

AGENDA

RĀRANGI TAKE

NOTICE OF AN ORDINARY MEETING OF

COUNCIL

to be held on **Thursday, 26 March 2026**, commencing at **1 pm** in the Council Chambers,
36 Weld Street, Hokitika and via Zoom

Chairperson	Her Worship the Mayor
Deputy and Northern Ward Member:	Cr Burden
Northern Ward Members:	Cr Mackenzie, Cr Maitland
Hokitika Ward Members:	Cr Gillett, Cr Martin, Cr Walker
Southern Ward Members:	Cr Manera, Cr Munns
Iwi Representatives:	Kw Madgwick, Kw Tumahai



In accordance with clause 25B of Schedule 7 of the Local Government Act 2002, members may attend the meeting by audio or audio-visual link.

Council Vision

By investing in our people, caring for the environment, respecting the Mana Whenua Cultural heritage, and enabling investment, growth, and development we will enrich our district and the people that reside here.

Purpose

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- (a) To enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) To promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

1. KARAKIA TĪMATANGA OPENING KARAKIA

<i>Kia hora te marino Kia whakapapa pounamu te moana Hei hurahai mā tātou I te rangi nei Aroha atu, aroha mai Tātou i a tātou katoa Hui e! Tāiki e!</i>	<i>May peace be widespread May the sea be like greenstone A pathway for us all this day Give love, received love Let us show respect for each other Bind us all together!</i>
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2. NGĀ WHAKAPAAHA APOLOGIES

3. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a member thinks they may have a conflict of interest, they can seek advice from the Chief Executive (preferably before the meeting). It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

4. NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE URGENT ITEMS NOT ON THE AGENDA

Section 46A of the Local Government Official Information and Meetings Act 1987 states:

- (7) An item that is not on the agenda for a meeting may be dealt with at the meeting if –
 - (a) the local authority by resolution so decides, and
 - (b) the presiding member explains at the meeting at a time when it is open to the public, -
 - (i) the reason why the item is not on the agenda; and
 - (ii) the reason why the discussion of the item cannot be delayed until a subsequent meeting.
- (7A) Where an item is not on the agenda for a meeting, -
 - (a) that item may be discussed at the meeting if –
 - (i) that item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
 - (b) No resolution, decision, or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.

5. PUBLIC FORUM

6. NGĀ MENETI O TE HUI KAUNIHERA MINUTES OF MEETINGS

Minutes circulated.

- Council Meeting Minutes – 26 February 2026 (Pages 6-12)

COMMITTEE MINUTES TO BE RECEIVED:

- Nil

7. ACTION LIST (Pages 13-15)

8. NGĀ TĀPAETANGA PRESENTATIONS

- Department of Conservation Representatives

9. PŪRONGO KAIMAHI STAFF REPORTS

- **Financial Report** (Pages 16-32)
Financial Accountant to speak to the report.
- **Hokitika Wastewater Treatment Plant Oversight Subcommittee** (Pages 33-38)
Her Worship the Mayor to speak to the report.
- **Hokitika Westland isite Visitor Information Centre Report** (Pages 39-41)
General Manager Business Enablement to speak to the report.
- **Easter Sunday Shop Trading Policy** (Pages 42-50)
General Manager Regulatory and Compliance to speak to the report.
- **Waitaha Valley Road Widening** (Pages 51-54)
General Manager District Assets to speak to the report.
- **Westland Industrial Heritage Park** (Pages 55-66)
General Manager District Assets to speak to the report.
- **Local Waters Done Well**
Provision of Loan Funding for Water Services (Pages 67-70)
- **West Coast Water Services Council Controlled Organisation – Constitution, Shareholders Agreement and Board Appointment Process.** (Pages 71-129)
Chief Executive to speak to the reports.

10. ADMINISTRATIVE RESOLUTIONS

Nil

11. KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI RESOLUTION TO GO INTO PUBLIC EXCLUDED

(to consider and adopt confidential items)

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

Item No.	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
1.	Confidential Minutes – Ordinary Council Meeting 26 February 2026	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
2.	South Westland Waste & Recycling	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
3.	Racecourse Development Update	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
4.	Ross Swimming Pool Tender	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 and the particular interests or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No.	Interest	Section
1	Protect the privacy of natural persons, including that of deceased natural persons	(S.7(2)(a))
1, 2, 3, 4,	Protect information where the making available of the information: (i) (ii) would disclose a trade secret; and would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	(S.7(2)(b))
1, 2, 3, 4,	Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	(S. 7(2)(h))
1, 2, 3, 4	Prevent the disclosure or use of official information for improper gain or improper advantage	(S.7(2)(j))

**DATE OF NEXT ORDINARY COUNCIL MEETING
ON 26 MARCH 2026 AT 1.00 PM
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**



ORDINARY COUNCIL MINUTES

MINUTES OF THE ORDINARY COUNCIL MEETING OF WESTLAND DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM ON THURSDAY 26 FEBRUARY 2026 COMMENCING AT 1:00 PM

The Council Meeting was live streamed to the Westland District Council YouTube Channel and presentations were made available on the Council Website.

1. KARAKIA TĪMATANGA OPENING KARAKIA

The opening Karakia was led by Her Worship the Mayor.

2. MEMBERS PRESENT AND APOLOGIES

Chairperson:	Deputy Mayor Cr Burden
Northern Ward Members:	Cr Maitland, Cr Mackenzie
Hokitika Ward Members:	Cr Gillett (via zoom), Cr Martin, Cr Walker
Southern Ward Members:	Cr Manera, Cr Munns
Iwi Representatives:	Kw Madgwick (via zoom), Kw Tumahai (via zoom)

NGĀ WHAKAPAAHA APOLOGIES

Apologies received from Cr Munns who will be absent, and Cr Gillett who will be arriving late (joined at 2:08pm).

Moved Cr Maitland, seconded Cr Burden and **Resolved** that the apology from Cr Munns and Cr Gillett be received and accepted.

STAFF PRESENT

B. Phillips, Chief Executive; E. Bencich, General Manager District Assets; S. Lewis, Chief Financial Officer; S. Hewett, Governance Administrator; T. Suchanek, Senior Administrator.

Staff present for part of the meeting:

L. Webster, General Manager Regulatory and Compliance

D. Louw, Contract Manager Recreation and Disposals

3. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

The Interest Register had been circulated to the Mayor and Councillors.

There were no changes made to the Interest Register.

**4. NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE
URGENT ITEMS NOT ON THE AGENDA**

There were no urgent items to be added to the agenda.

5. PUBLIC FORUM

There were no public submissions.

**6. NGĀ MENETI O TE HUI KAUNIHERA
MINUTES OF MEETINGS TO BE CONFIRMED:**

- **Ordinary Council Meeting Minutes – 29 January 2026**
 - Clarification was provided by Her Worship the Mayor regarding comments made at the previous council meeting held 29 January 2026 regarding a cap on FTE staff that it was only a temporary measure put in place by previous management and that time period has since lapsed.
- **Extraordinary Council Meeting Minutes – 18 February 2026**

Moved Cr Manera, seconded Cr Martin and **Resolved** that the Minutes of the Ordinary Council Meeting held on 29 January 2026, and Extraordinary Council Meeting held on 18 February 2026 be confirmed as a true and correct record of the meeting.

Deputy Mayor Cr Burden approved that his digital signature be added to the confirmed Ordinary Council Meeting Minutes of 29 January 2026 as acting chair of that meeting and Her Worship the Mayor approved that her digital signature be added to the confirmed Extraordinary Council Meeting Minutes of 18 February 2026.

7. ACTION LIST

The Chief Executive spoke to the Action List.

Majority of items are ongoing however a note was made regarding item 5 for a roundtable with residents of Lake Kaniere to discuss issues that council are in correspondence with them and waiting to set up a meeting and will report back to Council once this has happened.

Item 9 is on the agenda of today's meeting so will be closed today.

Tim Cadogan has presented to Council in December, so the Chief Executive proposed that Item 8 be removed from the action list and moved to the closed actions register.

Moved Cr Manera, seconded Cr Walker and **Resolved** that the updated Action List be received and that Item 8 be removed from the list.

8. NGĀ TĀPAETANGA PRESENTATIONS

Her Worship the Mayor distributed a monthly report to councillors.

Moved Cr Maitland, seconded Cr Martin that the report be received.

9. PŪRONGO KAIMAHI STAFF REPORTS

Financial Report

The Chief Financial Officer spoke to the report and advised that the report has been updated to indicate the risk status using the Red Amber Green (RAG) format. The report was taken as read and only items reporting as 'red' or 'amber' will be highlighted.

Some of the projects rated as 'red' are due to timing where expense has fallen within this financial year, but funding will fall within the next financial year and our debt to revenue ratio should even out over the next financial year where this is the case.

There have been two emergency work schemes that weren't budgeted in January and the slip that occurred in Jackson Bay this morning (26 February 2026) will be accounted for as unbudgeted emergency work in next month's report.

Moved Cr Walker, seconded Cr Maitland and **Resolved** that the Financial Performance Report for 31 January 2026 be received.

Delegations Manual

The Chief Financial Officer spoke to the report.

The Chief Executive clarified that previously delegations were too widespread so they have been reigned in in the updated manual and that for the purposes of projects with multiple small tenders the delegation authority would apply to the overall value associated with the project rather than each individual tender amount.

Moved Cr Manera, seconded Cr Walker and **Resolved** that the report had been received and council will adopt the Delegations Manual upon fixing the typo identified on page 9 and publish it on the Council's website.

Cr Mackenzie abstained from voting.

West Coast Triennial Agreement

The Chief Executive spoke to the report and explained that the agreement was largely similar to the previous one but now includes the addition of Development West Coast as a participant.

There was dispute around the wording of the clause regarding councils expressing criticism of each other publicly; it was explained that the intent behind the clause is one of etiquette rather than suppression of opinions, but the Mayors, Chair, and Iwi could revisit the wording when the agreement is next looked at.

Moved Cr Martin, seconded Cr Manera and **Resolved** that the report be received, Council agrees to adopt the 2025-2028 West Coast Triennial Agreement, and Council endorses the Mayor to sign the agreement on behalf of Westland District Council.

Funding of Water Service Council Controlled Organisation (CCO) Setup Cost

The Chief Executive spoke to the report, noting that the Grey District Council had endorsed it earlier in the week while Buller District Council have requested further information from the Department of Internal Affairs before they make their final decision.

The Chief Executive noted that there had been a minor change to recommendation 10.4 to take into account that Buller District Council have not yet made a final decision on acting as the administrative council for the CCO. The Chief Executive distributed copies of the amended report to Councillors.

Councillors were assured that any significant financial decisions would still come back through each council for approval. All councils intend to get the directors in place as soon as possible to manage the CCO and reduce the reliance on consultants.

Moved Cr Maitland, seconded Cr Burden and **Resolved** that this report has been received and Council endorses the setup budget of \$5 million for the Water Services CCO, to fund its one-third share of the debt required for setup, and acknowledges the setup costs will initially be debt-funded by Buller District Council and then the debt will be transferred to the CCO upon incorporation (expected 1 July 2027), however this final resolution is subject to Buller District Council's decision expected in April 2026.

Alcohol Restriction Bylaw

The General Manager Regulatory and Compliance spoke to the report, which has been out for public consultation, only receiving one submission which was in favour of the Bylaw. The wording of the Bylaw has been written in conjunction with feedback from the Ministry of Health and the local police were consulted.

Hokitika is the only township affected on the West Coast due to the historical reasons that brought about the need for a bylaw have not been evident in other areas, however if they did arise Council can revisit the bylaw and consider extending it.

Moved Cr Martin, seconded Cr Burden and **Resolved** that the report has been received, and that Council approved the Alcohol Restriction Bylaw 2026 to commence on 6 March 2026.

Cr Mackenzie voted against this motion.

Consenting and Compliance Committee

The General Manager Regulatory and Compliance spoke to the report and acknowledged that there had been a need for a Consenting and Compliance Committee at the time of inception, but the internal process has now changed with the General Manager meeting with complainants directly to resolve issues as they arise and now have a 100% response rate.

Should the need for the committee to be reestablished arise in the future there is nothing stopping Council from reinstating it however Council would like the open-door policy for issues to be embedded into the culture to prevent it changing in the event of staff turnover.

Moved Cr. Maitland, seconded Cr Martin and **Resolved** that the report be received and that the Consenting and Compliance Committee is no longer required at this time.

Waste Management

The Contract Manager Recreation and Disposals spoke to the report and then the General Manager District Assets gave more background. It was noted that the current recycling plant in Greymouth can't work soft plastics and that it would be expensive to implement facilities to do this, methane extraction is implemented in the majority of new landfill sites however the cells at our sites are too small for it. Tourism in the region is a factor on increased waste in the area.

There have been queries from Kokatahi residents about the possibility of extending council waste and recycling services out to their community. The GM District Assets noted that it is however the further out you go the more expensive it becomes to service.

Moved Cr Walker, seconded Cr Manera and **Resolved** that the report be received by Council.

10. ADMINISTRATIVE RESOLUTIONS

The Chief Executive sought Council approval to publicly release the resolutions of the following items, spoken to in the public excluded section of the Council meeting held on 29 January 2026:

- Future Governance and Delivery of the Wildfoods Festival
- Hokitika Wastewater Treatment Plant

Moved Cr Burden, seconded Cr Manera and **Resolved** that Council approves the public release of the resolutions agreed to relating to the items above.

The resolutions to be released to public are as follows:

- Council approved a one-year transition period under which council will assume ownership and governance responsibility for the 2027 Wildfoods Festival.
- Council staff to be instructed to proceed to the next stage of the process and go out to tender in accordance with the Long-Term Plan.

Cr Maitland requested that it be noted he objected to the direction of the Wastewater Treatment Plant resolution.

11. KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI RESOLUTION TO GO INTO PUBLIC EXCLUDED

Moved Cr Walker, seconded Cr Manera and **Resolved** that Council confirm that the public were excluded from the meeting in accordance with Section 48, Local Government Official Information and Meetings Act 1987 at 2:30pm.

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

Item No.	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
1.	Confidential Minutes – Ordinary Council Meeting 29 December 2025	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure

Item No.	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
			of information for which good reason for withholding exists. Section 48(1)(a)
2.	Council Controlled Organisation Directors Remuneration	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
3.	District Licensing Committee Report	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
4.	Land Disposal	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
5.	Hokitika Racecourse Lot 4	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
6.	Director Appointment	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 and the particular interests or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No.	Interest	Section
1, 2, 3, 6	Protect the privacy of natural persons, including that of deceased natural persons	(S.7(2)(a))
1, 4, 5	Protect information where the making available of the information: (i) (ii) would disclose a trade secret; and would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	(S.7(2)(b))
1, 2, 3, 4, 5, 6	Maintain the effective conduct of public affairs through— (i) the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) applies, in the course of their duty; or the protection of such members, officers, employees, and persons from improper pressure or harassment.	(S.7(2)(f))
1, 4, 5	Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	(S. 7(2)(h))
1, 2, 4, 5	Prevent the disclosure or use of official information for improper gain or improper advantage.	(S.7(2)(j))

Moved Cr Mackenzie, seconded Cr Burden and **Resolved** that the business conducted in the ‘Public Excluded Section’ be confirmed, and accordingly, the meeting went back to the open part of the meeting at 4:12 pm.

MEETING CLOSED AT 4:12 PM

**DATE OF THE NEXT ORDINARY COUNCIL MEETING – 26 MARCH 2026 AT 1:00 PM
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**

Confirmed by:

**Her Worship the Mayor Helen Lash
Chair**

Date: 26 March 2026

ACTION LIST MARCH 2026

Item No.	Date Added	Item	Action	Completion Target Date	Officer	Current Status	Date and Next Steps	Status
1	26.08.2021	Council Headquarters, 36 Weld Street / Pakiwaitara Building, 41 Weld Street, Hokitika	Business case for the scope of work after structural analysis and report. Options to be reported back to Council at the 26 June Ordinary Council meeting	Apr-25	General Manager District Assets	Council resolved on the 22 May 2025 to put the Pakiwaitara Building on the market immediately, with a caveat that investigations be undertaken to provide costings on two alternative options for the Council building, namely: i) Demolish and rebuild on the Pakiwaitara site. ii) To occupy the Hokitika Government Building.	The intention is that the community will be provided with information once preparatory work has been completed by the end of November 2025. The Chief Executive advised that work was progressing. They were waiting on further information relating to the new policies on earthquake strengthening and will report back once Government have set their new policies.	Open
2	26.09.2024	Hokitika Museum Trust Board Formation	Information regarding the formation of a Trust Board		General Manager Business Enablement	Her Worship the Mayor advised that before a Trust is established, there needs to be an understanding of the current management structure, staffing, operational costs, a full set of financial records, including operational costs, the proposed future plans, and the future projections of the Museum.	A report was being prepared by the new General Manager, Business Enablement who will liaise with Kw Madgwick before being presented to Council. Background work on this is progressing with a paper to be presented in April 2026.	Open

4	17.04.2025	Hokitika Racecourse Development		Chief Executive		Final Update to be presented to council in March 2026.	Open
5	22.05.2025	Lake Kaniere	Request for a round table meeting to discuss issues at Lake Kaniere.	Chief Executive	Various items relating to Lake Kaniere were raised at the 22 May 2025 Extraordinary Council Meeting.	GM District Assets has requested information from DOC & WCRC, pending receipt of that information a round table with local residents and the complainant will be held. We are currently in correspondence with local resident groups to arrange a time for this and will report back to Council after this has been held.	Open
6	22.05.2025	Hokitika Westland isite		Chief Executive	Councillors discussed the costs for the isite and West Coast Wilderness Trail at their meeting on the 22 May 2025.	A paper to be provided to the new Council for consideration in March 2026.	Open

7	18.12.2025	Status of assessing earthquake prone public and private buildings, including St Mary's Catholic Church.	Chief Executive	<p>Council discussed the effect of the recent earthquake prone building (EPB) changes on the buildings with a EPB notice. The proposals are potentially to be legislated in 2027 and are subject to change. Details of these proposals will be included in the Council HQ paper.</p> <p>The Council paper will not include privately owned buildings as this is not Council's responsibility.</p>	A paper to be provided to the Council for consideration in conjunction with item 1.	Open
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Report to Council



DATE: 26 March 2026
TO: Mayor and Councillors
FROM: Financial Accountant

FINANCIAL PERFORMANCE – February 2026

1. Summary

- 1.1. The purpose of this report is to provide an indication of Council’s financial performance for the month to 28 February 2026.
- 1.2. This issue arises from a requirement for sound financial governance and stewardship with regards to the financial performance and sustainability of a local authority.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2025, which are set out in the Long-Term Plan 2025–2034. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that Council receive the financial performance report to 28 February 2026.

2. Background

- 2.1. Council receives monthly financial reporting so that it has current knowledge of its financial performance and position against budgets. A more detailed performance report is presented to the Risk and Assurance Committee (R&A Committee), on a quarterly basis which includes non-financial information against KPI’s adopted through the Long-Term Plan.

3. Current Situation

- 3.1. The information in the report is of a summarised nature, with only permanent variances over \$25,000 having comments. Temporary differences which are mainly budget phasing are not commented on as these will either approximate budget by the end of the financial year, or become a permanent variance which will be noted.
- 3.2. This is the first financial report of the new financial year, and the first report under the nine-year Long-Term Plan 2025–2034. As such, it sets the baseline for monitoring progress against the new budget and strategic priorities.

- 3.3. The financial performance report to 28 February 2026 is attached as **Appendix 1** and contains the following elements;
- 3.3.1. Financial Dashboard
 - 3.3.2. Statement of Comprehensive Revenue and Expense
 - 3.3.3. Notes to the Statement of Comprehensive Revenue and Expense
 - 3.3.4. Revenue and Expenditure Graphs
 - 3.3.5. Funding Impact Statement
 - 3.3.6. Statement of Financial Position
 - 3.3.7. Debtors
 - 3.3.8. Debt position
 - 3.3.9. Capital Expenditure

4. Options

- 4.1. Option 1: That Council receives the Financial Performance Report to 28 February 2026.
- 4.2. Option 2: That Council does not receive the Financial Performance Report to 28 February 2026.

5. Risk Analysis

- 5.1. Risk has been considered and no risks have been identified in receiving the report, however if Council did not receive the report, it could be perceived that there was a lack of financial stewardship leading to reputational risk and conduct risk.

6. Health and Safety

- 6.1. Health and Safety has been considered, and no items have been identified.

7. Significance and Engagement

- 7.1. The level of significance has been assessed as being low as the report is for information purposes only.
- 7.2. No public consultation is considered necessary.

8. Assessment of Options (including Financial Considerations)

- 8.1. Option 1: The Council receives the report. This report is to inform Council on the monthly financial position and to encourage financial stewardship.
- 8.2. Option 2: If the Council does not receive the report there will be no oversight of the financial position of Council or whether the costs of Council are being managed in line with budgets.
- 8.3. There are no financial implications to these options.

9. Preferred Option(s) and Reasons

9.1. The preferred option is Option 1.

9.2. The reason that Option 1 has been identified as the preferred option is that the report is administrative in nature and to do nothing could create risks to council. Council would be carrying out its administrative stewardship in receiving the report.

10. Recommendation(s)

10.1. That the Financial Performance Report for 28 February 2026 be received.

Cody Nabben
Financial Accountant

Appendix 1: Finance Performance Report for 28 February 2026

Appendix 1

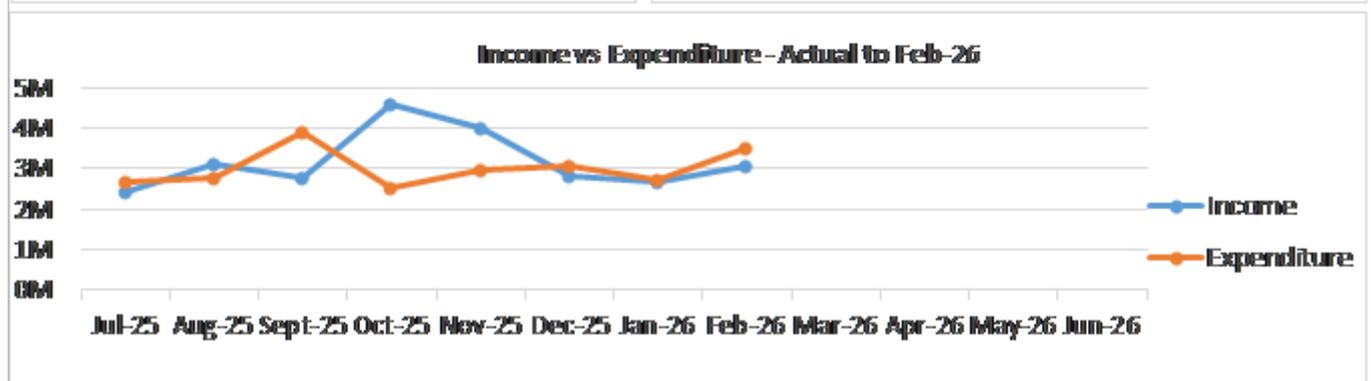
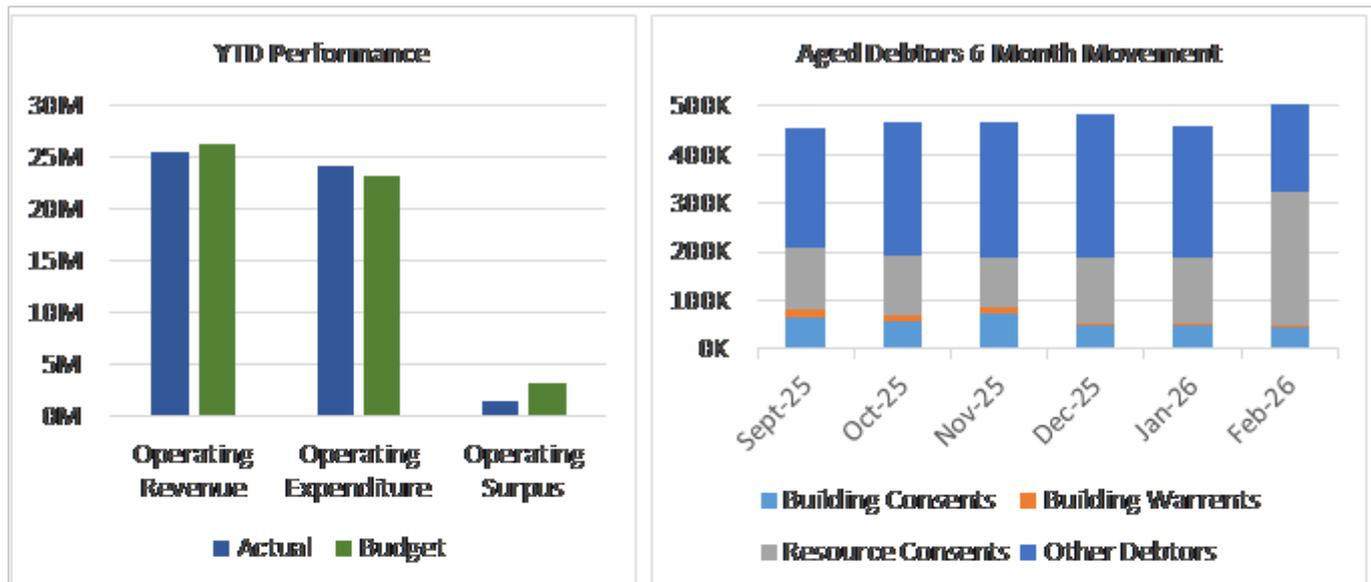


Financial Performance Year to 28 February 2026

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Financial Dashboard



Operating Performance	Actual YTD	Budget/Target	Status
Revenue	\$25,554,525	\$26,318,723	●
Expenses	\$24,213,662	\$23,232,542	●
Operating Surplus / (Deficit)	\$1,340,863	\$3,086,181	●
Balanced Budget Ratio	105.5%	≥100.0%	●
Rates to Operating Revenue	67.2%	65.3%	●

Liquidity & Reserves	Actual YTD	Budget/Target	Status
Current Ratio	146.5%	≥100.0%	●
Net Working Capital	\$6,459,070	≥\$0	●
Cash & Equivalents	\$13,155,596	Movement	●
Deposits	\$3,800,000	Movement	●

Debt & Borrowing	Actual YTD	Budget/Target	Status
Total Gross Debt	\$38,743,993	\$38,700,000	●
Net Debt	\$21,788,397	\$34,900,000	●
Liquidity Risk - LGFA	144.2%	≥110.0%	●
Interest to Operating Revenue	2.3%	≤10.0%	●
Interest to Rates Revenue - LGFA	3.4%	≤25.0%	●
Interest Cover Ratio	1.4	≥2	●

Capital Investment & Infrastructure	Actual YTD	Budget/Target	Status
Capital Expenditure (CAPEX)	\$3,266,314	\$4,082,016	●
Essential Services Ratio	80.0%	≥100.0%	●

Statement of Comprehensive Revenue and Expenditure

	Notes	Actual YTD (\$000)	YTD Budget (\$000)	Variance YTD (\$000)	Var/Bud %	Full Year Budget (\$000)	Full Year Forecast (\$000)
Revenue							
Rates	01	17,179	17,178	1	0.01%	25,984	25,984
Grants and subsidies	02	4,591	5,735	(1,144)	(19.95%)	25,465	11,025
Interest Revenue	03	422	390	32	8.21%	585	631
Fees and Charges	04	2,241	1,870	371	19.86%	2,774	3,132
Other Revenue	05	1,121	1,146	(25)	(2.16%)	1,789	1,735
Total Operating Revenue		25,555	26,319	(764)	(2.90%)	56,597	42,506
Expenditure							
Employee Benefit expenses	06	5,478	5,677	(199)	(3.51%)	8,508	8,201
Finance Costs	07	1,007	1,070	(63)	(5.92%)	1,605	1,586
Depreciation	08	6,243	5,469	774	14.15%	8,204	9,365
Other Expenses	09	11,486	11,016	469	4.26%	34,579	18,139
Total Operating Expenditure		24,214	23,233	981	4.22%	52,896	37,291
Operating Surplus/(Deficit)		1,341	3,086	(1,745)	(57%)	3,701	5,215

Notes to the Statement of Comprehensive Revenue and Expenditure

Comments are provided on permanent variances over \$25,000.

01 Rates

- Rates is on track

02 Grants and subsidies revenue

- \$1m is budgeted for the Racecourse Development project; \$1.16m has been invoiced to date for Rooding Network and Water Services work completed this year.
- \$16.4m is budgeted for the Hokitika Airport project; \$1.40m has been received to date. An additional \$600k is forecast to be receivable.
- Transport grants claimed to date total \$1.89M. Capital transport grants are \$1.3 lower than budget, reflecting lower capital expenditure to date.
- Other unbudgeted grants to date include:
 - \$92k has been received relating to waste minimisation.
 - \$43k has been received for the Cass Square Basketball court project

03 Interest revenue

- Interest Revenue is on track

04 Fees and charges revenue

- Resource consent fee revenue is higher than budget by \$187k due to higher consent volumes and increased complexity (leading to more hours charged).
- Waste disposal levy revenue collected is \$86k higher than budget, reflecting higher waste volumes associated with stronger tourist numbers and cost escalations.
- Rubbish removal revenue received at the Franz Josef (Butlers) and Hokitika transfer stations was \$39k and \$41k above budget respectively, driven by the same factors impacting waste volumes.

05 Other revenue

- Other Revenue is on track

06 Employee benefit expenses

- Variance reflects vacant positions.

07 Finance costs

- Interest expense is slightly lower than budget, reflecting lower-than-expected interest rates.

08 Depreciation expense

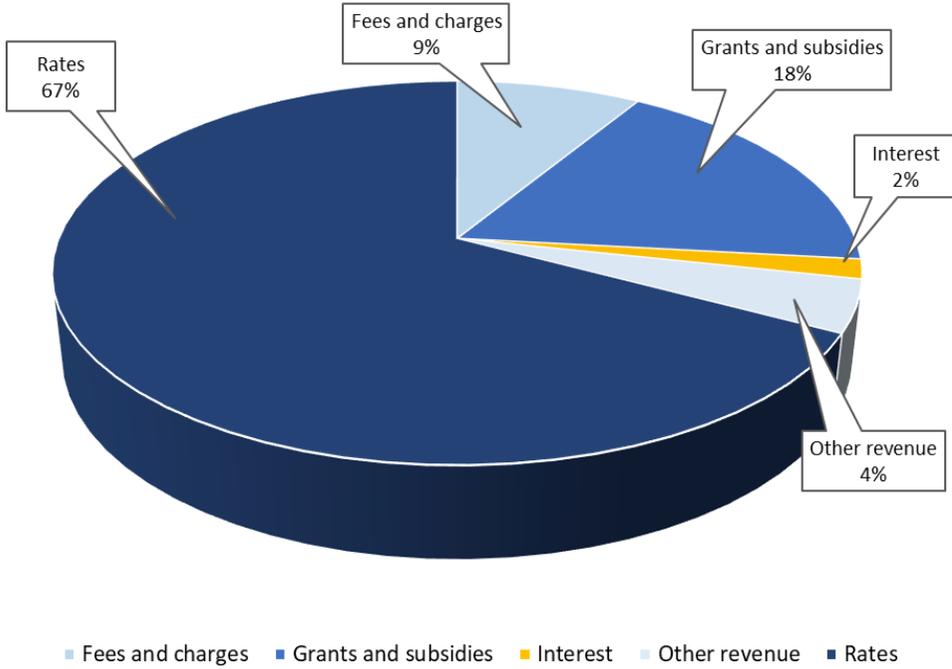
- Depreciation expense is higher than budget as the depreciation allowance included in the budget was understated.

09 Other expenses

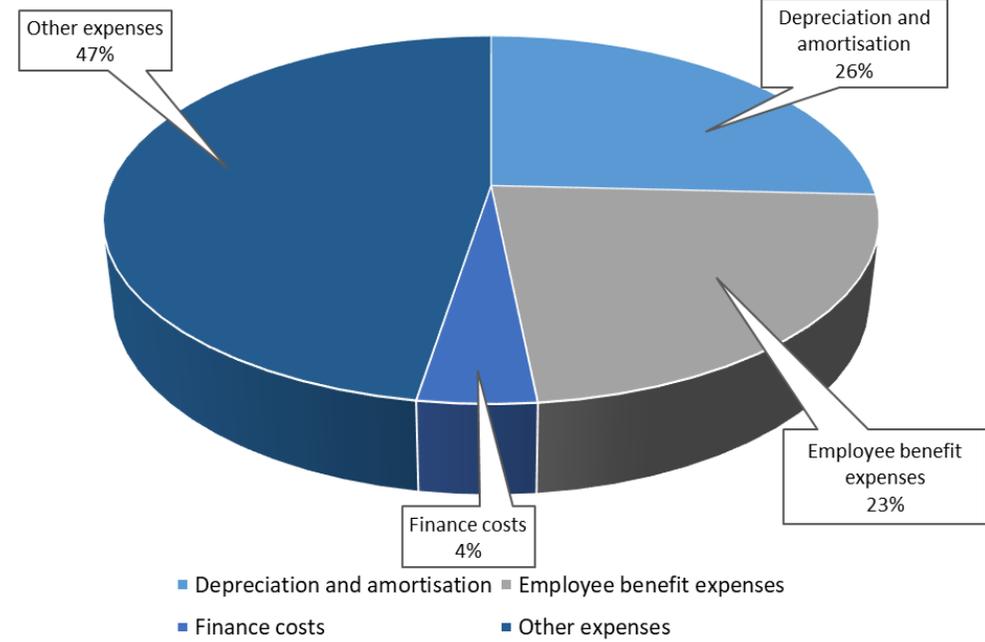
- Non-cash loss on swaps of \$135k recognized this year due unfavourable movements in interest rates since prior year. Swaps are market driven and also move to par as they move to the maturity date.
- Electoral Officer Costs are higher than budget \$59k. Invoices have been sent in January to share most of these costs and offset the variance.
- Resource consent processing costs are \$69k higher than budget (refer to note 4 for offset)
- Electricity costs for Hokitika Water Treatment Plant are higher than budget by \$80k due to increased usage.
- Unbudgeted consultancy costs associated with a funding application to the Contaminated Sites and Vulnerable Landfills Fund.

Revenue & Expenditure Graphs

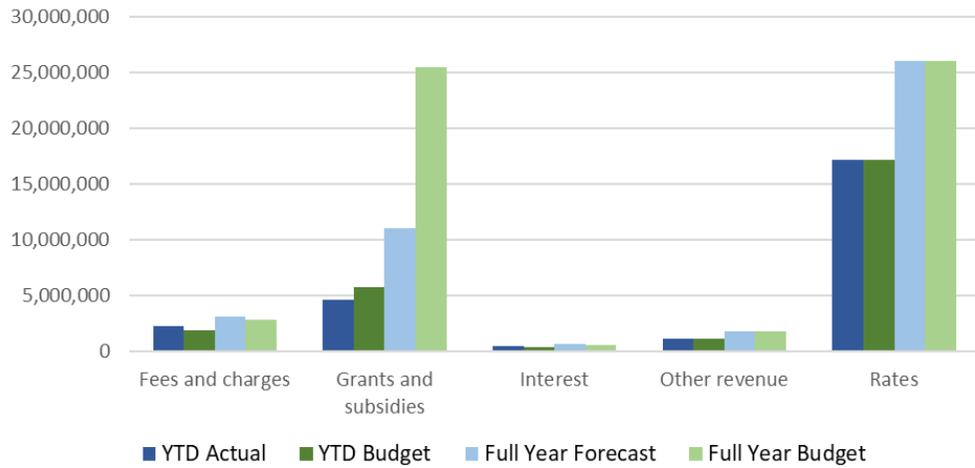
Operating Revenue Actual Year to February



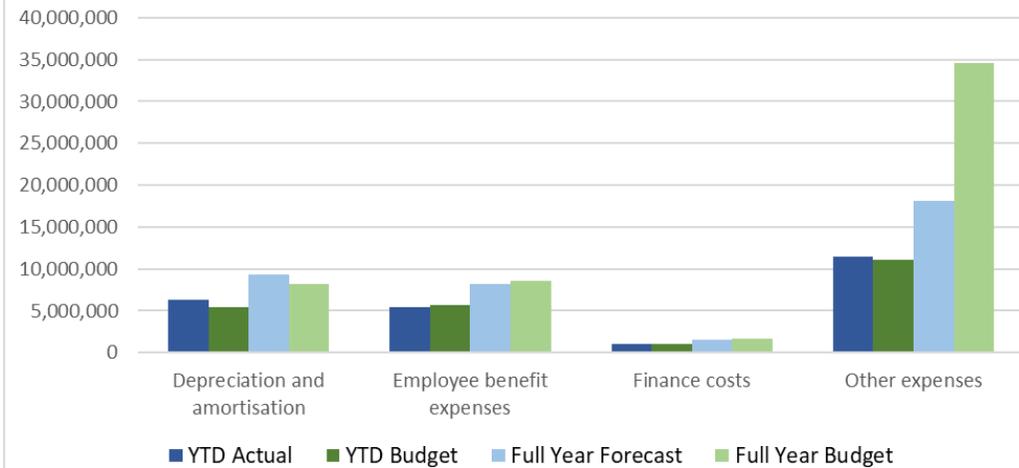
Operating Expenditure Actual Year to February



Operating Revenue



Operating Expenditure



Funding Impact Statement (Whole of Council)

	YTD Feb 2026 Actual \$000	YTD Feb 2026 Annual Plan \$000	FY 2025/26 Annual Plan \$000
(SURPLUS) / DEFICIT OF OPERATING FUNDING			
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	8,770	8,829	13,365
Targeted Rates	8,409	8,349	12,619
Subsidies and grants for operating purposes	1,637	1,656	3,408
Fees and charges	2,260	1,898	2,816
Interest and dividends from investments	752	640	835
Local authorities fuel tax, fines, infringement fees, and other receipts	891	868	1,497
Total Operating Funding (A)	22,720	22,239	34,540
Applications of Operating Funding			
Payments to staff and suppliers	17,069	16,694	43,087
Finance Costs	1,007	1,070	1,605
Total Applications of Operating Funding (B)	18,075	17,763	44,692
Surplus/(Deficit) of Operating Funding (A - B)	4,645	4,476	(10,152)
(SURPLUS) / DEFICIT OF CAPITAL FUNDING			
Sources of Capital Funding			
Subsidies and grants for capital expenditure	2,954	4,080	22,057
Increase (decrease) in debt	-	-	2,843
Gross proceeds from sale of assets	-	-	1,256
Total Sources of Capital Funding (C)	2,954	4,080	26,156
Application of Capital Funding			
Capital Expenditure:			
- to meet additional demand	131	37	56
- to improve the level of service	2,474	4,875	7,312
- to replace existing assets	1,789	7,850	11,775
Increase (decrease) in reserves	3,206	(4,207)	(3,139)
Increase (decrease) of investments	-	-	-
Total Applications of Capital Funding (D)	7,599	8,555	16,004
Surplus/(Deficit) of Capital Funding (C - D)	(4,645)	(4,476)	10,152
Funding Balance ((A - B) + (C - D))	-	-	-

Statement of Financial Position

	YTD Feb 2026 Actual \$000	FY 2025/26 Annual Plan \$000
Assets		
Current assets		
Cash & cash equivalents	13,156	6,257
Debtors & other receivables	4,327	3,171
Inventory	228	-
Tax refundable	-	-
Work in progress	-	-
Derivative financial instruments	-	-
Other financial assets	2,653	5,137
Total Current Assets	20,363	14,566
Assets held for sale		
Land held for sale	446	446
Total Assets Held for Sale	446	446
Non-current assets		
Council Controlled Organisations	12,480	12,480
Deferred Tax	-	-
Intangible assets	142	94
Assets Under Construction	12,872	17,916
Derivative financial instruments	74	53
Other Financial Assets	3,379	705
Investment property	-	-
Loans to CCO's	-	-
Property, Plant and Equipment	523,100	535,559
Total non-current assets	552,047	566,807
Total Assets	572,857	581,819

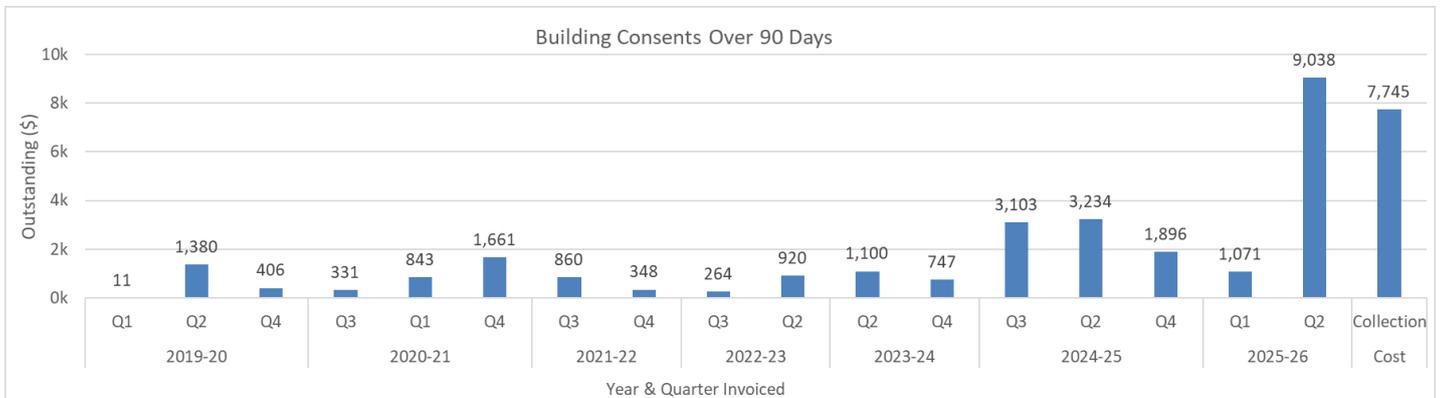
	YTD Feb 2026 Actual \$000	FY 2025/26 Annual Plan \$000
Liabilities		
Current liabilities		
Creditors & other payables	1,362	3,539
Employee benefit liabilities	725	618
Tax payable	-	-
Borrowings	8,544	9,944
Derivative financial instruments	-	-
Other	3,274	1,033
Total Current Liabilities	13,904	15,134
Non-current liabilities		
Deferred Tax	21	41
Employee benefit liabilities	239	38
Provisions	3,112	3,137
Borrowings	30,200	30,643
Derivative financial instruments	473	180
Total Non-Current Liabilities	34,044	34,039
Total Liabilities	47,948	49,174
Net Assets	524,909	532,646
Equity		
Retained Earnings	160,604	175,422
Restricted Reserves	12,698	5,524
Revaluation reserves	351,477	351,573
Other comprehensive revenue and expense reserve	130	128
Total Equity	524,909	532,647

Debtors at 28 February 2026

28/02/2026 Current Year					
Type	Over 90 Days	60-90 Days	30-60 Days	Current	Total (\$)
Building Consents	34,958	2,473	11,814	(2,723)	46,522
Building Warrants	1,808	900	872	245	3,825
Resource Consents	87,362	473	13,656	169,395	270,886
Sundry Debtors	76,813	2,567	10,965	180,038	270,384
Grand Total	200,941	6,413	37,307	346,956	591,616

28/02/2025 Prior Year Comparison					
Type	Over 90 Days	60-90 Days	30-60 Days	Current	Total (\$)
Building Consents	65,608	10,039	13,730	28,806	118,183
Building Warrants	1,557	960	2,325	(1,843)	2,998
Resource Consents	38,032	12,286	41,122	11,598	103,038
Sundry Debtors	80,640	7,499	9,942	127,080	225,161
Grand Total	185,837	30,783	67,118	165,641	449,379

Grants outstanding as at 28/02/2026		
Date Invoiced	Project	Total (\$)
7/03/2025	Hokitika Swimming Pool - Final Claim	138,000
14/10/2025	Hokitika Airport Project - Milestone 2	500,000
14/10/2025	NZTA Claim 3 - November 2025	(49,055)
14/10/2025	NZTA Claim 4 - December 2026	622,285
		1,211,230

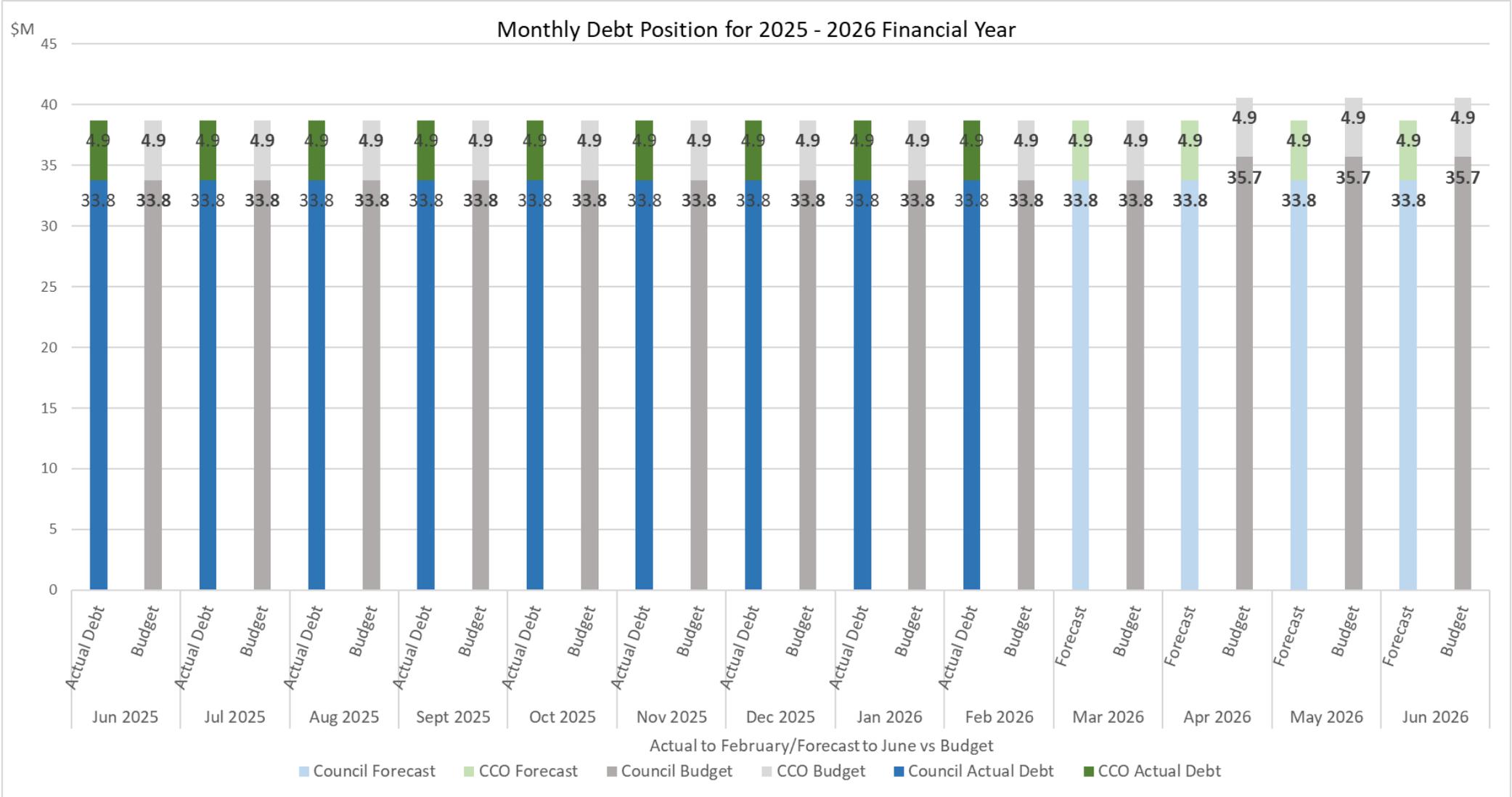


Rates Debtors at 28 February 2026

Rates Debtors at 31 January 2026		5,202,620
Adjustments	-	
Less payments received	(3,970,474)	
Paid in advance change	221,188	
Previous years write off's	-	
Write off's	(131)	
Penalties	51,519	
Discounts	-	
Court Cost	-	
Legal Fees	-	
		(3,697,898)
Total Rates Debtors at 28 February 2026		1,504,722
Arrears included above at 28 February 2026	1,504,722	
Arrears at 28 February 2025	1,015,170	
Increase/(decrease) in arrears		489,552

Rates debtors reduced in February as the 3rd instalment of the year was invoiced in January. Rates are invoiced quarterly and the majority of payments are due on the 20th month following the invoice date, however we are continuing to arrange more payment plans which spread the rates cost over the year.

Debt Position



Capital Expenditure

Capital Projects 2025/26		
As at 28/02/2025		
Project / Activity	YtD Expenses	Annual Plan
Leadership	99,942	1,646,021
Planning & Regulatory Services	44,459	152,770
Water Supply	1,025,627	1,680,793
Waste Water	396,314	3,284,131
Solid waste	92,715	955,164
Storm water	246,831	2,015,529
Cemeteries	9,570	98,206
Swimming pools	97,847	1,000,000
Facilities & Leisure Services - other	1,460,617	1,465,314
Parks & reserves	156,743	1,855,452
Land transportation	243,034	5,931,823
Unbudgeted capital expenditure	90,247	0
CCO Funded Project	429,130	16,380,004
Total	4,393,074	36,465,207

Dashboard Glossary

- **Revenue:** Total income from rates, grants, and fees etc.
- **Expenses:** Total costs to run the organisation (staff, maintenance, etc.).
- **Balanced Budget Ratio:** Measures if Council is collecting enough to cover operating costs.

$$\frac{\text{Operating Revenue}}{\text{Operating Expenses}} \times 100$$

- **Rates to Operating Revenue:** Shows how much Council's budget depends on property rates.

$$\frac{\text{Rates Revenue}}{\text{Operating Revenue}} \times 100$$

- **Current Ratio:** Measures Council's ability to pay bills due within the next year.

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

- **Net Working Capital:** The "cash buffer" available for daily operations.

$$\text{Current Assets} - \text{Current Liabilities}$$

- **Cash & Equivalents:** Money in the bank or assets that can be turned into cash instantly.
- **Deposits:** Money held in longer-term bank accounts or term investments.
- **Total Gross Debt:** The total amount of money borrowed.
- **Net Debt:** Total debt less available liquid financial assets and investments.

$$\text{Total Gross Debt} - \text{Cash \& Equivalents}$$

- **Liquidity Risk (LGFA):** Ensures Council have enough cash/credit to cover upcoming debt payments.

$$\frac{\text{Total Gross Debt} + \text{Cash} + \text{Available Credit Lines}}{\text{Total Gross Debt}}$$

- **Interest to Operating Revenue:** How much of Council's total income is "eaten up" by interest.

$$\frac{\text{Interest Expense}}{\text{Operating Revenue}} \times 100$$

- **Interest to Rates Revenue (LGFA):** How much of the ratepayers' money goes toward interest.

$$\frac{\text{Interest Expense}}{\text{Rates Revenue}} \times 100$$

- **Interest Cover Ratio:** How many times your surplus can "cover" your interest costs.

$$\frac{\text{Operating Surplus (before interest)}}{\text{Interest Expense}} \times 100$$

- **Capital Expenditure (CAPEX):** Money spent on building or fixing long-term assets (roads, pipes).
- **Essential Services Ratio:** Compares spending on core infrastructure to how fast that infrastructure is wearing out (depreciation).

$$\frac{\text{CAPEX on Core Assets}}{\text{Depreciation on Core Assets}} \times 100$$

Report to Council



DATE: 26 March 2026
TO: Mayor and Councillors
FROM: Mayor Helen Lash

Hokitika Wastewater Plant Oversight Subcommittee

1. Summary

- 1.1. The purpose of this report is to consider the need for the Hokitika Wastewater Treatment Plant (WWTP) Project Subcommittee to continue.
- 1.2. Now that a resolution has been made by Council to proceed to the next phase of the WWTP project the oversight committee has fulfilled its responsibilities as a governance body to ensure that the options presented before Council fulfilled a balanced criteria of financial and environmental sustainability while meeting community needs. Therefore, this report concludes with the recommendation that the Hokitika Wastewater Treatment Plant Project Oversight Subcommittee be disestablished.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2025, which are set out in the Long Term Plan 2025–2034.

2. Background

- 2.1 The WWTP Project Oversight Subcommittee was established in 2021 in conjunction with local iwi to guide initial investigations into the best solution for a future Wastewater Plant as current consents are set to expire in April 2026.
- 2.2 Subcommittee membership consists of the Mayor, two councillors, and two representatives from each of Ngāti Waewae and Ngāti Maahaki.
- 2.3 After several years of investigation into different types of wastewater plants and wastewater disposal methods Council were presented with the top 3 options, as selected by the subcommittee, at the Council meeting held on 27 January 2026.
- 2.4 The WWTP Project Oversight Subcommittee is a subcommittee of the Council and must therefore, in accordance with the [Local Government Act 2002 Schedule 7\(30\)\(5\)](#), be discharged by Council decision.

3. Current Situation

- 3.1. Council have now selected their preferred option and have instructed staff to proceed to the next phase of the project.
- 3.2. The next phase of the project, building on the groundwork done by the subcommittee, will be staff led as deeper investigation into the Council's preferred option for the Wastewater Treatment Plant commences.

4. Options

- 4.1. Option 1: Agree that the Hokitika Wastewater Treatment Oversight Committee is no longer required.

4.2. Option 2: Request that the Hokitika Wastewater Treatment Oversight Committee continue into the next phase of the project.

5. Risk Analysis

5.1. Risk has been considered and no substantial financial risk has been identified with either option.

5.2. Any risk perceived to occur due to the removal of an Oversight Committee will be mitigated through council process as all future recommendations and decisions will be brought before Council for resolution before proceeding.

6. Health and Safety

6.1. Health and Safety has been considered, and no items have been identified.

7. Significance and Engagement

7.1. The level of significance has been assessed, and no public consultation is considered necessary.

8. Assessment of Options (including Financial Considerations)

8.1. Option 1:

8.1.1. There are no financial implications to this option.

8.2. Option 2:

8.2.1. Minor financial implications as council would be obligated to continue remunerating iwi representatives on a per meeting basis as well as offering a koha for the utilisation of the Arahura Marae, as per the Terms of Reference (**appendix 1**).

9. Preferred Option(s) and Reasons

9.1. The preferred option is Option 1

9.2. The reason that Option 1 has been identified as the preferred option is that the initial groundwork has been done on assessing the best options to move forward with and Council has agreed to further investigation into their preferred option. This work will be predominately carried out by council staff and will follow standard Council approval processes and therefore an Oversight Subcommittee is no longer deemed to be required.

10. Recommendation(s)

10.1. That the report be received.

10.2. That the Council approves the disestablishment of the Hokitika Wastewater Plant Oversight Subcommittee.

10.3. The Council formally thanks all Committee members for the hard mahi that they have put into this project over the past 5 years, with a special thank you to the late James Russell, an invaluable member of our team whose knowledge, dedication, and presence will be greatly missed throughout the community.

Helen Lash
Mayor

Appendix 1: Terms of Reference – Hokitika Wastewater Subcommittee 2025

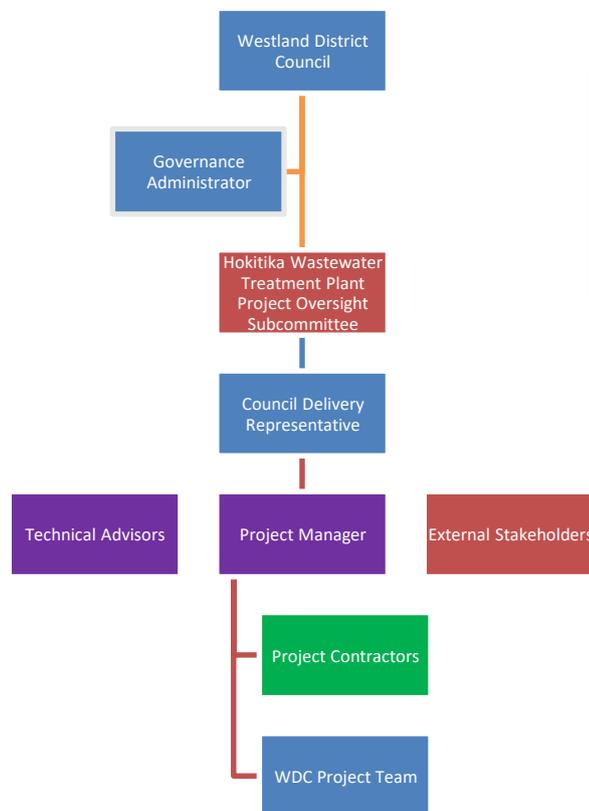


TERMS OF REFERENCE FOR THE HOKITIKA WASTEWATER TREATMENT PLANT PROJECT OVERSIGHT SUBCOMMITTEE

Title	Hokitika Wastewater Treatment Plant Project Oversight Subcommittee
Authorising Body	Mayor/Council
Status	Subcommittee of Council
Quorum	The Chair plus two members, one of whom must be an Iwi representative
Adopted by Council	18 December 2025
Administrative Support	Chief Executive’s Office

Purpose

The purpose of the Hokitika Wastewater Treatment Plant (WWTP) Project Oversight Subcommittee is to oversee the Governance of the Hokitika Wastewater Treatment Plant Project. This Subcommittee honours the MoU between Westland District Council (WDC) and Poutini Ngāi (Kāi) Tahu in an equal partnership to support significant issues and projects within the WDC boundary. The makeup of the Subcommittee represents an equal partnership to ensure stakeholders are represented to provide guidance on the strategy of the project.



GOVERNANCE
 Hokitika WWTP Oversight Subcommittee
 Made up of equal representation of WDC and Iwi representatives.
 WDC reps: Mayor and 3 Councillors
 Iwi representatives: 4

Responsibility

The Hokitika WWTP Project Oversight Subcommittee is responsible for the following:

- Defining the overall objectives and values of the Hokitika WWTP project.
- The contribution each proposal would have towards achieving the objectives.
- Financial sustainability of each proposal.
- Ensuring the prioritisation of projects reflects community needs.
- Working closely with all key stakeholders of the project.

In connection with the project, the Subcommittee shall receive regular reports from project management containing such information it deems relevant to fulfil its mandate, including but not limited to information concerning:

- Project timetable, critical path events and progress to completion.
- Major project milestones, including variance analysis and mitigation strategies.
- Key issues or disputes and proposed mitigation strategies.
- Project budget updates, showing actual expenditures versus budget, use of contingencies and projected final expenditures.
- Assist with bridging project barriers outside the influence of staff.

The Subcommittee will report to Council on a regular basis to provide updates as required.

Delegations to the Subcommittee

The Hokitika WWTP Project Oversight Subcommittee will have the following delegated powers and be accountable to the Council for the exercise of these powers. In exercising the delegated powers, the Subcommittee will operate within:

- Policies, plans, standards, or guidelines that have been established and approved by Council;
- The overall priorities of the Council;
- The needs of Iwi and the local communities; and
- The approved budgets for the activity.

The Hokitika WWTP Project Oversight Subcommittee will have delegated authority to:

- Define the overall objectives and values of the Hokitika WWTP project.
- Power to co-opt technical advice as appropriate.
- All powers necessary to perform the Subcommittee's responsibilities except:
 - Powers that the Council cannot legally delegate or has retained for itself.
 - Where the Subcommittee's responsibility is limited to making a recommendation only.
 - Deciding significant matters for which there is high public interest, and which are controversial.
 - The commissioning of reports on new policy where that policy programme of work has not been approved by the Council.

Power to Delegate

The Hokitika WWTP Project Oversight Subcommittee may not delegate any of its responsibilities, duties or powers.

Membership

The Hokitika WWTP Project Oversight Subcommittee will comprise the following, one of which will be the chairperson:

- Her Worship the Mayor (Chair)
- Deputy Mayor Burden
- E Weepu – Ngati Waewae
- P Adams – Ngati Maahaki
- S McLaren – Ngati Maahaki
- J Russell – Ngati Waewae

Chairperson

The Chairperson is responsible for:

- The efficient functioning of the Subcommittee;
- Setting the agenda for Subcommittee meetings in conjunction with the Chief Executive; and
- Ensuring that all members of the Subcommittee receive sufficient timely information to enable them to be effective Committee members.

The Chairperson will be the link between the Subcommittee and Council staff.

The Chair appointment will be reviewed and appointed following the selection of Councillors at each new Triennium.

Remuneration

Remuneration for iwi representatives will be \$250.00 per meeting and is to be funded by Westland District Council. A Koha will also be offered for utilisation of the Arahura Marae (when hosting meetings).

Frequency of Meetings

The Subcommittee shall meet as required but not less than quarterly. Every alternative meeting will be hosted by Arahura Marae.

Relationships with Other Parties

- The Chief Executive is responsible for servicing and providing support to the Subcommittee in the completion of its duties and responsibilities. The Chief Executive shall assign council staff as required to provide these functions on their behalf.
- The Chairperson may request the Chief Executive and staff in attendance to leave the meeting for the duration of the discussion. The Chairperson will provide minutes for that part of the meeting.
- The Subcommittee acknowledges that there are a number of external stakeholders interested in the outcome of the project and whilst they do not form part of the membership of the Subcommittee, they will be consulted on any aspect of the Subcommittee's work that they will be impacted by.

Contacts with Media and Outside Agencies

- The Subcommittee Chairperson is the authorised spokesperson for the Subcommittee in all matters where the Subcommittee has the authority or a particular interest.
- The Subcommittee members, including the Chairperson, do not have delegated authority to speak to the media and/or outside agencies on behalf of the Council on matters outside of the Subcommittee's delegations.
- The Chief Executive will manage the formal communications between the Subcommittee and its constituents and for the Subcommittee in the exercise of its business. Correspondence with central government, other local government agencies or other official agencies will only take place through Council staff and will be undertaken under the name of the Westland District Council.

Conduct of Affairs

The Subcommittee shall conduct its affairs in accordance with the Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, the Local Authorities (Members' Interests) Act 1968, the Council's Standing Orders and Code of Conduct.

Public Access and Reporting

Notification of meetings to the public and public access to meetings and information shall comply with Standing Orders, but it should be noted that:

- Workshops may be held to provide an opportunity for councillors to give guidance to staff on the next steps (direction setting); however, they cannot make decisions or formal resolutions.
- Extraordinary meetings of the Subcommittee must be held in accordance with Standing Orders.

The public may be excluded from the whole or part of the proceedings of the meeting and information withheld on one or more of the grounds specified in s.48 of the Local Government Official Information and Meetings Act 1987.

Minutes of meetings:

The Committee shall record minutes of all its proceedings.

Adopted by Council – 18 December 2025

Report to Council



DATE: 26 March 2026
TO: Mayor and Councillors
FROM: General Manager Business Enablement

Hokitika Westland isite Visitor Information Centre

1. Summary

- 1.1. The purpose of this report is to update Council on the current position of the Hokitika Westland isite Visitor Information Centre following Council's previous decisions regarding its management and operation.
- 1.2. This issue arises from Council's resolution on 15 May 2024 that the Hokitika Westland isite be brought back under Council control, and subsequent discussion at the 25 September 2025 Ordinary Council meeting regarding the costs associated with the isite. At that meeting the Chief Executive was requested to convene a working group to provide an overview of Council's current tourism-related investments
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2025, which are set out in the Long Term Plan 2025–2034.
- 1.4. This report concludes by recommending that Council receive the report and note the current status of the Hokitika Westland isite Visitor Information Centre.

2. Background

- 2.1 The reason the report has come before the Council is due to previous Council discussions to understand the Hokitika Westland isite current delivery after realignment from Destination Westland Ltd.
- 2.2 Council resolved on 15 May 2024 that the Hokitika Westland isite be brought back under Council control following the review of Council Controlled Organisations (CCOs) and the consideration of Destination Westland Ltd's future role.
- 2.3 Through that review Council determined that visitor servicing, including the operation of the isite, would be more appropriately delivered directly by Council. This ensured continuity of visitor services for the district while enabling Council to have greater oversight of how the service supports the district's tourism economy and wider business community.
- 2.4 At the time the service transferred to Council there were limited performance metrics available to clearly demonstrate the reach and value of the service. Over the past 12 months Council has undertaken work to better understand the role of the isite, including monitoring visitor engagement and footfall traffic through the facility.

- 2.5 Footfall data collected during this period indicates an increase in visitor engagement with the service, reinforcing the ongoing demand for face-to-face visitor servicing and the role the Hokitika Westland isite plays as a key gateway point for visitors to Hokitika and the wider Westland district.
- 2.6 The operating model is consistent with broader trends within the national isite, network. Increasingly, isite New Zealand has seen centres return to council operation as local authorities seek to align visitor servicing more closely with local economic development and destination management activities.
- 2.7 At the Ordinary Council meeting of 25 September 2025, Councillors discussed the costs associated with Council's tourism investment. Council subsequently requested that the Chief Executive convene a working group to review Council's current tourism-related investments and provide a clearer understanding of their role and value to the district.

3. Current Situation

- 3.1. The Hokitika Westland isite, has now been operating under Council management for approximately 20 months following its transfer from Destination Westland Ltd.
- 3.2. During this period Council has gathered information on service usage and visitor engagement. Foot traffic through the isite, has increased over this period, demonstrating continued demand for face-to-face visitor services and confirming the role the isite, plays as an important visitor gateway for the district.
- 3.3. The primary purpose of an isite is to provide visitor servicing for the district. This includes supporting visitors with information, itinerary planning and bookings, while actively connecting them with local businesses, experiences and services across the district.
- 3.4. isites play an important role as part of the district's economic and community infrastructure. Tourism is a significant contributor to the Westland economy, representing the district's largest source of employment and its second largest contributor to GDP, and is a key driver of economic activity across the district. In this context, the isite supports not only tourism operators but also the wider local economy by directing visitors to accommodation, hospitality, retail and community experiences, and by encouraging visitor dispersal across the district.
- 3.5. Nationally, there has been a shift toward councils bringing isite operations back in-house. This reflects a growing recognition that visitor servicing is closely aligned with local economic development, destination management and place-based outcomes, and is most effectively delivered alongside council-led planning and investment.
- 3.6. Following 12 months of operation, Council now has a clearer understanding of the role, performance and opportunities associated with a council-operated isite, including how the service supports local businesses, contributes to the visitor experience, and where further development of the visitor servicing approach is required.
- 3.7. Council continues to review the operating model and budget for the service, recognising the seasonal nature of visitor demand. Work is underway to strengthen the sustainability and efficiency of the service, including developing the West Coast Education Network based on the Rotorua Education Network (REN) model and identifying opportunities to streamline operations while maintaining service quality.
- 3.8. The working group has commenced reviewing the costs and benefits associated with Council's tourism-related investments. This work forms part of Council's ongoing operational review of tourism-related activity and will help inform future Council discussions on the district's visitor servicing approach and wider tourism proposition.

4. Options

4.1. Option 1: Receive the report.

5. Risk Analysis

5.1. Risk has been considered and no risks have been identified.

6. Health and Safety

6.1. Health and Safety has been considered and no items have been identified.

7. Significance and Engagement

7.1. The level of significance has been assessed as being low.

7.1.1.No public consultation is considered necessary.

8. Assessment of Options (including Financial Considerations)

8.1. Option 1 – Receive the report

8.1.1.There are no financial implications to this option.

9. Preferred Option(s) and Reasons

9.1. The preferred option is Option1 which is receive the report, as the paper is provided for noting purposes only.

10. Recommendations

10.1. That the report be received.

10.2. That Council note that an internal working group has commenced reviewing the costs and benefits associated with Council's tourism-related investments, including the Hokitika Westland isite, with a view to inform annual planning consultation.

10.3. That Council note that the working group continue this work, including consideration of the district's overall visitor servicing approach, the value of Council's tourism-related investments, and the role Council plays in supporting the visitor economy.

Megan Tahapeehi

General Manager Business Enablement

Report to Council



DATE: 26th March 2026

TO: Mayor and Councillors

FROM: Lee Webster - General Manager Regulatory and Compliance

EASTER SUNDAY SHOP TRADING POLICY 2026

1 Summary

- 1.1. The purpose of this report is for Council to consider the adoption of the Easter Sunday Trading Policy 2026.
- 1.2. This matter arises following the revocation of the previous Policy in March 2024 in accordance with the Shop Trading Hours Act 1990.
- 1.3. The Easter Sunday Trading Policy 2026 would enable trading for all businesses throughout Westland District, which otherwise would not be permitted to trade.

2 Background

- 2.1 Most shops in New Zealand cannot open on restricted days i.e. Anzac Day morning, Good Friday, Easter Sunday, and Christmas Day.
- 2.2 The Shop Trading Hours Act 1990, enables Council to develop a policy that allows shops to open on Easter Sunday. The Act does not enable Council to develop a policy to trade on any other restricted days.
- 2.3 Council has previously recognised the importance of tourism-related trade and other trade to the Westland economy on Easter Sunday, and had previously adopted an Easter Sunday Shop Trading Policy.
- 2.4 A policy can allow shops to trade on Easter Sunday in either:
 - (a) the whole of the district; or
 - (b) any part of parts of the district.

- 2.5 The policy cannot apply to Anzac Day morning, Good Friday or Christmas Day according to Act. However, dairies, service stations, take away bars, restaurants, cafes, garden centres and duty-free stores can already open on the restricted trading days.
- 2.6 The policy does not apply to the sale or supply of alcohol, which continues to be regulated on Easter Sunday by the Sale and Supply of Alcohol Act 2012.
- 2.7 The Shop Trading Hours Act 1990 specifies that a shop employee is legally able to refuse to work on Easter Sunday without any repercussions on their employment relationship. The government allowed this provision as it recognises that Easter Sunday continues to be a day of significance across New Zealand and that some people would rather not work on this day.

3 Options

- 3.1 Option One – Council approves the Easter Sunday Trading Policy 2026.
- 3.2 Option Two – Council does not approve the Easter Sunday Trading Policy 2026.

4 Risk analysis

- 4.1 A risk assessment has been considered, nothing of risk has been identified.

5 Health and Safety

- 5.1 Health and Safety has been considered and there are no increased health and safety risks identified.

6 Significance and engagement

- 6.1 This matter is considered to be of moderate significance, due to the statutory requirement for public consultation and as the decision may affect businesses and the wider community across the district.
- 6.2 The policy would enable trading on one additional day of the year; however, it may create concern among some groups or individuals who may be opposed to commercial activities on Easter Sunday.
- 6.3 The policy was advertised publicly on the Council's Web site, Westland Matters newsletter and in the local newspapers, with submissions invited from 30th of January 2026 to 3rd of March 2026.
- 6.5 Council received seven online submissions, all of which were in support of the proposed policy.
- 6.6 Council also received one handwritten submission opposing the proposed policy.
- 6.7 Two of the submitters in support of the policy had indicated that they wished to address Council in regard to their submissions. Both of these submitters were contacted to provide this opportunity, which both declined.

- 6.8 The individual submitter who opposed the policy was also provided the opportunity to address Council at this meeting, in regard to their submission, however, they were unable to attend.

7 Assessment of options (including financial considerations)

Option One - Council approves the Easter Sunday Trading Policy 2026.

- 7.1 Approving this policy will enable ongoing economic benefits from the increased retail activity.
- 7.2 Easter is a busy time in Westland as a tourist destination; if approved this policy would provide tourists and the wider community increased retail opportunities.
- 7.3 This option may lead to pressure on some employees to work on Easter Sunday, however the Act is clear that employees are not legally required to do so.

Option Two – Council does not approve the Easter Sunday Trading Policy 2026.

- 7.4 Some groups and individuals within our community maintain that Easter Sunday is a sacrosanct day for religious reasons, and it is important that Council recognises this and balances this with opposing views in today's society.
- 7.5 There is potential that some retail outlets may choose to operate regardless of a policy.
- 7.6 Grey District Council has a similar policy that allows trading on Easter Sunday. However, Buller District Council does not appear to have a similar policy. There is potential that some customers may go out of Westland District to shop on Easter Sunday without a policy in place.
- 7.7 It is considered there may be negative economic impacts on the Westland economy without a policy in place.

8 Preferred Option(s) and Reasons

- 8.1 The preferred option is Option One, as it allows for ongoing increased financial and economic benefits in the district.

9 Recommendations

- 9.1 That this report be received; and
- 9.2 That Council considers all the submissions received in making its decision; and
- 9.3 That Council approves the Easter Sunday Shop Trading Policy 2026.

Lee Webster
General Manager Regulatory and Compliance

Appendix 1 - Submissions in support

Appendix 2 - Submission in opposition

Appendix 3 - Easter Sunday Shop Trading Policy 2026

First name	Last name	Is your feedback on behalf of an organisation or business?	If yes, please state the name of the organisation	Do you wish to attend a hearing to present your submission?	Do you support the proposed Easter Sunday Shop Trading Policy?	Please add your comments	Do you wish to be heard in support of your submission?	If yes, do you want to make a joint case with another party?	Would you prefer to present via an audio or audio-visual link?
Dave	Henderson	No		No	Yes		No		No
Robyn	Cuff	Yes	Paper Plus Hokitika	No	Yes	As a business owner in Hokitika, I support the Easter Sunday Shop Trading policy. Hokitika is a destination for domestic and international tourists, and holiday weekends bring many of them to Hokitika during the Easter period. To encourage tourists to stay in Hokitika over this weekend we need to provide them with opportunities to experience our town, with retail and services available to them. If they have opportunities to experience they will stay longer and this benefits all of the Westland district accommodation providers too. This is the last long weekend available to retailers and accommodation providers before we move into the quieter winter season.	No		No
Jasmine	Fortune	Yes	Crystal Envisions Nz	No	Yes	Highly support this initiative, local shops really struggle over winter so anytime theres a long weekend we need to make the most of it	Yes	No	No
Abby	Sullivan	No		No	Yes		No		Yes
Kristina	Kay	Yes	SECOND CHANCE HOKITIKA	No	Yes	It is a religious holiday. One with which I do not follow. We are a tourist town and need to trade and serve our public everyday	No		
Louise	Morgan	No		No	Yes	Yes. Laws currently seem out dated and not making sense when a supermarket can open or cafes can and charge more for a stat holiday coffee yet a general shop has to remain closed. I feel shops that are open should not be allowed to charge extra surcharges eg cafes.	No		No
Jean	Hutt	No		No	Yes	Easter Sunday, being a Christian holiday, is observed by very few people in this day and age. It's sad to see so many travellers out and about who are unable to shop, especially in a touristy town. I think it should be a personal choice for each business. If they want to open that day then yes, let them.	No		No

66 Sewell St,
Hokitika
7810

Vern Morris, Team
Leader,
Westland District
Council
Dear Vern,
I wish to express
the hope that
during 2026, in which
all of us would be
able to make an Easter
Sunday
I wish you stay as
an important part
in the Whanganui
region.

and that like the
Good Friday
should be for
knocking on Easter
Sunday.

Yours sincerely,
Kerensa
Francis
Deacon
All thanks
Kerensa Hokitika



To Vern Morris,
Compliance Team Leader,
Westland District
Council, Hokitika
36 Weld Street 7810

Easter Sunday Shop Trading Policy 2026

Commencement: XXXX

Date of review: XXXX

This policy is adopted pursuant to the Shop Trading Hours Act 1990, by resolution of the Westland District Council on XXXX.

1 Introduction

- 1.1 This policy is made under Part 2, Subpart 1 of the Shop Trading Hours Act 1990.
- 1.2 The Westland District Council permits shop trading throughout the district on Easter Sunday.

2 Objectives

- 2.1 To enable shops to open for trading on Easter Sunday throughout Westland District.
- 2.2 To meet the demand for goods and services from visitors and residents during Easter.

3 Background

- 3.1 The Westland district is a popular destination and demand for goods and services from residents and visitors during peak holiday periods is high.
- 3.2 The Easter weekend is one of these peak periods, which the Easter Sunday Shop Trading Policy will enable shops to open to meet this demand.

4 Definitions

Act for the purposes of this policy means the Shop Trading Hours Act 1990

District means the area of jurisdiction of the Westland District Council (Map 1)

Shop means a building, place, or part of a building or place, where goods are kept, sold, or offered for sale, by retail; and includes an auction mart, and a barrow, stall, or other subdivision of a market; but does not include—

(a) a private home where the owner or occupier's effects are being sold (by auction or otherwise); or

(b) a building or place where the only business carried on is that of selling by auction agricultural products, pastoral products, and livestock, or any of them; or

(c) a building or place where the only business carried on is that of selling goods to people who are dealers, and buy the goods to sell them again

5. Shop employees' right to refuse to work

- 5.1 Easter Sunday continues to be a day of significance across New Zealand and some people would rather not work on this day.
- 5.2 There are 'right to refuse' provisions in the Act allow employers and employees to negotiate freely and means that all shop employees will have the ability to refuse to work on Easter Sunday without any repercussions for their employment relationship.

6. Related Matters

- 6.1 This policy does not:
 - a. apply to any day other than Easter Sunday
 - b. control the types of shops that may open, or their opening hours
 - c. apply to the sale and supply of alcohol on Easter Sunday from licensed premises, which is regulated by the Sale and Supply of Alcohol Act 2012.
- 6.2 Council is not responsible for the enforcement of this Policy. Enforcement will be undertaken by the central government department that is responsible for the administration of the Act.
- 6.3 All shop employees can refuse to work on Easter Sunday, pursuant to the provisions in the Act.
- 6.4 This policy does not cover the other restricted trading days: Good Friday, Christmas Day or ANZAC Day until 1pm.

7 Review

- 7.1 The policy must be reviewed within 5 years of adoption.

Westland District Council is able to review the policy, or any subsequent local Easter Sunday Shop Trading Policy, at any time.

Map 1 - The extent of the Westland District



Report to Council



DATE: 26 March 2026
TO: Mayor and Councillors
FROM: Transportation Manager

Waitaha Valley Road Widening Cost Estimate

1. Summary

- 1.1. This report is to provide more detail to Council regarding the estimated costs of widening Waitaha Valley Road.
- 1.2. In January there was a presentation from residents of Waitaha Valley that are concerned about the isolated widening that is being proposed by Westpower as part of the Waitaha Power Scheme construction project.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2021, which are set out in the Long-Term Plan 2021 - 31. Refer page 2 of the agenda.
- 1.4. This report is intended to provide more information to the Council for consideration of potential further upgrade works being carried out. It is an information paper only and not intended provide recommendations on a way forward.

2. Background

- 2.1. Westpower as part of the consenting process for the Waitaha Power Scheme have recognised that the narrow width of Waitaha Valley Road will pose hazards for construction traffic and local road users. To mitigate the risks associated with this an independent traffic assessment was carried out by Mel Sutherland at the request of Westpower. The outcome of that assessment has made recommendations that include isolated widening in several locations along Waitaha Valley Road.
- 2.2. Residents of Waitaha Valley are not satisfied with the report recommendations and believe there is a greater risk to road users and that the acceptable solution for them is widening of the entire unwidened formation of the road. This has culminated in a presentation to the January 2026 Council meeting where it was agreed that Council would carry out a cost estimation for what the residents have proposed and the results would be presented back to Council.
- 2.3. A requirement of the resource consent from WDC is that Corridor Access Approval must be obtained from District Assets (DA) prior to any work being carried out. This process provides an additional opportunity to discuss the exact scope and order of improvement works planned for this road. DA staff will work with Westpower and the residents to help align the priorities for the planned work programme.

- 2.4. One of the key considerations that is examined when considering road widening or similar improvements is the presence of edge break along the existing seal edge. What this indicates (when present) is repeated use of the road edge or unsealed road shoulder usually caused when 2 vehicles need to pass in opposing directions on a road. This also usually manifests itself as a low un-grassed shoulder that follows the edge of the seal. In the case of Waitaha Valley Road there are almost no such indications.
- 2.5. In the presentation to Council, it was claimed that there are now “approximately 20” tankers per day servicing this valley. The most recent Traffic Count data for this valley was from 2023. At that time the breakdown of traffic was as follows:
 Avg Daily Traffic = 83vpd
 Avg Heavy vehicles = 6vpd (this is all heavy commercial vehicles not restricted to tankers) this is also a significant deviation from “approximately 20”
 Peak Traffic times: 0900-1000hrs = 7.6vph, 1100-1200hrs = 6.8vp, 1400-1500hrs = 5.8vph
 Avg AM Peak Traffic = 9.1vph
 Avg PM Peak Traffic = 9.4vph
- 2.6. One aspect of the Benefit Cost Analysis that must be carried out for works such as this is the crash history. When there is a defined crash history it is only Serious and Fatal crashes that can be used in the assessment and more specifically, crashes within the preceding 5 years. An examination of the crash history was conducted using records from the NZTA Crash Analysis System (CAS) that staff have access to. This examination revealed one crash recorded in 2023 at 2:00am and involved a driver losing control of the vehicle. No injuries were recorded and no other vehicles were involved. This is the entire recorded Crash History for Waitaha Valley Road.

2.7. Base Construction Estimate

The following estimate is based on historical widening data, adjusted for current inflation rates.

Unit Rate (Unsealed):	\$166/m
Total Distance:	9,344m
Subtotal (Base Works):	\$1,551,104

Total Project Budget (with Provisions)

To ensure a conservative fiscal approach, the following contingencies and professional fees have been applied to the base estimate:

Base Estimate	\$1,551,104
Contingency 15%	\$232,666
Engineering Fees 10%	\$178,376
Total Estimated Budget	\$1,962,146

Optional Scope: Chipsealing

Please note that the above figures strictly cover unsealed road widening. Should the scope expand to include chipsealing, additional costs are estimated as follows:

Estimated Add-on: +\$350,000 to \$700,000	
Total Potential Cost	\$2,662,146

3. Current Situation

- 3.1. Presently, Westpower have proposed to carry out isolated road widening to allow for safe passing of vehicles along this road. That widening does not meet the expectations of the residents in Waitaha Valley that use this road.
- 3.2. To carry out widening over the entire length of this road will not meet the economic justification criteria required by NZTA as a condition of co-funding. This means that to proceed Council would be required to fund this project at 100% rather than the usual 36% with a 64% contribution from NZTA.
- 3.3. Westpower intend to carry out the widening at no cost to Council, roadusers, residents or ratepayers.

4. Options

- 4.1. Option 1: Receive the report
- 4.2. Option 2: Receive the report and request that DA Staff actively engage with Westpower and Waitaha Valley Residents during the Corridor Access Approval Process for this project.
- 4.3. Option 3: Not accept the report

5. Risk Analysis

- 5.1. Risk has been considered and no risks have been identified.

6. Health and Safety

- 6.1. Health and Safety has been considered, and no items have been identified.

7. Significance and Engagement

- 7.1. The level of significance has been assessed as being minor as this is only an information report and not intended to be used for formal direction.
 - 7.1.1.No public consultation is considered necessary; **or**

8. Assessment of Options (including Financial Considerations)

- 8.1. Option 1 – Council receives the report as written.
 - 8.1.1. There are no financial implications to this option.
- 8.2. Option 2 – Council receives the report and requests that DA staff actively engage with Westpower and Waitaha Valley Resident representatives during the Corridor Access Approval process to agree on a planned delivery programme that works towards alleviating residents' safety concerns.
 - 8.2.1. There are no financial implications to this option.
- 8.3. Option 3 – Council does not accept the report as written.
 - 8.3.1. There are no financial implications to this option.

9. Preferred Option(s) and Reasons

- 9.1. The preferred option is Option 2 to receive the report and requests that DA staff actively engage with Westpower and Waitaha Valley Resident representatives during the Corridor Access Approval process to agree on a planned delivery programme that works towards alleviating residents' safety concerns.
- 9.2. The reason that Option 2 has been identified as the preferred option is that this provides an additional opportunity for the residents of the Waitaha Valley to provide input into the proposed work programme.

10. Recommendation(s)

10.1. That the report be received and Council requests that DA staff actively engage with Westpower and Waitaha Valley Resident representatives during the Corridor Access Approval process.

Karl Jackson
Transportation Manager

Report to Council



DATE: 26 March 2026

TO: Mayor and Councillors

FROM: General Manager District Assets

Westland Industrial Heritage Park – Building Development

1. Summary

- 1.1. The purpose of this report is to update Council on the current expenses relative to the operation of the Westland Industrial Heritage Park at present, increased operational cost with the proposed building development and to provide a directive on request for new building placement.
- 1.2. This issue arises from a request from the Westland Industrial Heritage Park at the December Council meeting to install another building at the facility.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2025, which are set out in the Long Term Plan 2025–2034.
- 1.4. This report concludes by recommending that Council review the report and associated cost of proposed development. Provide a directive to the Westland Industrial Heritage Park on the proposed development. Proceed or not to proceed.

2. Background

- 2.1 The reason the report has come before Council is that a memorandum of understanding exists between Westland Industrial Heritage Park and Westland District Council. This agreement has been in place since 2016. Conditions in the MoU outline liabilities of both parties and contact points where permissions to proceed are required. As a result of the Westland Industrial Heritage Park wanting to further develop the park by the addition of another building (December 2025 presentation), authorisation to proceed is required. WIHP have secured funding for this building project and need formal approval from Council.

3. Current Situation

- 3.1. The current situation is that Westland Industrial Heritage Park have secured funding and wish to construct a new structure. Under the terms of the memorandum of understanding (MoU) permission must be granted by Council. The addition of this new structure will increase costs to rate payers through the various items stipulated in this agreement. No formal review of the MoU has been undertaken for some time, and it is prudent that this review occur before future works are implemented. This paper is to advise council of the current cost to rate payers of the existing facility and the increased liability through this development. Council then needs to either authorise or not authorise the improvements at the facility. All structures become the property of council once installed.

4. Options

- 4.1. Option 1: Review the existing memorandum of understanding. Review the liability (current & future) of the facility to ratepayers. Authorise the development to proceed.
- 4.2. Option 2: Review the existing memorandum of understanding. Review the liability (current & future) of the facility to ratepayers. Advise that no further building development is to proceed.

5. Risk Analysis

- 5.1. Risk has been considered and no risks have been identified.

6. Health and Safety

- 6.1. Health and Safety has been considered, and no items have been identified.

7. Significance and Engagement

- 7.1. The level of significance has been assessed as being Low.
 - 7.1.1. Public consultation was undertaken as this facility was included in the last LTP. However, the increase in financial impact though site development has not been accounted for in the current budget allocation.

8. Assessment of Options (including Financial Considerations)

- 8.1. Option 1 – After reviewing the existing memorandum of understanding. Council authorises the Westland Industrial Heritage Park to proceed with the addition of a new structure and accept the additional and ongoing cost increases.
 - 8.1.1. The following financial implications have been identified. Overall site expenses will increase to \$38,618.00 (GST exclusive)
 - 8.1.2. The continued capital development at the site will increase council liability by \$4,853.00 (Gst exclusive) – New building directly.
- 8.2. Option 2 - After reviewing the existing memorandum of understanding. Council does not authorise the Westland Industrial Heritage Park to proceed with the addition of a new structure.

9. Preferred Option(s) and Reasons

- 9.1. The preferred Option needs to be assessed and agreed by Council. Continued financial liability is allowed for at the current level in the Long-Term Plan. Increased expenditure would be unbudgeted via reserves.

10. Recommendation(s)

- 10.1. That the report be received.

10.2. That council assess the options, decide feasibility and direct staff to update the memorandum of understanding accordingly.

Erle Bencich

General Manager – District Assets

Appendix 1: Current memorandum of understanding between Westland District Council and Westland Industrial Heritage Park.

Appendix 2: Table of current site expenses.

Westland Industrial Heritage Park				
2025/26 Costs			2026 / 27	
	Budget	Forecast	Additional Costs	Notes
Electric	4,500	4,500	\$ 500.00	Estimation of additional running costs
Insurance	8,762	8,762	\$ 889.00	
Contents insurance			\$ 2,300.00	New coverage item identified
Repairs & Maintenance	10,000	10,000		
Rates	8,203	8,203	\$ 3,464.00	Assuming additional \$300k added onto capital revaluation
Depreciation				Depreciation not accounted
Site Charges	\$ 31,465.00	\$ 31,465.00	\$ 7,153.00	\$ 38,618.00
			\$ 4,853.00	New development (building)

Westland District Council

Westland Industrial Heritage Park

MEMORANDUM OF UNDERSTANDING

10 DECEMBER 2016

DATED 10 December 2016

PARTIES Westland District Council ("the Council")
Westland Industrial Heritage Park ("WIHP")

BACKGROUND

- A. Westland District Council is the Territorial Authority for the area of Westland.

- B. Westland Industrial Heritage Park is an Incorporated Society registered as a charity with the purpose of preserving the industrial heritage of the Westland district and West Coast in general.

- C. The Council wishes to formalise the relationship between itself and the WIHP over the use and occupancy of land located at Airport Drive, Hokitika for the purposes of maintaining a collection of industrial heritage items of importance to the Westland district, including items belonging to the Council.

- D. Together, the parties wish to develop a relationship based on trust, mutual recognition and ongoing consultation about any matters that relate to the WIHP.

1. PRINCIPLES GUIDING THE RELATIONSHIP BETWEEN THE PARTIES

- 1.1 WIHP acknowledges the Council as the owner of the land situated on Airport Drive used for the purposes of the existing Heritage Park. WIHP also recognises that the Council are possessed of items forming part of a museum collection representing the industrial heritage of the Westland District and wider West Coast.

- 1.2 The Council acknowledges that WIHP is an incorporated charitable body, recognised as a museum by the National Services Te Paerangi, which is responsible for the maintenance and preservation of an industrial heritage collection located at the Airport Drive site.

- 1.3 The Parties acknowledge that they wish to establish a relationship between themselves that supports the continuity of the WIHP aims and the desire on the part of the Council to conserve the industrial heritage of the community.

- 1.4 The Parties intend to develop a management relationship through a partnering process to secure the existing and future industrial heritage collection.
- 1.5 The Parties acknowledge that there is a ratepayer contribution to the WIHP of \$20,072 per annum (2016-17 Annual Plan), this being for operating costs such as: rates, land rental, electricity, insurance premiums, depreciation, and repairs and maintenance. This amount will be reviewed annually.
- 1.6 The Parties further acknowledge that in-kind support is provided by Council, mainly by the Hokitika Museum. For example, training for volunteers, and use of collection management software (Past Perfect).

2. EXISTING INTERACTIONS BETWEEN THE PARTIES

- 2.1 The Parties acknowledge the following interactions that already exist between them as a consequence of the purpose, functions, responsibilities, assets and interests of each of them:

LAND and LEASES

- 2.2 The WIHP occupies land located at Airport Drive, Hokitika (the site), as shown on the accompanying plan. The WIHP has a lease agreement with Hokitika Airport Ltd (HAL) for their occupancy of the airport land. HAL are responsible for the sub-lease agreement with WIHP for occupancy of the site.

BUILDINGS and MAINTENANCE

- 2.3 All permanent buildings and fixed assets located at Airport Drive are the property of the Council who will meet the fair minor maintenance costs associated with the buildings. An annual budget of \$3,000 will be provided by Council to the WIHP towards such repairs and maintenance. This sum will be reviewed annually.
- 2.4 Any items not deemed to be minor maintenance that WIHP require Council funding for will be presented through an Annual Plan process. The Chief Executive will advise WIHP of the timetable for that process.
- 2.5 WHIP will be responsible for carrying out the maintenance of the site and buildings and will keep the site in a safe and secure state, free of noxious weeds and rubbish.

- 2.6 No new permanent building may be constructed without prior approval by the Council (for the purposes of clarification, specific approval must be sought in addition to the granting of any necessary building permits). New buildings will be added to Council's fixed asset register.

UTILITY COSTS

- 2.7 The Council will meet all utility costs associated with the site at Airport Drive including:
- Westland District Council rates
 - West Coast Regional Council rates
 - Electricity costs

INSURANCE

- 2.8 WDC will arrange the following insurances on behalf of WIHP:
- Public liability insurance
 - Material damage insurance, including:
 - o Buildings
 - o Machinery and equipment, eg. tools used for maintaining and repairing the collection
 - o Collection– this is a lump sum, not itemised
 - o Third party owned items on loan – subject to any restrictions on liability

WIHP will be liable for payment of any excess.

THE COLLECTION

- 2.9 WIHP will be responsible for the creation and maintenance of a full catalogue of items forming the industrial heritage collection located at the Airport Drive site. Copies of this catalogue will be held by WIHP, and Hokitika Museum and will be updated at least annually.
- 2.10 WIHP are responsible for the maintenance of the industrial heritage collection located at the site. Where possible WDC will support the maintenance the collection, where this is not possible WIHP will, where possible fund raise to meet this commitment.
- 2.11 WIHP will ensure public access is available to the industrial heritage collection and will conduct open days at times to be advertised in the local press. At a minimum, the

collection will be open to the general public, at least on a monthly basis, during daylight hours.

- 2.12 WIHP will provide for safe storage of Hokitika Museum collection items (as distinct from the balance of the industrial heritage collection) placed in the care of the WIHP at the Airport Drive site. Any work required for the maintenance of these assets will at the discretion of the Hokitika Museum who will be responsible for funding such work.
- 2.13 WIHP will have the right to accept, on behalf of the Council, any items deemed of significance to the industrial heritage of Westland and the West Coast. WIHP will also have the right to dispose of any items placed in their care however any such transactions will be recorded and the catalogue amended accordingly.
- 2.14 WIHP must obtain written permission from Council to dispose of any collection items belonging to Council.
- 2.15 WIHP, may from time to time, liaise with other industrial heritage collections for the purposes of sharing information, temporary loans of collections items and the enhancement of the collection in general.

PRIVATELY OWNED ASSETS

- 2.16 Both parties acknowledge that, at the discretion of the WIHP and on terms to be negotiated by WIHP, privately owned industrial heritage items may be stored at the Park to augment the Council owned collection. At no time does ownership or control of these assets pass to the Council or to WIHP but remain in private ownership unless an asset transfer agreement is signed by the owner and WIHP at which time an amendment to the catalogue will be made.

3. REVIEW PROCESS

- 3.1 The relationship outlined in this agreement shall be formally reviewed by WIHP and the Council every three years. Meetings will be held annually or as required in order to raise any issues that may arise out of this agreement. Any amendments to this Memorandum shall occur with the consent of both parties and be recorded in writing. Such consent shall not be unreasonably withheld.

4. KEY CONTACTS

- 4.1 The contacts within each Party who will be responsible for managing the relationship between each of them to achieve the planned outcomes are listed below. Any changes shall be advised by each Party to the other from time to time.

Westland District Council

Chief Executive

Group Manager – District Assets

Westland Industrial Heritage Park

President

Treasurer

Secretary

5. ENFORCEABILITY

- 5.1 The Parties acknowledge and agree that:

- (a) the purpose of this Memorandum is to record the relationship between the Parties and the principles that each intends to follow in its dealings with the other;
- (b) each will act towards the other in good faith and with regard to the matters set out in this Memorandum; and
- (c) this Memorandum shall not be enforceable in any court or other forum and any dispute between them as to any matter provided for in this Memorandum shall be resolved by mutual consultation between the Chief Executive/President of each of the Parties in good faith.
- (d) In the event of any dispute or difference arising out of or in connection with this MoU not able to be resolved by the process outlined in (c) above, the parties shall refer such dispute to mediation by the New Zealand Dispute Resolution Centre (NZDRC) in accordance with NZDRC's Agreement to

Mediate and Standard Terms of Engagement which procedures and rules are deemed to be incorporated by reference into this clause.

- (e) If the parties are unable to agree upon the identity of a mediator within 5 working days from the date upon which notice of the dispute is given, then the mediator shall be appointed by the New Zealand Dispute Resolution Centre upon the application of any party.

EXECUTION

SIGNED for and on behalf of
Westland Industrial Heritage Park by: _____ (Vice) President

Secretary

Witness to Signature

Name of Witness

SIGNED for and on behalf of
Westland District Council by:

Mayor

Chief Executive

Witness to Signature

Name of Witness



Report to Council



DATE: 26 March 2026
TO: Mayor and Councillors
FROM: Chief Executive

PROVISION OF LOAN FUNDING FOR WATER SERVICES COUNCIL CONTROLLED ORGANISATION (WSCCO) SETUP AND ESTABLISHMENT COSTS

1. Summary

- 1.1. The purpose of this report is to seek Council approval to fund Westland District Council's one-third share of the setup and establishment costs for the West Coast Water Services Council-Controlled Organisation (WSCCO), either by raising debt, if more efficient, by using Council cash resources (an internal loan), with delegated authority for the Chief Executive to finalise the funding terms.
- 1.2. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2025, which are set out in the Long Term Plan 2025-2034.
- 1.3. This report recommends that Council agree to fund its share of the setup and establishment costs for the West Coast water services council-controlled organisation via debt up to a limit of \$1.583 million, noting any interest costs will be passed to the WSCCO along with the balance of any debt drawn down.

2. Background

- 2.1. The reason the report has come before the Council is that Buller, Grey and Westland District Councils have agreed to form a water services CCO for future water service delivery on the West Coast. Their Water Services Delivery Plan (WSDP) was approved by the Secretary of Local Government on 18 November 2025.
- 2.2. A report on the setup and establishment costs for the WSCCO was considered by our council on 26 February. Grey District Council adopted a report and resolutions on 23 February 2026.
- 2.3. Buller District Council (BDC) at its meeting on 25 February, did not adopt any resolutions as they wanted to receive more information from the DIA regarding the water reforms, and particularly the additional cost to the community.
- 2.4. The exchange of information between the BDC Councillors and the DIA occurred at a workshop on 9 March, with BDC holding an extraordinary meeting on 18 March to reconsider the original resolutions based on the DIA workshop information.
- 2.5. BDC, at its meeting of 18 March, adopted resolutions endorsing the setup budget of \$5 million and accepting its responsibility for one-third share of the cost of the setup. It did not agree to raise debt funding for the three councils; instead, it resolved to ask each council to fund its own share of the debt setup costs.
- 2.6. As a result, Grey and Westland District Councils need to approve resolutions for their share of setup costs be that debt raised externally or internally using their council's cash resources.

- 2.7 Interest expenses or the opportunity cost of forgone interest revenue will be included in the value of debt transferred to the WSCCO.
- 2.8 This report asks the council to agree to raise debt funding for its one-third share of the setup and establishment costs and delegates to the CE to agree to the terms of the debt funding.
- 2.9 The delegation will also allow the CE to use councils cash funds (an internal loan) if the CE deems that to be a more efficient source of funding of setup and establishment costs.
- 2.10 Either funding option being, the use of external or internal debt will be transferred to the WSCCO when it begins operational.

3. Current Situation

- 3.1 Under the proposed resolutions related to the setup and establishment of the WSCCO, Buller DC as the administration council would procure and pay the various contractors, consultants, directors and new management remuneration until 30 June 2027.

They would also be responsible for managing the document management systems, which have been used for the past 18 months.

The BDC decisions made on 18 March mean that all its activities as the administration council continues except each council will need to raise its one-third share of the debt and when raised, then transfer those funds to BDC so it can fund the payments to contractors, consultants etc.

The finance lead for the WSCCO and the three council Chief Financial Officers will communicate with the LGFA on this change, including the debt that is proposed to be raised and determine the most efficient way to achieve this revised borrowing arrangement. The arrangement will then be documented.

Each council will be entitled to add an interest expense to the dollar value of loan that is transferred to the WSCCO.

Once the Board of Directors and the CCO management structures are in place, the WSCCO will take over the setup work, and the three-member councils will receive regular financial reports on progress.

Budgets for each council's share of the setup and establishment costs and debt funding should be included in their 2026/2027 annual plans.

4. Options

- 4.1 Option 1 – Approve funding): Approve debt funding (via LGFA), or internal debt from cash reserves for Westland District Council's one-third share of WSCCO setup and establishment costs. This option enables the WSCCO setup and establishment programme to proceed as planned in the approved Water Services Delivery Plan.
- 4.2 Option 2 – Decline funding: Decline to raise debt or provide internal loan funding for Westland District Council's one-third share. This would halt or delay establishment of the WSCCO and create challenges for Council's ability to deliver on its Water Services Delivery Plan and to meet the target operational date of 1 July 2027.

5. Risk Analysis

5.1 Risk has been considered, and the following risks have been identified:

5.1.1 Legal and Legislative Implications

The decision supports the implementation of the Water Services Delivery Plan and the associated legislative approval process for future water services delivery. The report notes no additional Council policy decisions are required, as adoption of the WSDP was the relevant policy decision under the Local Water Done Well legislative framework.

5.1.2 Financial

Total WSCCO setup and establishment cost is estimated at \$5.0 million, funded by a \$250,000 DIA grant and the balance by debt. Westland District Council is responsible for one-third of the net cost (approximately \$1.583 million before interest/opportunity costs). Funding may be raised externally (anticipated via LGFA) or internally using Council cash (treated as an internal loan). Interest expense (or the opportunity cost of foregone investment income if cash is used) will be added to the amount to be transferred to the WSCCO when it becomes operational.

6. Health and Safety

6.1 Health and Safety considerations have been reviewed, and no issues have been identified.

7. Significance and Engagement

7.1 The level of significance has been assessed as low, as the matter is administrative in nature.

7.1.1 No public consultation is considered necessary.

7.1.2 Water services reform and the creation of a new WSCCO is of high community interest; however, this decision is primarily about enabling agreed setup activities and interim funding.

8. Assessment of Options (including Financial Considerations)

8.1 Option 1 – Approve funding

This option enables the WSCCO setup and establishment programme to proceed as planned in the approved Water Services Delivery Plan.

8.2 Option 2 – Decline Funding

8.2.1 There are no financial implications associated with this option; however it does pose legislative compliance risk (refer to Section 5).

8.2.2 Decline to raise debt or provide internal loan funding for Westland District Council's one-third share. This would halt or delay the establishment of the WSCCO and create challenges for Council's ability to deliver on its Water Services Delivery Plan and to meet the target operational date of 1 July 2027.

9. Preferred Options and Reasons

9.1 The preferred option is Option 1.

9.2 The reason that Option 1 has been identified as the preferred option is that:

9.2.1 The setup of the Water Services Council Controlled Organisation (WSCCO) is proceeding.

9.2.2 The estimated setup cost is \$5 million, which was included in the Water Services Delivery Plan.

9.2.3 Funding of the setup costs is via a Department of Internal Affairs (DIA) grant of \$250,000, with the balance, \$4,750,000, being debt-funded.

9.2.4 The initial expectation was that Buller District Council (BDC) would debt fund all setup costs on behalf of the three councils. BDC subsequently resolved to fund only their one-third share of the setup costs via debt funding, therefore requiring both Grey District Council (GDC) and Westland District Council (WDC) to also raise debt funding for their share of the setup costs.

9.2.5 The Local Government Funding Agency (LGFA) has agreed to lend to one of the WSCCO member Councils funds for set-up costs, noting that this debt will transfer to the WSCCO. The finance lead for the WSCCO will approach the LGFA to confirm that they will fund each council individually.

10. Recommendations

- 10.1 That the report be received.
- 10.2 That Council agrees to fund its share of the setup and establishment costs for the West Coast Water Services Council-Controlled Organisation via debt or cash reserves, up to a limit of \$1.583 million, noting any interest costs will be passed to the WSCCO along with the balance of any debt drawn down.

Barbara Phillips
Chief Executive

Report to Council



DATE: 26 March 2026
TO: Mayor and Councillors
FROM: Chief Executive

WEST COAST WATER SERVICES COUNCIL CONTROLLED ORGANISATION - CONSTITUTION, SHAREHOLDERS AGREEMENT AND BOARD APPOINTMENT PROCESS

1. Summary

- 1.1. The purpose of this report is to seek Council approval of the Shareholders Agreement and Constitution for the West Coast Water Services Council Controlled Organisation.
- 1.2. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2025, which are set out in the Long Term Plan 2025-2034.
- 1.3. This report recommends that Council adopt the Shareholders Agreement and Constitution for the West Coast Water Services Council Controlled Organisation and establishes a Joint Director Appointment Subcommittee; and appoints the Mayor to the subcommittee.

2. Background

- 2.1. The reason the report has come before the Council is that the three District Councils (Buller, Grey and Westland) are progressing the establishment of a shared Water Services Council Controlled Organisation (WSCCO) to deliver drinking water, wastewater and stormwater services under the Local Water Done Well framework.

3. Current Situation

- 3.1. The Shareholders' Agreement and Constitution are core governance documents that define how the WSCCO will be owned, governed and held accountable.
- 3.2 In order to progress the establishment of the WSCCO, Councils are also required to appoint a Board of Directors.
- 3.3 It is proposed that this be undertaken by a joint subcommittee, comprising the Mayors of the shareholder Councils and Iwi representatives, with delegated authority to appoint directors on behalf of the Councils.

4. Options

- 4.1. Option 1: Council approves the Constitution, Shareholders Agreement and board hiring subcommittee.
- 4.2. Option 2: Do not approve the Constitution, Shareholders Agreement and board hiring subcommittee.

5. Risk Analysis

5.1. Risk has been considered, and the risk of not approving this paper includes delays to the programme as well as impacting the Buller and Grey District Councils, who are presenting the same paper to their Councils in March 2026 for approval.

6. Health and Safety

6.1. Health and Safety considerations have been reviewed, and no issues have been identified.

7. Significance and Engagement

7.1. The level of significance has been assessed as low, as the matter is administrative in nature.

7.1.1. No public consultation is considered necessary.

8. Assessment of Options (including Financial Considerations)

8.1. Option 1 – Council approves the Constitution, Shareholders Agreement and board hiring subcommittee.

8.1.1 Approving the above will enable the timely establishment of the WSCCO and appointment of the Board of Directors.

8.1.2 This will ensure consistent arrangements across each of the three shareholder Councils.

8.1.3 This aligns with Department of Internal Affairs guidance and legislative expectations for the setup of the WSCCO.

8.2 Option 2 – That Council not approve the Constitution, Shareholders Agreement and board hiring subcommittee.

8.2.1 This option would prevent the timely incorporation of the WSCCO, including the timing of decision-making with the Buller and Grey District Councils.

8.2.2 Delaying the implementation of the WSCCO will impact key milestones and potentially increase costs and risks due to protracted timelines.

9. Preferred Options and Reasons

9.1. The preferred option is Option 1.

9.2. The reason that Option 1 has been identified as the preferred option is that this will ensure consistent arrangements across each of the three shareholder Councils, and aligns with the Department of Internal Affairs guidance and legislative expectations for the setup of the WSCCO.

10. Recommendations

10.1. That the report be received.

10.2. That Council:

1. Approves the Shareholders' Agreement for the West Coast Water Services Council Controlled Organisation.
2. Approves the Constitution for the West Coast Water Services Council Controlled Organisation.
3. Establishes a joint Director Appointment Subcommittee with delegated authority to appoint the WSCCO Board of Directors.

4. Appoints the Mayor to the subcommittee alongside the Mayors of Buller and Grey District Councils and representatives of Te Rūnanga o Ngāti Waewae and Te Rūnanga o Makaawhio.

Barbara Phillips
Chief Executive

Appendix 1: Shareholders' Agreement for the West Coast Water Services Council Controlled Organisation
Appendix 2: Constitution for the West Coast Water Services Council Controlled Organisation

SHAREHOLDERS' AGREEMENT RELATING TO COAST WATERS LIMITED

BULLER DISTRICT COUNCIL

GREY DISTRICT COUNCIL

WESTLAND DISTRICT COUNCIL

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SCHEDULE 2 RESERVED MATTERS REQUIRING SHAREHOLDER APPROVAL

SCHEDULE 3 SHAREHOLDERS' REPRESENTATIVE FORUM TERMS OF REFERENCE

PARTIES

- 1. BULLER DISTRICT COUNCIL (BDC)**
- 2. GREY DISTRICT COUNCIL (GDC)**
- 3. WESTLAND DISTRICT COUNCIL (WDC)**

BACKGROUND

- A. BDC, GDC and WDC:**
 - (i)** intend to incorporate the Company to become the water organisation responsible for delivering water services in the Service Area; and
 - (ii)** will each contemporaneously on Day One, expected to be 1 July 2027, transfer water services assets, liabilities and other matters to the Company pursuant to the Transfer Agreements. From Day One, the Company will be a water services provider under the Local Government (Water Services) Act 2025, which was enacted to give effect to the Local Water Done Well water reforms.
- B.** The purpose of this agreement is to record how the parties will manage their shareholdings in the Company and their respective relationships with each other.
- C.** Once incorporated, the Company will accede and become a party to this agreement to record certain obligations owed to it by, and owed by it to, the Shareholders.

AGREED TERMS

1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions:** In this agreement the following definitions apply:

Alternate means, in relation to a Shareholder, an alternate to that Shareholder's appointed Shareholders' Representative Forum Representative to attend and vote at meetings of the Shareholders' Representative Forum but only where the relevant Shareholder's appointed Shareholders' Representative Forum Representative is unable to do so.

Board means the board of Directors of the Company.

Board Skills Matrix means a matrix setting out the skills which are required to be represented on the Board, by being held by one or more Directors in office, as adopted and amended by the Shareholders' Representative Forum from time to time in accordance with Schedule 3.

Business means the business and activities set out in clause 2.1 of the Constitution.

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

Class A Shares has the meaning given in the Constitution.

Class B Shares has the meaning given in the Constitution.

Companies Act means the Companies Act 1993.

Company means Coast Waters Limited.

Confidential Information means the provisions of this agreement and all other information of a confidential nature (which, where the confidentiality of the information is not expressly stated, will be determined by the recipient, acting reasonably) obtained by one party from the other party under or in connection with this agreement, including, in relation to the Company, trade secrets, proprietary information and confidential information belonging to the Company that are not generally known to the public, including information concerning business plans, financial statements and other information provided pursuant to this agreement, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents which the Company treats as confidential, and any other information in respect of which the Company is bound by an obligation of confidence owed to a third party.

Constitution means the constitution of the Company as filed with the New Zealand Companies Office on the incorporation of the Company, as amended or replaced from time to time.

Day One means 1 July 2027, or any later date agreed by all Shareholders.

Day Zero means the date the Company is incorporated.

Director means a director of the Company.

Event of Default means, in relation to a Shareholder, where a Shareholder breaches or fails to observe any of the obligations under this agreement and:

- (a) if that breach or failure is capable of remedy, does not remedy that breach or failure within 20 Business Days of notice from any other Shareholder specifying the breach or failure and requiring remedy;
- (b) that breach or failure is not capable of remedy; or
- (c) that breach or failure is material in the context of the obligations of that Shareholder under this agreement.

Financial Year means:

- (a) the period from the Day Zero to 30 June immediately following Day Zero;
- (b) each subsequent period commencing on 1 July and ending on the next 30 June during the Term; and
- (c) the period from 1 July immediately preceding the end of the Term, to the end of the Term.

Global Guarantee has the meaning given to that term in clause 7.3.

Independent Director means a Director who is neither a current elected member of any Local Authority that is a Shareholder nor a current employee of any Shareholder or the Company.

LGA means the Local Government Act 2002.

LGFA means New Zealand Local Government Funding Agency Limited.

LG(WS) Act means the Local Government (Water Services) Act 2025.

Local Authority has the meaning given to it in section 5 of the LGA.

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

Reserved Matters means matters of the nature listed in Schedule 2.

Security Interest includes a mortgage, debenture, charge, lien, pledge, assignment or deposit by way of security, bill of sale, lease, hypothecation, hire purchase, credit sale, agreement for sale on deferred terms, option, right of pre-emption, caveat, claim, covenant, interest or power in or over an interest in an asset and any agreement or commitment to give or create any such security interest or preferential ranking to a creditor including set off.

Service Area means the combined service areas (as defined in section 4 of the LG(WS) Act) of the Shareholders being, at the date of adoption of this agreement, the territorial districts of Buller, Grey, and Westland.

Shares means shares in the Company on issue from time to time, and includes all Class A Shares and Class B Shares.

Shareholder means a shareholder in the Company and includes any person who subsequently becomes a shareholder.

Shareholders' Representative Forum means the joint committee formed by the Shareholders pursuant to clause 6.1.

Shareholders' Representative Forum Representative means a member of the Shareholders' Representative Forum.

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

Statement of Expectations has the meaning given to it in section 220 of the LG(WS) Act.

Term means the term of this agreement as set out in clause 10.1.

Terms of Reference means the terms of reference of the Shareholders' Representative Forum in the form set out in Schedule 3, as amended from time to time in accordance with this agreement.

Transfer Agreement has the meaning given to it in section 4 of the LG(WS) Act.

Unanimous Resolution means a resolution that is approved by all of the Shareholders entitled to vote and voting on the question.

Water Services has the meaning given to it in section 4 of the LG(WS) Act, which will be the water services transferred to the Water Organisation in accordance with the Transfer Agreement between the Water Organisation and each Shareholder.

Water Services Annual Budget has the meaning given to it in section 220 of the LG(WS) Act.

Water Services Strategy has the meaning given to it in section 220 of the LG(WS) Act.

1.2 Interpretation: In this agreement, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the singular includes the plural and vice versa, and a gender includes other genders;

- (c) another grammatical form of a defined word or expression has a corresponding meaning;
- (d) words in this agreement have the same meaning as in the Companies Act unless inconsistent with the context;
- (e) a reference to a party, person or entity includes:
 - (i) an individual, firm, company, trust, partnership, joint venture, association, corporation, body corporate, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and
 - (ii) an employee, agent, successor, permitted assign, executor, administrator and other representative of such party, person, entity;
- (f) a reference to dollars or \$ is to New Zealand currency and excludes every tax and duty;
- (g) a reference to a clause or schedule is to a clause or schedule of this agreement;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) references to the word "include" or "including" are to be construed without limitation;
- (j) references to any form of law are to New Zealand law, including as amended or re-enacted;
- (k) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (l) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;
- (m) any obligation falling due for performance on or by a day other than a Business Day will be performed on or by the Business Day immediately following that day; and
- (n) an obligation not to do something includes an obligation not to allow or cause that thing to be done.

1.3 Subsidiaries of the Company: If at any time the Company has a subsidiary (as defined in the Companies Act) or subsidiaries, clauses 3.1, 5.1 and 6.1 will be read so as to

relate to the group of companies consisting of the Company and its subsidiaries, rather than to the Company alone.

2. SHARES

2.1 Initial Shares on Issue: As at the date of incorporation:

- (a) the Company will have the number of Class A Shares set out in Schedule 1 which are held by the Shareholders set out in Schedule 1;
- (b) there will be no Class B Shares on issue; and
- (c) all Shares on issue will be fully paid.

3. PURPOSE OF COMPANY

3.1 Purpose: It is the intention of the Shareholders that the Company is to carry on the Business.

3.2 Initial business set up: The Shareholders will work together to procure the initial business set up, operational steps, and transactions described and summarised in Schedule 1.

4. BOARD AND DIRECTORS

4.1 Board:

- (a) The Company will have no less than the minimum and no more than the maximum number of Directors specified in the Constitution.
- (b) The Initial Directors (as that term is defined in the Constitution) will be appointed and removed in accordance with clause 12.3(a) (or, if applicable, clause 12.3(b)) of the Constitution.
- (c) The Directors will be appointed and removed by the Shareholders' Representative Forum in accordance with the Constitution and Schedule 3.

4.2 Performance evaluation: The Board will undertake a self-evaluation of its performance on an annual basis, in line with accepted good governance principles and practices, and the results will be reported directly to the Shareholders' Representative Forum and to the Chief Executives (or equivalent) of each of the Shareholders.

5. SHAREHOLDERS' OBLIGATIONS

5.1 Voting and Shareholder reserved matters:

- (a) Subject to clause 5.1(b) and any resolution that is required by the Companies Act or the Constitution to be passed as a Special Resolution or Unanimous Resolution, all resolutions of meetings of the Shareholders may be passed by Ordinary Resolution.

- (b) The Company will not enter into any transaction or matter which is a Reserved Matter unless the entry into such transaction or matter is approved in writing:
 - (i) if the applicable approval threshold is listed in SCHEDULE 2, by Special Resolution or Unanimous Resolution (as applicable); or
 - (ii) if such an approval threshold is not listed in SCHEDULE 2, by Special Resolution.

5.2 Duty to comply with Constitution: Each Shareholder will comply with the Company's Constitution.

5.3 Compliance with laws: The Shareholders will each ensure they comply with their, and the Company complies with its, obligations under the LGA, Local Government (Water Services Preliminary Arrangements) Act 2024, the LG(WS) Act, the Local Government Official Information and Meetings Act 1987, the Companies Act and all other laws applicable to the Shareholders and the Company.

5.4 Spirit of collaborative working: The Shareholders must at all times act in a spirit of co-operation and collaborative working, endeavouring to act together to allow for the effective communication of the Shareholders' intentions or requirements to the Company.

5.5 No surprises: The Shareholders will use best endeavours to act under the principle of "no surprises", both with the Company and with each other in relation to their respective interests.

6. SHAREHOLDERS' REPRESENTATIVE FORUM

6.1 Establishment and Terms of Reference:

- (a) After the approval of this agreement, the Shareholders will jointly establish, maintain and operate a Shareholders' Representative Forum in accordance with the Terms of Reference to provide overarching governance of the Company, including:
 - (i) in relation to the appointment of Directors to the Board of the Company;
 - (ii) to assist the Shareholders to fulfil their obligations under this agreement; and
 - (iii) where the Company has any obligation to consult with the Shareholders under the LG(WS) Act or other applicable law, to allow the Company to meet such obligation by consulting with the Shareholders' Representative Forum.
- (b) The Shareholders' Representative Forum will be established as a joint committee under clause 30(1)(b) of Schedule 7 to LGA.

- (c) Each Shareholder:
- (i) hereby confirms the Terms of Reference for the Shareholders' Representative Forum are on the terms attached at Schedule 3 to this agreement, as amended from time to time in accordance with this agreement;
 - (ii) will appoint Shareholders' Representative Forum Representatives and Alternates in accordance with the Terms of Reference and clause 6.2; and
 - (iii) agrees to delegate to the Shareholders' Representative Forum the responsibilities and powers necessary to participate in and carry out the Shareholders' Representative Forum governance oversight responsibilities, including those responsibilities and powers set out in Schedule 3, and in relation to agreeing:
 - (A) when Shareholder meetings, or resolutions in lieu of Shareholder meetings, are required (without prejudice to Shareholder and Board rights to call meetings under the Constitution or the Companies Act); and
 - (B) the appointment, removal and remuneration of Directors.
- (d) Any amendment to the Terms of Reference must be by unanimous agreement of the Shareholders (or of the Shareholders' Representative Forum Representatives duly authorised pursuant to clause 6.4).

6.2 Appointing and replacing a Shareholders' Representative Forum Representative:

Each Shareholder must appoint the following members to the Shareholders' Representative Forum:

- (a) the Mayor of that Shareholder;
- (b) two other elected members of that Shareholders; and

the Shareholders must jointly appoint a representative from each of Te Runanga o Ngāti Waewae and Te Runanga o Makaawhio (**Iwi Representatives**).

- 6.3** In addition, each Shareholder is to appoint an Alternate for each of their appointed Shareholders' Representative Forum Representatives. The Shareholders must jointly appoint an Alternate for each Iwi Representative. Each Shareholder may replace its appointed Shareholders' Representative Forum Representatives and/or Alternates from time to time by providing written notice to the Shareholders' Representative Forum and the other Shareholders. The Shareholders may jointly replace any Iwi Representative and/or their Alternates from time to time by providing written notice to the Shareholders' Representative Forum.

6.4 Independent Chairperson

- (a) The Shareholders' Representative Forum may at any time, by majority decision, appoint an independent chairperson, to act as the chairperson of the Shareholders' Representative Forum (**Independent Chairperson**).
- (b) To be independent, and qualify for appointment under clause 6.4(a), a person must be neither a current elected member of any Shareholder nor a current employee of any Shareholder or the Company, or employed by or otherwise associated with any Iwi Representative (or the iwi they represent). To qualify for appointment as Independent Chairperson, a person must also not be disqualified from holding office as a director of a company under section 151 of the Companies Act.
- (c) The Independent Chairperson shall not have the right to vote on any resolution of the Shareholders' Representative Forum, or be counted in the quorum for a Shareholders' Representative Forum meeting, but shall be permitted to engage fully at Shareholders' Representative Forum meetings and in the Shareholders' Representative Forum decision-making process.
- (d) The Shareholders' Representative Forum shall decide upon the remuneration (if any) of the Independent Chairperson, which shall be paid in equal amounts by the Shareholders.
- (e) An Independent Chairperson may be removed and replaced at any time by unanimous vote of the Shareholders' Representative Forum.
- (f) An Independent Chairperson may resign at any time by notice to the Shareholders' Representative Forum.
- (g) An Independent Chairperson shall hold office until they:
 - (i) cease to be independent as provided in clause 6.3(a);
 - (ii) are removed from office under clause 6.3(e);
 - (iii) resign in accordance with clause 6.3(f); or
 - (iv) become a person disqualified from holding office as a director of a company under section 151 of the Companies Act.

6.5 Authority of Shareholders' Representative Forum Representatives: Subject to the delegations under clause 6.1 above, the Shareholders agree that any action, matter or decision for a Shareholder under this agreement may be exercised by a duly authorised Shareholders' Representative Forum Representative or Alternate, each of whom must be an elected member of a Shareholder.

6.6 Shareholders' Representative Forum meetings: Unless the Shareholders' Representative Forum determines otherwise, the Shareholders' Representative Forum will meet on a quarterly basis until Day One, and thereafter on a bi-annual basis.

6.7 Attendance of Shareholders' Representative Forum Representatives at meetings: Each Shareholder will ensure that each of its appointed Shareholders' Representative Forum Representatives or their Alternates attend each meeting of the Shareholders' Representative Forum.

6.8 Failure to attend: If a Shareholder's appointed Shareholders' Representative Forum Representative or their Alternates are not present at two or more consecutive meetings of the Shareholders' Representative Forum, then that Shareholder will be required, on notice by any other Shareholder, to replace that Shareholder's appointed Shareholders' Representative Forum Representative and/or Alternates (as appropriate).

7. LOANS AND GUARANTEES BY SHAREHOLDERS

7.1 Loans and guarantees: Subject to clauses 7.2 and 7.3, no Shareholder will be required to make any loans to the Company or guarantee the obligations of the Company, to any creditor or other party except with the express prior agreement of such Shareholder.

7.2 LGFA funding guarantee: The Shareholders agree that, at the required or desirable time before Day One, each Shareholder will take all steps necessary, including providing any guarantee (as may be agreed with LGFA), to enable the Company to access funding through LGFA.

7.3 Global guarantee: The Shareholders agree that, at the required or desirable time before Day One, each Shareholder will provide a guarantee deed poll (in amounts proportionate to each Shareholder's share of drinking water connections, or otherwise as may be agreed) the benefit of which may, subject to clause 5.1(b), be conferred by the Company on financiers of the Company from time to time (**Global Guarantee**).

8. STATEMENT OF EXPECTATIONS

8.1 Preparation:

- (a)** The Shareholders will be responsible for jointly preparing a Statement of Expectations for the Company in accordance with the LG(WS) Act, within the time periods required by the LG(WS) Act.
- (b)** The Shareholders will delegate responsibility for preparing and adopting the Statement of Expectations to the Shareholders' Representative Forum in accordance with clause 6.1.
- (c)** Unless the Shareholders otherwise agree, or an alternative process is provided for in the LG(WS) Act (in which case that alternative process will be followed), the Shareholders' Representative Forum will meet at least eight months before the date on which the Company is required to prepare a Water Services Strategy under the LG(WS) Act, to discuss and agree to the process for preparing the next Statement of Expectations, which will be consistent with the Constitution and the process requirements set out in the LG(WS) Act, and will publish that process on the website of one or more of the Shareholders in accordance with the LG(WS) Act.

- (d) In addition to the requirements specified in the LG(W.S) Act, the Statement of Expectations will also include the matters set out in Schedule 1.
- (e) No later than the period set out in Schedule 1 before the publication date, or an alternative date agreed by the Shareholders, the agreed Statement of Expectations will be circulated to the Chairperson of the Board, the Chief Executive of the Company and the Shareholders' Representative Forum.

9. SHARES AND SHAREHOLDERS

- 9.1 **No sale:** No Shareholder may directly or indirectly sell, transfer, or dispose of the legal or beneficial ownership of, or the control of, any of its Shares otherwise than in compliance with this agreement, the Constitution and the LG(W.S) Act.
- 9.2 **No Security Interest:** A Shareholder must not grant a Security Interest over any of its Shares.
- 9.3 **Share issue:** Subject to approval of the Shareholders in accordance with clause 5.1, the Board may issue Shares in accordance with the Constitution and this agreement, including the principles set out in Schedule 1.
- 9.4 **Additional Shareholders:** Subject to the approval of the Shareholders in accordance with clause 5.1, additional Local Authorities may become shareholders in the Company in accordance with the Constitution, the principles set out in Schedule 1, and Schedule 2.
- 9.5 **Exiting shareholders:** A Local Authority may cease to be a shareholder in the Company in accordance with the Constitution and the principles set out in Schedule 1 (a **Shareholder Exit**).
- 9.6 **Amalgamation of Local Authorities:** In the event of an amalgamation (**Amalgamation Event**), the Shareholders' Representative Forum will meet and discuss the effect of the amalgamation on the shareholding structure of the Company and will exercise their voting rights to ensure that the shareholding percentages for each class of Shares remain reasonable as agreed by all Shareholders.
- 9.7 **Consequences of Shareholder Exit or Amalgamation:** If a Shareholder Exit or Amalgamation Event occurs or is likely to occur:
 - (a) the Shareholders' Representative Forum will meet and discuss the effect of the Shareholder Exit or Amalgamation Event on the shareholding structure of the Company and will exercise their voting rights to ensure that the structure (including the relative shareholding percentages of the remaining Shareholders) remains fit for purpose having regard to the purpose of the Company as set out in clause 3; and
 - (b) if requested by a Shareholder, the Shareholders' Representative Forum will meet and discuss the effect of the Shareholder Exit or Amalgamation Event on the arrangements contemplated under this agreement more widely in accordance with the following principles:

- (i) each Shareholder acknowledges their ongoing commitment to the principle of co-operation and collaborative working as set out in clause 5.4; and
- (ii) the arrangements in respect of the governance of the Company must continue to be fit for the purpose of the Company as a water organisation and the respective community and economic interests of the remaining Shareholders.

10. TERM AND TERMINATION

10.1 Term: Subject to clause 11.2, the **Term** of this agreement commences on the date signed by all Shareholders and continues until the first date on which:

- (a) only one Shareholder owns all Shares;
- (b) none of the Shareholders hold Shares;
- (c) all Shareholders agree that this document is terminated; or
- (d) the Company is liquidated.

11. CONSEQUENCES OF TERMINATION

11.1 Effect of termination: Any termination of this agreement with respect to a Shareholder does not affect any accrued rights that Shareholder may have against the other parties to this agreement or which the other parties to this agreement may have against it.

11.2 Survival: Termination of this agreement will not affect the rights and obligations of the Shareholders set out in clauses 1, 11, 13, 15, 16 and 17 which are intended to survive the termination of this agreement.

12. SUSPENSION OF RIGHTS

12.1 Consequences: If an Event of Default occurs in respect of a Shareholder (the **Defaulting Shareholder**), the Non-Defaulting Shareholders may, while that Event of Default continues, by notice in writing to the Defaulting Shareholder, require that the Defaulting Shareholder is suspended as follows:

- (a) all rights of the Defaulting Shareholder under this agreement (including the right to vote on a Reserved Matter) and all rights attaching to the Defaulting Shareholder's Shares (**Default Shares**) (including that Shareholder's right to vote) are suspended and that Shareholder is not to be counted for the purpose of determining a quorum for a Shareholders' meeting;
- (b) all voting rights of the Shareholders' Representative Forum Representatives appointed by the Defaulting Shareholder are suspended; and

- (c) all Director appointment rights of the Defaulting Shareholder are suspended.

12.2 Non-Defaulting Shareholder: For the purposes of clause 12.1:

- (a) **Non-Defaulting Shareholders** means all Shareholders which are not the Defaulting Shareholder; and
- (b) any notice which may be given by the Non-Defaulting Shareholders may be given by a Shareholder or Shareholders which holds or hold more than half of the total number of Shares held by all Non-Defaulting Shareholders.

12.3 Default interest: If any party does not pay any amount payable under this agreement on the due date for payment (**Due Date**) that party will pay to the other party interest (both before and after judgment) on that amount. That interest will be:

- (a) paid at the rate set out in Schedule 1;
- (b) paid by instalments at intervals of 10 Business Days from the Due Date; and
- (c) calculated on a daily basis from and including the Due Date until the unpaid amount is paid in full.

The right of a party to require payment of interest under this clause does not limit any other right or remedy of that party.

12.4 Other remedies: Clauses 12.1 and 12.3 are without prejudice to any other right, power or remedy under this agreement, at law, or otherwise, that any Shareholder has in respect of a default by any other Shareholder.

13. DISPUTE RESOLUTION

13.1 Notice in writing: If a party claims that a dispute has arisen, that party must give written notice to the other parties. The written notice must specify the nature of the dispute.

13.2 Negotiation:

- (a) On receipt of a notice delivered in accordance with clause 13.1 and before any party may refer a dispute to arbitration or expert determination, the Shareholders' Representative Forum Representatives must, in good faith and acting reasonably, do their best to resolve the dispute quickly and efficiently through negotiation.
- (b) If any Shareholders' Representative Forum Representative considers that the dispute is not being resolved in a timely manner, such Shareholders' Representative Forum Representative may serve written notice on the other parties' Shareholders' Representative Forum Representatives to escalate the dispute to the Chief Executives or equivalent (where the Shareholders' Representative Forum Representatives are not the Chief Executive or equivalent) of the applicable Shareholders for resolution.

If the dispute has not been resolved within 20 Business Days (or within such other period as agreed by the parties) of the date of the notice referred to in clause 13.2, any party may submit the dispute to arbitration in accordance with clause 13.3 or the parties may agree to refer the dispute to Expert Determination in accordance with clause 13.4.

13.3 Arbitration:

- (a) If the parties do not resolve the dispute by negotiation, and unless the parties agree in writing to refer the dispute to Expert Determination under clause 13.4, any party (the **Initiating Party**) may refer that dispute to binding arbitration by issuing a written notice (**Arbitration Notice**) to the other party or parties (together with the Initiating Party, the **Disputing Parties**) for final resolution in accordance with the provisions of this clause 13.3 and in accordance with the provisions of the Rules of Arbitration of the New Zealand Dispute Resolution Centre, as amended or modified from time to time (**NZDRC Rules**).
- (b) The arbitral panel will consist of one arbitrator. The arbitrator will be appointed by the agreement of the Disputing Parties or, failing agreement within 10 Business Days of the date of the Arbitration Notice, in accordance with the NZDRC Rules.
- (c) The seat of arbitration will be as set out in Schedule 1 and the arbitration will be conducted in the English language.
- (d) The award of the arbitration will be in writing and must include reasons for the decision.
- (e) The award of the arbitration will be final and binding on the parties. No party may appeal to the High Court under Clause 5 of the Second Schedule of the Arbitration Act 1996 on any question of law arising out of an award.
- (f) The award will allocate or apportion the costs of the arbitration as the arbitrator deems fair.
- (g) Neither the existence of any dispute nor the fact that any arbitration is pending will relieve any of the Parties of their respective obligations under this agreement.

13.4 Expert Determination: If the parties agree to refer the dispute to an Expert Determination, then:

- (a) any Shareholder or the Company may refer the dispute to such firm of chartered accountants or lawyers (depending on the nature of the matters in issue) with suitable experience in dealing with such matters as are in dispute:
 - (i) as is agreed by a majority of the Shareholders' Representative Forum and the Company; or

- (ii) failing agreement within 5 Business Days of the date of any Shareholder notifying details of its suggested expert to the other Shareholders and the Company, as is appointed by the President for the time being of the New Zealand Law Society, (the **Expert**).

The Expert will be required to make a decision in respect of the issue or dispute (and any consequential adjustments) within 10 Business Days from the date upon which the matter is referred to him or her.

- (b) The decision of the Expert will, in the absence of fraud or manifest error, be conclusive and binding on all Shareholders and the Company.
- (c) In resolving an issue or dispute under this clause:
 - (i) the Expert will be deemed to be acting as an expert, not as a mediator or an arbitrator;
 - (ii) nothing in this clause will constitute a submission to arbitration under the Arbitration Act 1996;
 - (iii) each Shareholder and the Company must give the Expert any information and assistance, and will ensure that its duly authorised representatives meet with the Expert, as the Expert may reasonably require in order to expedite the resolution of the issue or dispute; and
 - (iv) the Shareholders and the Company will be jointly and severally liable to the Expert for all costs incurred by the Expert, but the Expert may allocate, to any one or more of the Shareholders and the Company, the responsibility for payment of those costs and that allocation will be binding on the Shareholders and the Company.

13.5 Implementation of agreement: The parties must do whatever is reasonably necessary to put into effect any negotiated or arbitral award, or Expert Determination or other resolution. This includes exercising voting rights and other powers as required.

13.6 Rights and obligations during a dispute: During a dispute, each party must continue to perform its obligations under this agreement.

13.7 Interlocutory relief and right to terminate: This clause does not restrict or limit the right of a party to obtain interlocutory relief, or to immediately terminate this agreement where this agreement provides such a right.

14. DISTRIBUTION PRINCIPLES ON LIQUIDATION

14.1 Principles: The principles which govern the distribution on liquidation of the Company (which are intended to be legally binding) will be determined by the Shareholders' Representative Forum but will include:

- (a) each Shareholder would be entitled to have the original Water Services assets it transferred to the Company (or representative equivalent assets) transferred back to it along with the relevant debt apportioned to those assets;
- (b) an adjustment amount may be payable on liquidation by any Shareholder to reflect effective compensation for the costs of any new Water Services assets that may transfer to such Shareholder, less the allocation and assumption of a share of the Company's debt (and other liabilities) for the new Water Services assets; and
- (c) the basis on which that adjustment amount is set will be determined by the Shareholders' Representative Forum.

15. CONFIDENTIAL INFORMATION AND PUBLIC ANNOUNCEMENTS

15.1 Confidentiality: Each party must keep confidential the Confidential Information and must not disclose or permit the disclosure of any Confidential Information to any other person. If a party becomes aware of a breach of this obligation, that party will immediately notify the other parties.

15.2 Further permitted use and disclosure: This agreement does not prohibit the disclosure of Confidential Information by a party in the following circumstances:

- (a) the other parties have consented to the disclosure of the relevant Confidential Information;
- (b) the disclosure is specifically contemplated and permitted by this agreement;
- (c) the disclosure of Confidential Information is to an employee, subcontractor, agent or representative who needs it for the purposes of this agreement;
- (d) the disclosure is to a professional adviser in order for it to provide advice in relation to matters arising under or in connection with this agreement;
- (e) the disclosure is required by a court or governmental or administrative authority; or
- (f) the disclosure is required by applicable law or regulation, including under the Local Government Official Information and Meetings Act 1987.

15.3 Public announcements and media releases: Each party agrees that it will not make any public announcements or issue media releases in connection with, or on behalf of, the other Shareholders or the Company in relation to the Company or Water Services, except with the written consent of the other Shareholders. Nothing in this provision will prohibit or restrict a Shareholder from making a public announcements or media releases in connection with the Shareholder's own involvement with, or policies in relation to, the Company.

16. NOTICES

16.1 Giving notices: Any notice or communication given to a party under this agreement is only given if it is in writing and sent in one of the following ways:

- (a) delivered or posted to that party at its address and marked for the attention of the relevant department or officer (if any) set out in Schedule 1; or
- (b) emailed to that party at its email address and marked for the attention of the representative set out in Schedule 1.

16.2 Change of details: If a party gives the other party three Business Days' notice of a change of its postal address or email address, any notice or communication is only given by that other party if it is delivered, posted or emailed to the latest postal address or email address.

16.3 Time notice is given: Any notice or communication is to be treated as given at the following time:

- (a) if it is delivered, when it is left at the relevant address;
- (b) if it is sent by post, five Business Days after it is posted; or
- (c) if it is sent by email, when it is received in readable form addressed in the manner specified above.

However, if any notice or communication is given, on a day that is not a Business Day or after 5pm on a Business Day, in the place of the party to whom it is sent it is to be treated as having been given at the beginning of the next Business Day.

17. GENERAL

17.1 Company incorporation: The Shareholders agree to take all steps necessary to incorporate the Company at a time to be agreed by the Shareholders (and, in any case, by no later than 31 May 2026) and to procure that, on or as soon as reasonably practicable after incorporation, the Company becomes a party to this agreement.

17.2 No partnership, joint venture: Nothing in this agreement will create or evidence any partnership, joint venture, agency, trust or employer/employee relationship between any of the Shareholders, and a Shareholder may not make, or allow to be made, any representation that any such relationship exists between any of the Shareholders. A Shareholder will not have authority to act for, or to incur any obligation on behalf of, any other Shareholder, except as expressly provided for in this agreement.

17.3 No privity: Other than as expressly provided for in this agreement, this agreement is not intended to confer a benefit on any person or class of persons who is not a party to it.

17.4 Counterparts: This agreement is deemed to be signed by a Shareholder if that Shareholder has signed or attached that Shareholder's signatures to any of the following formats of this agreement:

- (a) an original;
- (b) a photocopy; or
- (c) an electronic copy,

and if every Shareholder has signed or attached that Shareholder's signatures to any such format and delivered it in any such format to the other Shareholders, the executed formats will together constitute a binding agreement between the Shareholders.

- 17.5 Entire agreement:** This agreement contains everything the parties have agreed in relation to the subject matter it deals with. No party can rely on an earlier written agreement or anything said or done by or on behalf of another party before this agreement was executed.
- 17.6 Severance:** If any provision of this agreement is, or becomes unenforceable, illegal or invalid for any reason it will be deemed to be severed from this agreement without affecting the validity of the remainder of this agreement and will not affect the enforceability, legality, validity or application of any other provision of this agreement.
- 17.7 Further assurance:** Each Shareholder will make all applications, execute all documents and do or procure all other acts and things reasonably required to implement and to carry out its obligations under, and the intention of, this agreement.
- 17.8 Variation:** No variation of this agreement will be of any force or effect unless it is in writing and signed by the parties to this agreement.
- 17.9 Assignments and transfer:** A party must not assign or transfer any of its rights or obligations under this agreement without the prior written consent of each of the other parties.
- 17.10 Costs:** Except as otherwise set out in this agreement, each party must pay its own costs and expenses, including legal costs and expenses, in relation to preparing, negotiating, executing and completing this agreement and any document related to this agreement.
- 17.11 Inconsistency with Constitution:** If there is any inconsistency between:
- (a) a provision in this document and a mandatory provision in the LG(W.S) Act, the LGA or the Companies Act, then the mandatory provision in the LG(W.S) Act, the LGA, or the Companies Act (as the case may be) will prevail; and
 - (b) this document and the Constitution then each party agree to abide by this document and to do everything required to change the Constitution so that it is consistent with this document.

17.12 Waivers:

- (a)** A waiver of any right, power or remedy under this agreement must be in writing signed by the Council granting it. A waiver only affects the particular right, obligation or breach for which it is given. It is not an implied waiver of any other right, obligation or breach or an implied waiver of that right, obligation or breach on any other occasion.
- (b)** The fact that a party fails to do, or delays in doing, something the party is entitled to do under this agreement does not amount to a waiver.

17.13 Governing law: This agreement is governed by the laws of New Zealand.

SIGNATURES

BULLER DISTRICT COUNCIL

By:

Signature of Authorised Signatory

Name of Authorised Signatory

GREY DISTRICT COUNCIL

By:

Signature of Authorised Signatory

Name of Authorised Signatory

WESTLAND DISTRICT COUNCIL

By:

Signature of Authorised Signatory

Name of Authorised Signatory

SCHEDULE 1

FURTHER DETAILS

<p>Service Area(s) for provision of "Water Services" (Clause 1.1)</p>	<p>The Service Area for the provision of Water Services initially relates to the territorial districts of:</p> <ul style="list-style-type: none"> (a) Buller District Council; (b) Grey District Council; and (c) Westland District Council. 															
<p>Initial share issue and shareholding (Clause 2.1)</p>	<p>Total Shares to be issued on incorporation:</p> <ul style="list-style-type: none"> • Class A Shares: 3 <p>Initial Shareholders, their shareholdings and shareholding percentages are:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Shareholder</th> <th style="text-align: center;">Number of Class A Shares</th> <th style="text-align: center;">% of Class A Shares</th> </tr> </thead> <tbody> <tr> <td>Buller District Council</td> <td style="text-align: center;">1</td> <td style="text-align: center;">33.33%</td> </tr> <tr> <td>Grey District Council</td> <td style="text-align: center;">1</td> <td style="text-align: center;">33.33%</td> </tr> <tr> <td>Westland District Council</td> <td style="text-align: center;">1</td> <td style="text-align: center;">33.33%</td> </tr> <tr> <td><u>TOTAL</u></td> <td style="text-align: center;"><u>3</u></td> <td style="text-align: center;"><u>100%</u></td> </tr> </tbody> </table>	Shareholder	Number of Class A Shares	% of Class A Shares	Buller District Council	1	33.33%	Grey District Council	1	33.33%	Westland District Council	1	33.33%	<u>TOTAL</u>	<u>3</u>	<u>100%</u>
Shareholder	Number of Class A Shares	% of Class A Shares														
Buller District Council	1	33.33%														
Grey District Council	1	33.33%														
Westland District Council	1	33.33%														
<u>TOTAL</u>	<u>3</u>	<u>100%</u>														
<p>Initial business set up activities (Clause 3.2)</p>	<p>In addition to the matters expressly covered elsewhere in this document:</p> <ul style="list-style-type: none"> (a) Service Level Agreements: Each Shareholder and the Company will, prior to Day One, agree and enter into appropriate service level agreements, under which each Shareholder shall provide support services to the Company as required by the Company on an interim basis before its own systems, processes and capabilities are in place. (b) Transfer Agreements: Each Shareholder and the Company will, prior to Day One, agree and enter into a separate Transfer Agreement (as between each Shareholder and the Company), for the transfer of that Shareholder's Water Services obligations (and associated assets, liabilities and debts) to the Company in consideration for Class B Shares being issued to that Shareholder and otherwise on the terms contained in the relevant Transfer Agreement. (c) Shared Services: Determine which services (if any) will be shared between the Company and any Shareholder. 															
<p>Other matters to be included</p>	<p>The following matters will be addressed in the Statement of Expectations (unless otherwise determined by the Shareholders' Representative Forum):</p>															

Schedule 1 Further Details

<p>in the Statement of Expectations <i>(Clause 8.1(d))</i></p>	<p>(a) relationships with Shareholders, the communities of each Shareholder, and customers; (b) performance indicators; (c) strategic priorities for the Water Services Strategy; (d) third party obligations; (e) specific obligations of the Shareholders; and (f) requirement to undertake community and/or customer engagement.</p>
<p>Time period before publication to provide the agreed Statement of Expectations to the Chairperson of the Board, the Chief Executive of the Company and the Shareholders Council <i>(Clause 8.1(c))</i></p>	<p>15 Business Days.</p>
<p>Principles for share issue <i>(Clause 9.3)</i></p>	<p>New Shareholders The principles which govern the process for additional Local Authorities joining after the establishment of the Company (which are intended to be legally binding) include: (a) additional Local Authorities may become shareholders in the Company; (b) additional Local Authorities would be issued Shares in the same manner as Buller District Council, Grey District Council, and Westland District Council, as the founding shareholding councils; (c) a “buy in” price will be payable; (d) the “buy in” price will be set on a basis that takes into account a proportionate share of the costs incurred by the founding shareholding councils to establish the Company; and (e) the basis on which that “buy in” price is set will be determined by the Shareholders’ Representative Forum.</p>
<p>Principles for exiting shareholders <i>(Clause 9.5)</i></p>	<p>The principles which govern the process for any Shareholder Exit after the establishment of the Company (which are intended to be legally binding) include: (a) a Shareholder may exercise its right to exit the Company by giving two years’ notice of its intention to cease to be a Shareholder. The terms</p>

	<p>on which the exit may occur, such as any “buy out” price will be a Reserved Matter;</p> <p>(b) the right to exit may only be exercised after a period of no less than 10 years from Day One;</p> <p>(c) the exiting Shareholder would be entitled to have the original water services assets it transferred to the Company (or representative equivalent assets) transferred back to it along with the relevant debt apportioned to those assets;</p> <p>(d) a “buy out” price may be payable by the exiting Shareholder on the Shareholder Exit to reflect effective compensation for the costs of any new water services assets that may transfer to the exiting Shareholder, less the allocation and assumption of a share of the Company’s debt (and other liabilities) for the new water services assets;</p> <p>(e) the basis on which that “buy out” price is set will be determined by the Shareholders’ Representative Forum;</p> <p>(f) all of the exiting Shareholder’s Class A Shares will be transferred to the Company by the exiting Shareholder for no consideration, and will be cancelled by the Company on completion of such transfer; and</p> <p>(g) all of the exiting Shareholder’s Class B Shares will be transferred to the Company by the exiting Shareholder and will be cancelled by the Company on completion of such transfer. Consideration for the exiting Shareholder’s Class B Shares will be determined by the Shareholders’ Representative Forum.</p>
<p>Interest rate payable on payment default (Clause 12.3(a))</p>	<p>Bill Rate plus 3% per annum.</p> <p>For the purposes of this paragraph, Bill Rate means:</p> <p>(a) the bank bill reference (bid) rate (rounded upwards, if necessary, to the nearest two decimal places) administered by the New Zealand Financial Benchmark Facility (or any other person which takes over the administration of that rate) for the relevant period and displayed on page BKBM of the Bloomberg screen or Thomson Reuters equivalent (or its or their successor page); or</p> <p>(b) if this rate does not appear on page BKBM of the Bloomberg screen or Thomson Reuters equivalent (or its or their successor page) or if such page is not available, the average of the mean bid and offered rates of Westpac New Zealand Limited for bank bills of exchange having a tenor of 90 days at 10.45 am on that Business Day, provided always that if such rate would be less than zero, it will be zero.</p>
<p>Place of arbitration (Clause 13.3(c))</p>	<p>Wellington.</p>

Address for notices <i>(Clause 15.1)</i>	Buller District Council	Westland District Council
	6-8 Brougham Street, Westport Email: Simon.Pickford@bdc.govt.nz Attention: Simon Pickford	36 Weld Street, Hokitika Email: Barbara.Phillips@westlanddc.govt.nz Attention: Barbara Phillips
	Grey District Council	
	105 Tainui Street, Greymouth Email: Joanne.Soderlund@greydc.govt.nz Attention: Joanne Soderlund	
Shareholders' Representative Forum membership <i>(SCHEDULE 3)</i>	<p>Total number of members of the Shareholders' Representative Forum: Up to 12 (comprising nine Shareholder-appointed members, two Iwi Representatives and one independent chairperson).</p> <p>Initial members of the Shareholders' Representative Forum:</p> <ul style="list-style-type: none"> • the Mayor and two elected members appointed by Buller District Council; • the Mayor and two elected members appointed by Grey District Council; • the Mayor and two elected members appointed by Westland District Council; • two Iwi Representatives appointed jointly by Buller District Council, Grey District Council and Westland District Council; and • one independent Chairperson appointed pursuant to Terms of Reference. <p>Quorum for meetings of the Shareholders' Representative Forum: at least six members (or their Alternates) in total, including at least one Shareholders' Representative Forum Representative that is an elected member of each appointing Council.</p>	

SCHEDULE 2

RESERVED MATTERS REQUIRING SHAREHOLDER APPROVAL

MATTER OR TRANSACTION	REQUIRED APPROVAL
<i>Special Resolution matters</i>	
"Major transactions" as that term is defined in the Companies Act.	Special Resolution
Any alteration to, or revocation of, the Constitution (other than clause 8 of the Constitution relating to Distributions (as defined in the Constitution)).	Special Resolution
Any issue of Shares, securities that are convertible into or exchangeable for Shares, or options to acquire Shares (to a Shareholder).	Special Resolution
Any alteration of rights, privileges or conditions attaching to any Shares.	Special Resolution
Any consolidation, division, or subdivision of any Shares.	Special Resolution
Any cancellation, buy-back or reduction of any Shares, securities that are convertible into or exchangeable for any Shares, or options to acquire any Shares.	Special Resolution
The giving of any financial assistance for the purpose of, or in connection with, the purchase of any Shares.	Special Resolution
The terms of any Shareholder Exit.	Special Resolution
Making a material change in the nature of the Company's business or engaging in business activities other than the Business.	Special Resolution
Incurring any indebtedness to any person other than New Zealand Local Government Funding Agency Limited or a New Zealand registered banking institution.	Special Resolution
Granting any security interest over any of the assets of the Company.	Special Resolution
<i>Unanimous Resolution matters</i>	
Any issue of Shares, securities that are convertible into or exchangeable for Shares, or options to acquire Shares (to anyone other than a Shareholder).	Unanimous Resolution
Addition of a new member to the Shareholders' Representative Forum.	Unanimous Resolution

Schedule 2: Matters requiring Shareholder approval

Liquidation or winding up of the Company.	Unanimous Resolution
Amalgamation Event.	Unanimous Resolution
Transfer of any Shares (except as permitted in the Constitution).	Unanimous Resolution
Any alteration to, or revocation of, the Terms of Reference.	Unanimous Resolution
Any amendment to clause 8 of the Constitution relating to Distributions.	Unanimous Resolution
Conferring the benefit of the Global Guarantee on any new financier.	Unanimous Resolution

SCHEDULE 3

SHAREHOLDERS' REPRESENTATIVE FORUM TERMS OF REFERENCE

1. PURPOSE

The Shareholders' Representative Forum (**Shareholders' Representative Forum**) is established, as a joint committee under clause 30(1)(b) of Schedule 7 to the LGA to:

- (a) provide governance oversight of the Company, once established, which will provide Water Services in the Service Area set out in Schedule 1; and
- (b) provide a forum for the representatives of the Company's shareholders (**Shareholders**) to meet, discuss and co-ordinate on relevant issues and, through their representatives, exercise their powers in respect of the Company.

2. SHAREHOLDERS' REPRESENTATIVE FORUM RESPONSIBILITIES

The Shareholders' Representative Forum's responsibilities are:

- (a) Approving the initial plan and budget of the Company;
- (b) Preparing, considering comments from the Company on, and approving the Statement of Expectations for the Company;
- (c) Adopting and amending the Board Skills Matrix;
- (d) Appointing and removing Directors, and determining the term of each Director's appointment;
- (e) Determining the Company's Board appointment policy;
- (f) Receiving, considering and providing comments and recommendations to the Company on its draft Water Services Strategy, and any amendments to it;
- (g) Receiving and considering draft Transfer Agreements;
- (h) Receiving and considering draft Transitional or Service Level Agreements;
- (i) Endorsing which Director will be Chairperson of the Board in accordance with the Constitution;
- (j) Receiving and considering the Water Services Half-yearly Report and Water Services Annual Report of the Company;
- (k) Receiving and considering such other information from the Company as the Shareholders' Representative Forum may receive or request on behalf of the Shareholders from time to time;

- (l) Providing co-ordinated feedback, and recommendations as needed, on any matters requested or proposed by the Company or any Shareholder including water services assets and infrastructure and water conservation;
- (m) Seeking and interviewing candidates for the Company's Board as needed;
- (n) Approving the remuneration of directors of the Company;
- (o) Engaging with the Company, on behalf of the Shareholders, in relation to the Company's preparation and approval of its significance and engagement policy;
- (p) Undertaking performance and other monitoring of the Company, and of the Board;
- (q) Considering and providing recommendations to the Shareholders on proposals from the Company;
- (r) Developing, as required, a role description for an Independent Chairperson, and interviewing and appointing an Independent Chairperson;
- (s) Determining when Shareholder meetings, or resolutions in lieu of Shareholder meetings, are required, without prejudice to Shareholder and Board rights to call meetings under the Company's constitution; and
- (t) Providing recommendations to the Shareholders regarding changes to these terms of reference, the Shareholders' Agreement and the constitution of the Company.

3. SHAREHOLDERS' RESPONSIBILITIES

To the extent that each Shareholder delegates its relevant powers to the Shareholders' Representative Forum member it appoints, the Shareholders' Representative Forum will provide a forum for the Shareholders to meet and exercise their powers in relation to the Company.

4. MEMBERSHIP

- (a) The membership of the Shareholders' Representative Forum will total the number of persons set out in Schedule 1.
- (b) Each Shareholder will appoint three members of the Shareholders' Representative Forum, with the initial members being as set out in Schedule 1.
- (c) The Shareholders must jointly appoint one representative from each of Te Runanga o Ngāti Waewae and Te Runanga o Makaawhio.

5. CHAIRPERSON

Once all members of the Shareholders' Representative Forum have been appointed, they may at any time appoint an Independent Chairperson in accordance with clause 6.4 of the Shareholders' Agreement. The Chairperson will have no voting rights.

6. QUORUM

- (a) For a meeting of the Shareholders' Representative Forum to have a quorum, six members, or their appointed Alternates, must be present, including at least one Shareholders' Representative Forum Representative of each appointing Council.
- (b) Where the Shareholders' Representative Forum is providing a forum for the Shareholders to meet and exercise their powers in relation to the Company, the requirements of the Company's Constitution and Shareholders' Agreement will prevail over the Terms of Reference.

7. ALTERNATES

- (a) Each Shareholder must appoint an Alternate for each of its Shareholders' Representative Forum Representatives in accordance with the Shareholders' Agreement.
- (b) The Shareholders must jointly appoint an Alternate for each Iwi Representative in accordance with the Shareholders' Agreement.
- (c) Where any Alternate attends a meeting of the Shareholders' Representative Forum, they may vote at meetings, and undertake all actions in relation to the Shareholders' Representative Forum (including signing any resolution), as if they were the relevant Shareholders' Representative Forum Representative, but only in the event that the Shareholders' Representative Forum Representative is unable or unavailable to do so.

8. DECISION-MAKING

- (a) The Shareholders' Representative Forum will strive to make all decisions by consensus.
- (b) In the event that a consensus on a particular matter before the Shareholders' Representative Forum is not able to be reached, the Shareholders' Representative Forum will vote on a resolution in respect of the matter.
- (c) Each member of the Shareholders' Representative Forum, except the Independent Chairperson appointed under clause 0, will have one vote, and resolution may be passed by a simple majority of votes.
- (d) In the situation where there is an equality of votes cast on a matter, the Independent Chairperson does not have a casting vote.
- (e) Any resolution of the Shareholders' Representative Forum may be passed in writing, signed or assented to by or on behalf of Shareholders' Representative Forum Representatives holding the requisite majority of votes to pass the resolution, as specified above. Any such resolution in writing may consist of one or more documents in similar form (including letters, facsimiles, electronic mail, or other similar means of communication) each signed or assented to by or on behalf of one or more of the Shareholders' Representative Forum Representatives. Any Shareholders' Representative Forum Representative not signing the resolution must be provided with a copy of the resolution.

- (f) Other than for those matters for which the Shareholders' Representative Forum has effective decision-making capacity through these terms of reference, each Shareholder retains its full powers to make its own decisions on matters referred to it by the Shareholders' Representative Forum.

9. REMUNERATION

Each Shareholder will be responsible for remunerating its representatives on the Shareholders' Representative Forum for any costs associated with that person's membership of the Shareholders' Representative Forum.

10. ADMINISTRATION

Reports to be considered by the Shareholders' Representative Forum may be submitted by any of the Shareholders or the Company.

11. ALTERATION OR REVOCATION

No alteration or revocation of these Terms of Reference will be of any force or effect unless approved in accordance with Schedule 2 of the Shareholders' Agreement.

12. DEFINED TERMS

Alternate, in relation to a Shareholder, means an alternate to that Shareholder's appointed Shareholders' Representative Forum Representatives to attend and vote at meetings of the Shareholders' Representative Forum but only where the relevant Shareholder's appointed Shareholders' Representative Forum Representative is unable or unavailable to do so.

Board means the board of Directors of the Company.

Board Skills Matrix means a matrix setting out the skills which are required to be represented on the Board, by being held by one or more Directors in office, as adopted and amended by the Shareholders' Representative Forum from time to time.

Company means Coast Waters Limited.

Director means a director of the Company.

Iwi Representative means a representative of Te Runanga o Ngāti Waewae or Te Runanga o Makaawhio appointed as a member of the Shareholders' Representative Forum in accordance with the Shareholders' Agreement.

Service Area has the meaning given to it in section 4 of the LG(WS) Act and, in relation to the Company, comprises the combination of the areas delineated by geographical boundaries specified in each Transfer Agreement as the area in which the Company will provide water services under that Transfer Agreement, and also includes other areas in which the Company provides water services with the approval of the Shareholders' Representative Forum and subject to compliance with any requirements of the LG(WS) Act.

Shareholder means a shareholder in the Company and includes any person who subsequently becomes a shareholder.

Shareholders' Agreement means the agreement relating to the Company between the Shareholders and the Company, once incorporated, as amended from time to time.

Shareholders' Representative Forum means the joint committee formed by the Shareholders in accordance with the Shareholders' Agreement.

Shareholders' Representative Forum Representative means a member of the Shareholders' Representative Forum appointed in accordance with the Shareholders' Agreement.

Statement of Expectations has the meaning given to it in section 220 of the LG(WS) Act.

Transfer Agreement has the meaning given to it in section 4 of the LG(WS) Act.

Water Services has the meaning given to it in section 4 of the LG(WS) Act, which will be the water services transferred to the Company in accordance with the Transfer Agreement between the Company and each Shareholder and otherwise provided by the Company in its Service Area.

Water Services Annual Budget has the meaning given to it in section 220 of the LG(WS) Act.

Water Services Annual Report has the meaning given to it in section 220 of the LG(WS) Act.

Water Services Half-yearly Report means the document referred to in section 248 of the LG(WS) Act.

Water Services Strategy has the meaning given to it in section 220 of the LG(WS) Act.

CONSTITUTION OF COAST WATERS LIMITED

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SCHEDULES

SCHEDULE 1 RULES FOR SHAREHOLDER MEETINGS

SCHEDULE 2 RULES FOR BOARD PROCEEDINGS

1. DEFINITIONS AND INTERPRETATION

1.1 In this Constitution, unless the context otherwise requires:

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

Board Skills Matrix has the meaning given to it in the Shareholders' Agreement.

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

Chairperson means the chairperson of the Board appointed in accordance with clause 12.8.

Class A Shares means Shares in the Company with the rights attaching to those Shares as set out in clause 4.3.

Class B Shares means Shares in the Company with the rights attaching to those Shares as set out in clause 4.4.

Companies Act means the Companies Act 1993.

Company means Coast Waters Limited.

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

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

Distribution means the payment of a dividend and any other "distribution" as that term is defined in section 2 of the Companies Act.

Financial Year has the meaning given to it in section 4 of the LG(WS) Act.

Independent Director means a Director who is neither a current elected member of any Local Authority that is a Shareholder nor a current employee of any Shareholder or the Company.

Initial Director means a Director appointed under clause 12.3(a) of this Constitution.

LGA means the Local Government Act 2002.

LG(WS) Act means the Local Government (Water Services) Act 2025.

Local Authority has the meaning given to it in section 5 of the LGA.

Reserved Matter has the meaning given to it in the Shareholders' Agreement.

Service Area means the combined service areas (as defined in section 4 of the LG(WS) Act) of the Shareholders being, at the date of adoption of this Constitution, the territorial districts of Buller, Grey and Westland.

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

Shareholders' Agreement means the shareholders' agreement relating to the Company entered into between the Company and the Shareholders (as amended or replaced from time to time).

Shareholders' Representative Forum has the meaning given to it in the Shareholders' Agreement.

Shares means the shares in the Company on issue from time to time, and includes the Class A Shares and the Class B Shares.

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

Statement of Expectations has the meaning given to it in section 220 of LG(WS) Act.

Subsidiary has the meaning given to it in the Companies Act.

Water Organisation has the meaning given to it in section 4 of the LG(WS) Act.

Water Services has the meaning given to it in section 4 of the LG(WS) Act, which will be the water services transferred by the Shareholders to the Company in accordance with the Transfer Agreement between each Shareholder and the Company.

Water Services Annual Budget has the meaning given to it in section 220 of the LG(WS) Act.

Water Services Annual Report has the meaning given to it in section 220 of the LG(WS) Act.

Water Services Half-yearly Report means the document referred to in section 248 of the LG(WS) Act.

Water Services Strategy has the meaning given to it in section 220 of the LG(WS) Act.

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

- (a) headings are for convenience only and do not affect interpretation;
- (b) the singular includes the plural and vice versa, and a gender includes other genders;
- (c) another grammatical form of a defined word or expression has a corresponding meaning;

- (d) words in this Constitution have the same meaning as in the Companies Act unless inconsistent with the context;
- (e) a reference to a party, person or entity includes:
 - (i) an individual, firm, company, trust, partnership, joint venture, association, corporation, body corporate, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and
 - (ii) an employee, agent, successor, permitted assign, executor, administrator and other representative of such party, person, entity;
- (f) a reference to dollars or \$ is to New Zealand currency and excludes every tax and duty;
- (g) a reference to a clause or schedule is to a clause or schedule of this Constitution;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) references to the word 'include' or 'including' are to be construed without limitation;
- (j) references to any form of law are to New Zealand law, including as amended or re-enacted;
- (k) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (l) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;
- (m) any obligation falling due for performance on or by a day other than a Business Day will be performed on or by the Business Day immediately following that day; and
- (n) an obligation not to do something includes an obligation not to allow or cause that thing to be done.

1.3 If there is any conflict:

- (a) between a provision of this Constitution and the provisions of the Shareholders' Agreement, the terms of the Shareholders' Agreement will prevail (other than to the extent prohibited by the Companies Act) and the

Shareholders must pass such resolutions as may be necessary to amend the provisions of this Constitution to make it consistent with the Shareholders' Agreement;

- (b) between a provision in this Constitution and a mandatory provision in the Companies Act, the LG(WS) Act or the LGA, then the mandatory provision in the Companies Act, the LG(WS) Act or the LGA will prevail; and
- (c) between:
 - (i) a provision in this Constitution and a provision in the Companies Act which is expressly permitted to be altered by this Constitution; or
 - (ii) a word or expression defined or explained in the Companies Act and a word or expression defined or explained in this Constitution,

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

2. CAPACITY

2.1 Water Organisation: As at the date of its incorporation, the Company is a Water Organisation in terms of section 44 of the LG(WS) Act.

2.2 Business: The Company must not carry on any business other than the provision of, or preparation for the provision of, Water Services and activities that are related to, or necessary for, the provision of, or preparation for the provision of, Water Services, in order to:

- (a) meet the objectives set out in section 17 of the LG(WS) Act for the Service Area; and
- (b) maximise the cost efficiency of providing Water Services.

2.3 Capacity: Subject to this Constitution, the Companies Act, the LG(WS) Act, the LGA and any current Statement of Expectations, the Company has full capacity, rights, powers and privileges to carry on or undertake any business or activity, do any act, or enter into any transaction.

3. WATER ORGANISATION REQUIREMENTS

3.1 The Company must comply with:

- (a) its obligations under the LGA and LG(WS) Act, including preparing, adopting and publishing its Water Services Strategy, Water Services Annual Budget, Water Services Half-yearly Report and Water Services Annual Report;
- (b) Parts 1 – 7 of the Local Government Official Information and Meetings Act 1987; and
- (c) all other laws applicable to the Company and its Business activities.

3.2 Shareholder Input: The Shareholders are entitled to comment on the Company's draft Water Services Strategy and draft Water Services Annual Budget, and the Company must consider those comments. However, the Shareholders will not have the power to require changes or approve the final Water Services Strategy or final Water Services Annual Budget.

3.3 Auditor: In accordance with the LGA, the auditor for the Company will be the Auditor-General.

4. SHARES

4.1 Pari Passu: Save as expressly provided in this Constitution, a board resolution specifying any specific terms attaching to Shares or as otherwise required by law, all Shares will rank pari passu in all respects.

4.2 Classes:

- (a) The Shares in the Company are divided into classes conferring entitlements that differ from the ordinary shareholder rights conferred by the Act.
- (b) As at the date of adoption of this Constitution, the Company has two classes of Shares, Class A Shares and Class B Shares, in each case having the rights set out in this Constitution.

4.3 Class A Shares: Class A Shares shall have the following rights attached to them:

- (a) the right to receive notice of and attend every meeting of Shareholders; and
- (b) the right to one vote on a poll at a meeting of the Company on any resolutions,

but do not have any right to any dividends authorised under clause 8.1 or to any share in the distribution of the surplus assets of the Company.

4.4 Class B Shares: Class B Shares shall have the following rights attached to them:

- (a) the right to receive notice of and attend every meeting of Shareholders; and
- (b) the right to an equal share in dividends authorised under clause 8.1; and
- (c) subject to the Shareholders' Agreement (including clause 14 (*Distribution Principles on Liquidation*)), the right to an equal share in the distribution of the surplus assets of the Company,

but do not have any right to vote on a poll at a meeting of the Company on any resolutions.

4.5 Issue of Shares: Subject to this Constitution, the Shareholders' Agreement and the LG(WS) Act, the Board may:

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

5. CALLS ON SHARES

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

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

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

provided that the Board may waive payment of all or part of that interest or those expenses.

6. LIEN OVER SHARES

6.1 Existence and subject matter of lien: If a Shareholder fails to pay any call on the due date, the Board may at any time by written notice to the Shareholder require payment of the unpaid amount together with any amount payable under clause 5.2. Such notice must specify a further date (not earlier than 10 Business Days from the date of the notice) by which payment is required to be made, and must state that if such payment is not made on or before the specified date, clause 6.2 will apply.

6.2 Company has first lien:

- (a) The Company has a first lien over:
 - (i) each Share and the proceeds of sale of the Share; and
 - (ii) all distributions made in respect of the Share,

for:

- (iii) all unpaid calls owing in respect of the Shares and any amount payable under clause 5.2; and
 - (iv) sale expenses owing to the Company in respect of the Shares.
- (b) The registration of any transfer of a Share will not operate as a waiver of any lien the Company may have on that Share, unless notice to the contrary is given by the Company to the transferee.

7. TRANSFER OF SHARES

- 7.1 Right to transfer:** Subject to any restrictions set out in this clause 7, the LGA, the LG(W.S) Act and the Shareholders' Agreement, a Share may be transferred by entry of the name of the transferee in the share register for the Company following receipt by the Company of a validly signed form of transfer.
- 7.2 Prior approval required:** No Shareholder may sell, assign, transfer or dispose of, directly or indirectly, the legal or beneficial ownership of any of its Shares except in accordance with the provisions of this clause 7 and unless such sale, assignment, transfer or disposal:
- (a) has first been approved in writing by all Shareholders; or
 - (b) is a permitted transfer in accordance with clause 7.4.
- 7.3 No delay:** Subject to clause 7.5, the Board may not exercise any powers conferred by this Constitution to refuse or delay the registration of any sale, assignment, transfer or disposal of Shares completed in accordance with clause 7.2.
- 7.4 Permitted transfers:** Subject to the LG(W.S) Act, the restrictions in this clause 7 do not apply to the transfer of Shares by a Local Authority to:
- (a) another Local Authority that has a territorial district within the Service Area; or
 - (b) any successor Local Authority to that Local Authority.
- 7.5 Board may refuse to register:** The Board may refuse or delay the registration of any transfer of a Share to any person if:
- (a) the transfer would result in a breach of law, this Constitution or the Shareholders' Agreement;
 - (b) any money payable on that Share is due for payment and has not been paid;
 - (c) the Company has an unsatisfied lien on that Share or the proceeds of sale of that Share;

- (d) the transferee is a person without legal capacity to contract or the transfer has not been properly executed;
- (e) the transfer is not accompanied by proof (reasonably required by the Directors) of the right of the transferor to make the transfer; or
- (f) the transfer document is not in the usual or common form or otherwise in the form prescribed by the Board from time to time (if any),

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

8. DISTRIBUTIONS

- 8.1 Distributions:** The Company must not pay any Distribution in any way, directly or indirectly, to any Shareholder unless first approved unanimously by all Shareholders.

9. COMPANY ACQUIRING ITS OWN SHARES

- 9.1 Company may acquire its own Shares:** The Company may purchase or otherwise acquire its own Shares only if it has first been authorised to do so by Special Resolution in which case the Shares purchased or otherwise acquired will be deemed to be cancelled immediately on acquisition.

10. SHAREHOLDER MEETINGS

- 10.1 Annual meeting:** The Board must hold an annual Shareholders' meeting in accordance with section 120 of the Companies Act unless in the case of any annual meeting, everything required to be done at that meeting (whether by way of resolution or otherwise) is done by written resolution in accordance with section 122 of the Companies Act. Nothing in this Constitution prevents the Shareholders from agreeing to hold meetings more frequently than annually, whether by resolution or separate agreement.

- 10.2 Special meetings:** A special Shareholders' meeting:

- (a) may be called at any time by the Board; and
- (b) must be called by the Board on the written request of the Shareholders' Representative Forum.

- 10.3 Proceedings at Shareholders' meetings:** The provisions of Schedule 1 to the Companies Act as modified by this Constitution, including the rules set out in Schedule 1, govern proceedings at Shareholders' meetings.

11. REPORTING REQUIREMENTS

11.1 Reporting: Subject to clause 11.2:

- (a) the Board must prepare the reports required by the Shareholders' Representative Forum by notice in writing to the Company (such notice must comply with the requirements in section 249(4) of the LG(WS) Act), in accordance with the requirements specified in that notice;
- (b) within eight months of the start of each Financial Year of the Company, the Board must prepare, adopt and deliver to the Shareholders (in accordance with section 248 of the LG(WS) Act) a Water Services Half-yearly Report, which must include information required to be included by any current Statement of Expectations, and publish that report in accordance with section 223 of LG(WS) Act; and
- (c) within three months of the end of each Financial Year of the Company, the Board must prepare, adopt and deliver to the Shareholders (in accordance with section 243 of the LG(WS) Act), and publish in accordance with section 223 of the LG(WS) Act, its Water Services Annual Report for that Financial Year, which must include the information required to be included by:
 - (i) the Statement of Expectations;
 - (ii) the Companies Act; and
 - (iii) section 246 of the LG(WS) Act.

11.2 Information to be withheld: Nothing in this clause 11 requires the inclusion in any Statement of Expectations, annual report, financial statements or quarterly report required to be produced under this Constitution of any information that may be properly withheld if a request for that information was made under the Local Government Official Information and Meetings Act 1987.

12. DIRECTORS

12.1 Independent Directors: All Directors must be Independent Directors.

12.2 Number of Directors: The minimum number of Directors is three and the maximum number of Directors is five.

12.3 Appointment and removal of Directors:

- (a) Subject to clause 12.1, up to three Initial Directors will be appointed jointly by a group comprising the Mayor of each Shareholder and a representative from each of Te Runanga o Ngāti Waewae and Te Runanga o Makaawhio, by notice in writing to the Company. Until the Shareholders' Representative Forum is formed, the Initial Directors may be removed and replaced in the same way.

- (b) Subject to clauses 12.1 and 12.3(a) and the Shareholders' Agreement, the Shareholders' Representative Forum must appoint up to the maximum number of Directors set out in clause 12.2, by notice in writing to the Company. Directors (including Initial Directors) may be removed and replaced in the same way.
- (c) The Shareholders and the Company must promptly take such steps as may be necessary to effect the appointment, replacement or removal of any individual (including if a Director fails to vacate office when required to do so) in accordance with this clause 12.3 if applicable, including, in the case of the Shareholders, by exercising their voting rights in the relevant Shareholders' meeting (or by way of written resolution).

12.4 Appointment and removal where vacancy exists: Where there is a casual vacancy on the Board, the Board may, by majority vote, recommend an appointment to fill that vacancy to the Shareholders' Representative Forum for its approval in accordance with the Shareholders' Agreement. A Director appointed under this clause 12.4 may be removed and replaced in the same way.

12.5 Skills of Directors:

- (a) A person may only be appointed to be a Director if the person has, in the opinion of the Shareholders' Representative Forum, the skills, knowledge, or experience to:
 - (i) guide the Company, given the nature and scope of its activities; and
 - (ii) contribute to the achievement of the objectives of the Company.
- (b) All Director appointments must be made in accordance with the Board Skills Matrix, with the aim of ensuring that the Board as a whole has the skills required by the Board Skills Matrix.

12.6 Term of Appointment: Unless otherwise approved by the Shareholders:

- (a) Subject to clause 12.6(b) below, no person may be appointed as a Director for a term of more than three consecutive years (**Term**).
- (b) Up to two of the Initial Directors may be appointed for an initial Term of no more than four consecutive years to ensure continuity of the Board and to avoid all Initial Directors' Terms expiring simultaneously.
- (c) A Director may be reappointed at the expiry of his or her Term of appointment, provided that, subject to clause 12.6(b), no Director may be appointed for more than three consecutive Terms (being a maximum of nine years, or, in the case of the directors appointed pursuant to clause 12.6(b), 10 years).

- 12.7 Vacation of office:** A Director vacates office if that Director:
- (a) resigns by written notice of resignation to the Company. The notice is to be effective when it is received at that address or at a later time specified in the notice;
 - (b) reaches the end of their Term and is not reappointed;
 - (c) is removed from office in accordance with clause 12.4;
 - (d) becomes disqualified from being a Director pursuant to section 151 of the Companies Act or clause 12.17; or
 - (e) dies.

12.8 Appointment of Chairperson:

- (a) The Board may appoint a Chairperson:
 - (i) by majority vote of the Board; and
 - (ii) with endorsement from the Shareholders' Representative Forum.
- (b) The Chairperson will hold office until:
 - (i) they cease to be a Director of the Company; or
 - (ii) a new Chairperson is appointed by the Board.

12.9 Powers of the Board:

- (a) Subject to clause 12.9(b) and any restrictions in the Companies Act, the LG(WS) Act, the Shareholders' Agreement or this Constitution, the business and affairs of the Company must be managed by or under the direction or supervision of the Board.
- (b) The Board has, and may exercise, all the powers necessary for managing, directing and supervising the management of the business and affairs of the Company except to the extent that this Constitution, the Shareholders' Agreement, the Companies Act or the LG(WS) Act expressly requires those powers to be exercised by the Shareholders or any other person.

12.10 Prohibited matters: Notwithstanding clause 12.9(b), except to the extent permitted by the Shareholders' Agreement, the Board must not, and must not cause the Company to:

- (a) incur indebtedness to any person other than the New Zealand Local Government Funding Agency Limited or a New Zealand registered banking institution; or

(b) grant a security interest over any of the assets of the Company except as permitted by the LG(WS) Act.

12.11 Shareholder Reserved Matters: Notwithstanding clause 12.9(b), but subject to any restrictions in the LG(WS) Act, the Board must not, and must not cause the Company to, enter into any transaction or matter that is a Reserved Matter, unless first approved in writing by the Shareholders in accordance with the Shareholders' Agreement.

12.12 Solvency test: Notwithstanding any approval obtained pursuant to clause 12.10, the Board must not cause the Company to borrow or raise any money, or enter into or incur any guarantee or other liability of any nature, if the effect of doing so would be that the Company will not satisfy the solvency test (as that term is defined in the Companies Act).

12.13 Proceedings of the Board: The provisions of the Schedule 3 to the Companies Act as modified by this Constitution, including the rules set out in Schedule 2, govern proceedings at meetings of Directors.

12.14 Directors' duties: In addition to the duties set out in the Companies Act, the Directors must assist the Company to meet the requirements set out in the Statement of Expectations or the LG(WS) Act.

12.15 Directors to act in good faith: A Director, when exercising powers or performing duties, must act in a manner which that Director believes to be in the best interests of the Company (notwithstanding that it may not be in the best interests of any particular Shareholder).

12.16 Indemnity and insurance of Directors and employees: The Company may indemnify and effect insurance in accordance with any part or all of section 162 of the Companies Act provided that:

(a) the Board must ensure that particulars of any indemnity given to, or insurance taken out for, any Director, or employee of the Company are immediately entered in the interests register; and

(b) the Board may impose any conditions in relation to any indemnity or insurance if the conditions do not contravene the Companies Act.

For the purposes of this clause 12.16 "director" includes any former director, "employee" includes any former employee and "Company" includes any related company.

12.17 Disqualification of Directors: A person will be disqualified from holding the office of Director if he or she:

(a) is or becomes disqualified from being a Director under any provision of the Companies Act or the LG(WS) Act; or

(b) is not or ceases to be an Independent Director.

12.18 Remuneration of Directors:

- (a)** The Shareholders' Representative Forum will determine the total sum available to the Board each year to make remuneration payments in accordance with clause 12.18(b), having regard to any recommendations made by the group referred to in clause 12.3(a).
- (b)** The Board may not authorise any form of remuneration to be paid to a Director without Board approval and unless such payment is made and authorised in accordance with the provisions of the Companies Act and the Shareholders' Representative Forum resolution passed in accordance with clause 12.18(a).
- (c)** The Board may authorise the reimbursement by the Company of reasonable travelling, hotel and other expenses incurred by Directors in attending Board meetings, Shareholders' Representative Forum meetings, Shareholder meetings or in relation to any other affairs of the Company.

12.19 Other offices with company held by Director:

- (a)** Any Director may act by himself or herself or by the Director's firm in a professional capacity for the Company, and the Director or the Director's firm will be entitled to remuneration for professional services as if the Director were not a Director. Nothing in this clause 12.19 authorises a Director or the Director's firm to act as auditor of the Company.
- (b)** A Director may hold any other office or place of profit in the Company (other than the office of auditor) in conjunction with the Director's office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine, subject to the necessary reporting disclosures and avoidance of conflicts of interest.

13. INTERESTS OF DIRECTORS

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

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

- (a)** they are a party to the transaction or may derive a material financial benefit from it;
- (b)** they have a material interest in another party to the transaction;
- (c)** they are a director, officer or trustee of another party to the transaction;
- (d)** they are a director, officer or trustee of a person who may derive a material financial benefit from the transaction;

- (e) they are a parent, child or spouse, civil union partner, or de facto partner of a person described in clauses 13.2(a) to 13.2(d); or
- (f) they are otherwise directly or indirectly materially interested in the transaction.

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

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

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

- (c) any payment or other benefit of the kind referred to in section 161 of the Companies Act in respect of that Director in accordance with clause 12.18;
- (d) the entry into an indemnity or insurance arrangement in respect of that Director in their capacity as a director of the Company in accordance with clause 12.16; or
- (e) transactions in which a Director is interested solely in their capacity as a director of a Subsidiary of the Company.

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

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

14. NOTICES

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

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

- (a) when given personally, on delivery;
- (b) when sent by post or document exchange, five Business Days after (but exclusive of) posting; and

- (c) when sent by email, at the time of transmission, if (in the event receipt is disputed) the sender produces a printed copy of the email which evidences that the email was sent to the email address of the recipient.

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

15. LIQUIDATION

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

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

16. METHODS OF CONTRACTING

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

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

16.2 **In writing:** Subject to clause 16.1, an obligation or contract which is required by law to be in writing, and any other written obligation or contract which is to be entered into by the Company, may be signed on behalf of the Company by two people acting under the express or implied authority of the Company.

16.3 **Other:** Subject to clause 16.1, any other obligation or contract may be entered into on behalf of the Company in writing or orally by two people acting under the express or implied authority of the Company.

SCHEDULE 1

RULES FOR SHAREHOLDER MEETINGS

1. CHAIRPERSON

- 1.1** If the Chairperson is present at the meeting, he or she must chair the meeting.
- 1.2** If there is no Chairperson or if the Chairperson is not present at the meeting within 15 minutes of the start time, the Directors present may elect a chairperson for that meeting, failing which, the Shareholders (or their representatives) present may elect a chairperson for that meeting.

2. NOTICE OF MEETINGS

- 2.1** Each Shareholder and every Director of the Company must be sent written notice of the time and place of the meeting at least 10 Business Days before the meeting.
- 2.2** The notice must state:
- (a)** the nature of the business to be discussed at the meeting in sufficient detail to enable the Shareholders to form a reasoned judgment in relation to it; and
 - (b)** the text of any Reserved Matter resolution to be put to the meeting.
- 2.3** An irregularity in a notice of a meeting is waived if:
- (a)** the Shareholders attend the meeting without protest as to the irregularity; or
 - (b)** if each Shareholder agrees to the waiver.
- 2.4** If a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of an original meeting. It is not otherwise necessary to give any new notice for an adjourned meeting.
- 2.5** The accidental omission to give a notice of a meeting to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice does not invalidate the proceedings at that meeting.

3. METHODS OF HOLDING MEETINGS

- 3.1** A Shareholders' meeting may be held in any of the following ways:
- (a)** at the place, date, and time appointed for the meeting;
 - (b)** by means of audio, or audio and visual communication; or
 - (c)** a combination of (a) and (b).

The Shareholders (or their representatives) participating must constitute a quorum and must all be able to simultaneously hear all participants throughout the meeting.

4. QUORUM

4.1 No business may be transacted at a Shareholder meeting if a quorum is not present.

4.2 A quorum for a Shareholder meeting is present if each Shareholder or their proxies:

- (a) is present; or
- (b) has completed postal votes (where permitted).

4.3 If a quorum is not present within the 30 minutes after the start time for the meeting:

- (a) if the meeting is called under section 121(b) of the Companies Act, the meeting is dissolved; or
- (b) for any other meeting, the meeting is adjourned to:
 - (i) the same day in the following week at the same time and place; or
 - (ii) to another date, time and place to be fixed by the Directors.

5. ADJOURNMENTS

5.1 The Chairperson:

- (a) may adjourn the meeting from time to time and from place to place, but no business can be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place; and
- (b) must adjourn the meeting as above if directed to do so by the meeting.

6. VOTING

6.1 If a Shareholder meeting is held under rule 3.1(b), unless a poll is demanded, voting at the meeting will be by:

- (a) voting by voice; or
- (b) voting by show of hands,

and the chairperson of the meeting will decide which method is used.

6.2 A declaration by the chairperson of the meeting that a resolution is carried by the necessary majority is conclusive evidence of that fact unless a poll is demanded.

6.3 Subject to the Shareholders' Agreement and to any rights or restrictions attached to any Share:

- (a) where voting is by voice or a show of hands, every Shareholder present in person or by representative has one vote; and
- (b) on a poll every Shareholder present in person or by representative has one vote in respect of every Share held by that Shareholder which entitles a Shareholder to vote; and
- (c) in the case of an equality of votes, the chairperson of the meeting does not have a casting vote.

7. PROXIES AND POSTAL VOTES

- 7.1** Each Shareholder has the right to appoint a representative as its proxy to attend and vote at Shareholder meetings on its behalf. Any such representative so appointed is entitled to attend and be heard at Shareholder meetings and to demand or join in demanding a poll, as if that representative was the relevant Shareholder.
- 7.2** A Shareholder may not cast a postal vote at a Shareholders' meeting unless the Board has previously authorised postal votes for that meeting in which case:
 - (a) the notice of that meeting must state whether postal votes are authorised; and
 - (b) postal voting must be carried out in accordance with clause 7 of the Schedule 1 to the Companies Act.

8. MINUTES

- 8.1** The Board must ensure that minutes are kept of all proceedings at Shareholder meetings.
- 8.2** Minutes which have been signed correct by the chairperson of the meeting are prima facie evidence of the proceedings.

9. SHAREHOLDER PROPOSALS

- 9.1** The Shareholders may give written notice to the Board of a matter the Shareholder proposes to raise for discussion or resolution at the next Shareholder meeting. The provisions of clause 9 of Schedule 1 of the Companies Act apply to any notice given under this rule 9.1.
- 9.2** The chairperson of a Shareholder meeting will allow a reasonable opportunity for the Shareholders to question, discuss or comment on the management of the Company.

10. OTHER PROCEEDINGS

- 10.1** Except as provided in this Schedule 1, and subject to this Constitution, a Shareholder meeting may regulate its own procedure.

SCHEDULE 2

RULES FOR BOARD PROCEEDINGS

1. FREQUENCY OF MEETINGS

- 1.1 The Board will meet no less than 10 times per annum, or as otherwise resolved by the Board.

2. NOTICE OF MEETING

- 2.1 A Director or, if requested by a Director to do so, an employee of the Company, may convene a meeting of the Board by giving notice in accordance with this clause.
- 2.2 At least five Business Days' notice of a meeting of the Board must be given to every Director who is in New Zealand. The notice must include the date, time and place of the meeting and the matters to be discussed.
- 2.3 An irregularity in the notice of the meeting is waived if all Directors attend the meeting without protest as to the irregularity or if all Directors entitled to receive notice of the meeting agree to the waiver.
- 2.4 Notice of a meeting may be given by any means, including by telephone. Notice given by a letter addressed to a Director at his or her last known residential address in New Zealand will be deemed to have been given on the next Business Day after the letter is posted.

3. METHOD OF HOLDING MEETINGS

- 3.1 The Board may meet in person or by any technological means that allow participating Directors to be in communication with other participating Directors in a manner that is relatively contemporaneous. Where Directors are not all in attendance in one place but are holding a meeting through such a system of communication:
- (a) the participating Directors will be taken to be assembled together at a meeting and present at that meeting (including for the purposes of quorum requirements);
 - (b) the meeting will be taken to be held at the place agreed to by the participating Directors so long as at least one participating Director is physically present at that place; and
 - (c) all proceedings at meetings conducted in such a manner will be valid and effective as if conducted at a meeting at which all of them were physically present.

4. QUORUM

- 4.1 At any meeting of Directors:
- (a) a quorum will only be present if at least 75% of Directors are present; and
 - (b) any resolution, unless otherwise specified in this Constitution or the Shareholders' Agreement, will be passed if a majority of the votes cast on it are in favour of it.

4.2 If a quorum is not present within 30 minutes of the time appointed for the commencement of the Board meeting, the Board meeting must be adjourned to the same day in the following week at the same time and place, or to such other date, time and place as the chairperson may appoint, and if at the adjourned meeting a quorum is not present within one hour after the time appointed for the commencement of the meeting, the Directors present (regardless of the person who appointed them) will constitute a quorum. No business may be transacted at a meeting of Directors if a quorum is not present.

5. VOTING

5.1 Every Director has one vote.

5.2 The Chairperson does not have a casting vote.

5.3 Subject to clause 12.10, a resolution of the Board is passed if it is agreed to by all Directors present without dissent or if a majority of the votes cast on it are in favour of it.

5.4 A Director who abstains from voting is not presumed to have voted in favour of, or dissented to, the relevant resolution of the Board.

6. MINUTES

6.1 The Board must ensure minutes are kept of all proceedings at meetings of the Board.

7. RESOLUTIONS

7.1 A resolution in writing, signed or assented to by all Directors then entitled to receive notice of a Board meeting, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held.

7.2 A resolution may consist of several documents (including facsimile or other similar means of communication) in like form each signed or assented to by one or more Directors.

7.3 A copy of all resolutions must be entered in the minute book of Board proceedings.

8. NO NOTICE TO DIRECTORS OUTSIDE NEW ZEALAND

8.1 It is not necessary to give notice of a meeting of the Board to any Director temporarily absent from New Zealand.

9. OTHER PROCEEDINGS

9.1 Except as provided in this Schedule 2 and this Constitution, the Board may regulate its own procedure.