



**AGENDA FOR A**

**LOCAL WATER DONE WELL WORKSHOP**

**TO BE HELD IN THE COUNCIL CHAMBERS**

**WEDNESDAY 7 MAY 2025**

**COMMENCING AT 11AM**

# Council Workshop on Local Water Done Well - 7 May 2025

Attendees: Mayor Sam Broughton, Councillors, P M Dean, S N O H Epiha, L L Gliddon, D Hasson, M B Lyall, S G McInnes, G S F Miller, R H Mugford, E S Mundt & N C Reid & Ms M McKay

07 May 2025 11:00 AM - 01:00 PM

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Public portions of this meeting are audio-recorded and livestreamed via the Council's YouTube channel.

## **OPENING KARAKIA**

Whakataka te hau ki  
te uru

Cease the winds from  
the west

Whakataka te hau ki  
te tonga

Cease the winds from  
the south

Kia mākinakina ki uta

Let the breeze blow over  
the land

Kia mātaratara ki tai

Let the breeze blow over  
the sea

E hī ake ana te  
atakura

Let the red-tipped dawn  
come with a sharpened  
air

He tio, he huka, he  
hau hū

A touch of frost, a  
promise of a glorious  
day

Tīhei mauri ora!

## COUNCIL PUBLIC REPORT

**TO:** Council

**FOR:** Council Briefing – 7 May 2025

**FROM:** Tim Mason – Executive Director Infrastructure and Property, Julie Hands – Head of Legal and Risk

**DATE:** 1 May 2025

**SUBJECT:** **Local Water Done Well – Draft Governing Documentation Briefing**

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### 1. PURPOSE

The purpose of this briefing is to:

- introduce the draft Constitution and draft (interim) Statement of Expectations which relate to the implementation of Council's decision to establish a water services council-controlled organisation;
- inform Councillors of the key controls Council will have under each document; and
- provide an opportunity for Councillors to ask questions about the documents.

### 2. HISTORY/BACKGROUND

On 2 April 2025 Council voted in favour of creating a new council-controlled organisation for the Selwyn district's drinking water and wastewater services (the WSCCO) and continuing in-house delivery for stormwater services.

This briefing follows on from the 9 April Council briefing on the implementation timeline. It relates to "Block One" decisions, scheduled for the 21 May Council meeting to allow for incorporation of a legal company entity for the WSCCO.

Attached are draft Constitution and draft (interim) Statement of Expectations (**SoE**) for the WSCCO for review.

### 3. DISCUSSION

The WSCCO will be a company incorporated under the Companies Act 1993 with Selwyn District Council as the sole shareholder.

The WSCCO governance framework comprises the Constitution, Statement of Expectations and relevant law. This framework ensures effective oversight and accountability of the WSCCO and allows Council to set direction, monitoring and performance standards, and ensures the WSCCO operates in line with its Constitution and Statement of Expectations.

The framework operates on the basis that:

- The Constitution outlines the rules and principles governing the WSCCO's operations and management, including what decisions can be made by the WSCCO and what requires Council approval.
- The interim Statement of Expectations is direction from Selwyn District Council setting out Council's expectations regarding the WSCCO's goals, objectives, and performance measures. The Statement of Expectations provides a framework for monitoring and accountability.
- The WSCCO is also subject to all applicable laws, including the Companies Act 1993, Local Water (Water Services) Bill (**Bill 3**) following its enactment, the Local Government Act 2002, and the Local Government (Water Services Preliminary Arrangements) Act 2024 on completion of the transition of drinking water and wastewater services from Council to the WSCCO.
- A management level MoU will be entered into with the WSCCO in due course. This will govern aspects of the relationship such as where processes have interdependency on Council and the WSCCO executing their respective functions. For example, where new developments are being consented (by Council) and drinking and wastewater access needs to be considered (a WSCCO responsibility).

## **Constitution**

The following controls have been included in the draft Constitution to address risks and concerns identified during the Local Water Done Well consultation and decision process.

### *Scope of Business:*

The WSCCO's business is expressly limited to providing drinking water and wastewater services in the Selwyn district which ensures the entity operates for the purpose it was established. Nothing prevents this being amended later if Council made a subsequent decision to become a joint WSCCO, and this is also contemplated.

### *Appointment, Removal and Rotation of Directors:*

The WSCCO will be governed by an independent commercial board appointed by Council under the Constitution and in accordance with Council's Appointment and Remuneration of Directors and Trustees Policy which provides for an Appointment panel to be established in a similar manner to CORDE.

The shareholder can remove a director (or the Board) by written notice to the WSCCO if the director (or the Board) fails to comply with applicable legislation or regulations or fails to meet Council's expectations under the Statement of Expectations. This is an oversight power.

Directors will be appointed for a four-year term. Four has been chosen as it balances a need for fresh views and objectivity with retaining institutional knowledge and continuity. The shareholder may require at an annual meeting that a director is required to retire early or not retire which facilitates rotation.

Shareholder approval is required for board remuneration.

*Decision Making:*

Significant decisions (ones that impact the WSCCO's structure, governance or operations) are subject to shareholder approval, including in addition to those outlined elsewhere approving a major transaction (as defined in Companies Act) approving an amalgamation, or putting the company into liquidation.

This enables Council to ensure that the WSCCO's actions in significant matters align with the Council and community interest and goals.

*Amendments to Constitution*

To ensure that Council retains control over the fundamental aspects of the WSCCO, it is proposed that the Constitution cannot be amended or altered without shareholder (i.e. Selwyn District Council) approval.

*Potential changes to Constitution following enactment of Bill 3*

The draft Constitution has been prepared in anticipation of Bill 3 being enacted in its current form. It is not expected that changes to the Constitution will be required following the enactment of Bill 3, unless there are changes to Bill 3.

Council may also decide to amend the Constitution to include specific reference to the WSCCO's obligations as a water services provider under Bill 3 following enactment.

**(Interim) Statement of Expectations**

The attached (interim) SoE has been prepared under the Local Government Act 2002. It sets out Council's expectations during the transitional period (i.e. from 1 July until after Bill 3 has been enacted).

Once adopted by Council, the SoE will be published on Council's website. This promotes accountability and establishes expectations for transparency, performance and compliance.

Under the Local Government Act 2002 Council can require regular reporting from the WSCCO on its performance against the SoE. Given the SoE provides reporting we not expect this power to be used regularly.

*WSCCO Statement of Expectations*

Per the transition plan previously presented to Council there will be a further Statement of Expectations workshopped and developed with Council once Bill 3 comes into effect.

**4. ALIGNMENT WITH COUNCIL PLANS, STRATEGY, POLICY AND REGULATORY/COMPLIANCE OBLIGATIONS**

Strategic alignment has been addressed in previous papers.

**5. SIGNIFICANCE ASSESSMENT/COMPLIANCE STATEMENT**

The matters of this specific report are assessed as of low significance in accordance with the Council's Significance and Engagement Policy. However, this report is part of a broader process that is assessed as of High significance.

**6. VIEWS OF THOSE AFFECTED / CONSULTATION**

Council has not consulted on the draft documentation attached to this report. However, consultation has taken place as part of the broader process set out in the Local Water Done Well Delivery Model Report (as recorded in the Extraordinary Council meeting of 2 April 2025, Item 3).

**7. FUNDING IMPLICATIONS**

No funding implications are attached to this report.

**8. LEGAL/POLICY IMPLICATIONS**

Relevant legislation includes:

- Companies Act 1993
- Local Government (Water Services Preliminary Arrangements) Act 2024
- Local Government Act 2002



Tim Mason  
**Executive Director Infrastructure and Property**



Julie Hands  
**Head of Legal and Risk**

Council Briefing (7 May 2025) Discussion Draft

## CONSTITUTION

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### SELWYN WATER LIMITED

*Note: This draft contemplates the following:*

- *upon incorporation, the Company will be a CCO, but will not undertake water services;*
- *the Company will provide contracted services to SDC from 1 July 2025 (but this does not need to be referred to in the Constitution); and*
- *it is intended that the Company will be a water organisation from the date of completion of the Transfer Agreement (from a date after the enactment of Bill #3).*

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## SCHEDULE PROCEEDINGS OF THE BOARD

**SELWYN WATER LIMITED  
(Company)**

**CONSTITUTION**

**1. DEFINITIONS AND INTERPRETATION**

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**1.1 Definitions:** In this Constitution, unless the context indicates otherwise:

**Act** means the Companies Act 1993;

**Associated Person** means, in relation to a person, any other person that the first person is a shareholder in, a director of, or employed in an executive capacity of;

**Board** means Directors who number not less than the required quorum acting together as the board of directors of the Company;

**Company** means **Selwyn Water** Limited (company number **[insert]**);

**Constitution** means this constitution;

**Council-Controlled Organisation** has the meaning given to it in section 6 of the Local Government Act 2002;

**Director** means a person appointed as director of the Company in accordance with the terms of the Act and this Constitution;

**Effective Date** means the date on which the Company commences providing water services (as advised by the Company to the Shareholder by notice in writing);

**Independent** means a person who is free from any association that could materially interfere with the exercise of their independent judgement as a director of the Company, including that the person:

- (a) is not an elected member of the Shareholder;
- (b) is not employed, and has not previously been employed, in an executive capacity by the Shareholder unless there has been a period of at least two years between ceasing such employment and serving on the board;
- (c) is not employed, and has not previously been employed, in an executive capacity by the Company unless there has been a period of at least two years between ceasing such employment and serving on the board;
- (d) does not currently hold (and has not held within the last two years) a senior role in a provider of material professional services to the Shareholder or the Company, and is not currently (and has not within the last two years been) an employee of such a service provider materially associated with the services provided;

(e) does not currently have (and has not within the last two years had) a material business or contractual relationship (for example, supplier or customer) with the Shareholder or the Company; and

(f) is not an Associated Person of any entity to which clause [\(e\)](#) above applies;

**Local Government Acts** means the Local Government Official Information and Meetings Act 1987, the Local Government Act 1974 and the Local Government Act 2002;

**Proposed Water Services Act** means the Local Government (Water Services) Bill;

**Statement of Intent** means the statement of intent to be completed by the board from time to time in accordance with section 64 of the Local Government Act 2002;

**Shareholder** means Selwyn District Council;

**Water Services Acts** means the Local Government (Water Services Preliminary Arrangements) Act 2024 and the Proposed Water Services Act (when enacted).

## 1.2 Interpretation: In this Constitution, unless the context indicates otherwise:

(a) **Companies Act:** words or expressions not defined in this Constitution have the same meaning as they have in the Act;

(b) **Clauses and Schedules:** references to clauses and schedules are references to clauses of, and schedules to, this Constitution respectively;

(c) **Headings:** headings are for ease of reference only and do not form any part of the context or affect the interpretation of this Constitution;

(d) **Schedules:** the schedules to this Constitution and the provisions and conditions contained in such schedules have the same effect as if set out in the body of this Constitution;

(e) **Persons:** references to persons include references to individuals, companies, corporations, firms, partnerships, joint ventures, associations, organisations, trusts, states or agencies of state, government departments and local and municipal authorities in each case whether or not having separate legal personality;

(f) **Plural and Singular:** words importing the singular number include the plural and vice versa; and

(g) **Statutes and Regulations:** references to a statute include references to regulations, orders or notices made under or pursuant to such statute and references to a statute or regulation include references to all amendments to that statute or regulation whether by subsequent statute or otherwise and a statute or regulation passed in substitution for the statute or regulation referred to or incorporating any of its provisions.

## 2. OBJECTIVES AND FINANCIAL PRINCIPLES

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- 2.1 Scope of Business:** The Company has been formed to give effect to the decision of the Shareholder to create a Council-Controlled Organisation for the Selwyn region's drinking water and wastewater services, as contemplated under the Proposed Water Services Act. With effect from the Effective Date, the Company's sole business activity will be limited to providing drinking water and wastewater services in the Selwyn region, and ancillary activities in relation to these activities.
- 2.2 Expansion of Scope of Business:** The Company may explore opportunities to provide drinking water and wastewater services to other regions in the future on the basis that:
- (a) the Board may explore and provide a recommendation to the Shareholder on those opportunities;
  - (b) the Board's recommendation will be non-binding; and
  - (c) any decision to expand the scope of the Company's business will be subject to the approval of the Shareholders (and any other legal requirements including consultation).
- 2.3 Council-Controlled Organisation:** As at its date of incorporation, the Company is a Council-Controlled Organisation.
- 2.4 Statement of Intent:** Where a Statement of Intent is required, the board must comply with its obligations under the Local Government Act 2002.
- 2.5 Water organisation:** The Company is intended to be a water organisation for the purposes of the Proposed Water Services Act. Upon enactment of the Proposed Water Services Act:
- (a) the Shareholder will take such steps (if any) together with the Company as may be required to procure that the Company is a water organisation (as defined in the Proposed Water Services Act, as enacted); and
  - (b) without limiting clause 2.5(a) above, in preparing the Company's Water Services Strategy and Water Services Annual Budget:
    - (i) the Shareholder will be able to provide comments on each of the draft strategy and draft budget; and
    - (ii) the Company will consider Shareholder comments prior to finalising the strategy and budget.
- 2.6 Infrastructure:** The Company must not:
- (a) use any of its assets as security for any purpose; or
  - (b) transfer its ownership of water services infrastructure or of any other interest in a water service to any third party.

**2.7 Financial Principles:** The Company must act in accordance with the following financial principles:

- (a) the Company must spend the revenue it receives from providing water services on providing water services (including on maintenance, improvements, and providing for growth);
- (b) the Company must ensure that the revenue it applies to the provision of water services is sufficient to sustain the Company's long-term investment in the provision of water services; and
- (c) the Company's revenue (including from charges for the provision of water services) and expenditure must be transparent to the public.

**3. RELATIONSHIP TO ACT, LOCAL GOVERNMENT ACTS AND WATER SERVICES ACTS**

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**3.1 Act:** The provisions of the Act are negated, modified, adopted and extended as provided in this Constitution.

**3.2 Local Government Acts and Water Services Acts:** The Company must comply with its obligations under the Local Government Acts and the Water Services Acts.

**3.3 Conflicts:** If there is any conflict:

- (a) between a provision in this Constitution and a mandatory provision in the Act, then the mandatory provision prevails;
- (b) between:
  - (i) a provision in this Constitution and a provision in the Act which is expressly permitted to be altered by this Constitution; and
  - (ii) a word or expression defined or explained in the Act and a word or expression defined or explained in this Constitution,
 then the provision, word or expression in this Constitution prevails; and
- (c) between a provision in this Constitution and a provision in the Local Government Acts or the Water Services Acts, then the provision in the Local Government Acts or the Water Services Acts prevails.

**4. SHARES**

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**4.1 Shares on Issue:** The shares at the date of adoption of this Constitution will be issued to the Shareholder on incorporation at an issue price of \$1 per share.

**4.2 Rights attaching to Shares:** Subject to the rights of shares which confer special rights, each share confers on the holder the right to:

- (a) one vote on a poll at a meeting of the shareholders on any resolution, including any resolution to:

- (i) appoint or remove a Director or auditor; or
- (ii) adopt a constitution; or
- (iii) alter the Company's constitution; or
- (iv) approve a major transaction; or
- (v) approve an amalgamation of the Company under section 221 of the Act; or
- (vi) put the Company into liquidation;
- (b) an equal share in dividends authorised by the Board; and
- (c) an equal share in the distribution of the surplus assets of the Company.

**4.3 Shareholder Meetings:** Each shareholder has the right to receive notice of and attend every meeting of shareholders.

**4.4 Types of Shares:** Subject to this Constitution and the written approval of the Shareholder (other than in the case of the initial issue under clause [4.1](#)), the board may:

- (a) issue shares at any time to the Shareholder and in any number;
- (b) issue shares in different classes which have different rights; and
- (c) divide existing shares into different classes which have different rights.

**4.5 Redeemable Shares:** The Company may redeem a redeemable share:

- (a) at the option of the Company; or
- (b) at the option of the holder of the share; or
- (c) on a date specified in this Constitution,

for a consideration that is:

- (d) specified;
- (e) to be calculated by reference to a formula; or
- (f) required to be fixed by a suitably qualified person who is not associated with or interested in the Company.

**4.6 Share issue:** The board may only issue shares which rank equally with, or in priority to, existing shares (whether as to voting rights or distributions) if:

- (a) all affected interest groups (if any) have unanimously approved the issue; or
- (b) all entitled persons have agreed to the proposed share issue.

## 5. CALLS ON SHARES

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- 5.1 Company May Make Calls:** The Company may from time to time make such calls as it thinks fit on the Shareholder in respect of any amount unpaid on their shares and not by the conditions of issue made payable at a fixed time or times. The Shareholder must, subject to receiving at least 14 days' written notice specifying the time or times of payment, pay to the Company at the time or times so specified any amount so called. A call may be revoked or postponed as the Company may determine. The Shareholder shall be liable to pay, in accordance with the relevant notice, every call and shall remain liable to do so notwithstanding the subsequent transfer of the relevant shares.
- 5.2 Timing of Calls:** A call may be made payable at such times and in such amount as the Company may determine.
- 5.3 Terms of Issue:** Money payable in accordance with the terms of issue of a share will be deemed to be a call made and payable in accordance with the terms of issue.
- 5.4 Interest:** If an amount called in respect of a share is not paid before or on the time appointed for payment, the person from whom the amount is due must pay:
- (a) interest on that amount from the time appointed for payment to the time of actual payment at such rate as the Company, acting reasonably, may determine; and
  - (b) all expenses which the Company has incurred or may incur because of non-payment.

The Company may waive payment of any such interest wholly or in part.

## 6. REFUSAL TO REGISTER TRANSFERS

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Subject to compliance with the provisions of section 84 of the Act, the board may refuse or delay the registration of any transfer of any share to any person:

- 6.1 Required by Law:** if so required by law;
- 6.2 Imposition of Liability:** if registration would impose on the transferee a liability to the Company and the transferee has not signed the transfer;
- 6.3 Failure to Pay:** if a holder of any such share has failed to pay by the due date for payment any amount called or otherwise payable in respect of such share or any amount in respect of which the Company has a lien over such share and, in either case, such amount remains unpaid;

- 6.4 Partly Paid shares:** if the shares are not fully paid and the Board is not satisfied in its sole discretion with the ability of the transferee to pay any call that may be made in the future (whether or not contemplated at that time);
- 6.5 Infant or Unsound Mind:** if the transferee is an infant or a person of unsound mind;
- 6.6 More Than One Class:** if the transfer is in respect of more than one class of shares;
- 6.7 Proof of Ownership:** if the transfer is not accompanied by such proof as the board reasonably requires of the right of the transferor to make the transfer; or
- 6.8 Contrary to Interests of Company:** if the board acting in good faith decides in its sole discretion that registration of the transfer would not be in the best interests of the Company and/or the Shareholder.

## **7. SUSPENSION OF RIGHT TO DISTRIBUTIONS, LIEN AND FORFEITURE**

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- 7.1 Suspension of Distributions:** If the Shareholder has defaulted in paying any money due to the Company, the board may suspend payment of any distribution to the Shareholder until the default is remedied.
- 7.2 Satisfaction of Money Due:** The Company may apply any suspended payment in full or part satisfaction of the money due by the Shareholder to the Company.
- 7.3 Liability Not Extinguished:** The Shareholder's liability for all money owing under a call is not extinguished by a transfer of the share in respect of which the money is owed.
- 7.4 End of Suspension:** When the total distributions withheld and applied under clause [7.2](#) equal the amount due by the Shareholder, any suspension of the rights will end.
- 7.5 Lien:** The Company has a first lien on the proceeds of sale and all distributions declared in respect of every share registered in the name of a Shareholder, for:
- (a) all money payable in respect of shares held by the Shareholder; and
  - (b) all other money payable by the Shareholder to the Company; and
  - (c) any money the Company may be required to pay under any statute or regulation in respect of the Shareholder's shares,
- whether or not the time for the payment has arrived.
- 7.6 Company may Sell Shares:** The Company may sell any share on which the Company has a lien. The Company may not make such a sale:
- (a) unless money in respect of which the lien exists is due for payment; and
  - (b) until it has given notice to the registered Shareholder requiring payment of the money in respect of which the lien exists within 20 Working Days of the notice.

**7.7 Director's Certificate:** A certificate signed by a Director stating that the power of sale in clause [7.6](#) has arisen and is exercisable by the Company is conclusive evidence of the facts stated in the certificate.

**7.8 Authority to Complete Transfer:** The board may authorise any person to complete a transfer of shares to a purchaser to give effect to any sale exercising a lien.

## **8. DISTRIBUTIONS TO SHAREHOLDER**

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**8.1 Distributions:** Subject to the Water Services Acts and all applicable laws, the board may authorise a distribution by the Company to the Shareholder in accordance with the Act and this Constitution.

**8.2 Pro-Rata Distributions:** All dividends on shares not fully paid up must be authorised by the board and paid in proportion to the amount paid up. This provision is subject to the terms of issue of any shares with special rights to dividends.

**8.3 Electronic Payment:** Any money payable in cash in respect of shares will be paid electronically.

**8.4 Interest:** No interest is payable by the Company on any dividend.

**8.5 Unclaimed Dividends:** All dividends unclaimed for:

- (a) one year after being authorised may be used by the board for the benefit of the Company until claimed; and
- (b) five years after being authorised may be forfeited by the board for the benefit of the Company.

**8.6 Deduction of amounts due:** The Board may deduct from a distribution payable to the Shareholder any amount which is due and payable by the Shareholder to the Company on account of calls or otherwise in relation to any Shares held by the Shareholder.

**8.7 Annul Forfeiture:** The board may annul any forfeiture and agree to pay a claimant who produces evidence to the board's satisfaction of entitlement to forfeited dividends.

## **9. NEW ISSUES OF SHARES**

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**9.1 Consent to New Issues:** The board must not issue any shares, securities that are convertible into or exchangeable for shares or options to acquire shares without the written approval of the Shareholder.

**9.2 Permitted Issues:** Subject to clause [9.1](#), the board may issue shares (including redeemable shares) ranking equally with or in priority to existing shares. Any issue of shares made in accordance with this clause will be deemed not to be an action affecting the rights attached to the existing shares in the Company. The Company is expressly authorised to issue redeemable shares for the purposes of section 68 of the Act.

- 9.3 Section 107(2) Issue:** Nothing in clause [9.1](#) applies to any issue of shares made with the agreement or concurrence of all entitled persons as provided in section 107(2) of the Act.

## **10. ACQUISITION OF COMPANY'S OWN SHARES**

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- 10.1 Authority to Acquire Own Shares:** The Company may purchase or otherwise acquire its own shares. Subject to clause [10.2](#), these shares will be deemed to be cancelled immediately on acquisition.
- 10.2 Authority to Hold Own Shares:** The Company may hold its own shares uncanceled but only in accordance with section 67A, 67B and 67C of the Act.
- 10.3 Reissue of Shares:** Any shares reissued by the Company must be treated as the issue of new shares.
- 10.4 Compliance:** The Company must comply with the Act when it purchases or acquires shares issued by it.

## **11. ASSISTANCE BY COMPANY FOR SHARE PURCHASE**

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The Company may directly or indirectly give financial assistance to a person for the purpose of the purchase of a share issued or to be issued by the Company.

## **12. DIRECTORS**

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- 12.1 Number of Directors:** The maximum number of Directors will be [six] and, from the Effective Date, the minimum number of Directors will be three.
- 12.2 Present Directors:** The first Directors of the Company are [insert] who will be deemed to have been appointed under clause [12.3](#).
- 12.3 Appointment and Removal of Directors:**
- (a) **Appointment:** The Directors of the Company will be such person or persons as may from time to time be appointed by the Shareholder, in accordance with the Shareholder's Appointment and Remuneration of Directors and Trustees Policy, by notice in writing to the Company, provided that the total number of Directors will not at any time exceed the maximum number set out in clause [12.1](#).
  - (b) **Removal:** Every Director will hold office subject to the provisions of this Constitution and may at any time be removed by the Shareholder by notice in writing to the Company. Section 156 of the Act will not apply to the Company.
- 12.4 Temporary Vacancy:**
- (a) In addition to the appointment or removal of directors under clause [12.3](#), the board may:

- (i) appoint any person to be a Director to fill a temporary vacancy in (and only in) circumstances where the number of Directors falls below the minimum number set out in clause [12.1](#) and with written approval of the Shareholder; and/or
  - (ii) at any time during the three-month period prior to the Company's next annual general meeting (but not otherwise) appoint up to two persons to be Directors.
- (b) Subject to their earlier resignation, retirement, disqualification or removal in accordance with this Constitution, any Director appointed under clause [12.4\(a\)](#) will cease to hold office at the commencement of the next annual meeting of the Company or at the next special meeting of the Company, whichever is earlier.
- (c) Subject to the Act and this Constitution, any Director appointed under clause [12.4\(a\)](#) will be eligible for re-appointment as a Director.

#### 12.5 Rotation:

- (a) Subject to clause [12.5\(b\)](#), a Director must not hold office (without re-appointment) past the fourth annual meeting following the Director's appointment (or re-appointment), or 4 years, whichever is longer. A retiring Director will hold office until the dissolution or adjournment of the annual meeting. A retiring Director is eligible for re-appointment unless he or she is disqualified under this Constitution.
- (b) The Shareholder may, by way of a notice in writing to the Company, direct that the retirement procedure set out in clauses [12.5\(a\)](#) be varied in respect of one or more annual meetings (for example, by directing that a particular Director is required to retire, or will not be required to retire, by rotation at a particular annual meeting) and such notice is effective and binding upon the Company and its Directors notwithstanding clause [12.5\(a\)](#).

**12.6 Disqualification:** In addition to the qualifications under section 151 of the Act and section 57 of the Local Government Act 2002, a person may not be appointed or hold office as a Director of the Company unless the person is and remains Independent.

**12.7 Tenure of Office:** Each Director will hold office until:

- (a) **Removal:** removal in accordance with this Constitution;
- (b) **Vacation of Office:** vacation of office pursuant to section 157 of the Act; or
- (c) **Absence from Meetings:** vacation of office resulting automatically from being absent without permission of the board from three consecutive meetings of the board.

**12.8 Best Interests:** In accordance with section 131(1) of the Act, a Director must act in good faith and in a manner which that director believes to be in the best interests of the Company.

**12.9 Indemnity and Insurance of Directors and Employees:**

- (a) the Company may indemnify and effect insurance in accordance with any part or all of section 162 of the Act;
- (b) the board must immediately enter in the interests register the particulars of any indemnity given to, or insurance taken out for, any Director, former Director, employee, or former employee of the Company or any related company; and
- (c) the board may impose any condition in relation to any indemnity or insurance if the condition does not contravene the Act.

**12.10 Professional Directors:** Any Director may act by himself or herself or his or her firm in a professional capacity for the Company, and a director or firm will be entitled to remuneration for professional services as if he or she were not a Director, provided that nothing in this clause will authorise a director or his or her firm to act as auditor of the Company.

**12.11 Directors' Remuneration:** The board must not exercise any of its powers under section 161 of the Act without the sanction of a resolution of the Shareholder.

**13. PROCEEDINGS OF THE BOARD**

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The provisions of the Schedule to this Constitution govern proceedings of the board. The provisions of the third schedule to the Act will not apply to the Company.

**14. NOTICES**

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**14.1 Service:** A notice may be served by the Company on any Director or on the Shareholder either personally or by email to the email address of such Director or the Shareholder.

**14.2 Service by Email:** A notice served by email will be deemed to have been served on the day following completion of its transmission or, if such day is a Saturday or a Sunday or a day on which major trading banks are closed for usual business in the place of intended receipt, then on the next day (not being a Saturday or a Sunday) on which such banks are open for usual business. In proving service by email, it will be sufficient to prove confirmation of delivery to the recipient's email address from the transmitting system.

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## 15. LIQUIDATION

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- 15.1 Distribution of Surplus Assets:** Subject to clause [15.2](#), on the liquidation of the Company the assets, if any, remaining after payment of the debts and liabilities of the Company and the costs of winding-up will be distributed to the Shareholder.
- 15.2 Distribution In Specie:** On a liquidation of the Company, the liquidator, with the approval of the Shareholder and subject to and any other sanction required by law, may distribute some or all of the assets of the Company in specie to the Shareholder.

## 16. REMOVAL FROM THE NEW ZEALAND REGISTER

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In the event that:

- 16.1 Cessation of Business:** the Company has ceased to carry on business, has discharged in full its liabilities to all its known creditors, and has distributed its surplus assets in accordance with this Constitution and the Act; or
- 16.2 No Surplus Assets:** the Company has no surplus assets after paying its debts in full or in part, and no creditor has applied to the court under section 241 of the Act for an order putting the Company into liquidation,

the board may in the prescribed form request the Registrar to remove the Company from the New Zealand register.

## 17. AUDIT

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The auditor of the Company shall be the Auditor-General. In accordance with the Local Government Act 2002 or the Water Services Acts (as applicable), the Company's relevant financial or annual report will contain a report of the Auditor-General.

## 18. DEEDS

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

- (a) two or more Directors;
- (b) if there is only one Director, by that Director whose signature must be witnessed;
- (c) one or more attorneys appointed by the Company; or
- (d) any Director, or any other person authorised by the Board, whose signature must be witnessed.

## 19. AMENDMENT

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This Constitution may only be amended by written approval of the Shareholder.



## SCHEDULE

### PROCEEDINGS OF THE BOARD

(Clause [13](#))

#### 1. REGULATION OF MEETINGS, QUORUM AND CONVENING

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- 1.1 Meetings As Directors See Fit:** The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 1.2 Quorum:** The quorum necessary for the transaction of business by the board will be a majority of the Directors. No business will be transacted when a quorum is not present.
- 1.3 Summoning Meetings:** A Director may, and an employee at the request of a Director must, at any time, summon a meeting of the board by notice to each of the Directors given by any means of communication.

#### 2. VOTING

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- 2.1 Majority Rule:** At every meeting of the board each Director will have one vote. Questions arising at any meeting of the board must be decided by a majority of votes.
- 2.2 Casting Vote:** In cases of an equality of votes the chairperson will not have a second or casting vote.
- 2.3 Interested Directors:** A Director must not vote on a Board resolution for, or be counted in the quorum for the consideration of, any matter in which that Director is interested. For this purpose, the term interested bears the meaning assigned in section 139 of the Act.

#### 3. CHAIRPERSON

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The board may elect a chairperson of its meetings and determine the period for which he or she is to hold office. If no chairperson has been elected or if at any meeting the chairperson is not present within five minutes after the time appointed for the meeting the Directors present may choose one of their number to be chairperson of the meeting.

#### 4. RESOLUTION IN WRITING

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A resolution in writing, signed or assented to by all the Directors for the time being entitled to receive notice of a meeting of the board will be as valid and effectual as if it had been passed at a meeting of the board duly convened and held. Any such resolution may consist of several documents in like form, each signed or assented to by one or more Directors. A signed resolution that is received via email in PDF or other document reproduction format will be as valid and effectual as the original signed document with effect from completion of its transmission.

Constitution – Second Schedule: Proceedings of the Board

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**5. METHOD OF MEETING**

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A meeting of the board may be held either:

- 5.1 Physical Meeting:** by a number of the Directors who constitute a quorum being assembled together at the place, date and time appointed for the meeting; or
- 5.2 Other Means:** by means of audio, or audio and visual, communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

**6. MINUTES**

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The board will ensure that minutes are kept of all proceedings at meetings of the board.



[DATE] 2025

Mr Murray Strong  
Chairperson  
**Selwyn Water Limited**

Dear Murray

#### **STATEMENT OF SHAREHOLDER EXPECTATIONS 2025/26**

1. This Statement of Expectations sets out Selwyn District Council's (**SDC**) priorities and expectations for the Board of Selwyn Water Limited (**SWL**), to inform SWL's business planning and operations for the 2025/2026 financial year and development of the draft Statement of Intent (if required).
2. This Statement of Expectations is intended to inform and guide how SWL's and SDC will work together to achieve strategic alignment, including through enhanced communication, regular reporting, and broader engagement.
3. The content of this Statement of Expectations was approved by Council on [insert date] 2025.

#### **SWL's Purpose**

4. SWL's purpose is to deliver drinking water and wastewater services in the Selwyn District in accordance with the objectives currently contemplated by section 15 of the Local Government (Water Services) Bill (the **Bill**) and to do so through a phased transition process. SWL will transition to an asset-owning Water Services Council-controlled Organisation (**WSCCO**) under the Bill (once enacted) to operate for the same purpose]. SDC's expectation is that these will be delivered in a manner that is efficient, financially sustainable and high quality for the benefit of the Selwyn District's residents both now, and into the future.

#### **Objectives**

SDC expects SWL to operate consistently with the following objectives:

5. To provide drinking water and waste water services that:
  - a. provide safe drinking water to consumers;
  - b. do not have adverse effects on the environment;
  - c. are reliable;
  - d. are resilient to external factors, for example, climate change and natural hazards;
  - e. are of a quality that meets consumer expectations; and
  - f. meet all applicable regulatory standards and requirements.
6. To ensure that it provides drinking and waste water services in a cost effective and financially sustainable manner, including by:



- g. planning effectively to manage assets used to provide water services in the future; and
- h. sharing the benefits of efficiency gains with consumers, including when setting charges for water services;
- i. to perform its functions as a water service provider:
  - i. in an open, transparent, accountable manner; and
  - ii. in accordance with sound business practice;
- j. to act in the best interests of current and future consumers; and
- k. to be a good employer.

### **Focus for the 2025/26 financial year**

- 7. For the 2025/2026 financial year, we expect SWL to operate and be governed to achieve its purpose as described in paragraph 4 above. We specifically expect SWL to:
  - l. build its internal capacity to deliver on its purpose, and position it to successfully transition to a WSCCO;
  - m. develop its working relationship with SDC and other key stakeholders;
  - n. keep SDC reasonably updated as to its objectives and priorities, so that there is confidence that SWL will achieve its purpose and will be in a position to facilitate a successful transition to a WSCCO;
  - o. limit SWL's debt to revenue ratio below 500%; and
  - p. ensure SWL develops an emissions reduction plan, which will be implemented by the WSCCO, as part of supporting SDC's goal of reducing emissions to be prescribed in the Long-Term Plan 2024-2034.

### **Transition of SWL to an asset-owning water organisation**

- 8. SWL will support the transition to WSCCO, being a SDC wholly-owned new asset-owning water organisation that is solely responsible for delivering drinking water and wastewater services in the Selwyn District.
- 9. SWL will support this transition by following the implementation plan developed and adopted by SDC under the Local Government (Water Services Preliminary Arrangements) Act 2024 (PA), which will form part of SDC's Water Services Delivery Plan under the PA, and the provisions of the Bill (once enacted)
- 10. Prior to its transition to a new water organisation (WSCCO) and to take effect from 1 July 2025, SDC and SWL will support the development and implementation of interim agreements to provide for SWL to deliver drinking water and wastewater services prior to the intended transition to the WSCCO, and for SDC to provide associated services to SWL to enable it to deliver those services.
- 11. SWL will design its operations with a view to enabling it to meet the anticipated legislative and regulatory requirements that will apply to it once it becomes a water organisation including by:
  - a. Working with SDC and the Local Government Funding Agency (LGFA) to prepare to accede to LGFA.



- b. Developing its funding and financing programme, including determining its required revenue, and working closely with SDC to facilitate the required collection and transfer of water rates to support delivery of services by SWL.
- c. Preparing to implement the SDC development contributions policy, with the aim of recovering growth costs from developers in line with SDC's policy (until WSCCO has its own policy).
- d. Initiating preparation of the first Water Services Strategy for the WSCCO, and other planning and reporting documents that will be required under the Bill (once enacted), and working closely with SDC as shareholder as part of that early preparation.
- e. Initiating, with support from SDC, development of a new development contributions framework for the WSCCO that will aim to recover 100% of the WSCCO's growth costs from developers. This work will need to have a high degree of alignment with SDC's growth agenda for stormwater and roading infrastructure.
- f. Initiating development of a charging regime under the Bill (once enacted), and sharing that with SDC as it progressively develops.
- g. Designing its operations so that it will comply with the regulation developed by the Commerce Commission and Taumata Arowai.

12. In addition, SWL will more generally support SDC with its implementation of its Water Services Delivery Plan, once it is adopted and then accepted by the Secretary for Local Government.

13. SWL and SDC will support each other in relation to any advocacy relating to the Government's Local Water Done Well policy, and will not advocate independently of each other.

#### **CCO Statement of Intent**

14. If transition to a new WSCCO has not occurred by 1 March 2026, SDC expects SWL to prepare a Statement of Intent for 2026-27.

15. SDC expects the SWL's Statement of Intent to:

- h. Include key performance targets in relation to financial, operational and regulatory matters.
- i. Align with the SDC's 2024–2034 Long-term Plan including in relation to financial information, performance measures and the SDC's growth objectives.
- j. Anticipate SWL's intended transition to a water organisation, including the transfer of assets to WSCCO.
- k. Align with SDC's Water Services Delivery Plan.

#### **General expectations of WSCCO**

16. SDC expects SWL and its Board to:

- a. Manage operations in accordance with the company constitution, and all relevant legislation.
- b. Provide high quality leadership, strategic planning, risk management and oversight to provide efficient, financially sustainable and high-quality water services.
- c. Align its operations and planning with that of SDC as agreed, including in relation to growth.
- d. Maintain strong independent governance and operation of its business.



- e. Participate in SDC's long-term and annual planning processes, including by providing complete, accurate and timely advice to assist council decision-making.
- f. Be cognisant of the political context in which SWL operates and recognise that SDC is accountable to the community for SWL's performance.
- g. Observe the practice of 'no surprise' reporting to SDC.
- h. Ensure best practice governance and operations by SWL.
- i. Be transparent and accountable, including complying with the Local Government Official Information and Meetings Act 1987 (**LGOIMA**) and SDC's information disclosure policies (noting information held by SWL as a council-controlled organisation is subject to LGOIMA).
- j. Ensure health, safety, and staff wellbeing continue to be a top priority and that appropriate policies and structures are in place to support this.
- k. Ensure appropriate risk management identification and management structures are in place.
- l. Support SDC's climate change targets as set in its 2024–2034 Long-term Plan.
- m. Measure and share with SDC impact reporting on the benefit of SWL activities to the Selwyn Community including job creation, social, environmental and cultural impact on Selwyn District whenua and people.
- n. As a CCO of SDC, we expect SWL to commit to strengthening its engagement and relationships with mana whenua and Māori and fulfilling its obligations under Te Tiriti o Waitangi.

### Working with Selwyn District Council

17. We require SWL to provide:

- a. An Annual Report in accordance with section 67 of the Local Government Act 2002 if, on the date that Annual Report must be completed by, SWL has not become a WSCCO under the Bill once enacted.
- b. Advice on SWL's intended capital expenditure programme which should be targeted to ensuring adequate investment in infrastructure to support SDC forecast growth, while keeping water related rates / charges at a sustainable and affordable level having regard to the true cost of supply.
- c. A six-monthly update to SDC's Audit and Risk Subcommittee, in March and November each year, on SWL Audit and Risk Activity, including reporting on progress to support SDC's carbon footprint, emission reduction targets and reduction plans.
- d. Six-monthly Briefings for Councillors on SWL performance (financial and operational).
- e. Quarterly governance conversations between SWL Board Chair and the CEO, and SDC Mayor, CEO and Audit and Risk Subcommittee Chair. These conversations will include:
  - i. high level financials;
  - ii. progress towards achieving purpose in paragraph 4 above;
  - iii. progress with transition planning, as outlined in paragraphs 8 to 13 above.

### Climate change

18. SDC is committed to addressing climate change, including the impact of SDC activities on the environment, the need to build resilience and understand and manage risk.



19. SDC has set a target through the Long-Term Plan 2024-2034 process. It is taking a leadership role on this matter and is asking all members of its wider group to also adopt this target, with the focus being on reducing greenhouse gas emissions and then offsetting any residual amount.
20. SDC wishes to enhance its leadership role in this matter and expects SWL to actively progress carbon reduction initiatives and associated reporting and advise SDC how SWL will contribute to SDC's Zero Carbon work programme.
21. SDC expects SWL to provide ongoing reporting as to the extent to which SWL may be able to reduce emissions, the challenges to which solutions are not readily apparent or available and the potential cost of offsetting residual emissions.
22. Where emissions reduction is not feasible in the near term offset actions should be considered.
23. SWL will report on the activities set out in paragraphs [18](#) – [22](#) above as a part of its six-monthly reporting to SDC.

#### Next Steps

24. This Statement of Expectation has been prepared to inform the development of SWL's first Statement of Intent (if required), or the initial preparation of the WSCCO's first Water Services Strategy (as and when these accountability documents are required by legislation).
25. SDC expects to update this Statement of Expectations before the end of 2025 / ahead of transition to the WSCCO, to reflect the anticipated transition of WSCCO to being a water organisation under the Bill 2024 once enacted.
26. SDC will reissue a Statement of Expectation to the WSCCO once the Bill is enacted.
27. We look forward to working with you in the coming financial year. Please contact me if you have any queries relating to this letter of SDC's expectations.

Yours sincerely

Sam Broughton  
**Mayor**

Sharon Mason  
**Chief Executive Officer**

## **CLOSING KARAKIA**

Unuhia, unuhia

Te pou, te pou

Kia wātea, kia  
wātea

Āe, kua wātea

Remove, uplift

The posts

In order to be  
free

Yes, it has been  
cleared