

Kaunihera | Council

Kaupapataka Wātea | Open Agenda



Notice is hereby given that an ordinary meeting of Matamata-Piako District Council will be held on:

Ko te rā | Date: Monday 30 June 2025
Wā | Time: 8.30am
Wāhi | Venue: Council Chambers
35 Kenrick Street
TE AROHA

Ngā Mema | Membership

Manuhuia | Mayor

Adrienne Wilcock, JP (Chair)

Koromatua Tautoko | Deputy Mayor

James Thomas

Kaunihera ā-Rohe | District Councillors

Caleb Ansell

Sarah-Jane Bourne

Sharon Dean

Bruce Dewhurst

Dayne Horne

Peter Jager

James Sainsbury

Russell Smith

Kevin Tappin

Gary Thompson

Sue Whiting

Waea | Phone: 07-884-0060
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1 Whakatūwheratanga o te hui | Meeting Opening

2 Ngā whakapāha/Tono whakawātea | Apologies/Leave of Absence

An apology from Councillor Kevin Tappin has been received.

3 Pānui i Ngā Take Ohore Anō | Notification of Urgent/Additional Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

- (a) The local authority by resolution so decides; and
- (b) The presiding member explains at the meeting, at a time when it is open to the public,-
 - (i) The reason why the item is not on the agenda; and
 - (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
 - (i) That item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
 - (iii) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

4 Whākī pānga | Declaration of Interest

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

5 Whakaaetanga mēneti | Confirmation of Minutes

Minutes, as circulated, of the ordinary meeting of Matamata-Piako District Council, held on 25 June 2025

6 Papa ā-iwi whānui | Public Forum

At the close of the agenda there were no speakers scheduled to the Public Forum.

7 Pūrongo me whakatau | Decision Reports

7.1 Adoption of Annual Plan 2025/26

CM No.: 3029827

Te Kaupapa | Purpose

The purpose of this report is to present the Annual Plan 2025/26 to Council for adoption.

Rāpopotonga Matua | Executive Summary

Annual Plan

Council is required to produce an Annual Plan each year with the exception of the years when a Long Term Plan (LTP) is produced. The Annual Plan is Council's budget for the financial year 1 July to 30 June. The Annual Plan 2025/26 represents year 2 of the 2024-34 LTP.

Following adoption, the Annual Plan 2025/26 will come into effect from 1 July 2025.

Property Revaluations and Rates

Due to a delay in the property revaluation process, and the impact of this on the rates setting process, two sets of rates figures are being prepared – one based on the current 2021 valuations, and one based on the draft 2024 valuations. Following notification from the Office of the Valuer General on whether verification has been achieved, the relevant set of rates information will be confirmed as the one on which the Annual Plan is based.

Water Reform

The coalition government's Local Water Done Well programme requires council's to prepare a Water Service Delivery Plan outlining how water services will be delivered into the future. Information about this has been included in the Annual Plan under each of the three water activities and in the Financial section under 'Critical accounting estimates and assumptions'. At the time of writing, Council was yet to make its final decision, however at the point at which the Annual Plan is adopted, this decision will have been made and thus this information can be updated in the Annual Plan accordingly.

Documents

The Draft Annual Plan 2025/26 is attached.

The rating information to be circulated separately.

Updated wording reflecting Council's decision on Local Water Done Well to be circulated separately.

Tūtohunga | Recommendation

That:

1. Council receives the report.
2. Council adopts the Annual Plan 2025/26, to come into effect from 1 July 2025.
3. Council confirms that the “Calculation of Rates” and “How much will my rates be?” sections of the Annual Plan 2025/26 are based on the 1 July _____ [2021 or 2024 to be inserted as applicable] district-wide valuation, and authorises staff to insert this information into the Annual Plan 2025/26 document.
4. Council authorises staff to update the commentary on Local Water Done Well with the Council decision made on 25 June 2025.

Horopaki | Background

Development of the Annual Plan 2025/26

Key milestones in the development of the Annual Plan 2025/26 are outlined below:

Date	Meeting	Topic	Action/ Decision
10 Sep 2024	Risk and Assurance	Key Risks and Timeline	Oversight and review
20 Nov 2024	Council Workshop	Key issues and options	Discussion and direction setting
25 Nov 2024	Risk and Assurance	CEO verbal update on property revaluation delay risk	Oversight and discussion
4 Dec 2024	Council Workshop	Draft budgets, variances to LTP	Discussion and direction setting
11 Dec 2024	Council Meeting	Assessment of Significance and Materiality /Decision on consultation	Consultation not required
5 Mar 2025	Council workshop	Workshop on Revaluations and Uniform Annual General Charge (UAGC)	Discussion and direction setting
26 Mar 2025	Council Meeting	Decision on UAGC	UAGC to remain at 27.5%
17 Jun 2025	Risk and Assurance	Review of Annual Plan document, assessment of legislative compliance, and risk of property revaluation delay	Oversight and review
30 Jun 2025	Council Meeting	Adoption of Annual Plan Setting of the rates	
1 Jul 2025		Annual Plan 2025/26 in force	
1 July onwards		Information campaign	

Ngā Take/Kōrerorero | Issues/Discussion

Delay in property revaluations

This issue and Council's response is outlined in the Risk section below.

Water reform

The coalition government's Local Water Done Well programme requires council's to prepare a Water Services Delivery Plan outlining how water services will be delivered into the future. Information about this has been included in the Annual Plan under each of the three water activities and in the Financial section under 'Critical accounting estimates and assumptions'.

The current wording is copied below.

At the time of writing, Council was yet to make its final decision, however at the point at which the Annual Plan is adopted, this decision will have been made and thus this information can be updated in the Annual Plan accordingly.

Updated wording reflecting Council's decision to be circulated separately.

Current wording in the draft Annual Plan 2025/26

- ***Stormwater page 21***

In 2023, the coalition government introduced Local Waters Done Well. Under this framework, councils are required to prepare a Water Services Delivery Plan to outline how they will deliver water services into the future. Council has consulted with the community on our preferred option for a jointly owned water organisation, known as Waikato Water Done Well. For now, Council will continue to maintain and manage the stormwater assets. For more information click [here](#).

- ***Wastewater page 24***

In 2023, the coalition government introduced Local Waters Done Well. Under this framework, councils are required to prepare a Water Services Delivery Plan to outline how they will deliver water services into the future. Council has consulted with the community on our preferred option for a jointly owned water organisation, known as Waikato Water Done Well, which would include delivery of wastewater services. At the time of writing, Council was still to make a final decision. For more information click [here](#).

- ***Water page 28***

In 2023, the coalition government introduced Local Waters Done Well. Under this framework, councils are required to prepare a Water Services Delivery Plan to outline how they will deliver water services into the future. Council has consulted with the community on our preferred option for a jointly owned water organisation, known as Waikato Water Done Well, which would include delivery of water services. At the time of writing, Council was still to make a final decision. For more information click [here](#).

- ***Critical accounting estimates and assumptions page 51***

Water reform

In 2023, the coalition government introduced Local Waters Done Well. Under this framework, councils are required to prepare a Water Services Delivery Plan to outline how they will deliver water services into the future. Council has consulted with the community on our preferred option for a jointly owned water organisation, known as Waikato Water Done Well, which would include delivery of water and wastewater services, while retaining stormwater services in-house. At the time of writing, Council was still to make a final decision. Our assumption is Council will continue to deliver water, wastewater and stormwater services during the 2025/26 year. For more information click [here](#).

Mōrearea | Risk

A key risk during the development of the Annual Plan 2025/26 has been a delay in the property revaluations process, and the risk this has posed to the rates setting process and the ability to meet legislative requirements. The background to this risk is detailed below, and the mitigation strategy explained:

- Properties in the Matamata-Piako District were due to be revalued as at 1 July 2024 for the purposes of setting the rates from 1 July 2025. The valuation was submitted by Opteon, (our contracted valuers) to the Office of the Valuer General (OVG) in August 2024, who undertake an audit of the revaluation. The OVG did not approve the valuation at that time, due to a lack of evidence provided to support some of the values calculated.
- Opteon were then asked to do some more work before resubmitting the revaluation for OVG approval. Unfortunately this has resulted in a substantial delay. The OVG is scheduled to complete their audit in late June, with an approval date of 27 June 2025. The valuation notices would go out to ratepayers in July 2025, with an opportunity for them to object to their rating valuations up to the date of the first instalment in late August.
- There is a risk that the valuation is not approved by the OVG on 27 June 2025 (referred to as a 'non-certification decision'). To put this in context however, the OVG have never issued a non-certification decision previously, and our valuers are confident that this risk is low, and as we understand, are actively working to address the shortcomings in the process.
- Staff have sought legal advice on what this 'worst case scenario' would mean for Council. If the valuations are not approved, Council would need to set the rates for 2025/26 based on the current (2021) valuations. Council would then have to carry out the revaluation process again, and would not be able to apply the new valuations (once approved) until the 1 July 2026 rating year. Inevitably there would be additional costs to Council.
- As to whether a non-certification decision could result in further consequences for Council, it is possible that a persistent failure to properly carry out the ratings revaluation could lead to Ministerial intervention under Part 10 of the Local Government Act 2002 (LGA). Again, we expect that this is a low risk for our Council.
- Council has not been in this situation before. In the past, the valuations have been approved and the objection period largely completed before the end of the calendar year, which has meant that we have gone into the rates modelling phase knowing the value of our rating base and outcomes of the valuations on each property. This meant that Council could confidently set the General rate at the rate in the dollar on the known capital value of the district, in order to achieve the required rates income. And we knew the outcome of the revaluation on different

property types, so could consider if there was a need to use available tools to modify the impact of the revaluation (e.g. shifting the UAGC cap in line with Council’s Revenue and Financing Policy).

- This time, it will be different. We are planning for either of the potential outcomes. Staff are preparing two versions of both the 2025/26 Annual Plan and Rates Resolution - one based on a 1 July 2024 valuation base scenario, and one based on a 1 July 2021 valuation base scenario. We expect to be notified on 27 June 2025 as to the outcome of the OVG’s approval. At the Council meeting on 30 June 2025, Councillors will approve the Annual Plan and Rates Resolution that reflects the applicable scenario.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Under the Local Government Act 2002 (LGA), the requirements on Council in respect to the Annual Plan are to:

- prepare and adopt an annual plan for each financial year, except for the years in which a long term plan is adopted
- adopt the annual plan before 1 July
- consult on the draft annual plan unless there are no significant or material differences from the LTP
- make the annual plan publicly available within one month of adoption

Under the LGA, the purpose of an annual plan is to:

- contain the budget and funding impact statement for the year
- identify any variation from the financial statements and funding impact statement in the LTP
- provide integrated decision making and co-ordination of the resources of Council
- contribute to the accountability of Council to the community.

An assessment of the legislative compliance of the draft Annual Plan 2025/26 was completed by staff and reviewed by the Risk and Assurance Committee.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	Options are addressed above in this report.
Section 78 – requires consideration of the views of Interested/affected people	Consultation was undertaken as part of the LTP.
Section 79 – how to achieve compliance	The Significance and Engagement Policy is

with sections 77 and 78 is in proportion to the significance of the issue	considered above. This issue is assessed as having a low level of significance.
Section 82 – this sets out principles of consultation.	Consultation was undertaken as part of the LTP. An assessment of significance and materiality was completed for the Annual Plan with no material or significant changes identified and therefore no need for consultation.

Policy Considerations





- To the best of the writer’s knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

The Annual Plan will be made publicly available on our website, and an information campaign will take place once the Annual Plan comes into force on 1 July 2025.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata-Piako District Council’s Community Outcomes are set out below:

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE		MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION	
TŌ MĀTOU WHAKAKITENGA OUR VISION			
Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. ‘The heart of our community is our people, and the people are the heart of our community.			
TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			
He wāhi kaingākau ki te manawa A place with people at its heart	He wāhi puawaitanga A place to thrive	He wāhi e poipoi ai tō tātou taiao	He wāhi whakapapa, he wāhi hangahanga A place to belong and

		A place that embraces our environment	create
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The community outcomes relevant to this report are as follows:

- All of the above

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The development of the Annual Plan is budgeted within the Strategy and Plans activity.

Ngā Tāpiritanga | Attachments

A.  Draft Annual Plan 2025/26 (Under Separate Cover)

Ngā waitohu | Signatories

Author(s)	Anne Gummer Kaitohu Kaupapahere Mātāmua Senior Policy Advisor	
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Approved by	Niall Baker Kaiārahi Tima Kaupapahere Policy Team Leader	
	Sandra Harris Pou Kaupapahere, Rāngai Mahitahi me te Kāwana Policy, Partnerships and Governance Manager	
	Larnia Rushbrooke Pou Pūtea, Ratonga Pakihi Finance & Business Services Manager	
	Kelly Reith Hautū Tāngata, Kāwana me ngā Hononga Group Manager People, Governance & Relationships	

7 Pūrongo me whakatau | Decision Reports

Setting of Rates 2025/26

CM No.: 3043094

Te Kaupapa | Purpose

The purpose of this report is to formally set the rates for the 2025/26 year.

Rāpopotonga Matua | Executive Summary

Council is scheduled to adopt its Annual Plan 2025/26, and having done so, in accordance with Section 23 of the Local Government (Rating) Act 2002, can set the rates for the 2025/26 financial year.

Two sets of rates are detailed in tables circulated separately.

Tūtohunga | Recommendation

That:

1. The report be received.
2. The Matamata-Piako District Council:
 - a) hereby resolves to set the following rates, as detailed in Table A based on the 2021 revaluations (circulated separately), under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing 1 July 2025 and ending on 30 June 2026, and to state the due dates and authorise penalties on unpaid rates (under section 24 and 57 and 58 respectively of the Local Government (Rating) Act 2002).

OR

- b) hereby resolves to set the following rates, as detailed in Table B based on the 2024 revaluations (circulated separately), under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing 1 July 2025 and ending on 30 June 2026, and to state the due dates and authorise penalties on unpaid rates (under section 24 and 57 and 58 respectively of the Local Government (Rating) Act 2002).

AND

3. The rates are inclusive of fifteen percent (15%) Goods and Services Tax.

Horopaki | Background

Once Council has adopted the Annual Plan 2025/26, it is required under the Local Government (Rating) Act 2002 to pass a separate resolution to set the rates for the 2025/26 financial year.

Ngā Take/Kōrerorero | Issues/Discussion

Two sets of rates are detailed in tables circulated separately. Table A details the rates calculated using the 1 July 2021 district-wide valuation as a base. Table B details the rates calculated using the 1 July 2024 district-wide valuation as a base. The table to be adopted in setting the rates for

2025/26 will depend on the Office of the Valuer General’s decision (due on 27 June 2025) regarding the certification of Council’s 1 July 2024 district-wide valuation.

Mōrearea | Risk

Council’s exposure to risk with this decision is that due legal process has not been followed, thereby invalidating the rates. The process to set the Annual Plan budgets and associated rates has followed legislated process. A key risk during the development of the Annual Plan 2025/26 has been a delay in the property revaluations process, and the risk this has posed to the rates setting process and the ability to meet legislative requirements. This risk and mitigation is discussed in more detail in the “Adoption of Annual Plan 2025/26” report.

In previous years, an independent legal review has been performed over the Rates Calculation in the Funding Impact Statement of the Annual Plan and the Rates Resolution. This year there has been no changes to the Rating Legislation or Local Government Act (as they pertain to the process of setting the rates). Nor has there been any significant change to these documents or the rates set, other than the amount of the rates and the timing of metered water quarterly invoicing to enable the transition to a staggered quarterly billing cycle across the three district wards. As such, no additional legal review has been obtained as the risk is considered minimal.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Council is required to adopt an Annual Plan and set its rates prior to 1 July 2025 under the Local Government Act 2002 and Local Government (Rating) Act 2002.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a low level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	Options are addressed above in this report.
Section 78 – requires consideration of the views of Interested/affected people	Consultation took place as part of the LTP process. Because there were no significant or material differences between the Annual Plan 2025/26 and year 2 of the LTP, no further consultation took place.
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a low level of significance.
Section 82 – this sets out principles of consultation.	Consultation took place as part of the LTP

	process. Because there were no significant or material differences between the Annual Plan 2025/26 and year 2 of the LTP, no further consultation took place.
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Policy Considerations

1. To the best of the writer’s knowledge, this recommendation is not significantly inconsistent with nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by this local authority or any plan required by the Local Government Act 2002 or any other enactment.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

Rates assessments and invoices for the first instalment will be sent to all ratepayers in early August.

Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The setting of the rates allows Council to collect revenue as specified for the Annual Plan 2025/26.

Ngā Tāpiritanga | Attachments

There are no attachments for this report.

Ngā waitohu | Signatories

Author(s)	Larnia Rushbrooke Pou Pūtea, Ratonga Pakihi Finance & Business Services Manager	
	Anne Gummer Kaitohu Kaupapahere Mātāmua Senior Policy Advisor	

Approved by	Sandra Harris Pou Kaupapahere, Rāngai Mahitahi me te Kāwana Policy, Partnerships and Governance Manager	
	Kelly Reith Hautū Tāngata, Kāwana me ngā Hononga Group Manager People, Governance & Relationships	

7 Pūrongo me whakatau | Decision Reports

7.3 Waikato Water Limited - Foundation Documents

CM No.: 3047716

Te Kaupapa | Purpose

The purpose of this report is to seek Council approval for entering into the foundational agreements required to establish Waikato Waters Limited, a new council-controlled organisation (CCO) to deliver drinking water and wastewater services under the Local Water Done Well (LWDW) framework. Specifically, the report presents the Constitution, Shareholders' Agreement, and Transfer Agreement Template for consideration, and seeks confirmation of the Council's appointees to the Shareholder Representative Forum (SRF).

This is a complex situation, as we must avoid pre-determining the outcome of Council's decision on 25 June 2025, while also ensuring that preparatory work is in place to avoid delays should Council endorse the WWDW model. As such, Council's decision is sought on the next steps for progressing the foundation documents—particularly the Shareholder Agreement—should Option 2 (WWDW) be approved.

Rāpopotonga Matua | Executive Summary

In response to national direction under the **Local Water Done Well (LWDW)** programme, councils are required to adopt a financially sustainable and regulatory-compliant model for delivering water services. Following assessment of options and public consultation, Council has identified participation in a multi-council Council-Controlled Organisation—**Waikato Waters Limited**—as its preferred approach. This model is underpinned by the vision *Te Mana o Te Wai, Te Mana o Te Tangata – Healthy Water, Healthy People* and strategic objectives including financial sustainability, health and environmental protection, and a customer-focused, collaborative delivery system.

Council previously confirmed its intention to join Waikato Waters at **Stage 2** of implementation and delegated authority to sign the **Heads of Agreement** in late 2024. Since then, seven Waikato councils have collaborated to develop the foundational documents required to operationalise Waikato Waters. These documents now presented for Council approval include:

- **The Constitution** of Waikato Waters Limited – setting the statutory governance framework for the company;
- **The Shareholders' Agreement (SHA)** – defining the rights and responsibilities of shareholding councils and the terms of collective decision-making; and
- **The Transfer Agreement (template)** – documenting the legal and operational transfer of water services from each council to the CCO.

The **Shareholders' Agreement** is of particular importance as it governs Council's long-term ownership interest in the company, the appointment of directors, decision-making on strategic matters, and how councils will engage through the **Shareholder Representative Forum (SRF)**. Council is also required to appoint its SRF representative and alternate and confirm these by resolution.

The report further outlines how the transition to Waikato Waters aligns with the upcoming submission of Council's **Water Services Delivery Plan** (due by 3 September 2025) and the need for clarity on the future treatment of **development contributions** associated with growth-related water infrastructure.

Risks associated with establishing the CCO have been assessed across financial, legal, reputational, and operational domains, and mitigation measures are in place or under

development. The transition will not take effect until Council enters into a formal Transfer Agreement with the Company, aligned with its agreed transfer date as set out in the **Establishment Strategy**.

In adopting the recommendations, Council is formalising its participation in a regionally-led, fit-for-purpose model for sustainable and accountable water service delivery.

Tūtohunga | Recommendation

That:

1. Council withdraws the report titled *Waikato Waters Limited – Foundation Documents* (CM 3047716) if Option 1 – An Enhanced Internal Business Unit within Council (financially ring-fenced) is chosen as Council’s water services delivery model at its meeting on 25 June 2025, as set out in the report titled *Local Water Done Well – Consideration of Submissions and Deliberations* (CM 3039587).

OR

2. Council receives the report titled *Waikato Waters Limited – Foundation Documents* (CM 3047716)

Tūtohunga | Recommendation

That:

3. Council notes its decision on the 25 June 2025 to adopt Waikato Water Done Well as its future water services delivery model, in accordance with the Local Government (Water Services Preliminary Arrangements) Act 2024.
4. Council notes that as part of implementing Waikato Water Done Well, Waikato Water Limited is required to be incorporated as a limited liability company, with Council being one of the shareholding companies
5. Council approves:
 - i. The incorporation of Waikato Waters Limited as a limited liability company, with Council being one of the shareholders of that company; and
 - ii. The Shareholders’ Agreement and Constitution for Waikato Waters Limited, as attached as A and B to this Report (“Incorporation Documents”) including the Transfer Agreement Template.
6. Council confirms the *Shareholder Representative Forum – Terms of Reference* as set out in Schedule 7 of the Shareholders’ Agreement for Waikato Waters Limited, which establishes the structure, functions, and delegated responsibilities of the Council’s SRF Representative and Alternate in relation to governance and oversight of the new water services entity.
7. Council appoints:
 - i. The Mayor as Council’s representative to the SRF; and

ii. **An alternate Council representative on the SRF.**

8. **Council delegates to its appointed Shareholder Representative Form representative and their Alternate, the responsibilities and powers set out in paragraph 7.1 of the Shareholder Representative Forum Terms of Reference.**
9. **Council agrees, subject to the delegations under clause 7.3 of the Shareholder Agreement, that any matter for a Shareholding Council under this agreement may be exercised by that Shareholdings Council SRF Representative, and in the absence of the SRF representative their Alternate.**
10. **Council delegates the Chief Executive to provide written notice to the Shareholder Representative Forum and the other shareholding councils (together with a copy of the relevant resolution), of the decisions in relation to the Shareholder Representative Forum and appointed representative and their Alternate.**
11. **Council appoints the Chief Executive to be an initial director listed in the application for registration of Waikato Waters Limited and pending appointment of the Establishment Board of Waikato Waters Limited, as per the Shareholders Agreement and Schedule 4 – Terms of Appointment of Initial Directors.**
12. **Council delegates authority to the Mayor on behalf of Council to approve nonmaterial amendments to the Incorporation Documents prior to Waikato Waters Limited being incorporated, and sign such documents, including the Incorporation Documents, as required, to incorporate Waikato Waters Limited and confirm Council's shareholding status of that company.**
13. **Council requests staff complete a joint Water Services Delivery Plan based on the decision to become a shareholder of Waikato Waters Limited, for approval by Council before 3 September 2025;**
14. **Council notes that it will continue to set, require, and collect Development Contributions relating to waters capital expenditure, until the transfer of waters related assets and responsibilities is completed on the date identified in the Transition Plan and Water Services Delivery Plan, as it remains responsible for future capital expenditure during the transition.**

Horopaki | Background

Local Water Done Well (LWDW) is the Government's framework for the future delivery of water services in New Zealand. It is based on three key principles:

- Establishing fit-for-purpose service delivery models and financing tools
- Ensuring the financial sustainability of water services
- Strengthening central government oversight through economic and quality regulation

Under LWDW, councils are expected to demonstrate a clear commitment to delivering water services that:

- Meet regulatory requirements
- Support population growth and urban development
- Remain financially sustainable over the long term

This commitment is to be articulated through the preparation of each Council's *Water Services Delivery Plan (WSDP)* and the selection of a preferred delivery model.

To determine the most effective delivery model, councils assessed existing service arrangements and considered alternative approaches. Through this analysis, a multi-council Council-Controlled Organisation (CCO) under the Waikato Water Done Well (WWDW) model was identified as the preferred option at its meeting on 30 April 2025. In accordance with legislative requirements, consultation was undertaken with the community on both the preferred model and an enhanced status quo. At its meeting on 25 June 2025, Council will consider the *Local Water Done Well – Submissions and Deliberations Report*.

Council has been involved with water reform discussions, workshops and meetings for many years. At its November 2024 meeting Council:

- Delegated authority to the Chief Executive to sign the WWDW Heads of Agreement (HoA), and
- Confirmed its preference to enter WWDW at Stage 2 of the proposed implementation

The HoA was signed by the following seven Waikato councils:

- Hauraki District Council
- Matamata-Piako District Council
- Ōtorohanga District Council
- South Waikato District Council
- Waipā District Council
- Waitomo District Council
- Taupō District Council

The HoA laid the foundation for the WWDW service delivery model, which is centred on the vision of Te Mana o Te Wai, Te Mana o Te Tangata – Healthy Water, Healthy People with the following strategic objectives:

- Financial sustainability
- A leading workforce
- Customer focus
- Local influence
- Meeting expectations
- Health and environmental protection

Following the signing of the HoA, a suite of foundation documents has been developed to support implementation of the WWDW model. These documents build on the work already undertaken and reflect the following key principles:

- Timing and necessity
- Fairness
- Consistency in treatment across councils
- Pragmatism in approach

The development process has involved ongoing collaboration and input from the participating councils through:

- Fortnightly workshops with WWDW Chief Executives
- Technical workshops with staff and advisors
- Written feedback and review
- Direction and oversight from the WWDW Mayoral Governance Group

These documents now form the structural basis for progressing the WWDW model and are presented for Council's consideration as part of the decision-making process.

Ngā Take/Kōrerorero | Issues/Discussion

Foundation Documents for Waikato Waters Limited

The WDDW service delivery model will be a joint council-controlled organisation (CCO) and will take the form of a limited liability company called Waikato Waters Limited (Waikato Waters). Each council will own shares in the company.

Waikato Waters Limited will serve as the legal entity into which each council will transfer its drinking water and wastewater assets, along with the associated personnel, processes, and systems, on their respective agreed transfer dates. It will then be responsible for the operational delivery of water services across the participating councils' service areas.

Waikato Waters Limited foundation documents have been prepared to give clarity on what being a shareholder in a multi-council owned company looks like. There are essentially three key foundation documents:

1. **Constitution of Waikato Waters Limited.**

This is a public document that will be registered on Companies Office and attached for approval.

- Sets the overall framework for CCO
- Sets out rights, powers and duties of the CCO, the board, each director and each shareholder
- Is a public document available online
- Differs from Shareholders' Agreement, which is a contract between shareholders focused on their relationship among themselves.

2. **Shareholders' Agreement (SHA)**

This is a contract between councils and Waikato Waters setting out council's respective rights and responsibilities, and how they will collectively hold the proposed company to account in delivering water services across their communities and attached for approval.

- Anchors the CCO's purpose to vision and strategic outcomes sought by shareholders i.e. why the CCO is being established
- Focuses shareholders on collective benefits while acknowledging what each shareholder brings
- Provides a constructive framework between CCO and shareholding councils to work effectively together and councils to hold Board to account
- Provides clarity on how the councils will engage with each other, their rights and responsibilities and how they will make decisions (including preparing the Statement of Expectations)

3. **Transfer Agreement (TA) Template**

This is a template agreement that will be completed between each council individually and Waikato Waters documenting what is transferring from that council to the company and attached for information.

- TA sets out the mechanics between each council and the CCO by which the business of that council will be transferred to CCO
- Individual contract between each council and CCO
- Required by legislation

The Shareholders Agreement (SHA) and Constitution work together:

- setting out each Council's rights and obligations in relation to CCO

- the CCO's rights and obligations re provision of water services
- formalise the Companies Act requirements

Together these three foundational documents play a critical role in setting out the governance, ownership and operational arrangements for the new entity. Of these documents, the Shareholder Agreement is of particular importance as it sets out the rights, responsibilities, and obligations of the participating local authorities as shareholders in Waikato Waters. The following section provides more detail on the Shareholder Agreement and matters requiring Council direction.

Shareholder Agreement – Key Provisions and Considerations

The Shareholders' Agreement formalises:

- Why the CCO is being established
- Who owns the CCO
- Who makes decisions in respect of the CCO and how they are made
- How directors are appointed and by whom
- How Shareholder Representative Forum members are appointed and by whom

A summary of the content of the Shareholder Agreement is as follows:

Matter	Agreement
General	
Form	Proposed water organisation will be a limited liability company that is charged with realising the collective vision and achieving the strategic outcomes of shareholding councils.
Name:	The name of the proposed company for registration is Waikato Waters Limited. Note: The name can be changed later should shareholders wish in accordance with the company constitution.
Governance	
Shareholder Representative Forum	A Shareholder Representative Forum (SRF) will be established at which each council has a voice. The purpose of the forum is to coordinate decision making across multiple councils. The representative is assumed to be the Mayor of each council. The SHA clarifies the role of this forum, the matters for shareholder decision making and the decision-making framework that applies.
Initial Directors:	The initial directors on the registration form will be the Chief Executives of the Councils. The terms of appointment are set out in a schedule to the SHA. These directors are only in place until at least the Chair of the Establishment Board is appointed. Advice is currently being obtained on the appropriate process for appointing the Board.
Establishment Board:	The Establishment Board will be appointed by the SRF. The initial directors will stand down as the Chair of the Board is appointed. The timeframe being worked on is before Bill#3 is passed into law (late August 2025).
Operational Board:	At least two further directors will be appointed no later than 1 July 2026 so that there will be a minimum of five directors on the Board on Day 1 (1 July 2026).
Iwi involvement:	The SRF is charged with engaging with Iwi Chairs in relation to their involvement in shareholder decision making. This does not replace council's existing relationships with Iwi.
Board skills:	The matrix of skills is at Schedule 11 of the SHA. Candidates for the

Matter	Agreement
	Board will be assessed against this matrix to ensure the right mix of competencies are on the independent Board.
Ownership	
Owners:	To borrow from the Local Government Funding Agency, the company must be owned by the councils.
Stage 1:	When the company is first established, the councils will own Stage 1 shares equally. Taupō DC is joining in a limited capacity and its shares will not have voting rights.
Stage 2:	Further shares (referred to as Stage 2 shares) will be issued to each council on the transfer of its water services business into the company. This will be when the transfer agreement between a council and Waikato Waters takes effect. Further shares will be issued based on the total water connections in the district of the relevant council.
Decision making – Reserved Matters, consensus, Reserved Matters Periods:	Shareholding councils will make decisions on matters that are called Reserved Matters. These are listed in a schedule to the SHA. As noted above, the default is that all decisions will be made by consensus. Matters go to the vote when this cannot be achieved.
Statement of Expectations (SOE):	Legislation requires that a combined statement of expectations is agreed by shareholders. The process for agreeing the SOE is included in the SHA.
Disputes:	A disputes clause has been included to ensure clarity on process in the unlikely event of a dispute between shareholders.
Financing and Debt Guarantee	
Establishment financing:	The establishment budget for the proposed company to reach operational readiness by 1 July 2026 will be agreed by the SRF by no later than 31 July 2025. Each council's share of this funding will be based on the expected Stage 2 share allocation. Councils will get this financing back once Waikato Waters has access to funding in its own name from LGFA.
Debt guarantee:	Councils are required to provide financial backing to the company for it to be able to borrow from LGFA. This will be provided on a proportional basis across councils (initially based on debt transferred and then relative to Stage 2 shareholding). The provision of this backing will not impact on council's own debt covenants with LGFA.
Establishment	
Establishment strategy:	Timing of establishment: the intended date for establishing the proposed company is mid-July 2025. This is referred to as Day 0 (zero). Each council commits to transferring its water services business to the company on a later specific date. This is referred to as the Agreed Transfer Date. The Agreed Transfer Date for each council, and the overarching strategy for each council to transition into the company is set out in the Establishment Strategy appended to the SHA.

Shareholder Representative Forum (SRF) Decision Required

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.

The SRF will:

- oversee and provide direction to the Board on behalf of the Shareholding Councils; and
- provide a forum for representatives of Shareholding Councils to meet, discuss and coordinate decision making on relevant issues and, through their representatives, exercise their powers in respect of the Company.

Each Shareholding Council will appoint one elected member as its representative to the SRF and is required to confirm this by resolution and by providing written notice to the SRF and the other shareholding councils (together with a copy of the relevant resolution). Unless decided otherwise by the shareholding council, and notified to the SRF in writing, the SRF Representative will be the Mayor. Each shareholding council will also need to 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).

The responsibilities and powers for the SRF representative and alternate are set out in paragraphs 7.1 and 7.3 of the Shareholders Agreement relating to Waikato Waters Limited. Schedule 7 – Shareholders Representative Forum – Terms of Reference provides outlines delegations, transitional and enduring matters.

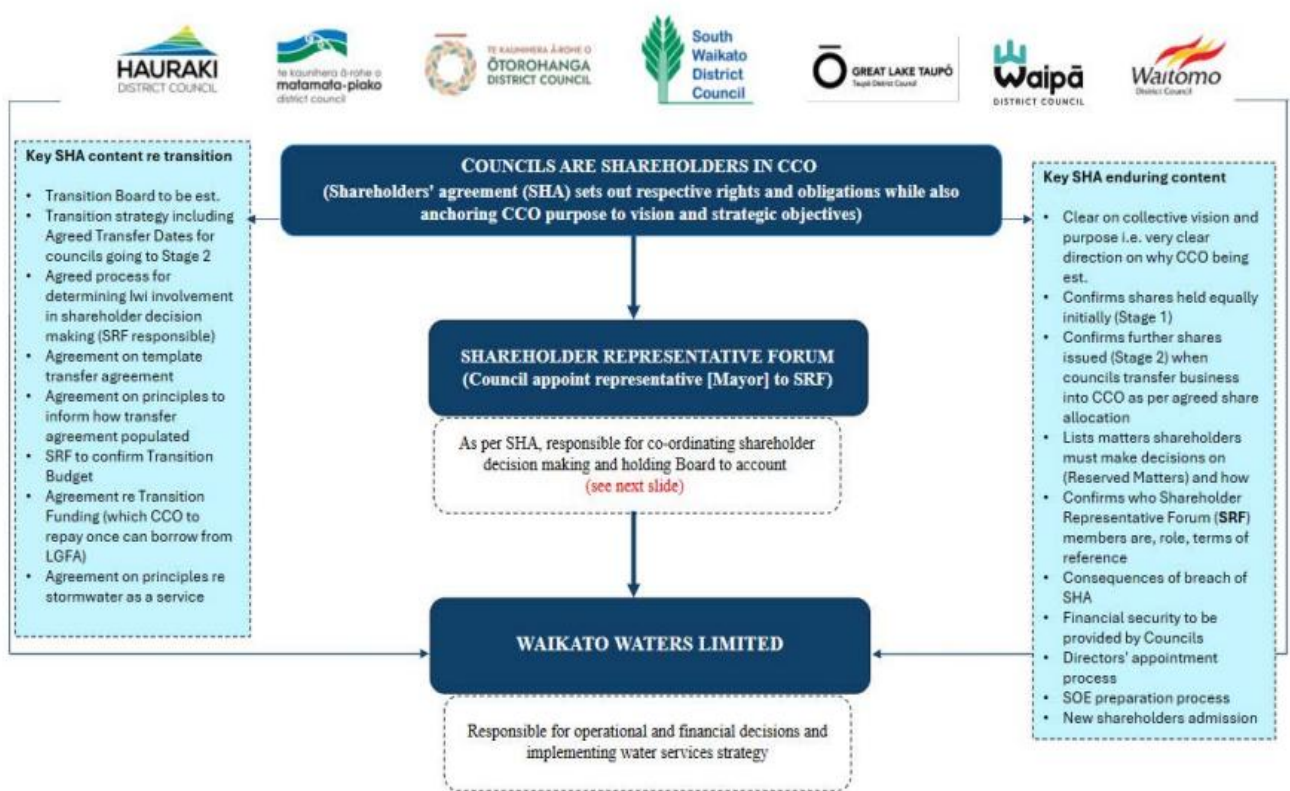
Transition funding delegation enables the SRF Representative, in liaison with the Local Water Done Well project team, to agree the transition funding that Shareholding Councils will collectively finance up to the agreed capped amount. Transition board delegation enables the SRF Representative to speak on Councils behalf regarding, recruitment, selection and appointment of the Chair of the Transition Board and Transition Directors.

The delegation of Enduring matters to the SRF Representative include:

- Oversee preparation of the Statement of Expectations (having received feedback and considered recommendations from each Shareholding Council and the Company).
- Approve the Statement of Expectations (including any proposed amendment, revocation or substitution as is permissible under the Shareholders' Agreement).
- Receiving, considering and approving any or all Reserved Matters (as defined in the Shareholders' Agreement) that require shareholder decision making.
- Recruitment, selection and appointment of the Chair of the Board and Directors.
- Approving a remuneration framework for the Board (which will apply also to the Transition Bo Removal of any directors.
- Monitoring the performance of the board of the Company.
- Receiving and considering the half-yearly and annual reports of the Company.
- 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.
- Undertaking performance and other monitoring of the Company.
- Considering and providing recommendations to the shareholding councils on proposals from the Company or any shareholding council.

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

Shareholder Agreement Diagram



This **Shareholders' Agreement (SHA) diagram** provides a high-level overview of the governance and transition framework for establishing **Waikato Waters Limited** as a Council-Controlled Organisation (CCO) to deliver water services. It visually explains the relationships, responsibilities, and key elements of the SHA for the participating councils.

The diagram illustrates how councils collectively govern Waikato Waters Limited through a structured **shareholder framework**, led by the Shareholders' Agreement. It shows a clear transition process, governance roles (via the SRF), and long-term operational responsibilities, ensuring both local accountability and compliance with national water service reform objectives.

Implications for the Water Services Delivery Plan

The Water Services Delivery Plan (WSDP) will be presented to Council for approval, by 3 September 2025 in order to meet the deadline for submission to the Secretary for Local Government. The WSDP must reflect the agreed delivery model for water services.

Each council must ensure its WSDP is consistent with the agreed Establishment Strategy (Schedule 3) of the Shareholders Agreement, which sets out the timeline and transfer approach.

Implications for Development Contributions

The Shareholders' Agreement does not specifically address the treatment of development contributions once water services are transferred to Waikato Waters Limited. Currently, councils retain responsibility for levying and applying development contributions to fund growth-related water and wastewater infrastructure. As development contributions are directly linked to capital investment planning and asset ownership, the approach to both existing and future contributions will need to be negotiated through each council's Transfer Agreement or supporting arrangements.

Under section 198 of the Local Government Act 2002 (LGA), councils have the authority to require development contributions, with Schedule 13 setting out the method for calculating them. This calculation is based on the capital expenditure a council expects to incur to meet demand arising from growth. Once responsibility for water and wastewater capital expenditure transfers to the CCO, councils will no longer meet this test and will no longer be able to levy development contributions for these activities.

No transfer of assets or capital expenditure responsibility will take effect until the date specified in the Transition Plan and Water Services Delivery Plan. Until then, councils remain entitled to set, require, and collect development contributions for water and wastewater services. This transfer is also contingent on the satisfactory completion and execution of a Transfer Agreement.

Going forward, either the CCO will need to implement its own development contributions policy, or legislative provisions enabling councils to collect on its behalf must be enacted. Further guidance on this matter is expected as the Local Government (Water Services) Bill progresses through Parliament.

For clarity and to protect council's ongoing funding arrangements, it is recommended that council formally resolves their intention to continue setting and collecting water-related development contributions until the agreed transfer date takes effect.

Mōrearea | Risk

Risk Assessment and Mitigation – Establishment of a Council-Controlled Organisation (Waikato Waters Ltd)

Risk Area	Description of Risk	Mitigation / Action Being Taken
Financial / Economic	The financial sustainability of water service delivery is a key driver for partnering in a multi-council arrangement. There is a risk the model may not deliver intended efficiencies.	Councils have resolved to support the WWDW model. Active involvement at governance and operational levels ensures financial risks are identified and addressed early.

Risk Area	Description of Risk	Mitigation / Action Being Taken
Political Reputation	Communities may misunderstand the respective roles of local government and central government, leading to reputational impacts on councils.	A Communications and Engagement Plan is in place and regularly updated. Key messages clarify roles and responsibilities. Information is shared through council websites and channels.
Legal Compliance	The final agreement with Waikato Waters Ltd may not deliver the same or improved legal protections and service outcomes compared to current arrangements.	All foundation documents are undergoing legal review. Shareholder rights and obligations are clearly set out in the Shareholder Agreement to safeguard council interests.
Operational Timing	There is a risk in proceeding with CCO establishment before the Minister has approved the Water Services Delivery Plan.	Ongoing engagement with the Department of Internal Affairs (DIA) continues. The Mayoral and Iwi Forum and WWDW governance group are aligned with central government processes.
Governance Clarity	Ambiguity in roles, responsibilities, or decision-making between the CCO, councils, and WWDW governance bodies could undermine effectiveness.	Governance frameworks are detailed in the Shareholder Agreement and Constitution. Induction and onboarding are planned for directors and senior staff.
Staff Transition and Retention	Uncertainty around employment changes may affect staff morale, retention, or service continuity during the transition to the new entity.	A workforce transition plan is being developed. Ongoing communication with staff, unions, and management is supporting a stable and transparent transition.
Asset and Data Transfer	Transferring infrastructure assets, systems, and operational data involves complexity and could result in gaps or delays.	Asset registers, contracts, and systems are being reviewed. A structured and legally compliant transfer process is being implemented in alignment with agreed timelines.
Service Continuity	There is a risk of disruption to service delivery during the transition to the new entity.	A comprehensive transition and integration plan is in development. Contingency measures are being prepared to ensure continuity of critical services.
Performance Monitoring	Without strong oversight, the new CCO may not meet regulatory obligations, community expectations, or agreed service levels.	Performance requirements are built into the Service Management Plan. Councils retain oversight through monitoring, reporting, and accountability mechanisms.

Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

Under Local Water Done Well, all councils in New Zealand have been required to develop a financially sustainable and regulatory-compliant model for delivering water services to their communities. Councils have been encouraged to consider how best to comply with Local Water Done Well, including whether creating a jointly owned water organisation is the optimal structure for their communities. The Government's focus is on addressing long-standing issues with water infrastructure across the motu.

The WWDW service delivery model will be a joint council-controlled organisation (CCO) and will take the form of a limited liability company called Waikato Waters Limited (aka Waikato Waters). Each council will own shares in the company.

Waikato Waters provides the legal structure into which the relevant people, processes and systems will transfer from each council (on their respective pre-agreed transfer date). These people, processes and systems will start working together to operationally deliver water services across the service area of the relevant councils.

Local Government Act 2002 (LGA 2002) Decision-making requirements

Having regard to the decision-making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is assessed as having a **medium** level of significance.

All Council decisions, whether made by the Council itself or under delegated authority, are subject to the decision-making requirements in sections 76 to 82 of the LGA 2002. This includes any decision not to take any action.

Local Government Act 2002 decision making requirements	Staff/officer comment
Section 77 – Council needs to give consideration to the reasonable practicable options available.	Options are addressed above in this report.
Section 78 – requires consideration of the views of Interested/affected people	Council has considered views of interested parties through public consultation and working through the development of the foundational documents with the other partner Councils
Section 79 – how to achieve compliance with sections 77 and 78 is in proportion to the significance of the issue	The Significance and Engagement Policy is considered above. This issue is assessed as having a medium level of significance.
Section 82 – this sets out principles of consultation.	Public Consultation on the water services delivery model has been completed.

Policy Consideration

This recommendation is 'significantly inconsistent' with adopted policies and plans as it sets the foundation for transfer of assets and service delivery, diverging from the 2024-34 Long-Term Plan.

This means Council needs to clearly identify:

- a. the inconsistency; and
- b. the reasons for the inconsistency; and
- c. any intention of Council to amend the policy or plan to accommodate the decision.

The reasons for the inconsistency is due to the current water reform legislation and process that has progressed since the 2024-34 Long-Term Plan was adopted. Council intends to resolve this inconsistency through either a Long-Term Plan Amendment or the development of the 2027-37 Long-Term Plan. Staff will report back on suitable options to ensure alignment with the Waikato Waters Limited transition process and development of the Water Services Strategy.

Council will need to amend the Long-Term Plan to accommodate the decision.

Section 63 of the Local Government (Water Services Preliminary Arrangements) Act 2024 exempts a Council from consulting on a Long-Term Plan Amendment for the purpose of “giving effect to proposed model” or Waters CCO or joint arrangement” if:

- it has “already consulted its community in relation to the proposal”; and
 - It is satisfied that it has a good understanding of - implications, and community views (i.e. through the current consultation)
- Implicit that consultation on the proposed model can double as Long-Term Plan Amendment consultation – if the above requirements are met
 - So, while the Act does not specifically deal with the question, there is no need to combine consultation on a Water Services Delivery Plan and Long-Term Plan Amendment for this purpose, if one is required.

Ngā Pāpāhonga me ngā Whakawhitiwhitinga | Communications and engagement

Council has undertaken a targeted three-week consultation (5–25 May 2025) to engage the community on the proposed changes to water service delivery under the Local Water Done Well programme. The approach was designed to inform residents about the challenges prompting change, explain the two delivery model options, and provide opportunities for feedback.

Timeframes

Key Task	Dates
Council agreed to be a participating council that will co-design an aggregated model for the delivery of water services staged by function and governed by a professional board from the outset.	25 September 2024
Council approval of Waikato Waters Heads of Agreement	27 November 2024
Council consideration of options and adoption of <i>Local Water Done Well</i> consultation material	30 April 2025
Public consultation on water services delivery model	5 – 25 May 2025
Community engagement sessions for community to speak informally with elected members	May 2025
Council Decision on water delivery model	25 June 2025
Council approval of Water Services Delivery Plan	July 2025





Key Task	Dates
Water Services Delivery Plan due for completion/submission to DIA	3 September 2025
Implementation of water services delivery model	Ongoing

Ngā take ā-lhinga | Consent issues

There are no consent issues.

Te Tākoha ki ngā Hua mō te Hapori me te here ki te whakakitenga o te Kaunihera | Contribution to Community Outcomes

Matamata Piako District Council’s Community Outcomes are set out below:

MATAMATA-PIAKO TŌ MĀTOU WĀHI NOHO OUR PLACE		MATAMATA-PIAKO DISTRICT COUNCIL TE ARA RAUTAKI STRATEGIC DIRECTION	
TŌ MĀTOU WHAKAKITENGA OUR VISION			
Matamata-Piako District is vibrant, passionate, progressive, where opportunity abounds. ‘The heart of our community is our people, and the people are the heart of our community.			
TŌ MĀTOU WHĀINGA MATUA OUR PRIORITIES (COMMUNITY OUTCOMES)			
			
He wāhi kaingākau ki te manawa A place with people at its heart	He wāhi puawaitanga A place to thrive	He wāhi e poipoi ai tō tātou taiao A place that embraces our environment	He wāhi whakapapa, he wāhi hangahanga A place to belong and create

Matamata-Piako’s vision of building vibrant, thriving communities, with a place that embraces the environment will be strengthened through ensuring that water services (which are a fundamental lifeline utility for our communities) are delivered in the most efficient and effective model, which meet all regulatory and legislative requirements, meeting public health and environmental expectations. Council will maintain a role with the CCO to monitor the delivery of services.

Water services are a fundamental lifeline. The recommended approach will deliver benefits to Matamata-Piako, including by being better equipped to deliver the investment that is required for water quality and growth, contributing to improved environmental, social and economic wellbeing over time.

The establishment of a multi-Council waters Council Controlled Organisation will help ensure that sufficient investment can be realised to meet compliance requirement of Councils.

This will in turn help improve wellbeing across the sub-region and the quality of discharge into the rivers in support of Treaty Settlement legislation.

Waikato Waters will support a coordinated approach to the quality and health of the environment and be better equipped to deliver the investment that is required to support growth, staffing and resource challenges.

The decision to set the foundation for Waikato Waters contributes all of the above outcomes. The Vision for Waikato Waters is Healthy Water, Healthy People. This includes the following elements:



Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

Waikato Water Done Well (WWDW) is overseeing the largest and most complex waters CCO establishment project in New Zealand – bringing together the water services of six councils with the capacity to provide stormwater services and shared services to councils.

The new entity will have \$155 million in revenue and \$1.6 billion in assets.

This amount is less than 1% of the combined 10-year capital expenditure in the councils' long-term plans and equates to about \$115 per connected property, spread over 30 years.

Investment costs: the establishment costs cover various essential investments, including transitioning water staff from the councils to the new entity, setting up legal structures, establishing governance support, and creating standalone financial borrowing and management capacity.

Additionally, the new entity needs systems suitable for running a water utility business, including finance, HR/payroll, asset management, data management, record keeping, and corporate IT

The shareholding councils are each financing a portion of the initial establishment costs, until such time as Waikato Waters Limited can borrow directly from LGFA. The entity will then repay this money to the councils.


Efficiency gains: the establishment costs are offset against the efficiencies gained over the first 10 years of operations, resulting in significant savings in the medium term. These efficiencies add up to a cumulative total of \$500 million over the next 20 years.

Establishment financing	Debt Guarantee
<ul style="list-style-type: none"> - Establishment budget for Day 1 agreed by Shareholder Representative Forum no later than 31 July 2025 - Allocated across councils based on expected Stage 2 shares - Councils repaid by CCO once it can borrow from Local Government Funding Agency (LGFA) 	<ul style="list-style-type: none"> - CCO must be able to borrow from LGFA - To borrow from LGFA councils must collectively guarantee CCO debt - Each council will provide proportional guarantee for CCO debt - Therefore no shareholder is guaranteeing materially more than amount it is otherwise liable for

Ngā Tāpiritanga | Attachments

[A](#)  Constitution of Waikato Waters Limited



[B](#)  Shareholders' Agreement relating to Waikato Waters Limited including Transfer Agreement *(Under Separate Cover)*

[C](#)  Waikato Waters Shareholder Information - Overview



Ngā waitohu | Signatories

Author(s)	Niall Baker Kaiārahi Tima Kaupapahere Policy Team Leader	
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Approved by	Fiona Vessey Hautū Whakahaere Group Manager Operations	
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Constitution of Waikato Waters Limited

3446-1872-3385 v6

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1. **DEFINITIONS AND INTERPRETATION**

1.1 In this Constitution, unless the context otherwise requires:

"**Agreed Transfer Date**" has the meaning given to it in the Shareholders' Agreement.

"**Board**" means Directors who number not less than the required quorum, acting together as a board of Directors.

"**Board Skills Matrix**" means the skills matrix set out in Schedule 11 to the Shareholders Agreement.

"**Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which registered banks are open for business in the Waikato region, New Zealand.

"**CCO**" means a Council Controlled Organisation within the meaning of section 6 of the LGA.

"**Chair**" means the chair of the Board appointed in accordance with clause 12.10.

"**Companies Act**" means the Companies Act 1993.

"**Company**" means Waikato Waters Limited.

"**Completion Date**" has the meaning given to it in the Shareholders' Agreement.

"**Constitution**" means this constitution of the Company (including the Schedules) and all amendments to it from time to time.

"**Director**" means a person appointed as a director of the Company in accordance with this Constitution.

"**Establishment Period**" means the period between the date on which the Company is incorporated and the Operational Date.

"**Financial Year**" has the meaning set out in the LG(WS) Act.

"**Independent Director**" means a Director who is neither a current elected member nor a current employee of any Local Authority, in accordance with the prohibition in section 40 of the LG(WS) Act.

"**LGA**" means the Local Government Act 2002.

"**LG(WS) Act**" means the Local Government (Water Services) Act 2024 or such other name as the Act will be called once enacted and currently titled the Local Government (Water Services) Act 2024 under clause 1 of the Local Government (Water Services) Bill 10-9.

"**Local Authority**" has the meaning set out in the LGA.

"**Operational Date**" means the first Completion Date reached under a Transfer Agreement between the Company and a Shareholding Council in accordance with the terms of that Transfer Agreement.

"**Ordinary Resolution**" means a resolution that is approved by a simple majority of the votes of those Shareholders entitled to vote and voting on the question.

"**Reserved Matters**" has the meaning given to it in the Shareholders' Agreement.

"**Service Area**" in respect of each Shareholder, has the meaning set out in the LG(WS) Act.

"**Shares**" means the shares in the Company on issue from time to time.

"**Shareholder**" means any person for the time being registered in the Company's share register as the holder of one or more Shares in the Company.

"**Shareholders' Agreement**" means the shareholders' agreement relating to the Company entered into between the Company and the Shareholders in and around the same time as this Constitution (as amended from time to time).

"**Shareholder Representative Forum**" has the meaning set out in the Shareholders' Agreement.

"**Shareholding Councils**" means the Councils collectively who are party to the Shareholders' Agreement.

"**Special Majority Resolution**" has the meaning set out in the Shareholders' Agreement.

"**Special Resolution by Number**" has the meaning set out in the Shareholders' Agreement.

"**Special Resolution by Vote**" means a resolution that is approved by a majority of 75% of the votes of those Shareholders entitled to vote and voting on the question.

"**SRF Representative**" means a member of the Shareholder Representative Forum.

"**Stage 1 Shares**" has the meaning set out in the Shareholders' Agreement.

"**Stage 2 Shares**" has the meaning set out in the Shareholders' Agreement.

"**Statement of Expectations**" means the statement of expectations that is prepared by the Shareholders in accordance with the requirements of the LG(WS) Act and which sets the shareholders' expectations of the Water Organisation, sets the priorities and strategic direction of the Company and informs and guides decisions, actions of the Company and preparation of the Company's Water Services Strategy.

"**Statutory Objectives**" means the objectives for Water Services Providers set out in the LG(WS) Act.

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

"**Subsidiary**" has the meaning set out in the Companies Act.

"**Transfer Agreement**" means the agreement to be entered into between each Shareholding Council and the Company in accordance with the requirements of the LG(WS) Act and the Shareholders' Agreement.

"**Water Organisation**" has the meaning set out in the LG(WS) Act.

"**Water Services**" has the meaning set out in the LG(WS) Act, which shall be the water services transferred by the Shareholders to the Company in accordance with the Transfer Agreement between each Shareholder and the Company.

"**Water Services Strategy**" has the meaning set out in the LG(WS) Act.

"**Water Services Provider**" has the meaning set out in the LG(WS) Act.

"**Water Services Annual Budget**" has the meaning set out in the LG(WS) Act and refers to the annual budget that must be prepared by the Company for each financial year that is not the first financial year of the Water Services Strategy. It must be adopted before the start of the financial year to which it relates.

"**Water Services Annual Report**" has the meaning set out in the LG(WS) Act and refers to the annual report the Company must adopt no later than 3 months after the end of the financial year to which it relates.

1.2 **Interpretation:** In this Constitution, the following rules of interpretation apply, unless the context requires otherwise:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the singular includes the plural and vice versa, and a gender includes other genders;
- (c) another grammatical form of a defined word or expression has a corresponding meaning;
- (d) words in this Constitution have the same meaning as in the Companies Act unless inconsistent with the context;
- (e) a reference to a party, person or entity includes:
 - (i) an individual, firm, company, trust, partnership, joint venture, association, corporation, body corporate, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and
 - (ii) an employee, agent, successor, permitted assign, executor, administrator and other representative of such party, person, entity;
- (f) a reference to dollars or \$ is to New Zealand currency and excludes every tax and duty;
- (g) a reference to a clause or schedule is to a clause or schedule of this Constitution;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) references to the word 'include' or 'including' are to be construed without limitation;

- (j) references to any form of law is to New Zealand law, including as amended or re-enacted;
- (k) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (l) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;
- (m) any obligation falling due for performance on or by a day other than a Business Day shall be performed on or by the Business Day immediately following that day; and
- (n) an obligation not to do something includes an obligation not to allow or cause that thing to be done.

1.3 **Conflict:** If there is any conflict:

- (a) between a provision of this Constitution and the provisions of the Shareholders' Agreement, the terms of the Shareholders' Agreement will prevail (other than to the extent prohibited by the Companies Act) and the Shareholders must pass such resolutions as may be necessary to amend the provisions of this Constitution to make it consistent with the Shareholders' Agreement;
- (b) between a provision in this Constitution and a mandatory provision in the Companies Act, the LG(WS) Act or the LGA, then the mandatory provision in the Companies Act, the LG(WS) Act or the LGA will prevail; and
- (c) between:
 - (i) a provision in this Constitution and a provision in the Companies Act which is expressly permitted to be altered by this Constitution; or
 - (ii) a word or expression defined or explained in the Companies Act and a word or expression defined or explained in this Constitution,

then the provision, word or expression in this Constitution will prevail.

2. PURPOSE AND VISION OF COMPANY

- 2.1 The overarching purpose of the Company is to achieve the Strategic Outcomes and provide consistent and improving service levels and resilience across the whole of the area serviced by the Company.
- 2.2 The vision for establishing the Company is Te Mana o Te Wai Te Mana o Te Tangata | Healthy Water Healthy People.

3. CAPACITY AND OBJECTIVES

- 3.1 The Company is established as a CCO. Following the Transition Period, the Shareholding Councils will transfer responsibility for providing Water Services in their respective Service Areas to the Company in the manner set out in the Shareholders' Agreement.

- 3.2 From the Operational Date, the Company will be a Water Organisation and operate as a Water Services Provider in the Service Areas that it is responsible for in accordance with the requirements of the LG(WS) Act.
- 3.3 The Company must not carry on any business other than the provision of Water Services and activities that are related to, or necessary for, the provision of Water Services, in order to meet its Statutory Objectives and the Statement of Expectations.
- 3.4 Subject to this Constitution, the Shareholders' Agreement, the Companies Act, the LG(WS) Act, the LGA and the Statement of Expectations, the Company has full capacity, rights, powers and privileges to carry on or undertake any business or activity, do any act, or enter into any transaction.
- 4. WATER ORGANISATION REQUIREMENTS**
- 4.1 The Company must comply with:
- (a) its obligations under the LGA and LG(WS) Act, including preparing, adopting and publishing its Water Services Strategy, Water Services Annual Budget and Water Services Annual Report;
 - (b) all applicable statutory and regulatory obligations relating to Māori and Te Tiriti o Waitangi (Treaty of Waitangi), including those set out in the LGA and the Treaty settlement obligations identified in the LG(WS) Act; and
 - (c) the applicable part of the Local Government Official Information and Meetings Act 1987.
- 4.2 The Company must consider the opportunity for the Company (and its Shareholding Councils) to benefit from strategic relationships with Iwi partners to deliver on its purpose (as further set out in the Shareholders' Agreement) and build positive relationships with co-governance entities of the region which arise from treaty-based settlement legislation enabling environmental and catchment-based outcomes including, but not limited to, Waikato River Authority, Hauraki Gulf Forum and the Waihou, Piako, Coromandel Catchment Authority.
- 4.3 In preparing the Company's Water Services Strategy and Water Services Annual Budget, the Shareholders will be able to provide comments and recommend changes on each of the draft strategy and draft budget but will not have the power to require changes or approve the final strategy or final budget.
- 4.4 In accordance with the LGA, the auditor for the Company shall be the Auditor-General.
- 5. SHARES**
- 5.1 **Initial Shares:** On registration of the Company, there are 700 Stage 1 Shares in the Company. No money is payable for calls or otherwise on the Stage 1 Shares.
- 5.2 **Stage 1 Shares:** The Stage 1 Shares are issued on the terms and conditions set out in the Shareholders' Agreement.

5.3 **Stage 2 Shares:** As soon as practicable after registration of the Company, the Company will ratify its commitment to issue further Shares (referred to as Stage 2 Shares) to each Shareholding Council on the relevant Completion Date in accordance with the terms of the Shareholders' Agreement and the relevant Transfer Agreement.

5.4 **Further issue of Shares:** Without limiting the above, and subject to this Constitution, the Shareholders' Agreement and the LG(WS) Act, the Board may:

- (a) issue Shares at any time, to any person listed in clause 7.2(a) or any other person permitted to hold Shares in accordance with the LG(WS) Act and in such numbers as it thinks fit;
- (b) issue Shares in different classes which have different rights;
- (c) issue Shares which are redeemable (as defined in section 68 of the Companies Act); and
- (d) divide existing Shares into different classes which have different rights,

provided that no Shares may be issued unless the issue is first approved by the Shareholders by way of Special Majority Resolution.

6. CALLS ON SHARES

6.1 **Board may make calls:** Subject to the Shareholders' Agreement, the Board may make calls on any Shareholder in respect of any money unpaid on their Shares, and not previously made payable at a fixed time, by prior written notice to the relevant Shareholder specifying the time and date for payment (such time and date to be no earlier than 10 Business Days after the notice is given to the relevant Shareholder). The relevant Shareholder must comply with the terms of any call made by the Board. A call may be payable by instalments. The Board may revoke or postpone a call.

6.2 **Interest and expenses:** A person who fails to pay a call on the due date must pay:

- (a) interest on that money from the day payment was due to the day of actual payment at a rate fixed by the Board; and
- (b) all expenses which the Company has incurred or may incur because of non-payment,

on demand by the Board, provided that the Board may waive payment of all or part of that interest or those expenses.

7. TRANSFER OF SHARES

7.1 **No transfer of shares:** Subject to this clause 7 and the terms of the Shareholders' Agreement, a Shareholder may not sell, transfer or otherwise dispose of any Share to any person.

7.2 **Permitted transfers:** Subject to the LG(WS) Act, the restrictions in this clause 7 do not apply to the following transfers:

- (a) the transfer of Shares by a Local Authority to:
 - (i) another Local Authority; or
 - (ii) any successor Local Authority to that Local Authority.

7.3 **Board may refuse to register:** The Board may refuse or delay the registration of any transfer of a Share to any person if:

- (a) the transfer would result in a breach of law, this Constitution or the Shareholders' Agreement;
- (b) any money payable on that Share is due for payment and has not been paid;
- (c) the Company has an unsatisfied lien on that Share or the proceeds of sale of that Share;
- (d) the transferee is a person without legal capacity to contract or the transfer has not been properly executed;
- (e) the transfer is not accompanied by proof (reasonably required by the Directors) of the right of the transferor to make the transfer;
- (f) the Directors acting in good faith determine that registration of the transfer would not be in the best interests of the Company; or
- (g) the transfer document is not in the usual or common form or otherwise in the form prescribed by the Board from time to time (if any),

provided that the Board must at all times comply with section 84 of the Companies Act.

8. DISTRIBUTIONS

8.1 **Distributions:** The Company must not pay any dividend or distribute any surplus in any way, directly or indirectly, to any owner or Shareholder.

9. COMPANY ACQUIRING ITS OWN SHARES

9.1 **Company may acquire its own Shares:** The Company may purchase or otherwise acquire its own Shares where this is consistent with the terms of the Shareholders' Agreement or, if outside the scope of what is provided for in the Shareholders' Agreement, only if it has first been authorised to do so by Special Resolution by Vote. Shares purchased or otherwise acquired by the Company shall be deemed to be cancelled immediately on acquisition.

10. SHAREHOLDER MEETINGS

10.1 **Annual meeting:** The Board must hold an annual Shareholders' meeting in accordance with section 120 of the Companies Act unless in the case of any annual meeting, everything required to be done at that meeting (whether by way of resolution or otherwise) is done by written resolution in accordance with section 122 of the Companies Act.

- 10.2 **Special meetings:** A special Shareholders' meeting:
- (a) may be called at any time by the Board with written notice to Shareholders issued through the Shareholder Representative Forum; and
 - (b) must be called by the Board on the written request of the Shareholders acting through the Shareholder Representative Forum.
- 10.3 **Proceedings at meetings between the Board and the Shareholder Representative Forum:** The provisions of the First Schedule to the Companies Act as modified by this Constitution, including the rules set out in Schedule 1, govern proceedings at meetings the Board convenes with Shareholders.
- 11. REPORTING REQUIREMENTS**
- 11.1 **Reporting:** Subject to clause 11.2:
- (a) the Board must prepare the reports required by the Shareholder Representative Forum by notice in writing to the Company (such notice must comply with the requirements in section 209(4) of the LG(WS) Act), in accordance with the requirements specified in that notice;
 - (b) within eight months of the start of each Financial Year of the Company, the Board must prepare and adopt a water services half-yearly report in accordance with the LG(WS) Act, which must include information required to be included by the Statement of Expectations; and
 - (c) within three months of the end of each Financial Year of the Company, the Board must prepare, adopt and deliver to the Shareholders, and publish in accordance with the LG(WS) Act, its Water Services Annual Report for that Financial Year, which must include the information required to be included by:
 - (i) the Statement of Expectations;
 - (ii) the Companies Act; and
 - (iii) sections 205 to 208 of the LG(WS) Act.
- 11.2 **Information to be withheld:** Nothing in this clause 11 requires the inclusion in any Statement of Expectations, annual report, financial statements or quarterly report required to be produced under this Constitution of any information that may be properly withheld if a request for that information was made under the Local Government Official Information and Meetings Act 1987.
- 12. DIRECTORS**
- 12.1 **Initial Directors:** On registration of the Company, the first Directors are the persons named as Directors in the application for registration of the Company.
- 12.2 **Independent Directors:** As soon as practicable after the date of incorporation, and no later than the day immediately preceding the Operational Date, all Directors will be Independent Directors.

- 12.3 **Number of Directors:** The maximum number of Directors will be seven. From the Operational Date, the minimum number of Directors will be five.
- 12.4 **Appointment and removal by Shareholders:**
- (a) Subject to clause 12.2, the Shareholder Representative Forum will appoint up to the number of Directors set out in clause 12.3 in accordance with the Shareholders' Agreement. Directors may be removed and replaced in the same way.
 - (b) The Shareholders and the Company shall promptly take such steps as may be necessary to effect the appointment, replacement or removal of any individual (including if a Director fails to vacate office when required to do so) in accordance with this clause 12.4 if applicable, including, in the case of the Shareholders, by exercising their voting rights in the relevant Shareholders' meeting (or by way of written resolution).
- 12.5 **Appointment and removal by Board:** Where there is a vacancy on the Board, the Appointments and Accountability Committee established by the Board (or, where the Board so determines, the full Board), may, by majority vote, recommend an appointment to fill that vacancy to the Shareholder Representative Forum for its approval in accordance with the Shareholders' Agreement. A Director may be removed in a similar manner.
- 12.6 **Role of Iwi:** The Shareholder Representative Forum will engage with Iwi in relation to the appointment of Board members in the manner set out in the Shareholders' Agreement.
- 12.7 **Skills of Directors:**
- (a) Other than the Directors appointed on incorporation:
 - (i) a person may only be appointed to be a Director if the person has, in the opinion of the appointor, the skills, knowledge, or experience to:
 - (aa) guide the Company, given the nature and scope of its activities; and
 - (bb) contribute to the achievement of the objectives of the Company.
 - (ii) All Director appointments must be made in accordance with the Board Skills Matrix, with the aim of ensuring that the Board as a whole has the skills required by the Board Skills Matrix from the Operational Date.
- 12.8 **Term of Appointment:**
- (a) No person may be appointed as a Director for a term of more than four consecutive years ("**Term**").
 - (b) A Director may be reappointed at the expiry of his or her Term of appointment, provided that no Director may be appointed for more than three consecutive Terms.
- 12.9 **Vacation of office:** A Director vacates office if that Director:
- (a) resigns by written notice of resignation to the Company. The notice is to be effective when it is received at that address or at a later time specified in the notice;

- (b) is removed from office in accordance with clause 12.5;
- (c) becomes disqualified from being a Director pursuant to section 151 of the Companies Act; or
- (d) dies.

12.10 **Appointment of Chair:**

- (a) The Shareholder Representative Forum will appoint a Chair of the Board in accordance with the Shareholders' Agreement.
- (b) The Chair will hold office until:
 - (i) they cease to be a Director of the Company; or
 - (ii) a new Chair is appointed by the Shareholder Representative Forum.

12.11 **Powers of the Board:**

- (a) Subject to clause 12.11(b) and any restrictions in the Companies Act, the LG(WS) Act, the Shareholders' Agreement or this Constitution, the business and affairs of the Company must be managed by or under the direction or supervision of the Board.
- (b) The Board has, and may exercise, all the powers necessary for managing, directing and supervising the management of the business and affairs of the Company except to the extent that this Constitution, the Shareholders' Agreement, the Companies Act or the LG(WS) Act expressly requires those powers to be exercised by the Shareholders or any other person.
- (c) The Board may delegate to a committee of Directors, a Director, an employee of the Company or to any other person, any one or more of its powers, other than a power set out in the second schedule to the Companies Act. The Board remains responsible at all times for any delegated powers.

12.12 **Prohibited Matters:** Notwithstanding clause 12.11(b), the Board must not, and must not cause the Company to:

- (a) incur indebtedness to any person other than the New Zealand Local Government Funding Agency Limited and a New Zealand registered banking institution; or
 - (b) grant a security interest over any of the assets of the Company,
- except to the extent permitted by the LG(WS) Act and the Shareholders' Agreement.

12.13 **Shareholder Reserved Matters:** Notwithstanding clause 12.11(b), but subject to any restrictions in the LG(WS) Act, the Board must not, and must not cause the Company to enter into any transaction or matter that is a Reserved Matter, unless first approved in writing by the Shareholders in accordance with the Shareholders' Agreement.

12.14 **Solvency test:** Notwithstanding any approval attained pursuant to clause 12.12, the Board must not cause the Company to borrow or raise any money, or enter into or incur any

guarantee or other liability of any nature, if the effect of doing so would be that the Company will not satisfy the solvency test (as that term is defined in the Companies Act).

- 12.15 **Proceedings of the Board:** The provisions of the Third Schedule to the Companies Act, as modified by this Constitution, including the rules set out in Schedule 2, govern proceedings at meetings of Directors.
- 12.16 **Directors duties:** In addition to the duties set out in the Companies Act, the Directors must assist the Company to meet the objective set out in clause 3.3 and any other requirements set out in the Statement of Expectations or the LG(WS) Act.
- 12.17 **Directors to act in good faith:** A Director, when exercising powers or performing duties, must act in a manner which that Director believes to be in the best interests of the Company (notwithstanding that it may not be in the best interests of any particular Shareholder) and consistent with section 59 of the LGA.
- 12.18 **Indemnity and insurance of Directors and employees:** The Company may indemnify and effect insurance in accordance with any part or all of section 162 of the Companies Act provided that:
- (a) the Board must ensure that particulars of any indemnity given to, or insurance taken out for, any director, or employee of the Company are immediately entered in the interests register; and
 - (b) the Board may impose any conditions in relation to any indemnity or insurance if the conditions do not contravene the Companies Act.

For the purposes of this clause 12.18 "director" includes any former director, "employee" includes any former employee and "Company" includes any related company.

- 12.19 **Disqualification of Directors:** A person will be disqualified from holding the office of Director if he or she:
- (a) is or becomes disqualified from being a Director under any provision of the Companies Act or the LG(WS) Act; or
 - (b) dies; or
 - (c) becomes a protected person under the Protection of Personal and Property Rights Act 1988; or
 - (d) is an undischarged bankrupt.
- 12.20 **Remuneration of Directors:**
- (a) The Shareholders shall determine, by Special Resolution by Vote, the total sum available to the Board each year to make remuneration payments in accordance with clause 12.20(a).
 - (b) The Board may not authorise any form of remuneration to be paid to a Director without Board approval and unless such payment is made and authorised in accordance with the provisions of the Companies Act and that payment does not

cause the total remuneration paid in any year to exceed the total sum approved in accordance with clause 12.20.

- (c) The Board may authorise the reimbursement by the Company of reasonable travelling, hotel and other expenses incurred by Directors in attending Board meetings, Shareholder meetings or in relation to any other affairs of the Company.

12.21 Other offices with company held by Director:

- (a) Any Director may act by himself or herself or by the Director's firm in a professional capacity for the Company, and the Director or the Director's firm will be entitled to remuneration for professional services as if the Director were not a Director. Nothing in this clause authorises a Director or the Director's firm to act as auditor of the company.
- (b) A Director may hold any other office or place of profit in the Company (other than the office of auditor) in conjunction with the Director's office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine, subject to the necessary reporting disclosures and avoidance of conflicts of interest.

12.22 Alternate Directors:

- (a) Each Director will have the power from time to time by written notice to the Company to appoint any person who is already a Director to act as an alternate Director in his or her place. An alternate Director can be appointed as alternate, for more than one Director, but cannot act as alternate for more than one Director, at any given time. The following provisions will apply to an alternate Director:
 - (i) the alternate Director will not be entitled to any remuneration in his or her capacity as alternate Director in addition to that of the Director in whose place he or she acts, but will have the same rights as a Director to be reimbursed under clause 12.20(c);
 - (ii) unless otherwise provided by the terms of the appointment, the alternate Director:
 - (aa) has the same rights, powers and privileges (including the power to sign resolutions of Directors and the power to sign documents on behalf of the Company, but excluding the power to appoint an alternate Director under this clause 12.22); and
 - (bb) must discharge all of the duties and obligations of the Director in whose place he or she acts.
- (b) An alternate Director will cease to be an alternate Director:
 - (i) if the Director who appointed the alternate Director ceases to be a Director or revokes the appointment;
 - (ii) on the occurrence of any event relating to the alternate Director which, if the alternate Director were a Director, would disqualify the alternate Director from being a Director; or

- (iii) if a majority of the other Directors resolve to revoke the alternate Director's appointment.

13. INTERESTS OF DIRECTORS

13.1 **Disclosure of interests:** A Director must disclose particulars of any interest in a transaction or proposed transaction of the Company in accordance with section 140 of the Companies Act.

13.2 **Interested Directors:** As set out in section 139 of the Companies Act, a Director is "interested" in a transaction to which the Company is a party if:

- (a) the transaction relates to a dispute between the Company and the Shareholder that appointed the Director ("**Director's Shareholder**"), or the enforcement of remedies available to the Company against the Director's Shareholder, including under any agreement or arrangement between the Company (whether by itself or with one or more other parties) and the Director's Shareholder;
- (b) they are a party to the transaction or may derive a material financial benefit from it;
- (c) they have a material interest in another party to the transaction;
- (d) they are a director, officer or trustee of another party to the transaction;
- (e) they are a director, officer or trustee of a person who may derive a material financial benefit from the transaction;
- (f) they are a parent, child or spouse, civil union partner, or de facto partner of a person described in clause 13.2(a); or
- (g) they are otherwise directly or indirectly materially interested in the transaction.

13.3 **Interested Directors may act:** A Director who is interested in a transaction entered into, or to be entered into, by the Company must not do any of the following:

- (a) sign a document relating to that transaction on behalf of the Company; or
- (b) do any other thing in their capacity as a Director in relation to that transaction,

provided that a Director may vote, sign documents and otherwise do any other thing in their capacity as a Director with regard to any matter relating to the following:

- (c) any payment or other benefit of the kind referred to in section 161 of the Companies Act in respect of that Director in accordance with clause 12.20;
- (d) the entry into an indemnity or insurance arrangement in respect of that Director in their capacity as a director of the Company in accordance with clause 12.18; or
- (e) transactions in which a Director is interested solely in their capacity as a director of a Subsidiary of the Company.

13.4 **Interests register review:** The Board shall review the interests register at the beginning of every Board meeting.

- 13.5 **No prohibition re quorum:** No prohibition under this clause 13 will prevent the attendance of a Director at a Board meeting from counting for quorum purposes.

14. NOTICES

- 14.1 **Service:** Notices may be served by the Company upon any Director or Shareholder, either by personal delivery, by electronic means or by posting it in a prepaid envelope or package addressed to the recipient at his or her last known address (or, in the case of a company, its registered office). A notice may be given by the Company to joint Shareholders by giving the notice to the joint Shareholder named first in the Share Register in respect of the Share, or to such other person as or the joint Shareholders may in writing direct.

- 14.2 **Time of service:** Notices are deemed served at the following times:

- (a) when given personally, on delivery;
- (b) when sent by post or document exchange, five Business Days after (but exclusive of) posting; and
- (c) when sent by email, at the time of transmission, if (in the event receipt is disputed) the sender produces a printed copy of the email which evidences that the email was sent to the email address of the recipient.

Any notice which has been served on a Saturday, Sunday or public holiday is deemed to be served on the first Business Day after that day.

15. LIQUIDATION

- 15.1 If the Company is liquidated, the liquidator may, with the approval of the Shareholders by Special Majority Resolution and any other approval required by the Companies Act or the LG(WS) Act, but subject to the requirements of the Shareholders' Agreement (as notified by any Shareholder to the liquidator) and, if applicable, the rights or restrictions attached to the different classes of shares issued by the Company:

- (a) distribute to the Shareholders in kind the whole or any part of the assets of the Company; and
- (b) vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the persons so entitled as the liquidator thinks fit, but so that the Shareholders are not compelled to accept any Shares or other securities on which there is any liability.

16. METHODS OF CONTRACTING

- 16.1 A deed which is to be entered into by the Company may be signed on behalf of the Company by:

- (a) two or more Directors;
- (b) a Director, and any person authorised by the Board, whose signatures must be witnessed; or

