

Ōtorohanga District Council

Notice is hereby given that an ordinary meeting of the Ōtorohanga District Council will be held in Waikōwhitiwhiti (Council Chambers), Ōtorohanga District Council, 17 Maniapoto Street, Ōtorohanga on Tuesday, 10 December 2024 commencing at 10.00am.

Tanya Winter, Chief Executive

5 December 2024



OPEN TO THE PUBLIC AGENDA

Ōtorohanga District Council membership

Chairperson	His Worship the Mayor, Max Baxter
Deputy Chairperson and Kāwhia Tihiroa Councillor	Deputy Mayor, Annette Williams
Kāwhia Tihiroa Councillor	Kit Jeffries
Kio Kio Korakonui Councillor	Rodney Dow
Ōtorohanga Councillor	Katrina Christison
Ōtorohanga Councillor	Steve Hughes
Rangiātea Councillor	Jaimee Tamaki
Rangiātea Councillor	Roy Willison
Waipā Councillor	Roy Johnson
Wharepūhunga Councillor	Cathy Prendergast

All attendees at this meeting are advised that the meeting will be electronically recorded (audio and video) for the purpose of webcasting to the ŌDC's YouTube channel. Every care will be taken to maintain individuals' privacy however attendees are advised they may be recorded as part of the general meeting proceedings.

For use in both opening and closing meetings

A Member will provide the words of their preference or may choose to use the following:

Mā te whakapono	<i>By believing and trusting</i>
Mā te tūmanako	<i>By having faith and hope</i>
Mā te titiro	<i>By looking and searching</i>
Mā te whakarongo	<i>By listening and hearing</i>
Mā te mahi tahi	<i>By working and striving together</i>
Mā te aroha	<i>By all being done with compassion</i>
Ka taea e tātou	<i>We will succeed</i>

For use in blessing food

A Member will provide the words of their preference or may choose to use the following:

Nau mai e ngā hua o te wao	<i>I welcome the gifts of food from the forest</i>
O te ngakinga	<i>From the cultivated gardens</i>
O te wai tai	<i>From the sea</i>
O te wai māori	<i>From the fresh waters</i>
Hei oranga mō tātou	<i>For the goodness of us all</i>
Tūturu whakamaua	<i>Let this be my commitment to all!</i>
Kia tina! Tina! Hui e! Tāiki e!	<i>Drawn together and affirmed!</i>

Opening formalities	Ngā tikanga mihimihi	
Commencement of meeting	Te tīmatanga o te hui	5
Opening prayer/reflection/words of wisdom	Karakia/huitao/whakataukī	5
Apologies	Ngā hōnea	5
Public forum	Hui tūmatanui	5
Late items	Ngā take tōmuri	6
Declaration of conflict of interest	Te whakapuakanga pānga taharua	6
Confirmation of minutes (12 November 2024)	Te whakaū i ngā meneti	6
Confirmation of minutes (26 November 2024)	Te whakaū i ngā meneti	13
Receipt of Minutes	Te rironga o ngā meneti	27
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Public excluded	Take matatapu	
Item 208	Resolution to exclude the public for Item PE19 - Ōtorohanga Kiwi House Charitable Trust short-term loan	261

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Closing prayer/reflection/words of wisdom	Karakia/huritao/whakataukī	266
Meeting closure	Katinga o te hui	266

Workshops	Hui awheawhe	
1	Public liability for community events	Open to the public
2	Update on Annual Plan 25/26	Open to the public
3	Local Water Done Well consultation options	Open to the public
4	Monthly discussion with the Chief Executive	Public not permitted

This Open Agenda was prepared by Manager Governance, Kaia King and approved for distribution by Chief Executive, Tanya Winter on 5 December 2024.

Commencement of meeting**Te tīmatanga o te hui**

The Chairperson will confirm the livestream to YouTube is active then declare the meeting open.

Opening prayer/reflection/words of wisdom**Karakia/huitao/whakataukī**

The Chairperson will invite a member to provide opening words and/or prayer/karakia.

Apologies**Ngā hōnea**

A Member who does not have leave of absence may tender an apology should they be absent from all or part of a meeting. The meeting may accept or decline any apologies. For clarification, the acceptance of a Member's apology constitutes a grant of 'leave of absence' for that specific meeting(s).

Should an apology be received the following is recommended: *That Ōtorohanga District Council receive and accept the apology from ... for (non-attendance, late arrival, early departure).*

Public forum**Hui tūmatanui**

Public forums are designed to enable members of the public to bring matters, not necessarily on the meeting's agenda, to the attention of Council. Requests to attend the public forum must be made to on the form available on Council's website: otodc.govt.nz/about-council/meetings/speak-at-public-forum. Alternatively, please call 07 873 4000.

Speakers can speak for up to five (5) minutes. No more than two speakers can speak on behalf of an organisation during a public forum. At the conclusion of the presentation, elected members may ask questions of speakers. Questions are to be confined to obtaining information or clarification on matters raised by a speaker. Following the public forum, no debated or decisions will be made during the meeting on issues raised in the forum unless related to items already on the agenda.

Ms Rachel Wiggins has requested to be heard on the Rewarewa Recreational Reserve and the old School Building.

Late items**Ngā take tōmuri**

Items not on the agenda for the meeting require a resolution under section 46A of the Local Government Official Information and Meetings Act 1987 stating the reasons why the item was not on the agenda and why it cannot be dealt with at a subsequent meeting on the basis of a full agenda item. It is important to note that late items can only be dealt with when special circumstances exist and not as a means of avoiding or frustrating the requirements in the Act relating to notice, agendas, agenda format and content.

Should a late item be raised, the following recommendation is made: *That Ōtorohanga District Council accept the late item due to to be heard*

Declaration of conflict of interest**Te whakapuakanga pānga taharua**

Members are reminded to stand aside from decision making when a conflict arises between their role as an elected member and any private or external interest they may have.

A conflict can exist where:

- The interest or relationship means you are biased; and/or
- Someone looking in from the outside could have reasonable grounds to think you might be biased.

Should any conflicts be declared, the following recommendation is made: *That Ōtorohanga District Council receive the declaration of a conflict of interest from for item ... and direct the conflict to be recorded in Ōtorohanga District Council's Conflicts of Interest Register.*

Confirmation of minutes**Te whakaū i ngā meneti**

The unconfirmed Minutes of the extra-ordinary meeting is attached on the following page.

Staff recommendation

That Ōtorohanga District Council confirm as a true and correct record of the meeting, the open Minutes of the Extra-ordinary meeting held on 12 November 2024 (document number 780360).

Ōtorohanga District Council

extra-ordinary meeting

Minutes of an extra-ordinary meeting of the Ōtorohanga District Council held in Waikōwhitiwhiti (Council Chambers), Ōtorohanga District Council, 17 Maniapoto Street, Ōtorohanga on Tuesday, 12 November 2024 commencing at 11.00am.

Tanya Winter, Chief Executive

28 November 2024



OPEN TO THE PUBLIC

Ōtorohanga District Council membership

Chairperson	His Worship the Mayor, Max Baxter	Attended
Deputy Chairperson and Kāwhia Tihiroa Councillor	Deputy Mayor, Annette Williams	Attended
Kāwhia Tihiroa Councillor	Kit Jeffries	Attended
Kio Kio Korakonui Councillor	Rodney Dow	Attended
Ōtorohanga Councillor	Katrina Christison	Attended
Ōtorohanga Councillor	Steve Hughes	Apology
Rangiātea Councillor	Jaimee Tamaki	Attended
Rangiātea Councillor	Roy Willison	Attended
Waipā Councillor	Roy Johnson	Attended
Wharepūhanga Councillor	Cathy Prendergast	Attended

Ōtorohanga District Council's Senior Leadership in attendance

Chief Executive	Tanya Winter	Attended
Group Manager Business Enablement	Graham Bunn	Attended
Group Manager Engineering and Assets	Mark Lewis	Attended
Group Manager Regulatory and Growth	Tony Quickfall	Attended
Group Manager Strategy and Community	Nardia Gower	Attended
Chief Advisor	Ross McNeil	Attended

Opening formalities	Ngā tikanga mihimihi	
Commencement of meeting	Te tīmatanga o te hui	3
Opening prayer/reflection/words of wisdom	Karakia/huitao/whakataukī	3
Apologies	Ngā hōnea	3
Late items	Ngā take tōmuri	3
Declaration of conflict of interest	Te whakapuakanga pānga taharua	3

Decision reports	Ngā pūrongo whakatau	
Item 189 Waka Kotahi Roding Funding – Options for Unmatched ‘Local Share’		3
Item 190 Kāwhia Sports Club Inc – Construction of new building		4

Information only reports	Ngā pūrongo mōhiohio anake	
There are no reports.		

Public excluded	Take matatapu	
Item 191 Resolution to exclude the public for Item PE17: C1157 Ōtorohanga District Council Reseal 2024-2027		5

Closing formalities	Ngā tikanga whakakapi	
Closing prayer/reflection/words of wisdom	Karakia/huritao/whakataukī	6
Meeting closure	Katinga o te hui	6

This Open Minute was prepared by Manager Governance, Kaia King and approved for distribution by Chief Executive, Tanya Winter on 28 November 2024.

Commencement of meeting**Te tīmatanga o te hui**

His Worship the Mayor declared the meeting open at 11.41am.

Opening prayer/reflection/words of wisdom**Karakia/huitao/whakataukī**

His Worship the Mayor led the Councillors in a recitation of the karakia provided in the agenda.

Apologies**Ngā hōnea**

Resolved C296: That Ōtorohanga District Council receive and accept the apology from Councillor Steve Hughes for non-attendance.

His Worship the Mayor | Councillor Johnson

Late items**Ngā take tōmuri**

There were no late items.

Declaration of conflict of interest**Te whakapuakanga pānga taharua**

There were no declarations.

Decision reports**Ngā pūrongo whakatau****Item 189 Waka Kotahi Roothing Funding – Options for Unmatched ‘Local Share’**

ŌDC’s Paul Strange, Manager Roothing, outlined the budget contained in the Long Term Plan and advised the final confirmation of the New Zealand Transport Agency’s funding that meant a decision was required on the ‘local share’ portion. Mr Strange outlined the options available to ŌDC for consideration.

Councillor Jeffries raised concern with year two of the Long Term Plan with the rating increases proposed and urged ŌDC to consider if the local share in years two and three could be removed to reduce the rating increases.

Councillor Dow queried if staff or ŌDC would approve which projects would be progressed. Mr Strange confirmed staff would spend a third of the budget on Long Term Plan projects, one third on resilience and

one third in reserves. ŌDC's Mark Lewis noted this was a continuation of ŌDC's Land Transport Asset Management Plan 2024 – 34 although the budget would mean a reduced number of projects.

Resolved C297: That the Ōtorohanga District Council:

- a) Receives the report *Waka Kotahi Rooding Funding - Options for Unmatched 'Local Share'*.
- b) Agrees, for the 2024/25 financial year to:
 - i) Apply a portion of the unmatched 'local share' from the 2024/25 rooding budget to select unmatched capital (\$600,000) and operating projects (\$70,000) that align with Council's Land Transport Asset Management Plan 2024 – 34 and the Long-Term Plan 2024-2034
 - ii) Retain \$375,000 of surplus operating funding and \$275,000 of surplus capital funding in reserve to provide the 'local share' should additional NZTA funding become available.
- c) Note that:
 - i) Further decisions on reallocating funds in years two and three of the Long-Term Plan (LTP) will be considered as part of the annual plan process as per the options outlined in this report – *Waka Kotahi Rooding Funding – Options for Unmatched 'Local Share'* (dated 12 November 2024)
 - ii) The community needs to be informed about the shortfall in funding from NZTA and the steps Council will be taking to mitigate the effect of the reductions.

His Worship the Mayor | Councillor Tamaki

Item 190 - Kāwhia Sports Club Incorporated: Construction of new building

ŌDC's Keri Downs, Senior Property Advisor, outlined the importance of the Sports Club and the Committee to the Community. She noted the hard work undertaken by the Committee on the rebuild project. She advised the report sought approval to construct a new building on the existing site and enter into a new lease.

Councillor Jeffries commented on the funding available meant the rebuild may comprise a shell with some facilities which may be added to over future years as fundraising allowed.

His Worship the Mayor acknowledged the work undertaken by the Committee to progress the rebuild to the point of construction.

Resolved C298: That Ōtorohanga District Council:

- a) Gives approval for Kāwhia Sports Club Inc to construct a new 400m² building on the same site as the previous building.

- b) Instructs the Chief Executive to draft a Memorandum of Understanding which clarifies the roles of Council and the Kāwhia Sports Club in relation to the rebuild of the Sports Club facility, to be with the Kāwhia Sports Club by 30 Nov 2024.
- c) Instructs the Chief Executive to draft a lease agreement as per the ŌDC Occupancy Policy to be with the Kāwhia Sports Club by 30 Nov 2024.

Councillor Jeffries | Councillor Tamaki

Information only reports

Ngā pūrongo mōhiohio anake

There were no reports.

Public excluded

Take matatapu

Item 191 Resolution to exclude the public for Item PE17: C1157 Ōtorohanga District Council Reseal 2024-2027 tender award

That the Ōtorohanga District Council exclude the public from the following parts of the proceedings of this meeting confirming:

- a This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 7 of that Act where a risk of prejudice is minimised by the holding of the whole or the relevant part of the proceedings of the meeting in public; and
- b The general subject of each matter to be considered while the public is excluded and the reason for passing this resolution in relation to each matter and the specific grounds for the passing of this resolution are as follows:

General subject of each matter to be considered	Ground(s) under section 48(1) for the passing of this resolution	Interest
Item PE1: C1157 Ōtorohanga District Council Reseal 2024-2027	Section 9(2)(b)(ii)	Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information;

The public were re-admitted to the meeting at 12.02pm.

Closing prayer/reflection/words of wisdom

Karakia/huritao/whakataukī

His Worship the Mayor led Councillors in a recitation of the karakia provided in the agenda.

Meeting closure

Katinga o te hui

His Worship the Mayor declared the meeting closed at 12.05pm.

Confirmation of minutes

Te whakaū i ngā meneti

The unconfirmed Minutes of the previous meeting is attached on the following page.

Staff recommendation

That Ōtorohanga District Council confirm as a true and correct record of the meeting, the open Minutes of the meeting held on 26 November 2024 (document number 791814).

Ōtorohanga District Council

Minutes of an ordinary meeting of the Ōtorohanga District Council held in Waikōwhitiwhiti (Council Chambers), Ōtorohanga District Council, 17 Maniapoto Street, Ōtorohanga on Tuesday, 26 November 2024 commencing at 10.00am.

Tanya Winter, Chief Executive

4 December 2024



Open to the public

Ōtorohanga District Council membership

Chairperson	His Worship the Mayor, Max Baxter	Attended
Deputy Chairperson and Kāwhia Tihiroa Councillor	Deputy Mayor, Annette Williams	Attended
Kāwhia Tihiroa Councillor	Kit Jeffries	Attended
Kio Kio Korakonui Councillor	Rodney Dow	Attended
Ōtorohanga Councillor	Katrina Christison	Attended
Ōtorohanga Councillor	Steve Hughes	Attended
Rangiātea Councillor	Jaimee Tamaki	Attended
Rangiātea Councillor	Roy Willison	Attended
Waipā Councillor	Roy Johnson	Attended
Wharepūhanga Councillor	Cathy Prendergast	Attended

Ōtorohanga District Council's Senior Leadership in attendance

Chief Executive	Tanya Winter	Attended
Group Manager Business Enablement	Graham Bunn	Attended
Group Manager Engineering and Assets	Mark Lewis	Apology
Group Manager Regulatory and Growth	Tony Quickfall	Attended
Group Manager Strategy and Community	Nardia Gower	Attended
Chief Advisor	Ross McNeil	Attended

Opening formalities	Ngā tikanga mihimihi	
Commencement of meeting	Te tīmatanga o te hui	4
Opening prayer/reflection/words of wisdom	Karakia/huitao/whakataukī	4
Apologies	Ngā hōnea	4
Public forum	Hui tūmatanui	4
Late items	Ngā take tōmuri	5
Declaration of conflict of interest	Te whakapuakanga pānga taharua	5
Confirmation of minutes (22 October 2024)	Te whakaū i ngā meneti	5
Receipt of Minutes (ŌCB 4 November and KCB 7 November 2024)	Te rironga o ngā meneti	5
His Worship the Mayor's verbal report	Te pūrongo ā-waha a te kahika	5

Decision reports	Ngā pūrongo whakatau	
Item 191 Adoption of Schedule of Meetings for 2025		6
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Item 193 Ōtorohanga District Council Strategic Risk Register October 2024		9
Item 194 Consideration of Ōtorohanga District Council as an Anchor Organisation (Te Punga o Te Hapori – Anchor of the Community)		9

Information only reports	Ngā pūrongo mōhiohio anake	
Item 195 Economic Wellbeing Implementation Plan 2024		10
Item 196 2023/24 Annual Satisfaction Survey Results		10
Item 197 Finance Report to 31 October 2024		11

Public excluded**Take matatapu**

Item 198	Resolution to exclude the public for Item PE18 – Chief Executive annual performance review	11
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Other business**Ētahi atu take**

Councillor updates	Ngā kōrero hou a ngā Kaikaunihera	12
Resolution Register	Rēhita tatūnga	12

Closing formalities**Ngā tikanga whakakapi**

Closing prayer/reflection/words of wisdom	Karakia/huritao/whakataukī	13
Meeting closure	Katinga o te hui	13

Workshops**Hui awheawhe**

1	Ōtorohanga District Council logo	Open to the public
2	Water Reform: Department of Internal Affairs perspective	Open to the public
3	Policy Review: Class 4 Gambling Policy	Open to the public
4	LGNZ Electoral Reform	Open to the public
5	Te Nehenehenui Joint Management Agreement schedules	Public not permitted
6	Monthly discussion with the Chief Executive	Public not permitted

This Open Minute was prepared by Manager Governance, Kaia King and approved for distribution by Chief Executive, Tanya Winter on 4 December 2024.

Commencement of meeting**Te tīmatanga o te hui**

His Worship the Mayor declared the meeting open at 10.00am. He handed over to ŌDC's Graham Bunn who advised three staff members had received accolades at the recent ALGIM (Association of Local Government Information Management) awards evening.

Opening prayer/reflection/words of wisdom**Karakia/huitao/whakataukī**

His Worship the Mayor led the Councillors in a recitation of the karakia provided in the agenda.

Apologies**Ngā hōnea**

There were no apologies as all Members were present.

Public forum**Hui tūmatanui****Mr Buce Bolt**

Mr Bolt spoke on the proposal put forward by Liz Cowan on behalf of the Ōtorohanga Historical Society to move the Rewarewa School building to the Ōtorohanga township at a previous public forum. He sought the retention of the building on the current site and the provision of a key to enable genuine visitors to view the old school. He proposed himself and Bolt Trust become the manager of the Reserve including the grazing to ensure the grass is kept short, the building was maintained and the fences kept in good repair. He stated they would not be responsible for the trees and associated area as that was not their area of expertise. He noted the Ōtorohanga Historical Society could be involved in the building. He stated there would be no financial assistance required by Ōtorohanga District Council.

Councillor Jeffries queried if the building was empty or if there were remnants of the school inside. Mr Bolt stated there were blackboards and a couple of chairs and a dilapidated cabinet. Councillor Jeffries queried the building was insured. Mr Bolt was not aware of this aspect.

Councillor Johnson queried if the area is currently mown. Mr Bolt advised that it was mowed, and bales created periodically. He noted the grass was long around the building which was a fire hazard, and the nearby trees were also a fire hazard.

Councillor Dow queried the potential use of the building. Mr Bolt noted it would be ideal to take children for picnics and to view the school, particularly if it was re-furnished appropriately.

Late items**Ngā take tōmuri**

There were no late items.

Declaration of conflict of interest**Te whakapuakanga pānga taharua**

There were no declarations made.

Confirmation of minutes**Te whakaū i ngā meneti**

Resolved C296: That Ōtorohanga District Council confirm as a true and correct record of the meeting, the open Minutes of the meeting held on 22 October 2024 (document number 789436).

Councillor Tamaki | Councillor Johnson

Receipt of Minutes**Te rironga o ngā meneti**

Resolved C297: That Ōtorohanga District Council receive the unconfirmed Minutes of the meeting of the Ōtorohanga Community Board held on 4 November 2024 (document number 789213)

Councillor Christison | Councillor Dow

Resolved C298: That Ōtorohanga District Council receive the unconfirmed Minutes of the meeting of the Kāwhia Community Board on 7 November 2024 (document number 787676).

Councillor Jeffries | Councillor Prendergast

His Worship the Mayor's verbal report**Te pūrongo ā-waha a te kahika**

His Worship the Mayor chaired the Chief Executive Review Committee and attended the Elevate economic forum and the TUIA end of year function in Wellington. He travelled to Hauraki District Council to welcome the new Chief Executive and attended the Waikato Regional Airport's annual general meeting. His Worship attended Local Government New Zealand's Zone 2 meeting (Hamilton). He also travelled to Wellington for Local Government New Zealand's Rural and Provincial meeting which was followed the next day by their Sector meeting.

His Worship met with Waikato Regional Council chairperson and attended the Mayoral Forum in Cambridge. He met with four ladies who were attending a school reunion and also the Ōtorohanga Kiwi House Trust Board. He also advised he would be part of the interview panel the following day for the Ōtorohanga Sergeant position following the departure of James (Jimmie) Walker. His Worship had also attended the farewell for Sergeant Walker.

Resolved C299: That Ōtorohanga District Council receive the verbal update from His Worship the Mayor, Max Baxter.

His Worship the Mayor | Councillor Willison

In response to a query from Councillor Jeffries, His Worship advised the interviews for the Police role in Kāwhia would be held in 2025.

Decision reports

Ngā pūrongo whakatau

Item 191 – Adoption of Schedule of Meetings for 2025

ŌDC's Tanya Winter noted the previously indicated need for a meeting in January due to the Waikato Water Done Well project was not required.

Resolved C300: That Ōtorohanga District Council:

a) Adopt the following Schedule of Meetings for 2025:

February	3	Ōtorohanga Community Board	Community Board
	10	Chief Executive Review Committee	Council Committee
	11	Workshop and briefing day	Workshop day
	13	Kāwhia Community Board	Community Board
	25	Ōtorohanga District Council	Council
March	3	Ōtorohanga Community Board	Community Board
	6	Kāwhia Community Board	Community Board
	10	Risk and Assurance Committee	Council Committee
	11	Workshop and briefing day	Workshop day
	25	Ōtorohanga District Council	Council
April	3	Kāwhia Community Board	Community Board
	7	Ōtorohanga Community Board	Community Board

	15	Workshop and briefing day	Workshop day
	29	Ōtorohanga District Council	Council
	30	Grants and Awards Committee	Council Committee
	30	Creative Communities Scheme Committee	Grants Sub-Committee
May	5	Ōtorohanga Community Board	Community Board
	8	Kāwhia Community Board	Community Board
	13	Workshop and briefing day	Workshop day
	27	Ōtorohanga District Council	Council
June	4	Chief Executive Review Committee	Council Committee
	5	Kāwhia Community Board	Community Board
	9	Ōtorohanga Community Board	Community Board
	9	Risk and Assurance Committee	Council Committee
	10	Workshop and briefing day	Workshop day
	24	Ōtorohanga District Council	Council
July	3	Kāwhia Community Board	Community Board
	7	Ōtorohanga Community Board	Community Board
	8	Workshop and briefing day	Workshop day
	29	Ōtorohanga District Council	Council
August	4	Ōtorohanga Community Board	Community Board
	7	Kāwhia Community Board	Community Board
	12	Workshop and briefing day	Workshop day
	26	Ōtorohanga District Council	Council
September	1	Ōtorohanga Community Board	Community Board
	2	Chief Executive Review Committee	Council Committee
	4	Kāwhia Community Board	Community Board
	9	Workshop and briefing day	Workshop day
	15	Risk and Assurance Committee	Council Committee

	23	Ōtorohanga District Council	Council
October	1	Grants and Awards Committee	Council Committee
	1	Creative Communities Scheme Committee	Grants Sub-Committee
	2	Kāwhia Community Board	Community Board
	6	Ōtorohanga Community Board	Community Board
b) Delegates to the Chief Executive the ability to alter the Schedule of ordinary meetings in consultation with the relevant Chair as required.			
Deputy Mayor Williams Councillor Hughes			

Item 192 – Ōtorohanga Outdoor Fitness Station – Waipā Esplanade

ŌDC's Jared le Fleming, Manager Community Facilities provided an overview of the report. His Worship the Mayor queried if there was a date for expected construction and Mr le Fleming advised several more quotes would be obtained, and construction would commence in 2025.

Councillor Jeffries queried if staff had spoken to the local gyms and Mr le Fleming noted this matter has been on public agendas and minutes for the Ōtorohanga Community Board over the previous year. Councillor Jeffries then queried why the equipment was in one place rather than spread out and Mr le Fleming advised this had been considered by the Board which had kept in mind the Ōtorohanga Reserves Strategy which was currently in development.

Councillor Christison noted the Board had made a recommendation to the incoming Board following the 2025 local government election to review the project with a view to add additional sites.

Councillor Johnson queried if signage and promotion would be included, and Mr le Fleming advised staff had planned for communication.

Resolved C301: That Ōtorohanga District Council:

- a. Approve the recommendation from the Ōtorohanga Community Board to grant approval for construction of the fitness station on Waipā Esplanade.
- b. Approve the recommendation from the Ōtorohanga Community Board to increase funding of an additional \$2,500 per year to the Ōtorohanga Parks and Reserves operating budget to maintain these additional assets.
- c. Approve the recommendation from the Ōtorohanga Community Board for the addition of the fitness station to the Council asset register and included in the annual depreciation calculations, currently estimated at \$2,500 per annum.

Councillor Christison | Councillor Dow

Item 193 – Ōtorohanga District Council Strategic Risk Register – October 2024

ŌDC's Graham Bunn spoke to the staff report noting the Register was endorsed by the Risk and Assurance Committee at their October meeting. He advised the Committee would deep dive into those risks at their meetings. Councillor Jeffries commented on the deep dive assessments of the risks on the Register and noted it was an important document for ŌDC and with the current Chairperson a thorough review was undertaken on those risks.

Councillor Dow referred to Appendix 2 on page 55 noting the risk rating relating to 3 Waters was 'high'. Mr Bunn noted the comments were originally put in place in 2023 with the previous Government but with Waikato Water Done Well there was still potential for change.

Resolved C302: That the Ōtorohanga District Council Strategic Risk Register October 2024 is adopted.

Councillor Jeffries | Councillor Hughes

Item 194 – Consider of Ōtorohanga District Council as an Anchor Organisation (Te Punga o Te Hapori – Anchor of the Community)

ŌDC's Ross McNeil spoke on the journey to progress the report presented. He noted the alignment with the Future for Local Government review and gives effect to ŌDC's position as was articulated during the process. His Worship the Mayor commended Mr McNeil on the report and the decision to spread the work over five years rather than three as previously indicated.

Councillor Prendergast requested the Māori and English acronyms are kept together. Councillor Dow queried if an 'Anchor' focus would be applied when considering the Waikato Water Done Well proposal. ŌDC's Tanya Winter advised the policy settings for procurement had not yet been determined however there has never been any doubt that local people were not required to manage water schemes.

Councillor Jeffries assumed the preferred supplier list would be primarily tradesmen and contractors rather than IT services. Mr McNeil advised it contained both and referenced the CoLab list of pre-approved contractors.

Councillor Jeffries noted that given the angst and cost of having Audits done and noted there were three accounting firms in town. Mr McNeil noted Audit arrangements were set in statute by the Office of the Auditor General. He noted one focus area was to work with local businesses to build capacity and capability.

Councillor Johnson commented on the relationship with local contractors and noted at the recent Local Government New Zealand Rural and Provincial meeting the focus was on the need to have a team

approach to ensuring capacity and capability in an emergency. Ms Winter cited the approval of a procurement exemption to allow an on-site local contractor to repair the recent seawall failure at Aotea.

Councillor Tamaki noted the need for clarity around 'preferred' suppliers and other language that might be mis-interpreted. Mr McNeil advised he would anticipate the wording in a new policy would be more enabling and directive than the current policy. He noted a new policy would be best workshopped to ensure all aspects were discussed.

Resolved C303: That the Ōtorohanga District Council:

- a. Confirms its role as an Anchor Organisation for its communities and adopts the Te Punga o te Hapori (Anchor of the Community) framework and 5-year work programme.
- b. Requests the Chief Executive report on implementation progress at least annually.

His Worship the Mayor | Deputy Mayor Williams

Information only reports

Ngā pūrongo mōhiohio anake

Item 195 – Economic Wellbeing Implementation Plan 2024 10.49am.

ŌDC's Nardia Gower took the report as read but noted the commentary had captured some but not all actions and was deliberately focussed on the first three years of the Long Term Plan that aligned with the Economic Wellbeing Strategy. She noted Elevate were looking at the Plan and that refinement and development would be ongoing. His Worship the Mayor commented on benefit of the document clearly identifying the partners involved. Councillor Christison queried if the endorsement should be delayed considering the Plan had not yet been reviewed by Elevate. Ms Gower advised the timeframes could be adjusted following the review as it was intended to be a 'living document' that responded to changes as required.

Councillor Christison then queried how the outcomes were being measured and Ms Gower said she would give that some further thought.

Resolved C304: That Ōtorohanga District Council endorse the Economic Wellbeing Implementation Plan 2024 report and attached Economic Wellbeing Implementation Plan.

Councillor Willison | Councillor Jeffries

Item 196 – 2023/24 Annual Satisfaction Survey Results

ŌDC's Nardia Gower outlined the survey results. She referred to point 4.7 of the staff report noting the change to the survey gave clearer results. Referring to point 4.16, she advised it should have been a bullet point and not a number.

In response to a comment from Councillor Hughes on the decrease in communication satisfaction, Ms Gower noted a couple of dissatisfied people, whether with elected members or staff, could affect the results of the bell curve.

Councillor Jeffries referred to point 4.8 and queried the numbers and he also queried how the margin of error is calculated. Ms Gower advised that not everyone who responded provided further information which is why the numbers don't align. She stated that in terms of the margin of error, an online tool was used to calculate this.

Resolved C305: That Ōtorohanga District Council receive the 23/24 Annual Satisfaction Survey Results report and the attached 2023/2024 Annual Survey Report and Improvement Plan.

Councillor Jeffries | Councillor Johnson

Item 197 – Finance Report to 31 October 2024

ŌDC's Brendan O'Callaghan, Manager Finance, spoke to his report noting the full year budget was the working budget rather than the adopted Long Term Plan budget due to additions of the carryovers. He advised future reports would highlight the differences.

In response to comment from Councillor Jeffries on the budget amendments, Mr O'Callaghan advised the approval would depend on the change. If the items were in the same General Ledger account, then it would be actioned at a staff level as the overall budget was not changed. He noted that if the overall budget required an increase, then a report to ŌDC would be presented for consideration. He noted the Chief Executive had delegated authority up to \$50K. ŌDC's Tanya Winter provided an example of a project change and what would be brought to ŌDC for consideration noting this may also include political or community interest factors and not just financial changes.

Resolved C306: That the Ōtorohanga District Council receive the report titled 'Financial Report for the month ending 31 October 2024' (document number 789272) from Brendan O'Callaghan, Finance Manager.

His Worship the Mayor | Councillor Tamaki

Public excluded

Take matatapu

Item 198 - Resolution to exclude the public for Item PE18 – Chief Executive annual performance review

Resolved C307: That Ōtorohanga District Council exclude the public from the following parts of the proceedings of this meeting confirming:

- a This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 7 of that Act

where a risk of prejudice is minimised by the holding of the whole or the relevant part of the proceedings of the meeting in public; and,

- b The general subject of each matter to be considered while the public is excluded and the reason for passing this resolution in relation to each matter and the specific grounds for the passing of this resolution are as follows:

General subject of each matter to be considered	Ground(s) under section 48(1) for the passing of this resolution	Interest
Item PE18: Chief Executive annual performance review	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.

His Worship the Mayor | Deputy Mayor Williams

The public were excluded from the meeting at 11.27 and re-admitted at 11.54am.

Councillor updates on meetings attended on behalf of Ōtorohanga District Council Ngā kōrero hou a ngā Kaikaunihera

Deputy Mayor Williams and Councillors Johnson and Tamaki joined His Worship the Mayor for the Chief Executive Review Committee meeting. Deputy Mayor Williams and Councillor Johnson joined His Worship at the Local Government New Zealand Rural and Provincial meeting which was followed the next day by the Sector meeting. Councillors Tamaki, Jeffries and Prendergast joined His Worship the Mayor and Deputy Mayor Williams at Local Government New Zealand’s Zone Two meeting.

Councillors Hughes, Prendergast and Jeffries joined His Worship the Mayor and Independent Chairperson Peter Stubbs for the Risk and Assurance Committee meeting. Councillor Jeffries attended the Kāwhia Community Board meeting and Councillor Christison attended the Ōtorohanga Community Board meeting. Councillors Johnson, Tamaki and Dow attended the Elevate Economic Forum. Councillor Hughes attended the opening of the new toilets in Windsor Park. Councillor Jeffries attended discussions with the Ōtorohanga Kiwi House and joined the Kāwhia and Aotea visit by ŌDC’s Regulatory Team. He also attended the Maru Trust meeting. Councillors also attended the elected member workshop day.

Resolution Register Rēhita tatūnga

Resolved C308: That Ōtorohanga District Council confirm the removal of Resolutions C279, C285, C286, C288, C289 and C290 from the Register.

His Worship the Mayor | Councillor Hughes

His Worship the Mayor adjourned the meeting at 11.29am for a short break.

Closing prayer/reflection/words of wisdom

Karakia/huritao/whakataukī

His Worship the Mayor led the Councillors in a recitation of the karakia provided in the agenda.

Deputy Mayor Williams upon reflection of the recent Hikoī provided the following words of wisdom by Thomas Edison: “I didn’t fail a thousand times; the light bulb was an invention of one thousand steps.”

Meeting closure

Katinga o te hui

His Worship the Mayor declared the meeting closed at 11.54am.

Workshops

Hui awheawhe

- Ōtorohanga District Council logo
- Water Reform: Department of Internal Affairs perspective
- Policy Review: Class 4 Gambling Policy
- LGNZ Electoral Reform
- Te Nehenehenui Joint Management Agreement schedules
- Monthly discussion with the Chief Executive

Receipt of Minutes**Te rironga o ngā meneti**

The unconfirmed Minutes of the meetings of the Ōtorohanga Community Board meeting were not available at the distribution of this agenda. Please note the Kāwhia Community Board meeting was held after the distribution of this agenda and the Minutes for both Boards will be received at the February meeting.

His Worship the Mayor's verbal report**Te pūrongo ā-waha a te kahika**

His Worship will provide a verbal update at the meeting.

Staff recommendation

That Ōtorohanga District Council receive the verbal update from His Worship the Mayor, Max Baxter.

Information only reports**Ngā pūrongo mōhiohio anake**

DISCLAIMER: The reports attached to this Open Agenda set out recommendations and suggested resolutions only. Those recommendations and suggested resolutions DO NOT represent Ōtorohanga District Council policy until such time as they might be adopted by formal resolution. This Open Agenda may be subject to amendment either by the addition or withdrawal of items contained therein.

Item 199 Assessment of Water Services delivery on a standalone basis

To Ōtorohanga District Council

From Mark Lewis, Group Manager Engineering & Assets

Type **INFORMATION REPORT**

Date 10 December 2024



1. Purpose | Te kaupapa

- 1.1. To advise of the findings of the high-level assessment undertaken by Beca, MartinJenkins and Mafic of the viability and sustainability of Ōtorohanga District Council (ŌDC) continuing to deliver water services on a standalone basis.

2. Executive summary | Whakarāpopoto matua

- 2.1. All councils are required to prepare a water services delivery plan (WSDP) by 3 September 2025 and, as part of the development of our WSDP, we engaged Beca, MartinJenkins and Mafic to undertake an assessment of our existing water services to understand whether it will be viable and sustainable to continue to deliver these services on a standalone basis into the future.
- 2.2. A preliminary report has been prepared and the findings were presented at a workshop on 22 October 2024. In summary, the report authors conclude a standalone water service model is viable, however, ŌDC’s long-term plans for water services are likely to require further work and investment to meet the anticipated financial sustainability and regulatory requirements under the new legislative regime.
- 2.3. In addition to examining the ability of our existing arrangements to deliver water services under the government’s LWDW framework, we have also been considering a joint proposal with eight other councils (aggregated regional model).
- 2.4. Once further work on both the standalone and aggregated models is sufficiently advanced, a comparative analysis of the models will be prepared and presented to Council in February 2025. The analysis will provide a solid basis for us to select a preferred water services delivery arrangement for testing with our community.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That Ōtorohanga District Council receive the report ‘Assessment of viability and sustainability of water services delivery’ prepared by Beca, MartinJenkins and Mafic (document number 791777).

4. Discussion | He kōrerorero

- 4.1. All councils are required to prepare a water services delivery plan (WSDP) by 3 September 2025 – a one-off transitional requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024. The WSDPs demonstrate how the local authority will deliver financially sustainable water services to its customers whilst meeting regulatory requirements and supporting growth and urban development.
- 4.2. As part of the development of the WSDP for the district, we engaged Beca, MartinJenkins and Mafic to undertake an assessment of our existing water services to understand whether it will be viable and sustainable to continue to deliver these services on a standalone basis into the future. The assessment was undertaken in parallel with a collaborative process with eight other Waikato councils to investigate and design a joint water service delivery arrangement.
- 4.3. The preliminary findings of the assessment undertaken by Beca et al were presented to Council at a workshop on 22 October 2024. A written report of the findings to date is attached (refer Appendix One).
- 4.4. In summary, the report authors conclude a standalone water service model is viable, however, ŌDC's long-term plans for water services are likely to require further work and investment to meet the anticipated financial sustainability and regulatory requirements under the new legislative regime. The name 'status quo plus' has been coined to describe this adjusted model.
- 4.5. Specific matters requiring further investigation identified by Beca et al include¹:
 - i. An assessment of the adequacy of the revenue profile
 - ii. An assessment of the planned renewals programme
 - iii. Confirmation that the investment programme is sufficient to meet regulatory requirements, particularly given existing non-compliance of the Ōtorohanga wastewater treatment plant
 - iv. An assessment of the adequacy of internal resources required to deliver the 10-year capital programme
 - v. Consideration of the additional costs associated with future regulatory requirements, including the costs of complying with economic regulation.
- 4.6. The report authors caution that adjustments may be needed to ŌDC's planned operating and capital expenditure projections as a consequence of this work, and the preliminary conclusions of the report may need to be reassessed.
- 4.7. A further point to be noted is that a 'status quo plus' arrangement for water services could be configured as either a ring-fenced, internal business unit or a standalone organisation (such as a council controlled organisation). The report authors comment that additional costs² would be incurred if a standalone water entity was established and conclude that a separate water services organisation is

¹ Beca et al., Water Services Viability and Sustainability Assessment, November 2024, page 52.

² Eg. Board fees and other administrative costs.

unlikely to generate significant benefits unless undertaken jointly with other councils to achieve economies of scale.

Next steps

- 4.8. Before deciding the future water services delivery arrangement for inclusion in our WSDP, a comparative analysis of the ‘status quo plus’ and aggregated regional model is required. Once completed, the analysis will provide a solid basis for us to select a preferred arrangement for testing with our community.
- 4.9. The timeline for this work is set out in Table One below.

TABLE ONE: NEXT STEPS

Approx Date	Action
Feb/Mar 2025	Comparative analysis of options and selection of preferred option
Mar/Apr 2025	Consultation on the preferred option for the district and make publicly available the analysis of Council’s other option using the Alternative requirement: consultation process ³ .
Apr/May 2025	Decide on the future water services delivery model for inclusion in our WSDP (or combined WSDP).
May-Sep 2025	Development of WSDP (or combined WSDP).

5. Appendices | Ngā āpitihanga

Number	Title	Document number
1	Assessment of viability and sustainability of water services delivery November 2024	791777

³ Local Government (Water Services Preliminary Arrangements) Act 2024, Section 62.



Assessment of viability and sustainability of water services delivery

Final report

December 2024



Disclaimer

This report has been prepared solely for the purposes stated in it. It should not be relied on for any other purpose.

No part of this report should be reproduced, distributed, or communicated to any third-party, unless we explicitly consent to this in advance. We do not accept any liability if this report is used for some other purpose for which it was not intended, nor any liability to any third-party in respect of this report.

Information provided by the client or others for this assignment has not been independently verified or audited.

Any financial projections included in this document

(including budgets or forecasts) are prospective financial information. Those projections are based on information provided by the client and on assumptions about future events and management action that are outside our control and that may or may not occur.

We have made reasonable efforts to ensure that the information contained in this report was up to date as at the time the report was published. That information may become out of date quickly, including as a result of events that are outside our control.

MartinJenkins, Beca, and Mafic, and its directors, officers, employees, agents, consultants, and advisers, will not have any liability arising from or otherwise in connection

with this report (or any omissions from it), whether in contract, tort (including for negligence, breach of statutory duty, or otherwise), or any other form of legal liability (except for any liability that by law may not be excluded). The client irrevocably waives all claims against them in connection with any such liability.

This Disclaimer supplements and does not replace the Terms and Conditions of our engagement contained in the Engagement Letter for this assignment.



Introduction

Ōtorohanga District Council has engaged Beca, MartinJenkins, and Mafic to undertake a high-level assessment of the viability and sustainability of continuing to deliver water services on a standalone basis.

In alignment with the requirements for local authorities to prepare Water Services Delivery Plans, the Council wishes to understand whether it will be viable and sustainable for it to continue to deliver water services by itself into the future.

This assessment will inform council's decision on whether to prepare its own Water Services Delivery Plan (and continue to delivery services on a standalone basis) or, alternatively, whether to work with neighbouring councils to explore joint service delivery arrangements.

Local Water Done Well will increase expectations on councils to demonstrate their delivery of water services is sustainable

The Government's Local Water Done Well policy means councils across New Zealand will need to assess whether their water services delivery arrangements are, and will continue to be, financially sustainable over the medium- to longer-term.

Councils will also need to consider whether existing service delivery arrangements will continue to meet community expectations regarding levels of service and affordability.

Future legislation is expected to require that councils demonstrate their water services can stand on their own two feet. This means that:

- Rates and water charges are ring-fenced and only used to pay the costs of water services
- Rates and water charges generate sufficient revenue to fully-fund operating, depreciation and financing costs over the medium-term
- Investment to maintain and renew assets, meet regulatory requirements, and provide for growth can be funded and financed on a sustainable basis.

Assessing the viability and sustainability of current service delivery arrangements requires a holistic approach

We have undertaken a holistic, high-level assessment of the viability and sustainability of current service delivery arrangements, taking account of network performance, levels of service, asset condition, regulatory compliance, investment needs, financial projections, and affordability of water rates and charges.

We have undertaken this assessment against the backdrop of inflationary pressures, population changes, impacts of

climate change, and the council's financial position and borrowing capacity. Councils also need to anticipate likely future requirements from economic regulation, including the additional compliance costs this is expected to bring.

This report presents the findings from our assessment and makes some suggestions regarding matters to further consider as part of preparing a Water Services Delivery Plan for Ōtorohanga District Council.

What this report covers




1. Overview of water services
2. Assessment framework
3. Ten-year outlook – Three Waters
 - 3a. Three wates
 - 3b-d. Individual waters
4. Ten-year outlook – Rest of council
5. Implications and recommendations

01

Overview of council water services



Snapshot of water services

	 Water supply	 Wastewater	 Stormwater
Contribution to local community outcomes:	To ensure a reliable supply of safe drinking water to our communities.	To ensure efficient and reliable wastewater treatment that meets environmental outcomes.	To ensure efficient stormwater network capacity that protects from flood events.
Services:	2306 serviced properties in 2023/24	1270 wastewater connections in 2023/24	Urban areas of Ōtorohanga and Kāwhia serviced
Assets:	There are two urban water supply schemes for Ōtorohanga and Kāwhia, and four Rural Water Supply (RWS) schemes (Arohena, Tihiroa, Ranginui and Waipā), mainly for agricultural purposes.	Wastewater is provided to Ōtorohanga urban area.	Stormwater services are provided to assist in minimising environmental and flooding impacts.
Replacement asset value (RC 2023):	\$40.6 m	\$21.1m	\$18.6m
Drinking water compliance:	Yes – Ōtorohanga, No – Kāwhia and RWS		
Resource consent compliance:	Yes	No	Yes
Levels of service achieved:	Yes	Yes	Yes
Asset Condition and Renewal requirements:	Based on age, few pipes are due for replacement over the next 10 years. Limited condition information is available for pipe assets. Treatment plant assets are regularly condition assessed and programmed for renewal.	Based on age, few pipes are due for replacement over the next 10 years. Treatment plant and pump station assets are regularly condition assessed and programmed for renewal.	The stormwater network has few pipes due for renewal over the next 10 years based on age. Condition of stormwater assets has not been assessed.

Current service delivery model

Inhouse resources

Water services operations are primarily managed by the Water Services team located within the Council’s Engineering & Assets Group.

A Water Services Manager leads a team delivering

- Operations and maintenance
- Asset management
- Compliance
- Project Delivery

Outsourced delivery




- Co-Lab shared services provides sampling and analysis for water, wastewater and stormwater
- Specialist services such as electrical and mechanical repairs, backflow testing and CCTV
- Contracts for renewals and upgrades

Progress over the last three years

- Water meters were installed in Kawhia in 2023
- Council has built an additional 500m3 reservoir on Mountain View Road and 2 additional 400m3 reservoirs on the Waipā RWS to increase resilience in weather events
- Old watermains (c1930s) have been replaced
- Significant investment in Ōtorohanga wastewater began in 2021 and will continue into 2025 with 3 major wastewater network upgrades

Challenges

- Resourcing constraints, retention of experienced staff and ability to recruit new talent
- Changing standards including regulations for rural water supplies, stormwater discharge consents, and future wastewater standards
- Understanding of asset condition and critical assets
- Asset data quality
- Planning for growth

Activity	Planning & Management	Operations & Maintenance	Capital Delivery
 Water supply	Inhouse	Inhouse	Outsourced (Inhouse project management) Minor projects can be delivered internally (fitting, mechanical and electrical)
 Wastewater	Inhouse	Water sampling and Laboratory services are carried out by CoLab shared services	
 Stormwater	Inhouse	Mechanical and electrical repairs, CCTV inspections and Backflow testing external delivery	



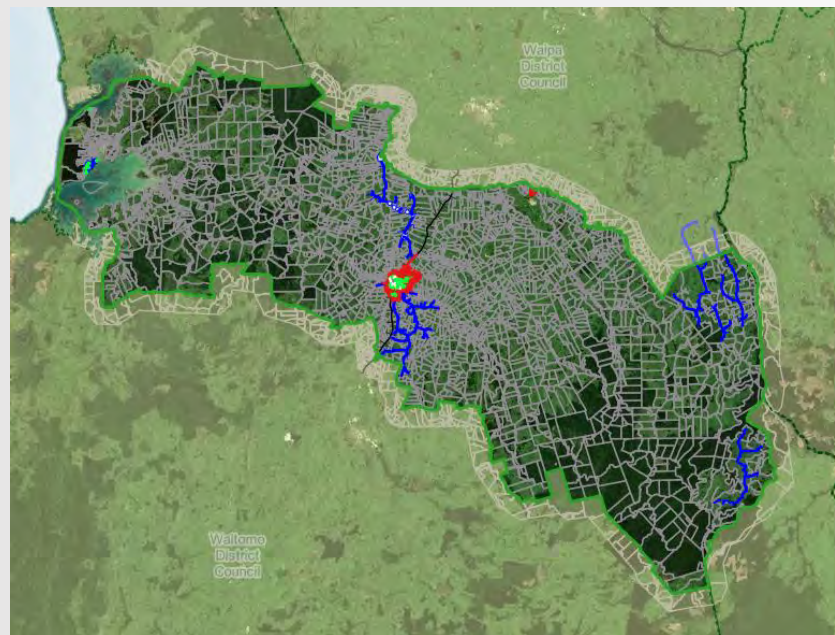
Council water networks

Water supply

The urban areas of Kāwhia and Ōtorohanga have their own water schemes – around 1500 connections in Ōtorohanga and 470 in Kāwhia – a total of 114.2 km of pipeline and 7 reservoirs (capacity 4,100m³). The Ōtorohanga water supply is drawn from the Waipā River and treated. The Kāwhia water supply is drawn from local springs and treated. The four rural water schemes collectively supply 232 properties, comprise 165 km of pipeline, and 11 reservoirs with a total capacity of 2,993m³. As water is supplied on a controlled ('trickle-feed') basis. The Waipā Scheme is supplied via the Ōtorohanga town supply, with the other schemes drawing water from local rivers/streams.

Wastewater

There are about 1400 connected properties serviced by 32km of pipeline and 16 pump stations. Wastewater is piped to the treatment plant (aerated oxidation pond) at the northern end of the town, with the treated water being discharged into the Mangaorongo Stream via a 2-hectare wetland. The Council has resource consents from the Waikato Regional Council that require the treated effluent from the wastewater system to not pollute the waterways. 53 Commercial and industrial operations that generate much larger and/or concentrated quantities of wastewater are subject to trade waste permits. Provision is available at the treatment plant for taking and treating septic tank waste.



Stormwater

The stormwater systems comprises of 12.5km of pipes and 4kms of open drains. Stormwater is directed away from properties and roads to local streams and rivers, and the harbour in the case of Kāwhia. Directing stormwater from/under roads is managed under the land transport activity area.

Asset condition

Renewals planning for pipes is determined mostly on the theoretical end of life of the asset and CCTV inspections for wastewater.

Water supply

Condition information available for the water supply assets is limited. Operations teams identify any poor condition above ground assets such as pump stations, reservoirs, pipe bridges and treatment plants. Many of the treatment plant assets are reaching the end of their useful lives and have been programmed for renewal in the next 10 years.

Based on age, very few water mains need to be replaced in the next 10 years as much of the pipework was installed in the 70's and 80's. Most pipes requiring replacement in next 30 years are made from Asbestos cement (AC). AC pipes pose a resilience problem for council as they become brittle with age and are prone to longitudinal cracking making repairs difficult.

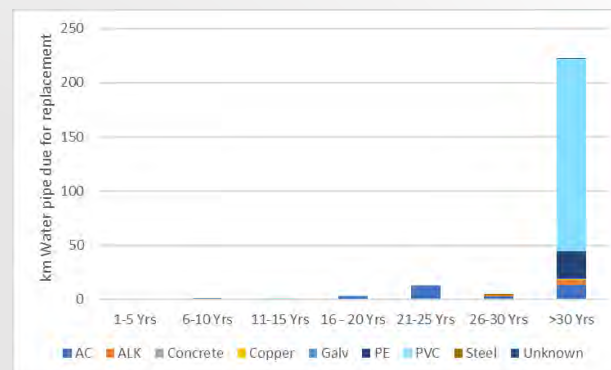
Wastewater

Most of the wastewater pipes have been condition assessed with CCTV. Critical assets such as pipe bridges, pump stations and treatment plants have condition assessments completed regularly. Within the network few wastewater pipes are due for replacement based on age but 15km of Earthenware (GEW), steel and AC pipe are expected to require replacement in 11-15 years time.

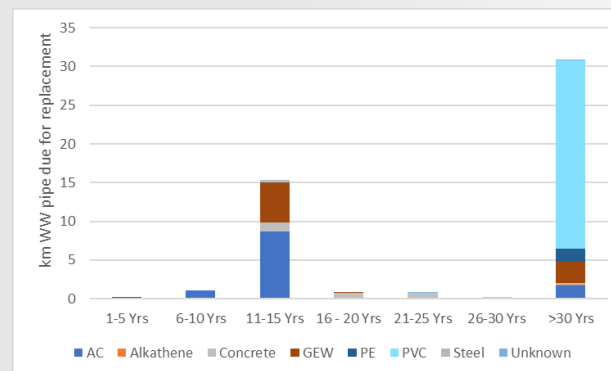
Stormwater

The stormwater network is the newest of the three waters, with minimal pipe reaching the end of its life over the next 10 years. There is some missing information on the condition and material for the stormwater assets. Most of the pipe network is concrete.

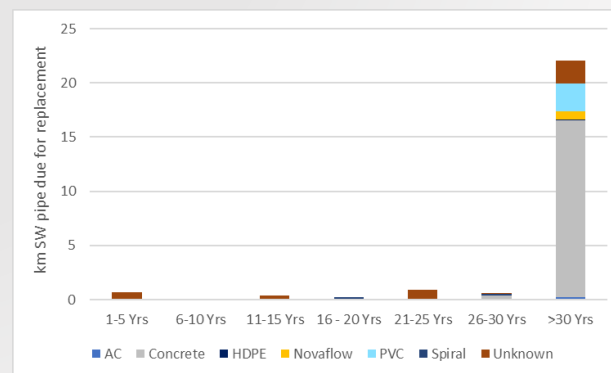
Water supply Pipes



Wastewater Pipes



Stormwater Pipes



Asset maintenance and renewals

Renewals strategy

Renewal is major work which does not increase the asset’s design capacity but restores, rehabilitates, replaces or renews an existing asset to its original capacity. Council developed a process to prioritise and programme asset renewals. Key information considered and key steps undertaken in this process are summarised below:

The information within AssetFinda (e.g., the remaining life)

- Site inspection
- Condition assessment
- Risk and criticality assessment
- Develop a renewal list
- Develop renewal budgets using replacement values in AssetFinda

Verifying, correcting and improving the data contained in the AssetFinda programme has enabled staff to align renewal budgets with long run averages in a scientific manner this improving budgeting accuracy and confidence levels.

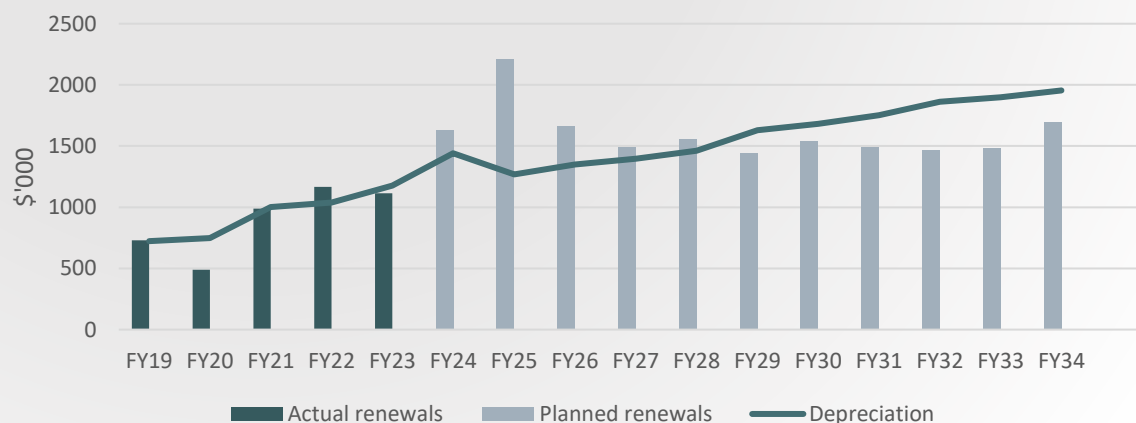
In the longer term, it is expected that the renewal profile will increase as assets built in the 1960’s and 70’s require

replacement. Detailed forecasting ceases in the longer term around FY35, defaulting to a financial allowance for renewals.

Renewals and depreciation

While renewals investment requirements are lumpy over time, reflecting the uneven pattern of historic development and specific treatment plant renewals, over the longer-term it is expected that renewals investment should be in line with the level of depreciation expense. An increased level of water and wastewater mains renewals is budgeted in FY25 for Otorohanga related to the water and wastewater mains programme.

Renewals and depreciation - Three waters



Drinking water standards compliance

Council has invested into getting the urban drinking water plants capable of meeting compliance with the Drinking Water Quality Assurance Rules. Further investment is needed into 2 rural plants to meet Protozoal requirements. Registered supplies must provide evidence that they are meeting the rules which involves collecting data from water treatment plants and samples from plants and the networks.

Ōtorohanga/Waipā and Kāwhia Water Treatment Plants: Continual improvement on the operations and monitoring of the plants to meet compliance. There are occasional non-compliance with Water Quality Assurance Rules for the plants and zones generally due to operational issues and monitoring not meeting requirements. For the 2023/24 year, Otorohanga WTP was reported as complying with Part 4 Bacterial and Part 5 Protozoal requirements of the Drinking Water Quality Assurance Rules and Kawhia WTP was reported as non-compliant with both Part 4 and Part 5.

Arohena Rural Water Scheme : Council has been directed by Taumata Arowai to get the Arohena scheme Huirimu and Kahorekau water treatment plants up to Protozoal compliance as currently they are not able to comply. Council cannot afford major upgrades at this time and will leave the schemes under permanent boil water notice until some further investigation is carried out to see how the plants can reach compliance. An estimated capital cost for the upgrades is \$1-2M and higher operational costs are expected due to additional chemicals and operator input.

Tihiroa Rural Water Scheme: Council is completing improvements to meet compliance.

Ranginui Rural Water Scheme: Scheme de-registered as for stock water only

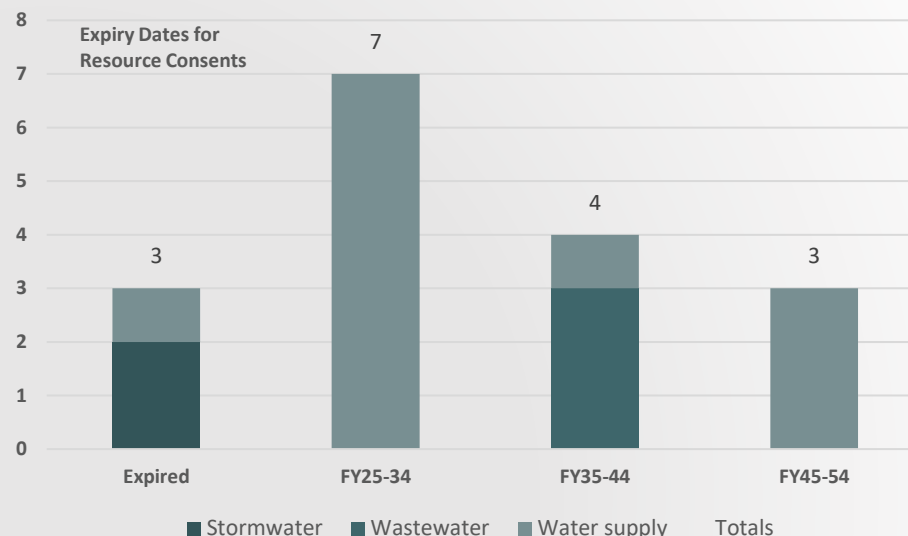
Resource consent compliance

Ōtorohanga currently has 15 consents across the district for three waters.

There are 2 consents associated with the stormwater activity which are in the process of being renewed. The new stormwater consents may require a more holistic management and consideration of stormwater quality and quantity, and potentially more monitoring.

There are 5 consents associated with the treatment of wastewater including the discharge of treated wastewater to land and water, odour and other civil works. An abatement notice was recently received for the WWTP. As required by the Regional Council an improvement plan has been prepared and is funded within the 2024/34 LTP. Work includes investing in desludging of the main pond, installation of a grit removal system on the inlet structure and mechanical clarification to replace the coagulation ponds.

There are 8 consents associated with the abstraction of water and discharge of treated backwash water (created from the treatment processes), 1 water consent is currently being renewed. 7 water consents are due for renewal in the next 10 years and budgets are allocated for this. Non-compliance with consent conditions relates mostly to low risk matters such as recording of data.



	Non-compliant (low risk)	Non-compliant (moderate risk)	Partial compliance	Compliant	Total
Water supply	4	2	0	2	8
Wastewater	0	1	0	4	5
Stormwater	0	2	0	0	2
Total	4	5	0	6	15



Service levels —customer complaints

Service levels are measured across each activity by recording the number of complaints per year alongside the time it takes for Council to respond and resolve service issues.

Customer complaints

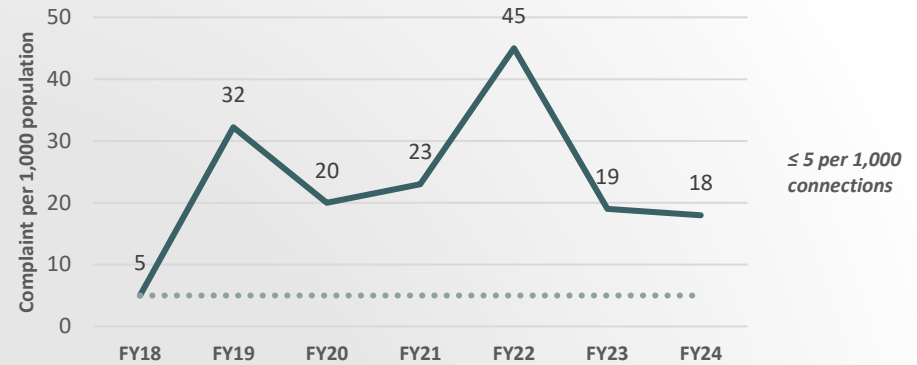
Customer complaints are measured by the total number of complaints received per 1,000 connections.

Water supply: Overall customer complaint levels are consistently higher than the target. Investment in mains renewals is underway to reduce complaints related to breaks. Many of the complaints are related to water quality and pressure which are often resolved via flushing or repairs.

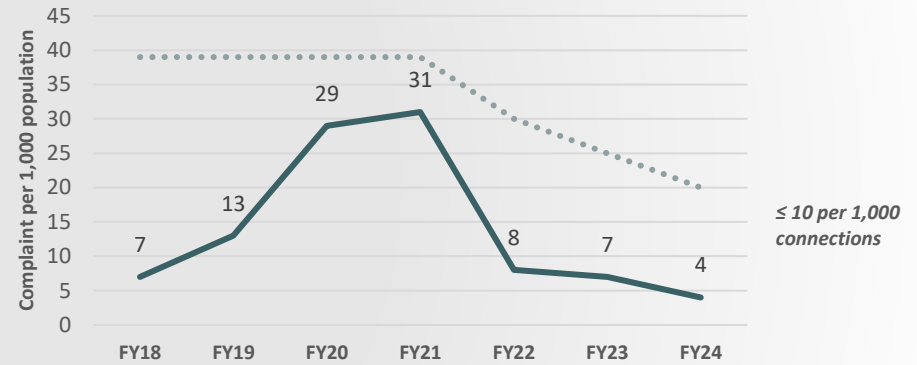
Wastewater: Odour, system faults and response to issues were all within the target acceptance levels and improved in recent years.

Stormwater: The number of complaints are within the target acceptance levels.

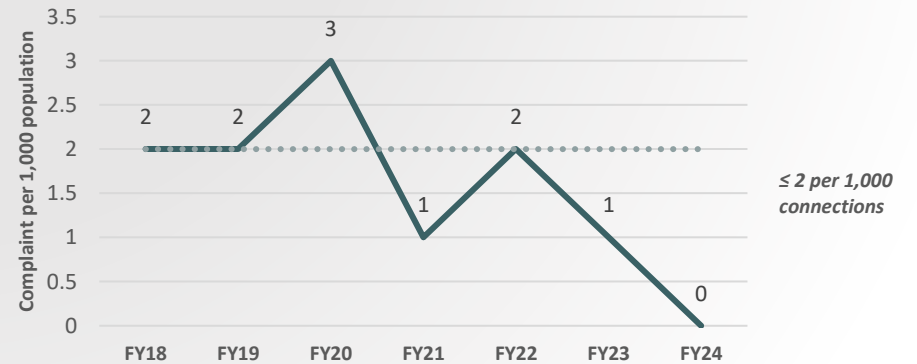
Water Supply: Customer complaint rate vs target



Wastewater: Customer complaint rate vs target



Stormwater: Customer complaint rate vs target



Service levels —customer resolutions

Response times

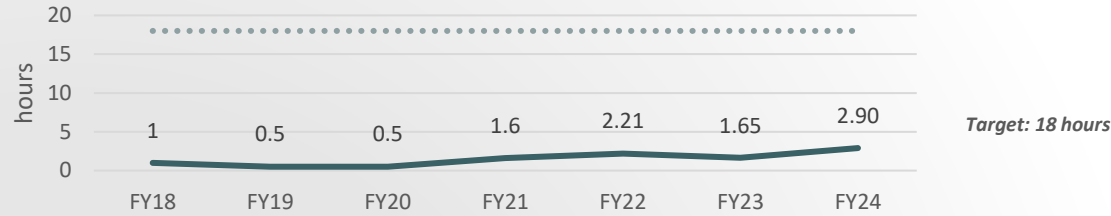
Response times are measured by the time it takes for Council to respond, attend and resolve service issues. Many faults can be resolved immediately such as minor repairs, removing blockages or flushing to resolve water quality issues.

Water supply: Response and resolution times are measured for both urgent and non-urgent callouts. Urgent callout resolution times are relatively stable. Non-urgent call outs remain variable reflecting the large area covered by the rural water supplies.

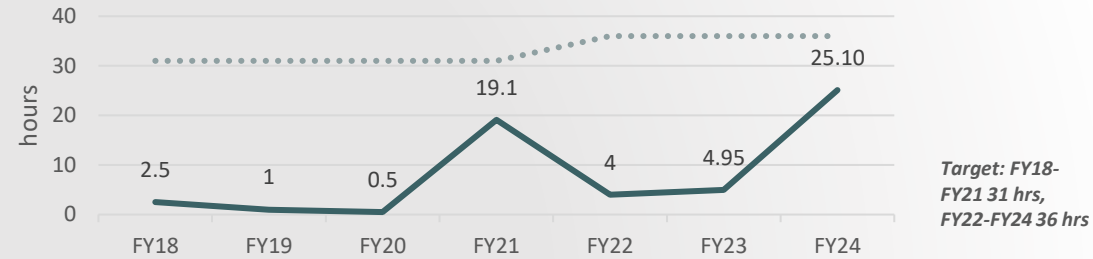
Wastewater: Wastewater urgent fault resolution times are well within the target.

Stormwater: Stormwater attendance response times are only reported during flooding events, of which there has been none recorded over the last six years.

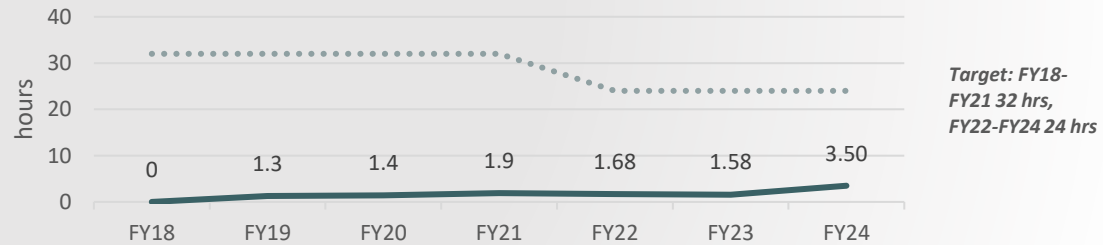
Water Supply (urgent): Resolution time vs target



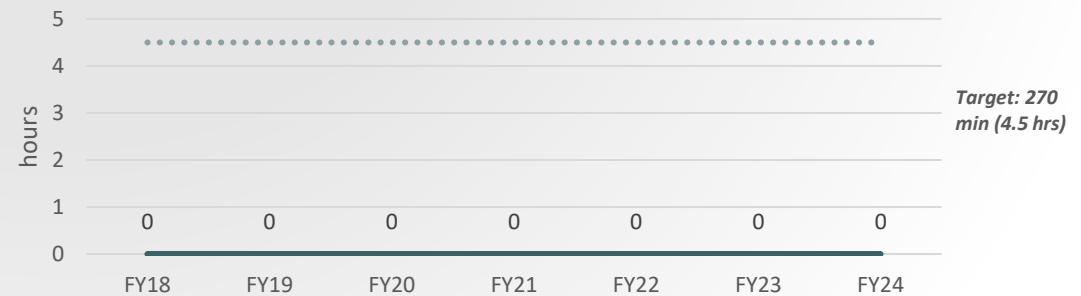
Water Supply (non-urgent): Resolution time vs target



Wastewater (urgent): Resolution time vs target



Stormwater: Resolution time vs target



Network performance and usage — water supply

Water supply performance

Performance of the water supply network is measured by unplanned service interruptions, leakage and water usage.

Unplanned interruptions to supply

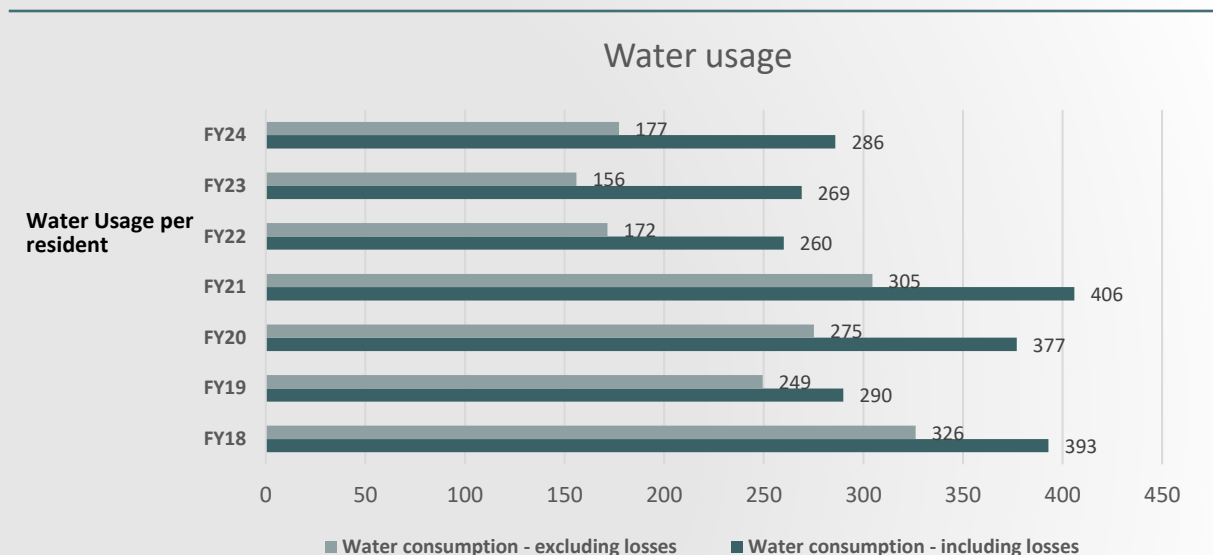
These are not currently recorded by ODC.

Water usage

Water meters were installed in 2016 in Otorohanga and 2023 in Kawhia. Water usage in Otorohanga is showing a significant reduction in the last 3 years. This is good performance compared to other communities in New Zealand. Kawhia water consumption is expected to fall with the metering change. Rural water supplies are not included in this parameter.

Water loss

Water loss is measured by % real water loss. The calculated real water losses are only calculated for urban areas and have been variable. Leakage in Otorohanga was calculated as 38% in Otorohanga for 2023/24 while only 11% for Kawhia. Leak detection is planned to identify what is causing the high water loss in Otorohanga.



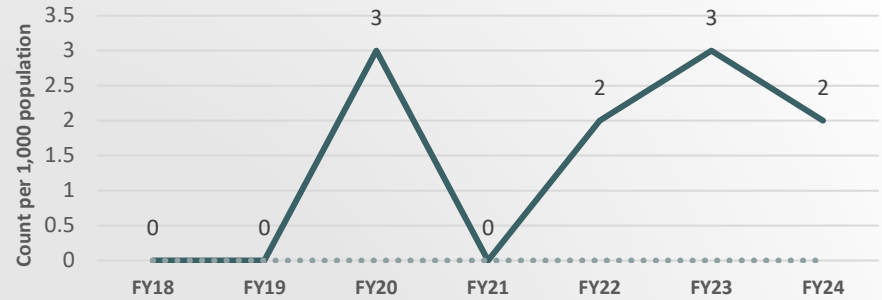
Network performance —wastewater and stormwater

Wastewater and stormwater network performance are measured in terms of overflows, blockages and flooding:

- **Wastewater overflows:** Overflows remain low but above the zero target.
- **Wastewater blockages:** The number of complaints about wastewater per 1,000 connections has improved in recent years and remains within targeted levels.
- **Stormwater flooding:** There have been no stormwater flooding events within the last six years.

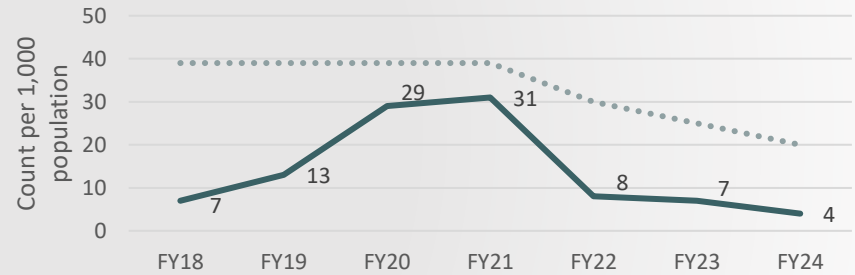
Wastewater: Overflows

Number of dry weather sewerage overflows per 1,000 connections



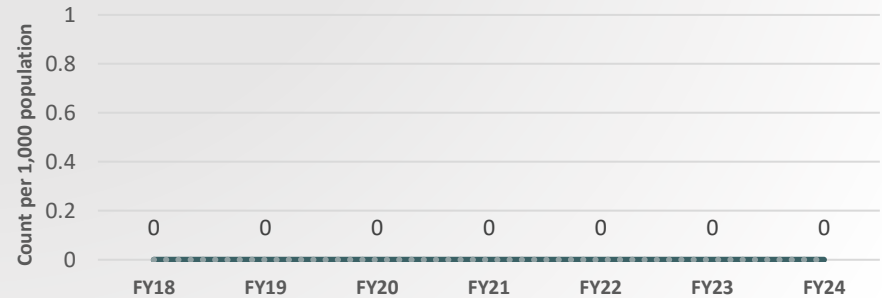
Wastewater: Blockages

Total number of complaints about wastewater per 1,000 connected properties



Stormwater: Flooding

Habitable floors flooded in the occurrence of a flooding event (FY18 and FY23)



Community supplies—obligations of local authorities

Councils are required to assess water services in its district, and to ensure safe drinking water is provided

Part 7 of the Local Government Act 2002 requires local authorities to undertake assessments of water and sanitary services every three years. The first assessment is required by 1 July 2026.

Assessments are required to cover both council and non-council water supplies (excluding domestic self-suppliers).

Each water supply assessment must:

- Identify each community that receives a drinking water service
- Describe the nature of existing drinking water services to the community
- Describe the safety and quality of drinking water currently being supplied
- Identify and assess any public health risks
- Assess the consequences if the community loses access to drinking water services in the future, or is provided with services that are deficient
- Outline a plan to provide for the community's ongoing access to drinking water services.

For wastewater, stormwater and other sanitary services (public toilets and cemeteries), the assessment relates to services available to communities within the district but

does not relate to individual properties. The sanitary assessment includes assessing the adequacy of these services from a public health perspective and includes risks from absence or deficiency of services; service quality, current and estimated future demands and actual and potential consequences of wastewater and stormwater discharges within the district.

Responsibilities if community supplies develop problems

If a private or community supplier faces a significant problem with any of its drinking water or sanitary services, and if required by Taumata Arowai, the council must work with the supplier, the community, and Taumata Arowai to identify a solution to the problem.

Community supplies in the South Waikato District

There are no large-scale community supplies within the Ōtorohānga District. Assessments for marae, papakainga, etc may be required. The Kawhia community has provided feedback that a community scheme is unaffordable.

Risks and challenges over the next 10 years –

Understanding condition of water network to optimise renewals, consistently meet levels of service and reduce water loss

Continuing the programme to reduce unaccounted for water (including leakage)

Stormwater resource consents renewals – potentially increased requirements to improve quality or monitor effects

Abatement notice for Otorohanga WWTP – identifying and implementing a cost effective solution to reliably meet consent conditions and manage sludge levels

Compliance of Rural Water supplies and Kawhia supply with NZDWS and Water Quality Assurance Rules

Ability to attract and retain key resources, particularly if other employers in the region become more competitive e.g. future shared delivery organisations / CCOs

Improving resilience to climate change through renewals and capital programme

02

Assessment framework

Key elements of Local Water Done Well

The Government's Local Water Done Well policy will significantly change the operating environment for water services in New Zealand.

New regulatory requirements, coupled with new structural and financing tools, will lead to significant changes in service provision over time, including the adoption of new service delivery models.

WATER SERVICES PLANS

Plans will need to show how councils will meet water quality and infrastructure rules, while being financially sustainable

Plans need to include asset and financial information, investment required and proposed service delivery arrangements



FINANCIAL SUSTAINABILITY

Plans will need to show that:

- Water revenue is sufficient to cover maintenance, financing costs and depreciation
- Planned capital investment is sufficient to meet regulatory requirements and provide for growth
- Available financing does not constrain investment required to support service delivery



NEW STRUCTURAL AND FINANCING TOOLS

Future legislation, to be introduced later in 2023, is expected to provide for a range of structural and financing tools, including a new type of financially independent council-owned water organisation.

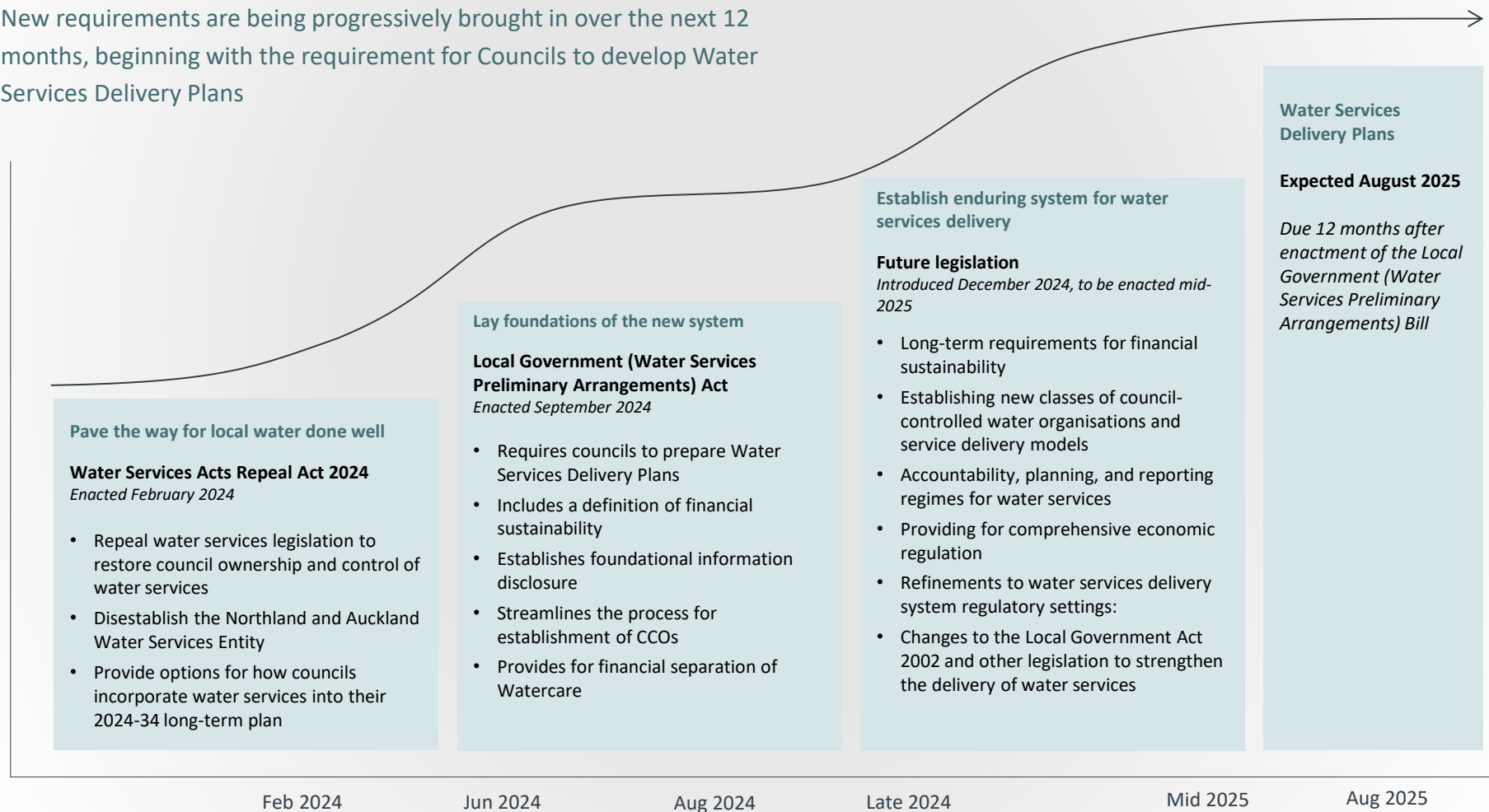


NEW REGULATION

Legislation will set out long-term requirements for financial sustainability and provide for economic regulation. This will include requirements for councils to ring-fence their water services from other council activities and will include new information disclosure and reporting requirements.

Legislative timeline

New requirements are being progressively brought in over the next 12 months, beginning with the requirement for Councils to develop Water Services Delivery Plans



Water Services Delivery Plans

Required content

Water services delivery plans will be required to include a description of:

- The current state of the water services network, including current levels of service, asset condition and lifespan, the asset management approach being used, and any issues, constraints or risks impacting on the delivery of water services
- The water infrastructure needed to meet regulatory requirements and provide for population growth
- The operational and capital expenditure required to deliver water services
- Financial projections including:
 - The operating costs and revenue required to deliver water services, including how that revenue will be separated from the territorial authority's other functions and activities
 - Projected capital expenditure on water infrastructure
 - Projected borrowing to finance the delivery of water services.
- The anticipated or proposed model for delivering water services, including what the local authority proposes to do to ensure water services delivery will be financially sustainable by 30 June 2028.

Planning horizon

Water services delivery plans will be required to cover a period of not less than ten financial years, starting with the FY25 financial year.

Local authorities are not restricted to covering only 10 years in their plan.

Many local authorities have submitted that a 30-year horizon is more appropriate for assessing sustainability of water services given the long-asset lives and investment cycles. Future regulatory requirements are expected to drive higher costs, with many of these costs likely to be faced beyond the current LTP period. It is therefore prudent to also viability and sustainability over both a 10 year and 30-year time horizon.

Assessing viability and sustainability

Two concepts in the Bill are central to the assessment of viability and sustainability:

- Ring-fencing
- Financial sustainability

Ring-fencing

Ring-fencing rules will require revenue from water services to be separated from the territorial authority's other functions and activities, with the expectation that water services will 'stand on their own two feet'.

The requirement to ring-fence revenues is expected to be accompanied by a requirement for local authorities to prepare a full set of financial statements for each water

activity group, and for water activities combined, in addition to the current requirements to prepare prospective and actual funding impact statements.

Financial sustainability

The Local Government (Water Services Preliminary Arrangements) Bill defines financial sustainability as meaning:

- The revenue applied to the delivery of water services is sufficient to ensure the local authority's long-term investment in delivering water services, and
- The local authority is financially able to meet all regulatory standards and requirements for the delivery of water services.

The first part of that test relates to revenue sufficiency and the second part relates to investment sufficiency.

In addition, councils should also consider financing sufficiency and affordability when considering the viability and sustainability of their current service delivery model.

How we approached the assessment

Operating context

- In-house service delivery for operations and maintenance and some projects
- All water supplies metered
- Limited growth
- Relatively stable renewals profile, with most assets half-way through useful life
- Performance generally stable and meeting targets
- Project to address Otorohanga WWTP non-compliances
- Upgrades required for Arohena RWS to provide Protozoal barrier and meet DWS

Service levels

Network performance

DWS compliance

RM consent compliance

Customer service

Cost drivers

Asset age and condition

Improved levels of service

Growth

Asset revaluations

Borrowing

Operating costs

Financial projections

Revenue and expenses

Investment

Borrowing

Other capital funding

Viability and sustainability assessment

Revenue sufficiency

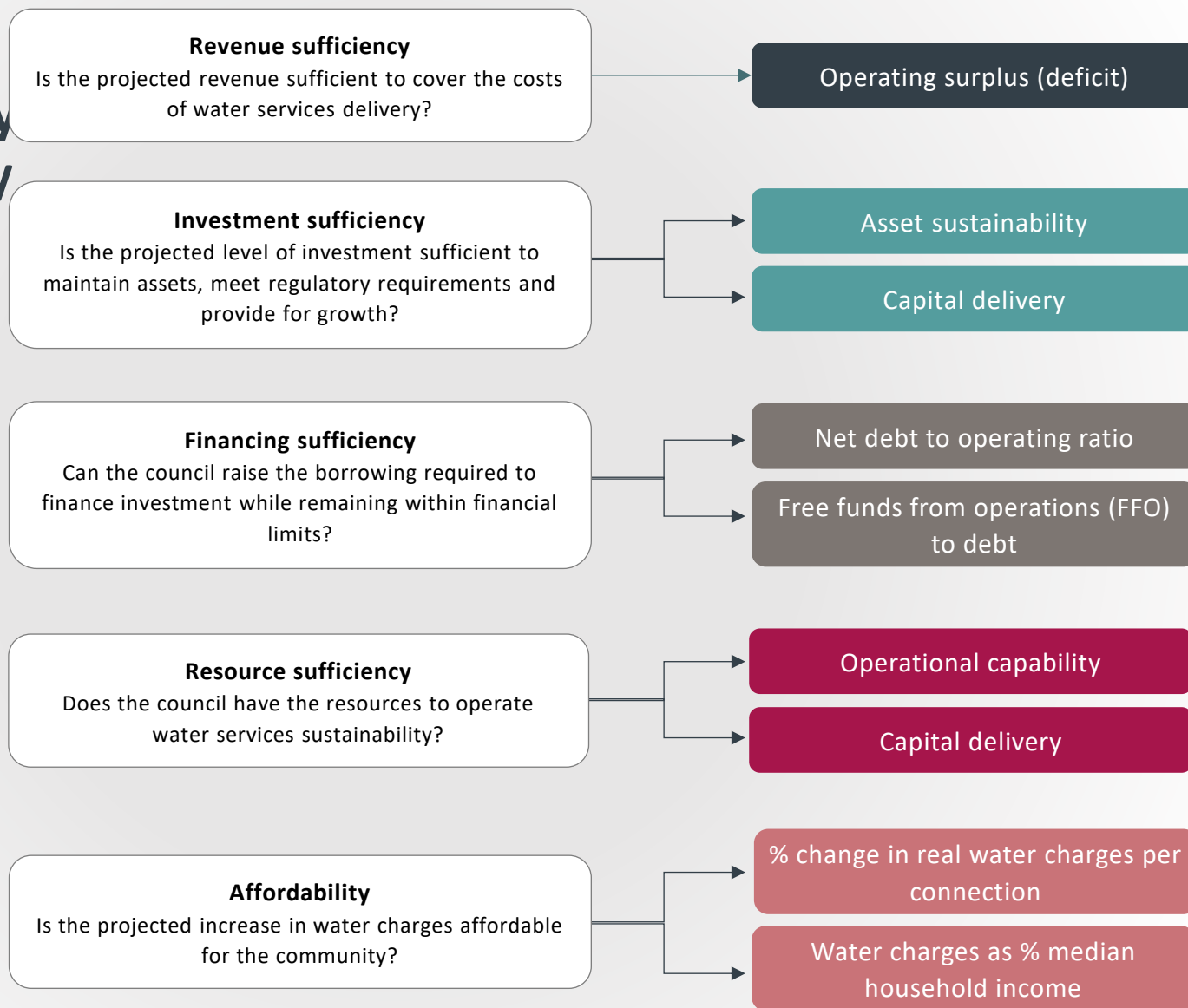
Investment sufficiency

Financing sufficiency

Resource sufficiency

Affordability

Criteria for assessing viability and sustainability



Viability and sustainability measures

Operating surplus (deficit)

Operating surplus (deficit) measures the surplus (deficit) remaining after deducting all operating costs (including depreciation and interest) from operating revenues. Operating revenues include general and targeted rates, fees and charges but excludes sources of capital funding (e.g., financial and development contributions and any capital subsidies).

Asset sustainability

Asset sustainability measures the ratio of capital expenditure on renewals to depreciation, which indicates whether assets are being adequately maintained (when assessed over the long-term).

Capital delivery

Capital delivery is an historical measure of the gap between actual and planned capital expenditure, which is a proxy for whether future capital expenditure is likely to be delivered.

Net debt to operating ratio

Net debt to operating revenue measures the level of debt (net of any cash reserves) relative to operating revenue, which is an indication of the degree to which borrowing is supported by revenue over time. Local authority debt limits and financial covenants usually refer to this ratio.

Free funds from operations (FFO) to debt

FFO to debt and EBITDA are two of the core financial ratios used by credit rating agencies when assessing the financial strength and credit quality of standalone water organisations.

FFO to Debt: This ratio shows how much of the council's cash flow from operations (FFO) is available to cover its debt, indicating its ability to repay.

EBITDA to debt

EBITDA to Debt: It compares the council's earnings (before interest, taxes, depreciation, and amortisation) to its debt, helping to assess how comfortably it can manage its debt payments.

Real charges per water connection

Real charges per connection indicates the extent to which water charges are required to increase over time to achieve revenue sufficiency, measured in today's dollars.

Water charge % median household income

Charges as a percentage of median income indicates the proportion of median household income required to pay for water charges, which can be assessed with reference to affordability benchmarks.

3a

Three waters services

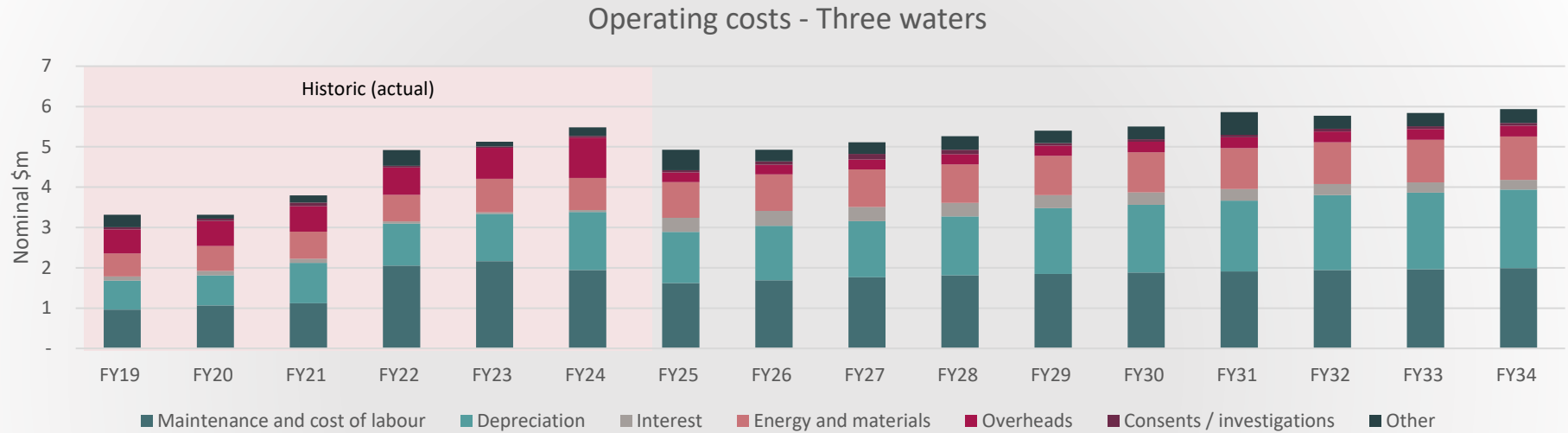
Revenue
sufficiency

Investment sufficiency

Financing sufficiency

Affordability

Three waters operating expenditure



Last six years

Over the past six years, the cost of operating water services has increased by 65%, rising from \$3.3 million to \$5.5 million. Key factors include escalation in maintenance and labour costs (+103%), depreciation (+99%), overheads (+69%), and energy and materials (+39%).

Despite higher borrowing and rising interest rates, finance costs fell by 55%. This appears to be driven by internal borrowing costs being subsidised, with the implied interest rate moving down from 6.57% in FY19 to 1.38% in FY24.

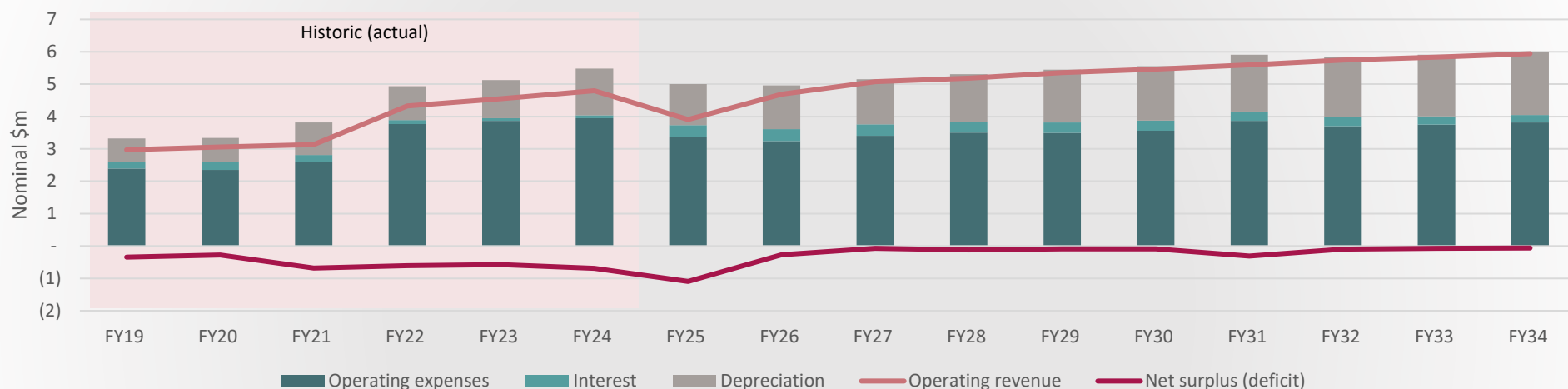
Outlook

Looking ahead, operating costs are expected to decrease by an average of 1.6% per year over the next decade. However, interest costs are set to rise sharply between FY24 and FY25. This is due to a 35% increase in debt and a rise in interest rates from 1.38% to 3.87% which remain below LGFA borrowing rates. As a result, interest costs are projected to grow by 14.9% per year, after adjusting for inflation. Despite this, the interest rate for FY34 is expected to fall to 2.1%, suggesting that subsidised interest continues.

The council should carefully consider this outlook in light of the incoming ringfencing requirements. Ongoing interest subsidies would result in financial trade-offs for other council activities, which should be weighed carefully and are unlikely to be consistent with future ring-fencing requirements. Operating expense projections should be reassessed during the development of the Water Services Delivery plan to ensure long-term sustainability.

Three waters revenues and operating balance

Revenues and expenses - Three waters



Revenues

Revenues for water services are projected to grow by 24% over the next ten years, from \$4.79 million to \$5.94 million. However, in real terms, this represents an annual decrease of -0.3%. This indicates that the council is expecting its cost base for three waters to grow at a rate slower than anticipated inflation. This assumption should be tested as there are more assets (with consequential operating costs implications) being added to the three waters network.

Operating surpluses (deficits)

Operating surpluses are expected to persist throughout the forecast period, with a substantial deficit in FY25 of around -28%, which moderates to a smaller deficits of around -1% to -2% of revenue for the remainder of the forecast period.

Cumulative losses are expected to reach \$2.28 million over the next decade, equivalent to 4% of revenue. This should be considered further by council as part of its Water Services Delivery Plan, as the base year for this analysis (FY25) is lower than any year in the FY22-FY24 period.

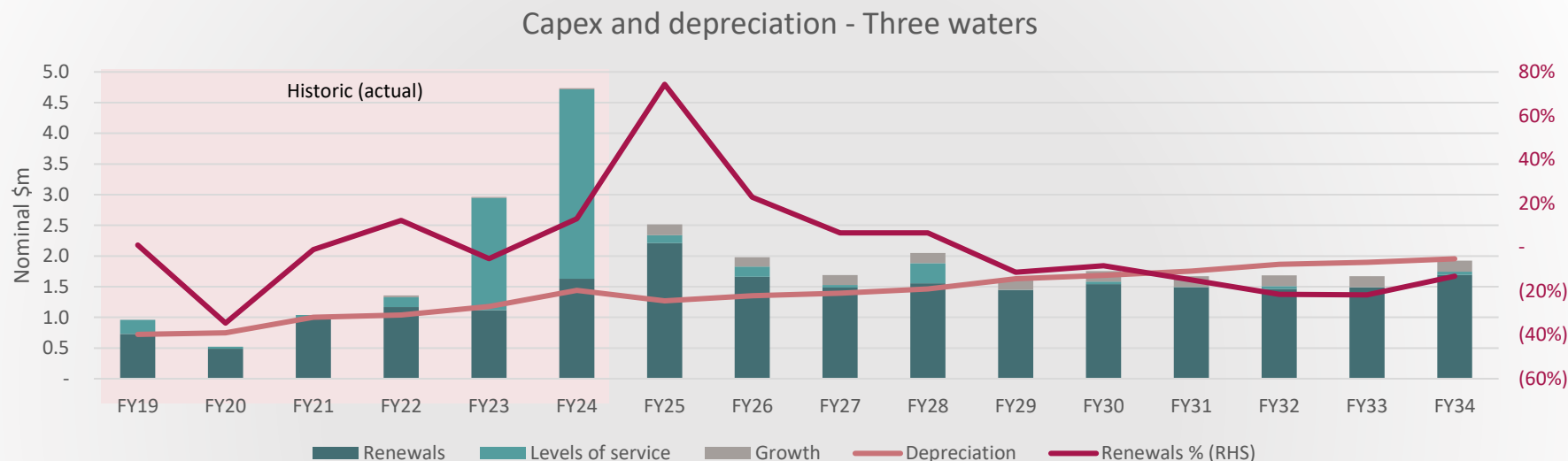
Revenue sufficiency

The council's long-term plan financial projections appear proximate to the expected future requirement for revenue sufficiency over the LTP period. However, adjustments will be needed to address ongoing deficits, and the likely need to increase operating and capital expenditure as additional operating and capital cost pressures noted elsewhere will place further downward pressure on revenue sufficiency.

This conclusion is preliminary, based on our high-level assessment of the long-term plan projections, and should be further examined as part of preparing the Water Services Delivery Plan.

Three waters capital expenditure

Investment sufficiency



Capital delivery

The council has invested \$11.6 million in three waters assets over the past six years, compared to a planned investment of \$16.2 million, achieving an overall delivery rate of 72%. Notably, 41% of the capital was delivered in FY24 alone. The increased expenditure on levels of service was part of the 2021-31 LTP accelerated investment profile to address non-compliance with drinking water standards; risk of water/wastewater system failure; and insufficient water/wastewater infrastructure capacity to support growth.

Capital expenditure plans

Over the next ten years, the council plans to invest \$18.5 million in three waters assets. While this is similar to the average investment level over the past six years, it represents a reduction in real terms when inflation is considered.

Investment remains relatively stable over the LTP period, but may be insufficient. For instance, the wastewater treatment plant is non-compliant, and additional expenditure may need to be included in future capex plans to address this, and may have operating cost and

revenue implications to service additional borrowings.

Depreciation and renewals

Over the past six years, actual renewal spending aligned with depreciation expense, although the spending was inconsistent. Over the next decade, the council plans to spend \$16 million on renewals, which represents a marginal shortfall of 1% compared to the depreciation expense.

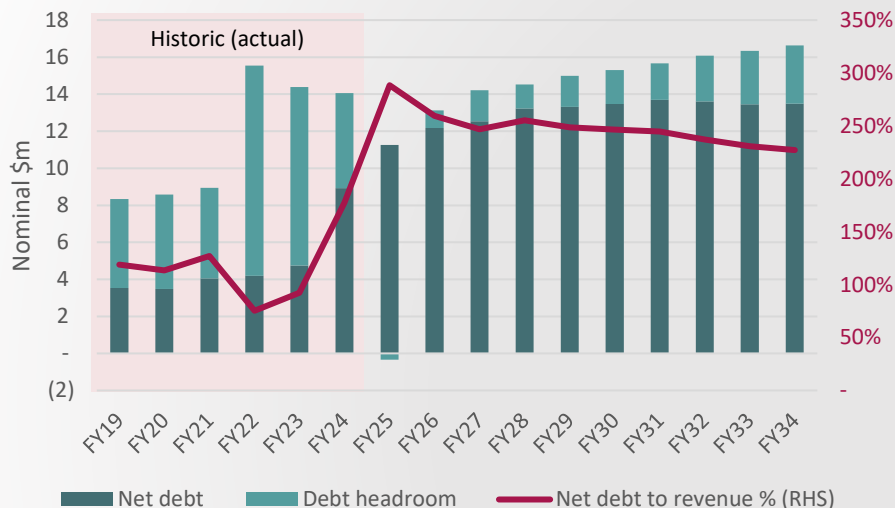
Increased spending on renewals in FY25-FY26 reflects a 'catch-up' on deferred investments from the prior LTP period.

Wastewater renewals investment is projected to exceed depreciation by 24%, while stormwater renewals investment falls short, covering only 63% of the \$2.4 million depreciation expense but is due to few stormwater assets being due for replacement in the next 30 years based on age.

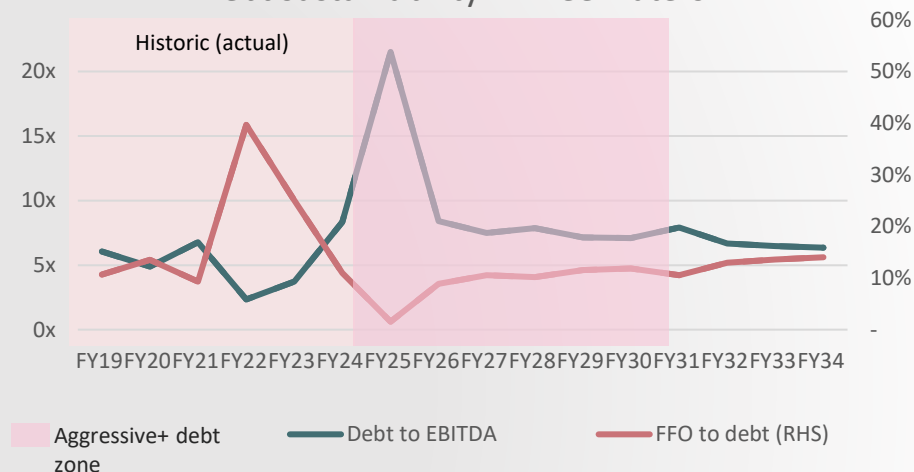


Three waters borrowing and financing sufficiency

Net debt to revenue - Three waters



Debt sustainability - Three waters



Borrowing

Water services borrowing (both internal and external) has increased from \$3.1 million to \$6.7 million over the last six years. Borrowing is expected to grow by another 35% in FY25, reaching \$9 million, and peak at \$11.5 million in FY31. Cash reserves are forecast to stabilise, though in deficit, at \$2.2 million, affecting net debt.

Net debt to revenue

Net debt to revenue rose from 119% in FY19 to 178% in FY24, despite dipping to 75% in FY22. Over the next decade, this ratio is expected to peak at 288% in FY25, before decreasing to around 227% by the end of the LTP period. Water activities generally operate with higher leverage due to their capital-intensive nature, and the current level of net debt appears within a typical range. However, debt sustainability may come under pressure with additional capex and if water charges are not increased.

Debt sustainability

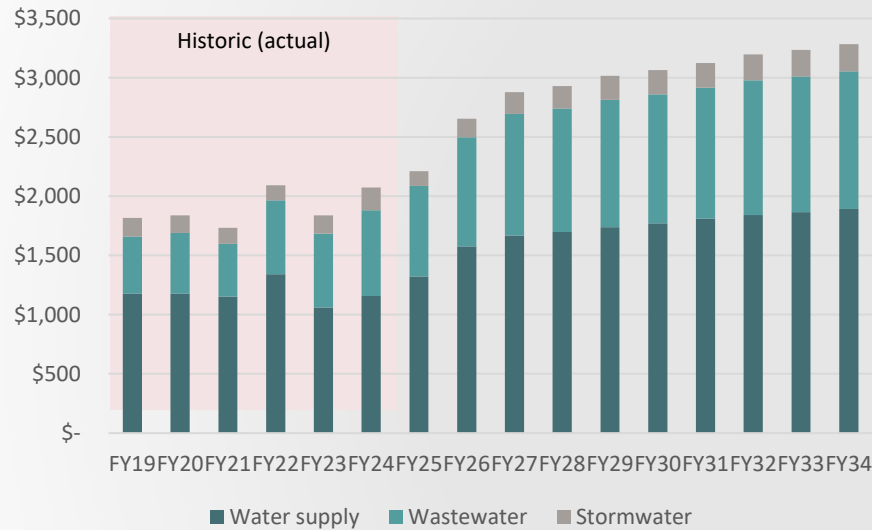
The Funds from Operations (FFO) to net debt ratio has fluctuated between 9% and 40% over the past six years, with a projected drop to 2% in FY25, before recovering to 14% by FY34. Industry benchmarks suggest that a ratio between 9% and 13% reflects aggressive leverage, while 23% to 35% indicates a more moderate debt level.

The Debt to EBITDA ratio is expected to spike from 8.3x to 21.5x this year, then decline to 8.4x in FY26 and gradually reduce to 6.3x by FY34. A ratio above 5.5x is generally considered highly leveraged. Overall, the council's debt profile reflects a highly leveraged position throughout the LTP period, requiring ongoing attention to ensure long-term debt sustainability.

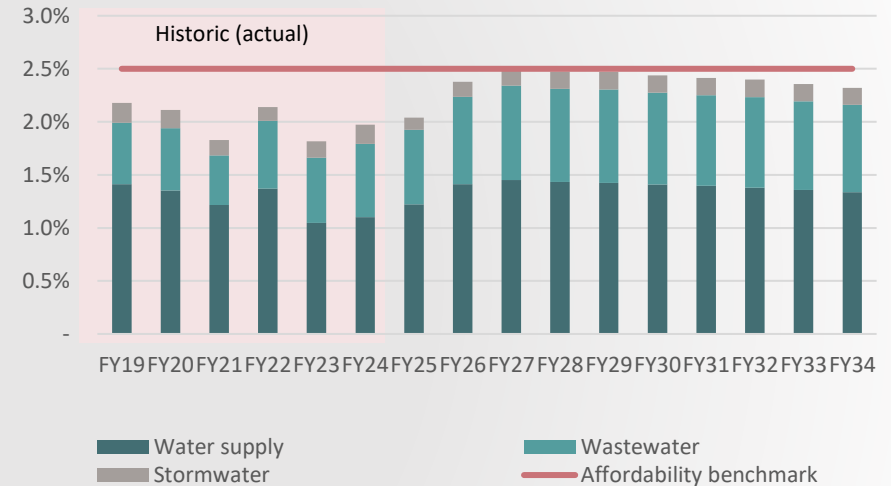
Three waters affordability

Affordability

Water rates per connection (incl GST)



Water rates per connection (incl GST)
(% of median household income)



Average water rates per connection

Total water charges per connection are projected to increase by \$1,208 per connection, from \$2,074 in FY24 to around \$3,282 per connection by FY34.

When expressed in today's dollars, this represents a real increase of \$517 per connection.

Water rates as a % of median household income

The increase in water charges is estimated to increase average spending on water services per connection from 1.97% of the median household income in FY24 to 2.32% by FY34.

Affordability of water charges

A common international benchmark for water affordability is total annual user charges divided by median household income. Using this measure, a threshold value of 2.5% of median household income is typically used to indicate when water charges are beginning to become unaffordable.

Based on the financial projections in the council's long-term plan, this threshold is not expected to be breached over the LTP period.



Ōtorohanga Water Activities credit rating (S&P)

Credit rating

Overview

The credit rating of the water activities when looked at on a standalone basis will be determined by the scale of the entity, the newness of the economic regulation, the entity's financial metrics and the links to the parent council(s)

LWDW structures

There is a trade-off between structures where the financial position of the water entity continues to impact council's credit rating (inhouse, single-council water organisation or multi-council water organisation with parent guarantee) and structures that no longer impact council's credit rating, if established and managed appropriately (ie multi-council water organisation without parent guarantee or Consumer Trust owned)

1 Competitive position

Uncertainty regarding the incoming economic regulatory regime means it is likely that S&P would assign a strong/adequate

regulatory advantage assessment (rather than strong) - as a result, the medial volatility table would apply (which requires higher core ratios)

2 Business risk

Although other NZ regulated utilities are considered to have an 'excellent' business risk profile, a new water entity is expected to be assessed as 'strong' until regulation is established

3 Financial risk

Financial risk profile is assigned based on where a new water entity is expected to sit within core financial ratios over the next 3-5 years – the FFO/debt ratio is in the 'aggressive' band initially

4 Government support

The government support assessment shown assumes the water entity is structured as a multi-council water organisation without parent guarantee or Consumer Trust owned and the potential uplift is based on links to the Crown

Scenario	1	2	3	4
Country risk	Low risk			
Industry risk	Very low risk			
1 Competitive position	Strong		Satisfactory	
2 Business risk	Excellent		Strong	
3 Financial risk	Significant	Aggressive	Significant	Aggressive
Modifier	None			
Standalone rating	a-	bbb	bbb	bb+
4 Government support	Very high			
Issuer credit rating	AA-	A	A	BBB+

In order for the water entity to achieve an investment grade standalone credit rating (i.e., before notching for government support), the water entity needs to achieve either an "Excellent" business risk profile or remain within the "Significant" financial risk profile core ratio bands

Ratio	Significant	Aggressive
FFO/Debt (%)	13 - 23%	9 - 13%
Debt/EBITDA (x)	3.5 - 4.5x	4.5 - 5.5x

Otorohanga 3W entity	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
FFO / Debt	2%	9%	11%	10%	12%	12%	11%	13%	14%	14%
Debt / EBITDA	21.5x	8.4x	7.5x	7.9x	7.2x	7.1x	7.9x	6.7x	6.5x	6.3x

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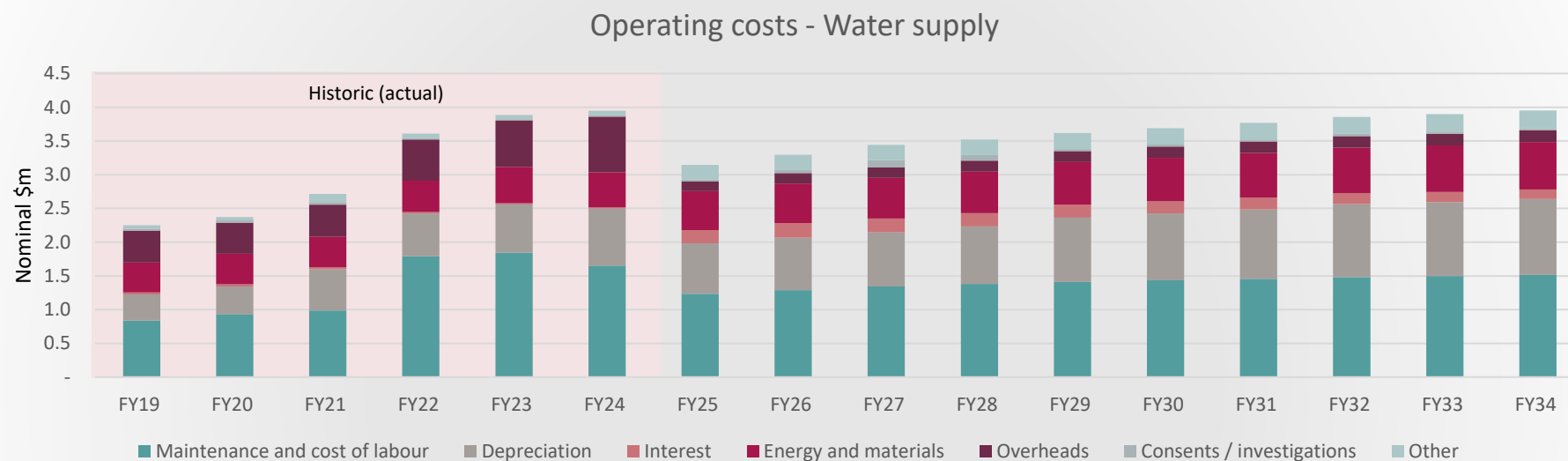
Water supply services

Revenue
sufficiency

Investment sufficiency

Financing sufficiency

Water supply operating expenditure



Last six years

The cost of operating water supply services increased by 75% over the last six years – from around \$2.25 million to \$3.95 million. Significant drivers of this included depreciation (up 117%), costs of labour and maintenance (up 97%), and overheads (up 73%).

The cost of labour increased significantly in FY22, as well as overheads, which includes council staff. These have remained high. Similarly, depreciation jumped in FY21 and has continued to remain at higher levels.

10-year outlook

Operating costs are projected to drop around 20% (\$0.8m) in FY25. We understand that the drop in operating expenses in FY25 is due to a change in how internal staff costs are allocated. Further investigation into these reductions is warranted. Looking over the

forecast period, operating spend is contracting real terms by around 2.4% per annum.

Notably exceptions are interest costs, which are growing in real terms, at a rate of around 16.5% per annum, and 'other' expenses (which includes the leak detection programme) are growing at 11.8% per annum on average for the next 10-years.

Water supply—revenues and operating balance

Revenue sufficiency

Revenues

Revenues for water supply are expected to increase by 16% over the next ten years – from \$3.4 million to \$3.9 million. This represents a real decrease of around \$0.32 million, and follows a sharp decline in revenues of nearly 20% in FY25.

Targeted rates increase rapidly in each of FY25, FY26 and FY27, before stabilising from FY28. It is understood that this is due to changes in charging for specific rural supplies that the council manages.

Operating surpluses (deficits)

Water supply services has historically seen moderate operating losses over the last six years, with losses reaching around 16-17% of revenue.

The council plans to continue running operating losses over the next ten years, albeit smaller losses at around (3%) of operating revenue.

Revenue sufficiency

Revenue sufficiency requires that operating revenues are sufficient to meet the costs of operating water services and generate cash surpluses for investment or debt repayment. This includes that revenues recover the full cost of depreciation so that assets can be maintained into the future.

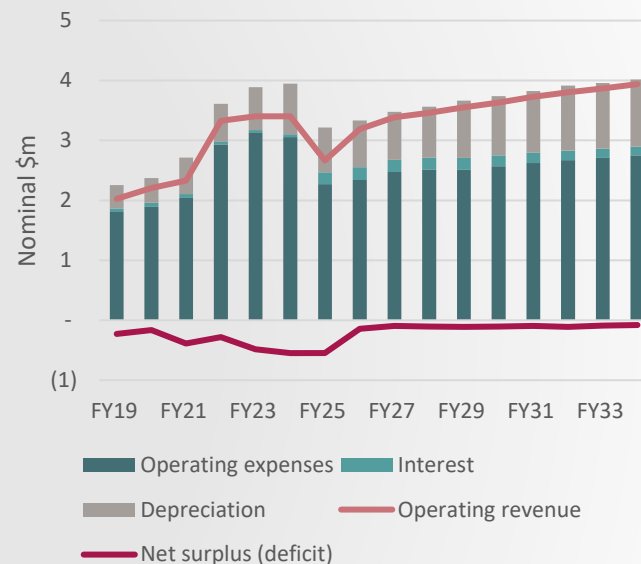
The council’s long-term plan financial projections are proximate to this requirement but will require a lift in

revenue to avoid persistent losses and meet additional operating and capital spend requirements (noting capital spend will require additional revenue to service debt).

We recommend the council review its revenue projections, and cost allocation model to ensure that costs are fairly reflected, and allocated, with appropriate adjustments to revenue considered.

This conclusion is preliminary, based on our high-level assessment of the long-term plan projections, and should be further examined as part of preparing the Water Services Delivery Plan.

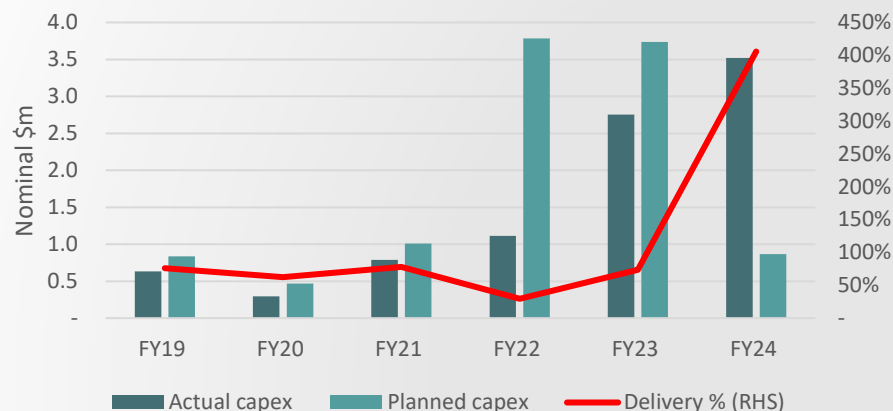
Revenues and expenses - Water supply



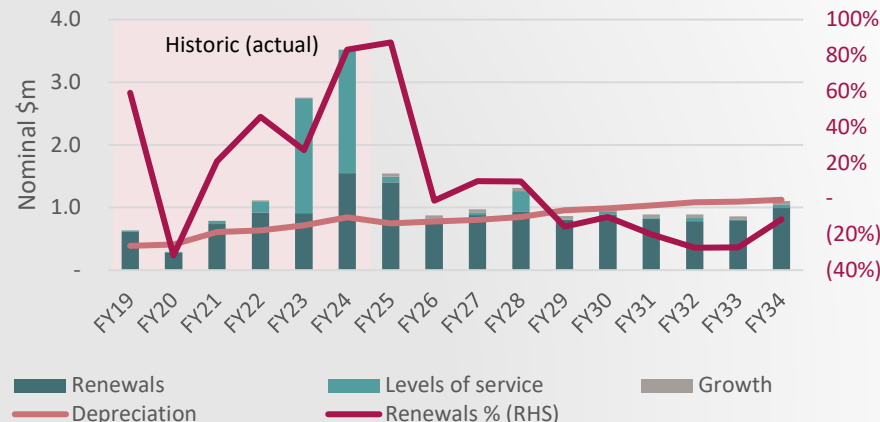
Water supply—capital expenditure

Investment sufficiency

Actual vs planned capex - Water



Capex and depreciation - Water supply



Capital delivery

The council has invested \$9.1 million in water supply assets over the last six years compared with planned investment of \$10.7 million (an overall delivery rate of 85% against forecast capital spend).

We note that capex was boosted by \$1.5 million in subsidies over FY21 - FY23.

Capital expenditure plans

The council is planning to invest \$10.3 million in its water supply assets over the next ten years. This level of investment represents a material slowing compared to the average level of investment over the last six years.

However, FY23 and FY24 represented new investment in levels of service which was significantly higher than planned due to projects being carried forward into the next financial year. Capex included additional reservoir storage and upgrades to water treatment plants.

The capital investment profile over the forecast period is relatively smooth. However, FY25 sees a spike in renewal investment due to projects being carried forward. The council also sees a small increase in levels of service investment in FY28. The asset improvement ratio averages 1.13 over the period.

Depreciation and renewals

The council spent \$5 million on water supply renewals over the last six years compared with depreciation expense of \$3.6 million.

Going forward, planned renewals comprise most of the forecast capital spend. However, renewals are not expected to keep up with depreciation, with a minor shortfall of 4% over the ten-year period. This is being driven by low delivery rates from FY29 onward. This is expected given the current age of the assets.



3c

Wastewater services

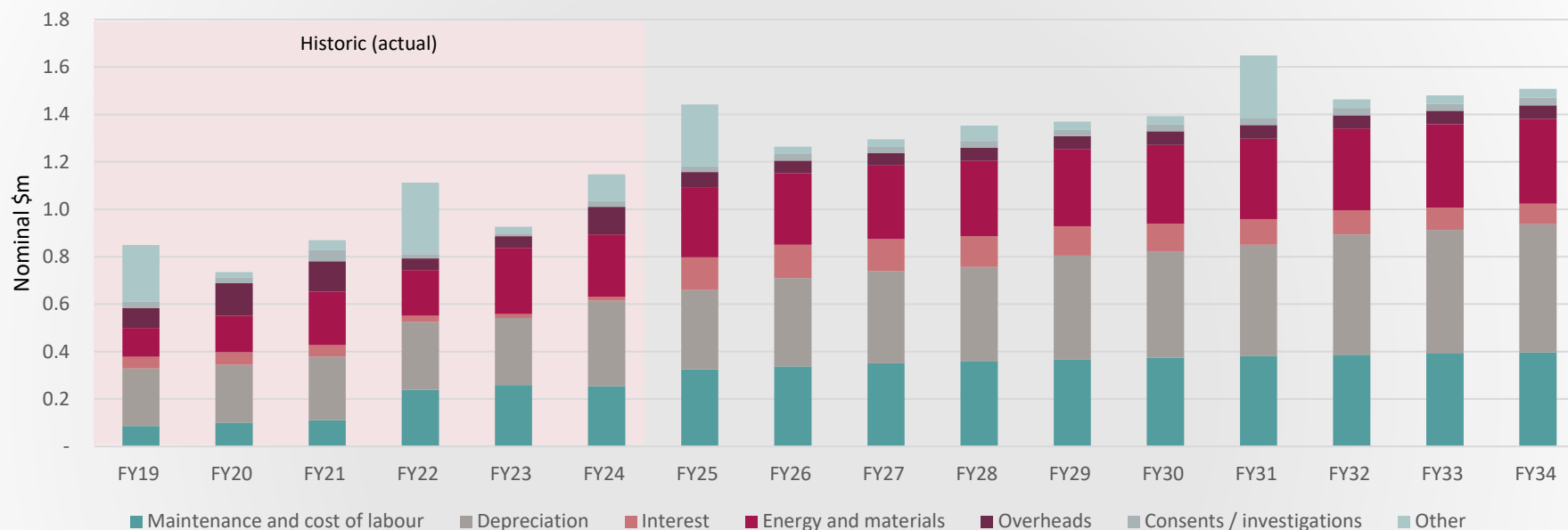
Revenue
sufficiency

Investment sufficiency

Financing sufficiency

Wastewater operating expenditure

Operating costs - Wastewater



Last six years

The cost of operating wastewater services has risen by 35% over the last six years, increasing from approximately \$0.85 million to \$1.15 million. Key drivers of this growth include:

- **Labour and maintenance costs**, which escalated by 194%
- **Energy costs**, which grew by 117%
- **Depreciation**, which increased by 49%

In contrast, other operational costs have contracted over the same period. Both interest expenses and overheads have decreased, as have consenting costs.

Operating costs are projected to grow from \$1.15 million to \$1.51 million over the next ten years. In real terms, this is roughly keeping pace with inflation.

Interest is expected to experience the largest percentage increase, with a compounded annual growth rate of 15.9% over the next decade.

Labour and maintenance costs are projected to rise in real terms, at 2.1% above the rate of inflation.

Overheads and other expenditure are expected to contract 12.6% and 9.2% per year, respectively.

Outlook

Wastewater revenues and operating balance

Revenue sufficiency

Revenues

Wastewater revenues are projected to grow by 52% over the next ten years, increasing from \$1.0 million to \$1.5 million. This represents an average annual real growth rate of 1.8%.

Operating surpluses (deficits)

Wastewater services operated moderate to significant deficits for the last six years, ranging from -54% to -11%. This appears to have been driven by fluctuating payments to staff and suppliers.

The council expected to run a substantial deficit this year of -46% (FY25) and a more minor deficit of -7% in FY26. The deficit spikes again in FY31. Overall, the council is running an average deficit of 5% over the LTP period.

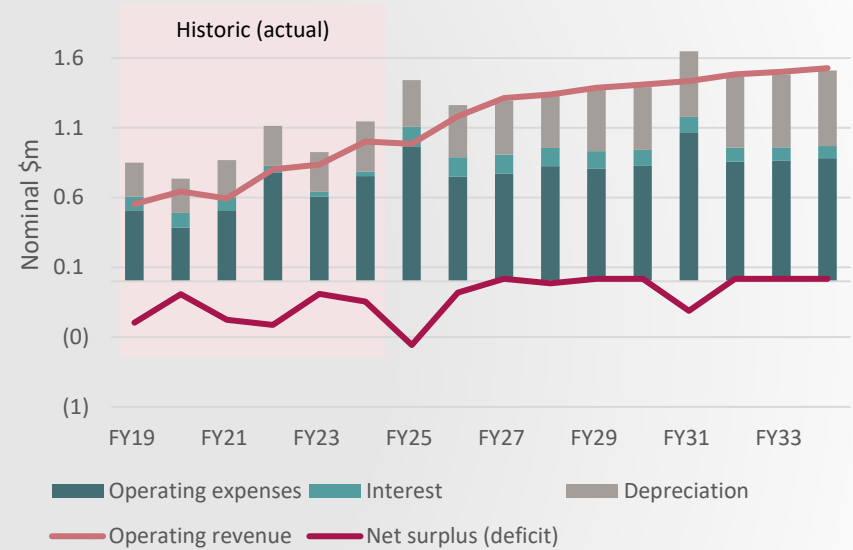
Deficits appear to be driven by increasing finance costs (compared with the historic period) and payments to suppliers fluctuating with desludging expenses.

Revenue sufficiency

The council should review revenue and investment requirements to ensure there is sufficient provision for operating costs (including variable costs like desludging) as well as capital investment to maintain assets, meet regulatory requirements, and provide for growth.

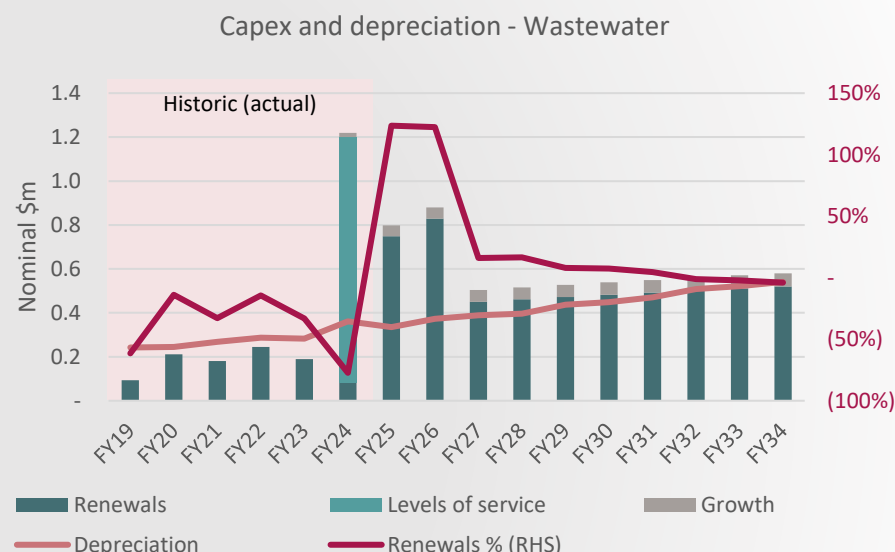
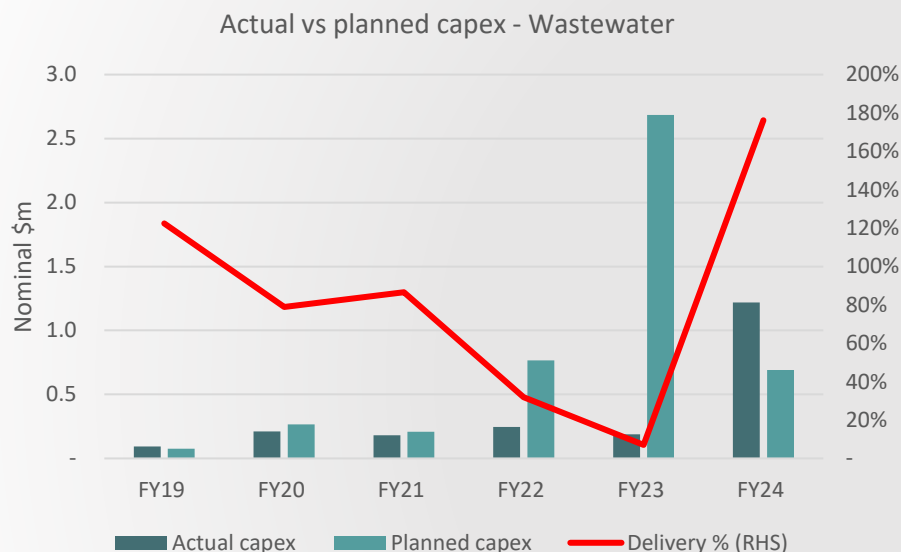
This conclusion is preliminary, based on our high-level assessment of the long-term plan projections, and should be further examined as part of preparing the Water Services Delivery Plan.

Revenues and expenses - Wastewater



Wastewater capital expenditure

Investment sufficiency



Capital delivery

Over the past six years, the council has invested \$2.1 million in wastewater assets, significantly below the planned \$4.7 million, resulting in a delivery rate of just 46%. Some of this under-delivery appears to have been carried over into the current LTP, with substantial renewals scheduled for FY25 and FY26.

Capital expenditure plans

The council plans to increase its investment in wastewater assets to \$6 million over the next ten years, marking a 69% increase (on an annual basis) compared to the previous six-year period. The capital expenditure profile shows a sharp rise in investment for renewals

during FY25-FY26, as part of efforts to improve network performance.

Depreciation and renewals

Over the last six years, the council spent \$1 million on wastewater renewals, which represents 59% of the total depreciation expense of \$1.7 million. However, looking forward, the council plans to invest \$5.4 million in renewals over the next ten years, equating to approximately 124% of the projected depreciation expense. This increase reflects a more proactive approach to maintaining and renewing critical wastewater infrastructure.



3d

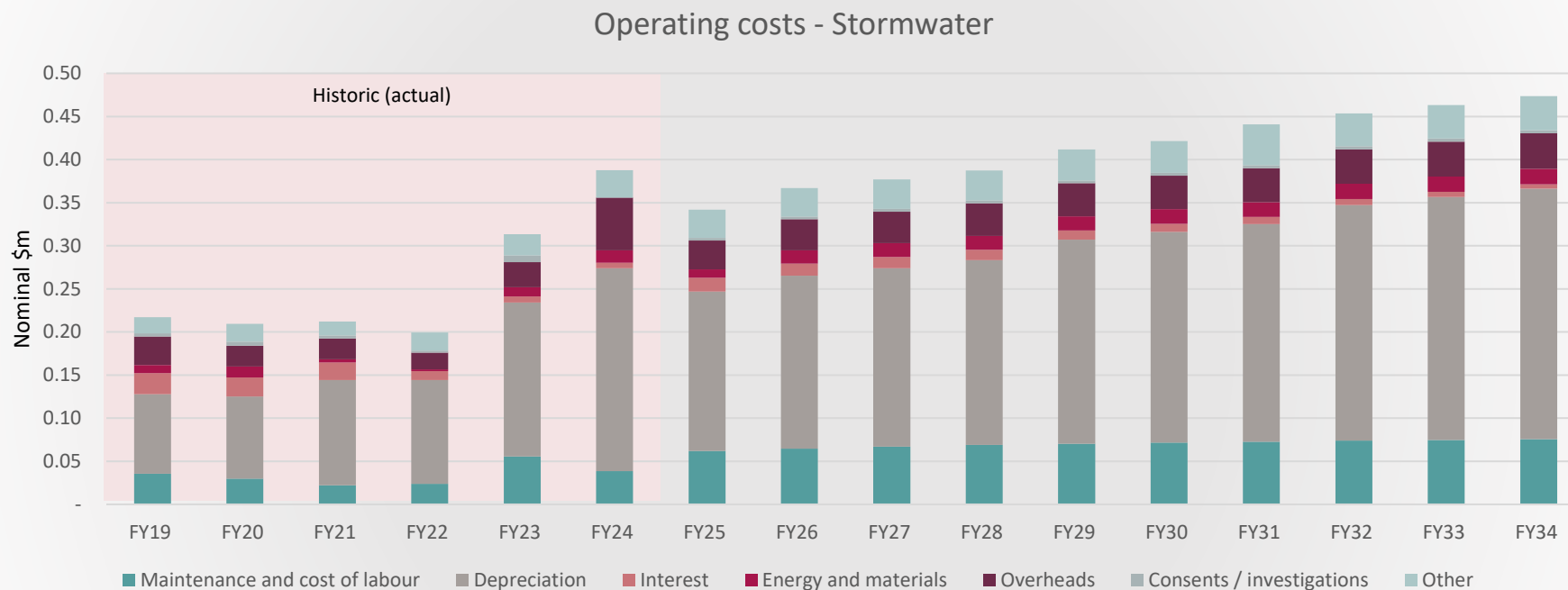
Stormwater services

Revenue
sufficiency

Investment sufficiency

Financing sufficiency

Stormwater operating expenditure



Last five years

The cost of operating stormwater services increased by 79% over the last five years – from just under \$0.22 million to \$0.39 million. Significant drivers of this include depreciation expense (+155%), overheads (+86%), other (+69%), and energy and materials (+53%). Interest costs fell by 74% over the period as debt was gradually repaid.

Outlook

Operating costs are projected to continue to fall in real terms by about 0.4% per annum over the next ten years.

Stormwater revenues and operating balance

Revenue sufficiency

Revenues

Revenues for stormwater are expected to increase by 22% over the next ten years – from \$0.39 million to \$0.47 million. After accounting for expected inflation, this represents a contraction -0.4% per annum in real terms.

Operating surpluses (deficits)

Stormwater services have operated with a moderate deficit for three years from FY20 to FY22. In each of FY23 and FY24 stormwater revenues matched expenses.

While the operating balance is expected to remain neutral from FY27, a deficit of 36% of operating revenues is forecast in FY25, and 16% in FY26. This results in an average deficit of around -3.5% over the forecast period, which does not provide headroom for any unanticipated costs, or cost escalation. The operating losses appear to be driven by a substantial general rates decrease for stormwater in FY25 of 35% compared to FY24 and 15% in FY26 compared with FY27.

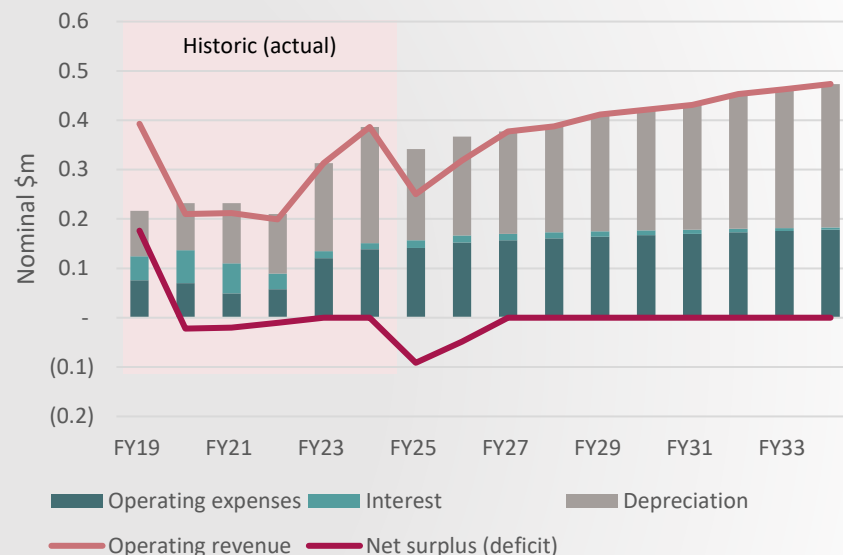
Revenue sufficiency

The council’s long-term plan financial projections are close but not quite consistent with the expected future requirement for revenue sufficiency.

It is unclear whether there is sufficient provision for capital investment to maintain assets, meet regulatory requirements, and provide for growth.

This conclusion is preliminary, based on our high-level assessment of the long-term plan projections, and should be further examined as part of preparing the Water Services Delivery Plan.

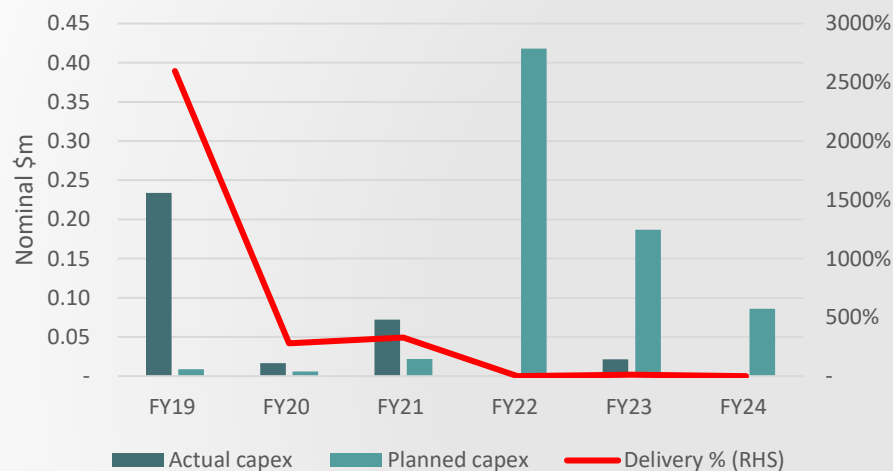
Revenues and expenses - Stormwater



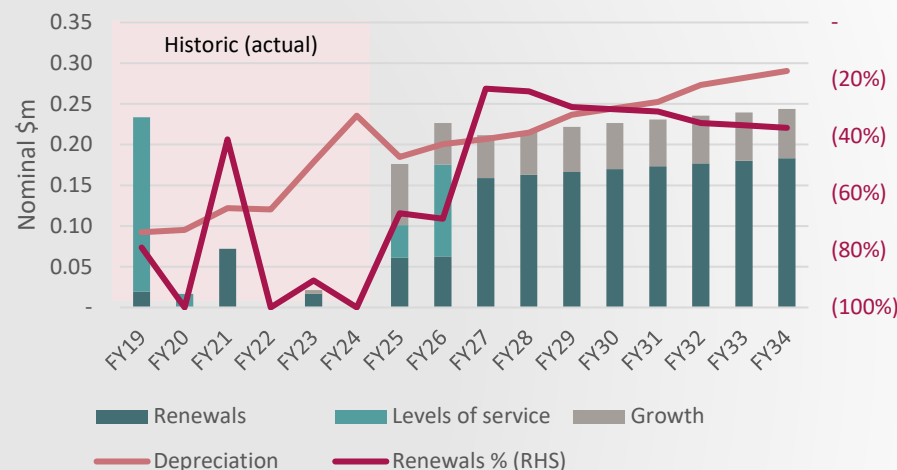
Stormwater capital expenditure

Investment sufficiency

Actual vs planned capex - Stormwater



Capex and depreciation - Stormwater



Capital delivery

The council has invested \$0.34 million in stormwater assets over the last six years compared with planned investment of \$0.73 million, a shortfall of 53%.

Capital expenditure plans

The council is planning to invest \$2.2 million in its stormwater assets over the next ten years.

This level of investment represents a near trebling in the annual average investment over the last six years.

There remains a low level of investment in renewals over the next two years, with the focus being on levels of service. Renewals dominates investment over the remainder of

the LTP period (FY27 onward).

Depreciation and renewals

The council spent \$0.1 million on stormwater renewals over the last six years compared with depreciation expense of \$0.84 million, a shortfall of 85%.

Over the next ten years, the council is planning to spend \$1.5 million on renewals, or just 63% of the projected depreciation expense. This level of investment will likely need to increase in the long-term to ensure that assets are adequately maintained. We understand there is a challenge with identifying network condition, which is needed to support more robust renewals spend projection

4

Remaining Council Entity

Revenue
sufficiency

Investment sufficiency

Financing sufficiency

Affordability

Council (excluding water) operating expenditure

Historic costs

Council operating costs excluding three waters expenditure increased by 63.5% over the last six years – from \$15 million to \$24.7 million.

A material driver of this increase is operating expenses, with an increase of 76%, albeit the council had higher finance costs over FY23-FY24, reflecting increased borrowing and higher interest rates.

Outlook

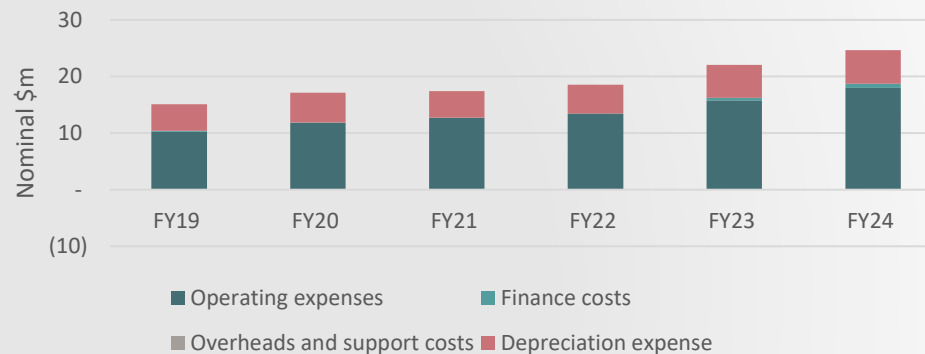
Operating costs are projected to continue to increase over the next ten years, albeit at a slower rate, from \$24.6 million in FY24 to \$30.4 million in FY34.

The most significant driver of this is an increase in operating expenses from \$18.0 million to \$22.9 million (a 27.4% increase).

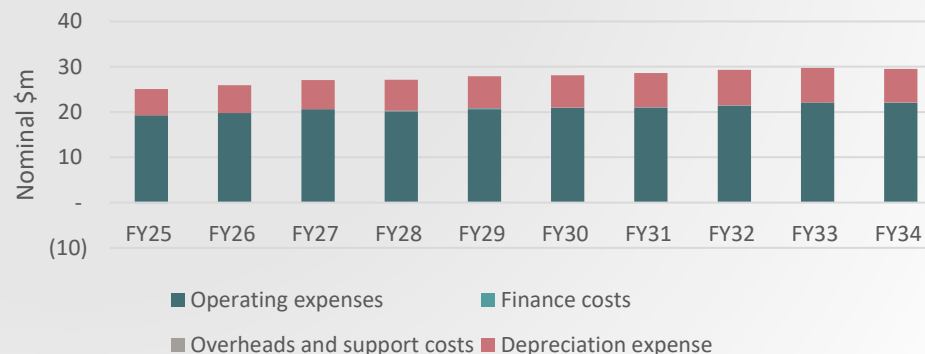
Depreciation is forecast to increase by 25.0%. Depreciation and operating expenses comprise 99.6% of the Council’s projected total operating costs.

There are no overheads charged for Council excluding water.

Historical operating costs - Council excl Water



Projected operating costs - Council excl Water



Council (excluding water) capital expenditure

Investment sufficiency

Capital delivery

The council has spent \$33.7 million on the delivery of non-water assets over FY19-FY24.

- Renewals \$31.5 million (93.6%)
- Levels of service \$2.1 million (6.1%)
- Growth \$0.1 million (0.3%).

Capital expenditure plans

The council is planning to continue to invest \$91.1 million in non-water assets over the next ten years.

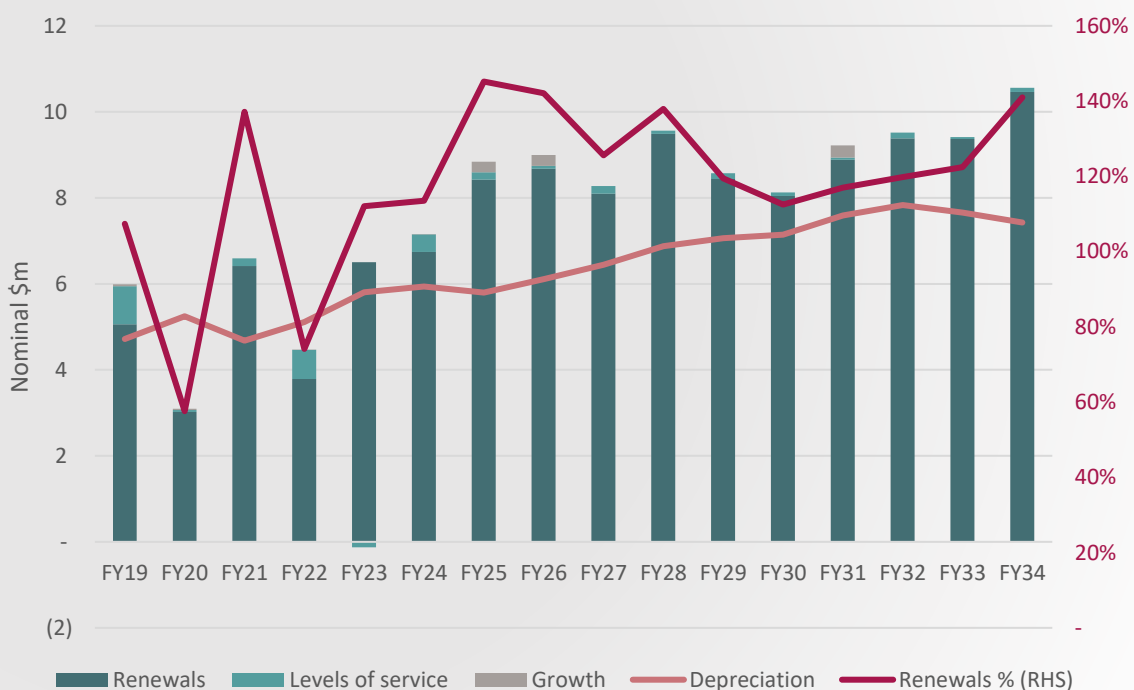
- Renewals \$89.3 million (98.0%)
- Levels of service \$1.0 million (1.1%)
- Growth \$0.8 million (0.9%).

Depreciation and renewals

Over FY19-FY24, expenditure on renewals was \$31.5 million and depreciation expense of \$31.5 million.

Over the next ten years, the council is planning to spend \$89.3 million on renewals, above the forecast depreciation of \$69.9 million.

Capex and depreciation - Council excl. water



Council (excluding water) revenues and operating balance Revenue sufficiency

Revenues

Revenues for non-water services are expected to increase by 42% over the next ten years – from \$19.1 million in FY24 to \$28.6 million in FY34.

Operating surpluses / deficits

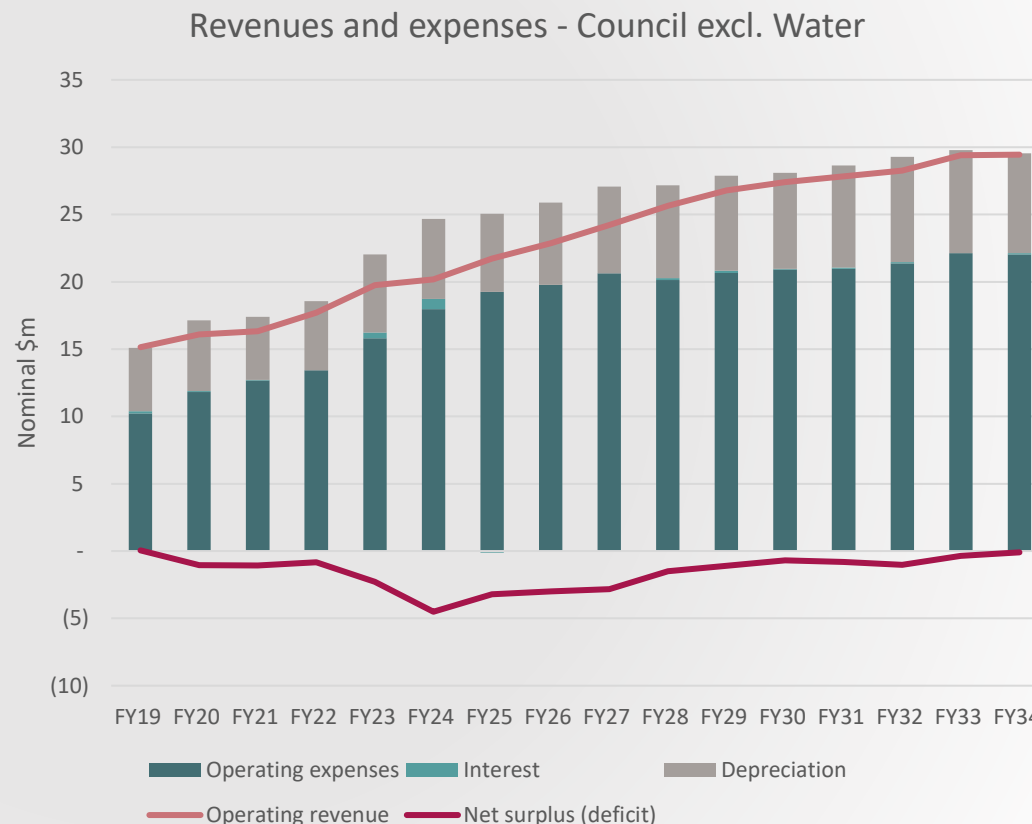
Non-water council services have operated with a deficit over the period FY20-FY24.

This deficit is expected to narrow from FY25-FY34 with a small deficit of \$1.8 million forecast by the end of the forecast period.

The narrowing deficit is a result of the operating revenues increasing at a faster rate than projected expenses which are forecast to increase by 39.1% from FY24-FY34.

Revenue sufficiency

The trajectory towards lower operating deficits implies that there is an increasing degree of revenue sufficiency, albeit the council has little contingency for unplanned expenditure.



Council (excluding water) borrowing and financing sufficiency

Borrowing

Net debt (internal and external) is expected to increase by \$2.8 million over the next ten years, from the current level of -\$4.6 million in FY24 to -\$1.9 million in FY34.

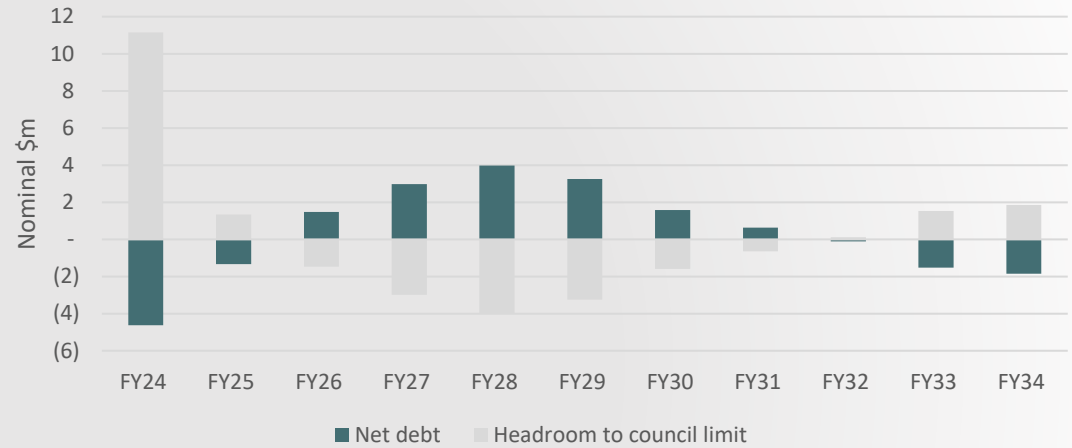
The council will maintain a large cash balance over the forecast period from FY24-FY34 resulting in some periods with negative net debt.

Net debt to revenue

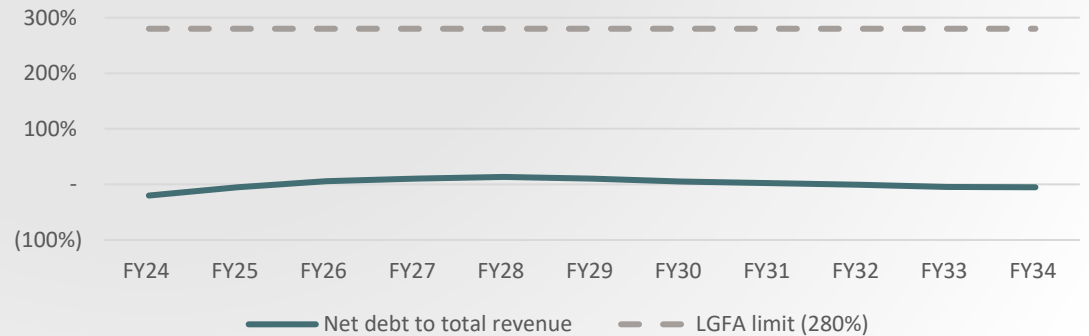
Net debt to revenue for non-water activities is projected to increase from -20% in FY24 to -5% in FY34.

The negative metric arises from a negative net debt position, reflecting strong financial health for the Council excluding 3W.

Net debt - Council excl 3W



Net debt to revenue - Council excl 3W



Summary of findings

01

Overall, adjustments to the LTP projections will need to be made to ensure consistency with the financial sustainability requirements under LWDW. **It should be noted that due to the scale of numbers, small changes will have a disproportionate influence on the assessment.**

- **Investment sufficiency:** Overall, the council is expecting to renew its assets at a rate just shy of depreciation. However, this is largely due to higher renewal spend in early years, with the second half of the LTP period showing a declining rate of investment in renewals. We note that provision for the Ōtorohanga WWTP may need to increase and no provision has been made for Arohena rural water supply treatment improvements to achieve compliance.
- **Revenue sufficiency:** The council is operating a loss of around 4% of revenues over the next decade. This figure could be challenged if underlying interest assumptions, for interest and other OPEX costs are underestimated. We note that several cost areas are expected to shrink in real terms over this period, and that operating costs in relation to rural water supplies is expected to increase.
- **Financing sufficiency:** Whilst the council is maintaining a healthy debt position, however debt metrics for three waters indicating an aggressive leverage position. This will need to be reviewed through the development of the WSDP.
- **Affordability:** The forecast price path for water services is around 2.3% of household income, against a standard benchmark of 2.5%, indicating that the current investment and spend profile is affordable.

02

This conclusion is preliminary and subject to further work. Areas to further investigate as part of preparing a Water Services Delivery Plan include:

- adequacy of renewals programme given backlog and old age of some parts of the pipe network
- implications of the significant number of expiring resource consents for the adequacy of the capital programme
- adequacy of internal budgets and resources to deliver the capital programme (i.e., people resources to plan, design, consent, procure and project manage capital projects)
- provision for higher compliance costs associated with economic regulation.

03

Other potential risks that could impact on viability and sustainability include quality of asset information, higher capital price inflation, uncertain future regulatory requirements, higher frequency extreme weather events, and non-compliant community supplies.

05

Implications and recommendations

Further considerations

Water Entity

The Council's long-term plans for water services likely require further work and investment to be consistent with anticipated financial sustainability requirements, including ensuring capital investment will meet regulatory requirements.

This conclusion is preliminary, as we have identified several areas that require further investigation. Specifically, we suggest the council undertakes further work as part of preparing its Water Services Delivery Plan to:

- Assess the adequacy of the revenue profile.
- Assess the adequacy of the planned renewals programme.
- Confirmation that the investment programme is sufficient to meet regulatory requirements, particularly given existing non-compliance of wastewater treatment plants.
- Assess the adequacy of internal resources required to deliver the 10-year capital programme, which represents a significant increase on recent levels of investment
- Consider the additional costs associated with future regulatory requirements, including the costs of complying with economic regulation.

As a result of this further work, adjustments to the Council's planned operating and capital expenditure projections may be required, and our preliminary conclusion may need to be reassessed.

Our high-level assessment has identified a number of risks and challenges to sustainability and affordability over the longer term. These include:

- **Water supply compliance** – the Council has made good progress in recent years with upgrading water treatment plants to achieve compliance with the Drinking Water Quality Assurance Rules, however further work is required to achieve and maintain 100% compliance particularly for the Arohena RWS.
- **Environmental compliance** – the Council has a compliance issue currently at Ōtorohanga WWTP. Renewal of consents could present a risk to future capital expenditure projections, especially those relating to stormwater discharge requirements.
- **Ageing assets** – the Council has recorded larger than targeted complaints and water loss in the Ōtorohanga water network. Continuing with the programme to investigate leakage and condition and maintaining renewals investment at an adequate level will be important to avoid further deterioration in asset performance.
- **Climate change** – sea level rise and an increase in the frequency of high rainfall events is expected to place pressure on urban stormwater networks and water and wastewater networks in low-lying areas. The financial implications of this are not yet fully understood
- **Unserviced communities** – local authorities have obligations to assess community water supplies and wastewater schemes and unserviced communities and, if problems develop, can be required by Taumata Arowai to help find solutions to those problems. This may manifest over time in pressure on councils to become more involved in the provision of water services beyond their existing supply areas. The Kawhia community has recently provided feedback that servicing their community for wastewater is unaffordable.

Further considerations

Water Entity

The Council should continue to explore a range of options, including further examining standalone service delivery as well as considering potential joint arrangements with other councils, such as Waikato Water Done Well.

We note that establishment of a standalone water organisation would add costs to existing service delivery arrangements (e.g., board fees and additional administrative costs) and may generate stranded costs for council. A separate water services organisation is unlikely to generate significant benefits unless undertaken jointly with other councils to achieve economies of scale.

An initial strategic assessment of the benefits, costs and risks of the long-list of options should be undertaken as a first step towards narrowing the options down to a viable short-list. This should be undertaken in close coordination with work on Waikato Water Done Well to ensure the assessment of future delivery options (and financial modelling) is done on a like-for-like basis.

The council should commence preparing work on its Water Services Delivery Plan, taking into account the findings of this report.

Remaining Council Entity

Local Water Done Well has implications for council's non-water activities

Ensuring water services stand on their own feet also means that councils should ensure water services meet their share of council's fixed or overhead costs. This may require the council to reassess its current overhead allocation model.

When considering future delivery options that may involve structural separation of water services, the council should consider how to:

- Maintain local voice and influence over the strategy and planning for water services
- Maintain integration with council's land use and non-water infrastructure planning
- Mitigate potential stranded costs that could arise through structural separation
- Ensure the council can continue to deliver non-water services to the community sustainably and affordably.

A full assessment of alternative service delivery models should consider not only the viability and sustainability of water services, but also the viability and sustainability of the council's other (non-water) activities.



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Decision reports**Ngā pūrongo whakatau**

DISCLAIMER: The reports attached to this Open Agenda set out recommendations and suggested resolutions only. Those recommendations and suggested resolutions DO NOT represent Ōtorohanga District Council policy until such time as they might be adopted by formal resolution. This Open Agenda may be subject to amendment either by the addition or withdrawal of items contained therein.

Item 200 Heads of Agreement - Waikato Water Done Well

To Ōtorohanga District Council

From Mark Lewis, Group Manager Engineering & Assets

Type **DECISION REPORT**

Date 10 December 2024



1. Purpose | Te kaupapa

1.1. To formally consider being a signatory to the Waikato Water Done Well (WWDW) Heads of Agreement (HoA) that sets out a framework for an aggregated regional model for future water services delivery.

2. Executive summary | Whakarāpopoto matua

- 2.1. As directed by their respective councils, the Chief Executives of nine Waikato councils have drafted a HoA setting out a framework for an aggregated regional water service delivery model.
- 2.2. The content of the HoA framework is premised on a council-owned limited liability water services company being established – a council controlled organisation (CCO) - with two parallel transition plans based on what stage participating councils want to transition to, and in what timeframe.
- 2.3. Approval is now required for signing the HoA enabling Ōtorohanga District Council (ŌDC) to continue to actively participate in progressing the development of the aggregated model. This would occur alongside the work taking place on the standalone ‘status-quo plus’ model based on our existing arrangements.
- 2.4. Should the HoA be signed and the framework be sufficiently progressed, the next steps for council are undertaking a comparative analysis of options and selection of preferred option for consultation with the community before preparing a water services delivery plan (WSDP) for submission to the Secretary of Local Government.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Ōtorohanga District Council:

- a) Receives the following reports:
 - i) The ‘Draft Heads of Agreement relating to Waikato Water Done Well’ (document number 791242) and
 - ii) The report titled ‘Agreed form Heads of Agreement’ from the Waikato Water Done Well Project Team (document number 791243).

- b) Agrees to be a signatory to the Draft Heads of Agreement relating to Waikato Water Done Well (HoA) and authorises the Chief Executive to sign the HoA on behalf of Council.
- c) Notes that:
 - i) The HoA is not intended to be legally binding
 - ii) By agreeing to be a signatory, at this time, Council is not making:
 1. A determination of the proposed model or arrangement for delivering water services for Ōtorohanga District but is signalling its intention to present the aggregated regional water service delivery model to the Ōtorohanga community for public consultation
 2. A decision to join a water services council-controlled organisation (CCO)
 - iii) A joint committee is proposed to be established to support the participating councils putting forward the regional model as an option for consultation.

4. Context | Horopaki

- 4.1. Local Water Done Well (LWDW) is the current Coalition Government's plan to address New Zealand's long-standing water infrastructure challenges and is being implemented in three stages:
- 4.2. Repeal of previous water services legislation relating to water services entities (completed February 2024)
- 4.3. Enactment of the Local Government (Water Services Preliminary Arrangements) Act 2024 establishing the LWDW framework and the preliminary arrangements for the new water services system (completed 2 September 2024)
- 4.4. Enactment of further legislation to implement the new water service delivery models and other enduring settings for LWDW. The third tranche of legislation is expected to be introduced in December 2024 and passed by mid-2025.
- 4.5. The Water Services Preliminary Arrangements Act requires all councils to have developed and consulted on a WSDP by 3 September 2025. A one-off, the WSDP is a transitional requirement outlining a council's intended water services delivery and implementation arrangements for their district. The plans can be done individually or in conjunction with other councils.
- 4.6. Consultation is not required on the draft or final WSDP per se, but councils must consult before deciding on the anticipated or proposed model for delivering water services. In doing so, information must be provided on:
 - 4.7. The model or arrangements proposed
 - 4.8. An analysis of at least two options (including their proposed arrangements/model).
 - 4.9. Potential impacts of proceeding or not proceeding with the proposal.

- 4.10. Over the past six months we have been exploring the viability and sustainability of two different options for the future delivery of water services for the district – a standalone arrangement and a regional aggregated model (aggregated model).
- 4.11. Preliminary investigations suggest that a standalone model is viable but that the current in-house service delivery arrangements ('status quo') would need to evolve to meet the financial, economic and information disclosure requirements of the new legislative regime (referred to as the 'status quo plus' model). The key elements of the 'status quo plus' model are the subject of a separate report to Council (refer to the separate report on this agenda: Item 199 - Assessment of Water Services Delivery on a Standalone Basis).
- 4.12. ŌDC and eight other Waikato councils (participating councils) have been collectively looking at the merits of an aggregated model which would ultimately lead to the establishment of a fully regulated water services entity governed by a professional board.
- 4.13. In August 2024, the chief executives of participating councils were mandated to negotiate a Heads of Agreement (HoA) setting out the framework for the proposed aggregated model. If agreed, the next step in the process will involve the full development of the model for:
- Either consultation as part of a participating council's proposed arrangements for delivering water services (where it is the preferred option)
 - Or made publicly available as an option for comparative purposes alongside a participating council's preferred option.
- 4.14. A draft HoA has now been developed. The draft was the subject of a Council workshop (dated 12 November 2024) and the HoA along with a report outlining the key elements of the agreement are attached in Appendix One and Two respectively.
- 4.15. Council now needs to decide whether to sign the HoA – the subject of this report.

5. Considerations | Ngā whai whakaarotanga

Significance and engagement

- 5.1. Second only to adopting the long term plan (LTP), determining the best model and implementation arrangements for the future delivery of water services is likely to be the most significant decision Council will make this triennium. Like preparing an LTP, deciding the best model for the delivery of water services involves staged milestones. The decision to signing or not sign the HoA for WWDW is one of those milestones.
- 5.2. No consultation is required on entering into the HoA and signing the agreement is not a binding commitment to adopt the aggregated model as ŌDC's preferred delivery model. However, a decision to sign the HoA is a commitment to presenting the model to the community as an option (preferred or otherwise). Furthermore, for those councils that put the model up as an option for consultation there is a proposal to set up a joint committee¹ to support the consultation process.

¹ Constituted as per Local Government Act 2002, Schedule 7 cl. 30 and 30A

Impacts on Māori

- 5.3. The selected model for the delivery of water services will impact Iwi/Māori. As opportunities have arisen, Council has endeavoured to keep its Iwi partners abreast of the work it has been involved in relation to this kaupapa. Most recently an Iwi Leaders workshop was scheduled for 4 December 2024 to brief mana whenua on progress to date with water services policy and legislation.
- 5.4. Iwi leaders from Raukawa and Ngāti Maniapoto (Te Nehenehenui) have joined with other iwi leaders from around the region, and Mayors/Chair of WRC quarterly to be updated on this work. The most recent hui was 25 November 2024.
- 5.5. The Draft HoA acknowledges the importance of the management of water for Iwi/Māori and the councils party to negotiating the agreement have already adopted, in principle, the vision '*Te Mana o Te Wai, Te Mana o Te Tangata | Healthy Waters, Healthy People*'². This vision underpins the framework outlined in the HoA for WWDW.

Risk analysis

- 5.6. The delivery of water services is complex and needs to be well managed to minimise any associated environmental, economic, social and cultural risks – risks which could have far reaching consequences.
- 5.7. Selecting a model for the district for the delivery of water services needs careful analysis as Council needs to be satisfied that the model chosen is fit for purpose and that the exposure to risk is minimised.
- 5.8. Signing the HoA enables the participating councils to develop the details of the aggregated model for the delivery of water services. This detail will help inform the selection of ŌDC's preferred model for public consultation.

Policy and plans

- 5.9. As noted in 4.2 above, all territorial authorities are required to prepare (alone or jointly with others) a WSDP for submission to the Secretary of Local Government by 3 September 2025. Central to the WSDP is the model proposed for the delivery of water services for the district(s).
- 5.10. Selection of the best water service delivery model for our district requires us to investigate and assess options that both meet the requirements of the community and comply with government regulations. Signing the HoA enables us to continue work jointly with others in the co-design process for an aggregated water service delivery model. Furthermore, it does not preclude the work being undertaken to investigate other options.
- 5.11. Once a preferred model has been adopted, there will be a consequential flow on effect requiring changes to other Council documents including the Long Term Plan (LTP), various asset management plans (AMPs) and bylaws.

² Refer to the Draft HoA, cl 9.1 and Ōtorohanga District Council Meeting Minutes dated 27 August 2024, Resolution C255(b). For other provisions in the HoA relating to Iwi engagement and involvement in the proposed CCO refer to cl 9.3 and Schedule 7.

Legal

- 5.12. Periodically, councils are required to review the cost-effectiveness of how they meet the community needs for good-quality local infrastructure, local public services and performance of regulatory functions (LGA 2002 s17A). Recent legislative changes under the LWDW Government directive essentially exempt councils from having to undertake such a review at this time with respect to water by establishing a framework for local government to manage and deliver water services. Under the Local Government (Water Services Preliminary Arrangements) Act ŌDC must explore options to deliver financially sustainable water services and encapsulate these arrangements in a WSDP (refer to 4.2 and 5.8 above).
- 5.13. In addition to delivering its WSDP to the Secretary of Local Government by 3 September 2025, Council is also required to explain in the plan how it proposes to ensure that the delivery of water services will be financially sustainable by 30 June 2028³. The investigations being undertaken into both the 'status-quo plus' and the regional aggregated models will enable ŌDC to fulfill component of the WSDP.

Financial

- 5.14. The capital investment projected for water services in our LTP is just over \$22m. It is expected that the next phase of the WWDW workstream will provide information to enable us to assess the viability of the aggregated model against our existing arrangements and the 'status quo plus' model. This work will need to be done to enable us to determine our preferred model for consultation purposes. As previously advised, the WWDW project team are anticipating significant savings via the aggregated (CCO) water services model.
- 5.15. An estimated \$40,000 is required from ŌDC's to continue to participate in the WWDW workstream. The costs of our share of the funding requirements will be met utilising monies from the Department of Internal Affairs to assist councils to prepare their WSDPs and transition to the new water services delivery framework.

6. Discussion | He kōrerorero

- 6.1. The draft HoA for WWDW negotiated by the CEO's of participating councils sets out the framework for an aggregated model for water services utilising a company structure under the auspices of a joint council controlled organisation (CCO). Matters provided for in the HoA⁴ are:
- 6.2. Formation of limited liability company (a CCO) owned by multi councils and managed by a board of directors appointed by the shareholding councils⁵
- 6.3. Ability from the outset for the CCO to own assets enabling councils to opt for:

³ Local Government (Water Services Preliminary Arrangements) Act 2024, s13(1)(n).

⁴ Refer to Appendix One for full details of the Draft WWDW HoA.

⁵ Legislation specifies that directors cannot be elected members or staff members of any of the shareholding councils.

- a. Either an initial service level agreement for functional services (Stage 1 Shareholder) noting that councils that select this option will be expected to incrementally transition⁶ their water business to the CCO over a five-year period
- b. Or full water services delivery to customers from the point at which the CCO is operational (Stage 2 Shareholder)

6.4. Points for entering and exiting the WWDW workstream (On-ramps/Off-ramps) as per the summary table below

TABLE ONE: ON-RAMP/OFF-RAMP OPPORTUNITIES SUMMARY

Approx Date	On-Ramps	Off-Ramps
Q4 2024	Signing the WWDW HoA	Not signing the WWDW HoA*
Q2/3 2025	Adopting the formation governance documentation prior to the CCO being formally incorporated	Non adoption of the formal governance documentation.
Q3 2025		Non agreement to the transition plan as per the HoA (15.3)
Q3 2026	Post incorporation only as a stage 2 shareholder and only once the first shareholder council has ‘safely’ transitioned to stage 2.	

* **Note:** Not signing the HoA does not preclude a council from ‘on-ramping’ at a later stage. However, councils ‘on-ramping’ later in the process will require the agreement of participating councils. A contribution toward the costs incurred and investment of other councils will also need to be made (as per the formula specified in the HoA).

- 6.5. Iwi involvement in shareholder decision making⁷ noting that meaningful engagement about this involvement cannot be initiated until the CCO is incorporated and the Shareholder Representative Forum is established (cl. 9.3).
- 6.6. Having participated in the development of the draft HoA, we now need to decide whether to sign the agreement. Signing the HoA commits us (in good faith) to further development of the model and the negotiation of the governance documentation and other matters required to establish the proposed CCO. This work is scheduled for completion by the end of Q1 2025/early Q2 2025 – in time for the development of WSDPs.
- 6.7. Points to note, should a decision be made to sign the HoA:
- 6.8. At this stage, we are not committing to adopting the aggregated model as our proposed water services delivery model for public consultation. A decision on our preferred option is scheduled for February/March 2025, once a comparative analysis has been undertaken on the standalone and the aggregated models. This work will then inform the public consultation process scheduled for late March/early April 2025⁸.

⁶ No longer than five years of the CCO becoming operational.

⁷ Other provisions in the Draft HoA with respect to Māori are:

- The purpose of the CCO is to include meeting the obligations of councils as represented in Treaty settlement and other agreements (eg. Joint Management Agreements)
- The skills matrix for the CCO’s Board of Directors provides for specialist experience in integrating Te Ao Māori and Tikanga Māori in the professional board environment (Schedule 7).

⁸ Note: These timframes are indicative only.

6.9. Signatories to the HoA are not required to adopt the formal governance documentation once developed. Should we decide not to adopt the documentation we will exit the WWDW workstream at this point.

In addition, as noted in 5.2 above, by signing the HoA we are signalling our intention to present the aggregated regional water service delivery model to the Ōtorohanga community for public consultation.

6.10. The advantages and disadvantages of signing or not signing the WWDW HoA are set out in Table Two below.

TABLE TWO: SIGNING THE HOA – ADVANTAGES AND DISADVANTAGES

Considerations	Option 1	Option 2
Description	Sign the WWDW HoA.	Don't sign the WWDW HoA.
Advantages	Ensures ongoing ability to influence the co-design of the aggregated model. Retains the goodwill established between the parties – <i>a coalition of the willing</i> . Facilitates greater understanding ('flesh on the bones') of the modal enabling a more robust comparative analysis to be undertaken with the standalone option(s). Supports the consultation process that must undertake on the proposed model for the delivery of water services	Frees up staff time/resources enabling staff and elected members to focus on other priority Council business.
Disadvantages	Participation in the co-design process uses staff and council time/resources that could be invested in other priority Council business or investigating alternative water service delivery models. No guarantee that the documentation will meet the requirements of all parties and therefore be a sustainable model.	Limited or no ability to influence the governance arrangements should Council decide to 'on-ramp' at a later date. Potentially precludes the modal as an option for consultation with the community ⁹ . Perceived loss on investment to date in the development of the model.
Financial implications	Parties to the HoA, will be required to continue to contribute to the costs of developing the model and associated documentation. Estimated costs for the development of the documentation and option analysis for ŌDC are \$40,000. Transitional monies from the Department of Internal Affairs can be utilised to cover these costs.	Additional expense may be incurred should we need to explore another alternative option.
Significance/ engagement implications	Not significant. No consultation required	Not significant. No consultation required
Other	The HoA will be more robust if signed by all current participating councils ¹⁰ .	Work on the model may be halted if there is insufficient support – effectively

⁹ Note: The attached report from the WWDW Project Team states that “... if a council intends to put the regional model forward as the alternative option during consultation, and make it publicly available, the council will still need to engage with the project to complete the analysis of WWDW as an option.” (refer Appendix Two, page 18).

¹⁰ At the time of writing this report three councils had formally resolved to signed the HoA.

		<p>taking the option ‘off the table’. This would mean a loss of:</p> <ul style="list-style-type: none"> • Investment to date in the co-design a collective model • A collective pathway to addressing water service arrangements in a timely manner • Community opportunity for consideration and feedback on this option.
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Recommended option(s) and rationale

6.11. Quality water services are fundamental to all aspects of community wellbeing. For this reason, any decision relating to the delivery arrangements for water requires thorough analysis to ensure that the model selected is sufficiently robust to meet not only current requirements but more importantly the arrangements are sustainable and future focussed.

6.12. Considerable groundwork has been undertaken to date on options for our proposed model for the delivery of water services. Signing the WWDW HoA enables us to continue this work and actively participate in progressing the development of the aggregated model alongside the work taking place on the standalone ‘status-quo plus’ model. Ultimately, this work will enable us to compare and contrast two distinctly different delivery arrangements and be reassured that the most suitable model for the district is selected as the proposed model for testing with our community. To this end, it is recommended that the Chief Executive be authorised to sign the WWDW HoA.

6.13. While there are opportunities to ‘on-ramp’ at a later point, not participating in the work envisaged in the HoA at this time reduces our ability to ensure that the specific needs of the district are catered for in the design of the model. Furthermore, there are risks that the collective model may be taken off the table if only a limited number of participating councils sign the HoA as scale is required in order for the aggregated model to be an effective alternative to existing arrangements.

Next steps

6.14. ŌDC’s next steps in the Local Waters Done Well process are as follows:

TABLE THREE: NEXT STEPS

Approx Date	Action
Feb/Mar 2025	Comparative analysis of options and selection of preferred option
Mar/Apr 2025	Consultation on the preferred option for the district and make publicly available the analysis of Council’s other option using the Alternative requirement: consultation process ¹¹ .
Apr/May 2025	Decide on the future water services delivery model for inclusion in our WSDP (or combined WSDP).
May-Sep 2025	Development of WSDP (or combined WSDP).

¹¹ Local Government (Water Services Preliminary Arrangements) Act 2024, Section 62.

6.15. Although we are yet to make a decision on a preferred model for water services delivery, the WWDW Project Team is seeking an early indication of our preferred position with respect to initially receiving only functional services from the CCO (i.e. as a Stage 1 Shareholder) or opting from the onset to receiving full water services delivery to customers (Stage 2 Shareholder)¹². While further work needs to be done to determine our preferred position, early indications are that proceeding directly to being a Stage 2 Shareholder is prudent pending internal processes and the organisation’s capacity for change. Our position will become clearer once the steps outlined in Table Three above are progressed.

7. Appendices | Ngā āpitihanga

Number	Title	Document number
1	Appendix One: Draft Heads of Agreement relating to Waikato Water Done Well	791242
2	Appendix Two: Report from the Waikato Water Done Well Project Group	791243

¹² Refer to 6.1(ii) above for an explanation of the stages.

HEADS OF AGREEMENT

relating to

WAIKATO WATER DONE WELL

Between the Signatory Councils listed in Schedule 1

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Parties

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

Background

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

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

Agreement

The Parties have agreed the following:

1. Legal status and purpose of this agreement

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

2. Establishment of a water services company

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

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

3. Purpose of water services company

3.1. The overarching purpose of the CCO is to:

- a) achieve the objectives of the Shareholding Councils, both commercial and non-commercial, as stated in the relevant governance documentation and Statement of Expectations
- b) enable Shareholding Councils to collectively achieve the strategic outcomes for water services in their service area in the long term. The strategic outcomes approved in principle are:
 - i. create scale and change to enable the significant investment required to deliver efficient and financially sustainable services that comply with regulatory requirements and enable urban and commercial development
 - ii. create the conditions to build and sustain a highly skilled, adaptable and world-leading water workforce that can innovate and collaborate to drive outcomes for Waikato
 - iii. be customer-focused, leveraging new technologies, while also building customer awareness of their role in the water system and the value of water
 - iv. 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
 - v. meet the expectations of key partners and stakeholders including those represented in Treaty settlements and Joint Management Agreements
 - vi. protecting public health and the environment
- c) support Shareholding Councils in complying with law, including the Preliminary Arrangements Act, water and wastewater standards, economic regulation such further regulatory requirements as are introduced in the suite of enduring settings for Local Water Done Well
- d) to the extent responsibility for any matter vests in the CCO, to comply with the law.

3.2. The purpose of Stage 1 is to enable Participating Councils to move to the end-point in a timeframe that works for them (through no longer than a 5 year lens. The incremental approach involves the CCO providing Agreed Functional Services (refer clause 10.6) at Stage 1 to:

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

- a) enable councils to collectively leverage immediate opportunities for their communities and unlock some benefits of a joined-up approach to water infrastructure in the short-term. The immediate opportunities intended to be unlocked (which will also be realised at Stage 2) are:
 - i. Stronger workforce development (build together rather than compete)
 - ii. Capital works delivery (more efficient and cost-effective driven by professional board and single management team)
 - iii. Resilience: infrastructure planned through single AMP informed by a long-term infrastructure strategy
 - iv. Smarter consenting: evolve from ad hoc consent applications to integrated consents
 - v. Better data: consolidated system capturing standardized data and leading to better decision making
 - vi. Identify opportunities for cost saving by having a focussed approach across the region. For example, management of water allocation across councils.
- b) get councils as far along the road to the vision and achieving the strategic outcomes as practicable in the context of Stage 1 while providing a means by which the council can engage with the CCO to respond to its future needs and move to Stage 2 at the appropriate time
- c) conduct its affairs in accordance with sound business practice and in a manner that adheres to the relevant services level agreement while supporting relevant councils to achieve their individual water services strategy deliverables and performance measures, noting that Participating Councils at Stage 1 will retain:
 - i. ownership of water services assets
 - ii. the role of water services provider (and so will remain the regulated provider)
 - iii. decision making in relation to price setting and investment priorities.

4. Roles and responsibilities in a water services company

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

- 4.1. **Board:** under general law, the business of a company must be managed by the directors. Policy guidance issued to date has confirmed that Local Water Done Well legislation (Bill#3) will require the Board of a water services organisation (as defined in that legislation) to be made up of professional directors. Neither staff nor elected members of a shareholding council can be appointed to the Board. Directors must act in the best interests of a company.
- 4.2. **Shareholders:** Shareholders are the owners the company and will appoint the Board. However, they do not have the authority to directly instruct directors on how to manage the company on a day-to-day basis. There are matters that a Board must seek shareholder approval for which will be set out in the company constitution and the shareholder agreement. Shareholders will also set their expectations of the Board through a combined Statement of Expectations. The governance documentation informed by this HOA will empower the CCO to issue at least two classes of shares; Stage 1 Shares and Stage 2 Shares (refer clause 5 below).

- 4.3. **Shareholder Representative Forum:** the purpose of the Shareholder Representative Forum is to support the coordination and expression of multiple council interests. It will be the Forum at which shareholders will cast their votes to make decisions on those matters that are reserved for shareholder decision making (refer clause 7 below).

5. Council Ownership

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

Terms of Shares

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

Stage 1 Shares	Stage 2 Shares
a)	Shares cannot be sold or transferred and must be owned by a council (or another water services CCO)
b)	Shareholders must be a party to the shareholders agreement
c)	A security interest cannot be given over any shares
Note: Bill#3 will also prohibit water services assets being used as security.	

d) Shares will not carry a right to a dividend	
e) Subject to clause 5.3 and clause 5.7, shares are held subject to the relevant council: <ul style="list-style-type: none"> • becoming a party to a service level agreement with the CCO (with the effective date being when the CCO is operational) for a period of 5 years • committing to the CCO providing the Agreed Functional Services (refer clause 10.6). <p>If a shareholder terminates the services level agreement (or it expires), it will trigger a cancellation of its Stage 1 Shares (for no consideration).</p>	e) Stage 2 shares will be issued to a council in return for it transferring its water services business (assets and liabilities) into the CCO and the CCO undertaking to discharge all future water services delivery obligations for that Council (refer clause 11 and clause 12)
f) Shares are held equally by shareholders with all shareholders having the same voting rights.	f) Shares are held in accordance with the methodology agreed in clause 12 below.

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

6. Shareholding Councils influence and control

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

Matters reserved for Shareholding Council decision making

- 6.3. The matters that require approval of the Shareholding Councils are set out in the below table. The Shareholding Councils will reach agreement on these matters through votes cast by their representative on the Shareholder Representative Forum.
- 6.4. While best endeavours will be applied for decisions to be made by consensus, this may not always be possible in a timely manner. To ensure the CCO can operate effectively, and

that Shareholding Councils have confidence in their ability to influence decision making, the level of support required for a decision to be made collectively by the Shareholding Councils is as set out below. The level of support at Stage 1 refers to when all shareholders are Stage 1 Shareholders. The level of support at Stage 2 applies from the first issue of Stage 2 Shares.

Reserved matter	Stage 1 Level of Support	Stage 2 Level of Support
Changes to constitution	75%	51% or more of Stage 1 Shareholders and 75% votes (and number) Stage 2 shareholders
Admission of new shareholders. Noting the intention for the model to be inclusive and that only Stage 2 shareholders will be admitted after incorporation	75%	75% votes (and number) of Stage 2 shareholders
Five-year periodic review of Stage 2 Share allocation provided for in clause 12.4	N/A	75% votes and number Stage 2 Shareholder
Any changes to the rights attached to shares (Note: is class of share specific)	75%	75% number of Stage 1 Shareholders for changes to Stage 1 Shares only 75% votes and number Stage 2 Shareholders for changes to any class of shares
Any winding up or restructuring (includes any merger or amalgamation)	75%	75% votes of Stage 2 shareholders (and 75% number)
Any major transactions	75%	75% votes of Stage 2 shareholders (and 75% number)
Appointment of Directors	75%	51% or more Stage 1 shareholders and 75% (number) of Stage 2 shareholders
Approving the transition plan for Stage 2 (will include: the pricing principles for future fully	75% (with option for dissenting shareholder to off-ramp in	N/A

Reserved matter	Stage 1 Level of Support	Stage 2 Level of Support
regulated entity and investment prioritisation framework)	accordance with clause 15.3)	(Note: The transition plan will be approved and implemented when Stage 2 shares are issued)
Approving Statement of Expectations	75%	Combined SOE for purpose of Bill#3: 75% votes of Stage 2 shareholders (Note: Ongoing expectations of Stage 1 shareholders will be more appropriately addressed in service level agreement)

Statement of Expectations

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

Reporting requirements

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

7. Shareholders Representative Forum

- 7.1. The role of the Shareholder Representative Forum is as stated at clause 4 above.
- 7.2. The Shareholding councils commit to co-operating and supporting the CCO to be empowered to deliver on its purpose. Effective communication and cooperation between the CCO and Shareholding Councils is critical to the CCO's success. While Shareholding Councils expect that the Chair of the CCO Board and the CCO Chief Executive will develop and maintain strong relationships with each Shareholding Council, it is also necessary that the CCO be able to engage with Shareholding Councils in a co-ordinated and expedient manner.
- 7.3. It is agreed that a Shareholder Representative Forum will be established immediately after the incorporation of the CCO. Each Shareholding Council will appoint a representative with the necessary authority to cast votes on its behalf in relation to matters that are brought to the Shareholder Representative Forum for decision making. Each Party will confirm who their representative is at the time they formally adopt the governance documentation. In the absence of a Party confirming otherwise, their representative will be their Mayor.
- 7.4. Shareholder Representative Forum terms of reference will be agreed as part of the preparation of the formal governance documentation. Proposed content for the terms of reference is included at Schedule 6. This includes that there is clarity on the matters the Shareholder Representative Forum:
 - a) has delegated authority in relation to and so effective decision making
 - b) must refer back to respective Councils for decision making. In relation to such matters, the Representative will be required seek a decision from their Council within a stipulated timeframe and in accordance with the process applicable to that Council. The Shareholder Representative will then bring the decision back to the Shareholder Representative Forum and vote in accordance with that decision.
- 7.5. Shareholder Representatives must be equipped to cast votes on behalf of their councils at each meeting.
- 7.6. Decisions made by the Shareholder Representative Forum are binding on the councils.

8. Board of Directors

- 8.1. The role of the Board is as stated at clause 4 above.
- 8.2. In accordance with legislative requirements, a Board of professional Directors will be appointed to govern the CCO. No current council staff nor elected members of any Shareholding Council can be appointed to the Board.
- 8.3. The minimum number of directors will be 5 and the maximum number will be 7 (subject to clause 8.7).
- 8.4. The Shareholder Representative Forum will lead the recruitment (with external support), selection and appointment of the Chair of the Board of directors.
- 8.5. The Chair will support the Shareholder Representative Forum in the recruitment, selection and appointment of the additional Board members.
- 8.6. All appointments will be competency based having regard to:
 - a) the essential attributes and core competencies of directors provided for in the Institute of Directors Competency Framework; and

- b) the required Board Skills Matrix set out in Schedule 7
- 8.7. The CCO will be incorporated before the competency-based Board is appointed. Named Directors will be required at the time of incorporation. To enable this, it is agreed that two nominal directors will be appointed at the time of incorporation until such time as the appointment of the professional Board of Directors. The nominal directors will be confirmed by those councils who adopt the formal governance documentation to establish the CCO. The nominal directors will be approved by the Chief Executives from Participating Councils and may be from their number.

9. Iwi Partner Involvement

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

10. Transition Planning

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

Transition principles

- 10.2. To ensure a smooth and safe transition, the transition planning will be undertaken in accordance with the following transition principles:

- a) **Sustainability:** focussing on long term financial and non-financial benefits
- b) **Pragmatic:** balanced and pragmatic approach to reach end goal; each stage of planning must be fit for purpose and achievable in the circumstances
- c) **Simplicity:** people understand what is proposed and why
- d) **Flexibility:** design and timing are flexible to cater for different needs
- e) **Commercial robustness:** independent professional board accountable to shareholders and clarity as to respective roles
- f) **Equitable:** everyone wins at some stage based on taking a long-term view
- g) **Value for money:** choices made as part of transition using sound procurement to get the best public value and affordable services for customers
- h) **Work smart:** to the extent appropriate, the work programme will leverage off previous relevant work rather than reinvent the wheel
- i) **Safe transition:** focus during establishment is on safe transition with transformational outcomes being a long-term objective
- j) **Manage expectations:** maintain confidence of key stakeholders
- k) **Customers:** create seamless transition from a service delivery viewpoint
- l) **Employees:** certainty, opportunity, fairness and consistency – feel valued

Scope and timing of planning

- 10.3. Participating Councils have expressed a desire to move to Stage 2 at different times. In keeping with the transition principle regarding flexibility, the transition planning will provide flexibility for this to be achieved.
- 10.4. Pending the appointment of the CCO Board, the Participating Councils will drive development of a transition plan. As soon as practicable, transition planning will commence with staff of the relevant councils. A high-level overview of the activities that Participating Councils will be required to engage in transition planning is included at Schedule 8.
- 10.5. Stage 1 Shareholders will receive Agreed Functional Services in accordance with the Service Level Agreement to be entered into between each Shareholding Council and the CCO.
- 10.6. The **Agreed Functional Services** are identified as:
- a) asset management planning
 - b) input into council planning processes
 - c) capital works delivery
 - d) strategic or catchment-wide consenting (compliance will stay with councils as part of operations unless that compliance relates to capital works delivery)
 - e) project planning and design and procurement
- 10.7. Implementation of transition planning will be supported by a:
- a) robust change process to support safe and seamless transition of people, systems and processes into the CCO
 - b) for Stage 1 Shareholders, a process for agreeing the capital works programme both at the time of transition and periodically after that so the CCO has line of sight of

councils' intentions in sufficient time to give the supply chain certainty of pipeline.
[Note: The intention is to leverage off information in the water services delivery plans that are signed off by councils as this should capture the detailed capital works to meet regulatory requirements for the first number of years]

10.8. The full scope of activity of the CCO at Stage 2 will be worked through in detail as part of the transition planning. Legislation will partly assist the transition with policy confirmation already received that Bill#3 will include provision regarding:

- a) transitional arrangements in relation to the transfer of assets and liabilities and ability of the CCO to issue offers to existing council staff
- b) the powers for a water services organisation to control connections
- c) the power to carry out work on land that is required by a utility provider to ensure infrastructure can be constructed
- d) an updated approach to the bylaws relating to water services
- e) transitional provisions as to how a water services provider will transition to the new system over time.

10.9. In addition to the above, the end-point transition plan must incorporate:

- a) how the CCO will charge for and collect revenue on 'day 1'. This is likely to be under a transitional arrangement in the early years until the CCO has capability to invoice customers directly
- b) the pricing principles for charging and the pathway to long-term pricing harmonisation (whether on a regional basis and / or local community based approach to pricing). The pricing pathway will take time and must include detail of the period of 'jam-jarring' and any charges for historical under-investment (refer clause 10.12 and 10.13.) that may be considered appropriate). In particular, of the establishment principles:
 - i. **Simplicity**: people understand what is proposed and why
 - ii. **Equitable**: everyone wins at some stage based on taking a long-term view
 - iii. **Value for money**: affordable services for customers
- c) principles that will inform the investment prioritisation framework (including any transition)
- d) consideration of any wider existing agreements or contracts
- e) a plan for relationship management with civil and other contractors
- f) systems the CCO will rely on for operations (e.g. finance, asset management, people, customer facing software) and any transitional arrangement required before the systems are fully operational
- g) readiness criteria the Board will apply to determine readiness to receive a water services business in a seamless and safe manner.

10.10. The transition plan must also have regard to the future partnership opportunities identified by Participating Councils with WRC which include, but are not limited to:

- a) technical leadership around a catchment-based approach to land use planning, infrastructure services and consenting
- b) shared services including technology

- c) the future delivery of functional services by the CCO to WRC
- 10.11. The Chief Executives of Participating Councils will continue to explore these partner opportunities in the timeframe between now and the establishment of the CCO, with the Board and Chief Executive of the CCO taking responsibility thereafter. The Statement of Expectations will reflect these opportunities.

Addressing historical underinvestment

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

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

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

Two waters or three waters

- 11.1. In return for the CCO undertaking to discharge all future obligations of a Council in relation to the delivery of drinking water and wastewater services (see clause 11.3 below for stormwater services), a Council will transfer its water services business into the CCO.
- 11.2. Bill#3 will provide that Councils will retain legal responsibility for the management of stormwater services but, in the context of a CCO, can choose to:
- a) deliver stormwater services in-house but contract aspects to the CCO
 - b) transfer aspects of stormwater service delivery (including certain stormwater network assets) to the CCO (DIA guidance provides that further detail in relation to what this

means in relation to the CCO being able to charge for stormwater will be provided in Bill#3).

- 11.3. It is agreed that the option in clause 11.2(b) above is the preferred option in the early years of the CCO with councils determining if they will receive stormwater management services from the CCO. The provision of such services will be charged on a cost-plus basis. Prior to a Shareholding Council moving to Stage 2, it will engage with the CCO regarding the nature of the stormwater management services to be provided by the CCO, together with the levels of service, performance targets and the cost to be paid to the CCO for the service.

Scope of transfer

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

12. Issue of Stage 2 Shares

- 12.1. **Note:** As stated at clause 5.8, Stage 2 Shares cannot be sold or transferred, nor do they carry a right to a dividend. The relevance of the number of Stage 2 Shares is the voting rights that they carry. The matters which will be voted on and the threshold for decisions to pass are set out in clause 6.4.

- 12.2. The voting rights that a shareholder has will be exercised to inform the direction of the CCO in the circumstances set out in clause 6.4. As the influence of a Shareholder will be exercised for the benefit of the communities to whom water services are being delivered, it has been agreed that shares will be allocated by reference to number of full connections in a council in the following manner:
- a) The first issue of Stage 2 Shares will be based on one share for every 1,000 full connections (rounded up) within the relevant Participating Council's service area on the date of issue
 - b) All subsequent issues of Stage 2 Shares will:
 - i. be based on one share for every 1,000 connections (rounded up) within the service area of the incoming shareholder on the intended date of issue (**Intended Date**)
 - ii. trigger a review of the Stage 2 Shares held by existing Stage 2 Shareholders and the issue of further Stage 2 shares to reflect any increase in the number of connections in its former service area on the Intended Date. Any decreases in connections will be ignored.
- 12.3. Stage 1 Shares held by a council will be cancelled (for no consideration) on issue of Stage 2 Shares to that council.
- 12.4. To ensure the proportionality of Stage 2 Shares reflects the number of connections across the service area, and can be adjusted to reflect material changes whether due to population growth or other changes, a 5 yearly review of connections will be carried out. This requirement to carry out a review can be waived with the approval of 75% (votes) and 75% (number) of Stage 2 Shareholders.
- 12.5. Shareholding Councils waive any pre-emptive rights in respect of the issue of shares to an existing Shareholder Council where the shares are issued because of the transfer of its business into the CCO (or because of an increase under clause 12.2(b)(ii) or clause 12.4).

13. Settlement between CCO and Councils

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

14. Service Level Agreement

- 14.1. Key provisions in the Service Level Agreement will include:
- a) Effective date from which services will be provided
 - b) A commitment to obtain all Agreed Functional Services from the CCO from the effective date (subject to limited exceptions for 'in-flight' projects)

- c) The need to provide an inventory of existing contracts that will be managed by the CCO from the effective date
- d) Agreement that CCO will be the principal to all future contracts for capital works management
- e) Agreement as to the management charge payable to the CCO for general overheads and services
- f) Annual work programme agreed in advance together with capex budget (and instalments for payment). Details as to how CCO will be funded.
- g) Three-year plan to be provided no later than 6 months prior to the due date for water services strategy (which will be required under the new legislation).

15. On-ramps / Off-ramps

Stage 1 on-ramps and off-ramps

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

Next off-ramp (ability to exit)

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

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

Future on-ramps (admitting other councils as shareholders)

- 15.5. After incorporation, it is intended that new shareholders will only be admitted as Stage 2 Shareholders. The CCO may choose to offer functional services to other councils under a service level agreement but these councils will not be shareholders.
- 15.6. While the intention is to create an entity for the collective benefit, this needs to be balanced with the need to enable the CCO to focus on developing the processes that will achieve the anticipated efficiencies and safely transition existing shareholders into the CCO (and provide certainty for the purpose of completing water services delivery plans). For this reason, new shareholders will not be able to join in the period between the CCO being established and the first Shareholding Council having safely transitioned to Stage 2. Assuming the first Shareholding Council will transition to Stage 2 on 1 July 2026, it is anticipated that other shareholders will not be admitted any earlier than Q3 2026.
- 15.7. The admission of new shareholders will be subject to the approval of existing Shareholding Councils.
- 15.8. Any application to become a shareholder must be supported by a formal resolution from the council submitting the application. The Board will put a proposal to the shareholders via the Shareholder Representative Forum seeking approval to admit a new shareholder.
- 15.9. The proposal must include:
- a) an independent assessment of the proposed incoming shareholders assets and:
 - b) whether there is any historical underinvestment that needs to be addressed, having regard to the position of the Participating Councils determined in accordance with clause 10.12 and 10.13.
 - c) financial implications for the CCO if the council is admitted
 - d) conditions of entry that will apply, including the entry contribution to be made by the incoming shareholder (refer clause 15.11 below)
 - e) likely shares to be issued to incoming shareholder and impact on existing shareholders. The number of shares that will be issued to the incoming shareholder will be determined by the same Stage 2 Share issue methodology
 - f) a recommendation in relation to the timing and transition of the proposed new shareholder which ensures any risk to the safe transition of existing Shareholders or operations of the CCO is fully mitigated.
- 15.10. The applicant shareholder will be required to meet the cost of the Board preparing the above proposal.
- 15.11. If the proposal is approved, the Incoming Shareholders will be required to:
- a) accede to the shareholders agreement on the existing terms
 - b) pay the entry contribution agreed by the existing Shareholders which is equitable and factors in the upfront monetary and time investment made by the original Shareholders. The entry contribution will be no less than the:
$$\frac{\text{contribution towards the IP built up by the CCO plus cost of establishment of CCO}}{\text{divided by: current number of connections multiplied by number of connections in service area of incoming shareholder}}$$

- c) comply with any further conditions of entry established by the Board and approved by existing shareholders

16. Water services delivery plans and the HOA

- 16.1. The Parties are each obliged to prepare a water services delivery plan under the terms of the Preliminary Arrangements Act and submit it to the Department of Internal Affairs by 3 September 2025 for approval. Each Party is obliged to consult with its communities on the future water services delivery model that it intends to adopt in its water services delivery plan. The manner in which consultation will take place will be addressed by Participating Councils outside of this Heads of Agreement.
- 16.2. The framework in this HOA is predicated on:
 - a) the future service delivery model of each Participating Council being underpinned by the establishment of the CCO and being informed by the positions developed under the governance documentation
 - b) a joint water services delivery plan being prepared by those councils who adopt the formal governance documentation to establish the CCO (following public consultation); and
 - c) Participating Councils working together and supporting the workstreams under the HOA to enable each council to comply with their obligations under the Preliminary Arrangements Act.
- 16.3. A short-term success measure that has been agreed in principle by Participating Councils is that each of them will submit a compliant water services delivery plan.

17. Governance of HOA implementation

- 17.1. The Parties agree that implementation of this HOA will be overseen by the Chief Executives of the Participating Councils (and noting that entry into formal governance documentation must be brought back to each council for decision making).
- 17.2. The Chief Executives will be responsible for:
 - a) ensuring their respective Elected Members are updated regularly on progress
 - b) determining whether, for efficiency purposes, a steering group should be formed from their number to oversee the work programme. Should a steering group be considered necessary, the group must include a Chief Executive from a minimum of one council intending to move to Stage 1 and the Chief Executive of each council intending to move directly to Stage 2.
- 17.3. The above will apply until the CCO is incorporated. From incorporation, the Shareholder Representative Forum will be established. The Chief Executives will work with the members of that Forum to transition governance oversight in a manner considered appropriate at that time.

18. Term and termination clause

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

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

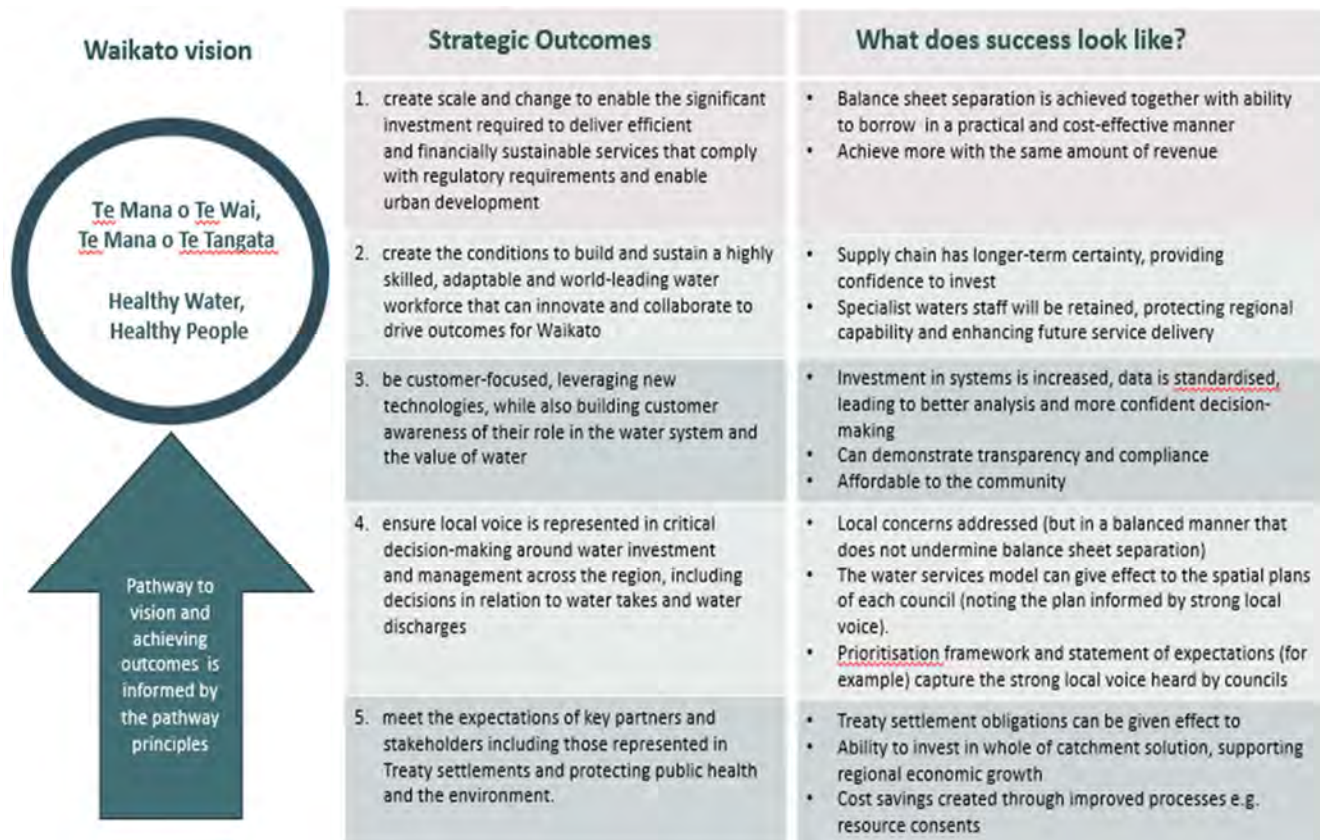
19. Dispute resolution

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

Schedule 1 – Signatory Councils

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

Schedule 2 – Strategic framework



Schedule 3 – Heads of Agreement Development Process

HOA relationship principles

The parties will:

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

Heads of Agreement decision making framework

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



Schedule 4 – Documents the HOA will inform

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

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

Schedule 5 – Statement of Expectations Minimum Content

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

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

Schedule 6 – Shareholders Representative Forum Terms of Reference

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

Purpose

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

Representative

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

Decision making

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

Delegated authority

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

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

Quorum

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

Schedule 7 – Board Skills and Competency

Matrix of Skills

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

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

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

COLLECTIVE BOARD ATTRIBUTES

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

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

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

Schedule 8 – HOA Council Activity

Council activity

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

Waikato Water Done Well Ōtorohanga District Council	
Report:	Agreed form Heads of Agreement
Meeting Date:	10 December 2024
Prepared by:	Vaughan Payne and Waikato Water Done Well Project Team

Purpose

Enable Ōtorohanga District Council to understand the Heads of Agreement (**HoA**) negotiated by Chief Executives

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

Recommendations

It is recommended that Ōtorohanga District Council:

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

Executive summary

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

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

1. Background to the HOA negotiations

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

b) to consider how Councils can work together to achieve the strategic direction they have agreed in principle, which includes working smarter by taking a whole of catchment investment approach

1.2. For ease, the collaborative roadmap that has guided the development of the Waikato Water Done Well model is included below. In accordance with this, a proposal was put to the Forum in July 2024 in relation to the co-design of a regional model for water services delivery. The recommendations included that the proposal be put to each Forum member organisation for consideration. This recommendation was endorsed and this Council approved the recommendations when the proposal was put before it.



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

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

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

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

- 1.4. As mandated, the Chief Executive, together with the Chief Executives of all other Participating Councils, has negotiated the attached HoA. For transparency, the process applied is set out in Appendix 1.
- 1.5. The content of the HoA is explained later in this report (refer section 3). It is important to note:
 - a) the HoA remains a non-binding commitment for Participating Councils to work together
 - b) the HoA captures good progress made in co-designing an aggregated model and is realistic about the scope and extent of work to be done to develop this option for future water services delivery
 - c) the agreed framework is subject to adaptation to reflect accepted feedback from public consultation (including feedback from councils in the form of submissions), and the requirements of further legislation and associated policy
 - d) the agreed design (as adapted in light of (c) above) will inform the development of formal CCO governance documentation; including the company constitution and the Shareholders Agreement.

What is the purpose of the HOA?

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

National context

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

Options

- 1.8. When determining the optimal structure and delivery method for water services, Councils have options (as confirmed by DIA guidance²). Subject to meeting minimum legislative requirements (refer Appendix 2), the delivery options are:
 - a) **Option 1:** an in-house business unit
 - b) **Option 2:** a single council-owned Council Controlled Organisation (**CCO**) (with Council support)
 - c) **Option 3:** a multi-Council owned CCO (again with Council support)
 - d) **Option 4:** a mixed Council/ consumer trust owned water organisation

¹ Enacted in September 2024

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

e) **Option 5**: some other form of arrangement³

Reason for options

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

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

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

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

1.11. In the context of the Councils who have negotiated the HoA, affordability of water charges is a key challenge that has been identified (refer table at paragraph 1.20 below).

Process before deciding options

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

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

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

⁴ [Unlocking Local Water Done Well: New water service delivery models | Beehive.govt.nz](https://www.beehive.govt.nz/unlocking-local-water-done-well-new-water-service-delivery-models)

- d) decide in relation to the future model and include that in its water services delivery plan.
- 1.13. Appendix 2 sets out further detail on the relevance of service delivery models in the context of water services delivery plans and the process councils must go through before deciding on the model to include in its water services delivery plan.
- 1.14. Water services delivery options are required to meet future regulatory requirements, which includes the soon-to-be introduced economic regulation. In general terms, the role of the regulator will be to make sure there is the right level of water infrastructure investment, to enforce information disclosure, drive efficiency gains, and ensure consumers are protected. Economic regulation will increase transparency and external scrutiny of water services businesses. Initial requirements for information disclosure are expected by early 2026. The ability to address economic regulation from when it is effective should also be a consideration for councils as they undertake this analysis.

Regional context

- 1.15. As noted in prior reports, the Waikato is known nationally for its leadership in managing water, being courageous and innovative to ensure better long-term outcomes for Lake Taupō, the Waikato and Waipā rivers, Hauraki Coromandel rivers and Tīkapa Moana/Hauraki Gulf.
- 1.16. The Waikato region sits at the heart of the ‘golden triangle’, a strategically significant socio-economic zone between Auckland and the Bay of Plenty regions. The region’s growth is increasingly impacting on its rural and provincial communities which are also critical for supporting a number of nationally significant sectors based in the Waikato including tourism, market gardening, forestry and wood processing, dairy farming, mining, aquaculture and horse breeding.
- 1.17. Councils who have negotiated the HoA are the rural and provincial councils, all of whom have agreed in principle to the vision of Te Mana o Te Wai, Te Mana o Te Tangata | Healthy Water, Healthy People. The vision sets the foundation for a more strategic and results oriented approach to water services governance and delivery.
- 1.18. It provides a future-focused opportunity that transcends borders, allowing the Waikato to show leadership in Water Services Delivery for generations to come, with a unified voice and scale. This strategic opportunity to work together for the benefit of communities and the wider region was recognised during negotiations with reference to the whakataukī by King Tawhiao; *“Ki te kotahi te kākaho, ka whati; ki te kāpuia, e kore e whati” | When a reed stands alone it is vulnerable, but a group of reeds together is unbreakable.*
- 1.19. Waikato councils have recognised a range of significant challenges (see paragraph 1.21 below) in the management of water services and have generally acknowledged that change is necessary to deliver the best outcome for ratepayers and the wider community.

Scale of Participating Councils

- 1.20. Together, the scale of Participating Councils is not insignificant with:
- a) 324,090 people or 64% of the region’s population
 - b) Growth over the last five years ranging from 3% to 13.7%, and all districts having growth higher than the national average of 2.07%

- c) 208,221 connections or 63% of the region’s water and wastewater connections
- d) \$208,092 million or 70% of the region’s water services annual revenue (excluding development contributions).

Challenges of Participating Councils

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

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

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



1.23. At the heart of it, affordability is a key consideration of most Councils, particularly in a cost-of-living crisis. The overall funding envelope will determine the extent of a council’s financial ability to meet compliance requirements, and to also address investment needs, whether they relate to growth, levels of service, resource consents and/or renewals.

Whether a council has financial constraints or not, it must have access to a skilled and capable workforce (internal and external) to have confidence it can and will deliver services to the requisite level.

Pathway to a solution designed through HoA

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

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

2. What does the HoA propose?

The content of the HoA framework is premised on:

2.1. **Form:** a limited liability company being established

2.2. **Purpose:** the overarching purpose of the company being to achieve the strategic direction (refer clause 3 of the HoA). As Councils are aware, the original recommendation was to co-design an aggregated model that would be stood up in stages; Stage 1 being functional services and then Stage 2 (an asset-owning CCO into which councils will transfer their water services business). During negotiations it became apparent some Councils need to go directly to Stage 2. To enable this, the HoA provides that:

- a) On the date the CCO is operationalised, there will be two categories of councils – those going directly to Stage 2 and those transitioning into the CCO in a staged manner, starting with Stage 1
- b) The CCO will be set up as an asset-owning CCO from the outset (i.e. akin to a Watercare) but with two parallel transition plans
 - i. Transition planning for the transfer of the water services business of those councils going directly to Stage 2
 - ii. Transition planning for councils who are going to Stage 1 and who will obtain functional services from the CCO from the date it is operationalised under the terms of a service level agreement

2.3. **Councils will own the Company:** Councils will own the company as shareholders. When the CCO is first established, all councils will hold shares equally and will be referred to as Stage 1 shareholders. When the CCO 'goes live' and a council transfers its water services business into the CCO, Stage 2 Shares will be issued to that Council and it will become a Stage 2 shareholder. Stage 2 Shares will be allocated between councils based on the number of full connections. The terms of the shares include:

- a) No dividend
 - b) Shares cannot be sold or transferred and can only be held by a Council
 - c) Stage 1 shareholders must enter into a service level agreement with the CCO. To have confidence that scale and efficiencies will be achieved over a reasonable time, all councils commit to moving to Stage 2 within five years of the CCO becoming operational (with it being assumed that the CCO will be operational from July 2026)
 - d) When a Council moves to Stage 2, its Stage 1 shares will be cancelled. A Shareholding Council cannot be a Stage 1 Shareholder and Stage 2 Shareholder at the same time
- 2.4. **Council's ability to influence:** Stage 1 Shareholding Councils will continue to set the direction for its infrastructure assets through long-term planning (and such new requirements). The CCO will support these councils delivering on these through the service level agreement. Stage 2 Shareholding Councils will continue to set the direction for water services and infrastructure assets in their service area through a combined Statement of Expectations to the Board and through input into, and monitoring of, other documents (as required under the new accountability framework). In both scenarios it is expected the CCO will be required to provide water infrastructure to help deliver spatial plans prepared by councils which reflect local voice and aspirations.
- 2.5. **Directors:** a professional board of directors will be appointed by the Shareholding Councils having regard to the Board Skills Matrix set out in Schedule 7 to the HoA. By law, directors cannot be elected members or staff members of any of the Shareholding Councils). Accordingly, no Council can have "representatives" on the Board. The role of the Board is to act in the best interests of the company and ensure a fully focused approach to water services, creating opportunities for new capital and operating efficiencies (at Stage 1 and Stage 2).
- 2.6. **Iwi Partnership:** Until there is clarity on which councils are shareholders in the CCO, it is not possible to engage meaningfully with Iwi to work through their involvement in shareholder decision making. For this reason, the role of Iwi in relation to shareholder decision making has been left as a matter for the Shareholder Representative Forum (comprising Mayors) to lead with the Waikato Iwi Chairs Forum (or relevant Iwi Chairs depending on the councils involved). The HoA proposes that the SRF develop a proposal on how best to partner with Iwi, including respecting existing arrangements between councils and hapū/Iwi.
- 2.7. In addition, the Statement of expectations will highlight the importance of the CCO having strategic relationships with Iwi, hapū and other entities (e.g. Waikato River Authority; Waihou, Piako, Coromandel Catchment Authority). As the Board is an independent Board, Councils will not have representatives on the Board. For the same reason, it will not be possible to have Iwi 'representatives' on the Board. However, as set out in the Board Skills Matrix at Schedule 7, integrating Te Ao Māori and Tikanga Māori in a professional board environment is a Board competency. The HoA notes that the proposal in relation to the long-term engagement with Iwi will require deep engagement and consideration and so it is likely to postdate the initial board appointment process (aiming for mid-2025). For the initial appointment process, the Waikato Iwi Chairs Forum (or relevant Iwi Chairs) will be invited to participate in the appointment process so there is assurance this Board competency is demonstrated during the recruitment process.

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

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

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

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

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

3. How does regional design support strategic outcomes?

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

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

Creating scale

3.2. As noted at paragraph 2.15 above, the scale of Participating Councils is not insignificant, including 324,090 people or 64% of the region’s population, 208,221 connections or 63% of the region’s water and wastewater connections, and \$208,092 million or 70% of the region’s water services annual revenue (excluding development contributions).

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

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

Balance sheet separation and increased borrowing

3.4. LGFA has confirmed that water services CCOs which control the water revenue for water services can borrow 500% revenue subject to prudent credit criteria being met. In a multi-council owned CCO such as that proposed for Stage 2 Councils, this will be treated as separate from council borrowing (but with Council support). Balance sheet separation will be achieved under this proposed model. This will also free up a council’s balance sheet for non-water activities. The more Councils that aggregate together, the more the revenue generated by the CCO (at Stage 2) and so the more it can borrow. A key focus of the proposed model is to ensure that investment is made in a more strategic and cost-effective manner (refer later paragraphs).

Achieve more with revenue

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

Enable significant infrastructure investment

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

Strategic consenting

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

⁵ In the three years ending 20/21, an average of 78% of actual capex budgets was spent. More recent reports on capex budgets versus actual spend indicate this gap continues to close.

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

Leading Workforce

<p style="text-align: center;">Outcome 2:</p> <p style="text-align: center;"><i>create the conditions to build and sustain a highly skilled, adaptable and world-leading water workforce that can innovate and collaborate to drive outcomes for Waikato</i></p>	<p style="text-align: center;">Success Measures:</p> <ul style="list-style-type: none"> • Supply chain has longer-term certainty, providing confidence to invest • Specialist waters staff will be retained, protecting regional capability and enhancing future service delivery
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3.11. The aggregated approach to capital works through a single focused team, together with the creation of a consolidated Asset Management Plan (AMP) informed by a long-term strategy, will provide the supply chain with longer term certainty of pipeline and give it confidence to invest in resources to support the AMP.

3.12. The above will also enable supply chain management, again through a single team. This will both lower and smooth costs as Councils will not be competing for the same resources.

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

3.14. Specialist waters staff across the region will work together in the CCO, sharing knowledge, building capability, enhancing future service delivery and better local career paths for the regional water’s workforce. A continued local presence to support local delivery is an expectation of the operating model and can be specified in the Statement of Expectations.

3.15. The design gives existing staff line of sight of a Council’s intentions and so confidence as to their future career pathway. This is important as uncertainty created by various reforms has gone on for too long. This also makes service delivery more resilient, particularly for smaller Councils where operations can be highly dependent on a few individuals. The need to create an attractive proposition for staff remains even more important as other CCOs are stood up around the motu and engage in a recruitment drive to attract the most skilled.

Responding to economic regulation

3.16. The workforce will need to be supported by the CCO’s capability to build systems and processes that efficiently respond to and meet the requirements of economic regulation.

A CCO at Stage 2 will enable Councils to prepare for economic regulation by removing water services from their main activities and transferring these into an organisation designed to respond to regulatory requirements.

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

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

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

Local influence

<p style="text-align: center;">Outcome 4:</p> <p style="text-align: center;"><i>ensure local voice is represented in critical decision-making around water investment and management across the region, including decisions in relation to water takes and water discharge</i></p>	<p style="text-align: center;">Success Measures:</p> <ul style="list-style-type: none"> • Local concerns addressed (but in a balanced matter that does not undermine balance sheet separation) • The water services model can give effect to the spatial plans of each council (noting the plan informed by strong local voice). • Prioritisation framework and statement of expectations (for example) capture the strong local voice heard by Councils
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3.20. A requirement of legislation is that a competency-based Board must be appointed. Neither elected members nor staff of a Shareholding Council can be appointed to the

Board. The co-designed model ensures that local voice is represented in the following manner:

- a) Within the HoA, each shareholder will have at least one representative on the Shareholders Representative Forum; this being the body that will support the coordination of multiple council interests in relation to those matters that fall within scope of the shareholders decision making.
- b) At Stage 1, all shares are held equally, giving all shareholders equal influence
- c) Best endeavours will be applied to reach all shareholder decisions by consensus. Where this cannot be achieved, shareholders will vote, with 75% being the threshold for decisions.
- d) Councils with Stage 2 shares will have shares allocated based on number of full connections (with review periods included). This was arrived at as the appropriate means for allocating shares because:
 - i. Shares cannot be sold or transferred in the CCO
 - ii. No dividend is attached to shares
 - iii. The relevance of the number of shares is the ability to influence decisions
 - iv. As influence is exercised on behalf of customers, the number of connections best reflects community interests and local voice

3.21. To protect the influence of all Shareholders, two levels of decision making are included in the decision-making framework for Stage 2; 75% of votes and 75% of number. The latter ensures that a few large shareholders can not unduly dominate.

3.22. The HoA provides for the development of a transition plan, which will be brought to Shareholding Councils for approval when only Stage 1 Shareholders exist. This must incorporate the principles that will inform the investment prioritisation framework of the CCO (including any transition). This will be approved before the CCO ‘goes live’.

3.23. Under the new accountability framework Bill#3 will introduce, Councils will also set out their expectations of the Board in a combined Statement of Expectations which will include strategic outcomes, priorities and any other general guidance shareholders wish to include. This will capture the strong local voice heard by Shareholding Councils and set the expectation that the CCO give effect to the spatial plans of each Council.

3.24. A new document, referred to as a water services strategy, will be required from the Board. This will set out the Board’s strategic priorities, how it will meet regulatory requirements, and how it will respond to the Statement of Expectations. Shareholders will have the opportunity to review and comment on this before the water services strategy is finalised.

Delivering on Expectations

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

Outcome 6: <i>Protecting public health and the environment</i>	Success Measures Ability to invest in whole of catchment solution, supporting regional economic growth
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3.26. As noted at paragraph 4.10 above, a key focus in the design is to invest in a whole of catchment solutions. This will require an understanding of the overall impacts that multiple water takes or wastewater discharges are having on the health and wellbeing of rivers that transcend council boundaries. In this manner, the CCO can ensure consent processes deliver the best return on investment at a catchment scale as opposed to being driven by expensive ad hoc individual consent processes.

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

4. ‘Showstoppers’ and HoA Design

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

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

Overarching groups identified	‘Showstoppers’ captured in grouping
1. Local voice and influence	<ul style="list-style-type: none"> • Timeframe to price harmonisation (formerly known as cross-subsidisation) • Enabling local voice • Governance • Prioritisation of communities • Community perception re assets being ‘given away’ • Ability to Influence pricing • Iwi buy in and influence in decision making

2. Distributional impacts	<ul style="list-style-type: none"> • Timeframe to price harmonisation • Prioritisation of communities • Water metering
3. Service delivery, scope and standards	<ul style="list-style-type: none"> • Ability to create scale and move quickly • Stormwater – in or out
4. Transitional considerations	<ul style="list-style-type: none"> • Ability to create scale and move quickly • Stranded costs • Costs involved in standing up a CCO

Local voice and influence – HoA Design

- 4.3. In addition to the design matters set out in Outcome 4 above, the transition plan proposed by the HoA requires Shareholding Councils agreement on:
- a) the pricing principles for charging and the pathway to long-term pricing harmonisation (whether on a regional basis and / or local community-based approach to pricing (jam-jarring)). The overriding requirement of economic regulation is that the true cost of the service is reflected in the price.
 - b) Assets will be owned by the CCO which, in turn, will be owned by Shareholders. Assets cannot be given as security. Shares can only be held by Councils.
 - c) Iwi and shareholder decision making – partnership proposal to be prepared by Shareholder Representative Forum

Distributional Impacts – HoA design

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

Service delivery, scope and standards – HoA design

- 4.5. HoA has created a staged approach to enable some Councils to move faster than others. This includes the enablement of Councils to go directly to Stage 2 where that is appropriate in the context of their business.
- 4.6. It is proposed that stormwater be addressed via a stormwater management agreement in the first instance but noting the optionality that may be available later once the scope of Bill#3 is fully understood.

Transitional considerations – HoA design

- 4.7. Stranded costs is a risk that must be managed as part of the transition planning. Transitional arrangements between Councils and the CCO will be worked through to manage and minimise such costs. The staging approach also enables Stage 1 shareholders to manage this cost as part of their change planning for transition into the CCO within the 5-year timeframe.
- 4.8. The more Councils, the more that costs can be shared. It may be that the costs can be passed into CCO from a point in time – this is a matter that is being discussed with LGFA. If further Councils join, they will be required to pay an entry contribution in the manner set out in the HOA.

5. Implications of signing the HoA

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

- 5.7. For those Councils who wish to put the regional model forward as an option during consultation, it is proposed a Joint Committee will be established by the Participating Parties to support the consultation process. Although Councils may consult at different times, it will be important that the format and content for a regional model proposal is agreed by the relevant Councils to ensure consistency in messaging to communities.
- 5.8. To enable all Councils to consult within their intended timeframes, it is not intended that the HoA be amended before public consultation. However, the formal governance documentation will reflect all accepted feedback from consultation and will be brought back to each Council for consideration and approval.

6. Required investment

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

7. Next steps

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

Appendix 1 - HoA Development Process

Negotiations

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

Process applied to develop content [to be completed]

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

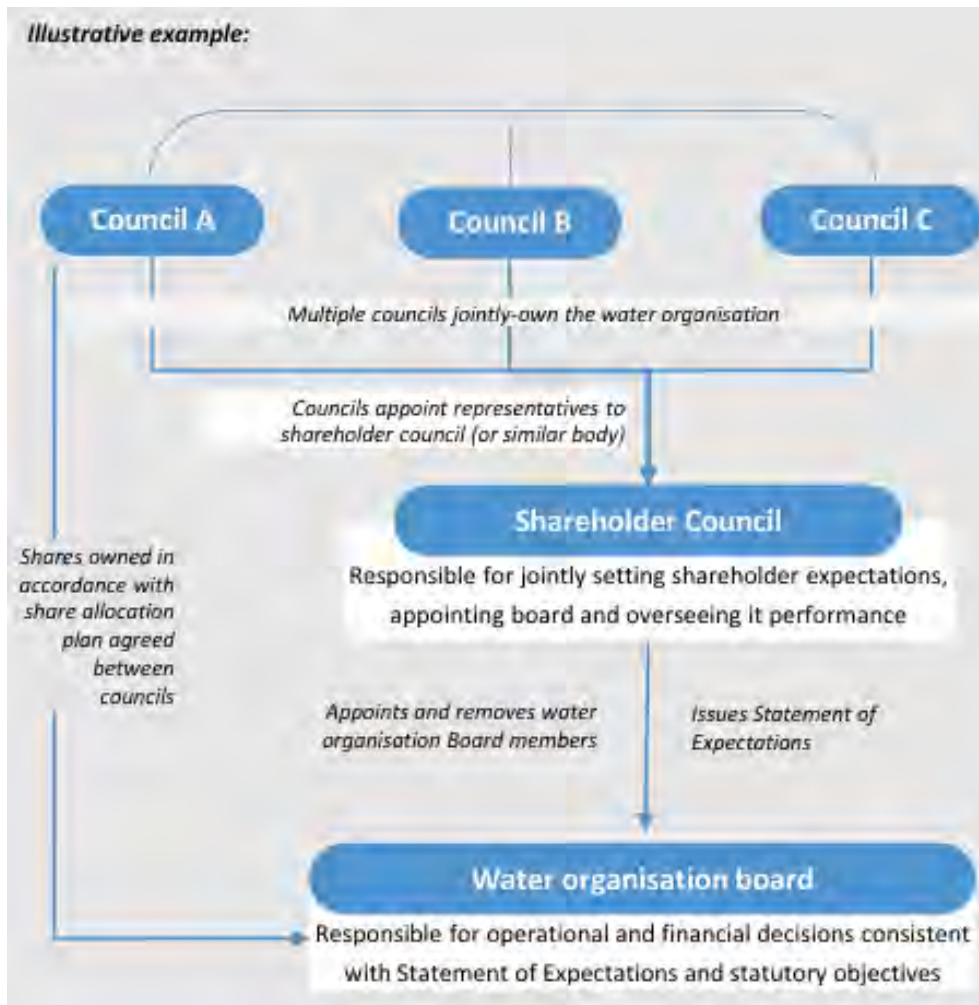
1. Form of entity	2. Purpose of entity	3. Stage 1 shares allocation	4. Who is on shareholder forum?
5. What is Iwi involvement?	6. How will shareholders make decisions?	7. Directors	8. Scope of Statement of Expectations?
9. What does public consultation look like?	10. Transition planning	11. Stage 2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

Appendix 2 – Water Services Delivery Plans and service delivery models

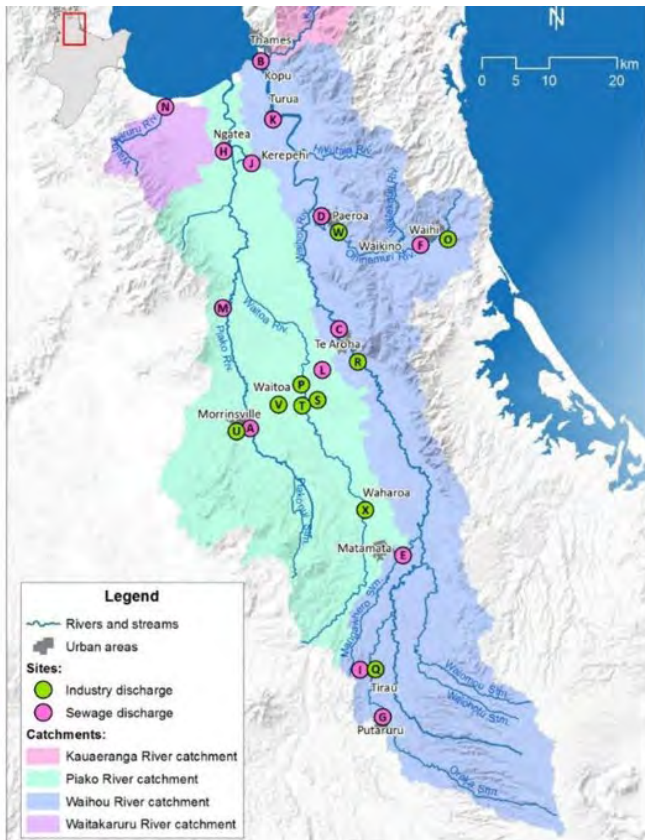
1. Water services delivery plans are required under the Preliminary Arrangements Act. The focus of these plans is financial and asset condition, investment requirements and service delivery model arrangements.
2. Process wise:
 - a) each council is required to submit a water services plan by 3 September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

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

Appendix 3 – Multi-Council owned CCO example



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



Appendix 5 – WWDW indicative timeline and milestones

[insert in here post CE approval]

Item 201 Class 4 Gambling Policy Review

To Ōtorohanga District Council

From Tony Quickfall, Group Manager Regulatory and Growth

Type **DECISION REPORT**

Date 10 December 2024



1. Purpose | Te kaupapa

1.1. To confirm the review of the Class 4 Gambling Policy (pokies) without amendments.

2. Executive summary | Whakarāpopoto matua

- 2.1. Ōtorohanga District Council (ŌDC) is required to maintain a Class 4 Gambling Policy (gaming machines - pokies) under the Gambling Act 2003. The Act also requires a three-yearly review of the policy with the current review due 2024.
- 2.2. Staff have conducted an internal review and invited feedback from NZ Police, Ōtorohanga Support House and Council’s Environmental Health Officer. Feedback was only received from Council’s Environmental Health Officer who advised there were no issues with the existing policy, and no need for amendments. Staff’s assessment is that the current policy is effectively managing Class 4 Gambling.
- 2.3. As such, staff are recommending no changes to the current policy and that this be reconfirmed by way of updating the review date in the policy

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Ōtorohanga District Council:

- a) Confirm the review of the Class 4 Gambling Policy, without amendment, and
- b) Correct the Policy title to read “*Class 4 (Gaming Machines) Gambling Policy 2024*”; and
- c) Update the Policy to include a footnote “*Reviewed December 2024, no amendments*”.

4. Context | Horopaki

4.1. The Gambling Act 2003 requires councils to maintain a policy for Class 4 Gambling for non-casino gambling machines (“pokies”). The different gambling classes are:

- **Class 1 Gambling:** Low-stake, low-risk gambling. Prizes or turnover for one session do not exceed \$500. Does not require a licence.

- **Class 2 Gambling:** Slightly higher stakes than Class 1. Prizes for one session do not exceed \$5,000, and turnover does not exceed \$25,000. Does not require a licence, must be run by a society.
 - **Class 3 Gambling:** Larger-scale gambling activities. Prizes exceed \$5,000. Requires a licence. Must be run by a society.
 - **Class 4 Gambling:** High-risk, high-turnover gambling. Includes non-casino gaming machines. Requires a licence and is subject to strict regulations.
 - **Other:** Separate categories for casinos and lotteries commission.
- 4.2. The Department of Internal Affairs issues and administers Class 4 licences. A consent is required from ŌDC if a corporate society proposes to increase the number of gaming machines at a class 4 venue, or if a venue relocation is proposed. The number of gaming machines and any reduction is also regulated under the Act.
- 4.3. Class 4 policies must be reviewed every three years. ŌDC’s current policy is due for review the calendar year 2024.

Review

- 4.4. Staff have conducted an internal review. The current policy provides for continued use of Class 4 Gambling in accordance with the purpose of the Gambling Act 2003, while minimising harm. The key features of the policy are:
- a. Control of the use and numbers of class 4 gaming machines.
 - b. Applies a “sinking lid” approach.
 - c. No new consents will be issued.
 - d. Permits are not transferable
 - e. Permits will not be renewed for venues that cease to operate.
 - f. Venues that relocate or rebuild may retain the same number of machines.
- 4.5. Ōtorohanga District only has two venues and the summary of statistics is shown as follows.

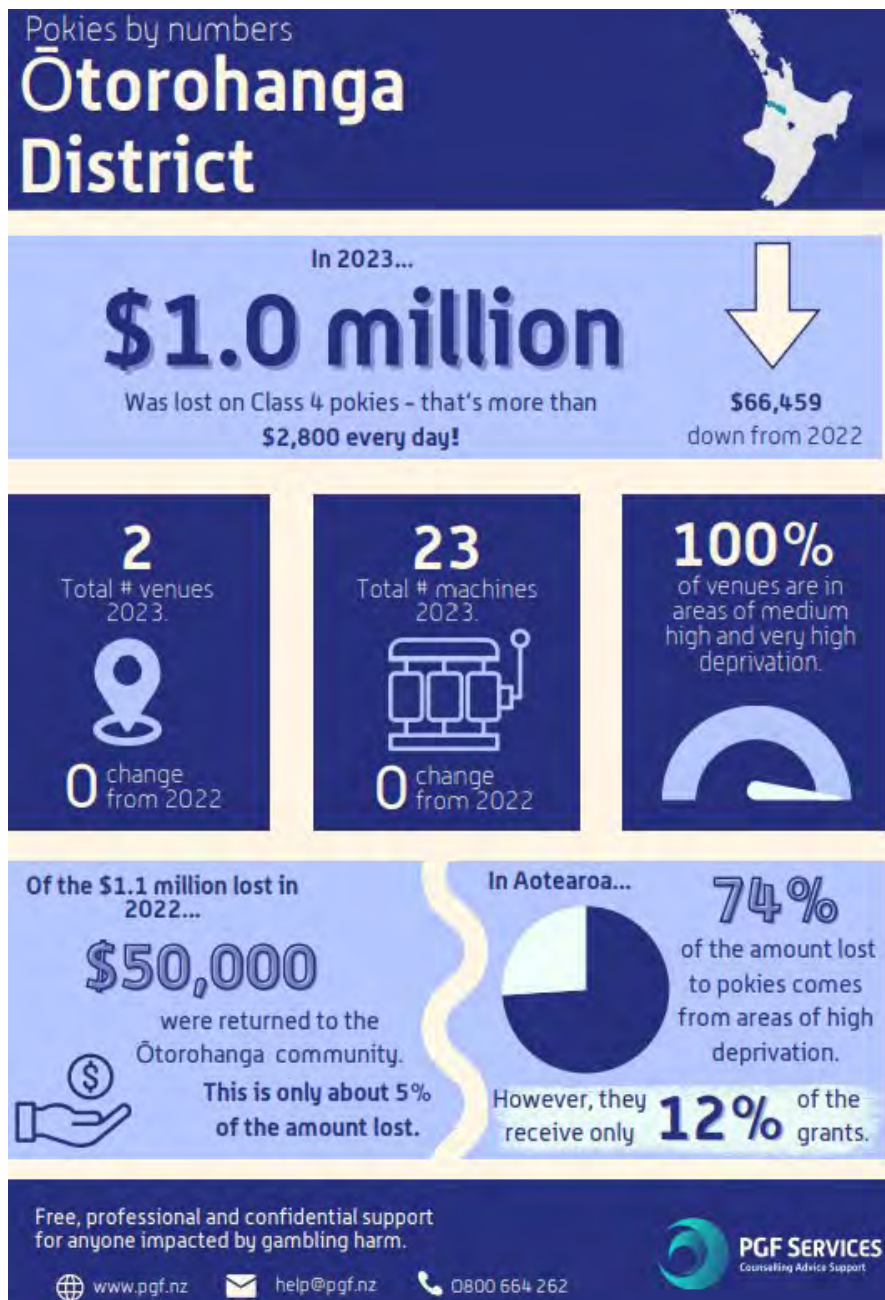
Table 1: Class 4 Gambling in Ōtorohanga District

LOCATION	VENUES	TOTAL POKIES
Ōtorohanga	Ōtorohanga Club	18
Ōtorohanga	Kawhia Hotel	5

Table 2: Comparative Analysis

2022 stats	WAITOMO	ŌTOROHANGA	WAIPA
Gaming machines per 10,000 people	50	23	34
% of lost revenue returned to community	18%	5%	11%
Venues per 10,000 people	4	2	2.5

Figure 1: Class 4 Gambling Metrics



- 4.6. In terms of the comparative analysis, a relatively lower proportion of lost revenue was returned to the Ōtorohanga community than venues in neighbouring councils. The distribution of losses (net proceeds) is regulated by the Department of Internal Affairs under the “Gambling (Class 4 Net Proceeds) Regulations 2004, with clubs having different regulations than for-profit venues.
- 4.7. While there is no statutory requirement to consult on the review itself, staff invited feedback on the effectiveness of the policy from NZ Police, the Ōtorohanga Support House and ŌDC’s Environmental Health Officer. Feedback was not sought from license holders given the vested interest in continued operation. However, no licence holders have raised any issue or concerns with ŌDC over the operation of the policy.
- 4.8. Following the review, staff consider the policy remains effective in respect of implementing the Act while minimising harm and have not identified any amendments to the policy itself.

- 4.9. However, a minor correction is needed to the *title* of the policy. The policy is currently titled “*Gambling Venue Policy 2021*”. A correction is needed to align the title with the Act to read: “*Class 4 (Gaming Machines) Gambling Policy*”. No consultation is required for this amendment as it is only a correction to the title and does not change the policy itself.

Statutory Process

- 4.10. There is no obligation to consult during the review itself.
- 4.11. If there are no amendments to the policy, then the policy is simply updated with the review date.
- 4.12. If amendments are proposed, then the Act prescribes that “*a policy may be amended or replaced only in accordance with the special consultative procedure*”. ŌDC must follow a special consultative procedure on any proposed amendments, which involves calling for submissions, holding a hearing on any submitters who wish to be heard, and a decision.

5. Considerations | Ngā whai whakaarotanga

Significance and engagement

- 5.1. This is not a significant decision under ŌDC’s Significance and Engagement Policy.

Impacts on Māori

- 5.2. Class 4 gambling is of interest to Māori in respect of social harm. Mana whenua iwi will be informed of the review, with the outcome being no amendments.

Risk analysis

- 5.3. There are no risk considerations associated with this decision of the review of the policy.

Legal

- 5.4. This decision and the review implement the requirements of the Gambling Act 2003.

Financial

- 5.5. There are no financial considerations associated with this decision.

6. Discussion | He kōrerorero

Option 1: Confirm the current policy with no amendments

- 6.1. This option is as per the recommendation, i.e. no amendments to the policy, correct the title and update with the review date.

Option 2: Amend the current policy

- 6.2. Under this option, the policy would be amended, and a special consultative procedure would be followed on the proposed amendments.
- 6.3. Staff have not identified any amendments that might be needed to the current policy. Over the course of the last three years’ operation of the current policy, staff are unaware of any concerns or issues

around the effectiveness of the policy from license holders, ŌDC’s Environment Health Officer, or “harm responders/agencies”.

Recommended option and rationale

6.4. It is recommended that Option 1 is confirmed.

7. Appendices | Ngā āpiti hanga

Number	Title	Document number
1	ŌDC Gambling Venue Policy 2021	

1. Objectives of the Policy

- a. To support the purpose and intent of the Gambling Act 2003
- b. To provide for the continued availability of Class 4 Gambling within the Ōtorohanga District in accordance with the purpose and intent of the Gambling Act 2003
- c. To control the growth of Class 4 Gambling Machine ('pokies') numbers within the Ōtorohanga District
- d. To encourage responsible gambling practices and attitudes in Class 4 Gambling Venues.

2. Standards

a. No Allocation of Gambling Machines when a Venue Closes

- i. Council will not grant consent for the establishment of any new Class 4 venues or machines under this policy.
- ii. Once a venue ceases to operate, the machine numbers will not be allocated to any new or existing venue.
- iii. All Class 4 Gambling Venues, with the exception of venues that are also Board Venues (TABs), are required to have a current liquor licence. Any liquor licence issued will be compliant with the Council's Local Alcohol Policy.
- iv. A Gambling Venue Consent is for one venue (one premises) and is not transferable to another venue. The consent is given to a venue at a given address, not to a person or business.

b. Exceptions

- i. Clubs or businesses that rebuild or relocate may be allowed a maximum of the number of gambling machines approved at the time of closing the former premises
- ii. When clubs or businesses wish to merge physically, they may be allowed to operate the sum of the number of gaming machines specified in all the clubs Class 4 Venue Licences at the time of application, or 18 machines, whichever is the lesser.

3. Primary Activity of Class 4 Gambling Venues

The primary activity of any Class 4 Gambling Venue shall be:

- i. Clubs for sporting activities, or
- ii. Chartered clubs, or
- iii. For the sale of liquor, or the sale of liquor and food for consumption on the premises, or
- iv. For TAB agency outlets.

4. Conditions Applying to all Gambling Venues under this Policy

Requirements applying to all locations:

- i. Gambling machines must not be a primary part of the venues operation
- ii. Gambling machines and/or signage relating to, or prompting gambling, must not be visible from any public place outside of the venue
- iii. The gambling area in a venue shall not have a separate entrance, separate name or otherwise seem to be separate from the primary activity of the venue
- iv. The venue must hold a current on licence or club licence for the sale of liquor for consumption on the premises, or be a TAB venue
- v. The principal entrance of any venue premises located outside the CBD areas of Ōtorohanga and Kāwhia shall not be located closer than 100 meters to any residential property, community facility, school or early childcare centre
- vi. The venue premises shall not adjoin within the CBD area, or be within 50 metres of the principal entrance outside of the CBD area, of any other Class 4 Gambling Venue
- vii. The venue must meet all application, declaration and fee requirements pertaining to all Class 4 Venue Licence and Consents.

5. Applications for Gambling Venue Consent

Applications for Council Consent, where the application satisfies **Section 2b** above, may be lodged at any time and must include the following information:

- i. Name and contact details for the applicant and the venue operator, including the society name, the venue trading name(s), and any other name(s) related to the venue,
- ii. Venue street address and legal description of the proposed premises for the Class 4 Gambling Venue,
- iii. A locality plan clearly identifying the proposed venue premises in relation to other neighbouring properties and surrounding land use,
- iv. A site plan of the proposed venue premises showing the existing and/or proposed buildings,
- v. A floor plan covering both the gambling and other activities proposed for the venue, including details of each floor of the venue, the location of gambling machines and the location of clocks and windows within the gaming room,
- vi. A declaration with details of how the proposed venue premises complies with Council's Gambling Venue Policy.
- vii. Any applications that does not comply with all aspects of this Policy will require a Public Hearing

Consent for the establishment of a new Class 4 Gambling Venue is subject to the above consideration at the discretion of Council.

6. Identification of CBD areas within the Ōtorohanga District

For the purposes of this policy, the CBD areas of Ōtorohanga and Kāwhia are described below:

All of the areas identified as Ōtorohanga Licensing Precinct and Kāwhia Licensing Precinct which are marked in purple on the maps attached to the Local Alcohol Policy 2016, indexed in Appendix A.

7. Application Fee

The application fee is set by Ōtorohanga District Council and includes consideration of:

- i. The cost of processing the application; and
- ii. The cost of triennially reviewing the Gambling Venues Policy

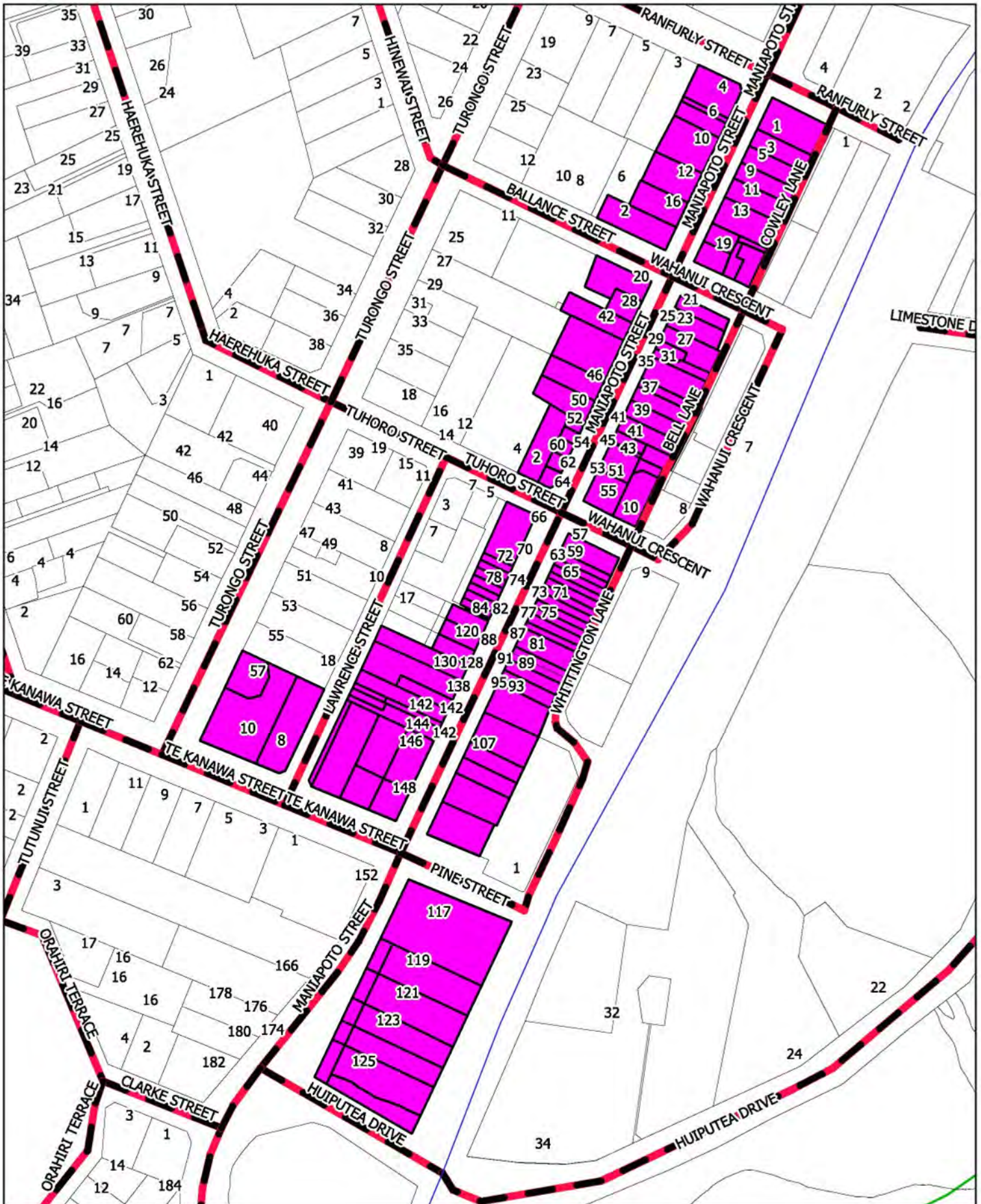
The application fee will be reviewed by Council regularly as part of its Fees and Charges review processes.

Attachments

Appendix A Maps

Ōtorohanga Licensing Precinct


Kāwhia Licensing Precinct

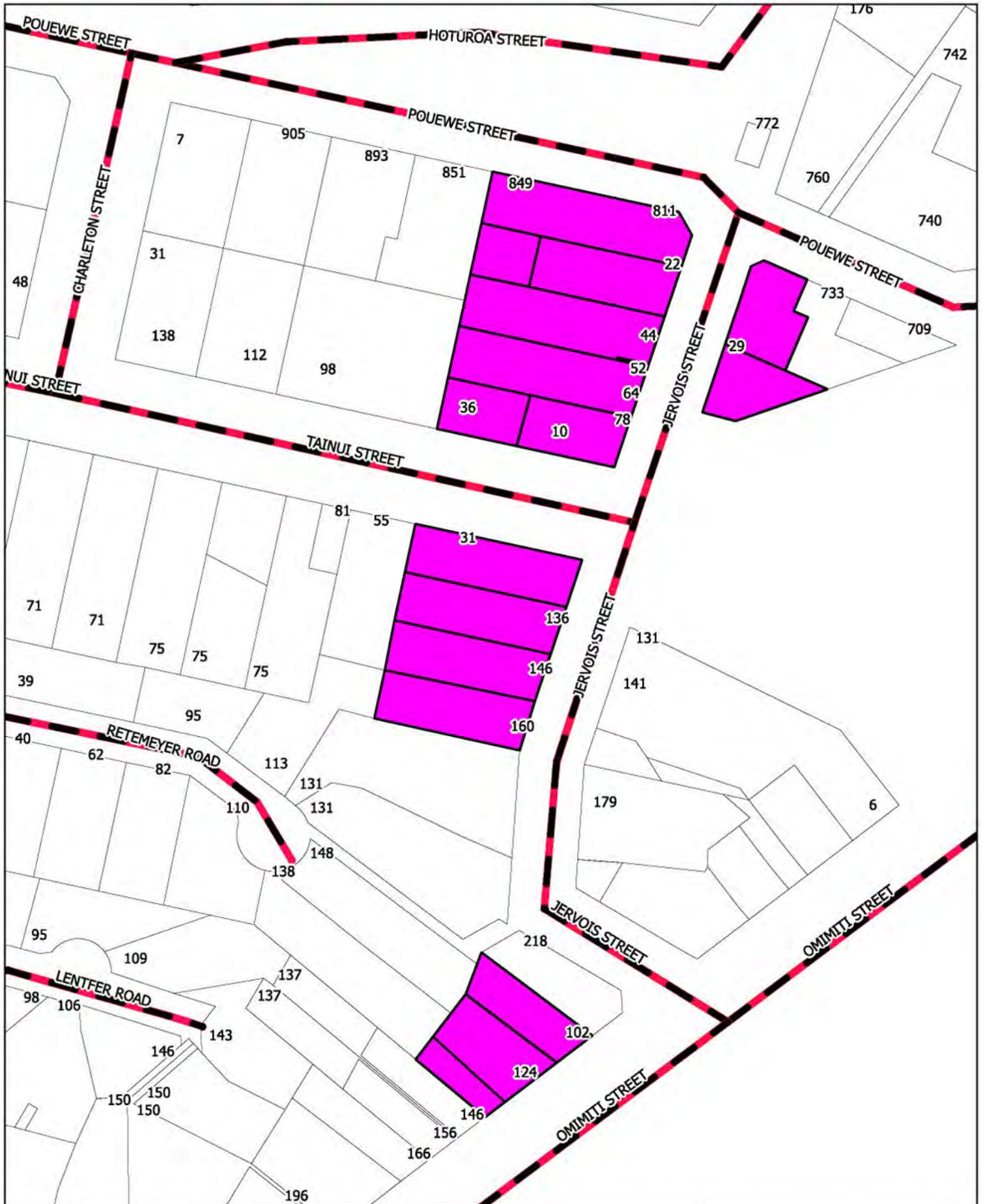


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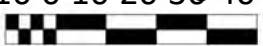
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Item 202 Funding request from Ōtorohanga Historical Society Incorporated

To Ōtorohanga District Council

From Nardia Gower, Group Manager Strategy and Community

Type **DECISION REPORT**

Date 10 December 2024



1. Purpose | Te kaupapa

1.1. To consider funding for the Ōtorohanga Historical Society Incorporated to support its operation of the Ōtorohanga Museum- Te Whare Taonga o Ōtorohanga.

2. Executive summary | Whakarāpopoto matua

- 2.1. Our district has two museums located in Ōtorohanga and Kāwhia townships. This report is only considering the possible funding of the Ōtorohanga Historical Society (the Society) which operates the Ōtorohanga Museum (the Museum).
- 2.2. The Society established the Museum in October 1974 as a community response to residents losing many taonga/treasures, records, and documents due to damage from the Waipā flood of 1958.
- 2.3. Between 1974 and 2020 the Society operated the Museum on a volunteer basis. In 2020 the Society successfully applied to NZ Lotteries for the first time to cover the cost of staff wages which allowed the Museum to develop significantly. They were successful in securing Lotteries funding for staff wages for a second time in 2022.
- 2.4. In November 2024 the Society was notified that its most recent NZ Lotteries funding application for staffing expenses was not successful. Feedback from the Lotteries Committee noted the Societies request did not align as closely with the Committee’s priorities as other requests in that round. The priorities for Lotteries 2024/2025 are noted as: “Enabling our communities to be resiliently engaged and connected with consideration for youth, elderly, Māori, rural and ethnic groups”.
- 2.5. NZ Lotteries is the Societies only source of funding which accepts applications to cover their staff wages. The national and regional funding landscape has an extremely limited number of funding bodies who allow an organisation to apply for wages, because of this a number of smaller museums receive operational grants from their councils.
- 2.6. Current wages for Museum staff will run out on 31 December 2024.
- 2.7. Considering this, the Society has submitted a funding proposal for Council’s consideration. Their proposal contains costings of two options-
 - a) Option 1 for \$58,010 per annum to cover costs for two staff with a total of 35 hours per week for twelve months, which aligns to their current capacity, and

- b) Option 2 for \$30,000 per annum to cover costs for two staff with a total of 21 hours per week for twelve months which would allow them to continue their work- but in a reduced capacity.
- 2.8. Their funding proposal is attached to this report as Appendix 1.
- 2.9. Should Council choose to fund the Society, it is recommended to fund six months of costs to align with considerations for the Annual Plan 2025/26. The pro rata for each option is:
- a) Option 1 at \$29,005 for six months pro rata, from 1 January 2025- 30 June 2025 (\$58,010 for twelve months) or,
- b) Option 2 at \$15,000 for six months pro rata, from 1 January 2025- 30 June 2025 (\$30,000 for twelve months).
- 2.10. Council could draw any agreed funding from either deficit/surplus funding or from a special purpose reserve such as the General District reserve fund.
- 2.11. If Council chooses to fund the Society it will help support their aim to protect valued taonga and unique local histories in a safe environment, and to provide the museum as a place where the community's history is preserved and accessible to everyone.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That Ōtorohanga District Council:

- a) Grants the Ōtorohanga Historical Society Incorporated **\$29,005** which is pro rata of the \$58,010 from the General District Reserve Fund,
- b) Notes this funding will provide for two staff with a total of **35 hours per week for six months** from 1 January to 30 June 2025, which aligns to their current capacity and Council's financial year,
- c) Directs the Chief Executive to include any ongoing funding for the Society as an item for consideration as part of the draft Annual Plan 2025/26 development process.

4. Context | Horopaki

- 4.1. Our district has two museums located in Ōtorohanga and Kāwhia townships. This report is only considering funding the Society which operates the Ōtorohanga Museum.
- 4.2. The Society was established in October 1974 as a community response to residents losing many taonga, records, and documents during the Waipā awa/river flood of 1958.
- 4.3. The Society is a not-for-profit and governs the Museum operation. The Society aims to protect valued taonga and unique local histories in a safe environment, and to provide the museum as a place where the community's history is preserved and accessible to everyone.
- 4.4. In November 2024 the museum was notified that its most recent NZ Lotteries funding application for \$152,420 to cover staff costs as part of their aspirational development was not successful. Current wages will run out on 31 December 2024.

- 4.5. As a result, the Society has submitted a funding proposal for Council's consideration. Their proposal contains costings of two options-
- Option 1 for \$58,010 per annum to cover costs for two staff wages at a total of 35 hours a week for twelve months, which aligns to their current capacity.
 - Option 2 for \$30,000 per annum to cover costs for two staff wages at a total of 21 hours a week for twelve months, which would allow them to continue their work- but in a reduced capacity.
- 4.6. The national and regional funding landscape has an extremely limited number of funding bodies who allow an organisation to apply for staff wages.
- 4.7. Since 2020 the Society has been granted \$384,333 through various successful funding applications including to NZ Lotteries, COGS Waikato South, Trust Waikato, Ōtorohanga Charitable Trust and Ōtorohanga District Council Community Grants, this was for a mixture of staffing/wages costs and various project costs depending on the funding organisation.
- 4.8. The Society has had a successful funding history with NZ Lotteries, with \$80,000 being granted for wages in 2021, and \$153,777 granted for wages in 2022.
- 4.9. Successful applications by the Society to the Ōtorohanga Community Grant are:
- Round 1 2024/2025 \$2,875 towards exhibition lighting tracks,
 - Round 1 2023/2024 \$5,000 for heat pumps,
 - Round 1 2022/2023 \$5,000 for RSA display cabinets, and
 - Round 1 2021/2022 \$5,000 for mobile display boards.
- 4.10. This Ōtorohanga Community Grant is for project costs only and cannot be used for wages.
- 4.11. In addition, the Society successfully applied for funds within the Ōtorohanga Creative Community Grant (which is funded by Creative NZ and managed by Council) and received \$1,544 in Round 1 2024/2025 towards the Richard and Ruve Wallace exhibition staged for Art Beat Weekend in November 2024. This Ōtorohanga Creative Community Grant is for project costs only and cannot be used for wages.
- 4.12. Since 2020 other revenue streams for the Society have come from bequeaths at \$40,619 and koha, fundraising, subscriptions and merchandise at \$26,142. The Societies annual financial accounts are attached as Appendix 2.
- 4.13. The Museum complex is located at 15 Kakamutu Road and is comprised of six buildings, most were transported to the site from other locations in the Ōtorohanga township over several decades. Several buildings are of historical interest- the earliest building is dated to 1896 and the most recent was built on site in 2006.
- 4.14. Council owns the land which comprises 15 Kakamutu Road. The land (being 5633 m2 held in Certificate of Title 837546) is owned fee simple (also known as freehold) and it is classified under the Reserves Act 1977 as held for a Local Purpose (Community Facilities) Reserve purpose.
- 4.15. The 1994 lease agreement between Council and the Society states that the Society does not pay a lease amount to Council, the Society financially covers all staff and operational costs, utilities, internal

refurbishments and costs related to collections and exhibitions and Council agrees to maintain the exterior of the buildings and surrounding grounds. Over the subsequent years this agreement has informally been understood that the Council mows the grounds, cleans the gutters, jet washes the building exteriors and provides varied ad-hoc assistance such as fixing leaks, and felling trees.

- 4.16. Council holds insurance for the museum buildings. However, neither the Council nor the Society holds insurance for the historical collection, taonga, archives, or any chattels inside the buildings.
- 4.17. The Museum complex is open to the public year-round with opening hours Thursday, Friday and Saturday 12pm - 3pm – a total of nine hours per week- and at other times by appointment. The Society does not operate a museum entry fee system as it aims to be accessible to all and paid entry can often be a barrier for visitors. In addition, the Society believes they gather more revenue via a koha system. Annual visitor numbers have steadily increased from 400 across the 2020 year to over 1000 visitors across the 2024 year.
- 4.18. A list of recent Society projects and achievements since 2020 are attached as Appendix 3.
- 4.19. Our district has two museums located in Ōtorohanga and Kāwhia townships. This report is only considering the funding of the Ōtorohanga Historical Society which operates the Ōtorohanga Museum. The Kāwhia Museum has its own governance committee, sources its own funding and is financially supported by Council via Elevate's grant which contributes the Kāwhia Information Centre. wage portion for staff that deliver both information and museum services. This arrangement benefits both service deliverables in a small town and helps ensure regular open hours.
- 4.20. In 2023-24 the funding from Elevate to the Kāwhia Museum totalled \$23,074.00. This changes annually at April 1 and is driven by minimum wage government legislation.

5. Considerations | Ngā whai whakaarotanga

Significance and engagement

- 5.1. With consideration of Council's Significance and Engagement Policy approval of one-off funding as per the staff recommendation is assessed as being of low significance and low financial impact. There is no requirement to consult the public on this matter. However, due to the high profile of the Society's activities and the impact of their work in community wellbeing it is predicted to be of high interest to our residents. Council will undertake an 'inform' level of community engagement through social media and print platforms.
- 5.2. Should Council choose to fund the Society in an ongoing way in future years as an item for consideration as part of the Annual Plan 2025/26 it may trigger a need to consult the public.

Impacts on Māori

- 5.3. Approving the recommended funding for the museum will have a meaningful and beneficial impact on Māori in the district by supporting the preservation and accessibility of valuable taonga and local archive materials such as photographs and records.
- 5.4. The museum plays a role as a kaitiaki (guardian) of these significant cultural assets, ensuring their protection and availability for current and future generations, not only safeguards the cultural and

historical heritage of mana whenua but also fosters intergenerational learning, strengthens identity, and supports the transmission of mātauranga Māori (traditional knowledge).

- 5.5. By enabling the museum to continue its work, the Council affirms its dedication to upholding the cultural and historical legacy of Māori and the wider community.
- 5.6. Appendix 4 contains a letter of support for the Society from rangatira Dr Tom Roa.
- 5.7. Given the level of impact of this reports decision on the matter it will require an engagement level of 'inform'.

Risk analysis

- 5.8. While this matter does not directly relate to or impact any of the Council's identified strategic risks, the timing of the request introduces a potential risk regarding public sentiment, as the issue was not included in the Long Term Plan (LTP). Providing an operational grant of this nature aligns with existing arrangements for other community service providers. Approving one-off funding at the level of Option 1 or Option 2, with further funding being a consideration of the Annual Plan process, would be consistent with the precedent set with Maru Energy Trust. In that case a \$30,000 grant was approved for the 23/24 year, with ongoing funding considered as part of the LTP. This approach ensures alignment with established funding practices while managing potential risks.
- 5.9. In the current funding environment, many community groups are likely facing challenges in meeting operational costs. Should the Council choose to fund the Society, it is reasonable to anticipate that other community groups may also seek similar financial support. To prevent a potential flood of funding requests, Council would need to satisfy itself, and demonstrate to the community, that funding the Society was a special case given the circumstances and that conditions of funding could be put in place to avoid any assumption that ongoing operational funding by Council was automatically assured.
- 5.10. If Council does not fund the Society, there is likely to be a loss of staff and a sole reliance on volunteers to deliver its museum services. A decline in museum services and accessibility after several years of development may have detrimental effect on Council's relationships with the community and a perception that Council does not value its history.

Policy and plans

- 5.11. Approving funding aligns with Council's LTP to work alongside community groups to deliver social, cultural and wellbeing services for a stronger, united, resilient and more connected community.
- 5.12. It further demonstrates support of Arts, Culture and Heritage noted within the LTP, the Ōtorohanga Town Concept Plan (2022) and the draft Ōtorohanga Reserve Strategy and Management Plan (2024-2025).
- 5.13. Councils Community Grants was established to provide an avenue for community groups and organisation to apply for funding through a set process and to help eliminate ad-hoc funding requests to Council. This fund is only for a maximum of \$5000 and wages are not eligible.

Legal

- 5.14. There are no legal ramifications for approving funding to the Society.

Financial

5.15. Providing funding to the Museum this financial year would be unbudgeted expenditure, meaning it wasn't planned nor included in rates collection. There are two options for funding unbudgeted expenditure:

Deficit/Surplus Funding

5.16. This option involves using any surplus in the District Rates account or increasing its deficit.

5.17. Impact: Reduces the ability to use these funds to manage future rates increases.

Special Purpose Reserves

5.18. This option uses a reserve fund, such as the General District Reserve (balance as of 30 June 2024: \$925,248), to cover the cost.

5.19. Impact: No immediate impact on rates but reduces future interest earnings from the reserve.

5.20. Should Council consider ongoing funding (not just a one-off payment), it is recommended this be planned through the Annual Plan process.

Payment Timing

5.21. Council has options with regard to payment timing:

- a) Pro-rate the payment to cover the current financial year ending 30 June 2025.
- b) Provide funding for a full 12-month period.

6. Discussion | He kōrerorero

6.1. The Society has proposed two options for consideration, the first option funds two staff at a total of 35 hours per week, and the second options funds two staff at a total of 21 hours per week.

6.2. Council can also choose to fund more or less than requested, or not fund at all (Options 1 – 4).

6.3. If Council agrees to any funding option a decision on where the unbudgeted expenditure is sourced from would be required (Option 5-6).

7. Funding Options

Option 1: Council funds \$29,005 (\$58,010 6 month pro rata) to the Ōtorohanga Historical Society Incorporated

7.1. This amount would fund a total of 35 hours per week:

- Director (15-20 hours per week)
- Creative Arts Co-ordinator (15 hours per week)

Pros

- 7.2. Council would be demonstrating support of a well-established community organisation that has cultural and educational benefit for the community and visitors to our district allowing the Museum to maintain its current level of service.

Cons

- 7.3. Reduces the ability to use District Rates funds for future needs or to realise interest on the Special Purpose Reserve
- 7.4. Could encourage other community groups to apply for funding when alternate funding applications are unsuccessful.

Option 2: Council funds \$15,000 (\$30,000 6 month pro rata) to the Ōtorohanga Historical Society Incorporated

- 7.5. This amount would fund a total of 21 hours per week:
- Director (12 hours per week)
 - Creative Arts Co-Ordinator (9 hours per week).
- 7.6. Any funding shortfalls will be addressed by the Society through koha, fundraising, archives charges, and further applications to Lotteries and Creative New Zealand as well as other external funders.
- 7.7. If Council chooses to fund the Society at \$30,000 it will allow them to operate and maintain the same opening hours, but it would also mean a reduction in service, including slower processing of public research requests, a focus on maintaining existing exhibitions and services rather than expansion and development of new exhibitions, and limits their ability to expand outreach or programming.

Pros

- 7.8. Council would be demonstrating support of a well-established community organisation that has cultural and educational benefit for the community and visitors to our district allowing the Museum to continue to operate albeit at a reduced level of service.

Cons

- 7.9. Reduces the ability to use District Rates funds for future needs or to realise interest on the Special Purpose Reserve
- 7.10. Could encourage other community groups to apply for funding when alternate funding applications are unsuccessful.

Option 3: Council funds another amount to the Ōtorohanga Historical Society Incorporated.

- 7.11. Council may opt to provide funding to the Society at levels either below or above the requested amounts.

- 7.12. Funding below \$15,000 is likely to result in significant challenges, including potential job reductions, slower processing of public research requests, and a focus on maintaining existing exhibitions and services rather than developing new ones. Additionally, limited funding would constrain the Society's ability to expand outreach or programming, increasing reliance on volunteers to sustain operations.
- 7.13. Conversely, funding exceeding \$29,005 would likely enable the creation of additional job roles, enhancing the Society's capacity to deliver more exhibitions, projects, and community-focused initiatives.

Option 4: Council does not fund the Ōtorohanga Historical Society Incorporated

- 7.14. If the Council does not fund the Society, it is likely that staff positions will be lost, leaving the museum services solely reliant on volunteers. A decline in museum services and accessibility after several years of development may have detrimental effect on Council's relationships with the community and a perception that Council does not value its history.
- 7.15. Without funding, the Society would need to dedicate most of its efforts to fundraising rather than delivering museum services. Current staff may be forced to resign due to financial constraints unless they can continue as volunteers. To address funding gaps, the Society would rely on koha, fundraising, archive charges, and applications to Lotteries, Creative New Zealand, and other external funders.
- 7.16. While it is likely the Society could secure funding for specific museum projects, most external funders prioritise project costs over staffing costs. This creates a risk that, without staff, the Society may lack the capacity or expertise required to complete these projects successfully.

8. Source of Unbudgeted Expenditure

Option 5: Fund the Ōtorohanga Historical Society Incorporated with deficit/surplus funding

- 8.1. This would potentially reduce the ability to use that balance to adjust rates increases in future years.

Option 6: Fund the Ōtorohanga Historical Society Incorporated with the special purposes reserve

- 8.2. This would not have any rate impact but would reduce interest earnings for the reserve account in future years.

9. Recommended option and rationale

- 9.1. Options 1 and 6 are the preferred combined options.
- 9.2. It is noted that the Society has made great progress since 2020 when NZ Lotteries funding was able to cover inaugural staffing costs. It is noted that Lotteries NZ was the only source of possible funding for staffing and without staff the Museum is at risk of a sharp decline in professional standards in both museum care and its accessibility to the public. The use of the special reserves fund is the

recommended option due to its impact on potential interest earning as opposed to using a surplus fund (savings).

- 9.3. If a combination of Option 1 and 6 are selected the Society would be expected to present a six-month report to Council in line with their agreed aims and objectives, and any further funding for the Society would be considered as part of the Annual Plan.

10. Appendices | Ngā āpiti hanga

Number	Title
1	Funding Proposal Historical Society
2	Annual Financial Report Historical Society Dec 2023
3	Museum Recent Projects
4	Letter of Support T Roa
5	Letter of Support B Kuriger



Proposal for Museum Funding

Mission Statement:

To provide outcomes related to protecting valued taonga and unique local histories in a safe environment, and to create a place where the community's history is preserved and accessible to everyone.

Funding Overview (2020–2024):

Since 2020, we have sourced \$451,094 in funding to support the Museum:

- **Grants:** \$384,333
- **Bequeath:** \$40,619
- **Koha, Fundraising, Subscriptions, and Merchandise:** \$26,142

While we have historically operated as a separate entity from the council, we now find ourselves in need of their support. Securing grants is becoming increasingly challenging, and partnering with the council could provide the stability needed to continue serving our community and preserving its history.

Currently, we rely on much-needed koha and donations for repairs, maintenance. However, we are now using this to cover wages. This ensures that the Museum's upgrades and refurbishments continue—not only physically but also digitally. Such support is vital for modernizing the Museum to better serve our community and future generations.

The Importance of Staffing:

Our primary cost to ensure the Museum remains accessible is wages. Attempts to rely on volunteers have proven unsustainable. Having paid employees ensures the Museum operates with clear goals and delivers on community expectations.

We are committed to providing free access to the Museum, maintaining it as a resource for everyone. Visitor numbers have steadily increased, from 400 in 2020 to over 1,000 in 2024. Additionally, we respond to numerous requests for research and information via email and social media, further highlighting the Museum's role as a vital community hub.

Funding for wages currently relies exclusively on Lotteries, as most grants no longer support staffing costs. Despite these challenges, we remain steadfast in our mission to protect and share the community's history.

Acknowledgment of Financial Pressures

The Ōtorohanga Historical Society appreciates the financial challenges faced by the Council in the current economic climate. We recognize that funding support for the Society has an impact on rates and our wider community.

While we are passionate about continuing the vital work of preserving and sharing our local history at the current pace, we understand the need to adapt to the constraints of available funding. With this in mind, we have outlined two funding options below, enabling the Council to evaluate what can be achieved at each level of support.

Option 1: Some Momentum

\$58,010 per annum to cover costs for two staff at a total of 35 hours a week.

To sustain the Museum's with some momentum, we propose the following roles:

1. **Museum Director**
 - **Hours:** 15–20 hours per week
 - **Annual Salary:** \$35,000
 - **Responsibilities:** Overseeing day-to-day operations, logistics, archiving, and correspondence.
2. **Creative Arts Coordinator**
 - **Hours:** 15 hours per week
 - **Annual Salary:** \$23,010 (\$29.50/hour)
 - **Responsibilities:** Developing arts initiatives to transform the Museum into a dynamic, living space while attracting a broader pool of funding.

Scope of work:

Continued operation of the Museum at current capacity.

Development of new exhibitions and community programs.

Investment in preserving key historical artifacts.

Enhanced outreach efforts to engage schools and community groups.

Finalise He Whakapiringa Ngākau I Waenga A Maniapoto Me Ōtorohanga Museum (A memorandum of understanding between Maniapoto and Ōtorohanga Museum).

Community Impact:

Maintains the museum as a vibrant community hub.

Ensures local history is preserved and accessible to future generations.

Any funding shortfalls will be addressed through koha, fundraising efforts, and the introduction of a charging schedule for prints from the Wallace Collection. Additionally, we will seek dedicated funding to support artistic wages. This diversified revenue approach ensures the Museum remains operational and vibrant.

Option 2: Keeping our doors open

Alignment with other ODC Community Service Providers.

\$30k per annum to cover

Museum Director

- **Hours:** 12 hours per week
- **Annual Salary:** \$17500
- **Responsibilities:** Overseeing day-to-day operations and correspondence.

Creative Arts Coordinator

- **Hours:** 8-9 hours per week
- **Annual Salary:** \$12500 (\$29.50/hour)
- **Responsibilities:** Maintaining arts initiatives that are already in place. Ensure the exhibitions are maintained.

Scope of work:

Ensures basic operational costs are met, allowing the museum to remain open.
Focus on maintaining existing exhibitions and services rather than expansion.

Community Impact:

Ensures the museum remains accessible to the public.
Preserves its role as a core community service provider, though limits the ability to expand outreach or programming.

Ōtorohanga Historical Society/ Ōtorohanga Museum -summary of funding history with NZ Lotteries

2021 – Societies first application to NZ Lotteries

Outcome: Successful (Partial Funding)

Approved Funding: \$80,000

Funding Period: September 1, 2021 – August 31, 2022

Proposal Summary - This was the Society's first step toward professionalizing its operations by introducing paid roles. These positions were designed to lay the foundation for growth, focusing on curatorial work, public engagement, and archive management.

Funded Positions:

Curator/Collections Manager & Designer:

Oversaw the care and organization of the Museum's collections.

Designed exhibits to showcase the region's history and heritage effectively.

Public Engagement and Archive Assistant:

Supported archive management to preserve and document historical materials.

Enhanced public engagement through outreach activities and event support.

Rationale for Job Roles:

Operational Necessity: The Society identified a critical need for professional roles to ensure proper management of its growing collections and enhance visitor experiences.

Community Connection: These roles allowed the Museum to engage more effectively with the public, fostering greater interest and involvement in local history.

Outcomes Achieved:

Foundation for Growth: Establishing paid roles marked the beginning of a new era for the Museum, enabling more structured and professional operations.

Enhanced Visitor Experience: Improved exhibitions and public engagement activities.

Archival Progress: Advanced the organization and accessibility of historical records.

This initial funding demonstrated the potential impact of dedicated staff, setting the stage for subsequent applications and further growth. It was a crucial step in transitioning the Society from a volunteer-led initiative to a professionalized community resource.

2022 – Societies Second Application to NZ Lotteries

Outcome: Successful

Approved Funding: \$153,777

Funding Period: October 4, 2022 – November 10, 2024

Challenge: Difficulty in recruiting suitable candidates for the proposed roles.

Proposal Summary - This funding supported the implementation of a model that significantly contributed to the Museum's growth and community engagement. It highlighted the potential for further development in both operational efficiency and community outreach.

Funded Positions:

Curator/Collections Manager and Designer:

Managed the Museum's collections and curatorial responsibilities.

Designed engaging exhibitions and displays to attract diverse audiences.

Researcher and Archivist:

Conducted in-depth research to document local history and culture.

Managed the archive, ensuring historical materials were preserved and accessible.

Volunteer Trainer & Coordinator/Educator & Schools Outreach Officer:

Partially designed and delivered educational programs, particularly for schools, fostering stronger ties with younger audiences.

Outcomes Achieved:

Significant Growth: This operational model enabled the Museum to expand its reach and establish itself as a key community resource.

Enhanced Programs: Increased ability to host exhibitions, deliver educational outreach, and engage volunteers effectively.

Community Impact: Strengthened relationships with schools and local organizations, enhancing the Museum's role as an educational and cultural hub.

Despite challenges in staffing, this model demonstrated the Museum's capacity for growth and impact when adequately resourced. It provided valuable insights into staffing needs and the potential for future development.

2024 – Societies third application to NZ Lotteries

Outcome: Unsuccessful

Proposed Funding: \$152,420

Duration: January 1, 2025 – December 31, 2025

Proposal Summary - The application aimed to secure funding for the creation of three roles to expand the Museum's scope, transforming it into a dynamic hub for both history and Arts & Culture.

Proposed Roles:

Curator Director/Archivist:

Oversee the Museum's operations, exhibitions, and archive management.
Ensure the preservation of local history and cultural heritage.

Creative Coordinator & Collections Assistant:

Drive creative projects and exhibitions, engaging the community in cultural programming.
Support collection maintenance and administration.

Advisor Taonga Māori & Te Reo Tutor:

Provide cultural expertise and guidance on Taonga Māori.
Offer Te Reo Māori tutoring to strengthen the Museum's cultural inclusivity.

Proposed Impact:

Cultural Growth: Establish the Museum as a cornerstone of Arts & Culture within the community.
Community Engagement: Increase accessibility and inclusivity through creative and cultural programs.
Educational Opportunities: Promote local history and Māori heritage through specialized roles and expertise.

Although the application was unsuccessful, the proposal reflects the Museum's long-term vision to evolve and better serve its community by becoming a vibrant, multifaceted hub.

Trust Waikato:

- Funding Scope: Accepts projects only.

Ōtorohanga District Council - Community Fund:

- Funding Scope: Accepts projects only.

Ōtorohanga District Council - Creative Communities:

- Funding Scope: Accepts projects only.

Ōtorohanga Charitable Trust:

- Funding Scope: Accepts projects only.

COGS Waikato South:

- Funding Scope: Operational costs only.

Conclusion

The Ōtorohanga Historical Society is committed to preserving the community's heritage and sharing it with residents and visitors alike. We trust that these options demonstrate flexibility and a willingness to

align with the Council's financial realities while continuing to provide an invaluable service to the community.

We look forward to discussing these proposals further to identify a funding arrangement that meets the needs of the Society and our wider community.

**PERFORMANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

Contents	Page
Society Entity Information	1
Statement of Service Performance	3
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Statement of Movements in Accumulated Funds	5
Statement of Financial Position	6
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Compilation Report	11
Schedule of Property, Plant and Equipment	<i>Appendix</i>

OTOROHANGA HISTORICAL SOCIETY

SOCIETY ENTITY INFORMATION AS AT 31 DECEMBER 2023

IRD Number:



Registered Office:

Kakamutu Rd
Otorohanga 3900

President:

Amanda Kiddie

Secretary:

Jennifer Roberts

Treasurer:

Gail Tait

Committee:

Frances Rawlings, Pera MacDonald, Frank Lewis (retired November 2023), Maggie Hughes

Bankers:

BNZ

Accountants:

Bailey Ingham Limited
PO Box 225
Otorohanga 3940

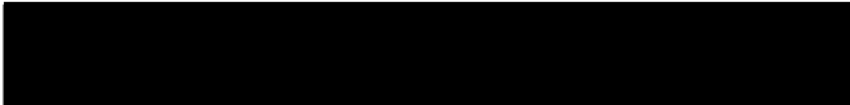
**SOCIETY ENTITY INFORMATION
AS AT 31 DECEMBER 2023**

LEGAL NAME OF ENTITY

Otorohanga Historical Society

TYPE OF ENTITY AND LEGAL BASIS

The museum is registered under the Incorporated Societies Act 1908 and Charities Act 2005.



MISSION STATEMENT

As a museum, to collect, conserve, catalogue and display where possible history relating to the area of which Otorohanga is the centre, and to foster research.

ENTITY STRUCTURE

Each year at AGM, elect a Chairperson, Curator, Minutes Secretary and Treasurer, plus a Committee. We are fortunate to have a Kaumatua and Kuia on our committee, and consult them often.

MAIN SOURCES OF THE ENTITY'S CASH AND RESOURCES

Koha, grants and donations.

RELIANCE

Day to day running and governance, administered by a Volunteer Committee.
Full time Museum Curator for organisation & preservation of the collections.
Part time Archive assistant for data & collection entry

FUNDRAISING

Community Events
Grants from various sources, including but not limited to
Lotteries
COGS
Trust Waikato
Te Nehenehenui
Otorohanga Charitable Trust

ADDITIONAL INFORMATION

The Otorohanga Historical Trust continues to grow at a steady rate. The hard work and dedication by the committee in protecting & preserving the Museums collection while growing it's audience online and in person is shown by the funding received and visitor numbers.

**STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2023**

DESCRIPTIONS OF THE ENTITY'S OUTCOMES:

There are six historical buildings on site, all open for viewing. A free, hands on museum with free photocopying, handling of items, copying photos and information etc. Encouraging viewing of pre-european dug out waka in its special where. We pay special attention to improving our Maori history of our area and have a room set aside to house this important knowledge in various forms.

ADDITIONAL OUTPUT MEASURES:

A refurbishment of Te Wao Nui O Tane was completed.
4 Exhibitions at the Girls Guide Hall raised our public profile.
Article in national magazine North & South
Front cover of the Waikato Times & Video with Stuff.co.nz

ADDITIONAL INFORMATION:

We have recovered our visitor numbers post Covid. And the interest has been Local, National & International and this reflects on our visitor numbers. As well as the regular requests for research based on the Otorohanga Museum Collection.

Description of quantification (to the extent practicable) of the entity's outputs:	Actual This Year	Budget This Year	Actual Last Year
Museum Facebook Page (likes)	1,400	-	1,200
Visitors	870	-	998
Memberships	41	-	36

OTOROHANGA HISTORICAL SOCIETY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2023

2022		Note	2023
	REVENUE	2	
204,330	Grants, Donations, Fundraising and Other Revenue		55,827
7,061	Revenue from Providing Goods or Services		360
88	Interest, Dividends and Other Investment Revenue		2,851
<u>211,478</u>	TOTAL REVENUE		<u>59,039</u>
	EXPENSES	3	
103,408	Employee & Volunteer Expenses		84,458
26,331	Goods or Services Expenses		16,414
8,057	Other Expenses		5,473
<u>137,796</u>	TOTAL EXPENSES		<u>106,346</u>
<u>\$73,682</u>	NET SURPLUS (DEFICIT)		<u>\$(47,307)</u>

The accompanying notes form part of the performance report.
The above information has been prepared without performance of audit or review
engagement procedures and must be read subject to the compilation report.

Bailey Ingham Limited
Chartered Accountants

OTOROHANGA HISTORICAL SOCIETY

STATEMENT OF MOVEMENTS IN ACCUMULATED FUNDS FOR THE YEAR ENDED 31 DECEMBER 2023

2022		Note	2023
73,682	Net Surplus (Deficit) for the Period		(47,307)
<u>73,682</u>	Total Recognised Revenue and Expenses		<u>(47,307)</u>
133,420	GENERAL FUNDS AT START OF PERIOD		207,103
<u>207,103</u>			<u>159,796</u>
<u>\$207,103</u>	GENERAL FUNDS AT END OF PERIOD		<u>\$159,796</u>

*The accompanying notes form part of the performance report.
The above information has been prepared without performance of audit or review
engagement procedures and must be read subject to the compilation report.*

Bailey Ingham Limited
Chartered Accountants

OTOROHANGA HISTORICAL SOCIETY

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

2022		Note	2023
	NON CURRENT ASSETS		
	Property, Plant and Equipment		
11,851	Plant & Machinery		22,502
	CURRENT ASSETS		
195,252	Cash at Bank	4	140,744
<u>207,103</u>	TOTAL ASSETS		<u>163,246</u>
	CURRENT LIABILITIES		
-	Accounts Payable	5	3,450
-	TOTAL LIABILITIES		3,450
<u>\$207,103</u>	TOTAL FUNDS EMPLOYED		<u>\$159,796</u>
	GENERAL FUNDS		
73,682	Excess of Income over Expenditure		(47,307)
133,420	Balance at Beginning of Year	7	207,103
<u>\$207,103</u>			<u>\$159,796</u>

Chairperson

Date

Treasurer

Date

OTOROHANGA HISTORICAL SOCIETY

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

2022		2023
	OPERATING ACTIVITIES	
	Cash was provided from:	
204,330	Donations and other similar receipts	59,277
88	Interest and Dividends	2,851
7,061	Revenue from Good or Services	360
<u>211,479</u>		<u>62,489</u>
	Cash was applied to:	
136,709	Payments to suppliers and employees	103,700
<u>74,770</u>	Net Cash Inflow (Outflow) from Operating Activities	<u>(41,211)</u>
	INVESTING ACTIVITIES	
	Cash was applied to:	
6,779	Payments to acquire Property, Plant & Equipment	13,297
<u>(6,779)</u>	Net Cash Inflow (Outflow) from Investing Activities	<u>(13,297)</u>
67,991	Net Increase (Decrease) in Cash Held	(54,508)
127,261	Add Opening Cash brought forward	195,252
<u>\$195,252</u>	Ending Cash Carried Forward	<u>\$140,744</u>
	Cash Balances in Balance Sheet	
195,252	BNZ Current Account	140,744
<u>\$195,252</u>	Ending Cash Carried Forward	<u>\$140,744</u>

The accompanying notes form part of the performance report.
The above information has been prepared without performance of audit or review
engagement procedures and must be read subject to the compilation report.

Bailey Ingham Limited
Chartered Accountants

NOTES TO THE PERFORMANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

1 STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Otorohanga Historical Society is domiciled in New Zealand and is a charitable organisation registered under the Incorporated Societies Act 1908 and the Charities Act 2005.

BASIS OF PREPARATION

Otorohanga Historical Society has elected to apply Public Benefit Entity Simple Format Reporting - Accrual (Not-for-Profit) (PBE SFR-A (NFP)), as established by the External Reporting Board, on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000 for the last two annual reporting periods. All transactions in the performance report are reported using the accrual basis of accounting. The performance report is prepared under the assumption that the Society will continue to operate as a going concern in the foreseeable future.

PARTICULAR ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Society in the preparation of this performance report.

Property, Plant, Equipment and Depreciation

Property, plant and equipment are included at cost less aggregate depreciation provided at the maximum rates allowed by the Inland Revenue Department. Property, plant and equipment that are leased under a specified lease for the purposes of the Income Tax Legislation are capitalised and depreciated. The depreciation rates used are shown in the Schedule of Property, Plant and Equipment.

Income Tax

The Society has non-profit status and therefore exempt from income tax.

Bank Accounts and Cash

Bank and Cash in the Statement of Cash Flows comprise of cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Goods and Services Tax

The financial statements have been prepared on a GST inclusive basis.

Changes in Accounting Policies

There have been no specific changes in accounting policies and they have been applied on a consistent basis with those of the previous period.

2 ANALYSIS OF REVENUE	2023	2022
GRANTS, DONATIONS, FUNDRAISING AND OTHER SIMILAR REVENUE		
Donations (Koha) Received	46,077	9,202
Fundraising Income	-	3,584
COGS Grant	-	3,450
Other Grants Received	5,750	11,250
New Zealand Lotteries Grant	-	176,844
Trust Waikato Grant	4,000	-
	<hr/> 55,827	<hr/> 204,330

**NOTES TO THE PERFORMANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	REVENUE FROM PROVIDING GOODS OR SERVICES	
	Merchandise Revenue	- 342
	Subscriptions	360 693
	Wage Subsidy	- 2,500
	MDS - Covid	- 3,526
		<u>360 7,061</u>
	INTEREST, DIVIDENDS AND OTHER INVESTMENT REVENUE	
	Interest Received	<u>2,851 88</u>
	TOTAL REVENUE	<u><u>\$59,039 \$211,478</u></u>
3	ANALYSIS OF EXPENSES	2023 2022
	EMPLOYEE & VOLUNTEER EXPENSES	
	Wages	<u>84,458 103,408</u>
		<u>84,458 103,408</u>
	GOODS OR SERVICES EXPENSES	
	Electricity & Lines Charges	1,755 1,644
	Grounds, Buildings & General Maintenance	3,595 5,826
	Stationery & Advertising	- 1,493
	Computer & Software Expenses	458 -
	Exhibition Costs	10,064 15,764
	Promotions & Merchandise	- 770
	Telephone & Internet	<u>543 834</u>
		<u>16,414 26,331</u>
	OTHER EXPENSES	
	Accident Compensation Levies	426 -
	Advertising	498 -
	Postage & Stationery	1,352 4,372
	Grant Repayment	- 900
	Sundry	551 159
	Depreciation - Plant & Machinery	<u>2,646 2,627</u>
		<u>5,473 8,057</u>
	TOTAL EXPENSES	<u><u>\$106,346 \$137,796</u></u>
4	CASH AT BANK	2023 2022
	BNZ Current Account	<u>140,744 195,252</u>
5	ACCOUNTS PAYABLE	2023 2022
	Unspent Grants	<u>3,450 -</u>

**NOTES TO THE PERFORMANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

6 PROPERTY, PLANT AND EQUIPMENT SUMMARY

2023	Cost	Accum Depn	Book Value
Plant & Machinery	<u>38,483</u>	<u>15,981</u>	<u>22,502</u>
2022			
Plant & Machinery	<u>25,186</u>	<u>13,335</u>	<u>11,851</u>

7 RESERVES

Balance at Beginning of Year

Opening Balance		207,103	133,420
Net Surplus/Loss for the Period		<u>(47,307)</u>	<u>73,682</u>
		<u>\$159,796</u>	<u>\$207,103</u>

8 EVENTS OCCURRING AFTER BALANCE DATE

There are no events after balance date that require disclosing.

9 CONTINGENT LIABILITIES

There are no contingent liabilities at year end (31 December 2022: \$Nil).

10 CAPITAL COMMITMENTS

There are no capital commitments at year end (31 December 2022: \$Nil).

11 RELATED PARTIES

There are no related party transactions at year end (31 December 2022: \$Nil).

COMPILATION REPORT

Compilation report to the Committee of Otorohanga Historical Society.

Scope

On the basis of information you provided we have compiled, in accordance with Service Engagement Standard No. 2: Compilation of Financial Information, the financial statements of Otorohanga Historical Society for the year ended 31 December 2023. These have been prepared in accordance with the Reporting Framework described in Note 1 to the financial statements.

Responsibilities

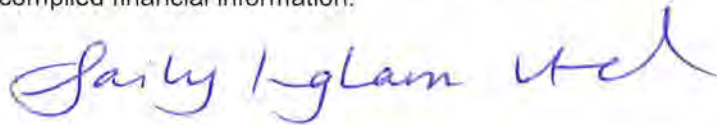
You are solely responsible for the information contained in the financial statements and have determined that the reporting framework used is appropriate to meet your needs and for the purpose that the financial statements were prepared.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or a review engagement has been performed, and accordingly no assurance is expressed.

Disclaimer

As mentioned earlier in our report, we have compiled the financial information based on information provided to us which has not been subject to an audit or review engagement. Accordingly, neither we, nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.



Bailey Ingham Limited
Chartered Accountants
Otorohanga

4 April 2024

OTOROHANGA HISTORICAL SOCIETY INC

Taxation Depreciation Schedule
For the Year Ended 31 December 2023

	Private Use %	Date	Orig Cost	Open W.D.V	Add'ns (Sales)	Profit(Loss) on Sale	Dep Method	YTD Dep	Accum Depn	Close W.D.V
760										
Plant & Machinery										
76001			373				33.00 D		373	
76002			2475				33.00 D		2475	
76003			1123	115			13.00 D	15	1023	100
76004			1575	211			12.00 D	25	1389	186
76005			3850	1068			10.00 D	107	2889	961
76006			975	271			10.00 D	27	731	244
76007			2025	157			20.00 D	31	1899	126
76008			800	607			12.00 D	73	266	534
760100			4579	2899			33.00 D	957	2637	1942
760101			261	227			12.00 D	27	61	200
760102			370	330			10.00 D	33	73	297
760103			6779	5965			12.00 D	716	1530	5249
760104										
		01/11/2023	5249		5249		20.00 D	175	175	5074
760105		01/03/2023	499		499		50.00 D	208	208	291
760106		01/09/2023	2300		2300		10.00 D	77	77	2223
760107		01/11/2023	5249		5249		20.00 D	175	175	5074
			<u>38483</u>	<u>11851</u>	<u>13297</u>			<u>2646</u>	<u>15981</u>	<u>22502</u>

RECENT PROJECTS

The Ōtorohanga Museum is available and accessible to everyone in the community at no charge. The following list of achievements/projects undertaken recently give some indication of our social, cultural, environmental and cultural benefits to the community:

1. Repainted the interiors of the 1913 courthouse and 1909 church, sanded and polyurethaned the courthouse kauri floors. (An unexpected bequest from a former Ōtorohanga resident enabled us to carry out this project).
2. Redesigned display areas in the courthouse and church. The kauri-lined courtroom has been restored to its original state.
3. Fitted UV-resistant blinds throughout the courthouse
4. Redesigned the Anzac exhibition room, including an area dedicated to Ngāti Maniapoto soldiers of the Ōtorohanga District
5. Coordinated a Work Experience Team provided by the Ōtorohanga Employment Hub to clean, clear and move the entire courthouse and church collections prior to painting and floor sanding. This also provided us with the opportunity to comprehensively re-assess the entire museum collection to determine what was truly relevant to our local history and/or a Health & Safety issue (e.g. chemical residues in old bottles & containers, disintegrating material, broken equipment).
6. Received very positive feedback from the manager of the Ōtorohanga Employment Hub. She reported that these prospective employees initially lacked confidence in social and work situations, but that their self-esteem and work readiness improved markedly after their time with us.
7. Engaged a textile conservation expert to evaluate the significance and conservation requirements of textiles in the museum collection
8. Cleaned, cleared and reorganised the spaces in the Police Lockup (1896 – the oldest existing building in Ōtorohanga) and the Police Office (1912). The Lockup is especially popular with children and has been redesigned as an interactive space for them.
9. Cleared existing gardens of old vegetation to protect exterior cladding
10. Acquired the photographic collection of Ōtorohanga professional photographer, Richard Wallace. This consists of 1.5 million negatives from 1963 to 2010 - the largest and most significant collection of photographs of the Ōtorohanga District.
11. Completed a full inspection of all fire protection systems with appropriate documentation

12. Increased visitor numbers from 870 in 2023 to 500 (to 24 July 2024) despite a 2-month closure for refurbishments)
13. Increased our social media presence by 300%
14. Collaborated with the Ōtorohanga Creative Hub to bring creative workshops to the museum, e.g. korowai weaving, drawing lessons, children's art workshops. This initiative is designed to connect the museum with local artists /creatives and their tutors, who currently lack adequate community venues.
15. Installed heat pumps in the Courthouse and Church buildings to improve the visitor/staff experience and provide consistent temperatures for the museum collections.
16. Commissioned a design for improved display lighting in the Courthouse building. 17. Organised fundraising Silent Auctions for a 5-course dinner and an Afternoon Tea held in the courtroom at the museum
18. Established relationships with neighbouring museums at Kawhia, Te Awamutu, Te Kuiti, Cambridge & Morrinsville
19. Hosted local teachers (primary to secondary) with an invitation to visit, use museum resources and spaces to suit their curricular needs
20. Provided research information, photographs and railway memorabilia to support the community's 2024 centennial celebration of Ōtorohanga Railway Station building 21. Provided research information and resources for the Ōtorohanga Fire Brigade centennial (2025)
22. Appointed Professor Tom Roa (Waikato University – Ngāti Maniapoto, Waikato, and Ngāti Apakura) as the Ōtorohanga Museum kaumatua
23. Signed a Memorandum of Understanding between the Ōtorohanga Historical Society and Te Nehenehenui Trust (formerly the Ngāti Maniapoto trust board)
24. Re-appointed Whaea Pera MacDonald-Rangitaawa as Cultural Advisor on the Ōtorohanga Historical Society governing committee
25. Initiated twice-weekly Te Reo night classes with Whaea Pera MacDonald-Rangitaawa in the museum courtroom.
26. Received a gift of Ngāti Whāwhākia taonga (May 2024). This event was attended by a large contingent of Ngāti Whāwhākia manuhiri, local Ngāti Maniapoto and Ōtorohanga District Council representatives.
27. Hosted the photographic exhibition “Ki te kapu o taku ringa – In the palm of my hand” in Te Waonui o Tāne (June-August 2024) – a collaboration with Professor Tom Roa and Dr. Rodrigo Hill (University of Waikato). The opening was widely advertised and the

video of the event by Te Nehenenenui FM has attracted significant additional interest.

28. Assisted Ōtewa Marae representatives with research for their 2028 centennial celebrations

29. Conducted research in collaboration with Professor Tom Roa to identify a potential site of historical significance in the Ōtorohanga township – the “Haerehuka Sacred Rock” – location of the first Native Land Court (1886) in Te Rohe Potae.

30. Established a relationship with Maniapoto FM, who videoed the Ngāti Whāwhākia gifting event and the opening of the exhibition “Ki te kapu o taku ringa – In the palm of my hand.” Both events were widely shared across social media platforms.

684 Horotiu Rd

RD8

HAMILTON 3288

10 July 2024

To Whom It May Concern

Re: Ōtorohanga Museum Lotteries Grant Application: Staff Funding

“He aha te mea nui o `tēnei ao?

He tangata! He tangata! He tangata!”

E wehi ana ki Te Atua, e whakahōnore ana i te Kīngi Māori Tuheitia Potatau Te Wherowhero VII. Kia tau ko ngā manaakitanga a Te Wāhi Ngaro ki runga ki rāua ko tana Makau Ariki, he oti rā Te Whare Kāhui Ariki nui tonu, Paimārire ki a tātou katoa.

I write this letter as Kaumātua of Ngāti Hinewai, Ngāti Maniapoto, and the Ōtorohanga Museum in support of the application to Lotteries for assistance with funding the employment of staff at the Museum.

My opening statement makes use of the Māori proverb which poses the question ‘What is the most important thing in this world?’ with the answer, ‘Tis mankind.’

Museums, in the main, house ‘taonga’, treasures, artefacts, which tend to be the focus of these institutions. However the acquisition, display, care, and maintenance of these taonga are totally dependent upon a staffing which principally has traditionally been dependent upon volunteers giving freely of their time, energy, and expertise to the Museum.

The staffing of our Ōtorohanga Museum is second-to-none however as another Māori proverb suggests, ‘Mā te huruhuru te manu ka rere.’ i.e. ‘With feathers birds can fly.’

Your favourable consideration of our application would be most welcome.

A further issue for our staffing is the growth of emphasis at the Museum on Māori and Pasifika initiatives for which appropriate staffing and professional development for that staffing is critical.

Kāti. Ko te tūmanako o te whakaaro he whai hua nō te tukunga o te tono nei ki a koutou. Inā, ko te kupu whakamutunga he whai i aua whakataukī e rua o runga ake nei:

‘Mā te whai pūtea tika e whakatutukitia ai e te tangata ngā mea nui o tēnei ao.’

J. C. Roa

Dr. T. C Roa



Barbara Kuriger
MP for Taranaki - King Country

22 July 2024

To Whom it May Concern

I am writing to express my dedicated support for the application submitted by Otorohanga Museum.

As the Member of Parliament for Taranaki-King Country, I love stopping in to visit the small regional museums in my electorate. Otorohanga Museum has a special ability to highlight local history and tell peoples stories in ways that larger museums are unable to do so.

The Otorohanga Museum is a vibrant centre for community engagement and cultural and historical preservation. This museum plays a crucial role in allowing the rich heritage of the township to be accessible to residents and visitors alike.

The museum has made some impressive changes in the last few years, and they always make visitors feel welcome and able to engage. The wonderful staff and volunteers bring the place to life with their local knowledge and hospitality.

Small regional museums, like Otorohanga Museum, are indispensable as they preserve local heritage and history, which might be otherwise overlooked by larger national institutions. This museum collects and protects artifacts and stories unique to the area which creates a sense of identity and pride among residents.

I urge you to give favourable consideration to the Otorohanga Museums application. Your support will enable the museum to continue its invaluable work and ensure it is available for the benefit of current and future generations.

Thank you for your time and consideration.



Barbara Kuriger

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Item 203 Submission on the Principles of the Treaty of Waitangi Bill

To Ōtorohanga District Council

From Ross McNeil, Chief Advisor

Type **DECISION REPORT**

Date 10 December 2024



1. Purpose | Te kaupapa

- 1.1. To present Ōtorohanga District Council’s submission to the Government’s Principles of the Treaty of Waitangi Bill (the Bill) for approval.

2. Executive summary | Whakarāpopoto matua

- 2.1. The introduction of the Principles of the Treaty of Waitangi Bill presents Council with an opportunity to lodge a submission to the Justice Select Committee. There has been widespread concern and opposition to the Bill.
- 2.2. A draft submission has been prepared (appendix 1) for Council consideration. The submission presents the local implications of the Bill’s introduction, and the impacts should it be passed into law. As those implications/impacts are adverse and significant the draft submission seeks the withdrawal of the Bill.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That Ōtorohanga District Council approve the submission (document number 791794) to the Justice Select Committee on the Principles of the Treaty of Waitangi Bill.

4. Context | Horopaki

- 4.1. The Bill proposes to formalise the principles of Te Tiriti o Waitangi (Te Tiriti) into a legislative framework. The Bill aims to provide a simplified basis for how the principles of partnership, protection, and participation are applied in governance and decision-making processes across Aotearoa/New Zealand. It represents a significant change in how Te Tiriti principles are interpreted and integrated into public policy and legislative practice.
- 4.2. There are concerns nationally, across political, cultural and professional sectors, that the Bill will limit the dynamic and evolving interpretation of Treaty principles and undermine the intent and spirit of Te Tiriti. Beyond the content of the Bill, its introduction has been divisive – something the Prime Minister has openly acknowledged.

- 4.3. Te Tiriti principles, by their nature, require flexibility to adapt to contemporary understandings of partnership, protection and participation, and have undergone 180 years of jurisprudence and scholarly interpretation to reflect and influence the changing social, cultural and political landscape of Aotearoa New Zealand.
- 4.4. Local authorities, including this Council, are integral to implementing these principles at the community level, particularly in fostering meaningful and productive relationships with iwi, hapū and Māori communities. The proposed legislation has significant local implications for how councils interact with mana whenua, incorporate Te Tiriti principles into decision-making and fulfil their statutory responsibilities under existing legislation.
- 4.5. The purpose of the attached submission is to provide a considered response to the proposed Bill, assessing its potential impacts on this Council's duties and responsibilities, including its operations, community engagement and Te Tiriti-based partnerships. This submission reflects Council's role in ensuring legislative changes are well-informed, practical and aligned with the needs of our communities.

5. Considerations | Ngā whai whakaarotanga

Significance and engagement

- 5.1. While the Bill itself is significant and has major implications for local government, the lodging of a submission that reflects Council's position on the Bill is not considered significant and does not trigger any specific need for community engagement. The content of the submission is broadly in line with the direction Council has already signalled and confirmed through public decision-making processes (e.g. Long-Term Plan - LTP), where lifting community wellbeing and prudent management of resources (including finances) are key goals. The draft submission is publicly available through the Council meeting agenda and the confirmed version will also be publicly available, meaning any person, group or organisation can draw on it to inform their own submission to the Justice Select Committee, to whom submissions close on 7 January 2025.

Impacts on Māori

- 5.2. The Bill has significant potential impacts on Māori, which have been expressed and documented by the likes of the Waitangi Tribunal and a group of noted King's Counsel and widely reported by the media. If implemented, the Bill will likely require councils to make significant changes to planning, policy and decision-making processes, resulting in a detrimental impact on this Council's relationships with local Iwi/Māori/mana whenua. Given timing constraints and the fact that this submission reflects Council's position on the Bill, no comment/feedback on the draft submission has been sought from Iwi/Māori/mana whenua or any other persons or groups. However, at an iwi leaders meeting on water reform held on 4 December 2024, those present were informed that a submission had been drafted and was on the Council agenda for 10 December 2024.

Risk analysis

- 5.3. The Bill does not promote community wellbeing but will require significant Council resources should it pass into law. These resources will either be in addition to the resourcing levels confirmed through the

recent LTP process or the redirection of existing resources. The result being an increase in costs at a time when financial prudence is expected or delayed delivery on some agreed priorities because of the redirection of resources. As Council will be required to have regard to the Bill's provisions, this will likely adversely affect Council's relationship with Iwi, which is one of Council's strategic risks (Iwi liaison and obligation to honour Te Tiriti o Waitangi). This presents the likelihood of a 'lose-lose-lose' situation for Council, Iwi/mana whenua and the wider community, and the implications of that can only be outlined here.

Policy and plans

- 5.4. The Bill and its implications are at odds with the position Council has been taking, particularly the direction and focus of the recently adopted LTP. The Bill presents fundamental challenges to Council fulfilling its statutory purpose, decision-making obligations and operational responsibilities as they relate to Iwi/Māori. These requirements are woven throughout Council's planning, policy, decision-making and engagement processes and documents, so implementing the Bill would trigger major reworking of these processes, policies and documents.

Legal

- 5.5. The lodging of a submission on the Bill is a legitimate opportunity afforded by New Zealand's legislative process. Should the Bill be passed into law Council will be legally required to implement it insofar as it relates to Council's functions, duties and powers.

Financial

- 5.6. There are no financial implications associated with making a submission. However, should the Bill be passed into law there are likely to be significant resourcing implications for Council in fulfilling the requirements inherent in the Bill. These resourcing requirements have not been quantified but are likely to involve additional costs and/or a redirection of existing staff resources.

6. Discussion | He kōrerorero

- 6.1. Council has a longstanding commitment to uphold the intent and principles of Te Tiriti, fostering open trusting relationships with iwi/Māori. Central to this is the recognition of the specific role iwi/Māori play in decision-making processes that affect their communities, resources, and taonga. Council have been authentic and deliberate in its development of strong relationships with iwi/Māori across various projects, initiatives, and issues, reflecting a shared commitment to partnership, collaboration, and equitable outcomes.
- 6.2. The Local Government Act provides a framework that supports the integration of Te Tiriti principles into Council operations. Article Two of Te Tiriti guarantees Māori the right to make decisions over resources and taonga they wish to retain. As a council, our decisions can significantly impact these areas, particularly through our responsibilities under the Resource Management Act (RMA), infrastructure planning, service levels, and rates enforcement. These responsibilities encompass matters such as zoning, land use, water management, and the placement of key infrastructure. This council values the role mana whenua play in these areas and recognises that their involvement and influence benefit not only iwi and hapū but the broader community as well.

6.3. The Bill presents potential risks to Council’s ability to maintain and strengthen its commitment to Te Tiriti principles and the relationships it has built with iwi/Māori.

Option 1: Approve the submission on the Principles of the Treaty of Waitangi Bill

6.4. Approving the submission allows Council to articulate its perspective on the Bill and reinforce the importance of preserving the intent and dynamic and evolving nature of Te Tiriti principles. This aligns with Council’s commitment to Te Tiriti and the strong, multifaceted relationships we have built with iwi/Māori across projects, initiatives and decision-making processes.

6.5. By approving the submission, Council reaffirms its commitment to meaningful iwi/Māori involvement in decision-making and its recognition of the importance of Te Tiriti principles. It also underscores the Council’s adherence to the Local Government Act, which emphasises the role of local authorities in facilitating Māori contribution to decision-making processes and fostering positive relationships with Iwi and Māori communities.

Option 2: Amend and approve the submission on the Principles of the Treaty of Waitangi Bill

6.6. Amending and approving the submission would allow the Council to refine its stance on specific points, providing clarity or addressing any gaps identified by members.

Option 3: Do not approve a submission on the Principles of the Treaty of Waitangi Bill

6.7. Choosing not to make a submission would result in Council forgoing an opportunity to contribute to the national conversation on the Bill. This could undermine Council’s demonstrated leadership and reputation in fostering Treaty-based partnerships and its ongoing commitment to involving Māori in governance and decision-making.

6.8. Failing to submit would also limit Council’s ability to influence legislation that directly affects its operations and the communities it serves, including the resources and taonga of mana whenua. Such an approach may be perceived as inconsistent with our reputation, relationships and the principles outlined in the Local Government Act, which requires councils to take Te Tiriti into account and involve Māori in decision-making.

Recommended option and rationale

6.9. Approve the submission on the Principles of the Treaty of Waitangi Bill. This option aligns with Council’s existing position and direction.

7. Appendices | Ngā āpitihanga

Number	Title	Document number
1	Draft Ōtorohanga District Council submission on the Principles of the Treaty of Waitangi Bill	791794

To the Justice Select Committee

XX December 2024

Submission on the Principles of the Treaty of Waitangi Bill

Submitter details

This submission is from Ōtorohanga District Council.

PO Box 11, Ōtorohanga 3940

17 Maniapoto Street, Ōtorohanga

Ōtorohanga District Council does not wish to appear before the Committee to speak to our submission.

-
1. Ōtorohanga District Council (ŌDC) is disappointed with the introduction of the Bill and concerned about the local impact of the Government's decision to do so.
 2. Local government is invariably (and naturally) seen as a part of 'the government'. For this reason, ŌDC wishes to be on record to disassociate itself from the actions of the New Zealand Government and make its position clear on this matter.
 3. The NZ Government, through the Prime Minister, has claimed to be an advocate for the wellbeing of all New Zealanders. This Bill does nothing to improve or promote the wellbeing of anyone.
 4. The Prime Minister is on the public record as stating the Bill is hugely divisive for New Zealand and for that reason it will not be supported further in the process. Given that statement, ŌDC submits that the Bill should not have been introduced. The decision to consent to the existence and introduction of this Bill through the Coalition Agreement appears to be an example of 'power over principle', where expediency has trumped the development of good policy and sound decision-making.
 5. ŌDC has worked hard on developing, promoting and maintaining positive and productive relationships with our communities, particularly with Iwi/Māori. The introduction of this Bill and its likely impacts risks undermining local social cohesion and significantly setting back relationships across our communities.
 6. Notwithstanding the stated position of the Prime Minister (that the Bill will not be supported further), the Bill presents fundamental challenges to ŌDC fulfilling its statutory purpose, decision-making obligations and operational responsibilities as they relate to Iwi/Māori. For example,

councils are required to have regard to Te Tiriti o Waitangi and Tiriti settlements across multiple areas/functions/responsibilities, and these requirements are woven throughout council planning, policy, decision-making and engagement processes and documents. If the Bill was passed into law, aside from the expected serious social cohesion and relationship impacts, incorporating/having regard to the provisions of the Bill would trigger major reworking of existing processes, policies and documents at considerable cost and likely at the detriment of the agreed priorities at that time. The imposition of such significant extra cost and the associated distraction will not be welcomed by our communities/ratepayers when resourcing is already seriously constrained.

7. ŌDC requests the Justice Select Committee support and advocate for the withdrawal of the Principles of the Treaty of Waitangi Bill.

Contact:

Ross McNeil
Chief Advisor
Ōtorohanga District Council
ross@otodc.govt.nz

Item 204 Change of Council logo

To Ōtorohanga District Council

From Helen Williams, Manager Communication and Engagement

Type **DECISION REPORT**

Date 10 December 2024



1. Purpose | Te kaupapa

1.1. To decide on whether to retain the ‘Kiwi’ or adopt ‘Te Ōhanga/The Nest’ as the official Council logo.

Kiwi

Logo examples



Te Ōhanga/The Nest



2. Executive summary | Whakarāpopoto matua

- 2.1. Ōtorohanga District Council (Council) currently uses the Weaving the Future – Kotahitanga brand, which was originally designed for the Long Term Plan 24-34 (LTP), with dual logos - the Kiwi logo for formal material and Te Ōhanga/The Nest for projects and marketing. However, there is growing desire both internally and externally for Council to adopt Te Ōhanga/The Nest as the sole logo for all purposes.
- 2.2. Having a single logo is administratively efficient and cost-effective. Using just Te Ōhanga as Council’s logo does not give rise to any significant additional costs as a phased approach to implementation will be taken (e.g. digital logo use can change immediately and logos on vehicles will be on an ‘as required’ basis).

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That Ōtorohanga District Council adopts Te Ōhanga/The Nest as the sole logo for the organisation.

4. Context | Horopaki

- 4.1. Our Council logo is a visual representation of our organisation and the work that we do with and for our communities across the district. Our logo does not extend to, nor represents, district or township branding.

- 4.2. Prior to the development of the LTP, the Kiwi logo was Council's only visual representation, but there was no distinct brand or style to support this logo, i.e. colour palette, consistent font, design or unified language.
- 4.3. The introduction of Te Ōhanga and associated branding came through the design for Council's LTP. The overarching brand 'Weaving the Future – Kotahitanga' represents Council's focus on community wellbeing, relationships and making Ōtorohanga District an even better place to live, work and enjoy - Kotahitanga meaning unity.
- 4.4. The woven nest, Te Ōhanga, which is the logo associated with the Weaving the Future brand, speaks to Council's aspiration of working with our community to co-create the future and where community aspirations are woven into everything we do. Te Ōhanga/The Nest represents a place in which we all grow and prosper. Te Ōhanga/The Nest, with the adorned tuhotō/macron, represents a stylised Ō for Ōtorohanga district.
- 4.5. The Weaving the Future brand and Te Ōhanga/The Nest logo were so well received by our communities, partners and staff through the LTP process, direction was given by Council to utilise them for Council collateral, while retaining the Kiwi as Council's official logo and used on all formal documentation and representation.
- 4.6. This approach has been in action for over a year with associated challenges and risks becoming apparent, primarily:
- Using two logos risks diluting our overall brand identity. A single, unified logo helps create a stronger, more recognisable brand.
- Two logos might create the impression of separate entities - causing our customers to question whether they're dealing with one organisation or multiple.
 - Partners are asking for Te Ōhanga/The Nest logo when acknowledging our funding or participation in project and events.
 - Having two logos is creating confusion internally, especially for employees who may not understand the rationale behind using them both. It can lead to discrepancies in logo usage across different departments.
- 4.7. A Council workshop was held on 26 November 2024 to openly discuss the opportunities and possibility of transitioning to Te Ōhanga/The Nest as the sole logo for our organisation.

5. Considerations | Ngā whai whakaarotanga

Significance and engagement

- 5.1. Staff have considered the Significance and Engagement Policy and have assessed that the recommendation in this report has a low level of significance. Given the low level of significance determined, we will use the engagement level 'inform' should the logo change.

Impacts on Māori

- 5.2. The decision to change the Council logo has been assessed against its potential impact on Māori, including consideration of Māori rights and interests with regard to taonga (treasures), taiao (environment) and wāhi tapu (sacred places). It has been determined that this decision has no to low impact and does not require specific engagement with Māori.

Risk analysis

- 5.3. This decision poses no significant risk to our work, reputation or finances. The challenges associated with each option are listed below in the discussion section of this report.

Policy and plans

- 5.4. This decision has no impact upon any current Council policies or plans.
- 5.5. One of the actions within the Communication and Engagement Strategy is to create a brand and language guideline. Council's decision will enable the completion of these guidelines.

Legal

- 5.6. This decision has no specific legal implications, although the use of a single logo which can be applied to documents with legal relevance is desirable.

Financial

- 5.7. The costs associated with the design of Te Ōhanga/The Nest were absorbed into the design of the LTP 24-34 consultation collateral. The roll out of the single logo will not have any further significant cost implications as we will update material, documents and fleet as and when required. Should the organisation move to the Te Ōhanga/The Nest logo, we would need to replace the logo decal in the foyer above reception and update the small sign on the outside of the building near the main entrance – this cost would not be significant and would be met within existing budgets.

6. Discussion | He kōrerorero

Option 1: Adopt Te Ōhanga/The Nest as Council's sole logo and cease using the Kiwi.

- 6.1. The benefits of associated with Option 1 are:
- Moving to Te Ōhanga/The Nest as our sole logo will strengthen our brand identity, as using two logos has led to confusion both internally and externally.
 - Te Ōhanga/The Nest, with its powerful symbolism of unity and community growth, was well received during the LTP process and is already recognised by partners and the community.
 - Transitioning to Te Ōhanga/The Nest will create a clearer, more cohesive visual identity, ensuring consistency and enhancing our brand presence.
- 6.2. Te Ōhanga/The Nest would give our Council one logo that speaks to our entire district, not just the Kiwi that is primarily associated with the Ōtorohanga township only.
- 6.3. The challenges associated with Option 1 are:

- There may be some staff and residents who prefer the Kiwi logo as it promotes a sense of nostalgia for them and they do/will not feel affiliated with the Te Ōhanga/The Nest logo.
- The draft language and branding guidelines and associated templates would require updating.

Option 2: Continue using the dual logo model of the Kiwi and Te Ōhanga/The Nest with clear guidelines on the use of each.

6.4. The benefits associated with Option 2 are:

- This is our current status quo; our draft language and branding guidelines outline how to use the dual logo correctly. This option would mean that we continue with our current work programme of updating our templates with both logos.

6.5. The challenges associated with Option 2 are:

- Brand confusion and loss of brand identity
 - i. Two logos risks diluting our overall brand identity. A single, unified logo helps create a stronger, more recognisable brand.
 - ii. Two logos might create the impression of separate entities - causing our customers to question whether they're dealing with one organisation or multiple.
- Internal confusion
 - i. Having two logos could continue to create confusion internally, especially for employees who may not understand the rationale behind using them both. It can lead to discrepancies in logo usage across different departments.

Recommended option and rationale

6.6. Option 1: Adopt Te Ōhanga/The Nest as Council's sole logo and cease using the Kiwi logo.

6.7. Moving to Te Ōhanga/The Nest as our sole logo will strengthen Council's brand identity, as using two logos has led to confusion both internally and externally. The dual logo approach risks diluting our brand and creates the impression of separate entities. Te Ōhanga/The Nest, with its powerful symbolism of unity and community growth, was well received during the LTP process and is already recognised by partners and the community. Transitioning to Te Ōhanga/The Nest will create a clearer, more cohesive visual identity, ensuring consistency and enhancing our brand presence.

6.8. The Kiwi logo is representative of our township, not the district as a whole, and there are many in our district who do not identify with the Kiwi, as we heard through both our 21-31 and 24-34 LTP engagements and as well as through various other conversations on the topic, like the development of the 21-31 Community Outcomes workshops. Te Ōhanga/The Nest would give our Council one logo that speaks to Ōtorohanga District in its entirety.

7. Appendices | Ngā āpitihanga

Number	Title
1	'Our Council Logo' workshop presentation 26 November 2024



WEAVING THE
FUTURE, TOGETHER
KOTAHITANGA
ŌTOROHANGA DISTRICT COUNCIL



OUR COUNCIL LOGO

November 2024

Communication and Engagement



Te Kaunihera ā-Rohe o
Ōtorohanga
District Council
Where kiwi can fly



WHAT ARE WE HERE FOR?

To discuss the possibility of
changing our council logo



WHAT DO WE NEED FROM YOU?

Direction on your council logo preference



WHY DO IT, AND WHY NOW?

...

...well...



MAYOR MAX
BAXTER
OTOROHANGA DISTRICT

21 April 2024

LETTER OF SUPPORT
SAILABILITY WAIKATO

To whom it may concern,

It is a privilege to provide a letter of support for Sailability Waikato.

Over many years, Sailability Waikato has grown in size and impact, providing free accessible sailing lessons for the disabled and the wider community on Lake Ngaroto located near Te Awamutu.

In our community, I regularly hear wonderful stories from numerous school students and community members who regularly partake in the joys of this programme. Currently, five primary schools across the Ōtorohanga District are involved in the programme. Sailing and enjoying the beauty of our waterways is an activity that through the generosity of Sailability can open up new possibilities, raise aspirations and ultimately change lives.

As a long-time supporter, I am delighted to highlight some of the key advancements that have progressed Sailability Waikato:

- Purpose Built Facility
- Tailored yachts and associated equipment
- Expanded volunteer base
- Tailored lessons for those participating

This experience provides an opportunity for all to participate and experience the joys of the water. Congratulations Sailability Waikato for many years of service to the community and I look forward to supporting them in their future endeavours.

A handwritten signature in black ink that reads "Max Baxter".

Mayor Max Baxter

MAYOR - ŌTOROHANGA DISTRICT

Background to the background

“Do we have a template for...”

Since starting in a hybrid communication role in 2020, the number one comms request has been for clear and consistent branding guidelines and templates



Hello Language and Brand Guidelines!

- A brand, Weaving the Future – Kotahitanga, was designed for our LTP 24-34 and was extremely well received by staff and the public. This brand has an associated logo – Te Ōhanga (the nest).
- In 2023, we floated the idea of using the Weaving the Future brand as our corporate brand as part of our Communication Strategy discussions.
- EMs decided at that point that we use the brand, but include both the Kiwi and Te Ōhanga logos.
- In August 2024, the draft dual logo guidelines went to Leadership for approval...



Weaving the Future – Kotahitanga brand examples

**KIA MAU TĀTOU KI TE ARA
STEADY AS SHE GOES**
CONSULTATION DOCUMENT

LONG TERM PLAN
ŌTOROHANGA DISTRICT COUNCIL
2024-2034

Where else can fly.

**WEAVING THE FUTURE, TOGETHER
KOTAHITANGA**
ŌTOROHANGA DISTRICT COUNCIL

**ŌTOROHANGA DISTRICT COUNCIL
COMMUNICATION AND ENGAGEMENT STRATEGY**
AUGUST 2023

THE EMERGING 2024/34 LONG TERM PLAN HAS THREE OVERARCHING THEMES CONTRIBUTING TO THE DELIVERY OF IMPROVED COMMUNICATION AND ENGAGEMENT ACROSS THE DISTRICT. THEY ARE:

- RESILIENCE**
building trust and demonstrating leadership
- TRANSFORMATION**
improving delivery of services and positioning ourselves for the future
- SUSTAINABILITY**
valuing our environment for ourselves and our rangitahi

THESE WILL BE ACHIEVED BY FOCUSING ON:

- PEOPLE:** connected, empowered and engaged communities
- PLACE:** supporting and enhancing vibrant, diverse, and liveable communities that people love
- PARTNERSHIPS:** aspirational, united, responsible leadership and collaboration with others

Ōtorohanga District has also committed to:

- taking a greater role in leading for and on behalf of its communities
- building and maintaining stronger, more productive relationships with partners and stakeholders, particularly local iwi
- preparing, with our communities, future focused place based plans for Kāwhiri/Horowhaka/Ōpārau, Ōtorohanga, and the rural area.
- better reflecting arts, culture and heritage as an important part of the community and district identity

DEMOGRAPHIC SNAPSHOT

POPULATION
10,850 PEOPLE LIVE IN THE DISTRICT
and growing at approximately 2% per year. 50% live in Ōtorohanga and Ōrākeke towns, the balance are rural. Approximately:

- 30% are Māori – predominantly Ngāi Tahu
- 67% are European
- 3% are Asian

A MĀORI WARD (RANGIĀTEA) WAS INTRODUCED IN 2022

- 90.5% of residents have access to a mobile phone (91.9% NZ)
- 78.4% have internet access (86.1% NZ)

THE STRATEGY

COMMUNICATION STRATEGY INTRODUCTION

Most residents/citizens do not see "trust and confidence" as a separate deliverable of the Council – they see it (or judge it) through the ways staff and elected members act and behave, the response they get to enquiries, the content or nuance of a Facebook post, the reporting of comments and decisions made by elected members (and heard about at the childcare centre, on the Mārae, around the footy field, at the supermarket), the newspaper articles, the reminder they receive about dog registration and in the things they see happening in their neighbourhoods.

All of these – whether intentional or not – are communication (and engagement) deliverables that ultimately facilitate the trust and confidence that Ōtorohanga district people have in their Council. In turn this trust and confidence is what provides Ōtorohanga District Council with its social license to lead and deliver activities and services for the wellbeing of the community.

ISSUES
Currently within the Council, there are many well-intentioned actions that aim to deliver communication/engagement outcomes. However,

these actions are generally working in isolation and not achieving the impact they would if there was a cross-organisational, systemic approach. They are not effort wasted but they are effort that only achieves a fraction of its potential.

The Council lacks clarity around its vision and purpose and its visual profile is minimal. Singular heroic efforts are being made to build sustainable partnerships and deliver proactive communication and engagement, but there is no embedding of communication infrastructure to support this.

Production of communication collateral is ad hoc and there are no targets or measures that provide rigour around investment that is being made. Communicating, engaging and responding to residents/citizens is currently viewed as the responsibility of a few, rather than the core business of everyone.

THE MONEY-GO-ROUND

YOU COLLECTIVELY OWN (THROUGH THE COUNCIL) ABOUT \$395 MILLION IN ASSETS – THAT'S YOUR ROADS, PIPES, WHARVES, STREETLIGHTS, BUILDINGS, PLAYGROUNDS,...

These assets differ from your personal assets like a home or a car because:

- they're not really something we can sell
- we don't have a choice about whether to have them or not
- we have to ensure they are kept in good shape for the future – not for just the people who live here today.

Overall, it costs about \$7.8 million each year to look after these assets (maintenance) and to keep them working well (operations).

We generally use rates money for maintenance and operations, plus we receive some money from the government for roading maintenance (see page 20 – Waka Kotahi Funding).

Assets that are old or need replacing are funded through a mix of:

- rates (see below)
- savings (see 'funding depreciation' below)
- borrowing (see 'debt' below).

Where we can, we look to get grants and subsidies (external funding) to support our work.

DIFFERENT TYPES OF FUNDING/INCOME FOR ŌDC
Year 1 Figures

Chart is for year 1 of LTP. Further information can be found in the Draft Financial Strategy engage-otok.govt.nz/14721/widgets/408739/documents



Dual logo within the branding

DESIGN GUIDE

WHAT LOGO SHOULD I USE?



KIWI LOGO

OUR PRIMARY LOGO

- ✔ This is our main logo and must appear on all external material.
- ℹ Use at your discretion on collateral that is posted from our own accounts. For example, social media tiles posted from our account, graphics on our website).

Examples of good times to use the logo would be for important notices that need to be more official, or posts that are likely to be shared where it needs to be clear they are from ŌDC.

WEAVING THE FUTURE LOGO

OUR DIRECTION

- ✔ This logo can be used on all things related to our future plans - for example our Long Term Plan and all associated documents.
- ✔ Must always appear with our Kiwi logo. See examples on page 22.

NEST WITH COUNCIL NAME LOGO

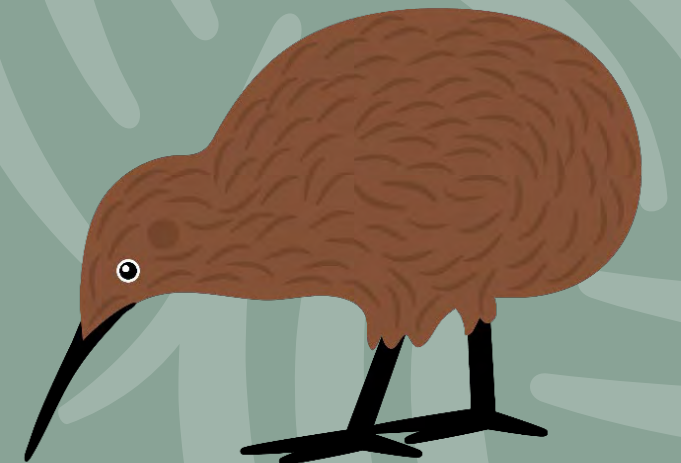
OUR DIRECTION ALTERNATIVE

- ✔ This logo can be used when space/design does not allow for the full Weave the Future logo.
- ✔ Must always appear when our Kiwi logo has already been used. See examples on page 26.

HOW HAS THIS BEEN GOING?

This approach has been in place for over a year, revealing key challenges:

- The two logos are diluting our identity, creating the impression of separate entities and causing confusion for customers.
- Partners are requesting the Te Ōhanga logo for funding and project acknowledgements.
- Employees are struggling to understand the rationale behind using two logos, leading to inconsistencies across departments.



IS NOW THE TIME?

A strong brand and logo creates a sense of belonging and pride for our people

“Its at the point now where I want to see the weave on everything. How cool would it be if we had uniforms with Te Ōhanga logo on it, I would be proud to wear that, I would be proud to represent our council with that logo”

ŌDC staff member



This is exciting!!

Our organisation is going from strength to strength – we are being consistently recognised for being a small council doing great things, SO
LET'S LOOK GREAT!!!

The horse is out of the stable already - our website

ŌTOROHANGA DISTRICT COUNCIL

Contact Us
Whakapā Mai

Our Services
Ā Mātou Ratonga

Our District
Tō Tātou Rohe

Our Council
Tō Tātou Kaunihera

Latest News
Ngā Pitopito Kōrero

Documents & Forms
Ngā Tuhinga me Ngā Puka

VISIT ŌTOROHANGA

Keyword: #home

A TO Z FAQ'S SITEMAP I'm looking for...

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- District Plan
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Read text aloud

Our Community Outcomes

LANGUAGE GUIDE

OUR NAME

Our name is an essential element of our brand. Inconsistent use of the name leads to a diluted identity.

Our Council's full name is "Ōtorohanga District Council".

- In external communications the first reference should always be made in full as "Ōtorohanga District Council".
- Subsequent references in the same article may refer to "ŌDC".
- When referring to elected members refer to 'Your elected members'. If you need to refer to Council, use "Council / the Council" (only capitalise 'the' if it appears at the beginning of a sentence or as a title).
- When referring to Council as a whole, refer to 'We' or 'Our' if you can. If you need to refer to Council you can refer to ŌDC or Council using 'is' (third person singular) not 'are' (third person plural), e.g. ŌDC is responsible for roading in the district, Council is deciding at the next meeting.

**WEAVING THE FUTURE,
TOGETHER -
OUR COMMUNITY
OUTCOMES**



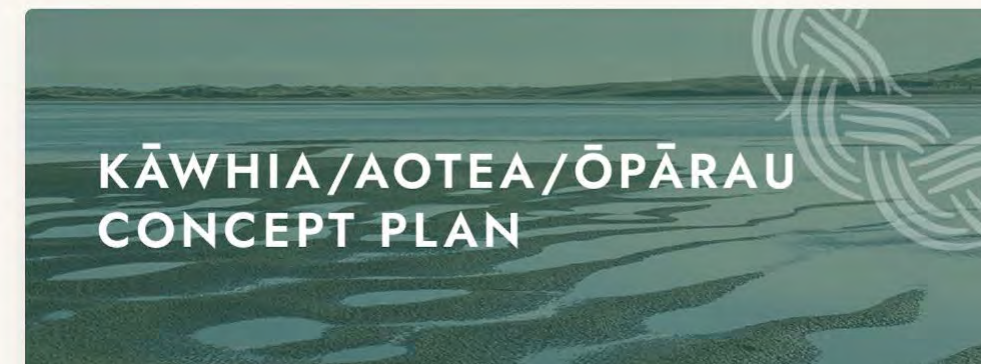
Our Long Term Plan



Our Projects



Our people, our places and our partnerships will be central to our focus as we weave the threads of resilience, sustainability and transformation together with community aspirations. As we grow trust and provide leadership to our district in the face of uncertainty, reforms and climate change, we will harness opportunities, bettering wellbeing for te tangata me te taio (for people and environment).



Our Pop Ups

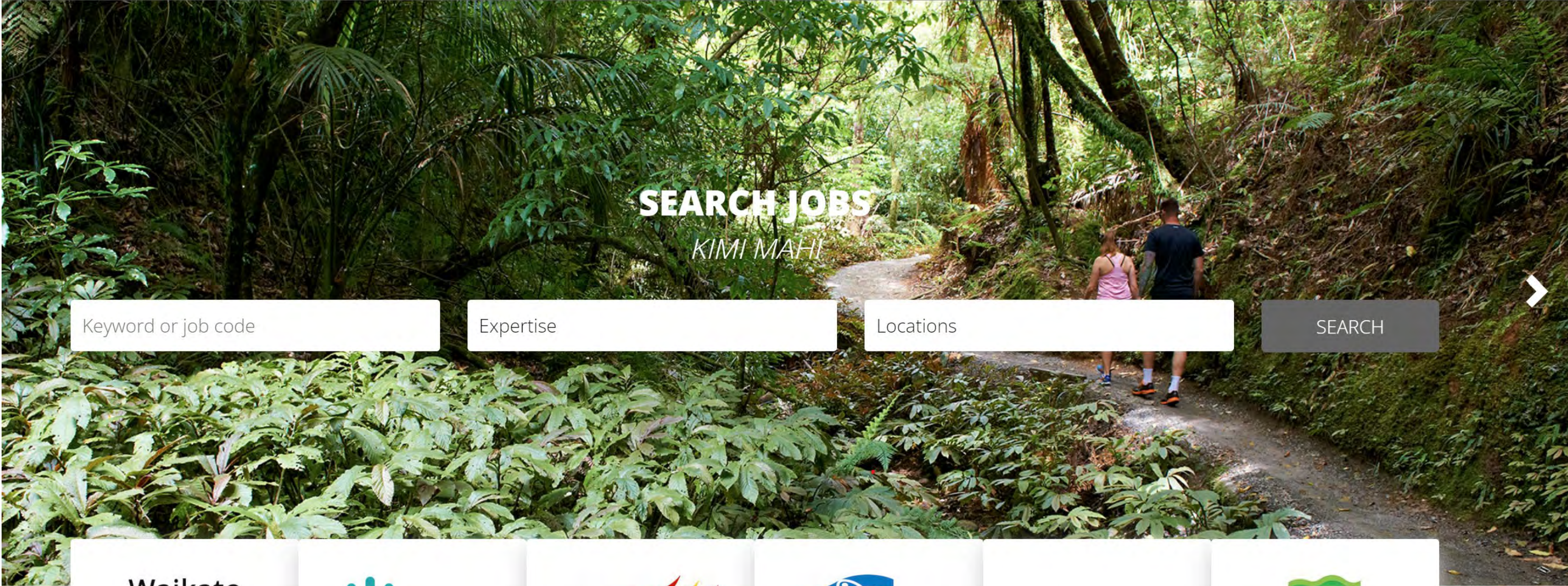


This vs. This

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SEARCH JOBS

KIMI MAHI

SEARCH



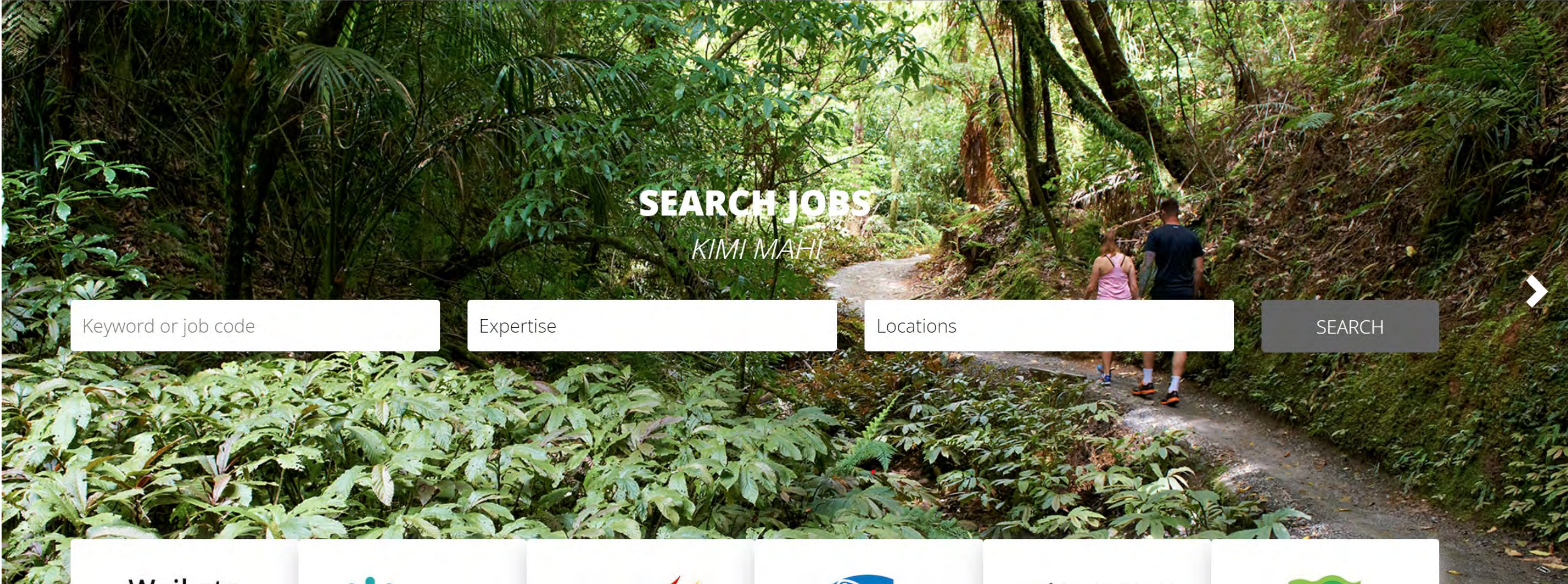
Support

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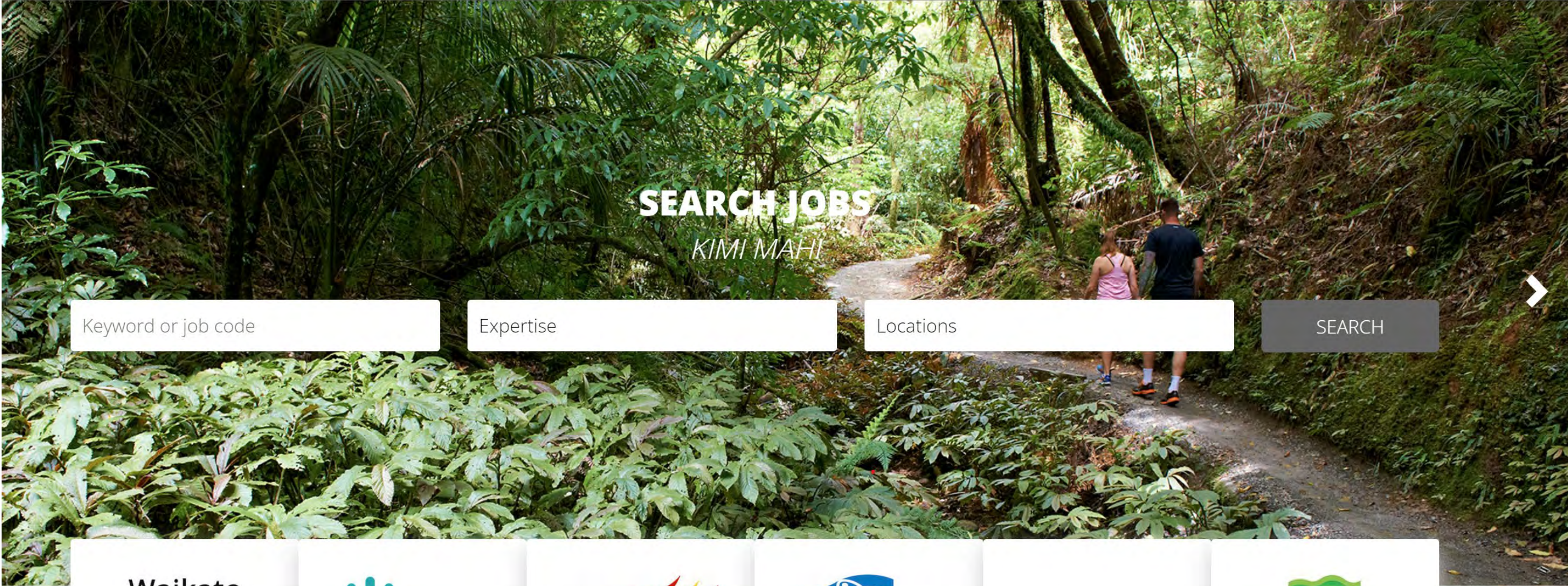
Support

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Support

It also makes our job so much easier!!

There is a lot of work to be done, but one logo
will streamline our journey

Current templates

OFFICE TEMPLATES AVAILABLE TEMPLATES

We have developed a range of pre-designed templates in Word and Powerpoint that adhere to these brand guidelines.

ODC FORM TEMPLATE

ODC FORM TEMPLATE EXAMPLE

ODC LETTERHEAD TEMPLATE

ODC LETTERHEAD TEMPLATE - FORM EXAMPLE W/ADDRESS

WTF DOCUMENT TEMPLATE WITH GENERIC COVER

WTF DOCUMENT TEMPLATE WITH PHOTO COVER

WTF POWERPOINT TEMPLATE

WTF PORTRAIT DOCUMENT TEMPLATE

This could be us...



TE KAUNIHERA Ā-ROHE O
ŌTOROHANGA
DISTRICT COUNCIL



✓ Ribbon on Ngahere/
Forest



✓ Ribbon on Whenua /
Papatūānuku / Earth



✓ Ribbon on Tangata/
People



✓ Ribbon on Wai/Water



✓ Ribbon on light photo backgrounds



✓ Ribbon on dark photo backgrounds



To sum it up

- Transitioning to Te Ōhanga will create a clearer, more cohesive visual identity.
- Using two logos has led to confusion both internally and externally.
- The dual logo approach risks diluting our brand and creates the impression of separate entities.
- Te Ōhanga, with its powerful symbolism of unity and community growth, was well received during the LTP process and is already recognised by our partners, our staff and by our community.

The background features a pattern of thick, curved, brushstroke-like lines in teal, orange, and red, set against a dark teal background. The lines are scattered across the page, creating a dynamic and organic feel.

Discussion

Information only reports**Ngā pūrongo mōhiohio anake**

DISCLAIMER: The reports attached to this Open Agenda set out recommendations and suggested resolutions only. Those recommendations and suggested resolutions DO NOT represent Ōtorohanga District Council policy until such time as they might be adopted by formal resolution. This Open Agenda may be subject to amendment either by the addition or withdrawal of items contained therein.

Item 205 Concept Plans – Implementation Update December 2024

To Ōtorohanga District Council

From Sahndra Cave, Community Projects Lead

Type **INFORMATION REPORT**

Date 10 December 2024



1. Purpose | Te Kaupapa

1.1. To provide an update on progress with implementing the Ōtorohanga Town Concept Plan (ŌTCP), Kāwhia/Aotea/Ōpārau Concept Plan (KAŌCP) and Ōtorohanga Rural Concept Plan (ORCP).

2. Executive Summary | Whakarāpopoto Matua

2.1. In August 2024 Council adopted a prioritised programme of projects supporting the coordinated implementation of the three Concept Plans.

2.2. Progress with these priority projects is presented in Appendix 1. Progress with the ŌTCP and KAŌCP has been reported to the respective Community Boards.

3. Staff recommendation | Tūtohutanga a ngā Kaimahi

That the Ōtorohanga District Council receives the report: Concept Plans – Implementation Update December 2024 (document number 790125).

4. Discussion | He Kōrerorero

4.1. In July 2024 the Ōtorohanga Community Board (ŌCB) reviewed the projects reflected in the ŌTCP, including the prioritised programme confirmed by Council in 2023 following the ŌTCP adoption in October 2022. The Kāwhia Community Board (KCB) did the same regarding the KAŌCP. Similarly, Council’s rural ward members did the same with the ORCP. The purpose of this exercise to establish an updated list of priority projects for Council to consider/confirm as part of an overall prioritised programme covering the three concept plans.

4.2. In August 2024 Council confirmed the overall prioritised programme for the three concept plans. In doing so, Council placed a preference on progressing ‘shovel ready’ projects that could be delivered promptly (i.e. delivering something tangible ‘on the ground’ rather than producing more plans and strategies).

4.3. Progress in delivering the overall programme is presented in the attached table (Appendix 1).

5. Appendices | Ngā āpitihanga

Number	Title	Document number
1	Concept Plans Implementation – Status of Priority Projects – December 2024	

Ōtorohanga District Concept Plans Implementation¹ – Status of Priority Projects – December 2024

	Project	Concept Plan	Status
1.	Ōtorohanga Reserves Strategy and Management Plan	Ōtorohanga Town	Progressing - Draft currently out for public feedback – closing 24 January 2025. Feedback/submissions to be considered in February
2.	Huipūtea Reserve Development Plan	Ōtorohanga Town	Progressing - Development plan included in draft Reserves Strategy
3.	Multi-purpose Community Hub (Concept Review/Due Diligence)	Ōtorohanga Town	Progressing - Awaiting further discussions with Ōtorohanga Club
4.	Interconnected walking/cycling network	Ōtorohanga Town	Progressing – reflected in the Draft Reserves Strategy. Note that walking/cycling is no longer a specific focus/funding area for NZTA
5.	Investigate Business/Industrial Land/Growth areas	Ōtorohanga Town	Progressing – initial scoping but will be considered as part of the District Plan review (subject to the outcome of Government reform of the RMA)
6.	Ōtorohanga Fitness Trail	Ōtorohanga Town	Progressing – stage 1 (training station)
7.	Investigate feasibility of a local Resource Recovery Centre	Ōtorohanga Town	Not started - To be started by 30 June 2025
8.	Explore future of Ōtorohanga swimming pool as part of Community Facilities Asset Management	Ōtorohanga Town	Progressing - Community Facilities Asset Management Plan under development
9.	Ōtorohanga Sports Hub (led by Sport Waikato)	Ōtorohanga Town	Progressing - Clubs are working closer together and the draft Ōtorohanga Reserves Strategy signals options for the development of Island Reserve and the Domain that will enhance collaboration
10.	Te Ara a Waiwaia – Storyboards (led by Mana Whenua)	Ōtorohanga Town	Progressing - Discussions underway with mana whenua
11.	Work with Schools and Community Halls to understand maintenance needs for safe access and parking,	Rural & Kāwhia/Aotea /Ōpārau	Progressing – Being scoped, including reviewing what assessments have been previously undertaken.
12.	Undertake a condition and needs assessment of the community halls and playcentres to understand level of support required.	Rural & Kāwhia/Aotea /Ōpārau	Progressing - Condition/needs assessments (incl cost estimates) largely complete.

¹ Collation of the top ranked projects from the Ōtorohanga Town, Kāwhia/Aotea/Ōpārau and Rural Ōtorohanga Concept Plans

Project Area	Ōtorohanga	Kāwhia/Aotea/Ōpārau	Rural	All
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13.	Stocktake and review of reserves	Rural & Kāwhia/Aotea /Ōpārau	Progressing - Stocktake largely complete
14.	Develop Urban Design Plan and Jervois Streetscape Upgrade.	Kāwhia/Aotea/Ōpārau	Not started - Draft RFP to be prepared - procurement process underway prior to Christmas (link in with Omimiti & Aotea Reserves project)
15.	Develop fitness/recreation loop around town/waterfront.	Kāwhia/Aotea/Ōpārau	Progressing – Council supporting community-led consultation
16.	Develop Concept Plan for Omimiti Reserve	Kāwhia/Aotea/Ōpārau	Progressing - Draft RFP prepared – procurement process underway prior to Christmas
17.	Develop Concept Plan for Aotea Beach Reserve	Kāwhia/Aotea/Ōpārau	Progressing - Draft RFP prepared – procurement process underway prior to Christmas (link with Omimiti Reserve)
18.	Investigate need for additional footpaths/cycleways or shared path where roadway is constrained (include as part of sea wall renewal project).	Kāwhia/Aotea/Ōpārau	Consider as part of Urban Design Plan
19.	Support redevelopment opportunities for the Kāwhia Sports Club.	Kāwhia/Aotea/Ōpārau	Progressing – MoU under development
20.	Review Karewa boat ramp access and parking.	Kāwhia/Aotea/Ōpārau	Progressing - Ongoing discussions with landowners
21.	Ōpārau Community Hall – Resilience Project	Kāwhia/Aotea/Ōpārau	Progressing - Discussions ongoing with Hall group, including support to access funding
22.	Consolidate Community Noticeboards	Kāwhia/Aotea/Ōpārau	Progressing - Scoping underway
23.	Upgrade access to Mangatutu 'Reserve'.	Rural	Completed
24.	Develop community facility (Rural Park) on Ōtewa Road providing for Riding for the Disabled (community led).	Rural	Progressing – agreement for land gifting being finalised
25.	Investigate growth opportunities to sustain communities that have existing facilities (halls, schools, playcentres) – Rural Hamlet concept.	Rural	Not started - Being considered as part of the District Plan review (subject to the outcome of Government reform of the RMA)
26.	Cycling Safety Signage – Waikato River Trails Bypass Route	Rural	Signs in place
27.	Climate Change Response Plan (use CCR as a lens over all Council does as well as a stand-alone project)	All	Progressing – Discussions underway with WRC on undertaking risk assessments to support conversations around adaptation and mitigation
28.	Explore Waka Kotahi funding	All	Progressing - There are ongoing discussions with Waka Kotahi/NZTA staff, but the change in

Project Area	Ōtorohanga	Kāwhia/Aotea/Ōpārau	Rural	All
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			Government focus means funding opportunities are limited
29	Weave Nature through Town (a consideration for all projects involving planting)	All	Progressing - Specific consideration is included in the draft Reserves Strategy and Huipūtea Reserve Development Plan
30	Ōtorohanga Naming Protocol*	All	Progressing - Project scoping underway with mana whenua
31	Establish an enabling regulatory framework/District Plan review	All	Not started - Being considered as part of the District Plan review (subject to the outcome of Government reform of the RMA)
32	Develop/Implement Waste Management and Minimisation Plan for the District to consider needs of all communities.	All	Completed
33	Develop/Implement Economic Development Strategy	All	Progressing - Economic Wellbeing Strategy adopted. Draft Implementation Plan awaiting Council consideration/endorsement
34	Develop a Climate Change Response Plan to address climate risk assessment including flooding, sea level rise and coastal erosion	All	Progressing – Discussions underway with WRC on undertaking risk assessments to support community conversations around adaptation
35	Review flood risk assessment of the Waipā River, Waikato River, Ōpārau River and Awaroa River	All	Scoping discussions planned with WRC
36	Papakāinga framework to support papakāinga development across the district.	All	To be scoped as part of District Plan review
37	Pest control and weed management plan for Council administered/owned land	All	Progressing - Budget provision included in LTP for plant & animal pest control
38	Consider how to celebrate sites of cultural significance*	All	Progressing - Project scoping underway with mana whenua
39	Establish local community civil defence response groups and support the development of their emergency response plan.	All	Emergency Response Plans (ERPs) in place for Ōtorohanga and Kāwhia communities. ERPs could be developed in other communities where the natural hazard risk is high and the ability for the community to self-organise is limited.
40	Community Gardens/Planting	All	To be community led
41	Gateway Signage (Town/Village/District)	All	Progressing - Scoping underway

* Led by mana whenua. In adopting the prioritised programme, Council acknowledged that non-Council led projects could progress at any stage if there was a partner/stakeholder/community willingness to do so.

Project Area	Ōtorohanga	Kāwhia/Aotea/Ōpārau	Rural	All
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Item 206 Community Facilities activity update for the month ending 30 November 2024

To Ōtorohanga District Council

From Jared le Fleming, Manager Community Facilities.

Type **INFORMATION REPORT**

Date 10 December 2024



1. Purpose | Te kaupapa

1.1. To provide an update on the progress of the Community Facilities capital and operational works programme.

2. Executive summary | Whakarāpopoto matua

2.1. This report provides an update on the progress of the Community Facilities capital and operational projects and status of those projects to the end of 30 November 2024.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Ōtorohanga District Council receive the report titled ‘Community Facilities activity update for the month ending 30 November 2024’ (document number 790502).

4. Discussion | He kōrerorero

Parks and Reserves

4.1. Annual broadleaf weed spraying was conducted in Reg Brett Reserve, Village Green, Windsor Park, Ōtorohanga Domain and the Ōtorohanga Cemetery.

Ōtorohanga Domain

4.2. Verti draining was carried out. This process involves spikes being driven into the surface to improve drainage. Following the verti draining, the Domain was then under-sown to revitalise the playing surface.

Museum and Medical Centre

4.3. Two large oak trees causing issues to underground infrastructure and the Medical Centre carpark were removed following a resolution from the Ōtorohanga Community Board.

Huiputea Kahikatea

- 4.4. Work to improve the area surrounding the significant Kahikatea on Huiputea Drive has been carried out. The work involved contouring the surrounding areas to ensure water is directed to the tree and retained.
- 4.5. The area beneath and surrounding the tree has been mulched, eliminating the need for lawnmowers to enter under the tree. The fence has been moved to encompass the mulched area.
- 4.6. Cuttings taken and grown from the Kahikatea tree were planted beside the existing tree, along with supporting plants, to help the Kahikatea trees get established.
- 4.7. Planting was also carried out beneath the tree. This planting was carried out by “Ngā Manu Taki Ata” which is the Te Nehenehenui Trust (TNN) 2024 Rōpu Rangatahi who range in age from 18 to 35. TNN selects 50 Rangatahi each intake with the intent to mobilise next generations in their Maniapototanga. These plants were supplied by Puniu River Care and consisted of mountain flaxes and various grasses. Below is a photo of the group on the planting day.



Ōtorohanga Memorial Pools

- 4.8. A new indoor pool cover has been installed. The old cover had reached a point where it was no longer able to be maintained. As the cover was at its end of life it was councils' responsibility to replace it.
- 4.9. The outdoor pools have been emptied and cleaned and refilled ready for summer.
- 4.10. Work has been programmed to carry out remedial works and painting on the walls of the indoor pool room.

Island Reserve

- 4.11. A fire damaged a section of the stables at the Island Reserve currently used by the Ōtorohanga Riding for Disabled group. Work to demolish the damaged portion and installation of an end wall on the remaining section is now underway. The costs for this work are covered by Council's insurance policy.

Ōtorohanga Refuse Centre

- 4.12. Staff have requested quotes to install security fencing along the boundary parallel to the stopbank to improve overall security in the yard.

Waste Contract

- 4.13. Following a Council resolution to extend our current Refuse and Recycling contract for a further year was agreed upon, staff have begun negotiations with the current contractor. Extending the contract for a further year will align the contract end date with Waitomo District Council's waste contract. This will allow both councils to jointly procure the next contract.

Windsor Park Toilet

- 4.14. The new toilet in Windsor Park is now complete and operational. The toilet received its building consent, and a blessing was held to open the toilets.

Kāwhia Cemetery

- 4.15. Work to install new berms in the new section of the Kāwhia Cemetery has been programmed. The new berms will increase available plots in the cemetery.

Windsor Park

- 4.16. Painting of the Windsor Park playground has been completed. Work involved stripping back the many layers of old paint to a bare surface before repainting could take place.

Omimiti Reserve

- 4.17. Two new picnic tables have been installed near the BBQ on Omimiti Reserve. These will help make the area more attractive as BBQ use increases with the longer daylight hours.

Kāwhia Library

- 4.18. The old concrete entrance to the library was replaced as it was breaking apart and was very narrow. The new concrete pathway is wider allowing for better access for those that are less mobile.

Item 207 Civil Defence Emergency Management Report for 31 July – 31 October 2024

To Ōtorohanga District Council.

From David Simes, Emergency Management Operations Manager

Type **INFORMATION REPORT**

Date 10 December 2024



1. Purpose | Te kaupapa

1.1. To provide an update on matters relating to Civil Defence Emergency Management in the Ōtorohanga District.

2. Executive summary | Whakarāpopoto matua

2.1. The purpose of this report is to provide Ōtorohanga District Council (ŌDC) with an update on matters relating to Civil Defence Emergency Management (Civil Defence Emergency Management) in the Ōtorohanga District. This includes matters arising at national, regional and district levels including emergency management activities under the shared service arrangement between Waipā, Ōtorohanga and Waitomo District Councils.

2.2. This report is provided for information purposes and does not require any decision-making on the part of Elected Members.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Ōtorohanga District Council receive the report titled ‘Civil Defence Emergency Management Report for 31 July – 31 October 2024’ (document number 789309) from David Simes, Emergency Management Operations Manager.

4. National overview

Government reform updates – Emergency Management Bill

4.1. The Government discharged the Emergency Management Bill (225-1 2023) on 8 May 2024.

4.2. The Minister intends to introduce a new Bill this term, alongside considering system improvements using existing mechanisms in the Civil Defence Emergency Management Act 2002 and non-legislative levers.

4.3. A joint team of relevant subject matter experts provided input into key areas for the review of the Emergency Management system for the Government.

4.4. The key aspects that came out of the reviews are as follows:

- It is not proposed that a wholesale reform of the Emergency Management system is required. Rather it should focus building on its key strengths.
- A whole of society approach to Emergency Management driven by improved partnerships with community, businesses, iwi and hapu.
- Local government operational delivery with enablement (e.g. Training, SOP's) from the centre.
- Clear NEMA role in natural hazard readiness and response.

4.5. There are improvements to be made to the Emergency Management systems that have been recommended before. The Government should invest in their implementation.

- A common operating picture and platform.
- Strength and capability development role for NEMA, with standard setting, assurance and training being key.
- Augment the Emergency Management workforce with enhanced professionalisation of formal roles, a stronger model for the surge workforce, and activation of community partnerships.
- A “tidy up” of doctrine (Act, Plan, Guide to plan) so it is simplified, clear and consistent.

4.6. The Government should be advised to also consider the following issues:

- Clarifying governance and stewardship responsibilities for the Emergency Management system.
- NEMA's role across the 4R's and across hazards.
- The provision of system assurance.
- Strengthening regional level Emergency Management.
- The need for strategic, sufficient, and sustainable funding.

Government inquiry into the response to the North Island severe weather events 2023 Government response (report released 10 October 2024 by Hon Mark Mitchell, Minister for Emergency Management and Recovery)

4.7. In early 2023, the North Island was hit by a number of severe weather events. Fifteen people lost their lives, one person remains missing, and many more people were forever impacted.

4.8. The report found that the emergency management system is not fit for purpose for large events that impact multiple regions at once. The current system needs to be transformed to one that consistently implements improvements over time, even as it comes under increasing pressure.

4.9. To enable this, the delivery of a programme of change across five broad focus areas is recommended (subject to clarifying the scope, timing, and funding requirements).

Focus area 1

Give effect to the whole-of-society approach to emergency management.

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

- 1.2 Recognise and enable the significant contribution of iwi and Māori in emergency management to the benefit of all people in New Zealand.
- 1.3 Direct a greater share of emergency management investment in community resilience initiatives.
- 1.4 Improve how communities access funding after an emergency.
- 1.5 Expand the number and quality of formal agreements with businesses, community organisations, iwi and Māori to deliver assistance in times of emergencies.

Focus area 2

Support and enable local government to deliver a consistent minimum standard of emergency management across New Zealand.

- 2.1 *NEMA will increase its focus on the provision of resources that local authorities need.*
- 2.2 *NEMA will set standards for the delivery of emergency management and assure these standards are being met.*
- 2.3 *Clarify operational roles and responsibilities in an emergency response.*
- 2.4 *Strengthen the regional tier of emergency management.*

Focus area 3

Professionalise and build the capability and capacity of the emergency management workforce.

- 3.1 *NEMA will build on existing work to deliver a significant uplift in capability development efforts.*
- 3.2 *Develop and invest in a model for a full-time deployable incident management surge support*

Focus area 4

Enable the different parts of the system to work better together at the national level.

- 4.1 Clarify national level roles and responsibilities and strengthen leadership in risk reduction, readiness, response, and recovery.
- 4.2 Progress work to enable interoperability.

Focus area 5

Drive a strategic focus on investment and implementation.

- 5.1 Ensure a well-governed approach to delivery of Strengthening disaster resilience and emergency management.
- 5.2 Deliver a detailed implementation and investment roadmap to deliver the work programme set out in Strengthening disaster resilience and emergency management and to drive delivery.

4.10. For the full report, refer to Appendix 1.

5. Regional overview

Waikato Civil Defence Emergency Management Group & Joint Committee

- 5.1. Since our last report, there was a Joint Committee held 9 September 2024. Minutes are included as Appendix 2.
- 5.2. Western Waikato CDEM Professionals have participated in two regional workshops focusing on the Group Plan and the 2024/25 Work Programme.

Group plan review

- 5.3. The Group Plan Review is critical to identify and understand hazards and risks, towards enhancing community resilience and aligning with national legislative and policy settings.
- 5.4. With the current Government are not supporting the Emergency Management Bill in its introduced form, the Joint Committee resolved on 25 March 2024 to undertake a full review of the Waikato CDEM Group Plan 2018-2023.
- 5.5. The participation of iwi in the development process is essential to ensure the plan reflects shared strategic priorities. The review process, including the development of the Draft Group Plan, is progressing well, with a focus on completing the content version by 4 November 2024.
- 5.6. This review aims to identify and understand hazards and risks, enhance community resilience and ensure alignment with national legislative and policy settings.
- 5.7. A timeline has been developed to guide the process through to the adoption of the next Group Plan, with the current focus on achieving the first milestone of a Draft Group Plan (content version) by 4 November 2024.
- 5.8. Key workstreams/proposed dates:

Workstream/Action	Proposed dates
Hazard Risk Assessment	15 August
Community feedback survey	19 August to 23 September (<i>5 weeks online</i>)
Iwi strategic priorities	By 18 September 2024
Undertaking by CEG Working Group and Review Team	
Draft Group Plan (<i>content version</i>)	<ul style="list-style-type: none"> ▪ Completed by 4 November 2024 ▪ CEG - 15 November ▪ JC - 2 December
Draft Group Plan (<i>consultation version</i>)	CEG - 24 January 2025
Adoption of Draft Group Plan (<i>consultation version</i>)	Joint Committee - 10 February 2025
Draft Group Plan consultation	17 February to 17 March 2025

NEMA review and provide feedback	17 February to 17 March 2025
Targeted local ‘in person’ engagement on Draft Group Plan	17 February to 17 March 2025
CEG meeting (<i>Submissions received/potential hearing</i>)	
Joint Committee Hearing (<i>Hear submitters and resolve any consultation amendments</i>)	
Joint Committee amended Group Plan to Minister (<i>20 days</i>)	13 May to 11 June 2025
CEG meeting	13 May 2025 - Minister’s feedback (<i>online if no other agenda topics</i>)
Joint Committee meeting	30 June 2025 - Adopt Group Plan

Waikato CDEM targeted rate

5.9. Pursuant to Section 16(4)(a) of the Local Government (Rating) Act 2002, Waikato Regional Council resolved (27 June 2024) a targeted Civil Defence and Emergency Management rate for the period 1 July 2024 to 30 June 2025 on a uniform basis of \$16.06 (GST incl.) on every rating unit within the Waikato Region. The number of rateable rating units used for the calculation for the 2024/25 year is 223,160.

5.10. The amount required to be collected in accordance with the Annual Plan 2024/25 is \$3,582,992 (GST inclusive), (3,115,617 GST exclusive). The rates for 2024/25, 2025/26, and 2026/27 in the table below, are WRC LTP set targeted rate (including provisions for inflation):

Year	Targeted Rate (\$000)
2024/24	3,116
2025/26	3,160
2026/27	3,199

6. Reduction

Hazard risk assessment report

6.1. Civil Defence Emergency Management (CDEM) Groups are required to develop a CDEM Group Plan under section 48 of the Civil Defence Emergency Management Act 2002.

6.2. The Waikato CDEM Group is due to review and develop a new CDEM Group Plan and as part of the process a regional risk assessment has been completed to help inform its development.

- 6.3. The risk assessment process used is based on recent updated guidance documentation provided by the National Emergency Management Agency (NEMA). This guideline material has been used to inform the conduct of this risk assessment.
- 6.4. The process reviews regional hazards in more depth than previously and supports the identification of consequences of events that occur across multiple hazards.
- 6.5. The regional risk assessment was conducted in three phases: -
 - Review of regional hazards, Maximum Credible Event scenarios and likelihoods
 - Review of hazard consequences (Regional Workshops, hazard surveys and validation surveys)
 - Analysis of hazard risks using the NEMA Risk Assessment tool.
- 6.6. This report outlines the results of the risk assessment workshops and risk assessment surveys conducted between May 2022 and May 2023, and the subsequent validation process undertaken in July 2024, to ensure the results were suitable to be utilised for the development of the Group Plan.
- 6.7. While the results within the report have been validated, many results are likely to change during the life of the next Waikato CDEM Group Plan as consequences of hazards present in the region.
- 6.8. This information may be useful to inform our Climate Change work and is important as part of our CDEM response planning.

Hikurangi Subduction Zone Consequence Planning

- 6.9. The Hikurangi Subduction Zone was identified as one of the Waikato region’s large seismic risks. Following presentations to the CEG during 2019 approval was given to progress work to understand the impact of a Hikurangi Subduction Zone seismic event on the region.
- 6.10. GEMO has worked with GNS Science to model a magnitude 9.1 and 8.9 earthquake from HSZ to see how the region is exposed to ground shaking, liquefaction, and earthquake induced landslides from this source. The results will be shared on a Microsite platform where each district can see the results in an interactive map.
- 6.11. To understand the likely impact of a HSZ earthquake on the built, social, natural and economic environments a risk assessment was required that focussed on exposure assessment, detailed element and area specific risk assessment.
- 6.12. This exposure modelling provides an understanding of the different impacts from seismic hazards across the whole Waikato region and each territorial authority. This exposure assessment identifies elements and areas located within the hazard zones and exposed to different intensities (e.g., number of buildings subjected to different levels of ground shaking).
- 6.13. Elements included in the exposure assessment include:

3 waters infrastructure	Airports	Bridges	Buildings Gas lines
Churches	Community centres	Community sports centres	Education facilities

3 waters infrastructure	Airports	Bridges	Buildings Gas lines
Electricity lines	EOCs and CDCs	Fibre optic cables	Fresh water points
Gas lines	Land use	Māori land	Parks
Petrol stations	Ports	Properties	Radio towers
Railway lines	Railway stations	Roads	Stop banks

- 6.14. The results from the exposure assessment will be via a Microsite. This temporary online tool will be available to communicate and analyse the impact information and download the results. It will be provided to Territorial Authorities (TA) and infrastructure owners to do detailed risk assessments. The risk assessment will inform prioritisation of community groups/organisation engagement, through support and enablement based on impacts across the region.
- 6.15. Any gaps identified through this process will inform the need for further modelling or data collection if required.
- 6.16. Social and economic impacts are not available at this stage, and more modelling will be done to address these areas.
- 6.17. The results from the exposure assessment are useful for councils, infrastructure, emergencies services and welfare services to assist with identifying the potential severity of impacts across the four environments at different scales. This information can be used to start scoping area specific planning for TA's, infrastructure, social services at local and regional level to address the impacts on reduction, readiness, response and recovery, and response planning to an HSZ event in the Waikato (e.g. CDEM response plans).
- 6.18. Importantly, the councils need to ensure they are fully insured for at least 40% of their infrastructure. The Government funds the balance 60% rebuild and repair costs.

7. Readiness

Tsunami signage

- 7.1. On 12 October 2024 Tsunami warning signage was placed at strategic coastal locations within the locations within the Ōtorohanga TLA, specifically in the Kawhia and Aotea township. Communication was provided through the Council channels to accompany this.

Training & exercising: ongoing development with Waipā, Ōtorohanga and Waitomo Council / Civil Defence Emergency Management Staff

- 7.2. Over the last three months, 14 staff were trained in Foundation (and three from an outside organisation), two people trained in the Operations function, one in the Intelligence function, two in the Lifelines Utilities, four in Intermediate, one in the PIM function, and one in the Planning function. In addition, four staff undertook Psychosocial First Aid training.

- 7.3. Three staff attended an Animal Welfare in Emergencies course ran by the Ministry for Primary Industries held in Cambridge on 21/22 August.
- 7.4. Local Welfare Managers also attended the Group Welfare Manager’s meeting in Hamilton on 5 September 2024. Staff attended the Waikato/Bay of Plenty Lifelines Utilities Forum on 25 September and focussed on hazards and in particular, effects of the Caldera volcanic activity in the two regions.
- 7.5. Staff have attended a Regional Resilience Forum hosted by the Waikato Regional Council on 9 August with the main focus around the effects of climate change.
- 7.6. The Welfare Manager attended a workshop on potential effects of a Foot and Mouth outbreak in New Zealand on 27 September which was facilitated by the Ministry for Primary Industries and focussed on how a response could be handled and who the key responders would be.
- 7.7. Staff also attended the Waikato Animal Welfare Group Workshop in Hamilton on 8 October which was led by MPI and has representatives from the Hamilton Zoo, local Veterinary practices, Federated Farmers, Rural Support, Welfare CDEM, Hamilton SPCA, and MPI locals. An exercise around the effects of ash fallout on the farmland and animals in the Waikato region was the focus.

EOC Integrated Framework Trained staff

- 7.8. At the Chief Executives Group (CEG) meeting held on 7 June 2024 they reviewed and adopted the Waikato Civil Defence Emergency Management Group Training and Exercise Plan for 2024/25 and this has included the following Local Authority Training Targets which are to be reached or higher over the next three financial years:

Foundation Training	100% of full-time permanent staff
Intermediate Training	25% of full-time permanent staff
Function Specialisation	15% of full-time permanent staff
Advanced	10% of full-time permanent staff

- 7.9. This new threshold will see us needing to be a bit more forceful with our expectations of staff doing the higher-level training and will need the support of all managers and executive staff to ensure staff achieve the training targets.

- 7.10. The following tables show the current trained FTE staff by percentage for Waipā, Waitomo and Ōtorohanga.

Waipā Total FT 292			
Measure	% Required	Number Required	Currently trained (%)
Foundation	100%	292	135 - 46.2%
Intermediate	25%	73	42 - 57.5%
Function	15%	44	64 - 145.4%

Advanced	10%	30	15 - 50%
Waitomo Total FT 80			
Measure	% Required	Number Required	Currently trained (%)
Foundation	100%	80	70 - 87.5%
Intermediate	25%	20	26 - 130%
Function	15%	12	14 - 86%
Advanced	10%	8	4 - 50%
Ōtorohanga Total FT 62			
Measure	% Required	Number Required	Currently trained (%)
Foundation	100%	62	47 - 75%
Intermediate	25%	15	22 - 161%
Function	15%	9	17 - 243%
Advanced	10%	6	5 - 83%

7.11. The following table indicates how many staff are trained and able to set up in an EOC if required:

Council	Foundation	Intermediate
Waipā	135	42
Ōtorohanga	50	22
Waitomo	70	26
Western Waikato Total	255	90

7.12. In addition to those trained in Foundation and Intermediate, the following table shows those Integrated Framework Function specific training that has been undertaken to a level where the staff could perform a Function Manager role if required.

Function	Intelligence	Planning	Welfare	Logistics	PIM	OPS
Waipā	10	9	7	8	2	11

Function	Intelligence	Planning	Welfare	Logistics	PIM	OPS
Ōtorohanga	2	1	2	2	5	2
Waitomo	1	0	3	1	2	5
Total	13	10	12	11	9	18

Community Engagement

- 7.13. Community Connection BBQ’s were held in Puahue, Pukeatua, Wharepapa, Bennydale, Piopio and Arohena during the weeks 23 September to 4 October which were an opportunity to promote Shake Out 2024 and discuss the provision of household plans.
- 7.14. Staff attended a community meeting at the Honikiwi community hall and are working with the group to put together a Community Plan.
- 7.15. Staff attended the Maniapoto Games over Labour Weekend along with the Customer Experience Teams from Ōtorohanga and Waitomo. The main focus was Shake Out 2024 and the discussions around what to do in an emergency. We held a colouring competition which attracted over 86 entries, and the winners were very hard to pick. Shake Out prizes were given to the winners and all who participated were given stickers and pens. This was also the first time we were able to use our emergency management gazebo, and it looked pretty good.



7.16. We also took the opportunity to hold a Drop Cover Hold drill and reward the participants with a lolly scramble:



7.17. Continued progress has been made with the Marae Preparedness project with CIMS 4 Courses being held in November for Marae participation in Te Kuiti and Taumaranui. Initial draft Marae Preparedness plans have been developed with Waipapa, Mangatoatoa, Mangapeehi, Te Kuiti, Taarawaanga, Maniroa, Pohara and Maungatautari Marae along with the Maniapoto Community Centre in Te Anga and these will be refined and finalised over the next quarter. Te Kooraha Marae in Tahaaroa have also installed a Crisis Bunker Container in preparation for any need to set up the Marae during an emergency – a Marae Plan is almost finalised for this Marae.

7.18. Community Response planning and review of existing Plans continues to be an ongoing process.

8. Response

Alerts and warnings

8.1. National and Regional Alerts were received as below which required advisory action and initial attendance in accordance with the appropriate response protocols. Regional Council hazard/flood response plans were met, and Flood Room meetings were attended. Liaison with local Council staff, public warning and advisory communication through the Comms teams was required, however further escalation in response activity above this was not required.

Date	Event
16 August 2024	Heavy Rain Watch (yellow warning) and thunderstorms across Waitomo River Alert (1 st alarm) at Mangaokewa (Te Kuiti)
30-31 August 2024	Heavy Rain Watch (Yellow): Waipā, Ōtorohanga, Waitomo. River Alert (1 st alarm) at Mangaokewa on 01/09 (Te Kuiti)
31 August 2024	Severe Thunderstorm Watch; Waipā, Ōtorohanga, Waitomo.

Date	Event
13-14-15 Sept 2024	Heavy Rain, Thunderstorm Watch (Yellow) – Waipa, Ōtorohanga, Waitomo
22 September 2024	Severe Thunderstorm Watch (Yellow) – Waitomo & Ōtorohanga
6-7 October 2024	Heavy Rain Watch (Yellow): Waipā, Ōtorohanga, Waitomo. River Alert (1 st alarms) at Mangaokewa on 01/09 (Te Kuiti) & Waipa River (Ōtorohanga)
29-30 October 2024	Severe Thunderstorm Watch (Yellow) – Waipā, Waitomo & Ōtorohanga

9. Recovery

- 9.1. The Waikato Group recovery work programme for 2024-25 continues, with the development of a Waipā Strategic Recovery Plan underway along with other documentation being developed to align with the work programme.
- 9.2. Regular meetings continue with the Ōtorohanga and Waitomo District Council Recovery Managers, which provide support, planning and preparedness for recovery.
- 9.3. On the 22 November 2024, Western Waikato Controllers and Recovery Managers will hold their first joint meeting. This meeting will provide a first connection for this group and work through the transition from Response to Recovery process.

10. Appendices | Ngā apitihanga

Number	Title
1	Government Response to the Report of the Government Inquiry into the Response to the North Island Severe Weather Events (click for the website link - 164 pages).
2	Waikato Civil Defence Emergency Management Group Joint Committee Unconfirmed Minutes from 9 September 2024.



**WAIKATO REGION
EMERGENCY MANAGEMENT**

GROUP

MINUTES

**Waikato Civil Defence Emergency
Management Group Joint Committee
Meeting**

Monday, 9 September 2024

Order Of Business

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7	Karakia Whakamutunga	8

Waikato Civil Defence Emergency Management Group Joint Committee Meeting

OPEN MINUTES

Date: Monday 9 September 2024, 10.00am

Location: Council Chambers
Waikato Regional Council
Level 1, 160 Ward Street, Hamilton

Members Present: Cr Anna Park – Chair – Taupō District Council
Cr Lou Brown – Deputy-Chair – Waipā District Council
Cr Phillip Buckthought – Hauraki District Council
Cr Mich'eal Downard – Waikato Regional Council
Deputy-Mayor Allan Goddard – Waitomo District Council
Cr Thomas Lee – South-Waikato District Council
Cr Kandi Ngataki – Waikato District Council
Cr Emma Pike – Hamilton City Council
Cr Russell Smith – Matamata-Piako District Council
Deputy-Mayor Annette Williams – Ōtorohanga District Council

Staff Present: John Crane – Acting Director, Customer, Community and Services
Julian Snowball – Group Manager/Controller, Civil Defence and
Emergency Management
Susan Law – Chair, Co-ordinating Executive Group
Matthew Bramhall – Senior Regional Emergency Management Advisor,
National Emergency Management Agency
Dave Daggart – Team Lead, Democracy Services
Jordan Metz – Democracy Advisor

The contents of these minutes meet all legal requirements and include a full set of decisions.

An audio-visual recording of the open session of the meeting is available on Waikato Regional Council's public website.

Recording Order	Discover #	YouTube Link
Recording #1	30140878	https://youtu.be/1bqCeo-Uds8
Recording #2	30139902	https://youtu.be/R4u8Ekz_MvQ

Due to a technical issue, the sound quality of the recordings is poor.

1 KARAKIA TIMATANGA

Item commenced in recording 1, at start.

The Committee Chair (Cr Anna Park) opened the meeting with a karakia.

2 PRELIMINARY ITEMS

2.1 HEALTH AND SAFETY STATEMENT

Item commenced in recording 1, at 18 seconds.

The *Health and Safety Statement* was taken as read.

3 APOLOGIES

Item commenced in recording 1, at 22 seconds.

COMMITTEE RESOLUTION WCDEM24/29

Moved: Cr Thomas Lee

Seconded: Cr Mich'eal Downard

That the apologies of Cr John Grant and Alternate - Deputy Mayor Terry Walker for absence be accepted.

CARRIED

4 CONFIRMATION OF AGENDA

Item commenced in recording 1, at 44 seconds.

COMMITTEE RESOLUTION WCDEM24/30

Moved: Cr Phillip Buckthought

Seconded: Deputy-Mayor Annette Williams

1. That the agenda of the Waikato Civil Defence Emergency Management Group Joint Committee Meeting of 9 September 2024, as circulated, be confirmed as the business of the meeting.
2. That the order of items follows the order set out in the minutes.
3. That the meeting may sit longer than two hours continuously and continue longer than six hours including adjournments.

CARRIED

5 DISCLOSURES OF INTEREST

Item commenced in recording 1, at 1 minute 6 seconds.

No interests were disclosed pertaining to items on the agenda or interests not already recorded on a relevant register.

6 GENERAL ITEMS

6.1 CONFIRMATION OF WAIKATO CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP JOINT COMMITTEE MINUTES - 24 JUNE 2024

Item commenced in recording 1, at 1 minute 34 seconds.

COMMITTEE RESOLUTION WCDEM24/31

Moved: Cr Emma Pike

Seconded: Deputy-Mayor Annette Williams

1. That the report *Confirmation of Waikato Civil Defence Emergency Management Group Joint Committee Minutes - 24 June 2024* (Waikato Civil Defence Emergency Management Group Joint Committee, 9 September 2024) be received.
2. That the minutes of the Waikato Civil Defence Emergency Management Group Joint Committee meeting held on 24 June 2024 be confirmed as a correct record.

CARRIED

6.2 COORDINATING EXECUTIVE GROUP MEETING SUMMARY

Item commenced in recording 1, at 1 minute 45 seconds.

Presented by the Chair, Co-ordinating Executive Group (Susan Law). The Committee Chair (Cr Anna Park) presented Andrew and Langley with a farewell gift and acknowledged their service and dedication.

COMMITTEE RESOLUTION WCDEM24/32

Moved: Cr Mich'eal Downard

Seconded: Deputy-Mayor Allan Goddard

That the report *Coordinating Executive Group meeting summary* (Waikato Civil Defence Emergency Management Group Joint Committee, 9 September 2024) be received.

CARRIED

10.08am – The meeting adjourned.

10.32am – The meeting reconvened.

6.3 GROUP PLAN - REVIEW TEAM

Item commenced in recording 2, at start.

Presented by the Strategic Planning Advisor (Vicky Cowley) who requested the report be taken as read.

COMMITTEE RESOLUTION WCDEM24/33

Moved: Cr Thomas Lee

Seconded: Cr Phillip Buckthought

1. That the report *Group Plan - Review Team* (Waikato Civil Defence Emergency Management Group Joint Committee, 9 September 2024) be received.
2. That the Waikato Civil Defence Emergency Management Group Joint Committee confirm the Group Plan Review Team membership as:
 - (a) Joint Committee Chair; and
 - (b) Joint Committee co-opted Māori specialist advisor/s (WRC Māori Ward elected members); and
 - (c) Coordinating Executive Group Chair; and
 - (d) Group Manager; and
 - (e) Regional Emergency Management Advisor (for technical input).

CARRIED

6.4 FINANCE REPORT 1 JULY 2023 - 30 JUNE 2024

Item commenced in recording 2, at 6 minutes 10 seconds.

Presented by the Group Manager/Controller (Julian Snowball).

COMMITTEE RESOLUTION WCDEM24/34

Moved: Cr Lou Brown

Seconded: Deputy-Mayor Annette Williams

That the *Finance Report 1 July 2023 - 30 June 2024* (Waikato Civil Defence Emergency Management Group Joint Committee, 9 September 2024) be received.

CARRIED

6.5 PRIORITY ACTIONS STATUS

Item commenced in recording 2, at 10 minutes 3 seconds.

Presented by the Strategic Planning Advisor (Vicky Cowley).

COMMITTEE RESOLUTION WCDEM24/35

Moved: Cr Kandi Ngataki

Seconded: Cr Russell Smith

That the report *Priority Actions Status (Waikato Civil Defence Emergency Management Group Joint Committee, 9 September 2024)* be received.

CARRIED

6.6 2023/24 GROUP MEMBER EXERCISE OUTCOMES - CONSOLIDATED REPORT

Item commenced in recording 2, at 11 minutes 56 seconds.

Presented by the Team Leader, Operational Readiness (Aaron Tregoweth) who requested the report be taken as read.

COMMITTEE RESOLUTION WCDEM24/36

Moved: Cr Thomas Lee

Seconded: Cr Phillip Buckthought

That the *2023/24 Group Member Exercise Outcomes - Consolidated Report (Waikato Civil Defence Emergency Management Group Joint Committee, 9 September 2024)* be received.

CARRIED

6.7 LOCAL WELFARE MANAGER APPOINTMENT

Item commenced in recording 2, at 20 minutes 30 second.

Presented by the Team Leader, Resilience and Recovery (Irving Young).

COMMITTEE RESOLUTION WCDEM24/37

Moved: Cr Mich'eal Downard

Seconded: Cr Kandi Ngataki

That the report *Local Welfare Manager Appointment (Waikato Civil Defence Emergency Management Group Joint Committee, 9 September 2024)* be received.

CARRIED

6.8 NATIONAL EMERGENCY MANAGEMENT AGENCY UPDATE

Item commenced in recording 2, at 21 minutes 38 seconds.

Presented by the Acting Manager for Regional Partnerships, National Emergency Management Agency (Matthew Bramhall) who requested the report be taken as read.

COMMITTEE RESOLUTION WCDEM24/38

Moved: Cr Mich'eal Downard

Seconded: Cr Lou Brown

That the report *National Emergency Management Agency update* (Waikato Civil Defence Emergency Management Group Joint Committee, 9 September 2024) be received.

CARRIED

7 KARAKIA WHAKAMUTUNGA

Item commenced in recording 2, at 25 minutes 43 seconds.

The Committee Chair (Cr Anna Park) closed the meeting with a karakia.

10.59am – The meeting closed.

UNCONFIRMED

Public excluded**Take matatapu**

DISCLAIMER: The reports attached to this Open Agenda set out recommendations and suggested resolutions only. Those recommendations and suggested resolutions DO NOT represent Ōtorohanga District Council policy until such time as they might be adopted by formal resolution. This Open Agenda may be subject to amendment either by the addition or withdrawal of items contained therein.

Item 208 Resolution to exclude the public for Item PE18: Ōtorohanga Kiwi House Charitable Trust short-term loan

To Ōtorohanga District Council

From Kaia King, Governance Manager

Type **DECISION REPORT**

Date 10 December 2024



1. Purpose | Te kaupapa

1.1. To exclude the public from parts of the proceedings of the Ōtorohanga District Council meeting.

2. Executive summary | Whakarāpopoto matua

2.1. All formal meetings are open to the public however, there are some parts of the meeting where the public can be excluded. Council must provide a good reason if to exclude the public from a Council or committee meeting - this also includes the media. A resolution must be made at a time when the meeting is open to the public stating the general subject of each matter, the reason for passing that resolution in relation to the matter, and the grounds on which the resolution is based.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Ōtorohanga District Council exclude the public from the following parts of the proceedings of this meeting confirming:

- a) This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 7 of that Act where a risk of prejudice is minimised by the holding of the whole or the relevant part of the proceedings of the meeting in public; and
- b) The general subject of each matter to be considered while the public is excluded and the reason for passing this resolution in relation to each matter and the specific grounds for the passing of this resolution are as follows:

General subject of each matter to be considered	Ground(s) under section 48(1) for the passing of this resolution	Interest
Item PE18: Ōtorohanga Kiwi House Charitable Trust short-term loan	Section 9(2)(b)(ii)	Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information;

4. Context | Horopaki

- 4.1. Public excluded agendas and minutes are not available to the public. Where possible, Council will release public information which has been considered during the public excluded part of a meeting.

5. Considerations | Ngā whai whakaarotanga

Significance and engagement

- 5.1. No community consultation is required under the Significance and Engagement Policy.

Impacts on Māori

- 5.2. Staff consider this report does not have a direct impact on Iwi/Māori greater than any other member of the public.

Risk analysis

- 5.3. This report seeks to reduce the risks associated with commercial information breaches.

Policy and plans

- 5.4. There are no policies or plans relevant to this report.

Legal

- 5.5. Resolutions to exclude the public are made under Section 48 of the Local Government Official Information and Meetings Act 1987.

Financial

- 5.6. There are no financial impacts resulting from the recommendation.

6. Discussion | He kōrerorero

Option 1: To exclude the public from the meeting

- 6.1. This option seeks to reduce the risk of commercial information breaches by the holding of the relevant part of the proceedings of the meeting with the public excluded.

Option 2: To decline to exclude the public

- 6.2. This option may potentially expose Ōtorohanga District Council to greater risk of commercial information breaches.

Recommended option and rationale

- 6.3. To exclude the public for the parts of the meeting outlined in the recommendation.
-

Councillor updates on meetings attended on behalf of Ōtorohanga District Council

Ngā kōrero hou a ngā Kaikaunihera

All councillors will be invited by the Chairperson to provide a verbal update to the meeting.

Resolution Register

Rēhita tatūnga

Previous resolutions of Ōtorohanga District Council which are not yet finalised are outlined below.

#	Date	Resolution	Staff update
C147	25/06/24	That Ōtorohanga District Council: <ol style="list-style-type: none"> Approve the Arohena Rural Water Scheme (comprising of three separate water supplies: Huirimu, Kahorekau and Taupaki) to remain under permanent Boil Water Notices. Authorise the Chief Executive to use Section 131 of Local Government Act to initiate a process that would close down the drinking water component of the Arohena Rural Water Supply Scheme and enable the three supplies to continue as a non-drinking water supplies. 	<p>The process to close down the drinking water component has been initiated.</p> <p>Staff recommend this Resolution is removed from the Register.</p>
C255	27/08/24	That Ōtorohanga District Council: <ol style="list-style-type: none"> Receives the report titled 'Waikato Water Done Well – Proposal' from the Waikato Water Done Well Project Team (document number 776676) and the accompanying technical report (document number 776675). Agrees to the vision, outcomes and success measures for the Waikato being adopted in principle. These are set out in section 3 of the technical report. Agrees to being a participating council that will co-design an aggregated model for the delivery of water services staged by function and governed by a professional board from the outset. Stage 1 will be the establishment of an entity providing functional services to participating councils. The end point as Stage 2 (to deliver on the vision, outcomes and success measures) is an aggregated, fully regulated water services entity. Advises the Joint chairs of the Waikato Joint Mayors and Chairs Forum of their decision. Instructs the Chief Executive to negotiate a proposed Heads of Agreement (HoA) to bring back for Council 	<p>Staff had recommended this resolution remain on the Register until it comes back to a future Council meeting.</p> <p>There are two reports on this agenda.</p> <p>Staff recommend this Resolution is removed from the Register.</p>

#	Date	Resolution	Staff update
		<p>approval by the end of October 2024 (with the intention of the HoA being signed in November 2024). Noting that the HoA is a non-binding agreement between participating councils, entered into on a good faith basis to show a commitment to progress in the manner proposed and that the framework will inform the development of more formal documentation.</p> <p>f. Notes that, if Council does not confirm ŌDC as a participating council in the proposed aggregated model, it will exit the Waikato Water Done Well workstream but be kept informed of the work underway.</p> <p>g. Instructs the Chief Executive to investigate the stand alone option for Ōtorohanga District Council to continue to delivery water services and to provide the assessment prior to Council signing the HoA.</p>	
C287	22/10/24	<p>That Ōtorohanga District Council:</p> <p>a. Approve a phased approach to service delivery change, being:</p> <p>i. Phase 1, approve the changes set out in option 2, adding an additional recycling crate for glass only with the option of adding a food waste collection following further direction from Central Government.</p> <p>ii. Phase 2, changing to the services set out in option 3, replace the recycling crate with a 240L mixed recycling bin and replace the refuse bags with a 140L bin. Phase 2 will be determined through the 2027-37 Long-Term Plan process having regard to the Government mandates.</p> <p>b. Approve an extension to the current Refuse and Recycling Contract for one year from 1 July 2025 to 30 June 2026 under the existing terms and conditions. Any increase in cost will be brought to Council for a decision through the 2024-25 Annual Plan process.</p> <p>c. Agree to explore a joint procurement arrangement with the Waitomo District Council for the delivery of kerbside refuse and recycling services in line with recommendation a).</p>	<p>We are currently in negotiations with our contractor for the 1 year contract extension.</p> <p>Staff recommend this resolution remain until the contract extension has been confirmed.</p>

#	Date	Resolution	Staff update
C300	26/11/24	That Ōtorohanga District Council adopt the following Schedule of Meetings for 2025 (refer to Minutes)	The meeting dates for 2025 have been published on the ŌDC website. Staff recommend this Resolution is removed from the Register.
C301	26/11/24	That Ōtorohanga District Council: <ul style="list-style-type: none"> a. Approve the recommendation from the Ōtorohanga Community Board to grant approval for construction of the fitness station on Waipā Esplanade. b. Approve the recommendation from the Ōtorohanga Community Board to increase funding of an additional \$2,500 per year to the Ōtorohanga Parks and Reserves operating budget to maintain these additional assets. c. Approve the recommendation from the Ōtorohanga Community Board for the addition of the fitness station to the Council asset register and included in the annual depreciation calculations, currently estimated at \$2,500 per annum. 	The Ōtorohanga Community Board have been advised of this Resolution. Staff recommend this Resolution is removed from the Register.
C302	26/11/24	That the Ōtorohanga District Council Strategic Risk Register October 2024 is adopted.	Now that the register has been adopted, staff will provide regular updates to the Risk and Assurance Committee, with the next full review to be scheduled after the 2025 local elections when the new Council is in place. Staff recommend this Resolution is removed from the Register.
C303	26/11/24	That the Ōtorohanga District Council: <ul style="list-style-type: none"> a. Confirms its role as an Anchor Organisation for its communities and adopts the Te Punga o te Hapori 	With the adoption of the framework and work programme staff will now proceed with

#	Date	Resolution	Staff update
		(Anchor of the Community) framework and 5-year work programme.	implementing the programme actions in accordance with the agreed timings and report to Council on progress as indicated.
		b. Requests the Chief Executive report on implementation progress at least annually.	Staff recommend this Resolution is removed from the Register.

Staff recommendation

That Ōtorohanga District Council confirm the removal of Resolutions C147, C255, C300, C301, C302 and C303 from the Register.

Closing prayer/reflection/words of wisdom**Karakia/huritao/whakataukī**

The Chairperson will invite a Member to provide the closing words and/or prayer/karakia.

Meeting closure**Katinga o te hui**

The Chairperson will declare the meeting closed.

Workshops**Hui awheawhe**

Following a short break, workshops will commence. Please refer to the order of agenda for details.