

AGENDA

Joint Shareholders Committee Meeting Monday, 5 October 2026

Date Monday, 5 October 2026

Time 10:30 am

Location Council Chamber
District Council Building
King George Place
Timaru
1872011

Joint Shareholders Committee

Notice is hereby given that a meeting of the Joint Shareholders Committee will be held in the Council Chamber, District Council Building, King George Place, Timaru, on Monday 5 October 2026, at 10:30 am.

Joint Shareholders Committee Members

Nigel Bowen (Chairperson), Michelle Pye, Stacey Scott, Peter Burt, Rit Fisher, Mark Adams (Deputy Chairperson), Phillipa Guerin and Mayor Scott Aronsen

Quorum for a Joint Committee meeting is:

A total of four elected members must be present, or appointed alternates, with at least two members being from each Council.

Where the Joint Shareholders Committee is providing a forum for the Shareholders to meet and exercise their powers in relation to the Company, the requirements of the Company's constitution and shareholders' agreement will prevail.

Local Authorities (Members' Interests) Act 1968

Committee members are reminded that if you have a pecuniary interest in any item on the agenda, then they must declare this interest and refrain from discussing or voting on this item and are advised to withdraw from the meeting table.

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- 1 Apologies**
- 2 Identification of Items of Urgent Business**
- 3 Identification of Matters of a Minor Nature**
- 4 Declaration of Conflicts of Interest**

5 Confirmation of Minutes

5.1 Minutes of the Joint Shareholders Committee Meeting held on 24 August 2026

Author: Jessica Kavanaugh, Democracy Services Lead

Recommendation

That the Minutes of the Joint Shareholders Committee Meeting held on 24 August 2026 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Attachments

1. Minutes of the Joint Shareholders Committee Meeting held on 24 August 2026

MINUTES

Joint Shareholders Committee Meeting Monday, 24 August 2026

**Minutes of Timaru District Council
Joint Shareholders Committee Meeting
Held in the Council Chamber, District Council Building, King George Place, Timaru
on Monday, 24 August 2026 10:33 am**

Present: **Timaru District Council:** Nigel Bowen (Chairperson), Clrs Michelle Pye, Stacey Scott

Mackenzie District Council: Mayor Scott Aronsen (via teams) and Clrs Phillipa Guerin and Mark Adams (Deputy Chairperson), Rit Fisher

In Attendance: **Timaru District Council Officers:** Nigel Trainor (Chief Executive), Andrea Rankin (Chief Financial Officer), Stephen Doran (General Manager Corporate), Andrew Lester (General Manager Drainage and Water), Elliot Higbee (Legal Services Manager), Bhavisha Kapadia (Marketing & Communications Advisor), Alana Hobbs (Executive Support Coordinator), Jessica Kavanaugh (Democracy Services Lead), Amanda Taylor (Executive Assistant Water Services)

Mackenzie District Council Officers: Angela Oosthuizen (Chief Executive), Neil Jorgensen (General Manager - Operations and Regulatory Services), Robyn Laidlaw (Corporate Planner)

Justin Riley (Chairperson, Central South Island Water), Cathryn Lancaster (Interim Chief Executive, Central South Island Water), Christine Wright (Interim Chief Financial Officer, Central South Island Water)

1 Apologies

No apologies were received.

2 Identification of Items of Urgent Business

No items of urgent business were received.

3 Identification of Matters of a Minor Nature

The Chairperson identified the following matters of minor nature;

- Appointment of further Directors

4 Declaration of Conflicts of Interest

No conflicts of interest were declared.

5 Chairperson's Report

No Chairperson's report was received.

6 Confirmation of Minutes**6.1 Minutes of the Joint Shareholders Committee Meeting held on 13 July 2026****Resolution 2026/9**

Moved: Clr Phillipa Guerin

Seconded: Clr Mark Adams

That the Minutes of the Joint Shareholders Committee Meeting held on 13 July 2026 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Carried

6.2 Minutes of the Extraordinary Joint Shareholders Committee Meeting held on 29 July 2026**Resolution 2026/10**

Moved: Mayor Nigel Bowen

Seconded: Clr Michelle Pye

That the Minutes of the Extraordinary Joint Shareholders Committee Meeting held on 29 July 2026 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Carried

7 Reports**7.1 Actions Register Update**

The Chairperson spoke to the report to provide the Joint Shareholders Committee with an update on the status of the action requests raised by members at previous Joint Shareholder Committee meetings.

Mayor Nigel Bowen advised that there is a preferred candidate for the Chief Executive appointment.

Resolution 2026/11

Moved: Mayor Nigel Bowen

Seconded: Clr Rit Fisher

That the Joint Shareholders Committee receives and notes the updates to the Actions Register.

Carried

7.2 Central South Island Water Establishment Programme Update

The purpose of this report is to provide the Joint Shareholders Committee with an opportunity to review and provide feedback on programme progress and direction.

The Timaru District Chief Executive highlighted the need to discuss reporting to this committee, including whether future reports should come from the water entity and the councils, and advised that the reports should complement each other.

The discussion included the need for someone to take ownership, given the programme scope and work required, and the possibility of consenting issues arising.

This report was deferred until later in the agenda.

Recommendation

That the Joint Shareholders Committee:

1. Receive and note the CSIW Establishment Dashboard Report for the period 01 July 2026 – 17 August 2026.

7.3 Cost Allocation Policy and Establishment Budget for Central South Island Water

The Interim Chief Executive of Central South Island spoke to the report to update the establishment budget, confirm cost allocation approach and treatment of the Central South Island (CSI) Water debt as part of the transfer agreement.

The Legal Services Manager advised how the proposed policy settings align with the Shareholders' Agreement and the Interim Statement of Intent that the Joint Shareholders Committee is delegated to issue to the water entity. The Interim Statement of Intent provides the detailed instructions and understanding between the Joint Shareholders Committee and the Water Entity, including establishment steps and reporting requirements, including oversight of the budget, which will provide the governance oversight.

Further advice was provided on the funding arrangements for the entity until it establishes its own income streams. It was noted the different approaches in this report and the Shareholders Agreement. It was clarified there are seven steps to work through which include; scope of the costs covered by the bridge capital and the period of time this facility was established between councils and the entity; if it was a debt or equity transaction; interest if a debt basis was chosen; repayment trigger equity mechanism, ringfencing and the extent it applies; noting the Joint Shareholders Committee would make a recommendation to Council for approval.

Discussion included the ability to recover establishment costs, the costs being carried by the councils versus the costs being carried by the entity. The ability to apply for Accession and Establishment Funding through the Local Government Funding Authority.

It was confirmed the importance of setting up a bank account and finance systems.

Further discussion included the delegated authority of \$2.6M, the importance of clear financial reporting and reforecasting to the Joint Shareholders Committee. The possible understatement of resources needed to undertake this transition. The staffing structure during the establishment was discussed.

It was noted that the Timaru District Council and Mackenzie District Council are currently working through the touchpoints of water throughout the organisations; it was advised that People and Capability can discuss the work programme at the next meeting.

The Interim Chief Executive of Central South Island tabled a report “CSI Water Board Report” and provided a high-level summary, including the three work programmes.

It was requested to add the budget risk to the report alongside the time risk. The importance of the engagement from the Chairperson and the ability for the new Chief Executive to have input into the establishment and milestones of the water entity.

The frequency of reporting was discussed along with the potential for stranded assets and stranded costs. The importance of getting a similar report from the in-house council staff was noted.

The Joint Shareholders Committee discussed the debt versus equity funding arrangement. The Legal Services Manager advised the Committee that the Councils are currently the water services providers and have different financial principles legislation.

The Chairperson Central South Island Water discussed establishing a clear funding gateway between the costs of creating a functional organisation and the subsequent costs of commencing operations. It was noted that initial risk capital would support the establishment phase, with debt funding available once the organisation was operational.

Further discussion included the equity in the water entity, including the net assets and the net liabilities, and the treatment of the establishment costs. The need for further analysis and examples to balance the best interests of the councils and the water entity. The importance of establishing the full picture of what councils will look like without water and what is transferred to the entity so the councils are aware of the impacts which would be reflected in the transfer agreement.

It was noted that the Commerce Commission has not looked at this type of arrangement from a price path regulation.

The Joint Shareholder Committee discussed the recommendations as follows;

The funding of the entity until 01 July 2027 as the establishment funding from LGFA is not guaranteed.

Resolution 2026/12

Moved: Mayor Nigel Bowen

Seconded: Cllr Michelle Pye

That the Joint Shareholders Committee

1. Approves the establishment budget of \$3,123,674, excluding contingency and water organisation scoping, and notes that it will be reforecast monthly with an updated forecast reported to the Committee at each meeting. The Water Services Delivery Plan budget and the range previously reported to the Committee are superseded.
2. Adopts the three cost categories in section 3, together with the staff time and stormwater rules, as the basis for allocating establishment costs.
3. Confirms 03 September 2025 as the common start date for the recoverable cost base for both councils.

4. Confirms that the councils fund all establishment costs to LGFA accession or 01 July 2027, that Central South Island (CSI Water) funds its own costs from that date, and that interest accrues on council funding.
5. Notes that the council funding requirement to accession on 01 January 2027 is \$1,373,508, of which \$1,333,508 is recoverable from CSI Water and \$40,000 is council cost in its own right, and that this sits within the \$2,614,000 already committed.

Carried

Resolution 2026/13

Moved: Mayor Nigel Bowen

Seconded: Cllr Michelle Pye

That the Joint Shareholders Committee

6. Notes that the options for treatment of the Council's establishment costs will be provided to the Councils with analysis and enabling recommendations or amendments to the Commitment Agreement and Shareholders' Agreement.
7. Approves the coding, quarterly review and certification process, and notes that Mackenzie will separate its establishment costs from other funding sources.
8. Notes that Mackenzie has provided for a further \$1,000,000 in its Annual Plan 2026-27 but has not committed it, and that it is not needed to reach accession. The Project Group's delegated authority remains \$2,614,000 and should be refreshed if and when that funding is committed.

Carried

Attachments

- 1 Central South Island Water Board Report 24.08.2026

The Joint Services Committee went back to item 7.2 as follows:

7.2 Central South Island Water Establishment Programme Update (continued)

Further discussion included Downlands Water Supply. It was confirmed that a firm direction from Waimate District Council is required to progress this matter further.

Resolution 2026/14

Moved: Cllr Michelle Pye

Seconded: Cllr Phillipa Guerin

That the Joint Shareholders Committee:

1. Receive and note the CSIW Establishment Dashboard Report for the period 01 July 2026 – 17 August 2026.

Carried

8 Consideration of Urgent Business Items

No items of urgent business were received.

9 Consideration of Minor Nature Matters

The Chairperson advised that further Director appointments will need to move at pace. It is confirmed a meeting needs to take place with the Chairperson of Central South Island Water, Timaru District Council and Mackenzie District Council to agree on a process, advertisement and skills matrix.

It was noted that this is being brought forward as a result of the Local Government Funding Agency wanting to see the Board in place prior to debt borne by the entity.

10 Exclusion of the Public**Resolution 2026/15**

Moved: Mayor Nigel Bowen

Seconded: Deputy Chairperson Mark Adams

That the public be excluded at 11.46am from the following parts of the proceedings of this meeting, namely,—

- 11.1 Public Excluded Minutes of the Extraordinary Joint Shareholders Committee Meeting held on 29 July 2026**
- 11.2 Statement of Expectations**
- 11.3 Shareholders Agreement**

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
11.1 - Public Excluded Minutes of the Extraordinary Joint Shareholders Committee Meeting held on 29 July 2026 Matters dealt with in these minutes: 9.1 - Appointment of Joint Water Organisation Chairperson	Section 48(1) of the Local Government Official Information and Meetings Act 1987.	The public excluded minutes of the meeting held on 29 July 2026 are considered confidential pursuant to the provisions of the LGOIMA Act of 1987. The specific provisions of the Act that relate to these minutes can be found in the open minutes of the meeting held on 29 July 2026.

11.2 - Statement of Expectations	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege	To protect all communications between a legal adviser and clients from being disclosed without the permission of the client
11.3 - Shareholders Agreement	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege	To protect all communications between a legal adviser and clients from being disclosed without the permission of the client
Carried		

Note

[Section 48\(4\)](#) of the Local Government Official Information and Meetings Act 1987 provides as follows:

- “(4)Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof)—
 - (a)shall be available to any member of the public who is present; and
 - (b)shall form part of the minutes of the local authority.”

11 Public Excluded Reports**11.1 Public Excluded Minutes of the Extraordinary Joint Shareholders Committee Meeting held on 29 July 2026****9.1 Appointment of Joint Water Organisation Chairperson****11.2 Statement of Expectations****11.3 Shareholders Agreement****12 Readmittance of the Public****Resolution 2026/16**

Moved: Mayor Nigel Bowen

Seconded: Cllr Stacey Scott

That the meeting moves out of Closed Meeting into Open Meeting at 12.40pm.

Carried

The Meeting closed at 12.40pm.

.....
Timaru District Council Mayor Nigel Bowen
Chairperson

6 Reports

6.1 Actions Register Update

Author: Meghan Taylor, Acting Democracy Services Lead

Authoriser: Stephen Doran, General Manager Corporate

Recommendation

That the Joint Shareholders Committee receives and notes the updates to the Actions Register.

Purpose of Report

- 1 The purpose of this report is to provide the Joint Shareholders Committee with an update on the status of the action requests raised by members at previous Joint Shareholder Committee meetings.

Assessment of Significance

- 2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy as there is no impact on the service provision, no decision to transfer ownership or control of a strategic asset to or from Council, and no deviation from the Long Term Plan.

Discussion

- 3 The actions register is a record of actions requested by members. It includes a status and comments section to update the Joint Shareholders Committee on the progress of each item.
- 4 There are currently X items on the actions register.
- 5 X items are marked as ongoing.
- 6 X items are marked as completed, and are proposed to be marked as removed at the next meeting.
- 7 X items are marked as removed to be taken off the list at the next meeting.

Attachments

1. Joint Shareholders Committee Actions Register [↓](#) 

Information Requested from Councillors (Joint Shareholders Committee)

Key ■ = Completed, for removal ■ = 60+ Days ■ = 90+ Days ■ = Removed

Information Requested	JWSO Chief Executive Advertising		
Date Raised:	3 June 2026	Status:	Complete
Issue Owner:	TDC Chief Executive	Completed Date:	03.08.2026
Background: At the Joint Shareholders Meeting it was requested that the advertising of the recruitment for the Chief Executive be brought forward. July 2026: Council have appointed an Interim Chief Executive for the Water Organisation while the Chief Executive recruitment process continues. The advertising for this role closed on 5 July 2026. August 2026: The Chief Executive recruitment process is currently underway. This action is now complete and can be closed.			

Information Requested	Chief Executive Discussion		
Date Raised:	13 July 2026	Status:	Complete
Issue Owner:	Chief Executive's	Completed Date:	24 August 2026
Background: At the Joint Shareholders Meeting it was requested that the Chief Executives of Timaru District Council, Mackenzie District Council, Waimate District Council and the Interim Chief Executive - Timaru and Mackenzie Water Entity have a discussion regarding Downlands. July 2026: The Downlands Committee Chair and Timaru District Council's Legal Services Manager will meet with Waimate District Council to discuss Downlands. August 2026: A meeting between Chief Executives of Timaru District Council, Mackenzie District Council, Waimate District Council and the Interim Chief Executive has been scheduled for 24 August 2026.			

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6.2 Adoption of 2027 Meeting Schedule

Author: Jessica Kavanaugh, Democracy Services Lead

Authoriser: Stephen Doran, General Manager Corporate

Recommendation

That the Joint Shareholders Committee:

1. Receive and note the Adoption of the 2027 Meeting Schedule Report; and
2. Adopt the proposed meeting schedule for the first six months of the 2027 calendar year as follows;

Monday, 15 February 2027 at 10.30am

Wednesday, 31 March 2027 at 10.30am

Monday, 10 May 2027 at 10.30am

Monday, 21 June 2027 at 10.30am

Purpose of Report

- 1 To adopt the meeting schedule for the Joint Shareholders Committee for the first six months of the 2027 calendar year.

Assessment of Significance

- 2 This matter has been assessed as having low significance under the Council's Significance and Engagement Policy as it is a procedural matter with no financial implications.

Background

- 3 Under the Local Government Act 2002 (LGA), Council can adopt a schedule of meetings covering any future period the local authority considers appropriate. Pursuant to Clause 19, Section 7 of the LGA, Adoption of a schedule constitutes notification of every meeting on the schedule and may be amended.

Discussion

- 4 Following consultation with Mackenzie District Council Governance Advisor and Chief Executive, a meeting schedule has been developed based on a six-weekly reporting cycle. The 31 March meeting is proposed to be held on a Wednesday due to Easter Monday on the 29 March 2027.
- 5 The proposed meeting dates for first six months of the 2027 calendar year :
Monday, 15 February 2027 at 10.30am
Wednesday, 31 March 2027 at 10.30am
Monday, 10 May 2027 at 10.30am
Monday, 21 June 2027 at 10.30am

- 6 The remaining 2027 meeting dates (01 July 2027 to 31 December 2027) will be presented to the Joint Shareholders Committee once there is greater certainty regarding future reporting requirements.
- 7 The Councils have delegated to this Committee the power to schedule its own meeting frequency in its current terms of reference. It is noted that the final shareholders agreement will incorporate and restate the Terms of Reference, which provides an opportune time for progressing any amendments to the Terms of Reference.
- 8 Additional meetings may be required to meet implementation requirements and will be organised in accordance with the Chairperson.

Options and Preferred Option

Option one (Preferred)

- 9 Adopt the proposed six-weekly meeting schedule for the first six months of the 2027 calendar year (preferred option).

Option two

- 10 Adopt an alternative meeting schedule as determined by the Committee.

Consultation

- 11 The proposed schedule has been developed in consultation with Mackenzie District Council as the Joint shareholder.
- 12 No wider community consultation is required. Meetings will be publicly notified in accordance with legislative requirements.

Relevant Legislation, Council Policy and Plans

- 13 Local Government Act 2002
- 14 Local Government Official Information and Meetings Act 1987

Financial and Funding Implications

- 15 There are no financial implications for Council associated with adopting the proposed meeting schedule.

Other Considerations

- 16 There are no other considerations.

Attachments

Nil

6.3 Water Transition Activities Update

Author: Debbie Fortuin, Water Transition Manager

Authoriser: Nigel Trainor, Chief Executive

Recommendation

That the Joint Shareholders Committee:

1. Receive and note the Water Transition Activities Dashboard Report for the period 18 August 2026 to 21 September 2026.

Purpose of Report

- 1 The purpose of this report is to provide the Joint Shareholders Committee with an update on activities that are underway to support the various agreements that need to be established between Timaru District Council and Mackenzie District Council (TDC /MDC) and Central South Island Water (CSIW), in accordance with Schedule 2 transfer agreement requirements under the Local Government (Water Services) Act 2025.

Assessment of Significance

- 2 This report is of low significance being a progress update aligned with previously endorsed documents and decisions including Timaru District Council's Water Services Delivery Strategy, and the Commitment Agreement and Joint Shareholders Committee Terms of Reference previously adopted by both Mackenzie (MDC) and Timaru (TDC) District Councils.

Discussion

- 3 Milestones relating to the preparation of the initial Programme Management Plan (PMP) have been completed, and that body of work has now been handed to CSIW to develop further.
- 4 The next phase for TDC/MDC is to ensure that both organisations are transfer ready.
- 5 A Water Transition Manager (the report author) has been appointed to see the transition through to 1 July 2027.
- 6 At the time of writing, the Water Transition Manager had recently commenced in the role and is working on identifying the activities required to meet the Schedule 2 transfer agreement requirements under the Local Government (Water Services) Act 2025. A broader programme of work sits beneath these agreements, including registers, strategy documents, contracts, and other related activities
- 7 MDC's body of work, dovetails that of TDC, and therefore is not separated out specifically for this report.
- 8 Work on IT activities is constrained by not having a decision and confirmed budget on IT activities and modelling from CSIW. TDC provided an information options report to CSIW for consideration to inform a decision in terms of the direction of their IT model. Once we have a decision on this, the work will be able to begin on information packaging and data migration. IT will require extra resourcing to undertake any migrating tasks as it is a substantial piece of work.

- 9 In terms of people and capability, the draft operating model has been reviewed for impact on Council and forms the basis of identification of affected and in scope roles. CSIW have confirmed the approach to terms and conditions, allowing for impact assessment to be completed.
- 10 An initial scoping exercise has been undertaken to identify affected roles and impact.
- 11 A preliminary engagement plan has been drafted for endorsement by the Steering Group and discussion with the PSA.
- 12 In terms of communication the draft Transitional Communications and Engagement Plan is in review process.
- 13 TDC website Water content audit in progress. Reviewing, remapping, and editing/updating content in preparation for transfer to CSIW website and archiving (for those parts not transferred).
- 14 Finance for both MDC and TDC are currently in the process of removing water services from TDC financials to enable a forecast for 01 July 2027.
- 15 The Downlands Committee on 27 July 2026 provided direction, that a joint WSP arrangement should be developed. The resolution noted that this direction would inform the preparation of reports for the respective Councils to decide on which options to pursue and any additional analysis. From a practical point of view the option is limited to *a form* of arrangement, and to understand that, more information and analysis is required.
- 16 A discovery document has been developed to inform the drafting of the commercial terms necessary for the necessary arrangement between Waimate District Council and CSIW. The document has been considered by officers and will be going to WDC in the last week of September for their input.
- 17 Following feedback from Waimate District Council commercial terms will be developed to inform the Council paper to ensure the parties are comfortable moving towards a final contract is to be executed between CSIW and WDC some time in February/March 2027.
- 18 A dashboard report will be developed for the next JSC meeting which will outline further activities being undertaken with the relevant milestones.

Attachments

Nil

6.4 Statement of Expectations

Author: Elliot Higbee, Legal Services Manager

Authoriser: Stephen Doran, General Manager Corporate

Recommendation

That the Committee:

1. Notes this report
2. Provides feedback on the current draft of the Statement of Expectations
3. Notes that the Statement of Expectations will continue to be worked on, and is intended

Purpose of Report

- 1 To progress development of a final Statement of Expectations for this Committee to issue on 14 December 2026 to Central South Island Water Limited.
- 2 This report does not deal with the interim statement, or the Shareholders Agreement which are dealt with separately.

Assessment of Significance

- 3 Low as this is a progress report on an internal oversight tool of the committee, in respect of CSIW.

Background

- 4 On 24 August 2026 this committee received a report on the Statement of Expectations.
- 5 As a result of this report, the Committee:
 - 5.1 adopted an interim statement
 - 5.2 Began discussing a statement of expectations
- 6 On 3 September 2026, members of the JSC and the Chair of CSIW had a meeting on the Statement of Expectations.
- 7 The feedback from that meeting has been used to redraft the Statement of Expectations for further consideration.

Discussion

- 8 The following comments accompany the changes to the attached, and redrafted Statement of Expectations

Revise into a clearer, more concise format (e.g. Flowing Waters)

- 9 Restructured throughout, from 16 sections of dense, cross-referenced legal drafting into 18 shorter sections, with each section materially shorter. The document now states expectations

directly, closer to Flowing Waters' register, while keeping enough structure that gaps against the LGWSA content requirements are still traceable.

Review period

- 10 Section 2.2 now reads: reviewed within 12 months of first adoption, then at least every three years, with more frequent (e.g. annual) review while CSIW's operating environment is still settling.
- 11 Note the Statement itself must still state a period of not less than 10 consecutive financial years on its face. This does not prevent an annual review.

Standalone establishment expectations section

- 12 New section 17, "Establishment expectations" covers operational readiness for Day One, use of existing resources (cross-referring to section 5), and a dedicated reporting/assurance sub-section. It is explicitly marked as taking priority over the enduring expectations elsewhere in the Statement during the establishment period, addressing officers understanding that establishment and enduring expectations are different in kind and should not be blended.

Efficiency, affordability, value for money, customer focus

- 13 New section 4, "Financial sustainability, efficiency and affordability" has been broadened out from the old single "financially sustainable company" outcome. The new dedicated section covers: value-for-money expenditure, affordability balanced against prudent investment, cost management with efficiency gains shared with customers, early visibility to Councils of cost/price changes, and prudential/regulatory compliance.

Significant water users and rural schemes

- 14 Section 9.4 (significant water users) is now tighter and gives an explicit, objective definition mechanism (a published demand threshold set by the board with the JSC) rather than just asserting the category. Section 9.5 is new — rural water supply schemes are now treated as a distinct category with their own rationale (lower-density, longer networks serving multiple properties, rather than a single large-demand connection), addressing the meeting's question about whether rural schemes need separate treatment. They can, and now have their own clause.

Growth, spatial planning, infrastructure investment alignment

- 15 New section 6. Requires CSIW to sequence capacity to match (not precede or lag) actual demand. This is to directly address the stranded-asset/unfunded-investment risk raised at the meeting. There are also requirements to use the same growth assumptions as the Councils, and proactively raise any mismatch it identifies between planned growth and planned investment.

Efficient use of existing shareholder council resources

- 16 Addressed together with the whole-of-group clause below (item 8) — the meeting's IT/fleet/facilities/support-services examples are now named explicitly in section 5.1(a) and repeated in the establishment section (17.2), since duplication risk is sharpest during transition.

Whole-of-group benefit and efficient use of resources

- 17 New section 5 uses the Mayor's supplied wording essentially as provided — only "Water Organisation" has been changed to "CSIW" for consistency with the rest of the document, and

the IT/fleet/facilities/support-services examples from the meeting discussion have been added into clause (a) as illustrations.

Governance, risk, asset management, good employer

- 18 New section 10 — four short clauses: governance practice (skills-based board, clear delegations), risk management framework with board oversight, asset management planning proportionate to condition/criticality, and good-employer obligations (safety, wellbeing, investment in people).

Iwi, hapū and mana whenua — options, not a single recommendation

Section 9.3 sets out both options requested at the meeting, side by side:

- 19 **Option A (statutory-obligation approach)** — CSIW acts consistently with the Councils' own Treaty settlement and statutory obligations, and engages with mana whenua where those obligations apply. This is the narrower option: lower resourcing and governance commitment, lower legal risk, but a thinner relationship in practice.
- 20 **Option B (relationship-based approach)** — everything in Option A, plus an affirmative obligation to build and maintain effective operational relationships, engage early on matters affecting mana whenua interests, and work through the Councils' existing relationship arrangements rather than establishing new ones. This is closer to what both Tiaki Wai and Flowing Waters actually do, and is more likely to produce a working relationship in substance — but it commits CSIW to an ongoing engagement expectation with real resourcing implications, and (per the meeting's own note) would benefit from legal input on relationship structure before being adopted. I haven't tried to resolve that structural question here — it needs its own piece of work if Option B is preferred.

Collaboration and future growth

- 21 Section 11.2 is new — CSIW must proactively identify and raise with the JSC any opportunity for greater collaboration, shared services, a new shareholder, or a merger with another water organisation, where CSIW considers it would improve outcomes. I've added an explicit line that any decision to pursue such an opportunity remains the Councils' to make, not CSIW's — this keeps the clause from reading as if CSIW itself could negotiate a merger or new shareholder, which under the Shareholders' Agreement is a reserved Council decision, not something the Statement could hand to CSIW even if it wanted to.

Independent Review

- 22 Section 16 now frames this as a power the Councils may exercise at their discretion, not a standing or recurring requirement — CSIW must cooperate if a review is commissioned, but nothing requires the Councils to commission one on any particular cycle.

Pricing harmonisation

- 23 Section 13 now states plainly that it reflects the existing Shareholders' Agreement position (no presumption of harmonisation, maintain existing differential pricing until the JSC agrees otherwise, review by 30 June 2030) and adds an explicit sentence (13.2) that the clause creates no new or additional commitment beyond the Shareholders' Agreement. This should close off the concern that the wording could be read as creating a fresh obligation.

Transition reporting during establishment

- 24 Section 17.3–17.4 (within the new establishment section) — monthly or at least six-weekly reporting to the JSC during establishment, covering milestone progress, Day One readiness, financial position, capital delivery, compliance, service performance, and key risks/major projects, in dashboard format if that suits the JSC.

Options and Preferred Option

- 25 The Statement of Expectations is the Committee’s primary oversight tool and within legal and commercial constraints can be modified as required.
- 26 To assist, these are the key matters requiring decision:
- 26.1 **Iwi/hapū/mana whenua — Option A or B** (section 9.3). This is a matter for this Committee.
 - 26.2 **Significant water user threshold** — section 9.4 leaves the actual demand threshold to be set by CSIW’s board with the JSC, rather than fixing a number in the Statement. Worth deciding whether the committee wants to fix an indicative figure now or leave it to the board.
 - 26.3 **Bracketed placeholders** — period end year (2.1), growth strategy name (3.1(c)), settlement instruments (8.1), any third-party obligations (8.2), performance indicator set (14.1), WSS priorities (12.1), and the process dates (18.1) all still need factual input before this is committee-ready.
 - 26.4 **Whether Option B’s relationship structure needs separate legal advice** before being put to the committee at all, given the meeting’s own note that this was wanted.

Consultation

- 27 None required

Relevant Legislation, Council Policy and Plans

- 28 Local Government (Water Services) Act 2025

Financial and Funding Implications

- 29 None.

Other Considerations

- 30 None.

Attachments

1. **Statement of Expectations - DRAFT 2**  

Statement of Expectations

Central South Island Water Limited

DRAFT 2 — for consideration by the Joint Shareholders Committee

Revised following the JSC discussion of 3 September 2026. See the accompanying Report for how each item of feedback has been addressed and where a committee decision is still needed.

1. Introduction and status

1.1 This Statement of Expectations sets out the expectations of the Timaru District Council and the Mackenzie District Council (the “Councils”), as shareholders of Central South Island Water Limited (“CSIW”), under section 224 of the Local Government (Water Services) Act 2025 (“LGWSA”).

1.2 It is intended to inform and guide CSIW's decisions, and its preparation of its water services strategy (“WSS”). CSIW must give effect to this Statement, and it replaces the interim statement provided to CSIW on establishment.

1.3 This Statement is subject to CSIW's other legal obligations: its constitution, the Shareholders' Agreement, and any applicable legislation or regulatory direction. It does not override any of these.

2. Period and review

2.1 This Statement covers the period 1 January 2027 to 31 December [2036/2037] (at least 10 consecutive financial years, as required by the LGWSA).

2.2 The Councils will formally review this Statement within 12 months of it first being adopted, and at least once every three years after that. The review will align, where practicable, with the Councils' long-term plan, annual plan, and CSIW water services strategy cycles. The Councils may choose to review it more often than this, for example annually, particularly while CSIW's operating environment is still settling.

3. Outcomes

3.1 The Councils expect CSIW's water services to achieve:

- (a) safe, reliable and resilient drinking water, wastewater and stormwater services across both districts;
- (b) compliance with all applicable environmental, public health and economic regulatory requirements;
- (c) infrastructure that is planned and funded in step with the growth anticipated in the Councils' long-term plans and growth strategies, without unfairly loading the cost of that growth onto existing consumers;
- (d) reliable, cost-effective service to the district's significant water users and rural water supply schemes, in recognition of their importance to local communities and the economy (see section 9.4 and 9.5); and
- (e) a financially sustainable company that protects the value of the assets transferred to it.

4. Financial sustainability, efficiency and affordability

4.1 CSIW must be able to demonstrate that its operating and capital expenditure represents value for money, while balancing the affordability of water services for customers against the need for prudent, long-term investment in resilient infrastructure. This includes:

- (a) setting charges that are fair, transparent, and no higher than needed to fund its approved work programme;
- (b) actively managing costs and pursuing efficiency gains, and sharing the benefit of those gains with customers;
- (c) giving the Councils early visibility of any material change in cost, price, or investment expectations; and

(d) meeting all applicable financial and prudential regulatory requirements, including under the Commerce Commission's information disclosure regime.

5. Whole-of-group benefit and efficient use of resources

In carrying out its functions and making investment, asset management and operational decisions, CSIW must have regard to the collective interests and strategic objectives of the Councils and the communities they represent, and must seek to maximise the overall benefit delivered across the shareholder group.

5.1 In particular, CSIW must, where reasonably practicable:

- (a) identify and pursue opportunities for the efficient and coordinated use of assets, infrastructure, systems, services, procurement, workforce capability and other resources across CSIW and the Councils — for example shared IT systems, fleet, facilities, and support services;
- (b) avoid unnecessary duplication of assets, services, systems and expenditure;
- (c) consider opportunities for shared services, joint procurement, co-location and coordinated investment where these provide better overall value;
- (d) consider the whole-of-group costs and benefits — including impacts on CSIW, the Councils, ratepayers, consumers and communities — rather than considering CSIW's interests in isolation; and
- (e) work collaboratively with the Councils to ensure that existing and future public assets are used in a way that delivers the best overall public value.

5.2 These expectations apply subject to CSIW's statutory obligations, financial sustainability requirements, and any regulatory obligations that apply to it.

6. Growth, spatial planning and infrastructure investment

6.1 CSIW must align its infrastructure investment with the growth anticipated in the Councils' long-term plans, spatial and growth strategies, and district plans, so that:

- (a) new capacity is sequenced to match — rather than significantly precede or lag — actual demand, avoiding both unfunded, stranded assets and capacity shortfalls that constrain growth;
 - (b) CSIW uses the same population and growth assumptions as the Councils for its own planning; and
 - (c) CSIW raises with the Councils, early and on an ongoing basis, any material mismatch it identifies between planned growth and planned infrastructure investment.
- (d) CSIW takes a lead in regular (at least annual) strategic planning through the Corridor Manager under the Utilities Act 2010, and associated Code of Practice to inform design, capital program planning and tendering decisions.

7. Resource management and land-use planning

7.1 CSIW must provide timely, technically robust input into the Councils' district plans, long-term plans and infrastructure strategies as they relate to water services, and use the same growth assumptions as the Councils for its own planning purposes.

8. Statutory and other obligations

8.1 CSIW must act consistently with the statutory obligations that apply to a Council as a shareholder, including under the Local Government Act 2002, the Resource Management Act 1991, and any Treaty settlement legislation or deeds affecting either district. [List specific settlement instruments — confirm.]

8.2 CSIW must also act consistently with — or undertake on a Council's behalf, where the Councils and CSIW agree — any existing obligation a Council has to a third party under a contract or agreement relevant to water services. [List, if any — e.g. development agreements, infrastructure funding agreements — confirm.]

9. Relationships

9.1 Shareholders: CSIW must engage with the Councils and the JSC on a “no surprises” basis, and early, on any matter of significance to a Council.

9.2 Communities: CSIW must engage with the communities of both districts in a manner appropriate to their interests, including before any material change in levels of service or pricing.

9.3 Iwi, hapū and mana whenua — two options for the JSC to choose between

The September meeting asked for options rather than a single recommendation here, given the governance and resourcing implications. Both are set out below; see the covering memo for the trade-offs.

Option A (statutory-obligation approach): “CSIW must act consistently with the statutory obligations the Councils have to iwi and hapū, including under any relevant Treaty settlement legislation, and must engage with mana whenua on matters where those obligations apply.”

Option B (relationship-based approach): “CSIW must build and maintain effective, respectful working relationships with mana whenua, particularly at an operational level. CSIW must: (a) act consistently with the Councils' statutory obligations to iwi and hapū, including under any relevant Treaty settlement legislation; (b) engage early with mana whenua on planning, investment and operational decisions that affect their interests; and (c) support the Councils' existing relationship arrangements with mana whenua, rather than establishing separate arrangements, unless the Councils agree otherwise.”

9.4 Significant water users: CSIW's networks include a small number of non-residential consumers — particularly dairy and meat processing and other water-intensive industry — whose water use is large relative to their number, and who are of real importance to the district and sub-regional economy. CSIW must:

(a) identify these significant water users using a clear, published, objective threshold (for example a minimum average or peak daily demand) set by CSIW's board in consultation with the JSC;

(b) engage with them directly, at a level proportionate to their demand, on matters materially affecting their security of supply, network capacity, or charges; and

(c) take their economic importance and stated growth intentions into account when planning network capacity and capital investment — alongside, not ahead of, CSIW's obligations to its other consumers.

9.5 Rural water supply schemes: CSIW's networks also include rural water supply schemes, which raise different considerations from significant water users — typically lower-density, longer networks serving multiple properties, rather than a single large-demand connection. CSIW must engage with rural scheme communities on matters affecting their supply, and have regard to the particular operating and funding arrangements that have historically applied to these schemes when developing its approach to their charging and levels of service.

10. Governance, risk, asset management and workforce

10.1 CSIW must operate under good governance practice, including a skills-based board and clear delegations between the board and management.

10.2 CSIW must establish and maintain an effective risk management framework, with appropriate board-level oversight of financial and operational risk.

10.3 CSIW must manage its infrastructure assets prudently, with asset management planning that reflects the condition, criticality, and expected life of its networks.

10.4 CSIW must be a good employer, providing a safe and healthy workplace and investing appropriately in the wellbeing and development of its people.

11. Collaboration and future growth

11.1 CSIW must collaborate with the Councils and with neighbouring water services providers where this would improve outcomes or efficiency, including in respect of any joint arrangement with Waimate District Council under section 26 of the LGWSA.

11.2 CSIW must proactively identify, and bring to the JSC's attention, opportunities for greater collaboration, shared services, or an expanded role for CSIW — including a new shareholder joining, or a merger with another water organisation — where CSIW considers this would improve outcomes or efficiency for its communities. Any decision to pursue such an opportunity remains one for the Councils, not CSIW, to make.

12. Strategic priorities for the water services strategy

12.1 CSIW's first WSS must give priority to: [asset condition and renewals backlog; drinking water safety upgrades; growth-area capacity; the pricing harmonisation review referred to in section 13; significant water user and rural scheme engagement outcomes from section 9 — confirm against emerging WSS scope].

12.2 CSIW's WSS will be reviewed at least once every three years, in line with section 230(3) of the LGWSA; the Councils expect this Statement to be reviewed on the same cycle (see section 2.2).

13. Pricing harmonisation

13.1 Consistent with clause 2.3 of the Shareholders' Agreement, there is no presumption that water charges will be harmonised between the Timaru and Mackenzie districts. CSIW must maintain the existing differential pricing between the districts unless and until the JSC agrees otherwise, and must review its approach to harmonisation and report back to the JSC with recommendations no later than 30 June 2030.

13.2 This clause reflects CSIW's existing obligations under the Shareholders' Agreement — it does not create any new or additional commitment.

14. Performance indicators

14.1 The Councils will use the following indicators, among others, to monitor CSIW: [drinking water compliance (DWQAR), wastewater consent compliance, water loss/non-revenue water, customer complaints per 1,000 connections, capital delivery against plan — confirm final set with LTP performance measures].

15. Half-yearly reporting

15.1 CSIW's half-yearly report must include: progress against the outcomes and priorities in this Statement; performance against the indicators in section 14; financial performance against budget; a summary of engagement with significant water users, rural schemes, mana whenua and the community; and anything CSIW considers should be drawn to the Councils' attention on a "no surprises" basis.

16. Independent review

16.1 The Councils may, at their discretion, commission an independent review of all or part of CSIW's water services strategy or operations where they consider this necessary. This is not a standing or recurring requirement, and CSIW is expected to cooperate fully with any review the Councils commission.

17. Establishment expectations

This section sets out the Councils' expectations for CSIW during the establishment period — from incorporation until CSIW takes on operational responsibility for water services on "Day One", 1 July 2027. Where these expectations differ from the enduring expectations elsewhere in this Statement, they take priority during this period, because CSIW's focus while establishing itself necessarily differs from its focus once operational.

Operational readiness for Day One

17.1 The Councils expect that, by Day One:

- (a)** all necessary staff, assets, contracts, consents and information systems will have transferred from the Councils, with minimal disruption to customers, staff and service levels;
- (b)** CSIW will be able to safely and effectively operate the drinking water, wastewater and stormwater networks in both districts, including in a civil defence emergency; and
- (c)** CSIW will have adopted its first water services strategy, no later than 30 June 2027.

Use of existing resources

17.2 During establishment, CSIW must make full and continued use of the Councils' existing systems, assets, and support services (for example IT, finance, fleet, and facilities) for as long as this remains the more efficient option, and must plan any transition away from shared arrangements in a way that is orderly and does not compromise service delivery or value for money (see also section 5).

Reporting and assurance during establishment

17.3 The Councils expect more frequent reporting from CSIW during establishment than the ongoing half-yearly cycle in section 15 provides for. CSIW must report to the JSC monthly, or at least six-weekly, covering: progress against key establishment milestones and readiness for Day One; financial position against the approved establishment budget; capital delivery; compliance matters; service performance; and key risks and major projects.

17.4 This reporting may take the form of a regular dashboard, in a format agreed between CSIW and the JSC.

18. Process

18.1 The Councils published the process for preparing this Statement at [URL] on [date]. A draft was provided to CSIW on [date]; CSIW was given until [date] to review and comment; and its comments were considered before this Statement was finalised.

7 Consideration of Urgent Business Items**8 Consideration of Minor Nature Matters****9 Exclusion of the Public****Recommendation**

That the public be excluded from—

- *(a)the whole of the proceedings of this meeting; or
- *(b)the following parts of the proceedings of this meeting, namely,—

10.1 Public Excluded Minutes of the Joint Shareholders Committee Meeting held on 24 August 2026**10.2 CSI Water Board Report****10.3 CSI Water Operating Model****10.4 Shareholders Agreement update**

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
10.1 - Public Excluded Minutes of the Joint Shareholders Committee Meeting held on 24 August 2026 Matters dealt with in these minutes: 11.1 - Public Excluded Minutes of the Extraordinary Joint Shareholders Committee Meeting held on 29 July 2026 11.2 - Statement of Expectations 11.3 - Shareholders Agreement	Section 48(1) of the Local Government Official Information and Meetings Act 1987.	The public excluded minutes of the meeting held on 24 August 2026 are considered confidential pursuant to the provisions of the LGOIMA Act of 1987. The specific provisions of the Act that relate to these minutes can be found in the open minutes of the meeting held on 24 August 2026.

10.2 - CSI Water Board Report	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	To protect a person's privacy, including the privacy of deceased persons To protect commercially sensitive information To enable Council to carry out commercial activities To prevent use of the information for improper gain or advantage
10.3 - CSI Water Operating Model	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of	To protect a person's privacy, including the privacy of deceased persons To protect commercially sensitive information To enable Council to carry out commercial activities To prevent use of the information for improper gain or advantage

	official information for improper gain or improper advantage	
10.4 - Shareholders Agreement update	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege	To protect all communications between a legal adviser and clients from being disclosed without the permission of the client
*I also move that [name of person or persons] be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of [specify]. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because [specify]. *Delete if inapplicable.		

Note

[Section 48\(4\)](#) of the Local Government Official Information and Meetings Act 1987 provides as follows:

- “(4)Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof)—
 - (a)shall be available to any member of the public who is present; and
 - (b)shall form part of the minutes of the local authority.”

10 Public Excluded Reports

11 Readmittance of the Public