



TE KAUNIHERA Ā-ROHE O
ŌTOROHANGA
DISTRICT COUNCIL

DRAFT WATER SERVICES DELIVERY PLAN

ŌTOROHANGA DISTRICT COUNCIL

Adopted 12 August 2025

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Overview of plan

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

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

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

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

Introduction to Waikato Water Done Well

1. The Waikato is known nationally for its leadership in managing water to help ensure better long-term outcomes for the Waikato and Waipā rivers, Hauraki Coromandel rivers and Tīkapa Moana/Hauraki Gulf.
2. In July 2023, what is now referred to as Waikato Water Done Well was initiated by Waikato Iwi Chairs and Waikato Council Mayors². From this, the combined forum of Waikato Iwi Chairs and Mayors was formed (**Joint Forum**) and the Waikato Water Done Well programme of work was mandated. Over almost the last two years, councils have reflected on how they can strategically approach the delivery of water services to maximise both local and regional benefits.
3. Concurrently, under Local Water Done Well, all councils in New Zealand were required to develop a financially sustainable and regulatory-compliant model for delivering water services to their communities. Councils have been encouraged to consider how to meet the requirements of Local Water Done Well, including whether creating a jointly owned water organisation is the optimal structure for their communities.
4. To collectively address the identified common challenges, under Waikato Water Done Well, Waikato councils co-designed a proposed model for the delivery of water services. This model is centred around the vision of *Te Mana o Te Wai, Te Mana o Te Tangata | Healthy Water, Healthy People*. The vision establishes a foundation for strategic, results-oriented water services governance and delivery under which community benefits in the long term. The vision is captured in the company constitution of Waikato Waters, which has been established to deliver on the following strategic outcomes:
 - a) **Financial sustainability:** create scale and change (including through further Company expansion opportunities) to enable the significant investment required to deliver efficient and financially sustainable water services that comply with regulatory requirements and enable urban and commercial development.
 - b) **Leading workforce:** create the conditions to build and sustain a highly skilled, adaptable and world-leading water workforce that can innovate and collaborate to drive outcomes for the part of the Waikato region serviced by the Company (and in collaboration (where practicable) with other service providers in the wider region).
 - c) **Customer focus:** be customer-focused, leveraging new technologies, while also building customer awareness of their role in the water system and the value of water.
 - d) **Local influence:** ensure local voice is represented in critical decision-making around water investment and management across the region, including decisions in relation to water takes and water discharges.
 - e) **Delivering on expectations:** meet the expectations of key partners and stakeholders including those represented in Treaty settlements and applicable joint management agreements.
 - f) **Health and the environment:** protecting public health and the environment.
5. At the core of the model is a move towards a catchment-based approach to the health of water. By working together, there is the opportunity to get a better return on financial investment and achieve better outcomes in terms of the health of water bodies.
6. Waikato Waters provides a future-focused opportunity that transcends boundaries, allowing councils to show leadership in water services delivery for generations to come, with a unified voice and increased scale. This

² This included the Chair of the Waikato Regional Council.

strategic opportunity to work together for the benefit of communities and the wider region was recognised during negotiations with reference to the whakatauhāki by the late King Tāwhiao:

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

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

7. Following public consultation, each of the WWDW councils have adopted the WWDW service delivery model and established the multi-council owned limited liability company, Waikato Waters, for the purpose of providing drinking water and wastewater services across their respective service area.
8. To manage the risk of multiple council businesses coming together in Waikato Waters, the WWDW councils have agreed that they will transfer their respective water services business into Waikato Waters in a staggered manner over a 12-month period from 1 July 2026 to 1 July 2027. Although transfer will be staged, the framework for transferring will be consistent as each WWDW council has committed via the Shareholders Agreement to:
 - a) entering into a template transfer agreement with Waikato Waters within an agreed timeframe before a council is due to transfer its business to Waikato Waters
 - b) completing that agreement in accordance with set transfer principles.
 - c) Ōtorohanga District Council has resolved to transfer to Waikato Waters on 1 July 2027
9. An objective of the WWDW councils is that, as part of the transition into Waikato Waters, there is an opportunity for Waikato Waters (and its shareholding councils) to:
 - a) benefit from strategic relationships with lwi partners to deliver on its purpose (and identify cost effective solutions to resource consents); and
 - b) build upon existing co-governance entities / authorities of the region.

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

Statement that water services delivery is financially sustainable

Statement that water services delivery is financially sustainable

Financially sustainable water services provision

Drinking Water and Wastewater Services

Ōtorohanga District Council has determined that drinking water and wastewater services will be provided in its district by it transferring responsibility to a multi-council owned water organisation. The water organisation is a limited liability company with the name Waikato Waters. It was incorporated on 24 July 2025. The company constitution is available online [New Zealand Companies Register](#). At the date of submission of this plan, Waikato Waters is equally owned by the following councils:

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

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

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

The financial sustainability projected by Waikato Waters is supported by:

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

The findings of the independent review of the Waikato Water Done Well financial model by Infometrics for drinking water and wastewater are that the model:

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

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

Statement that water services delivery is financially sustainable

Transitional arrangements:

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

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

Waikato Waters will be governed by an independent Board of Directors who will provide governance oversight in relation to the implementation of a detailed establishment plan and adherence to shareholding council obligations to ensure the financially sustainable position is safeguarded.

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

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

The projected borrowings for Waikato Waters are within the covenants WWDW understand will apply to it under LGFA guidance.

Stormwater Services

Ōtorohanga District Council will continue to deliver operations and maintenance activities for both urban and rural stormwater services. Minor capital works (fitting, mechanical and electrical) are expected to be delivered internally while major capital projects will be outsourced with in-house project management. External providers may include Waikato Waters Limited or other suitably qualified providers.

The financial sustainability projected by Ōtorohanga District Council for the stormwater activity is supported by:

- Detailed financial modelling carried out to support council decision making (viability and sustainability report carried out by Martin Jenkins and Beca).
- Detailed information included in Part B and D of this plan.

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

Proposed delivery model

Proposed model to deliver financially sustainable water services

The proposed model to deliver water services

Description of Delivery Model - Water and Wastewater

As noted above, Waikato Waters is a limited liability company that is owned by the councils listed in section 1. It is established as a water organisation within the meaning of the relevant legislation. As a council owned entity, Waikato Waters is a council-controlled organisation (CCO).

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

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

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

1 July 2026	1 Oct 2026	1 July 2027
Waipā DC	Matamata-Piako DC	Hauraki DC
South Waikato DC		Ōtorohanga DC
Waitomo DC		

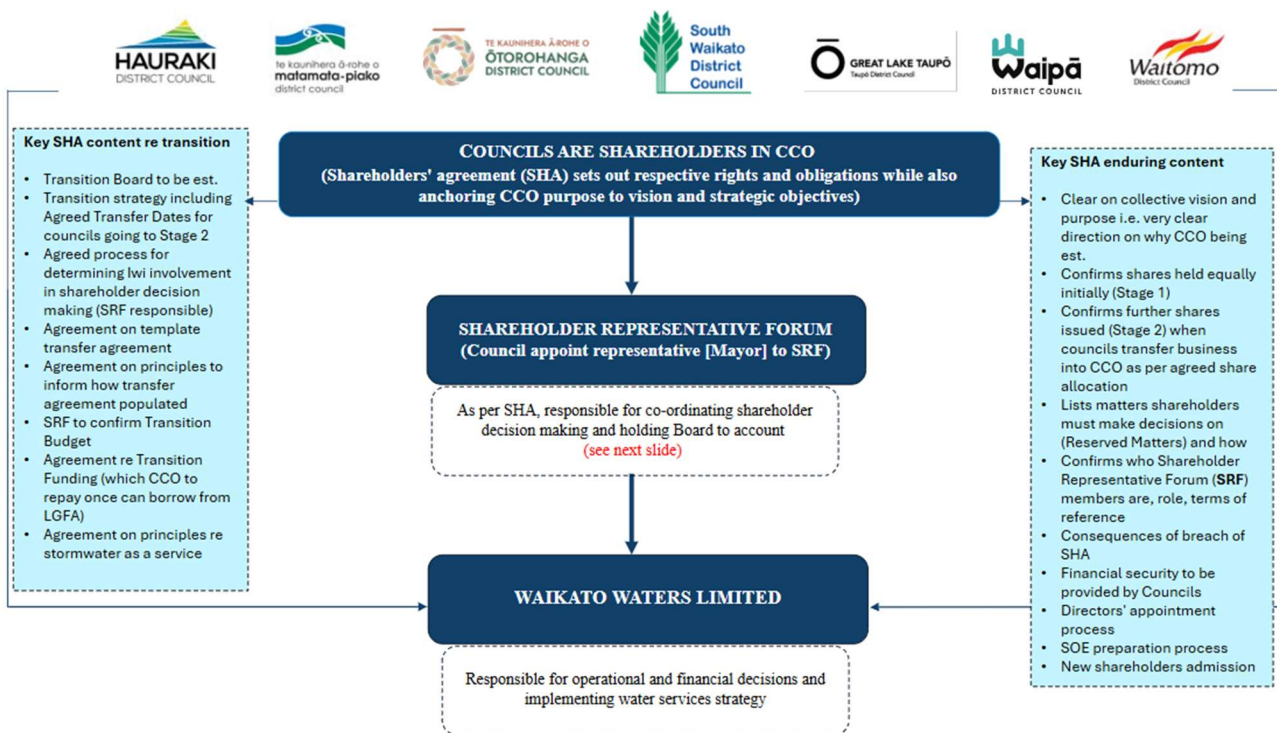
In accordance with legislative requirements, the transfer of responsibility will be implemented through a transfer agreement setting out the infrastructure, related assets and liabilities (including debt) transferring from the council to Waikato Waters. There is also a process to transition identified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

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

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

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

Proposed model to deliver financially sustainable water services



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

Why was Waikato Water Done Well chosen

For some time, it has been clear that the manner in which water services are delivered needs to change. With increased regulation and ring-fencing requirements, across several districts, rates affordability is getting stretched. Furthermore, costs of infrastructure are rising and there is an increased need for infrastructure to meet the growing population and for timely renewals to replace aging plant and pipes. With the future in mind, it became evident to a number of Waikato councils that the status quo was no longer sustainable.

These factors led to the genesis of Waikato Water Done Well with councils and Iwi coming together to identify how to collectively address shared challenges and maximise the ability to realise opportunities. The agreed solution to these challenges and opportunities was the co-design of a joined-up approach for drinking water and wastewater services.

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

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

Proposed model to deliver financially sustainable water services

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

- a) the long-term efficiencies that can be generated across operating and capital costs by aggregating several councils' water activities together. The efficiencies that can be achieved from scale are greater than those that a standalone council can generate
- b) the ability of Waikato Waters to access greater borrowing and so unlock additional financing over and above what a standalone council can unlock. The access to higher debt levels enables the cost of investments to be spread over long life assets (some of which have a lifespan of 75-100 years) and across the generations who use them.

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

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

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

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

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

Water services revenue – ring-fenced and future revenue

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

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

- **1 July 2025 to 1 July 2026:** water services will be provided and charged for by councils in accordance with council Long Term Plans or Annual Plans.
- **From a council's agreed date of transfer through to application of the first water services strategy (no later than 1 July 2027):** Waikato Waters will (subject to exceptions set out in the SHA) implement pricing as follows:
 - Maintain differential pricing across shareholding councils who have completed the transfer of their business)

Proposed model to deliver financially sustainable water services

- Ensure Drinking water and wastewater charges are no higher than forecast by the shareholding council for the purpose of financial modelling (assuming the same operating environment)
- Billing continues consistent with how the shareholding council currently bills.
- **By December 2026** (i.e. 6 months before the first water services strategy is due) shareholders will agree a combined Statement of Expectations to inform the water services strategy.
- A core shareholder expectation is that when setting prices in the first water services strategy, the Board will target a price path lower than the status quo projected by a shareholder in its enhanced status quo.
- **No later than 1 July 2027:** the water services strategy (including pricing) will be adopted by the Board for the period up until 30 June 2030 (informed by Statement of Expectations).

Billing arrangements

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

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

Description of Delivery Model - Stormwater

Ōtorohanga District Council delivers stormwater services to both Ōtorohanga and Kāwhia. Services are also provided to a limited extent to the community of Aotea.

- The Ōtorohanga stormwater network is made up 20.5kms of pipes and 4.5kms of open drains which works in tandem with the Ōtorohanga Flood Protection Scheme's stopbanks and pump stations to protect property and prevent erosion.
- The Kāwhia stormwater system consists of 3.4km of pipes, 0.5km of open drains and one small pump station located in a low-lying area.
- Aotea's stormwater assets consist mainly of soakage devices and overland flow soaking through the sand base.

Across the district, directing stormwater from/under roads is managed as a part of our land transport group of activities.

Council is retaining the delivery of stormwater activities and will continue to perform this service in-house in the following manner:

- Minor capital works (fitting, mechanical and electrical) are to be delivered internally
- Major capital projects will be outsourced with in-house project management. External providers may include Waikato Waters Limited or other suitably qualified providers.

Stormwater services revenue – ring-fenced and future revenue

The stormwater activity is currently ringfenced and meets regulatory requirements.

- Stormwater revenues are spent on stormwater services

Proposed model to deliver financially sustainable water services

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

This is achieved by:

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

Why was In-house delivery chosen

Unlike water and wastewater services, the delivery of stormwater is catchment specific requiring detailed local knowledge of both terrain and microclimate. Stormwater also inextricably linked with Council's flood protection assets, parks and drainage related to the roading network. Together these assets protect people and property from the effects of flooding and other forms of water damage.

With good local knowledge and strong relationships between Council's teams, it was thought that the current arrangements with respect to stormwater would provide for a more integrated approach for the delivery of this activity.

Although the activity will be retained in-house Ōtorohanga, as with all the other Waikato Waters Ltd shareholder councils, have the option to have their stormwater functions delivered by Waikato Waters Ltd, via a service level agreement.

Billing arrangements

No significant changes are anticipated to the way stormwater revenue is currently charged and collected. Revenue will continue to be collected via a targeted rate (90-100%) and development contributions (0-10%). The only change will likely be the use of a specific targeted rate, rather than through a more general targeted rate.

Currently the charging is within targeted community rates for the relevant community that the stormwater sits in, billed every 6 months. After transition, this will change to a specific targeted rate, either invoiced separately, or within the existing rates invoices. This charging method will depend on the cashflow requirements and how that impacts on charging frequency.

Implementation plan

Implementing the proposed service delivery model

The proposed model to deliver water and wastewater

- Waikato Waters has been incorporated with strong foundational documentation (SHA and constitution) in place.
- By signing the SHA, the WWDW councils have contractually committed to:
 - transferring their water business on an agreed transfer date
 - completing a Transfer Agreement with Waikato Waters based on a common template that will be populated in accordance with agreed transfer principles
 - continuing to operate water services until their transfer date in compliance with statutory obligations and their relevant LTP (or latest annual plan)
 - between the date of signing the SHA and the date of transfer, engage with Waikato Waters in relation to specific matters (set out in the Major Decisions schedule to the SHA) so that councils and Waikato Waters are operating in accordance with the principle of no surprises
- Schedule 3 of the SHA includes the Establishment Strategy which sets out the establishment objectives and principles to inform the establishment plan.
- Based on this, a detailed establishment plan has been developed and approved, together with an establishment budget approved by the Shareholder Representative Forum. The establishment plan includes a consistent approach to change management including governance leadership, impact and readiness assessments, and regular monitoring and management of change, and stakeholder management.
- An independent establishment Board has been appointed to provide governance oversight over the establishment plan implementation.
- An establishment team has been established with a single focus on ensuring all steps are taken for Waikato Waters to become operational on 1 July 2026.

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

- Assets and debt associated with stormwater will remain with councils, but it is expected that Waikato Waters will undertake stormwater management functions under a service agreement with those councils who seek this.
- Councils will continue to set the strategic priorities and direction for Waikato Waters. These matters will be captured in the combined Statement of Expectations.
- Waikato Waters has the following structure (which aligns with legislative requirements):
 - Shares can only be held by a council: they cannot be sold or transferred and so the water organisation cannot be privatised.
 - A visual of the ownership structure and how Shareholding Councils will hold the Waikato Water Done Well CCO to account is included in section 2 above.
 - Waikato Waters will be / is governed by a professional board of directors with the necessary skills, knowledge and experience to guide it and contribute to the achievement of its strategic outcomes and objectives.

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

The proposed model to deliver stormwater services

Operational services and minor capital works for stormwater will continued be delivered by Council in-house. Major capital works will be contracted out to appropriate providers project managed by Council staff. Provision will made to ensure that these services are ringfenced as discrete activities prior to 30 June 2028.

Consultation and engagement

Consultation and engagement undertaken

Waikato Water Done Well

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

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

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

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

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

Ōtorohanga District Council

Following the enactment of the WSPAA ŌDC developed a communication plan and set up a web page to inform and engage the community about LWDW and the action Council was taking to prepare its WSDP. It also took the opportunity to brief key stakeholders such as mana whenua and rural water scheme users as opportunities arose. Having completed its analysis of water service options, formal consultation on its preferred option (WWDW) was undertaken from 9 April to 6 May 2025. A range of engagement tactics were deployed immediately prior to and during the consultation period including:

- Publication of a consultation document (CD) titled 'Kōrero Wai – Let's Talk Water, Local Water Done Well'
- Mayoral and Elected Member led public meetings at Arohena, Ōtorohanga and Kāwhia as well as targeted briefings for mana whenua and Rural Water Scheme Committees
- A set of Frequently Asked Questions (FAQs) for succinct answers to common questions on LWDW and ŌDC's proposed water service delivery arrangements were also provided via the website.
- Newspaper and social media channels were also used to alert the public that consultation was being undertaken.

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

Consultation and engagement

Hearings were held on 27 April and all submissions were deliberated on 10 June with Council making its final decision on the water service delivery model for inclusion in its WSDP on 24 June 2025. Essentially, its decision was to:

- a) Become a Stage One shareholder in WWL
- b) Transition to becoming a Stage Two shareholder for the delivery of water supply and wastewater services in 2027/28 on the proviso that the district was no worse off - financially and operationally than it would be under its enhanced in-house model (Enhanced Status Quo Model)
- c) Continue delivering district stormwater services 'in-house' in a manner compliant with legislative requirements.

The caveat of 'no worse off' relating to transitioning to becoming a Stage Two shareholder was based on preliminary information and modelling which suggested the WWDW model was less advantageous for the district under a worst-case scenario. Council's reasoning for making the proviso was fully disclosed to the WWDW Project Team and its council colleagues.

The Heads of Agreement (HoD) initially signed by the participating Waikato councils and preliminary drafts of the shareholders agreement (SHA) would have allowed some room for ŌDC's to exercise its caveat should circumstances require. However, during the development of the foundation documents for WWL, which were not finalised until after the consultation process was complete, the collective thinking on the basis for councils joining or leaving WWDW were further refined. As a consequence, the ability for ŌDC to fully exercise its caveat with respect to becoming a Stage Two shareholder diminished and, although possible, is likely to come with substantive costs.

To enable WWL to be incorporated, participating councils were required to sign the SHA in July 2025. ŌDC took the view that although the worst-case scenario modelled by WWDW presents some risk for Council, this scenario is not anticipated and the significant advantages of WWDW for the district outweighed the possible threat this scenario may pose. On the 23rd of July 2025, Council resolved⁵ to approve the incorporation of WWL with ŌDC being one of the shareholders of that company. In doing so it acknowledged that the final SHA presented did not contain a clause that would specifically allow for its caveat, as previously resolved on 24 June.

ŌDC, alongside its colleagues, is now a shareholder of WWL.

⁵ Refer to Ōtorohanga District Council resolution C404 for full wording.

Assurance and adoption of the Plan

Assurance and adoption of the Plan

Council resolution to adopt the Plan

This plan was adopted by the Ōtorohanga District Council on 12 August 2025. A copy of the resolution passed in relation to the adoption of this plan is attached as **Appendix 2**. For completeness, a copy of the resolution agreeing to the establishment of Waikato Waters Limited dated 23 July 2025 is attached as **Appendix 3**

Certification of the Chief Executive of Ōtorohanga District Council

Ōtorohanga District Council has prepared its WSDP in-house, working closely with the Waikato Water Done Well programme team.

In order to determine its preferred model for the delivery of water services Council has undertaken its own three-step analysis to compare and analyse the differences and similarities between the water service models investigated. The three-step process filtered the water service delivery options available under the Local Government (Water Services Preliminary Arrangements) Act 2024 on the basis of ability to comply with the viability thresholds in the legislation (step 1) then analysed the viable options against a set of weighted criteria (step 2). The third step in the process was analysing the viable options from a financial perspective.

Information in this Plan has been collated from various documents including Council's 2024/34 Long Term Plan, Infrastructure Strategy, and relevant Asset Management Plans. In preparing this plan, Council has been supported by Beca, MartinJenkins and Mafic. This included an independent assessment of viability and sustainability of Council's existing water services and modelling of an option for Council based on the delivery of water services in-house with some refinements to comply with the LWDW legislation (Enhanced Status Quo model). Beca has also reviewed this WSDP and the scope of the services performed is included in **Appendix 3**.

In relation to drinking water and wastewater, Council has also been supported by the Waikato Water Done Well programme team in the completion of specific aspects of this plan namely, Part A, relevant Parts of C(1) and (2) and Part D (drinking water and wastewater). The risks to the delivery of these water services are set out in the relevant section below, together with the mitigating actions that are being taken. The ability to deliver on this water services delivery plan is dependent upon these mitigating actions being effective. This will be a matter for the Board of Waikato Waters and the executive leadership to drive. Waikato Waters has been created to put each shareholding council in a better position to address the challenges than if it were to go it alone.

Subject to the above, I certify that to the best of my knowledge, and after having made all reasonable enquiry (including the assurance set out above), the information contained in this water services delivery plan:

- complies with the Local Government (Water Services Preliminary Arrangements) Act 2024, and
- is true and accurate.

Signed: _____
Name: Tanya Winter
Designation: Chief Executive
Council: Ōtorohanga District Council
Date: _____

Part B: Network performance

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

Investment required in water services
Serviced population Current population serviced by Ōtorohanga District Council The district population is largely rurally based (69.9%), supported by the two main urban areas - Ōtorohanga township and the Aotea/Kāwhia community. District population in 2023 was estimated to be 10,900. Population growth is expected to continue albeit gradually. By 2048, resident population is projected to be 12,656 with a corresponding growth in households from 3,872 in 2024 to 4,644 by 2048 (20% increase) (LTP 2024-2034). Recent developments are expected to add to residential growth in Ōtorohanga town: 1. The completion of the Waikeria Prison expansion, this facility is to the north of Ōtorohanga and the district’s comparably low property values, (against neighbouring Waipā District), will may appeal to the new permanent workforce. 2. Completion of stage 1 and 2 of the NKC subdivision on Harper Avenue will see the start of construction of an additional 80 dwellings and with the expected completion of stage 3 and 4 in 2024-25 an additional 40 homes will be built. For Kāwhia township, the number of permanent residents is estimated to be 339 people. Holiday season populations are however much higher. While accurate data is not currently available, the best assessment of the temporary peak population is in the order of 3,000 residents for the two to three weeks of Christmas, and often 2,000 during other holiday periods. (Ōtorohanga DC Wastewater and Stormwater AMP 2024). Unserviced communities Aotea, population of approximately 78, is the only small community that is not serviced by Council except for a small amount of stormwater roading infrastructure. The community does have a small private water supply servicing part of the coastal village but no wastewater services, relying on septic tank systems. Similarly, Kāwhia has no wastewater system although it is serviced with reticulated water and stormwater. Over the last few years, the provision of wastewater services has been investigated but this work has not progressed beyond the feasibility/concept stage given the substantive cost to install the service and the difficulties with disposal of treated effluent, which most likely needs to be land based.

Investment required in water services

Table 1: Water Supply Projected Service Populations

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	6024	6045	6068	6089	6112	6233	6156	6180	6201	6224
Total residential connections (including rural households)	2,317	2,325	2,334	2,342	2,351	2,359	2,368	2,377	2,385	2,394
Total non-residential connections	290	290	290	290	290	290	290	290	290	290

Table 2: Wastewater Projected Service Populations

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	3606	3619	3632	3647	3660	3673	3686	3699	3712	3725
Total residential connections	1,387	1,392	1,397	1,403	1,408	1,413	1,418	1,423	1,428	1,433
Total non-residential connections	160	160	160	160	160	160	160	160	160	160

Table 3: Stormwater Projected Service Populations

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	5202	5203	5203	5204	5204	5205	5206	5206	5208	5207
Total residential connections	1823	1823	1823	1823	1823	1823	1824	1824	1824	1824
Total non-residential connections	178	178	178	178	178	178	178	178	178	178

Data Sources: 2024 LTP projections

Investment required in water services

Serviced areas

Serviced areas and asset overview

Water supply

Ōtorohanga District Council's water supply networks, currently serve the Ōtorohanga and Kāwhia urban communities and the defined rural supply areas (RWS) of Waipā, Tihiroa and Arohena. Council also administers a stock-water only rural scheme in the Ranginui area

The urban areas of Kāwhia and Ōtorohanga have their own water schemes – around 1500 connections in Ōtorohanga and 470 in Kāwhia – a total of 114.2 km of pipeline and 7 reservoirs (capacity 4,100m³). The Ōtorohanga water supply is drawn from the Waipā River and treated. The Kāwhia water supply is drawn from local springs and treated.

The four rural water schemes collectively supply 232 properties and are comprised of 165 km of pipeline, and 11 reservoirs with a total capacity of 2,993m³. Water is supplied on a controlled ('trickle-feed') basis. The Waipā Rural Water Scheme is supplied via the Ōtorohanga Treatment Plant, with the other schemes drawing water from local rivers/streams.

Council has identified five issues that will have a significant impact on the way water supply is managed into the future:

1. Climate Change – weather patterns, natural hazards and resilience.
2. Growth – the impact of a growing community.
3. Asset Data Capture – understanding what we have so we can make informed decisions.
4. Resourcing - to advance an ambitious capital works programme.
5. Affordability – meeting government expectations of compliance continues to increase cost to Council to operate water supplies, especially in the rural areas with small rating base. Assets reaching the end of useful life over the next 10 years will require continued investment.

The schematic below shows the layout of the water supply systems. Note: Ranginui is non potable – stock water only and is excluded from the WSDP.

Otorohanga District Water Supplies

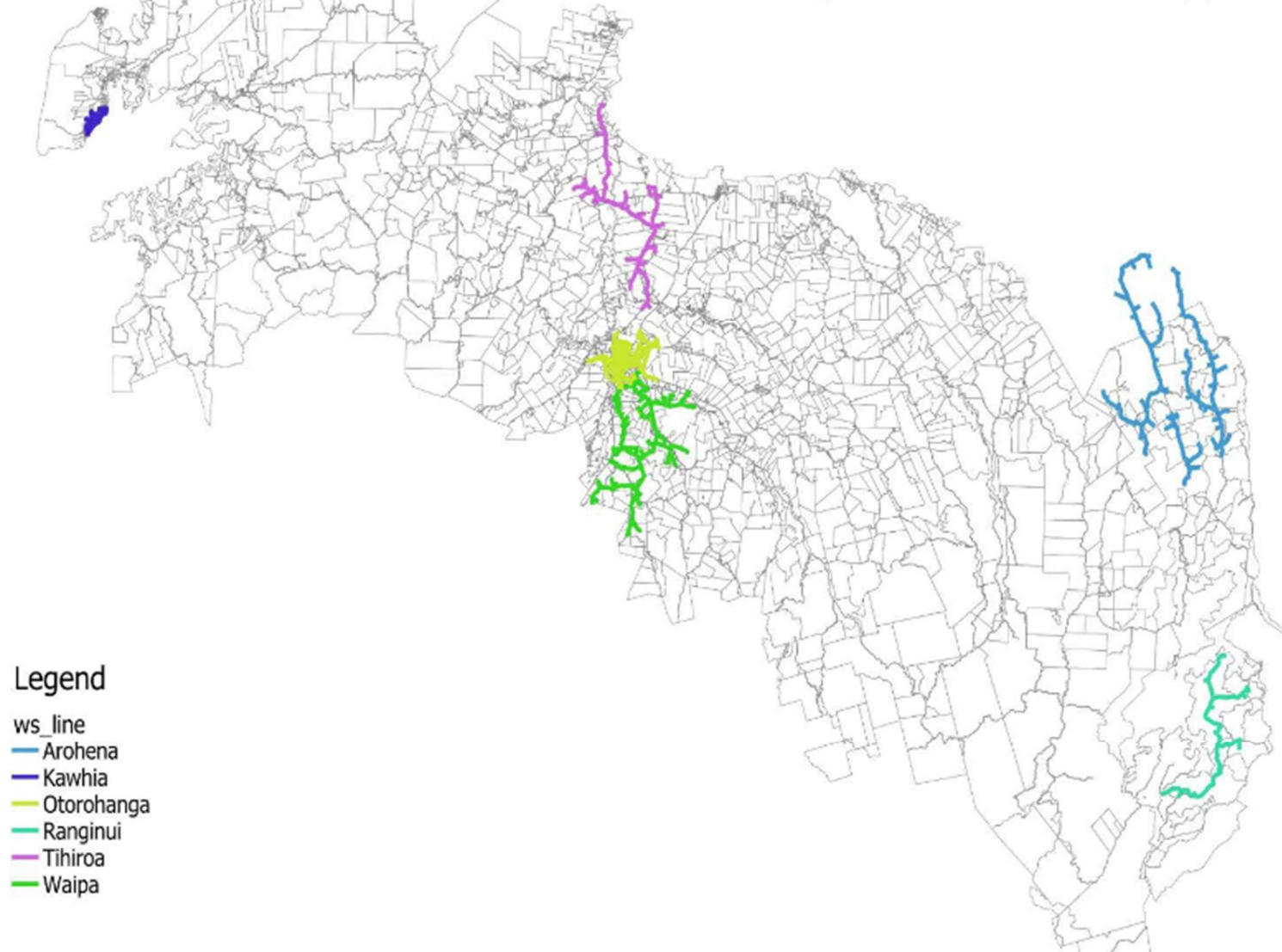


Figure 1: Ōtorohanga District Water Supply Network

Investment required in water services

Wastewater

The Ōtorohanga wastewater (sewerage) system, in general, serves only the defined Ōtorohanga Community area. There are about 1400 connected properties serviced by 32km of pipeline and 16 pump stations. Wastewater is piped to the treatment plant (aerated oxidation pond) at the northern end of the town, with the treated water being discharged into the Mangaorongo Stream via coagulation treatment ponds and wetland.

The schematic below shows the layout of the wastewater system

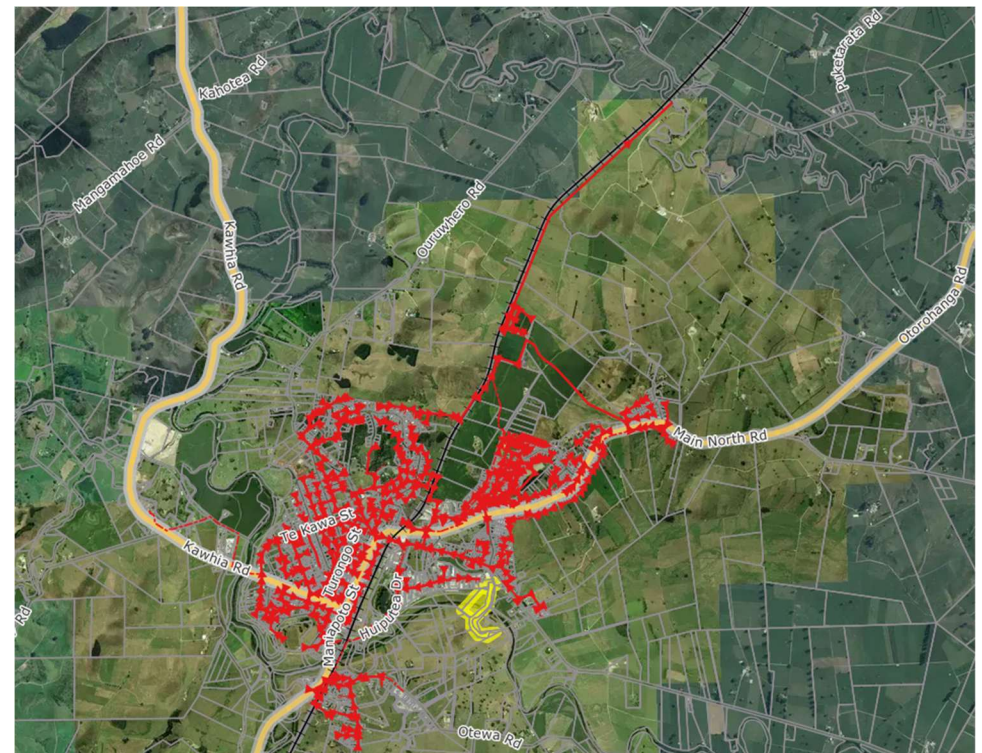


Figure 2: Ōtorohanga Wastewater Network (Infomap 2024)

Investment required in water services

Stormwater

The Ōtorohanga stormwater system and the Kāwhia stormwater system, in general, service only the defined community area. In Ōtorohanga Township the system includes the flood protection scheme. Drainage outside of the urban communities is managed by Waikato Regional Council.

The Ōtorohanga stormwater system is comprised of 4 main catchments covering a total area of 166Ha (population circa 2,000). Stormwater is drained by gravity into the Waipā River via 20.5km of pipes and 4.5km of open drains unless river levels are high and then discharge is pumped through flood pumps under the stopbanks at three main locations - Huipūtea Drive, Mair Street and Ōtewā Road.

The Kāwhia stormwater system is comprised of 5 main catchments with a total area of 150Ha (population circa 384). Stormwater is drained by gravity to the Kāwhia Harbour via 3.4km of pipes and 0.5km of open drains, with one small pump station in a low-lying area.

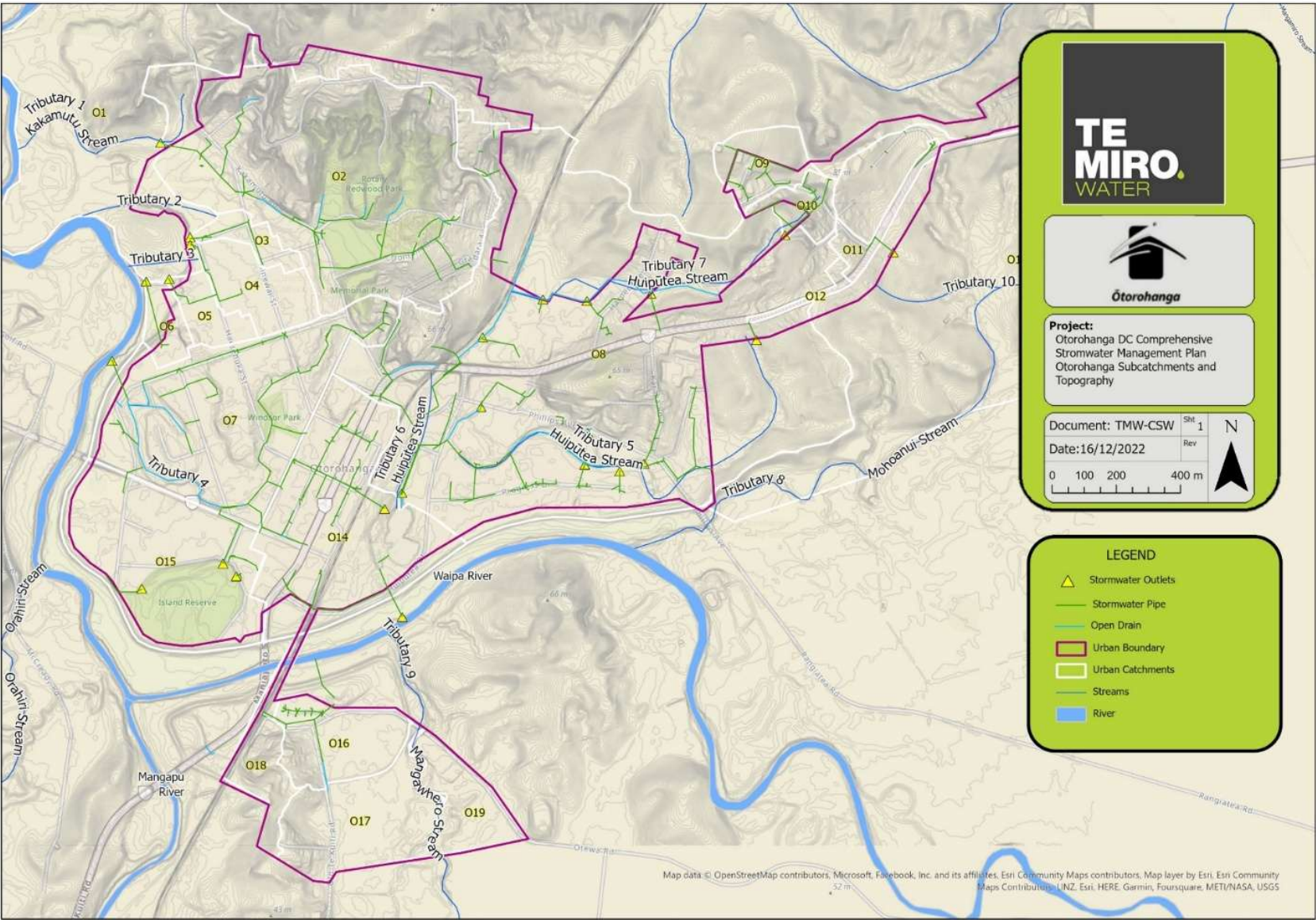


Figure 3: Ōtorohanga Stormwater Catchments and System

Investment required in water services

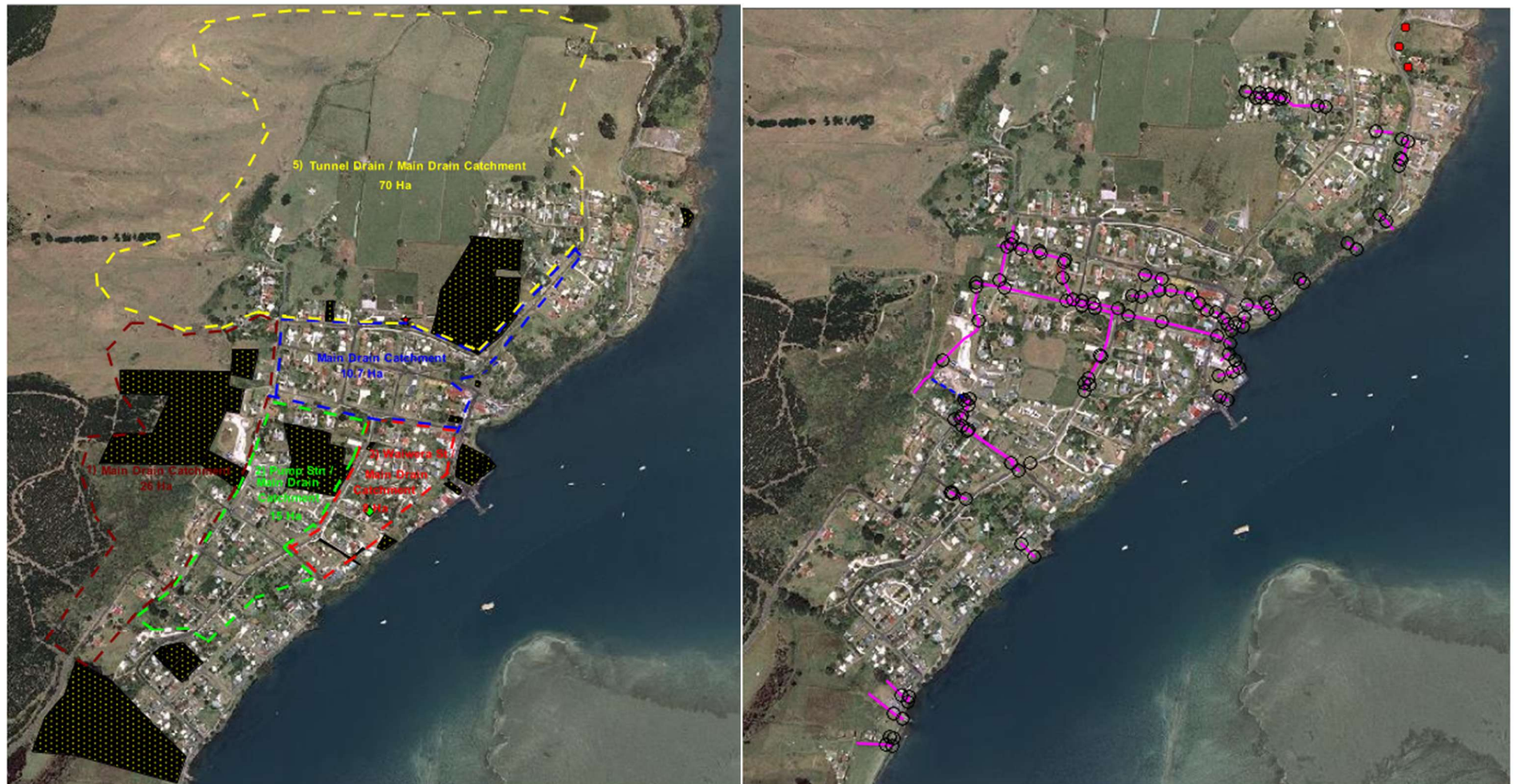


Figure 4: Kāwhia Stormwater Catchments and reticulated stormwater network

Levels of service

The following tables summarise performance against levels of service and non-financial DIA mandatory performance measures.

Water supply

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

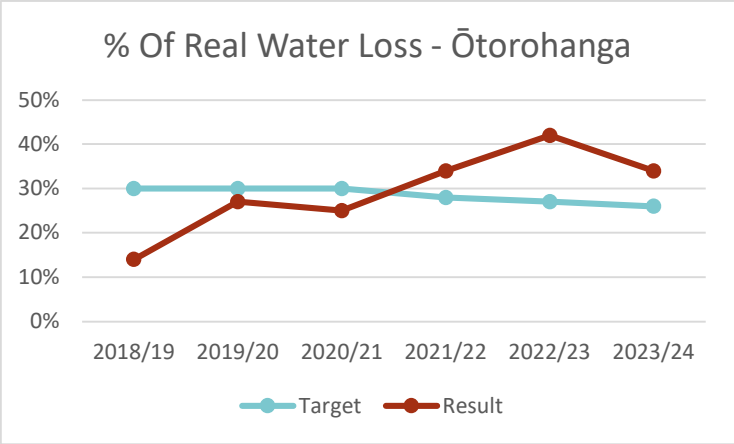
Table 4: Water Supply Levels of Service Performance

Level of Service	Performance Measure	2022/23 Result	2023/24 Result	Target 2024-2034
Safety of drinking water	DIA measure: The extent to which the local authority's drinking water supply complies with: Part 4 of the drinking- water standards (bacteria compliance criteria); and Part 5 of the drinking- water standards (protozoal compliance criteria).	Partially achieved. The year was split into two using both the DWS & DWQAR's. Ōtorohanga and Kāwhia were both partially non-compliant due to technical issues with the sampling schedule. Tihiroa RWS was compliant for both protozoal and bacterial compliance under the DWS but was non-compliant under DWQAR's. Kahorekai, Huirimu & Taupaki supplies were non-compliant at the treatment plant but compliant in the distribution zone under the DWS, under the DWQAR's the supplies are non-compliant. All 3 supplies are under permanent boil water notice	Partially achieved. Ōtorohanga - Complies with Part 4 and Part 5 Kāwhia - non-compliant with Part 4 and Part 5 DWQAR - Tihiroa was partially compliant for the reporting year, compliant in the distribution zone but non-compliant at the treatment plant. Kahorekai, Huirimu & Taupaki were partially compliant for the reporting year, compliant in the distribution zone but non-compliant at the treatment plant	No public health Incidents related to drinking water quality

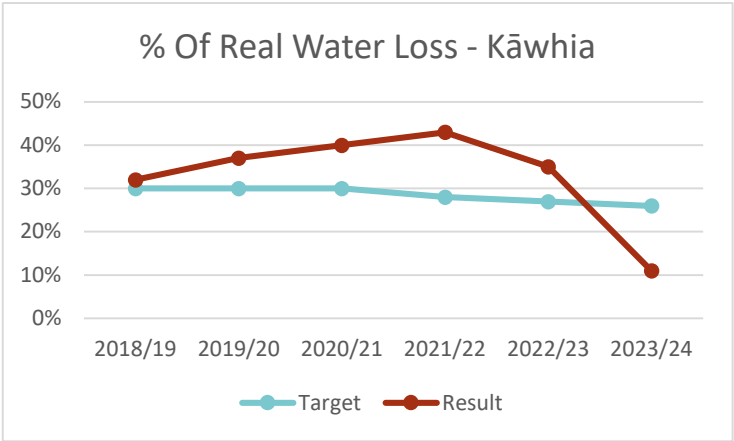
Investment required in water services

Maintenance of the reticulation network

DIA measure:
The percentage of real water loss from the local authority’s networked reticulation system (including a description of the methodology used to calculate this)



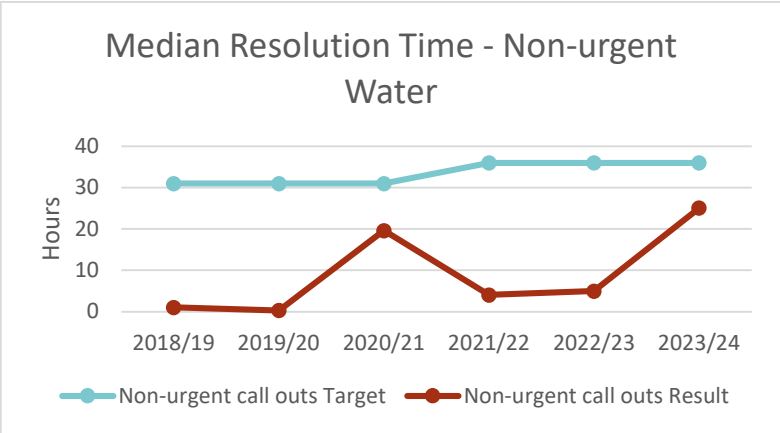
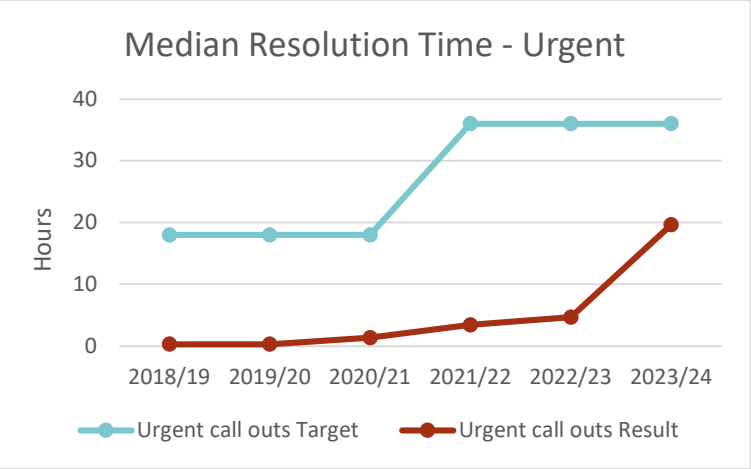
Percentage of real water loss in Ōtorohanga has not met the target due to leaks in the network. A large leak detection project was done in 2023/24 has started to bring this down. Further work in the network continues to locate leaks to repair.



In the past the Kāwhia network has not met the percentage of real water loss due to leaks in the network. In 2023/24, a leak detection programme was carried and leaks were reduced to below target. A large number of the leaks were found to be on private property, only discoverable once water meters were installed.

Fault response times	DIA measure: Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured: Time between call and site attendance for urgent and non-urgent call-outs: Time between call and actual resolution of urgent and non-urgent call-outs	<table border="1"> <caption>Median Attendance time - Urgent</caption> <thead> <tr> <th>Year</th> <th>Urgent call outs Target (Hours)</th> <th>Urgent call outs Result (Hours)</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>3.5</td> <td>1.0</td> </tr> <tr> <td>2019/20</td> <td>3.5</td> <td>0.4</td> </tr> <tr> <td>2020/21</td> <td>3.4</td> <td>1.2</td> </tr> <tr> <td>2021/22</td> <td>1.5</td> <td>2.5</td> </tr> <tr> <td>2022/23</td> <td>1.5</td> <td>1.0</td> </tr> <tr> <td>2023/24</td> <td>1.5</td> <td>2.2</td> </tr> </tbody> </table> Attendance times are not meeting target for the urgent call outs due to inconsistent or incomplete recording of details in the service request system. Response times for non-urgent call outs and resolutions times for all call outs are consistently meeting targets.	Year	Urgent call outs Target (Hours)	Urgent call outs Result (Hours)	2018/19	3.5	1.0	2019/20	3.5	0.4	2020/21	3.4	1.2	2021/22	1.5	2.5	2022/23	1.5	1.0	2023/24	1.5	2.2
Year	Urgent call outs Target (Hours)	Urgent call outs Result (Hours)																					
2018/19	3.5	1.0																					
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		<table border="1"> <caption>Median Attendance time - Non-urgent</caption> <thead> <tr> <th>Year</th> <th>Non-urgent call outs Target (Hours)</th> <th>Non-urgent call outs Result (Hours)</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>26</td> <td>65</td> </tr> <tr> <td>2019/20</td> <td>26</td> <td>12</td> </tr> <tr> <td>2020/21</td> <td>25</td> <td>6</td> </tr> <tr> <td>2021/22</td> <td>18</td> <td>2</td> </tr> <tr> <td>2022/23</td> <td>18</td> <td>1</td> </tr> <tr> <td>2023/24</td> <td>18</td> <td>3</td> </tr> </tbody> </table>	Year	Non-urgent call outs Target (Hours)	Non-urgent call outs Result (Hours)	2018/19	26	65	2019/20	26	12	2020/21	25	6	2021/22	18	2	2022/23	18	1	2023/24	18	3
Year	Non-urgent call outs Target (Hours)	Non-urgent call outs Result (Hours)																					
2018/19	26	65																					
2019/20	26	12																					
2020/21	25	6																					
2021/22	18	2																					
2022/23	18	1																					
2023/24	18	3																					

Investment required in water services



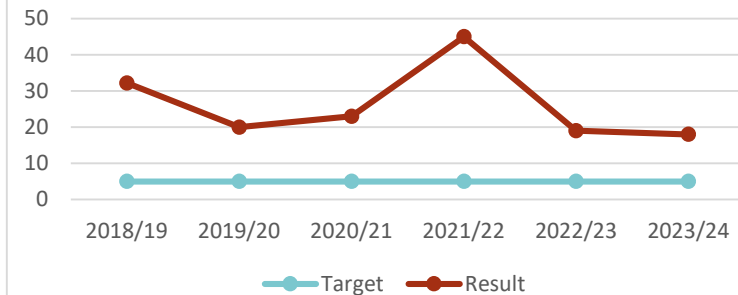
Investment required in water services

Customer satisfaction

DIA measure:

The total number of drinking water complaints per 1000 connections received by the local authority about any of water clarity; water taste; pressure or flow; continuity of supply; and the local authority's response to any of these issues

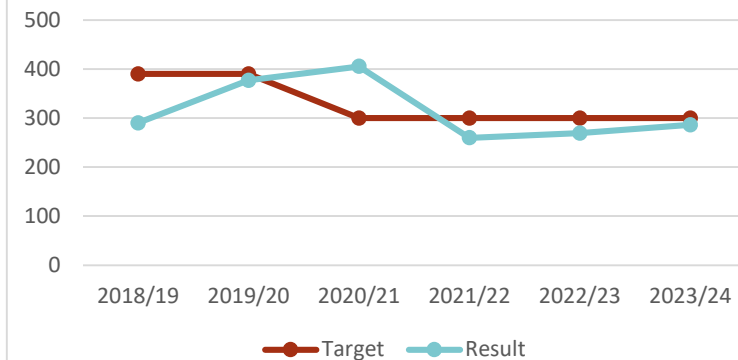
Complaints per 1000 connections
Water



Demand Management

Average consumption of drinking water per day per resident within the Ōtorohanga District

Average consumption L per day
Water



Water meters were installed in 2016 in Ōtorohanga and install was completed for Kāwhia in 2024.

Investment required in water services

Wastewater

The performance of wastewater reticulation in Ōtorohanga is good, with failures or blockages of main sewers being moderate. All significant wastewater pump stations are monitored by telemetry and have back-up pumps, and hence, pump failures normally have little impact on performance. Sewerage overflows are rare, (typically one event per year), and are of limited volume and generally result from very abnormal circumstances such as severe floods, electrical supply failures or damage from careless contractor.

Odour, system faults and response to issues are all within target acceptance levels and have improved in recent years. An abatement notice was received for Ōtorohanga WWTP in 2023/24 for the unauthorised discharge of contaminants. Actions were undertaken to resolve the issues in the notice and an improvement programme is in place with the wastewater plant now consistently meeting compliance targets.

Table 5: Wastewater Levels of Service Performance

Level of Service	Performance Measure	2022/23 Result	2023/24 Result	Target 2024-2034																					
Safe, reliable wastewater treatment and disposal system which minimises public health risks and environmental impact.	DIA measure: The number of dry weather sewerage overflows from the territorial authority’s sewerage system, expressed per 1000 sewerage connections to that sewerage system	Number of dry weather overflows per 1000 connections Wastewater <table><tr><th>Year</th><th>Result</th><th>Target</th></tr><tr><td>2018/19</td><td>0</td><td>0</td></tr><tr><td>2019/20</td><td>3</td><td>0</td></tr><tr><td>2020/21</td><td>0</td><td>0</td></tr><tr><td>2021/22</td><td>2</td><td>0</td></tr><tr><td>2022/23</td><td>5</td><td>0</td></tr><tr><td>2023/24</td><td>0</td><td>0</td></tr></table> Number of dry weather overflows per 1000 connections has not met target in the past due to blockages in the wastewater network. With the recent and ongoing work to renew and upgrade the wastewater network reductions are expected.			Year	Result	Target	2018/19	0	0	2019/20	3	0	2020/21	0	0	2021/22	2	0	2022/23	5	0	2023/24	0	0
Year	Result	Target																							
2018/19	0	0																							
2019/20	3	0																							
2020/21	0	0																							
2021/22	2	0																							
2022/23	5	0																							
2023/24	0	0																							

Investment required in water services

	DIA measure: Compliance with consents for discharge from the Ōtorohanga sewerage system measured by the number of: a) Abatement notices b) Infringement notices c) Enforcement orders d) Convictions, received by council in relation to those resource consents.	0 non-compliance actions	1 non-compliance actions	0 non-compliance actions																					
We will provide emergency response to sewage overflows, to minimise risk of safety to persons or damage to property.	DIA measure: Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority’s sewerage system, the following median response times are measured: a) Attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site	Median Response Time - Attendance <table><thead><tr><th>Year</th><th>Attendance Target (Hours)</th><th>Attendance Result (Hours)</th></tr></thead><tbody><tr><td>2018/19</td><td>0.5</td><td>1.0</td></tr><tr><td>2019/20</td><td>0.5</td><td>0.5</td></tr><tr><td>2020/21</td><td>0.5</td><td>1.3</td></tr><tr><td>2021/22</td><td>0.5</td><td>1.2</td></tr><tr><td>2022/23</td><td>0.5</td><td>1.3</td></tr><tr><td>2023/24</td><td>0.5</td><td>1.5</td></tr></tbody></table> Attendance times are not meeting target due to inconsistent or incomplete recording of details in the service request system. Resolution times are consistently meeting the target (refer to graph below).			Year	Attendance Target (Hours)	Attendance Result (Hours)	2018/19	0.5	1.0	2019/20	0.5	0.5	2020/21	0.5	1.3	2021/22	0.5	1.2	2022/23	0.5	1.3	2023/24	0.5	1.5
Year	Attendance Target (Hours)	Attendance Result (Hours)																							
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2023/24	0.5	1.5																							

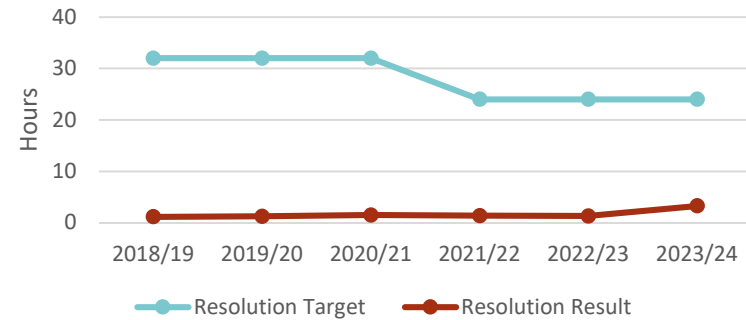
Investment required in water services

DIA measure:

Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times are measured:

- b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault

Median Response Time - Resolution



We will provide satisfaction to our customers

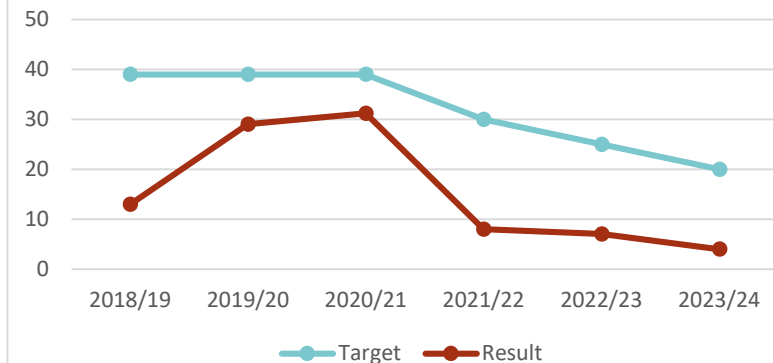
DIA measure:

The total number of complaints received by the local authority for any of the following:

- a) Sewage odour;
- b) Sewerage system faults
- c) Sewerage system blockages
- d) The council's response to issues with the sewerage system.

These are expressed per 1,000 connections to the Council's sewerage system.

Total Complaints per 1000 Connections



Investment required in water services

Stormwater

No flood events were recorded in the 2022/23 and 2023/24 years. The number of complaints is within the target acceptance levels.

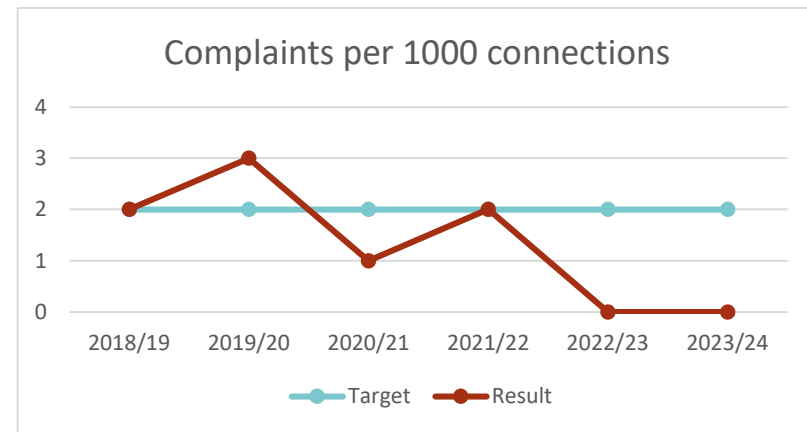
Table 6: Stormwater Levels of Service Performance

Level of Service	Performance Measure	2022/23 Result	2024 Result	Year 2-10 LTP Target
Provision of a safe and reliable stormwater system which minimises flooding and environmental impact.	DIA measure: The number of flooding events that occur in a territorial authority district. A flooding event refers to an overflow of stormwater that enters a habitable floor (meaning a building, including a basement, but does not include garden sheds or garages).	Achieved (0 events)	Achieved (0 events)	0 Flooding events
	DIA measure: For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)	Achieved (no habitable floors affected)	Achieved (no habitable floors affected)	0 Habitable floors affected
	DIA measure: The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	N/a – no flooding events	N/a – no flooding events	<4hrs 30min

Investment required in water services

DIA measure:

The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system ().



DIA measure:

Council's stormwater compliance with resource consents for discharge from its stormwater system measured by the number of:

- a) abatement notices;
- b) infringement notices;
- c) enforcement orders;
- d) convictions received in relation to those resource consents

Achieved

Achieved

0 non-compliance actions

Investment required in water services

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

Table 7: Asset Current Condition and Network Lifespan

Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets	25.0 years	31.2 years	24.65 years
Critical Assets	Treatment Plants, Supply Reservoirs, Trunk Mains supplying a major portion of customers	1 Treatment Plant and Wetlands, 14 Pump Stations,	Stopbanks, pump stations
Above ground assets • Treatment plant/s • Percentage or number of above ground assets with a condition rating • Percentage of above –ground assets in poor or very poor condition	6 Potable water treatment plants 95.9% 0.7%	1 wastewater treatment plant 92.4% 1.5%	16 stormwater pump stations 32% 0.0%
Below ground assets • Total Km of reticulation • Percentage of network with condition grading • Percentage of network in poor or very poor condition	242.3km 79.8% 7.8%	50.5km 94.5% 0.4%	29.8km pipes, 5.0km open drains 90.8% 0.9%

Average Age

The average age of water services network assets is based on average pipeline age. Much of the pipework was installed in the 70's and 80's.

Condition of Network Assets

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

Investment required in water services

Water Supply

Operations teams identify any poor condition above ground assets such as pump stations, reservoirs, pipe bridges and treatment plants.

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

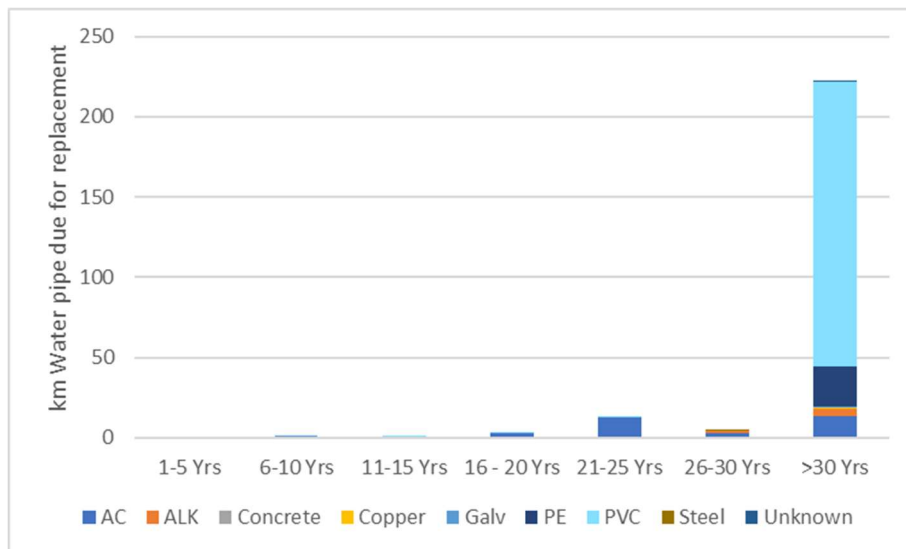


Figure 5: Drinking water network replacement requirements by pipe type

Wastewater

The assets have been condition rated through a desktop assessment, with some pipes also assessed via CCTV inspections. Critical assets such as pipe bridges, pump stations and treatment plants have condition assessments completed regularly. Within the network few wastewater pipes are due for replacement based on age but 15km of Earthenware (GEW), steel and AC pipe are expected to require replacement in 11-15 years time. Significant wastewater upgrades took place between 2021-2025 with two new pump stations and 3km of sewer main either replaced or relined.

Investment required in water services

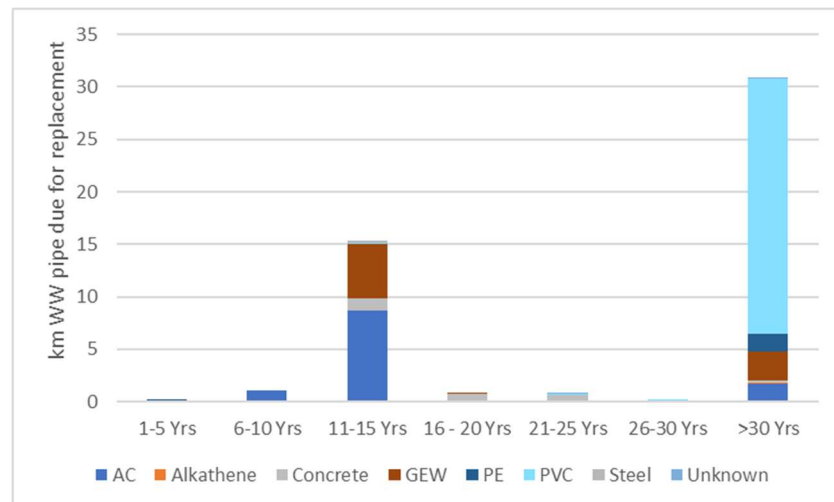


Figure 6: Wastewater network replacement requirements by pipe type

Stormwater

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

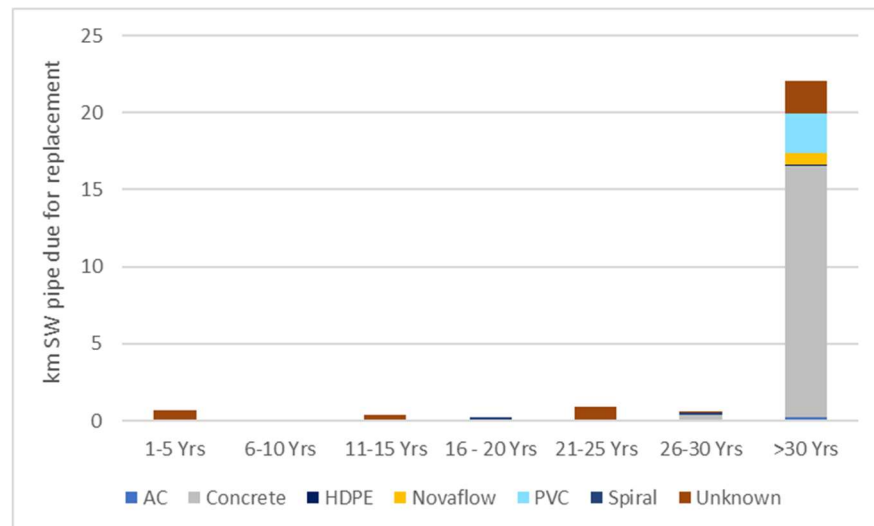


Figure 7: Stormwater network replacement requirements by pipe type

Critical Water Services Assets

Council developed a process to prioritise and programme asset renewals. Verifying, correcting and improving the data contained in the AssetFinda programme has enabled staff to align renewal budgets with long run averages in a scientific manner thus improving budgeting accuracy and confidence levels.

Water Supply

Water treatment plant and pump station assets have been proactively upgraded to meet the Drinking Water Quality Assurance Rules through a combination of government stimulus funding and continued locally funded investment. All assets receive routine planned maintenance, and except for critical water safety assessment tools such as Chlorine Analysers or UV bulbs that are replaced as per manufacturers recommendations, components are replaced typically based upon evidence of impending failure, or other observed performance deficiencies.

Water reticulation assets such as water mains and associated valves and hydrants receive programmed maintenance such as periodic flushing (pipes) and open-close operation (valves). Renewals of these items are based upon observed performance deficiencies or other evidence of advanced deterioration.

Since 2014, the water services team have used an Asset Information Officer (previously Technical Services Officer), whose principal role is to make use of asset management software to manage asset management and replacement in a more effective manner. This improvement has been driven by a desire to meet level of service requirements and more effectively manage operating and maintenance costs.

Wastewater

Pump Station and Wastewater Treatment Assets are subject to routine planned maintenance and inspection, and are renewed on an 'as needed' basis, typically based upon evidence of impending failure, or other observed performance deficiencies. The extent to which assets are allowed to approach failure before renewal is dependent on asset type, with failure of smaller, non-critical or easily replaced assets being considered acceptable.

Since all pump stations have relatively small duplicate pumps, for which replacement units or parts can be easily sourced, it is not considered unacceptable for such units to work to the point of failure. However, this does not mean that maintenance is not carried out to get the most useful life out of pumps.

There has been a focus to have consistency in design, make and model of pumps so Council has the ability to move pumps around the network if needed to in an emergency situation to reduce the risk on overflows during pump failures.

Council has not evaluated each pipe link or pump station in terms of the individual risk failure they would create. Instead, Council uses the criteria below to determine the priorities for replacement or redundancy, (enabling an alternative flow path), where budgets limit which pipes can be replaced in any financial year:

- Pipe diameter and depth of the mains. Trunk mains are a higher priority than laterals, and pipes in trenches over 1.5m deep require significantly more time and controls to replace than those in 1.4m or shallower trenches.
- Health and safety impacts, e.g. loss of service to medical centre, emergency services, schools, playgrounds, parks, community halls, etc.

Investment required in water services

Stormwater

Stormwater has not had significant renewal programmes over the last few years but there have been improvements carried out during developments. Over the next 10 years renewals will continue at a modest rate.

CCTV of wastewater reticulation will continue as part of the stormwater infiltration investigation, or where regular problems have occurred in some sections of pipeline.

Investment required in water services

Asset management approach

Existing service delivery mechanisms

Existing service delivery mechanisms are:

- In-house – All water services operations are primarily managed by the Water Services team located within the Council's Engineering & Assets Group. A Water Services Manager leads a team delivering operations and maintenance, and compliance. Asset Management is done by the Asset & Technical Support team and project management is done by the Projects Team.
- Outsourced delivery
 - Co-Lab shared services provides sampling and analysis for water, wastewater and stormwater
 - Specialist services such as electrical and mechanical repairs, backflow testing and CCTV
 - Contracts for renewals and upgrades.

Proposed service delivery mechanisms

Water Supply and Wastewater

From 1 July 2027 the service delivery model for water supply and wastewater will be the responsibility of Waikato Waters. As part of the establishment phase Waikato Waters will be developing and implementing an asset management policy and strategy. The Asset Management Policy will be Waikato Waters commitment to manage its assets. It will describe the principles and responsibilities that the entity applies to its asset management practices.

Implementation of the Asset Management Policy will support the delivery of Waikato Waters strategic outcomes. The Strategy will guide how the entity will manage assets, in order to deliver drinking water and wastewater services to the community. It will set asset management objectives and describe the asset management system.

Investment required in water services

Stormwater

Under the proposed delivery model, day-to-day stormwater management would be integrated into either Community Facilities or Roding, both of which currently include stormwater functions within their operational scope. Specifically, roding would continue to manage the stormwater assets within roding area, while community facilities would oversee flood protection measures and stormwater retention areas.

Capital Works Planning

Major capital works will be coordinated by the project delivery team, or undertaken jointly with neighbouring councils or Waikato Waters Ltd. The exact structure of this collaboration is still under consideration, but a plan will be in place by 1 July 2027.

Contracted Services and Service Level Agreements

It is expected that a portion of routine operations will be outsourced to local water firms under formal service level agreements. This includes assessing the potential incorporation of the Waikato Waters Ltd service level agreement.

Monitoring and Resource Allocation

Sampling and monitoring functions will continue to be managed by Co-Lab. Additional staff resources will be evaluated and potentially deployed as plans are refined in the lead-up to 1 July 2027.

Existing and proposed asset management systems

Asset information is captured and stored in the AssetFinda software programme, valuations are also run through the AssetFinda system. AssetFinda is an advanced Asset Management System that utilises three key interfaces: Web, GIS and mobile devices e.g. iPads and smart phones, to help us improve our asset management practices. AssetFinda is fully compliant with National Asset Management Standards (NAMS) and national asset accounting standards. Operational technologies include SCADA systems and Water Outlook.

Ōtorohanga District Council has also invested in a dedicated Asset Team to ensure the asset management system and planning around it are fully utilised. There are no plans to change asset management systems, but this will be reviewed as part of the new service delivery arrangements.

Stormwater

Asset management responsibilities will remain within the Engineering Group, consistent with the current arrangements for stormwater.

Supporting asset management policy or framework

The infrastructure strategy sets out Ōtorohanga District Councils approach to asset management. Our approach is to apply a sound management philosophy and to keep the wheels turning while paying attention to resilience.

Investment required in water services

Criteria for asset renewal

When deciding to renew an asset several factors are considered, but not all factors are necessary to reach a decision, it may only be one factor that determines the renewal or not. Criteria for renewal include:

- Criticality
- Age, condition, cost
- Service requests, poor performance, community feedback and staff input
- Consideration of other projects, road renewals, developments
- Risk of failure

Although a lot of asset management is data driven, it still requires a sense check by staff to make sure the data is accurate and onsite assessment validates the data. Our data for the three waters is fair to good. The creation of the new asset team has started the process to achieve ideal industry standards of asset management.

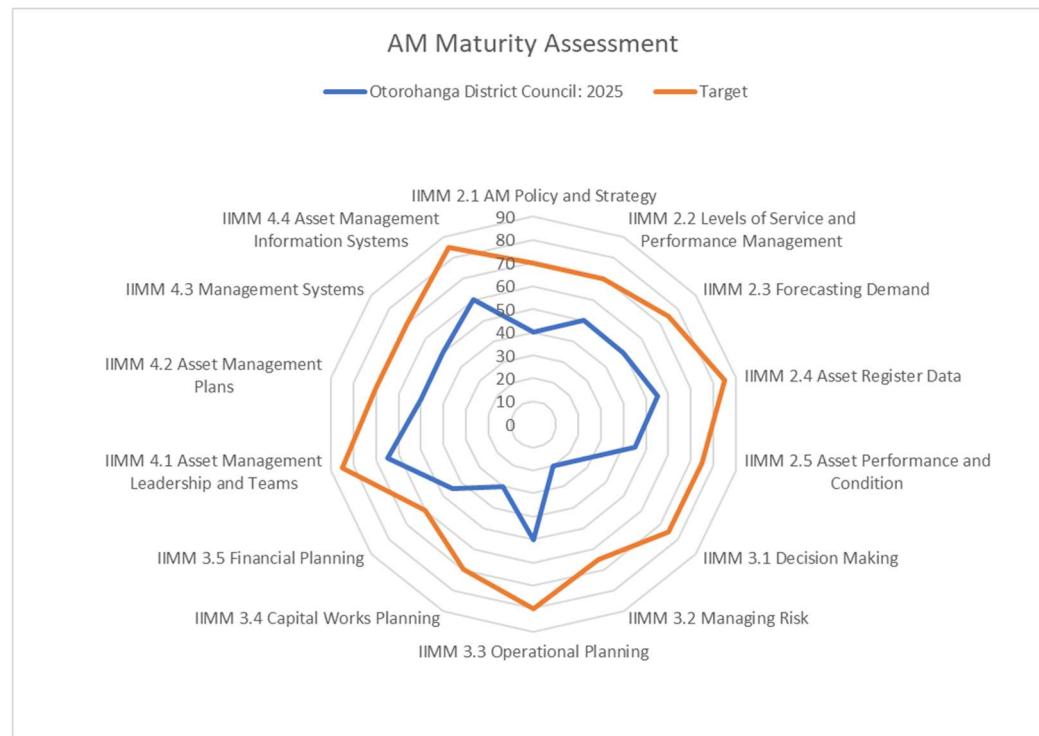
Asset Management Maturity Assessment

In 2025, Ōtorohanga District Council staff carried out a self-assessment using the International Infrastructure Management Manual 2020 (IIMM) asset management maturity framework. The figure below shows the results of the asset management maturity assessment in 16 areas, with an average score of 46/100. Recent improvements have included developing a dedicated Asset Management team recognising the resourcing needed for the organisation. This has led to a more consistent approach for all asset classes and processes. Other improvements have been made to asset register data and standard operating procedures.

Priority areas identified for improvement include:

- Asset Performance and condition
- Capital Works Planning
- Managing risk

Investment required in water services



Investment required in water services

Statement of regulatory compliance

Resource Consents Overview

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

Water Supply

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

Investment required in water services

Wastewater

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

Stormwater

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

Table 8: Water Services Summary of Regulatory Compliance

Parameters	Drinking supply schemes	Wastewater schemes	Stormwater Schemes/catchments
Drinking water supply - Bacterial compliance (E.coli) - Protozoa compliance - Chemical compliance - Boil water notices in place - Fluoridation - Average consumption of drinking water - Water restrictions in place (last 3 years) - Firefighting sufficient	Partial Partial. Yes Permanent (Kahorekau, Huirimu, Taupaki) No 286L/p/d Yes - Kāwhia No data	n/a	n/a

Investment required in water services

Drinking Water Standards Compliance

Council has invested in getting the drinking water plants capable of meeting compliance with the Drinking Water Quality Assurance Rules. Ōtorohanga, Kāwhia and Tihiroa are all capable of meeting compliance, with further refinement of the processes needed for Tihiroa and Kāwhia plants to meet protozoal requirements.

- Ōtorohanga/Waipā water treatment plant: For the 2023/24 year, Ōtorohanga WTP was reported as complying with Part 4 Bacterial and Part 5 Protozoal requirements of the Drinking Water Quality Assurance Rules, this plant is fully capable of meeting compliance.
- Kāwhia Water Treatment Plant: For 2023/24 year this plant was non-compliant with both Part 4 and Part 5, due to technical non-compliances with bacterial but the plant cannot reach protozoa compliance under the current treatment rule without UV. Council has trialled moving Kāwhia to a (T3) treatment plant which has been successful and will be in place by the 2026 reporting year. This will achieve protozoa compliance capability.
- Arohena Rural Water Scheme: (3 supplies, Huirimu, Kahorekau, Taupaki) Council has been directed by Taumata Arowai to get Huirimu and Kahorekau water treatment plants up to Protozoal compliance as currently they are not able to comply. In 2024 Council approved leaving the supplies under permanent boil water notice until all 3 supplies could be de-registered. Council is pursuing closure of the drinking water component of the 3 supplies and returning them to stock water only under the provisions of the Local Government Act. This process is ongoing with closure expected to occur in early 2026, pending the outcome of a community referendum.
- Tihiroa Rural Water Plant: Similar to Kāwhia WTP council has trialled moving Tihiroa to a (T3) treatment plant which has been successful and will be in place by the 2026 reporting year. This will achieve protozoa compliance capability.
- Ranginui Rural Water Scheme: Scheme de-registered as for stock water only.

Wastewater Resource Consents

Proposed WW discharge standards implications – the Ōtorohanga WWTP discharge consent expires in 2037. The current discharge to water following the final wetland treatment process is likely to require some improvement in quality to comply with the proposed wastewater standards given the low dilution available in the Mangaorongo Stream. Council has additional area available adjacent to the WWTP if upgrades are required.

Stormwater Resource Consents

The new combined comprehensive urban stormwater consent for Ōtorohanga & Kāwhia was applied for in 2022 and is still being reviewed by Waikato Regional Council. It is anticipated that minor capital improvements will be needed and further monitoring may be required, but until the draft conditions are presented, capital improvements are not planned, although minor improvements are continuing in anticipation.

Investment required in water services

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

Table 9: Projected Water Services Investment to 2034 *(Note this is 2024 LTP data and does not contain any efficiencies obtained for water and wastewater activities for 27/28 for WWDW)*

Projected investment in water services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking Water										
Capital expenditure - to meet additional demand	50	51	53	54	55	56	57	59	60	61
Capital expenditure - to improve levels of services	90	56	42	329	6	45	6	47	6	49
Capital expenditure - to replace existing assets	1,402	868	3,228	2,652	3,005	888	826	785	796	993
Total projected investment for drinking water	1542	975	3323	3035	3066	989	889	891	862	1103
Wastewater										
Capital expenditure - to meet additional demand	50	51	53	54	55	56	57	59	60	61
Capital expenditure - to improve levels of services	0	0	0	0	0	0	0	0	0	0
Capital expenditure - to replace existing assets	749	829	45	462	473	482	492	502	511	520
Total projected investment for wastewater	799	880	98	516	528	538	549	561	571	581

Investment required in water services

Stormwater										
Capital expenditure - to meet additional demand	75	51	53	54	55	56	57	59	60	61
Capital expenditure - to improve levels of services	40	113	0	0	0	0	0	0	0	0
Capital expenditure - to replace existing assets	61	63	159	163	167	170	173	177	180	183
Total projected investment for stormwater	176	227	212	217	222	226	230	236	240	244
Total projected investment in water services	2517	2082	3633	3768	3816	1753	1668	1688	1673	1928

Water Supply

How the investment improves or sustains the current service level

Council's approach ensures that existing infrastructure assets are managed efficiently and effectively. Furthermore, it invests in new assets wisely based on its Criteria for Asset Renewal. Although reduced, the programme of works for this LTP is on the back of the significant programme undertaken in the 2021-24 LTP, which put Ōtorohanga in a good position for asset renewal.

Compliance has been a focus over the last 3 years and, although a considerable investment has been signalled in the Arohena water supplies (Kahorekau, Huirimu, Taupaki) to meet protozoa rules, having listened to the community Council has decided that the investment is not a sound decision. Instead, it has been decided to pursue the closure of these 3 water supplies as drinking water supplies, effectively returning them to stock water only.

Investment during the 2021-24 LTP period for Kāwhia and Tihiroa has been in relation to treatment processes. This work is now complete and plans are in place to increase the treatment rules from (T2) to (T3) to meet the protozoa rules within the DWQAR.

Investment required in water services

Community benefits from the proposed investment: improved service, regulatory compliance, and growth support

Balancing investment against affordability is a significant consideration when determining the investment over this LTP. Council adopted a “steady as she goes” approach through the LTP and decided that any investment was made from good sound decision making based on accurate data. This approach has met our LOS to date and there are plans in place to address any regulatory issues, and making sure the community can afford the investment.

Wastewater

How the investment improves or sustains the current service level

As above, investment in wastewater has a reduced programme over the 2024-27 LTP after a significant investment in wastewater upgrades over the 2021-24 LTP, with new pump stations and 3kms of sewer mains renewed. The focus of the 2024-27 LTP is less on renewals and more on treatment with improvements planned for the wastewater treatment plant including a desludging programme and investment in inlet and outlet treatment.

Community benefits from the proposed investment: improved service, regulatory compliance, and growth support

The renewals included a new trunk main upgrade to future proof the southwest side of Ōtorohanga. A smaller asset renewal programme keeps the investment at an affordable level for the community off the back of significant investment and aligns with the strategic direction set by Council.

Stormwater

How the investment improves or sustains the current service level

Most stormwater assets in Ōtorohanga and Kāwhia are relatively young and will not require significant investment for some years. The programme of investment in the 2024/34 LTP is targeted at areas where there is a lack of capacity/levels of service, with a focus on condition assessment and potential upgrades. Although unknown at this time, it is anticipated that some improvements to the stormwater treatment may arise through the consent renewal process. For this reason, funding has been factored later in the LTP cycle to cater for any additional expenditure that may be required.

Community benefits from the proposed investment: improved service, regulatory compliance, and growth support

Although short lived, surface flooding through rain events are disruptive and can cause significant cost to the community. Hence a focus of Council staff is on identifying areas requiring improvement and further investment.

Treatment improvement of stormwater is likely to be more stringent than currently and this is anticipated in future work programmes.

Investment required in water services

Historical delivery against planned investment

Table 10: Delivery against Planned Investment

Delivery against planned investment	Renewals investment for water services				Total investment in water services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	2,212	1,103	2,535	5,850	2,517	13,222	2,903	18,642
Total actual investment	2,321	3,909	2,209	8,439	6,214	9,058	2,520	17,792
Delivery against planned investment (%)	105%	354%	87%	144%	247%	69%	87%	96%

As shown in the table above, there was a significant investment in the 2021-24 LTP with some of the larger projects carrying over several years thereby skewing the investment to delivery percentages, but this is balancing out as the larger projects come to an end.

It is also important to note that during the 2021-24 period there was input in investment via the government stimulus funding.

Ōtorohanga for some time now has viewed capital delivery as a 3-year programme across a LTP cycle which has worked well in delivering large projects across several annual plans. However, this means that only looking at yearly cycles is not fair representation of delivery against investment (refer Table 10 above).

Part C: Revenue and financing arrangements

All financial projections for Waikato Waters included in this Part C and the following Part D are based on a “minimum revenue” approach. That is, they assume that the revenue is set at minimum levels to allow for the funding of operational costs of the company plus servicing of current and future debt. Over the forecast period this results in a cumulative price rise to consumers materially lower than that of the status quo, whilst delivering all required capital expenditure and meeting debt covenants required by LGFA⁶. Whilst debt to revenue is initially the DIA indicative limit of five times revenue under the “minimum revenue” approach, there is scope for the Board to alter future price paths to account for any unknown cost pressures in the future and to maintain covenant compliance.

Revenue and charging arrangements

Revenue and charging arrangements

Charging and billing arrangements

Current Approach

Water services within Ōtorohanga District are currently charged through a combination of volumetric charging and targeted rates, as well as a small contribution from general rates for some schemes.

Water Supply

The Arohena, Tihiroa and Waipā rural water supply schemes are funded solely by volumetric charging and per metre fixed rate charging for consumers.

Kāwhia water supply is funded by a uniform targeted rate for water supply, as well as 5% of the costs being funded through the general district wide rate. Water meters are fitted to each property and are capable of volumetric charging in the future.

Ōtorohanga water supply is funded via volumetric charging and per metre fixed rate charging for consumers. There is also a 5% contribution from the general district wide rate.

Ōtorohanga water treatment plant is fully funded by internal transfers from the Ōtorohanga and Waipa water schemes, with a 70% Ōtorohanga, 30% Waipā split, reflecting the approximate water split to each scheme from the plant.

Wastewater

Ōtorohanga wastewater is funded via a uniform targeted rate across all connected properties. There is also a 5% contribution from the general district wide rate.

Stormwater

Ōtorohanga and Kāwhia stormwater are both funded by general targeted rates across the respective community, as well as a 5% contribution from the general district wide rate.

⁶ The forecast financial results have been socialised with LGFA Officers, who have indicated agreement that they meet the published LGFA covenant guidance.

Revenue and charging arrangements

Proposed Approach

Water Supply and Wastewater

The financial modelling for Waikato Waters assumes that the pricing structures and work programmes forecast in each of the councils' Long-Term Plan or Annual Plan, stay the same in the short to medium term after the transition of water services to the CCO.

However, the Waikato Water's board and management will ultimately be responsible for setting future pricing. No doubt they will consider the funding requirements of the business and the expectations of the shareholding councils via the Statement of Expectations. When and to what extent prices are aligned across the council districts is not yet known.

Stormwater

There are no significant changes proposed for this activity, however, as ŌDC further refines the stormwater delivery small changes may be made to suit the new in-house model and align with roading and community facilities (see above in proposed delivery model).

Currently council rate for stormwater within the general rate and, to comply with the requirement to ring fence, this arrangement will be separated out before 1 July 2028.

Water services revenue requirements and sources

Proposed Approach

Water Supply and Wastewater

The revenue that is required under the WWDW financial modelling for drinking water and wastewater is projected to be \$151.1m in the 2027/28 financial year⁷. It progressively increases beyond that to \$213.7m by the end of the forecast period (2033/34). These figures reflect the rates and volumetric charges, as well as other revenue sources (including development contributions, capital/operating subsidies and grants, and other income).

While in the first two years of operations projected increases in water charges are forecast at 11%, beyond that, revenue increases reduce and in the medium to long term the forecasts show the CCO is financially sustainable at annual revenue increases of ~4%⁸. This is significantly lower than the weighted average of the councils projected charges acting on their own.

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

Stormwater

Stormwater revenue will continue to be collected via the current mechanisms used by Ōtorohanga District Council. These mechanisms will meet the regulatory requirements for ringfencing.

⁷ Being the first year when the drinking water and wastewater activities of all six councils has been transferred to the CCO.

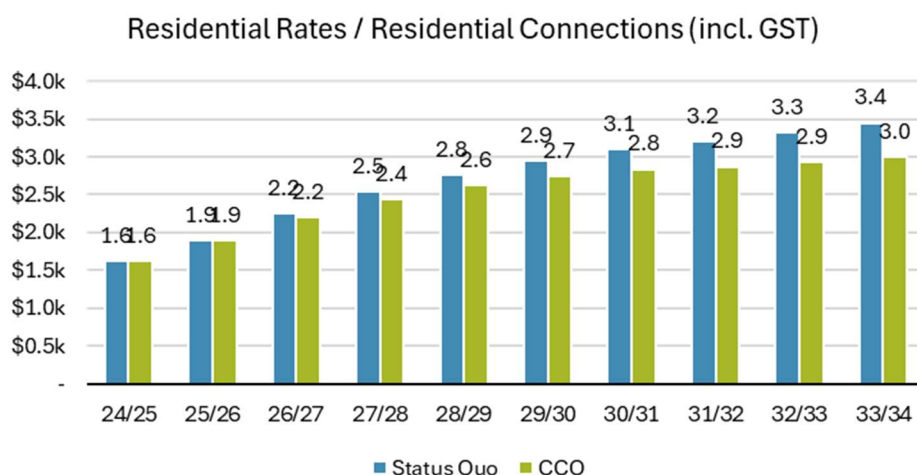
⁸ In part this is attributable to underlying population growth, so the increase in the actual rate of water charges will be something less than this.

Revenue and charging arrangements

Existing and projected commercial and industrial users' charges

Water Supply and Wastewater

The current charging and collection methodology for water services – for residential and non-residential consumers is a targeted rate for wastewater (Ōtorohanga Township), volumetric charging for Ōtorohanga and rural water supplies, and targeted rate for Kāwhia water supply. Projected charges for residential households on average over the 10-year period under the Waikato Water Done Well Financial Modelling are shown in the chart below. 'Status Quo' in the chart reflects the aggregation of each council's most recent projections on a standalone basis.



Stormwater

The current and projected charging and collection methodology for stormwater services for residential and non-residential ratepayers will remain the same. The average projected increase over the ten years of the 2024-34 Long-Term Plan (LTP) is 89.6%.

The affordability of projected water services charges for communities

A key focus of Waikato Waters is on total costs/savings. We know that the public, and especially ratepayers, are most interested in their personal bills. Per-connection (household) costs are modelled to be, on average, ~ \$450 lower in 2034 compared to councils acting alone. That saving is anticipated to grow from that point.

The actual decisions on charges will ultimately be for the organisation to decide (having regard to the expectations conveyed by shareholders). However, it is reasonable to expect that all will benefit to some extent from the scale and consequential savings of Waikato Waters.

Stormwater

The stormwater rates will be as per the 2024-34 LTP. The average charge per ratepayer for stormwater as a percentage of median household income is 0.22% over the period of the LTP.

Funding and financing arrangements

Water services financing requirements and sources

Water Supply and Wastewater

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

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

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

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

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

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

Financial strategy

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

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

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

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

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

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

Stormwater

Ōtorohanga stormwater investment remains consistent over the term of the 2024-34 LTP. The investment is funded predominately from depreciation reserves obtained by fully funding depreciation on stormwater assets. Additional borrowings over the LTP are in the first year as the resource consents are renewed, as these costs are being loan funded. This means that borrowings in 2024/25 when looking at just stormwater do breach the limits Council has set, however for that year the limits are for all of Council, and stormwater makes up a small part of the total Council income, meaning that Council is well below debt limits. In future years, as stormwater revenue increases, stormwater borrowing on its own does reduce under council borrowing limits.

Internal borrowing arrangements

Position post transfer to the CCO

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

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

Determination of debt attributed to water services

Water services debt as at 30 June 2024 was determined by:

- Taking any water specific external borrowings, as well as any internal borrowings as a starting point
- Any operating deficits carried over were then added on, and any operating surpluses were subtracted.
- Any depreciation reserves held for water services activities were also subtracted.

The value of water services borrowing and associated debt to operating revenue position on 30 June 2024 for the Waikato Waters financial modelling was \$8.978M. At the date the waters activity is expected to transfer to the CCO, the water-related debt is expected to be \$17.192M.

The value of borrowing and associated debt for stormwater for Ōtorohanga is \$485,000 in 2024/25, and is expected to be \$516,000 in 2033/34.

The net debt to operating revenue as at 30 June 2024 was 44.2%.

Insurance arrangements

Water and Wastewater

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

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

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

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

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

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

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

Stormwater

Ōtorohanga holds insurance policies that cover all underground stormwater assets. Insurance policies are renewed annually, with the values of assets covered being assessed and adjusted if deemed necessary to ensure sufficient cover is maintained.

Part D: Financial sustainability assessment – Water and Wastewater (Waikato Waters Ltd)

As noted in Part C, all financial projections for Waikato Waters included in this Part D are based on a “minimum revenue” approach. That is, they assume that the revenue is set at minimum levels to allow for the funding of operational costs of the company plus servicing of current and future debt. Over the forecast period this results in a cumulative price rise to consumers materially lower than that of the status quo, whilst delivering all required capital expenditure and meeting debt covenants required by LGFA⁹. Whilst debt to revenue is initially the DIA indicative limit of five times revenue under the “minimum revenue” approach, there is scope for the Board to alter future price paths to account for any unknown cost pressures in the future and to maintain covenant compliance.

⁹ The forecast financial results have been socialised with LGFA Officers, who have indicated agreement that they meet the published LGFA covenant guidance.

Confirmation of financially sustainable delivery of water services

Financially sustainable water services provision

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

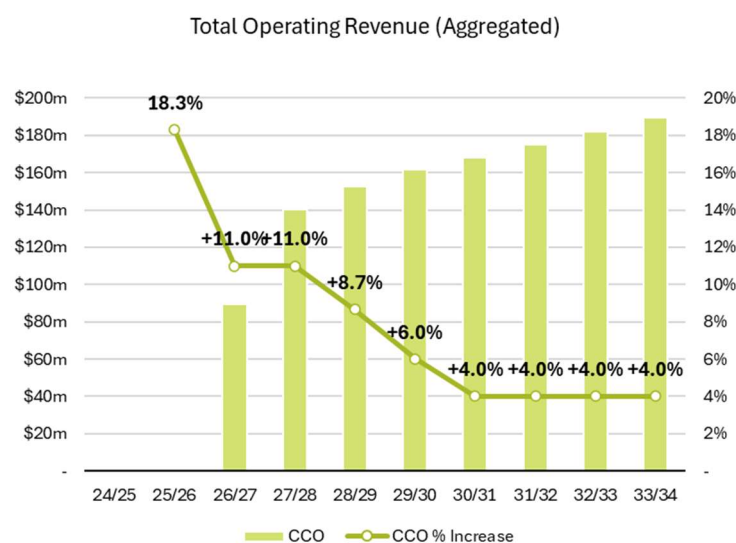
Actions required to achieve financially sustainable delivery of water services

Water and Wastewater

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

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

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



The financial forecasts show that from FY27/28 these revenue increases are sufficient to meet expected operating costs and cover depreciation, and shortly thereafter also cover finance costs and allow debt to start being repaid.

In part, the financial position is aided by assumed efficiencies in the model. These efficiencies are prudent and are based on what has been achieved from the aggregation of waters activity elsewhere and what we know about the benefits of scale generally.

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

The level of investment in infrastructure is significant. The forecasts project capital spend of ~\$760m through to FY 33/34 to meet levels of service, respond to what WWDW expect the regulatory requirements to be, and accommodate growth in the councils' districts. At the end of the forecast period infrastructure assets are estimated to be \$2.1b. As noted in Part C, the debt funding required to meet this investment programme can be managed within expected covenants, while keeping revenue increases to a minimum.

Risks and constraints to achieving financially sustainable delivery of water services

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

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

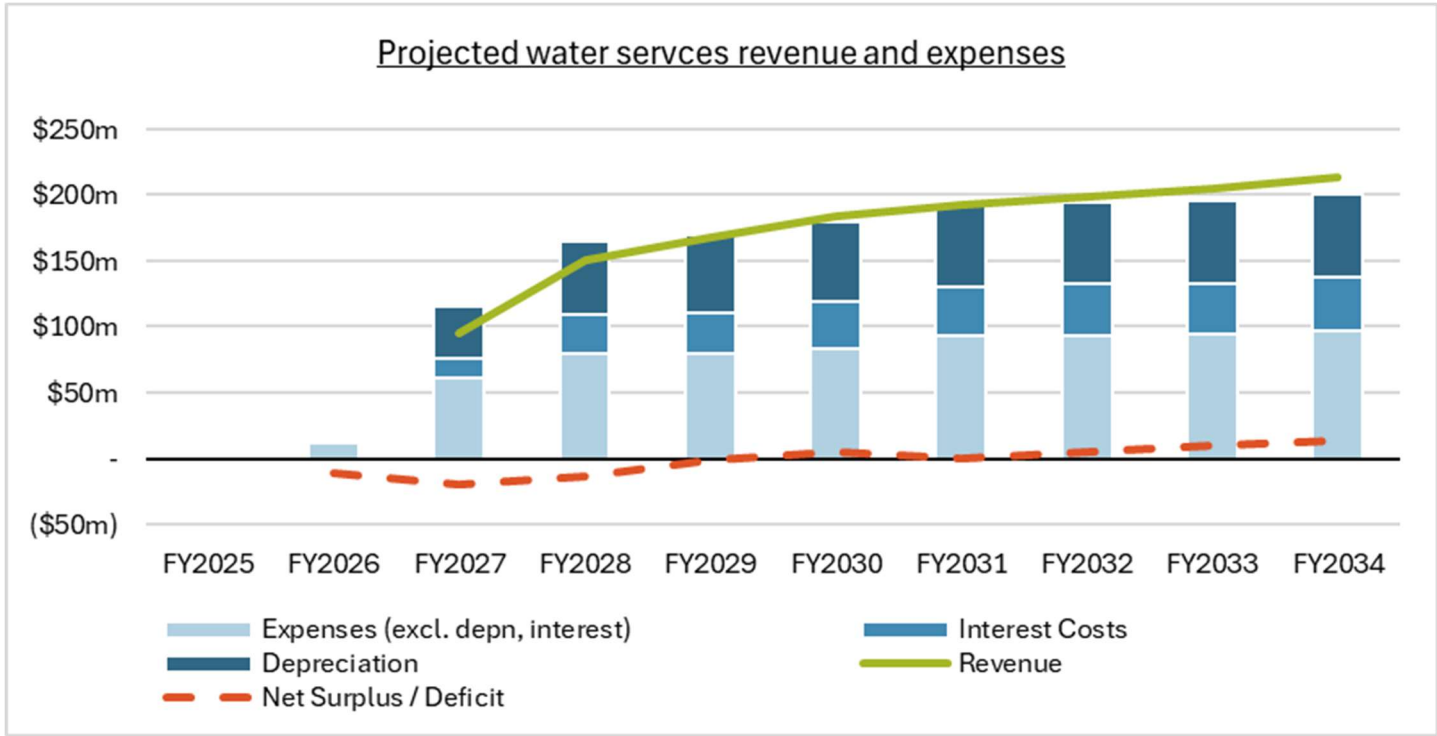
The financial modelling for Waikato Waters has used council's 'enhanced' Long Term Plans or Annual Plans as the basis for its forecasts. The reference to 'enhanced' reflects that councils have, since submitting their latest LTPs, further considered what if any additional investment (and operational expenses)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

Financially sustainable assessment - revenue sufficiency

Assessment of revenue sufficiency

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

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



Assessment of revenue sufficiency

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

Ōtorohanga District Council

Projected average charge per connection / rating unit (including GST)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking water	1,176	1,401	1,484							
Wastewater	684	827	920							
Average charge per connection / rating unit	1,860	2,228	2,404							
Drinking water and wastewater Increase in average charge		19.8%	7.9%							
Drinking water and wastewater services charges as % of median household income	2.1%	2.4%	2.5%							

Waikato Waters

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

Assessment of revenue sufficiency

Projected operating surpluses/(deficits) for water services

Ōtorohanga District Council

Operating surplus ratio (whether revenues cover costs) \$000s	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) excluding capital revenues – combined drinking water and wastewater services (\$000)	80	925	1,114							
Operating revenue – combined drinking water and wastewater services (\$000)	3,654	4,371	4,700							
Operating surplus ratio	2.1%	21.1%	23.7%							

Waikato Waters

The operating surplus ratio is negative but steadily improves throughout the forecast period (and is projected to continue to do so in subsequent years as efficiencies are realised). It is expected that the company will have a policy of, over time, recovering depreciation charges when setting revenues. That is to say, revenues need not be set in a way that ensures depreciation is recovered in each year, but rather in way that the company is confident it will be in the short to medium term. This allows a comparatively steady increase in pricing.

The operating surplus ratio reflects the assumption in the financial modelling that the CCO will leverage debt capacity and at the same time minimise the annual increase in water charges. As noted elsewhere, debt stabilises during the period.

Assessment of revenue sufficiency

Operating surplus ratio (whether revenues cover costs) \$000s	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) excluding capital revenues – combined drinking water and wastewater services (\$000)				(\$24,340)	(\$16,614)	(\$17,184)	(\$23,635)	(\$18,798)	(\$13,020)	(\$10,721)
Operating revenue – combined drinking water and wastewater services (\$000)				\$140,489	\$152,672	\$161,833	\$168,306	\$175,038	\$182,040	\$189,322
Operating surplus ratio (excluding capital revenues)				(17.3%)	(10.9%)	(10.6%)	(14.0%)	(10.7%)	(7.2%)	(5.7%)
Development Contributions				\$10,633	\$15,051	\$21,927	\$23,933	\$23,621	\$22,694	\$24,389
Operating surplus ratio				(9.1%)	(0.9%)	2.6%	0.2%	2.4%	4.7%	6.4%

Projected operating cash surpluses for water services

Ōtorohanga District Council

Operating cash ratio (whether revenues cover costs) \$000s	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenues	487	1,640	1,812							
Operating revenue – combined water services	3,654	4,747	5,127							
Operating cash ratio	13.3%	34.5%	35.3%							

Assessment of revenue sufficiency

Waikato Waters

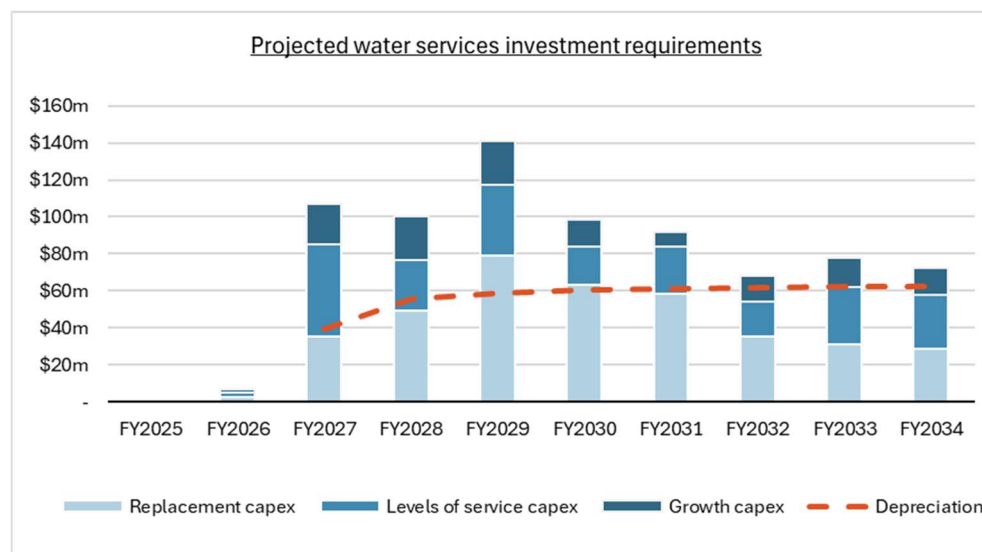
The table below shows strong operating cash surpluses throughout the forecast period, sufficient to meet renewals investment requirements and debt repayments (although the loan arrangements are yet to be discussed with LGFA)

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

Financially sustainable assessment - investment sufficiency

Assessment of investment sufficiency

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



Renewals requirements for water services

Ōtorohanga District Council

Asset sustainability ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Capital expenditure on renewals – all drinking water and wastewater assets (\$000)	2,151	1,697	3,679							
Depreciation – all drinking water and wastewater assets (\$000)	1,084	1,150	1,189							
Asset sustainability ratio	98.4%	47.6%	209.4%							

Waikato Waters

The Asset Sustainability Ratio fluctuates throughout the forecast period. In the latter years it is significantly negative. This a product of how depreciation on new infrastructure has been modelled. In practice, it is likely expenditure on renewals would increase beyond that forecast. The operating cash surplus noted earlier would allow this to occur.

Asset sustainability ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Capital expenditure on renewals – all drinking water and wastewater assets (\$000)				\$49,130	\$78,820	\$63,267	\$58,266	\$35,401	\$30,938	\$28,661
Depreciation – all drinking water and wastewater assets (\$000)				\$55,998	\$58,961	\$60,337	\$61,438	\$61,674	\$62,250	\$62,604
Asset sustainability ratio				(12.3%)	33.7%	4.9%	(5.2%)	(42.6%)	(50.3%)	(54.2%)

Total water services investment required over 10 years

Ōtorohanga District Council

Asset investment ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Total capital expenditure – all drinking water and wastewater assets (\$000)	3,641	1,856	3,826							
Depreciation – all drinking water and wastewater assets (\$000)	1,084	1,150	1,189							
Asset investment ratio	235.9%	61.4%	221.8%							

Waikato Waters

Total capital expenditure reflects councils' best estimates of the infrastructure spend required to meet anticipated regulatory requirements, as reflected in their latest Long Term Plans (subject to adjustment for additional information that has come to hand since the Long-Term Plan was adopted). It also adjusts these projections to reflect the assumed efficiencies to be achieved through a catchment-based approach to consenting, and scale of operation.

It reflects a long-term infrastructure strategy that ensures compliance with all regulations, meets the demands of expected population growth, and does not diminish levels of service from that which councils expected to deliver. That is, communities are no worse off.

Asset investment ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Total capital expenditure – all drinking water and wastewater assets (\$000)				\$100,542	\$140,662	\$98,269	\$91,802	\$68,178	\$78,125	\$72,374
Depreciation – all drinking water and wastewater assets (\$000)				\$55,998	\$58,961	\$60,337	\$61,438	\$61,674	\$62,250	\$62,604
Asset investment ratio				79.5%	138.6%	62.9%	49.4%	10.5%	25.5%	15.6%

Average remaining useful life of network assets

Ōtorohanga District Council

Asset consumption ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Book value of drinking water and wastewater infrastructure assets (\$000)	45,336	48,337	50,974							
Replacement value of drinking water and wastewater infrastructure assets (\$000)	46,419	50,625	54,451							
Asset consumption ratio	98%	95%	94%							

Waikato Waters

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

Financially sustainable assessment - financing sufficiency

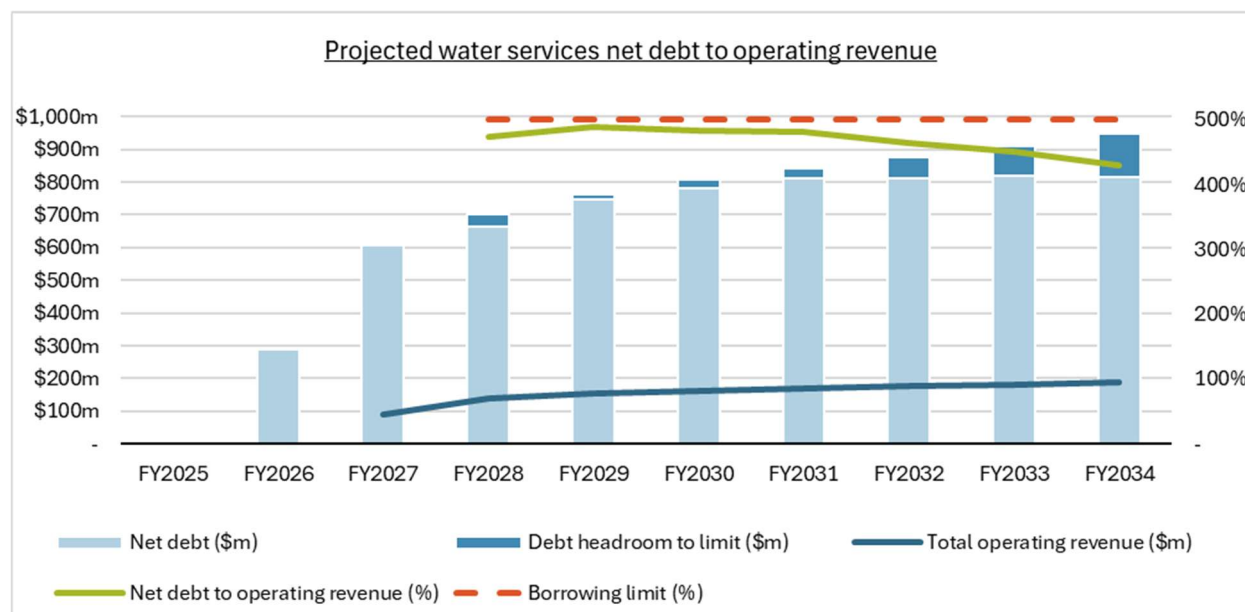
Assessment of financing sufficiency

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

The commentary in this section reflects a debt profile for the company that leverages debt capacity but allows the company to operate within covenants indicated by LGFA. The financial position is expected to improve further beyond the forecast period.

Beyond that, the price path shown is deliberately low to show what a sustainable financial position could look like. The Company may of course choose to implement a different pricing strategy that sees slightly higher increases in water charges year-on-year to improve the debt profile more quickly or allow for needed investment to be brought forward.

Ultimately, the expectation would be that the company's debt profile allows it to obtain a stand-alone credit rating.



Projected council borrowings against borrowing limits

Assessment of financing sufficiency

Projected borrowings for water services

Ōtorohanga District Council

Net debt to operating revenue	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Net debt attributed to drinking water and wastewater services (gross debt less cash) (\$m)	10	11	13							
Operating revenue – combined drinking water and wastewater services (\$m)	4	5	5							
Net debt to operating revenue %	250%	220%	260%							

Waikato Waters

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

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

Assessment of financing sufficiency

Borrowing headroom/(shortfall) for water services

Ōtorohanga District Council

Borrowing headroom/(shortfall) against limit	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating revenue (\$m)	4	5	5							
Debt to revenue limit for water services (%)	175%	175%	175%							
Maximum allowable net debt at borrowing limit (\$m)	7	8.75	8.75							
Projected net debt attributed to drinking water and wastewater services (\$m)	10	11	13							
Borrowing headroom/(shortfall) against limit (\$m)	(3)	(2.25)	(4.25)							

Waikato Waters

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

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

Assessment of financing sufficiency

Free funds from operations

Ōtorohanga District Council

Free funds from operations	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projected net debt attributed to drinking water and Wastewater services (\$m)	10	11	13							
Projected free funds from operations – drinking water and wastewater services (\$m)	0.1	1.2	1.4							
Free funds from operations to net debt ratio	1.0%	10.9%	10.8%							

Waikato Waters

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

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

Part D: Financial sustainability assessment - Stormwater

Confirmation of financially sustainable delivery of water services

Financially sustainable water services provision
Confirmation of financially sustainable delivery of water services by 30 June 2028
<i>Stormwater</i> This WSDP demonstrates that stormwater services will be delivered in a financially sustainable manner by 30 June 2028.
Actions required to achieve financially sustainable delivery of water services
Refer below
Risks and constraints to achieving financially sustainable delivery of water services
Refer below

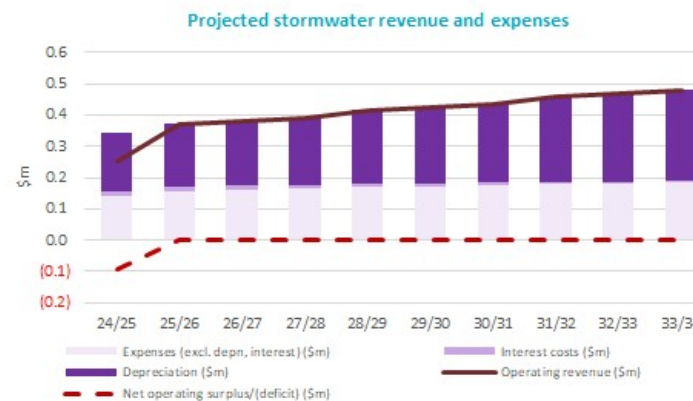
Financial sustainability assessment - revenue sufficiency

Assessment of revenue sufficiency

Projected stormwater revenues cover the projected costs of delivering water services

Projected stormwater revenue exceeds expenses from the 2026/27 year onwards. Expenses include interest costs and depreciation funding.

The funding of depreciation allows for the reinvestment of that money into capital investments and/or loan repayments as required.



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

We have used the assumptions of connection numbers mentioned earlier in this document. Pricing is calculated based on consistent charging across both communities with stormwater systems.

The large increase in 2025/26 reflects an increase in depreciation expense because of capital expenditure in 2024/25.

Projected average charge per connection / rating unit (including GST)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Stormwater	143.91	213.58	219.38	225.46	239.40	245.06	250.47	263.48	269.18	275.21
Average charge per connection / rating unit	143.91	213.58	219.38	225.46	239.40	245.06	250.47	263.48	269.18	275.21
Increase in average charge	-	48.4%	2.7%	2.8%	6.2%	2.4%	2.3%	5.2%	2.2%	2.2%
Water services charges as % of median household income	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

Assessment of revenue sufficiency

Projected operating surpluses/(deficits) for stormwater

Initially in deficit, the projected operating surplus ratio improves over the first two years of the period reaching 0% by FY2026/27. The operating revenue also includes the assumption that revenues are sufficient to fully cover depreciation charges within each year. These depreciation reserves will be used in the first instance to fund capital renewals, with loan funding being used if there are insufficient depreciation reserves.

Operating surplus ratio (whether revenues cover costs)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) excluding capital revenues – stormwater (\$000's)	(\$92)	\$0	\$0	\$0	\$0	\$0	\$1	\$0	\$0	\$1
Operating revenue – stormwater (\$000's)	\$255	\$319	\$377	\$387	\$412	\$421	\$431	\$453	\$463	\$474
Operating surplus ratio	(36.08%)	0%	0%	0%	0%	0%	0.23%	0%	0%	0.21%

Projected operating cash surpluses for stormwater

The cashflows generated will be applied to depreciation reserves for funding the renewals of capital items. Any cashflow surplus is solely from the funding of depreciation, as well as any interest costs on borrowings taken to fund stormwater capital expenditure.

Operating cash ratio (whether revenues cover costs)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenues – stormwater (\$000s)	\$106	\$166	\$219	\$226	\$248	\$253	\$260	\$280	\$288	\$296
Operating revenue – stormwater (\$000s)	\$255	\$319	\$377	\$387	\$412	\$421	\$431	\$453	\$463	\$474
Operating cash ratio	41.57%	52.04%	58.09%	58.40%	60.19%	60.10%	60.32%	61.81%	62.20%	62.45%

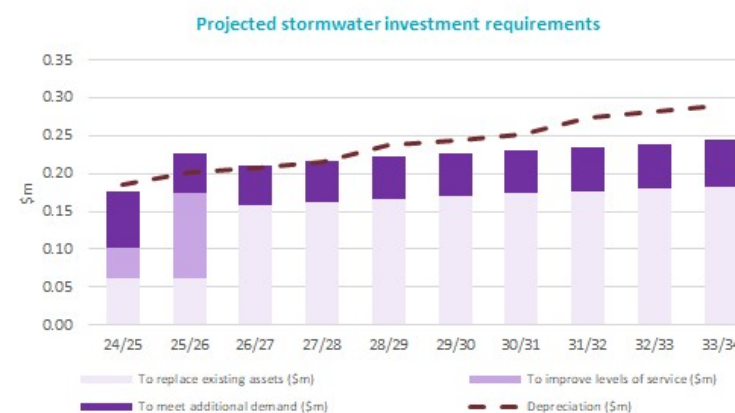
Financial sustainability assessment - investment sufficiency

Assessment of investment sufficiency

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

The asset management plan prepared alongside the 2024-34 LTP, includes all known expenditure requirements to meet stormwater obligations with regard to service levels, growth and asset renewal requirements.

Council has sufficient debt headroom to finance the required stormwater investments required over the term of the plan. The investment sufficiency test has been met by Council.



Renewals requirements for stormwater

The level of renewals expenditure is deemed to be appropriate even though it is lower than projected depreciation. This reflects the relatively young age of a large proportion of the stormwater network.

Depreciation goes into a reserve to fund future renewals.

Asset sustainability ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Capital expenditure on renewals – stormwater (\$'000's)	\$462	\$63	\$159	\$163	\$167	\$170	\$173	\$177	\$180	\$183
Depreciation – stormwater (\$'000's)	\$185	\$201	\$207	\$215	\$237	\$245	\$257	\$260	\$263	\$268
Asset sustainability ratio	249.72%	31.34%	76.81%	75.81%	70.46%	69.39%	67.32%	68.08%	68.44%	68.28%

Assessment of investment sufficiency

Total stormwater investment required over 10 years

Proposed levels of investment have been set to maintain current levels of service and ensure compliance with all current and future consents. This is consistent with Council's Infrastructure Strategy.

Capital expenditure in years 2024/25 relates to the renewal of the comprehensive stormwater consents for both Ōtorohanga and Kāwhia.

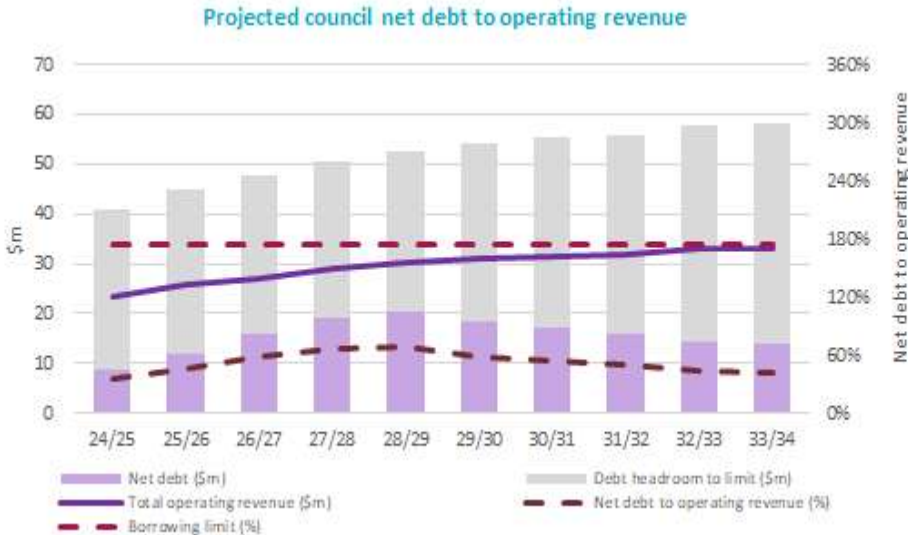
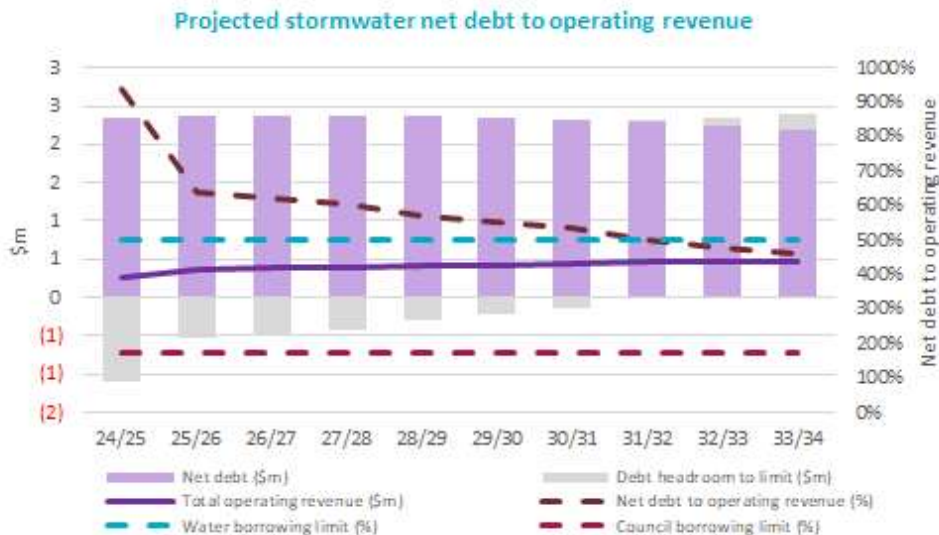
Asset investment ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Total capital expenditure – stormwater (\$000's)	\$502	\$227	\$212	\$217	\$222	\$226	\$230	\$236	\$240	\$244
Depreciation – stormwater (\$000's)	\$185	\$201	\$207	\$215	\$237	\$245	\$252	\$273	\$282	\$290
Asset investment ratio	271.4%	112.9%	102.4%	100.9%	93.7%	92.2%	91.3%	86.4%	85.1%	84.1%

Average remaining useful life of network assets

The asset consumption ratio is expected to decrease. This is because the age of the stormwater assets are relatively young with a long total useful life, which results in a slower rate of depreciation.

Asset consumption ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Book value of stormwater assets – (\$000's)	\$11,800	\$11,826	\$11,830	\$11,832	\$11,817	\$11,799	\$11,777	\$11,740	\$11,697	\$11,651
Replacement value of stormwater assets – (\$000's)	\$11,800	\$12,547	\$12,547	\$12,547	\$13,460	\$13,460	\$13,460	\$14,170	\$14,170	\$14,170
Asset consumption ratio	100.0%	94.3%	94.3%	94.3%	87.8%	87.7%	87.5%	82.9%	82.5%	82.2%

Financial sustainability assessment - financing sufficiency

Assessment of financing sufficiency																																																																																																																										
Confirmation that sufficient funding and financing can be secured to deliver stormwater																																																																																																																										
Projected <u>council</u> borrowings against borrowing limits	Projected <u>stormwater</u> borrowings against borrowing limits																																																																																																																									
Projected council net debt to operating revenue  This chart displays the projected council net debt to operating revenue from 2024/25 to 2033/34. The left y-axis represents net debt in millions of dollars (\$m), ranging from 0 to 70. The right y-axis represents the net debt to operating revenue ratio as a percentage, ranging from 0% to 360%. The x-axis shows fiscal years from 24/25 to 33/34. The chart includes four data series: Net debt (\$m) shown as purple bars, Total operating revenue (\$m) shown as a solid purple line, Debt headroom to limit (\$m) shown as grey bars, and Net debt to operating revenue (%) shown as a dashed brown line. A horizontal dashed red line indicates the borrowing limit at 180%. <table><tr><th>Fiscal Year</th><th>Net debt (\$m)</th><th>Total operating revenue (\$m)</th><th>Debt headroom to limit (\$m)</th><th>Net debt to operating revenue (%)</th></tr><tr><td>24/25</td><td>10</td><td>25</td><td>35</td><td>40%</td></tr><tr><td>25/26</td><td>12</td><td>27</td><td>35</td><td>44%</td></tr><tr><td>26/27</td><td>14</td><td>29</td><td>35</td><td>48%</td></tr><tr><td>27/28</td><td>16</td><td>31</td><td>35</td><td>52%</td></tr><tr><td>28/29</td><td>18</td><td>33</td><td>35</td><td>55%</td></tr><tr><td>29/30</td><td>19</td><td>34</td><td>35</td><td>56%</td></tr><tr><td>30/31</td><td>20</td><td>35</td><td>35</td><td>57%</td></tr><tr><td>31/32</td><td>21</td><td>36</td><td>35</td><td>58%</td></tr><tr><td>32/33</td><td>22</td><td>37</td><td>35</td><td>59%</td></tr><tr><td>33/34</td><td>23</td><td>38</td><td>35</td><td>61%</td></tr></table>	Fiscal Year	Net debt (\$m)	Total operating revenue (\$m)	Debt headroom to limit (\$m)	Net debt to operating revenue (%)	24/25	10	25	35	40%	25/26	12	27	35	44%	26/27	14	29	35	48%	27/28	16	31	35	52%	28/29	18	33	35	55%	29/30	19	34	35	56%	30/31	20	35	35	57%	31/32	21	36	35	58%	32/33	22	37	35	59%	33/34	23	38	35	61%	Projected stormwater net debt to operating revenue  This chart displays the projected stormwater net debt to operating revenue from 2024/25 to 2033/34. The left y-axis represents net debt in millions of dollars (\$m), ranging from -1 to 3. The right y-axis represents the net debt to operating revenue ratio as a percentage, ranging from 0% to 1000%. The x-axis shows fiscal years from 24/25 to 33/34. The chart includes five data series: Net debt (\$m) shown as purple bars, Total operating revenue (\$m) shown as a solid purple line, Debt headroom to limit (\$m) shown as grey bars, Net debt to operating revenue (%) shown as a dashed brown line, and Water borrowing limit (%) shown as a dashed cyan line. A horizontal dashed red line indicates the Council borrowing limit at 175%. <table><tr><th>Fiscal Year</th><th>Net debt (\$m)</th><th>Total operating revenue (\$m)</th><th>Debt headroom to limit (\$m)</th><th>Net debt to operating revenue (%)</th><th>Water borrowing limit (%)</th></tr><tr><td>24/25</td><td>2.5</td><td>0.5</td><td>0.5</td><td>500%</td><td>500%</td></tr><tr><td>25/26</td><td>2.5</td><td>0.6</td><td>0.5</td><td>417%</td><td>500%</td></tr><tr><td>26/27</td><td>2.5</td><td>0.7</td><td>0.5</td><td>357%</td><td>500%</td></tr><tr><td>27/28</td><td>2.5</td><td>0.8</td><td>0.5</td><td>313%</td><td>500%</td></tr><tr><td>28/29</td><td>2.5</td><td>0.9</td><td>0.5</td><td>278%</td><td>500%</td></tr><tr><td>29/30</td><td>2.5</td><td>1.0</td><td>0.5</td><td>250%</td><td>500%</td></tr><tr><td>30/31</td><td>2.5</td><td>1.1</td><td>0.5</td><td>227%</td><td>500%</td></tr><tr><td>31/32</td><td>2.5</td><td>1.2</td><td>0.5</td><td>208%</td><td>500%</td></tr><tr><td>32/33</td><td>2.5</td><td>1.3</td><td>0.5</td><td>192%</td><td>500%</td></tr><tr><td>33/34</td><td>2.5</td><td>1.4</td><td>0.5</td><td>179%</td><td>500%</td></tr></table>	Fiscal Year	Net debt (\$m)	Total operating revenue (\$m)	Debt headroom to limit (\$m)	Net debt to operating revenue (%)	Water borrowing limit (%)	24/25	2.5	0.5	0.5	500%	500%	25/26	2.5	0.6	0.5	417%	500%	26/27	2.5	0.7	0.5	357%	500%	27/28	2.5	0.8	0.5	313%	500%	28/29	2.5	0.9	0.5	278%	500%	29/30	2.5	1.0	0.5	250%	500%	30/31	2.5	1.1	0.5	227%	500%	31/32	2.5	1.2	0.5	208%	500%	32/33	2.5	1.3	0.5	192%	500%	33/34	2.5	1.4	0.5	179%	500%
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Projected borrowings for stormwater																																																																																																																										
The net debt to operating revenue ratio is below the limit of 175% of revenue for stormwater services that Council has determined, with the exception of the 2024/25 year projections. This is because the limit of 175% is the overall Council limit, and in 2024/25 Council was well within this limit overall. The additional borrowings for stormwater reflects costs associated with the renewal of resource consents, which flow onto the increased revenue requirements to cover repayments. This ensures ŌDC is under the debt limit from 2025/26 onwards.																																																																																																																										

Assessment of financing sufficiency

Net debt to operating revenue	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Net debt attributed to stormwater (gross debt less cash) – (\$000's)	\$485	\$511	\$594	\$580	\$567	\$556	\$544	\$534	\$524	\$516
Operating revenue – stormwater (\$000's)	\$255	\$319	\$377	\$387	\$412	\$421	\$431	\$453	\$463	\$474
Net debt to operating revenue %	190.2%	160.2%	157.6%	149.9%	137.6%	132.1%	126.2%	117.9%	113.2%	108.9%

Borrowing headroom/(shortfall) for stormwater

Debt headroom for stormwater increases over the period from 2024/25 to 2033/34, as a consequence of a combination of increasing revenue and repayment of loans from the 2027/28 year onwards. The debt limit used is based on Council's limit with the LGFA, as adopted by Council's Treasury Management Policy.

Borrowing headroom/(shortfall) against limit	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating revenue – stormwater (\$000's)	\$255	\$319	\$377	\$387	\$412	\$421	\$431	\$453	\$463	\$474
Debt to revenue limit for stormwater (%)	175%	175%	175%	175%	175%	175%	175%	175%	175%	175%
Maximum allowable net debt at borrowing limit – (\$000's)	\$446	\$558	\$660	\$677	\$721	\$737	\$754	\$793	\$810	\$830
Projected net debt attributed to stormwater – (\$000's)	\$485	\$511	\$594	\$580	\$567	\$556	\$544	\$534	\$524	\$516
Borrowing headroom/(shortfall) against limit – (\$000's)	(\$39)	\$47	\$66	\$97	\$154	\$181	\$210	\$259	\$286	\$314

Assessment of financing sufficiency

Free funds from operations

Free funds from operations to net debt ratio improves over the period from 2024/25 to 2033/34, reaching a peak of 56.2% in 2033/34. This is consistent with the strategy that the stormwater function should be financially self-sustaining, with no external funding required from Council.

Free funds from operations	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projected net debt attributed to stormwater – (\$000's)	\$485	\$511	\$594	\$580	\$567	\$556	\$544	\$534	\$524	\$516
Projected free funds from operations – stormwater (\$000's)	\$93	\$152	\$207	\$215	\$237	\$245	\$252	\$273	\$282	\$290
Free funds from operations to net debt ratio	19.2%	29.7%	34.8%	37.1%	41.8%	44.1%	46.3%	51.1%	53.8%	56.2%

Part E: Projected financial statements for water services

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

Projected funding impact statement

Funding Impact Statement Drinking Water – Ōtorohanga District Council

Projected funding impact statement – drinking water (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	\$30	\$150	\$166							
Targeted rates	\$2,410	\$3,036	\$3,220							
Subsidies and grants for operating purposes	\$0	\$0	\$0							
Local authorities fuel tax, fines, infringement fees and other	\$0	\$0	\$0							
Fees and charges	\$17	\$2	\$1							
Total sources of operating funding	\$2,457	\$3,188	\$3,387							
Applications of operating funding										
Payments to staff and suppliers	\$927	\$1,003	\$1,082							
Finance costs	\$167	\$215	\$205							
Internal charges and overheads applied	\$1,187	\$1,268	\$1,322							
Other operating funding applications	\$70	\$68	\$70							
Total applications of operating funding	\$2,351	\$2,554	\$2,679							
Surplus/(deficit) of operating funding	\$106	\$633	\$708							

Source of capital funding										
Subsidies and grants for capital expenditure	\$0	\$0	\$0							
Development and financial contributions	\$0	\$0	\$0							
Increase/(decrease) in debt	\$2,320	\$101	\$183							
Gross proceeds from sales of assets	\$0	\$0	\$0							
Other dedicated capital funding	\$0	\$0	\$0							
Total sources of capital funding	\$2,320	\$101	\$183							
Applications of capital funding										
Capital expenditure - to meet additional demand	\$50	\$51	\$53							
Capital expenditure - to improve levels of services	\$139	\$56	\$42							
Capital expenditure - to replace existing assets	\$962	\$768	\$878							
Increase/(decrease) in reserves	\$1,275	(\$142)	(\$82)							
Increase/(decrease) in investments	\$0	\$0	\$0							
Total applications of capital funding	\$2,426	\$734	\$890							
Surplus/(deficit) of capital funding	(\$106)	(\$633)	(\$707)							
Funding balance	\$0	\$1	\$1							

Funding Impact Statement Drinking Water – Waikato Waters

Projected funding impact statement – drinking water (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates				1,554	2,278	2,477	2,655	3,033	3,469	3,961
Targeted rates				69,054	74,554	78,999	82,096	85,133	88,244	91,442
Fees and Other Revenue Sources				997	983	1,009	1,033	1,049	1,071	1,092
Total sources of operating funding for drinking water (\$000)				71,606	77,816	82,484	85,784	89,215	92,784	96,495
Applications of operating funding										
Payments to staff and suppliers				28,329	28,151	29,697	28,440	28,906	29,112	29,732
Finance costs				11,560	12,597	14,716	15,719	16,682	16,900	18,271
Internal charges and overheads applied				9,692	9,855	10,045	9,934	10,002	10,174	10,679
Other operating funding applications				3,581	3,581	3,581	3,582	3,581	3,581	3,582
Total applications of operating funding				53,161	54,185	58,039	57,675	59,172	59,168	62,265
Surplus/(deficit) of operating funding				18,444	23,631	24,445	28,109	30,043	33,016	34,231
Source of capital funding										
Subsidies and grants for capital expenditure				0	0	0	0	0	0	0
Development and financial contributions				3,523	4,763	7,038	7,678	7,425	7,279	7,684
Increase/(decrease) in debt				34,213	30,583	17,836	25,353	7,667	15,828	(2,902)
Gross proceeds from sales of assets				0	0	0	0	0	0	0
Other dedicated capital funding				0	0	0	0	0	0	0

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

Funding Impact Statement – Wastewater Ōtorohanga District Council

Projected funding impact statement - wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	\$17	\$47	\$51							
Targeted rates	\$902	\$1,069	\$1,194							
Subsidies and grants for operating purposes	\$0	\$0	\$0							
Local authorities fuel tax, fines, infringement fees and other	\$0	\$0	\$0							

Fees and charges	\$97	\$67	\$68							
Total sources of operating funding	\$1,016	\$1,183	\$1,313							
Applications of operating funding										
Payments to staff and suppliers	\$611	\$442	\$452							
Finance costs	\$54	\$140	\$135							
Internal charges and overheads applied	\$248	\$277	\$288							
Other operating funding applications	\$31	\$31	\$32							
Total applications of operating funding	\$944	\$890	\$907							
Surplus/(deficit) of operating funding	\$72	\$292	\$407							
Source of capital funding										
Subsidies and grants for capital expenditure	\$0	\$0	\$0							
Development and financial contributions	\$0	\$0	\$0							
Increase/(decrease) in debt	\$5,850	\$506	\$87							
Gross proceeds from sales of assets	\$0	\$0	\$0							
Other dedicated capital funding	\$0	\$0	\$0							
Total sources of capital funding	\$5,850	\$506	\$87							
Applications of capital funding										
Capital expenditure - to meet additional demand	\$50	\$51	\$53							
Capital expenditure - to improve levels of services	\$3,728	\$0	\$0							
Capital expenditure - to replace existing assets	\$2,272	\$829	\$451							
Increase/(decrease) in reserves	(\$127)	(\$81)	(\$10)							

Increase/(decrease) in investments	\$0	\$0	\$0							
Total applications of capital funding	\$5,923	\$799	\$494							
Surplus/(deficit) of capital funding	(\$73)	(\$292)	(\$407)							
Funding balance	(\$1)	\$0	\$0							

Funding Impact Statement Wastewater - Waikato Waters

Projected funding impact statement – wastewater (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates				56	735	1,068	1,266	2,215	3,018	3,990
Targeted rates				63,439	68,655	73,016	75,916	78,220	80,792	83,366
Subsidies and grants for operating purposes				0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other				0	0	0	0	0	0	0
Fees and charges				5,388	5,467	5,264	5,341	5,388	5,446	5,470
Total sources of operating funding for wastewater (\$000)				68,883	74,857	79,348	82,522	85,823	89,256	92,826
Applications of operating funding										
Payments to staff and suppliers				27,528	27,608	28,500	39,578	39,882	40,327	41,803
Finance costs				17,345	17,660	21,099	22,044	21,927	21,456	21,745

Internal charges and overheads applied				8,427	8,505	8,672	8,835	8,812	8,889	9,257
Other operating funding applications				2,369	2,369	2,370	2,370	2,370	2,370	2,370
Total applications of operating funding				55,670	56,141	60,641	72,828	72,990	73,042	75,174
Surplus/(deficit) of operating funding				13,214	18,716	18,707	9,694	12,833	16,214	17,652
Source of capital funding										
Subsidies and grants for capital expenditure				0	0	0	0	0	0	0
Development and financial contributions				7,110	10,289	14,888	16,255	16,196	15,415	16,705
Increase/(decrease) in debt				24,038	52,681	15,353	4,713	(5,986)	(9,627)	(996)
Gross proceeds from sales of assets				0	0	0	0	0	0	0
Other dedicated capital funding				0	0	0	0	0	0	0
Total sources of capital funding				31,148	62,970	30,241	20,967	10,210	5,788	15,709
Applications of capital funding										
Capital expenditure - to meet additional demand				15,305	20,977	13,514	7,818	6,582	3,038	12,857
Capital expenditure - to improve levels of services				13,939	37,027	15,711	10,508	5,365	7,378	10,250
Capital expenditure - to replace existing assets				15,117	23,682	19,724	12,336	11,096	11,586	10,254
Increase/(decrease) in reserves				0	0	0	0	0	0	0
Increase/(decrease) in investments				0	0	0	0	0	0	0
Total applications of capital funding				44,361	81,686	48,948	30,662	23,043	22,002	33,361
Surplus/(deficit) of capital funding				(13,214)	(18,716)	(18,707)	(9,694)	(12,833)	(16,214)	(17,652)
Funding balance				0	0	0	0	0	0	0

Funding Impact Statement Stormwater – Ōtorohanga District Council

Projected funding impact statement - stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	250	372	382	392	417	426	436	459	469	479
Targeted rates	0	0	0	0	0	0	0	0	0	0
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	250	372	382	392	417	426	436	459	469	479
Applications of operating funding										
Payments to staff and suppliers	36	102	106	109	111	113	115	117	118	120
Finance costs	16	14	13	12	11	9	8	7	6	5
Internal charges and overheads applied	75	23	23	24	24	24	25	25	26	26
Other operating funding applications	31	32	33	33	34	35	36	36	37	38
Total applications of operating funding	157	171	175	178	180	182	184	185	187	189
Surplus/(deficit) of operating funding	94	201	207	215	237	245	252	273	282	290
Source of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0

Increase/(decrease) in debt	(5)	56	(16)	(14)	(13)	(11)	(12)	(10)	(10)	(8)
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
0Total sources of capital funding	(5)	56	(16)	(14)	(13)	(11)	(12)	(10)	(10)	(8)
Applications of capital funding										
Capital expenditure - to meet additional demand	75	51	53	54	55	56	57	59	60	61
Capital expenditure - to improve levels of services	40	113	0	0	0	0	0	0	0	0
Capital expenditure - to replace existing assets	61	63	159	163	167	170	173	177	180	183
Increase/(decrease) in reserves	(87)	30	(20)	(16)	2	7	10	28	32	39
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	89	256	191	201	224	233	241	264	272	282
Surplus/(deficit) of capital funding	(94)	(200)	(207)	(215)	(237)	(245)	(252)	(273)	(282)	(290)
Funding balance	0	0	0	0	0	0	0	0	0	0

Projected statement of comprehensive revenue and expense

Statement of Comprehensive Revenue and Expense –Drinking Water – Ōtorohanga District Council

Projected statement of profit and loss – drinking water and wastewater services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	2,669	3,414	3,614							
Other revenue	0	0	0							
Total revenue	2,669	3,414	3,614							
Expenses										
Operating expenses	1,023	1,768	1,892							
Finance costs	196	215	209							
Overheads and support costs	1,175	566	629							
Depreciation & amortisation	749	777	800							
Total expenses	3,143	3,327	3,530							
Net surplus/(deficit)	(474)	87	84							
Revaluation of infrastructure assets	0	1,428	0							
Total comprehensive income	(474)	1,515	84							

Cash surplus/(deficit) from operations (ex non-cash items)	275	864	885							
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Statement of Comprehensive Revenue and Expense – Drinking Water – Waikato Waters

Projected statement of profit and loss – drinking water and wastewater services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue				71,606	77,816	82,484	85,784	89,215	92,784	96,495
Other revenue				3,523	4,763	7,038	7,678	7,425	7,279	7,684
Total revenue				75,129	82,578	89,523	93,462	96,640	100,062	104,180
Expenses										
Operating expenses				31,910	31,732	33,278	32,022	32,487	32,693	33,314
Finance costs				11,560	12,597	14,716	15,719	16,682	16,900	18,271
Overheads and support costs				9,692	9,855	10,045	9,934	10,002	10,174	10,679
Depreciation & amortisation				26,809	27,935	28,683	29,819	30,355	31,257	31,529
Total expenses				79,971	82,119	86,723	87,494	89,527	91,025	93,793
Net surplus/(deficit)				(4,842)	459	2,800	5,968	7,113	9,037	10,386
Revaluation of infrastructure assets				24,869	24,1559	24,581	23,344	23,326	22,442	22,050
Total comprehensive income				20,027	24,618	27,381	29,312	30,439	31,479	32,437
Cash surplus/(deficit) from operations (ex non-cash items)				21,967	28,394	31,483	35,787	37,468	40,294	41,915

Statement of Comprehensive Revenue and Expense – Wastewater Ōtorohanga District Council

Projected statement of profit and loss – wastewater services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	985	1,333	1,513							
Other revenue	0	0	0							
Total revenue	885	1,333	1,513							
Expenses										
Operating expenses	690	653	672							
Finance costs	138	186	179							
Overheads and support costs	278	120	123							
Depreciation & amortisation	335	373	389							
Total expenses	1,441	1,331	1,362							
Net surplus/(deficit)	(457)	2	151							
Revaluation of infrastructure assets	0	867	0							
Total comprehensive income	(457)	867	151							
Cash surplus/(deficit) from operations (ex non-cash items)	(122)	374	540							

Statement of Comprehensive Revenue and Expense – Wastewater – Waikato Waters

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

Statement of Comprehensive Revenue and Expense Stormwater - Ōtorohanga District Council

Projected statement of profit and loss - stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	250	372	382	392	417	426	436	459	469	479
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	250	372	382	392	417	426	436	459	469	479
Expenses										
Operating expenses	67	134	139	142	145	148	150	153	155	158
Finance costs	16	14	13	12	11	9	8	7	6	5
Overheads and support costs	75	23	23	24	24	24	25	25	26	26
Depreciation & amortisation	185	201	207	215	237	245	252	273	282	290
Total expenses	342	372	382	392	417	426	436	459	469	479
Net surplus/(deficit)	(91)	0	0	0	0	0	0	0	0	0
Revaluation of infrastructure assets	0	597	0	616	0	646	0	662	0	1,107
Total comprehensive income	(91)	597	0	616	0	646	0	662	0	1,107
Cash surplus/(deficit) from operations (ex non-cash items)	94	201	207	215	237	245	252	273	282	290

Projected statement of cashflows

Statement of Cashflows – Drinking Water - Ōtorohanga District Council

Projected statement of cashflows – drinking water services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	275	864	885							
[Other items]	0	0	0							
Net cashflows from operating activities	275	864	885							
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(1,542)	(976)	(3,323)							
[Other items]	0	0	0							
Net cashflows from investing activities	(1,542)	(976)	(3,323)							
Cashflows from financing activities										
New borrowings	2,079	201	2,529							
Repayment of borrowings	0	0	0							
Net cashflows from financing activities	2,079	201	2,529							
Net increase/(decrease) in cash and cash equivalents	812	89	91							
Cash and cash equivalents at beginning of year	(1,932)	(1,119)	(1,030)							
Cash and cash equivalents at end of year	(1,119)	(1,030)	(939)							

Statement of Cashflows – Drinking Water – Waikato Waters

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

Statement of Cashflows – Wastewater Ōtorohanga District Council

Projected statement of cashflows – wastewater services (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	(122)	374	540							
[Other items]	0	0	0							
Net cashflows from operating activities	(122)	374	540							
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(2,099)	(880)	(503)							
[Other items]	0	0	0							
Net cashflows from investing activities	(2,099)	(880)	(503)							
Cashflows from financing activities										
New borrowings	2,415	454	35							
Repayment of borrowings	0	0	0							
Net cashflows from financing activities	2,415	454	35							
Net increase/(decrease) in cash and cash equivalents	195	(51)	71							
Cash and cash equivalents at beginning of year	421	616	565							
Cash and cash equivalents at end of year	616	565	636							

Statement of Cashflows – Wastewater – Waikato Waters

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

Statement of Cashflows – Ōtorohanga District Council

Projected statement of cashflows – stormwater (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	94	201	207	215	237	245	252	273	282	290
Net cashflows from operating activities	94	201	207	215	237	245	252	273	282	290
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(176)	(227)	(211)	(217)	(222)	(226)	(231)	(235)	(240)	(244)
Net cashflows from investing activities	(176)	(227)	(211)	(217)	(222)	(226)	(231)	(235)	(240)	(244)
Cashflows from financing activities										
New borrowings		56								
Repayment of borrowings	(5)		(16)	(14)	(13)	(11)	(12)	(10)	(10)	(8)
Net cashflows from financing activities	(5)	56	(16)	(14)	(13)	(11)	(12)	(10)	(10)	(8)
Net increase/(decrease) in cash and cash equivalents	(87)	30	(20)	(16)	2	7	10	28	32	39
Cash and cash equivalents at beginning of year	(712)	(800)	(770)	(790)	(806)	(804)	(797)	(787)	(759)	(726)
Cash and cash equivalents at end of year	(800)	(770)	(790)	(806)	(804)	(797)	(787)	(759)	(726)	(688)

Projected statement of financial position

Statement of Financial Position – Drinking Water - Ōtorohanga District Council

Projected statement of financial position drinking water (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	(1,119)	(1,030)	(939)							
Other current assets										
Infrastructure assets	28,211	29,837	32,359							
Other non-current assets										
Total assets	27,091	28,807	31,420							
Liabilities										
Borrowings – current portion										
Other current liabilities										
Borrowings – non-current portion	6,861	7,062	9,591							
Other non-current liabilities										
Total liabilities	6,861	7,062	9,591							
Net assets	20,230	21,745	21,829							
Equity										
Revaluation reserves	0	1,428	1,428							
Other reserves	20,230	20,317	20,401							
Total equity	20,230	21,745	21,829							

Statement of Financial Position – Drinking Water – Waikato Waters

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

Statement of Financial Position – Wastewater - Ōtorohanga District Council

Projected statement of financial position wastewater (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	616	565	636							
Other current assets	0	0	0							
Infrastructure assets	17,126	18,500	18,614							
Other non-current assets	0	0	0							
Total assets	17,742	19,065	19,250							
Liabilities										
Borrowings – current portion	0	0	0							
Other current liabilities	0	0	0							
Borrowings – non-current portion	2,777	3,231	3,266							
Other non-current liabilities	0	0	0							
Total liabilities	2,777	3,231	3,266							
Net assets	14,964	15,833	15,984							
Equity										
Revaluation reserves	0	867	867							
Other reserves	14,964	14,966	15,117							
Total equity	14,964	15,833	15,984							

Statement of Financial Position – Wastewater – Waikato Waters

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

Statement of Financial Position – Stormwater – Ōtorohanga District Council

Projected statement of financial position – stormwater (\$000)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	(800)	(770)	(790)	(806)	(804)	(797)	(787)	(759)	(726)	(688)
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	11,800	12,423	12,427	13,046	13,031	13,659	13,637	14,262	14,220	15,280
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Total assets	11,000	11,653	11,638	12,240	12,227	12,862	12,851	13,503	13,494	14,592
Liabilities										
Borrowings – current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings – non-current portion	1,547	1,603	1,587	1,574	1,561	1,549	1,538	1,528	1,518	1,510
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	1,547	1,603	1,587	1,574	1,561	1,549	1,538	1,528	1,518	1,510
Net assets	9,453	10,050	10,050	10,667	10,667	11,313	11,313	11,975	11,975	13,082
Equity										
Revaluation reserves	0	597	597	1,214	1,214	1,860	1,860	2,522	2,522	3,629
Other reserves	9,453	9,453	9,453	9,453	9,453	9,453	9,453	9,453	9,453	9,453
Total equity	9,453	10,050	10,050	10,667	10,667	11,313	11,313	11,975	11,975	13,082

Water Services Delivery Plan: additional information

Significant capital projects

Significant capital projects

Significant capital projects – Drinking Water - Ōtorohanga District Council

Significant capital projects – drinking water	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sundry Renewals	155,000	158,875	163,060	167,090	170,965	174,530	178,095	181,505	184,760	188,015
Water Meter Renewals	33,000	16,400	16,832	222,068	12,133	11,260	11,490	13,467	11,920	12,130
Pump Renewals	105,000	0	36,820	0	0	39,410	0	40,985	0	42,455
Development Sundry	50,000	51,250	52,600	53,900	55,150	56,300	57,450	58,550	59,600	60,650
Mains Renewals	618,000	274,700	281,936	288,904	295,604	301,768	307,932	313,828	319,456	325,084
Sundry MEICA	215,000	220,375	226,180	231,770	237,145	287,130	252,780	257,620	262,240	266,860
Health & Safety Improvements	7,000	7,175	7,364	7,546	7,721	7,882	8,043	8,197	8,344	8,491
Sundry Building/Plant Improvements	133,500	44,588	29,982	19,943	20,406	20,831	72,962	15,809	16,092	16,376
Smart Meter Project	75,000	0	0	0	0	0	0	0	0	0
Sludge Pond Backwash Disposal	0	51,250	0	0	0	0	0	0	0	0
Sand Filter Roses	0	0	0	0	0	0	0	0	0	181,950
Resource Consent Renewal	150,000	0	157,800	0	0	0	0	0	0	0
Clarifier Brentwood Tubes	0	0	0	323,400	0	0	0	0	0	0
Filter Media	0	0	0	0	66,180	0	0	0	0	0

Significant capital projects

Plant Renewals	0	0	0	0	0	90,080	0	0	0	0
Carrier Fill Station	0	51,250	0	0	0	0	0	0	0	0
Arohena Treatment Upgrades	0	100,000	2,350,000	1,720,000	2,200,000	0	0	0	0	0

Significant capital projects – Wastewater - Ōtorohanga District Council

Significant capital projects – wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Desludge Oxidation Ponds	230,000	0	0	32,340	0	0	229,800	0	0	0
Development Sundry	50,000	51,250	52,600	53,900	55,150	56,300	57,450	58,550	59,600	60,650
Mains Renewals	525,000	261,375	268,260	274,890	281,265	287,130	292,995	298,605	303,960	309,315
Sundry MEICA	98,500	100,963	103,622	106,183	108,646	110,911	113,177	115,344	117,412	119,481
Sundry Building/Plant Improvements	0	0	21,040	21,560	22,060	22,520	22,980	23,420	23,840	24,260
Pump Renewals	50,000	20,500	21,040	21,560	22,060	22,520	22,980	23,420	23,840	24,260
Sundry Renewals	70,000	30,750	31,560	32,340	33,090	33,780	34,470	35,130	35,760	36,390
Health & Safety Improvements	5,000	5,125	5,260	5,390	5,515	5,630	5,745	5,855	5,960	6,065
Clarifier & Dewatering Plant	0	410,000	0	0	0	0	0	0	0	0

Significant capital projects – Stormwater - Ōtorohanga District Council

Significant capital projects

Significant capital projects – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sundry Renewals	35,000	35,875	36,820	37,730	38,605	39,410	40,215	40,985	41,720	42,455
Development Sundry	75,000	51,250	52,600	53,900	55,150	56,300	57,450	58,550	59,600	60,650
Mains Renewals	39,000	111,725	114,668	117,502	120,227	122,734	125,241	127,639	129,928	132,217
Sundry Building/Plant Improvements	7,000	7,175	7,364	7,546	7,721	7,882	8,043	8,197	8,344	8,491
Resource Consent Renewal	20,000	20,500	0	0	0	0	0	0	0	0

Risks and assumptions

Disclosure of risks and material assumptions for water services delivery		
RISK	DETAILED DESCRIPTION	MITIGATING ACTIONS
Waikato Waters LTD		
Day 1 is not achieved	The Company is not established and ready to be operational from 1 July 2026	Establishment strategy agreed by WWDW councils Includes objectives and principles to inform establishment planning Appointment of the establishment board Dedicated and highly experienced programme manager has developed a staged approach to preparing the establishment plan informed by the strategy. A staged approach has been used to prepare the plan with increasing levels of detail at each stage and workshops with council staff to obtain feedback at each stage. NTU material used (where applicable) to ensure efficiency. Use of workstream leads and advisors who are SMEs. Ongoing engagement with other proposed CCOs to share approaches and learnings Establishment plan approved at end of June 2025 with a professional Board in place and responsible for overseeing implementation by 1 July 2026
LGFA	The Company does not get LGFA approval / covenants are overly onerous Timeline meeting LGFA covenants	Early and ongoing engagement with LGFA in relation to WWDW, the scale and the necessary steps for the CCO to be approved and including reaching agreement on timeline to meet LGFA covenants. Headroom built into the model and forecasts Financial support provided by councils.
Staff recruitment	Ability to recruit an experienced executive team to lead the establishment of the CCO	Org design to commence in August 2025 with a view to being finalised as soon as possible post CE appointment Expert recruiter being sourced now to ensure ready to go once roles confirmed Creating a culture of excitement and change to be an attractive place to work

Disclosure of risks and material assumptions for water services delivery

RISK	DETAILED DESCRIPTION	MITIGATING ACTIONS
Regulatory uncertainty	Uncertainty in the regulatory landscape the company will be operating in and cost blow out.	Ongoing engagement with regulators
Capital delivery ability	Ability of the market to respond and deliver on the capital works delivery	Strategic procurement to improve supply Smart consenting initiative Scale gives extra buying power, makes company more attractive to external contractors compared to councils alone Actively engaging with market to ensure they understand the forward programme
Stormwater		
Stormwater in-house delivery model	In-house delivery not sustainable within other council activities	Council will consider the WWL service level agreement as part of options alongside building capacity in-house to support stormwater function.
Staff capability	Ability to recruit/maintain suitably qualified staff to provide the in-house delivery	A large part of this function may be contracted out, to reduce the operational staff. Capacity across other functions of Council will be considered, roading, parks to meet shortfall in expertise.
Confirmed Comprehensive Urban Resource Consents issued	Until consents are issued, specific changes to the activity unknown and may require further capital investment.	Continue to plan and make improvements in anticipation for the changes to come in line with catchment management plans.
Rural Water		
Rural Water Supply De-registration	De-registering drinking water component of Kahorekau, Huirimu and Taupaki water supplies	Until this process has been completed, we cannot say with certainty that this will happen. Taumata Arowai support and the results of referendum are key to the success. If the supplies cannot be closed, then capital investment will be required. Budget for the investment has been included in all the modelling and the Water Services Delivery Plan.

APPENDICES

Appendix 1: Waikato Waters Ltd Shareholders' Agreement

Appendix 2: Council resolution to adopt this plan

Resolved C421: That Ōtorohanga District Council:

- a) Notes that the Chief Executive is satisfied that, to the best of her knowledge, the information contained in the Ōtorohanga Water Service Delivery Plan (the Plan) complies with the Local Government (Water Services Preliminary Arrangements) Act 2024 and is true and accurate.
- b) Adopts the Plan, attached as Appendix 1 to this report and instructs the Chief Executive to certify and submit the Plan to the Secretary for Local Government.
- c) Authorises the Chief Executive to make minor changes to the Plan, if required, prior to its submission.

Councillor Jeffries | Councillor Prendergast

Appendix 3: Independent advice Council received to prepare this plan

Consultant - BECA

Sub Consultants - MartinJenkins and Mafic

Background

Local Government (Water services Preliminary Arrangement Bill) requires territorial authorities to submit WSDPs within 12 months of the Bill's enactment, the submission date is likely to be late August 2025. The plans are to provide detailed information on the current state of each council's water service delivery arrangements (water supply, wastewater and stormwater) and set out a strategy for how they will achieve financial sustainability. The information on the current state has laid the foundation for information disclosure as part of a future comprehensive economic regime.

Scope of Services

The scope of the independent assessment and advice is broken down as follows:

- Project management
- Collate existing viability and sustainability information into Water Services Delivery Plan
- Staff workshop to support council to identify changes required to investment and financial model to support sustainability assessment
- Re-model 10 years to confirm meets sustainability requirements and updating template, using council supplied updated Capex and Opex forecast data
- Analysis and advice on changes to the current water services model to meet ring fencing requirements (including a conceptual design to meet the council's preferred approach)
- Identify advantages and disadvantages of proposed internal business unit
- Provision of review and comment on council's consultation material
- Develop a high-level implementation plan, sufficient for the purposes of the Water Services Delivery Plan
- Document risks and key assumptions
- Finalise Water Services Delivery Plan