Hamilton City Council
Te kaunihera o Kirikiriroa

Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Council will be held on:

Date:	**Thursday 26 June 2025**
Time:	**9:30 am**
Meeting Room:	**Council Chamber**
Venue:	**Municipal Building, Garden Place, Hamilton**

Lance Vervoort
Chief Executive

Council
Kaunihera
OPEN AGENDA

Membership

Chairperson *Heamana*	Mayor Paula Southgate	
Deputy Chairperson *Heamana Tuarua*	Deputy Mayor Angela O'Leary	
Members	Cr Maxine van Oosten	Cr Geoff Taylor
	Cr Moko Tauariki	Cr Sarah Thomson
	Cr Ewan Wilson	Cr Emma Pike
	Cr Tim Macindoe	Cr Maria Huata
	Cr Louise Hutt	Cr Anna Casey-Cox
	Cr Andrew Bydder	Cr Kesh Naidoo-Rauf
	Vacancy	
Quorum:	**A majority of members (including vacancies)**	
Meeting Frequency:	**Monthly – or as required**	

Amy Viggers
Mana Whakahaere
Governance Lead

17 June 2025

Telephone: 07 838 6699
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Purpose

The Council is responsible for:

1. Providing leadership to, and advocacy on behalf of, the people of Hamilton.
2. 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.

Terms of Reference

1. To exercise those powers and responsibilities which cannot legally be delegated by Council[1]:
    a) The power to make a rate.
    b) The power to make a bylaw.
    c) The power to borrow money, or purchase or dispose of assets, other than in accordance with the Long Term Plan.
    d) The power to adopt a Long Term Plan or Annual Plan, or Annual Report.
    e) The power to appoint a Chief Executive.
    f) 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 Council's Governance Statement.
    g) The power to adopt a remuneration and employment policy.
    h) The power to approve or change the District Plan, or any part of that Plan, in accordance with the Resource Management Act 1991.
    i) The power to approve or amend the Council's Standing Orders.
    j) The power to approve or amend the Code of Conduct for Elected Members.
    k) The power to appoint and discharge members of committees.
    l) The power to establish a joint committee with another local authority or other public body.
    m) The power to make the final decision on a recommendation from the Parliamentary Ombudsman, where it is proposed that Council does not accept the recommendation.
    n) The power to amend or replace the delegations in Council's *Delegations to Positions Policy*.
2. To exercise the following powers and responsibilities of Council, which the Council chooses to retain:
    a) Resolutions required to be made by a local authority under the Local Electoral Act 2001, including the appointment of an electoral officer and reviewing representation arrangements.
    b) Approval of any changes to Council's vision, and oversight of that vision by providing direction on strategic priorities and receiving regular reports on its overall achievement.
    c) Approval of any changes to city boundaries under the Resource Management Act 1991.
    d) Adoption of governance level strategies plans and policies which advance Council's vision and strategic goals.

[1] Clause 32, Schedule7, Local Government Act 2002

e) Approval of the Triennial Agreement.

f) Approval of the local governance statement required under the Local Government Act 2002.

g) Approval of a proposal to the Remuneration Authority for the remuneration of Elected Members.

h) Approval of any changes to the nature and delegations of the Committees.

i) Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO, CCTO or CO.

j) Approval of city boundary changes, including in respect of Strategic Boundary Land Use Agreements.

k) Approval of Activity Management Plans.

l) Sister City relationships.

Oversight of Strategies, Plans and Reports:

- Long Term Plan
- Annual Plan
- Annual Report
- Shaping Hamilton Kirikiriroa Together
- Our Climate Future
- He Pou Manawa Ora

Oversight of Policies and Bylaws:

- *Corporate Hospitality and Entertainment Policy*
- *Delegations to officers specific to the Resource Management Act 1991*
- *Delegations to Positions Policy*
- *Elected Members Support Policy*
- *Significance and Engagement Policy*
- *Climate Change Policy*
- *Any Community Engagement Policies*

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1 Apologies – *Tono aroha*

2 Confirmation of Agenda – *Whakatau raarangi take*

The Council to confirm the agenda.

3 Declaration of Interest – *Tauaakii whaipaanga*

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

4 Public Forum – *Aatea koorero*

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for five minutes or longer at the discretion of the Mayor.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Council Chamber prior to the start of the Meeting. A member of the Governance Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Governance by telephoning 07 838 6699.

Item 5

Council Report

Committee: Council **Date:** 26 June 2025

Author: Amy Viggers **Authoriser:** Michelle Hawthorne

Position: Governance Lead **Position:** Governance and Assurance Manager

Report Name: Confirmation of the Council Open Minutes 29 May 2025

Report Status	*Open*

Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Council confirm the Open Minutes of the Council Meetings held on 29 May 2025 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Council Open Unconfirmed Minutes - 29 May 2025

Hamilton City Council
Te kaunihera o Kirikiriroa

Council
Kaunihera
OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 29 May 2025 at 9:30am.

PRESENT

Chairperson	Mayor Paula Southgate
Heamana	
Deputy Chairperson	Deputy Mayor Angela O'Leary
Heamana Tuarua	
Members	Cr Maxine van Oosten
	Cr Moko Tauariki
	Cr Ewan Wilson
	Cr Tim Macindoe
	Cr Louise Hutt
	Cr Andrew Bydder
	Cr Geoff Taylor
	Cr Sarah Thomson
	Cr Emma Pike
	Cr Maria Huata
	Cr Anna Casey-Cox
	Cr Kesh Naidoo-Rauf (Via Audio-Visual)
In Attendance	Peter Winder, Consultant

The meeting was opened with a karakia by kaumatua Tame Pokaia.
Mayor Southgate welcomed Mayor Jacqui Church and colleagues from Waikato District Council.

1. Apologies – *Tono aroha*

Resolved: (Mayor Southgate/Cr van Oosten)
That the Council accepts the apologies for partial attendance from Crs Naidoo-Rauf and Tauariki (Council Business).

2. Confirmation of Agenda – *Whakatau raarangi take*

Resolved: (Mayor Southgate/Cr van Oosten)
That the Council confirms the agenda noting that:

a) the late attachment to Item C3 (Appointment to the Waikato Regional Airport Limited), which can't be delayed due to the urgent nature of the matter; and

b) the debate time for Item 7 (Local Water Done Well: Deliberations Report) will be increased to 3 minutes.

3. Declarations of Interest – *Tauaakii whaipaanga*

Prior to the discussion of Item C2 (Waikato Regional Property Trust – Funding Request Approval) Cr Macindoe declared an interest in the item. He noted he was conflicted and did not take part in the discussion or vote on the item.

4. Public Forum – *AAtea koorero*

There were no members of the public present for the Public Forum.

5. Confirmation of the Council Open Minutes 30 April 2025

Resolved: (Mayor Southgate/Deputy Mayor O'Leary)
That the Council confirms the Open Minutes of the Council Meetings held on 30 April 2025 as a true and correct record.

6. Confirmation of the Council Open Minutes 6 May 2025

Resolved: (Mayor Southgate/Deputy Mayor O'Leary)
That the Council confirms the Open Minutes of the Council Meetings held on 6 May 2025 as a true and correct record.

7. Local Water Done Well: Deliberations Report

The General Manager Infrastructure and Assets and the consultant spoke to the report in particular the partnership between Waikato District Council and Hamilton City Council to date, the Waikato District Council decision to support the Council Controlled Organisation, and the revised estimate of costs. Staff responded to questions from Elected Members concerning early transfer of responsibility, establishment costs, potential savings, effect of assets revaluation on establishment costs, risks to Hamilton City Council, controls over spending of the Council Controlled Organisation, separation of water rates, the Cranleigh Report, requirements from Central Government, determination of value of shares in the Council Controlled Organisation, next steps, and confidence that the Council Controlled Organisation will meet shareholders' expectations.

Resolved: (Mayor Southgate/Deputy Mayor O'Leary)
That the Council:

a) receives the report;

b) notes the decisions made by Waikato District Council in relation to the establishment of a joint Council Controlled Organisation at its meeting of 28 May 2025 (appendix 1 of these minutes);

c) approves the establishment of a joint Council Controlled Organisation between Hamilton City Council and Waikato District Council to own wastewater and drinking water assets, and deliver water services;

d) approves the transfer of water and wastewater related staff, assets, liabilities, commitments, contracts, development agreements, obligations, consents, designations, and land from the Council to the Council Controlled Organisation by 1 July 2026, subject to an acceptable transfer agreement with Waikato District Council and the Council Controlled Organisation on terms that will be agreed as part of the Shareholders' Agreement, including an agreed asset valuation and an agreed identification of waters related debt for both councils;

e) approves the establishment of a contract for service with the Council Controlled Organisation to provide stormwater services to Council from 1 July 2026, and the transfer of stormwater related staff to the Council Controlled Organisation by 1 July 2026, subject to the completion of an acceptable contract for service;

f) approves the provision of shared services (such as financial functions, digital support and Human Resources) from the Council to the Council Controlled Organisation, subject to the completion of an acceptable contract for service;

g) approves the Council Controlled Organisation (in conjunction with Waikato District Council) be incorporated from 1 July 2025 with one year to transition to be operational on a minimum viable product basis from 1 July 2026;

h) notes that the approval to debt fund the establishment costs of $7.35 million and operating costs of $3.95 million for the 2025/26 financial year on behalf of both Hamilton City and Waikato District Councils, to be recovered from the Council Controlled Organisation on 1 June 2026, is sought in the Annual Plan Deliberations report to be presented at this meeting;

i) notes an initial Establishment Board will oversee the transition from Hamilton City Council, Waikato District Council, and Watercare to the Council Controlled Organisation by 1 July 2026;

j) approves the Establishment Board Appointments Panel to proceed with appointments of three members to the Establishment Board to oversee the setup of the Council Controlled Organisation from 1 July 2025;

k) notes that the Establishment Board Appointments Panel will recommend to both Councils for adoption, the Shareholders' Agreement and Company Constitution at the respective Council meetings scheduled for Hamilton City Council on 26 June 2025 and Waikato District Council on 30 June 2025;

l) notes that, consistent with the Record of Agreement, the Establishment Board Appointments Panel will adopt the Statement of Expectations for the Council Controlled Organisation;

m) requests staff complete a joint Water Services Delivery Plan based on the decision to establish a joint Council Controlled Organisation, for approval at the respective Council meetings scheduled for Hamilton City Council on 26 June 2025 and Waikato District Council on 30 June 2025;

n) approves, for the purposes of developing the Water Services Delivery Plan, the enhanced capital programme for wastewater, stormwater and drinking water infrastructure (attachment 3), noting that:

   i) only the programme costs relating to the investigation of waters meters affect Year 2 (2025/26), and these are included in the draft 2025/26 Annual Plan budget being presented at this meeting; and

   ii) the enhanced capital programme for stormwater for Years 3-10 is reflected in the forecast for those years in the Annual Plan report being considered at this meeting;

o) approves in principle the early transfer of responsibility to the CCO of the design, consenting and procurement of major water and wastewater capital projects and directs staff to report back in June of the specific mechanism proposed to give effect to the transfer of responsibility;

p) notes that Council will continue to set, require, and collect Development Contributions relating to waters capital expenditure, until the transfer of waters related assets and responsibilities is completed on 30 June 2026 as it remains responsible for future capital expenditure during the transition.

The meeting was adjourned 11.17am to 11.42am.

8. 2025-26 Annual Plan Deliberations Report

The Corporate Planning and Advocacy Manager spoke to the report highlighting the changes to the budget, fees and charges, establishment of the waters Council Controlled Organisation, targeted rates, asset revaluation and the central city activation fund. Staff responded to questions from Elected Members concerning balancing the books, qualified audit of financial statements, water asset revaluation, depreciation, communication on the delay of asset revaluation, parameters of the asset revaluation process, accounting standards, and comparison of rate increases.

Resolved: (Mayor Southgate/Deputy Mayor O'Leary)
That the Council:

a) receives the report;

b) approves for the purposes of preparing the final 2025/26 Annual Plan additional changes in the budget in Table 2 of this staff report;

c) approves that subject to b) above the Community Grants Policy is amended to include the Development Contribution grant and requests that the draft schedule be presented to the Community and Natural Environment Committee for approval on 5 August 2025;

d) approves that establishment costs for the Council-Controlled Organisation (CCO) (if approved) of $7.35 million, and operating costs of $3.95 million be included in Hamilton City Council's net debt on behalf of Hamilton City Council and Waikato District Council, noting this will be recovered from the CCO on 1 July 2026;

e) approves the adoption of the 2025/26 Fees and Charges schedule (Attachment 1);

f) approves that the establishment of targeted rates for water, wastewater, and stormwater, from 1 July 2025, set on a differentiated capital value basis and from within the total rates amount, is included in the Funding Impact Statement to be reported to the 26 June 2025 Council meeting and requests staff to update the Revenue and Financing Policy, Funding Needs Analysis and Rating Policy for adoption on 26 June 2025;

g) requests that staff review Council's rating system, taking account of the 2024 property revaluation once completed and Council's final decisions on water services delivery and funding, including consideration of the appropriate balance between residential, commercial and industrial ratepayers, to inform the development of the 2027-37 Long-Term Plan and that staff discuss the scope, early findings and timescales at the Elected Member induction sessions following the 2025 Local Body Elections;

h) notes the revised interest rate assumption of 3.72%;

i) approves deferral of recognition of the water asset revaluation pending completion of additional work to validate correct financial measurement within financial reporting ahead of the potential transfer of assets to the Council Controlled Organisation, noting that:

   i. non-provision of revaluation as at 30 June 2025 will likely result in a qualified audit opinion in the 2024/25 Annual Report;

   ii. staff will take forward work alongside the water asset revaluation process to inform the 2026/27 Annual Plan and/or 2027-37 Long-Term Plan considering how the Financial Strategy should allow for the funding of multi-generational assets and associated debt, to ensure for renewals and growth in a fair and proportionate way across generations; and

   iii. staff will be reporting on this matter to the Strategic Risk and Assurance Committee at its 17 June 2025 meeting;

j) notes that:

   i. the capital programme for 2025/26 is $256.6 million as outlined in Table 3;

   ii. staff expect to receive certification of the 2024 property revaluations from the Office of the

Valuer General on 23 June 2025;

iii. during the development of the 2024-34 Long-Term Plan, the Hamilton Central Business Association Central City Activation Fund was reclassified as funds to a service provider, meaning it will be increased each year in line with inflation, starting from 2025/26; and

iv. if the Council establishes an asset-owning Council Controlled Organisation to deliver water services from 1 July 2026, and based on the current stormwater asset values, staff forecast that Council will balance the books in 2026/27, as projected in the 2024-34 Long-Term Plan; and

k) notes the following projected financial strategy results for 2025/26, based on the 15.5% average rates increases for Year Two included in the 2024-34 Long-Term Plan:

i. debt-to-revenue ratio of 239%;

ii. balancing the books deficit of ($13 million); and

iii. net debt of $1.127 billion.

Those for the Motion:	Mayor Southgate, Deputy Mayor O'Leary, Councillors Hutt, Casey-Cox, van Oosten, Thomson, Tauariki and Huata
Those against the Motion:	Councillors Bydder, Pike, Taylor, Naidoo-Rauf, Wilson and Macindoe

9. Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

Resolved: (Mayor Southgate/Cr van Oosten)
That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject 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(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Council Public Excluded Minutes 30 April 2025 C2. Waikato Regional Property Trust - Funding Request Approval	) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987	Section 48(1)(a)

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to enable Council to carry out commercial	Section 7 (2) (h)

activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (i)

The meeting moved into Public Excluded at 1.06pm.

During the Public Excluded session the following was resolved to be released to the open via these minutes:

C2. Waikato Regional Property Trust - Funding Request Approval

That the Council:

a) receives the report;

b) approves $1.310 million in additional funding on the same terms and conditions as set by the Funding Deed ($25 million) for payment in the current (FY25) financial year;

c) notes the funding will be from existing budget that had been released through forecasting due to the council annual PEM funding not commencing until FY26;

d) notes that the decision and the report will be released immediately following the meeting via the open minutes.

The meeting was declared closed at 3.23pm.

APPENDIX 1

WAIKATO DISTRICT COUNCIL RESOLUTIONS

LTP DELIBERATIONS - 27 MAY 2025

Resolved: (Councillor Gibb/Councillor Ngataki)

THAT the Waikato District Council:

a. notes the summary of submissions received by Hamilton City Council during consultation relating to the proposal to establish a joint Council Controlled Organisation (CCO) to deliver water services; and

b. notes that Hamilton City Council will make a decision in relation to the establishment of a joint Council Controlled Organisation at its meeting on 29-30 May 2025; and

Carried	WDC255/28

Resolved: (Her Worship the Mayor, Mrs JA Church/Councillor L Thomson)

THAT the Waikato District Council:

c. approves the establishment of a joint Council Controlled Organisation between Waikato District Council and Hamilton City Council to own wastewater and drinking water assets, and deliver water services subject to Hamilton City Council's approval of the corresponding resolution at its meeting on 29-30 May; and

Carried	WDC255/29

Resolved: (Councillor Raumati/Councillor Gibb)

THAT the Waikato District Council:

d. approves the transfer of water and wastewater related staff, assets, liabilities, commitments, contracts, development agreements, obligations, consents, designations, and land from the Council to the CCO by 1 July 2026, subject to an acceptable transfer agreement with Hamilton City Council and the CCO on terms that will be agreed as part of the Shareholders' Agreement, including an agreed asset valuation and an agreed identification of waters related debt for both councils; and

Carried	WDC255/30

Resolved: (Councillor L Thomson/Councillor Eyre)

THAT the Waikato District Council:

e. approves the establishment of a contract for service with the CCO to provide stormwater services to Council from 1 July 2026, subject to the completion of an acceptable contract for service; and

f. directs staff to undertake a review of stormwater services and associated charges, with any changes to be addressed through the 2026/27 Annual Plan; and

Carried	WDC255/31

Resolved: (Councillor Raumati/Councillor Gibb)

THAT the Waikato District Council:

g. directs staff to initiate the process to novate the Watercare Operations and Maintenance Contract to the CCO with effect from 1 July 2026 (noting this includes the planning and delivery of stormwater services to council on behalf of the CCO); and

Carried	WDC255/32

Resolved: (Councillor P Thomson/Councillor Ngataki)

THAT the Waikato District Council:

h. approves the provision of shared services from the Council to the CCO subject to the completion of an acceptable contract for service; and

Carried	WDC255/33

Resolved: (Councillor Beavis/Councillor Reeve)

THAT the Waikato District Council:

i. approves the CCO (in conjunction with Hamilton City Council) be incorporated from 1 July 2025 with one year to transition to be operational on a minimum viable product basis from 1 July 2026; and

Carried	WDC255/34

Resolved: (Councillor L Thomson/Councillor Beavis)

THAT the Waikato District Council:

j. notes estimated establishment costs of $7.35 million, and operating costs of $3.95 million for 2025/26 financial year are included in the net debt of the Annual Plan budget for Hamilton City Council, which will be debt funded by Hamilton City Council on behalf of both Councils and recovered from the CCO on 1 July 2026; and

Carried	

Resolved: (Councillor L Thomson/Councillor Ngataki)

THAT the Waikato District Council:

k. notes an initial Establishment Board will oversee the transition from Hamilton City Council, Waikato District Council, and Watercare to the CCO by 1 July 2026; and

l. approves the Establishment Board Appointments Panel proceed with appointments of three members to the Establishment Board to oversee the setup of the CCO from 1 July 2025 subject to Hamilton City Council's approval of the corresponding resolution at its meeting on 29-30 May; and

m. notes that the Establishment Board Appointments Panel will recommend to both Councils for adoption, the Shareholder Agreement and Company Constitution at the 26 June 2025 (Hamilton City Council) and 30 June 2025 (Waikato District Council) meetings; and

Carried	WDC255/36

Resolved: (Councillor P Thomson/Councillor Beavis)

THAT the Waikato District Council:

n. notes that, consistent with the Record of Agreement, the Establishment Board Appointments Panel will adopt the Statement of Expectations for the CCO; and

o. directs staff to complete the joint Water Services Delivery Plan based on the decision to establish a joint CCO, for approval at the Council meeting on 30 June 2025; and

p. approves in principle the early transfer of responsibility to the CCO of the design, consenting and procurement of major water and wastewater capital projects and directs staff to report back in June of the specific mechanism proposed to give effect to the transfer of responsibility; and

q. notes that Council will continue to set, require, and collect development contributions relating to waters capital expenditure, because responsibility for future capital expenditure will not change until the transfer of waters related assets and responsibilities is actually completed on 30 June 2026; and

Carried	WDC255/37

Resolved: (Councillor Gibb/Councillor Eyre)

THAT the Waikato District Council:

r. supports the need for provision of trunk water and wastewater reticulation and treatment Infrastructure to service growth, and provide adequate capacity, in Tuakau, Pookeno and Te Kowhai, in line with the Future Proof Strategy, by directing staff to finalise investigations about options and funding in year 1 of the LTP. In addition to this, Council through its representatives on the Shareholder Forum, advocates that the CCO be directed to include the above projects in the Water Service Strategy.

Carried	WDC255/38

Appendix 2 – Revised Deferred 2024/25 Capital Projects

Group of Activity (Programme/Project)	LTP Budget 2024/25	Revised Budget 2024/25 as at 1 July 2024*	Reforecast Yr 1 2024/25	LTP Budget 2025/26	Proposed AP Budget 2025/26	LTP Budget 2026/27	Proposed Budget 2026/27
Community Services	$7,322,976	$7,627,976	$2,978,419	$7,938,744	$7,470,240	$5,794,394	$10,944,730
CE10001 - Aquatic facilities building renewals	$417,076	$417,076	$347,549	$4,495,812	$3,098,790	$275,207	$1,941,757
CE10005 - Libraries collection purchases	$1,575,726	$1,575,726	$1,575,726	$1,459,342	$1,459,342	$1,797,381	$1,797,381
CE10006 - Library operational renewals	$384,171	$384,171	$133,585	$219,389	$22,000	$280,008	$727,982
CE10007 - Library building renewals	$1,490,627	$1,490,627	$437,569	$558,620	$115,820	$3,218,219	$4,714,077
CE19017 - Rototuna community facilities	$0	$150,000	$68,322	$0	$68,000	$0	$13,678
CE21005 - Aquatic facilities renewals	$3,455,375	$3,455,375	$383,393	$1,205,581	$2,696,288	$223,579	$1,604,854
CE21044 - Libraries development	$0	$155,000	$0	$0	$10,000	$0	$145,000
CE21046 - Aquatic facilities development	$0	$0	$32,275	$0	$0	$0	$0
Growth	$1,225,981	$1,225,981	$0	$12,161,956	$11,170,000	$11,377,668	$13,595,604
CE24008 - Strategic Property Renewals	$1,225,981	$1,225,981	$0	$1,241,956	$250,000	$42,668	$2,260,604
CE24024 - Strategic Land Acquisition Fund	$0	$0	$0	$10,920,000	$10,920,000	$11,335,000	$11,335,000
Parks and Recreation	$28,480,521	$40,291,858	$14,188,313	$20,191,378	$23,168,376	$18,543,538	$41,637,809
CE10021 - Cemetery and crematorium building renewals	$23,379	$23,379	$0	$21,652	$0	$26,667	$0
CE10030 - Parks and Recreation Building Renewals	$4,949,930	$4,949,930	$1,484,374	$1,982,453	$2,442,160	$3,754,767	$6,786,357
CE17004 - River Plan	$4,987,500	$6,233,836	$832,004	$0	$5,011,833	$0	$500,000
CE19007 - Peacocke Parks Development	$330,330	$1,193,441	$324,185	$0	$869,255	$0	$0
CE19009 - Rototuna Parks Development	$0	$2,190,998	$0	$0	$0	$0	$2,190,998
CE19070 - Community facilities building renewals	$2,628,143	$2,628,143	$204,049	$5,193,352	$2,657,951	$3,476,572	$8,436,067
CE21001 - Nursery Renewals	$672,934	$672,934	$662,448	$229,243	$6,029	$82,455	$362,112
CE21003 - Parks and Recreation Renewals	$6,793,857	$6,793,857	$4,359,703	$8,454,656	$4,489,468	$8,007,680	$14,766,425
CE21004 - Cemeteries and crematorium renewals	$89,774	$89,774	$0	$44,343	$0	$225,286	$0
CE21006 - Nature In The City Gully Restoration and Development	$0	$176,257	$2,518	$0	$100,000	$1,632,693	$1,706,432
CE21007 - Cemeteries and crematorium development	$1,357,650	$1,357,650	$1,858,164	$1,425,715	$654,701	$203,123	$945,790
CE21008 - Indoor recreation development	$3,181,815	$7,175,902	$1,767,078	$0	$3,608,824	$0	$1,800,000
CE21010 - Parks and Recreation Development	$3,465,210	$6,805,758	$2,693,790	$2,839,964	$3,328,156	$1,134,293	$4,143,627
Regulatory and Safety	$702,854	$702,854	$771,603	$598,146	$114,840	$283,527	$698,085
CE21013 - Animal Control Building Renewals	$14,027	$14,027	$0	$12,991	$0	$16,000	$43,018
CE21015 - City Safe Renewals	$234,536	$234,536	$149,014	$232,210	$67,756	$267,527	$517,504
CE21016 - City Safe Upgrades	$13,650	$13,650	$13,650	$42,588	$42,588	$0	$0
CE24029 - Animal Control Development	$409,500	$409,500	$593,442	$283,920	$0	$0	$99,978
CE24031 - Animal Control Development	$31,141	$31,141	$15,497	$26,437	$4,495	$0	$37,585
Rubbish and Recycling	$1,317,625	$1,317,625	$364,671	$1,070,473	$876,808	$1,499,585	$1,471,314
CE10054 - Closed Landfill Assets Renewals	$1,317,625	$1,317,625	$364,671	$1,070,473	$876,808	$1,499,585	$1,471,314
Stormwater	$20,951,936	$27,246,063	$12,235,778	$20,712,017	$11,738,010	$30,838,491	$32,612,751
CE10058 - Stormwater Asset Renewals	$2,615,611	$2,615,611	$401,354	$2,645,523	$890,424	$8,854,898	$7,837,583
CE15059 - Rototuna Stormwater Infrastructure	$525,525	$2,067,171	$51,033	$3,045,697	$847,362	$2,267,000	$3,481,472
CE15060 - Rotokauri Stormwater Infrastructure Stage 1	$4,984,350	$4,430,811	$1,896,051	$348,614	$2,003,131	$1,665,337	$2,545,581
CE15062 - Peacocke Stormwater Infrastructure Stage 1	$2,088,245	$3,670,370	$3,212,821	$0	$0	$0	$457,548
CE15063 - Peacocke Stormwater Infrastructure Stage 2	$3,918,254	$5,916,557	$2,916,557	$1,299,102	$261,122	$32,786	$3,032,786
CE15067 - Comprehensive Stormwater Consent Implementation	$174,873	$174,873	$93,137	$161,957	$41,863	$260,118	$282,320
CE15068 - Stormwater Customer Connections	$26,250	$26,250	$824,954	$27,300	$27,300	$28,338	$28,338
CE15162 - Integrated Catchment Management Plan	$2,286,102	$2,412,117	$737,066	$6,594,362	$2,092,563	$6,035,487	$2,212,336
CE19026 - Erosion Control Works	$2,318,703	$3,603,018	$1,214,246	$2,873,696	$3,025,866	$3,714,780	$5,576,405
CE21031 - Flood Management	$525,000	$540,019	$160,000	$2,255,250	$1,500,000	$6,067,292	$4,202,560
CE21032 - Stormwater Infrastructure Upgrades	$890,313	$1,267,376	$53,378	$925,925	$548,378	$961,114	$2,552,659
CE21062 - Stormwater Asset Upgrades	$0	$0	$0	$0	$0	$659,674	$403,162
CE21066 - Ruakura stormwater infrastructure	$0	$11,110	$11,110	$0	$0	$0	$0
CE23003 - IAF Stormwater	$598,711	$510,781	$664,070	$534,592	$500,000	$291,668	$0
Support Services	$13,630,666	$13,630,666	$9,602,202	$17,138,397	$11,448,230	$15,774,467	$15,860,849
CE24001 - Fleet Vehicles Renewals	$3,912,660	$3,912,660	$3,912,660	$3,337,861	$3,337,861	$3,573,432	$3,573,432
CE24002 - Corporate Building Renewals	$5,710,019	$5,710,019	$1,681,554	$4,984,280	$4,525,369	$4,015,040	$8,502,416
CE24006 - Information Services Renewals	$2,407,802	$2,097,904	$1,382,939	$5,254,689	$1,800,000	$5,445,172	$1,800,000
CE24007 - Information Services Upgrades	$1,600,185	$1,910,083	$2,625,048	$3,561,567	$1,785,000	$2,740,823	$1,985,001
Transport	$145,901,797	$155,256,160	$90,657,418	$115,941,462	$88,386,688	$88,087,404	$120,383,644
CE10072 - Footpath and street furniture renewals	$7,712,549	$7,712,549	$7,712,549	$7,119,203	$7,119,203	$8,815,646	$8,815,646
CE10074 - Drainage (kerb and channel) renewals	$1,031,092	$1,031,092	$1,031,092	$954,935	$954,935	$1,257,896	$1,257,896
CE10075 - Road base Renewals	$9,654,580	$10,771,112	$10,771,112	$13,884,239	$13,884,239	$19,498,994	$19,498,994
CE10076 - Road resurfacing	$5,863,309	$5,863,309	$5,863,309	$7,260,325	$7,260,325	$8,942,095	$8,942,095
CE10077 - Bridge and structures renewals	$215,084	$215,084	$215,084	$199,198	$199,198	$245,340	$245,340
CE10078 - Retaining wall and structures renewals	$158,208	$158,208	$158,208	$372,678	$372,678	$459,005	$459,005
CE10080 - Street lighting renewals	$2,362,032	$2,362,032	$2,362,032	$2,498,090	$2,498,090	$3,355,685	$3,355,685
CE10081 - Traffic equipment renewals	$795,146	$795,146	$795,146	$733,593	$733,593	$928,102	$928,102
CE15087 - Transportation upgrades to allow for development	$1,189,125	$1,589,125	$240,350	$1,236,690	$1,002,161	$4,029,026	$3,594,327
CE15088 - Peacocke transport upgrades and development stage 1	$49,553,070	$33,590,589	$22,538,365	$20,370,168	$8,676,450	$1,033,752	$23,098,893
CE15089 - Peacocke transport upgrades and development stage 2	$16,439,850	$19,316,095	$13,205,419	$19,030,502	$7,537,856	$1,501,888	$3,105,210
CE15090 - Rotokauri transport upgrades and development	$3,152,275	$3,123,368	$1,469,111	$2,663,238	$1,512,880	$2,531,865	$5,336,481
CE15092 - Rotokauri transport upgrades and development	$5,103,000	$9,304,642	$6,937,931	$65,520	$296,000	$4,923,244	$7,059,474
CE15093 - Ruakura transport upgrades and development	$2,100,420	$5,160,877	$1,075,644	$0	$2,356,253	$0	$1,728,980
CE19036 - Ring Road	$0	$654,000	$219,120	$0	$452,880	$0	$131,000
CE19037 - Hamilton transport model	$806,400	$1,975,509	$424,939	$366,912	$1,880,457	$0	$37,025
CE19052 - Intersection upgrades	$0	$156,560	$0	$0	$0	$0	$0
CE19057 - Biking plan implementation	$17,850,000	$18,467,777	$2,387,777	$21,840,361	$2,580,000	$9,521,400	$6,150,000
CE19058 - Public Transport Mode Shift	$4,400,025	$4,404,602	$289,602	$4,519,515	$3,126,515	$4,630,999	$851,999
CE19064 - Transport Centre rejuvenation	$0	$3,500,000	$2,828,714	$0	$671,286	$0	$0
CE21012 - Transport building renewals	$37,406	$37,406	$37,406	$1,102,518	$1,102,518	$1,296,034	$1,296,034
CE21052 - Peacocke transportation land	$0	$3,651,786	$1,189,193	$0	$1,000,000	$0	$1,462,593
CE21053 - Central city transportation improvements	$945,000	$959,627	$150,000	$0	$2,294,627	$1,700,250	$4,820,250
CE21055 - Te Rapa transportation upgrades and development	$313,950	$1,251,948	$140,700	$0	$250,000	$4,566,531	$5,427,779
CE21058 - Transportation safety improvements	$14,825,000	$15,057,237	$4,796,635	$10,298,000	$14,386,767	$7,367,750	$10,410,835
CE21060 - Public transport improvement	$787,500	$787,500	$459,000	$819,000	$5,631,000	$850,125	$1,770,000
CE23001 - CERF	$0	$2,826,518	$2,826,518	$0	$0	$0	$0

Group of Activity (Programme/Project)	LTP Budget 2024/25	Revised Budget 2024/25 as at 1 July 2024*	Reforecast Yr 1 2024/25	LTP Budget 2025/26	Proposed AP Budget 2025/26	LTP Budget 2026/27	Proposed Budget 2026/27
CE23005 - IAF Transport	$606,778	$532,463	$532,463	$606,778	$606,778	$631,778	$600,000
Venues Tourism And Major Events	$23,569,947	$30,267,580	$18,854,792	$14,797,196	$15,167,711	$19,268,564	$30,310,838
CE24009 - VTME Building Renewals	$4,317,582	$4,317,582	$1,896,684	$5,071,754	$4,693,316	$5,579,882	$8,379,218
CE24010 - VTME Security And Health And Safety Programmes	$541,800	$541,800	$77,710	$546,000	$710,090	$0	$300,000
CE24011 - VTME Operational Renewals	$2,651,988	$2,651,988	$940,585	$3,370,776	$1,708,199	$3,609,376	$6,983,356
CE24012 - Hamilton Garden Renewals	$691,649	$691,649	$516,809	$320,611	$484,123	$312,998	$324,326
CE24013 - Hamilton Garden Building Renewals	$947,306	$947,306	$429,415	$254,627	$572,518	$2,765,940	$2,965,940
CE24014 - Hamilton Gardens Development	$2,058,000	$3,397,753	$2,428,360	$567,840	$1,337,234	$294,710	$494,710
CE24016 - Hamilton Zoo Building Renewals	$1,402,723	$1,402,723	$1,491,792	$1,732,502	$1,343,434	$2,133,817	$2,433,817
CE24017 - Hamilton Zoo Operational Renewals	$1,128,070	$1,128,070	$608,239	$1,668,993	$1,334,929	$2,549,748	$3,403,644
CE24018 - Hamilton Zoo And Waiwhakareke Development	$3,068,405	$6,265,322	$2,499,899	$78,813	$2,280,219	$1,401,994	$2,966,012
CE24019 - Museum Operational Renewals	$238,073	$238,073	$163,980	$182,711	$101,805	$380,908	$535,908
CE24020 - Museum Building Renewals	$2,393,981	$2,393,981	$4,113,411	$917,696	$601,845	$141,870	$735,755
CE24021 - Collection Acquisition Fund	$87,239	$180,291	$76,258	$84,871	$0	$97,321	$286,224
CE24022 - Museum Development	$4,043,130	$6,111,041	$3,611,650	$0	$0	$0	$501,928
Wastewater	$75,803,076	$93,525,122	$40,320,941	$72,512,042	$63,640,722	$151,821,240	$69,077,834
CE10100 - Wastewater pump station asset renewals	$935,149	$935,149	$1,172,391	$692,863	$783,437	$1,598,383	$976,857
CE10101 - Wastewater asset renewals	$5,769,869	$5,769,869	$2,376,974	$5,117,656	$8,032,061	$9,625,382	$6,175,014
CE10115 - Wastewater Treatment Plant Asset Renewals	$5,374,301	$5,374,301	$3,173,345	$5,581,008	$3,845,632	$11,163,270	$9,778,856
CE15103 - Wastewater network improvements	$9,468,575	$9,468,575	$5,623,519	$7,143,980	$10,829,122	$14,156,449	$7,998,458
CE15104 - Wastewater pipe upgrades	$892,500	$892,500	$1,000	$928,200	$500,000	$963,475	$1,283,175
CE15106 - Wastewater network upgrades to allow development	$0	$113,510	$56,755	$0	$56,755	$0	$0
CE15107 - Rotokauri wastewater infrastructure	$0	$139,732	$0	$0	$0	$396,725	$536,457
CE15109 - Peacocke wastewater infrastructure stage 1	$0	$0	$0	$0	$0	$591,256	$591,256
CE15111 - Increase capacity of wastewater network	$0	$1,222,025	$156,975	$0	$990,050	$1,699,604	$774,604
CE15117 - Upgrade Wastewater Treatment Plant	$22,355,713	$30,290,982	$2,551,000	$27,225,350	$25,130,131	$59,433,788	$9,268,989
CE15120 - Wastewater Treatment Plant Compliance	$2,855,945	$2,855,945	$2,557,753	$1,266,280	$744,350	$811,111	$1,041,010
CE15121 - Wastewater customer connections to network	$115,500	$115,500	$1,891,354	$119,910	$119,910	$124,467	$124,467
CE15160 - Wastewater model	$252,490	$252,490	$326,994	$147,233	$212,240	$385,591	$150,393
CE15161 - Wastewater master plan	$153,731	$196,547	$43,817	$159,880	$75,000	$497,867	$735,477
CE19040 - Peacocke wastewater infrastructure stage 2	$1,478,138	$4,743,321	$4,743,321	$1,613,183	$1,613,183	$2,534,696	$2,534,696
CE19042 - Peacocke wastewater south network	$15,449,807	$9,569,176	$6,943,853	$3,459,350	$66,061	$106,556	$4,125,177
CE19043 - Increase capacity wastewater west network	$5,637,240	$14,358,862	$6,276,402	$7,317,711	$4,545,140	$16,076,204	$10,931,235
CE19044 - Increase capacity wastewater east network	$1,050,000	$1,974,489	$1,074,489	$6,571,438	$4,377,652	$31,255,129	$4,348,915
CE21073 - Subregional Wastewater Treatment Plant	$3,150,000	$4,374,264	$701,000	$4,368,000	$1,000,000	$0	$7,041,264
CE23004 - IAF Wastewater	$864,119	$877,884	$650,000	$800,000	$720,000	$401,287	$661,534
Water Supply	$25,476,126	$28,580,547	$15,949,342	$33,992,325	$23,516,127	$89,416,574	$74,184,718
CE10123 - Watermain renewals	$5,470,621	$5,470,621	$4,873,937	$4,979,950	$5,098,109	$7,659,466	$4,973,559
CE10124 - Watermain valves and hydrants renewals	$802,358	$802,358	$505,000	$735,301	$882,659	$1,156,523	$798,486
CE10138 - Treatment plant and reservoir renewals	$1,483,146	$1,483,146	$1,582,159	$1,535,556	$1,090,246	$3,346,320	$2,256,755
CE15127 - Water pipe upgrades	$767,813	$767,813	$1,000	$798,525	$600,000	$828,872	$794,209
CE15128 - Rotokauri upgrade and new watermains stage 1	$0	$0	$0	$1,190,035	$0	$1,283,122	$2,473,157
CE15130 - Peacocke watermains stage 1	$0	$7,141	$7,141	$0	$0	$0	$0
CE15132 - Water network upgrades to allow new development	$210,210	$910,210	$145,000	$1,201,855	$1,719,618	$7,746,566	$3,994,013
CE15133 - Water network improvements	$230,046	$230,046	$46,265	$351,627	$535,409	$2,833,471	$1,392,822
CE15134 - Water demand management - Pukete reservoir zone	$0	$270,900	$270,900	$0	$0	$0	$0
CE15135 - Peacocke water distribution mains stage 1	$0	$99,227	$99,227	$0	$0	$0	$0
CE15139 - Water Treatment Plant Compliance Minor Upgrades	$1,098,800	$1,098,800	$1,821	$2,813,097	$1,289,323	$2,370,086	$3,094,243
CE15141 - Water Demand Management Hillcrest Reservoir Zone	$262,500	$262,500	$150,000	$1,092,000	$1,104,500	$14,678,825	$4,778,825
CE15144 - Upgrade water treatment plant	$4,095,000	$7,548,924	$2,587,443	$1,092,000	$800,000	$10,201,500	$5,454,981
CE15146 - Water customer connections	$52,500	$52,500	$1,283,692	$54,600	$54,600	$56,675	$56,675
CE15148 - Ruakura upgrade and new watermains	$0	$412,180	$0	$0	$0	$0	$412,180
CE15158 - Water model	$158,975	$158,975	$105,260	$147,233	$200,949	$538,785	$329,280
CE15159 - Water master plan	$157,500	$173,640	$50,000	$138,684	$75,000	$0	$187,324
CE19046 - Peacocke watermains stage 2	$711,900	$309,573	$309,573	$1,013,204	$25,116	$78,212	$78,212
CE21035 - Strategic Water Demand Management	$0	$0	$0	$0	$600,600	$0	$1,190,175
CE23002 - IAF Water Supply	$7,634,083	$6,181,319	$3,330,924	$5,195,863	$7,300,000	$27,490,984	$25,919,822
CE24030 - IAF Water Supply	$2,340,674	$2,340,674	$600,000	$11,652,794	$2,140,000	$9,147,168	$16,000,000
Grand Total	$344,383,506	$399,672,433	$205,923,479	$317,054,135	$256,697,753	$432,705,453	$410,778,175

*"Revised Budget 2024/25 as at 1 July 2024" includes net deferrals from 23/24

Appendix 3

Council Report

Committee:	Council	**Date:**	29 May 2025
Author:	Sean Murray	**Authoriser:**	Lance Vervoort
Position:	General Manager Destinations	**Position:**	Chief Executive
Report Name:	Waikato Regional Property Trust - Funding Request Approval		

Report Status	*This report is taken as a publicly excluded item to enable Council to carry out commercial activities without disadvantage; AND to enable Council to carry out negotiations.*

Purpose - *Take*

1. To inform the Council of a current funding challenge being faced by the Waikato Regional Property Trust for the Waikato Regional Theatre, as they near the end of the build programme.

2. To seek approval from the Council to offer additional funding within current operating budget (FY25) for an additional element to the theatre build specification.

Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Council:

   a) receives the report;

   Either

   b) approves $1.310 million in additional funding on the same terms and conditions as set by the Funding Deed ($25 million) for payment in the current (FY25) financial year;

   notes the funding will be from existing budget that had been released through forecasting due to the council annual PEM funding not commencing until FY26;

   Or

   c) declines the proposal to provide any additional funding towards the build of the Waikato Regional Theatre;

   AND

   d) notes that the decision and information in relation to this matter be released at the appropriate time, to be determined by the Chief Executive.

Executive Summary - *Whakaraapopototanga matua*

4. The construction of the new Waikato Regional Theatre by the Waikato Regional Property Trust (WRPT) is nearing its final phase. This has been an ambitious and technically challenging $80million build and as can be expected, has faced a number of challenges. This includes some funding and cost pressures.

5. Council has received a formal request from the WRPT to seek some additional support from Council to go towards an additional feature in the new theatre - a removable flat floor configuration, designed to add an additional feature to the facility that will extend utilisation and revenue opportunities. The Trust has committed to this new feature but has struggled to raise funds beyond the $80 plus million already secured.

6. It is proposed that $1.310million currently held as surplus to budget (FY25) is released to the WRPT as additional funding, by 30 June 2025 under the same terms and conditions of the existing 2021 funding deed.

7. The surplus budget follows the 11 February 2025 resolved decision of Council to vary the annual property, equipment, maintenance (PEMA) payment schedule to commence effective 1 July 2025. This resulted in the surplus budget in FY25.

8. Staff consider the decision in this report to have low significance and that the recommendations comply with the Council's legal requirements.

Background - *Koorero whaimaarama*

9. In 2018 the Council approved $25 million in funding towards the new Waikato Regional Theatre.

10. The new $80million build driven by Momentum Waikato (later officially transferred to the WRPT) sought to deliver to the city and region a state of the art performing arts theatre to replace the Founders Theatre, which was no longer a viable facility.

11. Momentum Waikato secured land gifted by a private family on a prime site in the CBD overlooking the river. The balance of the $55 million required for the build was secured by Momentum from various central government funding sources, the Waikato Regional Council and a number of philanthropic entities and private individuals.

12. The proposal and then delivery for an independent entity to generate funds, build and then establish an operating solution for the Waikato Regional Theatre has removed a substantial challenge for Council to have otherwise resolved within its own resources. This includes the removal of future ownership and operating risk. The new theatre will be owned by the WRPT who have awarded the operating contract to a specialist performing arts theatre operating company, Live Nation New Zealand.

13. In December 2021, the funding deed between Council and WRPT was approved by Council, confirming council's build contribution and annual property, equipment and maintenance (PEMA) payment schedule, payable upon completion of the theatre in 2024-25 and pro-rata for the first year. This meant that PEMA funding was originally budgeted to take place in FY25.

14. On 11 February 2025, Council resolved to vary the funding deed to allow for the PEMA payment schedule to commence effective 1 July 2025 (FY26) and to be paid for full year and ahead of the opening date. This resulted in budgeted (FY25) surplus of PEMA funding of $1.310million.

Discussion - *Matapaki*

15. Not unsurprisingly the overall theatre build programme has had its challenges softened by ongoing support from several private individuals. However, it has also identified a critical modification to the original build plan. This a flat floor format for the front of the seated area requiring movable seating systems. This has added $1.9 million in cost to the build project.

16. The flat floor variation is a design decision (**Attachment 1**) that significantly increases the flexibility, commercial viability and community value of the Waikato Regional Theatre. It enables the venue to host a broader range of events. The variation underpinned the venue's partnership with Live Nation and has already unlocked substantial private investment and future revenue opportunities.

17. The WRPT has value engineered the project without compromising quality. This is a high-value, future-proof public investment with clear strategic, reputational, and economic returns for the city. This decision reflects a considered response to the changing needs of both contemporary touring productions and local content providers. Promoters and producers are increasingly seeking venues that can support a wide variety of formats, including standing concerts, immersive performances, gala dinners, and community events, alongside traditional seated shows.

18. Throughout the process, the WRPT has protected critical design elements such as acoustics, sightlines, audience comfort, and back-of-house functionality. These have been treated as essential requirements for a venue of this scale and ambition.

19. The guiding principle has always been to create a theatre that combines commercial viability with artistic quality. At this stage, there are no further opportunities for meaningful cost reduction without directly compromising the building's integrity or future capability.

20. The WRPT has exhausted available funding opportunities and undertaken a comprehensive value engineering process. This involved identifying cost-saving opportunities across all aspects of the project, including materials, build methods, and systems design. At no stage has the WRPT accepted trade-offs that would diminish the theatre's ability to attract high-quality touring productions or to deliver a first-class experience for audiences.

Options

21. The Council can agree to issue further funding to the WRPT, or to not release funding.

Financial Considerations - *Whaiwhakaaro Puutea*

22. There is operational budget of $1.310million available for this additional funding request in the FY25 budget.

Climate Change Impact Statement

23. Staff have assessed this option against the Climate Change Policy for both emissions and climate change adaptation. Staff have determined no adaptation or emissions assessment is required.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

24. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').

25. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.

26. The recommendations set out in this report are consistent with that purpose.

Social

27. The project's primary purpose is to deliver a purpose-built performing arts theatre for the city and region that is accessible to the performing arts sector, professional, amateur, and community groups for performance and events. The facility will function as a hub and add vibrancy and social character to the city and central precinct.

Economic

28. The theatre build itself will take place over four years and will employ over one hundred workers (excluding indirect employment generation).

29. Once operational the theatre will have a small permanent staff base and it will deploy a casual pool and generate significant downstream employment opportunities for local performances. design, technical, maintenance contractors and hospitality industries. It will also attract an audience base from outside Hamilton and the Waikato. The WRPT as owner/operator of the Waikato Regional Theatre will operate and be governed by robust fiscal management practices and systems.

Environmental

30. The Waikato Regional Theatre will include design elements with a range of best practice solutions to mitigate any environmental impacts. The facility will function as a hub and add vibrancy and social character to the city and central precinct.

31. The Waikato Regional Theatre is being built and will be operated in a way to ensure the venue is safe, secure and operates within a healthy environment.

Cultural

32. The purpose of the Waikato Regional Theatre is to provide performance space access for a wide range of cultural groups from across the community.

Risks - *Tuuraru*

33. The additional funding does not add any risk to Council through this project.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

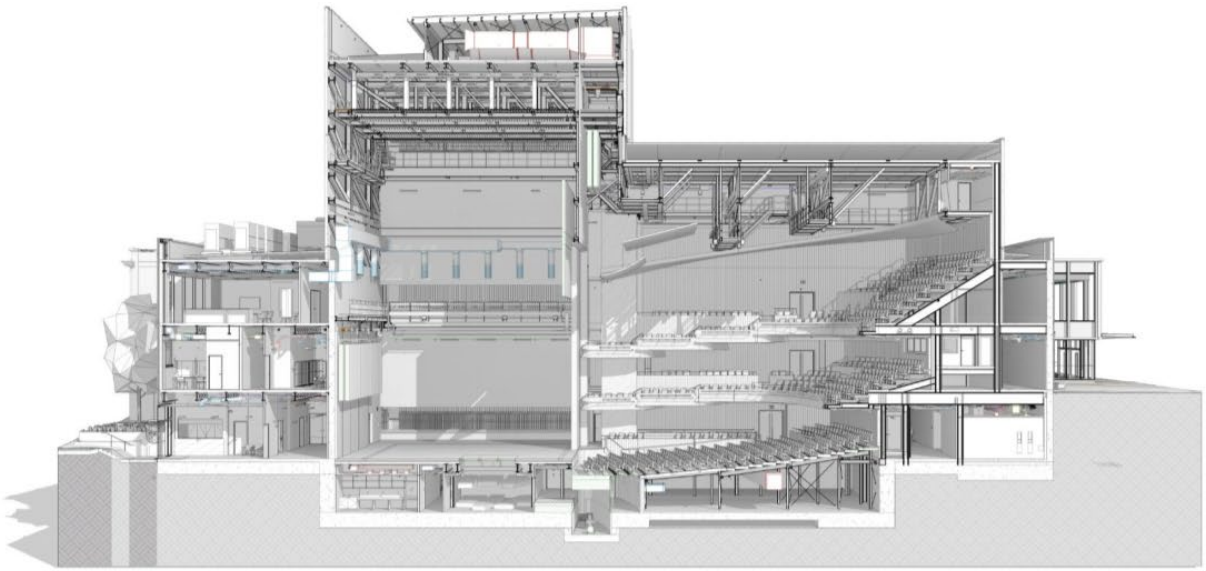
34. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

35. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - WRT flat floor specifications

WAIKATO REGIONAL THEATRE – RAKED FLOOR VS FLAT FLOOR FORMATS



FOR CONSTRUCTION

ORIGINAL DRAWING IN COLOUR

FOSTER JASMAX

ARCHITECTURAL

WAIKATO REGIONAL THEATRE

170 VICTORIA STREET
HAMILTON, 3204

AUDITORIUM - SECTIONAL PERSPECTIVE

A5-009 1

Council Report

Item 6

Committee:	Council	**Date:**	26 June 2025
Author:	Stephanie Goss	**Authoriser:**	Michelle Hawthorne
Position:	Governance Advisor	**Position:**	Governance and Assurance Manager

Report Name: Confirmation of the Elected Member Open Briefing Notes 7 May 2025

Report Status	*Open*

Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Council confirm the Open Notes of the Elected Member Briefing held on 7 May 2025 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Elected Member Open Briefing Notes 7 May 2025

Elected Member Briefing Notes – 7 May 2025 – Open

Time and date:	9.30am, 7 May 2025
Venue:	Committee Room 1, Hamilton City Council
In Attendance for all of the below sessions:	Mayor Southgate, Deputy Mayor O'Leary, Cr Huata, Cr Bydder, Cr Casey-Cox, Cr Naidoo-Rauf, Cr Macindoe, Cr Hutt, Cr Pike and Cr Thomson
In Attendance for part of the below sessions:	Cr Taylor and Maangai Jaydene

Fees and Charges Feedback

Staff explained the purpose of this session was to provide an overview on the fees and charges submission received during the consultation. Members asked questions in relation to the following matters:

- Membership cards for pools;
- Comparison of fees against other councils;
- Ways to keep fees down;
- Submissions;
- Fee increases;
- Parking fees; and
- Parking education for elderly.

Staff Action: *Staff undertook to provide Members with statistical information regarding the success of free under 5s at the pool facilities when it was offered.*

What's Next For Waters: Submissions Overview

Staff explained the purpose of the session was to explain an in-depth analysis of the recent submission received regarding the What's Next for Water consultation. Members asked questions in relation to the following matters:

- Socioeconomic impact;
- Statistical significance of the older submitters;
- Number of informed submitters;
- Mitigation of water metre tampering;
- Dual submitters;
- Options breakdown;
- Insight from businesses; and
- Options to highlight critical comments and provide them to Central Government.

Council Report

Item 7

Committee:	Council	**Date:**	26 June 2025
Author:	Stephanie Goss	**Authoriser:**	Michelle Hawthorne
Position:	Governance Advisor	**Position:**	Governance and Assurance Manager

Report Name: Confirmation of the Elected Member Open Briefing Notes 28 May 2025

Report Status	*Open*

Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Council confirm the Open Notes of the Elected Member Briefing held on 28 May 2025 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Elected Member Open Briefing Notes 28 May 2025

Elected Member Briefing Notes – 28 May 2025 – Open

Time and date:	11.15am, 28 May 2025
Venue:	Committee Room 1, Hamilton City Council
In Attendance for all of the below sessions:	Cr Bydder, Cr Casey-Cox, Cr Naidoo-Rauf, Cr Macindoe, Cr Hutt, Cr Pike and Cr Taylor.
In Attendance for part of the below sessions:	Mayor Southgate, Cr Huata, Cr van Oosten, Cr Wilson and Maangai Te Ua.

Annual Plan

Staff explained the purpose of this session was to provide Members with an opportunity to address questions on the deliberations report ahead of the 29 May Council Meeting. Members asked questions in relation to the following matters:

- Commercial vs residential rates;
- Water revaluation process;
- Auditing;
- Engagement with the community; and
- Establishment cost of water council-controlled organisation.

Interim Review of the Community Grants Policy

Staff explained the purpose of this session was to provide a summary of feedback from the community grants programme. Members asked questions in relation to the following matters:

- Feedback sources (which was successful and unsuccessful participants);
- Presentation process for the partnership agreements;
- Framework;
- How staff worked with applicants;
- Policy criteria;
- Charity services; and
- Next review of the policy.

Council Report

Item 8

Committee:	Council	**Date:**	26 June 2025
Author:	Stephanie Goss	**Authoriser:**	Michelle Hawthorne
Position:	Governance Advisor	**Position:**	Governance and Assurance Manager

Report Name: Confirmation of the Elected Member Open Briefing Notes 4 June 2025

Report Status	*Open*

Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Council confirm the Open Notes of the Elected Member Briefing held on 4 June 2025 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Elected Member Open Briefing Notes 4 June 2025

Elected Member Briefing Notes – 4 June 2025 – Open

Time and date:	10.35am, 4 June 2025
Venue:	Committee Room 1, Hamilton City Council
In Attendance for all of the below sessions:	Mayor Southgate, Cr Casey-Cox, Cr van Oosten, Cr Hutt, Cr Pike, Cr Thomson and Cr Wilson.
In Attendance for part of the below sessions:	Deputy Mayor O'Leary, Cr Naidoo-Rauf and Cr Macindoe.
External Attendees:	Pamela Storey – Chair – Waikato Regional Council Angela Strange – Councillor – Waikato Regional Council Jennifer Nickel – Councillor – Waikato Regional Council Phil King – Regional Transport Connections Director – Waikato Regional Council Katherine Simpson – Senior Public Transport Planner – Waikato Regional Council

Parking Workshop

Staff explained the purpose of this session was to inform Members on parking related items as requested at the previous Infrastructure and Transport Committee Meeting. Members asked questions in relation to the following matters:

- Mobility parks;
- Parking turnover/ demand;
- Types of parking users (shoppers, workers);
- Safety in carparks;
- Collaboration with private carpark owners;
- Difficulty with registering system;
- Resources (LPR vehicles, kiosks);
- Enforcement;
- Revenue from infringements;
- Parking capacity in particular at sportsgrounds; and
- Data collection and how it would reported back.

Staff Action: *Staff undertook to provide Members with information regarding the demographics (shoppers, workers) of parking users when it becomes available at a later date.*

Public Transport

Staff introduced the external presenters from Waikato Regional Council and explained the purpose of the session was to discuss with the future options for public transport as requested in a previous resolution from an Infrastructure and Transport Committee Meeting. Members asked questions in relation to the following matters:

- Public transport hub locations and charges;
- Fleet vehicles including sizes and electric buses;
- Reliability and frequency;
- Fasttrack areas solutions and Infrastructure needs;
- Funding;
- Bus priority; and
- Collaboration opportunities.

Item 9

Council Report

Committee: Council
Date: 26 June 2025
Author: Amy Viggers
Authoriser: Michelle Hawthorne
Position: Governance Lead
Position: Governance and Assurance Manager
Report Name: Chair's report

Report Status	*Open*

Recommendation - *Tuutohu*

That the Council receives the report.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Chair's Report

Attachment 2 - Korean Foundation May 2025 Report

Attachment 3 - Chengdu Global Cities May 2025 Report

Chair's Report

My time as Mayor, and in local government leadership roles, is soon to come to an end. I have been focused on several important issues this year and have said I will be working hard right up until the election in October. These issues include: Local Waters Done Well, City/Regional Deals, Central City Revitalisation, unlocking revitalisation and development in older parts of the city (with Fairfield/ Enderley as a priority). Council is about to enter the busy period of elections but there is still work to do.

I want to ensure that projects underway are completed to a high standard. This includes the Waikato Regional Theatre, much needed hotel developments, central city improvements and Peacocke enabling infrastructure including Whatukooruru Drive and Bikes on Pipes.

The meeting agenda today requires us to make decisions on topics such as wastewater capacity, the water services delivery plan and the governance structure for waters, and the 2025-2026 Annual Plan.

As a Council we must maintain focus over the remaining months of this triennium on delivering strong, positive outcomes for Hamiltonians and setting the next council up for success.

Local Water Done Well (LWDW)

Recently Council unanimously voted to establish a joint Council Controlled Organisation for water services with Waikato District Council. Due to the impact this has on Council going forward, this is one of most important decisions we have made this year. I want to acknowledge the huge amount of work undertaken since we last met, both by staff navigating the complex planning and operational considerations needed and the Establishment Board Appointments Committee which has been selecting the governors for the new entity. The Panel's decision has been recently announced.

2025-2026 Draft Annual Plan

The 2025-2026 Draft Annual Plan largely continues the direction set for Year Two of the 2024–2034 Long-Term Plan. It remains focused on business as usual, delivering the core

basics Hamiltonians expect and rely on – roads, water, waste, and parks along with agreed community assets and facilities. As a Council we are very conscious of the constrained financial environment in which we, and all New Zealand councils are operating, and the impacts on our ratepayers as we navigate both immediate and future challenges for Hamilton.

UNISA

As you are aware I chair a multi council and agency forum called the Upper North Island Strategic Alliance. Over the course of this triennium the UNISA partnership has been attended by mayors and chairs from the Upper North Island, Department of Internal Affairs (DIA), and the New Zealand Transport Authority (NZTA). The group has traversed a wide range of topics, including the preparation of an Infrastructure Development Plan identifying priority infrastructure projects for the upper North Island (UNI), the impacts of central government legislative change on local government (with attendance by Minister Chris Bishop), alignment on bio security issues and responses, and consideration of emergency management and resilience. Hamilton City Council has been the secretariat and Chair of the Alliance over this triennium and has offered to continue in this role beyond the local body elections, subject to the new mayor's willingness to act as Chair. Tauranga City Council has also offered to undertake these roles. I note that we received an excellent presentation last week by NEMA and I will be reaching out to ask them to present to Council through the Strategic Risk and Audit committee.

Metros

I have also been the Chair of the Metro Sector and sit on the National Council of LGNZ. It has been a tough three years responding to new government direction and the wishes of the membership. However, I feel the Metro sector has done a good job of advocating for support, especially for the fastest growing parts of the country. The Metro sector considers that change is imminent for Local Government, and we need to step up and work closely with central government to consider future fit-for-purpose local government. This may be contentious as some Metro members will speak to the need for amalgamation while others feel reform must be sector-led. There are more conversations underway on this topic.

Sister City and International Connections

Finally, as previously reported to Council, the month of April saw me visit Seoul, Korea (invitation and full funding provided by the Korea Foundation) and Chengdu, China for the 3rd China New Zealand Mayoral Forum and the 10th anniversary of our sister city relationship. I was accompanied by Cr Ewan Wilson, Cr Maxine van Oosten and CE Lance Vervoort to Chengdu. While there, I announced the Hamilton–Chengdu Cultural Exchange Travel Scholarship, a joint initiative between Hamilton City Council and Wintec. I thank Cr Ewan and Cr Maria for laying the groundwork for this visit earlier in April when

they attended the 2025 International Friendship Cities Cooperation and Development Conference, held in Chengdu. All visits have been highly successful. I have attached the reports of my visits to Korea and Chengdu, outlining opportunities and points of interest for Hamilton resulting from these visits.

Recommendation:

That the Council receives the report.

Paula Southgate

Mayor of Hamilton City

OFFICE OF THE MAYOR
HAMILTON

KOREA FOUNDATION INVITATION PROGRAMME 2025

I was fortunate to have been invited to attend the 2025 KF Invitation Programme (for Distinguished Guests in Political Field) funded by the Korea Foundation. The Foundation was created to build friendships and foster understanding between Korea and the rest of the world, through knowledge sharing and study opportunities and diplomacy, Korea Foundation | Ministry of Foreign Affairs, Republic of Korea. I would wholeheartedly encourage others to consider one of their programmes or scholarships.

The other invited delegates were: Mr Art O'Leary (Ireland – Chief of Electoral Commission), His Excellency Eliphas Barine (Kenya – Ministry of Foreign and Diaspora Affairs), Carolina Darius SAN Sebastian (Spain,Mayor Las Palmas de Gran Canaria), Katherine Ho (USA – Director, U.S. Department of State), Hon. Mohamed Turki (Libya – Ministry of Agriculture and Animal Wealth).

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Overall, Seoul is a hugely progressive city that faces a number of the similar challenges to us (climate, transport, cyber security and using our young talent). They are ready and eager to share knowledge and collaborate at a global level. I think there are some lessons for us around growing future-proof transport choices (reducing carbon emissions), modern urban living, climate, waterways, EV vehicles, AI and cyber safety.

Our trip began with a guided visit to the Global Knowledge Exchange and Development Centre. This fascinating, interactive, centre focused on the economic and innovation histories of Korea. The impact of the Korean War and the rebuilding of the economy from a state of extreme devastation and poverty. It also focused on the role Korea now plays in emerging technologies and the future economy. After the Korean War, the primary focuses became manufacturing, global shipping and ship building and importantly on education of the young to create a skill labour force. Korea is now in the top 14 economies of the world and part of the G7+.They have a huge focus on creating new technologies especially in the AI space and low carbon futures.

A key issue in Korea is the aging population coupled with low birth rates. As you will read later, getting the young into the right employment to assist the aging population in their retirement is critical.

This was followed by a lecture by Korea National Diplomatic Academy. We listened to a challenging lecture on Cyber Security. (Slides will be distributed). However, the key point was the need for cyber security collaboration between smaller countries of the Asia-Pacific region. There are risks of both cyber terrorism and cyber assistance to wars and global conflicts. However, there is a key focus on intelligence and general disruption to civil society functions, with health as a focus due to the impacts this has. On their own smaller nations make lack the capacity for defensive measures in light of the increasing offensive measures globally.

The next day we visited the Seoul Metropolitan Government and Mr KIM Taegyun, Vice Mayor for Administrative Affairs and received two presentations. (Slides to come).

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The Climate Card Initiative: this is a transport initiative aimed at creating Seoul as a comprehensive low carbon city. They noted (as we do in NZ) that extreme weather catastrophes are on the rise and have considerable economic and social impacts. While there is a good uptake of EV's there is still considerable reliance on fossil fuels and obvious congestion. They have put in place a very large public bike sharing scheme, where riders can use the bikes for free. This has led to a huge increase in multi-modal journeys. The focus is, primarily, on integrated transport systems (PT, walking, cycling) and has led to reduced vehicle miles across the city. They also have an interesting charging regime, a combination of mileage charging (based on distance) and financial incentives to reduce vehicle transport. Passenger transport users get reward points and also free insurance while using public transport. One more interesting point is that they have an extremely progressive programme for tree-side planting.

The second presentation related to a health program based around a wrist smart watch that not only keeps data for the user but links to real time and individualised health advice. The key issues are blood pressure, diabetes and smoking. In the trial programme participants have increase their walking by 60% with a target of 8000 steps per day. I note that Metropolitan Authorities here hold responsibilities for Health while Local Government in New Zealand does not. Nonetheless, when you think about the cost of chronic disease, that is preventable, it does seem reasonable to integrate thinking.

We then visited the Gyeonggido Job Foundation. Korea faces a big issue with an aging population and younger citizens not having families. There is also a challenge to get young people into the right jobs. So, they have created an amazing App that better matches jobseekers using geospatial and skill set data. I also learned that sometimes older citizens are removed from jobs because every year they get paid more. The job organisation is brokering ways to allow seniors to work for 3 days a week, allowing space for young job seekers to transition in.

For the finals two days of the itinerary, I was able to select some organisations of interest to explore.

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I visited the Climate change - There is a huge push towards EV technology and the further development of Hydrogen technologies. There is also a big push towards "greening the city" and the "trees by roads programme" is one example. Consequently, thousands of trees have been established along transport routes. We could learn more about this and how to manage the impact of roots on the pavement? They were keen to know if Hamilton had a "Climate Centre" and while I said no, I did explain the work we as a Council have been doing. I aim to connect Councillor Louise Hutt to her counterpart there to explore further connections.

I attended a visit to the Seoul Metro system. It was very impressive, and they are focused on moving the population onto fast and reliable transport choices. Similar to Auckland they use an integrated card for all modes. One key point was their focus on achieving 100% reliability. Numbers are steadily increasing, and most trains are now at a modern standard. Technology driven route management ensures that trains are on time. Train services are managed to integrate smoothly to other modes such as buses or the free cycle network. The prices are kept affordable to complement road congestion charging and EV traffic.

Kiwi Chamber - this is situated within the University Campus and run by a NZ expat who lectures in business and management. They undertake advocacy with NZ businesses and run a number of conferences with Kiwi business. I presented the invitation letter provided by Waikato Chamber of Commerce. Upon my return I will connect the two parties.

I also visited the Governors Association of the Republic of Korea where I shared a presentation about Local Government in New Zealand and the opportunities in Hamilton New Zealand. This was useful as many countries do not understand the structure of governance in New Zealand and our responsibilities. It was useful to have a good understanding of both Regional and Metro councils.

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Finally, at their request I visited Seocho, Municipal. I had a short visit with the Mayor of Seocho, Mr JUN, Sung-soo, a few days after Deputy Mayor had been hosting a delegation to Hamilton. Sadly, as this was a last moment inclusion my time there was short. However, the Mayor is keen to connect with us further. I explained the process behind Sister Cities and that this would be in the hands of the next Council. But I also noted that we have strategic partnerships and friendships that might deliver value. Korea has a key interest in being part of the Hamilton Gardens. I explained the constraints on the enclosed spaces but acknowledge the possibility (if they could raise the funds) to have cultural garden outside of the enclosed gardens. This could be a similar approach to the Hispanic garden, Russian Bell Tower and Women's gardens. This may be something for Council to discuss further.

During the forum, I had some excellent conversations with Mr O'Leary of the Irish Electoral Commission about Citizen Assemblies and when I arrive home, he has connected me with a key representative based in Sydney. I feel strongly that there is a good potential to trial a mini assembly as a trial. I consider the anti-social behaviour in the CBD could be a good topic to focus a small trial on. I will be discussing this further with staff and the deputy Mayor

In between work-related events the KF shared with us elements of Korea history and cultures such as the Demilitarised Zone, The National Palace and the Cheongyyecheon Museum. We sampled the best of Korean cuisine including a number of Michelin rated establishments. The food experience and hospitality were amazing.

Summary observations: Seoul was very clean and felt very safe. I noticed strong activation of public spaces and that art was used to create permanent and temporary vibrancy. There was huge congestion despite the forward thinking and leadership around EV's and PT, but there was a huge pick up on EV's, and some good cycling opportunities along waterways or new road systems. It is a true city of gastronomy with an increasing number of Michelin rated restaurants, some of which we ate at. They are interested to hear from high end food producers (maybe best through Kiwi Chamber?)

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I consider a strong link with Seoul Climate Centre would be beneficial. I also consider the key aspect for success of PT will be "frequency and reliability" which we already knew. We have room to improve and therefore gain greater public confidence. Apps used for transport need to be integrated (again we knew this). Seoul Metro would be an excellent visit from transport related specialists.

I have always said that Cyber Security should be done as a shared service across all councils. I still consider this as vital. However, taking that one step further, the message from our expert lecturer was clear. Given the huge risks from the Global powers, Korea considers Asia-Pacific partnerships between smaller nations will be highly beneficial.

Since the Kiwi Chamber hosts NZ business events so I consider a connection between them could prove useful. Also, I presented information on the University of Waikato and will invite them to progress any relevant information.

Also, I connected with Minster of Agriculture of Libya and have asked Tash to connect him through the CEO of Fieldays, as he is interested in attending at some stage.

Finally, some small trial of a Citizen's assembly would be excellent, and I intend to work with interested councillors and staff to explore this.

Please note there will be slides coming soon. I am still waiting for them at this stage.

Finally, I am hugely grateful to the Korea Foundation for this uplifting and inspiring opportunity.

Mayor Paula Southgate
Hamilton City

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OFFICE OF THE MAYOR
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CHENGDU GLOBAL CITIES - MAY 2025

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Overview:

It was an honour and pleasure to attend the 3rd Global Cities Mayor's Forum hosted by Chengdu, our sister city. It was particularly special, and a key reason for attending, to exchange special anniversary gifts to mark the 10th year of our Sister City relationship with Chengdu. I was joined by Cnr van Oosten, Cnr Wilson and the CEO Lance Vervoort. A recent delegation in April 2025 of Cnr Wilson, Cnr Huata and Blair Bowcott had paved the way for economic and cultural co-operation for us to build on.

Chengdu were amazing hosts. I thank them for all the work that went into making this trip a success alongside the staff from the Mayoral office. I also thank the Global Cities and the Chinese Association for Friendship with Foreign Countries and the NZ Chinese Friendship Society for their work and support.

Our itinerary was a busy one, with many important connections with the Mayor, his representatives, the University of Chengdu and Hamilton Luxelakes Primary School in particular.

Cnr Wilson gave a short address on the opportunities of Sister Cities to develop meaningful collaborations for the benefit of both parties, noting that for the Sister City relationship to be optimised business needs to buy in. I gave a short address on the relationship between China and Hamilton over the last four decades and the Sister City relationship. Our focus was on ensuring that the relationship endured and had tangible outcomes. It was excellent therefore for Hamilton City Council and Wintec to offer five student scholarships to students from Chengdu to study at Wintec in Hamilton. We also noted the potential to achieve a similar outcome with the University of Waikato. There is a huge connection with Wintec in relation to the creative arts and we consider that connecting the University of Chengdu also with Waikato Tainui could yield fruit. We note that a relationship between Wintec and Chengdu University was first created in 2008 and is growing in strength. We visited Chengdu's Art and Design faculty which was hugely impressive. In fact, the campus as a whole was stunning and modern and any New Zealand student who studies there would be very fortunate.

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In relation to other opportunities the delegation explored a number of possibilities such as education, aviation (including low altitude) and innovation sharing. Talks have been initiated with Innovation Park with the support of Cnr Wilson. Also, mentioned was indigenous fashion as having potential. AI and EV technology were also key topics along with low carbon futures and are other areas we might learn more about. This area is moving incredibly fast, and we must consider how we keep pace. I note Cnr Wilson's previous report from the Sister Cities Conference earlier in the year.

One matter that we all noticed was the role of parks and green spaces in what is a huge city. The activation of public spaces was impressive, and I think we all agree we have not yet achieved this to a high extent in our CBD to date. Also, Chengdu, interestingly, describe themselves as a "city within a park" rather than a city with parks. They back this concept up by having a huge amount of planting and claiming back park land by re-establishing vegetation around the perimeter. They have mountains around them, so creating fabulous mountain parks is part of their programme. They also "green-up" the road corridors to the extent that climbing fig hugs the columns of the motorways and roses adorn the centre median strip. While we may not achieve this, we can consider how we can enable greening of our city better, providing shade and amenity areas for city dwellers and visitors to enjoy. In my view to progress, we need a joint effort of local businesses, increased Council resources and use best practice to approach social issues. We also need to agree on what the priorities are for greening the CBD and surrounds. I note the kind offer of Chengdu to host a couple of key staff to explore water and park development further and Mr Vervoort is working on this already.

The Mayor and Vice Mayor noted often in our business meetings that they want to progress past "friendship and cultural exchanges" and this will mean some further focus on this through the Economic Development Committee (with input from all 6 delegates).

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Cr van Oosten has noted the huge manaakitanga extended by Chengdu and their interest in learning more about New Zealand Māori. She also notes the wonderful relationship with a partnership set up by Mayor Hardaker and further supported by Mayor King with Hamilton Luxelakes Primary School. It was an amazing modern school and the children were delightful. We gifted them a children's book about the Hamilton Gardens and a Kaka puppet which was very much appreciated. However, more importantly, we have also helped progress conversations with Knighton Normal and Hillcrest Primary School in Hamilton for closer partnerships.

Two final thoughts from me, the hosting was amazing. We sampled the most amazing food and learned a great deal about Chinese history and culture, as well as the modern aspects of Chengdu city.

I am sure my colleagues would agree that next term Council should re-think the budget for global hosting and Sister City developments. This should be led by the Mayor's office and supported by the Economic Development Committee. We need to develop a plan, so we are sure of the priorities for each year. Our Sister City in Chengdu stands ready to commit to actions that benefit the people and businesses of both cities.

The gifted life-size Panda is amazing, and I look forward to unveiling it in Hamilton with you all.

Thank you again for your support. Each delegation member worked very hard and there was little free time during the Forum. Thank you again to the Chinese Friendship Society, Zhu Xi and Consular General Chen for your support both in Hamilton and in China.

I will send some photos to include, or you can look at the link that was sent to us.

Mayor Paula Southgate
Hamilton City Mayor

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Item 10

Council Report

Committee: Council **Date:** 26 June 2025

Author: Amy Viggers **Authoriser:** Michelle Hawthorne

Position: Governance Lead **Position:** Governance and Assurance Manager

Report Name: Notice of Motion - Former ATC Cadet Hall

Report Status	*Open*

1. A Notice of Motion **(Attachment 1)** was received by the Chief Executive on 16 June 2025.
2. The motion requests staff undertake necessary steps to sell the building known as the former ATC Cadet Hall situated on the Hamilton East Town Belt, grant $200,000 to the Waikato Guld of Woodworkers to renovate the building and negotiate a land lease where the building is located to the Guild.
3. Staff confirm the notice of motion is consistent with the provisions outlined in Council's Standing Orders (section 27).

Motion: (Cr Andrew Bydder/Cr Tim Macindoe)

That the Council:

a) approves the sale of the building known as the former ATC Cadet Hall situated on the Hamilton East Town Belt to The Waikato Guild of Woodworkers Incorporated for $1.00, to be executed within one month of this decision;

b) approves a grant of $200,000 to The Waikato Guild of Woodworkers Incorporated for the renovation of the hall upon the execution sale of the former ATC Cadet Hall; and

c) delegates the Chief Executive to agree a land lease at a community rate for the building known as the former ATC Cadet Hall comprised on the Hamilton East Town Belt and provide staff assistance to ensure the successful and timely operation of The Guild in the building.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Notice of Motion

Notice of Motion (Standing Orders Clause 27)

To: Chief Executive

Mover: Cr Andrew Bydder

Seconder: Cr Macindoe

Date: 16 June 2025

Re: Notice of Motion of consideration at the 26 June 2025 Council Meeting

In accordance with Standing Order (Clause 27), any member seeking to put a motion at the upcoming meeting may provide notice of their intended motion subject to the requirements of these Standing Orders. Notice of intended motions must be in writing and signed by the mover, stating the meeting at which it is proposed that the intended motion be considered, the name of the seconder, and signed by no less than one third of the local authority including vacancies. The Notice of Motion must be delivered to the Chief Executive at least five working days before such meeting. The Elected members whose names and signatures appear below request that the following Notice of Motion be considered at the 26 June 2025 Council meeting.

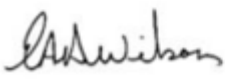
Motion: (Cr Andrew Bydder/Cr Tim Macindoe)

That the Council:

a) approves the sale of the building known as the former ATC Cadet Hall situated on the Hamilton East Town Belt to The Waikato Guild of Woodworkers Incorporated for $1.00, to be executed within one month of this decision;

b) approves a grant of $200,000 to The Waikato Guild of Woodworkers Incorporated for the renovation of the hall upon the execution sale of the former ATC Cadet Hall; and

c) delegates the Chief Executive to agree a land lease at a community rate for the building known as the former ATC Cadet Hall comprised on the Hamilton East Town Belt and provide staff assistance to ensure the successful and timely operation of The Guild in the building.

Name		Signature
Mover:	Cr Andrew Bydder	
Seconder:	Cr Tim Macindoe	
	Cr Emma Pike	Electronically signed 17/06/2025
	Cr Ewan Wilson	
	Cr Geoff Taylor	

Item 11

Council Report

Committee: Council **Date:** 26 June 2025

Author: Robyn Denton **Authoriser:** Andrew Parsons

Position: Network and Systems Operations Manager **Position:** General Manager Infrastructure and Assets

Report Name: Cobham Drive Speed Limit Change

Report Status	*Open*

Purpose - *Take*

1. To provide further information as requested by Elected Members when considering the Cobham Drive Speed Limit report presented to the 21 May 2025 Traffic, Speed Limit and Road Closure Hearings Panel meeting.

2. To seek a decision from the Council on the proposal to retain the 60km/h speed limit on Cobham Drive.

Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Council:

a) receives the report;

b) notes the feedback from public submissions received as a result of the consultation procedure including the hearing held at the 21 May 2025 Traffic, Speed Limits and Road Closure Hearings Panel, completed in accordance with Section 83 of the Local Government Act 2002 and the Speed Limits Rule 2024 on the proposal to retain the 60km/h speed limit on Cobham Drive between Normandy Avenue and Tristram Street;

c) approves **Option 1**: keep the existing 60km/h speed limit on Cobham Drive between Normandy Avenue and Tristram Street; and

d) notes that Council must submit the 'Alternative Method Proposal' to the New Zealand Transport Agency Director (using the template document) for approval to retain the existing 60km/h speed limit.

Background - *Koorero whaimaarama*

3. The 21 May 2025 Traffic, Speed Limit and Road Closure Hearings Panel (Traffic Panel) meeting considered the outcome of the consultation completed for the proposal to retain the 60km/h speed limit on Cobham Drive for the section between Normandy Avenue and Tristram Street.

4. The Traffic Panel also heard five verbal submissions at the meeting.

5. Staff were requested by members of the Traffic Panel to provide additional information on matters that related to the impact of speed limit on congestion, work that is being undertaken to address the flooding risk and the outcome of the NZ Transport Agency consultation on the speed limit for the adjacent section of Cobham Drive (SH1C).

6. The Traffic Panel resolved:

a) receives the report;
b) hears and considers public submissions regarding the consultation process, held for the proposal to lower the speed limit on a section of Wairere Drive under Section 83 of the Local Government Act 2002, undertaken from 17 March to 30 April 2025; and
c) refers this report and the decision concerning speed limit on Cobham Drive for the section between Normandy Avenue and Tristram Street to the 26 June Council meeting.

Discussion – *Matapaki*

7. The Traffic Panel members sought clarification on the following issues at the 21 May 2025 meeting:

a) ***The impact of a speed limit change on congestion***.

The congestion that occurs on this section of Cobham Drive is as a result of the morning and evening peaks of traffic associated with commuters getting to and from work.

In the morning there are queues across the Victoria Bridge (Anzac Parade) which back up through to the Tristram Street/Cobham Drive intersection at Pak n Save entrance. This results in the end of the queue forming just prior to the reverse curves adjacent to the archery course.

In the evening the queues are a result of the high traffic volumes coming north along Normandy Avenue (SH1C) merging with the high traffic volumes leaving the central city. This results in the end of the queue varying from the Hillsborough Terrace intersection through to and into the Tristram Street/Cobham Drive intersection at Pak n Save entrance.

The peaks are generally localised periods of the day and a change in the speed limit will not make any difference to the congestion which occurs as a result of the volume of traffic at these times.

b) Flooding that occurs on the route and impact of proposed improvements

This section of Cobham Drive has been prone to flooding for a number of years when there is heavy rainfall and in the last 11 months there were 14 callouts to deal with flooding. Various initiatives have been put in place to try and reduce the frequency and impact.

For the north bound lanes, the flooding is primarily because of material blocking the catchpits and kerb and channel due to leaves and material from the adjacent planted areas. Installation of additional grates over top of the recessed catchpits and broom heads in the kerb and channel have helped significantly with reducing the extend that the water encroaches into the traffic lanes. This section of road is recognised as one of our high incident flooding spots so does have regular sweeping and checks made prior to any notified heavy rain events.

Figure 1 illustrates the catchpit grates and broom heads which help to keep the debris out of the catchpit itself thereby reducing blockages and making sweeping easier and more effective.

***Figure 1**: Catchpit grate covers and broom heads in the kerb and channel.*

For the Southbound lanes, the corner immediately prior to Hillsborough Terrace intersection has a lot of water runoff from the adjacent properties and berm across the road. The catchpit against the retaining wall can't cope with the influx of water and this results in flooding across at least one of the traffic lanes if not both lanes. This flooding is not easily seen by the traffic exiting the central city as it is just around the first curve in the road. Figure 2 illustrates the extent of this flooding.

***Figure 2**: Flooding across both lanes of south bound traffic can occur in heavy rainfall events. (Photo courtesy of Waikato Times)*

Funding for stormwater improvements was included in the Minor Transport Programme and work is underway to design improvements for this location to reduce the extent of flooding. It is not possible to guarantee that there will be no flooding in this location once the work has been done due to this being a low point in the road alignment that has no overflow options and in wet weather events debris from adjacent properties still has the potential to result in blockages. The work will be combined with crib wall repairs also required in this location as a result of vehicles hitting the crib wall. The work is currently planned for later in 2025 once the weather improves.

c) The outcome of the NZ Transport for the adjacent section of Cobham Drive (SH1C)

The NZ Transport Agency completed their public consultation on the proposal to retain the existing 60km/h speed limit on the adjacent section of Cobham Drive (SH1C) on 14 May 2025. At the time of writing this report the final decision from the Agency's Board had not been made but it is expected that this will be available for a verbal update by staff at the Council meeting.

8. There were two options presented in the consultation document:

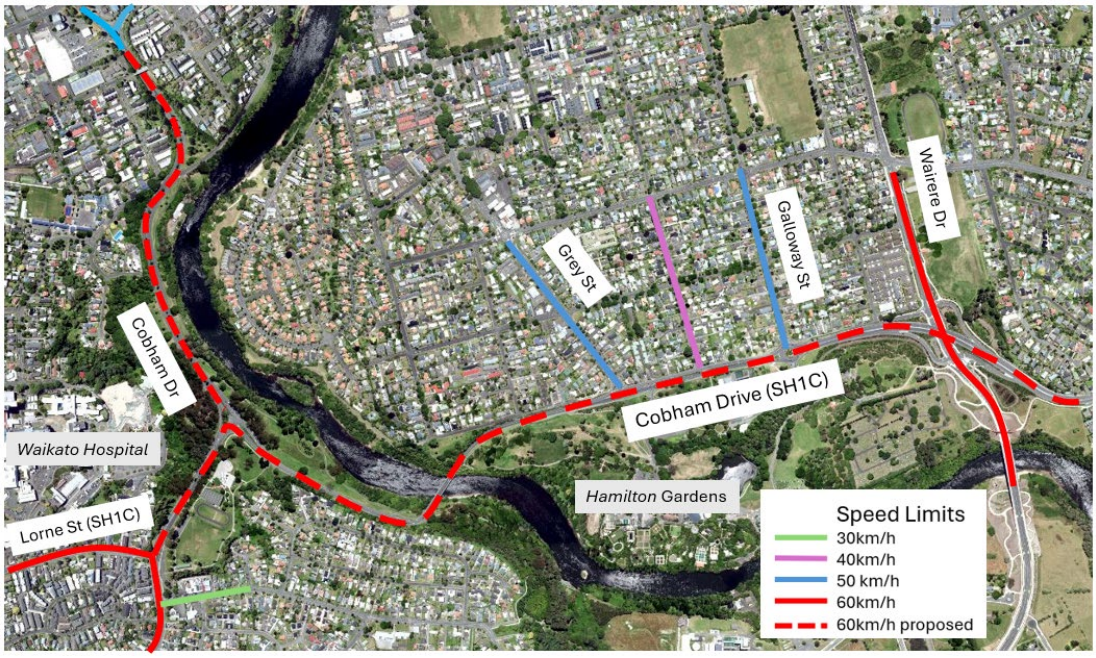
   i. **Option One:** keep the existing lower 60km/h.

   ii. **Option Two:** lift the speed limit back up to 80km/h.

9. In the 21 May 2025 report to the Traffic Panel staff recommended the approval of the proposal to retain the lower 60km/h speed limit on the section of Cobham Drive between Tristram Street and Normandy Avenue.

10. Pending the decision by NZ Transport Agency for the adjacent section of Cobham Drive (SH1C) to retain the 60km/h limit staff recommend that the section of Cobham Drive between Normandy Avenue and Tristram Street to also stay at the lower (60km/h) limit.

11. The following plan shows the speed limits adjacent to this site.



Speed limits adjacent to the section of Cobham Drive where it is proposed to retain the current 60km/h speed limit

12. If a decision is made to change the speed limit back to 80km/h, costs associated with the changes to the speed limit signage will be met from the Minor Transport Improvements Programme with NZ Transport Agency co-investment funding (51%).

13. Finance, Legal and Policy , Wellbeing and Risk considerations were addressed in the 21 May 2025 Traffic, Speed Limit and Road Closure Hearings Panel report.

14. Given the statutory requirement to consult, staff have not considered the key considerations under the Significance and Engagement Policy to assess the significance of the recommendations in this report.

15. Staff consider that the recommendations comply with Council's legal and policy requirements and the Land Transport Rule: Setting of Speed Limits 2024 clause 3.8 and section 82 of the Local Government Act 2002.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Speed Limit Consultation for Cobham Drive Report - 21 May 2025

Council Report

Committee:	Traffic, Speed Limit and Road Closure Hearings Panel	**Date:**	21 May 2025
Author:	Robyn Denton	**Authoriser:**	Andrew Parsons
Position:	Network and Systems Operations Manager	**Position:**	General Manager Infrastructure and Assets
Report Name:	Speed Limit Consultation for Cobham Drive (Tristram Street - Normandy Avenue)		

Report Status	*Open*

Purpose - *Take*

1. To inform the Traffic, Speed Limit and Road Closure Hearings Panel on the outcome of the consultation completed for the proposal to retain the 60km/h speed limit on Cobham Drive for the section between Normandy Avenue and Tristram Street.
2. To seek a decision from the Traffic, Speed Limit and Road Closure Hearings Panel on the proposal to retain the 60km/h speed limit on Cobham Drive.

Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Traffic, Speed Limit and Road Closure Hearings Panel:
   a) receives the report;
   b) hears and considers public submissions regarding the consultation process, held for the proposal to lower the speed limit on a section of Wairere Drive under Section 83 of the Local Government Act 2002, undertaken from 17 March to 30 April 2025; and
   c) approves **Option 1**.

Executive Summary - *Whakaraapopototanga matua*

4. The Land Transport Rule: Setting of Speed Limits 2024, was notified in the Gazette on 30 September 2024 and came into force on 30 October 2024.
5. The Speed Limits Rule 2024 included a section on Transitional Provisions requiring a review of speed limits set since 31 December 2019 on 'Specified Roads'.
6. Two Urban Connector sites were identified (part of Ruakura Road and part of Cobham Drive) as requiring changes and the 11 March 2025 Infrastructure and Transport Committee resolved to proceed with the speed limit change on Ruakura Road back up to 60km/h but to consult on the option for retaining the current 60km/h speed limit on Cobham Drive.

7. Consultation on the proposed speed limit change for Cobham Drive was completed between 17 March and 30 May 2025 and utilised a variety of media, based upon the key messages included in the Consultation Document.

8. There were two options presented in the consultation document:

   i. **Option One:** keep the existing lower 60km/h.

   ii. **Option Two:** lift the speed limit back up to 80km/h.

9. The Have Your Say submission system was used to capture feedback on the proposed speed limit change and during the consultation period we received a total of 1621 responses (1613 from individuals and 8 from groups, businesses or organisations).

10. Results of the consultation are summarised in the 'Cobham Drive Speed Limit Reduction: Insights Report,' which is included as **Attachment 1** to this report.

11. Just over half (58%) of the submissions received were in support of the speed limit changing back to the higher 80km/h level. 37 of the submitters indicated that they wished to present their submission in person to this Panel meeting – 35 individuals and 2 representatives from groups/organisations.

12. The key issues raised in the submissions supporting (41%) **Option 1** proposal to retain the lower speed limit on a section of Cobham Drive were:

   i. reducing the speed would make travel along this route safer in general.

   ii. the features of the road mean a lower speed is warranted such as blind corners and merging lanes north into the central city and south off Anzac Parade and Hillsborough Terrace; and

   iii. an 80km/h speed limit would not significantly impact travel times or be 'worth it'.

13. The key issues raised in the submissions supporting (58%) **Option 2** proposal to raise the speed limit on a section of Cobham Drive were:

   i. many in the community drive at 80km/h anyway so it should be lifted back to reflect current behaviour;

   ii. think 80km/h would improve traffic flow and reduce travel times; and

   iii. believe 80km/h is appropriate for the road type/use and design (e.g. main route, median, safe pathway for pedestrians/cyclists and no houses nearby).

14. There were 1% of submissions that did not support either of the two options provided in the consultation document and commented that they would prefer a 70km/h speed limit instead.

15. Subsequent to the 11 March 2025 Infrastructure and Transport Committee meeting, the NZ Transport Agency advised that they were undertaking formal review of speed limits on several state highways that they had previously intended to just reverse the speed limits in accordance with the 2024 Speed Limits Rule.

16. These sites included two sections of state highway within the city:

   i. SH1C – to retain the existing 60km/h speed limit between Lorne Street through to just west of Howell Avenue instead of raising this back up to 80km/h; and

   ii. SH26 Morrinsville Road – to retain the existing section of 50km/h between SH1C Cambridge Road through to northeast of Berkley Avenue near Te Ara Hou Village.

17. Hamilton City Council have submitted in support of retaining the existing speed limits at both sites based on the improved safety performance of these sites since the speed limits were lowered.

18. The results of the NZTA consultation are not available at the time of writing this report, with the consultation period closing on 14 May 2025. Staff will aim to provide a verbal update at the meeting on the indicative results of this consultation.

19. Staff recommend the approval of the proposal to retain the lower the speed limit on the section of Cobham Drive between Tristram Street and Normandy Avenue.

20. The recommendation is made on the basis that:

    i. current mean travel speed is 62km/h (based on information held in the NZ Transport Agency Mega Maps tool) with an average of 23,000 vehicles using this section of road on a daily basis;

    ii. alignment of the road has reverse curves that have a recommended speed of 65km/h for north bound traffic and 75km/h for south bound traffic;

    iii. area is prone to flooding and the risk of aquaplaning is reduced with the lower speeds through this area;

    iv. often long queues of traffic in both the morning and evening peaks which are partially hidden around the tight reverse curves;

    v. significant reduction in crashes on this section of road since the new speed limit was introduced;

    vi. travel time difference between 60km/h and 80km/h over this length is only 18 seconds; and

    vii. costs will be incurred for signage changes if the lower speed limit is not retained – estimated at $20,000.

21. If a decision is made to change the speed limit back to 80km/h, all costs associated with the changes to the speed limit signage will be met from the Minor Transport Improvements Programme. The NZ Transport Agency have recently approved co-investment funding (51%) to assist with the costs of speed limit changes associated with the new Speed Limits Rule.

22. Given the statutory requirement to consult, staff have not considered the key considerations under the Significance and Engagement Policy to assess the significance of the recommendations in this report.

23. Staff consider that the recommendations comply with Council's legal and policy requirements and the Land Transport Rule: Setting of Speed Limits 2024 clause 3.8 and section 82 of the Local Government Act 2002.

Background - *Koorero whaimaarama*

24. The Access Hamilton Strategy (approved at the 9 August 2022 Infrastructure Operations Committee) reconfirmed Hamilton City Council's commitment to road safety and has 'A Safe Transport System' as one of its eight objectives.

25. The 2024 Hamilton City Speed Management Plan (approved at the 12 October 2023 Council meeting) sets out the desired speed limits for all local (not state highway) roads in the city. The Speed Management Plan also sets out the principles and prioritisation methodology for implementing speed limit changes within the city.

26. On 13 June 2024 The Minister of Transport released the draft Land Transport Rule: Setting of Speed Limits Rule 2024 (Speed Limits Rule 2024) with submissions due by 11 July 2024.

27. The Minister of Transport signed off the final Speed Limits Rule on 28 September 2024, the rule was notified in the Gazette on 30 September 2024 and came into force on 30 October 2024.

28. The Speed Limits Rule 2024 included a section on Transitional Provisions requiring a review of speed limits set since 31 December 2019 on 'Specified Roads'. In late December 2024, the Land Transport Rule: Setting of Speed Limits Amendment 2024 was signed and came into force on 15 January 2025. The amendment brought two additional classes of road into the transitional provisions in Schedule 2 of the Principal Rule.

29. A review of speed limit changes within Hamilton City identified speed limits on roads were impacted by the Transitional Provisions (including the amendment) which fitted into the following categories:

    i. schools with permanent 30km/h speed limits; and

    ii. urban connectors.

30. The speed limits for schools have been completed and the changes came into effect for the 12 affected schools for the start of Term 2 (28 April 2025).

31. Two Urban Connector sites were identified (part of Ruakura Road and part of Cobham Drive) as requiring changes and at the 11 March 2025 Infrastructure and Transport Committee staff recommended that public consultation be undertaken to retain the current speed limits for these sites.

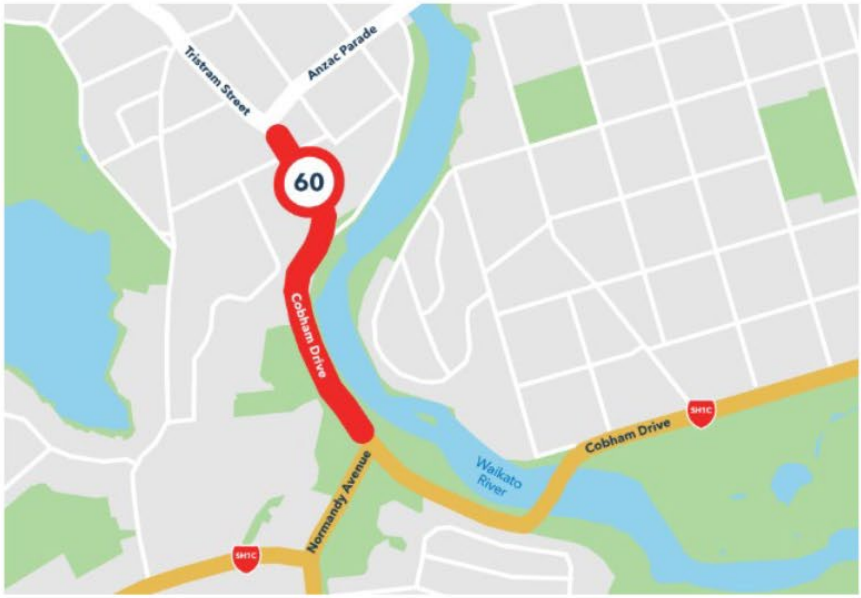
32. The 11 March 2025 Infrastructure and Transport Committee resolved:

> **Resolved:** (Cr Taylor/Deputy Mayor O'Leary)
> That the Infrastructure and Transport Committee:
>
> a) receives the report;
>
> b) approves **Option A** as outlined in the staff report and the Draft Consultation Document (**Attachment 3** of the staff report) for on Cobham Drive (between Tristram Street and Normandy Avenue, subject to any minor amendments and feedback from this meeting, and **option B** to Lift the speed limits back to their previous (higher) level for Ruakura Road (between Wairere Drive and the future East Transport Corridor intersection);
>
> c) approves consultation to be completed between 17 March and 30 April 2025 in accordance with the requirements of the Speed Limits Rule 2024 utilising the 'alternative method proposal' including the cost benefit disclosure statement; and
>
> d) notes that:
>
> i. the results of the consultation and verbal submissions will be presented to the 21 May 2025 Traffic, Speed Limits and Road Closures Hearings Panel meeting for deliberation and approval before seeking final approval from the Director of NZ Transport Agency;

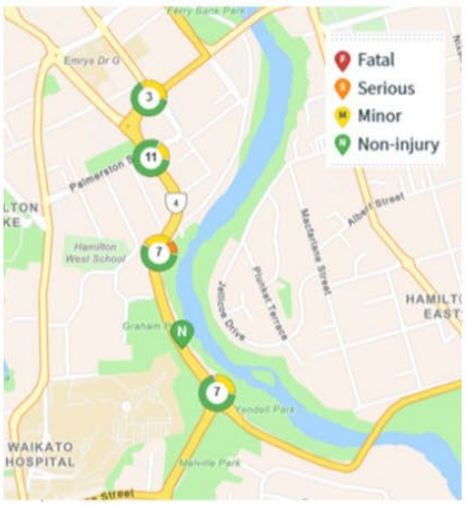
33. The necessary changes to the National Speed Limit Register and signage for Ruakura Road is in the process of being organised and will be in place for the required change date of 1 July 2025.

34. The extent of change required by the Transitional Provisions for Cobham Drive is shown in **Table 1** below along with crash information for this section.

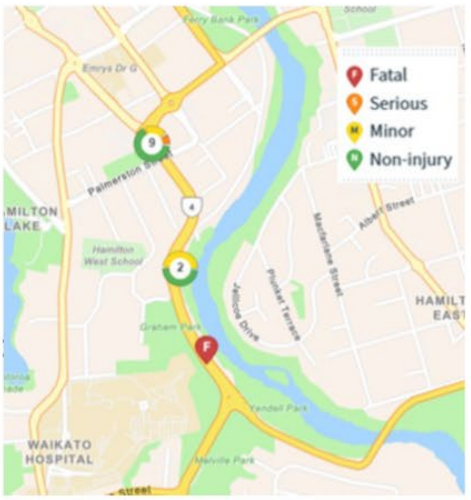
Table 1: information on extent of Cobham Drive speed limit change and crashes



Cobham Drive between Tristram Street and Normandy Avenue



Crashes for the 2 years prior to the speed limit change



Crashes since the speed limit change 20/6/23

35. The consultation on the speed limit on Cobham Drive was completed 17 March to 30 April 2025.

36. Two options were considered within the Consultation Document and staff recommended **Option One**: keep the existing lower 60km/h.

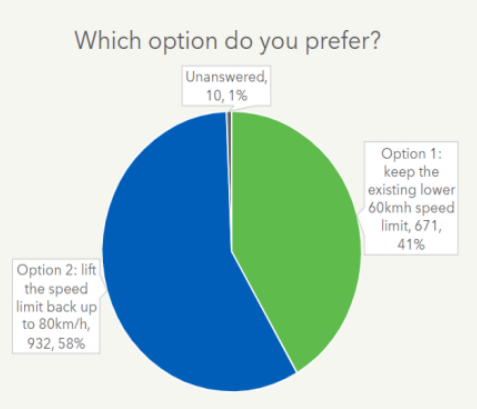
37. Technically this is viewed as a speed limit change in accordance with the Speed Limits Rule 2024 and the Agency has advised that to change speed limits in the absence of a new Speed Management Plan, we are best to work through 'an alternative method proposal' in accordance with section 2.6 of the Speed Limits Rule 2024 for this site.

38. To complete the 'alternative method proposal' Council is required to:
    i. meet the consultation requirements in clause 3.8 of the Speed Limits Rule 2024;
    ii. include in the consultation documents the cost benefit disclosure statement for each proposed speed limit and an explanation of how we considered the road safety aspects of the Government Policy Statement on land transport; and
    iii. publish a summary of submissions after consultation closes, explaining how we took submissions into account.
39. Once the steps above have been completed, Council must submit the 'Alternative Method Proposal' to the New Zealand Transport Agency Director (using the template document) for approval before changing the speed limit.
40. This report provides the information on the results of the consultation work that has been completed for the section of Cobham Drive and recommends that the lower speed limit be retained.
41. Information is also provided on a parallel consultation process that the NZ Transport Agency announced on 17 March 2025 for the adjacent section of Cobham Drive (SH1C) along with SH26 Morrinsville Road.

Discussion – *Matapaki*

42. The Consultation Document approved at the 11 March 2025 Infrastructure and Transport Committee meeting formed the basis of the public consultation that was required to be undertaken in accordance with the Consultation Procedure set out in section 82 of the Local Government Act 2002 and section 3.8 in the Speed Limits Rule 2024.
43. Formal engagement and consultation were undertaken from 17 March to 30 April 2025.
44. The purpose of this engagement was to ask our community for feedback around the proposal to retain the existing 60km/h speed limit on Cobham Drive between Tristram Street and Normandy Avenue.
45. The public consultation strategies included:
    i. printed copies of the survey were made available in our city libraries and Council building foyer;
    ii. digital advertising running across Council's Facebook and LinkedIn accounts;
    iii. media release informing readers about the consultation;
    iv. a public notice and ¼ page advertisement in the newspaper; and
    v. variable message boards (on trailers) on Cobham Drive.
46. During the consultation period we received a total of 1621 responses.

- 58% of the submissions were supportive of lifting the speed limit back up
- 41% supported keeping the lower speed limit
- 1% of submissions did not support either of the two options provided in the consultation document and commented that they would prefer a 70km/h speed limit instead



47. Results of the consultation are summarised in the 'Cobham Drive Speed Limit Reduction: Insights Report' which is included as **Attachment 1**.

48. The key issues raised in the submissions supporting (41%) **Option 1** proposal to retain the lower speed limit on a section of Cobham Drive were:

    i. reducing the speed would make travel along this route safer in general.

    ii. the features of the road mean a lower speed is warranted such as blind corners and merging lanes north into the central city and south off Anzac Parade and Hillsborough Terrace.

    iii. an 80km/h speed limit would not significantly impact travel times or be 'worth it'.

49. The key issues raised in the submissions supporting (58%) **Option 2** proposal to raise the speed limit on a section of Cobham Drive were:

    i. many in the community drive at 80km/h anyway so it should be lifted back to reflect current behaviour.

    ii. think 80km/h would improve traffic flow and reduce travel times.

    iii. believe 80km/h is appropriate for the road type/use and design (e.g. main route, median, safe pathway for pedestrians/cyclists and no houses nearby).

50. There were 1% of submissions that did not support either of the two options provided in the consultation document and commented that they would prefer a 70km/h speed limit instead.

51. 37 of the submitters indicated that they wished to present their submission in person to this Panel meeting – 35 individuals and 2 representatives from groups/organisations.

52. A table with all submissions can be found on the **Have Your Say** page.

53. Staff will review all of the submissions received to gather any comments and requests that are not related to the Cobham Drive speed limit reduction and will use these to assist in the development of future transport improvement programmes.

54. Based on the safety performance of this section of road since the lower speed limit was introduced, staff are recommending that the current lower speed limit is retained. In addition, it is also noted that:

    i. This section of Cobham Drive has a section of tight reverse curves which have a advisory speeds of 65km/h for north bound traffic and 75km/h for south bound traffic as shown in **Figure 1** below;

Figure 1: images of Cobham Drive reverse curve advisory speeds

Northbound entry into reverse curves	***Southbound entry into reverse curves***

ii. This area is prone to flooding and the risk of aquaplaning is reduced with the lower speeds through this area;

iii. There are often long queues of traffic in both the morning and evening peaks which are partially hidden around the tight reverse curves;

iv. The current mean travel speed is 62km/h (based on information held in the NZ Transport Agency MegaMaps tool) with an average of 23,000 vehicles using this section of road on a daily basis;

v. The lower speed limit has minimal impact on travel times (18 seconds) which are more likely to be influenced by the queuing during peaks hours and the intersection controls (roundabout and traffic signals) at either end; and

vi. There will be costs incurred for signage changes if the lower speed limit is not retained – estimated at $20,000.

State Highway Speed Limit Changes

55. The NZ Transport Agency have also had to work through the Transitional Provisions of the Speed Limits Rule 2024, and as a result, the Minister of Transport announced on 29 January 2025 numerous urban connectors which would automatically reverse back to their previous higher speed limit by 1 July 2025.

56. The state highway network within Hamilton City was included in the list of sites – reversing the speed limit changes that had previously come into effect on 10 December 2021.

57. Following publication of NZTA's list of auto-reversal locations in January 2025, the Agency received feedback on a number of urban connectors where the community was strongly in support of keeping the current lower speed limits, instead of seeing them reversed.

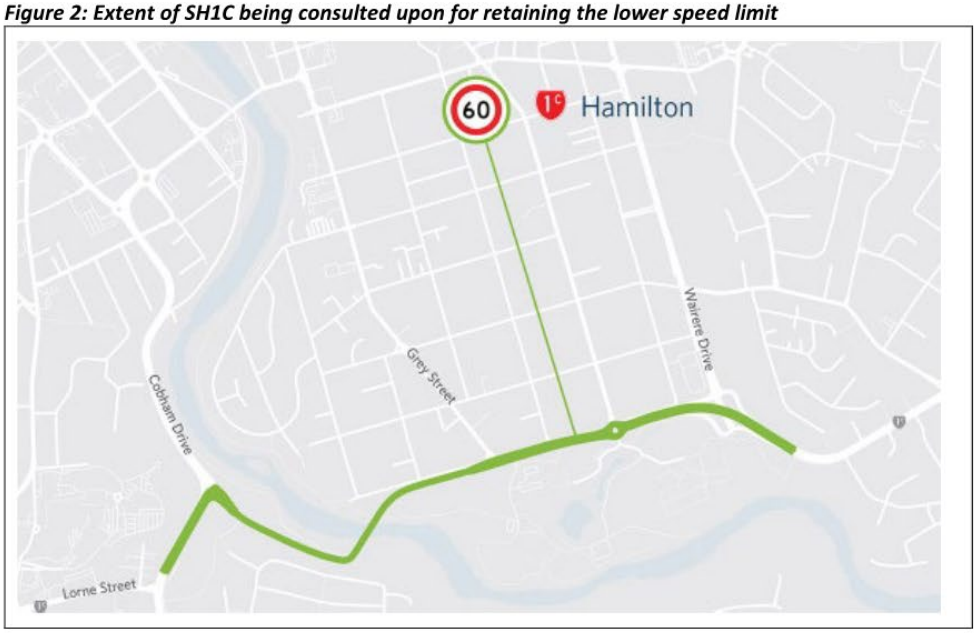
58. Following careful consideration of this feedback and past evidence of community support, NZTA announced on 17 March 2025 that they would consult with the community from early April 2025 to keep the lower speed limits on specific state highway sections across New Zealand (as part of the central Governments new speed limit rules) before making a decision.

59. The consultation period closed on 14 May 2025 and further information is available on the NZTA website.

60. There were two sites within Hamilton City which were included in this additional consultation process

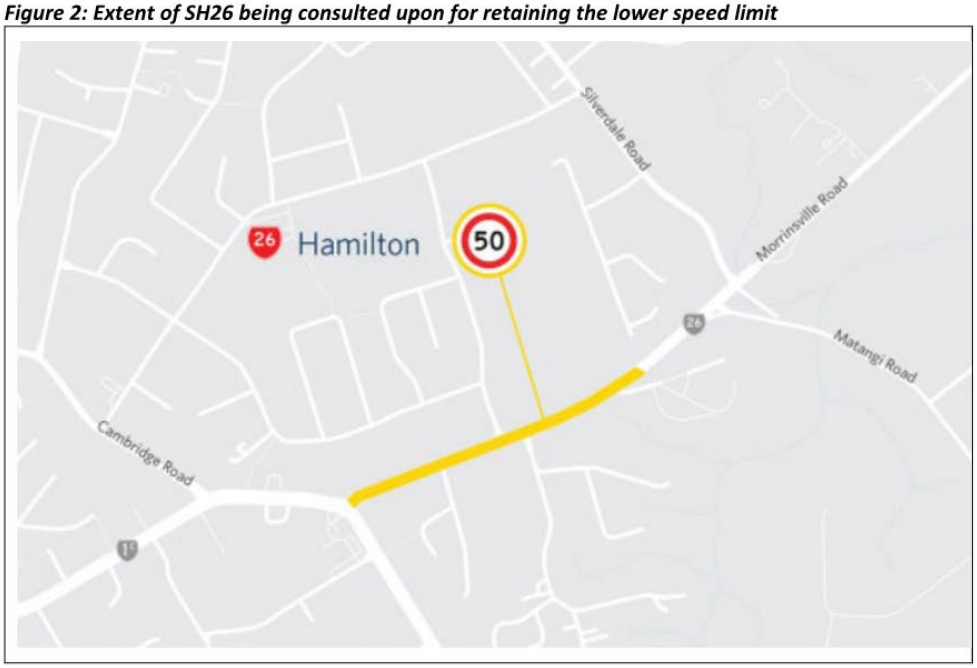
i. SH1C – to retain the existing 60km/h speed limit between Lorne Street through to just west of Howell Avenue instead of raising this back up to 80km/h as shown below in **Figure 2**;

Figure 2: Extent of SH1C being consulted upon for retaining the lower speed limit



ii. SH26 Morrinsville Road – to retain the existing section of 50km/h between SH1C Cambridge Road through to northeast of Berkley Avenue near Te Ara Hou Village as shown in **Figure 2** below:

Figure 2: Extent of SH26 being consulted upon for retaining the lower speed limit



61. Staff had been working with NZTA staff to ensure that the SH26 Morrinsville Road Fit for Purpose Improvement project is still able to proceed as planned – including the speed limit changes proposed as part of the business case.

62. The longer term speed limit change work for (SH26) Morrinsville Road is continuing and is a separate exercise to this current consultation process which is focused solely on whether or not the current speed limit will be retained.

63. The results of the NZTA consultation are not available at the time of writing this report, with the consultation period closing on 14 May 2025. Staff will aim to provide a verbal update at the meeting on the indicative results of this consultation.

Financial Considerations - *Whaiwhakaaro Puutea*

64. Funding for the completion of any changes to speed limits was approved as part of the 'Green' programme of Minor Transport Improvements Programme approved at the 28 November 2024 Infrastructure and Transport Committee.

65. NZ Transport Agency have subsequently approved co-investment funding of 51% to assist Road Controlling Authorities to make any signage changes required by the Speed Limits Rule 2024.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

66. Staff confirm that the staff recommendations comply with the Council's legal and policy requirements including the requirements of the Land Transport Rule: Setting of Speed Limits 2024.

Climate Change Impact Statement

67. Staff have assessed this option against the Climate Change Policy for both emissions and climate change adaptation. Staff have determined no adaptation or emissions assessment is required and it is not possible to complete a technical assessment for emissions reduction for this proposal.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

68. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').

69. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.

70. The recommendations set out in this report are consistent with that purpose.

Social

71. Lower speed limits on Cobham Drive will provide safety benefits for those travelling along the section of road.

Economic

72. Economic wellbeing is defined as the capacity of the economy to generate employment and wealth necessary for present and future financial security.

73. If the lower speed limit is retained it will make very minimal difference to travel times. Crashes result in longer delays to road users when they occur.

Environmental

74. Environmental wellbeing is defined as the capacity of the natural environment to support, in a sustainable way, the activities that constitute community life.

75. There are no known environmental considerations associated with this matter.

Cultural

76. Cultural wellbeing is defined as the capacity of communities to retain, interpret and express their shared beliefs, values, customs, behaviours, and identities.

77. Early engagement and full consultation were completed with Te Haa o te Whenua o Kirkiriroa (THaWK) and Ngaati Wairere for the consultation undertaken for the Speed Management Plan in 2023.

78. Ngaati Wairere did respond to this consultation round and were in support of the lower speed limit being retained.

79. There are no known cultural considerations associated with this matter.

Risks - *Tuuraru*

80. There are no known legal or policy risks associated with the decisions required for this matter in this report.

81. The risk associated with not approving the recommendations in this report is that there is likely to be an increase in crashes and greater costs associated with repair of guardrails and signage in this section of road.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

82. Given the statutory requirement to consult, staff have not considered the key considerations under the Significance and Engagement Policy to assess the significance of recommendations in this report.

83. Community views and preferences have been summarised in the insights report **Attachment 1**, following the consultation undertaken for the proposed speed limit change in earlier this year.

84. There is a statutory requirement to consult as per legislation outlined below:

    i. Speed Limits Rule 2024: Section 3.8 Consultation Requirements

    ii. Local Government Act 2002: Section 82

Attachments - *Ngaa taapirihanga*

Attachment 1 - Cobham Drive Speed Limit Reduction Consultation Insights Report .

Item 12

Council Report

Committee: Council **Date:** 26 June 2025

Author: Narelle Waite **Authoriser:** Helen Paki

Position: Strategy and Policy Advisor **Position:** General Manager Customer and Community

Report Name: Alcohol Fees Bylaw - Deliberations and Adoption

Report Status	*Open*

Purpose - *Take*

1. To inform the Council on the outcomes of the process to develop an Alcohol Fees Bylaw.
2. To seek approval to adopt the Draft Alcohol Fees Bylaw 2025.

Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Council:
   a) receives the report;
   b) adopts the Draft Alcohol Fees Bylaw 2025 effective from 1 July 2025; and
   c) notes that Alcohol Licensing Fees will increase 34% in 2025/26, 20% in 2026/27, and 3% for the following years, as detailed in the fees table of the Draft Bylaw.

Executive Summary - *Whakaraapopototanga matua*

4. Staff have developed the Draft Alcohol Fees Bylaw 2025 to enable Council to increase alcohol licensing fees from the amount set by the Sale and Supply of Alcohol (Fees) Regulations 2013.
5. The development process identified a current cost recovery rate of 71% and proposes to increase the cost recovery rate to 95%.
6. Formal consultation was undertaken earlier this year, of the 141 submissions received 84% agreed with Council's proposed fee increases.
7. This report provides information concerning costs, efficiencies, cost recovery rates, fee structures, and impacts of governing legislation; as requested by Members at the 10 April 2025 Regulatory and Hearings Committee meeting.
8. Staff recommend that the Draft Alcohol Fees Bylaw 2025 be adopted (**Option 2**) detailed in the Options section below**.**
9. Staff consider the decisions in this report have low significance and that the recommendations comply with Council's legal requirements.

Background - *Koorero whaimaarama*

10. Alcohol licensing fees were set by the Sale and Supply of Alcohol (Fees) Regulations 2013 (fees regulations), and local authorities can only increase fees through development of a bylaw. Staff have developed the Draft Alcohol Fees Bylaw 2025 in accordance with section 405 of the Sale and Supply of Alcohol Act 2012 (the Act) to enable Council to increase fees to a rate to achieve cost recovery.

11. Background information about the development process is available to read in the 3 December 2024 approval to consult Council report.

12. Public consultation was undertaken from 21 January – 25 February 2025 to hear feedback on the proposed bylaw. A summary of the consultation feedback can be read in the 10 April 2025 Regulatory and Hearings Committee report.

Discussion - *Matapaki*

13. The intention of section 405 of the Act (and the fees regulations) is to enable Councils to achieve a user-pays system for alcohol licensing.

14. The Draft Bylaw proposes to set fees at a rate to achieve 95% cost recovery as decided by the 3 December 2024 Council meeting.

15. Public consultation indicated support for the proposal from the community, however business owners and hospitality advocacy groups have opposed the proposal stating the impact increasing costs has on businesses.

16. This report addresses the matters raised by Members at the hearing.

Legislative decisions to date affecting fee-setting and costs

17. Members requested feedback on the fee-setting decisions to date that have impacted the ability for territorial authorities to achieve cost recovery – as was intended during development of the Act and fees regulations (Regulatory impact statement on alcohol reform, 2010; Regulatory impact statement on the fees regime, 2013).

18. Upon enactment, the Act set fees in legislation which were to be reviewed by the Ministry of Justice every 5 years; but also allowed for Councils to create their own fees by bylaw to enable each territorial authority to set fees that reflect local costs.

19. The 2017 review was inconclusive as to whether fees were meeting cost recovery, no fee changes were made. The 2022 review was not finalised, however a report released under OIA shows identified options to increase fees in line with inflation, or up to 40% to meet the average need for cost recovery (page 10-11).

20. While there were no changes to fees payable to territorial authorities following the review, a 2024 amendment to the fees regulations increased fees payable to Alcohol Regulatory and Licencing Authority (ARLA) by approximately 30%.

21. The Sale and Supply of Alcohol (Community Participation) Amendment Act 2023 brought key changes affecting the District Licence Committee (DLC) hearings, including removing the requirement for public objectors to have a 'greater interest' in the application than the public generally, allowing for audio-visual participation, and removing unnecessary formalities. The financial impact of these changes is still being determined as more applications come in under the amendments.

22. A growing number of Councils are choosing to create alcohol fee setting bylaws to respond to the lack of fees increase since 2013.

Costs to administrate alcohol licensing

23. The proposal to develop an Alcohol Fees Bylaw was first raised as part of the 2024-34 long term planning.

24. Staff considered the known alcohol licencing activity costs to ascertain whether cost recovery was being achieved. The activities considered at that time were those covered under the alcohol licencing financial statements, these are:

    i. 2 x Licencing Inspectors and associated personnel costs
    ii. District Licencing Committee expenses and associated costs
    iii. General administrative costs to support the alcohol licencing functions
    iv. General overhead costs to support the alcohol licencing functions including, vehicles, equipment, organisational support services etc.

25. This early analysis confirmed cost recovery was not being met and a bylaw should be considered to recover additional costs.

26. The bylaw development process identified that the following resources, not accounted for in the initial assumptions, were also recognised as cost recoverable activities required to administrate alcohol licencing. These are:

    i. 1 x Applications Officer to receive, vet and enter applications and administer decisions
    ii. 1 x Governance Advisor who is responsible for coordinating the District Licencing Committee, running hearings and administering the associated functions
    iii. 1 x Licencing Inspector to increase monitoring and enforcement functions in better alignment with legislation (commencing from Year 2 of the Bylaw only)
    iv. Approximately 5% of time for the DLC Secretary to undertake their duties
    v. Approximately 33% of time the Team Leader's position supports the functioning of the alcohol licencing activity

Fee-setting and inflation

27. Once inclusion of all activities was calculated, the initial Long-Term Plan assumption for cost increases would only recover 80% of costs. It was resolved to instead consult on the Draft Alcohol Fees Bylaw with greater cost increases to achieve 95% cost recovery.

28. The proposed fees increase in the Draft Bylaw, required to achieve the 95% cost recovery, is an increase of 34% across all licences in year 1, 20% in year 2, and 3% for the following years.

29. Inflation overtime since the fees were initially set in 2013 is approximately 35% according to the Reserve Bank's general inflationary increase calculator. This is in line with the proposed increase of 34% in Year 1.

30. Therefore, the initial increase in year 1 of the Draft Bylaw results in fees aligning to a cost recovery, which would have been achieved if standard inflation increases had been applied each year.

31. The additional proposed increase for year two of the Bylaw is reflective of cost increases agreed to in the 2024-34 Long-Term Plan to ensure Council is achieving its enforcement and monitoring requirements to better meet the purpose of the Act.

32. Because Council has not considered a bylaw and undertaken an assessment of all direct and indirect licensing costs previously, it is not known if the legislative fees have ever met cost-recovery, regardless of inflationary increases.

Fees structures, user-pays and seeking 100%

33. Fees set in a bylaw must use the fee structures provided in the fees regulations and must not exceed cost-recovery. These requirements prohibit Council from actioning some feedback heard through consultation.

34. This feedback included a request to set fees above 100% cost recovery, to reflect the societal costs to Council caused by alcohol related harm (damage to public property, street cleaning etc.).

35. Conversely, industry advocates requested a lower cost-recovery rate to recognise the vibrancy brought by the hospitality industry as a public good factor.

36. Both factors are not costs or outcomes directly related to licensing activities and cannot be considered in cost-recovery calculations.

37. Staff have recommended a 95% cost recovery rate to take into consideration Ministry of Justice guidance that Councils consider the public good that non-licence holders receive from the licensing activities.

38. Council undertakes other public good activities related to the sale and supply of alcohol in Hamilton which do not directly relate to administering the licensing committee and therefore cannot be considered for cost-recovery. These include LGOIMA requests, bylaw and policy development and reviews, administration for ARLA returns and other reporting, general administration for the website. These activities are recovered through rates.

39. Staff have not recommended 100% because of the potential for costs to fluctuate could create the risk of over-recovery of costs, which would be in contravention of the Act.

40. Another matter regularly raised in feedback was that grouping fees for on-licences and off-licences may not be reflective of fair cost distribution, noting greater perceived risk associated with off-licences. Off licence, on licence and club licence fees are grouped together in the Act and the Bylaw cannot amend this structure.

41. The Act's fee structure does assign a range of fees based on a risk category assessment, because Council proposes to increase fees by a percentage amount lower risk premises will still pay less than high risk premises.

42. Staff have however noted this feedback and will consider options to support good business owners through the licensing process.

Efficiencies

43. Hamilton identified a status-quo recovery rate of 71%, of the Councils with a Bylaw this is a relatively high recovery rate (other Councils have identified 20%-50% as their status-quo). This indicates Hamilton's efficiencies may be above the national average.

44. A Council-wide review (Future Fit) was undertaken in 2023-2024 to help find efficiencies across Council, including alcohol licensing activities. Future Fit rationalised and made efficiencies with staffing and structure and opportunities to streamline application processes are ongoing. Continuous improvement remains a focus of Council as is maintaining robust processes to ensure Council remains compliant with legislation and best practice.

District Licensing Committee

45. Legislation requires the DLC to set down a hearing for any application objected to by public objector or reporting agency. Members requested information about the impact of public objections on DLC hearings.

46. Having reviewed applications set down for hearings from 2024-to date no hearings have occurred because of a public objection only. Four applications were set down for a hearing due to public objections (no agency objection), but agreements between the objectors and applicants allowed for the objections to be withdrawn and no hearing required.

47. Negotiations between objectors and applicants are a common occurrence in the application process, allowing for concerns to be raised and addressed without the hearings process continuing. From 2024-to date 64% of licences initially set down for a hearing did not happen following conversations between applicants, agencies, and/or objectors.

48. Furthermore, section 202(3)(b) of the Act prevents vexatious objections and allows the DLC to refuse a hearing if the objection is vexatious or based on grounds outside the scope of the Act.

49. Council administrates the District Licensing Committee (DLC), therefore, the cost to run hearings are recoverable through fees and have been calculated into the projected expenditure.

50. The DLC is independent and directed by legislative processes; Council therefore has little capacity to influence cost savings related to the hearings process. However, the above discussion identifies common practices and opportunities to reduce the need for hearings.

Options

51. Staff have assessed that there are several reasonable and viable options for the Council to consider, as set out in the table below.

Option 1 (status quo) – do not adopt the Draft Alcohol Fees Bylaw 2025	Council will continue to charge the fees set in legislation. This option does not align with the user-pays intentions of the Act. It partially aligns with Council's revenue policy but will not align with current Long-Term Plan revenue projections. It is the preferred option of current licence holders and relevant industry representatives.
Option 2 (recommended) – adopt the Draft Alcohol Fees Bylaw 2025	Alcohol Licence fees will increase by 33% from 1 July 2025. The fees will increase another 20% from 1 July 2026, then another 3% year on year for the duration of the Bylaw. The full list of fees is available in the Draft Alcohol Fees Bylaw 2025. This option aligns with the user-pays intent of the Act, Council policy, and current revenue projections. It is the preferred option of the wider community, as heard through consultation.

52. Staff recommend **Option 2** – adopt the Draft Alcohol Fees Bylaw 2025 because this option best aligns with legislation, Council revenue policy, and the overall community feedback heard during consultation.

Financial Considerations - *Whaiwhakaaro Puutea*

53. The following table outlines the revenue and expenditure projections used to determine the proposed fees in the Draft Bylaw.

	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
	34% increase	**20% increase**	**3% increase**	**3% increase**	**3% increase**
Fees and Charges	$636,000	$763,000	$786,000	$810,000	$834,000
Expenditure	$673,000	$807,000	$839,000	$865,000	$892,000
Cost Recovery	**95%**	**95%**	**94%**	**94%**	**94%**

54. The activities considered in the modelling undertaken for the Draft Bylaw include all functions relating to alcohol licensing activities that the Act allows Councils to recover. Members should note that projections above do not directly align to the 'liquor licensing' activity within regular financial reporting, as detailed in paragraph 26.

55. Annual reviews monitoring financial performance will be undertaken to assess cost recovery. Review of the Bylaw will be required after five years but can be brought forward if the proposed fees are not meeting the desired 95% cost recovery.

56. In anticipation of this work being completed, 2024-34 Long-Term Plan projections anticipated revenue increases. If the Draft Bylaw is not adopted an amendment to the revenue for alcohol licensing will be required.

57. The costs incurred to date including consultation costs are within the estimated budget for this project. These costings include staff hours to progress the work (200 hours), engagement and consultation costs ($3,200), which include design, public notice, media placements, and printing.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

58. Both options comply with Council's legal and policy requirements; however, Option 2 aligns most appropriately with the Act's cost recovery intention and Council's Revenue and Financing Policy funding source preference.

Climate Change Impact Statement

59. Staff have assessed this option against the Climate Change Policy for both emissions and climate change adaptation. Staff have determined no adaptation assessment or emissions assessment is required.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

60. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').

61. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.

62. The recommendations set out in this report are consistent with that purpose.

Social

63. The Alcohol Fees Bylaw development work is an opportunity for Council to assess the social wellbeing outcomes of Council's alcohol licensing activities. Alcohol regulation encourages responsible drinking, and the fees paid to Council in part support the regulatory functions of alcohol licensing.

Economic

64. The development of the Alcohol Fees Bylaw enables Council to assess the appropriate proportion for licensees and ratepayers each to contribute to alcohol licensing operations.

65. The proposed fee increases will have an impact on local business. Early engagement with hospitality and club organisations highlighted concern for any increase to licensing fees. This viewpoint was reiterated by advocacy groups and licence holders during public consultation.

66. The impact on businesses should be weighed against the economic impact for ratepayers and the fact that fees have not increased for 11 years.

Environmental

67. There are no known environmental wellbeings associated with the matters discussed in this report.

Cultural

68. Differing values and beliefs will determine varied perspectives on alcohol matters in Hamilton City. The work programme will seek to consider these perspectives equitably.

Risks - *Tuuraru*

69. If an Alcohol Fees Bylaw is not developed and fees remain at the current amount, Council will risk a reducing level of cost recovery year-on-year, and an increasing misalignment with the intention of the Act.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

70. Given the statutory requirement to consult, staff have not considered the key considerations under the Significance and Engagement Policy to assess the significance of the matter(s) in this report.

71. Consultation on the Draft Bylaw was undertaken in accordance with the Sale and Supply of Alcohol Act 2012 (s403, s405) and the Local Government Act 2002 (s156).

72. Council partners, interested agencies, and key representative groups for licensees, were engaged to support the development of the Draft Alcohol Fees Bylaw.

73. Wider community consultation undertaken provided broader community feedback on the proposal and Draft Bylaw with all community stakeholders.

74. All current licence holders were engaged directly during public consultation. Insights data shows high interaction with the information (71% of recipients open the email on average 11 times). This engagement did not translate to a high response rate from licence-holders. The majority of those who participated in the consultation were non-licence holders and advocacy groups.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Draft Alcohol Fees Bylaw 2025 - Final

Attachment 2 - Key engagement feedback and response

Hamilton City Council
BYLAWS

Approved by: Council	**Date adopted:** 1 July 2025
Date in force: 1 July 2025	
Version history:	**Next review date:** July 2030

Hamilton City Alcohol Fees Bylaw 2025
Ture-aa-Rohe Puutea Raihana Waipiro mo Kirikiriroa 2025

This bylaw is made by Hamilton City Council pursuant to the Sale and Supply of Alcohol Act 2012 (the Act), Sale and Supply of Alcohol (Fees) Regulations 2013, Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013 and the Local Government Act 2002.

1. Short title, commencement and application

1.1. This bylaw may be cited as the Hamilton City Alcohol Fees Bylaw 2025.

1.2. This bylaw shall apply to fee-setting for alcohol licensing activities undertaken by Hamilton City Council.

1.3. This bylaw comes into force on 1 July 2025.

2. Purpose

2.1. The purpose of this Bylaw is to set fees for any matter for which fees payable to Council can be prescribed by regulations under the Act.

3. Definitions

3.1. The following definitions apply to this bylaw, except where inconsistent with the context:

Act	means the Sale and Supply of Alcohol Act 2012.
Application fee	has the same meaning as section 3 of the Sale and Supply of Alcohol Act 2012.
Cost/risk rating	means the rating method provided in section 5 of the Sale and Supply of Alcohol (Fees) Regulations 2013.
Council	means Hamilton City Council.
Fees category	has the same meaning as section 6(2) of the Sale and Supply of Alcohol (Fees) Regulations 2013.
Fees regulations	means the Sale and Supply of Alcohol (Fees) Regulations 2013 and any subsequent amendments to that secondary legislation.
Special licence class	has the same meaning as section 9 of the Sale and Supply of Alcohol (Fees) Regulations 2013.

4. General

4.1. Applicants to Hamilton District Licensing Committee must pay to Council the fees prescribed in this bylaw.

4.2. Council will assign a cost/risk rating to premises to determine the appropriate fee category, in accordance with fees regulations.

4.3. Special licence class is determined in accordance with fees regulations.

5. Fees

5.1. The fees payable for a Manager's certificate, a Permanent club charter and to Extract (a record) from a register are as set in fees regulations.

5.2. The listed fees are exclusive of GST.

5.3. The fees payable to Council are set out in the table below:

	Fees category / special licence class	1 July 2025 - 30 June 2026	1 July 2026 - 30 June 2027	1 July 2027 - 30 June 2028	1 July 2028 - 30 June 2029	1 July 2029 - ongoing
Application fee						
	Very low	$429	$515	$530	$546	$562
	Low	$710	$852	$878	$904	$931
	Medium	$951	$1,142	$1,176	$1,211	$1,248
	High	$1,193	$1,431	$1,474	$1,518	$1,564
	Very high	$1,407	$1,688	$1,739	$1,791	$1,845
Annual fee						
	Very low	$188	$225	$232	$239	$246
	Low	$456	$547	$563	$580	$597
	Medium	$737	$884	$911	$938	$966
	High	$1,206	$1,447	$1,491	$1,535	$1,581
	Very high	$1,675	$2,010	$2,070	$2,132	$2,196
Special licence						
	Class 1	$670	$804	$828	$853	$879
	Class 2	$241	$289	$298	$307	$316
	Class 3	$74	$88	$91	$94	$97
Temporary Authority		$346	$415	$427	$440	$453
Temporary Licence		$346	$415	$427	$440	$453

DRAFT

Key engagement feedback and response

Feedback themes and proposals for amendments	Response	Amendment to the Bylaw
Set the recovery rate at 100%.	Staff do not recommend seeking 100% cost-recovery to meet good practice fee-setting guidelines and to avoid the risks associated with over-recovery.	No proposed changes. This matter is discussed further in the staff report.
Recover more than 100% to reflect alcohol-related costs to the city.	The legislation does not allow for recovery of costs not directly related to licensing activities.	No changes. Out of scope. This matter is discussed further in the staff report.
Alcohol-related harm was a common theme from submitters for and against the Bylaw.	The Draft Bylaw does not respond directly to alcohol harm. However, some activities e.g., monitoring and enforcement, promote the harm reduction object of the Act.	No changes. Out of scope.
Request that Council factor in the social benefit that hospitality bring to local communities as a public good.	The legislation does not allow for consideration of costs not directly related to licensing activities. Therefore, social benefit of the hospitality industry cannot be considered as a reasonable cost to be recovered as public good.	No changes. Out of scope. This matter is discussed further in the staff report.
Requests for a tiered fee structure to consider disproportionate impact on small businesses and community groups.	The fees structures are determined by fees regulations and cannot be amended with a bylaw. The legislative fee structure already provides a range of potential fees dependant on risk factor*. ** Council notes that opposition to the current risk-categories and fee structure has been raised with the Ministry of Justice in previous fee regulations reviews.*	No changes. Out of scope. This matter is discussed further in the staff report.
Not-for-profit organisations, clubs or community events should receive discounts or subsidies.	Legislation does not allow Council to restructure the fees in this way. Club licences fall under the same fee category as on licences and off licences. Community events are classified equally under the Special Licence category as commercial events. These groups may find opportunities to receive support from Council in other ways, e.g., Community Grants.	No changes. Out of scope.
Fines and penalties for non-compliance should increase rather than licensing costs.	Fines are set in legislation and are paid to the Ministry of Justice. Council would not benefit monetarily from an increase to fines.	No changes. Out of scope.

Request that any fees increase be spread out over several years, to provide more time for businesses to adjust.	Early engagement with industry stakeholders also noted a slow introduction of increases as a preference (second to no bylaw). A range of options were provided to decision-makers before confirming the proposed increases.	No proposed changes.
Requests that Council identify efficiencies and streamline processes to reduce costs.	A Council-wide restructure was undertaken in 2023-2024 to help find efficiencies across Council, including alcohol licensing activities. Opportunities to streamline application processes were also discussed during this time, ongoing improvements are a focus of Council, as is maintaining robust processes to ensure Council remains compliant with legislation and best practice.	No changes. Operational matter. This matter is discussed further in the staff report.
Create savings by reducing the number of District Licensing Committee hearings.	The District Licensing Committee is independent, Council cannot direct their processes. Hearings may be triggered by objections from members of the public and/or reporting agencies (Police, Medical Officer of Health, and inspectors) and Council cannot influence whether objections are made.	No changes. Out of scope. This matter is discussed further in the staff report.
Reduce the number of alcohol retailers.	The scope of this Bylaw is limited to setting fees for alcohol licences.	No changes. Out of scope.
Reduce tobacco and vape product retailers.	This is out of scope of the Act and Council's decision-making power. Decisions about tobacco and vape products sit with Central Government.	No changes. Out of scope.
Increase monitoring of licensed premises.	Costs for additional monitoring activities are budgeted to increase in 2026/27.	No changes. Operational matter.
Comment that stakeholders were not engaged.	Council must consult with all persons it has reason to believe will have an interest in the proposal. The consultation campaign is detailed in Attachment 1 of the 10 April 2025 hearings report. Additionally, early engagement was sought with Hamilton Central Business Association, Waikato Chamber of Commerce, Hospitality NZ, and Clubs NZ, Police and the Ministry of Health.	No changes. Operational matter. This matter is discussed further in the hearings staff report.

Council Report

Committee:	Council	**Date:**	26 June 2025
Author:	Amy Viggers	**Authoriser:**	Janet Carson
Position:	Governance Lead	**Position:**	General Manager Partnerships, Communication & Maaori

Report Name: 2025 LGNZ Remits for Consideration

Report Status	*Open*

Purpose - *Take*

1. To seek confirmation of the remits the Council wish to support, or not support, at the 2025 Local Government New Zealand (LGNZ) Annual General Meeting (AGM) to be held Wednesday 16 July in Christchurch.

Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Council:

a) receives the report;

b) notes that the Council has indicate to **support/not support** the following remits, to be voted on by the presiding Hamilton City Council Delegate at the 2025 Local Government New Zealand Annual General Meeting, and that the delegate may duly take into consideration additional information received on the day to inform the final vote on behalf of the Council:

i. security system payments;

ii. improving Joint Management Agreements;

iii. alcohol licensing fees;

iv. aligning public and school bus services; and

v. review of local government arrangements to achieve a better balance.

Executive Summary - *Whakaraapopototanga matua*

2. Member councils of Local Government New Zealand (LGNZ) have been asked to consider 5 remits submitted from zones, sector groups, or member councils ahead of the 2025 LGNZ Annual General Meeting (AGM).

3. If supported by the majority of member council present at the AGM, the remits will be actioned by LGNZ.

4. Staff recommend that the Hamilton City Council delegates have some flexibility to take into consideration additional information on the day of the AGM to inform the final council on behalf of the Council.

5. The list of 2025 remits for consideration were received by the Mayor in May 2025 and are detailed in Attachment 1 of this report.

6. Staff consider the matters in this report to have a low level of significance and that the recommendations comply with the Council's legal requirements.

Background - *Koorero whaimaarama*

7. In 2024 the Local Government New Zealand (LGNZ) members councils passed 7 remits. More information on the 2023 LGNZ remits can be found here.

8. Table 1 is an update on the progress of these remits as at February 2025, with the next update expected July 2025.

Table 1. *Update on 2024 remits.*

Remit	Progress Update
Appropriate funding models for central government initiatives That LGNZ proactively promote and lobby for the development of a more equitable and appropriate funding model for central government initiatives.	This remit is being progressed as part of the wider funding and financing work programme (and is a core objective of this work).
GST revenue sharing with local Government That LGNZ be proactive in lobbying central government on sharing GST revenue with local government, derived from local government rates and service fees related flood protection mitigation, roading, and three waters, for investment in these areas.	This remit is being progressed as part of the wider funding and financing work programme. We understand the Government is looking at alternatives to this policy (such as more enabling changes) and will consider advice on this later this year.
Local Government Māori Wards and Constituencies should not be subject to a referendum That LGNZ lobbies central government to ensure that Māori wards and constituencies are treated the same as all other wards in that they should not be subject to a referendum. We oppose the idea that Māori wards should be singled out and forced to suffer a public referendum.	Now that legislation has been passed, we know that 42 councils will be holding a referendum on Māori wards. See the separate National Council paper on Māori wards, which discusses how LGNZ will support Te Maruata and the wider membership around the referendums and elections broadly.
Proactive lever to mitigate the deterioration of unoccupied buildings That LGNZ advocate to Government: • For legislative change enabling local authorities to compel building owners to remediate unoccupied derelict buildings and sites that have deteriorated to a state where they negatively impact the amenity of the surrounding area. • To incentivise repurposing vacant buildings to meet region-specific needs, for example, accommodation conversion.	Late last year we had an initial discussion with Gisborne District Council to determine the work programme for progressing this remit, which was also discussed at the first meeting of the LGNZ Seismic Strengthening Group. Information from GDC is currently being used to develop a work programme.

Remit	Progress Update
Representation Reviews That LGNZ advocate for changes that support the provision of timely and accurate regional and sub-regional population data to councils for use in council representation reviews.	Statistics NZ is reviewing the methodology for the 2028 census. We are monitoring this process in case it provides an opportunity to progress this remit. A move to a four-year term, which we are actively lobbying for, would require a change in the timings of representation reviews so this remit is also informing the thinking of the Electoral Reform Working Group.
Community Services Card That LGNZ advocate to Central Government to amend the Health Entitlement Cards Regulations 1993 so that the cardholder can use the Community Services Card as evidence for the purposes of accessing Council services which would otherwise rely on a form of means testing.	We wrote to relevant Ministers asking that councils be allowed to make use of the Community Services Card when offering discounts to council facilities. We have yet to receive a response. We also put out a media release, which got good coverage, and engaged via social media.
Graduated Licensing System That LGNZ advocate for changes to the fee structure for driver licensing, better preparing young people for driver licence testing, and greater testing capacity in key locations throughout New Zealand, in order to relieve pressure on the driver licensing system and ensure testing can be conducted in a quick and efficient manner.	Mayoral Taskforce for Jobs (MTFJ) has agreed to progress this remit because it relates to its work with the Driving Change Network.

Discussion - *Matapaki*

9. Representation at the AGM and the voting entitlement of each member council is determined by their LGNZ subscription levels. Hamilton City Council can appoint up to four delegates and has six votes at the AGM.

Summary of the 2025 remits for consideration:

Security System Payments

10. That LGNZ advocates for security system payments to be included as an allowance under the Local Government Members Determination, in line with those afforded to Members of Parliament.

Improving Joint Management Agreements

11. That LGNZ advocate to Government for: a) legislative change to make the Joint Management Agreement (JMA) mechanism more accessible for councils to use with iwi/hapū, b) for the provision of technical, legal and financial support to facilitate the use of JMAs for joint council and iwi/hapū environmental governance, and c) for a mechanism such as JMAs to be included in the Government's new resource management legislation.

Alcohol Licensing Fees

12. That LGNZ advocates for the government to update the Sale and Supply of Alcohol (Fees) Regulations 18 December 2013 to account for inflation and include a mechanism for automatic annual inflation adjustments.

Aligning public and school bus services

13. LGNZ advocate for the reform of the Ministry of Education funded school bus services to provide an improved service for families and to better integrate the services with council provided public transport services, including the option of Public Transport Authorities (e.g. regional and unitary councils) managing such services (with appropriate government funding), noting that:

    a. councils better know their local communities; and

    b. the potential to reduce congestion from better bus services for schools; and

    c. the efficiency gains realised from integrating these two publicly funded bus services

    d. the outdated and inflexible rules of the current centralised school bus system.

Review of local government arrangements to achieve better balance

14. That LGNZ works with the Government and Councils to review current local government arrangements, including the functions and structure of local government, to achieve a better balance between the need to efficiently and effectively deliver services and infrastructure, while enabling democratic local decision-making and action by, and on behalf of communities.

Financial Considerations - *Whaiwhakaaro Puutea*

15. There are no financial or budget impacts related to the decisions required in this report.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

16. Staff confirm that the recommendations in this report comply with the Council's legal and policy requirements.

17. Staff confirm that the recommendations in this report comply with the LGNZ Remit Policy.

Climate Change Impact Statement

18. Staff have assessed this option against the Climate Change Policy for both emissions and climate change adaptation and have determined no adaptation ot emissions assessment is required.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

19. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').

20. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.

21. The recommendations set out in this report are consistent with that purpose.

Risks - *Tuuraru*

22. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

23. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

24. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Local Government New Zealand 2025 Remits

2025 Remits

// 01 Security System Payments

Proposed by: **Far North District Council and Central Otago District Council**

Supported by: **Zone 6 and Zone 1**

Remit: *That LGNZ advocates for security system payments to be included as an allowance under the Local Government Members Determination, in line with those afforded to Members of Parliament.*

Why is this remit important?

The importance of safety for elected members has become more apparent in recent times. With an increase in animosity towards "government figures," both online and in person, the time has come to address this. Recent examples of elected members being threatened, harassed and abused, including incidents occurring at or near their home address, highlights the need for changes to the Local Government Act to be updated. The ability for security system payments to be made as an allowance would go some way towards encouraging actual and perceived safety for existing elected members, as well as ensuring future candidates can feel safer while representing their communities.

Background and Context

Democracy worldwide is currently considered a "tinderbox" according to multiple news sites. In 2024, 37 candidates for election were murdered in Mexico. While this may seem extreme – our own Electoral Commission in NZ has a page dedicated to "security advice" for potential candidates. The rise of fringe groups, anonymity of online forums, general mistrust of government figures and polarising coverage of worldwide democratic outcomes has been creating a platform for those with singular or disaffected viewpoints. While we recognise that some of the sentiment is online, there have been instances of this spilling over into daily life for our elected members. Much of "being safe" is about "feeling safe."

The Members of Parliament Determination 2023 (Section 48) allows for up to $4500 to install a security system at a member's primary place of residence, along with up to $1000 per year to monitor this.

LGNZ's own research carried out last year identified three quarters of elected members had suffered abuse or harassment at public meetings, a third at the supermarket or school pick up, and that half of EM's felt it was worse than a year ago. Supporting new anti-stalking and harassment Legislation is a good start, but this is something that could immediately help our elected members to feel safer at home.

Some councils are already supporting elected members in personal safety. Central Otago District has paid for a member to install a camera at their home address where they live with young kids following an obnoxious campaign including items being left in their letterbox. There will be multiple other examples where councils are promoting personal safety, wellbeing initiatives and also installing or providing additional security measures at homes and council offices.

Far North and Central Otago Districts are just two examples of our huge, remote areas. Overnight Central Otago, all 9,968 square kilometres of it, is covered by two on-call Police officers, based 30km

apart. Feeling safe plays a big role in actual safety. Expectations of safety will be different for an older female to a young dad with kids, a large family or a person living alone, and they are also different between rural and urban areas.

This election, we want to ensure worry about how safe someone is in their own home is not a barrier to putting their hand up to fulfil a wonderful role for our communities.

How does this remit relate to LGNZ's current work programme?

Ties into the research on safety that LGNZ carried out last year, and also the support of the Crimes Legislation (Stalking and Harassment) Amendment Bill.

How will the proposing council help LGNZ to make progress on this remit?

Connect with Minister Mark Patterson (Minister for Rural Communities) for support

Investigate the possibility for a partnership with a national retailer/supplier of home security systems and/or trail cams

Timeframe - depends how quickly things could progress before the election?

// 02 Improving Joint Management Agreements

Proposed by: Northland Regional Council

Supported by: LGNZ Zone 1

Remit: *That LGNZ advocate to Government for: a) legislative change to make the Joint Management Agreement (JMA) mechanism more accessible for councils to use with iwi/hapū, b) for the provision of technical, legal and financial support to facilitate the use of JMAs for joint council and iwi/hapū environmental governance, and c) for a mechanism such as JMAs to be included in the Government's new resource management legislation.*

Why is this remit important?

JMAs are a valuable tool for councils and iwi / hapū to work together on environmental governance. Many councils support stronger partnerships with tangata whenua, but the statutory and practical barriers to formalising JMAs have severely limited their uptake by councils and iwi/hapū.
There is thus a need to address the limitations of the current mechanism under the RMA, to make it more accessible to councils and tangata whenua, as well as to ensure a mechanism such as JMAs is included in the Government's new resource management legislation.

Recommended improvements include a) simplification or modification of the JMA statutory requirements and criteria; b) provision of a customisable JMA template and detailed guidance on when JMAs might be appropriate and how to establish them; c) explanation of the legal implications for the parties, and the Health & Safety obligations; d) making JMAs mandatory in appropriate circumstances in addition to Treaty settlements; and e) provision of funding to support iwi/hapū capacity to develop and implement JMAs.

Background and Context

JMAs under the Resource Management Act 1991 (RMA) provide for agreement between a local authority and an iwi authority and/or groups representing hapū to jointly perform or exercise any local authority functions, powers or duties under the RMA relating to a natural or physical resource.

Since inclusion as a mechanism under sections 36B-E of the RMA in 2005, only two JMAs have been established, apart from their mandatory use in some Treaty settlements.

For a JMA to be developed, the local authority must be satisfied that the agreement is an "efficient" method of exercising the function, power or duty. However, if a JMA were to require more funds and resources to support administrative costs and extra person-hours than what council would itself expend, the "efficiency" criterion might not be satisfied. Thus, "efficiency" could compel an iwi/hapū to contribute its own resources to the collaborative management process if it wished to conclude a JMA. A lack of financial resources is repeatedly identified by iwi/hapū as being the most significant barrier to their full participation under the RMA.

Another requirement of s36B is that the local authority must be satisfied that the other party to the JMA has the "technical or special capability or expertise to perform or exercise the function, power,

or duty jointly with the local authority". Many (especially unsettled) iwi/hapū are under-resourced, often having to relying on voluntary contributions of resources and expertise; thus funding and technical support may be needed to facilitate iwi/hapū participation in JMAs.

Another deterrent to JMA uptake is that the agreement can be cancelled by either party at any time. If conflict arises, the local authority will always have the “upper hand” because the function(s) shared under the JMA will revert exclusively to local authority control. More stringent cancellation requirements could be introduced that give JMA parties greater assurance of continuation.

Only those JMAs created as part of Treaty Settlements are currently mandatory for local authorities. A similar mandatory requirement under the RMA for councils to enter into JMAs in appropriate circumstances would facilitate uptake.

Currently there is very little information available on the legal implications of JMAs, and on the process and considerations for developing and implementing such an agreement. There is also no template provided for such agreements. Technical guidance from central government would further facilitate uptake.

In summary, very low uptake of JMAs reflects the high barriers to their uptake by councils and iwi/hapū. They remain a potentially useful tool if sufficient guidance, resourcing and technical support is provided, and if criteria for developing them are made more enabling.

How does this remit relate to LGNZ’s current work programme?

This remit aligns with LGNZ's strategy, in particular the long-term goal that Te Tiriti partnerships between local government and Māori are authentic, strong and respected. We are not aware of any existing or planned work to advocate for improved legislative mechanisms and implementation support for Joint Management Agreements.

How will the proposing council help LGNZ to make progress on this remit?

We can provide some technical expertise to support analysis of specific options to improve how JMAs function and some advocacy support.

// 03 Alcohol Licensing Fees

Proposed by: Far North District Council

Supported by: LGNZ Zone 1

Remit: *That LGNZ advocates for the government to update the Sale and Supply of Alcohol (Fees) Regulations 18 December 2013 to account for inflation and include a mechanism for automatic annual inflation adjustments.*

Why is this remit important?

If a local council does not have a bylaw that sets alcohol licensing fees and charges it must default to the schedule of fees in the Sale and Supply of Alcohol (Fees) Regulations 2013. These default fees were set 12 years ago and, with the impact of inflation over this period, no longer enable local councils to reasonably recover the costs to administer the alcohol licensing system. This has led to increasing ratepayer subsidisation of these costs. Currently the only way that councils can increase these fees and charges is to make an Alcohol Fees Bylaw under an Order in Council associated with the Sale and Supply of Alcohol Act 2012. This is an inefficient and expensive way for councils to raise their alcohol licensing fees and charges, when this issue could be simply resolved by the government updating the schedule of fees in the Regulations.

Background and Context

Objectives relating to the setting of alcohol licensing fees were listed in the review of the Supply of Alcohol (Fees) Regulations 2013 conducted by the Ministry of Justice in 2017. These objectives include: - recovering the total reasonable costs incurred by local councils and ARLA in administering the alcohol licensing system - ensuring that those who create the greatest need for regulatory effort bear the commensurate costs.

Alcohol licensing fees and charges are intended to cover the reasonable costs of administering the alcohol licensing system via a 'user pays' approach. The fees and charges set in the Sale and Supply of Alcohol (Fees) Regulations 2013 are now 12 years out of date and have not been updated since 2013, despite two reviews of these fees conducted in 2018 and 2022 as required by section 404 of the Sale and Supply of Alcohol Act. With inflation since 2013, costs to manage alcohol licenses cannot be recovered through the fees prescribed in these Regulations. This means that every time Council processes an alcohol licence it costs more than the fee paid by the licensee and the difference must be covered by general rates.

To increase these fees and charges in their districts, local councils can make Alcohol Fees Bylaws under the Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013. However, making a bylaw is a relatively costly and inefficient way to address this issue as it involves: - time and effort to research and draft the bylaw - costs for public consultation - the need to regularly review the fees and charges set in the bylaw. A better solution would be for the government to update the fees and charges listed in the 2013 Regulations to reflect current costs. The schedule of fees in the revised Regulations should also allow for an annual CPI increase and allow cost recovery for hearings objections to District Licensing Committee decisions.

How does this remit relate to LGNZ's current work programme?

This remit sits within the Funding and Financing advocacy area within LGNZ's Advocacy Work Programme. Specifically, this relates to: - Advocating for changes to local government funding and financing - Building and working with a coalition of the willing to support LGNZ's advocacy for changes to local government funding and financing. Fees and charges are also specifically mentioned in LGNZ's funding and finance toolbox. We understand that the regulation of alcohol fees is not currently part of this Work Programme.

How will the proposing council help LGNZ to make progress on this remit?

We can provide detailed evidence of the current income received by FNDC from licensing fees based on applying the outdated fee schedule in the 2013 Regulations, compared with the costs to administer the alcohol licensing system. In summary, in the 2023/24 financial year FNDC received $410,000 in income from licence application fees compared with costs of $581,000. This means there was a shortfall of $171,000 which has to be recovered from general rates. In 2023/24 licence application fees covered 71% of costs for the Council. By contrast, the 2017 Review of the 2013 Regulations reported that cost recovery across all local councils was 108%.

// 04 Aligning public and school bus services

Proposed by: Nelson City Council

Supported by: LGNZ Regional Sector

Remit: *That LGNZ advocate for the reform of the Ministry of Education funded school bus services to provide an improved service for families and to better integrate the services with council provided public transport services, including the option of Public Transport Authorities (e.g. regional and unitary councils) managing such services (with appropriate government funding), noting that:*

a. councils better know their local communities; and

b. the potential to reduce congestion from better bus services for schools; and

c. the efficiency gains realised from integrating these two publicly funded bus services

d. the outdated and inflexible rules of the current centralised school bus system

Why is this remit important?

The quality and efficiency of school and public bus services is compromised by school and public bus services being funded through two different arms of Government. Some services are funded through the New Zealand Transport Agency and councils, and others are through the Ministry of Education School Bus Transport Service. This remit proposes to align those functions by transferring the funding and management to Regional Public Transport authorities which are better placed to understand and respond to local transport needs. By improving our bus services for students, we can also reduce congestion which is noticeably less during the school holidays in towns and cities around New Zealand.

Background and Context

There are essentially two drivers for this reform. The first is that it makes no sense to have two different arms of Government separately planning and contracting publicly funded bus services. The second is that decisions about bus services are best made locally.

The co-ordination and contracting of public bus services, whether for getting students to school or for other passengers, is a complex job. Decisions about the routes, frequency, bus size and convenient bus stops are difficult, requiring the juggling the objectives of making the service as convenient as possible, maximising usage, managing costs and ensuring safety. These decisions are inherently local.

The centralised school bus transport system is a huge source of frustration to communities and councils all over New Zealand. It is governed centrally by archaic, rigid rules that date back nearly 100 years, and are unchanged to this day.

The Ministry of Education officials do the best they can within the current policy, but the system is fundamentally outdated and broken. It makes no sense for education officials to be running transport services, and it is impossible to run a community focused, flexible school transport system over thousands of schools and communities from Wellington.

One of the big opportunities of this reform is to reduce congestion by improving our bus service for students. The potential is highlighted in towns and cities all over New Zealand during school holidays when there is much less congestion. An improved bus service with timetables and routes tailored to students' needs would be a wise investment for the overall transport network.

Regional councils, unitary authorities and Auckland Transport are all public transport authorities with delegated responsibility for the development, planning and delivery of public transport services in New Zealand.

The current system has perverse incentives in that if a public transport authority uses rates to improve public transport service to an area, the Ministry of Education withdraws its service. The current system discourages councils to provide public transport services on routes and times that work for students.

Nelson/Tasman are exploring trialling the integration of the management of public and school transport services. We believe there is the opportunity to provide a more responsive service to families of school aged children, to expend our public transport network and to get efficiency gains from contracting for both types of services. If successful, the trial may result in wider reforms.

This is a significant proposal currently involving more than $125 million of annual public expenditure on school bus services that would need to be transferred to public transport authorities. It would be a complex reform that requires careful attention to detail and consultation with parents, schools, bus service providers and councils. The prize is a better bus services in places like Nelson, less congestion on our roads and more efficient use of public money.

How does this remit relate to LGNZ's current work programme?

Transport is a critical issue facing all councils and we need to be proactively looking for way to better deliver services. This remit goes to the heart of LGNZ's vision of localism in that it proposes to localise the delivery of school bus services. This remit also compliments LGNZ's strategic relationship with Government in that it proposes reforms that improve efficiency, and is not just asking for more funding in fiscally constrained times. It also supports LGNZ's sustainability goals by providing opportunities for expansion of public transport services.

How will the proposing council help LGNZ to make progress on this remit?

Nelson City Council is keen to help advance the case for this reform. We have already engaged with the Ministry of Education, the Minister of Education and the Minister of Transport who are interested in the reforms and keen to trial this alternative approach for the delivery of school bus services. We also commit to sharing our experiences should Nelson Tasman proceed to trialling this reform.

// 05 Review of local government arrangements to achieve better balance

Proposed by: **Tauranga City Council**

Supported by: LGNZ Metro Sector

Remit: *That LGNZ works with the Government and Councils to review current local government arrangements, including the functions and structure of local government, to achieve a better balance between the need to efficiently and effectively deliver services and infrastructure, while enabling democratic local decision-making and action by, and on behalf of communities.*

Why is this remit important?

Efficient and effective local democracy and associated decision making is paramount.

Background and Context

A number of local government reviews undertaken previously, have concluded that the current structure and arrangement of the local government sector, is not conducive to ensuring that infrastructure and services delivered to communities, are always done so in a cost effective and efficient manner.

Current sector arrangements are a legacy, and do not always reflect how our communities have expanded, nor how modern services are delivered.

Central government is underway with key policy and legislations changes that both directly and indirectly significantly impact the local government sector. This will require an agile and well planned response by the sector.

How does this remit relate to LGNZ's current work programme?

This is an important issue for local government as the sector responds to the current central government policy and legislation changes and reforms underway. Seeks advocacy for a work programme between central government, local government and LGNZ, to undertake this review, and ensuring local communities are well considered.

This remit sits within the principles of the Local Government Act 2002 in that it would give local government a tool to provide services more efficiently. While this is not currently part of LGNZ's work programme, engaging with central government will be essential to making progress in this area.

How will the proposing council help LGNZ to make progress on this remit?

Metro sector councils will provide support and resource to participate and work on the programme established.

Item 14

Council Report

Committee: Council **Date:** 26 June 2025

Author: Keryn Phillips **Authoriser:** Michelle Hawthorne

Position: Governance Advisor **Position:** Governance and Assurance Manager

Report Name: Recommendations to the Council from Open Committee Meetings

Report Status	*Open*

Purpose - *Take*

1. To seek the Council's approval of the recommendations from:

   i. the Economic Development Committee meeting 22 May 2025 (Agenda & Minutes)

   ii. the Strategic Risk and Assurance Committee meeting 17 June 2025 (Agenda & Minutes)

   iii. the Finance and Monitoring Committee meeting 24 June 2025 (Agenda & Minutes)

Recommendation from the Economic Development Committee meeting of 22 May 2025

2. **Business Improvement District Policy Review**

   That the Council approves the revised Business Improvement District Policy (**Attachment 2** of the staff report), to be effective from 1 July 2025.

Recommendation from the Strategic Risk and Assurance Committee meeting of 17 June 2025

3. **Health & Safety Report – 1 February 2025 to 30 April 2025**

   That the Council receives the report.

4. **Audit New Zealand Update**

   That the Council approves the managements recommendation on the discontinuation of the presentation of Consolidated Financial Statements subject to confirmation of the treatment by Audit New Zealand.

Recommendation from the Finance and Monitoring Committee meeting of 24 June 2025

5. **Financial Performance & Strategy Report to 31 April 2025** (to be circulated following the meeting)
6. **Ratepayer Assistance Scheme** (to be circulated following the meeting)

Attachments - *Ngaa taapirihanga*

There are no attachments for this report

Item 15

Council Report

Committee: Council **Date:** 26 June 2025

Author: Kimberley Atkins **Authoriser:** Blair Bowcott

Position: Corporate Planning Lead **Position:** General Manager Strategy, Growth and Planning

Report Name: Adoption of the 2025/26 Annual Plan

Report Status	*Open*

Purpose - *Take*

1. To seek the adoption of the 2025/26 Annual Plan by the Council.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Council:

   a) receives the report; and

   b) adopts the 2025/26 Annual Plan.

Executive Summary - *Whakaraapopototanga matua*

3. The Local Government Act 2002 requires the Council to adopt the 2025/26 Annual Plan by 30 June 2025.

4. On 29 May 2025, Council deliberated on and approved the 2025/26 Annual Plan budget. The Annual Plan document reflects decisions made at that meeting, and will be a late attachment to this report for the Council to consider for adoption.

5. Staff consider the decision in this report is of low significance and that the recommendations comply with the Council's legal requirements.

Background - *Koorero whaimaarama*

6. The 2025/26 Annual Plan is required to:

   i. provide the annual budget and funding impact statements for the year; and

   ii. identify any variation from the budget and funding impact statements included in Year Two of the 2024-34 Long-Term Plan.

7. In September 2024, staff were directed to review the budgets and workplan of the draft 2025/26 Annual Plan budget against the economic settings and consider where any changes were necessary. The significant assumptions underpinning the financial strategy were also reviewed, including inflation, interest rates and depreciation. Several amendments to the draft 2025/26 Annual Plan budget were made to take account of changes to interest, inflation, and accounting measure adjustments.

8. Elected Members considered and finalised the draft 2025/26 Annual Plan budget at the Council meeting of 11 February 2025.

9. Given the low-medium level of significance of the changes in the Annual Plan and the focus on the *What's next for water?* consultation, Council did not consult on the 2025/26 Annual Plan. However, within the waters consultation, Council consulted on establishing targeted rates for water, wastewater, and stormwater from 1 July 2025. There was a total of 221 submissions, of which a relatively low proportion commented on the rates proposal.

10. On 29 May 2025, Council deliberated and approved the 2025/26 Annual Plan budget. This resulted in the 2025/26 financial position of:

    i. a total capital programme of cost of $256.6 million;
    ii. debt to revenue ratio of 239%;
    iii. net debt of $1.127 billion; and
    iv. balancing the books deficit of ($13 million).

11. The 2025/26 Annual Plan document will be circulated as a late attachment. The Annual Plan Disclosure Statement and Council Funding Impact Statement will be provided separately for inclusion in the document post meeting, due to the timing of the rates revaluation final certification.

Discussion - *Matapaki*

Targeted rates and associated policies

12. The *What's next for water?* consultation sought the community's views on Council's proposal to introduce targeted rates for water, wastewater, and stormwater from 1 July 2025, set on a differentiated capital value basis.

13. At the Annual Plan deliberations meeting on 29 May 2025, Council approved that the establishment of targeted rates for water, wastewater, and stormwater, from 1 July 2025, set on a differentiated capital value basis and from within the total rates amount, and requested staff to update the Revenue and Financing Policy, Funding Needs Analysis and Rating Policy for adoption on 26 June 2025.

14. Given the decision at the same meeting to transfer responsibility for water and wastewater services to a new joint Council-Controlled Organisation (CCO) from 1 July 2026, the water and wastewater targeted rates will be in place for one year only. The stormwater rate will be enduring as Council will retain control of stormwater, with services provided under contract by the CCO.

15. The **Rating Policy** is shown in **Attachments 1** and **2.** Changes reflect the introduction of the targeted rates for water, wastewater and stormwater. These changes were approved for the purposes of preparing a draft Annual Plan budget at the Council meeting of 12 December 2024 (see Minutes).

16. Changes to the **Funding Needs Analysis (Attachments 3** and **4)** and **Revenue and Financing Policy (Attachments 5** and **6**) reflect the introduction of the targeted rates for water, wastewater, and stormwater.

17. The Council also approved minor changes to the policies at the 20 March 2025 Council meeting to clarify the description of Council's five priorities with respect to Venues, Tourism and Events. The funding mix, rationale, and policy intent were not amended, and as such those changes are not considered significant (see Minutes).

Financial Contributions and the Revenue and Financing Policy

18. At the Council meeting of 12 December 2024, a further change to the Revenue and Financing Policy requiring financial contributions for residential amenity was approved.

19. In the draft Revenue and Financing policy that Council adopted on 20 March 2025, Clause 45 was amended pending the decision from the Minister Responsible for Resource Management Act Reform in relation to the inclusion of residential amenity maintenance and improvement as a component of financial contributions.

20. The Minister Responsible for Resource Management Act Reform did not accept the request, and therefore has been removed from the draft Policy.

Waters revaluation issue

21. The rationale and implications of not including the water assets revaluation for the 2025/26 Annual Plan has been disclosed in the 2025/26 Annual Plan document (late attachment), in the Financial Matters section.

22. The balancing the books graph as presented at the 29 May 2025 Annual Plan deliberations meeting that demonstrated the potential impact of water assets revaluation should it be included in the 2025/26 Annual Plan contained an error. This graph has been replaced in the disclosure in the Annual Plan document.

23. Specifically, the potential impact of the revaluation on balancing the books in year 2026/27, being Year Three, has changed from a ($25 million) deficit to a ($12 million) deficit. All other numbers in the original graph were correct.

Annual Plan document

24. The 2025/26 Annual Plan document will be circulated as a **late attachment**. The Annual Plan Disclosure Statement and Council Funding Impact Statement will be provided separately for inclusion in the document post meeting, due to the timing of the rates revaluation final certification.

Financial Considerations - *Whaiwhakaaro Puutea*

25. The cost of preparing the Annual Plan has been budgeted within operating budgets for staff time, design of the Annual Plan document, and consultation with and communication to the community.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

26. Staff confirm that staff recommendation complies with the Council's legal and policy requirements, specifically the Local Government Act 2002.

Climate Change Impact Statement

27. Staff have assessed this option against the Climate Change Policy for both emissions and climate change adaptation.

28. Staff have determined no adaptation assessment or emissions assessment is required.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

29. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the four wellbeings').

30. The subject matter of this report has been evaluated in terms of the four wellbeings during the process of developing this report as outlined below.

31. The recommendations set out in this report are consistent with that purpose.

Risks - *Tuuraru*

32. Council is required to adopt an annual plan by 30 June 2025 in accordance with the Local Government Act 2002. Failure to complete the process by that date has the potential to:
    i. delay implementing the setting and assessing of rates for 2025/26 at the level required to support the budget;
    ii. delay the introduction of targeted rates for water, stormwater and wastewater;
    iii. limit borrowing, impacting on Council's capital programme;
    iv. halt the collection of new development contributions; and
    v. introduce significant negative reputational risks.
33. A further implication of failing to adopt the Annual Plan is that the waters CCO will not have the required approvals to access the debt funding necessary for the establishment costs from 1 July 2025, and may result in the delayed approval of the Water Services Delivery Plan.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

34. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.
35. Community views and preferences are already known to the Council through consultation on the 2024-34 Long-Term Plan and engagement on the *What's next for water?* consultation.
36. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Rating Policy (tracked changes version)

Attachment 2 - Rating Policy ('clean' version)

Attachment 3 - Funding Needs Analysis (tracked changes version)

Attachment 4 - Funding Needs Analysis ('clean' version)

Attachment 5 - Revenue and Financing Policy (tracked changes version)

Attachment 6 - Revenue and Financing Policy ('clean' version)

Attachment 7 - 2025/26 Annual Plan document *(to be Circulated Under Separate Cover)*

Revision dates/version:	16 June 2025
Next review date:	June 2027
Engagement required:	Supporting information as part of Long-Term Plan consultation
Document number:	
Associated documents:	n/a
Sponsor/Group:	General Manager Business Services

Rating Policy

Ko te Puutaketanga Purpose

1. To assist in setting rates as specified within the requirements of the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002 (LGRA).
2. Provide Council rates staff with a framework in which to operate, in accordance with the intentions and decisions of Elected Members.
3. To provide ratepayers with a transparent overview of Council's application of rates.

Ko te Whaanuitanga Scope

4. This Policy applies to all land contained within the operative Hamilton City Council boundary.
5. This Policy is to be read in conjunction with the Revenue and Financing Policy, Rates Remissions and Postponements Policy, and Funding Impact Statement.
6. Council must complete the following to set a lawful rate:
    a. s.101(3) analysis (see Funding Needs Analysis);
    b. adopt a Revenue and Financing Policy (see the Long-Term Plan);
    c. adopt a Funding Impact Statement (see either an Annual or Long-Term Plan);
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Ko ngaa Whakamaaramatanga Definitions

Term	Definition in this Policy
Revenue and Financing Policy	The Revenue and Financing Policy sets out how the Council will fund its operating and capital expenditure for each activity.
Funding Needs Analysis	The Funding Needs Analysis provides the background and analysis to explain the funding decisions made by Council. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy and Council's Financial Strategy.
Council Funding Impact Statement	The Council Funding Impact Statement is included in each Long-Term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10 of the LGA. It provides detailed rates information for the first year of the Long Term Plan.
Rates Remissions and Postponements Policy	The Rates Remissions and Postponements Policy provides criteria on specific situations where rates remissions may be applied, or where rates may be postponed, affecting the liability of rates for a specific rating unit.
Ratepayer	The person or persons identified in our rating information database as the person liable for rates.
BID	The Business Improvement District (BID) is the defined area for where the BID rate is applied, in conjunction with the BID Policy. Also used to define the Central City rate area. The map is included within this document.
UAGC	A Uniform Annual General Charge (UAGC) is a fixed rate, set on all rateable

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	property in the same way, based on the number of Separately Used or inhabited parts (SUIPs) of the rating unit.
SUIP	A Separately use or Inhabited Part (SUIP) is defined within Councils Funding Impact Statement.

Ko ngaa Tikanga Whakahaere Kaupapahere Principles of Policy

7. That Council has a rating system which:
   a. appropriately spreads the incidence of rates;
   b. provides sufficient revenue to cover costs;
   c. complies with relevant legislation; and
   d. is transparent to the ratepayer and promotes accountability.

Ko ngaa Tikanga Policy

Material changes

8. 20254/265 ~~represents~~ is the ~~first~~ second year of the 2024-34 Long-Term Plan.

~~9. Council faces significant funding challenges over the term of the long-term plan. The rating system has been considered on the basis that it represents the most appropriate rates options to address the needs of the city.~~

~~10. The BID (Business Improvement District) Commercial differential (general rate and Government compliance rate) is set for commercial properties in the CBD (as defined on the Central City and BID area map). For 2023/24 this differential was 95% of the Commercial rate. From 2024/25 the BID Commercial differential rate will increase to be the same as the Commercial differential rate.~~

9. In accordance with decisions made at the 2024-34 Long-Term Plan ~~T~~the Central ~~C~~city targeted rate will be set for 20245/256 and ~~the current intention is to set it for 2025/26 but~~will not be set ~~not~~ from 1 July 2026.
10. The Government's water reforms (Local Water Done Well) require that water, wastewater, and stormwater are separately funded, and the following rates changes have been made for this reason, effective from 1 July 2025:
    a. a new capital value targeted rate for Water, to be set for residential rating units to which the Council's water supply system is available or connected;
    b. a new capital value targeted rate for Wastewater, with Commercial and Residential differential categories, to be set for rating units to which the Council's wastewater system is available or connected;
    c. a new capital value targeted rate for Citywide Stormwater, with Commercial and Residential differential categories, to be set for all rating units;
    d. the Other General rate differential category is discontinued;
    e. the targeted rate 'Commercial and Other category non-metered water' is renamed to 'Commercial non-metered water' and the definition updated for clarity;
    f. the Government compliance targeted rate is discontinued;
    g. the Service use water targeted rate is discontinued; and
    h. the Service use wastewater targeted rate is discontinued.
11. It is currently proposed that a Council Controlled Organisation (CCO) will be established to

own and manage water and wastewater from 1 July 2026. Should this occur, all targeted rates for water and wastewater would be discontinued and the CCO would instead charge for these services.

~~11. The Pool Safety Inspection targeted rate will be introduced for 2024/25 to cover the cost of swimming pool safety inspections, which are required to be carried out every three years.~~

General rate

12. The General rate is set differentially using matters as prescribed in Schedule 2 of the LGRA and as listed in the Funding Impact Statement.
13. From 1 July 2025 water, wastewater, and stormwater will not be funded from general rates and the total revenue collected from general rates will reduce accordingly.
14. For 2025/26 the total revenue collected from general rates will be calculated to meet the total rates revenue budgeted in the 2024-34 Long-term Plan (Note 2), assuming a rates increase of 15.5%.

~~12.~~

~~13. The LGRA Schedule 2 allows councils to set a general rate based on each of these matters.~~

General rate differentials

~~14.~~15. Rating units assessed for the General rate are categorised into one of ~~four~~ three differential categories:

- Commercial
- BID Commercial
- ~~Other~~
- Residential

16. These differential categories are defined in Council's Funding Impact Statement.
17. From 1 July 2024 the Commercial and BID Commercial categories are set at the same rate per dollar of capital value and are maintained as separate categories for application of BID and Central City rates.

~~15.~~18. From 1 July 2025 water and wastewater will not be funded from general rates and the Other category of General rate will be discontinued (rating units previously categorised as Other will be categorised as Residential).

Intention of the General rate category definitions and guidelines

~~16.~~19. The Commercial and BID Commercial rating categories are predominantly based on the use of the rating unit. Where the land is vacant the allocation of rating category is determined by the underlying zoning in accordance with the District Plan.

~~17. The General rate for the Commercial and BID Commercial rating categories does not include recovery of costs for the provision of water and refuse collection.~~

~~18. The Other rating category is for those rating units which would otherwise meet the definition of Residential but where Council's water (ordinary supply) and wastewater networks are not available for connection. Properties in the Other rating category will usually receive water by meter (restricted flow supply).~~

~~19. Primarily the Other rating category is land which is zoned to allow for future development. Often this land is used for lifestyle or rural purposes.~~

20. The Residential rating category incorporates all rating units that are used for residential purposes, specifically those not allocated to the Commercial, or BID Commercial, ~~or Other~~ rating categories.
21. ~~Properties~~ Rating units in the Residential rating category ~~are~~ usually ~~connected to Council's water network (ordinary supply), wastewater network, and~~ receive Council's rubbish & recycling ~~a refuse collection~~services (except in the CBD).
22. ~~An allocation for stormwater is incorporated as part of the General rate within all General rate categories. Although it is understood that individual properties manage stormwater in different ways, the contribution provides for the management of stormwater services throughout the city.~~
23. ~~The water services funded by the Government compliance rate are considered to provide city wide benefit relating to the three-waters network and are not specific to the provision of service to an individual property.~~
24. ~~Where the Rating Information Database (RID) identifies that a rating unit has more than one SUIP this does not imply that the rating unit is entitled to more than one supply of any service.~~

Differential category rate calculations

~~25.~~22. A fixed allocation of general rates between rating sectors was determined as part of the 2014/15 rating review, at which time Council adopted to transition the General rate basis from Land Value to Capital Value.

~~26.~~23. As part of the 2018-28 10-Year Plan the fixed percentage allocation of general rates by sector was removed to ensure that all rates growth resulted in additional revenue. The overall percentage yield of each sector will now change each year as the total capital value of each sector changes over time.

~~27.~~24. From 1 July 2021~~/22~~ the total amount of the General rate, and ~~the~~ Uniform Annual General Charge (UAGC)~~, and Government compliance rate~~ has been increased by Council's annual rates increase for existing ~~properties~~ratepayers.

25. For the purposes of the allocation, the BID Commercial rating category is included within the Commercial rating sector.
26. For 2025/26 the same differential factor will be used for the Commercial and BID Commercial categories of General rate, the Commercial category Wastewater rate, and the Commercial category Citywide stormwater rate.

28. ~~For the Other rating category, the General rate is calculated to be the amount of the Residential category General rate less an appropriate adjustment for wastewater and ordinary water supply services not provided. This is currently set at 74% of the Residential rate.~~

Uniform Annual General Charge (UAGC)

~~29.~~27. A UAGC is set as a fixed amount per SUIP (as defined within the Funding Impact Statement).

~~30.~~28. The UAGC is not directly allocated to any Council activities or services and is not adjusted where any service~~, including water, wastewater, or refuse~~ is not provided.

~~31.~~29. Currently, Council intends that the UAGC will increase each year by the same percentage as Council's annual rates increase, to ensure that the publicised rates increase is consistent for most ratepayers.

Targeted rates

~~Government compliance~~

~~32. 2021/22 saw the introduction of the Government compliance targeted rate.~~

~~33. This rate was introduced to fund the increasing costs in water services as well as the cost of changing our District Plan as a result of legislation introduced by central government.~~

~~34. When implemented it was the Elected Members' intention that the separation of these activities into a targeted rate would have no material impacts to the allocation of rates between rating sectors. i.e., individual ratepayers would pay approximately the same amount as if these costs formed part of the General rate.~~

~~35. As such, this rate was applied to all rateable land and will be differentiated on the basis of capital value in the same way as the General rate (i.e., same differential categories and factors).~~

~~36. Compliance requirements continue to be a growing component of Council activities.~~

~~37. Council may consider including additional compliance related costs within this rate as a way to show transparency to ratepayers where additional compliance requirements are imposed upon Council.~~

Business Improvement District (BID)

~~38.~~30. The BID targeted rates are set in conjunction with the BID Policy.

~~39.~~31. This rate is set and assessed on all rating units defined ~~within the~~as BID Commercial for the General rate ~~category~~ and comprises both a fixed amount per SUIP and a rate in the dollar based on the capital value.

~~40.~~32. The targeted rate is adjusted each year as specified within the BID policy.

~~41.~~33. The BID and Central City map is shown on Schedule 1 of this policy Rating Maps.

~~42.~~34. The purpose of this rate is to support the central city development as is defined within the BID Policy.

Central city

~~43.~~35. This rate is set and assessed on all rating units defined ~~within the~~as BID Commercial for the Ggeneral rate ~~category~~ and is set as a fixed amount per SUIP.

~~44.~~36. The BID and Central City map is shown on Schedule 1 of this policy, Rating Maps.

~~45.~~37. This rate provides funding to the Transport~~ation Network~~ activity.

~~46.~~38. 2025/26 is intended to be the final year of this rate.

Service use category

~~47.~~39. Service ~~U~~use ~~C~~category rates are set and assessed as targeted rates that are applied to rating units defined by the use, for the purpose of charging for ~~water, wastewater, and refuse~~rubbish & recycling ~~collection~~services. These rates are defined in the Funding Impact Statement.

~~48.~~40. The intention of these rates is to enable land described as ~~N~~non-~~R~~rateable by Schedule 1 Part 1 of the LGRA to contribute to the funding of ~~water, wastewater, and refuse~~rubbish & recycling~~.~~

~~collection~~ services. ~~The individual rates are:~~

~~Service Use Water~~

~~Service Use Wastewater~~

~~Service Use Refuse~~

~~49.~~41. Service u~~U~~se ~~C~~category also includes land which is Council reserve and where there is a community, sporting or cultural activity which is subject to a lease agreement as defined within Council's Community Occupancy Policy.

~~50.~~42. Upon application, Council extends the rating treatment of the Service ~~U~~use ~~C~~category to rating units which are operated by not-for-profit organisations, which provide benefits to the wider community and where there is no private pecuniary gain. Refer to the Rates Remissions and Postponements Policy for criteria.

~~51.~~43. The targeted rate for ~~refuse collection~~rubbish & recycling services is calculated as a fixed rate based on the net cost to provide the service and the number of SUIPs receiving the service.

44. The rate may be calculated in a way to reduce significant fluctuation from year to year.

45. Separate service use category rates for water and wastewater will not be set from 1 July 2025 due to the introduction of universal water and wastewater targeted rates.

~~52. The targeted rate for water provision is the same amount as the Commercial and Other Category Non-Metered Water rate and is applied where the rating unit is connected to Council's water network but not provided with a metered connection.~~

~~53. The targeted rates for the provision of Wastewater are calculated based on the net costs to Council to provide the service and are set as a rate in the dollar using both the Land Value and Capital Value of the rating unit.~~

~~54. Using the combination of Land Value and Capital Value has regard to the variety of property types, and large range of rateable values.~~

~~55. Wastewater costs are increasing significantly over the period of the Long-Term Plan.~~

~~56. The rate may be calculated in a way to reduce significant fluctuation from year to year.~~

Metered water

~~57.~~46. This is set and assessed for metered and restricted flow water supply on a differential basis to all rating units that are metered (as defined by Hamilton City Council's Water Supply Bylaw 2013).

~~58.~~47. This is calculated based on the average cost to produce 1000 litres of water.

Commercial ~~and Other Category~~ non-metered water

~~59.~~48. This rate is set and assessed on all rating units used for commercial purposes~~Commercial and Other category properties~~ which are connected to the Council's water supply system~~the water network~~ but are not provided with a metered connection. The intention of this rate is to ensure a contribution towards water costs, as they are not otherwise allocated as part of the General rate.

~~60.~~ This is set as a fixed rate which ~~represents~~ is the same amount as the minimum charge which would be applied if water was otherwise supplied ~~via~~ by a water meter.~~.~~

~~61.~~49. This is calculated based on applying the metered water rate to an average annual

consumption of 240 kilolitres.

Water

50. This rate is to be set from 1 July 2025.
51. The rate is set and assessed on all rating units used for residential purposes to which the Council's water supply system is available or connected.
52. The rate is set on capital value.
53. For 2024/25 (and prior years) residential rating units paid for water in their general rates (based on capital value) where the Council's water supply system was available for connection.

Wastewater

54. This rate is to be set from 1 July 2025.
55. The rate is set and assessed on all rating units to which the Council's wastewater system is available or connected.
56. The rate is set on capital value with Commercial and Residential differential categories.
57. For 2025/26 the Commercial differential factor will be the same as the Commercial General rate.
58. For 2024/25 (and prior years) all rateable rating units paid for wastewater in general rates (based on capital value) where the Council's water supply system was available for connection, and commercial rating units paid more than residential rating units (per dollar of capital value).

Citywide stormwater

59. This rate is to be set from 1 July 2025.
60. The rate is set and assessed on all rating units.
61. The rate is set on capital value with Commercial and Residential differential categories.
62. For 2025/26 the Commercial differential factor will be the same as the Commercial General rate.
63. The rate is applied to all rating units regardless of any actual connection to, or availability of, the Council's stormwater network or any private management of stormwater for the property.
64. For 2024/25 (and prior years) all rateable rating units paid for stormwater in general rates (based on capital value), and commercial rating units paid more than residential rating units (per dollar of capital value).

Pool safety inspection

~~62.~~65. This rate ~~is to be~~has been set from ~~introduced in~~ 1 July 2024~~/25~~.
~~63.~~66. Most swimming pools are required to be inspected for safety compliance every three years.
~~64.~~67. Rating units ~~Properties~~ requiring a pool inspection by Council will be charged the rate.
~~65.~~68. The rate per rating unit will be set each year as one-third of the three-yearly inspection fee recorded on Council's schedule of fees and charges.
~~66.~~69. Where additional inspections are required (for example where the first compliance check was failed) these may be invoiced separately.
~~67.~~70. Where Council is no longer required to inspect a pool (for example where the pool has been removed), the targeted rate will not be set from the following rating year (i.e. rates may not

be adjusted during a rating year).

~~68.~~71. For some ~~properties~~ rating units with a pool that requires inspection by Council it may not be possible to set the rate (for example properties meeting the requirements of schedule 1 of the LGRA). In such cases the inspection may be invoiced separately.

~~Sporting and Cultural (~~50% non-rateable~~)~~

~~69.~~72. ~~50% non-rateable status is applied to those ratepayers as defined under~~ Schedule 1~~,~~ Part 2 of the ~~Local Government (Rating) Act 2002~~LGRA defines rating units that are 50% non-rateable (broadly speaking, land owned or used by societies for arts or sports).

~~70.~~ Rating units defined as 50% non-rateable will be charged 50% of the Residential category General rate, UAGC, and Residential category Citywide Stormwater rate.~~Council assesses the Sporting / Cultural rate as 50% of the Residential General rate, Transitional rate, UAGC and Hamilton Gardens rate.~~

73.

~~71. This represents a rates contribution from Sporting and Cultural groups as required under the Local Government (Rating) Act 2002.~~

~~72.~~74. ~~Sporting and Cultural groups~~ Rating units defined as 50% non-rateable do not receive ~~a~~ Council's ~~refuse~~ rubbish & recycling ~~collection~~services~~, as this service is intended for residential households~~.

75. Section 9 of the LGRA provides that ~~50% non-rateable properties~~ rating units defined as 50% non-rateable will pay targeted rates for water, wastewater, and refuse collection and ~~.~~the following targeted rates will be set if applicable:

a. ~~M~~Metered ~~w~~Water or ~~is a targeted rate and is payable in addition to the calculated 50% rate.~~the Commercial Non-Metered Water rate;

b. the Residential category Wastewater rate.

~~73.~~

Calculating core service remissions

~~74. Where Council is unable to provide to a property any of the following core services:~~

- ~~connection to Council's water network; or~~
- ~~connection to Council's wastewater network; or~~
- ~~rubbish and recycling collection; and~~

~~where that service is funded by the general rate set for the property, a remission for this service will be applied upon application.~~

76. Where Council is unable to provide rubbish & recycling services to a property defined as Residential for the General rate a remission for this service will be applied upon application.

77. The amount of remission to be applied will be determined by an allocation of rates from Council's Long-Term Plan Funding Impact Statements.

~~75.~~

Rates based on location

~~76.~~78. Council has established targeted rates based on the location of a rating unit. This includes the Central City rate, which is not intended to be set from 1 July 2026.

~~77.~~79. Rating boundaries have been drawn with the intention of encompassing entire rating units.

~~78.~~80. Should a boundary split a rating unit, Council will rate the property based on the predominant rating category definition.

~~79.~~81. Schedule 1 of this policy, Rating Maps, defines the BID Commercial General rate area, and is used to set the BID targeted rate and the Central City targeted rate.

Separately used or inhabited parts (SUIP)

~~80.~~82. Council has elected to assess its UAGC and other fixed amount rates based on SUIP.

83. Council defines SUIPs in the Funding Impact Statement in its Annual Plan or Long-Term Plan. That definition only applies to the rating year of the Funding Impact Statement.

~~81.~~84. Where the Rating Information Database (RID) identifies that a rating unit has more than one SUIP this does not imply that the rating unit is entitled to more than one supply of any service.

Residential short-term accommodation

~~82. Hamilton is experiencing an increase in purpose-built short-term accommodation.~~

~~83.~~85. The Operative District Plan or a land use consent may set the maximum length of stay allowed at a property.

~~84.~~86. Council's Commercial rating category includes residential accommodation where the average length of stay is 90 days or fewer.

~~85.~~87. Where Council records that a property is used for short-term accommodation (for example, where it is advertised on a nightly or short-term rate) and is not otherwise designated via the zoning, nor consent, Commercial rates will apply.

~~86.~~88. The property owner will be required to supply history/evidence of length of stay if they believe their rates have been assessed incorrectly.

Divisions

~~87.~~89. Council has elected to undertake the division of rating units, where different parts of a rating unit are included in different differential categories, or part of the rating unit is non-rateable (under Schedule 1 of the LGRA), or a remission or postponement applies.

~~88.~~90. A division is the separation of a property record within the RID into two or more parts. A division is done only for the purpose of assessing rates correctly.

~~89.~~91. Where a division is required, Council determines the area of the property put to each use and requests its valuation service provider to value the parts of the property.

~~90.~~92. Each part will be deemed a SUIP for the purposes of assessing rates.

~~91.~~93. Often as part of a subdivision and development, part of the developed land may be intended to be vested in Council, which occurs when new titles are issued, and is generally upon completion of subdivision works. When assigning differential categories of a rating unit, where subdivision has not been completed (therefore new titles have not yet been issued), divisions will not be undertaken, as this is simply deemed as part of the process of developing land.

Rates payable by instalments

~~92.~~94. Council provides for rates to be payable in four equal instalments. In addition to quarterly, a

ratepayer may elect to pay at an a more regular frequency via direct debit. Additionally, payments may be made online; via the Council's website; ~~-~~or in person at Council's offices and ~~at Te Kete Aronui Rototuna Library~~ libraries.

~~93.~~95. Any payments received for rates are applied to the oldest debt first.

Minimum economic rate

~~94.~~96. Council will not collect the rates payable on a rating unit if the sum of those rates is so small as to be uneconomic to collect. Council has determined it is uneconomic to collect rates owing on any rating unit of less than $25.00 (including GST) per annum.

Rates penalties

~~95.~~97. Council sets penalties for overdue rates as part of its rates resolution.

~~96.~~98. Generally, Council adopts the following penalties regime:

a. a 10% penalty is applied on the next working day to any balance of any instalment not paid by due date.
b. a 10% penalty is added to any balance unpaid from previous years. This is added on 1 July of each year, or five working days after Council has passed the rates resolution (whichever is the later).

~~97.~~99. A further 10% penalty will be added to rates unpaid from previous years. This will be added six months after the penalty made in (b) above.

~~98.~~100. Penalties for unpaid water by meter invoices may also be applied, as set out within the Rates Resolution.

~~99.~~101. Any payments received for rates are applied to the oldest debt first.

Existing ratepayers

~~100.~~102. Council determines its annual rates increases in respect of existing ratepayers. Council defines an existing ratepayer as any rating unit that has been assessed for rates in the current year, and where there has been no change to the rating unit, since rates were set, of any category or factor on which rates were set.

~~101.~~103. This includes:

- rating category, and/or
- the number of SUIPs, and/or
- rating valuation (except as a direct result of the city-wide revaluation).

Rating growth

~~102.~~104. Rating growth has been forecast using calculations based on National Institute of Demographic and Economic Analysis (NIDEA) high population projections. Rating growth forecasting considers the expected increase in the number of rating units, SUIPs, and total capital and land value, which may result from subdivision and construction works.

~~103.~~105. Growth forecasting will be reviewed each year factoring in the actual results from the year prior.

Three-yearly revaluations of property values

~~104.~~106. Council has chosen to revalue every rating unit every three years, the maximum timeframe allowed by the Rating Valuations Act 1998.

~~105.~~107. The ~~next~~ most recent rating valuation ~~revaluation is to be undertaken this year where values will be~~ is based as at 1 September 2024.

~~106.~~108. These values will be used for setting rates from ~~2025/26~~1 July 2025.

~~107.~~109. The revaluation may affect the amount of rates assessed against individual rating units relative to other rating units.

Calculating differentials following revaluation

~~108.~~110. ~~2025/26 is the first year where r~~Rates will be set and assessed using 2024 rating valuations from 1 July 2025.

~~109.~~111. Historically, the differential factor for the General rate ~~and Government compliance rate~~ would be adjusted to maintain the differential yield of each rating sector from the previous rating year for existing ratepayers. This prevents a significant change to the distribution of rates between rating sectors following a revaluation.

~~110.~~112. Rating growth is independent to this calculation and may impact the total sector yield.

~~111.~~113. It is intended that this process will continue for 2025/26~~, however this may be dependent upon the outcomes of any separate rating review~~.

Rates debt recovery

~~112.~~114. Rates are set to enable Council to provide services to the community. Cashflow plays an important role in our day-to-day operations.

~~113.~~115. Where rates remain unpaid, Council follow the provisions for recovery as set out within the Local Government (Rating) Act 2002.

~~114.~~116. Council may engage an external collection agency to recover unpaid rates on its behalf.

~~115.~~117. This may include a legal process where applicable.

~~116.~~118. Council will seek reimbursement from the ratepayer of costs associated with any legal action relating to unpaid rates.

Public availability of information

~~117.~~119. The rating information database (RID) is available for public inspection at Council's offices during business hours. Limited rating information is also available to view on Council's website.

~~118.~~120. Council reserves the right to charge a fee for supplying any person with a copy of information from the RID.

Objections and disputes

~~119.~~121. The LGRA provides certain rights of objection to the information contained in the RID. Any objections to the allocation of property use to Council differential categories are to be made to Council's Rates Manager for consideration.

Ko te Aroturukitanga me te Whakatinanatanga Monitoring and Implementation

~~120.~~122. Implementation of this policy is delegated to, and will be monitored by, the Chief Executive and ~~G eneral Manager Business Services~~Chief Financial Officer.

~~121.~~123. The Chief Executive and Chief Financial Officer ~~General Manager Business Services~~ are authorised to delegate decision making and set appropriate financial limits to staff.

~~122.~~124. The policy will be reviewed in response to any issues that may arise, every three years, at the request of Council as part of a long-term planning process or in response to changed legislative and statutory requirements (whichever occurs first).

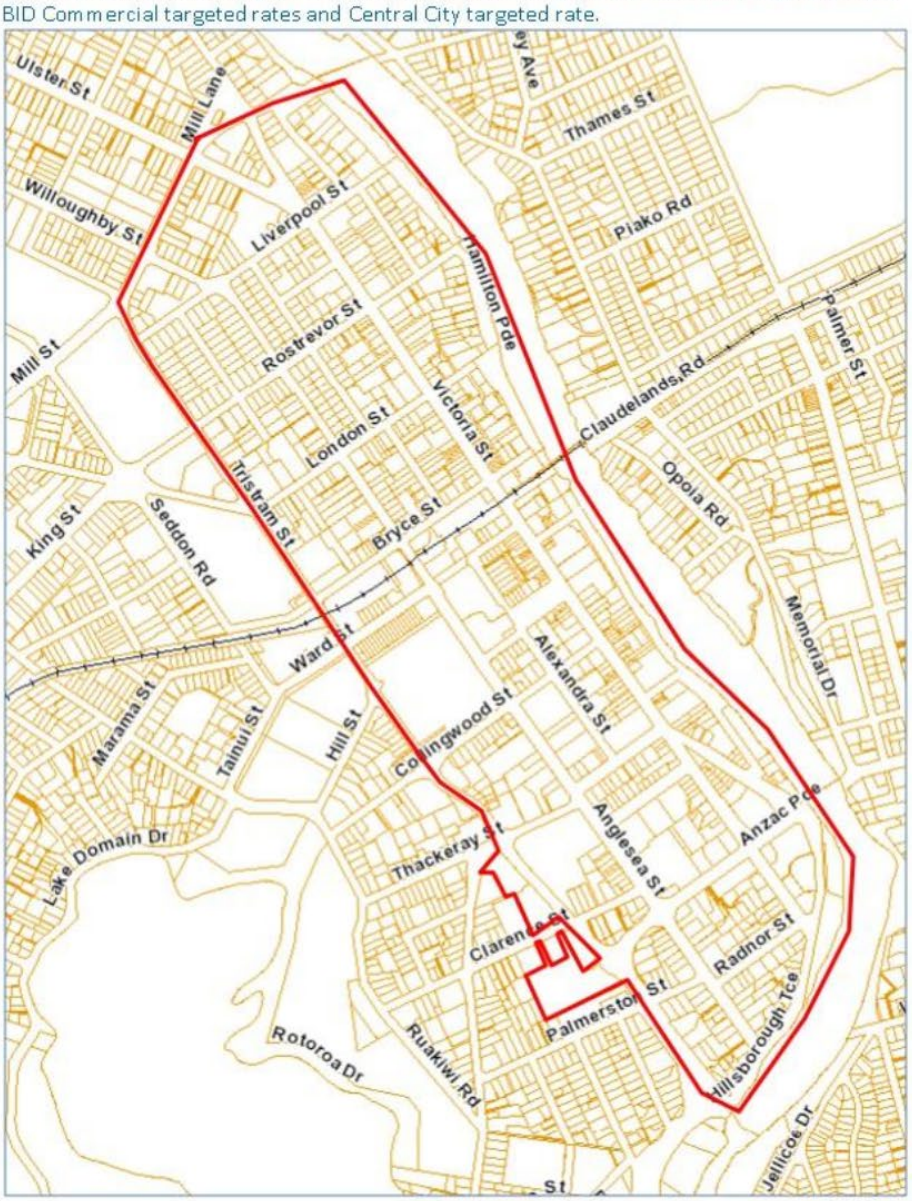
Ko ngaa Tohutoro References

Local Government Act 2002
Local Government (Rating) Act 2002
Funding Needs Analysis
Funding Impact Statement
Revenue and Financing Policy
Rates Remissions and Postponements Policy

Schedule One – Rating Maps

Business Improvement District (BID) and Central City Rating areas

This map defines the rating area for the purpose of setting the BID Commercial general rate, BID Commercial targeted rates and Central City targeted rate.



Revision dates/version:	16 June 2025
Next review date:	June 2027
Engagement required:	Supporting information as part of Long-Term Plan consultation
Document number:	
Associated documents:	n/a
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	property in the same way, based on the number of Separately Used or inhabited parts (SUIPs) of the rating unit.
SUIP	A Separately use or Inhabited Part (SUIP) is defined within Councils Funding Impact Statement.

Ko ngaa Tikanga Whakahaere Kaupapahere Principles of Policy

7. That Council has a rating system which:
   a. appropriately spreads the incidence of rates;
   b. provides sufficient revenue to cover costs;
   c. complies with relevant legislation; and
   d. is transparent to the ratepayer and promotes accountability.

Ko ngaa Tikanga Policy

Material changes

8. 2025/26 is the second year of the 2024-34 Long-Term Plan.
9. In accordance with decisions made at the 2024-34 Long-Term Plan the Central city targeted rate will be set for 2025/26 and will not be set from 1 July 2026.
10. The Government's water reforms (Local Water Done Well) require that water, wastewater, and stormwater are separately funded, and the following rates changes have been made for this reason, effective from 1 July 2025:
    a. a new capital value targeted rate for Water, to be set for residential rating units to which the Council's water supply system is available or connected;
    b. a new capital value targeted rate for Wastewater, with Commercial and Residential differential categories, to be set for rating units to which the Council's wastewater system is available or connected;
    c. a new capital value targeted rate for Citywide Stormwater, with Commercial and Residential differential categories, to be set for all rating units;
    d. the Other General rate differential category is discontinued;
    e. the targeted rate 'Commercial and Other category non-metered water' is renamed to 'Commercial non-metered water' and the definition updated for clarity;
    f. the Government compliance targeted rate is discontinued;
    g. the Service use water targeted rate is discontinued; and
    h. the Service use wastewater targeted rate is discontinued.
11. It is currently proposed that a Council Controlled Organisation (CCO) will be established to own and manage water and wastewater from 1 July 2026. Should this occur, all targeted rates for water and wastewater would be discontinued and the CCO would instead charge for these services.

General rate

12. The General rate is set differentially using matters as prescribed in Schedule 2 of the LGRA and as listed in the Funding Impact Statement.
13. From 1 July 2025 water, wastewater, and stormwater will not be funded from general rates and the total revenue collected from general rates will reduce accordingly.

14. For 2025/26 the total revenue collected from general rates will be calculated to meet the total rates revenue budgeted in the 2024-34 Long-term Plan (Note 2), assuming a rates increase of 15.5%.

General rate differentials

15. Rating units assessed for the General rate are categorised into one of three differential categories:
    - Commercial
    - BID Commercial
    - Residential
16. These differential categories are defined in Council's Funding Impact Statement.
17. From 1 July 2024 the Commercial and BID Commercial categories are set at the same rate per dollar of capital value and are maintained as separate categories for application of BID and Central City rates.
18. From 1 July 2025 water and wastewater will not be funded from general rates and the Other category of General rate will be discontinued (rating units previously categorised as Other will be categorised as Residential).

Intention of the General rate category definitions and guidelines

19. The Commercial and BID Commercial rating categories are predominantly based on the use of the rating unit. Where the land is vacant the allocation of rating category is determined by the underlying zoning in accordance with the District Plan.
20. The Residential rating category incorporates all rating units that are used for residential purposes, specifically those not allocated to the Commercial or BID Commercial rating categories.
21. Rating units in the Residential rating category usually receive Council's rubbish & recycling services (except in the CBD).

Differential category rate calculations

22. A fixed allocation of general rates between rating sectors was determined as part of the 2014/15 rating review, at which time Council adopted to transition the General rate basis from Land Value to Capital Value.
23. As part of the 2018-28 10-Year Plan the fixed percentage allocation of general rates by sector was removed to ensure that all rates growth resulted in additional revenue. The overall percentage yield of each sector will now change each year as the total capital value of each sector changes over time.
24. From 1 July 2021 the total amount of the General rate and Uniform Annual General Charge (UAGC) has been increased by Council's annual rates increase for existing ratepayers.
25. For the purposes of the allocation, the BID Commercial rating category is included within the Commercial rating sector.
26. For 2025/26 the same differential factor will be used for the Commercial and BID Commercial categories of General rate, the Commercial category Wastewater rate, and the Commercial category Citywide stormwater rate.

Uniform Annual General Charge (UAGC)

27. A UAGC is set as a fixed amount per SUIP (as defined within the Funding Impact Statement).
28. The UAGC is not directly allocated to any Council activities or services and is not adjusted where any service is not provided.
29. Currently, Council intends that the UAGC will increase each year by the same percentage as Council's annual rates increase, to ensure that the publicised rates increase is consistent for most ratepayers.

Targeted rates

Business Improvement District (BID)

30. The BID targeted rates are set in conjunction with the BID Policy.
31. This rate is set and assessed on all rating units defined as BID Commercial for the General rate and comprises both a fixed amount per SUIP and a rate in the dollar based on the capital value.
32. The targeted rate is adjusted each year as specified within the BID policy.
33. The BID and Central City map is shown on Schedule 1 of this policy Rating Maps.
34. The purpose of this rate is to support the central city development as is defined within the BID Policy.

Central city

35. This rate is set and assessed on all rating units defined as BID Commercial for the General rate and is set as a fixed amount per SUIP.
36. The BID and Central City map is shown on Schedule 1 of this policy, Rating Maps.
37. This rate provides funding to the Transport activity.
38. 2025/26 is intended to be the final year of this rate.

Service use category

39. Service use category rates are set and assessed as targeted rates that are applied to rating units defined by the use, for the purpose of charging for rubbish & recycling services. These rates are defined in the Funding Impact Statement.
40. The intention of these rates is to enable land described as non-rateable by Schedule 1 Part 1 of the LGRA to contribute to the funding of rubbish & recycling services.
41. Service use category also includes land which is Council reserve and where there is a community, sporting or cultural activity which is subject to a lease agreement as defined within Council's Community Occupancy Policy.
42. Upon application, Council extends the rating treatment of the Service use category to rating units which are operated by not-for-profit organisations, which provide benefits to the wider community and where there is no private pecuniary gain. Refer to the Rates Remissions and Postponements Policy for criteria.
43. The targeted rate for rubbish & recycling services is calculated as a fixed rate based on the net cost to provide the service and the number of SUIPs receiving the service.
44. The rate may be calculated in a way to reduce significant fluctuation from year to year.
45. Separate service use category rates for water and wastewater will not be set from 1 July 2025 due to the introduction of universal water and wastewater targeted rates.

Metered water

46. This is set and assessed for metered and restricted flow water supply on a differential basis to all rating units that are metered (as defined by Hamilton City Council's Water Supply Bylaw 2013).
47. This is calculated based on the average cost to produce 1000 litres of water.

Commercial non-metered water

48. This rate is set and assessed on all rating units used for commercial purposes which are connected to the Council's water supply system but are not provided with a metered connection. The intention of this rate is to ensure a contribution towards water costs, as they are not otherwise allocated as part of the General rate.
49. This is set as a fixed rate which is the same amount as the minimum charge which would be applied if water was otherwise supplied by a water meter. This is calculated based on applying the metered water rate to an average annual consumption of 240 kilolitres.

Water

50. This rate is to be set from 1 July 2025.
51. The rate is set and assessed on all rating units used for residential purposes to which the Council's water supply system is available or connected.
52. The rate is set on capital value.
53. For 2024/25 (and prior years) residential rating units paid for water in their general rates (based on capital value) where the Council's water supply system was available for connection.

Wastewater

54. This rate is to be set from 1 July 2025.
55. The rate is set and assessed on all rating units to which the Council's wastewater system is available or connected.
56. The rate is set on capital value with Commercial and Residential differential categories.
57. For 2025/26 the Commercial differential factor will be the same as the Commercial General rate.
58. For 2024/25 (and prior years) all rateable rating units paid for wastewater in general rates (based on capital value) where the Council's water supply system was available for connection, and commercial rating units paid more than residential rating units (per dollar of capital value).

Citywide stormwater

59. This rate is to be set from 1 July 2025.
60. The rate is set and assessed on all rating units.
61. The rate is set on capital value with Commercial and Residential differential categories.
62. For 2025/26 the Commercial differential factor will be the same as the Commercial General rate.
63. The rate is applied to all rating units regardless of any actual connection to, or availability of,

the Council's stormwater network or any private management of stormwater for the property.

64. For 2024/25 (and prior years) all rateable rating units paid for stormwater in general rates (based on capital value), and commercial rating units paid more than residential rating units (per dollar of capital value).

Pool safety inspection

65. This rate has been set from 1 July 2024.
66. Most swimming pools are required to be inspected for safety compliance every three years.
67. Rating units requiring a pool inspection by Council will be charged the rate.
68. The rate per rating unit will be set each year as one-third of the three-yearly inspection fee recorded on Council's schedule of fees and charges.
69. Where additional inspections are required (for example where the first compliance check was failed) these may be invoiced separately.
70. Where Council is no longer required to inspect a pool (for example where the pool has been removed), the targeted rate will not be set from the following rating year (i.e. rates may not be adjusted during a rating year).
71. For some rating units with a pool that requires inspection by Council it may not be possible to set the rate (for example properties meeting the requirements of schedule 1 of the LGRA). In such cases the inspection may be invoiced separately.

50% non-rateable

72. Schedule 1 Part 2 of the LGRA defines rating units that are 50% non-rateable (broadly speaking, land owned or used by societies for arts or sports).
73. Rating units defined as 50% non-rateable will be charged 50% of the Residential category General rate, UAGC, and Residential category Citywide Stormwater rate.
74. Rating units defined as 50% non-rateable do not receive Council's rubbish & recycling services.
75. Section 9 of the LGRA provides that rating units defined as 50% non-rateable will pay targeted rates for water, wastewater, and refuse collection and the following targeted rates will be set if applicable:
    a. Metered Water or the Commercial Non-Metered Water rate;
    b. the Residential category Wastewater rate.

Calculating core service remissions

76. Where Council is unable to provide rubbish & recycling services to a property defined as Residential for the General rate a remission for this service will be applied upon application.
77. The amount of remission to be applied will be determined by an allocation of rates from Council's Long-Term Plan Funding Impact Statements.

Rates based on location

78. Council has established targeted rates based on the location of a rating unit. This includes the Central City rate, which is not intended to be set from 1 July 2026.
79. Rating boundaries have been drawn with the intention of encompassing entire rating units.
80. Should a boundary split a rating unit, Council will rate the property based on the

predominant rating category definition.

81. Schedule 1 of this policy, Rating Maps, defines the BID Commercial General rate area, and is used to set the BID targeted rate and the Central City targeted rate.

Separately used or inhabited parts (SUIP)

82. Council has elected to assess its UAGC and other fixed amount rates based on SUIP.
83. Council defines SUIPs in the Funding Impact Statement in its Annual Plan or Long-Term Plan. That definition only applies to the rating year of the Funding Impact Statement.
84. Where the Rating Information Database (RID) identifies that a rating unit has more than one SUIP this does not imply that the rating unit is entitled to more than one supply of any service.

Residential short-term accommodation

85. The Operative District Plan or a land use consent may set the maximum length of stay allowed at a property.
86. Council's Commercial rating category includes residential accommodation where the average length of stay is 90 days or fewer.
87. Where Council records that a property is used for short-term accommodation (for example, where it is advertised on a nightly or short-term rate) and is not otherwise designated via the zoning, nor consent, Commercial rates will apply.
88. The property owner will be required to supply history/evidence of length of stay if they believe their rates have been assessed incorrectly.

Divisions

89. Council has elected to undertake the division of rating units, where different parts of a rating unit are included in different differential categories, or part of the rating unit is non-rateable (under Schedule 1 of the LGRA), or a remission or postponement applies.
90. A division is the separation of a property record within the RID into two or more parts. A division is done only for the purpose of assessing rates correctly.
91. Where a division is required, Council determines the area of the property put to each use and requests its valuation service provider to value the parts of the property.
92. Each part will be deemed a SUIP for the purposes of assessing rates.
93. Often as part of a subdivision and development, part of the developed land may be intended to be vested in Council, which occurs when new titles are issued, and is generally upon completion of subdivision works. When assigning differential categories of a rating unit, where subdivision has not been completed (therefore new titles have not yet been issued), divisions will not be undertaken, as this is simply deemed as part of the process of developing land.

Rates payable by instalments

94. Council provides for rates to be payable in four equal instalments. In addition to quarterly, a ratepayer may elect to pay at an a more regular frequency via direct debit. Additionally, payments may be made online; via the Council's website; or in person at Council's offices and

libraries.

95. Any payments received for rates are applied to the oldest debt first.

Minimum economic rate

96. Council will not collect the rates payable on a rating unit if the sum of those rates is so small as to be uneconomic to collect. Council has determined it is uneconomic to collect rates owing on any rating unit of less than $25.00 (including GST) per annum.

Rates penalties

97. Council sets penalties for overdue rates as part of its rates resolution.
98. Generally, Council adopts the following penalties regime:
    a. a 10% penalty is applied on the next working day to any balance of any instalment not paid by due date.
    b. a 10% penalty is added to any balance unpaid from previous years. This is added on 1 July of each year, or five working days after Council has passed the rates resolution (whichever is the later).
99. A further 10% penalty will be added to rates unpaid from previous years. This will be added six months after the penalty made in (b) above.
100. Penalties for unpaid water by meter invoices may also be applied, as set out within the Rates Resolution.
101. Any payments received for rates are applied to the oldest debt first.

Existing ratepayers

102. Council determines its annual rates increases in respect of existing ratepayers. Council defines an existing ratepayer as any rating unit that has been assessed for rates in the current year, and where there has been no change to the rating unit, since rates were set, of any category or factor on which rates were set.
103. This includes:
    - rating category, and/or
    - the number of SUIPs, and/or
    - rating valuation (except as a direct result of the city-wide revaluation).

Rating growth

104. Rating growth has been forecast using calculations based on National Institute of Demographic and Economic Analysis (NIDEA) high population projections. Rating growth forecasting considers the expected increase in the number of rating units, SUIPs, and total capital and land value, which may result from subdivision and construction works.
105. Growth forecasting will be reviewed each year factoring in the actual results from the year prior.

Three-yearly revaluations of property values

106. Council has chosen to revalue every rating unit every three years, the maximum timeframe allowed by the Rating Valuations Act 1998.
107. The most recent rating valuation is based as at 1 September 2024.
108. These values will be used for setting rates from 1 July 2025.
109. The revaluation may affect the amount of rates assessed against individual rating units relative to other rating units.

Calculating differentials following revaluation

110. Rates will be set and assessed using 2024 rating valuations from 1 July 2025.
111. Historically, the differential factor for the General rate would be adjusted to maintain the differential yield of each rating sector from the previous rating year for existing ratepayers. This prevents a significant change to the distribution of rates between rating sectors following a revaluation.
112. Rating growth is independent to this calculation and may impact the total sector yield.
113. It is intended that this process will continue for 2025/26.

Rates debt recovery

114. Rates are set to enable Council to provide services to the community. Cashflow plays an important role in our day-to-day operations.
115. Where rates remain unpaid, Council follow the provisions for recovery as set out within the Local Government (Rating) Act 2002.
116. Council may engage an external collection agency to recover unpaid rates on its behalf.
117. This may include a legal process where applicable.
118. Council will seek reimbursement from the ratepayer of costs associated with any legal action relating to unpaid rates.

Public availability of information

119. The rating information database (RID) is available for public inspection at Council's offices during business hours. Limited rating information is also available to view on Council's website.
120. Council reserves the right to charge a fee for supplying any person with a copy of information from the RID.

Objections and disputes

121. The LGRA provides certain rights of objection to the information contained in the RID. Any objections to the allocation of property use to Council differential categories are to be made to Council's Rates Manager for consideration.

Ko te Aroturukitanga me te Whakatinanatanga Monitoring and Implementation

122. Implementation of this policy is delegated to, and will be monitored by, the Chief Executive and Chief Financial Officer.
123. The Chief Executive and Chief Financial Officer are authorised to delegate decision making and set appropriate financial limits to staff.
124. The policy will be reviewed in response to any issues that may arise, every three years, at the request of Council as part of a long-term planning process or in response to changed legislative and statutory requirements (whichever occurs first).

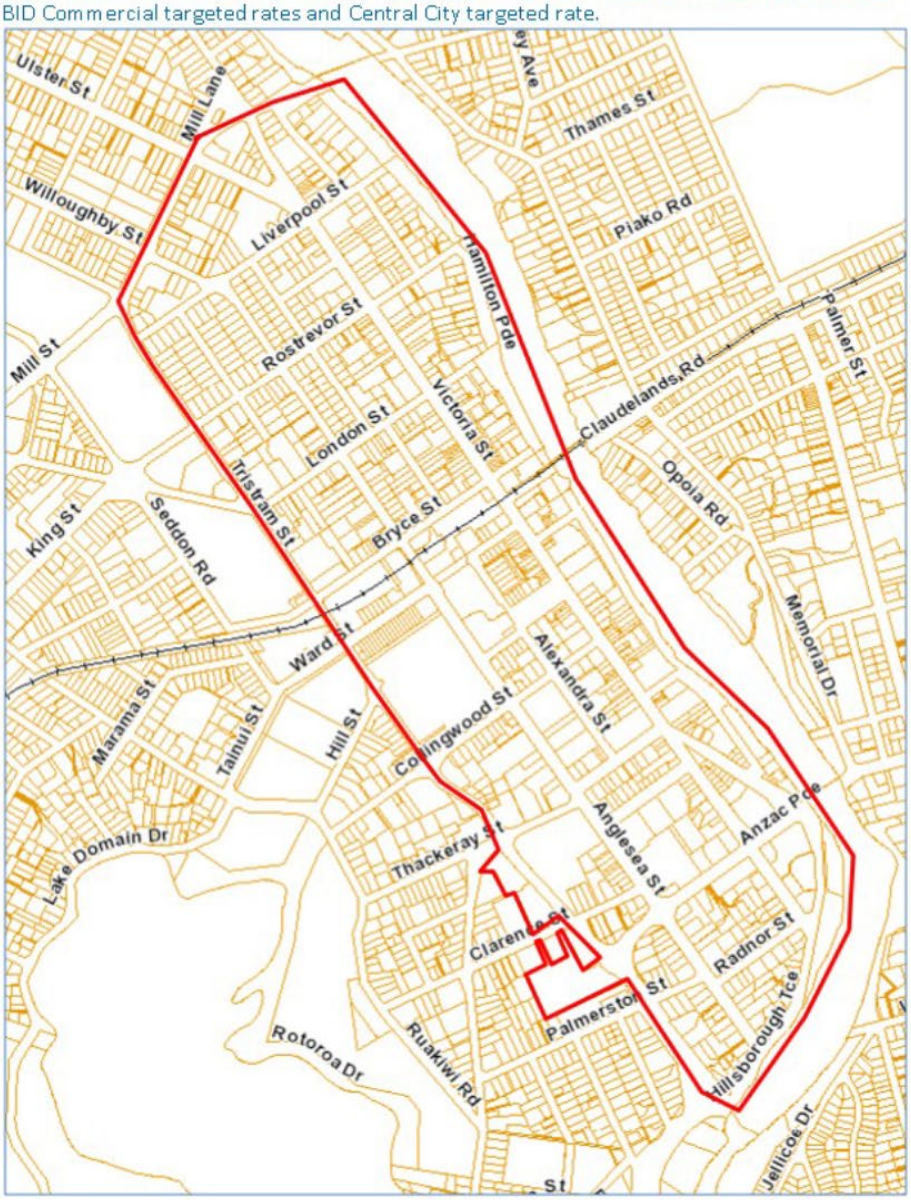
Ko ngaa Tohutoro References

Local Government Act 2002
Local Government (Rating) Act 2002
Funding Needs Analysis
Funding Impact Statement
Revenue and Financing Policy
Rates Remissions and Postponements Policy

Schedule One – Rating Maps

Business Improvement District (BID) and Central City Rating areas

This map defines the rating area for the purpose of setting the BID Commercial general rate, BID Commercial targeted rates and Central City targeted rate.



Hamilton City Council
Te kaunihera o Kirikiriroa

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Sponsor/Group:	~~Director of Finance~~Chief Financial Officer

Funding Needs Analysis

Ko te Puutaketanga Purpose

1. The Funding Needs Analysis (FNA) provides the background and analysis to explain the funding decisions made by the Council.
2. To comply with section 101(3) Council must determine the appropriate sources of funding for each activity. In determining this, Council must take into consideration the matters listed in s101(3)(a):
   a) The community outcomes to which the activity primarily contributes.
   b) The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.
   c) The period in or over which those benefits are expected to occur.
   d) The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
   e) The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.
3. Having completed the above analysis Council must then consider, under section 101(3)(b):
   "The overall impact of any allocation of liability for revenue needs on the community."
4. The legislation places no more or less weight or priority on any one of the factors listed in section 101(3)(a).
5. The following sections document the matters and approaches Council has taken to determine the funding needs of an activity and how that translates into Council's decision on the appropriate funding sources to be used.

Ko te Whaanuitanga Scope

6. This Policy applies to all funding decisions made at Council.

Ko ngaa Tikanga Whakahaere Kaupapahere Principles of Policy

7. The following guiding principles will be applied when considering our use of funding sources:
   a) Council will adopt a prudent Financial Strategy which supports its current credit rating.
   b) The everyday costs of running the city will be met from everyday revenues.
   c) Council will fund maintenance and renewals as per approved Asset Management Plans.
   d) Growth cells will be completed to an approved level of service.
   e) Council should explore external funding options for new discretionary projects whenever possible.

f) When a private benefit can be identified, and it is efficient to collect the revenue user charges will be considered.

g) Growth will pay for growth.

h) Asset sale proceeds will be used to pay down debt.

i) The main source of our everyday revenue will be general rates.

j) Targeted rates could be used to fund the council portion of new projects where the costs of these activities can be easily identified.

k) Rates certainty will be considered.

l) Affordability of rates will be considered.

m) Rates increases will consider Local Government inflation and interest cost levels to ensure a prudent financial position is maintained.

8. Balancing these principles can be challenging at times. Council must use its judgement in assessing many options in the development of budgets or acquisition of assets and the choice of funding sources to enact these.

Ko ngaa Tikanga Policy

Funding sources for operating costs

9. Operating costs are the everyday spending that maintains the services delivered by Council. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and corporate overheads.

10. The Council must consider the funding for each activity in a way that relates exclusively to that activity. Some activities may be best funded by user charges such as swimming pool entry fees, others with Targeted Rates such as the Business Improvement District (BID) Rate and others from a General Rate such as road maintenance. Distinct funding enables ratepayers or payers of user charges to assess more readily whether the cost of the service provided to them either directly or indirectly represents good value. They can also more easily determine how much money is being raised for the service and spent on the service, which promotes transparency and accountability.

11. The funding sources for operating costs include:

a) User charges.

b) Grants, sponsorship, subsidies and other income.

c) Investment income.

~~c)~~d) Financial Contributions.

~~d)~~e) Development Contributions.

~~e)~~f) Reserve funds.

~~f)~~g) Borrowings.

~~g)~~h) Rates:

i) General Rate

ii) Targeted Rates

~~iii)~~

12. Each funding source and how Council prefers to use that funding source for operating expenses is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Table 1: Consideration of legal requirements for operating expenses

Headings-s.101(a) reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	Council determines which of its community outcomes an activity contributes to. Council has not established a strong link between community outcomes and funding requirements for an activity.
Distribution of benefits - s.101(3)(a)(ii)	The distribution of benefits is given consideration by Council having regard to the small geographic area of the City and Council's preference for a simple rating system. Council has considered how the benefit of activity applies to households, businesses and the community as a whole.
Period of benefit- s.101(3)(a)(iii)	For most operational expenses, the benefit is received in the year the expense is incurred. For most activities, the Council cash funds depreciation (a non-cash operating expense) from revenue sources and this, along with other surplus cash flow will be used to fund capital costs for either asset renewal or debt repayments. Some operational expenses (provisions) may have a benefit over multiple years and so Council may choose to fund the activity over that period.
Who creates the need- s.101(3)(a)(iv)	Some activities the Council must do because the actions or inactions of individuals or groups create the need to undertake the activity. Council may choose to target these people or organisations through, charges or rates.
Separate funding- s.101(3)(a)(v)	Council must consider the practicalities of separate funding along with transparency and accountability. In some cases, while it may be desirable to charge individuals there may be no practical way of doing so. With regard to the rates contribution, Council is of the view that separate rating mechanisms for separate activities is not feasible, and would in any event make a complex rating system which is expensive to maintain and becomes confusing to interpret. In Council's opinion, this does not contribute to improved transparency and accountability.

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Analysis for operating costs by activity

13. Schedule 1 analyses each activity against the requirements of section 101(3)(a).

Funding sources for capital costs

14. Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs include:

    a) User charges.
    b) Grants, sponsorship, subsidies and other income.
    c) Investment income.
    d) Financial contributions.
    e) Development contributions.

f) Proceeds from the sale of assets [1].
g) Reserve funds.
h) Borrowings.
i) Rates
    i) General Rate
    ii) Targeted Rates

15. Each funding source and how Council prefers to use that funding source for capital expenditure is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Analysis for capital costs by activity

16. Council does not fund its capital costs on an activity-by-activity basis.
17. As described in the Financial Strategy, Council has a challenge to manage growth, affordable rate increases and debt. To achieve the appropriate balance between these variables, Council takes the following approach:

    a) Council sets the annual rate increase.
    b) The existing rating base plus an estimate for growth determines the rates income.
    c) Activity operating revenue and expenditure budgets are determined, within this constraint.
    d) An amount is budgeted for development contributions payments, which is set aside to fund growth projects or growth debt and interest, as determined by the Development Contributions Policy.
    e) The net cash operating costs is determined (net of cash revenue budgets).
    f) This leaves the funded portion of operating costs. A small amount may be held in a cash funded reserve; otherwise the funds are available for capital costs. This amount largely represents rate funded depreciation but may include operating surpluses from some activities and accounting provisions not held in reserve funds. This funding is not held by activity and is available to fund any capital costs.
    g) Council sets the limit on debt, which determines the maximum debt funding available for capital costs.

18. Consequently, despite the potential availability of the funding sources in paragraph 13, this process results in the following funding available for capital costs:

    a) Cash from General Rates for use on all activities.
    b) Cash from Targeted Rates for use on Business Improvement District (BID) improvements (Activity: Urban and Spatial Planning).
    c) Cash from development and financial contributions, for growth projects and related interest costs.
    d) Cash from grants and subsidies, targeted to capital projects.
    e) Cash from borrowing.

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[1] The Investment and Liability Management Policy states: "
Proceeds from the sale of assets or investments will in the first instance be used to repay outstanding borrowings unless otherwise specifically authorised by Council. The exception to this is in relation to the sale of endowment properties where any surplus cash is held in the Municipal Endowment Fund to be used to reinvest on behalf of the fund. If assets are subject to legislative restrictions, the proceeds are used in accordance with the provisions of the appropriate legislation."

19. The following guidelines are used when considering the funding of capital projects:
    a) All projects are first funded from grants, subsidy or other income, which are budgeted as operating revenues.
    b) Growth projects for network infrastructure to meet increased demand are funded from development contributions, to the extent provided for in the Development Contributions Policy.
    c) Reserve funds for other purposes are considered. A small number of cash funded reserves are available for capital costs projects.
    d) Targeted rate options may be considered.
    e) Projects that have exhausted previous funding sources are funded from the surplus cash available from general rates and debt.
20. A single project may have a mix of each of these funding options.
21. Whenever Council resolves to consider a separate funding policy, it will consider the sources of funds above, the Revenue and Financing Policy and section 101(3) to determine the appropriate funding sources for the project. Generally, Council will resolve the funding in setting the budget for the project at the time the project is proposed in an Annual Plan or Long-term Plan. In making its decision it shall have regard to the matters in Table 2.

Waters activities funding policy modification

22. Council is modifying its waters activities funding policy to provide supporting rates funding information for ~~the consultation on~~ Local Waters Done Well ~~structural options~~. This transition separates the funding of the waters activities (water supply, wastewater and stormwater) from other Council activities.

~~21.~~23. The funding sources for operating costs remain unchanged. ~~over time~~

~~22.~~24. The funding sources for capital costs of Water supply, wastewater, and stormwater funding will be separate from all other council activities for each activity.

~~23.~~25. The funding sources available for these activities for capital costs are:
    a) Cash from financial contributions for level of service, growth projects and related interest costs.
    ~~a)~~b) Cash from development ~~and financial~~ contributions for growth projects and related interest costs.
    ~~b)~~c) Cash from grants and subsidies targeted to capital projects.
    ~~c)~~d) Cash from borrowing.
    ~~d)~~e) Cash from operational surpluses (including depreciation) and only from that activity.

Table 2: Consideration of legal requirements for capital expenses

Headings-s.101(a) reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	A capital project is expected to contribute to the community outcomes in the same way as the activity from which its consequential operating costs are funded, unless Council resolves otherwise.
Distribution of benefits - s.101(3)(a)(ii)	The distribution of benefits is expected to be the same as that for the operating costs of the activity from which it is funded, unless Council resolves otherwise. Council may target those people or organisations who primarily benefit through financial and development contributions, lump sum options or Targeted Rates.

Period of benefit- s.101(3)(a)(iii)	For most capital projects, the benefit is received over the life or the capacity life of the asset. Council will have regard to the equitable distribution of costs to each generation for the building and renewal of the asset.
Who creates the need- s.101(3)(a)(iv)	Some capital costs Council spends because of the actions or inactions of individuals or groups create the need to undertake the activity. Council may choose to target these people or organisations through financial and development contributions or Targeted Rates.
Separate funding- s.101(3)(a)(v)	Council must consider the practicalities of separate funding along with transparency and accountability. In some cases, while it may be desirable to charge individuals, there may be no practical way of doing so.

~~24.~~26. Note that for growth- related network infrastructure a separate s.101(3) analysis is required in the Financial and Development Contributions Policy, as required by s106.

Funding bands

~~25.~~27. After considering the section 101(3)(a) components, Council considers to what extent each of the funding sources is able to fund each activity. This policy is intended to be in place for the next three years before it is reviewed and because things change over time, it is not possible to precisely determine the percentage allocated. For this reason, Council has decided to band the percentages into the categories listed in Table 3.

~~26.~~28. The assessment in Schedule 1 identifies the most likely sources of funding an activity is budgeted to receive. In all cases , rates fund the balance of the activity after all other sources have been maximised. It is likely that from time to time Council will be able to secure additional funding that may be become available.

~~27.~~29. Budgets will normally be set within these ranges. These ranges are expressed as a percentage of the cost of the activity and are indicative only. They may change over time because of changes in expenditure rather than changes in revenue. It is also likely that actual funding sources will be different from budgeted funding sources.

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Table 3: Funding bands

Name	Percentage range
None	0%
Minimal	0% - 20%
Low	20% - 40%
Moderate	40% - 60%
High	60% - 80%
Most	80% -100%
All	100%

Funding sources and rationale

~~28.~~30. This column of Schedule 1 identifies which of the funding sources Council plans to use in budgeting to fund the operating costs of each activity. It is determined by Council after consideration of each clause of section 101(3)(a).

~~29.~~31. The assessment of the funding sources is a complex matter of weighing up the requirements of section 101(3)(a) with the available sources and Council's preferences for using these sources. Council has documented its rationale for choosing each the funding source in this Funding Needs Analysis and the Revenue and Financing Policy.

~~30.~~32. The funding source for an activity may be modified by Council when it considers the requirements of section 101(3)(b). If this has occurred it is considered as part of the overall funding considerations set out in the Revenue and Financing Policy.

Previous reviews

~~31.~~33. The Council last reviewed the FNA in 2021 in conjunction with the development of the 2021-31 Long-Term.

34. The review in 2024 is based on the 2021 policy. Changes have been made reflecting the considerations of Council as it reviewed the funding of activities in developing the 2024-34 Long-Term Plan.

~~32.~~

Ko te Aroturukitanga me te Whakatinanatanga Monitoring and Implementation

~~33.~~35. Implementation of the policy will be monitored by the Chief ~~Executive~~ Financial Officer.

~~34.~~36. Performance against this policy will be monitored and reported.

~~35.~~37. The policy will be reviewed in response to any issues that may arise, every three years, at the request of Council or in response to changed legislative and statutory requirements (whichever occurs first).

Ko ngaa Tohutoro References

~~36.~~38. The Local Government Act 2002. The policy is a required by s101(3) of LGA, provides the background and analysis to explain the funding decisions Council has made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.

~~37.~~39. The Revenue and Financing Policy. The policy is a requirement under s102(2)(a) of the LGA along with s103(2)(a)-(j) which notes the sources referred to in s103(1) of the LGA.

40. The Preamble to Te Ture Whenua Maori Act 1993 includes the principles that the policy must support as required by s102(3A)(a) of the LGA.

~~—~~Council plans to modify the Revenue and Financing Policy and Funding Needs Analysis for Local Water Done Well programme. At the time of this update, the Government had repealed three waters reform legislation, enacted the Local Government (Water Services Preliminary Arrangements) Act 2024 and introduced the Local Government (Water Services) Bill. ~~announced that the Local Government Water Services Bill would have its first reading in December 2024.~~

~~38.~~

Schedule One: Activity Funding Needs Analysis 101(3)(a) – operating costs

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Water Supply							
Water Supply	A green city	The primary benefit of having a safe and adequate volume of water, an outstanding water reticulation network and demand management is to households and business. Council considers that each household receives a similar benefit from a safe, reliable, and adequate storage of water. 1700 properties outside the district are supplied with water. Business non-developed and out of district water users have variable benefit from different water consumption from connection to connection.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Very limited impact of the actions or in actions of others.	~~Council considers that there is little benefit of separate funding.~~ Separate funding is necessary to meet transparency compliance, in accordance with Local Water Done Well.	~~HIGH~~**MOST** ~~General rates~~ ~~**LOW**~~ Targeted rates **MINIMAL** Fees & user charges Other **UNLIKELY** All other funding sources	~~General and~~ Targeted rates are the appropriate funding source for households as they are easy to administer, users receive a similar benefit from the quality and quantity of supply and users receive the same benefit from the supply of water including the benefits of demand management. Metered Water Rates (Targeted Rates) are appropriate for funding business and rural consumers. Where bulk water or out of district water is supplied it is charged on a User Charges basis. .
~~Wastewater~~							
~~Wastewater~~	A green city	The treatment and disposal of wastewater are primarily a benefit to the whole community. The collection of wastewater is primarily a benefit to households and business that are connected to the schemes by removing the waste from properties. The protection of the environment is a benefit to the serviced.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Some businesses have an adverse impact greater than most users due to the volume or nature of the waste produced.	Separate funding is necessary to meet transparency compliance, in accordance with Local Water Done Well.	**MOST** Targeted rates **MINIMAL** Fees & user charges Other **UNLIKELY** All other funding sources	In most cases it is not practicable to measure the quantity of individual's contribution to the wastewater system. There are some businesses that produce abnormal wastewater where direct charging is appropriate. This is required by the Trade Waste Bylaw 2016 (amended 2023) in addition to the Targeted Rate. Their share of costs is recovered by way of trade waste

	Council considers that each household and business receives a similar benefit from the treatment and disposal of wastewater.	user charges. The community benefits from the safety and environmental effects of sewage treatment and disposal. Targeted rates are the appropriate funding source for households and business as they receive the same benefit from wastewater collection.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Wastewater							
Wastewater	A green city	The treatment and disposal of wastewater are primarily a benefit to the whole community, by removing the health risks. The collection of wastewater is primarily a benefit to households and business that are connected to the schemes by removing the waste from properties. The protection of the environment is a benefit to the serviced communities. Council considers that each household and business receives a similar benefit from the treatment and disposal of wastewater.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Some businesses have an adverse impact greater than most users due to the volume or nature of the waste produced.	Separate funding is necessary to meet transparency compliance, in accordance with Local Water Done Well. Council considers that there is little benefit of separate funding.	**HIGH** General rates Targeted rates **MINIMAL** Targeted rates Fees & user charges Other **UNLIKELY** All other funding sources	In most cases it is not practicable to measure the quantity of individual's contribution to the wastewater system. There are some businesses that produce abnormal wastewater where direct charging is appropriate. This is required by the Trade Waste Bylaw 2016 (amended 2023) in addition to the General or Targeted Rate. Their share of costs is recovered by way of trade waste user charges. The community benefits from the safety and environmental effects of sewage treatment and disposal. General and Targeted rates are the appropriate funding source for households and business as they receive the same benefit from wastewater collection.

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Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Stormwater							
Stormwater	A green city	Stormwater collection benefits households and business by minimising and removing stormwater from properties. This benefit extends to the wider community in public spaces. Stormwater treatment provides a community benefit particularly in improving river health. Council considers that each household and business receives approximately the same benefit from the stormwater network.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact	Separate funding is necessary to meet transparency compliance, in accordance with Local Water Done Well. ~~Council considers that there is little benefit of separate funding.~~	**MOST** Targeted rates ~~General rates~~ **MINIMAL** ~~Targeted rates~~ Fees & user charges Other **UNLIKELY** All other funding sources.	There is no practical way to charge individuals or groups for any direct benefit. Targeted~~General~~ rates is the appropriate funding source for households and business as they are easy to administer and users receive the same benefit from the stormwater network.
Transport							
Transport Network	A city that's easy to live in	The transport network serves the whole city and everyone benefits directly in their personal use and indirectly through the supply of goods and services to businesses. Council considers that each household and business receives approximately the same benefit from the transport network.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	There is an impact of the actions or inactions of others. Costs are driven by traffic volumes and size. Large vehicles, wear roads out more quickly than motorcars.	Council considers that there is little benefit of separate funding.	**MOST** General rates **MINIMAL** Subsidies & grants Fees & user charges Other ~~Borrowings~~ **UNLIKELY** All other funding sources.	While individuals benefit by using th transport network there is no practic means available to charge for this. Subsidies sourced from Waka Kotah New Zealand Transport Agency (NZT are available to fund both operating ar capital costs.

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Urban Transport	A city that's easy to live in	Parking provides a direct benefit to users. Having parking available in business areas provides an indirect benefit to businesses. Council considers that users receive the primary benefit of parking management.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	There is an impact of the actions or inactions of others. Demand is driven by volumes and time parked.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** Fees & user charges **LOW** Other **MINIMAL** ~~Borrowings~~ Targeted rates **UNLIKELY** All other funding sources	Balancing user charges, demand management and the impact of businesses is challenging and requires close monitoring. There are well established user charges methodologies for city parki that assist in demand management. Fines revenue is included in user charges and results in this activity operating at a surplus.
Transportati on Centre	A city that's easy to live in	The transportation centre provides a direct benefit to users. Having the transportation centre available in business areas provides an indirect benefit to businesses. Council considers that users receive the primary benefit of the transportation centre.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	There is an impact of the actions or inactions of others. Demand is driven by users using public transport.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	HIGH~~MOST~~ General rates **MINIMAL** Subsidies & grants Other **UNLIKELY** All other funding sources	While individuals benefit by using th transport centre there is no practic means available to charge for this.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Rubbish and recycling							
Resource Recovery	A green city	Removal of refuse provides a benefit to households. Introducing new options for refuse collection enable better environmental management of waste and contribute to waste minimisation goals. The whole community benefits from action in this area to minimise the negative impacts of waste and the responsible management and monitoring of closed landfills	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Some households create more waste than others. This is managed by rules on volumes of waste. Refuse varies across business. This is managed by the Council not providing service and leaving pricing to market forces. The actions of most individuals or groups have a minor impact.	Council considers that there is little benefit of separate funding.	**HIGH** General rates **MINIMAL** Targeted rates Subsidies & grants Fees & user charges Other ~~Borrowings~~ **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households as th are easy to administer and users receive a similar benefit.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Venues, Tourism and Events							
Claudelands Event Centre	A fun city with lots to do	Claudelands Eevent Ceentre provides venues for events that are attended by large numbers of people including high performance sport, conferences, functions, concerts and ~~shows~~ performances. The community is enriched by the range of events and activities at the venue. Events provide direct and indirect benefits to businesses.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. Each ~~sport~~activity has their own specifications and venue use requirements~~ for stadia~~.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	~~MOST~~HIGH General Rates **LOW** Fees & user charges **MINIMAL** Other **UNLIKELY** All other funding sources	Fees & User Charges are made for hireage, events and retail sales. Fees & User Charges do not fully recover the cost of the private bene and rates funding is required to ensure cost-effective access to this service can be provided. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from Claudelands Eevents Ceentre.
~~**H3 Management**~~	~~A fun city with lots to do~~	~~H3 provides marketing and management of events that are attended by large numbers of people including high performance sport, conferences, functions, concerts and shows.~~ ~~Primary benefits are to t he community which is enriched by events and performances.~~ ~~Businesses benefit indirectly from these events.~~	~~The benefit of operating costs is expected to arise in the year the funding is sourced.~~	~~The actions of most individuals or groups have minor impact on this activity.~~	~~Council considers that there is little benefit of separate funding.~~	~~**HIGH**~~ ~~General rates~~ ~~**MINIMAL**~~ ~~Fees & user charges Borrowings~~ ~~**UNLIKELY**~~ ~~All other funding sources~~	~~General rates are the appropriate funding source for households and business as they are easy to adminis and it recognises the benefit from H~~

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Stadia	A fun city with lots to do	FMG Stadium Waikato provides a venue for high performance sport and events attended by large numbers of people. ~~The benefit to households of being able to attend live high-performance sport is reflected in the importance of sport to our cultural and social wellbeing.~~ Seddon Park provides a venue for high performance sport (primarily cricket) and events attended by large numbers of people. ~~The benefit to households of being able to attend~~ The benefit to households of being able to attend live high-performance sport is reflected in the importance of sports to our cultural and social wellbeing.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. Each sport has their own specifications and requirements.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	~~MOST~~HIGH General rates **MINIMAL** Fees & user charges Other **UNLIKELY** All other funding sources	Fees & user charges are made for admission, events and retail sales. Fees & user charges do not fully recover the cost of the private bene and rates funding is required ensure cost-effective access to this service c be provided. General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit from tl stadium.
Theatres	A fun city with lots to do	~~The Theatre activity provides funding to other parties to provide events and performing arts venues that assist in celebrating our arts and culture. The Founders Theatre is closed for the foreseeable future.~~ The Theatre activity provides funding to the Waikato Regional Property Trust to deliver the Waikato Regional Theatre. This venue will provide a new world-class multi-purpose performing arts theatre to serve the region and Hamilton community. Primary benefits are to ~~t~~the community which is enriched by events and performances. Businesses benefit indirectly from these events.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	There is no practical means for Council to charge individuals or groups.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit from th theatres.

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~~**Venue, Tourism & Events**~~	~~A fun city with lots to do~~	~~Events promotes Hamilton as a tourism destination including supporting events which attract visitors.~~ ~~Tourism & Events provides benefits to all businesses while referrals and bookings provide direct benefits to business.~~ ~~The community is enriched by national and regional events~~	~~The benefit of operating costs is expected to arise in the year the funding is sourced.~~	~~The actions of most individuals or groups have minor impact on this activity.~~	~~Council considers that there is little benefit of separate funding.~~	~~**MOST**~~ ~~General rates~~ ~~**MINIMAL**~~ ~~Borrowings~~ ~~**UNLIKELY**~~ ~~All other funding sources~~	~~General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.~~
Tourism & Events	A fun city with lots to do	Event Sponsorship Funding promotes Hamilton as a destination including supporting events which attract visitors. Annual funding to the Regional Tourism Organisation (Hamilton and Waikato Tourism Limited) supports initiatives that strengthen the attraction of both the city and region to the visitor market. Theatre, Tourism & Funding bring economic and profile benefits to Hamilton and its communities. The community is enriched by visitation. ~~Events promotes Hamilton as a tourism destination including supporting events which attract visitors.~~ ~~Tourism & Events provides benefits to all businesses while referrals and bookings provide direct benefits to business.~~ ~~The community is enriched by~~	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have minor impact on this activity.	Council considers that there is little benefit of separate funding.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit from th activity.

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		~~national and regional events~~					
Hamilton Gardens	A fun city with lots to do	The gardens are for the recreational enjoyment of the amenity by visitors. They are the region's largest visitor attraction. The households benefit for the recreation and amenity of the gardens. Business benefits from the visitor activity created by the attraction.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have some impact.	Council considers that visitors are getting considerable benefit from the visitor attractions.	~~MODERATE~~HIGH General rates LOW Fees & user charges **MINIMAL** Other **UNLIKEY** All other funding sources	A small amount of user charges is achievable for private use of the facil such as weddings, festivals and retai sales. Charges to access the themed garder are appropriate for non-resident visitors. General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit from t activity.
Museum	A fun city with lots to do	The museum provides for exhibitions and use of the archives by visitors to the museum. Businesses benefit from this visitor attraction. The community benefits from a collective sense of history due to preservation of collections of regional significance and the contribution of the museum to the regional visitor and tourism economy.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**MOST** General Rates **MINIMAL** Fees & User Charges Grants & subsidies Other **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit from th activity. Fees & user charges set at an appropriate level to promote and provide access to a range of experiences which celebrate the arts and history of the region.

Te Kaaroro (Hamilton Zoo)	A fun city with lots to do	The primary benefit of the Hamilton Zoo is to users. An indirect benefit to business occurs as the zoo attracts regional tourism. Zoological activities assist the international protection species. Regional visitor uses the facilities providing indirect benefits to business. Council considers that households receive a similar benefit from the Zoo.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** General rates ~~**LOW**~~ ~~Fees & User Charges~~ **MINIMAL** Fees & User Charges Grants & subsidies Other **UNLIKELY** All other funding sources.	General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit of the Hamilton Zoo. Fees & user charges are made for admission, events and retail sales. Fees & user charges do not fully reco the private benefit and rates fundin required ensure the viability of the facilities.
~~**Visitor services & products**~~	~~A fun city with lots to do~~	~~Visitor services and products provides services to visitors and promotes Hamilton.~~ ~~General promotion provides benefits to all businesses while referrals and bookings provide direct benefits to business.~~	~~The benefit of operating costs is expected to arise in the year the funding is sourced.~~	~~The actions of most individuals or groups have minor impact on this activity.~~	~~Identifying separate user pays funding assists in the accountability and transparency of the Council's expenditure on this activity.~~	~~**MOST**~~ ~~General rates~~ ~~**MINIMAL**~~ ~~Borrowings~~ ~~**UNLIKELY**~~ ~~All other funding sources~~	~~General rates are the appropriate funding source for households and business as they are easy to adminis and it recognises the benefit from th activity.~~

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Parks and Recreation							
Community Facilities	A fun city with lots to do	Community facilities provide spaces for the community to use. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for community facilities.	**MOST** General rates **MINIMAL** Other **UNLIKELY** All other funding sources	There is no practical way to colle revenues from private benefit o using these facilities. Tenancies which meet the Community Use Policy may be charged for their use and tenanc outside this policy would be charg for their private benefit. General Rates are the appropriat funding source for households ar business as they are easy to administer and it recognises the benefit from community parks.
Parks Assets	A fun city with lots to do	Parks create amenity with green spaces and playgrounds throughout the city for the community to use. Users benefit directly from having the parks available. The whole community benefits from the amenity values, the health and wellbeing benefits.	The benefit of operating costs is expected to arise in the year the funding is sourced	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for park assets.	**MOST** General rates **MINIMAL** Fees & user charges Other **UNLIKELY** All other funding sources	There is no practical way to colle revenues from private benefit o using these parks. General Rates are the appropriat funding source for households ar business as they are easy to administer and it recognises the benefit from community parks.

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Parks Contracts	A fun city with lots to do	Parks create amenity with green spaces and playgrounds throughout the city for the community to use. Users benefit directly from having the parks available. The whole community benefits from the amenity values, the health and wellbeing benefits.	The benefit of operating costs is expected to arise in the year the funding is sourced	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for park assets.	**ALL** General rates **UNLIKELY** All other funding sources	There is no practical way to collec revenues from private benefit of using these parks. General Rates are the appropriat funding source for households ar business as they are easy to administer and it recognises the benefit from community parks.
Parks Service Delivery	A fun city with lots to do	Parks service delivery includes mowing and maintenance of the parks throughout the city for the community to use. Users benefit directly from having the services available. The whole community benefits from the amenity values, the health and wellbeing benefits	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for parks service delivery.	**HIGH** General Rates ~~**LOW**~~ ~~Fees and user charges~~ **MINIMAL** Fees and user charges Other Borrowings **UNLIKELY** All other funding sources	There is no practical way to collec revenues from private benefit of using these parks. General Rates are the appropriat funding source for households an business as they are easy to administer and it recognises the benefit from community parks.
Nursery & Natural areas	A fun city with lots to do	Nursery provides trees and plants which create amenity throughout the city. Users benefit directly from having the tree and plant available. The whole community benefits from the amenity values, the health and wellbeing benefits.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for nursery.	MOST~~HIGH~~ General rates **MINIMAL** Fees and user charges Borrowings **UNLIKELY** All other funding sources	There is no practical way to collec revenues from private benefit of planting trees and plants throughout the city. General Rates are the appropriat funding source for households an business as they are easy to administer and it recognises the benefit from nursery.

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Cemeteries & Crematorium	A fun city with lots to do	The provision of burial facilities and services is for individuals. The city in turn has available green space, protecting public health by ensuring the safe disposal of human remains, and in maintaining cemeteries and cemetery records for future generations to locate their ancestors' burial plots/sites. The crematorium is a regional facility and benefits those who choose cremation.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of some individuals or groups have some impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** Fees & User charges **LOW** General rates **MINIMAL** Other **UNLIKELY** All other funding sources.	Individuals pay user charges for tl initial acquisition and use of a burial site (burial fees and plot charges) or the crematorium. The Cemetery Plot Maintenance i Perpetuity Reserve Fund contributes to maintenance cost:

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Community Services							
Customer	A city that's easy to live in	The customer services supports resilient and readiness of communities. All members of the community benefit from these activities.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for community services.	**HIGH** General rates **MINIMAL** Fees & charges Other Borrowings **UNLIKELY** All other funding sources	This activity includes grants administration on behalf of others. This shows as an income and expense. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from community development.
Libraries	A city that's easy to live in	The primary benefits from libraries are to those that borrow and use library material and resources. Waikato ratepayers get the benefit of free access, which is funded from the Waikato District Council. The libraries attract visitors which benefit local businesses. The community is enriched by the preservation of collections of regional significance and the contribution of the library to a well-informed and literate community.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**MOST** General Rates **MINIMAL** Fees & User Charges Subsidies & Grants Other **UNLIKELY** All other funding sources	Some private good component of library activities is recovered throug user charges, and fines. High levels of user charging results i a considerable drop-off in usage an has proven to not be cost- effective User recovery is also constrained b s.142 of the Local Government Act 2002. Waikato residence use is paid for b agreement with the Waikato Distric Council. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the libraries.

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Aquatics	A city that's easy to live in	The primary benefits from the leisure facilities are to the users of the pools for recreation, social, sporting, educational, and water safety purposes. Regional visitors use the facilities providing indirect benefits to business. Council considers that households receive a similar benefit from the availability of leisure facilities.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. There is a correlation between the numbers of people using the pool and operating costs.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** General Rates **LOW** Fees & User charges **MINIMAL** Other Borrowings **UNLIKEY** All other funding sources	Fees & User Charges are made for casual recreation, programmes, swi school, and retail sales. Fees & User Charges do not fully recover the private benefit and rate funding is required to ensure the viability of the facilities. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from pool facilities.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Regulatory and Safety							
Animal Control	A city where our people thrive	Dog registration is a service that benefits dog owners by allowing legal ownership of dogs and enabling lost / impounded dogs to be traced to their owners. Dog ranging, pound keeping and response to animal complaints are activities that protect the public from the negative effects of the actions or inactions of dog owners.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions or inactions of animal owners create costs for this activity and negatively impact on the community. The negative impacts affect the whole community.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**MODERATE** General rates Fees & User charges **MINIMAL** Other Borrowings **UNLIKELY** All other funding sources	Fees & User Charges recognise that the benefits of registration activities are to dog owners and the costs of responding to complaints about dogs and wandering stock are driven by the actions or inactions of animal owners. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from animal control.
Environmental Health Control	A city where our people thrive	The benefits of inspection and licensing of premises (including food premises, camping grounds, hairdressers, offensive trades and funeral directors) accrue mostly to the business owner. The protection of public health by ensuring standards are meet is a benefit to the community.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have some impact. The actions or inactions of organisations monitored by this activity have the greatest impact on the activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**MODERATE** General rates LOW ~~LOW~~ Fees & User Charges **MINIMAL** Other Borrowings **UNLIKELY** All other funding sources	Fees & User Charges recognise the benefits to people who apply for licences. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from a safer community.

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Liquor Licensing	A city where our people thrive	The benefits of inspection and licensing of premises trading with alcohol accrue partly to the business owner. The protection of public health ensuring standards are meet is a benefit to the community.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have some impact. The actions or inactions of organisations monitored by this activity have the greatest impact on the activity.	Identifying separate funding assists in the accountability and transparency of the Council's expenditure on this activity.	**MOST** Fees & User Charges **MINIMAL** General rates Borrowings **UNLIKELY** All other funding sources	Fees & User Charges recognise the benefits to people who apply for licences. Charges are restricted by regulation.
City Safety Operations	A city where our people thrive	The protection of public health by ensuring standards are meet is a benefit both households and business creating a better environment for the community.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups are primarily the reason for this activity.	There is no practical way to charge the individuals and groups creating the need for this activity.	**MOST** General rates **MINIMAL** Fees & user charges Subsidies & grants Other Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from a safer community.
Civil Defence & Emergency	A city where our people thrive	Civil defence activities are provided for the benefit of the whole community.	The benefit of operating costs is in having plans in the event of an emergency at some time in the future. The annual operating costs ensure there are up to date plans and staff and volunteers are trained. These costs are incurred in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for emergency management.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	In the event of activation, Council m be entitled to subsidies for some Ci Defence costs such as welfare. Council does not budget for this income or the expense. The planning for an emergency benefits the whole community and i fully rate-funded.

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Building Control	A city where our people thrive	Individuals that apply for consents and use the other services in this area directly drive the majority of the costs. Building control activities also provide the public passing and entering a building and future owners and occupiers of the building with the benefits arising from compliance with standards at the time of construction.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**MOST** Fees & user charges **LOW** General rates **MINIMAL** ~~General rates~~ Targeted rates Borrowings **UNLIKELY** All other funding	User Charges are favoured for thos that apply for building consents, coc compliance certificates, PIMs or LIM Some other income is collected in commissions.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Growth							
Urban & Spatial Planning	A city where our people thrive	Urban & Spatial Planning provides professional resource management advice and leadership to Council, the community and the development industry; to facilitate the planned and sustainable growth of Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	MOST~~HIGH~~ General rates ~~LOW~~ ~~Targeted rates~~ **MINIMAL** Fees & User Charges Other Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from City Planning. ~~The Targeted rates portion of funding is for the compliance related component of the District Plan review.~~
Planning Guidance	A city where our people thrive	Individuals that apply for consents and use the other services in this area are the predominant beneficiaries of this activity. Through their actions they directly drive the majority of the costs. These activities also provide benefit to persons other than the applicant such future owners and occupiers of the land (a property-based benefit). The whole community benefits as this activity aims to protect Hamilton's unique environment and residents' quality of life as the city grows and develops.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**MODERATE** Fees & user charges General rates **MINIMAL** Other Borrowings **UNLIKELY** All other funding sources	Fees & user charges recognise the benefits to people who apply for resource consents. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from city planning.
Growth Funding & Analytics	A city where our people thrive	Growth funding & analytics provides management advice to facilitate the planned and sustainable growth of Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	**HIGH** General Rates ~~LOW~~ ~~Borrowings~~ **MINIMAL** Fees & user charges Other Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from growth programmes.

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Sustainable Communities	A city where our people thrive	Growth programmes provides management advice to facilitate the planned and sustainable growth of Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	HIGH~~HIGH~~ General Rates ~~LOW~~ ~~Targeted rates~~ **MINIMAL** Targeted rates Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from growth programmes. The Targeted rates portion of fundir is for the Business Improvement District.
Strategic property	A city where our people thrive	Strategic property provides management of property in Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	**HIGH** Other **MINIMAL** General Rates Fees and user charges ~~Borrowings~~ **UNLIKELY** All other funding sources	Rental income is the main source of income through renting out the properties.

Activity	Community priority	wellbeing	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Governance								
Democracy Services	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for this activity.	**MOST** General rates **MINIMAL** Fees and user charges Other -Borrowings **UNLIKELY** All other funding sources	General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from this activity. A small amount of income is received every three years for providing election services to other organisations.
Mayor Office	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for this activity.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from this activity.
Mayoral Support Services	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for this activity.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from this activity.

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Activity	Community priority	wellbeing	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Partnerships, Communication & Maaori								
Partnerships, Communication & Maaori	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for the activity.	**MOST** General rates or Fees and charges ~~General rates~~ ~~**MINIMAL**~~ ~~Borrowings~~ **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
Amorangi Maaori	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for the activity.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
Communication & Engagement	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for the activity.	**MOST** General rates **MINIMAL** Other Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
Community Partnerships, Funding & Events	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	**MOST** General rates **MINIMAL** Fees & user charges Other Borrowings **UNLIKELY**	General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit from the activity.

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All other funding sources

Community Partnerships, Funding & Events	A city where our people thrive	The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for the activity.	**MOST** General rates **MINIMAL** Fees & user charges Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.

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Funding Needs Analysis

Ko te Puutaketanga Purpose

1. The Funding Needs Analysis (FNA) provides the background and analysis to explain the funding decisions made by the Council.
2. To comply with section 101(3) Council must determine the appropriate sources of funding for each activity. In determining this, Council must take into consideration the matters listed in s101(3)(a):
   a) The community outcomes to which the activity primarily contributes.
   b) The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.
   c) The period in or over which those benefits are expected to occur.
   d) The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
   e) The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.
3. Having completed the above analysis Council must then consider, under section 101(3)(b):
   "The overall impact of any allocation of liability for revenue needs on the community."
4. The legislation places no more or less weight or priority on any one of the factors listed in section 101(3)(a).
5. The following sections document the matters and approaches Council has taken to determine the funding needs of an activity and how that translates into Council's decision on the appropriate funding sources to be used.

Ko te Whaanuitanga Scope

6. This Policy applies to all funding decisions made at Council.

Ko ngaa Tikanga Whakahaere Kaupapahere Principles of Policy

7. The following guiding principles will be applied when considering our use of funding sources:
   a) Council will adopt a prudent Financial Strategy which supports its current credit rating.
   b) The everyday costs of running the city will be met from everyday revenues.
   c) Council will fund maintenance and renewals as per approved Asset Management Plans.
   d) Growth cells will be completed to an approved level of service.
   e) Council should explore external funding options for new discretionary projects whenever possible.

f) When a private benefit can be identified, and it is efficient to collect the revenue user charges will be considered.

g) Growth will pay for growth.

h) Asset sale proceeds will be used to pay down debt.

i) The main source of our everyday revenue will be general rates.

j) Targeted rates could be used to fund the council portion of new projects where the costs of these activities can be easily identified.

k) Rates certainty will be considered.

l) Affordability of rates will be considered.

m) Rates increases will consider Local Government inflation and interest cost levels to ensure a prudent financial position is maintained.

8. Balancing these principles can be challenging at times. Council must use its judgement in assessing many options in the development of budgets or acquisition of assets and the choice of funding sources to enact these.

Ko ngaa Tikanga Policy

Funding sources for operating costs

9. Operating costs are the everyday spending that maintains the services delivered by Council. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and corporate overheads.

10. The Council must consider the funding for each activity in a way that relates exclusively to that activity. Some activities may be best funded by user charges such as swimming pool entry fees, others with Targeted Rates such as the Business Improvement District (BID) Rate and others from a General Rate such as road maintenance. Distinct funding enables ratepayers or payers of user charges to assess more readily whether the cost of the service provided to them either directly or indirectly represents good value. They can also more easily determine how much money is being raised for the service and spent on the service, which promotes transparency and accountability.

11. The funding sources for operating costs include:

    a) User charges.
    b) Grants, sponsorship, subsidies and other income.
    c) Investment income.
    d) Financial Contributions.
    e) Development Contributions.
    f) Reserve funds.
    g) Borrowings.
    h) Rates:
        i) General Rate
        ii) Targeted Rates

12. Each funding source and how Council prefers to use that funding source for operating expenses is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Table 1: Consideration of legal requirements for operating expenses

Headings-s.101(a) reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	Council determines which of its community outcomes an activity contributes to. Council has not established a strong link between community outcomes and funding requirements for an activity.
Distribution of benefits - s.101(3)(a)(ii)	The distribution of benefits is given consideration by Council having regard to the small geographic area of the City and Council's preference for a simple rating system. Council has considered how the benefit of activity applies to households, businesses and the community as a whole.
Period of benefit- s.101(3)(a)(iii)	For most operational expenses, the benefit is received in the year the expense is incurred. For most activities, the Council cash funds depreciation (a non-cash operating expense) from revenue sources and this, along with other surplus cash flow will be used to fund capital costs for either asset renewal or debt repayments. Some operational expenses (provisions) may have a benefit over multiple years and so Council may choose to fund the activity over that period.
Who creates the need- s.101(3)(a)(iv)	Some activities the Council must do because the actions or inactions of individuals or groups create the need to undertake the activity. Council may choose to target these people or organisations through, charges or rates.
Separate funding- s.101(3)(a)(v)	Council must consider the practicalities of separate funding along with transparency and accountability. In some cases, while it may be desirable to charge individuals there may be no practical way of doing so. With regard to the rates contribution, Council is of the view that separate rating mechanisms for separate activities is not feasible, and would in any event make a complex rating system which is expensive to maintain and becomes confusing to interpret. In Council's opinion, this does not contribute to improved transparency and accountability.

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Analysis for operating costs by activity

13. Schedule 1 analyses each activity against the requirements of section 101(3)(a).

Funding sources for capital costs

14. Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs include:

    a) User charges.
    b) Grants, sponsorship, subsidies and other income.
    c) Investment income.
    d) Financial contributions.
    e) Development contributions.

f) Proceeds from the sale of assets [1].
g) Reserve funds.
h) Borrowings.
i) Rates
    i) General Rate
    ii) Targeted Rates

15. Each funding source and how Council prefers to use that funding source for capital expenditure is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Analysis for capital costs by activity

16. Council does not fund its capital costs on an activity-by-activity basis.
17. As described in the Financial Strategy, Council has a challenge to manage growth, affordable rate increases and debt. To achieve the appropriate balance between these variables, Council takes the following approach:

    a) Council sets the annual rate increase.
    b) The existing rating base plus an estimate for growth determines the rates income.
    c) Activity operating revenue and expenditure budgets are determined, within this constraint.
    d) An amount is budgeted for development contributions payments, which is set aside to fund growth projects or growth debt and interest, as determined by the Development Contributions Policy.
    e) The net cash operating costs is determined (net of cash revenue budgets).
    f) This leaves the funded portion of operating costs. A small amount may be held in a cash funded reserve; otherwise the funds are available for capital costs. This amount largely represents rate funded depreciation but may include operating surpluses from some activities and accounting provisions not held in reserve funds. This funding is not held by activity and is available to fund any capital costs.
    g) Council sets the limit on debt, which determines the maximum debt funding available for capital costs.

18. Consequently, despite the potential availability of the funding sources in paragraph 13, this process results in the following funding available for capital costs:

    a) Cash from General Rates for use on all activities.
    b) Cash from Targeted Rates for use on Business Improvement District (BID) improvements (Activity: Urban and Spatial Planning).
    c) Cash from development and financial contributions, for growth projects and related interest costs.
    d) Cash from grants and subsidies, targeted to capital projects.
    e) Cash from borrowing.

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[1] The Investment and Liability Management Policy states: "
Proceeds from the sale of assets or investments will in the first instance be used to repay outstanding borrowings unless otherwise specifically authorised by Council. The exception to this is in relation to the sale of endowment properties where any surplus cash is held in the Municipal Endowment Fund to be used to reinvest on behalf of the fund. If assets are subject to legislative restrictions, the proceeds are used in accordance with the provisions of the appropriate legislation."

19. The following guidelines are used when considering the funding of capital projects:
    a) All projects are first funded from grants, subsidy or other income, which are budgeted as operating revenues.
    b) Growth projects for network infrastructure to meet increased demand are funded from development contributions, to the extent provided for in the Development Contributions Policy.
    c) Reserve funds for other purposes are considered. A small number of cash funded reserves are available for capital costs projects.
    d) Targeted rate options may be considered.
    e) Projects that have exhausted previous funding sources are funded from the surplus cash available from general rates and debt.
20. A single project may have a mix of each of these funding options.
21. Whenever Council resolves to consider a separate funding policy, it will consider the sources of funds above, the Revenue and Financing Policy and section 101(3) to determine the appropriate funding sources for the project. Generally, Council will resolve the funding in setting the budget for the project at the time the project is proposed in an Annual Plan or Long-term Plan. In making its decision it shall have regard to the matters in Table 2.

Waters activities funding policy modification

22. Council is modifying its waters activities funding policy to provide supporting rates funding information for Local Waters Done Well. This transition separates the funding of the waters activities (water supply, wastewater and stormwater) from other Council activities.
23. The funding sources for operating costs remain unchanged.
24. The funding sources for capital costs of Water supply, wastewater, and stormwater funding will be separate from all other council activities for each activity.
25. The funding sources available for these activities for capital costs are:
    a) Cash from financial contributions for level of service, growth projects and related interest costs.
    b) Cash from development contributions for growth projects and related interest costs.
    c) Cash from grants and subsidies targeted to capital projects.
    d) Cash from borrowing.
    e) Cash from operational surpluses (including depreciation) and only from that activity.

Table 2: Consideration of legal requirements for capital expenses

Headings-s.101(a) reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	A capital project is expected to contribute to the community outcomes in the same way as the activity from which its consequential operating costs are funded, unless Council resolves otherwise.
Distribution of benefits - s.101(3)(a)(ii)	The distribution of benefits is expected to be the same as that for the operating costs of the activity from which it is funded, unless Council resolves otherwise. Council may target those people or organisations who primarily benefit through financial and development contributions, lump sum options or Targeted Rates.

Period of benefit- s.101(3)(a)(iii)	For most capital projects, the benefit is received over the life or the capacity life of the asset. Council will have regard to the equitable distribution of costs to each generation for the building and renewal of the asset.
Who creates the need- s.101(3)(a)(iv)	Some capital costs Council spends because of the actions or inactions of individuals or groups create the need to undertake the activity. Council may choose to target these people or organisations through financial and development contributions or Targeted Rates.
Separate funding- s.101(3)(a)(v)	Council must consider the practicalities of separate funding along with transparency and accountability. In some cases, while it may be desirable to charge individuals, there may be no practical way of doing so.

26. Note that for growth- related network infrastructure a separate s.101(3) analysis is required in the Financial and Development Contributions Policy, as required by s106.

Funding bands

27. After considering the section 101(3)(a) components, Council considers to what extent each of the funding sources is able to fund each activity. This policy is intended to be in place for the next three years before it is reviewed and because things change over time, it is not possible to precisely determine the percentage allocated. For this reason, Council has decided to band the percentages into the categories listed in Table 3.
28. The assessment in Schedule 1 identifies the most likely sources of funding an activity is budgeted to receive. In all cases , rates fund the balance of the activity after all other sources have been maximised. It is likely that from time to time Council will be able to secure additional funding that may be become available.
29. Budgets will normally be set within these ranges. These ranges are expressed as a percentage of the cost of the activity and are indicative only. They may change over time because of changes in expenditure rather than changes in revenue. It is also likely that actual funding sources will be different from budgeted funding sources.

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Table 3: Funding bands

Name	Percentage range
None	0%
Minimal	0% - 20%
Low	20% - 40%
Moderate	40% - 60%
High	60% - 80%
Most	80% -100%
All	100%

Funding sources and rationale

30. This column of Schedule 1 identifies which of the funding sources Council plans to use in budgeting to fund the operating costs of each activity. It is determined by Council after consideration of each clause of section 101(3)(a).
31. The assessment of the funding sources is a complex matter of weighing up the requirements of section 101(3)(a) with the available sources and Council's preferences for using these sources. Council has documented its rationale for choosing each the funding source in this Funding Needs Analysis and the Revenue and Financing Policy.
32. The funding source for an activity may be modified by Council when it considers the requirements of section 101(3)(b). If this has occurred it is considered as part of the overall funding considerations set out in the Revenue and Financing Policy.

Previous reviews

33. The Council last reviewed the FNA in 2021 in conjunction with the development of the 2021-31 Long-Term.
34. The review in 2024 is based on the 2021 policy. Changes have been made reflecting the considerations of Council as it reviewed the funding of activities in developing the 2024-34 Long-Term Plan.

Ko te Aroturukitanga me te Whakatinanatanga Monitoring and Implementation

35. Implementation of the policy will be monitored by the Chief Financial Officer.
36. Performance against this policy will be monitored and reported.
37. The policy will be reviewed in response to any issues that may arise, every three years, at the request of Council or in response to changed legislative and statutory requirements (whichever occurs first).

Ko ngaa Tohutoro References

38. The Local Government Act 2002. The policy is a required by s101(3) of LGA, provides the background and analysis to explain the funding decisions Council has made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.
39. The Revenue and Financing Policy. The policy is a requirement under s102(2)(a) of the LGA along with s103(2)(a)-(j) which notes the sources referred to in s103(1) of the LGA.
40. The Preamble to Te Ture Whenua Maori Act 1993 includes the principles that the policy must support as required by s102(3A)(a) of the LGA.

Council plans to modify the Revenue and Financing Policy and Funding Needs Analysis for Local Water Done Well programme. At the time of this update, the Government had repealed three waters reform legislation, enacted the Local Government (Water Services Preliminary Arrangements) Act 2024 and introduced the Local Government (Water Services) Bill.

Schedule One: Activity Funding Needs Analysis 101(3)(a) – operating costs

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Water Supply							
Water Supply	A green city	The primary benefit of having a safe and adequate volume of water, an outstanding water reticulation network and demand management is to households and business. Council considers that each household receives a similar benefit from a safe, reliable, and adequate storage of water. 1700 properties outside the district are supplied with water. Business non-developed and out of district water users have variable benefit from different water consumption from connection to connection.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Very limited impact of the actions or in actions of others.	Separate funding is necessary to meet transparency compliance, in accordance with Local Water Done Well.	**MOST** Targeted rates **MINIMAL** Fees & user charges Other **UNLIKELY** All other funding sources	Targeted rates are the appropriate funding source for households as they are easy to administer, users receive a similar benefit from the quality and quantity of supply and users receive the same benefit from the supply of water including the benefits of demand management. Metered Water Rates (Targeted Rates) are appropriate for funding business and rural consumers. Where bulk water or out of district water is supplied it is charged on a User Charges basis. .
Wastewater							
Wastewater	A green city	The treatment and disposal of wastewater are primarily a benefit to the whole community. The collection of wastewater is primarily a benefit to households and business that are connected to the schemes by removing the waste from properties. The protection of the environment is a benefit to the serviced. Council considers that each	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Some businesses have an adverse impact greater than most users due to the volume or nature of the waste produced.	Separate funding is necessary to meet transparency compliance, in accordance with Local Water Done Well.	**MOST** Targeted rates **MINIMAL** Fees & user charges Other **UNLIKELY** All other funding sources	In most cases it is not practicable to measure the quantity of individual's contribution to the wastewater system. There are some businesses that produce abnormal wastewater where direct charging is appropriate. This is required by the Trade Waste Bylaw 2016 (amended 2023) in addition to the Targeted Rate. Their share of costs is recovered by way of trade waste user charges.

	household and business receives a similar benefit from the treatment and disposal of wastewater.	The community benefits from the safety and environmental effects of sewage treatment and disposal. Targeted rates are the appropriate funding source for households and business as they receive the same benefit from wastewater collection.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Stormwater							
Stormwater	A green city	Stormwater collection benefits households and business by minimising and removing stormwater from properties. This benefit extends to the wider community in public spaces. Stormwater treatment provides a community benefit particularly in improving river health. Council considers that each household and business receives approximately the same benefit from the stormwater network.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact	Separate funding is necessary to meet transparency compliance, in accordance with Local Water Done Well.	**MOST** Targeted rates **MINIMAL** Fees & user charges Other **UNLIKELY** All other funding sources.	There is no practical way to charge individuals or groups for any direct benefit. Targeted rates is the appropriate funding source for households and business as they are easy to administer and users receive the same benefit from the stormwater network.
Transport							
Transport Network	A city that's easy to live in	The transport network serves the whole city and everyone benefits directly in their personal use and indirectly through the supply of goods and services to businesses. Council considers that each household and business receives approximately the same benefit from the transport network.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	There is an impact of the actions or inactions of others. Costs are driven by traffic volumes and size. Large vehicles, wear roads out more quickly than motorcars.	Council considers that there is little benefit of separate funding.	**MOST** General rates **MINIMAL** Subsidies & grants Fees & user charges Other **UNLIKELY** All other funding sources.	While individuals benefit by using th transport network there is no practic means available to charge for this. Subsidies sourced from Waka Kotah New Zealand Transport Agency (NZT/ are available to fund both operating ar capital costs.

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Urban Transport	A city that's easy to live in	Parking provides a direct benefit to users. Having parking available in business areas provides an indirect benefit to businesses. Council considers that users receive the primary benefit of parking management.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	There is an impact of the actions or inactions of others. Demand is driven by volumes and time parked.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** Fees & user charges **LOW** Other **MINIMAL** Targeted rates **UNLIKELY** All other funding sources	Balancing user charges, demand management and the impact of businesses is challenging and requires close monitoring. There are well established user charges methodologies for city parki that assist in demand management. Fines revenue is included in user charges and results in this activity operating at a surplus.
Transportation Centre	A city that's easy to live in	The transportation centre provides a direct benefit to users. Having the transportation centre available in business areas provides an indirect benefit to businesses. Council considers that users receive the primary benefit of the transportation centre.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	There is an impact of the actions or inactions of others. Demand is driven by users using public transport.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** General rates **MINIMAL** Subsidies & grants Other **UNLIKELY** All other funding sources	While individuals benefit by using th transport centre there is no practic means available to charge for this.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Rubbish and recycling							
Resource Recovery	A green city	Removal of refuse provides a benefit to households. Introducing new options for refuse collection enable better environmental management of waste and contribute to waste minimisation goals. The whole community benefits from action in this area to minimise the negative impacts of waste and the responsible management and monitoring of closed landfills	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Some households create more waste than others. This is managed by rules on volumes of waste. Refuse varies across business. This is managed by the Council not providing service and leaving pricing to market forces. The actions of most individuals or groups have a minor impact.	Council considers that there is little benefit of separate funding.	**HIGH** General rates **MINIMAL** Targeted rates Subsidies & grants Fees & user charges Other **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households as the are easy to administer and users receive a similar benefit.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Venues, Tourism and Events							
Claudelands Event Centre	A fun city with lots to do	Claudelands Event Centre provides venues for events that are attended by large numbers of people including high performance sport, conferences, functions, concerts and performances. The community is enriched by the range of events and activities at the venue. Events provide direct and indirect benefits to businesses.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. Each activity has their own specifications and venue use requirements..	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** General Rates **LOW** Fees & user charges **MINIMAL** Other **UNLIKELY** All other funding sources	Fees & User Charges are made for hireage, events and retail sales. Fees & User Charges do not fully recover the cost of the private bene and rates funding is required to ensure cost-effective access to this service can be provided. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from Claudelands Events Centre.

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Stadia	A fun city with lots to do	FMG Stadium Waikato provides a venue for high performance sport and events attended by large numbers of people. Seddon Park provides a venue for high performance sport (primarily cricket) and events attended by large numbers of people. The benefit to households of being able to attend live high-performance sport is reflected in the importance of sports to our cultural and social wellbeing.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. Each sport has their own specifications and requirements.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** General rates **MINIMAL** Fees & user charges Other **UNLIKELY** All other funding sources	Fees & user charges are made for admission, events and retail sales. Fees & user charges do not fully recover the cost of the private bene and rates funding is required ensure cost-effective access to this service c be provided. General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit from tl stadium.
Theatres	A fun city with lots to do	The Theatre activity provides funding to the Waikato Regional Property Trust to deliver the Waikato Regional Theatre. This venue will provide a new world-class multi-purpose performing arts theatre to serve the region and Hamilton community.Primary benefits are to the community which is enriched by events and performances. Businesses benefit indirectly from these events.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	There is no practical means for Council to charge individuals or groups.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit from th theatres.

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Tourism & Events	A fun city with lots to do	Event Sponsorship Funding promotes Hamilton as a destination including supporting events which attract visitors. Annual funding to the Regional Tourism Organisation (Hamilton and Waikato Tourism Limited) supports initiatives that strengthen the attraction of both the city and region to the visitor market. Theatre, Tourism & Funding bring economic and profile benefits to Hamilton and its communities. The community is enriched by visitation.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have minor impact on this activity.	Council considers that there is little benefit of separate funding.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit from th activity.
Hamilton Gardens	A fun city with lots to do	The gardens are for the recreational enjoyment of the amenity by visitors. They are the region's largest visitor attraction. The households benefit for the recreation and amenity of the gardens. Business benefits from the visitor activity created by the attraction.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have some impact.	Council considers that visitors are getting considerable benefit from the visitor attractions.	**HIGH** General rates **LOW** Fees & user charges **MINIMAL** Other **UNLIKEY** All other funding sources	A small amount of user charges is achievable for private use of the facil such as weddings, festivals and retai sales. Charges to access the themed garder are appropriate for non-resident visitors. General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit from t activity.

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Museum	A fun city with lots to do	The museum provides for exhibitions and use of the archives by visitors to the museum. Businesses benefit from this visitor attraction. The community benefits from a collective sense of history due to preservation of collections of regional significance and the contribution of the museum to the regional visitor and tourism economy.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**MOST** General Rates **MINIMAL** Fees & User Charges Grants & subsidies Other **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit from th activity. Fees & user charges set at an appropriate level to promote and provide access to a range of experiences which celebrate the arts and history of the region.
Te Kaaroro (Hamilton Zoo)	A fun city with lots to do	The primary benefit of the Hamilton Zoo is to users. An indirect benefit to business occurs as the zoo attracts regional tourism. Zoological activities assist the international protection species. Regional visitor uses the facilities providing indirect benefits to business. Council considers that households receive a similar benefit from the Zoo.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** General rates **MINIMAL** Fees & User Charges Grants & subsidies Other **UNLIKELY** All other funding sources.	General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit of the Hamilton Zoo. Fees & user charges are made for admission, events and retail sales. Fees & user charges do not fully reco the private benefit and rates funding required ensure the viability of the facilities.

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Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Parks and Recreation							
Community Facilities	A fun city with lots to do	Community facilities provide spaces for the community to use. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for community facilities.	**MOST** General rates **MINIMAL** Other **UNLIKELY** All other funding sources	There is no practical way to colle revenues from private benefit of using these facilities. Tenancies which meet the Community Use Policy may be charged for their use and tenanci outside this policy would be charg for their private benefit. General Rates are the appropriat funding source for households ar business as they are easy to administer and it recognises the benefit from community parks.
Parks Assets	A fun city with lots to do	Parks create amenity with green spaces and playgrounds throughout the city for the community to use. Users benefit directly from having the parks available. The whole community benefits from the amenity values, the health and wellbeing benefits.	The benefit of operating costs is expected to arise in the year the funding is sourced	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for park assets.	**MOST** General rates **MINIMAL** Fees & user charges Other **UNLIKELY** All other funding sources	There is no practical way to colle revenues from private benefit of using these parks. General Rates are the appropriat funding source for households ar business as they are easy to administer and it recognises the benefit from community parks.

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Parks Contracts	A fun city with lots to do	Parks create amenity with green spaces and playgrounds throughout the city for the community to use. Users benefit directly from having the parks available. The whole community benefits from the amenity values, the health and wellbeing benefits.	The benefit of operating costs is expected to arise in the year the funding is sourced	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for park assets.	**ALL** General rates **UNLIKELY** All other funding sources	There is no practical way to collec revenues from private benefit of using these parks. General Rates are the appropriat funding source for households ar business as they are easy to administer and it recognises the benefit from community parks.
Parks Service Delivery	A fun city with lots to do	Parks service delivery includes mowing and maintenance of the parks throughout the city for the community to use. Users benefit directly from having the services available. The whole community benefits from the amenity values, the health and wellbeing benefits	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for parks service delivery.	**HIGH** General Rates **MINIMAL** Fees and user charges Other Borrowings **UNLIKELY** All other funding sources	There is no practical way to collec revenues from private benefit of using these parks. General Rates are the appropriat funding source for households an business as they are easy to administer and it recognises the benefit from community parks.
Nursery & Natural areas	A fun city with lots to do	Nursery provides trees and plants which create amenity throughout the city. Users benefit directly from having the tree and plant available. The whole community benefits from the amenity values, the health and wellbeing benefits.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for nursery.	**MOST** General rates **MINIMAL** Fees and user charges Borrowings **UNLIKELY** All other funding sources	There is no practical way to collec revenues from private benefit of planting trees and plants throughout the city. General Rates are the appropriat funding source for households an business as they are easy to administer and it recognises the benefit from nursery.

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Cemeteries & Crematorium	A fun city with lots to do	The provision of burial facilities and services is for individuals. The city in turn has available green space, protecting public health by ensuring the safe disposal of human remains, and in maintaining cemeteries and cemetery records for future generations to locate their ancestors' burial plots/sites. The crematorium is a regional facility and benefits those who choose cremation.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of some individuals or groups have some impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** Fees & User charges **LOW** General rates **MINIMAL** Other **UNLIKELY** All other funding sources.	Individuals pay user charges for tl initial acquisition and use of a burial site (burial fees and plot charges) or the crematorium. The Cemetery Plot Maintenance i Perpetuity Reserve Fund contributes to maintenance cost

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Community Services							
Customer	A city that's easy to live in	The customer services supports resilient and readiness of communities. All members of the community benefit from these activities.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for community services.	**HIGH** General rates **MINIMAL** Fees & charges Other Borrowings **UNLIKELY** All other funding sources	This activity includes grants administration on behalf of others. This shows as an income and expense. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from community development.
Libraries	A city that's easy to live in	The primary benefits from libraries are to those that borrow and use library material and resources. Waikato ratepayers get the benefit of free access, which is funded from the Waikato District Council. The libraries attract visitors which benefit local businesses. The community is enriched by the preservation of collections of regional significance and the contribution of the library to a well-informed and literate community.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**MOST** General Rates **MINIMAL** Fees & User Charges Subsidies & Grants Other **UNLIKELY** All other funding sources	Some private good component of library activities is recovered throug user charges, and fines. High levels of user charging results i a considerable drop-off in usage an has proven to not be cost- effective User recovery is also constrained b s.142 of the Local Government Act 2002. Waikato residence use is paid for b agreement with the Waikato Distric Council. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the libraries.

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Aquatics	A city that's easy to live in	The primary benefits from the leisure facilities are to the users of the pools for recreation, social, sporting, educational, and water safety purposes. Regional visitors use the facilities providing indirect benefits to business. Council considers that households receive a similar benefit from the availability of leisure facilities.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. There is a correlation between the numbers of people using the pool and operating costs.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** General Rates **LOW** Fees & User charges **MINIMAL** Other Borrowings **UNLIKEY** All other funding sources	Fees & User Charges are made for casual recreation, programmes, swir school, and retail sales. Fees & User Charges do not fully recover the private benefit and rate funding is required to ensure the viability of the facilities. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from pool facilities.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Regulatory and Safety							
Animal Control	A city where our people thrive	Dog registration is a service that benefits dog owners by allowing legal ownership of dogs and enabling lost / impounded dogs to be traced to their owners. Dog ranging, pound keeping and response to animal complaints are activities that protect the public from the negative effects of the actions or inactions of dog owners.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions or inactions of animal owners create costs for this activity and negatively impact on the community. The negative impacts affect the whole community.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**MODERATE** General rates Fees & User charges **MINIMAL** Other Borrowings **UNLIKELY** All other funding sources	Fees & User Charges recognise that the benefits of registration activities are to dog owners and the costs of responding to complaints about dogs and wandering stock are driven by the actions or inactions of animal owners. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from animal control.
Environmental Health Control	A city where our people thrive	The benefits of inspection and licensing of premises (including food premises, camping grounds, hairdressers, offensive trades and funeral directors) accrue mostly to the business owner. The protection of public health by ensuring standards are meet is a benefit to the community.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have some impact. The actions or inactions of organisations monitored by this activity have the greatest impact on the activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**MODERATE** General rates **LOW** Fees & User Charges **MINIMAL** Other Borrowings **UNLIKELY** All other funding sources	Fees & User Charges recognise the benefits to people who apply for licences. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from a safer community.
Liquor Licensing	A city where our people thrive	The benefits of inspection and licensing of premises trading with alcohol accrue partly to the business owner. The protection of public health ensuring standards are meet is a benefit to the community.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have some impact. The actions or inactions of organisations monitored by this activity have the greatest impact on the activity.	Identifying separate funding assists in the accountability and transparency of the Council's expenditure on this activity.	**MOST** Fees & User Charges **MINIMAL** General rates Borrowings **UNLIKELY** All other funding sources	Fees & User Charges recognise the benefits to people who apply for licences. Charges are restricted by regulation.

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City Safety Operations	A city where our people thrive	The protection of public health by ensuring standards are meet is a benefit both households and business creating a better environment for the community.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups are primarily the reason for this activity.	There is no practical way to charge the individuals and groups creating the need for this activity.	**MOST** General rates **MINIMAL** Fees & user charges Subsidies & grants Other Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from a safer community.
Civil Defence & Emergency	A city where our people thrive	Civil defence activities are provided for the benefit of the whole community.	The benefit of operating costs is in having plans in the event of an emergency at some time in the future. The annual operating costs ensure there are up to date plans and staff and volunteers are trained. These costs are incurred in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for emergency management.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	In the event of activation, Council m be entitled to subsidies for some Ci Defence costs such as welfare. Council does not budget for this income or the expense. The planning for an emergency benefits the whole community and i fully rate-funded.
Building Control	A city where our people thrive	Individuals that apply for consents and use the other services in this area directly drive the majority of the costs. Building control activities also provide the public passing and entering a building and future owners and occupiers of the building with the benefits arising from compliance with standards at the time of construction.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**MOST** Fees & user charges **LOW** General rates **MINIMAL** Targeted rates Borrowings **UNLIKELY** All other funding	User Charges are favoured for thos that apply for building consents, coc compliance certificates, PIMs or LIM Some other income is collected in commissions.

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Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Growth							
Urban & Spatial Planning	A city where our people thrive	Urban & Spatial Planning provides professional resource management advice and leadership to Council, the community and the development industry; to facilitate the planned and sustainable growth of Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	**MOST** General rates **MINIMAL** Fees & User Charges Other Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from City Planning.
Planning Guidance	A city where our people thrive	Individuals that apply for consents and use the other services in this area are the predominant beneficiaries of this activity. Through their actions they directly drive the majority of the costs. These activities also provide benefit to persons other than the applicant such future owners and occupiers of the land (a property-based benefit). The whole community benefits as this activity aims to protect Hamilton's unique environment and residents' quality of life as the city grows and develops.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**MODERATE** Fees & user charges General rates **MINIMAL** Other Borrowings **UNLIKELY** All other funding sources	Fees & user charges recognise the benefits to people who apply for resource consents. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from city planning.
Growth Funding & Analytics	A city where our people thrive	Growth funding & analytics provides management advice to facilitate the planned and sustainable growth of Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their be nefit, where separate funding would be appropriate.	**HIGH** General Rates **MINIMAL** Fees & user charges Other Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from growth programmes.

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Sustainable Communities	A city where our people thrive	Growth programmes provides management advice to facilitate the planned and sustainable growth of Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	**HIGH** General Rates **MINIMAL** Targeted rates Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from growth programmes. The Targeted rates portion of fundir is for the Business Improvement District.
Strategic property	A city where our people thrive	Strategic property provides management of property in Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	**HIGH** Other **MINIMAL** General Rates Fees and user charges **UNLIKELY** All other funding sources	Rental income is the main source of income through renting out the properties.

Activity	Community priority	wellbeing	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Governance								
Democracy Services	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for this activity.	**MOST** General rates **MINIMAL** Fees and user charges Other Borrowings **UNLIKELY** All other funding sources	General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from this activity. A small amount of income is received every three years for providing election services to other organisations.
Mayor Office	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for this activity.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from this activity.
Mayoral Support Services	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for this activity.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from this activity.

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Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Partnerships, Communication & Maaori							
Partnerships, Communication & Maaori	A city where our people thrive	The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for the activity.	**MOST** General rates or Fees and charges **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
Amorangi Maaori	A city where our people thrive	The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for the activity.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
Communication & Engagement	A city where our people thrive	The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for the activity.	**MOST** General rates **MINIMAL** Other Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
Community Partnerships, Funding & Events	A city where our people thrive	The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	**MOST** General rates **MINIMAL** Fees & user charges Other Borrowings **UNLIKELY** All other funding	General rates are the appropriate funding source for households and business as they are easy to administ and it recognises the benefit from the activity.

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Attachment 4 **Item 15**

First adopted:	30 June 2004
Revision dates/version:	26 June 2025
Next review date:	30 June 2027
Engagement required:	Section 82-87 LGA 2002
Document Number:	
Associated documents:	Funding Needs Analysis
Sponsor/Group:	Chief Financial Officer

Revenue and Financing Policy

Ko te Puutaketanga Purpose

1. The policy outlines the choices Hamilton City Council (Council) has made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The Policy is a requirement under s102(2)(a) of the LGA along with s103(2)(a)-(j) which notes the sources referred to in s103(1) of the LGA. The policy illustrates Council's compliance with LGA s101(3) which sets out the factors Council must consider in making these decisions. A comprehensive analysis of how Council has complied with this section of LGA s101(3) is included in the Funding Needs Analysis.

2. Deciding the best way to fund Council activities is complex. Complying with legislation takes account of many factors including, but not limited to, the following:
   - Legal
   - Social
   - Competition
   - Affordability
   - Impact of change
   - Efficiency
   - Equity
   - Cost
   - Intergenerational equity
   - Transparency
   - Accountability
   - Business
   - Strategic alignment
   - Benefit

Ko te Whaanuitanga Scope

3. This Policy applies to all funding decisions made at Council.

Ko ngaa Whakamaaramatanga Definitions

Term	Definition in this Policy
DC	means development contribution. It is a one-off charge imposed on new developments. It contributes to the growth-related cost of our infrastructure network and supports the city's long-term growth.
UAGC	means Uniform Annual General Charge. Is a rate set as a fixed amount per SUIP. The UAGC modifies the impact of rating on a city-wide basis.
SUIP	Means separately used or inhabited part of the rating unit as defined by Council in the Long-Term Plan

Ko ngaa Tikanga Whakahaere Kaupapahere Principles of Policy

4. The following guiding principles will be applied when considering our use of funding sources:

   a) Council will adopt a prudent Financial Strategy which supports its current credit rating.

   b) The everyday costs of running the city will be met from everyday revenues.

   c) Council will fund maintenance and renewals as per approved Asset Management Plans.

d) Growth cells will be completed to an approved level of service.

e) Council should explore external funding options for new discretionary projects whenever possible.

f) When a private benefit can be identified, and it is efficient to collect the revenue user charges will be considered.

g) Growth will pay for growth.

h) Asset sale proceeds will be used to pay down debt.

i) The main source of our everyday revenue will be general rates.

j) Targeted rates could be used to fund the council portion of new projects where the costs of these activities can be easily identified.

k) Rates certainty will be considered.

l) Affordability of rates will be considered.

m) Rates increases will consider Local Government inflation and interest cost levels to ensure a prudent financial position is maintained.

5. Balancing these principles can be challenging at times. Council must use its judgement in assessing many options in the development of budgets or acquisition of assets and the choice of funding sources to enact these.

Ko ngaa Tikanga Policy

Funding sources for operating costs

6. Operating costs are the everyday spending on services Council provides. This includes contributions to the wear and tear of assets used (depreciation), interest charged on borrowing for capital projects and overhead costs.

7. We must consider the funding for each activity individually. Some activities may be best funded by user charges, such as swimming pool admission fees, others with targeted rates, such as a Business Improvement District Rate, and others from the general rate, such as road maintenance.

8. The funding sources for operating costs are described in the following sections.

User charges (s 103(2)(c) under LGA 2002 fees and charges)

9. User charges are applied to services where it is identified there is a benefit to an individual or group. User charges are a broad group of fees charged directly to an individual or entity and includes:

- Entry fees
- Service charges
- Hire
- Rent, lease, licences for land and buildings
- Permits
- Regulatory charges
- Fines and penalties
- Connection fees
- Disposal fees
- Deposits
- Private works
- Memberships
- Planning and consent fees
- Statutory charges
- Retail sales

10. The price of the service is based on a number of factors, including:
    - The cost of providing the service;
    - The estimate of the users' private benefit from using the service;
    - The impact of cost on encouraging/discouraging behaviours;
    - The impact of cost on demand for the service;
    - Market pricing, including comparability with other councils;
    - The impact of rates subsidies if competing with local businesses;
    - Cost and efficiency of collecting the user charge;
    - The impact of affordability on users;
    - Statutory limits; and
    - Other matters as determined by the Council.

11. Council's ability to charge user charges is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (e.g. the Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. Council considers it appropriate to incorporate overhead charges when determining the cost of providing a service.

12. Where goods or services are sold commercially, and taking into consideration legislative limitations, Council's preference is to charge a market price. This includes leases, rents and licences for land and buildings.

13. Fees and charges may be set at any time and are reviewed annually. A list of current fees and charges is maintained on our website.

14. Revenue from user charges is allocated to the activity which generates the revenue.

Grants, sponsorship and subsidies (s 103(2)(i)) under LGA 2002 grants and subsidies)

15. Grants, sponsorship and subsidies are used where they are available. Many of these types of income are regular and predictable and can therefore be budgeted for.

16. Council expects to continue to receive substantial subsidies from central government or its agents for road maintenance.

Other income

17. Council receives a distribution of local authorities fuel tax. Fuel Tax is allocated to the transportation activity and is used to fund operating costs of maintaining roads.
18. Some other types of income are unexpected or unpredictable and may not be able to be prudently budgeted (e.g. reparation payments, civil defence and other reimbursements, legal settlements and insurance claims).

Investment income (s 103(2)(d)) under LGA 2002 interest and dividends from investments)

19. Council's approach to investments is documented in its Investment and Liability Management Policy. These investments generate income such as dividends, interest, and rents.

20. Investment income funds the activity that owns the asset. The investment income is used to fund the operating costs of the activity.

~~**Development contributions, financial contributions under the Resource Management Act 1991 (RMA) and environmental contributions under the Natural and Built Environment Act 2023 (NBA), proceeds from the sale of assets and lump sum contributions**~~

~~21. Generally, Council does not collect revenue from these funding sources to fund operating costs.~~

~~22. Development Contributions revenue funds the interest cost on debt for growth-related capital projects.~~

Development contributions under s198 of the LGA 2002 and Financial contributions under 77E of the Resource Management Act 1991 (RMA)

21. Development Contributions revenue funds the interest on debt or capital costs for growth-related capital projects.

22. Financial Contributions revenue funds capital and operational costs for the purposes identified in Chapter 24 of the Operative District Plan.

Reserve funds (s 103(2)(j)) under LGA 2002 any other source)

~~21.~~23. Council maintains a small number of cash-funded reserve funds. Some of these reserve funds may be used to meet operating costs (e.g. cemetery maintenance). Generally, reserve funds are used for the purposes that they were created for.

Borrowing (s 103(2)(e)) under LGA 2002 borrowing)

24. Council's approach to borrowings is documented in the Investment and Liability Management Policy.

~~24.~~25. Borrowing is generally undertaken at a whole of Council level subject to constraints on rates increases and debt levels set by the Financial Strategy. In the instance where an activity is reflected separately to the whole of Council, borrowings will be attributed to the activity that incurs the expenditure.

~~25.~~26. Council generally plans to fund all cash operating costs from sources other than borrowing. However, in specific circumstances, where Council decides it is prudent to do so, it may fund some operating costs from borrowing.

Regional fuel taxes under the Land Transport Management Act 2003 (s 103(2)(ia) under LGA 2002)

~~26.~~27. A regional fuel tax provides additional funds to a region to pay for transport projects that would not otherwise be funded. Under the legislation, a regional fuel tax: applies to petrol and diesel, not CNG or LPG, and may be charged up to a maximum rate of 10 cents per litre, plus GST, for a maximum of 10

years. This tax is not being applied to the Waikato Region and is not a source of operating revenue for Council.

Rates

~~27.~~28. Having appropriately exhausted all other funding sources, we fund all remaining operating expenses from rates. For many activities this is the main funding source.

~~28.~~29. The above matters are all considered when determining the funding required from general rates or targeted rates for each activity in the Funding Needs Analysis, as required by section 101(3)(a).

~~29.~~30. Council may choose to establish targeted rates to fund operating costs.

~~30.~~31. Further information on rates can be found in clauses 5~~75~~-6~~058~~ and 7~~71~~-9~~41~~ of this policy as well as the Rating Policy, Rates Remissions and Postponements Policy and Rates Funding Impact Statement.

Summary of sources of funding for operating costs by activity

~~31.~~32. Council will apply the funding source preferences noted above to each activity in its Funding Needs Analysis. Table 1 shows the degree to which (expressed as a range) each funding source is used to fund operating costs following the LGA s101(3)(a) assessment.

~~32.~~33. This s101(3)(a) assessment may be modified by the s101(3)(b) assessment. The latter assessment requires Council to consider the overall impact of any allocation of liability for revenue needs on the community. Council's consideration of s101(3)(b) is included later in this policy.

~~33.~~34. The ranges in Table 1 are expressed as a percentage of the revenue required to fund each activity and are indicative only. They may change over time as a result of changes in expenditure requirements. It is possible that actual funding sources may differ from budgeted funding sources.

Table 1: Summary of funding sources by activity s.101(3)(a) only

Unlikey	0%	x
Minimal	0% - 20%	✓
Low	20% - 40%	✓
Moderate	40% - 60%	✓
High	60% - 80%	✓
Most	80% - 100%	✓
All	100%	✓

ACTIVITY	GENERAL RATES	TARGETED RATES	FEES & USER CHARGES	SUBSIDIES & GRANTS	OTHER	BORROWINGS
Community Services						
Aquatics	✓	x	✓	x	✓	✓
Libraries	✓	x	✓	✓	✓	x
Customer	✓	x	✓	x	✓	✓
Governance						
Democracy Services	✓	x	✓	x	✓	✓
Mayor Office	✓	x	x	x	x	✓
Mayoral Support Services	✓	x	x	x	x	✓
Growth						
Planning Guidance	✓	x	✓	x	✓	✓
Growth Funding & Analytics	✓	x	✓	x	✓	✓
Sustainable Communities	✓	✓	x	x	x	✓
Strategic Property	✓	x	✓	x	✓	x
Urban & Spatial Planning	✓	x	✓	x	✓	✓
Parks & Recreation						
Cemetery & Crematorium	✓	x	✓	x	✓	x
Community Facilities	✓	x	x	x	✓	x
Nursery & Natural Areas	✓	x	✓	x	x	✓
Parks Assets	✓	x	✓	x	✓	x
Parks Contracts	✓	x	x	x	x	x
Parks Service Delivery	✓	x	✓	x	✓	✓
Partnerships, Communication & Maaori						
Amorangi Maaori	✓	x	x	x	x	✓
Communication & Engagement	✓	x	x	x	✓	✓
Community Partnerships, Funding & Events	✓	x	✓	x	✓	✓
Partnerships, Communication & Maaori	✓	x	✓	x	x	x
Rubbish & Recycling						
Resource Recovery	✓	✓	✓	✓	✓	x
Regulatory & Safety						
Animal Control	✓	x	✓	x	✓	✓
Building Control	✓	✓	✓	x	✓	✓
City Safety Operations	✓	x	✓	✓	✓	✓
Civil Defence & Emergency	✓	x	x	x	x	✓
Environmental Health Control	✓	x	✓	x	✓	✓
Liquor Licensing	✓	x	✓	x	x	✓
Stormwater						
Stormwater	x	✓	✓	x	✓	x
Transport						
Transport Centre	✓	x	x	✓	✓	x
Transportation Network	✓	x	✓	✓	✓	x
Urban Transport	x	✓	✓	x	✓	x
Venues, Tourism and Events						
Claudelands Events Centre	✓	x	✓	x	✓	x
Hamilton Gardens	✓	x	✓	x	✓	x
Museum	✓	x	✓	✓	✓	x
Stadia	✓	x	✓	x	✓	x
Te Kaaroro (Hamilton Zoo)	✓	x	✓	✓	✓	x
Theatres	✓	x	x	x	x	✓
Tourism & Events	✓	x	x	x	x	✓
Wastewater						
Wastewater	x	✓	✓	x	✓	x
Water Supply						
Water Supply	x	✓	✓	x	✓	x

Hamilton City Council
Te kaunihera o Kirikiriroa

Funding sources for capital costs

~~34.~~35. Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs are described in the sections that follow.

User charges

~~35.~~36. User charges are not often used for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of collecting user contributions for capital costs.

~~36.~~37. Council charges for capital works that are solely for private benefit (e.g. a network extension to a single dwelling) or where capital works are undertaken outside of Asset Management Plans at the request of individuals (e.g. a rural seal extension for dust suppression).

Grants, subsidies, and other income

~~37.~~38. Council relies on significant subsidies for capital works relating to the transport activity. Grants and subsidies may be available for other activities from time to time. Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance claims, and legal settlements.

39. Council relies on significant grant funding for capital works from the Infrastructure Acceleration Fund (IAF). The funding will be used for critical infrastructure projects to facilitate further development in the area - including a new water reservoir and pump station, local waters upgrades and improvements.

~~38.~~40. Grants, subsidies and other income are used wherever they are available.

Development contributions

~~39.~~41. Council collects development contributions (DCs) to fund capital costs necessary to service growth, in accordance with the Development Contributions Policy (DC Policy).

~~40.~~42. DCs are applied on an activity and catchment basis, as identified by the DC Policy. Projects identified in the DC Policy may be either completed projects (with debt yet to be repaid from future development contributions) or future projects planned in the period for which DCs may be collected.

~~41.~~43. Most contributions receipted are used to repay development contributions debt and interest on that debt. A portion may pay for capital expenditure in the year it is receipted, depending on projects.

It is important to note that, in addition to the requirements of sections 103 and 101(3), the DC Policy describes funding matters in more detail as required by section 106(2)(c).

Financial contributions under the Resource Management Act 1991 (RMA) ~~and environmental contributions under the Natural and Built Environment Act 2023 (NBA), proceeds from the sale of assets and lump sum contributions~~

~~42. Council collects financial and environmental contributions to avoid, remedy or mitigate adverse effects on the environment as conditions to resource consents. The requirements for these contributions are outlined in the Operative and Proposed Hamilton District Plan. Council receives most contributions as revenue by the vesting of assets although some may be paid directly to us.~~

44. Chapter 24 of the Hamilton City Operative District Plan (**ODP**) contains rules which enable Council to require that a financial contribution be made to Council in relation to land use activities which are permitted or subject to resource consent.

45. The purposes for which financial contributions are collected are set out in section 24.2 and 24.4 of the ODP. These are:

    a. Three waters/transport network connections;
    b. Giving effect to Te Ture Whaimana

46. The level of funding for projects which achieve these purposes but are not identified as funded projects in the Long-Term Plan, will reflect actual financial contributions revenue received. Funding will not be allocated to projects until revenue is received. Such funding will be allocated in accordance with Council's Financial Contributions Policy.

47. The level of funding for projects which achieve these purposes, and are identified as funded projects in the Long-Term Plan, will be funded within or up to the level identified.

Proceeds from the sale of assets

~~43.~~48. From time to time assets are disposed of. Usually these are low value items and the revenue is received by the activity that owns the assets.

~~44.~~49. Council holds some higher value assets for investment purposes which, although not budgeted for, could be sold. Unrestricted proceeds from the sale of these assets would be used to repay debt, unless otherwise resolved by Council. Restricted revenues would be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction (e.g. Municipal Endowments reserve).

Reserve funds

~~45.~~50. We maintain some reserve funds for capital projects and will approve the use of the funds when a project meets the specific criteria for accessing the reserve.

Borrowing

~~46.~~51. Council must borrow to fund its asset programme. The amount of borrowing available is restricted by the Financial Strategy debt limits.

~~47.~~52. Borrowed funds, both the principal and interest components, are generally repaid by future rates.

~~48.~~53. Borrowing spreads the cost of a project over a longer period of time, smoothing changes in rates and ensuring that future ratepayers who will enjoy the benefit of long-lived assets contribute to their costs.

~~49.~~54. Council will budget to borrow from the Housing Infrastructure Fund (HIF) in the 2024-34 Long-Term Plan to fund some capital expenditure on growth related infrastructure. This loan is treated the same as other borrowing except that it is interest free for 10 years from the date each loan is drawn down. At the end of the 10 years the loan is required to be repaid and/or refinanced by new borrowing that is subject to interest.

Lump sum contributions

~~50.~~55. When undertaking a major project, Council has the option to seek lump sum contributions to the capital cost of the project from those who are identified in the "capital project funding plan". Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have restrictions placed on how they are used. Where a lump sum payment option is proposed ratepayers may choose to pay the lump sum or not. If not, the rating unit will be liable to pay any targeted rate set to recover the loan costs.

~~51.~~56. Generally, Council does not plan to seek lump sum contributions.

Regional fuel taxes under the Land Transport Management Act 2003 (S 103(2)(ia))

~~52.~~57. A regional fuel tax provides additional funds to a region to pay for transport projects that would not otherwise be funded. Under the legislation, a regional fuel tax: applies to petrol and diesel, not CNG or LPG, and may be charged up to a maximum rate of 10 cents per litre, plus GST, for a maximum of 10 years. This tax is not being applied to the Waikato Region and is not a source of capital revenue for Council.

Rates

~~53.~~58. Rates are mostly used to fund everyday expenses including depreciation and interest costs related to borrowing.

~~54.~~59. Each year, Council calculates its operating cash surplus which determines the amount of rates funding available to fund capital projects or debt repayment. The greatest portion of this rates funding is allocated to pay for depreciation (which is a non-cash operating cost). These funds are used to fund capital replacement and/or renewal projects.

~~55.~~60. A portion of rates funds the capital (principal) repayments of debt.

~~56.~~61. Council may establish targeted rates to fund specific capital projects. Targeted rates are more likely to be considered where a benefit can be linked to an identifiable individual or group, either arising from the use of the asset or as a consequence of a decision. For clarity, this may include the growth portion of any project or groups of projects that are unable to be funded from a DC Policy.

Potential future funding sources

Infrastructure Funding and Financing Act (IFF)

~~57.~~62. The IFF, which was enacted in August 2020, enables Council to access a new off-balance sheet funding mechanism to support the delivery of infrastructure projects.

~~58.~~63. Council has not yet negotiated any IFF deals, as such, the 2024-34 Long-Term Plan does not reflect any potential off-balance sheet funding arrangements.

Strategic Land Agreements

~~59.~~64. Hamilton City Council is working with neighbouring Councils on Strategic Land Agreements which may result in boundary reorganisation. An agreement with Waikato District Council has been finalised covering land around Hamilton currently in the Waikato District Council area. Council is also working with Waipa District Council to establish a similar agreement. Strategic Land Agreements are intended to provide a degree of certainty around the future expansion of Hamilton and the transfer of land to the City from the District Councils.

~~60.~~65. Strategic Land Agreements outline a clear process to initiate a transfer of land and include financial principles for any land transfer. Financial considerations will be reviewed and reported to the relevant Committee if and when parcels of land are considered for transfer.

~~61.~~66. Once transferred to the City, rates will be set by Hamilton City Council, based on the rating system at that time. Hamilton City Council would also assume responsibility for the direct costs to provide services to the land.

Summary of sources of funding for capital costs by activity

~~62.~~67. As described in the Financial Strategy, Council has a challenge to manage growth, affordable rates increases and debt. To achieve the appropriate balance between these variables Council will take the following approach:

a. Council will set the annual rate increase;
b. The existing rating base plus an estimate for growth determines the rates income;
c. Activity operating revenue and expenditure budgets are determined, within the rate income constraint;
d. An amount is budgeted for development contributions payments, which is set aside to fund growth projects or growth debt and interest, as determined by the DC Policy;
e. The net cash operating costs is determined (net of cash revenue budgets);
f. This leaves the funded portion of operating costs. A small amount may be held in a cash funded reserve; otherwise the funds are available for capital costs. This amount largely represents rate funded depreciation but may include operating surpluses from some

activities and accounting provisions not held in reserve funds. This funding is not held by specific activities and is available to fund any capital costs; and

g. Council will then set the limit on debt, which determines the maximum debt funding available for capital costs.

~~63.~~68. This process is intended to result in the following funding sources being available to fund capital costs:

a. Cash from general rates, for use on all activities;
b. Cash from targeted rates, for example for use on the Business Improvement District grant;
c. Cash from development and financial~~/environmental~~ contributions, for growth projects and related interest costs;
d. Cash from grants and subsidies, targeted to capital projects; and
e. Cash from borrowing.

~~64.~~69. Council will use the following guidelines when considering the funding of capital projects:

f. All projects are first funded from grants, subsidy or other income, which are budgeted as operating revenues;
g. Growth related projects for network infrastructure to meet increased demand are funded from DCs, as allowed for under the DC Policy;
h. Reserve funds for other purposes are considered. We have a small number of cash funded reserves available for capital costs projects;
i. Targeted rating options may be considered; and
j. Projects that have exhausted previous funding sources are funded from general rates and/or debt.

~~65.~~70. A single project may have a mix of each of the above funding options.

~~66.~~71. Whenever Council resolves to fund a separate project, it will consider the sources of funds above, the Revenue and Financing Policy and LGA section 101(3) to determine an appropriate funding policy for that project. Generally, Council will resolve the funding in setting the budget for the project at the time it is proposed in an Annual Plan or Long-Term Plan.

Waters activities policy modification

72. Council is modifying its waters activities funding policy to provide supporting rates funding information for Local Waters Done Well. This transition separates the funding of the waters activities (water supply, wastewater and stormwater) from other Council activities.

73. The funding sources for operating costs remain unchanged. However, the Local Government (Water Services) Bill proposes to remove rate funding on a property value basis (land or capital value) over time.

74. The funding sources for capital costs of Water supply, wastewater, and stormwater funding will be separate from all other council activities for each activity.

75. The funding sources available for these activities for capital costs are:

a) Cash from development and financial contributions for growth projects and related interest costs.
b) Cash from grants and subsidies targeted to capital projects.
c) Cash from borrowing.
d) Cash from operational surpluses (including depreciation) and only from that activity.

Overall funding consideration

~~67.~~76. Council is required by LGA s101(3)(b) to consider the overall impact of the allocation of liability for revenue needs on the community. This allows Council, as a final measure, to modify the overall mix of funding that would otherwise apply after the s101(3)(a) analysis.

~~68.~~77. The following ~~-~~applications have been made:

a. The Financial Strategy has the guiding financial principle that those who benefit from growth pay a fair share of the cost of that growth. Growth drives both operating and capital costs. Council will use all available funding sources to ensure that those who benefit from or create growth contribute an appropriate share towards the costs of providing infrastructure to meet the demands of that growth. This includes financial~~/environmental~~ contributions, development contributions, user charges and general and targeted rates.
b. Council has made the following adjustments to targeted rates:
    i. A pool safety inspection rate has been introduced.
c. Council considers the benefits of services associated with the development of land are realised from the time the development is started.
d. Council may waive or discount fees and charges where it is considered appropriate to do so. Some matters considered in deciding whether it is appropriate to waive fees are for social reasons, the promotion of events and facilities, commercial reasons, due to poor service or to minimise risk.
e. Council may remit rates where it considered appropriate to do so and as allowed for in the Rates Remissions and Postponements Policy. These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (e.g. additional or no provision of some services).
f. Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years to smooth the cost to users and ratepayers.
g. Council may modify the allocation of liability for growth related network infrastructure projects when considering the matters required by s106 of the LGA, in the DC Policy.
h. Council is required by LGA section 102(3A)(a) to ensure that the Revenue and Financing Policy supports the principles set in in the Preamble to Te Ture Whenua Maori Act 1993. The Council will take the principles into account when considering funding decisions.
~~h.~~i. Council's Local Waters Done Well programme develops legislative guidance. Council may modify funding preferences for the efficient Local Waters Done Well structural options.

Rates

~~69.~~78. Council's final consideration of funding by rates comes:

a. After considering how other funding sources will be used to fund operating and capital costs;
b. After that has been applied to activities in the Funding Needs Analysis; and/or
c. After being adjusted for the overall funding considerations.

~~70.~~79. The following section outlines the Revenue and Financing Policy requirements that are used to set rates. To have a full understanding of rates they should be read with regard to the analysis above and in conjunction with the Rating Policy, Funding Impact Statement and Rates Resolution.

General rates

~~71.~~80. The general rate will be set on the basis of capital value.

~~72.~~ A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part (SUIP) of all rating units.

~~73.~~81. ~~The Council has determined in its Funding Needs Analysis that all or part of the following activities should be funded from the general rate and the UAGC:~~

- ~~Amorangi Maaori~~
- ~~Animal Control~~
- ~~Aquatics~~
- ~~Building Control~~
- ~~Cemetery & Crematorium~~
- ~~City Safety Operations~~
- ~~Civil Defence & Emergency~~
- ~~Claudelands Events Centre~~
- ~~Communication & Engagement~~
- ~~Community Facilities~~
- ~~Community Partnerships, Funding & Events~~
- ~~Customer~~
- ~~Democracy Services~~
- ~~Environmental Health Control~~
- ~~Growth Funding & Analytics~~
- ~~H3 Management~~
- ~~Hamilton Gardens~~
- ~~Libraries~~
- ~~Liquor Licencing~~
- ~~Mayor's Office~~
- ~~Mayoral Support Services~~
- ~~Museum~~
- ~~Nursery & Natural Areas~~
- ~~Park (Assets & Contracts)~~
- ~~Parks Service Delivery~~
- ~~Partnerships, Communication & Maaori~~
- ~~Planning Guidance~~
- ~~Resource Recovery~~
- ~~Stadia~~
- ~~Stormwater~~
- ~~Strategic Property~~
- ~~Sustainable Communities~~
- ~~Te Kaaroro (Hamilton Zoo)~~
- ~~Theatres~~
- ~~Tourism & Major Events~~
- ~~Transport Centre~~
- ~~Transportation Network~~
- ~~Urban & Spatial Planning~~
- ~~Urban Transport~~
- ~~Venue, Tourism & Major events~~
- ~~Visitor Services & Products~~
- ~~Wastewater~~
- ~~Water Supply~~

~~74.~~82. Council differentiates the general rate into ~~four~~three differential rating categories based on one or more of the uses to which the land is put, the provision or availability to the land of a service provided, the activities permitted, controlled, or discretionary for the area in which the land is situated and the rules to which the land is subject under the operative district plan, and the location of the land. The categories are:

- Residential;
- Commercial; and
- BID Commercial~~.; and~~
- ~~Other.~~

83. The Other category will not be applied from 2025/26 onward. Properties previously categorised as Other will now be categorised as Residential and waters targeted rates will be applied if applicable.

~~75.~~84. The BID Commercial category will increase to be the same as the Commercial category from 2024/25, meaning commercial properties in the central city will pay the same General rate and Government Compliance rate as commercial properties elsewhere in the city.

~~76.~~85. The full definition of these categories is contained in the Funding Impact Statement.

~~77.~~86. The general rate differential factors will be calculated as shown in the Funding Impact Statement.

~~78.~~87. In setting the differential categories, and the differential factors, Council considers the requirements of the LGA and a number of other considerations, including:

- The activities funded by the general rate and the s101(3) considerations for the activities;
- The impact of any change, or rate of change to the differential;
- The views of those impacted by the differentials;
- Other reasonable options, and the advantages and disadvantages of those options; and
- The overall impact of the differential on ratepayers.

Uniform Annual General Charge (UAGC)

~~79.~~88. The level of the UAGC will be determined based on the overall impact of rates to individual ratepayers and categories. There is no direct allocation of any activity nor is there a calculation methodology for the determining the UAGC amount.

Targeted rates~~*Government compliance rate*~~

~~80. A Government compliance targeted rate was introduced to fund additional costs in the Council's water services activities as well as the cost of changing the District Plan as a result of legislation introduced by central government.~~

~~81. The Government compliance targeted rate has been implemented to clearly identify and explain additional costs associated with water services and changes to the District Plan.~~

~~82. The Government compliance targeted rate is applied to all rateable land on the basis of capital value, and differentiated on the same basis as the general rate.~~

~~83. The differential bases are outlined in the Council Funding Impact Statement.~~

Pool safety inspection rate

~~84.~~89. A pool safety inspection rate was introduced to replace the current three yearly fee with a targeted annual rate to be administratively efficient for the triennial inspections.

~~85.~~90. Pools are required to inspected for safety compliance every 3 years. Council considered all funding sources available and identified that charging a targeted rate would be more efficient. The targeted rate will replace the fees being charged through fees and charges.

~~86.~~91. For more information on the rate refer to the Rating Policy, Funding Impact Statement and Rates Resolution.

Other targeted rates

~~87.~~92. Council collects other targeted rates either to fund activities as identified in the Funding Needs Analysis or as a result of overall funding considerations.

Table 2: Targeted rate types

Name	Activities funded	Basis for rate
Central City	Transport activity.	Fixed amount per Separately Used or Inhabited Part of a Rating Unit (SUIP). A SUIP is defined in the Council Funding Impact Statement.
Business Improvement District (BID)	Growth activity.	Fixed amount per SUIP and a rate per dollar of capital value for all properties in the BID area.
~~**Government Compliance**~~	~~Wastewater, Water Supply, Stormwater, and Growth activities.~~	~~Applied to all rateable land on the basis of capital value, and differentiated on the same basis as the general rate.~~
Metered water supply	Water Supply activity.	Fixed amount per water connection to rateable land supplied with water for land with a water meter or a restricted flow supply and a charge per unit of water consumed or supplied.
Water	Water Supply activity.	~~Applied to all rateable land (excluding those with metered water) on the basis of capital value.~~Applied to residential properties where Council's water supply system is available and is not otherwise metered. The rate is set on the basis of capital value.
Wastewater	Wastewater activity.	Applied to all rateable land where Council's Wastewater system is available, set differentially on ~~on~~ the basis of capital value.
Citywide Stormwater	Stormwater activity.	Applied to all rateable land set differentially on~~on~~ the basis of capital value.
Commercial ~~and Other Category~~ ~~N~~non-metered w~~W~~ater ~~Supply~~	Water Supply activity.	Fixed amount per rating unit for Commercial properties with a water connection but without a meter.~~.~~
~~**Service Use water**~~	~~Water Supply activity.~~	~~Fixed amount per SUIP for connected land used for certain purposes as defined in the Funding Impact Statement.~~

Service Use refuse	Rubbish and Recycling activity.	Fixed amount per SUIP for connected land used for certain purposes as defined in the Funding Impact Statement.
~~**Service Use wastewater**~~	~~Wastewater activity.~~	~~A rate per dollar of land value and a rate per dollar of capital value for connected land used for certain purposes as defined in the Funding Impact Statement.~~
Pool safety inspection	Regulatory and Safety activity.	Fixed amount per rating unit for all rating units receiving a Council pool inspection.

93. The full definition of these targeted rates are contained in the Funding Impact Statement.

~~88.~~94. Council is currently phasing out the Central City targeted rate over 2 years (2024/25 and 2025/26)~~.~~

~~89.~~95. Council may introduce new targeted rates when setting rates in any year as documented in the relevant year's Funding Impact Statement and Rates Resolution.

Ko te Aroturukitanga me te Whakatinanatanga Monitoring and Implementation

~~90.~~96. Implementation of the policy will be monitored by the Chief Financial Officer.

~~91.~~97. Performance against this policy will be monitored and reported.

~~92.~~98. The policy will be reviewed in response to any issues that may arise, every three years, at the request of Council or in response to changed legislative and statutory requirements (whichever occurs first).

Ko ngaa Tohutoro References

~~93.~~99. The Local Government Act 2002. The policy is a requirement under s102(2)(a) of the LGA along with s103(2)(a)-(j) which notes the sources referred to in s103(1) of the LGA.

~~94.~~100. Funding Needs Analysis, as required by s101(3) of LGA, provides the background and analysis to explain the funding decisions Council has made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.

~~95.~~101. The DC Policy provides further analysis, as required by s106(2)(c) of the LGA. This explains why Council has chosen to use DCs to fund the capital costs needed to meet increased demand for infrastructure.

~~96.~~102. The Investment and Liability Management Policy places restrictions on the use of the proceeds from asset sales.

~~97.~~103. The Rating Policy and Rates Remissions and Postponements Policy further clarifies funding requirements by documenting matters not included in the Funding Impact Statement, rates resolutions or this Revenue and Financing Policy. It includes detailed definitions and maps for rating areas.

~~98.~~104. The Funding Impact Statement is included in each Long-Term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10 of the LGA. This statement shows the results of the detailed rates calculation for the first year of the 2024-34 Long-Term Plan.

~~99.~~105. The Preamble to Te Ture Whenua Maori Act 1993 includes the principles that the policy must support as required by s102(3A)(a) of the LGA.

106. Together the above documents form the necessary components to lawfully charge under the LGA for Council's revenue requirements. Council must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

107. Council plans to modify the Revenue and Financing Policy and Funding Needs Analysis for Local Water Done Well programme. At the time of this update, the Government had repealed Three Waters Reform legislation, enacted the Local Government (Water Services Preliminary Arrangements) Act 2024 and introduced the Local Government (Water Services) Bill.

~~announced the Local Government Water Services Bill would have its first reading in December 2024.~~

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Associated documents:	Funding Needs Analysis
Sponsor/Group:	Chief Financial Officer

Revenue and Financing Policy

Ko te Puutaketanga Purpose

1. The policy outlines the choices Hamilton City Council (Council) has made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The Policy is a requirement under s102(2)(a) of the LGA along with s103(2)(a)-(j) which notes the sources referred to in s103(1) of the LGA. The policy illustrates Council's compliance with LGA s101(3) which sets out the factors Council must consider in making these decisions. A comprehensive analysis of how Council has complied with this section of LGA s101(3) is included in the Funding Needs Analysis.

2. Deciding the best way to fund Council activities is complex. Complying with legislation takes account of many factors including, but not limited to, the following:

- Legal
- Social
- Competition
- Affordability
- Impact of change
- Efficiency
- Equity
- Cost
- Intergenerational equity
- Transparency
- Accountability
- Business
- Strategic alignment
- Benefit

Ko te Whaanuitanga Scope

3. This Policy applies to all funding decisions made at Council.

Ko ngaa Whakamaaramatanga Definitions

Term	Definition in this Policy
DC	means development contribution. It is a one-off charge imposed on new developments. It contributes to the growth-related cost of our infrastructure network and supports the city's long-term growth.
UAGC	means Uniform Annual General Charge. Is a rate set as a fixed amount per SUIP. The UAGC modifies the impact of rating on a city-wide basis.
SUIP	Means separately used or inhabited part of the rating unit as defined by Council in the Long-Term Plan

Ko ngaa Tikanga Whakahaere Kaupapahere Principles of Policy

4. The following guiding principles will be applied when considering our use of funding sources:

a) Council will adopt a prudent Financial Strategy which supports its current credit rating.

b) The everyday costs of running the city will be met from everyday revenues.

c) Council will fund maintenance and renewals as per approved Asset Management Plans.

d) Growth cells will be completed to an approved level of service.

e) Council should explore external funding options for new discretionary projects whenever possible.

f) When a private benefit can be identified, and it is efficient to collect the revenue user charges will be considered.

g) Growth will pay for growth.

h) Asset sale proceeds will be used to pay down debt.

i) The main source of our everyday revenue will be general rates.

j) Targeted rates could be used to fund the council portion of new projects where the costs of these activities can be easily identified.

k) Rates certainty will be considered.

l) Affordability of rates will be considered.

m) Rates increases will consider Local Government inflation and interest cost levels to ensure a prudent financial position is maintained.

5. Balancing these principles can be challenging at times. Council must use its judgement in assessing many options in the development of budgets or acquisition of assets and the choice of funding sources to enact these.

Ko ngaa Tikanga Policy

Funding sources for operating costs

6. Operating costs are the everyday spending on services Council provides. This includes contributions to the wear and tear of assets used (depreciation), interest charged on borrowing for capital projects and overhead costs.

7. We must consider the funding for each activity individually. Some activities may be best funded by user charges, such as swimming pool admission fees, others with targeted rates, such as a Business Improvement District Rate, and others from the general rate, such as road maintenance.

8. The funding sources for operating costs are described in the following sections.

User charges (s 103(2)(c) under LGA 2002 fees and charges)

9. User charges are applied to services where it is identified there is a benefit to an individual or group. User charges are a broad group of fees charged directly to an individual or entity and includes:

- Entry fees
- Service charges
- Hire
- Rent, lease, licences for land and buildings
- Permits
- Regulatory charges
- Fines and penalties
- Connection fees
- Disposal fees
- Deposits
- Private works
- Memberships
- Planning and consent fees
- Statutory charges
- Retail sales

10. The price of the service is based on a number of factors, including:
    - The cost of providing the service;
    - The estimate of the users' private benefit from using the service;
    - The impact of cost on encouraging/discouraging behaviours;
    - The impact of cost on demand for the service;
    - Market pricing, including comparability with other councils;
    - The impact of rates subsidies if competing with local businesses;
    - Cost and efficiency of collecting the user charge;
    - The impact of affordability on users;
    - Statutory limits; and
    - Other matters as determined by the Council.

11. Council's ability to charge user charges is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (e.g. the Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. Council considers it appropriate to incorporate overhead charges when determining the cost of providing a service.

12. Where goods or services are sold commercially, and taking into consideration legislative limitations, Council's preference is to charge a market price. This includes leases, rents and licences for land and buildings.

13. Fees and charges may be set at any time and are reviewed annually. A list of current fees and charges is maintained on our website.

14. Revenue from user charges is allocated to the activity which generates the revenue.

Grants, sponsorship and subsidies (s 103(2)(i)) under LGA 2002 grants and subsidies)

15. Grants, sponsorship and subsidies are used where they are available. Many of these types of income are regular and predictable and can therefore be budgeted for.

16. Council expects to continue to receive substantial subsidies from central government or its agents for road maintenance.

Other income

17. Council receives a distribution of local authorities fuel tax. Fuel Tax is allocated to the transportation activity and is used to fund operating costs of maintaining roads.
18. Some other types of income are unexpected or unpredictable and may not be able to be prudently budgeted (e.g. reparation payments, civil defence and other reimbursements, legal settlements and insurance claims).

Investment income (s 103(2)(d)) under LGA 2002 interest and dividends from investments)

19. Council's approach to investments is documented in its Investment and Liability Management Policy. These investments generate income such as dividends, interest, and rents.

20. Investment income funds the activity that owns the asset. The investment income is used to fund the operating costs of the activity.

Development contributions under s198 of the LGA 2002 and Financial contributions under 77E of the Resource Management Act 1991 (RMA)

21. Development Contributions revenue funds the interest on debt or capital costs for growth-related capital projects.

22. Financial Contributions revenue funds capital and operational costs for the purposes identified in Chapter 24 of the Operative District Plan.

Reserve funds (s 103(2)(j)) under LGA 2002 any other source)

23. Council maintains a small number of cash-funded reserve funds. Some of these reserve funds may be used to meet operating costs (e.g. cemetery maintenance). Generally, reserve funds are used for the purposes that they were created for.

Borrowing (s 103(2)(e)) under LGA 2002 borrowing)

24. Council's approach to borrowings is documented in the Investment and Liability Management Policy.

25. Borrowing is generally undertaken at a whole of Council level subject to constraints on rates increases and debt levels set by the Financial Strategy. In the instance where an activity is reflected separately to the whole of Council, borrowings will be attributed to the activity that incurs the expenditure.

26. Council generally plans to fund all cash operating costs from sources other than borrowing. However, in specific circumstances, where Council decides it is prudent to do so, it may fund some operating costs from borrowing.

Regional fuel taxes under the Land Transport Management Act 2003 (s 103(2)(ia) under LGA 2002)

27. A regional fuel tax provides additional funds to a region to pay for transport projects that would not otherwise be funded. Under the legislation, a regional fuel tax: applies to petrol and diesel, not CNG or LPG, and may be charged up to a maximum rate of 10 cents per litre, plus GST, for a maximum of 10 years. This tax is not being applied to the Waikato Region and is not a source of operating revenue for Council.

Rates

28. Having appropriately exhausted all other funding sources, we fund all remaining operating expenses from rates. For many activities this is the main funding source.

29. The above matters are all considered when determining the funding required from general rates or targeted rates for each activity in the Funding Needs Analysis, as required by section 101(3)(a).

30. Council may choose to establish targeted rates to fund operating costs.

31. Further information on rates can be found in clauses 57-60 and 77-94 of this policy as well as the Rating Policy, Rates Remissions and Postponements Policy and Rates Funding Impact Statement.

Summary of sources of funding for operating costs by activity

32. Council will apply the funding source preferences noted above to each activity in its Funding Needs Analysis. Table 1 shows the degree to which (expressed as a range) each funding source is used to fund operating costs following the LGA s101(3)(a) assessment.

33. This s101(3)(a) assessment may be modified by the s101(3)(b) assessment. The latter assessment requires Council to consider the overall impact of any allocation of liability for revenue needs on the community. Council's consideration of s101(3)(b) is included later in this policy.

34. The ranges in Table 1 are expressed as a percentage of the revenue required to fund each activity and are indicative only. They may change over time as a result of changes in expenditure requirements. It is possible that actual funding sources may differ from budgeted funding sources.

Table 1: Summary of funding sources by activity s.101(3)(a) only

Unlikey	0%	x
Minimal	0% - 20%	✓
Low	20% - 40%	✓
Moderate	40% - 60%	✓
High	60% - 80%	✓
Most	80% - 100%	✓
All	100%	✓

ACTIVITY	GENERAL RATES	TARGETED RATES	FEES & USER CHARGES	SUBSIDIES & GRANTS	OTHER	BORROWINGS
Community Services						
Aquatics	✓	x	✓	x	✓	✓
Libraries	✓	x	✓	✓	✓	x
Customer	✓	x	✓	x	✓	✓
Governance						
Democracy Services	✓	x	✓	x	✓	✓
Mayor Office	✓	x	x	x	x	✓
Mayoral Support Services	✓	x	x	x	x	✓
Growth						
Planning Guidance	✓	x	✓	x	✓	✓
Growth Funding & Analytics	✓	x	✓	x	✓	✓
Sustainable Communities	✓	✓	x	x	x	✓
Strategic Property	✓	x	✓	x	✓	x
Urban & Spatial Planning	✓	x	✓	x	✓	✓
Parks & Recreation						
Cemetery & Crematorium	✓	x	✓	x	✓	x
Community Facilities	✓	x	x	x	✓	x
Nursery & Natural Areas	✓	x	✓	x	x	✓
Parks Assets	✓	x	✓	x	✓	x
Parks Contracts	✓	x	x	x	x	x
Parks Service Delivery	✓	x	✓	x	✓	✓
Partnerships, Communication & Maaori						
Amorangi Maaori	✓	x	x	x	x	✓
Communication & Engagement	✓	x	x	x	✓	✓
Community Partnerships, Funding & Events	✓	x	✓	x	✓	✓
Partnerships, Communication & Maaori	✓	x	✓	x	x	x
Rubbish & Recycling						
Resource Recovery	✓	✓	✓	✓	✓	x
Regulatory & Safety						
Animal Control	✓	x	✓	x	✓	✓
Building Control	✓	✓	✓	x	✓	✓
City Safety Operations	✓	x	✓	✓	✓	✓
Civil Defence & Emergency	✓	x	x	x	x	✓
Environmental Health Control	✓	x	✓	x	✓	✓
Liquor Licensing	✓	x	✓	x	x	✓
Stormwater						
Stormwater	x	✓	✓	x	✓	x
Transport						
Transport Centre	✓	x	x	✓	✓	x
Transportation Network	✓	x	✓	✓	✓	x
Urban Transport	x	✓	✓	x	✓	x
Venues, Tourism and Events						
Claudelands Events Centre	✓	x	✓	x	✓	x
Hamilton Gardens	✓	x	✓	x	✓	x
Museum	✓	x	✓	✓	✓	x
Stadia	✓	x	✓	x	✓	x
Te Kaaroro (Hamilton Zoo)	✓	x	✓	✓	✓	x
Theatres	✓	x	x	x	x	✓
Tourism & Events	✓	x	x	x	x	✓
Wastewater						
Wastewater	x	✓	✓	x	✓	x
Water Supply						
Water Supply	x	✓	✓	x	✓	x

Funding sources for capital costs

35. Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs are described in the sections that follow.

User charges

36. User charges are not often used for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of collecting user contributions for capital costs.

37. Council charges for capital works that are solely for private benefit (e.g. a network extension to a single dwelling) or where capital works are undertaken outside of Asset Management Plans at the request of individuals (e.g. a rural seal extension for dust suppression).

Grants, subsidies, and other income

38. Council relies on significant subsidies for capital works relating to the transport activity. Grants and subsidies may be available for other activities from time to time. Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance claims, and legal settlements.

39. Council relies on significant grant funding for capital works from the Infrastructure Acceleration Fund (IAF). The funding will be used for critical infrastructure projects to facilitate further development in the area - including a new water reservoir and pump station, local waters upgrades and improvements.

40. Grants, subsidies and other income are used wherever they are available.

Development contributions

41. Council collects development contributions (DCs) to fund capital costs necessary to service growth, in accordance with the Development Contributions Policy (DC Policy).

42. DCs are applied on an activity and catchment basis, as identified by the DC Policy. Projects identified in the DC Policy may be either completed projects (with debt yet to be repaid from future development contributions) or future projects planned in the period for which DCs may be collected.

43. Most contributions receipted are used to repay development contributions debt and interest on that debt. A portion may pay for capital expenditure in the year it is receipted, depending on projects.

It is important to note that, in addition to the requirements of sections 103 and 101(3), the DC Policy describes funding matters in more detail as required by section 106(2)(c).

Financial contributions under the Resource Management Act 1991 (RMA)

44. Chapter 24 of the Hamilton City Operative District Plan (**ODP**) contains rules which enable Council to require that a financial contribution be made to Council in relation to land use activities which are permitted or subject to resource consent.

45. The purposes for which financial contributions are collected are set out in section 24.2 and 24.4 of the ODP. These are:
    a. Three waters/transport network connections;
    b. Giving effect to Te Ture Whaimana

46. The level of funding for projects which achieve these purposes but are not identified as funded projects in the Long-Term Plan, will reflect actual financial contributions revenue received. Funding will not be allocated to projects until revenue is received. Such funding will be allocated in accordance with Council's Financial Contributions Policy.

47. The level of funding for projects which achieve these purposes, and are identified as funded projects in the Long-Term Plan, will be funded within or up to the level identified.

Proceeds from the sale of assets

48. From time to time assets are disposed of. Usually these are low value items and the revenue is received by the activity that owns the assets.

49. Council holds some higher value assets for investment purposes which, although not budgeted for, could be sold. Unrestricted proceeds from the sale of these assets would be used to repay debt, unless otherwise resolved by Council. Restricted revenues would be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction (e.g. Municipal Endowments reserve).

Reserve funds

50. We maintain some reserve funds for capital projects and will approve the use of the funds when a project meets the specific criteria for accessing the reserve.

Borrowing

51. Council must borrow to fund its asset programme. The amount of borrowing available is restricted by the Financial Strategy debt limits.

52. Borrowed funds, both the principal and interest components, are generally repaid by future rates.

53. Borrowing spreads the cost of a project over a longer period of time, smoothing changes in rates and ensuring that future ratepayers who will enjoy the benefit of long-lived assets contribute to their costs.

54. Council will budget to borrow from the Housing Infrastructure Fund (HIF) in the 2024-34 Long-Term Plan to fund some capital expenditure on growth related infrastructure. This loan is treated the same as other borrowing except that it is interest free for 10 years from the date each loan is drawn down. At the end of the 10 years the loan is required to be repaid and/or refinanced by new borrowing that is subject to interest.

Lump sum contributions

55. When undertaking a major project, Council has the option to seek lump sum contributions to the capital cost of the project from those who are identified in the "capital project funding plan". Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have restrictions placed on how they are used. Where a lump sum payment option is proposed ratepayers may choose to pay the lump sum or not. If not, the rating unit will be liable to pay any targeted rate set to recover the loan costs.

56. Generally, Council does not plan to seek lump sum contributions.

Regional fuel taxes under the Land Transport Management Act 2003 (S 103(2)(ia))

57. A regional fuel tax provides additional funds to a region to pay for transport projects that would not otherwise be funded. Under the legislation, a regional fuel tax: applies to petrol and diesel, not CNG or LPG, and may be charged up to a maximum rate of 10 cents per litre, plus GST, for a maximum of 10 years. This tax is not being applied to the Waikato Region and is not a source of capital revenue for Council.

Rates

58. Rates are mostly used to fund everyday expenses including depreciation and interest costs related to borrowing.

59. Each year, Council calculates its operating cash surplus which determines the amount of rates funding available to fund capital projects or debt repayment. The greatest portion of this rates funding is allocated to pay for depreciation (which is a non-cash operating cost). These funds are used to fund capital replacement and/or renewal projects.

60. A portion of rates funds the capital (principal) repayments of debt.

61. Council may establish targeted rates to fund specific capital projects. Targeted rates are more likely to be considered where a benefit can be linked to an identifiable individual or group, either arising from the use of the asset or as a consequence of a decision. For clarity, this may include the growth portion of any project or groups of projects that are unable to be funded from a DC Policy.

Potential future funding sources

Infrastructure Funding and Financing Act (IFF)

62. The IFF, which was enacted in August 2020, enables Council to access a new off-balance sheet funding mechanism to support the delivery of infrastructure projects.

63. Council has not yet negotiated any IFF deals, as such, the 2024-34 Long-Term Plan does not reflect any potential off-balance sheet funding arrangements.

Strategic Land Agreements

64. Hamilton City Council is working with neighbouring Councils on Strategic Land Agreements which may result in boundary reorganisation. An agreement with Waikato District Council has been finalised covering land around Hamilton currently in the Waikato District Council area. Council is also working with Waipa District Council to establish a similar agreement. Strategic Land Agreements are intended to provide a degree of certainty around the future expansion of Hamilton and the transfer of land to the City from the District Councils.

65. Strategic Land Agreements outline a clear process to initiate a transfer of land and include financial principles for any land transfer. Financial considerations will be reviewed and reported to the relevant Committee if and when parcels of land are considered for transfer.

66. Once transferred to the City, rates will be set by Hamilton City Council, based on the rating system at that time. Hamilton City Council would also assume responsibility for the direct costs to provide services to the land.

Summary of sources of funding for capital costs by activity

67. As described in the Financial Strategy, Council has a challenge to manage growth, affordable rates increases and debt. To achieve the appropriate balance between these variables Council will take the following approach:

    a. Council will set the annual rate increase;
    b. The existing rating base plus an estimate for growth determines the rates income;
    c. Activity operating revenue and expenditure budgets are determined, within the rate income constraint;
    d. An amount is budgeted for development contributions payments, which is set aside to fund growth projects or growth debt and interest, as determined by the DC Policy;
    e. The net cash operating costs is determined (net of cash revenue budgets);
    f. This leaves the funded portion of operating costs. A small amount may be held in a cash funded reserve; otherwise the funds are available for capital costs. This amount largely represents rate funded depreciation but may include operating surpluses from some activities and accounting provisions not held in reserve funds. This funding is not held by specific activities and is available to fund any capital costs; and
    g. Council will then set the limit on debt, which determines the maximum debt funding available for capital costs.

68. This process is intended to result in the following funding sources being available to fund capital costs:

    a. Cash from general rates, for use on all activities;
    b. Cash from targeted rates, for example for use on the Business Improvement District grant;
    c. Cash from development and financial contributions, for growth projects and related interest costs;
    d. Cash from grants and subsidies, targeted to capital projects; and
    e. Cash from borrowing.

69. Council will use the following guidelines when considering the funding of capital projects:
    f. All projects are first funded from grants, subsidy or other income, which are budgeted as operating revenues;
    g. Growth related projects for network infrastructure to meet increased demand are funded from DCs, as allowed for under the DC Policy;
    h. Reserve funds for other purposes are considered. We have a small number of cash funded reserves available for capital costs projects;
    i. Targeted rating options may be considered; and
    j. Projects that have exhausted previous funding sources are funded from general rates and/or debt.

70. A single project may have a mix of each of the above funding options.

71. Whenever Council resolves to fund a separate project, it will consider the sources of funds above, the Revenue and Financing Policy and LGA section 101(3) to determine an appropriate funding policy for that project. Generally, Council will resolve the funding in setting the budget for the project at the time it is proposed in an Annual Plan or Long-Term Plan.

Waters activities policy modification

72. Council is modifying its waters activities funding policy to provide supporting rates funding information for Local Waters Done Well. This transition separates the funding of the waters activities (water supply, wastewater and stormwater) from other Council activities.

73. The funding sources for operating costs remain unchanged. However, the Local Government (Water Services) Bill proposes to remove rate funding on a property value basis (land or capital value) over time.

74. The funding sources for capital costs of Water supply, wastewater, and stormwater funding will be separate from all other council activities for each activity.

75. The funding sources available for these activities for capital costs are:

    a) Cash from development and financial contributions for growth projects and related interest costs.
    b) Cash from grants and subsidies targeted to capital projects.
    c) Cash from borrowing.
    d) Cash from operational surpluses (including depreciation) and only from that activity.

Overall funding consideration

76. Council is required by LGA s101(3)(b) to consider the overall impact of the allocation of liability for revenue needs on the community. This allows Council, as a final measure, to modify the overall mix of funding that would otherwise apply after the s101(3)(a) analysis.

77. The following applications have been made:
    a. The Financial Strategy has the guiding financial principle that those who benefit from growth pay a fair share of the cost of that growth. Growth drives both operating and capital costs. Council will use all available funding sources to ensure that those who benefit from

or create growth contribute an appropriate share towards the costs of providing infrastructure to meet the demands of that growth. This includes financial contributions, development contributions, user charges and general and targeted rates.

b. Council has made the following adjustments to targeted rates:
    i. A pool safety inspection rate has been introduced.
c. Council considers the benefits of services associated with the development of land are realised from the time the development is started.
d. Council may waive or discount fees and charges where it is considered appropriate to do so. Some matters considered in deciding whether it is appropriate to waive fees are for social reasons, the promotion of events and facilities, commercial reasons, due to poor service or to minimise risk.
e. Council may remit rates where it considered appropriate to do so and as allowed for in the Rates Remissions and Postponements Policy. These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (e.g. additional or no provision of some services).
f. Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years to smooth the cost to users and ratepayers.
g. Council may modify the allocation of liability for growth related network infrastructure projects when considering the matters required by s106 of the LGA, in the DC Policy.
h. Council is required by LGA section 102(3A)(a) to ensure that the Revenue and Financing Policy supports the principles set in in the Preamble to Te Ture Whenua Maori Act 1993. The Council will take the principles into account when considering funding decisions.
i. Council's Local Waters Done Well programme develops legislative guidance. Council may modify funding preferences for the efficient Local Waters Done Well structural options.

Rates

78. Council's final consideration of funding by rates comes:
    a. After considering how other funding sources will be used to fund operating and capital costs;
    b. After that has been applied to activities in the Funding Needs Analysis; and/or
    c. After being adjusted for the overall funding considerations.

79. The following section outlines the Revenue and Financing Policy requirements that are used to set rates. To have a full understanding of rates they should be read with regard to the analysis above and in conjunction with the Rating Policy, Funding Impact Statement and Rates Resolution.

General rates

80. The general rate will be set on the basis of capital value.

81. A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part (SUIP) of all rating units.

82. Council differentiates the general rate into three differential rating categories based on one or more of the uses to which the land is put, the provision or availability to the land of a service provided, the activities permitted, controlled, or discretionary for the area in which the land is

situated and the rules to which the land is subject under the operative district plan, and the location of the land. The categories are:

- Residential;
- Commercial; and
- BID Commercial.
-

83. The Other category will not be applied from 2025/26 onward. Properties previously categorised as Other will now be categorised as Residential and waters targeted rates will be applied if applicable.
84. The BID Commercial category will increase to be the same as the Commercial category from 2024/25, meaning commercial properties in the central city will pay the same General rate and Government Compliance rate as commercial properties elsewhere in the city.
85. The full definition of these categories is contained in the Funding Impact Statement.
86. The general rate differential factors will be calculated as shown in the Funding Impact Statement.
87. In setting the differential categories, and the differential factors, Council considers the requirements of the LGA and a number of other considerations, including:
    - The activities funded by the general rate and the s101(3) considerations for the activities;
    - The impact of any change, or rate of change to the differential;
    - The views of those impacted by the differentials;
    - Other reasonable options, and the advantages and disadvantages of those options; and
    - The overall impact of the differential on ratepayers.

Uniform Annual General Charge (UAGC)

88. The level of the UAGC will be determined based on the overall impact of rates to individual ratepayers and categories. There is no direct allocation of any activity nor is there a calculation methodology for the determining the UAGC amount.

Targeted rates

Pool safety inspection rate

89. A pool safety inspection rate was introduced to replace the current three yearly fee with a targeted annual rate to be administratively efficient for the triennial inspections.
90. Pools are required to inspected for safety compliance every 3 years. Council considered all funding sources available and identified that charging a targeted rate would be more efficient. The targeted rate will replace the fees being charged through fees and charges.
91. For more information on the rate refer to the Rating Policy, Funding Impact Statement and Rates Resolution.

Other targeted rates

92. Council collects other targeted rates either to fund activities as identified in the Funding Needs Analysis or as a result of overall funding considerations.

Table 2: Targeted rate types

Name	Activities funded	Basis for rate
Central City	Transport activity.	Fixed amount per Separately Used or Inhabited Part of a Rating Unit (SUIP). A SUIP is defined in the Council Funding Impact Statement.
Business Improvement District (BID)	Growth activity.	Fixed amount per SUIP and a rate per dollar of capital value for all properties in the BID area.
Metered water supply	Water Supply activity.	Fixed amount per water connection to rateable land supplied with water for land with a water meter or a restricted flow supply and a charge per unit of water consumed or supplied.
Water	Water Supply activity.	Applied to residential properties where Council's water supply system is available and is not otherwise metered. The rate is set on the basis of capital value.
Wastewater	Wastewater activity.	Applied to all rateable land where Council's Wastewater system is available, set differentially on the basis of capital value.
Citywide Stormwater	Stormwater activity.	Applied to all rateable land set differentially on the basis of capital value.
Commercial non-metered water	Water Supply activity.	Fixed amount per rating unit for Commercial properties with a water connection but without a meter.
Service Use refuse	Rubbish and Recycling activity.	Fixed amount per SUIP for connected land used for certain purposes as defined in the Funding Impact Statement.
Pool safety inspection	Regulatory and Safety activity.	Fixed amount per rating unit for all rating units receiving a Council pool inspection.

93. The full definition of these targeted rates are contained in the Funding Impact Statement.
94. Council is currently phasing out the Central City targeted rate over 2 years (2024/25 and 2025/26)
95. Council may introduce new targeted rates when setting rates in any year as documented in the relevant year's Funding Impact Statement and Rates Resolution.

Ko te Aroturukitanga me te Whakatinanatanga Monitoring and Implementation

96. Implementation of the policy will be monitored by the Chief Financial Officer.
97. Performance against this policy will be monitored and reported.
98. The policy will be reviewed in response to any issues that may arise, every three years, at the request of Council or in response to changed legislative and statutory requirements (whichever occurs first).

Ko ngaa Tohutoro References

99. The Local Government Act 2002. The policy is a requirement under s102(2)(a) of the LGA along with s103(2)(a)-(j) which notes the sources referred to in s103(1) of the LGA.
100. Funding Needs Analysis, as required by s101(3) of LGA, provides the background and analysis to explain the funding decisions Council has made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.
101. The DC Policy provides further analysis, as required by s106(2)(c) of the LGA. This explains why Council has chosen to use DCs to fund the capital costs needed to meet increased demand for infrastructure.
102. The Investment and Liability Management Policy places restrictions on the use of the proceeds from asset sales.
103. The Rating Policy and Rates Remissions and Postponements Policy further clarifies funding requirements by documenting matters not included in the Funding Impact Statement, rates resolutions or this Revenue and Financing Policy. It includes detailed definitions and maps for rating areas.
104. The Funding Impact Statement is included in each Long-Term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10 of the LGA. This statement shows the results of the detailed rates calculation for the first year of the 2024-34 Long-Term Plan.
105. The Preamble to Te Ture Whenua Maori Act 1993 includes the principles that the policy must support as required by s102(3A)(a) of the LGA.
106. Together the above documents form the necessary components to lawfully charge under the LGA for Council's revenue requirements. Council must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.
107. Council plans to modify the Revenue and Financing Policy and Funding Needs Analysis for Local Water Done Well programme. At the time of this update, the Government had repealed Three Waters Reform legislation, enacted the Local Government (Water Services Preliminary Arrangements) Act 2024 and introduced the Local Government (Water Services) Bill.

Item 16

Council Report

Committee:	Council	**Date:**	26 June 2025
Author:	Kimberley Atkins	**Authoriser:**	Blair Bowcott
Position:	Corporate Planning Lead	**Position:**	General Manager Strategy, Growth and Planning

Report Name: Rates resolution to set and assess rates for 2025/26

Report Status	*Open*

Purpose - *Take*

1. To inform the Council of proposed setting and assessing rates for the 2025/26 financial year.
2. A staff recommendation for setting and assessing rates for the 2025/26 financial year will be circulated for this meeting late and under separate cover, due to the delayed property revaluations.

Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Council:
   a) receives the report; and
   b) notes that:
      i. staff expect to receive certification of the 2024 property revaluations from the Office of the Valuer General on 23 June 2025;
      ii. the staff recommendation for setting and assessing rates for the 2025/26 financial year (1 July 2025 to 30 June 2026), as required by the Local Government (Rating) Act 2002, will be circulated under separate cover for this meeting.

Executive Summary - *Whakaraapopototanga matua*

4. Staff expect final certification of Hamilton's revaluation of properties from the Office of the Valuer General on 23 June 2025.
5. The staff recommendation for setting and assessing rates for the 2025/26 financial year (1 July 2025 to 30 June 2026) will be circulated late and under a separate cover in due course for this meeting.
6. Staff consider the matters in this report have a low level of significance and that the recommendations comply with the Council's legal requirements.

Discussion - *Matapaki*

7. At the Council meeting of 29 May 2025, staff advised the Council of the delay in the process of revaluing properties being undertaken by independent valuers, Opteon.

8. The report noted that the draft 2024 valuations would be submitted for audit by the Office of the Valuer General (OVG) on 29 May 2025. On completion of the audit, final certification from the OVG was expected on 23 June 2025. That is still the case.

9. Given the reporting deadlines for this meeting, the staff recommendation for setting and assessing rates for the 2025/26 financial year, based on the 2024 valuations, will be circulated under a separate cover.

10. If certification from the OVG is delayed, staff will discuss options with the Council at this meeting, including setting 2025/26 rates using 2021 valuations.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

11. Staff confirm that the recommendations in this report comply with the Council's legal and policy requirements, specifically the Local Government (Rating) Act 2002.

Climate Change Impact Statement

12. Staff have assessed this option against the Climate Change Policy for both emissions and climate change adaptation. Staff have determined no adaptation assessment or emissions assessment is required.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

15. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the four wellbeings').

16. The subject matter of this report has been evaluated in terms of the four wellbeings during the process of developing this report as outlined below.

17. The recommendations set out in this report are consistent with that purpose.

Risks - *Tuuraru*

18. Staff will have limited time from receiving certification of the updated valuations to notify property owners of their updated valuations and review outcomes and calculate rates for all properties from 1 July 2025. If certification of the results is delayed, options will be discussed with Council at this meeting, including setting 2025/26 rates using 2021 valuations.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

19. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

20. Community views and preferences are already known to the Council through the feedback received on the 2024-34 Long-Term Plan, and the *What's next for water?* consultation, which sought views on Council's proposal to introduce targeted rates for water, stormwater and wastewater from 1 July 2025, set on a differentiated capital value basis.

21. Staff have provided early notice to the community via a media release explaining the delay to the property revaluations, and promoting the Payble flexible payment platform and rates rebate options. Detailed information is available on Council's website here.

22. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Staff recommendation for setting and assessing rates for the 2025/26 financial year *(to be Circulated Under Separate Cover)*

Council Report

Committee:	Council	**Date:**	26 June 2025
Author:	Natasha Yarrall	**Authoriser:**	Andrew Parsons
Position:	Policy Manager Local Waters Done Well	**Position:**	General Manager Infrastructure and Assets
Report Name:	Local Water Done Well: Setting up the Joint Water Services Council Controlled Organisation (CCO)		

Report Status	*Open*

Purpose - *Take*

1. To seek approval for the Water Services Delivery Plan, Company Constitution and Shareholders' Agreement; and to implement the resolution Council passed on 29 May 2025 to transfer responsibility for major waters projects from Council to the Waters Council Controlled Organisation (CCO) for the 2025/26 financial year.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Council

   a) receives the report;

   b) approves the Water Services Delivery Plan (**Attachment 1**), subject to any minor stylistic edits, correction of errors, changes to address any minor comments from the Department of Internal Affairs, and subject to approval from Waikato District Council;

   c) requests staff to review and realign its allocation of revenue between stormwater and other Council activities to more appropriately reflect the costs of delivering each activity by 30 June 2028 and ensure financial sustainability;

   d) approves the company Constitution (**Attachment 2**), delegating the Chief Executive delegation to sign on Council's behalf;

   e) approves the Shareholders' Agreement (**Attachment 3**), and requests the Chief Executive put in place the processes necessary to ensure that the Council meets the commitments and undertakings set out in this agreement;

   f) approves Hamilton City Council Members of the Establishment Board Appointments Panel (Mayor Southgate, Cr van Oosten, and Cr Wilson) be transferred to the [Company Name] Forum from 1 July 2025;

   g) delegates the Chief Executive to take all necessary steps to complete and execute the Establishment Plan, including all establishment activity set out in the Shareholders' Agreement and Statement of Expectations and the Establishment Loan;

   h) delegates to the Chief Executive the authority to sign a relationship agreement to cover the delivery of shared services between the Council and the Council Controlled Organisation from 1 July 2025; and

i) approves the Chief Executive to execute a contract with the Waters Council Controlled Organisation Ltd appointing it as Council's agent for programmes and projects set out in **Table 1** of this report (**the transferred projects**) which provides for the following in relation to the transferred projects:

   i. the term of the contract will be 1 July 2025 to 30 June 2026;
   ii. all decisions that currently require Council approval will continue to need Council approval;
   iii. in making decisions the Council Controlled Organisation must act within the budgets provided for the **transferred projects** in the approved 2024-34 Long-Term Plan as modified by the 2025/26 Annual Plan;
   iv. there will be no change to the roles of Council staff working on the **transferred projects** other than with respect to them requiring some decisions and direction from Council Controlled Organisation management and/or Board;
   v. the Council Controlled Organisation Chief Executive / Executive Chair to exercise financial decision-making relating to expenditure and the purchase / sale of land at the existing level of delegations provided to the Council Chief Executive as set out in the Council Financial Delegations to Positions Policy;
   vi. the Council Controlled Organisation Chief Strategy and Planning to exercise financial decision-making relating to expenditure and the purchase / sale of land at the existing level of delegations provided to Council General Managers as set out in the Council Financial Delegations to Positions Policy;
   vii. the Council Controlled Organisation Board and management to make all decisions relating to project scope, design, consenting, reconsenting, designations, land acquisition, procurement of physical works, and procurement of all related professional services that would normally be made by the Council Chief Executive or responsible General Manager;
   viii. the Council Controlled Organisation Board and management to make decisions relating to the Council as a resource consent applicant that are currently delegated the Chief Executive or responsible General Manager as ***set out on pages 41-51*** of the Council Policy: Delegations to Officers Specific to the Resource Management Act 1991;
   ix. the Council Controlled Organisation Board and management to make decisions relating to the Council as a requiring authority that are currently delegated to the Chief Executive or responsible General Manager as ***set out on pages 62-69*** of the Council Policy: Delegations to Officers Specific to the Resource Management Act 1991;
   x. the Council Controlled Organisation Board and management will regularly report to Council on the decisions made, progress against milestones, financial performance, and the nature of the benefits achieved; and
   xi. in recognition of the role of the Council Controlled Organisation the Council will pay to the Council Controlled Organisation an agency fee.

Executive Summary - *Whakaraapopototanga matua*

2. Following Waikato District Council's decision to establish a joint Water Services Council Controlled Organisation (CCO) on 27 May 2025, and Hamilton City Council's corresponding decisions on 29 May 2025, work has progressed to ensure that the company can be incorporated from 1 July 2025, with one year to transition to operations from 1 July 2026.

3. A joint Water Services Delivery Plan(the Plan) has been developed, for submission to the Secretary of Local Government. The Plan demonstrates how the CCO will meet the Government's requirements, including sufficient investment, sufficient revenue and sufficient debt to respond to the region's growth and renewal needs, manage water quality in line with legislative requirements and ensure resilient services for communities.

4. The magnitude of what is set to be delivered is immense. The Plan includes a combined water and wastewater capital investment programme of $3.66 billion to 2033/34 of which 67% ($2.44 billion) is responding to growth. The Plan sets out how the capital works programme will be delivered within the same revenue envelope as the Councils have set through their respective Long-Term Plans, using new debt to revenue ratios provided for by Government.

5. The Plan sets out how charging will transition over a five-year period. While the Plan forecasts costs and revenue, the Board of the CCO will ultimately be responsible for setting charges from the 2026/27 financial year. These charges will be agreed through the Water Services Strategy – guided by the Statement of Expectations set out by shareholders.

6. The "Establishment Board Appointments Panel" (Panel) has now approved the Statement of Expectations and has recommended the attached Company Constitution and Shareholders' Agreement for Councils' approvals. The Statement of Expectations draws heavily on Councils existing strategies, and the strong expectation expressed to keep up with growth. It includes a requirement for regular review in line with both Hamilton City Council and Waikato District Council's respective Annual Plans to ensure the Councils are regularly influencing the CCO's direction. It also sets out expectations the CCO will charge customers in a way that is fair and equitable, and pass on efficiency gains. The Constitution and Shareholders' Agreement are foundational documents and are expected to (largely) be enduring.

7. A process is underway by the Panel to confirm the company name and appoint three Directors to the establishment Board, including an Executive Chair, to commence their roles from 1 July 2025. Announcements are expected after this report has been finalised, but before Council's make decisions.

8. From 1 July 2025, the Establishment Board Appointments Panel will be replaced by the [Company Name] Forum - again made up of three members each from Hamilton City Council, Waikato District Council and Waikato-Tainui.

9. As part of the establishment phase of the CCO (1 July 2025 – 1 July 2026), it has been agreed that the Councils will provide shared services to the CCO. A relationship agreement has been drafted between the Chief Executives and the CCO which agrees that establishment of the CCO is the highest priority for both organisations. It sets out that every effort should be invested in ensuring that the required work is delivered to meet these expectations. This report seeks delegation to the Chief Executives to sign this Agreement.

10. As approved at the Council's May meetings; to realise benefits of the joint CCO early, this paper sets out the transfer of delegations and certain responsibilities to the CCO in the establishment period for major projects that are already funded and provided for by both Councils. This is a transition step, intended to align decision-making with longer term responsibility for delivery, and the benefits from cross boundary delivery, as quickly as possible. It is also intended to maintain momentum and investment once the CCO commences water services delivery on 1 July 2026.

11. Staff consider the decisions in this report have high significance and that the recommendations comply with the Council's legal requirements.

Background - *Koorero whaimaarama*

12. Waikato District Council and Hamilton City Council approved to establish a joint Water Service Council Controlled Organisation (CCO) during Council meetings on 27 May 2025, and 29 May 2025 respectively. These decisions were made following consultation with the community (around 75 % endorsement), and a business case that outlined a joint CCO was the best option for the future of water services delivery for both Councils.

13. Following these decisions, the Councils are required to submit Water Services Delivery Plans to the Secretary of Local Government by 3 September 2025. Water Services Delivery Plans are a way for Councils to demonstrate the chosen water services delivery model meets regulatory requirements, supports growth and urban development, and are financially sustainable. Water Services Delivery Plans are a one-off, transitional requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024.

14. Through the development of Water Services Delivery Plans, the Councils must provide an assessment of their water infrastructure, how much they need to invest, and how they plan to finance and deliver it through their preferred water service delivery model. The May meeting resolutions directed staff to finalise the Water Services Delivery plan for approval at this meeting.

15. As also approved at the May Council meetings, the CCO will be incorporated from 1 July 2025, with 12 months to transition to operations from 1 July 2026.

16. The Establishment Board will be responsible for overseeing the transition and set up of the company. They will be guided by governing documents, including the Shareholders' Agreement, Constitution and the Statement of Expectations.

17. The Statement of Expectations, in particular, is critical to setting the direction for the CCO in line with what both Councils have articulated as priorities. The Statement of Expectations is needed to inform the development of the Water Services Strategy (which needs to be completed and adopted by 30 June 2026).

18. The May Council meetings also approved that the design, consent and construction of major projects be delegated to the CCO from 1 July 2025, to start realising the benefits of cross boundary cooperation.

The Water Services Delivery Plan

19. Hamilton City Council and Waikato District Council's Water Services Delivery Plan **(Attachment 1)** sets out a joint delivery model for Hamilton City Council and Waikato District Council. The Plan aligns with content requirements in the Local Government (Water Services Preliminary Arrangements) Act 2024 and has been prepared in line with the template plan and guidance provided by the Department of Internal Affairs. Independent legal advice has been sought to ensure the plan complies with the legislative requirements.

20. The plan is required to be submitted to the Secretary for Local Government for approval by the 3 September 2025. Following approval, Councils are required to publish and give effect to the plan. Staff have been working closely with the Department of Internal Affairs, however there is a chance that further changes to the plan may be required to satisfy the Secretary. The recommendations if resolved in this paper allow for any minor changes to be made, however anything significant will come back to Elected Members.

21. Although the Plan is not due until 3 September 2025, to give the establishment Board certainty, and to enable them to commence work on the Water Services Strategy, the Secretary for Local Government has agreed to receive and approve Water Services Delivery Plans ahead of this date.

22. Key information requirements include: outlining the three waters service delivery; transition pathway;and demonstrating financial sustainability. The Plan included technical detail outlining the Councils investment responses to Growth, Levels of Service, Renewal and Compliance.

Delivery model

24. The Plan outlines the service delivery model and implementation plan, including the actions and timeframes, required to transition to Councils chosen water services delivery model.

25. The delivery model, consistent with Councils prior decisions, is to transition to a Water Services CCO. The CCO will own the water assets ,wastewater infrastructure and provide stormwater services to Councils under contract.

26. The implementation plan, consistent with Councils prior decisions, outlines a phased approach to establishment of the CCO.

Financial sustainability

27. The Plan is required to demonstrate that financial sustainability will be achieve by 30 June 2028. Financial sustainability of three waters includes balancing sufficiency of investment, sufficient revenue and sufficient debt.

28. The analysis shows that actions will be required by both Councils with respect to stormwater revenue to achieve financial sustainability within the legislated timeframe.

29. The Plan assumes that until superseded by the Water Service Strategy, the Councils current levels of service with regards to three waters will continue to be delivered to the community.

30. Financial information within the Plan is predicated on the Councils existing Long-Term Plan's and in Hamilton's case reflecting the "enhanced capital programme" approved at Council's 29 May 2025 meeting.

31. The financial information is for the purpose of assessing financial sustainability. Financial positions will be superseded by the new strategic planning frameworks under which three waters are to be managed, including the development of a Water Services Strategy.

Investment sufficiency

32. The Plan outlines significant investments in response to strategic growth, compliance, renewal and resilience challenges over the next 10 years.

33. The Plan acknowledges the significant growth pressures across Hamilton and Waikato. Capital investment programmes are based on the capital works programme in each Council's Long-Term Plan's, plus in Hamilton's case, the enhanced capital programme and for Waikato District, noting its Long-Term Plan budget was adjusted – with some changes to Huntly and Ngaaruawaahia wastewater treatment plants capital works.

34. As the combined Waikato District and Hamilton City area grows, it addresses infrastructure needs in key growth nodes along State Highway 1 between Auckland and Hamilton (including Pookeno, Tuakau, and Te Kauwhata), as well as Hamilton's development areas in Peacocke, Rotokauri, Ruakura, and planned city centre intensification.

35. The magnitude of what we expect the CCO (and the Councils for stormwater) to deliver over the 10-year plan is significant:

    i. the Plan forecasts a 22% increase in serviced population to 2033/34 – (from 222,685 to 271,964), which the CCO and the Council's will need to respond to;

    ii. it sets out how the CCO will maintain current levels of service;

    iii. it sets out investment required to maintain asset condition. Overall assets are good / very good with a large proportion with very long useful lives. For Hamilton City Council around 15% of water supply assets and 11% of wastewater assets will reach end of life in the next decade - the plan provides for their replacement;

    iv. it sets out the investment required to complying with regulations. Overall, we are in a very good space and the investment programme will address issues with Waikato wastewater and stormwater non-compliance; and

    v. the combined water and wastewater capital investment programme is $3.66 billion to 2033/34 of which 67% ($2.44 billion) is responding to growth.

Revenue Sufficiency

36. Although the CCO is delivering a larger capital programme, revenue is based on existing rates increases agreed through respective Long-Term Plans.

37. The CCO will be required under legislation to transition charging based on combination of volumetric and/or fixed charges over a five-year period. This transition aims to create a fairer, more transparent and financially sustainable pricing structure for water services while ensuring cost recovery and investment. Universal water metering will be required to achieve this requirement.

38. It uses existing forecast rates revenue to achieve a surplus budget from 2027-28 onwards for both the joint CCO, and each respective Council, meeting revenue sufficiency targets. It notes the Board of the CCO will be responsible for setting charges from the 2026/27 financial year, which will be agreed through the Water Services Strategy.

39. The method of revenue collection is outlined and provided for a 5-year transitional approach whereby Councils will collect water and wastewater revenue on behalf of the CCO, until substantive billing systems and processes have been established. The method for stormwater charging is assumed to remains unchanged.

40. The Plan outlines overtime the intent to harmonise pricing.

41. The Plan is required to assess the affordability of water services, with the required metric being the projected charge, as a percentage of average income. The affordability metric demonstrated that the projected cost of three waters is anticipated to be 2.6% of household income by 2033/34.

42. It is important to note that ultimately the development of the Water Services Strategy (from 26/27) and CCO Development Contributions Policy will outline and determine the revenue pathway and charging for wastewater and drinking water services.

Funding sufficiency

44. The Plan demonstrates that financing of water and wastewater investments can be maintained within the proposed 500:1 debt to revenue ratio throughout the 10 years modelled, assuming access to financing through the Local Government Funding Agency.

45. The Councils can manage respective stormwater networks within their council-wide debt to revenue limit for every year modelled.

46. The collective debt headroom available to both Councils and the CCO, when considered on an aggregated basis (for all three waters), is projected to be $1.2billion in 2033-34.

Council Controlled Organisation Establishment – 1 July 2025

47. When the company is incorporated from 1 July 2025, the Statement of Expectations, Shareholders' Agreement and Constitution will ensure the settings for the CCO are in line with what both Councils expect.

48. All three documents have been worked through on several occasions with both Hamilton City Council and Waikato District Council, and reflect feedback received.

Statement of Expectations

49. As is set out in the Record of Agreement, the Statement of Expectations has been approved by the Establishment Board Appointments Panel. It is attached as **Attachment 4**. The Statement of Expectations can be updated as frequently as every 6 months – and included is a requirement for regular review in line with both Hamilton City Council and Waikato District Council's respective Annual Plans.

50. The Statement of Expectations sets out the deep partnership relationship sought between both shareholding Councils and between the shareholding Councils and the CCO, and Waikato-Tainui. It recognises that success of the CCO depends on the joint commitment and contribution to outcomes, the alignment in planning for and responding to growth and development, and alignment of investment across both shareholding Councils and the CCO.

51. With responding to rapid growth, a priority for both Councils, and sufficient investment a requirement of Government, it makes clear that scheduling and sequencing of capital works and investment should support the timing of urban development set out in Council and Future Proof Growth Strategies and to align with other Council infrastructure investments.

52. An annual review of expectations is required before commencement of Annual Plan, Long-Term Plan or Water Services Strategy processes – to ensure continued alignment with shareholding Councils agreed priorities – and priorities for the sub-region.

53. The Statement of Expectations formalises the importance of working towards the outcomes sought when the Councils agreed to establish the CCO. This includes commitments to our communities, and te Awa. It expects the CCO to provide water services in a cost-effective and financially sustainable manner – with fairness of charging, innovation in how it responds to challenges and opportunities, and maintenance of strong focus and commitment to customers.

54. Finally, a korowai cloaks the Statement of Expectations, "me te wai e rere ana – like flowing water". This tongikura reminds us that our collective stewardship is essential, not only to maintain the integrity of the water infrastructure but also to ensure that our waters company continues to serve our communities and our Tupuna Awa in a way that reflects our shared values and obligations as partnership councils.

Constitution and Shareholders' Agreement

55. The Shareholders' Agreement is **Attachment 3** and Constitution is **Attachment 2**. These are foundational documents and are expected to (largely) be enduring. They require the approval of both Shareholders via resolution of Council. This paper seeks approval for these documents.

56. The Shareholders' Agreement sets out reserved matters (**section 5**) - decisions that require the unanimous agreement of the Shareholders. This includes decisions ranging from an increase in level of financial support to the company, acquisition, construction or disposal of assets over a certain value, approval of major transactions, the proposed surrender of a designation or of an allocation of water within a consented water take or of a consent to take water, the setting of debt levels; the entry or exit of shareholders, and so on.

57. It also sets out the Shareholders obligations during the establishment period to obtain the Board's agreement on certain decisions and commitments (**section 6**). This includes, among other things, any changes to relevant contracts, entry into private development agreements over a certain threshold, the sale or purchase of significant water related assets, changes to consent conditions, or new cross boundary contracts, for example.

58. It sets out the how the share structure will be arrived both in the establishment phase, and after the transfer of assets from 1 July 2026.

59. It covers processes and delegations to the [Company Name] Forum (made up of the two shareholding Councils plus Waikato Tainui); and the Board of Directors.

60. It covers how disputes are dealt with.

61. And it agrees a principle that, if one of the Shareholders fails to complete the transfer, the defaulting Shareholder will reimburse the Company for all costs associated with the Hamilton City Council Establishment Loan, including all principal and interest payments then due and owing or that may become due and owing.

62. The Constitution includes the expectation that Councils may require the CCO consult with communities on parts of its Water Services Strategy.

63. The Constitution and Shareholders' Agreement were prepared by Chapman Tripp lawyers on behalf of both Councils and have been considered by the Establishment Board Appointments Panel. The Panel has recommended both documents to the councils for adoption.

Company name and establishment Board

64. A process is underway by the Establishment Board Appointments Panel to confirm a company name and appoint an Establishment Board. An announcement is expected after this report is finalised, but before the Council meets.

[Company Name] Forum

65. From 1 July 2025, the [Company Name] Forum will replace the current "Establishment Board Appointments Panel". It is made up of three members each from Hamilton City Council, Waikato District Council and Waikato-Tainui.

66. The [Company Name] Forum will represent shareholders views and be the key formal point of engagement between the shareholders and the CCO. The [Company Name] Forum has future responsibility for approving the Statement of Expectations, for receiving CCO reports and for appointing directors.

67. Agreement is sought to appoint members to the [Company Name] Forum. Continuity of membership between the Establishment Board Appointments Panel and the [Company Name] Forum would be helpful. Appointments will need to be reconsidered following the Local Body General Elections in October 2025.

Relationship Agreement to deliver Shared Services

68. As part of the establishment phase of the CCO (1 July 2025 – 1 July 2026), it has been agreed that Hamilton City Council and Waikato District Council will provide shared services to the CCO. Shared services are back-office functions (for example finance, policy, human resources, digital, and communications) that support CCO operations. Delivering these functions via shared services ensures continuity, avoids large establishment costs, and reduces future stranded overheads.

69. A relationship agreement has been drafted between the Chief Executives and the CCO which agrees that establishment of the CCO is the highest priority for both organisations. It sets out that every effort should be invested in ensuring that the required work is delivered to meet these expectations.

70. From a broader Council perspective, this means other work will need to be deprioritised to deliver on the needs of the CCO.

Early Transfer of Responsibility for Major Projects

71. As approved at the Councils' May meetings, to realise benefits of the joint CCO early, it is proposed that major projects be transferred to the CCO in the establishment period.

72. The proposed approach relates to decision-making in respect to major projects that are already funded and provided for by both Councils. It is a transition step, intended to align decision-making with longer term responsibility for delivery as quickly as possible.

73. The proposed transfer of responsibility is achieved by appointing the Waters CCO as the agent of Council with respect to specific major waters infrastructure projects and programmes. The proposed approach is an interim arrangement that will apply for the year before the full transfer of activity to the CCO on 30 June 2026. The proposed approach does not change Council level decision-making during the 2025/26 year.

Criteria for Early Transfer

74. Many projects could be transferred or remain with the two Councils for the period between 1 July 2025 and 30 June 2026. There needs to be real benefit from transferring responsibility early and there must be no risk that transferring responsibility results in slower delivery of critical projects. The following criteria proposed to be used to determine which projects should be included in the early transfer of responsibility to the CCO:

    i. **Significant capital and operating costs after Day 1:** The project is not yet at construction phase and will have significant capital and operating costs after **Day 1** such that design, consenting and procurement decisions that have yet to be made will have a material impact on the CCO, its cost structure, and its ability to realise benefits. The key reason for this is to ensure that critical decisions do not create unacceptable risk, or costs for the CCO;

    ii. **Realising Design, Consenting, and Procurement Efficiencies:**The project is large, complex, with significant multi-year construction costs, and offers potential to secure immediate efficiencies through alternative approaches to design, consenting, procurement, or integration with other key projects in the programme, including:

a) standardisation of design and operating elements;

b) effective integration with other projects driving network efficiencies and benefits;

c) standardisation of consent conditions;

d) coordinated engagement with mana whenua, iwi and hapuu;

e) coordinated or different engagement with stakeholders and landowners;

f) scale or batching in the way design and consenting is approached; and

g) alternative approaches to procurement.

iii. **Critical for new business model:** The project is transformative – offering the opportunity to change the way in which the CCO does business. A key example of this is the water meters project, which will change the business model for engagement with customers, billing, pricing, revenue collection, leak detection, and water demand management;

iv. **Critical for responding to growth and realising sub-regional opportunities:** The project is critical for either or both Councils to respond to growth and or to meet obligations that they have entered relating to Housing Infrastructure Fund or Fast-Track that require a response at pace but will have a significant life after **Day 1**. This would include projects where meeting a strict delivery timetable is critical to meeting funding obligations. This criterion also includes the ability to realise sub-regional opportunities and design and deliver integrated cross-boundary network solutions;

v. **Key to maintaining a construction pipeline:** A key risk in the relation of the CCO is that there is delay or discontinuity in the pipeline of major works that is required to respond to growth. A major risk mitigation is the transfer of responsibility so that projects can continue to be pushed through the design, consenting and procurement phases while the CCO is being established;

vi. **Will not drown the CCO:** The last criteria are to ensure that by adding the project to the list for early transfer we do not drown the CCO in work it is not yet geared up to deal with. The initial CCO group is very small and has a lot to do. There will be a limit to the ability of the Establishment Board to make decisions. This criterion is probably best applied across the package of projects and/or at the margin by addressing the question “if we include this will the CCO be overloaded?”; and

vii. **Will not create employment issues:**Transferring responsibility for projects early has the potential to result in unexpected and unwanted issues with potential changes to roles well ahead of the formal transfer of staff to the CCO. It is critical that any transfer of responsibility can be done without triggering changes to roles or other Human Resource issues. This is more a matter of clarity on what the transfer of responsibility means than whether or not responsibility for the project should be transferred.

Projects / Programmes Proposed for Early Transfer

75. Staff have applied the Criteria to the capital works programme set out in the Water Services Delivery Plan and have identified the following projects as meeting the criteria and proposed to be part of the early transfer of responsibility.

76. For all of these projects the activities for which responsibility would need to be delegated include (as relevant for the project): project scope, design, consenting, reconsenting, designation, land acquisition, procurement of physical works, and procurement of all related professional services.

Table 1: Projects and Programmes Proposed for Early Transfer of Responsibility

Project / Programme
Universal Water Metering
Wastewater Treatment Plant Programme • Huntly • Ngaaruawaahia • Pukete Wastewater Treatment Plant • Southern Wastewater Treatment Plant
Water Supply Programme • Hamilton City Council Infrastructure Acceleration Fund Funded water reservoir • Hamilton City Council Infrastructure Acceleration Fund Funded bulk water main • Hillcrest Reservoir • Maatangi Reservoir
Bulk Wastewater Storage programme • All Hamilton bulk wastewater storage programme, except Collins Road Bulk Storage Device
Servicing Strategies • Tuakau and Pookeno Wastewater Servicing Strategy • Te Kowhai West servicing strategy • Any Fast-Track area

Proposed Approach

77. The intent of this approach is not to transfer staff or to have complex financial arrangements between the Councils and the CCO. Rather the proposal is to change the way in which decisions in relation to major projects are made, and who makes them. For Hamilton City Council this would mean shifting some decisions at Chief Executive and General Manager level to the CCO. For Waikato District Council this would mean transferring some decisions from the Waters Governance Board to the CCO. It would not change the role or scope of work undertaken by Watercare.

78. The proposal is to appoint the CCO as the agent of both Councils with respect to the waters projects and programmes that are agreed to be part of the early transfer. The CCO will function as the Council's agent under a contract for service, for which the CCO will be paid a small management fee. The exact fee and the provisions of the contract are yet to be determined. The recommendations in this report enable the Chief Executive to complete and execute the necessary contract.

79. One of the reasons for proposing an agent relationship is that the CCO will not be a Requiring Authority in its own right until it is recognised as a Water Services Organisation. Neither will it be able to apply for a consent in its own right until the transfer of responsibilities is complete and it can demonstrate the ability to implement a resource consent. There are also limitations on the nature of delegations that are possible outside of council. Appointing the CCO as the agent neatly enables the CCO to take responsibility within an overall umbrella of council responsibility during the establishment period.

80. The key features of the proposed agent relationship are:

    i. Fiscal responsibility and oversight of performance in relation to budget for the transferred projects would be exercised by the CCO. This would be achieved by enabling the CCO to make financial and Public Works Act decisions at the level of existing Council delegations to the Council Chief Executive and General Managers. Council level decisions in relation to those projects and programmes would remain unchanged until the completion of the transfer of all water's activity on 30 June 2026;

    ii. All decisions relating to project scope, design, consenting, reconsenting, land acquisition, procurement of physical works, and procurement in relation to the transferred projects that would currently be made by the Council Chief Executive or General Managers can be made by the CCO; and

iii. All project related Resource Management Act decisions that relate to Council as a consent applicant and the Council as a Requiring Authority that are currently delegated to staff can be made by the CCO. This would include issuing a notice of requirement, making a consent application, accepting consent conditions, etc. These delegations are set out on ***pages 41 to 51*** and ***62 to 69*** of the Council Policy: Delegations to Officers Specific to the Resource Management Act 1991 (attached). These delegations will only apply to the projects and programmes for which responsibility has been transferred.

81. Shifting decisions that would otherwise be made by the Council CEO or General Manager should mean that all existing staff could remain doing what they are doing until the actual transfer of staff at the end of the 2025/26 year. All that would change for them is who they are going to for decisions and direction. For this to work there needs to be clarity for relevant staff as to how they will need to work and engage with the Initial CCO group and the Establishment Board.

82. The proposed approach does not change the budget for the transferred projects and programmes, neither does it change which organisation is making payments. Budget will remain with the Councils and expenditure and accounting will continue to be through existing Council systems. CCO decisions must operate within the approved budget for each project / programme.

83. The work that the CCO does on the transferred projects and programmes will be reported regularly to the Councils. Overall progress with the programme of transferred projects should be made to the Shareholders Forum and to each Council regularly through the year. This is likely to take the form of reporting against progress milestones that demonstrate the pipeline and key steps from concept to completion with reporting also identifying issues or risks to timeline and completion. Reporting should also address the extent to which benefits are being realised through this approach.

84. Existing project and financial reporting required by each Council is expected to continue as per each organisation's requirements.

Establishment Team and Initial CCO staffing

85. In order to support the establishment of the Waters CCO the existing joint project team arrangements between Waikato District Council, Hamilton City Council and Watercare is being extended to 30 June 2026. This will ensure continuity of effort and momentum to support the effective establishment of the Waters CCO and the effective transfer of staff, assets, liabilities, and operations.

86. Work is underway to confirm the secondment of some staff to the Waters CCO to ensure that it has the resources necessary to do what it needs to during the establishment phase. This work includes the development of the Water Services Strategy and taking responsibility for the major projects that are recommended to be transferred in this report.

87. The resourcing for the Establishment Team and the Initial CCO staffing are consistent with the Establishment budget and the budget for CCO operations considered at the May Council meeting.

Financial Considerations - *Whaiwhakaaro Puutea*

88. The financial considerations relating to the establishment of the Waters CCO were considered at the May 2025 meetings. The Water Services Delivery Plan presented for approval is based on the Council's Long-Term Plan – with the addition of the enhanced capital work programme which Council confirmed at its 29 May 2025 meeting.

89. The proposed approach realigns responsibilities for financial and other decisions that are currently made by council staff to the Waters CCO. The proposal does not change budgets, or the provision made for the projects and programmes for which responsibility shifts.

90. All decisions made by the CCO as an agent for the Council will be subject to Council oversight and regular reporting. All decisions made by the CCO will need to be made within the agreed budget for the programmes and projects as provided for in the Long-Term Plan and Annual Plan.

91. The payment to the CCO for providing this service will be small and will be funded from existing project / programme budgets. Paying for this service ensures that Council mitigates any risk that the CCO does not have taxable income in 2025/26.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

92. Staff confirm that the recommendations comply with the Council's legal and policy requirements, in particular the Local Government (Water Services Preliminary Arrangements) Act 2024, the Local Government Act (2002), the Resource Management Act 1991, and the Public Works Act (1981).

93. Councils are required under Clause 22 of the Local Government (Water Services Preliminary Arrangements) Act 2024 to give effect to the proposals and undertakings relating to the future delivery of water services as outlined in the Water Services Delivery Plan.

Climate Change Impact Statement

94. According to the 2024 New Zealand Infrastructure Commission report, freshwater sources are coming under increasing stress. In some regions, climate change is expected to threaten water security.

95. Hamilton is expected to face various impacts of climate change, including warmer days and nights. Additionally, more extreme weather events, such as intense storms, rainfall, and shifting wind directions, are likely to occur, potentially affecting the city's infrastructure, community, and environment in numerous ways.

96. Historically, infrastructure has been developed to withstand historic climate conditions; however, with the changes, it must now be designed to endure new climate realities over its lifespan. Without these adjustments, there are significant risks to public health and well-being, including disruptions to water and wastewater treatment, storage and distribution, increased flooding, heightened urban heat, and other impacts within the city. Preparing existing infrastructure and rethinking future projects is essential to address these challenges.

97. The proposed CCO and capital investment updates support Hamilton's ability and Waikato District's ability to adapt to these changes.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

98. Water services are a fundamental lifeline. The recommended approach will deliver benefits to Hamilton, including by being better equipped to deliver the investment that is required for water quality and growth, contributing to improved environmental, social and economic wellbeing over time.

99. The establishment of a joint Hamilton City Council and Waikato District Council waters Council Controlled Organisation will help ensure that sufficient investment can be realised to meet compliance requirement of both the Ngaaruawaahia and the Huntly wastewater treatment plants. This will in turn help improve wellbeing across the subregion and the quality of discharge into the Waikato River in support of Te Ture Whaimana o Te Awa o Waikato.

100. Water services are subject to significant environmental regulation. Local Water Done Well will introduce further regulation relating to stormwater management and will also introduce national standards for wastewater discharges. All options respond to this, although the CCO takes a more coordinated approach to the quality and health of the Awa.

101. Over time the recommended approach will be better equipped to deliver the investment that is required to support growth.

Risks - *Tuuraru*

102. The most substantial risk facing the Council in relation to the matters addressed by this report would be failing to address the legal requirements in response to Local Water Done Well. Early adoption of the Water Service Delivery Plan helps to mitigate these risks.

103. The Water Service Delivery Plan is required to be submitted to the Secretary for Local Government by 3 September 2025. Should Council choose to not approve the plan there is a high level of risk that this legislative requirement would not be met. There is a risk that changes to the plan will be required to satisfy the Secretary. This risk has been mitigated through liaison with Department of Internal Affairs staff, legal review and financial peer review.

104. Ongoing risks to the programme include transition risks, risks around the cost of establishing new entities, and the ability to realise potential benefits, risks relating to the ability to retain staff during significant change, risks to the disruption of the delivery of waters infrastructure and services, and major capital programmes of work, existing staff priorities, and risks to the relationship that Council has with iwi and developers.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

105. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a high level of significance.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Water Services Delivery Plan

Attachment 2 - Company Constitution

Attachment 3 - Shareholders' Agreement

Attachment 4 - Statement of Expectations

Joint Water Services Delivery Plan

Waikato District Council and Hamilton City Council

30 June 2025

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Introduction

This Water Services Delivery Plan sets out a joint delivery model for Hamilton City Council and Waikato District Council. Both councils are committed to providing equitable, affordable, and consistent value-for-money water services to their communities.

After a robust business case assessment and community consultation, the Council Controlled Organisation (CCO) was identified by both councils as the strongest option to manage the region's future growth and development, and to support the councils' commitments to Te Ture Whaimana o Te Awa o Waikato. Enhanced financial capacity and investment flexibility, and increased ability to care for the health and wellbeing of the Waikato awa, Waipaa awa and Whaaingaroa moana were primary factors in selecting this approach.

Councils recognise the importance of wai to Maaori and continue to work in partnership with iwi and hapuu to apply a Te Ao Maaori lens to three waters services.

The two-council joint model is expected to deliver optimal financial efficiency through:

- Aligning investment planning with growth and affordability
- Creating sufficient funding capacity to meet required investments
- Generating sustainable long-term savings
- Maximising economies of scale

These efficiencies are expected to minimise increases in costs compared to the status quo, and optimise value for money while minimising risks.

Benefits from the new model will be cumulative. This plan sets out the agreed pathway to first achieving financial sustainability, then addressing strategic commitments to service and pricing equity, and improved efficiencies over time.

It recognises the significant effort required to manage service amalgamation and transition, and the staged pathway necessary to shift capital investment plans, level of service commitments and supporting processes and systems, and to shift communities currently charged based on capital value to user-pays models both from a mindset and systems and processes perspective.

This plan is a point of time assessment, predicated on:

- Delivery of investment programmes set out in respective councils' baseline planning documents as follows:

  For Hamilton:

  - The Hamilton City Council 2024-34 Long Term Plan [1] , with the enhanced capital programme as identified in the Local Water Done Well Business Case (LWDW BC). [2]
  - Amendments to the capital works programme as approved by Council[3].

  For Waikato:

  - Levels of Service and assumptions are predicated on the Waikato District Council 25-34 Long Term Plan.

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[1] Hamilton City Council 24-34 Long-Term-Plan

[2] Local Water Done Well Business Case FINAL December 2024

[3] Local Water Done Well: Deliberations Report - 29 May 2025

    - As the LTP excludes financial provision for water and wastewater from 2026/27 onwards, financial aspects of this plan are predicated on the approved LWDW business case[4], amended per Council LTP deliberations on 27–28 May[5].
    - Although Water and Wastewater programmes are excluded from the LTP from 2026/27, WDC has retained the Waikato district work programme as an appendix to its Infrastructure Strategy for transparency.
- The point in time financial statements and investment programmes will be superseded by the CCO-led Water Services Strategy and future Long-Term Plans, and do not reflect subsequent Council planning decisions outside the baseline planning documents above.
- Maintaining Levels of Service (LoS) commitments as set out in baseline planning documents and agreed with communities through those processes, with review of LoS through subsequent strategic planning rounds and associated community consultation.
- Expectation that the CCO will transition customers charged based on capital value to a combination of volumetric and/or fixed charges within a 5-year transition period commencing 1 July 2026.
- Agreement that the price harmonisation pathway will begin from the date of the asset transfer to the new entity, with a phased approach allowing the CCO to complete a five-year metering process and the new CCO to focus first on establishing amalgamated services and systems, and the charging model transition outlined above.

The Joint CCO model

- Enables critical infrastructure to be built faster which is vital for achieving compliance, new housing and new industry.
- Is better for the Waikato River, enabling coordinated management of a broader catchment.
- Allows the councils to balance costs and better respond to climate change.
- Provides for faster and more effective responses to emergencies
- Provides for a more substantive organisation which in turn attracts greater talent.
- Removes current council boundary focused thinking on infrastructure sharing and water allocation enabling effective cross-boundary investment that is currently very difficult to do.

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[4] Local Water Done Well Business Case FINAL December 2024

[5] WDC - 2025-2034 Long Term Plan Deliberations Report on Waters Services Delivery Model – 27 May 2025

Part A: Statement of Financial Sustainability, Delivery Model, Implementation Plan and Assurance

A.1 Statement That Water Services Delivery is Financially Sustainable

A1.1 - Financially sustainable water services provision

This plan demonstrates that Water and Wastewater Services in the Hamilton City Council (Hamilton City) and Waikato District Council (Waikato District) will be delivered in a financially sustainable manner by a joint water services council-controlled organisation (CCO) by 30 June 2028.

To achieve financial sustainability for Stormwater within Hamilton City Council and Waikato District Council, action will be required prior to 30 June 2028.

It sets out how the joint delivery model provides sufficient revenue, sufficient investment and sufficient debt to respond to the combined areas growth and renewal needs, manage water quality in line with legislative requirements and ensure resilient services for its communities.

Financial modelling in the plan is predicated on:

- Investment requirements for not less than 10 consecutive years
- Maintaining current Level of Service (LoS) commitments as set out in baseline planning documents and agreed with communities through that process
- Expectation that the CCO will transition customers charged based on capital value to a combination of volumetric and/or fixed charges within a 5-year transition period commencing 1 July 2026
- Agreement that the price harmonisation pathway will begin from the date of the asset transfer to the new entity, with a phased approach allowing for completion of the five-year metering process for Hamilton City and the new CCO to focus first on establishing amalgamated services and systems, and the charging model transition outlined above.

A1.2 - Investment Response

The combined Hamilton City and Waikato District area faces significant strategic growth, compliance, renewal and resilience challenges that require significant investment in three waters infrastructure over the next 10 years and beyond.

The Strategic issues which have been responded to include:

- **Response to growth:** Both councils expect substantial growth, with an anticipated combined 22% increase in population over the next 10 years. Given current Government policy changes, namely Going for Housing Growth, means Councils will be required to enable more development, in more areas. This will have implications regarding how and where the CCO invests given the uncertainty this raises for where and when growth will materialise. Significant infrastructure investment in three waters capacity, managing demand and water allocation is required to enable development in key growth areas while addressing existing network limitations. In addition, new consent allocations will be required for water and wastewater. Further investment and, water and wastewater consent allocations will be required. Changes to the National Policy Statement: Urban Development are forthcoming in 2025, with the requirement to zone 30-years of supply, along with up to 10 prospective Fast-track urban development proposals seeking ministerial referral or already listed across the Waikato District and Hamilton under the Fast-Track Approvals Act. While both Councils have growth strategies and district plans, these central Government policy changes will likely impact these and the direction they set.

- **Look after what we have:** renewal of aging infrastructure with varied condition, recognising renewal investment peaks where efficient planning is complicated by inconsistent historical capital delivery, limited condition assessment data and assets being replaced earlier than necessary with new larger capacity infrastructure in response to growth.
- **Compliance:** multiple wastewater treatment plants face compliance challenges with critical resource consents expiring in the next decade, requiring renewal and increased discharge parameters under potentially more stringent regulatory and national compliance standards, and alignment with Te Ture Whaimana o Te Awa o Waikato.
- **Resilience of service**: the serviced area has single-point vulnerabilities in treatment infrastructure, climate change impacts, and limited debt headroom to fully respond to emergencies necessitate improved system redundancy and more integrated catchment management approaches.

A1.3 - Sufficient Investment

- Investment is required to address strategic issues, including in new and renewed infrastructure to meet levels of Service, compliance, demand management, resource consenting, and to service growth. These investment needs are outlined in further detail in Part B. Network Performance .
- Planned capital investment are sufficient to address the Councils' strategic issues.
- Hamilton and Waikato are experiencing high growth, which is anticipated to continue for decades. This growth requires investment in strategic infrastructure which is anticipated to be used for up to 100 years.
- Analysis of Investment Sufficiency is further detailed in Section D.3 Financial Sustainability Assessment - Investment Sufficiency.

A1.4 - Sufficient revenue

- Water and wastewater revenues are sufficient to achieve financial sustainability by 30 June 2028.
- The allocation of revenue to Stormwater Activities within Councils will require rebalancing to achieve financial sustainability by 30 June 2028. The implementation plan includes actions to resolve this.
- The projected average cost of three waters remains within international guidelines for affordability.
- Analysis of Revenue Sufficiency is further detailed in Section D.2 Financial Sustainability Assessment - Revenue Sufficiency.

A1.5 - Sufficient Financing

- Financing of water and wastewater investments can be maintained within a proposed 500% debt to revenue ratio throughout the 10 years modelled, assuming access to financing through the LGFA.
- Councils can manage respective stormwater networks within their council-wide debt to revenue limit for every year modelled.
- The collective debt headroom available to both Councils and the CCO, when considered on an aggregated basis (for all three waters), is projected to be $1.2b in 2033-34.
- Analysis of Financing Sufficiency is further detailed in Sections C.2 Funding and Financing Arrangements and D.4 Financial Sustainability Assessment - Financing Sufficiency.

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A.2 Proposed Delivery Model

A2.1 - Proposed Model to Deliver Financially Sustainable Water Services

Water Services for the Hamilton City Council (Hamilton City) and Waikato District Council (Waikato District) combined servicing area will be delivered by a joint water services council-controlled organisation (CCO). The CCO will own water supply infrastructure and wastewater assets and provide stormwater services to councils' who maintain ownership of stormwater assets.

Following a robust business case and community consultation process, Waikato District and Hamilton City identified a Multi-Council CCO as the preferred future water services delivery option, which over the long term is anticipated to deliver the greatest scale of benefit for the community and for the awa. The councils' resolved to progress a joint model which was assessed as providing the best pathway to optimal financial efficiency for their respective areas.

Both Hamilton City and Waikato District have left the door open for other councils to collaborate and potentially merge with the CCO, if that is what those councils choose.

The joint arrangement is intended to:

- Involve a water services council-controlled organisation (CCO), which will own, manage and operate the water and wastewater assets currently held by both councils, and deliver stormwater services under contract for both councils.
- Deliver water services for all councils ensuring financially viable and environmentally sustainable operations for all councils within the joint arrangement.
- Address specific considerations related to stormwater services, depending on the councils' strategies.

The councils have resolved through their transition agreement to adopt a Minimum Viable Product (MVP) approach throughout, including across all transition planning and through to the services structure for Day 1, providing the minimum required for the CCO to function and empowering the board to make future decisions guided by the Statement of Expectations.

A2.2 - Organisational Structure

Three waters will be managed under the proposed structure below. Water Supply Infrastructure and wastewater assets will transfer from the councils to a CCO. Stormwater asset ownership remains with respective councils, with services delivered by the CCO under contract.

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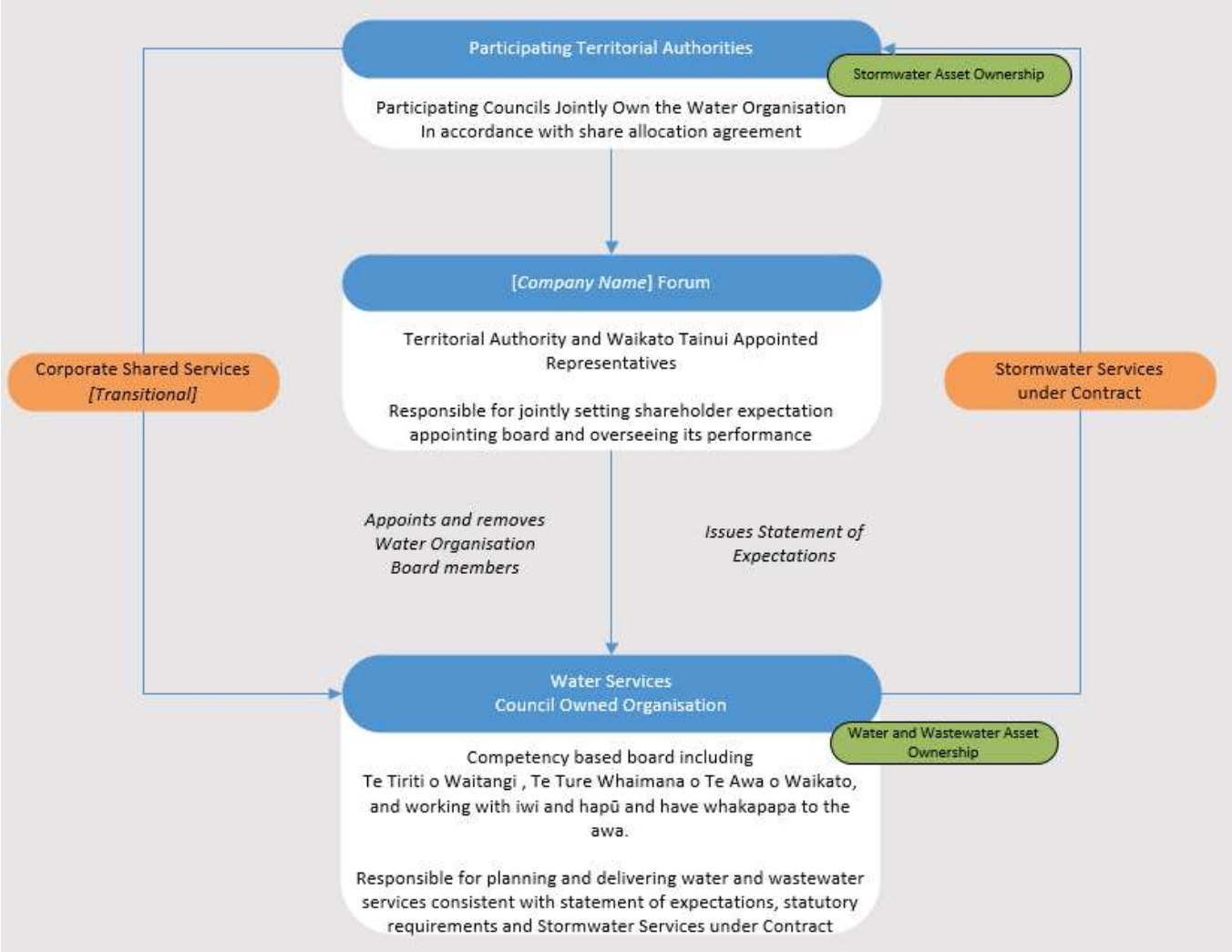

A2.3 - CCO Ownership Structure

- Hamilton City and Waikato District will be the establishment shareholders.
- The CCO will own and manage water supply infrastructure and wastewater assets, with financial and performance accountability to the shareholding councils.
- Stormwater assets will remain council-owned, with the CCO managing under contractual arrangements with councils.

A2.4 - Te Tiriti o Waitangi and Te Ture Whaimana o Te Awa o Waikato

The shareholders' intent is that the CCO would honour Te Tiriti o Waitangi and the Treaty Settlements within its area operation and will give effect to Te Ture Whaimana o Te Awa o Waikato (Vision and Strategy for the Waikato River).

Both Hamilton City and Waikato District have made commitments to iwi and hapuu arising from Treaty settlements, such as the ongoing commitment to the health and wellbeing of significant waterbodies. Both councils are committed to ensuring that through the development of a CCO they honour those commitments. The proposed governance and oversight arrangements for the CCO are intended to reflect existing commitments to Iwi through Memoranda of Understanding, Joint Management Agreements, and a number of co-governance and co-management arrangements.

A2.5 - Control and financial rights

- Each council's control and financial rights will be clearly defined within a shareholders' agreement and the constitution of the CCO. The CCO will set its own charges, manage its own balance sheet and debt without paying dividends, under the oversight of an independent, professional board appointed through a [*Company Name*] Forum.

A2.6 - Shareholder support

- Shareholding councils will provide proportional financial support to enable LGFA borrowing at a debt to revenue ratio of up to 500%. As at 1 July 2026, the financial support will be based on the proportional level of debt transferred by each council.
- Both councils will provide shared services to the CCO through a transition period to ensure service continuity.

A2.7 - Anticipated benefits

Three waters services are critical to the health and wellbeing of our communities. The CCO proposal includes the transfer of water and wastewater Assets and Services, and the provision of stormwater Services under Contract to Councils. The anticipated benefits for all three waters by transitioning to a CCO service delivery model include:

Benefit[6]	Description
Te Ture Whaimana / Better for the river (which is better for the people)	Offers a coordinated approach to support the quality and health of the awa in giving effect to Te Ture Whaimana.
Supports coordinated and boundaryless planning and investment	Enables investment in the right infrastructure to support development across the joint boundary, including improved consenting efficiency / Fast Track consenting and aligned / coordinated investment for large scale investments to support community growth and service resilience, reduced risk of stranded investment
Better for water users / Improved customer experience	Puts customers at the centre through a sole focus on waters across the joint area, allows for price harmonisation, delivers (in time) consistent levels of service for all customers.
Improved Financial efficiency	By enabling holistic, cost-effective investment planning aligned with growth and affordability; improved borrowing capacity to support capital investment and enable cost of investment spread fairly across generations to align with lifespan of assets and manage cost to ratepayers; increased debt headroom for emergency response, resilience to respond to unplanned events and changing circumstances.
People and Capability	Pooling of resources to achieve better outcomes, career opportunities, attraction, retention and growth of highly skilled workforce.

[6] The scale of benefit is proportional to the size of the CCO, the larger the entity the greater the scale of benefit.

Benefit[6]	Description
Operational effectiveness	Reduction in duplication – parts, chemicals, process over time. Stable operating environment (resilient against fluctuation in political cycles), water meters.
Opportunities of scale	Enables establishment of larger cohesive investment programmes, optimised resource allocation and strategic procurement; greater purchasing power to negotiate better contracts and secure more favourable pricing, improved regulatory engagement and consolidation/coordination of consenting activities, speeds up compliance response where required, enables asset management system efficiencies
Regional contribution	Combined skills and capability, flexibility to expand, first step towards a multi–Council CCO, open for others to join when the time is right, increasing opportunities of scale and cumulative benefits for the wider region (amplifying key benefits above and resolving additional risks).

The above benefits will support the CCO ensuring water services will comply with regulatory requirements. Increased debt headroom has enabled upgrades to meet compliance to be programmed sooner than was previously possible, such examples are future referenced in Section

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B.5 Statement of , Compliance tables.

A2.8 - Scope of Services

The CCO will own, manage and operate all Water Supply infrastructure and Wastewater assets and Services currently provided by each council. This includes the abstraction, treatment, supply and distribution of drinking water, as well as the collection, treatment and disposal of wastewater. The CCO may maintain or enter agreements with others to provide components of these services where required.

It may provide Water Services to non-shareholding local authorities or Water Services CCOs by agreement.

Each council will contract the CCO to provide stormwater services including strategy, planning, consenting, project design, delivery, maintenance, engineering and related services, with an initial focus on urban environments. The CCO may additionally:

- Provide non-urban stormwater services to each council by agreement.
- Support water-related infrastructure in parks, transport corridors and other public assets, where aligned with council strategics and agreed service arrangements.

A2.9 - Ringfencing of Water Services Revenue

1. Prior to transition (Pre-1 July 2026)
    - Each council will maintain balance sheet and rates separation ensuring that Three Waters revenues and expenditures are attributed specifically to water, wastewater and stormwater activities.
    - Shareholding Councils retain operational responsibility for three waters services prior to the transition.
2. Following transition (From 1 July 2026)
    - Water and wastewater assets and service delivery will be fully transitioned to the CCO, which will operate as a standalone legal entity with its own balance sheet and financial reporting structure.
    - The CCO will manage all revenues, opex, capital investments and debt servicing for water and wastewater.
    - The CCO revenue will be ringfenced for water and wastewater purposes only.
    - Each Council will maintain balance sheet, rates separation and revenue sufficiency for Stormwater Activities.

A2.10 - Revenue Collection

Council funding models currently consist of a mix of usage-based charges and rates based on capital value.

The CCO will, where water and wastewater is charged based on capital value, transition to charging based on combination of volumetric and/or fixed charges over a five-year period. This transition aims to create a fairer, more transparent and financially sustainable pricing structure for water services while ensuring cost recovery and investment.

Councils will continue to set and collect rates for the provision of stormwater services, which will continue to be the responsibility of each council (separately).

Transition Period and Phased Implementation

Prior to transition - (Pre-1 July 2026)

- Councils continue collecting water charges through rates and continue to be responsible for water services.
- Water services revenue and expenditure is tracked separately.

Following transition (From 1 July 2026 – 30 June 2031)

- CCO sets water and wastewater charges and councils collect charges on behalf of the CCO using existing billing systems.
- Existing volumetric or load based charging continues.
- The proportion of water and wastewater charges based on capital value reduces in each year of the transition as required by the legislation.
- The timing of CCO direct billing depends on the completion of the Hamilton universal water metering programme and the move to a new billing system. Volumetric charging models will be implemented as the meter roll out is completed.
- Councils will, through the appropriate strategic planning process, ensure Stormwater activities are financially sustainable by 30 June 2028.
- Price harmonisation will be progressed through this period in a staged manner.
- The revenue pathway and charging transition will be set out in the CCO's Water Services Strategy and Development Contributions Policy.

Final Phase

by 30 June 2031

- Complete transition to CCO direct billing and implement price harmonisation.

3. Pricing structure and harmonisation of charges
    a. Tariffs will be determined by the CCO board considering service costs, infrastructure needs, geographic variations, and the goal of gradually aligning charges to reflect true costs.
    b. Potential approaches to tariffs include volumetric charges based on actual water usage, fixed charges covering essential services, or a hybrid model combining both approaches to balance affordability with conservation incentives.
4. Revenue Sufficiency and cost coverage (CCO to ensure revenues are sufficient to cover):
    a. Operational costs.
    b. Capital Expenditure (CAPEX) including reinvestment.
    c. Debt servicing and financial obligations.
    d. Support mechanisms such as government rate rebate program.

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A.3 Implementation Plan

A3.1 - Implementing the Proposed Service Delivery Model

This implementation plan outlines the proposals and undertakings (including process, milestones and timeframes) for giving effect to the proposed service delivery model.

A3.2 - Implementation Approach / Policy Statements

Significant effort is required to manage service amalgamation and transition while ensuring no disruption to business-as-usual operations, and the staged pathway necessary to achieve the model's longer-term service efficiency, equity and quality goals.

To ensure a smooth transition a Minimum Viable Product (MVP) and shared services approach has been assumed throughout, including across all transition planning and through to the services structure for Day 1, providing the minimum required for the CCO to function.

The model includes prioritised standup of the Water Services Strategy (CCO-led strategic plan) process and empowers the board to make future decisions guided by Councils' Statement of Expectations.

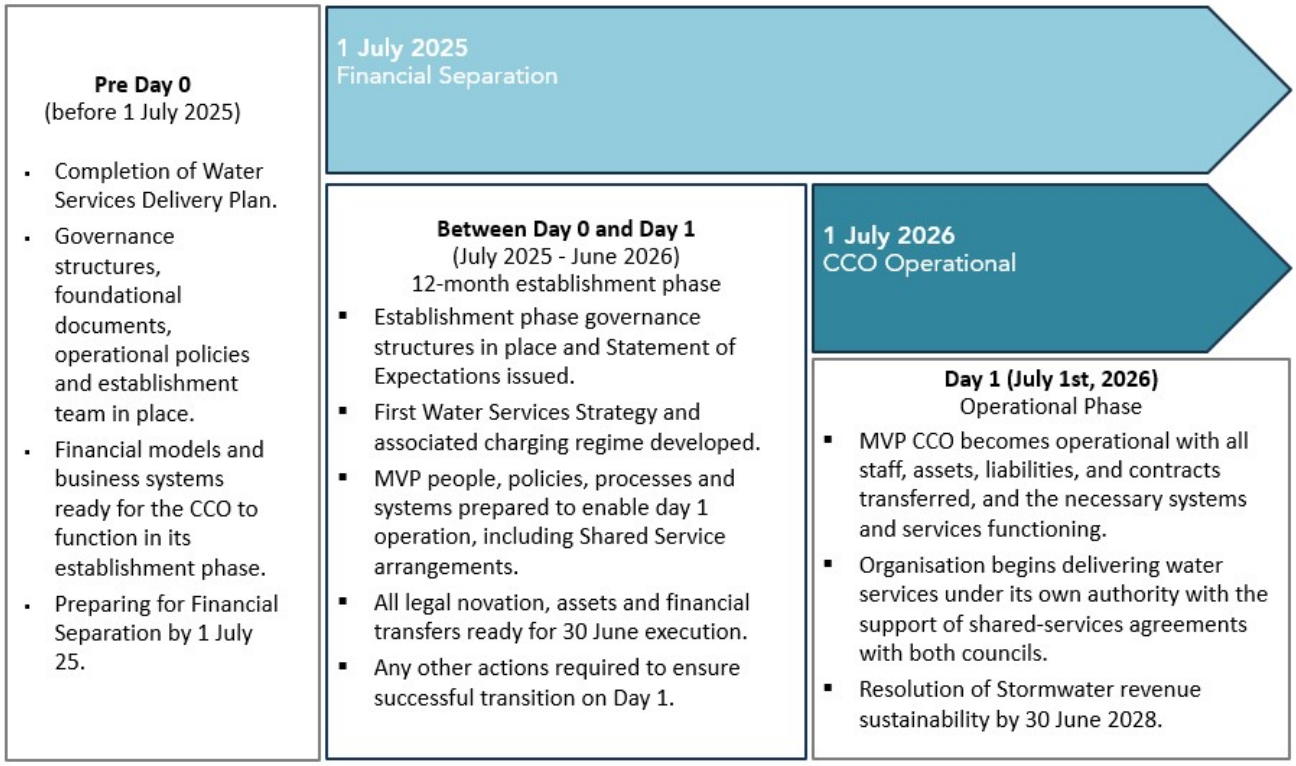
It is anticipated that the CCO will transition away from council shared services over a 5-year period as new business systems are established. This approach provides the councils with time to manage any stranded overheads.

A3.3 - Principles Guiding the Process

- Commitment to Te Ture Whaimana o Te Awa o Waikato (supporting the health of the Waikato River), and other water bodies such as the Waipaa Awa and Whaaingaroa Harbour.
- Minimum Viable Product (MVP) approach,
- People-centred transition,
- Uninterrupted water services delivery,
- No reduction in Levels of Service,
- Shared services approach,
- Debt-funded establishment costs,
- Design for potential future mergers with other councils or other CCO's.

A3.4 - Timeframes and Milestones

Implementation of the new water service delivery model takes a staged approach over approximately 12 months of establishment work, focusing on ensuring operational readiness while maintaining service continuity, with an assumption that the CCO will progressively develop its own systems and processes, gradually unwinding shared services arrangements.



A.4 Consultation and Engagement

Consultation and Engagement Undertaken

A4.1 - Te Tiriti o Waitangi and Maaori Engagement

Both councils are deeply committed to upholding their Te Tiriti o Waitangi commitments and the Waikato River Treaty Settlement Act. Partnership conversations with iwi and roopu Maaori informed selection of the preferred CCO model, governance arrangements of the proposed CCO development of the Future Service Delivery approach.

Interactions with tangata whenua included senior members of the Waikato Tainui - Hamilton City Council Co-Governance Forum, parties to the Waikato District Council - Waikato Tainui Joint Management Agreement, and Wai Waananga and Toituu Hapori hui with mana whenua between September 2024 and March 2025.

These engagements informed the structure of the CCO and development of this Plan with the following commitments incorporated into the model:

- **Honouring Te Tiriti o Waitangi and Treaty Settlements** – Both Councils have committed to ensuring the CCO honours Te Tiriti and existing Treaty settlement commitments, with this obligation to be embedded in the CCO's Constitution.

- **Giving effect to Te Ture Whaimana o Te Awa o Waikato** – The CCO will give effect to Te Ture Whaimana o Te Awa o Waikato, which has been established as a foundational principle.
- **Governance representation for Waikato-Tainui** – The [*Company Name*] Forum will include representative(s) appointed by Waikato-Tainui, who will have voting rights on board appointment matters.
- **Board competency requirements** – The board must collectively include skills relevant to Te Tiriti, Te Ture Whaimana, working with iwi and hapuu and have whakapapa to the Awa.
- **Maintaining effective relationships** – The Constitution will require the CCO to maintain effective relationships with iwi and hapuu and to work in a way that supports the Joint Management Agreement (JMA) relationships.
- **Exploring partnership opportunities** – The CCO will be open to exploring opportunities for iwi to become partners and investors in the development of waters infrastructure through mechanisms such as PPPs and development agreements.

A4.2 - Public Consultation

Following the selection of the preferred Joint CCO Water Service Delivery option, Councils sought the views of the public of the future of water services delivery through formal consultation processes[7].

Overall, most submitters supported the preferred CCO option.

Hamilton City Council	Waikato District Council
74% Support	**75% Support**

Hamilton City Council consulted on

- Option 1: Forming a joint waters company with Waikato District Council (Councils' preferred option)
- Option 2: Forming an in-house business unit.

A month-long consultation saw more the 18,000 views of waters and rating information on Council's website. More than 290,000 people were reached on social media and more than 3,000 emails were sent to people who have sought more information.

Of the 209 formal submissions regarding Water Service Delivery Options received, 74 percent said forming a joint waters company was the best option for the city.

These submissions informed Council's decision to form a joint water services CCO made on the 29 May 2025.[8]

Waikato District Council consulted on

- Option 1: Forming a joint waters company with Hamilton City Council (supporting Council's preferred option)
- Option 2: Retaining outsourced services model

[7] In accordance with Section 51 to 54 of the Local Government (Water Services Preliminary Arrangements) Act 2024.
[8] HCC - Local Water Done Well: Deliberations Report - 29 May 2025

Public consultation took place between 11 April to 11 May 2025. A total of 555 submissions were received on the 2025-2034 Long Term Plan and related documents, with 143 of these submissions in relation to water matters.

Of the 143 submissions regarding Water Service Delivery Options received, 75% percent said forming a joint waters company was the best option for the district.

These submissions informed Council's decision to form a Joint Water Services CCO made on the 27 May 2025.[9]

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[9] WDC - 2025-2034 Long Term Plan Deliberations Report on Waters Services Delivery Model – 27 May 2025

A.5 Assurance and Adoption of the Plan

In addition to internal quality assurance processes, the following independent assurance has been undertaken:

- Independent legal review against the requirements in the Act.
- Independent analysis of financial sustainability.
- External peer review of the financial aspects of the plan.

The below is our current estimate of our levels of confidence in the underlying information included in the Plan.

- **Regulatory Compliance:** High confidence in compliance supported by internal documentation and existing compliance frameworks.
- **Asset Management:** There is a high level of confidence that the asset information and approach outlined in the plan are consistent with respective council's asset management information and practices.
- **Investment Requirements and Asset Condition:** There is a high level of confidence that the investments and asset information within the plan is consistent with respective councils' asset management maturity, condition assessment methodologies and current understanding of optimised investment. There are limitations with quality and quantum of condition assessment information.
- **Financial Projections:** There is a high level of confidence that baseline financial projections are consistent with each council's baseline planning documents.

A5.1 - Council Resolution to Adopt the Plan

In approving this Plan, each council commits to giving effect to the Joint Water Service Delivery model as the first step towards a Multi Council CCO.[10]

- Hamilton City Council resolved to adopt this Joint Water Services Delivery Plan on the 26 June 2025[11].
- Waikato District Council resolved to adopt this Joint Water Services Delivery Plan on the 30 June 2025.[12]

[10] Local Government (Water Services Preliminary Arrangements) Act 2024, Clause 22.
[11] {HCC - insert Reference – 25 June 2025}
[12] {WDC - insert Reference – 30 June 2025}

A5.2 - Certification of the Chief Executive of Waikato District Council

I certify that this Water Services Delivery Plan:

- complies with the Local Government (Water Services Preliminary Arrangements) Act 2024, and
- the information relating to Waikato District Council used to inform and contained in the Plan is true and accurate.

Signed: _____

Name: Craig Hobbs_____

Designation: Chief Executive_____

Council: Waikato District Council___

Date: _____

A5.3 - Certification of the Chief Executive of Hamilton City Council

I certify that this Water Services Delivery Plan:

- complies with the Local Government (Water Services Preliminary Arrangements) Act 2024, and
- the information relating to Hamilton City Council used to information and contained in the Plan is true and accurate.

Signed: _____

Name: Lance Vervoort_____

Designation: Chief Executive_____

Council: Hamilton City Council_____

Date: _____

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Part B. Network Performance

B.1 Investment to Meet Levels of Service, Regulatory Standards and Growth Needs

B1.1 - Investment Required in Water Services

Introduction / Approach to investment at transition

The CCO shareholding councils recognise substantial investment in its three waters infrastructure over the next decade to address anticipated population growth (circa 49,279), aging infrastructure, new and renewed critical consents, single point vulnerabilities in treatment infrastructure, and climate change impacts.

Previously, each council has effectively served its communities, meeting respective Levels of Service (LoS) on all but one metric each, and implementing robust capital investment programmes to address growth, renewal, and resilience needs. However, there are gaps and opportunities that the Joint CCO model can better address through enhanced coordination, improved financial position, and holistic management of a broader catchment.

The following sections detail current network performance and future investment needs, including the combined scope of services and projected service requirements. They outline the corresponding investment programme that will support sustainable development, maintain critical infrastructure, meet regulatory obligations, and enhance system resilience in alignment with Te Ture Whaimana o Te Awa o Waikato principles.

As per the transitional MVP model, Shareholding councils have agreed the following approach to LoS and capital investment planning:

- The initial investment response for the CCO will focus on delivering programmes identified in Councils' baseline planning documents, including approximately $80-120 million annual investment for Waikato District and $200-400 million annual investment for Hamilton City across the three waters services, and inclusive of the enhanced capital programme identified in the LWDW BC.
- Current LoS will be maintained unless re-set through CCO led review of LoS over time, with corresponding community engagement to understand and prioritise any changes.
- Current investment programmes will be replaced by a CCO-led Water Services Strategy that will allow the new entity to enhance delivery for the serviced communities and for the Awa o Waikato, maximising benefits from the new model. Once formalised, capital programmes and financial analysis in the Water Services Strategy will supersede information in this Plan.
- There are several major projects identified by the councils' that will have the biggest impact on sustaining future growth as well as ensuring the councils are operating in line with legislation. To that end, the most significant capital projects focus on increasing water & wastewater Treatment capacity for growth centres as well as ensuring that applicable consents are current and adhered to. There is additionally significant investment in maintaining existing assets and reticulation.

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B1.2 - Serviced Population

The combined Waikato District and Hamilton City currently service over 220,000 people[13], including approximately 82,000 residential and 8,700 non-residential connections.

The combined area faces substantial population growth of approximately 22% over 10 years with an estimated population of 270,000[14] people (over 100,000 residential connections and 11,000 non-residential connection) being serviced by 2036.

Growth is expected to concentrate within and adjacent to the Hamilton City boundary, and in key growth areas along the SH1 between Auckland and Hamilton, in line with locational approaches set out in the Future Proof Strategy, Hamilton City Urban Growth Strategy, and Waikato District's Waikato 2070 Growth and Economic Development Strategy. More recently addition growth pressure has resulted from consenting proposals under the Fast Track Approvals Act 2024.

Table 1 Waikato District Projected Serviced Population[15]

Waikato District Projected *	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	37,385	39,642	42,036	44,574	47,265	50,119	53,145	56,354	59,756	59,957
Total residential connections	16,507	17,176	17,873	18,597	19,351	20,136	20,953	21,802	22,686	23,200
Total non-residential connections [16]	157	159	161	164	166	168	171	172	174	176

[13] Population forecasts for both councils are based on the NIDEA High population model, consistent with the population assumptions in both the HCC 2024-34 Long Term Plan and WDC 25-34 Long term plan.

[14] Waikato District forecast to grow from around 37,000 to around 60,000 residents, and Hamilton City from 185,300 to around 212,007 over a 10-year period.

[15] Waikato District serviced population includes wastewater only connections for Pookeno and Tuakau – these are detailed in Table 3 'Wastewater extent of services, and 'wastewater schemes' in section B.5 below.

[16] Growth in Waikato District non-residential connections is assumed to be aligned with the Waikato Integrated Scenario Explorer (WISE) Model

Table 2 Hamilton City Projected Serviced Population

Hamilton City Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	185,300	188,207	191,141	194,098	197,074	200,057	203,044	206,034	209,022	212,007
Total residential (HUE)[17]	65,869	67,051	68,235	69,393	70,641	71,875	73,125	74,395	75,639	76,943
Total non-residential (HUE)	8,563	8,563	8,851	9,153	9,476	9,771	10,035	10,296	10,541	10,796

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[17] Household Unit Equivalents (HUEs) are used to measure service demand. Water Supply HUE are used as an indicator for all three waters. While there are minor variations between these projections and those in infrastructure master planning, these differences are not considered material.

B1.3 - Serviced Areas

Water supply services across the two areas are provided to developed properties within urban zones of the area depicted below, and some adjacent rural areas, while wastewater and stormwater Services are provided exclusively to developed properties within urban zones, following District Plan zoning requirements.

Service expansion in the Waikato District focuses on key locations along the SH1 between Auckland and Hamilton, including Pookeno, Tuakau, Te Kauwhata, Huntly and Ngaaruawaahia. Additionally, Raglan has been identified as a growth area in the Future Proof strategy.

For Hamilton City, growth cells (in green) will be serviced over time as the city grows, and provision of central city services will respond to planned intensification of the urban centre.

Table 3 Extent of Services – Waikato District Council

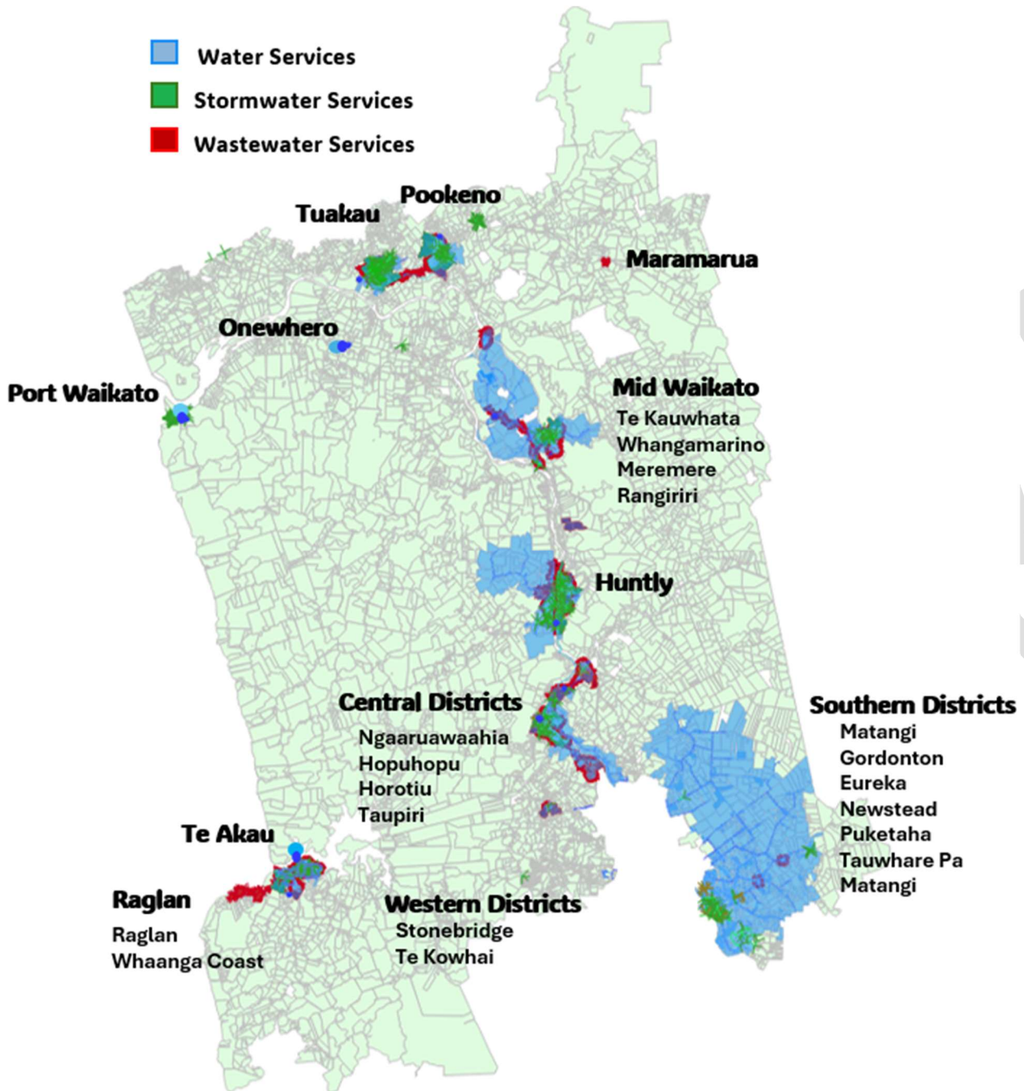
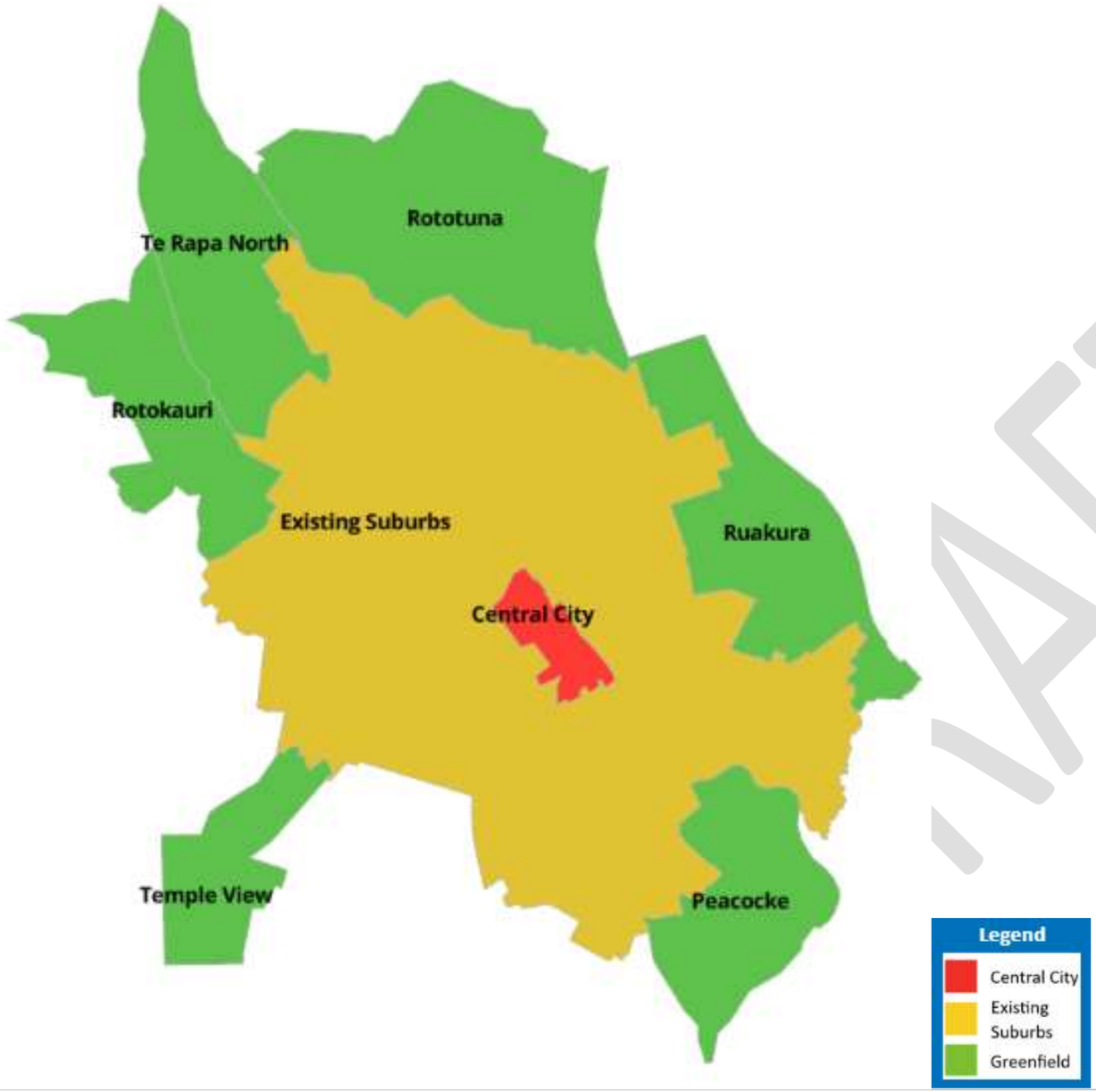
Extent of Service Map - Waikato District Council	Description of the extent of services
	**Water Supply** Water supply services primarily serve urban areas and some adjacent rural zones, currently connecting approximately 48% of households in the Waikato District. Service provision follows District Plan zoning, with rural properties generally excluded unless specifically approved on individual request. The district has water supply agreements with Watercare (2 bulk supply points), Hamilton City (8 bulk supply points), and Te Kauwhata Irrigation Association (1 Waikato River water inlet) with 5 additional tanker filling stations serving rural customers through registered water carriers. **Wastewater** Wastewater services focus on urban areas following District Plan zoning requirements. Pookeno and Tuakau wastewater is exported to Watercare for treatment under a contract while a few customers in Tamahere (via individual connections) are served by Hamilton City through historical arrangements. **Stormwater** Urban stormwater management utilises both piped networks and open drains, with three pump stations located in Port Waikato, Ngaaruawaahia, and Huntly where terrain prevents gravity discharge. Further work is required to review the extent of the service and the properties that benefit. There are also emerging areas, like Te Kowhai, which have historically been served through the rural network, but through land development and subdivision, the area is becoming urbanised and requires greater level of service.

Table 4 Extent of Services – Hamilton City Council

Extent of Service Map – Hamilton City Council	Description of the extent of services
	**Water Supply** Water services are provided to developed areas within Hamilton City Boundary, to water tanker companies (who service rural residential and commercial customers) via 5 water tanker filling stations across the city and to a proportion of Waikato District by agreement. Some neighbouring residents that are close to existing Hamitlon City water networks are also included in Hamilton City through individual agreement or historical arrangements. **Wastewater** Wastewater services are provided to developed areas within the Hamilton City Boundary. Some rural properties in future development areas are currently serviced by private septic tanks. Some neighbouring residents that are close to existing Hamilton City wastewater networks are also serviced by Hamilton City through individual agreement or historical arrangements. The Wastewater Treatment Plant also receives tanker waste mainly from septage and commercial grease trap waste. This was could origiate from outside the city. **Stormwater** Stormwater services are provided to developed areas within with the Hamilton City Boundary. The city receives stormwater from catchments outside the city boundary, and some isolated areas from the city contribute to catchments outside the city boundary.

B1.4 - Service Areas by Network and Catchment

There are no identified urban areas in the Waikato District or Hamilton City that are excluded from water, wastewater and Stormwater[18] services. However, planned residential growth in some areas are currently constrained by limited wastewater treatment plant capacity, water supply limitations, and the need for upgraded and expanded infrastructure to service new developments, including urbanisation of rural areas and urban infill in parts of the city.

Future service areas are outlined in Section B.3 Responding to Growth.

Table 5 Waikato District Services Areas

Waikato District Serviced areas (by reticulated network) [19]	Water Distribution Schemes 10 schemes	Wastewater Service Schemes 10 schemes	Stormwater 8 catchments[20]
Residential areas	**Northern Waikato** - Pookeno/ Tuakau - Onewhero - Port Waikato	**North Waikato** - Pookeno / Tuakau - Maramarua	**North Waikato** - Pookeno - Tuakau - Port Waikato
	Mid Waikato - Te Kauwhata	**Mid Waikato** - Meremere - Te Kauwhata	**Mid Waikato** - Te Kauwhata
	Central Waikato - Huntly - Ngaaruawaahia	**Central Waikato** - Huntly - Ngaaruawaahia	**Central Waikato** - Huntly - Ngaaruawaahia
	Western Waikato - Te Kowhai Road[21]	**Western Waikato** - Te Kowhai	

[18] Stormwater services focus on urban areas as per Local Government (Water Services Preliminary Arrangements) Act 2024, Section 5.

[19] The water and wastewater treatment plants used to service Tuakau and Pookeno are owned by Watercare. Water allocation consent for Te Kauwhata and surrounding areas is owned by a third party. Treated water to service Southern Waikato is sourced from Hamilton City Council.

[20] Stormwater catchment 'serviced areas' listed here are grouped based on operational and infrastructure management needs, this differs from consented Stormwater schemes outlined in section B.5.

[21] A small proportion of Te Kowhai is currently serviced via trickle feed supply. Water is sourced from Hamilton City through agreement. This area is not a registered as a supply scheme.

Waikato District Serviced areas (by reticulated network) [19]	Water Distribution Schemes 10 schemes	Wastewater Service Schemes 10 schemes	Stormwater 8 catchments[20]
	Raglan - Raglan - Te Aakau	**Raglan** - Raglan	**Raglan** - Raglan
	Southern Waikato (Hamilton City fed)[7] - Southern District (Tamahere, Matangi ,Tauwhare, Gordonton) - Western District (small zone)	**Southern Waikato** - Tauwhare Pa - Matangi	**Southern Waikato** - Tamahere
Non-residential areas	0	0	N/A (urban only)
Mixed-Use rural drinking water schemes (where these schemes are not part of the council's water services network)	0		
Areas that do not receive water services	There are no identified urban areas that are explicitly excluded from water services. Service provision is linked to the District Plan with some service limitation linked to Planning Zones. The future Te Kowhai residential development is in the Waikato District Servicing Strategy but not yet funded. A significant proportion of Waikato District is rural and does not receive water services. There are no current plans to change this approach.		

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Table 6 Hamilton City Serviced Areas

Hamilton City Serviced areas (by reticulated network)	Water supply 1 scheme	Wastewater 1 scheme	Stormwater 13 catchments
Residential areas	Hamilton Water Supply (HAM001) – Fluoridated Supply 59,237 Connections[22]	Pukete Wastewater Treatment Plant Catchment 55,234 Connections	Hamilton Stormwater Network >64,000 Connections
Non-residential areas	Hamilton Water Supply (HAM001) 5,855 Connections	Hamilton Wastewater Catchment 5,117 Connections	N/A
Mixed-Use rural drinking water schemes (where these schemes are not part of the council's water services network)	N/A (no rural services)	N/A	N/A
Areas that do not receive water services	0	0	0

[22] Current connections are based on rateable units. Growth projections are based on household equivalents which may include multiple dwellings / rateable units serviced by a single connection.

B.2 Meeting Our Customers' Needs - Levels of Service

B2.1 - CCO Approach to Levels of Service

Councils have distinct differing Levels of Service (LoS) models that have been agreed with respective communities through their baseline planning documents.

Respective LoS targets and performance detail are therefore set out separately below, noting both councils are performing well against agreed metrics, with improvement areas in consent compliance for treatment plants and maintaining adequate water supply to residents.

Key investments to maintain existing and proposed Level of Service Include:

- Continued operational investment in maintenance programmes to respond to network issues and improve network resilience.
- Investment in wastewater capacity to ensure compliance is achieved.
- Investment in flood control to reduce flooding incidents
- Installation of water metering to support reduction in water loss (along with enabling equitable pricing and supporting water demand management)

In line with the transitional MVP approach to CCO establishment, existing LOS measures and commitments will be maintained through the initial transition period. This approach recognises the significant effort required to manage service amalgamation and transition, and the staged pathway necessary to engage with communities to re-set and align, where appropriate, the approach. This WSDP is therefore predicated on each council's baseline planning documents and assumes that LoS will continue for the 10-year period of the Plan.

The CCO is empowered to plan for service equity and consistent service quality over time – Current LTPs will be superseded, and future Water Services Strategy's will allow for refinement of LoS, and ensuring community involvement in proposals.

The key underpinning assumptions for LOS can be found in Appendix 2 Risks and Assumptions.

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B2.2 - Levels of Service - Waikato District Council

Summary of Waikato District Performance

Waikato District is currently meeting its three waters LoS for all measures.

Waikato District Water Supply

Waikato District commits to safe, reliable and good pressure water supply to all customers. It is currently meeting all commitments to water quality in line with Taumata Arowai DWQAR requirements and its call out response times.

Table 7 Water Supply Levels of Service

What's important for this activity (major aspects)	What the community can expect from us (level of service)	How we will measure our performance (performance measure)	Targets			
			Baseline result	Year 1 2025/26	Year 2 2026/27	Years 3-9 2027/28-33/34
Safety – The community can expect a quality water supply that protects people's health and supports industry requirements.	We will provide water supply that is safe to drink.	The extent to which the Council's drinking water supply complies with the drinking water quality assurance rule: 4.4 T1 Treatment Rules. *	New measure.	100%	100%	100%
		The extent to which the Council's drinking water supply complies with the drinking water quality assurance rule: 4.5 D1.1 Distribution System Rule. *	New measure.	100%	100%	100%
		The extent to which the Council's drinking water supply complies with the drinking water quality assurance rule: 4.7.1 T2 Treatment Monitoring Rules. *	New measure.	100%	100%	100%
		The extent to which the Council's drinking water supply complies with the drinking water quality assurance rule: 4.7.2 T2 Filtration Rules. *	New measure.	100%	100%	100%

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What's important for this activity (major aspects)	What the community can expect from us (level of service)	How we will measure our performance (performance measure)	Targets			
			Baseline result	Year 1 2025/26	Year 2 2026/27	Years 3-9 2027/28-33/34
		The extent to which the Council's drinking water supply complies with the drinking water quality assurance rule: 4.7.3 T2 UV Rules. *	New measure.	100%	100%	100%
		The extent to which the Council's drinking water supply complies with the drinking water quality assurance rule: 4.7.4 T2 Chlorine Rules. *	New measure.	100%	100%	100%
		The extent to which the Council's drinking water supply complies with the drinking water quality assurance rule: 4.8 D2.1 Distribution System Rule. *	New measure.	100%	100%	100%
		The extent to which the Council's drinking water supply complies with the drinking water quality assurance rule: 4.10.1 T3 Bacterial Rules. *	New measure.	100%	100%	100%
		The extent to which the Council's drinking water supply complies with the drinking water quality assurance rule: 4.10.2 T3 Protozoal Rules. *	New measure.	100%	100%	100%
		The extent to which the Council's drinking water supply complies with the drinking water quality assurance rule: 4.11.5 D3.29 Microbiological Monitoring Rule. *	New measure.	100%	100%	100%

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What's important for this activity (major aspects)	What the community can expect from us (level of service)	How we will measure our performance (performance measure)	Targets			
			Baseline result	Year 1 2025/26	Year 2 2026/27	Years 3-9 2027/28-33/34
Reliability / responsiveness – The community can rely on a continuous supply of water.	We will provide water supply that is reliable and ensure that water which is received has a good flow / pressure.	Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the median response time. Attendance for nonurgent callouts: from the time that Council receives notification to the time that service personnel reach the site * Roll-over measure.	2023/24: 1 day. Achieved.	≤5 Days	≤5 Days	≤5 Days
		** Call outs included in this performance measure are categorised as a 5-day routine response type as outlined in the service level timeframes table.				
		Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the median response time. Attendance for urgent callouts: from the time that Council receives notification to the time that service personnel reach the site* ** Roll-over measure.	2023/24: 31 minutes. Achieved.	≤60 minutes	≤60 minutes	≤60 minutes
		Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the median response time. Resolution of nonurgent callouts: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption. * ** Roll-over measure	2023/24: 1 day. Achieved.	≤5 Days	≤5 Days	≤5 Days

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What's important for this activity (major aspects)	What the community can expect from us (level of service)	How we will measure our performance (performance measure)	Targets			
			Baseline result	Year 1 2025/26	Year 2 2026/27	Years 3-9 2027/28-33/34
		** Call outs included in this performance measure are categorised as a 5-day routine response type as outlined in the service level timeframes table.				
		Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the median response time. Resolution of urgent callouts: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption. * ** Roll-over measure.	2023/24: 85 minutes. Achieved.	≤240 minutes	≤240 minutes	≤240 minutes
		The total number of complaints received by Council on drinking water clarity, drinking water taste, drinking water odour, drinking water pressure or flow, continuity of supply, and Council's response to any of these issues, expressed per 1,000 connections to Council's networked reticulation system. +	2023/24: 10.74. Achieved.	Less than or equal to 25 per 1,000 connections	Less than or equal to 25 per 1,000 connections	Less than or equal to 25 per 1,000 connections
Sustainability – The community can expect a water supply network that minimised wastage.	We will ensure we don't waste water and that we consider the needs of future generations.	The average consumption of drinking water per day per resident within the Waikato district. +	2023/24: 166L. Achieved.	250L	250L	250L
		The percentage of real water loss from Council's networked reticulation system (including a description of the methodology used to calculate this). +	2023/24: 26%. Achieved.	28%	28%	28%

+ Measure required by the Department of Internal Affairs

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Waikato District Wastewater

Waikato District is committed to reliable, safe, efficient and effective wastewater treatment and treatment and disposal that minimises harm to the environment. The council is currently meeting its targets for all measures aside from a key compliance concern regarding discharge consents.

Table 8 Waikato District Wastewater Levels of Service

What's important for this activity (major aspects)	What the community can expect from us (level of service)	How we will measure our performance (performance measure)	Targets			
			Baseline result	Year 1 2025/26	Year 2 2026/27	Years 3-9 2027/28-33/34
Safety – The community can expect the wastewater system to protect people's health and our environment.	We will minimise risks to public health and our waterways.	The number of dry weather sewerage overflows from Council's sewerage system, expressed per 1,000 sewerage connections to the sewerage system. +.	2023/24: 0.91. Achieved.	Less than or equal to 3 per 1,000 connections	Less than or equal to 3 per 1,000 connections	Less than or equal to 3 per 1,000 connections
Reliability / responsiveness – The community can rely on our services to remove wastewater from proprieties	We will provide a wastewater system that is reliable, efficient and effective.	Where Council attends to sewerage overflows resulting from a blockage or other fault in Council's sewerage system, the median response time. Attendance time: from the time that Council receives notification to the time that service personnel reach the site. + **	2023/24: 42 minutes. Achieved	≤60 minutes	≤60 minutes	≤60 minutes
		** Call outs included in this performance measure are categorised as a 1-hour urgent response type as outlined in the service level timeframes table.				
		Where Council attends to sewerage overflows resulting from a blockage or other fault in Council's sewerage system, the median response time. Resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.+ **	2023/24: 113 minutes. Achieved	≤240 minutes	≤240 minutes	≤240 minutes

What's important for this activity (major aspects)	What the community can expect from us (level of service)	How we will measure our performance (performance measure)	Targets			
			Baseline result	Year 1 2025/26	Year 2 2026/27	Years 3-9 2027/28-33/34
		** Call outs included in this performance measure are categorised as a 4-hour urgent response type as outlined in the service level timeframes table.				
		The total number of complaints received by Council about sewerage odour, sewerage system faults, sewerage system blockages, and Council's response to issues with its sewerage system, expressed per 1,000 connections to Council's sewerage system. +	2023/24: 4.25. Achieved	Less than or equal to 10 per 1,000 connections	Less than or equal to 10 per 1,000 connections	Less than or equal to 10 per 1,000 connections
		Compliance with Council's resource consents for discharge from its sewerage system measured by the number of convictions received by Council in relation to those resource consents.+	2023/24: 0. Achieved	0	0	0

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What's important for this activity (major aspects)	What the community can expect from us (level of service)	How we will measure our performance (performance measure)	Targets			
			Baseline result	Year 1 2025/26	Year 2 2026/27	Years 3-9 2027/28-33/34
Sustainability – The community can expect us to minimise the pollution of the district's waterways caused by contaminants in stormwater runoff.	We will manage wastewater treatment and disposal to minimises harm to the environment.	Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of Abatement Notices, Infringement Notices and Enforcement Orders received by the Council in relation to those resource consents.+	2023/24: 2, achieved[23]	≤2	≤2	≤2[24]

+ Measure required by the Department of Internal Affairs

[23] The two abatement notices carried over from previous years relate to Raglan and Te Kauwhata treatment plants. Upgrades are complete (Raglan) or in progress, with stage one of Te Kauwhata now complete and remaining work in progress. A further abatement notice has been received for Ngaaruawaahia, with planning underway to upgrade the facility by 2027. All three upgrades have been designed with more stringent regulation in mind, however there is a residual risk that designed discharge quality may exceed or fall short of the new, proposed discharge standards.

[24] The council's target for wastewater treatment compliance is greater than ≤2 due to known non-compliance and planned upgrades of wastewater treatment plants in Raglan (completed and now compliant), Te Kauwhata (partially complete) and Ngaaruawaahia (in planning). It is anticipated these investments will enable a higher LOS in the future.

Waikato District Stormwater

Waikato District aims to provide reliable, safe, efficient, effective and environmentally responsible stormwater management for its communities to protect them from the effects of stormwater overflow. Agreed LoS were met within the last monitoring period, recognising this result varies year-on -year depending on climate events, and the need for ongoing work to improve resilience during extreme events – Waikato District met its complaint target of less than 4 per 1000 during the 22/23 cyclone, only failing on response times due to road closures.

Maintaining Levels of Service during extreme weather events requires a holistic response, current plans to maintain or improve network resilience include increased system redundancy, power supply backup through generator and UPS, and a proactive emergency response plan to obtain equipment like sucker trucks and hire-generators.

Table 9 Waikato District Stormwater Levels of Service

What's important for this activity (major aspects)	What the community can expect from us (level of service)	How we will measure our performance (performance measure)	Targets			
			Baseline result	Year 1 2025/26	Year 2 2026/27	Years 3-9 2027/28-33/34
Safety – The community can expect that our infrastructure will protect people and properties from flooding caused by stormwater runoff.	We will provide a reliable stormwater system that protects people and properties from flooding.	**The number of flood events** that occur in the Waikato district**.+	2023/24: 0. Achieved.	Less than 5 events per annum	Less than 5 events per annum	Less than 5 events per annum
		For each flooding event, the number of habitable floors affected. (Expressed per 1,000 properties connected to Council's stormwater system).+	2023/24: 0. Achieved.	0.3 affected per 1,000 properties per event	0.3 affected per 1,000 properties per event	0.3 affected per 1,000 properties per event
	We will provide a stormwater system that is reliable, efficient and effective.	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site. +	2023/24: 0. Achieved.	Less than or equal to 2 hours	Less than or equal to 2 hours	Less than or equal to 2 hours

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What's important for this activity (major aspects)	What the community can expect from us (level of service)	How we will measure our performance (performance measure)	Targets			
			Baseline result	Year 1 2025/26	Year 2 2026/27	Years 3-9 2027/28-33/34
Reliability / responsiveness – The community can expect a reliable stormwater network that drains water away.		The total number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to Council's stormwater system.+	2023/24: 1.88. Achieved.	Less than 4 per 1,000 properties per year	Less than 4 per 1,000 properties per year	Less than 4 per 1,000 properties per year
Sustainability – The community can expect us to minimise the pollution of the district's waterways caused by contaminants in stormwater runoff	We will provide a stormwater system that minimises the impact on the districts waterways.	Compliance with Council's resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders, and successful prosecutions received by Council in relation to those resource consents.+	2023/24: 0. Achieved	0	0	0

+ Measure required by the Department of Internal Affairs

B2.3 - Levels of Service – Hamilton City Council

Hamilton City Water Supply

Through its Levels of Service framework Hamilton City Council commits to providing residents and businesses safe drinking water through a well-maintained network, sustainable water management practices and prompt response and resolution to any supply issues.

Hamilton City met six of its seven 2023/24 monitored targets, exceeding the number of complaints per 1000 connections regarding drinking water quality and supply and has implemented actions to reduce the number of complaints.

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New measures as noted below have been set to demonstrate compliance with the new Drinking Water Quality Assurance Rules and Standards 2022. These measures were adopted through the 24/25 Annual Plan process. [25] Public reporting will be through the Annual Report.

Table 10 Hamilton City Water Supply Levels of Service

What you can expect from us	What we will measure	Latest result (2023/24)	Targets			
			2024/25	2025/26	2026/27	By 2033/34
Our water network is managed in a way that minimises the loss of water.	The percentage of real water loss from the water network infrastructure in the city.+	11.6%	No more than 16%	No more than 16%	No more than 16%	No more than 12%
We will work with the community to sustainably manage the supply and use of water.	The average use of drinking water per Hamilton resident, per day.+	323 litres	No more than 400 litres per resident, per day	No more than 400 litres per resident, per day	No more than 400 litres per resident, per day	No more than 400 litres per resident, per day
The water we supply is safe to drink	The extent to which Council's drinking water supply complies with the Drinking Water Quality Assurance Rules 2022, part 4.10.1 T3 Bacterial Rules:					
	i. Number of non-compliant days+	New Measure	0 days	0 days	0 days	0 days
	The extent to which Council's drinking water supply complies with the Drinking Water Quality Assurance Rules 2022, part 4.10.2 T3 Protozal Rules:					
	i. Number of protozoa log removal credits achieved. +	New Measure	3 log removal credits	3 log removal credits	3 log removal credits	3 log removal credits

[25] HCC - Council Open Agenda -11 February 2025.pdf

What you can expect from us	What we will measure	Latest result (2023/24)	Targets			
			2024/25	2025/26	2026/27	By 2033/34
	The extent to which Council's drinking water supply complies with the Drinking Water Quality Assurance Rules 2022, part 4.11.5 D3.29 Microbiological Monitoring Rule:					
	The number of compliant months for Hamilton City zone. +	New Measure	12 Months	12 Months	12 Months	12 Months
	The number of compliant months for Temple View zone. +	New Measure	12 Months	12 Months	12 Months	12 Months
	The number of compliant months for Claudelands Grandstand Tap zone. +	New Measure	12 Months	12 Months	12 Months	12 Months
To be satisfied with the clarity, taste, odour, continuity, and pressure of the water supply	The total number of complaints received about drinking water clarity, taste, odour, pressure, flow or continuity of supply and Hamilton City's response to any of these issues. +	9.63 complaints per 1000 connections (against target 5 per 1000)[26]	No more than 7 complaints per 1000 connections (rounded to nearest whole number)	No more than 7 complaints per 1000 connections (rounded to nearest whole number)	No more than 7 complaints per 1000 connections (rounded to nearest whole number)	No more than 7 complaints per 1000 connections (rounded to nearest whole number)

[26] Most of the complaints (334 of 608) are related to reduced or lost pressure and is directly related to two significant water outage incidents. Actions have been implemented to reduce the number of complaints, including closer management of contractors working on replacing/extending the water network to minimise any unnecessary reactive impacts and improving data capture and customer feedback during the initial customer contact.

What you can expect from us	What we will measure	Latest result (2023/24)	Targets			
			2024/25	2025/26	2026/27	By 2033/34
A timely response and a timely resolution if there is a problem with the water supply.	The median attendance time for urgent call-outs from the time that the council receives notification of the fault or unplanned interruption to the time that service personnel reach the site. +	38 minutes	No more than 60 minutes	No more than 60 minutes	No more than 60 minutes	No more than 60 minutes
	The median resolution time of urgent call-outs from the time that the council receives notification of the fault or unplanned interruption to the time that service personnel confirm resolution of the fault or interruption.+	2 hours	No more than 5 hours	No more than 5 hours	No more than 5 hours	No more than 5 hours
	The median attendance time for non-urgent call-outs from the time that the council receives notification of the fault or unplanned interruption to the time that service personnel reach the site.+	3 working days	No more than 5 working days	No more than 5 working days	No more than 5 working days	No more than 5 working days
	The median resolution time of non-urgent call- outs from the time that the Council receives notification of the fault or unplanned interruption to the time that service personnel confirm resolution of the fault or interruption.+	3 working days	No more than 10 working days	No more than 10 working days	No more than 10 working days	No more than 10 working days

+ Measure required by the Department of Internal Affairs

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Hamilton City Wastewater

Hamilton City commits to providing residents and businesses a wastewater system designed and maintained to minimise harm to the community and environment, minimise odour and blockages and minimise the impact on the environment, along with timely response and resolution if there are urgent problems.

Hamilton City is meeting all its current agreed LoS for wastewater.

Table 11 Hamilton City Wastewater Levels of Service

What you can expectfrom us	What we will measure	Latest result (2023/24)	Targets			
			2024/25	2025/26	2026/27	By 2033/34
Our wastewater system is designed and maintained to minimise harm to the community and environment.	The number of dry weather wastewater overflows from the wastewater system.+	2.14 overflows per 1,000 connections	No more than 4 overflows per 1000 connections	No more than 4 overflows per 1000 connections	No more than 4 overflows per 1000 connections	No more than 2 overflows per 1000 connections
We operate and maintain the wastewater system to minimise odour and blockages.	The total number of complaints received about sewage odour, system faults or blockages and responses to issues raised with Hamilton City's wastewater system.+	8.91 complaints per 1000 connections	No more than 20 complaints per 1000 connections	No more than 20 complaints per 1000 connections	No more than 20 complaints per 1000 connections	No more than 12 complaints per 1000 connections
	The number of abatement notices received in relation to resource consents for discharge from the wastewater system.+	0 abatement notices	No more than 1 abatement notice	No more than 1 abatement notice	No more than 1 abatement notice	No more than 1 abatement notice

What you can expectfrom us	What we will measure	Latest result (2023/24)	Targets			
			2024/25	2025/26	2026/27	By 2033/34
We operate and maintain the wastewater system to minimise the impact on the environment	The number of infringement notices, enforcement orders and convictions received in relation to resource consents for discharge from the wastewater system.+	0 infringement, enforcement, or conviction actions	0 infringement, enforcement, or conviction actions	0 infringement, enforcement, or conviction actions	0 infringement, enforcement, or conviction actions	0 infringement, enforcement, or conviction actions
A timely response and resolution if there is an urgent problem with the wastewater system	The median attendance time for call-outs from the time that the council receives notification of the blockage or other fault to the time that service personnel reach the site.+	44 minutes	No more than 60 minutes	No more than 60 minutes	No more than 60 minutes	No more than 60 minutes
	The median resolution time for call-outs from the time that the council receives notification of the blockage or other fault to the time that service personnel confirm resolution of the fault or interruption.+	2 hours	No more than 4 hours	No more than 4 hours	No more than 4 hours	No more than 4 hours

+ Measure required by the Department of Internal Affairs

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Hamilton City commits to providing Hamilton city residents and businesses a stormwater system designed and maintained to prevent flooding of habitable buildings and operations focused on minimising environmental impacts, along with timely, reliable response to issues and general customer satisfaction with services.

The council is meeting all LoS targets, and has plans in place to improve the management of flooding risk within the city.

Table 12 Hamilton City Stormwater Levels of Service

What you can expectfrom us	What we will measure	Latest result (2023/24)	Targets			
			2024/25	2025/26	2026/27	By 2033/34
The stormwater system is designed and maintained to minimise the likelihood of stormwater entering habitable buildings.	The number of flooding events^ that occur within the city.+	0 flooding events	No more than 3 flooding events	No more than 3 flooding events	No more than 3 flooding events	No more than 1 flooding event
	For each flooding event^, the number of habitable floors affected.+	0.00 habitable floors per 1000 properties across all events	No more than 1 per 1000 properties	No more than 1 per 1000 properties	No more than 1 per 1000 properties	No more than 1 per 1000 properties
The Council will operate and maintain the stormwater system to minimise the impact on the environment.	The number of abatement notices related to the management of the stormwater system.+	0 abatement actions	No more than 1 abatement notice	No more than 1 abatement notice	No more than 1 abatement notice	No more than 1 abatement notice
	The number of infringement notices, enforcement orders and convictions related to the management of the stormwater system.+	0 infringement, enforcement, or conviction actions	0 infringement, enforcement, or conviction actions	0 infringement, enforcement, or conviction actions	0 infringement, enforcement, or conviction actions	0 infringement, enforcement, or conviction actions

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What you can expectfrom us	What we will measure	Latest result (2023/24)	Targets			
			2024/25	2025/26	2026/27	By 2033/34
	The median response time, from the time that we receive notification to the time that our service personnel reach the site of the flooding event.+	0 minutes	No more than 60 minutes	No more than 60 minutes	No more than 60 minutes	No more than 60 minutes
A timely response if there is a problem with the stormwater system or flooding of a habitable building.	The median response time, from the time that we receive notification to the time that our service personnel reach the site of the flooding event.+	0 minutes	No more than 60 minutes	No more than 60 minutes	No more than 60 minutes	No more than 60 minutes
We provide a reliable and effective stormwater system that the community is satisfied with.	The number of complaints received about the performance of the stormwater system.+	13.40 complaints per 1000 properties	No more than 20 complaints per 1000 connections	No more than 20 complaints per 1000 connections	No more than 20 complaints per 1000 connections	No more than 10 complaints per 1000 connections

^ A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor (a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages)

+ Measure required by the Department of Internal Affairs

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B.3 Responding to Growth

Extent of Infrastructure for Growth

B3.1 - Population Growth and Development Capacity

Councils have responded to significant anticipated growth over the past decade through investment in wastewater, water and stormwater infrastructure. Infrastructure needs are targeted in key growth nodes along SH1 between Auckland and Hamilton (including Pookeno, Tuakau, and Te Kauwhata), as well as Hamilton's development areas in Peacocke, Rotokauri, Ruakura, Rototuna and planned city centre intensification in alignment with the Future Proof growth strategy.

The location of future growth will be less certain with the changes in Government policy – these will likely lead to a more dispersed settlement pattern and a number of new growth cells being plan-enabled through NPS-UD changes and Fast-track Approvals Act.

Infrastructure in Table 13 and Table 14 below set out Waikato District and Hamilton City plans to meet projected property yield and densities for each growth cell in their respective areas based on key assumptions in Appendix 2. Risks and Assumptions.

Key Investments include:

- Continued investment in strategic planning to optimise infrastructure investment.
- Strategic infrastructure investment for prioritised growth nodes.
- Strategic upgrades to existing infrastructure to address growth impacts.

A detailed breakdown of planned infrastructure investment across the combined districts can be found in B.6 Capital Expenditure Required to Deliver Water Services and Ensure That Water Services Comply with Regulatory Requirements and Significant Projects sections.

The tables provide a high-level view of the growth response for each key growth area including:

- Strategic infrastructure to be provided by the CCO (all bulk treatment and distribution networks)
- Local infrastructure that will generally be constructed by developers through RMA or Fast Track land development processes to Regional Infrastructure Technical Specifications before being vested to the asset owner
- Some strategic infrastructure may be developer-led through Private Development Agreements with possible council financial participation when upsizing benefits broader development. These are bespoke, by negotiation and are pursued as opportunities arise.

Growth Drivers:

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Regulatory and Policy Drivers

Since 2020, Central Government has reset the rules for land use growth and introduced legislation that tells councils how they must make that happen. These are the National Policy Statement on Urban Development (NPS-UD) and Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 (HSAA).

Updates to the NPS-UD are due to be released mid-2025, these are expected, as per the Going for Housing Growth Policy to direct Councils to zone 30-years' worth of land supply along with more permissive zoning controls within brownfield environments (e.g. more mixed-use zones, and up-zoning along transport corridors).

The NPS-UD and HSAA have driven and enabled greater density and changed distribution of planned growth in Hamilton City (through Plan Change 12) and some areas within the Waikato District (through Variation 3).

Through plan change processes, consideration of infrastructure is required when addressing the "use and development of land"[27]. In the context of local authority responsibilities there is a requirement to have "sufficient development capacity for housing and business land to meet the expected demands of the district"[28].

The NPS-UD directions that tier 1-3 local authorities are to "engage with providers of development infrastructure and additional infrastructure to achieve integrated land use and infrastructure planning"[29].

As part of local authorities enabling more supply currently as per the NPD-UD "Local authorities must be satisfied that the additional infrastructure to service the development capacity is likely to be available."[30]

There are a number of further legislative changes underway which will have an impact on how and where growth occurs across the districts:

i. **Resource Management Act reform** – an entirely new system which will simplify regulation through nationwide standardisation, simplify environmental regulation and monitoring – legislation to be introduced late 2025.
ii. **Fast-track Approvals Act** – creating a streamlined, one-stop-shop for projects that are regionally and nationally significant to get the required approvals in one place. The legal framework for decisions re-balances the Resource Management Act in favour of enabling development to proceed.
iii. **Going for housing growth** – this is a broader policy agenda of government which includes requiring local authorities to live zone land to accommodate 30-years of demand (to address housing affordability), changes to funding and financing of infrastructure and incentivising Councils through a return of GST or otherwise on development.

[27] Section 31(a) Resource Management Act
[28] Section 31(1)(aa) Resource Management Act

[29] Policy 10 (b), NPS-UD.
[30] Section 3.5(1), NPS-UD

iv. **Building Act Amendments** – changes to the Building Act to allow granny flats to support the supply of housing and to change consenting approvals processes to speed up and lower the compliance costs of construction, deregulation of certification of housing products to allow more competition in the market to lower building material costs.

Lower order growth planning and projections

A key direction setting document for growth in the sub-region is the Future Development Strategy which sets out the settlement pattern for the sub-region over the next 30-years. This is now embedded in the Regional Policy Statement, which must be given effect to.

Some of these new greenfield growth areas are already identified in some way in the Hamilton City Council District Plan and the Waikato District Plan. With the forthcoming government policy changes to zone 30-years of supply, we expect these greenfield areas are likely to be required to be live zoned, either by Council or developers through private plan changes.

As outlined in Section B.1 Investment to Meet Levels of Service, Regulatory Standards and Growth Needs, Serviced Population above, the population of the combined area is anticipated to increase by 22% over a 10-year period. A similar pace of population growth in anticipated over the subsequent 20 years.

B3.2 - Future Investment Planning

Investment plans are predicated on each council's baseline planning documents with the addition of key investments required to meet financial sustainability and to manage future legislative funding constraints and the enhanced capital plan set out in the CCO business case.

Neither council's baseline planning document fully funds infrastructure required to support continued growth within the Waikato District and Hamilton City, these will need to take account of the changing spatial dispersion of growth as a result of fast-track development proposals under the Fast-Track Approvals Act and changes to the NPS-UD.

Given the increase in enabled land for urban development under the changes to the NPS-UD and Fast-track Approvals Act, careful consideration will need to be given to when (timing), where (spatially e.g. headworks, trunk or growth cell) and how (proactive or reactive) the CCO invests in enabling growth. Due to the spatial uncertainty of where growth is likely to manifest, the CCO will need to be more responsive with regards to investment. Investment that is agnostic to where growth materialises (for examples investing in headworks) will be a least regrets scenario, whereas investing into a growth cell will carry more risk of whether development occurs in that cell or elsewhere.

Over time it is anticipated that the CCO will identify further opportunities to optimise investment and improve development capacity through coordinated planning across council boundaries and utilising increased debt headroom to manage costs over asset lifespans. These plans would be reflected in the applicable Water Services Strategy.

The following sections of this plan outline the infrastructure required to service growth over the 10-year period of this plan. Details on anticipated infrastructure investment for the subsequent 20 years can be found in each Councils Infrastructure Strategies.

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B3.3 - Responding to Growth – Waikato District

The Waikato District's growth over 10 years, is partially enabled, as per the table below.

There are key infrastructure constraints which have been identified and are being addressed, these include:

- Te Kauwhata wastewater treatment plant has insufficient capacity for future growth, upgrades are in progress, unlocking growth in Central Waikato from Mid-2030.
- A new reservoir is required to service Raglan and is scheduled for completion 2027.
- Ngaaruawaahia wastewater treatment plant is non-compliant and has insufficient capacity, upgrades are in the pipeline for 2025/26.
- Huntly wastewater treatment plant is non-compliant and has insufficient capacity, upgrades are in the pipeline for 2027/28.
- Wastewater and water supply solutions for Pookeno and Tuakau are in the early feasibility stage and not yet confirmed or funded. The CCO will consider options and timing for Pookeno through its Water Services Strategy process.

Table 13 Waikato District Key Growth Areas

Extent of Infrastructure to Service Growth Areas	Planned (as identified in district plan)	Infrastructure Constraints	Infrastructure enabled. (as identified and funded in baseline planning documents [31]) (Yes[32] / No / Partial[33])		Properties (10-year) [34]*
			Strategic	Local	
Tuakau		Wastewater treatment allocation, impacting both towns	Partial		688
Pookeno			Partial		625[35]

[32] Council provides funding in baseline planning documents for Ad Hoc Network Extensions as required for new developments and connections outside of current network supply areas. This allowance is considered sufficient to support potential growth in these locations.

[33] Ad Hoc Network extensions are funded but will not be sufficient to address development constraints in this area. As noted above, solutions for wastewater are in the early feasibility stage and not yet confirmed or funded.

[34] This forecast is based on the Waikato 2070 Growth and Economic Development Strategy, with growth projections based on the Nidea High with an assumed 2.6 persons per household. Long term household growth forecasted are: Tuakau : 2750; Pookeno: 2500; Te Kauwhata: 850; Huntly: 600; Ngaaruawaahia: 500; Raglan: 1000,

[35] Significantly higher than predicted growth demand in being experienced in Pookeno for both residential and industrial customers.

Extent of Infrastructure to Service Growth Areas	Planned (as identified in district plan)	Infrastructure Constraints	Infrastructure enabled. (as identified and funded in baseline planning documents [31]) (Yes[32] / No / Partial[33])		Properties (10-year) [34]*
			Strategic	Local	
Te Kauwhata	These towns are specifically identified in the Waikato District Plan as growth-nodes along SH1 between Auckland and Hamilton. Though most of the focus is on provision of alternative accommodation to Auckland & Hamilton respectively, Pookeno and Tuakau is further identified as future commercial potential.	Wastewater treatment capacity – addressed through planned and funded investment	*Yes*	Localised service provision is generally done by developers. Once completed, these services are vested to Council as part of the S224 process.	213
Huntly		Water supply capacity and quality, non-compliant and constrained capacity of WWTP. Stormwater management / flooding. Short and long-term solutions in progress. Huntly WTP and WWTP will be required to service the private zone change of Ohinewai with the Sleepyhead Development along with the accompanying commercial and residential development.	*Yes*		150
Ngaaruawahia		Water treatment capacity and resilience. Non-compliant and constrained capacity of WWTP – solution in progress. Stormwater capacity and quality.	Yes		125
Raglan	Raglan is identified as a bespoke growth centre for a high amenity environment.	Water supply capacity to enable growth – being addressed by new reservoir. New raw water source required in the medium future to accommodate future demand. WWTP capacity – online 2025.	Yes		250

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Extent of Infrastructure to Service Growth Areas	Planned (as identified in district plan)	Infrastructure Constraints	Infrastructure enabled. (as identified and funded in baseline planning documents [31]) (Yes[32] / No / Partial[33])		Properties (10-year) [34]*
			Strategic	Local	
Te Kowhai West	Te Kowhai West is identified in the Waikato District Plan as a growth-node.[36]	Very small aging infrastructure in place, proposed to be replaced with trunk water supply and wastewater reticulation connecting to the Waikato / Hamilton network to support growth.	No		803

[36] Waikato District Council through its 2025/34 LTP deliberations received submissions regarding growth aspirations for the Te Kowhai Area. A resolution was passed capturing that WDC wished for the CCO to consider service provision for this area when developing its Water Services Strategy.

B3.4 - Responding to Growth – Hamilton City

Over the past decade, approximately 50% of growth has been in brownfield (in-fill areas) and 50% into greenfield areas, predominantly Rototuna and Ruakura. New greenfield areas include Rotokauri, Peacocke, and Te Rapa North (Te Awa Lakes, Private Plan Change 17). Future intensification is being directed into the central city and walkable catchment as per Plan Change 12. Growth is placing pressure on existing water storage, water mains, and wastewater infrastructure and water and wastewater consent limits.

The Hamilton City identifies areas of potential development and growth and proactively plans the servicing of these areas. For the most part, Hamilton City provides strategic, bulk and transmission infrastructure allowing developers the opportunity to focus on localised service provision as part of the development construction. While this approach can work in strategically serviced greenfield development areas, it is more challenging for infill development where developers lack sufficient economic scale to address local servicing constraints.

Table 14 Hamilton City Key Growth Areas

Extent of Infrastructure to Service Growth Areas	Planned (as identified in district plan)[37]	Infrastructure enabled (as identified and funded in Baseline Planning Documents) (Yes / No / Partial[38])		Properties (10 year)
		Strategic	Local	
Infill	Yes Various zones including Residential, Business, Community Facilities, and Industrial intensification. Within existing developed areas.	Partial	Partial [39]	2991

[37] Hamilton City Council Operative 2017 District Plan (as at 30 June 2025). Excludes any proposed private plan changes.

[38] **Partial** means - Funding has been allowed to support Council contributions to development, such as where there is benefit of upsizing assets to achieve broader outcomes. A proportion of growth-related infrastructure is funded and constructed by Developers through RMA consenting processes or Private development agreements. These assets are then vested to Council upon completion under RMA 224c processes or retained in private ownership where appropriate.

[39] Development in Infill areas is enabled to the extent to which existing capacity can accommodate the increased demand. There are some areas of the city which are capacity constrained, these areas are not enabled with three waters infrastructure, however some funding is available to reactively respond to development proposals in constrained areas. Recent requirements to increase housing density have not been fully responded to.

Extent of Infrastructure to Service Growth Areas	Planned (as identified in district plan)[37]	Infrastructure enabled (as identified and funded in Baseline Planning Documents) (Yes / No / Partial[38])		Properties (10 year)
		Strategic	Local	
	Note: Plan Change 12 included an infrastructure overlay to recognise that not all infill areas could develop ahead of an investment in infrastructure capacity.			
Central City (Stage 1)	Yes Various zones including Residential, Business intensification and Community Facilities. Within existing developed areas.	Partial	Partial, but sufficient within 10 years IAF funding contributes to some of the required strategic infrastructure (waters as well as some reactive upgrades in response to development. Funding of some of the proactive water and wastewater upsizing.	4000
Rototuna	Yes Various zones including Residential, Business and Community Facilities. The growth cell is predominantly developed	N/A	Partial, but sufficient within 10 years Wastewater and stormwater upsizing are funded, drinking water unfunded.	1329
Ruakura	Yes Various Residential, Knowledge, Business, Logistics and Industrial Park zones. The growth cell is under development.	N/A	No [40]	1240

40 The Ruakura growth cell is primarily a private development enabled by a private plan change. Localised infrastructure is being delivered by the developer; some infrastructure will remain in private ownership.

Extent of Infrastructure to Service Growth Areas	Planned (as identified in district plan)[37]	Infrastructure enabled (as identified and funded in Baseline Planning Documents) (Yes / No / Partial[38])		Properties (10 year)
		Strategic	Local	
Rotokauri	Yes General and Medium Density Residential, Future Urban, Business, Industrial, Community Facility zones. The growth cell is primarily undeveloped.	Yes	Partial, but sufficient within 10 years Upsizing for all three waters partially funded	1181
Peacocke	Yes Various Residential and business, and community facility zones. The growth cell is primarily undeveloped.	Yes	Partial, but sufficient within 10 years	2500
Te Rapa North	Yes Various Residential, Community Facility and Industrial zones. Industrial zones are deferred (not yet available for development). The growth cell is partially developed.	Partial	No	*397*
Temple view	Partially General Residential, Future Urban, Business and Community Facility zones. The growth cell is partially developed.	No	No	*0*

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B3.5 - Emerging Areas

Given growth pressures and changing government policy settings, there is significant demand on the edge of Hamilton City to open greenfield growth areas ahead of when they were anticipated.

These areas have varying degrees of strategic recognition, with some being recognised within the Future Proof Settlement pattern, and some additional areas have recently been identified under the Fast Track Approvals Act.

In addition, some of these areas are covered by Strategic Boundary Agreements with neighbouring local authorities to transfer into Hamilton City's jurisdictional control.

Identified areas are outlined in the table below and further depicted in **Error! Reference source not found.**.

Area	Planning Status		Infrastructure Status
	Within Settlement Pattern	Seeking Fast-track Approval	
Southern Links (SL2)*	×	×	These areas are not currently zoned for urban development and there is currently no provision for associated infrastructure servicing.
Horsham Downs (HT1)*	✓	✓ (in part)	
Brymer Road	×	×	
Te Kowhai East (TKE)	×	×	
Ruakura 2 (R2)*	✓	✓	Some developments within these areas have been recognised as "listed projects" under the Fast Track Approvals Act 2024. Provision for strategic and local water and wastewater infrastructure has been assumed to be provided or funded by developers.
Wallace Road (WA)*	✓	✓	
Ruakura East	✓	× (via plan change)	
Southern Links (SL1)*	✓	✓ (in part)	

*Subject to Strategic Boundary Change Agreements.

The release of future land supply in these areas will require significant infrastructure investment. Such investment needs to be optimised by carefully timing with population demand to ensure infrastructure is utilised and remain financially sustainable over the life of the assets.

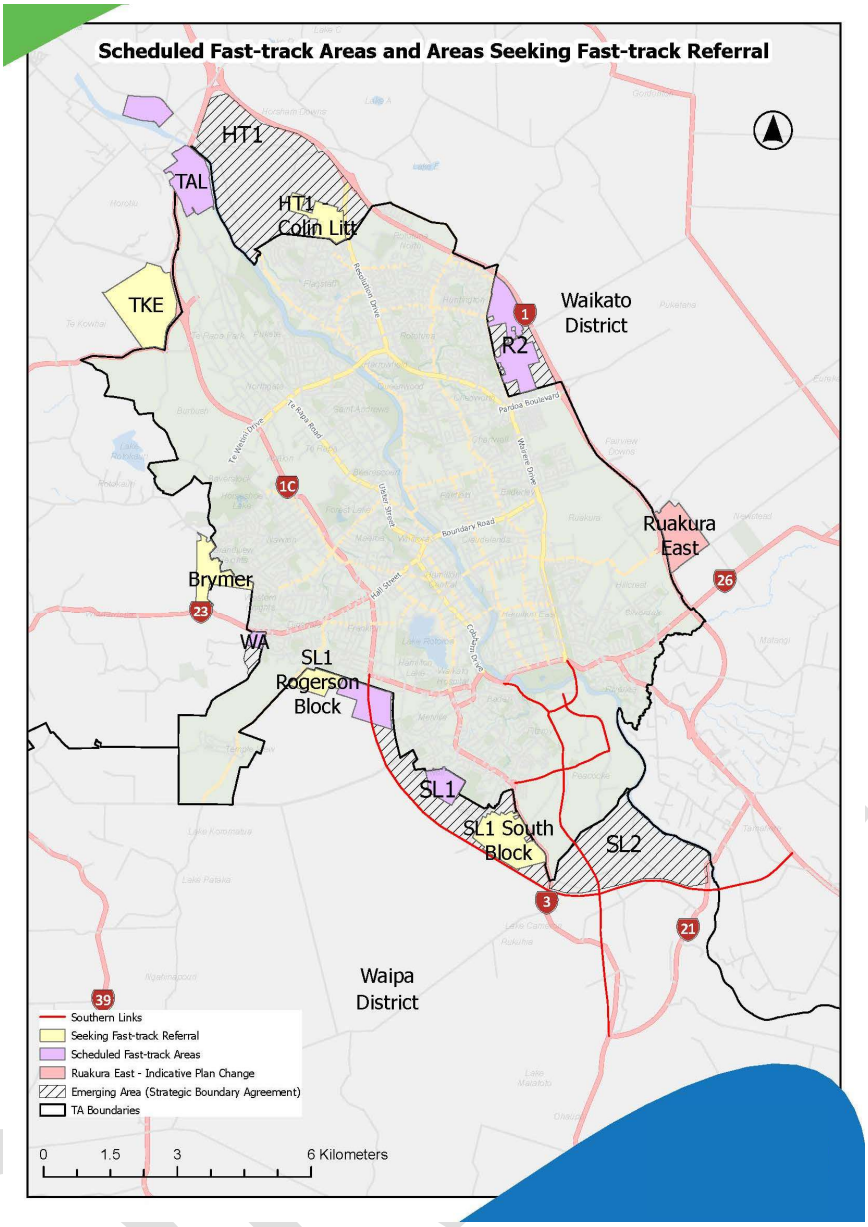

Figure 1 Emerging Areas adjacent to Hamilton City Boundary

B3.6 - Subregional Growth Opportunities

Hamilton City actively engaged with Waikato District Council, Matamata-Piako District Council, Waipa District Council, iwi and Central Government agencies to establish a shared initiative to provide specific outcomes for the respective communities. This initiative known as *Future Proof* aims to optimise provision of three waters Infrastructure within the subregion included exploring the following opportunities, which will be further explored under the CCO through its Water Services Strategy:

- Investment in a new Subregional Southern Hamilton Wastewater Treatment Plant to provide increased capacity and resilience.
- Investment in upgrading the Pukete Wastewater Treatment Plant to enable subregional wastewater treatment capacity.
- Boundaryless response for infrastructure planning required to support growth outcomes.

B.4 Looking After What We Have

Assessment of the Current Condition and Lifespan of the Water Services Network

As with much of Aotearoa, Waikato District and Hamilton City are navigating maintenance and renewal of aging water infrastructure alongside responding to growth and managing the complex challenges associated with climate change. Approximately 14% of all water and wastewater networks across both Councils are in a poor or very poor condition and has an increased risk of unplanned failure.

Hamilton City carries a particularly high risk in maintaining uninterrupted water supply with about a quarter of the water network in a poor or very poor condition. Deferred renewals and enhanced asset knowledge have created investment peaks that will need to be addressed in the coming decade.

The CCO model presents the opportunity to address these challenges through a coordinated approach to infrastructure renewal, improved asset condition monitoring, and strategic investment planning to ensure sustainable service delivery while managing financial impacts.

In the immediate term, assets will be managed in line with respective baseline planning documents.

Key Investments include:

- Renewal programmes to address poor condition assets, noting that LoS and Growth investments can also contribute towards improved asset condition and vice versa.
- Continued operational investment to enhancing condition assessment information
- Continued operational investment to enhance asset management maturity and information.
- Continued investment in optimising asset lifecycle management optimisation through robust asset management practices.

A detailed breakdown of planned infrastructure investment across the combined districts can be found in Appendix 1.

B4.1 - Average Age of Network Assets

The following tables summarises the current condition and lifespan of the Hamilton City and Waikato District water services networks.

Waikato District Council

Waikato District water network assets average 39 years below ground and 18 years above ground. Currently, 2% of the water network and 19% of the wastewater network are in poor or very poor condition. Deferred renewals have created a significant peak of assets requiring replacement in the next decade.

Table 15 Waikato District Average Age of Network Assets

Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets	Below ground: 16 years Above ground: 15 years	Below Ground: 31 years Above ground: 22 years	Below Ground: 20 years Above ground: 18 years
Critical Assets	Criticality assessed per asset. Not all assets classified.	Criticality assessed per asset. Not all assets classified.	Criticality assessed per asset. Not all assets classified.

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Parameters	Drinking supply	Wastewater	Stormwater
Above ground assets			
• Treatment plant/s	7	9	
• Percentage or number of above ground assets with a condition rating	100%	100%	100%
• Percentage of above – ground assets in poor or very poor condition	12%	7%	18%
Below ground assets			
• Total Km of reticulation	857.4 km	366.8 km	190 km
• Percentage of network with condition grading[41]	100%	100%	100%
• Percentage of network in poor or very poor condition	2%	19%	0%

Hamilton City Council

Table 16 Hamilton City Average Age of Network Assets

Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets	31 years	34 years	29 years
Critical Assets	Identified	Identified	Not Identified
Above ground assets			
• Treatment plant/s	1	1	n/a
• Percentage or number of above ground assets with a condition rating	100%	100%	100%
• Percentage of above ground assets in poor or very poor condition	17%	22%	<1%
Below ground assets			
• Total Km of reticulation	1525 km	1287 km	1067 km
• Percentage of network with condition grading[37]	100 %	100 %	100 %
• Percentage of network in poor or very poor condition	24 %	10 %	6 %

[41] As per the condition assessment methodology, a large proportion of these assets have an assumed condition rating based on age, an improvement programme is in place to progressively mature asset condition information overtime.

B4.2 - Condition Assessment Methodology

The councils utilise a common assessment rating system and undertake Condition assessment of Wastewater and Stormwater underground network assets based on physical inspection (CCTV)[42].

An ongoing programme of inspections is in place across both networks, with assessments prioritised based on asset life and where performance issues are experienced. For the basis of this plan, where condition has not been assessed, condition ratings are assigned based on asset age in accordance with IIMM condition assessment guidelines.

Individual asset ratings are based on the following classifications:

Table 17 Condition Ratings

Condition Rating	Definition
Yet to be assessed	% N/A
Very Good	Between 80 and 100% of its life remaining
Good	Between 50 and 79% of its life remaining
Fair	Between 20 and 49% of its life remaining
Poor	Between 5 and 19% of its life remaining
Very Poor	Between 0 and 5% of its life remaining

B4.3 - Asset Criticality Methodology

Critical assets are defined as those that have a high consequence when they fail and cease to function (whatever the cause of the failure or the likelihood of any failure).

Asset criticality is assigned based on a range of criteria. The respective criticality models for each council are set out below.

Waikato District Council

Waikato District assets are assessed using the scale below. Criticality is assigned at the asset component level.

Criticality Rating	Score	Consequence of failure
Not Rated	0	N/A
Very Low	1	Negligible
Low	*2*	Reduction in production

[42] Physical condition assessment of water supply networks is limited as technology such as CCTV cannot be used in pressurised and clean environments. Condition assessment of underground assets is limited by accessibility and cost.

Medium	*3*	Loss of production
High	*4*	Non-compliance
Very High	*5*	Health and Safety

Hamilton City Council

Hamilton City's criticality assessments are based on the following criticality bands. Criticality scores are a weighted average of the six consequences of failure.

Criticality Rating	Score	Consequence of failure
Not Rated	0	• Health and Safety • Regulatory/Compliance/Environmental • Levels of Service • Financial • Reputation • Ability/time to return to service.
Very Low	0-2	
Low	*2-4*	
Medium	*4-6*	
High	*6-8*	
Very High	*>8*	

Watermains and wastewater mains and associated manhole, valves and hydrants have been assessed.

B4.4 - Assessment of Current Infrastructure

Waikato District Council

Water Supply

Age and Condition

The following graph shows the expected remaining lifespan and condition of water network assets in the Waikato District.

The graph shows that most infrastructure (>90%) is in a good condition with >50 years useful life remaining. This is indicative of recently constructed assets in response to growth in the district, especially around urban densification in towns like Pookeno and Tuakau.

A small proportion (approximately 9%) of water supply assets are anticipated to reach end of life within the next 10 years, some of which have been deferred from previous years.

Replacement of water supply assets has been budgeted for in alignment with asset replacement methodologies which**,** in addition to asset age and condition, factor in other aspects such as levels of service, criticality, budget, cost savings opportunities and growth.

Funding sufficiency is considered as part of the assessment in D.3 Financial Sustainability Assessment - Investment Sufficiency.

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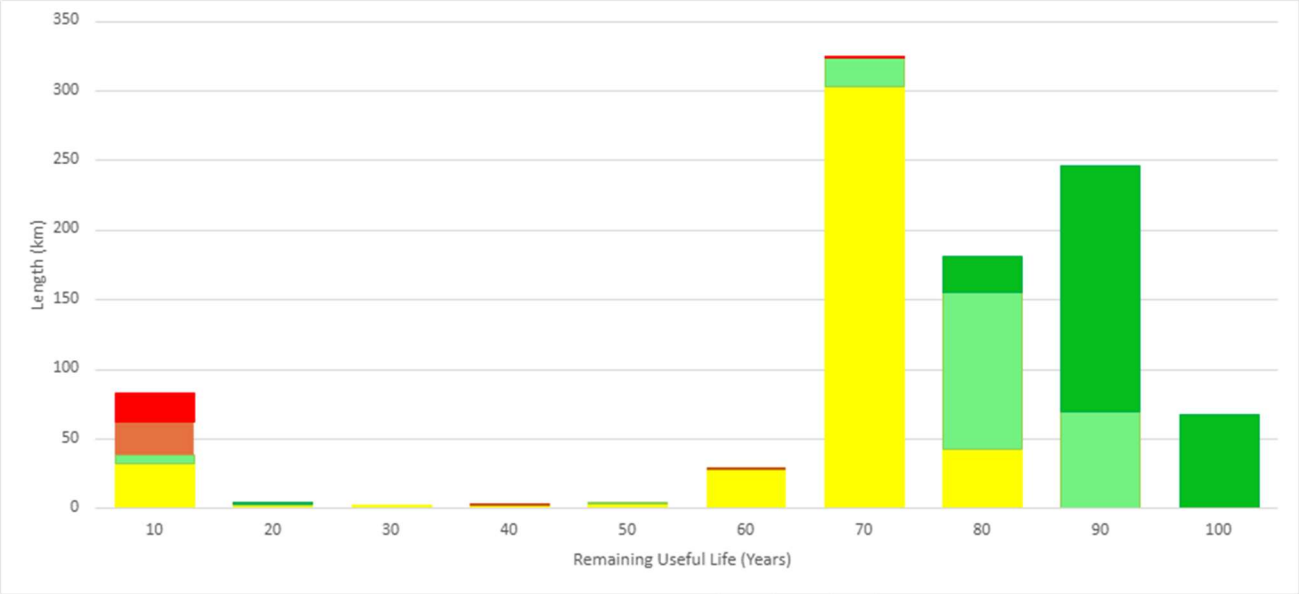

Figure 2 Water Network Asset Condition and Remaining Life by Length.

Critical Assets

As mentioned above, criticality is one of the factors considered when prioritising replacement of Water Supply Network Assets. Of the water supply mains anticipated to reach end of life in the next 10 years, approximately 43% are of high or very high criticality.

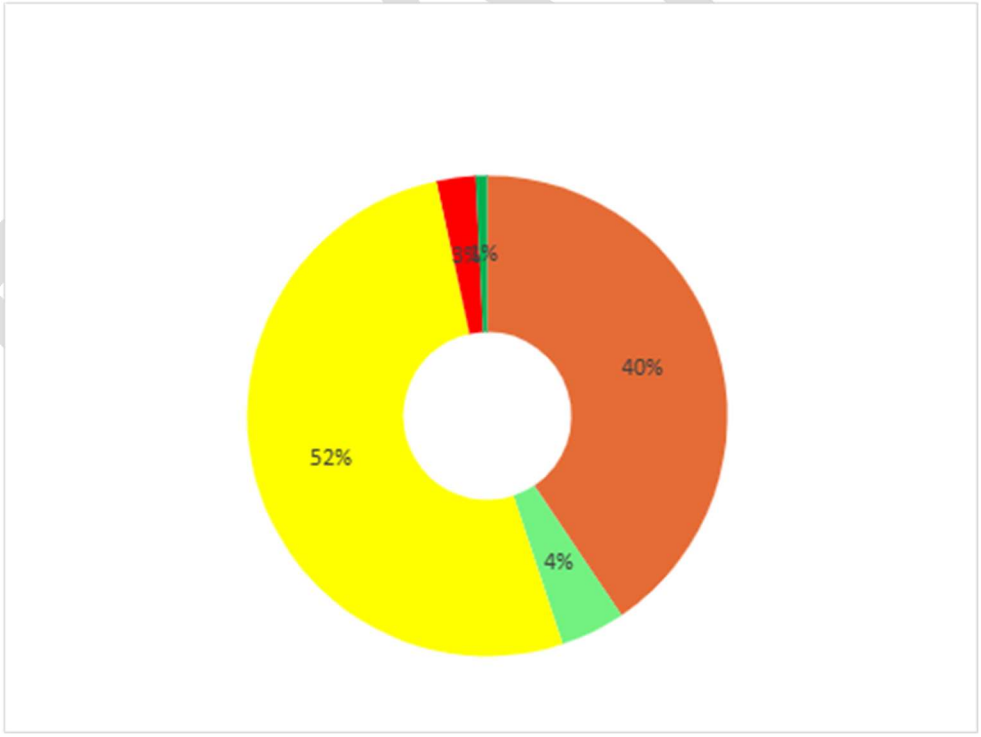

Figure 3 Criticality of Water mains expected to require replacement in the next 10 years.

Wastewater

Age and Condition

The following graph shows the expected remaining lifespan and condition of wastewater network assets in the Waikato District.

The graph shows that most (approximately 96%) of wastewater network assets are in fair or better condition. This is partially indicative of recently constructed assets in response to growth in the district, especially around urban densification in towns like Pookeno and Tuakau. The graph also indicated that some older wastewater assets are still in fair or better condition, any therefore likely to last longer than anticipated.

A large proportion (approximately 23%) of assets are anticipated to reach the end of life within the next 10 years, however, the majority are still in good condition.

Replacement of wastewater network assets has been budgeted for in alignment with asset replacement methodologies which in addition to asset age and condition outlined in the graph, factor in other aspects such as levels of service, criticality, budget, cost savings opportunities and growth.

Funding sufficiency is considered as part of the assessment in D.3 Financial Sustainability Assessment - Investment Sufficiency.

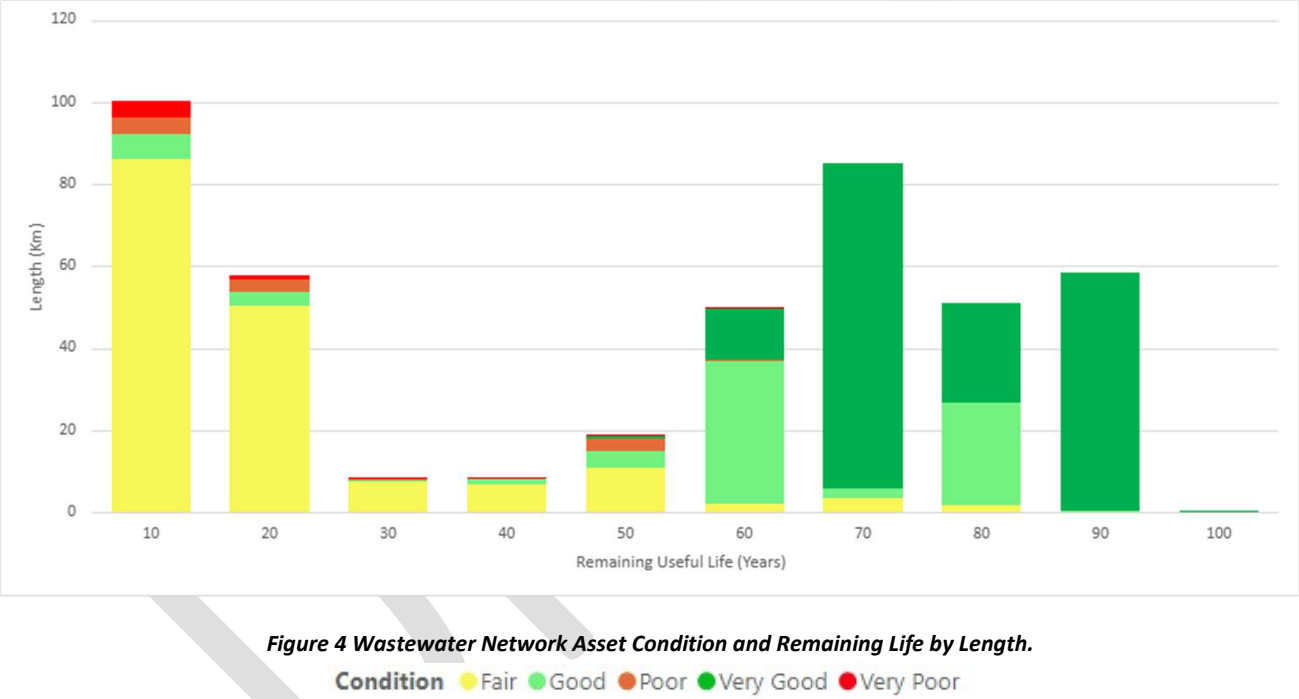

Figure 4 Wastewater Network Asset Condition and Remaining Life by Length.

Critical Assets

As mentioned above, criticality is one of the factors considered when prioritising replacement of wastewater network assets. Of the wastewater mains anticipated to reach end of life in the next 10 years, approximately 6% are of High or Very High criticality.

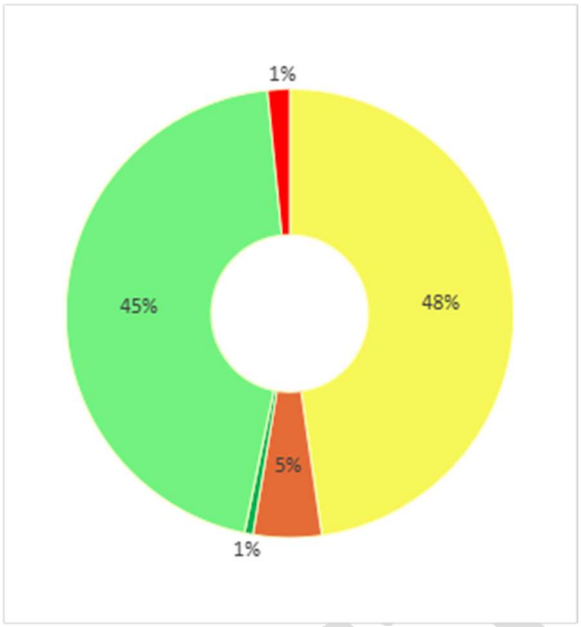

Figure 5 Criticality of Wastewater mains expected to require replacement in the next 10 years.

Stormwater

Age and Condition

The following graph shows the expected remaining lifespan and condition of stormwater network assets in the Waikato District.

The graph shows that most infrastructure (approximately 99%) is in fair or better condition with >50 years useful life remaining. This is indicative of recently constructed assets in response to growth in the district, especially around urban densification in towns like Pookeno and Tuakau.

A very small proportion (4%) of stormwater assets are anticipated to reach end of life within the next 10 years.

Replacement of stormwater supply assets has been budgeted for in alignment with asset replacement methodologies which in addition to asset age and condition, factor in other aspects such as levels of service, criticality, budget, cost savings opportunities and growth.

The sufficiency of funding is considered as part of the assessment in D.3 Financial Sustainability Assessment - Investment Sufficiency.

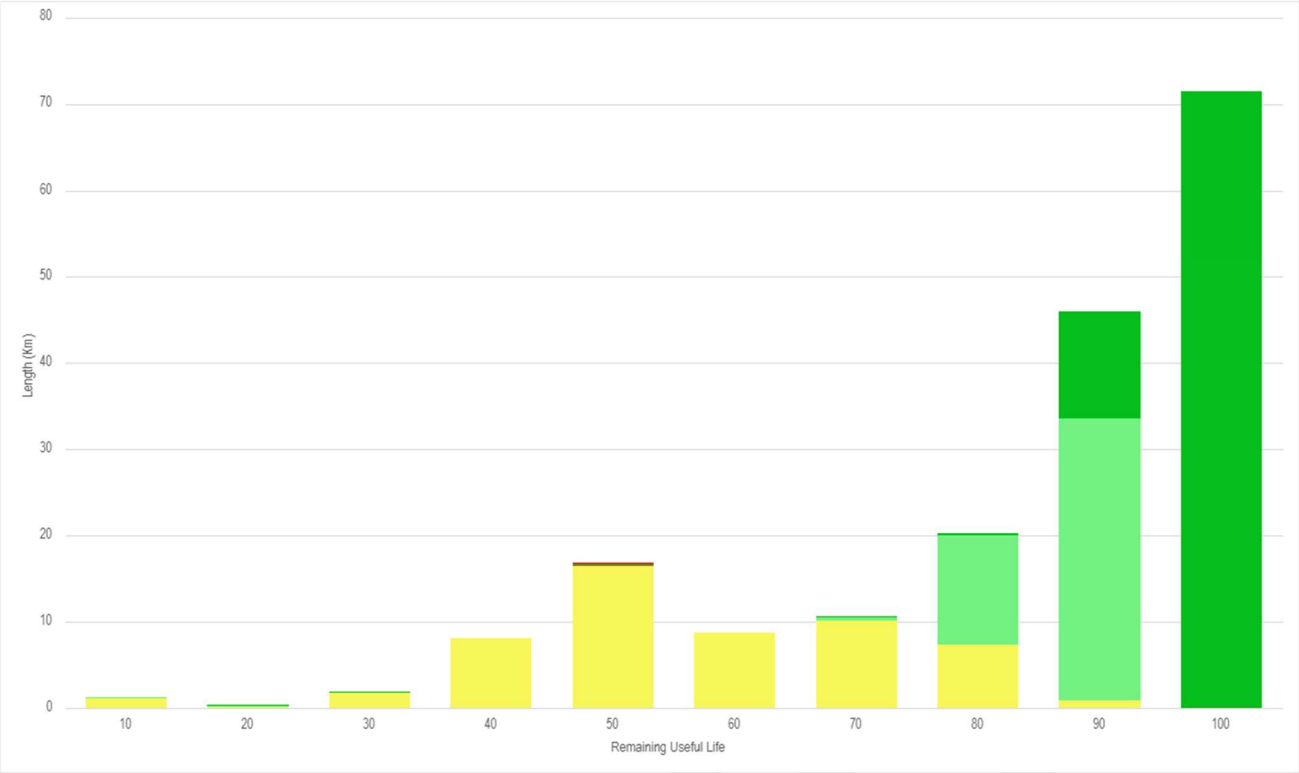

Figure 6 Stormwater Network Asset Condition and Remaining Life by Length.

Critical Assets

All stormwater network assets due for replacement in the next 10 years have a Criticality rating of Very Low.

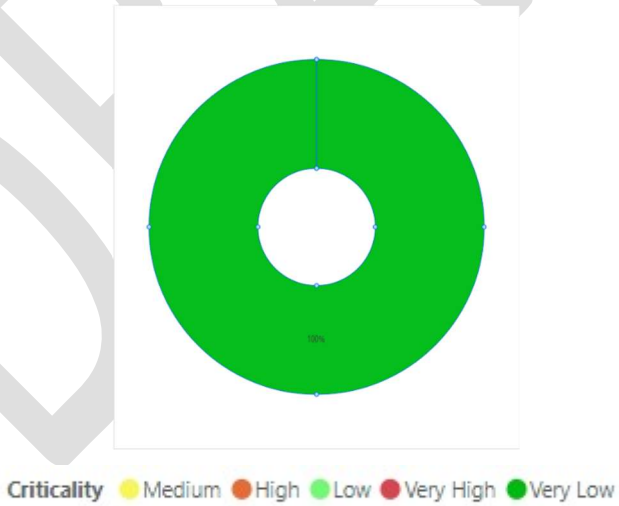

Figure 7 Criticality of Stormwater Mains expected to require replacement in the next 10 years

Age and Condition

The following graph shows the expected remaining lifespan and condition of water supply network assets in Hamilton City.

The graph shows that approximately 76% of assets are in fair or better condition. Assets in later years are indicative of recent asset investments primarily in respond to growth.

Approximately 15% of water supply assets are anticipated to reach end of life within the next 10 years, some of which have been deferred from previous years or reduced life expectancy of some materials.

Replacement of water supply assets has been budgeted for in alignment with asset replacement methodologies which in addition to asset age and condition, factor in other aspects such as criticality, deliverability, and programme alignment.

The sufficiency of funding is considered as part of the assessment in D.3 Financial Sustainability Assessment - Investment Sufficiency.

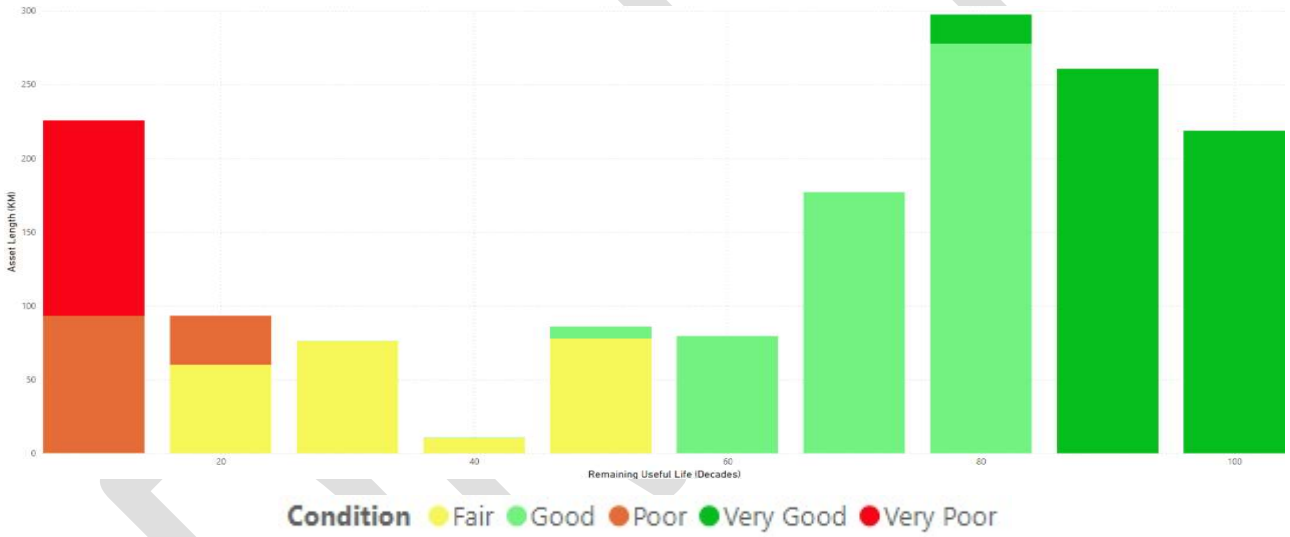

Figure 8: Water Network Asset Condition and Remaining Life by Length.

Critical Assets

As mentioned above, criticality is one of the factors considered when prioritising replacement of water supply network assets. Of the water mains anticipated to reach end of life in the next 10 years, approximately 27% are considered highly or very highly critical.

The Water Treatment Plant is considered very highly critical as it is the only treatment plant supplying water to the city.

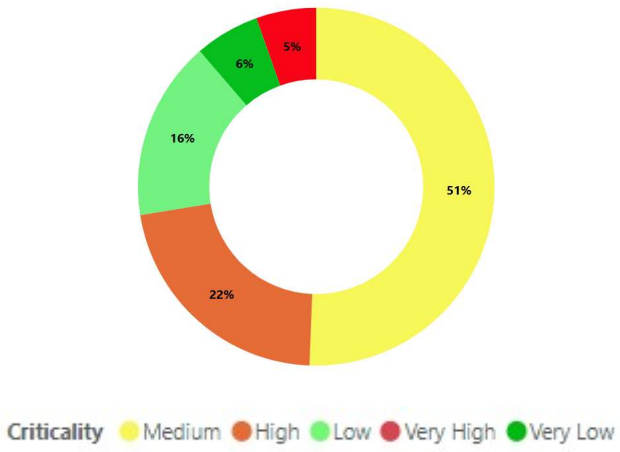

Figure 9: Criticality of Water mains expected to require replacement in the next 10 years.

Wastewater

Age and Condition

The following graph shows the expected remaining lifespan and condition of wastewater Network assets in Hamilton City.

The graph shows that most infrastructure (approximately 89%) is in fair or better condition.

Approximately 11% of wastewater network assets are anticipated to reach end of life within the next 10 years, a small proportion of which have been deferred from previous years.

Replacement of water supply assets has been budgeted for in alignment with asset replacement methodologies which in addition to asset age and condition, factor in other aspects such as criticality, deliverability, and programme alignment.

The sufficiency of funding is considered as part of the assessment in D.3 Financial Sustainability Assessment - Investment Sufficiency.

Figure 10: Wastewater Network Asset Condition and Remaining Life by Length.

Critical Assets

As mentioned above, criticality is one of the factors considered when prioritising replacement of wastewater network assets. Of the wastewater mains anticipated to reach end of life in the next 10 years, approximately 33% are considered highly or very highly critical.

The Wastewater Treatment Plant is considered highly critical as it is the only wastewater treatment plant servicing Hamilton.

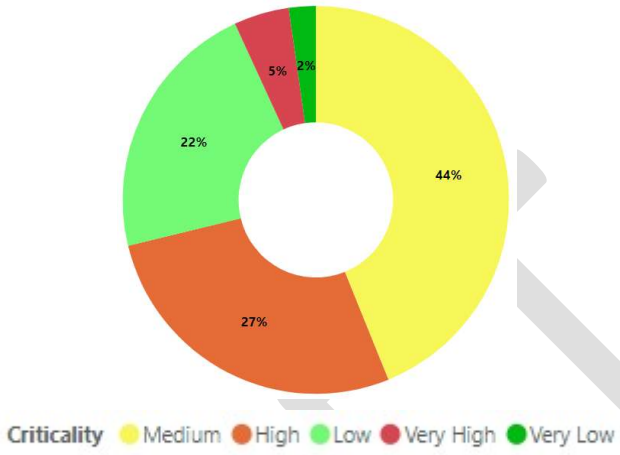

Figure 11: Criticality of Wastewater mains expected to require replacement in the next 10 years.

Stormwater

Age and Condition

The following graph shows the expected remaining lifespan and condition of stormwater network assets in Hamilton City.

The graph shows that most infrastructure (approximately 95%) are in fair or better condition, with >50 years useful life remaining. This is indicative of recently constructed and more complex stormwater assets primarily in response to growth within the city.

Approximately 12% of stormwater assets are anticipated to reach end of life within the next 10 years.

Replacement of stormwater network assets has been budgeted for in alignment with asset replacement methodologies which in addition to asset age and condition, factor in other aspects such as criticality, deliverability, and programme alignment.

The sufficiency of funding is considered as part of the assessment in D.3 Financial Sustainability Assessment - Investment Sufficiency.

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Figure 12: Stormwater Network Asset Condition and Remaining Life by Length

Critical Assets

Stormwater assets have not yet been assessed for criticality.

B4.5 - Asset Management Approach

Existing Service Delivery Mechanisms

Waikato District Council

Waikato District delivers water services through an outsourced model, with Watercare Services Limited providing operations, maintenance, and asset management services under a Service Level Agreement extended until June 2028. Waikato District maintains in-house teams for smaller development engineering assessments and first-line customer service. Strategic planning and the Land Development Engineering assessments for major developments are outsourced to Watercare for technical expertise.

Hamilton City Council

Hamilton City currently delivers water services through an in-house model with core teams managing key functions. Asset management, operations, and maintenance are delivered by in-house teams leveraging consultants and contractors as needed. Strategic planning and capital delivery are similarly managed by core in-house teams.

The proposed future CCO delivery model is outlined in section A.2 Proposed above.

Asset Management Policy, Framework and Maturity

Both councils maintain asset management policies which outline the organisation's approach to asset management to ensure physical infrastructure is managed in a way that delivers the desired level of service in a sustainable, well planned, and cost-effective manner.

Policies require Asset Management Plans (AMP's) to be prepared for the water supply, wastewater and stormwater activities to underpin the Long-Term Plan and outlines the target 25/26 maturity level for each asset management area. Activity management Plans have been produced for each of the three waters activities.

The desired level of asset management maturity for three waters services being between intermediate and advanced maturity level (as measured within the International Infrastructure Management Manual (IIMM)).

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Asset Management Maturity for Hamilton City has been assessed at intermediate level[43].

CCO Asset Management Systems

Current Systems:

- Both councils maintain different asset management systems, with Hamilton City using IPS and Maintenance Connection, while Waikato District's asset information is managed through Watercare's IPS[44] systems. Both councils use GIS for information sharing and planning purposes.
- Existing asset management systems will continue to be utilised through the transition period until the CCO determines the appropriate unified asset management system.

Future systems will be considered as part of the implementation plan outlined in section A.2 Proposed .

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[43] 2021 HCC Independent assessment. Waikato District Council's last independent assessment was conducted in 2018 through Waugh Associates and no longer represents current state.

[44] Although Watercare and HCC both utilise IPS as the primary Asset Management System, the modules used, and configuration of systems differs substantially.

B.5 Statement of Regulatory Compliance

B5.1 - Summary

Overall, the combined Waikato District and Hamilton City serviced areas are compliant with drinking water supply safety requirements.

With respect to resource consents, multiple Waikato District Treatment Plants are experiencing non-compliance, and some are operating on expired consents. Plans are in place or have been executed to address this. Hamilton City Treatment Plants are compliant with no current notable non-compliance.

Population growth places increased pressure on existing networks and treatment plants. Responding to Growth ensures future compliance is maintained.

Both councils have numerous critical resource consents expiring within the next decade. These will require renewal under evolving regulatory conditions, to align with proposed Wastewater Discharge Standards, Te Ture Whaimana o Te Awa o Waikato and improve environmental outcomes.

Key investments to achieve and maintain compliance[45] include:

- Renewal of expiring Resource Consents and pursuit of comprehensive consents to streamline stormwater compliance.
- Strategic treatment plant and Reticulation upgrades.
- Enhanced operational and maintenance programmes.
- Ensuring new Infrastructure, such as treatment plants, have appropriate resource consents to operate.

A detailed breakdown of planned infrastructure investment across the combined districts can be found in the Appendix 1 Significant Capital Projects section.

The following tables set out each council's statements of compliance.

[45] Upgrades and renewals have been designed with more stringent regulation in mind, however there is a residual risk that designs may exceed or fall short of new standards.

Table 18 Waikato District Council Three Waters Compliance Summary

Parameters	Drinking supply 6 schemes	Wastewater 9 schemes	Stormwater 19 Urban Areas
Drinking water supply			
Bacterial compliance (E.coli)	Yes	n/a	
Protozoa compliance	Yes		
Chemical compliance	Yes		
Boiling water notices in place	0[1]		
Fluoridation	Partly[2]		
Average consumption of drinking water	180 l/person/day[3]		
Water restrictions in place (last 3 years)	No		
Firefighting sufficient	Yes		
Resource Management			
Significant consents (note if consent is expired and operating on S124)	Water supply take 4 Water discharge 3	Wastewater discharge water/land/air: 18[4] Network: 0	Stormwater discharge: 19[5] Network: 0
Expire in the next 10 years	2	11	19
Non-compliance:			
• Significant risk non-compliance	0	2	0
• Moderate risk non-compliance	1	1	0
• Low risk non-compliance	3	4	19
Active resource consent applications	1	2	0
Compliance actions (last 24 months):			
• Warning	0	1	0
• Abatement notice	0	2	0
• Infringement notice	0	0	0
• Enforcement order	0	0	0
• Convictions	0	0	0

Notes:

1. The last boil water notice was issued by Waikato District in November 2016 following an earthquake near Raglan's water supply, it was lifted on 22 November 2016.
2. Certain parts of the water supply are fluoridated, including southern, western and northern district zones. However, areas including Raglan, Port Waikato, Onewhero and Te Aakau do not have fluoridated water supplies. There is currently no plan or intention to fluoridate the entire supply as there has been no such directive from the Ministry.
3. The most recent available figure for the entire Waikato District area is for the period between July 2020 and June 2021.Information retrieved from Waikato District Council Scorecard Report (July 2020 to July 2021), page 3.
4. Four of the 18 wastewater discharge consents are expired and operating under S.124 protection. These related to the Raglan and Matangi WWTPs and more information can be found below under "Expired Consents".
5. In addition to the 19 urban area consents, Waikato District also holds several site-specific resource consents. For the purposes of this WSDP, these have not been categorised as "Significant".

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Table 19 Hamilton City Council Three Waters Compliance Summary

Parameters	Drinking supply 1 scheme	Wastewater 1 scheme	Stormwater 13 Catchments
Drinking water supply			
Bacterial compliance (E.coli)	Yes	n/a	
Protozoa compliance	Yes		
Chemical compliance	Yes		
Boiling water notices in place	0		
Fluoridation	Yes		
Average consumption of drinking water	305[1] l/person/day		
Water restrictions in place (last 3 years)	Yes[2]		
Firefighting sufficient	Yes[3]		
Resource Management			
Significant consents (note if consent is expired and operating on S124)	Water supply take: 3 Water discharge: 3[4]	Wastewater discharge water/land/air: 5 Network 0	Stormwater discharge: 1[5] Network: 0
Expire in the next 10 years	4	2	0
Non-compliance:			
• Significant risk non-compliance	0	0	0
• Moderate risk non-compliance	0	0	0
• Low risk non-compliance	0	1	1
Active resource consent applications	0	1	0[6]
Compliance actions (last 24 months):			
• Warning	0	0	0
• Abatement notice	0	0	0
• Infringement notice	0	0	0
• Enforcement order	0	0	0
• Convictions	0	0	0

Notes:

1. Information obtained from page 40 of the 2023 – 2024 Hamilton City Annual Report.
2. The last formal water restriction was in place from 11 February 2025 until 4 April 2025. HCC introduced Alert Level 1 restrictions due to high water demand. Prior to this, in December 2021, Hamilton City moved to Water Alert Level 2 primarily due to a significant decrease in water levels in the city's reservoirs, caused by a prolonged period of dry weather.
3. Hamilton City is actively enhancing its investment in infrastructure and planning to ensure firefighting capabilities are continued to be met as the urban area expands.
4. "Significant Consents" have been deemed to be the resource consents (water supply take and water discharge) associated with the Waiora Water Treatment Plant (WTP). As such, trade waste consents and other permits have not been included in this WSDP.
5. Stormwater consents for subdivisions and isolated projects are not deemed "significant" in the context of this WSDP. However, they need to be included in any planning associated with the new water controlling entity.
6. Stormwater Consents are routinely applied for by developers and vested to Hamilton City through the RMA process. The consents are then amalgamated into the Hamilton City's comprehensive discharge consent.

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B5.2 - Compliance Context

Water Supply standards

The Drinking Water Quality Assurance Rules 2022 (DWQAR) set the minimum requirements for monitoring and treatment of drinking water supplies. These rules include testing water samples and ensuring that systems, processes, and monitoring equipment are working effectively. The regulatory authority for drinking water in New Zealand is Taumata Arowai. Drinking water suppliers are required to upload data to the Hinekoorako portal for reporting purposes. Taumata Arowai oversees compliance and enforcement, ensuring that suppliers adhere to the standards set forth in the DWQAR.

The Water Services (Drinking Water Standards for New Zealand) Regulations 2022 (DWS) establish the maximum acceptable values (MAVs) for various contaminants in drinking water, such as Escherichia coli and total pathogenic protozoa. The DWQAR and DWS regulations provide a comprehensive framework for drinking water suppliers to comply with key parts of the Drinking Water Standards and other requirements under the Water Services Act 2021.

Resource management

Waikato Regional Council (WRC) is the regulating authority for both Waikato District and Hamilton City. They carry out periodic assessments of the consents held by Waikato District and Hamilton City which enable operation of their respective WTPs, WWTPs and stormwater discharges. Compliance with regulations (*) has been summarised in this WSDP using the following rating system used by WRC:

- **Full compliance** – Full adherence to all consent conditions
- **Low risk non-compliance** – Minor breaches with low risk of environmental harm or technical issues.
- **Moderate non-compliance** – Many breaches with some environmental impacts and moderate risk of adverse effects.
- **Significant non-compliance** – Majority breaches with significant environmental impacts and high risk of adverse effects.

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B5.3 - Regulatory Compliance by Servicing Area

Waikato District Council

Water Supply

Drinking Water Safety Compliance

Waikato District Council demonstrates compliance with drinking water standards through monitoring and assessment of various water supply zones. These assessments have been carried out by independent suppliers[46].

Scheme	Drinking Water Compliance Status	Notes
All Schemes	Compliant	Drinking water compliance is independently assessed and reported through Waikato District Annual Reports. Drinking water compliance requirements have consistently been achieved in 2022/23 and 2023/24. Overall, the council's efforts in monitoring and addressing any issues contribute to maintaining high standards of drinking water quality that comply with regulatory requirements.

Drinking Supply Schemes Resource Consent Compliance

Significant Consents for drinking supply for Waikato District are defined as water supply take and water discharge consents associated with the following six schemes[47]. The following table summarises the compliance status for each resource consent.

[46] Last assessment by Wai Comply Limited (Wai Comply) for the period 1 July 2024 - 30 September 2024.

Table 20 Waikato Drinking Water Schemes and Resource Consents – Compliance Status

Scheme	Consent Type	Consent Expiry Date	Compliance Status	Notes	Investment Planned / Required
Port Waikato	Water discharge	30/04/2051	Moderate Non-Compliance	Misinterpretation in 2022–2023; no discharge occurred; WRC aware.	Review planned. Additional investment to achieve compliance is not required. There are alternative methods for backwash management that may be considered in the future.
	Surface water take	30/04/2051	Low Risk Non-Compliance	Administrative errors related to reporting submission processes (rather than operational non-compliance) along with some minor breaches, all of which have since been addressed.	
Raglan	Surface water take	**15/01/2034**			Capacity upgrades planned to address growth " WA RAG Water supply treatment plant extension" and "WA TKA Water supply treatment plant extensions" projects. Consent Renewals for Raglan are funded through the "WA RAG Water treatment plant planning and management" and Te Kauwhata mid Waikato servicing strategy.
Te Kauwhata	Water discharge	**30/11/2030**			

					Upgrades to WTP capacity and conveyance (long-term and short-term) are funded through “Te Kauwhata WS Treatment Plant Upgrades” and “Mid Waikato water supply treatment plant upgrades”.
	Water Take	The water take consent (and intake structure) is owned by Te Kauwhata Water Association (TKWA). WDC has an agreement in place with TKWA to source bulk water from the Waikato River, treat it for community use, and ensure compliance with environmental standards. Both entities coordinate on operations, maintain infrastructure, and engage with stakeholders to manage the water supply effectively.			
Huntly Ngaaruawaahia	Surface water take	No 12/01/2046	Full Compliance		
	Water discharge	11/03/2044	Not yet assessed	Resource consent is relatively new (issued mid-2024) and therefore yet to be assessed.	
Te Aakau	N/A	N/A	N/A	No resource consent held.	New resource consent application currently underway to operate a bore and water treatment plant.
Onewhero	Water supply which consists of a single spring and a small treatment plant - due to the nature of this scheme, it does not require consent.				
South Waikato	Supplied by Hamilton City, therefore no Waikato District consents - Southern District (Tamahere, Matangi ,Tauwhare, Gordonton) - Western District (small zone)				

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Pookeno / Tuakau	Bulk supplied (BSP) by Watercare, therefore no Waikato District consents.
Te Kowhai	Supplied by Hamilton City, therefore no Waikato District consents.

Expired Consents: There are currently no expired Significant Consents associated with the drinking supply of Waikato District.

Future Compliance:

It is assumed that Government RMA reforms will not materially impact resource consent compliance or the ability to obtain new and renewed consents.

Factors which could impact future consenting requirements include:

- Te Ture Whaimana o te Awa o Waikato.
- Availability of Water Allocation.
- Land use intensification and population growth.

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Wastewater

Schemes and Current Consents

Significant consents for wastewater are defined as consents associated with nine wastewater treatment plants (schemes) operated by council

There are 14 current consents associated with the Waikato District wastewater system, comprising seven water discharges, four land discharges and three air discharges. Ten Resource Consents are due to expire within the next 10 years and two treatment plants are currently operating on expired consents. There is funding in the baseline planning documents for consenting renewal for all four WWTPs. The following table summarises the compliance status for each scheme and its associated resource consent.

Table 21 Waikato Wastewater Schemes and Resource Consents – Compliance Status

Scheme	Consent Type	Consent Expiry Date	Compliance Status	Notes	Investment Planned / Required
Ngaaruawaahia	Water discharge	**31/03/2029**	Significant Non-Compliance	A formal warning and abatement notice were issued following non-compliance. The matter is currently under active resolution[48]. Significant non-compliance was identified during the 1 July 2019 to 30 June 2020 period, and in the 1 July to 2022 to 30 June 2023 period. Non-compliance relates to exceedances in Ammoniacal Nitrogen (NH_4-N), Total Nitrogen (TN), the median summer (December to May) Total Nitrogen concentration, and the corresponding seasonal Total Nitrogen load.	Ngaaruawaahia wastewater treatment plant (WWTP) upgrade underway to resolve non-compliance; Construction anticipated from 2028. Treatment Plan upgrades to meet regulatory requirements are funded through the "WW NGA (Ngaaruawaahia wastewater treatment plant upgrades)" Project, which has been brought forward to 2027 through the enhanced capital programme.

[48]Watercare commenced design on a WWTP Upgrade. Initial discussions and site visit with Iwi have been undertaken, two discharge options identified. The tender and construction are to follow.

				There was also a failure to construct and commission the required upgrade within two years of breaching the trigger level.	Consent Renewals to meet regulatory requirements are funding through the through the "WW DIW (District Wide treatment plant upgrades)" Programme.
Te Kauwhata	Water discharge	**04/07/2028**		Formal warning and abatement notice issued[49]; non-compliance has since been addressed by new WWTP (constructed 2023-2024). Significant non-compliance relates to exceedances in Total Kjeldahl Nitrogen (TKN), Total Nitrogen (TN), Total Suspended Solids (TSS), Total Nitrogen Load (TN Load), Total Phosphorus Load (TP Load), and Carbonaceous Biochemical Oxygen Demand (5-day) (cBOD5). There were also issues with Escherichia coli (E. coli) and TP. Since the audit, the new Te Kauwhata WWTP has been constructed and was commissioned in 2023-2024. This addressed the non-compliance and currently awaiting renewed audit from WRC.	Awaiting renewed audit from WDC to confirm new Te Kauwhata WWTP is compliant. Consent renewal is funded. Treatment Plan upgrades to meet regulatory requirements are funded through the "WW Te Kauwhata wastewater treatment plant upgrades" Project. Consent Renewals to meet regulatory requirements are funded through the through the "WW DIW (District Wide treatment plant upgrades)" Programme.

[49] Significant non-compliance relates to exceedances in Total Kjeldahl Nitrogen (TKN), Total Nitrogen (TN), Total Suspended Solids (TSS), Total Nitrogen Load (TN Load), Total Phosphorus Load (TP Load), and Carbonaceous Biochemical Oxygen Demand (5-day) (cBOD5). There were also issues with Escherichia coli (E. coli) and TP. Since the audit, the new Te Kauwhata WWTP has been constructed and was commissioned in 2023-2024. This addressed the non-compliance and currently awaiting renewed audit from WRC.

Te Kowhai	Land discharge	**31/10/2033**	Moderate Non-Compliance	Related to exceedances of TSS and Carbonaceous Biochemical Oxygen Demand; changes to operations have been made which are anticipated to continue to achieve compliance.	Consent renewal is funded through the "WW DIW (District Wide treatment plant upgrades)" Programme.
Meremere	Water discharge	9/12/2055	Low Risk Non-Compliance	Previous assessment in 2022-2023 was affected by Cyclone Gabriel, minor volumetric discharge exceedance; 2023-2024 results had full compliance; awaiting new WRC audit.	
Maramarua	Land discharge	15/12/2039		Minor breaches to consent with low risk of environmental harm; focus on continuous process improvement to resolve. These were due to minor breaches with low risk of environmental harm or technical issues. Waikato District, along with Watercare are working on these as part of continuous improvement.	
Tauwhare Pa	Land discharge	**31/10/2035**			Consent Renewal to meet regulatory requirements are funded through the through the "WW DIW (District Wide treatment plant upgrades)" Programme.
Huntly	Water discharge (consent one of three)[50]	**31/03/2029**			
	Water discharge		Not yet assessed		

[50] There are three wastewater discharge consents associated with Huntly. These all have the same expiry date but different compliance statuses.

	(consent two of three)				
	Water discharge (Consent three of three)				
	Air discharge				
Ngaaruawaahia	Air discharge	**31/03/2029**			
	Land discharge		Full Compliance		
	Water discharge				
Te Kauwhata	Air discharge	**04/07/2028**			
Raglan	Water discharge (consent one of two)	**Expired 14/02/2020**	Significant Non-Compliance (noting expiry)	Non-compliance related to total suspended solids and five-day carbon. Operating under expired Resource consent (Section 124)	New resource consent application currently underway for the new Raglan WWTP.

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					The new plant, to be commissioned in 2025, will fully address consent conditions. Optioneering investigations have been progressing regarding alternative discharge locations, with engagement from the community and Iwi. Upgrades to meet regulatory requirements are funded through the "WW RAG (Raglan wastewater treatment plant upgrades)" project. Consent Renewal to meet regulatory requirements are funding through the through the "WW DIW (District Wide treatment plant upgrades)" Programme.
	Water discharge (consent two of two)	**Expired 14/02/2020**	Full Compliance (noting expiry)	Operating under expired Resource consent (Section 124)	Consent Renewal to meet regulatory requirements are funding through the through the "WW DIW (District Wide treatment plant upgrades)" programme and is likely to be complete by 2024.
	Air discharge	**Expired 14/02/2020**	Full Compliance (noting expiry)	Operating under expired Resource consent (Section 124)	Consent Renewal to meet regulatory requirements are funding through the through the "WW DIW (District Wide treatment plant upgrades)" Programme.

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Matangi	Water Discharge	**Expired 30/09/2021**	Full Compliance (noting expiry)	Operating under expired Resource consent (Section 124)	New resource consent application currently underway for existing Matangi WWTP. There are ongoing discussions with the WRC, Mana Whenua, and Matangi School (Ministry of Education) to work towards an agreeable solution. Consent Renewal to meet regulatory requirements are funding through the through the "WW DIW (District Wide treatment plant upgrades)" Programme.
Pookeno / Tuakau	Services by Wastewater Treatment Plants owned by Watercare; therefore, no consents are held.				

Expired Consents: There are currently four expired Significant Consents associated with the wastewater treatment of Waikato District. These are associated with the active resource consent applications for Raglan and Matangi.

Active Applications: There are two active applications for the Raglan and Matangi WWTPs which are expected to be lodged by September 2025.

Future Compliance:

It is assumed that Government RMA reforms will not materially impact resource consent compliance or the ability to obtain new and renewed consents.

Taumata Arowai have released the proposed new wastewater standards for consultation, these will affect Waikato District WWTP compliance status. The impact of these proposed new standards, along with enhanced monitoring and reporting requirements is currently being assessed by Waikato District and its supplier Watercare. This will transition to a CCO response once wastewater standards are finalised and implemented.

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Other factors which could impact future consenting requirements include:

- Te Ture Whaimana o te Awa o Waikato
- New and more stringent wastewater discharge standards and management requirements.
- Land use intensification and population growth.

Stormwater

Significant Consents for Waikato District urban stormwater are defined as consents associated with major points of discharge from the 19 urban areas (one for each area). The following table outlines the current consent compliance status for each urban stormwater catchment

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Table 22 Waikato Stormwater Schemes and Resource Consents – Compliance Status

Scheme	Consent Type	Consent Expiry Date*	Compliance Status	Notes	Investment Planned / Required
Various Stormwater Catchments[51]	Divert and discharge stormwater	**22/09/2028**	Low Risk Non-Compliance	Minor breaches to consent, focus on continuous improvement to resolve. Improvements include maintenance requirements for stormwater water quality devices such as rain gardens and swales. Compliance is address through updated maintenance scheduling. Tuakau - Water quality issues identified, sources under investigation. Informal cross connections identified through this investigation – all addressed. Huntly - identified flooding issues are currently being addressed.	Consent renewal is funded through the "SW DIW Consent renewals" Project All 19 consents are currently in the process of being amalgamated into 1-3 comprehensive stormwater discharge consents, prior to the expiry of these current consents. Operational funding is sufficient to support updated maintenance schedules.
Expired Consents: There are currently no expired Significant Consents associated with the stormwater schemes of Waikato District.					
Active Applications: There are currently no active applications for Significant Consents associated with the stormwater schemes of Waikato District.					

[51] Stormwater Catchments include Glen Massey (two consents with common expiry), Hopuhopu, Horotiu, Meremere, Ngaaruawaahia, Ohinewai, Rangiriri, Taupiri, Te Kauwhata, Te Kowhai, Whatawhata, Gordonton, Matangi, Pookeno, Port Waikato, Pukemiro, Raglan, Tuakau, and Huntly.

Scheme	Consent Type	Consent Expiry Date*	Compliance Status	Notes	Investment Planned / Required

Future Compliance:
 	
It is assumed that Government RMA reforms will not materially impact resource consent compliance or the ability to obtain new and renewed consents.
 	
Factors which could impact future consenting requirements include:
 	
- Te Ture Whaimana o te Awa o Waikato.
- Since 2020, several pieces of legislation have been enacted and/or amended that impact the way stormwater is managed:
  ○ The National Policy Statement for Freshwater Management 2020 (NPS-FM)
  ○ Water Services Act 2021
  ○ Waikato Regional Policy Statement
  ○ Climate Change Response Act 2002
  ○ Resource Management Act 1991
- New and more stringent requirements (both quality and quality)
- Land use intensification and population growth					

Hamilton City Council

Water Supply

Drinking Water Safety Compliance

Hamilton City Council establishes compliance with Drinking Water Quality Assurance Rules through management processes and testing across various distribution zones and treatment plants.

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Scheme	Drinking Water Compliance Status	Notes
Waiora	Compliant	Drinking water compliance is internally assessed and reported through Hamilton City's Annual Report. Drinking water compliance requirements have consistently been achieved in 2022/23 and 2023/24. Compliance assessments are independently reviewed.

Supply Scheme Resource Consent Compliance

There are six current consents associated with Hamilton's single water supply scheme. Consents comprise of three surface water takes and three water discharges. Five of the six are fully compliant. One is relatively new and yet to be assessed. Four of the consents are due to expire within the next 10 years as summarised in the table below.

Table 23 Hamilton Drinking Water Schemes and Resource Consents – Compliance Status

Scheme	Consent Type	Consent Expiry Date[52]	Compliance Status	Notes	Investment Planned / Required
Waiora	Surface water take[53]	**31/01/2027**	Full Compliance		Consent renewal is funded through the " CE10138 - Treatment Plant & Reservoir Renewals" Programme.
		01/02/2028			Consent renewal is funded through the " CE10138 - Treatment Plant & Reservoir Renewals" Programme.

[52] Funding for expiring consents is provided for in the Long-Term Plan under the programme titled "Replacement of Water Treatment Plant Resource Consents". It is noted that recent upgrades to the Waiora WTP may impact the nature of the consents from their current status.

[53] Two of these surface water take consents have complimentary use of water consents (AUTH123744.01.01 and AUTH125290.01.01). These have not been included as part of this WSDP as the relevant activities for the Waiora WTP are covered by the water take consents.

Scheme	Consent Type	Consent Expiry Date[52]	Compliance Status	Notes	Investment Planned / Required
		02/03/2044			New resource consent will be required within 10 years for a new water treatment plant to meet water demand.
	Water discharge	**01/10/2026**			Consent renewal is funded through the " CE10138 - Treatment Plant & Reservoir Renewals" Programme.
		01/12/2026			Need to review consent in context of recent upgrades to Waiora Treatment Plant. Consent renewal is funded through the " CE10138 - Treatment Plant & Reservoir Renewals" Programme.
		12/01/2046	Not yet assessed	Relatively new consent; yet to be assessed.	
Expired Consents: There are currently no expired Significant Consents associated with the drinking supply of Hamilton City.					

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Scheme	Consent Type	Consent Expiry Date[52]	Compliance Status	Notes	Investment Planned / Required
Future Compliance It is assumed that Government RMA reforms will not materially impact resource consent compliance or the ability to obtain new and renewed consents. Additional water supply volume, and associated consenting requirements, will be required to meet forecast growth demand. A new Resource Consent would be required as demand will need to be met with a new water treatment plant. Based on the current demand management approach, demand for water supply is forecast to outstrip supply before consent expiry. Other factors which could impact future consenting requirements include: - Te Ture Whaimana o te Awa o Waikato. - Availability of water allocation. - Land use intensification and population growth. - Demonstrating demand management commitment.					

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Wastewater

Supply Scheme resource consent compliance

There are five current consents associated with Hamilton's only wastewater scheme (Pukete WWTP), comprising four discharge permits, and one surface water take. The following table summarises the compliance status for each resource consent.

Table 24 Hamilton Wastewater Schemes and Resource Consents – Compliance Status

Scheme	Consent Type	Consent Expiry Date	Compliance Status	Notes	Investment Planned / Required
Pukete	Water discharge	02/02/2039	Low Risk Non-Compliance	Remedial action undertaken but not captured within audit – no outstanding compliance actions.	
	Water discharge	**18/09/2027**	Full Compliance	Recently new and more stringent standards could impact ability to renew consent.	Funding includes provision for consent renewal processes, and investment in the Pukete Wastewater Treatment Plant anticipates investment required to respond to growth and align with Te Ture Whaimana o Te Awa o Waikato. Resource Consent Renewal is funded through the "CE10115 - WW Treatment Plant Asset Renewals" programme.
	Air discharge			Increased land use intensification could impact ability to renew consent.	
	Land discharge	31/08/2039			
	Surface water take	25/06/2058			
Expired Consents: There are currently no expired Significant Consents associated with the drinking supply of Hamilton City.					

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Scheme	Consent Type	Consent Expiry Date	Compliance Status	Notes	Investment Planned / Required
Future Compliance: It is assumed that Government RMA reforms will not materially impact resource consent compliance or the ability to obtain new and renewed consents. Factors which could impact future consenting requirements include: - Te Ture Whaimana o te Awa o Waikato - New and more stringent wastewater discharge standards and management requirements, such as Taumata Arowai's proposed Wastewater Standards. - Land use intensification and population growth.					
Active Applications: There is currently one active application in the form of a pre-application for discharge of treated wastewater. Furthermore, there are three consent renewal applications underway, which will be formally applied for six months prior to expiry.					

Stormwater

Stormwater Catchments Consent Compliance

There are 13 stormwater sub-catchments in the Hamilton City area, all[54] of which are consented through one comprehensive stormwater discharge consent. The following table summarises the compliance status for the comprehensive resource consent.

[54] Existing developed areas are covered by this consent and there is provision for new areas to be added where there is an approved Integrated Catchment Management Plan (ICMP) or through technical approval.

Table 25 Hamilton Stormwater Schemes and Resource Consent – Compliance Status

Scheme	Consent Type	Consent Expiry Date	Compliance Status	Notes	Investment Planned / Required
Hamilton City	Divert and discharge stormwater	30/06/2036	Low Risk Non-Compliance	Minor breaches to consent, focus on continuous improvement to resolve.	Additional investment to achieve compliance is not anticipated.
Expired Consents: There are currently no expired Significant Consents associated with the stormwater catchments of Hamilton City.					
Active Applications: There are currently no active applications for Significant Consents associated with the stormwater of Hamilton City.					
Future Compliance: It is assumed that Government RMA reforms will not materially impact resource consent compliance or the ability to obtain new and renewed consents. For the Comprehensive Stormwater Discharge Consent there is both a higher level of regulators subjectivity over compliance and consent provisions which allow for the incorporation of new growth areas into the consent where an Integrated Catchment Management Plan (ICMP) has been developed and approved. Through the ICMP process the regulator may identify additional compliance requirements which were not otherwise anticipated. Factors which could impact future consenting requirements include: - Te Ture Whaimana o te Awa o Waikato. - Since 2020, several pieces of legislation have been enacted and/or amended that impact the way stormwater is managed: o The National Policy Statement for Freshwater Management 2020 (NPS-FM) o Water Services Act 2021 o Waikato Regional Policy Statement o Climate Change Response Act 2002 o Resource Management Act 1991 - New and more stringent requirements (both quality and quality) - Land use intensification and population growth					

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B.6 Capital Expenditure Required to Deliver Water Services and Ensure That Water Services Comply with Regulatory Requirements

B6.1 - Notable Projects

The combined Waikato District and Hamilton City areas face substantial growth pressures and key constraints identified above, including limited wastewater treatment capacity, water supply limitations and the urgent need for infrastructure upgrades to service new developments.

Responding to these growth pressures is interwoven with addressing aging infrastructure, responding to key compliance challenges and improving the resilience of the network.

A holistic investment plan for each servicing area addresses Waikato District and Hamilton City respective key investments for the current 10-year planning cycle including:

Level of Service

Key investments to maintain existing and proposed Los Include:

- Continued operational investment in operations and maintenance programmes to respond to network issues and improve network resilience.
- Investment in wastewater capacity to ensure consent compliance is achieved.
- Continued investment in demand management.

Responding to Growth

Key Investments to respond to growth demands include:

- Continued investment in strategic planning to optimise infrastructure investment.
- Strategic infrastructure investment for growth nodes.
- Strategic upgrades to existing infrastructure to address growth impacts.

Looking after what we have

Key Investments include:

- Renewal programmes to address poor condition assets, noting that LoS and Growth investments can also contribute towards improved asset condition and vice versa.
- Continued operational investment to enhancing condition assessment information
- Continued operational investment to enhance asset management maturity and information.
- Continued investment in optimising asset lifecycle management optimisation through robust asset management practices.

Compliance

Key investments to achieve compliance include:

- Renewal of expiring Resource Consents and pursuit of comprehensive consents to streamline stormwater compliance.
- Strategic treatment plant and Reticulation upgrades to achieve compliance.
- Enhanced operational and maintenance programmes to achieve compliance.

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- Ensuring new Infrastructure, such as treatment plants, have appropriate resource consents to operate.

Network Resilience

Key Investments to improve resilience include:

- Investment in flood management and watercourse resilience.
- Investment in a new water treatment plant to provide increase resilience to water supply.

As noted, some projects are in early planning stages and not yet funded through each council's baseline planning documents. The CCO will review all opportunities to optimise service delivery and growth potential through its Water Services Strategy.

Specific projects for each council are detailed in **Appendix 1 Significant Capital Projects.**

B6.2 - Projected Expenditure

The total projected capital expenditure for Waikato District and Hamilton City is set out in the following tables below. A full breakdown of the planned investment can be found in the Significant Capital Projects Section of this plan.

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Table 26 Waikato District project capital expenditure to FY34

Projected investment in water services	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Water Supply										
Capital expenditure - to meet additional demand	6,430	11,164	19,405	19,688	18,475	38,185	58,350	81,363	49,383	27,010
Capital expenditure - to improve levels of services	8,551	8,195	12,539	3,643	940	2,420	4,109	3,016	1,448	3,192
Capital expenditure - to replace existing assets	6,591	9,837	13,026	8,338	5,953	4,787	5,340	4,250	4,923	4,654
Total projected investment for drinking water	21,571	29,196	44,970	31,669	25,368	45,391	67,799	88,629	55,754	34,856
Wastewater										
Capital expenditure - to meet additional demand	14,066	21,247	17,579	8,691	5,726	17,230	13,446	24,357	30,194	29,727
Capital expenditure - to improve levels of services	20,677	25,113	21,054	8,706	7,429	9,937	1,569	1,610	1,650	1,689
Capital expenditure - to replace existing assets	10,393	18,610	18,786	11,839	11,151	11,457	6,945	7,335	7,969	10,618
Total projected investment for wastewater	45,136	64,970	57,420	29,236	24,306	38,623	21,960	33,301	39,813	42,035
Stormwater										
Capital expenditure - to meet additional demand	7,404	2,186	1,508	1,593	1,744	2,035	1,695	1,680	1,735	2,008
Capital expenditure - to improve levels of services	4,561	5,818	4,305	5,938	6,722	6,500	6,554	6,567	6,781	7,368
Capital expenditure - to replace existing assets	2,065	1,917	2,551	4,837	1,325	1,864	1,997	1,785	1,656	1,406
Total projected investment for stormwater	14,030	9,920	8,364	12,368	9,791	10,399	10,247	10,032	10,172	10,781
Total projected investment in water services	80,737	104,087	110,753	73,273	59,465	94,413	100,006	131,962	105,739	87,672

Table 27 Hamilton City projected capital expenditure to FY34

Projected investment in water services ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Water Supply										
Capital expenditure - to meet additional demand	7,489	11,636	41,818	92,872	86,362	79,103	83,703	36,431	31,872	104,951
Capital expenditure - to improve levels of services	620	3,774	18,555	17,156	9,702	8,553	8,659	16,226	17,671	7,578
Capital expenditure - to replace existing assets	7,066	7,230	8,270	27,581	17,173	17,380	14,775	15,040	19,966	15,166
Total projected investment for drinking water	15,175	22,640	68,643	137,610	113,236	105,036	107,136	67,697	69,509	127,695

Projected investment in water services ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Wastewater										
Capital expenditure - to meet additional demand	25,646	38,911	42,694	153,905	122,602	174,860	139,142	114,685	110,581	141,813
Capital expenditure - to improve levels of services	8,426	11,507	8,944	17,841	6,202	8,010	6,119	6,786	6,730	5,389
Capital expenditure - to replace existing assets	7,050	12,799	16,900	38,767	34,080	41,469	36,199	36,613	40,438	39,723
Total projected investment for wastewater	41,122	63,217	68,538	210,512	162,884	224,339	181,460	158,083	157,750	186,924
Stormwater										
Capital expenditure - to meet additional demand	10,335	6,204	14,159	28,133	25,320	50,352	44,760	18,917	27,547	38,530
Capital expenditure - to improve levels of services	1,467	4,541	10,354	12,570	12,642	6,526	7,110	6,861	6,903	7,762
Capital expenditure - to replace existing assets	401	885	7,755	15,317	9,848	10,197	9,721	10,417	10,722	10,673
Total projected investment for stormwater	12,204	11,631	32,268	56,020	47,810	67,075	61,591	36,195	45,172	56,965
Total projected investment in water services	68,501	97,488	169,449	404,142	323,930	396,451	350,188	261,975	272,431	371,584

B6.3 - Historical Delivery Against Planned Investment

The below tables summarise capital delivery of three waters investments over the last 7 years. Delivery trends show that although significant investment has been made, the anticipated level of investment has generally not been fully delivered. There are numerous factors which impact the deliverability of programmes including:

- Resourcing constraints (both internal and external),
- Optimising the timing of delivery to align with growth demands,
- Complexity of design and planning permissions,
- Funding uncertainties.

Ensuring the CCO has adequate resourcing and enabling processes to deliver anticipated investment requirements will be a key consideration in organisational establishment as outlined in Section A.3 Implementation Plan.

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Table 28 Waikato District Council Programme Delivery

Delivery against planned investment ($000)	Renewals investment for water services				Total investment in water services			
	FY24/25*	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY24/25*	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment	27,306	40,755	15,515	83,576	77,677	138,311	93,750	309,738
Total actual investment	20,841	34,537	11,496	66,874	37,382	115,028	32,764	147,792
Delivery against planned investment (%)	76%	85%	74%	80%	48%	83%	35%	48%

Table 29 Hamilton City Council Programme Delivery

Delivery against planned investment ($000)	Renewals investment for water services				Total Investment in water services			
	FY24/25*	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY24/25*	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment	21,157	57,120	50,850	129,127	122,231	281,960	293,379	697,570
Total actual investment	17,359	52,909	51,101	121,369	54,028	290,774	206,059	550,861
Delivery against planned investment (%)	76%	93%	100%	93%	44%	103%	70%	79%

Hamilton City Council manages the delivery of capital works through a capital delivery portfolio approach. Programmes within the portfolio are managed over a three-year programme, of which the 24/25 is the first financial year. Projects are anticipated to be completed within the three-year programme cycle.

Note: *24/25 figures are year-end forecast. Planned investment (based on LTP's), differs from the Projected investment in B6.2 which includes deferrals.

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Part C: Revenue and Financing Arrangements

C.1 Revenue and Charging Arrangements

C1.1 - Charging and billing arrangements

Current Charging Mechanisms

HCC	WDC
Residential	
Rated through a combination of: - A fixed Uniform Annual General Charge (UAGC), and - General Rates based on capital value. - Fees and charges (Connection and disconnection fees)	**Water** • Rated based on a combination of: - A fixed amount per separately used or inhabited part of a rating unit, - An availability charge (not connected but within 100 metres of the public water supply - to which it is capable of effectively being connected) per rating unit, - An amount per cubic meter of water consumed, and - A residual amount collected through the general rate based on capital value. • Fees and charges (Connection and disconnection fees, final water readings, and fees for water drawn from tanker filling stations) **Wastewater** • Rates based on: - An availability charge (not connected but within 30 metres of a public wastewater drain - to which it is capable of effectively being connected) per rating unit,

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	- Fixed amount per separately used/ inhabited part of a rating unit for the first two pans, - An additional fixed amount per pan for third and any subsequent pans is then charged, and - A residual amount collected through the general rate based on capital value. • Fees and charges (Connection and disconnection fees) **Stormwater** Rates based on: - A fixed amount per rating unit or - A residual amount collected through the general rate base don capital value.
Non-Residential	
Water Rated based on[55]: - Volumetric readings where metered - Minimum charges where usage is below 60m³ per quarter. - Fixed fee as part of their general rate where not metered. **Wastewater and Stormwater** - General Rates, or - Volumetric and load-based charges for Trade Waste. [56]	Same as Residential, plus: **Wastewater** - Any non-domestic users that discharge into the wastewater reticulation system need to obtain a trade waste consent from the Council and may be charged a fair share of the costs. Fees are charged based on a combination of application fees, inspection fees, annual fixed charges, and quantity charges for conditional discharges charges.

[55] Monthly and Quarterly billing (depending on use type)

[56] Tradewaste customers discharging over 5m³ daily are charged in accordance with the published schedule of fees and charges Some have their own trade waste meter while others are billed based on water supply meters, with adjustments for non-trade waste wastewater or water lost in the production process.

Proposed Charging Mechanisms and Revenue Separation – Prior to transition (Pre-1 July 2026)

HCC	WDC
Charging	
Targeted Rates introduced for water, wastewater, and stormwater services. - Initially, targeted rates will be based on capital value to align as close as possible with the current general rates per property. - Financials and operational systems will be aligned to track water-specific revenue separately. All other charges as per the current charging mechanisms.	As per current charging mechanisms, no changes proposed.
Revenue Separation	
Each council will maintain separate balance sheets and rates, ensuring that revenues and expenditures related to the three waters are clearly attributed to water, wastewater, and stormwater activities.	

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Proposed Charging Mechanisms and Revenue Separation - Transitional - Following transition (From 1 July 2026 – 30 June 2031)

Councils	CCO
Charges	
- Councils will continue to set and collect Rates for the provision of stormwater services, which will continue to be the responsibility of each council (separately). - New charges may be implemented to balance stormwater revenues. - Councils will manage the billing process and charge customers for water and wastewater services on behalf of the CCO.	- Water Services Strategy and CCO Development Contributions Policy will be established outlining revenue pathway and charging transition. - CCO will set water and wastewater charges. - CCO will establish its substantive billing capability. - The proportion of water and wastewater charges based on capital value will reduce in each year of the transition as required by the legislation[57]. - The piloting of volumetric charging models and adjustments based on demand patterns and customer impact analysis will occur during this phase. - Price harmonisation pathway will commence[58].
Revenue Separation	
Councils will maintain revenue separation for stormwater.	Revenue separation for water and wastewater activities through its own balance sheet and financial reporting structures.

[57] The timing of CCO direct billing will depend on the completion of the Hamilton universal water metering programme and the move to a new billing system. Volumetric charging models will be implemented as the meter roll out is completed.

[58] It is likely that trade waste and bulk supply charges (which already have volumetric charges in both council areas), and Development Contributions will be harmonised before residential water and wastewater charges are harmonised.

Proposed Charging Mechanisms – Final Phase (By 30 June 2031)

Councils	CCO
- Councils continue to Rate customers for stormwater services. - Billing on behalf of the CCO ceases.	- Full transition to direct customer billing by the CCO is expected. - Implementation of a harmonised pricing model featuring either a unified tariff structure or necessary adjustments.

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C1.2 - Water services revenue requirements and sources

Revenue requirements

Water and Wastewater	The CCO is projected to derive sufficient water supply and wastewater revenue to cover operating expenses (including depreciation and the cost of servicing debt), from 2027/2028 onwards.
Stormwater - Hamilton City	Hamilton City is forecast to generate sufficient stormwater revenues to cover operating expenses (including depreciation and interest), but not until 2029/30. The actions required to achieve financial sustainability by 30 June 2028 are outlined in Section D.1 Confirmation of Financially Sustainable Delivery of Water Services.
Stormwater - Waikato District	Waikato District is forecast to generate sufficient stormwater revenues to cover operating expenses (including depreciation and interest), but not until 2032/33. The actions required to achieve financial sustainability by 30 June 2028 are outlined in Section D.1 Confirmation of Financially Sustainable Delivery of Water Services.

Sources of revenue

For stormwater activities, the sources of revenue available to Councils, as outlined below, will continue to apply after transition[59] .

As water and wastewater will transition to a CCO, Councils rating powers will no longer be available, with previously Rated revenue sources converting to Charges.

Sources of Revenue	Description	Councils	CCO
General Rates	Rated based on capital value.	✓	×
Targeted Rates	Fixed rate per unit - apply uniformly to all households, covering basic service costs. Volumetric rates - fluctuate based on water usage, promoting efficient consumption and aligning charges with actual use.	✓	×
Fines and Infringements	Revenues such as fines, infringement fees, and other miscellaneous receipts. These funds provide additional financial support for water services.	✓	✓

[59] Additional revenue sources may be identified through the process of reviewing stormwater revenue sufficiency.

Fees and Charges	New Connections application fees for all three-waters. Wastewater also has fees and charges associated with income from trade waste customers and septage income which is the tanker waste at treatment plants. Commercial and Industrial water supply fees and charges relates to income from Bulk Filling Stations (usage and Application fees) High Water User Agreement applications.	✓	✓
Subsidies and Grants for Capital Expenditure	These are funds provided by government bodies or organisations to support water infrastructure projects including funding tools such as the Infrastructure Acceleration Fund.	✓	✓
Development and financial contribution	These are financial contributions required from developers to recover the costs of growth-related capital expenditures from participants in the development process, rather than from general rates or any indirect funding source.	✓	✓

✗ The CCO does not have powers to strike Rates. water and wastewater will transition from rates to charges.

C1.3 - The affordability of projected water services charges for communities

Affordability of three waters services is an overarching principle embodied in the Water Service Delivery model. Councils have heard that the community are concern over the future cost of services and affordability has been at the forefront of councils' decision making.

Council LTP processes have highlighted we can expect three waters services will cost us more in the future. The cost to provide three waters services is increasing, with factors such as interest to service debt, and inflation having significant impacts. These increases are also influenced by central government reforms, the need to maintain a debt-to-revenue ratio, and the growing city's infrastructure demands.

Affordability analysis indicates that the current cost of three water services is 1% of the median household income, and is projected to increase to 2.6% over 10 years. Although increasing, the affordably measure remains consistently below the international affordability benchmark for water utilities of 4.5%.

Detailed Affordability Analysis is outlined in Section D2.2.

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C.2 Funding and Financing Arrangements

C2.1 - Water Services Financing Requirements and Sources

Projected borrowing requirements over the 10-year period

The table below summarises the projected borrowing requirements for combined water, wastewater and stormwater activities. The opening net debt position at the beginning of July 2025 is projected to be $456m, growing to $2.0b by the end of 2033/34. More commentary is provided in Part D.4.

Table 30 Projected Borrowing Requirements over 10 years

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total borrowings ($m)	526	665	824	1,136	1,334	1,622	1,845	1,942	1,972	2,089
Less: cash and financial assets ($m)	(70)	(79)	(83)	(86)	(88)	(96)	(100)	(100)	(98)	(103)
Net debt ($m)	456	586	742	1,051	1,246	1,526	1,744	1,843	1,874	1,987

Minimum cash and working capital requirements for the sustainable delivery of water services

Under the assumptions applied in preparing the projected financial statements, the minimum cash balance is approximately $70m. This represents the aggregate cash balance for water, wastewater and stormwater services. Cash and financial assets are forecast to increase over the period, peaking at $103m by 2033/34.

It is expected that the CCO and each council will maintain separate credit lines as necessary to meet liquidity covenants in addition the borrowing to revenue covenant.

Further analysis on borrowings and cash balances, split between the CCO (comprising water and wastewater) and each council (for stormwater) is included in Part D.4.

Borrowing limits for water services and all council business

Hamilton City Council has a debt-to-revenue limit of 280% currently, while Waikato District Council's limit is currently set to 175%.

Under the LWDW framework and in line with guidance provided by the LGFA, each council would have the ability to increase the debt to revenue limit up to 350%. Neither council has decided to increase its debt to revenue and is not relying on increased debt to fund its remaining services.

The CCO will have additional borrowing capacity to fund required water infrastructure, with a debt-to-revenue limit of up to 500%. The CCO will ultimately set its own debt-to-revenue limit through financial policies.

Whether projected borrowings are within borrowing limits

Water and Wastewater	Projected borrowings are within borrowing limits of the CCO. Projected Net Debt to Revenue (DTR) for the CCO is expected to peak at 445% in 2030/31, versus a limit of 500%.
Stormwater - Hamilton City	Projected borrowings, when isolated to stormwater debt and revenues only, show that the assumed internal borrowing limit of 500% (for stormwater) will not be breached in any year. Additionally, at an overall Hamilton City level (i.e. stormwater plus the rest of

	council activities), total borrowings are within the 280% limit, peaking at 236% in 2027/28. Refer to Part D.4.5 for more comments on Hamilton City's stormwater borrowing levels and how this will be managed.
Stormwater - Waikato District	Waikato District's projected borrowings, when isolated to stormwater debt and revenues only, show that the assumed internal borrowing limit of 500% for stormwater will be breached. This occurs throughout the forecast period. That said, at an overall Waikato District level (i.e. stormwater plus the rest of council activities), total borrowings are within the 175% limit, peaking at 103% in 2029/30. Refer to Part D.4.5 for more comments on Waikato District's stormwater borrowing levels and how this will be managed.

Financial strategy for financing water services investment and operating expenditure

The financial strategy under this WSDP is for water services investment and operating expenditure to be funded by operating revenue and debt. More specifically:

- Operating revenue will fund operating expenditure including depreciation and the cost of servicing debt. The funding of depreciation (non-cash) reflects a proxy for funding capital expenditure renewals and or historic debt used to fund capital expenditure. Therefore, the resulting underlaying operating revenue cash surplus will be used to fund capital expenditure renewals and/or historical debt repayments (funded depreciation).
- CAPEX will also be part-funded by capital revenues, primarily in the form of Development Contributions.
- Debt will be used to fund any shortfall in capital expenditure after allowance for funded depreciation and capital revenues above.

Water and Wastewater	The CCO is projected to generate an operating surplus for the first time in 2027/28, with surpluses forecast to be generated consistently thereafter. Operating revenues will therefore fund operating expenditure, including depreciation and interest, from 2027/28 onwards. In the initial periods leading up to 2027/28, operating deficits will be funded by debt, with the CCO's borrowings forecast to remain within borrowing limits. It should also be noted that cumulative operating surpluses between 2027/28 and 2033/34 ($254.1m) sufficiently outweigh the operating deficits accumulated up to 2027/28 ($66.1m). This indicates that the initial operating deficits represent a temporary funding shortfall.
Stormwater - Hamilton City	Stormwater operating expenditure, including depreciation and interest costs, will be fully funded by stormwater operating revenues from 2029/30 onwards.

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	The actions required to achieve financial sustainability by 30 June 2028 are outlined in Section D.1 Confirmation of Financially Sustainable Delivery of Water Services. Until then, operating deficits will be funded by a combination of internal operating reserves and debt; some of which will necessarily relate to non-stormwater debt available to council. Investment in stormwater infrastructure will be funded by debt available to council, in keeping within council's internal DTR borrowing limit of 280%.
Stormwater - Waikato District	The current level of projected operating revenue from stormwater charges is not sufficient to finance operating expenditure. Under the assumptions in this WSDP, Waikato District's stormwater activity is expected to generate operating deficits in all but two periods to 2033/34 (those two being 2032/33 and 2033/34). The actions required to achieve financial sustainability by 30 June 2028 are outlined in Section D.1 Confirmation of Financially Sustainable Delivery of Water Services. Waikato District's stormwater operating deficits will be part-funded by debt; some of which will necessarily relate to non-stormwater debt available to council. Investment in stormwater infrastructure will be funded by debt available to council, in keeping within council's internal DTR borrowing limit of 175%.

Expected tenor of new borrowings and how interest rate and refinance risk will be managed

The tenor of new borrowings will be based on commercial funding agreements reached between the CCO and councils (as the borrower) and the LGFA or other funders (as the lender).

In principle, it is assumed that the tenor of new borrowings will match the economic useful life of the underlying infrastructure or investment that the debt is being raised to fund. In this way the CCO and councils can achieve better generational equity for customers, as the burden of paying for infrastructure will be spread across the period over which benefits will be derived from the use of those assets.

It is assumed that Hamilton City's and Waikato District's credit rating will remain unchanged, and on this basis, councils will continue to access debt on terms (and at interest rates) that reflect this rating, within the context of prevailing economic conditions. Debt levels will be managed to maintain credit rating.

Hamilton City's current credit rating is AA-/Negative/A-1+, while Waikato District's Long-Term Local-Currency Issuer Default Credit Rating (IDR) is AA+.

It has been assumed that cost of financing will match each respective council cost of financing. i.e. The proportion of debt relating to HCC will incur the same interest rate as HCC and the proportion of debt relating to the WDC will incur the same interest rate as WDC.

These assumptions are predicated on individual council baseline planning documents and will, in time, be superseded by the Water Services Strategy (CCO) and subsequent LTP's (Stormwater).

It is expected that the CCO's Governance and Management structure will develop a treasury policy that is fit-for-purpose and adequately considers interest rate and refinance risk, which may include:

- a strategy of balancing the debt portfolio between fixed and floating rate-based loans,
- entering into interest rate swap agreements, or

- other commonly applied hedging strategies.

The WSDP has been prepared under the MVP principle and for this reason, no explicit assumptions have been made around credit ratings, or any changes in interest rate or refinance risk strategies in relation to council's existing strategies.

Debt repayment strategy

The CCO (or each council, insofar as the debt relates to funding stormwater) will raise debt under terms that will match the life of the underlying asset(s). In other words, debt will be repaid over the life of the asset(s).

Outside of this, no specific assumptions have been made to extinguish debt early, or use excess cash (in the form of cumulative surpluses or reserves) to pay down debt.

C2.2 Internal borrowing arrangements

Internal borrowing arrangements between water services and other council business:

From Day 1 (1 July 2026) of the CCO Commencing operations the internal borrowing arrangements between water services are other council business will be:

Councils	CCO
Water and Wastewater	
N/A	Upon establishment the CCO will enter an arrangement with each council to borrow funds from each council, equivalent to the water and wastewater related debt existing within each council at that date. Effectively this arrangement will be structured as back-to-back loans, whereby the repayment terms will mirror those in place between the councils and their respective lenders. The debt will be divided into tranches. As and when a tranche is repaid in line with the agreed terms, the CCO will then raise debt directly from lenders.
Stormwater	
Given the substantial funding requirement, each council will have internal borrowing arrangements to ensure that investment in stormwater infrastructure is able to continue. Internal borrowing will be ringfenced and shown separately on the stormwater balance sheet within each council.	N/A

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C.2.3 Determination of debt attributed to water services

HCC	WDC
As of 30 June 2024, the debt value related to all three waters within Hamilton City, was determined based on actual debt balances (including LGFA borrowings, commercial papers, bonds, and HIF debt). Rather than borrowing for individual projects, Hamilton City borrows at the council level, necessitating a year-end allocation of the debt. Capital spending has historically been tracked for each major council activity, and this was updated for the 2023/24 financial year. LGFA borrowings, commercial papers, and bonds were then proportionally allocated to these major activities, based on their share of capital spending. HIF debt specifically pertains to waters and transportation activities and was allocated according to the capital spending incurred in each of these areas. In accordance with the CCO record of agreement it is anticipated that prior to transfer of assets Hamilton City will recalculate debt values related to three waters based on a methodology (internal loan) consistent with Waikato District. Draft analysis indicates that this will have no material effect on the financial analysis within this water services delivery plan. Debt balances include the estimated $7.35m of establishment costs and operational costs of $3.95 million which has been funded by Hamilton City Council on behalf of both councils. These costs are to be recovered from the CCO on 1 July 2026.	Existing management information systems and financial reporting are set up to report on three waters activities separately. This in part is a consequence of the Watercare outsourced arrangement. Water-related debt balance was based on the 'cash' backed reserves, i.e. the targeted rate, Developer Contribution, and capital renewal reserves, plus any water-related internal loans. The internal loans capture instances where funding was not directly sourced from a reserve. This total was then used that to calculate the opening water-related debt balance reflected in the projections as at 1 July 2026.

C.2.4 Insurance arrangements

Confirmation of insurance policies

The CCO will hold the necessary insurance policies. Currently, assets are insured via a collective group, which includes HCC and WDC. Future insurance policies will be arranged to provide cover.

Annual insurance risk assessments

Insurer-initiated risk assessments for Hamilton's WWTP and WTP currently undertaken on a three-to-five-year basis, the last being conducted in 2022. No insurer-initiated risk assessments have been undertaken for below-ground assets.

Risk evaluation and assessment

A high-level probable maximum loss modelling exercise was conducted for below-ground assets in 2020-2021 by the Waikato collective.

Hamilton undertook a loss modelling exercise encompassing all insured above-ground assets. Within this loss modelling water assets, including WWTP, WTP, reservoirs, and pump stations were modelled as a subset. This was based on 2024 insurance replacement values.

Level of insurance cover

Group and individual Council limits are presently insured as part of the Waikato collective group. Insured values are based on the latest valuations provided by asset managers, either specifically for insurance purposes, or from general valuation exercises, with additional margins added to form an insurance replacement value.

Insurance management policy summary

Insurance reviews and asset identification standards will be reviewed regularly. Values will be updated per the most recent valuations and assets added or removed as applicable.

Above-ground structures, such as treatment plants, reservoirs, and pump stations, will be insured for all necessary perils at a suitable replacement value subject to an overall group policy limit.

Additional cost of working ($40M) may also be purchased, triggered by physical damage claims to those above-ground structures.

Below-ground assets may be insured for 40% of their replacement value for natural disaster perils only. The remaining 60% of costs may be provided by central government under the Civil Defence Emergency Management cost sharing policy.

Formal documentation will be developed for key insurable risks, risk appetite, tolerance, and mitigations, and links to disaster response policies

A revised approach for managing delegations and reporting on insurance matters will be developed by the CCO to replace the current biannual insurance reporting processes conducted by each Council.

The CCO will need to ensure business interruption cover is in place for underground infrastructure losses related to natural catastrophe, as revenue is not secured in the same way as rates. The CCO may need to consider additional products to effectively transfer risk such as parametric insurance and/or use of a virtual captive.

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Part D: Financial sustainability assessment

D.1 Confirmation of Financially Sustainable Delivery of Water Services

This section provides a view of each of the projected revenues, costs, investment and financing for the CCO (comprising a combination of water and wastewater services), Hamilton (comprising stormwater services only), and Waikato District (also only comprising stormwater services). This method of presentation aligns with the way water services are envisaged to be delivered under the Water Services Delivery model.

All financial information is predicated on individual Council baseline planning documents and will, in time, be superseded by the Water Services Strategy and subsequent LTP's (Stormwater).

D1.1 - Confirmation of financially sustainable water services by 30 June 2028

Revenue Sufficiency: sufficient revenue to cover the costs (including servicing debt) of water services delivery;		
Water and Wastewater (CCO)	Stormwater - Hamilton City	Stormwater - Waikato District
The CCO is projected to derive sufficient water supply and wastewater revenue to cover operating expenses (including depreciation and the cost of servicing debt), from 2027/2028 onwards, meeting the revenue sufficiency test.	Hamilton is forecast to generate sufficient stormwater revenues to cover operating expenses (including depreciation and interest), but not until 2029/30. The actions that will be undertaken to achieve revenue sufficiency are set out in D1.2	Waikato District is forecast to generate sufficient stormwater revenues to cover operating expenses (including depreciation and interest), but not until 2032/33. The actions that will be undertaken to achieve revenue sufficiency are set out in D1.2

Investment sufficiency: projected investment is sufficient to meet levels of service, regulatory requirements and provide for growth;		
Water and Wastewater (CCO)	Stormwater - Hamilton City	Stormwater - Waikato District
As detailed in D.3, across water, wastewater, and stormwater, the level of investment is assessed as meeting the investment sufficiency test, on the basis that: • The requisite systems, processes and capability are in place to properly identify and quantify the level of investment required; and • The combination of projected revenues and access to financing (while complying with borrowing limits) demonstrates the level of investment is adequately funded.		

Financing sufficiency: funding and financing arrangements are sufficient to meet investment requirements;		
Water and Wastewater (CCO)	Stormwater - Hamilton City	Stormwater - Waikato District
The CCO is assessed as meeting the financing sufficiency test in all years as projected borrowings are within borrowing limits of the CCO. Projected Net Debt to Revenue (DTR) for the CCO is expected to peak at 445% in 2030/31, versus a limit of 500%.	The Hamilton Stormwater Activity is assessed as meeting the financing sufficiency test in all years. Projected borrowings, when isolated to stormwater debt and revenues only, show that the internal borrowing limit of 500% (for stormwater) will not be breached in any year. Additionally, at an overall Hamilton level (i.e. stormwater plus the rest of council activities), total borrowings are within the total Council limit of 280%, peaking at 236% in 2027/28.	Waikato District's projected borrowings, when isolated to stormwater debt and revenues only, show that the internal borrowing limit for stormwater of 500% will be breached from 2025/26 onwards. That said, WDC Stormwater is assessed as meeting the financing sufficiency test, as at an overall Waikato District level (i.e. stormwater plus the rest of council activities), total borrowings are within the total Council 175% limit, peaking at 103% in 2029/30.

D1.2 - Actions required to achieve financially sustainable delivery of water services

Stormwater - Hamilton City	To ensure that Hamilton's stormwater activity achieves a positive Operating Surplus Ratio and meets revenue sufficiency requirements by 30 June 2028, Hamilton City Council has [resolved] to review and realigned its allocation of revenue between stormwater and other Council activities to more appropriately reflect the costs of delivering each activity by 30 June 2028.[60] This rebalancing is expected to result in a greater proportion of Council revenue allocated to stormwater activities. This is also expected to have a favourable impact on the projected debt-to-revenue percentage for stormwater, as discussed in D.4.
Stormwater - Waikato District	To ensure that Waikato District's stormwater activity achieves a positive Operating Surplus Ratio and meets revenue sufficiency requirements by 30 June 2028, Waikato District has resolved to undertake a review of stormwater services and associated charges and address changes through the 2026/27 Annual Plan[61]. Changes could include increasing the catchment areas, increasing the rates levied for stormwater services, or a combination of both. This is expected to have a favourable impact on the projected debt-to-revenue percentage for stormwater, as discussed in D.4.

[60] (HCC - reference resolution – 26 June 2025)

[61] WDC - 2025-2034 Long Term Plan Deliberations Report on Waters Services Delivery Model – 27 May 2025

D1.3 - Risks and constraints to achieving financially sustainable delivery of water services

Specific to the above noted actions, the following risks and constraints are noted. For a more general list of risks and significant assumptions, refer to Appendix 2.

Stormwater - Hamilton City	• Realigning revenues across activities to better align funding to cost of delivery of each activity, ensuring sufficient funds for financial sustainability in stormwater, may identify under funding in other council activities affecting their operational capabilities and/or sustainability. • Stakeholders, including residents and businesses, may react adversely to perceived reductions in funding for services they rely on. Effective communication is crucial to articulate the rationale for realignment of revenues to better align funding to cost or delivery of each activity, and the benefits of enhanced stormwater management and long-term sustainability. • The amount of reallocation has not been properly quantified yet, and there is a risk that other assumptions made under this WSDP might change between now and the 2026/27 annual planning process, which could impact the quantum of the reallocation required to address the issues noted.
Stormwater - Waikato District	• Adjustments to stormwater service rates may adversely affect affordability for ratepayers. • Increasing catchment areas and stormwater rate adjustments could face public opposition, affecting approval processes. Any changes would require robust stakeholder engagement strategies to justify the changes. • The adjustment required to stormwater service rates has not been properly quantified yet, and there is a risk that other assumptions made under this WSDP might change between now and the 2026/27 annual planning process, which could impact the quantum of the adjustment required to address the issues noted.

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D.2 Financial Sustainability Assessment - Revenue Sufficiency

D2.1 - Projected water services revenues cover the projected costs of delivering water services

Sufficiency of projected revenues to cover costs

The following charts summarise the projected revenue, expenses (with depreciation and interest shown separately), and operating surplus over the 10-year period to 2033/34. Water supply and wastewater is shown on a combined basis for the CCO, while stormwater is shown separately for Hamilton and Waikato District.

Commentary in relation to revenue sufficiency is included later in this section, corresponding to the more detailed supporting analyses that has been presented.

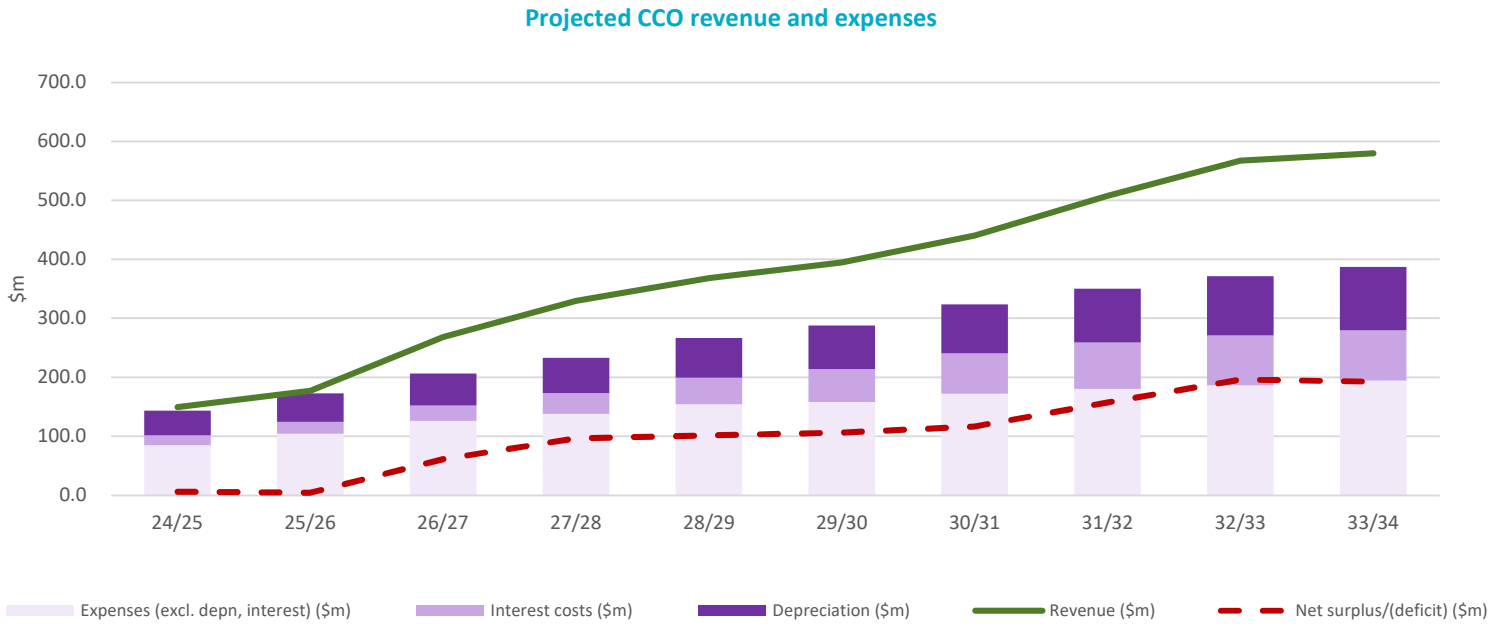
Water Supply and Wastewater (CCO)	

Figure 13 Projected Water Supply and Wastewater Revenue and Expenses

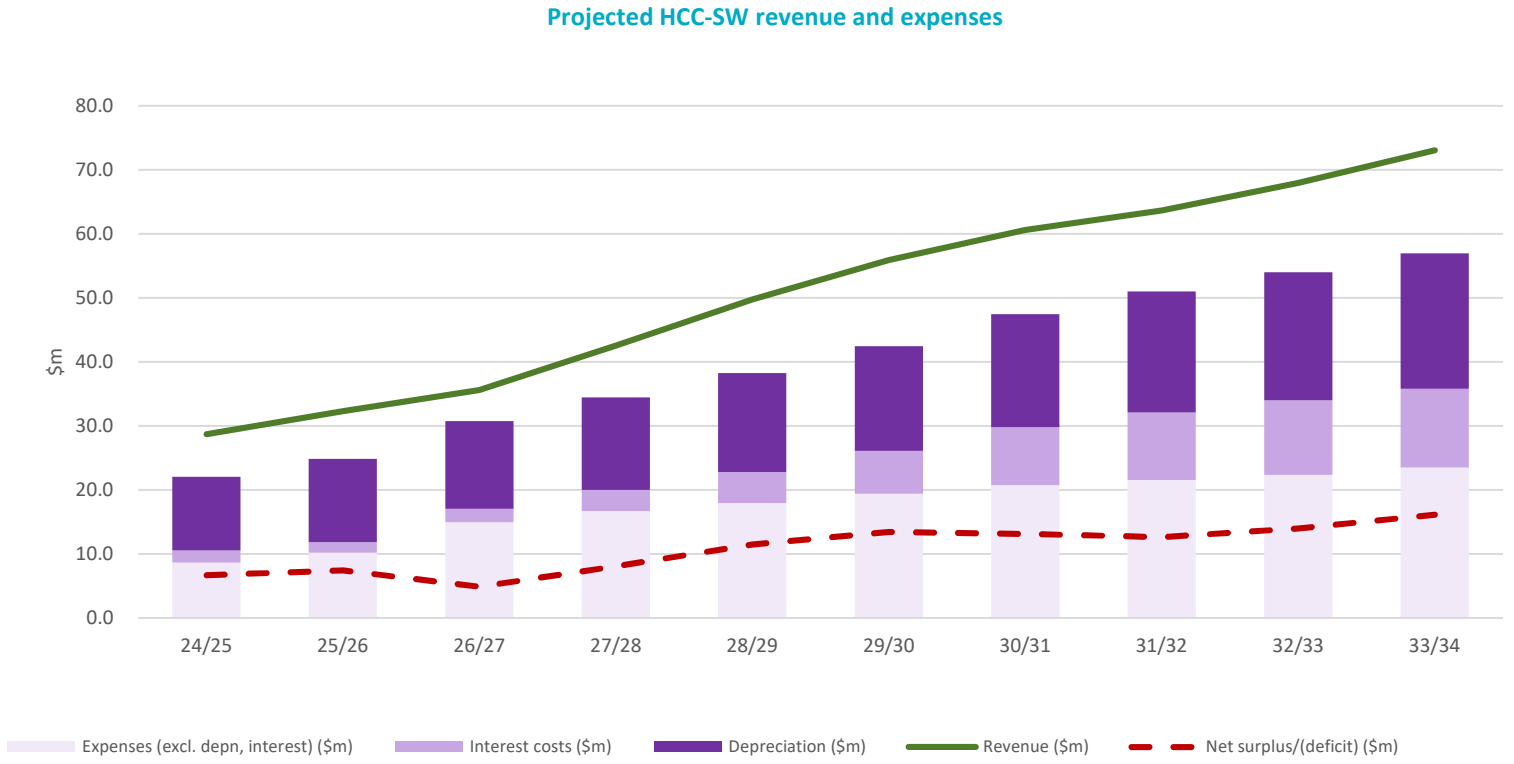
Stormwater (Hamilton City)	

Figure 14 Projected Stormwater Revenue and Expenses (Hamilton)

Stormwater (Waikato District)

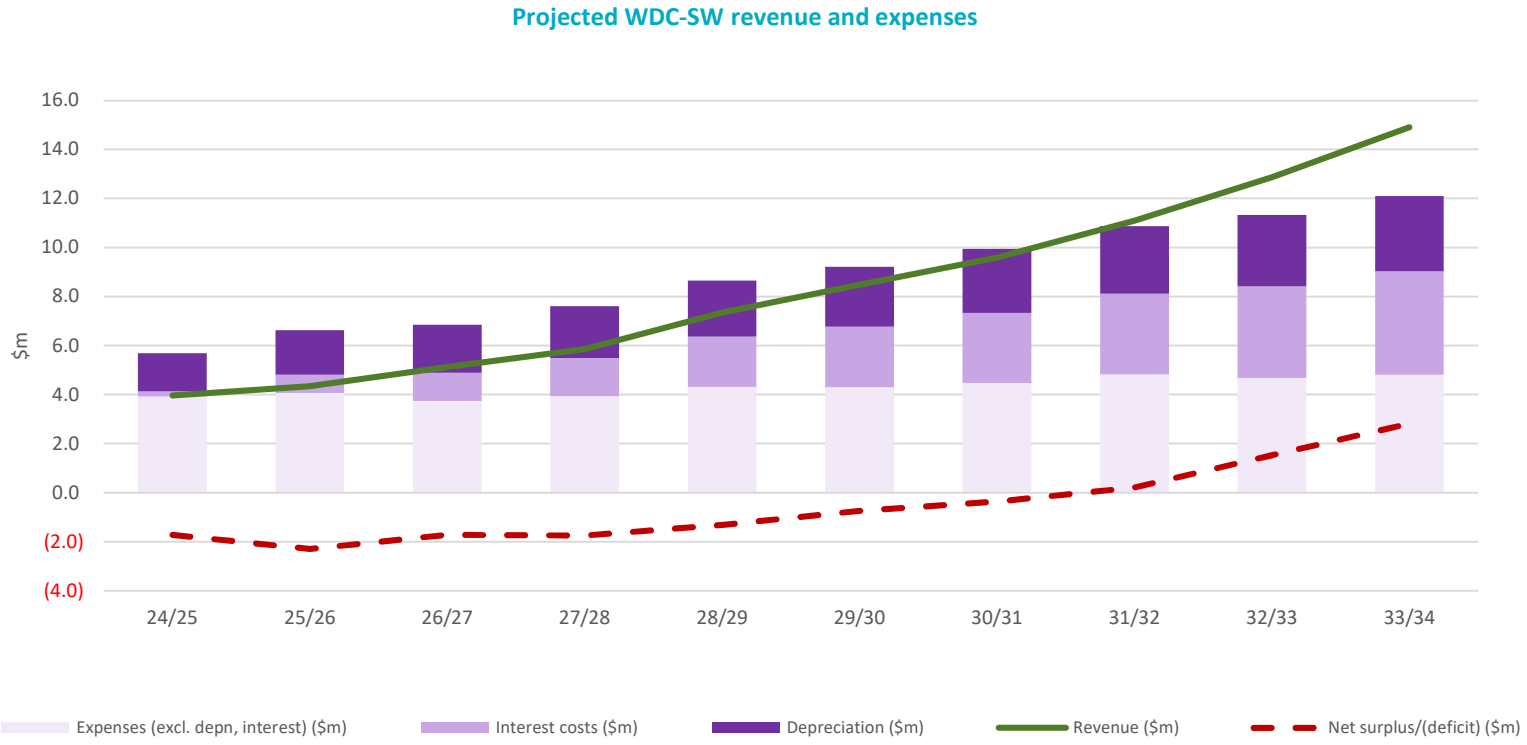


Figure 15 Projected Stormwater Revenue and Expenses (Waikato District)

D2.2 - Average projected charges for water services over FY2024/25 to FY2033/34

As mentioned in Section C1.3, affordability of three waters services is of upmost importance to councils. The below analysis is for the purpose of assessing affordability at a generalised level. The actual impact on individual customers will depend on future methods of charging, which will vary based on factors such as capital value of properties, usage and future funding strategies.

The following table outlines the projected average charge per connection (for residential properties only) over the ten years to 2033/34, for each of the three waters. For comparative purposes, inflation adjusted amounts to represent the average charge in today's dollars have also been presented.

Table 31 Projected average charge per projected connection / rating units (including GST)

Projected average charge per connection / rating unit (including GST)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water ($)	491	587	736	852	1,037	1,177	1,298	1,413	1,522	1,659
Wastewater ($)	593	683	850	1,058	1,226	1,401	1,589	1,748	1,882	2,082
Stormwater ($)	201	267	299	345	393	451	494	528	561	607
Average charge per connection / rating unit (inflated)	**1,285**	**1,537**	**1,885**	**2,255**	**2,657**	**3,029**	**3,380**	**3,689**	**3,965**	**4,347**
Average charge per connection / rating unit (uninflated)	**1,218**	**1,381**	**1,644**	**1,910**	**2,195**	**2,442**	**2,658**	**2,830**	**2,968**	**3,175**
Increase in average charge	17.7%	19.6%	22.6%	19.6%	17.8%	14.0%	11.6%	9.1%	7.5%	9.7%
Median Household Income	127,480	134,466	138,473	142,598	146,134	149,756	153,468	157,272	161,168	165,189
Water services charges as % of median household income	**1.0%**	**1.1%**	**1.4%**	**1.6%**	**1.8%**	**2.0%**	**2.2%**	**2.3%**	**2.5%**	**2.6%**

Basis of presentation

The figures are based on residential users only. Water consumption of non-residential users is significantly higher therefore has the potential to skew the results. This is particularly the case in wet industries such as meat processing plants, breweries, food manufacturing and dairy farming operations.

The average water charge per connection for each of the three waters was calculated as a weighted average charge, based on the number of residential connections across Hamilton and Waikato District users. For Waikato District, average charges have been calculated based on the current charging mechanisms in place, while for Hamilton (in the absence of any current volumetric or fixed charges), an average was determined based on the number of connections. The figures also include the assumed impacts of inflation (i.e. figures are nominal rather than real). This is summarised in the table below.

HCC	WDC
Drinking Water, Wastewater, and Stormwater	**Drinking Water** - The GST inclusive projected 'average' charge, defined as a connection attracting an availability charge and a volumetric charge based on an annual usage of 223m^3. **Wastewater**

- The projected GST inclusive annual revenue from those water services (as they pertain to residential customers only), divided by the projected total number of water connections (also restricted to residential connections only), assuming the same number of total connections across drinking water, wastewater and stormwater.	- The GST inclusive projected 'average' charge, defined as a standard 'straight connection'. **Stormwater** - The projected GST inclusive annual revenue from stormwater services (as they pertain to residential customers only), divided by the projected total number properties attracting a stormwater charge.

Given the number of connections in Hamilton is materially greater than in Waikato District (65,972 residential drinking water connections in Hamilton City in 2024/2025, versus 16,507 in Waikato District), a weighted average median household income was calculated, using the number of connections to determine the relative weightings. Median household incomes for Hamilton and Waikato District have been sourced from Infometrics 'Regional Economic Profile' [62]. Median household income has been assumed to increase at a rate equal to the personnel cost inflation assumption in each Council's respective LTPs.

Analysis

As mentioned below, it has been considered that 4.5% of median household income represents a reasonable affordability benchmark. As shown in Table 31, the average water services charge per connection is below the 4.5% benchmark in every period of the forecast.

We note that in the initial years the average charge as a percentage of median household income is well below the benchmark. This could be an indication that water services have historically been under-funded or otherwise subsidised by other revenue sources. The above analysis is indicative only, and will not represent the actual cost to individual users across the region. We also highlight that the benchmark is not definitive in its application and should be interpreted as providing some indication of affordability only.

Based on the analysis performed, the projected average charges are considered to be reasonable and an acceptable outcome from an affordability perspective.

As set out in C.1 Revenue and Charging Arrangements, ultimately the development of the Water Services Strategy and CCO Development Contributions Policy will outline and determine the revenue pathway and charging for water and wastewater. Councils will continue to set and collect Rates for the provision of stormwater services, which will continue to be the responsibility of each council (separately).

Basis for assessing affordability benchmark

To assess if the average percentage of household income spent meets affordability standards, a benchmark of affordability needed to be established.

[62] Hamilton City: https://rep.infometrics.co.nz/hamilton-city/income-and-housing/household-income; WDC: https://rep.infometrics.co.nz/waikato-region/income-and-housing/household-income?compare=new-zealand

Research into industry affordability benchmarks has been undertaken, and the outcome determine that a benchmark of 4.5% of household income is a reasonable threshold to apply for assessing affordability within this plan.

This conclusion was made based on the following:

The Environmental Protection Agency's (EPA) Water Affordability Needs Assessment report, issued in December 2024. In this report it was considered that 3.0% to 4.5% of median household income was a reasonable range for assessing affordability for drinking water and wastewater bills. [63] This assessment does not include the cost of Stormwater.

The 4.5% threshold is widely used in literature.[64] The use of a percentage of income metric is also comparable to affordability metrics for other essential services, such as spending on electricity.[65]

There is no definitive measure of affordability, with variants of the percentage threshold (ranging from as low as 2% to as high as 10%) noted in other reports.

Given that the 3.0% - 4.5% range mentioned in the EPA report was for water and wastewater only, whereas other literature includes stormwater, it was considered appropriate to adopt 4.5% rather than 3.0%. We also note that due to the inclusion of stormwater in the analysis presented below, 4.5% can be considered to be conservative.

There does not appear to be any authoritative benchmark to measure affordability. Nonetheless, the sources mentioned above provide useful reference points, and confirm that the projected water charges are broadly in the range of what would be considered affordable.

D2.3 - Projected operating surpluses/(deficits) for water services

The following table outlines the Three Waters Services Operating Surplus Ratio [66]over ten years.

Water Supply and Wastewater (CCO)

[63] To estimate a range of the number of households throughout the United States experiencing high water burden.

[64] (Cardoso & Wichman, 2022a; Berahzer et al., 2023; Heminger et al., 2023; Mack & Wrase, 2017)

[65] (Brown et al., 2020a; Brown et al., 2020b).

[66] The Operating Surplus Ratio is the Operating surplus excluding capital revenues, divided by operating revenues. This ratio is an indicator of whether operating revenue is sufficient to cover operating expenses. Where this ratio percentage is negative, this represents the percentage increase required for revenues to cover costs.

Table 32 Water and Wastewater Operating Surplus Ratio

Operating surplus ratio (whether revenues cover costs)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) excluding capital revenues – combined drinking water and wastewater services ($000)	(23,119)	(30,981)	(11,990)	3,018	10,986	29,773	34,249	43,728	52,689	79,672
Operating revenue – combined drinking water and wastewater services ($000)	126,262	150,052	231,119	281,673	315,532	341,747	388,815	456,010	513,675	527,469
Operating surplus ratio	**(18.3%)**	**(20.6%)**	**(5.2%)**	**1.1%**	**3.5%**	**8.7%**	**8.8%**	**9.6%**	**10.3%**	**15.1%**

Under the current forecasting assumptions, the CCO is forecast to achieve a positive operating surplus ratio from 2027/28 onwards, with a total cumulative surplus of $188m over the 10-year period. This demonstrates that sufficient revenue is raised to cover operating expenses, inclusive of depreciation, and finance costs. Deficits from 2024/25 to 2026/27 are a result of a costs increasing at a faster rate than revenue is able to be recovered from users. A contributing factor to this is the CCO establishment costs (which don't have any dedicated revenue stream and effectively will be debt-funded in the CCO). Establishment and additional operational costs are one-off in nature and estimated at $7.35m and $3.95m respectively in 2025/26. Beyond that, ongoing operating costs that will arise from the CCO's structure have been appropriately considered in the projections.

We note further that the figures presented in Table 32 above reflect assumed savings from the transition of Waikato's water services, from its current (incumbent) provider, Watercare, to the CCO. These are real cash savings which are quantifiable and considered to have a high likelihood of being realised. The cost savings assumed under this WSDP are consistent with the assumptions that were applied in the LWDW Business Case.

The CCO's cost base has also been 'fully loaded' with the expected operating costs that will be required to support its effective operation. These costs have been informed by existing cost structures within councils (and Watercare, as the case may be). During the transition phase it is assumed that Hamilton City will provide administrative and customer service functions to the CCO, under the terms of a shared services arrangement. The cost of these shared services is included in the CCO figures presented above.

The CCO's operating revenue as disclosed in Table 32 above includes the amount that will be received from each council, in return for providing stormwater services. This revenue is designed to cover the cost of providing those services. Note, this revenue is excluded for the purpose of calculating Debt to Revenue and determining debt headroom (refer to D.4 Financial Sustainability Assessment - Financing Sufficiency).

<u>Depreciation Recovery and Application of Surpluses / (Deficits)</u>

While the operating surplus ratio from 2027/28 onwards indicates that the CCO will have sufficient revenue to recover depreciation (and therefore sufficient to fund the replacement of assets over their useful life), any policies guiding the recovery of depreciation when setting revenue will ultimately be developed by the CCO.

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Councils envisage that surpluses generated in the CCO will be applied towards some combination of debt repayment, funding any expected future operating deficits, funding capital expenditures (Capex), or returning it to customers in the form of lower charge increases in future years. The CCO will develop financial policies to guide what cash surpluses will be directed towards.

Stormwater (Hamilton City Council)

Table 33 Stormwater Operating Surplus Ratio - Hamilton City Council

Operating surplus ratio (whether revenues cover costs)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) excluding capital revenues – HCC stormwater services ($000)	(3,318)	(203)	(3,737)	(2,594)	(1,222)	1,192	898	557	165	1,411
Operating revenue – HCC stormwater services ($000)	21,699	24,797	26,942	32,440	39,233	45,841	50,517	51,566	54,147	58,352
Operating surplus ratio	**(15.3%)**	**(0.8%)**	**(13.9%)**	**(8.0%)**	**(3.1%)**	**2.6%**	**1.8%**	**1.1%**	**0.3%**	**2.4%**

Under the current forecasting assumptions, HCC stormwater is forecast to achieve a positive operating surplus from 2029/30 onwards, with a total cumulative deficit of $6.9m over the 10-year period presented.

The actions required to ensure that Hamilton's Stormwater Activity achieves a positive Operating Surplus Ratio and meets the revenue sufficiency requirements by 30 June 2028 are outlined in Section D.1 Confirmation of Financially Sustainable Delivery of Water Services. This action is expected to result in a realignment of revenue allocation to better match the cost of delivery of activities compared to the revenue allocation reflected in the Long-Term Plan 2024-2034, which is anticipated to increase the Council revenue allocated to stormwater activities compared to the Long Term Plan 2024-2034 . This is also expected to have a favourable impact on the projected debt-to-revenue percentage for stormwater, as discussed in D.4.

Depreciation Recovery and Application of Surpluses / (Deficits)

As part of its overall financial strategy, Hamilton uses a self-determined 'Balancing the Books' measure to determine whether (as a total Council) everyday costs (including depreciation) are being paid from everyday revenues. This measure differs from the Balanced Budget Benchmark as set out in Local Government (Financial Reporting and Prudence) Regulations 2014. Items included in the Balanced Budget Benchmark that are not included in Hamilton's Balancing the Books are:

- Capital revenue (except for NZTA renewals subsidy)
- Gains and losses on Plant, Property and Equipment
- Gains and losses on Investment Property

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Council chooses to exclude these items as they are not considered everyday revenues or costs. Hamilton's current Financial Strategy as set out in the 2024-34 LTP enables a balanced or surplus budget from year 2026/27 onwards.

Under Hamilton's current Financial Strategy, any operating surpluses are used to repay debt and continue to invest in the city's future by maintaining existing assets and building new infrastructure. With Hamilton planning to levy targeted rates for stormwater from 2025/26 onwards, any stormwater surpluses (or deficits) will be ringfenced to the activity and tracked through reserves.

Stormwater (Waikato District Council)

Table 34 Stormwater Operating Surplus Ratio – Waikato District Council

Operating surplus ratio (whether revenues cover costs)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) excluding capital revenues – WDC stormwater services ($000)	(2,063)	(2,417)	(1,958)	(1,905)	(2,026)	(1,492)	(950)	(395)	887	2,158
Operating revenue – WDC stormwater services ($000)	3,618	4,213	4,895	5,694	6,627	7,718	8,993	10,481	12,219	14,248
Operating surplus ratio	**(57.0%)**	**(57.4%)**	**(40.0%)**	**(33.5%)**	**(30.6%)**	**(19.3%)**	**(10.6%)**	**(3.8%)**	**7.3%**	**15.1%**

Under the current forecasting assumptions, Waikato District's stormwater is forecast to achieve a positive Operating Surplus Ratio only from 2032/33 onwards, with a total cumulative deficit of $10.2m over the 10-year period presented.

The actions required to ensure that Waikato District's stormwater activity achieves a positive Operating Surplus Ratio and meets revenue sufficiency requirements by 30 June 2028, are outlined in Section D.1 Confirmation of Financially Sustainable Delivery of Water Services. This action is expected to have a favourable impact on the projected debt-to-revenue percentage for stormwater as discussed in D.4.

Depreciation Recovery and Application of Surpluses / (Deficits)

As part of its Financial Strategy, Waikato District uses a Balanced Budget Benchmark. For this benchmark, Council's overall planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property plant or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment). Waikato District's target is for its revenue to be equal to, or greater than, its operating expenses

Under Waikato District's current Financial Strategy, any operating surpluses are made available for asset purchases and debt repayment. In line with current Waikato District practice, any stormwater surpluses (or deficits) will be ringfenced to the activity and tracked through targeted rate reserves.

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D2.4 - Projected operating cash surpluses for water services

The following table outlines the Three Waters Services Operating Cash Ratio [67]over ten years.

Water Supply and Wastewater (CCO)

Table 35 Water and Wastewater Operating Cash Ratio

Operating cash ratio (whether revenues cover costs)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenues ($000)	35,046	36,507	67,635	96,618	122,271	158,729	184,738	212,476	236,187	271,338
Operating revenue – combined drinking water and wastewater services ($000)	126,262	150,052	231,119	281,673	315,532	341,747	388,815	456,010	513,675	527,469
Operating cash ratio	**27.8%**	**24.3%**	**29.3%**	**34.3%**	**38.8%**	**46.4%**	**47.5%**	**46.6%**	**46.0%**	**51.4%**

Under the current forecasting assumptions the CCO, will achieve a positive operating cash ratio in all periods, increasing from 27.8% in 2024/25 to 51.4% in 2033/34. This indicates that over time, the CCO can generate larger surpluses (relative to revenue) meaning more funds would be available each year to pay interest, fund investment in capital expenditure and repay debt.

As covered previously, it is envisaged that cash surpluses will be applied towards some combination of debt repayment, funding any expected future operating deficits, funding capital expenditure (Capex), or returning it to customers in the form of lower charge increases in future years. The CCO will develop financial policies to guide the application of cash surpluses.

Stormwater (Hamilton City Council)

Table 36 Stormwater Operating Cash Ratio – Hamilton City Council

Operating cash ratio (whether revenues cover costs)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenues ($000)	10,053	14,421	12,028	15,172	19,096	24,256	27,573	30,019	31,786	34,858
Operating revenue – HCC Stormwater services ($000)	21,699	24,798	26,943	32,440	39,234	45,842	50,518	51,567	54,148	58,353
Operating cash ratio	**46.3%**	**58.2%**	**44.6%**	**46.8%**	**48.7%**	**52.9%**	**54.6%**	**58.2%**	**58.7%**	**59.7%**

[67] The Operating Cash Ratio is the 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.

Under the current forecasting assumptions Hamilton's stormwater activity will achieve a positive operating cash ratio in all periods, increasing from 46.3% in 2024/25 to 59.7% in 2033/34. This indicates that over time, Hamilton's stormwater activity would generate larger surpluses (relative to revenue) meaning more funds would be available each year to pay interest, fund investment and repay debt.

As covered previously, under Hamilton's current Financial Strategy, any operating surpluses are used to repay debt and continue to invest in the city's future by maintaining existing assets and building new infrastructure.

Stormwater (Waikato District Council)

Table 37 Stormwater Operating Cash Ratio – Waikato District Council

Operating cash ratio (whether revenues cover costs)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenues ($000)	(303)	143	1,153	1,753	2,312	3,422	4,519	5,657	7,544	9,438
Operating revenue – WDC stormwater services ($000)	3,618	4,213	4,895	5,694	6,627	7,718	8,993	10,481	12,219	14,248
Operating cash ratio	**(8.4%)**	**3.4%**	**23.6%**	**30.8%**	**34.9%**	**44.3%**	**50.2%**	**54.0%**	**61.7%**	**66.2%**

Under the current forecasting assumptions Waikato District's stormwater activity will achieve a positive operating cash ratio from 2025/26 onwards, increasing from negative 8.4% in 2024/25, to 66.2% in 2033/34. This indicates that over time, Waikato District's stormwater activity would generate larger surpluses (relative to revenue) meaning more funds would be available each year to pay interest, fund investment and repay debt.

As covered previously, under Waikato District's current Financial Strategy, any operating surpluses are made available for asset purchases and debt repayment.

D.3 Financial Sustainability Assessment - Investment Sufficiency

D3.1 - Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth

The proposed level of investment meets growth, regulatory requirement and the level of service through identifying and allocating funds towards three types of capex, as described below. Robust and comprehensive planning processes have been in place (and continue to be applied) to develop the investment programme.

- **Growth**: Capital expenditure to meet the additional demand has been projected to ensure that, as the city grows, all areas within the city have access to essential water services and the investment will align with the anticipated development.

- **Level of service**: Capex to improve levels of service has been projected in the form of developing new infrastructure and upgrading existing systems. This ensures compliance with regulatory requirements, such as resource consents and drinking water standards, particularly in areas where current service levels fall short.
- **Renewal**: Capex to replace existing assets has been projected to ensure a reliable service can continue. Proactive renewal investment reduces operational and maintenance costs that would otherwise be incurred if an asset was to fail. As set out in Part B of this plan, the replacement of water assets has been budgeted for in alignment with asset replacement methodologies which, in addition to asset age and condition, factor in other aspects such as levels of service, criticality, budget, cost savings opportunities and growth.

Refer to Part B of the WSDP which includes detailed analysis and commentary regarding the projected water services investment. Also refer to Appendix 1 which provides a summary of the significant capital projects included in the WSDP plan.

It is noted that the categorisation of any capital project into one of the above three categories is determined by the primary investment driver of each project. The implication of this is that any 'Growth' or 'Level of Service' project is likely to comprise at least an element of 'Renewal'.

Level of investment is fully funded by projected revenues and access to financing

The extent to which projected revenues and access to financing are sufficient to fund the level of investment required, is covered in D.2 Financial Sustainability Assessment - Revenue Sufficiency and D.4 Financial Sustainability Assessment - Financing Sufficiency of this section.

Assessment of level of investment meeting the 'investment sufficiency test'

The level of investment is assessed as meeting the investment sufficiency test, on the basis that:

- The requisite systems, processes and capability is in place to properly identify and quantify the level of investment required; and
- The combination of projected revenues and access to financing (while complying with borrowing limits) demonstrates the level of investment is adequately funded.

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Water Supply and Wastewater (CCO)

Figure 16 Projected Water Supply and Wastewater Investment Requirements

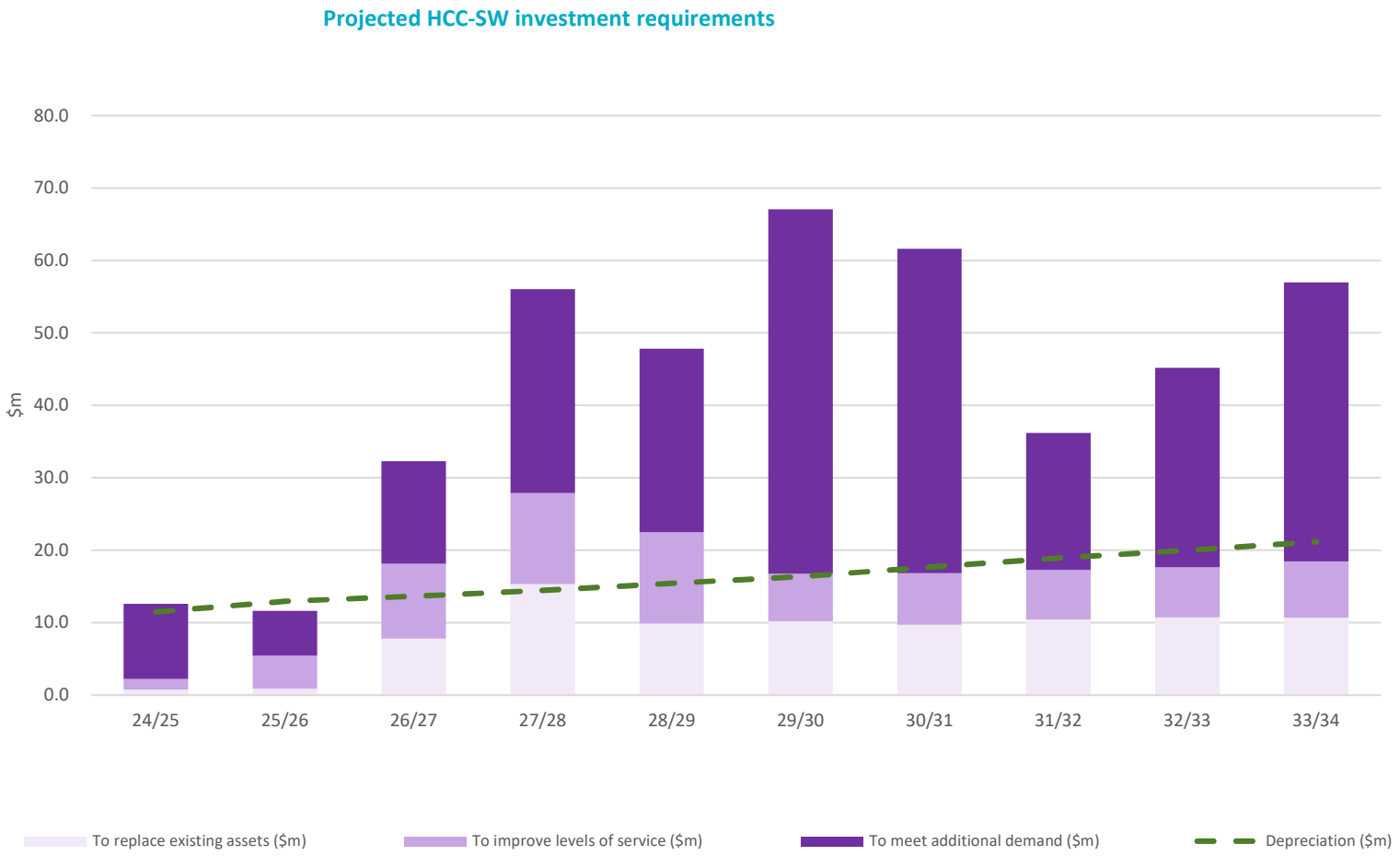
Stormwater (Hamilton City Council)	

Figure 17 Projected Stormwater Investment Requirements (Hamilton City Council)

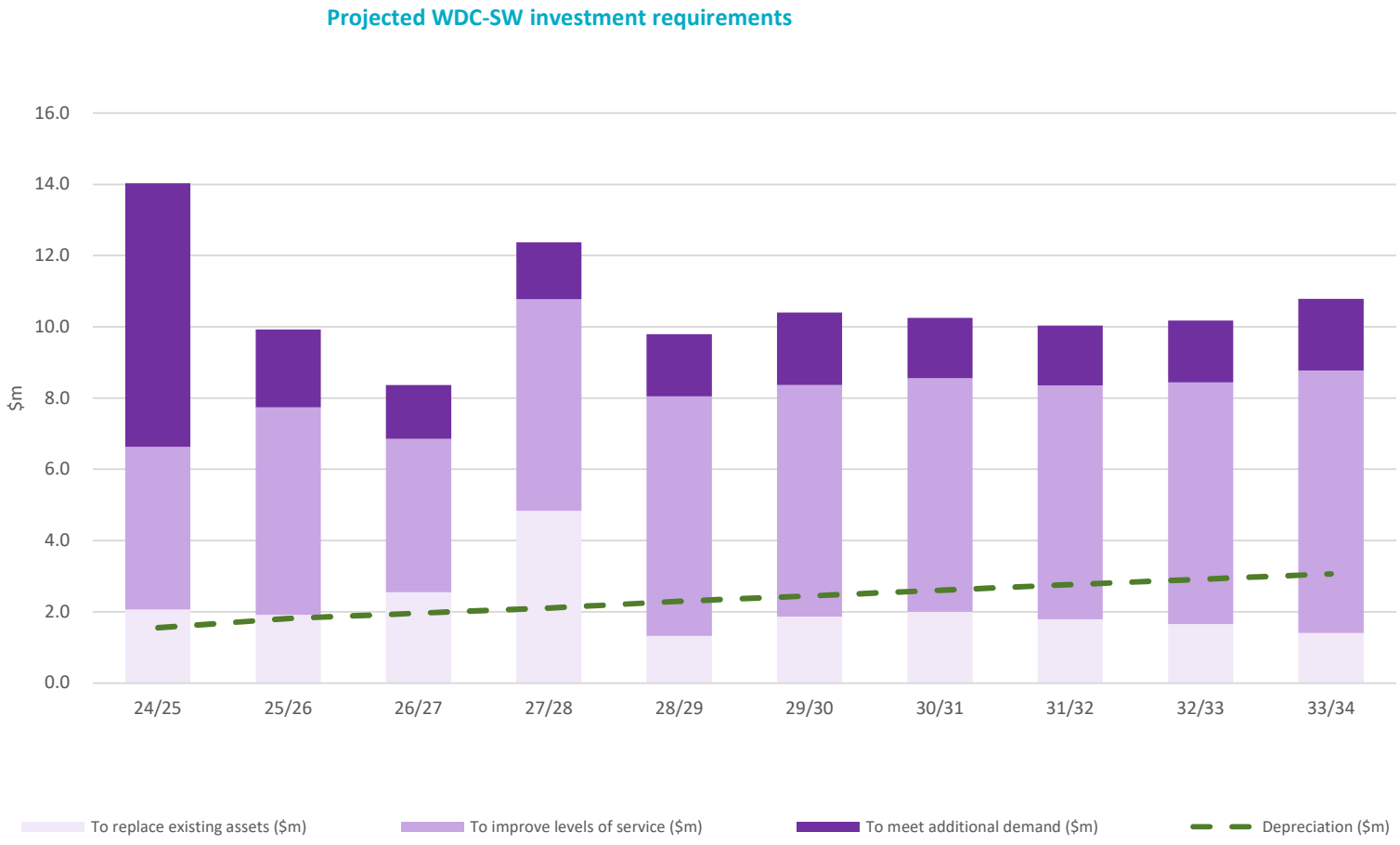
Stormwater (Waikato District Council)	

Figure 18 Projected Stormwater Investment Requirements (Waikato District Council)

D3.2 - Renewals requirements for water services

To demonstrate sufficient investment in asset sustainability, the following tables outline the Three Waters Services Asset Sustainability Ratio [68]over ten years.

As set out in Part B. Network Performance , the replacement of water assets across the CCO and individual Council stormwater activities has been budgeted for in alignment with asset replacement methodologies which, in addition to asset age and condition, factor in other aspects such as levels of service, criticality, budget, cost savings opportunities and growth.

Water Supply and Wastewater (CCO)

Table 38 Water and Wastewater Asset Sustainability Ratio

Asset sustainability ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Capital expenditure on renewals – drinking water and wastewater services assets ($000)	31,099	48,477	56,982	86,525	67,672	74,442	62,768	62,775	72,781	69,551
Depreciation – drinking water and wastewater services assets ($000)	41,756	48,449	54,378	59,619	67,159	74,249	83,130	91,572	100,218	107,787
Asset sustainability ratio	**(25.5%)**	**0.1%**	**4.8%**	**45.1%**	**0.8%**	**0.3%**	**(24.5%)**	**(31.4%)**	**(27.4%)**	**(35.4%)**

Stormwater (Hamilton City Council)

Table 39 Stormwater Asset Sustainability Ratio – Hamilton City Council

Asset sustainability ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Capital expenditure on renewals – HCC stormwater services assets($000)	401	885	7,755	15,317	9,848	10,197	9,721	10,417	10,722	10,673
Depreciation – HCC stormwater services assets ($000)	11,488	12,959	13,668	14,452	15,456	16,388	17,659	18,937	19,980	21,165
Asset sustainability ratio	**(96.5%)**	**(93.2%)**	**(43.3%)**	**6.0%**	**(36.3%)**	**(37.8%)**	**(44.9%)**	**(45.0%)**	**(46.3%)**	**(49.6%)**

[68] The Asset Sustainability Ratio is Capital expenditure on renewals divided by depreciation, minus 1. This ratio assesses whether projected renewals investment is more or less than projected depreciation and is an indicator as to whether the renewals programme is replacing network assets in line with the rate of asset deterioration. Where the ratio is positive, this means that there is more projected renewals investment than projected depreciation. Where this ratio is negative, this means that projected renewals investment is less than projected depreciation.

Stormwater (Waikato District Council)

Table 40 Stormwater Asset Sustainability Ratio – Waikato District Council

Asset sustainability ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Capital expenditure on renewals – WDC stormwater services assets ($000)	2,065	1,917	2,551	4,837	1,325	1,864	1,997	1,785	1,656	1,406
Depreciation – WDC stormwater services assets ($000)	1,552	1,815	1,967	2,106	2,294	2,447	2,606	2,761	2,913	3,066
Asset sustainability ratio	**33.1%**	**5.6%**	**29.7%**	**129.7%**	**(42.3%)**	**(23.8%)**	**(23.4%)**	**(35.3%)**	**(43.2%)**	**(54.2%)**

The above Asset Sustainability Ratios indicate some positive and some negative ratios, with an overall negative ratio when considered on a cumulative basis of the projection period. The negative cumulative ratio indicates that the CCO (total of $633m renewals vs. $728m of depreciation), Hamilton City (total of $86m renewals vs. $162m of depreciation), and Waikato District (total of $21m renewals vs. $24m of depreciation) will not be replacing network assets in line with the rate of asset deterioration, within the 10-year window presented.

The reality, however, is the age and renewal profile of the asset portfolio is not linear (i.e. does not match depreciation phasing). Significant renewal investment will be required outside of the 10-year window presented. As referenced in Part B.4, a significant proportion of drinking water assets (Hamilton City: 85%, Waikato District: 91%), wastewater assets (Hamilton City: 89%, Waikato District: 77%), and stormwater assets (Hamilton City: 88%, Waikato District: 96%), are modelled to reach the end of their useful lives beyond the 10-year window presented.

As noted earlier, the categorisation of any capital project into Growth, Level of Service, or Renewal, is determined by the primary investment driver of each project. The implication is that any project categorised as 'Growth' or 'Level of Service', is likely to comprise at least an element of 'Renewal', which will be understating the true level of Renewal investment, and therefore contributing to the apparent gap between projected depreciation and Renewal investment.

Notwithstanding the timing of the renewal investment and categorisation, as highlighted in Part D.2.3, the CCO (from 2027/28 onwards), Hamilton City (from 2029/30 onwards), and Waikato District (from 2032/33 onwards), will be collecting sufficient revenue to fund depreciation, and therefore will progressively have sufficient financing capacity to fund this future renewal requirement, particularly beyond 2033/34.

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D3.3 - Total water services investment required over 10 years

To demonstrate sufficient investment in asset improvement, the following tables outline the Three Waters Services Asset Investment Ratio [69] over 10 years.

As set out in Part B.3, this WSDP responds to significant anticipated growth over the next decade through investment in wastewater treatment capacity, water supply limitations, and pressure on existing networks to ensure current service levels are maintained. As the combined Waikato District and Hamilton City area grows, targeting infrastructure needs in key growth nodes along SH1 between Auckland and Hamilton (including Pookeno, Tuakau, and Te Kauwhata), as well as Hamilton's development areas in Peacocke, Rotokauri, Ruakura, and planned city centre intensification.

Investment plans are predicated on each council's baseline planning documents with the addition of key investments required to meet financial sustainability and to manage future legislative funding constraints and the enhanced capital plan set out in the CCO business case.

Water Supply and Wastewater (CCO)

Table 41 Water and Wastewater Asset Investment Ratio

Asset investment ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total capital expenditure – drinking water and wastewater assets ($000)	123,004	180,023	239,570	409,027	323,807	410,029	374,766	342,833	319,003	388,435
Depreciation – drinking water and wastewater assets ($000)	41,756	48,449	54,378	59,618	67,159	74,249	83,130	91,572	100,218	107,787
Asset investment ratio	**194.6%**	**273.6%**	**340.6%**	**586.1%**	**382.1%**	**452.2%**	**350.8%**	**274.4%**	**218.3%**	**260.4%**

Stormwater (Hamilton City Council)

Table 42 Stormwater Asset Investment Ratio – Hamilton City Council

Asset investment ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total capital expenditure – HCC Stormwater assets ($000)	12,204	11,631	32,299	56,020	47,810	67,075	61,591	36,195	45,172	56,965
Depreciation – HCC Stormwater assets ($000)	11,488	12,959	13,668	14,452	15,456	16,388	17,659	18,937	19,980	21,165
Asset investment ratio	**6.2%**	**(10.2%)**	**136.3%**	**287.6%**	**209.3%**	**309.3%**	**248.8%**	**91.1%**	**126.1%**	**169.1%**

[69] The Asset Investment ratio is the Total capital expenditure divided by depreciation, minus 1. This ratio compares total investment to projected depreciation. Where the ratio is positive, this means that there is more projected investment than projected depreciation. Where this ratio is negative, this means that projected investment is less than projected depreciation.

Stormwater (Waikato District Council)

Table 43 Stormwater Asset Investment Ratio – Waikato District Council

Asset investment ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total capital expenditure – WDC Stormwater assets ($000)	14,030	9,920	8,364	12,368	9,791	10,399	10,247	10,032	10,172	10,781
Depreciation – WDC Stormwater assets ($000)	1,552	1,815	1,967	2,106	2,294	2,447	2,606	2,761	2,913	3,066
Asset investment ratio	**804.0%**	**446.7%**	**325.1%**	**487.3%**	**326.8%**	**325.0%**	**293.1%**	**263.4%**	**249.1%**	**251.6%**

The following observations are noted with respect to the asset investment ratios shown above:

- The CCO's projected level of total water and wastewater investment consistently exceeds depreciation, with the minimum ratio being 195% (occurring in the first period), and then increasing to a peak at 586% in 2027/28, before reducing to 260% by 2033/34). This indicates that the level of investment adequately considers capex for growth and improving levels of service.
- Hamilton City's projected level of stormwater investment exceeds depreciation in all but one of the periods over the next 10 years. The negative ratio observed in 2025/26 follows a relatively lower level of spend the year prior. This trend is driven by the timing of individual projects.
- Waikato District's projected level of stormwater investment consistently exceeds depreciation, suggesting a healthy asset investment ratio. The ratio is particularly high in 2024/25, primarily due to a the relatively large spend on Pookeno stormwater reticulation extensions ($4.6m).

D3.4 - Average remaining useful life of network assets

To demonstrate asset consumption, the following tables outlines the Three Waters Services Asset Consumption Ratio [70]over 10 years.

Water Supply and Wastewater (CCO)

Table 44 Water and Wastewater Asset Consumption Ratio

Asset consumption ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Book value of drinking water and wastewater assets ($000)	2,015,200	2,209,361	2,466,658	2,903,163	3,260,935	3,714,162	4,137,762	4,536,510	4,916,390	5,375,472
Replacement value of drinking water and wastewater assets ($000)	2,705,378	2,942,476	3,248,458	3,738,705	4,157,590	4,678,890	5,179,355	5,663,303	6,137,076	6,697,397
Asset consumption ratio	**74.5%**	**75.1%**	**75.9%**	**77.7%**	**78.4%**	**79.4%**	**79.9%**	**80.1%**	**80.1%**	**80.3%**

[70] The Asset Consumption Ratio is the Book value of infrastructure assets divided by replacement value of infrastructure assets. This ratio compares the book value of water infrastructure assets to total replacement value of water infrastructure assets. The ratio percentage represents the average remaining useful life of network assets. If this ratio materially reduces over time, then this means that the burden on future customers to replace network assets is increasing.

Stormwater (Hamilton City Council)

Table 45 Stormwater Asset Consumption Ratio – Hamilton City Council

Asset consumption ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Book value of HCC Stormwater assets ($000)	833,478	862,078	912,880	989,666	1,060,362	1,153,117	1,243,138	1,309,752	1,387,850	1,481,113
Replacement value of HCC Stormwater ($000)	1,132,383	1,168,756	1,227,868	1,313,578	1,394,040	1,497,335	1,599,020	1,678,407	1,770,274	1,878,210
Asset consumption ratio	**73.6%**	**73.8%**	**74.3%**	**75.3%**	**76.1%**	**77.0%**	**77.7%**	**78.0%**	**78.4%**	**78.9%**

Stormwater (Waikato District Council)

Table 46 Stormwater Asset Consumption Ratio – Waikato District Council

Asset consumption ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Book value of WDC Stormwater assets ($000)	140,640	152,401	163,064	177,565	189,323	201,628	213,502	225,256	237,020	249,237
Replacement value of WDC Stormwater assets ($000)	163,639	177,215	189,845	206,452	220,504	235,256	249,737	264,252	278,928	294,212
Asset consumption ratio	**85.9%**	**86.0%**	**85.9%**	**86.0%**	**85.9%**	**85.7%**	**85.5%**	**85.2%**	**85.0%**	**84.7%**

The above calculated asset consumption ratios for drinking water and wastewater (CCO: 75%-80%) and stormwater (HCC: 74%-79%; WDC 85%-86%) remains broadly stable across the 10-year period modelled.

This indicates that the average remaining useful life of network assets remains stable over the 10-year period. meaning that the financial burden to replace network assets is stable, and spread relatively consistently across the customers impacted by the first 10 years, and by extension (although with limited line-of-sight given the 10-year time window), customers impacted beyond the 10 years addressed under this plan.

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D.4 Financial Sustainability Assessment - Financing Sufficiency

D4.1 - Confirmation that sufficient funding and financing can be secured to deliver water services

The following charts summarise the expected funding and financing activities over the 10-year period to 2033/34. Water supply and wastewater is shown on a combined basis for the CCO, while stormwater is shown by presenting a 'Whole of Council' (WoC) view for each of Hamilton and Waikato District. This is relevant considering stormwater assets and debt being retained by each council, and different borrowing limits applicable (relative to the CCO, but also between each council).

For completeness, charts have also been presented to show stormwater borrowing levels on their own, for each respective council.

In the charts below, the council-determined borrowing limit is depicted by the red dotted line in each of the WoC charts, while the orange dotted line depicts the assumed water services borrowing limit of 500%.

Hamilton's council-determined borrowing limit is currently 280%, and Waikato District's is 175%. A borrowing limit of 500% has been applied to the CCO.

The analysis shows that:

- Projected total council (i.e. WoC) borrowings are within council-determined borrowing limits, and for the CCO, projected total borrowings are within the 500% limit expected to be imposed by the LGFA.
- In Hamilton, projected stormwater borrowings are within the assumed limits for stormwater borrowing (assumed to be consistent with the LGFA's proposed 500% cap).
- In Waikato, projected stormwater borrowings breach the assumed limits for stormwater borrowing (assumed to be consistent with the LGFA's proposed 500% cap). Further commentary is provided on the proposed mitigating actions to address this.
- The required levels of borrowings can be sourced. This is based on the assumption that i) water-related borrowings up to 500% will be available from the LGFA under no less favourable terms than each council can currently source funding, ii) each council will have the ability to borrow internally, subject to overall WoC borrowing limits not being breached; and iii) the CCO will be able to source funding up to 500% from the LGFA, as further outlined in Appendix 2 Risks and Assumptions.

Based on the above, and subject to the proposed mitigating actions described later in this section with respect to Waikato's borrowing levels, the WSDP is considered to meet the financing sufficiency test.

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D4.2 - Projected council borrowings against borrowing limits

Hamilton City – Whole of Council	Waikato District – Whole of Council

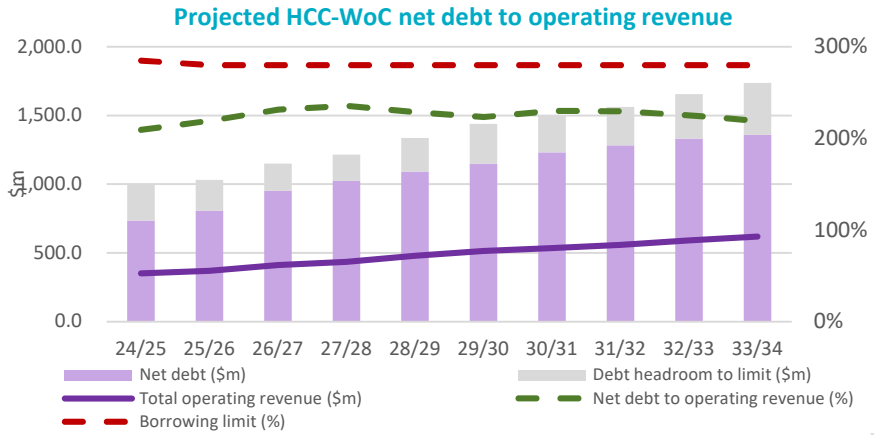
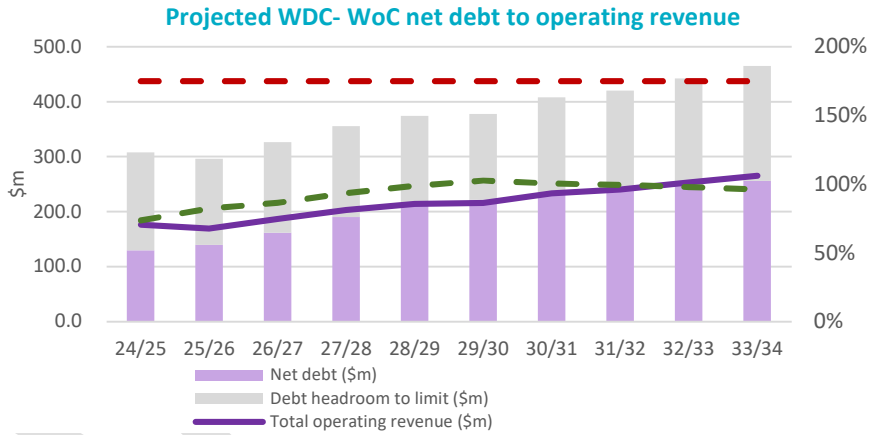

	

Figure 19 Projected Net Debt to Operating Revenue - Hamilton City Council (excluding Water and Wastewater)	**Figure 20 Projected Net Debt to Operating Revenue – Waikato District Council (excluding Water and Wastewater)**

Note the above tables are representative of the Whole of Council debt, including Stormwater. These graphs do not include Water and Wastewater as these will transfer to the CCO.

D4.3 - Projected water services borrowings against borrowing limits

Water Supply and Wastewater (CCO)

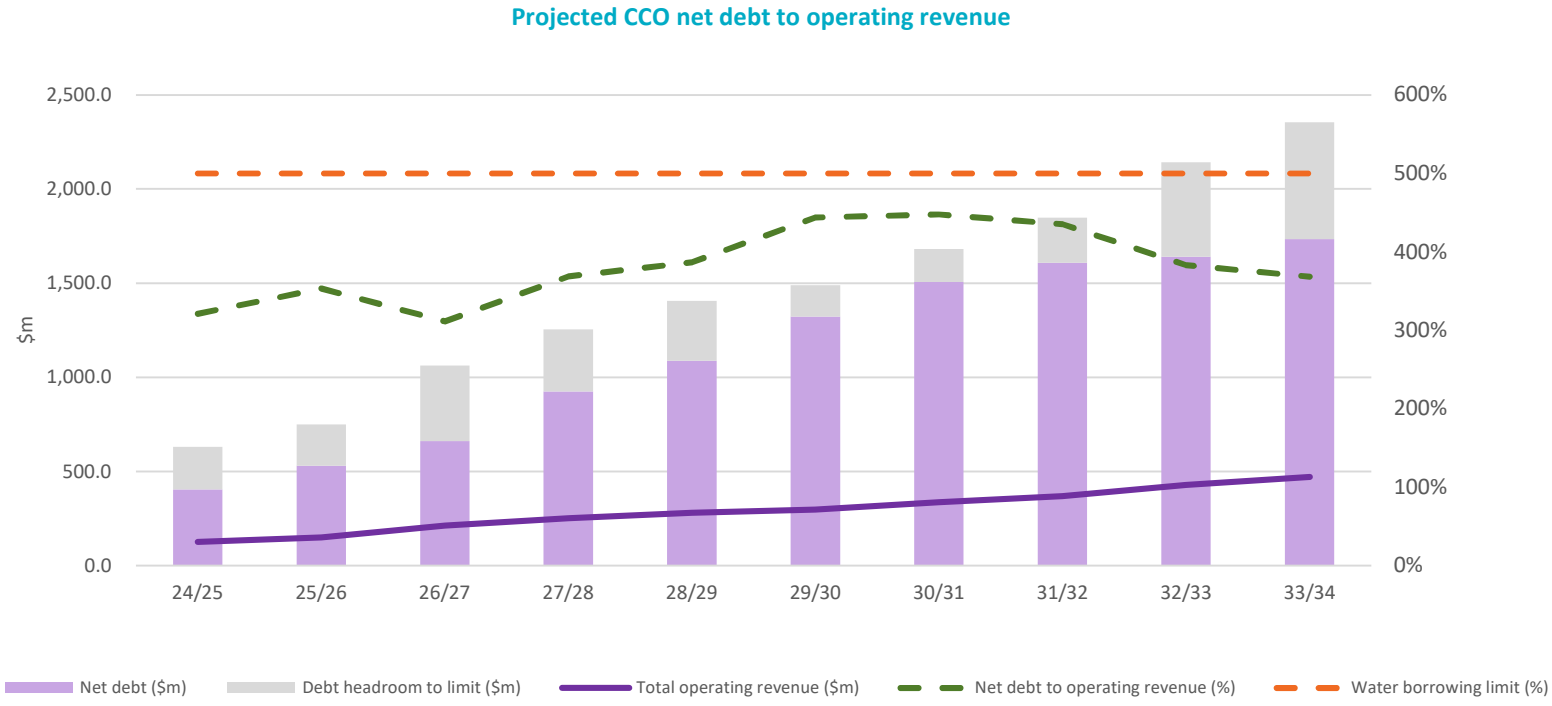


Figure 21 Projected Net Debt to Operating Revenue - Water and Wastewater – CCO

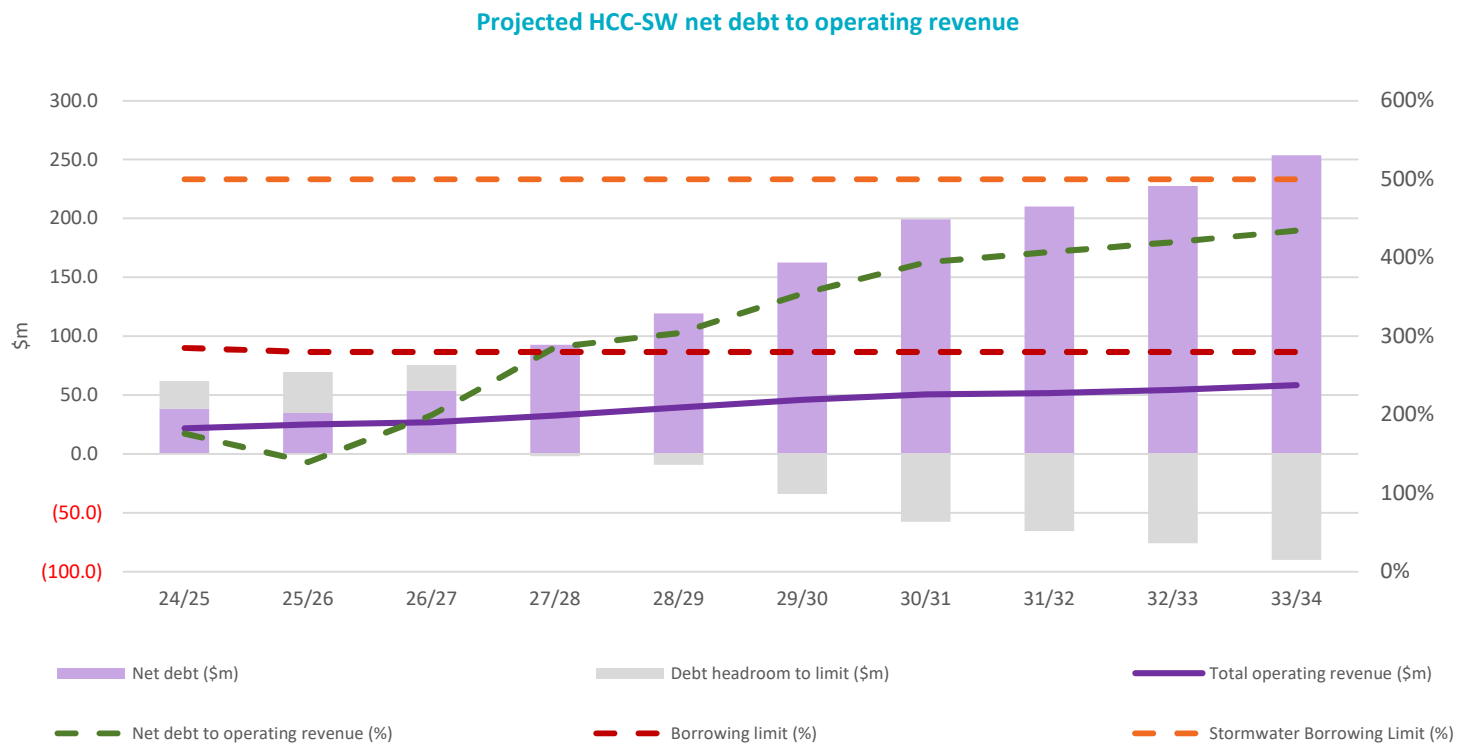
Stormwater (Hamilton City Council)	

Figure 22 Projected Net Debt to Operating Revenue - Stormwater – Hamilton City Council

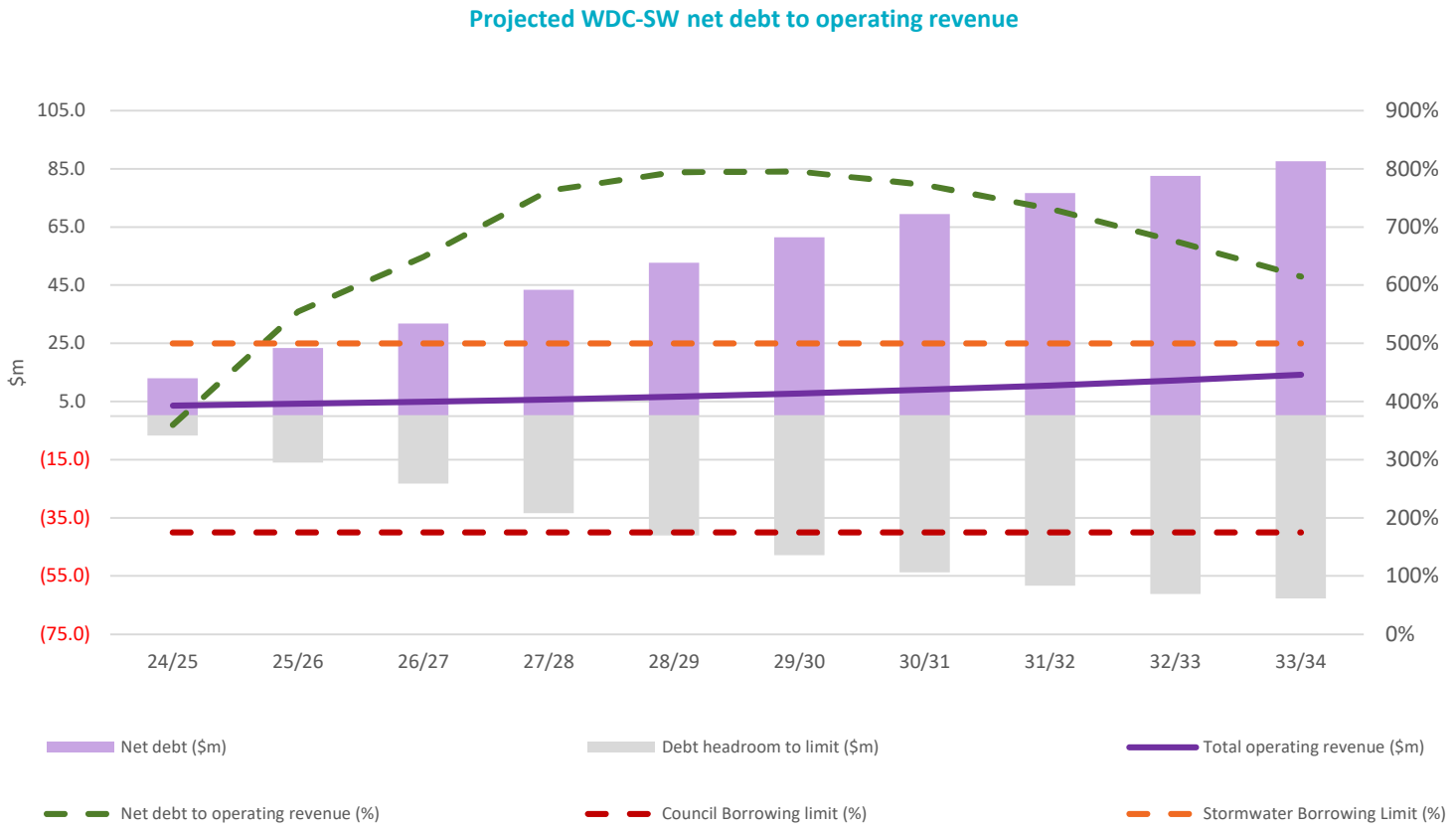
Stormwater (Waikato District Council)	

Figure 23 Projected Net Debt to Operating Revenue - Stormwater - Waikato District Council

D4.4 - Projected borrowings for water services

The tables below outline water services Net Debt to Operating Revenue [71]over ten years. Refer to D.4.5 for relevant commentary.

Table 47 Water and Wastewater Net Debt to Operating Revenue

Net debt to operating revenue	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Net debt attributed to drinking water and wastewater (gross debt less cash) ($000)	404,813	528,291	657,028	919,586	1,081,494	1,314,490	1,496,359	1,598,429	1,629,115	1,720,916
Operating revenue – drinking water and wastewater ($000)	126,262	150,052	212,441	250,943	281,293	297,939	336,253	369,416	428,386	470,876
Net debt to operating revenue %	**321%**	**354%**	**309%**	**366%**	**384%**	**441%**	**445%**	**433%**	**380%**	**365%**

Table 48 Stormwater Net Debt to Operating Revenue – Hamilton City Council

Net debt to operating revenue	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Net debt attributed to HCC Stormwater ($000)	37,935	33,748	52,300	91,610	117,738	160,990	198,407	209,013	226,198	252,539
Operating revenue HCC Stormwater ($000)	21,699	24,797	26,942	32,440	39,233	45,841	50,517	51,566	54,147	58,352
Net debt to operating revenue %	**175%**	**136%**	**194%**	**282%**	**300%**	**351%**	**393%**	**405%**	**418%**	**433%**
Total Council Net debt to operating revenue % (including SW)	**209%**	**220%**	**232%**	**236%**	**229%**	**224%**	**230%**	**230%**	**225%**	**219%**

[71] Net Debt to Operating Revenue is gross borrowings minus cash and equivalents, divided by operating revenue. Operating revenue is used as a proxy for the Local Government Funding Agency's (LGFA) definition of revenue, for simplicity. LGFA defines revenue for this purpose as "Cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets)".

Table 49 Stormwater Net Debt to Operating Revenue – Waikato District Council

Net debt to operating revenue	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Net debt attributed to WDC Stormwater ($000)	13,021	23,374	31,773	43,424	52,655	61,398	69,488	76,683	82,590	87,613
Operating revenue WDC Stormwater ($000)	3,618	4,213	4,895	5,694	6,627	7,718	8,993	10,481	12,219	14,248
Net debt to operating revenue %	**360%**	**555%**	**649%**	**763%**	**794%**	**795%**	**773%**	**732%**	**676%**	**615%**
Total Council Net debt to operating revenue % (including SW)	**74%**	**83%**	**87%**	**94%**	**99%**	**103%**	**101%**	**100%**	**98%**	**96%**

D4.5 - Borrowing headroom/(shortfall) for water services

The following tables outline water services Borrowing Headroom/(Shortfall) [72]over ten years.

Water Supply and Wastewater (CCO)

Table 50 Water and Wastewater Borrowing Headroom/(Shortfall)

Borrowing headroom/(shortfall) against limit	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue ($000)	126,262	150,052	212,441	250,943	281,293	297,939	336,253	369,416	428,386	470,876
Debt to revenue limit for Drinking Water and Wastewater (%)	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt at borrowing limit	**631,310**	**750,259**	**1,062,206**	**1,254,713**	**1,406,467**	**1,489,696**	**1,681,267**	**1,847,079**	**2,141,932**	**2,354,382**
Projected net debt attributed to Drinking Water and Wastewater ($000)	404,813	528,291	657,028	919,586	1,081,494	1,314,490	1,496,359	1,598,429	1,629,115	1,720,916
Borrowing headroom/(shortfall) against limit	**226,497**	**221,968**	**405,179**	**335,127**	**324,973**	**175,206**	**184,908**	**248,650**	**512,817**	**633,466**

Stormwater (Hamilton City Council)

[72] Borrowing Headroom/(Shortfall) is the Maximum allowable net debt at borrowing limit (operating revenue multiplied by 'net debt to operating revenue limit for water services') minus projected net debt attributed to water services. This measure determines whether projected borrowings are within borrowing limits, as well as the ability to borrow for unforeseen events. A positive number equates to the additional amount of borrowings that could be taken on without exceeding borrowing limits. A negative number means borrowings exceed the borrowing limit.

Table 51 Stormwater Borrowing Headroom/(Shortfall) – Hamilton City Council

Borrowing headroom/(shortfall) against limit	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue ($000)	21,699	24,797	26,942	32,440	39,233	45,841	50,517	51,566	54,147	58,352
Debt to revenue limit for HCC Stormwater (%)	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt at borrowing limit	**108,495**	**123,986**	**134,712**	**162,198**	**196,164**	**229,205**	**252,586**	**257,829**	**270,733**	**291,759**
Projected net debt attributed to HCC Stormwater ($000)	37,935	33,748	52,300	91,610	117,738	160,990	198,407	209,013	226,198	252,539
Borrowing headroom/(shortfall) against limit	**70,561**	**90,238**	**82,412**	**70,589**	**78,426**	**68,215**	**54,180**	**48,816**	**44,535**	**39,220**
Total Council Borrowing headroom/(shortfall) against limit (including SW)	**265,118**	**222,037**	**196,935**	**190,392**	**242,240**	**288,535**	**266,310**	**278,733**	**322,223**	**376,545**

Stormwater (Waikato District Council)

Table 52 Stormwater Borrowing Headroom/(Shortfall) – Waikato District Council

Borrowing headroom/(shortfall) against limit	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue ($000)	3,618	4,213	4,895	5,694	6,627	7,718	8,993	10,481	12,219	14,248
Debt to revenue limit for WDC Stormwater (%)	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt at borrowing limit	**18,090**	**21,063**	**24,477**	**28,472**	**33,137**	**38,592**	**44,964**	**52,403**	**61,095**	**71,242**
Projected net debt attributed to WDC Stormwater ($000)	13,021	23,374	31,773	43,424	52,655	61,398	69,488	76,683	82,590	87,613
Borrowing headroom/(shortfall) against limit	**5,069**	**(2,310)**	**(7,295)**	**(14,953)**	**(19,517)**	**(22,807)**	**(24,524)**	**(24,280)**	**(21,496)**	**(16,371)**
Total Council Borrowing headroom/(shortfall) against limit (including SW)	**177,739**	**155,865**	**164,989**	**165,324**	**162,848**	**156,173**	**173,429**	**180,859**	**194,773**	**209,030**

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Debt Profile

Under the current forecasting assumptions, net debt will increase across the CCO ($405m in 2024/25 to $1,721m in 2033/34), Hamilton stormwater activity ($38m in 2024/25 to $253m in 2033/34), and Waikato District stormwater activity ($13m in 2024/25 to $88m in 2033/34).

These increases are in line with the response to significant anticipated growth over the next decade through investment in wastewater treatment capacity, water supply limitations, and pressure on existing networks to ensure current service levels are maintained (as outlined in B.3).

Debt to Revenue / Debt Headroom

Water Supply and Wastewater (CCO)	In line with LGFA allowances, the forecasts demonstrate the CCO will have borrowing capacity to fund required water infrastructure, with a maximum debt-to-revenue limit of up to 500%. While the 500% is a maximum limit, the CCO will set its own debt-to-revenue through financial policies. Under the current assumptions the CCO debt-to-revenue does not exceed 500% in any year, peaking at 445% in 2030/31, before reducing to 365% in 2033/34 as revenue increases to service the larger asset base. Minimum debt headroom is $175m in 2029/30, and debt headroom by the end of the forecast period is $634m.
Stormwater (Hamilton City Council)	Hamilton's current Financial Strategy sets out a debt-to-revenue limit of 280%. As part of its Financial Strategy, Hamilton manages its debt profile on a consolidated basis and for the purpose of this plan has assumed an internal debt-to-revenue limit for stormwater of 500% (in line with the CCO limit), providing the overall debt-to-revenue limit of 280% for council is not breached. Under the current forecasting assumptions, on a stand-alone basis, Hamilton's stormwater activity would not breach the 500% assumed internal limit in any year, and on a WoC level, Hamilton's total borrowings would remain within the overall council limit of 280% in each year. Minimum debt headroom for total Council is $191m in 2027/28, and forecast to grow to $377m by 2033/34. Action to reallocate revenues to ensure financial sustainability by 30 June 2028 are outline in D.1 Confirmation of Financially Sustainable Delivery of Water Services. Assuming this reallocation results in additional revenue allocated to the stormwater activity, this would have the effect of lowering the stormwater debt-to-revenue through: a) Reducing the overall net debt as a result of higher operating cash surpluses (or smaller deficits); and b) Increasing the borrowing capacity of the activity as a result of a higher revenue base.

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	The analysis suggests that should Hamilton stormwater revenue increase by the $2.6m (as per D1) required to meet revenue sufficiency requirements by 30 June 2028, this would create additional debt headroom of $13m for the activity.
Stormwater (Waikato District Council)	Waikato District's current Financial Strategy sets out a debt-to-revenue limit of 175%. As part of its Financial Strategy, Waikato District manages its debt profile on a consolidated basis and for the purpose of this plan has assumed an internal debt-to-revenue limit for stormwater of 500% (in line with the CCO limit), providing the overall debt-to revenue limit of 175% for council is not breached. Under the current forecasting assumptions, on a stand-alone basis, Waikato District's stormwater activity would breach the 500% assumed internal limit from 2025/26 onwards. However, at a Whole of Council level, Waikato District's total borrowings would remain within the overall council-determined limit of 175% in each year. Minimum debt headroom for total Council is $156m in 2025/26, and forecast to grow to $209m by 2033/34. Action to review stormwater revenues to ensure financial sustainability by 30 June 2028 are outline in D.1 Confirmation of Financially Sustainable Delivery of Water Services. The assumed increased level of stormwater revenue would have the effect of lowering the WDC stormwater debt-to-revenue through: a) Reducing the overall net debt because of higher operating cash surpluses (or smaller deficits); and b) Increasing the borrowing capacity of the activity because of a higher revenue base. The analysis suggests that should Waikato District stormwater revenue increase by the $1.9m (as per D1) required to meet revenue sufficiency requirements by 30 June 2028, this would create additional debt headroom of $10m for the activity.

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D4.6 - Free funds from operations

The following tables outline the Free Funds from Operations[73] for three water services over 10 years.

Water Supply and Wastewater (CCO)

Table 53 Water and Wastewater Free Funds from Operations

Free funds from operations	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projected net debt attributed to drinking water and wastewater ($000)	404,813	528,291	657,028	919,586	1,081,494	1,314,490	1,496,359	1,598,429	1,629,115	1,720,916
Projected free funds from operations – drinking water and wastewater ($000)	28,818	30,979	80,076	109,671	117,466	129,178	149,322	198,524	243,907	249,699
Free funds from operations to net debt ratio	**7.1%**	**5.9%**	**12.2%**	**11.9%**	**10.9%**	**9.8%**	**10.0%**	**12.4%**	**15.0%**	**14.5%**

The increasing free funds from operations to net debt ratio for the CCO from 7.1% in 2024/25 to 14.5% in 2033/34 indicates an increasing proportion of debt that is supported by free cash flow each year, providing for stronger leverage position over time.

Stormwater (Hamilton City Council)

Table 54 Stormwater Free Funds from Operations – Hamilton City Council

Free funds from operations	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projected net debt attributed to HCC Stormwater ($000)	37,935	33,748	52,300	91,610	117,738	160,990	198,407	209,013	226,198	252,539
Projected free funds from operations – HCC Stormwater ($000)	11,611	13,465	10,446	13,060	17,090	20,502	21,537	20,302	20,980	23,452
Free funds from operations to net debt ratio	**30.6%**	**39.9%**	**20.0%**	**14.3%**	**14.5%**	**12.7%**	**10.9%**	**9.7%**	**9.3%**	**9.3%**

Hamilton stormwater shows decreasing free funds from operations to net debt ratio over 2024/25 through to 2030/31, before stabilising at 9%-10% for the final three years presented. The initial decrease is a direct consequence of the significant debt funded capital expenditure (as outlined in Part B) in advance of the ability for Hamilton to collect revenue on this increased asset base. As revenue increases in line with the asset base, the ratio stabilises.

[73] Free funds from operations for water services is operating revenue minus operating expenses plus depreciation and other non-cash expenses, less interest revenue, divided by net debt (gross borrowings minus cash and equivalents). This ratio measures the percentage of debt balance that is generated in free cash flow each year and is key leverage indicator for financiers.

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Stormwater (Waikato District Council)

Table 55 Stormwater Free Funds from Operations – Waikato District Council

Free funds from operations	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projected net debt attributed to WDC Stormwater ($000)	13,021	23,374	31,773	43,424	52,655	61,398	69,488	76,683	82,590	87,613
Projected free funds from operations – WDC Stormwater ($000)	(351)	(423)	10	201	268	955	1,657	2,366	3,800	5,224
Free funds from operations to net debt ratio	**(2.7%)**	**(1.8%)**	**0.0%**	**0.5%**	**0.5%**	**1.6%**	**2.4%**	**3.1%**	**4.6%**	**6.0%**

The increasing free funds from operations to net debt ratio for WDC stormwater from negative 2.7% in 2024/25 to 6.0% in 2033/34 indicates an increasing proportion of debt that is supported by free cash flow each year, enhancing Waikato District's leverage position over time.

Part E: Projected Financial Statements for Water Services

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

Basis of presentation

These financials are a combination of each council's baseline planning documents. These are not representative of the financials from an entity perspective, who may through the legislated strategic planning processes produce its own financial statements. While the tables below refer to rates (general and targeted) throughout the period, the CCO will impose charges once it has established its own financial strategies, replacing these rates.

All values are expressed in ($000)'s

E.1 Projected Funding Impact Statement

The following tables outline the projected financial impact statements for each of the three waters. Stormwater is outlined separately for each Council as stormwater asset ownership is retained by councils.

Water Supply

Table 56 Water Supply Funding Impact Statement

Projected funding impact statement – drinking water	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	1	114	131	150	167	184	206	229	245	262

Targeted rates	44,474	53,549	66,239	77,048	94,296	108,489	121,259	133,687	144,831	159,390
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	184	38	183	167	248	304	374	444	449	459
Fees and charges	1,416	1,467	1,499	1,533	1,578	1,620	1,658	1,698	1,729	1,542
Total sources of operating funding	**46,074**	**55,167**	**68,051**	**78,898**	**96,288**	**110,596**	**123,498**	**136,058**	**147,254**	**161,653**
Applications of operating funding										
Payments to staff and suppliers	30,275	39,798	43,383	44,772	53,351	55,566	58,365	60,728	62,265	64,596
Finance costs	5,865	6,087	7,885	11,104	15,073	19,256	24,505	28,673	31,308	32,824
Internal charges and overheads applied	1,766	1,939	0	0	0	0	0	0	0	0
Other operating funding applications	859	996	1,165	1,362	1,588	1,750	1,925	1,981	2,036	2,089
Total applications of operating funding	**38,765**	**48,820**	**52,433**	**57,238**	**70,012**	**76,572**	**84,795**	**91,382**	**95,609**	**99,508**
Surplus/(deficit) of operating funding	**7,310**	**6,346**	**15,618**	**21,660**	**26,277**	**34,024**	**38,703**	**44,677**	**51,644**	**62,145**
Source of capital funding										
Subsidies and grants for capital expenditure	5,883	8,507	36,646	36,322	24,995	8,930	24,428	60,310	43,651	27,860
Development and financial contributions	5,924	8,303	11,429	16,977	15,559	15,879	16,049	16,324	17,218	16,568
Increase/(decrease) in debt	19,037	30,719	50,951	96,500	73,380	93,703	97,973	35,697	12,915	57,245
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	216	222	222	222	222	222	222	222	222	222
Total sources of capital funding	**31,059**	**47,750**	**99,248**	**150,021**	**114,157**	**118,734**	**138,672**	**112,553**	**74,006**	**101,895**
Applications of capital funding										
Capital expenditure - to meet additional demand	13,919	22,800	61,223	112,560	104,837	117,288	142,053	117,794	81,255	131,961
Capital expenditure - to improve levels of services	9,170	11,969	31,094	20,800	10,641	10,973	12,768	19,242	19,120	10,769
Capital expenditure - to replace existing assets	13,657	17,067	21,295	35,919	23,126	22,167	20,115	19,290	24,889	19,820
Increase/(decrease) in reserves	1,625	1,546	(0)	(0)	(0)	0	0	0	(0)	0
Increase/(decrease) in investments	4	715	1,254	2,403	1,829	2,331	2,439	903	387	1,488
Total applications of capital funding	**38,369**	**54,097**	**114,867**	**171,682**	**140,433**	**152,758**	**177,374**	**157,230**	**125,650**	**164,039**
Surplus/(deficit) of capital funding	**(7,310)**	**(6,346)**	**(15,618)**	**(21,660)**	**(26,277)**	**(34,024)**	**(38,703)**	**(44,677)**	**(51,644)**	**(62,145)**

Funding balance	0	0	0	0	0	0	0	0	0	0

Wastewater

Table 57 Wastewater Funding Impact Statement

Projected funding impact statement - wastewater	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	0	226	260	299	333	366	411	456	489	522
Targeted rates	57,197	68,475	88,361	114,275	135,508	157,894	182,599	203,501	220,617	247,292
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	1,487	1,519	1,891	1,938	2,154	2,273	2,468	2,607	2,710	2,759
Fees and charges	15,261	15,444	16,347	18,783	19,852	21,957	22,855	23,980	24,760	25,406
Total sources of operating funding	**73,946**	**85,665**	**106,860**	**135,296**	**157,847**	**182,491**	**208,334**	**230,544**	**248,576**	**275,979**
Applications of operating funding										
Payments to staff and suppliers	49,897	59,244	62,577	71,290	77,749	77,839	87,618	92,275	96,156	100,436
Finance costs	9,239	11,593	15,943	21,228	27,240	33,353	40,317	44,920	48,145	48,071
Internal charges and overheads applied	2,007	2,195	0	0	0	0	0	0	0	0
Other operating funding applications	374	374	374	374	374	374	374	374	374	374
Total applications of operating funding	**61,516**	**73,406**	**78,894**	**92,892**	**105,364**	**111,565**	**128,309**	**137,569**	**144,675**	**148,880**
Surplus/(deficit) of operating funding	**12,429**	**12,259**	**27,966**	**42,404**	**52,483**	**70,925**	**80,025**	**92,975**	**103,901**	**127,099**
Source of capital funding										
Subsidies and grants for capital expenditure	524	870	1,041	15,052	19,471	24,860	19,242	28,739	72,328	46,741
Development and financial contributions	12,072	13,147	19,763	24,995	30,889	30,803	29,199	28,660	29,961	28,909
Increase/(decrease) in debt	63,859	106,467	79,159	161,337	86,523	139,882	76,931	42,199	(8,435)	27,218
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	**76,454**	**120,484**	**99,963**	**201,384**	**136,882**	**195,545**	**125,372**	**99,597**	**93,853**	**102,868**
Applications of capital funding										
Capital expenditure - to meet additional demand	39,713	60,158	60,273	162,596	128,328	192,090	152,588	139,041	140,775	171,540
Capital expenditure - to improve levels of services	29,103	36,620	29,998	26,547	13,631	17,947	7,687	8,395	8,380	7,078

Capital expenditure - to replace existing assets	17,443	31,410	35,686	50,606	45,231	52,925	43,145	43,948	48,407	50,341
Increase/(decrease) in reserves	1,078	1,980	0	0	0	0	0	(0)	0	(0)
Increase/(decrease) in investments	1,547	2,576	1,971	4,039	2,176	3,508	1,976	1,188	191	1,007
Total applications of capital funding	**88,884**	**132,744**	**127,929**	**243,788**	**189,366**	**266,470**	**205,397**	**192,572**	**197,754**	**229,967**
Surplus/(deficit) of capital funding	**(12,429)**	**(12,259)**	**(27,966)**	**(42,404)**	**(52,483)**	**(70,925)**	**(80,025)**	**(92,975)**	**(103,901)**	**(127,099)**
Funding balance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Stormwater (Hamilton City Council)

Table 58 Stormwater Funding Impact Statement - Hamilton City Council

Projected funding impact statement -HCC Stormwater	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	0	117	134	154	171	188	212	234	252	269
Targeted rates	18,068	23,855	26,121	30,936	36,033	42,577	47,158	50,310	52,852	57,007
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	428	427	507	536	596	637	703	760	777	803
Fees and charges	190	196	202	208	214	219	224	229	235	239
Total sources of operating funding	**18,685**	**24,594**	**26,963**	**31,833**	**37,014**	**43,621**	**48,297**	**51,534**	**54,114**	**58,318**
Applications of operating funding										
Payments to staff and suppliers	8,632	10,174	14,936	16,663	17,919	19,367	20,726	21,517	22,330	22,945
Finance costs	1,883	1,664	2,096	3,313	4,861	6,675	9,014	10,523	11,640	12,280
Internal charges and overheads applied										
Other operating funding applications										
Total applications of operating funding	**10,515**	**11,838**	**17,031**	**19,975**	**22,780**	**26,041**	**29,740**	**32,039**	**33,969**	**35,225**
Surplus/(deficit) of operating funding	**8,170**	**12,756**	**9,931**	**11,858**	**14,234**	**17,580**	**18,557**	**19,494**	**20,145**	**23,093**
Source of capital funding										
Subsidies and grants for capital expenditure	3,014	203	(20)	606	2,219	2,220	2,221	32	33	34
Development and financial contributions	2,001	2,278	3,294	4,564	4,805	4,186	4,063	5,892	7,585	8,226

Increase/(decrease) in debt	(1,006)	(3,698)	19,552	39,991	27,233	44,195	37,692	11,053	17,855	26,799
Gross proceeds from sales of assets										
Other dedicated capital funding										
Total sources of capital funding	**4,009**	**(1,217)**	**22,825**	**45,162**	**34,257**	**50,601**	**43,976**	**16,977**	**25,474**	**35,058**
Applications of capital funding										
Capital expenditure - to meet additional demand	10,335	6,204	14,159	28,133	25,320	50,352	44,760	18,917	27,547	38,530
Capital expenditure - to improve levels of services	1,467	4,541	10,354	12,570	12,642	6,526	7,110	6,861	6,903	7,762
Capital expenditure - to replace existing assets	401	885	7,755	15,317	9,848	10,197	9,721	10,417	10,722	10,673
Increase/(decrease) in reserves	0	0	0	(0)	0	(0)	0	0	(0)	0
Increase/(decrease) in investments	(25)	(92)	489	1,000	681	1,105	942	276	446	1,187
Total applications of capital funding	**12,179**	**11,539**	**32,756**	**57,019**	**48,491**	**68,180**	**62,533**	**36,471**	**45,618**	**58,152**
Surplus/(deficit) of capital funding	**(8,170)**	**(12,756)**	**(9,931)**	**(11,858)**	**(14,234)**	**(17,580)**	**(18,557)**	**(19,494)**	**(20,145)**	**(23,093)**
Funding balance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Stormwater (Waikato District Council)

Table 59 Stormwater Funding Impact Statement - Waikato District Council

Projected funding impact statement – WDC Stormwater	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	200	200	200	200	200	200	200	200	200	200
Targeted rates	3,425	4,020	4,703	5,502	6,435	7,526	8,800	10,288	12,026	14,056
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	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0
Total sources of operating funding	**3,625**	**4,220**	**4,903**	**5,702**	**6,635**	**7,726**	**9,000**	**10,488**	**12,226**	**14,256**
Applications of operating funding										
Payments to staff and suppliers	3,760	3,890	3,742	3,940	4,314	4,295	4,473	4,823	4,674	4,809
Finance costs	208	745	1,143	1,552	2,044	2,468	2,862	3,291	3,744	4,214
Internal charges and overheads applied	160	179								

Other operating funding applications	8	8	8	8	8	8	8	8	8	8
Total applications of operating funding	**4,137**	**4,822**	**4,893**	**5,501**	**6,367**	**6,771**	**7,343**	**8,122**	**8,426**	**9,032**
Surplus/(deficit) of operating funding	**(511)**	**(602)**	**10**	**201**	**268**	**955**	**1,657**	**2,366**	**3,800**	**5,224**
Source of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	346	125	234	160	718	759	592	610	647	667
Increase/(decrease) in debt	14,556	11,018	8,324	12,307	9,025	8,902	8,198	7,233	5,868	5,013
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	**14,902**	**11,143**	**8,558**	**12,467**	**9,743**	**9,661**	**8,790**	**7,843**	**6,515**	**5,679**
Applications of capital funding										
Capital expenditure - to meet additional demand	7,404	2,186	1,508	1,593	1,744	2,035	1,695	1,680	1,735	2,008
Capital expenditure - to improve levels of services	4,561	5,818	4,305	5,938	6,722	6,500	6,554	6,567	6,781	7,368
Capital expenditure - to replace existing assets	2,065	1,917	2,551	4,837	1,325	1,864	1,997	1,785	1,656	1,406
Increase/(decrease) in reserves	6	361	(0)	(0)	0	(0)	0	0	(0)	(0)
Increase/(decrease) in investments	355	260	203	300	220	217	200	176	143	122
Total applications of capital funding	**14,391**	**10,541**	**8,567**	**12,668**	**10,011**	**10,616**	**10,447**	**10,208**	**10,315**	**10,903**
Surplus/(deficit) of capital funding	**511**	**602**	**(10)**	**(201)**	**(268)**	**(955)**	**(1,657)**	**(2,366)**	**(3,800)**	**(5,224)**
Funding balance	**0**	**(0)**	**0**	**0**	**0**	**(0)**	**0**	**0**	**0**	**0**

Three Waters

Table 60 Three Waters Funding Impact Statement

Projected funding impact statement - water services	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	201	657	725	803	871	938	1,029	1,119	1,186	1,253
Targeted rates	123,164	149,899	185,424	227,761	272,271	316,486	359,816	397,787	430,326	477,746
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	2,098	1,984	2,580	2,641	2,997	3,213	3,545	3,810	3,935	4,020
Fees and charges	16,867	17,106	18,048	20,524	21,644	23,796	24,738	25,908	26,723	27,187
Total sources of operating funding	**142,330**	**169,646**	**206,777**	**251,729**	**297,784**	**344,434**	**389,128**	**428,624**	**462,170**	**510,206**
Applications of operating funding										
Payments to staff and suppliers	92,563	113,106	124,637	136,665	153,334	157,066	171,181	179,342	185,425	192,785
Finance costs	17,195	20,089	27,067	37,197	49,218	61,751	76,698	87,408	94,836	97,389
Internal charges and overheads applied	3,933	4,313	0	0	0	0	0	0	0	0
Other operating funding applications	1,241	1,379	1,547	1,744	1,970	2,133	2,307	2,363	2,419	2,471
Total applications of operating funding	**114,933**	**138,887**	**153,252**	**175,605**	**204,522**	**220,950**	**250,187**	**269,113**	**282,680**	**292,646**
Surplus/(deficit) of operating funding	**27,397**	**30,759**	**53,525**	**76,123**	**93,262**	**123,484**	**138,942**	**159,511**	**179,490**	**217,560**
Source of capital funding										
Subsidies and grants for capital expenditure	9,421	9,580	37,667	51,981	46,685	36,010	45,890	89,080	116,012	74,634
Development and financial contributions	20,343	23,853	34,720	46,696	51,971	51,627	49,902	51,485	55,411	54,370
Increase/(decrease) in debt	96,445	144,505	157,985	310,136	196,161	286,682	220,795	96,182	28,203	111,262
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	216	222	222	222	222	222	222	222	222	222
Total sources of capital funding	**126,425**	**178,161**	**230,594**	**409,034**	**295,039**	**374,541**	**316,810**	**236,969**	**199,847**	**240,488**
Applications of capital funding										
Capital expenditure - to meet additional demand	71,371	91,348	137,164	304,882	260,229	361,765	341,096	277,433	251,312	344,039
Capital expenditure - to improve levels of services	44,301	58,948	75,751	65,855	43,637	41,946	34,119	41,064	41,184	32,977
Capital expenditure - to replace existing assets	33,566	51,279	67,287	106,678	79,529	87,153	74,978	75,440	85,674	82,240
Increase/(decrease) in reserves	2,704	3,887	0	0	0	0	0	(0)	0	(4,890)
Increase/(decrease) in investments	1,881	3,459	3,917	7,743	4,906	7,161	5,557	2,544	1,168	3,682
Total applications of capital funding	153,822	208,920	284,119	485,158	388,301	498,025	455,751	396,481	379,338	458,048
Surplus/(deficit) of capital funding	**(27,397)**	**(30,759)**	**(53,525)**	**(76,123)**	**(93,262)**	**(123,484)**	**(138,942)**	**(159,511)**	**(179,490)**	**(217,560)**
Funding balance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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E.2 Projected Statement of Comprehensive Revenue and Expense

The following tables outline the Revenue and Expense statements for each of the three waters. Stormwater is outlined separately for each Council as Stormwater asset ownership is retained by councils.

Water Supply

Table 61 Water Revenue and Expense Statement

Projected statement of profit and loss – Drinking water	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Revenue										
Operating revenue	52,167	63,890	104,914	115,436	121,500	119,743	148,142	196,584	191,121	189,729
Other revenue	7,794	10,237	13,427	19,039	17,681	18,060	18,284	18,623	19,534	18,990
Total revenue	**59,961**	**74,127**	**118,341**	**134,476**	**139,181**	**137,803**	**166,426**	**215,207**	**210,655**	208,719
Expenses										
Operating expenses	31,128	40,789	44,542	46,128	54,934	57,311	60,284	62,703	64,296	66,679
Finance costs	5,999	6,227	8,032	11,256	15,231	19,421	24,676	28,849	31,484	32,914
Overheads and support costs	1,766	1,939	0	0	0	0	0	0	0	0
Depreciation & amortisation	16,765	18,982	20,877	22,975	26,143	29,675	33,699	38,149	42,449	45,484
Total expenses	**55,658**	**67,938**	**73,450**	**80,359**	**96,307**	**106,406**	**118,659**	**129,701**	**138,229**	**145,077**
Net surplus/(deficit)	**4,302**	**6,190**	**44,891**	**54,117**	**42,873**	**31,397**	**47,768**	**85,506**	**72,426**	**63,642**
Revaluation of infrastructure assets	67,558	23,394	27,531	33,652	38,722	43,836	49,358	54,789	60,482	67,790
Total comprehensive income	**71,861**	**29,584**	**72,422**	**87,769**	**81,596**	**75,233**	**97,125**	**140,295**	**132,908**	**131,431**
Cash surplus/(deficit) from operations (ex non-cash items)	**21,067**	**25,172**	**65,768**	**77,092**	**69,016**	**61,072**	**81,466**	**123,655**	**114,875**	**109,126**

Wastewater

Table 62 Wastewater Revenue and Expense Statement

Projected statement of profit and loss - Wastewater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Revenue										

Operating revenue	74,095	86,162	107,527	149,974	176,944	206,977	227,202	258,909	320,530	322,346
Other revenue	15,543	16,725	23,459	28,809	34,813	34,837	33,334	32,912	34,245	33,388
Total revenue	89,639	102,887	130,986	178,782	211,757	241,814	260,536	291,821	354,775	355,734
Expenses										
Operating expenses	49,908	59,244	62,577	71,290	77,749	77,839	87,618	92,275	96,156	100,436
Finance costs	10,409	12,811	17,215	22,551	28,619	34,789	41,799	46,452	49,677	48,857
Overheads and support costs	2,007	2,195	0	0	0	0	0	0	0	0
Depreciation & amortisation	24,992	29,467	33,501	36,644	41,016	44,614	49,539	53,601	58,045	62,655
Total expenses	**87,315**	**103,717**	**113,293**	**130,485**	**147,385**	**157,242**	**178,956**	**192,327**	**203,878**	**211,948**
Net surplus/(deficit)	**2,323**	**(831)**	**17,693**	**48,298**	**64,372**	**84,572**	**81,580**	**99,494**	**150,897**	**143,787**
Revaluation of infrastructure assets	117,724	33,681	38,880	47,568	54,369	64,075	72,752	81,448	90,466	101,020
Total comprehensive income	**120,047**	**32,850**	**56,573**	**95,866**	**118,742**	**148,647**	**154,332**	**180,941**	**241,363**	**244,807**
Cash surplus/(deficit) from operations (ex non-cash items)	**27,315**	**28,636**	**51,194**	**84,942**	**105,388**	**129,186**	**131,119**	**153,095**	**208,942**	**206,442**

Stormwater (Hamilton City Council)

Table 63 Stormwater Revenue and Expense Statement - Hamilton City Council

Projected statement of profit and loss – HCC Stormwater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Revenue										
Operating revenue	21,699	24,797	26,942	32,440	39,233	45,841	50,517	51,566	54,147	58,352
Other revenue	7,016	7,464	8,651	10,093	10,494	10,034	10,057	12,056	13,795	14,719
Total revenue	**28,716**	**32,261**	**35,593**	**42,533**	**49,727**	**55,875**	**60,575**	**63,622**	**67,942**	**73,070**
Expenses										
Operating expenses	8,632	10,174	14,936	16,663	17,919	19,367	20,726	21,517	22,330	23,462
Finance costs	1,883	1,664	2,096	3,313	4,861	6,675	9,014	10,523	11,640	12,280
Overheads and support costs										

Depreciation & amortisation	11,488	12,959	13,668	14,452	15,456	16,388	17,659	18,937	19,980	21,165
Total expenses	**22,003**	**24,797**	**30,700**	**34,427**	**38,236**	**42,429**	**47,398**	**50,976**	**53,949**	**56,908**
Net surplus/(deficit)	**6,712**	**7,464**	**4,894**	**8,105**	**11,491**	**13,446**	**13,176**	**12,646**	**13,993**	**16,163**
Revaluation of infrastructure assets	73,569	24,728	26,797	29,673	32,635	36,200	40,075	43,172	46,674	50,948
Total comprehensive income	**80,281**	**32,192**	**31,691**	**37,778**	**44,127**	**49,647**	**53,251**	**55,818**	**60,667**	**67,111**
Cash surplus/(deficit) from operations (ex non-cash items)	**18,201**	**20,423**	**18,562**	**22,557**	**26,947**	**29,834**	**30,835**	**31,583**	**33,973**	**37,328**

Stormwater (Waikato District Council)

Table 64 Stormwater Revenue and Expense Statement - Waikato District Council

Projected statement of profit and loss – WDC Stormwater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Revenue										
Operating revenue	3,618	4,213	4,895	5,694	6,627	7,718	8,993	10,481	12,219	14,248
Other revenue	346	125	234	160	718	759	592	610	647	667
Total revenue	**3,964**	**4,338**	**5,130**	**5,854**	**7,345**	**8,477**	**9,585**	**11,090**	**12,866**	**14,915**
Expenses										
Operating expenses	3,761	3,890	3,743	3,941	4,315	4,296	4,474	4,824	4,675	4,810
Finance costs	208	745	1,143	1,552	2,044	2,468	2,862	3,291	3,744	4,214
Overheads and support costs	160	179	0	0	0	0	0	0	0	0
Depreciation & amortisation	1,552	1,815	1,967	2,106	2,294	2,447	2,606	2,761	2,913	3,066
Total expenses	**5,681**	**6,629**	**6,853**	**7,599**	**8,654**	**9,210**	**9,942**	**10,876**	**11,332**	**12,091**
Net surplus/(deficit)	**(1,717)**	**(2,292)**	**(1,724)**	**(1,745)**	**(1,308)**	**(733)**	**(358)**	**215**	**1,534**	**2,824**
Revaluation of infrastructure assets	4,929	3,656	4,266	4,239	4,261	4,354	4,234	4,483	4,505	4,503
Total comprehensive income	**3,212**	**1,364**	**2,542**	**2,494**	**2,953**	**3,621**	**3,876**	**4,698**	**6,038**	**7,327**

Cash surplus/(deficit) from operations (ex non-cash items)	(165)	(477)	244	361	986	1,714	2,249	2,975	4,447	5,891

Three Waters

Table 65 Three Waters Revenue and Expense Statement

Projected statement of profit and loss - water services	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Revenue										
Operating revenue	151,579	179,062	244,279	303,544	344,304	380,279	434,854	517,539	578,017	584,675
Other revenue	30,700	34,551	45,771	58,101	63,707	63,691	62,268	64,201	68,221	67,763
Total revenue	**182,279**	**213,612**	**290,050**	**361,645**	**408,011**	**443,970**	**497,122**	**581,741**	**646,238**	**652,438**
Expenses										
Operating expenses	93,428	114,098	125,798	138,022	154,918	158,812	173,102	181,318	187,456	195,387
Finance costs	18,500	21,448	28,485	38,672	50,755	63,352	78,351	89,115	96,544	98,265
Overheads and support costs	3,933	4,313	0	0	0	0	0	0	0	0
Depreciation & amortisation	54,797	63,223	70,014	76,176	84,909	93,123	103,503	113,448	123,388	132,371
Total expenses	**170,658**	**203,082**	**224,297**	**252,870**	**290,582**	**315,288**	**354,955**	**383,881**	**407,388**	**426,023**
Net surplus/(deficit)	**11,621**	**10,531**	**65,753**	**108,776**	**117,429**	**128,682**	**142,166**	**197,860**	**238,850**	**226,416**
Revaluation of infrastructure assets	263,780	85,459	97,475	115,132	129,988	148,465	166,418	183,892	202,126	224,261
Total comprehensive income	**275,401**	**95,989**	**163,229**	**223,907**	**247,417**	**277,147**	**308,584**	**381,751**	**440,976**	**450,676**
Cash surplus/(deficit) from operations (ex non-cash items)	**66,417**	**73,754**	**135,767**	**184,952**	**202,338**	**221,805**	**245,669**	**311,308**	**362,238**	**358,786**

E.3 Projected Statement of Cashflows

The following tables outline the Projected cashflow statements for each of the three waters. Stormwater is outlined separately for each Council as Stormwater asset ownership is retained by councils.

Water Supply

Table 66 Water Projected Cashflow Statement

Projected statement of cashflows – Drinking water	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	19,024	23,039	63,456	74,389	67,150	58,020	77,566	117,529	113,536	108,540
[Other items]	0	0	0	0	0	0	0	0	0	0
Net cashflows from operating activities	**19,024**	**23,039**	**63,456**	**74,389**	**67,150**	**58,020**	**77,566**	**117,529**	**113,536**	**108,540**
Cashflows from investing activities										
Increase/decrease in other financial assets	(435)	(715)	(1,254)	(2,403)	(1,829)	(2,331)	(2,439)	(903)	(387)	(1,488)
Capital expenditure	(36,157)	(51,073)	(112,035)	(170,608)	(139,234)	(148,425)	(172,695)	(154,243)	(128,551)	(164,641)
Net cashflows from investing activities	**(36,592)**	**(51,789)**	**(113,289)**	**(173,012)**	**(141,063)**	**(150,756)**	**(175,134)**	**(155,147)**	**(128,938)**	**(166,129)**
Cashflows from financing activities										
New borrowings	19,037	30,719	50,951	96,500	73,380	93,703	97,973	35,697	12,915	57,245
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
Net cashflows from financing activities	**19,037**	**30,719**	**50,951**	**96,500**	**73,380**	**93,703**	**97,973**	**35,697**	**12,915**	**57,245**
Net increase/(decrease) in cash and cash equivalents	**1,469**	**1,969**	**1,117**	**(2,122)**	**(533)**	**967**	**406**	**(1,921)**	**(2,488)**	**(345)**
Cash and cash equivalents at beginning of year	12,224	13,693	15,662	16,779	14,657	14,124	15,091	15,497	13,576	11,088
Cash and cash equivalents at end of year	**13,693**	**15,662**	**16,779**	**14,657**	**14,124**	**15,091**	**15,497**	**13,576**	**11,088**	**10,743**

Wastewater

Table 67 Wastewater Projected Cashflow Statement

Projected statement of cashflows - Wastewater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	24,541	26,512	47,974	82,218	101,853	125,361	128,054	148,416	205,257	204,328
[Other items]	0	0	0	0	0	0	0	0	0	0
Net cashflows from operating activities	**24,541**	**26,512**	**47,974**	**82,218**	**101,853**	**125,361**	**128,054**	**148,416**	**205,257**	**204,328**

Cashflows from investing activities										
Increase/decrease in other financial assets	(1,547)	(2,576)	(1,971)	(4,039)	(2,176)	(3,508)	(1,976)	(1,188)	(191)	(1,007)
Capital expenditure	(86,040)	(126,204)	(126,713)	(242,567)	(187,683)	(261,530)	(205,087)	(190,250)	(196,911)	(228,737)
Net cashflows from investing activities	**(87,587)**	**(128,780)**	**(128,684)**	**(246,606)**	**(189,858)**	**(265,038)**	**(207,063)**	**(191,438)**	**(197,103)**	**(229,744)**
Cashflows from financing activities										
New borrowings	63,859	106,467	79,159	161,337	86,523	139,882	76,931	42,199	(8,435)	27,218
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
Net cashflows from financing activities	**63,859**	**106,467**	**79,159**	**161,337**	**86,523**	**139,882**	**76,931**	**42,199**	**(8,435)**	**27,218**
Net increase/(decrease) in cash and cash equivalents	**812**	**4,199**	**(1,551)**	**(3,051)**	**(1,483)**	**205**	**(2,078)**	**(823)**	**(281)**	**1,802**
Cash and cash equivalents at beginning of year	16,315	17,127	21,326	19,775	16,724	15,241	15,447	13,369	12,545	12,264
Cash and cash equivalents at end of year	**17,127**	**21,326**	**19,775**	**16,724**	**15,241**	**15,447**	**13,369**	**12,545**	**12,264**	**14,066**

Stormwater (Hamilton City Council)

Table 68 Stormwater Projected Cash Flow Statement - Hamilton City Council

Projected statement of cashflows – HCC Stormwater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	13,185	15,237	13,205	17,028	21,258	23,985	24,841	25,418	27,763	31,353
[Other items]										
Net cashflows from operating activities	**13,185**	**15,237**	**13,205**	**17,028**	**21,258**	**23,985**	**24,841**	**25,418**	**27,763**	**31,353**
Cashflows from investing activities										
Increase/decrease in other financial assets	25	92	(489)	(1,000)	(681)	(1,105)	(942)	(276)	(446)	(1,187)
Capital expenditure	(12,204)	(11,631)	(32,268)	(56,020)	(47,810)	(67,075)	(61,591)	(36,195)	(45,172)	(56,965)
Net cashflows from investing activities	**(12,179)**	**(11,539)**	**(32,756)**	**(57,019)**	**(48,491)**	**(68,180)**	**(62,533)**	**(36,471)**	**(45,618)**	**(58,151)**
Cashflows from financing activities										
New borrowings	(1,006)	(3,698)	19,552	39,991	27,233	44,195	37,692	11,053	17,855	26,799
Repayment of borrowings										

Net cashflows from financing activities	**(1,006)**	**(3,698)**	**19,552**	**39,991**	**27,233**	**44,195**	**37,692**	**11,053**	**17,855**	**26,799**
Net increase/(decrease) in cash and cash equivalents	**0**	**0**	**0**	**0**	**0**	**(0)**	**0**	**(0)**	**0**	**0**
Cash and cash equivalents at beginning of year	4,501	4,501	4,501	4,501	4,501	4,501	4,501	4,501	4,501	4,501
Cash and cash equivalents at end of year	**4,501**	**4,501**	**4,501**	**4,501**	**4,501**	**4,501**	**4,501**	**4,501**	**4,501**	**4,501**

Stormwater (Waikato District Council)

Table 69 Stormwater Projected Cash Flow Statement – Waikato District Council

Projected statement of cashflows – WDC Stormwater	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Cashflows from operating activities										
Cash surplus/(deficit) from operations	(75)	(477)	121	316	818	1,594	2,173	2,858	4,251	5,697
[Other items]										
Net cashflows from operating activities	**(75)**	**(477)**	**121**	**316**	**818**	**1,594**	**2,173**	**2,858**	**4,251**	**5,697**
Cashflows from investing activities										
Increase/decrease in other financial assets	(355)	(260)	(203)	(300)	(220)	(217)	(200)	(176)	(143)	(122)
Capital expenditure	(12,847)	(10,331)	(8,520)	(11,968)	(10,049)	(10,338)	(10,262)	(10,053)	(10,158)	(10,720)
Net cashflows from investing activities	**(13,201)**	**(10,591)**	**(8,723)**	**(12,268)**	**(10,269)**	**(10,555)**	**(10,462)**	**(10,230)**	**(10,301)**	**(10,842)**
Cashflows from financing activities										
New borrowings	14,556	11,018	8,324	12,307	9,025	8,902	8,198	7,233	5,868	5,013
Repayment of borrowings										
Net cashflows from financing activities	**14,556**	**11,018**	**8,324**	**12,307**	**9,025**	**8,902**	**8,198**	**7,233**	**5,868**	**5,013**
Net increase/(decrease) in cash and cash equivalents	**1,280**	**(51)**	**(278)**	**355**	**(425)**	**(58)**	**(91)**	**(139)**	**(182)**	**(132)**
Cash and cash equivalents at beginning of year	227	1,508	1,457	1,179	1,534	1,109	1,050	959	820	638
Cash and cash equivalents at end of year	**1,508**	**1,457**	**1,179**	**1,534**	**1,109**	**1,050**	**959**	**820**	**638**	**505**

Three Waters

Table 70 Three Waters Projected Cash Flow Statement

Projected statement of cashflows - water services	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	56,676	64,311	124,755	173,952	191,079	208,962	232,633	294,220	350,806	349,918
[Other items]	0	0	0	0	0	0	0	0	0	0
Net cashflows from operating activities	56,676	64,311	124,755	173,952	191,079	208,962	232,633	294,220	350,806	349,918
Cashflows from investing activities										
Increase/decrease in other financial assets	(2,312)	(3,459)	(3,917)	(7,743)	(4,906)	(7,161)	(5,557)	(2,544)	(1,168)	(3,805)
Capital expenditure	(147,247)	(199,240)	(279,535)	(481,163)	(384,775)	(487,369)	(449,635)	(390,741)	(380,792)	(461,063)
Net cashflows from investing activities	**(149,560)**	**(202,698)**	**(283,452)**	**(488,906)**	**(389,681)**	**(494,530)**	**(455,192)**	**(393,285)**	**(381,960)**	**(464,867)**
Cashflows from financing activities										
New borrowings	96,445	144,505	157,985	310,136	196,161	286,682	220,795	96,182	28,203	116,274
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
Net cashflows from financing activities	**96,445**	**144,505**	**157,985**	**310,136**	**196,161**	**286,682**	**220,795**	**96,182**	**28,203**	**116,274**
Net increase/(decrease) in cash and cash equivalents	**3,561**	**6,118**	**(712)**	**(4,818)**	**(2,441)**	**1,115**	**(1,764)**	**(2,884)**	**(2,951)**	**1,325**
Cash and cash equivalents at beginning of year	33,267	36,829	42,947	42,234	37,416	34,975	36,090	34,326	31,442	28,491
Cash and cash equivalents at end of year	**36,829**	**42,947**	**42,234**	**37,416**	**34,975**	**36,090**	**34,326**	**31,442**	**28,491**	**29,816**

E.4 Projected Statement of Financial Position

The following tables outline the projected financial position statements for each of the three waters. Stormwater is outlined separately for each Council as Stormwater asset ownership is retained by councils.

Water Supply

Table 71 Water Projected Financial Position Statement

Projected statement of financial position	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	13,693	15,662	16,779	14,657	14,124	15,091	15,497	13,576	11,088	10,743
Other current assets	13,477	13,946	14,617	15,525	15,592	16,725	18,736	22,862	21,992	20,245
Infrastructure assets	836,919	895,101	1,017,365	1,199,383	1,352,688	1,519,457	1,712,288	1,887,553	2,033,164	2,220,442
Other non-current assets	4,073	4,599	5,736	8,079	9,869	12,126	14,476	15,348	15,783	17,330
Total assets	**868,162**	**929,308**	**1,054,497**	**1,237,645**	**1,392,274**	**1,563,400**	**1,760,996**	**1,939,339**	**2,082,027**	**2,268,761**
Liabilities										
Borrowings – current portion	8,626	11,248	16,056	18,532	20,130	23,159	26,805	28,087	26,142	23,727
Other current liabilities	9,018	9,855	11,525	10,251	9,746	11,771	14,099	16,273	12,963	10,930
Borrowings – non-current portion	157,008	180,720	227,009	321,185	393,126	483,965	578,463	613,053	628,089	687,839
Other non-current liabilities	103	103	103	103	103	103	103	103	103	103
Total liabilities	**174,755**	**201,926**	**254,693**	**350,071**	**423,105**	**518,998**	**619,469**	**657,517**	**667,297**	**722,599**
Net assets	**693,407**	**727,383**	**799,805**	**887,573**	**969,169**	**1,044,402**	**1,141,527**	**1,281,822**	**1,414,730**	**1,546,162**
Equity										
Revaluation reserves	377,581	400,975	428,506	462,158	500,880	544,716	594,073	648,863	709,345	777,134
Other reserves	315,827	326,408	371,299	425,415	468,289	499,686	547,454	632,959	705,386	769,027
Total equity	**693,407**	**727,383**	**799,805**	**887,573**	**969,169**	**1,044,402**	**1,141,527**	**1,281,822**	**1,414,730**	**1,546,162**

Wastewater

Table 72 Wastewater Projected Financial Position Statement

Projected statement of financial position	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	17,127	21,326	19,775	16,724	15,241	15,447	13,369	12,545	12,264	14,066
Other current assets	20,230	20,255	21,297	21,836	23,028	24,471	24,938	26,999	27,911	26,415
Infrastructure assets	1,178,281	1,314,260	1,449,293	1,703,780	1,908,247	2,194,705	2,425,474	2,648,958	2,883,226	3,155,030

Other non-current assets	8,758	10,666	12,483	16,464	18,616	22,090	24,110	25,368	25,640	26,671
Total assets	**1,224,396**	**1,366,507**	**1,502,848**	**1,758,804**	**1,965,133**	**2,256,714**	**2,487,890**	**2,713,870**	**2,949,041**	**3,222,182**
Liabilities										
Borrowings – current portion	10,526	18,271	24,574	26,975	27,957	29,333	27,565	24,691	21,377	20,419
Other current liabilities	15,776	17,903	17,240	14,669	14,355	15,970	14,402	15,710	16,421	16,751
Borrowings – non-current portion	288,303	386,477	460,604	620,864	707,783	847,726	927,907	974,511	970,923	999,885
Other non-current liabilities	164	164	164	164	164	164	164	164	164	164
Total liabilities	**314,769**	**422,815**	**502,582**	**662,672**	**750,259**	**893,193**	**970,038**	**1,015,076**	**1,008,884**	**1,037,218**
Net assets	**909,627**	**943,693**	**1,000,266**	**1,096,132**	**1,214,873**	**1,363,521**	**1,517,852**	**1,698,794**	**1,940,157**	**2,184,964**
Equity										
Revaluation reserves	594,410	630,939	677,815	732,417	796,493	869,484	950,618	1,041,077	1,142,035	1,152,910
Other reserves	315,217	312,754	322,451	363,715	418,381	494,036	567,235	657,717	798,121	1,032,054
Total equity	**909,627**	**943,693**	**1,000,266**	**1,096,132**	**1,214,873**	**1,363,521**	**1,517,852**	**1,698,794**	**1,940,157**	**2,184,964**

Stormwater (Hamilton City Council)

Table 73 Stormwater Projected Financial Position Statement – Hamilton City Council

Projected statement of financial position	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	4,501	4,501	4,501	4,501	4,501	4,501	4,501	4,501	4,501	4,501
Other current assets	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719
Infrastructure assets	833,068	861,655	912,409	989,178	1,059,857	1,152,594	1,242,595	1,309,189	1,387,265	1,480,504
Other non-current assets	1,267	1,175	1,663	2,663	3,344	4,449	5,391	5,667	6,114	6,784
Total assets	**843,556**	**872,050**	**923,292**	**1,001,062**	**1,072,421**	**1,166,263**	**1,257,206**	**1,324,076**	**1,402,599**	**1,496,508**
Liabilities										
Borrowings – current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835
Borrowings – non-current portion	46,597	42,899	62,450	102,441	129,674	173,869	211,562	222,614	240,469	267,268

Other non-current liabilities	45	45	45	45	45	45	45	45	45	45
Total liabilities	**49,476**	**45,778**	**65,330**	**105,321**	**132,554**	**176,749**	**214,441**	**225,494**	**243,349**	**270,148**
Net assets	**794,079**	**826,272**	**857,962**	**895,741**	**939,868**	**989,514**	**1,042,765**	**1,098,583**	**1,159,250**	**1,226,360**
Equity										
Revaluation reserves	618,668	643,396	670,194	699,867	732,502	768,702	808,777	851,949	898,623	949,570
Other reserves	175,412	182,875	187,769	195,874	207,366	220,812	233,988	246,634	260,627	276,790
Total equity	**794,079**	**826,272**	**857,962**	**895,741**	**939,868**	**989,514**	**1,042,765**	**1,098,583**	**1,159,250**	**1,226,360**

Stormwater (Waikato District Council)

Table 74 Stormwater Projected Financial Position Statement – Waikato District Council

Projected statement of financial position	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	1,508	1,457	1,179	1,534	1,109	1,050	959	820	638	505
Other current assets	466	527	643	748	981	1,127	1,247	1,422	1,622	1,845
Infrastructure assets	140,640	152,401	163,064	177,565	189,323	201,628	213,502	225,256	237,020	249,237
Other non-current assets	231	540	717	978	1,169	1,358	1,532	1,686	1,810	1,917
Total assets	**142,844**	**154,925**	**165,603**	**180,824**	**192,582**	**205,163**	**217,240**	**229,184**	**241,089**	**253,504**
Liabilities										
Borrowings – current portion	1,923	3,309	4,391	5,991	7,164	8,321	9,387	10,327	11,090	11,742
Other current liabilities	1,795	1,399	1,211	1,631	1,411	1,469	1,472	1,486	1,485	1,559
Borrowings – non-current portion	12,871	22,143	29,384	40,092	47,944	55,689	62,821	69,114	74,219	78,580
Other non-current liabilities										
Total liabilities	**16,589**	**26,851**	**34,986**	**47,713**	**56,518**	**65,479**	**73,680**	**80,926**	**86,793**	**91,880**
Net assets	**126,255**	**128,074**	**130,617**	**133,111**	**136,063**	**139,684**	**143,560**	**148,258**	**154,296**	**161,623**
Equity										

Revaluation reserves	45,648	49,303	53,569	57,808	62,069	66,422	70,656	75,139	79,644	84,146
Other reserves	80,607	78,771	77,048	75,303	73,995	73,262	72,904	73,119	74,652	77,477
Total equity	**126,255**	**128,074**	**130,617**	**133,111**	**136,063**	**139,684**	**143,560**	**148,258**	**154,296**	**161,623**

Three Waters

Table 75 Three Waters Projected Financial Position Statement

Projected statement of financial position	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	36,829	42,947	42,234	37,416	34,975	36,090	34,326	31,442	28,491	29,816
Other current assets	38,893	39,448	41,277	42,828	44,321	47,042	49,639	56,003	56,244	53,224
Infrastructure assets	2,988,908	3,223,416	3,542,131	4,069,906	4,510,115	5,068,384	5,593,859	6,070,955	6,540,674	7,105,213
Other non-current assets	14,329	16,980	20,599	28,184	32,999	40,024	45,509	48,069	49,347	52,701
Total assets	**3,078,958**	**3,322,790**	**3,646,241**	**4,178,334**	**4,622,410**	**5,191,540**	**5,723,333**	**6,206,469**	**6,674,756**	**7,240,954**
Liabilities										
Borrowings – current portion	21,075	32,827	45,021	51,498	55,251	60,813	63,757	63,106	58,609	55,887
Other current liabilities	29,424	31,991	32,810	29,385	28,346	32,046	32,807	36,303	33,703	32,075
Borrowings – non-current portion	504,779	632,239	779,448	1,084,582	1,278,527	1,561,248	1,780,752	1,879,292	1,913,699	2,033,572
Other non-current liabilities	312	312	312	312	312	312	312	312	312	312
Total liabilities	555,589	697,369	857,591	1,165,777	1,362,436	1,654,419	1,877,629	1,979,013	2,006,324	2,121,846
Net assets	**2,523,369**	**2,625,421**	**2,788,650**	**3,012,557**	**3,259,974**	**3,537,121**	**3,845,705**	**4,227,456**	**4,668,433**	**5,119,109**
Equity										
Revaluation reserves	1,636,306	1,724,613	1,830,084	1,952,249	2,091,944	2,249,325	2,424,124	2,617,027	2,829,646	2,963,761
Other reserves	887,062	900,808	958,566	1,060,308	1,168,030	1,287,795	1,421,581	1,610,429	1,838,786	2,155,348
Total equity	**2,523,369**	**2,625,421**	**2,788,650**	**3,012,557**	**3,259,974**	**3,537,121**	**3,845,705**	**4,227,456**	**4,668,433**	**5,119,109**

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Additional Information

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Appendix 1 Significant Capital Projects

Significant capital projects

The following tables outline the Capital investments required to meet the sufficient investment requirements of this plan.

Water Supply

Waikato District Council

Table 76 Water Significant Capital Projects - Waikato District Council

Significant capital projects - drinking water ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
Fast Track - WA and Ruakura East WA projects	0	0	0	0	0	6244	22176	57480	42960	18853
WA DIW (District Wide water supply reticulation extensions)	150	154	159	165	170	175	180	184	189	0
WA DIW Climate change	0	0	2,126	0	0	0	0	0	0	0
WA DIW Network LoS and growth upgrades	250	256	266	275	283	291	299	307	315	322
WA DIW Water pump station LoS and growth extension	50	51	53	55	57	58	60	61	63	64
WA DIW Water supply reservoir LoS and growth upgrades	100	103	106	110	113	116	120	123	126	129
WA HUN (Huntly water supply treatment plant upgrades)	480	3,840	3,580	0	0	0	0	0	0	0
WA HUN Upgrades for Ohinewai, pump stations and mains	0	0	0	2,196	2,038	0	0	0	0	0
WA NGA (Ngaruawahia water supply treatment plant upgrades)	910	2,730	0	0	0	10,332	31,863	21,794	0	0
WA OHI Reservoir	0	0	531	1,537	0	0	0	0	378	1,290
WA POK (Pookeno Helenslee Booster PS)	870	0	0	764	985	0	0	0	0	0
WA POK (Pookeno Network Improvement incl NMIT Crossing)	0	0	0	0	0	0	359	0	0	0
WA POK (Pookeno water supply reticulation extensions)	0	0	0	1,098	679	0	0	0	0	0
WA POK Extensions (long-term)	0	0	0	0	0	582	3,113	1,229	0	0
WA POK Reservoir extensions	0	0	531	0	0	0	0	0	0	0

WA RAG (Raglan water supply reticulation upgrades)	0	0	0	0	0	0	0	0	1,259	1,290
WA RAG Bulk main extension	0	0	797	1,922	0	0	0	0	0	0
WA RAG Network reconfiguration	0	0	0	0	0	0	0	0	1,259	1,290
WA RAG Reservoirs	400	3,078	5,740	0	0	0	0	0	0	0
WA RAG Water supply treatment plant extension	0	0	181	1,400	0	0	0	0	0	0
WA TKA (Te Kauwhata water supply reservoir extensions)	2,220	0	0	0	0	0	0	0	0	0
WA TKA (Te Kauwhata water supply reticulation extensions)	750	0	0	0	0	0	0	0	2,834	3,772
WA TKA (Te Kauwhata water supply reticulation upgrades)	0	64	930	0	0	0	0	0	0	0
WA TKA Water supply treatment plant extensions	250	513	0	0	14,151	20,385	0	0	0	0
WA TUA (Tuakau Network Upgrades)	0	375	259	0	0	0	180	184	0	0
WA TUA Reservoir upgrades	0	0	4,144	10,167	0	0	0	0	0	0
Total investment to meet additional demand	**6,430**	**11,164**	**19,405**	**19,688**	**18,475**	**38,185**	**58,350**	**81,363**	**49,383**	**27,010**
Projects to improve levels of services										
WA DIW SCADA renewal and upgrade	1,531	0	0	0	0	0	0	0	0	0
WA DIW Booster pump station extensions	0	300	0	0	0	0	0	0	0	0
WA DIW Leak detection and water loss reduction programme	150	154	159	0	0	0	0	0	0	0
WA DIW Network LoS and growth upgrades	250	256	266	275	283	291	299	307	315	322
WA DIW Water pump station LoS and growth extension	50	51	53	55	57	58	60	61	63	64
WA DIW Water supply reservoir LoS and growth upgrades	100	103	106	110	113	116	120	123	126	129
WA EUR (Southern DistriEureka network zone boundaries modif)	0	0	1,658	2,568	0	0	0	0	0	0
WA GDN (Southern DistrictGordonton Rerservoir & PS)	0	0	0	0	0	0	0	0	0	645
WA GDN (Southern DistrictsPuketaha Rd Watermain)	0	0	0	0	0	0	0	0	0	774
WA HUN (Huntly water supply reticulation extensions)	2,000	2,052	0	0	0	0	0	0	0	0

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WA HUN (Huntly water supply reticulation upgrades)	0	1,026	531	275	0	0	0	0	0	0
WA HUN (Huntly water supply treatment plant upgrades)	20	160	149	0	0	0	0	0	0	0
WA MRE (Meremere (Mid Waikato) New Meremere Watermain)	1,700	0	0	0	0	0	0	0	0	0
WA MTG (Matangi water supply reservoir extensions)	0	2,880	4,310	0	0	0	0	0	0	0
WA MTG (Southern Districts Matangi Watermain)	0	0	0	0	340	932	0	0	0	0
WA NGA (Ngaruawahia water supply treatment plant upgrades)	90	270	0	0	0	1,022	3,151	2,155	0	0
WA POK (Pookeno Helenslee Booster PS)	130	0	0	114	147	0	0	0	0	0
WA POK (Pookeno Network Improvement incl NMIT Crossing)	0	0	0	0	0	0	120	0	0	0
WA RAG (Raglan water supply reticulation extensions)	0	0	1,594	0	0	0	0	0	0	0
WA RAG Water supply treatment plant extension	0	0	32	247	0	0	0	0	0	0
WA TAU Water supply reticulation upgrades	1,500	0	0	0	0	0	0	0	0	0
WA TKA (Te Kauwhata water supply reservoir extensions)	780	0	0	0	0	0	0	0	0	0
WA TKA (Te Kauwhata water supply reticulation extensions)	250	0	0	0	0	0	0	0	945	1,257
WA TKA (Te Kauwhata water supply reticulation upgrades)	0	192	2,790	0	0	0	0	0	0	0
WA TUA (TuakauDominion Booster PS)	0	0	53	0	0	0	0	0	0	0
WA TUA (TuakauTuakau Network Upgrades)	0	750	518	0	0	0	359	369	0	0
WA TWH (Southern DistrictsTauwhare Pa Watermain)	0	0	319	0	0	0	0	0	0	0
Total investment to improve levels of services	**8,551**	**8,195**	**12,539**	**3,643**	**940**	**2,420**	**4,109**	**3,016**	**1,448**	**3,192**
Projects to replace existing assets										
WA DIW SCADA renewal and upgrade	1,531	0	0	0	0	0	0	0	0	0
WA DIW (District Wide water supply connection renewals)	200	205	213	220	226	233	239	246	252	258
WA DIW (District Wide water supply pump station renewals)	60	62	64	66	68	70	72	74	76	77

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WA DIW (District Wide water supply reservoir renewals)	200	205	213	220	226	233	239	246	252	258
WA DIW (District Wide water supply reticulation renewals)	2,000	4,000	4,144	4,281	4,413	2,271	2,334	2,395	2,455	2,514
WA DIW (District Wide water supply treatment plant renewals)	800	821	850	878	906	932	958	983	1,007	1,032
WA DIW Mid-Waikato Servicing Strategy recommendation	0	0	744	0	0	349	0	0	0	387
WA DIW Sampling equipment	100	103	106	110	113	116	120	123	126	129
WA EUR (Southern DistriEureka network zone boundaries modif)	0	0	414	642	0	0	0	0	0	0
WA MTG (Matangi water supply reservoir extensions)	0	720	1,077	0	0	0	0	0	0	0
WA NGA (Ngaruawahia water supply reticulation upgrades)	1,500	1,539	0	0	0	582	1,197	0	0	0
WA ONW Water treatment plant planning and management	0	308	0	0	0	0	0	0	0	0
WA RAG Bulk main extension	0	0	797	1,922	0	0	0	0	0	0
WA RAG Water treatment plant planning and management	0	0	0	0	0	0	0	0	756	0
WA TEA Water treatment plant planning and management	200	0	0	0	0	0	0	0	0	0
WA TKA (Te Kauwhata water supply treatment plant upgrades)	0	1,500	4,144	0	0	0	0	0	0	0
WA TUA (TuakauTuakau Network Upgrades)	0	375	259	0	0	0	180	184	0	0
Total investment to replace existing assets	**6,591**	**9,837**	**13,026**	**8,338**	**5,953**	**4,787**	**5,340**	**4,250**	**4,923**	**4,654**
Total investment in drinking water assets	**21,571**	**29,196**	**44,970**	**31,669**	**25,368**	**45391**	**67799**	**88629**	**55754**	**34856**

Hamilton City Council

Table 77 Water Significant Capital Projects – Hamilton City Council

Significant capital projects - drinking water ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
CE15144 - Upgrade water treatment plant	2,000	795	5,397	20,235	6,074	612	6,275	7,711	2,627	30,841

CE15132 - Water network upgrades to allow new development	145	769	2,534	4,945	9,826	10,713	12,549	12,851	13,133	13,409
CE19049 - Wtr Demand Mgmt-Fairfield ReservoirZn	0	543	1,072	0	0	0	0	0	0	0
CE19046 - Peacocke watermains stage 2	157	0	0	0	0	0	0	0	0	0
CE15141 - Wtr Dmnd Mngt - Hillcrest Reservoir Zone	150	1,098	4,728	30,652	21,438	0	0	0	0	0
CE21033 - Ruakiwi Pumpstation Upgrade	2,599	6,355	22,055	26,162	15,790	435	0	0	0	0
CE23002 - IAF Water Supply	573	330	811	457	2,189	2,189	2,189	0	0	0
CE19047 - Water Demnd Mgmt - Maeroa Reservoir Zone	0	398	84	0	0	0	0	0	0	2,682
CE19048-WaterDemandMgmt-HamSouth ReservoirZneCE15135 - Peacocke Water Distribution Mains Stg1	0	0	0	0	0	0	0	0	0	4,278
CE15130 - Peacocke watermains stage 1	7	0	0	0	0	0	0	0	0	0
CE15134 - Water demand management - Pukete reservoir zone	271	0	0	0	0	0	0	0	0	0
CE21033 - Ruakiwi Pumpstation UpgradeCE15132 - Water ntwrk upgrdes to allow new develop	0	0	0	0	0	0	0	0	6,567	40,227
CE19045 - Ruakura Reservoir & Assoc Bulk Mains	0	0	0	3,472	10,004	44,075	45,176	0	0	0
CE15148 - Ruakura Upgrade and New Watermains	0	0	408	0	0	0	0	0	0	0
CE15126 - Rototuna Upgrade or New Watermains	0	0	0	0	0	0	917	2,255	717	0
CE21036 - RotokauriUpgrade&New Watermains Stg2	0	0	0	0	0	0	395	4,278	2,984	2,021
CE15128 - Rotokauri Upgrd&New Watermains Stg1	0	0	2,447	143	1,015	306	1,678	724	2,661	862
CE19046 - Peacocke Watermains Stage 2	152	25	77	0	0	228	806	1,472	1,532	444
CE15135 - Peacocke water distribution mains stage 1	99	0	0	0	0	0	0	0	0	0
CE15146 - Water Customer Connections	1,284	54	56	58	60	61	63	64	66	67
CE21035 - Strategic Water Demand Management	0	597	1,178	4,746	19,056	19,589	12,549	6,094	0	0
CE15127 - Water Pipe Upgrades	1	597	786	1,828	871	895	918	940	960	981
CE15159 - Water Master Plan	50	75	185	174	39	0	188	42	0	201
Total investment to meet additional demand	**7,489**	**11,636**	**41,818**	**92,872**	**86,362**	**79,103**	**83,703**	**36,431**	**31,246**	**96,012**
Projects to improve levels of services										

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CE24030 - IAF Water Supply	0	0	0	0	0	0	0	8,964	10,381	0
CE15133 - Water Network Improvements	618	2492	15,493	11,660	7,549	6,118	6,774	6,754	7,528	15,987
CE15139 - Water Trtmt PlntCompliance-MinorUpgds	2	1,282	3,061	5,496	2,153	2,435	1,885	508	388	530
Total investment to improve levels of services	**620**	**3,774**	**18,555**	**17,156**	**9,702**	**8,553**	**8,659**	**16,226**	**18,297**	**16,517**
Projects to replace existing assets										
CE10124 - Watermain Valves & Hydrants Renewals	505	878	790	2649	1531	1611	1327	1186	1177	989
CE10138 - Treatment Plant & Reservoir Renewals	1582	1084	2233	7477	5106	4613	4254	4381	9029	4545
CE10123 - Watermain Renewals	4874	5069	4921	17013	10193	10338	8981	9254	9424	9404
CE15158 - Water Model	105	200	326	442	343	817	213	218	336	228
Total investment to replace existing assets	**7066**	**7230**	**8270**	**27581**	**17173**	**17380**	**14775**	**15040**	**19966**	**15166**
Total investment in drinking water assets	**15,175**	**22,640**	**68,643**	**137,610**	**113,236**	**105,036**	**107,136**	**67,697**	**69,509**	**127,695**

Wastewater

Waikato District Council

Table 78 Wastewater Significant Capital Projects - Waikato District Council

Significant capital projects - wastewater ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
Fast Track-WA & Ruakura East Wastewater	0	0	0	0	0	6,620	11,267	24,357	25,295	316
WW DIW Northern Hamilton-Waikato metropolitan conveyance	0	0	0	0	0	0	0	0	541	29,411
WW HOR (Horotiu wastewater pump station extensions)	180	3,591	1,913	604	0	0	0	0	0	0
WW HOR (Horotiu wastewater reticulation extensions)	0	0	319	0	0	349	0	0	0	0
WW HUN (Huntly wastewater treatment plant upgrades)	3,039	4627	3315	0	0	0	0	0	0	0
WW MTG Interceptor pump station and rising main	2,500	0	0	0	0	0	0	0	0	0

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WW NGA (Ngaruawahia wastewater treatment plant upgrades)	0	5850	4662	0	0	0	0	0	0	0
WW NGA Network extensions	0	0	0	2,140	0	0	0	0	0	0
WW NGA Pump station and rising main upgrade Waingaro Road	540	1,785	1,276	0	0	0	0	0	0	0
WW NGA Pump station extensions	0	0	0	0	0	315	2,178	0	0	0
WW POK Pump station and rising main Pookeno West	0	0	0	1,070	0	0	0	0	4,357	0
WW RAG (Raglan wastewater treatment plant upgrades)	6,487	58	150	1,657	0	0	0	0	0	0
WW RAG Pump station and rising main upgrade	0	308	3,827	1,449	0	0	0	0	0	0
WW RAN Pump station upgrade Murphy Street	0	0	159	0	0	0	0	0	0	0
WW Te Kauwhata wastewater treatment plant upgrades	840	3,604	1,958	0	5,561	8,583	0	0	0	0
WW TKA Pump station extensions	0	193	0	13	166	0	0	0	0	0
WW TKA Treatment plant upgrades	0	0	0	0	0	1,362	0	0	0	0
WW TUA (Tuakau wastewater reticulation extensions)	480	1,231	0	1,757	0	0	0	0	0	0
Total investment to meet additional demand	**14,066**	**21247**	**17579**	**8,691**	**5,726**	**17230**	**13446**	**24,357**	**30,194**	**29,727**
Projects to improve levels of services										
WW DIW (District Wide treatment plant upgrades)	360	369	383	395	408	419	431	442	453	464
WW DIW (Wastewater pump station LOS impr - emrgncy storage)	600	616	797	824	849	874	898	921	945	967
WW DIW Biosolids Strategy	0	300	0	0	0	0	0	0	0	0
WW DIW Climate change upgrades	0	0	2,126	0	0	0	0	0	0	0
WW DW Pump station LoS improvement - odour control	170	174	213	220	226	233	239	246	252	258
WW HOR (Horotiu wastewater reticulation extensions)	0	0	319	0	0	349	0	0	0	0
WW HUN (Huntly wastewater treatment plant upgrades)	4,749	7230	5180	0	0	0	0	0	0	0
WW HUN Pump station replacement and upgrade Lignite Street	0	0	204	1,660	815	0	0	0	0	0
WW NGA (Ngaruawahia wastewater treatment plant upgrades)	0	9750	7770	0	0	0	0	0	0	0

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WW NGA Pump station and rising main upgrade Waingaro Road	900	2,975	2,126	0	0	0	0	0	0	0
WW RAG (Raglan wastewater treatment plant upgrades)	13,198	118	306	3,371	0	0	0	0	0	0
WW RAG Network upgrades	0	0	0	2,196	0	0	0	0	0	0
WW Te Kauwhata wastewater treatment plant upgrades	700	3,003	1,632	0	4,634	7,153	0	0	0	0
WW TKA Pump station extensions	0	578	0	40	497	0	0	0	0	0
WW TKA Treatment plant upgrades	0	0	0	0	0	908	0	0	0	0
Total investment to improve levels of services	**20,677**	**25113**	**21054**	**8,706**	**7,429**	**9937**	**1569**	**1,610**	**1,650**	**1,689**
Projects to replace existing assets										
WW DIW (District Wide wastewater pump station renewals)	344	353	531	549	566	582	599	614	630	645
WW DIW (District Wide wastewater reticulation renewals)	3,000	3,078	4,252	4,392	4,528	4,660	4,790	4,915	5,037	5,158
WW DIW (District Wide wastewater treatment plant renewals)	480	492	638	659	679	699	718	737	756	774
WW DIW (District Wide wastewater treat. plant plan & manage)	240	246	319	329	340	349	359	369	378	387
WW DIW Legal contingency post lodgement	0	0	1063	0	0	0	0	0	0	0
WW DIW Northern Hamilton-Waikato metropolitan conveyance	0	0	0	0	0	0	0	0	60	3,268
WW HUN (Huntly wastewater reticulation renewals)	0	3,591	0	0	0	0	0	0	0	0
WW HUN (Huntly wastewater treatment plant upgrades)	1,709	2603	1865	0	0	0	0	0	0	0
WW HUN (Huntly wastewater treatment plant plan & management)	0	0	531	549	0	0	0	0	0	0
WW HUN Pump station replacement and upgrade Lignite Street	0	0	136	1,107	543	0	0	0	0	0
WW HUN Reticulation renewals	400	410	1,063	1,098	1,132	466	479	491	504	0
WW NGA (Ngaruawahia wastewater treatment plant upgrades)	0	3900	3108	0	0	0	0	0	0	0
WW NGA Pump station and rising main upgrade Waingaro Road	360	1,190	850	0	0	0	0	0	0	0
WW NGA Treatment plant planning and management	0	0	372	384	0	0	0	0	0	0

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WW RAG (Raglan wastewater treatment plant upgrades)	2,684	24	62	686	0	0	0	0	0	0
WW RAG Pump station and rising main upgrade	0	205	2,551	966	0	0	0	0	0	0
WW RAG Treatment plant planning and management	400	0	0	0	0	0	0	0	0	0
WW Te Kauwhata wastewater treatment plant upgrades	460	1,973	1,072	0	3,045	4,700	0	0	0	0
WW TEO (Te Ohaki low pressure WW pump scheme)	170	185	0	0	0	0	0	0	0	0
WW TKA Treatment plant planning and management	25	51	372	384	0	0	0	0	0	0
WW TUA (Tuakau wastewater reticulation extensions)	120	308	0	439	0	0	0	0	0	0
WW TWH (Tauwhare Pa Low Pressure WW Pump Scheme)	0	0	0	0	0	0	0	209	227	0
WW TWH Paa treatment plant planning and management	0	0	0	0	0	0	0	0	378	387
WW WHL (Whale Bay Pressure Pump Renewal)	0	0	0	296	317	0	0	0	0	0
Total investment to replace existing assets	**10,393**	**18610**	**18786**	**11,839**	**11,151**	**11457**	**6945**	**7,335**	**7,969**	**10,618**
Total investment in wastewater assets	**45,136**	**64970**	**57420**	**29,236**	**24,306**	**38623**	**21960**	**33,301**	**39,813**	**42,035**

Hamilton City Council

Table 79 Wastewater Significant Capital Projects – Hamilton City Council

Significant capital projects - wastewater ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
CE15144 - Upgrade water treatment plant	587	0	0	0	0	0	0	0	0	0
CE15132 - Water ntwrk upgrdes to allow new develop	0	0	0	1473	596	857	0	0	0	0
CE19042 - Peacocke Wastewater South Network	3935	66	4082	2365	0	0	0	0	0	0
CE15121 - Wastewater customer connections to network	1776	0	0	0	0	0	0	0	0	0
CE19043 - Incr capacity WW West Network	6276	4519	10816	4631	8003	38203	46573	10536	0	0
CE19044 - Increase capacity WW East Network	1074	4352	4303	48206	33313	36479	5119	48	0	0
CE19042 - Peacocke wastewater south network	3009	0	0	0	0	0	0	0	0	0

CE19040 - Peacocke wastewater infrastructure stage 2	2631	0	0	0	0	0	0	0	0	0
CE23004 - IAF Wastewater	619	659	584	457	2189	2189	2189	0	0	0
CE15104 - Wastewater Pipe Upgrades	1	497	1270	1966	1012	7162	6714	5333	15500	14230
CE21000 - Placeholder CE Code 21-31	0	0	0	826	6074	0	0	0	0	0
CE21073 - Subregional WW Treatment Plant	701	994	6967	14468	17150	9794	0	0	32504	33187
CE15117 - Upgrade WW Treatment Plant	2551	24985	9171	72539	53447	64170	65760	79595	53195	86273
CE19073 - Te Rapa Upgrade & New Watermains	0	0	262	0	0	0	0	0	0	0
CE19040 - Peacocke WW Infrastructure Stg2	2112	1604	2508	847	153	1178	2132	8371	1631	1846
CE15105 - Rototuna WW Infrastructure	0	0	0	0	250	341	2808	0	0	0
CE15107 - Rotokauri WW Infrastructure	0	0	531	5830	108	855	3061	5280	1212	34
CE15109 - Peacocke WW Infrastructure Stage 1	0	0	585	0	0	1635	198	822	40	0
CE15121 - WW Customer Connections to Network	116	119	123	127	131	134	138	141	144	147
CE15111 - Increase capacity of wastewater network	157	984	766	0	0	11324	4267	4369	5779	5900
CE15161 - Wastewater Master Plan	44	75	728	169	174	538	184	188	577	196
CE15106 - WW Network Upgrds to Allow Devlpmnt	57	56	0	0	0	0	0	0	0	0
Total investment to meet additional demand	**25646**	**38911**	**42694**	**153905**	**122602**	**174860**	**139142**	**114685**	**110581**	**141813**
Projects to improve levels of services										
CE21058 - Transportation safety improvements[74]	245	0	0	0	0	0	0	0	0	0
CE15103 - Wastewater Network Improvements	334	1387	7914	13289	3111	3198	2024	2101	2147	2192
CE15104 - Wastewater Pipe Upgrades	5289	9379	0	0	0	0	0	0	0	0
CE15120 - Wastewater Treatment Plant Compliance	2558	740	1030	4552	3091	4812	4095	4685	4583	3196
Total investment to improve levels of services	**8426**	**11507**	**8944**	**17841**	**6202**	**8010**	**6119**	**6786**	**6730**	**5389**
Projects to replace existing assets										

[74] Improvements to wastewater infrastructure aligned with Transport safety improvements “bikes on pipes” programme.

CE15160 - Wastewater Model	327	211	149	411	1533	817	213	218	399	322
CE10101 - Wastewater Asset Renewals	2377	7986	6110	18735	20350	26374	25110	25759	28210	28209
CE10100 - Wastewater PS Asset Renewals	1172	779	967	2887	2880	2773	3280	2991	3087	3216
CE10115 - WW Treatment Plant Asset Renewals	3173	3823	9675	16733	9317	11505	7596	7644	8742	7976
Total investment to replace existing assets	**7,050**	**12,799**	**16,900**	**38,767**	**34,080**	**41,469**	**36,199**	**36,613**	**40,438**	**39,723**
Total investment in wastewater assets	**41122**	**63217**	**68538**	**210512**	**162884**	**224339**	**181460**	**158083**	**157750**	**41122**

Stormwater

Waikato District Council

Table 80 Stormwater Significant Capital Projects - Waikato District Council

Significant capital projects - stormwater ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
SW DIW (District Wide storm water extension)	300	308	319	329	340	349	359	369	378	387
SW DIW (District Wide Treatment Plant Proprietary Devices)	100	119	102	20	9	48	81	55	69	58
SW DIW Catchment management plans	300	287	0	0	0	373	0	0	0	0
SW NGA Catchment management plan projects	1,025	943	977	1,076	1,177	1,115	1,119	1,130	1,158	1,282
SW POK (Pookeno stormwater reticulation extensions)	4,606	423	0	0	0	0	0	0	0	0
SW POK (Pookeno stormwater reticulation extensions)	900	0	0	0	0	0	0	0	0	0
SW RAG Catchment management plans projects	138	106	110	141	168	135	130	127	130	165
SW TKA Catchment management plans projects	35	0	0	27	51	15	6	0	0	115
Total investment to meet additional demand	**7,404**	**2,186**	**1,508**	**1,593**	**1,744**	**2,035**	**1,695**	**1,680**	**1,735**	**2,008**
Projects to improve levels of services										
SW DIW (District Wide Treatment Plant Proprietary Devices)	400	476	408	79	36	194	326	219	275	230
SW DIW (District wide Various WQ, waterway and capacity upg)	1,500	1,539	1,594	1,647	1,698	1,747	1,796	1,843	1,889	1,934
SW DIW Catchment management plans	150	144	0	0	0	186	0	0	0	0

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SW DIW Climate change infrastructure upgrades	500	513	531	2,196	2,264	2,330	2,395	2,457	2,519	2,579
SW DIW Flood mitigation works	1,000	1,026	1,063	1,098	1,132	1,165	1,197	1,229	1,259	1,290
SW DIW Ponds performance testing and asset monitoring	150	103	53	55	57	58	60	61	63	64
SW DIW Water quality improvement works	0	1,385	0	0	487	0	0	0	0	0
SW NGA Catchment management plan projects	342	314	326	359	392	372	373	377	386	427
SW RAG Catchment management plans projects	415	318	329	422	503	405	389	381	390	496
SW TKA Catchment management plans projects	105	0	0	82	153	44	18	0	0	346
Total investment to improve levels of services	**4,561**	**5,818**	**4,305**	**5,938**	**6,722**	**6,500**	**6,554**	**6,567**	**6,781**	**7,368**
Projects to replace existing assets										
SW DIW (District Wide Storm Water Network Renewals)	110	0	0	329	0	0	0	369	0	0
SW DIW Asset monitoring	120	62	64	66	68	70	72	74	76	77
SW DIW Catchment management plans	300	287	0	0	0	373	0	0	0	0
SW DIW Climate ecological surveys	0	0	638	0	0	0	0	0	0	0
SW DIW Community education programmes	50	26	27	27	28	58	30	31	31	32
SW DIW Community engagement and Taumata Arowai requirements	150	154	159	165	170	175	180	184	189	193
SW DIW Consent - aesthetic improvements	0	0	0	0	57	58	60	31	31	0
SW DIW Consent renewal strategy	0	0	0	972	0	0	0	0	0	0
SW DIW Consent renewals	0	205	765	2,196	0	0	0	0	0	0
SW DIW Fish passage inspection and upgrades	300	49	51	53	54	85	57	59	60	62
SW DIW Initiatives	0	103	0	55	0	0	120	0	63	0
SW DIW Monitoring plan	0	103	0	0	0	0	0	0	0	0
SW DIW Network asset renewal	700	718	744	769	792	815	838	860	882	903
SW DIW Rain garden refurbishment	50	113	43	143	91	163	299	61	252	64
SW DIW Riparian planting	285	97	61	63	65	66	341	117	72	74
Total investment to replace existing assets	**2,065**	**1,917**	**2,551**	**4,837**	**1,325**	**1,864**	**1,997**	**1,785**	**1,656**	**1,406**
Total investment in stormwater assets	**14,030**	**9,920**	**8,364**	**12,368**	**9,791**	**10,399**	**10,247**	**10,032**	**10,172**	**10,781**

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Table 81 Stormwater Significant Capital Projects - Hamilton City Council

Significant capital projects - stormwater ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
CE15059 - Rototuna Stormwater Infrastructure	51	842	3445	3829	0	3397	322	1910	1445	0
CE15060 - Rotokauri SW Infrastructure S1	1870	1992	2260	4576	17273	20310	23278	1455	1905	1795
CE15162 - Integrated Catchment Management Plan	737	2080	2189	16366	3467	21825	16519	13236	19480	13901
CE23003 - IAF Stormwater	632	458	0	577	2189	2189	2189	0	0	0
CE21066 - Ruakura stormwater infrastructure	11	0	0	0	0	0	0	0	0	0
CE15063 - Peacocke SW Infrastructure Stage 2	2917	260	3001	1473	1350	1562	1356	1194	3571	8255
CE15068 - Stormwater Customer Connections	825	27	28	29	30	31	31	32	33	34
CE21032 - Stormwater Infrastructure Upgrades	53	545	2526	1282	1010	1038	1064	1090	1114	1137
CE15062 - Peacocke Stormwater Infrastructure Stg 1	3213	0	453	0	0	0	0	0	0	0
CE21063 - Te Rapa North SW Infrastructure	0	0	0	0	0	0	0	0	0	13408
CE15060 - Rotokauri Stormwater Infrastructure Stage 1	26	0	258	0	0	0	0	0	0	0
Total investment to meet additional demand	**10,335**	**6,204**	**14,159**	**28,133**	**25,320**	**50,352**	**44,760**	**18,917**	**27,547**	**38,530**
Projects to improve levels of services										
CE19026 - Erosion Control Works	1214	3008	5517	5226	4281	2761	3036	2849	2803	3576
CE21031 - Flood Management	60	1491	4158	6166	7746	3407	3492	3576	3654	3731
CE15067 - Comprehensive SW Consent Imp	93	42	279	670	305	314	331	179	183	187
CE21062 - Stormwater Asset Upgrades	0	0	399	509	310	45	251	257	263	268
CE21031 - Flood Management	100	0	0	0	0	0	0	0	0	0
Total investment to improve levels of services	**1,467**	**4,541**	**10,354**	**12,570**	**12,642**	**6,526**	**7,110**	**6,861**	**6,903**	**7,762**

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Projects to replace existing assets										
CE10058 - Stormwater Asset Renewals	401	885	7,755	15,317	9,848	10,197	9,721	10,417	10,722	10,673
Total investment to replace existing assets	**401**	**885**	**7,755**	**15,317**	**9,848**	**10,197**	**9,721**	**10,417**	**10,722**	**10,673**
Total investment in stormwater assets	**12204**	**11631**	**32268**	**56,020**	**47,810**	**67,075**	**61,591**	**36,195**	**45,172**	**56,965**

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Appendix 2 Risks and Assumptions

A summary of key risks and assumptions that are material to this WSDP are outlined below and should be read in conjunction with the significant forecasting assumptions communicated in the Hamilton City and Waikato District LTPs[75] and additional detail included in the LWDW Business case.

Significant Risks and Assumptions

Parameters	Risks and Assumptions
Future Service Delivery Model	It is assumed that: - The CCO will own and manage water supply infrastructure and wastewater assets. - Stormwater services will remain council-owned, with service delivery contracted to the CCO. - Current relevant Contracts, Consents and Service Level Agreements (SLAs) with neighbouring councils will be novated to the CCO and honoured limiting service disruption to residents. - The CCO will undertake strategic planning to refine investment plans and operational strategies to align with customer, council and regulatory requirements as well as realise the anticipated benefits identified in this plan. - Although broader collaboration is desired, it is assumed for the purposes of this plan that no other councils' have decided to participate in the proposed CCO. The following assumptions in LTP's are inconsistent with the future service delivery model assumptions in this plan: - Three waters reform assumptions in the Hamilton City Council 24/34 Long Term Plan. **Risks** - At this time of approving this Water Services Delivery Plan, the Local Government (Water Services) Bill is subject to parliamentary processes. There is a risk that the Bill when enacted varies Council legislative obligations with regards to Water Service Delivery options.

[75] Hamilton City Councils 2024-34 Long Term Plan and Waikato District Councils 25-34 Long Term Plan

Transition management	It is assumed that: - The proposed timeframes for transition are realistic and achievable within the allocated funding. - Establishment will adopt an MVP approach throughout, and that this will be sufficient to support streamlined, cost-effective transition and minimise disruption for customers and staff while essential structures and processes are stood up. - Establishment costs will be debt funded and become part of the debt the CCO's initial debt requirements (and opening debt balance). - Current skillsets are retained during transition and that organisational capacity is sufficient to manage the combined services of the CCO. - That Shared Service arrangements with Councils will be sufficient to support the operation of the CCO through transition. - All relevant assets are identifiable and will be transferred to the ownership and control of the CCO on 1 July 2026. **Risks** - There is a low risk that transition timeframes may be delayed or costs may exceed budget due to unforeseen complexity, resource constraints and/or shortage of sufficiently qualified board members – with potential impact on service continuity and financial performance. - There is a moderate risk that unforeseen technical, legal, or operational complications could arise during transition, requiring additional resources, extending timelines, or requiring unplanned system changes to ensure operational continuity. This risk would escalate in the event of an additional council seeking to join the CCO. - There is an additional moderate risk that organisational disruption, combined with open opportunities at a national level, trigger staff movement causing capability and capacity gaps at a pivotal point. - There is a risk of disruption to services, levels of service, and/or capital delivery due to the significant staff changes, staff time allocation, and staff impacts required to implement the CCO.
Financial sustainability	It is broadly assumed that LTP's accurately reflect investment, revenue and funding required to continue to deliver three waters services, except for the following: <u>Investment</u> It is assumed that:

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	- Additional funding will be required to support the establishment of a CCO. It is assumed that the estimated $7.35m of establishment costs and operational costs of $3.95 million budgeted in 26/27 will be sufficient to enable the MPV CCO to operate on Day 1. - Additional debt head room provides the opportunity to revise the timing of funded investments and fund previously identified unfunded investments requirements. - Universal water metering will be required to enable legislative compliance with charging requirements by 1 July 2031. It is assumed for the purpose of this plan that the introduction of water meters will not materially change the volume of water assumed to be produced or the proportional volumetric charges. - The monetary value of asset transfer has been calculated using a forecast asset position. The asset value for 24/25 financial year, has been based on asset values at 23/24 financial year and includes an inflationary adjustment in line with the fair value assessment. The asset value for 25/26 financial year and onwards, includes an inflationary adjustment in line with the GHD cost escalation report. . There is a high level of uncertainty with this assumption as the impact of subsequent asset revaluation, which will be required to support transition transactions, could differ materially due to the significant inflationary pressures on the capital programme in a high inflation economy that has yet to settle, and any potential inconsistency of valuation assumptions and methodologies applied by the Councils. Should any shift in assumptions, including inflation, result in a higher than assumed assets value after revaluation, insufficient rates may be collected for debt repayment and for future renewals. - With the exception of the one-off establishment and operational costs identified in year 25/26, the organisational cost of operating the CCO and Shared Service arrangements with the councils through the transitional period are assumed to be equivalent to current overhead costs within respective council's operating budgets. - WDC costs paid to Watercare include an overhead component to cover back-office functions. On the assumption that overhead functions can be delivered within the shared services framework and other CCO operating costs the margin has been removed in the CCO from 2028/29 financial year. - On the basis that the Councils will contract the CCO to provide stormwater services including strategy, planning, consenting, project design, delivery, maintenance, engineering, and related services. In the CCO view, an additional fee and charge has been included and additional operating expenses to carry out the stormwater services. The provision of stormwater services by the CCO is assumed to be cost neutral.

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- Fast Track programmes which have been incorporated into the WSDP are assumed to be 70% funded by developers consistent with the assumptions applied in the LWDW business case.
- The CCO will have access to insurance coverage at equivalent rates and conditions to the councils.
- The CCO will consider how the anticipated benefits identified in this plan can be achieved through ongoing strategic planning processes. Conservatively, arbitrary efficiency savings associated with the new delivery model have not been assumed in this plan.
- The CCO will maintain financial sustainability beyond 30 June 2028.
- Changing requirements due to new emerging legislation and regulation will be responded to through future strategic planning processes. These requirements include, for example, any response to the Local Government (Water Services) Bill and emerging economic regulation.
- Hamilton City Council - Separate inflation rates have been used for the operational and capital budgets due to the different cost drivers that impact these types of cost. Business and Economic Research Ltd (BERL) were contracted on behalf of the local government sector to provide information for the 2024/34 period. These forecasts are related to the types of costs that the local government sector is likely to incur.

  Inflation rates are reviewed annually at each Annual Plan and Long-Term Plan. Treasury inputs for wage/salary growth projections was used along with consideration for the Council's continued commitment to align Council's minimum wage to the Living wage, and the inflationary effects of committed associated remuneration benefits. Council has increased the capital inflation rate by the historical trend variance, as calculated by analysing forecast capital BERL rates (as assumed in prior Long-Term Plans) and actual inflation rates.

  Operating expenditure (excluding personnel) and revenue inflation in financial modelling is:

FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
0%	3.2%	3.2%	3.0%	2.7%	2.6%	2.4%	2.3%	2.2%	2.1%

  Capital expenditure and revenue (capital subsidies, capital contributions) inflation used in financial modelling is:

FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
0%	3.4%	3.3%	3.2%	2.9%	2.8%	2.5%	2.4%	2.2%	2.1%

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Personnel inflation used in financial modelling is:

FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
0%	5.5%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

- Waikato District Council - Council has used the 2024 Price Level Adjustors provided by Business and Economic Research Limited (BERL) as the primary tool to forecast future costs and adjust financial projections. These adjusters have been applied across all relevant areas of expenditure, including water infrastructure, labour, and operational costs, to ensure financial planning reflects anticipated changes in economic conditions such as inflation and wage growth.

For Water Pipelines:

FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
3.6%	3.3%	3.1%	2.9%	2.8%	2.6%	2.5%	2.4%

For Property Capital:

FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
3.1%	2.9%	2.6%	2.5%	2.4%	2.3%	2.2%	2.1%

For PPI Local Govt inputs:

FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
2.5%	2.4%	2.1%	2.0%	1.9%	1.9%	1.9%	1.8%

For Waters:

FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
3.6%	3.5%	3.3%	3.2%	3.0%	2.9%	2.8%	2.6%

<u>Funding / Debt</u>

It is assumed that:

- The CCO will be able to access funding through the LGFA up to 500% debt to revenue ratio, and that the funding terms will not change materially from the financing assumptions underpinning the financial projections.

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- Councils, should they choose, will be able to access increased funding through the LGFA up to a 350% debt to revenue ratio, and that the funding terms will not change materially from the financing assumptions underpinning the financial projections.
- For the purposes of this plan the internal debt to revenue ratio limit for stormwater for, both councils is assumed to be 500%.
- The tenor of new borrowings will match the economic useful life of the underlying infrastructure or investment that the debt is being raised to fund. In this way the CCO and councils can achieve better generational equity for customers, as the burden of paying for infrastructure will be spread across the period over which benefits will be derived from the use of those assets.
- It is assumed that Hamilton City's and Waikato District's credit rating will remain unchanged and on this basis, councils will continue to access debt on terms (and at interest rates) that reflect this rating, within the context of prevailing economic conditions. Debt levels will be managed to maintain credit rating.
- Hamilton City Council - Interest on expenditure PwC provides these projections based on Council's projected debt portfolio, as part of their ongoing treasury advisory function.

FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
4.00%	3.72%	3.98%	4.02%	4.19%	4.40 %	4.68 %	4.85 %	5.03%	4.84%

The interest assumptions have a medium level of uncertainty. The risk is interest rates could be higher or lower than predicted which will impact on revenue, expenditure and debt. The impacts have been explained in our sensitivity analysis.

- Waikato District Council – PwC provides the borrowing costs projections based on Council's forecasted debt portfolio as part of their continuous treasury advisory services.

FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
4.25%	4.22%	4.21%	4.26%	4.33%	4.42 %	4.46 %	4.59 %	5.79%	5.05%

- It is expected that the CCO's Governance and Management structure will develop a treasury policy that is fit-for-purpose and adequately considers interest rate and refinance risk, which may include:
  - a strategy of balancing the debt portfolio between fixed and floating rate-based loans,
  - entering into interest rate swap agreements, or
  - other commonly applied hedging strategies.

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	- It is expected that the CCO's Governance and Management structure will develop policies guiding the recovery of depreciation when setting revenue. - Decisions by the new entity will 'improve' rather than degrade the entity's financial position and/or service delivery quality and performance. Assumptions underpinning LTPs and incorporated within the WSDP financials include, but are not limited to, assumptions on: - Population growth, rating unit and household projections, - Asset value, Asset condition and information, useful lives of significant assets, vested assets, Revaluation of non-current assets, - Acquisition of significant assets, growth infrastructure investments, capital forecast expenditure, - Flood hazards, emergency management, climate change, - Cost of borrowing, credit rating and Stability of the Local Government Funding Agency (LGFA) guarantee. **Risks** - There is a high risk that factors impacting material assumptions change potentially impacting either or both councils' or the CCO's financial performance, investment requirements and debt capacity. - The risk is any additional changes in standards or legislation could increase expenditure, debt and impact on levels of service. - The basis of cost estimation may be different between Hamilton City Council and Waikato District Council, putting pressure on funding availability

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Levels of Service	It is broadly assumed that the LOS in respective LTPs accurately reflect legislative requirements and community expectations, with the addition of and emphasis on the following: It is assumed that: - LTP funded water services infrastructure and operational methodologies will continue to enable current and future Levels of Service to be met. - Current agreed LoS metrics from each council will be retained for the 10-year period, unless re-set by the CCO through subsequent strategic planning rounds and associated community consultation. - The quantum of three waters connections and future requirements inferred from various datapoints is an accurate reflection of current distribution and future needs. - As asset management practices and information matures, the resulting changes in investment programmes will be addressed in future strategic planning processes. **Risks** - There is a risk that community expectations and changing regulatory requirements create pressure to change Levels of Service. Level of Service changes will impact expenditure forecast. - There is a moderate risk that incomplete or inaccurate asset information may lead to unexpected failures, earlier renewal requirements, and unplanned expenditure—potentially impacting levels of service, planned works delivery, and financial sustainability.
Responding to Growth	It is assumed that growth will occur consistent with the assumptions in respective LTPs, with the following exceptions: - That previously unfunded emerging area and Fast Track area – for example Ruakura East, WA, R2, SL1, southern diversions and Southern WWTP will occur within the next 10 years. Growth assumptions in respective LTPs include, but not limited to: - That growth will occur at the rate predicted in the Nidea High 2021 growth scenario, and spatially consistent with Waikato 2070 Growth and Economic Development Strategy and Hamilton Urban Growth Strategy 2023, and in the joint 30-year sub-regional Future Proof growth strategy agreed between Hamilton City Council and Waipa, Waikato and Matamata-Piako District Councils.

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	- Funding for three waters infrastructure for all growth cells will be in partnership with private developers, co-funding as required, with both LTPs including funding for new development in line with growth projections to be allocated as developments are confirmed. - Funding for any new Strategic Infrastructure not identified in prioritised locations in the above strategies will be provided by third party investors. - Except for the areas noted above, that growth in any 'emerging areas or fast track areas will occur outside of the 10-year period and is not currently funded. - Planning permissions will be obtained within the required timeframes to enable delivery of projects within planned timeframes. - That the market will have sufficient capacity to deliver the infrastructure required to respond to growth. - That infrastructure required to fully meet land use intensification will be outside the 10-year planning timeframe of this document. - The fast-track approval Act will enable expedited development for new areas beyond what is currently scheduled. **Risks** - There is a high-level risk that growth projections and patterns may differ from projections in terms of timing, location, or intensity, potentially leading to misaligned infrastructure investment, capacity constraints in high-growth areas, or underutilised assets in slower-growth areas. - There is a high risk of a longer growth area life and associated debt repayment period for investments already made as new or unplanned development areas are zoned for development. - There is a likelihood that existing water allocation and wastewater discharge consent limits are insufficient for a future' development full' scenario. - There is a significant risk of deterioration in Levels of Service or compliance/environmental/regulatory breaches should development occur ahead of required infrastructure investment. - There is a significant risk that pressure to release additional land supply, beyond what is required to meet the current 10-year forecast population demand. This will result in poorly timed and unaffordable infrastructure over the life of assets.

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Compliance	Compliance assumptions are consistent with the assumptions in respective LTPs, with emphasis on the following: It is assumed that: - The Resource Management Act 1991) (RMA) will continue to be a core legislation under which Council's and the CCO operate, and therefore continues to guide consent requirements, timelines and expectations. It is assumed that RMA reform will not materially impact resource content compliance or the ability to obtain new and renewed consents. - Current funded controls for both councils will continue to be appropriate to manage drinking water safety risks and meet requirements of the Water Services Act 2021. - Consent conditions of existing Resource Consents will continue for the remaining life of the asset and/or consent. - Infrastructure Investments will be consistent with Taumata Arowai proposed Wastewater Standards and Technical Design Standards. Compliance assumptions in respective LTPs include, but are not limited to, assumptions on: - Water Safety Planning, - Drinking Water Standards, - Freshwater Quality Standards, and - Resource consents, and - Legislative changes. **Risks** - There is a risk that new or changing regulatory requirements may be more stringent than anticipated, potentially requiring additional investment in operational processes, monitoring systems, or infrastructure upgrades beyond what is currently budgeted.

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Appendix 3 Consent Tables

Waikato District Council

Drinking Supply

Ref No.	Description / Type	Expiry date	Compliance level under existing regulations*	Comments
AUTH136806.01.01	Surface water take: Huntly and Ngaruawahia	12/01/2046	Full Compliance	N/A
AUTH136297.01.01	Surface water take: Port Waikato Maraetai Stream	30/04/2051	Low risk non-compliance	For audit period 2022-2023, an admin error led to the low-risk rating. There was missing data which was corrected and sent through to WRC. All actions currently closed off.
AUTH118341.01.01	Surface water take: Raglan (Te Hutewai Rd) Spring	15/01/2034	Low risk non-compliance	There was missing information for audit period 2019-2020 which resulted in the low risk. All missed information was sent to WRC and all actions closed off. The consent is due to expire within the next 10 years and there is funding in baseline planning documents for consenting and WTP expansion.
AUTH136297.03.01	Water discharge: Port Waikato - Discharge Backwash to Maraetai stream	30/04/2051	Moderate risk non-compliance	This consent is currently not exercised, backwash is tankered offsite to prevent non-compliance. **See Note 1.**
AUTH113133	Water discharge: Te Kauwhata Water Treatment Site	30/11/2030	Low risk non-compliance	Minor breaches were found in the 2020-2021 audit, the actions have since been addressed. The consent is due to expire within the next 10 years and there is funding in baseline planning documents. **See Note 2.**
AUTh146239.01.01	Water discharge: Ngaruawahia Water Treatment Plant Discharge	11/03/2044	N/A	The consent is relatively new (issued in mid-2024) and therefore yet to be assessed.

Table notes:

1. For audit period 2022-2023, WRC assumed Waikato District were discharging non-compliant backwash to the stream giving the moderate non-compliance. However, Waikato District are having it stored, and sucker trucked off site, this has since been communicated to WRC. Therefore, there is no non-compliance. A review is planned to investigate the possibility of changing the consent or remediate the backwash.
2. There are plans to expand the Te Kauwhata WTP on this site over successive stages. This will impact the consent renewal process, as there will be an increase in the amount of backwash and consequently, the capacity of the lagoons and the quantity of the discharge.

Wastewater

Ref No.	Description / Type	Expiry date	Compliance level under existing regulations*	Comments
AUTH119647.01.02	Water Discharge Permit: Huntly Wastewater Treatment Plant	31/03/2029	Low risk non-compliance	Minor breaches were found in the 2023-2024 audit, this is an improvement from the previous year with a focus on continuous improvement.
AUTH119648.01.01	Air Discharge Consent: Huntly Wastewater Treatment Plant	31/03/2029	Not assessed	The consent is due to expire within the next 10 years and there is funding in baseline planning documents.
AUTH119650.01.01	Water Discharge Permit: Huntly Wastewater Treatment Plant	31/03/2029	Not assessed	The consent is due to expire within the next 10 years and there is funding in baseline planning documents.
AUTH119651.01.01	Water Discharge Permit: Huntly Wastewater Treatment Plant	31/03/2029	Not assessed	The consent is due to expire within the next 10 years and there is funding in baseline planning documents.
AUTH132607.01.01	Land Discharge Consent: Maramarua Wastewater Treatment Plant	15/12/2039	Low risk non-compliance	Minor breaches were found in the 2023-2024 audit, this is an improvement from the previous year with a focus on continuous improvement.
AUTH142286.01.01	Water Discharge Permit: Meremere Wastewater Tradewaste Consent	9/12/2055	Low risk non-compliance	The low-risk rating was from an audit in 2022-2023. This assessment was affected by Cyclone Gabriel. Waikato District has submitted a response to WRC on this assessment.
AUTH119642.01.02	Water Discharge Permit: Ngaruawahia Wastewater Treatment Plant	31/03/2029	Significant non-compliance	There are currently significant non-compliances, and an abatement notice served on Waikato District. **(See Note 1).** The consent is due to expire within the next 10 years and there is funding in the baseline planning documents.
AUTH119643.01.01	Air Discharge Consent: Ngaruawahia Wastewater Treatment Plant	31/03/2029	Full compliance	The consent is due to expire within the next 10 years and there is funding in the baseline planning documents.
AUTH119644.01.01	Land Discharge Consent: Ngaruawahia Wastewater Treatment Plant	31/03/2029	Not assessed	The consent is due to expire within the next 10 years and there is funding in the baseline planning documents.
AUTH119646.01.01	Water Discharge Permit: Ngaruawahia Wastewater Treatment Plant	31/03/2029	Full compliance	The consent is due to expire within the next 10 years and there is funding in the baseline planning documents.
AUTH121024.01.01	Land Discharge Consent: Tauwhare Wastewater Treatment Plant	31/10/2035	Low risk non-compliance	Minor breaches were found in the 2023-2024 audit, this is an improvement from the previous year with a focus on continuous improvement
AUTH117991.01.01	Water Discharge Permit: Rata Street - Te Kauwhata Wastewater Treatment Plant	4/07/2028	Significant non-compliance	There was a Formal Warning (Punitive/Consent). **(See Note 2).** The consent is due to expire within the next 10 years and there is funding in the baseline planning documents.
AUTH117992.01.01	Air Discharge Consent: Rata Street - Te Kauwhata Wastewater Treatment Plant	4/07/2028	Full compliance	N/A

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AUTH139284.01.01	Land Discharge Consent: Te Kowhai Wastewater Treatment Plant	31/10/2033	Moderate non-compliance	Moderate non-compliance relates to exceedances in Carbonaceous Biochemical Oxygen Demand (5-day) and Total Suspended Solids. **(See Note 3).** The consent is due to expire within the next 10 years and there is funding in the baseline planning documents.

Table notes:

1. *Watercare commenced design on a WWTP Upgrade. Initial discussions and site visit with Iwi have been undertaken, two discharge options identified. The tender and construction are to follow.*
2. *Significant non-compliance relates to exceedances in Total Kjeldahl Nitrogen (TKN), Total Nitrogen (TN), Total Suspended Solids (TSS), Total Nitrogen Load (TN Load), Total Phosphorus Load (TP Load), and Carbonaceous Biochemical Oxygen Demand (5-day) (cBOD5). There were also issues with Escherichia coli (E. coli) and TP. Since the audit, the new Te Kauwhata WWTP has been constructed and was commissioned in 2023-2024. This addressed the non-compliance and currently awaiting renewed audit from WRC.*
3. *Operations have been working on process optimisation to better the quality of the discharge and observed good results.*

Stormwater

Ref No.	Description / Type	Expiry date	Compliance level under existing regulations*	Comments
AUTH105655.01.01	**Glen Massey** Divert & discharge urban stormwater & associated contaminants at multiple locations to Firewood Creek, Waipa River & land, & use discharge structures, within the Glen Massey urban area	22/09/2028	Low risk non-compliance	**See Note 1.**
AUTH105658.01.01	**Gordonton** Divert & discharge urban stormwater & associated contaminants at multiple locations to the Komakorau Stream & land, & use discharge structures, within the Gordonton urban area	22/09/2028	Low risk non-compliance	**See Note 2.**
AUTH105652.01.01	**Hopuhopu** Divert & discharge urban stormwater & associated contaminants at multiple locations to the Waikato River & land, & use discharge structures, within the Hopuhopu urban area	22/09/2028	Low risk non-compliance	**See Note 1.**

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AUTH105653.01.01	**Horotiu** Divert & discharge urban stormwater & associated contaminants at multiple locations to an unnamed tributary of the Waikato River & land, & use discharge structures, within the vicinity of Horotiu urban area	22/09/2028	Low risk non-compliance	**See Note 1.**
AUTH105644.01.01	**Huntly** Divert & discharge urban stormwater & associated contaminants at multiple locations to the Waikato River, Lake Hakanoa, Lake Waahi & land, & use discharge structures, within the vicinity of Huntly urban area	22/09/2028	Low risk non-compliance	The low risk includes improved maintenance requirements for stormwater water quality devices such as rain gardens and swales. This will be addressed through updated maintenance scheduling. Flooding issues identified are currently being addressed and remedial solutions designed.
AUTH105659.01.01	**Matangi** Divert & discharge urban stormwater & associated contaminants at multiple locations to rural drains & land, & use discharge structures, within the vicinity of Matangi urban area	22/09/2028	Low risk non-compliance	**See Note 2.**
AUTH105648.01.01	**Meremere** Divert & discharge urban stormwater & associated contaminants at multiple locations to the Whangamarino wetland, Whangamarino River, Waikato River & land, & use discharge structures, within the vicinity of Meremere urban area	22/09/2028	Low risk non-compliance	**See Note 1.**
AUTH105645.01.01	**Ngaaruawaahia** Divert & discharge urban stormwater & associated contaminants at multiple locations to the Waikato River, Waipa River & land, & use discharge	22/09/2028	Low risk non-compliance	**See Note 1.**

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	structures, within the vicinity of Ngaaruawaahia urban area			
AUTH105650.01.01	**Ohinewai** Divert & discharge urban stormwater & associated contaminants to an unnamed tributary of the Waikato River & land, & use discharge structures, within the vicinity of Ohinewai urban area	22/09/2028	Low risk non-compliance	**See Note 1.**
AUTH108592.01.01	**Pookeno** Divert and discharge urban stormwater runoff and associated contaminants at multiple locations to land, the Tanitewhiora Stream, Helenslee Stream, and use discharge structures in the general vicinity of Pookeno Urban Area	14/11/2028	Low risk non-compliance	**See Note 2.**
AUTH133727.01.01	**Port Waikato** To authorise the continued diversion and discharge of stormwater runoff and associated contaminants L the Waikato River, and use discharge structures, within the Port Waikato area	30/09/2049	Low risk non-compliance	**See Note 2.**
AUTH105654.01.01	**Pukemiro** Divert & discharge urban stormwater & associated contaminants at multiple locations to the Waiehuehu Stream, Waingaro River & land, & use discharge structures, within the vicinity of Pukemiro urban area	22/09/2028	Low risk non-compliance	**See Note 2.**
AUTH105646.01.01	**Raglan** Divert & discharge urban stormwater & associated contaminants at multiple locations to Raglan	22/09/2028	Low risk non-compliance	**See Note 2.**

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	Harbour/estuary & land, & use discharge structures, within the vicinity of Raglan urban area			
AUTH105649.01.01	**Rangiriri** Divert & discharge urban stormwater & associated contaminants at multiple locations to the Rangiriri Stream, Lake Waikare & land, & use discharge structures, within the vicinity of Rangiriri urban area	22/09/2028	Low risk non-compliance	**See Note 1.**
AUTH105651.01.01	**Taupiri** Divert & discharge urban stormwater & associated contaminants at multiple locations to a canal, an unnamed tributary of the Waikato River & land, & use discharge structures, within the vicinity of Taupiri urban area	22/09/2028	Low risk non-compliance	**See Note 1.**
AUTH105647.01.01	**Te Kauwhata** Divert & discharge urban stormwater & associated contaminants at multiple locations to the Reao Stream, Pungarehu Stream, Lake Waikare & land, & use discharge structures, within the vicinity of Te Kauwhata urban area	22/09/2028	Low risk non-compliance	**See Note 1.**
AUTH105656.01.01	**Te Kowhai** Divert & discharge urban stormwater & associated contaminants at multiple locations to unnamed tributaries of the Waipa River & land, & use discharge structures, within the vicinity of Te Kowhai urban area	22/09/2028	Low risk non-compliance	**See Note 1.**
AUTH105051.01.01	**Tuakau** Divert and discharge urban stormwater runoff and associated contaminants at multiple locations to	14/11/2028	Low risk non-compliance	Water quality issues identified through the sampling programme. The sources of these issues are being identified through faecal source tracking work. Informal cross

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	land, the Whakapipi Stream, Tutaenui Stream and Kairoa Stream, and use discharge structures in the general vicinity of Tuakau Urban Area			connections have been identified through this process and are being addressed currently.
AUTH105657.01.01	**Whatawhata** Divert & discharge urban stormwater & associated contaminants at multiple locations to the Waipa River & land, & use discharge structures, within the Whatawhata urban area	22/09/2028	Low risk non-compliance	**See Note 1.**
AUTH105655.01.01	**Glen Massey** Divert & discharge urban stormwater & associated contaminants at multiple locations to Firewood Creek, Waipa River & land, & use discharge structures, within the Glen Massey urban area	22/09/2028	Low risk non-compliance	**See Note 1.**

Table notes:

1. Only minor non-compliances with low risk of environmental harm.
2. The low risk included improved maintenance requirements for stormwater water quality devices such as rain gardens and swales. This will be addressed through updated maintenance scheduling.

Hamilton City Council

Drinking Supply

Ref No.	Description / Type	Expiry date	Compliance level under existing regulations*	Comments
AUTH113941.01.03	Surface water take from Waikato River for Waiora WTP.	2/03/2044	Fully compliant	The expiration is not within the 10-year window. However, refer to **Note 1** for future considerations.
AUTH123743.01.01 (**Note 2**)	Surface water take from Waikato River for Waiora WTP.	31/01/2027	Fully compliant	The consent expiry falls within the 10-year period. Renewal of the consent activities is included in the funding programme under "Replacement of Water Treatment Plant Resource Consents". It is likely to be incorporated into the master water take and use consent via S127 variation.

AUTH125287.01.01 (**Note 2**)	Surface water take from Waikato River for Waiora WTP.	1/02/2028	Fully compliant	Same as for AUTH123743.01.01 above.
AUTH105261.01.02	Discharge up to 3,930 cubic metres per day of filter back wash and filter to waste process waters to the Waikato River from a water treatment plant operation	1/10/2026	Fully compliant	The consent expiry falls within the 10-year period. Renewal of the consent activities is included in the funding programme under "Replacement of Water Treatment Plant Resource Consents".
AUTH107903.01.02	Use discharge structure and discharge up to 208 litres per second of stormwater (20% AEP design storm), from the Water Treatment Station	1/12/2026	Fully compliant	The consent expiry falls within the 10-year period. Recent upgrades to the Wairoa Treatment Plan may impact the nature of the consent. Renewal of the consent activities is included in the funding programme under "Replacement of Water Treatment Plant Resource Consents".
AUTH118490.01.01	Discharge backwash water and sedimentation tank sludge clear water to the Waikato River	12/01/2046	Not assessed (N/A)	

Table notes:

1. *To meet forecast growth demand, additional water supply volume and associated consenting requirements will be necessary. A new Resource Consent will be required for a new water treatment plant. Given the current demand management approach, water supply demand is expected to exceed supply before the consent expires.*
2. *AUTH123743.01.01 and AUTH125287.01.01 (surface water take consents) both have complimentary use of water consents (AUTH123744.01.01 and AUTH125290.01.01). These have not been included as part of this WSDP as the relevant activities for the Waiora WTP are covered by the water take consents.*

Wastewater

Ref No.	Description / Type	Expiry date	Compliance level under existing regulations*	Comments
AUTH111029.01.02	Discharge permit: Retain biosolids on land at the WWTP.	31/08/2039	Full Compliance	The consent is not due to expire within the 10-year window.
AUTH114674.01.02	Discharge permit: To change three conditions of Resource Consent AUTH114674.01.01 that authorises the discharge of treated wastewater to the Waikato River from WWTP.	18/09/2027	Full Compliance (see **Note 1**)	The consent expiry falls within the 10-year period. Renewal of the consent activities is included in the funding programme under "Replacement of Wastewater treatment Plant Resource Consents". See **Note 2.**
AUTH114676.01.01	Discharge permit: Discharge contaminants to air from activities associated with the operation of the WWTP	18/09/2027	Full Compliance	The consent expiry falls within the 10-year period. Renewal of the consent activities is included in the funding programme under "Replacement of Wastewater Treatment Plant Resource Consents". See **Note 3.**

AUTH134278.01.01	Discharge permit: Discharge stormwater from WWTP to an unnamed tributary of the Waikato River.	2/02/2039	Low risk non-compliance (see **Note 4**)	The consent is not due to expire within the 10-year window.
AUTH145391.01.01	Surface water take consent: For WWTP operation purposes	25/06/2058	Full Compliance	The consent is not due to expire within the 10-year window.

Table notes:

1. Previously there has been an abatement notice for on-site spill. However, this was over 3 years ago and all steps for remediation has been complete, and the consent is fully compliant.
2. The new and more stringent discharge standards and management requirements under Te Ture Whaimana o te Awa o Waikato could impact the consent renewal and subsequent consent conditions.
3. There is increased urban development in the area which may impact the consent renewal and subsequent consent conditions.
4. Remedial action was undertaken by Hamilton City as instructed by Waikato Regional Council (WRC, regulator) following an assessment of non-compliance. The subsequent compliance testing following remediation fell outside the rating period; therefore, consent is likely to be upgraded to compliant in the next round. There are no outstanding compliance actions by the regulator.

Stormwater

Ref No.	Description / Type	Expiry date	Compliance level under existing regulations*	Anticipated compliance against existing regulations in future
AUTH105279.01.01	Discharge permit: Divert & discharge urban stormwater runoff & associated contaminants at multiple locations to land & all surface waters, & use discharge structures, in the general vicinity of Hamilton urban area.	30/06/2036	Low risk non-compliance (see **Note 1**)	Not within the 10-year window. However, refer to **Note 2** for future considerations.

Table notes:

1. Low non-compliance is not uncommon for stormwater discharge consents. HCC is working with the regulator on a regular basis to manage compliance status and risk, with a focus on continuous improvement.
2. Since 2020, several pieces of legislation have been enacted and/or amended that have an effect on the way stormwater is managed. These include:
   - The National Policy Statement for
   - Freshwater Management 2020 (NPS-FM)
   - Water Services Act 2021
   - Waikato Regional Policy Statement
   - Climate Change Response Act 2002
   - Resource Management Act 1991

   These legislations have new and more stringent requirements (both quality and quantity) associated with them which may impact the risk, consent conditions and renewals process. Furthermore, land use intensification could result in changes as well.

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Constitution of
[Company Name] Limited

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CONSTITUTION OF [COMPANY NAME] LIMITED

INTERPRETATION

1 **Interpretation**
In this Constitution:

1.1 Unless the context otherwise requires, the following expressions have the following meanings:

the Auditor-General means the Controller and Auditor-General appointed under the Public Audit Act 2001;

the Board means Directors who number not less than the required quorum acting together as the board of directors of the Company or, if the Company only has one Director, that Director;

CEO means the Chief Executive Officer of the Company;

the Companies Act means the Companies Act 1993;

the Company means [Company Name]Limited;

this Constitution means this Constitution as it may be altered from time to time in accordance with the Companies Act;

Director means a person appointed as a director of the Company in accordance with this Constitution;

[Company Name] Forum has the meaning given to that term in the Shareholders' Agreement;

Independent Director means a Director appointed by the [Company Name] Forum and who is not:

(a) an elected member or representative of; or

(b) a person employed by,

any Local Authority;

LGA means the Local Government Act 2002;

LG(WSPA)A means the Local Government (Water Services Preliminary Arrangements) Act 2024;

LG(WS)A means the Local Government (Water Services) Act 2024;

Local Authority has the meaning given to that term under the LGA;

Reserved Matter means the matters to be approved by the Shareholders set out in the Shareholders' Agreement;

Service Area has the meaning given to it in the LG(WS)A and, in the context of this Constitution, shall be the Service Areas within Hamilton City and Waikato District;

Share means a share in the Company;

Shareholder means a person whose name is entered in the share register of the Company as the holder for the time being of one or more Shares;

Shareholders' Agreement means the shareholders' agreement dated **[•]** 2025 between the Shareholders of the Company, as amended from time to time;

Statement of Expectations means the statement of expectations prepared by the [Company Name] Forum from time to time in accordance with the LG(WS)A;

Terms of Reference has the meaning given to that term in the Shareholders' Agreement;

Wastewater Network has the meaning set out in the LG(WS)A;

Water Organisation has the meaning set out in the LG(WS)A;

Water Services has the meaning given to that term under the LG(WS)A, which shall be the water services provided by the Company throughout the Service Areas of Hamilton City and Waikato District;

Water Services Annual Budget means the water services annual budget prepared and adopted by the Board in accordance with this Constitution and the LG(WS)A;

Water Services Infrastructure means the collective infrastructure, and related resource consents, water allocations, land, designations, and rights comprised of:

(a) the Water Supply Network and Wastewater Network located within the Service Area of Hamilton City; and

(b) the Water Supply Network and Wastewater Network located within the Service Area of Waikato District,

Water Services Strategy means the water services strategy prepared and adopted by the Board in accordance with this Constitution and the LG(WS)A;

Water Supply Network has the meaning set out in the LG(WS)A;

written or *in writing* in relation to words, figures and symbols includes all modes of presenting or reproducing those words, figures and symbols in a tangible and visible form.

1.2 Subject to clause 1.1, expressions which are defined in the Companies Act, the LGA or the LG(WS)A (whether generally, or for the purposes of one or more provisions) have the meanings given to them by the relevant enactment. Where an expression is defined in the relevant enactment more than once and in different contexts, its meaning will be governed by the context in which it appears in this Constitution.

1.3 Headings appear as a matter of convenience and do not affect the interpretation of this Constitution.

1.4 The singular includes the plural and vice versa, and words importing one gender include the other genders.

1.5 A reference to any document, including this Constitution, includes a reference to that document as amended or replaced from time to time.

1.6 A reference to an enactment or any regulations is a reference to that enactment or those regulations as amended, or to any enactment or regulations substituted for that enactment or those regulations.

1.7 The Schedules form part of this Constitution.

2 **Relationship between this Constitution and the Companies Act, the LG(WSPA)A, the LG(WS)A and the LGA**

2.1 If there is any conflict between:

(a) a provision in this Constitution and a provision in the Companies Act which is expressly permitted to be altered by this Constitution; or

(b) a word or expression defined or explained in the Companies Act, the LG(WSPA)A, the LG(WS)A, the LGA or other legislation applicable to the Company and a word or expression defined or explained in this Constitution,

the provision, word or expression in this Constitution prevails.

2.2 If there is any conflict between the Shareholders' Agreement and this Constitution, the Shareholders' Agreement shall, to the extent permitted by the Companies Act or the LGA, prevail to the extent of such conflict.

2.3 This Constitution has no effect to the extent that it contravenes, or is inconsistent with, any mandatory provisions in the Companies Act, the LGA or the LGA(WS)A.

2.4 If, as a result of any amendments to the Local Government (Water Services) Bill prior to its enactment as the LG(WS)A, any clauses of this Constitution require revision or amendment and/or new clauses are required, this Constitution shall be updated and amended in accordance with the Shareholders' Agreement.

OBJECTIVES AND ACTIVITIES OF THE COMPANY

3 **Objectives and values of the Company**

3.1 The Company is a Water Organisation.

3.2 The Company must not carry on any business other than the provision of Water Services and activities that are related to, or necessary for, the provision of Water Services, in order to meet the objectives and values set out in this clause 3 and section 15 of the LG(WS)A.

3.3 The principal objectives of the Company are the objectives of a Water Organisation set out in the LG(WS)A.

3.4 In carrying out its objectives, the Company is expected to support the commitments made by the Shareholders arising from the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010 and the Kiingitanga Accord signed between the Crown and Waikato-Tainui on 22 August 2008 (as amended from time to time), including:

(a) maintaining effective relationships with iwi and hapū to support the effective design, delivery and operation of the Water Infrastructure; and

(b) supporting the joint management agreements entered into by the Shareholders with Waikato-Tainui to protect the Waikato River.

WATER ORGANISATION REQUIREMENTS

4 **Statement of Expectations**

The Company must give effect to, and carry out its objectives in a manner which is consistent with, the Statement of Expectations.

5 **Water Services Strategy**

5.1 The Board must ensure that the Company prepares and adopts a Water Services Strategy in accordance with the LG(WS)A.

5.2 Prior to finalising the Water Services Strategy:

(a) the Shareholders, through the [Company Name] Forum:

(i) must be given the opportunity to provide comments and direction on the draft Water Services Strategy; and

(ii) may require the Board to consult on any proposals contained in the draft Water Services Strategy with communities or consumers in accordance with section 83 of the LGA;

(b) the Board must:

(i) provide a draft of the Water Services Strategy to the [Company Name] Forum no later than 1 March in the financial year before the financial year to which the draft strategy relates, or another date agreed with the Shareholders from time to time;

(ii) consider any comments and direction the [Company Name] Forum provides on the draft Water Services Strategy;

(iii) if required by the [Company Name] Forum, consult on any proposals contained in the draft Water Services Strategy with communities or consumers in accordance with section 83 of the LGA;

(iv) adopt the final Water Services Strategy; and

(v) provide the final Water Services Strategy to the [Company Name] Forum before the start of the financial year to which the strategy relates.

6 **Water Services Annual Budget**

6.1 The Board must ensure that the Company prepares and adopts a Water Services Annual Budget in accordance with the LG(WS)A.

6.2 Prior to adopting a Water Services Annual Budget:

(a) the Shareholders, through the [Company Name] Forum, must be given the opportunity to provide comments and direction on the draft Water Services Annual Budget; and

(b) the Board must ensure that the Company:

(i) provides a draft of the Water Services Annual Budget to the Shareholders no later than 1 March before the financial year to which the draft relates; and

(ii) considers any comments or directions the [Company Name] Forum provides on the draft Water Services Annual Budget.

7 **Half-yearly and annual reports**

7.1 The Board must ensure that the Company completes and delivers to the [Company Name] Forum:

(a) within eight months after the start of the financial year, a water services half-yearly report on the Company's operations during that half-year;

(b) within three months after the end of each financial year, a water services annual report on the Company's operations during that year; and

(c) any additional plans or reports required by the [Company Name] Forum by notice in writing to the Company (such notice to be given in accordance with section 209(4) of the LG(WS)A), in accordance with the requirements specified in that notice;

each, in accordance with the LG(WS)A.

8 **Protection from disclosure of sensitive information**

Nothing in this Constitution requires the inclusion in any annual report, half-yearly report or financial statement required under this Constitution of any information that may be properly withheld if a request for that information were made under the Local Government Official Information and Meetings Act 1987.

9 **Provision of security and guarantees**

The Company must not use assets of its water services as security for any purpose.

SHARES

10 **Board may issue Shares only in accordance with the Shareholders' Agreement and relevant legislation**

10.1 Section 45 of the Companies Act does not apply to the Company. The Board may only issue Shares with the prior unanimous approval of the Shareholders and in accordance with the Shareholders' Agreement, this Constitution and the LG(WS)A.

10.2 Subject to this Constitution, the Shareholders' Agreement and the LG(WS)A, Shares may rank as to voting or distribution rights, or both, equally with or prior to any

existing Shares, and any such issue will not be treated as an action affecting the rights attached to existing Shares.

11 **Restriction on issue and transfers of Shares**
No shares may be issued or transferred to any person other than in accordance with the Shareholders' Agreement and the LG(WS)A.

12 **Purchase by the Company of its own shares**

12.1 The Company may purchase or otherwise acquire its own Shares only to the extent permitted by the Companies Act, the Shareholders' Agreement and the LG(WS)A.

12.2 Any Shares purchased or otherwise acquired by the Company shall be deemed to be cancelled on acquisition.

13 **Board may refuse or delay a Share transfer in certain cases**
The Board may in its absolute discretion refuse or delay the registration of any transfer of Shares if:

13.1 permitted to do so by law;

13.2 the holder of the Shares has failed to pay the Company an amount due in respect of those Shares, whether by way of consideration for the issue of the Shares or in respect of sums payable by the holder of the Shares in accordance with this Constitution;

13.3 registration would impose a liability to the Company on the transferee and the transferee has not signed the transfer form;

13.4 the transfer is for more than one class of Shares; or

13.5 the transfer is not accompanied by such evidence as the Board may reasonably require to establish the right of the transferor to make the transfer.

14 **Board must refuse a Share transfer in certain cases**
The Board must refuse the registration of any transfer of Shares if:

14.1 it is required to do so by law; or

14.2 the transfer is not permitted by this Constitution, the Shareholders' Agreement or the LG(WS)A.

DISTRIBUTIONS

15 **Board may not authorise**
Without limiting the ability of the Company to purchase or otherwise acquire its own Shares in accordance with clause 12, the Board may not authorise the payment of any dividends by the Company.

16 **Shares in lieu of dividends**
The Board may not exercise the powers under section 54 of the Companies Act except in accordance with a written authority to do so signed by the Shareholders.

MEETINGS OF SHAREHOLDERS

17 **Written Shareholders' resolution instead of holding a meeting**
A Shareholders' resolution in writing, which complies with the requirements of the Companies Act, is as valid as if it had been passed at a meeting of Shareholders.

18 **Proceedings at meetings of Shareholders**
Except where the Shareholders' Agreement provides otherwise (in which case the Shareholders' Agreement will apply), the First Schedule to the Companies Act governs the proceedings at meetings of Shareholders.

ROLE OF THE BOARD

19 **Role of Directors**

19.1 All Directors shall be Independent Directors.

19.2 Without limiting or affecting the other duties of Directors, the role of a Director is to assist the Company to meet the objectives and values set out in clause 3 and any other requirements set out in the LG(WS)A, the Statement of Expectations, or its Water Services Strategy.

20 **Management of Company**

20.1 The business and affairs of the Company must be managed by, or under the direction of, the Board.

20.2 All decisions relating to the operation of the Company must be made by, or under the authority of, the Board in accordance with any applicable requirements under legislation and:

(a) this Constitution;

(b) the Shareholders' Agreement; and

(c) the Water Services Strategy.

20.3 The Board must collectively have competencies and skills relevant to a substantial water related infrastructure business, including:

(a) Te Tiriti o Waitangi and Te Ture Whaimana;

(b) working with iwi and hapuu;

(c) civil engineering, accounting, law, customer service, financing, staff selection and monitoring, planning, information technology, public health, health and safety, commercial contracts, probity and procurement;

(d) understanding of local government;

(e) experience of dealing constructively with community matters and concerns; and

(f) any other relevant competencies and skills.

20.4 Before the Board makes a decision that may significantly affect land or a body of water, it must take into account the relationship of Maaori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.

21 **Reserved Matters**
Notwithstanding any other provision of this Constitution, the Board shall not authorise or permit the Company to take any action that constitutes a Reserved Matter unless that action has been approved to the extent required under the Shareholders' Agreement.

22 **Delegation of powers by Board**

22.1 The Board may delegate to a committee of Directors, a Director, an employee of the Company, or to any other person, any one or more of its powers, other than a matter that is a Reserved Matter or a power set out in the Second Schedule to the Companies Act.

22.2 In exercising the Board's delegated powers, any committee of Directors, Director, employee or employees of the Company or any other person must comply with any regulations that the Board may impose.

23 **Best interests of the Company**
Subject to clause 19, when exercising powers or performing duties as a Director, a Director must act in what the Director believes to be the best interests of the Company.

24 **Directors may act in interests of a shareholder**
A Director may, when exercising powers or performing duties as a Director, act in a manner which he or she believes is in the best interests of the Shareholders even though it may not be in the best interests of the Company.

APPOINTMENT AND REMOVAL OF DIRECTORS

25 **Number of Directors**
The minimum and maximum number of Directors will be as set out in the Shareholders' Agreement.

26 **[Company Name] Forum may appoint and remove Directors**
Directors shall be appointed and removed by the [Company Name] Forum by giving notice in writing to the Company signed by authorised representatives of the [Company Name] Forum, in accordance with this Constitution, the Terms of Reference and the Shareholders' Agreement.

27 **Removal of Directors**
A Director shall cease to hold office as a Director if he or she:

(a) is removed from office by the [Company Name] Forum in accordance with the Terms of Reference; or

(b) vacates office in accordance with section 157 of the Companies Act.

28 **Initial Board**
As at the date of adoption of this Constitution, the persons appointed as Directors as set out in the Shareholders' Agreement are deemed to be Directors appointed by the Shareholders.

29 **Term of Directors**
Other than the initial Directors appointed in accordance with clause 28 whose initial terms are set out in the Shareholders' Agreement, each Director will be appointed for a term of one, two or three years as determined by the [Company Name] Forum. Following expiry of his or her term, a Director may be reappointed by the [Company Name] Forum for a further term or terms, provided that no Director may be appointed for more than three consecutive terms.

30 **Chairperson**

30.1 One of the Directors shall be appointed as chairperson of the Board as set out in the Shareholders' Agreement.

30.2 The chairperson of the Board holds that office pursuant to any terms of appointment set out in the written notice of appointment of that chairperson and until:

(a) he or she vacates office; or

(b) the [Company Name] Forum appoints a chairperson in his or her place.

31 **Notices of appointment or removal of Directors**
Any notice of appointment or removal of a Director or the chairperson of the Board may be comprised in one or more written notices. The notice takes effect from the time it is served on the Company in accordance with the Companies Act, or from such later time as the notice states that it is to take effect.

PROCEEDINGS OF THE BOARD

32 **Meetings of the Board**
The First Schedule of this Constitution governs the proceedings at meetings of the Board, except where otherwise agreed by all Directors in relation to a particular meeting or meetings. The Third Schedule to the Companies Act does not apply to proceedings of the Board.

33 **Compliance with the Shareholders' Agreement**
Notwithstanding any other provision of this Constitution, the Board shall not authorise or permit the Company to take any action that is contrary to the Shareholders' Agreement.

34 **Committee proceedings**
The provisions of this Constitution relating to proceedings of the Board also apply to proceedings of any committee of Directors, except to the extent the Board determines otherwise.

REMUNERATION AND OTHER BENEFITS OF DIRECTORS

35 **Board's power to authorise remuneration and other benefits is limited**
The Board shall only make payments for the remuneration of Directors in accordance with the remuneration for Directors agreed to by the [Company Name] Forum. The Board shall not authorise the payment of any compensation or other payment or benefit to a Director for loss of office as a Director.

36 **Expenses**
A Director may be reimbursed for reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as a Director of the Company, without requiring the prior authorisation of the [Company Name] Forum.

INDEMNITY AND INSURANCE

37 **Company indemnification of directors and employees for certain liabilities**
The Company may indemnify a director or an employee of the Company or a related company for any liability or costs for which a director or employee may be indemnified under the Companies Act. Subject to the Shareholders' Agreement, the Board may determine the terms and conditions of any such indemnity.

38 **Company may effect insurance for directors and employees**
The Company may, with the prior approval of the Board, effect insurance for a director or employee of the Company or a related company for any liability or costs for which a company may effect insurance for a director or employee under the Companies Act. Subject to the Shareholders' Agreement and the prior agreement of the [Company Name] Forum, the Board may determine the amounts and the terms and conditions of any such insurance.

METHOD OF CONTRACTING

39 **Manner of execution of deeds**
An obligation which, if entered into by a natural person, is, by law, required to be by deed, may be entered into on behalf of the Company in writing signed under the name of the Company by:

(a) two or more Directors; or

(b) a Director, or any other person authorised by the Board for that purpose, whose signature must be witnessed; or

(c) one or more attorneys appointed by the Company in accordance with the Companies Act.

AUDITOR

40 **Auditor**
The Auditor-General shall be the auditor of the Company and any subsidiary of the Company in accordance with the Public Audit Act 2001.

INFORMATION

41 **Official information**

41.1 Parts 1 to 7 of the Local Government Official Information and Meetings Act 1987 apply to the Company as if it were a Local Authority under that enactment.

41.2 The Ombudsman Act 1975 applies to the Company as if the Company were listed in Part 3 of the First Schedule of that enactment.

LIQUIDATION

42 **Distribution of surplus assets in kind**

If the Company is liquidated the liquidator shall, at the direction of Shareholders in accordance with the Shareholders' Agreement, but subject to any other sanction or approval required by the Companies Act or the LG(WS)A:

(a) divide among the Shareholders in kind the whole or any part of the surplus assets of the Company and for that purpose the liquidator may:

(i) fix such values for surplus assets as the liquidator considers to be appropriate, and

(ii) determine how the division will be carried out as between Shareholders or different classes of Shareholders; and

(b) vest the whole or any part of any such surplus assets in trustees upon such trusts for the benefit of such of those Shareholders as the liquidator thinks fit,

but so that no Shareholder is compelled to accept any shares or other securities on which there is any liability.

FIRST SCHEDULE: PROCEEDINGS OF THE BOARD

1 **Director's power to convene meetings**
A Director, or any other person at the request of a Director, may convene a meeting of the Board by giving notice in accordance with this Schedule and the Shareholders' Agreement.

2 **Notice to contain certain details**
The notice of meeting must include the date, time and place of the meeting and an indication of the matters to be discussed in sufficient detail to enable a reasonable Director to appreciate the general import of the matters, together with any papers reasonably required to assist the Directors to assess the matters due for consideration at the meeting.

3 **Period of notice required to be given to Directors**
At least ten working days' notice of a meeting of the Board must be given unless the chairperson (or, in the chairperson's absence from New Zealand, any other Director) believes it is necessary to convene a meeting of the Board as a matter of urgency, in which case shorter notice of the meeting of the Board may be given, so long as at least one working day's notice is given.

4 **Notice to be sent to Director's address**
The notice of meeting must be a written notice delivered to the Director, or sent to the postal or email address which the Director provides to the Company for that purpose, or if a postal or email address is not provided, then a written notice to his or her last place of residence known to the Company.

5 **Absent directors**
If a Director is absent from New Zealand or another usual country of residence, but supplies the Company with an email address to which notices are to be sent during his or her absence, then notice must be given to that Director. Otherwise, notice need not be given to any Director who is absent from New Zealand or another usual country of residence.

6 **Directors may waive irregularities in notice**
Any irregularity in the notice of a meeting or failure to comply with clauses 1 to 5 of this First Schedule is waived if:

6.1 all Directors entitled to attend the meeting do so without protest as to the irregularity or failure; or

6.2 all Directors entitled to receive notice of the meeting agree to the waiver.

7 **Methods of holding meetings**
A meeting of the Board may be held either:

7.1 by a number of Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or

7.2 by means of audio, or audio and visual, communication by which a quorum of Directors participating can simultaneously hear each other throughout the meeting; or

7.3 by a combination of those methods.

8 **Quorum for Board meeting**

The quorum necessary for the transaction of business at a meeting of the Board is at least three Directors, except where the Board comprises more than three Directors in which case the quorum necessary is at least a majority of the Directors. No business may be transacted at a meeting of the Board unless a quorum is present.

9 **Meeting adjourned if no quorum**

If a quorum is not present within 30 minutes after the time appointed for a meeting of the Board, the meeting will be adjourned automatically until the same day in the following week at the same time and place. If at the adjourned meeting a quorum is not present within 30 minutes from the time appointed for the meeting, the Directors present will constitute a quorum.

10 **Chairperson to chair meetings**

The chairperson of the Board will chair all meetings of the Board at which he or she is present. If there is no chairperson or if at a meeting of the Board the chairperson is not present within 5 minutes from the time appointed for the meeting, then the Directors present may elect one of their number to chair the meeting.

11 **Voting on resolutions**

11.1 Each Director has one vote.

11.2 Subject to the Shareholders' Agreement, a resolution of the Board is passed if it is agreed to by all Directors present without dissent or if a majority of the votes cast on it are in favour of it. A Director present at a meeting of the Board may abstain from voting on a resolution, and any Director who abstains from voting on a resolution will not be treated as having voted in favour of it for the purposes of the Companies Act.

12 **Chairperson does not have a casting vote**

In the case of an equality of votes, the chairperson of the Board does not have a casting vote.

13 **Written resolutions of Board permitted**

13.1 A written resolution signed or assented to by all Directors is as valid and effective as if it had been passed at a meeting of the Board duly convened and held.

13.2 Any written resolution may consist of several copies of the resolution, each signed or assented to by one or more of the Directors.

14 **Board must keep minutes of proceedings**

The Board must ensure that minutes are kept of proceedings at meetings of the Board. Minutes which have been signed correct by the chairperson of the meeting are evidence of the proceedings at the meeting unless they are shown to be inaccurate.

15 **Board may regulate other proceedings**

Except as set out in this First Schedule or the Shareholders' Agreement, the Board may regulate its own procedure.

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Shareholders' Agreement

Hamilton City Council (HCC)

Waikato District Council (WDC)

[Company Name] Limited (Company)

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[COMPANY NAME] LIMITED SHAREHOLDERS' AGREEMENT

Date:

PARTIES

Hamilton City Council (*HCC*)

Waikato District Council (*WDC*)

[Company Name] Limited, a company proposed to be incorporated (the *Company*)

BACKGROUND

A HCC of Hamilton City and WDC of Waikato District are each Local Authorities pursuant to the LGA.

B HCC and WDC have agreed to establish the Company to operate as a joint Water Organisation under the LG(WS)A for the purpose of providing Water Services to the Service Areas of Hamilton City and Waikato District.

C HCC and WDC have each agreed to transfer their rights and obligations in respect of the Water Services Infrastructure to the Company in consideration for subscribing for Shares in the Company.

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D The Shareholders acknowledge that additional Local Authorities may accede to this document in the manner described in clause 20 of this Agreement as additional shareholders in the Company.

NOW IT IS AGREED by the parties as follows:

1 **DEFINITIONS AND CONSTRUCTION**

1.1 **Defined terms**

In this Agreement, unless the context otherwise requires, the following expressions have the following meanings:

Asset Transfer Agreement means the asset transfer agreement referred to in clause 11 of this Agreement;

Asset Transfer Principles refers to the principles set out in the Record of Agreement for determining:

(a) the value of the Water Services Infrastructure, as set out in paragraphs 37 to 41 of the Record of Agreement (inclusive);

(b) consideration payable for the transfer of the Water Services Infrastructure and related assets, as set out in paragraphs 50 to 52 (inclusive) of the Record of Agreement; and

(c) the treatment of future vested assets under Development Agreements entered into prior to the transfer of the Water Infrastructure Assets, as set out in paragraph 46 of the Record of Agreement;

Board means the board of directors of the Company acting pursuant to and in accordance with the Companies Act and the Constitution;

Business Day means a day on which registered banks are open for normal banking business in Hamilton;

Companies Act means the Companies Act 1993;

Constitution means the constitution of the Company, as amended from time to time;

Council-Controlled Organisation or *CCO* has the meaning set out in the LGA;

Deed of Accession means a deed to the effect, and substantially in the form, of the deed annexed to this Agreement as Annexure A;

Establishment Date means 1 July 2025 or such later date as may be agreed in writing between the Shareholders;

Establishment Period means the period from the Establishment Date until the day immediately preceding the Operational Date;

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Event of Default means the failure of a Shareholder to remedy a default specified in clause 19 within the time limit specified in that clause;

Exit Process means the process set out in the Third Schedule;

Financial Year means a year ending on 30 June;

[Company Name] Forum shall be the forum appointed by the Shareholders as set out in clause 6 of this Agreement;

LGA means the Local Government Act 2002;

LGFA means the New Zealand Local Government Funding Agency;

LG(WS)A means the Local Government (Water Services) Act 2024;

Local Authority has the meaning given to that term in the LGA;

Local Government Reorganisation Proposal means a reorganisation investigation by the Local Government Commission under Schedule 3 of the LGA and includes any reorganisation plan proposed by the Commission as an outcome of such investigation;

Major Transaction has the meaning given to that term in the Companies Act;

Material Contracts mean each of the arrangements referred to in clause 14.1 to be agreed between the Company and each Shareholder during the Establishment Period and such other arrangements that the parties agree in writing shall be Material Contracts;

Operational Date means 1 July 2026, or such other date agreed in writing by the Shareholders;

Operational Period means the date from the Operational Date until such time as this Agreement is terminated in accordance with its terms;

Record of Agreement means the HCC & WDC Joint Waters CCO – Design Concept 2024 Record of Agreement entered into between HCC and WDC, annexed to this Agreement as Annexure B;

Service Area has the meaning given to it in the LG(WS)A and, in the context of this Agreement, shall be the Service Areas within Hamilton City and Waikato District;

Shareholders means HCC and WDC and includes any other Local Authority becoming a Shareholder under this Agreement by executing a Deed of Accession;

Statement of Expectations has the meaning given to it in the LG(WS)A and, in the context of this Agreement, means the Statement of Expectation annexed to this Agreement as Annexure C, as amended or replaced from time to time;

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Stormwater Network has the meaning set out in the LG(WS)A;

Stormwater Services has the meaning set out in the LG(WS)A and, in the context of this Agreement, means services in relation to:

(a) the Stormwater Network of Hamilton City owned by HCC; and

(b) the Stormwater Network of Waikato District owned by WDC,

and includes all related and incidental services and delegation of responsibilities agreed between the Company and each Shareholder in the management service agreements referred to in clauses 11 and 14.1(c);

subsidiary has the meaning given to that term in section 5 of the Companies Act;

Terms of Reference means the terms of reference of the [Company Name] Forum set out in the Second Schedule of this Agreement as amended from time to time;

Transfer Agreement has the meaning set out in the LG(WS)A;

Transfer of Water Debt Principles refers to the principles set out in the Record of Agreement for determining the transfer of existing shareholder waters-related debt, development contributions and reserves, as set out in paragraphs 42 to 44 of the Record of Agreement (inclusive), provided that:

(a) references to "on formation" in each paragraph shall be read as amended to "on the Operational Date"; and

(b) the treatment of deficit reserves in paragraph 43 shall be read as amended to state that shareholder loan balances between the Shareholders and the Company will be created to recognise any deficit reserves;

Water Organisation has the meaning set out in the LG(WS)A;

Water Services has the meaning set out in the LG(WS)A, and, in the context of this Agreement, mean the water services provided by the Company throughout the Service Areas of Hamilton City and Waikato District;

Water Services Annual Budget means the water services annual budget prepared and adopted by the Board in accordance with the Constitution and the LG(WS)A;

Water Services Bylaws has the meaning set out in the LG(WS)A and includes those water services bylaws referred to in clause 12 (as amended, revoked or replaced from time to time);

Water Services Infrastructure means the collective infrastructure comprised of the Water Supply Network and Wastewater Network located within the Service Area of a Shareholder (including, for the purposes of clause 20, of an additional Shareholder as the context may require);

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Water Services Strategy means the water services strategy prepared and adopted by the Board in accordance with the Constitution and the LG(WS)A;

Water Supply Network has the meaning set out in the LG(WS)A;

Water Supply Service has the meaning set out in the LG(WS)A;

Wastewater Network has the meaning set out in the LG(WS)A; and

Wastewater Services has the meaning set out in the LG(WS)A.

1.2 **Construction**

In the construction of this Agreement, unless the context requires otherwise:

(a) *Clauses and Schedules*: references to clauses and schedules are to clauses and schedules of this Agreement and, unless otherwise stated, a reference in a schedule to a clause is a reference to a clause in that schedule;

(b) *Currency*: references to monetary amounts are to New Zealand currency;

(c) *Defined terms*: words or phrases (other than proper names) appearing in this Agreement with capitalised initial letters are defined terms and shall bear the meanings given to them in this Agreement;

(d) *Documents and agreements*: a reference to any document or agreement, including this Agreement, includes a reference to that document or agreement as amended, novated or replaced from time to time;

(e) *Headings:* headings appear as a matter of convenience and shall not affect the construction of this Agreement;

(f) *Related terms*: where a word or expression is defined in this Agreement, other parts of speech and grammatical forms of that word or expression have corresponding meanings;

(g) *Schedules*: schedules are part of the operative part of this Agreement;

(h) *Singular, plural and gender*: the singular includes the plural and vice versa, and words importing one gender include the other genders;

(i) *Statutes and regulations*: a reference to a bill, an enactment or any regulations is a reference to that bill as enacted or that enactment or those regulations as amended, or to any enactment or regulations substituted for that enactment or those regulations;

(j) *Time*: references to time are to New Zealand time;

(k) *Writing*: references to "written" or "in writing" include all modes of presenting or reproducing words, figures and symbols in a tangible and permanently visible form.

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1.3 **Local Government (Water Services) Bill (LG(WS)A)**

This Agreement has been prepared in compliance with the requirements of the Local Government (Water Services) Bill that was introduced to the House of Representatives on 10 December 2024. If, as a result of any amendments to the draft Bill, any clauses of this Agreement require revision or amendment and/or new clauses are required, the parties agree to use all reasonable endeavours to update and amend this Agreement and the Constitution so that each document is compliant with the Bill once it becomes law.

2 TERM OF AGREEMENT

2.1 **Commencement**

This Agreement will commence and its provisions take effect on the later of:

(a) the date it is entered into between the parties; and

(b) the Establishment Date.

2.2 **Termination**

This Agreement shall continue in full force and effect until:

(a) upon (and in accordance with) any agreement in writing between all of the Shareholders;

(b) upon completion of any repurchase of Shares by the Company in accordance with the terms of this Agreement resulting in there being only one holder of Shares; or

(c) an order is made, or a resolution is passed, to wind up the Company.

2.3 **Existing rights**
Termination of this Agreement is without prejudice to and shall not effect any rights or remedies of any party arising from any happening or event which occurs prior to termination, or any provisions of this Agreement which are intended to survive termination.

2.4 **Surviving provisions**
Upon termination of this Agreement, the provisions of clause 1, clause 2.3, this clause 2.4 and clauses 23, 26, 27 and 28 of this Agreement will remain in full force and effect.

3 **FORMATION OF THE COMPANY**

3.1 **Incorporation**
On or before the Establishment Date, the Shareholders will arrange for the incorporation of the Company as a limited liability company under the Companies Act. The name of the Company will be [Company Name] Forum Limited or such other name as the Shareholders may agree upon. The Company's constitution will be in the form set out in the First Schedule.

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3.2 **Water Organisation**
The parties acknowledge that the Company is:

(a) a Water Organisation for the purpose of the LG(WS)A; and

(b) a Council-Controlled Organisation for the purpose of the LGA,

and the Shareholders will each use their best endeavours to ensure that they comply with their, and the Company complies with its, obligations under all applicable legislation, including the LGA, the LG(WS)A, the Local Government (Water Services) Preliminary Arrangements) Act 2024, and the Companies Act.

3.3 **Initial Capital structure**

The Company shall have an initial share capital of $100.00 comprising 100 ordinary shares issued at $1.00 each. The share capital of the Company shall be subscribed for at the issue price and divided into two groups as follows:

(a) HCC shall subscribe for 50 shares; and

(b) WDC shall subscribe for 50 shares.

3.4 **Capital structure after the transfer of Water Infrastructure Assets**

Subject to approval of the Shareholders as a Reserved Matter pursuant to clause 5.1, the share capital of the Company will be adjusted to reflect the issuing of shares to the Shareholders as part of the consideration payable in respect of the transfer of Water Infrastructure Assets and related resources under each Asset Transfer Agreement. The issue price, class of shares and number of shares to be issued to each Shareholder will be determined in accordance with the Asset Transfer Principles (or as otherwise agreed between the Shareholders and the Company) and will be as set out in the Asset Transfer Agreements.

4 OBJECTIVES AND VALUES OF THE COMPANY

4.1 **Purpose**

It is the intention of the Shareholders that the Company is to operate as a Water Organisation and the business of the Company shall be to provide the Water Services in accordance with terms and conditions of this Agreement, the Constitution and the LG(WS)A (**Business**).

4.2 **Initial establishment activities**

The Shareholders will work together with and assist the Board as it undertakes all such actions as are necessary during the Establishment Period to ensure that the Company is ready to provide the Water Services from the Operational Date, including any actions set out in paragraph 13 of the Statement of Expectations.

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4.3 **Main operating objectives and values**

The main operating objectives and values of the Company are as set out in the Constitution.

4.4 **Commitments to iwi and hapū**

The Shareholders have each made commitments to iwi and hapū arising from Treaty of Waitangi settlements and shall work together with the Company to maintain effective relationships with iwi and hapū in a way that supports such commitments.

4.5 **Conduct of the Shareholders**

A Shareholder must not conduct its affairs in a manner which is inconsistent with the purpose of this Agreement or any of the objectives and values of the Company set out in the Constitution.

5 SHAREHOLDERS' OBLIGATIONS

5.1 **Reserved Matters**

The Shareholders will use best endeavours to make all decisions which require Shareholder approval by consensus. Without limitation, decisions on the following matters shall require the unanimous agreement of the Shareholders:

(a) the issue of any shares, options or convertible securities in the capital of the Company and any increase, reduction, consolidation, subdivision or cancellation of, or variation of the rights attaching to any class of shares, options or convertible securities in, the capital of the Company;

(b) any alteration or revocation to the Constitution;

(c) the establishment of, or acquisition of any interest in, any company, partnership, trust or other undertaking, or the entry into of any merger, joint venture, business combination or scheme of arrangement;

(d) the proposed surrender of a designation or of an allocation of water within a consented water take or of a consent to take water;

(e) any increase in the level of Shareholder financial support under clause 13.2;

(f) the acquisition or construction of any asset or assets (whether by a single transaction or series of related transactions) for a price or value exceeding 25% of the value of plant, property and equipment as stated in the Company's most recent audited financial statements; or

(g) the disposal of any asset or assets (whether by a single transaction or series of related transactions) for a price or value exceeding 10% of the value of plant, property and equipment as stated in the Company's most recent audited financial statements; or

(h) entering into, amending or waiving any agreement, commitment or understanding, excluding those transactions provided for in (f) and (g) above, with an aggregate per annum value exceeding 10% of annual operating revenue.

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(i) the setting of any target debt levels and any debt limits for the Company (**debt limit**) above 90% of the debt ceiling covenants as set by the LGFA;

(j) the Company incurring, or agreeing to incur, any indebtedness which would cause the Company to exceed the debt limit, other than to respond to a civil defence emergency or natural disaster in which case the Company may exceed the debt limit up to the debt ceiling covenants as set by the LGFA without the unanimous agreement of Shareholders;

(k) the approval of the rates of interest and other terms and conditions of money borrowed or raised by the Company from a Shareholder other than in accordance with the prevailing rates of interest and terms and conditions granted by the LGFA (which should only be in exceptional circumstances);

(l) the grant of any security or encumbrance over any Water Services Infrastructure;

(m) the admission of another Local Authority as an additional Shareholder under this Agreement;

(n) the exit of a Shareholder;

(o) the putting of the Company into liquidation;

(p) the approval of a Major Transaction;

(q) the change of the name of the Company;

(r) any change to the Dividend Policy of the Company,

(the **Reserved Matters**).

5.2 **Procedures for shareholders' meetings**
The procedures for shareholders' meetings and the quorum for a meeting of the shareholders of the Company will be as set out in the Constitution.

6 SHAREHOLDER DECISIONS DURING THE ESTABLISHMENT PERIOD

6.1 **Shareholder obligations during the Establishment Period**
Each Shareholder agrees that, during the Establishment Period:

(a) each Shareholder will operate and conduct the supply of Water, Wastewater and/or Stormwater Services and use and maintain the Water Infrastructure Assets and Water Networks in the ordinary course of business;

(b) each Shareholder will obtain the Board's agreement (not to be unreasonably withheld or delayed) prior to undertaking any of the following decisions or commitments:

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(i) entry into any private development agreement for the provision of water supply or wastewater related infrastructure or services that has a capital or whole of life cost of $10,000,000 or more, unless already provided in the relevant Shareholder's Annual Plan or Long-Term Plan;

(ii) changes to cost or terms of the water and wastewater supply agreement between WDC and Watercare relating to the north of WDC (other than to the extent necessary to novate such agreement to the Company);

(iii) changes to the contract for service between WDC and Watercare (other than to the extent necessary to novate such contract from WDC to the Company);

(iv) changes to the contracts for service between HCC and CoLab relating to Sampling and Analysis, Smart Water, Trade Waste and the Business Management of these services;

(v) entry into and any new or changed cross boundary agreement relating to the provision of water and/or wastewater services to areas of Waipā District;

(vi) entry into or changes to any development agreements, Regional Deal commitments, Housing Infrastructure Fund loans, Infrastructure Funding and Financing Agreements, or Infrastructure Acceleration Fund

agreements that relate to or impacts on water supply services or infrastructure and/or wastewater services or infrastructure;

(vii) changes to conditions of consent for water takes or discharge, or the reallocation of consented water takes or discharges, that would impact on the capacity of the water and wastewater networks to deal with growth and operate effectively;

(viii) the sale or purchase of waters related assets and land that would significantly affect the nature and value of the assets that are intended to the transferred to the Company under the Asset Transfer Agreements;

(ix) changes to terms and conditions of employment of staff that are intended to be transferred to the Company, including terms relating to the transfer of staff, that would affect the cost structure or employment liabilities of the Company; and

(x) any other commitment or contract that would materially affect the value and nature of the assets, liabilities, responsibilities and cost structure of the Company as intended by the Record of Agreement.

6.2 **Disagreement during the Establishment Period**
Where there is a disagreement between a Shareholder and the Company in relation to any of the matters set out in clause 6.1 (including as to any terms or conditions which the Board's agreement is given subject to), the dispute resolution process set out in clause 26 will not apply, and Company and the Shareholders shall endeavour in good faith to resolve any such disagreement by negotiation between the Chief Executives of the Shareholders and the Chief Executive of the Company (or the Executive Chair of the Company in the period prior to the appointment of a Chief Executive).

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7 [COMPANY NAME] FORUM

7.1 **Establishment and Terms of Reference**
The Shareholders will establish and maintain a [Company Name] Forum in accordance with the Terms of Reference, the terms of the Constitution and the terms of this Agreement. The purpose of the [Company Name] Forum is to provide governance oversight to the Company and to provide a forum for joint shareholding decisions.

7.2 **Appointment of [Company Name] Forum members**
Unless otherwise determined by special resolution of the Shareholders, the composition and membership of the [Company Name] Forum will be as specified in the Terms of Reference.

7.3 **Delegations to [Company Name] Forum members**
Each Shareholder agrees to delegate to their appointed member of the [Company Name] Forum all of the powers, and responsibilities necessary to participate in and

carry out the powers and responsibilities of the [Company Name] Forum set out in the Terms of Reference.

7.4 **Attendance at meetings**

Each Shareholder will procure that its members attend each meeting of the [Company Name] Forum in person. If any member fails to attend any three consecutive meetings of the [Company Name] Forum, the appointing Shareholder must remove that member and appoint a new member in replacement.

8 **BOARD**

8.1 **Board role**

The business and affairs of the Company must be managed by, or under the direction and supervision of, the Board.

8.2 **Initial Establishment Board**

(a) During the Establishment Period, the Board shall comprise a maximum of three Directors, unless otherwise approved by a special resolution of the Shareholders.

(b) With effect from the Establishment Date, the persons set out in the table below will be the Directors of the Company, and the Shareholders and the Board (as applicable) will be deemed to have taken all steps necessary to appoint those persons as Directors:

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Director	Initial Term
[•]	**[**Two**]** years
[•]	**[**Two**]** years
[•]	**[**One**]** year

(c) Each Director set out in the table above will be appointed for the corresponding initial term. Following expiry of each initial term, the Director shall be eligible for re-appointment by the [Company Name] Forum in accordance with the Constitution and the Terms of Reference.

(d) During the Establishment Period, the quorum for a meeting of the Board shall be three Directors and all decisions shall be made by unanimous agreement of all three Directors.

8.3 **Board composition and appointments during Operational Period**

(a) During the Operational Period, the Board shall comprise between five and seven Directors.

(b) Other than the initial Directors appointed in accordance with clause 7.2, Directors will be appointed and removed by the [Company Name] Forum in accordance with the Terms of Reference and the Constitution.

8.4 **Chairperson**

(a) The first chairperson of the Board will be **[•]**, who will hold office as chairperson for an initial period of two years commencing on the Establishment Date. After that period, the chairperson shall be appointed by the [Company Name] Forum.

(b) **[•]** will also act in the capacity of Executive Chair until such time that a Chief Executive Officer of the Company is appointed and commences his or her employment with the Company.

8.5 **Procedures for Board meetings**

Subject to clause 8.2(d), the procedures for Board meetings and the quorum for a meeting of the Board of the Company will be as set out in the Constitution.

9 STATEMENT OF EXPECTATIONS

9.1 **Statement of Expectations**

(a) The first Statement of Expectations shall be as set out in Annexure C.

(b) The [Company Name] Forum will review the Statement of Expectations annually, such review to be undertaken prior to the commencement of each Shareholder's process for preparation and review of its Annual Plan or Long-Term Plan (as those terms are defined in the LGA) and the Company's preparation and review of the Water Services Strategy and Water Services Annual Budget.

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(c) The [Company Name] Forum may review and amend or replace the Statement of Expectations more frequently than the annual review referred to in clause 9.1(b), but the Statement of Expectations cannot be changed within six months of the adoption of the last Statement of Expectations.

(d) Any reviewed, amended or replaced Statement of Expectations must be prepared in a manner consistent with the requirements of the LG(WS)A for a Water Service Provider, and provided to the Board.

(e) When undertaking a review, or proposing to amend or replace the Statement of Expectations, the [Company Name] Forum must consult with the Board before adopting a final Statement of Expectations.

(f) The Board will ensure that the Business is conducted in accordance with the Statement of Expectations.

9.2 **Publication**

Each Shareholder must publish a copy of the Statement of Expectations, together with all half-yearly and annual water services reports, on their public website within the timeframes set out in the LG(WS)A.

10 DIVIDEND POLICY

10.1 Payment of dividends

Unless otherwise agreed by the Shareholders as a Reserved Matter, the Company will not pay dividends to the Shareholders. Any operating surpluses of the Company must instead be applied towards maintaining, developing and investing in the Water Services Infrastructure. For the avoidance of doubt, nothing in this clause will prevent the Company from making repayments on any Shareholder loans or buying back the shares of an Exiting Shareholder in accordance with the Third Schedule.

11 TRANSFER/ACQUISITION OF ASSETS

11.1 Sale and purchase

To enable the Company to provide the Water Services, each Shareholder commits to transfer their respective Water Services Infrastructure and all related resources (including all such employees, rights, contracts, agreements, consents, permits, designations, land, access, licences, water allocations, customer data and financial information as are necessary to provide the Water Services) to the Company on the terms and conditions set out in an Asset Transfer Agreement to be agreed in accordance with clause 11.2.

11.2 Negotiation and execution of Asset Transfer Agreement

Each Shareholder and the Company shall use best endeavours to negotiate and execute the Asset Transfer Agreement during the Establishment Period, with the intention that the Water Services Infrastructure will be transferred to the Company with effect from the Operational Date. Unless otherwise agreed between the Shareholders and the Company, the Asset Transfer Agreement shall reflect the Asset Transfer Principles.

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12 DELEGATIONS OF FUNCTIONS OR POWERS

12.1 Delegation of Responsibilities for Water Services Bylaws

(a) To enable the Company to provide the Water Services, exercise effective control over the Water Infrastructure Assets, and meet statutory obligations as a Water Organisation, each Shareholder commits to delegate their functions or powers that relate to the administration and enforcement of the following water services bylaws to the Company:

(i) Waikato District Council Water Supply Bylaw 2023;

(ii) Waikato District Council Trade Waste and Wastewater Bylaw 2023

(iii) Hamilton City Council Water Supply Bylaw 2013 (Amended 2024); and

(iv) Hamilton City Council Trade Waste and Wastewater Bylaw 2016 (Amended 2023),

(the **Delegated Bylaws**).

(b) To the extent permitted by law, the delegation of responsibility and decision-making with respect to the Delegated Bylaws is intended to include the transfer of existing consents, access agreements, connection agreements, trade waste consents, trade waste agreements, water supply agreements, individual customer agreements, water allocations, water conservation and demand plans. The delegation is also intended to include decision-making under the bylaws, including decisions relating to connections, consents, approval notices, appointing authorised officers, and fixing charges.

(c) The delegation of responsibility to the Company with respect to the Delegated Bylaws will be set out in an instrument of delegation. Each Shareholder and the Company shall use best endeavours to negotiate and agree the terms of each instrument of delegation, with the intention that all of the relevant instruments of delegation will be effective from the Operational Date.

(d) It is the intention of the Shareholders to delegate responsibility for the administration and enforcement of any further updates to the Delegated Bylaws and/or any successor bylaws that might replace them.

12.2 **Stormwater Responsibilities**

(a) To enable the Company to provide integrated Water Services and Stormwater Services, each Shareholder commits to transfer their respective employees and related equipment involved in the provision of Stormwater Services to the Company on the terms and conditions set out in an Asset Transfer Agreement to be agreed in accordance with clause 11.2.

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(b) Each Shareholder commits to delegate relevant administration and enforcement powers and functions under the following Water Services Bylaws as part of the management service agreements for the provision of Stormwater Services to be agreed in accordance with clause 14:

(i) Waikato District Council Stormwater Bylaw 2021; and

(ii) Hamilton City Council Stormwater Bylaw 2021.

13 FUNDING

13.1 **Initial Funding**

The initial funding of the Company will be provided by the Shareholders as follows:

(a) **Establishment Loans**: HCC will provide initial funding to the Company to provide working capital and fund activities during the Establishment Period by way of a Shareholder Loan (**HCC Establishment Loan**) in accordance with the following principles:

(i) The amount of the HCC Establishment Loan shall be equal to the budget agreed by the Shareholders for the Establishment Period prior to the Establishment Date.

(ii) HCC shall either, in whole or in part, procure an amount equal to the HCC Establishment Loan from the LGFA (**LGFA Establishment Loan**) and/or make an attribution from HCC's overall portfolio of existing debt and financing arrangements (**Pre-Existing Loans**) prior to the Establishment Date in order to provide the HCC Establishment Loan.

(iii) The HCC Establishment Loan will be provided to the Company on a "back-to-back" basis and at the same interest rate(s) and on the same terms and conditions as the LGFA Establishment Loan and/or Pre-Existing Loans, such that the debt repayment and refinancing provisions require the Company to service the HCC Establishment Loan in a manner that is consistent with, and on no less favourable terms, than the terms of the LGFA Establishment Debt and/or the underlying Pre-Existing Loans to the extent attributed to the HCC Establishment Loan . On maturity of each portion of the HCC Establishment Loan, subject to the satisfaction of solvency requirements, the Company will repay the HCC Establishment Loan in full.

(iv) HCC and the Company will use best endeavours to enter into the financing instruments documenting the HCC Establishment Loan promptly following entry into this Agreement.

(v) The Company must not take or omit to take any action for the purpose, or which has or may have the effect, of causing HCC to be in breach of the terms and conditions of the LGFA Establishment Loan and/or the underlying Pre-Existing Loans.

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(b) **Transitional Loans**: Each of the Shareholders shall provide transitional funding to the Company in connection with the current debt incurred by Shareholders attributable to the Water Infrastructure Assets and any relevant reserves relating to the Water Infrastructure Assets by way of Shareholder Loans (**Transitional Loans**) in accordance with the following principles

(i) The principal amount of the Transitional Loans and the debt repayment and refinancing terms and conditions of the Transitional Loans will be calculated and provided to the Company in a manner that is consistent with the Transfer of Water Debt Principles.

(ii) Each Shareholder and the Company will use best endeavours to enter into financing instruments during the Establishment Period to agree the terms of the Transitional Loans effective from the Operational Date and consistent with the Transfer of Water Debt Principles.

13.2 **Further funding**

As a matter of general policy, as and when the Company requires further funds (including as each Transitional Loan matures and is repaid in full), the Shareholders agree to provide such support as is necessary to enable the Company to incur indebtedness up to the debt limit that has been approved by the Shareholders as a Reserved Matter under clause 5.1(i) by accessing LGFA funding or funding from approved counterparties (which may include providing uncalled equity funding,

security, indemnities, guarantees or other credit support), provided that neither Shareholder shall be required to provide any support which is not pro-rata to their then-current shareholding in the Company at the time of providing such support.

14 MATERIAL CONTRACTS

14.1 Material Contracts with Shareholders

During the Establishment Period, the Company intends to enter into the following Material Contracts with each of the Shareholders:

(a) an Asset Transfer Agreement for the transfer of the Water Services Infrastructure and related resources from each Shareholder as vendors to the Company as purchaser as further detailed in clause 11;

(b) a shared services agreement for the provision of shared services by each Shareholder as supplier to the Company as purchaser in order to support the Company's operations on and from the Establishment Date, such services to be provided:

(i) at cost; and

(ii) with no transfer of risk from the Company to each Shareholder;

(c) management service agreements for the provision of Stormwater Services by the Company as supplier to each Shareholder as purchaser, such services to be provided:

(i) on an evergreen basis with automatic rollover unless terminated in accordance with its terms;

(ii) at cost;

(iii) on the basis that there is no transfer of risk from each Shareholder to the Company; and

(iv) on the basis that no Shareholder will be offered lower pricing for like-for-like Stormwater Services than any other Local Authority;

(d) agreements for the assignment, novation or subcontract (as the case may be) of each Shareholder's rights and obligations in respect of agreements with third party developers and central government funding agreements to the extent such agreements relate to the Water Services and are necessary for the Company to carry on the Business and provide the Water Services; and

(e) any other material commitment or agreement of the Shareholders that would materially affect the value and nature of the assets, liabilities and responsibilities of the Company as intended by this Agreement.

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14.2 **Negotiation and execution of Material Contracts**
The initial Chair appointed in accordance with clause 8.4(a) and the Chief Executive Officer (once appointed) shall be the Company's representatives for negotiating and concluding the Material Contracts. The Company and the Shareholders will use best endeavours to negotiate and execute the Material Contracts during the Establishment Period, with the intention that each of the Material Contracts will take effect on and from the Operational Date (or such other date agreed in writing between the parties in respect of any Material Contract).

14.3 **Transfer agreements**
To the extent that any of the Material Contracts are Transfer Agreements:

(a) the parties shall ensure that the terms and conditions of the Material Contract comply with obligations required under the LG(WS)A, including incorporating all mandatory content set out in Schedule 2 of the LG(WS)A;

(b) Each Shareholder acknowledges that it:

(i) continues to be responsible, as the water service provider under the LG(WS)A for ensuring the provision of the water services to which the contract or arrangement relates; and

(ii) must ensure that the Company performs and exercises all statutory functions, duties, and powers associated with providing the water services to which the contract or arrangement relates.

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15 CONFLICTS OF INTEREST

15.1 **Conflicts of interest arising**
The parties acknowledge that actual, perceived or potential conflicts of interest may arise from time to time between:

(a) the interests of the Shareholders as between each other; and

(b) the interests of a Shareholder and the Company,

(**Conflicts**), including as may arise in the context of a dispute under any Material Contract or any other agreement entered into between the Company and a Shareholder from time to time (**Related Party Agreements**).

15.2 **General policy on conflicts of interest**
As a general policy, the Shareholders must:

(a) manage any actual, perceived or potential conflicts of interest in a transparent and collaborative manner, including through early notification of such Conflict to the other parties to this Agreement; and

(b) not, and ensure that its appointed members to the Shareholders Forum do not, use their rights, powers and responsibilities under this Agreement to take or omit to take any action which causes or contributes to a dispute arising

under any Related Party Agreement, or which frustrates, prevents, delays or otherwise hinders any dispute resolution under a Related Party Agreement.

15.3 **Conflicts of interest protocol**
If either party so requests, the Shareholders (either themselves or by delegation to the Shareholders Forum) will use best endeavours to agree a conflicts of interest protocol with the intention that such protocol would be binding on the Shareholders.

16 REPRESENTATIONS AND WARRANTIES

16.1 **Full authority**
Each Shareholder represents and warrants to the other Shareholder and to the Company that it has been duly authorised to enter into and perform this Agreement, and has the necessary power to bind itself in the manner contemplated by this Agreement.

17 SHAREHOLDERS' UNDERTAKING

17.1 **Undertaking to perform this Agreement and the Material Contracts**
Each Shareholder undertakes to:

(a) duly perform and observe all the terms and conditions to be performed or observed by a Shareholder under this Agreement and any contracts referred to clause 14.1 to which it is a party;

(b) procure that its members of the [Company Name] Forum will use their best endeavours to ensure that the [Company Name] Forum performs and carries on its duties and obligations so as to give full effect to this Agreement.

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18 TRANSFER OF SHARES / SHAREHOLDER EXIT PROCESS

18.1 **Shareholder intentions**
Each Shareholder will keep the other Shareholders informed of their intentions in respect of their ownership of the Company from time to time.

18.2 **Intention to exit**
Without limiting clause 18.1, each Shareholder must give the other Shareholders a confidential notification where that party is considering exiting the Company as soon as practicable after the receipt of any internal approvals necessary to commence initial steps towards undertaking any such exit and, in any event, before issuing a Notice of Intention.

18.3 **No transfer except in accordance with Exit Process**
Subject to the exception in clause 1.2 of the Third Schedule, no Shareholder may sell, transfer, assign or otherwise dispose of or deal with (whether by operation of law or otherwise), or take any step to accept an offer to purchase, transfer, assign or otherwise dispose of or deal with that Shareholder's Shares except in accordance with the Exit Process as set out in the Third Schedule.

19 DEFAULT

19.1 Events of Default

(a) If a Shareholder fails to observe or perform any of that Shareholder's material obligations under this Agreement and such default is not remedied within 20 Business Days of that Shareholder receiving written notice from the other Shareholder requiring that the default be remedied (**Event of Default**), then, for so long as that Event of Default continues and without prejudice to any other rights that the parties may have, that Shareholder, and any members appointed by it to the [Company Name] Forum, will not be entitled to vote or give its approval in relation to any matter under this Agreement (including, for the avoidance of doubt, the right to vote on any Reserved Matter) and the defaulting Shareholders' Shares will not be counted for the purpose of determining a quorum for any Shareholders' meeting.

(b) If an Event of Default has occurred, then that Shareholder will use all reasonable endeavours to remedy that Event of Default as soon as is reasonably practicable.

(c) If the Event of Default relates to a Shareholder (**Defaulting Shareholder**), for reasons other than default of the Company:

(i) failing to comply with its obligation to complete the transfer of the Defaulting Shareholder's Water Infrastructure Assets to the Company under the Asset Transfer Agreement; and

(ii) failing to remedy such Event of Default in accordance with the timeframes set out in 19.1(a) (time being of the essence) or such other period agreed by the parties,

then, without prejudice to any other rights or remedies available to the non-Defaulting Shareholder and the Company under this Agreement and/or the Asset Transfer Agreement, the parties agree that, as a general principle, the Defaulting Shareholder will reimburse the Company for all costs associated with the HCC Establishment Loan, including all principal and interest payments then due and owing or that may become due and owing. The parties agree to use best endeavours to give effect to the intention of this clause.

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20 INTRODUCTION OF ADDITIONAL SHAREHOLDERS

20.1 Introduction of additional Shareholders

Subject to the agreement of the Shareholders pursuant to clause 5.1 and clause 20.2, another Local Authority may request to join the Company by:

(a) transferring its Water Services Infrastructure and all related resources (including all such employees, rights, licences, customer data and financial information as are necessary to provide the Water Services within the relevant Service Area) to the Company; and

(b) acceding to this Agreement as an additional Shareholder.

20.2 **Proposal for additional Shareholder**

The following terms shall apply to a proposal for the introduction of an additional Shareholder:

(a) Any proposal to introduce an additional Shareholder shall be considered by the Board and the Board must make a recommendation to accept or reject the proposal to the [Company Name] Forum.

(b) The [Company Name] Forum, on receipt of such a recommendation from the Board, must consider the proposal and make a final recommendation to the Shareholders. The final decision on the proposal would be made by the Shareholders as a Reserved Matter pursuant to clause 5.1.

(c) An additional Shareholder may only be introduced by increasing the capital of the Company and issuing new shares to the additional Shareholder in accordance with this clause 20.

(d) The amount and value of new shares to be issued to the additional Shareholder must be determined by reference to the fair value of the net water services infrastructure being contributed to the Company, relative to the fair value of the existing assets of the Company, using the Asset Transfer Principles (with references to HCC and WDC in those principles deemed to refer to the additional Shareholder).

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(e) The terms for the sale and transfer of the additional Shareholder's water services infrastructure must not be more favourable to the additional Shareholder than those agreed by the existing Shareholders.

(f) The admission of the additional Shareholder must not:

(i) be detrimental to the existing Shareholders or their communities;

(ii) worsen the Company's financial position; or

(iii) result in the Company failing to meet its obligation to be financially sustainable.

(g) Each party will bear their own costs of the additional Shareholder joining, provided that the Company must use reasonable endeavours to ensure that a proposed additional Shareholder that withdraws from the process prior to admission covers the costs incurred by the Company of considering the proposal.

20.3 **Transfer of assets and issue of shares**

If a proposal is approved by the Shareholders under 20.2(a), the existing Shareholders shall procure the Company to use all reasonable endeavours to negotiate and enter into all such transactions documents as are necessary to effect the transfer of the Water Services Infrastructure and related resources (including all

employees, rights, licences, customer data and financial information necessary to provide the Water Services within the additional Shareholder's Service Area) and issue the new shares to the additional Shareholder. For the avoidance of doubt, if entry into the transaction documents is a Major Transaction or otherwise constitutes a Reserved Matter under clause 5.1, the transaction documents must be conditional on the Company obtaining all necessary approvals from the Shareholders.

20.4 **Deed of Accession**

The additional Shareholder shall execute a Deed of Accession by which it agrees to observe and be bound by this Agreement as if it had executed this Agreement as a Shareholder named in this Agreement.

20.5 **Shareholders' loans to Company**

The additional Shareholder shall pay to the Company such sums as are necessary to ensure that the additional Shareholder contributes a pro-rata share with the existing Shareholders (according to the shareholding of that Shareholder) to the amount of any loans from the existing Shareholders to the Company.

20.6 **Amendment to this Agreement**

When an additional Shareholder is admitted to the Company, the Shareholders must seek to agree the requisite amendments to this Agreement or the Constitution to provide for:

(a) iwi engagement and participation to appropriately incorporate iwi and any relevant Te Tiriti o Waitangi settlement from the enlarged service area;

(b) any changes in the composition and decision making of the [Company Name] Forum;

(c) any changes in the Board composition and the process of appointing Directors to the Board; and

(d) any other clauses necessary to reflect the fact that there are more than two Shareholders.

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21 CHANGES TO SERVICE AREA

21.1 **Local Government Reorganisation - Consultation**

Each Shareholder commits that it will not initiate or respond to a Local Government Reorganisation Proposal that would have the effect of changing the Company's Service Area without first consulting with the Company and considering the Company's view of the impact of such a change on:

(a) the assets, capacity, and financial viability of the Company;

(b) the ability of the Company to meet expectations of the Shareholders;

(c) the cost, nature, quality, of any assets, liabilities, consents, water allocations, obligations, and designations, that would be transferred to the Company under the proposal;

(d) the opportunities and potential benefits associated with the proposal.

21.2 **Local Government Reorganisation - Consideration**

(a) The parties agree that when considering any Local Government Reorganisation Proposal, they will apply the same process and principles as apply to the introduction of an additional shareholder (clause 20, amended as necessary for the context) for a proposal that would have the effect of increasing the Company's Service Area.

(b) The parties agree that when considering any Local Government Reorganisation Proposal they will apply the same process and principles as apply to the exit of a Shareholder (clause 18 and the Third Schedule, amended as necessary for the context) for a proposal that would have the effect of decreasing the Company's Service Area.

(c) The parties agree that a boundary adjustment between them would not change the Company's Service Area.

22 ASSIGNMENT

22.1 **No assignment without consent**

A party must not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each of the other parties.

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23 CONFIDENTIALITY

23.1 **Confidentiality**

Subject to clauses 30.2, 30.3 and 30.4, each party must treat the terms of this Agreement and all information made available by or on behalf of any other party in connection with this Agreement as strictly confidential.

23.2 **Exceptions**

The obligation of confidentiality under clause 23.1 does not apply to:

(a) information that is generally available to the public at the date of this Agreement or subsequently becomes so available other than by reason of breach of any obligation of confidentiality;

(b) any disclosure or publication of information that is necessary to comply with any law, including the LGA, the LG(WS)A and the Local Government Official Information and Meetings Act 1987, or the order of any Governmental Agency; and

(c) any disclosure of information to a Local Authority proposing to join the Company as an additional Shareholder in accordance with clause 20.

In the event any such announcement or disclosure is required by law or the order of any Governmental Agency, the parties agree to consult with each other regarding the contents of any such announcement or disclosure prior to the making thereof.

23.3 **Announcements**
The parties will not (except in accordance with clause 23.2) make any public announcement regarding the terms of this Agreement except in a form and manner and at such time as the parties shall agree upon.

24 FURTHER ASSURANCES

24.1 **To implement this Agreement and the Material Contracts**
Subject to this Agreement, and the requirements of the LGA, the LG(WS)A and any other applicable law, each Shareholder must pass all resolutions of the Shareholders, and must take all action and execute all documents and the members of the [Company Name] Forum appointed by the Shareholder pass all the resolutions of the Company and take all such action and execute all documents, as shall be necessary to implement this Agreement, the Material Contracts and the transactions contemplated by such agreements.

24.2 **To discharge Company's duties and obligations**
Subject to this Agreement, and the requirements of the LGA, the LG(WS)A and any other applicable law, each Shareholder must vote its shares in the Company, or cause all members of the [Company Name] Forum appointed by the Shareholder to vote so as to cause the Company, to assume and discharge each of the Company's duties and obligations contained in this Agreement and the Material Contracts.

25 GOVERNING DOCUMENT

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25.1 **This Agreement to prevail over other agreements between Shareholders**
In the case of any conflict or inconsistency between, on the one hand, the terms and provisions of any other agreement or contract or document between the Shareholders relating to, or affecting, the business or affairs of the Company (including the Record of Agreement) and, on the other hand, the terms and provisions of this Agreement, the terms and provisions of this Agreement as may be applicable will prevail.

25.2 **This Agreement to prevail over Constitution**

(a) In the event of any conflict or inconsistency between the terms and provisions of this Agreement and the Constitution, the terms and provisions of this Agreement will prevail.

(b) The Shareholders will resolve the conflict or inconsistency by procuring amendments to the Constitution to make it consistent with this Agreement.

26 RESOLUTION OF DISPUTES

26.1 **Negotiations**
If a dispute arises between any of the parties concerning the construction of this Agreement, or their rights and obligations under it, then unless other provisions of this Agreement govern the manner in which that dispute is to be resolved, the parties in dispute must enter into negotiations in good faith to try to resolve the dispute. A party in dispute may initiate the negotiations by giving written notice to the other. The party who initiates the resolution procedures must name its

representative in the negotiations when giving written notice to the other party. The other party must then promptly name its representative in the negotiations. Each representative must have authority to settle the dispute. Within 30 Business Days of the parties having advised each other of their representatives, the representatives must enter into negotiations to try to resolve the dispute.

26.2 **Mediation**

If the dispute is not resolved within 30 Business Days of the representatives entering into negotiations to try to resolve the dispute in accordance with clause 26.1, or within a longer period agreed in writing between the representatives (the **Negotiation Period**), or if the parties have not met during the Negotiation Period, any party to that dispute may, within 30 Business Days after the last date of the Negotiation Period, submit the dispute to mediation. Any party to the dispute may commence the mediation by giving a written notice to the other parties to the dispute stating the subject matter and details of the dispute and that party's desire to have the dispute referred to mediation (the **Mediation Notice**).

26.3 **Arbitration**

If the dispute is not resolved within the following 30 Business Days of the parties attending mediation in accordance with clause 26.2, or within a longer period agreed on in writing by the representatives, the parties must submit the dispute to arbitration in accordance with the Arbitration Act 1996. Either party may commence the arbitration by giving a written notice to the other stating the subject matter and details of the dispute and that party's desire to have the dispute referred to arbitration. The arbitration shall be conducted by one arbitrator, if the parties can agree upon one or, failing agreement, by two arbitrators, one to be appointed by each party. If the preference is to have two arbitrators, those arbitrators must appoint a third arbitrator before they begin to consider the dispute.

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27 **NOTICES**

27.1 **Modes of delivery**

Any notice or communication which a Shareholder gives to any other Shareholders or to the Company concerning anything relating to this Agreement or to the Company must be in writing. Notices to a Shareholder or to the Company are to be delivered by hand to the designated address of that Shareholder or the Company or sent by post with postage prepaid or by email to that Shareholder or the Company at that address.

27.2 **Effective delivery by hand**

A notice or other communication delivered by hand will be deemed to have been received at the time of delivery. However, if the delivery is not made on a Business Day or is made after 5.00 p.m. on a Business Day, then the notice or other communication will be deemed to have been delivered on the next Business Day.

27.3 **Effective delivery by post**

A notice or other communication delivered by pre-paid post will be deemed to have been received on the 2nd Business Day after posting.

27.4 **Effective delivery by email**

A notice or other communication sent by email will be deemed to have been received on the day of transmission. However, if the date of transmission is not a Business Day or the transmission is sent after 5.00 p.m. on a Business Day then the notice or other communication will be deemed to have been given on the next Business Day after the date of transmission.

27.5 **Designated addresses**

(a) A designated address for the purpose of this Agreement is that specifically designated in this clause or such other address specifically designated by a Shareholder or the Company by notice given to the other Shareholders. The addresses designated pursuant to this clause are:

Hamilton City Council

Hamilton City Council, Private Bag 3010, Hamilton 3204

Email: **[•]**

Attention: **[•]**

Waikato District Council

Waikato District Council, Private Bag 544, Ngāruawāhia 3742

Email: **[•]**

Attention: **[•]**

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(b) The Company's designated address will be the head office in New Zealand for the time being of the Company as determined by the Board.

28 **MISCELLANEOUS CLAUSES**

28.1 **Amendment**

No amendment to this Agreement shall be effective unless it is in writing and signed by all the parties. For the purposes of this clause, an amendment to the Constitution, whether pursuant to clause 25.2(b) or otherwise, shall not be regarded as an amendment to this Agreement.

28.2 **Waiver**

No party will be deemed to have waived any right under this Agreement unless such waiver is in writing and signed by such party. Any such waiver by a party of a breach of any provision of this Agreement will not constitute a waiver of any subsequent or continuing breach of such provision or of the breach of any other provision of this Agreement by that party.

28.3 **No partnership**

Nothing in this Agreement or in the relationship between the Shareholders or in the relationship between, on the one hand, the Shareholders and, on the other hand,

the Company is to be construed as in any sense creating a partnership between any two or more of the parties to this Agreement or as giving to any party any of the rights, or subjecting any party to any of the liabilities, of a partner.

28.4 **No charge or lien over shares**
No Shareholder may mortgage, charge or otherwise encumber its shares in the Company, or create or suffer or permit a lien over such shares, without the prior written consent of the other Shareholders.

28.5 **Governing law / jurisdiction**
This Agreement shall be governed by and construed in accordance with New Zealand law. Subject to clause 26.3, the parties submit to the non-exclusive jurisdiction of the courts of New Zealand for the purpose of hearing and determining any disputes or proceedings arising out of or in connection with this Agreement.

28.6 **Counterparts**
This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument.

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EXECUTION

Executed as an agreement.

Hamilton City Council by:

_____

_____

in the presence of:

_____

Name:

Occupation:

Address:

Waikato District Council by:

_____

_____

in the presence of:

_____

Name:

Occupation:

Address:

[Company Name] Limited by:

_____
Director

_____
Director

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FIRST SCHEDULE: FORM OF CONSTITUTION OF THE COMPANY

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SECOND SCHEDULE: [COMPANY NAME] FORUM TERMS OF REFERENCE

1 BACKGROUND

1.1 The Shareholders agree that the [Company Name] Forum will be constituted in accordance with the Terms of Reference.

1.2 The Terms of Reference are intended to be binding on the [Company Name] Forum.

2 PURPOSE

2.1 The purpose of the [Company Name] Forum is:

(a) to provide a forum for joint shareholding decisions; and

(b) to provide governance oversight over the Company.

in accordance with the Constitution, the Shareholders' Agreement and the LG(WS)A.

2.2 The [Company Name] Forum shall ensure its decisions support the ongoing operation and success of the Company and do not undermine the Company's financial position or viability.

3 MEMBERS AND VOTING

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3.1 The [Company Name] Forum will consist of:

(a) three representatives appointed by each Shareholder; and

(b) three representatives appointed by Waikato-Tainui,

each representative referred to as a *Member* and, together, the *Members*.

3.2 Each Shareholder holds one vote on the [Company Name] Forum, which shall be exercised as follows:

(a) each Shareholder shall elect one of its appointed Members as the Lead Representative;

(b) subject to clause 3.3, only the Lead Representatives shall be authorised to exercise a vote on any matter for which the [Company Name] Forum has been delegated decision making in accordance with these Terms of Reference; and

(c) in the absence of the Lead Representative, one of the other Members appointed by the Shareholder will be authorised to exercise that Lead Representative's vote.

3.3 Notwithstanding clause 3.2, each Member, including the representatives appointed by Waikato-Tainui, shall have one vote in respect of:

(a) the appointment (including re-appointment) or removal of a Director; and

(b) the appointment or removal of the chairperson of the Board;

(c) the appointment or removal of the chairperson of the [Company Name] Forum.

3.4 Each Shareholder may, at its sole discretion but subject to this clause 3, determine any matters relating to the appointment of their representatives and how their interests are represented on the [Company Name] Forum.

4 **CHAIR**

4.1 The chair of the [Company Name] Forum shall be the Member elected to such role by the unanimous agreement of the Members from time to time.

4.2 The chair of the [Company Name] Forum does not hold a casting vote.

5 **QUORUM**

5.1 The quorum necessary for the transaction of business at a meeting of the [Company Name] Forum is:

(a) one representative of each Shareholder; and

(b) one representative of Waikato-Tainui.

No business may be transacted at a meeting of the [Company Name] Forum unless a quorum is present.

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6 **MEETINGS**

6.1 Unless otherwise provided in the Shareholders' Agreement and these Terms of Reference, the following terms govern the proceedings at meetings of the [Company Name] Forum:

(a) **Chairperson:** If the chair of the [Company Name] Forum is not present within 15 minutes of the time appointed for the commencement of the meeting, the Members present may choose one of their number to be chair of the meeting.

(b) **Notice of meetings:**

1 Written notice of the time and place of a meeting of the [Company Name] Forum must be sent to every Member entitled to receive notice of the meeting not less than 10 working days before the meeting.

2 The notice must state the nature of the business to be transacted at the meeting in sufficient detail, with any relevant supporting documents, to enable a Member to form a reasoned judgment in relation to it.

3 An irregularity in a notice of a meeting is waived if all the Members entitled to attend and vote at the meeting attend the meeting without

protest as to the irregularity, or if all such Members agree to the waiver.

(c) **Method of holding meetings:** A meeting of the [Company Name] Forum may be held by a quorum of the Members:

(i) being assembled together at the time and place appointed for the meeting; or

(ii) participating in the meeting by means of audio, audio and visual, or electronic communication; or

(iii) by a combination of both.

(d) **Minutes:** The chair of the Shareholders Forum must ensure that minutes are kept of all proceedings at meetings of the Shareholders Forum. Minutes which have been signed correct by the chair of the meeting are prima facie evidence of the proceedings.

(e) **No postal votes:** A Member may not exercise the right to vote at a meeting by casting a postal vote.

(f) Except as provided in this clause 6 in these Terms of Reference, a meeting of the [Company Name] Forum may regulate its own procedure.

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7 DECISION-MAKING

7.1 The Members will strive to make all decisions by consensus.

7.2 In the event that a consensus on a particular matter before the [Company Name] Forum is not able to be reached, the matter will be put to a vote in accordance with clause 3.

7.3 In the situation where there is an equality of votes cast on a matter, the matter subject to the vote is defeated and the status quo is preserved.

7.4 Other than for those matters for which the [Company Name] Forum has effective decision-making capacity through these Terms of Reference, each Shareholder retains its powers to make its own decisions on matters referred to it by the [Company Name] Forum and any Reserved Matters under the Shareholders' Agreement.

8 [COMPANY NAME] FORUM POWERS AND RESPONSIBILITIES

8.1 Unless otherwise agreed by the Shareholders, each Shareholder will delegate to its appointed Member, all responsibilities and powers in relation to voting on behalf of the appointing Shareholder on the following matters:

(a) the agreement of when a meeting of Shareholders, or written resolutions instead of holding a meeting of Shareholders, is required;

(b) subject to clause 8.3, the appointment and removal of Directors; and

(c) the appointment and removal of the chairperson of the Board.

8.2 Unless otherwise agreed by the Shareholders, each Shareholder delegates to the [Company Name] Forum all responsibilities and powers in relation to:

(a) preparing the Statement of Expectations, including:

(i) the development and communication of growth strategies, priorities and plans to the Company;

(ii) the development and measurement of key performance indicators for the Company on performance and customer satisfaction;

(iii) the annual review of and, as may be necessary from time to time, amendments to the Statement of Expectations, to, amongst other things, respond to changes in government policy, changes to district and city plans, changes in the rate and nature of population growth, any change to territorial authority boundaries, and any out of sequence or unanticipated development, such review to be undertaken prior to the commencement of each Shareholder's Annual Plan or Long-Term Plan process (as those terms are defined in the LGA) and the Company's preparation and review of its Water Services Strategy or Water Services Annual Budget;

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(b) receiving and commenting on the Water Services Strategy and the Water Services Annual Budget prepared by the Board;

(c) undertaking monitoring of the Company and its performance;

(d) receiving and considering the water services half-yearly and annual reports prepared by the Board;

(e) developing and reviewing the required competencies for the Board; and

(f) agreeing the remuneration of Directors,

in accordance with the terms of the Constitution, the Shareholders' Agreement and the LG(WS)A.

8.3 In the appointment and removal of Directors by the [Company Name] Forum in accordance with these Terms of Reference, the Members must take into account:

(a) the balance of competencies and skills required by the Company for the next period of time;

(b) the appointment of Directors on the basis of merit, competencies and skill;

(c) the collective competencies and skills of the Board relevant to a substantial water related infrastructure business; and

(d) the perceived and actual independence of Directors.

8.4 Unless otherwise agreed by the Shareholders, the [Company Name] Forum will be responsible for making a recommendation to the Shareholders on:

(a) any matter that is a Reserved Matter under the Shareholders' Agreement; and

(b) any other matter reasonably raised by the Shareholders, either individually or jointly, or by the Board, to the [Company Name] Forum.

9 SECRETARIAT

9.1 Unless otherwise agreed from time to time by the Shareholders, the Shareholders will rotate responsibility for providing secretariat services (including preparation of minutes to support the chair's obligations under clause 6.1(d)) to the [Company Name] Forum every three years, with HCC agreeing to provide secretariat services for the initial three years commencing on the Establishment Date.

9.2 The chair of the [Company Name] Forum will be responsible for managing the agenda at meetings of the [Company Name] Forum.

10 REMUNERATION

10.1 Each Shareholder will be responsible for remunerating the Member appointed by it to the [Company Name] Forum for any costs associated with the membership to the [Company Name] Forum.

10.2 The Shareholders, jointly, will be responsible for remunerating (in proportion to their shareholder in the Company) the Members appointed by Waikato-Tainui for any costs associated with the membership to the [Company Name] Forum.

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11 CONFIDENTIALITY

Obligations of confidentiality applying to the Shareholders pursuant to the Shareholders' Agreement will apply to the Members.

12 AMENDMENTS

No amendment to these Terms of Reference shall be effective unless it is in writing and signed by all the Shareholders.

13 DISESTABLISHMENT

The [Company Name] Forum may be disestablished by unanimous written agreement of the Shareholders or upon termination of the Shareholders' Agreement.

THIRD SCHEDULE: SHAREHOLDER EXIT PROCESS

1 OPERATION OF EXIT PROCESS

1.1 **No transfer except in accordance with Exit Process**
Subject to the exception in clause 1.2 of this Schedule, no Shareholder may sell, transfer, assign or otherwise dispose of or deal with (whether by operation of law or otherwise), or take any step to accept an offer to purchase, transfer, assign or otherwise dispose of or deal with that Shareholder's shares except in accordance with the provisions of this Schedule.

1.2 **Exceptions**
The provisions of this Schedule do not apply to the transfer of any share by a Shareholder that is approved by unanimous agreement of the Shareholders in accordance with clause 5.1 of this Agreement.

1.3 **Time limits**
As regards to all time limits imposed on the Shareholders under this Schedule, time is of the essence. However, such time limits may be extended if the Shareholders agree unanimously in writing to do so.

2 PROCEDURES FOR INITIATING THE EXIT PROCESS

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2.1 **Notice of Intention**
If a Shareholder (**Exiting Shareholder**) at any time wishes to cease providing joint Water Services pursuant to this Agreement and resume the ownership of the Water Services Infrastructure and the management and operation of Water Services located within its Service Area (**Exit**), it must first give the non-exiting Shareholder (**Remaining Shareholder**) and the Company a notice of its intention to leave (**Notice of Intention**).

2.2 **Notice of Intention Binding**
After giving a Notice of Intention, the Exiting Shareholder may not withdraw from the Exit Process, except by first obtaining the written consent of the Remaining Shareholder (and such consent may be given or withheld in that party's discretion).

2.3 **Company to develop and convey Exit Plan**

(a) Within 12 months following the date of the Notice of Intention, the Remaining Shareholder and the Company must:

(i) develop a draft exit plan which addresses the matters described in clause 2.3(b) (**Exit Plan**); and

(ii) provide the draft Exit Plan to the Exiting Shareholder for its approval.

(b) The Exiting Shareholder must provide the Remaining Shareholder and the Company all necessary assistance required in preparing the Exit Plan.

(c) The draft Exit Plan must address in detail the processes and procedures that the parties will comply with so as to ensure that the Exiting Shareholder has,

upon conclusion of the Exit Process, all resources (including all employees, rights, licences, IT systems, customer data and financial information) and Water Services Infrastructure necessary to enable the Exiting Shareholder to provide the Water Services within its Service Area (**Transferring Assets**). Without limiting the foregoing, the Exit Plan must address the following principles:

(i) **Fairness**: the arrangements should be fair to both the Exiting Shareholder and the Remaining Shareholder.

(ii) **Treatment of assets**: the Exiting Shareholder would need to purchase from the Company all the Transferring Assets in its Service Area, together with an appropriate amount of working capital and an assignment or novation of any funding arrangements relating to the Transferring Assets, documented on the terms of an asset transfer agreement. Assuming that the Company's assets are revalued annually, the Exiting Shareholder would need to purchase the Transferring Assets at the value at which they are held in the Company's accounts. If the Company does not value assets annually, then the Transferring Assets to be purchased would be valued in accordance with the Asset Transfer Principles.

(iii) **Net surplus reserves**: Net surplus reserves would be separated and transferred to the Exiting Shareholder applying the same principles as were used in the establishment process (refer to Treatment of Existing Council Debt, Development Contributions and Reserves set out in sections 42 to 44 of the Record of Agreement).

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(iv) **Joint assets**: There may be some assets that serve customers outside the Exiting Shareholder's Service Area, or customers within the Exiting Shareholder's Service Area may be serviced by assets that remain within the Company. The Company, the Remaining Shareholder and the Exiting Shareholder would need to agree appropriate arrangements for these assets and any connections and/or service agreements that may be necessary as part of the Exit Plan.

(v) **Consideration**: As consideration for the transfer of the Transferring Assets, the Exiting Shareholder would transfer its shares to the Company, accept the Transferring Assets as payment for its Shareholder Loans and pay the balance in cash.

(vi) **Other liabilities**: The Exiting Shareholder would bear the cost of any stranded assets or other liabilities (such as an oversized head office or operating systems or redundancy costs for staff who do not wish to accept positions with the Exiting Shareholder) for a period of 12 months from the date of completion of the Exit.

(vii) **Transaction costs**: The Exiting Shareholder would bear the Company's reasonable legal and other transaction-related costs.

2.4 **Response to draft Exit Plan**

(a) The Exiting Shareholder must notify the Company in writing within three months of receipt of the Exit Plan that the Exiting Shareholder either:

(i) substantially accepts the Exit Plan; or

(ii) substantially rejects the Exit Plan but wishes to negotiate the consideration; or

(iii) rejects the Exit Plan.

(b) If the Exiting Shareholder accepts the Exit Plan, the parties must implement the Exit Plan in accordance with clause 3.1 of this Schedule.

(c) If the Exiting Shareholder wishes to negotiate any aspect of the Exit Plan, the Exiting Shareholder, the Remaining Shareholder and the Company will enter into negotiations in good faith. If the parties agree on the terms of the Exit Plan within 12 months of the date on which draft Exit Plan was first provided, the parties must implement the Exit Plan in accordance with clause 3.1 of this Schedule. If they cannot so agree on the terms of the Exit Plan within 12 months (or such other period as the parties may agree in writing), the Notice of Intention will be deemed to be withdrawn and the Exiting Shareholder must remain a Shareholder of the Company and a party to this Agreement. Unless otherwise agreed in writing between the parties, a standdown period of three years shall apply before the Exiting Shareholder can submit a new Notice of Intention.

draft

3 **TRANSFER OF ASSETS AND SHARES**

3.1 **Transfer of assets and shares**

If an Exit Plan is agreed under clause 2.4 of this Schedule, the Shareholders shall procure the Company use all reasonable endeavours to negotiate and enter into all such transactions documents as are necessary to effect the transfer of Transferring Assets to the Exiting Shareholder and transfer the Exiting Shareholder's shares to the Company within 18 months of the Exit Plan being agreed. For the avoidance of doubt, if entry into the transaction documents is a Major Transaction or otherwise constitutes a Reserved Matter under clause 5.1 of this Agreement, the transaction documents must be conditional on the Company obtaining all necessary approvals from the Shareholders.

ANNEXURES

A Deed of Accession

B Record of Agreement

C Statement of Expectations

draft

DEED OF ACCESSION

Date:

PARTIES

Hamilton City Council and Waikato District Council (*the Existing Shareholders*)

[Company Name] Limited (*the Company*)

[●] (*the New Shareholder*)

BACKGROUND

A The Company and the Existing Shareholders are the parties to a shareholders' agreement dated [●] ("the Agreement").

B Under the Agreement the New Shareholder has agreed to subscribe for shares in the Company and is required to execute this deed.

NOW BY THIS DEED the parties agree as follows:

1 With effect from [●] (*the New Shareholder*) ("the Effective Date") the New Shareholder:

(a) becomes a party to the Agreement as if it had been named as a party to the Agreement and had executed it; and

(b) must observe and perform all of the obligations of a Shareholder under the Agreement and will be bound by the terms of the Agreement.

2 The Company and the Existing Shareholders agree with the New Shareholder that each of them will observe and perform their respective obligations under the Agreement and will be bound by the terms of the Agreement.

draft

EXECUTION

Executed as an agreement.

Hamilton City Council by:

_____

_____

in the presence of:

_____

Name:

Occupation:

Address:

Waikato District Council by:

_____

_____

in the presence of:

_____

Name:

Occupation:

Address:

[Company Name] Limited by:

_____
Director

_____
Director

draft

[New Shareholder] by:

_____

_____

in the presence of:

_____

Name:

Occupation:

Address:

draft

Statement of Expectations

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Me te wai e rere ana – like flowing water.

This tongikura reminds us that our collective stewardship is essential, not only to maintain the integrity of the water infrastructure but also to ensure that our waters company continues to serve our communities and our Tupuna Awa in a way that reflects our shared values and obligations as partnership councils.

It speaks to the interconnectedness of our water catchments and reinforces our responsibility to act in alignment with tikanga and kawa, with Te Ao Maaori.

Statement of Expectations

1. The purpose of this document is to set out the shareholder expectations of the Joint Hamilton City Council and Waikato District Council Water CCO as required by s184 of the Local Government Water Services Bill.

2. This Statement includes:

    - **Relationship Expectations** – which set out the nature of the intended relationship between the shareholding councils and the CCO, and the sorts of behaviours that are expected from all organisations.
    - **Enduring Expectations** – which reflect the constitution of the company.
    - **Establishment Expectations** – which relate to the establishment of the company and the effective transfer of responsibility for the provision of water and wastewater activities from both Councils to the CCO along with the relevant staff, assets, liabilities, etc.
    - **Priorities and Strategic Direction** for the CCO – which the shareholders expect to guide decision-making by the CCO and the development of its Water Services Strategy. This includes growth and development priorities and expectations.

Period

3. This Statement of Expectations relates to the period 1 July 2025 to 30 June 2035.

4. Being the first Statement of Expectations it has a particular focus on the establishment of the CCO and the development of its first Water Services Strategy. The shareholders intend to regularly review its Statement of Expectations.

Review

5. The Statement of Expectations will be reviewed annually by the [Company Name] Forum prior to the commencement of Annual Plan, Long Term Plan or Water Services Strategy process.

6. The Statement of Expectations may be reviewed more frequently than the annual review, but cannot be changed within 6 months of the adoption of the last Statement of Expectations.

7. When undertaking a review, the [Company Name] Forum will consult with the Board of the CCO before adopting a final revised Statement of Expectations.

Relationship Expectations

8. The shareholders are seeking to create a deep partnership relationship between both shareholding councils and between the shareholding councils and the CCO, and Waikato Tainui. This expectation recognises that it is in the best interests of all parties and the communities that they serve to establish and maintain a highly collaborative, good faith, and no surprises relationship. It also recognises that success depends on joint commitment to outcomes, joint contribution to achieving outcomes, the alignment in planning for and responding to growth and development, and alignment of investment across both shareholding councils and the CCO.

9. In order to achieve the desired partnership, the sort of behaviours that are expected from both shareholding councils and the CCO include:

    a Openness, honesty, integrity and professionalism

    b Respect and listening to each other

    c Using best endeavours to find creative solutions

    d Transparency and no surprises

    e Early identification of disagreements or differences of view and rapid escalation for resolution

    f Understanding the issues, challenges and constraints that the shareholding councils and the CCO face.

10. In the spirit of partnership, all parties will do their best to work through and resolve any disagreements that may arise between councils and or with the CCO. Where there is ongoing disagreement between a Shareholder and the Company, the differences will be resolved by the Chief Executives of the Shareholders and the Chief Executive of the Company (or Executive Chair of the Company in the period prior to the appointment of a Chief Executive). If the disagreement is unable to be resolved via the Chief Executives, the process for resolution of disputes should be followed, as set out in Clause 25 of the Shareholder Agreement.

Enduring Expectations

11. The shareholders expect that the CCO will perform its duties and functions, and exercise its powers, and operate in such a way that ensures that it:

    a Meets the objectives of a water service provider as set out in s15 of the Bill.

    b Honours Te Tiriti o Waitangi and the Treaty Settlements within its area of operation.

    c Gives effect to Te Ture Whaimana and maintains effective relationships with Waikato Tainui and haapu, and supports the Joint Management Agreement (JMA) relationships entered into by shareholding Councils.

    d Works in partnership with shareholder Councils adopting a “one team approach” that gives effect to the direction set by shareholders and responds to growth.

    e Works as an integral part of the Future Proof partnership (or any successor to Future Proof).

12. Ensures that it provides water services in a cost-effective and financially sustainable manner, including by:

a planning effectively to manage assets used to provide water services in the future; and

b sharing the benefits of efficiency gains with consumers, including when setting charges for water services.

c charging customers in a way that is fair and equitable.

d Ensuring that it performs its functions as a water service provider in an open, transparent, and accountable manner and in accordance with sound business practice.

e Acting in the best interest of current and future customers.

f Is innovative in adopting technical improvements to achieve value for money and flexible service delivery.

g Is proactive in supporting the changing needs of the community,

h Is a good employer that looks after the health, safety and well-being of its staff.

i Operates within the decision thresholds defined in the constitution.

j Operates on a 'no surprises' basis with its shareholders ensuring early visibility of any financial, budgetary, or reputational risks.

k Is genuinely open to exploring opportunities for innovation and for others to become partners and investors in the development of waters infrastructure, through such mechanisms as PPPs, BOOT schemes, Infrastructure Funding and Financing Agreements, or development agreements.

l Works with shareholding councils through Council long-term and annual planning processes and through the development of the CCO's Water Services Strategies, with the intent of aligning CCO and Council capital works programmes and activity that supports development and growth.

m The CCO does not take part in policy processes or debates that go beyond its role as a utility provider, and will not undertake any activity that would jeopardise its tax-exempt status as a water organisation.

n There will be a contract for the delivery of stormwater services between the CCO and each of the shareholding Councils.

Establishment Expectations

13. The shareholders expect that through the Establishment Phase:

a The Establishment Board will ensure that the CCO is fully operational by 1 July 2026, including: completing the transfer of staff, assets, liabilities, debt, contracts, consents, obligations and undertakings, from HCC, WDC, and the novation of the Watercare contract to the CCO, as set out in the Transfer Agreement; and being able to safely and effectively operate water, wastewater and stormwater systems; and play its role as a lifeline utility in any civil defence emergency.

b The CCO will complete the development and adoption of its first Water Services Strategy by 30 June 2026.

c The CCO will bill customers directly for waters services and harmonise waters charges within five years of the transfer of assets, and it will work closely with both shareholders through the transition to maintain financial operations and ensure that waters revenue is secure.

d The CCO will be developed in a way that makes a future merger or integration with other water organisations, and in particular Waikato Waters Done Well (WWDW), as easy as possible.

e The CCO will be managed and governed in such a way that there is no disruption to the delivery of water services as services transfer from the two shareholding Councils to the CCO.

f The CCO will honour all waters commitments that the shareholding Councils have entered into prior to the transfer of assets and responsibilities, including commitments relating to development agreements, development contributions, vested assets, asset restrictions, consent conditions, Housing Infrastructure Fund, Infrastructure Acceleration Fund, and Watercare.

g The CCO will establish effective and support relationships with Waikato-Tainui and haapu at both governance and operational levels.

h The CCO will establish effective mechanisms to ensure that it is connected to and engages effectively with its customers, including an effective complaints process.

i The CCO will operate within the agreed shared services framework and progressively migrate from shared services to operate its own back-office and corporate support activities over the five-year period from 1 July 2026, unless agreed otherwise.

j The CCO will prepare a business systems roadmap for future business systems aligned with operational, efficiency, and regulatory needs and the planned migration from shared services.

k Within the 2025/26 financial year the CCO will operate within agreed transition budgets and delegations, manage its finances prudently and seek approval for any changes.

l The CCO will set up and maintain a risk management framework to manage financial and operational risks during the establishment period, with appropriate oversight such as through a Risk and Assurance Committee.

m The CCO will enter into a partnering agreement with both Councils, setting how they will work together to deliver the best possible outcomes and align decision making and the development of infrastructure.

n The CCO will prepare a second Water Services Strategy to align with the cycle of Council long-term plans for the 2027-2037 period.

o In addition to accepting the transfer of assets, liabilities and responsibilities set out in a. above, the CCO will also accept responsibility of future claims relating to the assets, liabilities, contracts, etc. that are transferred.

Strategic Priorities

14. The Councils' strategic priorities for the CCO in this period are:

a The effective establishment of the CCO and the seamless transfer of delivery of water services.

b The effective operation, maintenance, renewal and development of the water, wastewater and stormwater networks it owns and/or manages to uphold Te Ture Whaimana, ensure statutory compliance, and meet public health, environmental, and economic regulatory standards.

c The development of the water, wastewater and stormwater networks needed to support the implementation of the Future Proof Future Development Strategy.

d The scheduling and sequencing of capital works and investment to support the timing of urban development set out in Council and Future Proof Growth Strategies and to align with other Council infrastructure investments.

e Increasing the efficiency of water use.

f Ensuring that there is sufficient allocation of water to support the potable water needs of the growing Hamilton City and Waikato District populations.

Outcomes

15. The Councils expect that the CCO will contribute to the following outcomes:

    a The implementation of Te Ture Whaimana and improving the health and well-being of the Waikato River.

    b Responding to and catering for the planned growth and development of Hamilton City and Waikato District.

    c Realising the benefits of a boundaryless approach across the wider Hamilton metropolitan area, Waikato District, and Future Proof sub-region.

16. The Councils expect that the CCO will deliver the following outcomes:

    a All environmental, public health, and economic regulatory compliance requirements are met.

    b A stable and secure long term decision-making environment that makes sound investment decisions for very long-life infrastructure in accordance with the Future Development Strategy.

    c The capital and growth programme is aligned with councils' capital and growth programme, in accordance with the Future Development Strategy. Do not invest where the councils are not planning for growth and supply.

    d The CCO will support the Councils position on planning processes, such as private plan changes.

    e Creating the conditions necessary to build, attract, develop, and sustain the highly skilled workforce needed to deliver water services and ensure a high performing waters network,

    f High quality customer service and high quality communications that Is responsive to water consumers.

    g Enduring sound relationships with neighbouring water service delivery providers.

    h The costs of growth are adequately recovered from developers.

Resource Management and Land-use Planning

17. The Councils expect that the CCO will:

    a Be the sole provider of all three waters expertise to shareholding councils to support the development and implementation of growth strategies, Council Long-Term Plans,

the Future Proof Future Development Strategy, regulatory planning instruments (district and city plans and plan change processes).

b Be the sole provider of all three waters expertise to shareholding councils to support consenting processes, decisions, and appeals, in a timely manner to meet statutory timeframes, except when it is the applicant for a consent, plan change, or designation.

c Contribute as a partner to the development and implementation of the Future Proof Future Development Strategy, Council growth strategies, and other spatial planning processes.

d Collaborates in full partnership with shareholding Councils on all decisions and processes where there are linkages and / or opportunities for realising joined benefits from joint planning, or joint works (for example bikes on pipes).

e Use the same, agreed population forecasts and growth assumptions (including industrial and commercial) as the two Councils for planning purposes.

f Work with shareholding Councils to ensure that the Councils provide the front door for developers and will not work with developers or enter into development agreements in isolation from the Councils. The Councils also undertake that they will not enter into development agreements in isolation from the CCO.

g Work with shareholding Councils and along with the Councils use best endeavours to align approaches to private plan changes, and proposals for out of sequence or unplanned development.

Statutory Obligations and Relationships with iwi and haapu

18. Both Councils have statutory obligations under the Waikato River Settlement. The Councils require the CCO to assist the Councils to meet those obligations and to give effect to the commitments both Councils have made through Joint Management Agreements with Waikato Tainui.

19. The Councils expect the CCO to respect the mana and role of mana whenua as kaitiaki and to work collaboratively in the same way as the councils currently do in relation to both operational and major project decisions.

20. The Councils expect that the CCO will be open to exploring opportunities for iwi to become partners and investors in the development of waters infrastructure, through such mechanisms as PPPs, BOOT schemes, or development agreements.

Reporting

21. The Councils expect the CCO to report to the [Company Name] Forum on its progress and activities every two months until 1 July 2026.

22. From July 2026 the Councils expect quarterly reporting through the [Company Name] Forum on the timeliness of providing input into Council statutory planning processes e.g. consenting, and plan changes.

23. From 1 July 2026, the Councils expect quarterly meetings between the CCO and the [Company Name] Forum that are focused on progress, the delivery of major projects, operational performance, emerging risks, and relationship issues.

24. From 1 July 2026, the Councils expect formal 6 monthly reporting to the [Company Name] Forum on financial and network performance, and against other indicators required by Taumata Arowai, the Commerce Commission, and the Department of Internal Affairs.

25. The Councils expect regular and real time officer level engagement on changes to work programmes, network constraints, public consultation processes, planning and consenting processes, on a no surprises basis.

26. The Councils expect regular and proactive engagement with and reporting to consumers.

27. In addition to the regular reporting to the [Company Name] Forum, the Councils expect regular briefings from and engagement with the CCO in a form and at a frequency that is agreed between the CCO and each Council.

Council Report

Committee:	Council	**Date:**	26 June 2025
Author:	Jackie Colliar	**Authoriser:**	Andrew Parsons
Position:	Technical Director Strategic Waters	**Position:**	General Manager Infrastructure and Assets

Report Name: Wastewater Capacity - 'State of the Nation - Part 2'

Report Status	*Open*

Purpose - *Take*

1. To provide Elected Members with a comprehensive overview and up to date status report on Hamilton City's wastewater system performance, challenges, and responses, with a specific focus on the actions arising from the 8 April 2025 Strategic Growth and District Plan Committee meeting.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Council:

a) receives the report;

b) approves **Option 3** 'Benefits Analysis" for prioritisation of the reactive wastewater network upgrade fund;

c) notes that the following information will be reported to the 12 August Strategic Growth and District Plan Committee:

i. the full analysis and summary of the feedback from the 10 June 2025 information session; and

ii. further information on the utilisation of capacity in the network for future growth to enable feasible developments; and

d) requests staff hold an information session to:

i. explore the potential evaluation and prioritisation criteria of the reactive wastewater network upgrade;

ii. Explore the implications of a more receptive risk appetite in the areas identified in the 10 June 2025 information session; and

iii. Discuss policy provisions for the Three Waters Connection Policy;

e) notes that following the information session to discuss d) iii. that staff will undertake more detailed analysis to ensure a full understanding of the implications and benefits of adopting higher risk settings in those areas

Executive Summary - *Whakaraapopototanga matua*

3. Wastewater system capacity constraints, and in particular network constraints to service infill and intensification have been well traversed with Elected Members over the past 5 years.

4. Further to the public notification and advice provided as part of Plan Change 12 (PC12), Hamilton City Council advised the public about the pressing challenges our three waters networks face in certain areas of the City and our approach to managing those challenges in March 2023.

5. While most of Hamilton is not currently affected by wastewater network constraints, some landowners and developers in constrained areas have challenged Council's approach to managing these limitations.

6. The Strategic Growth and District Plan Committee requested a "State of the Nation" report on Wastewater Servicing Challenges at their February 2025 meeting and following receipt of the requested report at their April 2025 meeting, via resolution, requested further updates and actions across several key areas.

7. This report primarily responds to or provides updates to the April 2025 Strategic Growth and District Plan Committee resolutions.

8. Visual maps showing current wastewater constraints and projected improvements from 2024-34 Long-Term Plan and proposed Council Controlled Organisation (CCO) investments have been produced. A web-based self-service tool will be launched by 30 June 2025 to provide public access to network capacity data and planned upgrades.

9. Staff have continued to engage proactively with developers to explore interim solutions reinforcing a collaborative approach to unlocking constrained areas.

10. An external independent review was commissioned to assess past decisions, modelling assumptions, and risk tolerance. This review is being delivered in two parts. Part 1 of the review concluded that Council's conservative approach is prudent given regulatory constraints, funding limitations, and rapid growth. Part 2 of the review is still being finalised and will be circulated as a late attachment to this report.

11. A workshop with Elected Members explored options for adjusting risk settings to better balance compliance with housing and economic outcomes. Initial feedback suggests openness by Elected Members to more flexible approaches, particularly for interim solutions and prioritised developments.

12. Should Elected Members wish to pursue changes to risk settings, a more detailed information session is recommended. Pursuing these changes would involve clarifying the scope and implications of proposed shifts at a more granular level; mapping impacts across planning, infrastructure, compliance, finance, and governance; conducting integrated policy and scenario analysis; and engaging with stakeholders including Iwi, developers, regulators and regional partners.

13. Staff have evaluated several options that Council could use to prioritise the reactive wastewater network upgrade fund. Staff recommend the "Benefits Analysis" option, which would be based on agreed criteria such as development type, cost, and community benefit, as detailed in paragraph 78. Staff propose an information session to get feedback from Elected Members on the draft criteria.

14. While completion of the Three Waters Connection Policy review is pending, Staff are continuing to develop revised connection approval processes under the existing policy framework. Staff intend to engage with Elected Members on key provisions, including capacity assessments, interim solutions, and delegations, to ensure alignment with evolving risk settings and legislative changes.

15. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Background - *Koorero whaimaarama*

16. Wastewater system capacity constraints, and in particular network constraints to service infill and intensification have been well traversed with Elected Members over the past 5 years.

17. Like most conventional wastewater networks, Hamilton's network is subject to overflows. Overflows occur for a variety of reasons including stormwater infiltration during and following wet weather; wastewater flows that exceed design capacity; and blockages.

18. Overflow discharges from the Council wastewater network to the environment are not currently authorised by a resource consent. The Waikato Regional Plan prohibits the discharge of untreated wastewater to water (Rule 3.5.7.8 of the Waikato Regional Plan). This situation presents a significant compliance risk to Hamilton City Council as Waikato Regional Council can and have prosecuted for these discharges.

19. Through investment and operational improvements, the network currently has adequate capacity to manage dry weather flows. However, under relatively frequent rainfall events and subsequent wet weather conditions, there are known network overflows in parts of the city. These overflows have been categorised by level of risk. The risk assessment considers a range of criteria including frequency, volume of location of overflows and resulting risks to public health, ecosystem health, aesthetic and cultural/maaori values. The number, frequency, volume and extent of network overflows are predicted to increase over time if left unmitigated.

20. While the need to manage overflows from the wastewater network is not new to Council, the associated risks of these events has become more acute as development densities have increased, and infill and intensification of brownfield areas has occurred; as the frequency and intensity of wet weather events increases, and as recognition and commitment to achieving Te Ture Whaimana has evolved. In recent times Waikato Regional Council have increased their level of scrutiny of network overflows, and reduced their level of tolerance to overflows in known problem areas of the network.

21. Council's current and planned investments aim to progressively reduce wet weather wastewater overflows and to continue managing the network to avoid capacity related dry weather overflows. However, due to funding constraints, it is not feasible to support intensification or address all wet weather network performance issues citywide at once.

22. Council's responses to these challenges have been outlined as part of regular reporting on Plan Change 12 that occurred between late 2022 and 2024 and as part of reporting on the Connections Policy and updated approval process.

23. In August 2022, Council publicly notified Plan Change 12 (PC12). PC12 included Council's intention to restrict development in some areas based on the infrastructure we need to support more homes. Public notification noted Council's intention that the District Plan rules sit side-by-side with Council's Three Waters Connections Policy and that even when development is allowed under the District Plan, it will still need to get approval to connect to the three waters network. It was further noted that if the residential development creates unacceptable effects on the network or levels of service that can't be addressed, the development may be refused a service connection.

24. Specific briefings and reporting on the network capacity challenges and Councils response to those challenges were provided in March, April and June 2023. This reporting described (amongst other things):

i. Existing and anticipated three waters servicing challenges in Hamilton City, including Council's statutory obligations to deliver 'betterment' to the Waikato River alongside a range of other regulatory drivers and obligations, including National Policy Statement on Urban Development (NPS-UD) and Medium Density Residential Standards (MDRS).

ii. The impacts and risks of wastewater overflows including:

   a. Public health and environmental

   b. Financial – through prosecutions, fines, resources diverted to managing and responding to overflow events

   c. Relationship and reputational

iii. Affordability and practical challenges of providing for intensification and plan enabled development, across the city, all at once, and the need for Council to prioritise where it invests to support brownfield intensification.

iv. Council's response to the servicing and affordability challenges:

   a. Prioritised investment to support development in targeted areas, particularly the Stage 1 (Central City and 800m walkable catchment);
   b. applying a citywide infrastructure capacity overlay through PC12 to control residential development outside of the Stage 1 area;
   c. increasing densities in greenfield areas where infrastructure can respond;
   d. relying on a revised three waters connections process to safeguard against unacceptable effects on a site-by-site basis.
   e. Targeted and prioritised three waters infrastructure investment programme to address provide for growth and address existing level of service issues that will be delivered overtime

25. In March 2023, Council advised the public about the pressing challenges our three waters networks face in certain areas and our approach to managing those challenges ("What's the Story").

26. The key messages provided to the community include:

   i. The three waters networks are facing capacity challenges, and steps are being taken to address these.
   ii. Developers should approach early for comprehensive information.
   iii. Connections will continue for developments with granted consents in high-risk areas.
   iv. New development proposals in high-risk areas may face delays in service connections until infrastructure capacity improves.

27. While most of Hamilton is not currently affected by wastewater network constraints, some landowners and developers in constrained areas have challenged Council's approach to managing these limitations.

Strategic Growth and District Plan Committee Meeting Resolution, April 2025

28. Elected Members requested a "State of the Nation" report on Wastewater Servicing Challenges at the February 2025 Strategic Growth and District Plan Committee meeting.

29. The Wastewater Capacity 'State of the Nation' – Part 1 report was provided to the April 2025 Strategic Growth and District Plan Committee meeting. The report provided a comprehensive overview, details and up to date status report on Hamilton City wastewater system performance, challenges and responses (including investment to respond to growth in a responsible way).

30. At the April 2025 meeting the Strategic Growth and District Plan Committee developed and passed the following resolution:

"That the Strategic Growth and District Plan Committee:

a) receives the report and report Item C2 (Appendix 1 of the open minutes);

b) notes that a further report will be provided to 26 June 2025 Council meeting as part of the Waters Council Controlled Organization Statement of Expectations should the Council decide to create a Waters Council Controlled Organization and that the General Manager Strategy, Growth & Planning and General Manager Infrastructure & Assets will provide the Chair and Deputy Chair with regular updates on the progress of the report;

c) notes the following requests from Members at this meeting, in particular:

- *i. details, including visual maps, regarding the wastewater capacity that the Long-Term Plan investments and the proposed Council Controlled Organization 'enhanced investment programme' are respectively expected to create and the timing of this;*
- *ii. a map showing the constrained areas which differentiates the different degrees of constraint in each area;*
- *iii. analysis of the economic costs of the constraints over the past 2 years (since March 2023) and projected costs over the next 10 years; and*
- *iv. options to enable Members to:*
  - *I. re-consider the risk settings for network capacity and performance to balance compliance outcomes and prosecution risks with housing/economic outcomes;*
  - *II. provide direction on utilising capacity in the network intended for future growth to enable feasible developments; and*
  - *III. consider providing direction for the prioritisation of the Reactive wastewater capital budget including how this might be targeted towards affordable housing developments at scale;*

d) notes that:

- *i. c) above will be provided to Members via an information session for the purposes of informing and developing the Statement of Expectations;*
- *ii. staff will present the Draft Waters Council Controlled Organization Statement of Expectation as soon as possible;*
- *iii. staff will continue to engage positively in regard to innovative wastewater solutions (such as interim and onsite solutions) that would unlock development in currently constrained areas noting that information will be reported back through this committee;*
- *iv. a Wastewater Capacity web based self-servicing tool is expected to be available for public use by 30 June 2025;*
- *v. Indicative maps showing the extent of the wastewater constraints will be made available to the public directly following this meeting via the open minutes, and updated maps with "Facts and Questions" will be available by 30 April 2025;*
- *vi. proposed next step actions outlined in the staff report (paragraph 75); and*
- *vii. that staff and Elected Members work constructively with developers to share information and explore innovative servicing solutions to the capacity issues based on the feedback provided in the public forum section of the meeting;*

e) requests staff facilitate an independent review(s) that would include the decisions made and actions undertaken over the last 10 years (how we got here) identifying the learnings from these and how the learnings can be applied in the future, the current modelling assumptions, and risk tolerance settings, which would include details of the assumptions underpinning the modelling used to identify wastewater constrained areas with the final scope to be developed in consultation with the Chair and Deputy Chair of the Strategic Growth and District Plan Committee noting that:

- *i. this review will be capped at $20,000 unbudgeted operating expenditure; and*
- *ii. staff will report back as soon as possible."*

Core Content

31. This report seeks to respond to or provides a progress update on each element of the April Strategic Growth and District Plan Committee resolution. The report is structured around the following key elements:

Theme	Resolution reference
Information on network capacity, upgrades, economic of analysis	*c) i - c) iii; d) iv - d) v*
Developer engagement	*d) iii; d) vii.*
Statement of Expectations for new Waters CCO	*b); d) ii*
Independent review	e)
Risk settings for network compliance and performance	*c) iv.) I; d)i*
Utilisation of capacity in the network for future growth	*c) iv.) II*
Prioritisation of Reactive Wastewater capital budget	*c) iv.) III*

32. Information on the Three Waters Connection Policy and to close out the request relating to Enderley-Fairfield at the February 2025 Strategic Growth and District Plan Committee meeting is also included.

Information on Wastewater Network Capacity

33. An indicative map showing the extent of wastewater constraints visually and updated FAQs were made available to the public via the Council website on 28 April 2025. A link to the website material is **here** and a copy of the indicative map included as **Attachment 1**.

34. A wastewater capacity web-based self-servicing tool that enables users to understand where the network is constrained, the nature of the constraint, what (if any) investments Council has planned to address the constraint and indicative timing of that investment is well advanced. This will be available via the Council website by 30 June 2025.

35. An indicative maps showing the extent and types of wastewater capacity constraints affecting different areas is included as **Attachment 2**.

36. Maps and tables presenting the funded 2024-34 Long-Term Plan investments and additional projects proposed through the proposed Water CCO's enhanced investment programme are included as **Attachment 3**. An indicative map showing the reduction in network constraints following implementation of the investment programme is also included in **Attachment 4**. This indicative map is based on the population and growth projections used to develop the investment programme.

Estimated economic cost of wastewater network constraints

37. Staff conducted a basic high-level assessment of economic impact of Hamilton's wastewater network constraints.

38. The assessment estimates that from March 2023 to March 2025, wastewater network constraints may have cost the Hamilton economy between $14 million and $28 million in lost Gross Domestic Product (GDP).

39. The assessment estimates that over the next 10 years, the wastewater network constraints could cost the Hamilton economy between $36 million to $72 million of lost GDP.

40. The assessment is indicative only and based on several key assumptions:

    i. Future development is assumed to be 40% lower than the past decade because of a cooling economy and current economic outlook.

    ii. Between March 2023 – March 2025 an estimated 381 houses may have been built if the area wasn't constrained.

    iii. An estimated 1905 new houses might be built in the constrained areas over the next 10 years, if it were not constrained.

    iv. Development displacement: 10-20% of lost development is unrecoverable the rest is assumed to shift to other areas.

    v. Average build cost is $350,000 per dwelling.

    vi. 54% of build cost is converted to GDP for Hamilton.

    vii. Capacity constraints are not remedied until Year 10.

Developer Engagement

41. Staff have been involved in even more proactive and collaborative work, specifically around the wastewater constraints, with several developers since the April Strategic Growth and District Plan Committee meeting. The team is exploring opportunities and continuing to work closely with them on these. These developers included many of those that spoke at the April 2025 meeting.

42. Some of the opportunities being explored with the developers:

    i. New technology for grey water reuse: The "Hydraloop" product seems promising. Council is considering a trial to prove its efficiencies and understanding the implications of these systems before supporting their widespread application.
    ii. Onsite storage and pumping: This approach has its challenges, but developers are calculating tank sizes, showing where these might fit onto their sites, and considering operational requirements.
    iii. Other development considerations: Discussions around wastewater diversions to unconstrained areas continue.

43. These all reinforce the teams comprehensive and collaborative approach to development.

44. Meetings with many of our larger developers have also occurred. These indicated a focus on working with them on process improvements and will be detailed at a future meeting. However, wastewater constraints were also discussed where developers reinforced the importance of understanding where the growth markets are; the investment they have in Hamilton; the provision of having certainty around timeframes in the constrained areas; being open to interim options like onsite storage; being open to new technology and working collaboratively alongside them.

Council Controlled Organisation Statement of Expectations

45. Following the April 2025 Strategic Growth and District Plan Committee meeting, Staff continued to develop the CCO Statement of Expectations between Council, Waikato District Council and Waikato Tainui representatives which included incorporating elected member feedback from the wastewater discussions. Subsequently, the Establishment Board Appointments Panel has approved the Statement of Expectations.

46. Refer to the Local Water Done Well: Water Services Delivery Plan report which is a separate item on this Council agenda for further details.

47. The Statement of Expectations can be updated as frequently as every 6 months – and included is a requirement for regular review in line with both Hamilton City and Waikato District Councils' respective Annual Plans. This provides one avenue for Council to seek a focus on resolving existing network capacity challenges.

Independent Review

48. The scope for the independent review was developed to reflect the resolution from the April 2025 Strategic Growth and District Plan Committee meeting, and in discussion with the Strategic Growth and District Plan Chair and Deputy Chair.

49. The final scope was developed to include an account of:

    i. the decisions made and actions undertaken over the last 10 years (how we got here);
    ii. the current modelling assumptions, and risk tolerance settings, which would include details of the assumptions underpinning the modelling used to identify wastewater constrained areas; and
    iii. identifying the learnings from these and how the learnings can be applied in the future.

50. To maintain the independence of the review, Lachlan Muldowney was engaged to identify an appropriate reviewer and to function as a conduit between Council and the Reviewer. The Strategic Growth and District Plan Chair and Deputy Chair approved the scope and the Reviewer. The scope of the review and the protocols employed to facilitate the review are included as **Attachment 5**.

51. Fraser Owen Campbell (BE, FEngNZ, CPEng) was engaged to complete the review. The review is being delivered in two parts. Part 1 focuses on bullet point ii) above. Part 2 addresses points i) and iii).

52. Part 1 of the review has been delivered and is included as **Attachment 6**.

53. The review report notes "*This review to date has been undertaken at a high level based on documents provided by Council staff through Mr Muldowney. Face to face interviews were undertaken with Mr Andrew Parsons, General Manager Infrastructure and Assets and Dr Mark Davey, Director Urban and Spatial Planning Unit. Discussion have taken place with Mr Muldowney re the brief and matters of clarification."*

54. While Final version 1 of the review report was provided to Lachlan Muldowney on 10 June 2025 who shared it with the General Manager Strategy, Growth and Planning and General Manager – Infrastructure and Assets to "fact check", the document was not shared with any other staff for fact checking before it was finalised and reissued by the reviewer on 12 June 2025.

55. Staff note that there are a few areas where the reviewer has misinterpreted the information provided. While these do not appear to materially impact on the findings of the review, they are worth noting. Specially, parts of Section 8 do not accurately capture the purpose or inter-relationship of the Traffic Light Assessment maps (i.e. to demonstrate that Council cannot afford to provide for infrastructure everywhere all at once); the Infrastructure Capacity Overlay (i.e. which acts as a planning method to prioritise development in the Stage 1 area); and the current wastewater network constraints map.

56. The final statements in the conclusion section of the review report states:

    "…In summary the Council's risk approach to wastewater network is determined and characterised by the following features:

        1. A fast-growing city with both residential and business development;

        2. A unique regulatory environment with a prohibition of wastewater overflows;

3. *The demand for wastewater capacity outstripping the constrained funding available to support the provision of either upgraded or new infrastructure; and*
4. *This has led to a relatively conservative methodology to assessing available wastewater capacity which can be considered a prudent approach."*

57. The reviewer is available to attend the meeting via video conferencing.

58. Part 2 of the review was still being finalised by the reviewer at the time of preparing this report and will be added as a late attachment to this report if received before the meeting.

Risk settings for wastewater network compliance and performance

59. A workshop was held with Elected Members and Maangai Maaori on 10 June 2025. The workshop primarily focused on providing Elected Members and Maangai Maaori with "*…options for reconsideration of current risk settings, with the aim of balancing compliance risks and housing/economic outcomes.*"

60. The key objectives were to support Elected Members and Maangai Maaori:

i. to better understand the existing risk settings that Council has adopted to manage wastewater capacity and growth,
ii. understand the levers available for influencing those risk settings,
iii. explore their own risk appetites and consider whether to adjust the current risk settings managing wastewater capacity.

61. Ten Elected Members and one Mangai Maaori attended the briefing. Three hours were allocated to answering ten risk appetite questions. Base assumptions for Council's risk setting were outlined, and comments invited. The organisational risk appetite framework and categories were adopted for the workshop.

62. The briefing material, presentation and other material from the workshop are included as **Attachments 8, 9, 10, 11 and 12**.

63. In two facilitated groups, workshops were conducted on three key risk setting areas:

1. Wastewater overflows i.e. general appetite for overflows, standards to be used to determine performance, where and when network capacity is assessed,
2. Alignment with Land use strategy and investment priorities, and
3. Interim servicing solutions.

64. Elected Members were asked to consider their personal risk appetite for each question, state their preference, discuss with the group, and record their reasoning. Subject matter experts answered questions throughout the information briefing as they arose, however, questions that were either out of scope of the discussion or required more analysis to fully answer were placed in a parking lot. Preferred options and their accompanying notes were collated at the end of each session for further documenting and analysis.

65. A full analysis and summary of the feedback from the workshop will be provided ahead of the meeting and to the 12 August 2025 Strategic Growth and District Plan Committee meeting, alongside recommended next steps.

66. Initial observations gleaned from the views shared at the workshop indicate that Elected Members may be more risk receptive in some areas than Staff.

67. While there appears to be alignment with current risk settings, there were also several risk settings where Elected Members may want to change to be more neutral or receptive. These areas related to:

i. the extent of the network to be assessed for capacity constraints;

ii. scale of development to be assessed for impact on network capacity;
iii. the extent to which development should be enabled in advance of the necessary infrastructure being in place;
iv. the potential use of onsite wastewater storage as an interim solution, the types of developments for which such solutions may be appropriate, and the extent of responsibility for implementing and managing these interim measures.

68. It appears that Elected Members are open to the use of onsite wastewater storage, but only in situations where there is a degree of certainty that the upgrade needed to address the network constraint will be delivered in a reasonable timeframe (between 3 – 10 years); where the development is of a certain scale (i.e. Elected Members were not promoting or suggesting that onsite storage and off-peak pumping solutions should be allowed on a lot-by-lot, or small development basis), for developments of a certain nature. Specific criteria that Elected Members consider important would need to be worked through.

69. While these solutions have been adopted in limited situations within Hamilton City with varying degrees of success, Staff do not recommend widespread use, or their adoption for residential development. The workshop briefing material includes a briefing paper on these types of systems and a high-level overview is provided as **Attachment 12**.

70. Other key themes discussed included the need for increased investment in infrastructure and/or Staff resourcing to mitigate risks, the CCOs role in providing further funding or certainty, the possibility of a user-pays model for interim solutions, and the impacts of activities outside of Council's control, such as Fast Track.

Utilisation capacity in the network intended for future growth to enable feasible developments

71. The Strategic Growth and District Plan Committee has requested options to help Elected Members consider whether capacity in the wastewater network—originally planned for future growth—could be used to support feasible developments now.

72. Council does not reserve network capacity for specific future developments (unless committed to through specific agreement). Council's infrastructure planning is based on population projections and anticipated demand aligned with Council's growth strategies. This ensures strategic investments are timed to support both current performance needs and future development.

73. In some cases, where the benefits outweigh the risks, Council has temporarily reallocated capacity needed to service future growth to support priority developments or address existing issues. Examples include the Fitzroy and Te Anau pump station diversions into the Peacocke system and the planned diversion of the Seddon Pump Station to the Western Duplication. These decisions are made with full awareness of existing commitments to service future growth in specific areas; the need for future permanent solutions and are typically applied where utilizing the capacity delivers broader community outcomes not individual developments.

74. Responsible land use and development decisions should be supported by appropriate infrastructure servicing. While delivery can take decades, once funded and in place, this infrastructure enables development and allows Council to recover costs through development contributions and rates.

75. Significant developments and plan changes are generally accompanied by private development agreements that outline, amongst other things, the infrastructure required to service the development or landuse, and the developer's contribution to those servicing solutions. In most cases, these developments connect to downstream networks. In considering whether to continue to 'reserve' this capacity or give it to other feasible developments, Council need evaluate the potential financial, legal, economic development and reputation implications of assigning that allocation to another developer.

76. A further update on this matter will be reported to the 12 August 2025 Strategic Growth and District Plan Committee meeting.

Prioritisation Options for use of Reactive Wastewater Budget

77. Council has included budget for reactive wastewater network upgrades for growth in the 2024-34 Long-Term Plan. The 10-year budget is $10.6 million (inflated). This budget is available to support upgrades that may be required to support growth, either by upsizing an asset renewal to include a growth component, by funding the "upsizing" of new wastewater assets installed by developers, or by funding network upgrades that might support growth.

78. Staff have identified, short listed and evaluated three options on how this budget might be prioritised:

> **Option 1: First Come First Served** - The constraint is prioritised based on whoever comes in and is prevented from development first.
> **Option 2: Significant / Beneficial Developments** - Council decides to use the reactive fund only for specific developments considered to provide benefit to the city. Benefits could be social, economic, cultural.
> **Option 3: Benefits Analysis** (RECOMMENDED) - Council prioritises areas to unlock using the reactive fund. The constraint areas would be prioritised using analysis against several factors (see Benefits Analysis table below).

79. A summary of the benefits and risks associated with each of the options is included as **Attachment 13**.

80. The "Benefits Analysis" option is recommended for the following reasons:

    i. Council has decision-making power and can be more targeted in the criteria used to evaluate options and select projects.
    ii. Council has control over delivery of the projects.
    iii. Uses the available funds efficiently.
    iv. Likely to resolve some issues quickly.
    v. Council can manage and communicate what is happening to Elected Members and community.

81. Potential evaluation criteria could include:

    i. Extent: The gross area that could be resolved by the upgrade.
    ii. Complexity: The complexity of the solution and ease of implementation.
    iii. Cost: The cost of the investment to resolve the constraint.
    iv. Zoning & Growth projections: Land use zoning, population projections for the area.
    v. Type of development: What types of developments will the upgrade enable. Does it include areas for social housing, accessible housing, affordable housing. Does it improve network performance and outcomes for lower socio-economic areas.

82. Staff are seeking endorsement of the recommended approach to prioritizing the use of the reactive wastewater network upgrade fund. An information session is proposed to receive Elected Member feedback on the potential criteria that could be used to evaluate and prioritise upgrades.

Three Waters Connection Policy

83. An update on the Three Waters Connection Policy review was provided to the Strategic Growth and District Plan Committee in the Attachment 1 of the April 2025 Wastewater Capacity – 'State of the Nation' report. No progress has been made on this work as resources have been reallocated to prioritise responding to the April Strategic Growth and District Plan Committee meeting.

84. However, the work needed to support the revised connection approval process and to an update to the connection policy is largely complete. This work has been developed based on the settings and criteria worked through with Elected Members since 2022.

85. Staff are conscious of the changing landscape we're operating in, including the recent CCO decision; requirements to review Bylaws to align with Water Services Strategies; the proposed Granny Flat Law (Building and Construction (Small Stand-alone Dwellings) Amendment Bill)); the potential change in Council risk appetite for managing wastewater network capacity; as well as local body elections.

86. While most of the work to support an updated policy and improved end-to-end process is complete, there are a few policy provisions that Staff want to engage with Elected Members on and this will occur through an information session. Some of these have recently been canvassed but include:

    i. Confirming who the capacity assessment process should apply to
    ii. How "unique" developments should be defined in practice for consideration of interim solutions
    iii. Refinements to existing water allocation policy
    iv. Delegations

Enderley – Fairfield Wastewater Capacity

87. At the 20 February 2025 meeting the Strategic Growth and District Plan Committee requested:

    "ii. that staff have undertaken to report to the Committee by 10 June with further information on wastewater capacity, infrastructure pathways, and implications for growth and land use;

    iii. that this will include clarity on the planned investment for the Fairfield/Enderley area and resulting development capacity and staging capacity timeframe, and information to support key stakeholder investment considerations."

88. The requested information is included in the 4 June 2024 Council report (Page 301 on).

89. The completed upgrade and diversion of the Snells Pump Station (PS) has immediately increased wastewater capacity to support approximately 371 additional residents, or 137 new dwellings, in the Enderley–Fairfield area. As outlined in the June 2024 Council report, further capacity gains are anticipated with an impeller upgrade to the Snells PS pumps. This enhancement is expected to enable servicing for up to 968 additional residents, or 358 dwellings in total.

90. Further development capacity has become available in the area that previously received the Snells PS discharge. The extent of this additional capacity has yet to be quantified. Work to assess this potential is currently underway.

91. The local wastewater network impacts of development would need to be assessed as part of resource consenting processes along with the impacts on other services.

Discussion - *Matapaki*

92. This report along with the April 2025 SGDP Committee Wastewater Capacity – 'State of the Nation' report builds on the extensive body of information staff have provided to Elected Members on managing wastewater network capacity over the past five years.

93. Since April 2025, staff have continued to enhance tools, resources, and public information on wastewater network constraints; engaged with developers to explore innovative servicing solutions; supported the independent review of Council's wastewater management approach; and worked alongside Elected Members to finalise the Statement of Expectations for the proposed CCO.

94. This report provides updated visual information on wastewater network capacity across the city. It illustrates that while certain areas are currently constrained, the majority of Hamilton is not. The visuals also highlight the planned wastewater investments outlined in the 2024–34 Long-Term Plan and the proposed Water CCO's investments, the extent to which these investments are expected to address existing constraints, and the areas likely to remain constrained—primarily due to local network capacity issues.

95. This report outlines options for prioritising the reactive wastewater network upgrade budget within the current Long-Term Plan. The recommended approach is based on a benefits-based analysis of individual upgrades. Staff are seeking Elected Member endorsement of this approach and propose to further explore potential evaluation and prioritisation criteria through an information session.

96. For the areas currently constrained by wastewater network capacity, Elected Members requested options for reconsideration of current risk settings, with the aim of balancing compliance risks and housing/economic outcomes.

97. The briefing and information session on 10 June 2025 provided Elected Members with the opportunity to understand and explore key risk settings associated with managing wastewater network capacity. While Elected Members views generally aligned with current risk settings, there were several risk settings where they may want to explore a more receptive risk appetite.

98. The 10 June 2025 risk setting information session was held prior to the independent review report being received. The independent review noted that Council's wastewater risk approach is shaped by strict regulations prohibiting overflows, limited funding for infrastructure, and rapid urban growth, leading to a relatively conservative methodology to assessing available capacity, which can be considered prudent.

99. The 10 June 2025 information session was helpful in identifying what areas and to what extent Elected Members want to explore higher risk settings. A more detailed and focussed information session is recommended to support Elected Members' understanding and exploration of the implications of a more receptive risk appetites in the areas identified through the workshop.

100. If following, the recommended information session, Elected Members want to pursue higher risk setting in those key areas, Staff recommend more detailed analysis to ensure a full understanding of the implications and benefits of adopting higher risk settings in those key areas. Some of this work includes:

a) Define the Shift and its broader implications
    i. Clarify the shift in more detail, and what it means practically
    ii. Clarify relationship between Hamilton City Council and CCO for managing risk impacts
    iii. Identify all affected domains
    iv. Map out and explore in detail how shifts would affect land use planning
    v. Map out and explore in detail how shifts would affect infrastructure planning
    vi. Map out and explore in detail how shifts would affect financial planning
    vii. Map out and explore in detail how shifts would affect network operations and costs (impacts on staff capacity, Contracted services)

b) Conduct Integrated Policy Analysis
    i. Review current frameworks and where the current approach is embedded across planning, finance, operations, risk and assurance, operations, and governance, and joint management agreement.
    ii. Assess cross sector impacts.
    iii. Scenario testing to model different outcomes under new risk settings (e.g.) infrastructure failure, service disruption, cost overruns, compliance, additional Staff resource.

c) Detailed cost-benefit analysis
    i. Impact on Water Service Delivery Plan
    ii. Assess financial risk redistribution (ratepayers, developers, private operators)
    iii. Investigate public private partnership and asset divestment models
    iv. Investigate ownership models for interim solutions

d) Engage Stakeholders across systems.
    i. Bring together planning, finance, infrastructure and legal team to align on implications
    ii. Iwi, Mana Whenua, Community and Future Proof partner engagement
    iii. Waikato Regional Council, Taumata Arowai
    iv. Governance alignment
    v. Assess in more detail legislative risk across the sectors

e) Develop and Align Policy Instruments
    i. Investigate in detail the legislative and policy tools required to manage a shift
    ii. Update land use policies: Adjust zoning, growth strategies, and development controls to reflect the new risk posture.
    iii. Revise financial strategies: Reassess funding models, risk reserves, and long-term plans (e.g., Long-Term Plans or asset management plans).
    iv. Adapt operational standards: Review service levels, maintenance regimes, and contingency planning.
    v. Revisit ownership and governance models: Consider whether new risk-sharing arrangements or asset ownership structures are needed.

f) Implementation and Change Management
    i. Internal Capacity building to manage overflows and interim solutions
    ii. Rollout
    iii. Monitoring and adaptation

Options

101. Options and a recommendation have been provided for the prioritisation of the reactive wastewater network upgrade fund.

102. Elected Members have requested options to help them reconsider the current risk settings for network capacity and performance, aiming to balance compliance and prosecution risks with housing and economic outcomes.

103. These options and their implications have been explored in a recent workshop, and staff are currently analysing the feedback received. Should Elected Members wish to explore these matters further, staff recommend a more detailed and focussed briefing to support Elected Members understanding and exploration of the implications of a more receptive risk appetites in the areas identified through the workshop.

Financial Considerations - *Whaiwhakaaro Puutea*

104. The financial implications of further investigation, reporting and exploration of risk settings relate primarily to unplanned time cost. The quantum would need to be assessed following direction from Elected Members but will impact work programmes and require the reallocation of resources.

105. Any future decision to adjust Council's risk appetite for managing wastewater network capacity would require a thorough evaluation of the associated financial implications.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

106. Staff confirm that recommendations in this report complies with the Council's legal and policy requirements.

107. Any future decision to adjust Council's risk appetite for managing wastewater network capacity would require a thorough evaluation of the legal and policy implications.

Climate Change Impact Statement

108. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

109. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').

110. The current approach taken to managing wastewater network capacity is founded on the promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').

111. The subject matter of this report has been evaluated in terms of the 4 well-beings during the process of developing this report.

112. Any future decision to adjust Council's risk appetite for managing wastewater network capacity would require a thorough evaluation in terms of the 4 well-beings.

Risks - *Tuuraru*

113. There are no known risks associated with the staff recommendations and decisions required in this report.

114. There are no known risks associated with the decisions required in this report.

115. Staff have evaluated the wastewater servicing challenges, potential responses and impacts on growth against Council's adopted risk appetite for the most relevant strategic and organisational risks:

    i. SR2: Significant impact on financial strategy
    ii. SR3: Failure to meet compliance standards
    iii. SR5: Failure to deliver growth outcomes
    iv. SR7: Failure to deliver our work programmes
    v. OR3: Failure of critical assets

116. Council's overall risk appetite for the above risks and their relevance to wastewater system management is summarised in the Wastewater Capacity – 'State of the Nation' report to 8 April 2025 Strategic Growth and District Plan Committee meeting.

117. Staff consider that Council's response to prioritise wastewater infrastructure investment in wastewater treatment, and in network upgrades to service prioritised development areas and to address existing performance challenges aligns with Council's risk appetite while also utilising the Connections Policy and district plan mechanisms to control development ahead of network capacity being in place is appropriate.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

118. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

119. The existing Water and Wastewater Bylaw and Three Waters Connection Policy were subject to formal public consultation processes as part of their development and adoption. The proposed review of the Three Waters Connection Policy has involved targeted engagement and would be subject to a formal public consultation process.

120. Development of Plan Change 12 was overseen by independent commissioners and involved public notification, submission and further submission phases, followed by a hearing. Commissioners—appointed for their expertise and neutrality—reviewed all evidence and submissions and recommended that the Plan Change be adopted. Their role ensures the process is fair, transparent, and free from political influence.

121. Waikato-Tainui and mana whenua have been involved in and support the current risk settings and approaches that Council are taking to manage wastewater network capacity. No discussions have been held to date on revisiting or taking a higher risk approach to the current settings.

122. Staff are in regular dialogue with Waikato Regional Council regarding the approaches we are taking to manage wastewater network capacity and to reduce network overflows.

123. Given the medium level of significance determined, the engagement level is medium. No engagement is required.

124. However, engagement is recommended if Elected Members direct Staff to adopt a higher risk appetite in relation to wastewater overflows.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Wastewater Network Capacity in Hamilton (April 2025)

Attachment 2 - Local and strategic wastewater network constraints in Hamilton (May 2025)

Attachment 3 - Planned 2024-34 Long Term Plan Investment and CCO Enhanced Upgrade Programme Map (May 2025)

Attachment 4 - Indicative Wastewater network constraints after planned 2024-34 investments (May 2025)

Attachment 5 - Independant Review - Wastewater Capacity and Growth - Approved Scope - May 2025

Attachment 6 - Independant Review - Wastewater Capacity Contraints - Part 1 - 12 June 2025

Attachment 7 - Independant Review - Wastewater Capacity and Growth - Part 2 *(To be Circulated under Separate Cover)*

Attachment 8 - 10 June 2025 - Council Workshop - Wastewater capacity risk settings - Briefing Material

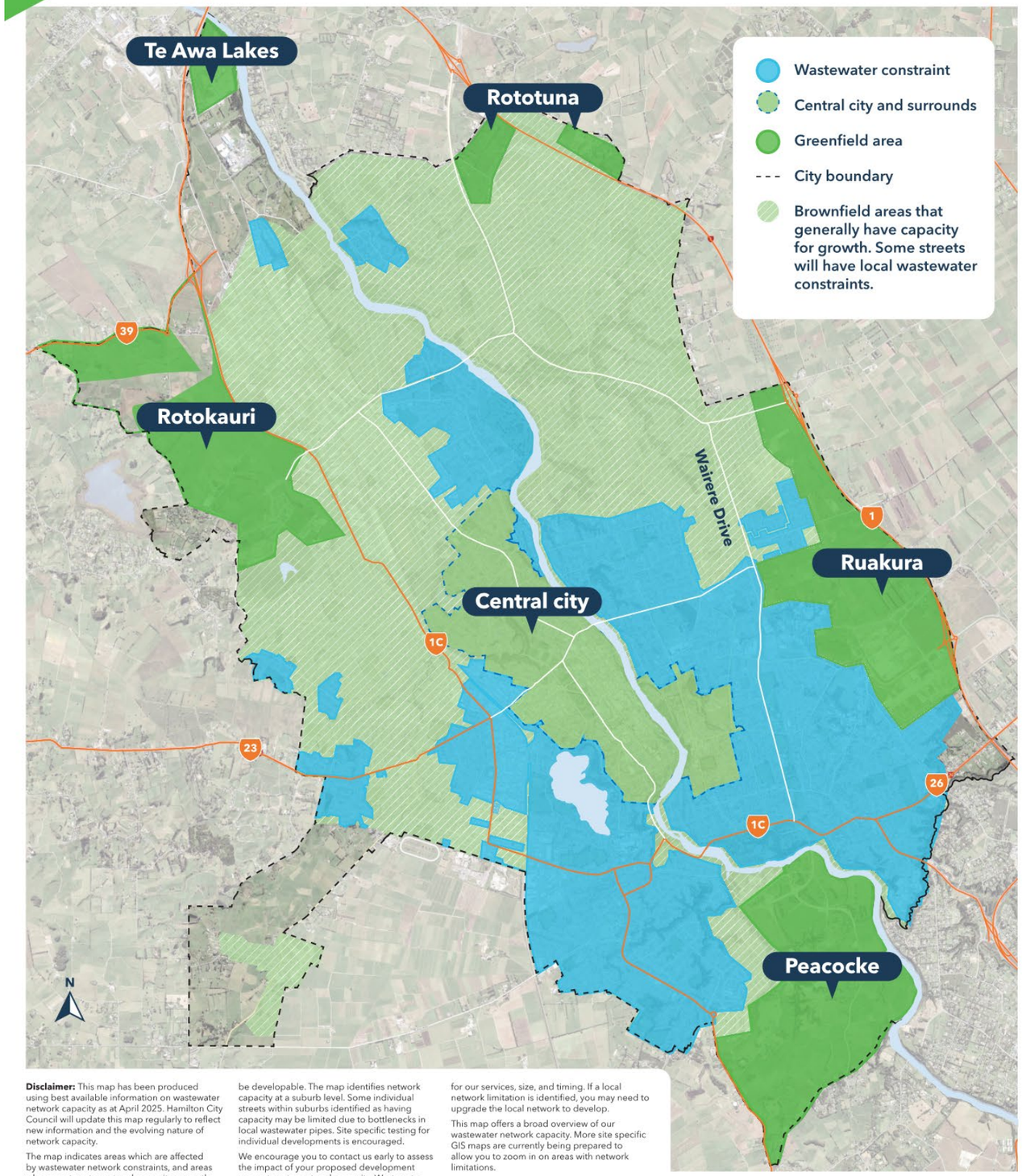
Attachment 9 - 10 June 2025 - Council Workshop - Wastewater capacity risk settings - Presentation

Attachment 10 - 10 June 2025 - Council Workshop - Wastewater capacity risk setting - Workshop Material - Manholes

Attachment 11 - 10 June 2025 - Council Workshop - Wastewater capacity risk setting - Workshop Material - Onsite Storage Tank Schematics

Attachment 12 - 10 June 2025 - Council Workshop - Wastewater capacity risk setting - Interim Onsite Storage Solution Poster

Attachment 13 - Options for Priorisation of Reactive Wastewater Capacity Upgrade Fund



Disclaimer: This map has been produced using best available information on wastewater network capacity as at April 2025. Hamilton City Council will update this map regularly to reflect new information and the evolving nature of network capacity.

The map indicates areas which are affected by wastewater network constraints, and areas where wastewater network capacity currently exists. The shaded areas include gullies be developable. The map identifies network capacity at a suburb level. Some individual streets within suburbs identified as having capacity may be limited due to bottlenecks in local wastewater pipes. Site specific testing for individual developments is encouraged.

We encourage you to contact us early to assess the impact of your proposed development on wastewater network capacity. Wastewater network connection feasibility depends on for our services, size, and timing. If a local network limitation is identified, you may need to upgrade the local network to develop.

This map offers a broad overview of our wastewater network capacity. More site specific GIS maps are currently being prepared to allow you to zoom in on areas with network limitations.

This GIS mapping is expected to be available

Wastewater network capacity in Hamilton

April 2025

A wastewater constrained area is an area where the pipes that carry wastewater are already full or nearly full during and following heavy rain and adding more homes or buildings could cause or worsen existing overflows.

Rotokauri

Council has constructed strategic wastewater infrastructure to enable about 8500 homes for 21,000 people over the next 50 years.

Ruakura

Council and developers have invested in strategic wastewater infrastructure to enable about 1600 homes for about 4000 people over the next 40 years. This infrastructure has also enabled the development of the Ruakura Inland Port and industrial and commercial land in the area.

Peacocke

Council's ongoing investment - in partnership with central government's Housing Infrastructure Fund investment – will provide strategic wastewater infrastructure to enable about 7400 homes for up to 20,000 people over the next 40 years.

Central city and surrounds

Council has prioritised this area for housing intensification. Council investment - in partnership with central government's Infrastructure Acceleration Fund - will be used to plan, design, and construct strategic wastewater infrastructure to enable 4000 new homes for around 10,800 people in the central city and surrounds by 2035.

Rototuna

Council has invested in strategic wastewater infrastructure that's enabled 11,300 homes to be built, with remaining developable land providing another 2000 homes for 5000 people.

Te Awa Lakes

Developer investment through an agreement with Council and a Private Plan Change will enable about 1500 homes. Further work is underway by the developer to enable an additional 1000 homes.

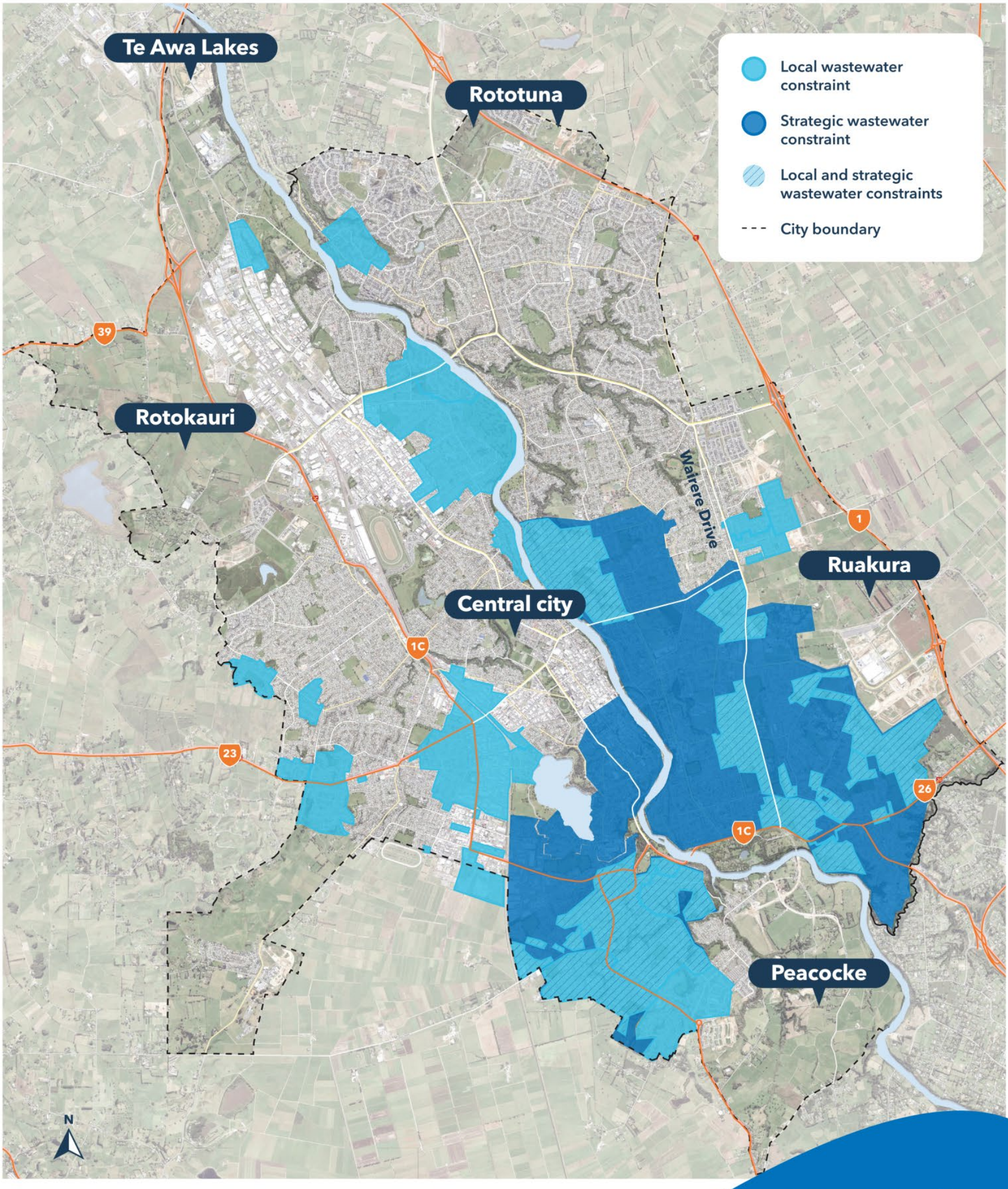
- Further investment is needed by developers and Council over the coming years to fully unlock development in Rotokauri, Ruakura, Peacocke, Rototuna and the Central city and walkable catchment.
- Greenfield areas are places where new suburbs or developments are planned. Brownfield areas are parts of the city that are already developed but still have space for more housing or businesses.

Hamilton City Council
Te kaunihera o Kirikiriroa

Local and strategic wastewater network constraints in Hamilton

May 2025

Local wastewater pipes are typically 300mm in diameter or smaller and are the pipes that properties connect to. Strategic wastewater pipes are larger and take wastewater away from local pipes to the Pukete Wastewater Treatment Plant.

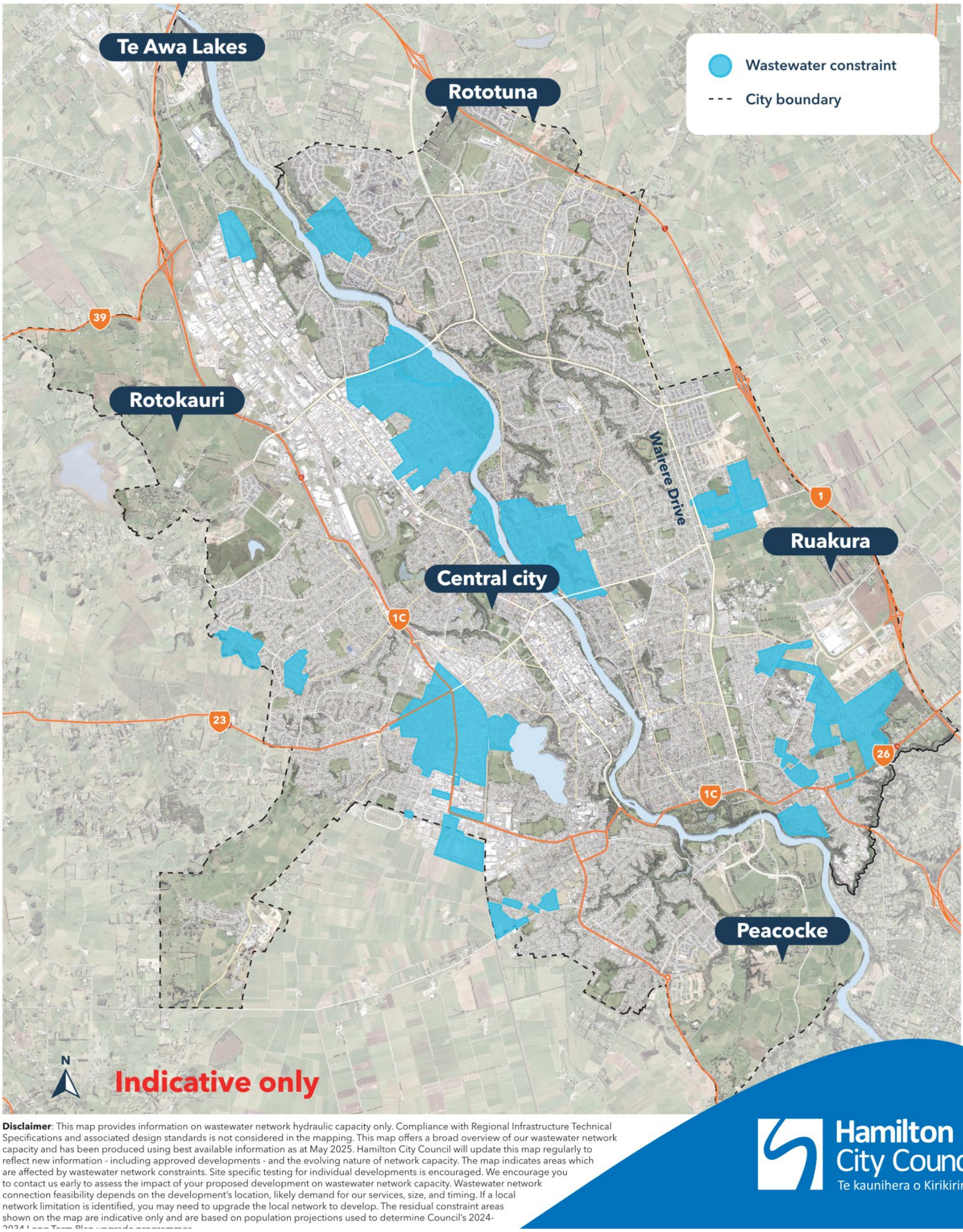


Disclaimer: This map provides information on wastewater network hydraulic capacity only. Compliance with Regional Infrastructure Technical Specifications and associated design standards is not considered in the mapping. This map offers a broad overview of our wastewater network capacity and has been produced using best available information as at May 2025. Hamilton City Council will update this map regularly to reflect new information and the evolving nature of network capacity. The map indicates areas which are affected by wastewater network constraints. Site specific testing for individual developments is encouraged. We encourage you to contact us early to assess the impact of your proposed development on wastewater network capacity. Wastewater network connection feasibility depends on the development's location, likely demand for our services, size, and timing. If a local network limitation is identified, you may need to upgrade the local network to develop.

Hamilton City Council
Te kaunihera o Kirikiriroa

Wastewater network constraints in Hamilton after 2024-34 Long-Term Plan investments and proposed Waters CCO's investments

May 2025

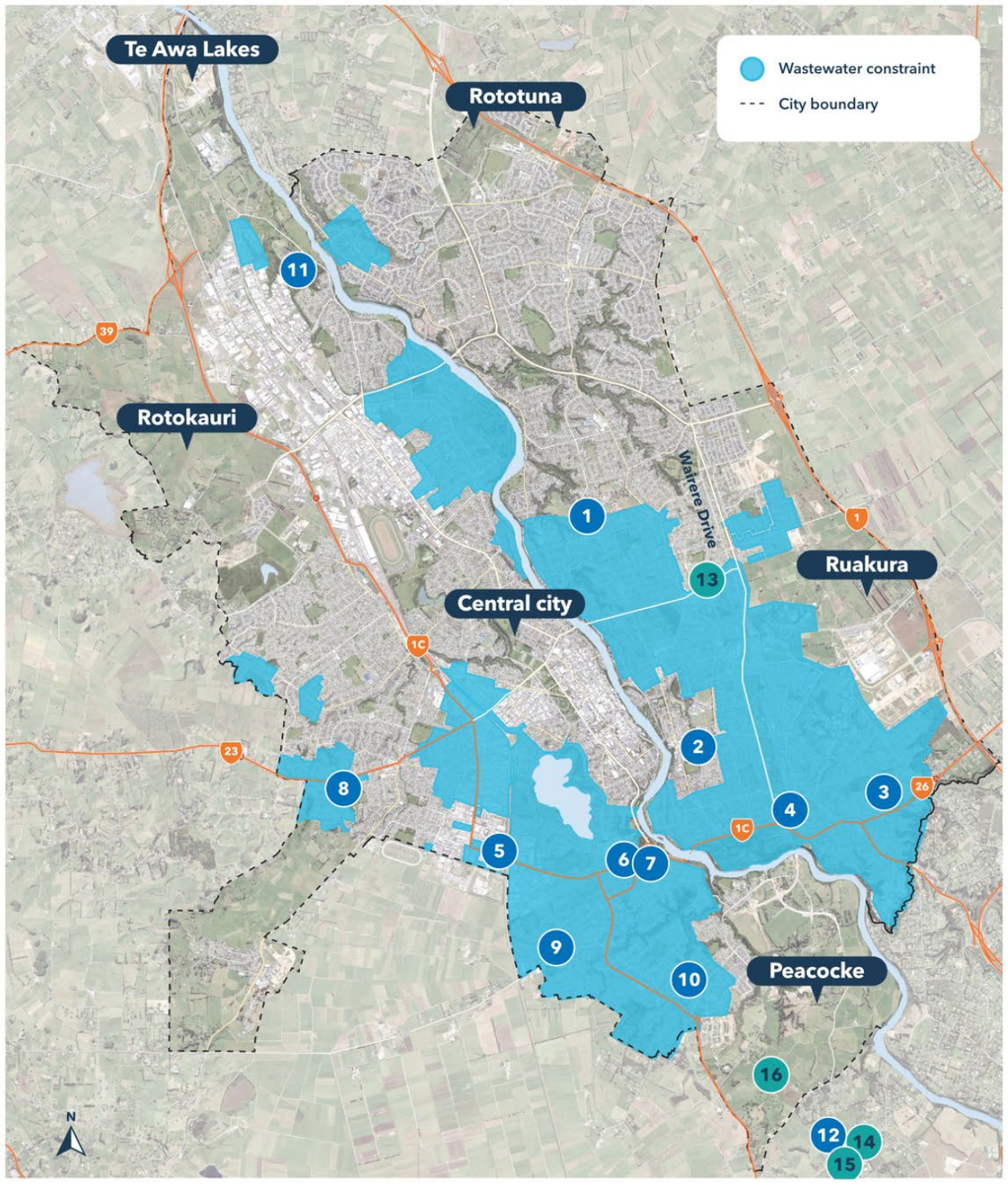


Disclaimer: This map provides information on wastewater network hydraulic capacity only. Compliance with Regional Infrastructure Technical Specifications and associated design standards is not considered in the mapping. This map offers a broad overview of our wastewater network capacity and has been produced using best available information as at May 2025. Hamilton City Council will update this map regularly to reflect new information - including approved developments - and the evolving nature of network capacity. The map indicates areas which are affected by wastewater network constraints. Site specific testing for individual developments is encouraged. We encourage you to contact us early to assess the impact of your proposed development on wastewater network capacity. Wastewater network connection feasibility depends on the development's location, likely demand for our services, size, and timing. If a local network limitation is identified, you may need to upgrade the local network to develop. The residual constraint areas shown on the map are indicative only and are based on population projections used to determine Council's 2024-2034 Long Term Plan upgrade programmes.

Hamilton City Council
Te kaunihera o Kirikiriroa

Planned investment in Hamilton's wastewater network

May 2025



2024-34 Long-Term Plan funded projects

	Project area	Project name	Description	Start	End	Value $ million
1	Bankwood	Wastewater Bulk Storage - Eastern Interceptor Mid-Section	Large storage tank on the Eastern Network to provide for growth, manage high flows caused by heavy rain, and reduce wet weather overflows to the environment.	2026/27	2030/31	$51m
2	Hamilton East	Wastewater Storage - Eastern Interceptor Upper Section	Large storage tank on the Eastern Network to provide for growth, manage high flows caused by heavy rain, and reduce wet weather overflows to the environment.	2024/25	2028/29	$48m
3	Hillcrest	Wastewater Bulk Storage - Eastern Interceptor Hillcrest	Large storage tank on the Eastern Network to provide for growth, manage high flows caused by heavy rain, and reduce wet weather overflows to the environment.	2028/29	2030/31	$29m
4	Hillcrest	Flynn Wastewater Pumpstation Upgrade and Diversion	Upgrading the pumpstation and redirecting flows away from an existing constrained network to the upgraded Eastern Network to provide for growth and reduce existing wet weather overflows to the environment.	2025/26	2027/28	$2.4m
5	Kahikatea Drive/ Greenwood Street	Upper Western Network - Kahikatea/Greenwood Capacity Improvements	New pumpstation redirecting flows away from an existing constrained network to the upgraded Western Network to provide for growth and reduce existing wet weather overflows to the environment. This project also forms part of future diversion of flows to the Southern Wastewater Treatment Plant.	2029/30	2031/32	$46m
6	Hospital/ Melville	Upper Western Network – Lorne/Normandy Capacity Improvements	New pumpstation redirecting flows away from an existing constrained network to the upgraded Western Network to provide for growth and reduce existing wet weather overflows to the environment. This project also forms part of future diversion of flows to the Southern Wastewater Treatment Plant.	2030/31	2032/33	$30m
7	Hospital/ Melville	Upper Western Network: Storage, Pre-Treatment and Controlled Discharge	Storage, treatment and controlled discharge to the environment for the network upstream of the Lorne Street Pumpstation. This project is to provide for growth upstream and downstream of the pumpstation and to manage high flows caused by heavy rain.	2025/26	2028/29	$14m
8	Bremworth	Wastewater Bulk Storage - Western Interceptor Bremworth	Large storage tank on the Western Network to provide for growth, manage high flows caused by heavy rain, and reduce wet weather overflows to the environment.	2028/29	2031/32	$36m
9	Deanwell/ Melville	Wastewater Bulk Storage - Western Interceptor Collins Road	Large storage tank on the Western Network to provide for growth, manage high flows caused by heavy rain, and reduce wet weather overflows to the environment.	2023/24	2025/26	$14.5m
10	Glenview	Te Anau/Splitt Wastewater Pumpstation Upgrade and Diversion	Upgrading the pumpstation and redirecting flows away from an existing constrained network to the Peacocke Pumpstation to provide for growth and reduce existing wet weather overflows to the environment.	2024/25	2025/26	$7.5m
11	Pukete	Pukete Wastewater Treatment Plant (WWTP) Upgrade	Upgrades to improve the treatment performance and capacity at the Pukete WWTP. These upgrades will meet existing and future treatment standards and provide for growth across the city and the broader metro area.	2024/25	2033/34	$525m
12	Hamilton South	Southern Wastewater Treatment Plant – Planning and Consenting	Investigations, planning and consenting for a new wastewater treatment plant south of Hamilton. Once constructed, the plant will enable areas of the city to be diverted away from existing networks to provide for growth.	2024/25	2025/26	$7.5m

Additional projects by proposed Waters CCO

	Project area	Project name	Description	Start	End	Value $ million
13	Enderley	Enderley/Fifth Avenue Wastewater Trunk Main Diversion	Installing a new pipeline to divert flows away from an existing constrained network to the upgraded Eastern Network to provide for growth and reduce existing wet weather overflows to the environment.	2028/29	2031/32	$4.5m
14	Subregional	Southern Wastewater Treatment Plant – Phase 1 Construction	Construction of the first phase of the Southern Wastewater Treatment Plant including enabling infrastructure, process units and discharges to manage wastewater for up to 5000 people.	2024/25	2030/31	$44m
15	Subregional	Southern Wastewater Treatment Plant - Phase 2 Construction	Construction of the second phase of the Southern Wastewater Treatment Plant including enabling infrastructure, process units and discharges to manage wastewater for a further 15,000 people.	2032/33	2033/34	$52m
16	Peacocke	Southern Wastewater Diversions	Construction of new pipelines nearest to the Southern Wastewater Treatment Plant to receive and convey flows from areas of Hamilton and the surrounding district.	2032/33	2033/34	$20m

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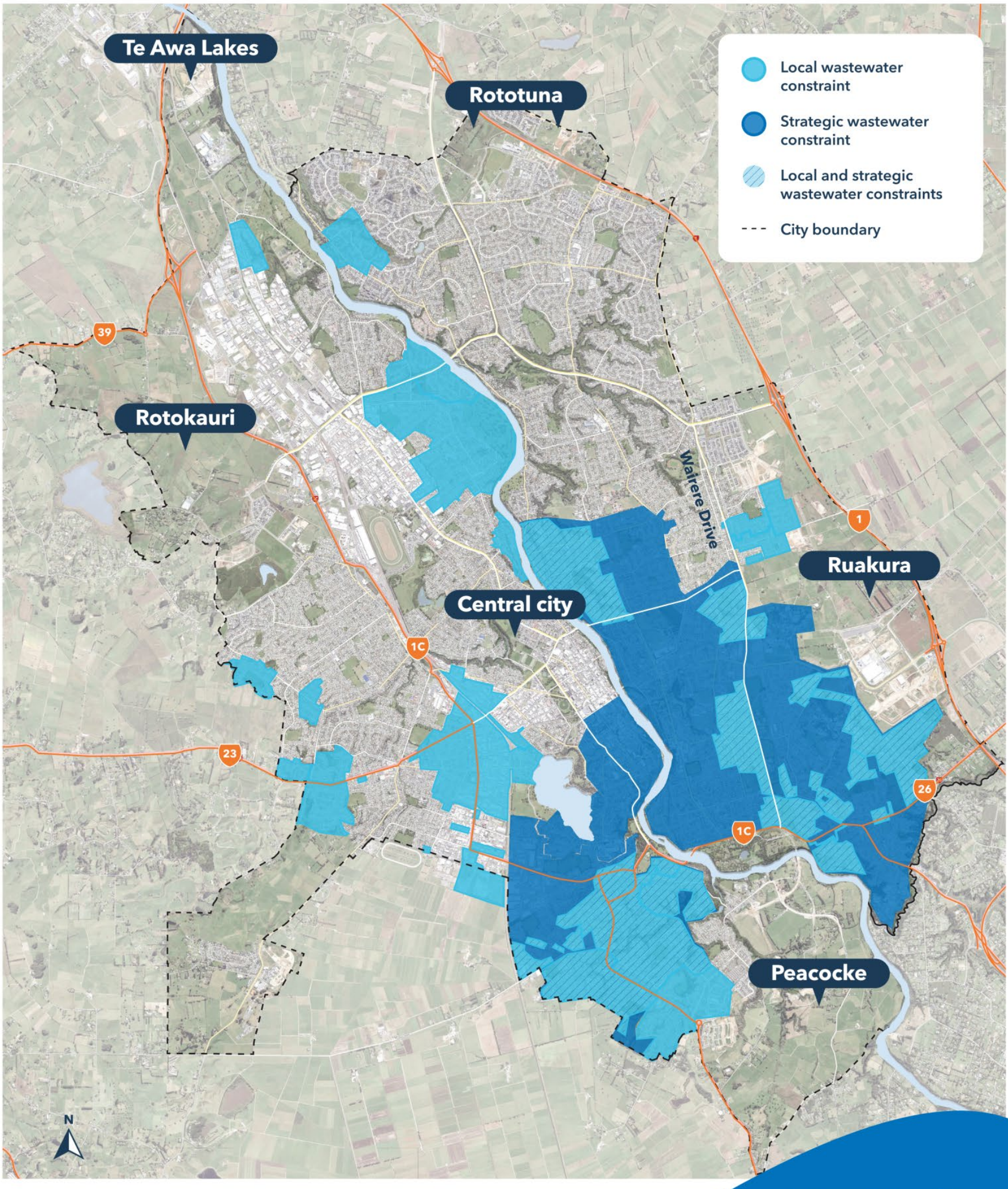
Hamilton City Council
Te kaunihera o Kirikiriroa

Local and strategic wastewater network constraints in Hamilton

May 2025

Local wastewater pipes are typically 300mm in diameter or smaller and are the pipes that properties connect to. Strategic wastewater pipes are larger and take wastewater away from local pipes to the Pukete Wastewater Treatment Plant.



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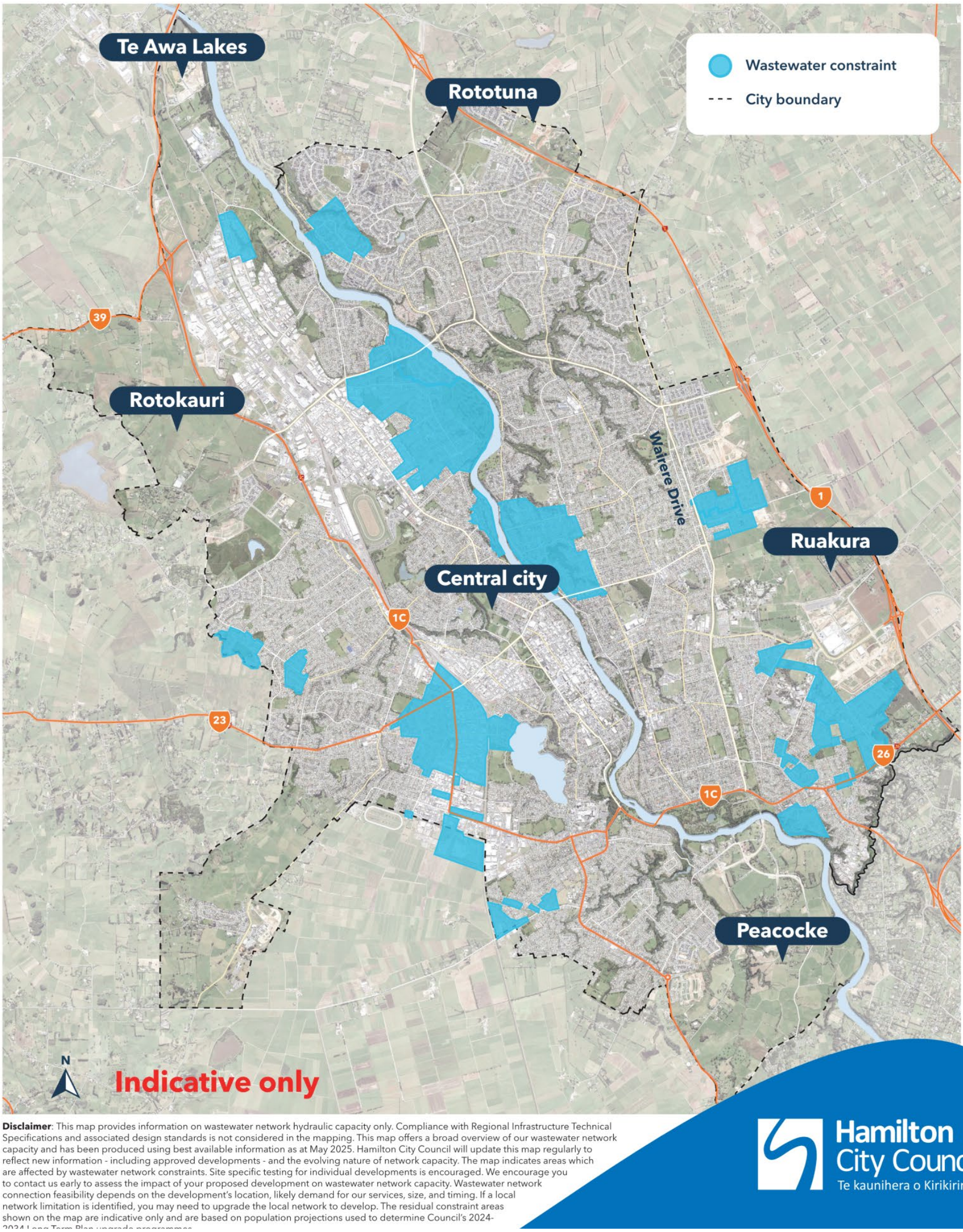
Hamilton City Council
Te kaunihera o Kirikiriroa

Wastewater network constraints in Hamilton after 2024-34 Long-Term Plan investments and proposed Waters CCO's investments

May 2025



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Hamilton City Council
Te kaunihera o Kirikiriroa

Independent Review into Wastewater and Growth

Background

Hamilton City Council Strategic Growth and District Plan Committee on the 8 April 2025 passed resolutions requested an independent review into the reasons for the wastewater constraints currently faced by the City. These include past events over the past decade (e.g. planning and investment decisions, growth) and more recent communications and decision-making regarding turning away development due to wastewater constraints.

The findings of this review are required to inform Elected Member considerations regarding the Statement of Expectation for the proposed Hamilton-Waikato Water and Wastewater Council Controlled Organisation.

Resolutions passed: 8 April 2025

e) requests staff facilitate an independent review(s) that would include the decisions made and actions undertaken over the last 10 years (how we got here) identifying the learnings from these and how the learnings can be applied in the future, the current modelling assumptions, and risk tolerance settings, which would include details of the assumptions underpinning the modelling used to identify wastewater constrained areas with the final scope to be developed in consultation with the Chair and Deputy Chair of the Strategic Growth and District Plan Committee noting that:

i. this review will be capped at $20,000 unbudgeted operating expenditure; and

ii. staff will report back as soon as possible and are aware that it is Members desire that the matter inform the June report.

Scope

The Scope is to undertake an independent review which addresses the matters identified in the resolution and includes an account of:

a) the decisions made and actions undertaken over the last 10 years (how we got here);
b) the current modelling assumptions, and risk tolerance settings, which would include details of the assumptions underpinning the modelling used to identify wastewater constrained areas; and
c) identifying the learnings from these and how the learnings can be applied in the future.

Approval

As per the Strategic Growth and District Plan Committee resolutions of the 8 April 2025 the independent review scope will be agreed to by the Chair and Deputy Chair of the Committee.

Deliverables

The review will consist of two parts.

Part 1

Part 1 of the brief will address:

> *The current modelling assumptions, and risk tolerance settings, which would include details of the assumptions underpinning the modelling used to identify wastewater constrained areas.*

Specifically, Part 1 needs to address the appropriateness of:

a) the current network performance and input modelling assumptions based on local context and best practice versus how other metros around New Zealand deal with their input assumptions,
b) the risk tolerance assumptions relevant to the modelling process
c) Are we aligned with or out of step in a national context? Noting our local consenting/compliance requirements which may be a local driver.
d) HCC's approach to considering innovation and onsite developer led solutions. Is HCC too permissive or conservative? Is HCC's approach to network capacity and connection availability fit for purpose?
e) How we operate collaboratively with developers within our legal parameters.
f) Is it considered acceptable practice to spatially reallocate future capacity from an enabled growth area to a new growth area? Should HCC facilitate actual growth demands rather than reserve capacity for enabled areas with lower growth demands?

The findings of this will help inform Elected Members direction to staff and the potential new Waters CCO. Elected members seek tangible ways to do things differently which are legally compliant and within cultural, environmental limits/policy envelopes.

Part 2

Part 2 of the scope will address:

> *The decisions made and actions undertaken over the last 10 years (how we got here) and learnings on how we got there and learnings for future*

This section will address specifically how decisions were made and communicated to elected members and the public regarding wastewater constraints.

This section will broadly cover how events and decisions taken over the past 10 years led to the wastewater constraints, including:

1. What happened in the last 2-3 years that led to development being turned away and the communication and decision-making related to this
2. Land use decisions taken (district plan) including the 2012 ODP review

3. Rates and debt and funding commitments over time (long-term plan investment decisions)
4. Council approach to decision-making – should council have not made certain decisions or could it have made different? (e.g. should it have invested more earlier, or only enable growth where investment is planned/committed – and the practicalities of doing so under the RMA and LGA)
5. Growth pressures
6. Legal and consenting and compliance pressures

It will summarise by outlining if different decisions could or should have been taken and in doing so outline learnings for the future.

Delivery method

Parts 1 and 2 of the report will be undertaken by a suitably qualified and accredited RMA Commissioner with wastewater expertise.

Deadline(s)

Part 1 of the report is required in draft by June 4 to inform a Council workshop session on the 10 June.

The finalized report including Part 1 and Part 2 is to be delivered by 13 June for a 26 June Council meeting.

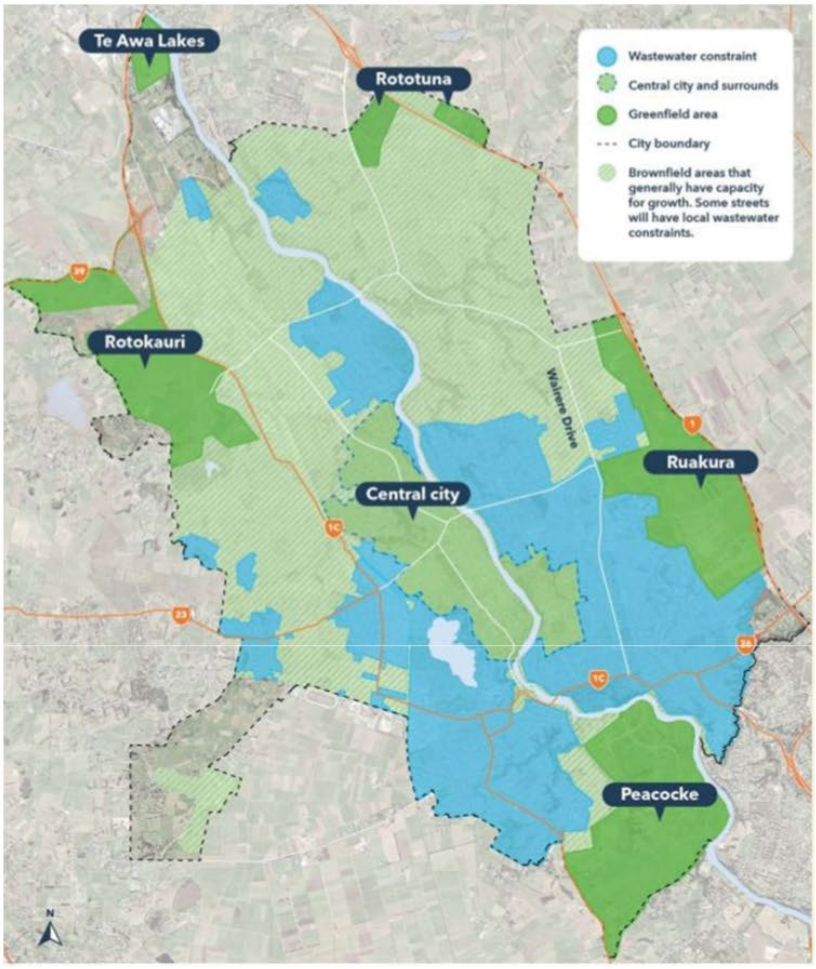
Protocols

Lachlan Muldowney (HCC Barrister) will coordinate the exchange of information to the report author to maintain independence from HCC employees. Mr Muldowney's office will act as a single line of communication to the report author given information will need to be sought from various parts of the organisation in a timely and expedited manner to meet the required deadlines. Mr Muldowney will facilitate any direct discussions between the report author and HCC staff.

HCC staff will make available all materials and information requested by the independent reviewer.

HCC staff will prioritise facilitating the review process given the timeframes identified.

HAMILTON CITY COUNCIL
WASTEWATER CAPACITY CONSTRAINTS REVIEW
PART 1



Prepared by Campbell Consulting Ltd

Final
June 2025

Project:	Hamilton City Council Wastewater Capacity
Document:	Wastewater Capacity Constraints Review Part 1
Client:	Hamilton City Council
Status	Final v2
Date of Issue:	**June 12, 2025**

Prepared by .....

Fraser Campbell BE, FEngNZ, CPEng.

Campbell Consulting Ltd
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1. Background:

The Strategic and District Plan Committee of Hamilton City Council (**HCC**) at their 8 April 2025 meeting requested an independent review of the city's wastewater system capacity.

They requested that "*staff facilitate an independent review(s) that would include the decisions made and actions undertaken over the last 10 years (how we got here) identifying the learnings from these and how the learnings can be applied in the future, the current modelling assumptions, and risk tolerance settings, which would include details of the assumptions underpinning the modelling used to identify wastewater constrained areas"*. It also resolved that "t*he final scope* (of the review was) *to be developed in consultation with the Chair and Deputy Chair of the Strategic Growth and District Plan Committee"*

This has been subsequently developed into the following final scope which addresses the matters identified in the resolution and includes an account of:

a. the decisions made and actions undertaken over the last 10 years (how we got here);
b. the current modelling assumptions, and risk tolerance settings, which would include details of the assumptions underpinning the modelling used to identify wastewater constrained areas; and
c. identifying the learnings from these and how the learnings can be applied in the future.

Following on from discussions with Mr Lachlan Muldowney, barrister acting for HCC, the following breakdown of the Terms of Reference has been provided as an outline for the review:

1. The Terms of Reference is broken into two separate deliverables, Part 1 and Part 2. Part 1 addresses the modelling task (b). Part 2 combines tasks (a) and (c). Within each part there is a description of what is expected to be addressed.

2. Part 1 is the first priority, as it need to be reported on by 4 June, to inform a Council workshop on 10th June. Part 2 needs to be completed by 13 June, informing a Council meeting on 26 June.

3. Dealing with Part 1, the Terms of Reference sets out a series of questions relating to the task,
    a. What is the regulatory context, nationally, regionally which HCC must operate within? Te Ture Whaimana is significant. Are there performance standards and limits?
    b. What is the current Wastewater Treatment consent position?
    c. The network, the model, how it all works. Key assumptions.
    d. Connections policy/ bylaws which control connections and discharges to the network.
    e. Risk tolerance and assumptions about ww overflows.

f. How is the risk tolerance affecting willingness to allow connections, particularly in brownfields/infill areas?
g. Comparisons with other metros and their approach.
h. Offering overall conclusions on whether HCC is too conservative, risk averse, out of step with other Metros, or is it in line with good practice.

4. Dealing with Part 2, this is a wider look at the key drivers which have led to the current position. It is stepping back and looking at land use decisions, zoning enablement, land supply etc, and infrastructure decisions, LTP investment decisions, and whether there is misalignment. It is then forward looking, and identifying what solutions or changes can be made, or will be made under regulatory reforms and waters reform.

This report will be dealing with Part 1 covering the modelling assumptions and risk tolerance settings. Part 2 will follow.

2. Review Process

This review to date has been undertaken at a high level based on documents provided by Council staff through Mr Muldowney. Face to face interviews were undertaken with Mr Andrew Parsons, General Manager Infrastructure and Assets and Dr Mark Davey, Director Urban and Spatial Planning Unit. Discussion have taken place with Mr Muldowney re the brief and matters of clarification.

There have been no discussions with developers or their agents regarding their views on the Council's approach to establishing wastewater capacity constraints and the approval process for gaining access to the wastewater network.

There have been no detailed assessments of the assumptions used in the wide range of Council reports provided.

3. Regulatory Context

All wastewater systems operate within defined regulatory environments. The key pieces of legislation are the Resource Management Act, Local Government Act and the Health Act. More recently the Water Services Act is becoming a more central document for Water Service providers including those involved in providing wastewater systems. HCC as with other Councils within the Waikato River catchment are bound by the provisions of the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act and Te Ture Whaimana (the Vision and Strategy for the Waikato River).

The Vision and Strategy contained in the above Act prevails over any inconsistent provision of a national policy statement, NZ coastal policy statement and national planning standard under the RMA.

The Waikato Regional Plan prepared under the RMA provides for a range of activities to be undertaken as permitted, controlled and discretionary. It also lists as prohibited

activities two types of discharges to water. This includes untreated human effluent to water.

The Water Services Act (2021) provides for Taumata Arowai/ Water Services Authority to make wastewater environmental performance standards. Taumata Arowai recently released a set of proposed National Wastewater Environmental Standards as referred to above. It provides a set of standards for the discharge of treated wastewater to land and water as well as requiring all existing controlled overflow points and treatment plant bypasses to be consented under the RMA.

The Local Government (Water Services) Bill, which was introduced to Parliament in late 2024, includes provisions that propose to make changes to the water quality regulatory framework and the water services regulator. The Bill in its current version sets out that the wastewater environmental standards prevail over a range of national, regional and city level RMA planning documents.

However, the Bill goes onto say in clause 41 that "*A water service provider must act in a manner that is consistent with Treaty settlement obligations when performing and exercising functions, powers, and duties under this Act.*

It is my understanding is that the Vision and Strategy would still be paramount and the ongoing "need to be consistent with Treaty settlement obligations" would include meeting the obligations of the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010.

4. Wastewater Network Consent Position

The Waikato Regional Plan lists under

Rule 3.5.7.8 the discharge of Untreated Human Effluent as a Prohibited Activity.

Under the RMA a resource consent application cannot be made for a prohibited activity and a consent cannot be granted.

The Waikato Regional Council has undertaking enforcement actions against parties responsible for discharges to water of untreated human effluent over the last ten years. This has included a number of local authorities including HCC, Waikato District Council and Taupo District Council. Many of the actions appear to have been related to discharges of untreated wastewater from wastewater networks.

The Bay of Plenty Regional Council have a similar rule in their Regional Natural Resources Plan which states that:

DW R7 (Rule 36) Prohibited – Dumping of Untreated Sewage and Household Wastes, and Discharge of Petroleum Hydrocarbons

Any
1 Discharge of untreated sewage to water in a stream, river or lake, from any source, including a boat.

The Auckland Unitary Plan under Section E6 Waste Network Management refers to an Activity Table E6.4.1 where discharge of untreated wastewater from a wastewater network as being either permitted, controlled, discretionary or restricted discretionary. This covers the *discharge of contaminants from wastewater networks via either planned or unplanned discharges of wastewater, including overflows, onto or into land and/or into water pursuant to section 15 of the Resource Management Act 1991*

5. The Wastewater Networks Model

The Infrastructure and Assets Group of Council have over the years developed and refined their wastewater network model. It is used to assess the performance of the network and to also determine available capacity and to assess what impact of green field and brown developments would have on the network. The addition of new wastewater sewers, pump stations, storage tanks and changes to the configuration of the network can also be assessed. An overview document provided by the Infrastructure and Assets Group provided the following information.

In 2010, HCC embarked on developing a wastewater hydraulic model to represent the performance of the wastewater network, and to inform planning and operational improvements. This process consisted of three phases:

- *Phase 1: Development of the citywide Trunk wastewater model*
- *Phase 2: Development of the detailed wastewater Model*
- *Phase 3: Ongoing support and maintenance of the models, support HCC with the development of the City Waters Viewer showing the three waters model results*

The trunk (larger than 225mm diameter) sewer model was first developed in 2010 and was then extended to a more detailed network model in 2013. It is understood that the model was developed by AECOM and has been the subject of both an internal QA/QC processes by AECOM. The Overview document[i] goes on to state that:

The entire Model build process was externally monitored and peer reviewed by Beca. The peer review concluded that the Model build and calibration met the industry standards and is suitable for the intended functions.

In 2020 a partial calibration with loggers based at nine manholes confirmed model predictions of overflows. It noted that:

All nine monitored sites experienced surcharging, primarily during rainfall events exceeding 10 mm/hour—supporting the model's forecast that 214 manholes (based on 2017 data) were at risk of overflow.

The network model is updated regularly to reflect current assets and proposed assets, current and future population projections, trade waste inputs and a hydrological model to reflect infiltration and Inflow). The current version, Version 5, was prepared in 2021.

I note from the Overview document that whilst the model was calibrated in 2015 it has not to date been recalibrated with flow gauging across the network.

The model is in the process of being rebuilt and recalibrated using network flow gauging data collected in 2023/24. The model dry weather calibration is complete, and wet weather calibration is almost complete. Following calibration, system performance analysis will be undertaken for future use.

6. Connections Policy and Bylaws

The current Three Water Connection Policy was approved by Council on 17 September 2020. It is linked to the Tradewaste and Wastewater Bylaw 2016. It provides:

The Purpose of this Policy is to provide clarity about Council's approach to service connections to the city's water, wastewater and stormwater networks for private properties within and outside Hamilton City's boundary; and charges for these services.

The Objective of this Policy is to provide administrative certainty in the way that Hamilton City Council (`Council'): (as they related to wastewater)

i. manages requests for new service connections to the water, wastewater and stormwater networks;

ii charges for water, wastewater and stormwater network connections and services.

It goes on to outline the Principles that guide the Policy which includes:

i. Restoring and protecting the health and wellbeing of the Waikato River is of utmost importance.

ii. The intrinsic value and mana of the water resource is recognised and further degradation of water quality in the Waikato River shall be avoided.

iii. Waikato-Tainui are Kaitiaki of the Waikato River

vi. The use of water is integrated with land use, stormwater and wastewater management and considers the effect of the use and development of land on the Waikato river.

viii Hamilton is part of a wider sub regional community. Council is committed to supporting sub-regional prosperity.

The Policy goes onto set out the details of:

- *an Out of District Network Services Policy which includes details of a wastewater supply agreement,*
- *Out of District Private Property Policy which excludes new single properties connecting to the city's wastewater network*
- *a Land-use, Infrastructure and Activity Planning Policy which sets out the requirements for new connections to the existing network within the City including compliance with Regional Infrastructure Technical Specifications, relevant bylaws, the Hamilton- Waikato MetroSpatial Plan, the Development Contributions Policy*

- *a Private Three Water Infrastructure Policy which covers the role of Council in the management of private wastewater infrastructure. This might include private pump stations, pressure sewer systems.*

Work has commenced on a revision of the Connections Policy. In a recent report[1] to the Strategic Growth and District Plan Committee the following statement was made:

The proposed Connections Policy will explore criteria for identifying "Unique Developments" for which the Council may be willing to accept higher levels of risk to facilitate their development. Staff will be seeking elected member input to this definition.

Referring to Attachment F[2] of the Wastewater Capacity report, a key element of this revision is to "*improve standardisation, efficiency and quality across the connections process*" by providing support to developers by improved web page content and access together with an improved process to manage capacity connections approvals , a capacity web map and a Network Capacity Assessment Tool (NCAT) to enable capacity requests to be registered and assessed by Council staff.

In my view this approach will help the Council provide greater certainty to developers of available wastewater capacity and provide Council with a better understanding of the demand for connections and thus spare capacity and assist in supporting business cases for further investment in the network.

Ultimately it would be useful for the public facing capacity network map to provide an indication when capacity is expected to be made available for areas currently constrained. This assists developers in their plans future investments and also provides guidance to potential purchasers of land as to whether wastewater capacity constraints exist in areas of the city. Watercare currently provides such detail on their website.

There is an issue of whether a two-step process of seeking an RMA subdivision/ development consent and its associated steps and a connections policy approval is required for all developments. Where capacity assessments are completed as part of a resource consent application, and approved, it is reasonable to expect a connection will be approved on the basis of that previous assessment.

7. Wastewater Overflows Risk Tolerance and Assumptions

Wastewater overflows are categorised in two ways. The first category of overflow is those that arise during dry weather flows. As the term suggests this is during periods where groundwater does not enter the wastewater network. Overflows are typically caused by build up of fats, rags and other foreign objects restricting or blocking the

[1] Para 66 Wastewater Capacity "State of the Nation" April 8, 2025 Strategic Growth and District Plan Committee HCC

[2] Attachment F Outline of Proposed Connections Approval Process – Water Connections Improvement Programme.

pipes or pump stations in the network. In addition, mechanical failures or loss of a power supply at pump stations can also contribute to overflows.

The second type of overflow is attributed to wet weather flows where the direct inflow of stormwater into the network occurs or by infiltration of groundwater typically through faulty joints and cracked or broken pipes. This infiltration and inflow increased the normal flows in the sewers often by factors of five or more. In other words, the dry weather flows rates can increase by more than five times during rainfall events or thereafter.

The Waikato Regional Plan lists the discharge of untreated human effluent as a prohibited activity as note in Section 4 above. This prohibition together with the enforcement approach that the Regional Council takes against HCC and other Councils covered by the Regional Plan creates a natural conservatism amongst staff and elected members re assessments of spare or available wastewater capacity.

At a national and international level wastewater overflows are seen as a risk in the operation of wastewater systems. Policies and programmes are developed to reduce the frequency of dry weather and wet overflows. However, there is a recognition that the elimination of overflows is very difficult to achieve.

HCC has developed a risk statement which sets out strategic and organisational risks. There are 7 strategic risks and 4 organisational risks.

In the Wastewater Capacity report [3], reference is made to **Strategic Risk 3-** Failure to meet Compliance Standards. The report noted that Council has a neutral risk appetite for such failure. It notes that:

The Council is committed to ensure compliance with the regulatory requirements and expectations of the central government and regional council however, it has limited control over external factors which may cause incidents for e.g. wastewater treatment plant overflows. The Council has a 'Cautious' appetite for not meeting its obligations and duties covered by the Te Tiriti o Waitangi

The report[4] goes on to say that:

Council is committed to ensuring compliance with regulatory requirements including resource consent conditions and regional planning instruments. The current regional plan prohibits the discharge of untreated wastewater to the environment. Accordingly, HCC has prioritised an investment programme to reduce network overflows based on risks and benefits.

In discussions with Council staff, it is clear that they have uppermost in their minds the prohibition of wastewater overflows as set in the Regional Plan. This creates a natural conservatism in assessing application for connection to the wastewater network.

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[3] Para 59 Wastewater Capacity "State of the Nation" April 8 2025 Strategic Growth and District Plan Committee HCC

[4] Para 88 ibid

Wastewater networks are designed to operate within the normal diurnal flow variations (morning and evening peaks) plus an allowance for infiltration together with peak wet weather flows which adds in surface water ingress and a higher peaking factor. The system is to be designed to accommodate the peak wet weather flow without surcharge. Surcharge means that the peak flows are contained within the pipes without an allowance for wastewater levels to rise up into the body of the manholes in the system.

Many wastewater systems will have manholes surcharging without an overflow. However, when manhole surcharges it is often a precursor to an overflow as manholes have limited capacity to store wastewater during wet weather events.

The other factor that leads to conservatism in approach is that there is often a latent demand for pipe capacity during wet weather events. This can be evident where either water via infiltration or surface water ingress is not able to be accommodated in the sewer main due to that main being already full. In some cases providing a larger sewer main only allows that latent demand for surface water to enter the pipe network. The net result can be that the increased pipe capacity just accommodate more inflow.

The 2024/34 Long Term Plan includes performance measure for the number of dry weather overflows from the wastewater system. This measure is a requirement of the Department of Internal Affairs.

The target for 2024/25 is to have no more than 4 overflows per 1000 connections. This target remains the same for the next two years with a target in 2033/34 of 2 overflows per 1000 connections. This is in contrast to latest result achieved which is for the 2022/23 year of 0.64 overflows per 1000 connections.

This measure demonstrates an acceptance of likelihood of dry weather overflows by Council but with a target well above the current result.

Notably, there is no performance measure relating to wet weather overflows. However, there is a measure of abatement notices and infringement notices. Again, these are measures required to be reported publicly by the Department of Internal Affairs.

8. Wastewater Capacity Constraints

HCC's wastewater system and in particular its network is subject to significant capacity constraints. This is typical of many local authority networks that have been providing services for several decades.

Household and population growth in Hamilton has been accommodated with a mix of infill and green field development. Wastewater flows from Infill or brownfield development can over many years be accommodated by unallocated capacity in the local and trunk sewers that services those areas. However, over the same period the condition of the sewer pipes deteriorate to the point that the joints and pipes

themselves start to crack and break allowing groundwater to enter the pipework. Furthermore, the increased density of dwellings that accompanies infill development often lead to increases in inflow particularly where properties are not well connected to a stormwater system. Ultimately that spare capacity is taken up and used.

I have been advised that Hamilton in the 2012 District Plan review provided for a duplex policy which allowed for attached residential buildings at a greater density than previously provide for. This resulted in approximately 50% of residential growth being infill with the balance greenfield once these provisions of the Plan became operative in 2015.

As is sometimes the case, the cost of development by way of wastewater development contribution charges in these infill areas are less than greenfield particularly when limited investment is either required or has been committed to the upgrade of wastewater networks in infill area.

HCC as part of PC 12 in response to the NPS on Urban Development and the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 prepared a document entitled Three Waters Performance Assessment Report.

The Assessment report states that for the three water networks that:

For much of the existing (brownfield) parts of the city, the local infrastructure is decades old and constructed for much lower density than enabled in the current HCC District Plan or proposed through the NPS-UD and MDRS. The local networks for relatively new residential development areas have also been designed to service 16 dwelling /ha densities.[5]

Providing for the intensification requirements set out in the NPS-UD and MDRS requires a significant step-change in local network design standards and will require extensive upgrade and replacement of the existing local networks. Some potentially well before the end of asset life[6]

The report went on to record assessments of capacity of the wastewater network and its ability to cater for development over three-temporal or time bands. Band 1 Near Term (current LTP based on 2031 modelling results), Band 2 Medium Term (based on 2061 modelling results) and Band 3 Long term or what is needed to service the proposed scale of intensity.

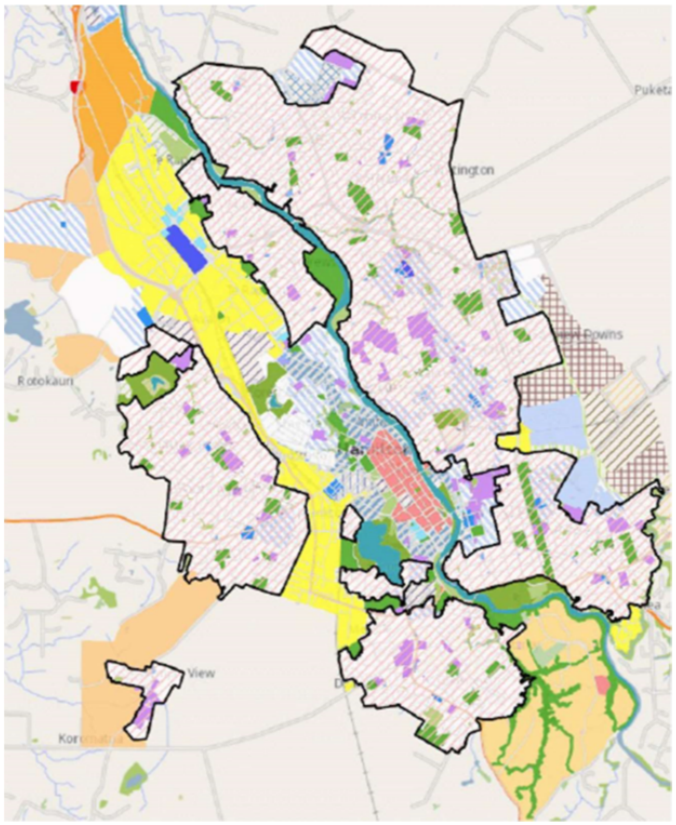
The modelling includes only the existing networks and no significant planned upgrades were allowed for as provided in the 2021-31 LTP or the more recent LTP.

The wastewater network was broken into 20 areas, and each area was given a traffic light assessment from green to red to reflect the impact growth would have on the network under each of the bands in both dry and wet weather flows. This information was used to inform the Commissioners who made recommendations on PC 12 as well

[5]Para 8.5.2 HCC Three Waters Performance Assessment Report July 2022
[6]Para 8.5.3 Ibid

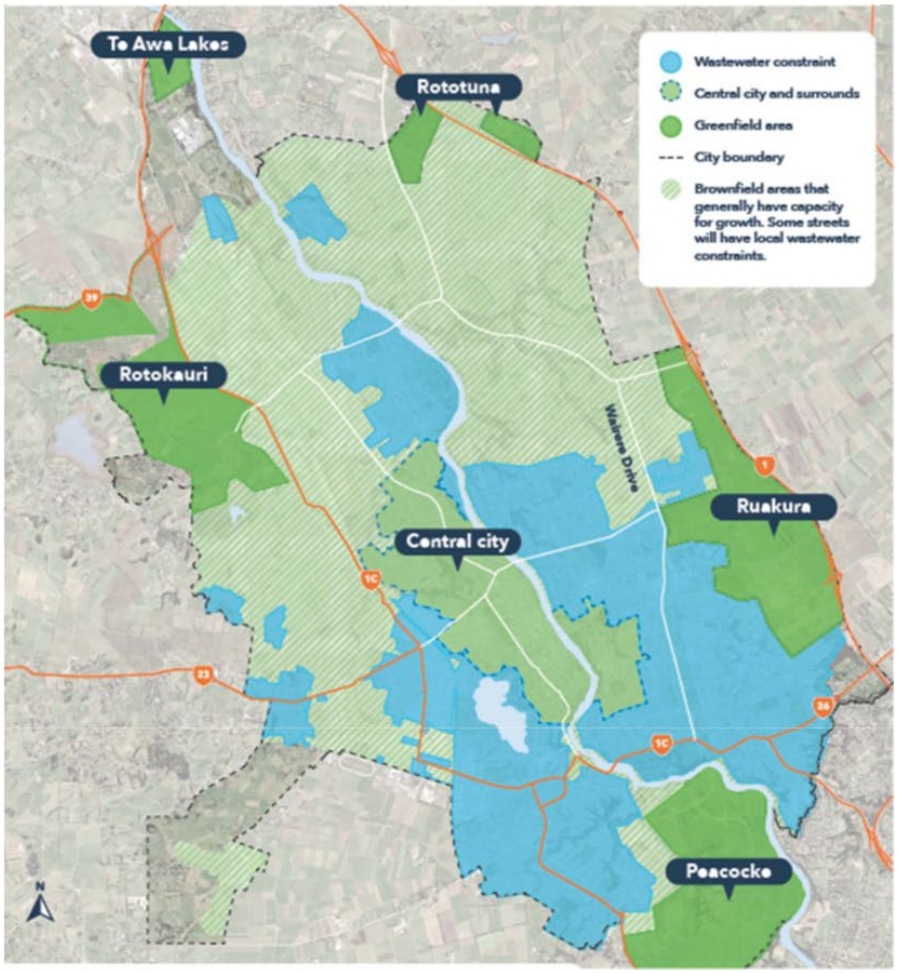
as to assist Council in responding to approaches for further development and to inform the community on limitations of the three waters capacity

As part of the recommendation of the hearing panel for PC12, an Infrastructure Capacity Overlay (**ICO**) was prepared to show areas of the city that have capacity issues that which needs to be assessed at the time of any application for a development in those areas. In the areas covered by the ICO, a Three Waters Infrastructure Capacity Assessment is required to be undertaken where three/four or more additional residential units in residentially zoned areas of the city are proposed.



The ICO areas are shown with a black border.

The HCCl website has a page on Three Waters Capacity. This includes a Wastewater Network Capacity map which shows the wastewater constrained areas as below, in blue. This area is more confined in area than the ICO. It generally defines the areas of the City where Council staff based on their assessment, believe that the wastewater constraints are such that until further capacity is provided it is unlikely that further connections to the wastewater network will be permitted.



The wastewater constraints area were defined where there was limited or no capacity in the network for development without the completion of upgrades to provide the extra capacity. The highest risk areas have been identified as currently being:

- the south-west (such as Bader, Melville, Deanwell, Glenview, Fitzroy)
- parts of Hamilton East, Claudelands and Fairfield
- parts of Hillcrest and around the University
- other isolated pockets of the city including small areas of St Andrews, Rototuna and Nawton

It is important to note that the assessment took into acount near term, medium term and the long term (MDRS zoning). The traffic light colour used reflected the impact on the network of the various time bands.

The identified as highest risk right (either orange or red) now are those where the impact is in the near term. However this is on the assumption that the network is as it is now without any funded, unfunded or future upgrading.

This is a conservative approach to restrict further development even if there is capacity planned to be provided within the term of the 10 year LTP planning period or even the three year period between LTPs.

The risk for each of the twenty areas have been assessed on short term, medium or long term temporal or time bands. There may be a case to asses as a lower risk areas where there are identifed as having capacity issues but have an identified solution to provide capacity that is funded in the curent LTP.

However there is a possibility that the works proposed may not be completed before either a resource consent is granted or that houses are built that rely of that increase in capacity.

9. Impact on Ability to connect in Infill Areas

The biggest wastewater constraint area is contained within the existing residential areas and generally to the south of Boundary Rd and SH 23 with the exception of Fairfield and St Andrews to the North.

The impact on property owners who wish to develop land in these high risk areas is that they may have specific conditions placed on a resource consent or not be able to have a consent granted. A similar approach may also be taken with respect to a wastewater connection application.

The 2024-34 LTP set out a programme of projects and funding for wastewater upgrades and extensions. Some $660 million has been allocated for Wastewater Collection projects covering work that has a mix of Renewal, Growth and Levels of Service drivers. Further funding has been allocated to wastewater treatment and disposal projects.

The LTP also identified a further $130m of unfunded project including network improvement in the Enderley/ Fairfield area and local and trunk network upgrades to support infill and intensification across the city.

The current wastewater capacity constraints mainly impact on the ability to enable more intensification of the existing residential areas.

10. Comparison with other Metro Wastewater System providers

It is useful to compare design standards for wastewater design with other similar wastewater network operators.

Council in the Waikato Region have adopted the Regional Infrastructure Technical Specification (**RITS**) for the design of new wastewater assets. This document sets out

the method to estimate flows for the average dry weather (**ADF**), peak daily flow (**PDF**) and peak wet weather flow (**PWWF**). This information can be used along with other factors to determine the size of new sewer mains and pump stations as well the impact a development might have on the existing downstream network.

I have compared the method used to establish these three figures, ADF, PDF and PWWF in Hamilton with Tauranga City and Auckland Council (via Metrowater standards).

The table below summarises the approaches taken by the three Councils.

Factor	Hamilton	Tauranga	Auckland
Wastewater discharge/ person in litres per day	200	210	180
People per dwelling	2.7	2.7	3
Infiltration allowance (1) l/ha/day	2,250	n/a-	n/a
Peak daily flow factor	2.6-14 (2)	2.5	3.0
Peak wet weather flow factor		5.0	6.7
Surface water ingress (3) l/ha/day	16,500	n/a	n/a

Note
1. Average daily flow in Hamilton includes an infiltration allowance based on area of development
2. depends on the population. The greater the population the lower the peak flow factor
3. Peak wet weather flow includes surface water ingress allowance based on area of development

Using these factors for a **50 lot** subdivision gives the following results

Factor	Hamilton	Tauranga	Auckland
General residential zone Population assumed	135	135	150
Average daily flow (l/s)	0.39	0.33	0.31
% difference to Hamilton		-15%	-20%
Peak daily Flow (l/s)	2.20	0.8	0.94
% difference to Hamilton		-64%	-57%
Peak Wet Weather Flow (l/s)	2.8	1.64	2.1
% difference to Hamilton		-41%	-25%

For a 50 lot development, estimates of average daily, peaky daily flows and peak wet weather flows are significantly higher in Hamilton that the other two centres. This is largely due to the way the allowance for infiltration and surface water (inflow) are calculated in Hamilton. Hamilton City uses factors based on the area of the development whereas the other two Councils use a constant numerical peaking factor. In addition, in Hamilton the peaking factor used to calculate peak house water flow is based on the population equivalent in the development.
Using these factors for a **1,000 lot** subdivision gives the following results

Factor	Hamilton	Tauranga	Auckland
General residential zone Population assumed	2,700	2,700	3,000
Average daily flow (l/s)	7.81	6.56	6.25
% difference to Hamilton		-16%	-20%
Peak daily Flow (l/s)	18.75	16.41	18.75
% difference to Hamilton		-13%	-0%
Peak Wet Weather Flow (l/s)	30.21	32.81	41.88
% difference to Hamilton		+8.6%	+39%

With the greater number of lots in the development the average daily flow allowance is still higher in Hamilton. However, the peak daily flows are more than Tauranga but the same as Auckland. By contrast the peak wet weather flow assessments are lower in Hamilton than both Tauranga and Auckland.

This is largely due to the peaking factor used in Hamilton reducing as development area increases. The peaking factor used for 50 lot development is 6.8 for a residential development and for a 1,000 lot development it is approximately 2.75.

In summary, for smaller development Hamilton's wastewater assessment gives higher figures and for large developments the figures are similar and depending on the peak flow less than Tauranga and Auckland.

I do not have view as to which method of assessment is closer to what would actually be observed once a development was completed.

11. Conclusions re HCC risk approach

The management and operation of Hamilton City's wastewater network is subject to a number of controlling factors.

These include:

1. A high level of residential and commercial growth which leads to an increase in wastewater flows.
2. Multiple growth nodes in the city and on its borders that add to the complexity of planning for new infrastructure.
3. A prohibition in the Waikato Regional Plan for the granting of a consent for the discharge of untreated human effluent to water which include sewer overflows.
4. The requirement to meet the Vision and Strategy Te Ture Whaimana which requires and active restoration of the river and its impact on the networks.
5. An aging network of wastewater sewers that allowing infiltration during times of high groundwater and a number of properties that allow stormwater to enter the sewer.
6. The funding for wastewater network upgrade and renewals that is not matching the deterioration of the existing network and the need for more capacity

7. The need to meet central government's requirement to allow for more intensive residential development in established areas of the city as provide for IN PC12 and the inherent pressure that applies to the wastewater network.

These factors of which some as unique to Hamilton City and its neighbouring councils, have and lead to the Council adopting a risk approach that tries to strike a balance.

Council's risk appetite with respect to **SR3 Failure to meet compliance standards** is neutral as outlined in Section 7 of this report. It notes

> *The Council is committed to ensure compliance with the regulatory requirements and expectations of the central government and regional council however, it has limited control over external factors which may cause incidents for e.g. wastewater treatment plant overflows… and has cautious appetite for not meeting its obligations covered by Te Tirit o Waitangi*

Further detail[7] is provided under the heading of Relevance to Wastewater Management as follows:

> *Council is committed to ensuring compliance with regulatory requirements including resource consent conditions and regional planning instruments. The current regional plan prohibits the discharge of untreated wastewater to the environment. Accordingly, HCC has prioritised an investment programme to reduce network overflows based on risks and benefits.*

The above makes it clear that Council is committed to meeting these regulatory requirements and is investing in projects to reduce the likelihood of such overflows

Their risk appetite for **SR5: Failure to deliver growth outcomes** is Neutral-Receptive[8] is also in the report. It notes that

> *"The Council acknowledges the considerable challenge of planning and delivering the growth outcomes as laid out in the current Long-Term Plan. Despite the potential constraints of capacity, supply chain, and economic factors that could impact delivery, the Council is committed to achieving these goals and is willing to take on a higher level of risk to do so".*

> Their risk appetite for **SR2: Significant Impact on financial strategy** is show as being cautious.[9] In the same report it states that: *"The Council recognises that effective management of funds and financial sustainability are essential to achieving its growth objectives…*
> *While, the Council is committed to undertaking growth initiatives that will benefit our community and meet their expectations, it will balance this with financial sustainability."*

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[7] Para 89 Wastewater Capacity "State of the Nation" April 8 2025 Strategic Growth and District Plan Committee HCC
[8] ibid
[9] ibid

> *"Council cannot afford to invest in wastewater infrastructure required to service plan enabled development, or address all existing performance challenges. Council must prioritise its investment to those most critical to the overall city (e.g. wastewater treatment plant), address priority performance issues and to service priority development areas."*

There is a real tension between meeting its treaty settlement obligations, its desire to deliver on growth outcomes and having "effective management of funds and financial sustainability".

These three risk areas as noted above and their associated risk 'appetites' are listed as being Council's policy. It is thus necessary for Council staff to implement them in both the advice and recommendations they provide to the Elected Members Councillors and how they are put into practise the decisions they make with respect to the operation and management of the wastewater system and in particular the wastewater network.

There is an inherent tension in trying to comply with a very stringent overflow rule in the Regional Plan, constrained funding as provided by the LTP in the knowledge of the network's operational history, and meeting the ongoing demands of a growing city.

In my view Council is working well in balancing these factors. However, there are some significant areas of uncertainty that makes performing this role difficult:

1. Having a network that is configured to serve a city based on previous assumptions of where and to what density both greenfield and brownfield (infill) growth will occur.
2. Development occurring on multiple fronts both inside and outside the City's boundary.

The approach taken has been to identify areas of the city where further intensification is limited by the existing wastewater network's capacity. The availability of capacity has been assessed as I understand it on current capacity with no allowance for planned increases in capacity in the short, medium or long term. The Three Waters Performance Assessment Report recommends in para 13.2.1 inter alia that the following further work is needed. This work includes:

(a) Updating the city's waters models with updated growth projections to better understand the impacts planned and enabled growth will have on the urban water systems and to inform investment programmes
….
(q) Revise this traffic light assessment based on updated supporting technical evidence

It is not entirely clear in the above report as to exactly how the impact scores were established for each of the 20 areas assessed. Then how were the weighted average score for each of the scenarios considered used to establish the wastewater constrained map provided in April 2025 on Council's website.

It is also my understanding that there is capacity that is reserved for some of the growth nodes perhaps as part of agreed funding from central government. However,

there is also evidence that parts of the network have been reconfigured (such as via pump stations) to receive wastewater from areas under strain until such time as upgrades are undertaken and that reserved capacity is required. This is a useful approach but there are risks associated with it if development takes place in that growth node.

There are also some potentially useful approaches to solving what can be short term capacity constraints. These might include approving for pressure sewer systems for new developments to smooth the peak hourly flows by providing some on-site storage. The diversion of grey water to be treated and used within either domestic or commercial properties is an option. However, this approach needs to be a permanent feature and limits placed on discharges to the public sewer if this is seen as a permanent solution to a capacity constraint. It is proposed to discuss such options further in Part 2 of this review.

Finally, I observe that the design, management and operation of a wastewater network is based on utilising long life assets in particular pipes and manholes. The knowledge around the condition of those older assets is less than perfect as is the actual capacity of the network and the rate of growth of the city. As a consequence, a more conservative and thus lower risk approach to managing a wastewater network is typically used and warranted in my opinion.

In summary the Council's risk approach to wastewater network is determined and characterised by the following features:

1. A fast growing city with both residential and business development;
2. A unique regulatory environment with a prohibition of wastewater overflows;
3. The demand for wastewater capacity outstripping the constrained funding available to support the provision of either upgraded or new infrastructure; and
4. This has led to a relatively conservative methodology to assessing available wastewater capacity which can be considered a prudent approach.

Attachment 7

Item 18

Late Attachment – Independent Review – Wastewater Capacity and Growth – Part 2 (Placeholder

DISCUSSION TOPIC SUMMARY

Topic: Wastewater Constraints

Related Committee: Strategic Growth & District Plan, Infrastructure & Transport

Business Unit/Group: Strategic Growth, and Infrastructure & Assets

Key Staff Contact/s: Jackie Colliar

Direction Discussion/Drop-in Session recommended? Status: Closed

INFORMATION

1. All overflows are prohibited under the Waikato Regional Plan, which is governed by the Resource Management Act and Te Ture Whaimana. Consequently, Council has **130 pumpstations and 17,000+ manholes** that must be managed for wastewater overflows.
2. Wastewater pump stations are typically and intentionally designed with emergency overflows to control where wastewater will spill if an overflow does occur (standard engineering practice in New Zealand and overseas), whereas overflows from manholes and/or gully traps are considered uncontrolled and potentially pose a greater risk given the uncertainty of where untreated wastewater will spill.
3. Our wastewater network supports over 57,000 households and 5,700+ commercial/industrial properties, and is under pressure from growth and aging infrastructure. Council is investing more than $1 billion (LTP 2024–34) in upgrades, including Pukete and Southern wastewater treatment plants (WWTPs).
4. Council uses a strategic investment approach based on growth, compliance, and risk. Limited funding and increasing demand challenge the ability to meet all needs. Projects are prioritised to align with growth areas, risk (e.g. ecosystem health, public health, aesthetic and cultural values) and compliance obligations.
5. Developments in unconstrained areas are still going ahead, with over 2,150 new dwellings consented since March 2023, with two-thirds of those being infill developments.
6. Of the 1,600 wastewater capacity queries for brownfield developments received in the same period, 754 (46%) have been advised of network constraints, and subsequently no development has taken place. No resource consent has been granted in constrained areas in this time, beyond those Council had previously committed to.
7. Plan Change 12 (PC12), operative from 20 December 2024, was Council's formal response to central government's intensification directive. While central government set the baseline, Council tailored PC12 to local conditions. It introduced qualifying matters such as the protection of the Waikato River, resulting in more restrictive rules outside the prioritised inner city (Stage 1) to balance growth with environmental and cultural values and align with funded infrastructure upgrades.
8. In developing PC12, a key message prevalent through evidence was that intensification under PC12 must be carefully balanced with infrastructure capacity, environmental protection, and strategic urban planning to ensure sustainable and well-integrated growth. Another key message was that intensification should only occur where Three Waters infrastructure is available or planned.
9. Wastewater network upgrades are prioritised to support prioritised greenfield areas, central city + 800m walkable catchment (Stage 1), and to address areas with high-risk network overflows. The latter of which also includes components for growth.
10. There is a $133 million funding gap for wastewater projects in the 2024-2034 Long Term Plan, with some projects being unfunded or deferred beyond 2034. Further funding availability for infrastructure, along with affordability, were key reasons for the decisions leading to the future CCO, with its Enhanced Investment Programme from 2028.
11. Previous engagement with Elected Members has included network capacity assessment processes, criteria, and decision making, where a 'moderately constrained' setting was proposed.
12. Further information can be found in the Wastewater Capacity - 'State of the Nation' Report, taken to the Strategic Growth and District Plan Committee on 8 April 2025.

PURPOSE

13. This workshop **responds to the parts of the 8 April 2025 Strategic Growth and District Plan Committee resolution** where options were requested to enable Members to:
    i. re-consider the risk settings for network capacity and performance to balance compliance outcomes and prosecution risks with housing/economic outcomes;
    ii. and that the above, is provided to Members via an information session for the purposes of informing and developing the Statement of Expectations;
14. The **purpose of this briefing** is to discuss and get direction from Members on:
    i. risk appetite and options for key risk settings shaping Council's response to wastewater capacity constraints
    ii. risk appetite for alignment with land use planning
    iii. risks and benefits of interim solutions, with focus on onsite storage and off-peak pumping.
15. The outcomes of the workshop will inform the 26 June Council Report and may be helpful in informing future policy development and Statement of Expectations (required under Local Government (Water Services) Bill 2024 clause 184).
16. An update on the other matters in the SGDP resolution will be covered briefly in the session, however these matters will be covered in more detail in the 26 June Council Report.

BRIEFING OUTLINE

17. The briefing will be run largely in the format of a facilitated workshop. There is a lot of ground to cover in a relatively short timeframe, so staying on task and timekeeping will be important to the success of the session.
18. The session is being held in the Chambers for recording purposes, however we will be setting the space up to support the workshop format. There will be some printed collateral in the form of maps, tables and diagrams in the room for your information and to support the workshop sessions.
19. The agenda for the session is outlined below:

13:00 – 13:05	Welcome, overview & house keeping
13:05 - 13:20	Introduction and context setting
13:20 – 14:20	Session 1a: Risk appetite workshop - overflows
14:20 – 14:50	Session 1b: Risk appetite workshop – alignment with land-use strategy
14:50 – 15:00	*Break - GIS Tool Demonstration available during the break*
15:00 – 15:15	Interim storage & pumping solutions context
15:15 – 15:45	Session 2: Interim storage & pumping solutions workshop - risks, benefits and appetite
15:45 – 15:55	Wrap up summary and next steps
15:55 – 16:00	Closing remarks

20. For each risk workshop session, you'll be split into two groups. Each group will have a workshop station with a lead and support facilitator to guide you through a set of questions on risk settings. Subject matter experts will be available to help answer any questions you have during the workshop.

21. During each session, you'll review several risk settings, categorised in line with the KPMG Risk Appetite Framework. Using the information in this briefing material and provided at the session, you'll individually form an initial view of what you think the appropriate risk appetite should be.
22. You'll then have a discussion as a group, then individually confirm your final view on the appropriate risk appetite. You will be asked to explain your reasons for your final risk appetite to your group.
23. The views and rationale on risk appetite will be recorded and reflected back to you.
24. During the afternoon tea break, a demonstration of the Wastewater Capacity GIS Tool will be provided to interested elected members.
25. After the break there will be a session focused on onsite wastewater storage and off-peak pumping. It will start with a brief overview of the material in this pack, followed by guided discussions on the benefits, risks, and your risk appetite for using these as interim solutions.
26. As the session precedes a workshop on "Next Steps for Local Water Done Well", Peter Winder will be available to provide advice on how the outcomes from the workshop may be captured in the Statement of Expectations to the CCO, or if any amendments should be sought in subsequent Statements of Expectations.

BASE ASSUMPTIONS

27. Some base assumptions have been made in preparing this workshop – these assumptions are based on decisions previously made by Council, and need to be either accepted or discussed before Elected Members consider their preferred risk settings.
28. Our Base Assumptions informing the scope of this session:
    i. Network overflows due to inadequate capacity in **dry weather** are unacceptable.
    ii. Te Ture Whaimana is the primary direction setting document for activities in the city affecting the river.
    iii. Hamilton's Urban Growth Strategy, the Operative District Plan, and FutureProof are the foundation of land use planning in the city.
    iv. Council can't afford to enable development everywhere, all at once.
    v. Council needs to prioritise where to fund infrastructure to enable development.
    vi. Growth pays for growth (i.e. developers need to fund local network upgrades in constrained areas.
29. Risk settings are presented more fully in the attachment below. The following material outlines each risk setting, the context, and an outline of pros and cons. These will be presented at the risk setting workshop.

KEY SUMMARY POINTS

30. Using Council's 'Risk Appetite Statements' framework from **Averse** to risk through to **Open** to risk, staff have presented each risk setting with context and the benefits and consequences of each risk appetite statement. Focus areas include the themes of:
    i. Management of overflows, including what levers can be used to adjust tolerance for risk,
    ii. Alignment of infrastructure planning with land use planning, and
    iii. Overflow solutions, specifically focussing on storage and off-peak pumping solutions

FOCUS SESSION 1A – MANAGEMENT OF WASTEWATER OVERFLOWS

31. In this session, we'll explore Council's risk appetite regarding wet weather overflows—specifically:
    i. **How often, and under what conditions, should overflows be allowed to occur?**
32. To help guide this discussion, we'll consider three key questions (or 'levers') that will allow Elected Members to test and express their appetite for risk when it comes to overflows caused by system capacity limits.
33. We've summarised the current risk appetite settings for each of these levers below. You'll also find, in subsequent tables, more detailed information on:
    i. the current system settings
    ii. alternative risk settings
    iii. the pros and cons of each option.
34. This session is designed to support informed decision-making by clarifying where we stand today—and where it's possible to go.

Session 1a Questions / Levers	Current Setting
Q1- How often and under what conditions should overflows occur?	Cautious
LEVER (Q2) - How many wastewater overflows should we tolerate under wet weather conditions?	Neutral
LEVER (Q3) - How much of the network should staff check when evaluating development proposals?	Cautious
LEVER (Q4) - What scale (sizes) of development should trigger a Network Capacity Assessment?	Cautious

Question 1: How often and under what conditions should overflows occur?

Context:

35. Council operates within a strict regulatory framework for wastewater management, heavily shaped by Te Ture Whaimana o Te Awa o Waikato. This legal directive—equivalent in weight to a National Policy Statement—requires not only the avoidance of harm, but also the active restoration of the Waikato River's health. Regional rules reinforce this by making overflows of untreated human wastewater unlawful, with no option for consent. These incidents are subject to penalties under the Resource Management Act (RMA). While Taumata Arowai has proposed draft standards that could reclassify overflows as controlled activities, there is still uncertainty about how these would apply in the Waikato region. Until clear standards are in place, any overflow could lead to prosecution under the RMA, the Water Services Act 2021, or the Health Act 1956, especially if public health is at risk.
36. Communities are increasingly expecting little to no discharge of sewage into freshwater, onto land, or at beaches. These overflows pose public health, environmental, legal, financial, and reputational risks, and demand robust infrastructure and operational controls. While Council has some engineered overflow points designed to protect public health, these are not without consequence.
37. Council currently takes a cautious stance on overflows. Even with this approach, overflows still occur—leaving Council exposed to legal and reputational risks. The Waikato Regional Council (WRC) has already prosecuted Council for past incidents. In a 2023 review, WRC found several overflows to be preventable, removing Council's ability to rely on legal defences. WRC has issued formal warnings, most recently in May 2025, and signalled a low tolerance for future non-compliance. Even overflows from private systems (approved by Council) have triggered regulatory scrutiny. This means that increasing our risk appetite—especially in ways that knowingly allow overflows—could leave Council without a legal defence.
38. There are serious consequences of wastewater overflows that Council staff actively seek to avoid. These are outlined in Attachment 1. This session invites you to consider whether the current approach to managing overflows still appropriate, or if it's time for a change.

WE ARE HERE

Averse	Cautious	Neutral	Receptive	Open
No capacity related overflows	**Reduction in existing overflows (capacity-related) through prioritised investment, and no new overflows under design wet weather conditions.**	**No increase in existing capacity related overflows, under design wet weather conditions.**	**Increased overflow frequency and volume (capacity related) in some locations, under design wet weather conditions.**	**Overflows anywhere, any time**
Pro: • Full compliance with legislation. • Reduction in risks to environment, public health, community, culture, and reputation.	**Pro:** • More defendable to the regulator, community and iwi. • Supports integrated and prioritised land use and infrastructure investment programme. • Continued reduction in risks to the environment, public health, community, culture, levels of service, and reputation delivered over time.	**Pro:** • No further degradation under specified conditions • Less expenditure on overflow reduction – money can be used elsewhere.	**Pro:** • Growth enabled in agreed constrained areas under agreed conditions that could have economic benefits for Council and community.	**Pro:** • Immediately enables more developments in constrained areas that could have economic benefits for Council and community.
Con: • Practically unachievable and unaffordable for all wet weather conditions. • Increased extent of constrained areas that would have significant economic impacts on the city.	**Con:** • Developments restricted in constrained areas that could have financial and reputational impacts for Council and community. • Still not compliant with legislation and subject to potential prosecution.	**Con:** • Reduced network performance improvements • Non-compliant and less defendable to the regulator, community and iwi. • Doesn't align with land use in the District Plan	**Con:** • Non-compliant and not defendable to regulators, community, and iwi. • Higher risks to environment, public health, community, culture, levels of service, and reputation. • Increased infrastructure investment deficit that will need to be addressed in future • Full benefit of planned and prioritised investments takes longer to realise.	**Con:** • Non-compliant and not defendable to regulators, community, and iwi. • Highest risk to environment, public health, community, culture, levels of service, and reputation. • Significantly increased infrastructure investment deficit that will need to be addressed in future • Full benefit of planned and prioritised investments potentially unrealised.

Question 2: How many wastewater overflows should we tolerate under wet weather conditions? (LEVER)

Context:

39. Wastewater networks typically have 'containment' standards that inform how the network is designed. A containment standard is a measure that defines how often wastewater overflows are allowed to occur from a network under certain wet-weather conditions.
40. Council has adopted a network containment standard of no more than one overflow every two years. An average 1 in 2 year rainfall return period event has also been adopted as the design wet weather event to determine the current network performance and prioritise and size network upgrades.
41. It is normal and increasingly expected for containment standards to be included in consents, set by regional councils in collaboration with the relevant local authority to allow performance monitoring. However, due to the current prohibited status of untreated human wastewater overflows within the Waikato Region, Hamilton City Council has needed to adopt an informal target within its Wastewater Master Plans.
42. Network upgrades are developed and prioritised to achieve Council's unconsented/informal network containment standard of no more than one overflow event every two years at any given location (in a two-year rainfall event). During the master planning stage, upgrades are prioritised in several ways, including alignment with strategic growth priorities and using risk-based assessments that considers the sensitivity of receiving environment and potential public health, ecological, aesthetic and cultural impacts. The costs and deliverability of the upgrades are considered. Similar councils to Hamilton have consented overflows, meaning they are not prohibited. These councils typically have a containment standard of no more than two overflows per year with stricter consents ranging up to no more than one spill every five years. These consents include conditions requiring regularly monitoring of the networks and potential impacts.

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Averse	Cautious	Neutral	Receptive	Open
No overflows under any condition e.g. 1 in 100 years	**We have a regional discharge consent that sets appropriate containment standard or partial wet weather treatment**	**No regional discharge consent, but adopt a target of no more than 1 overflow every 2 years using a 2-year rainfall event**	**No regional discharge consent, but adopt a target of no more than 2 overflows per year using a 2-year rainfall event e.g. Auckland Watercare Overflow Consent Default Standard**	**Overflows anywhere, any time**
Pro: • Reduction in risks to environment, public health, community, culture, and reputation.	**Pro:** • A consent provides certainty and sets out clear expectations for network management. • Compliant • Improved compliance with legislation. • More achievable. • May direct funding to areas aligned with strategic growth.	**Pro:** • Lower prosecution risk. • Reduction in risks to environment, public health, community, culture, and reputation. • Provides some growth and network resilience. • Provides for increased resilience to changing climate (i.e. more frequent, more intense rainfall events)	**Pro:** • Consistent with containment standards of other councils. • Possible reduction in risks to environment, public health, community, levels of service, culture, and reputation.	**Pro:** • Immediately enables more development in constrained areas that could have economic benefits for the city.
Con: • Practically unachievable.	**Con:** • Requirements of a consent may be unreasonable.	**Con:** • Does not provide complete certainty, as it is not compliant with the regional plan, however this is a more defendable default design standard exceeding Auckland's default design requirements and better aligned with TTWM.	**Con:** • Does not provide complete certainty, as it is not compliant with the regional plan.	**Con:** • Non-compliant with key legislation and not defendable to the regulator, community, and iwi. • Highest risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation. • Highest financial risks associated with fines, prosecutions, clean-up and responses. • Increased infrastructure investment deficit that will need to be addressed in future. • Full benefit of planned and prioritised investments potentially unrealised.

Question 3: To what extent should staff assess network capacity when reviewing development proposals? (LEVER)

Context:

43. Under the RMA, Council, in assessing resource consents, must:
    i. consider actual and potential effects, including cumulative effects, on the environment
    ii. evaluate whether the existing wastewater infrastructure can handle the additional load, and
    iii. impose conditions or decline consents if cumulative impacts are likely to exceed environmental or infrastructure limits.
44. Hamilton City Council's Operative District Plan and Three Waters Connections Policy 2020 provide a base for Council to carry out network capacity assessments to understand developmental impacts on waters networks. Currently, all developments except ancillary residential development are assessed for developmental impacts. Larger developments (e.g. more than 11 units, university, hotel etc.) are required to complete hydraulic modelling assessments to evaluate impacts of additional discharges to the network. These modelling assessments consider the full network under both dry weather and design wet weather conditions. This question applies to smaller developments that have not typically triggered network modelling assessments.
45. Within the network capacity assessment, the extent of the network being assessed determines the extent of understanding we have of 'downstream' or cumulative effects a development may have on our networks. If a small/er extent of the network is assessed, this means that some actual or potential issues may not be identified and, if they later are, Council will be responsible for remediating the issues. If a large/r extent of the network is assessed, actual or potential issues are more likely to be identified and may restrict more development in areas with actual or potential issues and/or add to costs for developers to remediate.

Prior to March 2023, Council typically assessed only 1–3 manholes downstream for developments that didn't trigger full modelling. This limited scope often missed downstream impacts, especially in areas with known overflows. Staff have since adopted a more cautious approach in network capacity assessments to better manage cumulative effects across the network. This approach was strengthened and further formalised through the process of PC12.

WE ARE HERE ← WE WERE HERE

Averse	Cautious	Neutral	Receptive	Open
The entire network should be assessed for developmental impacts on network capacity	**Inside Stage 1, only the local network should be assessed. Outside Stage 1, the whole network should be assessed**	**Only the local network should be assessed for developmental impacts on network capacity**	**A small expanse (e.g. 3 manholes down) of the network should be assessed**	**Developmental impacts on network capacity should not be assessed**
Pro: • Best understanding of "downstream" developmental impacts on the network. • Upgrades can, with more certainty, handle developmental impacts on the network. • Lowest risk of new overflows and, in some cases, reduce existing overflows with associated benefits to environment, public health, community, culture, levels of service, and reputation.	**Pro:** • Better understanding of "downstream" developmental impacts on the network. • Lower risk of new overflows and, in some cases, reduce existing overflows with associated benefits to environment, public health, community, culture, levels of service, and reputation. • Aligns with Council land use strategies by prioritising development in identified growth areas.	**Pro:** • Potential to enable more residential development in constrained areas that could have economic benefits for the city	**Pro:** • Enables more residential development in constrained areas that could have economic benefits for the city	**Pro:** • Immediately enables more residential development in constrained areas that could have economic benefits for the city.
Con: • May require larger remedial works to address constraints before development is enabled. • Developments restricted in constrained areas that could have financial and reputational impacts for Council and community	**Con:** • May require large remedial works to address constraints before development is enabled. • Developments restricted in constrained areas that could have financial and reputational impacts for Council and community. • Assumes that funding for strategic networks to support growth in Stage 1 will be prioritised.	**Con:** • Council must address that part of the network upgrade not funded by the developer or absorb risk. • Risks of overflows with associated impacts; prosecution, environment, public health, community, culture, levels of service, and reputation. • Planned and prioritised investments unrealised with ad hoc infrastructure investment	**Con:** • Council must address that part of the network upgrade not funded by the developer or absorb risk. • Higher risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation. • Planned and prioritised investments unrealised with ad hoc infrastructure investment	**Con:** • Increased infrastructure investment deficit that will need to be addressed in future. • Council must address that part of the network upgrade not funded by the developer or absorb risk. • Highest risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation. • Highest financial risks associated with fines, prosecutions, clean-up and responses. • Full benefit of planned and prioritised investments potentially unrealised.

Note that for some developers local the cost and access through private property may be prohibitive and adversely impact of the feasibility of their development. This issue does not solely relate to capacity.

Question 4: What scale (sizes) of development should trigger a Network Capacity Assessment (LEVER)

Context:

46. Network Capacity Assessments are used to understand the impacts of development on Hamilton's wastewater networks (as per the Operative District Plan and Three Waters Connections Policy 2020). Currently, all developments except ancillary development are assessed for developmental impacts. Large/r developments e.g. more than 11 units, university, hotel etc. that trigger modelling requirements will automatically require a network capacity assessment and are not captured in this exercise.
47. Although the ODP sets thresholds for the requirement of a network capacity assessment these requirements do not capture all developments. Staff recognise that developments (even small ones) can individually and cumulatively impact network performance.
48. Previously, Council only assessed network impacts where the ODP triggered a Water Impact Assessment (which 4 or more dwellings). For smaller duplex developments Council did not assess the impacts on the network.
49. Under the current settings, Council is taking a more comprehensive view of development impacts on the network to make well-informed decisions on whether to allow a resource consent or connection. If we only capture developments that are not permitted under the ODP e.g. more than 3 dwellings on a site, more growth will be enabled, but Council will need to accept the risks and responsibility of the unchecked impacts and increasing on its networks.

Averse	Cautious	Neutral	Receptive	Open
	WE ARE HERE	WE WERE HERE		
All developments should trigger a Network Capacity Assessment	**All developments except ancillary developments should trigger a Network Capacity Assessment e.g. Granny Flats**	**Only developments that are not 'permitted activities' under the ODP should trigger a Network Capacity Assessment**	**Developments larger than 10 units should trigger a Network Capacity Assessment**	**No development should trigger a Network Capacity Assessment**
Pro: • Best management (more informed) of network capacity. • No risks of new overflows and, in some cases, reduce existing overflows with associated impacts to environment, public health, community, culture, levels of service, and reputation.	**Pro:** • Better management (more informed) of network capacity. • Better alignment with legislation e.g. Granny Flat legislation. • Lower risk of new overflows and, in some cases, reduce existing overflows with associated impacts to environment, public health, community, culture, levels of service, and reputation. • Aligns with key Council obligations, policies and strategies	**Pro:** • Consistent with ODP. • Enables more residential development in constrained areas that could have economic and social benefits for the city.	**Pro:** • Aligns with parts of ODP for high density zone. • Potential to enable more residential development in constrained areas that could have economic and social benefits for the city.	**Pro:** • Immediately enables more residential development in constrained areas that could have economic benefits for the city.
Con: • May disincentivise developments, especially smaller developments. • Lack of alignment with legislation permitting some developments. • Potential for increased and unsubstantiated workload. • Potential economic impacts for landowners in constrained areas.	**Con:** • May disincentivise developments, especially smaller developments. • Potential economic impacts for landowners in constrained areas. • Potential reputational risks due to misalignment with ODP.	**Con:** • Cumulative impacts of smaller developments on network performance not considered. • Risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation. • Additional, reactive Council infrastructure investment needed.	**Con:** • Higher risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation. • Inconsistent with ODP for areas outside of high-density zone. • Benefits of prioritised investment take longer to realise. • Additional, reactive Council infrastructure investment likely.	**Con:** • Highest risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation. • Uncontrolled development and reactive and ad hoc infrastructure responses. • Does not align with ODP, and other key Council policies and strategies • Benefits of prioritised investment not realised. Additional unplanned infrastructure investment likely. • Infrastructure more difficult to plan and fund, creating potential for widespread ad hoc solutions.

FOCUS SESSION 2 – ALIGNMENT WITH STRATEGIC LAND USE PLANS AND INFRASTRUCTURE INVESTMENT

50. In this session, we'll explore Council's risk appetite regarding alignment or misalignment with strategic land use plans and infrastructure investment.

51. We've summarised the **current risk appetite settings** for each of these levers below. You'll also find, in subsequent tables, more detailed information on:

    i. the current system settings

    ii. alternative risk settings

    iii. and the pros and cons of each option.

Session 1b Questions	Current Setting
Q5- Inside the Stage 1 area (Central City and walkable catchment), when should developments be enabled prior to the completion of planned infrastructure upgrades?	Open
Q6 - Outside the Stage 1 area (Central City and walkable catchment), when should developments be enabled prior to the completion of any infrastructure upgrades?	Cautious
Q7 - How closely should we follow our strategic land use plans?	Cautious

Question 5: Within the Stage 1 area, under what circumstances should development proceed before the planned Strategic infrastructure upgrades are completed?

Context:

52. In response to the Medium Density Residential Standards (MDRS) and recognising that Council can't afford to provide infrastructure needed to service development everywhere, all at once, Plan Change 12 prioritised the Stage 1 area (Central City and 800m walkable Catchment) for intensification. The PC12 provisions provided for this prioritisation by limiting network capacity assessments to local networks only. This planning setting puts the responsibility for strategic network capacity directly onto Council.

53. The overall result of this setting is to provide a more enabling environment for development in the areas that Council has prioritised for development which in turn provides more certainty to Council and developers.

WE ARE HERE

Averse	Cautious	Neutral	Receptive	Open
Developments should be enabled when infrastructure upgrades are completed.	**Developments should be enabled when the project is within 3 years and the contract has been awarded or is under construction**	**Developments should be enabled if the upgrades are programmed and funded within the first 5 years of the LTP**	**Developments should be enabled if the upgrades have been identified and funded in the next 10 years.**	**Developments should be enabled at all times.** **Any strategic upgrades needed to service the area do not need to be in place**
Pro: • Certainty of adequate infrastructure to service growth. • Lowest risk of overflows with their associated risks to environment, public health, community, financials, culture, levels of service, and reputation.	**Pro:** • Clearer certainty for funding of planned upgrades. • Lower risk of overflows with their associated risks to environment, public health, community, financials, culture, levels of service, and reputation.	**Pro:** • Some confidence in the funding of planned upgrades and timeline.	**Pro:** • Development enabled sooner in constrained areas that could have financial and reputational benefits for Council and community.	**Pro:** • Immediately enables more developments in constrained areas that could have economic benefits for the city. • Aligns with ODP • Certainty for development community and Council infrastructure investment planning.
Con: • Lengthens development processes adding costs or disincentivising developments.	**Con:** • Lengthens development processes adding costs or disincentivising developments.	**Con:** • Lengthens development processes. • Risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation.	**Con:** • Less confidence of funding and completion of planned upgrades. • High risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation.	**Con:** • Highest risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation, if strategic upgrades are not prioritised and implemented by Council.

Question 6: Outside the Stage 1 area, when should developments be enabled prior to the completion of any infrastructure upgrades?

Context:

54. As mentioned, the process of PC12 resulted in more restrictive rules outside of Stage 1 to balance growth with environmental and cultural values, and to align with LTP funded infrastructure upgrades. However, it is important to note that some of the projects funded in the LTP, primarily directed towards areas with high risk of overflows, also include components to support growth in areas outside of Stage 1.
55. In many cases, the projects needed to enable growth are complex, with significant lead in times (i.e. 3 years or more) to deliver. It takes time to design, purchase land, secure easements, procure construction and physically build and commission major infrastructure. Any time between when developments are enabled and an upgrade happens exposes Council to more risk of overflows and their associated impacts and consequences, and increases the possibility of ineffective investment and costly retrofits. For Stage 1 this risk is accepted because it is prioritised and funded, but currently Council's risk appetite is Cautious for anything outside of Stage 1 and do not accept the same level of risk due to increased uncertainty and limited dedicated funding and resources. This is due to the potential to overwhelm the networks if the gap between construction and connection, and capacity upgrades is too long.
56. This question asks if Council should accept more or less risk when considering the timing of developments and infrastructure to support them.

Averse	Cautious (WE ARE HERE)	Neutral	Receptive	Open
Developments should be enabled when infrastructure upgrades are completed	**Developments should be enabled when the upgrade project contract has been awarded or under construction (e.g. will be delivered within 2 years)**	**Developments should be enabled if the necessary upgrade projects are funded in the LTP or other relevant funding plan (i.e. will be delivered within 10 years).**	**Developments should be enabled if the upgrades have been identified in the Infrastructure Strategy (i.e. may be delivered within 30 years)**	**Developments should be <u>enabled at all times</u>. Any strategic upgrades needed to service the area are not considered.**
<u>Pro:</u> • Certainty of adequate infrastructure to service growth. • Lowest risk of overflows with their associated impacts; prosecution, environment, public health, community, financial, culture, levels of service, and reputation.	**<u>Pro:</u>** • Clearer certainty for funding of planned upgrades. • Lower risk of overflows with their associated impacts; prosecution, environment, public health, community, financial, culture, levels of service, and reputation.	**<u>Pro:</u>** • Some confidence in the funding of planned upgrades and timeline.	**<u>Pro:</u>** • Development enabled sooner in constrained areas. • Could provide financial and reputational benefits for Council and community.	**<u>Pro:</u>** • Immediately enables more developments in constrained areas. • Could have financial and reputational benefits for Council and community.
<u>Con:</u> • Lengthens development processes adding costs or disincentivising developments.	**<u>Con:</u>** • Lengthens development processes adding costs or disincentivising developments.	**<u>Con:</u>** • Lengthens development processes adding costs or disincentivising developments. • Resource consent may lapse prior to necessary upgrade to enable development. • Still need to mitigate potential environmental effects ahead of the upgrade being in place. Potential for sunk investment in interim solutions. Interim solutions add increased complexity to network planning.	**<u>Con:</u>** • No confidence of the funding and completion of planned upgrades. • Very high risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation. • Benefits of prioritised investment take longer to realise. • Additional, reactive Council infrastructure investment likely. • Resource consent may lapse prior to necessary upgrade to enable development. • Still need to mitigate potential environmental effects ahead of the upgrade being in place. Unlikely to be interim which adds complexity and risk to network operation and planning.	**<u>Con:</u>** • No confidence of the funding and delivering necessary upgrades. • Highest risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation. • Benefits of prioritised investment not realised. Additional unplanned infrastructure investment likely. • Infrastructure more difficult to plan and fund, creating potential for widespread ad hoc solutions. • Still need to mitigate potential environmental effects ahead of the upgrade being in place. Unlikely to be interim which adds complexity and risk to network operation and planning.

Question 7: How closely should we follow our strategic land use plans?

Context:

57. Hamilton City Council takes a strategic approach to land use, guided by key plans and frameworks that shape where and how the city grows. These plans also guide infrastructure investment through the Long-Term Plan (LTP).

58. The Hamilton Urban Growth Strategy (HUGS) sets out three main goals:

    i. Grow up and out from the central city
    ii. Develop along key transport corridors
    iii. Support high-quality greenfield neighbourhoods

59. In line with HUGS, PC12 prioritised Stage 1—focused on the Central City and its 800-metre walkable catchment—for intensification. Council has also invested heavily in greenfield areas like Peacocke and Rotokauri. This approach ensures infrastructure spending aligns with strategic growth priorities while managing funding and affordability challenges. As a result, PC12 introduced more restrictive rules outside Stage 1 to protect environmental and cultural values and match the pace of infrastructure upgrades.

60. Right now, development demand isn't always aligned with where Council has planned and invested. Since not everything can be built at once, prioritisation is essential. Allowing growth in areas without the right infrastructure can overload networks, harm the environment, and lead to expensive fixes. Aligning decisions with our strategies helps avoid these issues, ensures long-term value, and keeps Council accountable to the community.

61. Council is currently taking a cautious approach—focusing on areas where infrastructure is ready to support growth. The key question is: ***Should we stick to the plan, or shift to meet demand—even if the infrastructure isn't there yet?***

WE ARE HERE

Averse	Cautious	Neutral	Receptive	Open
We should strictly follow current planning, prioritisation, and investment	**We should <u>closely</u> follow current planning, prioritisation, and investment, but allow for particular developments in unplanned areas subject to conditions**	**We should follow current planning, prioritisation, and investment, and enable developments in agreed unplanned areas subject to conditions**	**We should loosely follow current planning, prioritisation, and investment, and but make allowances for ad-hoc development in unplanned areas**	**We shouldn't follow current planning, prioritisation, and investment at all and allow development in all areas**
<u>Pro:</u> • Best management of network as areas are adequately planned and prioritised to service growth • Lowest risk of new overflows and, in some cases, reduce existing overflows with associated impacts; prosecution, environment, public health, community, culture, levels of service, and reputation. • Allows for exceptional developments (unique) of strategic value in areas of constraint subject to conditions.	**<u>Pro:</u>** • Better management of network as areas are adequately planned and prioritised to service growth • Lower risk of new overflows and, in some cases, reduce existing overflows with associated impacts; prosecution, environment, public health, community, culture, levels of service, and reputation. • Allows for exceptional developments (unique) of strategic value in areas of constraint subject to conditions.	**<u>Pro:</u>** • Provides for growth in particular areas of constraint that could have financial and reputational benefits for Council and community. • Potential to mitigate risk to environment, public health, community, culture, and reputation.	**<u>Pro:</u>** • Provides for growth in particular areas of constraint that could have financial and reputational benefits for Council and community.	**<u>Pro:</u>** • Immediately enables more developments in constrained areas that could have financial and reputational benefits for Council and community.
<u>Con:</u> • Developments restricted in constrained areas that could have financial and reputational benefits for Council and community	**<u>Con:</u>** • Developments restricted in constrained areas that could have financial and reputational benefits for Council and community	**<u>Con:</u>** • Some risk of uncontrolled growth and connections to waters networks. • Some risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation. • Some potential risk to Planned and prioritised investments with ad hoc infrastructure investment for uncontrolled growth.	**<u>Con:</u>** • Does not follow best practice for integrated planning possibly leading to misalignment, inefficiencies, and risks. • Higher risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation. • Benefits of prioritised investment take longer to realise. • Additional, reactive Council infrastructure investment likely.	**<u>Con:</u>** • Does not follow best practice for integrated planning possibly leading to misalignment, inefficiencies, and risks. • Highest risk of overflows with associated impacts; prosecution, environment, public health, community, financial (fines and cost of response), culture, levels of service, and reputation. • Benefits of prioritised investment not realised. Additional unplanned infrastructure investment likely.

Averse	Cautious	Neutral	Receptive	Open
			• Benefits of prioritised investment take longer to realise. Infrastructure more difficult to plan for creating potential for widespread ad hoc and additional investment needs.	• Infrastructure more difficult to plan and fund, creating potential for widespread ad hoc solutions.

FOCUS SESSION 2 – INTERIM WASTEWATER SERVICING SOLUTIONS – ONSITE STORAGE AND OFF-PEAK PUMPING

62. In this session, we'll explore Council's risk appetite regarding use of interim wastewater storage and off-peak pumping solutions for developments in constrained areas. We've summarised the **current risk appetite settings** for each of these levers below. You'll also find, in subsequent tables, more detailed information on:

    i. the current system settings

    ii. alternative risk settings

    iii. and the pros and cons of each option.

Session 2 Questions	Current Setting
Q8- How often and under what conditions should interim solutions (ONSITE STORAGE AND PUMPING) be allowed?	Neutral
Q9 - What 'type' of development would we consider ONSITE STORAGE AND PUMPING for?	Cautious
Q10 - How much responsibility should Council/CCO take for any approved Onsite Storage and Pumping?	Averse

BROAD CONTEXT - INTERIM WASTEWATER SERVICING SOLUTIONS – ONSITE STORAGE AND OFF-PEAK PUMPING

63. Developers have expressed interest in alternative solutions for areas with constrained wastewater capacity. Innovative and interim servicing solutions can include temporary discharge locations that utilise available network capacity while the permanent discharge location is being constructed, network diversions to utilise available network capacity and/or relieve constrained networks. Council has many examples of these types of solutions. Other options, such as inflow and infiltration (I&I) mitigation and greywater reuse, can offer partial relief but are generally insufficient to fully resolve capacity issues.

64. Developers have expressed interest in alternative solutions for areas with constrained wastewater capacity. The use of on-site storage with off-peak pumping into the network or scheduled tanker removal to treatment facilities are commonly suggested solutions. This discussion focuses on the potential use of private temporary wastewater holding tanks as a short-term measure to support development—particularly small to medium residential and non-residential projects—until public infrastructure upgrades are completed.

65. Off-peak pumping systems temporarily store wastewater and discharge it into the network when capacity becomes available. If no network connection is available or the system fails, wastewater must be removed by tanker. These systems require sophisticated monitoring, including sensors, alarms, and SCADA integration, and must operate in coordination with the public network. As such, full responsibility cannot be delegated to developers, and for residential applications councils are often viewed as the de facto owners, necessitating oversight and resource commitment. See Attachment 3 for a briefing paper on these systems.

66. There are several examples of these types of solutions in Hamilton that have had varied levels of success. These have been used in non-domestic applications (Dairy Goat) and to support residential subdivision (Jacks Landing/Quentin Drive Special Housing Area). The Dairy Goat installation has operated effectively over many years. The Jacks Landing solution has been ineffective, with the installed pump station storage overflowing on several occasions.

67. System complexity and scale vary widely—from small domestic tanks to large "tank farms" serving multiple dwellings. Interim onsite storage and off-peak pumping systems come with a range of risks, each posing unique operational challenges and potential impacts on the community. Key considerations that require careful planning and resourcing include:

    i. **System failures**, especially during heavy rainfall, which can lead to overflows and environmental harm
    ii. **Ongoing maintenance needs** to ensure reliability and performance
    iii. **Sanitation and public health risks** if systems are not properly managed
    iv. **Community nuisance effects**, such as odour and noise

68. From a technical standpoint, these systems demand robust design, monitoring, and management to mitigate risks and ensure safe, effective operation. See Attachment 3 & 4.

69. National and international experience shows mixed outcomes. In Auckland, Watercare has ceased approving such systems due to community impacts. Christchurch and Wellington allow very limited interim use for large scale developments under strict conditions, while international jurisdictions generally discourage them or impose tight controls. The overall trend is moving away from these systems due to their risks and management demands. The following questions will explore appetite for these systems.

Table 1 - Risk and complexities of wastewater holding tanks

Operations and Maintenance Requirements	*Response Requirements*
Pumps should be inspected monthly and serviced every 6–12 months to ensure proper flow, check for wear or blockages, and test backups	**System failures** (eg) sensors, pumps, or control systems
Tank should be visually inspected quarterly and cleaned at least annually to remove sludge and check for damage or odours	**Power outages** to prevent or manage risk of overflow, environmental contamination and odour
Electrical systems, including control panels and off-peak timers, should be inspected biannually to prevent moisture damage and ensure reliable operation	**Data or communication loss** to avoid un-notices faults and minimise delayed responses to critical issues
Level sensors and alarms must be tested monthly to ensure accurate readings and timely alerts for high levels or pump failures	**Community complaints (odour, noise)**, **Regulatory** requirements - information and responses
Ventilation, Odour, and Emergency Systems – **Ventilation systems should be checked quarterly, with odour filters replaced or recharged as needed. Overflow and emergency bypass systems require annual testing to confirm functionality and accessibility in case of failure.**	**Media Enquiries**
Compliance and Record Keeping **Maintenance logs, inspection records, and incident reports must be kept up to date to ensure compliance.**	***Development Agreements***
FTE unquantified	***FTE unquantified***
Contracts with reputable maintenance contracts would be required	

Question 8: How often and under what conditions should interim solutions (Onsite Storage and Pumping) be allowed?

Context

70. As stated previously, these systems are inherently more complex than conventional gravity-based conveyance to centralized treatment plants. The more open Council is in accepting the use of on-site systems, the higher the risks Council will need to accept due to the consequent higher frequency of the solutions being used, likelihood of a development experiencing a system failure, and likelihood of mismanaged systems. Although Council can shift a large portion of responsibility and liability to developers through contracts/conditions, all liability cannot be avoided by Council, and we may need to step-in when a system fails. We have previously supported on-site systems where industries can integrate them into their operational and quality frameworks.
71. Council currently takes a Neutral position; however, our preference is for a Cautious position due to the operational resourcing involved in managing these systems. Given the national trend away from using these systems, this raises the question of whether our current Neutral approach remains suitable.
72. We acknowledge that certain developments may offer exceptional strategic value to the city. To ensure our position aligns with both city growth objectives and long-term infrastructure resilience, and to guide decision-making, we are developing criteria to assess when such systems may be appropriate—particularly where a development contributes significantly to economic growth, productivity, or regional investment.
73. The question seeks to understand the level of enablement that Elected Members would want to see in wastewater constrained areas while considering the complexity of these systems.

	PREFERRED POSITION	WE ARE HERE		
Averse	**Cautious**	**Neutral**	**Receptive**	**Open**
No Onsite Storage and Pumping under any conditions	**Onsite Storage and Pumping limited to nationally and sub-regionally significant developments e.g. Waikato hospital. Developer highly responsible and liable.**	**Onsite Storage and Pumping limited to 'Unique' developments beneficial to city e.g. medical centre. Developer highly responsible and liable**	**Onsite Storage and Pumping enabled for developments at Council discretion. Developer highly responsible and liable**	**Onsite Storage and Pumping enabled at any scale for any developer who requests it. Council is responsible for system and accepts risk of failure.**
Pro: • No risk of prosecution, environment, public health, community, culture, levels of service, and reputation.	**Pro:** • Low risk of prosecution, environment, public health, community, culture, levels of service, and reputation. • Strategic benefits (GDP and employment). • Alignment with Future Proof Strategy. • Bigger developer likely to have the resources to manage environmental and social responsibility risk. • Alignment with city growth aspiration.	**Pro:** • Lower risk of prosecution, environment, public health, community, culture, levels of service, and reputation. • Strategic benefits (GDP and employment). • Development can be discretionary and placemaking advanced. • Potential to meet development aspirations of bigger commercial/industrial developers.	**Pro:** • Potential for financial and reputational benefits for Council and community. • Provides for more housing stock and potential for improved affordability. • Potential to stimulate local economic activity. • Decision makers can advance placemaking.	**Pro:** • Potential for financial and reputational benefits for Council and community. • Provides for more housing stock and potential for improved affordability. • Potential to stimulate local economic activity.
Con: • High political and reputational risk to Council	**Con:** • Some political and reputational risk to Council. • Most growth aspirations in constrained areas will not be enabled. • Limited Council resource required to monitor and audit systems.	**Con:** • Legal and regulatory compliance risk if not environmentally and socially responsible. • Discretionary decision making can lead to inconsistent decisions. • Some potential for unplanned non-integrated development undermining best practice. • Some Council resource required to monitor and audit systems • Council has some liability if systems fail. • Pressure for Council to take over assets or connect to a constrained network if issues arise.	**Con:** • Discretionary decision making can lead to inconsistent decisions. • Inconsistent with strategic planning and ODP. • High community impacts (odour and system failure), and risk to regulatory compliance, public health, and environment. • Uncontrolled growth and connections to the network. • Resources needed to manage agreements, monitor, communicate and carry out emergency responses. • Council has some liability if systems fail. • Pressure for Council to take over assets or connect to a constrained network if issues arise. • Regulator sees Hamilton City Council as the risk owner. Pressure for Council to take over assets or connect to a constrained network.	**Con:** • Inconsistent with strategic planning and ODP. • High community impacts (odour and system failure), and risk to regulatory compliance, public health, and environment. • Uncontrolled growth and connections to the network. • Significant additional Council resources needed to manage systems. • Council liable for system operation and reliability. • Increased cost to ratepayers to install, operate, monitor and ensure appropriate system maintenance (e.g. contracted services). • Benefits of prioritised investment not realised. • Risk to property values (reputational risk). •

Averse	Cautious	Neutral	Receptive	Open
			• Benefits of prioritised investment not realised. • Risk to property values (reputational risk). • Increased cost to property owner to install, operate and ensure appropriate system maintenance (e.g. contracted services). • Overall risks increase with increasing number of systems installed.	Overall risks increase with increasing number of systems installed.

Question 9: What 'type' of development would we consider onsite Storage and pumping for?

Context

74. Nationally, wastewater storage and pumping systems have been applied across a 'range' of types of developments, as a last resort, where network capacity or geographic constraints exist. These include industrial sites, medium-scale residential developments, and single on-lot. Council will be installing on lot systems in Ranfurly Gully area in Hamilton, where topography presents unique challenges.
75. Appetite for private wastewater holding tanks in Aotearoa is limited. Watercare no longer approves resource consents for greenfield developments proposing temporary tanks in constrained urban areas. Hastings also does not support them, using pressure sewers only in specific high I&I contexts. In the Wellington region, private on-lot tanks are only allowed as interim solutions for large-scale developments. Christchurch permits private pressure sewer systems in constrained areas but only under centralised control with dedicated and sophisticated resources. To manage growth and avoid reliance on such systems, councils—including Hamilton—now use published constraints maps.
76. Widespread residential adoption could result in dispersed systems across the city, complicating monitoring and response, particularly during heavy or prolonged rainfall events. These conditions can significantly extend the duration wastewater must be stored on-site, increasing operational risks.
77. The current appetite is Cautious and is against widespread use due to community impacts and complexity, however, there is current consideration of whether to support "unique developments" that align with the city's growth objectives. Any such support would likely require strict conditions, including benefit to the city, d demonstrated technical competency and robust risk management frameworks. This question explores when Council should consider these (ie) should they be limited to non-residential developments, or, if residential use should be permitted— at what scale.

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Averse	Cautious	Neutral	Receptive	Open
Significant Industrial development with Onsite Storage and Pumping system operated as part of their process. Residential type excluded.	**Non-residential (or mixed use) and Unique developments (At Scale) subject to agreed conditions.**	**Small scale residential units (e.g.) > 20 units, subject to agreed conditions.**	**Small scale e.g. < than 20 units, subject to conditions**	**Any development and can be as small as 'lot by lot'.**
Pro: • Supports industrial growth aspirations with economic and employment benefits. • Less risk of environmental and regulatory compliance failure due to system inclusion and quality systems. • More likely to have capability and motivation to ensure correct system operation.	**Pro:** • Strategic benefits (GDP and employment). • Potential for placemaking.	**Pro:** • Potential to meet aspirations of bigger developer.	**Pro:** • Potential to meet aspirations of the developer.	**Pro:** • Non-discretionary. • Potential to meet aspirations of all developers.
Con: • Some potential liability risk associated with land use and connections approvals. • Reputational risk if site not environmentally and socially responsible.	**Con:** • Some potential liability risk associated with land use and connections approvals. • Risk of inconsistent decision making. • Reputational and health risk if site not environmentally and socially responsible.	**Con:** • Liability risk. • Community impact due to odour from maintenance. • Risk to property values due to potential for odour.	**Con:** • Does not follow best practice for integrated planning. • Unrealised investment in prioritised areas. • Uncontrolled growth and connections. • Highest risks to environment, public health, community, culture, and reputation.	**Con:** • Council will be seen by property owners as responsible for responses to issues. • Does not follow best practice for integrated planning. • Unrealised investment in prioritised areas. • Uncontrolled growth and connections.

Averse	Cautious	Neutral	Receptive	Open
	• Increased cost to property owner to install, operate and ensure appropriate system maintenance (e.g. contracted services).	• Does not follow best practice for integrated planning. • Unrealised investment in prioritised areas. • Uncontrolled growth and connections. • Highest risks to environment, public health, community, culture, and reputation. • Resources needed to manage agreements and emergency responses. • Increased cost to property owner to install, operate and ensure appropriate system maintenance (e.g. contracted services). • Overall risks increase with increasing number of systems installed.	• Resources needed to manage agreements and emergency responses. • Liability risk. • Potential for property issues and devaluation. • Increased cost to property owner to install, operate and ensure appropriate system maintenance (e.g. contracted services). • Overall risks increase with increasing number of systems installed.	• Highest risks to environment, public health, community, culture, and reputation. • Resources needed to manage agreements and emergency responses. • Liability risk. • Potential for property issues and devaluation. • Increased cost to property owner to install, operate and ensure appropriate system maintenance (e.g. contracted services). • Overall risks increase with increasing number of systems installed.

Question 10: How much 'responsibility' should Council/CCO take for any approved Onsite Storage and Pumping?

Context

78. As outlined previously, these systems involve multiple integrated components and operational conditions, including tanks, pumps, sensors, alarms, odour control, and coordination with municipal network capacity, which varies by time of day and weather conditions. Responsibility is complex because the storage and pumping system must work together with the wastewater network and rainfall events. Full responsibility cannot be delegated to developers, particularly when off-peak operation must be guaranteed. Communities typically expect timely responses to alarms, odour, and noise, especially at night, and regulators will seek clarity on system ownership and accountability.

79. While some operational aspects may be managed through contractual arrangements, response-related costs are more complex to quantify. Failures often occur during off-peak hours, requiring urgent callouts—such as pump or tanker trucks—typically at night. Odour issues may also necessitate community engagement, with limited potential for cost recovery. Any potential risk management conditions related to responsibility should include clear developer accountability, evidence of a formal response team, contributions toward infrastructure upgrades, and a defined interim period—ideally not exceeding two years.

80. Council takes an Averse approach due to risk of liability. This question explores the extent to which Council is willing to assume responsibility if endorsing these systems in capacity-constrained areas.

WE ARE HERE

Averse	Cautious	Neutral	Receptive	Open
Council has no responsibility by not endorsing use of these systems.	**Council has as little responsibility as possible. System is privately owned.** **Council will monitor to ensure system only operated off peak. Developer/owner will be responsible for all other operations and maintenance and responses.**	**Council has little responsibility. System is privately owned.** **Council is contracted to provide inspection, monitoring and maintenance services.**	**Council has some responsibility.** **System is vested to Council with an attached fee from developer/owner for ongoing monitoring and maintenance.**	**Council has full responsibility.** **The system is vested to Council and will be maintained fully by Council at no extra cost to developer/owner.**
Pro: • Council has little or no liability.	**Pro:** • Council has little liability.	**Pro:** • Clearer understanding of responsibility and management of impacts on community.	**Pro:** • Better ability to manage operations and compliance risk.	**Pro:** • Better ability to manage operations and compliance risk.
Con: • Potential community impact for failed or poor performance system. • Reputational risk to council of not endorsing solutions.	**Con:** • Monitoring role will carry some liability risk and require resources. • Council, by default, is likely to be seen as the owner because they approved the connection.	**Con:** • Liability risk and require resources.	**Con:** • Resources needed to manage agreements. • Resources needed for responses (emergency and comms). • Reputational risk if not well managed. • Risk to property devaluation. • Liability risk.	**Con:** • Significant resource funding needed (opportunity cost).

WHAT KEY THINGS SHOULD MEMBERS THINK ABOUT/ CONSIDER IN UNDERSTANDING THIS INFORMATION?

81. Members should consider that all overflows within the Waikato Region are prohibited.
82. Members should consider ongoing commitments to Te Ture Whaimana o te Awa o Waikato and JMA
83. Members should examine the risks and benefits of enabling growth in constrained and unfunded areas of the city.
84. Members should evaluate the budget impacts of providing for growth in infrastructure constrained, unfunded, and/or unprioritized areas of the city, the implications of moving away from integrated planning, and how that is paid for.
85. Members should consider the complexity, risks and benefits of interim solutions, including operational requirements and potential community impacts of failure, and if they should be provided for in the City generally, or required to be of significant benefit to the City.

WHAT DIRECTION/FEEDBACK/INPUT DO YOU NEED FROM ELECTED MEMBERS

86. There is an impact on growth in wastewater constrained areas in the city. To provide for growth in constrained areas, there must either be an adoption of the risk of increased wastewater overflows, or provision for interim wastewater management systems (i.e.) storage and off-peak pumping systems. Members are asked to give direction on:
    i. How much prosecution risk should Council adopt, and how often and under what conditions should overflows occur (Q1)
    ii. How many wastewater overflows should we tolerate under wet weather conditions (Q2)
    iii. How much of the network should staff check when evaluating development proposals and what scale (sizes) of development should trigger a Network Capacity Assessment (Q3 and Q4)
    iv. When should developments be enabled prior to the completion of planned infrastructure upgrades (Q5, Q6)
    v. How closely should we follow our strategic land use plan (Q7)
    vi. How often and under what conditions should interim solutions (Onsite Storage and Pumping) be allowed, what 'type' of development would we consider Onsite Storage and Pumping for, and how much 'responsibility' should Council/CCO take (Q8, Q9, Q10)

WHERE CAN MEMBERS FIND MORE INFORMATION?

Include:

87. State of the Nation Report (8 April 2025)
88. Previous engagement with Elected Members on wastewater constraints (refer to Attachment 1A of the State of the Nation Report
89. KPMG Risk Appetite Framework – Attachment 2 of this document

Attachment 1: General Risk Matrix for Overflows

	Positive impacts	Negative Impacts
More open risk setting	**Potential financial benefits** from DCs, <u>if in LTP</u>, and rates revenue from additional homes and development, helping to fund future infrastructure	**Prosecutions** from overflows costing more than $100,000 per incident[1]
	Potential increase to housing supply and affordability if there is a net increase in the number of houses built, improving affordability and enabling first home buyers	**Public health risks** from uncontrolled overflows causing harm to communities either from infrastructure due to uncontrolled overflows or due to the unsanitary nature of overflows
	Potential for higher GDP and employment, if net development allowed in constrained areas	**Environmental harm** from overflows introducing pathogens, nutrients (like nitrogen and phosphorus), and toxic substances into waterways and harming aquatic life
	Development more enabled on key transport corridors, enabling Council to deliver on all zoning in the Operative District Plan and HUGS.	**Reputational damage** from repeated or poorly managed overflows and lack of integrated planning erodes public and business confidence
		Lower levels of service due to higher demand on constrained networks and resources being diverted to address overflows or prosecutions
		Community impacts from overflows making areas unhygienic, odorous, and unpleasant, and restricting access to private and public spaces
		Cultural impacts, undermining JMA and damaging relationships with mana whenua and causing spiritual and cultural harm to iwi and hapuu
		Financial impacts from the cost to clean up, manage more overflows, and prosecutions. Investment in planned infrastructure is unrealised and ad hoc upgrades not well integrated.
		Staff Impacts due to diverted resources, decreasing morale.
More averse risk setting	**Lower risk to public health** due to less overflows	**Potential slower recovery of capital costs** from less DCs, <u>if in the LTP</u>, and rates revenue as fewer residential and commercial developments take place
	Better environmental outcomes as overflows don't introduce pathogens, nutrients and/or toxic substances into the environment	**Reduced investment** in areas that are constrained for residential development.
	Overflows are easier to defend due to action being taken to reduce them	**Council's ability to deliver on all ODP zoning is compromised** as infill housing is not enabled on some key transport corridors
	Higher levels of service maintained across the network	**Reputational damage** as Council is seen to lack action on embracing growth and working with developers
	Planned and prioritised investments are realised – in some cases, unlocking growth in areas of constraint	**Reduced enablement of growth in constrained areas** if developments are not allowed.
	Growth directed to prioritised areas for intensification - Stage One and Greenfield areas or unconstrained areas	**Developments may not be realised** due to higher risk settings, so developer may develop outside of Hamilton
	Council maintains strong relationships with iwi and hapuu, and confidence in the JMA	**Lost GDP and jobs** if net development decreases due to capacity constraints in some areas.
	Infrastructure more resilient due to strategic investment and management	
	Communities and amenities are less likely to be impacted by overflows	

[1] $100,000+ is a conservative number for each incident based on past fines, resources necessary to respond in court, and restorative justice actions. The maximum amount Council can be fined under the RMA is $600,000.

Attachment 2 – Risk Appetite Framework (KPMG 2023)

Risk Appetite Framework

	AVERSE	CAUTIOUS	NEUTRAL	RECEPTIVE	OPEN
Philosophy	Preference for exercising appropriate controls to avoid risk and uncertainty Risk is controllable at lower levels. Investment in mitigations is justified.	Preference for very safe options that have a low degree of inherent risk.	Preference for safe options that have a low degree of residual risk.	Preference for considering all options and choosing the one that has some risk but is likely to result in a successful delivery.	Eager to be innovative and pursue opportunities based on potentially high benefits despite greater risk. Speed may be a priority. Risk may also not be controllable at higher levels.
Tolerance for uncertainty	Extremely low tolerance for uncertainty. Controls are comprehensive, well designed and effective.	Low tolerance for uncertainty. Controls are well designed and effective.	Limited uncertainty expected. Controls are adequately designed and generally effective.	Some uncertainty expected. Controls in place, may be inadequate or ineffective.	Uncertainty fully anticipated. Controls may be absent, inadequately designed or ineffective. 'Good enough' practice sufficient.
Choice	Will always take the lowest risk option	Will accept risk only if essential with limited possibility/ impact of failure	Will accept risk if limited and heavily outweighed by potential benefit	Will take risk with outcomes and will manage impact	Will choose options with highest overall return and accept the possibility of failure
Trade-off	Never	Will trade off with extreme reluctance	Prefer to avoid any trade offs	Willing to trade off under the right conditions	Willing to trade off

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Attachment 8

Item 18

Attachment 3 – Onsite wastewater storage briefing paper

BRIEFING PAPER : ONSITE WASTEWATER STORAGE AND OFF-PEAK PUMPING

Introduction

This paper provides an overview of on the option to use private temporary wastewater holding tanks to support development in areas with limited network capacity. It focuses on single dwelling to medium scale residential projects (10–20 dwellings) and non-residential developments such as hotels, commercial, or industrial sites.
The paper aims to inform ongoing discussions about allowing these systems as interim solutions until public infrastructure upgrades are completed.

These key questions have guided the development of this paper:

- What are wastewater holding tanks and how do they work?
- What would the wastewater holding tanks look like at various scales?
- What are the risk and complexities, and what can we do to reduce them?
- Where are these systems used to manage capacity in New Zealand, and are they successful?

What are wastewater holding tanks and how do they work?

Private wastewater holding tanks (where allowed) are used to collect and store wastewater in locations where there is no public infrastructure to connect to (e.g. greenfield developments), or the existing public infrastructure has insufficient capacity to accept anymore direct connections of wastewater from new developments (e.g. urban infill developments).

They are typically only allowed as a temporary solution until required infrastructure and/or upgrades can be implemented. Larger scale municipal wastewater holding tanks (also known as Bulk Wastewater Storage) can also be used to address ongoing public network performance issues, such as wet weather overflows, and are normally designed as a permanent solution where deemed to be cost effective. Hamilton City has several bulk wastewater storage facilities in progress.

This paper focuses on the option of private wastewater holding tanks used as a temporary measure in capacity constrained urban infill areas, but many of the risks identified and discussed below pertain to all forms of wastewater holding tanks.
There are two basic types of private wastewater holding tanks:

- Tanks that are emptied periodically via sucker truck
- Tanks which are drained to the capacity constrained public networks in a controlled manner usually via pumps.

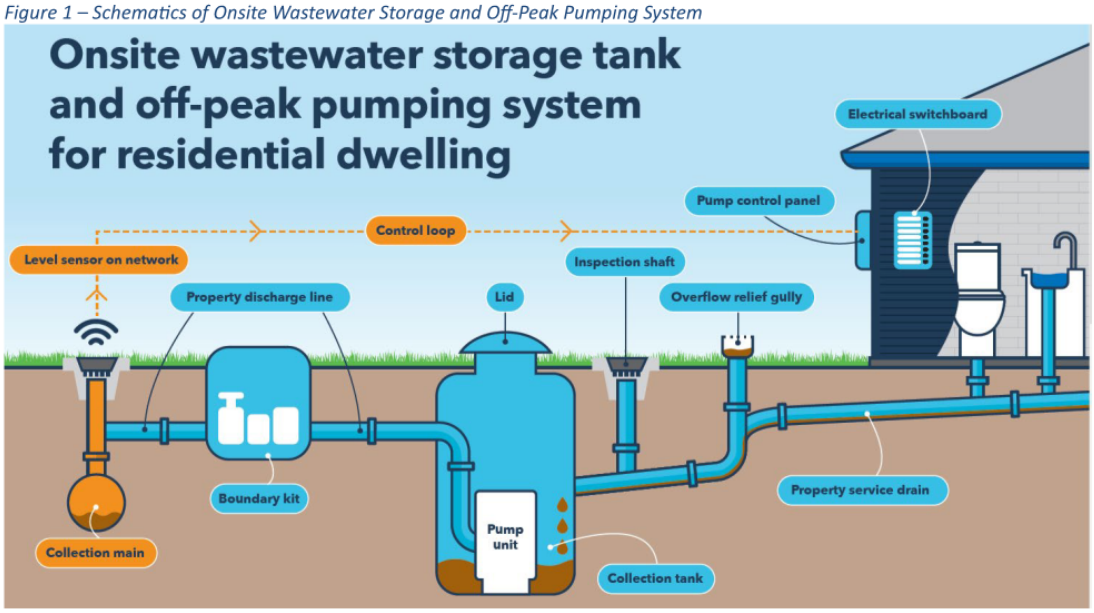
Both arrangements present significant challenges and risks that must be considered and managed carefully if these options are allowed. These are discussed further below.

Figure 1 provides a schematic of a wastewater holding tank with a controlled pump discharge to the receiving network. The schematic includes receiving network monitoring which controls the discharge pump operation, ensuring that discharge only occurs when network capacity is available.

It is also worth noting that taking any O&M responsibility for the private pumps and/or holding tanks requires substantial up-scaling of Council resources – depending on the number of systems implemented.

BRIEFING PAPER : ONSITE WASTEWATER STORAGE AND OFF-PEAK PUMPING

Figure 1 – Schematics of Onsite Wastewater Storage and Off-Peak Pumping System



What would the wastewater holding tanks look like at various scales?

Private wastewater holding tanks can range from a single domestic system up to a large municipal storage tank to address wastewater overflows from the public system. They also require different levels of control and operations & maintenance arrangements depending on the scale, arrangements to empty the tanks, and asset management responsibilities.

An appropriate holding tank volume will depend on several factors:

1. The discharge arrangement i.e. tankered away, or controlled discharge to a constrained network.
2. Type of development and daily wastewater flow generated.
3. The number of properties draining to the tank.
4. Contingency for system failure or other matters

Typical storage volumes for different residential scenarios are in Table 1 below. A standard home produces about **1,000 litres of wastewater per day**. For a tanker waste discharge arrangement the storage volume will be based on the target frequency for trucks to drain the tanks – with a likely minimum frequency of no more than once per week. For the purpose of estimating the potential storage volume needed for controlled pumped discharge, a minimum of 3 days of storage is assumed. The actual storage period will need to be evaluated on a case by case basis.

BRIEFING PAPER : ONSITE WASTEWATER STORAGE AND OFF-PEAK PUMPING

Table 1: Indicative Storage Tank Volumes

	Tankered waste discharge			Controlled pumped discharge		
Holding period (days)	7			3		
Number of houses served (No.)	1	10	25	1	10	25
Total storage volume with 20% contingency storage for system failure	8,400 Litres	84,000 Litres	210,000 Litres	3,600 Litres	36,000 Litres	90,000 Litres
Possible storage configurations (based on standard tank sizes)				1 x 5,000L Tank	2 x 20,000L Tanks	1 x 100,000L Tank
Possible Tank dimensions				1 @ 5m L x 1.25m W x 1m H	2 @ 2.5m dia x 5m L	1@ 2.5m dia x 20m L

	Indicative Tank Details		
Holding period (days)	3 - 5 day Holding Period (assumed)		
Number of houses served (No.)	1	10	25
Storage Volumes	3,600 - 6,000 L	36,000 - 60,000 L	90,000 - 150,000 L
Above Ground Tank Farm	1 - 2 Tanks (1.7m dia x 1.9m H)	2 - 3 Tanks (3.7m dia x 2.4m H)	4 - 6 Tanks (3.5m dia x 3m H)

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Other considerations for onsite wastewater storage tanks and pumps installations include:

- **Tank buoyancy and ballast requirements:** This refers to the need to prevent a large, mostly empty wastewater tank from floating or shifting due to groundwater pressure. When a tank is buried underground and not full, it can act like a boat in wet soil or high groundwater conditions. The surrounding water can push it upward—this is buoyancy. To counteract this, tanks need to be weighted down or anchored. This is called ballast. It can be achieved by using concrete pads or collars; adding weight to the tank; securing it with straps or anchors. If buoyancy isn't properly managed, the tank can lift, tilt, or even break connections—leading to system failure.
- **Odour and Septicity Management:** This refers to controlling unpleasant smells and the breakdown of wastewater in storage systems. "Septicity" refers to the condition where wastewater becomes anaerobic (lacking oxygen), leading to the growth of bacteria that produce odorous and corrosive gases. This can damage infrastructure and create health and safety issues.
- **Accessibility:** Storage tanks and pumping systems need to be accessible for maintenance and in the event of system failure. This will often influence where the systems are located. While appropriately designed tanks are available to withstand transport loading
- **Space Requirements:** While most storage and pumping systems will be located underground on small residential sections or within intensive developments the space they occupy can create challenges for other services needed for the development (e.g. stormwater, water supply, telco, electricity).
- **Sophisticated monitoring and control systems:** These systems would require sophisticated monitoring and control system, including a sensor on the public sewer to indicate when capacity is available for the pump to operate, as well as monitors and alarms on the pumps and holding tank.

- **Connection to public system:** Pumping systems will need to discharge to an appropriate location on the public network. This will likely require pipework to be installed within road corridors to access the network. This could create challenges with service conflicts, asset ownership and management responsibility.

What are the risk and complexities, and what can we do to reduce them?

Table 2 below provides an overall summary of risks and complexities associated with wastewater holding tanks. This summary includes both smaller scale private holding tanks, and larger municipal tanks implemented by a public utility.

Table 2 - Risk and complexities of wastewater holding tanks

Risk Category	Private Holding Tanks	Municipal Schemes (Public Council)
Operational Complexity	High complexity; involves frequent monitoring, control, and coordination for dewatering or tanker removal.	High complexity; centrally managed and standardized systems.
Failure Consequences	Significant risks (e.g. overflow, contamination); failure impacts localized but serious.	Typically managed proactively with redundancy and established emergency protocols.
Maintenance Requirements	High; ongoing need for odour control, corrosion prevention, mechanical checks, and waste removal.	Routine, planned maintenance with professional teams and economies of scale.
Health & Environmental Risks	Higher risk due to odour, septicity, corrosion, and potential leakage if not managed properly.	Lower risk; managed at scale with robust environmental compliance systems.
Infrastructure Upgrade Incentives	Reduces pressure to upgrade public infrastructure, potentially causing long-term system backlog.	Acts as a driver for proactive infrastructure upgrades due to capacity constraints.
Regulatory Precedent	Generally discouraged by most NZ and overseas Councils; allowed only temporarily with strict conditions.	Widely adopted and supported under Council control; aligned with best practices.
Design & Suitability	Often not suitable for single lots or small developments even if temporary and strictly managed.	Well-suited for broad-scale residential and commercial development.
Cost Allocation	Entire capital and operational cost typically falls on the developer or private owner.	Costs are distributed through rates and government funding mechanisms.
Long-Term Viability	Risk of entrenching sub-optimal solutions if used as a stopgap; difficult to phase out once widely adopted.	Long-term sustainable infrastructure solution with future capacity planning.
Monitoring & Control	Requires remote monitoring and tight operational oversight; risk of control failures.	Centralized SCADA systems and professional oversight improve monitoring effectiveness.

The risk and complexities of smaller scale private wastewater holding tanks are significant, and in many cases equal to or higher than much larger municipal systems owned and operated by a public utility. While it is technically feasible to manage some of the private holding tank risks and complexities through a robust monitoring and alarm system arrangement, the question of who manages and maintains these systems is very challenging.

Private ownership and operation of onsite storage systems would likely require contracted services from a reputable service provider. This will come at a financial cost to the property owner but would also require Council to have the ability to audit the system operation and maintenance and if necessary, step in and on charge the property owner. This situation becomes more complex when dealing with high density developments (such as townhouse blocks) where the system may be shared and located in shared Rights of Way. Legal options would need to be explored to provide Council with the ability to intervene and on-charge the property owners.

Even private ownership and operation would require Council resources both to monitor and audit the operation of the system and ensure that the pump controls (which would need to limit discharge to the network based on available capacity) are not over-ridden.

It is likely that future property owners would not be aware of their operating responsibilities and in the event of any issues would seek assistance from Council. This would require clear operating procedures to manage.
In the event of system failure and network overflows affecting public health or the environment, Council would likely have legal obligations to intervene and could be held liable by regulators.
If the Council takes on any operational or maintenance aspects of a private holding tank system, sufficient

BRIEFING PAPER : ONSITE WASTEWATER STORAGE AND OFF-PEAK PUMPING

resource up-scaling would have to occur to ensure these system function as desired and do not result in noticeable community effects.

It is likely impractical for Council to scale up operational resources to sufficiently manage a larger number of private holding tanks, and even with the best managed systems there is a high likelihood that problems will occur resulting in negative community impacts (e.g. odours, alarm failures, overflows etc). The monitoring system would also need to be centrally integrated to ensure sufficient communications for response and in-time interventions.

Where are these systems used to manage capacity in New Zealand, and are they successful?
The following provides local and international examples of wastewater holding tanks used as a temporary measure in capacity constrained areas.

New Zealand Case Studies

- **Watercare (Auckland):**
    - Does not support private tanks in capacity constrained urban zones. There are a few recent cases where Watercare have allowed greenfield development at a larger scale (200 to 300 connections) to occur using storage and tankered waste discharge. Due to problems with these systems, Watercare will no longer approve any resource consents for development proposing temporary wastewater holding tanks. Watercare are actively denying connection applications in existing capacity constrained areas and have recently published capacity constraint maps to inform developers.
    - Example: Cardinal West development uses holding tanks and truck tinkering for around 200 properties – which has resulted in community complaints and policy reversal, and front page news in the Herald.
- **Hastings District Council:**
    - Explicitly does not support temporary private tanks in capacity constrained area; relies on pressure sewers only in specific contexts where high levels of inflow and infiltration occur to manage peak flows from greenfield developments
    - HDC have recently published capacity constraint maps to inform developers.
- **Wellington & Christchurch:**
    - In the Wellington region private on-lot wastewater storage tanks are allowed as an interim measure, but generally only on a larger development scale – not individual properties or small-scale.
    - Christchurch City Council has identified areas with limited or no remaining wastewater capacity. In some areas, they have adopted private pressure sewer systems in capacity constrained areas, but this includes a sophisticated control arrangement which is centrally managed, and they have up-scaled resources to manage and control the pumping and holding tank systems. The pressure sewer systems are not always an acceptable option in capacity constrained areas.

International Perspectives

- **United States:**
    - Moratoriums imposed when infrastructure reaches capacity; private tanks rarely permitted.

- Emphasis on timely investment in public upgrades.

- **United Kingdom:**
  - Temporary tanks discouraged; developers must align growth with existing infrastructure and secure water utility approvals.

- **Sydney (Australia):**
  - Temporary servicing (e.g., holding tanks) permitted under tight controls and with full developer funding, subject to decommissioning upon infrastructure completion. Limited to larger scale systems and not individual or small-scale systems.

In general, the most recent examples of private holding tanks allowed Auckland has resulted in significant problems and negative community impacts/media attention that Watercare will no longer approve resource consents that propose them.

BRIEFING PAPER : ONSITE WASTEWATER PUMPING STORAGE AND OFF-PEAK

Attachment 4: Storage Tanks and Pumping vs Centralised schemes

Risk Category	Private Holding Tanks	Municipal Schemes (Public Council)
Operational Complexity	High complexity; involves frequent monitoring, control, and coordination for dewatering or tanker removal.	High complexity; centrally managed and standardized systems.
Failure Consequences	Significant risks (e.g. overflow, contamination); failure impacts localized but serious.	Typically managed proactively with redundancy and established emergency protocols.
Maintenance Requirements	High; ongoing need for odour control, corrosion prevention, mechanical checks, and waste removal.	Routine, planned maintenance with professional teams and economies of scale.
Health & Environmental Risk	Higher risk due to odour, septicity, corrosion, and potential leakage if not managed properly.	Lower risk; managed at scale with robust environmental compliance systems.
Infrastructure Upgrades Incentives	Reduces pressure to upgrade public infrastructure, potentially causing long-term system backlog.	Acts as a driver for proactive infrastructure upgrades due to capacity constraints.
Regulatory Precedent	Generally discouraged by most NZ and overseas Councils; allowed only temporarily with strict conditions.	Widely adopted and supported under Council control; aligned with best practices.
Design & Suitability	Often not suitable for single lots or small developments even if temporary and strictly managed.	Well-suited for broad-scale residential and commercial development.
Cost Allocation	Entire capital and operational cost typically fall on the developer or private owner.	Costs are distributed through rates and government funding mechanisms.
Long-Term Viability	Risk of entrenching sub-optimal solutions if used as a stopgap; difficult to phase out once widely adopted.	Long-term sustainable infrastructure solution with future capacity planning.
Monitoring & Control	Requires remote monitoring and tight operational oversight; risk of control failures.	Centralized SCADA systems and professional oversight improve monitoring effectiveness.
Operational Resources	Even	

Wastewater capacity constraints
Risk settings workshop
10 June 2025
Hamilton
City Council
Te kaunihera o Kirikiriroa

Agenda

Wastewater constraints: risk settings

13:00 – 13:05	Welcome & overview	SGDP Chair Sarah Thomson/ Blair Bowcott
13:05 - 13:20	Introduction and context setting	Jackie Colliar
13:20 – 14:20	Session 1a: Overflows risk appetite	Breakout group facilitated workshops
14:20 – 14:50	Session 1b: Alignment with land-use strategy & investment priorities risk appetite	Breakout group facilitated workshops
14:50 – 15:00	Afternoon Tea Break – *GIS Tool Demonstration available during the break*	
15:00 – 15:15	Interim storage & pumping solutions 101 & Context	Jackie Colliar
15:15 – 15:45	Session 2: Interim storage & pumping solutions risks, benefits and appetite	Breakout group facilitated workshops
15:45 – 15:55	Wrap up summary and next steps	Jackie Colliar
15:55 – 16:00	Closing remarks	SGDP Chair Sarah Thomson/ Blair Bowcott

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Purpose of this workshop

Respond to the resolution from April SGDP Meeting to

Provide options that enable members to reconsider risk settings to balance compliance risks and housing/economic outcomes

Update on resolution items

- Maps & Information
  - Online Info: Extent of WW Constraints & FAQs
  - Strategic and local capacity constraints
  - Expected capacity from LTP investment
  - Enderley/Fairfield planned investment
  - Wastewater Capacity web-based tool
- 26 June 2025 Report:
  - Developer engagement
  - Independent review findings
  - Economic analysis of constraints
  - Prioritisation of Reactive Wastewater Budget

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Objectives

What we want to achieve today

1. Understand the risk levers in managing our wastewater, and the pros and cons of making changes
2. Discuss the benefits and risks of developer-led solutions to unlock development in constrained areas
3. Seek direction on options to explore further and agree on next steps.

Desired Outcomes

What we want to achieve today

1. That you understand the risk levers available and provide direction on your risk appetites in how we respond to wastewater constraints and provide for growth
2. That you understand risks and opportunities related to interim wastewater servicing solutions
3. If your risk appetite differs from current settings, that you provide direction on where it should be.
4. The themes from the workshop will inform the 26 June – State of the Nation Part 2 report.

Housekeeping

1. **Preparation:** Assumption is that you will have read and be familiar with the briefing material
2. **Participation:** The session relies on your active participation to be successful
3. **Timekeeping:** We have a lot to work through workshop will be focussed and structured. We will be keeping time.
4. **Parking Lot:** Due to time constraints, we might need to put questions and discussions in the parking lot and come back to them; arrange another time to work through them; or cover the matter in the 26 June meeting

Workshop Structure

How these sessions will run

1. Facilitated workshops on focussed on three key areas:
    1. Wastewater Overflows
    2. Alignment with Land-use Strategy and Investment Priorities
    3. Interim Servicing Solutions
2. An overview of each key area will be provided.
3. You will be split into two groups and assigned a work-station.
4. Each group will work through a series of questions, risk appetite categories, pros/cons. The KPMG risk categorization has been used to frame the risk appetite definitions.

Workshop Structure

How these sessions will run

1. Each station will have Lead Facilitator, General Manager, Recorder.
2. The Lead Facilitator will provide an overview of each question and the risk appetite options.
3. For each question you will be asked to individually write down your initial risk appetite and reasons. A facilitated group discussion will follow.
4. You will then confirm your risk appetite by placing your marker on the poster.

Assumptions informing current settings

Informing current settings

1. Network overflows due to inadequate capacity in **dry weather** are unacceptable.
2. Waikato Regional Plan prohibits untreated human wastewater discharges.
3. Te Ture Whaimana is the primary direction setting document for activities in the city affecting the river and requires a prudent approach to risk management.
4. The Operative District Plan including PC12, HUGS, and FutureProof are the foundation of land use planning in the city.
5. Council can't afford to enable development everywhere, all at once.
6. Council needs to prioritise where to fund infrastructure to enable development.
7. Growth pays for growth (i.e. Developers need to fund local network upgrades in constrained areas).

Session 1

1a: Managing capacity & overflow risks

1b: Aligning with planning

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Session 1

Two parts:

- Managing capacity and overflow risks (60mins)
- Aligning with landuse and infrastructure planning and investment (30mins)

Why manage capacity?

- To protect public health, the environment, cultural values
- To deliver healthy, thriving communities
- To meet legal obligations under LGA, Health Act, RMA
- If not managed properly untreated wastewater can make people sick, impact the cultural values & the environment (e.g. degrade water quality, impact ecology).
- Inappropriate wastewater management can also result in fines, prosecutions, financial impacts, reputational risks.

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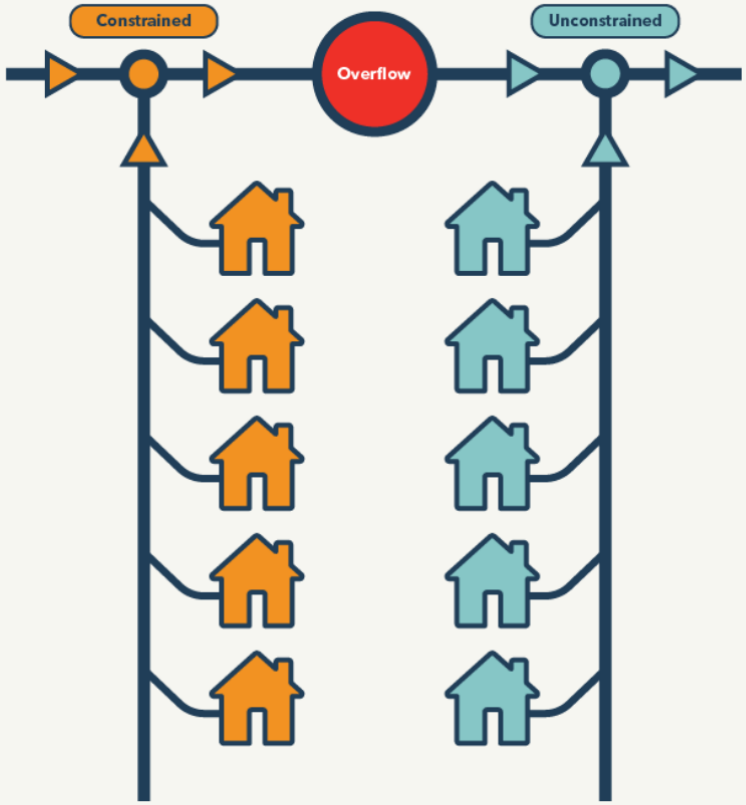
How do we assess capacity & constraints?

- Assess network performance under dry and wet conditions using hydraulic model and observations/records.
- Wet weather strains our systems as surface and groundwater enter the network.
- Under wet weather conditions, we mainly look at the frequency, extent, and volume of overflows.
- We currently assess wet weather performance using a 1 in 2-year rainfall event (excl. an allowance for climate change).
- We target no more than 1 overflow every 2 years under wet weather conditions

How are areas constrained?

- Constraint areas are defined by working backwards from the point of overflow.



9 June 2025

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1a Risk settings: overflows

- The questions
  - How often and under what conditions should overflows occur?
  - How many wastewater overflows should we tolerate under wet weather conditions?
  - How much of the network should staff check
  - What scale of development should trigger assessment

Q1: How often and under what conditions should overflows occur?

- **Zero tolerance for overflows:** Public and regulatory expectations for minimal to no sewage discharges due to health, environmental, and reputational risks.
- **Strict legal risk:** Overflows unlawful under current rules, with potential prosecution under multiple acts and no guaranteed legal defences.
- **Council currently take a Cautious Approach** (i.e.) Reduction in existing overflows (capacity related) through investment, and no new overflows under wet weather.
- Despite a cautious approach, overflows continue, and recent enforcement actions show regulators have low tolerance for non-compliance.

Q1: How often and under what conditions should overflows occur?

WE ARE HERE

Averse	Cautious	Neutral	Receptive	Open
No capacity related overflows	Reduction in existing overflows (capacity-related) through prioritised investment, and no new overflows under design wet weather conditions.	No increase in existing capacity related overflows, under design wet weather conditions.	Increased overflow frequency and volume (capacity related) in some locations, under design wet weather conditions.	Overflows anywhere, any time.

Q2: How many wastewater overflows should we tolerate under wet weather conditions?

- **Containment standards** define overflow limits: often expressed as Average Recurrence Intervals (ARIs), guide how often overflows can occur. Higher ARIs mean better containment.
- **Overflows are prohibited**: Unlike other regions, Hamilton can't get a consent to overflow, so it uses informal targets to guide design and performance.
- **Current design targets**: Council aims for no more than one overflow every two years per location under a 1 in 2 year rainfall event. This is a neutral approach.

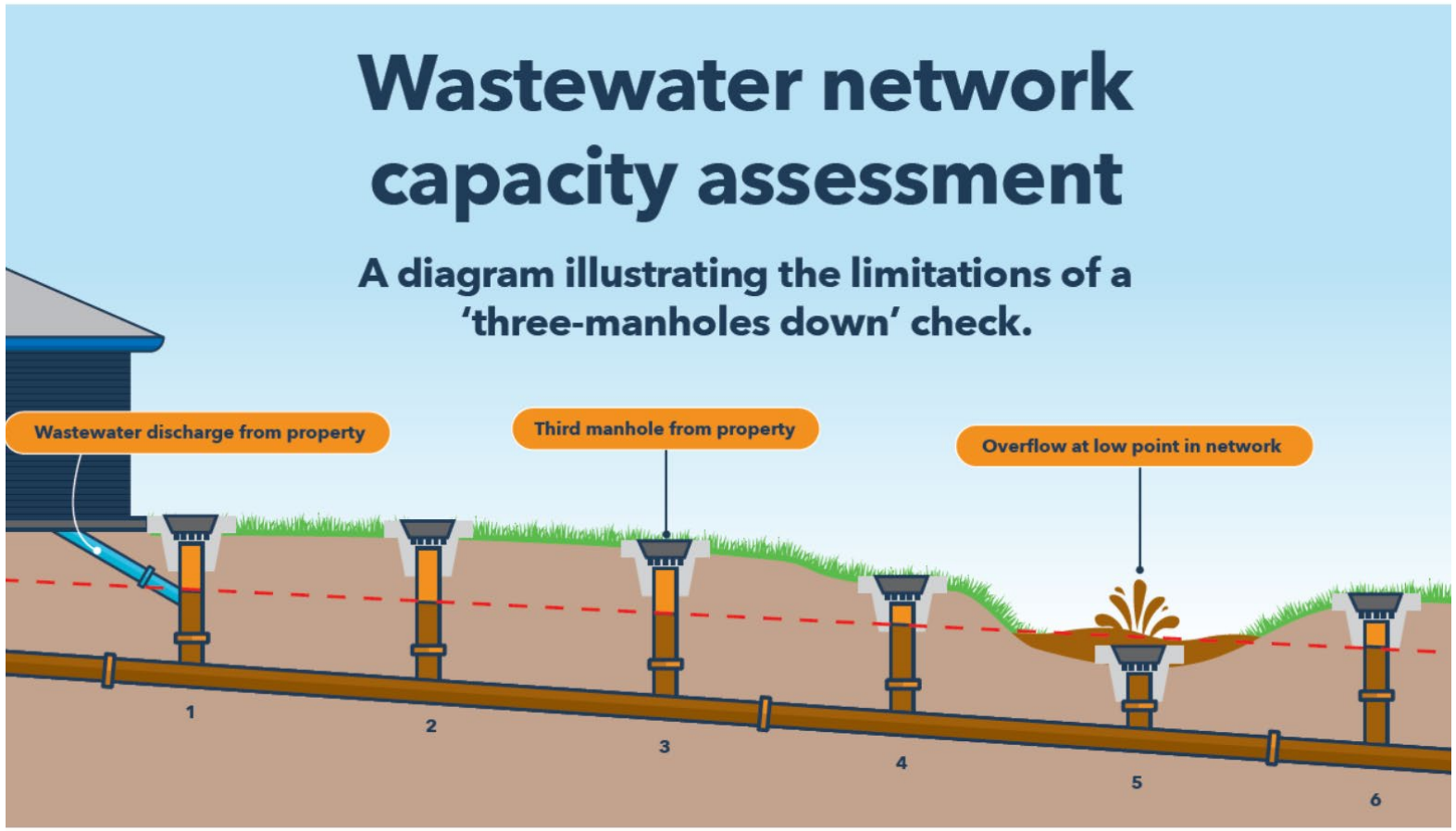
Q2: How many wastewater overflows should we tolerate under wet weather conditions?

WE ARE HERE

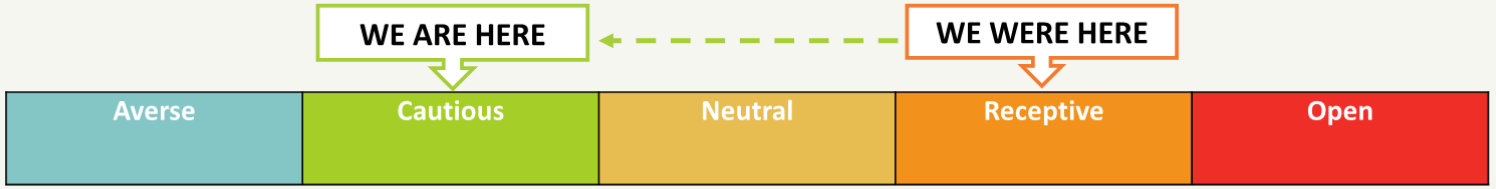
Averse	Cautious	Neutral	Receptive	Open
No overflows under any condition e.g. 1 in 100 years	We have a regional discharge consent that sets appropriate containment standard or partial wet weather treatment	No regional discharge consent, but adopt a target of no more than 1 overflow every 2 years using a 2-year rainfall event	No regional discharge consent, but adopt a target of no more than 2 overflows per year using a 2-year rainfall event e.g. Auckland Watercare Overflow Consent Default Standard	Overflows anywhere, any time

Q3. How much of the network should staff check when evaluating development proposals?

- **Legal duty to assess impacts:** Under the RMA, Council must consider environmental and infrastructure impacts of new developments, including cumulative effects, and can impose conditions or decline consents accordingly.
- **Assessment scope matters:** Broader network assessments reveal more downstream risks but may limit development or increase costs. Narrow assessments risk miss issues, leaving Council liable for future problems.
- **Improved approach post-PC12:** Previously, limited assessments missed key overflow risks (e.g., Lorne Street). Council now uses a more cautious, formalised process to better manage cumulative impacts.
- **Inside Stage 1:** only the local network should be assessed, Outside Stage 1, the whole network should be assessed.
- **Larger developments:** BAU trigger modelling assessments


Wastewater network capacity assessment
A diagram illustrating the limitations of a 'three-manholes down' check.
Wastewater discharge from property
Third manhole from property
Overflow at low point in network
1
2
3
4
5
6

Q3: To what extent should staff assess network capacity when reviewing development proposals?



Averse	Cautious	Neutral	Receptive	Open
The entire network should be assessed for developmental impacts on network capacity	Inside Stage 1, only the local network should be assessed. Outside Stage 1, the whole network should be assessed	Only the local network should be assessed for developmental impacts on network capacity	A small expanse (e.g. 3 manholes down) of the network should be assessed	Developmental impacts on network capacity should not be assessed

Q4: What scale (sizes) of development should trigger a Network Capacity Assessment?

- Larger developments require full modelling assessment, so this question relates to developments less than 10 dwellings
- Some developments don't trigger water impact or capacity assessments through the District Plan
- Cumulative impacts of smaller developments can be significant (particularly given intensification)
- Proposed setting through connection process is to require network capacity assessment for all developments except ancillary buildings i.e. granny flats. This applies even when the District Plan doesn't require it.

Q4: What scale of development should trigger a network capacity assessment?

Averse	Cautious	Neutral	Receptive	Open
All developments should trigger a Network Capacity Assessment	All developments except ancillary developments should trigger a Network Capacity Assessment e.g. Granny Flats	Only developments that are not 'permitted activities' under the ODP should trigger a Network Capacity Assessment	Developments larger than 10 units should trigger a Network Capacity Assessment	No development should trigger a Network Capacity Assessment

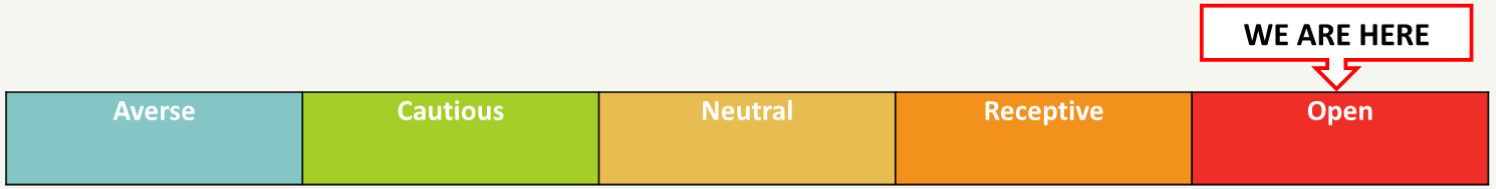
1b Risk settings: Alignment with planning

- The questions
  - Inside the Stage 1 area, should development be enabled before planned upgrades are complete?
  - Outside the Stage 1 area, should development be enabled before planned upgrades are complete?
  - How closely should we follow our strategic land use plans?

Q5: Stage 1 Area - Should development be enabled before planned upgrades are complete?

- Stage 1 is the Central City and Walkable catchment
- This is a priority development area
- Council have taken responsibility for providing adequate strategic network capacity for Stage 1
- PC12 only requires local network capacity to be assessed for the Stage 1 area
- Current risk setting for Stage 1 area is “Open”

Q5: Stage 1 Area - Should development be enabled before planned upgrades are complete?



Averse	Cautious	Neutral	Receptive	Open
Developments should be enabled when infrastructure upgrades are completed.	Developments should be enabled when the project is within 3 years and the contract has been awarded or is under construction	Developments should be enabled if the upgrades are programmed and funded within the first 5 years of the LTP	Developments should be enabled if the upgrades have been identified and funded in the next 10 years.	Developments should be enabled at all times. Any strategic upgrades needed to service the area do not need to be in place

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Q6: Outside Stage 1 Area - Should development be enabled before planned upgrades are complete?

- Stricter rules outside Stage 1 (including for transport corridors and centres) balance growth with environmental and cultural values, aligned with LTP-funded upgrades.
- Approach acknowledges funding constraints and need to prioritise investment over time. Meaning constrained growth areas need to wait until constraints are resolved.
- Not all constrained areas have planned investment, in others, the investment will take time (3+ years) to deliver.
- Council's risk appetite is cautious outside Stage 1 due to limited funding, and potential network overflows.

Q6: Outside Stage 1 Area - Should development be enabled before planned upgrades are complete?

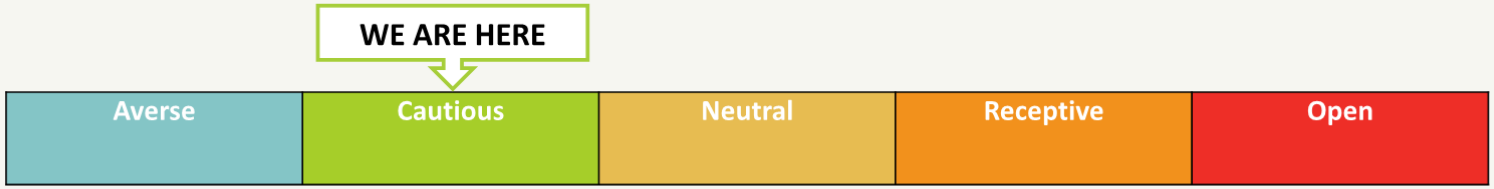
WE ARE HERE

Averse	Cautious	Neutral	Receptive	Open
Developments should be enabled when infrastructure upgrades are completed	Developments should be enabled when the upgrade project contract has been awarded or under construction (e.g. will be delivered within 2 years)	Developments should be enabled if the necessary upgrade projects are funded in the LTP or other relevant funding plan (i.e. will be delivered within 10 years).	Developments should be enabled if the upgrades have been identified in the Infrastructure Strategy (i.e. may be delivered within 30 years)	Developments should be enabled at all times. Any strategic upgrades needed to service the area are not considered.

Q7: How closely should we follow our strategic land use & infrastructure investment plans?

- **Strategic planning guides investment:** Council's land use and infrastructure priorities are set through Future Proof, HUGS, PC12 and the Long-Term Plan, focusing on planned greenfield areas, Stage 1 and some brownfield intensification.
- **Implementing the prioritised strategy** land use and infrastructure investment has provided significant development capacity across the city. However, not all areas can be upgraded for growth.
- **Demand misaligned with investment:** Development interest is growing in areas without infrastructure capacity, risking overloaded networks and inefficient spending.
- **Cautious approach in place:** Council currently prioritises planned areas and where appropriate and under unique situations, uses conditions to manage risk.

Q7: How closely should we follow our strategic land use and infrastructure investment plans?



Averse	Cautious	Neutral	Receptive	Open
We should strictly follow current planning, prioritisation, and investment	We should closely follow current planning, prioritisation, and investment, but allow for particular developments in unplanned areas subject to conditions	We should follow current planning, prioritisation, and investment, and enable developments in agreed unplanned areas subject to conditions	We should loosely follow current planning, prioritisation, and investment, but make allowances for ad-hoc development in unplanned areas	We shouldn't follow current planning, prioritisation, and investment at all and allow development in all areas

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Break (10mins)
Optional: GIS mapping tool demonstration
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Session 2
Finding solutions
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Session 2 – Onsite Wastewater Storage & Off –Peak pumping

- Types of interim solutions
- Technical considerations
- Risk settings

  8. When and under what conditions should interim solutions (SOPP) be allowed?

  9. What 'type' of development would we consider SOPP for?

  10. How much responsibility should Council/CCO take for any approved SOPPs?

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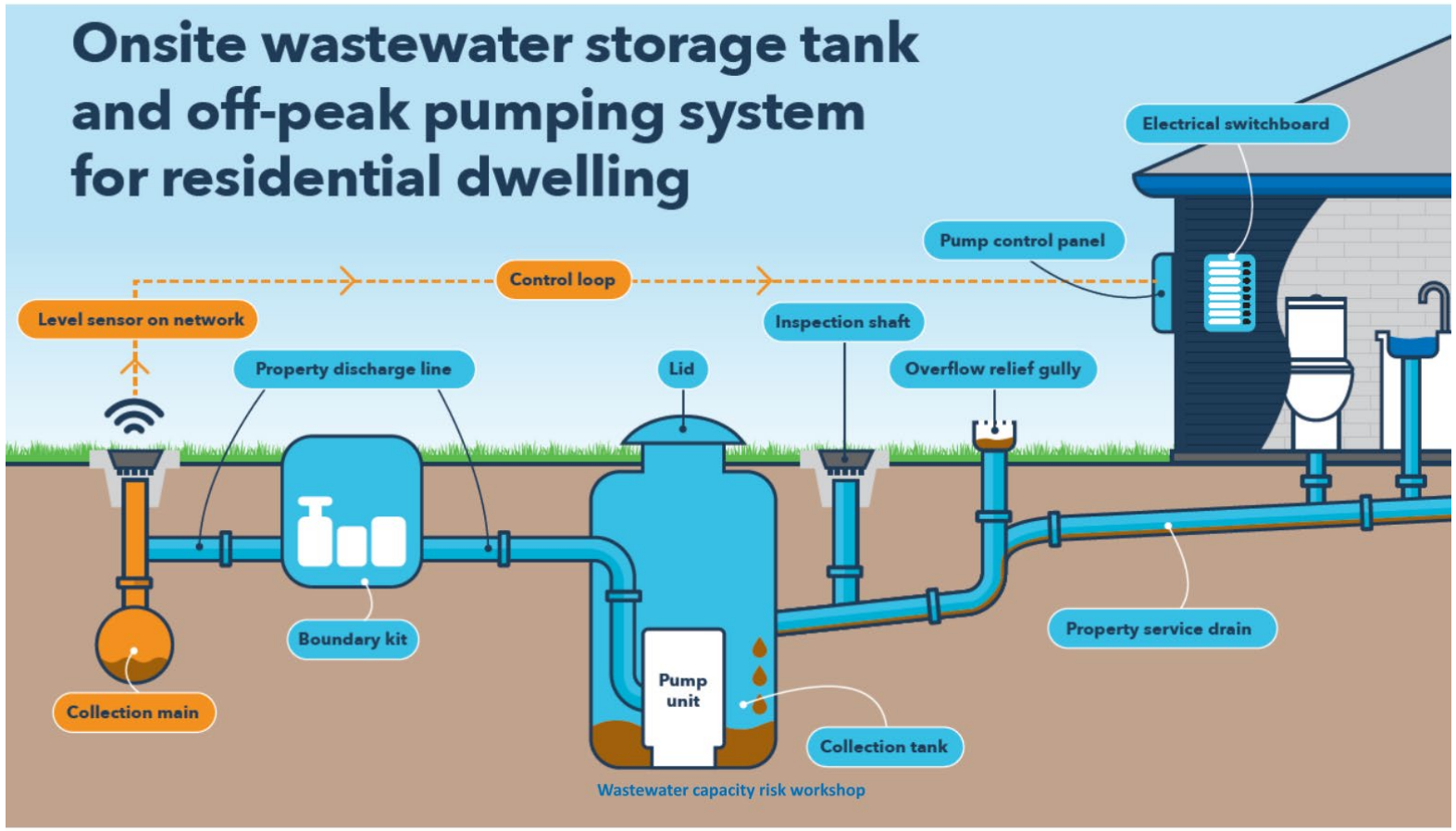
Types of interim solutions

- Temporary discharge locations
- Network diversions
- **Onsite storage with off-peak pumping**
- Onsite storage with scheduled tanker removal

Partial solutions

- Inflow and infiltration mitigation
- Greywater recycling


Onsite wastewater storage tank and off-peak pumping system for residential dwelling
Electrical switchboard
Pump control panel
Control loop
Level sensor on network
Inspection shaft
Property discharge line
Lid
Overflow relief gully
Boundary kit
Pump unit
Property service drain
Collection main
Collection tank
Wastewater capacity risk workshop

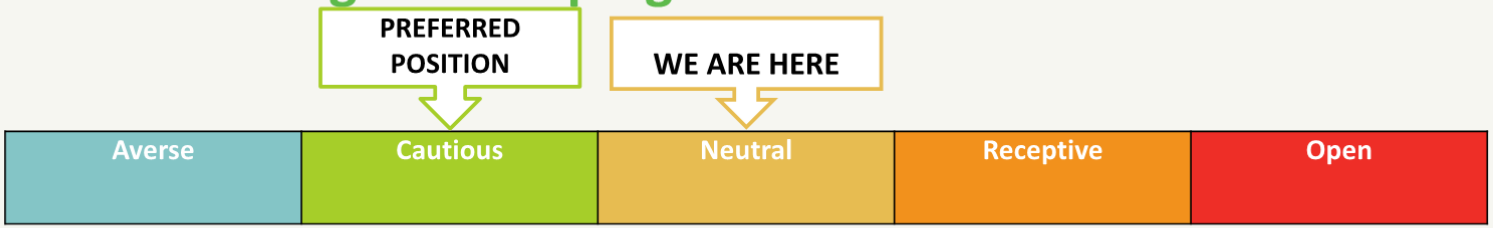
Technical considerations

- Design and installation challenges
- Operational challenges
- Failure risk
- Responsibility and maintenance
- Odours and corrosion
- Cumulative effects
- Funding impacts

Q8: How often and under what conditions should Onsite Storage & Pumping be allowed?

- **Developers propose** temporary solutions like off-peak pumping and holding tanks to enable development in constrained areas.
- **Systems are complex and risky**, requiring Council oversight (even when privately owned and operated) due to potential failures, maintenance, liability risks and community impacts. Dispersed systems complicate monitoring, especially during storms, increasing storage and failure risks.
- **Nationally and internationally**, there is a move away from these systems (if they are allowed to begin with) due to operational challenges and limited long-term viability. These are used as a last resort. Widespread use discouraged.
- **Council takes a neutral approach** – currently entertains 'unique' developments.

Q8:How often and under what conditions should interim Onsite Storage & Pumping be allowed?



Averse	Cautious	Neutral	Receptive	Open
No Onsite Storage and Pumping under any conditions	Onsite Storage and Pumping limited to nationally and sub-regionally significant developments e.g. Waikato hospital. Developer highly responsible and liable.	Onsite Storage and Pumping limited to 'Unique' developments beneficial to city e.g. medical centre. Developer highly responsible and liable	Onsite Storage and Pumping enabled for developments at Council discretion. Developer highly responsible and liable	Onsite Storage and Pumping enabled at any scale for any developer who requests it. Council is responsible for system and accepts risk of failure.

Q9: What 'type' of development would Council consider Onsite Storage & Pumping for?

- **Council's stance is cautious:** Current approach avoids broad use but may consider tightly controlled exceptions for strategic, non-residential, or technically sound developments.
- **Examples of existing applications:** Dairy Goat Factory – Kahikatea Drive: Onsite storage and pump with level sensor in Western Interceptor used to control discharge. Complete private ownership. In operation for 10 years.
- Jacks Landing – Quentin Drive – Special Housing Area: Pumpstation and 24 hour storage, no control loop. Public Ownership. Not effective
- Peachgrove Road Hotel Development – Pumpstation and Storage. Private Ownership. Consented but not built. Supported as an interim solution as development considered strategically important, and subject to fast track consent process.

Q9: What 'type' of development would Council consider Onsite Storage & Pumping for?

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Averse	Cautious	Neutral	Receptive	Open
Significant Industrial development with Onsite Storage and Pumping system operated as part of their process. Residential type excluded.	Non-residential (or mixed use) and Unique developments (At Scale) subject to agreed conditions.	Small scale residential units (e.g.) > 20 units , subject to agreed conditions.	Small scale e.g. < than 20 units, subject to conditions	Any development and can be as small as 'lot by lot'.

Q10: How much responsibility should Council take for approved Onsite Storage & Pumping?

- **Council is risk-averse:** Current stance avoids assuming liability unless strict conditions are met, including time limits, developer accountability, and formal response plans.
- **Systems are complex and shared:** Storage and pumping systems must integrate with the public network and weather conditions, requiring Council oversight and clear accountability.
- **High response costs and risks:** Failures often occur at night, with odour, noise, and urgent callouts—cost recovery is limited.
- **In the event of system failure:** Council cannot fully absolve itself of responsibility, resulting in legal, financial and reputational risks. Council may also be expected to provide the permanent solution earlier than planned.

Q10: How much 'responsibility' should Council take for approved On-site Storage and pumping?

WE ARE HERE

Averse	Cautious	Neutral	Receptive	Open
Council has no responsibility by not endorsing use of these systems.	Council has as little responsibility as possible. System is privately owned. Council will monitor to ensure system only operated off peak. Developer/owner will be responsible for all other operations and maintenance and responses.	Council has little responsibility. System is privately owned. Council is contracted to provide inspection, monitoring and maintenance services.	Council has some responsibility. System is vested to Council with an attached fee from developer/owner for ongoing monitoring and maintenance.	Council has full responsibility. The system is vested to Council and will be maintained fully by Council at no extra cost to developer/owner.

Wrap up

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Next Steps

- Summarise Record of Workshop.
- Finalise 26 June Council Report – Aim is to book end the Feb & April SGDP meeting resolutions relating to wastewater capacity and servicing.
- Web-based GIS Tool – Online by 30 June
- Complete Network Capacity Assessment Tool (For internal use only)
- Determine & implement next steps for updated Three Waters Connections Policy

Paatai?
Questions?
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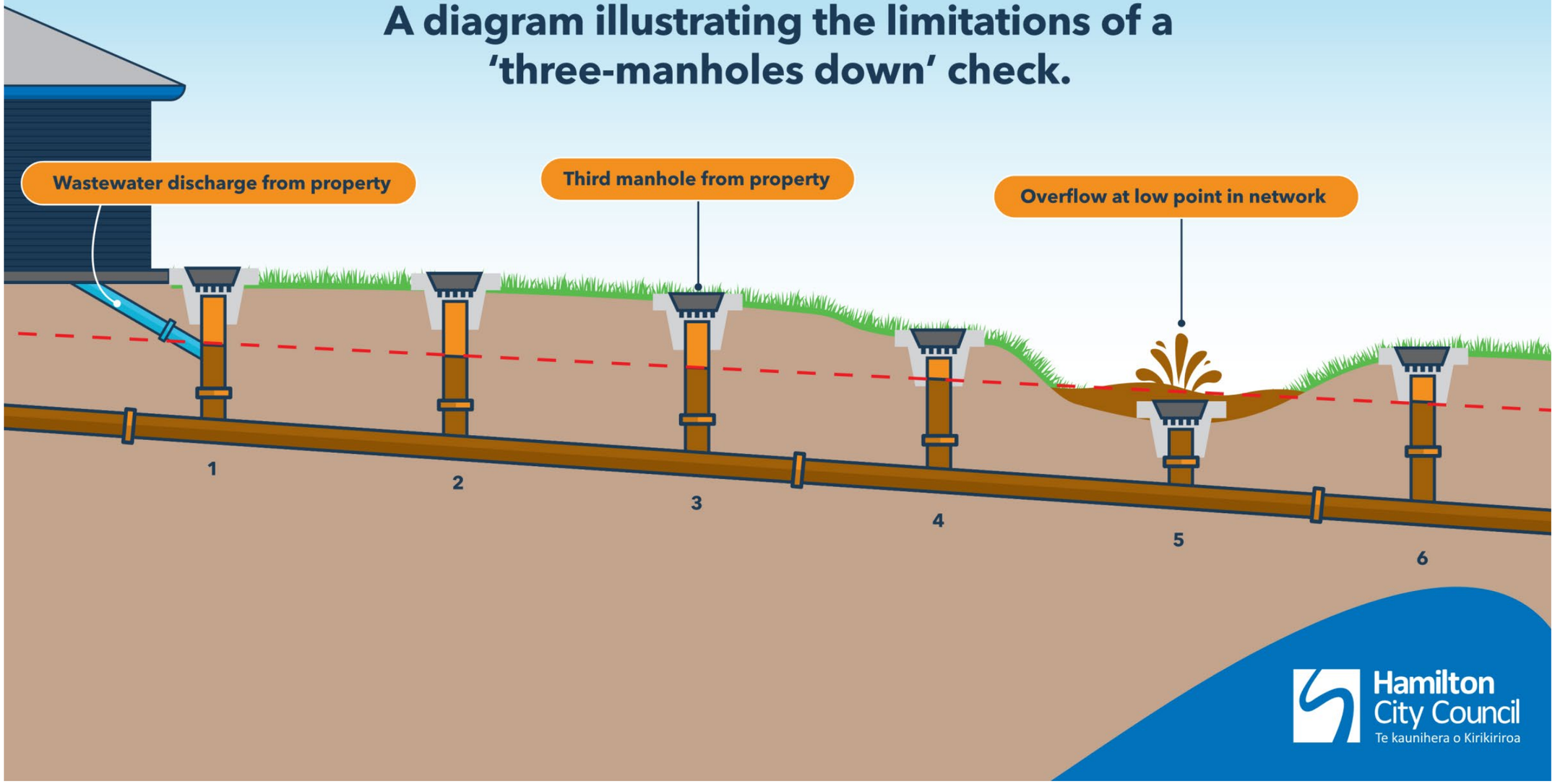
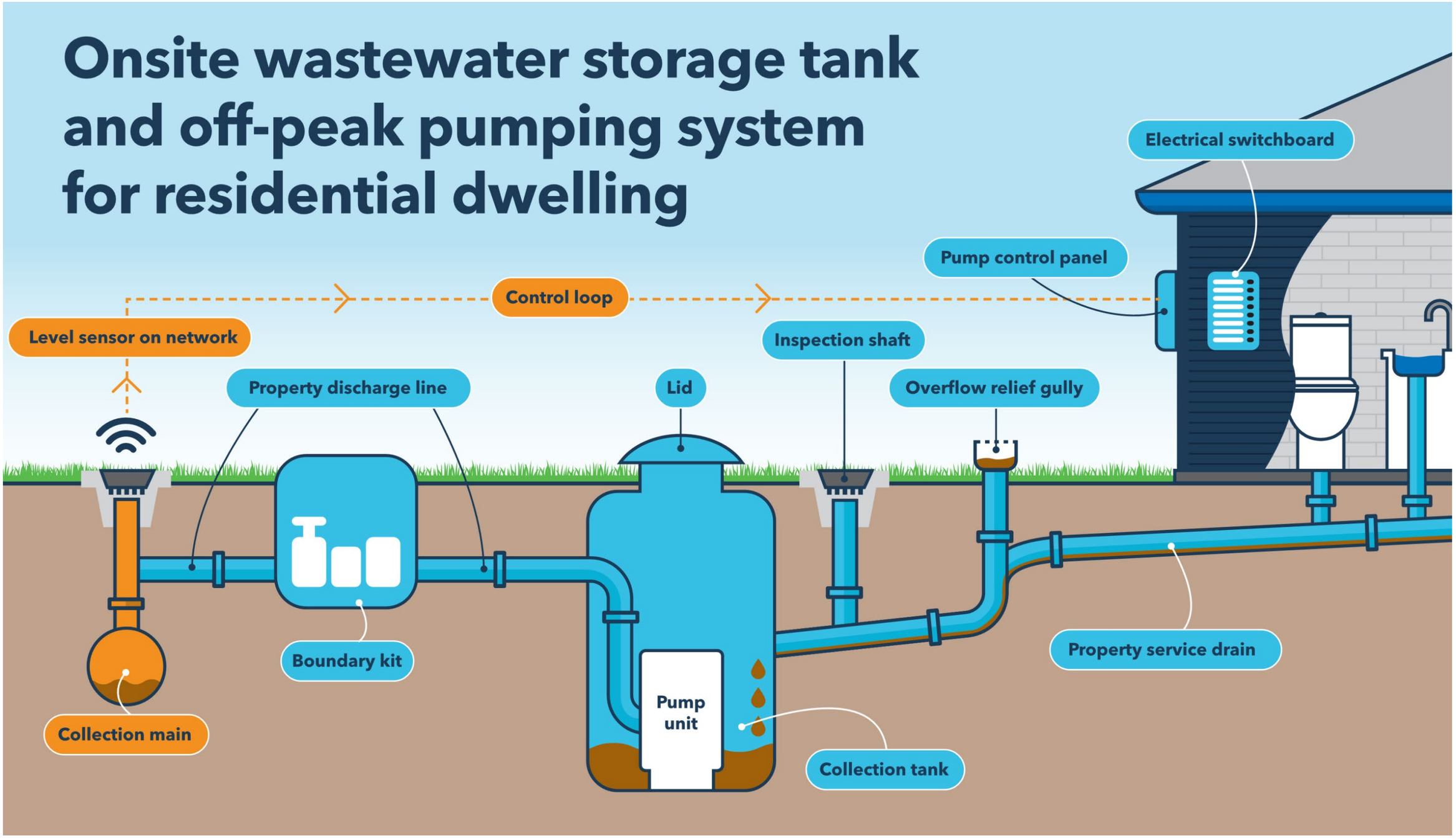
Wastewater network capacity assessment

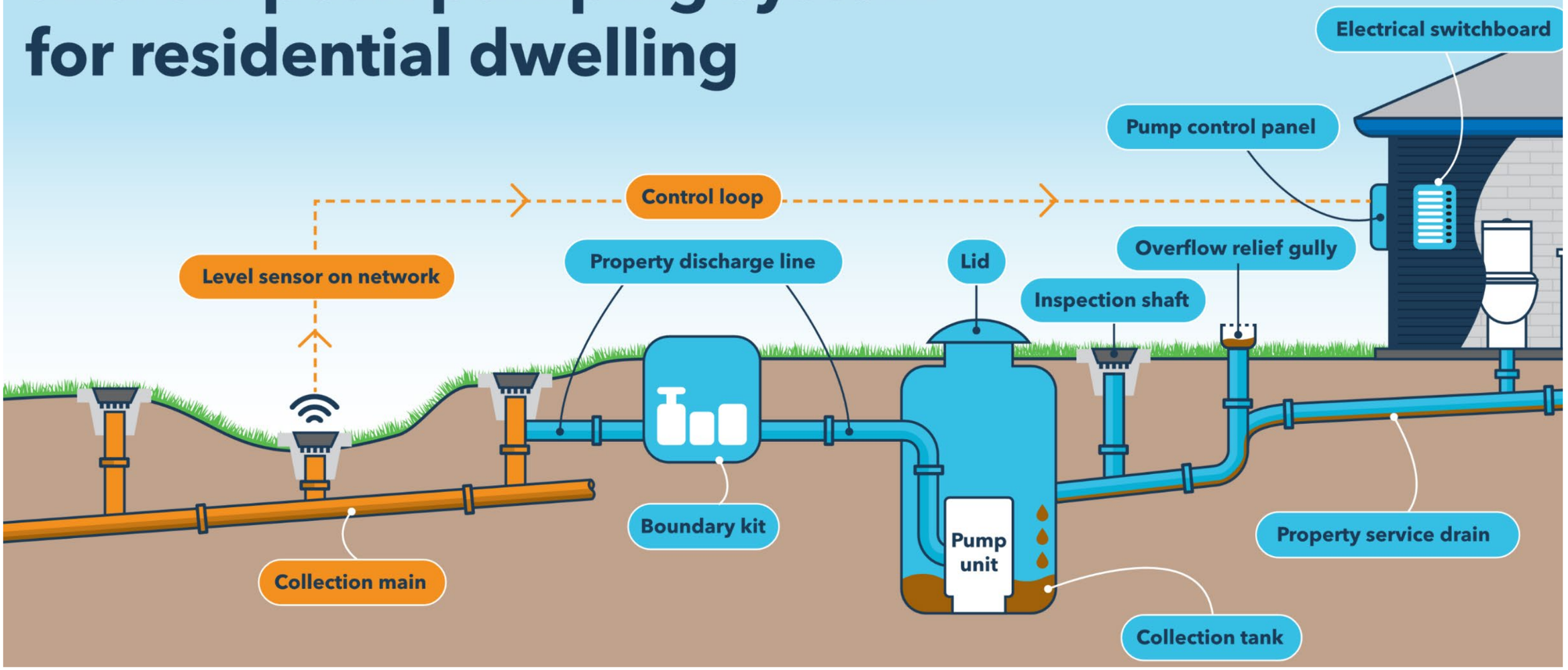
A diagram illustrating the limitations of a ‘three-manholes down’ check.

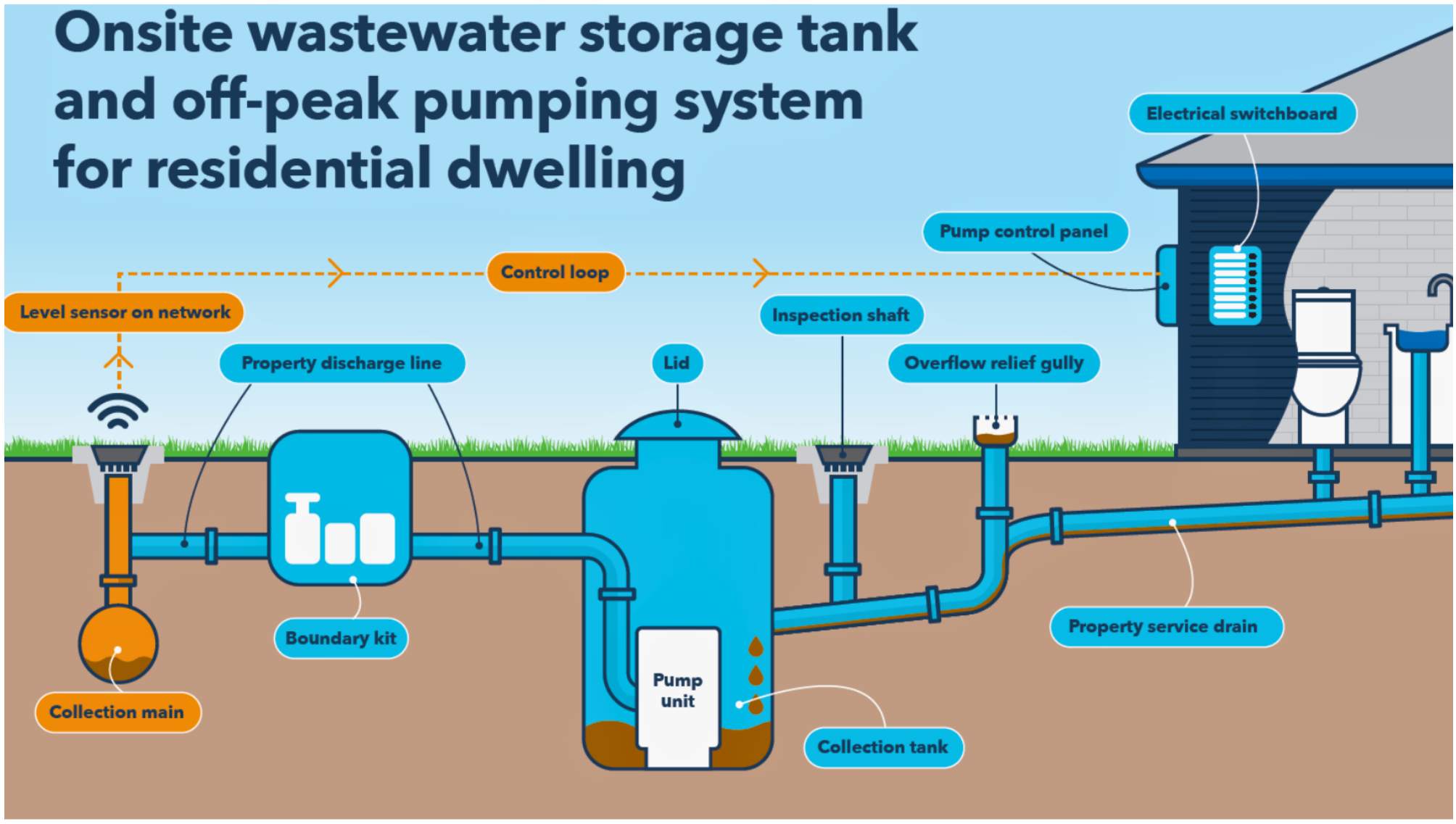


Onsite wastewater storage tank and off-peak pumping system for residential dwelling



Onsite wastewater storage tank and off-peak pumping system for residential dwelling





How do they work?

Onsite wastewater storage and off-peak pumping systems store wastewater and release it into the network when capacity allows. The key system components are storage, pumps, level sensors/controls, network connection, power supply, monitoring equipment, and pipes.

These systems require **advanced monitoring** —sensors, alarms, and SCADA —and must coordinate with the public network. Staff resources are also required even if the systems are privately owned.

If the network is unavailable or the system fails, wastewater must be removed by tanker.

System complexity and scale range from small household tanks to large multi-dwelling "tank farms." They can be applied to residential and non-residential situations. However, these interim storage and off-peak pumping systems carry various risks and operational challenges that require careful planning and resources.

Key challenges and risks

- Onsite storage and off-peak pumping systems are complex and risky to manage.
- Even with monitoring systems, the ownership, maintenance, and accountability—especially in shared or high-density settings—are challenging.
- Private systems need contracted servicing, with Council retaining oversight, audit rights, and the ability to intervene.
- Future owners of these systems may be unaware of responsibilities, increasing Council involvement.
- Failures can cause environmental harm, with Council potentially liable.
- Systems must be accessible for maintenance and can occupy a lot of space (either above or below ground) which may be challenging in intensive developments.

Other risks and challenges are included in the table below

Risk category	Private holding tanks
Operational complexity	High complexity; involves frequent monitoring, control, and coordination for dewatering or tanker removal.
Failure consequences	Significant risks (e.g. overflow, contamination, public health, regulatory, reputational); failure impacts localized but serious.
Maintenance requirements	High; ongoing need for odour control, corrosion prevention, mechanical checks, and waste removal.
Health & environmental risk	Higher risk due to odour, septicity, corrosion, and potential leakage if not managed properly.
Infrastructure upgrades incentives	Reduces pressure to upgrade public infrastructure, potentially causing long-term system backlog.
Regulatory precedent	Generally discouraged by most NZ and overseas Councils; allowed only temporarily with strict conditions.
Design & suitability	Often not suitable for single lots or small developments even if temporary and strictly managed.
Cost allocation	Entire capital and operational cost typically fall on the developer or private owner.
Long-term viability	Risk of entrenching sub-optimal solutions if used as a stopgap; difficult to phase out once widely adopted.
Monitoring & control	Requires remote monitoring and tight operational oversight; risk of control failures.
Operational resources	Even where privately owned, requires Council resource to monitor, audit and intervene if necessary.

How much storage is needed?

Storage volume depends on the number of dwellings, wastewater demand, and how long storage is needed—based on network capacity constraints.

An indication of potential storage volume based on number of houses served and a 3 - 5 day holding period is below.

	Indicative tank details		
Holding period (days)	3 - 5 day holding period (assumed)		
Number of houses served (No.)	1	10	25
Storage volumes	3,600 - 6,000 L	36,000 - 60,000 L	90,000 - 150,000 L
Above-ground tank farm	1 - 2 tanks (1.7m dia x 1.9m H)	2 - 3 tanks (3.7m dia x 2.4m H)	4 - 6 tanks (3.5m dia x 3m H)

Prioritisation Options of Reactive Funding for Constrained Areas

Option	Description	Benefits	Risks	Recommendation
First Come First Served	The constraint is prioritised based on whoever comes in and is prevented from development first	Responds directly to development requests	Solution may be complex and take time to install Solution may be expensive and only benefit the applicant Solution may not allow development of other areas Council does not have decision-making power over where and when the work needs to occur No certainty for other developers on when areas will be resolved Will need to be tracked carefully to not promise solutions to everyone that will not be able to be funded/built	**Not recommended** for the reasons outlined in the Risks section. May only benefit limited developers at a high cost.
Significant / Beneficial Developments	Council decides to use the reactive fund only if a development is considered to provide benefit to the city. This could be social, economic, cultural etc.	Council chooses developments that will offer benefits to the city and offer more value than individual housing developments. Council has decision-making power over what developments will utilise the funding.	Solution may be complex and take time to install Solution may be expensive and only benefit the applicant Solution may not allow development of other areas Council does not have decision-making power over where and when the work needs to occur No certainty for other developers on when areas will be resolved The reactive fund is only available to certain types of developments	**Not recommended** for the reasons outlined in the Risks section. Limits opportunity to unlock constraint areas.
Benefits Analysis	Council prioritises areas to unlock using the reactive fund. The constraint areas would be prioritised using analysis against a number of factors (see Benefits Analysis table below).	Council has decision-making power. Uses the available funds efficiently Likely to resolve some issues quickly Council can manage and communicate what is happening	Immediate needs of some developers will not be resolved.	**Recommended** as the preferred option for the reasons outlined in the Benefits section Will result in a better outcome for the city as a whole.

Benefits Analysis: Metrics for Decision-making	
Area	The gross area of the constraint.
Complexity	How complex is the solution. This is usually also reflected in the cost
Time to implement	How quickly can the solution be put in place.
Cost	What is the estimated cost to remove the constraint
Zoning	What is the District Plan zoning within the constraint area.
Predicted growth	What do the population predictions show is the increase in population in the constraint area
Enquiries	How many enquiries have HCC had about development within the constraint area
Type of development served	What types of development will the upgrade enable. Does it include areas for social housing, accessible housing, affordable housing. Does it improve network performance and outcomes for lower socio-economic areas.

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject 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(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Council Public Excluded Minutes 29 May C2. Confirmation of the Elected Member Closed Briefing Notes 7 May 2025 C3. Confirmation of the Elected Member Closed Briefing Notes 14 May 2025 C4. Confirmation of the Elected Member Closed Briefing Notes 22 May 2025 C5. Confirmation of the Elected Member Closed Briefing Notes 28 May 2025 C6. Artificial Turf Funding - Application to The Lion Foundation C7. Recommendations to the Council from Public Excluded Committee Meetings C8. Confirmation of the CE Review Committee Public Excluded Minutes C9. Recommendation from the CE Review Committee meeting 9 June 2025	) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987	Section 48(1)(a)

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C4.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C5.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C6.	to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (h) Section 7 (2) (i)
Item C7.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C8.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C9.	to protect the privacy of natural persons; AND to prevent the disclosure or use of official information for improper gain or improper advantage.	Section 7 (2) (a) Section 7 (2) (j)