



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

AGENDA

Supplementary Reports Ordinary Te Kuaka Committee for Māori Strategic Relationships Meeting

Tuesday, 19 May 2026

Time: 10:00 AM
Location: Council Chamber
Memorial Ave
Kaikohe

Membership:

Heamana - Tāmati Rākena
Heamana Tuarua - Mane Tahere - Te Kahu
o Taonui
Kahika - Mayor Moko Tepania
Kohepu - Deputy Mayor Chicky Rudkin
Cr Arohanui Allen
Cr Kelly Stratford
Cr Hilda Halkyard-Harawira
Cr Davina Smolders
Wallace Rivers - Te Kahu o Taonui
Nyze Manuel - Te Rūnanga o Whaingaroa
Kipa Munro - Te Rūnanga o Ngāti Rēhia
Mike Te Wake - Te Rūnanga o Te Rarawa
Pita Tipene - Te Rūnanga o Ngāti Hine
Rukuwai Allen - Te Whiu Hapū
Thomas Hohaia - Te Roroa

Te Paeroa Mahi / Order of Business

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5 NGĀ PŪRONGO TAIPITOPITO / INFORMATION REPORTS

5.6 LOCAL WATER DONE WELL UPDATE MAY 2026

File Number: A5771105

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Authoriser: Charlie Billington, Group Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide Te Kuaka Committee for Strategic Māori Relationships (Te Kuaka) with an update on Local Water Done Well (LWDW) and progress in delivering against the Water Services Delivery Plan (WSDP) the Far North District Council (FNDC) approved in August 2025.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

Council will be asked to approve entry into Northland Waters Limited (NWL) at an extraordinary council meeting on 20 May 2026. Approval will also be sought for NWL's foundational legal documents (the Shareholders Agreement, Constitution and Transition Agreement)

Within six months of establishing a Water Services CCO it is a requirement under the Local Government (Water Services) Act 2025 to set a Statement of Expectations (SOE) between shareholder councils and the company. The SOE must include shareholder expectations on priorities, outcomes and community engagement. The SOE will be the principal mechanism through which Council sets the expectations for working with mana whenua.

FNDC plans to undertake engagement with mana whenua in the Far North on the development of the SOE, and Te Kuaka is invited to contribute to how relationships with NWL, with further reports to come as drafting progresses

TŪTOHUNGA / RECOMMENDATION

That the Te Kuaka Committee for Māori Strategic Relationships receive the report Local Water Done Well Update May 2026.

TĀHUHU KŌRERO / BACKGROUND

The Far North District Council entered into a Commitment Agreement with Whāngārei and Kaipara District Councils on 1 September 2025 that committed all three councils to work together to establish a Water Services Council Controlled Organisation (CCO) in accordance with the joint Northland Water Services Delivery Plan (WSDP), submitted to Government in September (and accepted by the Department of Internal Affairs (DIA) in late 2025).

The WSDP initially targeted 1 July 2026 as the date by which the new CCO would be formed as a legal entity. The date was later revised by the Elected Member Steering Group (EMSG) to instead target May 2026 with the intention of providing more time from when the CCO is formed until it is fully established as a stand-alone operational entity in July 2027.

Key components of the Commitment Agreement were the creation of an Elected Member Steering Group, to guide decision making, with three elected members from each of the participating councils, and the inclusion of two 'Commitment Confirmation Points' at which point each of the councils could be assured that the interests of their district, and its people, had been adequately represented during the planning and initiation phase of the project.

Commitment Confirmation Points were agreed as necessary, by all councils, because at the time of preparing the WSDP much of the detail around how the CCO will operate were unclear. Moving beyond Commitment Confirmation Point 1 (when the legal basis, including shareholding, for the

company had been agreed) was approved by FNDC at the 1 April 2026 Council Meeting. Council approval to move beyond Commitment Point 2 and to form the CCO and appoint directors to the company is scheduled for an extra-ordinary council meeting on 20 May 2026.

After forming the CCO as a company and appointing directors, the company will seek to recruit a CEO and continue to develop the establishment plan with detailed costs for the establishment phase of the programme.

When the CCO is formed and the programme to establish the CCO moves into delivery, the EMSG will be disbanded and replaced by a Shareholder Representative Group to oversee and communicate with the CCO board.

Under the Local Government (Water Services) Act 2025 shareholders must provide a Statement of Expectations (SOE) to the CCO no later than 6 months after establishment

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

A “Statement of Expectations” (SOE) for a water CCO is a formal document issued by the shareholder councils that sets out what they expect the water organisation to achieve and how it should operate. The format and contents of the SOE are defined by the Local Government (Water Services) Act 2025.

The legislation says the SOE must include shareholders’ expectations, strategic priorities, desired outcomes, and relevant planning requirements.

Typically, an SOE will cover things such as:

- Service expectations (for water and wastewater)
- Infrastructure investment priorities
- Community engagement expectations
- Relationships with iwi/hapū

Currently, most other councils in Aotearoa that are establishing Water Services CCOs, have yet to develop a SOE. Selwyn District Council were the first council to form a CCO under the LWDW legislation. The expectations for working with mana whenua, and other key stakeholders, in Selwyn District are below.

Selwyn District Council SOE

Selwyn Water Limited (SWL) is to build strong and constructive relationships with mana whenua and all key stakeholders. In particular, this will involve developing relationships with:

- The Selwyn District community, through
 - a transparent approach to strategic planning;
 - regular public sharing of information outlining intended activities on SWLs website;
 - open, collaborative consultation that focusses on ensuring that directly affected or interested communities have opportunities to engage directly with SWL (where required)
 - providing options for consumers to directly interface with SWL, including for any customer complaints or assets failures
 - considering the potential benefit of establishing a community liaison group, and reporting to Selwyn District Council (SDC) in the first half yearly report as to whether this is workable;
- Ngai Tahu, and local Rūnanga, to ensure that:
 - Iwi values and issues are reflected in SWL’s plans and initiatives in accordance with SDC’s bicultural strategy, Te Rautaki Tikaka Rua

- SWL partners with iwi where possible and otherwise supports and continues to build on the existing strong relationship between iwi with SDC.
- Neighbouring local authorities, the development community across Selwyn District, and all other third parties that play a key role in water service delivery.

Although not technically a SOE under the LWDW legislation, the Auckland Council Letter of Expectations for Watercare provides a good example of how a shareholder council communicates expectations in relation to mana whenua

Auckland Council Letter of Expectations (LOE)

Auckland Council Group is committed to upholding its obligations derived from Te Tiriti o Waitangi and to achieving better outcomes for Māori. CCOs are expected to share this commitment and contribute to its delivery, including through (but not limited to)

- reporting on the delivery of Achieving Māori Outcomes (AMO) Plans as part of the Quarterly Performance Report. The reporting should include Key Performance Indicators (KPIs) to track progress over time.
- working with Ngā Mātārae regarding the review of the Māori Outcomes Fund and to implement the refreshed Kia Ora Tāmaki Makaurau framework and strategy. This includes contributing to the design of measures and preparing to align with the rest of the Auckland Council Group on AMO Plan development, monitoring and reporting for FY27 onwards
- building strong partnerships with mana whenua and matāwaka. This includes aligning with Council's Mana ki te Mana approach to Māori engagement, where relationships take precedence over issues or projects. This approach respects the unique mana motuhake of each iwi and matāwaka entity by prioritising their needs and aspirations
- working collaboratively with Ngā Mātārae and other Māori Outcomes specialists across the Council Group to take a whole-of-Council-Group approach to delivering outcomes for Māori. This includes continuing to participate in Auckland Council-led activities and hui such as the Kia Ora Tāmaki Makaurau Programme Delivery Board.

Far North District Council's approach to mana whenua expectations

The Local Government (Water Services) Act 2025 provides for the Statement of Expectations to set district-specific and service-specific arrangements for relationships between a Water Services CCO and its communities. The Act recognises that the way NWL engages with mana whenua may differ between districts.

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 Council's role as shareholder is to ensure NWL's stewardship of those assets gives regard to Te Tiriti o Waitangi, te mana o te wai, and the kaitiaki responsibilities held by hapū and iwi.

The Establishment Advisory Group (EAG) has discussed the significance of NWL's mana whenua relationships, including the use of independent relationship agreements between NWL and iwi and hapū in Northland. The expectation discussed with the EAG is that, following share subscription, NWL would initially continue with existing council-led working groups, build on Far North District Council's existing iwi and hapū relationships, and over time develop its own MOUs with iwi and hapū as the company matures.

Council intends to undertake engagement with mana whenua to inform its position on the Statement of Expectations.

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

No budgetary implications

ĀPITIHINGA / ATTACHMENTS

1. **Selwyn Water Limited SEO - A5773296** [↓](#) 
2. **Watercare LOE - A5773300** [↓](#) 



19 September 2025

Mr Murray Strong
Chairperson
Selwyn Water Limited

Dear Murray

STATEMENT OF SHAREHOLDER EXPECTATIONS FOR SELWYN WATER LIMITED 2025/2026

1. The Selwyn District Council (**SDC**), as the shareholder of Selwyn Water Limited (**SWL**), is required by section 224 of the Local Government (Water Services) Act 2025 to prepare and adopt a Statement of Expectations (**SOE**).
2. This SOE has been prepared with input from SWL and sets out SDC's expectations of SWL. It is to be used to inform and guide the decisions and actions of SWL over the period between 2026 to 2036, including SWL's preparation of its water services strategy (**WSS**).
3. This SOE also provides guidance and sets out expectations as to how SDC and SWL will work together to achieve strategic alignment, including through regular communication, reporting, and engagement. In addition, it provides guidance as to how SWL should engage with key stakeholders and the community.
4. This SOE was approved by SDC on 17 September 2025.

Outcomes to be achieved through SWL's delivery of water services

5. SWL's purpose is to deliver drinking water and wastewater services within the Selwyn District. It is to do so in accordance with the objectives in section 17 of the Local Government (Water Services) Act 2025.
6. SWL is to deliver high quality drinking water and wastewater services in a manner that is efficient, safe and reliable, and financially sustainable.
7. SWL will ensure that affordability of water services for the District's residents remains a key focus for all decision-making.
8. It is to focus on delivering such services in a manner that minimises adverse environmental effects as far as is reasonably practicable.
9. SWL is to plan and deliver water services, as well as related infrastructure and assets, in a way that it is resilient, including to climate change and natural hazards, so that security of water services is achieved across the long-term. This should involve strategic asset and infrastructure planning with at least a 30-year timeframe in mind, including planning for necessary upgrades and renewals.
10. While its initial focus is on achieving a successful establishment, SWL is to explore future opportunities to achieve greater efficiency and scale, including through the potential investigation of opportunities to share services or partner with other water service providers. SDC is to be informed of any such opportunities, so that it can provide relevant direction to SWL.

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SWL is to deliver water services in a way that aligns with existing SDC policy and urban growth strategies

11. SWL is to ensure that its strategic planning and decision-making is aligned, as far as practicable, with SDC's policy intentions. This is to be achieved by:
- (a) specifically considering and engaging with SDC's long-term plan(s), infrastructure strategy, strategic growth-related plans (including the Greater Christchurch Spatial Plan and Waikirikiri Ki Tua Future Selwyn), the One Water Strategy and the Selwyn District Plan when making decisions about its delivery of water services, and any infrastructure required to support growth;
 - (b) developing its capital investment programme so that it aligns with the intended sequencing of land release across the district, while also being in a position to accommodate some unanticipated or out-of-sequence growth to address unexpected demand;
 - (c) maintaining regular communication with SDC in terms of SDC's stormwater service delivery responsibilities, and aligning the delivery of new infrastructure where possible with SDC to reduce overall costs to ratepayers and consumers;
 - (d) supporting any review or update to any existing SDC policy and planning documents, by providing complete, accurate and timely technical and strategic advice to assist council decision-making and adopting (as far as practicable) a single 'Council family' aligned approach (including as part of any new planning regime as a result of RMA reform);
 - (e) supporting SDC in relation to any advocacy on future relevant Government reform, and not advocating independently (unless authorised by SDC); and
 - (f) supporting and measuring against (where possible) SDC's climate change initiatives and targets.

Information required in half-yearly report

12. SWL's half-yearly report is to include reporting on:
- (a) Key personnel and staff numbers;
 - (b) SWL's activities and performance (financial and operational, including against the performance measures in the Water Services Strategy);
 - (c) SWL's capital programme, including reporting on delivery of capital projects;
 - (d) Compliance, and any other consenting issues;
 - (e) Forecast expenditure, lending and any associated implications for future water charges;
 - (f) Reporting on the benefit of SWL's activities for the Selwyn community, including in relation to job creation, social, environmental (including climate change initiatives) and cultural impact;
 - (g) Health safety and wellbeing and risk reporting;
 - (h) Key stakeholder relationships, including meetings or other engagements; and
 - (i) For the first 12 months of operation, progress against transition plan and any challenges or difficulties that need to be escalated to SDC.

Preparation of accountability documents and policies

13. SWL will work closely with SDC when developing its significance and engagement policy to ensure that: it draws on SDC's experience with community engagement in the Selwyn District, and it is workable for the District's communities.
14. SWL's WSS is to be aligned, as far as practicable, with SDC's own policy intentions, as discussed in clause 11 above.
15. SWL will provide reasonable opportunity to SDC to comment on its draft WSS and will consider those comments before adopting its WSS. Where it disagrees with any comments made by SDC, it will seek to discuss those points of disagreement before adopting its WSS.

Working with Selwyn District Council

16. SWL will maintain regular contact with SDC to ensure an open and collaborative relationship. This is to involve:
 - (a) Monthly meetings between Chief Executives during the first 12 months of SWL's operation, and bi-monthly meetings thereafter;
 - (b) Quarterly meetings between the SWL Board and SDC until 31 December 2026, and bi-annual meetings thereafter;
 - (c) Early engagement with SDC on key proposed decisions, including with an outline of the proposed approach to any community consultation (or any consultation required by the Local Government (Water Services) Act 2025);
 - (d) Advance notice to SDC before SWL considers making any decision that involves a significant departure from its WSS, or reprioritises the delivery of activities, including advice about how the decision will be consulted on or otherwise regularised (e.g. through an amendment to the WSS);
 - (e) Advance notice (where practicable) to SDC of any actual or potential compliance issues, along with proposed solutions for addressing any compliance issues that will be implemented by SWL; and
 - (f) If it is not possible to provide advance notice in accordance with clause 16(e), SWL will provide immediate notice to SDC of any non-compliance and the reasons for it, as well as identification of the proposed solutions.

Working with mana whenua and key stakeholders

17. SWL is to build strong and constructive relationships with mana whenua and all key stakeholders.
18. In particular, this will involve developing relationships with:
 - (a) The Selwyn District community, through:
 - (i) a transparent approach to strategic planning;
 - (ii) regular public sharing of information outlining intended activities on SWL's website;
 - (iii) open, collaborative consultation that focusses on ensuring that directly affected or interested communities have opportunities to engage directly with SWL (where required); and

- (iv) providing options for consumers to directly interface with SWL, including for any customer complaints or assets failures; and
 - (v) considering the potential benefit of establishing a community liaison group, and reporting to SDC in the first half yearly report as to whether this is workable;
- (b) Ngai Tahu, and local Runanga, to ensure that:
- (i) iwi values and issues are reflected in SWL's plans and initiatives in accordance with SDC's bicultural strategy—Te Rautaki Tikaka Rua; and
 - (ii) SWL partners with iwi where possible and otherwise supports and continues to build on the existing strong relationship between iwi with SDC.
- (c) Neighbouring local authorities, the development community across Selwyn District, and all other third parties that play a key role in water service delivery.

Other expectations

19. SWL is expected to:

- (a) Generally conduct its business in a manner that:
 - (i) is in accordance with sound business practice, including by ensuring that comprehensive business case development occurs for key or strategic projects;
 - (ii) is in the best interests of current and future consumers within the District; and
 - (iii) satisfies the requirement to be a good employer.
- (b) Manage its operations in accordance with SWL's constitution, and all relevant legislation.
- (c) Maintain strong independence and implement best practice approaches to the governance and operation of its business.
- (d) Observe the practice of 'no surprise' reporting to SDC and maintain a 'no surprises' policy which sees SWL inform SDC in advance of any material or significant events, transactions or other issues that may attract public interest.
- (e) Be open, transparent and accountable, including by complying with the Local Government Official Information and Meetings Act 1987 (LGOIMA) and SDC's information disclosure policies (noting information held by SWL as a council-controlled organisation is subject to LGOIMA).
- (f) Ensure health, safety, and staff wellbeing are a top priority and that appropriate policies and structures are in place to support this.
- (g) Ensure appropriate risk management identification and management structures are in place.

Focus during establishment phase

20. For the first financial year of operations from 1 July 2026, SWL is to operate and be governed to achieve the expectations outlined in this SOE. In particular, SWL is expected to:
- (a) build its internal capacity so that it can successfully deliver on its stated purpose and role;

- (b) develop its working relationship with SDC, mana whenua, relevant regulators and other key stakeholders;
 - (c) undertake its business in a manner that generally aligns with SDCs existing LTP and other policies, until it adopts its first WSS;
 - (d) keep SDC regularly updated as to its performance against its objectives and priorities with prompt reporting to SDC of any difficulties or misalignment;
 - (e) work with SDC and the Local Government Funding Agency (**LGFA**) to prepare to accede to LGFA;
 - (f) develop its funding and financing programme, including determining its required revenue, and work closely with SDC (as agent) to facilitate the required collection and transfer of water charges to support delivery of services by SWL;
 - (g) prepare, with input from SDC, a new development contributions policy and framework (or equivalent, in the event of future reform and the introduction of a development levy regime) for SWL that will facilitate the recovery of 100% of SWL's growth related costs.
21. Up until 31 December 2026, SDC expects SWL to provide quarterly reports that include the same information listed for inclusion in the half-yearly report.

Yours sincerely



Sam Broughton
Mayor



Steve Gibling
Acting Chief Executive Officer



20 February 2025

Geoff Hunt
Chair
Watercare Services Limited

By email [REDACTED]

Tēnā koe Geoff

Letter of Expectation for Statement of Intent for 2025 - 2028

This letter of expectation sets out the council's priorities and expectations to inform the development of the draft Statement of Intent (SOI) 2025-2028 of Watercare Services Limited (**Watercare**).

It sets out common expectations across all council-controlled organisations (CCOs), and expectations specific to Watercare. It also reflects decisions made by Governing Body in December 2024 regarding CCOs (GB/2024/179).

The content of this letter was approved by the CCO Direction and Oversight Committee on 11 February 2025, with delegation to me, Councillor Henderson and Councillor Turner (as your Lead Councillor) to finalise and issue this letter of expectation.

The CCO Direction and Oversight Committee also approved extensions of the statutory deadlines for the SOI process, as is allowed in the Local Government Act 2002, Schedule 8, section 4. This means the due dates for the process are:

- date of submission of the draft SOIs is on or before 1 April 2025
- date for final submission of SOIs is on or before 31 July 2025.

Council looks forward to receiving a draft of the Watercare SOI no later than 1 April 2025. We invite CCO Chairs to attend the April 2025 meeting of the CCO Direction and Oversight Committee to present their draft SOIs and discuss how they have responded to the expectations set out in their letters. A calendar invitation will follow.

Please liaise with CCO Governance staff about ensuring these dates can be met. Council will likely consider its shareholder feedback on draft SOIs (except for Auckland Transport) at the CCO Direction and Oversight Committee meeting of 13 May 2025.

Part 1. Expectations of all CCOs

i. Focussing the CCOs on delivery

The CCO reform package approved by the Governing Body on 12 December 2024 seeks to realign and reinvigorate the CCO model, strengthen council's ability to support elected members to make integrated decisions, and ensure the Auckland Council Group is set up in the best way to deliver on its long-term plan and broader vision for Auckland.

Watercare was out of scope for structural change within the reform. Council decided to bring in-house economic development functions from Tatakī Auckland Unlimited, disestablish Eke Panuku and bring all its functions in-house and pending transport legislative reform led by the Government for Auckland Transport. Council will be assuming a greater role in setting strategy, planning and policy and these CCOs will be refocused on service delivery. For Eke Panuku and Tatakī Auckland Unlimited, the structural changes are expected to be in place by 1 July 2025.

Council will also be pursuing a range of non-structural changes (such as reforming the existing CCO board appointment and performance review process) to support the reset of the CCO model as it applies to all substantive CCOs. Advice on these non-structural change options has been requested in early 2025 and any additional requirements or changes arising from this will be communicated to CCOs.

CCOs are expected to work positively and collaboratively with council to effectively implement the structural and non-structural change decisions on CCO reform. CCOs are also expected to support and actively engage in any section 17A, value for money and other reviews council may commission, as well as supporting integrated development decision-making, delivered by departments in council.

Attribution and branding

CCOs deliver services on behalf of council. However, it is not always clear to Aucklanders the correlation between activities and functions of the CCO and the council parent to which they pay their rates. In line with the general desire to refocus CCOs on service delivery, CCOs are expected to provide greater attribution to the council as the shareholder, policy maker or funder in their public facing services, assets, amenities, communications and branding.

ii. Accelerate implementation of group shared services

Watercare must be active participants in Group Shared Services, in order to focus your efforts on core business activities.

As part of decisions on the Long-term Plan 2024-2034 (LTP), the Group Shared Services (GSS) board agreed the high-level scope of the functions including: technology services, people services, procurement services, corporate support services, data services, customer experience and digital services.

CCOs are expected to actively support the GSS board with accelerating the transition of functions to the GSS model. Council's chief executive has been tasked with assessing the benefits (through business cases) for all eligible functions within Auckland Council and CCOs, with as many as possible to be completed by 1 July 2025. Thereafter, where business cases are favourable, the expectation is that all functions are shifted to GSS as soon as possible. We understand the importance of services provided by GSS to Watercare being commercial and on arms-length terms with written contracts and suitable charge-back models. These elements are not unique to a council shared service model and Watercare is expected to move at pace to leverage the opportunity provided by GSS. Further, there is benefit for Watercare to leverage the expertise that GSS has so that Watercare can focus on its core services and key priorities leading up to full financial separation.

Demonstrable progress must be evidenced through the movement of functions to GSS through 2025, noting that, as part of the business case approval process, the operating model for these functions is agreed at the GSS Board.

In some cases where there is a good reason for part of a function to stay within a CCO, it is still expected that CCOs will utilise common technology platforms or systems and be supported by GSS wherever possible. The expectation is that no new technology platforms or arrangements will be introduced or entered in to by Council or any CCO without the appropriate oversight and approval within GSS.

iii. Delivering year two of the Long-term Plan 2024-2034

CCOs are expected to focus on delivering year two of the LTP 2024-2034.

Council will commence public consultation on the draft 2025/2026 Annual Budget in late February 2025. Following consultation and deliberations, the final Annual Budget will be adopted in June 2025.

iv. Planning, delivery and paying for growth

As outlined in the Mayor's Proposal for the draft Annual Plan 2025/2026, council continues to face issues around planning, delivery and paying for growth. Council will be developing a framework to support decision-making on growth related issues which takes an integrated group approach. This framework will help to identify necessary trade-offs and prioritisation. We are also increasing oversight over CCO planning and delivery to regional growth plans. CCOs are expected to actively support and contribute advice and expertise to the development of this framework and its associated implementation. I also note the requirements of the 'capital delivery and planned asset management improvements plan' and 'pricing reform roadmap' required under Watercare's interim economic regulation.

v. Procurement and effective spending

Improving how the council group procures and effectively spends ratepayers' money (particularly on capital projects) is an area of focus in 2025/2026. Effective delivery of capital works requires right sized and cost-effective solutions that will deliver outcomes for Aucklanders who will ultimately benefit from the investment. Suppliers find it hard to work with council and the processes are too lengthy. To support improvements, CCOs are expected to align closely with a group approach to procurement where there are clear efficiencies and benefits to be gained, noting the existence of the group procurement function in GSS as an enabler for this.

Council's chief executive has established a team to drive improvements and will report back to the Revenue and Expenditure Committee by March 2025. CCOs are expected to actively contribute to and implement these improvements once agreed. Even though Watercare does not receive rates funding, the expectation is that you will evaluate value for money of all your expenditure.

vi. Continue upholding Auckland Council Group's Te Tiriti o Waitangi-derived obligations

Auckland Council Group is committed to upholding its obligations derived from Te Tiriti o Waitangi and to achieving better outcomes for Māori. CCOs are expected to share this commitment and contribute to its delivery, including through (but not limited to):

- reporting on the delivery of Achieving Māori Outcomes (AMO) Plans as part of the Quarterly Performance Report. The reporting should include Key Performance Indicators (KPIs) to track progress over time.
- working with Ngā Mātārae regarding the review of the Māori Outcomes Fund and to implement the refreshed Kia Ora Tāmaki Makaurau framework and strategy. This includes contributing to the design of measures and preparing to align with the rest of the Auckland Council Group on AMO Plan development, monitoring and reporting for FY27 onwards.
- building strong partnerships with mana whenua and mataawaka. This includes aligning with Council's Mana ki te Mana approach to Māori engagement, where relationships take precedence over issues or projects. This approach respects the unique mana motuhake of each iwi and mataawaka entity by prioritising their needs and aspirations.

- working collaboratively with Ngā Mātārae and other Māori Outcomes specialists across the Council Group to take a whole-of-Council-Group approach to delivering outcomes for Māori. This includes continuing to participate in Auckland Council-led activities and hui such as the Kia Ora Tāmaki Makaurau Programme Delivery Board.

vii. Quality advice to Local Boards

CCOs should provide timely, delivery focused, quality, concise advice to local boards and ensure local boards are engaged early on projects and decisions directly impacting their local area. This supports the More Empowered Local Boards proposal, consistent with council's shared governance model.

viii. Climate change

CCOs should continue to be guided by *Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan* by incorporating climate change considerations (whole of life greenhouse gas emissions and resilience) into work programmes and decisions.

ix. Compliance with Statement of Expectations of substantive CCOs

CCOs should adhere to the Statement of Expectations of substantive CCOs, which explains how CCOs should conduct their business and manage their relationships with council and other interested groups (including matters such as the 'no surprises' principle). This document will be reviewed and updated in 2025 to reflect decisions on CCO reform.

As such, CCOs should work with the government, only where interests are aligned and messages are consistent with those of Auckland Council. CCOs should inform council of any conversation with the government on any new proposal or in the case of Auckland Transport, legislative reform. These engagements should be summarised in your quarterly reporting.

In responding to council's requests or initiating new programmes, CCOs should consider their role in the group and not just activities that benefit their purpose. CCOs are part of the Auckland Council group and are expected to operate in ways which contribute to the success of the group as a whole and do not create risks for the council group. This extends to the open and sharing of information where that is required to achieve outcomes or for legal purposes.

x. Asset Management Planning in preparation for the 2027 LTP

CCOs are expected to deliver a draft asset management plan (AMP) covering existing and planned assets to inform the development of the 2027 LTP. The draft AMP should be available in February 2026 to contribute to the development of the 2027 LTP.

Key expectations for the draft AMP are:

- planning covers at least 30 years and is based on whole-of life costings
- group alignment on population assumptions.
- delivery of your risk appetite is a base assumption of planning
- demonstration of a sustainable approach to renewals and maintenance
- cost forecasts are linked directly to existing levels of service
- spatial presentation of asset condition data (key asset groupings and asset criticality), and growth capex need (identifying location of investment and/or catchment of benefit) is included
- strategic alignment is demonstrated as set out in the Strategic Investment Framework for Infrastructure 2024
- participation in the Investment Impact Assessment for each Annual Budget and the 2027 LTP

- AMP prioritisation aligns with the Investment Hierarchy (as set out in the Long-term Plan 2024-2034), where investments with lower long-term costs are preferred.

Further detail and guidance on the AMP expectations above will be provided in early 2025. CCOs are expected to work with Auckland Council's Infrastructure Strategy and Asset Management System teams on the development of AMPs.

ix. Investment area office

Auckland Council has established an investment area office to assist it with delivering outcomes for Aucklanders in priority investment areas in the Long-Term Plan. Drinking water, wastewater and stormwater is a key investment area for Auckland Council. I expect Watercare to work constructively with the water, wastewater and stormwater investment area office.

Part 2. Key expectations of Watercare

In summary, the council's key expectations for Watercare are as follows:

- Successful implementation of Local Water Done Well, including financial separation, compliance with interim economic regulation and the implementation of new arrangements for water services
- Implementation of the Auckland Water Strategy
- Alignment of growth planning and delivery
- Improved oversight and accountability of CCOs
- Adherence to no surprises

Implementation of the Auckland solution for Local Water Done Well

Council's agreement with the Government for an Auckland solution within the Local Done Well policy was based on council's proposal that enabled Watercare's balance sheet separation from council so that Watercare can undertake the required investment in water and wastewater infrastructure and keep prices affordable to customers.

(i) Financial separation

Following financial separation of Watercare from council on 1 July 2025, Watercare will take on debt in its own name and is expected to successfully raise capital to fund the investment approved under the Watercare charter and to meet repayment obligations of approximately \$4.2 billion to council which will be finalised in the Transitional Debt Facility Agreement between the council and Watercare.

(ii) Compliance with interim economic regulation

The council expects Watercare to meet the performance and reporting requirements of the Watercare Charter (**Charter**) which will be formalised through Order in Council early in 2025 and apply from 1 April 2025 to 30 June 2028. The Charter includes minimum service quality standards for water and wastewater and financial performance objectives.

We note the minimum service quality standards are:

Water supply

- median response time for resolution at urgent water callouts is ≤ 5 hours
- median response time for resolution at non-urgent water callouts is ≤ 6 days
- unplanned water interruptions per 1,000 connections is ≤ 10
- leakage from the network, with a target based on total volume of water loss currently being developed by the Department of Internal Affairs.

Wastewater

- dry-weather sewerage overflows per 1,000 connections is ≤ 5
- median sewer overflow resolution time is ≤ 5 hours

Watercare is to maintain an investment grade credit rating and meet the annual maximum revenue cap set through the price path of 7.2 per cent increase in water and wastewater charges and a minimum 15.5 per cent increase in infrastructure growth charges in 2025/2026.

Under the price-quality path of the Charter Watercare will also be required to report on a broader range of service quality measures and targets.

It also includes the following performance requirements. I expect Watercare to develop the following three plans in close consultation with council to meet council's objectives where possible and seek formal guidance from council where appropriate.

Plan for infrastructure growth charges

- A pricing reform roadmap on the proposed approach to review and implement a new methodology for determining infrastructure growth charges and the consequential implications for water and wastewater tariffs, for the Crown Monitor's review and comment by 30 September 2025. Following this a new infrastructure growth charging methodology would be finalised in 2026/27 for implementation by 1 July 2027.
- Council supports Watercare implementing full recovery of the costs of growth as outlined in previous letters of expectations.

Plan for operating cost efficiencies

- A draft operating cost efficiency improvement plan (2025-2028) to support Watercare's four per cent annual operational efficiency target to be provided by 31 December 2025 for the Crown Monitor's feedback. Council expects the Group Shared Services model to be reflected in this plan.

Plan for capital delivery and planned asset management improvements

- Watercare is to develop a draft 'capital delivery and asset management improvement plan' by 31 August 2025, for the Crown monitor's feedback, and finalise the plan by 31 December 2025.
- Council looks forward to continued focus on capital delivery and to seeing the impact of Watercare's improvement plan in reports on the council group annual asset management maturity.

I expect Watercare to provide Auckland Council with all reporting to the Crown Monitor and to give Auckland Council early notice in the event of any unforeseen incident that impacts on your ability to meet the requirements of the Charter.

(iii) *New enduring arrangements for water services*

Watercare should implement the requirements of the Local Government (Water Services) Bill (**Bill**) when enacted in mid-2025. The Bill provides the new water services delivery system and the new enduring economic regulation and consumer protection regime for water services.

Implementation of the Auckland Water Strategy

Watercare should continue to collaborate with Auckland Council to implement the Auckland Water Strategy, including continuing to:

- proactively plan for climate change and diverse water supply, including wastewater reuse
- install smart meters and achieve per capita water use targets.

Alignment of growth planning and delivery

Watercare should continue to build on recent improvements in the alignment with council's position in relation to private plan changes that do not conform with the Future Development Strategy. Watercare's input will be needed to the Housing and business development capacity assessment and update to Future Development Strategy.

Improved oversight and accountability of CCOs

While Watercare was out of scope of the structural elements of CCO reform, the expectation is that you will work with council constructively to implement the non-structural changes to improve oversight and accountability of CCOs which will be agreed by council in early 2025. For Watercare, the aim is that the improvements will support and be aligned with the requirements associated with interim economic regulation and the new enduring planning and accountability requirements and economic regulation framework for water services established when the Bill is enacted.

Adherence to no surprises

Watercare should ensure compliance with the council group's no surprises principle, including in the context of iwi relationships, government engagement, seasonal impacts on water supply and potential drought conditions, and as water reform is implemented to ensure the best outcome for Auckland.

Council looks forward to receiving a draft of the Watercare SOI no later than 1 April 2025.

Staff are available to expand aspects of this letter if required. Please contact Alastair Cameron, Manager - CCO Governance and External Partnerships to discuss.

Ngā mihi,



Wayne Brown
MAYOR OF AUCKLAND

Copy to:

Councillor Ken Turner
Councillor Shane Henderson
Dave Chambers
Alastair Cameron

Lead Councillor
Chair, CCO Direction and Oversight Committee
Chief Executive, Watercare Services Limited
Manager, CCO Governance and External Partnerships