15 October 2026

STATEMENT OF EXPECTATIONS

Prepared by: Far North District Council

Whangārei District Council

Kaipara District Council

For: Northland Waters Limited

This Statement of Expectations is issued by the Shareholders of Northland Waters Limited in accordance with section 224 of the Local Government (Water Services) Act 2025.

The terms in this Statement of Expectations have the same meaning as defined in the Shareholders' Agreement and Constitution unless otherwise specified.

1. Strategic Direction for Water Services in Northland

1.1. The Shareholders expect the Company to manage and develop affordable drinking water and wastewater services that are safe, reliable and resilient, and that actively support the region's long-term housing, social and economic development. In delivering these outcomes, the Company is expected to balance affordability, resilience, growth and long-term investment needs in a transparent and financially sustainable manner.

1.2. The Company will build and maintain public and commercial confidence in water services through transparent, accountable and responsive service delivery. The Company will operate as an integrated regional service including by responding in a timely and practical manner to the needs of customers, developers and businesses, particularly where service responsiveness is critical.

1.3. Northland includes a mix of dispersed communities, diverse hapū and iwi interests and aspirations, areas of rapid growth, centres of economic activity, infrastructure capacity constraints and environmental sensitivities. The Company is expected to respond to this context by delivering services in a manner that is regionally coordinated, commercially agile and locally responsive.

1.4. The Company will act in accordance with any relevant statutory obligation that applies to a Shareholder that is a territorial authority.

1.5. Subject to applicable law, the Company will act in accordance with any obligation that a Shareholder that is a territorial authority may have with a third party (including with hapū, iwi, or other Māori organisations) under a contract or other agreement, to the extent those obligations relate to the Water Services provided by the Company or its functions within the relevant Service Area.

2. **Outcomes and Strategic Expectations**

The Company is expected to give effect to the following strategic outcomes.

2.1. Customers, Communities and Service Users

a. The Company will provide services that reflect the practical needs and commercial experiences of customers, communities, developers, businesses and other users of water services. The Company will build and maintain public confidence throughout the transition and into ongoing operations.

b. The Company will ensure that:

- services are delivered safely and reliably from the Operational Date, with appropriate planning, risk management and response arrangements in place to minimise service interruptions and disruptions;

- customer interfaces, including billing, contact channels and service requests, are clear, stable and accessible from the Operational Date, so that responsibility for service delivery is well understood;

- billing arrangements are accurate and implemented in a way that supports customer understanding, including through clear communication of charges, billing timeframes and any changes from previous charging approaches;

- the transition to the Company is clearly communicated so that customers understand what has changed and how to engage with the Company;

- issues raised by customers are addressed in a timely, predictable, and transparent manner, and information about service performance is communicated clearly;

- developers and businesses are provided with consistent, timely and practical information, responses and services that recognise the role of water services in enabling development and economic activity, supported by clear and publicly available service standards that provide certainty around timeframes for key interactions and decisions;

- key relationships with hapū and iwi, regulators, service providers and community stakeholders, are identified early and transitioned in a coordinated and deliberate manner; and

- it works in good faith with the Shareholders recognising the role they play in planning for their district's development, and the role good water services play in supporting that development.

2.2. Financial Sustainability and Transparency

a. The Company will operate in a financially sustainable and prudent manner while maintaining affordability for current and future customers and having regard to the long-term implications of investment and funding decisions.

b. The Company will consider affordability as a key factor when developing its Water Services Strategy, Water Services Annual Budgets and major investment proposals. In doing so, the Company will be transparent about affordability impacts, the trade-offs between affordability, resilience and investment, and the implications of deferring or accelerating expenditure.

c. The Company will:

    - be financially and operationally ready to perform its Water Service responsibilities from the Operational Date;

    - maintain sufficient funding and working capital to meet operational and capital commitments as they fall due;

    - ensure that appropriate financial management and reporting arrangements are in place from the Operational Date;

- implement a long-term financial strategy that balances investment, resilience and affordability;

- seek opportunities for innovation and continuous improvement that enhance service delivery, resilience, efficiency and value for customers;

- provide financial reporting that clearly explains performance, including the drivers of cost, investment priorities and service outcomes;

- ensure that its billing and financial systems support, where appropriate, the implementation of Council-led financial support mechanisms, including rates assistance schemes, while maintaining the Company's financial sustainability;

- plan and fund growth-related infrastructure in a way that reflects the costs of growth, provides transparent allocation of investment, and supports transparent sequencing of work across Service Areas; and

- comply with the applicable economic regulation and information disclosure requirements administered by the Commerce Commission.

d. The Company will provide reporting that enables the Shareholders to understand financial performance within each Service Area, including information relating to costs, revenue, debt and investment associated with each Service Area.

e. The Company will consider and report on potential options for moving towards a price harmonisation model for water charges across all Service Areas within 3.5 years of incorporation, as required by the Shareholders' Agreement.

2.3. Resilient and Reliable Water Infrastructure

a. The Company will build, maintain and operate infrastructure that supports reliable service delivery and enables the long-term economic development of the region.

b. The Company will have regard to the importance of protecting and enhancing the health and wellbeing of water bodies when undertaking planning, investment and decision-making relating to Water Services.

c. The Company will:

- be ready to continue delivery of the Company's capital programme from the Operational Date, including the Company's capital programme for 2027/2028 while supporting continuity of works and confidence for suppliers and delivery partners;
- identify and assess asset condition, network constraints and service risks across the region and use that information to inform prioritisation and investment decisions;
- identify critical assets, understand key risks associated with those assets, and implement appropriate mitigation measures;
- base investment decisions on long-term planning, projected growth and required levels of service, including prioritising investment to address known network capacity constraints that limit development; and
- incorporate climate adaptation and resilience considerations into infrastructure planning and asset management.

d. The Company will plan and deliver its capital programme in a way that provides clear sequencing of works across Service Areas, ensures transparency of prioritisation decisions, maintains confidence in delivery, and provides clear reasons for any material reprioritisation, disruption or deferral of planned works, particularly where significant growth or infrastructure investment is planned.

e. The Company will operate in a way that seeks to improve service performance across the region while ensuring that no Service Area experiences a reduction in service levels or an unreasonable delay in planned investment.

2.4. Safe and Compliant Operations

a. The Company will maintain high standards of safety, regulatory compliance and environmental management.

b. The Company will:

- identify and manage its regulatory obligations from the Operational Date and maintain appropriate arrangements for achieving and demonstrating compliance;

- seek to contribute to improved environmental outcomes and the long-term health of water bodies through its planning, investment and operational decision-making;

- maintain effective systems and processes to support compliance with applicable requirements of Taumata Arowai and other relevant regulators;

- develop, implement and maintain appropriate governance, risk, information, complaints and emergency management frameworks to support the safe and accountable delivery of Water Services;

- implement health, safety and emergency response arrangements that are fully operational and clearly understood, including defined roles and escalation processes;

- ensure that systems and data required for safe and compliant operations are in place from the Operational Date; and

- foster an organisational culture that prioritises safety and compliance in both decision-making and supports a balanced approach to risk and investment while maintaining appropriate standards.

2.5. Integrated Regional Service Delivery

a. The Company will operate as a regional organisation, coordinating the efficient delivery of Water Services across Northland, while remaining responsive to differing circumstances, needs and priorities of each Service Area.

b. The Company will:

- Support an orderly transition of staff in a way that ensures continuity of employment arrangements, accuracy of remuneration and retention of institutional knowledge;
- ensure that the governance and organisational capability required to deliver Water Services is in place from the Operational Date;
- develop and adopt a Water Services Strategy that provides a clear long-term framework for investment, service delivery and decision-making;

- explain in the Water Services Strategy how affordability has been considered and balanced alongside service levels, resilience, growth and regulatory requirements; and
- deliver services through a regionally coordinated approach while remaining responsive to local service needs, and avoid unnecessary delays in design and implementation.

c. The Shareholders recognise that differences in local circumstances, service characteristics and legacy arrangements may require variations in approach. Where this occurs, area-specific expectations or requirements may be developed and applied.

3. Relationships with Iwi and Hapū

3.1. The Company will act in accordance with:

a. its statutory obligations in relation to Māori, including relevant Treaty settlement obligations; and
b. the obligations and commitments held by the Shareholders under existing relationship agreements with iwi, hapū and Māori organisations, to the extent those obligations are relevant to the Water Services provided by the Company or its functions within the relevant Service Area.

This clause applies in all Service Areas.

3.2. In giving effect to clause 3.1, Whangārei District Council expects the Company, in Whangārei District Council's Service Area, to:

a. build and maintain effective relationships with hapū, iwi and Māori organisations and reflect those relationships in its planning, decision-making and delivery of Water Services. The Company recognises that those relationships contribute to positive water, environmental and community outcomes.
b. work with hapū and iwi to develop and maintain engagement approaches and relationship arrangements that support ongoing dialogue, advice, participation and information-sharing; and
c. have regard to mātauranga Māori, local knowledge, and hapū and iwi perspectives, when undertaking planning, investment and decision-making activities relevant to Water Services.

3.3. Far North District Council expects the Company, in Far North District Council's Service Area, to:

a. build and maintain effective relationships with hapū, iwi and Māori organisations and reflect those relationships in its planning, decision-making and delivery of Water Services. The Company recognises that those relationships contribute to positive water, environmental and community outcomes.
b. work with hapū and iwi to develop and maintain engagement approaches and relationship arrangements that support ongoing dialogue, advice, participation and information-sharing; and
c. have regard to mātauranga Māori, local knowledge, and hapū and iwi perspectives, when undertaking planning, investment and decision-making activities relevant to Water Services.

4. Independent Review of Water Services Strategy

4.1. The Company will ensure that all or part of the Water Services Strategy is independently reviewed or audited, at least once every 3 years.

4.2. The Shareholders will set the scope, timing and reporting arrangements for each independent review or audit to be undertaken.

5. Planning and Strategy Alignment

5.1. The Company will operate in a manner that aligns with the planning frameworks and statutory responsibilities of the Shareholders.

5.2. The Company will:

a. have regard to relevant resource management, land use and growth planning frameworks, including the Future Development Strategy, any Regional Spatial Plan, Infrastructure Strategies, Long-Term Plans and other strategic planning documents of the Shareholders;
b. ensure that its Water Services Strategy provides a clear connection between the Shareholders' priorities and relevant Long-Term Plan outcomes, and the Company's planning and investment decisions;
c. seek to understand the priorities, interests and aspirations of affected hapū and iwi, and consider these when developing its Water Services Strategy and other significant planning documents;

d. engage with the Shareholders at an early stage where decisions may have significant implications for growth, infrastructure sequencing or community outcomes;
e. work with relevant Shareholder functions, including transport, stormwater, drainage and flood management, to support integrated planning, investment and delivery outcomes;
f. provide technical advice and information to support Shareholder planning, policy development and decision-making in matters relating to Water Services; and
g. ensure that planning, asset and operational information is aligned and shared with the Shareholders to support coordinated delivery and clear visibility across council functions.

5.3. In making planning and investment decisions, the Company will ensure that infrastructure sequencing aligns with agreed growth priorities and existing delivery programmes across each Service Area, and that any proposed changes are clearly explained and discussed with the Shareholders.

6. Relationships and Collaboration

6.1. The Company will maintain effective and constructive relationships with the Shareholders, customers, developers, businesses and other stakeholders, and will develop and maintain its own relationships with the communities it serves.

6.2. The Company will:

a. engage with the Shareholders and stakeholders, including the commercial sector, in a professional and constructive manner;
b. provide information reasonably required by the Shareholders to support their statutory, governance and adopted policy obligations in a timely manner;
c. recognise and work constructively with local governance, advisory and engagement arrangements established by the Shareholders, where these are relevant to the provision of Water Services;
d. work constructively with infrastructure and utility providers where coordination is required to support infrastructure planning, delivery and maintenance activities;
e. ensure that communication is timely, transparent and consistent with a ‘no surprises’ approach;
f. provide early visibility of emerging issues, risks and material decisions that may affect the Shareholders, communities, or the delivery and sequencing of planned growth; and

g. undertake meaningful engagement with communities and service users and collaborate with relevant parties where this contributes to better outcomes, including working constructively with the Shareholders to resolve differences in planning and engineering assumptions in a timely manner to avoid unnecessary delays to projects.

7. Supporting services

7.1. The Company will be open to entering into formal arrangements with Shareholder council(s), subject to development of agreed commercial terms, to support delivery of services that are the responsibility of councils. These may include, amongst other things:

a. stormwater
b. land drainage systems

8. Reporting and Accountability

8.1. The Company must provide timely and transparent information to enable effective oversight and accountability.

8.2. The Company will:

a. meet all statutory reporting requirements, including half-yearly reporting;
b. report on financial and non-financial performance against the expectations set out in this Statement of Expectations, including progress toward the Company's strategic objectives and priorities; and
c. disclose matters of material significance, including risks and issues that may affect performance, development timelines, or public confidence.

8.3. The Water Services Half-Yearly Report will include, at a minimum, information relating to:

a. financial performance and financial position, including forecast debt by Service Area;
b. affordability, including significant affordability risks and pressures and how affordability considerations have informed investment and funding decisions;
c. delivery of the capital programme;
d. performance against the Water Services Strategy and Statement of Expectations;
e. significant operational, regulatory and strategic risks;

f. key asset condition challenges, priority investment areas and progress in addressing identified network constraints and asset risks;
g. material issues, opportunities and emerging trends that may affect future performance; and
h. how comments made by the Shareholders on the draft Water Services Strategy and draft Water Services Annual Budget under clause 3.2 of the Constitution have been considered.

8.4. The Company's reporting will support a clear understanding of service performance, financial performance and progress against strategic objectives. This will include reporting that provides visibility of the timeliness and quality of technical inputs into the Shareholders' planning and consenting processes, with performance measures to be developed through the Company's performance framework.

9. Performance Framework

9.1. The Shareholders will develop a performance framework that gives effect to the expectations set out in this Statement of Expectations.

9.2. The Company will maintain, and implement the requirements of, the performance framework.

9.3. The performance framework will:
a. include clear, measurable indicators and targets across key performance domains, including service delivery, customer outcomes, financial performance, environmental outcomes, and asset performance;
b. enable performance to be monitored over time and assessed against the expectations and outcomes set out in this Statement of Expectations; and
c. support transparent, consistent, and meaningful reporting to the Shareholders.

9.4. The Company will report against the performance framework, including, at a minimum, providing insight into:
a. performance against agreed indicators and targets;
b. key trade-offs between cost, level of service, and investment;
c. progress in delivering efficiency gains and long-term benefits; and
d. emerging risks and issues affecting performance.

9.5. The Company will ensure that performance information is presented in a way that enables the Shareholders to understand progress over time and identify where further decision-making may be required.

9.6. Detailed performance measures, including those relating to service delivery timeframes and responsiveness, will be set out in a separate and adaptable performance framework that allows detailed metrics to be updated over time.

10. Transition and Establishment Expectations

10.1. The Company will give particular priority to achieving Operational Date readiness and ensuring operational stability through the Transition Period.

10.2. The Company will:

a. plan for and support continuity of Water Services through the transition and from the Operational Date, with appropriate arrangements to minimise disruption;
b. ensure that customer-facing systems and processes are operational, accessible and clearly understood in advance of the Operational Date;
c. support continuity of Water Services and delivery programmes through the effective transition of key contractual and supplier relationships;
d. identify, monitor and manage material risks associated with the transition;
e. support the effective transfer and retention of key capability, institutional knowledge and delivery capacity through the transition; and
f. support continuity of existing capital programmes and minimises unnecessary disruption to established delivery programmes.

11. Application and Future Development

11.1. This Statement of Expectations sets the Shareholders' expectations of the Company at the point of establishment and provides the framework against which performance and development will be considered.

11.2. The Company and The Shareholders acknowledge that:
a. the Company will evolve as it establishes and matures;
b. further detail may be developed over time, including in relation to a specific Service Area, relationships, or performance expectations; and
c. any amendment to or replacement of this Statement of Expectations will be undertaken in accordance with clause 8.3 of the Shareholders' Agreement and the Local Government (Water Services) Act 2025.

11.3. This Statement of Expectations comes into effect on the date it is approved by the Shareholders and will continue in force until 30 June 2037.