

# AGENDA

## Extraordinary Council Meeting

### Membership:

Kahika - Mayor Moko Tepania - Chairperson  
Kohepu - Deputy Mayor Chicky Rudkin  
Cr Arohanui Allen  
Cr Rachel Baucke  
Cr Ann Court  
Cr Felicity Foy  
Cr Hilda Halkyard-Harawira  
Cr Tāmāti Rākena  
Cr Davina Smolders  
Cr Kelly Stratford  
Cr John Vujcich

**Wednesday, 20 May 2026**

**Time: 9:00 am**

**Council Chamber**

**Memorial Ave**

**Kaikohe**



**Te Kaunihera  
o Te Hiku o te Ika**  
Far North District Council



**Far North District Council**  
**Extraordinary Council Meeting**  
**will be held in the Council Chamber, Memorial Ave, Kaikohe on:**  
**Wednesday 20 May 2026 at 9:00 am**

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**Te Paeroa Mahi / Order of Business**

<b>2</b>	<b>Ngā Whakapāha Me Ngā Pānga Mema / Apologies and Declarations of Interest .....</b>	<b>7</b>
<b>3</b>	<b>Ngā Tono Kōrero / Deputations .....</b>	<b>7</b>
<b>4</b>	<b>Ngā Kōrero A Te Kahika / Mayoral Announcements.....</b>	<b>7</b>
<b>5</b>	<b>Ngā Pūrongo / Reports.....</b>	<b>8</b>
5.1	Local Government New Zealand Remits.....	8
5.2	Northland Water Done Well - Far North District Council Entry Into Northland Waters Limited.....	30
<b>6</b>	<b>Te Wāhanga Tūmataiti / Public Excluded .....</b>	<b>174</b>
6.1	Core Roding Professional Services Contract Award .....	174
<b>7</b>	<b>Karakia Whakamutunga / Closing Prayer .....</b>	<b>175</b>
<b>8</b>	<b>Te Kapinga Hui / Meeting Close .....</b>	<b>175</b>



# FAR NORTH DISTRICT COUNCIL VALUES

THE CODE OF CONDUCT IS DESIGNED TO GIVE EFFECT TO THE FOLLOWING VALUES:

1. **PUBLIC INTEREST:** MEMBERS WILL SERVE THE BEST INTERESTS OF THE PEOPLE WITHIN THEIR COMMUNITY, DISTRICT OR REGION AND DISCHARGE THEIR DUTIES CONSCIENTIOUSLY, TO THE BEST OF THEIR ABILITY.
2. **PUBLIC TRUST:** MEMBERS, IN ORDER TO FOSTER COMMUNITY CONFIDENCE AND TRUST IN THEIR COUNCIL, WILL WORK TOGETHER CONSTRUCTIVELY AND UPHOLD THE VALUES OF HONESTY, INTEGRITY, ACCOUNTABILITY AND TRANSPARENCY;
3. **ETHICAL BEHAVIOR:** MEMBERS WILL NOT PLACE THEMSELVES IN SITUATIONS WHERE THEIR HONESTY AND INTEGRITY MAY BE QUESTIONED, WILL NOT BEHAVE IMPROPERLY AND WILL AVOID THE APPEARANCE OF ANY SUCH BEHAVIOR;
4. **OBJECTIVITY:** MEMBERS WILL MAKE DECISIONS ON MERIT; INCLUDING APPOINTMENTS, AWARDED CONTRACTS, AND RECOMMENDING INDIVIDUALS FOR REWARDS OR BENEFITS.
5. **RESPECT FOR OTHERS:** WILL TREAT PEOPLE, INCLUDING OTHER MEMBERS, WITH RESPECT AND COURTESY, REGARDLESS OF THEIR RACE, AGE, RELIGION, GENDER, SEXUAL ORIENTATION, OR DISABILITY. MEMBERS WILL RESPECT THE IMPARTIALITY AND INTEGRITY OF OFFICIALS;
6. **DUTY TO UPHOLD THE LAW:** MEMBERS WILL COMPLY WITH ALL LEGISLATIVE REQUIREMENTS CONCERNING THEIR ROLE, ABIDE BY THIS CODE OF CONDUCT, AND ACT IN ACCORDANCE WITH THE TRUST PLACED IN THEM BY THE PUBLIC;
7. **EQUITABLE CONTRIBUTION:** MEMBERS WILL TAKE ALL REASONABLE STEPS TO ENSURE THEY FULFIL THE DUTIES AND RESPONSIBILITIES OF OFFICE, INCLUDING ATTENDANCE AT MEETINGS AND WORKSHOPS, BACKGROUND READING, ATTENDANCE AT CIVIC EVENTS, AND PARTICIPATION IN RELEVANT TRAINING SEMINARS ORGANISED BY THE COUNCIL.

**8. LEADERSHIP:** MEMBERS WILL ACTIVELY PROMOTE AND SUPPORT THESE PRINCIPLES AND ENSURE THEY ARE REFLECTED IN THE WAY IN WHICH THE COUNCIL OPERATES INCLUDING REGULAR REVIEW AND ASSESSMENT.

THESE VALUES COMPLEMENT, AND WORK IN CONJUNCTION WITH, THE PRINCIPLES OF S.14 OF THE LGA 2002 AND THE GOVERNANCE PRINCIPLES OF S.39 OF THE LGA 2002.

## **1 KARAKIA TIMATANGA / OPENING PRAYER**

Ka tuku mātou kia kaha mai ngā māngai kua whiriwhirihia mō Te Kaunihera o Te Hiku o te Ika ki te mahi me te ngākau auaha me te whakamahi i ngā pūkenga me te mātauranga i roto i ngā wānanga me ngā whakataunga kia whakatūria ai tētahi Hapori e matatika ana, e tū kotahi ana ka mutu ka whakapiki anō i te oranga o tō tātou rohe, ka whakatau anō i ngā take o te rohe i runga i te tika me te pono.

We ask that through Council discussions and decisions the representatives we have elected may govern the Far North District with imagination, skill and wisdom to achieve a fairer and more united Community that enhances the wellbeing of our district and solves the District's problems efficiently and effectively.

## **2 NGĀ WHAKAPĀHA ME NGĀ PĀNGA MEMA / APOLOGIES AND DECLARATIONS OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive Officer or the Manager - Democracy Services (preferably before the meeting).

It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

[Elected Member - Register of Interests](#)

## **3 NGĀ TONO KŌRERO / DEPUTATIONS**

No requests for deputations were received at the time of the Agenda going to print.

## **4 NGĀ KŌRERO A TE KAHIKA / MAYORAL ANNOUNCEMENTS**

## 5 NGĀ PŪRONGO / REPORTS

### 5.1 LOCAL GOVERNMENT NEW ZEALAND REMITS

**File Number:** A5626087

**Author:** Aisha Huriwai, Manager - Democracy Services

**Authoriser:** Jacine Warmington, Group Manager - Strategic Relationships

#### TAKE PŪRONGO / PURPOSE OF THE REPORT

To consider endorsing remits for the 2026 Local Government New Zealand (LGNZ) remit process.

#### WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- LGNZ Remits are an opportunity to gain nationally lead coordinated advocacy with central government on policy or legislative matters.
- This report seeks support for two remits -
  - Improvements for Dog Control Act
  - Devolution of place-naming authority to Local Government.
  - Financial Support for Government Reforms

#### TŪTOHUNGA / RECOMMENDATION

##### That Council support

- a) The proposed remit titled **Improvements for Dog Control Act from Rotorua Lakes Council as per attachment 1,**
- b) The draft remit titled **Devolution of place-naming authority to Local Government as per attachment 2; and**
- c) The proposed remit titled **Financial Support for Government Reforms from Whangarei District Council as per attachment 3.**

#### 1) TĀHUHU KŌRERO / BACKGROUND

LGNZ is a body representing local government nationally. A core part of their role is to lead coordinated advocacy with central government and represent the collective voice of New Zealand Local Government. Advancing this issue through an LGNZ remit would enable a collective, sector-wide position to be considered and, if adopted, prioritised in LGNZ's work programme. It is understood that the LGNZ Work Programme was expected to be available in early 2026 however we were unable to acquire a copy when preparing this report.

Remits are positions or policies put to LGNZ's Annual General Meeting for a vote.

Any remit requires either the support of an LGNZ Zone, Sector or five Councils, along with 4 points of criteria.

The four LGNZ criteria for remits are as follows:

1. The remit is relevant to local government as a whole, not just a single Zone, Sector or council;
2. The remit relates to significant matters, including constitutional and substantive policy rather than matters that can be dealt with administratively.
3. The remit concerns matters that can't be addressed through channels other than the AGM.
4. The remit does not deal with issues that are already being actioned by LGNZ. This covers work programmes underway as part of LGNZ's strategy.

### **Improvements for Dog Control Act**

Rotorua Lakes District Council has drafted a remit on 'Improvements for Dog Control Act' to request that LGNZ advocate to Government on behalf of members for a focused review of the Dog Control Act 1996. The aim of the review is to strengthen provisions, enhance councils' ability to enforce it effectively, and better enable community safety with dogs.

Councils across New Zealand, including the Far North are experiencing increasing issues of dog aggression, roaming dogs and uncontrolled breeding. While this has been an ongoing issue in the Far North, more recently Council received a deputation and petition at its 5 March 2026 meeting. A response was provided to Council at its 1 April meeting that outline some statistics on the position in the Far North and what the organisation is doing to manage some of the issues, specifically in the Ahipara community.

Current provisions in the Dog Control Act 1996 limit councils' ability to respond effectively to these challenges. Stronger tools, and clearer powers would help local authorities better protect communities and support responsible dog ownership.

### **Devolution of place-naming authority to Local Government**

Kahika – Mayor Moko Tepania has proposed a remit to request that LGNZ advocate for legislative changes to devolve authority for officiating geographic place names from the Minister for Land Information, to Local Authorities. The remit advocates that local communities are best placed to make decisions on place names that reflect their identity, history and sense of belonging. While councils already name roads, streets and some public spaces, authority over the naming of official geographic names for mountains, rivers, towns and bays sits with the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa and the Minister for Land Information.

## **2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS**

Council could agree to support one, both or neither of these remits.

If remits are supported FNDC support can be affixed to the remit in support.

Remits would need to be supported further LGNZ Zone, Sector or five Councils.

The **advantages** of supporting these remits are:

#### **Sector-wide advocacy on significant issues**

Both remits address matters of national relevance that affect councils across New Zealand and cannot be effectively resolved by individual councils alone. Supporting these remits enables LGNZ to advocate collectively on behalf of the sector on substantive legislative and constitutional matters.

#### **Appropriate use of the LGNZ remit process**

The remits align with LGNZ's criteria, as they seek changes that require central government action and fall outside current LGNZ work programmes. Advancing these issues through the AGM remit process provides a transparent and legitimate mechanism for seeking reform.

#### **Potential improvements in community outcomes**

The proposed review of the Dog Control Act has the potential to strengthen councils' enforcement tools, enhance community safety, and better support responsible dog ownership.

Devolving place-naming authority to local government may strengthen local democracy and enable place names to better reflect local identity, history, and cultural context, including te reo Māori and tikanga Māori.

#### **Consistency and efficiency for councils**

National legislative change may support more consistent approaches across councils, reducing fragmented responses and duplication of local advocacy efforts.

#### **Demonstrates leadership and responsiveness**

Supporting the remits demonstrates that Council is responsive to documented community concerns and is actively contributing to the development of the local government sector's national policy agenda.

**Risks** in supporting these remits may be:

No certainty of outcome

Endorsing a remit does not guarantee it will be accepted by LGNZ, passed at the AGM, or prioritised within LGNZ's work programme. Even if successful, any resulting legislative change may take considerable time.

Future resourcing and implementation implications

If advocacy results in legislative change, there may be future implications for councils in terms of policy development, operational capacity, enforcement activity, or staff capability, which cannot yet be quantified.

Equity and community impacts

Stronger dog control enforcement powers may have uneven impacts across different communities if not accompanied by appropriate safeguards, education, and support.

Changes to place-naming authority would require careful management to ensure Treaty obligations, historical accuracy, and inclusive processes are upheld.

Complexity and coordination risks

In relation to place naming, devolving authority may introduce complexity in maintaining national consistency and coordination with existing bodies, such as the New Zealand Geographic Board, and could require clear statutory guidance.

Political and reputational considerations

Both remits may generate public interest or debate. There is a risk of differing views within communities or across the sector on the appropriate balance between local autonomy, national consistency, and regulatory authority.

**Next steps**

Further endorsement is needed to meet the threshold for consideration at the LGNZ AGM.

Remits that meet the threshold will be considered by the remit screening committee.

LG NZ will confirm remits for consideration at the AGM, in which the Mayor will attend. In the past council's have had sufficient notice to present a report to its governing body to seek a formal position to inform it's representatives vote at the AGM.

**TAKE TŪTOHUNGA / REASON FOR THE RECOMMENDATION**





The recommendation is made to enable Council to support proposed remits that address matters of national significance affecting local government and that cannot be effectively progressed by individual councils alone.

Supporting the remits demonstrates Council's responsiveness to community concerns and its contribution to shaping national policy discussions.

**3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

There are no financial implications or need for budgetary provision.

**ĀPITI HANGA / ATTACHMENTS**

1. **2026 Remit Application Improvements for Dog Control Act - A5735375**  
2. **2026 LGNZ Remit Application re: Localised Place Naming - A5674881**  

**3. 2026 WDC Proposed Remit Application - A5778475**  

**Hōtaka Take Ōkawa / Compliance Schedule:**

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

<b>He Take Ōkawa / Compliance Requirement</b>	<b>Aromatawai Kaimahi / Staff Assessment</b>
State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a>	These are considered to be of low significance. Should a remit proceed to policy or legislation changes there may be further opportunity for public feedback or engagement depending on the suggested changes.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	These proposals are to seek national support to develop and or pursue national changes that could benefit local government as a sector.
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	The views of Community Boards have not been sought.
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.  State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	There are no specific implications to Māori through the remit process.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	Not applicable.
State the financial implications and where budgetary provisions have been made to support this decision.	There are no financial implications or need for budgetary provision.
Chief Financial Officer review.	The Chief Financial Officer has not reviewed this report.



# REMIT APPLICATION FORM

## How to submit a remit/

Remits are positions or policies put to LGNZ's AGM for a vote.

Any remit needs the support of either an LGNZ Zone, Sector or five councils.

LGNZ reviews all proposed remits to ensure they meet the criteria below.

If your council wants to propose a remit for consideration by the 2026 AGM, please complete this form and email it, along with any supporting information, to [agm@lgnz.co.nz](mailto:agm@lgnz.co.nz) by Monday 25 May, 2026.

If you have any questions about the remit process, or want help completing your application, please contact [Simon Randall](#), Director Policy.

## Criteria for remits/

1. The remit is relevant to local government as a whole, not just a single Zone, Sector or council;
2. The remit relates to significant matters, including constitutional and substantive policy, rather than matters that can be dealt with administratively;
3. The remit concerns matters that can't be addressed through channels other than the AGM.
4. The remit does not deal with issues that are already being actioned by LGNZ. This covers work programmes underway as part of LGNZ's strategy. National Council will finalise LGNZ's strategy in early 2026: if you have questions in the interim, please contact Simon.

## The process from here/

Once LGNZ receives your proposed remit, it will be considered by our Remit Screening Committee. This Committee is made up of LGNZ's President, Vice-President, Chief Executive and Director Policy. The Remit Screening Committee will determine whether your proposed remit satisfies the criteria above, and whether or not to put it forward to the 2026 AGM.

We will let you know whether your remit is going forward to the AGM by Wednesday 10 June 2026.

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## REMIT APPLICATION FORM

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**Council proposing remit:** Rotorua Lakes Council

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**Contact name(s):** Tania Tapsell, Mayor of Rotorua

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**AGM speaker:** Tania Tapsell, Mayor of Rotorua

This person must attend the AGM and be registered as a delegate.

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**Phone:** [REDACTED]

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**Email:** office.mayor@rotorualc.nz

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**Remit subject:** Improvements for Dog Control Act

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**Remit:** That LGNZ advocate to Government on behalf of members for a focused review of the Dog Control Act 1996 with the aim of making improvements to the Act to strengthen its provisions, enhance councils' ability to enforce it effectively, and better protect community safety.

Starting with "That LGNZ", this is a statement of the specific position or action to be progressed by LGNZ.

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**Who supports the proposed remit?** TBC

Remits must be endorsed by either an LGNZ Zone, Sector Group, or five councils.

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**Why is this remit important?**

Briefly describe what the issue is and why it requires action.

*Max. 150 words*

Councils across New Zealand are experiencing increasing issues with dog aggression, uncontrolled breeding, roaming dogs, and low compliance with microchipping and desexing requirements. Current provisions in the Dog Control Act 1996 limit councils' ability to respond effectively to these challenges. Without stronger tools and clearer powers, these issues will continue to pose real and ongoing health and safety risks to the communities we serve. Legal advice indicates that many of the measures needed to deliver sustainable, long-term improvements can only be achieved through amendments to the Act itself, rather than through a Local Bill or council bylaw. For this reason, advocacy through LGNZ is important to help enable the legislative change needed to better protect communities, and support responsible dog ownership and councils' regulatory role in this.

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**Background and context:**

You may wish to include:

- > What has caused this issue?
- > Relevant legislation, policy or practice
- > Key statistics to show the scope of the issue
- > An outline of what your council/others have already done to address this issue or bring about the proposed change.

*Max 500 words*

Councils across New Zealand are experiencing increasing challenges relating to dog aggression, uncontrolled breeding, roaming dogs, and low compliance with microchipping requirements. These issues are occurring within the framework of the Dog Control Act 1996, which was introduced to promote responsible dog ownership, ensure public safety, and minimise nuisance caused by dogs. However, many councils now find the Act limits their ability to respond effectively to modern dog control issues.

Recent tragic dog attack incidents across the country have heightened public concern and renewed calls from communities and councils for stronger tools to manage high-risk dogs and irresponsible ownership. Local authorities report increasing numbers of roaming dogs, dog attacks, and ongoing pressure on council pounds due to the statutory seven-day minimum impoundment period. Enforcement can also be difficult where dogs are not microchipped or cannot be easily traced to an owner.

Rotorua Lakes Council and many other councils have explored a range of options to address these issues locally. This includes reviewing dog control bylaws, strengthening local enforcement practices, and seeking legal advice on whether a Local Bill or bylaw amendments could introduce measures such as mandatory desexing of impounded dogs, mandatory vaccination for pound-released dogs, or extending microchipping requirements to working dogs. However, legal advice confirms that many of these measures cannot be implemented through local bylaws because they would be inconsistent with the provisions of the Dog Control Act 1996.

For example, working dogs are currently exempt from mandatory microchipping under the Act, meaning councils cannot require this through a bylaw. Similarly, councils are limited in their ability to require mandatory desexing except in very specific circumstances, and there is currently no legislative basis for requiring vaccinations such as parvovirus. Other challenges include outdated infringement penalties (currently capped at \$3,000 for many offences), delays in prosecution and destruction order processes, and limited powers to intervene earlier in escalating risk situations.

Because dog control is a national regulatory issue rather than a district-specific one, legal advice indicates that a Local Bill would have little prospect of success. As a result, meaningful and consistent improvements will require amendments to the Dog Control Act 1996 at a national level.

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Many councils have signalled support for changes such as mandatory microchipping for all dogs, stronger seizure powers, improved containment requirements for high-risk dogs, reduced impoundment periods, and updated penalties and enforcement tools. Collectively, these changes would strengthen councils' ability to manage risk and better protect communities.

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

This remit directly relates to LGNZ's Strategy purpose to serve members by championing, connecting and supporting local government and advocating for local government on critical issues.

Briefly describe how the proposed remit aligns with LGNZ's Strategy (new strategy is being finalised) and policy priorities but does not duplicate existing or planned work.

*Approx. 150 words*

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**How will your council help LGNZ to make progress on this remit?**

Briefly describe the steps that your council would be prepared to take to assist LGNZ to progress the remit

*100 – 300 words*

Rotorua Lakes Council has already shared proposed legislative improvements with LGNZ and the Minister of Local Government to support advocacy work already underway to strengthen the Dog Control Act.

Rotorua Lakes Council is committed to continuing to support this work and is willing to provide further information, operational insights and data, and feedback to assist any review of the Act. Our first-hand experience with dog control and enforcement provides useful evidence about the challenges councils face and the legislative barriers that currently limit effective responses.

We are also willing to work closely with LGNZ, other councils, and sector partners to help build support for these changes. This includes sharing data, contributing to working groups, assisting with policy development, and supporting advocacy to central government.

Rotorua Lakes Council has proactively started work in this space and is ready to further contribute to the collaborative work needed to make meaningful improvements to the Act and ensure councils have the tools needed to better protect their communities.

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### Supporting information and research

Please attach to your email:

- > A copy of this application form.
- > Evidence of support from an LGNZ Zone or Sector Group or five councils. This could be in the form of emails, letters or Zone/Sector Group meeting minutes or resolutions.
- > Any further contextual/background information you'd like to share, combined in a single word or PDF file.

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# REMIT APPLICATION FORM

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Remits are positions or policies put to LGNZ's AGM for a vote.

Any remit needs the support of either an LGNZ Zone, Sector or five councils.

LGNZ reviews all proposed remits to ensure they meet the criteria below.

If your council wants to propose a remit for consideration by the 2026 AGM, please complete this form and email it, along with any supporting information, to [agm@lgnz.co.nz](mailto:agm@lgnz.co.nz) by Monday 25 May, 2026.

If you have any questions about the remit process, or want help completing your application, please contact [Simon Randall](#), Director Policy.

## Criteria for remits/

1. The remit is relevant to local government as a whole, not just a single Zone, Sector or council;
2. The remit relates to significant matters, including constitutional and substantive policy, rather than matters that can be dealt with administratively;
3. The remit concerns matters that can't be addressed through channels other than the AGM.
4. The remit does not deal with issues that are already being actioned by LGNZ. This covers work programmes underway as part of LGNZ's strategy. National Council will finalise LGNZ's strategy in early 2026: if you have questions in the interim, please contact Simon.

## The process from here/

Once LGNZ receives your proposed remit, it will be considered by our Remit Screening Committee. This Committee is made up of LGNZ's President, Vice-President, Chief Executive and Director Policy. The Remit Screening Committee will determine whether your proposed remit satisfies the criteria above, and whether or not to put it forward to the 2026 AGM.

We will let you know whether your remit is going forward to the AGM by Wednesday 10 June 2026.

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## REMIT APPLICATION FORM

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**Council proposing remit:** Far North District Council

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**Contact name(s):** Kahika Moko Tepania

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**AGM speaker:** Kahika Moko Tepania

This person must attend the AGM and be registered as a delegate.

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**Phone:** [REDACTED]

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**Email:** mayor@fndc.govt.nz

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**Remit subject:** Devolution of place-naming authority to Local Government

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**Remit:** That LGNZ advocate for legislative changes to devolve decision making authority for officiating specified geographic place names from the Minister for Land Information to local authorities, while retaining a national role for the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa in setting standards, providing guidance, and supporting national consistency.

Starting with "That LGNZ", this is a statement of the specific position or action to be progressed by LGNZ.

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**Who supports the proposed remit?**

Remits must be endorsed by either an LGNZ Zone, Sector Group, or five councils.

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**Why is this remit important?**

Briefly describe what the issue is and why it requires action.

*Max. 150 words*

Local communities are best placed to make decisions about names that reflect their identity, history, and sense of belonging. While councils already name roads and streets, authority over official geographic names - such as mountains, rivers, towns, and bays - sits with the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa and the Minister for Land Information under the New Zealand Geographic Board Act 2008. This centralised system has produced outcomes that lack local knowledge, overlook iwi and hapū relationships, or fail to reflect a community's lived history. Councils have highlighted examples such as the decline of locally supported historical names (Russell, Kororāreka), or cases where official spellings have been approved that do not reflect how names are commonly used, spoken, or understood locally.

Devolving authority to local government, in partnership with mana whenua, would ensure place naming is grounded in authentic local voice while reducing unnecessary bureaucracy. At the LGNZ Rural and Provincial meeting in November 2025, Minister Penk indicated support for this remit and the localised outcomes it seeks to achieve.

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**Background and context:**

You may wish to include:

- > What has caused this issue?
- > Relevant legislation, policy or practice
- > Key statistics to show the scope of the issue
- > An outline of what your council/others have already done to address this issue or bring about the proposed change.

*Max 500 words*

Under the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008, responsibility for the assignment, alteration, and discontinuance of official geographic place names sits within a national statutory framework involving the New Zealand Geographic Board (NZGB) and, in certain circumstances, the Minister for Land Information. This remit does not propose the disestablishment of the NZGB. Rather, it seeks legislative change to enable local authorities to become the primary decision makers for place naming within their rohe, while retaining a national body responsible for standards, guidance, coordination, and oversight. This model would be comparable to existing devolved local government functions, where councils exercise decision making authority within nationally defined frameworks. It would allow for local determination of outcomes while maintaining coherence, transparency, and consistency at a national level through the continued role of the NZGB.

Local authorities already demonstrate strong capability in place based naming through their existing statutory functions. These decisions routinely incorporate local history, community values, and the guidance of mana whenua. However, when it comes to naming mountains, rivers, settlements, bays, and other significant features, councils and iwi must defer to a national body - even in cases where local expertise, whakapapa, and historical evidence are well established.

This centralised model can create disconnects between official names and the communities that hold whakapapa and lived connection to those places. Consultation occurs, but local knowledge is not determinative, and decisions may not align with regional dialects, historical narratives, or cultural contexts. Councils have highlighted examples where locally supported names or spellings were not adopted, or where national decisions did not fully recognise the depth of local iwi and hapū relationships with place. In the Far North, we refer to the name restoration process for Russell (Kororāreka) which while strongly supported at a local level, failed to receive centralised support.

Returning decision making to local authorities would strengthen the integrity and authenticity of geographic names. It would allow naming processes to better reflect regional narratives, use correct te reo Māori spelling, including macrons and regional forms, and ensure communities have a meaningful role in shaping the identity of the places they belong to. Devolving

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authority would also streamline the process by reducing a layer of central bureaucracy while retaining opportunities for national consistency through guidelines and shared standards.

Further policy development would be required to determine the scope of devolved authority, resourcing implications, and any transitional arrangements. However, councils already handle similar place naming tasks, so they are well suited to take on a broader role if the law is clear and the right guidance and support are provided.

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

Briefly describe how the proposed remit aligns with LGNZ's Strategy (new strategy is being finalised) and policy priorities but does not duplicate existing or planned work.

*Approx. 150 words*

This remit aligns strongly with LGNZ's long term goal of "Local decisions matter", and aligns with LGNZ's advocacy for:

- Strengthened local decision making
- Improved Crown-local government-iwi partnerships
- Recognition of local identity and community driven governance

It also enhances LGNZ's ongoing work to promote localism, reduce unnecessary centralisation, and strengthen community wellbeing through place based decision making.

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**How will your council help LGNZ to make progress on this remit?**

Briefly describe the steps that your council would be prepared to take to assist LGNZ to progress the remit

*100 – 300 words*

The Far North District Council will support LGNZ's advocacy on this remit by contributing sector leadership and local, practical insights. We have extensive experience working with LINZ on the correction and officiating of Māori place names, including active participation in the "Approving of Unofficial Place Names" workstream. With 1,682 unofficial Māori place names currently progressing through LINZ processes, we hold a strong understanding of the challenges and opportunities within the present system.

This remit is intended to establish a clear advocacy direction for LGNZ rather than prescribe a detailed statutory model. The proposing council supports further engagement with LGNZ, member councils, mana whenua, and central government agencies to refine the scope, safeguards, and implementation of any proposed reforms. FNDC is committed to supporting this remit's progression alongside LGNZ.

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## Supporting information and research

Please attach to your email:

- > A copy of this application form.
- > Evidence of support from an LGNZ Zone or Sector Group or five councils. This could be in the form of emails, letters or Zone/Sector Group meeting minutes or resolutions.
- > Any further contextual/background information you'd like to share, combined in a single word or PDF file.

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# REMIT APPLICATION FORM

## How to submit a remit/

Remits are positions or policies put to LGNZ's AGM for a vote.

Any remit needs the support of either an LGNZ Zone, Sector or five councils.

LGNZ reviews all proposed remits to ensure they meet the criteria below.

If your council wants to propose a remit for consideration by the 2026 AGM, please complete this form and email it, along with any supporting information, to [agm@lgnz.co.nz](mailto:agm@lgnz.co.nz) by Monday 25 May, 2026.

If you have any questions about the remit process, or want help completing your application, please contact [Simon Randall](#), Director Policy.

## Criteria for remits/

1. The remit is relevant to local government as a whole, not just a single Zone, Sector or council;
2. The remit relates to significant matters, including constitutional and substantive policy, rather than matters that can be dealt with administratively;
3. The remit concerns matters that can't be addressed through channels other than the AGM.
4. The remit does not deal with issues that are already being actioned by LGNZ. This covers work programmes underway as part of LGNZ's strategy. National Council will finalise LGNZ's strategy in early 2026: if you have questions in the interim, please contact Simon.

## The process from here/

Once LGNZ receives your proposed remit, it will be considered by our Remit Screening Committee. This Committee is made up of LGNZ's President, Vice-President, Chief Executive and Director Policy. The Remit Screening Committee will determine whether your proposed remit satisfies the criteria above, and whether or not to put it forward to the 2026 AGM.

We will let you know whether your remit is going forward to the AGM by Wednesday 10 June 2026.

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## REMIT APPLICATION FORM

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**Council proposing remit:** Whangarei District Council

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**Contact name(s):** Mayor Ken Couper  
Emily Thompson (Manager - Democracy and Assurance)

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**AGM speaker:** Mayor Ken Couper

This person must attend the AGM and be registered as a delegate.

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**Phone:**

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**Email:** emily.thompson@wdc.govt.nz

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**Remit subject:** Financial Support for Government Reforms

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**Remit:** That LGNZ advocate to Central Government to provide specific targeted financial support to Councils to implement the operational and governance changes that are proposed through the legislative reform programme, for example Simplifying Local Government and RMA reforms.

Starting with "That LGNZ", this is a statement of the specific position or action to be progressed by LGNZ.

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**Who supports the proposed remit?**

Remits must be endorsed by either an LGNZ Zone, Sector Group, or five councils.

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**Why is this remit important?**

Briefly describe what the issue is and why it requires action.

*Max. 150 words*

It is recognised that the Department of Internal Affairs is providing great support across the board for district and regional councils throughout the various reform programmes that are underway.

The toll for the changes and implementation is being felt at a local level and it would be appropriate for central government to recognise this burden to local government sector and provide some financial certainty to local ratepayers by providing ring fenced financial support for the reforms. Additional support could be included that ensures nationwide alignment on approached, or provision of a suite of core document templates for use by all with a view of reducing workload at a local level.

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**Background and context:**

You may wish to include:

- > What has caused this issue?
- > Relevant legislation, policy or practice
- > Key statistics to show the scope of the issue
- > An outline of what your council/others have already done to address this issue or bring about the proposed change.

*Max 500 words*

Since September 2025, central government has introduced significant legislative reforms affecting local government, including amendments to the Local Government Act and the replacement of the Resource Management Act.

These changes impose substantial new statutory, planning, system, and reporting obligations on councils, many of which involve one off and transitional implementation costs not provided for in existing funding arrangements.

We want to acknowledge that the Department of Internal Affairs is providing great support across the board for district and regional councils throughout the various reform programmes that are underway. This includes the support that has been provided over the last couple of years in relation to the water reforms.

It does need to be recognised that councils ability to raise revenue is constrained. this is due to the current cost of living crisis and the proposed rates caps to be introduced in this triennium. Council is asking LGNZ to recognise that the toll for the legislative changes and their implementation are being felt at a local level and it would be appropriate for central government to recognise this burden to local government sector and provide some financial certainty to local ratepayers by providing ring fenced financial support for the reforms .

Central government funding is required to enable timely and effective implementation of these mandated reforms, while avoiding significant increase in the costs to ratepayers or reductions in existing services.

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

Briefly describe how the proposed remit aligns with LGNZ's Strategy (new strategy is being finalised) and policy priorities but does not duplicate existing or planned work.

*Approx. 150 words*

LGNZ have an influencing role with Central Government, and they understand that New Zealanders need to value and trust that their local council is financially sustainable. LGNZ have a key priority in maintaining a constructive relationship with central government but also to ensure that the membership base has the support to implement changes that come from updated legislation. We believe that this remit is directly aligned to LGNZ's current work programme.

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**How will your council help LGNZ to make progress on this remit?**

Briefly describe the steps that your council would be prepared to take to assist LGNZ to progress the remit

*100 – 300 words*

Whangarei District Council will support LGNZ in conversations in relation to this remit. We are willing to provide evidence of additional costs, some of this is already gathered in public meeting agendas, and resource requirements that the Council is having to support without any budget to fund these activities.

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**Supporting information and research**

Please attach to your email:

- > A copy of this application form.
- > Evidence of support from an LGNZ Zone or Sector Group or five councils. This could be in the form of emails, letters or Zone/Sector Group meeting minutes or resolutions.
- > Any further contextual/background information you'd like to share, combined in a single word or PDF file.

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**5.2 NORTHLAND WATER DONE WELL - FAR NORTH DISTRICT COUNCIL ENTRY INTO NORTHLAND WATERS LIMITED****File Number: A5776564****Author: Charlie Billington, Group Manager - Corporate Services****Authoriser: Guy Holroyd, Chief Executive Officer****TAKE PŪRONGO / PURPOSE OF THE REPORT**

To seek Council approval for Far North District Council to enter Northland Waters Limited (NWL) as a shareholder, to approve the foundation documents under which entry will occur, to appoint representatives to the Shareholders' Representative Group, and to refer to Te Koekoeā Committee the question of a standing approach to representative appointments.

**WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY**

- NWL was incorporated by Whāngārei District Council as sole initial shareholder on 11 May 2026. Kaipara District Council has resolved to participate in either a two-council or three-council CCO. Council is now deciding whether to enter NWL as a shareholder.
- On 29 April 2026 Council reaffirmed its commitment to the regional model and asked that five delivery readiness matters be sufficiently progressed before an entry decision was taken and requested that incorporation be deferred to the 30 June 2026 as contemplated by the Water Services Delivery Plan.
- The substantive matters were the subject of discussion at the 5 May 2026 elected member workshop with the Establishment Advisory Group, with further work continuing in the establishment programme. Some matters are complete in the documents now before Council, some are partially progressed, and some would commence following share subscription.
- If Council does not enter NWL on 20 May 2026, the regional CCO would proceed with Whāngārei District Council and Kaipara District Council alone. Whāngārei District Council's resolution provides that late entry would remain available, but on terms that may be renegotiated. If Council then does not implement the accepted Water Services Delivery Plan, the Department of Internal Affairs may seek to intervene.

**TŪTOHUNGA / RECOMMENDATION****That the Far North District Council:**

- Approves Far North District Council entering Northland Waters Limited as a shareholder, and subscribing for ordinary Class A shares on an equal basis with Whāngārei and Kaipara District Councils as set out in the Shareholders' Agreement.**
- Approves the Shareholders' Agreement (Attachment 1).**
- Approves the Constitution (Attachment 2).**
- Approves the Transition Agreement (Attachment 3).**
- Authorises the Mayor and/or the Chief Executive to execute the Shareholders' Agreement, Constitution and Transition Agreement on behalf of Far North District Council; and take further steps reasonably required to give effect to Far North District Council's entry into Northland Waters Limited, including completion of the share subscription.**

- f) **Delegates to the Mayor and/or the Chief Executive the ability to make or agree to any minor editorial amendments to the Shareholders' Agreement, Constitution and Transition Agreement prior to execution.**
- g) **Appoints [Name 1] and [Name 2], both elected members of Far North District Council, as Far North District Council's representatives on the Shareholders' Representative Group of Northland Waters Limited, and [Name 3] and [Name 4], both elected members of Far North District Council, as their alternates.**
- h) **Delegates to the Shareholders' Representative Group Representatives, and to their Alternates when acting, the responsibilities and decision-making functions set out in the Shareholders' Representative Group Terms of Reference at Schedule 4 of the Shareholders' Agreement.**
- i) **Refers to Te Koekoeā Committee, for consideration and recommendation back to Council by June 2026, the question of a standing approach to Shareholders' Representative Group appointments, including whether representatives and alternates should be restricted to elected members of Council.**

## 1) TĀHUHU KŌRERO / BACKGROUND

### 1.1 Local Water Done Well

The Local Government (Water Services) Act 2025 requires councils to deliver drinking water and wastewater services in a way that is financially sustainable and regulatory compliant. As part of that framework, councils submitted a Water Services Delivery Plan (WSDP) to the Department of Internal Affairs (DIA) by 3 September 2025 setting out the intended delivery model for each district.

### 1.2 Far North District Council's path to NWL

In April and May 2025 Council consulted the community on two delivery models including an in-house model (Te Pēke) and a regional Council Controlled Organisation (Te Kete). Of 116 submissions received, 68 percent supported a strengthened in-house model.

Council's decision on 31 July 2025 to pursue a regional Council-Controlled Organisation (CCO) model alongside Whāngārei District Council (WDC) and Kaipara District Council (KDC) was informed by the work of the Joint Elected Member Working Group with WDC and KDC. The Working Group concluded that the regional model offered material benefits over the in-house model. The Government's encouragement of regional models, and the risk that DIA would not accept an in-house WSDP for the Far North, were also material factors.

A joint WSDP was adopted by Council on 28 August 2025. The Chief Executives of the three councils signed a Commitment Agreement, and DIA accepted the joint WSDP in October 2025.

The implementation plan included two Commitment Confirmation Points. For Council, Commitment Confirmation Point 1 (CP1) took place on 1 April 2026. The decision sought in this report is Commitment Confirmation Point 2 (CP2).

Stormwater services would remain in-house. NWL's scope through the accepted Water Services Delivery Plan is drinking water and wastewater services.

### 1.3 Foundation documents

Through late 2025 and early 2026, Simpson Grierson, acting as joint legal counsel for the three councils, developed the Shareholders' Agreement (SHA), the Constitution, and the Transition Agreement (TA). These documents would become operative when shareholders enter NWL. The SHA and Constitution govern the enduring shareholder relationship and the corporate framework. The Transition Agreement was developed as the governance instrument for the establishment period, defined as the period from incorporation (Day 0) to operational go-live (Day 1), with Day 1 targeted at 1 July 2027 under the Water Services Delivery Plan. An interim Statement of

Expectations was considered earlier in the programme as an alternative establishment-period instrument and was set aside in favour of the Transition Agreement and the statutory Statement of Expectations being prepared within six months of incorporation.

Far North District Council has conducted independent legal review of the foundation documents. The review confirmed the documents are legally capable of giving effect to the proposed structure, noted reliance on future documents and implementation steps not yet completed at the time of review, and provided other observations such as drafting comments. The drafting comments were addressed by Simpson Grierson through the comments process.

Council is being asked to approve entry on the basis of the foundation documents as they stand. Future substantive amendments to schedules contained within the Transition Agreement will occur as they are developed by the Board of NWL and presented to the Shareholders' Representative Group (SRG), rather than through this decision.

At Commitment Point 1 on 1 April 2026, Council endorsed the SHA and Constitution in principle, subject to three matters:

- That both of Far North District Council's Shareholders' Representative Group representatives be elected members;
- Endorsement of cross-utilisation of Local Government Funding Agency (LGFA) borrowing headroom across ringfenced Service Areas as a Reserved Matter requiring unanimous shareholder approval; and
- That the appointment of the existing Establishment Advisory Group (EAG) members as inaugural directors be subject to reconfirmation by the Elected Member Steering Group (EMSG).

These three matters were not resolved before incorporation of NWL. Their current status is set out below.

**SRG representation.** The Shareholders' Agreement remains drafted on the basis that at least one Far North District Council Shareholders' Representative Group representative is an elected member. Council can determine its own appointments within that framework. Kaipara District Council has addressed the same issue through council appointments of two elected members and two elected member alternates. This paper recommends that the wider question of a formal appointment framework be referred to Te Koekoeā Committee for consideration and recommendation back to Council by June 2026.

**LGFA borrowing headroom.** The proposed Reserved Matter was not added to Schedule 3 of the Shareholders' Agreement. It was raised to provide further assurance on borrowing headroom, but is not considered a necessary condition of Far North District Council's entry into NWL.

**Inaugural directors.** The reconfirmation step contemplated by this condition has been overtaken by the timing of incorporation, as Whāngārei District Council appointed the inaugural directors when NWL was incorporated. Future board appointment and removal processes will be governed by the Shareholders' Agreement, Constitution and shareholder decisions.

The foundation documents at Attachments 1, 2 and 3 reflect minor updates from the versions endorsed at the 1 April 2026 Council Meeting, made by Simpson Grierson to record the incorporation of Northland Waters Limited on 11 May 2026, the appointment of the inaugural directors, and consequential drafting. The substantive provisions are unchanged.

#### **1.4 Acceleration of the establishment programme and Council's 29 April 2026 resolution**

In January 2026 the Elected Member Steering Group (EMSG), comprising elected members from the three councils, supported an accelerated establishment programme to incorporate the CCO ahead of the original date of 30 June in the Water Services Delivery Plan. As the resulting incorporation window approached, Far North District Council elected members raised that several delivery readiness matters had not been progressed sufficiently to support establishment approval.

Whāngārei District Council signalled its intention to proceed with incorporation on the accelerated timeline and declined to revisit the 30 June 2026 date contemplated by the Water Services Delivery Plan.

On 29 April 2026 Council reaffirmed its commitment to the regional CCO model and to the 30 June 2026 incorporation date contemplated by the Water Services Delivery Plan. In that resolution, Council identified five matters on which it sought sufficient progress before establishment approval was considered:

- Day 1 scope;
- Service level arrangements for Day 0 to Day 1 and from Day 1 onwards;
- The establishment period budget and delivery plan;
- Day 0 governance readiness; and
- Programme management and oversight.

The same resolution directed an Extraordinary Council meeting on 20 May 2026 to consider Far North District Council's entry into Northland Waters Limited.

Whāngārei District Council proceeded to incorporate Northland Waters Limited as sole initial shareholder on 11 May 2026.

### 1.5 Decisions of Whāngārei District Council and Kaipara District Council

On 28 April 2026 Whāngārei District Council resolved to incorporate NWL as the sole initial shareholder, and appointed inaugural directors under its powers as sole shareholder. NWL was incorporated by Whāngārei District Council on 11 May 2026 consistent with that resolution. The same Whāngārei District Council resolution provided for Far North and Kaipara District Councils to join NWL by 20 May 2026, signalling that late entry after that date may be available only on terms that would need to be renegotiated.

Kaipara District Council resolved on 28 April 2026 to participate in NWL as a shareholder under either a two-council model with Whāngārei District Council or a three-council model with Whāngārei and Far North District Councils. Kaipara District Council also resolved that, if Far North District Council does not enter NWL on 20 May 2026, it will proceed with Whāngārei District Council on a two-council basis. Kaipara District Council also resolved to appoint two elected members and two elected member alternates as its Shareholders' Representative Group representatives and alternates.

### 1.6 Workshop and elected member engagement

A workshop between Far North District Council elected members, the Establishment Advisory Group, and members of the inaugural Board of NWL was held in Kaikohe on 5 May 2026. The workshop focused on the substantive matters identified by Council on 29 April 2026, and on the broader matters elected members had identified needing further engagement from those responsible for governance of NWL going forward. Drop-in sessions for elected members were also held in the week before the 20 May Council meeting, with Establishment Advisory Group members invited to engage with elected members during that period.

The matters discussed at the workshop, and the controls that would apply to each, are set out in section 2.2.

### 1.7 Status of the five matters identified by Council on 29 April 2026

Matter	Current state at 9 May 2026
Day 1 scope	Operational implementation detail will be developed by the NWL Board through the Establishment Plan post incorporation.

Service level arrangements (Day 0 to Day 1, Day 1 onwards)	Schedule 2 of the Transition Agreement (Support Services) is not populated. Detailed arrangements will be developed by the NWL Board with shareholder input.
Establishment budget and delivery plan	Schedule 1 of the Transition Agreement (Project Plan) is drafted but incomplete.  Schedule 3 (Budget) provides the initial three-month budget of approximately \$1.7m with subsequent budgets to be developed by the NWL Board.  Lending arrangements between Councils and NWL to provide establishment funding are not yet drafted.
Day 0 governance readiness	The Shareholders' Agreement, Constitution and Transition Agreement are presented for approval.  Inaugural directors were appointed at incorporation by Whāngārei District Council as sole initial shareholder.  From the date of share subscription, governance arrangements operate through the Board, the Shareholders' Representative Group, and Council's CCO oversight committee.
Independent programme management and oversight	The Programme Director departed on 8 May 2026.  Pending the Board's appointment of a permanent Chief Executive, one of the inaugural directors is acting as Transition Director.

The substantive matters in this list were considered at the 5 May 2026 workshop, with further work required in the establishment programme. Population of the Transition Agreement schedules is anticipated by June or July 2026, with the Establishment Advisory Group Chair indicating that quality of population is being prioritised over speed.

## 2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

### 2.1 The decision before Council and the governance question

The decision before Council is whether Far North District Council enters NWL as a shareholder. Whāngārei District Council has incorporated NWL as sole initial shareholder, and Kaipara District Council has resolved to participate on either a two-council or three-council basis. The Shareholders' Agreement, Constitution and Transition Agreement now before Council were developed by Simpson Grierson as joint counsel for the three councils, reviewed independently for Far North District Council, and approved by Kaipara District Council.

Council reaffirmed its commitment to the regional model on 29 April 2026, and asked that five delivery readiness matters be sufficiently progressed before establishment approval was taken. The Regional Elected Member Steering Group was also asked to defer incorporation to the 30 June 2026 date contemplated by the WSDP, to allow that progress. Additional time to progress those matters was not available, as Whāngārei District Council has incorporated NWL and Kaipara District Council has aligned with the 20 May 2026 deadline.

As a result, the five matters are not all complete, although each has been the subject of discussion at the 5 May 2026 workshop and remains under active work in the establishment programme.

The governance question for Council is whether the progress made on the five readiness matters, in the absence of the additional time Council sought, is sufficient to support Far North District Council entering NWL as a shareholder on 20 May 2026.

The matters not yet complete fall into three broad groups:

- **Already addressed in the documents before Council:** the entity's core structural settings in the Shareholders' Agreement and Constitution.
- **Partially progressed and able to continue under shareholder oversight after establishment:** this includes the establishment plan and budget, and independent programme management arrangements during the establishment and transition period.
- **To be finalised after share subscription:** this includes detailed support services arrangements and lending arrangements between councils and NWL.

Council should anticipate further governance oversight and approvals being required across these matters:

- The requirement for further Council resolutions to authorise lending arrangements.
- Establishment oversight by the Shareholders' Representative Group.
- The first Statement of Expectations, required within six months of incorporation;
- Ongoing CCO oversight through Te Koekoeā Committee.

For the purposes of section 77 of the Local Government Act 2002, the objective of this decision is to determine whether Far North District Council should enter NWL as a shareholder to give effect to the accepted Water Services Delivery Plan, while preserving appropriate shareholder influence and accountability to Far North communities.

## 2.2 Matters raised through engagement

The matters below provide context for the options assessment in section 2.7, by identifying the key matters raised by elected members to date, the discussion at the 5 May 2026 workshop with the Establishment Advisory Group (EAG) as inaugural NWL Board members, and where the relevant approval, oversight, or delivery responsibility sits if Far North District Council proceeds with entry.

Theme	Matter raised / workshop discussion	How FNDC approval, influence, or protection is provided
Equity and control between councils	Different network size and ratepayer base between the three councils, and whether shareholder control would be preserved. The workshop covered the partnership intent of the model framing of the CCO as a vehicle for taking parochial politics out of operational decision-making. The EAG explained how equal shareholder rights would be preserved on Far North District Council's entry through new share issues and constitutional amendment.	Voting equality is set through the Class A share structure (one third each). Any change to shareholding settings requires shareholder approval, including FNDC's agreement.
Investment prioritisation across compliance, growth and renewal	Tension between compliance, growth and renewal investment across districts with different infrastructure maturity, including whether Far North growth areas would receive adequate investment compared to urban centres. The workshop covered the EAG's stated investment framework: compliance first, then growth, then renewal, with planned growth areas identified in council strategies taking precedence over unplanned developments. Regulatory compliance operates as a backstop within this framework, ensuring no community is left behind on minimum statutory service standards regardless of how growth and renewal investment is sequenced. The EAG described how Far North priorities would feed into NWL's investment planning through Council's strategic settings.	Within the Far North Service Area, NWL's Board decides investment sequencing, within the expectations and strategic settings set by shareholders through the Statement of Expectations.
Financial structure, debt and ratepayer liability	Implications of NWL debt arrangements for Far North ratepayers, particularly relative to existing Council borrowing arrangements. The EAG walked elected members through the financial arrangements, including LGFA funding with three-council guarantee and ratios set to international utility standards. The workshop noted that ratepayer liability does not fundamentally change, as councils already guarantee each other's debt under LGFA, and that the model enables higher debt capacity aligned with the long life of infrastructure assets.	NWL debt is intended to be serviced from water services revenue rather than Council's general rates. Under the Service Area ringfencing arrangements, Far North water revenues are applied to Far North water assets and associated debt. Any direct lending or other financial support from Far North District Council to NWL would require separate Council approval.

Asset and land transfer	Specific sites of local significance, agreements tied to particular assets, and land of cultural significance, given community apprehension following historical amalgamations and reforms. The workshop covered the Transfer Agreement Process and the legal framework around transfer of designated reserves. The EAG explained that access arrangements would be established where water services are on land that would not transfer.	No asset transfers occur automatically. Transfers are by agreement under the Shareholders' Agreement Transfer Principles are set out in the Share Holders Agreement and the detailed Transfer Schedule developed during establishment. Far North District Council therefore retains control over whether particular assets or land interests are transferred, including the ability to identify sites of local, cultural, or contractual sensitivity. Expectations regarding requirements or process for disposal of surplus land can also be set out in the Statement of Expectations.  Stormwater assets do not transfer.
Operational benefits of regional scale	Benefits of the regional model for Far North communities, beyond the legislative framework requirements. The workshop covered four benefits in particular: scale enabling investment in capability the Far North could not justify alone (specialist expertise, workforce depth, advanced approaches); innovation in how water services are delivered to dispersed Far North communities (rural networks, coastal infrastructure resilience, marae and papakāinga supplies, drought-prone water security); improvements in capital delivery, including project sequencing, procurement leverage, and contractor scale across the three districts; and a dedicated commercial entity focused on water services rather than water competing with other Council business lines for management attention and investment.	Day-to-day operating model choices sit with NWL's Board and management. Far North District Council does not direct individual operational decisions, but can require these benefits to be pursued and reported on through the Statement of Expectations and annual reporting framework.
Community, iwi and hapū engagement	Continuity of existing Council relationships with iwi and hapū, and of Far North working groups with a role in water services oversight, given strong support for local partnership arrangements in the 2025 consultation. The workshop covered the multi-layered engagement approach, including how commitments tied to resource consent conditions and specific projects would be honoured, and how NWL would develop its own engagement structures over time, including direct MOUs with iwi, hapū and community groups. The EAG noted the consideration of an iwi advisory board to NWL, and emphasised the CCO must remain embedded in communities.	Existing Far North District Council agreements with iwi and hapū remain with Council. Council influences NWL's engagement expectations through the Statement of Expectations and related strategic settings. Te Koekoeā Committee oversees performance and can advise Council on whether those expectations are being met.

Climate adaptation and sustainability	Role of NWL in climate adaptation, particularly for coastal infrastructure in the Far North. The workshop covered the EAG's expectation that emissions reduction would be incorporated into design and operational practices, in line with international precedents for modern water utilities, and that climate adaptation and risk management would be addressed through the CCO's establishment principles and ongoing planning. The EAG noted the CCO's commitment to understanding and complying with evolving legislation and sustainability requirements.	The foundation documents do not prescribe a climate adaptation mandate. Far North District Council sets its expectations through the Statement of Expectations, informed by Council's climate and resilience policies. NWL's Board is responsible for delivery planning and is accountable back through development of its Water Services Strategy and reporting to Council.
Whāngārei District Council's earlier incorporation of NWL	Implications of WDC's incorporation ahead of FNDC decisions, particularly whether equal shareholder rights would be preserved on later entry. The workshop covered the mechanics of FNDC's entry. Whāngārei District Council currently uses a single-shareholder Constitution adopted at incorporation. The three-council Constitution has already been developed and approved by Whāngārei District Council and Kaipara District Council. On Far North District Council's entry, the three-council Constitution would be adopted and new Class A shares issued to Kaipara and Far North District Council, restoring the equal one-third position contemplated by the foundation documents.	Far North District Council retains the decision whether to join NWL on 20 May 2026. The Shareholders' Agreement provides for admission of new shareholders as a Reserved Matter, requiring unanimous existing shareholder approval. Whāngārei District Council's resolution signals that entry after this date may remain available, but on terms that may need to be renegotiated. If Far North District Council joins, its governance influence then sits through shareholder rights, Reserved Matters, and Shareholders' Representative Group approval processes.

Taken together, these matters inform the assessment of the options available to Far North District Council in section 2.7.



### **2.3 Implications for Māori**

Māori represent approximately half of the Far North community, and iwi and hapū have strong interests in how water services are delivered. Through the April-May 2025 consultation, iwi and hapū submissions raised strong themes around local partnership, local governance, and arrangements that reflected mana whenua interests, with a number of submissions favouring an in-house model or stronger local governance arrangements than those proposed under the regional CCO. Council's subsequent decision to pursue the regional CCO had regard to those views and to ongoing engagement with iwi and hapū, alongside long-term financial sustainability, service resilience, the wider statutory framework, and the governance arrangements negotiated for Far North's participation.

Far North District Council's existing relationships and agreements with iwi and hapū are not changed by entering NWL. Where existing agreements are between Council and iwi or hapū, those agreements remain with Council. The transfer of operational responsibility for water services assets to NWL does not transfer the relationship between Māori and the whenua and wai with which those assets are associated. That relationship is held by Māori, and Far North District Council's role as shareholder is to ensure NWL's stewardship of those assets gives regard to te Tiriti o Waitangi and the kaitiaki responsibilities held by hapū and iwi.

The Local Government (Water Services) Act 2025 provides for the Statement of Expectations to set district-specific and service-specific arrangements for relationships with its communities. The Statement of Expectations will be the principal mechanism through which Council sets shareholder direction on these matters. The EAG has discussed the role of a Māori Advisory Group to NWL, and the use of independent relationship agreements between NWL and iwi and hapū in the Far North.

Te Kuaka Committee is Council's committee for Māori strategic relationships. Te Kuaka has a role alongside Te Koekoeā Committee in advising Council on the development of the Statement of Expectations and on the Māori dimension of NWL's operations in the Far North.

### **2.4 Pricing and harmonisation pathway**

The foundation documents contemplate an evaluation of price harmonisation across the three districts within three and a half years of incorporation. Any harmonisation pathway would be subject to shareholder direction through the Statement of Expectations and to unanimous approval as a Reserved Matter.

### **2.5 Shareholders' Representative Group composition**

Each shareholder council appoints two representatives to the Shareholders' Representative Group under Schedule 4 of the Shareholders' Agreement. The Shareholders' Agreement requires that at least one representative from each shareholder be an elected member of the appointing council.

At Commitment Point 1 Council endorsed the Shareholders' Agreement subject to a stricter requirement that both representatives be elected members. The recommendation in this report refers the wider question of a formal appointment framework to Te Koekoeā Committee for consideration.

The wider questions referred to Te Koekoeā Committee include the value of independent expert members, and the position after the 2028 local government elections and the management of vacancies between elections.

### **2.6 Governance route for this decision**

A decision of this nature would normally go via Te Koekoeā Committee, the Council committee responsible for CCO oversight, before being considered by Council. The timeframe set by Whāngārei District Council's incorporation and Kaipara District Council's 20 May 2026 deadline does not allow that. Council is therefore considering this matter directly. Te Koekoeā Committee will provide ongoing oversight of NWL following share subscription.

## 2.7 Reasonably practicable options

Two options are reasonably practicable: enter NWL now (Option 1, recommended), and do not enter NWL now (Option 2).

The decisions of Whāngārei and Kaipara District Councils on 28 April mean that, on 20 May 2026, the practical choice is between entering on the proposed equal Class A basis or not entering on that basis. Entering later would require further negotiation with the existing shareholders and may proceed on different terms.

Deferral was considered and is not reasonably practicable for giving timely effect to the accepted Water Services Delivery Plan. Whāngārei District Council has incorporated Northland Waters Limited, and Kaipara District Council has resolved to participate and aligned with the 20 May 2026 deadline. Deferral would not preserve the status quo, would conflict with Council's 29 April 2026 resolution, and would leave establishment programme settings to be determined by the other shareholders without Far North District Council influence.

Amendments to the foundation documents were also considered. The documents have been approved by Kaipara District Council and used by Whāngārei District Council to incorporate NWL, so amendments are not within Council's unilateral control and would require renegotiation with the other parties. Implementation directions and shareholder expectations remain practicable, addressed during the establishment period through the Transition Agreement and the Shareholders' Representative Group, and on an enduring basis through the Statement of Expectations.

### Option 1 – Enter NWL as a shareholder (recommended)

Council enters NWL on the proposed equal Class A basis; approves the Shareholders' Agreement, Constitution and Transition Agreement; authorises the Mayor and/or the Chief Executive to execute the documents and complete the share subscription; appoints two elected members as representatives on the Shareholders' Representative Group, with two elected member alternates; and referring the appointments question to Te Koekoeā Committee.

#### Advantages:

- Gives effect to Council's 29 April 2026 resolution and the Water Services Delivery Plan accepted by the Department of Internal Affairs.
- Secures Far North District Council's position as a founding shareholder with equal Class A voting rights, financial ringfencing of the Far North Service Area, and two seats on the Shareholders' Representative Group.
- Aligns Council with Kaipara District Council and the Northland regional model, and gives effect to the Commitment Agreement signed by the three Chief Executives in September 2025.
- Positions Council to influence the development of the establishment programme, the first Statement of Expectations, shareholder consideration of the Water Services Strategy, and the lending arrangements that would be brought to Council in due course.

#### Disadvantages:

- A number of establishment matters are not yet complete, including population of the Transition Agreement schedules, the development of lending arrangements between Councils and NWL, and the drafting of detailed support service arrangements. The Board would carry delivery accountability for those matters following share subscription.
- Far North District Council would enter following Whāngārei District Council's incorporation as sole initial shareholder. Inaugural directors and structural settings of NWL were determined at incorporation.

### Option 2 – Do not enter NWL at this time

Council does not approve entry. Council would not execute the foundation documents or appoint Shareholders' Representative Group representatives. NWL would continue to operate. Kaipara District Council's resolution provides for Kaipara District Council to enter NWL on a two-council basis

with Whāngārei District Council. Far North District Council would continue to operate water services directly, with future arrangements uncertain.

**Advantages:**

- Preserves Council's pre-CCO position pending some other arrangement.

**Disadvantages:**

- Conflicts with Council's 29 April 2026 resolution and the Water Services Delivery Plan accepted by the Department of Internal Affairs. Council may be required to prepare a different Water Services Delivery Plan, and the Department of Internal Affairs may intervene if that Water Services Delivery Plan is not accepted, including requiring Far North District Council to join NWL at a later date.
- Conflicts with the Commitment Agreement signed by the three Chief Executives in September 2025.
- A two-council CCO would proceed under Whāngārei and Kaipara District Councils' resolutions. Council would have no influence in the governance of the regional CCO that delivers water services to its neighbouring districts.
- The foundation documents were developed for a three-council model. If Far North District Council does not enter and a two-council model proceeds, Whāngārei District Council and Kaipara District Council would need to confirm or amend key structural settings. Far North District Council cannot assume that settings available for any future entry would match those available under the three-council documents presented in this report.
- Whāngārei District Council's resolution provides that late entry by Far North District Council remains available, but the entry terms may need to be renegotiated, and may differ from the equal Class A basis proposed for entry on 20 May 2026.
- Far North District Council ratepayers would not access the LGFA borrowing headroom available to a multi-council CCO during the period in which Council operated water services directly.
- A later entry would likely require further decisions by Whāngārei and Kaipara District Councils, plan changes, and engagement steps. The timing, process, and terms of any later entry could not be assumed through this report.

**TAKE TŪTOHUNGA / REASON FOR THE RECOMMENDATION**

Option 1 is recommended. It gives effect to the Water Services Delivery Plan accepted by the Department of Internal Affairs, places Far North District Council inside the shareholder governance framework now operating for NWL on the proposed equal Class A basis, and aligns Council with Kaipara District Council and the regional commitment of the three councils.

The five matters identified by Council on 29 April 2026 were considered at the 5 May 2026 workshop. Where matters remain not yet complete, delivery accountability would sit with the Board following share subscription, with shareholder oversight provided through the Shareholders' Representative Group, Te Koekoeā Committee, and Te Kuaka Committee.

The next key mechanism for Far North District Council to, with the Shareholders' Representative Group, commence development and develop its expectations is the Statement of Expectations. If Council approves entry, focused shareholder effort will be required through that process to ensure Far North priorities are clearly expressed early and reflected in NWL's governance, planning, and accountability settings.

**3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

Far North District Council would subscribe for 100 ordinary Class A shares in NWL on entry. The subscription amount is nominal (\$1.00 per share).

The Shareholders' Agreement contemplates establishment-period costs being funded as shareholder loans from Council to NWL, on pass-through commercial terms (interest and repayment)

consistent across the three Councils. Loans are anticipated to be reimbursed once NWL has access to Local Government Funding Agency (LGFA) borrowing.







Council has allocated \$600,000 in the Annual Plan 2025/26 to resource the establishment period. These funds are anticipated to be reimbursed.

The specific loan agreements between Council and NWL and any drawdowns under those agreements would require separate Council approval. Loan documentation has not yet been drafted.

This resolution does not authorise lending arrangements between Council and NWL or any drawdowns. The financial commitment effected by this resolution is limited to the subscription for shares (nominal) and the application of existing budgeted establishment resourcing in the Annual Plan 2025/26.

Once operational, NWL would be funded through user charges levied on water and wastewater customers, with debt arrangements through LGFA on the basis set out in the Shareholders' Agreement. Funding for water services delivery in the Far North would be ringfenced to the Far North Service Area.

## ĀPITIHANGA / ATTACHMENTS

1. **Northland Waters - Shareholders Agreement Draft 14\_5\_26 (43620937.7) - A5778609**  
  2. **Northland Waters - Constitution Draft 14\_5\_26 (43620936.8) - A5778611**  
  3. **Northland Waters - Transition Agreement SG 14\_5\_26(43648421.10) - A5778607**  
- Hōtaka Take Ōkawa / Compliance Schedule:**

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

<b>He Take Ōkawa / Compliance Requirement</b>	<b>Aromatawai Kaimahi / Staff Assessment</b>
State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a>	High. The decision concerns the operational responsibility for drinking water and wastewater services and is significant under the Far North District Public consultation was undertaken in April and May 2025.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Local Government (Water Services) Act 2025; Local Government Act 2002.
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	District-wide. The decision is reserved to full Council under the Local Government (Water Services) Act 2025 and falls outside Community Board delegations.

<p>State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.</p> <p>State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.</p>	<p>As set out in section 2.3. Existing agreements between Council and iwi or hapū parties remain with Council.</p> <p>The Statement of Expectations is the principal mechanism for setting NWL's approach to community and iwi and hapū engagement.</p> <p>Te Kuaka Committee has a role alongside Te Koekoeā Committee in advising Council on the Statement of Expectations and on the Māori input of NWL's operations in the Far North.</p>
<p>Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).</p>	<p>Far North District residents and ratepayers connected (or able to connect) to Council's water and wastewater networks; community, iwi and hapū with interests in water, infrastructure and whenua; current Council water services staff (subject to subsequent transfer documentation).</p>
<p>State the financial implications and where budgetary provisions have been made to support this decision.</p>	<p>Addressed in Section 3 of this report.</p>
<p>Chief Financial Officer review.</p>	<p>The CFO has not reviewed this report.</p>

Draft: ~~20 April~~14 May 2026

# Shareholders' Agreement relating to Northland Waters Limited

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## **PARTIES**

Far North District Council

Whangarei District Council

Kaipara District Council

**CONTENTS**

SCHEDULE 1 ..... 1  
     AGREEMENT DETAILS ..... 1  
 SCHEDULE 2 ..... 1  
     TERMS AND CONDITIONS ..... 1  
 1. DEFINITIONS AND INTERPRETATION ..... 1  
 2. ESTABLISHMENT OF COMPANY ..... 4  
 3. PURPOSE OF COMPANY ..... 5  
 4. BOARD AND DIRECTORS ..... 5  
 5. SHAREHOLDERS' OBLIGATIONS ..... 6  
 6. SHAREHOLDERS REPRESENTATIVE GROUP ..... 6  
 7. LOANS AND GUARANTEES BY SHAREHOLDERS ..... 7  
 8. STATEMENT OF EXPECTATIONS ..... 7  
 9. TRANSFER AGREEMENTS ..... 8  
 10. SHARES AND SHAREHOLDINGS ..... 9  
 11. DISTRIBUTIONS ..... 9  
 12. CAPITAL CONTRIBUTIONS ..... 10  
 13. TERM AND TERMINATION ..... 10  
 14. SUSPENSION OF RIGHTS ..... 11  
 15. DISPUTE RESOLUTION ..... 12  
 16. CONFIDENTIAL INFORMATION AND PUBLIC ANNOUNCEMENTS ..... 14  
 17. NOTICES ..... [151515](#)  
 18. GENERAL ..... 15  
 SCHEDULE 3 ..... 17  
     Reserved Matters ..... 17  
 SCHEDULE 4 ..... [191918](#)  
     Shareholders Representative Group (SRG) Terms of Reference ..... [191918](#)  
 SCHEDULE 5 ..... [252524](#)  
     Major Decisions during the Establishment Period ..... [252524](#)  
 SCHEDULE 6 ..... [272726](#)  
     Statement of Expectations ..... [272726](#)  
 SCHEDULE 7 ..... [292928](#)  
     Transfer Principles ..... [292928](#)  
 SCHEDULE 8 ..... [313130](#)  
     Shareholder Entry Principles ..... [313130](#)  
 SCHEDULE 9 ..... [333332](#)

| Shareholder Exit Principles..... [333332](#)

**AGREEMENT** dated [date] 2026

**PARTIES**

Far North District Council

("FNDC")

Whangarei District Council

("WDC")

Kaipara District Council

("KDC")

**BACKGROUND**

WDC incorporated the Company on 11 May 2026, in anticipation of FNDC, WDC and KDC subsequently becoming Shareholders. The parties are Shareholders in the Company and have entered into this agreement to record how the parties will manage their shareholdings in the Company and their respective relationships with each other.

**AGREEMENT**

FNDC, WDC and KDC agree to give effect to the provisions set out in this agreement, including by exercising their rights as Shareholders in the Company.

**SIGNATURES**

**FAR NORTH DISTRICT COUNCIL**

By:

\_\_\_\_\_  
Signature of Authorised Signatory

\_\_\_\_\_  
Signature of Authorised Signatory

\_\_\_\_\_  
Name of Authorised Signatory

\_\_\_\_\_  
Name of Authorised Signatory

**WHANGAREI DISTRICT COUNCIL**

By:

\_\_\_\_\_  
Signature of Authorised Signatory

\_\_\_\_\_  
Signature of Authorised Signatory

\_\_\_\_\_  
Name of Authorised Signatory

\_\_\_\_\_  
Name of Authorised Signatory

**KAIPARA DISTRICT COUNCIL**

By:

\_\_\_\_\_  
Signature of Authorised Signatory

\_\_\_\_\_  
Signature of Authorised Signatory

\_\_\_\_\_  
Name of Authorised Signatory

\_\_\_\_\_  
Name of Authorised Signatory

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## SCHEDULE 1

## AGREEMENT DETAILS

<b>Address for notices</b> <i>(clause 17.1, Schedule 2)</i>	<b>Far North District Council</b>	<b>Whangarei District Council</b>
	Private Bag 752 Kaikohe 0440 5 Memorial Avenue Kaikohe Email: TBD Attention: TBD	Private Bag 9023 Te Mai Whangārei 0143 9 Rust Avenue Whangārei Email: TBD Attention: TBD
	<b>Kaipara District Council</b>	
	Private Bag 1001 Dargaville 32 Hokianga Road Dargaville 0310 Email: TBD Attention: TBD	
<b>Shareholders Representative Group membership</b> <i>(Schedule 4)</i>	Total number of members of the Shareholders Representative Group: 7  Appointment of SRG Representatives: <ul style="list-style-type: none"> <li>• Two (2) SRG Representatives appointed by FNDC;</li> <li>• Two (2) SRG Representatives appointed by WDC; and</li> <li>• Two (2) SRG Representatives appointed by KDC.</li> </ul> An independent Chairperson will be appointed by the Shareholders Representative Group in accordance with Schedule 4.	

**SCHEDULE 2****TERMS AND CONDITIONS****AGREEMENT****1. DEFINITIONS AND INTERPRETATION****1.1 Definitions:** In this agreement the following definitions apply:

**Alternate** means in relation to a Shareholder, an alternate to that Shareholder's appointed SRG Representative to attend and vote at meetings of the SRG but only where the relevant Shareholder's appointed SRG Representative is unable to do so.

**Board** means the board of Directors of the Company.

**Board Skills Matrix** means the board skills matrix to be developed, approved and updated by the SRG in consultation with the Board.

**Business** means the business and activities set out in clause 2.2 of the Constitution.

**Business Day** means any day other than a Saturday, Sunday or statutory public holiday in any of the Service Areas.

**Class A Shares** has the meaning given in the Constitution.

**Class B Shares** has the meaning given in the Constitution.

**Companies Act** means the Companies Act 1993.

**Company** means Northland Waters Limited.

**Confidential Information** means the provisions of this agreement and all other information of a confidential nature (which, where the confidentiality of the information is not expressly stated, shall be determined by the recipient, acting reasonably) obtained by one party from the other party under or in connection with this agreement, including, in relation to the Company, trade secrets, proprietary information and confidential information belonging to the Company that are not generally known to the public, including information concerning business plans, financial statements and other information provided pursuant to this agreement, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents which the Company treats as confidential, and any other information in respect of which the Company is bound by an obligation of confidence owed to a third party.

**Constitution** means the constitution of the Company as filed with the New Zealand Companies Office on the incorporation of the Company, as amended from time to time.

**Director** means a director of the Company.

**Establishment Costs** means the costs incurred by each Shareholder:

- (a) during the period prior to the incorporation of the Company, in relation to the scoping and planning activities and establishment documents; and

- (b) during the Establishment Period in respect of the operational and transition costs incurred by the Company.

**Establishment Period** means the period between the Incorporation Date and the Operational Date.

**Event of Default** in respect of a Shareholder means where a Shareholder breaches or fails to observe any of the obligations under this agreement and:

- (a) if that breach or failure is capable of remedy, does not remedy that breach or failure within 20 Business Days of notice from any other Shareholder specifying the breach or failure and requiring remedy;
- (b) if that breach or failure is not capable of remedy; or
- (c) that breach or failure is material in the context of the obligations of that Shareholder under this agreement.

**Expert Determination** means determination of a dispute by reference to the process set out in clause 15.5.

**Incorporation Date** means ~~11 May 2026~~the date on which the Company is incorporated as determined by the date recorded by the New Zealand Companies Office.

**Independent Director** has the meaning given in the Constitution.

**LGA** means the Local Government Act 2002.

**LGFA** means the New Zealand Local Government Funding Agency Limited.

**LG (WS) Act** means the Local Government (Water Services) Act 2025.

**Local Authority** has the meaning given to it in the LGA.

**Operational Date** means 1 July 2027, or any other later date as agreed by the Shareholders.

**Ordinary Resolution** has the meaning given to it in the Companies Act.

**Reserved Matters** means those matters listed in Schedule 3.

**Security Interest** includes a mortgage, debenture, charge, lien, pledge, assignment or deposit by way of security, bill of sale, lease, hypothecation, hire purchase, credit sale, agreement for sale on deferred terms, option, right of pre-emption, caveat, claim, covenant, interest or power in or over an interest in an asset and any agreement or commitment to give or create any such security interest or preferential ranking to a creditor including set off.

**Service Area** means:

- (a) in the context of the Company, as set out in the LG (WS) Act; and
- (b) in respect of each Shareholder, the 'district' of that Shareholder as a 'territorial authority' (as those terms are defined in the LGA).

**Shares** means shares in the Company on issue from time to time, and includes all Class A Shares and Class B Shares.

**Shareholder** means a shareholder in the Company and includes any person who subsequently becomes a shareholder. Where Shares are held by persons jointly, those persons are considered one Shareholder for the purpose of this agreement.

**Shareholders Representative Group** or **SRG** means the joint committee formed by the Shareholders pursuant to clause 6.1.

**SRG Representative** means a member of the SRG.

**Special Resolution** has the meaning given in the Companies Act.

**Statement of Expectations** has the meaning given to it in the LG (WS) Act.

**Terms of Reference** means the terms of reference of the SRG set out in Schedule 4

**Transfer Agreement** has the meaning set out in the LG (WS) Act.

**Transfer Principles** means the principles set out in Schedule 7.

**Transition Agreement** means the agreement entered into between the Shareholders and the Company on or about the date of this agreement, which relates to the activities to be carried out by the Company, and the funding to be provided by the Shareholders to the Company, during the Establishment Period.

**Water Services Annual Budget** has the meaning set out in the LG (WS) Act.

**Water Services Annual Report** has the meaning set out in the LG (WS) Act.

**Water Services Strategy** has the meaning set out in the LG (WS) Act.

**Water Services** has the meaning set out in the LG (WS) Act, which will be the water services obligations to be transferred to the Company in accordance with the Transfer Agreement to be entered into between the Company and each Shareholder and as otherwise provided by the Company in the Service Areas.

1.2 **Interpretation:** In this agreement, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the singular includes the plural and vice versa, and a gender includes other genders;
- (c) another grammatical form of a defined word or expression has a corresponding meaning;
- (d) words in this agreement have the same meaning as in the Companies Act unless inconsistent with the context;
- (e) a reference to a party, person or entity includes:

- (i) an individual, firm, company, trust, partnership, joint venture, association, corporation, body corporate, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and
  - (ii) an employee, agent, successor, permitted assign, executor, administrator and other representative of such party, person, entity;
- (f) a reference to dollars or \$ is to New Zealand currency and excludes every tax and duty;
- (g) a reference to a clause or schedule is to a clause or schedule of this agreement;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, reenactments or replacements of any of them;
- (i) references to the word 'include' or 'including' are to be construed without limitation;
- (j) references to any form of law is to New Zealand law, including as amended or re-enacted;
- (k) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (l) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;
- (m) any obligation falling due for performance on or by a day other than a Business Day shall be performed on or by the Business Day immediately following that day; and
- (n) an obligation not to do something includes an obligation not to allow or cause that thing to be done.
- 1.3 **Subsidiaries of the Company:** If at any time the Company has a subsidiary (as defined in the Companies Act) or subsidiaries, the provisions of this agreement relating to the operation of the Company shall be read so as to relate to the group of companies consisting of the Company and its subsidiaries, rather than to the Company alone.
- 1.4 **Constitution:** In the event of any inconsistency between this agreement and the Constitution, this agreement will (as between the parties) prevail over the Constitution to the extent of the inconsistency (and consistent with the Companies Act) and the Shareholders will take such steps necessary to resolve the inconsistency.

## 2. ESTABLISHMENT OF COMPANY

2.1 **Initial Shareholding:** As at the date of this agreement, WDC holds 100 Class A Shares in the Company.

2.12.2 **Incorporation Joint Shareholder Arrangements:** The Shareholders shall immediately after signing this agreement take all steps necessary (including signing documents) to give effect

~~to the following incorporate the Company as a New Zealand registered company, on the basis set out below:~~

- (a) each of ~~FNDC and KDC Shareholder~~ will be issued 100 Class A Shares, at an issue price of \$1.00 per share (which amount is deemed to have been received by the Company);
- ~~(b) the initial directors will be Murray Bain, Marlon Bridge, Steve Couper, David Rankin and Michael Sage;~~
- ~~(c) the registered office and address for service of the Company will be 9 Rust Avenue, Whangarei; and~~
- ~~(b) the Constitution of the Company will be revoked and replaced with a new Constitution, in the form approved by the Shareholders; and~~
- ~~(d)(c) the Shareholders will enter into the Transition Agreement with the Company, in the form approved by the Shareholders, will be adopted on incorporation.~~

### 3. PURPOSE OF COMPANY

- 3.1 **Purpose:** It is the intention of the Shareholders that the Company is to carry on the Business.
- 3.2 **Review of Operating Model:** The Shareholders will review the Company's operations and financial performance, including its progress towards financial sustainability, not later than the date which is 3½ years after the Incorporation Date. As part of this review, the Shareholders will consider whether the Company should move towards price harmonisation across all Service Areas. Any decision to make any changes to the approach set out in clause 2.7 of the Constitution will require approval as a Reserved Matter.
- 3.3 **Public Ownership:** The Shareholders agree that all water services infrastructure and related assets owned by the Company shall remain in public ownership. This does not preclude the Company from accessing or benefiting from private funding or financing arrangements, provided such arrangements do not result in any transfer of ownership of those assets. No Shareholder will take any steps to approve or otherwise give effect to any action which is inconsistent with this clause.

### 4. BOARD AND DIRECTORS

#### 4.1 Board:

- ~~(a) As at the date of this agreement, Murray Bain, Marlon Bridge, Steve Couper, David Rankin and Michael Sage are each Directors.~~
- ~~(a)(b) Following the Incorporation Date, the~~ From the date of this agreement, the Shareholder Representative Group will appoint (and subsequently remove or replace) each subsequent Director in accordance with the Board Skills Matrix, with the aim of ensuring that the Board as a whole has the skills required by the Board Skills Matrix.
- ~~(b)(c) The Company will have the number of Directors that comply with the Constitution.~~

~~(e)~~(d) The Directors will be appointed and removed in accordance with the Constitution.

## 5. SHAREHOLDERS' OBLIGATIONS

### 5.1 Voting and Shareholder Reserved Matters:

- (a) Subject to clause 5.1(b) and any resolution that is required by the Companies Act or the Constitution to be passed as a Special Resolution, all resolutions of meetings of the Shareholders may be passed by Ordinary Resolution.
- (b) The Company will not enter into any transaction or matter which is a Reserved Matter unless the entry into of that transaction or matter is approved in writing by the Shareholders in accordance with the relevant approval thresholds set out in Schedule 3.

5.2 **Duty to comply with Constitution:** Each Shareholder shall comply with the Company's Constitution.

5.3 **Compliance with laws:** The Shareholders will each ensure they comply with their, and the Company complies with its, obligations under the LGA, Local Government (Water Services Preliminary Arrangements) Act 2024, the LG (WS) Act and the Companies Act.

5.4 **Spirit of collaborative working:** The Shareholders must at all times act in a spirit of co-operation and collaborative working, endeavouring to act together to allow for the effective communication of the Shareholders' intentions or requirements to the Company.

5.5 **No surprises:** The Shareholders shall use best endeavours to act under the principle of "no surprises", both with the Company and with each other in relation to their respective interests.

## 6. SHAREHOLDERS REPRESENTATIVE GROUP

6.1 **Establishment and Terms of Reference:** The Shareholders will establish a SRG in the manner set out below:

- (a) Promptly after the date of this agreement, the Shareholders will jointly establish, maintain and operate a SRG in accordance with the Terms of Reference to provide overarching governance of the Company, including:
  - (i) in relation to the appointment of Directors to the Board of the Company;
  - (ii) to assist the Shareholders to fulfil their obligations under this agreement; and
  - (iii) where the Company has any obligation to consult with the Shareholders under the LG (WS) Act or other applicable law, to allow the Company to meet such obligation by consulting with the SRG.
- (b) Each Shareholder confirms the Terms of Reference for the SRG are the terms attached at Schedule 4 (as amended from time to time).

- 6.2 **Delegations to a SRG Representative:** Each Shareholder agrees to delegate to its appointed SRG Representatives, and their Alternates, those responsibilities and powers set out in the Terms of Reference.
- 6.3 **Authority of SRG Representatives:** Subject to the delegations under clause 6.2, the Shareholders agree that any matter for a Shareholder under this agreement may be exercised by a duly authorised SRG Representative.
- 6.4 **Interface with SRG Representatives:** Each Shareholder is responsible for determining and managing the internal arrangements, processes, instructions, and decision-making protocols between that Shareholder and its appointed SRG Representative (and any Alternate).
- 7. LOANS AND GUARANTEES BY SHAREHOLDERS**
- 7.1 **Loans and guarantees:** No Shareholder will be required to make any loans to the Company or guarantee the obligations of the Company, to any creditor or other party except with the express prior agreement of such Shareholder or as expressly set out in this agreement.
- 7.2 **Establishment Funding:** The Shareholders acknowledge and agree that, in advance of the Company receiving revenue from the Business (which will not occur until after the end of the Establishment Period), each Shareholder will provide working capital funding to the Company for the purpose of meeting the Establishment Costs. The terms on which such funding will be provided to the Company (which will include that this funding will be repaid by the Company upon the Company entering into its own funding arrangements) will be as agreed in writing between the Shareholders and the Company, including (in respect of funding provided during the Establishment Period) as set out in in the Transition Agreement.
- 7.3 **Debt Guarantee:** The Shareholders will provide a joint and several guarantee in favour of LGFA in respect of all of the Company's LGFA debt. Notwithstanding this, each Shareholder will only be responsible for the portion of the LGFA debt attributable to its Service Area if this guarantee is called on. The Shareholders will require the Board to review this attribution of liability on an annual basis for financial reporting purposes, with any change (which will take effect on 30 June in the relevant year) requiring the unanimous approval of the Shareholders in writing.
- 8. STATEMENT OF EXPECTATIONS**
- 8.1 **Preparation:** The Shareholders will be responsible for jointly preparing the Statement of Expectations in accordance with the LG (WS) Act, within the time periods required by the LG (WS) Act. Each Shareholder will provide input into the proposed form of the Statement of Expectations, which will be reviewed and refined by the Shareholders Representative Group, who will consult with the Company to seek any feedback, to ensure a jointly agreed Statement of Expectations is adopted by the Shareholders. The Shareholders acknowledge that the first Statement of Expectations needs to be adopted by a date that is not later than 6 months from incorporation of the Company.
- 8.2 **Process:** Unless the Shareholders agree otherwise, or an alternative process is provided for in the LG (WS) Act (in which case that alternative process will be followed):

- (a) the SRG will meet within the timeframes required for the Company to adopt a Water Services Strategy under the LG (WS) Act, to discuss and agree to the process for preparing the next Statement of Expectations, which will include the input provided by each Shareholder for the Statement of Expectations and will be consistent with the Constitution and include consulting with the Company;
- (b) the SRG Representatives will ensure that one or more Shareholders publish the process agreed in accordance with clause 8.2(a) on their website in accordance with the LG (WS) Act;
- (c) the SRG Representatives will prepare a draft Statement of Expectations in accordance with the process agreed under clause 8.2(a) and the requirements of this agreement and the LG (WS) Act;
- (d) in addition to the requirements specified in the LG (WS) Act, the draft Statement of Expectations shall also include the matters set out in Schedule 6; and
- (e) the Shareholders must approve and adopt (as a Reserved Matter) the draft Statement of Expectations prepared in accordance with this clause, at least six months prior to the date on which the Company is required to adopt a Water Services Strategy under the LG (WS) Act.

Promptly after the Statement of Expectations has been approved and adopted in accordance with clause 8.2(e), the Statement of Expectations will be provided to the Chairperson of the Board, the Chief Executive of the Company and the Shareholders Representative Group.

- 8.3 **Amendments to the Statement of Expectations:** If the SRG considers that the Statement of Expectations, or any part of it, should be amended at any time, either on its own initiative or after request by any Shareholder, the SRG will follow the process set out in clauses 8.2(b) to (e) (with all necessary modifications). If any amendments to the Statement of Expectations are made out of cycle with the timing anticipated by the LG (WS) Act, the Shareholders acknowledge that the amended Statement of Expectations may not inform the Water Services Strategy required to be adopted by the Company, and also acknowledge that the Company is not required to amend its Water Services Strategy as a result of the amendments made.

## 9. TRANSFER AGREEMENTS

- 9.1 **Process:** During the Establishment Period, the Shareholders will:
- (a) agree with the Board a template form of Transfer Agreement, which will be used as the basis for preparing a Transfer Agreement for each Shareholder with the Company, together with the template form of any ancillary agreements required to be entered into as part of the transfer, such as transitional services agreements and shared interest agreements;
  - (b) each undertake the process of identifying which assets, obligation and liabilities (including water debt) will be transferred by that Shareholder to the Company under its Transfer Agreement, by applying the Transfer Principles;

- (c) each negotiate the form of the Transfer Agreement (and any ancillary agreements) with the Company, in accordance with the provisions of this clause 9.1 and as contemplated by the LG (WS) Act; and
  - (d) each enter into their agreed Transfer Agreement (and any ancillary agreements), prior to the Operational Date, with a completion date of 30 June 2027.
- 9.2 **Disputes:** If any Shareholder has not agreed the form of its Transfer Agreement with the Company by 30 April 2027 then that Shareholder will refer any unresolved issues between that Shareholder and the Company to Expert Determination.
- 9.3 **Stormwater:** The parties acknowledge that:
- (a) each Shareholder will remain responsible for all stormwater assets, and the provision of and charging for, stormwater services (as defined in the LG (WS) Act), within its Service Area; and
  - (b) no stormwater assets will be transferred by a Shareholder to the Company;
  - (c) a Shareholder may contract some services from the Company in respect of the stormwater services that are required to be provided by that Shareholder in its Service Area.

## 10. SHARES AND SHAREHOLDINGS

- 10.1 **Share issue:** Subject to approval of the Shareholders in accordance with clause 5.1, the Board may issue Shares in accordance with the Constitution and this agreement.
- 10.2 **No sale:** No Shareholder shall directly or indirectly sell, transfer, or dispose of the legal or beneficial ownership of, or the control of, any of its Shares otherwise than in compliance with this clause 10, the Constitution and the LG (WS) Act.
- 10.3 **New Shareholders:** A Local Authority who is not an existing Shareholder may be admitted as an additional Shareholder in accordance with the process and requirements set out in Schedule 8.
- 10.4 **Shareholder Exit:** A Shareholder who wishes to exit from its shareholding in the Company may do so in accordance with the process and requirements set out in Schedule 9.
- 10.5 **No Security Interest:** A Shareholder must not grant a Security Interest over any of its Shares.
- 10.6 **Amalgamation of Local Authorities:** In the event of an amalgamation or any other change in the governance structure of a Shareholder, the Shareholders will meet and discuss the effect of the amalgamation on the shareholding structure of the Company and will exercise their voting rights to ensure that the shareholding percentages for the Shares remain reasonable as agreed by all Shareholders.

## 11. DISTRIBUTIONS

- 11.1 **Principle:** The Shareholders acknowledge and agree that:

- (a) if the Company generates any surplus, it is the Shareholders' expectation that such surplus will be either retained by the Company or reinvested in the provision of the Water Services, taking into account clause 2.7 of the Constitution; and
- (b) there is no expectation by the Shareholders of any distributions being made by the Company to the Shareholders.

## 12. CAPITAL CONTRIBUTIONS

12.1 **Principles:** The Shareholders acknowledge that the Company may request that a capital contribution be made by one or more of the Shareholders to the Company, for example where those assets have been requested by that Shareholder (or by more than one Shareholder) to support the delivery of the Water Services in one or more of the Service Areas. Where this occurs, the capital contribution will be identified as either:

- (a) benefiting one Service Area only; or
- (b) benefiting more than one of the Service Areas,

and the amount of any such requested capital contribution from any Shareholder will be determined by whether that capital contribution benefits that Shareholder's Service Area or other Service Areas. Nothing in this clause operates to require any Shareholder to make any capital contribution to the Company.

12.2 **Policy:** A capital contributions policy will be developed by the Company and approved by the Shareholders, which will set out the basis on which any such capital contribution requests will be made by the Company, consistent with the principles in clause 12.1.

## 13. TERM AND TERMINATION

13.1 **Term:** This agreement commences on the date signed by all parties and continues until the first date on which:

- (a) in respect of a Shareholder, that Shareholder no longer holds any Shares;
- (b) only one Shareholder owns all Shares;
- (c) none of the Shareholders hold Shares; or
- (d) the date on which the Company is liquidated.

13.2 **Effect of termination:** Any termination of this agreement with respect to a Shareholder does not affect any accrued rights that Shareholder may have against the other parties to this agreement or which the other parties to this agreement may have against it.

### ~~13.3~~ Shareholder Triggered Liquidation:

~~13.3~~ **13.3** Upon the passing of a Unanimous Resolution to liquidate the Company, the Shareholders must, without delay, take all necessary steps to appoint a liquidator to the Company. In this case, the liquidator must be agreed by the Shareholders within 10 Business Days, or failing agreement, shall be chosen on the application of any Shareholder by the President for the time being of the New Zealand Law Society or his or her nominee.

**13.513.4 Liquidation principles:** The following principles will apply to the distribution of assets and liabilities of the Company upon a liquidation:

- (a) each Shareholder will be entitled to, and will, take a transfer of all of the assets (including reserves) and associated contractual arrangements from the Company that relate to its Service Area, along with the relevant debt apportioned to those assets, in each case on the basis of an independent valuation of those assets;
- (b) where an asset and/or associated contractual arrangement relates to more than one Service Area, or where an asset has been funded by more than one Shareholder, an apportionment will be made as between the relevant Shareholders to ensure an appropriate allocation of the benefit and the burden of each asset or arrangement, which may include a contractual arrangement between those Shareholders in respect of those assets or arrangements; and
- (c) the basis on which the allocations and valuations will be made for the purposes of this clause 13.4 will be determined by the SRG, with any disputes referred to Expert Determination.

**13.613.5 Survival:** Termination of this agreement will not affect the rights and obligations of the Shareholders set out in clauses 15, 16 and 17, together with this clause 13.5, which are intended to survive the termination of this agreement.

#### 14. SUSPENSION OF RIGHTS

14.1 **Consequences:** If an Event of Default occurs in respect of a Shareholder (the "**Defaulting Shareholder**") any other Shareholder may, while that Event of Default continues, by notice in writing to the Defaulting Shareholder and each other Shareholder, require that the Defaulting Shareholder is suspended as follows:

- (a) all rights of the Defaulting Shareholder under this agreement (including the right to vote on a Reserved Matter) and all rights attaching to the Defaulting Shareholder's Shares ("**Default Shares**") (including voting) are suspended and the Default Shares are not to be counted for the purpose of determining the required level of support for a Reserved Matter or a quorum for a Shareholders' meeting; and
- (b) all voting rights of that Shareholder's members of the SRG will be suspended,

provided that any suspension of rights set out in this clause will automatically cease to have effect upon that Event of Default having been cured by the Defaulting Shareholder.

14.2 **Voting During Suspension Period:** The parties agree that, where a Shareholder's rights have been suspended pursuant to clause 14.1, any vote on a Reserved Matter can only be undertaken after the next Business Day which is at least 30 days after the suspension takes effect (or the next Business Day after the date on which the suspension is lifted, if earlier).

14.3 **Default interest:** If either party does not pay any amount payable under this agreement on the due date for payment ("**Due Date**") that party shall pay to the other party interest (both before and after judgment) on that amount. That interest:

- (a) shall be paid at a default rate of the then current Official Cash Rate plus 5% per annum;
- (b) shall be paid by instalments at intervals of ten Business Days from the Due Date; and
- (c) shall be calculated on a daily basis from and including the Due Date until the unpaid amount is paid in full.

The right of a party to require payment of interest under this clause does not limit any other right or remedy of that party.

- 14.4 **Other remedies:** Clauses 14.1 and 14.3 are without prejudice to any other right, power or remedy under this agreement, at law, or otherwise, that any Shareholder has in respect of a default by any other Shareholder.

## 15. DISPUTE RESOLUTION

- 15.1 **Notice in writing:** If a party claims that a dispute has arisen, that party must give written notice to the other parties. The written notice must specify the nature of the dispute.

15.2 **Negotiation:**

- (a) On receipt of a notice delivered in accordance with clause 15.1 and before any party may refer a dispute to mediation, the Representatives must, in good faith and acting reasonably, do their best to resolve the dispute quickly and efficiently through negotiation.
- (b) If any Representative considers that the dispute is not being resolved in a timely manner, such Representative may serve written notice on the other parties' Representatives to escalate the dispute to the Chief Executives or equivalent (where the Representatives are not the Chief Executive or equivalent) of the applicable Shareholders for resolution.
- (c) If the dispute has not been resolved within 20 Business Days (or within such other period as agreed by the parties) of the date of the notice referred to in clause 15.2, any party may submit the dispute to mediation.

15.3 **Mediation:**

- (a) If the parties do not resolve the dispute by negotiation, the parties must, in good faith and acting reasonably, do their best to resolve the dispute by participating in mediation with an independent mediator.
- (b) If the parties do not agree on a mediator, then the mediator will be appointed by the New Zealand Dispute Resolution Centre.
- (c) The parties must mediate the dispute in accordance with principles agreed between them or, if no agreement can be reached, the New Zealand Dispute Resolution Centre Mediation Rules.
- (d) Unless the parties agree otherwise, the mediator's fee and any other costs of the mediation itself (such as for venue hire or refreshments) will be shared equally

between the parties, but the parties will each pay their own costs of preparing for and participating in the mediation (such as for travel and legal representation).

#### 15.4 **Arbitration**

- (a) If the dispute has not been resolved within 40 Business Days (or within such other period as agreed by the parties) of the dispute being referred to mediation, any party (the "**Initiating Party**") may refer such dispute to binding arbitration by issuing a written notice ("**Arbitration Notice**") to the other Party or Parties (together with the Initiating Party, the "**Disputing Parties**") for final resolution in accordance with the provisions of this clause 15.4 and in accordance with the provisions of the Rules of Arbitration of the New Zealand Dispute Resolution Centre, as amended or modified from time to time ("**NZDRC Rules**").
- (b) The arbitral panel shall consist of one arbitrator. The arbitrator will be appointed by the agreement of the Disputing Parties or, failing agreement within 10 Business Days of the date of the Arbitration Notice, in accordance with the NZDRC Rules.
- (c) The seat of arbitration shall be Whangarei, and the arbitration shall be conducted in the English language.
- (d) The award of the arbitration shall be in writing and must include reasons for the decision.
- (e) The award of the arbitration shall be final and binding on the parties. No party may appeal to the High Court under Clause 5 of the Second Schedule of the Arbitration Act 1996 on any question of law arising out of an award.
- (f) The award shall allocate or apportion the costs of the arbitration as the arbitrator deems fair.
- (g) Neither the existence of any dispute nor the fact that any arbitration is pending hereunder shall relieve any of the Parties of their respective obligations under this agreement.

15.5 **Expert Determination:** Where this agreement provides for a matter to be resolved through Expert Determination, this clause will apply. Any party may give written notice to the other parties referring the dispute for determination by a single person who is suitably qualified and experienced (**Expert**) to determine the matter in dispute (**Dispute Notice**). If the parties cannot agree on the person to be appointed as Expert within 5 Business Days after delivery of the Dispute Notice, the Expert will be nominated by the President for the time being of the New Zealand Law Society. In resolving the Dispute:

- (a) the Expert will be deemed to be acting as an expert, not as a mediator or an arbitrator;
- (b) nothing in this clause will constitute a submission to arbitration under the Arbitration Act 1996;
- (c) each party must give the Expert any information and assistance, and will ensure that its duly authorised representatives meet with the Expert, as the Expert may reasonably require in order to expedite the resolution of the Dispute;

- (d) the parties will be jointly and severally liable to the Expert for all costs incurred by the Expert, but the Expert may allocate, as between the parties, the responsibility for payment of those costs and that allocation will be binding on the parties; and
  - (e) any determination of the Expert will, in the absence of obvious error or fraud on the part of the Expert, be final and binding on the parties.
- 15.6 **Implementation of agreement:** The parties must do whatever is reasonably necessary to put into effect any negotiated, determined or mediated agreement, arbitral award or other resolution. This includes exercising voting rights and other powers as required.
- 15.7 **Rights and obligations during a dispute:** During a dispute, each party must continue to perform its obligations under this agreement.
- 15.8 **Interlocutory relief and right to terminate:** This clause does not restrict or limit the right of a party to obtain interlocutory relief, or to immediately terminate this agreement where this agreement provides such a right.
- 16. CONFIDENTIAL INFORMATION AND PUBLIC ANNOUNCEMENTS**
- 16.1 **Confidentiality:** Each party must keep confidential the Confidential Information, and must not disclose or permit the disclosure of such Confidential Information to any other person. If a party becomes aware of a breach of this obligation, that party will immediately notify the other parties.
- 16.2 **Further permitted use and disclosure:** This agreement does not prohibit the disclosure of Confidential Information by a party in the following circumstances:
- (a) the other parties have consented to the disclosure of the relevant Confidential Information;
  - (b) the disclosure is specifically contemplated and permitted by this agreement;
  - (c) the disclosure of Confidential Information is to an employee, subcontractor, agent or representative who needs it for the purposes of this agreement;
  - (d) the disclosure is to a professional adviser in order for it to provide advice in relation to matters arising under or in connection with this agreement;
  - (e) the disclosure is required by a court or governmental or administrative authority; or
  - (f) the disclosure is required by applicable law or regulation, including under the Local Government Official Information and Meetings Act 1987.
- 16.3 **Public announcements and media releases:** Each party agrees that it will not make any public announcements or issue media releases in connection with, or on behalf of, the other Shareholders or the Company in relation to the Company or any of the Water Services, except with the written consent of the other Shareholders. Nothing in this provision shall prohibit or restrict a Shareholder from making a public announcements or media releases in connection with the Shareholder's own involvement with, or policies in relation to, the Company.

**17. NOTICES**

17.1 **Giving notices:** Any notice or communication given to a party under this agreement is only given if it is in writing and sent in one of the following ways:

- (a) delivered or posted to that party at its address and marked for the attention of the relevant department or officer (if any) set out in Schedule 1; or
- (b) emailed to that party at its email address and marked for the attention of the representative set out in Schedule 1.

17.2 **Change of details:** If a party gives the other party three Business Days' notice of a change of its physical address or email address, any notice or communication is only given by that other party if it is delivered or emailed to the latest physical address or email address.

17.3 **Time notice is given:** Any notice or communication is to be treated as given at the following time:

- (a) If it is delivered, when it is left at the relevant address.
- (b) If it is sent by email, when it is received in readable form addressed in the manner specified above.

However, if any notice or communication is given, on a day that is not a Business Day or after 5pm on a Business Day, in the place of the party to whom it is sent, it is to be treated as having been given at the beginning of the next Business Day.

**18. GENERAL**

18.1 **No partnership, joint venture:** Nothing in this agreement shall create or evidence any partnership, joint venture, agency, trust or employer/employee relationship between any of the Shareholders, and a Shareholder may not make, or allow to be made, any representation that any such relationship exists between any of the Shareholders. A Shareholder shall not have authority to act for, or to incur any obligation on behalf of, any other Shareholder, except as expressly provided for in this agreement.

18.2 **No privity:** Other than as expressly provided for in this agreement, this agreement is not intended to confer a benefit on any person or class of persons who is not a party to it.

18.3 **Board action:** Wherever this agreement requires the Board to do anything, each Shareholder shall take all steps available to it to ensure that the Director or Directors appointed by that Shareholder takes all necessary steps to do that thing.

18.4 **Counterparts:** This agreement is deemed to be signed by a party if that party has signed or attached that party's signatures to any of the following formats of this agreement:

- (a) an original; or
- (b) a photocopy; or
- (c) an electronic copy;

and if every party has signed or attached that party's signatures to any such format and delivered it in any such format to the other parties, the executed formats shall together constitute a binding agreement between the parties.

- 18.5 **Entire agreement:** This agreement contains everything the parties have agreed in relation to the subject matter it deals with. No party can rely on an earlier written agreement or anything said or done by or on behalf of another party before this agreement was executed.
- 18.6 **Severance:** If any provision of this agreement is, or becomes unenforceable, illegal or invalid for any reason it shall be deemed to be severed from this agreement without affecting the validity of the remainder of this agreement and shall not affect the enforceability, legality, validity or application of any other provision of this agreement.
- 18.7 **Further assurance:** Each party shall make all applications, execute all documents and do or procure all other acts and things reasonably required to implement and to carry out its obligations under, and the intention of, this agreement.
- 18.8 **Amendment:** Any amendment to this agreement will require the approval in writing of all of the Shareholders.
- 18.9 **Assignments and transfer:** A party must not assign or transfer any of its rights or obligations under this agreement without the prior written consent of each of the other parties.
- 18.10 **Costs:** Except as otherwise set out in this agreement, each party must pay its own costs and expenses, including legal costs and expenses, in relation to preparing, negotiating, executing and completing this agreement and any document related to this agreement.
- 18.11 **Inconsistency with Constitution:** If there is any inconsistency between this agreement and the Constitution then the parties agree to abide by this agreement and to do everything required to change the Constitution so that it is consistent with this agreement.
- 18.12 **Waivers:**
- (a) A waiver of any right, power or remedy under this agreement must be in writing signed by the party granting it. A waiver only affects the particular right, obligation or breach for which it is given. It is not an implied waiver of any other right, obligation or breach or an implied waiver of that right, obligation or breach on any other occasion.
  - (b) The fact that a party fails to do, or delays in doing, something the party is entitled to do under this agreement does not amount to a waiver.
- 18.13 **Governing law:** This agreement is governed by the laws of New Zealand.

## SCHEDULE 3

## Reserved Matters

Matter or transaction	Approval requirement
<b>Special Resolution Matters</b>	
Any amendment to, revocation of, or adoption of, the Constitution, including any change to clause 2.7 of the Constitution relating to financial ringfencing.	Unanimous Resolution
"Major transactions" as that term is defined in the Companies Act.	Special Resolution
Any resolution to put the Company into liquidation or to wind up to the Company.	Unanimous Resolution
Any resolution to amalgamate the Company with one or more other companies.	Special Resolution
Any change to the Terms of Reference for the SRG.	Unanimous Resolution
Any proposal to enter into a significant contract (see section 23(2)(b) of the LG (WS) Act).	Special Resolution
Any proposed to enter into a joint water service provider arrangement (see section 26(3)(b) of the LG (WS) Act).	Special Resolution
<b>Statement of Expectations</b>	
A decision to approve and adopt the draft Statement of Expectations.	Unanimous Resolution
<b>Shareholdings/Shares</b>	
Any issue of Shares, securities that are convertible into or exchangeable for Shares, or options to acquire Shares.	Unanimous Resolution
Any alteration of rights, privileges or conditions attaching to the Shares.	Unanimous Resolution
Any transfer by the Company of Shares held by the Company or any purchase or other acquisition by the Company of its own Shares.	Unanimous Resolution
Any consolidation, division, or subdivision of Shares.	Ordinary Resolution
Any cancellation, buy-back or reduction of Shares, securities that are convertible into or exchangeable for Shares, or options to acquire Shares.	Ordinary Resolution
The giving of any financial assistance for the purpose of, or in connection with, the purchase of Shares.	Ordinary Resolution
Making a material change in the nature of the Company's business or engaging in business activities other than the Business.	Unanimous Resolution
<b>Shareholder Changes</b>	
A decision to approve a new Shareholder, including the terms of admission.	Unanimous Resolution

A decision to approve the exit of an existing Shareholder, including the terms of exit.	Unanimous Resolution
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**SCHEDULE 4****Shareholders Representative Group (SRG) Terms of Reference****Shareholders Representative Group****Purpose**

1. The Shareholders Representative Group ("**SRG**") is established to:
  - provide governance oversight of the Company which provides Water Services in the Service Areas; and
  - provide a forum for the representatives of the Shareholders to meet, discuss and co-ordinate decision-making on relevant issues and through their representatives exercise the Shareholders' powers make certain decisions relating to the Company.

**Status**

2. The SRG is a joint representative committee of the Shareholders.

**Administration**

3. One of the Shareholders will provide administrative and secretarial support to the SRG. As at the Incorporation Date this will be Whangarei District Council. All reasonable expenses incurred in providing such administrative support will be reimbursed by the Company.

**Specific responsibilities**

4. The SRG's responsibilities are:

Governance oversight responsibilities

Governance oversight of the Company, including by:

- Receiving and considering the half-yearly and annual reports of the Company;
- Reviewing and considering reporting from the Company as required under the Transition Agreement;
- Receiving and considering such other information from the Company as the SRG may request on behalf of the Shareholders and/or receive from time to time;
- Undertaking performance and other monitoring of the Company;
- Considering and providing recommendations to the Shareholders on proposals from the Company;
- Providing co-ordinated feedback, and recommendations as needed, on any matters requested by the Company or any Shareholder;
- Preparing the draft form of the Statement of Expectations, receiving feedback from the Shareholders on this and producing a final draft of the Statement of Expectations for approval by the Shareholders;

- Agreeing when Shareholder meetings, or resolutions in lieu of Shareholder meetings, are required, without prejudice to Shareholder and Board rights to call meetings under the Company's Constitution;
- Monitoring the performance of the Board, including by commissioning an independent assessment of the performance of the Board at not less than 3 yearly intervals; and
- Providing recommendations to the Shareholders regarding changes to these Terms of Reference, the Shareholders' Agreement and the Constitution of the Company.

#### SRG decision-making

- Developing and updating, and approving, the Board Skills Matrix in consultation with the Board;
- Seeking and interviewing candidates for the Company's Board as needed, with reference to the Board Skills Matrix, and approving Director appointments and/or removals;
- Appointing a Director to replace the then current the Chair of the Company, taking into account the recommendation of the Board, noting that Murray Bain has been appointed as Chair upon incorporation;
- Approving any changes to the remuneration of directors of the Company, which will be market-based and independently assessed, noting that the remuneration of the Directors appointed upon incorporation has been set at \$60,500 for Directors and \$120,500 for the Chair (in each case plus GST if any); and
- Making any decision relating to the Transition Agreement, as contemplated by the Transition Agreement.

#### **Membership**

5. Each Shareholder shall appoint two SRG Representatives to the SRG by resolution in accordance with their respective council decision-making framework.
6. At least one of the appointed SRG Representatives of each Shareholder must be an elected member of the respective Shareholder.
7. For each appointed SRG Representative, the Shareholders shall also appoint an Alternate. If an Alternate is appointed for a SRG Representative who is an elected member, that Alternate must also be an elected member of the respective Shareholder.
8. Written notice of all appointments, including Alternates, must be provided to the SRG and to each Shareholder.
9. A Shareholder may replace any SRG Representative or Alternate at any time by providing written notice to the SRG and to other Shareholders.

#### **Alternates**

10. Each member appointed to the SRG must have an Alternate appointed by the relevant Shareholder. The Alternate may attend and vote at meetings of the SRG, but only in the event that the appointed representative is unable to do so.

**Attendance**

11. Each Shareholder will ensure that its appointed SRG Representatives or their Alternate attends each meeting of the SRG.
12. If a SRG Representative or their Alternate is not present at 2 consecutive SRG meetings, that Shareholder will be required, on notice by any other Shareholder, to replace that Representative and Alternate.

**Quorum**

13. No business may be transacted at an SRG meeting if a quorum is not present.
14. For a meeting of the SRG to have a quorum, at least 1 SRG Representative who is an elected member of that Shareholder must be present (or their Alternate) must be in attendance, whether in person or via an approved virtual platform.
15. If a quorum is not present within 30 minutes after the scheduled start time for the meeting:
  - a) the meeting is adjourned to:
    - (i) the same day in the following week at the same time and place, or
    - (ii) to another date, time and place to be fixed by all of the SRG Representatives which is not earlier than 5 Business Days after the date of the adjourned meeting; and
  - b) at the adjourned meeting, those SRG Representatives present shall constitute a quorum, regardless of the number of Shareholders represented.
16. Where the SRG is providing a forum for the Shareholders to meet and exercise their powers in relation to the Company, the requirements of the Company's Constitution and Shareholders' Agreement will prevail.

**Meeting frequency**

17. The SRG may hold as many meetings as the SRG Representatives determine are necessary to enable it to carry out its functions and exercise its powers properly, provided that the SRG will meet not less than 4 times per year.
18. It is expected that during the Establishment Period, the SRG will meet more frequently to support establishment and transition activities.

**Independent Chairperson**

19. The independent chairperson of the Shareholders' Representative Group shall be appointed by the SRG once all SRG Representatives have been appointed. The independent chairperson will be an additional SRG Representative, who must be independent of the Shareholders. The independent chairperson shall have no right to vote on any matters. For the purposes of this Schedule, "appointing" means the formal selection and confirmation of a candidate through a structured and transparent recruitment process, which shall include:
  - (a) assessment of candidates against an agreed criteria for independence, skills, and experience;

- (b) an interview and evaluation process conducted by the SRG; and
- (c) approval of the successful candidate by a 75% majority vote of the SRG Representatives.

**Decision-making**

- 20. The SRG will strive to make all decisions by consensus, provided that any decision as to the appointment or removal of any Director, the appointment of the Chair or any matter relating to the Transition Agreement must be by unanimous decision.
- 21. Subject to clause 20 and any other provision of these Terms of Reference, in the event that a consensus on a particular matter before the SRG is not able to be reached (as determined by the independent chairperson of the SRG), the decision on that matter will be by a majority vote and each member of the SRG (excluding the independent chairperson of the SRG) has a deliberative vote.
- 22. The SRG Representatives will ensure that no matters requiring decision by the SRG will be scheduled for decision-making during the period from the close of voting on election day for any Shareholder until the new elected members of that Shareholder come into office (being the day after the official declaration of results).

**Remuneration and reimbursement of expenses**

- 23. The remuneration of the independent chairperson of the SRG will be paid by the Company, at a level determined by a unanimous decision of the SRG (excluding the independent chairperson of the SRG) to reflect skills, experience, responsibility and time commitment of that role, in a manner which is consistent with any policy approved by each of the Shareholders for such remuneration.
- 24. When a Shareholder appoints an elected member as an SRG Representative, their SRG duties are deemed to be Council business for the purposes of that Shareholder's own policies. Any further remuneration for SRG duties may be set and funded by the appointing Shareholder.
- 25. Each non-elected SRG Representative:
  - a) will be remunerated by their appointing Shareholder for carrying out their SRG duties. The level of such remuneration will be set by unanimous agreement of the Shareholders and will be applied on a consistent basis by each Shareholder; and
  - b) will be indemnified by their appointing Shareholder in respect of all matters relating to their performance of their role as a SRG Representative, on a consistent basis by each Shareholder.
- 26. All SRG Representatives (elected and non-elected) are entitled to reimbursement of actual and reasonable expenses incurred in performing SRG duties, in accordance with each appointing Shareholder's policy.
- 27. Remuneration under this clause does not create any employment relationship with the Company or any of the Shareholders.

**Policies**

- 28. The SRG will develop and agree:

- a) a process to manage actual, potential and perceived conflicts of interest of SRG Representatives and Shareholders;
- b) a code of conduct for all SRG Representatives;
- c) confidentiality protocols and disclosure policies;
- d) standing orders relating to the operation of SRG meetings; and
- e) such other policies as the SRG determines.

**Administration**

- 29. There must be an agenda for each meeting that sets out the items that will be considered at the meeting.
- 30. Any agenda item for decision must be supported by a report and any associated material.
- 31. Reports to be considered by the SRG may be submitted by any of the Shareholders or the Company.

**Manner of calling meetings**

- 32. The independent chairperson of the SRG calls meetings.
- 33. Notice of a meeting:
  - a) must be written, and state the time and place of the meeting;
  - b) may be given by post, delivery, or electronic communication; and
  - c) must be given or sent to each member's current postal or electronic address.
- 34. Notice must be given to SRG Representatives (and their Alternates) at least 14 days before the meeting unless the SRG has adopted a schedule of meetings, in which case notice must be given at least 14 days before the first meeting on the schedule.
- 35. The independent chairperson of the SRG may call a meeting on a shorter period of notice, with the approval of a majority of the SRG Representatives.

**Electronic attendance and voting**

- 36. A meeting of the SRG may be held either:
  - a) by a number of the SRG Representatives (or their Alternates) who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; or
  - b) by means of electronic link by which all SRG Representatives (or their Alternates) participating and constituting a quorum can simultaneously hear each other throughout the meeting; or
  - c) a combination of a) and b).
- 37. For the avoidance of doubt, SRG Representatives (or their Alternates) who attend meetings by electronic link will be counted as present for the purposes of a quorum.

38. SRG Representatives (or their Alternates) can vote by electronic means.

**Other**

39. The SRG may regulate its own procedure for a matter that is not expressly covered by these Terms of Reference or if any relevant Act and this Shareholders' Agreement does not specify a procedure for the matter.

**Minor amendment**

40. These Terms of Reference may be amended at any time by consensus of the SRG, provided that the amendment is:

- a) of a formal or technical nature
- b) made to correct a manifest error or inconsistency; or
- c) necessary to comply with the provisions of any law and:
  - (i) The SRG has notified the Shareholders of the proposed change at least 20 Business Days before the effective date of the amendment; and
  - (ii) No Shareholder has objected to the amendment by notice in writing within that 20 Business Day period.

**Review**

41. The SRG will review these Terms of Reference annually (or at such other intervals as determined by the SRG) and may recommend any amendments to the Shareholders, who may amend these Terms of Reference as a Reserved Matter.

**Common delegations**

Governance oversight responsibilities

1. Each Shareholder will delegate to the SRG the responsibilities and powers necessary to participate in and carry out the SRG governance oversight responsibilities.

Shareholders' responsibilities

- 2. Each Shareholder will delegate to its appointed SRG Representative and, in accordance with these terms of reference, that person's Alternate, all responsibilities and powers in relation to the agreement of:
  - a) when Shareholder meetings, or resolutions in lieu of Shareholder meetings, are required (without prejudice to Shareholder and Board rights to call meetings under the Company's Constitution); and
  - b) the appointment, removal and remuneration of directors.

**SCHEDULE 5****Major Decisions during the Establishment Period****1. Purpose**

- 1.1. To set out the framework that applies to Shareholders' decision-making during the Establishment Period (**Framework**).

**2. Scope of this Framework**

- 2.1. Each Shareholder must continue to operate its Water Services during the Establishment Period in a manner that ensures:
  - a) a no-harm approach to staff, customers, and other stakeholders; and
  - b) the future success and operational readiness of the Company.
- 2.2. Pragmatic steps need to be taken to ensure existing operations continue as seamlessly as possible and relationships are effectively managed and maintained as Shareholders prepare to transfer their Water Services business to the Company, and the Company prepares to receive that transfer.
- 2.3. This Major Decisions Framework applies to major decisions by each Shareholder during the Establishment Period. To the extent of any inconsistency between this Framework and the terms of an executed Transfer Agreement, the Transfer Agreement prevails.

**3. Business-as-Usual Decisions (Not Major Decisions)**

- 3.1. A proposed decision is not a Major Decision for the purpose of this Framework to the extent it relates to the Shareholders' obligation to:
  - a) Operate and conduct its Water Services in the normal course consistent with established business practices in place as at the Incorporation Date;
  - b) Make payments and discharge obligations in a manner consistent with timing/methods used in the 12 months prior to the Shareholders' Agreement;
  - c) Undertake all steps necessary to negotiate, finalise and enter into its Transfer Agreement with the Company prior to the Operational Date; and
  - d) Complete an annual plan, long-term plan, or long-term plan amendment during the Establishment Period where the decision does not reduce the forecast price increases for water charges set out in the Relevant Long-Term Plan (or in any submitted Water Services delivery plan where that plan projects higher price increases than the Relevant Long-Term Plan).

**4. Major Decisions**

- 4.1. A proposed decision by a Shareholder is a "Major Decision" if it relates to any of the following:

- a) Rates/charges trajectory: a decision described in clause 4.1(d) that would not align with the forecast price increases for water charges set out in the Relevant Long-Term Plan (or applicable Water Services delivery plan where higher).
- b) Policy adoption/amendment: adoption or amendment of a policy required under the Local Government Act 2002 that relates to Water Services to be transferred to the Company.
- c) By-laws: adoption or amendment of any by-law that relates to water services.
- d) Strategic assets: any purchase or disposal of a strategic asset relevant to Water Services (including interests in land used for treatment, storage, reticulation, wastewater, or access to operational facilities), other than in accordance with the Relevant Long-Term Plan.
- e) Capital works: undertaking any capital works programme or committing to material capital expenditure other than in accordance with the Relevant Long-Term Plan.
- f) Employment cost changes: any material increase in employment costs for employees who primarily work in Water Services and are anticipated to transfer to the Company under the Transfer Agreement (excluding the Council Chief Executive and executive-level roles).
- g) Financing: entry into any loan or other financial arrangement in relation to Water Services other than in accordance with the Relevant Long-Term Plan.
- h) Contracts: entry into or renewal of any contract relating to Water Services that exceeds a period beyond six (6) months after the Operational Date.

## 5. Process for Major Decisions

5.1. Where a proposed decision is a Major Decision:

- a) The Chief Executive of each Shareholder must engage with the Chief Executive of the Company (or, if pending appointment, the person nominated by the Directors) ("**Company Representative**") before the Shareholder initiates formal decision-making.
- b) The Shareholders must provide sufficient information and analysis to enable the Company Representative to understand the proposal and its potential impacts.
- c) The Company Representative may provide recommendations, mitigations, or alternatives (including any adverse impacts the decision may have on the ability of the Company to carry on the Water Services business from the Operational Date in the manner contemplated by the Water Services Delivery Plan).
- d) Each Shareholder must have regard to (and respond to) the Company's recommendations, mitigations or alternatives before a formal decision is made.
- e) Following the decision, the Shareholder must provide one-off or periodic reporting (as appropriate) to the Company on the decision taken and the outcomes of that decision.

5.2. This Framework does not waive or alter any rights or obligations of the Company and the relevant Shareholder under a Transfer Agreement or otherwise.

**SCHEDULE 6****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
  - d) consumers in the Company's Service Area
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 that the Company 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
6. A requirement to undertake community or consumer engagement, and the contents of that engagement
7. Expectations in relation to collaborating with the Shareholders and other parties when providing water services
8. A requirement that part or all of the Company's Water Services Strategy be independently reviewed or audited
9. An obligation on the Company to consider and report on potential options for moving towards a price harmonisation model for water charges across all Service Areas, within 3½ years after the incorporation of the Company.

10. 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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**SCHEDULE 7****Transfer Principles****Principles relating to the identification of all relevant responsibilities, assets and liabilities (including water debt) to be included in the Transfer Agreement by each Shareholder**

1. All statutory obligations relating to the provision of Water Services will transfer from the Shareholder to the Company.
2. Assets to be transferred must relate to, or primarily to, the Water Services (including the drinking water network and wastewater network), and will include all work in progress as at the Operational Date.
3. If any assets currently used by a Shareholder to provide Water Services are not owned by the Shareholder, the Shareholder will use reasonable endeavours to transfer the rights that Shareholder has to those assets to the Company.
4. All assets will be transferred on an 'as is, where is' basis.
5. The Shareholder will provide the Company with such information as it has as to the condition of the assets, the liabilities (including water debt), and the transferring obligations, and any financial and legal risks relating to these matters.
6. Freehold land required for the provision of Water Services will generally be transferred to the Company. However, if transfer is legally prohibited, impractical, or inconsistent with other statutory obligations, the Shareholder may retain ownership. In such cases, the Shareholder is responsible for ensuring the Company has secure, long-term access rights to the land for Water Services operations.
7. Lease or access arrangements will be put in place for shared land use between the Shareholder and the Company.
8. The Shareholder will transfer to the Company, or otherwise ensure that the Company has the benefit of, all resource consents.
9. The Shareholder will transfer to the Company, or otherwise ensure that the Company has the benefit of, all discharge consents.
10. The treatment of land use consents will be determined on a case by case basis.
11. Existing abatement notices and infringement notices will transfer to the Company along with the remediation plans.
12. Capital works projects in flight will transfer to the Company, taking into account costs incurred to date, the debt associated with those projects, and the remaining approved budgets.
13. Any retentions relating to capital works projects held by the Shareholder will transfer to the Company.
14. All contracts which have an end date post 1 July 2027 will be assigned or novated to the Company.
15. All existing access rights that have been formalised will be assigned to the Company.

16. Development contributions, financial contributions, and levies collected for Water Services will transfer to the Company along with all supporting records. During a transitional period, Shareholders will continue to collect contributions on behalf of the Company until the Company assumes direct collection responsibility.
17. The agreed amount of water debt for each Shareholder will be determined using a consistent methodology agreed across all three Shareholders and will be transferred to the Company.
18. The transfer of employees and contractors will be determined in accordance with applicable employment legislation and a framework agreed by all three Shareholders and the Company during the Establishment Period.
19. The net asset value being transferred by the Shareholder will be determined by an independent valuation using a consistent methodology agreed across all three Shareholders, with asset condition assessment, verified by an external auditor.
20. The Purchase Price (being the net asset value) will be satisfied by the issue of fully paid Class B Shares in the Company, subject to the Company taking over any existing debt.
21. Certain specified assets will not transfer but will be provided to the Company on a transitional basis.
22. Responsibility for monitoring and enforcing the Shareholder's bylaws related to Water Services will be transferred to the Company.
23. Where a Shareholder is required by a regulator to take responsibility for a private water scheme, the Company will provide services to that Shareholder, on commercial terms, to enable that Shareholder to meet these obligations.

**SCHEDULE 8****Shareholder Entry Principles****1. Process for admission of a new Shareholder**

A Territorial Authority (as defined in the LG (WS) Act) who is not an existing Shareholder (**Proposed Shareholder**) may be admitted as an additional Shareholder (**Admission**) in accordance with the following process:

- (a) a Proposed Shareholder must submit a proposal to the Board setting out the Proposed Shareholders' credentials and the rationale for its proposed shareholding (a **Proposal**);
- (b) following receipt of a Proposal, the Board will assess the merits of the Proposal, consider the implications of it for the Company, its then current Water Services Strategy under the LG (WS) Act, the Statement of Expectations, and any other matters considered relevant by the Board, and make a recommendation to the SRG as to whether or not the Shareholders should approve the Admission (a **Recommendation**), which should include:
  - (i) any suggested terms and conditions of Admission;
  - (ii) any proposed changes to this agreement and/or the Constitution to give effect to the Proposed Shareholder becoming a shareholder in the Company;
- (c) following receipt of a Recommendation:
  - (i) the SRG will consider the Proposal and the Shareholders will determine if the Recommendation should proceed to be consulted on as a change proposal in accordance with the requirements of the LG (WS) Act;
  - (ii) the Shareholders must comply with any required consultation in respect of the change proposal under the LG (WS) Act;
  - (iii) following completion of the change proposal requirements under the LG (WS) Act, the Shareholders may, at their discretion, approve the Admission as a Reserved Matter; and
- (d) in carrying out the process set out above, the parties must comply with all applicable legislative requirements.

**2. Terms of admission of new Shareholder**

Unless otherwise agreed by all Shareholders in writing, if the Shareholders approve the Admission of a new Shareholder under paragraph 1(c)(iii) of this schedule:

- (a) the Proposed Shareholder (and any existing Shareholder, as relevant) will be issued such number of Class A Shares in the Company as is required to achieve the proportionate voting rights of each Shareholder (including the Proposed Shareholder) as set out in the Approved Recommendation;
- (b) on or shortly after Admission, the Proposed Shareholder will be required to transfer its relevant assets to the Company pursuant to a Transfer Agreement, with the terms of such

transfer to be no more favourable to the Proposed Shareholder than the terms of transfer applying to the initial Shareholders under their respective Transfer Agreements and otherwise on terms that the Board is satisfied are fair and reasonable in the circumstances;

- (c) prior to (but conditional on) Admission, the parties will negotiate, agree and implement any changes to this agreement and the Constitution that may be necessary or desirable as a result of Admission, including to maintain the intended balance of rights, powers and obligations of Shareholders and SRG Representatives, with each party to bear its own costs and expenses of negotiating, agreeing and implementing any changes, including legal costs and expenses;
- (d) prior to (and with effect on and from) Admission, the Proposed Shareholder must accede to this agreement (as amended in accordance with paragraph 2(c) of this schedule);
- (e) the Admission will be given effect by the issue of new Class A Shares to the Proposed Shareholder, with the existing Shareholders to take all steps necessary to issue those Shares, with at least one year's lead time between the approval of Admission under paragraph 1(c)(iii), and the giving effect to of the Admission under this paragraph 2(e) (or such other period as the Parties may agree with the Proposed Shareholder); and
- (f) promptly after the approval of Admission under paragraph 1(c)(iii), the Board and the SRG will develop and agree a transition plan which sets out the process and timeframes for giving effect to Admission, including the steps set out above.

**SCHEDULE 9****Shareholder Exit Principles****1. Process for Exit**

A Shareholder who wishes to exit from its shareholding in the Company (**Exit**) (**Exiting Shareholder**) may do so in accordance with the following process:

- (a) the Exiting Shareholder must give at least 12 months' prior written notice to the Board and the SRG stating its intention to Exit (**Exit Notice**);
- (b) following receipt of an Exit Notice:
  - (i) the SRG will consider the proposal set out in the Exit Notice and the Shareholders will determine if the Exit should proceed to be consulted on as a change proposal in accordance with the requirements of the LG (WS) Act;
  - (ii) the Shareholders must comply with any required consultation in respect of the change proposal under the LG (WS) Act; and
  - (iii) following completion of the change proposal requirements under the LG (WS) Act, the Board and the SRG will work collaboratively to develop a detailed exit plan (**Exit Plan**) setting out a proposed process and timeline for Exit, including to address the treatment of assets and joint assets, consideration, stranded assets and liabilities and transactions costs, and reflecting the terms of exit set out in paragraph 2 of this schedule;
- (c) a finalised Exit Plan will be presented to the SRG who will consider the Exit Plan and the Shareholders may, at their discretion, approve the Exit as a Reserved Matter; and
- (d) the parties must comply with all applicable legislative requirements, including in respect of consultation, in respect of considering, approving, and giving effect to any proposed Exit.

**2. Terms of Exit**

Unless otherwise agreed by all Shareholders in writing, if the Shareholders approve the Exit under paragraph 1(c) of this schedule:

- (a) the Exiting Shareholder will take a transfer of the relevant assets (excluding any assets which have been funded by other Shareholders), contracts, debts and related arrangements from the Company in respect of that Exiting Shareholder's Service Area (as agreed between the Company and that Exiting Shareholder) at a value determined by an independent valuer, provided that any dispute as to such assets or valuation will be determined by Expert Determination;
- (b) all of the Exiting Shareholder's Class B Shares will be transferred to the Company by the Exiting Shareholder at Exit as consideration for the transfer, and will be cancelled by the Company upon such transfer completing;
- (c) all of the Existing Shareholder's Class A Shares will be transferred to the Company by the Exiting Shareholder at Exit for no consideration, and will be cancelled by the Company upon such transfer completing;

- (d) prior to (but conditional on) Exit, the parties will negotiate, agree and implement any changes to this agreement and the Constitution that may be necessary or desirable as a result of the Exit, including to maintain the intended balance of rights powers and liabilities of Shareholders and SRG Representatives, with each party to bear its own costs and expenses of negotiating, agreeing and implementing any changes, including legal costs and expenses;
- (e) on and from the date the Exit takes effect, the Exiting Shareholder will be released from its obligations under this agreement (except in respect of any breaches up to the date of Exit); and
- (f) the Exit will be given effect by the transfer of the Exiting Shareholder's Shares to the remaining Shareholders or by the Company acquiring and cancelling the Exiting Shareholder's Shares, with the remaining Shareholders to take all steps necessary to give effect to this step, with at least two years lead time between the giving of an Exit Notice under paragraph 1(a) and the giving effect to of the Exit under this paragraph 1(d).

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Draft: ~~20 April~~ 14 May 2026

# Constitution of Northland Waters Limited

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**CONTENTS**

<b>CLAUSE</b>	<b>PAGE</b>
1. DEFINITIONS AND INTERPRETATION	1
2. CAPACITY	3
3. WATER ORGANISATION REQUIREMENTS	<a href="#">445</a>
4. SHARES	5
5. CALLS ON SHARES	6
6. LIEN OVER SHARES	<a href="#">667</a>
7. TRANSFER OF SHARES	7
8. DISTRIBUTIONS	8
9. COMPANY ACQUIRING ITS OWN SHARES	8
10. SHAREHOLDER MEETINGS	8
11. REPORTING REQUIREMENTS	<a href="#">889</a>
12. DIRECTORS	9
13. INTERESTS OF DIRECTORS	<a href="#">121213</a>
14. NOTICES	13
15. LIQUIDATION	14
16. METHODS OF CONTRACTING	14

**SCHEDULES**

SCHEDULE 1 RULES FOR SHAREHOLDER MEETINGS

SCHEDULE 2 RULES FOR BOARD PROCEEDINGS

## 1. DEFINITIONS AND INTERPRETATION

1.1 In this Constitution, unless the context otherwise requires:

**Board** means Directors who number not less than the required quorum, acting together as a board of Directors.

**Board Skills Matrix** has the meaning given to it in the Shareholders' Agreement.

**Business Day** means a day (other than a Saturday, a Sunday or a public holiday) on which registered banks are open for business in the Far North, Whangarei or Kaipara districts.

**Chair** means the chair of the Board appointed in accordance with clause 12.8.

**Class A Shares** means Shares in the Company with the rights attaching to those Shares as set out in clause 4.3.

**Class B Shares** means Shares in the Company with the rights attaching to those Shares as set out in clause 4.4.

**Companies Act** means the Companies Act 1993.

**Company** means Northland Waters Limited.

**Constitution** means this constitution of the Company (including the Schedules) and all amendments to it from time to time.

**Director** means a person appointed as a director of the Company in accordance with this Constitution.

**Distribution** means the payment of a dividend and any other "distribution" as that term is defined in section 2 of the Companies Act.

**Financial Year** has the meaning given to it in section 4 of the LG(WS) Act.

**Independent Director** means a Director who is neither a current elected member of any Local Authority that is a Shareholder nor a current employee of any Shareholder or the Company.

**LGA** means the Local Government Act 2002.

**LG(WS) Act** means the Local Government (Water Services) Act 2025.

**Local Authority** has the meaning given to it in section 5 of the LGA.

**Ordinary Resolution** has the meaning given to it in the Companies Act.

**Reserved Matter** has the meaning given to it in the Shareholders' Agreement.

**Service Area** means:

- (a) in the context of the Company, as set out in the LG (WS) Act; and
- (b) in respect of each Shareholder, the 'district' of that Shareholder as a 'territorial authority' (as those terms are defined in the LGA).

**Shareholder** means any person for the time being registered in the Company's share register as the holder of one or more Shares.

**Shareholders' Agreement** means the current shareholders' agreement relating to the Company entered into between the Company and the Shareholders (as amended or replaced from time to time).

**Shareholders Representative Group** has the meaning given to it in the Shareholders' Agreement.

**Shares** means the shares in the Company on issue from time to time, and includes the Class A Shares and the Class B Shares.

**Special Resolution** means a resolution that is approved by at least 75% of the votes of those Shareholders entitled to vote and voting on the question.

**Statement of Expectations** has the meaning given to it in section 220 of LG(WS) Act.

**Subsidiary** has the meaning given to it in the Companies Act.

**Water Organisation** has the meaning given to it in section 4 of the LG(WS) Act.

**Water Services** has the meaning given to it in section 4 of the LG(WS) Act, which will be the water services transferred by the Shareholders to the Company in accordance with the Transfer Agreement between each Shareholder and the Company.

**Water Services Annual Budget** has the meaning given to it in section 220 of the LG(WS) Act.

**Water Services Annual Report** has the meaning given to it in section 220 of the LG(WS) Act.

**Water Services Half-yearly Report** means the document referred to in section 248 of the LG(WS) Act.

**Water Services Strategy** has the meaning given to it in section 220 of the LG(WS) Act.

1.2 **Interpretation:** In this Constitution, the following rules of interpretation apply, unless the context requires otherwise:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the singular includes the plural and vice versa, and a gender includes other genders;
- (c) another grammatical form of a defined word or expression has a corresponding meaning;
- (d) words in this Constitution have the same meaning as in the Companies Act unless inconsistent with the context;
- (e) a reference to a party, person or entity includes:
  - (i) an individual, firm, company, trust, partnership, joint venture, association, corporation, body corporate, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and
  - (ii) an employee, agent, successor, permitted assign, executor, administrator and other representative of such party, person, entity;

- (f) a reference to dollars or \$ is to New Zealand currency and excludes every tax and duty;
- (g) a reference to a clause or schedule is to a clause or schedule of this Constitution;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) references to the word 'include' or 'including' are to be construed without limitation;
- (j) references to any form of law are to New Zealand law, including as amended or re-enacted;
- (k) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (l) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;
- (m) any obligation falling due for performance on or by a day other than a Business Day will be performed on or by the Business Day immediately following that day; and
- (n) an obligation not to do something includes an obligation not to allow or cause that thing to be done.

1.3 If there is any conflict:

- (a) between a provision of this Constitution and the provisions of the Shareholders' Agreement, the terms of the Shareholders' Agreement will prevail (other than to the extent prohibited by the Companies Act) and the Shareholders must pass such resolutions as may be necessary to amend the provisions of this Constitution to make it consistent with the Shareholders' Agreement;
- (b) between a provision in this Constitution and a mandatory provision in the Companies Act, the LG(WS) Act or the LGA, then the mandatory provision in the Companies Act, the LG(WS) Act or the LGA will prevail; and
- (c) between:
  - (i) a provision in this Constitution and a provision in the Companies Act which is expressly permitted to be altered by this Constitution; or
  - (ii) a word or expression defined or explained in the Companies Act and a word or expression defined or explained in this Constitution,

then the provision, word or expression in this Constitution will prevail.

**2. CAPACITY**

- 2.1 **Water Organisation:** As at the date of its incorporation, the Company is a Water Organisation in terms of section 44 of the LG(WS) Act.
- 2.2 **Business:** The Company must not carry on any business other than the provision of, or preparation for the provision of, Water Services and activities that are related to, or necessary for, the provision of, or preparation for the provision of, Water Services, in order to:

- (a) meet the objectives set out in section 17 of the LG(WS) Act for the Service Area; and
  - (b) maximise the cost efficiency of providing Water Services.
- 2.3 **Purpose:** In carrying out its business, the Company will:
- (a) deliver safe, reliable and financially sustainable Water Services across the Service Areas;
  - (b) support the collective resilience and wellbeing of the Northland region; and
  - (c) operate in a manner that is responsive to the differing needs and contexts of its communities, and taking into account environmental and cultural stewardship.
- 2.4 **Capacity:** Subject to this Constitution, the Companies Act, the LG(WS) Act, the LGA and any current Statement of Expectations, the Company has full capacity, rights, powers and privileges to carry on or undertake any business or activity, do any act, or enter into any transaction.
- 2.5 **Compliance:** The Company must give effect to the contents of the Statement of Expectations when conducting its business and setting its Water Services Strategy.
- 2.6 **Public Ownership:** All water services infrastructure and related assets owned by the Company shall remain in public ownership. This does not preclude the Company from accessing or benefiting from private funding or financing arrangements, provided such arrangements do not result in any transfer of ownership of those assets. No Shareholder will take any steps to approve or otherwise give effect to any action which is inconsistent with this clause.
- 2.7 **Ringfencing:** The Company will ensure that it:
- (a) operates its business in a way that enables:
    - (i) the total cost of its provision of Water Services;
    - (ii) the revenue derived; and
    - (iii) assets (including reserves) and liabilities held or incurred,to be separably identified in respect of each Shareholder's Service Area; and
  - (b) sets its water charges in respect of each Shareholder's Service Area taking into account the total costs referred to in clause 2.7(a) in that Service Area, acknowledging that this may result in differential water charges as between the Shareholders' Service Areas.

### 3. WATER ORGANISATION REQUIREMENTS

- 3.1 The Company must comply with:
- (a) its obligations under the LGA and LG(WS) Act, including preparing, adopting and publishing its Water Services Strategy, Water Services Annual Budget, Water Services Half-yearly Report and Water Services Annual Report;

- (b) Parts 1 to 7 of the Local Government Official Information and Meetings Act 1987; and
  - (c) all other laws applicable to the Company and its Business activities.
- 3.2 **Shareholder Input:** The Shareholders are entitled to comment on the Company's draft Water Services Strategy and draft Water Services Annual Budget, and the Company must consider those comments. However, the Shareholders will not have the power to require changes or approve the final Water Services Strategy or final Water Services Annual Budget.
- 3.3 **Auditor:** In accordance with the LGA, the auditor for the Company will be the Auditor-General.
4. **SHARES**
- 4.1 **Pari Passu:** Save as expressly provided in this Constitution, a board resolution specifying any specific terms attaching to Shares or as otherwise required by law, all Shares will rank pari passu in all respects.
- 4.2 **Classes:**
- (a) The Shares in the Company are divided into classes conferring entitlements that differ from the ordinary shareholder rights conferred by the Act.
  - (b) As at the date of adoption of this Constitution, the Company has two classes of Shares, Class A Shares and Class B Shares, in each case having the rights set out in this Constitution.
- 4.3 **Class A Shares:** Class A Shares shall have the following rights attached to them:
- (a) the right to receive notice of and attend every meeting of Shareholders; and
  - (b) the right to one vote on a poll at a meeting of the Company on any resolutions,
- but do not have any right to any dividends authorised by the board or to any share in the distribution of the surplus assets of the Company.
- 4.4 **Class B Shares:** Class B Shares shall have the following rights attached to them:
- (a) the right to receive notice of and attend every meeting of Shareholders.
  - (b) the right to an equal share in dividends authorised by the board; and
  - (c) subject to clause 8.2, the right to an equal share in the distribution of the surplus assets of the Company,
- but do not have any right to vote on a poll at a meeting of the Company on any resolutions.
- 4.5 **Redeemable Shares:** The Company may redeem a redeemable share:
- (a) at the option of the Company; or
  - (b) at the option of the holder of the share; or
  - (c) on a date specified in this Constitution,
- for a consideration that is:

- (d) specified;
- (e) to be calculated by reference to a formula; or
- (f) required to be fixed by a suitably qualified person who is not associated with or interested in the Company.

4.6 **Issue of Shares:** Subject to this Constitution, the Shareholders' Agreement and the LG(WS) Act, the Board may:

- (a) issue Shares at any time, to any Shareholder or any other person permitted to hold Shares in accordance with the LG(WS) Act and in such numbers as it thinks fit;
- (b) issue Shares in different classes which have different rights;
- (c) issue Shares which are redeemable (as defined in section 68 of the Companies Act); and
- (d) divide existing Shares into different classes which have different rights.

4.7 **Authority to Hold Own Shares:** The Company may hold its own shares uncanceled but only in accordance with section 67A, 67B and 67C of the Act.

4.8 **Reissue of Shares:** Any shares reissued by the Company must be treated as the issue of new shares.

4.9 **Compliance:** The Company must comply with the Act when it purchases or acquires shares issued by it.

## 5. CALLS ON SHARES

5.1 **Board may make calls:** Subject to the Shareholders' Agreement, the Board may make calls on any Shareholder in respect of any money unpaid on their Shares, and not previously made payable at a fixed time, by prior written notice to the relevant Shareholder specifying the time and date for payment (such time and date to be no earlier than 10 Business Days after the notice is given to the relevant Shareholder). The relevant Shareholder must comply with the terms of any call made by the Board. A call may be payable by instalments. The Board may revoke or postpone a call.

5.2 **Interest and expenses:** A person who fails to pay a call on the due date must pay:

- (a) interest on that money from the day payment was due to the day of actual payment at a rate fixed by the Board; and
- (b) all expenses which the Company has incurred or may incur because of non-payment,

provided that the Board may waive payment of all or part of that interest or those expenses.

## 6. LIEN OVER SHARES

6.1 **Existence and subject matter of lien:** If a Shareholder fails to pay any call on the due date, the Board may at any time by written notice to the Shareholder require payment of the unpaid amount together with any amount payable under clause 5.2. Such notice must specify a further date (not earlier than 10 Business Days from the date of the notice) by which payment is required to be made, and must state that if such payment is not made on or before the specified date, clause 6.2 will apply.

- 6.2 **Company has first lien:**
- (a) The Company has a first lien over:
    - (i) each Share and the proceeds of sale of the Share; and
    - (ii) all distributions made in respect of the Share,for:
    - (iii) all unpaid calls owing in respect of the Shares and any amount payable under clause 5.2; and
    - (iv) sale expenses owing to the Company in respect of the Shares.
  - (b) The registration of any transfer of a Share will not operate as a waiver of any lien the Company may have on that Share, unless notice to the contrary is given by the Company to the transferee.
7. **TRANSFER OF SHARES**
- 7.1 **Right to transfer:** Subject to any restrictions set out in this clause 7, the LGA, the LG(W)S Act and the Shareholders' Agreement, a Share may be transferred by entry of the name of the transferee in the share register for the Company following receipt by the Company of a validly signed form of transfer.
- 7.2 **Prior approval required:** No Shareholder may sell, assign, transfer or dispose of, directly or indirectly, the legal or beneficial ownership of any of its Shares except in accordance with the provisions of this clause 7 and unless such sale, assignment, transfer or disposal:
- (a) has first been approved in writing by all Shareholders; or
  - (b) is a permitted transfer in accordance with clause 7.4.
- 7.3 **No delay:** Subject to clause 7.5, the Board may not exercise any powers conferred by this Constitution to refuse or delay the registration of any sale, assignment, transfer or disposal of Shares completed in accordance with clause 7.2.
- 7.4 **Permitted transfers:** Subject to the LG(W)S Act, the restrictions in this clause 7 do not apply to the transfer of Shares by a Local Authority to:
- (a) another Local Authority within the Service Area; or
  - (b) any successor Local Authority to that Local Authority.
- 7.5 **Board may refuse to register:** The Board may refuse or delay the registration of any transfer of a Share to any person if:
- (a) the transfer would result in a breach of law, this Constitution or the Shareholders' Agreement;
  - (b) any money payable on that Share is due for payment and has not been paid;
  - (c) the Company has an unsatisfied lien on that Share or the proceeds of sale of that Share;
  - (d) the transferee is a person without legal capacity to contract or the transfer has not been properly executed;

- (e) the transfer is not accompanied by proof (reasonably required by the Directors) of the right of the transferor to make the transfer; or
- (f) the transfer document is not in the usual or common form or otherwise in the form prescribed by the Board from time to time (if any),

provided that the Board must at all times comply with section 84 of the Companies Act.

## 8. DISTRIBUTIONS

8.1 **Distributions:** Any Distribution to be made will be subject to the Company being able to:

- (a) comply with its then current business plan;
- (b) comply with its legal obligations, including under the LG (WS) Act;
- (c) meet the solvency test under the Companies Act; and
- (d) maintain a prudent level of reserves,

in each case, as determined by the Board (except for any Distribution pursuant to clause 15).

8.2 **Approach to Distributions:** Subject to clause 8.1, any Distributions will be made to the Shareholders taking into account where the surplus arose from, consistent with the ringfencing principles in clause 2.7.

## 9. COMPANY ACQUIRING ITS OWN SHARES

9.1 **Company may acquire its own Shares:** The Company may purchase or otherwise acquire its own Shares only if it has first been authorised to do so by Special Resolution in which case the Shares purchased or otherwise acquired will be deemed to be cancelled immediately on acquisition.

## 10. SHAREHOLDER MEETINGS

10.1 **Annual meeting:** The Board must hold an annual Shareholders' meeting in accordance with section 120 of the Companies Act unless in the case of any annual meeting, everything required to be done at that meeting (whether by way of resolution or otherwise) is done by written resolution in accordance with section 122 of the Companies Act.

10.2 **Special meetings:** A special Shareholders' meeting:

- (a) may be called at any time by the Board; and
- (b) must be called by the Board on the written request of the Shareholders Representative Group.

10.3 **Proceedings at Shareholders' meetings:** The provisions of Schedule 1 to the Companies Act as modified by this Constitution, including the rules set out in Schedule 1, govern proceedings at Shareholders' meetings.

## 11. REPORTING REQUIREMENTS

11.1 **Reporting:** Subject to clause 11.2:

- (a) the Board must prepare the plans or reports required by the Shareholders Representative Group by notice in writing to the Company (provided that such

- notice must comply with the requirements in section 249(4) of the LG(WS) Act), in accordance with the requirements specified in that notice;
- (b) within eight months of the start of each Financial Year of the Company, the Board must prepare, adopt and deliver to the Shareholders (in accordance with section 248 of the LG(WS) Act) a Water Services Half-yearly Report, which must include information required to be included by any current Statement of Expectations, and publish that report in accordance with section 223 of LG(WS) Act; and
  - (c) within three months of the end of each Financial Year of the Company, the Board must prepare, adopt and deliver to the Shareholders (in accordance with section 243 of the LG(WS) Act), and publish in accordance with section 223 of the LG(WS) Act, its Water Services Annual Report for that Financial Year, which must include the information required to be included by:
    - (i) the Statement of Expectations;
    - (ii) the Companies Act; and
    - (iii) section 246 of the LG(WS) Act.
- 11.2 **Information to be withheld:** Nothing in this clause 11 requires the inclusion in any Statement of Expectations, annual report, financial statements or quarterly report required to be produced under this Constitution of any information that may be properly withheld if a request for that information was made under the Local Government Official Information and Meetings Act 1987.
- 12. DIRECTORS**
- 12.1 **Independent Directors:** All Directors must be Independent Directors.
- 12.2 **Number of Directors:** The minimum number of Directors is five and the maximum number of Directors is seven.
- 12.3 **Appointment and removal by Shareholders Representative Group:**
- (a) Subject to clause 12.1 and the Shareholders' Agreement, the Shareholders Representative Group must appoint up to the maximum number of Directors set out in clause 12.2, by notice in writing to the Company. Directors may be removed and replaced in the same way at any time during their term.
  - (b) The Shareholders and the Company must promptly take such steps as may be necessary to effect the appointment, replacement or removal of any individual (including if a Director fails to vacate office when required to do so) in accordance with this clause 12.3 if applicable, including, in the case of the Shareholders, by exercising their voting rights in the relevant Shareholders' meeting (or by way of written resolution).
- 12.4 **Appointment and removal where vacancy exists:** Where there is a casual vacancy on the Board, the Board may, by majority vote, recommend an appointment to fill that vacancy to the Shareholders Representative Group for its approval in accordance with the Shareholders' Agreement. A Director appointed under this clause 12.4 may be removed and replaced in the same way.

**12.5 Skills of Directors:**

- (a) A person may only be appointed to be a Director if the person has, in the opinion of the Shareholders Representative Group, the skills, knowledge, or experience to:
  - (i) guide the Company, given the nature and scope of its activities; and
  - (ii) contribute to the achievement of the objectives of the Company.
- (b) Without limiting clause 12.5(a), all Director appointments must be made having regard to the Board Skills Matrix, with the aim of ensuring that the Board as a whole has the skills required by the Board Skills Matrix.

**12.6 Term of Appointment:** Unless otherwise approved by the Shareholders:

- (a) Each Director will be appointed for a term of up to 3 consecutive years
- (b) A Director may be reappointed at the expiry of his or her term of appointment, provided that, subject to this clause 12.6, no Director may be appointed for more than 9 consecutive years except where approved by a Special Resolution.
- (c) A person who has previously served as a Director (for any period), but who subsequently to resigning or being removed as a Director has not served as a Director for a continuous period of at least 2 years, may then be appointed as a Director for up to 9 consecutive years.
- (d) Each person who is appointed as a Director upon incorporation of the Company will serve an initial term of 3 years, and then each of those Directors will be offered automatic re-appointment for a period of 1, 2 or 3 years (as recommended by the Board and approved by the Shareholders Representative Group), in order to enable [an orderly](#) rotation of the Board and with the intention that at least 2 Directors will have their appointments expire in each of the following 3 years.

**12.7 Vacation of office:** A Director vacates office if that Director:

- (a) resigns by written notice of resignation to the Company. The notice is to be effective when it is received at that address or at a later time specified in the notice;
- (b) reaches the end of their term and is not reappointed;
- (c) is removed from office in accordance with clause 12.3;
- (d) becomes disqualified from being a Director pursuant to section 151 of the Companies Act or clause 12.17; or
- (e) dies.

**12.8 Appointment of Chair:**

- (a) The Shareholders Representative Group will appoint the Chair of the Board.
- (b) The Chair will hold office until:
  - (i) they cease to be a Director of the Company; or
  - (ii) a new Chair is appointed by the Shareholders Representative Group.

**12.9 Powers of the Board:**

- (a) Subject to clause 12.9(b) and any restrictions in the Companies Act, the LG(WS) Act, the Shareholders' Agreement or this Constitution, the business and affairs of the Company must be managed by or under the direction or supervision of the Board.
- (b) The Board has, and may exercise, all the powers necessary for managing, directing and supervising the management of the business and affairs of the Company except to the extent that this Constitution, the Shareholders' Agreement, the Companies Act or the LG(WS) Act expressly requires those powers to be exercised by the Shareholders or any other person.
- (c) The Board may appoint a Director who is not the Chair as the managing director of the Company, where this appointment is approved by the Shareholders Representative Group. Any such appointment may be terminated by the Shareholders Representative Group at any time by notice in writing to the Company.

**12.10 Prohibited matters:** Notwithstanding clause 12.9(b), except to the extent permitted by the Shareholders' Agreement, the Board must not, and must not cause the Company to:

- (a) incur indebtedness, outside the ordinary course of the Company's business, to any person other than the New Zealand Local Government Funding Agency Limited or a New Zealand registered banking institution; or
- (b) grant a security interest over any of the assets of the Company except as permitted by the LG(WS) Act.

**12.11 Shareholder Reserved Matters:** Notwithstanding clause 12.9(b), but subject to any restrictions in the LG(WS) Act, the Board must not, and must not cause the Company to enter into any transaction or matter that is a Reserved Matter, unless first approved in writing by the Shareholders in accordance with the Shareholders' Agreement.**12.12 Solvency test:** Notwithstanding any approval obtained pursuant to clause 12.10, the Board must not cause the Company to borrow or raise any money, or enter into or incur any guarantee or other liability of any nature, if the effect of doing so would be that the Company will not satisfy the solvency test (as that term is defined in the Companies Act).**12.13 Proceedings of the Board:** The provisions of ~~the~~ Schedule 3 to the Companies Act as modified by this Constitution, including the rules set out in Schedule 2, govern proceedings at meetings of Directors.**12.14 Directors duties:** In addition to the duties set out in the Companies Act, the Directors must assist the Company to meet the requirements set out in the Statement of Expectations or the LG(WS) Act.**12.15 Directors to act in good faith:** A Director, when exercising powers or performing duties, must act in a manner which that Director believes to be in the best interests of the Company (notwithstanding that it may not be in the best interests of any particular Shareholder).**12.16 Indemnity and insurance of Directors and employees:** The Company may indemnify and effect insurance in accordance with any part or all of section 162 of the Companies Act provided that:

- (a) the Board must ensure that particulars of any indemnity given to, or insurance taken out for, any director, or employee of the Company are immediately entered in the interests register; and

- (b) the Board may impose any conditions in relation to any indemnity or insurance if the conditions do not contravene the Companies Act.

For the purposes of this clause 12.16 "director" includes any former director, "employee" includes any former employee, and "Company" includes any Subsidiary of the Company.

12.17 **Disqualification of Directors:** A person will be disqualified from holding the office of Director if he or she:

- (a) is or becomes disqualified from being a Director under any provision of the Companies Act or the LG(WS) Act; or
- (b) is not or ceases to be an Independent Director.

12.18 **Remuneration of Directors:**

- (a) The Shareholders Representative Group will determine the total sum available to the Board each year to make remuneration payments in accordance with clause 12.18(b).
- (b) The Board may not authorise any form of remuneration to be paid to a Director without Board approval and unless such payment is made and authorised in accordance with the provisions of the Companies Act and the Shareholders Representative Group resolution passed in accordance with clause 12.18(a).
- (c) The Board may authorise the reimbursement by the Company of reasonable travelling, hotel and other expenses incurred by Directors in attending Board meetings, Shareholders Representative Group meetings, Shareholder meetings or in relation to any other affairs of the Company.

12.19 **Other offices with company held by Director:**

- (a) Any Director may act by himself or herself or by the Director's firm in a professional capacity for the Company, and the Director or the Director's firm will be entitled to remuneration for professional services as if the Director were not a Director. Nothing in this clause authorises a Director or the Director's firm to act as auditor of the Company.
- (b) A Director may hold any other office or place of profit in the Company (other than the office of auditor) in conjunction with the Director's office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine, subject to the necessary reporting disclosures and avoidance of conflicts of interest.

12.20 **Performance evaluation:** The Board will undertake a self-evaluation of its performance on a biennial basis, in line with accepted good governance principles and practices, and the results will be reported directly to the Shareholders Representative Group and to the Chief Executives (or equivalent) of each of the Shareholders.

**13. INTERESTS OF DIRECTORS**

13.1 **Disclosure of interests:** A Director must disclose particulars of any interest in a transaction or proposed transaction of the Company in accordance with section 140 of the Companies Act.

- 13.2 **Interested Directors:** As set out in section 139 of the Companies Act, a Director is "interested" in a transaction to which the Company is a party if:
- (a) they are a party to the transaction or may derive a material financial benefit from it;
  - (b) they have a material interest in another party to the transaction;
  - (c) they are a director, officer or trustee of another party to the transaction;
  - (d) they are a director, officer or trustee of a person who may derive a material financial benefit from the transaction;
  - (e) they are a parent, child or spouse, civil union partner, or de facto partner of a person described in clauses 13.2(a) to 13.2(d); or
  - (f) they are otherwise directly or indirectly materially interested in the transaction.
- 13.3 **Interested Directors may not act:** A Director who is interested in a transaction entered into, or to be entered into, by the Company must not do any of the following:
- (a) vote on or sign a document relating to that transaction on behalf of the Company;  
or
  - (b) do any other thing in their capacity as a Director in relation to that transaction,
- provided that a Director may vote, sign documents and otherwise do any other thing in their capacity as a Director with regard to any matter relating to the following:
- (c) any payment or other benefit of the kind referred to in section 161 of the Companies Act in respect of that Director in accordance with clause 12.18;
  - (d) the entry into an indemnity or insurance arrangement in respect of that Director in their capacity as a director of the Company in accordance with clause 12.16; or
  - (e) transactions in which a Director is interested solely in their capacity as a director of a Subsidiary of the Company.
- 13.4 **Interests register review:** The Board will review the interests register at the beginning of every Board meeting.
- 13.5 **No prohibition re quorum:** No prohibition under this clause 13 will prevent the attendance of a Director at a Board meeting from counting for quorum purposes.
- 14. NOTICES**
- 14.1 **Service:** Notices may be served by the Company upon any Director or Shareholder by personal delivery, electronic means or by posting it in a prepaid envelope or package addressed to the recipient at his or her last known address (or, in the case of a company, its registered office). A notice may be given by the Company to joint Shareholders by giving the notice to the joint Shareholder named first in the Share Register in respect of the Share, or to such other person as or the joint Shareholders may in writing direct.
- 14.2 **Time of service:** Notices are deemed served at the following times:
- (a) when given personally, on delivery;
  - (b) when sent by post or document exchange, five Business Days after (but exclusive of) posting; and

- (c) when sent by email, at the time of transmission, if (in the event receipt is disputed) the sender produces a printed copy of the email which evidences that the email was sent to the email address of the recipient.

Any notice which has been served on a Saturday, Sunday or public holiday is deemed to be served on the first Business Day after that day.

## 15. LIQUIDATION

If the Company is liquidated, the liquidator may, with the unanimous approval of the Shareholders and any other approval required by the Companies Act or the LG(WS) Act, but subject to the requirements of the Shareholders' Agreement (as notified by any Shareholder to the liquidator) and, if applicable, the rights or restrictions attached to the different classes of shares issued by the Company:

- 15.1 distribute to the Shareholders in kind the whole or any part of the assets of the Company; and
- 15.2 vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the persons so entitled as the liquidator thinks fit, but so that ~~the no~~ Shareholders ~~is~~ ~~are not~~ compelled to accept any Shares or other securities on which there is any liability.

## 16. METHODS OF CONTRACTING

- 16.1 **Deeds:** A deed which is to be entered into by the Company may be signed on behalf of the Company by:
- (a) two or more Directors;
- (b) a Director, and any person authorised by the Board, whose signatures must be witnessed; or
- (c) one or more attorneys appointed by the Company.
- 16.2 **In writing:** Subject to clause 16.1, an obligation or contract which is required by law to be in writing, and any other written obligation or contract which is to be entered into by the Company, may be signed on behalf of the Company by two people acting under the express or implied authority of the Company.
- 16.3 **Other:** Subject to clause 16.1, any other obligation or contract may be entered into on behalf of the Company in writing or orally by two people acting under the express or implied authority of the Company.

**SCHEDULE 1****RULES FOR SHAREHOLDER MEETINGS****1. CHAIR**

- 1.1 If the Chair is present at the meeting, he or she must chair the meeting.
- 1.2 If there is no Chair or if the Chair is not present at the meeting within 15 minutes of the start time, the Directors present may elect a chair for that meeting, failing which, the Shareholders (or their representatives) present may elect a chair for that meeting.

**2. NOTICE OF MEETINGS**

- 2.1 Each Shareholder and every Director of the Company must be sent written notice of the time and place of the meeting at least 10 Business Days before the meeting.
- 2.2 The notice must state:
- (a) the nature of the business to be discussed at the meeting in sufficient detail to enable the Shareholders to form a reasoned judgment in relation to it; and
  - (b) the text of any Reserved Matter resolution or other resolution to be put to the meeting.
- 2.3 An irregularity in a notice of a meeting is waived if:
- (a) the Shareholders attend the meeting without protest as to the irregularity; or
  - (b) if each Shareholder agrees to the waiver.
- 2.4 If a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of an original meeting. It is not otherwise necessary to give any new notice for an adjourned meeting.
- 2.5 The accidental omission to give a notice of a meeting to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice does not invalidate the proceedings at that meeting.

**3. METHODS OF HOLDING MEETINGS**

- 3.1 A Shareholders' meeting may be held in any of the following ways:
- (a) at the place, date, and time appointed for the meeting;
  - (b) by means of audio, or audio and visual, communication; or
  - (c) a combination of (a) and (b).

The Shareholders (or their representatives) participating must constitute a quorum and must all be able to simultaneously hear all participants throughout the meeting.

**4. QUORUM**

- 4.1 No business may be transacted at a Shareholder meeting if a quorum is not present.

- 4.2 A quorum for a Shareholder meeting is present if each Shareholder or their proxies:
- (a) is present; or
  - (b) has completed postal votes (where permitted).
- 4.3 If a quorum is not present within the 30 minutes after the start time for the meeting:
- (a) if the meeting is called under section 121(b) of the Companies Act, the meeting is dissolved; or
  - (b) for any other meeting, the meeting is adjourned to:
    - (i) the same day in the following week at the same time and place; or
    - (ii) to another date, time and place to be fixed by the Directors.

## 5. ADJOURNMENTS

- 5.1 The chair:
- (a) may adjourn the meeting from time to time and from place to place, but no business can be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place; and
  - (b) must adjourn the meeting as above if directed to do so by the meeting.

## 6. VOTING

- 6.1 If a Shareholder meeting is held under rule 3.1(b), unless a poll is demanded, voting at the meeting will be by:
- (a) voting by voice; or
  - (b) voting by show of hands,
- and the chair of the meeting will decide which method is used.
- 6.2 A declaration by the chair of the meeting that a resolution is carried by the necessary majority is conclusive evidence of that fact unless a poll is demanded.
- 6.3 Subject to the Shareholders' Agreement and to any rights or restrictions attached to any Share:
- (a) where voting is by voice or a show of hands, every Shareholder present in person or by representative has one vote; and
  - (b) on a poll every Shareholder present in person or by representative has one vote in respect of every Share held by that Shareholder which entitles a Shareholder to vote; and
  - (c) in the case of an equality of votes, the chair of the meeting does not have a casting vote.

## 7. PROXIES AND POSTAL VOTES

- 7.1 Each Shareholder has the right to appoint a representative as its proxy to attend and vote at Shareholder meetings on its behalf. Any such representative so appointed is entitled to

attend and be heard at Shareholder meetings and to demand or join in demanding a poll, as if that representative was the relevant Shareholder.

7.2 A Shareholder may not cast a postal vote at a Shareholders' meeting unless the Board has previously authorised postal votes for that meeting in which case:

- (a) the notice of that meeting must state whether postal votes are authorised; and
- (b) postal voting must be carried out in accordance with clause 7 of the Schedule 1 to the Companies Act.

## **8. MINUTES**

8.1 The Board must ensure that minutes are kept of all proceedings at Shareholder meetings.

8.2 Minutes which have been signed correct by the chair of the meeting are prima facie evidence of the proceedings.

## **9. SHAREHOLDER PROPOSALS**

9.1 The Shareholders may give written notice to the Board of a matter the Shareholder proposes to raise for discussion or resolution at the next Shareholder meeting. The provisions of clause 9 of Schedule 1 of the Companies Act apply to any notice given under this rule 9.1.

9.2 The chair of a Shareholder meeting will allow a reasonable opportunity for the Shareholders to question, discuss or comment on the management of the Company.

## **10. OTHER PROCEEDINGS**

10.1 Except as provided in this Schedule 1, and subject to this Constitution, a Shareholder meeting may regulate its own procedure.

**SCHEDULE 2****RULES FOR BOARD PROCEEDINGS****1. FREQUENCY OF MEETINGS**

1.1 The Board will meet at least 10 times per annum, or as otherwise resolved by the Board.

**2. NOTICE OF MEETING**

2.1 A Director or, if requested by a Director to do so, an employee of the Company, may convene a meeting of the Board by giving notice in accordance with this clause.

2.2 At least five Business Days' notice of a meeting of the Board must be given to every Director who is able to be contacted in New Zealand. The notice must include the date, time and place of the meeting and the matters to be discussed.

2.3 An irregularity in the notice of the meeting is waived if all Directors attend the meeting without protest as to the irregularity or if all Directors entitled to receive notice of the meeting agree to the waiver.

**3. METHOD OF HOLDING MEETINGS**

3.1 The Board may meet in person or by any technological means that allow participating Directors to be in communication with other participating Directors in a manner that is relatively contemporaneous. Where Directors are not all in attendance in one place but are holding a meeting through such a system of communication:

- (a) the participating Directors will be taken to be assembled together at a meeting and present at that meeting (including for the purposes of quorum requirements);
- (b) the meeting will be taken to be held at the place agreed to by the participating Directors so long as at least one participating Director is physically present at that place; and
- (c) all proceedings at meetings conducted in such a manner will be valid and effective as if conducted at a meeting at which all of them were physically present.

**4. QUORUM**

4.1 At any meeting of Directors a quorum will only be present if at least 75% of Directors are present.

4.2 If a quorum is not present within 30 minutes of the time appointed for the commencement of the Board meeting, the Board meeting must be adjourned to the same day in the following week at the same time and place, or to such other date, time and place as the Chair may appoint, and if at the adjourned meeting a quorum is not present within one hour after the time appointed for the commencement of the meeting, the Directors present (regardless of the person who appointed them) will constitute a quorum. No business may be transacted at a meeting of Directors if a quorum is not present.

**5. VOTING**

5.1 Every Director has one vote.

5.2 The Chair does not have a second or casting vote.

- 5.3 Subject to clauses 12.9 and 12.10, a resolution of the Board is passed if it is agreed to by all Directors present without dissent or if a majority of the votes cast on it are in favour of it.
- 5.4 A Director who abstains from voting is not presumed to have voted in favour of, or dissented to, the relevant resolution of the Board.

## 6. RESOLUTIONS

- 6.1 A resolution in writing, signed or assented to by all Directors then entitled to receive notice of a Board meeting, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held.
- 6.2 A resolution may consist of several documents (including facsimile or other similar means of communication) in like form each signed or assented to by one or more Directors.
- 6.3 A copy of all resolutions must be entered in the minute book of Board proceedings.

## ~~7. NO NOTICE TO DIRECTORS OUTSIDE NEW ZEALAND~~

- ~~8.0 It is not necessary to give notice of a meeting of the Board to any Director temporarily absent from New Zealand.~~

## ~~9.7. MINUTES~~

- ~~9.17.1~~ The Board must ensure minutes are kept of all proceedings at meetings of the Board.

## ~~10.8. OTHER PROCEEDINGS~~

- ~~10.18.1~~ Except as provided in this Schedule 2 and this Constitution, the Board may regulate its own procedure.

Draft: ~~24 April~~ 14 May 2026

## TRANSITION AGREEMENT

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**FAR NORTH DISTRICT COUNCIL**

**WHANGAREI DISTRICT COUNCIL**

**KAIPARA DISTRICT COUNCIL**

**NORTHLAND WATERS LIMITED**

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## CONTENTS

CLAUSE	PAGE
<u>1. DEFINITIONS AND INTERPRETATION</u>	<u>1</u>
<u>2. SCOPE AND PURPOSE OF THIS AGREEMENT</u>	<u>5</u>
<u>3. TERM AND TERMINATION</u>	<u>7</u>
<u>4. ESTABLISHMENT PLAN AND BUDGET</u>	<u>87</u>
<u>5. SECONDMENTS</u>	<u>9</u>
<u>6. SUPPORT SERVICES</u>	<u>10</u>
<u>7. MEETINGS</u>	<u>13</u>
<u>8. LIABILITY</u>	<u>13</u>
<u>9. CONFIDENTIALITY</u>	<u>1413</u>
<u>10. FORCE MAJEURE</u>	<u>14</u>
<u>11. DISPUTE RESOLUTION</u>	<u>15</u>
<u>12. NOTICES</u>	<u>1746</u>
<u>13. GENERAL</u>	<u>18</u>
<del>1. DEFINITIONS AND INTERPRETATION</del>	<del>1</del>
<del>2. SCOPE AND PURPOSE OF THIS AGREEMENT</del>	<del>5</del>
<del>3. TERM AND TERMINATION</del>	<del>7</del>
<del>4. ESTABLISHMENT PLAN AND BUDGET</del>	<del>7</del>
<del>5. SECONDMENTS</del>	<del>9</del>
<del>6. SUPPORT SERVICES</del>	<del>10</del>
<del>7. MEETINGS</del>	<del>13</del>
<del>8. LIABILITY</del>	<del>13</del>
<del>9. CONFIDENTIALITY</del>	<del>13</del>
<del>10. FORCE MAJEURE</del>	<del>14</del>
<del>11. DISPUTES</del>	<del>15</del>
<del>12. DISPUTE RESOLUTION</del>	<del>15</del>
<del>13. NOTICES</del>	<del>16</del>
<del>14. GENERAL</del>	<del>17</del>

## SCHEDULES

SCHEDULE 1 INITIAL ESTABLISHMENT PLAN AND BUDGET  
SCHEDULE 2 SUPPORT SERVICES  
~~SCHEDULE 1 INITIAL ESTABLISHMENT PLAN AND BUDGET~~  
~~SCHEDULE 2 SUPPORT SERVICES~~

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[43648421\\_1043648421\\_1043648421\\_9](#)

**AGREEMENT DATED****2026****PARTIES**

1. **Far North District Council**
2. **Whangarei District Council**
3. **Kaipara District Council**

(Far North District Council, Whangarei District Council and Kaipara District Council are each a **Council** and are together the **Councils**)

4. **Northland Waters Limited (Northland Waters)**

**BACKGROUND**

- A. Whangarei District Council incorporated Northland Waters on 11 May 2026, in anticipation of Far North District Council and Kaipara District Council subsequently becoming shareholders in Northland Waters. The Councils have established Northland Waters has been established as a Water Organisation to take over the Councils' obligations to deliver Water Services in their respective Service Areas with effect from 1 July 2027.
- B. In order for Northland Waters to be in a position to take over these obligations, it will be required to undertake a programme of establishment and transition activities, which will require financial and other support to be provided by the Councils to Northland Waters.
- C. This agreement sets out the arrangements between the Councils and Northland Waters that will be in effect during the Establishment Period (as defined below) and replaces the Transition Agreement entered into between Whangarei District Council and Northland Waters dated 11 May 2026 (which is deemed to have terminated on the date of this agreement pursuant to its terms).

**THE PARTIES AGREE THAT:****1. DEFINITIONS AND INTERPRETATION****1.1 Definitions:** In this agreement, unless the context indicates otherwise:

**Board** means the board of directors of Northland Waters;

**Budget** means the budget for Northland Waters for the Establishment Period, comprising:

- (a) the initial budget for the 3 month period from the Incorporation Date following the date of this agreement, which is set out in Schedule 1; and

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[43648421\\_1043648421\\_1043648421\\_9](#)

- (b) the subsequent budget(s) covering the subsequent period to the end of the Establishment Period (or such other shorter period as relevant) as approved by the SRG pursuant to clause 4.5(b) or as notified by Northland Waters to the SRG pursuant to clause 4.5(c) (as relevant);

**Business Day** means any day other than a Saturday, Sunday or statutory public holiday in the Service Areas;

**Confidential Information** means any information (in any form):

- (a) relating to the terms of this agreement;
- (b) relating directly or indirectly to the business of any party, or to their respective suppliers or customers which is subject to an obligation of confidentiality applicable to a party; or
- (c) disclosed by a party to any party or otherwise obtained by any other party on the express basis that such information is confidential in nature,

provided that, where information relates exclusively to one party, nothing in this agreement will require that party to maintain confidentiality in respect of that information;

**Establishment Period** has the meaning given in the Shareholders' Agreement;

**Establishment Plan** means the detailed establishment plan for the activities to be carried out by Northland Waters during the Establishment Period, being:

- (a) in respect of the 3 month period from ~~the date of this agreement~~ the Incorporation Date, the plan as set out in Schedule 1; and
- (b) the subsequent plan(s) covering the subsequent period to the end of the Establishment Period (or such other shorter period as relevant) as notified by Northland Waters to the SRG pursuant to clause 4.1(c);

**Force Majeure** means, in relation to either party (**Affected Party**), an event or circumstance which is beyond the reasonable control of the Affected Party, including any:

- (a) strike, lock-out or other industrial disturbance by or amongst employees of a person other than the Affected Party;
- (b) act of public enemy, or declared or undeclared war or threat of war;
- (c) terrorist act, blockade, revolution, riot, insurrection, civil commotion or public demonstration (other than one caused by the Affected Party);
- (d) any sabotage or act of vandalism;
- (e) any lightning, fire, storm, flood, earthquake, accumulation of snow or ice or lack of water arising from weather or environmental problems;

- (f) any explosion, fault or failure of any plant, apparatus or equipment which could not have been prevented by Good Industry Practice;
- (g) governmental or regional or local authority restraint or law (including any restraint relating to Covid-19); or
- (h) epidemic or pandemic (which is of a more significant magnitude than any epidemic or pandemic subsisting as at the date of this agreement),

but does not include any:

- (i) event or circumstance which could have been avoided by the exercise, by the Affected Party, of Good Industry Practice; or
- (j) lack of funds or authority or power on the part of the Affected Party;

Incorporation Date has the meaning given in the Shareholders' Agreement;

**LGFA** means New Zealand Local Government Funding Agency Limited;

**LGOIMA** means the Local Government Official Information and Meetings Act 1987;

**LG (WS) Act** means the Local Government (Water Services) Act 2025;

**Operational Date** has the meaning given in the Shareholders' Agreement;

**Personnel** of a person means the officers, employees (including temporary employees), contractors (including sub-contractors) and agents of that person, =

~~the officers, employees (including temporary employees), contractors (including sub-contractors) and agents of that person; and~~

~~the officers, employees (including temporary employees), contractors (including sub-contractors) and agents of that person;~~

but in the case of:

- (a) any of the Councils, excludes the Personnel of Northland Waters; and
- (b) Northland Waters, excludes the Personnel of any of the Councils;

**Service Area** has the meaning given in the LG (WS) Act and, in relation to each Council means the territorial district of that Council;

**Service Charges** means, in respect of any Support Services, the amounts payable by Northland Waters for the provision of those Support Services, as agreed by the relevant Council providing the Support Services and Northland Waters and as set out in Schedule 2;

**Service Termination Date** means the end date for a Support Service which is agreed between the relevant Council and Northland Waters in writing as contemplated by clause 6.2;

**Shareholders' Agreement** means the Shareholders' Agreement relating to Northland Waters, as amended from time to time;

**Shareholders Representative Group** or **SRG** has the meaning given in the Shareholders' Agreement;

**Support Services** means, in respect of each Council, the support services that Council has agreed to provide to Northland Waters as contemplated by clause 6.2;

**Systems** means information technology systems, including hardware, firmware, protocols, software and other peripheral equipment, networks, communications systems and other equipment of whatever nature;

**Term** has the meaning given in clause 3.1;

**Water Organisation** has the meaning given in section 4 of the LG (WS) Act; and

**Water Services** means the water services in respect of which the obligation to perform those services will be transferred by each of the Councils to Northland Waters with effect from the Operational Date.

**1.2 Interpretation:** In this agreement, unless the context indicates otherwise:

- (a) **Defined Expressions:** expressions defined in the main body of this agreement have the defined meaning throughout this agreement, including the background;
- (b) **Headings:** clause and other headings are for ease of reference only and will not affect this agreement's interpretation;
- (c) **Parties:** references to any **party** include that party's successors and permitted assigns;
- (d) **Persons:** references to a **person** include an individual, company, corporation, partnership, firm, joint venture, association, trust, unincorporated body of persons, governmental or other regulatory body, authority or entity, in each case whether or not having a separate legal identity;
- (e) **Plural and Singular:** references to the singular include the plural and vice versa;
- (f) **Clauses and Schedules:** references to clauses and schedules are to clauses in, and the schedules to, this agreement. Each such schedule forms part of this agreement;
- (g) **Statutory Provisions:** references to any statutory provision are to statutory provisions in force in New Zealand and include any statutory provision which amends or replaces it, and any by-law, regulation, order, statutory instrument, determination or subordinate legislation made under it;
- (h) **Negative Obligations:** any obligation not to do anything includes an obligation not to suffer, permit or cause that thing to be done;

- (i) **Inclusive Expressions:** the term **includes** or **including** (or any similar expression) is deemed to be followed by the words **without limitation**;
- (j) **Documents:** references to any document (however described) are references to that document as modified, novated, supplemented, varied or replaced from time to time and in any form, whether on paper or in an electronic form; and
- (k) **Precedence:** if there is any conflict between a provision of this agreement and the provisions of the Shareholders' Agreement, the terms of this agreement will prevail.

## 2. SCOPE AND PURPOSE OF THIS AGREEMENT

**2.1 Intentions:** The parties acknowledge and agree that their mutual intentions in entering into this agreement are as follows:

- (a) to ensure that Northland Waters will be able (through a combination of its own resources, the assets and arrangements to be transferred to it by each Council on the Operational Date, and any support services to be provided by each Council to Northland Waters from the Operational Date) to provide the Water Services in each Service Area from the Operational Date, in accordance with the LG (WS) Act and all other legislation that will apply to a Water Organisation;
- (b) to provide the Board with comfort that the obligations that will be taken on by Northland Waters during the Establishment Period will be funded by the Councils as required by the Board, so as to ensure that Northland Waters will not be trading while insolvent; and
- (c) to give each Council comfort as to the progress Northland Waters is making in achieving the outcome set out in clause 2.1(a).

**2.2 Role of the SRG:** The parties acknowledge and agree that:

- (a) the SRG will have the role of monitoring the performance of Northland Waters under this agreement and making decisions relating to this agreement, as contemplated by the Shareholders' Agreement; and
- (b) no individual Council will have the unilateral right to amend any term of this agreement.

**2.3 Documenting Loans:** All funding to be provided by a Council to Northland Waters pursuant to this agreement (including under clause 2.5 if relevant) and all amounts which a Council will be entitled to pass through to Northland Waters pursuant to clause 2.6 will be formally recorded in a loan agreement between that Council and Northland Waters, and such loan agreement will provide that:

- (a) the loan advances will be added to the principal amount of the loan;
- (b) interest will be charged on the loan principal by each Council at the rate at which that Council borrows from LGFA;

- (c) the Council will not have the right to call for repayment of any portion of the loan at any time; and
  - (d) Northland Waters will repay that loan in full as soon as it is able to do so, which is anticipated to be on or shortly after Northland Waters has in place its lending facilities with LGFA, as contemplated by the Shareholders' Agreement.
- 2.4 Ringfencing:** The parties acknowledge that their intention is that funding to be provided by the Councils under this agreement will be advanced on an equal basis. However, where any costs or other liabilities incurred by Northland Waters are for the benefit of one Service Area only, or 2 out of the 3 Service Areas only, then Northland Waters will make such adjustments to its requests for funding, or to the deemed advances under the loans from each Council under clause 2.3, so as to give effect to the ringfencing principles set out in clause 2.7 of the Constitution. The parties acknowledge and agree that this clause will apply in respect of all advances provided by the Councils to Northland Waters from the Incorporation Date.
- 2.5 Solvency Funding:** Subject to the operation of clause 2.4, each Council undertakes to Northland Waters to provide an amount equal to one third of any funding that Northland Waters requests from the Councils to enable Northland Waters to meet any financial obligation it has undertaken when that obligation falls due, as determined by the Board, within 5 Business Days after receiving a written notice from Northland Waters requesting such funding. The Board will ensure it communicates any solvency concerns with the Councils as soon as reasonably possible to actively manage the risk that Northland Waters may be required to make a request under this clause. Northland Waters' right to request funding under this clause:
- (a) is separate from the funding arrangements relating to the Budget set out in clause 4; and
  - (b) Is limited to a maximum aggregate amount of \$2 million.
- 2.6 Reimbursement of Costs:**
- (a) Each Council will be entitled to treat all costs incurred by that Council (including internal staffing costs and external contractor and consultant costs) in respect of the following activities that are undertaken by that Council during the Establishment Period as an advance to Northland Waters which will be included in the loan by that Council to Northland Waters contemplated by clause 2.3: providing input and support for establishment activities, including supply of information, staff attendance at workshops, executive input to cross organisational programmes of work, and the preparation and review of legal agreements between each Council and Northland Waters, including this agreement.
  - (b) All activities to be undertaken by a Council in anticipation of those activities being dealt with under clause 2.6(a) must be agreed in advance in writing (which may be by an exchange of emails) by the Chief Executive of Northland Waters and the Chief Executive of that Council prior to the activities being undertaken.

- (c) The following activities are expressly excluded from the scope of activities covered by clause 2.6(a):
- (i) undertaking organisational change management within a Council to plan and prepare for changes to roles and functions in that Council as a result in the transfer of the Water Services (and associated assets, employees, obligations and liabilities) to Northland Waters; and
  - (ii) management of redundant resources and costs as a result of organisational changes directly arising from the transfer to Northland Waters, such as employee redundancy costs and stranded overheads.
- (d) All costs incurred by each Council that are dealt with under clause 2.6(a):
- (i) will form part of the establishment costs reporting undertaken by Northland Waters; and
  - (ii) must be included in the reporting to be provided by Northland Waters to the SRG under this agreement, such reporting to set out the costs incurred by each Council that is being dealt with under this clause 2.6(a), with the intention that this will be reflected through each Council's governance reporting.

### 3. TERM AND TERMINATION

**3.1 Term:** This agreement will come into force on the date it is signed by all parties and will automatically terminate on 30 June 2027, or such earlier date as agreed between the parties.

**3.2 Effect of Termination:**

- (a) Termination of this agreement will not affect any accrued rights or obligations of any party as at the date of termination.
- (b) Clauses 8 (Liability), 9 (Confidentiality), 10 (Notices) and this clause 3.2 will survive termination of this agreement.
- (c) For the avoidance of doubt, the obligations on the Councils to provide financial support to Northland Waters set out in this agreement will come to an end as at the date of termination, except where Northland Waters has validly sought payment of an amount in accordance with the terms of this agreement prior to the date of termination and that amount has not been paid by a Council as at the date of termination (in which case that amount will remain payable by that Council to Northland Waters notwithstanding such termination).

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**4. ESTABLISHMENT PLAN AND BUDGET**

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**4.1 Establishment Plan:** Northland Waters will:

- (a) do all things and take all actions required to give effect to the Establishment Plan;
- (b) provide a summary report on Northland Waters's progress against the Establishment Plan to the SRG on a monthly basis, including a one-page 'traffic light' summary of the status of the key workstreams in the Establishment Plan;
- (c) provide an updated Establishment Plan to the SRG when the Board updates this to reflect the developing workplan of Northland Waters over the Establishment Period; and
- (d) seek the prior approval from the SRG before entering into any agreement or other arrangement which is:
  - (i) a one-off arrangement or an arrangement which will be in force for a period of 12 months or less and under which the cost to Northland Waters will, or is reasonably expected to, exceed \$500,000; or
  - (ii) an arrangement which has a term of more than 12 months and under which the total cost to Northland Waters over the term of that arrangement will, or is reasonably expected to, exceed \$2 million,

provided that this clause will not apply to any employment agreements or agreements relating to the provision of ICT equipment and services entered into by Northland Waters.

**4.2 Provision of Information:** In addition to its obligations under clause 4.1, Northland Waters will provide to the SRG such information as the SRG may reasonably require from time to time as to the progress Northland Waters is making in implementing the Establishment Plan.**4.3 Funding from Budget:**

- (a) Subject to the operation of clause 2.4, each Council agrees to provide one third of the funding set out in the Budget to Northland Waters, in accordance with this agreement.
- (b) Northland Waters will make monthly requests for funding based on the Budget, on not less than 10 Business Days' prior written notice to each Council, with the relevant loan advance to be made by each Council on or before the 20<sup>th</sup> day of each month.

**4.4 Monthly Reporting on Budget:** Northland Waters will provide the SRG with:

- (a) an update of its spending against the Budget;

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- (b) an update to the Budget to reflect amounts drawn down from Councils; and
- (c) an updated anticipated schedule of monthly drawdown amounts, each month.

#### 4.5 Updates to Budget:

- (a) The parties acknowledge that as at the date of this agreement, the Board has agreed an initial Budget with the Councils (as set out in Schedule 1) and will need to agree with the Councils the quantum of the further funding that will be required by Northland Waters to complete the activities contemplated by the Establishment Plan (as this is updated by the Board over the Establishment Period).
- (b) Northland Waters will provide the SRG with a proposal to update the Budget where this is required by the Board, the proposal will contain such information as is reasonably required by the SRG. The SRG will confirm when any updates to the Budget have been approved (in which case that approved Budget will be the Budget for the purposes of this agreement).
- (c) The parties acknowledge that Northland Waters anticipates it will be able to establish an establishment funding loan from LGFA during the Establishment Period. If this occurs, Northland Waters will still provide updated Budgets, and reports against those Budgets, to the Councils as set out in this agreement, but clause 4.5(b) will no longer apply to the Budget (as updated from time to time).

## 5. SECONDMENTS

If any Council staff (being employees of, or independent contractors to, any Council) (**Secondees**) are seconded to Northland Waters as part of any Support Services:

- 5.1 **Legal Relationship with Secondee:** such Secondees will at all times during the term of their secondment, remain (as between the parties) the employees of, or independent contractors to, that Council (respectively);
- 5.2 **Liability:** a Council will not be responsible or liable for any act or omission of a Secondee from that Council to the extent that the Secondee is acting under the supervision of Northland Waters;
- 5.3 **Health and Safety:** Northland Waters will ensure that it provides a safe working environment for the Secondee;
- 5.4 **Scope of Secondment:** the Councils will notify Northland Waters in writing, prior to the start of any such secondment, of the range of duties which the Secondee is able to undertake during the course of such secondment, the hours and dates on which the Secondee is available to do so, and any work-related entitlements or restrictions which will apply to the secondment. The Councils must ensure that any such details are consistent with the terms of employment or engagement by the relevant Council of the secondee and that that Council is entitled to second the secondee to Northland Waters accordingly, as part of the Support Services;

[43648421\\_1043648421\\_1043648421\\_9](#)

- 5.5 Supervision of Secondee:** the Secondee will be under the supervision of Northland Water, and the Councils will not direct or interfere in any way with the actions of the Secondee, during the period of his or her secondment (which may be full-time or part-time) except to the extent required for a Council to comply with clause 5.4. Northland Waters will not require the secondee to perform any role or take any action which is inconsistent with the matters set out in the Councils' notification under clause ~~5.25.4~~;
- 5.6 Remuneration/Regulatory Obligations:** as between the parties, the Councils will be solely responsible for remunerating the Secondee during the period of his or her secondment, for complying with the terms of the employment or other form of agreement under which the Secondee is employed or engaged by the relevant Council, and for complying with all regulatory obligations which Council has to the Secondee, as an employee of or contractor to the Council (and Northland Waters will not interfere in any way with the discharge by Council of any such obligations); and
- 5.7 Termination/Reduction in Scope:** if Northland Waters does not require, for any reason, any or all of the services of the secondee, Northland Waters must notify the Councils accordingly in writing and the scope and/or duration of the secondment will be reduced, or the secondment terminated, accordingly.

Any requests for a Secondee by Northland Waters will be considered by each Council in good faith, having regard to each Council's operational requirements, statutory obligations, and available resources.

## 6. SUPPORT SERVICES

- 6.1 Support Services:** Each of the Councils agrees to provide the relevant Support Services to Northland Waters from the date of this agreement to the relevant Service Termination Date for that Support Service, on the terms and conditions set out in this agreement.
- 6.2 Scope and Term of Support Services:** The nature and scope of each of the Support Services will be agreed between each Council and Northland Waters in the form set out in Schedule 2 (and each such agreed scope will be deemed to form a part of Schedule 2). The relevant Council and Northland Waters may agree to:
- (a) amend the nature and scope of any of the Support Service; or
  - (b) include any additional services as Support Services,
- at any time by agreement between them in writing. Northland Waters may terminate any Support Service by written notice to the relevant Council (and Schedule 2 will be deemed to be updated accordingly). Any addition or deletion of a Support Service will take effect from the end of the then current month, unless expressly agreed otherwise between the relevant Council and Northland Waters.
- 6.3 Standards:** Each of the Councils will provide the relevant Support Services to Northland Waters:
- (a) to materially the same standard of service and in the same manner as it has provided those services itself in the 12 month period prior to the date of this agreement; and

[43648421\\_1043648421\\_1043648421\\_9](#)

- (b) without limiting clause 6.3(a), to a reasonable standard of care, skill, timeliness, diligence, and prudence (including having due regard to the nature and importance of the relevant Support Services to the ability of Northland Waters to give effect to the Establishment Plan),

in each case, whichever is the higher standard.

**6.4 Council's Obligations:** Each Council will, in respect of the Support Services it is providing to Northland Waters:

- (a) to the extent that the Support Service is directly or indirectly provided by a third party, use reasonable endeavours to procure that such services are provided to Northland Waters and to the standard of service that the third party is required to provide under the terms of the relevant agreement between that third party and the Council;
- (b) promptly provide to Northland Waters (or to any other person Northland Waters may direct from time to time) all information (including copies of documents and data) within its control which is requested by Northland Waters, and which is reasonably necessary for, or reasonably incidental to, the receipt of the Support Services by Northland Waters; and
- (c) provide all co-operation, support and assistance reasonably requested by Northland Waters in connection with the Support Services, in a timely manner to the extent reasonably required by Northland Waters, including by allowing Northland Waters reasonable access to that Council's Personnel.

**6.5 Subcontracting:** A Council may only subcontract the provision of any part of the Support Services to a third party with Northland Waters's prior written consent (such consent not to be unreasonably withheld or delayed). That Council will take reasonable steps to ensure that all subcontractors and all persons directly or indirectly engaged, employed or used to carry out any of the Support Services are qualified to carry out, and capable of performing, the Support Services they are contracted to perform at the time and in the manner contemplated by this agreement. Any contracting arrangements that that Council has in place with third parties as at the date of this agreement are deemed to have been approved subcontracting arrangements for the provision of the same services.

**6.6 Errors and Defects:** Upon a Council becoming aware of any error or defect in the performance of any Support Service, that Council will, to the extent within its control:

- (a) as soon as reasonably practicable in the circumstances after becoming aware of the error or defect, use all reasonable endeavours to correct (or procure the correction of) such error or defect in all respects or re-perform in all respects the relevant Support Service (or part thereof) at Northland Waters's request;
- (b) take such action (at its cost) as may reasonably be requested by Northland Waters or otherwise as is reasonably necessary to minimise the impact of the error or defect and prevent it from reoccurring; and

- (c) keep Northland Waters reasonably advised (in writing) of the status of the relevant investigations and remedial efforts being undertaken with respect to the error or defect and the underlying cause of the error or defect.
- 6.7 Additional Support Services:** To the extent that Northland Waters is required to provide a service to any of the Councils under the Establishment Plan and Northland Waters does not have the resources or systems in place to provide that service, the affected parties will use reasonable endeavours to include that service as a Support Service under this agreement (subject to the operation of clause 6.2).
- 6.8 Security:** Each of the Councils undertakes to Northland Waters, and Northland Waters undertakes to each of the Councils, that it will not, and will ensure that its Personnel do not:
- (a) damage or compromise the security or integrity of, or cause any deterioration to, the other party's Systems or business data, including by circumventing or attempting to circumvent or remove any access controls, firewalls or other security measures put in place from time to time to protect the other party's Systems;
- (b) alter or attempt to alter the configuration of the other party's Systems; or
- (c) add or attempt to add new hardware or software to the other party's Systems or information technology environment generally,
- in each case, except to the extent otherwise agreed in writing with the other party.
- 6.9 Mutual Obligations:** In performing their respective obligations under this agreement, each of the Councils and Northland Waters will:
- (a) promptly notify the other party of any matter which will or is reasonably likely to impact on the ability of that party to perform its obligations in accordance with this agreement in any material respect;
- (b) ensure that those of its Personnel whose decisions are necessary for the performance of the Support Services are available at all reasonable times on reasonable notice for consultation on any material matter relating to the Support Services; and
- (c) provide all information, records, instructions and assistance as reasonably required in order to enable the other party to perform its obligations under this agreement, in the manner contemplated by this agreement.
- 6.10 Third party agreements and consents:**
- (a) Each of the Councils shall use reasonable endeavours to obtain and maintain permissions, consents, agreements or authorisations required from a third party for the provision of the Support Services to, or their receipt by, Northland Waters (**Third Party Consents**) which are material to permit that Council to provide the Support Services in the manner in which they were provided or used immediately prior to the date of the agreement by that Council.

- (b) Northland Waters shall provide the relevant Council with such assistance as the relevant Council may reasonably request in connection with obtaining the Third Party Consents, including, if required, negotiating the terms of any Third Party Consent.
- (c) Northland Waters shall comply with the terms of all agreements with a third party for the provision of goods, a service, a lease or a licence necessary for the provision of the Support Services by the relevant Council to Northland Waters (**Third Party Agreements**) and the Third Party Consents, in each case to the extent they are relevant to the receipt of the Support Services, provided that the relevant terms of the relevant Third Party Agreement or Third Party Consent have previously been made available to Northland Waters.
- 6.11 Service Charges:** Northland Waters will pay to each Council the Service Charges (plus GST) for the Support Services provided by that Council in each month, on or before the 20<sup>th</sup> day in the following month in which the Support Services were performed to the relevant Council. Each Council will provide Northland Waters with a GST invoice for all Services Charges on a monthly basis in arrears.

## 7. MEETINGS

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- 7.1 Meetings:** Subject to clause 7.2, the SRG will meet with representatives of Northland Waters (being the Chair or his nominee and at least one other director of Northland Waters) once every two months during the Term to:
- (a) review and discuss the progress by Northland Waters against the Establishment Plan; and
- (b) identify any matters that may need to be escalated to the Councils by the SRG.
- 7.2 Special Meetings:** The SRG or Northland Waters may at any time and on reasonable notice call a meeting outside of the cadence set out in clause 7.1, in order to deal with any matters which require a specific decision by the SRG or are otherwise time-sensitive for Northland Waters.

## 8. LIABILITY

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- 8.1 Exclusion:** Nothing expressed or implied in this agreement will confer any liability on any party (**First Party**) in respect of any:
- (a) indirect, consequential or special loss, damage, cost or expense suffered or incurred by any other party as a direct or indirect result of a breach by the First Party of any of its obligations under this agreement; or
- (b) loss, damage, cost or expense suffered or incurred by any other party, to the extent to which it results from any act or omission by that party.
- 8.2 Cap on Liability:** Each Council's liability to Northland Waters in respect of the provision of Secondees or Support Services to Northland Waters will be limited to an amount equal to the amount paid by Northland Waters to that Council in respect of Secondees

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and Support Services in the 12 month period prior to the date on which such liability arises.

## 9. CONFIDENTIALITY

**9.1 Confidential Information:** Each party will maintain as confidential at all times, and will not at any time, directly or indirectly disclose or permit to be disclosed to any person, use for itself, or use to the detriment of any other party any Confidential Information except:

- (a) as required by any law (including LGOIMA) or regulatory or tax obligation, provided that any such disclosure is limited to only those persons to whom disclosure is necessary to comply with the relevant law or obligation;
- (b) as is already or becomes public knowledge, otherwise than as a result of a breach, by the party disclosing or using that Confidential Information, of any provision of this agreement;
- (c) as authorised in writing by the disclosing party;
- (d) developed independently without reliance on any of the disclosing party's Confidential Information;
- (e) the disclosure is required by applicable law or regulation, including under the Local Government Official Information and Meetings Act 1987; or
- (f) to the extent reasonably required by this agreement (and, without limiting the effect of this clause, a party may disclose Confidential Information only to those of its officers, employees or professional advisers, on a "need to know" basis, as is reasonably required for the implementation of this agreement).

**9.2 LGOIMA:** Each party will notify the other party promptly if it receives any request for the release of information pursuant to LGOIMA. Without limiting in any way the steps which the parties must take in order to comply with LGOIMA, they will endeavour to co-ordinate their responses to any such request.

## 10. FORCE MAJEURE

**10.1 Effect of Force Majeure:** If and to the extent to which either party is unable to carry out any of its obligations under this agreement in relation to the Secondees or the Support Services because of any event or circumstance which is, in relation to that party (**Non Performing Party**), a Force Majeure, the Non Performing Party will have no liability to the other party in respect of the non-performance by the Non Performing Party of such obligations, provided that:

- (a) the Non Performing Party must, as soon as reasonably practicable after becoming aware of the Force Majeure, notify the other party in writing accordingly, describing the event or circumstance of Force Majeure, including:
  - (i) the date of the commencement of the Force Majeure;

[43648421\\_1043648421-1043648421\\_9](#)

- (ii) the expected effect or duration of the Force Majeure; and
- (iii) where reasonably practicable, the Non Performing Party's proposal for mitigating the effect or duration of the Force Majeure and, if applicable, the amount of any cost that may be incurred by the other party as a result of implementing this proposal (provided that no such proposal will be implemented by the Non Performing Party without the prior written consent of the other party),

and, where reasonably practicable, the Non Performing Party must continue to provide to the other party regular written reports with respect to such Force Majeure, for so long as the Force Majeure continues to prevent the Non Performing Party from carrying out its obligations under this agreement;

- (b) neither party will be released from any liability which existed before the commencement of the Force Majeure;
- (c) the Non Performing Party must, by the exercise of Good Industry Practice, endeavour to overcome, and to mitigate the effects of, the Force Majeure and to complete the Non Performing Party's obligations under this agreement on time;
- (d) the Non Performing Party must, as soon as reasonably practicable after becoming aware of the cessation of the Force Majeure, notify the other party in writing accordingly; and
- (e) this agreement will otherwise remain in effect in all respects.

**10.2 Industrial Disturbances:** For the avoidance of doubt, nothing in clause 10.1 will require either party to settle a strike, lockout or other industrial disturbance by acceding against its judgment to demands made to it.

## 11. DISPUTE RESOLUTION

**11.1 Notice in writing:** If a party claims that a dispute has arisen, that party must give written notice to the other parties. The written notice must specify the nature of the dispute.

### 11.2 Negotiation:

- (a) On receipt of a notice delivered in accordance with clause ~~11.111-112-1~~ and before any party may refer a dispute to mediation, each party must do their best to resolve the dispute quickly and efficiently through negotiation.
- (b) If any party considers that the dispute is not being resolved in a timely manner, that party may serve written notice on each other party to escalate the dispute to the Chief Executives or equivalent of each party.
- (c) If the dispute has not been resolved within 20 Business Days (or within such other period as agreed by the parties) of the date of the notice referred to in clause ~~11.211-212-2~~, any party may submit the dispute to mediation.

[43648421\\_1043648421\\_1043648421\\_9](#)

**11.3 Mediation:**

- (a) If the parties do not resolve the dispute by negotiation, the parties must, in good faith and acting reasonably, do their best to resolve the dispute by participating in mediation with an independent mediator.
- (b) If the parties do not agree on a mediator, then the mediator will be appointed by the New Zealand Dispute Resolution Centre.
- (c) The parties must mediate the dispute in accordance with principles agreed between them or, if no agreement can be reached, the New Zealand Dispute Resolution Centre Mediation Rules.
- (d) Unless the parties agree otherwise, the mediator's fee and any other costs of the mediation itself (such as for venue hire or refreshments) will be shared equally between the parties, but the parties will each pay their own costs of preparing for and participating in the mediation (such as for travel and legal representation).

**11.4 Arbitration**

- (a) If the dispute has not been resolved within 40 Business Days (or within such other period as agreed by the parties) of the dispute being referred to mediation, any party (the "**Initiating Party**") may refer such dispute to binding arbitration by issuing a written notice ("**Arbitration Notice**") to the other party or parties (together with the Initiating Party, the "**Disputing Parties**") for final resolution in accordance with the provisions of this clause ~~11.411-412.4~~ and in accordance with the provisions of the Rules of Arbitration of the New Zealand Dispute Resolution Centre, as amended or modified from time to time ("**NZDRC Rules**").
- (b) The arbitral panel shall consist of one arbitrator. The arbitrator will be appointed by the agreement of the Disputing Parties or, failing agreement within 10 Business Days of the date of the Arbitration Notice, in accordance with the NZDRC Rules.
- (c) The seat of arbitration shall be Whangarei, and the arbitration shall be conducted in the English language.
- (d) The award of the arbitration shall be in writing and must include reasons for the decision.
- (e) The award of the arbitration shall be final and binding on the parties. No party may appeal to the High Court under Clause 5 of the Second Schedule of the Arbitration Act 1996 on any question of law arising out of an award.
- (f) The award shall allocate or apportion the costs of the arbitration as the arbitrator deems fair.
- (g) Neither the existence of any dispute nor the fact that any arbitration is pending hereunder shall relieve any of the parties of their respective obligations under this agreement.

## 12. NOTICES

**12.1 Method of Delivery:** Any written notice required under this agreement must be signed by a duly authorised representative of the party giving that notice and (without limiting the means by which notice may be given under this agreement) will be deemed validly given if:

- (a) **Hand:** delivered by hand to the intended recipient's physical address as set out below (or to such other physical address as the intended recipient notifies to each other party by written notice from time to time) and signed by the party giving that notice; or
- (b) **Email:** Sent by email to the intended recipient's email address set out below, provided that that email transmission is not rejected, following despatch.

**12.2 Addresses:** The relevant addressees for sending notices are as follows:

- (a) if to Far North District Council, to:

Physical address: [5 Memorial Avenue, Kaikohe](#) {↗}

Attention: [Chief Executive](#) {↗}

Email address: [guy.holroyd@fndc.govt.nz](mailto:guy.holroyd@fndc.govt.nz) {↗}

- (b) if to Whangarei District Council, to:

Physical address: [9 Rust Avenue, Whangarei](#) {↗}

Attention: [Chief Executive](#) {↗}

Email address: [simon.weston@wdc.govt.nz](mailto:simon.weston@wdc.govt.nz) {↗}

- (c) if to Kaipara District Council, to:

Physical address: [32 Hokianga Road, Dargaville](#) {↗}

Attention: [Chief Executive](#) {↗}

Email address: [mday@kdc.kaipara.govt.nz](mailto:mday@kdc.kaipara.govt.nz) {↗}

- (d) if to Northland Waters to:

Physical address: [9 Rust Avenue, Whangarei](#) {↗}

Attention: [Chair](#) {↗}

Email address: [mbain@bainassociates.co.nz](mailto:mbain@bainassociates.co.nz) {↗}

**12.3 Delivery:** A written notice given in accordance with this clause 10 is deemed to be received:

- (a) **Hand:** If delivered by hand, on delivery; or

(b) **Email:** If delivered by email, on written confirmation from the recipient that the email has been received.

**12.4 Time of Delivery:** Any notice delivered after 5.00pm on a Business Day, or at any time on a non-Business Day, will be deemed received at 9.00am on the next Business Day.

### 13. GENERAL

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**13.1 No Privity:** Other than as expressly provided for in this agreement, this agreement is not intended to confer a benefit on any person or class of persons who is not a party to it.

**13.2 Counterparts:** This agreement is deemed to be signed by a party if that party has signed or attached that party's signatures to any of the following formats of this agreement:

- (a) an original;
- (b) a photocopy; or
- (c) an electronic copy,

and if every party has signed or attached that party's signatures to any such format and delivered it in any such format to the other parties, the executed formats shall together constitute a binding agreement between the parties.

**13.3 Entire Agreement:** This agreement, together with the Shareholders' Agreement, comprises the entire understanding and agreement of the parties as to the subject matter of this agreement. This agreement supersedes all previous understandings or arrangements (whether written, oral or both), between the parties relating to these matters.

**13.4 Further Assurance:** Each party shall do or procure all other acts and things reasonably required to implement and to carry out its obligations under, and the intention of, this agreement.

**13.5 Amendment:** Subject to clauses 4.5(b) and 6.2, any amendment to this agreement will require the approval in writing of all of the parties.

**13.6 Assignments:** A party must not assign or transfer any of its rights or obligations under this agreement without the prior written consent of each of the other parties.

**13.7 Costs:** Except as otherwise set out in this agreement, each party must pay its own costs and expenses, including legal costs and expenses, in relation to preparing, negotiating, executing and completing this agreement and any document related to this agreement.

**13.8 Waivers:**

- (a) A waiver of any right, power or remedy under this agreement must be in writing signed by the party granting it. A waiver only affects the particular right, obligation or breach for which it is given. It is not an implied waiver of

any other right, obligation or breach or an implied waiver of that right, obligation or breach on any other occasion.

(b) The fact that a party fails to do, or delays in doing, something the party is entitled to do under this agreement does not amount to a waiver.

13.9 **Governing Law:** This agreement is governed by the laws of New Zealand and the parties submit to the exclusive jurisdiction of the New Zealand courts.

**SIGNATURES**

**SIGNED** on behalf of **FAR NORTH DISTRICT COUNCIL** by:

\_\_\_\_\_  
Signature of authorised signatory

\_\_\_\_\_  
Name of authorised signatory

**SIGNED** on behalf of **WHANGAREI DISTRICT COUNCIL** by:

\_\_\_\_\_  
~~Signature of authorised signatory~~Ken  
Couper, Mayor

\_\_\_\_\_  
~~Name of authorised signatory~~Simon  
Weston, Chief Executive

**SIGNED** on behalf of **KAIPARA DISTRICT COUNCIL** by:

\_\_\_\_\_  
Signature of authorised signatory

\_\_\_\_\_  
Name of authorised signatory

**SIGNED** on behalf of **NORTHLAND WATERS LIMITED** by:

\_\_\_\_\_  
Signature of director/authorised signatory

\_\_\_\_\_  
Name of director/authorised signatory

\_\_\_\_\_  
[43648421\\_1043648421\\_1043648421\\_9](#)

SCHEDULE 1

INITIAL ESTABLISHMENT PLAN AND BUDGET



**Establishment Plan**

***Northland Water Done Well***

April 2026

**This is a working version of the Establishment Plan as at 24 April 2026.**  
**The Establishment Plan is a living document until the time it is completed and formally approved by the Northland Waters Board.**

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[43648421\\_1043648421\\_1043648421\\_9](#)

## Schedule 1: Project Plan

**TABLE OF CONTENTS**

TABLE OF CONTENTS	2
1 PURPOSE	3
2 EXECUTIVE SUMMARY	4
2.1 Purpose and Context .....	4
2.2 Strategic Intent and Day 1 Outcomes .....	4
2.3 Scope and Approach .....	5
2.4 Programme Governance, Structure, and Delivery Model .....	5
2.5 Establishment Mobilisation .....	7
3 BACKGROUND	8
3.1 Local Water Done Well .....	8
3.2 Case for change .....	8
3.3 Northland Water Done Well .....	8
4 ESTABLISHMENT STRATEGY	11
4.1 Purpose .....	11
4.2 Objectives .....	11
4.3 Strategic pillars .....	11
4.4 Day 1 outcomes .....	12
5 ESTABLISHMENT DELIVERY	14
5.1 Establishment Delivery principles .....	14
5.2 Planning approach .....	14
5.3 Scope .....	15
5.4 Delivery approach .....	19
5.5 Establishment delivery plan .....	19
6 PROGRAMME / PMO	26
6.1 Establishment Team structure .....	26
6.2 Governance and Leadership .....	26
6.3 Council engagement and interface .....	27
6.4 Reporting .....	28
6.5 Approvals and reviews .....	29
6.6 Programme Risks .....	30
6.7 Resources .....	32
6.8 Financials .....	32
6.9 Transition Agreement .....	32
6.10 Ways of Working .....	32
7 COUNCIL TRANSITION	34
7.1 Council Transition structure .....	34
7.2 Council responsibilities .....	34
8 APPENDIX A – WORKSTREAMS	36
8.1 Asset Management .....	37
8.2 Capital Delivery .....	38
8.3 Customer & Stakeholder Engagement .....	39
8.4 Finance, Funding & Commercial .....	40
8.5 Governance & Legal .....	41
8.6 Operations .....	42
8.7 People & Organisation .....	43
8.8 Systems & Technology .....	44

| [43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

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[43648421\\_1043648421-1043648421\\_9](#)

Schedule 1: Project Plan

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**1. PURPOSE**

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The purpose of this Establishment Plan is to set out the approach for standing up the Northland Water Organisation (**NWO**), a new multi-council entity responsible for delivering safe, reliable, and sustainable water services across the Whangārei, Kaipara, and Far North districts.

This plan provides a clear roadmap for the period from incorporation of the NWO on 1 May 2026 through to operational go-live on 1 July 2027. It outlines the key milestones, deliverables, and activities required to:

- Mobilise governance, leadership, and operational capability for Day 1;
- Transfer people, assets, contracts, and systems from councils to the NWO; and
- Ensure readiness to deliver safe, reliable, and sustainable drinking water and wastewater services across the region.

The Establishment Plan is intended to guide the Establishment Team, councils, and stakeholders through this transition, applying agreed establishment delivery principles and positioning the organisation to deliver long-term benefits for Northland.

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[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

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## 2. EXECUTIVE SUMMARY

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### 2.1 Purpose and Context

This Establishment Plan sets out how the Northland Water Organisation will be established as a new multi-council Council-Controlled Organisation (CCO) responsible for delivering drinking water and wastewater services across the Whangārei, Kaipara and Far North districts.

The Plan provides a clear and structured framework and delivery roadmap for Phase 2 of the Northland Water Done Well (NWDW) programme (*Establishment & Transition*); the period from incorporation of the water organisation on 1 May 2026 through to operational go-live on 1 July 2027. It focuses on ensuring the organisation is fully prepared to assume responsibility for water services on Day 1, while maintaining service continuity, regulatory compliance, and public confidence throughout the transition.

### 2.2 Strategic Intent and Day 1 Outcomes

The Northland Water Organisation will be a specialist, region-wide water services provider, operating in the best interests of current and future consumers. It will bring together expertise, scale, and investment capability to deliver safe, reliable, and resilient water services, while remaining responsive to local community needs.

All establishment activity is anchored to five Strategic Pillars, which define the required state of readiness on 1 July 2027 and are given effect through the Day One outcomes outlined below.

**Customer focus** – Delivering services that reflect the needs, expectations, economic ambitions, and experiences of the people and communities we serve.

1. Customers and communities receive safe and reliable drinking water and wastewater services on Day 1, with no interruption or reduction in service delivery.
2. Customers are supported on Day 1 through clear and stable customer service arrangements, including billing and contact channels.
3. Customers and communities are familiar with the water organisation on Day 1 as a result of open and transparent communication.
4. Key stakeholder relationships relevant to drinking water and wastewater are identified, established where new, and carried forward from councils to the water organisation in a planned and coordinated way, ensuring trust and continuity on Day 1.

**Financial sustainability** – Ensuring responsible investment and cost-effective management so water services remain affordable for current and future generations.

5. The organisation can operate independently on Day 1, with delegations, funding, and a financial strategy in place.
6. Sufficient funding and working capital are available and accessible on Day 1 to meet payroll, supplier, and operating commitments.
7. Core financial systems are live, enabling payments, budgeting, and financial reporting.
8. Financial systems and reporting arrangements are in place on Day 1 to support compliance with shareholder requirements, including ring-fenced financial reporting for the first three years of the organisation.

**Resilient and reliable water network** – Building and maintaining infrastructure that performs reliably every day and can withstand future growth, challenges, and disruptions – enabling Northland's social and economic development.

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[43648421\\_1043648421\\_1043648421\\_9](#)

## Schedule 1: Project Plan

9. A credible investment and capital delivery pipeline is up and running before Day 1, ensuring continuity of works and supplier confidence, with the organisation positioned to deliver an agreed 2027/28 capital programme without loss of momentum.
10. Critical assets are identified and understood on Day 1, with known risks documented and mitigations or contingencies in place.

**Safe and compliant operations** – Embedding robust processes and a strong safety culture to consistently meet regulatory requirements and protect people and the environment.

11. Regulatory compliance requirements are known on Day 1 and a pathway to compliance has been identified.
12. Health, safety, and emergency response arrangements are established and understood on Day 1, including clear roles, responsibilities, and escalation pathways.
13. Systems and data required for safe operations are operational on Day 1.

**Integrated regional service delivery** – Operating as a single entity for all of Northland, ensuring consistent, efficient, and equitable outcomes across the region.

14. Staff transfer confidently and seamlessly, with correct pay, clear roles, and minimal disruption.
15. A Water Services Strategy, reflecting the expectations of the shareholder councils, is finalised and approved by Day 1, providing a strategic framework for the organisation's decisions, investment, and service delivery.
16. Governance arrangements are operational on Day 1, with clear and agreed roles between councils, the Shareholder Representative Group, the Board, and the CCO leadership.
17. Iwi and hapū relationships and commitments are carried forward into the new organisation, with engagement approach in place from Day 1.

### 2.3 Scope and Approach

This Establishment Plan outlines the scope of functions required to operate the NWO on Day 1, identifying which activities will sit within the organisation, which will be delivered by external providers, and which will remain matters of shared interest with councils. This provides early clarity on accountability and enables realistic planning across people, systems, assets, and contracts.

Establishment will be delivered through a set of interconnected workstreams, governed and managed through a structured programme model with clear oversight, reporting, and decision-making arrangements. While the programme adopts a structured, sequential delivery approach, designed to manage interdependencies and risk, it allows for potentially early transfer of (some) functions where this supports readiness and presents low transition risk.

Recognising the inherent uncertainty and complexity of standing up a new organisation, the Plan combines up-front detailed planning with quarterly incremental planning cycles. Once agreed, the Establishment Plan will form the baseline for delivery and will be reviewed each quarter to reflect emerging information, delivery progress, and changing risks, while maintaining focus on Day 1 outcomes. Shareholders will be informed of any material changes through established reporting and governance arrangements.

### 2.4 Programme Governance, Structure, and Delivery Model

*Phase 2: Establishment & Transition* comprises two distinct but closely interrelated elements:

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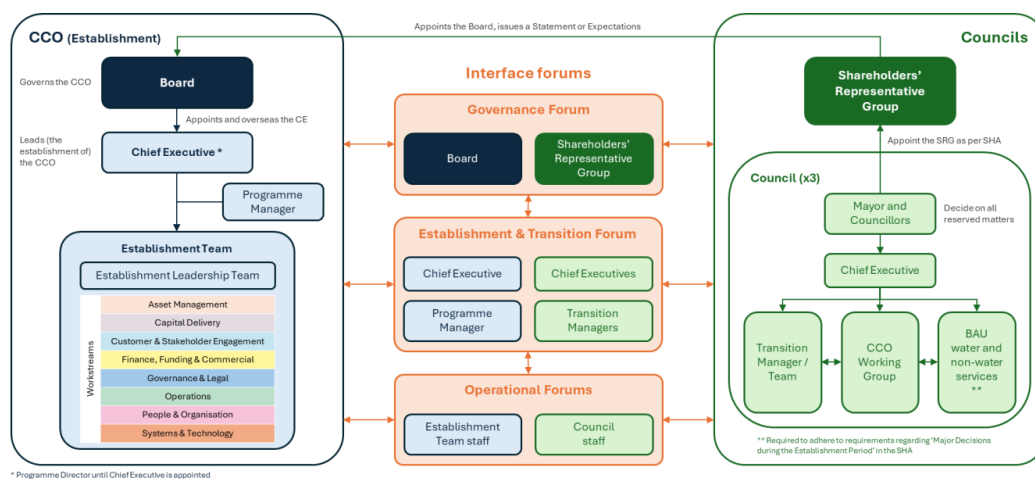
[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

- **Establishment** – which focuses on standing up the Northland Water Organisation as a new, independent entity. This includes establishing governance and leadership arrangements, organisational structures, systems, policies, funding, and operational capability required to operate as a standalone water services provider; and
- **Transition** – which focuses on the orderly transfer of water service responsibilities from councils to the new organisation. This includes the transition of people, assets, contracts, data, and day-to-day operational activities, while councils continue to deliver services and manage business-as-usual obligations until go-live.

These two elements run in parallel throughout Phase 2, with establishment activity progressively enabling transition, and transition informing the design and readiness of the new organisation. This Establishment Plan focuses on the ‘CCO establishment’ side of the equation.

To support effective coordination across these activities, Interface Forums are established between the Northland Water Organisation and councils at the governance, leadership, and operational levels. These forums provide structured mechanisms for joint planning, issue resolution, risk management, and collaboration.



Overall accountability for setting up the Northland Water Organisation sits with the CCO Board, which provides strategic oversight and approves key establishment decisions. Day-to-day executive authority will sit with the Chief Executive (or the Programme Director until the Chief Executive is appointed), supported by an Establishment Leadership Team responsible for programme delivery, managing dependencies, and escalating risks and issues as required. Delivery is organised across eight interconnected workstreams, which together cover the full scope of Day 1 readiness:

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

- Asset Management
- Capital Delivery
- Operations
- Customer & Stakeholder Engagement
- Finance, Funding & Commercial
- Governance & Legal
- People & Organisation
- Systems & Technology

Each workstream is led by a dedicated Workstream Lead who is responsible for planning, delivery, and readiness within their functional area.

**2.5 Establishment Mobilisation**

Establishment Mobilisation is a deliberately early transition period that bridges Phase 1 (Scoping & Preparation) and Phase 2 (Establishment & Transition) and covers the first 90 days following incorporation of Northland Waters. Its purpose is to enable a controlled and effective commencement of Phase 2 by putting in place the core programme capability, leadership, and planning required for successful establishment.

During this period, a dedicated Establishment Team is mobilised, including the appointment of key Workstream Leads and critical support roles. The focus of Establishment Mobilisation is on completing detailed Phase 2 planning, confirming scope, sequencing and dependencies, and commencing early priority activities that de-risk Day 1 readiness.

Establishment Mobilisation is foundational to the success of Phase 2, ensuring that subsequent establishment and transition activity is well-sequenced, resourced, and executed with clear accountability.

The table below lists the high-level milestones, deliverables and activities that will be undertaken during Establishment Mobilisation (refer to the section ‘Establishment Deliver Plan’ for a more detailed view, including estimated timing).

Functional area:	Programme Management	Asset Management	Capital Delivery	Operations	Customer & Stakeholder Engagement	Finance, Funding & Commercial	Governance & Legal	People & Organisation	Systems & Technology
Workload:	Detailed planning, including resourcing and budget for Phase 2								
	<ul style="list-style-type: none"> <li>• Finalise Establishment Plan (including detailed delivery plan, resource model, budget)</li> <li>• Programme set-up (reporting, risk framework, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Data structure review &amp; data cleanse assessment</li> <li>• Project &amp; business case review</li> <li>• Comparative analysis of Asset Management policies</li> </ul>	<ul style="list-style-type: none"> <li>• Review of in-flight projects</li> </ul>	<ul style="list-style-type: none"> <li>• Consent condition gap analysis</li> <li>• Timing of Ops &amp; Maintenance contracts</li> <li>• Review of Operational Technology contracts</li> </ul>	<ul style="list-style-type: none"> <li>• Branding &amp; website</li> <li>• Develop Comms &amp; Engagement Plan</li> <li>• Ongoing programme comms</li> </ul>	<ul style="list-style-type: none"> <li>• Treasury policy</li> <li>• LGFA funding application</li> <li>• Transactional banking approach</li> <li>• Directors and Officers Insurance</li> <li>• Financial modelling</li> </ul>	<ul style="list-style-type: none"> <li>• Enable CCO incorporation</li> <li>• Support Board appointments and operations</li> <li>• Support development of Transition Agreement and other support agreements</li> <li>• Support development of SoE</li> <li>• Policy framework</li> <li>• Develop Transfer Agreement approach</li> <li>• Regulatory framework / checklist</li> </ul>	<ul style="list-style-type: none"> <li>• CE appointment</li> <li>• Recruitment / appointment of Establishment Workstream Leads</li> <li>• Commence functional design</li> </ul>	<ul style="list-style-type: none"> <li>• Undertake supplier/ solution review and option analysis</li> <li>• Review of NWDW Digital Plan</li> <li>• Commence development of Digital strategy</li> </ul>

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

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### 3. BACKGROUND

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#### 3.1 Local Water Done Well

Local Water Done Well (LWDW) is the New Zealand Government's framework designed to enable councils to deliver water services in a way that is financially sustainable, compliant with regulatory standards, and responsive to local communities. It provides flexibility for councils to collaborate regionally to achieve the scale and capability required for effective service delivery, while maintaining local ownership.

The objectives of LWDW include:

- Improved compliance with drinking water and wastewater standards.
- Financial sustainability through efficient investment and cost management.
- Resilience and capability to meet future challenges and environmental obligations.
- Local voice and accountability, ensuring decisions reflect community priorities.

Under this framework, councils are expected to establish arrangements that enable effective governance, transfer of assets and responsibilities, and engagement with iwi and stakeholders. The approach supports economies of scale, shared expertise, and consistent service levels across participating areas.

#### 3.2 Case for change

New Zealand's water infrastructure systems are under pressure and changes are required to ensure that current and future water services can meet increasing customer and regulatory demands. The national challenges, which are consistent with those faced by councils in Northland, include:

- debt capacity to fund planned/required infrastructure investment;
- supporting population growth;
- community affordability;
- workforce availability;
- complying with safety standards and environmental expectations;
- building resilience in the water services networks to deal with natural hazards and climate change.

In Northland, these challenges are compounded by the region's dispersed population (numerous small and often coastal communities), multifaceted iwi and hapū landscape, seasonal demand on the water network, and varied infrastructure maturity. The current model of service delivery limits the ability to respond efficiently to regulatory reforms, leverage shared expertise, and deliver consistent outcomes for communities across the region.

#### 3.3 Northland Water Done Well

The Northland Water Done Well project aims to establish a new Council-Controlled Organisation for water services for the Northland region under the New Zealand Government's Local Waters Done Well framework.

On 1 September 2025, the Chief Executives of the Whangarei, Kaipara, and Far North District Councils signed a Commitment Agreement to jointly establish this water organisation. The agreement supports a collaborative operating model based on the jointly developed and approved Water Services Delivery Plan (**WSDP**).

The WSDP sets out the following three distinct phases for the NWDW project:

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[43648421\\_1043648421-1043648421\\_9](#)

## Schedule 1: Project Plan

- *Phase 1: Scoping & Preparation* aims to incorporate the water organisation by 1 May 2026. This phase looks to:
  - Form the water organisation by agreeing Foundation Documents that work best for Northland and enable the organisation.
  - Plan for establishment through a well-informed implementation plan for Phase 2.
  - Enable success through the appointment of strong governance and leadership.
- *Phase 2: Establishment & Transition* aims to stand up the water organisation that is fully prepared to assume service delivery responsibilities by 1 July 2027. At the end of this phase:
  - The CCO will be operational and able to perform its agreed Day 1 functions
  - Relationships between Shareholders, Board and Leadership will be well embedded
  - Statement of Expectations will be in place
  - Water Services Strategy will be in place
  - Transfer Agreements will be in effect
  - Budget will be known and financing will be secured
  - SLAs (between CCO and councils and/or other parties) and contracts will be in place
  - Readiness criteria will be met and cut-over will be successfully completed
  - People will be in place and able to perform their functions
  - Necessary systems / technology and processes will be in place
  - Customers and other stakeholders will be informed and confident
  - Regulatory agencies (environmental, public health, commercial) will be engaged
  - Councils will be ready to continue to deliver non-water services
  - Other
- *Phase 3: Go Live & Operational* aims to commence delivery of water services under the new water organisation from 1 July 2027.

While the WSDP describes these phases as distinct, in practice the transition between phases is gradual rather than marked by abrupt cutovers. This is reflected through two transition periods between the phases described in the WSDP:

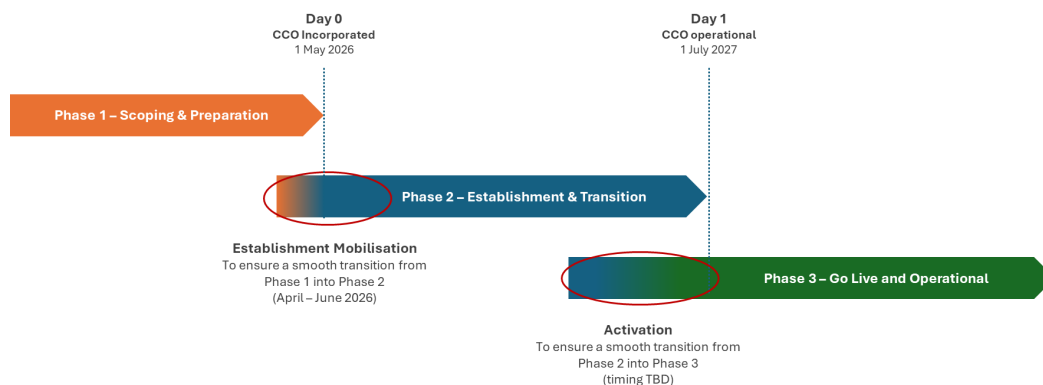
- **Establishment Mobilisation** (first 90 days following CCO incorporation): A transition period to support progression from Phase 1 (Scoping and Preparation) into Phase 2 (Establishment and Transition). During this period, the NWDW programme will appoint a core team of dedicated Establishment Workstream Leads and key support resources to:
  - undertake detailed Phase 2 planning; and
  - commence early establishment activities.
- **Activation** (timing to be confirmed): A transition period to support progression from Phase 2 (Establishment and Transition) into Phase 3 (Go Live and Operational). The scope and size of this Activation transition period will be determined during Phase 2.

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[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

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[43648421\\_1043648421-1043648421\\_9](#)

Schedule 1: Project Plan

**4. ESTABLISHMENT STRATEGY**

**4.1 Purpose**

The purpose of the Northland Water Organisation is:

**Options for consideration:**

- **Protect our water so Northland thrives now and for generations.**
- **Care for our water so Northland thrives now and for generations.**
- **Care for our water so Northland thrives.**
- **Water integrity for our people and our future success.**
- **Nurturing the water that nurtures us.**
- **Healthy water for a thriving Northland.**
- **When water thrives, Northland thrives.**
- **Valuing our water, strengthening our future.**

**4.2 Objectives**

The objectives of the Northland Water Organisation are set out in the Local Government (Water Services) Act 2025, and are summarised as follows:

- Provide water services that:
  - are reliable and resilient
  - meet customer expectations and regulatory requirements
- Ensure that it provides water services in a cost-effective and financially sustainable manner
- Perform its functions as a water service provider:
  - in an open, transparent, and accountable manner
  - in accordance with sound business practice
- Act in the best interests of current and future consumers
- Support housing growth and urban development (if applicable) in its service area
- Be a good employer

**4.3 Strategic pillars**

The work during Phase 2 is anchored in the following Day 1 Strategic Pillars:

<b>Customer focus</b>	Delivering services that reflect the needs, expectations, economic ambitions, and experiences of the people and communities we serve.
<b>Financial sustainability</b>	Ensuring responsible investment and cost-effective management so water services remain affordable for current and future generations.
<b>Resilient and reliable water network</b>	Building and maintaining infrastructure that performs reliably every day and can withstand future growth, challenges, and disruptions – enabling Northland’s social and economic development.

[43648421\\_1043648421\\_1043648421\\_9](#)

## Schedule 1: Project Plan

**Safe and compliant operations**

Embedding robust processes and a strong safety culture to consistently meet regulatory requirements and protect people and the environment.

**Integrated regional service delivery**

Operating as a single entity for all of Northland, ensuring consistent, efficient, and equitable outcomes across the region.

**4.4 Day 1 outcomes**

The high-level (programme-level) Day 1 outcomes set out below define what the Northland Water Organisation must achieve to be considered operationally ready at go-live on 1 July 2027. They describe the minimum conditions required for the organisation to safely assume responsibility for water services, maintain continuity of service, meet regulatory and financial obligations, and operate as a single integrated entity across Northland. These outcomes are aligned to the Strategic Pillars and provide a common reference point for planning, prioritisation, and decision-making across the programme and workstreams during establishment.

**Customer focus**

1. Customers and communities receive safe and reliable drinking water and wastewater services on Day 1, with no interruption or reduction in service delivery.
2. Customers are supported on Day 1 through clear and stable customer service arrangements, including billing and contact channels.
3. Customers and communities are familiar with the water organisation on Day 1 as a result of open and transparent communication.
4. Key stakeholder relationships relevant to drinking water and wastewater are identified, established where new, and carried forward from councils to the water organisation in a planned and coordinated way, ensuring trust and continuity on Day 1.

**Financial sustainability**

5. The organisation can operate independently on Day 1, with delegations, funding, and a financial strategy in place.
6. Sufficient funding and working capital are available and accessible on Day 1 to meet payroll, supplier, and operating commitments.
7. Core financial systems are live, enabling payments, budgeting, and financial reporting.
8. Financial systems and reporting arrangements are in place on Day 1 to support compliance with shareholder requirements, including ring-fenced financial reporting for the first three years of the organisation.

**Resilient and reliable water network**

9. A credible investment and capital delivery pipeline is up and running before Day 1, ensuring continuity of works and supplier confidence, with the organisation positioned to deliver an agreed 2027/28 capital programme without loss of momentum.
10. Critical assets are identified and understood on Day 1, with known risks documented and mitigations or contingencies in place.

**Safe and compliant operations**


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[43648421\\_1043648421\\_1043648421\\_9](#)

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Schedule 1: Project Plan

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11. Regulatory compliance requirements are known on Day 1 and a pathway to compliance has been identified.
12. Health, safety, and emergency response arrangements are established and understood on Day 1, including clear roles, responsibilities, and escalation pathways.
13. Systems and data required for safe operations are operational on Day 1.

**Integrated regional service delivery**

14. Staff transfer confidently and seamlessly, with correct pay, clear roles, and minimal disruption.
15. A Water Services Strategy, reflecting the expectations of the shareholder councils, is finalised and approved by Day 1, providing a strategic framework for the organisation's decisions, investment, and service delivery.
16. Governance arrangements are operational on Day 1, with clear and agreed roles between councils, the Shareholder Representative Group, the Board, and the CCO leadership.
17. Iwi and hapū relationships and commitments are carried forward into the new organisation, with engagement approach in place from Day 1.











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[43648421\\_1043648421\\_1043648421\\_9](#)

## Schedule 1: Project Plan

**5. ESTABLISHMENT DELIVERY****5.1 Establishment Delivery principles**

The following establishment delivery principles will be used throughout the establishment phase to ensure the programme maintains the right focus. They are intended to inform workstream decisions and activities to ensure the programme is applying consistent approaches, priorities, and decision-making throughout delivery.

-  **1. Lay foundations for enduring success** – Build a strong brand for long-term success, not quick fixes.
-  **2. Engage with customers and communities meaningfully** – Build trust through open and transparent communication.
-  **3. Prioritise compliance** – Regulatory and safety standards are non-negotiable.
-  **4. Engage iwi and hapū to meet statutory requirements** – Take a multi-level approach to engagement with iwi and hapū.
-  **5. Deliver regionally, tailor locally** – Aim for future consistency across the region while respecting local differences.
-  **6. Keep it simple** – Minimise complexity and risk.
-  **7. Maintain service delivery on Day 1** – No disruption to water services or slowdown in capital works.
-  **8. Learn and pivot when required** – Use lessons from own experiences and from other councils and transitions.
-  **9. Create certainty for staff** – Provide clarity on roles and future pathways to retain and recruit knowledge and experience.
-  **10. Transition with balance** – Manage trade-offs between outcomes, risks, and investments.

**5.2 Planning approach**

The programme will adopt a three-tier planning approach that combines an upfront, detailed planning exercise with quarterly incremental planning cycles. This ensures clear Day 1 direction while allowing the programme to adapt to emerging information and evolving needs.

**(a) Establishment Mobilisation planning**

Establishment Mobilisation takes place for 90 days following incorporation and marks the period where the NWDW programme will appoint a core team of dedicated Establishment Workstream Leads and key support resources to undertake detailed Phase 2 planning and commence early establishment activities. The planning for Establishment Mobilisation will take place during Phase 1 and will identify activities that will carry on from Phase 1, as well as activities that should be prioritised during Establishment Mobilisation.

**(b) Upfront detailed planning for Establishment**

The Establishment Team will complete a detailed planning exercise early in the programme (prior to and/or around Day 0) to set the delivery plan for Phase 2. This includes:

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[43648421\\_1043648421\\_1043648421\\_9](#)

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 Schedule 1: Project Plan
 

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- Developing the programme schedule, including milestones and deliverables.
- Mapping dependencies between workstreams.
- Defining critical path activities.
- Identifying key programme risks.
- Identifying touchpoints and dependencies on councils and external stakeholders.
- Establishing ways of working as a team.

This upfront planning phase provides early clarity and confidence that Day 1 readiness can and will be achieved.

Detailed planning should be undertaken with the programme resources (i.e. workstream leads) who hold responsibility for executing the delivery plan.

**(c) Quarterly incremental planning**

Phase 2 will involve a high degree of complexity and interdependence. To manage this effectively, both the delivery plan and the Establishment Team must remain flexible and able to adjust as circumstances evolve. Quarterly Incremental Planning Days provide a structured way for workstreams to review and refine their activities based on new information, progress achieved, or changes in (external) requirements.

During a Quarterly Incremental Planning Day, the Establishment Team will:

- Confirm progress against the baselined delivery plan.
- Reconfirm or adjust upcoming deliverables and milestones, focusing on the next 3–6 months.
- Update resource forecasts based on emerging needs.
- Address new risks and constraints and reprioritise activity where required.
- Ensure alignment across workstreams.
- Recommend changes to scope, sequencing, or timing (for governance consideration where appropriate).

This approach provides structured flexibility; maintaining discipline on Day 1 outcomes while enabling the programme to adjust as more information becomes available and needs evolve.

**5.3 Scope**

This section sets out the scope of the establishment programme by identifying which functions, by day 1, will sit within the CCO, which will be delivered through external providers, and which will require shared arrangements with councils. This provides early clarity on organisational responsibilities and supports planning for Day 1.

Functions are grouped into three categories:

- **In-house CCO** – Functions that are core to the CCO’s accountability, service delivery, or regulatory obligations and therefore need direct internal ownership.
- **Outsourced** – Functions that can be more efficiently or effectively delivered by specialist external providers, with the CCO retaining oversight.
- **Matter of Shared Interest** – Functions that require ongoing coordination with councils due to statutory interfaces, planning dependencies, or shared responsibilities.

As further information becomes available and options are analysed, some functions may shift between these categories. The tables that follow set out the current proposed placement for each function, along with a brief rationale.

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[43648421\\_1043648421\\_1043648421\\_9](#)

## Schedule 1: Project Plan

The following tables outline each function and its recommended delivery model, along with a brief rationale. While functions are combined in functional groups, there can be cross-over between these groups.

## (a) Asset Management

Function	On Day 1...	Rationale / comment
<b>Asset Management Strategy &amp; Planning</b>	In-house CCO	Core to the CCO and water service delivery. Required to manage risk and investments. Includes climate resilience.
<b>Asset Data &amp; Information Management</b>	In-house CCO	Essential for asset decisions, operational performance, and regulatory reporting.
<b>Demand Forecasting</b>	In-house CCO	Informs future investment, service levels, and resilience planning. Closely linked with asset planning.
<b>Water Services Resource Consenting</b>	In-house CCO	Directly tied to operational compliance and infrastructure delivery. Needs technical expertise held by the CCO.
<b>Water Services Development Engineering</b>	In-house CCO	Ensures new developments meet servicing standards and asset requirements.
<b>Growth Planning</b>	Matter of shared interest	Relies on alignment with council land use and spatial planning. Requires joint inputs and coordinated decisions.
<b>Resource Consenting</b>	Matter of shared interest	Sits within council's statutory consenting mandate. Requires collaboration with the CCO to ensure integrated outcomes.
<b>Development Engineering</b>	Matter of shared interest	Sits within wider council development and consenting processes. Requires integrated decision making.

## (b) Capital Delivery

Function	On Day 1...	Rationale / comment
<b>Capital Delivery (PMO)</b>	In-house CCO	Central coordination of the capital programme is core to delivering water infrastructure. Requires dedicated governance, tracking, and reporting within the CCO.
<b>In-flight Capital Delivery</b>	In-house CCO	Essential to maintain continuity, manage risks, and ensure consistent delivery standards.
<b>New Capital Delivery &amp; Procurement</b>	In-house CCO	Central to how the CCO delivers infrastructure. In-house control ensures consistent procurement, compliance, and delivery management.

Note: 'In-house CCO' for 'In-flight Capital Delivery' and 'New Capital Delivery & Procurement' refers to the function's accountability and management. Physical capital works will continue to be delivered by external contractors.

## (c) Communications &amp; Engagement

Function	On Day 1...	Rationale / comment
<b>Internal Communications</b>	In-house CCO	Embedded in the CCO to ensure aligned messaging, support organisational culture, and enable direct communication with staff.
<b>External Communications</b>	In-house CCO	In-house to provide clear, accountable public messaging and consistent communication with customers and stakeholders.

## (d) Customer

Function	On Day 1...	Rationale / comment
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[43648421\\_1043648421\\_1043648421\\_9](#)

## Schedule 1: Project Plan

<b>Customer Relations &amp; Management (incl. Customer Data)</b>	In-house CCO	Essential that the CCO understands its customers and manages its customer data.
<b>Community Engagement</b>	In-house CCO	In-house CCO to ensure there is a direct link with the CCO and its customers and stakeholders.
<b>Iwi/hapū Engagement</b>	In-house CCO	Relationships with iwi/hapū must sit with the CCO to enable consistent engagement, and alignment with CCO responsibilities.
<b>Website &amp; Brand</b>	Outsourced	Specialist technical and creative services can be efficiently provided externally, while direction and content needs are managed by the CCO.
<b>Billing &amp; Customer Receipts</b>	TBC	Requires assessment of existing council systems, integration complexity, and customer impacts before deciding whether to centralise or continue interim arrangements.
<b>Customer Contact Centre</b>	TBC	Decision depends on service volumes, existing council capability, and transition risks. This function may be centralised in-house or delivered through contracted or shared services.

## (e) Finance &amp; Procurement

Function	On Day 1...	Rationale / comment
<b>Financial Management</b>	In-house CCO	Core organisational capability required to manage budgets, financial reporting, and accountability for water service delivery.
<b>Treasury Management</b>	In-house CCO	Direct control needed to manage cashflow, funding, and financial risk associated with water operations and capital programmes.
<b>Economic Regulation &amp; Pricing</b>	In-house CCO	Pricing, revenue modelling, and regulatory compliance are central to CCO accountability and must align closely with service and investment decisions.
<b>Procurement</b>	In-house CCO	Supports capital and operational delivery. Requires direct alignment with CCO priorities, standards, and contract management approaches.
<b>Property</b>	In-house CCO	Essential for managing water assets, easements, land access, and property-related compliance directly connected to water service delivery. <u>Note:</u> Part of Property could be outsourced (will be determined through planning and org design).
<b>Insurance</b>	In-house CCO	Needs to be tailored to the CCO's specific risk profile, assets, and exposures. Best managed internally with broker support. <u>Note:</u> Part of Insurance could be outsourced (will be determined through planning and org design).
<b>Treasury Advice</b>	Outsourced	Specialist advisory services (e.g. debt strategy, interest risk management) can be efficiently provided by external experts as needed.
<b>Fleet</b>	Outsourced	Fleet acquisition and management can be delivered more efficiently through external providers or council shared services.

## (f) Governance &amp; Legal

Function	On Day 1...	Rationale / comment
<b>Governance (e.g. secretariat, reporting)</b>	In-house CCO	Core organisational capability supporting Board operations, statutory reporting, and decision-making.
<b>Legal</b>	In-house CCO	Required to support contracts, compliance, statutory obligations, and organisational risk. Needs close integration with operational and commercial decisions.

[43648421\\_1043648421-1043648421\\_9](#)

## Schedule 1: Project Plan

<b>Strategy</b>	In-house CCO	Central to defining organisational direction, investment priorities, and service outcomes.
<b>Risk</b>	In-house CCO	Critical to managing organisational, operational, and compliance risks. Requires direct oversight and integration with internal controls.
<b>Policies, Processes and Procedures</b>	In-house CCO	Essential for setting organisational standards, controlling risk, and ensuring consistent ways of working.
<b>External Audit</b>	Outsourced	Independent assurance must be provided by an external party to maintain objectivity and meet legislative and governance requirements.

## (g) Operations

Function	On Day 1...	Rationale / comment
<b>SCADA</b>	In-house CCO	Critical operational control system. Requires direct oversight to manage network performance, security, and incident response.
<b>Health &amp; Safety</b>	In-house CCO	Core organisational responsibility. Must align with CCO risk profile, operational activities, and statutory obligations.
<b>Compliance</b>	In-house CCO	Directly linked to regulatory obligations for drinking water, wastewater, and environmental performance.
<b>Business Continuity Planning (BCP) &amp; Emergency Management (EM)</b>	In-house CCO	Essential for coordinated response and service continuity. Must be integrated with CCO operations and risk functions.
<b>Incident Management (IM)</b>	In-house CCO	Requires immediate operational decision-making and direct accountability for service restoration and customer impacts.
<b>Trade Waste</b>	In-house CCO	Core service function tied to industrial wastewater management, compliance, and customer interface.
<b>Laboratory</b>	In-house CCO	Provides operational sampling and testing required for regulatory compliance and service quality assurance.
<b>Stores &amp; PPE</b>	In-house CCO	Supports frontline operations. Needs close alignment with operational teams and health & safety requirements.
<b>Public Utility Connections</b>	In-house CCO	Directly linked to asset integrity and customer service.
<b>Operations &amp; Maintenance (O&amp;M)</b>	In-house CCO / Outsourced	Expected that Day 1 will be a 'lift and shift' of current contracts and arrangements, i.e.: <ul style="list-style-type: none"> <li>In-house CCO for KDC and FNDC</li> <li>Outsourced for WDC</li> </ul>
<b>Stormwater</b>	Matter of shared interest	Council function, but CCO could be contracted to provide stormwater services (TBD).
<b>Bylaws</b>	Matter of shared interest	Councils retain bylaw-making powers. Coordination needed to ensure alignment with water service operational requirements.
<b>Private Schemes</b>	Matter of shared interest	Councils retain responsibility for this if assigned by regulator. NWO will be contracted to provide any operational or engineering support required to fulfil the regulatory obligation.

## (h) People &amp; Organisation

Function	On Day 1...	Rationale / comment
<b>HR Advisory (incl. Employee Relations)</b>	In-house CCO	Requires close alignment with CCO culture, employment policies, and leadership. At approximately 100 employees, it becomes worth to have this capability in-house.

[43648421\\_1043648421\\_1043648421\\_9](#)

## Schedule 1: Project Plan

<b>Workforce Capability</b>	In-house CCO	Core to building and developing the CCO's workforce, ensuring capability planning, training, and development are integrated with organisational needs.
<b>Payroll</b>	Outsourced	Can be delivered efficiently via existing shared services or specialist providers. Transactional in nature with limited need for in-house ownership.
<b>Recruitment</b>	Outsourced	Specialist providers can deliver recruitment services efficiently, while the CCO sets direction and makes final hiring decisions.

## (i) Systems &amp; Technology

Function	On Day 1...	Rationale / comment
<b>IT Management</b>	In-house CCO	Provides strategic direction, technology oversight, and alignment with CCO priorities.
<b>Helpdesk &amp; Desktop support</b>	In-house CCO	Supports frontline staff directly with system access, hardware, and issue resolution.
<b>Cyber Security</b>	Outsourced	Requires specialist capability and 24/7 monitoring; external delivery is efficient, with internal oversight retained to manage risk and standards.
<b>Networks and Datacentres</b>	Outsourced	Efficiently delivered by specialist providers. Internal oversight ensures performance, security, and alignment with CCO requirements.

**5.4** Delivery approach

The establishment of the NWO will be delivered through a set of **interconnected workstreams** using a **waterfall approach**, with some elements of agile planning. This provides a clear sequence of work while still allowing the CCO to assume certain functions early when it is practical and beneficial. This approach will:

- Support coordinated delivery, taking into account the strong dependencies across workstreams. Shared project management and regular cross-workstream collaboration help avoid siloed activity and keep delivery aligned.
- Provide confidence in time, cost, and scope, which is important to the shareholders and board. The waterfall model offers structure and predictability, while still enabling selected functions to be accelerated where this presents low risk and clear value.
- Ensure clear reporting and governance, with consistent oversight across all workstreams. This framework also provides a straightforward mechanism to assess and approve any early transfer of functions, making sure such decisions align with overall programme readiness and objectives.

**5.5** Establishment delivery plan**(a)** Establishment Mobilisation

The table below outlines the milestones, deliverables and activities that are expected to take place during Establishment Mobilisation (first 90 days following CCO incorporation).

These timings are estimates and they will be updated as activities get underway, progress is made, and more information becomes available. The delivery of activities during Establishment Mobilisation are highly dependent on the timing of Establishment Workstream Lead appointments.

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

*Note: the timeframes in the table below show when a deliverable, milestone or activity is expected to be completed. This means that more activities are expected to take place (start) during Establishment Mobilisation, but they may not be completed.*

	Milestone / Deliverable	Day 1-30	Day 31-60	Day 61-90
Programme Management	Final Establishment Plan			
	Set up of Establishment programme (reporting, risk, dependencies, etc.)			
Asset Management	AM data review completed (incl. data cleanse assessment)			
	Business cases review (+ determined gaps)			
	Analysis of AM policy (policies)			
	Asset Management policy			
Capital Delivery	Draft analysis of initial project spend and carry-overs			
	Regional overview of capital spend across Northland			
	Capital projects stocktake			
Operations	Ops Technology contracts reviewed (e.g. Scada)			
	Consent condition gap analysis			
	Ops delivery strategy & plan			
Customer & Stakeholder Engagement	Updated logo & branded templates			
	Final Comms & Engagement Plan (for Phase 2)			
	Ongoing comms & engagement			
	Decision re. contact centre in/out of scope			
	Website (information only)			
	Iwi / hapū landscape understood			
Finance, Funding & Commercial	Transactional banking approach			
	Directors and Officers Insurance in place			
	Treasury policy			
	LGFA application process			
	Key decisions (transactional, tax, debt) confirmed			
	Continue to update financial modelling as required			
Governance & Legal	SRG appointment (TBC)	Will be completed by Day 0		
	Board appointment			
	Transition agreement in place	Will be completed by Day 0		
	Day 0 policies adopted by Board			

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

	Board governance manual			
	Board work programme to Day 1			
	Transfer agreement approach			
	Regulatory / compliance framework			
People & Organisation	CE appointment			
	Workstream Leads on board			
	Functional design			
	High-level operating model			
	Comms timeframes for staff			
Systems & Technology	Supplier/ solution review and option analysis (based on ROI / RFI)			
	Review of NWDW Digital Plan			
	Commence development of Digital strategy			

**(b) Establishment (high-level)**

Throughout *Phase 1: Scoping & Preparation*, the NWDW project team have progressively worked with Council staff, the Elected Member Steering Group, and the Establishment Advisory Group to develop the core building blocks for establishment, including the high-level establishment delivery plan.

The plan below outlines the expected quarter in which milestones and deliverables will be reached or completed. At this point, this remains an early draft, which will be refined and validated through more detailed planning (adding underlying activities and replacing quarterly estimates with specific dates) with Phase 2 workstream leads who will be responsible for delivering on the plan.

At this stage (without Establishment Workstream Leads identified or on board), it is not useful or practical to go into a lower level of detail within the plan because:

- Detailed plans will be shaped and ultimately owned by the Workstream Leads who will be accountable for delivering them.
- Without Leads in place, detailed content risks being incorrect, unimplementable, or needing significant rework once owners are onboard.
- Critical interdependencies, resource requirements, system needs, and realistic timelines should be validated by those who will lead and execute the work.
- Over-specifying the plan now would create a false sense of precision and could constrain the leads’ ability to design the most effective pathways for delivery.

	Milestone / Deliverable	Pre-Q1	Q1 (Jul – Sep '26)	Q2 (Oct – Dec '26)	Q3 (Jan – Mar '27)	Q4 (Apr – Jun '27)
Asset Management	Data structure review					
	Data cleanse assessment					

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

	Milestone / Deliverable	Pre-Q1	Q1 (Jul – Sep '26)	Q2 (Oct – Dec '26)	Q3 (Jan – Mar '27)	Q4 (Apr – Jun '27)
	Asset Management policy					
	Key document templates					
	Asset condition framework					
	Transfer Agreement schedules					
	Asset condition report					
	Draft Water Services Strategy (WSS)					
	Draft Investment plan					
	(Initial) Strategic Asset Management Plan					
	AM data migration					
	Data cleanse					
	Business cases completed for capital works commencing FY28					
	Asset register					
	Consultation on WSS (if required)					
	Asset valuation report					
	Final Water Services Strategy (WSS)					
Strategic Asset Management Plan						
Asset criticality framework						
<b>Capital Delivery</b>	Capital projects stocktake					
	Capital projects assessment					
	In-flight capital projects transfer plan					
	Transfer Agreement schedules					
	Capital works framework					
<b>Customer &amp; Stakeholder Engagement</b>	Branding (logo)					
	Decision re. contact centre in/out of scope					
	Website (information only)					
	Comms & Engagement plan					
	Customer strategy					
	Iwi / hapū landscape understood					
	Customer approach					
	Full brand strategy					
	Customer relationship framework					
	Comms policies					

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

	Milestone / Deliverable	Pre-Q1	Q1 (Jul – Sep '26)	Q2 (Oct – Dec '26)	Q3 (Jan – Mar '27)	Q4 (Apr – Jun '27)
	Significance & engagement policy					
	Iwi / hapū engagement framework					
	Capital delivery mgmt. plan					
	Capital projects virtual PMO (TBC)					
	Customer Service Centre SLAs with councils (TBD)					
	Customer data migration, testing, etc.					
	WSS consultation (if required)					
	Awareness campaign					
	Operational website (incl. billing, payments?)					
	Go-Live comms					
<b>Finance, Funding &amp; Commercial</b>	Insurance basics					
	Key decisions (transactional, tax, debt)					
	LGFA Phase 2 funding & transactional banking					
	Initial Pricing strategy & approach (excl. harmonisation)					
	High-level procurement plan & principles					
	GL Chart of Accounts & structure					
	Office location(s)					
	Reserves reconciliation					
	Insurance strategy					
	Budget					
	Transfer Agreement schedules					
	Financial policies					
	Fleet					
	SLAs (with councils)					
	Contracts					
	LGFA					
	Annual report preparation					
	Final pricing strategy					
	Financial plan					
	Business plan					
Transactional banking						
Insurance in place						

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

	Milestone / Deliverable	Pre-Q1	Q1 (Jul – Sep '26)	Q2 (Oct – Dec '26)	Q3 (Jan – Mar '27)	Q4 (Apr – Jun '27)
<b>Governance &amp; Legal</b>	SRG appointment					
	Board appointment					
	Transition Agreement					
	Governance manuals					
	Legal policies					
	Governance policies					
	Statement of Expectations					
	Bylaws analysis					
	Business policy framework					
	Significance & engagement policy					
	Transfer Agreements					
	Bylaws MOU with councils					
	Enterprise Risk Mgmt. framework					
<b>Operations</b>	Ops delivery strategy & plan					
	Health & Safety framework					
	Stormwater scope					
	Consent register					
	H&S policies					
	Water Safety Plans					
	Transfer Agreement schedules					
	Consent strategy					
	Asset non-compliance report					
	Stormwater Management Services agreement					
	Operational Compliance Strategy					
	Developments / New Connections Framework					
	Trade waste framework					
	Consent forward plan					
	Incident management plan					
	Internal audit strategy & plan					
	Annual assurance plan					
	Integrated resilience framework					
Management Plans for critical gaps and risks						

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

	Milestone / Deliverable	Pre-Q1	Q1 (Jul – Sep '26)	Q2 (Oct – Dec '26)	Q3 (Jan – Mar '27)	Q4 (Apr – Jun '27)
<b>People &amp; Organisation</b>	CE appointment					
	Functional design					
	High-level org design					
	High-level operating model					
	Comms timeframes for staff					
	Union engagement					
	Detailed org design (incl. job descriptions)					
	HR policies					
	Culture compass (values, identity)					
	Employment agreements					
	Recruitment plan					
	Change mgmt. plan					
	Job sizing methodology					
	Recruitment of senior leadership & priority roles					
	Job offers					
	HRIS data migration					
	Induction and training					
	Additional recruitment					
Change Leadership comms						
<b>Systems &amp; Technology</b>						

[43648421\\_1043648421\\_1043648421\\_9](#)

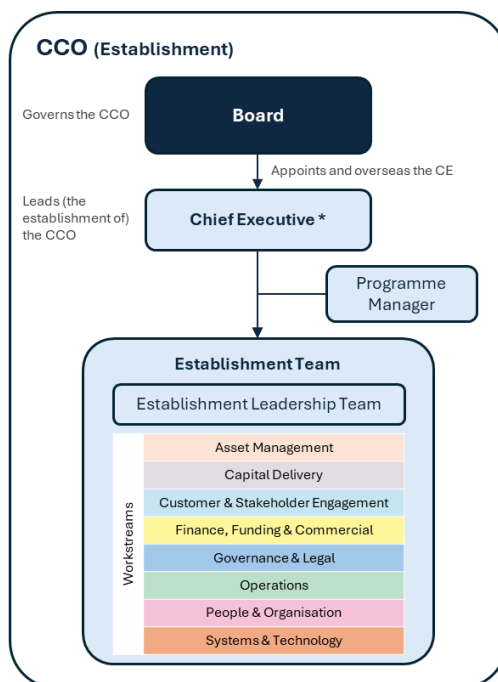
Schedule 1: Project Plan

**6. PROGRAMME / PMO**

**6.1 Establishment Team structure**

The Establishment Team structure is expected to evolve and respond over time to factors such as an emerging NWO organisational structure, timebound workloads, ongoing effectiveness assessments as well as assurance and governance feedback.

The image below visualises the high-level programme structure for *Phase 2: Establishment & Transition*.



\* Programme Director until Chief Executive is appointed

<b>CCO (Establishment)</b>	
The CCO is responsible for leading the establishment programme and preparing the organisation for Day 1 operations.	
<b>Board</b>	Provides governance and strategic oversight of the establishment programme and sets the direction needed to prepare the organisation for Day 1 and beyond.
<b>Chief Executive</b>	Leads the Establishment Team, holds delegated authority for day-to-day establishment decisions, and ensures delivery is aligned with Board direction.
<b>Establishment Leadership Team (ELT)</b>	Provides cross-programme leadership, coordination, and oversight of workstream delivery.
<b>Establishment Team (workstreams)</b>	Eight workstreams responsible for delivering the plans, systems, data, processes and organisational capabilities required for Day 1 readiness.

**6.2 Governance and Leadership**

The governance and leadership arrangements for Phase 2 ensure that establishment and transition activities are well-directed, transparent, and aligned across the CCO and councils.

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

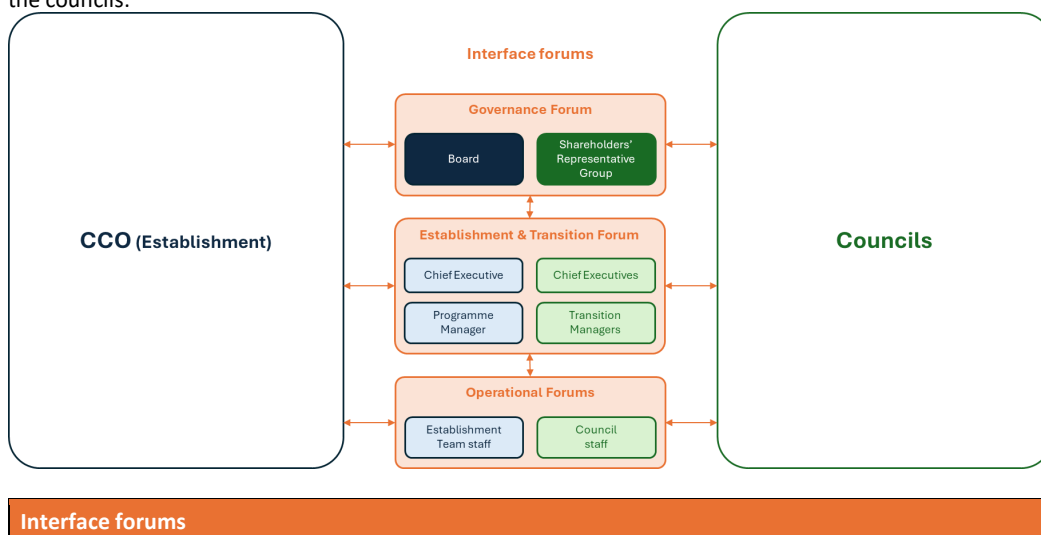
These arrangements provide clear decision-rights, efficient escalation pathways, and coordinated oversight of programme progress, risks, and dependencies. The table below sets out the role, membership and meeting frequency for the Programme’s governance and leadership bodies.

	Role	Membership	Meeting frequency
<b>Board</b>	<ul style="list-style-type: none"> <li>Provides strategic oversight of the establishment programme.</li> <li>Considers and approves matters requiring governance-level decisions (e.g., strategic settings, key policies, major risks).</li> <li>Receives scheduled programme reporting to support timely decision-making.</li> </ul>	<b>Members</b> <ul style="list-style-type: none"> <li>Board chair (chair)</li> <li>Board members</li> </ul> <b>As required</b> <ul style="list-style-type: none"> <li>Chief Executive</li> <li>Programme Manager</li> <li>Workstream Leads</li> </ul>	Monthly, or as required.
<b>Establishment Leadership Team (ELT)</b>	<ul style="list-style-type: none"> <li>Provides operational leadership of the establishment programme.</li> <li>Coordinates cross-workstream activity, manages dependencies and resolves issues within delegated authority.</li> <li>Oversees programme risks, sequencing, and resourcing.</li> </ul>	<b>Members</b> <ul style="list-style-type: none"> <li>Programme Director (chair)</li> <li>Programme Manager</li> <li>Workstream Leads</li> </ul>	Weekly

**6.3 Council engagement and interface**

The Establishment programme and the three councils will need to work in close partnership throughout *Phase 2: Establishment and Transition* to ensure the successful delivery of a water organisation that is fully operational on Day 1. Achieving this will require effective coordination across governance, leadership, and operational levels to enable collaboration, a smooth exchange of information, early identification and management of risks, and timely escalation of issues as they arise.

The diagram below illustrates the key interfaces and points of interaction between the CCO and the councils:



[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

Interface forums bring the CCO and councils together to ensure alignment, coordinate decision-making, and resolve issues that cross organisational boundaries.	
<b>Governance Forum</b>	Supports alignment between the CCO Board and the Shareholders’ Representative Group on governance-level matters.
<b>Establishment &amp; Transition Forum</b>	Brings together the CCO and councils’ executive leaders to coordinate establishment and transition activities and monitor readiness.
<b>Operational Forums (working groups)</b>	Working-level groups between CCO workstreams and council SMEs, used to progress detailed tasks such as data transfer, asset information, system integration, people transition and continuity of operations.

The table below sets out the role, membership and meeting frequency for the Interface Forums.

	<b>Role</b>	<b>Membership</b>	<b>Meeting frequency</b>
<b>Governance Forum</b>	<ul style="list-style-type: none"> <li>Enables alignment between the Board and the SRG on ownership and governance matters.</li> <li>Provides a forum for discussing emerging strategic and establishment issues.</li> <li>Acts as a high-level escalation pathway.</li> <li>Not a decision-making body.</li> </ul>	<p><i>Members</i></p> <ul style="list-style-type: none"> <li>Board chair (chair)</li> <li>Board members</li> <li>SRG Independent Chair</li> <li>SRG members</li> </ul> <p><i>As required</i></p> <ul style="list-style-type: none"> <li>Chief Executive</li> </ul>	Quarterly, or as required.
<b>Establishment &amp; Transition Forum</b>	<ul style="list-style-type: none"> <li>Supports coordinated delivery across the CCO and councils.</li> <li>Ensures shared understanding of dependencies, readiness and timing.</li> <li>Provides the escalation point for issues that cannot be resolved in at an operational level.</li> <li>Supports consistent approaches to transition and operational handover.</li> </ul>	<p><i>Members</i></p> <ul style="list-style-type: none"> <li>CCO Chief Executive</li> <li>Council Chief Executives</li> <li>Establishment Programme Manager</li> <li>Council Transition Managers</li> </ul> <p><i>As required</i></p> <ul style="list-style-type: none"> <li>Workstream Leads</li> </ul>	Monthly, or as required.
<b>Operational Forums (working groups)</b>	<ul style="list-style-type: none"> <li>Facilitate working-level alignment between CCO workstreams and council SMEs.</li> <li>Enable detailed problem-solving and continuity planning (e.g., data migration, asset verification, system handover, people transition).</li> <li>Resolve issues at the lowest practicable level, escalating only where required.</li> </ul>	<p><i>Members</i></p> <ul style="list-style-type: none"> <li>TBD – depending on the forum / working group</li> </ul>	Weekly / fortnightly / monthly

**6.4 Reporting**

Programme reporting provides clear and consistent visibility of progress, risks, issues and dependencies across the establishment programme. Reporting supports informed decision-making by the Board, Chief Executive, Establishment Leadership Team and councils, and ensures delivery remains aligned to Day 1 outcomes.

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

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The Programme Manager is responsible for programme-level reporting and consolidating inputs, drawing heavily on Workstream Leads and Project Managers for accurate, timely information.

Reporting will be:

- **Tailored to the audience** – providing the right level of detail for shareholders (councils), the Board, Chief Executive and other stakeholders.
- **Aligned to governance and leadership meetings** – structured to support timely decisions at key forums.
- **Forward-looking** – highlighting upcoming milestones, emerging risks and delivery challenges to support proactive management.

Programme reporting will include:

- Overall programme and workstream RAG status
- Progress against milestones and the programme schedule
- Completion of deliverables and key actions
- Emerging and active risks and issues, including mitigation plans
- Resourcing updates
- Financial performance against budget and forecast

This approach ensures stakeholders have confidence that the programme is on track and that corrective actions can be taken when needed.

**6.5 Approvals and reviews**

All deliverables and milestones within the NWDW programme will be subject to review and approval to ensure they meet the required standards, align with programme objectives and support Day 1 readiness. Clear decision-rights and consistent review pathways help maintain quality, manage risk and ensure timely progress.

<b>Board</b>	Approves matters relating to overall strategic direction, governance settings, and key establishment products with long-term implications for the organisation.
<b>Chief Executive</b>	Approves programme-level deliverables, operational decisions and escalated issues within their delegated authority.
<b>Workstream Lead</b>	Review and approve outputs within their workstream scope, ensuring alignment with delivery principles, standards and timelines.

At the start of Phase 2 (during and following detailed planning), the Programme Manager will work with the Board, Chief Executive and Workstream Leads to determine the review/approval for each programme deliverable and milestone.

A Decision Framework and/or Matrix will be developed early in Phase 2 to document:

- decision-rights and delegated authorities
- required reviewers and approvers
- escalation points
- circumstances requiring joint CCO–council involvement
- matters reserved for the Board or SRG

This framework will provide clarity for workstreams, support consistent decision-making and ensure issues are escalated efficiently and transparently.

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[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

**6.6 Programme Risks**

Effective risk management is essential to ensuring the programme remains on track, manages uncertainty proactively, and achieves Day 1 readiness. Risks will be identified, assessed and monitored throughout Phase 2, with clear escalation pathways through the governance model.

**(a) Risk matrix**

The programme will use a standardised risk matrix (same risk matrix as used during *Phase 1: Scoping & Preparation*) to assess the likelihood and impact of each risk. This ensures consistent evaluation across workstreams and supports clear reporting and escalation.

		Impact				
		(1) Insignificant	(2) Minor	(3) Moderate	(4) Major	(5) Catastrophic
Likelihood	(5) Almost Certain	Medium	High	High	Critical	Critical
	(4) Likely	Medium	Medium	High	High	Critical
	(3) Possible	Low	Medium	Medium	High	High
	(2) Unlikely	Low	Low	Medium	Medium	High
	(1) Rare	Low	Low	Low	Medium	Medium

**(b) Programme Risks**

The key programme-level risks identified at this stage of Phase 2 are outlined in the table below. These risks will be monitored through routine reporting and reviewed at appropriate governance forums.

Note: Workstreams will maintain their own detailed risk registers.

Risk	Description (IF / THEN)	Mitigation
<b>Unable to secure skilled establishment resources</b>	IF required expertise cannot be sourced, THEN delivery timeframes, quality, and sequencing may be impacted.	<ul style="list-style-type: none"> <li>• Early identification of critical roles and competencies</li> <li>• Use of contingent labour and secondments where appropriate</li> <li>• Streamlined recruitment and procurement processes</li> </ul>
<b>Establishment recruitment process is seen as unfair and not sufficiently transparent</b>	IF recruitment and selection are perceived as unclear, biased, or inconsistent, THEN trust in the organisation may be reduced and may lead to challenges or delays.	<ul style="list-style-type: none"> <li>• Clear, documented recruitment processes</li> <li>• Consistent communication to all parties</li> <li>• Independent oversight and quality assurance</li> </ul>
<b>Scope creep during establishment</b>	IF additional tasks or functions are added without proper control, THEN time, cost, and resource constraints may be exceeded.	<ul style="list-style-type: none"> <li>• Well-defined scope baselines</li> <li>• Formal change-control process</li> <li>• Regular scope reviews with governance groups</li> </ul>
<b>Ineffective change management during establishment</b>	IF change is not managed in a structured and inclusive way, THEN staff, councils, and partners may experience confusion, resistance, or low engagement.	<ul style="list-style-type: none"> <li>• Dedicated change management workstream</li> <li>• Clear, timely communication</li> <li>• Engagement with councils and affected staff early and often</li> </ul>

[43648421\\_1043648421-1043648421\\_9](#)

Schedule 1: Project Plan

<b>Unclear roles and responsibilities</b>	IF roles, accountabilities, or decision rights are not well defined, THEN work may be duplicated, delayed, or poorly coordinated.	<ul style="list-style-type: none"> <li>• Clear RACI development across all workstreams</li> <li>• Early communication of responsibilities</li> <li>• Regular alignment sessions as establishment progresses</li> </ul>
<b>Non-compliance with regulations</b>	IF legal, regulatory, or statutory requirements are not correctly identified or followed, THEN the NWO may face delays, legal challenge, or reputational harm.	<ul style="list-style-type: none"> <li>• Early legal review of establishment requirements</li> <li>• Compliance tracking and assurance activities</li> <li>• Escalation process for identified risks or gaps</li> </ul>
<b>Councils not ready to transition</b>	IF councils are not operationally ready or have unresolved issues, THEN transition may be delayed or delivered at reduced quality.	<ul style="list-style-type: none"> <li>• Early assessment of council readiness</li> <li>• Joint transition planning</li> <li>• Support mechanisms for councils needing additional preparation</li> </ul>

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

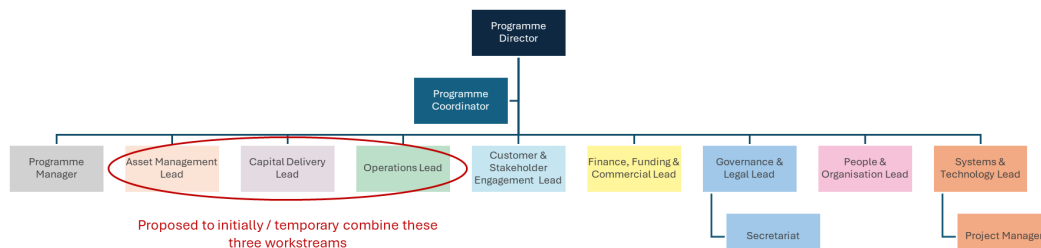
**6.7 Resources**

**(a) Establishment Mobilisation**

During Establishment Mobilisation, the NWDW programme will appoint a core team comprising dedicated Establishment Workstream Leads supported by key enabling resources.

Workstream Leads are expected to be primarily externally sourced. However, where councils are able to release staff with the appropriate skills and capacity, there is a clear benefit in leveraging internal resources and their institutional knowledge.

The diagram below illustrates the target organisational structure that the programme is expected to scale to during Establishment Mobilisation.



**(b) Establishment**

[Establishment Resource model to be further developed with Workstream Leads]

**6.8 Financials**

**(a) Establishment Mobilisation**

The table below shows the estimated budget during Establishment Mobilisation.

	April	May	June	SUM
People (Establishment Team)	\$ 150,000	\$ 270,000	\$ 420,000	\$ 840,000
Board fees	\$ -	\$ 30,000	\$ 30,000	\$ 60,000
External advice, including legal and treasury	\$ -	\$ 140,000	\$ 140,000	\$ 280,000
Premises	\$ -	\$ 10,000	\$ 10,000	\$ 20,000
Other (including Branding, Website, Insurance)	\$ 5,000	\$ 15,000	\$ 15,000	\$ 35,000
Contingency (5%)	\$ 7,000	\$ 25,000	\$ 30,000	\$ 62,000
<b>Sub-Total</b>	<b>\$ 162,000</b>	<b>\$ 490,000</b>	<b>\$ 645,000</b>	<b>\$ 1,297,000</b>
Allowance for digital (cost depends on licensing and cost recovery models of the vendors)	0	\$ 100,000	\$ 300,000	\$ 400,000
<b>TOTAL</b>	<b>\$ 162,000</b>	<b>\$ 590,000</b>	<b>\$ 945,000</b>	<b>\$ 1,697,000</b>

**(b) Establishment**

[Establishment budget to be further developed with Workstream Leads]

**6.9 Transition Agreement**

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

[Insert summary of TA content once finalised]

**6.10** Ways of Working  
**(a)** Establishment Team Location

TBC

**(b)** Meetings and Ceremonies

A consistent set of programme meetings and ceremonies will be used to maintain programme cadence, ensure alignment and provide structured opportunities for coordination across workstreams.

Meeting	Frequency	Attendees	Purpose
<b>Incremental Planning Day</b>	Quarterly	<ul style="list-style-type: none"> <li>Chief Executive</li> <li>Programme Manager</li> <li>Workstream Leads</li> <li>Key workstream members</li> </ul>	<ul style="list-style-type: none"> <li>Review and refine the programme delivery plan</li> <li>Identify and manage cross-workstream dependencies</li> </ul>
<b>Dependency hui</b>	Monthly	<ul style="list-style-type: none"> <li>Programme Manager</li> <li>Project Managers</li> </ul>	<ul style="list-style-type: none"> <li>Track and resolve cross-workstream dependencies</li> </ul>
<b>Project Managers stand-up</b>	Weekly	<ul style="list-style-type: none"> <li>Programme Manager</li> <li>Project Managers</li> </ul>	<ul style="list-style-type: none"> <li>Review progress across workstreams</li> <li>Address emerging issues and blockers</li> </ul>
<b>Workstream stand-up</b>	At least weekly	<ul style="list-style-type: none"> <li>Workstream Lead</li> <li>Workstream members</li> </ul>	<ul style="list-style-type: none"> <li>Review progress within workstreams</li> <li>Identify issues and blockers</li> <li>Align on upcoming tasks</li> </ul>

**(c)** Systems and Tools

The Establishment Team will use a standard suite of systems and tools to support collaboration, information sharing and delivery oversight.

<b>SharePoint and Teams</b>	For shared document management, collaboration, communication and version control.
<b>Project Management tool</b>	To develop, manage and report on workstream delivery plans, schedules, dependencies and risks.
<b>Agreed templates and frameworks</b>	Including reporting templates, risk frameworks, action registers and decision-making tools (e.g. for board papers) to ensure consistency and efficiency.

[43648421\\_1043648421\\_1043648421\\_9](#)

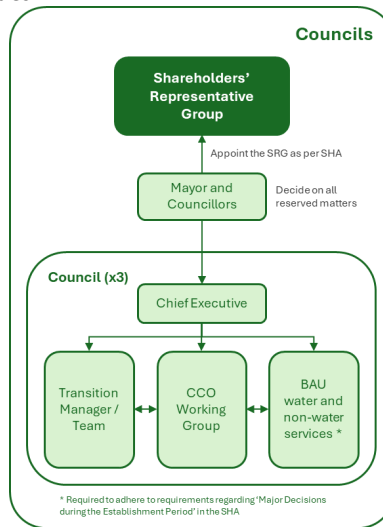
Schedule 1: Project Plan

**7. COUNCIL TRANSITION**

This Establishment Plan focuses on the activities required to establish the Northland Water Organisation. While it touches on elements of transition (and where it interfaces with establishment), responsibility for transition planning and readiness sits with each council. Councils will play a critical role throughout Phase 2, ensuring that their own organisations are prepared for the transfer of water services to the CCO on Day 1.

**7.1 Council Transition structure**

For illustration only. Each council will determine how they structure and organise themselves to undertake transition activities.



Councils	
Councils retain responsibility for preparing their own organisations for the transition to the future state and for supporting the transfer of functions, staff, data, assets, and operational responsibilities to the CCO.	
<b>Shareholders' Representative Group</b>	Represents the three shareholder councils and appoints the CCO Board.
<b>Transition Manager / Team</b>	<ul style="list-style-type: none"> <li>• Lead council-side transition activities, including transition planning and confirming the future state for functions that remain with councils.</li> <li>• Act as the primary point of contact for the CCO Establishment Team, coordinating information requests, subject-matter input and operational queries.</li> <li>• Support a smooth transition of people, assets, contracts, data and responsibilities by Day 1.</li> </ul>

**7.2 Council responsibilities**

During Phase 2, councils will be responsible for:

[43648421\\_1043648421\\_1043648421\\_9](#)

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Schedule 1: Project Plan

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- Maintaining business-as-usual service delivery.
- Managing council transition towards future state.
- Supporting the establishment programme.
- Identifying and confirming assets to be transferred.
- Making decisions on council staff involvement.
- Engaging in governance and assurance processes.
- Managing council-specific transition risks and obligations.

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[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

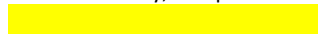
**8. APPENDIX A – WORKSTREAMS**

The establishment of the Northland Water Organisation will be delivered through a structured set of interconnected workstreams, each responsible for developing the plans, systems, processes and organisational capabilities required for the CCO to be ready on Day 1. Workstreams convert the programme’s strategy, scope and principles into focused delivery, ensuring the right work happens in the right sequence to achieve Day 1 outcomes. Together, they provide the structure for clear planning, disciplined tracking and coordinated delivery across Phase 2.

The programme comprises the following workstreams:

<b>Asset Management</b>	Establishes the asset information, planning frameworks and strategies needed to manage Northland’s drinking water and wastewater assets from Day 1.
<b>Capital Delivery</b>	Builds the pipeline, processes and continuity arrangements required to deliver all in-flight and new capital projects.
<b>Customer &amp; Stakeholder Engagement</b>	Ensures clear, consistent and trusted engagement with customers and stakeholders from Day 1 through customer arrangements, communications, and continuity of key council-held relationships.
<b>Finance, Funding &amp; Commercial</b>	Establishes the CCO’s financial foundations, including budgeting, funding, pricing, financial policies, procurement, commercial arrangements and insurance.
<b>Governance &amp; Legal</b>	Sets up the governance systems, legal frameworks, Transfer Agreements, policies and risk/assurance settings required for compliant and effective operation.
<b>Operations</b>	Develops the operational processes, compliance arrangements, health and safety frameworks and service delivery models required to run safe, reliable water services from Day 1.
<b>People &amp; Organisation</b>	Designs the organisational structure, leads recruitment and transition of staff, and establishes HR policies, culture and workforce capability.
<b>Systems &amp; Technology</b>	Delivers the core systems, data migration, testing and digital capability needed to support all operational, customer, asset and corporate functions.

Together, these workstreams provide the backbone of programme delivery. Their outputs form the complete set of Day 1 readiness requirements and ensure that the organisation is safe, customer-ready, compliant and operationally capable on 1 July 2027.



[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

**8.1 Asset Management**

**(a) Purpose**

The Asset Management Workstream is responsible for identifying and understanding the assets required for the Northland Water Organisation to deliver safe, reliable drinking water and wastewater services from Day 1.

It develops the Water Services Strategy (WSS) with the Governance and Finance workstreams, and prepares the core asset information needed for transfer, including asset registers, condition assessments, valuations and investment plans. It also develops the Strategic Asset Management Plan (SAMP), so the organisation has clear priorities, risks and maintenance strategies to guide operational decisions from Day 1.

**(b) Workstream deliverables and milestones**

The table below sets out the sequence of deliverable and milestones for this workstream:

Pre-Q1	Q1 (Jul – Sep 2026)	Q2 (Oct – Dec 2026)	Q3 (Jan – Mar 2027)	Q4 (Apr – Jun 2027)
<ul style="list-style-type: none"> <li>Data structure review</li> <li>Data cleanse assessment</li> </ul>	<ul style="list-style-type: none"> <li>Asset Management policy</li> <li>Key document templates</li> <li>Asset condition framework</li> </ul>	<ul style="list-style-type: none"> <li>Transfer Agreement schedules</li> <li>Asset condition report</li> <li>Draft Water Services Strategy (WSS)</li> <li>Investment plan</li> <li>(Initial) Strategic Asset Management Plan</li> </ul>	<ul style="list-style-type: none"> <li>AM data migration</li> <li>Data cleanse</li> <li>Business cases completed FY28</li> <li>Asset register</li> <li>Consultation on WSS (if required)</li> </ul>	<ul style="list-style-type: none"> <li>Asset valuation report</li> <li>Final Water Services Strategy (WSS)</li> <li>Strategic Asset Management Plan</li> <li>Asset criticality framework</li> </ul>

**(c) Key workstream risks**

Risk	Description (IF / THEN)	Mitigation
<b>Incomplete or inaccurate asset data for transfer</b>	IF asset data/information is incomplete, inconsistent or of poor quality, THEN the organisation may inherit unclear asset responsibilities and be unable to make sound investment or maintenance decisions from Day 1.	<ul style="list-style-type: none"> <li>Prioritise critical asset data</li> <li>Apply shared data standards</li> <li>Asset valuation is undertaken by independent, external party</li> </ul>
<b>Water Services Strategy and Strategic AMP not ready or not aligned</b>	IF the Water Services Strategy (developed with Governance and Finance) or the SAMP are delayed or misaligned, THEN the organisation will lack a coherent long-term direction for investment, levels of service, risk management and regulatory compliance.	<ul style="list-style-type: none"> <li>Establish coordinated cross-workstream processes</li> <li>Lock in key decisions early</li> </ul>
<b>Limited access to council staff and subject-matter expertise</b>	IF council (asset) staff are not available to provide timely information, THEN key deliverables (WSS, Transfer Agreement Schedules, etc.) may be delayed.	<ul style="list-style-type: none"> <li>Establish agreed interface forums with councils</li> <li>Set up structured information-sharing channels</li> <li>Escalate delays early</li> </ul>

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

**8.2 Capital Delivery**  
**(a) Purpose**

The Capital Delivery Workstream is responsible for ensuring a clear pipeline of capital projects (including the continuity of all in-flight projects) is identified, prioritised and ready to be undertaken by the NWO from Day 1.

It completes the stocktake and assessment of current and planned projects, prepares the transfer for in-flight work, and sets up the capital delivery PMO to manage the scope, schedule, cost, risk and benefits of capital projects. The workstream works closely with Asset Management, Finance and Operations to ensure investment decisions are sound and projects can be delivered efficiently under a consistent framework.

**(b) Workstream deliverables and milestones**

The table below sets out the sequence of deliverable and milestones for this workstream:

Pre-Q1	Q1 (Jul – Sep 2026)	Q2 (Oct – Dec 2026)	Q3 (Jan – Mar 2027)	Q4 (Apr – Jun 2027)
	<ul style="list-style-type: none"> <li>Capital projects stocktake</li> <li>Capital projects assessment</li> </ul>	<ul style="list-style-type: none"> <li>In-flight capital projects transfer plan</li> <li>Transfer Agreement schedules</li> </ul>	<ul style="list-style-type: none"> <li>Capital delivery mgmt. plan</li> <li>Capital projects virtual PMO (TBC)</li> </ul>	

**(c) Key workstream risks**

Risk	Description (IF / THEN)	Mitigation
<b>Incomplete or inconsistent information on capital projects</b>	IF the stocktake and assessment of current and planned capital projects is delayed, incomplete or inconsistent across councils, THEN the organisation may not have a reliable capital works pipeline.	<ul style="list-style-type: none"> <li>Standardise information requests to councils</li> <li>Use a common framework</li> <li>Work with councils to close data gaps early.</li> </ul>
<b>Disruption to in-flight capital projects during transition</b>	IF in-flight projects are not supported by a clear continuity plan, THEN there is a risk of slow-down or delays.	<ul style="list-style-type: none"> <li>Develop a detailed continuity and transfer plan</li> <li>Work closely with councils to avoid slowdowns and ensure continuity</li> <li>Engage early with contractors and vendors</li> </ul>

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

**8.3 Customer & Stakeholder Engagement**

**(a) Purpose**

The Customer & Stakeholder Engagement Workstream is responsible for ensuring customers, communities and stakeholders experience clear, consistent and trusted engagement from Day 1.

Its purpose is to establish the customer and stakeholder engagement approach for the organisation, prepare customer data and service arrangements for transfer, and support continuity of key council-held relationships. The workstream leads engagement and communications activities such as branding, public information, and relationship frameworks, so that customers and stakeholders understand what to expect, where responsibilities sit, and how the organisation will engage with them from the outset.

**(b) Workstream deliverables and milestones**

The table below sets out the sequence of deliverable and milestones for this workstream:

Pre-Q1	Q1 (Jul – Sep 2026)	Q2 (Oct – Dec 2026)	Q3 (Jan – Mar 2027)	Q4 (Apr – Jun 2027)
<ul style="list-style-type: none"> <li>Branding (logo)</li> <li>Decision re. contact centre in/out of scope</li> <li>Website (information only)</li> <li>Comms &amp; Engagement plan</li> </ul>	<ul style="list-style-type: none"> <li>Customer strategy</li> <li>Customer approach</li> </ul>	<ul style="list-style-type: none"> <li>Full brand strategy</li> <li>Customer relationship framework</li> <li>Communications and engagement policies</li> <li>Significance &amp; engagement policy</li> </ul>	<ul style="list-style-type: none"> <li>Customer Service Centre SLAs with councils (TBD)</li> <li>Customer data migration, testing, etc.</li> <li>WSS consultation (if required)</li> </ul>	<ul style="list-style-type: none"> <li>Awareness campaign</li> <li>Operational website (incl. billing, payments?)</li> <li>Go-Live engagement and comms</li> </ul>

**(c) Key workstream risks**

Risk	Description (IF / THEN)	Mitigation
<b>Customers or stakeholders experience disruption or inconsistent engagement at Day 1</b>	IF outward-facing processes, channels or messaging are not aligned/ready, THEN customers and/or stakeholders may experience delays, confusion or inconsistent outcomes, which could reduce confidence in the new organisation.	<ul style="list-style-type: none"> <li>Finalise Day-1 customer and stakeholder engagement arrangements</li> <li>Align engagement and messaging across workstreams (all engagement through the Customer &amp; Stakeholder Engagement team)</li> <li>Prepare clear, proactive communications for go-live</li> </ul>
<b>Incomplete or inaccurate customer data for Day 1</b>	IF customer data is incomplete, inconsistent, or not migrated and tested in time, THEN billing (TBC), customer service interactions, and service continuity may be disrupted at go-live.	<ul style="list-style-type: none"> <li>Define data standards early</li> <li>Undertake data validation</li> <li>Work closely with councils on data extraction</li> </ul>
<b>Loss of trust through unclear or insufficient stakeholder engagement</b>	IF engagement with stakeholders (including councils, iwi/hapū, regulators and communities) is unclear, inconsistent or delayed, THEN trust and confidence in the new organisation may be undermined.	<ul style="list-style-type: none"> <li>Establish clear stakeholder engagement frameworks</li> <li>Maintain continuity of key council-held relationships</li> <li>Provide clear, consistent pre-Day 1 engagement and updates</li> </ul>

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

**8.4 Finance, Funding & Commercial**

**(a) Purpose**

The Finance, Funding & Commercial Workstream is responsible for establishing the financial foundations, funding arrangements and commercial frameworks needed for the Northland Water Organisation to operate effectively from Day 1.

Its purpose is to develop the financial plan and budget, secure funding and banking arrangements, establish financial policies and processes, and prepare the pricing strategy and commercial principles that will guide future decision-making. The workstream also leads procurement, insurance and contract-related activities, ensuring that commercial obligations are understood, risks are managed and the organisation has the financial capability and systems needed to support service delivery from Day 1.

**(b) Workstream deliverables and milestones**

The table below sets out the sequence of deliverable and milestones for this workstream:

Pre-Q1	Q1 (Jul – Sep 2026)	Q2 (Oct – Dec 2026)	Q3 (Jan – Mar 2027)	Q4 (Apr – Jun 2027)
<ul style="list-style-type: none"> <li>Insurance basics</li> <li>Key decisions (transactional, tax, debt)</li> <li>LGFA Phase 2 funding &amp; transactional banking</li> </ul>	<ul style="list-style-type: none"> <li>Initial Pricing strategy &amp; approach (excl. harmonisation)</li> <li>High-level procurement plan &amp; principles</li> <li>GL Chart of Accounts &amp; structure</li> </ul>	<ul style="list-style-type: none"> <li>Office location(s)</li> <li>Reserves reconciliation</li> <li>Insurance strategy</li> <li>Budget</li> <li>Transfer Agreement schedules</li> <li>Financial policies</li> </ul>	<ul style="list-style-type: none"> <li>Fleet</li> <li>SLAs (with councils)</li> <li>Contracts</li> <li>LGFA</li> <li>Annual report preparation</li> <li>Final pricing strategy</li> </ul>	<ul style="list-style-type: none"> <li>Financial plan</li> <li>Business plan</li> <li>Transactional banking</li> <li>Insurance in place</li> </ul>

**(c) Key workstream risks**

Risk	Description (IF / THEN)	Mitigation
<b>Delays in external funding approvals or LGFA processes</b>	IF funding decisions, LGFA approvals, or debt facility arrangements are delayed, THEN the organisation may lack the liquidity or financial certainty required to meet early commitments or manage cash flow at Day 1.	<ul style="list-style-type: none"> <li>Engage early with LGFA and relevant agencies</li> <li>Prioritise critical decisions that rely on external approval.</li> </ul>
<b>Unclear or changing financial assumptions from councils</b>	IF councils provide late, inconsistent, or revised information on costs, reserves, contracts or financial positions, THEN budgeting, pricing work and financial planning may be based on incomplete data, creating uncertainty for Day 1 financial readiness.	<ul style="list-style-type: none"> <li>Agree timeframes for data provision</li> <li>Work through a joint reconciliation process</li> <li>Escalate unresolved gaps early.</li> </ul>
<b>Commercial dependencies with councils or suppliers not confirmed in time</b>	IF key commercial arrangements (including SLAs, inherited contracts, procurement dependencies or insurance cover) rely on councils or suppliers to confirm terms, THEN delays may affect continuity of services, risk cover, or access to essential suppliers at Day 1.	<ul style="list-style-type: none"> <li>Run an early contract stocktake</li> <li>Identify high-risk dependencies</li> </ul>

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

**8.5 Governance & Legal**

**(a) Purpose**

The Governance & Legal Workstream is responsible for establishing the governance structures, legal frameworks and decision-making settings needed for the Northland Water Organisation to operate effectively from Day 1.

Its purpose is to develop core governance documents and policies, support key appointments, lead the preparation of Transfer Agreements (including schedules) and statutory instruments, and provide legal advice across the establishment programme. It also designs the organisation’s risk, assurance and compliance frameworks, ensuring that clear accountabilities and robust decision-making arrangements are in place from the outset.

**(b) Workstream deliverables and milestones**

The table below sets out the sequence of deliverable and milestones for this workstream:

Pre-Q1	Q1 (Jul – Sep 2026)	Q2 (Oct – Dec 2026)	Q3 (Jan – Mar 2027)	Q4 (Apr – Jun 2027)
<ul style="list-style-type: none"> <li>• SRG appointment</li> <li>• Board appointment</li> <li>• Transitional Support Agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Governance manuals</li> <li>• Legal policies</li> <li>• Governance policies</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Expectations</li> <li>• Bylaws analysis</li> <li>• Business policy framework</li> <li>• Significance &amp; engagement policy</li> </ul>	<ul style="list-style-type: none"> <li>• Transfer Agreements</li> <li>• Bylaws MOU with councils</li> <li>• Enterprise Risk Mgmt. framework</li> </ul>	<ul style="list-style-type: none"> <li>• Internal audit strategy &amp; plan</li> <li>• Annual assurance plan</li> </ul>

**(c) Key workstream risks**

Risk	Description (IF / THEN)	Mitigation
<b>Delays in receiving information or decisions needed to prepare Transfer Agreements</b>	IF councils or other parties are slow to provide the information or decisions required for Transfer Agreements, THEN the agreements may not be ready in time.	<ul style="list-style-type: none"> <li>• Establish clear timelines and templates</li> <li>• Set up structured engagement with councils</li> <li>• Escalate delays early</li> </ul>
<b>Complex or unclear statutory and regulatory requirements</b>	IF legislation, bylaws, regulatory expectations or statutory instruments are complex, evolving or interpreted inconsistently, THEN governance structures, policies and processes may not align with required obligations.	<ul style="list-style-type: none"> <li>• Maintain close engagement with central agencies</li> <li>• Use external legal review for high-risk areas.</li> </ul>

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

**8.6 Operations**

**(a) Purpose**

The Operations Workstream is responsible for setting up the processes and arrangements needed to run safe, reliable water services from Day 1.

Its purpose is to gather and transfer essential operational information, put in place the key plans and frameworks for day-to-day service delivery, and ensure compliance, health and safety, and consent requirements are met. The workstream also establishes service delivery arrangements with councils and suppliers/vendors, prepares operational systems and procedures, and makes sure the organisation is ready to manage the networks, respond to issues/incidents/emergencies, and support customers from the moment it goes live.

**(b) Workstream deliverables and milestones**

The table below sets out the sequence of deliverable and milestones for this workstream:

Pre-Q1	Q1 (Jul – Sep 2026)	Q2 (Oct – Dec 2026)	Q3 (Jan – Mar 2027)	Q4 (Apr – Jun 2027)
<ul style="list-style-type: none"> <li>Ops delivery strategy &amp; plan</li> </ul>	<ul style="list-style-type: none"> <li>Health &amp; Safety framework</li> <li>Stormwater scope</li> <li>Consent register</li> </ul>	<ul style="list-style-type: none"> <li>H&amp;S policies</li> <li>Water Safety Plans</li> <li>Transfer Agreement schedules</li> <li>Consent strategy</li> <li>Asset non-compliance report</li> </ul>	<ul style="list-style-type: none"> <li>Stormwater Management Services agreement</li> <li>Operational Compliance Strategy</li> <li>Developments / New Connections Framework</li> <li>Trade waste framework</li> <li>Consent forward plan</li> </ul>	<ul style="list-style-type: none"> <li>Integrated resilience framework</li> <li>Management Plans for critical gaps and risks</li> </ul>

**(c) Key workstream risks**

Risk	Description (IF / THEN)	Mitigation
<b>Limited access to council operational staff or information</b>	IF council ops staff are not available to provide timely operational information, THEN the organisation may not have the knowledge required to safely operate the networks or respond to issues.	<ul style="list-style-type: none"> <li>Establish structured information-sharing processes with councils</li> <li>Escalate delays where needed</li> </ul>
<b>Unclear operational responsibilities between councils and the CCO</b>	IF operational responsibilities and handover points between councils and the CCO are not agreed early, THEN customer requests and operational issues may be handled inconsistently.	<ul style="list-style-type: none"> <li>Develop and confirm Day 1 SLAs</li> <li>Map end-to-end operational processes (with clear hand-over points)</li> <li>Communicate roles clearly</li> </ul>
<b>Insufficient operational staff transferring on Day 1 (loss of key experience)</b>	IF the right operational staff don't transfer or they leave early, THEN key experience and knowledge will be lost and the CCO may struggle to deliver on its responsibilities.	<ul style="list-style-type: none"> <li>Identify critical roles early</li> <li>Engage with transferring staff</li> <li>Capture essential knowledge before transition</li> </ul>

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

**8.7 People & Organisation**

**(a) Purpose**

The People & Organisation Workstream is responsible for designing and building the workforce, culture and organisational structures needed for the Northland Water Organisation to operate effectively from Day 1.

Its purpose is to develop the high-level and detailed organisational design, lead the recruitment and transition of staff, establish all necessary HR policies, employment agreements, and ensure staff are supported through clear communications and change management. It also ensures that people are in place on Day 1, know where to go, and understand how to perform their roles confidently.

**(b) Workstream deliverables and milestones**

The table below sets out the sequence of deliverable and milestones for this workstream:

Pre-Q1	Q1 (Jul – Sep 2026)	Q2 (Oct – Dec 2026)	Q3 (Jan – Mar 2027)	Q4 (Apr – Jun 2027)
<ul style="list-style-type: none"> <li>CE appointment</li> </ul>	<ul style="list-style-type: none"> <li>Functional design</li> <li>High-level org design</li> <li>High-level operating model</li> <li>Comms timeframes for staff</li> </ul>	<ul style="list-style-type: none"> <li>Union engagement</li> <li>Detailed org design (incl. job descriptions)</li> <li>HR policies</li> <li>Culture compass (values, identity)</li> <li>Employment agreements</li> <li>Recruitment plan</li> <li>Change mgmt. plan</li> <li>Job sizing methodology</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment of senior leadership &amp; priority roles</li> <li>Job offers</li> <li>HRIS data migration</li> </ul>	<ul style="list-style-type: none"> <li>Induction and training</li> <li>Additional recruitment</li> <li>Change Leadership comms</li> </ul>

**(c) Key workstream risks**

Risk	Description (IF / THEN)	Mitigation
<b>Loss of key staff or inability to secure critical roles for Day 1</b>	IF key staff leave early, choose not to transfer, or recruitment for critical roles is delayed, THEN the organisation may lack essential capability on Day 1.	<ul style="list-style-type: none"> <li>Provide clarity and certainty as early as possible</li> <li>Prioritise recruitment of critical roles</li> </ul>
<b>Unclear organisational design and role definitions</b>	IF the organisational structure, reporting lines and role responsibilities are not confirmed early, THEN recruitment could be delayed and staff may experience confusion.	<ul style="list-style-type: none"> <li>Prioritise org design</li> <li>Clarify role definitions</li> <li>Share early drafts for alignment and feedback</li> </ul>
<b>HR systems and processes not ready for Day 1</b>	IF payroll, HRIS, policies and onboarding processes are not ready for Day 1, THEN the organisation may face compliance issues, onboarding delays, and staff may not be paid correctly.	<ul style="list-style-type: none"> <li>Define minimum-viable HR requirements</li> <li>Implement and test core systems early</li> <li>Conduct payroll dry-runs</li> <li>Focus on training and induction</li> </ul>

[43648421\\_1043648421\\_1043648421\\_9](#)

Schedule 1: Project Plan

**8.8 Systems & Technology**

**(a) Purpose**

The Systems & Technology Workstream is responsible for putting in place the core systems, data and digital platforms the Northland Water Organisation needs to operate from Day 1.

Its purpose is to select and set up essential technology systems, migrate and validate data, and ensure these systems are tested, secure and ready to support customer services, operations, finance, people, asset management, etc. The workstream also supports staff training, to ensure people can use the systems confidently.

**(b) Workstream deliverables and milestones**

The table below sets out the sequence of deliverable and milestones for this workstream:

Pre-Q1	Q1 (Jul – Sep 2026)	Q2 (Oct – Dec 2026)	Q3 (Jan – Mar 2027)	Q4 (Apr – Jun 2027)
<ul style="list-style-type: none"> <li>Undertake supplier/ solution review and option analysis</li> <li>Review of NWDW Digital Plan</li> <li>Commence development of Digital strategy</li> </ul>	<ul style="list-style-type: none"> <li>xxx</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>

**(c) Key workstream risks**

Risk	Description (IF / THEN)	Mitigation
<b>Delays in selecting or setting up core systems</b>	IF key systems (e.g. CRM, finance, HR, Asset Management) are not chosen or set up in time, THEN the organisation may not have the tools it needs to run basic Day-1 processes (potentially causing manual workarounds or service delays).	<ul style="list-style-type: none"> <li>Prioritise critical Day 1 systems</li> <li>Confirm requirements early</li> <li>Apply MPV approach</li> </ul>
<b>Data not migrated or tested properly</b>	IF data from councils or existing systems is incomplete, inconsistent or not fully tested, THEN processes may fail or produce errors at go-live.	<ul style="list-style-type: none"> <li>Agree data standards early</li> <li>Run data validation cycles</li> <li>Complete end-to-end testing</li> </ul>
<b>Staff not trained or confident using new systems</b>	IF staff do not understand how to use the new systems or don't receive sufficient training, THEN processes may experience delays or break down on Day 1.	<ul style="list-style-type: none"> <li>Develop clear training plans</li> <li>Ensure key users are trained well ahead of go-live.</li> </ul>

[43648421\\_1043648421-1043648421\\_9](#)

**SCHEDULE 2  
SUPPORT SERVICES**

**SUPPORT SERVICES TO BE PROVIDED BY [COUNCIL]**

Service	Description	Service Charge	End Date for Service
<b>[FINANCE]</b>			
<b>[PEOPLE AND CULTURE]</b>			
<b>[INFORMATION TECHNOLOGY]</b>			
<b>[ADMINISTRATION]</b>			

| [43648421\\_1043648421\\_1043648421\\_9](#)



**6 TE WĀHANGA TŪMATAITI / PUBLIC EXCLUDED****RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

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:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48 for the passing of this resolution</b>
<b>6.1 - Core Roding Professional Services Contract Award</b>	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - 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

**7 KARAKIA WHAKAMUTUNGA / CLOSING PRAYER**

**8 TE KAPINGA HUI / MEETING CLOSE**