



AGENDA

MINUTES ATTACHMENTS JOINT SHAREHOLDERS COMMITTEE - CENTRAL DISTRICTS WATER

4.00PM, FRIDAY 27 MARCH 2026

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

JOINT SHAREHOLDERS COMMITTEE - CENTRAL DISTRICTS

WATER MEETING

27 March 2026

7 Process for development of Statement of Expectations

1. Process for development of Statement of Expectations

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TO: Shareholders' Committee – Central Districts Water
FROM: Dr Chris Gallavin – Independent Chair
DATE: 27 March 2026
SUBJECT: SOE Discussion Document

Kia ora tātou

Please find attached to this memo an SOE discussion document intended to give the Committee focus on key points for discussion and input. I have personally drafted this as a discussion document with assistance from our legal advisors at Simpson Grierson.

It is important to note that the SOE is entirely the Committee's document. It is for the Committee to decide its content and tone. The SOE will be of paramount importance to the newly formed Board and will form their definitive guide on our expectations as they look to establish a strong, resilient, dependable and successful Company in service of our communities and whanau.

Within the attached document, I have taken the opportunity to draw upon wording used in other published SOE documents (Tiaki Wai Metro Water Limited – greater Wellington, and Iawai – Waikato). I have done this to give examples and to give flavour and options for the key parts of what the Committee might like to include in this, our first SOE. As a committee we are entirely free to take or leave any such examples, to craft our own content and to establish our own tone.

It is important that the SOE adhere to legislative requirements. For this, we take advice from Simpson Grierson. It is also important that it be clear and precise, not encumbering the Company with obligations beyond its initial capacity to fulfill. This is not a political document but a clear guide to ensure success of this most important of enterprises. As such, I encourage all members of the Committee to look for opportunities to draw connections, find common ground, to listen and understand the points and positions of others, and to be solutions focused. It might very well be that all members need to compromise in order to produce a document that stands in the best interests of all.

In the documents before us at today's meeting, included is an outline of the process we will follow to familiarise ourselves with, and workshop, the SOE.

On 8 April 2026 we have an opportunity to work through the document in more detail and I encourage you to discuss with your Councils and Ngā Tapuwae o Hau representatives the prompts I have provided in the attachment. I am available to speak with each of you and to maximise our opportunities to discuss and workshop the document together.

I do not anticipate that we will have time to discuss the substance of the document today, but look forward to discussion on the decision-making process as we head toward agreement on this important and foundational document.

Chris Gallavin

Ngā mihi nui,
Dr Chris Gallavin
Independent Chair

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STATEMENT OF EXPECTATIONS FOR CENTRAL DISTRICTS WATER 2026

1. This Statement of Expectations (SoE) has been prepared and adopted on behalf of Horowhenua District Council, Palmerston North City Council and Rangitikei District Council (together, the **Shareholding Councils**) and Ngā Tapuwāe o Hau, (the group formed to represent the collective iwi interests across the Service Area) as partners that have formed a joint committee that will have oversight of Central Districts Water Limited (**Central Districts Water**).
2. This SoE has been adopted in order to satisfy the requirement of section 224 of the Local Government (Water Services) Act 2025 (LGWSA). It contains the mandatory content required by the LGWSA as well as other content that has been agreed by the Committee.
3. This SoE sets out a range of expectations, including:
 - **Relationship expectations** – which relate to the nature of the intended relationship between the Committee and Central Districts Water, including regular reporting requirements;
 - **Establishment expectations** – which relate to the establishment of the Company and the effective transfer of responsibility for the provision of water services from the Shareholder Councils to Central Districts Water, along with the relevant staff, assets, liabilities, etc.
 - **Enduring expectations** – which reflect the Committee’s longer-term expectations of Central Districts Water, and the outcomes that it should strive to achieve through its delivery of water services.
4. This SoE relates to the period through to 30 June 2030, with the Committee to prepare and deliver an updated SoE to Central Districts Water ahead of that time, to inform the development of its second Water Services Strategy. The Statement of Expectations will be reviewed at least every [three] years by the Committee. Such reviews will be required to be completed at least [six] months prior to the adoption of the Company’s Water Services Strategy.
5. The Committee may review, amend or replace this SoE at any other point as it sees fit.
6. Any proposed amendment to, or replacement of, the SoE will be brought to the Board of Central Districts Water for consultation prior to adoption.

[Drafting note: paragraphs 4-6 are for discussion amongst the Committee, noting that this first version will inform the first WSS (for 1 July 2027 to 30 June 2030), and that there may be good reason to review and adopt an amended version ahead of 1 July 2030 (which would need to be adopted by 31 December 2029)]

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Commented [CG1]: Committee members might be aided by reference to clause 2 of Tiaki Wai SOE from which I have modelled this possible wording. See [Statement of Expectations.pdf](#)

Commented [CG2]: The term of this SOE is something that the Committee might want to expressly consider. Whilst Tiaki Wai is through to 30 June 2030, Iawai (Waikato) extends to June 3035. See [2025-06-30-IAWAI-Flowing-Waters-Statement-of-Expectations.pdf](#)

Commented [CG3]: This has been suggested by Simpson Grierson - it is permissive in that it sets an outer limit but does not preclude amendments as might be necessary

Context

[Drafting note: some suggested wording setting out the basic context is included below. This draws from the statutory basis of the SoE as well as a document prepared by Ngā Tapuwāe o Hau called "Guiding Pathways for Local Water Governance"]

7. Central Districts Water has been established to deliver safe, reliable, affordable and sustainable water supply, wastewater and stormwater services within the Horowhenua, Rangitikei and Palmerston North districts (together, the **Service Area**). It is to do so in accordance with the objectives in section 17 of the Local Government (Water Services) Act 2025.
8. This SoE sets out the Committee's expectations of Central Districts Water.
9. It is to be used to inform and guide the decisions made and actions taken by Central Districts Water, including how it is to work with the Shareholding Councils, mana whenua partners and other stakeholders, and how it will prepare [and consult] on its Water Services Strategy.
10. Central Districts Water is to consider this SoE and ensure that its planning, decisions and activities give effect to the expectations set by the Committee. The only exception to this is where Central Districts Water obtains approval from the Committee for any departure from this SoE.
11. The Committee is able to benefit from the historical knowledge that Ngā Tapuwāe o Hau has of the wider Service Area, and acknowledges the *kawa* followed by Ngā Tapuwāe o Hau and the obligations that flow from this, including:
 - (a) Water is treated as a living being, not just a resource.
 - (b) Decisions are made through consensus and balance, not competition.
 - (c) Monitoring and restoration are based on mauri, tikanga, and whakapapa.
 - (d) Every action is guided by respect for both the physical and spiritual life of the water.

Commented [CG4]: Refer to comments under clause 26 below

"When kawa is at the centre, it changes how choices are identified and decisions made. It reminds all involved that we belong to the river, and the river belongs to us — ko au te awa, ko te awa ko au".

Strategic outcome for the delivery of water services

12. Central Districts Water is to deliver water services in a way that aligns with existing strategic land use plans and policies, and urban growth strategies, unless otherwise agreed with the Committee. This outcome has been set to ensure that the delivery of water services infrastructure will support the strategic delivery of planned growth by other key stakeholders, and to provide certainty to the community.

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13. Central Districts Water is expected to:

[Drafting note: suggest that this should include a list of high-level strategic goals. Some potential goals have been included below for discussion, which could be elaborated on, or set out under subheadings if they need to be given greater significance]

- (a) deliver working and reliable water services for customers;
- (b) maintain water services for customers and partners to ensure statutory compliance, and meet public health, environment and economic regulatory standards, through a significant focus on the state of the water network, infrastructure and assets;
- (c) ensure financially sustainable water services are delivered for customers and stakeholders, with consideration given to affordability when setting water charges;
- (d) develop a capital investment programme that aligns with the intended sequencing of land release across the Service Area, while also being in a position to accommodate some unanticipated or out-of-sequence growth to address unexpected demand;
- (e) deliver water services in a way that generally aligns with existing spatial growth strategies and the relevant district plans of the Shareholding Councils;
- (f) where practicable, align the delivery of new infrastructure and maintenance of existing infrastructure with the Shareholding Councils to reduce overall costs to ratepayers and consumers;
- (g) honour the values of whanaungatanga (relationships), manaakitanga (care), kotahitanga (unity) and mauri ora (the wellbeing of both people and ecosystems) to grow collective responsibility — for the water, for each other, and for the generations to come;
- (h) focus on delivering such services in a manner that minimises adverse environmental effects as far as is reasonably practicable;
- (i) plan and deliver water services, as well as related infrastructure and assets, in a way that 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

Relationship Expectations

[Drafting note: some potential options for this section have been included based on existing SoE's issued to other water organisations. It will be for the Committee to workshop this

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content, so that it covers all required expectations relative to key stakeholders and community generally]

14. Central Districts Water is expected to develop strong, trusting partnership relationships with all three Shareholding Councils and mana whenua within the Service Area.
15. The Committee considers this highly important because it is in the best interests of all parties, and the communities they serve, that Central Districts Water is seen as a trusted partner that is able to maintain a collaborative, good faith, and no surprises relationship.
16. The sort of behaviours or traits that are expected of Central Districts Water include:

[Drafting note: Placeholder for inclusion of list of expected behaviours. Some of the below suggestions have been based on other SoEs]

- (a) Mana enhancing engagement, particularly when dealing with complex issues on which parties might hold differences of opinion;
 - (b) Openness, honesty, integrity and professionalism;
 - (c) An ability to listen and consider all views on relevant issues;
 - (d) A willingness to use best endeavours to find creative solutions;
 - (e) Transparency and a 'no surprises' approach;
 - (f) Early identification of disagreements or differences of view and rapid escalation for resolution;
 - (g) An ability to understanding the issues, challenges and constraints that the Shareholding Councils, mana whenua and the community may face.
17. In meeting these expectations, Central Districts Water must maintain regular contact with the Shareholding Councils and Ngā Tapuwāe o Hau both as a matter of practical management and through the Committee in relation to governance matters, to ensure an open and collaborative relationship. This is to involve:

[Drafting note: this section contains placeholders, which are to be workshopped by the Committee]

- (a) Scheduled engagement between the Board Chair and the Independent Chair of the Committee;
- (b) Early engagement with the Committee 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;

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- (c) Maintaining a 'no surprises' policy with the Committee, in relation to any material or significant events, transactions or other issues that may attract public interest. This will include providing advance notice (where practicable) to the Committee of any actual or potential compliance issues, emerging risks and significant service failures, along with proposed solutions for addressing any issues;
- (d) Providing advance notice to the Committee before Central Districts Water 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);

Information required in half-yearly report

[Drafting note: this section is a requirement of the LGWSA. As an example of an existing SoE, refer to the Tiaki Wai SoE: [Library | Tiaki Wai](#). Note that it may be useful to not overwhelm the Company with reporting at an early stage, given the focus on achieving a robust operating platform through the establishment phase]

- 18. Central Districts Water will provide to the Committee a half-yearly report at an aggregated, organisational level (i.e. not council-by-council) which addresses the following content:
 - (a) Delivery of capital projects against those specified in investment delivery plan for the financial year to which the report relates, and any departures from planned capital programmes;
 - (b) Compliance and enforcement status of resource consents and other regulatory requirements including actual or potential compliance issues, along with proposed solutions for addressing any compliance issues;
 - (c) Forecast expenditure, projects specifically subject to government or other third party funding, lending and any associated implications for future water charges;
 - (d) Critical risks and proposed mitigations;
 - (e) Key stakeholder relationships, including meetings or other engagements;
 - (f) Progress on the transition of services from Shareholding Councils and other hosted systems and services to Central Districts Water systems;
 - (g) Key personnel and staff numbers;
 - (h) Performance against measures included in its Water Services Strategy;

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- (i) Reporting on benefits created or provided by Central Districts Water to communities within the Service Area, including in relation to job creation, social, environmental and cultural impact;

Establishment Expectations

[Drafting note: The Tiaki Wai and Selwyn Water SoEs include a section that is focussed on the establishment phase, which could be useful to include for Central Districts Water. If the Committee agrees, then this section would be framed to apply until, say, 1 year after Day 1, at which point the Enduring Expectations will apply]

- 19. The following expectations are intended to ensure that Central Districts Water is set up for success, with all necessary components in place for its 'Day One' (1 July 2027).
- 20. The move to Central Districts Water holding full responsibility for revenue, charging and service provision is a significant change for customers. Clear communication, and public confidence are essential as responsibilities transfer from the Shareholding Councils.
- 21. These expectations will apply through the Establishment Phase, which is from the date of incorporation to [1 July 2028], at which point the Enduring expectations set out below will apply only.

Preparation of accountability documents and policies

- 22. Central Districts Water will work closely with the Committee when developing its Significance and Engagement Policy. This is to ensure that it draws on, in particular, the Councils' and mana whenua's' collective experience with community engagement in the Service Area and it is workable for the wider community that it will serve.

[Drafting note: Could also include requirements for further documents here, such as a customer charter or customer engagement policy. The SoE for Tiaki Wai (metropolitan Wellington) includes such a requirement].

- 23. It is expected that:
 - (a) Central Districts Water will develop and publish a Customer Charter which sets out the organisation's commitment to operate openly, with clear and accessible information available for communities.
 - (b) The Customer Charter is to:
 - i. inform customers of what they can expect from Central Districts Water regarding the provision of water services, service levels and how charges are set;

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