



Waikato Waters Limited Shareholder Representative Forum	
Report:	Inaugural meeting of Shareholder Representative Forum
Meeting Date:	28 July 2025
Prepared by:	Vaughan Payne, Programme Director, Waikato Waters Limited Establishment Team
Endorsed by:	WWDW Council CEs

Purpose

To enable the Shareholder Representative Forum (**SRF**), to attend to key matters as provided for in the Shareholders' Agreement (**SHA**) at its inaugural meeting on 28 July, including the approval of the Establishment Budget.

Recommendation

That the SRF:

1. **Receives** this report
2. **Notes** that:
 - a. Waikato Waters Limited was incorporated on 24 July 2025 and the SHA was signed by all shareholding councils in and around the same date
 - b. this is the inaugural meeting of the SRF, the terms of reference for which are as set out in Schedule 7 to the SHA (**Terms of Reference**) and attached to this paper for ease of reference as **Attachment 1**
 - c. each shareholding council has appointed the following representative and alternate to the SRF:

Council	Representative	Alternate
Hauraki District Council	Mayor Toby Adams	Deputy Mayor
Matamata-Piako District Council	Mayor Adrienne Wilcock	Deputy Mayor
Ōtorohanga District Council	Mayor Max Baxter	Deputy Mayor
South Waikato District Council	Mayor Gary Petley	Deputy Mayor
Waipā District Council	Mayor Susan O'Regan	Deputy Mayor



Waitomo District Council	Mayor John Robertson	Deputy Mayor
Taupō District Council	Deputy Mayor, Kevin Taylor	TBC

3. **Appoints** from their number an **Interim SRF Chair** with a view to electing a Chair and Deputy Chair at the next SRF meeting, where a paper can be provided in advance and more time given to the SRF Representatives to consider in advance and discuss at the meeting
4. **Approves** the budget for operationalising Waikato Waters (**Establishment Budget**), being the amount of \$16,493,000 having regard to:
 - a. the agreed Establishment Strategy (**Attachment 2**)
 - b. the breakdown of costs included in this paper which sets out the resources and amount required to deliver the plan that has been developed to deliver the above strategy (**Establishment Plan**)
 - c. the fact that the Establishment Plan (level 3) has been approved by the WWDW CEs¹
 - d. the findings of the independent review of the Establishment Plan received by the WWDW Council CEs which are set out below in this paper (and noting that the findings have no bearing on the amount of the Establishment Budget for which approval is sought). For completeness, it is noted that the Establishment Plan is being updated to reflect the findings of the independent review and will be formally submitted as soon as practicable for adoption by the WWL Board.
5. **Approves** the fee range for directors' fees for the Establishment Board and for the Interim Chair to sign documents in relation to board appointments once made.

Context

Waikato Water Done Well

The Waikato is known nationally for its leadership in managing water to help ensure better long-term outcomes for the Waikato and Waipā rivers, Hauraki Coromandel rivers and Tikapa Moana/Hauraki Gulf.

In July 2023, what is now referred to as Waikato Water Done Well was initiated by Waikato Iwi Chairs and Waikato Council Mayors². From this, the combined forum of Waikato Iwi Chairs and Mayors was formed (**Joint Forum**) and the Waikato Water Done Well programme of work was mandated. Over almost the last two years, councils have reflected on how they can

¹ As per (d) below, this is subject to amendments being made to the plan to reflect the findings from the independent review but noting that these amendments have no bearing on the Establishment Budget.

² This included the Chair of the Waikato Regional Council.



strategically approach the delivery of water services to maximise both local and regional benefits.

Concurrently, under Local Water Done Well, all councils in New Zealand were required to develop a financially sustainable and regulatory-compliant model for delivering water services to their communities. Councils have been encouraged to consider how to meet the requirements of Local Water Done Well, including whether creating a jointly owned water organisation is the optimal structure for their communities.

WWDW has attracted national interest as it is the largest number of councils in the country working together. In commencing the inaugural SRF it is important to reflect on the journey to arrive at this significant milestone. In particular, it is important to recognise the role that collective leadership has had in the success of WWDW to date, and that it will continue to be important in future. Such leadership has existed at and between all levels – elected members, CEs, staff, and the establishment team.

Incorporation Waikato Waters Limited

On 24 July 2025, Waikato Waters Limited was incorporated as a limited liability company with the following Waikato councils as original shareholders (Shareholding Councils):

- a) Hauraki District Council
- b) Matamata-Piako District Council
- c) Ōtorohanga District Council
- d) South Waikato District Council
- e) Waipā District Council
- f) Waitomo District Council
- g) Taupō District Council

Establishment of Shareholder Representative Forum

The Shareholding Councils have approved a constitution and agreed the terms of a SHA dated in and around the date of incorporation.

Under the terms of the SHA, the SRF is established and will operate in accordance with the Terms of Reference (as amended from time to time in accordance with those terms).

The SRF Representative of each Shareholding Council is assumed to be the Mayor, unless the Company is notified otherwise in writing. Each Shareholding Council is also to appoint an alternate to the SRF to attend when the SRF Representative is unable to do so. The representatives and alternates are as set out under recommendation 2(c) above.

Matters to be attended to by SRF at the inaugural meeting

Under the Terms of Reference, the remit of the SRF includes the following:

1. Electing a Chair and Deputy Chair
2. Agreeing the establishment funding that each council with an agreed transfer date (referred to as **Transferring Shareholding Councils**) will collectively finance.
3. Approving the directors' fees range noted in this paper (which will apply also to the Establishment Board), noting that this does not apply to the Initial Board whose terms



of appointment confirm that no further remuneration will be paid to the Initial Directors (reference, paragraph 8, Schedule 4, SHA)

1. Electing a Chair and Deputy Chair

Waikato Waters Limited was only formally incorporated on 24 July 2025. The SRF Representatives are receiving this paper within a short timeframe before the scheduled meeting of 28 July. This is a product of timing and sequencing of council decision making. Furthermore, due to other matters to be attended to, the time allotted for this agenda item is limited. For these reasons:

It is recommended that the SRF Representatives appoint an Interim Chair from their number for the purpose of chairing this inaugural meeting and attending to such matters as required from the SRF until the next meeting.

A more fulsome report can then be brought to the SRF for consideration in advance of, and discussion at, its next meeting.

2. Approving the Establishment budget

(a) Scope of SRF delegated authority

Under the terms of the SHA (clause 6.1), each Transferring Shareholding Council has delegated to the SRF the authority to approve the Establishment Budget by 31 July 2025. The delegated authority that applies to 31 July 2025 is up to a capped amount of \$16.5 million. The purpose of the budget is to give effect to the Establishment Strategy (as set out in the SHA and included as **Attachment 2**) and provide for Waikato Waters to reach operational readiness by 1 July 2026.

(b) Establishment Plan to reach operational readiness by 1 July 2026

As SRF Representatives are aware from their role as members of the WWDW Mayoral Governance Forum, an establishment plan has been prepared by the WWDW programme team to support Waikato Waters receiving the business of the first three councils by 1 July 2026 (**Establishment Plan**). This plan is based on and informed by the Establishment Strategy, which also forms part of the SHA.

The budget has been developed as a result of identifying resource requirements and other known costs required to achieve the establishment objective set out in the Establishment Strategy and noting the following considerations:

- i. Operationalising Waikato Waters Limited is complex – to merge six water services business together into a new entity that will be operationally ‘ready’ on Day 1.
- ii. Each workstream has adopted an approach to resourcing which is as lean as is practically possible, but without introducing unnecessary risk.
- iii. Collaboration and cross application of skills will be expected where possible
- iv. A ‘local people-first approach’ to retain expertise locally while minimising recruitment fees
- v. Overall, \$16.5m represents under 1% of the combined 10-year capex in councils’ long-term plans and less than 10% of Waikato Water Limited’s projected opex when the six councils have transferred their water businesses across (FY28).

The workstreams and the estimate of resources required to implement the Establishment Plan is set out below for completeness. However, the SRF is asked to note that the budget will be applied across the programme of work and the amounts against each workstream will not be taken as the budgeted amount for that workstream. This is to ensure there is flexibility to respond to what becomes a priority matter during implementation.

Workstream	Direct costs (\$)	Indirect costs (\$)	Total (\$)
Asset management and capital delivery	771,850	290,000	1,061,850
Communications	562,870	82,500	645,370
Funding, finance and commercial	2,628,160	325,000	2,953,160
Governance and legal	1,066,400	508,500	1,574,900
Iwi	248,325	-	248,325
Operations	1,051,350	220,000	1,271,350
People and Capability	1,992,835	395,000	2,387,835
PMO	2,805,535	290,000	3,095,535
Systems and technology	3,747,450	2,211,800	5,959,250
<i>Minus</i>			
Allowance for Xmas leave	(1,217,027)		(1,217,027)
Reduction in secondees cost @20% of FTE requirement	(1,487,478)		(1,487,478)
Total net cost	\$12,170,720	\$4,322,800	\$16,493,070

(c) Assurance

The Establishment Plan has been reviewed and approved by the WWDW CEs. This decision will be adopted by them as the Board of Directors of Waikato Waters as soon as practicable after the date of this report.

Prior to the Establishment Plan being endorsed, the objectives, the approach, number of workstreams, resources and costs to implement the plan were independently reviewed by Kevin Ramsay, a chartered accountant and independent consultant with 30 years' experience working both for and advising local government, including as part of the Auckland Super City amalgamation and for Department of Internal Affairs as part of the earlier Three Waters reform processes. This review was commissioned by the WWDW Programme Director to provide further assurance that the plan is robust, appropriately resourced and priced having regard to the Establishment Strategy. Mr Ramsay has presented his review findings to the WWDW CEs and the plan will be updated to incorporate his recommendations for improvement. The findings have had no material impact on the scope of the Establishment Plan, nor the Establishment Budget approval being requested of the SRF at section (d) below.

The findings, as drafted by Mr Ramsay, are included below:



“The finding of this review is that the reviewer has found nothing to suggest that this establishment plan is not a robust outline of the actions required and associated costs to establish the desired CCO entity, Waikato Waters Ltd, based on sound assumptions and an appropriate approach.

This finding is based on an assessment as to whether the plan incorporates all components that should be present and whether the plan is deemed deliverable.

The plan draws on the best information at the time, with a clear expectation that further refinements will be made as things progress towards Day One. There are no identifiable missing components, with the plan having benefitted by drawing on previous work undertaken and knowledgeable people.

There is also nothing to suggest that the plan is not deliverable. It has ambitious but feasible timeframes, and identified risks, along with appropriate mitigations. The resourcing and associated budgets are deemed prudent for the scale and nature of what is required.”

(d) Request for approval of Establishment Budget

The SRF is asked to give formal approval of the budgeted amount of \$16,493,000. This falls within the current delegated capped amount of \$16.5 million.

(e) Additional matters for SRF information

The amount of funding to be provided by councils will be determined by the Establishment Budget being divided across Transferring Shareholding Councils in accordance with the final anticipated Stage 2 Shareholding. The funding will be paid in tranches in accordance with the payment dates set out in the SHA.

For completeness, the SRF is asked to note that the Establishment Budget is over and above the costs that have been funded by councils to date for the Waikato Water Done Well programme of work. To the extent that Co-Lab holds funding for the Waikato Water Done Well programme of work (including that received from DIA to fund common costs), these amounts will be carried forward and applied against any costs of Waikato Waters that sit outside the Establishment Budget.

All amounts (i.e. costs incurred by Transferring Shareholding Councils to date and the establishment funding payments that will be paid by Transferring Shareholder Councils) will be repaid once Waikato Waters is able to borrow directly from the Local Government Funding Agency.

3. Approving the Remuneration Framework for the Board

Under the Terms of Reference, the delegated authority of the SRF includes approving the remuneration framework for the Board (which will apply also to the Establishment Board). As noted previously, this framework does not apply to the Initial Board under their terms of appointment (refer paragraph 8, Schedule 4, SHA).



It is recommended that the following fee ranges is approved for the Chair and directors appointed to the Establishment Board. The ranges reflect the market levels appropriate for Waikato Waters at this time when benchmarked against similar sized organisations in the water sector at the same maturity level. These, in turn, were informed by a Strategic Pay report to benchmark directors fees based on the skills and expertise for an organisation, again of comparative size and maturity.

A more detailed directors' appointment and remuneration policy will be prepared and presented to the SRF in due course to address directors' appointments after the Establishment Board and the remuneration framework.

Role	Fee range
Chair	\$86,000 - \$94,000
Director	\$43,000 - \$47,000

The SRF is asked to:

- 1. approve the above fee range**
- 2. confirm that the Interim SRF Chair is authorised to sign such documentation as necessary or desirable to give effect to the board appointment decisions that will be made in the coming weeks**

SRF next steps

- 1. Independent Chair and Board appointment:** Meetings scheduled in relation to the appointment of the Chair and independent Establishment Board of Waikato Waters will now be convened as deliberations of the SRF.
- 2. Advance proposal with Iwi Chairs:** Ongoing engagement by the SRF with Iwi Chairs will be scheduled to advance the development of a proposal for involvement of Iwi Chairs in shareholder decision making (in accordance with the agreement set out in the SHA).
- 3. Governance schedule:** a governance calendar will be prepared and confirmed with the Board, once appointed, including proposed timeframes for scheduling meetings of the SRF which will be circulated to SRF Representatives for comment.



**Waikato
Water
Done Well**

Attachments

Attachment 1 – Terms of Reference

Attachment 2 – Establishment Strategy

SCHEDULE 7 – SHAREHOLDER REPRESENTATIVE FORUM – SRF TERMS OF REFERENCE

1. Introduction

- 1.1 Waikato Waters Limited is a council-controlled organisation ("**Company**") jointly established by Shareholding Councils for the purpose of providing water services to their communities. The relationship between the Shareholding Councils is governed by the Shareholders' Agreement. Pursuant to that agreement, the shareholders have agreed to form the Shareholder Representative Forum ("**SRF**") as a committee of shareholders.

2. Purpose

- 2.1. The purpose of the SRF is to support the coordination of multiple council interests and operate as the liaison between the Company and the Shareholding Councils and between the Shareholding Councils themselves.
- 2.2. In particular, the SRF will:
- a) oversee and provide direction to the Board on behalf of the Shareholding Councils; and
 - b) provide a forum for representatives of Shareholding Councils to meet, discuss and co-ordinate decision making on relevant issues and, through their representatives, exercise their powers in respect of the Company.

3. Membership

- 3.1. Each Shareholding Council will appoint one elected member as its representative to the SRF ("**SRF Representative**") (by resolution passed in accordance with their respective council decision-making frameworks) by providing written notice to the SRF and the other Shareholding Councils (together with a copy of the relevant resolution).
- 3.2. The SRF Representative will attend SRF meetings convened in accordance with these terms of reference.
- 3.3. Unless decided otherwise by a Shareholding Council, and notified to the SRF in writing, the SRF Representative will be its Mayor.
- 3.4. In accordance with the Shareholders' Agreement, each Shareholding Council (by resolution passed in accordance with their respective council decision-making frameworks):
- a) will appoint an alternate representative (being an elected member) by providing written notice to the SRF and the other Shareholding Councils (together with a copy of the relevant resolution);
 - b) can replace the SRF Representative or alternate at any time by providing written notice to the SRF and the other Shareholding Councils (together with a copy of the relevant resolution); and
 - c) will ensure that its appointed SRF Representative or their alternate attends each meeting of the SRF.

4. Meetings and administration

- 4.1. **Chairperson:** The Chair and Deputy Chair of the SRF will be elected by the SRF once all SRF Representatives have been appointed, as a Reserved Matter at the first meeting where a quorum is achieved. The SRF may choose to appoint an independent Chair who, if so appointed, will take on the responsibilities of the Chair, but will not have a vote.
- 4.2. **Frequency of meetings:** The SRF will meet no less than once every six months, and more frequently:
- a) where a meeting is called in accordance with clause 10 of the Constitution; or

- b) to meet the requirements of preparing the Statement of Expectations in the manner set out in the Shareholders' Agreement.
- 4.3. **Rules for meetings:** The following paragraphs of Schedule 1 to the Constitution will apply to all meetings of the SRF (whether convened by the Board or otherwise):
 - a) Clause 2 – Notice of meetings
 - b) Clause 3 – Methods of holding meetings
 - c) Clause 4 – Quorum
 - d) Clause 5 – Adjournment
 - e) Clause 6 – Voting
- 4.4. **Alternates:** The alternate appointed by a Shareholding Council may attend and vote at meetings of the SRF, but only in the event that the SRF Representative is unable to do so.
- 4.5. **Non-attendance:** If a SRF Representative or their alternate is not present at the number of consecutive SRF meetings set out in Schedule 1, that Shareholding Council will be required, on notice by any other Shareholding Council, to replace that Shareholding Council's appointed SRF Representative and alternate.
- 4.6. **Reimbursement of costs:** Each Shareholding Council will be responsible for reimbursing its representative on the SRF for any costs associated with that person's membership of the SRF.
- 4.7. **Administration:** Reports to be considered by the SRF may be submitted by any of the Shareholding Councils or the Company at least five business days before the next scheduled meeting.
- 4.8. **Secretariat:** Secretariat is to be provided by the Company as agreed between the Company and the SRF.
- 4.9. **Minor amendment:** These terms of reference may be amended at any time by consensus of the SRF, 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 SRF has notified the Shareholding Councils of the proposed change at least 20 Business Days before the effective date of the amendment; and
 - (ii) no Shareholding Council has objected to the amendment by notice in writing given to the Company within that 20 Business Day period.
- 4.10. **Review:** The SRF will review these terms of reference annually and recommend any amendments (other than amendments made by the SRF in accordance with paragraph 4.9 above) to the Shareholding Councils, who may amend these terms of reference in accordance with clause 21.8.

5. Decision-making

- 5.1. In accordance with the Shareholders' Agreement, the SRF will make decisions in accordance with the principles set out in clause 6.2 in all matters.
- 5.2. When efforts to achieve consensus on a particular matter have failed (as determined by the Chairperson), the matter will be put to the vote in accordance with the decision-making framework set out in clause 6.4 of the Shareholders' Agreement.

- 5.3. In the situation where there is an equality of votes cast on a matter, the Chairperson does not have a casting vote and therefore the matter subject to the vote is defeated and the status quo is preserved.
- 5.4. SRF Representatives must attend SRF meetings equipped to cast votes on behalf of their councils at the relevant meeting. Decisions made by the SRF are binding on the Shareholding Councils.

6. Proposal with Iwi Chairs

- 6.1. In accordance with the Shareholders' Agreement, the SRF must promptly after its first meeting:
 - a) convene and agree a process for engaging with Iwi (as defined in the Shareholders' Agreement);
 - b) engage with the relevant Iwi Chairs to consider and agree a proposal for how Shareholding Councils can effectively partner with Iwi and with existing co-governance entities / authorities across the service area to achieve the agreed outcomes (as specified in the Shareholders' Agreement³); and
 - c) present the proposal to each of the Shareholding Councils for consideration and approval.

7. Delegated authority

- 7.1. Each Shareholding Council has delegated to its SRF Representative the responsibilities and powers in relation to the following matters:

A. Establishment matters

- a) Agreeing the establishment funding that Transferring Shareholding Councils will collectively finance up to the agreed capped amount.
- b) Recruitment, selection and appointment of the Chair of the Establishment Board and Establishment Directors.

B. Enduring matters

Strategic matters and priorities

- c) Oversee preparation of the Statement of Expectations (having received feedback and considered recommendations from each Shareholding Council and the Company).
- d) Approve the Statement of Expectations (including any proposed amendment, revocation or substitution as is permissible under the Shareholders' Agreement).

Reserved matters

- e) Receiving, considering and approving any or all Reserved Matters (as defined in the Shareholders' Agreement) that require shareholder decision making.

Board of Directors

- f) Recruitment, selection and appointment of the Chair of the Board and Directors.
- g) Approving a remuneration framework for the Board (which will apply also to the Establishment Board).
- h) Removal of any directors.
- i) Monitoring the performance of the board of the Company.

³ Refer to section 6.4 of Shareholders' Agreement and Schedule 8 which set out the matters over which the SRF can exercise decision making power.

Reporting and accountability

- j) Receiving and considering the half-yearly and annual reports of the Company.
- k) Receiving and considering such other information from the Company as the SRF may request on behalf of the shareholders and/or may receive from time to time.
- l) Undertaking performance and other monitoring of the Company.
- m) Considering and providing recommendations to the shareholding councils on proposals from the Company or any shareholding council.
- n) Providing co-ordinated feedback, and recommendations as needed, on any matters requested by the Company or any shareholding council, including each draft water services strategy.

Procedural

- o) 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.
- p) Providing recommendations to the Shareholders regarding changes to the Shareholders' Agreement and the constitution of the Company.
- q) Engaging with the Board in response to any requests for input into policy or procedural matters.

7.2. In the exercise, or anticipated exercise, of the delegated authorities set out above:

- a) any Shareholding Council may:
 - (i) obtain independent advice at the expense of that Shareholding Council; and/or
 - (ii) request the Board to obtain independent advice at the Company's expense; and
- b) if the Board fails to comply with a request under sub-paragraph (ii) above, the SRF may, with the approval of a unanimous resolution of the SRF, obtain independent advice at the Company's expense.

7.3. The SRF may further delegate its powers to a sub-committee of the SRF (and such sub-committee may also include persons other than SRF Representatives) on such terms as the SRF may determine by Special Resolution by Vote.

SCHEDULE 3 – ESTABLISHMENT STRATEGY

1. Purpose

1.1. The purpose of this strategy is to:

- a) set the overall direction to achieve the formation of an operational Company by 1 July 2026 and achieve this through the Establishment Period; and
- b) inform the development of the Establishment Plan.

2. Definitions

2.1. In this strategy document, the following definitions apply:

Agreed Transfer Date: has the meaning set out in the Shareholders' Agreement.

Alternative Analysis: means the analysis of 'existing arrangements' that was undertaken by a Shareholding Council to meet the requirements of the Local Government (Water Services Preliminary Arrangements) Act 2024 before identifying Waikato Water Done Well as the preferred option.

Company: means Waikato Waters Limited.

Day 0: means the day on which the Company is incorporated.

Day 1: means the Operational Date.

Establishment Funding: means the budgeted costs approved by the Transferring Shareholding Councils (through the Shareholder Representative Forum) to finance the implementation of the Establishment Plan.

Establishment Period: means the period from Day 0 to Day 1.

Establishment Plan: means the detailed programme of work to get to Day 1 which will be delivered to the Board of the Company (once appointed) to implement.

Major Decisions Framework: means the framework in relation to Transferring Shareholding Council decision making that applies from Day 0 until that Transferring Shareholding Council's Agreed Transfer Date and **Major Decisions** has the meaning set out in that framework.

Operational Date: has the meaning set out in the Shareholders' Agreement.

Relevant Long-Term Plan: means the long-term plan(s) and/or annual plan(s) of a Shareholding Council that was in place immediately prior to the signing of the Shareholder's Agreement.

Shareholders' Agreement: means the agreement entered between the Shareholding Councils as shareholders of the Company and to which this Establishment Strategy is attached as a schedule.

Strategic Outcomes: has the meaning set out in the Shareholders' Agreement.

Transfer Agreement: has the meaning set out in the Shareholders' Agreement.

Transferring Shareholding Council: has the meaning set out in the Shareholders' Agreement.

3. Establishment objective

- 3.1. The establishment objective is to safely transfer responsibility and authority for drinking water and wastewater services from each Transferring Shareholding Council into the Company on each Agreed Transfer Date.
- 3.2. The objective will be achieved once each Transferring Shareholding Council has successfully transferred the relevant people, processes, assets and systems required to deliver water services into the Company in a manner that aligns with the establishment delivery principles set out in clause 5.1 below.

4. Content

- 4.1. The content of this document includes:
 - a) **Strategy for establishing an operational Company by 1 July 2026:** planning is informed by agreed principles for delivery for the first Transferring Shareholding Councils transitioning into the Company.
 - b) **Strategy for accommodating different Transferring Shareholding Council timelines:** sequencing of Transferring Shareholding Councils' Agreed Transfer Dates and staged migration.
 - c) **Strategy for developing the establishment plan:** the agreed approach to establishment, including:
 - (i) the functions the Company must have in place by Day 1; and
 - (ii) mechanisms to implement the transfer (both for those transferring on Day 1 and for those with a later Agreed Transfer Date).
 - d) **Transferring Shareholding Council commitments to establishment:** in the period between Day 0 and their Agreed Transfer Date.
 - e) **Strategic position in relation to pricing and prioritisation:** the initial expectations of Transferring Shareholding Councils regarding pricing and prioritisation both on and immediately after transition by the relevant Transferring Shareholding Council into the Company.

5. Establish an operational company by Day 1

- 5.1. The agreed establishment delivery principles that inform establishment planning are:
 - a) The Company is set up for success;
 - b) Create certainty for our people;
 - c) Do just enough for Day 1, minimise changes where possible;
 - d) Key staff for the day-to-day running and maintenance of an asset transfer no later than the asset itself;
 - e) Minimise impact on and risk to the customer;
 - f) Services to the customer are at least the same (no less) on day of transfer;
 - g) Existing relationships and obligations (whether statutory, contractual or otherwise) to partners, in particular hapū and Iwi are honored;
 - h) To ensure clarity on the interface services between each Transferring Shareholding Council and the Company on day of transfer;

- i) Leverage existing IT/system capability, where possible; and
- j) Low risk approach is preferred.

6. Accommodate different timelines

- 6.1. Transferring Shareholding Councils have agreed that they will transfer their business into the Company in a staged manner. The Agreed Transfer Date for each Transferring Shareholding Council is as follows (listed chronologically):

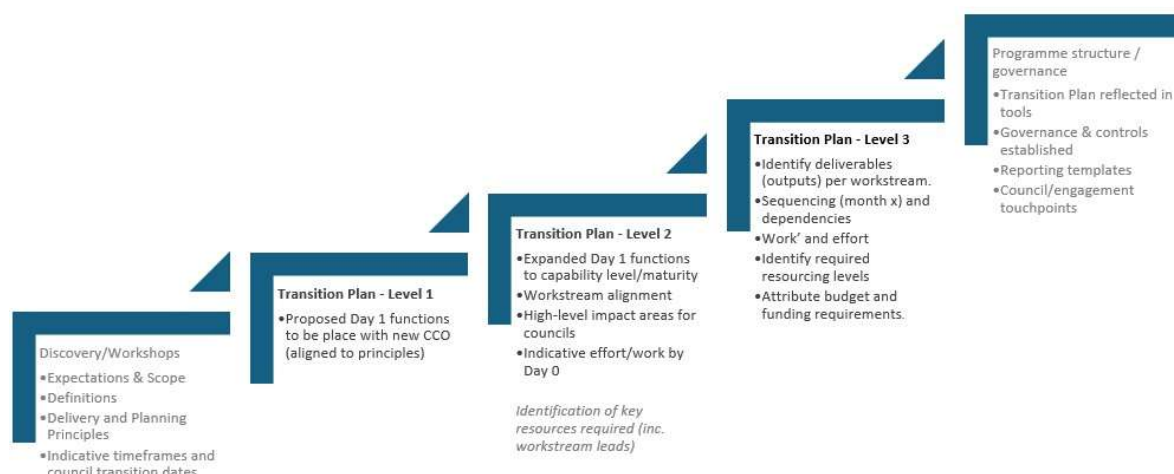
Shareholding Council	Agreed Transfer Date
South Waikato District Council	1 July 2026
Waitomo District Council	1 July 2026
Waipā District Council	1 July 2026
Matamata-Piako District Council	1 October 2026
Ōtorohanga District Council	1 July 2027
Hauraki District Council	1 July 2027

7. Delivering the establishment plan

- 7.1. The programme team is mandated to develop an Establishment Plan based on the delivery principles that will inform activity during the Establishment Period.

Work to be undertaken for Day 1

- 7.2. Planning has been orientated around functions within a (typical) water services company, which in turn will be organised into workstreams. This approach is consistent with the expected technical nature of the Establishment Plan and specialist resources required. Planning will leverage subject matter experts from Shareholding Councils.
- 7.3. The way the Establishment Plan is being developed is set out below. As planning develops and evolves, the programme team will continue to socialise and gain feedback.



Mechanisms to implement the transfer

- 7.4. In accordance with the Shareholders' Agreement, each Transferring Shareholding Council will enter into a Transfer Agreement and will, at a high level:
- a) **Responsibility for water services:** confirm responsibility and authority for drinking water and wastewater is transferring to the Company (with the Transferring Shareholding Councils holding the Board to account);
 - b) **Assets, liabilities and contracts:** specify all matters transferring, including the right to revenue for water charges collected by the Transferring Shareholding Council that relate to the period after the Transfer Agreement is effected; and
 - c) **Staff:** Existing staff and those that will transition are critical to get right. The approach proposed will be in accordance with the legislative transitional provisions but will also leverage off work carried out in the context of the last water services reform. Retention of staff is a key strategic objective and therefore the people and capability workstream must ensure regular and ongoing communications with staff (in a manner pre-agreed with each Transferring Shareholding Council).

8. Shareholders' commitments

- 8.1. To implement the strategy, and without limiting anything stated in the Shareholders' Agreement or the Transfer Agreement, during the Establishment Period each Transferring Shareholding Council will be required to, in accordance with clause 6 of Schedule 2 of the Shareholders' Agreement:
- a) **Financing:** contribute towards the financing of the Establishment Funding, noting that the Establishment Funding will ultimately be passed to the Company; and
 - b) **Business continuity:** until that Transferring Shareholding Council's Agreed Transfer Date, operate and conduct its water services business in the normal course as forecast under the Relevant Long-Term Plan (unless agreed otherwise with the Company) and adhere to the Major Decisions Framework.

9. Expectations pricing and prioritisation

Pricing

- 9.1. The strategy is that the Company will implement pricing from Day 1 until the first water services strategy is adopted (no later than 1 July 2027) that achieves the following:
- a) maintains differential pricing across the districts of Transferring Shareholding Councils in the period immediately after establishment;
 - b) subject to ensuring that capital works can be undertaken as required by clause 9.2 below, charges for water no higher than that forecast by a Transferring Shareholding Council in its Relevant Long-Term Plan; and
 - c) billing continues in a manner consistent with how a Transferring Shareholding Council currently bills.

Prioritisation

9.2. From Day 1 until the first water services strategy is adopted, the strategy is that the capital works programme as set out in the Relevant Long-Term Plan of each Transferring Shareholding Council will inform the programme of work to be undertaken by the Company. This is subject to:

- a) the Company approving the business case for projects that are not in construction as at the Agreed Transfer Date; and
- b) a need arising for the Company to invest in a critical asset within the Service Area of a Transferring Shareholding Council which was not included in the capital works programme. This extends to differences in the capital works programme set out in the Relevant Long-Term Plan and the approved water services delivery plan. Where this occurs, the capital works programme within that service area may be reprioritised in consultation with the relevant Transferring Shareholding Council.