



Southern Waters
Your wai. Your way.

MEETING OF THE
Southern Waters Stakeholders' Representative Group

4 September 2026

Commencing at 9.00am

In the Council Chambers

Bowler Avenue

GORE

SOUTHERN WATERS STAKEHOLDERS' REPRESENTATIVE GROUP

Notice is hereby given that a Meeting of the Southern Waters Stakeholders' Representative Group will be held in the Council Chambers, Bowler Avenue, Gore on Friday 4 September 2026, commencing at 9.00am.

Steve Hill
CHIEF EXECUTIVE OFFICER

Committee Members

Mayor Jock Martin – Chair (CDC)
Mayor Tamah Alley (CODC)
Mayor Ben Bell (Gore DC)
Mayor Mel Tavendale (Waitaki DC)

Councillor Roger Cotton (CDC)
Councillor Cheryl Laws (CODC)
Councillor Neville Phillips (Gore DC)
Councillor Frans Schlack (Waitaki DC)

SOUTHERN WATERS STAKEHOLDERS REPRESENTATIVE GROUP

Friday 4 September 2026

APOLOGIES

None received at the time of printing this agenda.

DECLARATIONS OF INTEREST

None advised at the time of printing this agenda.

PUBLIC FORUM

Item	Page #	Title
1	4	Confirmation of SWSRG Minutes <i>(For Information)</i> Minutes of the SWSRG Meeting held on 2 July 2026.
2	10	Draft Statement of Expectations <i>(For Decision)</i> Report presents the Draft Statement of Expectations for adoption.
3	21	Southern Waters Status Update – August 2026 <i>(For SWSRG Information)</i> Report provides an update on the programme status
4	25	Updates from Members <i>(For SWSRG Information)</i> Report provides an opportunity for updates from Member Councils.
5	26	Reasons to Move to Public Excluded Session <i>(For SWSRG Decision)</i> The SWSRG may upon resolution or upon motion being made, exclude the public from the whole or any part of the proceedings of any meeting.

Southern Waters Stakeholders' Representative Group

Item for CONFIRMATION

Report	Confirmation of Minutes
Meeting Date	4 September 2026
Item Number	1
Prepared By	Julie Gardner – Executive Assistant/Governance Advisor
File Reference	1044200

REPORT SUMMARY

Attached for confirmation are the minutes of the meeting of the Southern Waters Stakeholders' Representative Group (SWSRG) held on 2 July 2026.

RECOMMENDATION

- 1. That the minutes of the meeting of the SWSRG held on 2 July 2026 be approved as a true and correct record.**

Southern Waters Stakeholders' Representative Group

Minutes of the meeting of Southern Waters Stakeholders' Representative Group held in the Ngā Hau e Whā, William Fraser Building, 1 Dunorling Street, Alexandra on Thursday 2 July 2026 commencing at 9.01am.

Present Mayor Jock Martin, Mayor Tamah Alley, Mayor Ben Bell, Councillor Cheryl Laws, Councillor Frans Schlack

In Attendance Peter Kelly (CE CODC), Steve Hill (CE CDC), Debbie Lascelles (CE Gore DC), Alex Parmley (CE Waitaki DC), Bruce Gemmell (Establishment Chair), Fiona Smith (Programme Director)

Apologies Mayor Mel Tavendale, Councillor Roger Cotton, Councillor Neville Phillips

Moved Mayors Alley / Bell and Resolved:

"That the apologies be sustained."

The Chairperson Mayor Jock Martin welcomed everyone to the meeting.

1 CONFIRMATION OF MINUTES

The minutes of the meeting of the Southern Waters Stakeholders' Representative Group held on 5 June 2026 were submitted for confirmation.

There were two amendments noted to the minutes of the previous meeting.

In item 3, first bullet point the word *govern* should be removed to read '*... to advise on the appointment...*'.

In Item 3, fifth bullet point, it should read '*Indicates that the Establishment Chair should be included in the selection panel for identification and in advisory role of the rural water representative to the Stakeholders' Representative Group.*'

Moved Councillors Frans Schlack / Cheryl Laws and Resolved:

"With minor amendments, that the minutes of the meeting of the Southern Waters Stakeholders' Representative Group held on 2 July 2026 be approved as a true and correct record."

Carried

2 DRAFT STATEMENT OF EXPECTATIONS

The report provides feedback from the shareholder Councils on the draft Statement of Expectations and requests that it be circulated to Southern Waters for review and comments. These will be considered at the next SRG meeting on 7 August 2026 before adoption of the Statement of Expectations.

Members shared minor typographical errors which would be changed as part of formalising the draft document.

Moved Mayors Tamah Alley / Ben Bell and Resolved:

“That the Stakeholders’ Representative Group receives the ‘Draft Statement of Expectations’ report.

That the Stakeholders’ Representative Group:

- a. Notes the feedback provided by the shareholder Councils on the draft Statement of Expectations.***
- b. Endorses the updated draft Statement of Expectations to be provided to Southern Waters for review and comment.***
- c. Notes that any comments received from Southern Waters will be presented to the Stakeholders’ Representative Group meeting on 7 August 2026 for consideration, together with an updated draft Statement of Expectations for approval.”***

Carried

3 STAKEHOLDERS’ REPRESENTATIVE GROUP SELECTION PANEL

The report requests the SRG establish a selection panel composed of four SRG representatives to oversee and advise on the appointment of additional Directors to Southern Waters, as well as the appointment of one rural water representative to the SRG.

Discussion focussed on confirming the role of the establishment chair in the recruitment process for directors. The resolution was amended to clarify his direct involvement in the recruitment of directors but clarified that his role in recruitment of the rural representative was advisory.

Moved Mayors Ben Bell / Tamah Alley and Resolved:

“That the Stakeholders’ Representative Group receives the Stakeholders’ Representative Group Selection Panel report.

Accepting the minor edits and changes Tamah/Ben

That the Stakeholders’ Representative Group:

- a. Establishes the Southern Waters Selection Panel as a subcommittee of the joint committee under the Local Government Act 2002.***
- b. Adopts the Terms of Reference for the Southern Waters' selection panel as set out in Attachment A.***
- c. Agrees the panel will include the following four members nominated by the Stakeholders' Representative Group:***
 - i. Mayor Tamah Alley, Central Otago District Council***
 - ii. Councillor Roger Cotton, Clutha District Council***
 - iii. Councillor Frans Schlack, Waitaki District Council***
 - iv. Councillor Neville Phillips, Gore District Council***

Delegates to the selection panel the responsibilities and authority outlined in the Terms of Reference, including the ability to:

- i. Conduct recruitment and selection processes.***
- ii. Work with Sheffield recruitment advisors.***
- iii. Recommend appointments for two Directors to the Southern Waters' Board and one rural water representative to the Stakeholders' Representative Group.***

Notes that under the Shareholders' Agreement, the establishment of the Selection Panel and adoption of the Terms of Reference needs to be resolved by special resolution.

Notes that final appointment decisions for Directors of the Southern Waters Board remain with the Stakeholders' Representative Group, in accordance with Southern Waters Shareholders' Agreement.

Notes that the Stakeholders' Representative Group will present the proposal for a rural water representative to the shareholding Councils for approval, in accordance with clause 6.10 of the Shareholders' Agreement.

Notes the Establishment Chair of Southern Waters will:

- i. Be a member of the assessment panel for the appointment of Directors.***
- ii. Act in an advisory capacity for the rural water representative appointment.***

Receives the proposal from Sheffield to support the selection panel.

Agrees the attached draft skills matrix for the appointment of the two additional Directors, as required under the Stakeholders' Representative Group Terms of Reference."

Carried

4 RURAL WATER REPRESENTATIVE PROCESS

The report outlines the proposed skills matrix prepared by Sheffield to inform the appointment of a rural water representative to the SRG, and notes the selection panel will govern, advise and progress the appointment of a rural water representative to the SRG with Sheffield and selected stakeholders in rural water schemes.

During discussion, it was agreed the skills matrix was appropriate for this appointment. Additionally members noted that the candidate should be future focussed on delivering compliant water.

Moved Mayors Tamah Alley / Ben Bell and Resolved:

“That the Stakeholders’ Representative Group receives the ‘Rural Water Representative Process’ report.

That the Stakeholders’ Representative Group:

- a. Notes the proposal to use recruitment agency Sheffield to identify and appoint a rural water representative to the SRG.***
- b. Agrees the attached skills matrix prepared by Sheffield to inform the appointment of a rural water representative to the SRG.***

Notes a selection panel, made up of SRG members, will govern, advise and progress the appointment of a rural water representative to the SRG, in conjunction with Sheffield and selected stakeholders in rural water schemes under clause 6.10 of the Shareholders’ Agreement.”

Carried

5 TE RŪNANGA O NGĀI TAHU CORRESPONDENCE

The report notes the letter from the Chair to Justin Tipa Kaiwhakahaere Te Rūnanga o Ngāi Tahu which outlines progress with Southern Waters, acknowledging that any discussion about water must include mana whenua, advising that mana whenua will have two seats on the SRG, and to work collaboratively with Te Rūnanga o Ngāi Tahu to develop a proposal for mana whenua representation on the SRG, including protocols for selection and appointment

It was noted that there had been no response from the Runaka at this time.

Moved Councillor Frans Schlack / Mayor Tamah Alley and Resolved:

“That the Stakeholders’ Representative Group receives the ‘Te Rūnanga o Ngāi Tahu correspondence’ report.

That the Stakeholders’ Representative Group notes the attached letter from the Chair to Te Rūnanga o Ngāi Tahu.”

Carried

6 STAKEHOLDERS' REPRESENTATIVE GROUP – SOUTHERN WATERS PROGRAMME STATUS UPDATE – JUNE 2026

Report provides a regular update to the SRG and shareholder Councils on programme activity.

It was noted that this was a formal update that would come to the Group as an update to each meeting.

Moved Mayors Tamah Alley / Ben Bell and Resolved:

“That the Stakeholders’ Representative Group receives the ‘Southern Waters Programme Status Update – June 2026’ report.

That the Stakeholders’ Representative Group notes the attached Southern Waters Programme Status Update June 2026.”

Carried

7 UPDATES FROM MEMBERS

This is an opportunity for Members to discuss any additional areas of interest to members of this group.

- Mr Gemmell noted that he would circulate the proposed job advertisement and timeline from Sheffield to the newly formed selection panel.
- Councillor Schlack noted he would be overseas from 9 July until 17 July.
- It was noted that the Waitaki District Council’s water services delivery plan was accepted.
- It was noted that the water entity would need to be supported if there is a proposed jump in water charges after 1 July 2027.

The meeting closed at 10.10 am.

Read and Confirmed

**J K Martin
MAYOR**

Southern Waters Stakeholders' Representative Group

Item for DECISION

Report	Draft Statement of Expectations
Meeting Date	4 September 2026
Item Number	2
Prepared By	Fraser Liggett - Legal and Governance Lead Southern Waters Fiona Smith - Programme Director Southern Waters
File Reference	1054815

REPORT SUMMARY

Under the Local Government (Water Services) Act 2025, the shareholders of a water organisation must prepare and adopt a Statement of Expectations.

On 2 July 2026, the Stakeholders' Representative Group (SRG) considered the draft Statement of Expectations, noted feedback from the shareholder Councils, and endorsed it for circulation to Southern Waters for comment ahead of adoption.

Southern Waters has since reviewed the draft Statement of Expectations and has proposed the amendments shown as *italics* text in the attached draft, for the SRG's consideration and approval.

The purpose of this report is for the SRG to consider comments by Southern Waters and approve the Statement of Expectations in accordance with sections 224 to 227 of the Local Government (Water Services) Act 2025

RECOMMENDATIONS

- 1 That the Stakeholders' Representative Group receives the 'Draft Statement of Expectations' report.**
- 2 That the Stakeholders' Representative Group:**
 - (a) Notes that the SRG approved the process for preparing the Statement of Expectations on 5 June 2026.**
 - (b) Notes the amendments proposed by Southern Waters to the draft Statement of Expectations.**
 - (c) Approves the draft Statement of Expectations, as amended.**
 - (d) Resolves to agree and adopt the Statement of Expectations on behalf of the shareholders in accordance with sections 224 to 227 of the Local Government**

(Water Services) Act 2025 and the Shareholders' Agreement (including clause 5.1(b)).

(e) Provides the final Statement of Expectations to Southern Waters.

REPORT

1 Background

The Statement of Expectations sets out the shareholders' expectations of Southern Waters and guides Southern Waters' decisions and actions and its preparation of its Water Services Strategy. Southern Waters must give effect to the Statement of Expectations.

Under sections 224 to 227 of the Act, the shareholders of a water organisation must prepare and adopt a Statement of Expectations and provide it to the water organisation as soon as practicable, and no later than six months, after the water organisation is established. The Statement of Expectations must cover at least 10 consecutive financial years and must address the outcomes shareholders expect, relevant resource management and land-use planning requirements, the water organisation's statutory obligations as a territorial authority, and the content of its half-yearly report.

Under section 229 of the Act, the shareholders must also approve the process they will follow to prepare a Statement of Expectations. That process provides for Southern Waters to prepare a draft Statement of Expectations that captures the shareholders' input, for the SRG to consider and endorse a draft for Southern Waters' review and comment, and for the SRG to consider Southern Waters' comments before finalising the Statement of Expectations for adoption by the shareholders.

On 5 June 2026, the SRG approved this process and discussed an initial draft of the Statement of Expectations. The SRG provided additional feedback and endorsed a draft Statement of Expectations for Southern Waters' review and comment on 2 July 2026.

2 Report Discussion

Shareholder Councils

The following amendments made by the shareholder Councils are shown as underlined **text** in attachment A:

Section 2 Context and Purpose: includes **renewals** as part of Southern Waters initial focus and corrects the reference that the SOE sets expectations in four areas, so it reads three areas, matching the **three areas** already set out in that section:

- Governance, Accountability, and Reporting.
- Establishment.
- Enduring expectations.

Section 4.1 (d): add references to infrastructure and changes to health and safety legislation as emerging significant risks which Southern Waters must keep the SRG informed on.

Section 5(c) Content of Southern Waters' Half-Yearly Report: adds forecast revenue, alongside expenditure, to the matters Southern Waters must report half-yearly.

Section 9 clause 7(c) Affordability, Equity and Value for Money: adds a reference to medical dependency.

Southern Waters

On 6 August 2026, Southern Waters commented and endorsed the attached draft Statement of Expectations in advance of adoption by the SRG. The proposed amendments made by Southern Waters are shown as *italics* in Attachment A:

Section 9 Enduring Expectations: Notes the *Shareholding Councils have emphasised compliance, affordability, and customer and community considerations as an early focus*. This section also notes that Southern Waters will need to *make sequencing decisions and trade-offs* during the establishment period to ensure an efficient, effective and sustainable business model. Significant trade-offs will be reported through half-yearly reporting.

Section 9 clause 6(c) Environmental Stewardship: adds a reference to mahika kai values alongside the existing reference to engaging with mana whenua.

Section 9 Readjusted the order of the following enduring expectations:

- **Clause 4 Safe: Reliable, and Resilient Water Services:** covers Southern Waters' asset management capability, prioritisation of very highly critical and highly critical assets, resilience planning over a minimum 30-year horizon, and an enterprise-level risk management framework.
- **Clause 8: Growth:** covers Southern Waters' response to population and economic growth, alignment of long-term investment plans with the Shareholding Councils' growth strategies, and the provision of technical advice on water service connections.

Southern Waters has not proposed any changes to the establishment expectations, planning requirements, or statutory obligations sections of the draft Statement of Expectations.

3 Assessment of Options

Option One: the SRG considers and approves Southern Waters' proposed amendments and agrees the Statement of Expectations for adoption. This meets the requirement under the Local Government (Water Services) Act 2025 for the shareholders and SRG to prepare and adopt a Statement of Expectations.

Option Two: the SRG does not approve some or all Southern Waters' proposed amendments. The SRG would then need to agree alternative wording, which may affect the timing of adoption.

The preferred option is Option One, as it lets the shareholders adopt the Statement of Expectations as soon as practicable, consistent with sections 224 to 227 of the Local Government (Water Services) Act 2025.

4 Consultation

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

5 Legal Considerations

This report takes account of sections 224 to 229 of the Local Government (Water Services) Act 2025. Wynn Williams Lawyers assisted with the process to prepare a Statement of Expectations and the original draft.

6 Financial Impact

Adopting the Statement of Expectations will inform the Water Services Strategy, which sets out the costs, investment, charges, levels of service, performance measures, financial forecasts, and long-term infrastructure and investment plans for providing water services.

7 References – Tabled/Agenda Attachments

Attachment One: Final Draft Statement of Expectations.

[Draft] Statement of Expectations for Southern Waters Limited

Adopted by the Stakeholders' Representative Group on [date]

1. Introduction

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

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

2. Context and Purpose

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

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

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

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

This SOE sets expectations in three areas:

- (a) Governance, Accountability, and Reporting expectations, including details on the content for the required half-yearly report.

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- (b) Establishment expectations — expectations that must be achieved before operational go-live on 1 July 2027.
- (c) Enduring expectations.

3. Strategic Goals and Key Outcomes

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

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

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

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

4. Governance, Accountability, and Reporting

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

4.1 It is expected that:

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

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5. Content of Southern Waters' Half-Yearly Report

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

- (a) Delivery of capital projects against those specified in the investment delivery plan for the financial year to which the report relates, and any departures from planned capital programmes.
- (b) Compliance and enforcement status of resource consents and other regulatory requirements, including actual or potential compliance issues, along with proposed solutions for addressing any compliance issues.
- (c) **Forecast revenue** and expenditure, projects specifically subject to government or other third-party funding, lending, and any associated implications for future water charges.
- (d) Critical risks and proposed mitigations of strategic issues in relation to Southern Waters.
- (e) Key stakeholder relationships, including meetings or other significant engagements which relate to strategic management of southern waters.
- (f) Progress on the transition of services from each Shareholding Council to Southern Waters, including the status of Transfer Agreements.
- (g) Progress against performance indicators and measures reflected in the Water Services Strategy.
- (h) Status of compliance with lending covenants and the requirements of the LGFA.

6. Expectations during the Establishment Phase

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

Initial Water Services Strategy

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

6.1 It is expected that the initial Water Services Strategy will:

- (a) Act as an initial strategy focusing on the delivery of services, financing, and charging in the first year of operations, broadly aligned with the Water Services Delivery Plan of the Shareholding Councils.
- (b) Recognise rural water as a distinct service and include appropriate levels of service and pricing arrangements for rural water schemes.

6.2 It is expected that:

- (a) Southern Waters provides the SRG with an early opportunity to comment on the draft Water Services Strategy, with a draft to be provided no later than 1 March 2027, and a review period for the SRG of four weeks.
- (b) Southern Waters prepares and provides a summary document clarifying any proposed significant changes to key projects or costs to customers when

compared to the Long-Term Plans of the Shareholding Councils, to be provided at the same time as the draft Water Services Strategy.

Financing Expectations

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

7. Planning Requirements

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

7.1 It is expected that:

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

8. Statutory Obligations

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

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

9. Enduring Expectations

The following enduring expectations describe how Southern Waters is expected to operate across the longer term. They reflect the shared values and principles of the Shareholding Councils and apply throughout the establishment phase and beyond. While the enduring expectations are long-term, ***the Shareholding Councils have emphasised compliance, affordability and customer and community considerations as an early focus. This early focus is not intended***

to displace the other enduring expectations (including growth) which remain live priorities from establishment, even where the pace of full delivery is necessarily staged.

The Shareholding Councils acknowledge that achievement of these expectations must be viewed against the current operating environment, the condition of assets being transferred, available operating budgets, and the time required to establish new systems and capability. ***The Shareholding Councils accept that Southern Waters will need to make sequencing decisions and trade-offs between enduring expectations during this establishment period to ensure an efficient, effective and sustainable business model. Not all expectations can be advanced at the same pace or with the same intensity from day one.***

Southern Waters will develop a prioritisation framework for investment and activities. This will be informed by the Shareholding Councils on the overall strategic importance of the following enduring expectations [through the WSS] below:

In applying this framework, Southern Waters is expected to make trade-offs where full and immediate compliance across all expectations is not achievable within available budgets and capability, provided that public health, safety, and legal and regulatory minimums are not compromised. Southern Waters will report on significant trade-off decisions, through its half-yearly reporting under section 5 of this SOE (Content of Southern Waters' Half-Yearly Report).

Upholding Treaty Principles and Settlement Obligations

- 9.1 It is expected that Southern Waters upholds the principles of Te Tiriti o Waitangi and any Treaty settlement obligations of the Shareholding Councils.
- 9.2 It is expected that Southern Waters will develop and maintain a meaningful partnership with mana whenua, including Te Rūnanga o Ngāi Tahu consistent with the Shareholders' Agreement's recognition that wai is a taonga central to tikanga, identity, and wellbeing.

Customer and Community

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

- 9.3 It is expected that:
 - (a) Southern Waters will progressively create and embed an organisational culture that is customer-first, transparent, which prioritises health, safety, and wellbeing.
 - (b) Southern Waters will engage on significant issues or in line with its Significance and Engagement Policy.
 - (c) Southern Waters will collaborate with other water organisations and councils to maximise efficiency and effectiveness.

Safe, Reliable, and Resilient Water Services

- 9.4 ***Southern Waters is inheriting assets of variable condition and data maturity across its service area and that building asset knowledge to the standard required for sound investment decisions is a foundational precondition for effective prioritisation, compliance planning, and transparent reporting.***
- 9.5 It is expected that:

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

Environmental Stewardship

9.6 It is expected that:

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

Affordability, Equity, and Value for Money

9.7 It is expected that:

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

Growth

9.8 It is expected that:

- (a) Southern Waters will deliver three waters services that sustainably respond to change in population and economic activity.
- (b) Southern Waters will work with the Shareholding Councils to align long-term investment plans with economic growth and the Shareholding Councils' growth strategies.

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- (c) Southern Waters will provide timely, accurate, and fit-for-purpose technical advice and approvals related to water service connections.

Rural Water

9.9 It is expected that:

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

10. Review Date

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

Southern Waters Stakeholders' Representative Group

Item for Information

Report	Southern Waters Programme Status Update – August 2026
Meeting Date	4 September 2026
Item Number	3
Prepared By	Southern Waters
File Reference	1055055

REPORT SUMMARY

Report presents the Southern Waters programme status update for August 2026.

RECOMMENDATIONS

1. **That the Stakeholders' Representative Group receives the 'Southern Waters Programme Status Update – August 2026' report.**



Southern Waters

Southern Waters Programme Status Update August 2026

About Southern Waters

Southern Waters is a new joint water services council-controlled organisation owned by Central Otago District Council, Clutha District Council, Gore District Council, and Waitaki District Council. It has been established to deliver on the commitments made by those councils in their Water Services Delivery Plans, providing safe, reliable, and sustainable drinking water, wastewater, stormwater and rural water services to communities across the region.

Water services are currently delivered by each council independently. Southern Waters will bring these together into a single entity focussed on meeting current and future compliance obligations. The programme is working towards a transfer of all water services by 1 July 2027 with the entity required to meet financial sustainability thresholds by 2028.

Overall Programme Status

The programme is progressing well across all workstreams. Work is continuing with the accession to the Local Government Funding Agency (LGFA) which is expected to be completed later in the year. Workshops with all shareholder Councils have taken place as part of the process of designing and building the operating model. Asset valuation and prioritisation framework deliverables have been progressed which will support the transfer agreements and financial modelling.

Key milestones:

Milestone	Target	Status
Foundation documents adopted	Apr 2026	Complete
Local Government Funding Agency accession	Oct 2026	Delayed
Go Live plan endorsed	Oct 2026	On Track
Water Services Strategy adopted	Apr 2027	On Track

Readiness confirmation	May 2027	On Track
Day 1 – services transfer to Southern Waters	Jul 2027	On Track

Key Achievements to Date

Entity Establishment

- Southern Waters Limited has been incorporated and is now a legal entity.
- Central Otago District Council, Clutha District Council, Gore District Council, and Waitaki District Council have all adopted the Shareholders' Agreement and Constitution and the Waitaki WSDP has been approved by DIA.
- The Stakeholders' Representative Group (SRG) has been established, with the Chair and Deputy Chair elected.
- A selection panel composed of the shareholding councils and Establishment Chair has been established to support the appointment of the rural water representative to the SRG and additional directors to Southern Waters.

Governance

- A draft Statement of Expectations is being prepared to guide the Board's priorities through the Water Services Strategy. This has been considered by the SRG and Southern Waters in advance of being adopted.
- The SRG is progressing the process for the appointment of additional Directors to the Board of Southern Waters. A recruitment process has been commenced and interviews are being undertaken.
- The SRG has engaged Te Rūnanga o Ngāi Tahu seeking guidance on the appointment of two mana whenua representatives and is preparing a process for the appointment of one rural water representative.

Operating Model

- Work continues to develop the operating model design and implementation plan with the Programme Team and shareholding councils. Workshops were undertaken in July with all shareholder councils to better understand current operating arrangements and state. In August future-state design workshops were held with the councils focusing on options for how core functions could be structured and delivered.
- A Digital Capability Review has been completed to inform technology planning.

Finance and Assets

- Specialist legal advice has been engaged to support Local Government Funding Agency (LGFA) accession, which will give Southern Waters access to infrastructure financing.
- Asset valuation work is ongoing, with the shareholding councils actively involved.
- A financial model is being developed to support pricing decisions and scenario planning.
- On reviewing our initial submission, LGFA have requested additional information from Southern Waters on Director appointments and asset condition assessments being undertaken to support understanding of the required capital investment. This information has now been provided, but this is likely to delay completion of the accession process pending finalisation of the Director appointments.

• Focus Areas Ahead

The programme's current priorities include:

- Finalising the Statement of Expectations, progressing additional mana whenua and rural water appointments to the SRG.

- Progressing additional director appointments to the Board of Southern Waters.
- Progressing operating model design.
- Completing asset valuation work across all councils.
- Building a financial model to support pricing decisions and prepare for LGFA accession.
- Progressing the Water Services Strategy to guide future investment priorities.
- Progressing the relationships with mana whenua and rūnaka.

For further information about Southern Waters, www.southernwaters.co.nz.

Southern Waters Limited | Programme Status Update | August 2026

Southern Waters Stakeholders' Representative Group

Item for Information

Report	Updates from Members
Meeting Date	4 September 2026
Item Number	4
Prepared By	Southern Waters
File Reference	1032864

REPORT SUMMARY

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

RECOMMENDATIONS

1. **That the Stakeholders' Representative Group receives the 'Updates from Members' report.**

Southern Waters Stakeholders' Representative Group

Item for DECISION

Report	Reasons to Move to Public Excluded Session
Meeting Date	4 September 2026
Item Number	5
Prepared By	Julie Gardner – Executive Assistant/Governance Advisor
File Reference	1032804

REPORT SUMMARY

The Southern Waters Stakeholders' Representative Group may upon resolution or upon motion being made, exclude the public from the whole or any part of the proceedings of any meeting.

Grounds to exclude the public under the Local Government Official Information and Meetings Act 1987 are contained in the Central Otago District Council's Standing Orders which were adopted by the SRG on 30 April 2026.

RECOMMENDATIONS

1. That the Stakeholders' Representative Group receives the 'Reasons to Move to Public Excluded Session' report.
2. That if required, the Stakeholders' Representative Group excludes the public from the following part of the proceedings of this meeting pursuant to the provisions of the Local Government Official Information and Meetings Act 1987 namely:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Remuneration for the Rural Water and Mana Whenua Representatives to the SRG	The report contains proposed remuneration information for identifiable representative positions ahead of that remuneration being settled and approved and includes benchmarking data supplied by Sheffield South Island in confidence, which	A2(a) Protect the privacy of natural persons, including that of deceased natural persons. A2(c)(i) Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would:

	Sheffield has stated must not be disclosed without its written consent.	Be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
Southern Waters Limited Board Remuneration Policy and 2026/27 Starting Fees	The report contains detailed proposed remuneration information relating to the Establishment Chair and Directors of the Southern Waters Board, ahead of the remuneration framework and fees being settled and approved by Shareholders. Public disclosure at this stage would inappropriately reveal the personal financial affairs of identifiable individuals.	A2(a) Protect the privacy of natural persons, including that of deceased natural persons.
Appointment of additional Directors to the Southern Waters Board – Selection Panel Recommendation	The report contains personal information about identifiable candidates recommended for appointment as Directors of the Southern Waters Board, including outcomes of the recruitment, interview, and due diligence process undertaken by the Selection Panel and Sheffield.	A2(a) Protect the privacy of natural persons, including that of deceased natural persons.

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987, and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown after each item.

Appendix 1: Grounds to exclude the public

A local authority may, by resolution, exclude the public from the whole or any part of the proceedings of any meeting only on one or more of the following grounds:

- A1** That good reason exists for excluding the public from the whole or any part of the proceedings of any meeting as the public disclosure of information would be likely:
- (a) To prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial; or
 - (b) To endanger the safety of any person.
- A2** That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:
- (a) Protect the privacy of natural persons, including that of deceased natural persons; or
 - (b) Protect information where the making available of the information would:
 - i. Disclose a trade secret; or
 - ii. Be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.
 - (ba) In the case only of an application for a resource consent, or water conservation order, or a requirement for a designation or heritage order, under the Resource Management Act 1991, to avoid serious offence to tikanga Māori, or to avoid the disclosure of the location of waahi tapu; or
 - (c) Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would:
 - i. Be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or
 - ii. Be likely otherwise to damage the public interest.
 - (d) Avoid prejudice to measures protecting the health or safety of members of the public; or
 - (e) Avoid prejudice to measures that prevent or mitigate material loss to members of the public; or
 - (f) Maintain the effective conduct of public affairs through –the protection of such members, officers, employees, and persons from improper pressure or harassment; or
 - (g) Maintain legal professional privilege; or
 - (h) Enable any Council holding the information to carry out, without prejudice or disadvantage, commercial activities; or
 - (i) Enable any Council holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or
 - (j) Prevent the disclosure or use of official information for improper gain or improper advantage.

LGOIMA, s 7.

Under A2 (above) the public may be excluded unless, in the circumstances of a particular case, the exclusion of the public is outweighed by other considerations which render it desirable and in the public interest, that the public is not excluded.

- A3** That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information, the public disclosure of which would:
- (a) Be contrary to the provisions of a specified enactment; or
 - (b) Constitute contempt of Court or of the House of Representatives.
- A4** That the purpose of the whole or the relevant part of the proceedings of the meeting is to consider a recommendation made to that Council by an Ombudsman under section 30(1) or section 38(3) of this Act (in the case of a Council named or specified in Schedule 1 to this Act).
- A5** That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the Council to deliberate in private on its decision or recommendation in:
- (a) Any proceedings before a Council where:
 - i. A right of appeal lies to any Court or tribunal against the final decision of the Council in those proceedings.
 - ii. The Council is required, by any enactment, to make a recommendation in respect of the matter that is the subject of those proceedings; and
 - iii. Proceedings of a local authority exist in relation to any application or objection under the Marine Farming Act 1971.

LGOIMA, s 48.