

Statement of Expectations

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Me te wai e rere ana – like flowing water.

This tongikura reminds us that our collective stewardship is essential, not only to maintain the integrity of the water infrastructure but also to ensure that our waters company continues to serve our communities and our Tupuna Awa in a way that reflects our shared values and obligations as partnership councils.

It speaks to the interconnectedness of our water catchments and reinforces our responsibility to act in alignment with tikanga and kawa, with Te Ao Maaori.

Statement of Expectations

1. The purpose of this document is to set out the shareholder expectations of the Joint Hamilton City Council and Waikato District Council Water CCO as required by s184 of the Local Government Water Services Bill.
2. This Statement includes:
 - **Relationship Expectations** – which set out the nature of the intended relationship between the shareholding councils and the CCO, and the sorts of behaviours that are expected from all organisations.
 - **Enduring Expectations** – which reflect the constitution of the company.
 - **Establishment Expectations** – which relate to the establishment of the company and the effective transfer of responsibility for the provision of water and wastewater activities from both Councils to the CCO along with the relevant staff, assets, liabilities, etc.
 - **Priorities and Strategic Direction** for the CCO – which the shareholders expect to guide decision-making by the CCO and the development of its Water Services Strategy. This includes growth and development priorities and expectations.

Period

3. This Statement of Expectations relates to the period 1 July 2025 to 30 June 2035.
4. Being the first Statement of Expectations it has a particular focus on the establishment of the CCO and the development of its first Water Services Strategy. The shareholders intend to regularly review its Statement of Expectations.

Review

5. The Statement of Expectations will be reviewed annually by the IAWAI – Flowing Waters Forum prior to the commencement of Annual Plan, Long Term Plan or Water Services Strategy process.
6. The Statement of Expectations may be reviewed more frequently than the annual review, but cannot be changed within 6 months of the adoption of the last Statement of Expectations.
7. When undertaking a review, the IAWAI – Flowing Waters Forum will consult with the Board of the CCO before adopting a final revised Statement of Expectations.

Relationship Expectations

8. The shareholders are seeking to create a deep partnership relationship between both shareholding councils and between the shareholding councils and the CCO, and Waikato Tainui. This expectation recognises that it is in the best interests of all parties and the communities that they serve to establish and maintain a highly collaborative, good faith, and no surprises relationship. It also recognises that success depends on joint commitment to outcomes, joint contribution to achieving outcomes, the alignment in planning for and responding to growth and development, and alignment of investment across both shareholding councils and the CCO.
9. In order to achieve the desired partnership, the sort of behaviours that are expected from both shareholding councils and the CCO include:
 - a Openness, honesty, integrity and professionalism
 - b Respect and listening to each other
 - c Using best endeavours to find creative solutions
 - d Transparency and no surprises
 - e Early identification of disagreements or differences of view and rapid escalation for resolution
 - f Understanding the issues, challenges and constraints that the shareholding councils and the CCO face.
10. In the spirit of partnership, all parties will do their best to work through and resolve any disagreements that may arise between councils and or with the CCO. Where there is ongoing disagreement between a Shareholder and the Company, the differences will be resolved by the Chief Executives of the Shareholders and the Chief Executive of the Company (or Executive Chair of the Company in the period prior to the appointment of a Chief Executive). If the disagreement is unable to be resolved via the Chief Executives, the process for resolution of disputes should be followed, as set out in Clause 25 of the Shareholder Agreement.

Enduring Expectations

11. The shareholders expect that the CCO will perform its duties and functions, and exercise its powers, and operate in such a way that ensures that it:
 - a Meets the objectives of a water service provider as set out in s15 of the Bill.
 - b Honours Te Tiriti o Waitangi and the Treaty Settlements within its area of operation.
 - c Gives effect to Te Ture Whaimana and maintains effective relationships with Waikato Tainui and haapu, and supports the Joint Management Agreement (JMA) relationships entered into by shareholding Councils.
 - d Works in partnership with shareholder Councils adopting a “one team approach” that gives effect to the direction set by shareholders and responds to growth.
 - e Works as an integral part of the Future Proof partnership (or any successor to Future Proof).
12. Ensures that it provides water services in a cost-effective and financially sustainable manner, including by:

- a planning effectively to manage assets used to provide water services in the future; and
- b sharing the benefits of efficiency gains with consumers, including when setting charges for water services.
- c charging customers in a way that is fair and equitable.
- d Ensuring that it performs its functions as a water service provider in an open, transparent, and accountable manner and in accordance with sound business practice.
- e Acting in the best interest of current and future customers.
- f Is innovative in adopting technical improvements to achieve value for money and flexible service delivery.
- g Is proactive in supporting the changing needs of the community,
- h Is a good employer that looks after the health, safety and well-being of its staff.
- i Operates within the decision thresholds defined in the constitution.
- j Operates on a 'no surprises' basis with its shareholders ensuring early visibility of any financial, budgetary, or reputational risks.
- k Is genuinely open to exploring opportunities for innovation and for others to become partners and investors in the development of waters infrastructure, through such mechanisms as PPPs, BOOT schemes, Infrastructure Funding and Financing Agreements, or development agreements.
- l Works with shareholding councils through Council long-term and annual planning processes and through the development of the CCO's Water Services Strategies, with the intent of aligning CCO and Council capital works programmes and activity that supports development and growth.
- m The CCO does not take part in policy processes or debates that go beyond its role as a utility provider, and will not undertake any activity that would jeopardise its tax-exempt status as a water organisation.
- n There will be a contract for the delivery of stormwater services between the CCO and each of the shareholding Councils.

Establishment Expectations

13. The shareholders expect that through the Establishment Phase:

- a The Establishment Board will ensure that the CCO is fully operational by 1 July 2026, including: completing the transfer of staff, assets, liabilities, debt, contracts, consents, obligations and undertakings, from HCC, WDC, and the novation of the Watercare contract to the CCO, as set out in the Transfer Agreement; and being able to safely and effectively operate water, wastewater and stormwater systems; and play its role as a lifeline utility in any civil defence emergency.
- b The CCO will complete the development and adoption of its first Water Services Strategy by 30 June 2026.
- c The CCO will bill customers directly for waters services and harmonise waters charges within five years of the transfer of assets, and it will work closely with both shareholders through the transition to maintain financial operations and ensure that waters revenue is secure.

- d The CCO will be developed in a way that makes a future merger or integration with other water organisations, and in particular Waikato Waters Done Well (WWDW), as easy as possible.
- e The CCO will be managed and governed in such a way that there is no disruption to the delivery of water services as services transfer from the two shareholding Councils to the CCO.
- f The CCO will honour all waters commitments that the shareholding Councils have entered into prior to the transfer of assets and responsibilities, including commitments relating to development agreements, development contributions, vested assets, asset restrictions, consent conditions, Housing Infrastructure Fund, Infrastructure Acceleration Fund, and Watercare.
- g The CCO will establish effective and support relationships with Waikato-Tainui and haapu at both governance and operational levels.
- h The CCO will establish effective mechanisms to ensure that it is connected to and engages effectively with its customers, including an effective complaints process.
- i The CCO will operate within the agreed shared services framework and progressively migrate from shared services to operate its own back-office and corporate support activities over the five-year period from 1 July 2026, unless agreed otherwise.
- j The CCO will prepare a business systems roadmap for future business systems aligned with operational, efficiency, and regulatory needs and the planned migration from shared services.
- k Within the 2025/26 financial year the CCO will operate within agreed transition budgets and delegations, manage its finances prudently and seek approval for any changes.
- l The CCO will set up and maintain a risk management framework to manage financial and operational risks during the establishment period, with appropriate oversight such as through a Risk and Assurance Committee.
- m The CCO will enter into a partnering agreement with both Councils, setting how they will work together to deliver the best possible outcomes and align decision making and the development of infrastructure.
- n The CCO will prepare a second Water Services Strategy to align with the cycle of Council long-term plans for the 2027-2037 period.
- o In addition to accepting the transfer of assets, liabilities and responsibilities set out in a. above, the CCO will also accept responsibility of future claims relating to the assets, liabilities, contracts, etc. that are transferred.

Strategic Priorities

14. The Councils' strategic priorities for the CCO in this period are:

- a The effective establishment of the CCO and the seamless transfer of delivery of water services.
- b The effective operation, maintenance, renewal and development of the water, wastewater and stormwater networks it owns and/or manages to uphold Te Ture Whaimana, ensure statutory compliance, and meet public health, environmental, and economic regulatory standards.

- c The development of the water, wastewater and stormwater networks needed to support the implementation of the Future Proof Future Development Strategy.
- d The scheduling and sequencing of capital works and investment to support the timing of urban development set out in Council and Future Proof Growth Strategies and to align with other Council infrastructure investments.
- e Increasing the efficiency of water use.
- f Ensuring that there is sufficient allocation of water to support the potable water needs of the growing Hamilton City and Waikato District populations.

Outcomes

15. The Councils expect that the CCO will contribute to the following outcomes:

- a The implementation of Te Ture Whaimana and improving the health and well-being of the Waikato River.
- b Responding to and catering for the planned growth and development of Hamilton City and Waikato District.
- c Realising the benefits of a boundaryless approach across the wider Hamilton metropolitan area, Waikato District, and Future Proof sub-region.

16. The Councils expect that the CCO will deliver the following outcomes:

- a All environmental, public health, and economic regulatory compliance requirements are met.
- b A stable and secure long term decision-making environment that makes sound investment decisions for very long-life infrastructure in accordance with the Future Development Strategy.
- c The capital and growth programme is aligned with councils' capital and growth programme, in accordance with the Future Development Strategy. Do not invest where the councils are not planning for growth and supply.
- d The CCO will support the Councils position on planning processes, such as private plan changes.
- e Creating the conditions necessary to build, attract, develop, and sustain the highly skilled workforce needed to deliver water services and ensure a high performing waters network,
- f High quality customer service and high quality communications that is responsive to water consumers.
- g Enduring sound relationships with neighbouring water service delivery providers.
- h The costs of growth are adequately recovered from developers.

Resource Management and Land-use Planning

17. The Councils expect that the CCO will:

- a Be the sole provider of all three waters expertise to shareholding councils to support the development and implementation of growth strategies, Council Long-Term Plans,

the Future Proof Future Development Strategy, regulatory planning instruments (district and city plans and plan change processes).

- b Except when it is the applicant for a consent, plan change, or designation, be the sole provider of all three waters expertise to shareholding councils to support consenting processes, decisions, and appeals and will do so in a timely manner to meet statutory timeframes.
- c Contribute as a partner to the development and implementation of the Future Proof Future Development Strategy, Council growth strategies, and other spatial planning processes.
- d Collaborates in full partnership with shareholding Councils on all decisions and processes where there are linkages and / or opportunities for realising joined benefits from joint planning, or joint works (for example bikes on pipes).
- e Use the same, agreed population forecasts and growth assumptions (including industrial and commercial) as the two Councils for planning purposes.
- f Work with shareholding Councils to ensure that the Councils provide the front door for developers and will not work with developers or enter into development agreements in isolation from the Councils. The Councils also undertake that they will not enter into development agreements in isolation from the CCO.
- g Work with shareholding Councils and along with the Councils use best endeavours to align approaches to private plan changes, and proposals for out of sequence or unplanned development.

Statutory Obligations and Relationships with iwi and haapu

- 18. Both Councils have statutory obligations under the Waikato River Settlement. The Councils require the CCO to assist the Councils to meet those obligations and to give effect to the commitments both Councils have made through Joint Management Agreements with Waikato Tainui.
- 19. The Councils expect the CCO to respect the mana and role of mana whenua as kaitiaki and to work collaboratively in the same way as the councils currently do in relation to both operational and major project decisions.
- 20. The Councils expect that the CCO will be open to exploring opportunities for iwi to become partners and investors in the development of waters infrastructure, through such mechanisms as PPPs, BOOT schemes, or development agreements.

Reporting

- 21. The Councils expect the CCO to report to the IAWAI – Flowing Waters Forum on its progress and activities every two months until 1 July 2026.
- 22. From July 2026 the Councils expect quarterly reporting through the IAWAI – Flowing Waters Forum on the timeliness of providing input into Council statutory planning processes e.g. consenting, and plan changes.

23. From 1 July 2026, the Councils expect quarterly meetings between the CCO and the IAWAI – Flowing Waters Forum that are focused on progress, the delivery of major projects, operational performance, emerging risks, and relationship issues.
24. From 1 July 2026, the Councils expect formal 6 monthly reporting to the IAWAI – Flowing Waters Forum on financial and network performance, and against other indicators required by Taumata Arowai, the Commerce Commission, and the Department of Internal Affairs.
25. The Councils expect regular and real time officer level engagement on changes to work programmes, network constraints, public consultation processes, planning and consenting processes, on a no surprises basis.
26. The Councils expect regular and proactive engagement with and reporting to consumers.
27. In addition to the regular reporting to the IAWAI – Flowing Waters Forum, the Councils expect regular briefings from and engagement with the CCO in a form and at a frequency that is agreed between the CCO and each Council.