



AGENDA

JOINT SHAREHOLDERS COMMITTEE - CENTRAL DISTRICTS WATER

4.00PM, FRIDAY 27 MARCH 2026

COUNCIL CHAMBER, FIRST FLOOR,
CIVIC ADMINISTRATION BUILDING,
32 THE SQUARE, PALMERSTON NORTH

MEMBERS

Mr Chris Gallavin (Chairperson)

Mayor Andy Watson (Deputy Chairperson)

Mayor Grant Smith (PNCC)

Mayor Bernie Wanden (HDC)

Deputy Mayor Dave Wilson (RDC)

Councillor Sam Jennings (HDC)

Councillor Kaydee Zabelin (PNCC)

Ms Danielle Harris (Kurahaupo Confederation)

Mr Hayden Turoa (Tainui Confederation)

Ms Marj Heeney (Iwi of the greater Rangitikei Region)



JOINT SHAREHOLDERS COMMITTEE - CENTRAL DISTRICTS WATER MEETING

27 March 2026

ORDER OF BUSINESS

1. Karakia Timatanga

2. Apologies

3. Notification of Additional Items

Pursuant to Sections 46A(7) and 46A(7A) of the Local Government Official Information and Meetings Act 1987, to receive the Chairperson's explanation that specified item(s), which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded, will be discussed.

Any additions in accordance with Section 46A(7) must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

Any additions in accordance with Section 46A(7A) may be received or referred to a subsequent meeting for further discussion. No resolution, decision or recommendation can be made in respect of a minor item.

4. Declarations of Interest (if any)

Members are reminded of their duty to give a general notice of any interest of items to be considered on this agenda and the need to declare these interests.

5. Public Comment

To receive comments from members of the public on matters specified on this Agenda or, if time permits, on other Committee matters.

6. Confirmation of Minutes Page 7

That the minutes of the Joint Shareholders Committee - Central Districts Water meeting of 13 March 2026 Part I Public be confirmed as a true and correct record.

7. Process for development of Statement of Expectations Page 9

Memorandum, presented by Chris Gallavin, Independent Chair.

8. Content of Transfer Agreement Page 39

Memorandum, presented by Chris Dyhrberg - Executive Director.

9. Schedule of meetings Page 45

Memorandum, presented by Hannah White, Manager Governance, Palmerston North.

10. Work Schedule Page 49

11. Karakia Whakamutunga

12. Exclusion of Public

That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
13.	Confirmation of the minutes of the Joint Shareholders Committee - Central Districts Water meeting of 13 March 2026 Part II Confidential	For the reasons set out in the Joint Shareholders Committee - Central Districts Water meeting of 13 March 2026, held in public.	

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

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

[Add Third Parties], because of their knowledge and ability to assist the meeting in speaking to their report/s [or other matters as specified] and answering questions, noting that such person/s will be present at the meeting only for the items that relate to their respective report/s [or matters as specified].

Minutes of the Joint Shareholders Committee - Central Districts Water Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 13 March 2026, commencing at 4.01pm

Members Present: Mr Chris Gallavin (in the Chair), Mayor Andy Watson (Deputy Chair), Mayor Grant Smith, Deputy Mayor Dave Wilson, Councillor Mike Barker (Alternate- HRC), Councillor Kaydee Zabelin, Mr Hayden Turoa and Ms Marj Heeney.

Members Present online: Mayor Bernie Wanden, and Ms Danielle Harris.

Apologies: Councillor Sam Jennings

Karakia Timatanga

Mr Hayden Turoa opened the meeting with karakia.

7-26 Confirmation of Minutes

Moved Mr Chris Gallavin, seconded Mayor Andy Watson.

The **COMMITTEE RESOLVED**

That the minutes of the Joint Shareholders Committee - Central Districts Water meeting of 13 February 2026 Part I Public be confirmed as a true and correct record.

Clause 7-26 above was carried 10 votes to 0.

Work Schedule

The Chair noted the process for agreeing the Statement of Expectations will be considered by the Committee on 27 March 2026.

EXCLUSION OF PUBLIC

8-26 Recommendation to Exclude Public

Moved Mr Chris Gallavin, seconded Deputy Mayor Dave Wilson.

The **COMMITTEE RESOLVED**

That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
10.	Confirmation of the minutes of the Joint Shareholders Committee - Central Districts Water meeting of 13 February 2026 Part II Confidential	For the reasons set out in the Joint Shareholders Committee - Central Districts Water meeting of 13 February 2026, held in public.	
11.	Appointments to the Central Districts Water Board	A candidate's right to privacy outweighs the public's interest to know who has applied to the Central Districts Water Board until the appointment has been confirmed.	s7(2)(a)PRIVACY This information needs to be kept private to protect personal information that is confidential or sensitive. This includes people who are no longer alive

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

That Matt Stanley and Alyssa Jones from Propero Consulting be permitted to remain after the public has been excluded because of their knowledge and ability to assist the meeting in speaking to, and answering questions on Item 11 Appointments to the Central Districts Water Board.

Noting that they will be present at the meeting only for Item 11.

Clause 8-26 above was carried 10 votes to 0.

The public part of the meeting finished at 4.13pm.

Confirmed 27 March 2026.

Chairperson

MEMORANDUM

TO: Joint Shareholders Committee - Central Districts Water

MEETING DATE: 27 March 2026

TITLE: Process for development of Statement of Expectations

PRESENTED BY: Chris Gallavin, Independent Chair

APPROVED BY: Chris Dyhrberg, Deputy Chief Executive

RECOMMENDATION TO JOINT SHAREHOLDERS COMMITTEE - CENTRAL DISTRICTS WATER

1. That the Committee agree the process for the developing the Statement of Expectations as set out in Attachment 2.

1. ISSUE

- 1.1 A Statement of Expectations (SOE) must be agreed by the Committee and delivered to the Board of Central Districts Water in order to inform its Water Services Strategy.
- 1.2 This memorandum sets out the purpose of the Statement of Expectations and proposed steps for its development.

2. BACKGROUND

Key documents

- 2.1 The **Statement of Expectations** is a governance document that is to be prepared by the shareholders (the Shareholders' Committee) and provided to Central Districts Water (with input from the Board). It is intended to inform and guide decisions, actions and planning by Central Districts Water.
- 2.2 The **Water Services Strategy** is **prepared by Central Districts Water** (with input from the Committee)¹ and is to provide a public statement of the Organisation's longer-term capital, operational and financial intentions. It will include measures and outcomes to be reported against.

¹ It should be noted that if the Councils instead prefer to preserve for themselves substantive decision-making on the Water Services Strategy, this can be carved out under the legislation, but would require amendments to the Shareholders' Agreement and could undermine the independence of Central Districts Water and create a complex decision-making path to final agreement.

- 2.3 The **Shareholders' Agreement**, agreed by the Councils, set up the Joint Shareholders' Committee as the mechanism by which the shareholders jointly exercise their responsibilities. Schedule 3 of the Shareholders' Agreement sets out the Terms of Reference for the Committee. It states the Shareholders' Committee responsibility include:
- (h) Preparing, considering comments from the Company on, and adopting the Statement of Expectations for the Company;
 - (i) Receiving, considering and providing comments and recommendations to the Company on its draft Water Services Strategy, and any amendments to it;
- 2.4 The Central Districts Water **Annual Report** will record performance against the strategic priorities, objectives and outcomes in its Water Services Strategy and how it has given effect to the Statement of Expectations. The Committee, in its annual review, will make an informed assessment of the Organisation's performance, comparing intended performance levels with actual performance levels, promoting accountability to shareholders for performance, and supporting shareholders subsequent accountability to their communities.

Content of the SOE

2.5 Required matters:

- the outcomes that the Councils expect Central Districts Water to achieve by providing water services (although, what those outcomes are remain for the Councils to determine);
- requirements relating to resource management planning and land use planning that are relevant to the service area;
- a requirement that the Organisation must act in accordance with any relevant statutory obligation that applies to a shareholder;
- what information the Organisation is required to include in its water services half-yearly report.

2.6 Optional matters:

Outside of those required matters, the SOE may include any other agreed matters. The Act lists several matters which could be included in a SOE:

- a. how the shareholders require the water organisation to conduct its relationships with:
 - i. the shareholders;
 - ii. the shareholders' communities or any specified stakeholders within those communities;
 - iii. hapū, iwi, and other Māori organisations;
 - iv. consumers in the water organisation's service area.
- b. performance indicators and measures that the shareholders may use to monitor the water organisation;

- c. expectations relating to the strategic priorities to be included in the water organisation's water services strategy;
 - d. a requirement that the water organisation act in accordance with an obligation that a shareholder that is a territorial authority may have with a third party (including with hapū, iwi, or other Māori organisations) under a contract or other agreement;
 - e. a requirement that the water organisation undertake a specified obligation on behalf of a shareholder that is a territorial authority;
 - f. a requirement to undertake community or consumer engagement, and the contents of that engagement;
 - g. expectations in relation to collaborating with the shareholders and other parties when providing water services;
 - h. a requirement that part or all of the water organisation's water services strategy be independently reviewed or audited.
- 2.7 It is expected that any performance measures and outcomes expected of Central Districts Water will reflect existing performance measures and outcomes relating to water services in each of the Councils' Long-Term Plans.
- 2.8 Alternatively, the SOE could require Central Districts Water to identify and adopt its own performance measures as part of its Water Services Strategy, giving the Committee opportunity to comment.
- 2.9 Examples of previously prepared statements of expectations from water services council-controlled organisations in Wellington and Waikato are attached for reference. See Attachments 3 and 4.

Nature of SOE

- 2.10 The nature of any expectations is ultimately a decision for the Committee to make.
- 2.11 Since Central Districts Water is required to 'give effect' to the SOE through its activities and planning, it is important that realistic and achievable expectations are set. If the SOE is highly directive of certain outcomes or decisions, then it may constrain the Board, or put the Board at risk if they cannot reasonably achieve the expectations set by the Council. In addition, it could create tension at an early stage between the shareholders and Board.

3. TIMING, PRINCIPLES AND PROPOSED FRAMEWORK FOR DEVELOPING SOE

Timing

- 3.1 The aim is to deliver a Statement of Expectations to Central Districts Water by 30 June 2026.²
- 3.2 It is acknowledged that this is a tight timeframe, requiring significant commitment from Committee members.
- 3.3 Doing so will give the Board sufficient lead time to draft the Water Services Strategy and to align its consultation period with Councils' own consultation periods on their Long-Term Plans in the new calendar year. This will in turn make it easier to bring attention to the Water Services Strategy consultation and for the public to align the shift in water service provision from 1 July 2027 with the 2027/2030 Long-Term Plan.

Principles

- 3.4 The proposed framework has been designed to ensure:
- a. clarity of the role of each of the parties; and
 - b. a process for the Committee to carefully consider all parties' needs and then consolidate these into one coherent story as the 'Statement of Expectations' document.
- 3.5 Although councils will be familiar with a statement of expectations process under the Local Government Act, this Statement of Expectations differs slightly in that:
- a. there are unique processes for Water Services Council-Controlled Organisations as set up under the Local Government Water Services Act;
 - b. Councils have delegated authority to the Shareholders' Committee through the Shareholders' Agreement to agree the single statement of expectations on behalf of the shareholders as a collective; and
 - c. Shareholders' Committee members have the authority to represent their Council or Group's interests and at the same time have a responsibility to the Committee as a shared consensus-driven decision-making body.

Process

- 3.6 An initial draft discussion template is being finalised and will be tabled for the meeting later this week.

² The first SoE must be issued as soon as practicable after the Water Organisation is established, but within 6 months of establishment. An SOE must be issued at least six months before the Water Organisation is required to adopt a Water Service Strategy (Local Government Water Services Act, s224(1) and s225(2)).

- 3.7 Attachment 1 sets out the proposed series of steps to develop the Statement of Expectations.
- 3.8 These steps provide a pathway for Shareholders' Committee members to lead conversations with the groups they are representing, while highlighting the authority of the Shareholders' Committee to shape the final consensus.
- 3.9 Councils and partners will have the opportunity to be briefed at Step 2 and to subsequently provide feedback through their Committee representatives at Step 3 (prior to 21 April).
- 3.10 How Committee members seek this feedback is not prescribed, but rather a matter for the members to determine appropriate methods for their council or group environment. We ask that Committee members then share any gathered comments with the Chair, who will coordinate these to form the substantive basis of discussion for the Committee workshop on 30 April.
- 3.11 After the Committee agrees the draft at its meeting of 22 May, the Committee will then lead a series of workshops with individual councils, Ngā Tapuwāe o Hau and the Board of Central Districts Water to test its thinking (see Steps 6-10). Any changes will be incorporated through discussion and agreement at the Committee meeting of 26 June.
- 3.12 The Committee Chair will work with external legal support in the drafting of the document. There will be legal review of Statement of Expectation prior to the 22 May and 26 June Committee meetings.
- 3.13 Public consultation opportunities will occur when Central Districts Water consult the community on its Water Services Strategy, assuming it is required to do so.

4. NEXT STEPS

- 4.1 The process for the development of the SOE agreed today will be published on the Councils' websites in an easily understood format similar to that described in Attachment 2.
- 4.2 Workshops will be sent to Committee members for inclusion in their diaries. It should be noted that the nature of these workshops is such that in-person attendance is preferred.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these objectives?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No

ATTACHMENTS

1. Statement of Expectation- Steps to development
2. Statement of Expectations Process map
3. Example- Tiaki Wai Metro Water Ltd (Wellington)
4. Example- IAWAI (Waikato)

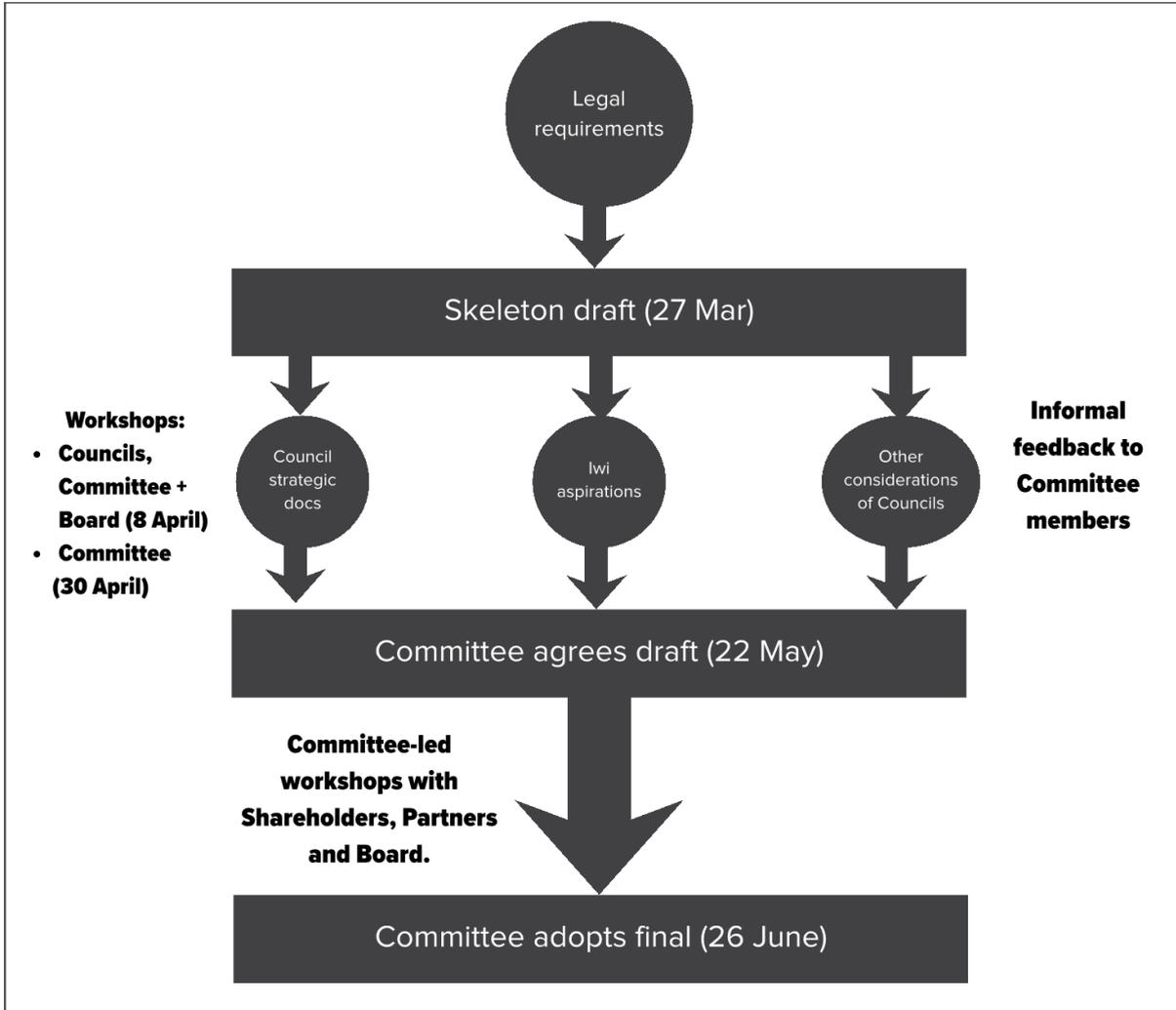
Proposed steps to Statement of Expectations development

Step	Session	Date & location	Responsibility for leading	Participants	Observers	Purpose/focus
1	Committee Meeting	27 March, PN City Council	Chris Gallavin	Shareholders' Committee		Agree SOE development framework
2	Joint Workshop	8 April, PN Conference & Function Centre	Chris Dyhrberg	Shareholders' Committee Councils Board		
3	Informal feedback	9 April-21 April	Shareholders' Committee	Shareholder Councils and partners		Opportunity to have conversations with colleagues. Feedback received by 22 April will be incorporated into a second draft which will form the basis for discussion at committee workshop of 30 April.
4	Committee Workshop	30 April, PN City Council	Chris Gallavin	Shareholders' Committee		Formulate draft
5	Committee Meeting	22 May, Horowhenua District Council	Chris Gallavin	Shareholders' Committee		Agree draft of SOE
6	Shareholder council workshop	3pm 27 May, PN City Council	Grant Smith Kaydee Zabelin Danielle Harris	PN City Council	Shareholders' Committee	Share comments on draft SOE

7	Board workshop ¹	4.30pm 27 May, PN City Council *TBC in consultation with the Directors	Chris Gallavin	CD Water Board	Shareholders' Committee	Share comments on draft SOE
8	Shareholder council workshop	10am, 29 May, Rangitikei District Council	Andy Watson Dave Wilson Marj Heeney	Rangitikei District Council	Shareholders' Committee	Share comments on draft SOE
9	Partners workshop	9.30am 4 June, Te Whare Wairua Mererikiriki, Tanenuiarangi Manawatū, Maxwells Line, Palmerston North	Danielle Harris Hayden Turoa Marj Heeney	Ngā Tapuwae o Hau	Shareholders' Committee	Share comments on draft SOE
10	Shareholder council workshop	10am 5 June, Horowhenua District Council	Bernie Wanden Sam Jennings Hayden Turoa	Horowhenua District Council	Shareholders' Committee	Share comments on draft SOE
11	Committee Meeting	10am 26 June, Horowhenua District Council	Chris Gallavin	Shareholders' Committee		Adopt final SOE

¹ When preparing the Statement of Expectations, the shareholders must provide the Water Organisation with an opportunity to comment on a draft version. (Local Government Water Services Act, s229 (4)).

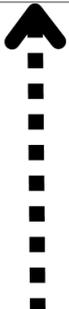
Shareholders' Committee (Council + Partners) Statement of Expectations

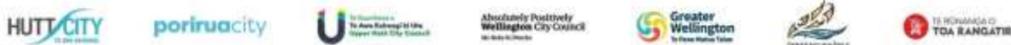


Company Water Service Strategy

- Responds to SOE
- Consults with public
- Reflects upon feedback from Committee + public
- Agree final by 30 June 2027

Reports against objectives





Statement of Expectations

1. Introduction

This Statement of Expectations (SOE) has been prepared for Tiaki Wai Metro Water Limited (Tiaki Wai) as required by the Local Government (Water Services) Act 2025.

It was adopted by the Tiaki Wai Partners Committee, which is made up of representatives of Hutt City Council, Porirua City Council, Upper Hutt City Council, Wellington City Council, and Greater Wellington Regional Council (the Shareholding Councils), and mana whenua partners Taranaki Whānui ki te Upoko o Te Ika and Ngāti Toa Rangatira (the Partners) on 18 December 2025.

2. Context and purpose

Tiaki Wai has been established to deliver safe, reliable, affordable, and sustainable drinking water, wastewater and stormwater services within the Wellington metropolitan area. Tiaki Wai is required to deliver these services in accordance with the objectives in section 17, and financial principles in section 18, of the Local Government (Water Services) Act 2025 and the expectations set out in this SOE.

This SOE describes the collective expectations of the Shareholding Councils and mana whenua partners of Tiaki Wai. It provides direction on the outcomes Tiaki Wai is to seek to achieve when delivering water services for communities, as well as expectations for how Tiaki Wai should conduct itself and its relationships with key stakeholders.

The Partners have agreed that the initial focus for Tiaki Wai should be on achieving a successful transition, which beds in operational stability, robust and independent governance, and the establishment of effective planning and investment processes with strong financial management. This focus is reflected in this SOE.

This SOE sets expectations in four areas:

- 2.1** Governance, Accountability and Reporting expectations, including details on the content for the required half-yearly report.
- 2.2** Establishment expectations (December 2025 to 30 June 2026) – expectations that must be achieved before operational go-live.
- 2.3** Transitional expectations (1 July 2026 to 30 June 2030) – expectations that will apply through the transitional / establishment phase.
- 2.4** Enduring expectations.

Tiaki Wai will need to build its internal capability and capacity so it can deliver on its objectives and the expectations that govern it. Existing staff, particularly those transitioning from the Shareholding Councils will also need to be well supported through transition.

3. Strategic goals and key outcomes for Tiaki Wai

- 3.1** To ensure the delivery of safe, reliable, environmentally and financially sustainable water services that will be resilient, restore te mana o te wai and enable new homes and the well-being of communities across Tiaki Wai's service area.
- 3.2** The following are the key outcomes Tiaki Wai must reflect in the initial Water Services Strategy:

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- (a) Improving and compliant water services are delivered for customers and partners, through significant focus on the state of the water network, infrastructure and assets.
- (b) Financially sustainable water services are delivered for customers and partners, with consideration given to affordability when setting water charges.
- (c) Working and reliable water services are delivered for customers continuously, during and after the transition of water services to Tiaki Wai.

4. Governance, Accountability and Reporting

Maintaining independence while establishing strong governance arrangements will be important to the success of Tiaki Wai. Tiaki Wai must be open and transparent in its decision-making with Partners, key stakeholders and the communities it serves.

It is also acknowledged that Tiaki Wai will remain reliant on existing council systems, processes, varying degrees of support, and information, particularly through the establishment phase and the transition phase for no longer than 24 months unless mutually agreed. Tiaki Wai will take responsibility for systems, business processes and resourcing as soon as possible. Working together to ensure reliable service provision for customers will be critical through the transition and establishment phases, and thereafter ongoing.

4.1 It is expected that:

- (a) Tiaki Wai and the Shareholding Councils will work constructively to agree clear, coordinated support processes and shared arrangements to ensure that reliable, and customer-focused, service delivery is achieved.
- (b) Tiaki Wai will operate under a skills-based board that has the capability to oversee a complex, multi-owner organisation.
- (c) Tiaki Wai will meet best practice governance standards as set out by the [Elements of effective governance — Office of the Auditor-General New Zealand](#).
- (d) Tiaki Wai must provide advance notice to the Partners Committee of any decisions Tiaki Wai is considering that would involve a significant departure from its Water Services Strategy, or reprioritisation of activities, including advice about how the decision will be consulted on (if required by the Significance and Engagement Policy) or otherwise regularised (e.g. through an amendment to the Water Services Strategy).
- (e) Partners will be made aware of any material or significant events or other issues that may attract public interest on a “no surprises” basis. To achieve this, Tiaki Wai must proactively advise the partners of:
 - (i) any emerging significant risks including potential significant service failures, critical risks or compliance issues in advance of such events where possible, and immediately if significant service failures occur, and
 - (ii) advise of mitigations, solutions or remediations that will be put in place to minimise the likelihood and/or impact of the reported risks, issues or service failures.

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- (f) all reporting will be written in plain English and made easily accessible to the community so that customers and the wider public can understand how the organisation is performing and to ensure trust and accountability are continually reinforced, noting sensitive information will be redacted from public communication.

5. Content of Tiaki Wai's first Half-yearly report

5.1 Tiaki Wai will provide to the Partners Committee a half-yearly report at an aggregated, organisational level (i.e. not council-by-council) which includes the following content:

- (a) Delivery of capital projects against those specified in investment delivery plan for the financial year to which the report relates, and any departures from planned capital programmes.
- (b) Compliance and enforcement status of resource consents and other regulatory requirements including actual or potential compliance issues, along with proposed solutions for addressing any compliance issues.
- (c) Forecast expenditure, projects specifically subject to government or other third party funding, lending and any associated implications for future water charges.
- (d) Critical risks and proposed mitigations
- (e) Key stakeholder relationships, including meetings or other engagements.
- (f) Progress on the transition of services from Shareholding Councils and other hosted systems and services to Tiaki Wai systems.

6. Expectations of Tiaki Wai during the Establishment Phase (19 December 2025 to 30 June 2026)

The following expectations are intended to ensure that Tiaki Wai is set up for success, with all necessary components in place for 'Day One' (1 July 2026).

Customer Charter

The move to Tiaki Wai holding full responsibility for revenue, charging and service provision is a significant change for customers. Clear communication, and public confidence are essential as responsibilities transfer from Wellington Water Limited and the Shareholding Councils.

6.1 It is expected that:

- (a) Tiaki Wai will develop and publish a Customer Charter which sets out the organisation's commitment to operate openly, with clear and accessible information available for communities.
- (b) The Customer Charter is to:
 - (i) inform customers of what they can expect from Tiaki Wai regarding the provision of water services, service levels and how charges are set;
 - (ii) outline how customers can engage with Tiaki Wai and how Tiaki Wai will consider the views of customers when providing water services;

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- (iii) commit Tiaki Wai to being professional, open and transparent, acting with integrity, treating its customers fairly and with respect, and operating with clear and accessible information; and
 - (iv) outline the commitment Tiaki Wai has to the environment.
- (c) Tiaki Wai provides opportunities for the Partners Committee to review and comment on any draft Customer Charter and consider those comments before adopting it.
- (d) Once adopted, the Customer Charter will be made publicly available and actively promoted so that customers understand what they can expect from Tiaki Wai.

Initial Water Services Strategy

In developing its initial Water Services Strategy, Tiaki Wai is expected to take ownership of its strategic direction while ensuring oversight and appropriate alignment with existing planning completed by the Shareholding Councils.

It is intended that the initial focus for Tiaki Wai is on achieving a successful transition. As a result, the first Water Services Strategy for Tiaki Wai should be prepared to focus on the first financial year of operations from 1 July 2026, ahead of a more comprehensive Water Services Strategy being developed in 2026-2027 to align with the Shareholding Councils' Long-Term Plan cycle. The next Water Services Strategy will provide direction on the approach for the 2027-37 period and will be informed by an updated SOE prepared by the Partners Committee in late 2026.

6.2 It is expected that the initial Water Services Strategy will:

- (a) Act as an initial strategy focusing on the delivery of services, financing and charging in Year 1 (2026/27), which will be broadly aligned with the Water Services Delivery Plan (albeit refined through the financial planning process).
- (b) Set water charges in line with the projected amounts in the Shareholding Councils' Long Term Plans for the 2026/27 financial year.
- (c) Reflect the longer-term strategic priorities of keep up, catch up, build up, clean up, address faults and improve resilience, noting the link between these priorities and the existing strategic priorities guiding Wellington Water's investment.
- (d) Achieve price harmonisation by no later than 1 July 2031.
- (e) Include detail on the implementation plan for water meters, or in lieu of one being in place, the plan to deliver one.
- (f) Include the prioritised programme for the Technology Systems Investment (TSI) Programme being rolled out within Wellington Water, for Tiaki Wai.
- (g) Include detail on how corporate capability within Tiaki Wai will be built to ensure efficient delivery of services.
- (h) Generally reflect performance indicators and measures from the Shareholding Councils' Long Term Plans, with those indicators and measures to form the basis for accountability during the initial transitional phase.

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- (i) Reflect a pricing strategy that is generally based on the Shareholding Councils' existing rating policies.

6.3 It is expected that:

- (a) Tiaki Wai provides the Partners Committee with an early opportunity to comment on the draft Water Services Strategy, with the intention that a draft be provided by 1 March, but no later than 1 April, with a minimum review period for the Partners Committee of four weeks;
- (b) Tiaki Wai prepares and provides a summary document clarifying any proposed significant changes to key projects or costs to customers when compared to the Long Term Plans (and annual plans) of the Shareholding Councils, which is to be provided at the same time as the draft Water Services Strategy; and
- (c) Tiaki Wai consider the benefit of public consultation, as against its significance and engagement policy, noting that the Shareholding Councils have not required Tiaki Wai to consult on the draft Water Services Strategy in full or part.

Other establishment phase expectations

6.4 It is expected that:

- (a) Alongside the Shareholding Councils, Tiaki Wai will work with the Local Government Funding Agency (LGFA) to prepare to accede as a participating borrower, ensuring access to the same financing terms available to councils and maintaining consistency across the region's funding arrangements.

7. Expectations of Tiaki Wai during the transition phase (1 July 2026 to 30 June 2030)

These expectations are the focus areas for the transition phase, however a version of these expectations will also carry through to the enduring expectations in future SoEs.

Our expectations during this transition phase are set out below, and they will be reviewed in late 2026 to ensure that they remain relevant in the lead up to the next Water Services Strategy for the 2027-37 period.

The first four years will be a pivotal time for Tiaki Wai. During this phase, it will be important to establish strong foundations and effective ways of working, while also maintaining continuity of service for customers. This phase will also require a smooth transition for employees, and the contractor and consultant market.

Continuity of Service for Customers

The transition to Tiaki Wai must be as smooth as possible for customers, with the move to paying directly for water services managed carefully to ensure transparency and avoid price shocks as far as reasonably possible. Customers should receive effective service when reporting faults, and have a formal pathway to raise complaints, and a mechanism to resolve them.

7.1 It is expected that:

- (a) the Pricing Strategy:
 - (i) for the 2027/28 financial year and beyond will focus on changes to pricing structures or charges and this will be clearly laid out as part of the 2027-2037 Water Service Strategy; and

- (ii) will be clearly communicated and will ensure transparency and affordability for customers.
- (b) by 1 July 2027, Tiaki Wai will develop and implement a Financial Support Policy, including provisions for customer hardship assistance. This policy will set out how the organisation will support customers experiencing financial hardship to ensure equitable access to essential water services.
- (c) Tiaki Wai own the customer relationship and will work closely with Shareholding Councils to respond to customer queries, as defined in the SLA.
- (d) Tiaki Wai will join the Utilities Disputes Ltd and promote this service to its customers.

Making Use of Existing Knowledge

Tiaki Wai is to work closely with Wellington Water and the Shareholding Councils to ensure a smooth transition and make full use of existing knowledge, strategies and plans wherever possible.

7.2 It is expected that:

- (a) Tiaki Wai will work with the Shareholding Councils to transfer any necessary consents, and in a way that upholds settlement or consent condition commitments.
- (b) Tiaki Wai will collaborate with all Shareholding Councils, including by adopting appropriate shared service and service level support arrangements.
- (c) Tiaki Wai will draw on, and where appropriate, rely on existing strategies, plans and programmes.

Stormwater Management

Effective stormwater management requires collaboration across multiple parties, and it is critical that a whole-of-catchment approach is taken.

7.3 It is expected that:

- (a) Tiaki Wai will, in partnership with the Shareholding Councils and Mana Whenua, take a catchment wide approach to stormwater management, including in its Water Services Strategy, noting the importance of recognising the full stormwater system incorporating both the natural and built environments.
- (b) through the development of transfer agreements, Tiaki Wai will work to resolve the approach to stormwater management and accountability between Tiaki Wai, Shareholding Councils and other parties.
- (c) Tiaki Wai will collaborate with Partners in preparing a Stormwater Network Risk Management Plan to identify any hazards and assess and manage risk relating to the network, to prepare Service Agreements for the stormwater network, and to inform the 2030-2040 Water Services Strategy.
- (d) Tiaki Wai will establish a Stormwater Service Level Agreement by 1 July 2027 between Tiaki Wai and the Shareholding Councils. As far as possible, the Agreement is expected to be regionally consistent.

Financial and Investment Management

Tiaki Wai must quickly establish prudent financial management practices. These should align with the Local Government Funding Agency (LGFA) framework and provide clear visibility to the partners of organisational costs, funding requirements, and investment needs.

7.4 It is expected that:

- (a) Tiaki Wai will work to establish a development contributions framework (or equivalent, in the event of future reform and the introduction of a development levy regime) that aims to recover 100% of growth-related costs, but in the initial transition phase will adopt the relevant parts of the Shareholding Council's existing development contributions policies.
- (b) Tiaki Wai will take over responsibility for charging and billing capability, replacing the territorial authority shareholders, as soon as practicable (in line with the TSI system programme), and until that time will work closely with the Shareholding Councils who will act as invoicing agents on behalf of Tiaki Wai to facilitate the collection of water charges.
- (c) Tiaki Wai will initiate work to develop a regionally harmonised approach to water charges, with that approach documented in the 2030-2040 Water Services Strategy, and implemented no later than 1 July 2031.
- (d) Tiaki Wai will report to the Partners Committee, at least twelve months before the intended harmonisation date on the impact of harmonisation for governance arrangements and community engagement requirements.
- (e) Tiaki Wai will build its dedicated finance and payroll capability, delivered through the Technology Systems Improvement (TSI) programme as soon as practicable. Until that time, Tiaki Wai will work closely with Wellington City Council, using the agreed payroll and finance hosted arrangements established via Service Level Agreements.

Workforce and Capability

A safe, skilled, diverse, and culturally competent workforce is essential to the success of Tiaki Wai.

7.5 It is expected that:

- (a) Tiaki Wai must provide a workplace that prioritises health, safety, and staff wellbeing, and invest in the development of its people. Appropriate policies and structures must be in place to support this.
- (b) Tiaki Wai progressively establishes partnerships with the wider water sector, central and local government, training providers, and mana whenua to develop enabling policy, grow local capability and to create employment pathways that support long-term workforce sustainability.
- (c) Tiaki Wai builds capacity and capability - including at governance and leadership level - to uphold Te Tiriti and Treaty settlements and commitments to mana whenua for future health and wellbeing of the water.
- (d) to support a positive workplace culture, Tiaki Wai will:
 - (i) embed organisational values and behaviours into daily practices; and

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- (ii) ensure leadership expectations are clear.

Broader Outcomes

There is an opportunity for Tiaki Wai to consider broader outcomes and use its purchasing power to deliver wider community benefits such as employment, training, and support for local communities.

7.6 It is expected that:

- (a) Tiaki Wai will progressively work towards reflecting a social procurement approach in its procurement strategies while balancing the most cost-effective outcome to ensure water services remain affordable for customers.
- (b) Tiaki Wai will pay the Living Wage.
- (c) Tiaki Wai will establish a climate mitigation and adaptation policy to inform the 2030-2040 Water Services Strategy.

8. Our Enduring Expectations of Tiaki Wai

Our enduring expectations outline how Tiaki Wai is expected to operate across the longer term. They reflect shared values and principles of the Partners and are considered to be relevant to the operations of Tiaki Wai, including over the initial establishment / transitional phase.

The Partners acknowledge that Tiaki Wai's achievement of all of the enduring expectations must be viewed against the context of the current operating environment, the condition of the assets being transferred, the operating budgets available in the first financial year and the time required to establish new systems and capability. In certain respects the enduring expectations are deliberately aspirational, but Tiaki Wai is expected to progressively work towards delivering water services in a way that satisfies those expectations, so that once the transition phase is complete, an operating model has been developed that aligns with and seeks to satisfy these expectations.

While Tiaki Wai is to focus on the initial expectations and half-yearly report content during the first year of operations, the Partners expect Tiaki Wai to develop reporting baselines for all expectations over its first two years of operations, and begin to report on these enduring expectations as soon as practicable thereafter.

Upholding Treaty principles, settlement obligations and te mana o te wai

Tiaki Wai will uphold the principles of Te Tiriti o Waitangi, existing Treaty settlement obligations, and act in accordance with existing relationship arrangements and other commitments with Māori.

8.1 It is expected that:

- (a) Tiaki Wai develops genuine partnerships with mana whenua, by providing opportunities and establishing formal mechanisms that facilitate and improve mana whenua input into strategic policy development and investment decisions.
- (b) Tiaki Wai uphold the Treaty principles, any Treaty settlement obligations of the Shareholding Councils.
- (c) Tiaki Wai will give effect to councils' commitments to ensure te mana o te wai is enhanced in its strategies, planning and investment decision making.
- (d) the existing Partnership Service Agreements and Relationship Charter in place between mana whenua and Wellington Water Limited will endure until 30 June 2028.

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Customer and Community

Tiaki Wai is to be a customer facing organisation and must embed a culture that puts the customer first. It is to be established and operated so that effective customer service, clear and regular communication and ensuring the views of communities are central to how water services are delivered.

8.2 It is expected that:

- (a) Tiaki Wai will progressively work towards creating and embedding an organisational culture that is customer first, transparent, and recognised as a leader in health, safety, and wellbeing within the water services sector.
- (b) Tiaki Wai will demonstrate a strong customer service ethos that prioritises responsiveness, respect, and accountability in every interaction.
- (c) Tiaki Wai will establish and maintain a customer reference group that includes representatives from communities across the service area.
- (d) Tiaki Wai will engage in open, collaborative consultation on significant issues or projects with directly affected or interested communities (in line with its Significance and Engagement Policy).
- (e) Tiaki Wai will communicate with customers in an open and timely way, and in a manner that is appropriate for the audience, about intended activities that may affect them, with clear explanations about key issues and drivers for activities, and opportunities for engagement with Tiaki Wai.

Environmental Stewardship

Tiaki Wai must be a responsible guardian of the environment and actively seek to protect and enhance the health of harbours and catchments in its service area, and other natural ecosystems it interacts with.

8.3 It is expected that:

- (a) With the Shareholding Councils and mana whenua, Tiaki Wai will commit to the outcomes in the following documents (as applicable) and with a balanced view of other outcomes Tiaki Wai must deliver on:
 - (i) Te Wai Ora o Porirua – Porirua Harbour Accord and any other future Accords, and
 - (ii) iwi management plans, and
 - (iii) Te Mahere Wai, and
 - (iv) Poutiaki Plan, and
 - (v) Te Whanganui a Tara Whaitua Implementation Plan, and
 - (vi) Te Awarua o Porirua Whaitua Implementation Plan, and
 - (vii) any relevant memorandum of understanding and management plans for lakes.
- (b) Tiaki Wai will focus on delivering water services in a manner that minimises adverse environmental effects as far as is reasonably practicable, and to pursue improvement in environmental outcomes wherever possible.

- (c) Tiaki Wai will use its best endeavours to meet or exceed all environmental regulatory requirements, and where it does not meet those requirements shall take a proactive and practical approach to resolving all non-compliance.
- (d) Tiaki Wai will progressively work towards applying a climate change lens to its decision making and reduce carbon emissions across its activities over time.

Safe, reliable and resilient water services

As the water service provider for the Wellington metropolitan area, Tiaki Wai must remain aware of the importance of its role in protecting and supporting public health. Ensuring drinking water, wastewater and stormwater services are provided in a reliable, safe, and resilient way in the face of natural hazards, climate change, and the demands of population growth requires strong asset management practices, proactive investment, and sound risk management.

8.4 It is expected that:

- (a) Tiaki Wai will build its asset management capability by improving the quality and completeness of asset data, and in doing so will proactively manage existing infrastructure to, optimally manage any deterioration, avoid future deficits, and support timely, well-planned investment decisions.
- (b) Tiaki Wai will prioritise asset management planning towards very highly critical and highly critical assets so that risks of failure are minimised, ensuring communities can depend on these essential services now and into the future.
- (c) Tiaki Wai will plan and deliver water services that are resilient to future challenges, including the impacts of climate change and natural hazards. Focus should be placed on ensuring long-term security and reliability of water services through strategic infrastructure and asset planning over a minimum 30-year horizon.
- (d) Tiaki Wai will identify critical gaps or risks in its ability to operate as a sound asset manager of water services in the service area and will have a recommended pathway to improved risk maturity.
- (e) Tiaki Wai will establish an effective enterprise level risk management framework and align internal management with strategic goals to improve operational efficiency and compliance.
- (f) Tiaki Wai will demonstrate improved programme and project governance including performance monitoring to ensure Asset Management Plans are applied fully to deliver the organisation's asset management responsibilities and ongoing work programmes.

Emergency Preparedness and Continuity of Service

Tiaki Wai is the water lifeline utility as defined in the CDEM Act 2002 and is therefore expected to lead water community resilience before, during and after any emergency event.

8.5 It is expected that:

- (a) Drinking water supply and wastewater services either continue to operate during and following emergencies, even if at reduced levels, or is subject to minimal disruption only.

- (b) Tiaki Wai actively participates in regional and local emergency management planning and maintains and regularly updates its own emergency response and business continuity plans.
- (c) Tiaki Wai works closely with Shareholding Councils, emergency services, and other lifeline utilities to ensure a coordinated and effective response to emergencies, including through timely and transparent communication with key agencies, and the public.
- (d) Tiaki Wai will hold critical spare parts and equipment to enable rapid response to significant natural disasters or other major events that could disrupt service delivery. It will also develop plans for such events to ensure that it has the capability and resources to effectively and restore services as quickly as possible.

Affordability, Equity and Value for Money

Delivering value for money is about both cost efficiency and fairness, with decisions always to be tested against the affordability of water services for the community.

8.6 It is expected that:

- (a) Tiaki Wai will develop a regionally harmonised approach to water charges, and will document that in the 2030-40 Water Services Strategy, so that the approach can be implemented by no later than 1 July 2031.
- (b) Tiaki Wai will deliver services in a way that is cost effective, financially sustainable and efficient. It must balance the affordability of water services for households with the need for sustained long-term investment in resilient infrastructure and any regulatory requirements.
- (c) Tiaki Wai will be open and transparent on how it charges for water services.
- (d) Tiaki Wai should pay particular attention to equity and hardship, ensuring vulnerable households are supported through appropriate policies which document options such as flexible payment options.
- (e) water supply is an essential lifeline service and while restrictions may need to be applied across the service area at times to manage supply and demand, this will be a last resort, and no household will be denied access to water services due to financial hardship or other vulnerabilities.
- (f) Tiaki Wai will work with councils to develop regional water bylaws.

Aligned strategic growth planning

Upgraded and new water services infrastructure is needed to provide for expected population growth in the service area. This infrastructure must be planned and delivered to support the timing and location of growth identified in urban growth strategies and plans. This will ensure that new development areas have the necessary water infrastructure in place when they are needed, consistent with the sequencing and priorities agreed across the service area.

At the same time, Tiaki Wai needs to retain flexibility to respond to and support development that occurs outside of the planned sequence, where this is necessary to meet community or housing needs.

- 8.7** It is expected that:
- (a) Tiaki Wai will consider and engage with the following strategies and plans when making decisions about the water services infrastructure required to support growth, and the sequencing of such infrastructure:
 - (i) Te Rautaki Whanaketanga ki tua a Wairarapa - Wellington-Horowhenua Future Development Strategy;
 - (ii) the Shareholding Councils' District Plans, Long-Term Plans, Infrastructure Strategies and other growth-related plans;
 - (iii) any iwi led plans and strategies, to the extent that they are relevant to growth planning.
 - (b) Tiaki Wai will work closely with its Partners to ensure its long-term investment plans support and align with Shareholding Councils' growth strategies and urban development goals across the Wellington metropolitan region, over time. This includes:
 - (i) collaborating with Shareholding Councils when requested, as they develop key planning documents, such as Long-Term Plans, District Plans, Regional Plans, Policy Statements and Spatial Strategies, to ensure water infrastructure planning supports agreed growth priorities; and
 - (ii) providing clear advice to Shareholding Councils on the different infrastructure needs and costs associated with greenfield (new development areas) and brownfield (redevelopment of existing areas) growth, to assist councils to make informed decisions about where and how to grow.
 - (c) Tiaki Wai will actively support the Shareholding Councils' building and resource consenting processes by:
 - (i) providing timely, accurate, and fit-for-purpose technical advice and approvals related to water service connections; and
 - (ii) ensuring that its input enables councils to meet statutory processing timeframes and deliver a positive customer experience.
 - (d) The role of Tiaki Wai in facilitating connections to water networks and assessing infrastructure capacity as part of these consent processes must be clearly defined, consistently applied, and supported by transparent communication with both councils and applicants.
 - (e) Tiaki Wai will support the Shareholding Councils with any collective advocacy on growth related reform or plan change processes, so that a "one family" approach is taken where possible to growth planning across the service area.

9. Review Date

The Statement of Expectations will be updated mid-late 2026 and provided to Tiaki Wai Board prior to 31 December 2026 to inform the expectations for the Tiaki Wai Water Services Strategy 2027-2037.

Statement of Expectations

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Me te wai e rere ana – like flowing water.

This tongikura reminds us that our collective stewardship is essential, not only to maintain the integrity of the water infrastructure but also to ensure that our waters company continues to serve our communities and our Tupuna Awa in a way that reflects our shared values and obligations as partnership councils.

It speaks to the interconnectedness of our water catchments and reinforces our responsibility to act in alignment with tikanga and kawa, with Te Ao Maaori.

Statement of Expectations

1. The purpose of this document is to set out the shareholder expectations of the Joint Hamilton City Council and Waikato District Council Water CCO as required by s184 of the Local Government Water Services Bill.
2. This Statement includes:
 - **Relationship Expectations** – which set out the nature of the intended relationship between the shareholding councils and the CCO, and the sorts of behaviours that are expected from all organisations.
 - **Enduring Expectations** – which reflect the constitution of the company.
 - **Establishment Expectations** – which relate to the establishment of the company and the effective transfer of responsibility for the provision of water and wastewater activities from both Councils to the CCO along with the relevant staff, assets, liabilities, etc.
 - **Priorities and Strategic Direction** for the CCO – which the shareholders expect to guide decision-making by the CCO and the development of its Water Services Strategy. This includes growth and development priorities and expectations.

Period

3. This Statement of Expectations relates to the period 1 July 2025 to 30 June 2035.
4. Being the first Statement of Expectations it has a particular focus on the establishment of the CCO and the development of its first Water Services Strategy. The shareholders intend to regularly review its Statement of Expectations.

Review

5. The Statement of Expectations will be reviewed annually by the IAWAI – Flowing Waters Forum prior to the commencement of Annual Plan, Long Term Plan or Water Services Strategy process.
6. The Statement of Expectations may be reviewed more frequently than the annual review, but cannot be changed within 6 months of the adoption of the last Statement of Expectations.
7. When undertaking a review, the IAWAI – Flowing Waters Forum will consult with the Board of the CCO before adopting a final revised Statement of Expectations.

Relationship Expectations

8. The shareholders are seeking to create a deep partnership relationship between both shareholding councils and between the shareholding councils and the CCO, and Waikato Tainui. This expectation recognises that it is in the best interests of all parties and the communities that they serve to establish and maintain a highly collaborative, good faith, and no surprises relationship. It also recognises that success depends on joint commitment to outcomes, joint contribution to achieving outcomes, the alignment in planning for and responding to growth and development, and alignment of investment across both shareholding councils and the CCO.
9. In order to achieve the desired partnership, the sort of behaviours that are expected from both shareholding councils and the CCO include:
 - a Openness, honesty, integrity and professionalism
 - b Respect and listening to each other
 - c Using best endeavours to find creative solutions
 - d Transparency and no surprises
 - e Early identification of disagreements or differences of view and rapid escalation for resolution
 - f Understanding the issues, challenges and constraints that the shareholding councils and the CCO face.
10. In the spirit of partnership, all parties will do their best to work through and resolve any disagreements that may arise between councils and or with the CCO. Where there is ongoing disagreement between a Shareholder and the Company, the differences will be resolved by the Chief Executives of the Shareholders and the Chief Executive of the Company (or Executive Chair of the Company in the period prior to the appointment of a Chief Executive). If the disagreement is unable to be resolved via the Chief Executives, the process for resolution of disputes should be followed, as set out in Clause 25 of the Shareholder Agreement.

Enduring Expectations

11. The shareholders expect that the CCO will perform its duties and functions, and exercise its powers, and operate in such a way that ensures that it:
 - a Meets the objectives of a water service provider as set out in s15 of the Bill.
 - b Honours Te Tiriti o Waitangi and the Treaty Settlements within its area of operation.
 - c Gives effect to Te Ture Whaimana and maintains effective relationships with Waikato Tainui and haapu, and supports the Joint Management Agreement (JMA) relationships entered into by shareholding Councils.
 - d Works in partnership with shareholder Councils adopting a “one team approach” that gives effect to the direction set by shareholders and responds to growth.
 - e Works as an integral part of the Future Proof partnership (or any successor to Future Proof).
12. Ensures that it provides water services in a cost-effective and financially sustainable manner, including by:

- a planning effectively to manage assets used to provide water services in the future; and
- b sharing the benefits of efficiency gains with consumers, including when setting charges for water services.
- c charging customers in a way that is fair and equitable.
- d Ensuring that it performs its functions as a water service provider in an open, transparent, and accountable manner and in accordance with sound business practice.
- e Acting in the best interest of current and future customers.
- f Is innovative in adopting technical improvements to achieve value for money and flexible service delivery.
- g Is proactive in supporting the changing needs of the community,
- h Is a good employer that looks after the health, safety and well-being of its staff.
- i Operates within the decision thresholds defined in the constitution.
- j Operates on a 'no surprises' basis with its shareholders ensuring early visibility of any financial, budgetary, or reputational risks.
- k Is genuinely open to exploring opportunities for innovation and for others to become partners and investors in the development of waters infrastructure, through such mechanisms as PPPs, BOOT schemes, Infrastructure Funding and Financing Agreements, or development agreements.
- l Works with shareholding councils through Council long-term and annual planning processes and through the development of the CCO's Water Services Strategies, with the intent of aligning CCO and Council capital works programmes and activity that supports development and growth.
- m The CCO does not take part in policy processes or debates that go beyond its role as a utility provider, and will not undertake any activity that would jeopardise its tax-exempt status as a water organisation.
- n There will be a contract for the delivery of stormwater services between the CCO and each of the shareholding Councils.

Establishment Expectations

13. The shareholders expect that through the Establishment Phase:

- a The Establishment Board will ensure that the CCO is fully operational by 1 July 2026, including: completing the transfer of staff, assets, liabilities, debt, contracts, consents, obligations and undertakings, from HCC, WDC, and the novation of the Watercare contract to the CCO, as set out in the Transfer Agreement; and being able to safely and effectively operate water, wastewater and stormwater systems; and play its role as a lifeline utility in any civil defence emergency.
- b The CCO will complete the development and adoption of its first Water Services Strategy by 30 June 2026.
- c The CCO will bill customers directly for waters services and harmonise waters charges within five years of the transfer of assets, and it will work closely with both shareholders through the transition to maintain financial operations and ensure that waters revenue is secure.

- d The CCO will be developed in a way that makes a future merger or integration with other water organisations, and in particular Waikato Waters Done Well (WWDW), as easy as possible.
- e The CCO will be managed and governed in such a way that there is no disruption to the delivery of water services as services transfer from the two shareholding Councils to the CCO.
- f The CCO will honour all waters commitments that the shareholding Councils have entered into prior to the transfer of assets and responsibilities, including commitments relating to development agreements, development contributions, vested assets, asset restrictions, consent conditions, Housing Infrastructure Fund, Infrastructure Acceleration Fund, and Watercare.
- g The CCO will establish effective and support relationships with Waikato-Tainui and haapu at both governance and operational levels.
- h The CCO will establish effective mechanisms to ensure that it is connected to and engages effectively with its customers, including an effective complaints process.
- i The CCO will operate within the agreed shared services framework and progressively migrate from shared services to operate its own back-office and corporate support activities over the five-year period from 1 July 2026, unless agreed otherwise.
- j The CCO will prepare a business systems roadmap for future business systems aligned with operational, efficiency, and regulatory needs and the planned migration from shared services.
- k Within the 2025/26 financial year the CCO will operate within agreed transition budgets and delegations, manage its finances prudently and seek approval for any changes.
- l The CCO will set up and maintain a risk management framework to manage financial and operational risks during the establishment period, with appropriate oversight such as through a Risk and Assurance Committee.
- m The CCO will enter into a partnering agreement with both Councils, setting how they will work together to deliver the best possible outcomes and align decision making and the development of infrastructure.
- n The CCO will prepare a second Water Services Strategy to align with the cycle of Council long-term plans for the 2027-2037 period.
- o In addition to accepting the transfer of assets, liabilities and responsibilities set out in a. above, the CCO will also accept responsibility of future claims relating to the assets, liabilities, contracts, etc. that are transferred.

Strategic Priorities

14. The Councils' strategic priorities for the CCO in this period are:

- a The effective establishment of the CCO and the seamless transfer of delivery of water services.
- b The effective operation, maintenance, renewal and development of the water, wastewater and stormwater networks it owns and/or manages to uphold Te Ture Whaimana, ensure statutory compliance, and meet public health, environmental, and economic regulatory standards.

- c The development of the water, wastewater and stormwater networks needed to support the implementation of the Future Proof Future Development Strategy.
- d The scheduling and sequencing of capital works and investment to support the timing of urban development set out in Council and Future Proof Growth Strategies and to align with other Council infrastructure investments.
- e Increasing the efficiency of water use.
- f Ensuring that there is sufficient allocation of water to support the potable water needs of the growing Hamilton City and Waikato District populations.

Outcomes

15. The Councils expect that the CCO will contribute to the following outcomes:
- a The implementation of Te Ture Whaimana and improving the health and well-being of the Waikato River.
 - b Responding to and catering for the planned growth and development of Hamilton City and Waikato District.
 - c Realising the benefits of a boundaryless approach across the wider Hamilton metropolitan area, Waikato District, and Future Proof sub-region.
16. The Councils expect that the CCO will deliver the following outcomes:
- a All environmental, public health, and economic regulatory compliance requirements are met.
 - b A stable and secure long term decision-making environment that makes sound investment decisions for very long-life infrastructure in accordance with the Future Development Strategy.
 - c The capital and growth programme is aligned with councils' capital and growth programme, in accordance with the Future Development Strategy. Do not invest where the councils are not planning for growth and supply.
 - d The CCO will support the Councils position on planning processes, such as private plan changes.
 - e Creating the conditions necessary to build, attract, develop, and sustain the highly skilled workforce needed to deliver water services and ensure a high performing waters network,
 - f High quality customer service and high quality communications that is responsive to water consumers.
 - g Enduring sound relationships with neighbouring water service delivery providers.
 - h The costs of growth are adequately recovered from developers.

Resource Management and Land-use Planning

17. The Councils expect that the CCO will:
- a Be the sole provider of all three waters expertise to shareholding councils to support the development and implementation of growth strategies, Council Long-Term Plans,

- the Future Proof Future Development Strategy, regulatory planning instruments (district and city plans and plan change processes).
- b Except when it is the applicant for a consent, plan change, or designation, be the sole provider of all three waters expertise to shareholding councils to support consenting processes, decisions, and appeals and will do so in a timely manner to meet statutory timeframes.
 - c Contribute as a partner to the development and implementation of the Future Proof Future Development Strategy, Council growth strategies, and other spatial planning processes.
 - d Collaborates in full partnership with shareholding Councils on all decisions and processes where there are linkages and / or opportunities for realising joined benefits from joint planning, or joint works (for example bikes on pipes).
 - e Use the same, agreed population forecasts and growth assumptions (including industrial and commercial) as the two Councils for planning purposes.
 - f Work with shareholding Councils to ensure that the Councils provide the front door for developers and will not work with developers or enter into development agreements in isolation from the Councils. The Councils also undertake that they will not enter into development agreements in isolation from the CCO.
 - g Work with shareholding Councils and along with the Councils use best endeavours to align approaches to private plan changes, and proposals for out of sequence or unplanned development.

Statutory Obligations and Relationships with iwi and haapu

18. Both Councils have statutory obligations under the Waikato River Settlement. The Councils require the CCO to assist the Councils to meet those obligations and to give effect to the commitments both Councils have made through Joint Management Agreements with Waikato Tainui.
19. The Councils expect the CCO to respect the mana and role of mana whenua as kaitiaki and to work collaboratively in the same way as the councils currently do in relation to both operational and major project decisions.
20. The Councils expect that the CCO will be open to exploring opportunities for iwi to become partners and investors in the development of waters infrastructure, through such mechanisms as PPPs, BOOT schemes, or development agreements.

Reporting

21. The Councils expect the CCO to report to the IAWAI – Flowing Waters Forum on its progress and activities every two months until 1 July 2026.
22. From July 2026 the Councils expect quarterly reporting through the IAWAI – Flowing Waters Forum on the timeliness of providing input into Council statutory planning processes e.g. consenting, and plan changes.

23. From 1 July 2026, the Councils expect quarterly meetings between the CCO and the IAWAI – Flowing Waters Forum that are focused on progress, the delivery of major projects, operational performance, emerging risks, and relationship issues.
24. From 1 July 2026, the Councils expect formal 6 monthly reporting to the IAWAI – Flowing Waters Forum on financial and network performance, and against other indicators required by Taumata Arowai, the Commerce Commission, and the Department of Internal Affairs.
25. The Councils expect regular and real time officer level engagement on changes to work programmes, network constraints, public consultation processes, planning and consenting processes, on a no surprises basis.
26. The Councils expect regular and proactive engagement with and reporting to consumers.
27. In addition to the regular reporting to the IAWAI – Flowing Waters Forum, the Councils expect regular briefings from and engagement with the CCO in a form and at a frequency that is agreed between the CCO and each Council.

MEMORANDUM

TO: Joint Shareholders Committee - Central Districts Water

MEETING DATE: 27 March 2026

TITLE: Content of Transfer Agreement

PRESENTED BY: Chris Dyhrberg - Executive Director

APPROVED BY: Chris Dyhrberg, Deputy Chief Executive

RECOMMENDATION TO JOINT SHAREHOLDERS COMMITTEE - CENTRAL DISTRICTS WATER

1. That the Committee receive the memorandum titled 'Content of Transfer Agreement' presented on 27 March 2026.

1. PURPOSE

- 1.1 This memorandum outlines the purpose of, and key matters to be included in the Transfer Agreements that will need to be entered into between the councils and Central Districts Water. It also identifies issues that will require consideration by participating councils and sets out the proposed next steps in developing the agreements.

2. BACKGROUND

- 2.1 The establishment of Central Districts Water requires the formal transfer of responsibility for water services from the councils to Central Districts Water. Under the Local Government (Water Services) Act 2025, this transfer is to be achieved by way of a Transfer Agreement, entered into separately between each council and Central Districts Water. The Transfer Agreements will provide legal certainty in relation to the matters and responsibilities that will transfer to the new entity, as well as set out various operational and financial matters of shared interest between the parties.
- 2.2 The Transfer Agreements must address not only the transfer of responsibilities, assets, liabilities, staff, and contracts, but also the transitional or ongoing arrangements that will need to be put in place between the councils and Central Districts Water.
- 2.3 The Department of Internal Affairs (DIA) guidance material includes a template agreement that has been developed for general use for all water organisation establishment projects. However, various policy, financial, and risk related decisions will still need to be made to determine the final form of the agreement, and in

practice the DIA template will require a degree of modification to reflect specific arrangements agreed between the parties.

2.4 In practical terms, the agreement transfers the entire operational “water business” that is currently owned and managed by the councils including physical infrastructure, land, permissions, workforce, systems, and financial positions, while clearly identifying what remains with councils.

2.5 As part of the process of developing the Transfer Agreements, the establishment team are incorporating lessons learnt from councils transferring water services on 1 July 2026, as well as advice from those associated water entities.

3. WHAT IS INCLUDED IN THE TRANSFER AGREEMENTS?

3.1 The agreements must specify all components required for Central Districts Water to deliver water services. These include:

3.1.1 **Assets:** All physical and non-physical assets required to provide water services, including, network infrastructure, treatment facilities, land and property interests (including easements and road reserve assets), vehicles, plant and equipment, information systems, data, operational tools and capital works in progress.

3.1.2 It should be noted that, subject to legal confirmation, this may be able to be done by reference to the councils fixed asset registers.

3.1.3 **Obligations and responsibilities:** Including all statutory, operational and management responsibilities, including under any local legislation where it relates to water services.

3.1.4 **Contracts:** All contractual arrangements relating to water services, including operations and maintenance contracts, construction contracts, supplier agreements, and procurement commitments.

3.1.5 **Consents and other regulatory approvals:** All approvals required to lawfully operate water services including resource consents and associated rights and functions.

3.1.6 **Employees/Contractors:** Personnel whose roles wholly or substantially relate to water services. This includes provisions for transfer mechanisms, employment protection and transitional arrangements for shared service staff.

3.1.7 **Financial assets and liabilities:** All financial items attributable to water services including cash and working capital, accounts receivable, prepayments and accrued income, borrowings and debt obligations, accounts payable and accrued expenses.

3.2 The agreements must also:

3.2.1 Explicitly identify any assets, responsibilities, contracts or functions that relate to water services that **are not** being transferred and will remain with the councils.

Clarity around any retained matters is essential to avoid gaps in accountability following the transfer.

- 3.2.2 Specify in detail, arrangements to ensure matters of shared interest are managed effectively and efficiently. Where councils and Central Districts Water continue to have overlapping roles or interests, the agreements should clearly set out: how shared assets or responsibilities will be managed; how information will be exchanged; the processes for resolving disputes or escalating operational issues; and any transitional arrangements required for shared systems, services, or processes. For example, the shared interest matters will need to include, and specify, how Central Districts Water will support and/or contribute to each council's building consent and resource management consent functions, and support the preparation of LIMs.
- 3.2.3 The DIA template provides for the establishment of an Interface Governance Group. This group is described as a joint governance forum established by the Council(s) and the Water Organisation (made up of council Officers and CDW staff) to manage and oversee matters of shared interest and the ongoing interface between the parties. Its role is to provide a structured mechanism to monitor compliance with the agreement, consider shared interest arrangements and information sharing issues, review the operation of the agreements, and attempt to resolve issues or disputes before they escalate.
- 3.2.4 Set out arrangements for charging and revenue collection – with several options available for consideration. In particular, the agreements will need to identify which party (councils or Central Districts Water) will be responsible for making decisions about revenue, and who will be responsible for collecting water charges and how revenue will be handled, including during the transition period.
- 3.3 The agreements should also address supporting financial and operational arrangements for a smooth transition and sustainable ongoing operations. This includes:
 - 3.3.1 Funding arrangements such as the treatment of water related debt, allocation of liabilities, working capital requirements and arrangements to ensure Central Districts Water is appropriately capitalised at the start.
 - 3.3.2 Transitional and ad hoc services that councils may provide to support Central Districts Water (e.g. office space, IT, HR, finance).

4. KEY MATTERS COUNCILS WILL NEED TO CONSIDER

- 4.1 Councils will be asked to consider several issues during the development of their Transfer Agreement. A key item is debt transfer which includes how attributable debt is defined, and the implications for borrowing capacity, covenants and credit ratings. Consideration will also be required about how development contributions, grants, and pre-funded renewals are treated.

- 4.2 Other important issues that will need to be considered include risk allocation, the detailed scope of what transfers, and how operational continuity will be maintained. Responsibility will need to be determined for historical liabilities, environmental issues, and ongoing claims, as well as the scope of any warranties provided to Central Districts Water. Practical implementation issues include the ability to verify asset records and ownership, complete any due diligence or assurance exercise, deciding which capital works in progress, contracts, employees, and consents transfer, and managing incomplete information.

5. TRANSFER PRINCIPLES

- 5.1 As part of the preparation of the Transfer Agreements a set of transfer principles are being developed to guide the transfer process. Staff are currently working on the debt transfer principles that will be most appropriate for the transfer to Central Districts Water, and will present those to the joint council workshop on 8 April for feedback. The plan is to have these principles finalised by the end of April.
- 5.2 Below are some principles that have been adopted elsewhere by other councils during their water services transfer process. These examples will inform the development of our own principles.
- 5.2.1 *That all Water Services assets (excluding land), liabilities, obligations and water debts owned or controlled by the Shareholding Councils will transfer to Central Districts Water, with limited provisions for exceptions. These include:*
- 5.2.2 *That land should only transfer where its primary purpose or predominant use relates to the delivery of water services, and that where land does not transfer the parties will agree any associated arrangements that may need to be put in place to provide or support the delivery of Water Services;*
- 5.2.3 *All third-party rights will be protected and not materially altered, including by:*
- 5.2.3.1 *Existing contractual arrangements with third parties being, to the extent reasonably possible, protected and transferring to Central Districts Water materially unaltered*
- 5.2.3.2 *Any third-party rights remaining unaltered by the transfer of assets, liabilities and other matters to Central District Water, to the extent reasonably possible.*
- 5.2.4 *Water services debt will transfer to Central Districts Water from each Shareholding Council based on a consistent methodology.*
- 5.2.5 *The Shareholding Councils will take all necessary steps to ensure that Central Districts Water has the benefit of any and all existing approvals (building consents, resource consents and designations) that relate primarily to the Water Services for "Day 1", including through the transfer of consents and designations.*

5.2.6 *The Shareholding Councils and Central Districts Water will adopt a “no-surprises” approach to information disclosure and due diligence as part of preparing the Transfer Agreements, including in relation to any financial or legal risks and other issues.*

6. NEXT STEPS

6.1 The establishment team are engaging with council staff at a workstream level to ensure that all the key components are included in the draft Transfer Agreements. This engagement also draws on lessons learnt and advice from councils and the associated water entities that are transferring water services on 1 July 2026.

6.2 The table below outlines the key tasks and timeline for completion of the Transfer Agreements.

Task	Completion Date
Draft transfer principles in an agreed form	30 April 2026
Draft the transfer agreement template with the content & components to be included clearly identified	30 June 2026
Population and review of transfer agreements by councils, with scope for review by all parties (including Central Districts Water)	1 July 2026 to early November 2026
Workshops with councils to draft & finalise the content of the transfer agreement	Early November 2026
Finalise the Transfer Agreement	Early December 2026
Adoption of the Transfer Agreement by each Council	Mid-December 2026
Wash up (adjust for any movements between Adoption and 30 June 27)	30 June 2027
Transfer Agreements take effect	1 July 2027

7. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these objectives?	No
Are the recommendations inconsistent with any of Council's policies or plans?	Yes

ATTACHMENTS

Nil

MEMORANDUM

TO: Joint Shareholders Committee - Central Districts Water

MEETING DATE: 27 March 2026

TITLE: Schedule of meetings

PRESENTED BY: Hannah White, Manager Governance, Palmerston North

APPROVED BY: Cameron McKay, General Manager Corporate Services

RECOMMENDATIONS TO JOINT SHAREHOLDERS COMMITTEE - CENTRAL DISTRICTS WATER

1. That the Committee agree the following meetings:

10am, Friday 22 May 2026	Horowhenua District Council Chambers 126-148 Oxford Street, Levin
10am, Friday 26 June 2026	Horowhenua District Council Chambers 126-148 Oxford Street, Levin
10am, Friday 7 August 2026	Rangitikei District Council Chamber 46 High Street, Marton
10am, Friday 4 September 2026	Rangitikei District Council Chamber 46 High Street, Marton
10am, Friday 4 December 2026	Palmerston North City Council Chamber, 32 Te Marae o Hine The Square, Palmerston North
10am, Friday 12 February 2027	Palmerston North City Council Chamber, 32 Te Marae o Hine The Square, Palmerston North
10am, Friday 9 April 2027	Horowhenua District Council Chambers 126-148 Oxford Street, Levin
10am, Friday 11 June 2027	Rangitikei District Council Chamber 46 High Street, Marton

2. That the Committee cancel the previously scheduled meeting of 30 April 2026 and replace it with a committee workshop.

1. ISSUE

- 1.1 At its meeting of 13 February 2026, the Committee agreed an initial schedule of meetings until April and requested a further schedule be brought to the Committee for consideration.
- 1.2 Meetings are proposed through until the end of the next financial year, ie. until Central Districts Water is stood up. This period requires a greater frequency of meetings than perhaps will be require din future.
- 1.3 At this stage meetings are proposed at locations with facility for remote participation, however should the committee wish to hold its in-person meetings at marae or at locations such as Te Awahou Nieuwe Stroom in Foxton or Te Matapihi in Bulls, this could be accommodated and the location re-notified to the public with sufficient lead-in time.

2. BACKGROUND

- 2.1 The Local Government Official Information and Meetings Act 1987 sets out requirements for the public to be notified of the time and place of meetings held.
- 2.2 The Local Government Act 2002 allows for local authorities to adopt and amend a schedule of meetings.

3. NEXT STEPS

- 3.1 The public will be notified accordingly.
- 3.2 Any extraordinary meetings will be called if necessary, by direction of the chair. In these instances, notification and agendas will be circulated as soon as practicable.
- 3.3 All meetings will be open to the public unless otherwise agreed under the Local Government Official Information and Meetings Act 1987 and live streamed where practicable.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No

Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these objectives?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No

ATTACHMENTS

Nil

COMMITTEE WORK SCHEDULE

TO: Joint Shareholders Committee - Central Districts Water

MEETING DATE: 27 March 2026

TITLE: Work Schedule

RECOMMENDATION TO JOINT SHAREHOLDERS COMMITTEE - CENTRAL DISTRICTS WATER

1. That the Joint Shareholders Committee - Central Districts Water receive its Work Schedule dated 27 March 2026.

Meeting Date	Topics
2026	
27 March	<ul style="list-style-type: none"> • Discuss and agree approach to Statement of Expectations development • Receive information on LGFA funding and associated guarantees before this is presented to the Councils for decision <i>Will be presented to 8 April workshop.</i> • Consider transfer principles to inform the preparation of individual shareholder transfer agreements • Agree schedule of meetings for May 2026-June 2027
30 April	<ul style="list-style-type: none"> • Confirm draft Statement of Expectations <i>On 30 April 2026 the Committee will instead meet in a workshop format to draft the Statement of Expectations.</i>
22 May	<ul style="list-style-type: none"> • Agree Statement of Expectations Draft • <i>How the Joint Committee will regularly report to shareholder councils</i>
26 June	<ul style="list-style-type: none"> • Adopt Final Statement of Expectations
7 August	<ul style="list-style-type: none"> • Visibility on Councils' draft Transfer Agreements
4 September	<ul style="list-style-type: none"> • Visibility of Councils' draft Service Level Agreements • Opportunity to comment on Board's draft Significance and Engagement Policy
4 December	<ul style="list-style-type: none"> • <i>Review and provide comment on the draft Water Services Strategy</i>
2027	

January – June	<ul style="list-style-type: none">• Review and provide comment on the draft Water Services Strategy <p><i>Aim is to have this to Committee prior to Christmas</i></p>
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