

## Mā tō tātou takiwā For our District

### Council

Te Kaunihera

CL25-10

Tuesday, 5 August 2025, 9.30am Council Chambers, 1484 Cameron Road, Tauranga

### Council

#### Membership:

Chairperson	Mayor James Denyer	
Deputy Chairperson	Deputy Mayor John Scrimgeour	
Members Cr Tracey Coxhead		
	Cr Grant Dally	
	Cr Murray Grainger	
	Cr Anne Henry	
	Cr Rodney Joyce	
	Cr Margaret Murray-Benge	
	Cr Laura Rae	
	Cr Allan Sole	
	Cr Don Thwaites	
	Cr Andy Wichers	
Quorum	Six (6)	
Frequency	Six weekly	

#### Role:

The Council is responsible for:

- Ensuring the effective and efficient governance and leadership of the District.
- Ensuring that all functions and powers required of a local authority under legislation, and all decisions required by legislation to be made by local authority resolution, are carried out effectively and efficiently, either by the Council or through delegation.

#### **Power to Act:**

To exercise all non-delegable functions and powers of the Council including, but not limited to:

- The power to make a rate;
- The power to make a bylaw;
- The power to borrow money, purchase, or dispose of assets, other than in accordance with the Long Term Plan;
- The power to adopt a Long Term Plan, a Long Term Plan Amendment, Annual Plan or Annual Report and to receive any related audit report;
- The power to appoint a chief executive;
- The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the Long Term Plan or developed for the purpose of the Local Governance Statement;

- The power to adopt a remuneration and employment policy;
- The power to approve or change the District Plan, or any part of that Plan, in accordance with the Resource Management Act 1991;
- The power to approve or amend the Council's Standing Orders;
- The power to approve or amend the Code of Conduct for Elected Members;
- The power to appoint and discharge members of committees;
- The power to establish a joint committee with another local authority or other public body;
- The power to make a final decision on a recommendation from the Parliamentary Ombudsman where it is proposed that Council not accept the recommendation.
- To exercise all functions, powers and duties of the Council that have not been delegated, including the power to compulsorily acquire land under the Public Works Act 1981.
- To make decisions which are required by legislation to be made by resolution of the local authority.
- To authorise all expenditure not delegated to officers, Committees or other subordinate decision-making bodies of Council, or included in Council's Long Term Plan or Annual Plan.
- To make appointments of members to Council Controlled Organisation Boards of Directors/ Trustees and representatives of Council to external organisations.
- To monitor the performance of and make decisions on any matters relating to Council Controlled Organisations (CCO), including recommendations for
- modifications to CCO or other entities' accountability documents (i.e. Letter of Expectation, Statement of Intent), including as recommended by the Strategy and Policy Committee.
- To approve joint agreements and contractual arrangements between Western Bay of Plenty District Council and Tauranga City Council and/or any other local authority including the requirement to review the terms of any such agreements or contractual arrangements.
- To approve the triennial agreement.
- To approve the local governance statement required under the Local Government Act 2002.
- To approve a proposal to the Remuneration Authority for the remuneration of Elected Members.
- To approve any changes to the nature and delegations of Committees.

#### **Procedural matters:**

Approval of elected member training/conference attendance.

#### **Mayor's Delegation:**

Should there be insufficient time for Council to consider approval of elected member training/conference attendance, the Mayor (or Deputy Mayor in the Mayor's absence) is delegated authority to grant approval and report the decision back to the next scheduled meeting of Council.

#### Power to sub-delegate:

Council may delegate any of its functions, duties or powers to a subcommittee, working group or other subordinate decision-making body, subject to the restrictions on its delegations and any limitation imposed by Council.

## Notice is hereby given that a Meeting of Council will be held in the Council Chambers, 1484 Cameron Road, Tauranga on: Tuesday, 5 August 2025 at 9.30am

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#### 1 KARAKIA

Whakatau mai te wairua Whakawātea mai te hinengaro Whakarite mai te tinana Kia ea ai ngā mahi

Āе

Settle the spirit Clear the mind Prepare the body To achieve what needs to be achieved.

Yes

- 2 PRESENT
- 3 IN ATTENDANCE
- 4 APOLOGIES
- 5 CONSIDERATION OF LATE ITEMS
- 6 DECLARATIONS OF INTEREST
- 7 PUBLIC EXCLUDED ITEMS
- 8 PUBLIC FORUM

#### 9 PRESENTATIONS

#### 9.1 THUNDER RIDGE UPDATE

File Number: A6879287

Author: Charlene Page, Senior Executive Assistant Mayor/CEO

Authoriser: Adele Henderson, General Manager Corporate Services

#### **EXECUTIVE SUMMARY**

Thunder Ridge are coming in to provide Council with an update presentation.

#### **RECOMMENDATION**

That the presentation from Thunder Ridge on 5 August 2025, be received.

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#### 10 REPORTS

#### 10.1 ADOPTION OF THE WATER SERVICES DELIVERY PLAN

File Number: A6807862

Author: Ariell King, Strategic Advisor: Legislative Reform and Special Projects

Authoriser: Adele Henderson, General Manager Corporate Services

#### **PURPOSE**

For Council to adopt the Water Services Delivery Plan (WSDP) ahead of submission to the Secretary for Local Government. This also requires Council to agree to the preferred option of establishing a multi-Council Water Organisation, with Tauranga City Council and Thames-Coromandel District Council, to deliver water, wastewater and stormwater services.

#### RECOMMENDATION

- 1. That the Strategic Advisor's report dated 5 August 2025 titled 'Adoption of the Water Services Delivery Plan' be received.
- That the report relates to an issue that is considered to be of high significance in terms of Council's Significance and Engagement Policy.
- Approves the preferred option of establishing a multi-council water organisation, initially with Tauranga City Council and Thames-Coromandel District Council, to deliver water, wastewater and stormwater services, subject to:
  - a) Tauranga City Council's approval of the corresponding resolution at their meeting of 5 August 2025; and
  - b) all three councils being satisfied with the results of the due diligence process.
- That Council adopts the Water Services Delivery Plan on the basis of a multi-Council Water Services Council-Controlled Organisation (with any minor amendments agreed by Council at the meeting) (Tabled Item 1).
- 5. That Council authorises the Mayor and Chief Executive Officer to work collaboratively with Tauranga City Council and Thames-Coromandel District Council to ensure that the final Water Services Delivery Plans align and reflect the Council's intentions.
- 6. That Council delegates to the Chief Executive Officer to make changes from the Council meeting, minor changes from partner Councils, and minor editorial changes to the Water Services Delivery Plan.
- 7. That Council notes that if any significant changes are required from the partner Councils decision processes that an updated Water Services Delivery Plan will be

- presented at a meeting in advance of being submitted to the Secretary for Local Government
- That Council authorises the Chief Executive Officer to submit the Water Services
   Delivery Plan to the Department of Internal Affairs no later than 3 September 2025.
- 9. That Council authorises the Chief Executive Officer to work with the Chief Executive Officer Tauranga City Council and Chief Executive Officer Thames-Coromandel District Council to continue with the tasks and actions required to establish a joint Council Water Services Council-Controlled Organisation as set out in the Implementation Plan of the Water Services Delivery Plan.
- 10. That Council receives the presentation and minutes from the Council Workshop on 4 June 2025 (Attachment 2 and 3) 10 July 2025 (Attachment 4 and 5) and the Council Workshop on 14 May 2025 (Attachment 6 and 7).

#### **EXECUTIVE SUMMARY**

- This report seeks the adoption of the Water Services Delivery Plan (WSDP). This plan
  has been prepared on the basis of joint Council Water Services Council ControlledOrganisation (WSCCO). The WSDP identifies Tauranga City Council (TCC) and
  Thames-Coromandel District Council (TCDC) as Council's preferred partners with
  which to form a joint Council WSCCO.
- 2. The coalition government's approach to managing three waters in New Zealand is provided for in the Local Government (Water Services Preliminary Arrangements) Act and the Local Government (Water Services) Bill released in December 2024. The Act requires the Council to prepare a WSDP that demonstrates commitment to delivering water services in compliance with regulatory standards, financial sustainability, and support for housing growth and urban development. The final requirements of the Bill will be confirmed when it becomes an Act (likely September 2025).
- 3. Council undertook financial modelling, analysis and assessment against the new and signalled legislative requirements. This included long-term considerations regarding anticipated capital infrastructure requirements, debt sustainability, revenue sufficiency and affordability and the agreed strategic objectives for Council to consider when assessing the available water service delivery models. The Council agreed on a preferred option of a joint Council WSCCO and consulted the community on this option.
- 4. Consultation was undertaken from 24 March to 24 April 2025, involving community information sessions, surveys, social media promotion, and a district-wide mailout. A total of 124 submissions were received, with the majority of those that noted a preference for a specific option supporting a joint Council WSCCO.
- 5. Council also considered further information following the deliberations on the options for the water service delivery model. This included information on

- stormwater, the draft Commitment Agreement (including establishment principles) and matters to be considered when forming a WSCCO. The final draft Commitment Agreement is the subject of an independent agenda item on the Council meeting agenda for 5 August 2025.
- 6. Amendments requested by Council at the meeting will be made to the WSDP prior to submission to the Secretary for Local Government by 3 September 2025. Further amendments may also be made to capture changes to ensure alignment with the WSDPs of Tauranga City Council and Thames-Coromandel District Council.

#### **BACKGROUND**

- 7. Local Water Done Well is the coalition government's approach to the future management of three waters in New Zealand. The approach is provided for in the Local Government (Water Services Preliminary Arrangements) Act (the Act) and the Local Government (Water Services) Bill released in December 2024.
- 8. The Act requires Council to prepare a **Water Service Delivery Plan (WSDP)**. The Act sets out what must be included in the plan and that it must:

demonstrate publicly its commitment to deliver water services in a way that—

- (i) ensures that the territorial authority will meet all relevant regulatory quality standards for its water services; and
- (ii) is financially sustainable for the territorial authority; and
- (iii) ensures that the territorial authority will meet all drinking water quality standards; and
- (iv) supports the territorial authority's housing growth and urban development, as specified in the territorial authority's long-term plan.
- 9. The financial sustainability requirements mean that water revenue must be kept separate from Council's other functions, so that this revenue is only used for water services (colloquially known as 'ring-fencing'). The WSDP must include the anticipated or proposed model or arrangements for delivering water services.
- 10. The Local Government (Water Services) Bill was released in December 2024. This Bill provides arrangements for the new water services delivery system including the models for service delivery; a new economic regulation and consumer protection regime for water services; and changes to the water quality regulatory framework and the water services regulator.

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<sup>&</sup>lt;sup>1</sup> financially sustainable means, in relation to a territorial authority's delivery of water services, that—

<sup>(</sup>a) the revenue applied to the authority's delivery of those water services is sufficient to ensure the authority's long-term investment in delivering water services; and

<sup>(</sup>b) the authority is financially able to meet all regulatory standards and requirements for the authority's delivery of those water services.

- 11. Council must submit the WSDP to the Department of Internal Affairs (DIA) by 3 September 2025.
- 12. Council engaged MartinJenkins to provide financial modelling, analysis and assessment against the new and signalled legislative requirements. This included long-term considerations regarding anticipated capital infrastructure requirements, debt sustainability, revenue sufficiency and affordability and the agreed strategic objectives for Council to consider when assessing the available water service delivery models.
- 13. The MartinJenkins reports and workshop presentations were received by Council at meetings on 26 September 2024 and 3 March 2025. The Council agenda items can be accessed <a href="here">here</a> and <a href="here">here</a>.
- 14. The outcomes of the financial modelling, analysis and assessment prepared by MartinJenkins confirmed that Council had three water service delivery models to consider including remaining with the existing approach for delivering water services (as required to be considered by the Act), a single Council Water Services Council-Controlled Organisation (WSCCO), or a joint Council WSCCO. It also confirmed that a joint Council WSCCO had the strongest alignment with Council's strategic objectives including financial sufficiency and affordability.
- 15. Further modelling was undertaken to understand the implications of a joint Council WSCCO including the financial information of other Councils who expressed an interest in the opportunity of joining (and who agreed to this modelling). This information was included in the 3 March 2025 Council agenda (Attachment 7). This independent modelling confirmed a compelling case in relation to the financial benefits of a joint WSCCO.
- 16. Council adopted a consultation document on 18 March 2025 that set out that the preferred model for the future delivery of water services was a joint Council Water Services Council-Controlled Organisation (WSCCO). The Council agenda item can be accessed here.
- 17. Consultation was undertaken from 24 March to 24 April 2025. The consultation methods that were utilised were community information sessions in six different locations across the district, digital and paper surveys to collect feedback, social media to promote the purpose of the consultation and upcoming events and a district-wide mailout to all ratepayers and non-resident ratepayers of an information brochure (either in print or via email).
- 18. There were 124 submissions received from the community on the options for water service delivery with 15 submitters speaking at the hearings on 13 May 2025. Council formally received all submissions at the hearings. The Hearings Report can be found here.
- 19. Council considered the feedback from submissions in conjunction with the information, analysis and financial modelling when deciding on a preferred model

for water services delivery. The Deliberations Report from the Council meeting on 27 May 2025 can be accessed <u>here</u>.

- 20. Council decided at this meeting (Resolution CL25-7.15):
  - (a) That Council agrees to proceed with the development of the Water Services Delivery Plan on the basis of a joint Council Water Services Council-Controlled Organisation, for Council consideration at a future meeting.
  - (b) That Council maintains flexibility to determine which Councils would form part of any future WSCCO, and that this matter is the subject of further discussions.
  - (c) That Council notes that decisions regarding the delivery of stormwater services (either all or in part) has not been decided and will be the subject of further discussions.
  - (d) That Council adopts the establishment principles set out in this report and agrees to use the Department of Internal Affairs template for Commitment Agreements as a starting point.
  - (e) That Council directs the Chief Executive Officer to take the necessary steps to progress consideration of a joint Council WSCCO including preparing a Commitment Agreement (on the basis of the establishment principles) with potential partners in a joint Council WSCCO, including, if necessary, independent support and advice, for Council approval at a future meeting.
- 21. A workshop was held on 4 June 2025 where Council considered information and options for the management and delivery of stormwater services. The presentation and minutes from the Local Waters Done Well (LWDW) workshop are attached (Attachment 2 and Attachment 3).
- 22. A workshop was held on 10 July 2025 where Council considered options and further information on stormwater, reviewed and discussed the draft Commitment Agreement (including draft establishment principles) and matters to consider when establishing a Water Services Council-Controlled Organisation (including proposed Shareholding Allocations and proposed Shareholding Votes). The memo, presentations and minutes from this workshop are attached (Attachment 4 and Attachment 5).
- 23. Council went through a draft version of the WSDP at a workshop on 14 July 2025. Feedback provided by the Councillors has been incorporated into the WSDP (Attachment 1). The memo and minutes from this workshop are attached (Attachment 6 and 7).
- 24. Staff have continued to work with Tauranga City Council and Thames-Coromandel District Council to identify the potential actions to establish a joint Council WSCCO with an operational date of 1 July 2027.

#### SIGNIFICANCE AND ENGAGEMENT

- 25. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.
- 26. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.
- 27. In terms of the Significance and Engagement Policy this decision is considered to be of **high** significance because Council is signalling a change to the model for the delivery of water services. The requirement to consider the future delivery of these services is set out in the Local Government (Water Services Preliminary Arrangements) Act and the Local Government (Water Services) Bill.

#### FEEDBACK FROM TANGATA WHENUA FORUMS

- 28. Updates on the Council's approach and progress on the Local Waters Done Well requirements were provided to Te Kāhui Mana Whenua o Tauranga Moana (30 October 2024 and 19 March 2025) and Te Ihu o te Waka o Te Arawa (23 October 2024 and 5 March 2025). Further information was also provided at a joint hui of Te Kāhui Mana Whenua o Tauranga Moana and Te Ihu o te Waka o Te Arawa on 20 January 2025. Feedback has been sought and provided from these forums as to how Tangata Whenua could participate in the pre-establishment phase of a joint WSCCO and in the ongoing direction and operations of a WSCCO.
- 29. A hui was held with Te Kāhui Mana Whenua o Tauranga Moana and Te Ihu o te Waka o Te Arawa on 28 July 2025 to discuss the establishment of the potential entity that may be responsible for water services in the rohe. This included an overview of the proposed water services model, preferred partners, strategic objectives and the financial analysis.
- 30. The forum members in attendance supported a multi-Council WSCCO with Tauranga City Council and stated that Tangata Whenua must have a key role in the establishment of the entity and look forward to being involved in the design of the structure of the entity, governance and operations. The forum opposed the inclusion of Thames-Coromandel District Council in the proposed entity. The substantive concern relates to overlapping areas of interest.
- 31. Tangata whenua requested an opportunity to meet Rangatira to Rangatira with Elected Members to present their position on the process that has taken place up to now and the upcoming decisions. This is set for Friday 1 August 2025 (after this agenda is published) and Council should receive feedback from this meeting to inform their decision. In addition to the substantive concern, there are a number of

issues that may be addressed that can be progressed in the next phase of work including those related to Treaty settlement issues.

#### **DISCUSSION**

- 32. Staff and MartinJenkins have prepared the WSDP, utilising the DIA template for the plan. The WSDP has been prepared on the basis of a joint Council Water Services Council-Controlled Organisation (WSCCO).
- 33. Part A of the WSDP was prepared in collaboration with Council's potential partners in a WSCCO. This is to ensure alignment with what is proposed for a joint model of service delivery. They are not exactly the same as they need to account for differences between the three Councils. There is also a requirement to include the combined financials of all three Council as an attachment.
- 34. The WSDP has the following parts:

	, parts.	
Part A: Overview of water services delivery, delivery model and implementation plan	Overview of water services delivery including who receives water services, current state of water services infrastructure, current and future regulatory compliance, projected capital and operating expenditure requirements, and the proposed approach to delivering water services to communities.	
	Descriptions of the proposed model to deliver water services, how water services will be delivered in a financially sustainable manner, an implementation plan for the proposed service delivery model, consultation and engagement undertaken in the development of the Plan, assurance disclosures, Council adoption and Chief Executive certifications of the Plan.	
Part B: Network performance	Record information relating to population that does and doesn't receive water services, the level of investment required over the Plan period, a statement of current and future investment requirements, an overview of the network assets, information on the current state, condition and expected lifespan on water services infrastructure assets, and an overview of regulatory compliance.	
Part C: Revenue and financing arrangements	Plans should describe the charging and billing arrangements, water services revenue requirements and sources, existing and projected commercial and industrial users' charges, and the affordability of projected water services charges for communities.  Plans should describe water services financing requirements and sources, any internal borrowing arrangements, how debt allocated to water services was determined as at 30 June 2024, and insurance arrangements.	

Part D: Financial sustainability assessment	Plans must include an explanation of what a council proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028.
Part E: Projected financial statements for water services	Plans must include financial projections for water services covering the financial years 2024/25 to 2033/34.

- 35. As noted above, Part A of the WSDP must include an implementation plan. The implementation plan includes:
  - All Councils that commit to delivery of proposed arrangements
  - A process for delivering the proposed model or arrangements
  - A commitment to give effect to the proposed model or arrangements once the Plan is accepted
  - The timeframes and milestones for delivery of the proposed model
- 36. MartinJenkins reviewed the draft plan and provided a number of comments and suggestions that were incorporated.
- 37. Following the Council meeting staff will complete the assurance process which includes attaching the draft Council resolution and signature of the Chief Executive Officer. The WSDP will then be submitted to the Secretary for Local Government (DIA).
- 38. Recommendations have been provided for potential decisions that do not align with what is currently proposed in the WSDP. This includes any potential change in either the preferred model of service delivery and/or preferred Council partners. In the event of any such changes this will allow Council to make amendments as required to the WSDP prior to submission to the DIA.
- 39. Following submission of the WSDP, the DIA will assess the plan for legislative compliance. The plan will either be accepted or referred back to the Council for further work (likely to be in November/December 2025).
- 40. Once accepted there are only limited circumstances where the Plan can be amended. The councils must give effect to the accepted Plan and publish the Plan on their website.
- 41. If Council does not submit a Plan by the statutory deadline the Minister of Local Government can appoint a Crown water services specialist to prepare a Plan on that council's behalf (at council's expense) and (if necessary) direct the council to adopt and submit this Plan.

#### **OPTIONS ASSESSMENT**

- 42. Council can choose to:
  - (a) **Option 1:** Adopt the Water Services Delivery Plan (with any minor amendments agreed by Council at the meeting) (**recommended**)
  - (b) Option 2: Not adopt the Water Services Delivery Plan (not recommended)
  - (c) **Option 3:** Request that the Water Services Delivery Plan is amended, including the model that forms the foundation of the plan (**not recommended**).
- 43. The advantages and disadvantages of each option are set out below.

#### Option 1

- 44. Adopt the Water Services Delivery Plan (with any minor amendments agreed by Council at the meeting) (**recommended**).
- 45. The advantages and disadvantages of this option are:

Advantages	Disadvantages	
Council will be able to submit a WSDP by 3 September 2025 and therefore meet the legislative requirements set out in the Local Government (Water Services Preliminary Arrangements) Act 2024.	May give rise to concerns from tangata whenua about the potential for the preferred option to include Thames-Coromandel District Council.	
<ul> <li>The WSDP has been prepared on the basis of a joint Council WSCCO which is consistent with the Council's previous decisions regarding the development and consultation on a preferred service delivery model.</li> <li>Demonstrates commitment to regional collaboration.</li> </ul>		

#### Option 2

- 46. Not adopt the Water Services Delivery Plan (not recommended).
- 47. The advantages and disadvantages of this option are:

Advantages	Disadvantages
None identified	Council will not be able to submit a WSDP by 3 September 2025 and therefore would not meet the legislative requirements set out in the Local Government (Water Services Preliminary Arrangements) Act 2024.
	Further work (and associated costs) would be required to determine what options Council could consider and the required decision-making process to submit a WSDP that would comply with the legislative requirements.
	Likely to attract the interest of the Department of Internal Affairs (DIA) and could lead to the appointment of a Crown water services specialist to complete this legislative requirement on Council's behalf. This would reduce Council's ability to advocate on behalf of the community.
	May have implications for access to Government funding as does not demonstrate commitment to regional collaboration.

#### Option 3

- 48. Request that the Water Services Delivery Plan is amended, including the model that forms the foundation of the plan (**not recommended**).
- 49. The advantages and disadvantages of this option are:

Advantages	Disadvantages
None identified.	Council will not be able to submit a WSDP by 3 September 2025 and therefore would not meet the legislative requirements set out in the Local Government (Water Services Preliminary Arrangements) Act 2024.
	Further work (and associated costs) would be required to determine what options Council could consider and the required decision-making process to submit a WSDP that would comply with the legislative requirements.
	Likely to attract the interest of the Department of Internal Affairs (DIA) and could lead to the appointment of a Crown water services specialist to complete this legislative requirement on Council's behalf. This would reduce Council's ability to advocate on behalf of the community.
	May have implications for access to Government funding as does not demonstrate commitment to regional collaboration.

#### **STATUTORY COMPLIANCE**

50. The recommendations of this report meet the legislative requirements set out in the Local Government Act 2002, the Local Government (Water Services Preliminary Arrangements) Act and the relevant parts of the Local Government (Water

- Services) Bill. In particular, the Local Government (Water Services Preliminary Arrangements) Act requires Council to adopt a Water Services Delivery Plan by 3 September. Due to the local elections, it is prudent and reasonable for Council to make a final decision on the Water Services Delivery Plan, prior to the interregnum period (August October 2025).
- 51. Section 63 of the Act also sets out that consultation on an amendment to a Longterm Plan is not required to give effect to a proposal to establish, join, or amend a WSCCO if the Council has already consulted its community in relation to the proposal; and is satisfied that its community has a good understanding of the implications of the proposal; and is satisfied that it understands its community's views on the proposal.
- 52. Following a Council decision on the WSDP, an assessment will be undertaken to determine any changes required to Council policies and bylaws. This assessment will also be cognisant of Resource Management reform and Local Government Act reform.

#### **FUNDING/BUDGET IMPLICATIONS**

53. Funding has been included in the Annual Plan to allow for the establishment and implementation costs of the Council's preferred water services delivery model. Costs associated with implementation will be transferred to the new entity once established. Where tasks or actions are required by all three Councils, the funding costs will be split as set out in the Commitment Agreement (subject of the following Council agenda item).

#### **NEXT STEPS**

- 54. Finalise the WSDP (including potential design elements) and ensure alignment and consistency with Part A of the WSDPs for Tauranga City Council and Thames-Coromandel District Council.
- 55. Submit the WSDP to the Secretary of Local Government by 3 September 2025.
- 56. An update will be provided to staff of Council's decision.

#### **ATTACHMENTS**

- 1. Placeholder Water Services Delivery Plan (Tabled Item 1) 🗓 🖺
- 2. Council Workshop LWDW Stormwater Presentation 4 June 2025 🗓 🖺
- 3. Council Workshop Workshop Notes 4 June 2025 📗 🖼
- 4. Council Workshop LWDW Memo and Presentation 10 July 2025 📗 🖼
- 5. Council Workshop Workshop Notes 10 July 2025 U
- 6. Council Workshop LWDW Memo and Presentations 14 July 2025 🗓 🖺
- 7. Council Workshop Workshop Notes 14 July 2025 📗 🖼

## **ATTACHMENT 1**

#### WATER SERVICES DELIVERY PLAN

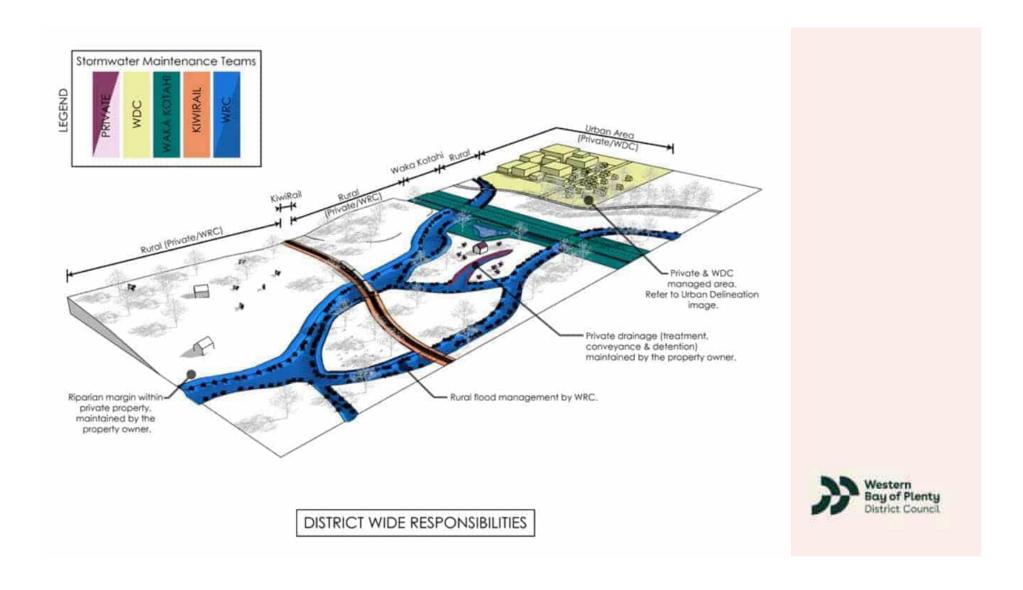
This document will be uploaded separately to the agenda as **Tabled Item 1**.

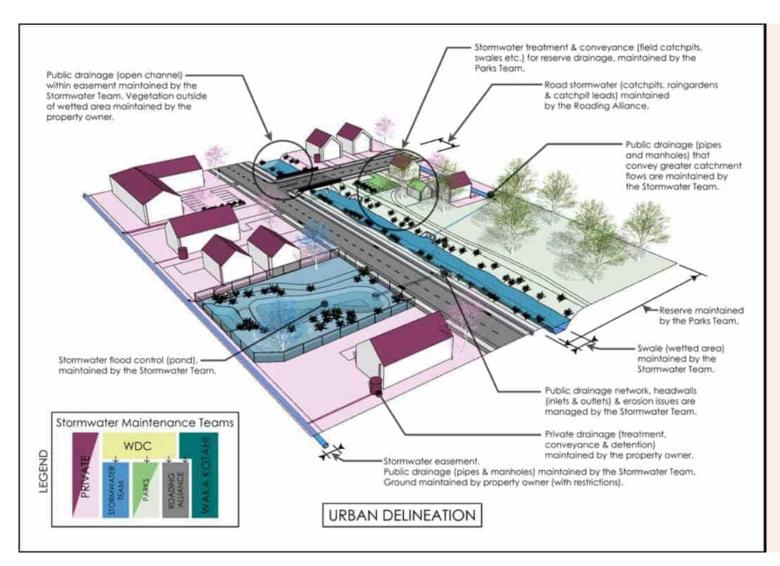


### **Overview**

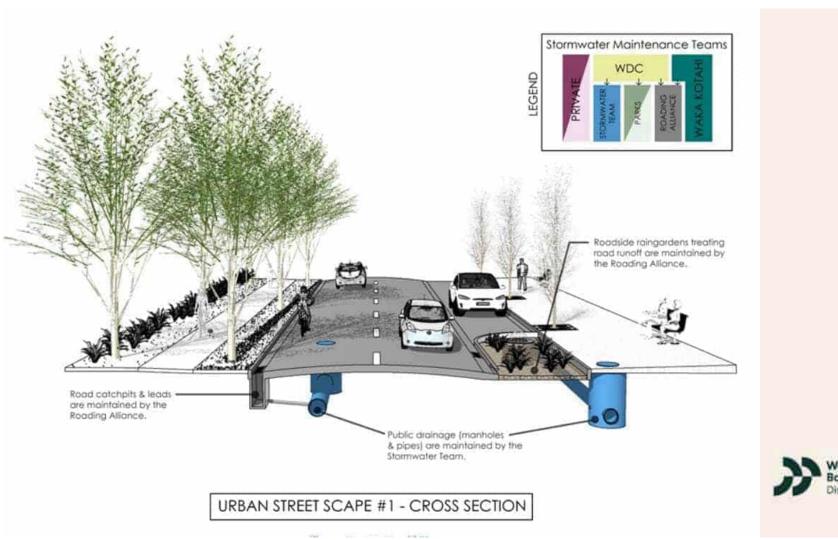
- Asset vs service vs maintenance?
- Overview of Council's responsibilities under the Local Government (Water Services) Bill
- Purpose and scope of Service Level Agreements
- Options for stormwater delivery
- Preferred option













# Local Government (Water Services) Bill

- Councils retain responsibility for ensuring that stormwater services are provided in their district with flexibility to choose the delivery arrangements
- Councils can:
- a) continue to deliver stormwater services directly (in-house)
- b) transfer all or some aspects of stormwater service provision to a water organisation (this might include stormwater network assets) and/or
- c) contract a water organisation (or potentially another third party) to provide all or some aspects of stormwater service delivery.



# Improvements to management of stormwater networks

Key changes in the Bill are:

- Clarifying that the definition of the urban stormwater network includes network infrastructure and related green stormwater infrastructure, overland flow paths, and urban watercourses.
- Specifying territorial authority and private landowner statutory roles and responsibilities in relation to the management of overland flow paths and urban watercourses.
- Enabling new planning and regulatory tools stormwater network risk management plans and stormwater network bylaws to manage risks and hazards that may affect the operation of critical stormwater network infrastructure.



# Improvements to management of stormwater networks

Councils will be required to:

- Develop a stormwater network risk management plan to identify risks and hazards related to critical stormwater network infrastructure.
- Work with private landowners, as required, to protect and maintain the conveyance capacity of overland flow paths and urban watercourses.
- Develop (as required) stormwater bylaws that would provide direction to private landowners on their responsibilities for maintenance and protection of the conveyance capacity of overland flow paths and urban watercourses on their land.



# Stormwater network risk management plan

- · Must adopt the plan within 2 years of Bill coming into force
- Can prepare a separate or joint risk management plans
- Bill sets out what the plan must contain e.g. critical infrastructure, hazards that could affect critical infrastructure etc
- Draft plan goes to Water Services Authority (WSA)
- Final plan must give effect to comments by WSA on draft plan and then sent back to the WSA
- Plans must be reviewed at least once every 5 years



## Stormwater network bylaws

- WSP may make stormwater network bylaws to support the stormwater risk management plan
- Bylaw can impose requirements on a range of matters including on the owners of private land in relation to the management of overland flow paths and water courses
- Bylaws must not cover overland flow paths within or crossing a transport corridor
- Bylaw making process as per the LGA 2002



## Service Level Agreements

WSP may enter into a service agreement with 1 or more entities that have a statutory role, function or interest in operation of stormwater infrastructure

Purpose of Service Level Agreements are:

- support the integrated management of stormwater infrastructure
- provide a framework for the management of interactions between concerned parties.

There agreements are government by general principles such as acting in good faith, how the parties will work together, how the parties will engage with each other, information sharing etc.



## **SLA example**

Omokoroa Pond 2 (Kaimai views and others)

Located within the Natural Open Space Zone.

#### **Functions:**

o Stormwater: Treatment and attenuation of runoff.

o Transport: Shared maintenance access and formal cycleway.

o Recreation: Aesthetic planting, open space, residential interface.

Responsibilities currently lie across three teams:

o Water Services: Pond function, vegetation, inflow/outflow structures.

o Cycleways: Track surface, adjacent visibility, access drains.

o Reserves: Buffer zones, amenity planting, residential interface.



## **Options**



**Stormwater stays with Council** 



Stormwater management contract



Stormwater transfers to the new entity



### Governance, accountability and ownership

Stays with Council	<ul> <li>Arrangements remain the same, noting additional financial, compliance, performance and reporting requirements with legislation.</li> <li>Service Level Agreement(s) would be required between council and the Water Service Organisation (WSO) to manage the interaction of stormwater with planning, land development, catchment management (water takes and source protection) water and wastewater services.</li> <li>Rural drainage remains with council and managed by Council roading team.</li> <li>Bylaws remain the responsibility of Council as per the LG WS Bill</li> </ul>
Management contract	<ul> <li>Accountability arrangements remain the same (noting additional requirements).</li> <li>Stormwater activity remains with council.</li> </ul>
	Clear agreements would be in place via contract setting out expectations.
Transfers to entity	<ul> <li>Shareholder Councils will be setting expectation and performance measures via the Statement of Expectations.</li> <li>Independent competency-based board will be responsible for delivery stormwater services.</li> <li>Stormwater assets and activity transfers fully to WSO (but not land with primary function as a reserve).</li> <li>Service Level Agreement(s) would be required between council and the (WSO) to manage the interaction of stormwater with planning, land development, roading, open spaces, catchment management (water takes and source protection) water and wastewater services.</li> <li>Rural drainage remains with council and managed by Council roading team.</li> <li>Bylaws remain the responsibility of Council as per the LGWS Bill.</li> </ul>

### **Staff considerations**

Stay with Council	<ul> <li>Council would maintain staff to undertake stormwater services.</li> <li>Council will have increased competition for staff as there will be opportunities for similar skills in the WSO.</li> <li>Council would retain staff in the roading team to manage rural drainage.</li> </ul>
Management Contract	Council would need to maintain staff with stormwater expertise to prepare and manage the contract(s)
Transfer to entity	<ul> <li>Council staff would transfer to WSO.</li> <li>Likely to be better opportunities for career progression for stormwater professionals.</li> <li>Rural drainage remains with council and managed by Council roading team.</li> </ul>



### Impact on customers

Stay with Council	<ul> <li>Customers will have two points of contact moving forward:         <ul> <li>Council primary contact for stormwater.</li> <li>WSO primary contact for water and wastewater</li> </ul> </li> <li>Level of Service and associated performance remains with council, noting that the level of service requirements for stormwater will increase with the enactment of the LGWS Bill.</li> </ul>
Management Contract	No impact, similar to existing arrangements
Transfer to entity	Level of Service and associated performance will transfer to WSO who will have the scale to meet the additional service requirements for stormwater.

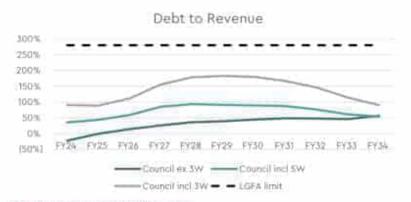


### **Funding impact**

Stay with Council	<ul> <li>Limitations in accessing additional financing signalled by the LGFA for WSOs. Funding for the stormwater activity needs to consider the whole of council limits.</li> <li>Stormwater activity will still be required to be fully ringfenced with additional performance and reporting requirements in place. This will require additional resources and likely to duplicate resourcing available in WSO.</li> </ul>
Management Contract	Potential increase costs to manage an external party to deliver some or all of the stormwater services
Transfer to entity	<ul> <li>WSO is able to access the higher financing arrangements from LGFA it will be able to accelerate investment and/or assist with reduction in water charges.</li> <li>This option will have a stronger ability to invest in future resilience needs and respond to climate emergencies.</li> </ul>



### Debt sustainability



#### Council borrowing excluding water

Council is currently in a net cash position, with cash balances exceeding debt, excluding water. Debt is forecast to increase over the LTP period, reaching \$89 million in FY34.

This translates to a debt to revenue ratio that increases to a peak of 57% by FY34, which compares favourably to the LGFA limit of 280%.

#### Stormwater borrowing

Council had \$61 million of debt allocated to stormwater at the end of FY24 with forecasts to increase borrowing by an additional \$32 million to fund stormwater assets before FY28. Following this peak, debt would be repaid, with the debt balance decreasing to \$10 million in FY34.

This translates to a current debt to revenue ratio in excess of 1,000%, which is then forecast to reduce to about 40% by FY34.



#### Council including Stormwater (excluding Two Waters)

Owing to stormwater's forecast high debt to revenue ratio until later in the LTP period, Council's debt to revenue ratio would increase if stormwater assets were retained by Council. Debt to revenue would nearly reach 100% in FY28, compared to 36% excluding water assets, but decrease from that peak.

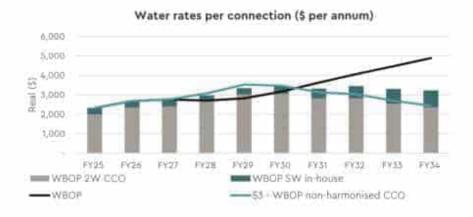
Owing to stormwater's low debt to revenue ratio in FY34; Council would have a more favourable debt to revenue position by including stormwater. However, this comes at the expense of decreased affordability to ratepayers.



WEGPEC STORMWATER ANALYSIS | 1

Item 10.1 - Attachment 2

### Price path for WBOP communities



Scanario	FY34 - indicative average cost per connection (\$ real)
2W Water Services Org	\$2,350
plus SW in-house	\$875
Total IW	\$5,225
Comparator (3W WSO)	\$2,500
Difference	(\$725)

#### Stormwater services provided in-house

Current financial projections see a greater amount of revenue charged than is required, which is used to pay down debt. This sees the average stormwater cost being about \$875 per connection.

A non-harmonised water services organisation is forecast to be able to deliver two water services at an average cost of \$2,350 per connection, making total cost to the average connection for three waters \$3,225.

#### Three waters provided by a water services organisation

Under a non-harmonised water services organisation that provides three water services, the average cost per connection is forecast to peak at about 53,500 in FY29 before decreasing to about \$2,500 in FY34.

This lower cost forecast to be achieved by the water services organisation is attributable to an efficient balance sheet that targets a FFO to debt ratio of 10%.

MARTINIENKINE COMMERCIAL IN CONFIDENCE

WEOPPE STORHWATER ANALYSIS | 2

Item 10.1 - Attachment 2

### Interdependencies

Stay with Council		No change to interaction with other council departments.  A Service Level Agreement would be required between council and the WSO to manage the interaction of stormwater with water supply and wastewater services.
Management Contract   • No impact, similar to existing arrangement		No impact, similar to existing arrangements
Transfer to entity		Service Level Agreement(s) would be required between council and the WSO to manage the interaction of stormwater with planning, land development, roading, open spaces, catchment management (water takes and source protection) water and wastewater services.



# Management of overland flow paths and urban watercourses

Stay with Council		New requirement of the legislation which is not currently funded or resourced by Council's. If SW remains in house Council will need to provide for this additional activity, which is likely to be resource intensive.  Additional requirements for compliance, planning and reporting regime required. Additional resources will be required to support this function and likely to duplicate resourcing available in WSO.
Management Contract	•	No impact, similar to existing arrangements
Transfer to entity	•	WSO will have access to a greater pool of skilled staff with capacity and capability to delivery stormwater activity and meet additional legislative requirements



### **Emergency management**

Stay with Council	<ul> <li>Emergency management will remain with Councils, no change to existing arrangement with stormwater activity.</li> <li>A Service Level Agreement would be required between council and the WSO to manage the interaction for emergency management that would impact on water supply or wastewater services.</li> </ul>
Management Contract	<ul> <li>No impact, similar to existing arrangements.</li> <li>Contract would set out roles and expectations in day-to-day activities and emergency situations (if applicable).</li> </ul>
Transfer to entity	<ul> <li>This option will have a stronger ability to invest in future resilience needs and respond to climate emergencies but will need to work closely with the council to manage interface issues with other council functions.</li> <li>A Service Level Agreement would be required between council and the WSO to manage the interaction for emergency management that would impact on water services</li> </ul>



### **Enforcement**

Stay with Council	No impact, similar to existing arrangements via LGA (noting new requirements under the LGWS Bill).
Management Contract	<ul> <li>No impact, similar to existing arrangements.</li> <li>Responsibilities remain with Council via the LGA.</li> </ul>
Transfer to entity	WSO will have the powers of enforcement via the LG WS Bill and can also use Bylaw provisions under the LGA



Item 10.1 - Attachment 2

### **SW Interfaces**

Future arrangements to support stormwater responsibilities will require a different approach from the transfer of drinking water and wastewater, where accountabilities and responsibilities can be established through the ownership of assets.

To effectively manage stormwater, WBoPDC will need to be able to undertake planning, management and operational activities that are necessary to meet levels of service and regulatory requirements for stormwater quantity and quality.

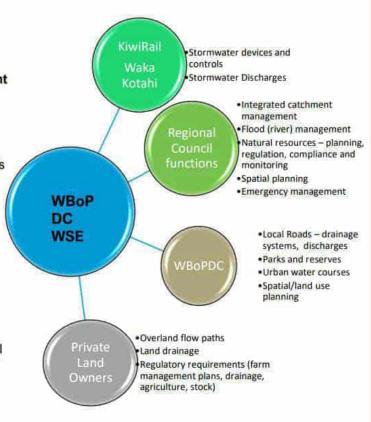
Where the WSP is the owner of assets, it will have authority to undertake planning, management and operational activities (similar to DW & WW)

Where the WSP does not own the assets, they will need to establish service level agreements or other similar arrangements with key public sector entities for the:

Operating and maintenance activities

Funding and future investment arrangements

To ensure consistency, WBoPDC should develop framework interface agreements with agencies that can be used as default guidelines for all individual interface agreements.





Item 10.1 - Attachment 2

## **Preferred option**

#### Staff recommendation:

Transfer assets, maintenance and service delivery to a joint Council WSCCO

- This would not include assets where the primary purpose is for recreation or open space
- Service Level Agreements would be required to ensure clarity of roles and responsibilities
  for emergency management, growth planning, transportation and activity management,
  community services activity management, rivers and flood activity management,
  customer call centre and complaint management processes

#### Why:

- Assessment undertaken by staff indicated that this option had the strongest alignment with the strategic objectives that Council has utilised to date
- Likely to create staffing and expertise challenges if stormwater management is retained inhouse.

### **Next steps**

- Preferred option will be included in draft WSDP (noting that there will be further discussions with potential partner Councils where there may be further refinement or agreements made in regards to service level agreements)
- Transfer agreements will set out which assets do or don't transfer to a WSCCO
- Likely that there will be a transition over time (via the Statement of Expectation or Service Level Agreements) where irregularities are resolved



#### **COUNCIL WORKSHOP**

DATE: Wednesday 4 June 2025 at 1.47pm

HELD: Council Chambers and Via Zoom

TOPICS:

1. Local Waters Done Well – Stormwater Discussion Group

**GENERAL MANAGER** 

**RESPONSIBLE:** 

**PRESENT:** 

M Taris (Interim Chief Executive)

**FORUM MEMBERS** 

Mayor J Denyer, Cr G Dally, Cr M Grainger, Cr A Henry, Cr R Joyce, Deputy Mayor Scrimgeour, Cr M Murray-Benge, Cr A Sole, Cr L Rae, Cr D Thwaites and Cr A Wichers.

Borigo, of A colo, of E Rao, of B Tillian

**APOLOGY:** Cr T Coxhead

**STAFF IN ATTENDANCE:** 

M Taris (Interim Chief Executive), R Davie (Deputy CEO/GM Strategy and Community), A Henderson (General Manager Corporate Services), P Watson (Acting General Manager Infrastructure Services), A King (Legislative Reform and Special Projects Strategic Advisor), C Ertel (Infrastructure Capital Delivery Manager), J Abraham (Team Lead Asset Management), R Spicer (Team Lead Capital Projects), K Kruithoed (Infrastructure Engineer Stormwater/Wastewater), H Wi Repa (Governance Systems Advisor)

and P Osborne (Senior Governance Advisor).

INTRODUCTION: Councils Legislative Reform and Special Projects Strategic Advisor provided an overview of the topics that

would be covered through the workshop. The Team Lead Asset Management took Councillors through

the PowerPoint presentation and discussion points.

Council Workshop - 4 June 2025

#### 1. Local Waters Done Well – Stormwater Discussion Group

#### **Summary of Key Themes**

#### Stormwater Management and Bill Implications

The workshop focused on discussing stormwater management and the implications of the Local Government Water Services Bill. Staff explained the current scope of Council's responsibilities (as per the Bill), which primarily covered urban areas, and outlined the definition of urban stormwater. The role of private stormwater devices and the responsibilities of future water service providers was discussed. Examples were provided of current and planned pond assets and how the service arrangement could potentially work in the future. Committee Members were reminded that the Bill may be amended following submissions to the Select Committee.

#### Stormwater and Transport Asset Management

The discussion focused on the interrelationship between transport and stormwater assets, particularly regarding the maintenance and treatment of stormwater runoff from roads. Staff explained that while councils would retain responsibility for ensuring stormwater services were provided, they had flexibility to choose delivery arrangements, including direct provision, transfer to a water services organisation, or contracting a third party. Concerns were raised regarding defining boundaries between road and stormwater responsibilities, and the implications of transferring assets to a water service organisation, noting that this could limit future options for service delivery changes.

#### Stormwater Charges Review Needed

Concerns were raised regarding the need for a more comprehensive review of stormwater activities and to highlight anomalies in stormwater and rural works charges across different areas. The Committee discussed the upcoming legislation on how water would be charged, which would move away from land or capital value, and agreed to focus on the delivery of the stormwater service.

#### Stormwater Management Private Roles

The workshop also discussed improving stormwater network management, with a new emphasis on private landowners' roles and responsibilities. Key changes included clarifying the definition of urban stormwater networks, specifying territorial authorities' and private landowners' roles, and introducing new planning and regulatory tools. The discussion highlighted the need for proactive management of overland flow paths and urban watercourses, with a shift towards treating stormwater as a hazard and focusing on

Council Workshop - 4 June 2025

protecting overland flow paths rather than solely upgrading infrastructure. The discussion also covered the development of Network Risk Management Plans, which must be reviewed every five years, and the proposed Stormwater Bylaw to impose requirements on private landowners.

#### Stormwater Services Management Options

The workshop discussed the management and funding of stormwater services, with various options including keeping services inhouse, entering into management contracts, or transferring to a new entity. Staff explained that regardless of the chosen option, complex agreements and legal considerations would be necessary, particularly regarding land ownership and easements. Elected Members expressed concerns regarding the complexity of the proposed changes. The discussion highlighted the challenges of implementing any of the proposed options and the need for further consideration of the implications for ratepayers and staff.

Councillors debated the merits of keeping stormwater services in-house versus outsourcing to a Water Services Organisation, with concerns raised about career progression and recruitment in a small in-house team if kept inhouse. The Committee requested further analysis on the financial implications, including the impact of FinCos revenue, and to consider the experiences of other councils before making a final decision.

#### Stormwater Service Transfer Discussion

The workshop discussed the potential transfer of stormwater activities to a new entity, noting that current staff were not dedicated solely to stormwater work and would need to be reassigned. The group reviewed customer impact considerations and funding implications, with concerns raised about potential cost increases due to contracting out services. The discussion highlighted differences between previous contracts like WestLink and the proposed Council Controlled Organisation (CCO) model, emphasising that the new structure would include Commerce Commission oversight and regular performance reporting to councils.

#### Water Services Financial Analysis

The workshop discussed financial modelling and debt-to-revenue ratios for different stormwater services options. They clarified that the right-hand graph showed a high debt-to-revenue ratio and was relevant for reporting purposes but did not limit their borrowing ability under Local Government Funding Agency (LGFA). It was noted that the potential savings between 2-waters and 3-waters options were due to economies of scale and staffing costs, not just financing differences. The discussion concluded with agreement

Council Workshop - 4 June 2025

that while the in-house option might appear less affordable due to maintained high revenue, this was an artefact of the revenue tracking rather than an inherent limitation of the option.

#### Stormwater Management Service Transfer

The discussion focused on the challenges and considerations for managing stormwater services, particularly in relation to staffing expertise, emergency management, and the potential transfer of assets and responsibilities to a joint council water services entity or through a management contract. The workshop emphasised the need for flexibility in service delivery and highlighted concerns about the retention of expertise and the ability to switch providers if necessary. Councillors also discussed the economic regulation of water services, including pricing and benchmarking, and considered the implications of different options for stormwater management.

#### Stormwater Charges Harmonisation Discussion

Councillors noted significant variation in stormwater charges between different property types and councils, highlighting the need for harmonisation. The workshop discussed the potential benefits and costs of different options, including a CCO model and a management contract. They agreed to further explore the management contract option and requested a breakdown of stormwater debt, including future growth projections. The conversation ended with a decision to schedule another workshop to discuss and finalise the way forward.

3.30pm Cr Joyce left the workshop.

Direction	Responsible
Schedule follow-up workshop to discuss management contract option and financial analysis.	Legislative Reform and Special Projects Strategic Advisor

Council Workshop - 4 June 2025

Actions	Responsible
<ul> <li>Update draft water services delivery plan based on workshop feedback and council preferences.</li> <li>Present GIS map and asset characterisation showing which assets would/wouldn't transfer under different options.</li> </ul>	Legislative Reform and Special Projects Strategic Advisor
<ul> <li>Provide detailed breakdown of stormwater debt, including future growth debt by catchment and financial contribution information.</li> <li>Prepare financial analysis of management contract option and compare with in-house and CCO options.</li> </ul>	GM Corporate Services

The workshop finished at 3.32pm.

Council Workshop – 4 June 2025

#### Memorandum

Subject	Local Water Done Well workshop
Date:	10 July 2025
From:	Ariell King - Strategic Advisor: Legislative Reform and Special Projects
То:	Mayor Denyer and Councillors

#### **Purpose**

For Council to consider the following matters in respect of the Local Water Done Well project:

- 1. Council's position on stormwater
- 2. Review and discussion of the draft Commitment Agreement (including draft establishment principles)
- 3. Establishing a Water Services Council-Controlled Organisation (including proposed Shareholding Allocations and proposed Shareholding Votes).

Some of the information provided in this memo has been previously provided to Councillors via weekly emails from the Group Manager: Corporate Services.

#### Council's position on stormwater

Council has had several discussions regarding the potential transfer of assets and services to a potential new Water Services Council-Controlled Organisation (WSCCO). This included a workshop on 4 June 2025 where a further workshop and additional information was requested.

Staff require direction on Council's position regarding stormwater to ensure that the Water Services Delivery Plan (WSDP) can be completed. The current draft has included stormwater. This inclusion has been on the basis that all modelling to date has assumed that some stormwater assets and services would be transferred to a potential WSCCO.

MartinJenkins have provided a presentation that includes information previously provided to the Council regarding options for stormwater with further assessment against the agreed strategic framework, and further financial modelling of a contract service to the CCO. This modelling is determined to be in line with the inhouse model. The presentation includes five recommendations for Council to consider.

Note that TCC are recommending stormwater goes to the CCO, with land-based assets to remain with Council. For TCDC stormwater assets and projects will remain within Council and stormwater operations and maintenance will be procured through the proposed WSCCO.

#### Review and discussion of the Commitment Agreement

Council staff from the three Council's have met to discuss the draft Commitment Agreement and have sought guidance and additions to the draft with Simpson Grierson. The draft agreement builds on the agreement template prepared by the Department of Internal Affairs.

The Commitment Agreement is intended as a high-level directional document, with key outputs and timelines to be developed collaboratively. It illustrates that all three Council's intend to work together collaboratively to establish a WSCCO.

This agreement will include provision to ensure that there is a pathway for tangata whenua participation and determination as to how this may occur. The draft agreement will also include the partnership principles that Council has seen and agreed to previously. It is not intended to provide answers for all the matters that need to be resolved in the establishment of a WSCCO.

The draft Commitment Agreement (including draft establishment principles) will be circulated to Councillors prior to this workshop.

### Establishing a Water Services Council-Controlled Organisation

There are a number of workstreams, and tasks required to successfully establish a joint Council Water Services Council-Controlled Organisation (WSCCO). Staff are working collaboratively with staff from Tauranga City Council and Thames-Coromandel District Council to ensure that all tasks are identified and a realistic implementation plan developed.

This includes confirming the operational date of the WSCCO as 1 July 2027. There will be a number of actions taken prior to this date including the appointment of directors, appointment of a CEO, organisational structure, asset transfer, and consideration of operational matters including billing for services.

As outlined at the meeting of the three Councils on 1 July 2027, these discussions and design decisions will include tangata whenua.

#### Discussion of the proposed Shareholding Allocations

One of the matters to be resolved in the future will be the method to allocate shares to each Council in the proposed joint WSCCO. This differs from shareholder voting (discussed below).

The purpose of determining a fair and reasonable allocation method is to ensure that the communities from each Council are treated as equitably as possible (noting that there is no 'perfect' allocation method).

As such it is proposed that a number of metrics will be used to determine the shareholding allocation. Five metrics are proposed including connections (water and wastewater rather than one or the other, given that there are ups and downs in all councils), asset book value, asset replacement value, and operating revenue.

Based on these metrics the **current allocation is WBOPDC 16%, TCDC 20% and TCC 64%**. It is also proposed that this allocation is used to share costs associated with the establishment of the WSCCO (as noted in the draft Commitment Agreement).

Council	Share of connections	Share of population	Share of revenue	Share of net assets (assets less debt)**	Equal
тсс	61%	63%	62%	63%	33.3%
WBOP	17%	23%	18%	15%	33.3%
TCDC	22%	13%	20%	22%	33.3%

The inclusion (or otherwise) of stormwater assets is still to be decided. However, by using multiple metrics it is expected that this will not change the overall percentages attributed to each Council.

It should be noted that these metrics are different from the assumptions that will be used in the WSDP for modelling purposes in regard to funding via the Local Government Funding Agency and FFO.

#### Discussion of the proposed Shareholding Votes

Shareholder voting relates to how decisions are made. The proposed voting allocation is 1–1–1. Council needs to consider the pros and cons of each option and come to a mutual agreement with the other Council's. One of the matters to consider is how the voting allocation could withstand potential change or addition of Council partners.

MartinJenkins have prepared a presentation that sets out the relevant matters for Council to consider as part of establishing a WSCCO.

#### **Next steps**

- 1. Workshop on 14 July to discuss the draft Water Services Delivery Plan
- 2. Workshop on 30 July (if required)
- 3. Council meeting on 5 August to adopt the Water Services Delivery Plan and Commitment Agreement
- 4. Water Services Delivery Plan submitted to the Department of internal Affairs by 3 September.



## Today's workshop

- Discussion on stormwater
- Discussion on the draft Commitment Agreement
- Discussion on establishing a Water Services Council-Controlled Organisation (including proposed Shareholding Allocations and proposed Shareholding Votes).



## **Draft Commitment Agreement**

- Draft provided to Council on 4 July 2025 via email (uploaded to Stellar on 7 July)
- Based on DIA template amended to suit the needs of Western Bay, Tauranga City and Thames-Coromandel
- Amendments prepared by SimpsonGrierson
- All three Council's are workshopping the draft agreement and changes can be incorporated into the draft agreement for consideration.
- TCC considered the draft agreement on 7 July and TCDC are considering it on 24 July.
- The final draft version will be attached to an agenda item for all three Council's to approve on 5 August 2025.



### Purpose of the agreement

- To formally commit Western Bay of Plenty District Council, Thames-Coromandel District Council, and Tauranga City Council to continue working together on a joint water services operating model, including establishment of a multi-Council CCO and all matters to allow a CCO to become fully operational on 1 July 2027.
- It does <u>not</u> legally bind TCC to enter into a CCO with WBOPDC and TCDC.



## What is included in the agreement

- Commits the Councils to dedicate appropriate resources (including a senior level "sponsor") to the Project
- Establishes governance structures, including Councils Executive Group, Project Steering Group, and Project Team. One of the obligations of the Councils Executive Group shall be to identify and agree the decisions that shall be referred to Council for resolution
- Introduces an Transition Plan (see Appendix 2 of the CA) that sets indicative timeframes for future decision-making and achieving key milestones to allow the CCO to become fully operational on 1 July 2027.
- Appoints TCC to a "project administration agent" role. This includes managing expenditure, preparing agendas and reporting. This is similar to the way that SmartGrowth works, with an arms length administration functional support. It does not mean that they are considered the lead Council and we are all equally contributing on all matters.



## What is included in the agreement

- Outlines shared responsibilities including funding, cost sharing, project planning, and consultation
- Allows any Council to withdrawal at any time for convenience, provided other Councils
  are notified as early as possible and an explanation is given for withdrawal.
- Provides mechanisms for dispute resolution, including negotiation, mediation, and arbitration.
- Protects confidentiality and intellectual property rights.



### What the agreement does NOT do:

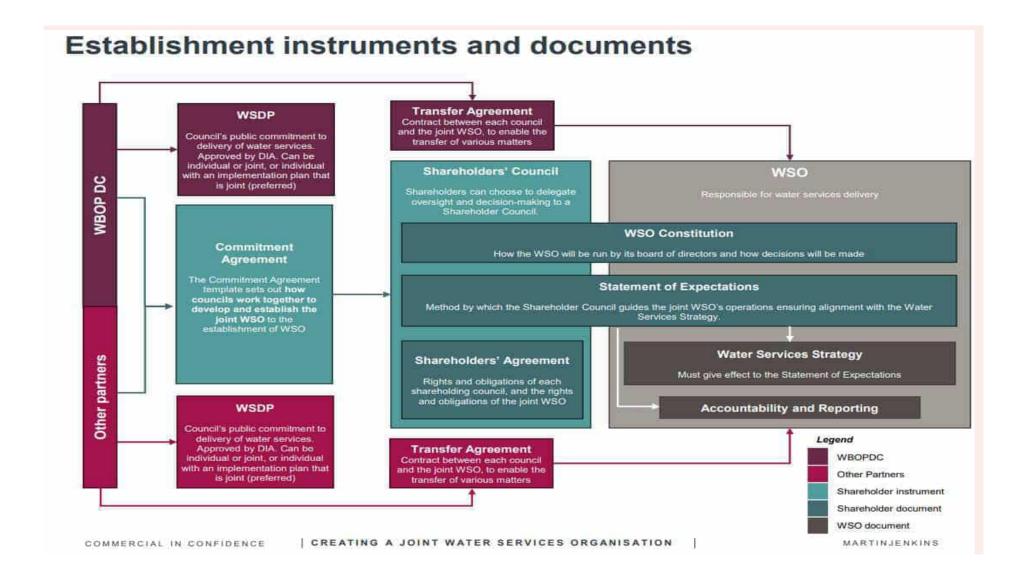
- Does not record key commercial terms for the CCO, such as shareholding interests, voting rights, transfer of assets etc. These matters will be addressed through a series of workshops which will enable the parties to negotiate and finalise the Shareholders' Agreement and Constitution, and other related legal documents.
- Does not finalise the operational details of the future CCO Does not bind Councils to continue if there is a material change in law or policy.
- Does not require the Councils to issue a joint Water Services Delivery Plan ("WSDP"). Each Council will issue its own WSDP with ring fenced business activity. However, each WSDP shall reference an intent to enter into a multi-Council CCO, include a joint implementation plan and shall include a consolidated set of financials.



### What the agreement does NOT do:

- Does not set iron-clad timing for project milestones there will be flexibility in this regard
- Does not allow unilateral decisions or public communications without mutual agreement.
- Does not record the role of Tangata Whenua at this point in time. However, the CA
  acknowledges there are a number of iwi and hapu within the combined multi-Council
  area and the Councils agree to work together with Tangata Whenua to agree processes
  by which a range of matters relevant to LWDW can be discussed and considered.
- Does not override each Council's statutory obligations or decision-making autonomy.





## **Key dates**

#### August 2025

- Formally enter Commitment Agreement
- Process for Council engagement
- Establishment of working groups
- Finalise WSDP

#### 3 Sept 2025

Submit WSDP

#### Aug to Nov 2025

• Interregnum period for WBOPDC and TCDC

#### Aug to Dec 2025

• Due Diligence

#### **Early 2026**

CCO constitutional documents developed



## **Key dates**

#### **Early 2026**

- CCO constitutional documents developed
- Recruiting CCO Board and Executive team

#### 31 March 2026

CCO constitutional documents executed

#### Apr - Jun 2026

• Recruit CCO board / appoint CEO

#### 2026 - 2027

- Start process for operations and policies
- Start process for transfer of assets, staff (Late 2026)
- Further recruitment (board and staff)





SG working draft: 2 July 2025

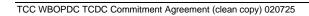
### Commitment Agreement

#### **PARTIES**

Tauranga City Council
Western Bay of Plenty District Council
Thames-Coromandel District Council

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#### **AGREEMENT** dated

2025

#### **PARTIES**

Tauranga City Council
Western Bay of Plenty District Council
Thames-Coromandel District Council
(together, the "Councils")

#### INTRODUCTION

- A. The Councils have agreed to proceed with the planning for a joint operating model between the Councils in respect of the Service Areas.
- B. The Councils are each required to submit a Water Services Delivery Plan ("WSDP") to the Secretary for Local Government (Department of Internal Affairs) by 3 September 2025 on how water services will be delivered in the Council's district as required under the Local Governance (Water Services Preliminary Arrangements) Act 2024. Each Council's WSDP will include an implementation plan and a description of the proposed joint operating model.
- C. The Councils commit to working together, including on the preparation of a detailed joint implementation plan, to:
  - (a) develop a joint operating model for the delivery of water services for each Council's community through the Water Organisation;
  - (b) agree the shareholding and governance arrangements for the Water Organisation; and
  - (c) establish the Water Organisation for the joint operating model in accordance with each Council's accepted WSDP, with the intention that the Water Organisation will take over the water services obligations from the Councils with effect from 1 July 2027.
- D. Each Council agrees to undertake the activities and responsibilities allocated to it in this agreement to achieve the Objectives.
- E. The Council have entered into this agreement to record the terms of their commitment to achieve the joint operating model and Objectives.

TCC WBOPDC TCDC Commitment Agreement (clean copy) 020725

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SIGNATURES	
SIGNED for and on behalf of	
TAURANGA CITY COUNCIL By:	
Signature of Authorised Signatory	Signature of Authorised Signatory
Name of Authorised Signatory	Name of Authorised Signatory
Date	Date
WESTERN BAY OF PLENTY DISTRICT COUNCIL By:	
Signature of Authorised Signatory	Signature of Authorised Signatory
Name of Authorised Signatory	Name of Authorised Signatory
Date	Date
THAMES-COROMANDEL DISTRICT COUNCIL By:	
Signature of Authorised Signatory	Signature of Authorised Signatory
Name of Authorised Signatory	Name of Authorised Signatory
Date	Date

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#### **SCHEDULE 1**

#### **Agreement Details**

Commencement Date (Clause 6.1, Schedule 2)	The date on which this agreement has been signed by all parties.
Expiry Date (Clause 6.1, Schedule 2)	This agreement expires on the date on which the parties agree to terminate this agreement under clause 6.2.
Service Areas (Background A)	[Insert applicable Services Areas covered by the Councils]
Councils Executive Group (Clause 4, Schedule 2)	<ul> <li>Members: The members of the Councils Executive Group will be the following persons (or such other persons as are nominated by the relevant Council from time to time):         <ul> <li>Tauranga City Council member: The Chief Executive of Tauranga City Council</li> <li>Western Bay of Plenty District Council member: Chief Executive of Western Bay of Plenty District Council</li> <li>Thames-Coromandel District Council member: Chief Executive of Thames-Coromandel District Council</li> <li>An independent chair, who may be appointed (and removed or replaced) by the other members of the Councils Executive Group by unanimous agreement. The independent chair (if any) will not have a vote on any matter to be determined by the Council Executive Group.</li> </ul> </li> <li>Meetings: The Council Executive Group will meet monthly or at such other times or frequency as they determine from time to time.</li> </ul>
Project Steering Group (Clause 4, Schedule 2)	Members: The members of the Project Steering Group will be the following persons (or such other persons as are nominated by the relevant Council from time to time):  Tauranga City Council member: [Insert member name (one member per Council)]  Western Bay of Plenty District Council member: [Insert member name (one member per Council)]  Thames-Coromandel District Council member: [Insert member name (one member per Council)]

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	<b>Meetings</b> : The Project Steering Group will meet fortnightly or at such other times or frequency as they determine from time to time.		
Project Team (clause 4 and 5.3, Schedule 2)	Members: The members of the Project Team will be up to 2 persons nominated by each Council from time to time, with the members of the Project Team as at the Commencement Date being as follows:  Tauranga City Council members: [insert name(s)]  Western Bay of Plenty District Council members: [insert name(s)]  Thames-Coromandel District Council members: [insert name(s)]  Additional persons may be nominated by Councils to join the Project Team from time to time in addition to the nominated members.  Meetings: The Project Team will meet weekly or at such other times or frequency as they determine from time to time.		
Address for notices	Tauranga City Council	Western Bay of Plenty District Council	
(clause 10, Schedule 2)	21 Devonport Road Tauranga, 3143 Private Bag 12022, Tauranga 3143 Email: [Insert details] Attention: [Insert details]  Thames-Coromandel District Council  515 Mackay Street Thames, 3500 Private Bag 1001,	1484 Cameron Road Barkes Corner, Greerton, Tauranga, 3112 Private Bag 12803 Tauranga Mail Centre Tauranga 3143 Email: [Insert details] Attention: [Insert details]	

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Thames, 3540

Email: [Insert details]

Attention: [Insert details]



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#### **SCHEDULE 2**

#### **Agreement Terms and Conditions**

#### 1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions**: In this agreement the following definitions apply:

"Agreement Details" means Schedule 1 of this agreement.

"Business Day" means any day other than a Saturday, Sunday or a statutory public holiday in the Service Area(s) identified in the Agreement Details, New Zealand.

"Commencement Date" has the meaning given to that term in the Agreement Details.

"Confidential Information" means any of the following (whenever it was obtained):

- (a) all information of a confidential nature (reasonably determined) obtained by one Council from another Council under or in connection with this agreement;
- (b) all information relating to the operations and affairs of another Council; and
- (c) all information obtained by a Council in respect of all activities or information undertaken, produced or discussed under the umbrella of the Project.

"Councils" means the councils who are named as counterparties to this agreement and who continue to be a participant of this agreement.

"Existing Material" means, in respect of any Council, all documentation and other materials used or provided by the Council under or in connection with this agreement that are:

- (a) owned by, or licensed to, that Council prior to the date of this agreement; or
- (b) developed independently from this agreement by that Council, and that are not developed, commissioned or created under or in connection with this agreement.

"Expiry Date" has the meaning given to that term in the Agreement Details.

"Intellectual Property Rights" means, in respect of any person, all intellectual and industrial property rights and interests (including common law rights and interests) owned or held by that person, or lawfully used by that person, including:

- (a) patents, trade marks, service marks, copyright, registered designs, trade names, symbols and logos;
- (b) patent applications and applications to register trade marks, service marks and designs; and
- (c) formulae, methods, plans, data, drawings, specifications, characteristics, equipment, designs, inventions, discoveries, improvements, know-how, experience, software products, trade secrets, price lists, costings, brochures and other information used by that person.

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"LGOIMA" means the Local Government Official Information and Meetings Act 1987.

"LG(WS) Bill" means Local Government (Water Services) Bill.

"LG(WSPA) Act" means the Local Governance (Water Services Preliminary Arrangements) Act 2024.

"Objectives" has the meaning given to that term in clause 2.1.

"Project " means giving effect to the Objectives in the manner contemplated by this agreement.

"Project Budget" has the meaning given to that term in clause 5.2.

"Project Plan" has the meaning given to that term in clause 4.7(a).

"Water Organisation" means the Council Controlled Organisation that is proposed to be jointly owned by the Councils, that will be a water organisation once established under the LG (WS) Bill once it is in force.

"Water Services Delivery Plan" or "WSDP" has the meaning given to that term in paragraph B of the Introduction section of this agreement.

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

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- references to any form of law is to New Zealand law, including as amended or reenacted;
- a reference to a document or instrument includes reference to that document or instrument as novated, altered, supplemented, or replaced from time to time;
- (k) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;
- any obligation falling due for performance on or by a day other than a Business
   Day shall be performed on or by the Business Day immediately following that day;

   and
- (m) an obligation not to do something includes an obligation not to allow or cause that thing to be done.

#### 2. PROJECT OVERVIEW

- 2.1 **Objectives**: The key objectives of this agreement ("**Objectives**") are:
  - for the Councils to continue to work closely, collaboratively and successfully to develop and plan their separate WSDPs that meet each Council's needs and objectives for their respective communities and that are aligned with each other Council's WSDPs;
  - (b) to facilitate the Councils making decisions in a timely manner to ensure the joint operating model can progress in a timely way to meet the requirements for submissions of each Council's WSDP and other requirements under the LG(WSPA) Act and the LG(WS) Bill (once enacted);
  - (c) to enable the Councils to consider how they would operate together in a way that facilitates an effective and efficient use of the Councils' resources, providing optimum benefit to the parties' ratepayers;
  - (d) to determine how the Water Organisation will uphold Ti Tiriti obligations and commitments, existing formal relationships, and maintain open engagement through support of established lwi and Hapū collectives; and
  - (e) to agree the process (including timetable, key terms, allocation of responsibilities and budget) for the establishment of the Water Organisation for the joint operating model in accordance with the accepted WSDP,

in each case, in accordance with the establishment principles set out in Attachment 1 to this agreement (**Principles**). The CEG may update and amend the Principles from time to time.

- 2.2 **Key Documents and Outcomes:** The key documents to be developed under or in alignment with this agreement are as follows:
  - (a) the Project Plan, which will be prepared by the Project Team and approved by the PSG:

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- (b) the Project Budget, which will be developed and maintained by the Project Team for each phase of the Project (as set out in the Project Plan) and approved by the PSG;
- (c) a WSDP, which will be developed and approved by each Council individually; and
- (d) the structure, governance and transfer arrangements, in relation to the Water Organisation, which will be developed by the Project Team and approved by the PSG, with a final approval step of the CEG or the Councils as appropriate.

#### 2.3 Relationship principles: The Councils will:

- (a) work together collaboratively and in good faith;
- (b) ensure communication between them is open, proactive, transparent and inclusive, to avoid any surprises;
- (c) make every effort to understand the other Council's needs and objectives for the joint operating model, and make all reasonable endeavours to ensure the joint operating model meets such needs and objectives;
- raise any issues that arise in connection with this agreement at the earliest opportunity, for joint resolution;
- (e) resolve disagreements between them promptly and amicably; and
- (f) as a courtesy and in the interest of clear and consistent communication, consult with the other Councils before commenting publicly on the joint operating model or this agreement.

#### 3. KEY ACTIVITIES

#### 3.1 Council responsibilities: Each Council will:

- (a) work with the other Councils to:
  - (i) develop and document the Council's financial, technical, operational, legal and other requirements for the joint operating model ("Requirements") and to agree reasonable and realistic timeframes for delivery of the joint operating model; and
  - (ii) plan and design the joint operating model to meet the Requirements, including at such time(s) required by the other Councils;
- (b) make decisions in relation to matters for the Project, within the indicative timeframes listed in the Project Plan;
- provide subject matter experts where relevant to assist with the development and design of the joint operating model;
- (d) provide a dedicated single point of contact for that Council for the management of the Project delivery (ideally a project manager, who will also be the person

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- authorised to make decisions (for example, approvals of proposed public comments on the Project) on behalf of that Council);
- (e) provide a dedicated and senior level 'sponsor' for the Project;
- (f) attend those meetings agreed by the Councils as appropriate or necessary for the effective governance of and/or the delivery of the joint operating model;
- (g) where there are any changes in Government policy or direction, which affects the purposes and activities of this agreement, inform the other Councils of those changes at the earliest possible opportunity thereafter, and the Councils agree to renegotiate, where necessary, any aspects of this agreement that has been or will be affected by this policy change.
- (h) fund and provide resources to undertake the Project under this agreement; and
- be responsible for complying with any requirements to undertake consultation or reporting in respect of its own council and local government processes.
- 3.2 Council individual responsibilities not affected: Each Council acknowledges that the Councils' commitment to the obligations under this agreement does not limit or pre-empt each Council's own obligations as local government authorities at law, including in respect of decision-making responsibility, funding, prudent financial management and public consultation obligations.
- 3.3 Project management, advisory and administration:
  - (a) The PSG will determine what project management, advisory, and other administrative resources are required for the Project, and approve the arrangements in relation to engaging such resources.
  - (b) The Councils agree that Tauranga City Council will have responsibility for the following:
    - managing Project expenditure, including paying amounts incurred in respect of the Project and seeking reimbursement from the Councils in accordance with clause 5, and tracking against the Project Budget (once agreed);
    - (ii) entering into agreements for the benefit of the Project, where approved by the PSG as contemplated by clause 3.3(a), on the basis that all costs incurred by Tauranga City Council in relation to such arrangements will be treated as Project costs.
  - (c) The Councils may agree that one of the other Councils will take the role set out in clause 3.3(b), after which time, the relevant Council will assume those responsibilities under this Agreement.

#### 3.4 Development expectations and timelines:

(a) Each Council acknowledges that the other Councils will be providing funding and resources to develop and design the joint operating model, and has an interest in

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- ensuring a consistency of approach in the development and design of the joint operating model.
- (b) Accordingly, any Council may submit a request to the other Councils, for consideration and agreement by all the Councils, to:
  - (i) adjust expected timelines and/or reprioritise resources allocated to the development and design of the joint operating model as necessary to manage resource and funding constraints, subject to not compromising the achievement of the Objectives; and/or
  - (ii) change the Requirements that are not reasonably viable in order for a Council to meet its own needs, and the Councils will work together to agree and implement any agreed change to the joint operating model, including any consequential changes to the Requirements for that joint operating model.
- 3.5 **Project communications**: The Councils agree to jointly develop a communication plan relating to all aspects of the Project (including media releases, public announcements and public disclosures, as well as Council meetings relating to the Project and engagement with Department of Internal Affairs), and each Council will comply with that communication plan once agreed by all Councils.

#### 4. PROJECT GOVERNANCE

- 4.1 **Governance structure**: The governance model for the Project comprises the following:
  - (a) Councils Executive Group ("CEG");
  - (b) Project Steering Group ("PSG"); and
  - (c) Project Team.
- 4.2 **Terms of Reference:** Each of the CEG, the PSG and the Project Team will develop its own terms of reference to align with the Objectives and its role under this agreement.
- 4.3 Decisions made by the governance groups:
  - (a) Each Council will be responsible for their own decision-making using the Project Team's advice and assistance.
  - (b) The CEG, PSG, and Project Team will make decisions on a consensus basis.
  - (c) Where consensus is not possible, decisions will be made by the majority, or alternatively escalated to the next governance level, with final decisions to be made by the Council members of the CEG.
- 4.4 **Meeting administration**: Each of the governance meetings will be scheduled by the Council appointed under clause 3.3, who will circulate agenda items and decisions to be discussed ahead of the meeting date.
- 4.5 Councils Executive Group: The CEG shall be responsible for:

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- establishing a governance group comprising elected Council representatives that the CEG will report to and seek direction from;
- (b) overseeing the executive direction of the Project;
- (c) addressing issues that have been escalated to it by the PSG;
- (d) keeping informed on the Project by information provided from the Project Team;and
- (e) referring issues raised by the PSG to their respective Councils for consideration and approval where relevant.
- 4.6 **Project Steering Group**: The PSG shall be responsible for:
  - (a) providing strategic directions and decisions on the Project;
  - (b) ensuring that progress against the Project Plan and associated timelines are monitored and the activities set out in the Project Plan are delivered;
  - (c) identifying and managing risks, and escalating any such risks where appropriate;
  - identifying the issues that require consideration and decision-making by Councils, and referring those issues to the CEG;
  - (e) addressing issues that have been escalated to it by the Project Team;
  - (f) reviewing and approving any proposed changes the direction of the Project;
  - (g) appointing members to the Project Team;
  - (h) ensuring the strategic direction of the Project continues to align with the Objectives and each Council's obligations under this agreement; and
  - (i) approving the Project Budget and any changes to the Project Budget.
- 4.7 **Project Team**: The Project Team shall be responsible for:
  - (a) preparing a detailed scope of work and project plan (including timeline and project milestones) to deliver on the Objectives ("Project Plan"), which will be developed based on the draft transition plan set out in Attachment 2 to this agreement and will include provision for due diligence to be undertaken on each Council's water and wastewater assets, debts, obligations and arrangements as part of the transition planning. The Project Plan and progress against the Project Plan will be reported to the PSG and CEG on a monthly basis;
  - developing an initial Project Budget for approval by the PSG, and then maintaining that Project Budget (including any recommendations to the PSG to increase the Project Budget);
  - (c) developing such term sheets, guidance notes and documents as are required in order to formalise the way in which the joint operating model is proposed to be established, governed and operated, for review and approval by the Councils;

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- (d) engaging external expertise as required;
- (e) preparing stakeholder/engagement framework ensuring all appropriate parties are included on an ongoing basis;
- (f) preparing and attending workshops with the Councils' elected members as required to achieve the Objectives;
- (g) preparing consultation packs in collaboration with individual Councils to support each Council's required consultation processes;
- (h) running and/or supporting consultation processes as required;
- developing a joint WSDP in accordance with legislative requirements and each Council's requirements;
- (j) approving payments from the Project Budget up to a level set by the PSG; and
- (k) any of matters required under a terms of reference agreed for the Project Team.

#### 5. COST SHARING

- 5.1 Cost sharing principles: The Councils agree to fund the costs of the Project in accordance with the amounts and frequency of cost contributions agreed by the PSG under clause 5.2. All such Project costs will be shared between the Councils as follows: Tauranga City Council [64%], Thames-Coromandel District Council [20%] and Western Bay of Planty District Council [16%].
- 5.2 **Project funding**: By no later than [20] Business Days after the date of this agreement, the Councils will (through the Project Team) prepare a Project budget for approval by the PSG, that covers:
  - (a) the contribution by the Councils for the costs of the Project, including the project management and administration costs that will be incurred by the Council carrying out the responsibilities set out in clause 3.3(a); and
  - (b) costs for any internal and external consultants (preapproved by the PSG in each instance),

(together, the "**Project Budget**"). The Councils acknowledge their intention that all costs borne by the Councils under this agreement relating to the Project will (if the Water Organisation is established and becomes operational) be treated as an advance by each Council to the Water Organisation and will be reimbursed by the Water Organisation accordingly. These costs will be ring-fenced from the costs incurred by each Council as contemplated by clause 5.5.

- 5.3 **Project Team delegation**: The Project Team will have delegated authority to spend up to the approved Project Budget, subject to any limits set (as contemplated by clause 4.7(j). Costs that exceed the approved Project Budget will require approval by the PSG.
- 5.4 **Council Exit**: If a Council exits this agreement, that Council remains responsible for their share of all costs incurred up to that date, including any committed costs which cannot be mitigated by the remaining participating Councils.

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5.5 Council Costs: The Councils acknowledge and agree that any costs relating to the preparation of their individual WSDPs and internal work in relation to the proposed joint operating model (and any advice they obtain for their sole benefit) will be their own cost and will not form part of the Project Budget.

#### 6. TERM

- 6.1 **Term**: This agreement commences on the Commencement Date and continues until the Expiry Date, unless terminated earlier by all Councils in accordance with clause 6.2.
- 6.2 **Termination by agreement**: This agreement may be terminated at any time with immediate effect by agreement of all current Councils to this agreement for any reason, including if there is a material change of law or policy direction that affects the Councils' obligations under the LG(WSPA) Act and LG(WS) Bill (once enacted).

#### 6.3 Council withdrawal:

- (a) Subject to clauses 5 and 6.3(b), any Council may withdraw its participation in this agreement at any time immediately by giving written notice to the other Councils.
- (b) Before a Council exercises its withdrawal right under subclause (a), that Council must use reasonable endeavours to:
  - (i) provide as early as possible notification to the other Councils that the Council is considering, or intending to withdraw from the Project, including to provide the other Councils with sufficient time to respond to and agree on any public releases in accordance with clause 3.5; and
  - (ii) provide the other Councils an explanation for the withdrawing Council's reason(s) for the withdrawal.
- (c) Where any Council breaches a material obligation, or persistently does not perform its obligations, under this agreement, then the other Councils may request that such Council withdraws its participation from this agreement, in which case the parties will promptly discuss the next steps following such request.
- **Effect of termination**: In addition to any other rights, powers or remedies a Council may have under this agreement or at law:
  - (a) if this agreement ends or is terminated, the following will apply:
    - each Council is released from its obligations under this agreement,
       except clauses 5, 6, 7, 8 and 9 that shall survive expiry or termination of this agreement;
    - (ii) each Council retains the rights and obligations it has accrued under this agreement as at the date of expiry or termination; and
    - (iii) each Council must return any Confidential Information of another Council in its possession to that other Council or, if requested by the other Council, destroy the Confidential Information, except to the extent that it

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is required to retain the Confidential Information in order to meet its legal, contractual and governance obligations.

- (b) if a Council withdraws its participation in this agreement or otherwise exits this agreement:
  - (i) clause 6.4(a) will apply only in respect of that Council;
  - (ii) that Council will not have any rights to any new Intellectual Property Rights as contemplated by clause 9.2; and
  - (iii) this agreement continues in force as between the remaining Councils.

#### 7. DISPUTE RESOLUTION

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

#### 7.2 **Negotiation**:

- (a) On receipt of a notice delivered in accordance with clause 7.1 and before any Council may refer a dispute to mediation, the Representatives must, in good faith and acting reasonably, do their best to resolve the dispute quickly and efficiently through negotiation.
- (b) If any Representative considers that the dispute is not being resolved in a timely manner, such Representative may serve written notice on the other parties' Representatives to escalate the dispute to the Chief Executives or equivalent (where the Representatives are not the Chief Executive or equivalent) of the applicable Councils for resolution.
- (c) If the dispute has not been resolved within 20 Business Days (or within such other period as agreed by the Councils) of the date of the notice referred to in clause 7.2, any Council may submit the dispute to mediation.

#### 7.3 Mediation:

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

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#### 7.4 Arbitration

- (a) If the dispute has not been resolved within 40 Business Days (or within such other period as agreed by the parties) of the dispute being referred to mediation, any Council (the "Initiating Council") may refer such dispute to binding arbitration by issuing a written notice ("Arbitration Notice") to the other Council(s) (together with the Initiating Council, the "Disputing Council(s)") for final resolution in accordance with the provisions of this clause 7.4 and in accordance with the provisions of the Rules of Arbitration of the New Zealand Dispute Resolution Centre, as amended or modified from time to time ("NZDRC Rules").
- (b) The arbitral panel shall consist of one arbitrator. The arbitrator will be appointed by the agreement of the Disputing Councils or, failing agreement within 10 Business Days of the date of the Arbitration Notice, in accordance with the NZDRC Rules.
- (c) The seat of arbitration shall be Tauranga, New Zealand and the arbitration shall be conducted in the English language.
- (d) The award of the arbitration shall be in writing and must include reasons for the decision.
- (e) The award of the arbitration shall be final and binding on the Councils. No Council may appeal to the High Court under Clause 5 of the Second Schedule of the Arbitration Act 1996 on any question of law arising out of an award.
- (f) The award shall allocate or apportion the costs of the arbitration as the arbitrator deems fair.
- (g) Neither the existence of any dispute nor the fact that any arbitration is pending hereunder shall relieve any of the Councils of their respective obligations under this agreement.
- 7.5 **Implementation of agreement**: The Councils must do whatever is reasonably necessary to put into effect any negotiated or mediated agreement, arbitral award or other resolution. This includes exercising voting rights and other powers as required.
- 7.6 **Rights and obligations during a dispute**: During a dispute, each Council must continue to perform its obligations under this agreement.
- 7.7 **Interlocutory relief and right to terminate**: This clause does not restrict or limit the right of a Council to obtain interlocutory relief, or to immediately terminate this agreement where this agreement provides such a right.

#### 8. CONFIDENTIALITY AND INFORMATION DISCLOSURE

- 8.1 **Confidentiality**: Each Council will keep confidential and secure all Confidential Information, and no Council shall disclose the other Councils' Confidential information to any person, or use the other Councils' Confidential Information, other than:
  - to the extent that use or disclosure is necessary for the purposes of giving effect to
    or exercising the rights and benefits of this agreement (which for the purpose of
    each Council, may involve disclosure to that council's elected members and staff);

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- (b) if the discloser of the information has obtained the prior written approval of the providing Council to the use or disclosure;
- (c) if the use or disclosure is required by law including under the Local Government Official Information and Meetings Act 1987 ("LGOIMA"), or the Local Government Act 2002, provided that prior to that Council making a disclosure, that Council will use reasonable endeavours to promptly consult in good faith with the other Councils:
  - regarding the requirement under which that Council is required to disclose the Confidential Information; and
  - (ii) so that the other Councils are informed to arrive at a view on whether those Councils would also be required to make such disclosure if a request is made of them; or
- (d) in relation to disclosure, if the information has already become public, other than through a breach of the obligation of confidentiality by one of the Councils.
- 8.2 **LGOIMA**: Each Council acknowledges that the other Councils are subject to the LGOIMA. Accordingly, notwithstanding anything else in this agreement, each Council agrees to cooperate fully in providing the other Councils with any documents or other information that the other Council is required to provide pursuant to a request made under the LGOIMA.

#### 9. INTELLECTUAL PROPERTY RIGHTS

- 9.1 **Existing Intellectual Property Rights**: Notwithstanding any of the provisions of this agreement, each Council or its licensors retain ownership of all Intellectual Property Rights, including in Existing Material belonging to that Council or its licensors at the Commencement Date ("Existing Intellectual Property Rights").
- 9.2 **New Intellectual Property Rights**: Any new Intellectual Property Rights which are created as a result of, or in connection with, the provision of the Services or Deliverables, or otherwise in connection with this agreement, shall be jointly owned by the Councils, unless otherwise agreed by the parties.
- 9.3 Licence: If any Council's Existing Intellectual Property Rights is included in any new Intellectual Property Rights, then that Council grants to the other Councils and the other Councils accept, a worldwide, perpetual, non-exclusive, transferable, sub-licensable licence during the term of this agreement to use the Council's Existing Material for the purposes relating to giving effect to and performing its obligations under this agreement. That licence will expire immediately on expiry or termination of this agreement.

#### 10. NOTICES

- 10.1 **Giving notices**: Any notice or communication given to a Council under this agreement is only given if it is in writing and sent in one of the following ways:
  - (a) Delivered or posted to that Council at its address and marked for the attention of the relevant department or officer (if any) set out in Schedule 1.

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- (b) Emailed to that Council at its email address and marked for the attention of the representative set out in Schedule 1.
- 10.2 **Change of details**: If a Council gives the other Council three Business Days' notice of a change of its postal address or email address, any notice or communication is only given by that other Council if it is delivered, posted or emailed to the latest postal address or email address.
- 10.3 **Time notice is given**: Any notice or communication is to be treated as given at the following time:
  - (a) If it is delivered, when it is left at the relevant address.
  - (b) If it is sent by post, five Business Days after it is posted.
  - (c) If it is sent by email, when it is received in readable form addressed in the manner specified above.

However, if any notice or communication is given, on a day that is not a Business Day or after 5pm on a Business Day, in the place of the Council to whom it is sent it is to be treated as having been given at the beginning of the next Business Day.

#### 11. GENERAL

- 11.1 **No partnership, joint venture**: Nothing in this agreement shall create or evidence any partnership, joint venture, agency, trust or employer/employee relationship between any of the Councils, and a Council may not make, or allow to be made, any representation that any such relationship exists between any of the Councils. A Council shall not have authority to act for, or to incur any obligation on behalf of, any other Shareholder, except as expressly provided for in this agreement.
- 11.2 **No privity**: Other than as expressly provided for in this agreement, this agreement is not intended to confer a benefit on any person or class of persons who is not a party to it.
- 11.3 **Counterparts**: This agreement is deemed to be signed by a Council if that Council has signed or attached that Council's signature to any of the following formats of this agreement:
  - (a) an original;
  - (b) a photocopy; or
  - (c) an electronic copy,

and if every Council has signed or attached that Council's signature to any such format and delivered it to the other Councils, the executed formats shall together constitute a single binding agreement between the Councils.

11.4 **Entire agreement**: This agreement contains everything the parties have agreed in relation to the subject matter it deals with. No Council can rely on an earlier written agreement or anything said or done by or on behalf of another Council before this agreement was executed.

TCC WBOPDC TCDC Commitment Agreement (clean copy) 020725

- 11.5 **Severance**: If any provision of this agreement is, or becomes unenforceable, illegal or invalid for any reason it shall be deemed to be severed from this agreement without affecting the validity of the remainder of this agreement and shall not affect the enforceability, legality, validity or application of any other provision of this agreement.
- 11.6 **Further assurance**: Each Council shall make all applications, execute all documents and do or procure all other acts and things reasonably required to implement and to carry out its obligations under, and the intention of, this agreement.
- 11.7 **Variation**: No variation of this agreement will be of any force or effect unless it is in writing and signed by each Council to this agreement.
- 11.8 Assignments and transfer: A Council must not assign or transfer any of its rights or obligations under this agreement without the prior written consent of the other Council(s).
- 11.9 **Costs**: Except as otherwise set out in this agreement, each Council must pay its own costs and expenses, including legal costs and expenses, in relation to preparing, negotiating, executing and completing this agreement and any document related to this agreement.

#### 11.10 **Waivers**:

- (a) A waiver of any right, power or remedy under this agreement must be in writing signed by the Council granting it. A waiver only affects the particular right, obligation or breach for which it is given. It is not an implied waiver of any other right, obligation or breach or an implied waiver of that right, obligation or breach on any other occasion.
- (b) The fact that a Council fails to do, or delays in doing, something the Council is entitled to do under this agreement does not amount to a waiver.
- 11.11 **Governing law**: This agreement is governed by the laws of New Zealand and the Councils submit to the non-exclusive jurisdiction of the courts of New Zealand in respect of any dispute or proceeding arising out of this agreement.

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#### Attachment 1 – Establishment Principles

[To be attached]



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6.

#### DRAFT - ESTABLISHMENT PRINCIPLES FOR MULTI-WSO

#### 1. PURPOSE

This document presents draft establishment principles, criteria, and safeguard mechanisms. These would apply to any joint or multi-WSO to ensure beneficial arrangements between councils are able to be identified and implemented.

These principles are enduring and will apply wherever additional Water Service Providers (Councils) seek to join the multi-WSO. Principles will be upheld by Council, and any amendments will be managed through resolution of Council, consistent with legislation and delegations.

#### **Key Strategic Principles (Approved by Councils)**

water services are affordability focused and
1. Affordability equitable for all communities, balancing costeffectiveness with long-term service quality and

sustainability

The WSO will operate with transparency and accountability to its shareholder councils and communities, ensuring clear, timely, and accessible information to build trust and support

informed participation

The WSO will deliver water services that are safe, reliable, and resilient—protecting public health and adapting to changing environmental,

infrastructure, and community needs over time

The WSO is operated in a way that ensures

The WSO has a kaitiaki role caring for the health and wellbeing of water for the benefit of the environment, communities, and future

generations

The shareholder councils are committed to establishing the joint waters WSO with the right governance, capabilities, and direction to enable long-term operational success and public value

from day one

The WSO will uphold Ti Tiriti obligations and commitments, existing formal relationships, and maintain open engagement through support of

established lwi and Hapū collectives.

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## CORE GUIDELINES AND CRITERIA THAT WOULD BE APPROVED BY ELECTED MEMBERS

Group (1) – Key Establishment Considerations			
Financial Transition			
Independent verification of key data	In summary - by agreement, an independent advisor assesses key financial data and other key information to ensure:  Debt transfer  outstanding revenue and liabilities, financing arrangements and reserves asset valuations and transfer, asset condition, risk registers. capital programme and prioritisation  Further detail and linkage to guidelines below.		
Appropriate debt transfer	The amount of debt that each council transfers to the new water entity will have a major bearing on the financial health of both the water service entity and each council. Ensuring the ability to agree to a fair and equitable debt level arrangement Councils will;  • Demonstrate that the debt value transferred from the council to the WSO is appropriate and sustainable and genuinely relates to the water asset • Financing arrangements are fair and equitable in relation to the remaining council operations • Financial reserves are considered as part of total debt and transferred as appropriate (including depreciation and financial instruments) and special purpose reserves (e.g. biosolids)  A peer review of data and history may be engaged.  Activities surrounding debt and direct costs of renewing, improving, operating and maintaining the network of each partnering Council should be ring-fenced so that communities fund their fair portion of services, and apply their fair share of debt brought to the arrangement.		
Equitable asset transfer	The valuation of assets must have been revalued in the last 2 years, consistent within benchmarking rates.  Asset management plans reflect the asset value, condition, performance and age.  Assets that have high amenity value for the community (e.g. stormwater reserves) should stay with the councils to enable the focus to be on recreation management.		

**2** | P a g e

Crouth pays for grouth	Capital expenditure associated with enabling or supporting growth will be attributed to and funding by those who have caused or benefit from that investment.	
Growth pays for growth	The WSO will look to maximise all available sources of external funding in order to minimise the financial impacts of investment on ratepayers and customers.	
Capital programme	Ring fencing of new debt and a prioritization approach to capital programme.	
Capital Programmo	A capital programme prioritization framework to be agreed and applied across a combined programme.	
Equitable allocation of guarantee	Allocation of guarantee of debt and other liability will be ring fenced, but in the event of that approach changing, in the first instance the guarantee will relate to the jurisdiction area where the investment occurred. If this is not possible to achieve, then the guarantee will be proportional to the value of the assets,	
Equitable share allocation	Jointly explore and assess options for share allocation to achieve a mutually agreed allocation which is proportional and fair, both at the commencement of the multi-WSO and overtime when and when scale and membership of the business changes.	
"In flight" transaction at transition date	In flight transactions to be agreed with the transferring council the arrangements for transferring of any outstanding operational and business process matters.	
	The WSO will set pricing appropriate to deliver water services (affordability of services) aligned to the objectives through the Statement of Expectation (SOE).	
	The pricing models will:	
	avoid customer price shocks	
Revenue and Pricing	<ul> <li>reasonably reflect operation costs, in the year they occur (i.e. a balanced budget)</li> </ul>	
	<ul> <li>reasonably reflect customer segmentation and requirements</li> <li>maintain financial sustainability.</li> </ul>	
64,	This relates to ring fenced operations unless Council make decision to harmonise.	
	Initially, there will be ring fenced pricing aligning with the principles above. Any shift to equalisation/harmonisation would be a transitional process.	
Harmonisation of pricing	All Councils agree, through their Statement of Expectation, that annual reports to Council will be provided identifying efficiencies, alongside the WSO position on any future harmonisation or tariffing structures.	
Sustainability		
Wellbeing of Water	The WSO recognises the vital importance of wai (water) as a taonga and upholds its responsibility as a kaitiaki. In partnership with Iwi and Hapū the Board will ensure that all	

**3** | P a g e

	decisions recognise the importance of the health and wellbeing of water, for the benefit of the environment, communities, and future generations.		
Environmental stewardship	Sustainable use of natural resources across all three waters should support the approach to efficient infrastructure investment. The WSO will comply with environmental requirement set through legislation or Government policy statements.  Ensure management of all conditions of resource consents held by WSO.		
Workforce			
Fair process ad equal opportunity  Staff transition processes are underpinned by processes approached fairness that gives staff from all organisations equal opportunity to apply for roles in the new WSO (excluding appointments)			

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## CORE GUIDELINES AND CRITERIA THAT WOULD BE ENDORSED BY ELECTED MEMBERS AND APPROVED BY COUNCIL CHIEF EXECUTIVE

Note: these principles are likely to flow into a new Council Controlled Organisation "Statement of Intent".

Group (2) - Joint Council Controlled Organisation		
Corporate Risks and Perfor	rmance	
Equitable allocation of	Jointly explore and assess options for fair allocation of corporate costs and overheads incurred as part of the business operations.	
WSO corporate overheads	Achieve a mutually agreed allocation which is proportional and fair, both at the commencement of the multi-WSO and overtime as and when scale and membership of the business changes.	
Future Focused		
Identification and understanding of risks	To ensure full transparency and accountability of risks held at the start of joining a WSO, a current state risk register is to be shared to allow for a full mitigation review. This covers the identification of the water business and operations (including financing) and any service delivery risks so that they are understood, and mutually agreed that they are manageable within the available mitigation mechanisms and available funding.  Following that a new risk register that relates to the multi-WSO will be developed.	
Benchmarking performance	Business performance will be measured, and results compared against sector standards ensuring disclosure of all benchmarking and performance information that relates to the WSO.	
Customer Focused		
Through full transparency and accountability, the WSC directly accountable to customers for service outcomes.		
Customer Accountability	Through full transparency and accountability, the CCO will be directly accountable to customers for service delivery outcomes and meeting legislative reporting and standard requirements.	

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## CORE GUIDELINES AND CRITERIA THAT WOULD BE APPROVED BY COUNCIL CHIEF EXECUTIVE

Group (3) – Transition to a new WSO			
Workforce			
Valuing the workforce's skill	To support a stable and capable workforce through the transition, staff transition arrangements will be carefully managed to ensure a smooth and seamless process. As a values-driven organisation, the WSO is committed to providing clarity and certainty for its water service teams.		
	Water services staff need early certainty on job security and career pathways within the new WSO. The new WSO should establish structured transition pathways for water staff, ensuring continuity of employment and the transfer of existing employment arrangements.		
Job transfer and pathway	The opportunity for management positions and new roles must be identified early in the process.		
	Employment processes will follow New Zealand employment law and good practice, including procedural fairness and equal opportunity.		
	An agreed cost framework for staff transfer, including technology and other setup expenses is established.		
Clear communication and dialogue	Open clear communications and dialogue channels with all affected employees required as soon as there is a way forward. Communication needs to be consistent, timely and needs to portray the value of our human workforce.		
Technology and Business P	rocesses		
Technology enablement	Technology is seen as a business and a customer enabler. Digital and technological transformation is already part of forward business planning. Best of breed business systems and business processes will be aligned to ensure efficiencies can be realised for the WSO.		
18 h.	Data migration and business process alignment will be a key focus.		
	To optimise delivery, business transformation will underpin quality of service, targeting the realising of efficiencies, and growing productivity.		
Business transformation	Utilise quality management systems to leverage economies of scale; organisational design; ongoing reform initiatives; invest in technology and people.		
	Targeted R&D to underpin better service delivery to improve efficient utilisation of infrastructure capacity and water sources, and/or defer major investment in infrastructure upgrades.		
	Significantly minimise /optimise/ensure efficiency and cost effectiveness? i.e. overhead costs reduced over time by rationalising and centralising key business systems,		

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	processes and shared resources from multiple agencies. shared services for a period to support stranded overhead in parent councils and ensure value for money to the community.		
Customer Focused			
	Services to customers are seamless, regardless of their location. Technology will be customer centric and designed with this as a key principle.		
	Quality, customer focused services are part of 24/7 operations, and customers have necessary channels with which to engage with the WSO.		
Customer standards	Customer-experience objectives (e.g. responsiveness, informative, easy, seamless, enjoyable) and associated processes must be aligned; employees and contractors empowered to prioritise customer satisfaction; consistency in customer service for all serviced areas. Business can measure performance and understand customer requirements and levels of satisfaction.		
	Performance and services ultimately focused on improving customer experience, and other customer connectivity opportunities.		
Operational efficiency Move part to value for money	By continuously monitoring procurement and operational strategies for financial prudence and focusing on customer value, a WSO can focus on sustainable efficiency while maintaining service excellence. Work practices and business processes are centred on gaining the most value for money for customers. Procurement and operations are continually monitored for financial prudence.		
Stakeholder/ partner relationships	Relationships, developer forums, commercial high-water users, trade waste customers, are well established. Can demonstrate a focus on customer history and key network contacts can be provided.		
Legislative and Contractual Relationships			
Performance and accountability	Statement of Expectations to stakeholder councils and communities is honoured through actions and outcomes. Measuring performance outcomes is embedded into business processes.		
Collaboration	Collaboration can be demonstrated through fostering strong partnerships across teams, stakeholders, and customers to drive innovation and shared successes. This is demonstrated through a history partnering relationships with contractors, key mana whenua partnerships, and other key stakeholders.		

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#### Attachment 2 - Transition Plan

[To be attached]



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	Key Activities and Decisions <sup>1</sup>	Approximate timeframes
(1)	Enter into Commitment Agreement ("CA") and establishment of governance groups mentioned within CA (i.e. Councils Executive Group, Project Steering Group and Project Team)	By end of August 2025 following approval by respective Councils (to align with Council meetings)
(2)	Agree on process for engaging with each Council's Elected Members for input on key commercial documents (and other key cross-Council negotiations) including identifying key decisions which must be referred to each Council for resolution.	By end of August
(3)	Appointment of "hands on" working group(s) (i.e. the dedicated staff who will be assisting the Project Team members)	By end of August 2025
(4)	Finalise Water Services Delivery Plans and submit to Government (each Council to submit their own WSDP, but each will speak to the proposed 3 Council Water Organisation)	By 3 September 2025 (statutory date)
(5)	NOTE: "Interregnum" period for WBOPDC and TCDC	August to November 2025
(6)	Testing of joint CCO model, including:	Mid to late 2025
	a. Workshopping on draft key CCO documents including CCO Shareholders Agreement, CCO Constitution, CCO Financing Agreement (including for transitional financing arrangements and working capital) and CCO Template Transfer Agreement ("CCO Constitutional Documents").	
	b. An inward facing assessment by each Council of its processes for transferring water operations from its own Council into CCO.	
	c. An outward facing assessment by each Council of the water operations of all other CCO partners. This shall include financial, cultural, legal and infrastructure due diligence on all CCO members.	
(7)	Final negotiations of CCO Constitutional Documents.	Early 2026
(8)	Decide on process for recruiting CCO board and executive team (including potential interim roles ahead of operational roles).	Early 2026
(9)	Execute CCO Constitutional Documents, establish CCO (including shareholding council/shareholding representative forum).	By 31 March 2026
(10)	Recruitment of CCO board (potentially partial and/or interim board) and appointment of CCO Chief Executive (potentially interim).	1 April 2026 to 30 June 2026
(11)	Draft template operational documents and policies for CCO.	Mid 2026 to early 2027
(12)	Each Council to identify process for undertaking transfer of assets / obligations / staff etc into CCO.	Mid to late 2026
(13)	Enter agreements to transfer assets /obligations / staff from Councils to CCO (with "settlement date" of 1 July 2027)	Early to mid-2027
, ,	Likely recruitment of operational CCO board and operational CCO executive team	Early to mid-2027
(15)	Settlement date and date that CCO becomes fully operational Waters Organisation	1 July 2027

<sup>&</sup>lt;sup>1</sup> More detailed project program(s) will be prepared in due course. The purpose of this document is simply to capture the timing of very key milestones.



## Local Water Done Well - Approach to Stormwater

Western Bay of Plenty District Council Final Report

26 June 2025

Commercial in Confidence



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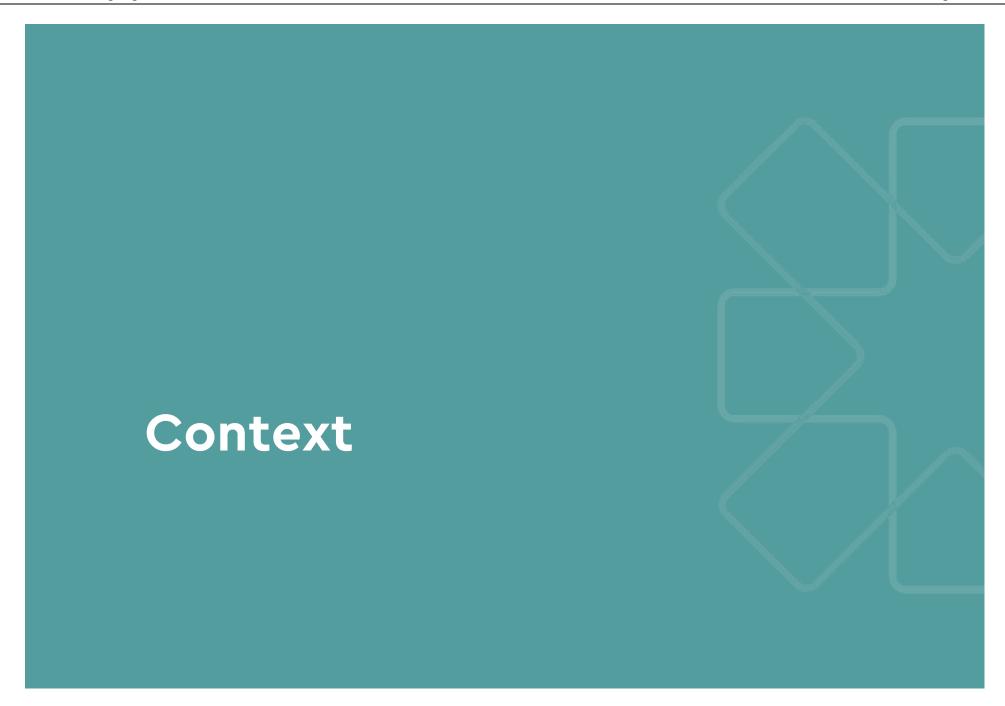
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LOCAL WATER DONE WELL - APPROACH TO STORMWATER | 2

## Approach to discussion

Context	New responsibilities	Analysis	Options	Assessment of	Path forward
				options	
					_
			_		



### Context

Like other parts of the new regulatory regime for water service delivery, the regulatory oversight of stormwater provision is growing.

The key judgement for the Western Bay of Plenty District Council (WBOPDC) is whether the future stormwater challenges faced by your communities will be better served by provision within Council, or provision by the new Joint Water Service Organisation.

Drivers of the changes across the country:

- Urban intensification
- Climate change and increasing extreme weather events

Government is also responding to:

- Uncertainty around legal responsibilities
- Limited regulatory tools
- Information gaps related to the types and extent of networks

#### Options available

Councils will be able to:

Option 1: Continue to deliver stormwater services directly (in-house)

**Option 2: Transfer** all or some aspects of stormwater service provision to a water organisation (this might include stormwater network assets)

**Option 3: Contract** a water organisation (or potentially another third party) to provide all or some aspects of stormwater service delivery.

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LOCAL WATER DONE WELL - APPROACH TO STORMWATER | 5

# Council responsibilities under all options

Regardless of the option chosen, WBOPDC will need to establish a close and practical working relationship with any Joint Water Service Organisation because of the relationship with land use (especially transport) and between stormwater networks and other water networks including wastewater.

These relationships are most relevant in urban environments (current and future).

Note that the legislation is still at the Bill stage and may be subject to change.

Under all options, a water service provider (who for stormwater could be a Council or a Joint Water Service Organisation) must:

- Develop a stormwater network risk management plan to identify risks and hazards related to critical stormwater network infrastructure. This plan should incorporate feedback from the Water Services Authority (Taumata Arowai) and be reviewed at least once every 5 years.
- Work with private landowners, as required, to protect and maintain the conveyance capacity of **overland flow paths and urban watercourses**.
- Develop (as required) stormwater bylaws. These bylaws would provide direction to private landowners on their responsibilities for maintenance and protection of the conveyance capacity of overland flow paths and urban watercourses on their land.

If all or part of stormwater assets and networks are jointly managed, then those providers must work together to prepare separate compatible risk management plans or a joint risk management plan.

The Bill also provides for service agreements that:

- a) support the integrated management of stormwater infrastructure in the provider's service area by all concerned parties (including the provider); and
- b) provide a framework for the management of interactions between those concerned parties, including in relation to:
  - (i) collaborative working practices; and
  - (ii) information sharing; and
  - (iii) dispute resolution.

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LOCAL WATER DONE WELL - APPROACH TO STORMWATER | 6



Council Meeting Agenda

## Your key judgement against strategic objectives

STRATEGIC OBJECTIVES	ASSESSMENT APPROACH / MEASURE	STORMWATER SPECIFIC CONSIDERATIONS
Efficient and financially sustainable delivery of water services for the Western Bay of Plenty community	<ul> <li>Revenue sufficiency—water charges generate sufficient revenue to meet the full costs of service delivery including opex, interest and depreciation.</li> <li>Financing sufficiency—councils are able to raise the borrowing required to finance investment, and generate the cash surpluses required to repay debt as it falls due.</li> <li>Resource sufficiency—the future model will have sufficient to operate water services sustainability, the entity will be well governed and that the management of those resources is effectively and efficiently undertaken.</li> </ul>	<ul> <li>The operating model for stormwater should be the most financially sustainable and efficient, informed by:</li> <li>A likely ongoing role for Council given the nature of stormwater networks and the challenges of charging for that network.</li> <li>The relative debt capacity in the rest of WBOPDC relative to the new Joint Water Service Entity and the ability to maximise investment capacity.</li> <li>The resource model and impact on capacity and capability to deliver a programme of work.</li> </ul>
Invests at a level that protects and promotes public health and the environment—meeting regulatory requirements	<ul> <li>Investment sufficiency—councils undertake the investment they need to maintain existing assets, meet regulatory requirements, and provide for future growth.</li> </ul>	Which model is likely to deliver the greatest level of regulatory compliance and at the lowest cost for communities.
Enables and supports high quality <b>urban development outcomes</b> and positively contributes to housing outcomes—to provide for future growth	<ul> <li>Investment sufficiency.</li> <li>Ability of the future delivery model to support integrated planning and decision-making around spatial/urban development planning and water network planning.</li> </ul>	<ul> <li>The degree to which the current stormwater networks are likely to change, requiring a different approach to support urban growth, and whether this means maintaining the status quo or a new form of delivery in a Joint Water Service Entity is warranted.</li> <li>This factor is more important for WBOPDC as compared to other similar sized district councils because of your growth pressures.</li> </ul>
Delivers a high-quality service to consumers and communities	<ul> <li>Affordability—the projected increase in water charges is affordable for the community.</li> <li>Strength of mechanisms for local voice and influence provided for in the model.</li> <li>Nature and extent of opportunities for iwi and hapū to influence water services planning and delivery.</li> </ul>	<ul> <li>The best value for money delivery of stormwater services and the extent to which the models of service delivery reflect the needs of local communities particularly given the role some stormwater systems play in recreational and green spaces.</li> <li>The resource model and impact on capacity and capability to deliver a programme of work.</li> </ul>
Ensures that water services are sustainable, resilient to natural hazards and the effects of climate change	<ul> <li>Investment sufficiency.</li> <li>Ability of the future model to support alignment and co-ordination with BOP Regional Council flood protection functions.</li> </ul>	<ul> <li>The scale of investment to make stormwater and flood protection investment more resilient particularly over the long term due to climate change.</li> <li>The challenge of coordination across emergency, flood and stormwater management and whether this will be easier or harder under different options.</li> </ul>
Ensures that <b>responsibilities to hapū and</b> <b>iwi</b> are met	<ul> <li>Satisfaction and ease of resource consenting requirement.</li> <li>Strength of processes and mechanisms to receive input from iwi/hapū.</li> </ul>	The model of delivery that aligns most with iwi and hapū interests particularly in nature based and green solutions.

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LOCAL WATER DONE WELL - APPROACH TO STORMWATER | 8

## **Current state - stormwater services**

Stormwater represents 14% of total operating expenses over the 10-year period.

Based on the investment profile provided by WBOPDC, Stormwater also has a lumpy profile but does have a high growth in the later part of the period.

Like other financial analysis, we would expect that the profile of the proposed programme would alter under new regulatory arrangements and be informed by the Water Services Strategy of a new joint Water Services Organisation.

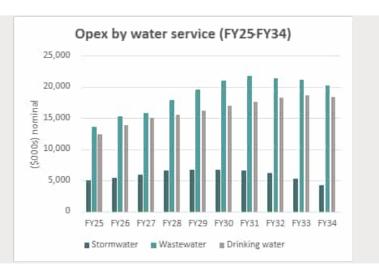
In an independent assessment undertaken by BECA for WBOPDC, they advised that a large increase in activity in the coming few years are planned, driven first by growth investment and then by the Waihi Beach and Te Puke stormwater improvements/renewal projects to address flooding issues.

By 2029, BECA noted that the capital profile shows a fall back to the long-term levels of annual capital investment. They also noted there is currently uncertainty around how much investment will be required to address stormwater quality issues.

BECA advised that further monitoring under the comprehensive stormwater consents will identify areas where improvements are likely required. Growth in stormwater assets is expected to continue due to development mainly in Te Puke and Ōmokoroa.



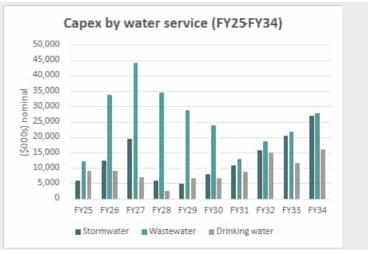
Water services: Operating expense breakdown





services: Capital expense breakdown

Water





LOCAL WATER DONE WELL - APPROACH TO STORMWATER

Council Meeting Agenda

## **Current state - stormwater services**

Generally levels of customer satisfaction with stormwater services are correlated with rainfall and weather events

#### **Stormwater**

There has been a decrease in residents' satisfaction compared to the FY22 result of 69% satisfaction with stormwater management. This is likely due to higher-than-average rainfall volumes experienced in that year.

#### Stormwater: 80% 76% Resident 75% satisfaction 70% 70% 65% target 60% 63% FY18 FY19 FY20 FY21 FY22 FY23

#### Stormwater customer resolutions

Stormwater attendance response times over the last two years were slightly outside of target. The ability to respond within the targeted response times for FY23 was impacted by the nature and severity of weather events during the year.



#### Stormwater flooding

Habitable floors flooding occurred in FY18 and FY23, but flooding levels are well within the Council's target range.

Complaints were low across most years except for FY23 due to a number of significant flooding events.



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LOCAL WATER DONE WELL - APPROACH TO STORMWATER

Item 10.1 - Attachment 4



# Funding arrangements

Under "Local Water Done Well," stormwater funding is undergoing changes to ensure financial sustainability and improved service delivery.

Councils are required to separate stormwater funding from other council activities, and revenue collected for stormwater services must be used for those services.

Stormwater assets may be transferred to a new entity, but councils may retain responsibility for overland flow paths. The overall goal is to ensure affordability, transparency, and high-quality stormwater services.

### Financial separation

Councils are required to separate revenue and expenditure for stormwater, drinking water, and wastewater from other council activities. This ensures that stormwater funding is specifically allocated to stormwater infrastructure and services.

#### Potential asset transfer

In some cases, stormwater assets, like pipes and pumps, might be transferred to the joint water service organisation, while councils retain responsibility for overland flow paths.

### Delivery model flexibility

Councils have the flexibility to determine their own delivery model for stormwater services, which may include in-house management, a councilcontrolled organisation (CCO), or other options.

### Funding challenges

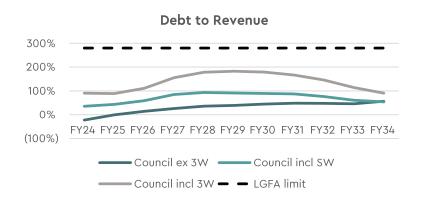
Understanding the state of stormwater assets is one of the most challenging across the water services types. This is because of historical levels of more information, the interconnectedness of network assets with overland non-networked assets, and historic patterns of community and urban development.

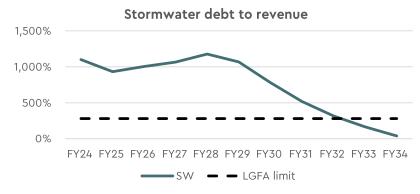
WBOPDC faces challenges in funding stormwater infrastructure due to aging infrastructure, population growth, and climate change impacts, however it is still a relatively small component of total water services relative to drinking water and wastewater.

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LOCAL WATER DONE WELL - APPROACH TO STORMWATER | 12

# **Debt sustainability**





### Council borrowing excluding water

Council is currently in a net cash position, with cash balances exceeding debt, excluding water. Debt is forecast to increase over the LTP period, reaching \$89 million in FY34.

This translates to a debt to revenue ratio that increases to a peak of 57% by FY34, which compares favourably to the LGFA limit of 280%.

### Stormwater borrowing

Council had \$61 million of debt allocated to stormwater at the end of FY24 with forecasts to increase borrowing by an additional \$32 million to fund stormwater assets before FY28. Following this peak, debt would be repaid, with the debt balance decreasing to \$10 million in FY34.

This translates to a current debt to revenue ratio in excess of 1,000%, which is then forecast to reduce to about 40% by FY34.

### Council including Stormwater (excluding Two Waters)

Owing to stormwater's forecast high debt to revenue ratio until later in the LTP period, Council's debt to revenue ratio would increase if stormwater assets were retained by Council. Debt to revenue would nearly reach 100% in FY28, compared to 36% excluding water assets, but decrease from that peak.

Owing to stormwater's low debt to revenue ratio in FY34, Council would have a more favourable debt to revenue position by including stormwater. However, this comes at the expense of decreased affordability to ratepayers as charges increased.

Like other financial analysis, we would expect that the profile of the proposed programme would alter under new regulatory arrangements and be informed by the Water Services Strategy of a new joint Water Services Organisation.

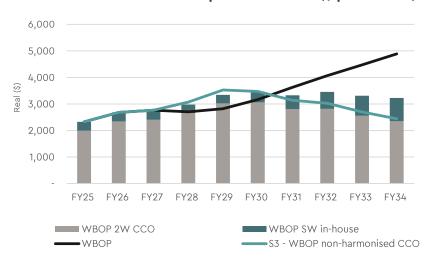
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# Price path for WBOP communities

### Water rates per connection (\$ per annum)



Scenario	FY34 – indicative average cost per connection (\$ real)
2W Water Services Org	\$2,350
plus SW in-house	\$875
Total 3W	<u>\$3,225</u>
Comparator (3W WSO)	\$2,500
Difference	(\$725)

#### Option 1: Stormwater services provided in-house

Current financial projections see a greater amount of revenue charged than is required, which is used to pay down debt. This sees the average stormwater cost being about \$875 per connection.

A non-harmonised water services organisation is forecast to be able to deliver two water services at an average cost of \$2,350 per connection, making the total cost to the average connection for three waters \$3,225.

Option 2: **Transfer** all or some aspects of stormwater service provision to Joint Water Service Arrangement under contract

Under a non-harmonised water services organisation that provides three water services, the average cost per connection is forecast to peak at about \$3,500 in FY29 before decreasing to about \$2,500 in FY34.

This lower cost forecast to be achieved by the water services organisation is attributable to an efficient balance sheet that targets a FFO to debt ratio of 10%.

Option 3: **Contract** a water organisation (or potentially another third party) to provide all or some aspects of stormwater service delivery.

This scenario is difficult to model as it would require detailed understanding of specifics of any contracted model. On this basis we think it is reasonable to assume that the costs of service are likely to be like an in-house arrangement. Council would have the option to contract to the Joint Water Service Organisation or another provider (including the incumbent or an alternative).

While the joint WSO would have access to efficiencies associated with scale, it would also have a high-cost structure due to the range of arrangements it would need to have in place to support the contracting model.

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# **Options analysis**

STRATEGIC OBJECTIVES	OPTION ONE: RETAIN INHOUSE	OPTION TWO: TRANSFER ALL OR SOME	OPTION THREE: CONTRACT
Efficient and financially sustainable delivery of water services for the Western Bay of Plenty community	A non-harmonised water services organisation is forecast to be able to deliver two water services at an average cost of \$2,350 per connection, making total cost to the average connection for three waters \$3,225.	Under a non-harmonised water services organisation that provides three water services, the average cost per connection is forecast to peak at about \$3,500 in FY29 before decreasing to about \$2,500 in FY34. This is based on all eligible assets being managed by the water service organisation.	A non-harmonised water services organisation is forecast to be able to deliver two water services at an average cost of \$2,350 per connection, making total cost to the average connection for three waters \$3,225 if you assume contracted services have scale benefits but these are offset by contracting or outsourcing costs.
Invests at a level that protects and promotes public health and the environment—meeting regulatory requirements	Council's debt to revenue ratio would increase if stormwater assets were retained by Council. Debt to revenue would nearly reach 100% in FY28, compared to 36% excluding water assets, but decrease from that peak. This would improve through the period, but stormwater charges would rapidly increase.	The Joint WSP is anticipated to have greater investment capacity attributable to an efficient balance sheet that targets a FFO to debt ratio of 10%.  Council's debt levels would improve if all water services are moved to the joint water service entity enabling greater financial capacity for any assets that remain with Council.	Council's debt to revenue ratio would increase if stormwater assets were retained by Council. Debt to revenue would nearly reach 100% in FY28, compared to 36% excluding water assets, but decrease from that peak.  This would improve through the period, but stormwater charges would rapidly increase.
Enables and supports high quality urban development outcomes and positively contributes to housing outcomes—to provide for future growth	Ability of the future delivery model to support integrated planning and decision-making around spatial/urban development planning and water network planning.	More coordination challenges in non-urban contexts but greater scale benefits of integrated water services and greater investment capacity.	This option would have similar investment capacity to option one but the coordination challenges of option 2.
Delivers a high-quality service to consumers and communities	May be more responsive particularly in areas with more open stormwater systems as linked to wider land use settings. Will have reduced capacity and capability to deliver.	May have a more integrated customer response particularly in urban areas. Strongest capacity and capability to deliver. Will require close working arrangement with Council.	Difficult to predict impact on customer experience but service levels would be subject to contracts with WBOPDC.
Ensures that water services are sustainable, resilient to natural hazards and the effects of climate change	Directly linked to investment capacity.  Would be well integrated into Council emergency response and not alter existing relationships with BOPRC.	Directly linked to investment capacity.  Would require close coordination with  WBOPDC Emergency Response and BOPRC Flood management.	Directly linked to investment capacity
Ensures that <b>responsibilities</b> <b>to hapū and iwi</b> are met	Depends on model of iwi/hapū involvement. Treaty settlement obligations apply.	Depends on model of iwi/hapū involvement. Treaty settlement obligations apply.	Depends on model of iwi/hapū involvement. Treaty settlement obligations apply.



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# **Next steps**

Given the combined impact of increased urban development and increased flood risk and climate change risks then a prudent approach should weight itself toward the option with the greatest investment capacity and capability – a Joint Water Service Organisation.

Under this option, Council could still retain ownership and operation of open spaces, reserves and parks.

Council officers have expressed a preferred option of transferring stormwater to a Joint Water Services Entity for the reasons set out in this advice and because of concerns related to staff capacity and capability.

### Recommendations

- Agree the following transfer principles to guide development of the preferred model of a Joint Water Services Organisation:
  - a) Existing developed stormwater infrastructure (manholes, pipes, networked infrastructure) predominantly in urban environments should be considered for transfer to the joint water service organisation as part of the establishment process
  - b) Rural stormwater infrastructure will be retained by WBOPDC and be managed in conjunction with the primary interface of transport infrastructure
  - c) Future developed stormwater infrastructure should be the responsibility of the joint Water Service Organisation
  - d) Assets where the primary purpose is recreation, and open space, should remain with the Council and should not be planned to transfer to the joint Water Service organisation.
- 2. Direct Council officers should prepare advice for Council on how any existing contract, agreements, or arrangements between council and a third party (including iwi, hapu, or other Māori organisation) that relate to providing stormwater services will apply in relation to the joint water service organisation as part of any establishment planning.
- **3. Direct** Council officers to prepare a draft Service Level Agreement to clarify roles and responsibilities related to overland flow paths once the legislative and regulatory requirements are clear.
- **4. Agree** the Water Service Delivery Plan should include a section on this approach to stormwater noting the principles and proposed implementation considerations.
- **5. Direct** Council officers should prepare a more detailed assessment as part of the establishment tasks and before the transfer agreement is proposed for approval by Council in the new triennium.

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**Council Meeting Agenda** 

# Stormwater operating expenditure

### Last three years

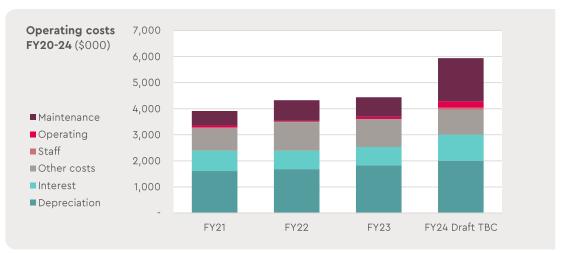
The cost of operating stormwater services rose by 52% over the past three years, with most of this increase estimated in 2024. The cost increase is largely due to maintenance (+200%), with significant contributions also from depreciation (+24%) and interest charges (+30%).

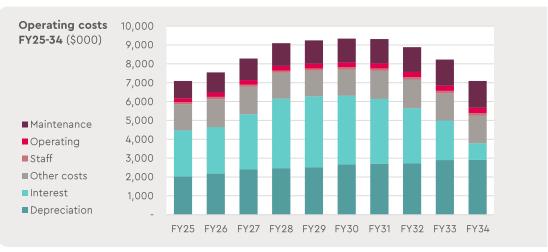
### 10-year outlook

By 2034, operating costs are projected to be \$7.1 million, an increase of 19% over 2024 levels. However, this profile of costs over time shows a more substantial increase over 2024 to a peak of \$9.3 million over 2030-2031, before falling over the last three years of the period.

This pattern is driven largely by interest costs which are projected to peak at \$3.8 million in 2030, over 40% of total operating costs. By 2034 interest costs are projected to fall to \$0.9 million or 13% of the total.

This significant change in one component outweighs the cost increases recorded for depreciation (+3.8% p.a.) and other costs (+4.5% p.a.). As for wastewater, maintenance costs are expected to decrease significantly in 2025 from the estimated 2024 peak, and then increase slowly. By 2034 maintenance costs are estimated to be 14% below 2024 levels in nominal terms.







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# Stormwater capital expenditure



### Capital delivery

The council has invested \$21.3 million in stormwater assets over the last six years compared with planned investment of \$42.5 million (an overall delivery rate of 50%).

Capital delivery has varied over the past 6 years ranging from 20% in 2020 to an estimated 76% in FY 2024 (when \$8.5 million of investment is expected to be delivered).

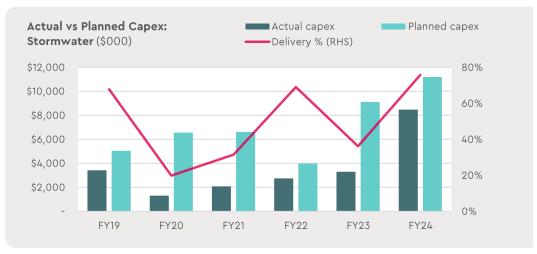
### Capital expenditure plans

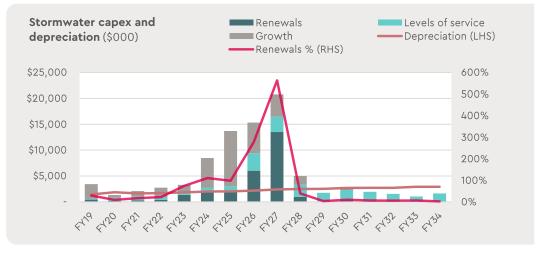
The council is planning to invest \$65.5 million in its stormwater assets over the next ten years. The annual level of investment at \$6.6 million represents a near doubling of the average level of investment over the last six years (\$3.6 million per year). However this average figure masks a projected substantial increase in activity in the near future, driven first by growth investment and then by renewals. Capital expenditure is forecast to peak at \$20.8 million in 2027 (around 2.5 times higher than 2024 levels).

By 2029 the capital profile shows a fall back to long-term levels of annual capital investment (average of \$1.8 million per year over the last 5 years of the period, with low or zero expected growth investment in those years).

### Depreciation and renewals

The council spent \$4.8 million on stormwater renewals over the last six years compared with depreciation expense of \$10.4 million (renewals % of 46%). Over the next ten years, the council is planning to spend \$23.4 million on renewals, or around 92% of the projected depreciation expense.





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# Stormwater revenues and operating balance



#### Revenues

Revenues for stormwater are expected to increase by 386% over the next ten years—from \$5.6 million to \$27.0 million. This represents a real increase of 262%, or 13.7% per annum above the rate of inflation.

This projected growth occurs largely over the last 5 years of the plan period. After a 35% jump in 2025, revenues are projected to remain largely flat through to 2029. Thereafter operating revenues are projected to rise by an average of 26% per year.

As a result, stormwater charges per rateable property are projected to increase from \$225 in FY24 to around \$972 per connection by FY34 (\$814 in 2024 prices). This increase is expected to lift stormwater charges from 0.2% of the median household income in FY24 to 0.7% by FY34.

(This calculation is based on the median household income for the Bay of Plenty region as a whole.)

### Operating surpluses (deficits)

As for the other two waters, stormwater services is estimated to have realised a financial deficit in FY24. However, unlike the other two, stormwater services had consistently realised surpluses over the previous five years. The projection is to move back into surplus in 2025 (albeit small) and maintain a surplus through the forecast period with the exception of deficits in 2028 and 2029.

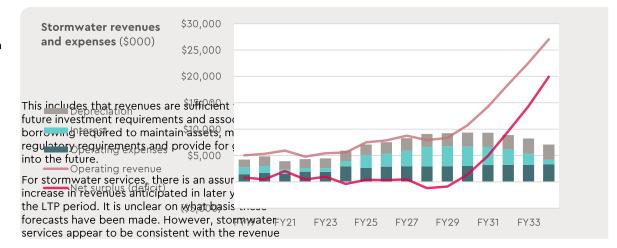
The deficit in 2028 is due to a combination of a projected fall in revenue in that particular year.

and rising finance costs due to the increasing debt level.

### Revenue sufficiency

As noted above, DIA guidance around revenue sufficiency requires that projected revenues are sufficient to meet the costs of operating water services, including the cost of servicing debt.

sufficiency requirements for the LTP period, even accounting for the scenario where revenues do not increase from FY30 as planned.



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# Stormwater borrowing



### Borrowing

Stormwater borrowing (i.e., the debt 'balance' with the centre) was estimated at \$29.7 million in 2023 (out of total Three Waters debt of \$87.1 million).

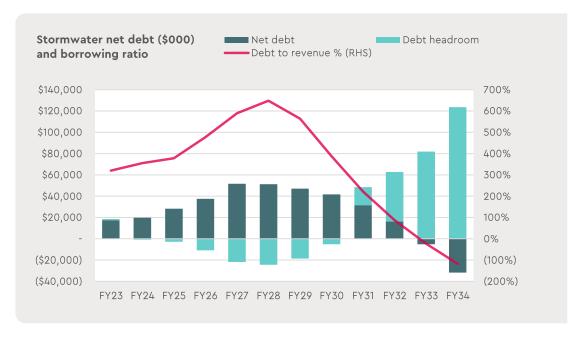
Borrowing for stormwater is projected to increase by \$30.3 million over the next ten years, to around \$60 million. However, as a result of the significant surpluses projected for the second half of the period, stormwater is in a negative net debt position by the end of the period (i.e., cash reserves are projected to be higher than total borrowings).

#### Net debt to revenue

Net debt to operating revenue was estimated at 320% in FY23. Over the LTP period, this is projected to increase to peak at 648% in FY28, before declining rapidly. As a result of negative net debt, the ratio is expected to be negative from FY 3033.

This figure is significantly affected by the modelled positive effect of building cash reserves. The Council's projected debt level for stormwater excluding this impact also peaks in 2028 at a ratio of 675%, and declines to 334% by the end of the period.

Water activities are typically operated with higher leverage than non-water council activities, due to their capital-intensive nature.



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# Stormwater financing sufficiency



### Debt sustainability

Net debt to EBITDA stood at 4.9 in 2023, corresponding to an aggressive but not highly-leveraged level of debt. This ratio rises over the years to 2028 as debt is increased while revenues remain flat. From a peak of 10.3 in FY28, the ratio falls continuously and becomes negative in 2033 as a result of negative net debt.

The Funds from operations (FFO) to net debt ratio stood at 16.0 in 2023. It is projected to fall steadily to a low of 3% in 2028 and 2029, before beginning to rise as revenues increase and cash reserves build. It also becomes negative from 2033 (not shown as it would distort the graph).

Overall, the debt trajectory over the LTP period appears sustainable for stormwater on a standalone basis. This should be viewed in the context of overall service delivery arrangements and whether the future model for WBOPDC should retain stormwater with Council or consider alternative delivery arrangements (while stormwater will continue to be funded through rates revenue).

\*Note the FFO to net debt metric turns abruptly negative in the last two years of the forecast period, as net debt becomes negative (reserves exceed debt). These two data points have been excluded as they would distort the graph.



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Key design features of a WSO

Preliminary thoughts DRAFT

June 2025

Commercial in Confidence



# Objectives of a WSO limit what it can do, but also guide shareholder decisions and areas of influence

The Water Services Bill sets out the objectives of a water services provider - to provide water services that:

- provide safe drinking water to consumers
- do not have adverse effects on the environment
- are reliable
- are resilient to external factors, for example, climate change and natural hazards
- are of a quality that meets consumer expectations
- meet all applicable regulatory standards and requirements.

A WSO is also required to ensure that it provides water services in a cost-effective and financially sustainable manner by:

- planning effectively to manage assets used to provide water services in the future; and
- sharing the benefits of efficiency gains with consumers, including when setting charges for water services.

Water organisations are limited to providing water services

- A WSO is a company under the Companies Act 1993, but has some restrictions.
- A WSO can only provide water services and undertake activities related to, or necessary for providing water services.

Like a company, or CCO, it is governed by a board of directors, but shareholders (Councils) have some obligations and rights in relation to planning and accountability:

- Jointly issuing a statement of expectations, setting out strategic and performance expectations for the organisation (including performance indicators / measure), and engagement with communities which the WSO will be required to give effect to, through its water services strategy.
- Reporting against the SoE is at least 6-monthly.
- Shareholders are able to develop or amend a WSO's constitution.

Economic and consumer protection is provided through the Commerce Commission to manage prices, service quality and consumer engagement.

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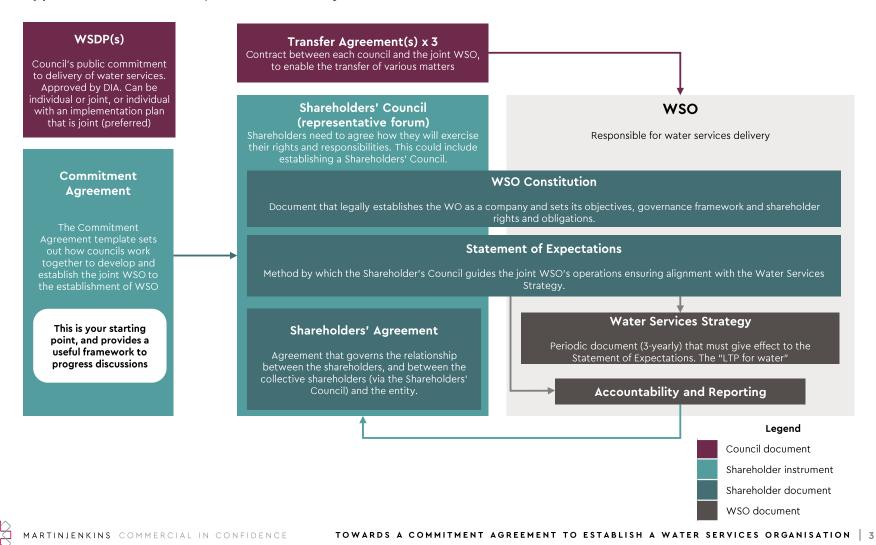
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# Key governance and operational documents

Appendix A includes an explanation of the key documents



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# WSO design principles - starter for ten

### Create an entity to deliver long-term benefits for communities:

- 1. Effective governance and management
- 2. Efficient operational delivery
- 3. Improved regulatory compliance
- 4. Resilient, financially sustainable and affordable water services

### Protect shareholder and community interests:

- 5. Ensure communities are effectively represented, engaged and that voting rights are distributed equitably
- 6. Provide for involvement of iwi and mana whenua in the governance and representation arrangements
- 7. Significant decisions (e.g., harmonisation of prices, admission of new shareholder) are reserved for shareholders on the recommendation of the board.

### Balance shareholder requirements for control and accountability with the need to set the entity up for success:

- 8. Provide autonomy for the new entity to make decisions necessary for success; don't make decisions now that limit the entity's ability to deliver benefits for communities
- 9. Reserve only critically important matters for shareholder decisions
- 10. Provide flexibility in the design for the new entity and Councils to adapt to changing circumstances over time

Keep it simple, with straightforward arrangements that are transparent and easy for the community to understand.



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# Key areas to consider

There are key differences between shareholding and voting rights: shares ≠ control over decisions.

- Shareholding gives you ownership rights, like receiving dividends (if permitted).
- Voting rights enable shareholders to collectively make decisions, especially on major decisions such as board appointments, or allowing another council to join, or setting the strategic direction of the WSO. Voting is often equalised among councils rather than by relative shareholding (this is explored later).

### Shareholder, governance and oversight arrangements

- Matters to be reserved for shareholder decisions (i.e., not board decisions) e.g., appointment of directors, onboarding of new Councils / shareholders.
- How councils exercise shareholder rights i.e., where voting happens (shareholder-level, or representative forum), and how.
- Participation by Iwi/mana whenua in governance and oversight arrangements needs to be considered (noting only Councils may be shareholders).
- Role and composition of a Shareholders' Council (or equivalent body) a representative forum, potentially with delegations to make resolutions on behalf of shareholders.
- Approach to determining share allocation (distinct from voting rights as set out above) matters mainly for dividends and represents economic interests.

#### Commercial terms - to consider later

- Asset valuation
- Approach to debt transfer
- Whether to permit dividends (if legislation allows)



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# Shareholding, oversight and governance

### **Shareholding**

- Legal ownership of the WSO
- · Rights exercised via shareholder resolutions - e.g.,:
  - Issuance of SoE
  - Appointment and removal of directors
  - Adopting or amending constitution (including voting arrangements)
  - Approve entry/exit of shareholders
  - Dividend policy

### **Oversight**

- · Performance monitoring.
- 6-monthly (min) reporting to shareholder against SoE and water services strategy.

### Governance (Board)

- The Board governs day-to-day operations and strategic direction (based on statute, and SoE).
- Accountable to shareholders and must give effect to SoE.

### Which issues matter to your council?

We understand that your Councils are likely to focus on some key areas of importance for your communities, including:

- Cross-subsidisation and pricing
- Setting strategic direction and performance measures
- Appointment and removal of directors
- Maintaining investment and levels of service

These issues can be addressed through a variety of mechanisms, which are explored overleaf.

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# Instruments to manage areas of interest

Important decision areas	Instruments/tools
Price harmonisation/tariff structure	<ul><li>Constitution (pricing principles)</li><li>Statement of Expectations</li></ul>
Share structure, allocation (basis) and voting	<ul><li>Constitution</li><li>Commitment Agreement</li><li>Shareholders' Agreement</li></ul>
Scope of Services - in/out	<ul><li>Legislation</li><li>Commitment Agreement</li><li>Transfer agreement</li></ul>
Board appointment and removal	Representative Forum
Setting strategic direction	Statement of Expectations
Monitoring and performance of Board	<ul><li>Statement of expectations</li><li>Representative Forum</li><li>Board reporting</li></ul>
Reserved matters for shareholders  Board role  Representative forum scope and decision-making	<ul><li>Constitution</li><li>Shareholders' Agreement</li></ul>



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# Shareholding vs. voting: What's the difference?

**Shareholding is about ownership. Voting is about how decisions get made.** Councils may own different proportions but vote equally to ensure balanced representation and avoid single shareholder dominance. Generally, negative control is prevented through appropriate structuring of voting rights.

Component	Shareholding	Voting	
Purpose	Legal ownership	Decision-making	
Basis of right / obligations	Number of shares held	Often equal per council	
Rights include	Proportionate share of returns (if permitted) Access to performance reports	Appointment of board, approval of SoE, etc.	
Obligations include	Proportionate share of liability	Voting on resolutions	
Rights include	Proportionate share of returns (if permitted) Access to performance reports	Appointment of board, approval of SoE, etc.	
Determined by	Company constitution / legislation	Shareholders' agreement /constitution / legislation	
Can be delegated?	No – inherent right	Yes – to a representative forum	



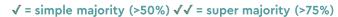
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# Possible decision-making framework

Decision	Board	Representative forum (delegated by shareholders, via SH Agreement)	Shareholders
Issuing Statement of Expectations	Comment on	✓	Input into
Development (and measurement) of KPIs	Make recommendation	<b>√</b>	
Monitoring performance		✓	Receives reports
Developing / amending the WSO's constitution		Make recommendation	<b>√</b> √
Pricing principles	Make recommendation	<b>√</b>	<b>√</b>
A change in the level of Council financial support	Make recommendation	Make recommendation	✓
Borrowing within financial covenants	✓		
Approving a major transaction – including any additional related revenue	Make recommendation	Make recommendation	<b>√</b> √
Entry or exit of a shareholder (Council)	Make recommendation	Make recommendation	<b>√</b> √
Appointment of Board Chair		✓	
Appointment of Director(s)		✓	
Removal of Director(s)		<b>44</b>	<b>√</b> √
Appointing the WSO CEO	<b>√</b>		



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# **Shareholder rights - voting**

### **Shareholding**

- Legal ownership of the WSO
- Rights exercised via shareholder resolutions for "reserved matters"
  - Issuance of SoE
  - Pricing principles
  - Appointment and removal of directors
  - Establishment of a Shareholders Representative Forum (if agreed) and appointment of representative
  - Adopting or amending constitution (including voting arrangements)
  - Approve entry/exit of shareholders
  - Dividend policy
- Representative forum to manage collective decision making

#### Voting - via a Representative Forum

Serves as a representative forum for owners and make key decisions collaboratively, on behalf of shareholders. This helps avoid any single shareholder having dominance or control.

- Representative vote on behalf of shareholder and act under delegation (via Shareholder Agreement).
- May adopt a one-council-one-vote approach.
  - Simple majority decisions (50% votes): issuance / modification of SoE, appointment of directors
  - Major decisions (75% votes): new shareholder, changes to constitution, removal of director
- Others are including iwi / mana whenua representation, with voting rights restricted to certain decisions (such as board appointments or resolving a deadlock).
- Monitors WSO performance.

### TasWater (example)

- 29 councils = 1 vote each.
- Decisions generally require a simple majority. Certain decisions require a 75% vote (removal of directors, introduction of shareholder, major transactions).

### HCC x WDC (example)

- 2 Councils (additional Councils with agreement of existing)
- 1 vote per shareholder via a lead representative (best endeavours to be by consensus). In addition, each Council has 2 non-voting members (except for Board appointments where they can vote).
- One iwi representative with voting rights restricted to board appointments.

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# Participation by iwi / mana whenua?

Based on draft legislation, iwi are unable to participate as shareholders in a WSO. However, this does not restrain shareholders from involving iwi in decision making processes for shareholders (via the Representative forum for example).

However, under legislation "a water service provider must act in a manner that is consistent with Treaty settlement obligations when performing and exercising functions, powers, and duties".

- What discussions have been held with iwi?
- What expectations do iwi and mana whenua have?

### How are others working with iwi?

- In some cases, iwi are expected to be appointed to a shareholders' representative forum, but with voting rights restricted to board appointments (and removal). This is because participation is not tied to equity or ownership
- They would also influence setting performance expectations and statements of intent, particularly in relation to upholding Te Tiriti o Waitangi, treaty settlements and relevant obligations.





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# Ownership and voting

Shareholding is about ownership and affects some things, but not as many as might be assumed:

- Economic interests are limited to accounting treatment of potential labilities, and any share in dividends (if permitted). Shareholding should be viewed in this light.
- By itself shareholding doesn't affect voting rights and needs to be considered alongside voting mechanisms and thresholds.
- Other things to consider in determining an allocation method include:
  - Ease of implementing the allocation method to avoid disagreements and minimise information requirements to support calculation
  - Transparency and ability to explain it simply for ratepayers and other stakeholders

Shareholding option	Description	Pros	Cons
Connections	Updated periodically to reflect connections by council jurisdiction	<ul><li>✓ Simple measure to apply</li><li>✓ Broadly consistent with two waters</li></ul>	<ul> <li>Not reflective of assets and debt contributed</li> <li>May disadvantage councils with non-resident rate-payers, or where connections are not a useful proxy</li> </ul>
Population	Updated periodically to reflect population by council jurisdiction	✓ Simple measure to apply ✓ Impartial	<ul> <li>Not reflective of assets and debt contributed</li> <li>Less reflective of a WSO business</li> </ul>
Revenue	Updated periodically to reflect revenue by council jurisdiction	<ul> <li>✓ Directly reflects revenue derived</li> <li>✓ Relatively simple (track revenues by council jurisdiction)</li> <li>✓ Reliable information</li> </ul>	<ul> <li>Not reflective of assets and debt contributed</li> <li>Pricing decisions impact allocation and may drive gaming</li> </ul>
Split based on asset value less starting debt Recommended	Reflects consideration received by council and equity contributed to WSO	<ul> <li>✓ Represents equity contributed</li> <li>✓ Reflects consideration received by councils</li> <li>✓ Reflects potential share of any return / dividend</li> </ul>	<ul> <li>Need to agree basis for asset values and identification of water debt</li> <li>Adjustment may be needed if risk of WSO consolidating on a single council balance sheet</li> </ul>
Split equally	If there are four councils, each receives 25%	✓ Simple with no periodic update required ✓ Smaller council's maintain voice	<ul> <li>Perceived to be unfair and not proportional</li> <li>Any dividends would be disproportionately shared</li> </ul>



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# What would the options look like?

Council	Share of connections	Share of population	Share of revenue	Share of net assets (assets less debt)**	Equal
тсс	61%	63%	62%	63%	33.3%
WBOP	17%	23%	18%	15%	33.3%
TCDC	22%	13%	20%	22%	33.3%

### **Negative control**

Negative control is when a shareholder can block decisions without having enough votes to approve them alone. For example, if a 75% supermajority is required, any shareholder with more than 25% can unilaterally block a decision (even if all others agree).

This can undermine trust, slow progress, and weaken collective governance.

#### To manage this:

- Simple majority decisions (e.g. operations) can proceed with majority support.
- For supermajority decisions (>75%), voting rights should be structured so no single council can block progress, especially in a four-owner or larger model.
- In a three-owner model, it may be acceptable or even desirable that all three must agree for supermajority decisions, as this preserves balanced input.

### Worked example - negative control

Shareholder	Ownership	Voting threshold: 75% (supermajority)
А	30%	• If A owns 30%, they cannot force decisions.
В	40%	<ul> <li>But if a 75% vote is required, A can block any decision by refusing to vote.</li> </ul>
С	30%	<ul> <li>This is negative control: the power to block, not to act alone.</li> </ul>

## Potential shareholding and voting arrangements\*

	Voting interest	Economic interest (shareholding) **
TCC	33.3%	62%
WBOP	33.3%	15%
TCDC	33.3%	23%

\*This approach ensures that for simple majority decisions, two councils must approve, and for supermajority decisions, all councils must approve.

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TOWARDS A COMMITMENT AGREEMENT TO ESTABLISH A WATER SERVICES ORGANISATION | 13

<sup>\*\*</sup>Adjustments may be needed to ensure the WSO does not consolidated on TCC's balance sheet.

## Governance - WSO board

#### Governance

- The Board governs day-to-day operations and strategic direction (based on statute, and SoE).
- Accountable to shareholders and must give effect to SoE.
- Board obligations to account to shareholders discharged through Representative Forum relationship

#### **Board appointments**

Board appointments are an important lever for influence for shareholders. There will be some legislative constraints - e.g., directors cannot be an elected member or employee of a shareholding Council, and must poses the skills necessary to govern a WSO.

The Board is also responsible for giving effect to the SoE via the water services strategy, and reporting to shareholders on 6-monthly basis (option for shareholders to require further reporting). This is generally exercised via the Representative Forum.

- Appointments via the Representative Forum (simple majority)
  - Removal by super majority of Representative Forum, or shareholders.
- Term not to exceed 3-years
- Up to 7 directors, including chair (with a preference for uneven number to avoid
- Option to define skillset beyond base skillset in legislation.

### Taswater (example)

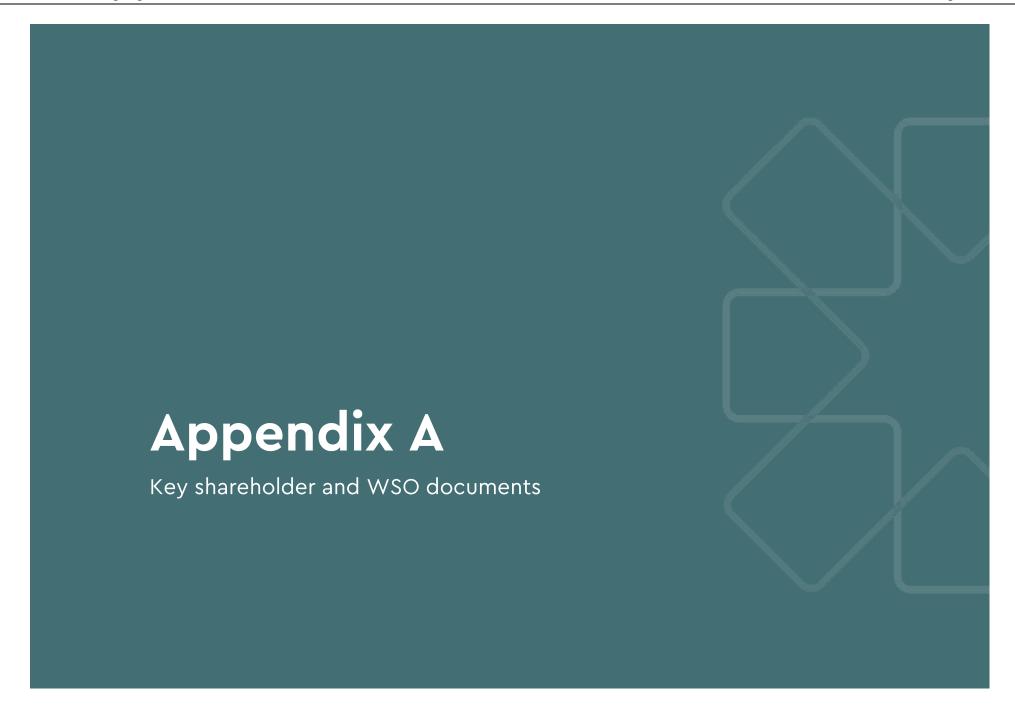
- Up to 7 directors (including chair), who are not elected officials (current, or within 3years). Term of 3-years, renewable up to 10-years.
- Appointment via a selection committee (subset of Representative Forum).

### HCC x WDC (example)

- 5 to 7 directors one of whom is appointed as chair by the Representative Forum
- Appointment and removal by Representative Forum
- Initial term ranging up to 3 years consider cycle and continuity then 3 yearly + 1 extension
- · Merit based appointments considered against agreed criteria and overall make-up of the board
- Board appoints the CEO

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# **Key documents**

AGREEMENT	DESCRIPTION	TIMING (INDICATIVE)
Commitment Agreement You are under-way.	The Commitment Agreement sets out how councils work together to develop and establish the water organisation, including a list of the key activities and programme, allocation of roles and sharing of resources, accountability measures and the governance structure during the period leading up to the establishment of the water organisation.  Includes "off ramps".	Ideally, entered into following Council decision on future delivery model and prior to election – potentially August 2025 DIA is encouraging councils proceeding with multi council owned WSOs to have these to place before WSDP is submitted.
Implementation Plan Preparatory work can start now anticipating decisions	Water Services Delivery Plans are required to include an implementation plan setting out key milestones and timeframes towards implementation of the preferred delivery model. For councils proposing to establish joint water services organisations, there would also need to be a detailed transition and establishment plan, with dedicated governance, management and resources.	High-level implementation plan for inclusion in WSDP by August 2025. Detailed implementation and establishment plan confirmed by end 2025.
Shareholders' Agreement Commitment Agreement will help guide this	The Shareholders' Agreement sets out the rights and obligations of each shareholding council of the water organisation in relation to governance and decision making, and other rights and obligations that shareholders will owe to each other. The agreement provides for the formation of a shareholder council that will be responsible for jointly setting shareholder expectations, appointing the board and overseeing its performance, with terms of reference set out in a shareholder charter.	Principles to be agreed post-election, and agreement to be executed prior to establishment phase
Transfer agreement	This agreement provides for the transfer of the councils' water assets and liabilities from each council shareholder to the new water organisation and will specify matters being transferred; matters not being transferred; the transfer terms, including warranties; matters of shared interest; the provision of ad hoc services; and arrangements relating to whether the council or WO will undertake charging and revenue collection.	Establishment phase (2026/27)
Water Entity Constitution	The Constitution sets out how the water organisation will be run by its board of directors and how decisions will be made, including to prescribe processes relating to the management of share issues, meetings and resolutions, the appointment and removal of directors, directors' powers, and board proceedings.	Establishment phase (2026/27)
Directors and officers deed of indemnity and insurance for water organisation	This deed provides for the water organisation to indemnify and ensure its directors and officers from personal liability that may be arise in their capacity as directors and officers of the water organisation. The indemnity will not, for example, cover liability arising from a breach of the director's duties.	Establishment phase (2026)/27



#### **Pernille Osborne**

From: Sarah Baddeley <sarah.baddeley@martinjenkins.co.nz>

**Sent:** Monday, 14 July 2025 12:42 pm **To:** Adele Henderson; EJ Wentzel

Cc: Ariell King

**Subject:** Stormwater - discussion regarding numbers

#### Hi both

At the workshop on Thursday, Councillor Murray Grainger correctly identified an issue with the current state assessment on slide 9 and the commentary and analysis from Beca.

I have got to the root cause of the issue.

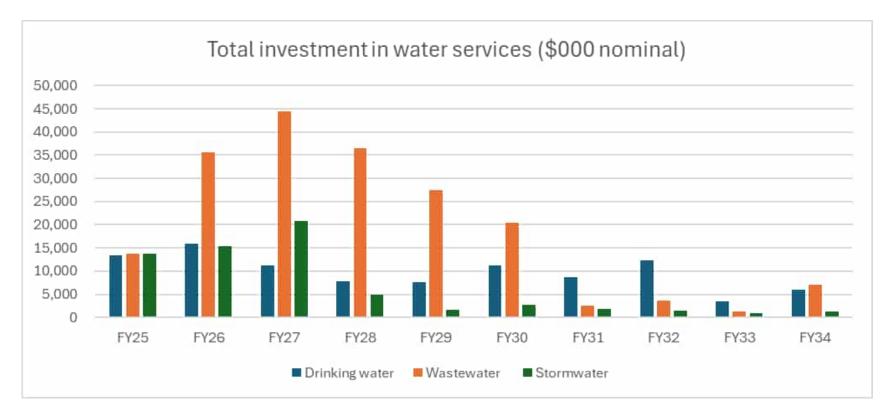
The graphs on slide 9 were taken from the original viability and sustainability analysis (that is pre LTP data supplied by Council) from last year.

The commentary provided by BECA was based on more recent numbers post LTP. Their analysis is based on the same numbers we have in our more current financial analysis so is the more accurate picture. The numbers we are using are set out below and are supported by our most recent inputs from Council and financial analysis set out in the updated graph below.

#### Beca's commentary was:

In an independent assessment undertaken by BECA for WBOPDC, they advised that a large increase in activity in the coming few years are planned, driven first by growth investment and then by the Waihi Beach and Te Puke stormwater improvements/renewal projects to address flooding issues. By 2029, BECA noted that the capital profile shows a fall back to the long-term levels of annual capital investment. They also noted there is currently uncertainty around how much investment will be required to address stormwater quality issues.

BECA advised that further monitoring under the comprehensive stormwater consents will identify areas where improvements are likely required. Growth in stormwater assets is expected to continue due to development mainly in Te Puke and Ōmokoroa.



Apologies for the confusion this caused.

#### Sarah

### Sarah Baddeley (she/her)

Partner | Hoa Pakihi

MartinJenkins

in

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#### **COUNCIL WORKSHOP**

DATE: Thursday 10 July 2025 at 11.10am

**HELD:** Council Chambers and Via Zoom

**TOPICS:** 1. Local Waters Done Well

**GENERAL MANAGER** 

**RESPONSIBLE:** 

**PRESENT:** 

M Taris (Interim Chief Executive)

FORUM MEMBERS

Mayor J Denyer, Cr G Dally, Cr T Coxhead, Cr M Grainger, Cr A Henry (Via Zoom), Cr R Joyce, Deputy Mayor Scrimgeour (Via Zoom), Cr M Murray-Benge (Via Zoom), Cr A Sole, Cr L Rae, and Cr A Wichers.

**ABSENT:** Cr D Thwaites

STAFF IN ATTENDANCE: A Henderson (General Manager Corporate Services), P Watson (Acting General Manager Infrastructure

Services), E Watton (Acting General Manager Strategy and Community), A Curtis (General Manager Regulatory Services), J Fearn (Chief Financial Officer), C Nepia (Strategic Kaupapa Māori Manager), E Wentzel (Director Water Services), A King (Legislative Reform and Special Projects Strategic Advisor), P Theron (Project Manager), J Duncan (Governance Coordinator) and R Garrett (Governance Manager).

OTHERS IN ATTENDANCE: Sarah Baddley (MartinJenkins)

INTRODUCTION: Councils Legislative Reform and Special Projects Strategic Advisor, supported by the General Manager

Corporate Services provided an overview of the topics that would be covered through the workshop, noting that this workshop was to consider Council's position on stormwater, to review and discuss the draft Commitment Agreement, and consider the matters that could be used to inform the establishment

of a Water Services Council-Controlled Organisation.

Council Workshop - 10 July 2025

#### 1. Local Waters Done Well

### **Summary of Key Themes**

#### Stormwater Management and Water Services

The workshop focused on discussing stormwater management and a draft Commitment Agreement for local water services. Staff outlined the agenda, which included presentations on stormwater and a water services organisation, as well as a review of recent Select Committee recommendations. Staff planned to work through a stormwater presentation and discuss contract options, with Councillors emphasising the need to align efforts with strategic priorities and efficiency goals.

11.30am Cr Murray-Benge entered the workshop via Zoom.

### Stormwater Management Challenges in Rural Areas

The workshop discussed the complexities of stormwater management, highlighting its challenges in rural areas compared to urban contexts. Councillors reviewed the options for managing stormwater, including in-house, transfer, or contract delivery, and emphasised the need to consider factors such as urban development, climate change, and Treaty of Waitangi interests. Staff also addressed the financial implications. They concluded by reviewing the current state of stormwater infrastructure and service performance, acknowledging some signs of pressure and the need for benchmarking against other councils.

### Joint Water Service Organisation Planning

The workshop focused on the establishment of a joint water service organisation, with emphasis on the need for specific and demanding service standards for the community. The financial separation and ring-fencing requirements for stormwater funding was discussed, highlighting the importance of retaining flexibility during the transition period. Councillors also explored options for managing stormwater infrastructure.

### Debt and Revenue Projections

Council highlighted the need to consider how revenue would change under different scenarios and emphasised the importance of understanding the true impact of debt on financial sustainability.

Council Workshop - 10 July 2025

#### Water Service Delivery Cost Analysis

The councillors discussed the financial implications of different options for water service delivery, including in-house management, transfer to a CCO, or contracting to a water service organisation (or another contractor). The Councillors discussed the KPIs for stormwater management and the potential need for more stringent standards. It was recommended that the council establish principles for transferring stormwater assets and conduct further due diligence before making final decisions.

12.15pm Cr Murray-Benge left the workshop Via Zoom.

### Stormwater Service Management Options

Three options were presented for managing stormwater services: maintaining services in-house, transferring to a Council-Controlled Organisation (CCO), or contracting services out entirely. The discussion covered staffing (for the in-house option or partial transfer), with emphasis on the need for a small but diverse team of stormwater engineers to handle the specialised skills required. Councillors also raised questions regarding career paths and potential conflicts between stormwater and wastewater management, particularly regarding infiltration issues. The workshop agreed that while financial considerations were important, non-financial factors like staff retention and expertise should also influence the decision, with recommendation that the council establish clear principles to guide their choice between fully in-house, partial in-house, or fully contracted options.

#### <u>Stormwater Infrastructure Transfer Recommendations</u>

There was discussion on stormwater infrastructure management and asset transfer decisions. Staff recommended a pragmatic approach where urban fixed stormwater infrastructure could be transferred to the water service organisation, while rural stormwater and assets primarily for recreation should remain with the council (noting that the Local Government (Water Services) Bill only applies to urban stormwater). The Council agreed that the preference was to retain all land assets and modify the recommendation to use "significant" instead of "primary" purpose for recreational assets. They discussed the need for clear definitions of urban and rural stormwater areas, with staff noting that previous work had already been done on this distinction. The council will review the revised recommendations on 5 August.

12.40pm Cr Henry entered the workshop Via Zoom.

Council Workshop - 10 July 2025

### **Commitment Agreement**

There was a discussion on the Commitment Agreement, which would be between Tauranga City Council (TCC) and Thames-Coromandel District Council (TCDC) (dependent on decisions of all three Councils). Staff explained that the agreement provided the mechanism to discuss and decide on a range of matters relating to the establishment of a potential CCO. Key components included funding splits, shared responsibilities, and the establishment of working groups. The Councillors discussed the need for checkpoints and decision points for the new council, as well as the importance of due diligence in the transition process. Staff explained that the due diligence process would likely identify issues, including revenue forecasts, and may take longer than the initially allowed three months. The workshop discussed the appointment of a CEO, emphasising the need for an independent process. They also reviewed the Commitment Agreement and using consistent language regarding the Treaty of Waitangi.

1.05pm The workshop adjourned.1.35pm The workshop reconvened.

### Māori Representation in Water Governance

The workshop discussed governance arrangements for a water service organisation, focusing on board appointments and Māori representation. They agreed that board appointments should be skills-based. The discussion touched on natural resource settlements and treaty obligations, with examples from other regions. They considered various options for involving Māori in governance, including both competency-based and representative models.

### **CCO Consultation and Treaty Obligations**

There was further discussion on the consultation requirements and treaty obligations. Staff emphasised that while the CCO would have additional consultation responsibilities under the Local Government (Water Services) Act, the council would not be completely relieved of its obligations, particularly regarding Māori engagement.

Council Workshop - 10 July 2025

### Water Services Entity Governance Structure

There was discussion on the structure and governance of a potential water services entity, including shareholding, voting rights, and dividend considerations. Staff explained that while dividends were not currently planned, there could be provisions for them in the future to protect council interests. Councillors reviewed various scenarios for shareholding and voting rights, with a preference expressed for a 1:1 ratio to ensure equitable representation. They also discussed the role of the economic regulator in price harmonisation and the importance of conducting thorough due diligence before making any final decisions. The next steps involved completing the Water Services Delivery Plan, for adopting on 5 August 2025.

Direction	Responsible
Organise and conduct workshops with lwi and Hapū representatives to discuss their	Legislative Reform and Special
involvement in the CCO governance structure.	Projects Strategic Advisor and Te
	Haumi Manager.

Actions	Responsible
<ul> <li>Update principle 6 to provide for the interests of Māori, Iwi and Hapū in the governance and representative arrangements.</li> <li>Share the definition of urban stormwater from the Local Government Water Services Bill with the council members.</li> <li>Change "primary purpose" to "significant purpose" in recreational assets definition.</li> <li>Change current B to "non-urban stormwater infrastructure.</li> </ul>	Legislative Reform and Special Projects Strategic Advisor
<ul> <li>Share the stormwater KPIs with council members.</li> <li>Conduct a service level review for stormwater.</li> </ul>	Director Water Services

The workshop finished at 3.27pm.

Council Workshop - 10 July 2025

## Memorandum

То:	Mayor Denyer and Councillors
From:	Ariell King - Strategic Advisor: Legislative Reform and Special Projects
Date:	14 July 2025
Subject	Review of draft Water Services Delivery Plan

## **Purpose**

1. For the Council to review the draft Water Services Delivery Plan (WSDP).

## **Discussion**

- 2. Preparation of a Water Services Delivery Plan (WSDP) is a requirement of the Local Government (Water Services Preliminary Arrangements) Act 2024.
- 3. We have used the Department of Internal Affairs (DIA) template for the WSDP, and the guidance information set out in this memo has been extracted from the DIA document 'Guidance for preparing Water Services Delivery Plans Local Water Done Well September 2024 (updated 11 October 2024)'.
- 4. Staff and MartinJenkins have prepared the WSDP (loaded to Stellar). The draft WSDP has been prepared on the basis of a joint Council Water Services Council-Controlled Organisation (WSCCO). This was Council's preferred service delivery model as agreed at the Council meeting on 27 May 2025.
- MartinJenkins reviewed the current draft and provided a number of comments and suggestions that still need to be incorporated. A final review of the draft will be completed before it is attached to the Council agenda.
- 6. Part A of the draft is being prepared in collaboration with Council's potential partners in WSCCO (Tauranga City Council and Thames-Coromandel District Council). This is to ensure alignment with what is proposed for a joint model of service delivery. They will not be exactly the same as they need to account for differences between the three Councils. We are also required to include the combined financials of all three Council as an attachment.
- 7. This is still a working draft and there will be further changes. This is an opportunity for Council to provide feedback and comments on a draft version. Changes will be made following the workshop to include changes agreed at the workshop, final reviews by staff and additions or changes in Part A to ensure alignment with the other Council's WSDPs.

## 8. The WSDP has the following parts:

	T
Part A: Overview of	Overview of water services delivery including who receives
water services	water services, current state of water services
delivery, delivery	infrastructure, current and future regulatory compliance,
model and	projected capital and operating expenditure requirements,
implementation	and the proposed approach to delivering water services to
plan	communities.
	Descriptions of the proposed model to deliver water services, how water services will be delivered in a financially sustainable manner, an implementation plan for the proposed service delivery model, consultation and engagement undertaken in the development of the Plan, assurance disclosures, Council adoption and Chief Executive certifications of the Plan.
Part B: Network	Record information relating to population that does and
performance	doesn't receive water services, the level of investment required over the Plan period, a statement of current and future investment requirements, an overview of the network assets, information on the current state, condition and expected lifespan on water services infrastructure assets, and an overview of regulatory compliance.
Part C: Revenue and	Plans should describe the charging and billing
financing	arrangements, water services revenue requirements and
arrangements	sources, existing and projected commercial and industrial
	users' charges, and the affordability of projected water services charges for communities.
	Plans should describe water services financing
	requirements and sources, any internal borrowing
	arrangements, how debt allocated to water services was
	determined as at 30 June 2024, and insurance
	arrangements.
Part D: Financial	Plans must include an explanation of what a council
sustainability	proposes to do to ensure that the delivery of water services
assessment	will be financially sustainable by 30 June 2028.
Part E: Projected	Plans must include financial projections for water services
financial statements	covering the financial years 2024/25 to 2033/34.
for water services	
	1

- 9. As noted above, Part A of the WSDP must include an implementation plan. The implementation plan needs to include:
  - All Councils that commit to delivery of proposed arrangements
  - A process for delivering the proposed model or arrangements
  - A commitment to give effect to the proposed model or arrangements once the Plan is accepted
  - The timeframes and milestones for delivery of the proposed model
- 10. Staff are working with TCC and TCDC to complete the implementation plan and the final draft of this plan will be included in the WSDP.

## Review and acceptance of the WSDP

- Following submission of the WSDP, the DIA will assess the plans for legislative compliance. The plan will either be accepted or referred back to the Council for further work (likely to be in November/December 2025).
- 12. Once accepted there are only limited circumstances where the Plan can be amended. The councils must give effect to the accepted Plan and publish the Plan on their website.
- 13. If Council does not submit a Plan by the statutory deadline the Minister of Local Government can appoint a Crown water services specialist to prepare a Plan on that council's behalf (at council's expense) and (if necessary) direct the council to adopt and submit this Plan.

## **Next steps**

- 14. Complete the WSDP and include on the agenda for the Council meeting on 5 August 2025.
- 15. Following the Council meeting staff will complete the assurance process (attachment of the Council resolution and CEO signature).
- 16. Work with partner Councils to submit the WSDPs to the DIA by 3 September 2025.

## **Water Services Delivery Plan**

**Western Bay of Plenty District Council** 



## How to populate this Water Services Delivery Plan template

The intent of this Water Services Delivery Plan template (Plan template) is to support councils to prepare Water Services Delivery Plans ('Plan(s)'), as required by the Local Government (Water Services Preliminary Arrangements) Act 2024 (Act). The Act requires councils to prepare Plans that:

- Identify the current state of the council's water services;
- Demonstrate publicly the council's commitment to deliver water services in a way that:
  - Ensures that the council will meet all relevant regulatory quality standards for its water services;
  - o Is financially sustainable for the council;
  - o Ensures the council will meet all drinking water quality standards; and
  - Supports the council's housing growth and urban development, as specified in the council's Long-Term Plan.

This Plan template includes explanations of the specific information required under the Act, the type of information that could be provided to demonstrate compliance with the content requirements for the Plans under the Act, and the Department of Internal Affairs' ('the Department(s)') general expectation as to the level of detail to be provided. Please note that these explanations do not constitute legal advice and councils should consider obtaining their own independent legal advice before submitting their Plans. The information needed to be able to complete the Plan should be sourced from existing council documents, such as the Long-Term Plan. Councils who require further information and/or support to prepare their Plans should contact the Department at <a href="wdsp@dia.govt.nz">wdsp@dia.govt.nz</a>.

Please delete these explanations once each section has been completed.

A Financial Plan Template [available at www.dia.govt.nz/Water-Services-Policy-Water-Services-Delivery-Plans] has also been provided to assist councils to populate financial data for financial projections, financial sustainability metrics and other financial disclosures. The Department can provide councils with a Financial Projections template populated with publicly available information based on 2024-34 Long-Term Plan information on request. The projected financial statements are special purpose financial statements for the purpose of PBE FRS 42 – Prospective Financial Statements.

Process guidance matters related to the preparation and submission of the Plans is available at <a href="https://www.dia.govt.nz/Water-Services-Policy-Water-Services-Delivery-Plans">www.dia.govt.nz/Water-Services-Policy-Water-Services-Delivery-Plans</a>

**Joint Plans:** Part A of this Plan template includes additional guidance for information requirements in joint Plans. Councils who are proposing to submit joint Plan should contact the Department.

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

## Statement that water services delivery is financially sustainable

## Statement that water services delivery is financially sustainable

## Financially sustainable water services provision

The purpose of this section is to summarise how the Plan will ensure that water services will be delivered in a financially sustainable manner, by 30 June 2028 at the latest.

This requires confirmation that the Plan ensures water services delivery will meet the Financially Sustainable delivery assessment in Part D of the Plan template.

It is recommended that this section includes commentary (from Part D) on:

- Transitional arrangements to ensure financially sustainable water services provision by 30 June 2028;
- Revenue requirements to meet costs of water services delivery over the Plan period;
- The proposed levels of investment required over the Plan period; and
- Funding and financing arrangements to deliver the proposed levels of investment.

## **Proposed delivery model**

## Proposed model to deliver financially sustainable water services

## The proposed model to deliver water services

The purpose of this section is to succinctly describe the proposed delivery model, or arrangements for the future delivery of water services (including **organisation structure**, **ownership and contractual arrangements**).

In explaining how water services are proposed to be delivered, the Plan must set out:

- The anticipated or proposed model or arrangements for delivering water services (including, whether the council or councils will continue to deliver water services in its district alone, or intends to enter a joint arrangement);
- How water services revenues will be ringfenced as separate and distinct from other council business.
- The following matters may also be included in this section
  - o Why the proposed delivery model was selected and the benefits of this model;
  - Proposed revenue collection methods, how charges are set and how revenues will cover the costs of service provision.

Councils will need to describe the anticipated or proposed model or arrangements in sufficient detail to enable an implementation plan to be developed and address the related sections regarding how the proposed model will impact regulatory compliance and financial projections.

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## Proposed water services delivery model

Following detailed consideration of the various water service delivery models available and consultation with our community and staff, Western Bay of Plenty District Council (the Council or WBOPDC) has resolved [link to resolution] to participate in establishing a joint Water Organisation (WSO) with Tauranga City Council and Thames Coromandel District Council. The preferred model of a joint WSO will be responsible for all water services across Western Bay of Plenty District and Tauranga City Councils, with Thames Coromandel District Council expected to retain stormwater services.

Council has decided that existing developed stormwater infrastructure (manholes, pipes, networked infrastructure) predominantly in urban environments should be considered for transfer to the joint water service organisation as part of the establishment process, that, non-urban stormwater infrastructure will be retained by WBOPDC and be managed in conjunction with the primary interface of transport infrastructure, future developed stormwater infrastructure should be the responsibility of the joint WSO and assets (including land) where the primary purpose is recreation, and open space, should remain with the Council and should not be planned to transfer to the joint Water Service organisation.

Upon successful agreement on key establishment and commercial term it is expected that responsibility for water services will transfer from the Council to the WSO on or before 1 July 2027. This will include associated revenue, expenditure, assets and liabilities.

## Why a joint Water Organisation?

Based on the analysis the Council undertook, a joint WSO is expected to improve the Councils' ability to continually provide safe, reliable and affordable water services that meet regulatory needs and the expectations of our communities and growth pressures in the future. The analysis highlighted that a joint WSO would likely bring affordability improvements, a stronger ability to meet standards and resilience needs due to greater investment capacity and professional oversight of water services compared with delivering water services in-house. Copies of the supporting reports are available here [links to reports].

## Proposed WSO ownership and governance arrangements

To support progress toward a joint WSO, Thames Coromandel District Council, Tauranga City Council and Western Bay of Plenty District Council (collectively, **the Councils**) have entered into a **Commitment Agreement** (refer **Appendix X**). The following principles have been agreed between Councils as part of the Commitment Agreement to guide the development of the WSO governance arrangements, establishment and are intended to be enduring and guide the onboarding of any other Council to the WSO.

	Table 1: Proposed WSO principles
Affordability	The WSO is operated in a way that ensures water services are affordability focused and equitable for all communities, balancing cost-effectiveness with long-term service quality and sustainability
Transparency	The WSO will operate with transparency and accountability to its shareholder councils and communities, ensuring clear, timely, and accessible information to build trust and support informed participation
Safe and resilient	The WSO will deliver water services that are safe, reliable, and resilient— protecting public health and adapting to changing environmental, infrastructure, and community needs over time

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Environmental Wellbeing	The WSO has a kaitiaki role caring for the health and wellbeing of water for the benefit of the environment, communities, and future generations
WSO is set up to be successful	The shareholder councils are committed to establishing the joint waters WSO with the right governance, capabilities, and direction to enable long-term operational success and public value from day one
lwi Hapū	The WSO will uphold Ti Tiriti obligations and commitments, existing formal relationships, and maintain open engagement through support of established lwi and Hapū collectives.

Further work, including to agree commercial terms is required, however establishment and transition activities have begun with work expected to accelerate following acceptance of this WSDP by the Secretary for Local Government.

The preferred model for the joint WSO is one that will be structured under the Local Government Act 2002 (LGA02) and the Water Services Act 2025 (WSA25) (once enacted). It would be governed by an independent board, with a representative forum serving as an oversight vehicle for all Shareholding Councils. This forum would perform key functions including appointing the board of the WSO, preparing Shareholder Expectations, and monitoring the performance of the company and its board.

The exact ownership and governance arrangements, including approach to shareholder voting and involvement of iwi, will be developed as signalled in the Commitment Agreement, with arrangements expected to be confirmed in Q4 2025 (refer *Implementation Plan*).

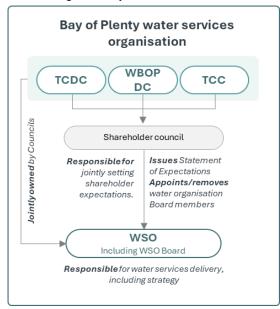


Figure 1: Proposed WSO structure

## Proposed revenue collection methods and tariff overview

Prior to the transfer of water services to the WSO, the Council will continue to collect water revenues. The WSO is expected to require the Councils to continue collecting water revenues on its behalf for a period, with collection responsibility transitioning to the WSO overtime.

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A transition plan will be required to guide the new Board and it is expected that tariffs would not be harmonised between districts, for a period of up to 5-years, with any future decisions on the harmonisation of tariffs requiring agreement from all Councils.

This means that Western Bay communities will only be responsible for the costs to serve the Western Bay community. However, during the transition period the board of the WSO will be responsible for determining the revenue to be collected, including advising the Council on the level of charges to be set for each scheme and category of customer, consistent with Council's existing tariff structure. Council will supply information from its rating database to the WSO for this purpose, as provided for within the Local Government (Water Services) Bill. Current charging arrangements are set out in Part C.

## Meeting ring-fencing requirements

As part of the establishment of the WSO, water services revenues and expenses will be separated from other council financials. The WSO will be responsible for preparing all key accountability documents, including the Water Services Strategy, Annual Budgets and Annual Reports. Separate financial management systems and financial reporting will be undertaken for the WSO, and any shared services arrangements that exist between the WSO and Shareholding Councils will be on arm's length, commercial terms.

Water supply and wastewater revenues and expenses are already recorded separately, within the Council's internal systems and will transition to the WSO from 1 July 2027.



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## Implementation plan

## Implementation plan

## Implementing the proposed service delivery model

The council must give effect to the proposals or undertakings relating to the future delivery of water services that are identified in the councils' Plan. Plans must include an implementation plan that:

- Sets out the process for delivering the proposed model or arrangements identified in the Plan;
   and
- If a council is proposing to continue to deliver water services itself, and not as part of a joint arrangement, the actions that the council will take to ensure its delivery of water services will be financially sustainable by 30 June 2028.

The implementation plan must include:

- The name of each council that commits to delivering the proposed model or arrangements;
- A process for delivering the proposed model or arrangements;
- A commitment to give effect to the proposed model or arrangements once the Plan is accepted; and
- The timeframes and milestones for delivering the proposed model or arrangements.

Must be consistent with TCC and TCDC – working with staff to create agreed version to include

## Additional guidance for joint Plans (and arrangements)

Each council that is proposed to be a party to the joint arrangement must be clearly identified in the joint plan.

Joint Plans must include:

- A description of whether the joint arrangement will deliver.
  - o All water services for all councils within the joint arrangement; or
  - All water services except for some or all services in relation to all the councils' stormwater networks; or
  - All water services for some of the councils, and all water services except for some or all services in relation to stormwater networks for other councils.
- Information on the likely form of the joint arrangement, including whether it is anticipated it will involve water services being delivered by:
  - A joint water services council-controlled organisation (WSCCO);
  - o An arrangement described in section 137 of the Local Government Act 2002;
  - Another organisation or arrangement that the councils are considering.
  - A joint Plan may also contain further information about the joint arrangement, including:
    - The ownership structure
    - The governance structure
    - The control and financial rights of each council in the joint arrangement.

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## **Consultation and engagement**

## Consultation and engagement

Consultation and engagement undertaken



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On 18 March 2025, Council approved a consultation document to consult on three water service delivery models, including retaining the current model; moving to a single Council Water Services Council-Controlled Organisation; and/or establishing a joint Council Water Services Council-Controlled Organisation (preferred model) (link to Council agenda item).

Council utilised the alternative requirements set out in s60 – s64 of the Local Government (Water Services Preliminary Arrangements) Act 2024. These provisions provided for a 'streamlined' approach that differs from the approach set out in the Local Government Act 2002.

Consultation ran from 24 March to 24 April 2025 and was promoted through social media, a district-wide mailout, press releases, print advertising, Council's e-newsletter, Antenno and six community drop-in sessions. Submissions were received through Council's Your Place website, via email, at the community drop-in sessions and through hard copy forms available at Council's five Library and Service Centres.

Staff presented on the proposed water service delivery models at Council's two partnership forum – Te lhu o te Waka o Te Arawa on 5 March and Te Kāhui Mana Whenua o Tauranga Moana on 19 March 2025. Updates on the Council's approach and progress on the Local Waters Done Well requirements have also been provided to Te Kāhui Mana Whenua o Tauranga Moana and Te lhu o te Waka o Te Arawa. Feedback has also been sought and provided from these forums as to how Tangata Whenua could participate in the pre-establishment phase of a joint Council WSCCO and in the ongoing direction and operations of a WSCCO.

A total of 124 submissions were received with 15 submitters speaking at a hearing held 13 May 2025. Of those submitters that specifically identified a preferred option, 70.5% supported a joint Council WSCCO, 18% supported a single Council WSCCO, and 11.5% supported the status quo.

The analysis of the submissions in terms of the water service delivery model is set out below:

Water service delivery model	Number	Percentage
Joint Council WSCCO	53	43%
Single Council WSCCO	14	11%
Status quo	8	7%
Model preference unclear or not stated	37	30%
Fluoride	4	3%
Other	6	6%
Total	124	100%

During the consultation we also asked the community to let us know what was most important when considering the future of water services. Submitters were asked to select their top five from a range of issues. The table below sets out how each of these matters ranked by their importance:

What matters most to you?	Number
Ensuring safe drinking water – Meeting regulatory standards and protecting public health.	95

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Consistent water service – Keeping or improving service levels for water, wastewater, and stormwater.	83
Strong governance and expert oversight – Ensuring Water Services are well-managed and meet required standards.	76
Future water costs and investment - Managing the cost of water services and securing infrastructure funding	72
Financial sustainability - Choosing an option that meets Government rules and avoids future financial risks.	69
Community influence – Residents having a strong voice in decision-making.	69
Growth planning – Preparing water services for population growth.	59
Innovation – Using new technology to make water services more efficient and sustainable	55
Climate resilience – Ensuring water services are prepared for climate change impacts (e.g., heavy rainfall and drought).	43
Cultural input – Ensuring Tangata Whenua involvement in water decisions.	36
Environmental benefits – Improving the environmental impact of water services	28

Submitters commented on a range of other matters including backflow protection, cost-effectiveness of a joint Council WSCCO, individual storage of water, efficient use of water, the value of professional directors and that Council should seek expert assistance to appoint directors. Some submitters raised the idea of amalgamation as an alternative option.

Some submitters raised concerns about forming a joint-Council WSCCO, loss of control and the ability to influence decisions that directly affected their community. There were also comments that submitters did not wish to subsidise investment in other communities' water services infrastructure. Submitters were also concerned about the affordability of water services and the potential impact on rates (over and above water charges).

In the submissions received from Te Runanga o Ngati Whakaue ki Maketu, Mokopuna Tia me Hei, Ngapeke 6C Ahu Whenua Trust, and Ngāti Pūkenga Ki Tauranga generally supported a joint Council WSCCO. Key considerations in the development of a WSCCO need to include partnership with and representation of Tangata Whenua, hapu and lwi, the importance of Te Ao Māori, the careful selection of partner Councils, and a focus on all communities (not just towns and cities).

Ngāti Pūkenga Ki Tauranga also submitted their Te Mana o Te Wai Statement. This statement sets out their expectations on the importance of the wai in their rohe, how to give effect to their Treaty Settlement, the Ngāti Pūkenga Claims Settlement Act 2013 and Te Tiriti o Waitangi.

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## **Assurance and adoption of the Plan**

## Assurance and adoption of the Plan

The Act requires that each Plan that is submitted to the Secretary for Local Government for acceptance must include a certification, made by the Chief Executive of the council(s) to which the Plan relates, that:

- The Plan complies with the Act; and
- The information contained in the Plan is true and accurate.

While the Act does not require Plans to be verified independently, to ensure that the information is true and accurate, Councils may wish to either seek independent advice to verify the accuracy of information provided in the Plan or assess their Plan in-house. While not a mandatory requirement, we recommend considering the matters set out below when certifying the Plan.

When certifying the Plan, the Chief Executive of the council(s) may include commentary on:

- The levels of confidence in the underlying information included in the Plan. This could include comment on the level of confidence in regulatory compliance, asset condition, investment requirements, asset valuations or certainty around financial projections.
- Any material risks or constraints that may impact on the delivery of water services, the ability to implement the Plan or to achieve financially sustainable water services provision by 30 June 2028.
- Any assurance processes undertaken to verify the accuracy of information included in the Plan.

## Council resolution to adopt the Plan

Councils must adopt their Plans by resolution. In order to demonstrate compliance with this requirement, it is expected that councils will include the resolution date and a copy of the decision to adopt the Plan. For a joint Plan, this resolution to adopt the Plan must be completed by each council to which the Plan relates.

Attach agenda item and non-verified version of minutes including resolutions

## Certification of the Chief Executive of Western Bay of Plenty District Council

The Council Chief Executive can complete the following certification statement to demonstrate compliance. For joint Plans, this certification statement should be modified to certify only the information provided by the council in the preparation of the Plan, as opposed to all information included in the Plan.

I certify that this Water Services Delivery Plan:

- complies with the Local Government (Water Services Preliminary Arrangements) Act 2024, and
- the information contained in the Plan is true and accurate.
- Note this is not certification of the combined financials provided in xxx

Signed:

Name: Miriam Taris

Designation: Chief Executive Officer

Council: Western Bay of Plenty District Council

Date: xx August 2025

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## Part B: Network performance

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

## Investment required in water services

## Serviced population

Additional information to be included the challenges of the current approach to investment and the growth pressures faced by WBOPDC and why a joint WSO was identified as the preferred option.

## **Water Supply**

Western Bay of Plenty has 17,558 properties connected to Council's water supply, and approximately 67% of the population is connected to Council supply. This percentage is seen to remain relatively constant over the next 10 years but slightly increases thereafter due to increasing densities and greater commercial/industrial demand.

Areas within the District outside of the reticulated water supply zones include Matakana Island, Kaimai, Kopurererua, Waiorohi and Kaitemako. The population of these areas not connected to Council water supply is approximately 18,301.

The estimated future population that will require water services over the next 10-30 years:

Projected serviced population – Water Supply	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	41,549	42,677	43,638	44,639	45,625	46,562	47,492	48,351	48,996	49,557
Total residential connections	12,151	12,445	12,684	12,932	13,189	13,424	13,656	13,868	14,024	14,152
Total non-residential connections	5,407	5,548	5,672	5,802	5,936	6,059	6,180	6,295	6,391	6,471

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#### Wastewater

Western Bay of Plenty has 11,015 wastewater connections. Council provides wastewater reticulation and treatment to residents in seven urban communities: Waihi Beach, Katikati, Omokoroa, Te Puke, Maketu/Little Waihi, Te Puna West and Ongare Point. These connections service approximately 24,333. The population of the district that are not connected to Council's wastewater scheme is approximately 35,517.

The estimated future population that will require water services over the next 10-30 years:

Projected serviced population – Wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	24,333	25,355	26,222	27,128	28,012	28,918	29,824	30,658	31,274	31,800
Total residential connections	10,310	10,712	11,042	11,387	11,745	12,088	12,426	12,740	12,978	13,167
Total non-residential connections	705	735	760	786	812	838	864	888	906	921

## **Stormwater**

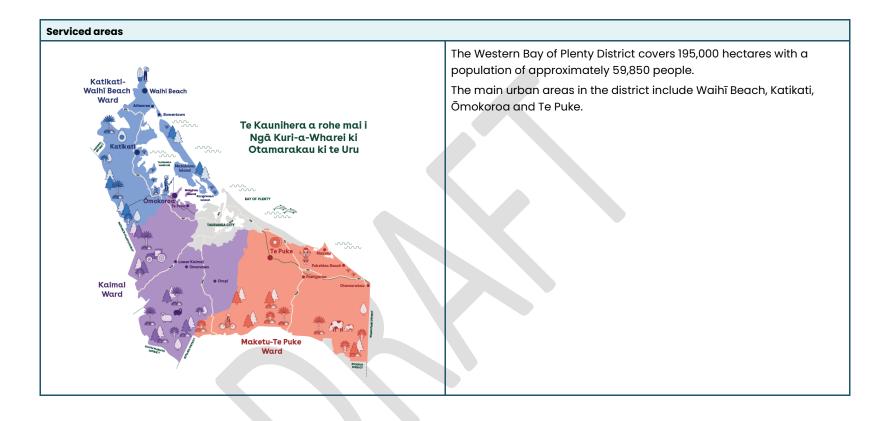
Western Bay of Plenty has 13,389 stormwater connections and the current serviced population is 29,404. This is mainly proved for within the urban growth nodes. Approximately 30,446 residents are not connected to stormwater services, this is mostly comprised of rural residents.

The estimated future population that will require water services over the next 10-30 years:

					,					
Projected serviced population – Stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	29,404	30,473	31,387	32,339	33,270	34,183	35,096	35,937	36,560	37,093
Total residential connections	12,366	12,784	13,130	13,492	13,865	14,216	14,562	14,882	15,127	15,327
Total non-residential connections	1,023	1,058	1,086	1,116	1,147	1,176	1,205	1,231	1,251	1,268

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## **Water Supply**

Council's water supply networks service the following water supply zones:

Western Supply Zone: Waihi Beach, Bowentown, Athenree, Tanners Point, Ongare Point, Kauri point, Aongatete and Katikati areas.

Central Supply Zone: Te Puna, Minden, Pahoia and Omokoroa areas.

**Eastern Supply Zone:** Te Puke urban and surrounding rural areas and areas east of Te Puke, Waitangi, Rangiuru, Paengaroa, Maketu, Pukehina Beach and Pongakawa.

Areas within the District outside of the reticulated water supply zones include Matakana Island, Kaimai, Kopurererua, Waiorohi and Kaitemako.

## Providing for growth

Urban areas have a greater concentration of people requiring access to water supply with most demand in Waihī Beach, Katikati, Ōmokoroa and Te Puke. Waihī Beach has a significant impact on peak demand due to the high number of holiday homes and water consumption increase during summer.

Currently, about 28% of Council's water mains are aging asbestos cement (AC) pipes which are programmed for renewal over the next 15 years, mainly in the Western and Eastern Supply zones. Significant other renewals include electrical and communication components, monitoring and treatment plant, pump stations, reservoirs and tanks, bridge and stream crossings, control valves, metering and backflow prevention. A strong water main renewals plan will continue across the district, focusing on AC and aged water main and connection replacements. The renewals plan is structured to prioritise and progressively renew these mains to avoid a 'bow wave' of renewals in later years.

There are several new water sources (bores), treatment plant upgrades, reservoirs and trunk mains included in structure plans to increase water production capacities to meet growing demand from development and growth, particularly for Ōmokoroa and in the Eastern Supply Zone, during the next decade.

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## <u>Current LTP levels of services and performance measures:</u>

What we do	How we track progress		2025	2026	2027	2028-30	2031-34
Provide potable water of an appropriate standard and quality to meet the needs of consumers within the three supply zones.	Ability of reservoirs to provid demand.	e a minimum of 24-hour daily	100%	100%	100%	100%	100%
Sustainably manage our water resource, water supply infrastructure and consumer use of water across the three supply zones.		servoirs are maintained at a of the time, in accordance with	99%	100%	100%	100%	100%
We will provide good quality potable water to service growth within the three supply zones.							
We will monitor sustainable	Compliance with the	Distribution Zones (Yes or No)	ВРМ	ВРМ	ВРМ	ВРМ	ВРМ
delivery and effectively manage	Drinking Water Quality	Athenree	NNY	NNY	YYY	YYY	YYY
the risks associated with the	Assurance Rules: Bacterial	Katikati	NNY	YYY	YYY	YYY	YYY
quality and quantity of the public	compliance (B), Protozoal	Ōmokoroa Minden	NNY	NNY	NNY	YYY	YYY
water supply.	compliance (P) and	Pongakawa	NNY	YYY	YYY	YYY	YYY
	Microbiological monitoring (M).	Te Puke	YYY	YYY	YYY	YYY	YYY
The percentage of real water reticulation system.  To be monitored through the		r loss from Council's networked water metering system.	<22%	<22%	<20%	<20%	<20%
	The average consumption o	f drinking water per day per	<220	<220	<220	<190	<180
	resident within Council's dist	rict.	litres	litres	litres	litres	litres

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What we do	How we track progress		2025	2026	2027	2028-30	2031-34
We will respond to customers	Where Council attends a	Urgent callouts	<60 mins				
issues with the water supply.	callout in response to a						
	fault or unplanned	Non-urgent callouts	<24	<24	<24	<24	<24
	interruption to its		hours	hours	hours	hours	hours
	networked reticulation						
	system, the following						
	median response times						
	are measured:						
	Attendance for callouts:						
	from the time Council						
	receives notification to the						
	time service personnel						
	reach the site.						
	Resolution of callouts from	Urgent callouts	< 5 hours				
	the time Council receives						
	notification to the time	Non-urgent callouts	<28	<28	<28	<28	<28
	service personnel confirm		hours	hours	hours	hours	hours
	resolution of the fault or						
	interruption.						
		received by Council about any	<30	<30	<30	<30	<30
	of the following:						
	- Drinking water clarity						
	- Drinking water taste						
	- Drinking water odour						
	- Drinking water pressure or	flow					
	- Continuity of supply and						
	- Council's response to any o						
	Expressed per 1,000 connecti	ons to Council's networked					
	reticulation system.						

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#### **Wastewater**

Council provides wastewater reticulation and treatment to residents in seven urban communities: Waihi Beach, Katikati, Omokoroa, Te Puke, Maketu/Little Waihi, Te Puna West and Ongare Point. The service applies to all residential, commercial and industrial users.

Properties outside of urban areas typically use on-site septic tanks and are regulated by the Bay of Plenty Regional Council through the Operative On-Site Effluent Treatment Regional Plan 2006 (OSET). This includes Matakana Island, Plummers Point, Kauri Point, Tuapiro Point, Kaimai, Pukehina, Paengaroa, Pongakawa.

## Providing for growth

Wastewater from urban areas is conveyed by means of pipes, manholes and pump stations to one of five Wastewater Treatment Plants (WWTP) owned and operated by Western Bay of Plenty District Council. Wastewater from Omokoroa and Te Puna West is an exception as it is pumped by the Omokoroa transfer pipeline where treatment is undertaken by Tauranga City Council.

Council is implementing demand management strategies in Ōmokoroa to ensure capacity of the main pumpstation which pumps wastewater to Tauranga does not compromise volume limits with Tauranga City Council. This includes a sealed wastewater system in stage 3 Ōmokoroa and infiltration investigations and repairs. Council's most significant project in the wastewater activity is the Te Puke wastewater treatment plant replacement, that is required to meet environment standards and support growth in Te Puke and the Rangiuru Business Park.

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## Current LTP levels of services and performance measures:

What we do	How we track progress		2025	2026	2027	2028-30	2031-34
All areas in our District served	Percentage compliance with	Katikati	>90%	>90%	>90%	>93%	>95%
by Council's reticulated	resource consents for each	Maketu/Little Waihi	>94%	>96%	>96%	>98%	>99%
wastewater disposal systems	wastewater scheme:	Te Puke	>90%	>90%	>90%	>93%	>95%
meet acceptable health,		Waīhi Beach	>97%	>97%	>97%	>97%	>98%
safety and environmental		Ongare Point	>95%	>95%	>95%	>95%	>95%
standards.							
Maintain wastewater systems	The number of dry weather sewage o	verflows from Council's	<2	<2	<2	<2	<2
and have capacity to meet	sewerage system, expressed per 1000	sewerage connections to					
demand.	that sewerage system. Not: only applie	es when 1mm of rain has					
	fallen in a 24 hour period.						
	Compliance with resource consents	Abatement notices	0	0	0	0	0
	for discharge from the sewerage	Infringement notices	0	0	0	0	0
	systems received by Council in	Enforcement notices	0	0	0	0	0
	relation to those resource consents	Convictions	0	0	0	0	0
	measured by the number of:						

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What we do	How we track progress		2025	2026	2027	2028-30	2031-34
Provide wastewater services	Where Council attends to sewage	Attendance time: From	<60	<60	<60	<60	<60
that meet customer need.	overflows resulting from a blockage	the time Council receives	minutes	minutes	minutes	minutes	minutes
	or other fault in the Council's	notification to the time					
	sewerage system, the following	that service personnel					
	median response times measured:	reach the site.	<5 hours				
		Resolution time: From the					
		time Council receives					
		notification to the time					
		that service personnel					
		confirm resolution of the					
		blockage or other fault.					
	The total number of complaints receiv	red by Council about any of	<40	<40	<40	<40	<40
	the following:						
	- Sewerage odour						
	- Sewerage system faults						
	- Sewerage system blockages						
	- Council's response to issues with the	sewerage system.					
	Expressed per 100 connections to the 0	Council's sewerage system.					

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## **Stormwater**

Stormwater is considered in three broad stormwater management areas:

- Urban growth nodes
- Small settlements
- Rural settlements

Urban growth nodes are the main urban areas within the district that are planned for future development and expansion, and have significant stormwater infrastructure. Currently four communities fall under urban growth nodes:

- Waihi Beach (including Pio Shores and Athenree)
- Katikati
- Ōmokoroa
- Te Puke

Small settlements are the small urban settlements that have some stormwater infrastructure, generally of a low capital value when compared to the infrastructure in urban growth nodes. Prioritisation for renewals and upgrades are based on flood risk, as well as cultural and environmental impact. Currently eight communities fall under small settlements:

- Tanners Point
- Kauri Point
- Ongare Point
- Minden
- Te Puna
- Maketu
- Pukehina Beach
- Paengaroa

Rural settlements include land zoned rural, as well as rural villages that have fewer than 50 residential dwellings. These areas are provided for by the stormwater infrastructure that is supplied as part of the road system only. Currently seven communities fall under rural settlements:

- All rural areas
- Tuapiro

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- Plummer's Point
- Te Kahika
- Little Waihi
- Pongakawa
- Rogers Road

## Providing for growth

The water services infrastructure associated with providing for population growth and development capacity.

## Current LTP levels of services and performance measures:

What we do	How we track progress	2025	2026	2027	2028-30	2031-34
We use an integrated catchment	The number of times per annum flooding occurs outside	<b>&lt;</b> 3				
based management approach to	identified flood-prone areas during a one-in-50 year or					
provide a stormwater network	less storm event.					
that minimises risks of flooding						
events.						

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What we do	How we track pr	ogress	2025	2026	2027	2028-30	2031-34
	The number of flooding events tha Western Bay of Plenty District. For e (district-wide), the number of habi (expressed per 1000 properties cor stormwater system).	ach flooding event table floors affected	<30 (3%) per event	<30 (3%) per event	<30 (3%) per event	<30 (3%) per event	<30 (3%) per event
	For a one-in-ten year flooding event, the number of habitable floors affected (expressed per 1000 properties connected to Council's stormwater system).	Waihī Beach Kaitikati Ōmokoroa Te Puke Maketu	<60 (6%) <10 (1%) <10 (1%) <30 (3%) <30 (3%)	Per event  <60 (6%) <10 (1%) <10 (1%) <30 (3%) <30 (3%)	<60 (6%) <10 (1%) <10 (1%) <30 (3%) <30 (3%)	<60 (6%) <10 (1%) <10 (1%) <30 (3%) <30 (3%)	<60 (6%) <10 (1%) <10 (1%) <30 (3%) <30 (3%)
We use an integrated catchment based management approach to provide a stormwater network that avoids impacts on water quality.  We will carry out compliance and monitoring activities in a balanced way to ensure best practice.	Compliance with Council's resource consents for discharge from our stormwater system measured by the number received by Council in relation to those resource consents.	Abatement notices Infringement notices Enforcement notices Convictions	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0

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What we do	How we track progress	2025	2026	2027	2028-30	2031-34
We will be responsive to	The median response to attend a flooding event,	<120	<120	<120	<120	<120
customer's stormwater issues.	measured from the time that Council receives the notification to the time that service personnel reach the site.	minutes	minutes	minutes	minutes	minutes
	Urgent	<60 mins				
	Non-urgent	<24	<24	<24	<24	<24
		hours	hours	hours	hours	hours
	The number of complaints received by Council about the	<30	<30	<30	<30	<30
	performance of its stormwater system, expressed per 1000					
	properties connected to the Council's stormwater system.					

Serviced areas (by reticulated network)	Water supply # schemes	Wastewater #schemes	Stormwater # catchments
Residential areas (If more than one	Western - 5,338	Waihi Beach – 2,793	Western - 5,502
identify separately)	Central – 2,607	Katikati – 2,311	Omokoroa – 2,461
	Eastern – 4,205	Omokoroa - 2,172	Central – 131
		Te Puke – 2,683	Eastern – 4,272
		Maketu - 564	
		Te Puna - 130	
		Ongare – 54	
Non-residential areas (If more than one	Western - 2,079	Waihi Beach - 54	Western – 496
identify separately)	Central - 2,006	Katikati - 141	Omokoroa - 41
	Eastern - 1,323	Omokoroa - 10	Central – 13
		Te Puke - 198	Eastern –473
		Maketu - 7	23333111 -170
		Te Puna - 4	

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Mixed-Use rural drinking water schemes (where these schemes are not part of the n/a n/a n/a council's water services network) Areas that do not receive water services Western - 792 (If more than one identify separately) Central - 2,113 Eastern - 4,366 Proposed growth areas • Planned (as identified in district plan) Waihi Beach, Katikati, Omokoroa, Minden Lifestyle Zone, Te Puna Spring and Business Park, Te Puke, Rangiuru Business Park • Infrastructure enabled (as identified and funded in LTP)

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

Condition of network assets providing water services (include assessment of condition of assets, when condition assessment was last carried out, expected lifespan and quantity of backlog of renewals and maintenance):

Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets	27 years	[age]	[age]
Critical Assets	[identified / not identified]	[identified / not identified]	[identified / not identified]
Above ground assets			
Treatment plant/s	8	5	10 pump stations
Percentage or number of above ground assets with a condition rating	100%	[%]	[%]
Percentage of above –ground assets in poor or very poor condition	15%	[%]	[%]
Below ground assets			
Total Km of reticulation	915km	307.8km	231km
Percentage of network with condition grading	[%]	[%]	[%]
Percentage of network in poor or very poor condition	4%	[%]	[%]

#### **Water Supply**

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Average age of water supply pipes is 27 years, with 4% of these in poor or very poor condition. Water assets vary in age and condition, from new to 65-70 years across the district. The age, performance, frequency of failure, and the cost of repair of an asset, all contribute to renewals planning. Generally, most water assets are in good or better condition and perform reliably to deliver required levels of service. A number of water supply assets will be near the end of their useful life within the next 30 years. Renewals work over this time includes water mains, bore pumps, 7 large reservoirs and multiple smaller tanks and all customer meter sets and backflow protection across the district.

About 25% of the Council water network has asbestos cement pipes that have reached or are approaching the end of their life. Roughly 11% of these pipes have been replaced in the last decade and the balance will be replaced over the next 15 years.

#### Wastewater

50% of Council's total wastewater pipes are less than 20 years old, and 4% of the pipes are over 50 years old. Wastewater assets are considered relatively young however there have been recent issues with the Katikati outfall where sections of the pipe are failing earlier than anticipated. This highlights the need to ensure asset condition data continues to be monitored.

While there is no identified need to increase the number of wastewater treatment plants, there will be the need to continually upgrade the capacity of existing plants to cope with future growth and increased requirements of the quality of discharge to be met under the National Policy Statement (NPS).

The Katikati outfall pipe is a critical asset for Council and has started failing prematurely. An alternative disposal option is currently being investigated in conjunction with iwi and the community. This will inform the infrastructure requirements and future budgets. The current LTP allowance is for a pipe replacement.

#### Stormwater

Reticulated stormwater assets are relatively young with 85% of stormwater pipes being less than 30 years old. The average life expectancy is between 80 and 100 years. 62% of Council's total stormwater pipes are less than 20 years old, with only 7% of the pipes over 50 years of age or older. Following a number of extreme weather events in early 2023, WBOPDC is currently reviewing district wide levels of service and the need for any further investment. The current level of service focus on flooding of habitable floor levels, there is a need to consider whether personal safety be included in the service level.

Up to date information on asset condition is unavailable for wastewater and stormwater, however condition assessments are planned for these assets over the next 10 years. From MJ report – confirm still accurate?

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#### Asset management approach

In this section, Plans must briefly describe the asset management approach being used or proposed for future delivery model, including capital, maintenance, and operational programmes for delivering water services. This may include:

- Existing and proposed service delivery mechanisms:
- Existing and proposed asset management systems:
- Supporting asset management policy or framework:
- Asset management maturity assessment (if available):

Asset management plans (AMPs) are in place for all activities including waster supply, wastewater and stormwater. The plans have been prepared based on standard industry practice and are used to forecast expenditure needed to operate, maintain and renew assets. The financial forecasts in AMPs are a result of analysing asset requirements based on three key assumptions:

- · The future service level being delivered to the community,
- The future demand for the service, and
- The age, performance and life of the asset.

Council has a renewal and upgrade programme to replace assets before they fail or do not have sufficient capacity to service demand. When considering the renewals programme, Council looks at both the condition and performance of the asset, taking into account the level of service being delivered and whether the asset is still fit for purpose. The aim is to get the best possible use of an asset from when it is constructed to the point when it is no longer usable. This includes the servicing and maintenance of assets to extend the asset life and gain additional service benefits. Renewals continue across the next 30 years with peaks in the water and wastewater activities to reflect water bore and reticulation renewals, the Te Puke wastewater treatment plant replacement and management of the Katikati wastewater outfall pipe.

WBOPDC adopts a hybrid approach to funding depreciation and asset replacement directly from rates collected to project fund year on year. The approach has enabled Council to match rate funding to operating expenses inclusive of depreciation and is consistent with the balanced budget benchmark in the Local Government (Financial Reporting and Prudence) Regulations 2014.

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## Statement of regulatory compliance

## Resource consents held by WBOPDC, the type of consent, and the expiry date:

Western Bay currently has 35 consents across the district for three waters, with 2 expired consents.

The expired consents both have renewal applications submitted to Regional Council, as outlined below.

Wastewater consents are relatively new with the vast majority set to expire in 20 years' time. Stormwater consents have recently been replaced by four comprehensive stormwater consents.

The asset management plans include nominal amounts for reconsenting requirements over the next 30 years, however there is uncertainty over the quantum of funding required given future regulatory requirements are likely to change/increase.

#### Expired consents that are currently being renewed under section 124 Resource Management Act 1991:

An expired stormwater consent related to comprehensive stormwater management for Ōmokoroa for which a new application was lodged in November 2022. Waihi Beach Wastewater Scheme – Discharge Biosolids to Land – this consent expired on 30 June 2025. A renewal application was submitted in April 2025.

#### Active resource consent applications:

None

## Whether and to what extent water services comply with current regulatory requirements:

TBC

#### Water Supply

While current water supplies are not compliant with the newly introduced protozoa and bacteria requirements, capital investment is planned to bring these supplies in line with the updated rules by 2026. Wharawhara and Athenree Water Treatment Plants (WTPs) are currently complying with the bacterial rules. Council is currently delivering critical upgrades at all the WTPs to comply with Taumata Arowai's Drinking Water Quality Assurance Rules 2022 and meet its statutory obligations under the Water Services Act 2021. These works are at different stages of implementation, with Athenree and Wharawhara nearing completion.

#### **Consents include:**

Water Supply - Current Consents

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Consent No	Consent	Purpose	Consent Status	Expiry Date
24995	Western; right to discharge chlorinated water to land, Athenree	For the purpose of carrying out reservoir maintenance at the municipal water treatment station at Westwood	Current	31-Oct-32
	Water Treatment Plant	Road, Athenree.		
50244	Eastern; Stabilise intake weir, Katikati Water Treatment Plant	To improve & stabilise intake for water supply, Uretara Stream	Current	3-Aug-28
50391	Eastern; construct/maintain Structures for water intake, Te Puke Water Treatment Plant	Upgrade existing water supply intake, Waiari Stream	Current	30-Jun-29
50602	Eastern; maintain existing water supply intake, Te Puke Water Treatment Plant	Construct and maintain 3 structures in the bed of the Waiari Stream, Te Puke	Current	30-Jun -30
50639	Eastern; right to thrust water pipe under Stream, Te Puke	Trust water main under Ohineangaanga Stream, 5 Barrow Pl, Te Puke	Current	30-Sept-25
61169	Place and use a Structure on the bed of the Whataroa Stream, Dam and take water from the Whataroa Stream for Municipal Water Supply, discharge water over spillway to the Whataroa Stream.	For the purpose of damming the Whataroa Stream by placing and using a concrete arch dam structure on the bed of the stream and taking water from the dam impoundment for the municipal water supply of Te Puke, and discharge excess water from dam impoundment	Current	31-Jan-37
61246	Place, use and alter a dam structure in a watercourse	To reconstruct the Grantee's existing water supply intake. (Waihi Stream)	Current	30-Jun-30
61431 and 61431-1	Take water from a Bore Field for Municipal Water Supply (Youngson Road) Bore Field Youngson Road	For the purpose of taking water from a bore field at Youngson Road, Omokoroa, for Municipal Water Supply.	Current	30-Nov-36
61527 and 61527-1	Take Water from a Bore Field for Municipal Water Supply (Ohourere)	For the purpose of taking water from a bore field at Crawford Road, Ohourere, for municipal water supply.	Current	31-Mar-37

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	Bore Field Crawford Road			
61738	Place and use a watermain pipe bridge, and to retrospectively authorise the placement and use of a temporary water supply pipeline over the bed of the Uretara Stream.	For the purpose of placing a pipe bridge to carry a 200mm diameter watermain over the Uretara Stream; and to retrospectively authorise the placement and use of a temporary water supply pipeline installed over the bed of the Uretara Stream.	Current	31-Aug-37
62045 and 62045-1	Take Water from a Bore to Supplement Municipal Water Supply to the Waihi beach Community	For the Purpose of providing supplementary water to the Waihi Beach Community water supply during the summer months, and upon occasion throughout the year.	Current	31-Dec-38
62428	Take water from a bore field for Municipal Water Supply (Tahawai)	For the purpose of taking water from a bore field located at Tahawai, adjacent to State Highway 2, Katikati, for a municipal water supply.	Current	31-Jan-39
62621	Take Water from a Bore Field for Municipal Water Supply (Wharawhara)	For the purpose of taking water from a bore field located at Wharawhara Road, Katikati, for Municipal water supply.	Current	31-Mar-40
62962	Place a Structure over the Uretara Stream	For the purpose of attaching water mains pipework to the Wharawhara Bridge over the Uretara Stream	Current	28-Feb-40
65637	Take water from the waiari Stream	For the purpose of authorising the take and use of water from the Waiari Stream for municipal supply.  (Joint with TCC)	Current	31-Jul-44
66439	Take and use water from Two Bores for Municipal supply	For the purpose of providing municipal supply of water to the Athenree, Waihi Beach and Tanners Point areas from bores, located at Westwood Road, off State Highway 2, Athenree.	Current	30-Sep-45
RM21-0054	Take and use groundwater	Take and use of groundwater from bore BN-3702 for municipal supply. (Muttons Bores)	Current	30-Jun-37
RM24-0653	Take and use of groundwater	take and use of groundwater from bore BN-10919 for municipal supply at Maniatutu Road, Pongakawa.	Current	31-Jan-60

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## <u>Wastewater</u>

Consent No	Consent	Purpose	Consent Status	Expiry Date
RC66950	Waihī Beach Wastewater Scheme	Discharge Wastewater to water	Current	31-May-47
RC66279	Waihī Beach Wastewater Scheme	Discharge of Biosolids to Land	Expired	30-Jun-25
RM16-0165	Waihī Beach Wastewater Scheme	Discharge to air	Current	31-May-47
RM16-0206-DC.02	Katikati Wastewater Scheme	Coastal Discharge	Current	31-Jul-38
RM16-0206-DC.01	Katikati Wastewater Scheme	Discharge - To Air	Current	31-Jul-53
RM16-0204-DC.04	Te Puke Wastewater Scheme	Discharge - To Land	Current	30-Apr-54
RM16-0204-DC.01	Te Puke Wastewater Scheme	Discharge - To Air	Current	30-Apr-54
RM16-0204-BC.02	Te Puke Wastewater Scheme	Construction/Earthworks	Current	30-Apr-54
66314	Maketu Wastewater Treatment Plant	Discharge - To Air	Current	19-Aug-45
65977	Maketu Wastewater Treatment Plant	Discharge - Wastewater	Current	11-Aug-45
RM17-0362-DC.01	Ongare Point Wastewater Treatment Plant	Discharge - To Air	Current	31-Mar-53
RM17-0362-DC.02	Ongare Point Wastewater Treatment Plant	Discharge - To Land	Current	31-Mar-53
RM21-0712	Maketu Wastewater Treatment Plant - Vermicomposting	Discharge contaminants to air from composting	Current	11-Aug-45

## <u>Stormwater</u>

Council holds four different Comprehensive Stormwater Consents:

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Consent No	Consent	Consent Status	Expiry Date
RC61768	Ōmokoroa	Expired – New application submitted November 2022	31-May-23
RC67093	Western	Current	30-Nov-54
RC67481	Eastern	Current	31-May-55
RM17-0121	Central	Current	30-May-55



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Parameters	Drinking supply	Wastewater	Stormwater
	schemes	schemes	Schemes/catchments
Drinking water supply		n/a	n/a
Bacterial compliance (E.coli)	No		
<ul> <li>Protozoa compliance</li> </ul>	No		
Chemical compliance	Yes		
<ul> <li>Boiling water notices in place</li> </ul>	0		
<ul> <li>Fluoridation</li> </ul>	Planned		
<ul> <li>Average consumption of drinking water</li> </ul>	206 litres		
<ul> <li>Water restrictions in place (last 3 years)</li> </ul>	No		
<ul> <li>Firefighting sufficient</li> </ul>	Yes		
Resource Management			
Significant consents (note if consent is expired and	Water supply take: 9	Wastewater discharge	Stormwater discharge: 4 (1
operating on S124)	Water discharge: 1	water/land/air: 12 (1 expired -	expired – renewal application has
-F9	Water algerial go. 1	renewal application has been	been submitted)
		submitted)	Network: 0
		Network: 0	Notwork. 9
		NOEWORK. O	
Expire in the next 10 years	1	0	0
Expire in the riext is years	1		
Non-compliance:			
Significant risk non-compliance		0	
Moderate risk non-compliance	0	,	0
Low risk non-compliance	0		2
2 ESW HOR HOTT COMPINATION		4	1
Active resource consent applications			
Active resource consent applications	0	1 (renewal as above)	1 (renewal as above)
Compliance actions (last 24 months):			
Warning			
Abatement notice	0	0	0
Infringement notice	0	1	0
Enforcement order	0	0	0
Convictions	0	0	0
- 351111000113	0	0	0

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Whether and to what extent water services will comply with any anticipated future regulatory requirements:

• Whether any water services are not expected to comply with current regulatory requirements or are not expected to comply with any anticipated future regulatory requirements, and if so:

- o A description of the actual or potential non-compliance; and
- o A description of how the proposed delivery model or arrangements provided under the Plan will assist to ensure water services will comply.

It is expected that in this section, Plans will also describe how the Plan ensures that the council (or councils for a joint Plan) will meet all relevant regulatory quality standards for its water services.

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

In this section, it is expected that Plans will highlight significant capital projects included in projected investment requirements. Significant projects are those that will achieve compliance, LOS, and enable growth. They should also include significant renewals and upgrades of the networks.

This section should include projects that may not currently be identified in the Long-Term Plan but are deemed to be a significant project over the following 20 years.

In this section, Plans must provide details on the capital expenditure required (for a period of not less than 10 consecutive financial years starting with the 2024-25 financial year) to deliver water services and ensure that water services comply with regulatory requirements.

In describing the capital expenditure required over 10 years to deliver water services, it is expected that councils will ensure that the level of investment.

- Meets existing and proposed levels of service;
- Enables the operation, maintenance and renewal of network assets;
- Meets regulatory requirements; and
- Provides for growth to the extent it supports the council's housing growth and urban development, as specified in the council's current Long-Term
  Plan

  Plan

Councils may refer to their 30-year Infrastructure Strategy, where proposed investment outside of the 10-year Plan period will respond to or have a material impact on the matters set out in the bullet points above.

Councils are encouraged to comment on:

- How the proposed investment leads to an uplift (or maintains) the current level of service; and
- Benefits to communities from the proposed level of investment in terms of levels of service, compliance with regulatory requirements and providing for growth.

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Projected investment in water services	FY2024/25 (Actual)	FY2025/26 (LTP)	FY2026/27 (LTP)	FY2027/28 (LTP)	FY2028/29 (LTP)	FY2029/30 (LTP)	FY2030/31 (LTP)	FY2031/32 (LTP)	FY2032/33 (LTP)	FY2033/34 (LTP)
Drinking Water – Western Supply Z		(LIP)	(LIP)	(LIF)						
Capital expenditure - to meet										
additional demand	1,903	6,692	5,042	2,330	4,492	4,927	3,849	643	657	3,901
Capital expenditure - to improve										
levels of services	7,822	3,521	1,290	270	380	329	369	96	230	114
Capital expenditure - to replace										
existing assets	3,591	5,727	4,889	5,122	7,090	6,101	4,615	11,686	2,746	2,295
Total projected investment for										
drinking water	13,316	15,940	11,221	7,722	11,962	11,357	8,833	12,425	3,633	6,310
Wastewater										
Capital expenditure - to meet										
additional demand	-	2,621	10,114	2,001	-	454	843	2,057	-	6,151
Capital expenditure - to improve										
levels of services	11,965	30,513	31,802	9,332	1,698	80	504	142	132	148
Capital expenditure - to replace	1,000	0.450	0.517	05.115	05.700	10.011	1000	1500	1005	1.001
existing assets	1,880	2,456	2,517	25,115	25,762	19,911	1,203	1,586	1,285	1,081
Total projected investment for	12 0 4 5	35,590	44 422	26.440	27.460	20.445	2 550	2 705	1 417	7,380
wastewater	13,845	35,550	44,433	36,448	27,460	20,445	2,550	3,785	1,417	7,300
Stormwater										
Capital expenditure - to meet	10.070	F 0.40	4.015	1041	10	610				
additional demand	10,672	5,943	4,315	1,641	49	610	-		_	
Capital expenditure - to improve levels of services	1,013	3,341	2,968	2,387	1,607	2,008	1,774	1,403	866	1,575
Capital expenditure - to replace	1,013	3,341	2,908	2,367	1,007	2,008	1,774	1,403	800	1,070
existing assets	1,990	6,028	13,490	968	94	259	165	149	170	56
Total projected investment for	1,000	0,020	10,430	550	3-4	200	100	140	170	30
stormwater	13,675	15,312	20,773	4,996	1,750	2,877	1,939	1,552	1,036	1,631
Total projected investment in										
water services	40,836	66,842	76,427	49,166	41,172	34,679	13,322	17,762	6,086	15,321

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# Historical delivery against planned investment

Delivery against alarmed investment		Renewals investmen	nt for water services		Total investment in water services					
Delivery against planned investment	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total		
Total planned investment (set in the relevant LTP)	7,461	32,412	16,171	56,044	40,836	79,630	48,557	169,023		
Total actual investment	7,461	18,183	13,747	39,391	40,836	49,303	25,011	115,150		
Delivery against planned investment (%)	xx%	56.1%	85.0%	70.3%	100.0%	61.9%	51.5%	68.1%		

Budget data has been used for the total actual investment for the 2024/25 financial year, however as of May 2025 this was forecast at 94% delivery against planned investment.

Councils are encouraged to confirm if:

- The level of investment that was delivered against what was provided for in the relevant Long-Term Plan;
- Any constraints on delivery that impacted historical actual investment;
- Any steps taken to improve future delivery against the Plan; and
- Peaks in future years and approach to accommodate and deliver on the planned investment.

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## Additional guidance for Statement of Regulatory Compliance

Regulatory compliance includes meeting drinking water standards, resource consents for water takes and discharges, wastewater discharge consents (land, air, odour amongst others), stormwater discharge consents and network consents (do not include land use consents or temporary structure consents).

Current or future regulatory requirements includes:

- When a system is nearing non-compliance or experiences frequent non-compliance with conditions (for example, nearing level of service, capacity
  constraints) and consent unlikely to be renewed in current form without investment in water services assets, and systems.
- Existing consents may have been in place for many years, and it is expected when they are renewed that regulatory requirements are likely to be changed significantly to align with newer consent conditions.
- · Existing consent conditions are unlikely to meet community or iwi expectations therefore will need to be amended to accommodate.

#### Confirm if:

- · You are delaying wastewater consent replacements and waiting for new regulatory wastewater standards;
- There are any issues with water take/source consents or implementation of water safety plans and associated improvement works (for example, need new water source); and/or
- The investment plan includes fluoridation installation or associated upgrades, (under the Health Act 1956).



# Part C: Revenue and financing arrangements

# Revenue and charging arrangements

# Revenue and charging arrangements

# Charging and billing arrangements

# **Current charging and billing arrangements**

- Council's Revenue and Financing Policy sets out how water services are currently charged. A copy of the policy is available online <u>LTP Final Doc 2024-34 Chapter 5 Overall Revenue and Financing Policy.pdf.</u> Further details for the charging determination of the water, wastewater and stormwater are set out below.
- Billing for water is through water meters (where properties are connected) and sent via a separate waters invoice. Final reading charges go out on a separate waters invoice.
- Some fees and charges, for example connection charges, are sent via sundry invoicing
- All other water services charges are sent out via the rates invoice.

# **Water Supply**

Water rates are charged using a metered or unmetered Uniform Targeted Rate (UTR). Our policy on water meters is that all properties connected to Council's water supply should be metered. In establishing the criteria for water metering we recognised the environmental benefits that would result from water conservation if all users were metered and balanced that against the cost of installing meters on all properties and the affordability of such a strategy.

Where meters are in use charges are as follows:

- Each property will be charged the metered Uniform Targeted Water Rate for the first meter, and
- An additional Uniform Targeted Rate will be charged for every additional meter on the property. This covers the costs of reading, billing, maintenance, and future meter replacement.
- Connections larger than 20mm will be charged additional UTRs in proportion to the capacity of the connection.
- A charge based on water consumption per m3 is also levied. This volumetric charge
  is recorded as a targeted rate. Where unmetered connections are in place a single
  annual charge is levied. This charge is higher than the metered water annual charge
  to take into account water usage.

# Wastewater

Our policy on wastewater charges is: Uniform Targeted Rate: All properties connected or available to be connected (within 30 metres of a public wastewater drain) will be charged a Uniform Targeted Wastewater Rate.

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Multiple connection charges: We have a policy for charging properties with more than one toilet. It applies to all wastewater schemes.

- Each residential household will pay one standard connection charge to the
  wastewater scheme regardless of the number of toilets in the dwelling. This charge
  covers fixed and variable costs. Additional dwellings on a property will be liable for the
  multiple pan charge.
- Non-residential properties with more than one toilet are liable for the multiple pan charge for each consecutive toilet. Our intention is to achieve a fair allocation of the costs of the wastewater scheme based on the usage of capacity in the system. We acknowledge that in some instances additional toilets may be installed in nonresidential properties for convenience which may not result in an increase in total usage. The Council has a multiple pan remission policy to address instances where ratepayers / organisations would be charged unduly high amounts by the application of this policy.

Although the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendment Act 2001 was repealed, schools are charged for sewage disposal on the same basis as that envisaged by the Act but as a targeted rate for each individual school in our District. This is because schools by and large have accepted the levies charged.

## Stormwater

Stormwater services are charged through the general rates (including the UAGC) and targeted rates where beneficiaries of the service can be identified.

# Proposed charging arrangement for water services

The proposed charging arrangements for water services are the subject of further discussions between the partner Councils of the proposed Water Services Council Controlled Organisation. These arrangements will reflect the legislative requirements signalled in the Local Government (Water Services) Bill.

# Any changes between current and future charging mechanisms

There are likely to be changes between the current and future charging mechanisms. These mechanisms will **r**eflect the legislative requirements signalled in the Local Government (Water Services) Bill.

Further information to be provided as necessary,

How the revenue from water services will be separated from the council's other functions and activities

To be completed.

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# Water services revenue requirements and sources

It is expected that this section will summarise the:

- Revenue requirements under the Plan;
- Sources of revenue household charges (rates and volumetric charges) and other revenue sources (including user charges/fees, Development Contributions, capital/operating subsidies and grants, and other income);
- Where a water services organisation is to be established, whether it is proposed that the water services provider will directly charge consumers or whether charging and billing will be undertaken by council and passed through to the water services provider; and
- Charging and collection methodology for residential and non-residential consumers.



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**Notes to the reader**: This section has been completed based on the Council's current approach to charging and pricing, as set out in the 2024 Long-Term-Plan, with some adjustments to ensure conservatism in the forecasts, including: Taumata Arowai and Commerce Commission levies; incremental costs associated with a WSO including audit, board and management costs; establishment costs associated with the WSO (debt funded); changes in financing cost assumptions to align with current LGFA rates. A summary of modelling assumptions can be found in Appendix X.

As outlined in the prior section, revenues will transfer to the WSO from 1 July 2027, at which point a new pricing or tariff structure may be introduced (further details are outlined below). However, it is expected that the Council will continue to collect water revenues on behalf of the WSO under a service level agreement for a period.

## Forecast revenue requirements

Based on current forecasts, the Council anticipates water services operating expenses (excluding depreciation) of \$418.7 million over the WSDP period, against \$522 million in operating revenues, generating \$103.3 million in operating funding surpluses.

As the Council is transitioning water services to a joint WSO, the WSO will be required to meet the LGFA's financial covenants, including FFO-to-debt and interest coverage ratios, with the participating Councils setting a target capital structure that maintains an FFO-to-debt ratio of at least 10%<sup>1</sup>, compared to the LGFA covenant of 8%.

By moving to this capital structure, the WSO will not need to fund depreciation from cash / revenue in the same way as the Council, instead the WSO will use it debt to finance investment to ensure equitable sharing of costs over time, while maintaining borrowing within prudent limits to be determined by the board of the WSO consistent with LGFA limits and agreed council support arrangements.

**Table 2: Water Services Funding Impact Statement** 

rubio 2. Water cer vices runanig impact statement												
Funding impact statement (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34		
Sources of operating funding												
General rates	780	1,020	802	806	811	815	819	823	827	832		
Targeted rates	32,848	38,383	41,739	48,314	55,090	62,666	60,063	60,496	57,036	54,405		
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0		
Local authorities fuel tax, fines, infringement fees and other receipts	2,000	0	0	0	0	0	0	0	0	0		
Fees and charges	52	58	59	61	62	64	65	66	68	69		
Total operating funding	35,680	39,462	42,600	49,181	55,963	63,544	60,947	61,385	57,931	55,306		
Applications of operating funding												
Payments to staff and suppliers	17,526	20,676	20,571	21,756	22,572	22,879	23,016	23,110	23,276	23,401		
Finance costs	6,629	6,749	8,604	13,778	14,956	15,411	15,015	14,214	13,311	12,368		
Internal charges and overheads applied	6,976	7,413	7,826	7,897	7,799	7,883	8,031	8,196	8,346	8,491		
Other operating funding applications	0	0	0	0	0	0	0	0	0	0		
Total applications of operating funding	31,131	34,837	37,001	43,432	45,328	46,173	46,061	45,519	44,933	44,261		
Surplus/(deficit) of operating funding	4,549	4,624	5,600	5,750	10,635	17,372	14,885	15,866	12,998	11,046		
Sources of capital funding												
Subsidies and grants for capital expenditure	1,506	1,249	1,216	0	0	0	0	0	0	0		
Development and financial contributions	11,686	22,954	24,357	15,967	16,497	15,285	16,201	13,305	14,266	15,291		
Increase/(decrease) in debt	9,308	26,294	39,490	23,084	13,250	5,585	1,489	19,839	26,376	43,554		

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Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	22,500	50,497	65,062	39,051	29,747	20,870	17,690	33,144	40,642	58,845
Applications of capital funding										
Capital expenditure - to meet additional demand	12,576	15,255	19,468	5,970	4,540	5,966	4,653	2,656	650	9,725
Capital expenditure - to improve levels of services	20,800	37,375	36,061	11,989	3,685	2,407	2,593	1,578	1,173	1,581
Capital expenditure - to replace existing assets	7,461	14,211	20,896	31,206	32,946	26,162	5,909	13,088	4,037	3,264
Increase/(decrease) in reserves	(13,788)	(11,721)	(5,763)	(6,165)	(790)	3,707	19,420	31,688	47,781	55,320
Increase/(decrease) in investments	0	0	0	1,800	0	0	0	0	0	0
Total applications of capital funding	27,049	55,121	70,662	44,800	40,382	38,242	32,575	49,010	53,640	69,891
Surplus/(deficit) of capital funding	(4,549)	(4,624)	(5,600)	(5,750)	(10,635)	(17,372)	(14,885)	(15,866)	(12,998)	(11,046)
	·	·	, and the second	, and the second	·	·	·	, and the second	, and the second	
Funding balance	(0)	0	0	(0)	0	0	0	0	(0)	0

#### Sources of revenue

The Council sources most operating revenue from targeted rates, except for stormwater which includes a general rate component. A small amount of revenue is derived from fees and charges. Individual Funding Impact Statements in <u>Part E</u> set out the projected level of revenue by expected source.

Capital revenues are a combination of development contributions and debt. The information above in Table 2Error! Reference source not found., above, identifies sources revenue. Individual Funding Impact S tatements in Part E set out the projected level of capital revenue by expected source.

# A note on financial contributions

To be completed

# **Future sources of revenue**

In the future, sources of revenue will be set by the WSO but these are expected to be similar to current arrangements for a transition period. Initially charging and billing is likely to be undertaken by the Council and passed through to the WSO, with the Board responsible for determining the amount of revenue to collect and advising on the tariffs to be applied consistent with the current tariff structure. As outlined earlier, it is intended that the WSO will directly charge and invoice customers in the future with the timing of billing transition to be determined through the establishment and transition planning stage. There may also be changes to tariff arrangements for individual customer groups and this will occur in line with establishment guidance and consistent with the anticipated regulatory regime. Part E, below outlines the forecast split of sources of operating and capital revenues for each water service. Foundational principles of the charging framework are expected to ensuring transparency and equity in charging. The framework aligns with the principles of cost recovery, water conservation and affordability.

# Existing and projected commercial and industrial users' charges

It is expected that this section will summarise the:

 Current charging and collection methodology for water services – for residential and nonresidential consumers; and

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 $<sup>^{\</sup>rm 1}\,\text{LGFA}$  covenants enable the WSO to achieve an 8% FFO-to-debt.

# The affordability of projected water services charges for communities

In this section, it is expected that councils will comment on:

- Affordability considerations and constraints, including the community's ability to pay projected water services charges; and
- Average water charges per connection as a percentage of median household income.

# **Affordability**

Affordability was a key concern raised through public consultation on the preferred service delivery model and a key driver of the Council's decision to join a WSO. As part of this decision-making process, the participating Councils commissioned MartinJenkins to examine the potential impact on affordability a joint WSO would have, based on an agreed set of assumptions (which can be found in Appendix X). Through the realisation of efficiencies and a move to an alternative capital structure, costs average costs per connection were expected to improve under a WSO, even after accounting for potential establishment costs and additional operational costs associated with a WSO. This included maintaining a cost-to-serve principle within district boundaries and differentiated prices between districts.

Based on these assumptions for Western Bay water users, under the WSO, average water related charges per connection are projected to increase from around \$2,400 in 2025 to approximately \$3,450 in 2034, representing an average annual increase of 4.6%. This compares with LTP projections of around \$6,240 per connection in FY34. More information on the supporting analysis and comparative information between councils can be found in this report [LINK].

Water charges as a percentage of median household income in Western Bay are forecast to range between 2.5% and 3.7% over the ten-year period, with affordability improving following the transition to a WSO. The table below shows declining affordability through to FY30, at 3.7%, before improving to around 2.6% by FY34 as the benefits from economies of scale and greater efficiency begin to kick in.

Average charge per connection including GST (\$nominal)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	750	808	842	911	935	1,086	1,074	1,250	1,207	1,175
Average wastewater bill (including GST)	1,302	1,659	1,752	2,038	2,441	2,710	2,530	2,320	2,138	1,994
Average stormwater bill (including GST)	344	357	393	452	482	510	451	398	338	287
Average charge per connection including GST	2,396	2,824	2,987	3,400	3,858	4,306	4,055	3,969	3,682	3,456
Water services charges as % of household income	2.5%	2.8%	2.9%	3.2%	3.5%	3.7%	3.4%	3.2%	2.9%	2.6%

# Funding and financing arrangements

# Funding and financing arrangements

Water services financing requirements and sources

It is expected that this section will describe:

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- Projected borrowing requirements over the 10-year period to deliver the level of investment required;
- Minimum cash and working capital requirements for the sustainable delivery of water services;
- Borrowing limits for water services and all council business;
- Whether projected borrowings are within borrowing limits;
- Financial strategy for financing water services investment and operating expenditure;
- Expected tenor of new borrowings and how interest rate and refinance risk will be managed;
   and
- Debt repayment strategy.



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## **Borrowing requirements and limits**

Over the forecast period, the water services in WBOPDC are forecast to require \$355.5 million in capital investment to meet regulatory, growth, and service level obligations. To support this investment, borrowing of approximately \$87 million is required, with the remaining funding to come from water services revenue and development contributions. The table, below identifies net debt by individual water service, with net debt associated with water supply and wastewater to transfer to the WSO, while stormwater net debt would remain with the Council.

Debt to revenue by water service (\$000s, nominal)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water - net debt	24,288	37,187	45,529	52,213	58,485	62,095	62,973	67,781	64,193	63,166
Wastewater - net debt	67,037	82,825	105,579	129,578	143,720	148,105	135,712	125,414	113,870	108,534
Stormwater - net debt	69,713	79,042	93,198	91,765	85,389	79,273	72,857	66,497	60,225	54,820

It is expected that the WSO will arrange its borrowings through the LGFA, supported by a Council guarantee or uncalled capital, with the final security arrangements and financial covenants to be agreed between the parties. In doing so, the expectation is the water organisation will be required to comply with two key LGFA financial covenants:

- 1. **FFO-to-debt ratio**: The ratio of FFO- to-debt must remain above 8%. This metric incorporates 75% of Development Contribution revenues in the FFO calculation, based on LGFA guidance.
- Interest coverage ratio (ICR): The ICR must be maintained above 1.5x, based on LGFA covenants

Financial projections for the WSO indicate that both covenants will be comfortably met over the planning horizon targeting a 10% FFO-to-debt ratio against the LGFA covenant of 8% and an interest coverage ratio above the 1.5x covenant.

As part of its broader financial governance, the Council will continue to adhere to its LGFA financial covenants which sets a whole-of-Council borrowing limit of 280% net-debt-to-revenue, with the Council's <u>Treasury Policy</u> establishing an internal ceiling of 200% net-debt-to-revenue. The transfer of water supply and wastewater to the WSO is expected to improve Council's position against this benchmark, creating additional headroom for future non-water investments. Further information is outlined in **Part D** - Error! Reference source not found, below.

# Debt Repayment Strategy (WSO)

The WSO will utilise debt financing for long-lived capital expenditure, such as infrastructure upgrades and compliance-driven projects. Short-term liquidity needs may also be met through borrowing; however, operating costs will be funded through water revenues. This approach supports intergenerational equity and aligns with sound financial management principles.

While the WSO's forecasts are structured to show debt aligned with investment needs, rather than explicitly modelling principal repayments, the debt strategy assumes the use of FFO as the primary mechanism for managing debt over time.

In practice, this means the WSO will treat its debt portfolio as a flexible facility to support ongoing investment, while using excess operational cashflows to manage debt within overall LGFA covenant limits and shareholder expectations. The focus will be on maintaining liquidity, servicing interest costs comfortably, and ensuring that debt levels remain aligned with long-term revenue capacity, infrastructure need, and intergenerational equity. By maintaining debt within its borrowing limits and targeting FFO, the WSO can manage its debt exposure without prematurely constraining its investment programme or placing undue burden on current ratepayers. The WSO will prepare its own Treasury

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Policy, including its policies for managing liquidity and interest rate risks, and will put appropriate transactional banking, working capital and loan facilities in place.

# Internal borrowing arrangements

It is expected that this section will summarise:

- Any current internal borrowing arrangements between water services and other council business, including whether finance costs are charged on these arrangements and repayment mechanics:
- Whether it is proposed that internal borrowing arrangements will be used up to 30 June 2028;
- Whether it is proposed that internal borrowing arrangements will be used beyond 30 June 2028;
   and
- How internal borrowings will be managed to ensure compliance with ringfencing requirements.

## Determination of debt attributed to water services

It is expected that this section will describe:

- How debt allocated to water services on 30 June 2024 was determined; and
- The total value of water services borrowings and the net debt to operating revenue calculation on 30 June 2024.

#### Insurance arrangements

## **Current Insurance Cover**

Western Bay of Plenty District Council (WBOPDC) currently owns the three waters assets and has insurance in place through Aon. This includes cover for:

- Buildings and above-ground infrastructure (like treatment plants, pump stations, and reservoirs)
- Business interruption
- Construction works
- Liability cover (such as public liability and professional indemnity)

# <u>Annual Insurance Review</u>

Insurance cover is reviewed every year as part of Council's annual insurance renewal process with Aon. The most recent full review was completed in October 2024.

Council's asset information is maintained in its asset system, and this is used to update insurance cover each year.

## **How Risks Are Assessed**

When Council reviews insurance each year, it also assesses the types of risks that could cause damage — such as earthquakes, flooding, or mechanical failure — and what the potential financial losses might be. These assessments are supported by loss modelling work provided by Aon, which helps estimate the likely cost of damage under different hazard scenarios.

Both above ground and underground water assets are included in this process. While underground assets are more complex to assess, they are covered under the Council's material damage insurance programme and are valued using replacement cost estimates. Risk information is updated annually and used to inform insurance limits, deductibles, and reinsurance arrangements.

# Level of Insurance Cover and How It's Calculated

Council uses the latest asset valuations to determine how much insurance cover is needed. These valuations are updated annually. The amount of cover is based on how much it would cost to replace the assets (either fully or optimally), and inflation is also taken into account when adjusting cover each year.

# **Insurance Management Approach**

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# Review Process and Asset Identification

Council has an internal policy for how insurance is managed. This includes identifying which assets are insured, reviewing policies each year, and keeping the insured asset register up to date.

## Main Risks and How They're Managed

Key risks include natural disasters (like earthquakes and flooding), fires, vandalism, and equipment failures. Council takes a low-risk approach to critical water services and reduces these risks by maintaining backup systems (e.g. spare pumps and generators), regular maintenance, and service contracts.

# Connection to Council's Emergency Planning

Council's disaster planning and emergency procurement systems are closely tied to its insurance approach. This ensures services can be restored quickly after a major event.

# Who Oversees Insurance

The General Manager Corporate Services alongside the CFO are responsible for insurance decisions. The Risk / Finance team look after day-to-day management. Council's Audit and Risk Committee reviews the programme each year, and any major changes or claims are reported up to the Executive Team and to Council where needed.



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# Part D: Financial sustainability assessment

# Confirmation of financially sustainable delivery of water services

# Financially sustainable water services provision

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

The Council confirms that the Water Services Delivery Plan is expected to achieve financially sustainable delivery of water services by 30 June 2028 by transitioning to a joint WSO from 1 July 2027, subject to undertaking further due diligence and work as part of the establishment of a WSO.

## Revenue sufficiency

Based on projections using the best available Council information, water services are expected to generate sufficient revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. This is underpinned by a target capital structure generating sufficient revenues over the forecast period, with a cumulative operating cash surplus ratio of 43%, indicating sufficient revenues to meet expenses. Operating cashflow surpluses over the 10-year period are forecast at \$53.7 million, providing headroom to meet interest costs and liquidity needs.

The WSDP price path that ensures water services generate sufficient revenue to meet the full cost of service delivery over time:

- Projected revenue increases to meet costs: Average charges per connection are forecast to rise from approximately \$2,400 in FY25 to \$3,450 in FY34 (nominal terms) to ensure there is adequate revenues to cover costs, including:
  - Operating expenditure
  - o Depreciation
  - Financing costs
- Positive operating cash flows are expected throughout the WSDP period, supporting debt servicing and liquidity.
- Revenue forecasts are consistent with ringfencing and financial reporting requirements under the Local Water Done Well framework.

It is acknowledged a portion of Free Funds from Operations calculation includes capital revenue from financial contributions (FinCos). In line with LGFA guidance, only up to 75% of FFO may come from such sources. The Council acknowledges this risk and will reassess FinCo revenue assumptions as part of the WSO due diligence process.

# Investment sufficiency

Capital investment has been planned to meet required levels of service, comply with regulatory standards, and support growth. Key aspects include:

- Early investment to address renewal backlogs, compliance requirements (including environmental and health standards), and growth.
- Capital expenditure is forecast to taper in the later years of the LTP to reflect realistic deliverability and reduce cost pressure.
- Investment supports:

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- o Drinking water safety and resilience
- Wastewater and stormwater compliance
- o Moderate growth-related infrastructure

The investment programme has been informed by asset management planning and is targeted to deliver long-term value while remaining achievable within current market and delivery constraints.

## Financing sufficiency

The proposed revenue and debt track keep water services remain within prudent borrowing levels, maintain access to affordable debt, and meet LGFA covenant expectations. Key elements include:

- Ringfencing of water debt from general Council borrowing in preparation for the WSO transition.
- Forecast debt levels for water remain within Council's financial strategy and broadly align with LGFA limits for WSOs (expect in FY28, discussed later).
- FFO-to-debt ratio:
  - Temporarily dips to 6.5% in FY28 due to investment profile and avoidance of pricing shocks.
  - Recovers to 8% in FY29, meeting the LGFA covenant and 30 June 2028 timeline under the Local Government (Water Services Preliminary Arrangements) Act 2024.
  - o Achieves a more sustainable target of 10% by FY30, reflecting a steadier state.
- Debt is primarily used to fund investment and support intergenerational equity.

The Council considers this trajectory consistent with LGFA guidance, which allows a transition period of up to five years for WSOs to achieve full covenant compliance and financial sustainability by 30 June 2028. Nonetheless, the Council is proposing to review its FinCo revenue track as part of the establishment and transition process for the WSO.

Noting potential risks, the Council has outlined proposed actions to ensure financial sustainability by 30 June 2028.

# Actions required to achieve financially sustainable delivery of water services

To ensure the financial sustainability of water service delivery by 30 June 2028, the Council is progressing the transition of water services to a joint WSO. This shift enables the ringfencing of water operations, targeted investment, and a clear pathway toward long-term cost recovery, affordability, and intergenerational equity.

# **Additional actions**

In addition to the measures already outlined in the Implementation Plan, the Council recognises that further steps will be required to ensure financial sustainability by 30 June 2028.

- Review of capital revenue assumptions and cost estimates to confirm the robustness of the revenue projections
  particularly relating to FinCos.
- Seek confirmation from LGFA that the proposed glidepath to meeting financial covenants, particularly the FFOto-debt track, is acceptable.
- A full review of the capital expenditure programme, including the phasing of projects, to ensure that priority compliance outcomes are achieved while managing the debt track and deliverability

The Council will also undertake a detailed review of the forecast and historical collection levels of FinCos and associated debt, noting past under-collection. The Council acknowledges that it may be necessary to phase the transfer of water-related FinCo debt to the WSO over a longer period to remain within financial covenant thresholds. This option will be further explored as part of the WSO establishment process and detailed due diligence with partner councils.

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# Risks and constraints to achieving financially sustainable delivery of water services

While the Water Services Delivery Plan sets a path to financial sustainability by 30 June 2028, there are several risks that could affect this:

#### **Cost escalation**

There is a risk that actual costs, particularly for large projects, may exceed estimates. Factors contributing to this include rising construction costs, increased material and labour prices, and changes in project scope due to unforeseen asset conditions.

## Inflation and interest rate volatility

Higher-than-forecast inflation or adverse interest rate movements may increase the cost of borrowing, placing upward pressure on water charges. Rapid rate increases or extended high-rate environments could affect financial sustainability and constrain future capital investment, or lead to price increases.

# Revenue constraints and affordability pressure

Projected price paths are designed to balance cost recovery with community affordability. However, sustained increases in charges may encounter public resistance, particularly among fixed-income households. Any delays or political adjustments to planned price increases could create funding shortfalls. Forecast financial contributions are also a significant forecast revenue source for investment, at \$165 million over the WSDP period (compared with operating revenues of \$522 million). This forecast level may not eventuate. [WBOP – there needs to be a very clear narrative here about the level of FinCos and the contrast with level of growth capex]

# Regulatory or compliance shocks

New or revised drinking water, wastewater, or stormwater regulations could trigger additional unplanned investment. More stringent compliance measures introduced within the forecast period could impact both operating costs and capital priorities.

# Supply chain and delivery constraints

Availability of skilled staff, contractors, engineers, and materials could impact the Council's and WSO's ability to deliver the capital programme on time. This has already been observed during past weather and pandemic events. Delays can lead to cost inflation and deferment of service improvements.

# Incomplete or evolving asset data

Investment decisions are based on the best available asset condition data, but gaps or outdated information could lead to misalignment between investment timing and actual asset needs. This could result in inefficient allocation of capital or emergency spending.

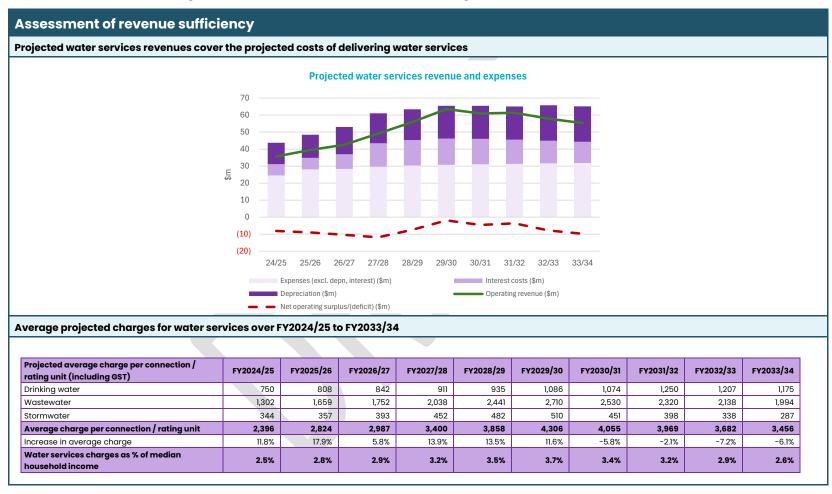
# Transition and governance risks

The establishment of a new WSO involves changes in governance, systems, and accountability. Any delays or misalignment in these transitions, particularly around financial systems or staffing, could temporarily affect delivery capacity or financial controls.

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# Financial sustainability assessment - revenue sufficiency



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#### Projected operating surpluses/(deficits) for water services

Operating surplus ratio (whether revenues cover costs)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) excluding capital revenues – combined water services	(8,097)	(9,031)	(10,396)	(11,849)	(7,425)	(1,919)	(4,549)	(3,679)	(7,824)	(9,810)
Operating revenue – combined water services	35,680	39,462	42,600	49,181	55,963	63,544	60,947	61,385	57,931	55,306
Operating surplus ratio	(22.7%)	(22.9%)	(24.4%)	(24.1%)	(13.3%)	(3.0%)	(7.5%)	(6.0%)	(13.5%)	(17.7%)

# Operating surpluses and deficits (accounting)

Modest to moderate operating deficits are projected in prior to the establishment of the WSO, with the position improving until FY33 where modest operating losses continue through the WSDP period. From FY29 onwards, increasing operating deficits are forecast, peaking at \$8.1 million in FY30.

These accounting deficits are primarily driven by the inclusion of full depreciation expenses in operating costs. While this is standard under Council accounting practices, these costs are typically debt-funded under a WSO model. As such, these figures do not reflect a cash deficit but rather an accounting treatment difference. It is noted that operating deficits are less than the level of depreciation expense recorded in the WSDP.

## **Depreciation recovery policy**

Council currently funds depreciation on water services assets through operating revenues. However, the Council does balance long-term asset renewal requirements with short-term affordability. A WSO is not expected to fully recover depreciation expense, provided sufficient funding is available to invest maintain and renew assets consistent with the investment sufficiency requirement.

#### **Use of surpluses**

Where operating surpluses are generated, they will be retained within the water activity to support the renewal of existing infrastructure and reduce reliance on borrowing. Any surpluses generated through efficiency gains are expected to be shared with consumers through price reductions.

# Rationale for operating deficits

Operating deficits are considered appropriate given the following:

- Depreciation is included in costs, but not fully funded in cash terms, reflecting transitional funding policies between the Council and WSO
- The WSO's capital structure includes debt funding for major asset renewals to spread costs fairly across generations, in line with the intergenerational
  equity principle.
- Planned deficits are within prudent levels and are supported by sufficient forecast liquidity and borrowing capacity.

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#### Projected operating cash surpluses for water services

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

Operating cash ratio (whether revenues cover costs)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenues	11,177	11,373	14,203	19,528	25,592	32,782	29,900	30,080	26,309	23,414
Operating revenue – combined water services	35,680	39,462	42,600	49,181	55,963	63,544	60,947	61,385	57,931	55,306
Operating cash ratio	31.3%	28.8%	33.3%	39.7%	45.7%	51.6%	49.1%	49.0%	45.4%	42.3%

Councils should comment on:

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

#### **Operating cashflows**

The projected operating cash ratio for combined water services (water supply, wastewater, stormwater) remains positive throughout the forecast period, ranging from 31.3% to 51.6%, with total surpluses amounting to around \$224.4 million This indicates that operating activities are forecast to generate strong, sustained cash surpluses each year and are projected to range from \$35.7 million in FY2024/25 to a \$63.5 million peak in FY2030. These figures reflect the underlying cash-generating strength of the activity, even where accounting-based operating deficits occur due to non-cash depreciation charges.

# **Application of cash surpluses**

Cash surpluses generated from operating activities will primarily be applied to:

- Renewals and upgrades of critical water infrastructure, reducing the reliance on new debt.
- Servicing and repaying existing debt, especially where renewals have been funded through borrowing in prior years.
- Maintaining resilience by supporting contingency and asset management provisions in the face of regulatory change, growth, or climate-related risks.

#### Sufficiency of operating cashflows

Projected operating cashflows are sufficient to meet:

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- Scheduled renewals requirements, particularly for network and plant assets nearing the end of their useful life.
- **Debt servicing obligations**, including interest and principal repayments, ensuring compliance with Treasury policy limits and maintaining financial sustainability.
- Operating cost requirements.
- Maintain financial covenants.



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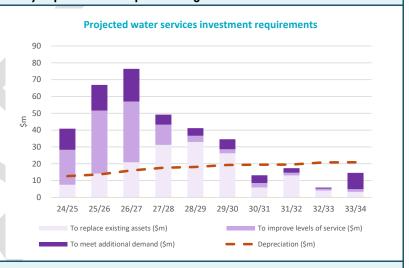
# Financial sustainability assessment - investment sufficiency

# **Assessment of investment sufficiency**

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

It is expected that this section will demonstrate that:

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



# Renewals requirements for water services

Asset sustainability ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Capital expenditure on renewals – all water services assets	7,461	14,211	20,896	31,206	32,946	26,162	5,909	13,088	4,037	3,264
Depreciation – all water services assets	12,645	13,655	15,996	17,599	18,061	19,291	19,434	19,545	20,822	20,856
Asset sustainability ratio	(41.0%)	4.1%	30.6%	77.3%	82.4%	35.6%	(69.6%)	(33.0%)	(80.6%)	(84.3%)

Councils should comment on:

- How the proposed renewals investment has been determined and how this is consistent with the long-term infrastructure strategy, asset management plan and/or other strategic documents relating to water services asset management; and
- Where the projected levels of renewals investment is lower than projected depreciation, why this is appropriate.

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The proposed levels of renewals investment have been developed through an evidence-based planning process, underpinned by the technical expertise and operational insights of senior engineering staff. This approach ensures that investment decisions are grounded in a practical understanding of asset condition, performance trends, and service delivery risks.

Engineering judgement has been applied alongside asset data and lifecycle modelling to determine what investments are required and when. This ensures that the timing and scale of renewals are both technically justified and operationally viable.

The proposed renewals investment profile is directly aligned with the Council's Long-Term-Plan, Infrastructure Strategy and Asset Management Plan. This alignment reflects the Council's planning methodology, which prioritises the development of a robust ten-year plan as the foundation for long-term infrastructure decision-making. While there may be mismatches between depreciation expense and planned renewals in any given year, there is significant renewals investment from FY27-FY30. A review of the underlying capital programme in the WSDP by BECA noted that XXX. A copy of this report can be found in Appendix X.

#### Rationale for renewals investment below depreciation

The projected levels of renewals investment are around 10% lower than the projected depreciation over the planning period. This is considered appropriate for a number of reasons:

- Classification of investment: Some capital investments classified as level-of-service improvements may also contain a renewals component. This makes precise categorisation challenging. In aggregate, total capital expenditure is approximately 38.6% higher than depreciation across the planning horizon, with some years significantly higher, as reflected in supporting financial tables.
- Timing of renewals: The renewals investment profile is weighted toward the FY27-FY30.

#### Total water services investment required over 10 years

Asset investment ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Total capital expenditure – all water services assets	40,837	66,842	76,425	49,165	41,171	34,535	13,155	17,322	5,859	14,570
Depreciation – all water services assets	12,645	13,655	15,996	17,599	18,061	19,291	19,434	19,545	20,822	20,856
Asset investment ratio	222.9%	389.5%	377.8%	179.4%	128.0%	79.0%	(32.3%)	(11.4%)	(71.9%)	(30.1%)

Councils should comment on:

- How the proposed levels of investment have been determined; and
- How this is consistent with the long-term infrastructure strategy, asset management plan and/or other strategic documents relating to water services asset management.

The asset investment ratio varies across the period, reflecting the planned timing of major renewal and upgrade projects. While some years show investment below depreciation levels, this is offset by significantly higher levels of investment between FY25 and FY30 and total capital investment representing twice that of depreciation.

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#### Average remaining useful life of network assets

Asset consumption ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Book value of water infrastructure assets	514,103	593,371	653,800	717,935	741,046	793,204	786,925	823,082	808,119	841,243
Replacement value of water infrastructure assets	788,602	895,444	971,869	1,069,434	1,110,606	1,200,449	1,213,604	1,290,101	1,295,960	1,373,714
Asset consumption ratio	65.2%	66.3%	67.3%	67.1%	66.7%	66.1%	64.8%	63.8%	62.4%	61.2%

The WSDP proposes a sustained programme of capital investment in the district's water network. Over the forecast period, the book value of water infrastructure assets increases from \$514 million to \$841.2 million, while the replacement value grows from \$788.6 million to \$1.374 billion. This reflects both ongoing investment and anticipated revaluation of the asset base (incorporating assumed inflation as well as additions).

The asset consumption ratio declines gradually from 65.2% to 61.2% over the ten years. This trend reflects that, while renewals are occurring, some key asset groups are partway through their lifecycle and are not yet due for major replacement. The modest decline in the ratio is not considered materially adverse given current and projected asset lives and current assessed asset condition.

- This timing reflects when a significant portion of the network reaches key renewal thresholds, allowing Council to efficiently target expenditure where it delivers the most benefit.
- The WSO is expected to review this investment profile and adjust it as needed in future years, particularly as it develops its first regional water services strategy for water supply and wastewater

Continued investment beyond FY34 will be required to maintain service levels and manage asset consumption over the longer term, and Council expects the WSO to incorporate this into its long-term plans.

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# Financial sustainability assessment - financing sufficiency



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Item 10.1 - Attachment 6

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# Assessment of financing sufficiency

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



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## **Council borrowing limits**

Projected total Council borrowings, including those relating to water services, remain within the Council's borrowing limits. As a rated local authority and a member of the LGFA, WBOP maintains a whole-of-Council borrowing cap of 280% net debt-to-revenue, with an internal policy limit of 200%. Following the establishment of a joint WSO in FY28, the Council's balance sheet will be significantly deleveraged, with net-debt-to-revenue peaking at 59% in FY34, compared with a peak of 187% in FY28 if services were retained.

#### Water services borrowing limits

Borrowing requirements to meet investment needs and meet financial covenants over the forecast period are around \$132 million. Water services borrowings will remain within the LGFA covenants for both the Council and WSO as outlined in this Part.

#### **Access to borrowings**

The WSO will borrow through the LGFA, with the participating Councils providing an appropriate form of support (guarantee or uncalled capital, with the final form of this support to be agreed between the parties prior to entering into a Transfer Agreement). Based on current LGFA guidance and financial covenants:

- FFO-to-debt ratios for the WSO will remain above 8% (financial projections target 10%) from FY29, in line with LGFA covenants, and council remaining below its 280% debt-to-revenue covenant, and internal policy limit of 200%.
- The ICR for the WSO is projected to remain above the minimum threshold of 1.5x from FY29.

#### Financing sufficiency test

On the basis of the above, WBOPDC confirms that the WSDP satisfies the financing sufficiency test:

- · Total Council and water services organisation borrowings are projected to be within the relevant borrowing limits.
- Borrowing capacity exists to meet forecast capital investment, with allowance for additional headroom to provide for unforeseen contingencies.
- Operating surpluses and financial covenants remain robust and sustainable over the forecast period, with the ability to further increase revenues if required.

The proposed financing approach provides the necessary flexibility, liquidity, and resilience to support full delivery of the water services programme while maintaining compliance with fiscal and risk management parameters.

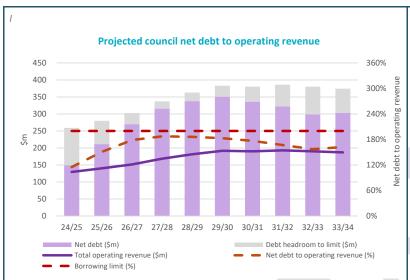
This part sets out performance against the relevant metrics, and where appropriate provides distinct statements for the WSO (water supply and wastewater) and stormwater, as it will be retained by Council.

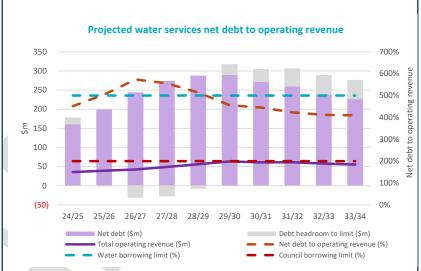
Projected council borrowings against borrowing limits

Projected water services borrowings against borrowing limits

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# Projected borrowings for water services

Net debt to operating revenue	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Net debt attributed to water services (gross debt less cash)	161,038	199,053	244,306	273,555	287,594	289,473	271,542	259,692	238,287	226,521
Operating revenue – combined water services	35,680	39,462	42,600	49,181	55,963	63,544	60,947	61,385	57,931	55,306
Net debt to operating revenue %	451%	504%	573%	556%	514%	456%	446%	423%	411%	410%

The projected borrowing profile for water services reflects the timing of significant capital investment across the period. Net debt attributed to water services increases from \$161 million in FY25 to a peak of \$289.5 million in FY30 and declining to \$226.5 million in FY34. This aligns with the period of highest capital investment.

The net debt to operating revenue ratio for combined water services rises from 451% in FY25 to 573% in FY27, driven by increasing investment and modest operating revenue growth. From here is gradually declines to below the 500% proxy ratio from FY30 onward.

Council confirms that:

- · All water-related borrowing remains within Council's financial strategy limits for water services.
- These debt levels are considered prudent and sustainable, given the long-life nature of infrastructure assets and the intergenerational equity of funding renewals through debt.

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- Borrowing is closely tied to capital programme timing and is aligned with asset condition, service risk, and delivery capacity considerations.
- The WSO is expected to adopt its own prudent debt policies and manage borrowing requirements in accordance with its statutory funding framework from FY28 onward, based on LGFA covenants.

Council will continue to monitor debt servicing capacity and revenue sufficiency throughout the WSDP period to ensure the financial sustainability of both retained and transferred water assets.

## Borrowing headroom/(shortfall) for water services

Borrowing headroom/(shortfall) against limit	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating revenue	35,680	39,462	42,600	49,181	55,963	63,544	60,947	61,385	57,931	55,306
Debt to revenue limit for water services (%)	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt at borrowing limit	178,400	197,308	213,002	245,907	279,816	317,722	304,734	306,927	289,654	276,531
Projected net debt attributed to water services	161,038	199,053	244,306	273,555	287,594	289,473	271,542	259,692	238,287	226,521
Borrowing headroom/(shortfall) against limit	17,362	(1,746)	(31,304)	(27,648)	(7,778)	28,249	33,193	47,234	51,367	50,010

The Council has used 500% debt-to-revenue limit as a proxy for 10% FFO-to-debt. Under 2024 Long-Term-Plan projections, water services were expected to breach this limit, as illustrated by the table above, in FY26 and FY27. However, as the Council transitions water services to a WSO, the position improves, with headroom generated by FY30. Headroom continues to grow as efficiencies are realised, and an alternative capital structure is implemented.

From FY30 all water services activities remain well within borrowing limits, with no projected shortfalls against the indicative 500% threshold:

• Headroom from FY30 gradually increases from \$28.2 million to \$51.4 million in FY34. This provides a buffer to manage delivery risks, timing variations, or cost escalation in the capital programme.

The Council acknowledges that it will need to work with partner Councils and the LGFA to confirm the proposed revenue and debt track.

# Free funds from operations

Free funds from operations	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projected net debt attributed to water services	161,038	199,053	244,306	273,555	287,594	289,473	271,542	259,692	238,287	226,521
Projected free funds from operations – water services	14,819	23,088	25,083	17,725	23,008	28,835	27,036	25,845	23,698	22,514
Free funds from operations to net debt ratio (including 75% FinCo revenue)	9.2%	11.6%	10.3%	6.5%	8.0%	10.0%	10.0%	10.0%	9.9%	9.9%

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FFO-to-debt is considered a more appropriate indicator of financial sustainability for water services than the traditional net debt-to-revenue ratio used by councils. This is because it more directly reflects the cash-generating capacity of the water services operations relative to its debt servicing burden, which aligns with the LGFA's covenant framework for WSOs. As the Council prepares for the structural and financial transition to a WSO, this measure provides a clearer view of long-term affordability and resilience.

The projected FFO-to-net-debt ratio for WBOP water services reflects a deliberate transition toward sustainable financial settings in anticipation of joining a WSO from 1 July 2027. The FFO-to-debt ratio is projected to increase from 9.2% in FY25 to a steady 9.9% by FY34, following a temporary dip to 6.5% in FY28.

The projected dip below the LGFA's 8% covenant in FY28 is expected, given the Council's current investment programme and associated debt levels leading into WSO formation. It is also noted that the interest coverage ratio is forecast to fall below the LGFA covenant of 1.5x in that year (at 1.28x), reflecting transitional funding pressure. However, the Council's modelling shows a recovery from 29, with the FFO-to-debt ratio reaching 10% by FY30 and remaining stable thereafter. This aligns with the target agreed by WSO partner Councils, which allows for financial flexibility while maintaining long-term sustainability.

The Council is also mindful of the role that financial contributions (FinCos) play in the FFO calculation. In line with LGFA guidance, up to 75% of total FFO may be derived from FinCo revenue, which is reflected in the projections. While this is within allowable limits, the Council acknowledges that reliance on development-driven capital revenues introduces some risk and will be monitored as part of ongoing financial management.

Despite possible transitional challenges, the Council is comfortable with the projected FFO-to-debt pathway. It is consistent with LGFA's guidance, which explicitly allows up to five years for WSOs to achieve covenant compliance. The Council considers this approach to be financially prudent and consistent with its broader strategy for water services, and is committed to working with the LGFA to agree the proposed transitional pathway.

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# Part E: Projected financial statements for water services

# Projected financial statements – for drinking water, wastewater, stormwater and combined water services

# Projected funding impact statement

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

Projected funding impact statement - water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/3
Sources of operating funding										
General rates	[\$x,xxx]	[\$X,XXX								
Targeted rates	[\$X,XXX]	[\$X,XXX								
Subsidies and grants for operating purposes	[\$x,xxx]	[\$X,XXX								
Local authorities fuel tax, fines, infringement fees and other	[\$x,xxx]	[\$X,XX								
Fees and charges	[\$X,XXX]	[\$X,XXX								
Total sources of operating funding	[\$x,xxx]	[\$x,xxx								
Applications of operating funding										
Payments to staff and suppliers	[\$X,XXX]	[\$X,XX)								
Finance costs	[\$X,XXX]	[\$X,XX)								
Internal charges and overheads applied	[\$X,XXX]	[\$X,XX)								
Other operating funding applications	[\$X,XXX]	[\$X,XX)								
Total applications of operating funding	[\$x,xxx]	[\$X,XX)								
Surplus/(deficit) of operating funding	[\$x,xxx]	[\$X,XXX								
Source of capital funding										
Subsidies and grants for capital expenditure	[\$x,xxx]	[\$X,XX)								
Development and financial contributions	[\$X,XXX]	[\$X,XX)								
Increase/(decrease) in debt	[\$X,XXX]	[\$X,XX)								
Gross proceeds from sales of assets	[\$X,XXX]	[\$X,XX)								
Other dedicated capital funding	[\$x,xxx]	[\$X,XX)								
Total sources of capital funding	[\$x,xxx]	[\$X,XXX								
Applications of capital funding										
Capital expenditure - to meet additional demand	[\$x,xxx]	[\$X,XX)								
Capital expenditure - to improve levels of services	[\$X,XXX]	[\$X,XX)								
Capital expenditure - to replace existing assets	[\$x,xxx]	[\$X,XX								
Increase/(decrease) in reserves	[\$X,XXX]	[\$X,XX								
Increase/(decrease) in investments	[\$X,XXX]	[\$X,XX								
Total applications of capital funding	[\$x,xxx]	[\$X,XXX								
Surplus/(deficit) of capital funding	[\$x,xxx]	[\$X,XX)								
Funding balance	[\$x,xxx]	[\$X,XX)								

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# Projected statement of comprehensive revenue and expense

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

Projected statement of profit and loss - water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	[\$x,xxx]									
Other revenue	[\$x,xxx]									
Total revenue	[\$x,xxx]									
Expenses										
Operating expenses	[\$X,XXX]									
Finance costs	[\$x,xxx]									
Overheads and support costs	[\$x,xxx]									
Depreciation & amortisation	[\$x,xxx]									
Total expenses	[\$x,xxx]									
Net surplus/(deficit)	[\$x,xxx]									
Revaluation of infrastructure assets	[\$x,xxx]									
Total comprehensive income	[\$x,xxx]									
Cash surplus/(deficit) from operations (ex non-cash items)	[\$x,xxx]									

# **Projected statement of cashflows**

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

Projected statement of cashflows - water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	[\$X,XXX]									
[Other items]	[\$x,xxx]									
Net cashflows from operating activities	[\$x,xxx]									
Cashflows from investing activities										
Capital expenditure – infrastructure assets	[\$x,xxx]									
[Other items]	[\$x,xxx]									
Net cashflows from investing activities	[\$x,xxx]									
Cashflows from financing activities										
New borrowings	[\$X,XXX]									
Repayment of borrowings	[\$X,XXX]									
Net cashflows from financing activities	[\$x,xxx]									
Net increase/(decrease) in cash and cash equivalents	[\$x,xxx]									
Cash and cash equivalents at beginning of year	[\$x,xxx]									
Cash and cash equivalents at end of year	[\$x,xxx]									

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# Projected statement of financial position

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

Projected statement of financial position	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	[\$x,xxx]									
Other current assets	[\$x,xxx]									
Infrastructure assets	[\$x,xxx]									
Other non-current assets	[\$X,XXX]									
Total assets	[\$x,xxx]									
Liabilities										
Borrowings - current portion	[\$X,XXX]									
Other current liabilities	[\$X,XXX]									
Borrowings - non-current portion	[\$X,XXX]									
Other non-current liabilities	[\$X,XXX]									
Total liabilities	[\$x,xxx]									
Net assets	[\$X,XXX]									
Equity										
Revaluation reserves	[\$X,XXX]									
Other reserves	[\$X,XXX]									
Total equity	[\$X,XXX]									



# Water Services Delivery Plan: additional information

# Additional disclosures to support Plan

Councils are requested to provide additional disclosures to accompany Plans:

- Projected expenditure on significant capital projects; and
- Disclosure of risks and material assumptions for water services delivery.

The information disclosure requirements have been set out in template form in this addendum section. Councils may wish to use this suggested template, or alternatively can provide this supporting information in another form.



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# Appendix 1 – Significant capital projects

This section is to provide a schedule of all material capital projects included in the investment projections in the Plan. Councils are encouraged to set and describe an appropriate materiality threshold for populating these schedules, for example as currently provided in your Long-Term Plans. Councils may wish to include capital projects details that cover an additional 20 years (referring to Infrastructure Strategy).

Totals to match table on page 37

gnificant capital projects – drinking w	ater									
Significant capital projects – drinking water	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand	F12024/25	F12025/20	F12026/2/	F1202//28	F12020/29	F12029/30	F12030/31	F12031/32	F12032/33	F12033/34
	favourd	[Account]	favourd	farroad	[account]	favourd	favorand	favorant	favorand	[Account
xxx	[\$X,XXX]	[\$X,XXX								
[xxx]	[\$X,XXX]	[\$x,xxx								
Total investment to meet additional demand	[\$x,xxx]	[\$x,xxx								
Projects to improve levels of services										
[xxx]	[\$X,XXX]	[\$X,XXX								
xxx]	[\$x,xxx]	[\$X,XXX								
Total investment to meet improve levels of services	[\$x,xxx]	[\$X,XXX								
Projects to replace existing assets										
[xxx]	[\$x,xxx]	[\$X,XXX								
[xxx]	[\$x,xxx]	[\$X,XXX								
Total investment to replace existing assets	[\$x,xxx]	[\$x,xxx								
Total investment in drinking water assets	[\$x,xxx]	[\$X,XXX								

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Significant capital projects – wastewater Projects to meet additional demand [xxx] [xxx]	-	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
(eec)								-		•
[vvv]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$X,XXX]
[max]	[\$x,xxx]	[\$X,XXX]	[\$x,xxx]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$x,xxx]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]
Total investment to meet additional demand	[\$X,XXX]	[\$x,xxx]	[\$X,XXX]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$X,XXX]	[\$x,xxx]	[\$X,XXX]
Projects to improve levels of services										
[xxx]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX
[xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$X,XXX]	[\$X,XXX]
Total investment to meet improve levels of services	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$X,XXX]
Projects to replace existing assets										
[xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$X,XXX]	[\$x,xxx]	[\$x,xxx
[xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$X,XXX]	[\$x,xxx]	[\$x,xxx
Total investment to replace existing assets	[\$X,XXX]	[\$x,xxx]	[\$X,XXX]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$x,xxx]	[\$X,XXX]	[\$x,xxx]	[\$X,XXX
	[\$X,XXX]	[\$X,XXX]	[\$x,xxx]	[\$X,XXX]	[\$x,xxx]	[\$x,xxx]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX
gnificant capital projects – stormwate		EV202E/26	EV2026/27	EV2027/28	EV2028/29	EV2029/20	EV2030/31	EV2021/22	EV2032/22	EV2022/2/
gnificant capital projects – stormwate Significant capital projects - stormwater	r FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
gnificant capital projects – stormwate Significant capital projects – stormwater Projects to meet additional demand	FY2024/25	,		, .	.,		,			
gnificant capital projects – stormwate  Significant capital projects – stormwater  Projects to meet additional demand  [xxx]	FY2024/25 [\$X,XXX]	[\$X,XXX]	[\$x,xxx]	[\$X,XXX]	[\$x,xxx]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX
gnificant capital projects – stormwate  Significant capital projects – stormwater  Projects to meet additional demand  [xxx]	[\$X,XXX] [\$X,XXX]	[\$x,xxx] [\$x,xxx]	[\$x,xxx] [\$x,xxx]	[\$X,XXX] [\$X,XXX]	[\$x,xxx] [\$x,xxx]	[\$x,xxx] [\$x,xxx]	[\$X,XXX] [\$X,XXX]	[\$x,xxx] [\$x,xxx]	[\$X,XXX] [\$X,XXX]	[\$X,XXX [\$X,XXX
Total investment to meet additional demand	FY2024/25 [\$X,XXX]	[\$X,XXX]	[\$x,xxx]	[\$X,XXX]	[\$x,xxx]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX]	[\$X,XXX [\$X,XXX
gnificant capital projects – stormwate  Significant capital projects – stormwater  Projects to meet additional demand  [xxx]	[\$X,XXX] [\$X,XXX]	[\$x,xxx] [\$x,xxx]	[\$x,xxx] [\$x,xxx]	[\$X,XXX] [\$X,XXX]	[\$x,xxx] [\$x,xxx]	[\$x,xxx] [\$x,xxx]	[\$X,XXX] [\$X,XXX]	[\$x,xxx] [\$x,xxx]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$x,xxx [\$x,xxx
gnificant capital projects – stormwate  Significant capital projects – stormwater  Projects to meet additional demand  [xxx]  [xxx]  Projects to improve levels of services  [xxx]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$x,xxx] [\$x,xxx] [\$x,xxx]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$x,xxx] [\$x,xxx] [\$x,xxx]	[\$x,xxx] [\$x,xxx] [\$x,xxx]	[\$x,xxx] [\$x,xxx] [\$x,xxx]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$x,xxx] [\$x,xxx]	[\$X,XXX] [\$X,XXX]	[\$x,xxx [\$x,xxx [\$x,xxx
gnificant capital projects – stormwate  Significant capital projects – stormwater  Projects to meet additional demand  [xxx]  [xxx]  Total investment to meet additional demand  Projects to improve levels of services	[\$X,XXX] [\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$x,xxx] [\$x,xxx] [\$x,xxx]	[\$x,xxx] [\$x,xxx] [\$x,xxx]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$x,xxx] [\$x,xxx] [\$x,xxx]	[\$x,xxx] [\$x,xxx] [\$x,xxx]	[\$x,xxx [\$x,xxx [\$x,xxx]
gnificant capital projects – stormwate  Significant capital projects – stormwater  Projects to meet additional demand  [xxx]  [xxx]  Fortal investment to meet additional demand  Projects to improve levels of services  [xxx]  [xxx]  Fortal investment to meet improve levels of services	[\$X,XXX] [\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$x,xxx] [\$x,xxx] [\$x,xxx] [\$x,xxx]	[\$X,XXX] [\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX [\$X,XXX [\$X,XXX] [\$X,XXX [\$X,XXX]
gnificant capital projects – stormwater  Significant capital projects – stormwater  Projects to meet additional demand  [xxx]  [xxx]  Total investment to meet additional demand  Projects to improve levels of services  [xxx]	[\$X,XXX] [\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$X,XXX] [\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$x,xxx] [\$x,xxx] [\$x,xxx] [\$x,xxx]	[\$X,XXX] [\$X,XXX] [\$X,XXX] [\$X,XXX]	[\$x,xxx [\$x,xxx [\$x,xxx]
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Sensitivity: General

### Appendix 2 – Risks and assumptions

### Disclosure of risks and material assumptions for water services delivery

Councils may wish to disclose risks and material assumptions for water services delivery that have been included in the Plan. The following **optional** table has been included as a way such risks and assumptions could be summarised.

Parameters	Risks and Significant Assumptions
Future water service delivery	There will be optimised delivery involving cross council boundary coordination of resources, planning and unlocking opportunities at a larger scale, while supporting local procurement where appropriate. Consumers will have fair access to affordable water services, which are also financially sustainable, and represent value for money.  - Transition timeframes
	- Include management of stormwater once confirmed
Network performance	
Regulatory compliance	
Delivery of Capital Programme	Council will deliver and fund 95% of its planned capital works programme expenditure as planned through the LTP. Council has been implementing changes to the delivery model for the capital programme with the aim to achieve projects that are delivered on time and within budget.
Organisational capacity	The transition must be underpinned by procedural fairness that gives staff from all organisations equal opportunity to apply for roles in the new entity (excluding executive and board appointments).
Providing for growth	It is assumed, in line with LTP projections, the Western Bay of Plenty District will continue to attract new residents and our population will grow. Growth won't be uniform across the District but will be primarily centred around our urban areas. The timing of growth related projects is managed to provide infrastructure 'just in time'.
Climate change	As a result of climate change the Western Bay of Plenty can expect to see more extreme weather and storm events (potentially three times more frequent) and increased risk from natural hazards such as coastal erosion and inundation. Following a number of extreme weather events in early 2023, WBOPDC is currently reviewing district wide levels of service for stormwater and the need for any further investment.
Responsibilities to hapū and iwi are met	Treaty obligations and commitments will be upheld and met, including open engagement with iwi and hapū.

Significant assumptions are based on the strategic assumptions contained within the Long Term Plan 2024-34.

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### **COUNCIL WORKSHOP**

DATE: Monday 14 July 2025 at 1.00pm

**HELD:** Council Chambers and Via Zoom

**TOPICS:** 1. Local Waters Done Well

**GENERAL MANAGER** 

**RESPONSIBLE:** 

**PRESENT:** 

M Taris (Interim Chief Executive)

FORUM MEMBERS

Mayor J Denyer, Cr G Dally, Cr T Coxhead, Cr M Grainger, Cr A Henry, Cr R Joyce, Deputy Mayor Scrimgeour

(Via Zoom), Cr M Murray-Benge, Cr A Sole, Cr D Thwaites, Cr L Rae, and Cr A Wichers.

**STAFF IN ATTENDANCE:** 

A Henderson (General Manager Corporate Services), P Watson (Acting General Manager Infrastructure Services), E Watton (Acting General Manager Strategy and Community), A Curtis (General Manager Regulatory Services), J Fearn (Chief Financial Officer), E Wentzel (Director Water Services), A King (Legislative Reform and Special Projects Strategic Advisor), C McGirr (Policy Analyst), H Wi Repa

(Governance Systems Advisor) and R Garrett (Governance Manager).

OTHERS IN ATTENDANCE: Sarah Baddley (MartinJenkins - Via Zoom)

INTRODUCTION: Councils Legislative Reform and Special Projects Strategic Advisor, supported by the General Manager

Corporate Services provided an overview of workshop intention, which was for Council to review the draft

Water Services Delivery Plan (WSDP).

Council Workshop – 14 July 2025

### 1. Local Waters Done Well

### **Summary of Key Themes**

### Water Services Delivery Plan Review

The workshop focused on reviewing the draft Water Services Delivery Plan, with staff presenting the document and explaining its purpose and content. Councillors provided feedback on various aspects, including the need to clarify the relationship between Treaty obligations and settlements, and the importance of maintaining open engagement with the Iwi/Hapū.

There was a suggestion regarding the adding of references to cross-boundary infrastructure benefits, and a review of the Local Government Water Services Bill. Councillors discussed the collaborative nature of the plan with other councils and the need to balance different perspectives in the final document.

1.10pm Deputy Mayor Scrimgeour left the workshop via Zoom.

### **Council Structure**

Clarification was sought regarding the distinction between a shareholder council and a representative forum, with Ms Baddley explaining that the shareholder council would be a smaller group responsible for shareholding issues while the representative forum would be able to provide a representative view to the shareholder Council. The discussion concluded with a focus on ensuring clear accountability mechanisms, with Councillors emphasising the need for regular reporting to respective councils.

The workshop focused on concerns regarding the current reporting structure between councils and communities, with Councillors emphasising the need for more formal and regular updates. The discussion also covered the proposed revenue collection methods and tariff overview, with Councillors highlighting the need to clarify the harmonisation period and ensure fairness in tariff structures. Ms Baddley suggested keeping flexibility in the tariff structure to ensure fairness for all users, particularly for industrial customers in the Tauranga area.

### Water Services Delivery Plan Review

There was a discussion on the Water Services Delivery Plan and its implementation. Staff explained that the plan must be financially sustainable and outlined the consultation process that had already taken place. They discussed the need for further due diligence

Council Workshop - 14 July 2025

Item 10.1 - Attachment 7

and independent verification of the financial information. The group also touched on the potential for harmonised pricing structures in the future. Concerns were raised regarding community consultation and the need for careful communication of decisions. The conversation ended with a brief discussion on network performance and the challenges faced by Western Bay in meeting water service needs.

Councillors continued reviewing the draft plan, with discussions around the inclusion of additional information, particularly regarding areas outside reticulated water supply zones. They emphasised the need to ensure the document was comprehensive prior to the 5 August hui, suggesting email updates to address gaps. Concerns were raised regarding flood protection levels, noting that Waihī Beach. Staff explained the timing of consent applications, noting that submissions must be made before expiration to allow continued use under the old consent.

Councillors also discussed the need for a service level review and the inclusion of accurate asset condition information.

### <u>Asset Management Plans</u>

There was discussion on Asset Management Plans, consent requirements, and capital expenditure for water services. Councillors discussed the need to finalise alternative discharge options for the Te Puke Wastewater Treatment Plant and highlighted uncertainties around consenting costs. They also reviewed historical delivery of water services, improvements made, and revenue and financing arrangements. The separation of water services from other council functions was addressed, noting the lack of harmonisation of water charges across districts, and the need for council agreement on harmonisation if it occurred.

### <u>Debt Management Strategy</u>

Councillors discussed debt repayment strategies and financial sustainability for a water services entity. Ms Baddley explained that there was some confusion regarding the interpretation of Local Government Funding Agency (LGFA) guidance on Funds from Operation (FFO), and they were seeking clarification to improve consistency across regions.

### Financial Sustainability Plan

There was discussion on investment and financing sufficiency for water services, focusing on achieving financial sustainability and addressing risks such as revenue constraints and affordability pressures. Staff noted that the FFO to debt ratio could be met more

Council Workshop - 14 July 2025

aggressively, but recommended meeting the target by FY30 over a three-year period. Councillors also explored changes in depreciation treatment, moving from a historic method to a new capital structure that allowed for funding through debt.

### <u>Debt Management and FFO Targets</u>

There was discussion regarding financial metrics and debt management, focusing on FFO targets and debt-to-revenue ratios. Concerns were raised regarding debt levels exceeding 500% in certain scenarios; however, it was clarified that these projections were based on standalone calculations and represented a temporary breach with an established strategy to reduce debt over time.

2.45pm Deputy Mayor Scrimgeour entered the workshop via Zoom.

### Ring-Fencing and Financial Covenant Challenges

The group discussed financial covenants and ring-fencing arrangements, with Ms Baddley explaining that while the current Capital Expenditure (CapEx) program assumptions provided some flexibility, a 60% burn rate would help smooth delivery. Councillors raised questions regarding how ring-fencing within a larger organisation would affect capacity and capital structure, particularly regarding the distinction between price ring-fencing and structural constraints. It was emphasised that while ring-fencing was important for price transitions, applying it to cost structures could be problematic due to lack of transparency in operating costs across different entities.

### Council Water Service Collaboration Plans

The workshop focused on the collaboration between councils for water service delivery, with discussions on the benefits and risks of joining forces. It was emphasised that partnering with other councils reduced risks compared to going it alone. The conversation ended noting that the final draft WSDP would be on the Council agenda for 5 August 2025, along with the Commitment Agreement.

Council Workshop – 14 July 2025

Direction	Responsible
Prepare agenda paper for both Water Services Delivery Plan and Commitment Agreement	Legislative Reform and Special
for 5 August 2025 Council hui.	Projects Strategic Advisor

Actions	Responsible
<ul> <li>Review and correct the statement about asset condition information availability for wastewater and stormwater.</li> <li>Work with partner councils to update the Treaty versus Treaty Obligations and Commitments language in the Water Services Delivery Plan.</li> <li>Distribute updates to the Water Services Delivery Plan document to Council members before the 5 August Council hui.</li> <li>Update the water supply areas section to include a more comprehensive list of areas outside reticulated water supply zones.</li> <li>Update risk section language regarding climate change predictions.</li> <li>Share the link to the Local Government Water Services Bill with the Council.</li> </ul>	Legislative Reform and Special Projects Strategic Advisor
<ul> <li>Clarify the explanation of depreciation recovery policy and provide a simplified explanation to the Council.</li> <li>Provide information about average loan terms comparison between current model and CCO model.</li> </ul>	General Manager Corporate Services

The workshop finished at 3.10pm.

Council Workshop – 14 July 2025

# 10.2 APPROVE THE COMMITMENT AGREEMENT FOR A JOINT COUNCIL WATER SERVICES COUNCIL CONTROLLED ORGANISATION

File Number: A6834012

Author: Ariell King, Strategic Advisor: Legislative Reform and Special Projects

Authoriser: Adele Henderson, General Manager Corporate Services

### **PURPOSE**

To approve the Commitment Agreement between Western Bay of Plenty District Council, Tauranga City Council, and Thames-Coromandel District Council (subject to these Council's also approving the agreement) to continue working together on a joint water services operating model, including establishment of a multi-Council CCO and all matters to allow a CCO to become fully operational on 1 July 2027.

### RECOMMENDATION

- That the Strategic Advisor's report dated 5 August 2025 titled 'Approve the Commitment Agreement for a Joint Council Water Services Council-Controlled Organisation' be received.
- That the report relates to an issue that is considered to be of high significance in terms of Council's Significance and Engagement Policy.
- 3. That Council approves the Commitment Agreement (**Tabled Item 2**) with Tauranga City Council and Thames-Coromandel District Council, subject to:
  - a. any minor amendments from the Council meeting; and
  - b. the decision of Tauranga City Council as to their preferred Council partners in a multi-Council Water Services Council-Controlled Organisation at the Tauranga City Council meeting of 5 August 2025.
- 4. That Council delegates to the Mayor and Chief Executive Officer to make minor amendments, finalise, and execute the Commitment Agreement with its partners, noting any material change will come back to Council for approval.
- 5. That Council directs the Chief Executive Officer to undertake the actions set out in the Commitment Agreement that are required to establish a joint Council Water Services Council-Controlled Organisation.
- 6. That Council approves \$400,000 (loan funded) to meet due diligence requirements during the interregnum period (noting that budget is included in the Annual Plan 2025/26 for the establishment of a potential multi-Council Water Services Council-Controlled Organisation).
- 7. That Council approves TCC to a "project administration agent" role as part of the Establishment of the Water Services Organisation

### **BACKGROUND**

- Council is required to prepare a Water Services Delivery Plan (WSDP) that could be submitted to the Secretary of Local Government by 3 September 2025. As part of this process Council has considered and identified preferred Council partners with which to form the preferred option of a joint Council Water Services Council Controlled Organisation (WSCCO).
- 2. In the WSDP that Council has adopted, it is noted that Council's preferred Council partners are Tauranga City Council (TCC) and Thames-Coromandel District Council (TCDC).
- 3. To progress the implementation of the preferred model of service delivery (a WSCCO) Council needs to enter a Commitment Agreement. The agreement is intended as a high-level directional document, with key outputs and timelines to be developed collaboratively. It illustrates that all three Council's intend to work together collaboratively to take the necessary steps to establish a WSCCO.
- 4. The draft agreement includes the partnership principles that Council has seen and agreed to previously. It is not intended to provide answers for all the matters that need to be resolved in the establishment of a WSCCO. The Commitment Agreement also provides mechanisms for Councils to step away from the arrangement, though the thresholds are ones of good faith. The agreement also includes provision to ensure that there is a pathway for tangata whenua participation and determination as to how this may occur.
- 5. The draft agreement is based on the template provided by the Department of Internal Affairs (DIA). It has been amended to meet the requirements of Western Bay of Plenty District Council (WBOPDC), TCC and TCDC. The amendments were prepared by local government specialist lawyers Simpson Grierson.
- 6. A draft of the agreement was provided to Council on 4 July 2025 via email and workshopped on 10 July. All three Council have workshopped the draft agreement and shared any specific changes that were proposed by respective Councils.

### **DISCUSSION**

- 7. The Commitment Agreement:
  - (a) Commits the Councils to dedicate appropriate resources (including a senior level "sponsor") to the Project
  - (b) Establishes governance structures, including Councils Executive Group, Project Steering Group, and Project Team. One of the obligations of the Councils Executive Group shall be to identify and agree the decisions that shall be referred to Council for resolution
  - (c) Introduces a Transition Plan (see Appendix 2 of the CA) that sets indicative timeframes for future decision-making and achieving key milestones to allow the CCO to become fully operational on 1 July 2027.

- (d) Appoints TCC to a "project administration agent" role. This includes managing expenditure, preparing agendas and reporting. This is similar to the way that SmartGrowth works, with an arms length administration functional support. It does not mean that TCC are considered the lead Council, and we are all equally contributing on all matters.
- (e) Outlines shared responsibilities including funding, cost sharing, project planning, and consultation
- (f) Allows any Council to withdrawal at any time for convenience, provided other Councils are notified as early as possible and an explanation is given for withdrawal.
- (g) Provides mechanisms for dispute resolution, including negotiation, mediation, and arbitration.
- (h) Protects confidentiality and intellectual property rights.

### 8. The Commitment Agreement **does not**:

- (a) Record key commercial terms for the CCO, such as shareholding interests, voting rights, transfer of assets etc. These matters will be addressed through a series of workshops which will enable the parties to negotiate and finalise the Shareholders' Agreement and Constitution, and other related legal documents.
- (b) Finalise the operational details of the future CCO. Does not bind Councils to continue if there is a material change in law or policy.
- (c) Require the Councils to issue a joint Water Services Delivery Plan ("WSDP"). Each Council will issue its own WSDP with ring fenced business activity. However, each WSDP shall reference an intent to enter into a multi-Council CCO, include a joint implementation plan and shall include a consolidated set of financials.
- (d) Set iron-clad timing for project milestones there will be flexibility in this regard.
- (e) Allow unilateral decisions or public communications without mutual agreement.
- (f) Override each Council's statutory obligations or decision-making autonomy
- (g) Record the role of Tangata Whenua at this point in time. However, the agreement acknowledges there are a number of iwi and hapu within the combined multi-Council area and the Councils agree to work together with Tangata Whenua to agree processes by which a range of matters relevant to LWDW can be discussed and considered.
- 9. The diagram below illustrates the Commitment Agreement in the context of the wide range of instruments and documents that are required to establish a WSCCO.

# WSDP Councit's public commitment to delivery of water services. Shareholders can choose to delegate oversight and decision-making to a Shareholder council work to getter to develop and establish the establishment of WSO Shareholders can choose to delegate oversight and decision-making to a Shareholder scan choose to delegate oversight and decision-making to a Shareholder scan choose to delegate oversight and decision-making to a Shareholder council work together to develop and establish the establishment of WSO Shareholder Council guides. the joint WSO's operations ensuring alignment with the Water Services Strategy Must give effect to the Statement of Expectations Council's public commitment to delivery of water services. Strategy WSDP Council's public commitment to delivery of water services. Strategy Water Services Strategy Must give effect to the Statement of Expectations Council public commitment to delivery of water services. Approved by DIA. Can be with the shareholder council guides the joint WSO. Strategy Must give effect to the Statement of Expectations Accountability and Reporting Council public commitment to delivery of water services. Transfer Agreement Getting the commitment to delivery of water services. Approved by DIA. Can be the shareholder instrument sha

### **Establishment instruments and documents**

### FEEDBACK FROM TANGATA WHENUA FORUMS

- 10. Updates on the Council's approach and progress on the Local Waters Done Well requirements were provided to Te Kāhui Mana Whenua o Tauranga Moana (30 October 2024 and 19 March 2025) and Te Ihu o te Waka o Te Arawa (23 October 2024 and 5 March 2025). Further information was also provided at a joint hui of Te Kāhui Mana Whenua o Tauranga Moana and Te Ihu o te Waka o Te Arawa on 20 January 2025. Feedback has been sought and provided from these forums as to how Tangata Whenua could participate in the pre-establishment phase of a joint WSCCO and in the ongoing direction and operations of a WSCCO.
- 11. A hui was held with Te Kāhui Mana Whenua o Tauranga Moana and Te Ihu o te Waka o Te Arawa on 28 July 2025 to discuss the establishment of the potential entity that may be responsible for water services in the rohe. This included an overview of the proposed water services model, preferred partners, strategic objectives and the financial analysis.
- 12. The forum members in attendance supported a multi-Council WSCCO with Tauranga City Council and stated that Tangata Whenua must have a key role in the establishment of the entity and look forward to being involved in the design of the structure of the entity, governance and operations. The forum opposed the inclusion of Thames-Coromandel District Council in the proposed entity. The substantive concerns relate to overlapping areas of interest.
- 13. Tangata whenua requested an opportunity to meet Rangatira to Rangatira with Elected Members to present their position on the process that has taken place up to now and the upcoming decisions. This hui is set for Friday 1 August 2025 and Council should receive feedback from this meeting to inform their decision. In addition to the substantive concern, there are a number of issues that may be

addressed that can be progressed in the next phase of work including those related to Treaty settlement issues.

### SIGNIFICANCE AND ENGAGEMENT

- 14. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.
- 15. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.
- 16. In terms of the Significance and Engagement Policy this decision is considered to be of high significance as it forms part of the process to potentially establish a WSCCO following the adoption of the Water Services Delivery Plan.
- 17. As noted above the overall purpose of the Commitment Agreement is a high-level directional document, with key outputs and timelines to be developed collaboratively. It illustrates that all three Council's intend to work together collaboratively to establish a WSCCO.

### **ENGAGEMENT, CONSULTATION AND COMMUNICATION**

- 18. No engagement or consultation is required for Council to make the decision to approve the Commitment Agreement.
- 19. Council may wish to note in the wider communication regarding the adoption of a Water Services Delivery Plan that a Commitment Agreement has also been signed and what this agreement does and does not do.

### **OPTIONS ASSESSMENT**

- 20. Council can choose to:
  - (a) Option 1: Approve the Commitment Agreement (recommended); or,
  - (b) Option 2: Not approve the Commitment Agreement (not recommended).

### Option 1:

- 21. Approve the Commitment Agreement (**recommended**).
- 22. The advantages and disadvantages of this option are:

Advantages	Disadvantages		
Allows Council staff to proceed	May give rise to concerns from		
with the due diligence	tangata whenua about the		
	potential for the preferred option		

requirements set out in the Commitment Agreement.	to include Thames-Coromandel District Council.
<ul> <li>Allows progress to be made on the required actions and tasks to establish a multi-Council Water Services Council-Controlled Organisation.</li> </ul>	
<ul> <li>Enables Council staff to take the steps required to finalise the water service delivery plan to meet statutory timeframes.</li> </ul>	

### Option 2:

- 23. Not approve the Commitment Agreement (not recommended).
- 24. The advantages and disadvantages of this option are:

Advantages	Disadvantages
None identified.	Does not allow Council staff to proceed with the due diligence requirements set out in the Commitment Agreement.
	Does not allow progress to be made on the required actions and tasks to establish a multi-Council Water Services Council-Controlled Organisation.
	<ul> <li>Could jeopardise the ability for the water services delivery plan to be finalised in line with statutory timeframes.</li> </ul>

### **STATUTORY COMPLIANCE**

- 25. The recommendations of this report meet the legislative requirements set out in the Local Government Act 2002, and the Local Government (Water Services Preliminary Arrangements) Act.
- 26. An assessment will be undertaken to determine any changes required to Council policies and bylaws as a consequence of the potential establishment of a WSCCO. The timing of this will be aligned with the completion of the due diligence as set out in the Commitment Agreement. This assessment will also be cognisant of Resource Management reform and Local Government Act reform.

### **FUNDING/BUDGET IMPLICATIONS**

- 27. Funding has been included in the Annual Plan to allow for the establishment and implementation costs of the Council's preferred water services delivery model. Costs associated with implementation will be transferred to the new entity once established. Where tasks or actions are required by all three Councils, the funding costs will be split as set out in the Commitment Agreement.
- 28. A specific recommendation has been provided noting that \$400,000 is proposed for the due diligence requirements that will be undertaken during the interregnum period.

### **ATTACHMENTS**

1. Placeholder - Commitment Agreement (Tabled Item 2) 💵

# **ATTACHMENT 1**

# **Commitment Agreement**

This document will be uploaded separately to the agenda as **Tabled Item 2**.

### 10.3 STANDARD & POORS CREDIT RATING - 2025 ANNUAL REVIEW

File Number: A6865281

Author: Jackson Jury, Financial Analyst

Authoriser: Adele Henderson, General Manager Corporate Services

### **EXECUTIVE SUMMARY**

The purpose of this report is to inform Council of the outcome of the annual credit rating review by Standard & Poor's (S&P) Global Ratings for Western Bay of Plenty District Council.

### RECOMMENDATION

That the Financial Analyst's report dated 5 August 2025 and titled 'Standard & Poor's Credit Rating – 2025 Annual Review', be received.

### **BACKGROUND**

- S&P Global Ratings undertakes an annual assessment of Western Bay of Plenty District Council's credit rating. The assessment evaluates Council's financial position, management strength, debt profile, economic context, and liquidity coverage, with reference to both national and international peers.
- 2. On 17 July 2025, S&P Global Ratings reaffirmed Western Bay of Plenty District Council's:
  - (a) Long-term credit rating: AA (affirmed)
  - (b) Short-term credit rating: A-1+ (affirmed)

Outlook: Negative (unchanged)

- 3. Commentary and Analysis
  - (a) Credit Strengths
    - (i) Strong operating surpluses, with projected margins averaging 15.7% through FY2028.
    - (ii) Prudent financial management and adherence to Treasury Policy limits.
    - (iii) Robust institutional framework, with predictable financial oversight and reporting practices.
    - (iv) Resilient economy supported by agriculture (notably kiwifruit), population growth, and proximity to Tauranga.

### (b) Challenges Identified

- (i) Elevated capital expenditure peaking in FY2027 (approx. \$100 million per year) to support growth.
- (ii) After-capital account deficits forecast to average 14.5% of total revenue from FY2024-FY2028.
- (iii) Increased reliance on short-term borrowing (commercial paper) and rising debt maturities are temporarily weakening liquidity coverage (82% forecast in FY2025, improving to >120% by FY2028).
- (iv) Interest costs expected to reach 7% of operating revenue in FY2026.

### (c) Debt Profile

- (i) Gross borrowings expected to increase from \$116 million (FY2024) to \$240 million (FY2028).
- (ii) Debt-to-operating revenue projected to rise from 95% in FY2024 to 149% in FY2028—moderate in global terms but still low domestically.

### (d) Rating Outlook

- (i) The negative outlook reflects concerns around near-term liquidity and fiscal pressures. A downgrade may occur if liquidity coverage does not improve or if Council lacks sufficient revenue/expenditure flexibility to respond to financial pressures.
- (ii) Conversely, the outlook may return to stable if S&P gains confidence in liquidity recovery and ongoing fiscal discipline.

### (e) Strategic Considerations

(i) The affirmed rating supports Council's ongoing access to the Local Government Funding Agency (LGFA) at favourable rates and confirms confidence in Council's financial governance. Continued focus on prudent financial management and careful capital planning will be essential to mitigate downward rating pressure.

### **ATTACHMENTS**

1. Standard & Poors Western Bay of Plenty District Council Credit Rating - 2025 Annual Review U

# S&P Global

Ratings

RatingsDirect®

### Research Update:

# Western Bay Of Plenty District Council 'AA/A-1+' Ratings Affirmed; Outlook Remains Negative

July 17, 2025

### Overview

- Western Bay of Plenty District Council's after-capital account deficits remain large because
  its infrastructure spending profile peaks in fiscal 2027 (year ending June 30). As a result, we
  anticipate the council's debt and interest costs edge up and liquidity coverage will
  temporarily weaken before improving thereafter.
- The credit profile of the New Zealand-based council remains strong, underpinned by its strong financial management, a robust local economy, and institutional settings.
- We affirmed our 'AA' long-term and 'A-1+' short-term issuer credit ratings on Western Bay.
- The outlook on the long-term rating remains negative because of downside risks to the council's fiscal and liquidity positions over the next two years.

### Rating Action

On July 17, 2025, S&P Global Ratings affirmed its 'AA' long-term and 'A-1+' short-term ratings on Western Bay. The outlook on the long-term rating is negative.

### Outlook

The negative outlook reflects our view that Western Bay of Plenty District Council's fiscal and liquidity coverage may structurally weaken as capital expenditure (capex) and debt rise over the next two years.

### Downside scenario

We could lower our ratings on Western Bay if its liquidity coverage does not recover as we expect. We could also lower the ratings if we believe the council lacks the flexibility to increase revenues or control expenditures to ensure budgetary performance and debt metrics remain stronger than those of 'AA-' rated peers.

### Primary contact

### Rebecca Hrvatin

Melbourne 61-3-9631-2123 rebecca.hrvatin @spglobal.com

### Secondary contacts

### **Anthony Walker**

Melbourne 61-3-9631-2019 anthony.walker @spglobal.com

### Deriek Pijls

Melbourne 61-396312066 deriek.pijls @spglobal.com

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### Upside scenario

We could revise our outlook on Western Bay to stable if we are confident its liquidity coverage will recover to historical levels, and its budgetary performance improves to a level that ensures its debt metrics remain a key credit strength.

### Rationale

We expect Western Bay's debt-service coverage ratio to temporarily weaken to 82% of its 12-month upcoming debt service, lower than our previous forecasts. The deterioration stems from an increase in the council's after capital deficits over the next two years, and rising maturity profile, including the usage of short-term commercial paper.

Western Bay has increased its capex spending in recent years. We expect capex to average about NZ\$100 million a year over fiscal years 2025-2027. This is double the capex delivery of fiscal 2023. As a result, the council will have larger after capital account deficits, averaging 14.5% of total revenue between fiscal years 2024 and 2028.

We continue to consider Western Bay's strong operating surpluses as a key credit strength, demonstrated via its large increases in property rates of 8.9% in fiscal 2026 and controlling operating expenditure.

We estimate debt will increase to 149% of operating revenue in 2028 from 95% in 2024. This is low in a domestic context, but mid-range among 'AA' rated international peers. We anticipate Western Bay's average interest expenses to be 7% of operating revenue by 2026.

Strong financial management and New Zealand's very predictable and well-balanced institutional framework continue to support Western Bay's creditworthiness. Weaker socioeconomic demographics than other districts in New Zealand temper these strengths.

## New Zealand's institutional framework has weakened, strong management supports the council's creditworthiness.

The institutional framework in which New Zealand councils operate is a key credit strength supporting Western Bay's creditworthiness. We believe the sector's revenue and expenditure imbalance has widened and the predictability of its policy settings has weakened.

We still view this framework as strong compared with those of global peers, ranking at the second-highest assessment on our six-point scale (see "New Zealand Local Governments Face Rising Fiscal Imbalances And Less Certain Policy Settings," published March 17, 2025).

Restrictive monetary and fiscal policy and a downturn in household and business spending have weighed on growth in New Zealand. We forecast growth to increase to 1.5% in 2025 after a small contraction in 2024 (see "Economic Outlook Asia-Pacific Q3 2025: Resilience May Vary," June 23, 2025). Population growth should sustain economic growth rates, with net migration remaining solid. The New Zealand population increased about 0.9% in 2024, following very strong growth in 2023.

Western Bay has credible and well-established fiscal processes. It prepares long-term plans every three years, annual plans in the intervening years, and audited annual reports, in line with New Zealand's requirements. The council's treasury policy sets internal limits on borrowing, liquidity, and interest-rate risk. Western Bay's latest annual plan was adopted in June 2025 and focuses on housing, empowering communities, infrastructure, and climate change.

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Western Bay's economic performance is similar to the rest of the country. Agriculture, forestry, and fishing dominate the region's economy, making up about 22% of its economic output. The region grows about 80% of New Zealand's kiwifruit.

We expect the district to benefit from the infrastructure investment in its three new major urban areas in Omokoroa, Te Tumu, and Tauriko West, which will facilitate population growth in the medium term. Western Bay has a population of about 60,800. We expect this to continue to grow steadily, given the district's proximity to the land-constrained Tauranga city. Tauranga is one of the fastest-growing metropolitan areas in New Zealand.

According to data from Infometrics, Western Bay's population has been increasing by 2.4% a year over the past five years. The district had GDP per capita of NZ\$53,655 for the year to March 2024, according to Infometrics, lower than New Zealand's national average of NZ\$79,210 during the period. Some 22.4% of Western Bay's residents were aged 65 and above as of June 2024, compared with the national average of 16.5%.

# Elevated capital spending will result in large after capital account deficits and a temporary weakening of liquidity; debt levels to remain low in a domestic context.

We expect Western Bay's after capital account deficits to average 14.5% over fiscal years 2024-2028. These deficits reflect the council's increase in water, waste water, and transport capex to support its growing population. We view these deficits as manageable within the current rating level because we expect deficits to narrow from fiscal 2028. We do not expect Western Bay to return to its historical level of after capital account surpluses of about 9% of total revenue on average from fiscal years 2013-2021.

Western Bay continues to have strong operating balances. We project the council's operating margins to average 15.7% of operating revenue over fiscal years 2024 to 2028. The council's budgetary flexibility is mostly on par with its domestic peers but better than global peers, in our view. The council proposes to raise property rates for 2026 by close to 9%. It derives about 78% of its revenues from rates, fees, and user charges and can delay some capex to aid financial outcomes. It is also promising to limit operating expenditure growth over the next three years.

We estimate Western Bay will spend about NZ\$97 million of capex in fiscal 2025, an increase from NZ\$58 million in fiscal 2024. We expect Western Bay to maintain and deliver close to NZ\$100 million in capex a year. Like many domestic peers, planning and approval delays, and capacity constraints (including labor shortages) could hamper the execution.

Western Bay's debt maturity profile is rising. Its long-term debt maturities are peaking at NZ\$50 million in fiscal 2027 and it has started using short-term commercial paper over the last 12 months. It has NZ\$15.5 million of commercial paper outstanding. Coupled with higher capex execution and larger after capital account deficits, these are putting downward pressure on Western Bay's liquidity coverage.

We estimate Western Bay's debt-service coverage ratio to be 82% for the next 12 months, lower than 149% we previously forecast. We anticipate the council's debt-service coverage ratio will improve to greater than 120% by fiscal 2028. This stems from what we expect will be an improvement in budget balances and lower debt maturities.

The council maintains strong access to the New Zealand Local Government Funding Agency (LGFA). Access to LGFA provides Western Bay and the other New Zealand local councils with additional sources of external liquidity, particularly during periods of stress in financial markets.

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In our view, LGFA benefits from an extremely high likelihood of central government support and has helped Western Bay lengthen its maturity profile and reduce interest costs.

Western Bay maintains lower debt than domestic peers, although the debt is moderate in a global context. Higher than historical infrastructure spending leads us to expect the total tax-supported debt of the council to increase to about 149% of operating revenue in 2028, from 95% in 2024.

Rising interest expenses have increased the debt burden of Western Bay. Interest expenses are likely to reach 7% of operating revenue in the current year. This reflects rising debt and the council's hedging policy. Still, the council has very low contingent liabilities, with little exposure to council-controlled organizations and adequate insurance coverage.

### Western Bay of Plenty District Council Selected Indicators

Mil. NZ\$	2023	2024	2025e	2026bc	2027bc	2028bc
Operating revenue	113	122	148	135	151	161
Operating expenditure	90	106	116	120	128	133
Operating balance	23	15	33	14	23	29
Operating balance (% of operating revenue)	20.7	12.7	22.0	10.5	15.5	17.8
Capital revenue	9	14	42	57	48	41
Capital expenditure	53	58	97	99	101	90
Balance after capital accounts	(20)	(29)	(22)	(27)	(30)	(20)
Balance after capital accounts (% of total revenue)	(16.7)	(21.5)	(11.8)	(14.3)	(15.3)	(9.8)
Debt repaid	15	15	35	25	50	15
Gross borrowings	25	40	75	53	81	35
Balance after borrowings	(10)	(4)	18	1	1	0
Tax-supported debt (outstanding at year-end)	91	116	161	189	220	240
Tax-supported debt (% of consolidated operating revenue)	80.4	95.3	108.6	140.5	146.0	148.8
Interest (% of operating revenue)	3.7	4.3	4.7	7.0	6.5	6.7
National GDP per capita (\$)	77,428	79,218	81,370	83,911	86,545	89,309

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. N.M.--Not meaningful.

### **Rating Component Scores**

Key rating factors	Scores
Institutional framework	2
Economy	2
Financial management	2
Budgetary performance	3
Liquidity	1
Debt burden	4
Stand-alone credit profile	aa
Issuer credit rating	AA

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### **Rating Component Scores**

S&P Global Ratings bases its ratings on non-U.S. local and regional governments (LRGs) on the six main rating factors in this table. In the "Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019, "published on July 15, 2019, we explain the steps we follow to derive the global scale foreign currency rating on each LRG. The institutional framework is assessed on a six-point scale: 1 is the strongest and 6 the weakest score. Our assessments of economy, financial management, budgetary performance, liquidity, and debt burden are on a five-point scale, with 1 being the strongest score and 5 the weakest.

### **Key Sovereign Statistics**

• Sovereign Risk Indicators, July 8, 2025. An interactive version is available at <a href="http://www.spratings.com/sri">http://www.spratings.com/sri</a>

### Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

### Related Research

- Subnational Government Outlook Mid-Year 2025: Setting Sail In A Gale, July 2, 2025
- Global Ratings List: International Public Finance Entities July 2025, July 1, 2025
- Global LRGs Rating History List, June 24, 2025
- Economic Outlook Asia-Pacific Q3 2025: Resilience May Vary, June 23, 2025
- Various Rating Actions Taken On New Zealand Councils On Lower Institutional Framework Assessment, March 18, 2025
- A Closer Look At Our Downgrades Of 18 New Zealand Councils, March 18, 2025
- New Zealand Local Governments Face Rising Fiscal Imbalances And Less Certain Policy Settings, March 17, 2025
- New Zealand Local Government Funding Agency Ltd. Ratings Affirmed; Outlook Stable, March 17, 2025
- 2023 Annual International Public Finance Default And Rating Transition Study, Aug. 20, 2024

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see "Related Criteria"). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant

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criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Rating Component Scores above

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see "Related Criteria").

### Ratings List

# Ratings list Ratings Affirmed Western Bay of Plenty District Council Issuer Credit Rating AA/Negative/A-1+

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July 17, 2025

# 10.4 RECOMMENDATORY REPORT - STRATEGY AND POLICY COMMITTEE - CEMETERIES BYLAW 2025

File Number: A6811336

Author: Danna Leslie, Senior Policy Analyst

Authoriser: Emily Watton, Acting General Manager Strategy and Community

### **EXECUTIVE SUMMARY**

Council is required to consider the recommendations from the Strategy and Policy Committee and resolve accordingly.

### RECOMMENDATION

- That the Senior Policy Analyst's report dated 5 August 2025 titled 'Recommendatory Report – Strategy and Policy Committee – Cemeteries Bylaw 2025', be received.
- That Council adopts the Cemeteries Bylaw 2025 (included as Attachment 1 of this report), to come into force on 8 September 2025.
- 3. That Council directs the Chief Executive to publicly notify the adoption of the Cemeteries Bylaw 2025 in accordance with the Local Government Act 2002.

### **BACKGROUND**

- 1. At the Strategy and Policy Committee Meeting on 12 June 2025, a draft Cemeteries Bylaw was presented for recommendation to Council for adoption.
- 2. As only Council can resolve to adopt a Bylaw, this report presents the Cemeteries Bylaw for adoption as contained in **Attachment 1**.
- 3. Following adoption of the Cemeteries Bylaw it will be publicly notified and become operational one (1) month later on 8 September 2025.

### RECOMMENDATION FROM THE STRATEGY AND POLICY COMMITTEE (12 JUNE 2025)

At the Strategy and Policy Committee Meeting on 12 June 2025 the Committee made the following recommendation to Council:

### SPC25-6.2 Deliberations and Recommend Adoption of Cemeteries Bylaw 2025

Moved: Mayor James Denyer

Seconded: Councillor Margaret Murray-Benge

1. That the Senior Policy Analyst's report dated 12 June 2025 titled 'Deliberations and recommend adoption of Cemeteries Bylaw 2025' received.

- 2. That the report relates to an issue that is considered to be of **medium** significance in terms of Council's Significance and Engagement Policy.
- 3. That the Strategy and Policy Committee receives all submissions received through the consultation period, which ran from 20 March 2025 to 22 April 2025, as set out in **Attachment 1** to this report.
- 4. That pursuant to s155 of the Local Government Act 2002, the Strategy and Policy Committee recommends that the draft Cemeteries Bylaw 2025 is the most appropriate form of bylaw and does not give rise to any implications under the New Zealand Bill of Rights 1990.
- 5. That the Strategy and Policy Committee recommend to Council the adoption of the Cemeteries Bylaw substantively set out in **Attachment 2** to this report (in the form as released for consultation), noting the requirement for public notice of the Council resolution to adopt the bylaw pursuant to s157(1) of the Local Government Act 2002. With the following amendment to Clause 6.2:
  - a) In line with the principles of returning to nature and low environmental impacts parts of the Natural Burial Plot may be re-used in the future <u>after a</u> <u>period not less then 50 years</u>.
- 6. That the Strategy and Policy Committee requests the Chief Executive to direct staff to prepare a Decision Story for final approval by the Mayor, in general accordance with the resolutions of this meeting, as the formal response to submitters, for dissemination to those that provided feedback and to be published on the Council's website.

### **STAFF COMMENTS**

4. Staff support the recommendation in accordance with the report titled "Deliberations and recommended adoption of Cemeteries Bylaw" as considered by the Strategy and Policy Committee on 12 June 2025.

### **ATTACHMENTS**

1. Cemeteries Bylaw 2025 🗓 🖼



### **Western Bay of Plenty District Council**

# Cemeteries Bylaw 2025

### **Explanatory Note**

This Bylaw promotes the orderly and efficient management of cemeteries under the Council's control.

It should be read in conjunction with any policy or Code of Practice which Council has adopted and publicly notified in relation to cemeteries under its control.



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### **Authority**

Pursuant to the powers vested in it under section 146(b)(v) the Local Government Act 2002, the Western Bay of Plenty District Council makes this Bylaw.

### **Title**

This Bylaw is the Western Bay of Plenty District Cemeteries Bylaw 2025 and shall come into force on 8 September 2025.

### **Bylaw Structure**

This Bylaw comprises the document.

### Scope

This Bylaw applies to the whole of the district administered by Western Bay of Plenty District Council, and other locations that are controlled by Western Bay of Plenty District Council, now and in the future.

### **Validation**

The Western Bay of Plenty District Council Cemeteries Bylaw 2025 was duly made at a meeting of the Western Bay of Plenty District Council held on 5 August 2025 and will come into force on 8 September 2025

Cemeteries Bylaw 2025

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### Savings

All approvals, permits, and other acts of authority (including any resolutions of the Council) which originated under Chapter 3 of the Western Bay of Plenty District Council General Bylaw 2008, and all applications, and other acts of parties and generally all documents, matters, acts, and things which so originated and are continuing at the commencement of this Bylaw, continue for the purposes of this Bylaw to have full force and effect.

The revocation of Chapter 3 of the Western Bay of Plenty District Council General Bylaw 2008 does not prevent any legal proceedings, criminal or civil, being taken to enforce that bylaw and such proceedings continue to be dealt with and completed as if that bylaw had not been revoked.

Cemeteries Bylaw 2025

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### **Western Bay of Plenty District Council**

# **Cemeteries Bylaw 2025**

Pursuant to the powers vested in it under sections 16 and 40 of the Burial and Cremation Act 1964 and section 146 of the Local Government Act 2002, the Western Bay of Plenty makes this Bylaw.

### **Definitions**

Act means The Local Government Act 2002.

**Animal** means any living stage of any member of the animal kingdom except human beings and in the case of any mammal, bird, fish, or reptile includes the carcase.

**Approved** means approved by the Council or by an Officer of the Council authorised in that behalf, and "approval" has a corresponding meaning.

**Authorised Officer** means an officer or other person appointed by the Council to perform duties required under this Bylaw, irrespective of the designation given to that officer or person and includes any Police officer, with powers of entry as prescribed by sections 171-174 of the Local Government Act 2002

**Bylaw** means a Bylaw of the Council for the time being in force, made under the provisions of any enactment enabling the Council to make Bylaws.

**Cemetery** means any land for the time being vested in the Council or under its control and dedicated and opened as a cemetery.

**Consent** means the Consent in writing given by the Council under this Bylaw authorising the person to whom the Consent is given to carry out any action or activity which is controlled by the provisions of this Bylaw or of any statutory enactment.

District means the area administered by the Western Bay of Plenty District Council

Cemeteries Bylaw 2025

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**Driver** in relation to any Vehicle, means any person who uses or drives the Vehicle on any Road, or causes or Permits it to be on any Road or to be driven on any Road, whether or not the person is present with the Vehicle and includes any person apparently in charge of the Vehicle.

**Exclusive right of burial** is a right, purchased from Council, to be buried within a specified Cemetery and / or Plot, together with the ability to install a headstone or monument on the concrete beam and otherwise subject to:

- a) compliance, in all respects, with this Bylaw, including approval of any headstone or monument and payment of relevant fees;
- b) the lapse of such right in accordance with section 10 of the Burial and Cremation Act 1964
- c) such right not conferring any rights of ownership in the Cemetery or the land on which it is located.

Footpath has the meaning as in section 315(1) of the Local Government Act 1974.

**Natural burial** involves the interment of a body in a manner that does not put anything in the ground which doesn't decompose, and allows the body to return to nature without harming the environment, with such practices as:

- a) No embalming of the body;
- b) Non-toxic and biodegradable materials for all caskets, coffins, body coverings and ornaments; and
- c) No permanent monuments erected to mark the grave.

**Natural Burial Plot** means a grave plot within a cemetery in an area set aside for the purpose of Natural burials, laid off and shown upon the plan and shall have the dimensions of 2.5 m in length and 2.5 m in width.

**Nuisance** has the meaning as in the Health Act 1956, and includes anything obnoxious, offensive or injurious to the community or any member of it.

**Offence** includes any act or omission in relation to this Bylaw or any part of this Bylaw for which any person can be punished either on indictment or by summary process.

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**Ornaments** are any object which is not structurally part of a headstone or concrete beam provided. This includes, but is not limited to a flower, wreath, pottery, vase, figurine, decoration, art, memorabilia, tribute and adornment.

**Person** includes any individual person, or group of individual persons bound together by common purpose, and includes a body corporate or body sole

**Plot** means a grave plot in a cemetery laid off and shown upon the plan and shall, unless it is a Natural Burial Plot or a Wider Plot , have the dimensions of 2.4m in length by 1.4m in width.

**Road** has the meaning as in the Land Transport Act 1998. It also means all land lying between the borders of a road including Footpaths and berms.

**Sexton** means the person appointed by the Council as Sexton of the Cemetery.

Vehicle has the meaning as in the Land Transport Act 1998.

**Wider Plot** means a grave plot in a cemetery laid off and shown upon the plan and shall have dimensions generally 1.6m by 2.4m or otherwise at Council discretion.

**Writing, Written** or any similar term means and includes words printed, painted, engraved, lithographed, or otherwise traced or copied, and where anything is required to be written it may be partly in writing and partly in printing.

Cemeteries Bylaw 2025

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### Council Cemetery Policy

1.1 The Council may from time to time by resolution adopt a policy or Code of Practice for the purpose of maintaining, preserving, or developing the amenities or facilities of any Cemetery or Cemeteries or crematoria under its control, or for any other purpose which the Council considers necessary for the proper and lawful operation of Cemeteries or crematoria under the Council control.

### 2. Related Legislation

- 2.1 Nothing in this Bylaw derogates from any provision of, or the necessity for compliance with
  - a) Burial and Cremation Act 1964;
  - b) Burial and Cremation (Removal of Monuments and Tablets) Regulations 1967;
  - c) Cremation Regulations 1973;
  - d) Health (Burial) Regulations 1946.

### 3. Rights of Burial

Cemeteries Bylaw 2025

- 3.1 Subject to the provisions of the Burial and Cremation Act 1964, every Cemetery must be open for the interment of all deceased Persons, to be buried with such religious or other ceremony, or without any ceremony, as the family and friends of the deceased think proper.
- 3.2 Burials may be made in any Cemetery in the District, which has not been lawfully closed, subject, in the case of Cemeteries under the control of the Council, to the provisions of this Bylaw.
- 3.3 The Council may sell Exclusive rights of burial according to the Council's normal terms and conditions, and where an Exclusive right of burial has been granted in terms of section 10 of the Burial and Cremation Act 1964, that right may be subject to such terms and conditions as Council may prescribe.
- 3.4 Where a person has agreed to purchase an Exclusive right of burial in

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any Plot or ground where no previous interment has taken place, such agreement shall lapse six months after the agreement date if the fee remains unpaid.

### 4. Fees and Charges

- 4.1 The fees and charges mentioned in this Bylaw do not include payment for any work required to be done beyond the actual digging of an ordinary grave and after burial, back-filling of the grave.
- 4.2 The Council may set fees and charges for all services provided for the operation and maintenance of Cemeteries and crematoria under its control.
- 4.3 The fees and charges payable in accordance with the provisions of this Bylaw may from time to time be amended or increased by the Council.

### 5. Burial

- 5.1 No interment may be made in any Cemetery without a burial warrant for that purpose, obtained from the Council by the person having the management or control of the burial, being presented to the Sexton as authority for burial.
- 5.2 The Council will not issue a burial warrant unless the fee for interment has been paid except that in the case of an interment under the control of a registered funeral director the Council may waive the need for prior payment and charge the cost directly to that registered funeral director.
- 5.3 Any burial must take place in the Plot as determined by the Council, and no headstone or monument may be erected unless all interment and other fees incurred at that time have been paid.
- 5.4 The minimum depth of a grave for a single interment must not be less than 1.6 metres and if more than one interment is to be made in the same Plot then a further 400mm must be dug to form an extra depth grave of 2 metres. The minimum depth of ground cover over any casket must not be less than one metre. This clause 5.4 does not apply to a Natural Burial.
- 5.5 No person other than the Sexton their assistant, or any Person approved by the Council and working under the direct supervision of the Sexton,

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may dig any grave or open the ground for burial in any part of the Cemetery. Any grave dug by any Person approved by the Council will still incur the appropriate burial fee.

- 5.6 Notification of an intended burial must be given to the Sexton at least eight working hours prior to the time fixed for the funeral, except in cases of emergency, when, on the certificate of a medical practitioner or Coroner's order, a shorter notice will be accepted.
- 5.7 Every Person who back fills in any grave after a burial must do all levelling and reinstatement work at his or her own cost and under the direct supervision of the Sexton.
- 5.8 Upon written application to the Council and payment of the prescribed fees, the urn containing the ashes of any deceased person may be buried in the appropriate part of the Cemetery set aside for that purpose, or in any Plot subject to an Exclusive right of burial.

### 6. Natural Burial

- 6.1 The Council may set aside areas within a Cemetery or specific Natural Burial Plots for the purpose of Natural burials and Natural burials shall only be permitted in such areas and / or Natural Burial Plots.
- 6.2 In line with the principles of returning to nature and low environmental impact parts of the Natural Burial Plot may be re-used in the future after a period not less than fifty (50) years.
- 6.3 The minimum depth for a Natural burial shall be 800mm.
- 6.4 No planting shall be undertaken in or around the area of a Natural burial other than by Council or its contractors.
- 6.5 Permanent individual markers, memorials or monuments must not be placed in or around the area of a Natural burial. Only the use of temporary, untreated wooden markers is allowed.
- 6.6 Other than the provisions of this clause 6, a Natural burial shall, in all other respects be consistent with the provisions of this Bylaw including the requirement for a burial warrant and payment of relevant fees.

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## 7. Headstones and Monuments

- 7.1 All above-ground grave structures, enclosures, ornaments, memorial headstones and other monuments may be installed only in accordance with a Consent issued by the Council and must be kept in good order and repair indefinitely by the purchasers of the Plots or their representatives.
  - Note: Headstone/monument maximum dimensions are available on the Council website at <u>www.westernbay.govt.nz</u> within the Memorial Headstone Application form.
- 7.2 All ornaments must be confined to the bounds of the concrete beam located within the designated plot. Any ornament located outside of the concrete beam may be removed and disposed of by the Sexton or Council's maintenance contractors.
- 7.3 The Council may carry out regular inspections of memorial headstones and other monuments to ensure that they present no danger or inconvenience to both the public and the Council's maintenance contractors.
- 7.4 Subject to the provisions of the Burial and Cremation (Removal of Monuments and Tablets) Regulations 1967, the Council
  - a) may remove any installation of any kind that has fallen into a state of decay or disrepair; and
  - b) may remove any item that did not receive consent under clause 7.1; and
  - c) must take a photographic record of the installation before it is removed and the photographic record must be retained in the Council's Cemetery records.
- 7.5 Before any monumental work commences a drawing and specification of the proposed monument must be submitted to the Council for approval.
- 7.6 Where the Council designates land for a Cemetery, Memorial Park or memorial feature, headstones and other monuments may only be erected subject to compliance with any relevant legislation and those conditions specified by the Council.

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#### 8. Control of Activities

- 8.1 No person may remove from the Cemetery or from any Plot within the Cemetery, any monument, tablet, vase, wreath, plant, flower, or any other thing without first obtaining the Consent of the Council.
- 8.2 No person may do any work in any Plot in the Cemetery unless specifically authorised by the Sexton to do so.
- 8.3 No tree or shrub may be planted in any part of any Cemetery by any person without first obtaining the Consent of the Council.
- 8.4 No person may in or near any part of the Cemetery prevent, interrupt, or delay the decent and solemn burial of any body, or remains of any body.
- 8.5 No person may, in or near any part of the Cemetery, so conduct himself or herself as to be offensive, to be a nuisance, or to cause annoyance to Persons lawfully within the Cemetery.
- 8.6 Any person installing any memorial, or carrying out any other work in a Cemetery, within sight or sound of a funeral service must cease that activity and withdraw for the duration of the funeral service.
- 8.7 Any wreath or other floral tribute may be placed on a Plot but the Sexton may at any time remove receptacles which are damaged or of a type not approved by the Council, or any material that in his or her opinion is neglected, unsafe or broken, and may also remove at any time dead flowers and dead foliage.
- 8.8 No person may allow any Animal within the Cemetery grounds without the Consent of the Sexton, with the exception of dogs.
- 8.9 Dogs are required to be restrained on a leash at all times within the Cemetery grounds.
- 8.10 Except at the specific request of the purchaser of a Plot or their representatives no person may, in any Cemetery, accept or solicit any custom from any other person for any work to be done in any Cemetery.
- 8.11 No person may take any photographs or moving images at a funeral

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without the consent of the funeral director or the family of the deceased.

## 8.12 No person may –

- a) drive or propel any Vehicle of any kind in any Cemetery at a greater speed than 15km/h, or at a speed greater than that indicated on any Road or sign within any Cemetery; and
- unless authorised by the Council, drive or allow that Vehicle to be on any part of any Cemetery except the Roads open for vehicular traffic and in the direction indicated by traffic notices.
- 8.13 Vehicles may only be driven within the Cemetery grounds between the hours of 6.00am and sunset on the same day, unless prior arrangements have been made with the Sexton.
- 8.14 The Driver of any Vehicle within the limits of a Cemetery must yield unconditional right of way to any funeral procession and must stop or move that Vehicle as directed by the Sexton or his or her assistant.

#### 9. Exhumation

9.1 Where an application for an exhumation is received by the Council, the exhumation must be conducted under section 51 of the Burial and Cremation Act 1964 and subject to payment of such fees as the Council prescribes.

#### 10. Offences and Breaches

- 10.1 Every Person commits a breach of this Bylaw who:
  - a) Does, or causes to be done, or permits anything to be done that is contrary to this Bylaw; or
  - b) Omits, or neglects to do, or permits to remain undone, anything which ought to be done by that Person at the time and in the manner provided in this Bylaw; or
  - c) Does not cease any action which the Person is required to cease under this Bylaw; or
  - d) Knowingly permits or allows any condition of things to exist or

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continue to exist contrary to this Bylaw; or

- e) Fails, refuses or neglects to comply with any notice duly given to that Person under this Bylaw; or
- Obstructs or hinders any Officer of the Council or other Person appointed by the Council in the exercise of any power conferred on that officer or other Person by this Bylaw;
- g) Fails to comply with any notice, or direction, or conditions contained in any licence granted by the Council.
- 10.2 If a Person fails to comply with a lawful notice, request, or order, duly given by an Authorised Officer under this Bylaw the failure, whether wilful or otherwise, to comply with that notice, request, or order is a separate Offence on each day that such Person so fails to comply.
- 10.3 Clause 10.2 does not relieve any Person from any penalty which they may have incurred before receiving that notice, request, or order.
- 10.4 Subject to any Act, any Person (including a member of the Police) may lay any information for an Offence against this Bylaw.

#### 11. Penalties

- 11.1 Every Person who commits an Offence against this Bylaw is liable to
  - a) The penalty set out in section 242(4) of the Act, in relation to the provisions of the Bylaw that are made under Part 8 of the Act; or
  - b) Where another enactment specifies the penalty for a breach of the Bylaw, that other penalty in relation to the provisions of this Bylaw that are made under that other enactment.

# 12. Right of Appeal

- 12.1 Any person who claims to be unfairly or adversely affected by any decision, order, or direction, duly given by an Authorised Officer of the Council has the right of appeal to the Council.
- 12.2 The appeal must be in writing setting out the reasons for the appeal and must be lodged within fourteen (14) days of the date on which the

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decision, order, or direction was given.

- 12.3 The Council may appoint any standing committee of Council to consider the appeal and to hear Written or personal submissions from the appellant if the committee so decides.
- 12.4 The committee, after considering such evidence as it thinks necessary, may revoke, confirm, or modify the decision, order, or direction giving rise to the appeal.

Group	Strategy and Community	Contact (3rd Tier Manager)	Reserves and Facilities Manager	
Supersedes	Cemeteries Bylaw 2019			
Creation		Resolution		
Date	30 August 2019	Reference	C29.12	
Last Review		Resolution		
Date	5 August 2025	Reference	[ <mark>xx</mark>	<mark>x</mark> ]
Review	Ten yearly/legislative r	evisions, or as		
Cycle	required		Date	5 August 2035
Authorised				
by	Council		Date	5 August 2025

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# 10.5 RECOMMENDATORY REPORT - STRATEGY AND POLICY COMMITTEE - LIVESTOCK MOVEMENTS BYLAW 2025

File Number: A6811345

Author: Danna Leslie, Senior Policy Analyst

Authoriser: Emily Watton, Acting General Manager Strategy and Community

#### **EXECUTIVE SUMMARY**

Council is required to consider the recommendations from the Strategy and Policy Committee and resolve accordingly.

#### RECOMMENDATION

- That the Senior Policy Analyst's report dated 5 August 2025 titled 'Recommendatory Report – Strategy and Policy Committee – Livestock Movements Bylaw 2025', be received.
- 2. That Council adopts the Livestock Movements Bylaw 2025 (included as **Attachment 1** of this report), to come into force on 8 September 2025.
- 3. That Council directs the Chief Executive to publicly notify the adoption of the Livestock Movements Bylaw 2025 in accordance with the Local Government Act 2002.

#### **BACKGROUND**

- 1. At the Strategy and Policy Committee Meeting on 12 June 2025, a draft Livestock Movements Bylaw was presented for recommendation to Council for adoption.
- 2. As only Council can resolve to adopt a Bylaw, this report presents the Livestock Movements Bylaw for adoption as contained in **Attachment 1**.
- 3. Following adoption of the Livestock Movements Bylaw it will be publicly notified and become operational on 8 September 2025.

## RECOMMENDATION FROM THE STRATEGY AND POLICY COMMITTEE (12 JUNE 2025)

# SPC25-6.1 Deliberations and Recommend Adoption of Livestock Movements Bylaw 2025

Moved: Mayor J Denyer

Seconded: Cr M Murray-Benge

1. That the Senior Policy Analyst's report dated 12 June 2025 titled 'Deliberations and Recommend Adoption of Livestock Movements Bylaw 2025' be received.

- 2. That the report relates to an issue that is considered to be of **low** significance in terms of Council's Significance and Engagement Policy.
- 3. That the Strategy and Policy Committee receives all submissions received through the consultation period, which ran from 20 March 2025 to 22 April 2025, as is set out in **Attachment 1** to this report.
- 4. That pursuant to s155 of the Local Government Act 2002, the Strategy and Policy Committee recommends to Council that the draft Livestock Movements Bylaw 2025 is the most appropriate form of bylaw and does not give rise to any implications under the New Zealand Bill of Rights 1990.
- 5. That the Strategy and Policy Committee recommend to Council the adoption of the Livestock Movements Bylaw 2025 contained in Attachment 2 with the following additional clause confirming that no renewal fee should be charged for renewal of a Consent:
  - a) A new clause 17.4 as follows:
    - 17.4. A new application for consent shall be required where a substantive change is required to an existing consent, including change of ownership or route, or a consent is terminated, suspended or cancelled. A consent shall otherwise be renewed without charge to the consent holder.
  - b) Noting the requirement for public notice of the Council resolution to adopt the bylaw pursuant to s157(1) of the Local Government Act 2002.
- 6. That the Strategy and Policy Committee requests the Chief Executive to direct staff to prepare a decision document for final approval by the Mayor, in general accordance with the resolutions of this meeting, as the formal response to submitters, for dissemination to those that provided feedback and to be published on the Council's website.

#### **STAFF COMMENTS**

4. Staff support the recommendation in accordance with the report titled "Deliberation and recommended adoption of Livestock Movements Bylaw" as considered by the Strategy and Policy Committee on 12 June 2025.

#### **ATTACHMENTS**

1. Livestock Movements Bylaw 2025 U





# **Livestock Movements Bylaw 2025**

#### **Explanatory Note**

Western Bay of Plenty District Council may make bylaws to regulate the movement of livestock on, across or along public roads under the control of the Council in accordance with the provisions of the Bylaws Act 1910, Land Transport Act 1998, the Land Transport Management Act 2003and the Local Government Acts 1974 and 2002.

Livestock Movements Bylaw 2025



# Western Bay of Plenty District Council Livestock Movements Bylaw 2025

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#### **Title**

This Bylaw is made under Section 145 of the Local Government Act 2002 and shall be known as the Western Bay of Plenty District Council Livestock Movements Bylaw 2025.

# **Commencement and application**

This Bylaw shall come into force on [28 August] 2025 and applies to all parts of all roads under the control of the Western Bay of Plenty District Council.

## **Purpose of the Bylaw**

The purpose of the Bylaw is to improve control of the movement of livestock on public roads:

- a) to protect:
  - i. the safety of all road users including those associated with moving livestock;
  - ii. livestock whilst being moved across or along public roads;
  - iii. the structure and surface of the carriageway in the roads; and
  - iv. public and private structures and utilities situated in the road.
- b) to reduce inconvenience, nuisance and potential hazard for all road users; and
- c) to minimise any loss of social value or environmental quality from use of the road.

## Scope

This Bylaw provides for the:

- a) acceptance of long-term, intermittent, or temporary movement of livestock on, across or along public roads in the district;
- establishment of a clear framework (including associated criteria) for determining whether a livestock movement is permitted, whether it requires a consent or whether it requires the investigation of alternative options.
- c) setting of charges to cover the costs of administration and monitoring; and
- d) administrative mechanisms for the operation of this Bylaw

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# **Compliance with other Acts**

Nothing in this Bylaw shall derogate from any provision of the Health and Safety at Work Act 2015, the Resource Management Act 1991, the Animal Welfare Act 1999, the Impounding Act 1955, or any statutory or regulatory requirement.

#### 1. Definitions

For the purpose of this bylaw:

**Approval or approved** means approved in writing by an authorised officer of the Council.

**Authorised officer** means any person appointed by the Chief Executive of the Council for the purposes of acting as an authorised officer under this bylaw.

**Carriageway** means that part of a road constructed or made for use of vehicular traffic and includes any shoulder, edging, kerbing or channelling thereof.

**Competent person** means a person being over the age of 14 years and being able to provide reasonable care and supervision.

**Consent** means a consent in writing given by the Council authorising a consent holder to move livestock on, across or along a road.

**Consent holder** means a person who has obtained consent for the movement of livestock on, across or along a road.

Council means the Western Bay of Plenty District Council.

**District** means the area administered by the Western Bay of Plenty District Council.

Hours of Daylight means half an hour before sunrise to half an hour after sunset.

**Livestock** means any animal kept or normally kept for commercial purposes, whether so kept or not, and may include, but is not limited to, any hoofed animal, domestic fowl or poultry.

**Livestock movement** means any single movement of a herd or mob of livestock, including movements of milking herds, across or along a road in a single direction where the animals move by their own efforts and are free of individual control, such individual control being by means of being ridden or led or driven on a bridle, halter, collar or similar restraint.

**Milking herd crossing** means any single movement of a milking herd across a road during the milking season where the animals move by their own efforts and are free of individual control

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**Person** means a legal person and includes a corporation sole and also a body of persons whether corporate or incorporate.

**Road** means a road as defined in section 315 of the Local Government Act 1974, being all the land under the control of Western Bay of Plenty District Council maintained for public use and being the full width of the legal road between adjacent property boundaries and including both the carriageway and any unformed parts to the sides of the carriageway, but excluding any unformed road.

**Traffic management plan** means a plan, drawing, sketch or map indicating the method or measures for ensuring the safety of the livestock and all other road users to be used by the consent holder, that is required to be an acceptable standard, as determined by Council to enable assessment of what is planned to occur. Once determined to be acceptable by the Council, it shall not be changed.

1.1. Urban road means roads in residential, medium density residential, rural residential, natural open space, commercial and industrial zones or as otherwise defined in the District Plan on which livestock farming or similar activity is not otherwise occurring, or such other roads as are deemed by Council to be unsafe or inappropriate for livestock movements in this Bylaw one gender may include all genders, the singular may include the plural and the plural includes the singular.

#### 2. Control of livestock movements

- 2.1. No person shall:
  - a) Move, or cause or allow to be moved, any livestock to which the provisions of this Bylaw apply except in accordance with the provisions of this Bylaw; or
  - b) Move, cause or allow to be moved, any livestock on a road restricted to the movement of livestock by this Bylaw.
  - c) Move, or cause or allow to be moved, any livestock on an Urban road, without first obtaining a consent (where required by Council) in accordance with this Bylaw.

# 3. Council may restrict movement

3.1. In the event that an authorised officer considers it necessary to close or restrict access to any road as a result of obstruction from road works, flooding, landslide, civil emergency or any other event, the authorised officer shall have discretionary power to halt or divert any movement of livestock from the use of that road notwithstanding any prior consent for movement of livestock on that road.

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# 4. Movements to comply with best practice

- 4.1. Any and every movement of livestock on a public road shall comply with the requirements of any applicable statute, regulation, code of practice, or similar directive relating to the safety, health and welfare of livestock.
- 4.2. Any and every movement of livestock on a public road shall comply with the requirements of any applicable statute, regulation, code of practice, or similar directive, including the New Zealand guide to traffic management or subsequent updates relating to temporary traffic management and the health, safety and welfare of all road users.

#### 5. Classification of livestock movements

- 5.1. Livestock movements on roads shall be classified as follows:
  - a) Livestock Droving (along a road)
  - b) Livestock Crossing (across a road)
  - c) Milking Herd Crossing (across a road)
- 5.2. Chart 1 of this Bylaw describes the process for determining whether a proposal for Livestock Droving is permitted or whether a consent is required.
- 5.3. Where Chart 1 of this Bylaw indicates that a proposal for Livestock Droving is permitted, the owner of such livestock must conduct any operation on a public road in a safe and appropriate manner.
- 5.4. Chart 2 of this Bylaw describes the process for determining whether a proposal for Livestock Crossing is permitted or whether a consent is required.
- 5.5. Where Chart 2 of this Bylaw indicates that a proposal for Livestock Crossing is permitted, the owner of such livestock must conduct any operation on a public road in a safe and appropriate manner.
- 5.6. Chart 3 of this Bylaw describes the process for determining whether a proposal for a Milking Herd Crossing can be issued consent or whether alternative options need to be investigated.
- 5.7. Where Chart 3 confirms the need for alternative options to be investigated in relation to a Milking Herd Crossing Chart 4 and Chart 5 of this Bylaw shall apply.

# 6. Exemptions

6.1. Livestock movements on public roads that are the result of an emergency, such as flooding or fire, landslide and damage to fences, or similar, or for

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- the purposes of returning wandering or loose livestock to the owner's property or to a temporary pound, shall be exempt from clause 5.
- 6.2. Livestock movements shall be exempt from clause 5 where;
  - a) Livestock are moved to graze the road verge adjacent to the livestock owner's property and;
  - b) The livestock are securely contained, by temporary fencing or a similar measure to ensure no livestock intrudes onto or across the carriageway and:
  - c) The road is not restricted for livestock movements by this Bylaw, and;
  - d) The livestock are within the road only during the hours of daylight.

# 7. Fee to accompany application

- 7.1. Every application for consent shall be accompanied by the application fee in accordance with the Schedule 1 of this Bylaw and Council's operative Schedule of Fees and Charges.
- 7.2. The application for a consent will not be processed until the application fee is paid.

# 8. Council may require further material

- 8.1. On receipt of any application for a consent the Council may require the applicant to provide, if not already provided, further material necessary to assist consideration of the application, such as but not limited to:
  - a) A traffic management plan appropriate to the location, timing and size of the livestock movement.

# 9. Application to be properly executed

9.1. The applicant shall be responsible for ensuring that the application and every document required for the proper consideration of the application shall be properly executed and any act done for or on behalf of the applicant in making the application shall be deemed to be an act of the applicant.

# 10. Consideration of an application

- 10.1. In considering any application for a consent and in imposing any conditions on the consent the Council shall take into consideration the following:
  - a) Limits and maximum values for characteristics specified in Charts 1, 2 and 3 of this Bylaw;

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- b) Whether the stock crossing is on a 'No Exit' road;
- c) The timing of crossing movements;
- d) Traffic safety criteria, including traffic volume and sight distances;
- e) Frequency or scale of any potential traffic hazard or obstruction or nuisance;
- f) Social impact;
- g) Environmental impact;
- h) Potential damage to the road or structures in the road.

# 11. Decision on an application

- 11.1. The Council shall, within ten (10) working days of receiving all information necessary to process an application for consent:
  - a) Grant the application for consent, and
  - b) Notify the applicant of any conditions attached to the consent, or
  - c) Decline the application for consent and advise the reasons why.

#### 12. Conditions of Consent

- 12.1. Any consent may be granted subject to such conditions as the Council may impose, including but not limited to the:
  - a) dimensions and surface of any entrance to the road;
  - b) the potential for stock holding and priority crossing operations;
  - c) the effective implementation of a Traffic Management Plan agreed between Council and the livestock owner;
  - d) compliance with the New Zealand Guide to Temporary Traffic Management, or subsequent updates.
  - e) number of competent persons required to be present;
  - f) length of time for which other road users might be halted;
  - g) use of mats or similar devices to protect the road;
  - h) the use of alternative carriageway surfaces for crossing points e.g. concrete;
  - i) removal of excrement from the carriageway and entrances to the road;
  - j) installation of appropriate excrement capture and disposal methods;
  - k) specific routes to be used;
  - I) specific times for movement;
  - m) maximum number of livestock; or
  - n) meeting of any other conditions reasonably necessary to achieve or ensure compliance with this Bylaw.

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# 13. Requirements for alternative mitigation and underpasses

- 13.1. If, after all reasonable alternative options for a Livestock Crossing have been investigated and discounted Council may either decline the application for consent or require a grade separated crossing by means of a livestock overpass or underpass (as per Chart 5) subject to section 341 of the Local Government Act 1974.
- 13.2. If an overpass or underpass (as per Chart 5) is required, the owner(s) of the properties to and from which the overpass or underpass connects shall register an encumbrance against the title(s) of that property or those properties.

# 14. Availability of subsidy for underpasses

- 14.1. Where in accordance with clause 13 of this Bylaw and Charts 3 and 4 an underpass is required a Council funded subsidy for the building of an underpass will only be available:
  - i. where a New Zealand Transport Agency subsidy is applicable and available; and
  - ii. where such underpass is considered by Council 'fit for purpose' in terms of the nature of Livestock Crossing proposed.

#### 15. Variation of consent

- 15.1. The Council may at any time during the term of a consent, by written notice to the consent holder, vary any condition within the consent to address such issues as a change in the:
  - a) Nature of the livestock movement;
  - b) Traffic volume; or
  - c) Legal requirements imposed on the Council.
- 15.2. Fair and reasonable fees may be charged to cover administration costs in processing the variation in accordance with Clause 22 and Clause 23 of this Bylaw.

## 16. Compliance with the consent

16.1. The consent holder shall at all times comply with, and be responsible for compliance with, the conditions of the consent.

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#### 17. Term of Consent

- 17.1. A livestock droving consent shall be specific to the livestock movement route for which it is issued and shall be valid, unless revoked under clause 18 or clause 19, for a term of five (5) years.
- 17.2. A livestock crossing consent shall be valid, unless revoked under clause 18 or clause 19, for a term of five (5) years.
- 17.3. A milking herd crossing consent shall be valid, unless revoked under clause 18 or clause 19, for a term of five (5) years.
- 17.4. A new application for consent shall be required where a substantive change is required to an existing consent, including change of ownership or route, or a consent is terminated, suspected or cancelled. A consent shall otherwise be renewed without charge to a consent holder.

# 18. Suspension or cancellation of consent

18.1. The authorised officer may suspend or cancel any consent by giving twenty (20) working days notice to the consent holder where it is in the public interest to do so or if the consent holder fails to comply with any conditions of the consent.

# 19. Summary cancellation

- 19.1. An authorised officer may suspend or cancel any consent immediately by giving written notice to the consent holder, if:
  - a) Council is lawfully directed to suspend or cancel the consent;
  - b) the consent holder disregards any conditions of the consent in a manner which the authorised officer determines may endanger the health or safety of any person or damage any part of the road or cause environmental degradation, or
  - c) the Livestock movement is not effectively controlled to be in accordance with the requirements of a consent.

#### 20. Transfer or termination of consent

- 20.1. When the consent holder of any property from which livestock is moved subject to a consent ceases to occupy that property then the consent shall be at an end.
- 20.2. The consent holder shall not transfer the rights and responsibilities provided for under this Bylaw and under the consent to any other party.

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## 21. Incidents to be reported

21.1. The consent holder shall inform the Council of any incident which may cause a breach of the consent or this Bylaw within one day. Any incident causing or likely to cause a breach of a consent or of this Bylaw shall be cause for the Council to review the conditions of the consent.

## 22. Council may recover costs

- 22.1. The Council may charge for the recovery of the reasonable costs incurred for the:
  - a) unscheduled maintenance or repair of the road or any part of the road due to damage caused by the livestock movement, and
  - b) unscheduled maintenance to remove excessive livestock excrement from the road carriageway or any entrance to the road after the livestock movement, and
  - c) administration of the consent as specified by this Bylaw, and
  - d) recovery of unpaid fees and charges.

# 23. Fees and charges

- 23.1. The Council may set fees and charges annually through the adoption of the Fees and Charges Schedule for the:
  - a) application process, and
  - b) administration of the consent

# 24. Offences and penalties

24.1. Every person who fails to comply with this Bylaw or breaches any condition of a consent granted under this Bylaw or fails to comply with any notice served under this Bylaw commits an offence under section 239 of the Local Government Act 2002 and is liable to a fine not exceeding \$20,000 under section 242(4) of the Local Government Act 2002.

#### 25. Review of decisions

25.1. If any person is dissatisfied with a decision of an authorised officer, that person may request the Council to review any such decision by notice to the Chief Executive Officer of the Council not later than twenty (20) working days after the decision of the authorised officer has been received.

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#### 26. Service of Documents

- 26.1. A person authorised by the Council shall sign any notice or document to be served or delivered to a consent holder and such notice or document may be left at a conspicuous place or handed to an employee of the consent holder at the consent holder's property or given or served by delivery or courier or sent by facsimile or electronic mail or registered post addressed to the:
  - a) 'address for service' specified in a consent, or
  - b) Consent holder's last known place of residence, or
  - c) Registered office of an incorporated entity.

#### 27. Date of service

27.1. Any notice or document sent by registered post shall be deemed to have been received on the third working day following posting. Any notice or document left at a conspicuous place at the property of or handed to an employee of the consent holder at that property or given or served by delivery or courier or sent by facsimile or electronic mail shall be deemed to have been received on the same day as the notice or document was despatched.

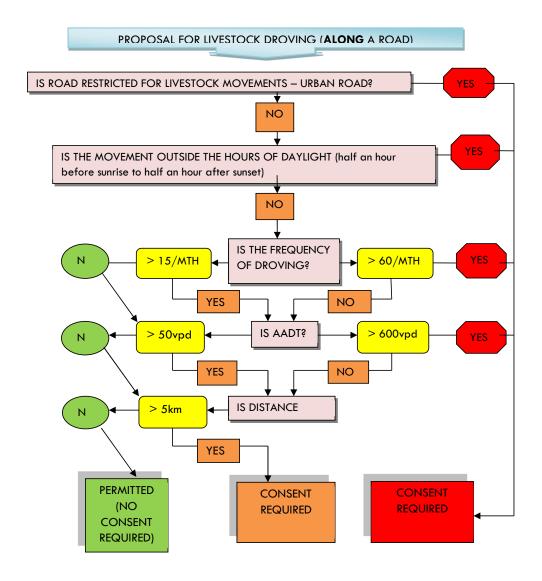
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# Chart 1 - Process for assessing a proposal for livestock droving ALONG a road

#### NOTES

- 1. Frequency of movements refers to number of movements by the herd or mob.
- 2. The New Zealand guide to temporary traffic management or subsequent enactment should be complied with.
- 3. AADT is Average Annual Daily Traffic measured in vehicles per day.



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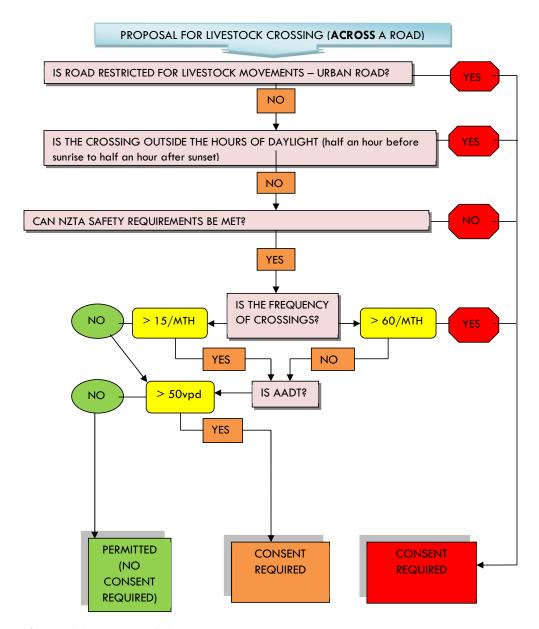
Item 10.5 - Attachment 1



# Chart 2 - Process for assessing a proposal for livestock movement ACROSS a road

#### NOTES

- 1. Frequency of movements refers to number of movements by the herd or mob.
- 2. New Zealand guide to temporary traffic management or subsequent enactment should be complied with.
- 3. AADT is Average Annual Daily Traffic measured in vehicles per day.



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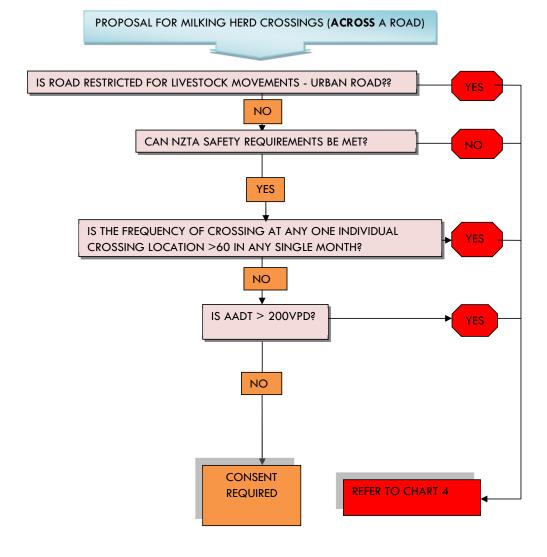
Item 10.5 - Attachment 1 Page 274



# Chart 3 - Process for assessing a proposal for milking herd crossings (ACROSS a road)

#### **NOTES**

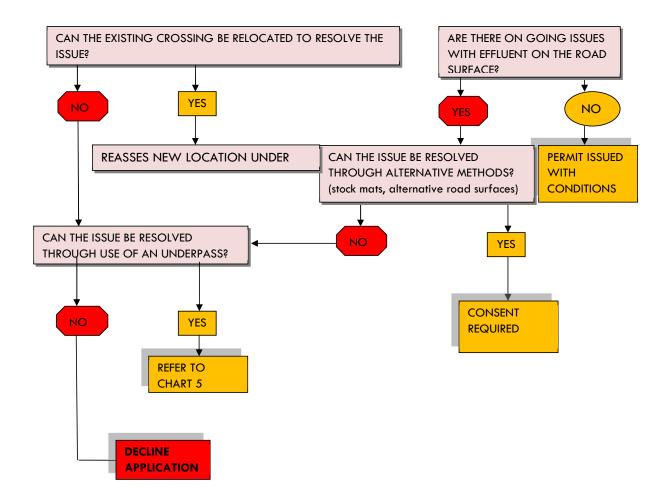
- 1. Frequency of movements refers to number of movements by the herd or mob.
- 2. The New Zealand Guide to Temporary Traffic Management or subsequent enactment, should be complied with.
- 3. AADT is Average Annual Daily Traffic measured in vehicles per day.



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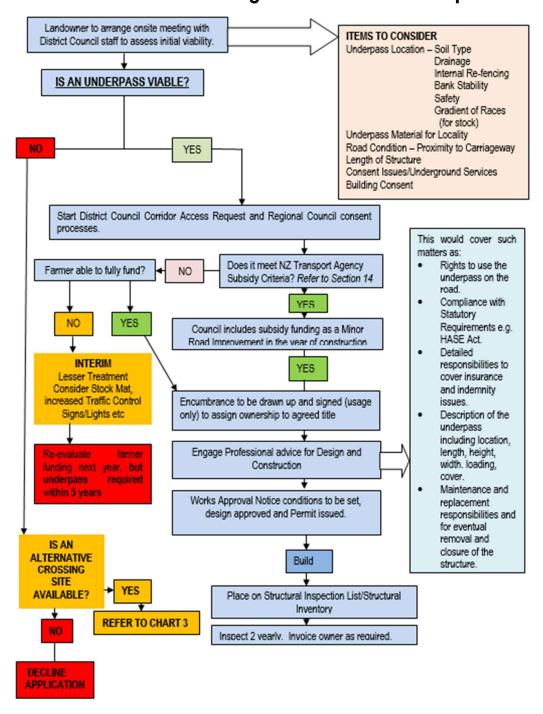
# Chart 4 – Process for assessing alternative mitigation of discretionary milking herd crossings



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# Chart 5 – Process for assessing installation of an underpass



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## Schedule 1: Fees and Charges

#### 1. INTRODUCTION

- 1.1. Under section 150 of the Local Government Act 2002 the Council may set fees and charges for the recovery of the reasonable costs incurred for the:
  - a) application process for granting a consent;
  - b) administration of the consent;
  - c) unscheduled maintenance or repair of the road or any part of the road due to damage caused by livestock movement subject to a consent; and
  - d) unscheduled maintenance to remove excessive livestock excrement from the road carriageway or any entrance to the road after any livestock movement subject to a consent.

#### 2. APPLICATION FEE

- 2.1. An application fee shall be payable to the Council with each application for a consent to move livestock on, across or along any public road.
- 2.2. The application fee shall be set annually by the Council.

#### 3. CHARGES

- 3.1. Charges shall be payable to the Council by every holder of a consent to recover the reasonable costs incurred by the Council arising from the consent
- 3.2. The charges may comprise one or more of:
  - a charge for the administration of the consent where the Council has received a complaint and compliance monitoring of the consent is necessary;
  - a charge for the unscheduled maintenance or repair of the road or any part of the road due to damage caused by livestock movement subject to the consent; and
  - a charge for unscheduled maintenance to remove excessive livestock excrement from the road carriageway or any entrance to the road after any livestock movement subject to the consent.
  - Costs for unpaid fees and charges.

#### 4. DETERMINATION OF CHARGES

4.1. The calculation of charges shall be based on recovery of reasonable costs incurred by the Council as a result of the consent.

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#### 5. PAYMENT OF CHARGES

5.1. Charges shall be payable to the Council within 30 days of the date of the notice of the charges levied.

## 6. APPEALS AGAINST CHARGES

6.1. Any person wishing to object to any assessment of charges levied by the Council in respect of a consent has the right to appeal in accordance with the provisions of the Local Government Act 2002

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#### 10.6 APPOINTMENT OF ALTERNATE LOCAL RECOVERY MANAGER

File Number: A6853353

Author: Kerrie Little, Operations Manager

Authoriser: Peter Watson, Acting General Manager, Infrastructure Group

#### **EXECUTIVE SUMMARY**

This report seeks Council's consent, under its delegated authority, in respect of appointing Jo Lynskey to the position of Alternate Local Recovery Manager - Western Bay of Plenty District Council. This will ensure that Council meets its responsibilities and obligations under the Civil Defence Emergency Management Act 2002.

#### RECOMMENDATION

- That the Operations Manager's report dated 5 August 2025 titled 'Appointment of Alternate Local Recovery Manager', be received.
- That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
- 3. That, in accordance with the Civil Defence Emergency Management Act 2002, and the Bay of Plenty Emergency Management Group Policy for selection and appointment of Local Controllers and Local Recovery Managers, Western Bay of Plenty District Council:
  - a) Acknowledges the resignation of Cedric Crow and recommends that his appointment to the position of Alternate Local Controller/Alternate Local Recovery Manager be rescinded; and
  - b) Recommends to the Bay of Plenty Joint Civil Defence and Emergency Management Committee that Jo Lynskey be appointed as Alternate Local Recovery Manager Western Bay of Plenty District Council.

#### **BACKGROUND**

- Emergency Management Bay of Plenty's new policy for the appointment of Local Controllers and Local Recovery Managers requires a resolution from the manager's Local Council.
- 2. It is recommended that Jo Lynskey be appointed as an Alternate Local Recovery Manager to meet our Bay of Plenty Civil Defence Emergency Management Group Local Recovery Manager requirements.

- 3. As the Team Lead Emergency Management for Council Jo has a comprehensive understanding of the role of Local Recovery Manager. She has completed a significant amount of training which includes both modules of the required RRANZ Leadership Development Programme. Discussions with the Bay of Plenty Group Principal Advisor for Recovery have confirmed he is happy with the appointment.
- 4. The Local Recovery Manager is Kerrie Little.

#### SIGNIFICANCE AND ENGAGEMENT

- 5. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.
- 6. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.
- 7. In terms of the Significance and Engagement Policy, this decision is considered to be of low significance because this appointment is of an administrative nature to ensure more cover is provided within the Emergency Management roster.

#### **ENGAGEMENT, CONSULTATION AND COMMUNICATION**

Interested/Affected Parties	Completed/Planned Engagement/Consultation/Communication		
Relevant Staff			75
Emergency Management Bay of Plenty	Following the outcome of Council's decision, the relevant parties will be informed.	Planned	Completed
Western Bay of Plenty District Council		4	ŏ

#### **ISSUES AND OPTIONS ASSESSMENT**

#### **Option A**

That, in accordance with the Civil Defence Emergency Management Act 2002, and the Bay of Plenty Emergency Management Group Policy for selection and appointment of Local Controllers and Local Recovery Managers, Western Bay of Plenty District Council:

- a) Acknowledges the resignation of Cedric Crow and recommends that his appointment to the position of Alternate Local Controller/Alternate Local Recovery Manager be rescinded; and
- b) Recommends to the Bay of Plenty Joint Civil Defence and Emergency Management Committee that Jo Lynskey be appointed as Alternate Local Recovery Manager Western Bay of Plenty District Council.

# Assessment of advantages and disadvantages including impact on each of the four well-beings

- Economic
- Social
- Cultural
- Environmental

#### **Advantages:**

- Maintains Council's requirement to appoint alternate Local Recovery Managers.
- Ensures more cover is provided within the Emergency Management roster.

# Costs (including present and future costs, direct, indirect and contingent costs).

Costs to be covered through existing budgets.

Other implications and any assumptions that relate to this option (Optional – if you want to include any information not covered above).

Recent changes to the Civil Defence Emergency Management Act place greater obligations on Council to have trained recovery managers and for detailed recovery planning.

#### **Option B**

That Council does not:

- a) Rescind the appointment of Cedric Crow to the position of Alternate Local Controller and Alternate Local Recovery Manager; and
- b) Recommend to the Bay of Plenty Joint Civil Defence and Emergency Management Committee that Jo Lynskey be appointed as Alternate Local Recovery Manager Western Bay of Plenty District Council.

# Assessment of advantages and disadvantages including impact on each of the four well-beings

- Economic
- Social
- Cultural
- Environmental

## **Disadvantages:**

- There will be no alternate Local Recovery Manager, creating pressure on the existing Local Recovery Manager and Emergency Management rosters.
- Costs (including present and future costs, direct, indirect and contingent costs).

Costs to be covered through existing budgets.

Other implications and any assumptions that relate to this option

Council would not meet the recent changes to the Civil Defence Emergency Management Act, which place greater obligations on Council to have trained

(Optional – if you want to include any	recovery	managers	and	for	detailed
information not covered above).	recovery planning.				

## **STATUTORY COMPLIANCE**

- 8. The recommendation meets:
  - Legislative requirements/legal requirements;
  - Current council plans/policies/bylaws; and
  - Regional/national policies/plans.

# FUNDING/BUDGET IMPLICATIONS

Budget Funding Information	Relevant Detail
No new budget implications.	

#### 10.7 MAYOR'S REPORT TO COUNCIL

File Number: A6858833

Author: Charlene Page, Senior Executive Assistant Mayor/CEO

Authoriser: James Denyer, Mayor

#### **EXECUTIVE SUMMARY**

The purpose of this report is for the Mayor to provide updates to Council on the below subjects.

#### RECOMMENDATION

That the Senior Executive Assistant - Mayor/CEO's report dated 5 August 2025 title 'Mayor's Report to Council' be received.

#### **BACKGROUND**

## **Meetings**

# External functions and meetings attended by Mayor James Denyer between 7 June and 13 July include:

TBOP board of trustee interviews, Tauranga	9 June
Waihī Beach Medical Centre discussion, Wayne Stevenson et al	9 June
Ōmokoroa Community update, Ōmokoroa	10 June
Waiāri Kaitiaki Advisory Group, Te Puke	11 June
Blue Light Youth Camp, Brendon Crompton, Mayor Drysdale, Tauranga	11 June
Property Council awards, Auckland	13 June
Blessing of Heron Crescent elder housing, Katikati	16 June
AuditNZ planning meeting	18 June
Katikati Business After 5, Moore Park proposal, Katikati	18 June
GNS Science briefing, Zoom	19 June
Matariki pōwhiri and lunch at Te Rereatukahia, Katikati	19 June
Matariki reading of the stars at Te Rereatukahia, Katikati	19 June
Matariki dawn event, Katikati	20 June
Te Ranga commemoration, Tauranga	21 June
Blessing and opening of No.4 Road bridge, Te Puke	23 June
Peter Cooney	23 June
Rev Carl Tinnion	25 June
Leading for Delivery, Te Tumu, Geoffrey Ford, Teams	26 June
Bay of Plenty Young Grower of the Year, gala dinner, Tauranga	27 June
St John investiture, Tauranga	28 June
Matariki dawn event, Waihī Beach	29 June

Opening of Te Ara Mātauranga – Waihī Beach Library, Waihī Beach	1 July
LWDW discussion with TCC and TCDC, Tauranga	1 July
Opening of Heron Crescent elder housing, Katikati	3 July
Mayoral Forum, Tauranga	3 July
Regional Deal workshop with DIA, Tauranga	7 July
Radio Moana interview, phone	7 July
Western Bay Community Awards winners' reception, Tauranga	7 July
Regional Deal MOU next steps, Teams	10 July
Whakamarama Community Inc. AGM, Whakamarama	10 July
Brand Governance meeting, Teams	11 July

# External functions and meetings attended by CEO Miriam Taris between 7 June and 27 June 2025 include:

Waihī Beach Medical Centre discussion, Wayne Stevenson et al	9 June
Meet & Greet Downer General Manager North and Regional Manager BOP	11 June
Candidate Information Session – Ōmokoroa	11 June
Michael Lovett (DIA) via Teams	12 June
Candidate Information Session - Te Puke	12 June
Property Council Awards – Auckland	13 June
Penny Kneebone – Tonkin & Taylor	16 June
Infor Systems Discussion via Teams with TCC + Adele Henderson	17 June
AuditNZ planning meeting	18 June
Matariki pōwhiri and lunch at Te Rereatukahia, Katikati	19 June
SmartGrowth Leadership Group Meeting	23 June
ThunderRidge + Peter Watson	24 June
Motorsport BOP Te Matai Lease + Peter Watson	24 June
Waihi Drainage District Society + Adele Henderson	25 June
BOPLASS Board Meeting via Teams	27 June
CEO on leave but still CEO via online as needed	30 June – 03 August

#### **Regional Deal**

It was very pleasing for Western Bay of Plenty to be selected by Central Government, alongside Auckland and Otago/Central Lakes, to progress a Regional Deal. The signing of the memoranda of understanding (MOU) was announced on 2 July.

This MOU follows a significant amount of work, preparation, and advocacy, and I thank our council partners TCC and BOPRC, alongside Priority One and tangata whenua for their contribution and support.

Development of the deal will now move forward at pace, with the first deal expected to be signed by the end of 2025.

## 11 INFORMATION FOR RECEIPT

#### 12 RESOLUTION TO EXCLUDE THE PUBLIC

#### **RESOLUTION TO EXCLUDE THE PUBLIC**

#### **RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
12.1 - Award Pool Service Delivery Contract	s7(2)(b)(ii) - the withholding of the information is necessary to 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	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	