

**MEETING OF THE**

**Southern Waters Shareholder Representatives'**  
**Group**

**5 June 2026**

**Commencing at 9.00am**

**At the Council Chambers**

**1 Rosebank Terrace**

**BALCLUTHA**

# **Southern Waters Shareholder Representatives' Group**

Notice is hereby given that a Meeting of the Southern Waters Shareholder Representatives' Group will be held in the Council Chambers, 1 Rosebank Terrace Balclutha on Friday 5 June 2026, commencing at 9.00am.

**Jock Martin**  
**Chair**

Joint Committee Members

Chair: Mayor Jock Martin

Mayor Tamah Alley  
Mayor Ben Bell  
Mayor Mel Tavendale

Councillor Roger Cotton  
Councillor Cheryl Laws  
Councillor Neville Phillips  
Councillor Frans Schlack

# Southern Waters Shareholder Representatives' Group

## Friday 5 April 2026

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### APOLOGIES

None received at the time of printing this agenda.

### DECLARATIONS OF INTEREST

None advised at the time of printing this agenda.

Item	Page #	Title
1	5	<b>Confirmation of Joint Committee Minutes</b> <i>(For the Joint Committee's Confirmation)</i> Minutes of the extraordinary Southern Waters Shareholder Representatives' Group meeting held 30 April 2026.
2	8	<b>Process for Preparing the Statement of Expectations and draft Statement of Expectations</b> <i>(For the Joint Committee's Decision)</i> Report asks the SRG to consider and develop a Statement of Expectations.
3	20	<b>Appointment of Southern Waters Directors</b> <i>(For Joint Committee's Decision)</i> Report requests the SRG to commence recruitment of Directors for Southern Waters.
4	24	<b>Mana whenua and Rural Water Representation</b> <i>(For Joint Committee's Decision)</i> Report requesting engagement with Te Rūnanga o Ngāi Tahu regarding a mana whenua representative and to commence recruitment of a rural water representative.
5	29	<b>Updates from Members</b> <i>(For Joint Committee's Information)</i> An opportunity to discuss other matters of interest to Members.

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## **Southern Waters Shareholder Representatives' Group**

### **Item for CONFIRMATION**

<b>Report</b>	Confirmation of Joint Committee Minutes
<b>Meeting Date</b>	30 April 2026
<b>Item Number</b>	1
<b>Prepared By</b>	Wayne McEnteer – Governance Manager (CODC)

### **File Reference**

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#### **REPORT SUMMARY**

Attached for confirmation are the minutes of the extraordinary meeting of the Southern Waters Shareholder Representatives' Group held on 30 April 2026.

#### **RECOMMENDATION**

- 1. That the minutes of the extraordinary meeting of the Southern Waters Shareholder Representatives' Group held on 30 April 2026 be approved as a true and correct record.**

**MINUTES OF AN EXTRAORDINARY MEETING OF THE  
SOUTHERN WATERS STAKEHOLDERS' REPRESENTATIVE GROUP  
HELD ON MICROSOFT TEAMS  
AND LIVE STREAMED VIA MICROSOFT TEAMS ON THURSDAY, 30 APRIL 2026 AT 8:02 AM**

**PRESENT:** Her Worship the Mayor T Alley, His Worship the Mayor B Bell, Cr R Cotton, Cr C Laws, His Worship the Mayor J Martin, Cr F Schlack, Her Worship the Mayor M Tavendale

**IN ATTENDANCE:** S Hill (Chief Executive Officer (CDC)), P Kelly (Chief Executive Officer (CODC)), A Parmley (Chief Executive Officer (WDC)), F Smith (Programme Director - Southern Waters), F Liggett (Principal Advisor - Southern Waters), S Righarts (Group Manager - Governance and Business Services (CODC)), W McEnteer (Governance Manager (CODC))

Note: Peter Kelly, CEO of Central Otago District Council assumed the Chair.

**1 KARAKIA**

Mr Kelly started the meeting with a karakia.

**2 APOLOGIES**

**APOLOGY**

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**COMMITTEE RESOLUTION**

**Moved:** Cotton

**Seconded:** Alley

That the apology received from Cr Phillips be accepted.

**CARRIED**

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**3 REPORTS**

**26.1.1 APPOINTMENT OF THE STAKEHOLDER REPRESENTATIVE CHAIRPERSON AND DEPUTY CHAIRPERSON**

To consider the appointment of a chair and deputy chair for the Southern Waters Stakeholders' Representative Group.

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**COMMITTEE RESOLUTION**

**Moved:** Alley

**Seconded:** Tavendale

That the Southern Waters Stakeholders' Representative Group

A. Receives the report.

B. Chooses System A for the election of a Chair and Deputy Chair.

**CARRIED**

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His Worship the Mayor Jock Martin was the sole nomination for Chair and was appointed unanimously.

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**COMMITTEE RESOLUTION**

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**Moved:** Alley  
**Seconded:** Tavendale

C. Appoints Jock Martin as the Chair for the Southern Waters Stakeholders' Representative Group.

**CARRIED**

Note: His Worship the Mayor J Martin assumed the Chair.

Cr Schlack was the sole nomination for Deputy Chair and was appointed unanimously.

#### **COMMITTEE RESOLUTION**

**Moved:** Bell  
**Seconded:** Tavendale

D. Appoints Cr Schlack as Deputy Chair for the Southern Waters Stakeholders' Representative Group.

**CARRIED**

### **26.1.2 TERMS OF REFERENCE FOR THE STAKEHOLDERS' REPRESENTATIVE GROUP**

To note the Terms of Reference that have been determined for the Southern Waters Stakeholders' Representative Group.

#### **COMMITTEE RESOLUTION**

**Moved:** Schlack  
**Seconded:** Bell

That the report be received and its contents noted.

**CARRIED**

### **26.1.3 ADOPTION OF THE CENTRAL OTAGO DISTRICT COUNCIL STANDING ORDERS**

To adopt the Central Otago District Council Standing Orders for meeting procedures.

After discussion it was agreed that language referring to community boards would be removed from the document to make it more aligned with this group.

#### **COMMITTEE RESOLUTION**

**Moved:** Tavendale  
**Seconded:** Schlack

That the Southern Waters Stakeholders' Representative Group

- A. Receives the report.
- B. Adopts the Central Otago District Council Standing Orders for meeting procedures.

**CARRIED**

Note: It was noted that due to the dynamic nature of this group, a place in the agenda should be put aside for members to bring any issues that were in need of discussion to the wider group for their consideration.

#### 4 DATE OF THE NEXT MEETING

The date of the next scheduled meeting is to be confirmed.

Note: Mr Kelly gave a closing karakia.

The meeting closed at 8.29 am.

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CHAIR / /

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## Southern Waters Stakeholders' Representative Group

### Item for decision

<b>Report</b>	Process for Preparing the Statement of Expectations and draft Statement of Expectations
<b>Meeting Date</b>	5 June 2026
<b>Item Number</b>	2
<b>Prepared By</b>	Southern Waters

### File Reference

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#### REPORT SUMMARY

1. Under the Local Government (Water Services) Act 2025, the shareholders of a water organisation must prepare and adopt a Statement of Expectations. Under the Act the shareholders of a water organisation must also publish the process to prepare a Statement of Expectations.
2. The Stakeholders' Representative Group has requested Southern Waters prepare a draft Statement of Expectations which captures input from the Shareholders. The draft Statement of Expectation is for the purpose of assisting the Shareholders only and does not limit or affect the Shareholders' obligations under the Act.
3. The purpose of this report is for the Southern Waters Stakeholders' Representative Group to:
  - Approve the attached process for the preparation of the Statement of Expectation.
  - Commence the review and preparation of the draft Statement of Expectation with Southern Waters based on the attached draft.

#### RECOMMENDATIONS

4. That the Stakeholders' Representative Group receives the 'Process for Preparing the Statement of Expectations and draft Statement of Expectations' report.
5. That the Stakeholders' Representative Group:
  - a. Approves the attached process for preparing the Southern Waters Statement of Expectations.
  - b. Commences preparation of the Statement of Expectations in line with the above Process.
  - c. Notes the reviewed draft Statement of Expectations will be brought back to the 2 July 2026 Stakeholder Representative Group in advance of being presented to Southern Waters for comment.

- d. Notes the draft Statement of Expectation will be brought back to the 7 August 2026 Stakeholder Representative Group meeting for approval.
- e. Confirms that Central Otago District Council will continue to fund project expenses, by means of interest-bearing debt, on behalf of the shareholding councils and Southern Waters.

## REPORT

### Statement of Expectations

6. Under Sections 224-227 of the Local Government (Water Services) Act 2025, the shareholders of a water organisation must prepare and adopt a Statement of Expectations and provide it to the water organisation:
  - As soon as practicable after the date on which the water organisation is established.
  - No later than 6 months after the date on which the water organisation is established.
7. The Statement of Expectations must relate to a period of at least 10 consecutive financial years. Under the legislation there are matters which must be included in the Statement of Expectations including:
  - The outcomes that the shareholders expect the water organisation to achieve by providing water services.
  - Requirements relating to the territorial authority's resource management planning and land use planning that are relevant to the water organisation's service area.
  - A requirement that the water organisation must act in accordance with any relevant statutory obligation that applies to a shareholder that is a territorial authority.
  - The information that the water organisation must include in its water services half-yearly report.
8. The purpose of a Statement of Expectations is to set out the shareholders' expectations of the water organisation; and to inform and guide the:
  - Decisions and actions of the water organisation; and
  - Water organisation's preparation of its water services strategy
9. A water organisation must give effect to a Statement of Expectations provided by the shareholders of the water organisation.

### Process for Preparing the Statement of Expectations

10. The shareholding councils are responsible for preparing and approving a Statement of Expectations having considered feedback from each shareholding council and the Company's Board.

11. Under Section 229 of the Local Government (Water Services) Act 2025, the shareholders of a water organisation must publish, on a website the process that the shareholders must follow to prepare a Statement of Expectations. The process to prepare a Statement of Expectations must include the following:
  - The shareholders must provide a draft of the Statement of Expectations to the water organisation
  - The shareholders must give the water organisation a reasonable opportunity to review the draft statement and provide comments:
  - The shareholders must consider any comments provided by the water organisation before finalising the Statement of Expectations.
12. The shareholding councils will, through the Stakeholders' Representative Group (SRG) and in accordance with the attached process, work together to ensure that their respective expectations for the Company are captured in a Statement of Expectations which is approved and delivered to the Company in accordance with the requirements and timeframes set out in the SHA and the Act.
13. The Stakeholders' Representative Group has requested Southern Waters prepare a draft Statement of Expectations which captures input from the Shareholders. The draft Statement of Expectation is for the purpose of assisting the Shareholders only and does not limit or affect the Shareholders' obligations under the Act.
14. The SRG Chair with administrative support from the Company will, circulate the attached draft Statement of Expectations following this meeting.
15. The draft will be reviewed by all members of the SRG (in consultation with their appointing shareholding council) and by the Company, in line with the attached Process.
16. It is anticipated that the draft Statement of Expectation will be brought back to the next meeting of the SRG on 2 July 2026 for presentation to Southern Waters for comment and adoption on 7 August 2026.

### **Assessment of Options**

17. Under the Local Government (Water Services) Act 2025, the Southern Waters shareholders and SRG:
  - Must prepare and adopt a Statement of Expectations as soon as practicable and no later than 6 months after the date on which the water organisation is established.
  - Are responsible for preparing and approving a Statement of Expectations.
  - Must publish, on a website the process that the shareholders must follow to prepare a Statement of Expectations.

18. The options available to the SRG relate to the shareholders expectations that should be captured in a Statement of Expectations for Southern Waters in line with the Local Government (Water Services) Act 2025 and Shareholders Agreement.

### **Consultation**

19. The SRG is not required to consult on the preparation or content of the of Statement of Expectations.

### **Legal Considerations**

20. The matters within this report take account of sections 224-229 of the Local Government (Water Services) Act 2025. The process to prepare a Statement of Expectations and draft Statement of Expectations have been reviewed by Wynn Williams lawyers.

### **Financial Impact**

21. Central Otago District Council is continuing to fund Southern Waters project and establishment expenses, by means of interest-bearing debt, on behalf of the shareholding councils and the Company.
22. This is in accordance with the Deed of Amendment and Cost Sharing entered between the shareholding councils until such time as the Company can borrow directly from the Local Government Funding Agency.

### **Agenda Attachments**

23. Attachment One: Draft Process for the preparation of Statement of Expectations.  
Attachment Two: Draft Statement of Expectations.

# **[Draft] Process for Preparing the Statement of Expectations of Southern Waters Limited**

Agreed by the SRG on [x]

## **1. Purpose**

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The shareholding councils of Southern Waters Limited (**Company**) are Central Otago District Council, Clutha District Council, Gore District Council and Waitaki District Council (together, the **Shareholding Councils** or the **Shareholders**).

This document sets out the process that the Shareholders will follow to prepare and adopt a Statement of Expectations (**SoE**) as required by Part 4 of the Local Government (Water Services) Act 2025 (**Act**).

## **2. Governance**

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The Shareholders and the Company are parties to a Shareholders' Agreement which establishes the Stakeholders' Representative Group (**SRG**) as a joint committee of the Shareholding Councils, together with mana whenua and rural water stakeholder representatives.

The Shareholders are responsible for overseeing and approving the SoE in accordance with the Shareholders' Agreement and the Act, having considered recommendations and feedback from each Shareholding Council and the Company. Each Shareholder has delegated to its appointed SRG representative the responsibilities and powers necessary to participate in the SRG, including to prepare and approve the SoE.

Adopting the SoE is a Reserved Matter (as defined in the Shareholders' Agreement) requiring approval by Special Resolution of the Shareholders. A Special Resolution requires approval by Shareholding Councils who together hold at least 75% of the total number of A Shares on issue.

## **3. Preparation**

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Unless the Shareholders otherwise agree, or an alternative process is provided for in the Act (in which case that alternative process will be followed), the SRG will take the following steps to ensure that the obligations of the Shareholders to prepare and adopt a SoE are complied with within the applicable statutory timeframes.

### **Timeframe**

The Shareholders must prepare and adopt a SoE and provide it to the Company for at least six months (or such longer period as is agreed between the Shareholders and the Company) before Southern Waters Limited is required to prepare its water services strategy. Any SoE prepared in accordance with this process must relate to a period of at least 10 consecutive financial years, as required by section 224(2) of the Act.

The Shareholders (acting through the SRG) will meet at least eight months before the date on which the Company is required to prepare a water services strategy under the Act, to discuss and agree to the process for preparing the next Statement of Expectations.

Notwithstanding the above, the Shareholders will prepare the first SoE and provide it to the Company no later than six months after the date on which the Company is incorporated.

### **Preparation of the Draft SoE**

The SRG has requested the Company to prepare a draft SoE which captures input from the Shareholders. Each SRG member will advise the overall expectations of their appointing Shareholding Council (where applicable) to the SRG and will identify any specific matters it wishes to

be addressed in the SoE. The Company's preparation of a draft SoE is for the purpose of assisting the Shareholders only and does not limit or affect the Shareholders' obligations under the Act.

The draft SoE will address all matters required under the Act and the Shareholders' Agreement (including the matters set out in Schedule 1 of the Shareholders' Agreement) and will be circulated to all SRG members.

The SRG will:

- Consider and provide feedback to the company on the draft SoE;
- Provide a SRG endorsed draft of the SoE to the company and allow the company a reasonable period to review and provide comments;
- Where the SRG decides not to adopt any material suggestions made by the company, record its reasons for doing so.

The SRG will convene to discuss any feedback received from the Board (or the Chief Executive) on behalf of the Company. A further draft of the SoE may, if required, be prepared and again provided to all SRG members, the Chairperson of the Board and, if applicable, the Company's Chief Executive for review.

### **Finalisation and Approval**

Following the above process, the SRG will finalise the SoE. The SRG will endeavour to approve the SoE by consensus. In the absence of consensus, the SoE will be voted on as a Reserved Matter in accordance with the applicable voting requirements in the Shareholders' Agreement (being a Special Resolution of Shareholders).

### **Delivery of SoE**

No later than four weeks before its publication date (or an alternative date agreed by the SRG), the final Statement of Expectations will be circulated to all SRG members and the Board, in accordance with clause 8.5 of the Shareholders' Agreement.

## **4. Publication**

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In accordance with section 229(3) of the Act and clause 8.3 of the Shareholders' Agreement, this process document will be published on the website of one or more of the Shareholding Councils and on the Company's website.

## **5. Amendment**

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Any amendment to the SoE must follow the same process as set out in this document, unless all Shareholding Councils agree or an alternative process is provided for in the Act (in which case that alternative process may be followed). This process document may be reviewed at the same time as any material review of the Statement of Expectations, or when the SRG otherwise considers it appropriate, and updated as necessary.

## **[Draft] Statement of Expectations for Southern Waters Limited**

Adopted by the Stakeholders' Representative Group on [date]

### **1. Introduction**

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This Statement of Expectations (**SOE**) has been prepared for Southern Waters Limited (Southern Waters) as required by section 227 of the Local Government (Water Services) Act 2025 (**the LG(WS) Act**). It has been adopted by the Stakeholders' Representative Group (**SRG**), comprising representatives of Central Otago District Council (**CODC**), Clutha District Council (**CDC**), Gore District Council (**GDC**) and Waitaki District Council (**WDC**) (together, the **Shareholding Councils**). This SOE has been adopted in advance of Southern Waters preparing its Water Services Strategy. Southern Waters must give effect to this SOE in accordance with the LG(WS) Act.

This SOE relates to the period commencing on the date of Southern Waters' first Water Services Strategy and ending no earlier than 30 June 2037 (being a period of 10 consecutive financial years).

### **2. Context and Purpose**

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Southern Waters has been established as a council-controlled organisation jointly owned by the Shareholding Councils for the purpose of providing drinking water, wastewater, and stormwater services within the districts of Central Otago, Clutha, Gore, and Waitaki. Southern Waters must deliver these services in accordance with the objectives in section 17, and the financial principles in section 18, of the LG(WS) Act, and the expectations set out in this SOE.

Southern Waters has identified five strategic objectives for the delivery of water services across the region. These objectives are:

1. To deliver three waters services in a way that reflects the importance of water to the health of our residents, visitors, environment, economy and mana whenua under Te Tiriti o Waitangi
2. To ensure that three waters services are delivered in a manner that is enduring and financially sustainable.
3. To deliver three waters services that are responsive to the local needs of our communities.
4. To provide efficient and effective services that support robust decision-making and the development of enduring capability and capacity.
5. To deliver three waters services that sustainably respond to changes in population, economic activity, and climate change.

This SOE provides direction on the outcomes Southern Waters is to achieve when delivering water services, and expectations for how Southern Waters should conduct itself and its relationships with key stakeholders. The Stakeholders' Representative Group agrees that the initial focus for Southern Waters should be on achieving a successful establishment, operational stability, robust and independent governance, and effective planning, asset management and investment processes with strong financial oversight.

This SOE sets expectations in four areas:

- (a) Governance, Accountability, and Reporting expectations, including details on the content for the required half-yearly report.
- (b) Establishment expectations — expectations that must be achieved before operational go-live on 1 July 2027.
- (c) Enduring expectations.

### 3. Strategic Goals and Key Outcomes

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Southern Waters must deliver safe, reliable, environmentally and financially sustainable water services that are resilient and enable the wellbeing of communities across its service area. The following key outcomes, which the Shareholding Councils expect Southern Waters to achieve, must be reflected in the initial Water Services Strategy:

- (a) Improving water services, with a significant focus on the state of the water network, infrastructure, and assets. Southern Waters must develop and manage its investment programme to ensure reliable services across all service areas.

And

- (b) Financially sustainable water services are delivered, with consideration given to affordability when setting water charges.

And

- (c) Working and continuous, reliable water services are delivered and improved after the transition to Southern Waters.

### 4. Governance, Accountability, and Reporting

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Southern Waters must be open and transparent in its decision-making with the Shareholding Councils, the SRG, key stakeholders, and the communities it serves.

4.1 It is expected that:

- (a) Southern Waters and the Shareholding Councils will work constructively to agree coordinated support processes and shared arrangements to ensure reliable, customer-focused service delivery.
- (b) Southern Waters will operate under a skills-based board with the capability to oversee a complex, multi-owner organisation. Directors will be appointed and removed by the SRG in accordance with the Constitution and the LG(WS) Act.
- (c) Southern Waters must provide advance notice to the SRG of any decisions it is considering that would involve a significant departure from its Water Services Strategy or a reprioritisation of activities, including advice about how the decision will be consulted on or otherwise regularised.
- (d) Southern Waters must keep the SRG informed on a “no surprises” basis of any material events, issues of public interest, or emerging significant risks — including potential significant service failures, critical risks, or compliance issues — and must do so as soon as practicable if a significant service failure occurs. Southern Waters must also advise of any proposed mitigations, solutions or remediations.
- (e) The Board will undertake a self-evaluation of its performance on an annual basis, in line with accepted good governance principles and practices.

### 5. Content of Southern Waters' Half-Yearly Report

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Under section 227 of the LG(WS) Act, this SOE must specify the information to be included in Southern Waters' half-yearly report post establishment 1 July 2027 (see section 248). The half-yearly report must include:

- (a) Delivery of capital projects against those specified in the 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 of strategic issues in relation to Southern Waters.
- (e) Key stakeholder relationships, including meetings or other significant engagements which relate to strategic management of southern waters.
- (f) Progress on the transition of services from each Shareholding Council to Southern Waters, including the status of Transfer Agreements.
- (g) Progress against performance indicators and measures reflected in the Water Services Strategy.
- (h) Status of compliance with lending covenants and the requirements of the LGFA.

## **6. Expectations during the Establishment Phase**

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The following expectations must be achieved before operational go-live on 1 July 2027.

### **Initial Water Services Strategy**

In developing its initial Water Services Strategy, Southern Waters is expected to lead its own strategic direction whilst considering the existing planning by the Shareholding Councils.

- 6.1 It is expected that the initial Water Services Strategy will:
- (a) Act as an initial strategy focusing on the delivery of services, financing, and charging in the first year of operations, broadly aligned with the Water Services Delivery Plan of the Shareholding Councils.
  - (b) Recognise rural water as a distinct service and include appropriate levels of service and pricing arrangements for rural water schemes.
- 6.2 It is expected that:
- (a) Southern Waters provides the SRG with an early opportunity to comment on the draft Water Services Strategy, with a draft to be provided no later than 1 March 2027, and a review period for the SRG of four weeks.
  - (b) Southern Waters prepares and provides a summary document clarifying any proposed significant changes to key projects or costs to customers when compared to the Long-Term Plans of the Shareholding Councils, to be provided at the same time as the draft Water Services Strategy.

### **Financing Expectations**

- 6.3 It is expected that, alongside the Shareholding Councils, Southern Waters will work with the Local Government Funding Agency (LGFA) to prepare to accede as a participating borrower, ensuring access to appropriate financing terms.

## **7. Planning Requirements**

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Under section 227 of the LG(W) Act, this SOE must include requirements relating to the Shareholding Councils' resource management and land-use planning relevant to Southern Waters' service area.

- 7.1 It is expected that:
- (a) Southern Waters will consider and engage with the Shareholding Councils' District Plans, Long Term Plans, Infrastructure Strategies, and other growth-related plans when making decisions about the water services infrastructure required to support growth and the sequencing of such infrastructure.
  - (b) Southern Waters will work closely with the Shareholding Councils to ensure its long-term investment plans support and align with the Shareholding Councils' growth strategies and development goals. This includes collaborating with Shareholding Councils as they develop key planning documents, and providing clear advice on the infrastructure needs and costs associated with greenfield and brownfield growth and intensification.
  - (c) Southern Waters will actively support the Shareholding Councils' building and resource consenting processes by providing timely, accurate, and fit-for-purpose technical advice and approvals related to water service connections.

## 8. Statutory Obligations

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Under section 227 of the LG(WS) Act, this SOE must require Southern Waters to act in accordance with any relevant statutory obligation applying to a Shareholding Council as a territorial authority.

- 8.1 Southern Waters must act in accordance with any relevant statutory obligation applying to each Shareholding Council as a territorial authority, including obligations under the LG(WS) Act, the Local Government Act 2002, and any other applicable legislation.
- 8.2 Southern Waters must comply with all applicable Treaty settlement obligations and other agreements, including joint management agreements, that apply across the service areas. Southern Waters' establishment does not alter any existing commitments to mana whenua or iwi from any Shareholding Council.

## 9. Enduring Expectations

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The following enduring expectations describe how Southern Waters is expected to operate across the longer term. They reflect the shared values and principles of the Shareholding Councils and apply throughout the establishment phase and beyond. The Shareholding Councils acknowledge that achievement of these expectations must be viewed against the current operating environment, the condition of assets being transferred, available operating budgets, and the time required to establish new systems and capability. Southern Waters will develop a prioritisation framework for investment and activities. This will be informed by the Shareholding Councils on the overall strategic importance of each of the following enduring expectations [through the WSS] below:

### Upholding Treaty Principles and Settlement Obligations

- 9.1 It is expected that Southern Waters upholds the principles of Te Tiriti o Waitangi and any Treaty settlement obligations of the Shareholding Councils.

### Customer and Community

Southern Waters is to be a customer-facing organisation and must embed a culture that puts the customer first.

- 9.2 It is expected that:
  - (a) Southern Waters will progressively create and embed an organisational culture that is customer-first, transparent, which prioritises health, safety, and wellbeing.
  - (b) Southern Waters will engage on significant issues or in line with its Significance and Engagement Policy.

- (c) Southern Waters will collaborate with other water organisations and councils to maximise efficiency and effectiveness.

### **Environmental Stewardship**

9.3 It is expected that:

- (a) Southern Waters will deliver water services in a manner that minimises adverse environmental effects as far as reasonably practicable. Southern Waters will use its best endeavours to meet all environmental regulatory requirements and will take a proactive and practical approach to resolving any non-compliance.
- (b) Southern Waters will progressively work towards applying a climate change lens to its decision-making and reduce carbon emissions across its activities over time.
- (c) Southern Waters will recognise and give effect to Te Tiriti principles by engaging with mana whenua to identify and where practicable, protect and enhance mahinga kai values across its activities.

### **Safe, Reliable, and Resilient Water Services**

9.4 It is expected that:

- (a) Southern Waters will build its asset management capability by improving the quality and completeness of asset data and will manage existing infrastructure to avoid future deficits and support planned investment decisions.
- (b) Southern Waters will prioritise asset management planning towards very highly critical and highly critical assets so that risks of failure are minimised.
- (c) Southern Waters will plan and deliver water services that are resilient to future challenges, including the impacts of climate change and natural hazards, through strategic infrastructure and asset planning over a minimum 30-year horizon.
- (d) Southern Waters will establish an effective enterprise-level risk management framework and align internal management with strategic goals to improve operational efficiency and compliance.

### **Affordability, Equity, and Value for Money**

9.5 It is expected that:

- (a) Southern Waters will deliver services in a financially sustainable, and efficient manner.
- (b) Southern Waters will be open and transparent about how it charges for water services.
- (c) Southern Waters should pay particular attention to equity and hardship, ensuring vulnerable households are supported through appropriate policies (including the Financial Support Policy).

### **Rural Water**

9.6 It is expected that:

- (a) Southern Waters recognises rural water as a distinct service, reflecting the Shareholding Councils' agreement that rural water constitutes a "fourth water".
- (b) Rural water schemes will be subject to different levels of service to urban drinking water schemes.
- (c) Specific requirements regarding engagement with the community and rural water customers will be developed.

**Growth**

9.7 It is expected that:

- (a) Southern Waters will deliver three waters services that sustainably respond to change in population and economic activity.
- (b) Southern Waters will work with the Shareholding Councils to align long-term investment plans with the Shareholding Councils' growth strategies.
- (c) Southern Waters will provide timely, accurate, and fit-for-purpose technical advice and approvals related to water service connections.

**10. Review Date**

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This SOE will be reviewed and updated prior to the preparation of the next Water Services Strategy, in accordance with the Shareholders' Agreement. The SRG will meet at least eight months before Southern Waters is required to prepare a Water Services Strategy to discuss and agree the process for the next SOE.

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## Southern Waters Stakeholders' Representative Group

### Item for decision

**Report** Appointment of Southern Waters Directors

**Meeting Date** 5 June 2026

**Item Number** 3

**Prepared By** Southern Waters

### File Reference

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#### REPORT SUMMARY

1. Under the Southern Waters Shareholders Agreement (SHA) all Company Directors need to be appointed by the Stakeholders' Representative Group (SRG). The SHA also notes the Company requires a minimum of three and maximum of seven Directors.
2. The purpose of this report is for the Southern Waters SRG to:
  - Convene a selection panel composed of the Mayors of the Shareholder Councils, Southern Waters Establishment Chair and a mana whenua representative (to be confirmed) to govern and advise on the appointment of two additional Company Directors.
  - Agree that the selection panel should also govern and advise on the identification and recruitment of one rural water representative to the SRG.
  - Indicate whether the Establishment Chair should be included on the selection panel for the appointment of the rural water representative.
3. As a reserved matter, the selection panel will make a recommendation on the Company Directors and rural water representative to the full SRG.

#### RECOMMENDATIONS

4. That the Stakeholders' Representative Group receives the 'Appointment of Southern Waters Directors' report.
5. That the Stakeholders' Representative Group:
  - a. Agrees to establish a selection panel composed of the Mayors of the Shareholder Councils, Southern Waters Establishment Chair and a mana whenua representative (to be confirmed) to govern and advise on the appointment of two additional Company Directors.
  - b. Notes the selection panel will advise on the attributes and skills which will be sought for the Company Directors:

- a. During the establishment phase of Southern Waters.
- b. Post establishment phase of Southern Waters.
- c. Notes the development of the relationship between the Stakeholders' Representative Group and the Establishment Chair during the transition period will be integral to the shareholders comfort in the appointment of Directors.
- d. Agrees the selection panel will also support the identification and appointment of the rural water representative to the Stakeholders' Representative Group.
- e. Indicates whether the Establishment Chair should be included in the selection panel for the identification and appointment of the rural water representative to the Stakeholders' Representative Group.

## REPORT

### Background

6. Under section 4.1 of the Southern Waters SHA all Company Directors (including the Chair and Deputy Chair) need to be appointed by the SRG. This is in accordance with the Constitution, the requirements of the Local Government (Water Services) Act 2025 and any matrix of necessary skills developed and approved by the SRG from time to time.

7. The Local Government (Water Services) Act 2025 notes:

*A director of a water organisation must be appointed on the basis of their competency to perform the role. The directors of a water organisation must collectively have an appropriate mix of skills, knowledge, and experience in relation to providing water services.*

8. The appointment of Directors is a reserved matter under the SHA. At present, Bruce Gemmell, Southern Waters Establishment Chair is the sole member of the Southern Waters Board. The Establishment Chair was identified and appointed in January 2026 with the support of an independent recruitment Company.
9. The Southern Waters SHA notes the minimum number of Directors will be three, while the maximum number of Directors will be seven. It also notes the Company may have one Director until such time as the SRG has appointed no less than three Directors.
10. Section 5.4 of the SHA notes the importance of the relationship between the SRG and the Company under the spirit of collaborative working. This is enabled through both the Statement of Expectations as well as the appointment of the Company Directors:

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

### Southern Waters Directors

11. The SRG is seeking to appoint two additional Directors to Southern Waters with the support of recruitment advisors, Sheffield, who led the recruitment of the Programme Director and Establishment Chair.
12. The initial focus needs to be on the preparation of a skills matrix and overall appointment process. A skills matrix will reflect the attributes and skills which will be sought from prospective Company Directors.
13. The appointment of the two additional Directors will focus on establishment of Southern Waters in advance of ongoing governance of the entity in the medium term. It is anticipated that two further Directors will be appointed in 2027.
14. As set out in the draft Statement of Expectations, the proposed initial focus for Southern Waters is on achieving a successful establishment, operational stability, robust and independent governance, and effective planning, asset management and investment processes with strong financial management oversight.
15. It is likely the board will not require all the skill sets during the establishment phase – this will however change over as Southern Waters moves to more of a business-as-usual activities over the 10-year life of the Statement of Expectations.
16. The proposed Director appointment process will focus on the initial skills in the first instance with a broader range of skills brought in through the additional Director appointments later next year.
17. As members of the SRG, the involvement of mana whenua in the development of skills matrix is appropriate and required. An interim solution whereby mana whenua proposes two placeholder representatives to the SRG is proposed in another report to the SRG.
18. This report recommends the creation of a selection panel composed of the Mayors of the Shareholder Councils, Southern Waters Establishment Chair and mana whenua representatives (subject to mana whenua's decision regarding the two placeholder representatives) to govern and advise on the appointment of the additional Company Directors.
19. It is anticipated that the selection panel will also support the process, identification and appointment of the rural water representative to the SRG. This report also seeks an indication from the SRG whether the Establishment Chair should be included in the selection panel for this process.
20. As a reserved matter, the selection panel will make a recommendation on the Company Directors and rural water representative to the full SRG in advance of any final decision.

### **Assessment of Options**

21. The Southern Waters SHA notes that the Company requires between three and seven Company Directors all of which need to be appointed by the SRG.

- Option One: The SRG convenes a selection panel composed of the Mayors of the Shareholder Councils, Southern Waters Establishment Chair and a mana whenua representative (to be confirmed) to govern and advise on the appointment of two additional Company Directors. The selection plan would also govern and advise on the appointment of the rural water representative to the SRG. The SRG would determine whether the Establishment Chair should be included in this process.
  - Option Two: The SRG does not convene a selection panel to support the recruitment process for Company Directors and rural water representative.
22. Option one is the preferred option as it will enable a smaller group of the SRG members to work closely with the Establishment Chair and recruitment agency in the appointment of the initial Directors and rural water representatives. The selection panel will make a recommendation to the full SRG before any appointments are made.

### **Consultation**

23. The SRG is not required to consult on the appointment of Southern Waters Company Directors.

### **Legal Considerations**

24. The matters within this report take account of the Local Government (Water Services) Act 2025 and matters within the Southern Waters SHA.

### **Financial Impact**

25. Central Otago District Council is continuing to fund Southern Waters project and establishment expenses, by means of interest-bearing debt, on behalf of the shareholding councils and the Company.
26. This is in accordance with the Deed of Amendment and Cost Sharing entered between the shareholding councils until such time as the Company can borrow directly from the Local Government Funding Agency.

### **Agenda Attachments**

27. N/A

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## Southern Waters Stakeholders' Representative Group

### Item for decision

**Report** Mana whenua and rural water representation

**Meeting Date** 5 June 2026

**Item Number** 4

**Prepared By** Southern Waters

### File Reference

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#### REPORT SUMMARY

1. The Southern Waters Shareholders Agreement (SHA) notes two mana whenua representatives, and one rural water representative will be appointed the Stakeholders' Representative Group (SRG).
2. The purpose of this report is for the Southern Waters SRG to:
  - a. Progress engagement with Te Rūnanga o Ngāi Tahu regarding mana whenua representation on the SRG.
  - b. Note the recommendation in the 5 June 2026 report '*Appointment of Southern Waters Directors*' that a selection panel composed of the Mayors of the Shareholder Councils, Southern Waters Establishment Chair and a mana whenua representative (to be confirmed) be established to govern and advise on the appointment of the rural water representative to the SRG.

#### RECOMMENDATIONS

3. That the Stakeholders' Representative Group receives the 'Mana whenua and rural water representation' report.
4. That the Stakeholders' Representative Group:
  - a. Agrees the Chair write to Te Rūnanga o Ngāi Tahu seek guidance on the appointment of two representatives and placeholder representatives to the Stakeholders' Representative Group.
  - b. Notes the recommendation in the 5 June 2026 report '*Appointment of Southern Waters Directors*' to convene a selection panel composed of the Mayors of the Shareholder Councils, Southern Waters Establishment Chair and mana whenua representatives (to be confirmed) to govern and advise on the appointment of a rural water representative to the Stakeholders' Representative Group.

- c. Notes the recommendation in the 5 June 2026 report '*Appointment of Southern Waters Directors*' seeking an indication whether the Establishment Chair should be included in the selection panel for the identification and appointment of the rural water representative to the Stakeholders' Representative Group.

## REPORT

### Background

- 5. Section 6.9 of the Southern Waters SHA notes:

*The Shareholders acknowledge that wai is a taonga, central to tikanga, identity and wellbeing, and that any discussion about water involve mana whenua.*

- 6. The SHA also notes the SRG shall, promptly after its establishment:
  - c. Convene and agree a process for engaging with Te Rūnanga o Ngāi Tahu for the purposes of this clause 6.9;
  - d. Engage with Te Rūnanga o Ngāi Tahu to develop and prepare a proposal for up to two representatives of mana whenua (subject to clause 6.2) to be appointed to the Stakeholders' Representative Group including protocols for selection, appointment, approval (in accordance with the LGA) and replacement of those representatives; and
  - e. Present the proposal to each of the Shareholders for consideration and approval.
- 7. On 13 February 2026, the Southern Waters Establishment Chair wrote to Justin Tipa Kaiwhakahaere Te Rūnanga o Ngāi Tahu setting out the intention for Southern Waters. The letter noted:
  - a. That wai is a taonga, central to tikanga, identity and wellbeing, and that any discussion about water must begin with listening to mana whenua.
  - b. The intention to begin building an enduring relationship based on mutual respect, trust and understanding as Southern Waters becomes operational.
  - c. The intention to seek a meeting with kanohi ki te kanohi with rūnaka to:
    - a. Introduce the Kaupapa and purpose of Southern Waters.
    - b. Hear mana whenua perspectives, aspirations and concerns in relation to wai.
    - c. Understand how mana whenua would like to engage with Southern Waters.
    - d. Discuss what a meaningful, enduring partnership could look like.
- 8. Subsequent engagement has been undertaken by Southern Waters with Te Kura Taka Pini Ltd in March and Te Rūnaka o Ōtākou in April 2026.
- 9. Section 6.9 of the Southern Waters SHA notes:

*The Shareholders acknowledge the existence of an extensive network of rural water schemes in the Service Area and their desire that rural water is recognised as a distinct service to be considered in governance, planning and operational decisions.*

10. The SHA also notes, the Stakeholders' Representative Group shall, promptly after its establishment:
  - a. Convene and agree a process for engaging with selected stakeholders in rural water schemes for the purposes of this clause 6.10;
  - b. Engage with selected stakeholders (or representatives of them) to develop and prepare a proposal for one representative of rural water scheme interests to be appointed to the Stakeholders' Representative Group including protocols for selection, appointment, approval (in accordance with the LGA) and replacement of those representatives; and
  - c. Present the proposal to each of the Shareholders for consideration and approval.

## **Discussion**

### **Mana whenua representation to the SRG**

11. Council through the SHA and proposed draft Statement of Expectation have recognised the critical importance of mana whenua in Southern Waters.
12. Under the SHA, mana whenua will have the same level of representation and status as the Shareholder Councils with two representatives on the SRG.
13. The shareholder Councils respectively seek engagement with mana whenua regarding these appointments in a timeframe and process determined and owned by mana whenua.
14. The SRG may also wish to seek guidance from mana whenua regarding the possibility of two placeholder representatives on the SRG pending the appointment of two permanent members. This option would ensure early engagement and involvement of mana whenua in the decision making on Southern Waters including in setting the strategic direction and required attributes and skills of Directors appointed to Southern Waters.
15. As members of the SRG, the involvement of mana whenua in the development of the Directors' skills matrix is appropriate and required. It is therefore recommended that the SRG Chair and Southern Waters Establishment Chair write to update Te Rūnanga o Ngāi Tahu and local runaka regarding the:
  - a. Incorporation of the Southern Waters.
  - b. Establishment of the SRG.
  - c. Continued intent to understand mana whenua's aspirations for wai.
16. This will also provide an opportunity to engage and seek direction from mana whenua on the formal appointment of placeholder and permanent members to the SRG.

### **Rural Water Representative to the SRG**

17. As proposed in the 5 June 2026 report *'Appointment of Southern Waters Directors'* a selection panel composed of the Mayors of the Shareholder Councils, Southern Waters and mana whenua representatives (to be confirmed) would govern and advise on the process to formally appoint the rural water representative to the SRG. The same report also invites the SRG to indicate whether the Establishment Chair should be included in the selection panel for the identification and appointment of the rural water representative.

### **Assessment of Options**

18. The following options have been considered:

- Option One: The Chair of the SRG engages mana whenua on the incorporation of Southern Waters and invites guidance on the appointment of temporary and permanent representation to the SRG. Under this option the SRG also agrees to:
  - Establish a selection panel composed of the Mayors of the Shareholder Councils, Southern Waters and mana whenua representatives (to be confirmed) to govern and advise on the process to appoint the rural water representative to the SRG.
  - Indicate whether the Establishment Chair should be included in the selection panel for the identification and appointment of the rural water representative.
- Option Two: The SRG does not engage mana whenua on the appointment of temporary and permanent representation to the SRG and/or convene a selection panel to support the recruitment process for Directors and rural water representative.

19. Option one is the preferred option as it will progress the appointments of both mana whenua and rural water representation to the SRG.

### **Consultation**

20. Consultation is not required on the appointment of either mana whenua or rural representatives to the SRG.

### **Legal Considerations**

21. The matters within this report take account of the Local Government (Water Services) Act 2025, Local Government Act 2002 and matters within the Southern Waters SHA.

### **Financial Impact**

22. Central Otago District Council is continuing to fund Southern Waters project and establishment expenses, by means of interest-bearing debt, on behalf of the shareholding councils and the Company.

23. This is in accordance with the Deed of Amendment and Cost Sharing entered between the shareholding councils until such time as the Company can borrow directly from the Local Government Funding Agency.

**Agenda Attachments**

24. N/A

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## Southern Waters Stakeholders' Representative Group

### Item for Information

**Report** Updates from Members

**Meeting Date** 5 June 2026

**Item Number** 5

**Prepared By** Southern Waters

**File Reference**

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### REPORT SUMMARY

- a. This is an opportunity for Members to discuss any additional areas of interest within the remit of this group.

### RECOMMENDATIONS

1. That the Stakeholders' Representative Group receives any updates from Members.