fixed interest and equity investments that are held for other than strategic purposes.

² Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue. Revenue excludes non-government developer contributions and vested assets (including found assets and the revaluation of derivatives and assets).

Notes

Rates affordability benchmark

- (1) For this benchmark
 - a) the Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan; and
 - b) the Council's planned rate increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the Council's Long Term Plan.
- (2) The Council meets the rates affordability benchmark if
 - a) its planned rates income for the year equals or is less than the quantified limit on rates; and
 - b) its planned rate increases for the year equal or are less than the quantified limit on rates increases.

Debt affordability benchmark

- (1) For this benchmark, the Council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the Council's Long Term Plan.
- (2) The Council meets the debt affordability benchmark if its planned borrowing is within the quantified limit on borrowing.

Balanced budget benchmark

- (1) For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
- (2) The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

Essential services benchmark

- (1) For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (2) The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

Debt servicing benchmark

- (1) For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).
- (2) Because Statistics New Zealand projects that the Council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

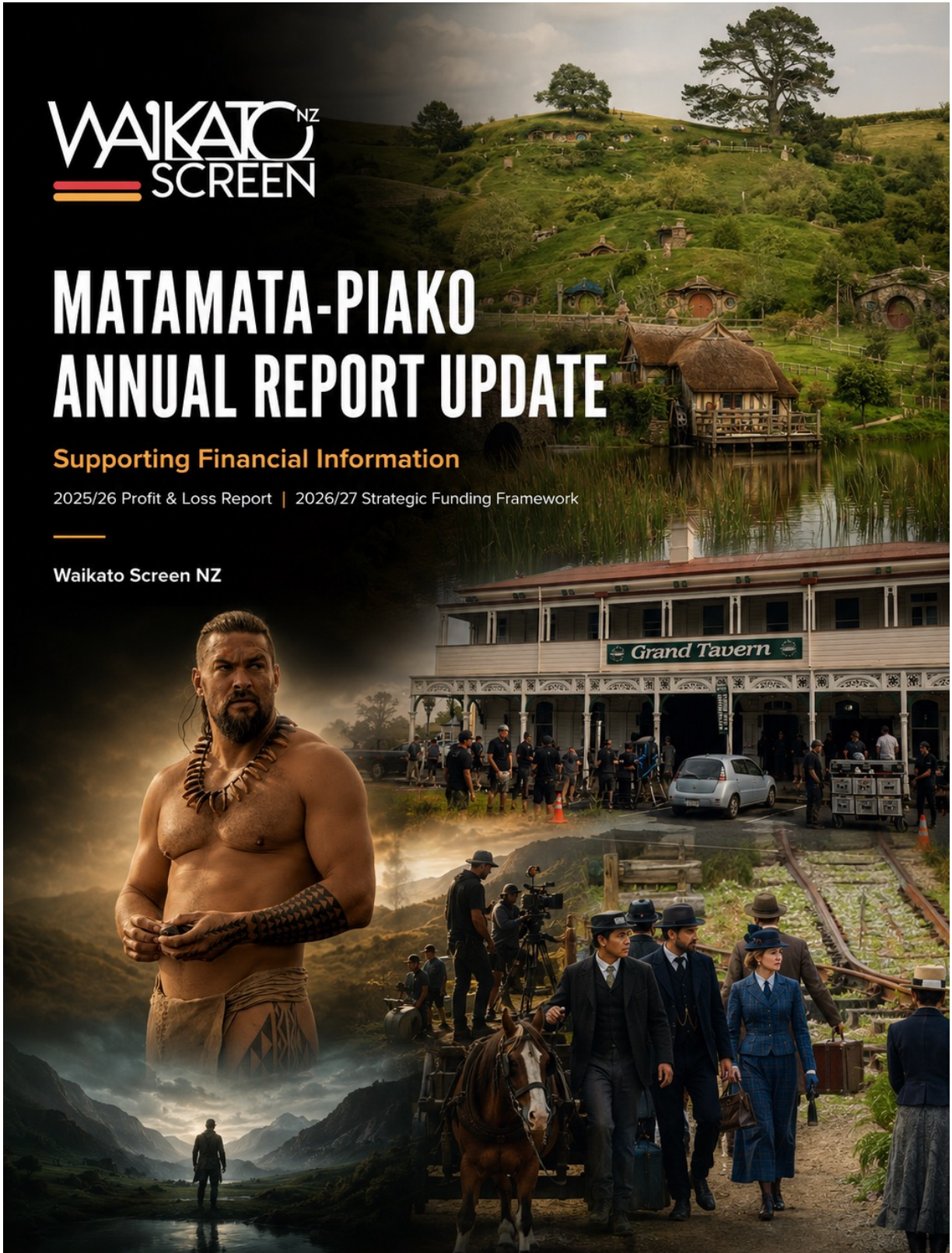


MATAMATA-PIAKO ANNUAL REPORT UPDATE

Supporting Financial Information

2025/26 Profit & Loss Report | 2026/27 Strategic Funding Framework

Waikato Screen NZ





REPORT UPDATE

Supporting Financial Summary

Purpose

This supporting document has been prepared in response to Matamata-Piako District Council's request for Waikato Screen NZ's current financial information.

Attached Financial Reports

- 2025/26 Profit & Loss Report
- 2026/27 Strategic Funding Framework

Annual Report Status

- Our full annual report is currently in preparation.
- We are compiling the latest economic impact information from recent productions across the region.
- The full annual report will be provided once this analysis is completed.

Financial Position

- The 2026/27 framework reflects a sustainable operating model.
- Programme delivery includes scalable items aligned with confirmed and proposed funding.
- Waikato Screen will continue seeking additional support through councils, trusts, sponsorship, philanthropy and industry partnerships.

Matamata-Piako Opportunity

- We continue progressing a consistent regional funding model across the Waikato.
- We look forward to working with Matamata-Piako in the 2026/27 financial year.
- This supports regional visibility, local employment and economic benefits for local businesses and communities.

This update is provided as supporting material while the full annual report is being finalised.





2025/26 PROFIT & LOSS REPORT

Budget Variance Summary

Waikato Screen NZ Limited
For the year ended 31 March 2026

Total Trading Income
\$348,989.75

Total Operating Expenses
\$268,777.31

Funds Applied in
Advance to the Council FY
\$87,602.50

Account	YTD 2025/2026	2025/2026 Budget	Variance
Trading Income			
Hamilton City Council	10,000.00	10,000.00	0.00
Hauraki DC	9,562.50	7,500.00	(2,062.50)
Otorohanga DC	3,750.00	3,000.00	(750.00)
Wel Energy Trust Grant	50,000.00	50,000.00	0.00
South Waikato DC	15,552.25	14,403.00	(1,149.25)
Thames/ Coromandel DC	19,375.00	15,500.00	(3,875.00)
Waikato District	35,625.00	28,500.00	(7,125.00)
Waipa DC	10,000.00	10,000.00	0.00
Waikato Regional Council	187,000.00	150,000.00	(37,000.00)
Total Trading Income	348,989.75	295,403.00	(53,586.75)
Gross Profit	348,989.75	295,403.00	(53,586.75)
Other Income			
Interest Received (NZ)	1,072.36	0.00	(1,072.36)
Workshop Income	273.50	1,000.00	726.50
Sponsorship Income	1,500.00	0.00	(1,500.00)
Showcase Income	4,544.20	0.00	(4,544.20)
Total Other Income	7,390.06	1,000.00	(6,390.06)
Operating Expenses			
ACC Levies	575.41	1,800.00	1,224.59
Accountancy Fees	570.00	2,500.00	1,930.00
Advisory Board Costs	1,043.47	1,400.00	356.53
Bank Fees & Charges	10.18	350.00	339.82
Big Screen Symposium	2,018.02	2,000.00	(18.02)
Computer Expenses	300.47	1,800.00	1,499.53
Contingency	0.00	3,000.00	3,000.00
Courses & Professional Development	0.00	400.00	400.00
Domain - website	0.00	200.00	200.00
Events / Industry Forums	116.44	4,000.00	3,883.56
Film nights / Festivals	5,892.22	1,800.00	(4,092.22)
Insurance	1,599.72	1,500.00	(99.72)
Iwi Engagement	0.00	4,217.00	4,217.00
Legal Fees	0.00	2,400.00	2,400.00
Local Workshops	11,115.03	4,000.00	2,884.97
Marketing	0.00	600.00	600.00
Marketing / Printing	404.50	500.00	95.50
Marketing Design	469.56	500.00	30.44
Meeting Costs	1,012.31	1,800.00	787.69
Membership Fees	876.81	1,500.00	623.19
Motor Vehicle - Fuel & Oil	0.00	500.00	500.00
Motor Vehicle - Parking	130.23	200.00	69.77
Networking/ Industry Functions	4,672.80	4,000.00	(672.80)
Networking Maori Filmmakers Hui	2,988.16	0.00	(2,988.16)
Office Usage & Expenses	6,925.00	8,000.00	1,075.00
Photography / Licences	1,800.00	1,800.00	0.00
Postage & Courier	10.36	100.00	89.64
Printing & Stationery	40.00	400.00	360.00
Recce's - Attraction/ Marketing with Producers	36.52	5,000.00	4,963.48
RFONZ Hui	2,682.02	2,000.00	(682.02)
Showcase Farah Kahn	7,219.63	0.00	(7,219.63)
Showreel	0.00	2,544.00	2,544.00
Software (Adobe Suite/ Google Office)	0.00	800.00	800.00
Stakeholders reporting expenses	0.00	1,200.00	1,200.00
Subscriptions & Licences	1,418.27	500.00	(918.27)
Telephone - Mobile	2,375.00	3,800.00	1,425.00
Telephone & Internet	429.02	500.00	70.98
Travel - National	20,956.78	14,000.00	(6,956.78)
Website Development	2,377.82	3,000.00	622.18
Website Hosting	269.96	500.00	230.04
Human Resources			
Film Office Manager	80,740.00	80,000.00	(740.00)
Showcase & Film Facilitation	78,621.29	80,000.00	1,378.71
Talent & Sector Development Roles	18,302.34	37,000.00	18,697.66
Total Human Resources	177,663.63	197,000.00	19,336.37
Admin/ employee contribution / contract allowance	19,100.00	35,566.00	16,466.00
RFONZ secretary annual contribution	1,717.27	1,717.00	(0.27)
Total Operating Expenses	268,777.31	319,403.00	50,625.69
Funds Applied in Advance to the Council FY	87,602.50	(23,000.00)	(110,602.50)





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2026/27 STRATEGIC FUNDING FRAMEWORK

Projected Income & Programme Delivery Budget

Waikato Screen NZ Limited
For the year ended 31 March 2027



TRADING INCOME
\$200,150.00



PROPOSED COUNCIL CONTRIBUTIONS
\$183,200.00



OTHER INCOME
\$23,852.62



TOTAL INCOME
\$407,202.62

1) SECURED & APPLIED FUNDING

Hauraki DC	7,500.00
Otorohanga DC	3,000.00
South Waikato DC	10,000.00
Thames/Coromandel DC	15,500.00
Waikato District	28,500.00
Waitomo DC	6,500.00
Community Programme Funding (secured & applied via external trusts)	30,000.00
Waikato University Training	22,500.00
Wel Energy Trust Grant - confirmed	27,500.00
Grants Received in Advance (recognised across funding period)	79,150.00
TRADING INCOME TOTAL	200,150.00

2) PROPOSED COUNCIL CONTRIBUTIONS (UNDER ANNUAL PLAN / LTP DISCUSSIONS)

Hamilton City Council - proposed	97,000.00
Matamata Piako - proposed	37,600.00
Waipa DC - to discuss	48,600.00
Hauraki DC - under new funding model	23,500.00
Waikato District - under new funding model	31,100.00
SUBTOTAL	183,200.00

3) OTHER INCOME

Interest Received (NZ)	500.00
Income Tax Refund	1,052.62
Workshop Income	3,500.00
Business Preferred Suppliers	5,000.00
Crew Directory paid listings	3,500.00
University Booking Fee - confirmed	5,500.00
Sponsorship Income	1,800.00
Showcase Income	3,000.00
TOTAL OTHER INCOME	23,852.62

TOTAL INCOME

407,202.62



This budget outlines a structured and sustainable funding framework for Waikato Screen, combining confirmed council investment, applied grant funding, and developing industry revenue. It reflects a stable core operational base, with additional programme delivery scaled in alignment with funding secured and proposed through council planning processes.
Updated June 2026.





2026/27 OPERATIONAL & PROGRAMME DELIVERY COSTS

Core Operations and Scalable Delivery




TOTAL OPERATING EXPENSES

\$400,480.00

OPERATIONAL & PROGRAMME DELIVERY COSTS	PROJECTED (NZD)
Events / Industry Forums	8,000.00
Film nights / Festivals	5,000.00
Iwi Engagement *	10,000.00
Legal Fees	1,800.00
Local Workshops *	18,000.00
Marketing / Marketing Design / Printing	2,500.00
Meeting Costs	2,200.00
Membership Fees	1,500.00
Motor Vehicle - Fuel & Oil	2,200.00
Motor Vehicle - Parking	350.00
Networking / Industry Functions *	8,000.00
Networking Maori Filmmakers Hui	3,000.00
Office Usage & Expenses	8,000.00
Photography / Licences	2,200.00
Postage & Courier	180.00
Printing & Stationery	360.00
Recce's - Attraction/ Marketing with Producers *	11,000.00
RFONZ Hui	2,600.00
Showreel	5,000.00
Software (Adobe Suite/ Google Office)	800.00
Sponsorship and Scholarship *	8,000.00
Stakeholders reporting expenses	1,200.00
Subscriptions & Licences	750.00
Subcontractors - University Standardised Training	18,000.00
Telephone - Mobile	3,000.00
Telephone & Internet	500.00
Travel - National	22,000.00
Website Development	3,000.00
Website Hosting	500.00
HUMAN RESOURCES (CORE + SCALABLE ROLES)	
Film Office Manager - Core	82,000.00
Showcase & Film Facilitation - Core	82,000.00
Talent & Sector Development Roles, Scalable *	40,000.00
TOTAL HUMAN RESOURCES	204,000.00
Admin / employee contribution / contract allowance	30,000.00
RFONZ secretary annual contribution	1,800.00
TOTAL OPERATING EXPENSES	400,480.00

* Scalable expenditure – delivered in alignment with confirmed funding and proposed council contributions under discussion.

 Operating position enables expanded programme delivery aligned with confirmed and secured funding.





REGIONAL COUNCIL FUNDING MODEL

Consistent Representation Across Waikato

This funding model supports a fair and sustainable regional approach to core film office delivery. It provides consistent representation across Waikato councils while recognising district scale, infrastructure and benefit.

 PROPOSED COUNCIL BUDGET \$400,000	 BASE CONTRIBUTION \$20,000 per council	 VARIABLE INVESTMENT POOL \$220,000	 MATAMATA-PIAKO \$37,600 per annum
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HYBRID FUNDING STRUCTURE

- All councils contribute as regional partners through a shared base contribution.
- A variable pool is allocated proportionally based on scale, infrastructure and benefit.
- This provides a stable core funding base while supporting equitable regional participation.

ILLUSTRATIVE COUNCIL CONTRIBUTIONS

COUNCIL	BASE	VARIABLE	TOTAL CONTRIBUTION	PERCENTAGE
Hamilton City	\$20,000	\$77,000	\$97,000	35%
Waikato District	\$20,000	\$39,600	\$59,600	18%
Waipā District	\$20,000	\$28,600	\$48,600	13%
Thames-Coromandel	\$20,000	\$22,000	\$42,000	13%
Matamata-Piako	\$20,000	\$17,600	\$37,600	8%
South Waikato	\$20,000	\$13,200	\$33,200	6%
Hauraki	\$20,000	\$11,000	\$31,000	5%
Waitomo	\$20,000	\$6,600	\$26,600	3%
Ōtorohanga	\$20,000	\$4,400	\$24,400	2%
TOTAL COUNCIL CONTRIBUTION			\$400,000	100%

WHY THIS MODEL WORKS

- Provides long-term operational stability and consistent regional coverage.
- Supports direct economic benefit, local business connections and workforces opportunities.
- Creates a sustainable core platform while additional community funding supports workshops, training and engagement initiatives.
- Recognises the regional nature of production activity and the need for every district to be visible and represented.

 ECONOMIC GROWTH	 TOURISM	 LOCAL JOBS	 TALENT DEVELOPMENT	 REGIONAL VISIBILITY
--	--	---	---	--

Transfer Agreement

PARTIES

Waikato Waters Limited

The Company

Matamata-Piako District Council

Council

IN COMPLIANCE WITH THE LOCAL GOVERNMENT (WATER SERVICES) ACT
2025 AND COUNCIL'S WATER SERVICES DELIVERY PLAN SUBMITTED UNDER THE
LOCAL GOVERNMENT (WATER SERVICES PRELIMINARY ARRANGEMENTS) ACT 2024

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AGREEMENT dated June 2026

PARTIES

Waikato Waters Limited
("Company")

Matamata-Piako District Council
("Council")

INTRODUCTION

- A. In accordance with the legislation implementing Local Water Done Well, the Council has determined that a joined-up approach to Water Services is the structural delivery option that best meets the long-term needs of its communities. To this end, the Council, together with 5 other Waikato councils, has:
- (a) jointly established the Company for the purpose of transferring its responsibility for providing drinking water and wastewater services to it; and
 - (a) included the joint model as the future delivery model for water services in their respective water services delivery plans which have been approved by the Secretary for Local Government.
- B. Under the terms of the Shareholders' Agreement, each of the shareholding councils has made a commitment as to when and how it will transfer its Water Services business into the Company. In accordance with the terms of the Shareholders' Agreement and pursuant to sections 12 and 13, and Schedule 2, of the LG(WS) Act, the Council hereby enters into this transfer agreement with the Company to implement the transfer to the Company of:
- (a) responsibility for providing the Transferring Water Services;
 - (b) all infrastructure owned or controlled by Council that is used primarily for the purpose of providing the Transferring Water Services (including specified infrastructure) unless expressly excluded;
 - (c) related assets and other matters that are necessary for the Company to carry out, and be responsible for, providing the Transferring Water Services in the Service Area; and
 - (d) relevant Water Service liabilities.
- C. For completeness, it is noted that further details relevant to a Council's transfer of its Water Services business into the Company are set out in further agreements between the parties as follows:



- (a) an agreement relating to the transitional services that will be provided by Council to the Company in the period following the Agreed Transfer Date (**Post-Completion Services Agreement**);
 - (b) an agreement relating to the provision of services by the Company to the Council, and by the Council to the Company (**Shared Services Agreement**).
- D. The Council and the Company have completed this Transfer Agreement in accordance with the LG(WS) Act and the Transfer Principles set out in, and the other requirements of, the Shareholders' Agreement.
- E. The Council is retaining responsibility for stormwater services.

1. AGREEMENT

- 1.1 The parties enter into this agreement to record their agreement on the following matters:
- (a) Schedule 2: The Council has agreed to transfer to the Company, and the Company has agreed to receive the Assets and assume the Responsibilities and Obligations, for the consideration and on the terms and conditions set out in this agreement.
 - (b) Schedule 2A: Settlement Amount Calculation.
 - (c) Schedule 2B: Terms and conditions for the transfer of land assets.
 - (d) Schedule 3: How the parties will work together to effectively and efficiently manage matters of shared interest, and what arrangements will apply for charging and revenue collection for the Transferring Water Services that will be performed by the Company following Completion.
 - (e) Schedule 4: The general terms and conditions which apply to this agreement.
 - (f) Schedule 5: The definitions which apply to this agreement.



SIGNATURES

MATAMATA-PIAKO DISTRICT COUNCIL

By:

Name of Authorised Signatory

Signature of Authorised Signatory

Name of Authorised Signatory

Signature of Authorised Signatory

WAIKATO WATERS LIMITED

By:

Neil Brennan
Interim Chief Executive
(under delegated authority)

DRAFT

SCHEDULE 1
AGREEMENT DETAILS

Transfer Terms under Schedule 2

<p>Completion Date <i>(Clause 7.1, Schedule 2)</i></p>	<p>1 October 2026</p>
<p>Settlement Amount <i>(Clause 3.1, Schedule 2)</i></p>	<p>The Settlement Amount is the amount calculated in accordance with Schedule 2A.</p>
<p>List or description of Assets to be transferred (or expressly not to be transferred) under this agreement <i>(Appendices 1 and 2 of Schedule 2, and Appendices 1 to 4 of Schedule 2B)</i></p>	<p>See Appendices 1 and 2 of Schedule 2 and Appendices 1 to 4 of Schedule 2B.</p>
<p>List or description of contracts to be transferred (or expressly not to be transferred) under this agreement <i>(Appendices 1 and 2 of Schedule 2)</i></p>	<p>See Appendices 1 and 2 of Schedule 2.</p>
<p>List or description of Responsibilities to be transferred (or expressly not to be transferred) under this agreement <i>(Appendices 1 and 2 of Schedule 2)</i></p>	<p>See Appendices 1 and 2 of Schedule 2.</p>
<p>Acknowledgement of Iwi and hapu responsibilities <i>(Appendix 1 of Schedule 2)</i></p>	<p>See Appendix 1 of Schedule 2.</p>

Shared Interests, Charging and Revenue Collection Arrangements under Schedule 3

<p>Post-Completion Services and Shared Interest Arrangements</p> <p><i>(Clause 2.2, Schedule 3; Appendix 1, Schedule 3)</i></p>	<p>As agreed under the Shareholders' Agreement, the Council will provide the Company with the Post-Completion Transition Services set out in the Post-Completion Services Agreement (with details set out in the relevant service order).</p> <p>The parties will work together in relation to the following Shared Interest Arrangements:</p> <ul style="list-style-type: none"> when the Council is performing and exercising its functions, duties, and powers under the Building Act 2004; land use planning and resource management planning (including consent processes); and the performance or exercise of any statutory functions included in that agreement, for example, in respect of emergency management. <p>Further detail in relation to the Shared Interest Arrangements is set in clause 2 of Schedule 3 and Appendix 1 to Schedule 3</p>			
<p>Party to collect Water Revenues</p> <p><i>(Clause 3, Schedule 3)</i></p>	<p>From the Completion Date, until such time as notified by the Board (provided that such time is no later than 3 years from the Completion Date unless agreed otherwise between the Council and the Company), the Council will continue to collect the Water Revenues on the terms set out in this agreement and in the relevant service order to the Post-Completion Services Agreement.</p>			
<p>Representatives</p> <p><i>(Clause 5.2, Schedule 3)</i></p>	<p>Council: as notified in writing to the Company two months prior to the Completion Date</p>	<p>Company: as notified in writing to the Council two months prior to the Completion Date</p>		
<p>Interface Governance Group Members</p> <p><i>(Clause 5.3, Schedule 3)</i></p>	<p>Chair: To be confirmed by Interface Governance Group as its first meeting</p> <table border="1" data-bbox="625 1541 1316 1682"> <tr> <td data-bbox="625 1541 983 1682"> <p>Council representative(s): as notified in writing to the Company three months prior to the Completion Date.</p> </td> <td data-bbox="989 1541 1316 1682"> <p>Company representative(s): as notified in writing to the Council three months prior to the Completion Date</p> </td> </tr> </table>		<p>Council representative(s): as notified in writing to the Company three months prior to the Completion Date.</p>	<p>Company representative(s): as notified in writing to the Council three months prior to the Completion Date</p>
<p>Council representative(s): as notified in writing to the Company three months prior to the Completion Date.</p>	<p>Company representative(s): as notified in writing to the Council three months prior to the Completion Date</p>			

General Terms and Conditions under Schedule 4

<p>Place of arbitration</p> <p><i>(Clause 3.4(c), Schedule 4)</i></p>	<p>Cambridge, unless agreed otherwise by the parties in writing</p>	
<p>Address for notices</p> <p><i>(Clause 6.1, Schedule 4)</i></p>	<p>Council</p> <p>35 Kenrick Street, Te Aroha 3320, New Zealand</p> <p>PO Box 266, Te Aroha 3342</p> <p>Email: mtewiata@mpdc.govt.nz</p> <p>Attention: Manaia Te Wiata</p>	<p>Company</p> <p>Level 4, BNZ Building</p> <p>354 Victoria Street</p> <p>Hamilton</p> <p>PO Box 144, Waikato Mail Centre 3204</p> <p>Attention: allie.stevens@waikatowaters.co.nz</p>

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SCHEDULE 2

TRANSFER TERMS AND CONDITIONS

Purpose of Schedule 2: This Schedule 2 provides for the terms of the Transfer of the Assets, Responsibilities, and Obligations from the Council to the Company.

1. MATTERS TO BE TRANSFERRED

1.1 Agreement to transfer:

- (a) **Assets and Obligations:** The Council shall transfer the Assets and Obligations to the Company, and the Company shall:
- (i) receive the Assets free of any Encumbrances; and
 - (ii) assume the Obligations (including by taking an assignment/novation of the Assumed Contracts under clause 9 of Schedule 2),

from the Council, in accordance with this agreement.

- (b) **Statutory responsibilities, functions, duties and powers:** The Council shall transfer the Statutory Responsibilities to the Company, and the Company shall comply with the Statutory Responsibilities as required by this agreement, and the relevant legislation.
- (c) **Operational Responsibilities and Management Responsibilities:** The Council shall transfer the Operational Responsibilities and Management Responsibilities to the Company, and the Company shall comply with the Operational Responsibilities and Management Responsibilities as required by this agreement, and the relevant legislation.
- (d) **Resource Consents Responsibilities:** The Council shall transfer the Resource Consents Responsibilities to the Company, and the Company shall comply with the Resource Consents Responsibilities as required by this agreement, and the relevant legislation.

1.2 Categorisation of matters:

- (a) The following principles shall apply for the categorisation of Assets for the purpose of clause 1.1(a):
- (i) **Facility Level:** Information in relation to assets, plant and equipment is set out at "Facility" level, with facility asset classification code. Assets such as control systems, electrical, mechanical, pipe within a facility, site services, and office equipment within the facility will transfer to the Company as one asset.
 - (ii) **Inventory:** It is not practical to carry out a stocktake of all spares, inventory and chemicals related to assets that are transferring from Council to the Company on the Completion Date. On this basis, spares, inventory and chemicals related to water services that will transfer are set out on a category basis (rather than identifying specific spares, inventory and chemicals).
 - (iii) **Asset identifiers:** It is agreed that where possible a unique identifier for each asset from the Council asset management system will be included.

2. MATTERS NOT TRANSFERRED

- 2.1 **No transfer:** The Council does not transfer any of the Excluded Matters or any other matters not specified in this agreement as transferring to the Company, and those matters shall continue to be owned, retained and/or performed and exercised by the Council.
- 2.2 **No assumption of Liabilities:** Except as expressly provided in this agreement, the Company only assumes the Obligations and the Responsibilities, and does not assume any other Liabilities of the Council in relation to the Assets or otherwise.
- 2.3 **Agreements that are not transferred:** The parties agree that where the Council is a party to any agreement with any third party, and there is a current dispute or disagreement between the Council and the third party, the Council and the Company have considered whether that agreement should be included in the transfer of Assets (including, without limitation, by considering whether that agreement is necessary to the Company for the purpose of providing the Transferring Water Services and whether the Company or the Council is better placed to resolve the dispute or disagreement with the third party). Where the Parties have decided to exclude a matter from transfer on this basis, it is either not included as an Assumed Contract or is expressly listed as an Excluded Matter (as appropriate in the circumstances).

3. SETTLEMENT AMOUNT

- 3.1 **Settlement Amount:** The Settlement Amount is the amount calculated in accordance with Schedule 2A.

4. TAX

- 4.1 The parties agree and acknowledge that, pursuant to section 255 of the LG(WS) Act, they are treated as the same person for the purposes of the Inland Revenue Acts (as defined in section 3(1) of the Tax Administration Act 1994) and therefore no tax consequences arise in respect of the Transaction contemplated by this agreement.

5. EMPLOYEES/CONTRACTORS

- 5.1 **Principle:** The Council wants to ensure there is employment security, to the extent possible, for Transferring Water Services employees during the transfer process. Council and the Company have agreed that the Company will offer employment in the Company for Council employees who are categorised by both Council and the Company as within:
- (a) the "Job Guarantee" category: this extends to all Council employees whose role is 80% to 100% carrying out Field Operations for Transferring Water Services. Field Operations means operating or maintaining water assets and includes team leaders.
 - (b) the "Offer Guarantee" category: this extends to all Council employees whose role is 80% or more related to Transferring Water Services but who do not come within the Job Guarantee category at the time an offer of employment is made.
- 5.2 Where employees of the Council are offered and accept employment with the Company prior to the date of this agreement or the Completion Date, the Company is not required to make offers of employment to any persons engaged by the Council to replace or backfill those employees.

- 5.3 **Identification of affected employees and contractors:** Pursuant to clause 1 of Schedule 1 of the LG(WS) Act, and the arrangements that have been agreed between the Council and the Company the Parties have agreed the employees who fall into each of the categories in clause 5.1. To the extent any such employee has not received confirmation from the Council of the category into which they fall, this will be provided by the Council on the earlier of 10 Business Days after the date of this agreement and three months before the Agreed Transfer Date. Within the same time frame, the Council will also notify the Company of any contractors providing services relating to the Transferring Water Services.
- 5.4 **Ring-Fenced Employees:** For completeness, it is noted that:
- (a) the Council has, prior to the signing of this agreement, notified any Council employee whose role is between 20% and 79% related to the Transferring Water Services, and who is impacted by the transfer process, of their right to apply for opportunities of employment at the Company (referred to as **Ring-Fenced Employees**).
 - (b) Ring-Fenced Employees have been given preference for appropriate recruitment opportunities in the Company through a closed recruitment process to identify suitably qualified candidates before (and if) any wider advertising took place.
 - (c) A closed recruitment process has not applied to Tier 2 leadership roles and other new roles within the Company; these will be recruited through a fully open process to ensure impartial selection of the most qualified candidates. Ring-Fenced Employees are welcome to apply for such roles.
- 5.5 **Offer of employment:** The Company shall, within ten Business Days of the date of signing this agreement, and to the extent not already done so, consult with the Council as to the terms and conditions to be offered to those employees referred to in clauses 5.1 and **Error! Reference source not found..** To the extent that an offer:
- (a) relates to an employee within the “Job Guarantee” category, the offer must be:
 - (i) for substantially the same position as the position the employee holds at the Council before the transfer;
 - (ii) for employment in substantially the same general locality;
 - (iii) on the same or better terms and conditions as the employee’s terms and conditions at the Council; and
 - (iv) on the basis that the employment is treated as continuous for the purposes of any entitlements or benefits; or
 - (b) relates to an employee within the “Offer Guarantee” category, the offer must be for “Similar Employment”. For the purpose of this clause 5, “Similar Employment” means:
 - (i) employment on the same basis as existing employment with the Council (i.e. either permanent or fixed term);
 - (ii) a role that provides the same salary/wages as the employee received at the Council before the transfer;
 - (iii) a role that provides the same entitlement to annual leave as the employee received at the Council before the transfer;

- (iv) the same redundancy provisions, including compensation and notice requirements as the employee was entitled to at the Council; and
 - (v) on the basis that the employment is treated as continuous for the purposes of any entitlements or benefits (and with accrued annual leave entitlement, entitlement to days off in lieu of public holidays worked, and long service leave entitlements (if any) transferred to the Company).
- (c) Other than as set out in clause 5.5(b) (i) to (v), it is accepted that offers to employees in the Offer Guarantee category may not be for:
- (i) substantially the same position as the position the employee holds at the Council before the transfer;
 - (ii) for employment in substantially the same general locality;
 - (iii) on the same or better terms and conditions as the employee's terms and conditions at the Council. Notwithstanding this, the Company will engage in good faith with the Council on the terms and conditions to be offered to such employees, having regard to variations in existing remuneration structures across the Transferring Shareholding Councils, with a view to addressing discrepancies where appropriate and promoting a sense of fairness for employees of the Company.
- (d) The Company may also choose to offer:
- (i) any contractor identified in clause 5.2 a new independent contractor agreement; and
 - (ii) a role in the Company for any Ring-Fenced Employee who has successfully applied for a role in the Company whether through the closed recruitment or open recruitment process.
- (e) Each offer to an employee or contractor is referred to as an "Offer".
- 5.6 **Acceptance:** The parties shall use all reasonable endeavours to persuade each employee and Contractor to accept the Offer.
- 5.7 **Conditions of Offer:** The Offer will be conditional on the transfer proceeding and with effect from the Completion Date. In respect of Employees for whom the Offer does not meet the requirements of clause 1(3) of Schedule 1 of the LG(W.S) Act, the Offer will be conditional on the Employee waiving any entitlement to redundancy compensation/notice from the Council.
- 5.8 **Access to Employees and Contractors:** The Council will, at such times as reasonably requested by the Company, allow the Company access to:
- (a) each Employee and Contractor to discuss the Offer; and
 - (b) subject to obtaining each Employee's and Contractor's consent to disclosure, if required, each Employee's employment records (or equivalent for Contractors).
- 5.9 **Company's Assumed Accrued Employee Benefits:** The Company shall from Completion assume, and indemnify the Council against, all Liability of the Company for all Accrued Employee Benefits.

- 5.10 **Return of Employee and Contractor information:** Where any Employee or Contractor does not accept an Offer, the Company will, at the option of the Council, return to the Council or destroy all personal information provided to the Company in relation to the relevant Employee (including, but not limited to, all employment records (or equivalent for Contractors) provided by the Council to the Company for the purposes of this clause 5.

6. PRE-COMPLETION OBLIGATIONS

- 6.1 **Positive obligations of Council:** Between the date of this agreement and Completion, the Council shall, subject to clause 6.3 of Schedule 2 (but without limiting the negative obligations of the Council in clause 6.2 of Schedule 2):
- (a) operate and conduct the Business in the normal course in accordance with the business practices employed by the Council as at the date of this agreement and in accordance with any applicable provisions in the Shareholders' Agreement (with particular reference to the Establishment Strategy);
 - (b) continue to make such payments and discharge such obligations in a manner consistent with the timing and method of payment or discharge employed by the Council in the 12-month period prior to the date of the Shareholders' Agreement;
 - (c) continue to adhere to the Major Decisions Framework set out in the Shareholders' Agreement;
 - (d) to the extent not already executed, execute a deed of guarantee in favour of LGFA in accordance with the commitment set out in the Shareholders' Agreement;
 - (e) promptly notify the Company of any law suits, Claims, proceedings (other than normal debt collection proceedings), investigations or adverse events which may occur, be threatened, brought, asserted or commenced against it, its Directors or employees, involving or affecting the Business, the Assets, the Obligations and/or the Responsibilities; and
 - (f) no later than 30 days prior to the Agreed Transfer Date, give notice ("**Council Debt Notice**") to the Company of the Council's best estimate of the amount of the Council's Council Water Infrastructure Debt, the Council's share of Establishment Costs, the Council's Establishment Funding Share and any Transitional Activity Costs including sufficient detail for the Company to be able to confirm how such amounts were reached and that such amounts comprise Council Water Infrastructure Debt, the Council's share of Establishment Costs, the Council's Establishment Funding Share and any Transitional Activity Costs (as applicable).
- 6.2 **Negative obligations of Council:** Between the date of this agreement and Completion, the Council shall not, subject to clause 6.3 of Schedule 2 (but without limiting the positive obligations of the Council in clause 6.1 of Schedule 2):
- (a) alter any of the conditions of employment of the Employees or Contractors (other than as required to provide for changes required to meet agreements with unions, salary increases and the payment of bonuses in accordance with the ordinary course of operations of the Council);
 - (b) agree to amend any of the terms of any Assumed Contract; or

- (c) acquire or dispose of any of the Assets other than in the ordinary course of conducting the Business.

6.3 **Exceptions:** Clauses 6.1 and 6.2 of Schedule 2 do not prevent the Council from doing anything that:

- (a) is expressly permitted by this agreement; or
- (b) is approved in writing by the Company.

6.4 **Additional agreements:** The parties will negotiate and agree the form of the:

- (a) Post-Completion Services Agreement; and
- (b) Shared Services Agreement,

and, unless agreed otherwise, no later than 90 days prior to the Agreed Transfer Date each party will sign and deliver to the other party a copy of each such agreement.

6.5 **Novation and Counterparty Consents:**

- (a) Prior to Completion, the Council shall use all reasonable endeavours to have each of the counterparties to any Assumed Contracts enter into a deed of novation, on terms acceptable to each of the Council and the Company, to novate the relevant Assumed Contract to the Company with effect from Completion.
- (b) To the extent that a deed of novation is not able to be entered into pursuant to sub-clause (a), then the Council will use all reasonable endeavours to obtain the consent of the relevant counterparty to the Assumed Contracts marked as requiring consent in Appendix 1 of this Schedule 2, to the assignment of that Assumed Contract to the Company, on terms that are acceptable to both the Council and Company ("**Counterparty Consents**").
- (c) The Company shall provide such assistance to the Council as it reasonably requests in relation to sub-clauses (a) and (b).
- (d) If:
 - (i) no deed of novation has been entered into in respect of that Assumed Contract; and
 - (ii) where a Counterparty Consent is required in respect of an Assumed Contract, and that Counterparty Consent has not been obtained

on or before Completion, the Company shall not delay or fail to undertake Completion and clause 9 of Schedule 2 will apply.

6.6 **Additional assets, responsibilities and liabilities before Completion:** The Council and the Company acknowledge that at the date of this agreement, further work is required to identify all of the assets, responsibilities, Liabilities or contracts that will transfer to the Company under this agreement on Completion. From the date of this agreement until Completion, the Council and the Company agree to continue to work together to identify any such additional assets, responsibilities, Liabilities or contracts in accordance with the Transfer Principles. If, before Completion, the Council or the Company identifies any asset, responsibility, Liability or contract held by the Council that:

(a) is necessary for the Company to carry on the Business after Completion in a manner consistent with how the Business was carried on during the 12 months prior to Completion; and/or

(b) primarily relates to the provision of the Transferring Water Services,

other than an Excluded Asset ("**Additional Item**"), then the parties may agree before Completion to vary this agreement in accordance with clause 7.8 of Schedule 4, for the Additional Item to be added to Appendix 1 of Schedule 2 or an Appendix to Schedule 2B. If the parties cannot agree on such a variation, the expert determination process in clause 8.2(b) of Schedule 2 will apply, with appropriate changes to reflect the determination required by this clause.

7. COMPLETION

7.1 **Time of Completion:** Completion of the transfer of the Assets, Obligations and Responsibilities ("**Completion**") shall take place electronically not later than 3pm on the Completion Date, or at such other time and place as may be agreed between the parties.

7.2 **Obligations on Completion:** At Completion:

- (a) The Company shall pay the Settlement Amount to the Council in immediately available funds by electronic transfer to a bank account nominated by the Council, or through such other method as agreed in writing prior to Completion;
- (b) the Company shall issue the Stage 2 Shares to the Council in accordance with the Shareholders' Agreement and update Companies Office to reflect the change in shareholding, and the Council will consent to such issue;
- (c) legal and beneficial title to, risk to, and possession of, the Assets shall be given by the Council and accepted by the Company, and the Council will deliver all Assets, title to which passes by delivery, at the places set out in Appendix 1 of Schedule 2 and Schedule 2B or as otherwise notified by the Council to the Company;
- (d) the Council shall take such actions, and sign and deliver to the Company (together with all relevant documents of or evidencing ownership) such documents and other things necessary, to transfer to the Company full and unencumbered legal and beneficial title to, and possession of, the Assets as the Company may reasonably require;
- (e) the Company assumes the Obligations and shall take such actions, and sign and deliver to the Council such documents and other things necessary, for the Company to assume full responsibility for the Obligations (including as provided for in clauses 6.4 and 9 of Schedule 2), as the Council may reasonably require;
- (f) the Company assumes the Responsibilities and shall take such actions for the Company to assume full responsibility for the Responsibilities as the Council may reasonably require; and
- (g) the Council must deliver to the Company:
 - (i) transfers of the Resource Consents (if any), which do not automatically pass to the Company on Completion as the registered owner of any freehold land comprising part of the Assets, duly executed by the Council (to the extent held

by the Council) or executed by the relevant consent holder(s) (which the Council shall procure, to the extent the Resource Consents are held by a related party of the Council) in each case in a form satisfactory to the Company (acting reasonably); and

- (ii) confirmation that the Council has advised the Minister for the Environment and the relevant territorial authority of the transfer of any designation(s) held by the Council in respect of the transfer of the Assets to the Company pursuant to s180 of the Resource Management Act 1991 (or any corresponding section of any successor legislation).

7.3 **Assignment of rights:** With effect from Completion, the Council assigns to the Company all its property and contractual rights in the Assets.

7.4 **Completion simultaneous:** The actions specified in clauses 7.2 and 7.3 of Schedule 2 must take place on the same day. If any of the documents required to be delivered, or actions required to be taken, pursuant to clause 7.2 of Schedule 2 are not delivered or taken for any reason, the Company is entitled, without prejudice to any of its other rights or remedies to:

- (a) effect Completion so far as is practicable having regard to the defaults which have occurred and in so doing either to release, or without releasing (as the Company may elect), the Council from liability to comply as soon as possible with its obligations under that clause;
- (b) fix a new date for Completion, which shall be treated for all purposes as the Completion Date;
- (c) sue for specific performance; and/or
- (d) request Ministerial intervention under the terms of the LG(WS) Act or Local Government (Water Services Preliminary Arrangements) Act 2024 as a consequence of the Council failing to comply with section 22 of that Act (by not giving effect to the undertaking for future delivery of the Transferring Water Services set out in its water services delivery plan).

8. APPORTIONMENT

8.1 **Apportionment statement:** The Council must give the Company within two months of the Calculation Time a written statement ("**Apportionment Statement**") setting out:

- (a) the aggregate amount of all Accrued Employee Benefits at the Completion Date ("**Accrued Employee Benefits Amount**"); and
- (b) the aggregate of all amounts payable to the Council pursuant to any of the Assumed Contracts or in relation to the Assets (including water rates/charges), which are yet to be received by the Council at the Completion Date in relation to the period up to and including the Completion Date ("**Outstanding Revenue**");
- (c) the aggregate of all amounts received by the Council pursuant to any of the Assumed Contracts or in relation to the Assets (including water rates/charges), which have been received by the Council at the Completion Date in relation to the period after the Completion Date ("**Advance Revenue**");

- (d) the amount of all Apportionable Outgoings:
 - (i) unpaid by the Council at the Completion Date in respect of the period up to and including the Completion Date ("**Accruals**"); and
 - (ii) paid by the Council at the Completion Date in respect of the period after the Completion Date (and to the extent not already included in the Council Water Infrastructure Debt) ("**Prepayments**").

8.2 **Dispute resolution regarding Apportionment Statement:** The Company shall, within five Business Days after receipt of the Apportionment Statement from the Council, give notice to the Council that the Company either:

- (a) approves the Apportionment Statement; or
- (b) does not approve the Apportionment Statement, such notice ("**Dispute Notice**") to specify the matters that the Company disputes or disagrees with ("**Matters in Dispute**"), in which case the Company and the Council must meet within five Business Days of the date of the Dispute Note and attempt to resolve the Matters in Dispute. If the Matters in Dispute are not resolved by the Company and the Council within five Business Days of such meeting, then either the Company or the Council may give notice ("**Referral Notice**") to the other referring the Matters in Dispute to a single expert ("**Expert**") for determination in accordance with the following:
 - (i) the Expert will be an accountant with relevant experience appointed by the Council and the Company by mutual agreement, provided that if agreement as to the Expert is not reached within five Business Days after the date of giving the Referral Notice, the Expert will be appointed at the request of a party by the New Zealand Dispute Resolution Centre;
 - (ii) the Council and the Company will together provide to the Expert copies of this agreement, the Dispute Notice and a copy of the Apportionment Statement; and
 - (iii) the Expert will be instructed to:
 - (aa) resolve the Matters in Dispute, in accordance with the accounting treatment used by the Council in their most recent financial statements ("**Accounting Treatment**"), and then, only to the extent necessary, in accordance with NZ GAAP (to the extent not inconsistent with the Accounting Treatment) as at the date of this agreement;
 - (bb) resolve the Matters in Dispute within 20 Business Days of the date of the Referral Notice and issue a decision to each of the Council and the Company; and
 - (cc) if required, adjust the Apportionment Statement and provide a copy to each of the Council and the Company;
 - (iv) the decision will be final and binding on the parties;
 - (v) referral of the Matter to the Expert will not be an arbitration agreement for the purposes of the Arbitration Act 1996 and the provisions of that Act will not apply to or govern that referral; and

- (vi) the parties will bear their own costs (including legal costs) and an equal share of the costs and expenses of the Expert.

8.3 Difference between Accruals and Prepayments: If:

- (a) the Outstanding Revenue plus the Prepayments exceed the aggregate of the Accruals and the Advance Revenue and the Accrued Employee Benefits Amount, the Company must pay an amount equal to the difference to the Council; and
- (b) the aggregate of the Accruals, the Advance Revenue and the Accrued Employee Benefits Amount exceed the Outstanding Revenue plus the Prepayments, the Council must pay an amount equal to the difference to the Company,

as an adjustment of the Settlement Amount within five Business Days of:

- (c) the date on which the Council receives notice from the Company under clause 8.2(a) of Schedule 2; or
- (d) receipt by the party required to make payment under clause 8.3(a) or 8.3(b) of Schedule 2 (as applicable) of the adjusted Apportionment Statement from the Expert pursuant to clause 8.2(b)(iii) of Schedule 2.

Any such payment will be paid by electronic bank transfer of immediately available funds into the bank account nominated in writing by the party that is due to receive the payment, or in such other form as the parties may agree.

9. ASSUMED CONTRACTS

9.1 Assignment and Novation:

- (a) Subject to clause 6.5 of Schedule 2 and Completion, and on and with effect from the Completion Date, the Council assigns and the Company accepts an assignment of all of the Council's rights under, benefits of and interests in ("**Benefits**"), and assumes the burden of, the Assumed Contracts ("**Relevant Contract**"), in accordance with this clause 9 of Schedule 2.
- (b) Subject to the provisions of the LG(WS) Act providing otherwise, this agreement does not constitute an assignment or an attempted assignment, or novation or attempted novation as the case may be, of a Relevant Contract if an assignment or attempted assignment requires the consent of the counterparty to the Relevant Contract and would constitute a breach of that Relevant Contract if an assignment were made without that consent.

9.2 Consent to transfer of Relevant Contracts:

- (a) If the consent of a third party is to be requested for the assignment as marked in Appendix 1 of Schedule 2 (as applicable), and has not been obtained prior to Completion, the Council must continue to use all reasonable endeavours to obtain that consent by or as soon as reasonably practicable after Completion, on terms that are acceptable to both the Council and the Company.
- (b) Pending the transfer of any Relevant Contract to the Company under clause 9.1 of Schedule 2, the Council must:

- (i) hold the Benefits of the Relevant Contract on trust for the Company and account to the Company promptly after receipt by it for the value of any Benefit of the Relevant Contract that arises (or relates to the period) after the Completion Date; and
 - (ii) not agree to any termination, amendment or variation of, or waiver of any of the Council's rights under, the Relevant Contract without the prior written approval of the Company.
- 9.3 Performance of Relevant Contracts:
- (a) The Council must perform and observe all obligations (other than any obligation to make any payment, where such payment is reflected in the Apportionment Statement) of the Council under any Relevant Contract which are due to be performed (or relate to the period) on or before the Completion Date.
 - (b) The Company must, to the extent it lawfully can, assume, perform and observe all obligations of the Council under any Relevant Contract which are due to be performed (or relate to the period) after Completion Date, as well as any obligation to make any payment in respect of the Relevant Contracts where such payment is reflected in the Apportionment Statement, whether arising before, on or after Completion.
- 9.4 **Transfer of Relevant Contracts Unavailable:** If, despite their reasonable endeavours, the Council and the Company are unable to (including because any third party consent required cannot be obtained) transfer a Relevant Contract under clause 9.2(a) of Schedule 2 within six months from Completion, the Council must, if requested in writing by the Company, as soon as reasonably possible, procure that the Relevant Contract is terminated with no Liability or cost to the Company. To avoid doubt, there will be no adjustment to the Settlement Amount, and the Council will have no Liability to the Company, as a result of any such termination.

10. DEFERRED CONTRACTS

- 10.1 The Parties have agreed that it is in the best interests of both Parties for the transfer of the contracts identified in Appendix 2 (each a "**Deferred Contract**") to be deferred until the relevant contract works have been completed. On Practical Completion (i.e., where the contract works are complete, and the defects notification period has commenced) the Parties will engage to ensure a Deferred Contract transfers from the Council to the Company; and
- (a) all assets, liabilities and other matters under a Deferred Contract vest in the Company (and clause 8 will apply to the transfer of such Deferred Contract, with such amendments as necessary in the context of the transfer of the Deferred Contract); and
 - (b) shall enter into such documents as are reasonably required to give effect to the matters contemplated above.
- 10.2 On this basis, the Assumed Contracts do not include the Deferred Contracts.
- 10.3 The Council acknowledges that the Company has an interest in the completion of the contract works under the Deferred Contracts and agrees to:
- (a) maintain ongoing and transparent communications with the Company in relation to the Deferred Contract;

- (b) keep the Company reasonably informed on the progress of the completion of the contract works under the Deferred Contract; and
 - (c) promptly comply with any reasonable request by the Company:
 - (i) for information or documentation; and/or
 - (ii) to take any action (including to enforce the rights of the Council),

in relation to the Deferred Contract or contract works.
- 10.4 In relation to each Deferred Contract, the Council shall obtain the Company's prior written approval (which may be given or withheld in its absolute discretion) to any suspension, termination, amendment, variation, assignment, transfer, novation, or any other disposal or exercise of rights that is not a Permitted Variation.
- 10.5 For the purposes of clause 10.4, a Permitted Variation means a change (including any change in nature, quality or quantity of work or services to be provided) under a Deferred Contract that:
- (a) will not cause an extension of time for performance by the contractor under the relevant Deferred Contract which results, or is likely to result, in a material delay to the contract works;
 - (b) will not result in, and is not likely to result in, a material increase in the Deferred Contract price; and
 - (c) will not adversely affect contractor's ability to complete the contract works, or the Council's (and, once the Deferred Contract is transferred, the Company's) ability to fulfil its obligations under the Deferred Contract.
- 10.6 In relation to any approval sought by the Council in respect a Deferred Contract under this clause 10, the Council must provide the Company with:
- (a) details of the reason why the approval is required;
 - (b) in the case of an amendment or variation, details of the proposed change including the impact on the relevant contract budget and programme; and
 - (c) any other information required by the Company.
- 10.7 The Council shall provide the information specified in sub-clause 10.6 to the Company in a timely manner to ensure that the Company is given sufficient time to consider the information.
- 10.8 The Council shall:
- (a) promptly advise the Company of any event that may give rise to a right of termination by any party to a Deferred Contract, including details of the reasons which may give rise to such right of termination; and
 - (b) take any reasonable steps as required by the Company, including allowing the Company to carry out any reasonable action, to mitigate the effects of an event that may give rise to a right of termination.

11. POST-COMPLETION PROVISIONS

- 11.1 **Trust for non-assigned Assets:** If any of the Assets are not able to be assigned or otherwise transferred to the Company at Completion, the Council shall as from Completion and until such time as those Assets are assigned or otherwise transferred to the Company (which must occur within five Business Days of those Assets becoming able to be assigned or otherwise transferred to the Company), hold such Assets on trust for the Company and the Company is entitled to enforce its rights in respect of such Assets in the name of the Council.
- 11.2 **Additional assets and liabilities:** Subject to clause 10, after Completion, the Council and the Company will use all reasonable endeavours to identify any asset or contract held by the Council that:
- (a) is necessary for the Company to carry on the Business after Completion in a manner consistent with how the Business was carried on during the 12 months prior to Completion; and/or
 - (b) primarily relates to the provision of the Transferring Water Services,

other than an Excluded Asset ("**Further Item**"), by 1 July 2030 ("**Target Date**"). If the Council or the Company identifies such a Further Item (whether before or after the Target Date), then the parties may agree to transfer the Further Item (subject to obtaining any applicable counterparty consent on terms satisfactory to both the Council and Company), for consideration determined by the parties consistent with how the consideration was determined for the Assets and Obligations (and clause 8 will apply to the transfer of such Further Item, with such amendments as necessary in the context of the transfer of the Further Item). If the parties cannot agree on such value, the expert determination process in clause 8.2(b) of Schedule 2 will apply, with appropriate changes to reflect the determination required by this clause.
- 11.3 **Receipt of post-Completion amounts:** On and from Completion, the Company shall be entitled to receive and retain all amounts payable in respect of the Assets and Assumed Contracts. The Council shall make such payments to the Company as are necessary to give effect to the preceding sentence and until such payments are made shall hold the relevant amounts on trust for the Company. The Council shall promptly provide to the Company such information as is necessary to enable the Company to calculate amounts payable under this clause. The Council shall use all reasonable endeavours to ensure that the amount of each payment to be made under this clause is determined, and paid, as quickly as possible.
- 11.4 Post-Completion wash-up:
- (a) The parties acknowledge that:
 - (i) the Settlement Amount is calculated on the basis of the Council's best estimate of its Council Water Infrastructure Debt; and
 - (ii) each of the Council's share of Establishment Costs, the Council's Establishment Funding Share and any Transitional Activity Costs is calculated on the basis of the Council's best estimate of those amounts,

as at the date of the Council Debt Notice.
 - (b) Within six months of the Completion Date, the Council will give a further notice ("**Final Debt Notice**") to the Company setting out the actual amount of its Council Water

Infrastructure Debt, the Council's share of Establishment Costs, the Council's Establishment Funding Share (including interest incurred by the Council on the Council's Establishment Funding Share) and any Transitional Activity Costs (together, the "**Final Debt Amount**") as at the Completion Date, including sufficient detail for the Company to be able to verify the Final Debt Amount payable by the Company, including at such dates agreed under clause 1.1(b)(i) of Schedule 2A.

- (c) The Final Debt Notice will also include the amount of the difference between the Settlement Amount and the Final Debt Amount ("**Difference**"), which, if the Settlement Amount is greater than the Final Debt Amount, will be repayable by the Council to the Company, and if the Settlement Amount is less than the Final Debt Amount, will be payable by the Company to the Council, in accordance with subclause (e) below.
- (d) As soon as practicable after receipt of the Final Debt Notice:
- (i) the Company shall notify the Council about whether the Company agrees with the Final Debt Notice or whether it wishes to verify the amount(s) set out in the Final Debt Notice, and if yes, the reasonable time period required by the Company to do so the Council will promptly provide all reasonable assistance to the Company in respect of any further information requested or any verification or audit which the Company wishes to undertake.
 - (ii) if the Company notifies the Council that it wishes to verify the amount(s) set out in the Final Debt Notice, the Company will complete its verification within the reasonable time period notified to Council under subclause (d)(i) (or such other period agreed in writing with the Council), and notify the Council of such completion and whether it agrees with the Final Debt Notice following verification or request for additional information.
 - (iii) if, following verification under subclause (d)(ii), the Company notifies Council that it does not agree with the amount of the Final Debt Notice, the Company will provide notice in writing to the Council, after which the parties will discuss and endeavour to agree the amount of the Council Water Infrastructure Debt within 10 Business Days after receipt of that notice (or such longer period as is agreed between the parties in writing). If the parties cannot agree the amount of the Council Water Infrastructure Debt in that period, the Company may, by notice in writing to the Council, refer the matter for expert determination in accordance with clauses 8.2(b)(i) to (vi) of Schedule 2 (applied with the necessary amendments to make those clauses applicable to the determination of the Council Water Infrastructure Debt).
- (e) Within 10 Business Days of the later of:
- (i) Notice that the Company agrees with the Final Debt Notice under subclause d(i);
 - (ii) Notice that the Company agrees with the Final Debt Notice following verification under subclause (d)(ii) above; and
 - (iii) if applicable, the Final Debt Amount being agreed or determined in accordance with subclause (d)(iii),

the relevant party with the payment obligation under subclause (d) above will pay the Difference to the other.

- 11.5 **Company to provide information:** Following Completion, the Company shall permit the Council such access to its records as shall be reasonably necessary to enable the Council to complete tax returns and to comply with other statutory obligations of the Council relating to the Business and/or the provision of the Transferring Water Services.
- 11.6 **Council to provide information:** Following Completion, the Council shall permit the Company to have access to its records, and to take copies thereof, for the purpose of conducting the Business or complying with other statutory obligations of the Company relating to the Business, the Responsibilities and/or the provision of the Transferring Water Services.
- 11.7 **Transition support:** Without limiting either party's other rights and obligations under this agreement, if, following Completion, the Company identifies any issues relating to any of the Assets that have been assigned or transferred to the Company, then the Company may seek the Council's assistance in resolving such issues. The parties will promptly discuss the issues identified by the Company and measures to resolve those issues, including the Council's role in such resolution (for example, without limitation, by way of the Council providing additional information or other assistance to the Company under the Post-Completion Services Agreement). The Council shall use its reasonable endeavours to assist the Company to resolve such issues (as agreed).

12. WARRANTIES AND INDEMNITIES

- 12.1 **Warranties:** In consideration of the Company entering into this agreement, the Council warrants to the Company, as at the Completion Date, that:
- (a) the Assets:
 - (i) are the absolute property of, and under the control of, the Council; and
 - (ii) are not subject to any Encumbrance;
 - (b) the Assumed Contracts and Deferred Contracts are valid, binding and enforceable in accordance with their terms, and the Council is not, nor will it be at Completion (or, in respect of the Deferred Contracts the date on which the relevant Deferred Contract is transferred to the Company), in breach, in any material respect, of any such contracts; and
 - (c) the Council is not in breach, in any material respect, of any of the Responsibilities.
- 12.2 **Qualifications:** The Warranties are given subject to:
- (a) any exception or qualification fairly disclosed in any formal disclosure letter given by or on behalf of the Council to the Company before execution of this agreement by the Company (disclosure will be considered to have been made if the matter is included in the approved Council water services delivery plan); and
 - (b) any matter or thing done or omitted to be done in accordance with any provision of this agreement or at the request, or with the prior approval, of the Company.
- 12.3 **Company Acknowledgement:** The Company acknowledges and agrees that:
- (a) the Assets are sold on a strictly "as is where is" basis; and

- (b) the Council has not made any statement, representation or warranty (express or implied) as to, and the Company has no claim against the Council in respect of, the fitness, quality, condition or state of repair of any of the Assets.

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**APPENDIX 1 – MATTERS TO BE TRANSFERRED
(NOTING THAT LAND ASSETS ARE ADDRESSED IN SCHEDULE 2B)**

Introduction: This Appendix must be read in conjunction with Schedule 2B and clause 1.2 of Schedule 2. The overarching transfer principle is that all assets that primarily relate to the Transferring Water Services will transfer to the Company; this includes all underground pipes and fittings, plant or equipment owned by Council (including those fixtures, plant or equipment recorded in Council's fixed asset register as at 2 Business Days before Completion).

FLEET AND MISCELLANEOUS ASSETS

Description	Year	Asset function	Registration
Boat (Sewage)	Unknown	Boat	N/A
Camera (Wastewater)	2009	Camera	N/A
CCTV	2021	Camera	N/A
Concrete Saw Stihl	2014	Concrete Saw	N/A
Concrete Saw Stihl	2014	Concrete Saw	N/A
Concrete Saw Stihl	2012	Concrete Saw	N/A
Crane Maxilift	2022	Crane (Mounted on Ute)	On QSJ900
Crane Maxilift	2022	Crane (Mounted on Ute)	On RME475
Crane Maxilift	2023	Crane (Mounted on Ute)	On RMW653
Crane Mimico	2025	Crane (Mounted on Ute)	On RFG909
Crane Mimico	2025	Crane (Mounted on Ute)	On RFG912
Excavator SK20SR Kobelco (Digger)	2014	Digger	HRR976
Generator Honda	2013	Generator	N/A
Combi Engine Stihl KM94	2016	Other	N/A
Smoke Maker	2006	Other	N/A
Tripod for Confined spaces	2021	Other	N/A
Welder - PE Electro fusion	2018	Other	N/A
Flexi Drive Pump Condor	2019	Pump	N/A
Flexi Drive Pump Condor	2019	Pump	N/A
Flowmaster 250DL Flow Meter	2021	Pump	Serial No. 3455-01
Pressure Polypump Bertolini	2011	Pump	N/A
Pump Chemical - Reticulation	2021	Pump	N/A
Trash Pump Honda WT30XK4UD	2017	Pump	N/A
Cable Locator	2024	Tools	N/A
Torque Drill	Unknown	Tools	N/A
Fuel trailer tank - Diesel Ensol	2024	Trailer	808U8
Tandem Trandem - Gibbons - generator trailer	2020	Trailer	70Z99
Trailer Lochiel 3.5T Trailer for Kobelco	2014	Trailer	Z219H
Trailer Tipper Trailer	2012	Trailer	T880L
Trailer Tipper Trailer	2012	Trailer	T877Q

Description	Year	Asset function	Registration
Trailer Tumble Tipper	2006	Trailer	H945R
Trailer Tumble Tipper	2006	Trailer	H946R
Trailer Tumble Tipper	2007	Trailer	L187P
Trailer, Tumble Tipper	2007	Trailer	L315A
Trailer with Waterblaster - has coupling	2004	Trailer	D871K
Trailer, Sewage Boat	2001	Trailer	S740Y
Isuzu NPR325 (AMT)	2024	Truck	QQS518
Truck Isuzu NPR 325 M	2019	Truck	MSH462
Toyota Hilux C/C Ute	2024	Ute	QSJ899
Toyota Hilux D/C Ute	2024	Ute	QSJ890
Toyota Hilux Ute	2024	Ute	QSJ900
Toyota Hilux Ute	2024	Ute	QSJ898
Toyota HiLux Ute	2025	Ute	RFG909
Toyota HiLux Ute	2026	Ute	RFG912
Isuzu D Max Space Cab Chassis Ute	2025	Ute	RMW475
Isuzu D Max space Cab Chassis Ute	2025	Ute	RMW652
Isuzu D Max Space Cab Chassis Ute	2025	Ute	RMW653
Toyota HiLux Ute	2025	Ute	RHP817
Toyota Hilux Ute d/c wellside	2024	Ute	QSJ889
Toyota Hilux Ute d/c wellside	2024	Ute	QSJ895
Toyota Hilux Ute d/c with deck	2024	Ute	QSJ894
Ute Mitsubishi Triton GLX 2.4 C/C Chassis 4WD	2021	Ute	NWN418
Ute Mitsubishi Triton GLX 2.4 D/C Chassis 4WD	2021	Ute	NWN413
Van Hyundai I Load Van Automatic	2020	Van	MTC212
Van Hyundai I Load Van Automatic	2020	Van	MTC229

OBLIGATIONS

A ASSUMED CONTRACTS

In accordance with clause 6.6 of Schedule 2, the parties are agreed that further work is required to identify all Assumed Contracts. The below will be reviewed and amended, if necessary, prior to Completion¹.

Contract name/description			
	Contract Number	Contract Name	Contract Type
1.	3/23/2353	Design and Construction of the Te Aroha Wastewater Treatment Plant Screen	Capital (NZS:3916)
2.	2245	Sewer Line Renewals	
3.	2269	Water Line Renewals	Capital (NZS:3916)
4.	CM3028214	Electricity – Time of Use (TOU) & DUML (Streetlights)	Relevant ICPs
5.	CM3016768	Electricity – Non-Half Hour (NHH, Non-TOU) Service Order	Relevant ICPs
6.		Pest Management Services (partial novation)	Operations
7.	3/23/2317	Waihou Engineering and Mechanical Services (partial novation)	Contract for Services
8.	2311	Electrical Maintenance Water and Wastewater	Contract (NZS 3917)
9.	2362	Services in connection with District Wide Sampling (partial novation)	Short Form
10.	-	Service Level Agreement between WLASS (Co-Lab) and MPDC	Operations
11.	-	Industrial Trade Waste Discharge Deed (Fonterra Co-Operative Group Limited)	Trade Waste
12.	-	Industrial Trade Waste Discharge Agreement (Ixom Operations PTD Limited (NZ Branch))	Trade Waste
13.	-	Industrial Trade Waste Discharge Deed (Greenlea Premier Meats Limited)	Trade Waste
14.		Industrial Trade Waste Discharge Deed (Evonik Peroxide Limited)	Trade Waste
15.	-	Water Supply Agreement (Low Walker Te Aroha Ltd)	Bespoke
16.	-	Water Supply Agreement (Fonterra)	Bespoke
17.	-	Water Supply Agreement (Inghams)	Bespoke

¹ At the time of entry into this agreement (June 2026), certain remain under review and will be addressed in accordance with clause 6.6 of Schedule 2. These matters will be addressed as part of the pre-completion activity, with the transfer principles guiding decision making.

Contract name/description			
	Contract Number	Contract Name	Contract Type
18.	-	Water Supply Agreement (Matamata Country Club Limited)	Bespoke

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RESPONSIBILITIES

A) STATUTORY RESPONSIBILITIES

	Statutory Responsibilities	Reference
1.	Responsibility for the provision, operation and management of drinking water and wastewater services in the district of the Council to the extent permitted by law.	Section 9, LG(WS) Act
2.	Compliance with provider level drinking water obligations – including reporting to regulator.	Water Services Act 2021
3.	Compliance with environmental obligations for wastewater – including reporting to regulator.	Resource Management Act
4.	Compliance with the requirements that apply to a water services provider (of drinking water and wastewater)	LG(WS) Act, Commerce Act

B) OPERATIONAL RESPONSIBILITIES

Operational Responsibilities	Reference
All operational aspects of drinking-water and wastewater services, including running and maintaining assets, ensuring regulatory compliance, managing customer connections, and responding to faults and emergencies.	LG(WS) Act, Water Services Act 2021

C) MANAGEMENT RESPONSIBILITIES

Management Responsibilities	Reference
Managing the delivery of drinking-water and wastewater services, including oversight of service performance, asset and contractor management, workforce management, operational compliance, and risk and incident management.	LG(WS) Act

D. RESOURCE CONSENTS

	Site Name	IRIS ID	Activity Type	Activity Subtype	Description
1.	Te Aroha WS	AUTH104581.01.01	Water Permit	Surface water take	Take water from the Pohomihi Stream and two tributaries of the Pohomihi Stream for municipal water supply purposes
2.	Te Aroha WS	AUTH107391.01.01	Discharge Permit	Water - other	Discharge water to the Pohomihi Stream from a water reservoir in association with municipal water supply purposes. Raw water open reservoir, located in a bush catchment
3.	Te Aroha WS	AUTH104580.01.01	Water Permit	Surface water take	Take water from the Tutumangao Stream for municipal water supply purposes
4.	Te Aroha WS	AUTH104578.01.01	Water Permit	Surface water take	Take water from the Tunakohoa Stream tributary for municipal water supply purposes
5.	Te Aroha WS	AUTH109740.01.02	Water Permit	Surface water take	Take up to 10,000 cubic metres per day of water from the Waihou River for the Te Aroha municipal water supply purposes
6.	Te Aroha WS	AUTH104583.01.01	Discharge Permit	Water - other	Discharge up to 500 cubic metres of water per day to the Lipsy (Tutumangao) Stream for water treatment operation purposes
7.	Waihou WWTP	AUTH120703.01.02	Discharge Permit	Water - sewage	Discharge treated wastewater into the Waihero Stream, at a maximum of 250 cubic metres per day
8.	Morrinsville WWTP	AUTHW0097.01.01	Water Permit	Dam	Construction of earth dam and oxidation pond for treating sewage
9.	Te Poi WS	AUTH118256.01.02	Water Permit	Surface water take	Take water from the Waiomou Stream
10.	Tahuna WWTP	AUTH118187.01.02	Discharge Permit	Water - sewage	Discharge up to 70 cubic metres per day of treated municipal wastewater from the Tahuna WWTP into the Tahuna Stream
11.	Matamata WWTP	AUTH146671.01.01	Land Use Consent	Land - deposit	To discharge cleanfill onto land
12.	Matamata WS	AUTH121950.01.01	Water Permit	Ground water take	To take groundwater from a production bore (located no. 72_448)
13.	Matamata WS	AUTH119179.01.01	Water Permit	Ground water take	To take groundwater from two production wells (located no.s 72_4434 and 64_511)

	Site Name	IRIS ID	Activity Type	Activity Subtype	Description
14.	Matamata WS	AUTH123349.01.02	Water Permit	Use	To use groundwater for Municipal supply purposes
15.	Matamata WS	AUTH121951.01.02	Water Permit	Use	Use groundwater for municipal supply (Matamata Township)
16.	Matamata WS	AUTH133023.01.03	Water Permit	Ground water take	To take groundwater from production bore 72_10250 for municipal supply purposes
17.	Morrinsville WS	AUTH126657.01.02	Water Permit	Ground water take	Take groundwater for municipal supply to Morrinsville
18.	Te Aroha WWTP	AUTH121968.01.01	Discharge Permit	Discharge to land	Discharge contaminants (via seepage) to land & groundwater from the Te Aroha Wastewater Treatment Plant
19.	Te Aroha WWTP	AUTH120309.01.01	Discharge Permit	Discharge to water	Discharge up to 7000 cubic metres per day of treated effluent from the Te Aroha Wastewater Treatment Plant to the Waihou River, and associated discharge of contaminants (odour) to air
20.	Matamata WS	AUTH104409.01.01	Land Use Consent	Land - well	Construct a well for water supply purposes
21.	Te Aroha WWTP	AUTH113792.01.01	Land Use Consent	Bed - structure	Install a rock filter wastewater outfall on the bed and bank of the Waihou River
22.	Te Aroha WS	AUTH107395.01.01	Land Use Consent	Bed - structure	Occupy the bed of the Tutumangao Stream, by way of a water intake weir, for public water supply purposes, Te Aroha
23.	Te Aroha WS	AUTH107398.01.01	Land Use Consent	Bed - structure	Occupy the bed of the Lipsy (Tutumango) Stream, by way of a discharge structure, for public water supply purposes, Te Aroha
24.	Matamata WWTP	AUTH118688.01.01	Land Use Consent	Bed - structure	Undertake earthworks including soil disturbance activities with subsequent discharge of contaminants to water in association with bed disturbance activities, filling, use & occupation of the bed of the Mangawhero Stream

	Site Name	IRIS ID	Activity Type	Activity Subtype	Description
25.	Waihou WWTP	AUTH120705.01.01	Land Use Consent	Bed - structure	Place, use and maintain an existing outfall structure in the bank of the Waiwhero Stream
26.	Matamata WS	AUTH119919.01.01	Land Use Consent	Bed - structure	Use & maintain an intake structure on the bed of the Waiteariki Stream for municipal water supply purposes
27.	Matamata WS	AUTH119920.01.01	Land Use Consent	Bed - structure	Use & maintain a discharge structure on the bank of the Waiteariki Stream for municipal waste supply purposes
28.	Matamata WS	AUTH119917.01.02	Water Permit	Surface water take	Take up to 4,400m ³ per day of water from the Waiteariki Stream for municipal water supply purposes
29.	Matamata WS	AUTH119918.01.01	Discharge Permit	Water - other	Discharge treated backwash water from the Matamata Water Treatment Plant to the Waiteariki Stream
30.	Morrinsville WS	AUTH120722.04.01	Land Use Consent	Bed - structure	Use and maintain an intake structure within the Topehaehae Reservoir for Morrinsville municipal water supply
31.	Morrinsville WS	AUTH120720.02.02	Water Permit	Surface water take	Take up to 12,000 cubic metres per day of water from the Topehaehae Stream
32.	Morrinsville WS	AUTH120718.01.01	Water Permit	Dam	Dam and divert the Topehaehae Stream in association with the Morrinsville municipal water supply
33.	Morrinsville WS	AUTH120724.05.01	Discharge Permit	Water - other	Discharge backwash water from a water treatment plant to the Topehaehae Stream
34.	Morrinsville WS (lockerbie)	AUTH142378.01.02	Water Permit	Ground water take	Take ground water from a bore and utilise for municipal purposes
35.	Hinuera WS	AUTH143383.01.01	Water Permit	Ground water take	Ground water take for municipal supply purposes
36.	Tahuna WS	AUTH147471.01.01	Land Use Consent	Land - well	to construct, use and maintain 2 wells for municipal water supply
37.	Morrinsville WWTP	AUTH145395.01.01	Land Use Consent	Land - well	To construct, use and maintain a well for groundwater monitoring
38.	Tahuna WS	AUTH146551.01.01	Land Use Consent	Land - well	to construct, use and maintain two wells for municipal water supply, a pilot bore and a production bore

	Site Name	IRIS ID	Activity Type	Activity Subtype	Description
39.	Matamata WS	AUTH141153.01.01	Land Use Consent	Land - well	construct, use and maintain 2 wells for municipal water supply purposes
40.	Matamata WWTP	AUTH110031.01.02	Discharge Permit	Water - sewage	Discharge treated municipal effluent to the Mangawhero Stream
41.	Matamata WWTP	AUTH118686.01.01	Discharge Permit	Air - other	Discharge contaminants into the air from all activities associated with the Matamata Sewage Treatment Plant
42.	Morrinsville WWTP	AUTH138410.01.01	Discharge Permit	Land - sewage	To discharge waste activated sludge to Pond C and the associated discharge of contaminants to air, at the Morrinsville Wastewater Treatment Plant, Morrinsville.
43.	Morrinsville WWTP	AUTH118888.01.01	Discharge Permit	Air - other	Discharge of contaminants to air, being principally odour from operations of the wastewater treatment plant, sludge dewatering and ponds
44.	Morrinsville WWTP	AUTH118887.01.01	Discharge Permit	Land - sewage	Discharge contaminants from sludge, waste activated sludge and wastewater from the Morrinsville WWTP onto and into land via seepage from Ponds A,B and C
45.	Morrinsville WWTP	AUTH118885.01.02	Discharge Permit	Water - other	Discharge of treated industrial and municipal wastewater from the Morrinsville WWTP into a tributary of the Piako River known as the Totara Gully Stream
46.	Morrinsville WWTP	AUTH119563.01.01	Discharge Permit	Water - other	Discharge of drainage water from a toe drain of the Pond C dam, into the Totara Gully Stream
47.	Morrinsville WWTP	AUTH118886.01.01	Discharge Permit	Water - other	Discharge of treated industrial and municipal wastewater, screened high-flow bypasses, stormwater and associated contaminants from the Morrinsville WWTP Pond (Pond C) into the Piako River

	Site Name	IRIS ID	Activity Type	Activity Subtype	Description
48.	Morrinsville WWTP	AUTH118889.01.01	Land Use Consent	Bed - structure	Placement, use and maintenance of two existing wastewater discharge outfall structures on and over the beds of the Totara Gully Stream and the Piako River
49.	Hinuera WS	AUTH148207.01.01	Land Use Consent	Land - well	To construct and maintain two wells for municipal water supply and two wells for groundwater monitoring purposes
50.	Morrinsville WS	AUTH142551.01.01	Discharge Permit	Land - Other	Discharge water from pipeline scouring containing iron / manganese to land and the Topehaehae stream.
51.	Tahuna WS	AUTH148467.01.01	Water Permit	Ground water take	Ground water take for the municipal water supply for the township of Tahuna
52.	Te Aroha WS	AUTH148175.01.01	Land Use Consent	Bed - structure	To install and use a water intake structure
53.	Te Aroha WS	AUTH148175.02.01	Water Permit	Surface water take	To divert ground water and take surface water for dewatering purposes

E) IWI AND HAPŪ RESPONSIBILITIES

The parties acknowledge that there are very important relations in place between Council and iwi/hapū as well as significant Treaty settlements that have been entered into that are relevant to how water services will be delivered by the Company. There are also related agreements, arrangements and mechanisms such as, for example, joint management agreements, relationship agreements and specific arrangements with iwi/hapū in relation to particular areas or water services projects.

Although not required in a transfer agreement, the Company acknowledges:

- a) the significance of these relationships, Treaty settlements and arrangements. The detail of these is not addressed in this transfer agreement as the matters are not “transferring” but are of relevance to the Company in the context of its water services activities;
- b) it is obliged to act in a manner consistent with Treaty settlement obligations as set out in the LG(WS) Act and is committed to working with iwi/hapū and the Council to develop a shared understanding of what this requires in practical terms. This includes understanding how these obligations apply to the Company’s work, and to ensure the Company respects and upholds the relevant commitments.

This above will form part of the enduring relationship between the Company, iwi/hapū and the Council. Further work is underway to provide detail on the practical aspects of this.

APPENDIX 2

MATTERS TO NOT BE TRANSFERRED

EXCLUDED ASSETS

Excluded Assets	
	Nil

EXCLUDED CONTRACTS

	Contract No.	Contract Name	Contract Type
1.	3/23/2369	Matamata Wastewater Treatment Plant Upgrade: Supply of Inlet Works Equipment and Peripherals	Capital (NZS:4911)
2.	3/23/2378	Matamata Wastewater Treatment Plant Upgrade: Main Civil Works	Capital (NZS:3910)
3.	-	Short Form Agreement for Consultant Engagement with Cerulean Consulting in relation to the Matamata WWTP Upgrade	Capital (Professional Services)
4.	10108	Engineers Representative & Construction Monitoring – Matamata WWTP Upgrade	Capital (Professional Services)
5.	3/23/2402	Rolleston Street Te Aroha Water Intake Upgrade /	Capital (NZS:3910)
6.	2/23/2368	Matamata Wastewater Treatment Plant Upgrade: Supply of Membrane System Equipment and Peripherals	Capital (NZS:4911)

Excluded Obligations	
1.	Nil
2.	

EXCLUDED RESPONSIBILITIES

	Excluded Responsibilities	Reference
1.	Delivery of Stormwater Services	
2.	N/A	

EXCLUDED RESOURCE CONSENTS

	Excluded resource consents	Reference
	Nil	

SCHEDULE 2A
SETTLEMENT AMOUNT

1. PRINCIPLES FOR ESTABLISHING THE NET DEBT CALCULATION

- 1.1 The intent is that the Company either:
- (a) pays the Council an amount equal to:
 - (i) the Council Water Infrastructure Debt;
 - (ii) the Council's share of the Establishment Costs;
 - (iii) the Council's Establishment Funding Share, including interest incurred by the Council on the Council's Establishment Funding Share; and
 - (iv) any Transitional Activity Costs;in each case to the extent actually paid to the Company or a third party by the Council, and not previously repaid to the Council); or
 - (b) agrees with the Council in writing that:
 - (i) the Council will retain some or all of its Council Water Infrastructure Debt until future date(s) agreed with the Company, on which the Company will pay the Council the amount of that retained Council Water Infrastructure Debt;
 - (ii) the Company will pay the Council an amount equal to the Council's Council Water Infrastructure Debt (less the amount that will be retained by the Council under subclause 1.1(b)(i) above), the Council's share of the Establishment Costs, and the Council's Establishment Funding Share (to the extent actually paid to the Company and not previously repaid to the Council); and
 - (iii) the Company will meet such costs of the Council in retaining the Council Water Infrastructure Debt under subclause 1.1(b)(i) above, as agreed and specified in writing between the parties.
 - (c) The Council will be responsible for paying its creditors and collecting its receivables balances at the Completion Date.
 - (d) The Council will remain responsible for the provision of the Transferring Water Services until the Completion Date, but will not incur debt amounts greater than those projected in the Council's long-term plan in place on the date of the Shareholders' Agreement (notwithstanding any subsequent amendments to such long-term plan after that date).

2. COUNCIL WATER INFRASTRUCTURE DEBT DETERMINATION

- 2.1 The Company will be given the opportunity to engage with the Council in advance of the Council Debt Notice being provided pursuant to clause 6.1(f) of Schedule 2.

2.2 The Parties accept that should any issue arise in relation to that Council Debt Notice, there may be insufficient time to resolve this. Any unresolved matters arising in relation to the Council Debt Notice will be documented and considered as part of the Final Debt Notice, as provided for in Schedule 2.

3. SETTLEMENT AMOUNT CALCULATION

3.1 The amount payable by the Company to the Council for the purpose of clause 7.2(a) of Schedule 2, will be calculated by the following statement being completed in advance of the Calculation Time.

	Item	Information source	Amount
A.	Water Infrastructure Debt	Amount of Water Infrastructure Debt set out in the Debt Notice provided by the Council pursuant to clause 6.1(f), Schedule 2. The Debt Notice will include a list of any debt instruments transferring to the Company as Water Infrastructure Debt, together with any agreed accounting for working capital adjustments.	\$(to be included]
A.1	(Less any debt retained by Council in accordance with clause 1(a)(ii) of this Schedule 2A)	As per clause 1(a)(ii) above, any agreement between the Company and Council in relation to the Council retaining Water Infrastructure Debt will be agreed in writing and the Water Infrastructure Debt reduced accordingly.	\$(to be included]
B.	Share of Establishment Costs	Specific amount paid by Council to be included	\$Amount per Council as agreed in advance to be included
C.	Establishment Funding Share	Specific amount to be included per SHA	\$Amount per Council as agreed in advance to be included
D.	Transitional Activity Costs	Agreed methodology for calculating this category of cost is set out in clause 4 below of this Schedule 2A.	\$Amount per Council as agreed in advance to be included
	Total		\$(X]

4. TRANSITIONAL ACTIVITY COSTS

- 4.1 The Transitional Activity Costs will be calculated in accordance with this clause 4.
- 4.2 The Company will repay Council for transitional activity costs incurred from the date of the Company being incorporated until the Completion Date where the costs are directly incurred for the purpose of readying the Council to transition its water services to the Company and for costs accrued at Completion in relation to the period after Completion which directly relate to post-completion matters in the Transfer Agreement (including the preparation of the Final Debt Notice), provided such accrued costs were not reasonably capable of being incurred prior to Completion and are supported by reasonable detail, and in all other respects meet the requirements of 4.3(a), unless the parties otherwise agree.
- 4.3 The transitional activity costs up to Completion include incremental costs incurred (or accrued) by the Council relating to:
- (a) Providing input and support for the establishment activity carried on by the Company in accordance with the Establishment Strategy and the underlying establishment plan (being the establishment plan approved by the parties in and around July 2025) (including the supply of information, staff attendance at workshops, executive input to cross organisational programmes of work, preparation of legal agreements between Council and the Company).
 - (b) Organisational change management within Council to plan and prepare for changes to Council role and functions in preparation for the transfer of Waters Services to the Company.
 - (c) Management of redundant resources and costs as a result of organisational changes (employee redundancy cost, stranded overheads) subject:
 - (i) such costs not already being included in Council Water Infrastructure Debt
 - (ii) Council making reasonable efforts to redeploy or eliminate redundancy costs
 - (iii) Council only including redundancy costs that relate to resources used by the waters business (on a business-as-usual basis) and on a proportional basis (i.e. only to the extent they relate to water services). Excludes redundancy payments for employees no longer required by Council where less than 20% of the role of the employee is attributable to Water Services.

SCHEDULE 2B

TRANSFER TERMS AND CONDITIONS

1. PURPOSE

1.1 **Purpose of Schedule 2B:** This Schedule 2B provides for the terms of the transfer from the Council to the Company of the Assets comprising land, plant and equipment identified in:

- (a) Appendix 1 to this Schedule ("**Land Assets**");
- (b) Appendix 2 to this Schedule ("**Reserve Land Assets**");
- (c) Appendix 4 to this Schedule ("**Access Terms Assets**"); and
- (d) Appendix 5 to this Schedule ("**Road Reserve Assets**"),

together the "**Property Assets**".

2. LAND ASSETS TO BE TRANSFERRED

2.1 **Schedule 2 to apply:** The provisions of this Schedule 2B apply in relation to Property Assets. To the extent applicable, the general provisions of Schedule 2 apply also to the Property Assets and to the transfer of those Property Assets from the Council to the Company under this Schedule 2B.

2.2 **Land Assets:** The parties enter into this agreement and the Council agrees to transfer the Land Assets to the Company under section 50 of the Public Works Act 1981 ("**PWA**"), on the basis that:

- (a) the Council is a local authority for the purposes of section 2 of the PWA;
- (b) the Council currently holds the Land Assets for an existing public work (water and wastewater services purposes);
- (c) the Company will become a local authority under the PWA on the Completion Date;
- (d) the Company requires the Land Assets for a public work (the Transferring Water Services) for which the Company will hold Statutory Responsibilities;
- (e) as the Land Assets are required by the Company for a public work (Transferring Water Services), pursuant to section 40(1)(b) of the PWA, the Council is not required to offer back the Land Assets to the previous owner of the Land Assets under sections 40 to 42 of the PWA (those obligations now transferring to the Company);
- (f) any rights to have the Land Assets offered back pursuant to sections 40 to 42 of the PWA remain with the persons from whom the Land Assets were originally acquired for a public work and not the Council; and
- (g) any future obligation to offer all or any part of the Land Assets back to a former owner pursuant to section 40 of the PWA will rest with the Company and not the Council. If required by clause 3 of Schedule 9 of the Local Government Act 2002 ("LGA"), a caveat will be registered to protect any former owner's interest.

3. DEALINGS WITH LAND

- 3.1 If the Company, at any time following Completion, intends to dispose of the whole or any part of its estate or interest in the Land Assets or Reserve Land Assets transferred as the Company no longer requires it for a public work, then:
- (a) the Company must notify the Council and will offer it back to the Council on terms decided by the Board; and
 - (b) the Council may accept or negotiate the offer from the Company. If the Council does not wish to have the land returned, they will provide the Company notice of this within 10 working days of the Company's notice.
- 3.2 **As is Where is:** The Council shall transfer the Land Assets to the Company, and the Company shall receive the Land Assets free of any Encumbrances from the Council, in accordance with this agreement. To avoid doubt, subject to the requirement to procure the withdrawal or discharge of Encumbrances as set out in clause 12.1 of Schedule 2 to the Transfer Agreement, the Property Assets shall otherwise transfer on an "as is, where is" basis and the Council is not required to procure the withdrawal or discharge of any registered or unregistered interests or memorials from Records of Title to the Land Assets.
- 3.3 **Reserve Land Assets:** In respect of the Reserve Land Assets, the parties enter into this agreement and the Council and the Company agree to take all steps necessary to make an application to Land Information New Zealand ("LINZ") to arrange for the Reserve Land Assets to be set apart for applicable Transferring Water Services purposes under section 52 of the PWA and vested in the Company under sections 50 and 20(1) of the PWA on the basis that:
- (a) the Council holds the Reserve Land Assets as a public reserve; and
 - (b) those matters referred to in subclauses 2.2(c) to 2.2(g) above apply also in respect of the Reserve Land Assets.
- 3.4 **Condition subsequent:** The parties acknowledge that the Company will become a local authority for the purposes of the PWA when the Statutory Responsibilities are transferred to the Company under this agreement and therefore, that the matters in clause 2.2 above are conditional (as a condition subsequent) on the transfer of the Statutory Responsibilities to the Company on the Completion Date.
- 3.5 **Interim obligations:** Between the date of this agreement and the later of Completion or registration of the declaration or transfer instrument, the Council shall (in addition to complying with its obligations in clause 6 of Schedule 2):
- (a) maintain all Property Assets in good repair and condition; and
 - (b) not acquire any new Property Assets or dispose of, vary or otherwise in any way deal with any of the Property Assets, unless otherwise agreed between the Council and the Company.
- 3.6 **Additional Land Assets:** The parties acknowledge that clause 6.6 of Schedule 2 also applies to any additional interests in land held by the Council.
- 3.7 **Specific pre-Completion obligations:** Without limiting the obligations of the Council to ensure that the Property Assets are capable of transfer to the Company on the Completion Date or to otherwise perfect the transfers intended by this agreement, the Council will, at its own cost (including meeting any third party costs) and in accordance with this clause 2.8 of this Schedule 2B, carry out and complete the

following actions promptly following entry into this agreement and in any event within a reasonable time prior to the Completion Date:

Matamata Water Treatment Plant (Tills Road)

- (a) The Council owns and operates the Matamata Water Treatment Plant located on conservation land in Section 1 Survey Office Plan 57454 pursuant to a concession agreement with the Department of Conservation with BP-22584-OTH ("**Concession**"). The parties acknowledge that they have lodged an application with the Department of Conservation to assign the Concession from the Council to the Company and agree that the Matamata Treatment Plant (Tills Road) transfers to the Company in accordance on the later of:
- (i) the Completion Date; or
 - (ii) the date on which the Concession is assigned from the Council to the Company.
- (b) If the date of the assignment of the Concession is after the Completion Date, the Council shall grant to the Company, with effect from Completion, licence rights over the Concession on the licence terms set out in Appendix 3 to this Schedule 2B.

Title corrections

- (c) There are various records of title and instruments held in the name of various County Councils or Borough Councils, being entities which pre-date the Council. The Council will procure that the registered owner or party to each of these are updated and/or vested by way of departmental dealing (or otherwise) so that legal ownership is recorded in the name of the Council:

3.8 General obligations and process:

- (a) **Approvals:** Where any plan, instrument, document, act, matter or thing referred to in clause 2.7 or clause 2.20 is to be approved by, or satisfactory or acceptable to, the Company or any other similar language is used, the Council will provide the Company with:
- (i) a copy of the relevant document or otherwise provide detail of the applicable matter ("**Approval Item**");
 - (ii) any other information reasonably required by the Company relevant to the Approval Item; and
 - (iii) the timeframe within which the Council requires a response from the Company (which must be reasonable in the circumstances).

Where the Company (acting reasonably) objects to or raises concerns regarding the Approval Item within the reasonable timeframe stipulated, the Company and the Council must, each acting promptly, reasonably and in accordance with this agreement, meet to discuss and agree on amendments to the Approval Item in order to resolve the Company's concerns. The Council will, following such agreement, proceed in accordance with the (amended and approved) Approval Item.

- (b) **Third party actions, consents or approvals:** Where any plan, instrument, document, act, matter or thing referred to in clause 2.7 or clause 2.20 requires the approval, consent or action of a third party (including, without limitation, the registered owner or a third party with an

- interest in the land), the Council will (at its cost) procure that such third party provides its approval, consent or otherwise undertakes the necessary action.
- (c) **Actions:** The Council shall otherwise do all things necessary, including executing all documents and obtaining all regulatory and third-party consents, to give effect to its obligations in clause 2.7 and/or clause 2.20 (as applicable).
- (d) **Updates and notification:** The Council will keep the Company regularly (no less than once a month) updated on its actions and progress in complying with its obligations under clause 2.7, notify the Company when an obligation has been completed and provide the Company with relevant documents (such as updated records of title evidencing registration) and such other information as the Company may reasonably require as requested by the Company from time to time.
- 3.9 **Completion:** On Completion under this agreement and in consideration for the Settlement Amount, title to, risk to, and possession of, the Property Assets shall be given by the Council and accepted by the Company.
- 3.10 **Legalisation:** The transfer of the Land Assets will, at the Company's election, be legalised either by:
- (a) declaration under sections 20(1) and 50 of the PWA; or
- (b) the appropriate transfer instrument (or other instrument, all referred to in this Schedule as a "**transfer instrument**") under the Land Transfer Act 2017.
- 3.11 **Compensation certificate:** Where legalisation of the transfer will not occur on Completion, the Company may elect to lodge a compensation certificate pursuant to section 19 of the PWA against one or more of the Land Assets. The Company will:
- (a) notify the Council following registration of the compensation certificate; and
- (b) promptly following the acquisition by the Company of the applicable Land Asset, withdraw the compensation certificate.
- 3.12 **Survey plans:** Where required to give effect to the transfer contemplated by this Schedule 2B (including any setting apart), unless otherwise agreed in writing, the Council (cost to be shared between Council and the Company) will arrange for a surveyor to prepare any required survey office or land transfer plans and provide the same to the Company for review and comment. The Company will not unreasonably withhold or delay its approval to any such survey plan.
- 3.13 **Declaration:** Where the transfer of all or part of the Land Assets or Reserve Land Assets is to occur by declaration under sections 20(1) and 50 of the PWA, the Company will prepare a declaration pursuant to sections 20 and 50 of the PWA with respect to those Land Assets and arrange for the Crown (through Land Information New Zealand ("**LINZ**")) to sign such declaration. The Company will publish and register the declaration together with a caveat, if required by clause 3 of Schedule 9 of the LGA, following execution by the Crown (through LINZ). **Transfer:** Where the transfer of all or part of the Land Assets is to occur by transfer instrument under the Land Transfer Act 2017, the following provisions will apply:
- (a) the Company shall procure its solicitors to:
- (i) within a reasonable time prior to the Completion Date, create a Landonline workspace for the transaction, notify the Council's solicitors of the dealing number

allocated by LINZ, and prepare in that workspace a transfer instrument in respect of the applicable Land Asset;

- (ii) prior to Completion:
 - (aa) (where applicable) prepare a notice of sale for the Land Assets in accordance with the Local Government (Rating) Act 2002 by way of an electronic platform;
 - (bb) (where applicable) lodge in that workspace the tax information contained in the Company's tax statement; and
 - (cc) certify and sign the transfer instrument; and
 - (iii) provide the Council's solicitors with a written undertaking and do all things as may be required to effect Completion in the manner contemplated by the most recent edition of the Property Transactions and E-Dealing Practice Guidelines prepared by the Property Law Section of the New Zealand Law Society (insofar as the same relates to the conduct of the Company's solicitors); and
- (b) the Council's solicitors shall:
- (i) within a reasonable time prior to the Completion Date, prepare in that workspace all other electronic instruments required to confer title in the applicable Land Assets on the Company free from Encumbrances but subject to all existing registered interests and memorials; and
 - (ii) prior to Completion:
 - (aa) prepare in the Workspace a caveat, if required by clause 3 of Schedule 9 of the LGA;
 - (bb) (where applicable) lodge in that workspace the tax information contained in the Council's tax statement; and
 - (cc) have those instruments and the transfer instrument certified, signed and, where possible, pre-validated;
 - (dd) provide the Company's solicitors with a written undertaking that:
 - (1) the Council's solicitors (or where applicable, the solicitors for the party to which the relevant discharge or withdrawal relates):
 - A. have prepared, pre-validated, certified and signed the discharges or withdrawal as electronic instruments in the workspace created by the Council's solicitors (quoting the eDealing number); and
 - B. will not attempt to withdraw the release of the instruments once released (as contemplated in clause 2.13(b)(ii)(cc)(2)) or attempt any alteration of the instrument or do anything to prevent registration of the relevant discharge or withdrawal following Completion or release; and

- (2) the Council's solicitors (or where applicable, the solicitors for the party to which the relevant discharge or withdrawal relates) will release the relevant instrument for the discharges or withdrawals and the transfer(s) into the workspace immediately following Completion occurring for registration as electronic instruments, in accordance with the protocol for remote settlement set out in the most recent edition of the Property Transactions and E-Dealing Practice Guidelines prepared by the Property Law Section of the New Zealand Law Society.

- 3.14 **Alternative transfer mechanism:** Notwithstanding clause 2.2 and 2.4, if any of the Land Assets or Reserve Land Assets cannot be transferred pursuant to section 50 of the PWA, the Company will advise the Council of an alternative transfer mechanism in writing.
- 3.15 **Gazette:** In respect of the Reserve Land Assets, the Company will instruct a LINZ accredited supplier to:
- (a) prepare a declaration to:
- (i) set the Reserve Land Assets apart for Transferring Water Services purposes under section 52 of the PWA; and
- (ii) vest the Reserve Land Assets in the Company under sections 50 and 20(1) of the PWA;
- and provide such declaration to LINZ for signing pursuant to;
- (b) seek any necessary consent (including under delegated authority, if applicable) of the Minister of Conservation under section 52(2) of the PWA;
- (c) arrange publication of the declaration pursuant to the PWA in the New Zealand Gazette; and
- (d) lodge the declaration pursuant to the PWA (in the form of a Gazette notice) for registration against the records of title for the Reserve Land Assets,
- with the intention that that declaration be published promptly following (but not prior to) Completion, and the Council will provide all such consents and undertake such actions in support of and as may be reasonably required by the Company to assist in giving effect to the setting apart and vesting of the Reserve Land Assets.
- 3.16 **Access Terms Assets:** Pursuant to clause 1 and appendix 1 of Schedule 2, the Council transfers to the Company all the Access Terms Assets in accordance with this agreement. In respect of the Access Terms Assets, the parties agree that, from the Completion Date, the Council will grant a licence to the Company for the Access Terms Assets on the Access Terms set out in Appendix 3 of this Schedule 2B. To avoid doubt, the Access Terms are intended to operate as a written standing consent for the Company to enter the Access Terms Assets for the purposes of section 161 of the LG(WS) Act unless and until terminated by either party, in which case the access process set out in the LG(WS) Act will apply.
- 3.17 **Road Reserve Assets:** Pursuant to clause 1 and appendix 1 of Schedule 2, the Council transfers to the Company all Assets located in road reserve, including the Road Reserve Assets, in accordance with this agreement. The Company acknowledges and agrees that it has the right to enter land on which the Road Reserve Assets are located pursuant to sections 172 and 177 of the LG(WS) Act.

- 3.18 **Trust for non-assigned Assets:** If any of the Property Assets are not able to be transferred to the Company at Completion (including, without limitation, those in clause 2.20), the Council shall as from Completion and until such time as those Property Assets are transferred to the Company, hold such Property Assets on trust for the Company and the Company is entitled to enforce its rights in respect of such Property Assets in the name of the Council.
- 3.19 **Specific post-Completion obligations and transfers:** Without derogating from the obligations of the Council to ensure that the Property Assets are transferred to the Company on the Completion Date, to otherwise perfect the transfers intended by this agreement or to hold Property Assets which are not transferred on Completion on trust in accordance with clause 2.19, the Council will, (cost to be shared between Council and the Company) and in accordance with clause 2.8, carry out and complete the following actions as soon as practicable and no later than the applicable timeframe stipulated below:

Matamata South Water Treatment Plant – Swap Park, Burwood Road

- (a) The Council owns and operates the Matamata South Treatment Plant which is located on Lot 4 DP 306522 (contained in record of title 25450). The Council wishes to transfer that part of Lot 4 DP 306522 shown (for indicative purposes only) on the scheme plan included at Appendix [6] which is required for Transferring Water Services purposes to the Company ("**MSWTP Required Land**") and retain the balance of the land in Lot 4 DP 306522 which is not required for Transferring Water Services purposes.
- (b) The Council will obtain all regulatory consents and approvals (if any), procure a survey and otherwise do all acts, matters and things required to create a separate parcel for the MSWTP Required Land and transfer the MSWTP Required Land to the Company ("**MSWTP Subdivision**") no later than three (3) years from the date of this agreement, and in particular will:
- (i) procure the preparation of a survey plan registrable with the land register generally in accordance with the scheme plan in Appendix [6] and any other documents or instruments in respect of the rights or interests agreed between the parties in accordance with the above; and
- (ii) submit all such plans, documents or instruments to the Company for its review and obtain the Company's approval of the same (in which regard the Company must act reasonably) in accordance with clause 2.8.
- (c) The parties acknowledge that Council may, at its election, carry out the MSWTP Subdivision by way of a subdivision and transfer instrument or by declaration under sections 20(1) and 50 of the PWA, and the Company will comply with its obligations in respect of the applicable method of transfer as set out in this Schedule 2B accordingly.
- (d) Pending completion of the MSWTP Subdivision, the Council shall hold the MSWTP Required Land on trust for the Company in accordance with clause 2.19 and shall grant to the Company, with effect from Completion, licence rights over the MSWTP Required Land on the licence terms set out in Appendix 3.

Matamata Treatment Plant Pump Station – 253 Tauranga Road, Matamata

- (e) The Council owns Lot 1 DPS 80441 (contained in record of title SA62D/734) on which the Matamata Treatment Plant Pump Station is located. The Council confirms that it has an agreement in place to offer back the land in SA62D/734 to its former owner pursuant to which



the land on which the Matamata Treatment Plant Pump Station is located will be transferred to Council and various easements granted.

- (f) The Council has previously prepared a scheme plan to give effect to such agreement (attached as Appendix 7) ("**Scheme Plan**"), which shows the land to be transferred to Council as Section 1 ("**MTPPS Transfer Land**").
- (g) The Council will obtain all regulatory consents and approvals (if any), procure a survey office plan in accordance with the Scheme Plan and approval of that plan as to survey and otherwise do all acts, matters and things required to create a separate parcel for the MTPPS Transfer Land and transfer the MTPPS Transfer Land to the Company no later than three (3) years from the date of this agreement. The Council will submit any documents or instruments (including easements required to be granted to give effect to the Scheme Plan) to the Company for its review and obtain the Company's approval of the same (in which regard the Company must act reasonably) in accordance with clause 2.8.

Morrinsville Water Treatment Plant, Topahaehae Dam – 'Te Miro'

- (h) The Council owns and operates the Morrinsville Water Treatment Plant, Topahaehae Dam and associated pipework ("**MWTP Assets**") which is located on Kīwitahi No 2D Block (contained in record of title SA336/246) and Lot 1 DP 21110 (contained in record of title SA475/179) ("**Te Miro Land**"). The Council wishes to transfer that part of the Te Miro Land on which the MWTP Assets are located shown (for indicative purposes only) on the scheme plan included at Appendix [8], to the Company ("**Te Miro Required Land**") and retain the balance of the Te Miro Land, which is not required for Transferring Water Services purposes.
- (i) The Council will obtain all regulatory consents and approvals (if any), procure a survey and otherwise do all acts, matters and things required to create a separate parcel for the Te Miro Required Land and transfer the Te Miro Required Land to the Company ("**Te Miro Subdivision**") no later than three (3) years from the date of this agreement, and in particular will:
 - (i) do all acts, matters and things required to register the MWTP Easement for Council access rights that compare with current access right across the transferring land.
 - (ii) procure the preparation of a survey plan registrable with the land register generally in accordance with the scheme plan in Appendix [8] and any other documents or instruments in respect of the rights or interests agreed between the parties in accordance with the above; and
 - (iii) submit all such plans, documents or instruments to the Company for its review and obtain the Company's approval of the same (in which regard the Company must act reasonably) in accordance with clause 2.8.
- (j) The parties acknowledge that Council may, at its election, carry out the Te Miro Subdivision by way of a subdivision and transfer instrument or by declaration under sections 20(1) and 50 of the PWA, and the Company will comply with its obligations in respect of the applicable method of transfer as set out in this Schedule 2B accordingly.
- (k) Should the MWTP Water Services assets be decommissioned and no longer required by the Company, the property will return to Council as significant public and cultural assets.

- (l) Pending completion of the Te Miro Subdivision, the Council shall hold the Te Miro Required Land on trust for the Company in accordance with clause 2.19 and shall grant to the Company, with effect from Completion, licence rights over the Te Miro Required Land on the licence terms set out in Appendix 3.

Te Aroha Water Treatment Plant – Miro Street, Te Aroha

- (m) The Council owns and operates the Te Aroha Water Treatment Plant located on Section 122 Block IX Aroha Survey District (contained in record of title SA25C/819) (“**TAWTP**”). The TAWTP is subject to clause 5.17.8 of the Ngāti Rāhiri Tumutumu Deed of Settlement to the effect that the fee simple estate to the TAWTP will vest in the governance entity of Ngāti Rāhiri Tumutumu as a local purpose (water conservation) reserve, with the Council as the administering body, subject to the governance entity providing a registrable easement in gross in relation to that property for a right of way and rights to convey and drain water in the form set out in the Ngāti Rāhiri Tumutumu Deed of Settlement (“**TAWTP Easement**”).
- (n) The Council do all acts, matters and things required to register the TAWTP Easement and (to the extent not registered in the name of the Company) to transfer those rights to the Company together with the TAWTP, so that the TAWTP Easement is registered in the name of the Company no later than three (3) years from the date of this agreement.
- (o) Pending registration and transfer the Company of the TAWTP Easement, the Council shall hold the TAWTP on trust for the Company in accordance with clause 2.19 and shall grant to the Company, with effect from Completion, licence rights over the TAWTP on the licence terms set out in Appendix 3.
- 3.20 **Co-operation in respect of statutory powers regarding Transferring Water Services:** To the extent that any of the Council's obligations in clause 2.20 cannot (as a matter of law), following transfer of the responsibility for the Transferring Water Services to the Company, be carried out by the Council and must be carried out by the Company, then the Company and the Council will work together, each acting reasonably, to give effect to the outcomes intended to be achieved by clause 2.20 (including cost allocation).
- 3.21 **Further assurances:** The Council shall use reasonable endeavours to take such actions, and sign and deliver to the Company (together with all relevant documents of or evidencing ownership) such documents and other things necessary, to transfer to the Company full and unencumbered legal and beneficial title to, and possession of, the Land Assets and Reserves Land Assets as the Company may reasonably require.
- 3.22 **Incomings and outgoings:** Clause [8] of Schedule 2 applies to the apportionment of incomings and outgoings applying to the Property Assets.
- 3.23 **Costs:** the costs of implementing Schedule 2B of this agreement will be shared between the parties as follows:
- (a) the cost of engaging a "LINZ Accredited Supplier" and arranging the signing and publication of the declarations in relation to the transfers will be shared equally between the Council and the Company;
- (b) the cost of obtaining any surveys required to give effect to the transfer of Land Assets and Reserves Land Assets will be shared equally between the Council and the Company; and

- (c) the cost of any conveyancing necessary to facilitate the transfers anticipated by this agreement will be met by each party in respect of their respective conveyancing costs.

4. REVERSE LICENCE

4.1 Tawari Water Treatment Plant

- (a) **Access Requirement:** The parties acknowledge that following the transfer of the Tawari Water Treatment Plant in Lot 1 DPS 22802 comprised in record of title SA21D/415 (“**TWTP Land**”) from the Council to the Company, the land in Lot 1 DPS 35822 comprised in record of title SA31D/763 (“**Tawari Bore Land**”) will be landlocked.
- (b) **Licence:** From Completion until the Company is no longer the registered owner of the TWTP Land, the Company grants, and the Council accepts, a licence for the non-exclusive use of the formed access route on the TWTP Land (“**Access Route**”) for the purposes of accessing the Tawari Bore Land with vehicles and on foot. When using the Access Route, the Council must not interfere with the Company’s operations of a treatment plant on the TWTP Land.
- (c) **Maintenance:** The Council shall be responsible for:
 - (i) repairing any damage to the Access Route caused as a result of the Council’s use of the Access Route; and
 - (ii) ensuring that it complies with the Company’s reasonable directions and instructions relating to access control and security.

4.2 **Easement Option:** In consideration of the sum of \$1.00 paid by the Council to the Company (receipt of which is acknowledged by the Company), the Company grants the Council an option to register a right of way easement over the Access Route at the Council’s cost. The Council may exercise this option at any time during the term of the licence in clause 3.2.

4.3 **Exercise of Option:** The option in clause 3.5 is exercisable by the Council delivering to the Company written notice that the Council wishes to exercise the option.

4.4 Mt Misery Repeater (Civil Defence)

- (a) **Access Requirement:** The parties acknowledge that following the transfer of the Morrinsville Mount Misery Reservoir in Lot 1 DP 523711 comprised of record of title 838260 (“**Mt Misery**”) from Council to the Company, there is a Emergency Management communications system (“**Repeater, Civil Defence**”) housed in a container adjacent to the water tank with an aerial mounted on top of the water tank, which is accessed via the private farm track off Kuranui Road. The container also houses the power and communications systems for the Water Reticulation.
- (b) **Licence:** From completion until the company is no longer the registered owner of the Mt Misery land, the Company grants, and the Council accepts, a licence for the non-exclusive use of the formed access route on the Mt Misery land for the purposes of accessing the Repeater Civil Defence for testing, maintenance and during an emergency event. When using the Access Route, the Council must not interfere with the Company’s operations at the Reservoir on the Mt Misery Land.
- (c) **Maintenance:** The Council shall be responsible for:

- (i) repairing any damage to the Access Route caused as a result of the Council's use of the Access Route; and
- (ii) ensuring that it complies with the Company's reasonable directions and instructions relating to access control and security.

5. LICENCE RIGHTS FOR EASEMENT TRANSFERRED

- 5.1 In respect of the below Easements which form part of the Land Assets contained in Schedule 1, the parties acknowledge and agree:
- (a) the Combined easements include, together with other water related rights, the right to the activities listed in table 4 Licence Rights, Schedule 2B.
 - (b) the Council will retain responsibility for the listed activities and needs full land unrestricted ability to continue to exercise the rights under the Combined Easement after Completion, so far as they apply to the right to the listed activities.
 - (c) following transfer of the rights to the Grantee under the Combined Easements to the Company the company irrevocable grants to the Council, and the Council accepts, a licence for the Council to exercise the right of the Grantee under the Combined Easements.
 - (d) any damage, breakage or defects in or to any part of the easement areas or burdened land under the Combined Easement that is a direct or indirect result of the Council's exercise of its rights under the Combined Easements, or has been caused by the Council, its staff, or persons otherwise under the Council's control will be promptly repaired by Council, at its cost in all respects; and
 - (e) the Council indemnifies the Company against all actions, claims, demands, losses, damages, liabilities, costs and expenses (including legal costs on a solicitor-and-client basis) suffered or incurred by the Company arising out of or in connection with the Council's exercise of the rights granted under the Combined Easements, except to the extent that any loss is caused by the negligent or wrongful act or omission of the Company.

Table 4 Licence Rights

Easement No.	Property	Easements
12709945.7	Tamure Street Calcutta Farms Limited (Maea Fields)	Right of way over part marked AO on DP 607096 Right to drain water over parts marked Q, AU and AO on DP 607096 [other areas tbc]
127871147.12	Tamure Street Calcutta Farms Limited (Maea Fields)	right to drain water over parts marked AP, AL and CE on DP 607096
1330022.8	Tamure Street Calcutta Farms Limited (Maea Fields)	right to drain water over part marked QA, QB, QC, N, NA and S on DP 607096

		right of way over part marked R and S on DP 607096
1229753	Lockerbie Estate Pump Station	right of way over parts marked A, L, B, M and C, right to drain water over parts marked A, L and C, all on DP 615265
13297851.6	Lockerbie Estate Pump Station	The right to drain water over parts marked A, L, and C
844731.2	Morrinsville (Wastewater Pipe Bridge)	right to drain water in gross over Lot 1 DP 419560 marked A, B and C on DP 419560
7561627.4	Park Lane, Morrinsville	right of way (maintenance vehicles only no public access) in gross over Lot 2 DP 390819 marked E, AF, AB and BG on DP 390819 right of way (maintenance vehicles only no public access) in gross over Lot 1 DP 390819 marked F on DP 390819 right to convey and drain water in gross over Lot 1 DP 390819 marked F and AH on DP 390819
Transfer H100181.2	102 Allen Street, Morrinsville	right of way over part marked A on DPS 22015
12774193.2	26 Rockford Street, Matamata	right to drain stormwater over part marked J, I, H and D, right to drain water and retention pond over part marked K, L, M, H, E, F, I, G and J, and right of way over part marked A and B all on DP 589897
7386260.3	Sharp Place (Manuka St Pump Station)	right to drain water over parts marked H1, H2 & F on DP 385702

APPENDIX 1 – LAND ASSETS TO BE TRANSFERRED

LAND ASSETS – FEE SIMPLE

Address	Record of Title	Legal Description	Area (more or less)	Above Ground Assets
94A Tawari Street, Matamata	SA21D/415	Lot 1 DPS 22802	0.6175Ha	Tawari Water Treatment Plant, Reservoir,
253 Tauranga Road, Matamata	1290857	Part Lot 2 DP 12857 Part Lot 5 DPS 803 Part Sections 167 and 168, Block III, Tapapa Survey District	19.1619 ha	Matamata Wastewater Treatment Plant
	SA9D/343	Part Lot 2 DP 12857	0.8473 Ha	
Kuranui Road, Rd 2 Morrinsville	838260	Lot 1 DP 523711	7264 sqm	Mount Misery Reservoir
26 Scott Road, Morrinsville	1290863	Part Lot 2 DP 12851	0.0751 ha	Scott Rd Water Treatment Plant, Scott Rd Bores 1 and 2, Scott Rd Pump Station
134 Roache Road, Morrinsville	552218	Part Maungatapu B4C Block	16.3617 Ha	Morrinsville Wastewater Treatment Plant, Morrinsville WWTP Discharge Pump Station(Septage Plant)
Reserve behind 2582 State Highway 26, Morrinsville	SA53C/616	Lot 1 DPS 66878	30 sqm	Hamilton Rd Pump Station (no Road Frontage)
18 Tahuna-Ohinewai Rd	23016	Lot 2 DP 305752	878 sqm	Tahuna Water Treatment Plant, Tahuna Reservoirs 1 and 2, Tahuna Bores 1 and 2
Mill Road, Te Aroha	SA1478/86	Section 75-76 Block XII Aroha Survey District	1.9728 Ha	Dam
n/a	SA1103/117	Section 62 Block XII Aroha Survey District	10.7748 ha	Dam Water Supply Pipe Bridge
SH26 near Tui Pa Road, Rd 2	SA26C/1172	Part Section 25 Block IX Aroha Survey District	3.3788 Ha	Te Aroha Wastewater Treatment Plant (no Road Frontage)
	SA26C/1173	Part Section 26 Block IX Aroha Survey District	2.5786 Ha	
	SA26C/1174	Part Section 27B1 Block IX Aroha Survey District	2.1326 Ha	
12 Te Poi Road	SA46B/176	Lot 2 DPS 54381	1346 sqm	Te Poi Water Treatment Plant, Te Poi Water Treatment Plant Reservoir

Address	Record of Title	Legal Description	Area (more or less)	Above Ground Assets
10 Hedley St, Waharoa	SA17B/382	Section 10 Block VIII Town of Waharoa	1011 sqm	Waharoa Reservoir, Waharoa Pump Station
	SA36B/150	Lot 1 DPS 40496	804 sqm	
Campbell Street, Waihou	SA62/82	Section 14 Block XVI Waitoa Survey District	3.8445 Ha	Waihou Wastewater Treatment Plant
	1295151	Part Section 14 Block XVI Waitoa Survey Block	5210 sqm	
Campbell Street, Waihou	SA117/158	Part Waiheka 3 Block and DP 2968	4.1961 Ha	Waihou Wastewater Treatment Plant

LAND ASSETS – EASEMENTS IN GROSS

Address	Instrument	Burdened Land	Purpose/Area/Survey Plan	Asset
26 Rockford Street, Matamata	Easement Instrument 8039532.4	456041	right to drain sewage over parts marked O, P, V & W [on DP 414828]	Matamata Industrial Pump Station
Kuranui Road, Rd 2 Morrinsville	Easement Instrument 11321625.10	838261	right to convey water over L, N, P, S, T, AA, AS, AV on DP 523711 right to drain stormwater on AR, AS, AT on DP 523711 right to convey electricity over A, C, E, F, G, I, J, Q, R, S, T, U, AK, AL, AN, AP, V AM on DP 523711	Mt Misery Reservoir
4811A State Highway 29, Matamata	Transfer H909828.8	SA44D/207	right to convey water over part marked B, E, G and H on DPS 50204; electricity right over part marked D, E and H on DPS 50204; right of way over part marked B, D, E, F and G on DPS 50204	Hinuera Water Treatment Plant, Hinuera Water Treatment Plant Reservoir, Near Bore 1, Far Bore 2
Side of 52 Peakdale Drive	Easement Instrument 7835210.8	885183	A right to drain sewage over part Lot 25 marked O on DP 393306	Eldonwood Exploratory Bore
163 Tills Road, Matamata	Easement Instrument 10016258.1	693313	right of way over part Lot 10 DP 5216 marked A on DP 485792	Access Route Matamata Water Treatment Plant
	Easement Instrument 10016258.4	693313	right of way over part Lot 10 DP 5216 marked A and B on SO 457841	

Address	Instrument	Burdened Land	Purpose/Area/Survey Plan	Asset
			right to convey water over part Lot 10 DP 5216 marked B on SO 464422	
	Easement Instrument 10016258.5	693313	right to convey water over part Lot 10 DP 5216 marked C on SO 464422	
Tamure St	Easement Instrument 12709945.7	1195850	Right of way over part marked AO on DP 607096 Right to drain water over parts marked Q, AU and AO on DP 607096 [other areas tbc]	Calcutta Farms Limited (Maea Fields) WW Pump Station
	Easement Instrument 12781147.12	1195850	right to drain water over parts marked AP, AL and CE on DP 607096 right of way and right to convey water over part marked CA on DP 607096 right to convey water and drain sewage over part marked AO on DP 607096	
	Easement Instrument 13130022.8	1195850	right to drain water over part marked QA, QB, QC, N, NA and S on DP 607096 right of way over part marked R and S on DP 607096 right to drain sewage over part marked N and NA on DP 607096 right of way, right to drain sewage and right to convey water over part marked B on DP 607096	Calcutta Farms Limited (Maea Fields) WW Pump Station
26 Rockford Street, Matamata	Easement Instrument 8039532.4	456041	right to drain sewage over parts marked O, P, V & W on DP 414828	Matamata Industrial Pump Station
	Easement Instrument 12774193.2	456041	right to drain stormwater over part marked J, I, H and D,	

Address	Instrument	Burdened Land	Purpose/Area/Survey Plan	Asset
			<p>right to drain sewage over part marked Y, A, Z, C, F, I, L and N,</p> <p>right to drain water and retention pond over part marked K, L, M, H, E, F, I, G and J, and</p> <p>right of way over part marked A and B</p> <p>all on DP 589897</p>	
102 Allen St, Morrinsville	Transfer H100181.2	SA21B/133	right of way over part marked A on DPS 22015	Allen Street Pump Station
n/a	Easement Instrument 13297851.6	1229753	<p>right of way over parts marked A, L, B, M and C,</p> <p>right to convey water over parts marked A, L, B and M,</p> <p>right to drain water over parts marked A, L and C,</p> <p>right to drain sewage over parts marked A and L</p> <p>all on DP 615265</p>	Lockerbie Estate Pump Station
Morrinsville	Easement Instrument 8447313.2	516816	<p>right to drain water in gross over Lot 1 DP 419560 marked A, B and C on DP 419560</p> <p>right to drain sewage in gross over Lot 1 DP 419560 marked I, G, F and E on DP 419560</p>	Wastewater Pipe Bridge
Park Lane, Morrinsville	Easement Instrument 7561627.4	364630	<p>right of way (maintenance vehicles only no public access) in gross over Lot 2 DP 390819 marked E, AF, AB and BG on DP 390819</p> <p>right to drain sewage over Lot 2 DP 390819 marked AA, AB, AC, C, Y and Z on DP 390819</p>	Wastewater Pipe Bridge and associated pipework
		364631	right of way (maintenance vehicles only no public	

Address	Instrument	Burdened Land	Purpose/Area/Survey Plan	Asset
			access) in gross over Lot 1 DP 390819 marked F on DP 390819 right to convey and drain water in gross over Lot 1 DP 390819 marked F and AH on DP 390819 right to drain sewage over parts F and AH on DP 390819 right to drain sewage over part AD on DP 390819	
		364632	right to drain sewage over part AE on DP 390819	
		364633	right to drain sewage over part AJ and AK on DP 390819	
		364634	right to drain sewage over part AN and AP on DP 390819	
		364635	right to drain sewage over part AQ on DP 390819	
		364636	right to drain sewage over part AR on DP 390819	
		364637	right to drain sewage over part AS on DP 390819	
		364638	right to drain sewage over part AU and AW on DP 390819	
		364639	right to drain sewage over part AX and AY on DP 390819	
		364640	right to drain sewage over part BD on DP 390819	
		364641	right to drain sewage over part BE, S and BF on DP 390819	
Rear of 17 Seales Rd Morrinsville	Easement Certificate H635971.1	SA52B/342	right to drain sewage over part marked A on DPS 52360	Wastewater Pipe Bridge

Address	Instrument	Burdened Land	Purpose/Area/Survey Plan	Asset
Waihou, at the start of Campbell Road	Easement Instrument 11534703.3	898729	right to drain sewage over part marked A on DP 538648	Campbell Road (Old Post Office) Pump Station
Sharp Place, Matamata	Easement Instrument 7386260.3	343788	right to drain sewage & water and convey water & electricity over part marked A on DP 385702 right to drain sewage over parts marked B1, B2, B3, B4, B5, B6, B7, C1, C2, C3, C4, C5, C6, D1, D2, D3, E1, E2, E3, E4 & G on DP 385702 right to drain water over parts marked H1, H2 & F on DP 385702	Manuka St Pump Station Access Route

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APPENDIX 2 – RESERVE LAND ASSETS

Address	Record of Title	Legal Description	Area (more or less)	Asset Type
145 Fairway Drive, Morrinsville	1094325	Lot 7007 DP 583188	2586 sqm	Lockerbie Water Treatment Plant
Allen Street	1290884	Lot 3 DPS 22015	811 sqm	Allen Street Pump Station
68 Pioneer Road, Tahuna	448310	Lot 2 DP 412991	0.5655 Ha	Tahuna Wastewater Treatment Plant
Miro Street, Te Aroha	SA25C/819	Section 122 Block IX Aroha Survey District	8.0937 Ha	Te Aroha Water Treatment Plant Reservoirs 1 and 2
Ritchie Street, Te Aroha	1290885	Lot 4 DPS 31176	78 sqm	College Pump Station
	281774	Lot 97 DP 364167	155 sqm	

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APPENDIX 3 – ACCESS TERMS

INTRODUCTION

- A. The Council is the owner of the Land and has transferred the Assets Term Assets on the Land to the Company in accordance with this agreement.

The Company has certain rights under the LG(WS) Act to enter the Land and carry out work subject to consent and conditions.

The Council and the Company have entered into these Access Terms to record the consent and conditions for the Company's entry to and works on the Land in accordance with the LG(WS) Act.

1. ACCESS TERMS

- 1.1 Terms in capitals in these Access Terms which are not defined, have the same meaning as set out in of Schedule 5 of this agreement. These Access Terms shall be interpreted in accordance with clause 1.3 of Schedule 5 of this agreement.

Definitions: In these Access Terms, unless the context otherwise requires:

"Access Terms Assets" means the above ground assets listed in Appendix 4 of this Schedule 2B; or any other Water Servis assets that are located or constructed by the Company on the Land during the Term.

"Emergency" means when section 177(1) of the LG(WS) Act applies:

"Notification Activities" means activities under section 161(1) of the LG(WS) Act that will cause physical disturbance to the Land surrounding the Licensed Area or will materially impact the public or the Council's use and enjoyment of the Land, acting reasonably.

"Land" means the land owned or administered by, or vested in, the Council during the Term on which Access Terms Assets are located,;

"Licensed Area" means that part of the Land on which the Access Terms Assets are physically located at the commencement of the Term, as approximately shown in the aerial plans in Appendix 3, any improvements owned by the Company are situated as approximately shown in the aerial plans in Appendix 4 of this Schedule 2B,, together with such other parts of the Land which the parties may agree in writing from time to time, which the Company requires for the Transferring Water Services;

"Standard Activities" means all activities under section 161(1) of the LG(WS) Act other than the Notification Activities;

"Term" means the period from the Completion Date until the Company is no longer a water services provider for the Council's district under the LG(WS) Act;

"Third Party Rights" means any lease, licence or occupation right granted by the Council to any third party over the Land, and.

“Works Plan” means a plan agreed in writing between the parties for the undertaking of works in the Licensed Area, including timing and general method of works, which may be updated from time to time.

2. PRINCIPLES

2.1 The parties acknowledge and agree that the following principles:

- (a) The Company has statutory responsibility to provide the Transferring Water Services and must be able to operate, maintain, repair, renew, upgrade, replace and access its infrastructure in a safe, efficient, and uninterrupted manner.
- (b) Certain Company infrastructure is located in the Licensed Areas on reserve land where Council is the administering body under the Reserves Act 1977. The Licensed Areas are not transferring to the Company due to restrictions in the Reserves Act 1977.
- (c) These Access Terms are intended to provide the Company with operational rights within the Licensed Areas sufficient to fully perform its statutory functions, without the need for subdivision or additional property interests, but in a way that ensure ongoing compliance with the Reserves Act 1977 in relation to the Land.
- (d) These Access Terms are intended to ensure that the Company's ability to deliver the Transferring Water Services from and within the Licensed Area is not materially constrained by the underlying reserve status of the land but in a way that ensures ongoing compliance with the Reserves Act 1977.
- (e) The Council retains responsibility for the administration and protection of the reserve land, including preserving the public's use and enjoyment of that land in accordance with the Reserves Act 1977 and other relevant legal requirements.
- (f) These Access Terms must be interpreted in a way that enables the Company to fully exercise its Transferring Water Services functions within the Licensed Area.
- (g) The key purpose of the notice provisions are about coordination of activities and mitigation of impacts to the community in light of the reserve status, not control or veto.
- (h) Any concerns from either party about Company works on the Licensed Area should be addressed through good faith engagement.

3. GRANT OF LICENCE

- 3.1 Subject to these Access Terms, the Council grants a licence to the Company and the Company accepts this licence, for the duration of the Term for the non-exclusive right to enter the Land to carry out the Standard Activities in the Licensed Area only.
- 3.2 In exercising the rights under these Access Terms, the Company will use reasonable endeavours to minimise disruption to other users of the Land and will not impede public access to, or the use and enjoyment of, any part of the Land or any other public area in proximity to the Licensed Area without the Council's prior written approval.

- 3.3 The Company will not be held responsible to the Council for any loss, injury or damage sustained by the Council or to any occupants of or invitees to the Land.
- 3.4 To avoid doubt, these Access Terms do not apply / relate to notice and entry to any legal road and notice and entry requirements for access to legal road as set out in section 172 of the LG(WS) Act.

4. NOTIFICATION AND CONSENT

- 4.1 Provided that the Company complies at all times with the health and safety provisions set out in clause 4 of these Access Terms, the Council waives the notification requirement under section 162 of the LG(WS) Act and grants its consent without conditions under section 163 of the LG(WS) Act for the Company's Standard Activities on the Land.
- 4.2 The Company will notify the Council of its intention to enter the Land and carry out the Notification Activities on the Licensed Area at least 15 Business Days before the proposed entry onto the Land and The Company must comply with any reasonable conditions imposed by the Council.
- 4.3 Provided the Company complies with the requirements of clause 42., Council grants its consent under section 163 of the LG(WS) Act for all Notification Activities on the Licensed Area.
- 4.4 The Company and the Council may from time to time agree a Works Plan for one or more Licensed Areas. Where the Company undertakes Notification Works in accordance a Works Plan, the Company will be deemed to have complied with clause 8.2.
- 4.5 The Company will notify the Council promptly of any damage or breakage on the Land around the Licensed Area and any circumstances likely to cause damage or injury to property or persons.
- 4.6 The Council will notify the Company promptly:
- (a) if the Council needs to undertake works on the Land that may impact on the Company's ability to access the Access Terms Assets; and
 - (b) of any damage or breakage of the Access Terms Assets or the Land around the Licensed Area and any circumstances likely to cause damage or injury to property or persons.
- 4.7 Any damage, breakage or defects in or to any of the Licensed Area or Land that has come about as a direct or indirect result of the Company's use of the Licensed Area, or has been caused by the Company, its staff or persons otherwise under the Company's control will be promptly repaired by the Company, at its cost in all respects.
- 4.8 To avoid doubt, the Company acknowledges and agrees that if any of the Land is subject to Third Party Rights, the Company is required to work together with the Council to ensure that the relevant occupier does not interfere with the Company's activities on the Land and the Company does not hinder the relevant occupier from enjoying their respective Third Party Rights.

5. STATUTORY POWERS IN AN EMERGENCY

- 5.1 The Parties acknowledge that notwithstanding any provision of these Access Terms, the Company has the right in an Emergency to carry out works on the Land in accordance with the Company's powers under section 177 of the LG(WS) Act.

6. HEALTH AND SAFETY

- 6.1 Without limiting any other obligations under these Access Terms, the parties must comply with their respective obligations under the Health and Safety at Work Act 2015. In particular, the parties must:
- (a) so far as reasonably practicable consult, co-operate and co-ordinate their respective uses and activities in relation to the Land;
 - (b) upon request, provide each other with such information about any health and safety matters affecting the Land as may be required; and
 - (c) ensure that any feedback, agreed changes or improvements to health and safety processes and procedures are implemented without undue delay.
- 6.2 Without limiting clause 10.1, the Company must, to the extent that its health and safety duties overlap with the Council's
- (a) as far as is reasonably practicable, consult, co-operate with and co-ordinate its activities on the Land with the Council; and
 - (b) ensure that any feedback, agreed changes or improvements to health and safety processes and procedures are implemented immediately.
- 6.3 The Council will provide to the Company any health and safety plan established by the Council for the Land or in relation to any activities conducted on the Land.
- 6.4 If there are multiple occupants on the Land, then the Company must:
- (a) participate in the Council's emergency procedures, workspace assessments, training or orientation and any other relevant health and safety activities (if requested); and
 - (b) identify and address any special needs requirements.
- 6.5 The Company must immediately notify the Council of any;
- (a) "notifiable event" (as that term is defined in the Health and Safety at Work Act 2015); and
 - (b) WorkSafe inspection, investigation or information request;
- In connection with the Access Terms Assets, the Licensed Area or the Land.
- 6.6 The Company must undertake a site specific risk assessment and prepare (and update as required) a site specific safety plan for its use of the Licensed Area. Such plan must address any risks the Council identifies to the Company.

7. VARIATIONS TO ACCESS TERMS ASSETS

- 7.1 The parties may agree in writing to add properties to Appendix 4 of this Schedule 2B at any time during the Term.
- 7.2 If at any time any Access Terms Asset is removed or relocated from a Licensed Area, then subject to the Company complying with its repair obligations in clause 8.7, these Access Terms shall

automatically terminate in respect of that Licensed Area and, in the event of relocation, commence in respect of the new Licensed Area to which the asset was located to, subject to Council's prior written agreement as to the size and location of the new Licensed Area.

8. DEALINGS WITH LAND

- 8.1 If the Council intends to dispose of the whole or any part of the Land:
- (a) the Council must advise any prospective purchaser of the existence of these Access Terms, and provide details of the same in any agreement for the disposal; and
 - (b) before the completion of any disposal, the Council must at its cost obtain from the purchaser a deed of covenant in favour of the Company (in a form acceptable to the Company) agreeing to be bound by the provisions of these Access Terms.

9. STATUTORY OR REGULATORY FUNCTIONS

- 9.1 The parties acknowledge and agree that both parties have a range of statutory and regulatory powers and functions which they may exercise or must fulfil and nothing in these Access Terms will be construed as:
- (a) limiting either party, or fettering their discretion, in the exercise of their statutory and regulatory powers and functions; or
 - (b) requiring either party to exercise its statutory and regulatory powers and functions in a particular way.

10. DISPUTE RESOLUTION

- 10.1 In a spirit of mutual goodwill and co-operation the parties will from time to time meet with each other to discuss in good faith any differences or difficulties which may arise in relation to these Access Terms and both parties will use their best endeavours to resolve any matter before recourse to the dispute resolutions provisions in clause 3 of Schedule 4 of this agreement.

11. GENERAL

- 11.1 **Compliance with laws:** The Company, must at its own expense, comply with all statutes, bylaws and regulations by any competent Authority in respect to Access Terms Assets and any relation to the land
- 11.2 **Severance:** If any provision of these Access Terms is, or becomes unenforceable, illegal or invalid for any reason it shall be deemed to be severed from these Access Terms without affecting the validity of the remainder of these Access Terms and shall not affect the enforceability, legality, validity or application of any other provision of these Access Terms.
- 11.3 **Further assurance:** Each party shall make all applications, execute all documents and do or procure all other acts and things reasonably required to implement and to carry out its obligations under, and the intention of, these Access Terms.
- 11.4 **Variation:** These Access Terms may only be varied by written agreement between the parties.

- 11.5 **Assignments and transfer:** Save as provided for at clause 12, neither party may assign or transfer any of its rights or obligations under these Access Terms without the prior written consent the other party.

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APPENDIX 4 –ACCESS TERM ASSETS

Address	Record of Title	Legal Description	Aerial Plan	Above Ground Assets
Till Road line crossing Mangamuka stream Matamata	SA52B/480	Lot 4-5 DPS Auckland 64856		Water pipe Bridge
Morrinsville Rec Ground opp 20 Avenue Rd Sth	SA152/161	Lot 28 DP 2465		Morrinsville Tanker Filler Point
behind 9 Anzac Ave Morrinsville	NZ Gazette 1965 p 158	Lot 13 DPS 2609		Anzac Ave Pump Station
2 Piako Park Lane Main pipe Bridge) Morrinsville	383157	Lot 14 DP 390819		Wastewater Pipe Bridge
73 Anderson Street, Morrinsville	SA71C/32	Lot 14 DPS 90085		Wastewater Pipe Bridge
39 Scott Road, Morrinsville	[tbc]	Part Te Au O Waikato A1A Block		Studholme 300 Trunk crossing Topahaeae
Kenrick Street, Te Aroha	SA67D/624	Lot 2 DPS 85918		Kenrick Street PRV
End of Terminus Street, Outside Te Aroha	325131	Lot 2 DP 378613		Terminus St Pump Station
43 Te Poi Sth Rd	209272	Lot 3 DP 351022		Waiomou Stream Pump Station
Matamata Airport, Waharoa 3474	SA10C/459	Matamata North E and F Block		Waharoa Aerodrome Bores 1 and 2,

Address	Record of Title	Legal Description	Aerial Plan	Above Ground Assets
15 Peakedale Drive, Matamata	1099290	Lot 101 DP 584421		Eldonwood Pump Station
Rolleston Street, Te Aroha, by Waihou River, Robertson Reserve	SA39A/551	Section 1 SO Plan 56154		Rolleston Street Pump Station
94A Tawari Street, Matamata	SA31D/763	Lot 1 DPS 35822		Tawari Bore 2
Near intersection of Centennial Dr/Ngaio St, Matamata	[tbc]	Lot 4 DPS 28404		Centennial Drive (Longlands) Pump Station
Neil Algar Reserve 98 Peria Rd, Matamata	[tbc]	Lot 2 DPS 23889		Manuka St Pump Station
Wiseley Reserve, Morrinsville	CF984 land parcel	Lot 12 DPS 50000		Wiseley Park Bore
35 Tahuna - Ohinewai Rd	[tbc]	[tbc]	[tbc]	Tahuna Bore 4
9 Kelso Place, Matamata	532138	Lot 89 DP 435138		Kelso Place/Evergreen Pump Station
Beside and behind 25 Waihou Road, Te Aroha	SA55A/853	Part Lot 1 DP 37114		Turleys Pump Station

APPENDIX 5 – ROAD RESERVE ASSETS

Address	Location/NZTM Titles	Asset Type
Rockford St grass berm outside 16 Waiomou St	-37.816305, 175.795051	Matamata Tanker fill Point
Hinuera Road (opposite racecourse, centre berm), Matamata, 7565 State Hwy 27	-37.833475, 175.767071	Matamata South Bore, Matamata South Pump Station
Berm between 4 & 6 Laurenson Drive, Matamata	-37.823852, 175.773351	Laurenson Pump Station
43 Waharoa Road East, Matamata	-37.803371, 175.769619	Waharoa Rd Pump Station
outside 65 Tower Road, Matamata	-37.8099048, 175.7884249	Matipo Street Pump Station
98 Scott Road, Morrinsville	-37.673038, 175.533538	Water 375mm Trunk Pipe bridge 12
Avenue Road North, in the Road opposite Keith Camp Place	-37.659483, 175.515388	Avenue Rd Pump Station
Beside Howie Park, opposite 36 Allen Street, Morrinsville	-37.655374, 175.537231	Howie Park Pump Station
outside 4 Rukumoana Rd on Morrinsville-Walton Rd	-37.691215, 175.556124	Rukumoana Pump Station
Berm outside No 18 Cooper Cres, Morrinsville	-37.644976, 175.531889	Stirling Heights Pump Station
Davies Park, Cobham Drive, Morrinsville	175.5233906, -37.6479194	Lockerbie Bore
Outside 35 West Street, Morrinsville	-37.665148, 175.517022	West Street Pump Station
Studholme St, Morrinsville	-37.663627, 175.533141 -37.663694, 175.533020	Wastewater Pipe Bridge & Water Pipe Bridge
53 Avenue Road South, Morrinsville	-37.666608, 175.522643	Water Pipe Bridge
Outside 31 Tui Road, Te Aroha	-37.524098, 175.710061	Tui Road Pump Station
Berm outside 47 Whitaker St, Te Aroha	-37.547791, 175.717011	Whitaker Street Pump Station (Raw)
Sundale Drive grass verge outside 12 Aroha View Ave Te Aroha	-37.549318, 175.698053	Aroha View Ave Pump Station
58 Gordon Ave, Te Aroha	-37.553625, 175.697210	Gordon Ave Pump Station
Close to Pooles Road, Grattan Road, Te Aroha	-37.545850, 175.690340	Grattan Rd Pump Station
At the start of Princess Street in the Road	-37.550587, 175.719932	Princess St Pump Station
Rewi Street, Te Aroha, across from 80 Rewi street	-37.541493, 175.709194	Rewi Street Pump Station
Outside 10 Seddon St Te Aroha	-37.542188, 175.707173	Seddon St Pump Station
1 Miller St, Te Aroha	175.7086096°, - 37.5399761°	Te Aroha Tanker Fill Point
Te Aroha	-37.546152, 175.707761 -37.546099, 175.707729	Wastewater Pipe Bridge & Water Pipe Bridge
440 Te Aroha Gordon Road	-37.576425, 175.756077	Water Pipe Bridge
Te Aroha Gordon Road	-37.566941, 175.741881	Water Pipe Bridge
Te Aroha Gordon Road	-37.556210, 175.725814	Water Pipe Bridge
4 Te Aroha Gordon Road	-37.551102, 175.720404	Water Pipe Bridge
Pedestrian bridge Koromiko street Te Aroha	-37.542453, 175.714276	Water Pipe Bridge
Waiheka Road	-37.599406, 175.711050	Inghams waterline

Address	Location/NZTM Titles	Asset Type
Odonoghue Road, Te Aroha West	-37.588404, 175.713178	Inghams waterline
Corner McCarthy and Lewis Streets, Waihou	175.6733113°, -37.5745034°	McCarthy St Pump Station
Opp 21 Mills Street, Waharoa	-37.760854, 175.758404	Domain Pump Station, Mills St Pump Station
Bruce Clothier Memorial Park at Walker Street end of the Park, Waharoa	-37.757712, 175.751566	Casey St Pump Station
Morrinsville	-37.672251, 175.553997	Wastewater Pipe Bridge
Morrinsville	-37.667531, 175.560299	Wastewater Pipe Bridge
Outside Degussa - 276 Morrinsville-Walton Road	-37.675195, 175.547856	Degussa Pump Station
Te Aroha	-37.535233, 175.702129	Wastewater Pipe Bridge
Te Aroha	-37.532201, 175.698699	Wastewater Pipe Bridge
Te Aroha	-37.528039, 175.696466	Wastewater Pipe Bridge
Te Aroha	-37.529968, 175.697163	Wastewater Pipe Bridge
Te Aroha	-37.567283, 175.712947	Inghams waterline
Te Aroha	-37.543525, 175.713855	Wastewater Pipe Bridge
opposite 43 and 45 Seales Road, Morrinsville	-37.644403, 175.538705	Wastewater Pipe Bridge
LHS of driveway 16 Mount Ave, Te Aroha	-37.547456, 175.694872	Mount Ave Pump Station
Harding Road	Approximately -37.759458, 175.842525	Harding Road Station (PRV)

ASSETS – RAIL RESERVE

Address	Location/NZTM Titles	Asset Type
N/A		

ASSETS – CROWN LAND

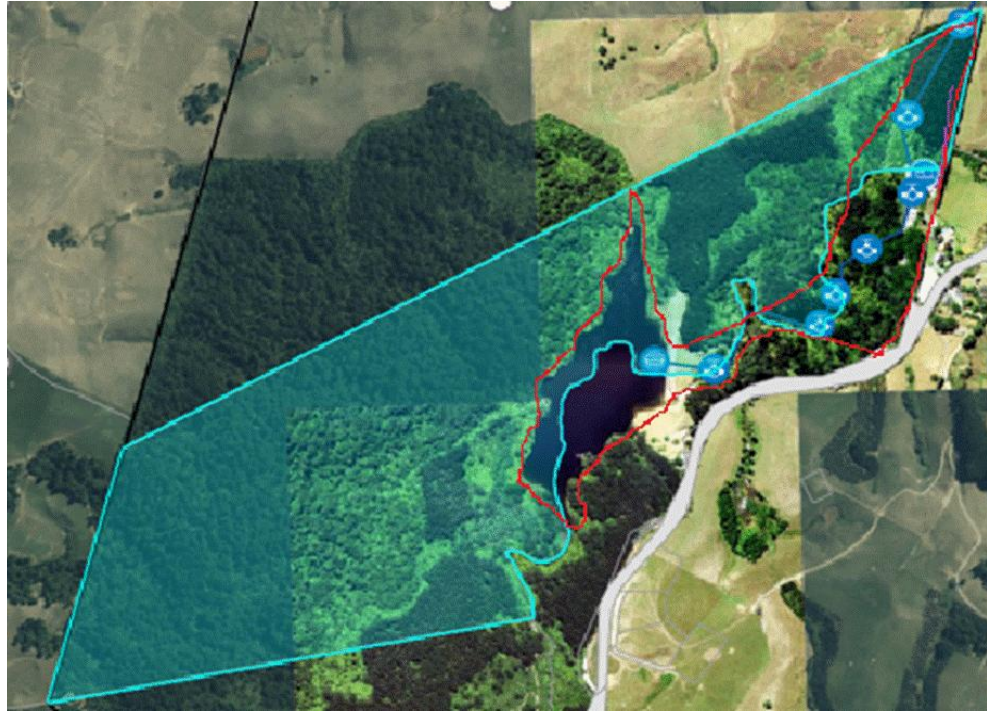
Address	Record of Title	Legal Description	Location/NZTM Titles	Asset Type
N/A				

APPENDIX 6 – MSWTP SUBDIVISION SCHEME PLAN



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APPENDIX 8 – TE MIRO SUBDIVISION SCHEME PLAN



SCHEDULE 3

POST-COMPLETION SERVICES, SHARED INTEREST AND CHARGING ARRANGEMENTS TERMS AND CONDITIONS

Purpose of Schedule 3: This Schedule 3 provides for how the parties will work together in relation to:

- (a) transitional services that will be provided by Council to the Company in the period following the Agreed Transfer Date;
- (b) ensuring that Shared Interests are managed effectively and efficiently; and
- (c) the arrangements for Water Revenues for the Water Services to be performed by the Company.

1. RELATIONSHIP MANAGEMENT

1.1 **Relationship principles:** The parties will engage and work with each other under this agreement, the Shared Services Agreement and the Post-Completion Services Agreement in accordance with the following relationship principles:

- (a) **Partnering approach:** The parties wish to build and maintain a strong, enduring, high-trust relationship to enable effective and sustainable delivery of Water Services and Water Services infrastructure to consumers and the community over the long term. The parties will take a relationship-based, strategic partnering approach which incorporates working collaboratively together in good faith, while also acknowledging each other's independence and respective legislative functions and obligations.
- (b) **Have regard to consumers and communities:** The parties acknowledge that the delivery of safe, reliable, resilient, accessible, affordable and efficient Water Services is of significant importance to the consumers and community within the Service Area. While the delivery of Water Services and Water Services infrastructure remains the statutory responsibility of the Company, the parties will at all times have regard to the needs of the consumers and communities in the Service Area where services are delivered, and to the local cultural or environmental factors of the consumers and communities in that Service Area.
- (c) **Engaging with each other:** The parties will engage with each other in the spirit of cooperation, respectful and honest behaviour, and take a 'no surprises' approach to preserve and strengthen the integrity of the relationship.
- (d) **Cooperation:** The parties will act reasonably at all times and consult with each other as early as practicable about anything that may materially affect a party's performance under this agreement, or about any possible or actual breach of the same.

2. MATTERS OF SHARED INTEREST

2.1 **General:** The parties will interact and work together in respect of the Shared Interests to ensure that:

- (a) matters of Shared Interests are managed effectively and efficiently; and
 - (b) each party can meet its statutory and contractual obligations.
- 2.2 **Arrangements:** Accordingly, in respect of the Shared Interests, the parties will comply with their obligations under the detailed arrangements for each of the Shared Interests as set out below and in the Appendix to this Schedule 3 ("**Shared Interest Arrangements**").
- 2.3 The Parties agree that they will:
- (a) work together in relation to spatial and land use planning;
 - (b) engage and work together in relation to the provision of and planning for water services;
 - (c) agree how the Council will work with the Company in relation to its planning process under the Resource Management Act; and
 - (d) engage with the community in relation to planning for growth.
- 2.4 **Shared Interest Arrangements minimum requirements:** The Shared Interest Arrangements must meet the following minimum requirements:
- (a) the functions, roles, responsibilities and accountabilities of each party are defined;
 - (b) each party can meet their statutory functions, power and duties; and
 - (c) the costs for each party to perform their obligations in respect of the arrangements will lie as they fall, unless otherwise agreed under the arrangement.
- 2.5 **Changes to Shared Interest Arrangements:** The Shared Interest Arrangements may need to be further developed and amended as the relationship between the parties develops opportunities to deliver enhanced levels of trust and confidence as time progresses. Either party may make a recommendation to the Interface Governance Group to amend the Shared Interest Arrangements, provided that:
- (a) any change to the Shared Interest Arrangements must be agreed in writing between the parties; and
 - (b) a change to the Shared Interest Arrangements will be effective from the date the amendment to this Schedule 3 and/or its Appendix of the Transfer Agreement becomes effective.
- 3. COUNCIL CONTINUES TO COLLECT CHARGING AND REVENUE COLLECTION ARRANGEMENTS FOR A TRANSITIONAL PERIOD**
- 3.1 **Setting Water Revenues:** The parties agree that:
- (a) For the period from the Completion Date until the date on which the Company adopts its first Water Services Strategy (being no later than 1 July 2027):
 - (b) the Council will be responsible for setting the rates, fees and other charges in relation to the Transferring Water Services ("**Water Revenues**"), which may include, to avoid doubt,

the Council setting a targeted rate pursuant to sections 19 and 19AA of the Local Government (Rating) Act 2002 for the quantity of water or wastewater services provided;

- (c) the Water Revenues will be set by Council in accordance with the Local Government (Rating) Act 2002 as applicable, including the requirement for the Water Revenues to be set in accordance with the relevant requirements of Council's long-term plan and funding impact statement; and
- (d) the Company can request changes to the Water Revenues which the Council can elect whether or not to agree to, provided that where the requested changes are not consistent with the Council's long-term plan for the relevant period, any such changes (should they be agreed to be Council) may need to be reflected in amendments to that long-term plan in accordance with the Local Government (Rating) Act 2002 and the Local Government Act 2002.
- (e) When the Company's first Water Services Strategy takes effect, the Company will be responsible for setting Water Revenues in accordance with the LG(WS) Act, including the requirement for the Water Revenues to be set by the Company in accordance with its Water Services Strategy.

3.2 **Collecting Water Revenue:** The parties agree that:

- (a) On a transitional basis as part of the Post-Completion Services Agreement for the period set out in Schedule 1 under the heading "Party to collect Water Revenues" or such shorter period as determined by the Company with 12 months notice to the Council or as otherwise agreed with the Council; and
- (b) in accordance with clause 6 of Schedule 2 of the LG(WS) Act,

the Council will be responsible for collecting the Water Revenues whether set by Council under clause 3.1(a) or set by the Company under clause 3.1(b).

3.3 **Water Revenues Arrangements:** When the Council is responsible for collecting the Water Revenues, the Water Revenues arrangements documented in the Post-Completion Services Agreement will apply. These arrangements include:

- (a) how and when the Council will pass revenue collected on to the Company, including details of transitional arrangements and the duration of those arrangements;
- (b) any associated fees and expenses that will be charged and retained by the Council; and
- (c) for the period during which the Council is responsible for setting the Water Revenues and therefore is not acting as agent of the Company in respect of the collection of the Water Revenues, a confirmation that, for the period of time the Council collects the rates, fees and other charges, the Council will provide the Company with sufficient revenue each Financial Year to enable the Company to undertake the capital and operating investment programme in the Company's capital works programme (as informed by each Shareholder's respective capital works programme immediately prior to incorporation of the Company) and, once adopted by the Company, in the Company's Water Services Strategy for a Financial Year.

3.4 **Final decision responsibility:** Subject to clause 3.1(a) above, the:

- (a) Company's capital expenditure and operating expenditure for the Water Services provided by the Company; and
- (b) Company's level of Water Revenues for the Water Services,

will be as set out in the Company's annual water services budget, and the final decision-maker in respect of such matters will be as set out in the Constitution and the Shareholders' Agreement.

4. **TRANSITION TO COMPANY COLLECTION CHARGING AND REVENUE COLLECTION ARRANGEMENTS**

- 4.1 **Collection by Company:** The parties agree that, after the transitional period, Water Revenues will be collected by the Company in accordance with its powers and statutory obligations under the LG(WS) Act, and the Water Revenues arrangements agreed pursuant to clauses 3.1 – 3.3 above, and the relevant provisions of the Post-Completion Services Agreement, will cease to apply, with the Council no longer entitled to charge any associated fees and expenses previously charged.

5. **GOVERNANCE FOR MANAGING SHARED INTERESTS**

- 5.1 **Purpose of Interface Governance Group:** The parties will establish an Interface Governance Group comprising the parties' Representatives to be the first point of contact in relation to any issues concerning their nominated subject area in respect of the Shared Interest Arrangements or other matter under this Agreement, the Shared Services Agreement or the Post-Completion Services Agreement.
- 5.2 **Appointment of Representatives:**
 - (a) Each party will appoint the respective person(s) in accordance with the process identified in clause 5.2(b) of Schedule 3 to be that party's representative and point of contact who is responsible for management of the relationship between the parties ("**Representative**"). There may be additional Representatives named by one party for different subject areas.
 - (b) Three months prior to the Completion Date, each party will confirm their Representative and the members they wish to appoint as additional Interface Governance Group members.
 - (c) Each party shall ensure that its Representative and Interface Governance Group members are reasonably available during normal business hours.
 - (d) Each party may replace a Representative or Interface Governance Group member by giving notice to the other party. Both parties will ensure that any replacement is a person with similar experience and seniority as the representative / member being replaced and will provide the contact details of the replacement to the other party.
- 5.3 **Interface Governance Group Members:**

- (a) The Interface Governance Group members will be those members notified in writing in accordance with clause 5.2(b) above. There shall be no more than 3 Interface Governance Group members per party at any one time (including the Representative).
- (b) Each party shall ensure that its member(s) are committed and reasonably available to carry out their role in relation to the Interface Governance Group, including attending governance meetings.
- (c) Each party may nominate another person or member to be its alternate and may remove that alternate appointed by them at anytime.
- (d) Each party may replace its member by giving notice to the other party. Both parties will ensure that any replacement is a person with similar experience and seniority as the previous named member and will provide the contact details of the replacement to the other party.

5.4 **Role of Interface Governance Group:** The purpose of the Interface Governance Group is to:

- (a) consider any Compliance Reports submitted to it and propose any recommendations to address any non-compliance identified;
- (b) consider any information sharing issues as referred to at clause 2 of Schedule 4, or under the Shared Services Agreement or the Post-Completion Services Agreement;
- (c) consider and attempt to resolve any issues or disputes referred to it by a party under clause 3 of Schedule 4, or under the Shared Services Agreement or the Post-Completion Services Agreement;
- (d) carry out the review of the Shared Services Agreement or the Post-Completion Services Agreement where required by such agreements;
- (e) consider and provide a recommendation to each party of any proposed change to this agreement, the Shared Services Agreement or the Post-Completion Services Agreement; and
- (f) consider such other matters as the parties may agree.

5.5 **Governance reporting:** The Representatives are to report to the Interface Governance Group on each party's compliance with this agreement, the Shared Services Agreement and the Post-Completion Services Agreement including in respect of the Shared Interest Arrangements, on an annual basis from the Completion Date ("**Compliance Report**"):

- (a) The purpose of the Compliance Report is to ensure that there is transparency as to how the parties are meeting their respective obligations under this agreement, the Shared Services Agreement and the Post-Completion Services Agreement. Prior meeting minutes to identify issues can be used to form the basis of the Compliance Report.
- (b) The Representatives must agree on the content of the Compliance Report before delivering to the Interface Governance Group for consideration, however if

agreement is not possible, then each Representative may submit its own Compliance Report to the Interface Governance Group.

- (c) The Representatives will determine a process for ensuring that they can meet their obligations under this clause 4.5 of Schedule 3 at least three months before the Compliance Report is due.

5.6 Meetings of the Interface Governance Group:

- (a) The first chair of the Interface Governance Group is the member appointed in accordance with the process set out in the Agreement Details and is appointed for the first 2 years after the Completion Date. At the end of the first chair's term, the next chair (who shall hold office for a similar term) shall be a member nominated from the other party and so on, so that the chair rotates between the parties.
- (b) The Interface Governance Group shall meet at least once every 6 months and more frequently if required or agreed.
- (c) At the first Interface Governance Group meeting of each year, the location and dates of each meeting for the following calendar year will be set.
- (d) The Company will be responsible for administrative tasks in relation to the Interface Governance Group, such as issuing reminders and an agenda, distributing any material and taking minutes at the meeting.
- (e) Decisions and recommendations of the Interface Governance Group shall be unanimous but will not bind the parties.
- (f) A quorum of the Interface Governance Group shall be at least one member from each party.
- (g) Where a matter to be discussed by the Interface Governance Group affects the interests of another shareholding council of the Company, the Representatives may agree to meet with the representatives of that shareholding council.

APPENDIX 1 SHARED INTERESTS FRAMEWORK

1. INTRODUCTION

- 1.1. This appendix sets out the detailed arrangements between Council and the Company to ensure that matters of Shared Interest are managed effectively and efficiently, as required by clause 5 of Schedule 2 to the LG(WS) Act and as provided for in Schedule 3 of the Transfer Agreement.
- 1.2. This Shared Interests Arrangement defines how Council and the Company will work collaboratively on matters of Shared Interest, with the focus on core areas: Building Act functions, Planning, Land Use and Growth Planning functions, Emergency Management and Water / Wastewater Bylaws, to ensure decisions are coordinated, efficient, effective, resilient, and responsive to the downstream council responsibilities (e.g. maintenance of property file records / property valuation) and long-term needs of communities after water services responsibilities have transferred.
- 1.3. All reference to “water services” in this agreement refers to water and wastewater services only.

2. SHARED INTERESTS ARRANGEMENTS JOINT WORKING GROUP

- 2.1. Council and the Company will form a “Joint Working Group” (**JWG**) to ensure the effective planning and management of the roles and responsibilities on matters of Shared Interest and ensure effective communications between the parties.
- 2.2. To avoid doubt, the JWG is separate from the Interface Governance Group under the Transfer Agreement and/or the Post-Completion Services Agreement.
- 2.3. The Interface Governance Group operates as a governance and escalation body responsible for oversight, review, recommendations, and dispute resolution in relation to the Transfer Agreement and related service agreements, whereas the JWG is intended to function as a collaborative operational forum for coordinating and implementing day-to-day interface activities and shared work programmes between the parties.
- 2.4. For efficiency and consistency, Council and the Company may choose to hold their JWG meetings jointly with any other Shareholding Council’s JWG either generally or for specific matters of Shared Interest.
- 2.5. The following requirements apply to the JWG:
 - (a) The JWG will meet quarterly or at such other intervals as agreed by the parties.
 - (b) Each party must ensure a senior staff member is permanently appointed to the JWG with appropriate delegations to attend JWG meetings to ensure the effective operation of this group.
 - (c) Each party must also ensure that other relevant staff members attend the JWG meetings as needed depending on the subject matter of each meeting, for example, planning staff and/or building compliance staff.

- (d) The JWG will agree protocols for the exercise of their roles and responsibilities under this Appendix, including timeframes for responses and processes for seeking and providing feedback. This includes thresholds or criteria for when any relevant applications are to be provided to the Company for feedback.
 - (e) The JWG will agree shared protocols for the sharing of data between the parties for the exercise of their roles and responsibilities under this Appendix, including sharing growth projection analysis (acknowledging the Council and WWL are members of Future Proof), asset conditions, as-built drawings and technical reports (where relevant) and the methodology and frequency for the sharing of data, and issues relating to the charging of applicants.
 - (f) The JWG may review how to create efficiencies with building consent processes in relation to water and wastewater, connections (where applicable). Where possible, over time the parties will aim to enable digital data exchanges to automate approval and inspection workflows between Council and the Company systems.
- 2.6. The JWG may agree such other protocols to ensure the efficient exercise of each party's Shared Interests functions.
- 2.7. Any areas of dispute between Council and the Company under this Appendix will be referred to the JWG in the first instance. If unresolved, the JWG may then refer the matter to the Interface Governance Group for resolution. If still unresolved, the dispute resolution provisions of the Transfer Agreement apply.

3. DATA SHARING

- 3.1. Subject to compliance with a party's obligations of confidentiality and licensing obligations, the Council and the Company will ensure that, in accordance with any protocols agreed by the JWG, they will seek to promptly and efficiently share relevant data, records and reports relevant to assist the other in the exercise of their statutory functions including:
- (a) relevant asset and compliance records;
 - (b) growth projection reports; and
 - (c) network capacity, design standards, and network performance information.
- 3.2. The Company will ensure that Council has access to the Company's current asset information, including asset location and condition information in a format that is accurate, up-to-date and fit for purpose, to enable Council to undertake its statutory functions.
- 3.3. The Company will ensure the Council is provided with the necessary information for individual properties water and wastewater services. This will mean that the Council can meet its legal obligations, including correctly determining property valuations, administer potential rates rebates and other rating-related functions and provide Land Information Memoranda and Property Information Memoranda.
- 3.4. Where applications for government funding require submission through Councils, eg Regional Funding, the parties will coordinate to ensure accurate information is supplied and applications are progressed efficiently.

4. BUILDING ACT FUNCTIONS

- 4.1. The parties agree to establish a joint process for Building Act coordination, including processing of Property Information Memorandums (PIMs), pre application engagement, compliance reporting and technical sign-off.
- 4.2. For efficiencies and effectiveness, the parties will agree on a Building Consent Framework which sets thresholds for consents to be sent for review by the Company. It is expected that low risk consents will not need to be reviewed by the Company. However, the allocation of liability remains subject to the responsibilities of each party under the relevant legislation, any applicable Service Order between the parties, and any agreed review or approval obligations applying to particular consent categories.
- 4.3. The Council (including the Building Consent Authority (BCA)) and the Company agree the following roles and responsibilities apply in respect to functions under the Building Act 2004 while the Council is the Building Consent Authority under that Act:

Council (including Building Consent Authority)	Waikato Waters
ROLE	
<p>The Council is a Building Consent Authority (BCA) under the Building Act 2004.</p> <p>BCA functions include receiving, processing, inspecting and approving building consent applications under the Building Act 2004.</p>	<p>The Company defines the technical standards and component specification which must be in line with the District Plan, Building Act and Code, for water treatment and wastewater and has authority to provide approval for any new water or wastewater connections that may affect the building work that is the subject of a building consent application.</p>
RESPONSIBILITIES	
<p>Unless legally not able to, the Council will incorporate water-related specifications received by the Company.</p> <p>Any building consent applications which are, in the Council's opinion acting objectively, likely to affect water services that falls outside the technical standards and component specification is to be forwarded to the Company for comment.</p> <p>Where it is unclear or marginal if there is likely to be an effect, the Council will forward the application out of abundance of caution.</p> <p>The Council will notify the Company, where possible (providing reasonable notice), prior to carrying out inspections relating to parts of the building work that interface with the</p>	<p>The Company will provide feedback on any forwarded building applications provided by Council. This may include providing no comment, providing comment or seeking further information. Any comments may include advice on or recommendations for water services matters affecting the building work, including service availability, pressure zones, meter sizing, backflow requirements, and capacity.</p> <p>The Company acknowledges that Council consent decisions are subject to legislative parameters and timeframes so will provide any feedback within these parameters and agree on timeframes to ensure Council's compliance. Should no comments be received within the timeframe agreed then Council will</p>

<p>Company's assets, including point-of-supply and wastewater laterals.</p> <p>Where the Council determines not to adopt material advice or recommendations provided by the Company, where possible, the parties will discuss the matter in good faith and, where appropriate, record the reasons for the decision to support transparency and operational coordination. For clarity, decision-making responsibility remains with the statutory decision-maker.</p>	<p>continue to process the application assuming everything is compliant.</p> <p>The Company will, on request of Council, or at the Company's own discretion, attend pre-application meetings with the applicant and Council. This may include advising the applicant on the water services impacts on the proposed application, including service availability, pressure zones, meter sizing, backflow requirements, and capacity.</p>
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5. PLANNING, LAND USE AND GROWTH FUNCTIONS

- 5.1. The Council **and** the Company agree the following roles and responsibilities apply in respect to planning, land use and growth functions under the Resource Management Act 1991, Local Government Act 2002 and LG(WS) Act, and such other applicable legislation.

Council	Waikato Waters
ROLE	
<p>The Council has a number of functions and powers under the Resource Management Act 1991, including as consent authority and responsibility for the development of the district plan.</p> <p>The Council is responsible for developing a number of statutory and non-statutory plans and strategies under the Local Government Act 2002, and other legislation.</p> <p>The Council is responsible for the provision of stormwater, roading infrastructure, parks and reserves.</p>	<p>The Company is the plan taker and is responsible for the provision of water supply and wastewater infrastructure, including such infrastructure required in response to growth.</p>
RESPONSIBILITIES	
<p>The Council will ensure early engagement² with the Company on any resource management applications which, in the opinion of the Council (acting objectively), are likely to affect water services. Where it is unclear or marginal if there is likely to be an effect, the Council will forward the application out of abundance of caution. The Council will</p>	<p>The Company will provide a position and/or recommendations on any application / engagement by the Council. This may include³ providing no comment, providing comments, seeking further information, or recommending consent conditions. Any comments may include advice on or recommendations for water services matters affecting the relevant</p>

² "Engagement" in this context, means Council advising the Company of an application and inviting feedback. While Councils can encourage applicants to consult, a Council does not consult on behalf of an applicant and there is no statutory obligation under the RMA for an applicant to consult with any party.

³ Subject to the provisions and limitations of the RMA.

<p>encourage applicants to also consult with the Company around any water services.</p> <p>The Council will ensure early engagement with the Company on any Council changes to the District Plan affecting water services.</p> <p>The Council will ensure early engagement with the Company on the development of any Council plans or strategies affecting water services.</p> <p>Where the Council determines not to adopt material advice or recommendations provided by the Company, where possible, the parties will discuss the matter in good faith and, where appropriate, record the reasons for the decision to support transparency and operational coordination. For clarity, decision-making responsibility remains with the statutory decision-maker.</p> <p>Where there is a valid service order in place under the terms of the Post-Completion Services agreement, the Council will collect development contributions as agent for the Company and undertake engineering development assessments, in accordance with the relevant terms and conditions and in return for payments agreed by the parties.</p>	<p>resource consent application, District Plan changes or other plan or strategies.</p> <p>The Company acknowledges that Council resource management application decisions are subject to legislative and policy parameters and timeframes so will provide any feedback within the parameters and agree on timeframes to ensure Council's compliance with these obligations. Should no comments be received within the timeframe agreed then Council will continue to process the application assuming everything is compliant. Otherwise WWL will be responsible for any discounts under the Resource Management Act.</p> <p>The Company is responsible for determining, managing, and applying development contributions for water supply and wastewater infrastructure in accordance with the LG(WS) Act.</p>
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SHARED RESPONSIBILITIES

<p>Growth Planning, Servicing and Shared Interests</p> <ol style="list-style-type: none"> 1. The Council and Company will work together to ensure, as far as possible within legislation, that growth is directed to appropriate locations and risks (where applicable) are properly managed, taking a holistic, catchment-based approach to planning and infrastructure rather than relying on localised or isolated solutions. 2. The Parties will adhere to the following: <ol style="list-style-type: none"> (a) Early joint engagement on growth-related strategies, structure plans, growth cells and zoning changes is mandatory (noting that Council and WWL are members of Future Proof). (b) Servicing Capacity Advice: The Company must provide up to date capacity and servicing data to Council at least annually, and as needed for rezoning or major application decisions. (c) Delivery: Wherever possible, the parties will ensure that any infrastructure projects will be undertaken by whichever party (Council, developer, or the

- Company) can deliver it in the most efficient and cost-effective manner with least customer impact.
- (d) Irrespective of the delivery agent, at all times the financial responsibility for the wastewater and water supply infrastructure will ultimately reside with the Company.
 - (e) If Council delivers, the Company reimburses the “water services portion” after transfer as per the project agreement.
 - (f) Forecasts: Unless expressly agreed, the Company and Council will use common baseline assumptions across growth forecasts:
 - i. Unit demand (Household Equivalent Units (HEU))
 - ii. Cost allocation
 - iii. Timing/staging servicing of new networks
 - iv. MPDC Development Manual in the first instance or the RITS where agreed by the developer.
 - (g) Assumptions will be inputs into both Council's DC model and the Company's future Development Levies model.
 - (h) Infrastructure Funding and Financing (IFF) / Targeted Rates / Special Purpose Vehicles (SPV): Any move by either party to pursue IFF, targeted rates, or alternate financing related to water services requires:
 - i. formal engagement with the other entity
 - ii. agreement on SPV structure including shared assumptions for debt, revenue streams, and customer impacts.
3. Agreements and Development Negotiations:
- (a) New Development Agreements and Infrastructure Works Agreements involving both Council and the Company's infrastructure must be jointly managed from 30 September 2026 or the date immediately prior to Completion of the Transfer Agreement, if Completion is later than 1 October 2026.
 - (b) Where a new Development Agreement or Infrastructure Works Agreement provides for water and/or wastewater infrastructure and other related matters, a separate water services infrastructure works or development agreement will be negotiated between the Company and the developer. Where the proposed agreement relates solely to water and/or wastewater infrastructure, that agreement will be between the Company and the developer. This approach ensures clear accountability and alignment with the Company's statutory, governance and infrastructure planning obligations.
 - (c) The Development Agreement or Infrastructure Works Agreement will allocate risk, funding flows, delivery obligations, technical standards and asset handover conditions that will bind or materially affect the Company following transfer.

- (d) Should the developer raise an issue, the parties will agree what is most pragmatic in the circumstances:
 - i. Council lead negotiations on a Development Agreement or Infrastructure Works Agreement involving both Council and Company infrastructure, with decision making as per (ii) below.
 - ii. The Council leads negotiations, but the Company provides:
 - Technical approvals
 - Costing
 - Long-term OPEX & lifecycle input for the water and wastewater matters.
4. Future State Processes
- (a) Future Company owned processes (developer services, technical approvals, inspections) must be reflected progressively in shared workflows.
 - (b) Council will continue to perform its statutory functions while the Company will undertake infrastructure owner functions.
5. Future Levies (Post introduction of Development Levies) and Long-Term Alignment: Transition to the National Development Levies Framework
- (a) Default: Parties will work together as legislation changes, including the introduction of development levies. Both parties must jointly plan for:
 - i. Methodology transition (including the transitional stepped charging requirements)
 - ii. System changes
 - iii. Communications
 - iv. Financial model changeover
 - v. Implications for existing consents and Development Agreements
 - (b) Overlap: If an overlap between systems arises as the development levies replace development contributions, and it is necessary for Council to administer both systems, a Service Order to this effect will need to be put in place confirming the commitments and resourcing required by Council to provide this service.
6. Existing Credits, Overlays, and Expired Rights: All existing Council development contributions features (e.g., credits durations, overlays, HEU methodologies) must be honoured until any new levy regime replaces them.

6. EMERGENCY MANAGEMENT

The Council and the Company agree to undertake the following roles and responsibilities in respect to their respective responsibilities and functions in relation to emergency management generally and their respective duties under the Civil Defence Emergency Management Act 2002 (and any applicable replacement legislation):

Council	Waikato Waters
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ROLE	
<p>Council has statutory duties under the Civil Defence Emergency Management Act 2002 to exercise functions in relation to emergency management, including to establish a Civil Defence Emergency Management Group.</p> <p>Council must plan and provide for civil emergency management within its district and ensure that it is able to function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency.</p>	<p>The Company is a lifeline utility provider under the Civil Defence Emergency Management Act 2002 and must adhere to the duties of lifeline utilities.</p> <p>Every lifeline utility, under Section 13 of the National Civil Defence Emergency Management Plan Order 2015, must ensure that it is able to function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency</p>
SHARED RESPONSIBILITIES	
<p>The Council and the Company will work together to identify and prioritise key network components (lifeline utilities) that require protection, redundancy, or rapid reinstatement. This includes maintaining a Register of Critical (Lifeline) Assets, with the Company responsible for coordinating with Council on emergency repair and mobilisation protocols (so far as they relate to Water Services).</p> <p>In accordance with current CIMS structures, Council and the Company will align their response and recovery procedures and plans for events such as water contamination, supply disruption, or network failures, and identify and notify each other of the lead/support roles within their organisations. It is noted that where there are only drinking water and wastewater services affected then the Company will be solely responsible for the co-ordination of these events.</p> <p>Council is required to undertake an annual exercise (unless it has recently been activated) which stakeholders are invited to participate, including the Company. Each party will maintain their own integrated recovery plans for their assets.</p> <p>In relation to overlapping function, the parties will coordinate, where possible, proactive and reactive messaging, alerts and technical advice using shared messaging templates and agreed communication protocols for any crisis or publicly declared local or national state of emergency in an EOC environment. Such communications will be in accordance with CDEM Group communication protocols and / or national direction / messaging.</p> <p>The Company will provide designated staff to support the relevant Emergency Management (EM) structure when it is activated (e.g., EOC, ICC, or Lifelines Group), this includes a Water Lifelines Liaison Officer/s available within the EOC at all times.</p> <p>The Company's participation will focus on roles relating to:</p> <ul style="list-style-type: none"> • water network operations and technical advice • critical asset status reporting • coordination of field crews and contractors both prior to and during an event • infrastructure impact assessments • liaison with the Lifelines Coordinator • Public Information Management (PIM) and sharing of information • communication with stakeholders • liaison with recovery manager and controller <p>The Company will not be expected to fill general Council roles (e.g., logistics, welfare) unless separately agreed.</p>	

The Company will agree with the Council beforehand on:

- which roles it will staff
- standby arrangements
- after-hours escalation, and points of contact

For emergencies outside a declared Local or National State of Emergency, the Company will act as the Lead agency if water services are the only infrastructure affected and establish its own Incident Management Team and response structure to manage incidents prior to any escalation to a CDEM response. This may include, but is not limited to:

- Business Disruption Events and Business Continuity Plan activation
- Critical Incident Management
- Initial drought response activities
- Continuity of water supply support for Fire and Emergency New Zealand (FENZ)

In accordance with current CIMS structures, Council and the Company will align their response and recovery procedures and plans for incidents such as water contamination, supply disruption, or network failures. Both parties will identify, communicate and maintain clarity on lead and support roles within their respective organisations.

7. BYLAWS

- 7.1. The parties agree to develop a water services bylaws framework (or equivalent joint document) in collaboration with the other territorial authorities in the Waikato Waters service area
- 7.2. The purpose of the Bylaws Framework is to coordinate engagement, share technical input, and streamline the development of water and wastewater-related bylaws across the region. It will support consistency where appropriate and promote efficient, sensible bylaw-making, while fully respecting Council's statutory authority, own strategic priorities and resources to make its own bylaws and reflect local community preferences and circumstances.

SCHEDULE 4

GENERAL TERMS AND CONDITIONS

PURPOSE OF SCHEDULE 4: The general terms and conditions that apply to all parts of this agreement are set out under this Schedule 4.

1. TERM

1.1 Term: This agreement commences on the date it is signed by both parties and continues until terminated in accordance with clause 5 of this Schedule 4.

2. INFORMATION SHARING, CONFIDENTIALITY AND CO-OPERATION

2.1 Information sharing: The parties agree that, in respect of information shared between the parties under this agreement:

- (a) subject at all times to a party's obligations at law, both parties will use all reasonable endeavours to share information with each other where that information assists a party to carry out its statutory functions, powers and duties;
- (b) where information is shared, the party receiving the information will adhere to any conditions imposed by the other concerning the release and storage of that information;
- (c) the parties will act in good faith and in accordance with the Relationship Principles when a party reasonably makes a request for information to be shared; and

2.2 where information is in the public domain (other than as a result of an unpermitted act or omission of a party that obtained that information), then any conditions imposed in relation to the release and storage of that information, no longer apply.

- (a) **Managing issues:** Any concern or dispute in relation to a party not sharing information, conditions imposed in relation to the storage or use of that information or the use by a party of information that has been shared, will be referred to the Interface Governance Group and if not resolved will be dealt with under the dispute resolution process at clause 3 of this Schedule 4.

2.3 Confidentiality: Each party shall:

- (a) use its reasonable endeavours to identify Confidential Information relating to that party at the time it is supplied to the other party; and
- (b) deal with all Confidential Information in accordance with clause 4 of this Schedule 4.

3. DISPUTE RESOLUTION

3.1 **Notice in writing:** If a party claims that a dispute has arisen, that party must give written notice to the other parties. The written notice must specify the nature of the dispute.

3.2 Negotiation:

- (a) On receipt of a notice delivered in accordance with clause 3.1 of this Schedule 4 and before any party may refer a dispute to mediation, the Representatives must, in good faith and acting reasonably, do their best to resolve the dispute quickly and efficiently through negotiation.
- (b) If any Representative considers that the dispute is not being resolved in a timely manner, such Representative may serve written notice on the other parties' Representatives to escalate the dispute to the Chief Executives or equivalent (where the Representatives are not the Chief Executive or equivalent) of the applicable parties for resolution.
- (c) If the dispute has not been resolved within 20 Business Days (or within such other period as agreed by the parties) of the date of the notice referred to in clause 3.2 of this Schedule 4, any party may submit the dispute to mediation.

3.3 Mediation:

- (a) If the parties do not resolve the dispute by negotiation, the parties must, in good faith and acting reasonably, do their best to resolve the dispute by participating in mediation with an independent mediator.
- (b) If the parties do not agree on a mediator, then the mediator will be appointed by the New Zealand Dispute Resolution Centre.
- (c) The parties must mediate the dispute in accordance with principles agreed between them or, if no agreement can be reached, the New Zealand Dispute Resolution Centre Mediation Rules.
- (d) 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).

3.4 Arbitration:

- (a) If the dispute has not been resolved within 40 Business Days (or within such other period as agreed by the parties) of the dispute being referred to mediation, any party (the "**Initiating Party**") may refer such dispute to binding arbitration by issuing a written notice ("**Arbitration Notice**") to the other Party or Parties (together with the Initiating Party, the "**Disputing Parties**") for final resolution in accordance with the provisions of this clause 3.4 of this Schedule 4 and in accordance with the provisions of the Rules of Arbitration of the New Zealand Dispute Resolution Centre, as amended or modified from time to time ("**NZDRC Rules**").

- (b) The arbitral panel shall consist of one arbitrator. The arbitrator will be appointed by the agreement of the Disputing Parties or, failing agreement within 10 Business Days of the date of the Arbitration Notice, in accordance with the NZDRC Rules.
- (c) The seat of arbitration shall be as set out in Schedule 1 and the arbitration shall be conducted in the English language.
- (d) The award of the arbitration shall be in writing and must include reasons for the decision.
- (e) The award of the arbitration shall be final and binding on the parties. No party may appeal to the High Court under Clause 5 of the Second Schedule of the Arbitration Act 1996 on any question of law arising out of an award.
- (f) The award shall allocate or apportion the costs of the arbitration as the arbitrator deems fair.
- (g) Neither the existence of any dispute nor the fact that any arbitration is pending hereunder shall relieve any of the Parties of their respective obligations under this agreement.
- (h) The parties must do whatever is reasonably necessary to put into effect any negotiated or mediated agreement, arbitral award or other resolution.
- (i) During a dispute, each party must continue to perform its obligations under this agreement.
- (j) This clause does not restrict or limit the right of a party to obtain interlocutory relief.

4. CONFIDENTIAL INFORMATION AND PUBLIC ANNOUNCEMENTS

4.1 **Confidentiality:** Each party must keep confidential the Confidential Information, and must not disclose or permit the disclosure of such Confidential Information to any other person. If a party becomes aware of a breach of this obligation, that party will immediately notify the other parties.

4.2 **Further permitted use and disclosure:** This agreement does not prohibit the disclosure of Confidential Information by a party in the following circumstances:

- (a) the other parties have consented to the disclosure of the relevant Confidential Information;
- (b) the disclosure is specifically contemplated and permitted by this agreement;
- (c) the disclosure of Confidential Information is to a shareholder of a party, an elected official of such shareholder, a regulatory authority (including to The Water Services Authority – Taumata Arowai), the Commerce Commission or the Department of Internal Affairs;
- (d) the disclosure of Confidential Information is to an employee, subcontractor, agent or representative who needs it for the purposes of this agreement;

- (e) the disclosure is to a professional adviser in order for it to provide advice in relation to matters arising under or in connection with this agreement;
 - (f) the disclosure is required by a court or governmental or administrative authority; or
 - (g) the disclosure is required in accordance with clause 4.4 of this Schedule 4; or
 - (h) the disclosure is otherwise required by law.
- 4.3 **Consultation:** To the extent disclosure is required to be made in accordance with sub-clauses 4.2(f) to 4.2(h), the disclosing party must, as far as reasonably possible, consult with the other parties as to the content of such disclosure and only disclose such information as is reasonably.
- 4.4 **Public announcements and media releases:** Each party agrees that it will not make any public announcements or issue media releases in connection with, or on behalf of, the other parties or the Company in relation to the Company or Water Services, except with the written consent of the other parties. Nothing in this provision shall prohibit or restrict a party from making a public announcements or media releases in connection with the party's own involvement with, or policies in relation to, the Company.
- 4.5 **Official Information Act 1982 and Local Government Official Information and Meetings Act 1987:** The parties acknowledge that the use or disclosure of information relating to the other party may be required by law (including under the Official Information Act 1982 and the Local Government Official Information and Meetings Act 1987), Ministers or through parliamentary convention so that a party may be obliged to disclose Confidential Information or other information of the other party.
- 5. TERMINATION**
- 5.1 **Termination:** This agreement may only be terminated by mutual agreement between the parties, subject to the parties complying with any applicable obligations under the Shareholders' Agreement, the LG(WS) Act and / or the LGPA Act.
- 5.2 **Effect of termination:** Any termination of this agreement or is without prejudice to and will not affect any rights, powers, remedies or obligations of a party that have and before termination or expiry, or limit either party's rights to recover damages from the other party under this agreement or pursue any additional or alternative remedies provided by law.
- 6. NOTICES**
- 6.1 **Giving notices:** Any notice or communication given to a party under this agreement is only given if it is in writing and sent in one of the following ways:
- (a) Delivered or posted to that party at its address and marked for the attention of the relevant department or officer (if any) set out in Schedule 1.
 - (b) Emailed to that party at its email address and marked for the attention of the representative set out in Schedule 1.

6.2 **Change of details:** If a party gives the other party three Business Days' notice of a change of its postal address or email address, any notice or communication is only given by that other party if it is delivered, posted or emailed to the latest postal address or email address.

6.3 **Time notice is given:** Any notice or communication is to be treated as given at the following time:

- (a) If it is delivered, when it is left at the relevant address.
- (b) If it is sent by post, five Business Days after it is posted.
- (c) If it is sent by email, when it is received in readable form addressed in the manner specified above.
- (d) However, if any notice or communication is given, on a day that is not a Business Day or after 5pm on a Business Day, in the place of the party to whom it is sent it is to be treated as having been given at the beginning of the next Business Day.

7. GENERAL

7.1 **Consequential loss:** No party will be liable to any other party for any loss of profits, loss of saving, loss of goodwill or any consequential, indirect or special loss or damages arising directly or indirectly from any breach of this agreement or from any negligence or other act or omission.

7.2 **No partnership, joint venture:** Nothing in this agreement shall create or evidence any partnership, joint venture, agency, trust or employer/employee relationship between any of the parties, and a party may not make, or allow to be made, any representation that any such relationship exists between any of the parties. A party shall not have authority to act for, or to incur any obligation on behalf of, any other party, except as expressly provided for in this agreement.

7.3 **No privity:** Other than as expressly provided for in this agreement, this agreement is not intended to confer a benefit on any person or class of persons who is not a party to it.

7.4 **Counterparts:** This agreement is deemed to be signed by a party if that party has signed or attached that party's signatures to any of the following formats of this agreement:

- (a) an original; or
- (b) a photocopy; or
- (c) an electronic copy;

and if every party has signed or attached that party's signatures to any such format and delivered it in any such format to the other parties, the executed formats shall together constitute a binding agreement between the parties.

7.5 **Entire agreement:** This agreement, together with the Shared Services Agreement and the Post-Completion Services Agreement, contains everything the parties have agreed in relation

to the subject matter of this agreement. No party can rely on an earlier written agreement or anything said or done by or on behalf of another party before this agreement was executed.

- 7.6 **Severance:** If any provision of this agreement is, or becomes unenforceable, illegal or invalid for any reason it shall be deemed to be severed from this agreement without affecting the validity of the remainder of this agreement and shall not affect the enforceability, legality, validity or application of any other provision of this agreement.
- 7.7 **Further assurance:** Each party shall make all applications, execute all documents and do or procure all other acts and things reasonably required to implement and to carry out its obligations under, and the intention of, this agreement.
- 7.8 **Variation:** No variation of this agreement will be of any force or effect unless it is in writing and signed by the parties to this agreement.
- 7.9 **Assignments and transfer:** A party must not assign or transfer any of its rights or obligations under this agreement without the prior written consent of each of the other parties.
- 7.10 **Costs:** Except as otherwise set out in this agreement, each party must pay its own costs and expenses, including legal costs and expenses, in relation to preparing, negotiating, executing and completing this agreement and any document related to this agreement.
- 7.11 **No merger:** The provisions of this agreement and anything done under, or in connection with this agreement shall not operate as a merger of any of the rights, powers or remedies of either party under or in connection with this agreement or at law, and those rights, powers and remedies shall survive and continue in full force and effect to the extent that they are unfulfilled.
- 7.12 **Survival:** Following termination of this agreement, the provisions of clauses 2 of Schedule 4 (Information Sharing, Confidentiality and Co-operation), 3 of Schedule 4 (Dispute Process), 5 of Schedule 4 (Termination), and 7 of Schedule 4 (General), together with any provisions that by their nature are intended to survive, will remain in full force and effect.
- 7.13 **Waivers:**
- (a) A waiver of any right, power or remedy under this agreement must be in writing signed by the party granting it. A waiver only affects the particular right, obligation or breach for which it is given. It is not an implied waiver of any other right, obligation or breach or an implied waiver of that right, obligation or breach on any other occasion.
 - (b) The fact that a party fails to do, or delays in doing, something the party is entitled to do under this agreement does not amount to a waiver.
- 7.14 **Governing law:** This agreement is governed by the laws of New Zealand and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand in respect of any proceedings arising out of or relating to this agreement.

SCHEDULE 5

INTERPRETATION AND DEFINITIONS

1. INTERPRETATION AND DEFINITIONS

1.1 Terms in capitals on this agreement which are not defined, have the same meaning as set out in the Shareholders' Agreement.

1.2 **Definitions:** In this agreement, unless the context otherwise requires:

"**Access Terms**" has the meaning set out in Schedule 2B.

"**Accounting Treatment**" has the meaning given to that term in clause 8.2(b)(iii)(aa) of Schedule 2.

"**Accruals**" has the meaning given to that term in clause 8.1(d)(i) of Schedule 2.

"**Accrued Employee Benefits**" means all wages, salary, annual leave, long service leave, incentive payments and other employee related benefits and entitlements (but excluding sick leave entitlements) accrued to and unpaid at the Completion Date in respect of those Employees whose Offer satisfies the requirements of clause 1(3) of Schedule 1 of the LG(WS) Act (and/or who have been offered employment on the basis that it is continuous for the purposes of any entitlements or benefits) and who accept an Offer, including any redundancy compensation, severance payments or other amounts payable to such Employees which are referable to their employment with the Council or the termination of that employment.

"**Accrued Employee Benefits Amount**" has the meaning given to that term in clause 8.1(a) of Schedule 2.

"**Additional Item**" has the meaning given to that term in clause 6.5 of Schedule 2.

"**Advance Revenue**" has the meaning given to that term in clause 8.1(c) of Schedule 2.

"**Agreement Details**" means the details set out in Schedule 1 of this agreement.

"**Agreed Transfer Date**" has the meaning given to it in the Shareholders' Agreement.

"**Apportionable Outgoings**" means the amounts payable by the Council in relation to:

- (a) the Assumed Contracts; and
- (b) agreements with the Contractors.

"**Apportionment Statement**" has the meaning given to that term in clause 8.1 of Schedule 2.

"**Arbitration Notice**" has the meaning given to that term in clause 3.4(a) of Schedule 4.

"**Assets**" means the assets owned by the Council directly and primarily relating to the provision of Water Services and includes those assets set out in Appendix 1 of Schedule 2 and in Schedule 2B, but excluding those assets set out in Appendix 2 of Schedule 2.

"Assumed Contracts" means the agreements described in Appendix 1 of Schedule 2.

"Benefits" has the meaning given to that term in clause 9.1(a) of Schedule 2.

"Board" means Directors who number not less than the required quorum, acting together as a board of Directors.

"Business" means the Water Services carried on by the Council at Completion using the Assets, Employees, Contractors, Assumed Contracts and Deferred Contracts.

"Business Day" means any day other than a Saturday, Sunday or statutory public holiday in the Service Area set out in Schedule 1.

"Calculation Time" means 5pm on the last Business Day before the Completion Date, or any other time and date that the Council and the Company agree in writing.

"Claim" includes a claim, notice, demand, action, proceeding, litigation, investigation, judgment or Liability however arising, whether present, unascertained, immediate, future or contingent, whether based in contract, tort, statute or otherwise and whether involving a third party or a party to this agreement.

"Company" means Waikato Waters Limited.

"Completion" means completion of the transfer of the Assets in accordance with clause 7 of Schedule 2.

"Completion Date" means the date specified in Schedule 1, with this intended to be the Agreed Transfer Date as defined in the Shareholders' Agreement.

"Compliance Report" has the meaning given to that term in clause 5.5 of Schedule 3.

"Confidential Information" means any commercially sensitive provisions of this agreement and all other information of a confidential nature (which, where the confidentiality of the information is not expressly stated, shall be determined by the recipient, acting reasonably) obtained by one party from the other party under or in connection with this agreement.

"Constitution" means the constitution of the Company (including the Schedules) and all amendments to it from time to time.

"Contractors" means those people identified by the Council under clause 5 of Schedule 2, who accept an Offer.

"Counterparty consents" has the meaning given to that term in clause 66.5(b)(b) of Schedule 2.

"Council Debt Notice" has the meaning given to that term in clause 6.1(f) of Schedule 2.

"Council Water Infrastructure Debt" means the aggregate of the debt owed by the Council which was incurred in relation to the infrastructure and related assets/matters which are being transferred to the Company in accordance with this agreement, the value of which is determined in accordance with Schedule 2A.

"Deferred Contract" has the meaning given to that term in clause 10(a) of Schedule 2.

"Director" means a person appointed as a director of the Company in accordance with the Constitution.

"Dispute Notice" has the meaning given to that term in clause 8.2(b) of Schedule 2.

"Employees" means those employees of the Council who receive an Offer.

"Encumbrance" means:

(a) a mortgage, debenture, charge, lien, pledge, hypothecation, security interest (as that term is defined in the Personal Property Securities Act 1999), title retention, preferential right or other similar instrument, device or power; or

(b) an interest by way of security for the payment of a debt or any monetary obligation,

and includes any agreement or arrangement to grant or create any of the above.

"Establishment Strategy" means the agreed strategy informing the transition of a water services business into the Company as set out in the Shareholders' Agreement.

"Excluded Matters" means the excluded assets, excluded obligations and excluded responsibilities that are not transferred by the Council to the Company under this agreement, as set out in Appendix 2 to Schedule 2.

"Expert" has the meaning given to that term in clause 8.2(b) of Schedule 2.

"Financial Year" has the meaning set out in the LG(WS) Act.

"Government Agency" means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority (including any authority responsible for the collection of tax), tribunal, agency or entity or other statutory authority having jurisdiction or authority to perform or exercise functions or powers under or pursuant to any statute, regulation, law, by-law or order.

"Interface Governance Group" means the governance group established under this agreement in accordance with clause 5 of Schedule 3.

"Iwi and hapū Responsibilities" means the responsibilities arising in relation to existing relationships and obligations (whether statutory, contractual or otherwise) with Iwi and the Council's Service Area that are acknowledged by the Council and the Company as set out in Appendix 1 of Schedule 2.

"JWG" has the meaning set out in Schedule 3, Appendix 1.

"Land Assets" has the meaning set out in Schedule 2B.

"LGA" means the Local Government Act 2002.

"LGPA" means the Local Government (Water Services Preliminary Arrangements) Act 2024.

"LG(WS) Act" means the Local Government (Water Services) Act 2025.

"Liability" means any loss, liability, obligation, overhead, debt, cost, expense or damage (in each case whether known or unknown, actual, contingent or prospective) of any kind and however arising, including penalties, fines and interest, irrespective of when the acts, events or things which give rise to the liability occurred.

"Management Responsibilities" means the responsibilities for the management of the Water Services that are transferred by the Council to the Company as set out in Appendix 1 of Schedule 2, but excluding those management responsibilities set out in Appendix 2 of Schedule 2.

"Matters in Dispute" has the meaning given to that term in clause 8.2(b) of Schedule 2.

"NZDRC Rules" has the meaning given to that term in clause 3.4(a) of Schedule 4.

"Obligations" means:

- (a) any Liabilities in respect of the period after Completion which relate to the Employees and Contractors who have accepted an Offer; and
- (b) any Liabilities in respect of the period after Completion under the Assumed Contracts and the Deferred Contracts.

"Offer" has the meaning given to that term in clause 5.4 of Schedule 2.

"Operational Responsibilities" means the responsibilities for the operation of the Water Services that are transferred by the Council to the Company as set out in Appendix 1 of Schedule 2, but excluding those operational responsibilities set out in Appendix 2 of Schedule 2.

"Outstanding Revenue" has the meaning given to that term in clause 8.1(b) of Schedule 2.

"Personnel" means, in respect of a party, any employee, independent contractor, subcontractor, agent or representative engaged by that party, who provides any part of a Service.

"Post-Completion Transition Services" means the services that the Company engages the council to provide from the Completion Date, as particularised in Schedule 3 and the Post-Completion Services Agreement.

"Post-Completion Services Agreement" has the meaning set out at paragraph C(a) of the recitals.

"Prepayments" has the meaning given to that term in clause 8.1(d)(ii) of Schedule 2.

"Property Assets" has the meaning set out in Schedule 2B.

"PWA" has the meaning set out in Schedule 2B.

"Reserve Land Assets" has the meaning set out in Schedule 2B.

"Road Reserve Assets" has the meaning set out in Schedule 2B.

"**Referral Notice**" has the meaning given to that term in clause 8.2(b) of Schedule 2.

"**Relationship Principles**" has the meaning given to that term in clause 1.1 of Schedule 3.

"**Relevant Contract**" has the meaning given to that term in clause 9.1(a) of Schedule 2.

"**Representative**" has the meaning given to that term in clause 4.2(a) of Schedule 3.

"**Responsibilities**" means the Statutory Responsibilities, Management Responsibilities, Operational Responsibilities, Resource Consent Responsibilities and Iwi and hapū Responsibilities.

"**Resource Consents**" means any resource consents issued by a Government Agency under the Resource Management Act 1991 (including any applications for any resource consents that are currently being processed) that are relevant to the Water Services that are transferred by the Council to the Company as set out in Appendix 1 of Schedule 2, but excluding those resource consents set out in Appendix 2 of Schedule 2.

"**Resource Consents Responsibilities**" means the responsibilities for complying with the Resource Consents, and for exercising the associated rights and functions.

"**Service Area**" has the meaning set out in the LG(WS) Act where such service area is within the boundary of the Council (as that boundary is constituted at any time in Part 2, Schedule 2, LGA).

"**Settlement Amount**" means the amount calculated in accordance with Schedule 2A.

"**Shared Interests**" means the shared interests set out in Schedule 1, which are further described under any Shared Interest Arrangement.

"**Shared Interest Arrangement**" has the meaning given to that term in clause 2.2 of Schedule 3.

"**Shared Services Agreement**" has the meaning set out at paragraph C(b) of the recitals.

"**Shareholders' Agreement**" means the shareholders' agreement entered into between the Company and each of its shareholders and dated 23 July 2025.

"**Shareholding Councils**" means each of the councils that are party to the Shareholders' Agreement.

"**Stage 1 Shares**" has the same meaning as set out in the Shareholders' Agreement.

"**Stage 2 Shares**" has the same meaning as set out in the Shareholders' Agreement.

"**Statutory Responsibilities**" means the statutory responsibilities, functions, duties, and powers concerning the provision of Water Services that are transferred by the Council to the Company, as set out in Appendix 1 of Schedule 2, but excluding those statutory responsibilities set out in Appendix 2 of Schedule 2.

"**Total Water Connections**" has the meaning set out in the Shareholders' Agreement.

"Transferring Water Services" means the drinking water services and wastewater services the Council is transferring Statutory Responsibility for to the Company under the terms of this agreement.

"Transaction" means the transaction recorded in this agreement.

"Transitional Activity Costs" means those costs incurred by the Council in undertaking a transition activity agreed by the Board and set out in Schedule 2A.

"Warranties" means the warranties and undertakings in clause 12.1(a) of Schedule 2.

"Water Revenues" has the meaning given to that term in clause 3.1 of Schedule 3.

"Water Services" has the meaning set out in the LG(WS) Act, which shall be the water services transferred by the Shareholders to the Company in accordance with the Transfer Agreement between each Shareholder and the Company.

"Water Services Strategy" has the meaning set out in the LG(WS) Act.

7.15 **Interpretation:** In this agreement, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the singular includes the plural and vice versa, and a gender includes other genders;
- (c) another grammatical form of a defined word or expression has a corresponding meaning;
- (d) words in this agreement have the same meaning as in the Companies Act 1993 unless inconsistent with the context;
- (e) a reference to a party, person or entity includes:
 - (i) an individual, firm, company, trust, partnership, joint venture, association, corporation, body corporate, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and
 - (ii) an employee, agent, successor, permitted assign, executor, administrator and other representative of such party, person, entity;
- (f) a reference to dollars or \$ is to New Zealand currency and excludes every tax and duty;
- (g) a reference to a clause, schedule, appendix or attachment is to a clause, schedule, appendix or attachment of this agreement;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) references to the word 'include' or 'including' are to be construed without limitation;

- (j) references to any form of law is to New Zealand law, including as amended or re-enacted;
- (k) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (l) an obligation not to do something includes an obligation not to allow or cause that thing to be done;
- (m) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;
- (n) any obligation falling due for performance on or by a day other than a Business Day shall be performed on or by the Business Day immediately following that day; and
- (o) an obligation not to do something includes an obligation not to allow or cause that thing to be done.

DRAFT



Waikato Waters Transfer Agreement

24 June 2026



Why this matters



- Transfers drinking water and wastewater services to Waikato Waters from 1 October 2026 (stormwater stays with Council).
- Part of Waikato Waters Done Well with five other councils, following the template agreed in the Shareholders' Agreement (June 2025).
- Greater financial sustainability, infrastructure savings, operational resilience and coordinated regulation.
- Smooth transition: no billing change in 2026/27, staff offered roles, and shared services for up to three years.



Structure of the Agreement



Section	Purpose
Schedule 1 – Agreement Details	Key transaction details
Schedule 2 – Transfer Terms and Conditions	The core transfer provisions covering assets, liabilities, contracts, employee pathway
Schedule 2A – Settlement Amount	Transfers the financial responsibility for the water business, including water debt.
Schedule 2B – Land and Property Arrangements	Transfers the land required to support those assets or provides property arrangements
Schedule 3 – Post-Completion Arrangements	Ongoing Council/Waikato Waters interface
Schedules 4 and 5 – General Legal Provisions	Standard legal terms, dispute resolution and definitions.



Since the 17 June workshop



- All assets transferring have been checked and any differences resolved. This includes easements and confirming properties that will be held in trust on completion date. **Still some negotiation to be done.**
- The Waikato Waters board have met and approved in principle the Transfer Agreement originally supplied with delegated authority for Neil (Interim CE) to negotiate any amendments.
- The amendments have been circulated with Waikato Waters and are included in your document.



Since the 17 June workshop



- Waikato Waters have provided feedback on MPDC amendments and staff are currently working through each clause, supported by Rice Speir (legal counsel)
- Once the amendments are resolved, any additional detail that requires negotiation will be between the respective CEs.
- Waikato Waters “Go Live” is 1 July, the CEs can’t meet until after that date due to transfer commitments.



Negotiated Outcomes (current)



Staff have negotiated:

- Right of refusal clause for land
- Additional time to undertake subdivision (18 months instead of 12)
- Sharing of costs for land changes between WW and Council
- Additional clauses to strengthen council position.



Timeline



- **23 June 2026** - Draft Transfer Agreement approved by WWL Board
- **1 July 2026** – WWL goes live and can borrow in its own right; early staff begin to transfer.
- **No later than 10 July 2026** – Transfer Agreement to be signed by Council.
- **31 July 2026** – Executed agreement published on Council’s website.
- **1 October 2026** – Transfer takes effect; Waikato Waters assumes drinking water and wastewater services.
- **1 July 2027** – Transition to agency billing model (no change for ratepayers in 2026/27).



Risks – managed



- A few schedules and financial details are still being finalised – substantial work is well advanced.
- The legal form of the agreement is mitigated by extensive review across Waikato Waters and the six councils.
- Schedules are being verified through ongoing collaboration, with the agreement allowing items to be confirmed before completion.
- Any further amendments return to Council and Waikato Waters for approval before 1 October 2026.



Resolution



- **Recommended:** adopt the Transfer Agreement (Option 2) – status quo and delay are both non-compliant.
- Receive the report on the Waikato Waters Ltd Transfer Agreement.
- Approve the draft Transfer Agreement to transfer drinking water and wastewater services, assets, liabilities and contracts to Waikato Waters.



Resolution – delegations



- Delegate authority to the Mayor and Chief Executive to finalise the schedules and sign the agreement by 10 July 2026.
- Delegate authority to the Chief Executive to approve and execute the Post-Completion and Shared Services agreements.
- **Why now:** signing by 10 July enables staff offers and meets Council's obligations under the Water Services Act.



Access to Drinking Water Assessment

Council Meeting 24 June 2026



Purpose & Overview

- **Purpose:** Present the Access to Drinking Water Communities Assessment (Appendix 1) for Council's information, supporting awareness of statutory requirements and future water services planning.
- **Statutory driver:** Section 69 of the Local Government (Water Services) Act 2025 requires every territorial authority to assess drinking water services by 1 July 2026, then at least every three years.
- **Scope:** District-wide view of how communities access drinking water — both Council-supplied and non-Council sources such as bores, rainwater and springs.
- **Significance:** Assessed as low; no formal consultation required. Receiving the report for information does not commit Council to specific projects or expenditure.
- **Prepared by:** Susanne Kampshof, Assets & Projects Manager, with Morrison Low Advisory.

Key Findings

Supplies assessed

- 92 potential supplies on the long list; 40 assessed under the 2026 Section 69 review.
- 26 (65%) registered with Taumata Arowai; 14 (35%) not registered.
- Mix: 6 Council township, 5 company, 15 schools/early learning, 8 marae, 3 campgrounds, 2 golf clubs, 1 family.
- Since 2017: 30 supplies in both, 10 added, 9 removed (connected to Council supply, closed, or outside the district).

Quality & risk

- Council and company networked supplies generally met monitoring requirements — one partial exception for source monitoring at Waitoa Village & Factory.
- 14 unregistered supplies assessed as HIGH risk where sources are unverified or no test results exist; site verification needed.
- Public information is limited for many self-supplied and unregistered supplies.
- A key output is an up-to-date supply register to use as a baseline for future assessments.

Who Is Responsible for Private Supplies?

- **Council (territorial authority)**
 - Statutory duty (s69): assess and inform itself about each community's access to drinking water, including private supplies.
 - Complete the first assessment by 1 July 2026, then refresh at least every three years.
 - Describe safety and quality using data made available by Taumata Arowai and others.
 - Inspections and site verification are discretionary — not a legal duty.
- **Taumata Arowai (the regulator)**
 - Registers, monitors and enforces drinking water standards for all suppliers — public and private.
 - Follows up registration of unregistered community supplies by November 2028.
 - Holds enforcement powers; the supplier must supply safe water.
 - Supplies serving 25 or fewer people need not register.

Recommendation & Next Steps

- **Recommended:** That Council receives the report and notes the Assessment (Appendix 1) as an overview of community access to drinking water that will inform future planning, including by Waikato Waters.
- **Notes:** Any further work arising from the Assessment will be considered through normal planning and budgeting processes, where required.
- **Next steps – Council:** Inspections and cross-checking to strengthen data on private community supplies — not a statutory duty, as regulation sits with Taumata Arowai; maintain the supply register as the baseline for the next review in three years.
- **Next steps – Taumata Arowai:** register qualifying unregistered supplies and follow up outstanding information for registered supplies.
- **Financials:** No direct financial implications from receiving the report; future work funded through normal Council and Waikato Waters processes.