

Taupō District Council

Notes of Council Workshop

Group	Council
Date	11.30am-12.49pm, Tuesday 18 March 2025
Venue	Council Chamber
Topic	Local Water Done Well – Waikato Water proposal
Facilitated by	Mr Kelvin French, Chief Executive of Colab Solutions, Mr Vaughan Payne, Kāhu Manawa and Mr Don McLeod, former Chief Executive of Matamata-Piako District Council
Elected Members present	Mayor David Trewavas (in the Chair), Cr Duncan Campbell, Cr Sandra Greenslade, Cr Christine Rankin, Cr Rachel Shepherd, Cr Kevin Taylor, Cr Kirsty Trueman, Cr Yvonne Westerman, Cr John Williamson
Officers present	Chief Executive (J Gardyne), Acting General Manager People and Community Partnerships (H Tattle), General Manager Strategy and Environment (W Zander), General Manager Organisation Performance (S Matthews), General Manager Community Infrastructure and Services (T Hale via MS Teams), Three Waters Manager (S Lealand), Programme Manager (J Walton), Project Management Office Manager (P Fletcher), Finance Manager (J Paenga), Infrastructure Manager (R Stokes), Environmental Services Manager (J Sparks), Communications Manager (L McMichael), Team Leader Communications (D Eastwood), Senior Policy Advisor (K Goode), Legal and Governance Manager (N McAdie), Digital Communications Specialist (D Petry), Southern Lake Taupō Engagement Partner (M Isherwood via MS Teams), Community Engagement Advisor – Northern Taupō District (C Dredge via MS Teams), Finance Business Partner (H Rowe), Senior Committee Advisor (K Watts)
Public / media present	One member of the public
Documents either pre-circulated or tabled	Powerpoint Presentation (A3728683) Final Waikato Water Done Well Proposal (shared with Elected Members and the Executive team via Diligent on 17 March 2025).
Public or closed¹	Public

Notes²

The three presenters introduced themselves to members and talked through the PPT presentation (A32728683). They highlighted that the Waikato Water Done Well proposal should be considered for its impact in the next 40-50 years rather than in the short-medium term. The process had been to look at the collective problem and the solution was to meet local needs but also future

¹ Workshops are public (and are always advertised whether public or closed), unless there is a good reason(s) for information to be withheld and there is no overriding public interest in holding the workshop in public. Withholding grounds set out in the Local Government Official Information and Meetings Act 1987 (LGOIMA) are a guide. If closed, cite relevant LGOIMA section.

² Workshops are not decision-making forums, therefore this document contains notes of key points discussed only, not decisions.

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challenges. It was looking at the catchment as a whole and not the treatment plants, it would be a whole of river approach.

The following points were emphasised from the PPT presentation:

Slides 2-7:

- The aging population would increase the amount of people on fixed incomes so affordability would be a long-term trend affecting all local authorities.
- The water bodies in the Waikato region were special and had both regional and national significance. The protection of Lake Taupō had come from regional and national funding which demonstrated the importance of it to the region and to the country.
- Waikato Water Done Well focussed on water and communities to drive different thinking and ultimately save money for ratepayers. It was a change from end of pipe thinking to all of catchment thinking.
- Initially the Statement of Expectations was proposed to include a prioritisation of investment, and ringfencing of funds for each of the councils.
- The Water Services Strategy would be like the Annual Plan or Long-term Plan (LTP). Taupō District Council would be the largest shareholder because it had the largest number of water and wastewater connections.

Financial Sustainability slide 8**:

- The financial sustainability model was simple and showed the financial outcomes from aggregating the seven councils. It used Long-term Plans as the basis for the information. Assumptions had been made for what the costs to start the Council Controlled Organisation (CCO) would be, and a significant assumption had been made on the “spend to save.” The model showed the efficiency gains through aggregation and the efficiency gains themselves.
- The cumulative savings were using the assumption that the CCO would charge the same for water as per the current LTP.
- Due to the upfront investment required (referred to as “spend to save”), in the early years it was a slow burn to show the savings. In the outer years, the model showed that the early investment would pay off. 2042 was circled because this was when the Capital Expenditure efficiencies would peak.

***Financial information was shown using assumptions, averages and median data so is not accurate.*

Customer slide 9:

- This was supplementary information to the financial section and showed the set price path for the CCO. It dictated the increase in operating revenue year on year by leveraging the additional debt capacity that the CCO would have.

Slides 10-12:

- The long-term demographic trends such as an aging population would impact on availability of the workforce for both staff and suppliers. The target operating model was for a continued local presence for every shareholder. There would be a sharing of knowledge which would provide career pathways and build resilience.
- The model also provided confidence to the suppliers and a stronger bargaining position for contracts.
- The private sector did not like uncertainty and would not invest to respond to a programme through seven different councils. However, it would be more likely to if it was responding to one entity.
- This was the same situation for a regulator who was more likely to listen to one entity of councils over seven individual councils.

In answer to questions, the following was clarified:

- Hamilton City and Waikato District Councils had pulled out of the proposed CCO because it was not going to meet their short-term needs. At the stage when they pulled out, the CCO

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was going to be a services provider only and not asset owning. There had been a shift since then and both councils acknowledged that the long-term solution was better to have one organisation.

- Each council's water services delivery plan would be reviewed by the Department of Internal Affairs and would show its financial position.
- The operating model of the proposed CCO was designed so that each council's business and funding was ringfenced. As an example, the Taupō District ratepayers' contribution to the CCO would be ringfenced and targeted back to TDC projects.
- The design of the CCO was minimal and only included what was essential. Each of the councils' Chief Executives would be encouraged to look at their council's operating models and ensure that the shareholders of the CCO continued to be successful for the future.
- The CCO's board would decide how to charge the communities within the region for water services, and how these services and assets would be allocated amongst communities. From a financial perspective, it was important that the CCO positioned itself well in the short-term to minimise what was being delivered in the medium-long term to keep rates down.
- The proposed CCO could be designed to be transparent and require transparent reporting to the public through the Statement of Expectations. The legislation from Central Government was placing emphasis on councils continuing to have a voice in their local communities.
- While the proposed 39% shareholder for Taupō District Council gave it more power, the culture that would be advocated for was one of decisions from consensus, not voting numbers. The CCO was not making a profit for the shareholder like a private business, so consensus benefitted the smaller communities.
- If Taupō District Council was not to opt into the Waikato Water Done Well proposed CCO, other councils involved would still need to collaborate because going it alone was not right for them. From a financial modelling point of view, if Taupō District Council was not involved, the efficiency gains would need to be recalculated, as well as the spend to save gains. Some sensitivity analysis had been done around the efficiency gains – even if they were scaled back, in the longer term it was still a worthwhile investment.
- The CCO's ability to control pricing going forward would be constrained by the Commerce Commission who was looking at value for money received from customers. Expenditure was required to be as efficient as possible, pricing to be fair and services of high quality. If the local water service provider was not meeting these standards, the Commerce Commission would step in.
- Central Government's expectation was for more collaboration amongst councils to occur so while Taupō District Council could opt out from joining the Waikato Water Done Well CCO in the short-term, it should keep the option open for the future.

The Chief Executive thanked the presenters for coming and advised that a council workshop would be held in the following 2 weeks including an update from the Department of Internal Affairs, then Council would be looking at the options assessment. Taupō District Council was slightly behind the original schedule but wanted to give more time and consideration to the options.

The workshop closed at 12.49pm.