AGENDA

Water Organisation Joint Committee meeting

Friday, 7 August 2026

I hereby give notice that a Water Organisation Joint Committee meeting will be held on:

Date:	**Friday, 7 August 2026**
Time:	**1:00 PM**
Location:	**Tauranga City Council Chambers L1, 90 Devonport Road Tauranga**

Marty Grenfell

Chief Executive

Terms of Reference
Water Organisation Joint Committee

Membership:

Independent Chair	None
Chair (if no Independent Chair)	TCC Chair: • Cr Marten Rozeboom (19 June 2026 – 30 November 2027) *If no Independent Chair is appointed, then the Chair will be appointed by the Committee being a member of TCC or member of WBOPDC on a rotational basis. Frequency of the rotation to be approved by the Committee.*
Deputy Chairs	WBOPDC Deputy Chair: • Mayor James Denyer (19 June 2026 – 30 November 2027) *Where an Independent Chair is appointed, then the Deputy Chair will be appointed by the Committee being a member of TCC or member of WBOPDC on a rotational basis. Frequency of the rotation to be approved by the Committee.* *Where the Chair is a TCC or WBOPDC member, then the Deputy Chair will be a member of the other Council, with the rotation on the same cycle as the Chair.*
Members	Total of 9 members: • 3 TCC representatives (must be appointed via TCC Council resolution and must be elected members of TCC) o Cr Marten Rozeboom o Cr Kevin Schuler o Cr Glen Crowther o *Cr Rick Curach (alternate)* o *Cr Steve Morris (alternate)* o *Cr Hautapu Baker (alternate)* • 3 WBOPDC representatives (must be appointed via WBOPDC Council resolution and must be elected members of WBOPDC) o Mayor James Denyer o Deputy Mayor Margaret Murray Benge o Cr Graeme Elvin o *Cr Rodney Joyce (alternate)* o *Cr Tracey Coxhead (alternate)* o *Cr Darlene Dinsdale (alternate)* • 3 Tangata Whenua (TW) representatives (nominated by TW and appointed by TCC by Council resolution acting as administrative agent for the partnership.) o Mr Hākopa Tapiata o Hon Kiritapu Allan

	○ Ms Kylie Smallman ○ *Mr Shadrach Rolleston (alternate)* ○ *Ms Rohario Murray (alternate)* ○ *Ms Roana Bennett (alternate)* Each appointing or nominating party has the ability to appoint or nominate up to three alternates. An alternate may attend and participate in place of an appointed member only when that appointed member is absent. At no time may the number of representatives acting for an appointing or nominating party exceed the number of appointed members
Quorum	A minimum of two persons each from TCC, WBOP, and TW
Meeting frequency	Bi-monthly or as otherwise determined by the Committee or the Councils.

Role:

- The purpose of this Committee is to provide recommendations to the TCC & WBOPDC (“**Councils**”) to assist their decision-making as shareholders in [insert name of water organisation (“**WO**”)]. The Committee will provide recommendations regarding the subject matter set out below under the sub-heading “Scope” (or other matters that may be directed by the Councils from time to time).
- The TW representatives on the Committee are to represent the Iwi and Hapū whose rohe falls within the local government areas of TCC and WBOPDC.

Scope:

- Statement of Expectations (“**SOE**”). Responsibilities to include:
  - Review draft SOE prepared by staff.
  - Provide feedback and comments on draft documents to staff and require amendments to achieve a version of the SOE that the Joint Committee is content to endorse to the Councils.
  - Present SOE to both Councils for consideration and approval.
- WO’s Water Services Strategy (“**WSS**”). Responsibilities to include:
  - Review draft WSS provided by WO.
  - Prepare proposed comments on the WSS for the Councils to raise with the WO.
  - Present the proposed comments to Councils for consideration and approval.
- Any WO policies that require shareholder input (such as significance and engagement policy or director appointment policy). Responsibilities to include:
  - Review draft policies prepared by WO (or prepared by Council staff if relevant).
  - Provide feedback and comments on draft documents to WO / to staff and require amendments to achieve a version of the relevant policy that the Joint Committee is content to endorse to the Councils.
  - Present policies to Council(s) for consideration and approval.
- Service Level Agreements between the WO and the relevant Council. Responsibilities to include:

- Provide high-level oversight of the performance of obligations agreed under SLAs between the WO and either Council.
  - Receive reports from the WO and Council Chief Executives as to whether the SLA's are within the approved budgets.
  - Receive reports from the WO and Council Chief Executives how transition off SLA's is proposed to be managed over time.
- Significant contracts (sections 23 and 24 of the Local Government (Water Services) Act 2025 ("**Act**")). Responsibilities to include:
  - Review WO's proposal for a significant contract, and WO's assessment of options.
  - Form a recommendation for the Councils to consider, and present to Councils.
- Appointment of Board of Directors. Responsibilities to include:
  - Review candidates against Director Skills Matrix and any policies of the respective Councils.
  - Form a view on proposed Director appointment roles that the Joint Committee is content to endorse to the Councils.
  - Consideration of succession planning, rotation and future skill requirements.
  - Oversee Board performance review.
  - Present recommendations to both Councils for consideration and approval.
- Director remuneration. Responsibilities to include:
  - Review remuneration policies.
  - Review market data benchmarking information.
  - Prepare recommendations and present to both Councils for consideration and approval.
- Director Skills Matrix. Responsibilities to include:
  - Review Director Skills Matrix periodically to align term of appointment to Board.
  - As the Joint Committee sees fit, prepare amendments of the Matrix and present to both Councils for consideration and approval
- Annual review of the WO in accordance with s 250 of the Act. Responsibilities to include:
  - Prepare a written annual assessment with the Joint Committee's perspective on the performance of the WO including the WO's performance in giving effect to the SOE and WSS.
  - Present annual report to both Councils for consideration and approval
- WO's Water services annual report. Responsibilities to include:
  - Review WO's annual report
  - Prepare comments on the WO's annual report.
  - Provide comments to Councils for consideration and approval.
- WO's half-yearly water services report under s 248 of the Act. Responsibilities to include:
  - Review WO's half-yearly report.
  - Prepare comments on the report
  - Provide comments to Councils for consideration and approval.
- WO's annual budget. Responsibilities to include:

  - Review WO's draft annual budget.
  - Prepare comments on the WO's draft annual budget.
  - Provide comments to Councils for consideration and approval.
- Any other plans or reports that the Councils require from the WO under section 249 of the Act. Responsibilities to include:
  - Review WO's plans or reports.
  - Prepare comments and provide to Councils for consideration and approval.
- Any other functions (and responsibilities related to such functions) assigned to the Joint Committee by the Councils in writing over time (whether those functions are initially raised by the Councils, or initially raised by the Joint Committee for recommendation and approved by the Councils).

Power to act:

- The Committee is not a decision-making body (and has no formal voting rights on behalf of the Councils). The Councils will make final decisions on all matters addressed by the Committee. The role of voting in the context of the Committee is to inform recommendations to the Councils.
- Recommendations to the Councils will be made on the following basis:
  - Where possible, the Committee will make recommendations to the shareholding Councils on a consensus basis. For clarity, consensus is where all parties on the Committee agree on the same recommendation. The consensus recommendation will be recorded and presented to the shareholding Councils for a decision.
  - Where a consensus is not possible, the respective positions of each party on the Committee will be recorded and presented to the shareholding Councils for a decision.
- Where reference is made to consensus, it refers to a consensus of parties on the Committee (being TCC, WBOPDC and TW), rather than a consensus of each individual member of the Committee. In other words, there can still be a consensus of the parties with a minority dissenting view within one or more parties. Nevertheless, should any individual wish to formally note their disagreement, even when the parties have reached a consensus, they retain the right to have their dissenting perspective recorded.

Procedural matters:

- Format: Meetings may be held in person or virtually, as required and will be open to the public.
- Agenda: Agendas and supporting documentation will be circulated at least two working days in advance of each meeting when possible. TCC, as administrative agent for the establishment of the WO, will distribute the agenda until such time that the WO undertakes these activities.
- Meeting outcomes and direction: Direction and Action points will be recorded and maintained.

- Standing Orders: The Committee is a public committee which operates under TCC's standing orders and pursuant to Clause 30 and 30A of Schedule 7 of the Local Government Act 2002

Power to recommend:

- To make recommendations to TCC and WBOPDC as it deems appropriate.

Power to sub-delegate:

- The Committee has no power to sub-delegate any of its functions, duties or powers.

Order of Business

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3 Public forum **9**
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1 OPENING KARAKIA

2 APOLOGIES

3 PUBLIC FORUM

4 ACCEPTANCE OF LATE ITEMS

5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

6 CHANGE TO ORDER OF BUSINESS

7 CONFIRMATION OF MINUTES

7.1 Minutes of the Water Organisation Joint Committee meeting held on 29 June 2026

File Number: **A20705809**

Author: **Caroline Irvin, Governance Advisor**

Authoriser: **Sarah Holmes, Team Leader: Governance & CCO Support Services**

RECOMMENDATIONS

That the Minutes of the Water Organisation Joint Committee meeting held on 29 June 2026 be confirmed as a true and correct record.

ATTACHMENTS

1. **Minutes of the Water Organisation Joint Committee meeting held on 29 June 2026**

DRAFT MINUTES

Water Organisation Joint Committee meeting

Monday, 29 June 2026

Order of Business

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2 Apologies ... **3**
3 Public forum ... **3**
4 Acceptance of late items ... **3**
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5 Confidential business to be transferred into the open ... **4**
6 Change to order of business ... **4**
7 Declaration of conflicts of interest ... **4**
8 Business ... **4**
8.1 Water Organisation - Founding Documents ... 4
8.2 Development of Tangata Whenua Relationships Work Plan ... 5
9 Discussion of late items ... **6**
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11 Closing karakia ... **6**

**MINUTES OF TAURANGA CITY COUNCIL
WATER ORGANISATION JOINT COMMITTEE MEETING
HELD AT THE TAURANGA CITY COUNCIL CHAMBERS, L1, 90 DEVONPORT ROAD, TAURANGA
ON MONDAY, 29 JUNE 2026 AT 9:30 AM**

PRESENT: Cr Marten Rozeboom (Chair), Mayor James Denyer (Deputy Chair), Cr Kevin Schuler, Cr Glen Crowther, Cr Graeme Elvin, Deputy Mayor Margaret Murray-Benge, Tangata Whenua Representative Mr Hakopa Tapiata, Tangata Whenua Representative Hon Kiritapu Allan, Tangata Whenua Representative Ms Kylie Smallman.

IN ATTENDANCE: **Tauranga City Council**

Cr Steve Morris, Cr Hēmi Rolleston, Christine Jones (General Manager: Strategy, Partnerships & Growth), Charles Lane (Team Leader: Commercial Legal), Tyler Buckley (Commercial Solicitor), Sarah Holmes (Team Leader: Governance & CCO Support Services), Anahera Dinsdale (Governance Advisor)

Western Bay of Plenty District Council

Cr Darlene Dinsdale, Cr Rodney Joyce, Adele Henderson (Programme Director – Water Organisation)

Water Organisation

Kevin Lavery (Establishment Chief Executive), Ariell King (Workstream Lead, Strategy, Policy, Bylaws)

Timestamps are included at the start of each item and signal where the agenda item can be found in the recording of the meeting held on Monday 29 June 2026 at Tauranga City Council YouTube Channel.

1 OPENING KARAKIA

Tangata Whenua Representative Mr Hakopa Tapiata opened the meeting with a karakia.

2 APOLOGIES

Tangata Whenua Representation Ms Kylie Smallman noted she needed to leave thE meeting at 12pm.

3 PUBLIC FORUM

Nil

4 ACCEPTANCE OF LATE ITEMS

That the Waters Organisation Joint Committee:

Accepts the following late item for consideration at the meeting:

- Tangata Whenua Comments – Founding Documents to be taken with Item 8.1 "Waters Organisation – Founding Documents."

The above item was not included in the original agenda because it was not available at the time the agenda was issued, and discussion cannot be delayed until the next scheduled meeting of the Committee in regard to this item.

4.1 Acceptance of Late Item

COMMITTEE RESOLUTION WO1CC/26/0/1

Moved: Cr Graeme Elvin
Seconded: Cr Margaret Murray Benge

That the Waters Organisation Joint Committee:

(a) Accepts the following late item/s for consideration at the meeting:

- Tangata Whenua Comments – Founding Documents to be disucssed as part of Item 8.1 "Waters Organisation – Founding Documents."

CARRIED

5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

Nil

6 CHANGE TO ORDER OF BUSINESS

Nil

7 DECLARATION OF CONFLICTS OF INTEREST

Nil

8 BUSINESS

Timestamp: 7 minutes

8.1 Water Organisation - Founding Documents

Staff Adele Henderson, Programme Director – Water Organisation
Charles Lane, Team Leader: Commercial Legal
Tyler Buckley, Commercial Solicitor

Staff presented to the Committee the Founding Documents, outlining the following:

- The process from the 2025 commitment agreement through joint working group negotiations, council approvals of key commercial terms, due diligence decisions, and the preparation of the founding documents.
- Key constitutional features included the establishment of the Water Organisation under the relevant legislation, restrictions to water-related activities, public ownership protections, governance arrangements for up to five directors selected through a skills-based process, and provisions concerning ring-fencing.
- The shareholder agreement was described as the primary agreement between the Councils, establishing shareholder governance, reserved matters, share classes, transfer principles, onboarding and exit arrangements, dispute resolution processes, and guidance for future transfer agreements. Significant attention was devoted to whether policy matters such as ring-fencing should remain in the constitution or be relocated into the shareholder agreement.

Discussion points raised

- A detailed discussion about transparency requirements for the organisation took place. Legal direction was presented explaining that board meetings would be publicly accessible due to legislative provisions, while workshops and briefings did not automatically fall under the same requirements.
- The discussion highlighted broader tensions between shareholder oversight and board independence, with repeated references to maintaining clear separation between governance responsibilities and operational decision-making.
- The committee clarified that the shareholders (the Councils) were responsible for appointing and removing board directors and the chair, with the process to be managed by the Joint Committee. Provisions were adjusted to ensure that the board cannot unilaterally fill vacancies or appoint the chair, and that shareholders retain ultimate authority.
- Concerns were raised about directors or their firms providing professional services to the water organisation. The Joint Committee agreed that any such arrangements should require Joint Committee approval to maintain transparency and avoid conflicts of interest, with the possibility of setting financial thresholds or additional safeguards.
- It was agreed that staff would mark up the founding documents with track changes reflecting all feedback, circulate them for further informal review, and include a 'yes/no' column for committee members to indicate agreement. The aim was to reach consensus before presenting the documents to the full councils for final approval, with an emphasis on keeping the documents clear, simple, and aligned with council resolutions.

Tangata Whenua Recommendations

- Tangata whenua representatives submitted a paper recommending explicit inclusion of Treaty settlement obligations, kaitiakitanga, and engagement requirements in the Constitution. Legal advisors responded that many of these obligations were already covered by legislation or existing processes, and that some proposals may be better suited for the statement of expectations or engagement policy rather than the Constitution.
- Tangata whenua representatives clarified that statutory engagement was through iwi authorities, but acknowledged the need for mechanisms to ensure hapū voices were heard, suggesting that internal iwi processes should manage hapū engagement.
- The definitions for terms such as kaitiakitanga and matauranga Māori in the Constitution to provide clarity, with further guidance to be developed in the statement of expectations. The

Joint Committee agreed that principles guiding engagement and Treaty obligations should be clearly articulated, either in the founding documents or supporting policies.

- A recurring theme was ensuring that legal obligations concerning treaty settlements and engagement were neither overlooked nor unnecessarily duplicated.

SUSPENSION OF STANDING ORDERS AT 9:44AM

Moved: Deputy Chair James Denyer
Seconded: Cr Margaret Murray Benge

A motion was moved that the Waters Organisation Joint Committee suspend standing orders.

RESUMPTION OF STANDING ORDERS AT 11:38AM

Moved: Chair Marten Rozeboom
Seconded: Tangata Whenua Representative Hon Kiritapu Allan

A motion was moved that Council resume standing orders.

At 11.38am the meeting adjourned.

At 12.03pm the meeting resumed in open.

At 12.11pm, Tangata Whenua Representative Ms Kylie Smallman withdrew from the meeting and was not present to vote on any matters in the meeting.

COMMITTEE RESOLUTION WO1CC/26/0/2

Moved: Deputy Chair James Denyer
Seconded: Tangata Whenua Representative Mr Hakopa Tapiata

That the Water Organisation Joint Committee:

(a) Receives the report "Water Organisation – Founding Documents".

CARRIED

Attachments

1 Presentation - Founding Documents - JC 290626

Timestamp: 2 hours and 57 minutes

8.2 Development of Tangata Whenua Relationships Work Plan

Staff Ariell King, Workstream Lead, Strategy, Policy, Bylaws
Christine Jones, General Manager: Strategy, Partnerships & Growth
Kevin Lavery, Establishment Chief Executive, Waters Organisation

Staff and tangata whenua representatives presented the Tangata Whenua Relationships Work Plan, which outlined the following:

- The work plan identified partnership principles, statutory and Treaty settlement obligations, and operational engagement mechanisms as key components.
- There was a need to clearly define settlement obligations and ensure that engagement processes were tailored to the appropriate iwi and hapū entities.
- The plan will be refined to specify which groups were engaged at each stage and for what purposes.

Discussion points raised

- It was agreed that the work plan will be developed collaboratively with tangata whenua leaders and relevant Council representatives, with the new Water Organisation's CEO and Board taking responsibility for implementation.
- The plan will remain a living document, adaptable to future needs and legislative changes.

COMMITTEE RESOLUTION WO1CC/26/0/3

Moved: Tangata Whenua Representative Mr Hakopa Tapiata
Seconded: Tangata Whenua Representative Hon Kiritapu Allan

That the Water Organisation Joint Committee:

(a) Receives the report "Development of Tangata Whenua Relationships Work Plan ".

CARRIED

Attachments

1 Presentation PDF - 8.2 Tangata Whenua plan - JC 290626

9 DISCUSSION OF LATE ITEMS

The late item was discussed in business as part of Item 8.1 "Water Organisation – Founding Documents."

10 PUBLIC EXCLUDED SESSION AT 1:02PM

Resolution to exclude the public

COMMITTEE RESOLUTION WO1CC/26/0/4

Moved: Cr Graeme Elvin
Seconded: Cr Margaret Murray Benge

That the public be excluded from the following parts of the proceedings of this meeting.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
10.1 - Presentation - Digital Programme: Phase 2	s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

The meeting resumed in open at 1:31pm.

11 CLOSING KARAKIA

Tangata Whenua Representative Mr Hakopa Tapiata closed the meeting with a karakia.

The meeting closed at 1:32pm.

The minutes of this meeting were confirmed as a true and correct record at the Water Organisation Joint Committee meeting held on 7 August 2026.

7.2 Minutes of the Water Organisation Joint Committee meeting held on 19 June 2026

File Number: A20755219

Author: Caroline Irvin, Governance Advisor

Authoriser: Sarah Holmes, Team Leader: Governance & CCO Support Services

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RECOMMENDATIONS

That the Minutes of the Water Organisation Joint Committee meeting held on 19 June 2026 be confirmed as a true and correct record.

ATTACHMENTS

1. **Minutes of the Water Organisation Joint Committee meeting held on 19 June 2026**

DRAFT MINUTES

Water Organisation Joint Committee meeting

Friday, 19 June 2026

Order of Business

1 Opening karakia 3

2 Apologies 3

3 Public forum 3

4 Acceptance of late items 3

5 Confidential business to be transferred into the open 3

6 Change to order of business 4

7 Declaration of conflicts of interest 4

8 Business 4

8.1 Appointment of Chairperson and Deputy Chairperson 4

8.2 Recruitment of the Board (Verbal Update) 4

8.3 Update from the CEO - The First 50 Days Review (Presentation) 5

8.4 Establishment Programme Work Plan 6

9 Discussion of late items 8

10 Closing karakia 8

MINUTES OF TAURANGA CITY COUNCIL
WATER ORGANISATION JOINT COMMITTEE MEETING
HELD AT THE TAURANGA CITY COUNCIL CHAMBERS, L1, 90 DEVONPORT ROAD, TAURANGA
ON FRIDAY, 19 JUNE 2026 AT 10:00 AM

PRESENT: Cr Marten Rozeboom, Cr Kevin Schuler, Cr Glen Crowther, Mayor James Denyer, Cr Graeme Elvin, Cr Margaret Murray Benge, Tangata Whenua Representative Mr Hakopa Tapiata, Tangata Whenua Representative Hon Kiritapu Allan, Tangata Whenua Representative Ms Kylie Smallman,

IN ATTENDANCE: **Water Organisation**

Kevin Lavery (Establishment Chief Executive), Cathy Davidson (Water Orgnaisation Establishment Lead), Ariell King (Strategy, Policy and Bylaws Workstream Lead), Rachel McLeod (Senior Communications and Engagement Specialist)

Tauranga City Council

Christine Jones (General Manager: Strategy, Partnerships & Growth), Wally Potts (Head of City Waters), Sarah Holmes (Team Leader: Governance & CCO Support Services), Caroline Irvin (Governance Advisor).

Western Bay of Plenty District Council

Cr Rodney Joyce, Cr Tracey Coxhead, Chris Nepia (Strategic Kaupapa Māori Manager), Adele Henderson (Interim General Manager – Corporate Services)

Timestamps are included at the start of each item and signal where the agenda item can be found in the recording of the meeting held on 19 June 2026 at Council's YouTube Channel.

1 OPENING KARAKIA

Tangata Whenua Representative Mr Hakopa Tapiata opened the meeting with a karakia.

2 APOLOGIES

Nil

3 PUBLIC FORUM

Nil

4 ACCEPTANCE OF LATE ITEMS

Nil

5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

Nil

6 CHANGE TO ORDER OF BUSINESS

Nil

7 DECLARATION OF CONFLICTS OF INTEREST

Nil

8 BUSINESS

Timestamp: 7 minutes and 25 seconds

8.1 Appointment of Chairperson and Deputy Chairperson

Staff Christine Jones, General Manager: Strategy, Partnerships & Growth

COMMITTEE RESOLUTION WO1CC/26/0/1

Moved: Mayor James Denyer
Seconded: Cr Margaret Murray Benge

That the Water Organisation Joint Committee:

(a) Receives the report "Appointment of Chairperson and Deputy Chairperson".

(b) Appoints Cr Marten Rozeboom as the Chairperson

(c) Approves that the first rotation cycle of the Chair and Deputy Chair roles will be for the period 19 June 2026 to 30 November 2027.

CARRIED

COMMITTEE RESOLUTION WO1CC/26/0/2

Moved: Cr Marten Rozeboom
Seconded: Cr Margaret Murray Benge

That the Water Organisation Joint Committee:

(d) Appoints Mayor Denyer as the Deputy Chairperson.

CARRIED

Timestamp: 12 minutes and 35 seconds

8.2 Recruitment of the Board (Verbal Update)

Staff Christine Jones, General Manager: Strategy, Partnerships & Growth

The General Manager: Strategy, Partnerships and Growth, provided the Committee with an update on board recruitment noting the following:

- Independent recruitment firm, JacksonStone, was managing the process. The director roles were widely advertised and had attracted 53 applications.
- A longlist of 12 candidates had been selected and interviews were progressing, overseen by the Joint Working Group. Candidates were being assessed against the board skills matrix previously approved by the councils, with the aim of achieving a balanced mix of those skills.
- While the intention was to appoint the first three directors, the interview panel may recommend appointing more than three candidates if this would provide a stronger overall skills mix, with appointments potentially phased over time.
- Interviews were scheduled for early July, with board appointments expected to be considered by the Committee and councils in late July or August, followed by induction of successful candidates.
- The interview panel included representatives from Tauranga City Council, Western Bay of Plenty District Council and tangata whenua, supported by independent expert advisor Raveen Jaduram and Miriam Taris. This provided a strong and experienced selection panel.

In response to questions

- Applicants had already indicated whether they were interested in the Chair role, Director role, or both.
- Once a preferred Chair candidate was identified, the panel could discuss the other preferred candidates with that person, provided all parties consented to sharing their names, as applications were confidential.
- This approach was considered practical and sensible, allowing the prospective Chair to provide input on the composition of the wider board before final recommendations were made.

COMMITTEE RESOLUTION WO1CC/26/0/3

Moved: Cr Marten Rozeboom
Seconded: Cr Kevin Schuler

That the Water Organisation Joint Committee:

(a) Receives the update 'Recruitment of the Board'.

CARRIED

Timestamp: 18 minutes and 5 seconds

8.3 Update from the CEO - The First 50 Days Review (Presentation)

Staff Kevin Lavery, Chief Executive

The Chief Executive presented his First 50 Days Review with a PowerPoint presentation (attached) outlining the following:

- The findings from engagement with staff, councils, iwi and stakeholders.
- Key themes including maintaining a safe transition to the new organisation, ensuring growth paid for growth, addressing workforce and stormwater challenges, strengthening community and iwi engagement, and delivering moderate customer charges through efficient service delivery.

In response to questions

- New income streams: Growth should pay for growth through improved cost recovery, development and financial contributions, and possible growth levies.
- Decision-making before establishment: The future board should be appointed early and guide major strategic decisions through the Water Services Strategy.
- Workforce pressures: Workforce risks would be managed through contractor partnerships, apprenticeships, cadetships, tertiary links and a mix of delivery models.
- Staff transition: A safe transition approach was preferred, giving staff certainty and avoiding unnecessary disruption or full reapplication processes.
- Value of the new organisation: Success would be shown through better investment delivery, lower long-term costs, shared-service efficiencies and moderate customer charges.
- Community engagement: The organisation would use proactive engagement with community groups, iwi, developers, contractors and other networks.
- Inflation and contractor accountability: Longer-term partnerships, smoother capital programmes and performance-based work allocation would help manage costs and accountability.
- Council and board relationships: Regular workshops, early engagement and alignment with the future board chair would be important.
- Developers: The organisation should work constructively with developers and councils to support growth.
- Iwi and Treaty relationships: Early engagement, listening, no surprises and tangible outcomes through the Water Services Strategy were emphasised.
- Stormwater: Stormwater was identified as the main challenge due to climate risks, funding pressures and legislative constraints.
- Day one for customers: Customers should ideally notice little change, with service continuity, moderate charges and trust-building as priorities.

COMMITTEE RESOLUTION WO1CC/26/0/4

Moved: Cr Margaret Murray Benge
Seconded: Cr Glen Crowther

That the Water Organisation Joint Committee:

(a) Receives the Update from the CEO – The First 50 Days Review.

CARRIED

Attachments

1 CEO Presentation - The First 50 Days Review

Timestamp: 1 hour and 23 minutes

8.4 Establishment Programme Work Plan

Staff Cathy Davidson, Water Orgnaisation Establishment Lead
Kevin Lavery, Establishement Chief Executive Officer for the Water Organisation

- The work plan would form part of a future Transition Agreement between the shareholder councils and the new water organisation, replacing the current Commitment Agreement.
- The programme was focused on customer outcomes, financial sustainability, network reliability, compliance, safety, integrated service delivery and a safe staff transition.
- Workstream leads had been appointed, including a new Strategy, Policy and Bylaws workstream to manage the significant programme of policy and bylaw review required before establishment.
- The Chief Executive advised that lessons from his 50-Day Review had been incorporated into the establishment programme, particularly around workforce transition, stakeholder engagement and stormwater challenges.
- Members discussed the need for a clear engagement roadmap with councils, iwi, developers and communities, along with early public engagement ahead of consultation on the future Water Services Strategy.
- The committee noted the significant amount of work required before July 2027 and emphasised the importance of maintaining momentum and avoiding delays.

In response to questions

- Timing of foundational documents (June 2026 milestone): Most of the drafting work had already been completed. The documents were to come to the Joint Committee first, with council consideration expected later, likely around July.
- Regarding how unresolved issues from earlier decisions would be addressed, the organisation would inherit and continue progressing those matters, with the new board and organisation expected to have the capability and responsibility to advance solutions.
- Recruitment of a Tāngata Whenua specialist: The role was intended to ensure ongoing engagement and relationship management across all iwi and hapū in the region, particularly during establishment. The CEO noted the role could potentially be filled by someone already working within the current system.
- Regarding how consultation on the Water Services Strategy would fit alongside Long-Term Plan consultation, the CEO considered alignment with council LTP consultation beneficial, but agreed early pre-engagement would be required so communities understood the new organisation before formal consultation began.
- The CEO confirmed the Water Services Act required a 10-year strategy and a 3-year pricing plan, which would be consulted on and integrated as closely as possible with council planning processes.
- On a question about how Treaty settlement obligations and iwi relationships would be managed, the CEO acknowledged the complexity of existing and emerging Treaty settlement obligations and indicated the organisation would need internal capability, training, and specialist advice to ensure those obligations were understood and met.

COMMITTEE RESOLUTION WO1CC/26/0/5

Moved: Mayor James Denyer
Seconded: Tangata Whenua Representative Mr Hakopa Tapiata

That the Water Organisation Joint Committee:

(a) Receives the report "Establishment Programme Work Plan".

(b) Notes the summary of the Establishment Work Plan incorporates the findings of the Water Organisation's CEO 50 day review.

(c) Notes the summary of the Establishment Work Plan, as provided by this report.

(d) Notes the upcoming work programme for the Joint Committee, which is provided by Attachment 1 to this report and includes:

(i) Providing comments on foundational documents (Statement of Expectations, Constitution, and Shareholders Agreement).

(ii) consideration of the transition arrangements

(iii) continued programme monitoring

CARRIED

Attachments

1 Presentation: Establishment Programme Work Plan

9 DISCUSSION OF LATE ITEMS

Nil

10 CLOSING KARAKIA

Tangata Whenua Representative Mr Hakopa Tapiata closed the meeting with a karakia.

The meeting closed at 11.54am.

The minutes of this meeting were confirmed as a true and correct record at the Water Organisation Joint Committee meeting held on 7 August 2026.

8 DECLARATION OF CONFLICTS OF INTEREST

9 BUSINESS

9.1 Statement of Expectations

File Number: **A20749778**

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PURPOSE OF THE REPORT

1. To present the draft Statement of Expectations for the Joint Committee's recommendation.

RECOMMENDATIONS

That the Water Organisation Joint Committee:

(a) Receives the report "Statement of Expectations ".

(b) Notes that the Local Government (Water Services) Act 2025 requires the shareholders of a Water Organisation (**WO**) to:

(i) Prepare a Statement of Expectations (**SOE**);

(ii) Provide the draft SOE to the WO for review and comment; and

(iii) Then adopt the SOE.

(c) Notes that the draft SOE has been prepared for TCC and WBOPDC as shareholders of the WO and that the WO must give effect to the SOE, including through the WO's decisions, actions and preparation of its Water Services Strategy.

(d) Notes that an additional item will be added to the Tangata Whenua work plan to create a list of Treaty Settlement Obligations that are relevant to the WO and the WO's delivery of water service operations.

(e) Notes that the draft SOE has been prepared to comply with the Local Government (Water Services) Act 2025, the current draft Shareholders' Agreement and the Commercial Term Sheet adopted by TCC and WBOPDC in March 2026.

(f) Recommends the draft SOE in the form attached at Attachment 1 for approval by TCC and WBOPDC.

Or

(g) Recommends the draft SOE in the form attached at Attachment 1 for approval by TCC and WBOPDC, with the following amendments:

- *[insert amendment]*
- *[insert amendment]*

(h) Notes that the draft SOE approved by TCC and WBOPDC is to be provided to the WO for review and comment, and that comments received from the WO (if any) will be considered by TCC and WBOPDC before the SOE is finalised and issued to the WO.

(i) In the event the Joint Committee requests any amendments to the SOE, the Joint Committee notes that staff, TCC and WBOPDC will work together in good faith to resolve any such amendments before the final draft of the SOE is presented to TCC and WBOPDC for final approval to be presented to the WO in draft for comment.

EXECUTIVE SUMMARY

2. A SOE is a statutory planning and accountability document under Part 4 of the Local Government (Water Services) Act 2025 (**LG(WS) Act**). The LG(WS) Act requires shareholders to prepare and adopt an SOE, which the Water Organisation "must give effect to".

3. In terms of timing, the shareholders must provide a draft of the SOE to the WO, and provide a reasonable opportunity for the WO to review the document and provide comment. The shareholders must consider any comments from the WO before finalising and adopting the SOE. The shareholders must then adopt an SOE as soon as practicable after establishment of the WO, and no longer than six months after establishment. This provides a runway for the WO to prepare a Water Services Strategy (**WSS**) (which needs to be prepared no later than 1 March 2027, or such other date as agreed by the shareholders).

4. The SOE sets out the shareholders' expectations for the WO, including outcomes and operating principles, establishment expectations, planning and statutory obligations, relationships and engagement, Tangata Whenua engagement, WSS priorities, performance/reporting/monitoring expectations, and operational direction regarding charging and collection arrangements.

5. Staff consider that the draft SOE at Attachment 1:

    (a) Satisfies the content requirements of section 227 of the LG(WS) Act;

    (b) Aligns with the additional SOE content required by Schedule 5 of the Shareholders' Agreement; and

    (c) Gives effect to the relevant agreed positions within the Commercial Term Sheet (**CTS**) that was adopted by TCC and WBOPDC in March 2026.

JOINT COMMITTEE – TERMS OF REFERENCE

6. Pursuant to the terms of reference, the Joint Committee (**JC**) has responsibilities in relation to the SOE, including reviewing draft SOE material prepared by staff, providing feedback and comments.

THE STATUTORY FRAMEWORK

7. Sections 224 to 229 of the LG(WS) Act (see Attachment 2) address the legal context and requirements for an SOE. At a very high level, the key elements of those sections are:

    a. Section 224 requires shareholders to prepare and adopt an SOE, provide it to the WO with sufficient time for the WO to prepare its WSS, and ensure it relates to at least 10 consecutive financial years. Section 224 also states the purpose of an SOE, which is essentially to set out shareholder expectations and inform and guide the WO's decisions, actions and WSS, including strategic priorities.

    b. Section 225 applies to new WOs and requires the shareholders to provide the SOE as soon as practicable after establishment of the WO, and no later than six months after establishment.

    c. Section 226 requires the WO to give effect to the SOE provided by its shareholders.

    d. Section 227 prescribes mandatory SOE content, including outcomes expected by shareholders, resource management and land-use planning requirements relevant to the service area, statutory obligation requirements, and half-yearly report information. Section 227 also prescribes optional content, such as relationship requirements, performance measures, community or consumer engagement, collaboration expectations, and so forth.

e. Section 228 requires the SOE to be consistent with legislative obligations, foundation documents and the WO's responsibilities under transfer agreements. It also clarifies that an SOE must not include any requirement or expectations for operational matters (unless there is specific provision within the WO's foundation documents).[1]

f. Section 229 requires only one SOE to be issued by the shareholders at any one time, gives priority to directions from regulators where those directions are inconsistent with an SOE, and requires shareholders to publish the process for preparing its SOE. It also clarifies that the shareholders must provide a draft of the SOE to the WO, and provide a reasonable opportunity for the WO to review the document and provide comment. The shareholders must consider any comments from the WO before finalising and adopting the SOE.

SHAREHOLDERS' AGREEMENT

8. In addition to the statutory framework set out above, the Councils have provided guidance about the form and content of the SOE within Schedule 5 of the draft Shareholders' Agreement (see Attachment 3), and also within the CTS. All of these sources have been taken into account in the draft SOE presented within this paper.

9. We note the SHA currently remains in draft form as it has not yet been presented to the two Councils for approval.

CONTENT OF THE SOE

10. At a very high level, the draft SOE covers the following:

(a) Purpose and period.

(b) Outcomes and operating principles.

(c) Establishment expectations.

(d) Planning and statutory obligations.

(e) Relationships and engagement.

(f) Tangata Whenua.[2]

(g) WSS strategic priorities and assurance.

(h) Performance, reporting and monitoring.

(i) Operational direction. [3]

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[1] See Section 228(3) and (4). The wording under subsection (3) is that an SOE "must not include any requirements or expectations that relate to the Water Organisation's performance or exercise of a duty, function or power under this Act; or require the Water Organisation to perform, or not to perform, a specified act, or to achieve a specified result, in relation to a specified person or persons." And subsection (4) says "However, subsection (3) does not apply if the Water Organisation's foundation documents provide otherwise."

[2] Please note we are mindful Tangata Whenua JC representatives have previously requested that the SOE includes detailed content about engagement with Tangata Whenua. We note that the SOE contains an entire section on relationships and engagement. In addition, the SOE also requires the WO to "establish and maintain effective relationships with Tangata Whenua including iwi within the TCC and WBOPDC rohe (boundaries), acting through their recognised iwi authority or governance entity" and "Engage with Tangata Whenua on substantive governance and strategic matters, including the WSS, environmental performance frameworks, and operational policies of general application. Such engagement will be undertaken consistently with the Company's Significance and Engagement Policy." These directions will be further detailed in the WO's Significance and Engagement Policy which will be presented to the JC in draft for feedback moving forward.

[3] The only operational direction anticipated within the WO's foundation documents (and therefore the only operational direction included within the SOE) relates to a) financial ring-fencing and b) the setting and collection of charges.

BENCHMARKING

11. Broadly speaking, the content, detail and length of the draft SOE is similar to the SOEs issued by other shareholder Councils to other WOs around the country. We also note that draft SOE is more detailed than Statements of Intent that TCC and WBOPDC issue to other CCOs on a regular basis.

OPTIONS ANALYSIS

12. The JC has two available options:

Option 1 — Recommend the Statement of Expectations to the Councils

13. The JC can recommend the draft SOE in the form attached at Attachment 1 to the Councils.[4] This is the recommended option because the SOE complies with the LG(WS) Act, aligns with the draft Shareholders' Agreement, and provides the WO with clear shareholder expectations before it prepares its WSS.

Option 2 — Recommend the Statement of Expectations to the Councils, but with amendments

14. Alternatively, the JC may recommend the draft SOE subject to clearly defined amendments. If the JC elects this option, staff recommend any amendments be limited to matters that are consistent, and comply, with the LG(WS) Act, the Foundation Documents (including Schedule 5 of the draft Shareholders' Agreement) and the agreed CTS.

FINANCIAL CONSIDERATIONS

15. Approval of the SOE does not itself transfer assets or create new operational expenditure obligations. It does, however, set shareholder expectations for financially sustainable services, value and affordability, growth funding, performance reporting, development contribution transparency and future charging responsibilities.

RISKS AND LEGAL IMPLICATIONS

16. The key legal implication is that the SOE is a statutory document under the LG(WS) Act. The shareholders must prepare and adopt the SOE, provide it to the WO, and follow the statutory process, including publishing the preparation process, providing a draft to the WO, giving the WO a reasonable opportunity to comment, and considering those comments before finalising the SOE.

17. The SOE must be consistent with legislative obligations, the WO's foundation documents and the WO's responsibilities under the respective transfer agreements. It must also respect the statutory limits in section 228, including not including expectations that improperly constrain the WO's statutory functions unless the foundation documents provide otherwise.

18. These risks are mitigated because the draft SOE has been prepared against the LG(WS) Act, Schedule 5 of the draft Shareholders' Agreement and the CTS, and because the recommendations delegate only minor/editorial finalisation authority consistent with those documents.

TE AO MĀORI APPROACH

19. Tangata Whenua were represented on the JWG, providing input into the development of the CTS. This representation continues through the Joint Committee, enabling Tangata Whenua to contribute to recommendations to the Councils, including in relation to the Foundation Documents.

[4] Note that, once approved by the Councils, the SOE will remain in draft form while it is presented to the WO's Board for comment. Only after the Councils have considered the WO's feedback will the SOE be finalised and adopted.

20. Accordingly, the governance framework incorporates Tangata Whenua representation, supporting the integration of Te Ao Māori perspectives into oversight and decision making.

21. The draft SOE includes expectations for effective relationships with Tangata Whenua, require the WO is act in a manner that is consistent with Treaty Settlement Obligations[5], openness to partnership opportunities with Māori entities, engagement on substantive governance and strategic matters, regard to statutory acknowledgements and fulfilment of consent-based engagement obligations.

22. These matters align with Schedule 5 of the draft Shareholders' Agreement, which requires the SOE to address relationships with hapū, iwi and other Māori organisations, including participation and engagement, and the environment, including Kaitiakitanga.

CLIMATE IMPACT

23. The draft SOE expects the WO's asset management and investment decisions to be based on long-term demand, resilience and climate considerations, and identifies long-term system resilience as a strategic priority for the WSS.

CONSULTATION / ENGAGEMENT

24. To date, both Council and WBOPDC have provided significant input into the formation of the Foundation Documents. In particular, the two councils have resolved to approve the CTS, which has directly informed the drafting of the Foundation Documents.

SIGNIFICANCE

25. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

26. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

    (a) the current and future social, economic, environmental, or cultural well-being of the district or region

    (b) any persons who are likely to be particularly affected by, or interested in, the matter.

    (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

27. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of medium significance.

ENGAGEMENT

28. Taking into consideration the above assessment, that the matter is of medium significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

29. The next steps will be to present the draft SOE to the Councils to accept; then to present the draft SOE to the WO for comment; and then finalise the SOE so that the WO can use it when preparing its WSS.

[5] We note the SOE requires the WO to act in a manner that is consistent with Treaty Settlement Obligations and establish processes to ensure the Company both understands and continues to fulfil any such obligations on an ongoing basis.

ATTACHMENTS

1. **Draft Statement of Expectations - A20822762 -** ⇩
2. **Local Government (Water Services) Act 2025, section 224 to 229 - A20822763 -** ⇩
3. **Schedule 5, Draft Shareholders' Agreement - A20822764 -** ⇩

Draft: 30 July 2026

STATEMENT OF EXPECTATIONS

Purpose and period

1. This Statement of Expectations sets out the expectations of Tauranga City Council and Western Bay of Plenty District Council as Shareholders of [the joint water organisation] (**Company**).
2. It is prepared under section 229 of the Local Government (Water Services) Act 2025 (**LG(WS) Act**) and is intended to guide the Company's decisions, actions and preparation of its Water Services Strategy (**WSS**).
3. This Statement does not direct day-to-day management or operational matters, except where operational direction is permitted by the Company's foundation documents.
4. This Statement relates to a period of at least 10 consecutive financial years from the Company's incorporation.

Outcomes and operating principles

5. The Shareholders expect the Company to provide water services in a way that achieves the following outcomes and principles:
    a. **Value and affordability**: Prudent financial management and financially sustainable services that offer excellent value for price, avoid unreasonable price-shocks and achieve improved community affordability over time.
    b. **Compliance**: Full compliance with drinking water, wastewater, stormwater and environmental standards, resource consents, legislation and regulatory requirements, (except where any non-compliance has been identified in a Shareholder's Water Services Delivery Plan).
    c. **Environmental health**: Operations that support the health and wellbeing of water bodies and recognise water as a taonga.
    d. **Integrated regional delivery**: A coordinated approach across the service area, subject to the ringfencing and charging arrangements in the Company's foundation documents.
    e. **Good governance, transparency and customer-focus**: Efficient, accountable, transparent and innovative governance and operations, with a focus on customer satisfaction.
    f. **Workforce, partnerships and growth**: A capable workforce and constructive relationships with Shareholders, Tangata Whenua, regulators, neighbouring providers, infrastructure partners and key stakeholders. Explore partnerships or co-investment opportunities that support Shareholder objectives.
    g. **Growth pays for growth**: Growth-related capital expenditure is attributed to, and funded by, those who cause and/or benefit from that investment, with external funding maximised where available.[1]

[1] As far as reasonably practical.

h. **Customer and community**: Responsive service delivery, effective communication, and high public confidence in water services
i. **Kaitiakitanga and wellbeing of water**: Recognise the vital importance of water as a taonga and uphold its responsibility as a guardian over water resources and water services. Ensure that its decisions recognise the importance of the health and wellbeing of water, for the benefit of the environment, communities and future generations.
j. **Long-term planning:** Asset management and investment decisions based on long-term demand, growth, resilience, and climate considerations. Support the Shareholders' position on planning processes and the Shareholders' long-term plans.

Establishment Expectations

6. During the establishment phase from incorporation to when the Company becomes operational, the Shareholders expect the Company to:
   a. Achieve full operational readiness by 1 July 2027, with no disruption to services.
   b. Work with the Shareholders to complete all necessary transfer, shared service, transitional service, billing and collection agreements.
   c. Develop, consult on and adopt its first WSS prior to 1 July 2027.
   d. Work with the Shareholders to maintain continuity of customer billing.
   e. Honour all existing obligations and commitments inherited from the Shareholders.
   f. Put in place sound financial, regulatory risk, governance, audit and assurance frameworks.
   g. Plan for long-term system integration, shared services, service transition and potential future organisational change.
   h. Develop a roadmap for business systems and shared service transition.
   i. Explore future growth opportunities, efficiency opportunities and effectiveness opportunities, including other councils joining the Company or shared opportunities with other providers or Shareholder Councils.

Planning and statutory obligations

7. The Company is expected to be a key partner of the Shareholders in land-use, growth, spatial, infrastructure and resource management planning. The Shareholders expect the Company to:
   a. Act as the primary source of three-waters technical advice to the Shareholders.
   b. Where reasonably practicable, co-ordinate its works with Shareholder works to achieve efficiencies and minimise community disruption.
   c. Use consistent population, growth, and climate assumptions aligned with Shareholder planning processes.
   d. Engage jointly with Shareholders on development proposals and infrastructure agreements.
   e. Align its position with Shareholder policies when responding to unplanned or out-of-sequence development proposals.

8. The Shareholders require the Company to meet all relevant statutory obligations that apply to the Shareholders as territorial authorities, to the extent those obligations are relevant to the delivery of water services. This includes obligations arising under the LG(WS) Act, relevant Treaty Settlement Obligations, and any other applicable legislation. The Company must conduct its activities in a manner that supports the Shareholders to meet those obligations.
9. Where a Shareholder holds obligations related to a third party that relate to water services, the Company must act in accordance with those obligations. The Company must ensure that its actions do not place the Shareholders in breach of such obligations.
10. Where agreed with the Shareholders, the Company must undertake specified water-services obligations on behalf of one or both Shareholders. Any such obligations must be clearly defined, consistent with the Company's statutory purpose, and recorded in appropriate governance or contractual arrangements.

Relationships and engagement

11. The Shareholders expect the Company's relationships to be based on trust, openness, collaboration, mutual respect, early issue identification, good-faith problem-solving and a strong "no surprises" culture. The Shareholders expect the Company to collaborate constructively with the Shareholders and relevant third parties, including regulators, neighbouring councils or water service providers and infrastructure partners.
12. In its relationship with the Shareholders, the Company is expected to:
    a. Maintain open and regular communication with the Shareholders.
    b. Provide early notice of material issues, risks, or incidents.
    c. Work collaboratively to deliver agreed objectives.
    d. Enter into a shared service agreements, service level agreements, partnering agreements or memoranda of understanding as reasonably requested by the Shareholders.
13. In its relationship with customers and Shareholder communities, the Company is expected to:
    a. Place the interests of consumers at the centre of decision-making.
    b. Maintain effective customer service processes.
    c. Provide accessible, timely, and transparent information to the public.
    d. Engage proactively with communities on service performance and major initiatives.
    e. Foster transparency, accountability and public confidence by publishing key performance information and engaging openly with the community.
    f. Undertake appropriate community and consumer engagement in relation to the delivery of water services, based on its Significance and Engagement Policy. Engagement should be timely, accessible, and proportionate to the matter concerned.

Tangata Whenua

14. In its relationship with Tangata Whenua, the Company is expected to:

a. Establish and maintain effective relationships with Tangata Whenua including iwi within the TCC and WBOPDC rohe (boundaries), acting through their recognised iwi authority or governance entity.
b. Act in a manner that is consistent with Treaty Settlement Obligations (and establishing processes to ensure the Company both understands and continues to fulfil any such obligations on an ongoing basis).
c. Be open to partnership opportunities with Māori entities.

15. Where a Shareholder holds obligations to Tangata Whenua or other Māori organisations that relate to water services, the Company must act in accordance with those obligations.
16. The Shareholders expect the Company to:
    a. Engage with Tangata Whenua on substantive governance and strategic matters, including the WSS, environmental performance frameworks, and operational policies of general application. Such engagement will be undertaken consistently with the Company's Significance and Engagement Policy.
    b. Have regard to any statutory acknowledgements made under Treaty settlement legislation applicable to the Service Area when making decisions that affect the statutory areas to which those acknowledgements relate.
    c. Fulfil all engagement obligations arising from resource consents held or transferred by the Company (including engagement with, or participation of, specified Māori groups).

WSS strategic priorities and assurance

17. The Company's WSS should prioritise:
    a. successful establishment and stable operations;
    b. safe, reliable, affordable and compliant water services;
    c. infrastructure investment that supports planned growth;
    d. integrated planning with Shareholders, NZTA, central government and other infrastructure providers;
    e. water conservation and demand management;
    f. long-term system resilience; and
    g. no dividends unless there are exceptional circumstances[2] where a distribution of dividends is unanimously approved by the Shareholders and approved by the Board, subject to all solvency and statutory tests.

Performance, reporting and monitoring

18. The Company must report against an agreed set of performance indicators to enable the Shareholders to monitor service delivery, financial sustainability, regulatory compliance, customer outcomes, and organisational performance. Performance indicators are expected to align with the WSS and relevant regulatory frameworks, and may be refined from time to time by agreement between the Shareholders and the Company.

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[2] For example, the sale of surplus land that was transferred to the WO from a Shareholder.

a. **Establishment reporting**: quarterly establishment progress reports to the Joint Committee, covering milestones, risks and delivery against establishment expectations
b. **Half-yearly reports**: prepare and provide water-services half-yearly reports in accordance with section 248 of the LG(WS) Act, including sufficient financial, personnel, service, health and safety, regulatory compliance, capital project, stakeholder engagement and risk information.
c. **Operational reporting**: once operationally stable, provide quarterly performance reports to the Shareholders.
d. **Governance engagement**: hold regular joint governance meetings with the Board and management, supported by additional briefings as required.

19. The Company must apply best accounting practice when receiving and collecting (as and when relevant) Development Contributions, Development Levies and, if relevant, Financial Contributions. Records must transparently show the source of the funds, how they are used, and the net financial position of those funds.

Operational direction

20. The Company must ringfence its operations in the manner contemplated by clause 2.7 of the Constitution, and comply with any Shareholder reporting requirements under clause 2.8 of the Constitution.
21. In accordance with the Company's foundation documents and section 228(4) of the LG(WS) Act, for each water service the Shareholders will retain responsibility for the setting and / or collecting of charges as follows:
    a. **Drinking water**: The Company will determine the level of revenue required to deliver drinking water services. For the first year of the Company's operations (or longer if agreed), the Shareholders will be responsible for collecting drinking water charges within each respective Service Area. After a one year period, the Company and Shareholders will revisit this responsibility, and may decide to transfer the responsibility to the Company, or to retain the responsibility with the Shareholders for a further period.
    b. **Wastewater**: The Company will determine the level of revenue required to deliver wastewater services. For the first year of the Company's operations (or longer if agreed), the Shareholders will be responsible for making final decisions about the level of charges and revenue recovery for wastewater (this will be based on the work undertaken by the Company and the advice received from the Company), and for collecting wastewater charges within each respective Service Area. After a one year period, the Company and Shareholders will revisit these responsibilities, and may decide to transfer the responsibilities to the Company, or to retain the responsibilities with the Shareholders for a further period.
    c. **Stormwater**: The Company will determine the level of revenue required to deliver stormwater services. For the first three years of the Company's operations (or longer if agreed), the Shareholders will be responsible for making final decisions about the level of charges and revenue recovery for stormwater (this will be based on the work undertaken by the Company and the advice received from the Company), and for collecting stormwater charges within each respective Service Area. After a three year

period, the Company and Shareholders will revisit these responsibilities, and may decide to transfer the responsibilities to the Company, or to retain the responsibilities with the Shareholders for a further period.

22. The above position is summarised in the following table:

Service	Who determines level of revenue required to be covered by charges	Who Sets Charges (within Shareholder's service area)?	Who Collects Charges (within Shareholder's service area)?	Review Date
Drinking Water	Company	Company	Shareholder	1 July 2028
Wastewater	Company	Shareholder	Shareholder	1 July 2028
Stormwater	Company	Shareholder	Shareholder	1 July 2030

(f) for an additional plan or report, the relevant water organisation and each shareholder in the water organisation.

Subpart 1—Planning

Statement of expectations

224 Statement of expectations

(1) The shareholders of a water organisation must prepare and adopt a statement of expectations and provide it to the water organisation at least 6 months (or such longer period as is agreed between the shareholders and the water organisation) before the water organisation is required to prepare a water services strategy (*see* section 230 or 231).

(2) A statement of expectations must relate to a period of at least 10 consecutive financial years.

(3) The purpose of a statement of expectations is—

(a) to set out the shareholders' expectations of the water organisation; and

(b) to inform and guide—

(i) the decisions and actions of the water organisation; and

(ii) the water organisation's preparation of its water services strategy (*see* section 230 or 231), including its strategic priorities (*see* clause 2(1)(a) of Schedule 3).

225 Statement of expectations for new water organisation

(1) This section applies when a water organisation is established after the date on which this section comes into force.

(2) Despite anything to the contrary in section 224, the shareholders in the water organisation must prepare a statement of expectations under section 224 and provide it to the water organisation—

(a) as soon as practicable after the date on which the water organisation is established; but

(b) no later than 6 months after the date on which the water organisation is established.

(3) The shareholders may provide the water organisation with a document setting out the shareholders' interim expectations of the water organisation (an **interim statement**) that applies during the period between the following:

(a) the date on which the water organisation is established:

(b) the date on which the shareholders provide the statement of expectations to the water organisation under subsection (2).

(4) In addition to the shareholders' expectations, an interim statement may also include, to the extent permitted by section 228, either or both of the following:

(a) directions for the operation of the water organisation:

(b) priorities for the water organisation.

(5) The shareholders may start preparing the statement of expectations or an interim statement before the date on which the water organisation is established.

226 Water organisation must give effect to statement of expectations

A water organisation must give effect to a statement of expectations provided by the shareholders of the water organisation.

227 Content of statement of expectations

(1) A statement of expectations prepared under this subpart must include—

(a) the outcomes that the shareholders expect the water organisation to achieve by providing water services; and

(b) requirements relating to the territorial authority's resource management planning and land use planning that are relevant to the water organisation's service area; and

(c) a requirement that the water organisation must act in accordance with any relevant statutory obligation that applies to a shareholder that is a territorial authority; and

(d) the information that the water organisation must include in its water services half-yearly report (*see* section 248).

(2) A statement of expectations may include any other matters the shareholders decide, including, for example,—

(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.

(3) A statement of expectations may contain a matter that applies—

(a) to all or a specified part of the water services provided by the water organisation (for example, a matter that applies only to wastewater):

(b) to all or a specified part of the water organisation's service area (for example, a matter that applies only to a territorial authority's district).

228 Additional requirements of statement of expectations

(1) A statement of expectations must be consistent with—

(a) all legislative obligations that apply to the water organisation; and

(b) the water organisation's foundation documents; and

(c) the water organisation's responsibilities,—

(i) in the case of an Auckland water organisation, for providing a water supply service and wastewater services; and

(ii) in all other cases, as specified in a transfer agreement.

(2) If a water organisation is financially independent of its shareholders, the statement of expectations must not include any requirements or expectations that would compromise that financial independence.

(3) The statement of expectations must not include any requirements or expectations that—

(a) relate to the water organisation's performance or exercise of a duty, function, or power under this Act; or

(b) require the water organisation to perform, or not to perform, a specified act, or to achieve a specified result, in relation to a specified person or persons.

(4) However, subsection (3) does not apply if the water organisation's foundation documents provide otherwise.

229 Statement of expectations: process and limits

(1) The shareholders of a water organisation may provide only 1 statement of expectations to a water organisation at any time.

(2) If a water organisation receives a statement of expectations that is inconsistent with a direction or requirement imposed by a regulator, the regulator's direction or requirement prevails to the extent of the inconsistency.

(3) The shareholders of a water organisation must publish, on an internet site maintained by or on behalf of 1 or more of the shareholders, the process that the shareholders must follow to prepare a statement of expectations.

(4) The process to prepare a statement of expectations must include the following:

(a) the shareholders must provide a draft of the statement of expectations to the water organisation:

(b) the shareholders must give the water organisation a reasonable opportunity to review the draft statement and provide comments:

(c) the shareholders must consider any comments provided by the water organisation before finalising the statement of expectations.

(5) In subsection (2), **regulator** means 1 or more of the following:

(a) the Water Services Authority:

(b) the Commerce Commission:

(c) a regional council or unitary authority (as that term is defined in the LGA 2002) in whose region the water organisation provides water services.

Water services strategy

230 Water services strategy

(1) A water service provider must—

(a) prepare a water services strategy in accordance with this Part; and

(b) have a water services strategy in place at all times.

(2) A water service provider must adopt its water services strategy before the start of the first financial year to which the strategy relates.

(3) A water services strategy—

(a) comes into force on the first day of the first financial year to which the water services strategy relates; and

(b) continues in force until the end of the third consecutive financial year to which it relates; and

(c) must relate to a period of at least 10 consecutive financial years or such other period as is specified in this Part or Schedule 3.

(4) A water services strategy must be prepared and adopted,—

(a) in the case of a water service provider that is a water organisation, by the water organisation; or

SCHEDULE 5

Statement of Expectations

Legislatively required content

1. As required under the LG (WS) Act, the Statement of Expectations must include:

   a) the outcomes that the Shareholders expect the Company to achieve by providing Water Services; and

   b) requirements relating to the territorial authority's resource management planning and land use planning that are relevant to the Company's Service Area; and

   c) a requirement that the Company must act in accordance with any relevant statutory obligation that applies to a Shareholder that is a territorial authority; and

   d) the information that the Company must include in its Water Services half-yearly report.

Agreed additional content

2. How the Shareholders require the Company to conduct its relationships with:

   a) the Shareholders

   b) the Shareholders' communities or any specified stakeholders within those communities

   c) hapū, iwi, and other Māori organisations (including matters of participation and engagement)

   d) consumers in the Company's Service Area (including matters of openness and transparency)

   e) the environment, including the role of Kaitiakitanga

3. Performance indicators and measures.

4. Expectations relating to the strategic priorities to be included in the Company's Water Services Strategy.

5. A requirement to undertake community or consumer engagement, and the contents of that engagement.

6. Expectations in relation to collaborating with the Shareholders and other parties when providing Water Services.

7. An obligation on the Company to consider and report on potential options for moving towards a price harmonisation model for charges for all Water Services across the Service Areas.

8. Where required, a matter that applies:

   a) to all or a specified part of the Water Services provided by the Company (for example, a matter that applies only to wastewater);

b) to all or a specified part of the Company's Service Area (for example, a matter that applies only to a specific Shareholder's Service Area).

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10 DISCUSSION OF LATE ITEMS

11 PUBLIC EXCLUDED SESSION

Resolution to exclude the public

RECOMMENDATIONS

That the public be excluded from the following parts of the proceedings of this meeting.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
11.1 - LWDW - Water Organisation Name and Identity - Progress Update and Next Steps	s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

12 CLOSING KARAKIA