

## Part 4

### Planning, reporting, and financial management

#### Subpart 1—Planning

#### *Statement of expectations*

#### **224 Statement of expectations**

- (1) The shareholders of a water organisation must prepare and adopt a statement of expectations and provide it to the water organisation at least 6 months (or such longer period as is agreed between the shareholders and the water organisation) before the water organisation is required to prepare a water services strategy (see section 230 or 231).
- (2) A statement of expectations must relate to a period of at least 10 consecutive financial years.
- (3) The purpose of a statement of expectations is—
  - (a) to set out the shareholders' expectations of the water organisation; and
  - (b) to inform and guide—
    - (i) the decisions and actions of the water organisation; and
    - (ii) the water organisation's preparation of its water services strategy (see section 230 or 231), including its strategic priorities (see clause 2(1)(a) of Schedule 3).

#### **225 Statement of expectations for new water organisation**

- (1) This section applies when a water organisation is established after the date on which this section comes into force.
- (2) Despite anything to the contrary in section 224, the shareholders in the water organisation must prepare a statement of expectations under section 224 and provide it to the water organisation—
  - (a) as soon as practicable after the date on which the water organisation is established; but
  - (b) no later than 6 months after the date on which the water organisation is established.
- (3) The shareholders may provide the water organisation with a document

setting out the shareholders' interim expectations of the water organisation (an **interim statement**) that applies during the period between the following:

- (a) the date on which the water organisation is established;
  - (b) the date on which the shareholders provide the statement of expectations to the water organisation under subsection (2).
- (4) In addition to the shareholders' expectations, an interim statement may also include, to the extent permitted by section 228, either or both of the following:
- (a) directions for the operation of the water organisation;
  - (b) priorities for the water organisation.
- (5) The shareholders may start preparing the statement of expectations or an interim statement before the date on which the water organisation is established.

## **226 Water organisation must give effect to statement of expectations**

A water organisation must give effect to a statement of expectations provided by the shareholders of the water organisation.

## **227 Content of statement of expectations**

- (1) A statement of expectations prepared under this subpart must include—
- (a) the outcomes that the shareholders expect the water organisation to achieve by providing water services; and
  - (b) requirements relating to the territorial authority's resource management planning and land use planning that are relevant to the water organisation's service area; and
  - (c) a requirement that the water organisation must act in accordance with any relevant statutory obligation that applies to a shareholder that is a territorial authority; and
  - (d) the information that the water organisation must include in its water services half-yearly report (see section 248).
- (2) A statement of expectations may include any other matters the shareholders decide, including, for example,—
- (a) how the shareholders require the water organisation to conduct

its relationships with—

- (i) the shareholders:
  - (ii) the shareholders' communities or any specified stakeholders within those communities:
  - (iii) hapū, iwi, and other Māori organisations:
  - (iv) consumers in the water organisation's service area:
- (b) performance indicators and measures that the shareholders may use to monitor the water organisation:
  - (c) expectations relating to the strategic priorities to be included in the water organisation's water services strategy:
  - (d) a requirement that the water organisation act in accordance with an obligation that a shareholder that is a territorial authority may have with a third party (including with hapū, iwi, or other Māori organisations) under a contract or other agreement:
  - (e) a requirement that the water organisation undertake a specified obligation on behalf of a shareholder that is a territorial authority:
  - (f) a requirement to undertake community or consumer engagement, and the contents of that engagement:
  - (g) expectations in relation to collaborating with the shareholders and other parties when providing water services:
  - (h) a requirement that part or all of the water organisation's water services strategy be independently reviewed or audited.
- (3) A statement of expectations may contain a matter that applies—
- (a) to all or a specified part of the water services provided by the water organisation (for example, a matter that applies only to wastewater):
  - (b) to all or a specified part of the water organisation's service area (for example, a matter that applies only to a territorial authority's district).

**228 Additional requirements of statement of expectations**

- (1) A statement of expectations must be consistent with—

- (a) all legislative obligations that apply to the water organisation; and
  - (b) the water organisation's foundation documents; and
  - (c) the water organisation's responsibilities,—
    - (i) in the case of an Auckland water organisation, for providing a water supply service and wastewater services; and
    - (ii) in all other cases, as specified in a transfer agreement.
- (2) If a water organisation is financially independent of its shareholders, the statement of expectations must not include any requirements or expectations that would compromise that financial independence.
- (3) The statement of expectations must not include any requirements or expectations that—
- (a) relate to the water organisation's performance or exercise of a duty, function, or power under this Act; or
  - (b) require the water organisation to perform, or not to perform, a specified act, or to achieve a specified result, in relation to a specified person or persons.
- (4) However, subsection (3) does not apply if the water organisation's foundation documents provide otherwise.

**229 Statement of expectations: process and limits**

- (1) The shareholders of a water organisation may provide only 1 statement of expectations to a water organisation at any time.
- (2) If a water organisation receives a statement of expectations that is inconsistent with a direction or requirement imposed by a regulator, the regulator's direction or requirement prevails to the extent of the inconsistency.
- (3) The shareholders of a water organisation must publish, on an internet site maintained by or on behalf of 1 or more of the shareholders, the process that the shareholders must follow to prepare a statement of expectations.
- (4) The process to prepare a statement of expectations must include the following:

- (a) the shareholders must provide a draft of the statement of expectations to the water organisation:
  - (b) the shareholders must give the water organisation a reasonable opportunity to review the draft statement and provide comments:
  - (c) the shareholders must consider any comments provided by the water organisation before finalising the statement of expectations.
- (5) In subsection (2), **regulator** means 1 or more of the following:
- (a) the Water Services Authority:
  - (b) the Commerce Commission:
  - (c) a regional council or unitary authority (as that term is defined in the LGA 2002) in whose region the water organisation provides water services.