

Kaunihera | Council

Kaupapataka Wātea | Open Agenda



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

Ko te rā | Date: Wednesday 13 August 2025
Wā | Time: 9:00
Wāhi | Venue: Council Chambers
35 Kenrick Street
TE AROHA

Ngā Mema | Membership

Manuhuia | Mayor

Adrienne Wilcock, (Chair)

Koromatua Tautoko | Deputy Mayor

James Thomas

Kaunihera ā-Rohe | District

Councillors Caleb Ansell

Sarah-Jane Bourne

Sharon Dean

Bruce Dewhurst

Dayne Horne

Peter Jager

James Sainsbury

Russell Smith

Kevin Tappin

Gary Thompson

Sue Whiting

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1 Whakatūwheratanga o te hui | Meeting Opening

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

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

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

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

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

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

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

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

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

4 Whākī pānga | Declaration of Interest

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

5 Whakaaetanga mēneti | Confirmation of Minutes

Minutes, as circulated, of the ordinary meeting of Matamata-Piako District Council, held on 23 July 2025

6 Papa ā-iwi whānui | Public Forum

At the close of the agenda there were no speakers scheduled to the public forum.

7 Pūrongo me whakatau | Decision Reports

7.1 Water Service Delivery Plan

CM No.: 3066988

Te Kaupapa | Purpose

The purpose of this report is to seek council consideration and approval on the Draft Water Services Delivery Plan.

Rāpopotonga Matua | Executive Summary

At the 25 June 2025 Council meeting, Council chose to proceed with a sub-regional council controlled organisation as their future water services delivery model for drinking water and wastewater, and join the limited liability company, Waikato Waters Ltd, with other Waikato Councils. Stormwater will continue to be delivered by Matamata-Piako District Council.

Councils are required to prepare a Water Services Delivery plan (WSDP) that provides an assessment of their water infrastructure (Drinking Water, Wastewater and Stormwater), how much they need to invest, and how they plan to finance and deliver it through their preferred water service delivery model. The WSDP is a one-off, transitional requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024.

Councils are required to develop and submit WSDPs, either individually or jointly with other councils, by 3 September 2025 (unless an extension is requested and granted). Matamata-Piako District Council has not requested an extension and will be submitting an individual WSDP, in conjunction with the other Waikato Councils to be shareholders in Waikato Waters Ltd.

Tūtohunga | Recommendation

That:

1. Council receives the report titled **Water Services Delivery Plan**,
2. Council approves **Option 1: Approves the Water Services Delivery Plan**,
3. Council adopts the **Water Services Delivery Plan attached as Appendix 1 to this report pursuant to section 17 of the Local Government (Water Services Preliminary Arrangements) Act 2024**,
4. Council authorises the **Chief Executive to make non-material amendments to the WSDP prior to submission the Secretary of Internal Affairs in accordance with the Act**.

Horopaki | Background

At its meeting on 25 June 2025, Council resolved to adopt a sub-regional council-controlled organisation as the future model for delivering drinking water and wastewater services. As part of this decision, Council will join Waikato Waters Ltd, a limited liability company formed in partnership with other Waikato councils. Stormwater services will continue to be managed by Matamata-Piako District Council.

Under the Local Government (Water Services Preliminary Arrangements) Act 2024, councils are required to prepare a Water Services Delivery Plan (WSDP). This plan must assess the current state of water infrastructure (drinking water, wastewater, and stormwater), outline the necessary investment, and describe how services will be financed and delivered under the chosen model. The WSDP is a one-off, transitional requirement.

Councils must submit their WSDPs—either individually or jointly—by 3 September 2025, unless an extension is granted. Matamata-Piako District Council has not sought an extension and will submit an individual WSDP, developed in collaboration with the other Waikato councils that will be shareholders in Waikato Waters Ltd.

Ngā Take/Kōrerorero | Issues/Discussion

In July 2023, a comprehensive programme—now known as Waikato Water Done Well (WWDW)—was initiated by Waikato Iwi Chairs and Council Mayors. Over the past two years, WWDW has worked closely with the Joint Forum of Waikato Iwi Chairs and Mayors, as well as a Chief Executive (CE) working group from Waikato councils, to explore strategic approaches for delivering water services that maximise both local and regional benefits.

As each Waikato council determined its preferred water services delivery model, the CE working group agreed that each WWDW-associated council would prepare an individual Water Services Delivery Plan (WSDP). Sub-regional components of these plans are being developed by the WWDW programme team for inclusion. Each WSDP will be endorsed by the respective council, certified as financially sustainable by its CE, and submitted collectively to the Department of Internal Affairs (DIA) by WWDW.

At the time of drafting this report, the collective submission is scheduled for mid to late August 2025. Each WSDP must address key legislative requirements, including:

- Baseline information on council water services operations, assets, revenue, expenditure, pricing, and projected capital investment, along with financing arrangements.
- A description of future water services delivery arrangements.
- An implementation plan outlining how the proposed delivery model will be executed.

Financial sustainability will be assessed based on three key components:

1. **Revenue sufficiency** – Is there adequate revenue to cover operational costs, including debt servicing?
2. **Investment sufficiency** – Is the proposed level of investment sufficient to meet regulatory standards and accommodate growth?
3. **Financing sufficiency** – Are funding and financing arrangements adequate to support the required investment?

A central element of each WSDP is the preferred supplier model for governance, management, and operations of water services. WWDW has contributed substantial content to this section, primarily based on draft foundational documents.

On 7 July 2025, Waipa District Council submitted its WSDP to DIA on behalf of the associated sub-regional councils for preliminary feedback. DIA has since provided guidance, and relevant updates have been incorporated into the draft plans.

A key risk identified by Council is the potential for WSDPs to be adopted, certified, and submitted prior to the enactment of the Local Government (Water Services) Bill (Bill 3). As of this report's drafting, this risk is highly likely. The Select Committee report was received on 3 July 2025, the Bill's second reading occurred on 17 July 2025, and the third reading and Royal Assent are anticipated in mid-August 2025. While the WSDP requirement stems from the Local Government (Water Services Preliminary Arrangements) Act 2024, the enduring framework for water service delivery will be established through the enactment of Bill 3.

Mōrearea | Risk

There are no significant risks associated with the decision required for this matter. Risks associated with the WSDP are detailed within the draft attached Plan (Water Services Delivery Plan: additional information – risks and assumptions section).

These key risks are:

- The Company is not established and ready to be operational from 1 July 2026
- The company does not get LGFA approval/covenants
- The input costs from councils are materially understated
- Ability to recruit an experienced executive team to lead the establishment of the CCO
- Uncertainty in the regulatory landscape the company will be operating in, and cost blow out
- Ability of the market to respond and deliver on the capital works delivery

Ngā Whiringa | Options

Council has the following options:

Option One – Approves the Water Services Delivery Plan	
Description of option	
Council approves the Water Services Delivery Plan (WSDP) for submission to the Department of Internal Affairs, in alignment with legislative requirements and the agreed sub-regional approach through Waikato Water Done Well.	
Advantages	Disadvantages
Meets statutory obligations under the Local Government (Water Services Preliminary Arrangements) Act 2024.	May require future amendments if legislative or policy settings change post-submission.

Option Two – Does not approve the Water Services Delivery Plan	
Description of option	
Council declines to approve the WSDP at this time, potentially seeking further information, clarification, or awaiting the enactment of the Local Government (Water Services) Bill before proceeding.	
Advantages	Disadvantages

Allows more time to consider the implications of the final legislation.

Council will not meet the statutory deadline of 3 September 2025, as there is insufficient time remaining to revise and approve the WSDP.

Recommended option

Staff recommend proceeding with option 1 – to adopt the Water Services Delivery Plan, for submitting to the Department of Internal Affairs in conjunction with those Waikato Councils to be shareholders of Waikato Waters Ltd.

This recommendation reflects Council's commitment to meeting its statutory obligations under the *Local Government (Water Services Preliminary Arrangements) Act 2024*, and to actively participating in the regionally coordinated approach to water service delivery through the Waikato Water Done Well programme.

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

The development of this Water Services Delivery Plan (WSDP) is guided by the requirements set out in the *Local Government (Water Services Preliminary Arrangements) Act 2024* (PAA). This legislation establishes the framework for councils to assess and plan for the future delivery of water services, including drinking water, wastewater, and stormwater.

Under the PAA, councils are required to:

- Develop and submit a WSDP by 3 September 2025, unless an extension is granted.
- Include in the WSDP a comprehensive assessment of current water services infrastructure, levels of service, compliance with regulatory standards, and financial sustainability.
- Consult with the public on the proposed model or arrangement for the delivery of water services, which is a fundamental component of the WSDP.

While the Act does not require consultation on the WSDP itself, it mandates engagement on the delivery model. This consultation has been undertaken in accordance with the PAA, ensuring transparency and community input into the future structure of water services provision.

The WSDP also aligns with broader policy objectives under the Local Water Done Well programme, which emphasizes local decision-making, financial sustainability, and regulatory compliance. The plan reflects council's commitment to meeting current and anticipated regulatory requirements, including those related to water quality, infrastructure resilience, and service equity.

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

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

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

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	Council has considered the reasonably practicable options available for the delivery of water services. These options were considered in earlier reports, including an assessment of their advantages, disadvantages, and alignment with community outcomes.
Section 78 – requires consideration of the views of Interested/affected people	Council has given due consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the proposed model for water service delivery. Engagement activities were undertaken as part of the consultation process required under the PAA, including public submissions, stakeholder meetings, and targeted outreach to iwi/Māori and other key community groups. Feedback received has informed the development of the proposed model and is reflected in this WSDP.
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	Council has determined that the level of analysis and consultation undertaken is proportionate to the significance of the decision. The Significance and Engagement Policy has been applied, and this issue is assessed as having a high level of significance.
Section 82 – this sets out principles of consultation.	Council has followed the principles of consultation as set out in Section 82 of the Local Government Act 2002. This includes ensuring that persons affected or interested were provided with clear information, reasonable opportunities to present their views, and that those views were given due consideration in decision-making. The consultation process was conducted in an open and transparent manner, consistent with Council's Significance and Engagement Policy.

Policy Considerations

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

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

Following consideration of the available options, the recommended approach is assessed as having high overall significance. However, as community consultation has already been undertaken, the proposed method of engagement is to **inform** the community of the WSDP submission via the Local Water Done Well public webpage: <https://www.mpdc.govt.nz/reforms/local-water-done-well>





In accordance with section 21 of the *Local Government (Water Services Preliminary Arrangements) Act 2024*, the Water Services Delivery Plan must be published on the Council's website as soon as reasonably practicable after it has been accepted by the Department of Internal Affairs. Responses from the Department are expected by the end of 2025.

Timeframes

Key Task	Dates
Provide to Waikato Waters Ltd, the draft Water Services Delivery Plan for joint submission to Department of Internal Affairs	Mid-August 2025

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

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

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

		A place that embraces our environment	create
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The community outcomes relevant to this report are as follows:

- A place with people at its heart
- A place to thrive
- A place that embraces our environment

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

Council has submitted updated 2024 Long Term Plan (LTP) figures into the Waikato Water Done Well (WWDW) financial model.

The financial projections in this Water Services Delivery Plan (WSDP) are based on the 2025/26 Annual Plan. These figures incorporate annual operating costs adjusted for inflation, anticipated increases in operational expenditure due to the addition of new assets, and a revised capital programme that adopts a flat-lined investment profile to meet regulatory and compliance needs.

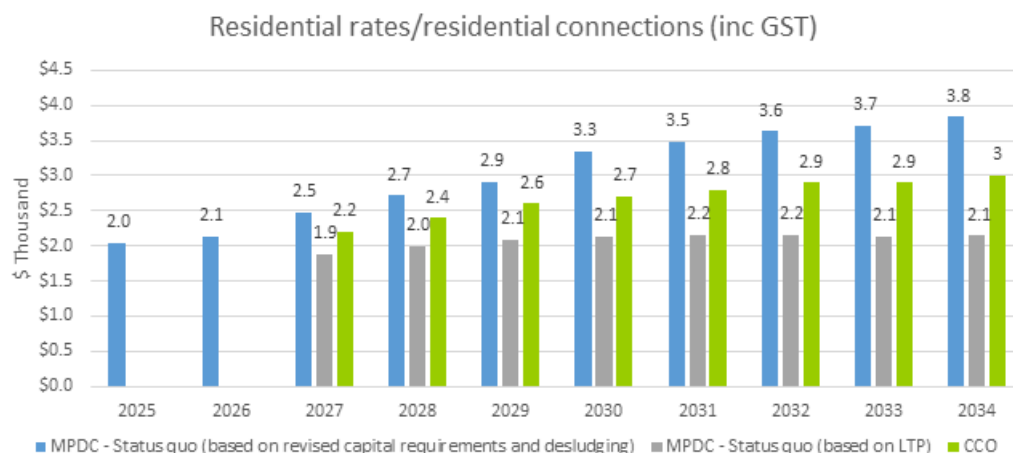
A comprehensive desludging report has been completed, and Council recently held a workshop to explore funding options to meet compliance requirements associated with desludging activities. The March 2025 WWDW financial figures included in the Water Services Delivery Plan (WSDP) reflected elevated operating costs for desludging at the Te Aroha, Matamata, and Morrinsville treatment plants.

Following this, Council considered an alternative approach, which has informed an updated investment profile. This revised strategy prioritises addressing immediate safety risks at the Te Aroha and Morrinsville plants, while enabling a more strategic, long-term solution. Specifically, it proposes capital investment in monofill infrastructure, which would reduce ongoing annual operating costs and improve compliance outcomes over time. Successful implementation of this approach will require collaboration with Waikato Regional Council and local iwi to ensure the desired outcomes are achieved.

Subsequent updates have been made to reflect revised desludging costs and associated funding strategy. These changes are clearly highlighted in the WSDP and indicate that the WWDW financial model will need to be re-run to incorporate the updated figures.

While the WSDP uses average and total WWDW figures, it is important to note that cost increases are expected across the three waters to meet evolving regulatory and compliance requirements. The 2025/26 budgets have already been updated to reflect some of these changes.

The graph below illustrates the projected long-term impacts of these changes on residential rates.



Council will review and set its budgets again as part of the 2026/27 Annual Plan process and the subsequent water services strategy. At that time, the work programmes and budget requirements identified in this WSDP will need to be carefully considered.

Ngā Tāpiritanga | Attachments

[A↓](#). MPDC Water Services Delivery Plan Draft 06.08.2025



Ngā waitohu | Signatories

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Approved by	Susanne Kampshof Pou Rawa me ngā Kaupapa Assets and Projects Manager	
	Fiona Vessey Hautū Whakahaere Group Manager Operations	

Water Services Delivery Plan

Matamata-Piako District Council

September 2025

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Overview of Plan

1. As required by the Local Government Water Services (Preliminary Arrangements) Act 2024 (**PAA**), this water services delivery plan is submitted to the Department of Internal Affairs (**DIA**) to demonstrate council's current and future commitment to delivering financially sustainable and regulatory compliant water services.
2. In summary, the future services delivery model that has been adopted by Matamata-Piako District Council (MPDC/ Council) is the Waikato Water Done Well model (**WWDW**). This is the largest group of councils coming together in the country. The Minister has recognised the leadership position that WWDW councils have taken in implementing Government policy. The approach taken to agree with this model has been principle-based. Strong foundations for the model were set back in December 2024 with the signing of a Heads of Agreement by seven councils.
3. Under this model, this council will transfer responsibility for the delivery of drinking water and wastewater services to a water organisation that is jointly owned by the following councils:
 - Hauraki District Council
 - Matamata-Piako District Council
 - Ōtorohanga District Council
 - South Waikato District Council
 - Waipā District Council
 - Waitomo District Council
 - Taupō District Council¹.

These councils (with the exception of Taupō District Council) are referred to as the **WWDW councils** in this plan.

4. This plan is materially based on the DIA water services delivery template with the following modifications:
 - Inclusion of an introductory section: giving context to how Waikato Water Done Well came into being
 - The duplication of Section D: one covers drinking water and wastewater services (prepared by WWDW for years 2027/28 to 2033/34) and the other covers stormwater services (prepared by Matamata-Piako District Council)

Introduction to Waikato Water Done Well

1. The Waikato is known nationally for its leadership in managing water to help ensure better long-term outcomes for the Waikato and Waipā rivers, Hauraki Coromandel rivers and Tikapa Moana/Hauraki Gulf.
2. In July 2023, what is now referred to as Waikato Water Done Well was initiated by Waikato Iwi Chairs and Waikato Council Mayors². From this, the combined forum of Waikato Iwi Chairs and Mayors was formed (**Joint Forum**) and the Waikato Water Done Well programme of work was mandated. Over almost the last two years, councils have reflected on how they can strategically approach the delivery of water services to maximise both local and regional benefits.
3. Concurrently, under Local Water Done Well (LWDW), all councils in New Zealand were required to develop a financially sustainable and regulatory-compliant model for delivering water services to their communities. Councils have been encouraged to consider how to meet the requirements of Local Water Done Well, including whether creating a jointly owned water organisation is the optimal structure for their communities.
4. To collectively address the identified common challenges, under Waikato Water Done Well, Waikato councils co-designed a proposed model for the delivery of water services. This model is centred around the vision of *Te Mana Te Wai, Te Mana o Te Tangata* / *Healthy Water, Healthy People*. The vision establishes a foundation for strategic, results-oriented water services governance and delivery under which community benefits in the long term. The

¹ Although Taupō District Council is a shareholder in the water organisation, it is under a particular share structure (described later below) and it has not committed to transferring responsibility for water services to the entity.

² This included the Chair of the Waikato Regional Council.

vision is captured in the company constitution of Waikato Waters, which has been established to deliver on the following strategic outcomes:

- a) **Financial sustainability:** create scale and change (including through further Company expansion opportunities) to enable the significant investment required to deliver efficient and financially sustainable water services that comply with regulatory requirements and enable urban and commercial development.
 - b) **Leading workforce:** create the conditions to build and sustain a highly-skilled, adaptable and world-leading water workforce that can innovate and collaborate to drive outcomes for the part of the Waikato region serviced by the Company (and in collaboration (where practicable) with other service providers in the wider region).
 - c) **Customer focus:** be customer-focused, leveraging new technologies, while also building customer awareness of their role in the water system and the value of water.
 - d) **Local influence:** ensure local voice is represented in critical decision-making around water investment and management across the region, including decisions in relation to water takes and water discharges.
 - e) **Delivering on expectations:** meet the expectations of key partners and stakeholders including those represented in Treaty settlements and applicable joint management agreements.
 - f) **Health and the environment:** protecting public health and the environment.
5. At the core of the model is a move towards a catchment-based approach to the health of water. By working together, there is the opportunity to get a better return on financial investment and achieve better outcomes in terms of the health of water bodies.
 6. Waikato Waters provides a future-focused opportunity that transcends boundaries, allowing councils to show leadership in water services delivery for generations to come, with a unified voice and increased scale. This strategic opportunity to work together for the benefit of communities and the wider region was recognised during negotiations with reference to the whakatauhāki by the late King Tāwhiao:

“Ki te kotahi te kākaho, ka whati; ki te kāpuia,
e kore e whati.”

When a reed stands alone it is
vulnerable, but a group of reeds together is
unbreakable.

7. Following public consultation, each of the WWDW councils have adopted the WWDW service delivery model and established the multi-council owned limited liability company, Waikato Waters, for the purpose of providing drinking water and wastewater services across their respective service area.
8. To manage the risk of multiple council businesses coming together in Waikato Waters, the WWDW councils have agreed that they will transfer their respective water services business into Waikato Waters in a staggered manner. Although transfer will be staged, the framework for transferring will be consistent as each WWDW council has committed to:
 - a) Entering into a template transfer agreement with Waikato Waters within an agreed timeframe before a council is due to transfer its business to Waikato Waters.
 - b) Completing that agreement in accordance with set transfer principles.
 - c) Transferring its business into Waikato Waters on a stipulated date.
 - d) MPDC has resolved to substantively transfer its business to Waikato Waters by 1 October 2026.

9. An objective of the WWDW councils is that, as part of the transition into Waikato Waters, there is an opportunity for Waikato Waters (and its shareholding councils) to:
- a) Benefit from strategic relationships with Iwi partners to deliver on its purpose (and identify cost effective solutions to resource consents); and
 - b) Build upon existing co-governance entities / authorities of the region (Waikato River Authority, Hauraki Gulf Forum and the Waihou, Piako, Coromandel Catchment Authority).

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Part A: Statement of financial sustainability, delivery model, implementation plan and assurance

1. Statement that drinking water and wastewater services delivery is financially sustainable

Statement that water services delivery is financially sustainable

Financially sustainable water services provision

Drinking water and wastewater services

Matamata-Piako District Council has determined that drinking water and wastewater services will be provided in its district by it transferring responsibility to a multi-council owned water organisation.

The water organisation is a limited liability company with the name Waikato Waters Limited (**Waikato Waters**). It was incorporated on the 24th July 2025. The company constitution is available online [HERE](#). At the date of submission of this plan, Waikato Waters is equally owned by the following councils:

- Hauraki District Council
- Matamata-Piako District Council
- Ōtorohanga District Council
- South Waikato District Council
- Waipā District Council
- Waitomo District Council
- Taupō District Council³.

These councils and the company have entered into a shareholders' agreement (**SHA**) documenting their respective rights and obligations as shareholders. A copy of the SHA is attached as **Appendix 1**.

It is confirmed that Waikato Waters is the delivery model that will deliver drinking water and wastewater services across council's service area in a manner that is financially sustainable by 30 June 2028.

The financial sustainability projected by Waikato Waters is supported by:

- Detailed financial modelling carried out to support council decision making.
- An independent review carried out by Brad Olsen of Infometrics
- Detailed information included in Parts B and D of this plan.

The findings of the independent review of the Waikato Water Done Well financial model by Infometrics are that the model:

- Meets government requirements
- Reasonably reflects the financial benefits of collaboration means stronger negotiating power
- Enables costs to be spread over time (and users over time)
- Shows that water infrastructure can be debt financed, and most importantly saves money.

Transitional arrangements:

Albeit that the company has been incorporated, it is not yet operational (in terms of carrying out waters delivery). An establishment plan has been developed to support reaching this operational state (informed by an Establishment Strategy appended to the SHA). The target operational date of Waikato Waters is 1 July 2026.

³ Although Taupō District Council is a shareholder in the water organisation, it is under a particular share structure (described later below) and it has not committed to transferring responsibility for water services to the entity.

Each council committed to transferring its water services business into the entity will enter into a transfer agreement which will have a completion date. The completion dates are staged with the first three councils completing their transactions (and transferring their business) on 1 July 2026, a further in October 2026 and the last two transferring on 1 July 2027.

The intended completion dates (also referred to as Agreed Transfer Dates) for each council are set out in section 2 below. Until a council transfers its water services business into Waikato Waters, the council remains responsible for the delivery of water services in accordance with its Long Term Plan or relevant Annual Plan. In addition, between now and the date of transfer, councils have made contractual commitments in the SHA to continue to operate their water services in a manner that complies with all statutory obligations and to engage with Waikato Waters in relation to matters that are defined as “**Major Decisions**” (a framework for this is set out in a schedule to the SHA). This ensures Waikato Waters is aware of any Major Decisions that occur between the SHA and the date a business is transferred to it and so there are ‘no surprises’.

Waikato Waters will be / is governed by an independent Board of Directors who will provide governance oversight in relation to the implementation of a detailed establishment plan.

Matamata-Piako District Council can confirm that Waikato Waters is projected to meet the financial sustainability requirements, in accordance with Part D (drinking water and wastewater), specifically:

- Proposed waters revenue is sufficient to cover the costs of delivering the relevant services, including sufficient infrastructure investment and best positions councils to meet increasing regulatory requirements.
- The proposed level of investment outlined in this water services delivery plan is sufficient to meet the level of service, regulatory requirements and provide for growth. The proposed level of investment can be funded through the forecast revenues and increased debt headroom. The ability to deliver the capital delivery programme is dependent upon the ability of the civil contracting market to respond. As noted by Brad Olsen in his review of WWL, by aggregating with other councils, there is greater negotiating leverage and Waikato Waters becomes a more attractive contracting partner, as well as having the scale to drive future development of the local supply chain.
- The projected borrowings for Waikato Waters are within the covenants it is forecast to have applicable to it under LGFA guidance.

Stormwater services

Matamata-Piako District Council has determined that stormwater will be provided in its district. MPDC will continue to manage and delivery the stormwater function in house. In the future it may look to transfer the delivery to WWDW.

The financial sustainability projected by Matamata-Piako District Council for the stormwater activity is supported by:

- Detailed financial modelling carried out to support council decision making (viability and sustainability report carried out by Morrison Low Advisory).
- Detailed information included in Parts B and D of this plan.

The financial modelling confirms that the stormwater activity will meet legislative requirements and be financially sustainable by 30 June 2028.

Proposed delivery model

Proposed model to deliver financially sustainable water services

The proposed model to deliver water services

Description of delivery model water and wastewater

[Drafting note: as set out in the notes, the following paragraphs are based on councils having agreed to adopt the WWDW model and Waikato Waters having been incorporated at the time this plan is submitted to DIA].

As noted above, Waikato Waters is a limited liability company that is owned by the councils listed in Overview of Plan Section. It is established as a water organisation within the meaning of the relevant legislation. As a council owned entity, Waikato Waters is a council-controlled organisation (CCO).

The overarching purpose of Waikato Waters is to achieve specific strategic outcomes (as set out in the Introduction section above) and provide consistent and improving water service levels and resilience across the whole of the area serviced by it. The vision for establishing Waikato Waters is Te Mana o Te Wai Te Mana o Te Tangata | Healthy Water Healthy People.

Waikato Waters provides the legal structure into which the relevant people, processes and systems will transfer from each council (on their respective pre-agreed date) and start working together to operationally deliver water services.

The transfer of council businesses into Waikato Waters will be staggered. The date on which each council (including MPDC) will transfer its business is:

1 July 2026	1 October 2026	1 July 2027
Waipā District Council	Matamata-Piako District Council	Hauraki District Council
South Waikato District Council		Ōtorohanga District Council
Waitomo District Council		

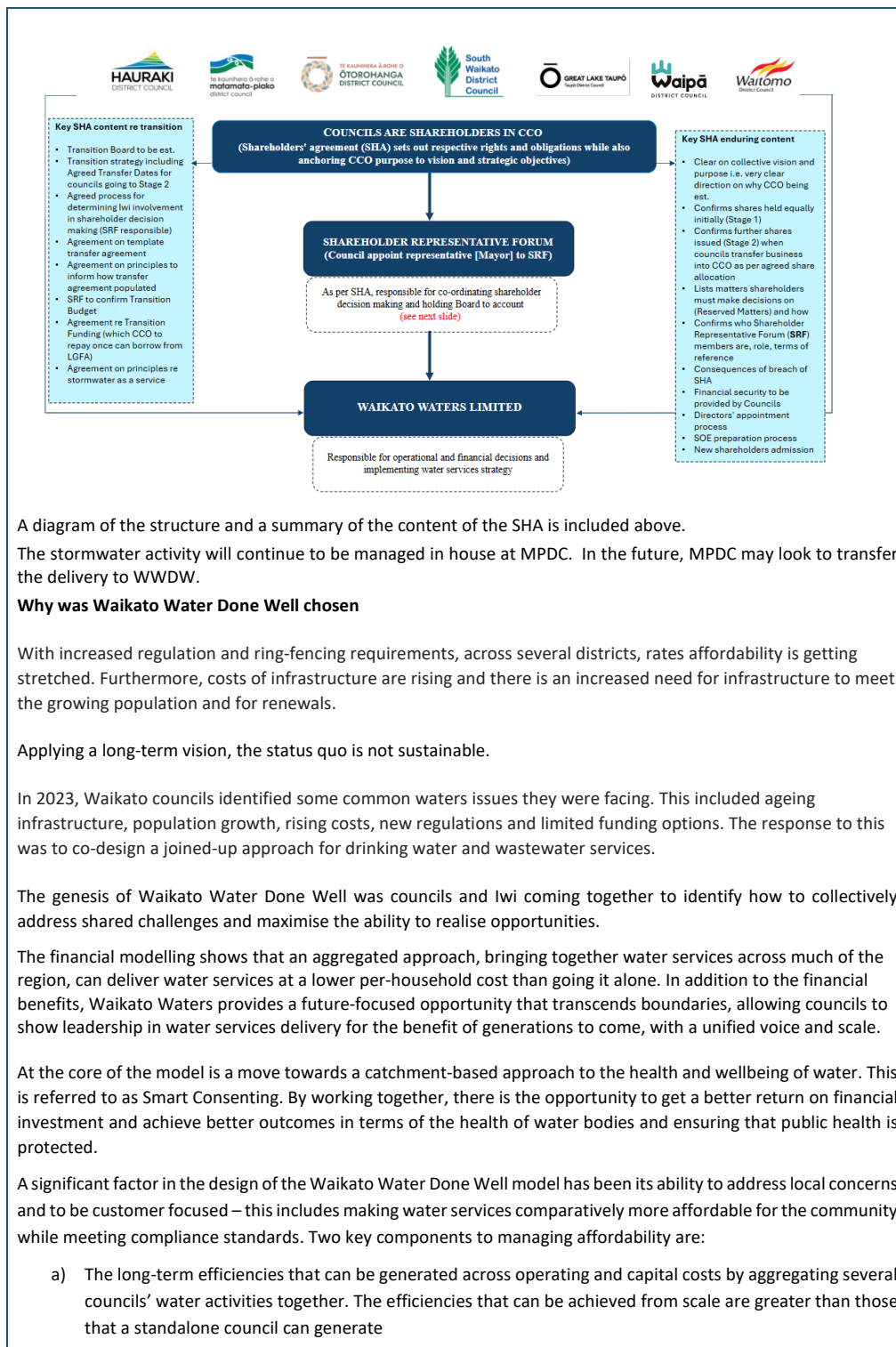
In accordance with legislative requirements, the transfer of responsibility will be implemented through a transfer agreement setting out the infrastructure, related assets and liabilities (including debt) transferring from the council to Waikato Waters. There is also a process to transition identified employees. The organisational structure is still under development and cannot be provided at this time.

To ensure a smooth and safe transition of each council's business into the CCO, planning for each transfer will be undertaken in accordance with agreed principles and processes. A detailed establishment plan provides the framework for ongoing preparation for the "go-live" date of 1 July 2026.

Within the Waikato Waters SHA, each council has acknowledged that the success of Waikato Waters rests on each complying with their commitments to it and each other (including the development and delivery of their respective water delivery plans). Further details of what has been agreed are included where relevant further below in this plan.

From the transfer date, Waikato Waters will become the water services provider responsible for water services in councils service area. Further shares will be issued to council at that time based on the total number of water connections in their service area. This will be reviewed in a manner set out in the SHA to ensure the allocation of shares remains current.

The focus of the Waikato Waters in the first decade will be on building capability, capacity, resilience and stability for future success. This water entity positions councils to work smarter for customer and environmental benefits by changing how things are currently done to achieve better outcomes for their communities.



A diagram of the structure and a summary of the content of the SHA is included above.

The stormwater activity will continue to be managed in house at MPDC. In the future, MPDC may look to transfer the delivery to WWDW.

Why was Waikato Water Done Well chosen

With increased regulation and ring-fencing requirements, across several districts, rates affordability is getting stretched. Furthermore, costs of infrastructure are rising and there is an increased need for infrastructure to meet the growing population and for renewals.

Applying a long-term vision, the status quo is not sustainable.

In 2023, Waikato councils identified some common waters issues they were facing. This included ageing infrastructure, population growth, rising costs, new regulations and limited funding options. The response to this was to co-design a joined-up approach for drinking water and wastewater services.

The genesis of Waikato Water Done Well was councils and lwi coming together to identify how to collectively address shared challenges and maximise the ability to realise opportunities.

The financial modelling shows that an aggregated approach, bringing together water services across much of the region, can deliver water services at a lower per-household cost than going it alone. In addition to the financial benefits, Waikato Waters provides a future-focused opportunity that transcends boundaries, allowing councils to show leadership in water services delivery for the benefit of generations to come, with a unified voice and scale.

At the core of the model is a move towards a catchment-based approach to the health and wellbeing of water. This is referred to as Smart Consenting. By working together, there is the opportunity to get a better return on financial investment and achieve better outcomes in terms of the health of water bodies and ensuring that public health is protected.

A significant factor in the design of the Waikato Water Done Well model has been its ability to address local concerns and to be customer focused – this includes making water services comparatively more affordable for the community while meeting compliance standards. Two key components to managing affordability are:

- The long-term efficiencies that can be generated across operating and capital costs by aggregating several councils' water activities together. The efficiencies that can be achieved from scale are greater than those that a standalone council can generate

- b) The ability of the Waikato Waters to access greater borrowing and so unlock additional financing over and above what a standalone council can unlock. The access to higher debt levels enables the cost of investments to be spread over long life assets (some of which have a lifespan of 75-100 years) and across the generations who use them.

Achieving statutory objectives is expected of all water services providers (whether it be a council or a CCO). The design of the Waikato Water Done Well CCO aligns with the new water service delivery model under Local Water Done Well. This means the Waikato Water Done Well CCO is well positioned to meet the statutory objectives of a water service provider and operate under the new water services system in a transparent and accountable manner.

All councils will have to invest in operational change to align with the new water services system. The Waikato Water Done Well CCO allows councils to strategically plan for this change in a way that meets regulatory requirements but more so, enables the councils to collectively borrow more, combine long-term work programmes to create efficiency and invest in infrastructure that is needed now without having to increase water charges significantly.

By taking a collective approach and being able to draw in and use a catchment of assets, efficiencies can be gained. Through scale, the value of the work on offer to the contracting market is also larger, meaning a jointly owned entity will have more leverage to negotiate with its suppliers.

In summary, this model was chosen as it is better for our people, our places and our communities:

1. Better water and wastewater delivery.
2. Better public health and environmental outcomes.
3. Better affordability.
4. Better data and analysis.
5. Better value for investment.
6. Better work planning.

Water services revenue – ring-fenced and future revenue

Water services revenues for drinking water and wastewater will be ringfenced as this will be sole source of revenue for Waikato Waters.

Waikato Waters will only start to charge for drinking water and wastewater services once councils have transferred their business into it. Accordingly, from a ring-fencing perspective, the following stages will apply:

- **1 July 2025 to 1 July 2026:** water services will be provided and charged for by councils in accordance with council Long Term Plan or Annual Plans.
- **From a council's agreed date of transfer to the first water services strategy (no later than 1 July 2027):** Waikato Waters will (subject to exceptions set out in the SHA) implement pricing as follows:
 - Maintain differential pricing across Stage 2 shareholding councils (this being councils have completed the transfer of their business).
 - Drinking water and wastewater charges no higher than forecast by shareholder for purpose of financial modelling.
 - Billing continues consistent with how shareholder currently bill.
- **By December 2026** (i.e. 6 months before Water Services Strategy due) shareholders will agree a combined Statement of Expectations to inform the Water Services Strategy.
- A core shareholder expectation is that when setting prices in the first water services strategy, the Board will target a price path lower than the status quo projected by a shareholder in its enhanced status quo.
- **No later 1 July 2027:** Water Services Strategy will be adopted by Board for period up until 30 June 2030 (informed by Statement of Expectations).

Billing arrangements

Under the template transfer agreement, it is agreed that councils will bill customers on behalf of Waikato Waters and collect charges including development contributions for drinking water and wastewater. The charges will then be passed to Waikato Waters in accordance with the services agreement which forms part of the transfer agreement. This is expected to be a short-term arrangement until under the CCO implements its own billing system. Costs of shared services will be ring-fenced by council and charged to Waikato Waters in accordance with the terms of the services agreement.

Councils will bill using existing invoice templates and Waikato Waters will ensure that the amount being charged for water is transparent and publicly available. It will also be published annually as required by legislation.

The Commerce Commission as the new water economic regulator will monitor the pricing of water under any delivery model adopted. This may include the introduction of universal water metering at a future date to ensure fair and equitable charging for water consumers.

Stormwater

Council is retaining stormwater activity and will continue to perform this service in-house in the following manner. In the future, MPDC may look to transfer the delivery to WWDW. Under this future option, MPDC will not transfer its stormwater assets. This is largely for practical reasons given the close relationship these assets have with roading and community services infrastructure. MPDC will continue to charge our community for the stormwater activity.

The stormwater activity is currently ringfenced and meets the regulatory requirements of:

- Stormwater revenues are spent on stormwater services
- Stormwater charges and expenses are transparent and accountable – charges and expenses include all operational expenditure including depreciation and interest along with allocated overheads as per MPDC's overhead allocation model.

This is achieved by:

- Financial statements for stormwater are consistent and reconcilable.
- Revenue (including rates) for stormwater are separately identifiable from other revenues.
- Stormwater revenues are spent on stormwater services, not other council business.
- Any cash surpluses for stormwater are retained for future expenditure on stormwater (via separate balance reserve).
- Stormwater internal borrowing is repaid via stormwater revenue i.e. stormwater depreciation and stormwater development contributions.

There will be no change to the way stormwater revenue is currently charged and collected.

MPDC's current funding arrangements are:

- Water supply activity – Only extraordinary water users are metered. These are classified as those who use more than the average residential property without a swimming pool. All other users pay a fixed amount as part of their rates.
- Wastewater activity - MPDC uses uniform charge per connected rating unit for a single residential house, and a scale of charges is used for connected non-single residential house and non-residential properties based on the number of pans. A remission policy then modifies the pan charges to take into account the amount HEU of water used by the property. There are also trade waste fees and charges.
- Stormwater activity – MPDC uses a mix of general and targeted rates for funding the stormwater activity. Targeted rates set on a uniform basis for properties within urban areas serviced by stormwater.

2.Implementation plan

Implementation plan

Implementing the proposed service delivery model

Water and wastewater activities

The WWDW Programme will prepare the Implementation Plan for the participating councils. It is expected that the Implementation Plan for Waikato Waters will cover the following elements for water supply and wastewater activities:

- Waikato Waters has been incorporated with strong foundation documentation (SHA and constitution) in place.
- By signing the SHA, the WWDW councils have contractually committed to:
 - Transferring its water business on an agreed transfer date
 - Completing a Transfer Agreement with Waikato Waters based on a common template that will be populated in accordance with agreed transfer principles.
 - Continuing to operate water services until its transfer date in compliance with statutory obligations and its relevant LTP (or latest annual plan).
 - Between the date of signing the SHA and the date of transfer, engage with Waikato Waters in relation to specific matters (set out in the Major Decisions schedule to the SHA) so that councils and Waikato Waters are operating in accordance with the principle of no surprises.
- Schedule 3 of the SHA includes the Establishment Strategy which sets out the establishment objectives and principles to inform the establishment plan.
- Based on this, a detailed establishment plan has been developed and approved, together with an establishment budget approved by the Shareholder Representative Forum. The establishment plan includes a consistent approach to change management including governance leadership, impact and readiness assessments, and regular monitoring and management of change, and stakeholder management.
- An independent establishment Board has been appointed to provide governance oversight over the establishment plan implementation.

An establishment team has been established with a single focus on ensuring all steps are taken for Waikato Waters to become operational on 1 July 2026.

Albeit that each of the WWDW councils are submitting a single water services delivery plan, the following matters are noted in relation to the joined-up approach to water services:

- Assets and debt associated with stormwater will remain with councils but it is expected that the Waikato Waters will undertake stormwater management functions under a service agreement with those councils who seek this.
- Councils will continue to set the strategic priorities and direction for Waikato Waters. These matters will be captured in the combined Statement of Expectations.
- Waikato Water has the following structure (which aligns with legislative requirements):
 - Shares can only be held by a council: they cannot be sold or transferred and so the water organisation cannot be privatised.
 - A visual of the ownership structure and how Shareholding Councils will hold the Waikato Water Done Well CCO to account is included in the Proposed Delivery Model section above.
 - Waikato Waters will be / is governed by a professional board of directors with the necessary skills, knowledge and experience to guide it and contribute to the achievement of its strategic outcomes and objectives.
 - Other than the initial directors, all board appointments have been competency based informed by a board skills matrix. A copy of the matrix agreed by councils is appended to the SHA.

- A Shareholder Representative Forum has been established at which each council has a voice. This forum is working with Iwi chairs to develop a proposal regarding their role in shareholder decision-making for each council's approval.
- A decision-making framework has been developed to ensure there is clarity on:
 - a. matters that will be brought to Shareholding Councils for decision making
 - b. how the shareholders will make those decisions at the Shareholder Representative Forum
 - c. there is a strong emphasis on decisions being made by consensus. If consensus is not achieved, then depending on the matter for decision making, voting is by number of shareholders or percentage of votes or both.
- Waikato Waters sees the value in working with others at the right time. There is an agreed process for other councils to join the entity as shareholders where all existing Shareholding Councils agree.

Stormwater activity

Matamata-Piako District Council plans to continue to manage the stormwater activity in house. In the future, MPDC may look to transfer the delivery to WWDW. If Matamata-Piako District Council decides to transfer stormwater delivery to Waikato Waters, it will engage with them to confirm the scope of the future contractual arrangements for this service. From this a service agreement will be completed.

3. Consultation and engagement

Consultation and engagement

Consultation and engagement undertaken

MPDC's consultation process

MPDC has consulted with its community on its two preferred service delivery options for water services in accordance with Local Government (Water Services Preliminary Arrangements) Act 2024 (Part 3, sections 60 to 64). There was no trigger for an amendment of the 2024 Long Term Plan.

The two preferred service delivery options consulted on are:

1. Joining WWDW (jointly owned water organisation).
2. Enhanced Business Unit (keeping in house but with major changes to structure and reporting to meet new regulations.).

Consistent messaging and documents were used for community consultation through a regional group facilitated by Co-lab for the WWDW participating councils.

MPDC's main methods used to consult with its community on LWDW and its preferred service delivery options were:

- Three-week public consultation process held in May 2025, where the community was invited to provide feedback on two proposed service delivery models.
- Consultation Document was made available on Council's website.
- Facilitating information sessions (in person) and online webinars during May 2025.
- Provided feedback form for community to submit on their preferred service delivery options via online platform, dedicated email address, post or dropping off at Council's offices.

MPDC's resolution for the preferred future water services delivery model was resolved on the 26 June 2025 with the outcome of water supply and wastewater assets transferring to Waikato Water.

Regional consultation process

WWDW is the outcome of 18 months collaboration by participating councils and the Iwi Chairs Forum – initially begun as a conversation about how to better deliver water services across the Waikato region.

The seven participating councils signed a Heads of Agreement in December 2024 to explore the WWDW model so they could put it forward as ONE of the options being considered for the future delivery of water services in their district.

Following public consultation, seven councils have adopted the WWDW service delivery model and established the resulting entity⁴, Waikato Waters. The company will provide drinking water and wastewater services across the service area of each of the councils once they transfer their business to it. Taupō DC has not committed to transferring its business to Waikato Waters but is a shareholder of Waikato Waters in a limited capacity. This enables it to gain some of the benefits of the waters CCO but also gives other councils the benefit of scale. They are keeping water services delivery in-house until their decision is revisited within the next two years.

Each of the participating councils identified and assessed at least two options and made this information available in their consultation documents.

None of the councils are intending to undertake any additional consultation on their chosen option (other than Taupō District Council who has committed to reviewing its position in 2 years).

A generic website (www.waikatowaters.co.nz) supporting consultation was made available for all councils and public to access more detailed WWDW information including the WWDW Heads of Agreement, CCO proposal, financial modelling, and the background and legislative requirements of LWDW.

⁴ Again, noting that Taupo DC is a shareholder in a limited capacity.

4. Assurance and adoption of the Plan

Assurance and adoption of the Plan
Council resolution to adopt the Plan
This plan was adopted by the Matamata-Piako District Council on 11 August 2025. A copy of the resolution passed in relation to the adoption of this plan is attached as Appendix 2 . For completeness, a copy of the resolution agreeing to the establishment of Waikato Waters Limited dated 11 2025 is attached as Appendix 3 .
Certification of the Chief Executive of Matamata-Piako District Council
<p>In preparing this plan, council has been supported by Morrison Low Advisory under a contract for services dated 25 November 2024. The scope of the services performed is included at Appendix 3.</p> <p>In relation to drinking water and wastewater, Council has also been supported by the Waikato Water Done Well programme team in the completion of specific aspects of this plan namely, Part A, relevant Parts of C(1) and (2) and Part D (drinking water and wastewater). The risks to the delivery of these water services are set out in the relevant section below, together with the mitigating actions that are being taken. The ability to deliver on this water services delivery plan is dependent upon these mitigating actions being effective. This will be a matter for the Board of Waikato Waters and the executive leadership to drive. Waikato Waters has been created to put each shareholding council in a better position to address the challenges than if it were to go it alone. Further, the future affordability for the community is of key concern. A comparison of Council's forecast charges (based on most recent financial forecasts of a status quo model) compared to Waikato Waters' forecast average charges (set out in Appendix 3) indicates that better affordability outcomes are achievable for our community by following this plan.</p> <p>In relation to stormwater, Council has also been supported by Morrison Low Advisory with independent financial modelling advice and in the completion of specific aspects of this plan.</p> <p>Subject to the above, I certify that to the best of my knowledge, and after having made all reasonable enquiry (including the assurance set out above), the information contained in Schedule 1 of this Water Services Delivery Plan:</p> <ul style="list-style-type: none">• complies with the Local Government (Water Services Preliminary Arrangements) Act 2024, and• the information contained in the Plan is true and accurate. <p>Signed: _____</p> <p>Name: Manaia Te Wiata</p> <p>Designation: Chief Executive</p> <p>Council: _____</p> <p>Date: _____</p>

Additional guidance for joint Plans

For a joint Plan, a resolution to adopt the Plan must be completed by each council to which the Plan relates.

For a joint Plan, the certification statement must be made by the Chief Executive of each council to which the Plan relates, in respect of the information provided by that council.

Part B: Network performance

Investment to meet levels of service, regulatory standards and growth needs

Investment required in water services

Serviced population

Matamata-Piako district is located within the Waikato region, with Matamata, Te Aroha and Morrinsville its three main urban centres. The district is experiencing high population growth, which is forecast to continue over the next 30 years. This growth has implications for infrastructure services, including the capacity of our assets to deliver services to the community and the timing of capital projects.

The tables below provide a detailed view of the serviced population.

Water supply:

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	24,387	24,566	24,759	24,957	25,159	25,367	25,579	25,795	26,014	26,238
Total residential connections	10,071	10,204	10,306	10,409	10,513	10,618	10,724	10,831	10,940	11,049
Total non-residential connections	1,675	1,703	1,720	1,737	1,754	1,772	1,790	1,808	1,826	1,844

Based on NIDEA High figures, interpolated for each year and rates data base

Wastewater:

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	23,535	23,754	23,974	24,193	24,411	24,629	24,847	25,063	25,280	25,496
Total residential connections	9,445	9,580	9,676	9,772	9,870	9,969	10,068	10,169	10,271	10,374
Total non-residential connections	833	852	861	869	878	887	896	905	914	923

Stormwater:

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	23,535	23,754	23,974	24,193	24,411	24,629	24,847	25,063	25,280	25,496
Total residential connections	9,225	9,392	9,486	9,581	9,676	9,773	9,871	9,970	10,069	10,170
Total non-residential connections	1,113	1,133	1,144	1,156	1,167	1,179	1,191	1,203	1,215	1,227

Based on NIDEA High figures, interpolated for each year and rates data base

Serviced areas

Water supply serviced areas - MPDC owns and operate seven water supply schemes in the district as shown in the table below. The schemes are 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.

Wastewater serviced areas - MPDC owns and operate wastewater treatment plants (WWTP) in Matamata (which also treats wastewater from Waharoa and Raungaiti), Morrinsville (which also treats wastewater from Rukumoana), Te Aroha (which also treats wastewater from Waihou) and Tahuna. The Morrinsville WWTP also treats and disposes of rural septic tank waste. Approximately 50% of the wastewater treated in Morrinsville is from local industry.

Stormwater serviced areas – MPDC has stormwater drainage systems in Matamata, Morrinsville, Te Aroha, Waharoa and a limited system in Hinuera.

Servicing growth

Network infrastructure required to facilitate residential growth areas in the next 30 years is key driver for MPDC. A key project in the past 3 years has been to develop Master Plans. This has involved completing updated water and wastewater network modelling to identify what work is required. It has also investigated what the requirements will be in 30 years based on the latest population projections. This ensures that MPDC can be more prepared for changes that will come with future growth needs, such as private plan changes and future zoning changes.

The Water and Wastewater Masterplans have provided the projected growth investment requirements for the 2024 LTP and this plan.

Serviced areas (by reticulated network)	Water supply # schemes	Wastewater #schemes	Stormwater # catchments
Residential areas (If more than one identify separately)	Matamata (4,278 connections) Waharoa (235 connections) Raungaiti (20 connections) Morrinsville (4,135 connections) Te Aroha (2,326) Hinuera (28 connections) Tahuna (68 connections) Te Poi (44 connections) <i>Data source: rating data base</i>	Matamata (3,767 connections) Waharoa (3,753 connections) Raungaiti (20 connections) Morrinsville (3,742 connections) Te Aroha (2,003 connections) Waihou (116 connections) Tahuna (68 connections) <i>Data source: rating data base</i>	Matamata (4,155 properties served) Waharoa (205 properties served) Morrinsville (3,933 properties served) Te Aroha (2,057 properties served) <i>Data source: rating data base</i>
Non-residential areas (If more than one identify separately)	Included in above towns and townships.	Included in above towns and townships.	N/A
Mixed-Use rural drinking water schemes (where these schemes are not part of the council's water services network)	N/A	n/a	n/a
Areas that do not receive water services (If more than one identify separately)	Waihou, Waitoa and several other small townships/communities	Waitoa, Te Poi, Hinuera and several other small townships/communities	Almost all properties within urban boundaries of Matamata, Morrinsville, Te aroha and Waharoa are serviced by Council stormwater system. Properties situated outside these boundaries are not serviced by Council stormwater system.
Proposed growth areas <ul style="list-style-type: none"> Planned (as identified in district plan) Infrastructure enabled (as identified and funded in LTP) 	Matamata greenfield and infill (978 properties) Waharoa greenfield and infill (235 properties) Morrinsville greenfield and infill (2126 properties) Te Aroha greenfield and infill (490 properties) <i>Data source: Housing and business assessment 2022 report</i>	Matamata greenfield and infill (978 properties) Waharoa greenfield and infill (235 properties) Morrinsville greenfield and infill (2126 properties) Te Aroha greenfield and infill (490 properties) <i>Data source: Housing and business assessment 2022 report</i>	Matamata greenfield and infill (978 properties) Waharoa greenfield and infill (235 properties) Morrinsville greenfield and infill (2126 properties) Te Aroha greenfield and infill (490 properties) <i>Data source: Housing and business assessment 2022 report</i>

Assessment of the current condition and lifespan of the water services network

Asset age and condition

The age and condition of the water services assets is provided in the table below and more information can be found in the 2024 Infrastructure Strategy.

Water supply condition - The water infrastructure assets' condition and reliability of data are described in the 2024 Water Asset Management Plan 2024. The water treatment plants (WTP) and reticulated water supplies are generally in good condition, delivering the agreed level of service to our community. The majority of water pipes have a working life of between 30 and 100 years, depending on material. MPDC has a fairly good understanding of the type of pipes. There is approximately 5% of the length of pipes for which do not have this information, mainly service lines and not our critical assets.

Wastewater condition - MPDC has reasonable knowledge of the wastewater assets. There is approximately 4% of assets for which we do not have information on the construction material. This is not considered to be a significant risk as the life of "unknown" pipes are categorised as the same as the lowest rated pipe.

The condition of the reticulation system varies with the various schemes. Te Aroha is subject to higher infiltration rates which could indicate a poor condition. The modelling of the Morrinsville reticulation for dry and wet weather flows indicates that the catchment is generally in poor condition. It is believed that much of the inflow and infiltration originates within private properties from defective pipes and low gully traps, and a programme of testing is addressing this issue. We are undertaking condition assessments of our reticulation network using closed circuit television (CCTV), with a focus on assets that are approaching scheduled renewal. This is resulting in some renewals being deferred and the pipes given an extended life. We also have a program of inspections using smoke testing and other means to identify faults and to prioritise them for renewal.

Stormwater condition – MPDC is unsure of the materials of 19% of assets, which makes up about 31 kilometres of the piped network. These pipes have been given the same life as the shortest life pipe material so that the renewal funding is not at risk in this area. Through the proposed modelling, MPDC is obtaining some better data about stormwater assets, mainly related to updated invert levels for manholes and pipes.

Critical assets

Three waters critical assets at asset class level have been identified the 2024 Infrastructure Strategy and 2024 Asset Management Plans and summarised in the following table. A 1 to 5 ranking has been allocated for water supply and wastewater assets and recorded in the asset management system but this is under review.

Activity	Critical asset classes
Water supply	<ul style="list-style-type: none">Major water mains (250mm in diameter and greater)Treatment plantsPump stationsRaw water inletsSCADA
Wastewater	<ul style="list-style-type: none">Treatment plants and outletsPump stationsWastewater mains directly to treatment pondsRising mainsSCADA
Stormwater	<ul style="list-style-type: none">Large stormwater mains (900mm greater in diameter)Outlets / flap gates

- Stormwater storage and treatment ponds
- Matamata Overland flow path

Figures as at 1 July 2024.

Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets – Pipes only, not point assets.	33.8. (As per NEPM D-R12). ¹	36.8. (As per NEPM D-R12). ²	33.5. (As per NEPM D-R12). ³
Critical Assets – Network/Reticulation pipes only, not point assets. Not Plant assets.	Criticalities from 1 to 5 allocated, but unreliable and under review.	Criticalities from 1 to 5 allocated, but unreliable and under review.	not identified
Above ground assets. Includes all assets from each of our 3 “Plant” databases. <ul style="list-style-type: none"> • Treatment plant/s • Percentage or number of above ground assets with a condition rating • Percentage of above –ground assets in poor or very poor condition 	10 100%, but low confidence in condition ratings. 1.4%	4 100%, but low confidence in condition ratings. 0%	0 (excludes ponds and wetlands) N/A N/A
Below ground assets. Reticulation Line Assets only. <ul style="list-style-type: none"> • Total Km of reticulation • Percentage of network with condition grading • Percentage of network in poor or very poor condition 	417 Km 100%, but low confidence in condition ratings. 4%	276Km 100%, but low confidence in condition ratings. 2.5%	172km 100%, but low confidence in condition ratings. 0.1%

1. From spreadsheet “Water Line Query 24July2024 Renewals”. Age as at 1 July 2024.
2. From spreadsheet “Wastewater Line Query 28July2024 Renewals”. Age as at 1 July 2024.
3. From spreadsheet “Stormwater Line Query 17Nov2023”. Age as at 1 July 2024.

Asset management approach

Existing service delivery mechanism - The existing service delivery mechanism is based on 3 individual in-house units namely asset and projects unit, 3 waters unit and Kaimai Valley Services (operations and maintenance) unit. The intended future service delivery mechanism is through a multi-council owned water organization (Waikato Water Done Well). Water supply and wastewater assets and responsibility will transfer to Waikato Waters. Stormwater assets will continue to be managed in house by MPDC.

Proposed service delivery model - From 1 October 2026, the service model will be the responsibility of Waikato Waters. As part of the establishment phase Waikato Waters will be developing and implementing an asset management policy and strategy. The Asset Management Policy will be Waikato Waters commitment to manage its assets. It will describe the principles and responsibilities that the entity applies to its asset management practices. Implementation of the Asset Management Policy will support the delivery of Waikato Waters strategic outcomes. The Strategy will guide how the entity will manage assets, in order to deliver drinking water and wastewater services to the community. It will set asset management objectives and describe the asset management system.

Asset management system - Asset management system used by the Council is AssetFinda and currently there is no plan to change this system unless the future water entity decides to do so.

Asset management approach

The following key principles for managing infrastructure were adopted as part of the 2024 Infrastructure Strategy:

- Looking after what we've got.
- Focusing on the must dos: complying with legislative requirements.
- Including only a few should dos.
- Taking some risks by smoothing our renewal costs and reducing some of our roading renewals.

MPDC identified four key drivers as part of the 2024 Infrastructure Strategy that will have a significant impact on the planning and delivery of services, and on the ability to achieve the community outcomes over the next 30 years. These drivers are growth and demand, climate change and resilience, compliance, and affordability.

It is recognised that it is about finding a balance to responding to the key drivers as shown in the diagram below. On the one hand MPDC needs to invest to respond to growth and demand, compliance, and climate change and resilience. On the other, MPDC needs to have a focus on affordability – keeping costs down so that rates are affordable for the community.



Balancing our key drivers

AM Maturity

Council has adopted Intermediate as the appropriate level of asset management practice for Council's infrastructure activities.

The focus is to build on the basic technical asset management planning of 'Core' practice by introducing improved maintenance management and more advanced asset management techniques (as appropriate). Further use is made of risk management, asset lifecycle management, and service standard optimisation techniques. An assessment of asset management maturity was completed in 2021. The assessment has categorized 3 waters Asset Management Plans as between core and intermediate level.

Statement of regulatory compliance**Service levels**

MPDC did not fully achieve drinking water compliance for 2023/24 as shown in the template table below. The service level results for 2023/24 against the targets are summarised in the following tables with further detail in the 2023/24 Annual Report and 2024 Water Supply, Wastewater and Stormwater AMPs.

Water supply

MPDC achieved the water supply performance measures in 2023/24 except for drinking water compliance and real water losses as follows:

- Drinking water compliance varied between the 7 treatment plants. The medium plants were fully compliant; while the large plants the Part 4 and 5 standards were met for 352/365 days, (there were 13 days where compliance could not be met). Non-compliance for the distribution zone compliance reflects issues getting correct samples within the correct timeframes. There was an increase in producing compliant drinking water in 2023/24 as per the comprehensive requirements of the DWQAR due to significant infrastructure investment (SCADA upgrades).
- MPDC did not achieve the water loss measure in 2023/24, although significantly lower than the water loss in 2022 (41.4% versus 29.2%).

Level of service statement	Performance measure	2023/24 Target	2023/24 results
We will provide safe and reliable water for household and business use (serviced properties)	The extent to which Council's drinking water supply complies with: Taumata Arowai's Drinking Water Quality and Assurance Rules (DWQAR), Aesthetic Values and the new Drinking Water Standards.		
	<ul style="list-style-type: none"> • Compliant with Part 4 of the Standard 	Compliant with Part 4 of the Standard	Not compliant
	<ul style="list-style-type: none"> • Compliant with Part 5 of the Standard 	Compliant with Part 5 of the Standard	Not compliant
We will ensure that our water assets are well maintained and managed and that the assets are maintained and replaced when required	The percentage of real water loss from Council's networked reticulation system (using minimum night flow analysis)	<25%	29.2%
We will provide reliable water systems that our community can count on	Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:		
	Attendance for urgent call-outs:	Median 4 hours or	0.21 hours

		less	
	Resolution of urgent call-outs:	Median 24 hours or less	2.01 hours
	Attendance for non-urgent call-outs:	Median: 3 working days or less	2 days
	Resolution of non- urgent call-outs:	Median: 5 working days or less	3 days
Council will provide safe and reliable water for household and business use (serviced properties)	<p>The total number of complaints received about (per 1,000 connections):</p> <ul style="list-style-type: none">- drinking water clarity- drinking water taste- drinking water odour- drinking water pressure or flow- continuity of supply <p>and Council's response to any of these issues</p>	9 complaints per 1,000 connections across all categories	6.2/1,000 connections
Council's water assets are managed adequately for the future	The average consumption of drinking water per day per resident within the district	500 litres per urban resident per day	481 litres per person per day

Wastewater

MPDC achieved the wastewater performance measures in 2023/24 except for environmental compliance. One abatement notice for the Waihou WWTP was issued in 2023/24.

Level of service statement	Performance measure	2023/24 Target	2023/24 Results
We will have an effective wastewater system that provides an appropriate level of protection	The number of dry weather wastewater overflows from the Council's wastewater system, expressed per 1,000 sewerage connections to that wastewater system	1 complaint per 1,000 connections	0.6/1,000 connections
We will protect the environment by ensuring our wastewater is properly treated before being discharged to our environment	Compliance with the Council's resource consents for discharge from its wastewater system. Measured by the number of: <ul style="list-style-type: none"> - abatement notices - infringement notices - enforcement orders - convictions received by Council in relation those resource consents 	0	1
We will have reliable wastewater systems and will respond to requests for service from our residents in a timely manner	Attendance time: from the time that we receive notification to the time that service personnel reach the site	Median 4 hours	0.37 hours
	Resolution time: from the time that we receive notification to the time that service personnel confirm resolution of the blockage or other fault	Median 24 hours	3.26 hours
	The total number of complaints received about (per 1,000 connections): <ul style="list-style-type: none"> - wastewater odour - wastewater system faults - wastewater system blockages Council's response to issues with its wastewater system	16 per 1,000 connections	3.7/1,000 connections

Stormwater

MPDC achieved all of the stormwater performance measures in 2023/24.

Level of service statement	Performance measure	2023/24 results	2023/24 Target
We will have an effective stormwater system that provides an appropriate level of protection to minimise harm	The number of flooding events that occur in our district	0 flooding events	0 flooding events
	For each flooding event, the number of habitable floors affected	0 habitable floors affected	0 habitable floors affected
We will protect the environment from stormwater contaminate discharging into waterways	Compliance with the Council's resource consents for discharge from its stormwater system. Measured by the number of: <ul style="list-style-type: none">- abatement notices- infringement notices- enforcement orders- convictions received by Council in relation those resource consents	0	0
We will have reliable stormwater systems and will respond to requests for service from our residents in a timely manner	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site	NA no flooding events	Median 4 hours
Residents will be satisfied with the overall performance of the stormwater system	The number of complaints received by Council about the performance of its stormwater system (per 1,000 connections to Council's stormwater system)	3.0 / 1,000 connections	4 complaints 1,000 connections

Consent compliance

MPDC strives to be fully compliant with its consent conditions as disclosed for 2023/24 in its 2024 AMPs and Annual Report, as summarised in the template table below. Information on consent expiry in the next 10 years is summarised in the template table below with detail provided in the following tables.

Consent status – water supply

MPDC currently holds 15 water take consents for Matamata, Morrinsville, Te Aroha, Te Poi and Hinuera water supplies. Tahuna water take consent has expired and this supply is operating on section 124. Te Aroha water consents will expire in April 2026 and Tahuna in July 2027. MPDC is in the process of preparing resource consent applications to renew these consents. There are 5 water discharge consents from water treatment plants. 12 water consents will expire within the next 10 years. See following tables for consent details.

Scheme Name (Location and infrastructure details ie. Kawakawa Public water supply - Roundwater Lake)	Permit type	Activity Sub Type	Water category		Details	Expiry 5 year blocks	Expiry Date	Risk (Please review change in this column and notes in AC)	Compliance Status - edified (This can be edited to give the council view on compliance)	Compliance Status (Regional Council compliance do not change this one)	Enforcement Status	Co-Governance	Property Address
Te Aroha Water Supply - Tumungao Stream - water lake	Water Permit	Surface water take	Water	Water lake - TA	To take water from the Tumungao Stream tributary for municipal water supply purposes. Shall not exceed 3500m ³ in total over any 24-hour period The maximum volume of water taken under this consent shall not exceed 4500m ³ over any 24-hour period when the flows in the Waihou River are at 24.85 cumecs or below	July 2022 - June 2027	25/04/2026	Moderate	Compliant	low risk non-compliance		No co-governance required	Te Aroha water supply Whaikeri St - Te Aroha
Te Aroha Water Supply - Tumungao Stream - water lake	Water Permit	Surface water take	Water	Water lake - TA	To take water from the Tumungao Stream for municipal water supply purposes (no more than 3500m ³ over any 24-hour period) Consent shall not be exercised at any time on days when flows in the Waihou River are 24.85 cumecs or below	July 2022 - June 2027	25/04/2026	Moderate	Compliant	low risk non-compliance		No co-governance required	Te Aroha water supply Whaikeri St - Te Aroha
Te Aroha Water Supply - Pohomihiri Stream - water lake	Water Permit	Surface water take	Water	Water lake - TA	To take water from the Pohomihiri Stream and two tributaries of the Pohomihiri Stream for municipal water supply purposes (shall not exceed 4500m ³ in total over any 24-hour period) Consent shall not be exercised at any time on days when flows in the Waihou River are 24.85 cumecs or below	July 2022 - June 2027	25/04/2026	Moderate	Compliant	low risk non-compliance		No co-governance required	Te Aroha water supply Whaikeri St - Te Aroha
Te Aroha Water Supply - Pohomihiri Stream (tributary stream, one of two referenced in the consent... the second tributary is dry)	Water Permit	Surface water take	Water	Water lake - TA	To take water from two tributaries of the Pohomihiri Stream. Only take from one of the two tributaries due to one of the tributaries being dry	July 2022 - June 2027	25/04/2026						
Te Aroha Water Supply - discharge process water into the Lipsy (Tumungao) Stream	Discharge Permit	Water - other	Water	Water discharge TA	Discharge up to 500 cubic metres per day of water to the Lipsy (Tumungao) Stream for water treatment operation purposes MPCO don't use this consent	July 2022 - June 2027	25/04/2026	Moderate	Compliant	low risk non-compliance	Letter of Direction (Directive/Consent)	No co-governance required	Te Aroha water supply Whaikeri St - Te Aroha
Te Aroha Water Supply - Pohomihiri Stream discharge consent	Discharge Permit	Water - other	Water	Water discharge TA	To discharge water to the Pohomihiri Stream from a water reservoir in association with municipal water supply purposes Flow water open reservoir, located in a rural settlement	July 2022 - June 2027	25/04/2026	Moderate	Compliant	low risk non-compliance	Letter of Direction (Directive/Consent)	No co-governance required	Mill Road - Te Aroha
Te Aroha Water Supply - Tumungao Stream - intake structure	Land Use Consent	Bed - structure	Water	Water TA structures	To occupy the bed of the Tumungao Stream, by way of a water intake weir, for public water supply purposes	July 2037 - June 2042	25/04/2041	High	N/A	Not Assessed	Letter of Direction (Directive/Consent)	No co-governance required	King Street - Te Aroha
Te Aroha Water Supply - Lipsy (Tumungao) Stream discharge structure	Land Use Consent	Bed - structure	Water	Water TA structures	To occupy the bed of the Lipsy (Tumungao) Stream, by way of a discharge structure, for public water supply purposes, Te Aroha	July 2037 - June 2042	25/04/2041	High	N/A	Not Assessed	Letter of Direction (Directive/Consent)	No co-governance required	King Street - Te Aroha
Māmatā Urban Area - stormwater - Tawaiti Street stormwater pond	Water Permit	Dam	Water	SW MIM Pond	Dam weir and use a dam structure on the bed of the Waihou River for stormwater control and detention purposes, in the vicinity of Tawaiti Street, Māmatā	July 2022 - June 2027	31/08/2024	Unknown	Not Provided Further Info			No co-governance required	Māmatā Stormwater - Māmatā (Lower Road parcel number 13691)
Te Aroha Water Supply - Waihou River intake	Water Permit	Surface water take	Water	Water lake TA	To take up to 10,000m ³ of water from the Waihou River for municipal water supply purposes	July 2022 - June 2027	25/04/2026	Moderate	Compliant	low risk non-compliance		No co-governance required	Rolliston St - Te Aroha
Tahuna Water Supply - ground water source	Water Permit	Ground water lake	Water	Water lake and	Take up to 105 cubic metres per day of groundwater at a rate of up to 1.25 litres per second from two bores for municipal supply purposes (Hua St - Tahuna (Tahuna water supply)	Before July 2022	28/02/2020	Moderate	Low Risk Non- Compliance (2019-2021)	Compliant		No co-governance required	Hua St - Tahuna (Tahuna Water Supply)
Te Aroha Stormwater - Outlet Waihou River / Lawrence Ave	Land Use Consent	Bed - structure	Water	SW TA outlet	Construct a stormwater outlet and back stabilisation works on the bank of the Waihou River near Lawrence Ave, Te Aroha	July 2037 - June 2042	15/04/2040	High	N/A	Not Assessed	Formal Warning (Punitive/Consent)	Co-governed consent	Lawrence Ave - Te Aroha
Te Aroha Stormwater - Outlet Waihou River / Grace Avenue/Hanna Street subdivision	Land Use Consent	Bed - structure	Water	SW TA outlet	Construct a stormwater discharge outlet within the bank of the Waihou River for subdivision development purposes in the vicinity of Stanley Avenue, Te Aroha	July 2032 - June 2037	18/04/2035	High	N/A	Not Assessed	Formal Warning (Punitive/Consent)	Co-governed consent	Stanley Ave - Te Aroha
Te Aroha Stormwater - outlet Waihou River / Ritchie Street subdivision	Land Use Consent	Bed - structure	Water	SW TA outlet	Construct a stormwater discharge structure on the bank of the Waihou River for subdivision development purposes in the vicinity of Ritchie Street, Te Aroha	July 2032 - June 2037	14/06/2035	High	N/A	Not Assessed	Formal Warning (Punitive/Consent)	Co-governed consent	Ritchie Street - Te Aroha
Te Aroha Wastewater Treatment Plant - rock filler, discharge point	Land Use Consent	Bed - structure	Water	SW TA outlet	Install a rock filler wastewater outlet on the bed and bank of the Waihou River	July 2037 - June 2042	18/01/2041	High	N/A	Not Assessed	Letter of Direction (Directive/Consent)	No co-governance required	SH 26 - Te Aroha

Scheme Name (Location and Infrastructure details ie. Kawakawa Public water supply - groundwater take)	Permit type	Activity Sub Type	Water category	Water status	Details	Expiry 5 year blocks	Expiry Date	Risk (Please review change in this column and notes in AC)	Compliance Status - edited (This can be edited to give the council view on compliance)	Compliance Status (Regional Council compliance do not change this one)	Enforcement Status	Co-Governance	Property Address
Hinuera Water Supply - 2 x groundwater sources	Water Permit	Ground water take	Water	Water take MH	Ground water take for municipal supply purposes. Daily net take volume must not exceed 4 m ³ of 200m ³ for 90 days between December through to February 120 m ³ at all other times Net annual volume of 40000 We reporting weekly to WRC on water take volumes (in the same report we use to report water take from our larger supplies)	Before July 2022 2023 - 2028	15/08/2022 7 August 2027	Moderate	Minor Non-Compliance 2022 - 2023 compliance period is the first year we have used the new consent, have not received an audit of compliance as we have not submitted an annual report	low risk non-compliance		No co-governance required	SH 29 - Hinuera
Te Poi Water Supply	Water Permit	Surface water take	Water	Water take Te Poi	Take water from the Waikomou Stream 120m ³ per day, shall not exceed 100L/s. Has a net annual volume of 25000m ³ . MPDC to monitor the average flow of the Waikou River and Otaue and reduce water take from the stream if the Waikou River is less than 17.2m ³ per second for 10 or more days, it shall not exceed 100m ³ (averaged over any two consecutive days)	July 2027 - June 2032	1/07/2027	Low	Low risk Non-Compliance	low risk non-compliance		No co-governance required	Tapepa-Te Poi South Rd - Te Poi
Matamata Wastewater Treatment Plant	Land Use Consent	Bed - structure	Water	Water MH discharge to bed	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	July 2042 - June 2047	9/05/2044	Low	N/A	Not Assessed		No co-governance required	Matamata - Tauranga Rd (SH 24) - Matamata (Matamata Sewage)
Morrisville Wastewater Treatment Plant, Torea gully, rock filters placed in the gully from point source discharge through to the Pako River	Land Use Consent	Bed - structure	Water	Water MH discharge to bed	Placement, use and maintenance of two existing wastewater discharge outfall structures on and over the beds of the Torea Gully Stream and the Pako River	July 2022 - June 2027	17/12/2024	Low	Compliant	Compliant		No co-governance required	Road Rd - Morrisville - Morrisville Sewage
Tawaia Street Water Supply, Matamata	Water Permit	Ground water take	Water	Water take MH	To take groundwater from two production wells (located no.s 72_4434 and 64_511	July 2027 - June 2032	1/12/2031	Low	Low risk non- compliance	low risk non-compliance		No co-governance required	Matamata Water Supply- Matamata
Tills Road Water Treatment Plant (registered under Matamata WTP)	Water Permit	Surface water take	Water	Water take MH	Take up to 4,400m ³ per day of water from the Waikarekiri Stream for municipal water supply purposes	July 2042 - June 2047	1/03/2047	Low	Compliant	low risk non-compliance		No co-governance required	Waikarekiri Stream, Tills Road - Matamata
Tills Road Water Treatment Plant (registered under Matamata WTP)	Discharge Permit	Water - other	Water	Water discharge MH	Discharge treated backwash water from the Matamata Water Treatment Plant to the Waikarekiri Stream	July 2042 - June 2047	1/03/2047	Low	Minor Non-Compliance it is not reported on	Moderate non- compliance	Letter of Direction (Directive/Consent)	No co-governance required	Waikarekiri Stream, Tills Road - Matamata
Tills Road Water Treatment Plant, discharge point	Land Use Consent	Bed - structure	Water	Water structure MH	Use & maintain an intake structure on the bed of the Waikarekiri Stream for municipal water supply purposes	July 2042 - June 2047	1/03/2047	Moderate	No compliance status as it is not reported on	Moderate non- compliance	Letter of Direction (Directive/Consent)	No co-governance required	Waikarekiri Stream, Tills Road - Matamata

Scheme Name (Location and Infrastructure details ie. Kawakawa Public water supply - Groundwater take)	Permit type	Activity Sub Type	Water category	Details	Expiry 5 year blocks	Expiry Date	Risk (Please review change in this column put notes in AC)	Compliance Status - edited (This can be edited to give the council view on compliance)	Compliance Status (Regional Council compliance do not change this one)	Enforcement Status	Co-Governance	Property Address
	Land Use Consent	Bed - structure	Water	WW Structure Waihou Place, use and maintain an existing outfall structure in the bank of the Waiwhero Stream	July 2042 - June 2047	1/07/2046	High	N/A	Not Assessed	Letter of Direction (Directive/Consent), Formal Warning (Punitive/Consent)	Co-governed consent	Campbell St - Waihou (Waihou WWTP)
Topehaehae Dam, Morrisville Water Supply	Water Permit	Dam	Water	Water structure MV Dam and divert the Topehaehae Stream in association with the Morrisville municipal water supply	July 2052 - June 2057	14/08/2053	Low	Minor Non-Compliance	low risk non-compliance	Letter of Direction (Directive/Consent), Formal Warning (Punitive/Consent)	No co-governance required	Morrisville Water Supply - Morrisville
Topehaehae Dam, Morrisville Water Supply	Water Permit	Surface water take	Water	Water take MV Take up to 12,000 cubic metres per day of water from the Topehaehae Stream	July 2052 - June 2057	14/08/2053	High	Moderate Non- Compliance	Moderate non- compliance	Letter of Direction (Directive/Consent), Formal Warning (Punitive/Consent)	No co-governance required	Morrisville Water Supply - Morrisville
Topehaehae Dam, Morrisville Water Supply	Land Use Consent	Bed - structure	Water	Water structure MV Use and maintain an intake structure within the Topehaehae Reservoir for Morrisville municipal water supply	July 2052 - June 2057	14/08/2053	High	N/A	Not Assessed	Letter of Direction (Directive/Consent), Formal Warning (Punitive/Consent)	No co-governance required	Topehaehae Stream, Morrisville
Topehaehae Dam, Morrisville Water Supply	Discharge Permit	Water - other	Water	Water discharge MV Discharge backwash water from a water treatment plant to the Topehaehae Stream	July 2052 - June 2057	14/08/2053	Low	Minor Non-Compliance	low risk non-compliance	Letter of Direction (Directive/Consent), Formal Warning (Punitive/Consent)	No co-governance required	Topehaehae Stream, Morrisville
Matamata South bore (Burwood Road bore)	Water Permit	Ground water take	Water	Water take MM To take groundwater from a production bore (located no. 72 - 448)	July 2027 - June 2032	1/12/2031	Unknown	Moderate Non- Compliance		Formal warning	No co-governance required	Matamata Water Supply - State Highway 27, Matamata
Matamata South bore (Burwood Road bore)	Water Permit	Use	Water	Water take MM Use groundwater for municipal supply (Matamata Township)	July 2027 - June 2032	1/12/2031	Low	Full compliance	Moderate non- compliance	Letter of Direction (Directive/Consent)	No co-governance required	Matamata Water Supply - State Highway 27, Matamata
Tawari Street Water Treatment Plant	Water Permit	Use	Water	Water take MM To use groundwater for Municipal supply purposes	July 2027 - June 2032	1/12/2031	Moderate	Full Compliance	Moderate non- compliance	Letter of Direction (Directive/Consent)	No co-governance required	Matamata Water Supply - Tawari Street, Matamata
Raungati water take (Waharoa aerodrome)	Water Permit	Ground water take	Water	Water take Rangitiki To take groundwater from production bore 72 - 10250 for municipal supply purposes	July 2027 - June 2032	31/12/2031	Unknown	Not Provided Further Info			No co-governance required	6397 State Highway 27 - Rangitiki
Lockerbie Water Treatment Plant, Morrisville Water Supply	Water Permit	Ground water take	Water	Water take MV Take ground water from a bore and utilise for municipal purposes	July 2052 - June 2057	14/08/2053	Unknown	Treatment Plant has not been commissioned yet (water into network)			No co-governance required	162A Studholme Street, Morrisville 3373

Consent status – wastewater

MPDC holds 3 consents to discharge waste from Tahuna WWTP. Consents to discharge from Matamata, Morrinsville and Te Aroha expired in 2024 and MPDC is operating these plants on section 124. A comprehensive wastewater discharge consent application has been lodged with WRC to cover all wastewater treatment discharges. See following tables for consent details.

Scheme Name (Location and infrastructure details i.e. Kawakawa Public water supply - Groundwater take)	Permit type	Activity Sub Type	Water category		Details	Expiry 5 year blocks	Expiry Date	Risk (Please review change in this column put notes in AC	Compliance Status - edited (This can be edited to give the council view on compliance)	Compliance Status (Regional Council compliance do not change this one)	Enforcement Status	Co-Governance	Property Address
Matamata - Wastewater Treatment Plant	Discharge Permit	Water - sewage	Wastewater	WW discharge MM	Discharge treated municipal effluent to the Mangawhero Stream, near Matamata. (Matamata - Tauranga Road SH24)	July 2022 - June 2027	8/06/2024	Moderate	Compliant	low risk non-compliance		No co-governance required	Matamata - Tauranga Rd (SH 24) - Matamata (Matamata Sewage)
Tahuna Wastewater Treatment Plant - discharge to Tahuna Stream	Discharge Permit	Water - sewage	Wastewater	WW discharge Tahuna	Discharge up to 70 cubic metres per day of treated municipal wastewater from the Tahuna WWTP into the Tahuna Stream	July 2027 - June 2032	31/07/2028	Low	Minor Non-Compliance	low risk non-compliance		No co-governance required	Pioneer Rd - Tahuna
Matamata Wastewater Treatment Plant, odour consent	Discharge Permit	Air - other	Wastewater	Air discharge MM WWTP	Discharge contaminants into the air from all activities associated with the Matamata Sewage Treatment Plant	July 2022 - June 2027	8/06/2024	Low	Low Risk Non- Compliance	Compliant		No co-governance required	Matamata - Tauranga Rd (SH 24) - Matamata (Matamata Sewage)
Morrinsville Wastewater Treatment Plant	Discharge Permit	Water - other	Wastewater	WW discharge MV	Discharge of treated industrial and municipal wastewater from the Morrinsville WWTP into a tributary of the Piako River known as the Totara Gully Stream	July 2022 - June 2027	17/12/2024	Moderate	low risk non-compliance	low risk non-compliance	Formal warning - failure to submit data within the required timeframes 9AUTH118885.01.02 and AUTH119563.01.01)	No co-governance required	Roach Rd - Morrinsville - Morrinsville Sewage
Morrinsville Wastewater Treatment Plant	Discharge Permit	Water - other	Wastewater	WW discharge MV	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	July 2022 - June 2027	17/12/2024	Moderate	Compliant	Compliant		No co-governance required	Roach Rd - Morrinsville - Morrinsville Sewage
Morrinsville Wastewater Treatment Plant, pond c	Discharge Permit	Land - sewage	Wastewater	WW discharge MV	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	July 2022 - June 2027	17/12/2024	Low	Low risk Non- compliance	Compliant		No co-governance required	Roach Rd - Morrinsville - Morrinsville Sewage

Scheme Name (Location and infrastructure details i.e. Kawakawa Public water supply - Groundwater take)	Permit type	Activity Sub Type	Water category		Details	Expiry 5 year blocks	Expiry Date	Risk (Please review change in this column put notes in AC)	Compliance Status - edited (This can be edited to give the council view on compliance)	Compliance Status (Regional Council compliance do not change this one)	Enforcement Status	Co-Governance	Property Address
Morrinsville Wastewater Treatment Plant, odour	Discharge Permit	Air - other	Wastewater	WW Air discharge MV	Discharge of contaminants to air, being principally odour from operations of the wastewater treatment plant, sludge dewatering and ponds	July 2022 - June 2027	17/12/2024	Low	Compliant	Compliant		No co-governance required	Roach Rd - Morrinsville - Morrinsville Sewage
Morrinsville wastewater treatment plant, Pond C Discharge	Discharge Permit	Water - other	Wastewater	WW discharge MV	Discharge of drainage water from a toe drain of the Pond C dam, into the Totara Gully Stream	July 2022 - June 2027	17/12/2024	Moderate	Low risk non-compliance	low risk non-compliance	Formal warning - failure to submit data within the required timeframes 9AUTH118885.01.02 and AUTH119563.01.01)	No co-governance required	Roach Rd - Morrinsville (Morrinsville Sewage)
Te Aroha Wastewater Treatment Plant	Discharge Permit	Discharge to water	Wastewater	WW discharge Tahuna	Discharge up to 7000 cubic metres per day of treated effluent from the Te Aroha Wastewater Treatment Plant to the Waiohau River, and associated discharge of contaminants (odour) to air	July 2032 - June 2037	26/08/2035	High	Low Risk Non-Compliance	Moderate non-compliance	Letter of Direction (Directive/Consent)	No co-governance required	(Te Aroha Sewage) Te Aroha
Te Aroha Wastewater Treatment Plant	Discharge Permit	Discharge to land	Wastewater	WW discharge Tahuna	Discharge contaminants (via seepage) to land & groundwater from the Te Aroha Wastewater Treatment Plant	July 2032 - June 2037	26/08/2035	Low	Compliant	Compliant	Letter of Direction (Directive/Consent)	No co-governance required	(Te Aroha Sewage) Te Aroha
Morrinsville wastewater treatment plant	Discharge Permit	Land - sewage	Wastewater	WW discharge MV	To discharge waste activated sludge to Pond C and the associated discharge of contaminants to air, at the Morrinsville Wastewater Treatment Plant, Morrinsville.	July 2022 - June 2027	17/12/2024	Low	Low risk non-compliance	low risk non-compliance		No co-governance required	134 Roache Rd : Morrinsville
Morrinsville water supply, piggings of the main from Waterworks Rd WTP to Scott Road outlet chamber	Discharge Permit	Land - other	Wastewater	Water discharge	Discharge water from pipeline scouring containing iron/manganese to land and the Topehaehae stream.	July 2052 - June 2057	1/03/2056	Unknown	Not Provided Further Info Non-compliant			No co-governance required	Scott Road, Morrinsville

Consent status – stormwater

MPDC manages 4 stormwater systems in Matamata, Morrinsville, Te Aroha and Waharoa. The 4 discharge consents expired in August 2024. MPDC applied for a comprehensive stormwater discharge consent to cover all 4 catchments. These stormwater systems are currently operating on section 124. See following tables for consent details.

Scheme Name (Location and Infrastructure details i.e. Kawakawa Public water supply - Groundwater take)	Permit type	Activity Sub Type	Water category		Details	Expiry 5 year blocks	Expiry Date	Risk (Please review change in this column put notes in AC)	Compliance Status - edited (This can be edited to give the council view on compliance)	Compliance Status (Regional Council compliance do not change this one)	Enforcement Status	Co-Governance	Property Address
Matamata Urban Area - stormwater discharge consent (comprehensive)	Discharge Permit	Water - stormwater	Stormwater	SW discharge	Divert and discharge urban stormwater runoff, and associated contaminants, at multiple locations to land, the Western Drain, Waikarehu Stream, Mangawhere Stream, and use discharge structures within the vicinity of Matamata urban area that is reticulated by the Matamata municipal stormwater system	July 2022 - June 2027	31/08/2024	High	Moderate Non-Compliance	Moderate non-compliance	Formal Warning (Punitive/Consent)	No co-governance required	Station Road - Matamata
Te Aroha Urban Area - stormwater discharge consent (comprehensive)	Discharge Permit	Water - stormwater	Stormwater	SW discharge	Divert and discharge urban stormwater runoff, and associated contaminants, at multiple locations to land, the Tunakohia Stream, Rew Street Drain, Waikarehu River, and use discharge structures within the vicinity of Te Aroha urban area that is reticulated by the Te Aroha municipal stormwater system	July 2022 - June 2027	31/08/2024	High	Moderate Non-Compliance	Moderate non-compliance	Formal Warning (Punitive/Consent)	No co-governance required	Terminus Street - Te Aroha
Morrinsville urban area - stormwater discharge consent (comprehensive)	Discharge Permit	Water - stormwater	Stormwater	SW discharge	Divert and discharge urban stormwater runoff, and associated contaminants, at multiple locations to land, the Morrinsville Stream, the Waikarehu Stream, Piako River and unnamed tributaries, and use discharge structures within the vicinity of Morrinsville urban area that is reticulated by the Morrinsville municipal stormwater system	July 2022 - June 2027	31/08/2024	High	Moderate Non-Compliance	Moderate non-compliance	Formal Warning (Punitive/Consent)	No co-governance required	Pickett Place - Morrinsville
Waharoa Urban Area - stormwater discharge consent (comprehensive)	Discharge Permit	Water - stormwater	Stormwater	SW discharge	Divert and discharge urban stormwater runoff, and associated contaminants, at multiple locations to land, the Waikarehu Stream, and use discharge structures within the vicinity of Waharoa urban area that is reticulated by the Waharoa municipal stormwater system	July 2022 - June 2027	31/08/2024	High	Moderate Non-Compliance	Moderate non-compliance	Formal Warning (Punitive/Consent)	No co-governance required	Mowbray Road - Matamata

Parameters	Drinking supply schemes	Wastewater schemes	Stormwater Schemes/catchments
Drinking water supply <ul style="list-style-type: none">Bacterial compliance (E.coli)Protozoa compliance	<p>No E.coli present in drinking water but not-compliant with the bacto rules in the DWQAR</p> <p>Non-compliances detected across the 10 drinking water treatment plants operated by MPDC</p>	n/a	n/a

<ul style="list-style-type: none"> Chemical compliance Boiling water notices in place Fluoridation Average consumption of drinking water Water restrictions in place (last 3 years) Firefighting sufficient 	<p>Lead detected in the Te Aroha water supply in April 2024</p> <p>2 x permanent boil water notices in place (Waihou Depot water supply (no deregistered and the Pohomihi raw water residents)</p> <p>Not applicable, MPDC not one of the Council's directed to fluoridate</p> <p>433 litres/per/day (Annual Report 2023/24)</p> <p>Yes, usually from January to end of March</p> <p>Yes except some isolated locations</p>		
Resource Management <ul style="list-style-type: none"> Significant consents (note if consent is expired and operating on S124) Expire in the next 10 years Non-compliance: <ul style="list-style-type: none"> Significant risk non-compliance Moderate risk non-compliance Low risk non-compliance Active resource consent applications 	<p>Water supply take 14 Water discharge 4 Expired and operating on S124</p> <p>12</p> <p>0 2 17</p> <p>1</p>	<p>Wastewater discharge water/land/air 14 Expired and operating on S124</p> <p>11</p> <p>1 2 11</p> <p>1</p>	<p>Stormwater discharge 4 Expired and operating on S124</p> <p>4</p> <p>0 4 0</p> <p>1</p>

<ul style="list-style-type: none">Compliance actions (last 24 months):<ul style="list-style-type: none">WarningAbatement noticeInfringement noticeEnforcement orderConvictions					3	3	4
					0	0	0
					0	0	0
					0	0	0
					0	0	0
Data source: 2023/24 annual report Consent database (July 2025)							

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Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements

The table below provides a summary of MPDC's projected investment requirements. MPDC's planned investment during the period is to address the identified network performance issues disclosed in this plan (Part B), such as aging and poor condition assets, meeting levels of service and improving compliance. Investment is also required to plan for MPDC's growth. Refer to Parts D and E for further details.

The significant capital projects are mainly related to:

- The water supply capital projects are mainly to improve drinking water compliance and allow for future growth.
- The wastewater capital projects are mainly resource consent driven.
- The stormwater capital projects consist of ongoing reticulation and treatment device renewals, resource consent related treatment upgrades, and long term planning for Te Aroha and Matamata townships including modelling and options analysis.

Projected investment in water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking Water										
Capital expenditure - to meet additional demand	\$320,000	-	\$1,000,000	\$3,700,000	\$2,550,000	\$1,260,000	\$2,575,000	\$3,050,000	\$1,350,000	\$800,000
Capital expenditure - to improve levels of services	\$1,760,000	\$2,650,000	\$3,700,000	\$8,500,000	\$6,500,000	\$7,190,000	\$6,550,000	\$6,250,000	\$3,450,000	\$3,550,000
Capital expenditure - to replace existing assets	\$5,509,000	\$5,459,000	\$5,259,000	\$4,082,000	\$8,200,000	\$8,300,000	\$9,275,000	\$4,500,000	\$4,500,000	\$4,250,000
Total projected investment for drinking water	\$7,589,000	\$8,109,000	\$9,959,000	\$16,282,000	\$17,250,000	\$16,750,000	\$18,400,000	\$13,800,000	\$9,300,000	\$8,600,000
Wastewater										
Capital expenditure - to meet additional demand	\$762,000	\$7,712,000	\$10,092,000	\$4,860,000	--	\$1,480,000	\$200,000	\$1,000,000	\$6,400,000	\$5,600,000
Capital expenditure - to improve levels of services	\$1,750,000	\$17,500,000	\$15,520,000	\$2,040,000	\$5,600,000	\$1,620,000	\$1,300,000	\$3,000,000	\$3,600,000	\$1,900,000
Capital expenditure - to replace existing assets	\$5,750,000	\$5,750,000	\$5,750,000	\$5,000,000	\$500,000	\$3,600,000	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000
Total projected investment for wastewater	\$8,262,000	\$30,962,000	\$31,362,000	\$11,900,000	\$6,100,000	\$6,700,000	\$4,600,000	\$7,100,000	\$13,100,000	\$10,600,000
Stormwater										
Capital expenditure - to meet additional demand	\$75,000	\$125,000	-	-	-	-	-	-	-	-
Capital expenditure - to improve levels of services	\$1,575,000	\$831,000	-	-	\$328,000	-	-	\$348,000	-	-
Capital expenditure - to replace existing assets	-	\$511,000	\$105,000	-	\$546,000	\$112,000	-	\$580,000	\$118,000	-
Total projected investment for stormwater	\$1,650,000	\$1,467,000	\$105,000	-	\$874,000	\$112,000	-	\$928,000	\$118,000	-
Total projected investment in water services	\$17,501,000	\$40,538,000	\$41,426,000	\$28,182,000	\$24,224,000	\$23,562,000	\$23,000,000	\$21,828,000	\$22,518,000	\$19,200,000

Historical delivery against planned investment

Delivery against planned investment	Renewals investment for water services				Total investment in water services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP) (\$000)	\$12,059	\$19,636	\$17,346	\$49,040	\$43,321	\$35,741	\$33,686	\$112,748
Total actual investment (\$000)	\$17,157	\$17,384	\$10,972	\$45,513	\$25,616	\$41,930	\$19,574	\$87,120
Delivery against planned investment (%)	147.8%	88.5%	63.3%	92.8%	59.1%	117.3%	58.1%	77.3%

The key steps MPDC has undertaken to improve its deliverability of capital works are:

- Reviewed internal resourcing levels to meet LTP approved 3 waters capital programmes.
- Budgeted for additional project management resources in the 2024 LTP.
- Resourcing levels were informed by an independent review and project delivery team.
- The 2024 LTP capex programme was further refined to ensure deliverability in first 3 years.
- Centralised regional project management capability is key feature of Waikato Water Done Well Stage 1 and will help to address this resourcing risk.

Risks and assumptions – MPDC only

Disclosure of risks and material assumptions for water services delivery

MPDC's key risks and assumptions in preparing this plan are summarised in the tables below. The key risks and assumptions identified with the WWDW programme are detailed in the additional information section at the back of this plan.

Parameters	Drinking supply	Wastewater	Stormwater
Key Risks			
<ul style="list-style-type: none"> Future water service delivery 	<ul style="list-style-type: none"> Major participating council(s) do not proceed with joining Waikato Waters based on the consultation feedback and elected members adoption of their WSDPs. This impacts the long term viability of WWDW with less participating councils. Water supply household charges for Matamata-Piako consumers do not reduce long term (from year 10) under Waikato Waters. This is due to greater establishment costs than forecast and financial modelling inaccuracies such as operational efficiencies not being achieved. 	Same comment as drinking water	NA
<ul style="list-style-type: none"> Network performance 	The water network performance issues are detailed in the 2024 Infrastructure Strategy and 2024 Water Supply Activity Management Plan. The master plan developed for Morrinsville and Matamata water supplies has also identified key risks and opportunities.	<ul style="list-style-type: none"> Same comment as drinking water except wastewater master plan is under development. High levels of inflow and infiltration in MPDC's wastewater reticulation network. 	NA
<ul style="list-style-type: none"> Regulatory compliance 	<ul style="list-style-type: none"> The drinking water for Waitoa township is currently supplied by Fonterra. It does not wish to be the water supplier as there are greater compliance requirements. It wishes to hand over the water supply to MPDC (i.e. change in ownership). The Waihou private water scheme is starting to fail. There is public health risk for the consumers of the private drinking water scheme. Decision required on preferred water source option for Te Aroha WTP to mitigate drinking water quality risks. Decision required on preferred water source option for Morrinsville WTP after investigation to ensure will meet new consent conditions. 	<ul style="list-style-type: none"> The Matamata plant requires a major upgrade and a change in treatment to ensure it can meet the tighter consent requirements for discharge into the Mangawhero and then Waihou Stream. MPDC is under intense scrutiny by Waikato Regional Council to meet its operational compliance requirements. Refer to Part B for compliance achievements, One abatement notice for the Waihou wastewater treatment plant was issued on 10 October 2023. 	NA
<ul style="list-style-type: none"> Delivery of Capital Programme 	<ul style="list-style-type: none"> Customer acceptance of universal metering after the consultation period may stop the project. MPDC will not deliver their planned 3 waters capital programme in first 2 years of its 2024 Long Term Plan until project management capability and capacity issues are addressed. 	Same comment as drinking water	Same comment as drinking water

<ul style="list-style-type: none">Organisational capacity	Two major risks identified related to current resource levels: <ul style="list-style-type: none">Capex project deliverability.Meeting operational compliance requirements.	<i>Same comment as drinking water</i>	<i>Same comment as drinking water</i>
<ul style="list-style-type: none">Long term issues e.g. providing for growth, climate change	Key growth and climate change risks are disclosed in MPDC's 2024 Long Term Plan.	<i>Same comment as drinking water</i>	<i>Same comment as drinking water</i>
<ul style="list-style-type: none">Sludge handling budgets	NA	Due to timing issues, the district sludge handling projects (capex and opex) have been amended from what was presented in the WWDW financial model. Refer to note and profiles at start of Part D.	NA
Significant assumptions			
<ul style="list-style-type: none">Future water service delivery	Preferred option is to join WWDW on 1 October 2026 for drinking water assets.	Preferred option is to join WWDW on 1 October 2026 for wastewater assets.	Stormwater assets remain in house under WWDW. MPDC is still to decide if it wishes Waikato Waters to undertake stormwater management functions (refer to Implementation Plan).
<ul style="list-style-type: none">Network performance	The water supply network performance assumptions are disclosed in MPDC's 2024 Long Term Plan.	<i>Same comment as drinking water</i>	<i>Same comment as drinking water</i>
<ul style="list-style-type: none">Regulatory compliance	<ul style="list-style-type: none">Decision required on the private Waitoa water scheme currently supplied by Fonterra. Options include converting to private tanks, joining the Waihou scheme, or pump from Te Aroha system.Decision required on the private Waihou scheme. Driven by Taumata Arowai and Waitoa supply solution. A potential solution could be to supply Waihou from the Te Aroha pipeline to Waitoa as on the route.Fluoridation installation projects are currently not funded as not directed by the Director-General of Health.	Wastewater compliance will improve in the medium term with additional people capacity and capability and targeted infrastructure investment.	NA
<ul style="list-style-type: none">Delivery of Capital Programme	MPDC will unlikely deliver their planned 3 waters capital programme in first 2 years of its 2024 Long Term Plan. This is mainly due to project management capability and capacity issues.	<i>Same comment as drinking water</i>	<i>Same comment as drinking water</i>
<ul style="list-style-type: none">Organisational capacity	Additional resources identified through the WSDP and financial modelling includes: <ul style="list-style-type: none">Treatment plant operators to improve regulatory compliance.Additional project managers to improve capital works deliverability.Additional business analyst to improve asset management capability particularly at the treatment plants.	<i>Same comment as drinking water</i>	NA
<ul style="list-style-type: none">Long term issues e.g. providing for growth, climate change	Key growth and climate change assumptions are disclosed in MPDC's 2024 Long Term Plan.	<i>Same comment as drinking water</i>	<i>Same comment as drinking water</i>

Part C: Revenue and financing arrangements

1. Revenue and charging arrangements

Revenue and charging arrangements
a. Charging and billing arrangements
<p>Drinking water and wastewater services are currently charged by Matamata-Piako District council in the following manner.</p> <p>MPDC's current water tariff:</p> <ul style="list-style-type: none"> Water tariff is applied district wide. Only extraordinary water users are metered. These are classified as those who use more than the average residential property without a swimming pool. All other users pay a fixed amount as part of their rates. Serviceability charge (fixed) for properties that have ability to connect to Council's system (but not connected) within 100m. Volumetric charge applies for water consumption over and above first 63 m³ per quarter or the first 21 m³ consumed per month. <p>MPDC's water fees and charges for 2024/25:</p> <ul style="list-style-type: none"> Uniform charge - \$688.07. Serviceability charge (within 100m of Council's reticulation) - \$344.03. Charge per m³ water consumed (over and above threshold) - \$2.97. <p>MPDC's current wastewater tariff:</p> <ul style="list-style-type: none"> Wastewater tariff is applied district wide. Uniform charge per connected rating unit. Categorised as connected single residential house, connected non-single residential house, and non-residential. Additional charges based on a scale of charges per pan for connected non-single residential house, and non-residential. In addition, a remission policy allows for additional pan charges to be remitted according to the equivalent number of HEU of water used. Serviceability charge (fixed) for properties that have ability to connect to Council's system (but not connected) within 30m. <p>MPDC's wastewater fees and charges for 2024/25:</p> <ul style="list-style-type: none"> Connected single residential house – \$789.69 Connected non-single residential house and non-residential: <ul style="list-style-type: none"> \$789.69 – for the first pan \$789.69 – additional charge per pan, up to 4 pans \$671.24 – additional charge per pan, up to 10 pans \$631.76 - additional charge per pan, up to 15 pans \$592.97 - additional charge per pan, up to 20 pans \$552.79 - additional charge per pan, for more than 20 pans Serviceability charge - \$394.85. <p>Proposed approach:</p> <p>The financial modelling for Waikato Water assumes that the pricing structures and work programmes forecast in each of the councils' Long-Term Plan or Annual Plan, stay the same in the short to medium term after the transition of water services to the CCO.</p> <p>However, the Waikato Water's board and management will ultimately be responsible for setting future pricing. No doubt they will consider the funding requirements of the business and the expectations of the shareholding councils via the Statement of Expectations. When and to what extent prices are aligned across the council districts is not yet known.</p> <p>Financial ringfencing:</p> <ul style="list-style-type: none"> 1 July 2025 to 30 September 2026 – MPDC's water supply and wastewater assets will still be in house. MPDC already has separate accounts for its three waters activities so financial ring fencing is broadly set up.

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- From 1 July 2026 - Waikato Waters as a new entity will establish financial structure, balance sheet, debt arrangements, charging and pricing. The new water organisation will be totally separate from the shareholding councils including MPDC.

b. Water services revenue requirements and sources

Revenue requirements

The revenue that is required under the WDDW financial modelling for drinking water and wastewater is projected to be \$151.1m in the 2027/28 financial year⁵. It progressively increases beyond that to \$213.7m by the end of the forecast period (2033/34). These figures reflect the rates and volumetric charges, as well as other revenue sources (including development contributions, capital/operating subsidies and grants, and other income).

While in the first two years of operations projected increases in water charges are forecast at 11%, beyond that, revenue increases reduce and in the medium to long term the forecasts show the CCO is financially sustainable at annual revenue increases of ~4%⁶. This is significantly lower than the weighted average of the councils projected charges acting on their own.

Customer charging:

As noted above, it is proposed that councils will continue to invoice customers on behalf of Waikato Water for drinking water and wastewater services and pass the revenue to Waikato Waters. This is for a transitional period until the Board determines Waikato Waters is positioned to charge customers directly.

Stormwater revenue

Stormwater revenue will be collected via the current mechanisms by Matamata-Piako District Council. The current mechanism meets the regulatory requirements for ringfencing.

c. Existing and projected commercial and industrial users' charges

Current charging arrangements

MPDC currently levies fixed and volumetric charges on water users (commercial and residential) within its district. Fixed charges apply to all normal residential customers, and only extraordinary water users are metered. This includes all commercial and industrial businesses. Volumetric charges are based on a flat rate per cubic metre of water, meaning commercial users pay more if they consume more. No commercial or industrial differentials are applied to water charges.

Wastewater charges are also consistent across all customer classes, with residential properties only charged for a single "pan" (per the Local Government (Rating) Act). Commercial and industrial users pay an additional charge for each additional urinal or toilet, and the additional charges are tiered based on the number of additional pans. There is no commercial or industrial differential applied to wastewater charges. A significant remission is applied to these pan charges according to the equivalent number of HEUs of water used.

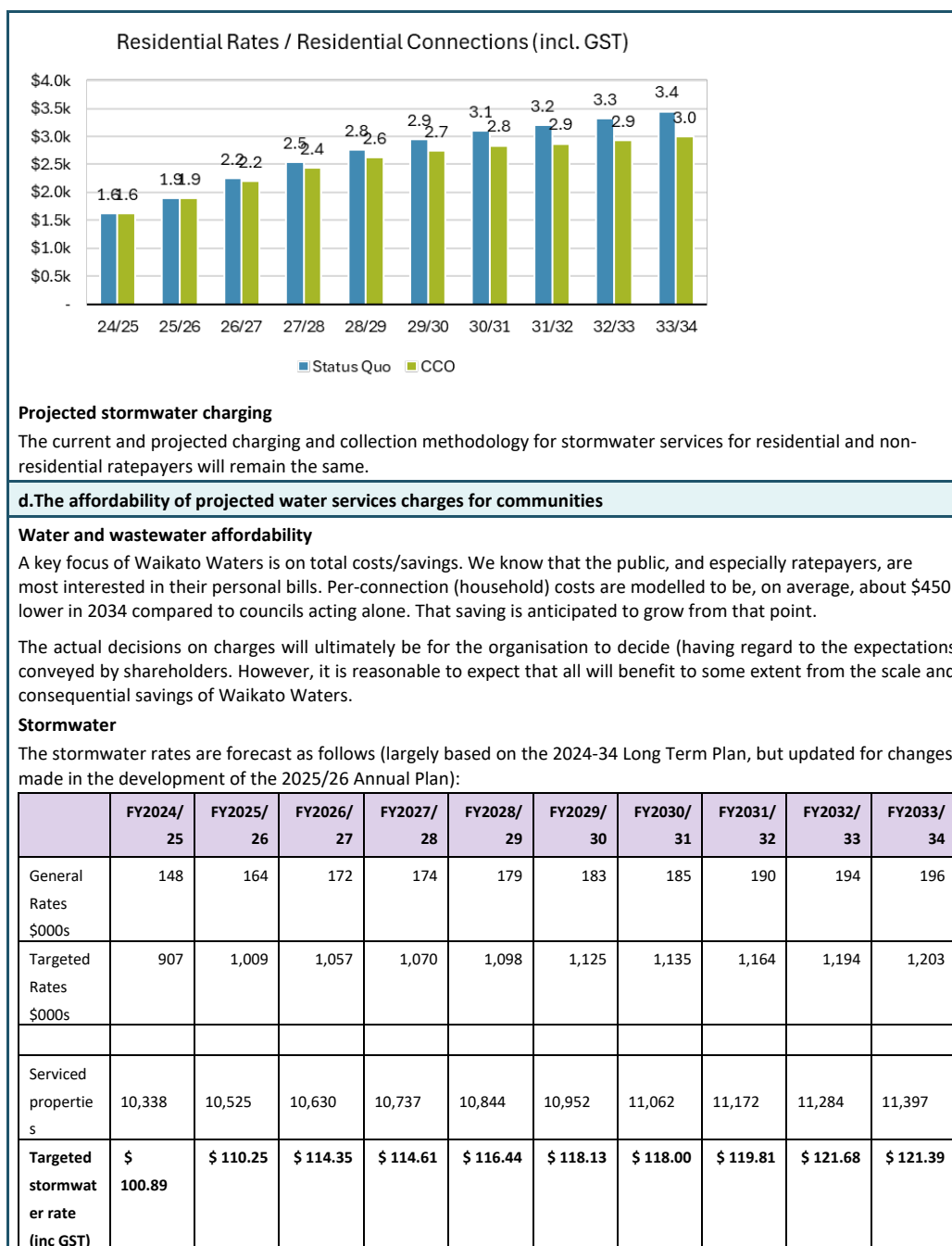
A uniform charge for stormwater is imposed on all rating units within the district, with no differential applied for non-residential properties. The stormwater activity receives some (approximately 14%) funding from the general rate (No charges for three waters activities are based on capital value or land value, other than the minor general rate component of stormwater funding).

Projected charging arrangements – WDDW

Projected charges for residential households on average over the 10-year period under the Waikato Water Done Well Financial Modelling are shown in the chart below. 'Status Quo' in the chart reflects the aggregation of each council's most recent projections on a standalone basis.

⁵ Being the first year when the drinking water and wastewater activities of all six councils has been transferred to the CCO.

⁶ In part this is attributable to underlying population growth, so the increase in the actual rate of water charges will be something less than this.



2.Funding and financing arrangements

Funding and financing arrangements

a. Water services financing requirements and sources

Water and wastewater financing requirements

An independent professional Board has been appointed to Waikato Waters. The Board is currently in the process of recruiting for a commercially minded Chief Executive. A requirement of the Board for the Chief Executive will be to have the appropriate risk management processes in place to manage the water services' financial requirements and sources.

In April 2025 LGFA announced the financial covenants it will apply to water CCOs. The covenants are tiered based on the number of water connections that the water CCO has. There are two financial covenants. Given its size, for Waikato Waters the covenants will be:

- A Funds from Operation (FFO) to Gross Debt ratio 8%
- A Funds from Operation (FFO) to Cash Interest Coverage of 1.5 times.

The LGFA note that these are a guide only. LGFA will have regard to other factors such as population growth when determining ratios. A percentage of the development contributions can also be recognised as revenue in determining the FFO.

The LGFA have also recognised that a water CCO may not be able to comply with these financial covenants from 'day 1'. It will agree an appropriate time within which the CCO needs to ensure it complies: a rule of thumb is up to five years (although there is scope to have a longer period allowed).

The FFO ratios are set out in Section D. Based on the financial forecasts Waikato Waters is projected to reach the 8% FFO to debt ratio during the forecast period. The interest cover approximates 1.5 times, or better, once all councils have transitioned their water services. Both metrics are expected to improve beyond the forecast period because in the later years debt can be held relatively steady, while revenue will continue to increase. WWDW have discussed the covenants and financial forecasts with LGFA who have verbally indicated they meet the LGFA guidance in an acceptable way.

Financial strategy

The Board and senior management of Waikato Water will decide the financial strategy for the company. While infrastructure work will be funded through long-term debt, more immediate operating requirements will necessitate transactional banking, and overdraft facilities. For simplicity the financial modelling assumes all borrowing is on a floating basis. It applies an interest rate on the variable balance of "net debt".

In the immediate future, establishment and operating costs incurred by the company must be financed by short-term debt, the Shareholders Agreement allows for Council's to provide this financing until LGFA facilities are in place. The company will not have a basis for charging revenue until 1 July 2026, when the first councils transfer their water activity.

Beyond that, operating costs and short-term financing arrangements will be met by water charges and fees for services provided by the company to councils (e.g. for the management of stormwater). The company will need to assess what a prudent level of cash reserves might be.

It is expected that all long-term borrowing will be from LGFA. Once the company is incorporated it will progress accessing LGFA funding and procure transactional banking services (from a trading bank and/or LGFA).

The company will be establishing policies that govern management of its financial arrangements. Those policies will include a treasury policy setting out the company's approach to funding and financing generally, and its approach to hedging its interest exposure. Those decisions will be made having regard to the risk appetite of the COO.

While the company will likely want to avail itself of the debt capacity available to it, in the medium term that debt position stabilises and the company is in a position to start repaying debt. The company will need to balance repayment of debt, ongoing investment in infrastructure and keeping water rates affordable in considering how aggressively it wishes to repay debt.

b. Internal borrowing arrangements

Current internal borrowings – 3 waters

MPDC calculates debt for the three water services activities (from underlying projects) and maintains an internal loan register of debt balances, annual repayments and annual interest charge.

Position post transfer to the CCO

Six of the seven shareholding councils have agreed to transfer their drinking water and wastewater activities, including assets and debt, to Waikato Waters. Water related debt will be transferred to Waikato Waters under a transfer agreement. From the date of transfer councils will therefore have no internal borrowing arrangements related to these water activities.

While no 'internal', services will be provided between shareholding councils and Waikato Waters. It is expected that the company will manage stormwater for several councils. Conversely, as noted earlier, the councils will continue to bill on behalf of the CCO in the short-term. The expectation is that these services will be charged at 'arm's length'. This will ensure the true cost of delivery for each water type is established.

Future internal borrowings - stormwater

There is no change planned for the internal borrowing approach up to and beyond 30 June 2028, the current methodology meets the regulation ringfencing requirements.

c. Determination of debt attributed to water services

The net debt to operating revenue calculation for the 3 water activities on 30 June 2024 is:

3 Waters net debt to operating revenue 30 June 2024	Water supply and wastewater	Stormwater
Total operating revenue (\$m)	\$15.5	\$1.4
Net debt (\$m)	\$45.0	-
Debt headroom to limit (\$m)	\$27.1	-
- Net debt to operating revenue (%)	290%	-
Borrowing limit (%) (LGFA 2023/24)	175%	175%

The value of water services borrowing and associated debt to operating revenue position on 30 June 2024 for the Waikato Waters financial modelling is \$45m. At the date the waters activity is expected to transfer to the CCO, being 1 October 2026, the water-related debt is expected to be \$101.8m.

The net debt to operating revenue as at 30 June 2024 was [Council to insert the net debt to operating ratio at 30 June 2024].

d. Insurance arrangements

Current insurance approach

Council insures its Three Waters assets—mostly underground infrastructure for water supply, wastewater, and stormwater—through a shared arrangement with 10 other Waikato councils under WCLASS (Waikato Local Authority Shared Services) now CoLab. This collective insurance only covers natural disasters, including floods, and holds a 40% share of a \$300 million combined cover limit for any one event or a series of related losses.

The most recent earthquake loss modelling was completed in July 2022 providing an assessment of the appropriate level of insurance cover for current assets. At the moment, Council insures around \$1.018 billion worth of underground assets, which also includes three key roading bridges that carry major water supply pipelines. The next round of loss modelling is due in the 2025/26 insurance year.

Council has set up an **Infrastructure Insurance Reserve**. This reserve covers the **\$500,000** deductible for underground asset claims and **\$20,000** for above-ground assets. Alongside this, Council ensures we keep enough borrowing capacity in reserve for unexpected events.

We are also continuously improving the accuracy and quality of our asset data. This not only strengthens future loss modelling but also gives insurers a clearer picture of our asset network, helping them feel more confident and better informed when it comes to setting our cover.

Each year, Council reviews its insurance as part of the renewal process to ensure the level of cover is still the right fit. A detailed report is presented to the **Finance and Risk Committee**, outlining the policies, limits, and key

assumptions. We also hold strategic discussions with elected members to ensure our insurance approach aligns with Council's overall risk appetite and long-term financial strategy.

This approach will continue for the stormwater activity and assets.

Future water and wastewater insurance arrangements

Waikato Waters will hold necessary insurance policies. The shareholding councils are part of an insurance collective. They procure insurance cover together to access preferential premium rates and other benefits. Aon is their broker.

Directors and Officers insurance cover, professional indemnity and general liability cover are already in place.

The councils' current infrastructure insurance runs from 1 November to 31 October each year. Part of the renewal process is presentations to underwriters at Lloyds, where most of the infrastructure cover is placed. This has been an enduring arrangement between the insurers and councils, and as a result the insurers are well aware of the risk profile of the councils' activities and the assets insured. In the past two years, underwriters have been kept informed of New Zealand's water reforms. The transition to a water CCO will therefore be no surprise.

As part of the upcoming infrastructure renewal process the intention is to agree with the insurers an arrangement which will see:

- Waikato Water named as an insured on the infrastructure policies, to take effect as and when the water assets of each council are transferred to the company.
- Premiums in respect of the insured assets paid for by the council up to date of transfer (for some, as early as 30 June 2026), and by the company from that date.

This arrangement has been socialised with insurers already. Aon have advised they do not see any issues with this approach be implemented.

Councils currently undertake an annual insurance risk assessment. It is expected the CCO will do likewise. We are investigating loss modelling as part of this. Councils record infrastructure assets and determine the extent to which they are insured (there may be some occasions where the councils choose to self-insure, although this is limited). The level of cover is determined, in consultation with Aon, having regard to the replacement cost of the assets to be insured and loss modelling (although the latter is not undertaken every year).

Part D: Financial sustainability assessment– Drinking Water and Wastewater

Wastewater sludge variation – capex and opex

A comprehensive desludging report has been completed, and Council recently held a workshop to explore funding options to meet compliance requirements associated with desludging activities. The March 2025 WWDW financial figures included throughout this document reflected elevated operating costs for desludging at the Te Aroha, Matamata, and Morrinsville treatment plants.

	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Capital (\$m)	0	0	0	0	0	0	0	0
Operating (\$m)	8	0	0	0	8	8	8	8

Following this, Council considered an alternative approach, which has informed an updated investment profile. This revised strategy prioritises addressing immediate safety risks at the Te Aroha and Morrinsville plants, while enabling a more strategic, long-term solution. Specifically, it proposes capital investment in monofill infrastructure, which would reduce ongoing annual operating costs and improve compliance outcomes over time. Successful implementation of this approach will require collaboration with Waikato Regional Council and local iwi to ensure the desired outcomes are achieved.

Updated capex and opex 10 year profiles below due to district wide sludge handling investment.

	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Capital (\$m)	2.5	5.8	6	3.5	1.5	0.4	0.4	0.4
Operating (\$m)	0.7	1	1.1	1	1.3	0.8	0.8	0.8

With MPDC signing of the WSDP, these changes are included and noted. These changes will be updated in the next WWDW financial model.

1. Confirmation of financially sustainable delivery of water services

Financially sustainable water services provision

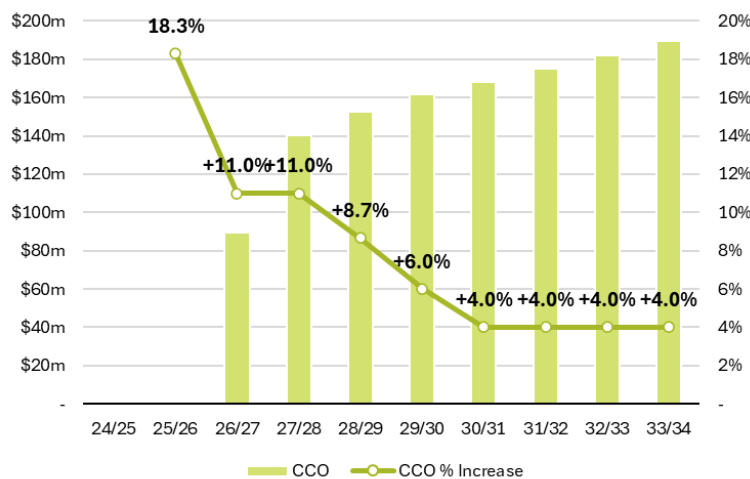
Confirmation of financially sustainable delivery of water services by 30 June 2028

Matamata-Piako District Council plans to transfer its drinking water and wastewater activities to Waikato Waters. By doing so it can ensure a financially sustainable delivery of those services into the future. As noted in the following sections, Waikato Waters will have improving metrics across revenue, investment and financing sufficiency throughout the forecast period.

The financial forecasts supporting this plan show that Waikato Waters is financially sustainable. This is evidenced in the following sections. Importantly, this is the case with only moderate increases in revenue year on year. The projected price path for the CCO is shown in the chart below.

The 18% revenue increase in FY25/26 reflects the aggregated position of the individual councils. The company itself has no revenue in that year. From FY26/27, as councils transfer their waters activity, average revenue increases of up to 11% are needed. This quickly abates once all councils are on board and reduces to a sustainable position of ~4% average revenue increase per annum.

Total Operating Revenue (Aggregated)



The financial forecasts show that from FY27/28 these revenue increases are sufficient to meet expected operating costs and cover depreciation, and shortly thereafter also cover finance costs and allow debt to start being repaid. In part, the financial position is aided by assumed efficiencies in the model. These efficiencies are prudent and are based on what has been achieved from the aggregation of waters activity elsewhere and what we know about the benefits of scale generally. More particularly, the assumed efficiencies are:

- 1) Opex-related - peak efficiency of 15%. Opex efficiencies start to be realised in FY27/28, at a rate of ~1.9% year-on-year, to reach their peak in FY37/38.
- 2) Capex-related (general) - peak efficiency of 15% starting in FY27/28 and growing at a rate of 1% year-on-year, to reach their peak in FY41/42
- 3) Capex-related (catchment consenting) - peak efficiency of 10% starting in FY27/28 and growing at a rate of 1% year-on-year, to reach their peak in FY41/42.

The modelling also assumes that the CCO will need to invest to identify and realise these savings. A 'spend to save' budget of \$35m is therefore included in the forecasts - 50% opex/50% capex.

As noted earlier, Taupō District Council has not yet made a commitment to transfer its waters activity to the CCO. Therefore, the modelling excludes any impact of a future transfer of Taupō District Council's water business.

The level of investment in infrastructure is significant. The forecasts project capital spend of ~\$760m through to FY 33/34 to meet levels of service, respond to what WDDW expect the regulatory requirements to be, and accommodate growth in the councils' districts. At the end of the forecast period infrastructure assets are estimated

to be \$2.1b. As noted in Part C, the debt funding required to meet this investment programme can be managed within expected covenants, while keeping revenue increases to a minimum.

Actions required to achieve financially sustainable delivery of water services

Not used

Risks and constraints to achieving financially sustainable delivery of water services

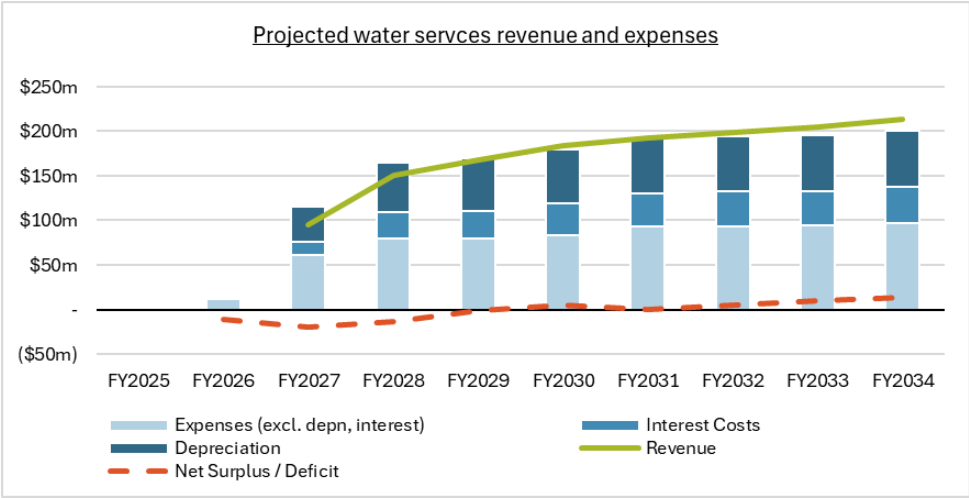
The greatest risk to delivery of the services is the capacity of the supplier market to meet the demands of entities like Waikato Waters. This is not a question of financial sustainability, but rather a characteristic of the current macro environment. We know more investment is required – that is why Local Water Done Well came to be. We also know that right now, New Zealand does not have the capacity to deliver the infrastructure required. This is an issue at a national scale. Waikato Waters offers the opportunity for its shareholding councils, by working together, to be seen as a more attractive client for the supplier market and therefore helps to ensure access to a greater piece of that limited capacity, it also allows a mechanism for investment in that supply chain.

A further risk to delivering financially sustainable services is unforeseen infrastructure costs. These could eventuate for several reasons. Councils may underestimate the investment required, or there could be an event that causes infrastructure damage.

The financial modelling for Waikato Waters has used councils' 'enhanced' Long Term Plans or Annual Plans as the basis for its forecasts. The reference to 'enhanced' reflects that councils have, since submitting their latest LTPs, further considered what if any additional investment (and operational expenses) may be required to comply with regulations. This means the forecasts reflect the latest (as recent as May 2025) estimates of infrastructure works. This minimises the risk that costs have been understated but the risks remain – costs have escalated in recent years more sharply than anticipated. The long-term forecast price path for Waikato Waters of ~4% pa also allows capacity to absorb future cost increases without the need for historically large price increases to customers.

2.Financial sustainability assessment - revenue sufficiency

The following analysis is based on modelling of a minimum revenue scenario to demonstrate a minimum price path required to achieve financial sustainability under the currently known cost profile. This demonstrates both significant savings to customers as well as financial resilience within the entity to absorb future cost pressures should they arise.



Assessment of revenue sufficiency

Projected water services revenues cover the projected costs of delivering water services

Average projected charges for water services over FY2024/25 to FY2033/34

Matamata-Piako District Council

The 2025/26 price increase has been adopted in the Annual Plan.

Projected average charge per connection / rating unit (including GST)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking water	\$598.32	\$769.28								
Wastewater	\$686.69	\$813.21								
Average charge per connection / rating unit	\$1,477.76	\$1,582.49								
Drinking water and wastewater Increase in average charge	30.5%	7.1%								
Drinking water and wastewater services charges as % of median household income	1.63%	1.71%								

Waikato Water

The table below shows the average charge per connection for residential connections only, it excludes commercial connections. The average charge per commercial connection has been excluded as these charges vary significantly depending on the type of business and its water usage, i.e. a Dairy factory compared to a commercial shop.

The table below shows pricing that is a consolidated average across all the WWDW councils.

Projected average charge per connection / rating unit (including GST)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking water			\$1,126	\$1,245	\$1,333	1,390	1,439	1,454	1,487	1,521
Wastewater			\$1,041	\$1,155	\$1,241	\$1,302	1,349	1,367	1,400	1,434
Average charge per connection / rating unit			\$2,167	\$2,400	\$2,574	\$2,692	\$2,786	\$2,821	\$2,887	\$2,955
Drinking water and wastewater Increase in average charge			14.3%	10.7%	7.3%	4.6%	3.5%	1.2%	2.3%	2.3%
Drinking water and wastewater services charges as % of median household income			2.2%	2.3%	2.4%	2.4%	2.4%	2.3%	2.3%	2.2%

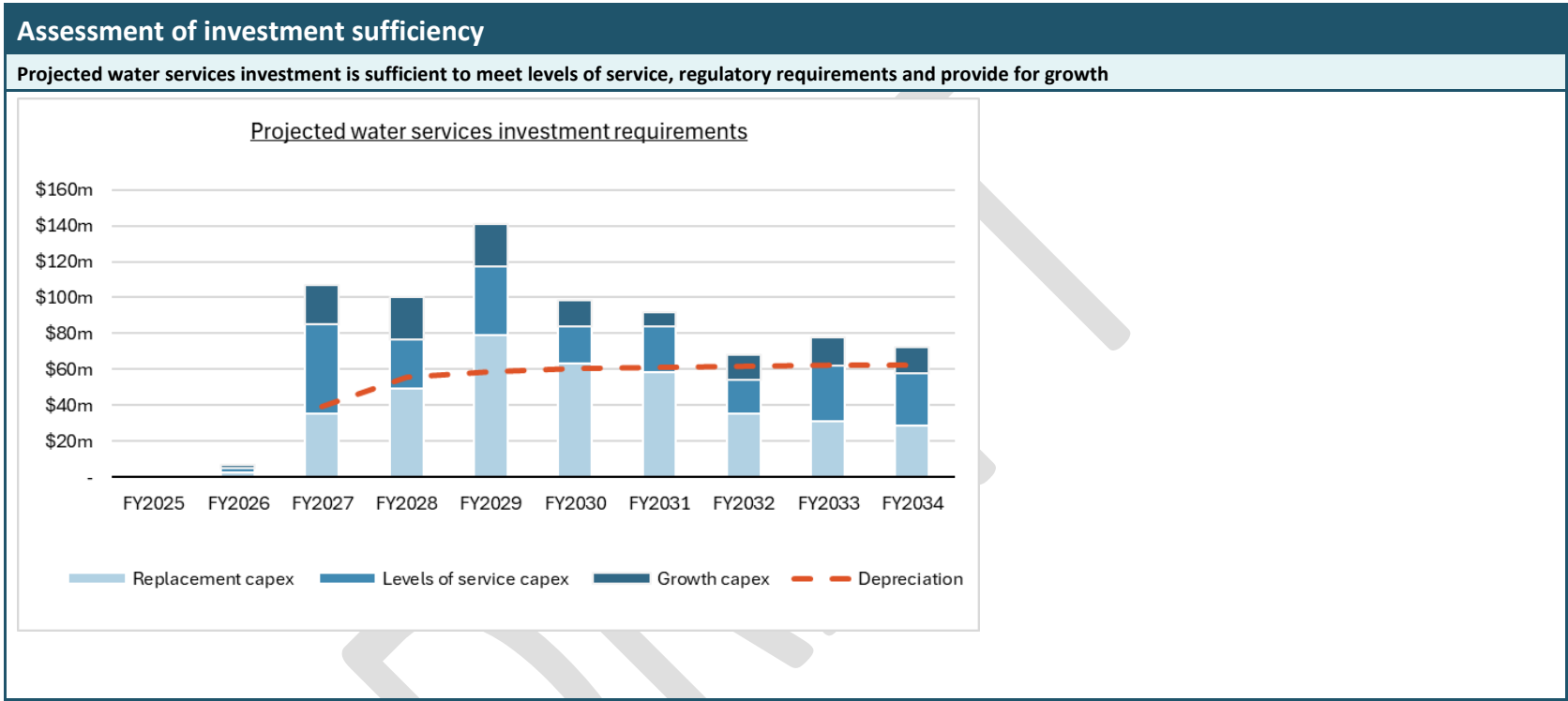
Projected operating surpluses/(deficits) for water services										
Matamata-Piako District Council										
Operating surplus ratio (whether revenues cover costs) \$000s	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) excluding capital revenues – combined drinking water and wastewater services (\$000)	\$6,187	\$8,140								
Operating revenue – combined drinking water and wastewater services (\$000)	\$21,339	\$23,428								
Operating surplus ratio	29%	35%								
Waikato Water										
The operating surplus ratio is negative but steadily improves throughout the forecast period (and is projected to continue to do so in subsequent years as efficiencies are realised). It is expected that the company will have a policy of, over time, recovering depreciation charges when setting revenues. That is to say, revenues need not be set in a way that ensures depreciation is recovered in each year, but rather in way that the company is confident it will be in the short to medium term. This allows a comparatively steady increase in pricing.										
The operating surplus ratio reflects the assumption in the financial modelling that the CCO will leverage debt capacity and at the same time minimise the annual increase in water charges. As noted elsewhere, debt stabilises during the period.										
Operating surplus ratio (whether revenues cover costs) \$000s	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) excluding capital revenues – combined drinking water and wastewater services (\$000)			(\$25,991)	(\$24,340)	(\$16,614)	(\$17,184)	(\$23,635)	(\$18,798)	(\$13,020)	(\$10,721)
Operating revenue – combined drinking water and wastewater services (\$000)			\$89,217	\$140,489	\$152,672	\$161,833	\$168,306	\$175,038	\$182,040	\$189,322
Operating surplus ratio (excluding capital revenues)			(29.1%)	(17.3%)	(10.9%)	(10.6%)	(14.0%)	(10.7%)	(7.2%)	(5.7%)
Development Contributions			\$5,793	\$10,633	\$15,051	\$21,927	\$23,933	\$23,621	\$22,694	\$24,389
Operating surplus ratio			(21.3%)	(9.1%)	(0.9%)	2.6%	0.2%	2.4%	4.7%	6.4%
Projected operating cash surpluses for water services										
Operating cash ratio (whether revenues cover costs) \$000s	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenues	\$13,367	\$15,486								
Operating revenue – combined water services	\$21,339	\$23,428								
Operating cash ratio	62.6%	66.1%								

Waikato Water

The table below shows strong operating cash surpluses throughout the forecast period, sufficient to meet renewals investment requirements and debt repayments (although the loan arrangements are yet to be discussed with LGFA).

Operating cash ratio (whether revenues cover costs) \$000s	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenues			\$28,638	\$60,563	\$72,603	\$78,968	\$75,567	\$81,486	\$87,587	\$91,899
Operating revenue – combined water services			\$89,217	\$140,489	\$152,672	\$161,833	\$168,306	\$175,038	\$182,040	\$189,322
Operating cash ratio			32.1%	43.1%	47.6%	48.8%	44.9%	46.6%	48.1%	48.5%

3. Financial sustainability assessment - investment sufficiency



Renewals requirements for water services										
Matamata-Piako District Council										
Capital expenditure on renewals – all drinking water and wastewater assets (\$000)	\$12,059	\$12,151								
Depreciation – all drinking water and wastewater assets (\$000)	\$6,745	\$7,321								
Asset sustainability ratio	78%	66%								
Waikato Water										
The Asset Sustainability Ratio fluctuates throughout the forecast period. In the latter years it is significantly negative. This a product of how depreciation on new infrastructure has been modelled. In practice, it is likely expenditure on renewals would increase beyond that forecast. The operating cash surplus noted earlier would allow this to occur.										
Asset sustainability ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Capital expenditure on renewals – all drinking water and wastewater assets (\$000)			\$35,492	\$49,130	\$78,820	\$63,267	\$58,266	\$35,401	\$30,938	\$28,661
Depreciation – all drinking water and wastewater assets (\$000)			\$39,021	\$55,998	\$58,961	\$60,337	\$61,438	\$61,674	\$62,250	\$62,604
Asset sustainability ratio			(9.0%)	(12.3%)	33.7%	4.9%	(5.2%)	(42.6%)	(50.3%)	(54.2%)

Total water services investment required over 10 years										
Matamata-Piako District Council										
Asset investment ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Total capital expenditure – all drinking water and wastewater assets (\$000)	\$41,671	\$39,796								
Depreciation – all drinking water and wastewater assets (\$000)	\$6,745	\$7,321								
Asset investment ratio	517.8%	443.6%								
Waikato Water										
Total capital expenditure reflects councils’ best estimates of the infrastructure spend required to meet anticipated regulatory requirements, as reflected in their latest Long Term Plans (subject to adjustment for additional information that has come to hand since the Long-Term Plan was adopted). It also adjusts these projections to reflect the assumed efficiencies to be achieved through a catchment-based approach to consenting, and scale of operation.										
It reflects a long-term infrastructure strategy that ensures compliance with all regulations, meets the demands of expected population growth, and does not diminish levels of service from that which councils expected to deliver. That is, communities are no worse off.										
Asset investment ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Total capital expenditure – all drinking water and wastewater assets (\$000)			\$107,019	\$100,542	\$140,662	\$98,269	\$91,802	\$68,178	\$78,125	\$72,374
Depreciation – all drinking water and wastewater assets (\$000)			\$39,021	\$55,998	\$58,961	\$60,337	\$61,438	\$61,674	\$62,250	\$62,604
Asset investment ratio			174.3%	79.5%	138.6%	62.9%	49.4%	10.5%	25.5%	15.6%

Average remaining useful life of network assets

Matamata-Piako District Council

Asset consumption ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Book value of drinking water and wastewater infrastructure assets (\$000)	\$205,965	\$238,562								
Replacement value of drinking water and wastewater infrastructure assets (\$000)										
Asset consumption ratio										

Waikato Water

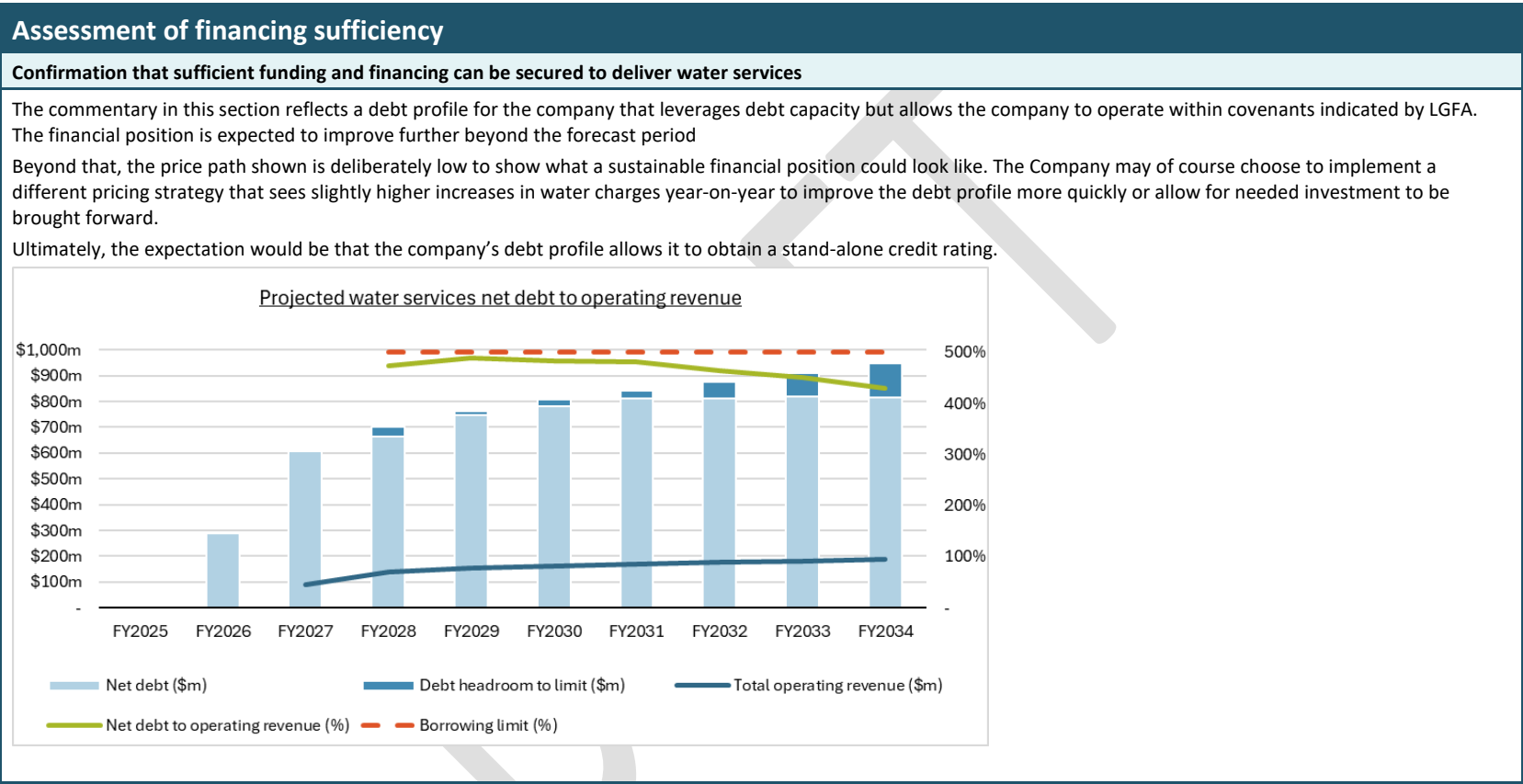
Asset consumption ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Book value of drinking water and wastewater infrastructure assets (\$B)			\$1,579	\$1,675	\$1,808	\$1,898	\$1,976	\$2,030	\$2,091	\$2,145
Replacement value of drinking water and wastewater infrastructure assets (\$B)			\$2,122	\$2,274	\$2,466	\$2,616	\$2,756	\$2,872	\$2,995	\$3,111
Asset consumption ratio			74%	74%	73%	73%	72%	71%	70%	69%

Councils should comment on:

The impact that the proposed level of investment has on the average remaining useful life of network assets over the 10-year period; and

- Where there is a material decrease in the asset consumption ratio over time, how investment beyond FY2033/34 will ensure that asset replacement requirements are delivered.

4.Financial sustainability assessment - financing sufficiency



Projected council borrowings against borrowing limits	Projected water services borrowings against borrowing limits
<p>Include the following chart – “Projected council net debt to operating revenue”. This chart can be generated in the Financial Template.</p> <p>If councils have produced a joint Plan, each council is required to produce a projected council net debt to operating revenue graph. Advice should be sought from the Department as to whether water services revenues and debt should be included, which will be dependent on the proposed service delivery model.</p> <p>Projected council net debt to operating revenue</p> <p>Net debt (\$m) Debt headroom to limit (\$m) Total operating revenue (\$m) Net debt to operating revenue (%) Borrowing limit (%)</p>	<p>Include the following chart – “Projected water services net debt to operating revenue”. This chart can be generated in the Financial Template.</p> <p>It is recommended that an appropriate borrowing limit is set for water services that reflects the levels of investment proposed, whilst ensuring that council stays within its borrowing covenants.</p> <p>Projected water services net debt to operating revenue</p> <p>Net debt (\$m) Debt headroom to limit (\$m) Total operating revenue (\$m) Net debt to operating revenue (%) Water borrowing limit (%) Council borrowing limit (%)</p>

Projected borrowings for water services										
Matamata-Piako District Council - years prior to entry into CCO										
Net debt to operating revenue	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Net debt attributed to drinking water and wastewater services (gross debt less cash) (\$m)	\$69.5	\$99.0								
Operating revenue – combined drinking water and wastewater services (\$m)	\$21.3	\$23.4								
Net debt to operating revenue %	326%	423%								

Waikato Water

The net debt to operating revenue reflects the assumed position that the CCO will leverage its increased debt capacity to minimise but steadily increase water charges. As noted earlier, in the first few years as councils transfer their water activity, greater increases in water charges are needed to remain within the debt to revenue ‘guideline’ of 500% and achieve the required FFO debt covenants required by LGFA. However, in the medium to long term this can be achieved in a sustained manner with modest (4%) revenue increases. Net debt stabilises in the later years and the ratio begins to decline.

Net debt to operating revenue	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Net debt attributed to drinking water and wastewater services (gross debt less cash) (\$m)				665	748	781	811	813	819	815
Operating revenue – combined drinking water and wastewater services (\$m)				140	153	162	168	175	182	189
Net debt to operating revenue %				473%	490%	483%	482%	464%	450%	431%

Borrowing headroom/(shortfall) for water services

Matamata-Piako District Council - years prior to entry into CCO

Borrowing headroom/(shortfall) against limit	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating revenue (\$m)	\$21.3	\$23.4								
Debt to revenue limit for water services (%)	500%	500%								
Maximum allowable net debt at borrowing limit (\$m)	\$107.0	\$117.0								
Projected net debt attributed to drinking water and wastewater services (\$m)	\$69.5	\$99.0								
Borrowing headroom/(shortfall) against limit (\$m)	\$37.5	\$18								

Waikato Water

For the purpose of forecasting we have modelled a price path that minimises revenue increases but retains debt to revenue at 490% or less. This has been done to provide a buffer (albeit relatively small) to allow the company to respond to unforeseen events.

Borrowing headroom/(shortfall) against limit	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating revenue (\$m)				140	153	162	168	175	182	189
Debt to revenue limit for water services (%)				500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt at borrowing limit (\$m)				702	763	809	842	875	910	947
Projected net debt attributed to drinking water and wastewater services (\$m)				665	748	781	811	813	819	815
Borrowing headroom/(shortfall) against limit (\$000)				38	15	28	30	62	91	131

Free funds from operations										
Matamata-Piako District Council - years prior to entry into CCO										
Free funds from operations	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projected net debt attributed to drinking water and Wastewater services (\$m)	\$69.5	\$99.0								
Projected free funds from operations – drinking water and wastewater services (\$m)	\$6.2	\$8.1								
Free funds from operations to net debt ratio	8.9%	8.2%								

Waikato Water

The Free Funds from Operations to Net Debt Ratio shows an improving position throughout the period. The table below incorporates recognition of 75% of development contributions as operating income for the purpose of the calculation. This is in line with LGFA guidelines communicated in April 2025. The ratio reaches 8%, being the LGFA-stated target. We have discussed the debt profile with LGFA how have verbally confirmed comfort with the projections.

Free funds from operations	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projected net debt attributed to drinking water and Wastewater services (\$m)			607	665	748	781	811	813	819	815
Projected free funds from operations – drinking water and wastewater services (\$m)			13	32	42	43	38	43	49	52
Free funds from operations to net debt ratio			2.1%	4.8%	5.7%	5.5%	4.7%	5.3%	6.0%	6.4%
75% of Development Contributions (\$m)			4	8	11	16	18	18	17	18
Adjusted Free Funds from operations to net debt ratio			2.9% ⁷	6.0%	7.2%	7.6%	6.9%	7.5%	8.1%	8.6%

⁷ FY26/27 does not include annualised revenue as council’s transfer their business into the company.

Part D: Financial sustainability assessment – Stormwater

Confirmation of financially sustainable delivery of water services

Financially sustainable water services provision
Confirmation of financially sustainable delivery of water services by 30 June 2028
<p><i>It is expected that this section will demonstrate that the Plan achieves financially sustainable delivery of water services by 30 June 2028, which can be met by confirmation of:</i></p> <ul style="list-style-type: none"> • 'Revenue sufficiency' - sufficient revenue to cover the costs (including servicing debt) of water services delivery; • 'Investment sufficiency' – projected investment is sufficient to meet levels of service, regulatory requirements and provide for growth; and • 'Financing sufficiency' - funding and financing arrangements are sufficient to meet investment requirements.
Actions required to achieve financially sustainable delivery of water services
<p><i>The Plan must include an explanation of what the council proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028. This may include:</i></p> <ul style="list-style-type: none"> • Projected price path/revenue requirements – and how this ensures that water revenues cover the costs of service (including assumptions for recovery of depreciation); • The level of investment required over 10-years to meet levels of service, regulatory requirements and provide for growth; and • How levels of borrowing will be managed within borrowing limits. <p>Stormwater actions</p> <p>MPDC's 2025/26 Annual Plan and subsequently revised LTP is projecting an annual average increase of 3.2% percent for stormwater services. There is no opening debt for the stormwater activity, and none forecast at 2034. The stormwater activity is predicting a net deficit each year averaging \$873k due to not fully-funding depreciation for this activity. Council determined during development of the 2024-2034 LTP that it was prudent to not fully fund depreciation of Stormwater assets during the term of the Long Term Plan for the following reasons:</p> <ul style="list-style-type: none"> • Over the 10 years of this Long Term Plan, the total projected capital and renewal spend for Stormwater is \$5 million, but over the same time, depreciation is projected to be \$12.2 million. • Over a 30-year period, the spend is projected at \$14.4 million compared to depreciation of \$46 million. • We have opening depreciation reserves for stormwater of \$2.2 million. • Council considers that it would not be prudent to collect this scale of excess funding for the future replacement of assets significantly in advance of when it is required. • Council has budgeted to fund depreciation at a level that will maintain a projected positive cashflow for this activity over the term of this Long Term Plan <p>Confirmation of financial sustainability includes confirmation that:</p> <ul style="list-style-type: none"> ▪ Council has no debt in relation to the stormwater activity and none forecast at 2034. ▪ Council has sufficient revenue to deliver stormwater services required in the Long-Term Plan. ▪ The Long-Term Plan capital programme includes sufficient investment to meet levels of service, regulatory requirements and provide for growth. ▪ While the depreciation expense is not forecast to be fully-funded, Council has budgeted to fund depreciation at a level that will maintain a projected positive cashflow for this activity over the term of this Long Term Plan. ▪ Council has appropriate funding and financing arrangements to fund the Long-Term Plan capital programme, with additional headroom for unknown future investments or unexpected events. <p>Details and evidence of financial sustainability are included in the remaining sections of Part D.</p>

Risks and constraints to achieving financially sustainable delivery of water services

DRAFT

Financially sustainable assessment - revenue sufficiency

Assessment of revenue sufficiency

Projected stormwater revenues sufficiently cover the projected costs of delivering water services – stormwater services over time

- The stormwater activity is predicting a net deficit each year averaging \$873k due to not fully-funding depreciation for this activity. Council determined during development of the 2024-2034 LTP that it was prudent to not fully fund depreciation of Stormwater assets during the term of the Long Term Plan as the projected depreciation expense is significantly in excess of required capital expenditure.
- Council has budgeted to fund depreciation at a level that will maintain a projected positive cashflow for this activity over the term of this Long Term Plan

Projected stormwater revenue and expenses

Year	Expenses (excl. deprec.)	Depreciation	Revenue	Net surplus/(deficit)
2025	1.0	1.0	1.2	-0.8
2026	1.0	1.1	1.3	-0.8
2027	1.0	1.2	1.4	-0.8
2028	1.0	1.3	1.5	-0.8
2029	1.0	1.4	1.6	-0.8
2030	1.0	1.5	1.7	-0.8
2031	1.0	1.6	1.8	-0.8
2032	1.0	1.7	1.9	-0.8
2033	1.0	1.8	2.0	-0.8
2034	1.0	1.9	2.1	-0.8

Average projected charges for stormwater over FY2024/25 to FY2033/34

In this section, councils are requested to populate the financial table below. All projected charges should be inclusive of GST.

Councils should provide a brief description of assumptions used in calculating projected median household charges.

Projected average charge per rating unit (including GST) - Stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Stormwater	\$117	\$128	\$133	\$133	\$135	\$137	\$137	\$139	\$141	\$141
Average charge per rating unit	\$117	\$128	\$133	\$133	\$135	\$137	\$137	\$139	\$141	\$141
Increase in average charge	(24%)	9%	4%	0%	2%	1%	0%	2%	1%	0%
Stormwater charges as % of median household income	0.13%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%

Median household charges have been calculated using Matamata-Piako household median income information from the 2023 Census data, this has then been inflated as per BERL inflation rates. The average charge per rating unit has been calculated by taking the total number of rateable properties and dividing this by the rate requirement.

Projected operating surpluses/(deficits) for ~~water services~~ stormwater

In this section, councils are requested to populate the financial measure "Operating Surplus Ratio" [Operating surplus excluding capital revenues, divided by operating revenues]. This ratio is an indicator of whether operating revenue is sufficient to cover operating expenses. Where this ratio percentage is negative, this represents the percentage increase required for revenues to cover costs. Councils should specify the unit of measurement in the table (for example, \$k or \$m).

Operating surplus ratio (whether revenues cover costs)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) excluding capital revenues – stormwater (\$000)	(740)	(825)	(842)	(862)	(881)	(898)	(916)	(936)	(953)	(973)
Operating revenue – stormwater (\$000)	1,055	1,173	1,229	1,244	1,277	1,308	1,320	1,354	1,389	1,399
Operating surplus ratio - %	(70.1%)	(70.3%)	(68.5%)	(69.3%)	(69.0%)	(68.7%)	(69.4%)	(69.1%)	(68.6%)	(69.5%)

- The stormwater activity is predicting a net deficit each year averaging \$873k due to not fully-funding depreciation for this activity. Council determined during development of the 2024-2034 LTP that it was prudent to not fully fund depreciation of Stormwater assets during the term of the Long Term Plan as the projected depreciation expense is significantly in excess of required capital expenditure.
- Council has budgeted to fund depreciation at a level that will maintain a projected positive cashflow for this activity over the term of this Long Term Plan

Projected operating cash surpluses for ~~water services~~ stormwater

In this section, councils are requested to populate the financial measure "Operating Cash Ratio" [Operating surplus plus depreciation plus interest costs minus capital revenues, divided by operating revenue]. This ratio is an indicator of whether cash surpluses are generated from operations to pay interest, fund investment and repay debt. Councils should specify the unit of measurement in the table (for example, \$k or \$m).

Operating cash ratio (whether revenues cover costs) Stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenues (\$000)	286	314	324	330	337	345	352	358	366	372
Operating revenue – Stormwater (\$000)	1,055	1,173	1,229	1,244	1,277	1,308	1,320	1,354	1,389	1,399
Operating cash ratio - Stormwater	27.1%	26.8%	26.4%	26.5%	26.4%	26.4%	26.7%	26.4%	26.3%	26.6%

Councils should comment on:

- Whether projected operating cashflows are generated;
- What cash surpluses generated will be applied to; and
- Whether projected operating cashflows are sufficient to meet renewals investment requirements and to meet scheduled debt repayments.

The above table shows that Council has an 'operating cash ratio' that is in surplus across all years. The cash surpluses generated will be transferred to a reserve and applied to funding of renewals in future years.

Financially sustainable assessment - investment sufficiency

Assessment of investment sufficiency

Projected water services stormwater investment is sufficient to meet levels of service, regulatory requirements and provide for growth

It is expected that this section will demonstrate that:

- Proposed level of investment is sufficient to meet levels of service, regulatory requirements and provide for growth;
- Proposed level of investment is fully funded by projected revenues and access to financing; and
- Projected levels of investment have been assessed as meeting the 'investment sufficiency' test.

Matamata-Piako District Council's Asset Management Plan to support the LTP and it's subsequent revision, includes all known expenditure requirements to meet the activities obligations in regards to service levels, growth and asset renewal requirements.

While Council is forecasting to fund depreciation at a lower level than the depreciation expense, \$2.6m of cash reserves are available to fund capital work in the early years, and the funded level of depreciation is projected to maintain renewal requirements for the 30 years of the infrastructure strategy.

The Stormwater activity currently has no debt, and with Water and Wastewater debt being transferred to the CCO Council will have sufficient debt headroom to finance any unexpected stormwater investments required.

The investment sufficiency test has been met by Council.

Include the following chart – "Projected water services investment requirements". This chart can be generated in the Financial Template.

Year	To meet additional demand (\$m)	To improve level of service (\$m)	To replace existing assets (\$m)	Depreciation Expense (\$m)	Funded Depreciation (\$m)
2025	100	1500	50	1000	300
2026	100	1400	50	1100	350
2027	100	100	0	1150	350
2028	0	0	0	1200	350
2029	100	800	0	1200	350
2030	100	0	0	1250	350
2031	0	0	0	1250	350
2032	100	800	0	1300	350
2033	100	0	0	1350	350
2034	0	0	0	1400	350

Renewals requirements for stormwater water services										
<p>To demonstrate asset sustainability, councils are requested to populate the below financial measure “Asset Sustainability Ratio” [Capital expenditure on renewals divided by depreciation, minus 1]. This ratio assesses whether projected renewals investment is more or less than projected depreciation and is an indicator as to whether the renewals programme is replacing network assets in line with the rate of asset deterioration.</p> <p>Where the ratio is positive, this means that there is more projected renewals investment than projected depreciation. Where this ratio is negative, this means that projected renewals investment is less than projected depreciation.</p> <p>Councils should specify the unit of measurement in the table (for example, \$k or \$m).</p>										
Asset sustainability ratio - Stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Capital expenditure on renewals – stormwater assets (\$000)	0	511	105	0	546	112	0	580	118	0
Depreciation – stormwater assets (\$000)	1,026	1,139	1,166	1,192	1,218	1,243	1,268	1,294	1,319	1,345
Asset sustainability ratio	(100%)	(55%)	(91%)	(100%)	(55%)	(91%)	(100%)	(55%)	(91%)	(100%)
<p>Councils should comment on:</p> <ul style="list-style-type: none">How the proposed renewals investment has been determined and how this is consistent with the long-term infrastructure strategy, asset management plan and/or other strategic documents relating to water services asset management; andWhere the projected levels of renewals investment is lower than projected depreciation, why this is appropriate. <p>The projected levels of stormwater renewals investment is significantly lower than projected depreciation, this reflects the relative young age of a large portion of the network including the higher value treatment assets. Depreciation goes into a reserve to fund future renewals. Projections show that even with a lower level of funded depreciation, cashflows will be sufficient to keep up with renewals over a 30 year period.</p>										
Total stormwater water services investment required over 10 years										
<p>To demonstrate asset improvement, councils are requested to populate the below financial measure “Asset Investment Ratio” [Total capital expenditure divided by depreciation, minus 1].</p> <p>This ratio compares total investment to projected depreciation. Where the ratio is positive, this means that there is more projected investment than projected depreciation. Where this ratio is negative, this means that projected investment is less than projected depreciation.</p> <p>Councils should specify the unit of measurement in the table (for example, \$k or \$m).</p>										
Asset investment ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Total capital expenditure – stormwater (\$000)	1,650	1,467	105	0	874	112	0	928	118	0
Depreciation – stormwater (\$000)	1,026	1,139	1,166	1,192	1,218	1,243	1,268	1,294	1,319	1,345
Asset investment ratio	61%	29%	(91%)	(100%)	(28%)	(91%)	(100%)	(28%)	(91%)	(100%)
<p>Councils should comment on:</p> <ul style="list-style-type: none">How the proposed levels of investment have been determined; andHow this is consistent with the long-term infrastructure strategy, asset management plan and/or other strategic documents relating to water services asset management. <p>Investment levels have been set to maintain current service levels and to ensure compliance with current and future consents. This is consistent with Council’s plans.</p>										

Average remaining useful life of network assets

To demonstrate asset consumption, councils are requested to populate the below financial measure “Asset Consumption Ratio” [Book value of infrastructure assets divided by replacement value of infrastructure assets].

This ratio compares the book value of water infrastructure assets to total replacement value of water infrastructure assets. The ratio percentage represents the average remaining useful life of network assets. If this ratio materially reduces over time, then this means that the burden on future consumers to replace network assets is increasing.

Councils should specify the unit of measurement in the table (for example, \$k or \$m).

Asset consumption ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Book value of water infrastructure assets – stormwater (\$000)	67,477	67,805	66,744	65,552	65,208	64,077	62,809	62,443	61,242	59,897
Replacement value of water infrastructure assets – Stormwater (\$000)										
Asset consumption ratio	84.1%	96.6%	105.3%	114.2%	113.3%	128.8%	125.8%	143.2%	134.6%	162.4%

Councils should comment on:

- The impact that the proposed level of investment has on the average remaining useful life of network assets over the 10-year period; and
- Where there is a material decrease in the asset consumption ratio over time, how investment beyond FY2033/34 will ensure that asset replacement requirements are delivered.

Council’s ratio increases overtime so this is showing that future consumers should not be burdened. Due to growth in the Matamata-Piako District the stormwater assets average remaining life is increasing.

Financially sustainable assessment - financing sufficiency

Assessment of financing sufficiency

Confirmation that sufficient funding and financing can be secured to deliver water services

It is expected that this section will confirm:

- Whether projected total council borrowings are within council borrowing limits;
- Whether projected water services borrowings are within the council-determined limit for water services borrowing;
- The required levels of borrowings can be sourced; and
- The Plan meets the ‘financing sufficiency’ test.

Projected <u>council</u> borrowings against borrowing limits	Projected <u>stormwater</u> borrowings against borrowing limits																																												
<p>Include the following chart – “Projected council net debt to operating revenue”. This chart can be generated in the Financial Template.</p> <p>Stormwater services are not forecast to be funded from debt</p>	<p>Include the following chart – “Projected water services net debt to operating revenue”. This chart can be generated in the Financial Template.</p> <p>It is recommended that an appropriate borrowing limit is set for water services that reflects the levels of investment proposed, whilst ensuring that council stays within its borrowing covenants.</p> <p>Stormwater services are not forecast to be funded from debt</p>																																												
Projected borrowings for stormwater																																													
<p>In this section, councils are requested to populate the below financial measure “Net Debt to Operating Revenue” [gross borrowings minus cash and equivalents, divided by operating revenue].</p> <p>Operating revenue is used as a proxy for the Local Government Funding Agency’s (LGFA) definition of revenue, for simplicity. LGFA defines revenue for this purpose as “Cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets)”.</p> <p>This ratio compares projected borrowings (minus cash and cash equivalents) to projected operating revenues. Councils should specify the unit of measurement in the table (for example, \$k or \$m).</p>																																													
<table><tr><th>Net debt to operating revenue – Stormwater (\$000)</th><th>FY2024/25</th><th>FY2025/26</th><th>FY2026/27</th><th>FY2027/28</th><th>FY2028/29</th><th>FY2029/30</th><th>FY2030/31</th><th>FY2031/32</th><th>FY2032/33</th><th>FY2033/34</th></tr><tr><td>Net debt attributed to water services (gross debt less cash) (\$000)</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Operating revenue – Stormwater (\$000)</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Net debt to operating revenue %</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	Net debt to operating revenue – Stormwater (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34	Net debt attributed to water services (gross debt less cash) (\$000)											Operating revenue – Stormwater (\$000)											Net debt to operating revenue %											
Net debt to operating revenue – Stormwater (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34																																			
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Net debt to operating revenue %																																													
<p>Councils should comment on:</p> <ul style="list-style-type: none">• The profile of borrowings required and how this relates to the timing of investment requirements; and• Whether the projected net debt to operating revenue calculation is within the council-determined limit for water services. <p>Stormwater services are not forecast to be funded from debt</p>																																													

Borrowing headroom/(shortfall) for stormwater water services

In this section, councils are requested to populate the below financial measure “Borrowing Headroom/(Shortfall)” [Maximum allowable net debt at borrowing limit (operating revenue multiplied by ‘net debt to operating revenue limit for water services’) minus projected net debt attributed to water services].

This measure determines whether projected borrowings are within borrowing limits, as well as the ability to borrow for unforeseen events. A positive number equates to the additional amount of borrowings that could be taken on without exceeding borrowing limits. A negative number means borrowings exceed the borrowing limit.

It is recommended that all water services delivery arrangements have a specified borrowing limit for water services – whether delivered in-house or through the establishment of a water services organisation.

Councils should specify the unit of measurement in the table (for example, \$k or \$m).

Borrowing headroom/(shortfall) against limit	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating revenue Stormwater (\$000)										
Debt to revenue limit for water services (%)										
Maximum allowable net debt at borrowing limit (\$000)										
Projected net debt attributed to stormwater (\$000)										
Borrowing headroom/(shortfall) against limit (\$000)										

Councils should comment on:

- The debt limit specified by council for water services on a net debt to operating revenue basis;*
- The amount of projected borrowing headroom; and*
- If, in any year, the ratio shows a borrowing shortfall against limit, how this shortfall will be backed by other council revenues, and how this will be rectified through appropriate revenue setting for water services delivery.*

Stormwater services are not forecast to be funded from debt

Free funds from operations										
<p><i>In this section, councils are requested to populate the below financial measure “Free Funds from Operations”. [Free funds from operations for water services (operating revenue minus operating expenses plus depreciation and other non-cash expenses, less interest revenue), divided by net debt (gross borrowings minus cash and equivalents)].</i></p> <p><i>This ratio measures the percentage of debt balance that is generated in free cash flow each year and is key leverage indicator for financiers. Councils should specify the unit of measurement in the table (for example, \$k or \$m).</i></p>										
Free funds from operations Stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projected net debt attributed to stormwater (\$000)										
Projected free funds from operations – stormwater (\$000)										
Free funds from operations to net debt ratio										
<p><i>Councils should comment on the level of projected leverage for water services under the free funds from operations calculations and how this is consistent with the financial strategy for water services delivery.</i></p> <p>Stormwater services are not forecast to be funded from debt</p>										

Part E: Projected financial statements for water services

Projected financial statements – for drinking water, wastewater

1. Projected funding impact statement

Funding Impact Statement Drinking Water - Matamata-Piako District Council

Projected funding impact statement – drinking water (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	-	-								
Targeted rates	10,891	11,812								
Subsidies and grants for operating purposes	-	-								
Fees and charges	11	11								
Internal charges and overheads recovered	72	59								
Local authorities fuel tax, fines, infringement fees and other	-	-								
Total sources of operating funding for drinking water (\$000)	10,974	11,882								
Applications of operating funding										
Payments to staff and suppliers	5,208	5,433								
Finance costs	1,132	1,100								
Internal charges and overheads applied	1,163	1,647								
Other operating funding applications	-	-]								
Total applications of operating funding	7,503	8,180								
Surplus/(deficit) of operating funding	3,471	3,702								
Source of capital funding										
Subsidies and grants for capital expenditure	-	-								
Development and financial contributions	190	193								
Increase/(decrease) in debt	3,200	4,311								
Gross proceeds from sales of assets	-	-								
Other dedicated capital funding	-	-								

Total sources of capital funding	3,390	4,504								
Applications of capital funding										
Capital expenditure - to meet additional demand	-	-								
Capital expenditure - to improve levels of services	6,861	2,145								
Capital expenditure - to replace existing assets		6,061								
Increase/(decrease) in reserves	-	-								
Increase/(decrease) in investments	-	-								
Total applications of capital funding	6,861	8,206								
Surplus/(deficit) of capital funding	(3,471)	(3,702)								
Funding balance	-	-								

Funding Impact Statement Drinking Water – Waikato Water

Projected funding impact statement – drinking water (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates			0	1,554	2,278	2,477	2,655	3,033	3,469	3,961
Targeted rates			41,439	69,054	74,554	78,999	82,096	85,133	88,244	91,442
Fees and Other Revenue Sources			1,091	997	983	1,009	1,033	1,049	1,071	1,092
Total sources of operating funding for drinking water (\$000)			42,531	71,606	77,816	82,484	85,784	89,215	92,784	96,495
Applications of operating funding										
Payments to staff and suppliers			17,962	28,329	28,151	29,697	28,440	28,906	29,112	29,732
Finance costs			6,446	11,560	12,597	14,716	15,719	16,682	16,900	18,271
Internal charges and overheads applied			5,179	9,692	9,855	10,045	9,934	10,002	10,174	10,679
Other operating funding applications			3,151	3,581	3,581	3,581	3,582	3,581	3,581	3,582
Total applications of operating funding			32,737	53,161	54,185	58,039	57,675	59,172	59,168	62,265
Surplus/(deficit) of operating funding			9,793	18,444	23,631	24,445	28,109	30,043	33,016	34,231
Source of capital funding										
Subsidies and grants for capital expenditure			0	0	0	0	0	0	0	0
Development and financial contributions			1,831	3,523	4,763	7,038	7,678	7,425	7,279	7,684

Increase/(decrease) in debt			30,709	34,213	30,583	17,836	25,353	7,667	15,828	(2,902)
Gross proceeds from sales of assets			0	0	0	0	0	0	0	0
Other dedicated capital funding			0	0	0	0	0	0	0	0
Total sources of capital funding			32,540	37,736	35,346	24,875	33,032	15,092	23,107	4,783
Applications of capital funding										
Capital expenditure - to meet additional demand			13,612	9,347	8,047	9,909	7,570	3,368	3,659	1,543
Capital expenditure - to improve levels of services			13,195	25,991	27,882	11,002	14,384	8,800	14,417	9,773
Capital expenditure - to replace existing assets			15,526	20,843	23,047	28,409	39,187	32,878	38,047	27,697
Increase/(decrease) in reserves			0	0	0	0	0	0	0	0
Increase/(decrease) in investments			0	0	0	0	0	0	0	0
Total applications of capital funding			42,334	56,181	58,977	49,320	61,140	45,135	56,123	39,013
Surplus/(deficit) of capital funding			(9,793)	(18,444)	(23,631)	(24,445)	(28,109)	(30,043)	(33,016)	(34,231)
Funding balance			0	0	0	0	0	0	0	0

Funding Impact Statement Wastewater- Matamata-Piako District Council

Projected funding impact statement – wastewater (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	0	0								
Targeted rates	8,671	9,039								
Subsidies and grants for operating purposes	0	0								
Fees and charges	1,078	2,003								
Internal charges and overheads recovered	616	504								
Local authorities fuel tax, fines, infringement fees and other	0	0								
Total sources of operating funding for wastewater (\$000)	10,365	11,546								
Applications of operating funding										
Payments to staff and suppliers	5,761	5,056								
Finance costs	1,187	846								
Internal charges and overheads applied	701	1,206								

Other operating funding applications	-	-								
Total applications of operating funding	7,649	7,108								
Surplus/(deficit) of operating funding	2,716	4,438								
Source of capital funding										
Subsidies and grants for capital expenditure	-	-								
Development and financial contributions	1,694	1,728								
Increase/(decrease) in debt	12,894	26,084								
Gross proceeds from sales of assets	-	-								
Other dedicated capital funding	-	-								
Total sources of capital funding	14,588	27,812								
Applications of capital funding										
Capital expenditure - to meet additional demand	-	8,012								
Capital expenditure - to improve levels of services	16,921	17,488								
Capital expenditure - to replace existing assets	-	6,090								
Increase/(decrease) in reserves	383	660								
Increase/(decrease) in investments	-	-								
Total applications of capital funding	17,304	32,250								
Surplus/(deficit) of capital funding	(2,716)	(4,438)								
Funding balance	-	-								

Funding Impact Statement Wastewater - Waikato Water

Projected funding impact statement – wastewater (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates			0	56	735	1,068	1,266	2,215	3,018	3,990
Targeted rates			42,409	63,439	68,655	73,016	75,916	78,220	80,792	83,366
Subsidies and grants for operating purposes			0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other			0	0	0	0	0	0	0	0

Fees and charges			4,277	5,388	5,467	5,264	5,341	5,388	5,446	5,470
Total sources of operating funding for wastewater (\$000)			46,686	68,883	74,857	79,348	82,522	85,823	89,256	92,826
Applications of operating funding										
Payments to staff and suppliers			25,812	27,528	27,608	28,500	39,578	39,882	40,327	41,803
Finance costs			9,162	17,345	17,660	21,099	22,044	21,927	21,456	21,745
Internal charges and overheads applied			6,378	8,427	8,505	8,672	8,835	8,812	8,889	9,257
Other operating funding applications			2,097	2,369	2,369	2,370	2,370	2,370	2,370	2,370
Total applications of operating funding			43,449	55,670	56,141	60,641	72,828	72,990	73,042	75,174
Surplus/(deficit) of operating funding			3,237	13,214	18,716	18,707	9,694	12,833	16,214	17,652
Source of capital funding										
Subsidies and grants for capital expenditure			0	0	0	0	0	0	0	0
Development and financial contributions			3,962	7,110	10,289	14,888	16,255	16,196	15,415	16,705
Increase/(decrease) in debt			57,486	24,038	52,681	15,353	4,713	(5,986)	(9,627)	(996)
Gross proceeds from sales of assets			0	0	0	0	0	0	0	0
Other dedicated capital funding			0	0	0	0	0	0	0	0
Total sources of capital funding			61,449	31,148	62,970	30,241	20,967	10,210	5,788	15,709
Applications of capital funding										
Capital expenditure - to meet additional demand			13,525]	15,305	20,977	13,514	7,818	6,582	3,038	12,857
Capital expenditure - to improve levels of services			38,194	13,939	37,027	15,711	10,508	5,365	7,378	10,250
Capital expenditure - to replace existing assets			12,967	15,117	23,682	19,724	12,336	11,096	11,586	10,254
Increase/(decrease) in reserves			0	0	0	0	0	0	0	0
Increase/(decrease) in investments			0	0	0	0	0	0	0	0
Total applications of capital funding			64,686	44,361	81,686	48,948	30,662	23,043	22,002	33,361
Surplus/(deficit) of capital funding			(3,237)	(13,214)	(18,716)	(18,707)	(9,694)	(12,833)	(16,214)	(17,652)
Funding balance			0	0	0	0	0	0	0	0

2. Projected statement of comprehensive revenue and expense

Statement of Comprehensive Revenue and Expense – Drinking Water – Matamata-Piako District Council

Projected statement of profit and loss – drinking water and wastewater services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	10,901	11,823								
Other revenue	292	283								
Total revenue	11,193	12,106								
Expenses										
Operating expenses	5,208	5,868								
Finance costs	1,698	1,650								
Overheads and support costs	669	735								
Depreciation & amortisation	3,399	3,628								
Total expenses	10,974	11,882								
Net surplus/(deficit)	220	224								
Revaluation of infrastructure assets	-	-								
Total comprehensive income	220	224								
Cash surplus/(deficit) from operations (ex non-cash items)	3,618	3,852								

Statement of Comprehensive Revenue and Expense – Drinking Water – Waikato Water

Projected statement of profit and loss – drinking water and wastewater services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue			42,531	71,606	77,816	82,484	85,784	89,215	92,784	96,495
Other revenue			1,831	3,523	4,763	7,038	7,678	7,425	7,279	7,684
Total revenue			44,361	75,129	82,578	89,523	93,462	96,640	100,062	104,180

Expenses										
Operating expenses			21,113	31,910	31,732	33,278	32,022	32,487	32,693	33,314
Finance costs			6,446	11,560	12,597	14,716	15,719	16,682	16,900	18,271
Overheads and support costs			5,179	9,692	9,855	10,045	9,934	10,002	10,174	10,679
Depreciation & amortisation			18,360	26,809	27,935	28,683	29,819	30,355	31,257	31,529
Total expenses			51,098	79,971	82,119	86,723	87,494	89,527	91,025	93,793
Net surplus/(deficit)			(6,735)	(4,842)	459	2,800	5,968	7,113	9,037	10,386
Revaluation of infrastructure assets			23,889	24,869	24,1559	24,581	23,344	23,326	22,442	22,050
Total comprehensive income			17,154	20,027	24,618	27,381	29,312	30,439	31,479	32,437
Cash surplus/(deficit) from operations (ex non-cash items)			11,625	21,967	28,394	31,483	35,787	37,468	40,294	41,915

Statement of Comprehensive Revenue and Expense – Wastewater - Matamata-Piako District Council

Projected statement of profit and loss – wastewater services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	9,748	11,042								
Other revenue	2,341	2,263								
Total revenue	12,089	13,305								
Expenses										
Operating expenses	5,761	5,465								
Finance costs	1,192	873								
Overheads and support costs	779	856								
Depreciation & amortisation	3,346	3,693								
Total expenses	11,078	10,886								
Net surplus/(deficit)	1,012	2,419								

Revaluation of infrastructure assets	--	-								
Total comprehensive income	1,012	2,419								
Cash surplus/(deficit) from operations (ex non-cash items)	4,358	6,112								

Statement of Comprehensive Revenue and Expense – Wastewater – Waikato Water

Projected statement of profit and loss wastewater services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue			46,686	68,883	74,857	79,348	82,522	85,823	89,256	92,826
Other revenue			3,962	7,110	10,289	14,888	16,255	16,196	15,415	16,705
Total revenue			50,649	75,993	85,146	94,237	98,777	102,019	104,671	109,531
Expenses										
Operating expenses			27,910	29,897	29,977	30,869	41,948	42,251	42,697	44,173
Finance costs			9,162	17,345	17,660	21,099	22,044	21,927	21,456	21,745
Overheads and support costs			6,378	8,427	8,505	8,672	8,835	8,812	8,889	9,257
Depreciation & amortisation			20,662	29,189	31,026	31,653	31,619	31,318	30,992	31,075
Total expenses			64,111	84,858	87,167	92,294	104,446	104,309	104,034	106,249
Net surplus/(deficit)			(13,462)	(8,865)	(2,022)	1,942	(5,670)	(2,289)	637	3,282
Revaluation of infrastructure assets			26,551	27,082	26,798	27,108	24,857	24,261	22,575	22,071
Total comprehensive income			13,089	18,217	24,776	29,050	19,188	21,972	23,212	25,353
Cash surplus/(deficit) from operations (ex non-cash items)			7,200	20,324	29,004	33,595	25,949	29,029	31,629	34,357

3. Projected statement of cashflows

Complete the following table for each of drinking water, wastewater, stormwater, and combined water services. Add or delete rows as appropriate.

Statement of Cashflows – Drinking Water - Matamata-Piako District Council

Projected statement of cashflows – drinking water services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	3,471	3,702								
[Other items]	190	193								
Net cashflows from operating activities	3,661	3,895								
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(6,861)	(8,206)								
[Other items]	-	-								
Net cashflows from investing activities	(6,861)	(8,206)								
Cashflows from financing activities										
New borrowings	3,200	4,311								
Repayment of borrowings										
Net cashflows from financing activities	3,200	4,311								
Net increase/(decrease) in cash and cash equivalents	-	-								
Cash and cash equivalents at beginning of year	-	-								
Cash and cash equivalents at end of year	-	-								

Statement of Cashflows – Drinking Water – Waikato Water

Projected statement of cashflows – drinking water services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations			11,624	21,967	28,394	31,484	35,787	37,468	40,295	41,915
[Other items]										
Net cashflows from operating activities			11,624	21,967	28,394	31,484	35,787	37,468	40,295	41,915
Cashflows from investing activities										
Capital expenditure – infrastructure assets			(42,334)	(546,181)	(58,977)	(49,320)	(61,140)	(45,135)	(56,123)	(39,013)
[Other items]										
Net cashflows from investing activities			(42,334)	(546,181)	(58,977)	(49,320)	(61,140)	(45,135)	(56,123)	(39,013)
Cashflows from financing activities										
New borrowing			30,709	34,213	30,583	17,836	25,353	7,667	15,828	
Repayment of borrowings										(2,902)
Net cashflows from financing activities			30,709	34,213	30,583	17,836	25,353	7,667	15,828	(2,902)
Net increase/(decrease) in cash and cash equivalents			0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year			0	0	0	0	0	0	0	0
Cash and cash equivalents at end of year			0	0	0	0	0	0	0	0

Statement of Cashflows – Wastewater - Matamata-Piako District Council

Projected statement of cashflows – wastewater services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	2,716	4,438								
[Other items]	1,694	1,728								
Net cashflows from operating activities	4,410	6,166								
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(16,921)	(31,590)								
[Other items]	(383)	(660)								
Net cashflows from investing activities	(17,304)	(32,250)								
Cashflows from financing activities										
New borrowings	12,894	26,084								
Repayment of borrowings										
Net cashflows from financing activities	12,894	26,084								
Net increase/(decrease) in cash and cash equivalents	-	-								
Cash and cash equivalents at beginning of year	-	-								
Cash and cash equivalents at end of year	-	-								

Statement of Cashflows – Wastewater – Waikato Water										
Projected statement of cashflows – wastewater services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations			7,199	20,323	29,004	33,596	25,949	29,029	31,629	34,357
[Other items]										
Net cashflows from operating activities			7,199	20,323	29,004	33,596	25,949	29,029	31,629	34,357
Cashflows from investing activities										
Capital expenditure – infrastructure assets			(64,686)	(44,361)	(81,686)	(48,948)	(30,662)	(23,043)	(22,002)	(33,361)
[Other items]										
Net cashflows from investing activities			(64,686)	(44,361)	(81,686)	(48,948)	(30,662)	(23,043)	(22,002)	(33,361)
Cashflows from financing activities										
New borrowings			57,486	24,038	52681	15,353	4,713			
Repayment of borrowings								(5,986)	(9,627)	(996)
Net cashflows from financing activities			57,486	24,038	52681	15,353	4,713	(5,986)	(9,627)	(996)
Net increase/(decrease) in cash and cash equivalents			0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year			0	0	0	0	0	0	0	0
Cash and cash equivalents at end of year			0	0	0	0	0	0	0	0

4. Projected statement of financial position – Input: Individual financial positions for each of the 3 Waters – Resources:

Complete the following table for each of drinking water, wastewater, stormwater, and combined water services. Add or delete rows as appropriate.

Statement of Financial Position – Drinking Water - Matamata-Piako District Council

Projected statement of financial position drinking water (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	-	-								
Other current assets	915	990								
Infrastructure assets	101,394	106,033								
Other non-current assets	-	-								
Total assets	102,309	107,023								
Liabilities										
Borrowings – current portion	-	-								
Other current liabilities	1,197	1,366								
Borrowings – non-current portion	35,414	39,360								
Other non-current liabilities	-	-								
Total liabilities	36,611	40,726								
Net assets	65,698	66,297	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]
Equity										
Revaluation reserves	50,381	50,381								
Accumulated equity	15,317	15,916								
Total equity	65,698	66,297								

Statement of Financial Position – Drinking Water – Waikato Water										
Projected statement of financial position drinking water (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents										
Other current assets										
Infrastructure assets			747,796	802,037	857,238	902,456	957,121	995,226	1,042,537	1,072,069
Other non-current assets										
Total assets			747,796	802,037	857,238	902,456	957,121	995,226	1,042,537	1,072,069
Liabilities										
Borrowings – current portion										
Other current liabilities										
Borrowings – non-current portion			242,583	276,796	307,379	325,216	350,569	358,235	374,064	371,162
Other non-current liabilities										
Total liabilities			242,583	276,796	307,379	325,216	350,569	358,235	374,064	371,162
Net assets			505,214	525,241	549,859	577,240	606,552	636,991	668,470	700,907
Equity										
Revaluation reserves			505,214	525,241	549,859	577,240	606,552	636,991	668,470	700,907
Other reserves										
Total equity			505,214	525,241	549,859	577,240	606,552	636,991	668,470	700,907

Statement of Financial Position – Wastewater – Matamata-Piako District Council

Projected statement of financial position wastewater services (\$000)	FY2024/25	FY2025/26								
Assets										
Cash and cash equivalents	-	-								
Other current assets	864	962								
Infrastructure assets	104,571	132,529								
Other non-current assets	-	-								
Total assets	105,435	133,491								
Liabilities										
Borrowings – current portion	-	-								
Other current liabilities	2,048	3,225								
Borrowings – non-current portion	34,182	59,677								
Other non-current liabilities	-	-								
Total liabilities	36,230	62,902								
Net assets	69,205	70,589								
Equity										
Revaluation reserves	50,678	50,678								
Accumulated equity	18,527	19,911								
Total equity	69,205	70,589								

Statement of Financial Position – Wastewater – Waikato Water

Projected statement of financial position wastewater services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents										
Other current assets										
Infrastructure assets			831,138	873,392	950,849	995,253	1,019,153	1,035,139	1,048,727	1,073,081
Other non-current assets										
Total assets			831,138	873,392	950,849	995,253	1,019,153	1,035,139	1,048,727	1,073,081
Liabilities										
Borrowings – current portion										
Other current liabilities										
Borrowings – non-current portion			363,997	388,035	440,716	456,069	460,782	454,796	445,169	444,173
Other non-current liabilities										
Total liabilities			363,997	388,035	440,716	456,069	460,782	454,796	445,169	444,173
Net assets			467,141	485,358	510,133	539,184	558,372	580,343	603,555	628,908
Equity										
Revaluation reserves			467,141	485,358	510,133	539,184	558,372	580,343	603,555	628,908
Other reserves										
Total equity			467,141	485,358	510,133	539,184	558,372	580,343	603,555	628,908

Part E: Projected financial statements for stormwater

Projected financial statements – for stormwater

Projected funding impact statement – stormwater

Complete the following funding impact statement table for each of drinking water, wastewater, stormwater, and combined water services. Add or delete rows as appropriate.

Projected funding impact statement - water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	148	164	172	174	179	183	185	190	194	196
Targeted rates	907	1,009	1,057	1,070	1,098	1,125	1,135	1,164	1,194	1,203
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	141	110	84	99	95	93	108	104	97	115
Local authorities fuel tax, fines, infringement fees and other	0	0	0	0	0	0	0	0	0	0
Total sources of operating funding	1,196	1,283	1,313	1,343	1,372	1,401	1,428	1,458	1,485	1,514
Applications of operating funding										
Payments to staff and suppliers	636	651	667	681	696	711	725	740	754	768
Finance costs	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	271	314	321	328	335	343	349	356	363	370
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	907	965	988	1,009	1,031	1,054	1,074	1,096	1,117	1,138
Surplus/(deficit) of operating funding	289	318	325	334	341	347	354	362	368	376
Source of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	11	12	12	12	12	13	13	13
Increase/(decrease) in debt	(32)	347	(52)	(55)	(56)	(49)	(50)	(53)	(46)	(46)
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	0	0	0	0	0	0	0	0	0	0

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Applications of capital funding										
Capital expenditure - to meet additional demand	75	125	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	1,575	831	0	0	328	0	0	348	0	0
Capital expenditure - to replace existing assets	0	511	105	0	546	112	0	580	118	0
Increase/(decrease) in reserves	(1,393)	(802)	179	291	(577)	198	316	(606)	217	343
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	257	665	284	291	297	310	316	322	335	343
Surplus/(deficit) of capital funding	(289)	(318)	(325)	(334)	(341)	(347)	(354)	(362)	(368)	(376)
Funding balance	-	-	-	-	-	-	-	-	-	-

Projected statement of comprehensive revenue and expense

Complete the following table for each of drinking water, wastewater, stormwater, and combined water services. Add or delete rows as appropriate.

Projected statement of profit and loss - water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	1,055	1,173	1,229	1,244	1,277	1,308	1,320	1,354	1,389	1,399
Other revenue	170	139	127	142	140	138	155	151	146	164
Total revenue	1,225	1,312	1,356	1,386	1,417	1,446	1,475	1,505	1,535	1,563
Expenses										
Operating expenses	636	665	681	696	712	726	741	756	771	785
Finance costs	-	-	-	-	-	-	-	-	-	-
Overheads and support costs	303	333	340	348	356	363	370	378	385	393
Depreciation & amortisation	1,026	1,139	1,166	1,192	1,218	1,243	1,268	1,294	1,319	1,345
Total expenses	1,965	2,137	2,187	2,236	2,286	2,332	2,379	2,428	2,475	2,523
Net surplus/(deficit)	(740)	(825)	(831)	(850)	(869)	(886)	(904)	(923)	(940)	(960)
Revaluation of infrastructure assets	0	417	5	0	74	12	0	128	18	0
Total comprehensive income	(740)	(408)	(826)	(850)	(795)	(874)	(904)	(795)	(922)	(960)
Cash surplus/(deficit) from operations (ex non-cash items)	286	731	340	342	423	369	364	499	397	385

Projected statement of cashflows

Complete the following table for each of drinking water, wastewater, stormwater, and combined water services. Add or delete rows as appropriate.

Projected statement of cashflows - water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	289	318	325	334	341	347	354	362	368	376
[Other items]	-	-	11	12	12	12	12	13	13	13
Net cashflows from operating activities	289	318	336	346	353	359	366	375	381	389
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(1,650)	(1,467)	(105)	-	(874)	(112)	-	(928)	(118)	-
[Other items]	-	-	-	-	-	-	-	-	-	-
Net cashflows from investing activities	(1,650)	(1,467)	(105)	-	(874)	(112)	-	(928)	(118)	-
Cashflows from financing activities										
New borrowings	(32)	347	(52)	(55)	(56)	(49)	(50)	(53)	(46)	(46)
Repayment of borrowings	-	-	-	-	-	-	-	-	-	-
Net cashflows from financing activities	(32)	347	(52)	(55)	(56)	(49)	(50)	(53)	(46)	(46)
Net increase/(decrease) in cash and cash equivalents	(1,393)	(802)	179	291	(577)	198	316	(606)	217	343
Cash and cash equivalents at beginning of year	2619	1,226	424	603	894	317	515	831	225	442
Cash and cash equivalents at end of year	1,226	424	603	894	317	515	831	225	442	785

Projected statement of financial position

Complete the following table for each of drinking water, wastewater, stormwater, and combined water services. Add or delete rows as appropriate.

Projected statement of financial position	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	1,226	424	603	894	317	515	831	225	442	785
Other current assets	2,899	2,143	2,339	2,637	2,136	2,339	2,641	2,145	2,354	2,661
Infrastructure assets	67,477	67,805	66,744	65,552	65,208	64,077	62,809	62,443	61,242	59,897
Other non-current assets	-	-	-	-	-	-	-	-	-	-
Total assets	71,602	70,372	69,686	69,083	67,661	66,931	66,281	64,813	64,038	63,343
Liabilities										
Borrowings – current portion	-	-	-	-	-	-	-	-	-	-
Other current liabilities	216	207	94	86	161	100	92	172	106	97
Borrowings – non-current portion	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	216	207	94	86	161	100	92	172	106	97
Net assets	71,386	70,165	69,592	68,997	67,500	66,831	66,189	64,641	63,932	63,246
Equity										
Revaluation reserves	40,279	40,696	40,701	40,701	40,775	40,787	40,787	40,915	40,933	40,933
Accumulated funds	31,107	29,469	28,891	28,296	26,725	26,044	25,402	23,726	22,999	22,313
Total equity	71,386	70,165	69,592	68,997	67,500	66,831	66,189	64,641	63,932	63,246

Water Services Delivery Plan: additional information

Risks and assumptions – WWDW

Disclosure of risks and material assumptions for water services delivery		
<p>The risks and assumptions listed below focus on the high-level risks to implementing the establishment plan and achieving the intended ‘go live’ date of 1 July 2026. More detailed risks have been (and will continue to be) captured as part of the underpinning establishment team programme management risk register. In relation to future operational / enterprise risk register, this is something that will be developed:</p> <ol style="list-style-type: none">1. in accordance with Waikato Waters risk enterprise framework and risk management policy once adopted, noting that these documents will be informed by the governance direction and risk appetite confirmed by the independent Board as soon as practicable after appointment2. with reference to the acceptable risk being transferred to Waikato Waters Limited under the terms of each executed transfer agreement entered into by Waikato Waters3. having regard to any identified risks following an environmental scan by the Board in preparation for ‘go live’, this being any political, economic, social, technological, environmental, and / or legal (PESTEL) risks identified.		
Risk	Detailed description	Mitigating actions
Day 1 is not achieved	The Company is not established and ready to be operational from 1 July 2026	<ul style="list-style-type: none">• Establishment strategy agreed by WWDW councils• Appointment of the establishment board• Establishment plan approved at end of June 2025 with a professional Board in place and responsible for overseeing implementation by 1 July 2026
LGFA	<p>The Company does not get LGFA approval / covenants are overly onerous</p> <p>Timeline meeting LGFA covenants</p>	<ul style="list-style-type: none">• Early and ongoing engagement with LGFA in relation to WWDW, the scale and the necessary steps for the CCO to be approved and including reaching agreement on timeline to meet LGFA covenants.• Headroom built into the model and forecasts.• Financial support provided by councils.
Understated costs	The input costs from councils are materially understated	<ul style="list-style-type: none">• Model has been sensitivity tested to reflect this.• Flexibility given to Board to respond.

Staff recruitment	Ability to recruit an experienced executive team to lead the establishment of the CCO	<ul style="list-style-type: none"> • Org design to commence in August 2025 with a view to being finalised as soon as possible post CE appointment. • Expert recruiter being sourced now to ensure ready to go once roles confirmed. • Creating a culture of excitement and change to be an attractive place to work.
Regulatory uncertainty	Uncertainty in the regulatory landscape the company will be operating in, and cost blow out.	Ongoing engagement with regulators.
Capital delivery ability	Ability of the market to respond and deliver on the capital works delivery	<ul style="list-style-type: none"> • Strategic procurement to improve supply. • Smart consenting initiative. • Scale gives extra buying power, makes company more attractive to external contractors compared to councils alone. • Actively engaging with market to ensure they understand the forward programme.

Significant capital projects

Significant capital projects are detailed in MPDC’s 2024-2034 Long Term Plan. The tables below showed planned significant capital projects, over \$10m over the 10 years, for the water supply, wastewater and stormwater activities between 2024/25 and 2033/34. A detailed breakdown of the timing of these projects can be provided on request, however timing is subject to change and will be detailed in the relevant Annual Plans.

The significant capital projects are mainly related to:

- The water supply capital projects are mainly to improve drinking water compliance and allow for future growth.
- The wastewater capital projects are mainly resource consent driven.
- The stormwater capital projects consist of ongoing reticulation and treatment device renewals, resource consent related treatment upgrades, and long term planning for Te Aroha and Matamata townships including modelling and options analysis.

Significant capital projects										
Significant capital projects – drinking water										
Significant capital projects – drinking water	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Matamata new source development and WTP installation / upgrade				\$100,000	\$500,000		1,500,000	3,000,000	3,000,000	
Morrinsville additional water source development, Source & WTP Construction. (Existing consent restrictions)					\$2,100,000	\$5,000,000	5,000,000			
Total investment to meet additional demand	\$0	\$0	\$0	\$100,000	\$2,600,000	\$5,000,000	\$6,500,000	\$3,000,000	\$3,000,000	\$0
Projects to improve levels of services										
Consumer water meter installation	\$600,000			\$1,000,000	\$4,000,000	\$1,800,000				
District DWQAR related plant upgrades				\$250,000	\$500,000	\$250,000		\$500,000		
Hinuera WTP DWQAR compliance upgrades	\$100,000	\$1,000,000	\$500,000							
Matamata new reservoir to improve reliability (with current bores)				\$1,000,000	\$3,000,000					
Morrinsville North WTP Reservoir (5,000m³) including land purchase. To improve network resilience.				250,000	250,000			1,200,000	4,500,000	1,000,000
Te Aroha WTP Rolleston Street permanent intake upgrade	350,000	750,000	650,000							

Total investment to meet improve levels of services	\$1,050,000	\$1,750,000	\$1,150,000	\$2,500,000	\$7,750,000	\$2,050,000	\$0	\$1,700,000	\$4,500,000	\$1,000,000
Projects to replace existing assets										
Water reticulation renewals – district wide based on master plans				\$500,000	\$1,000,000	\$500,000	\$2,500,000	\$1,000,000	\$1,000,000	\$1,000,000
Morrinsville North - reticulation renewals upgrade	\$400,000									
District SCADA renewals				\$200,000			\$200,000			\$200,000
Total investment to replace existing assets	\$400,000	\$0	\$0	\$700,000	\$1,000,000	\$500,000	\$2,700,000	\$1,000,000	\$1,000,000	\$1,200,000
Other investment in drinking water assets	\$6,139,000	\$6,559,000	\$6,809,000	\$7,150,000	\$3,650,000	\$4,350,000	\$3,700,000	\$3,800,000	\$3,300,000	\$3,400,000
Total investment in drinking water assets	\$7,589,000	\$8,309,000	\$7,959,000	\$10,450,000	\$15,000,000	\$11,900,000	\$12,900,000	\$9,500,000	\$11,800,000	\$5,600,000
Significant capital projects – wastewater										
Significant capital projects – wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Te Aroha wastewater pipe size increases associated with new subdivisions	12,000	12,000	12,000							
Total investment to meet additional demand	\$12,000	\$12,000	\$12,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Projects to improve levels of services										
District wide inflow and infiltration reduction	\$200,000	\$200,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Matamata WWTP upgrade (consent driven)	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$5,500,000					
Morrinsville WWTP upgrade (consent driven)									\$3,000,000	\$14,000,000
Allen St Wastewater Pump Station upgrade	\$300,000	\$1,000,000	\$1,000,000							
Te Aroha WWTP Upgrades upgrade (consent driven)										\$1,500,000
Total investment to meet improve levels of services	\$15,500,000	\$16,200,000	\$16,500,000	\$15,500,000	\$6,000,000	\$500,000	\$500,000	\$500,000	\$3,500,000	\$16,000,000
Projects to replace existing assets										
<i>(Part of service level projects – secondary driver)</i>										

Total investment to replace existing assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other investment in wastewater assets	\$5,750,000	\$5,750,000	\$3,969,000	\$5,700,000	\$4,600,000	\$5,100,000	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000
Total investment in wastewater assets	\$21,262,000	\$21,962,000	\$20,481,000	\$21,200,000	\$10,600,000	\$5,600,000	\$3,600,000	\$3,600,000	\$6,600,000	\$19,100,000
Significant capital projects – stormwater										
Significant capital projects – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Matamata stormwater modelling (cover growth, levels of service and renewals)		\$250,000								
Te Aroha modelling and planning	\$150,000									
Total investment to meet additional demand	\$150,000	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Projects to improve levels of services										
Resource consent related districtwide stormwater treatment upgrades		\$300,000			\$300,000			\$300,000		
Morrinsville CBD stormwater upgrades	\$1,500,000									
Total investment to meet improve levels of services	\$1,500,000	\$300,000	\$0	\$0	\$300,000	\$0	\$0	\$300,000	\$0	\$0
Projects to replace existing assets										
Districtwide treatment device renewals			\$100,000			\$100,000			\$100,000	
Districtwide stormwater reticulation renewals		\$500,000			\$500,000			\$500,000		
Total investment to replace existing assets	\$0	\$500,000	\$100,000	\$0	\$500,000	\$100,000	\$0	\$500,000	\$100,000	\$0
Other investment in stormwater assets	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total investment in stormwater assets	\$1,650,000	\$1,075,000	\$100,000	\$0	\$800,000	\$100,000	\$0	\$800,000	\$100,000	\$0

Appendix 1 – Waikato Waters Shareholders' Agreement [Drafting note: signed version to be attached]

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Item 7.1

Attachment A

Appendix 2 – Council resolution to adopt this plan

[Drafting note: council to include formal resolution]

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Appendix 3 [Drafting note: Councils to include any independent advice received to prepare this plan as listed in the assurance and adoption section of the plan]

Waikato Waters has been created to put each shareholding council in a better position to address the challenges than if it were to go it alone. Further, the future affordability for the community is of key concern. A comparison of Council's forecast charges (based on most recent financial forecasts of a status quo model) compared to Waikato Waters' forecast average charges indicates that better affordability outcomes are achievable for our community.

The graph below illustrates the projected long-term impacts of these changes on residential rates for Matamata-Piako District if were to go alone and comparing it to the WWDW model and the average residential rates for drinking water and wastewater.

