

Selwyn Water

BOARD PACK

for

Selwyn Water Board Meeting - 1 August

Friday, 1 August 2025

10:00 am (NZST)

Held at:

Default Location

2 Norman Kirk Drive, Rolleston, New Zealand

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AGENDA

SELWYN WATER BOARD MEETING - 1 AUGUST

Name:	Selwyn Water
Date:	Friday, 1 August 2025
Time:	10:00 am to 11:00 am (NZST)
Location:	Default Location, 2 Norman Kirk Drive, Rolleston, New Zealand
Board Members:	Murray Strong (Chair)
Attendees:	Alex Cabrera, Jo Gallop, Heather Geddes, Amon Nuns, Rachael Brown, Toni Forest

1. Opening Meeting

1.1 Confirm Minutes

For Noting

Review and confirm the accuracy of the previous meeting minutes.

Supporting Documents:

1.1.a

02. 2025-07-01 SWL - Inaugural Board Meeting Minutes.docx

1.2

Interests Register

For Noting

Check for any conflicts of interest to be declared by board members.

2. Actions from Previous Meetings

2.1

Matters Arising

For Discussion

Discuss outstanding tasks and issues from the previous meeting.

3. Management Reports

3.1

Executive Report

For Information

Presentation of the executive's overview and updates.

Supporting Documents:

3.1.a

03. Executive Report - 1 August 2025 - Selwyn Water.docx

3.2 Budget

For Information

Review of the current budget status and projections.

3.3 Risk Report

For Information

Discussion of risk management and mitigation strategies.

4. Strategic Planning

4.1 Draft Strategic Goals

For Discussion

Review and discuss proposed strategic goals for the upcoming period.

Supporting Documents:

4.1.a 05. Draft Strategic Goals - 1 August 2025 - Selwyn Water.docx

4.2 Implementation Plan

For Discussion

Outline the implementation strategy for the approved goals.

Supporting Documents:

4.2.a 06. Implementation Plan - 1 August 2025 - Selwyn Water.docx

4.3 Selwyn Water Values

For Discussion

Discussion on the Selwyn Water core values and principles.

Supporting Documents:

4.3.a 07. Selwyn Water Values- 1 August 2025 - Selwyn Water.docx

4.4 Governance Policies

For Discussion

Review existing governance policies and discuss any needed updates.

Supporting Documents:

4.4.a 01. Selwyn Water Limited - Risk Management Policy(34604567).docx

4.4.b 02. Selwyn Water Limited - Risk Management Framework(34609731).docx

4.4.c 03. Selwyn Water Limited - Procurement Policy(34610193).docx

4.4.d 04. Capital & Infrastructure Policy(34607034).docx

4.4.e 05. Selwyn Water Limited - Data Governance Policy(34605024).docx

4.4.f 06. Board Charter(34612729).docx

4.5 Draft Governance Recruitment Pack Structure

For Discussion

Discuss and finalize the structure for the recruitment pack.

Supporting Documents:

4.5.a 09. Draft Governance Recruitment Pack- 1 August 2025 - Selwyn Water.docx

4.6 Asset Transfer Update

For Discussion

4.7 Water Services Bill Update

For Information

Update on developments regarding the Water Services Bill.

5. Other Business

5.1 Other Business

For Discussion

Consider any additional topics or concerns not covered in the agenda.

6. Close Meeting

6.1 Close the meeting

For Noting

Next meeting: No date for the next meeting has been set.

Formal closing of the board meeting.

Selwyn Water Limited (the Company)

Minutes of inaugural board meeting

Minutes

These are the minutes of a meeting of the board of the Company held on 2.45pm, 1 July 2025 at Selwyn District Council, 2 Norman Kirk Drive / Microsoft Teams dial-in.

- Present:** Murray Strong (Chairperson)
- Apologies:** None
- In attendance:** Alex Cabrera, Jo Gallop and Heather Geddes (Selwyn Water Limited)
Rachael Brown, Toni Forrest, Amon Nunns and Sydney Mallon-Piper (Bell Gully)
- Materials circulated prior to meeting**
- 05 - Draft written resolutions of the Board to enter into Water Services documents
 - 06 - Draft shareholder's special resolution approving major transaction
 - Draft written resolutions of the Board to enter into Working Capital Facility Agreement and related documents
 - Draft shareholder's special resolution approving entry into Working Capital Facility Agreement and related documents
 - Draft director's certificate relating to entry into Working Capital Facility Agreement and related documents
 - Draft Delegated Authorities
 - Draft Health and Safety Policy
 - Memo from Alex Cabrera to the Board dated 30 June 2025 entitled Working Capital Facility – Shareholder position and path forward

Introduction

The Chairman welcomed those present to the inaugural meeting of the board of directors of Selwyn Water Limited. He noted the significant work undertaken to date to prepare for this day, with the Company well placed to assume the role as a water organisation under the Local Government (Water Services) Bill once enacted. This was reiterated by Alex Cabrera and the Bell Gully team.

Quorum

The Chairman noted that a quorum of the Board was present at the meeting and declared the meeting open.

Conflicts of interest

No conflicts were declared. The Chairman noted his directorships and shareholdings and asked that the interests register be updated to reflect these.

The Board noted and discussed the following matters

Amon Nunns presented the documents and recommended that the resolutions be approved.

Water Services – Board Resolutions

- 1 The Board discussed the Company's proposed entry into various documentation and actions required to enable the transfer, through a phased transition process, of Selwyn District Council's water services obligations (and associated assets, liabilities and debt) to the Company (the **Water Services Transition**).
- 2 In connection with the Water Services Transition, the Board considered the Company's proposed entry into the documentation and actions contemplated by the draft written resolutions circulated to the Board in advance of this meeting (the **Board Resolutions**).
- 3 The Board considered the form of Board Resolutions and agreed that the sole director of the Company will execute the Board Resolutions and the documentation and actions contemplated within such Board Resolutions.
- 4 To the extent the entry into the documentation contemplated in the Board Resolutions constitutes or may constitute a "major transaction" (as that term is defined in section 129(2) of the Companies Act 1993), the Board will seek the approval of the Company's sole shareholder, Selwyn District Council, by way of special resolution, to the Company's entry into such documentation.

WCFA Corporate Approvals

- 5 The Board discussed the Company's proposed entry into the Working Capital Facility Agreement and associated documentation, as contemplated by the:
 - (a) Written resolutions of the Board to enter into Working Capital Facility Agreement and related documents; and
 - (b) Director's certificate relating to entry into Working Capital Facility Agreement and related documents,
 circulated to the Board in advance of this meeting (the **WCFA Corporate Approvals**).
- 6 The Board received a paper from Alex Cabrera regarding the support by the Company's sole shareholder for the repayment of the WCFA if needed. The Board discussed the paper and the strong levels of support indicated by SDC, including its commitment to the transfer of drinking water assets and associated revenue streams, the public consultation processes undertaken to give effect to that, the SDC elected members decision to proceed with the establishment of the company and the confirmation by SDC of the intention of SDC to provide funds to repay the WCFA if needed. The Board concluded that the SDC level of support remains strong but asked management to prepare a form of letter to convey this to SDC and to continue to monitor support at each time that any drawing is made under the WCFA.

It was noted that Bell Gully, Alex Cabrera and the Chairman will prepare a response outlining a proposed way forward regarding the assurance that has been provided and the obligations and expectations put on the CCO. These will also be put on the sole shareholder. Payments from WCFA will continue to seek assurance to ensure oversight of this. A response prior to the SOE workshop is to be drafted. Bell Gully has reviewed and commented on the paper prepared by Alex Cabrera (described above) and agrees it is a prudent approach to take. On returning documents to SDC Alex will provide a covering note in the next 48 hours outlining the Board's decision and reaffirming Bell Gully support.
- 7 The Board considered the form of WCFA Corporate Approvals and agreed that the sole director of the Company will execute the WCFA Corporate Approvals and the documentation contemplated within such WCFA Corporate Approvals.

- 8 To the extent the entry into the documentation contemplated in the WCFA Corporate Approvals constitutes or may constitute a “major transaction” (as that term is defined in section 129(2) of the Companies Act 1993), the Board will seek the approval of the Company’s sole shareholder, Selwyn District Council, by way of special resolution, to the Company’s entry into such documentation.

The Board resolved the following matters

1. the form of Board Resolutions be and is hereby approved and the sole director of the Company execute such Board Resolutions and the documents and actions contemplated within the Board Resolutions; and
2. the form of WCFA Corporate Approvals be and is hereby approved and the sole director of the Company execute such WCFA Corporate Approvals and the documents and actions contemplated within the WCFA Corporate Approvals.

Next meeting

The Board agreed that the Chairman would arrange for a notice of meeting to be provided for the next meeting to coincide with the meeting of the Minister at a time to be agreed.

Closure

The meeting closed at 3.15pm.

Dated 1 July 2025

Signed as a true and correct copy of the minutes:

Chairman

Board Report

Friday 1 August 2025

Executive Report

RECOMMENDATION: The Board to **NOTE** the Executive Report.

Operational Update

Operations & Asset Management

AMS–ERP Integration Readiness

Integration planning between Adapt AMS and Datascope WAI ERP is advancing, targeting implementation by 1 December 2025. The integration is designed to optimise direct vendor spend processes while accommodating future partner scalability.

Meter Reading and Revenue Risk

Failures in integration from Corde to AMS have led to revenue loss and data gaps. Over 1,300 meters in Rolleston lacked data for FY2024/25.

ACTION: Dedicated workstream initiated to optimise revenue capture and data integrity.

As-Builts and SCADA Visibility Risk

Backlog in unrecorded data (pre-June 2025) and SCADA integration issues risk asset visibility, especially during staff transition.

Valuation Reconciliation

Manual checks are required for 122 valuation IDs; support has been requested from the SDC AMS team.

Office space

Previously identified office space solutions are not able to be progressed. Alternative options for a physical location are being explored.

Regulatory & Legal Compliance

Water Services Bill – Current Legal Interpretation

Based on legal advice and internal analysis, the following points summarise SWL's current interpretation of the Bill (subject to reassessment once legislation is passed):

- a. **Property Access:** Access granted with landowner consent; a new internal review process replaces external appeals. No compulsory acquisition powers included. Access to Crown land will require separate agreements.
- b. **Statement of Expectations (SOE):** Must be issued at least six months before the Water Services Strategy (WSS) is adopted. To include shareholder expectations, performance criteria, and alignment with relevant statutory duties.

- c. **Water Services Strategy (WSS):** Required by 30 June 2027. Must cover a 10-year operational period and 30-year asset outlook. SWL is aiming to have the first WSS submitted by 30 June 2026.
- d. **Significance and Engagement Policy:** Mandatory replacement for LGA section 82/83 consultation provisions. Governs engagement thresholds and requirements.
- e. **Disclosure and Publication:** SOE and WSS must be published within one month of adoption and maintained for at least seven years.

Note: All interpretations are based on the current draft legislation and may be updated following final passage.

Financial

No financial report is available for the reporting period. First financial report will be presented to the Board at the September meeting.

LGFA Registration

SWL is progressing LGFA registration ahead of asset transfer. A request has been submitted to SDC for:

- a. Confirmation of the Council's decision to transfer water assets to SWL.
- b. A formal guarantee to support SWL's LGFA membership and borrowing capacity.

Drawdown Scrutiny

A \$2.5M drawdown request for July–August was submitted to SDC. SDC undertook an initial review of the request and sought clarification before approval. It appears that their query was based on non-cash shared service components and released \$2m for drawdown.

Development Contributions (DCs)

SWL intends to implement the Initial DC Policy (section 85A) without consultation. SDC remains responsible for transferring contributions.

Governance & Strategic Direction

Annual Report Transition (Year One)

The 2025/26 report will align with transitional documentation (e.g., WSDP), allowing flexibility until the SOE and WSS are formally adopted.

LIM Disclosures

SWL is now authorised to provide water services information for Council-issued Land Information Memorandums (LIMs).

People & Recruitment

Recruitment Progress

Offers have been made, some offers have already been accepted. EOIs for Development Engineers have been opened, with initial responses received.

Resourcing

Additional support has been requested from SDC due to constraints in managing legal stream requests, valuation cross-checks, and AMS backlog.

Engagement

Local Councils

SWL has been invited to meet with several councils to discuss the Local Water Done Well Reform.

Iwi Engagement

We are awaiting confirmation of a date to meet with iwi representatives.

Inter-Agency Workshop

Workshop is being planned with relevant government agencies to discuss compliance and reporting requirements.

Friday 1 August 2025

Draft Strategic Goals

RECOMMENDATION: The Board to **APPROVE** the strategic goals for aligning transition and future state activities to meet operational requirements.

Purpose

Selwyn Water Limited (SWL) manages Selwyn District's water services efficiently and sustainably, addressing growth, regulations, and infrastructure needs through four pillars:

Achieve Long-Term Affordability for Customers

Focus: Ensure water services remain affordable over time, despite potential initial higher costs.

How: By assessing current water charges, adjusting to cover costs and fund infrastructure. Over time aiming to charge less than the WSDP projections. SWL will also explore alternative cost models and optimise revenue from commercial users (trade waste) to reduce the overall burden on customers. A Financial Hardship Policy will be developed before direct customer billing begins in mid-2026 to support those who may struggle.

Ensure Robust Financial Independence

Focus: Secure strong financial footing to fund essential infrastructure investments and meet all regulatory obligations.

How: Increase borrowing capacity (up to 500% of revenue through the Local Government Funding Agency (LGFA), compared to 280% for councils). The goal is to be financially sustainable by June 30, 2028, with projected revenue covering all costs, including operations, investment, and compliance.

Cultivate High-Performing Capabilities for Quality Water Services and Regional Expansion

Focus: Build a highly effective and skilled organisation to deliver excellent water services and potentially expand to serve other areas.

How: This involves establishing a fit-for-purpose governance framework with independent directors, phasing in Selwyn District Council (SDC) staff to retain expertise and embedding advanced asset and financial management systems. SWL is shifting to a "utility provision mindset," being directly accountable to customers, regulators, and the Council, focusing on continuous improvement and efficiency. The model is designed to be scalable and flexible for future partnerships, possibly using a "hub and spoke" approach to achieve regional efficiencies.

Proactively Embrace Adaptive Planning and Technological Innovation

Focus: Future-proof water services by planning flexibly and using new technologies to address long-term uncertainties like climate change, population growth, and evolving regulations.

How: By incorporating Dynamic Adaptive Pathway Planning (DAPP) into infrastructure planning by early 2026, which involves identifying triggers and creating adaptive pathway maps to maintain flexibility in response to deep uncertainties. This also includes conducting scenario modelling for high-density growth, implementing a Water Conservation and Demand Management Plan, and advancing strategic planning for major projects such as a "Centralised Treatment" water supply scheme and a "District Wide Smart Meter Roll Out".

Board Report

Friday 1 August 2025

Implementation Plan Activities

To 30 June 2028

RECOMMENDATION: The Board to **NOTE** the implementation activity

Water Services Delivery Plan

The Water Services Delivery Plan provides implementation plan activities to 30 June 2028.

1	Establishment	<p>2 April – 30 June 2025</p> <p>Development of operating model and deliverables to align with 1 July commencement</p>	<ul style="list-style-type: none"> • Incorporation of SWL, board appointments and adoption of constitution, and service agreements • Initiate staff consultation and recruitment process • Launch engagement with mana whenua and key community stakeholders • Prepare governance materials and compliance documentation for DIA • Prepare operating model, and draft WSDP
2	Transition	<p>1 July – 20 December 2025</p> <p>Legal transfer and implementation of delivery model, ensuring continuity of service delivery and customer experience</p>	<ul style="list-style-type: none"> • Commence water services delivery under TSA • Establish non-mandatory KPIs and reporting • Develop investment strategy and proposed charging framework for 2026/27 FY • Complete staffing appointments • Finalise legal asset and liability transfer • Deploy SWL's finance, billing, compliance, and performance systems • Finalise and implement emissions reduction plan • Complete Long Term Plan amendment, and separation of development contributions policies
3	Future State	<p>21 December 2025 – 30 June 2028</p> <p>Establishment of long-term state, financial sustainability, service improvements and operational efficiency</p>	<ul style="list-style-type: none"> • Develop Water Services Strategy and development contributions framework • Annual reporting • Undertake post-implementation review • Benchmark performance using DIA, Taumata Arowai, and Water Sensitive Cities frameworks • Submit draft Statement of Intent (if required) • Integrate feedback into strategic roadmap for investment, equity, and performance

The plan to June 2028 has been divided into a series of horizons. For the next twelve months the two horizons we are focused on is:

20 December 2025 - fully operational, and

01 July 2026 - taking responsibility for customer billing.

Our effort over the next 12 months

From July 2025 to June 2026 Selwyn Water will focus intensely on establishing its core operational requirements while laying the groundwork for key innovations to ensure sustainable water services for the rapidly growing Selwyn District.

Selwyn Water

Outcome	Milestone date
Implementing Operating Requirements: transitioning to full operational status and establishing robust foundational systems.	1 Dec 2025
Formal Establishment and Governance: Following the enactment of the Local Government (Water Services) Bill (Bill 3). A fit-for-purpose governance framework with independent directors developed and appointments are in place, with clear performance expectations.	30 Sept 2025 (dependent on SoE)
Staff and Operational Transition: A phased transition of operational components is planned from July 1, 2025, aiming for full operational status by December 20, 2025. This involves planning for Selwyn District Council (SDC) staff to transition to SWL and ensuring staff awareness of the transition timeline. Operational Delivery and Transitional Services Agreements will guide the provision of services during this period.	1 Sept 2025
Asset and Data Transfer: Full transfer of Drinking Water and Wastewater assets, data, and resource consents from SDC to SWL, expected around December 1, 2025, following the enactment of Bill 3 and a Long-Term Plan amendment.	17 Sept 2025 (SDC Council approval) 1 Dec 2025 (transfer date)
Financial and Billing Systems: establishing asset and financial management systems aligned with industry standards. From FY2026/27, SWL will begin to directly set and collect water charges from customers for drinking water and wastewater services. A key consideration will be moving to a rolling 90-day billing cycle to provide more timely and simplified billing to improve cashflow.	1 April 2026
Dynamic Adaptive Pathway Planning (DAPP): Incorporate DAPP to manage long-term infrastructure requirements, particularly in response to deep uncertainties like climate change and population growth. This involves documenting drivers, triggers, and actions for assets, creating adaptive pathway maps, and establishing monitoring and review programs. This methodological innovation aims to ensure flexibility and adaptability in long-term plans.	1 May 2026
Innovations and Future-Proofing Initiatives: Beyond core operational setup, embrace innovative approaches to meet future challenges.	1 July 2026
Scalable Model for Partnerships: Intentionally embed flexibility and adaptability to facilitate future partnerships and regional collaboration, potentially utilising a "hub and spoke" approach to achieve greater efficiencies, standardisation, knowledge sharing, and ultimately lower costs for consumers.	1 July 2026
Revenue Optimisation and Financial Hardship: While increasing water charges strategically to meet financial sustainability goals, development of an appropriate Financial Hardship Policy before directly levying charges in FY2026/27 demonstrates an innovative approach to balancing financial sustainability with community affordability.	1 July 2026

Board Report

Selwyn Water

Friday 1 August 2025

Values Submitted for Approval

RECOMMENDATION: The Board to **APPROVE** the values for incorporating into operational requirements.

Values

The company that has supported the values work has presented a recommendation to the Board for approval. The values are attached as Appendix 1 to this report.

Once approved the values will be:

- Incorporated into the programme of work through outcomes driven targets
- Included in the position descriptions of retained and recruited staff.
- Key performance indicators will be aligned to the values.
- The staff code of conduct will be designed around the values.

Attachment

Appendix 1 – Selwyn Water Company Values

Selwyn Water Limited Risk Management Policy

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ISSUE DETAILS	
Effective Date:	1 August 2025
Policy Owner:	[Insert]
Approved By:	Board of Directors
Policy Review Date:	[This policy will be reviewed every two years or upon major regulatory changes.]
Monitoring Compliance with this policy:	[Insert]
Related Policies, Procedures and Forms	Risk Management Framework

Selwyn Water Limited Risk Management Policy

1 Purpose

This policy establishes a framework for risk management, internal controls, compliance, and auditing processes to ensure the financial, operational, and regulatory integrity of Selwyn Water Limited.

This Policy should be read alongside the Selwyn Water Limited Risk Management Framework. Together they describe both Selwyn Water Limited's commitment to and principles of risk management (this Policy) and how these are reflected in practice (the Framework).

2 Policy objectives

This policy aims to:

- (a) Ensure transparency, accountability, and integrity in all operations.
- (b) Maintain compliance with legal, regulatory, and financial obligations (e.g., Taumata Arowai, Auditor-General, WorkSafe NZ).
- (c) Identify, assess, and manage strategic, financial, operational, and environmental risks.
- (d) Safeguard public health, water quality, and asset security.
- (e) Enhance resilience to natural disasters, cyber threats, and infrastructure failures.

3 Scope

This Policy applies to:

- (a) all employees, contractors, and stakeholders of Selwyn Water Limited;
- (b) all business processes, financial transactions, and risk-related activities;
- (c) internal and external audit procedures; and

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(d) corporate governance, regulatory compliance, and fraud prevention measures.

4 Background

The Chief Executive Officer and [Executive Leadership Team/Board] members of Selwyn Water Limited (the **Company** or **SWL**) recognise the importance and value of risk management and the ongoing benefits to its community.

Consequently, the Company is committed to a policy of Risk Management to protect its employees, assets, liabilities and its community against potential losses and to minimise uncertainty in achieving its goals and objectives.

The Company's commitment to risk management is not only about identifying what could go wrong and being prepared should it occur, it is also about identifying and evaluating opportunities that present themselves from time to time. It is an integral part of the continuous improvement process embraced by Company.

5 Key Statements / Principles

To deliver on SWL's commitment to risk management, SWL will:

- (a) Ensure risk management is an integral part of all organisational activities and decision-making processes.
- (b) Follow a structured and comprehensive approach to risk management to contribute to consistent and comparable results.
- (c) Involve SWL's stakeholders in an appropriate and timely manner that enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
- (d) Anticipate, detect, acknowledge and respond to those significant changes in SWL's operating environment - internally or externally - in an appropriate and timely manner.
- (e) Continually improve SWL's risk management practices through learning and experience.

6 Definitions

Term	Definition
Consequence	Potential outcome(s) of the risk event happening.
Control	Measure that modifies the risk e.g. processes or physical constraints that change the likelihood of an event occurring, or impact the consequence(s).
Inherent Risk Rating	Risk rating / level of risk before risk treatment.
Likelihood	Chance or probability that the consequence(s) will be realised if the risk event happens.
Residual Risk Rating	Risk rating / level of risk remaining after risk treatment.
Risk	The effect of uncertainty on objectives (adopted from ISO 31000)
Risk Appetite	The level of risk that the Company is willing to accept in pursuit of its strategic objectives.

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Term	Definition
Risk Assessment	The overall process of risk identification, risk analysis and risk evaluation.
Risk Management	An enabling function which adds value to the organisation, increasing the probability of success in achieving strategic objectives. Risk management aims to decrease the potential for legal liability and managing uncertainty; creating an organisation wide environment where the unexpected is minimal and, should it occur, the consequences may be managed effectively.
Risk Management Framework	The set of components which provide foundations for designing, implementing, monitoring, reviewing and continually improving risk management within the organisation.
Risk Management Process	The systematic and consistent application of policies, processes and practices of establishing the context, identifying, analysing, evaluating, communicating, treating, monitoring and reviewing risk.
Risk Owner	The position with authority and accountability for managing a specific risk and any associated risk controls.
Risk Register	A documented record of risks identified. This includes a description of risk, controls, risk levels and treatment plans.
Risk Tolerance	A measure of the level of risk an organisation is willing to accept, used as a key criterion when making risk-based decisions.
Risk Treatment	Future focused actions agreed and implemented to address the level of risk.

7 Roles and responsibilities

SWL has adopted the Institute of Internal Auditor's (IIA's) Three Lines model (**Figure 1**) as illustrated below. Each line has a distinct role in risk management to support effective review and challenge, and informed decision making.

7.1 First Line - Functions that own and manage risk

[Team managers,] as part of their first line roles, have the responsibility and accountability to manage risks and controls relevant to their team's function and activities. They are also tasked with implementing corrective actions to address any deficiencies in processes and controls.

7.2 Second Line - Functions that oversee and enable good risk management practices

The second line (or risk management function) has the responsibility of establishing and overseeing enterprise risk management activities across SWL. Their role is to provide support to the first line roles and ensure that the first line controls actively identify, assess, and monitor risks in order to achieve SWL's risk management objectives. This role:

- (a) Provides complementary expertise, support, monitoring, and challenge related to the management of risk, including:
 - (i) The development, implementation, and continuous improvement of risk management practices (including internal control) at a process, systems, and entity level.
 - (ii) The achievement of risk management objectives, such as: compliance with laws, regulations, and acceptable ethical behaviour; internal control; information and technology security; sustainability; and quality assurance.

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- (b) Provides analysis and reports on the adequacy and effectiveness of risk management (including internal control).

7.3 Third Line - Functions that provide independent assessment of current practices

The third line operates independently from the business groups and is responsible for conducting impartial reviews, assessments, reporting, and assurance on risk management practices within their respective functions. In the organisational structure of SWL, the internal audit function is outsourced to an independent provider.

The IIA’s Three Lines Model

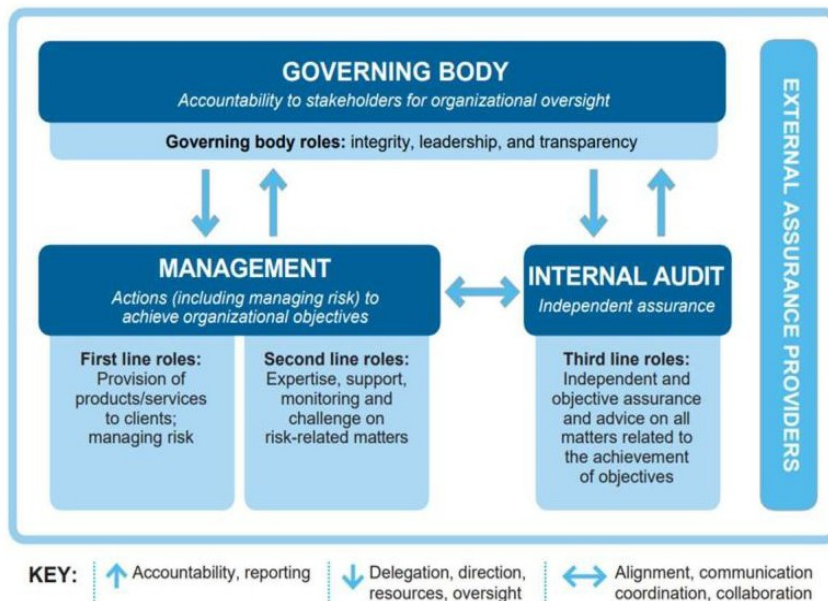


Figure 1 source: The Institute of Internal Auditors, 2020

Role / Function	Responsibilities
Board of Directors	The Board confirms appropriate risk governance and management frameworks are in place, ensuring risks are appropriately managed, aiding in the achievement of SWL’s strategic objectives. The Board is also responsible for nominating members for the Audit and Risk Committee and receiving and evaluating reports from the Audit and Risk Committee.
Audit and Risk Committee	Assists the Board by providing governance and oversight in relation to the integrity and efficacy of SWL risk, assurance, and audit frameworks. The Audit and Risk Committee is responsible for overseeing and monitoring effectiveness of SWL’s processes and policies for identifying, assessing, and addressing risks. This includes: (a) to facilitate resources and guidance in relation to the Risk Management Policy, Framework and associated Procedures; and (b) to review and consider any report or recommendations regarding the Risk Management Framework.
Chief Executive and Executive Leadership Team	Collectively responsible for setting the tone from the top, promoting a culture of proactive risk management, and supporting the implementation of the enterprise risk framework by providing appropriate resources and ensuring compliance with policy requirements across their areas of responsibility. The CEO is also responsible for ensuring that the Company is not exposed to unnecessary or uncontrolled risks and that a suitable risk management process is established, implemented and maintained in accordance with the Risk Management

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Role / Function	Responsibilities
	Framework. The CEO will maintain and be responsible for the effective management of all types of risk across SWL's operation.
External & Internal Auditors	External audits will be conducted annually by the Office of the Auditor-General (OAG) or an accredited external auditor. Internal audits will be carried out quarterly to ensure operational and financial integrity.
All staff and contractors	Employees and contractors will perform their duties and functions in a safe manner, adhering to safe work practices and ensuring that they are familiar with the Company's Risk Management Framework. All individuals will play a part in managing risk at SWL, including having access to SWL's risk management processes and risks from the risk register. Employees and contractors will be responsible for: <ol style="list-style-type: none"> 1. Identifying and reporting risk in their areas of responsibility. 2. Assisting to identify ways of controlling those risks (as part of the established risk management process). 3. Taking action attributed to them by an action plan. 4. Ensuring they remain alert to and report any risks to which the Company is exposed which they might identify while carrying out their normal duties.

8 Audit framework

8.1 Internal audit

SWL will have its auditing conducted by an independent internal audit team or external audit firm. Areas of focus for these auditors will be:

- (a) Financial audits (fraud prevention, procurement integrity)
- (b) Operational audits (efficiency, process effectiveness)
- (c) Regulatory compliance audits (Water Services Act, Health & Safety)
- (d) IT & Cybersecurity audits (data protection, SCADA security)
- (e) Environmental & sustainability audits (water resource management, emissions)

8.2 External audit

- (a) Annual financial audits will be conducted for SWL in line with the Public Finance Act 1989 and the Auditor-General guidelines.
- (b) Water quality compliance audits will be conducted for SWL in line with the Taumata Arowai Drinking Water Standards.

8.3 Special audits

Special audits will be conducted when the [Executive Leadership Team] suspects that fraud, misconduct or serious non-compliance has occurred.

9 Fraud Prevention & Ethical Conduct

9.1 Fraud Prevention Measures

- (a) Implement a whistleblower protection system for fraud reporting.
- (b) Enforce strict financial controls on procurement and contracts.
- (c) Conduct forensic audits in case of suspected financial misconduct.

9.2 Ethical Conduct & Code of Ethics

- (a) All employees must adhere to public sector integrity standards.
- (b) Any conflicts of interest must be disclosed to the Audit & Risk Committee.

10 Monitoring & Reporting

10.1 Key Performance Indicators (KPIs)

KPI	Target
Number of Internal Audits Completed	100% of planned audits
External Audit Compliance Score	95%+
Risk Mitigation Plan Completion Rate	100% for high-risk areas
Whistleblower Reports Investigated	100%
Incident Response Time	≤ 24 hours

10.2 Reporting Mechanisms

- (a) Quarterly Risk Reports to the Audit & Risk Committee.
- (b) Annual Audit Reports published in financial statements.
- (c) Incident & Compliance Reports submitted to regulatory agencies.

11 Legislation

- Water Services Act 2021 (Safe drinking water standards).
- Health & Safety at Work Act 2015 (Workplace safety).
- Local Government Act 2002 (Three Waters financial reporting).
- Public Finance Act 1989 (External audit requirements).
- Privacy Act 2020 (Data security and protection).

12 Further information

For more information on SWL's risk management, please contact **[insert position and title]** on **[phone number or email]**.

Selwyn Water Limited Risk Management Framework

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ISSUE DETAILS	
Effective Date:	1 August 2025
Policy Owner:	[Insert]
Approved By:	Board of Directors
Review Date:	[Insert]
Monitoring Compliance:	[Insert]
Related Policies, Procedures and Forms	<ul style="list-style-type: none"> • SWL Risk Management Policy • SWL Risk Register Template

Selwyn Water Limited Risk Management Framework

1. Purpose

The purpose of this Risk Management Framework (the **Framework**) is to detail the requirements and processes supporting Selwyn Water Limited's Risk Management Policy. Specifically, the Framework:

- (a) sets out Selwyn Water Limited's approach to risk appetite, to support risk management activities;
- (b) describes required risk management activities across the Company (the Risk Management Process);
- (c) provides guidance on how these activities should be completed; and
- (d) provides the core tools to support the completion of risk management activities.

2. Scope

This Framework is applicable to all functions and operations of Selwyn Water Limited, as well as to all staff and contractors.

3. Key Principles

The aim of risk management is to improve both our quality of decision-making and the likelihood that we will achieve our business objectives.

Our risk management process is based on ISO 31000:2018 - Risk Management Guidelines, which has been tailored to the context and requirements of Selwyn Water Limited. The process comprises five main steps and three on-going activities – all of which are important. Although the risk management process is often presented as a sequential process, in practice it is an ongoing process that is used at each decision-point, business process step, or whenever a change in business context occurs.



3.1 Risk Appetite

SWL acknowledges and accepts that, while undertaking its duties and functions, it will encounter elements of risk that may be potentially either beneficial or detrimental to achieving its objectives. Taking on risk to achieve SWL objectives is recognised as necessary, and some of these risks will be significant.

Our Risk Appetite is to be determined by the [Board of Directors] of SWL and may be amended from time to time subject to the needs and wishes of SWL. It is a dynamic articulation and responsive to changing circumstances.

The [Board of Directors] of SWL commit to setting risk appetites in a responsible and prudent manner, with a focus on SWL's objectives, and their statutory obligations.

[Board of Directors] will provide SWL with advice to inform the setting of the Risk Appetite, including providing them with information in a relevant, full and timely manner, and advising if the nature or relevant particulars of a risk is changing.

Management will utilise the risk appetite statements to create risk assessment criteria definitions, and this will be used in the risk management process.

Note: The Risk Appetite levels below will be used to develop Risk Appetite Statements, as part of the Risk Work Programme being delivered by the Risk Manager.

3.2 Risk appetite levels

- (a) **Minimal:** We accept only a very low amount of risk. At this appetite level, priority should be given to ensure all practical measures are in place to prevent these risks from occurring.
- (b) **Cautious:** We accept a low amount of risk. At this appetite level, risks should be residual rated at a low rating. When risks exceed a low residual rating, they will be out of appetite and all practical measures will be put in place to lower the residual risk.
- (c) **Moderate:** We accept a medium amount of risk. At this appetite level, risks should be residual rated at medium or lower ratings. When risks exceed a medium residual risk rating, they will be out of appetite and all practical measures will be put in place to lower the residual risk.

- (d) **Receptive:** We accept a high amount of risk. At this appetite level, risks should be residual rated at high or medium ratings. When risks exceed a high residual risk rating, they will be out of appetite and all practical measures will be put in place to lower the residual risk.

4. Step 1: Establish the context

The purpose of this step is to understand and set the scope for the risk discussion, including identifying and understanding the possible influences that both the internal and external contexts could have on our ability to achieve objectives.

- **Define** the scope for the risk discussion (business group, work team, project, stakeholders, etc.).
- **Identify** and document the specific business/project objectives that we are trying to achieve as part of this project, initiative, activity, or decision?
- **Explore** and document the external and internal contexts that could impact us as we seek to achieve our business/project objectives.

Note 1: The 'external context' refers to environmental factors such as regulatory, political, technological, financial, cultural, etc. that are generally outside of our control, but which could introduce uncertainty into our plans.

Note 2: The 'internal context' refers to those aspects within Selwyn Water Limited that could influence our plans, including structure, resources, how information flows occur, culture, etc.

5. Step 2: Risk Identification

The aim of this step is to develop a comprehensive list of events that could occur – or situations that are present or could arise – and how these could impact (help or hinder) the achievement of our objectives. It is sometimes useful to think of 'risks' as 'material unwanted events'.

To help structure the conversation, first consider likely 'sources of risk / uncertainty', such as people, technology, resources, legislation, etc. Within the health and safety context, sources of risk are often described as 'hazards' (something with the potential to cause harm).

Consider your context, scope, and objectives, and ask:

- What could happen – and where could it lead to in terms of impact on objectives?
- Write a risk description that captures each uncertain event (e.g., Selwyn Water Limited is unable to obtain Building Certification; borrowing costs rise significantly above expected values; Selwyn Water Limited fails to comply with legislation and is unable to collect all the rates income required).

Then separately, list the range of credible consequences, and the possible direct causes of the event.

For example:

Event / situation Causes		Risk Description		Consequences
Lack of resource (capability/capacity), changing regulations.	Could lead to...	Non-compliance with regulation	Resulting in...	Financial penalties, reputation damage, operational disruption.

Techniques for risk identification include analysis of historical data (e.g., issue logs), structured sessions such as workshops, SWOT, scenario analysis, brainstorming and interviews.

Note 1: ‘Risks’ are not the same as ‘issues’ and are also managed differently. A risk is a future event or situation that may or may not arise, and which could have an impact on the achievement of our objectives. An issue is an existing problem or situation that requires resolution. There is no uncertainty attached to the likelihood of occurrence – something has happened, and action needs to be taken.

A risk category is given to each risk to allow for consistent classification of risks across the Company. These are outlined below:

Risk Category	Description
Asset / Infrastructure	Managing assets – including condition assessment, replacement and planning new assets
Financial	Risks associated with budgetary requirements and allocation, or operational budgets not being met
Data / Information Security	Risks associated with the management of data and information, including related to retention and management of personal data.
Customer relations / service delivery	Meeting the current and changing expectations of customers
Project / Programme	Risks associated with the delivery of significant projects or programmes of work
Environment	The risks arising from the management of the environment when applying SWL services and functions
People and Capabilities	Risks associated with recruitment and retention of employees and workforce planning. Includes payroll and HR issues
Compliance / Legal	Compliance with legislative and policy framework
Reputation	Risks associated with the delivery of Local Government legislation and meeting SWL’s overall strategic goals
Health, Safety & Wellbeing	Risk associated with the health, safety and wellbeing of employees and contractors of SWL.

6. Step 3: Risk Analysis

The purpose of risk analysis is to understand the effectiveness of the controls currently in place, and then to determine the 'current level of risk'. Risk Controls:

- A control is any measure that is currently modifying risk.
- Controls often operate as 'barriers' that prevent or modify the likelihood of occurrence of the uncertain event (pre-event controls) - or reduce the scale of the consequences once an event has occurred or a situation has arisen (post-event controls).
- Examples include policies, operating procedures, business rules, physical barriers (fences, machine guards), and other practices or devices (e.g. smoke alarm, emergency response plan).
- Control 'effectiveness' is an important consideration because controls may not always exert the intended or assumed modifying effect. It may be useful to think of control effectiveness as having two components – design and implementation.

Control effectiveness is as described here:

Control Effectiveness	Description
Effective	The control is in place, is well designed for the cause / threat and is working as designed / intended.
Mostly effective	The control is in place and generally working as intended, but there is scope for improvement.
Partially effective	The control is not modifying the risk to the extent expected, or of which it is capable.
Not effective	The control has no impact in modifying the risk.

Level of Risk: The current level of risk is calculated using the Risk Matrix - the value at the intersection of the consequence axis and the likelihood axis.

- From the range of identified consequences, select the one that equates to a 'credible worst- case scenario'.
- From the likelihood table, determine the value that best describes the likelihood that the above selected consequence will be experienced.
- Use the Risk Matrix to determine the current level of risk.

Note: the Risk Matrix, Consequence and Likelihood tables are provided in the Core Risk Management Tools section).

7. Step 4: Risk Evaluation

- The purpose of risk evaluation is to assist in deciding which risks can be accepted at their current level, which risks require further treatment to improve the effectiveness of the existing control regime, and the priority for treatment implementation.
- If the level of risk falls within the established risk criteria (or, Risk Appetite Statement) then it is at an 'acceptable / tolerable' level. The only actions required are to continuously monitor aspects such as changes in the external / internal environments, the ongoing validity of assumptions that have been made, changes in control effectiveness, etc.
- Unacceptable / intolerable risks require treatment actions designed to strengthen the current control regime and thereby lower the level of risk.
- Ideally, there will be a set of 'evaluation criteria' – terms of reference against which the significance of a risk is compared – (or perhaps, Risk Appetite Statements) that will guide the accept / treat decision. If not, then use your knowledge of Selwyn Water Limited values, responsibilities, together with customer expectations and your own judgement in the accept/treat decision.
- Risks that can be 'accepted' at their current level do not require treatment plans (i.e. Step 5 is not necessary).

8. Step 5: Risk Treatment

The purpose of risk treatment is to select and implement viable options for addressing unacceptable/intolerable levels of risk and fall within the following strategies:

- Risk acceptance
- Risk transference
- Risk avoidance
- Risk reduction

Once implemented, risk treatment actions will either create a new control, or strengthen an existing control – and the current level of risk should be re-calculated (as per the iterative process above).

Treatment actions should indicate WHAT will be done, WHO will do it, and WHEN it will be done by. The level of risk will remain as 'intolerable / unacceptable' until such time as the treatment actions have been fully implemented. Consider whether the agreed Risk Treatment Actions are likely to bring the level of risk within an acceptable level.

Ongoing activity: Monitoring and review

This is an important ongoing activity because contexts, sources of risk, people, and assumptions are all subject to change. Consider:

- Has anything changed that could influence the previous effectiveness of controls?

- Has the level of risk changed because treatment actions have been implemented?
- Have I incorporated lessons from recent learnings?
- Have I got systems in place to identify changes that are relevant?

The frequency of full risk review will be influenced by several aspects, such as: the level of risk, the business planning cycle, a significant contextual change, a decision by a governance body, etc. The Risk Manager will liaise with Risk Owners to ensure that this activity is being completed.

Ongoing activity: Recording and reporting

Recording - Ensure records are retained that include:

- how and why certain decisions were made;
- the views of stakeholders who were involved in the process; and
- whether the process has been conducted in a planned and systematic manner.

Reporting - aims to:

- communicate risk management activities and impacts;
- provide information for decision-making;
- facilitate interaction with stakeholders; and
- help management and steering committees meet accountability and governance responsibilities.

The Risk Manager will liaise with Risk Owners to maintain a central risk register to record and report on Selwyn Water Limited risks. Risk information recorded in the risk register will need to adequately document the causes, consequences, controls, analysis, treatments, and action plan progress against the proposed treatments.

A discussion on the enterprise top risks should be included in executive leadership team meetings on a monthly and/or quarterly basis. However, each business unit should regularly review the risks 'owned' by the unit and update their risk register as required (i.e., to reflect the external and internal context changes) or each quarter.

9. Core Risk Management Tools

The Risk Manager will maintain and update the core risk management tools listed below to enable consistent processes across Selwyn Water Limited.

9.1 Risk Register template

To support the assessment of risks, a Selwyn Water Limited risk register template has been created to enable consistent application of the risk management process outlined above.

9.2 Consequence Table

To support Risk Analysis, select the consequence level on the attached table, that equates to a 'credible worst-case scenario'. Where there are multiple potential consequences, select the largest / highest. See Appendix A.

9.3 Likelihood Table

To support Risk Analysis, select the likelihood level below. Consider the likelihood of the consequence being realised e.g. if the risk event occurred, how likely is it that the consequence(s) identified above would be realised?

Rating descriptor	Rating	Description	Probability
Almost certain	5	<ul style="list-style-type: none"> Consequence expected to be realised based on previous incidents or current control environment. Expected to occur more than once in the next year. Likely to occur multiple times during a project. 	95%
Likely	4	<ul style="list-style-type: none"> Consequence likely to be realised, based on previous incidents or current control environment. Expected to occur once in the next year. Has occurred in similar projects. 	75-90%
Possible	3	<ul style="list-style-type: none"> Consequence not expected to be realised but could under specific circumstance. Could occur at least once in the next two years. Has occurred in a small number of similar projects. 	25-75%
Unlikely	2	<ul style="list-style-type: none"> Consequence conceivable but not likely to occur given current operations and controls. Could occur at least once in the next three to five years. Could occur but has not in similar projects. 	5-25%
Rare	1	<ul style="list-style-type: none"> Consequence only expected to be realised in exceptional circumstances. Unlikely to occur in the next five years of during the project. 	<5%

10. Risk Matrix

To support Risk Analysis, determine the current level of risk as the intersect between consequence and likelihood level.

			Consequence				
			Insignificant	Minor	Moderate	Major	Catastrophic
			1	2	3	4	5
Likelihood	5	Almost Certain	5	10	15	20	25
	4	Likely	4	8	12	16	20
	3	Possible	3	6	9	12	15
	2	Unlikely	2	4	6	8	10
	1	Rare	1	2	3	4	5

Appendix A: Consequence Table					
Source of risk	Consequence rating				
	1	2	3	4	5
	Insignificant	Minor	Moderate	Major	Catastrophic
People and knowledge	Individual significance or concern that can be managed as part of business as usual.	Minor disruption to the organisation that can be managed as part of business as usual	Moderate disruption to the organisation resulting in reduced performance.	Major disruption to the organisation resulting in the failure of core activities.	Critical disruption to the organisation resulting in the ongoing failure to deliver core activities.
Health, safety and wellbeing	Near miss, or minor medical treatment required (including first aid). No impact on morale.	Medical treatment or restricted work injury. Negligible impact on morale. Minor public health impact i.e. some cases of water-borne illness.	Time off work, hospitalisation or event notifiable to WorkSafe. Short term effect on morale and business. Moderate public health impact i.e. tens of cases of water-borne illness.	Serious harm, single fatality or permanent total disability. Significant impact on morale and business. Major public health impact i.e. hundreds of cases of water-borne illness.	Multiple fatalities. Long term effect on morale and performance of business. Widespread public health impact involving thousands of cases of water-borne illness.
Governance, reputation, legislative compliance and control	No impact on public confidence or media attention.	Minor impact on public confidence and media attention. May be some local coverage - not front page.	Some impact on public confidence, reflected by local media and community interest in the company's performance or activities.	Major impact on public confidence resulting in some national media coverage. Prosecution action taken against SWL. Professional sanctions for officers such as loss of memberships.	Critical impact on public confidence, resulting in significant national media attention e.g. through an inquiry and / or appointment of a Commissioner. Imprisonment of officers.
Environment	Little or no impact on the environment, and / or effects able to be fully mitigated within 1 week.	Short-term or minor impact on the environment, and / or with non-compliance possible, and / or effects able to be fully mitigated within 3 months.	Serious damage of local importance with possible regulatory intervention, and / or with non-compliance probable, and / or effects able to be fully mitigated within 1 year.	Serious damage of regional importance with regulatory intervention, with prosecution expected, and / or effects able to be fully mitigated within 5 years.	Permanent damage with national importance, and / or with prosecution certain, and / or requiring ongoing remediation and monitoring with regulatory involvement.
Financial	Cost to the company of less than \$100k.	Cost to the company between \$100k and \$1m.	Cost to the company between \$1m and \$5m.	Cost to the company between \$5m and \$10m.	Cost to the company of over \$10m.
Information management	Isolated equipment / system of record failure.	Compromise of user password impacting the confidentiality and integrity of data.	Exploitation of application security flaws compromising the confidentiality and integrity of data.	Loss or theft of USB / laptop / other device compromising confidentiality. Loss of a core system for an extended period.	Loss of infrastructure for an extended period.
Operations and service delivery	Temporary disruption in servicing a small number of customers.	Disruption affecting some areas for less than a day.	Disruption to a community for more than two hours or some areas for more than a day.	Disruption to a community for more than a day or some areas for more than two weeks.	Disruption to a community for more than a week.
Key performance indicators	Negligible impact on outcomes and handled within normal operations.	Temporary impact on long-term levels of service, with limited community interest and media attention.	Noticeable impact on long-term levels of service, being consistently below expectations in one or more outcome categories. Some community interest and media attention.	Levels of service significantly below expectations in one or more outcome categories, bringing significant negative community and media attention.	Levels of service in significant decline across all outcome categories. Widespread negative commentary attracts attention
Property and assets	Insignificant incident that causes no disruption to services.	Isolated damage not requiring relocation of services to an alternative site.	Damage to property that requires the relocation of some services to an alternative site.	Damage to property that requires the relocation of all services for a short period.	Damage to property that requires the relocation of all services for an extended period.

<p>Project / quality management</p>	<ul style="list-style-type: none"> • Project overspend of less than 5%. • Quality is lower than planned but still meets the project's requirements or product specification. • Delay of 1-2 weeks. 	<ul style="list-style-type: none"> • Project overspend of between 5-10%. • Quality is lower than planned but still meets the project's mandatory requirements or product specification. Delay of 2-4 weeks. 	<ul style="list-style-type: none"> • Project overspend of between 10-50%. • Quality and mandatory requirements compromised. Requirements can still be met by relaxing specifications or modifying scope. • Delay of 4-8 weeks. 	<ul style="list-style-type: none"> • Project overspend of between 50-100%. • Quality is compromised but requirements can be met with increases in cost, time, or scope. • Specification of the project could be reworked. • Delay of 8-16 weeks. 	<ul style="list-style-type: none"> • Project overspend of over 100%. • Quality is compromised and unrecoverable. Requirements cannot be within increased cost, time or scope, or project must be rebalanced. • Delay of 16+ weeks.
<p>Strategy</p>	<p>Individual significance or concern that can be managed as part of business as usual.</p>	<ul style="list-style-type: none"> • No amendment to the strategic plan but • adjustment to extent and / or timing of current strategies. • No restructuring required. • May result in a minor reduction in staff levels. • No impact on discretionary service being offered currently, but may. 	<ul style="list-style-type: none"> • Amendments to the current strategic plan for company but not reissue. • May involve consideration of some restructuring. • May result in a moderate reduction of staff levels. • May result in some discretionary services (less than 5) not being offered. 	<ul style="list-style-type: none"> • May involve consideration of significant restructuring. • May result in a significant reduction of staff levels. • May result in several discretionary services (more than 5) not being offered by the company. 	<ul style="list-style-type: none"> • Complete change to strategic plan for the company - full reissue. • Loss of social licence. Legal penalty.

Selwyn Water Limited Risk Procurement Policy

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ISSUE DETAILS	
Effective Date:	1 August 2025
Policy Owner:	[Insert]
Approved By:	Board of Directors
Policy Review Date:	[This policy will be reviewed every two years or updated in response to regulatory changes and best practices.]
Monitoring Compliance with this policy:	[Insert]
Related Policies, Procedures and Forms	[Insert]

Selwyn Water Limited Risk Procurement Policy

1 Purpose

This policy establishes a transparent, fair, and accountable procurement framework to ensure value for money, sustainability, and compliance in the procurement of goods, services, and infrastructure for Selwyn Water Limited (the **Company** or **SWL**).

2 Policy objectives

This policy aims to:

- (a) ensure fair, transparent, and competitive procurement processes;
- (b) achieve value for money while maintaining high service quality;
- (c) promote sustainability and environmental responsibility;
- (d) support local suppliers and Māori business engagement;
- (e) prevent fraud, corruption, and conflicts of interest in procurement; and
- (f) ensure compliance with New Zealand's legal and regulatory framework.

[This policy sets the direction and should be read alongside Selwyn District Council's Procurement Policy (to the extent appropriate).]

2. Scope

This policy applies to all procurement activities undertaken by SWL, from low-value purchases to large infrastructure projects, and to:

- (a) all employees (both temporary and permanent), Board members, and procurement personnel of SWL; and
- (b) all contracts, purchases, and tenders for goods, services, and capital projects.

3. Key Principles

All procurements must follow the procurement principles set out below.

The procurement principles provide our overarching values. All should use the principles for guidance and to help make good procurement decisions.

Principle	Description
Transparency & Fairness	Open, competitive procurement processes with clear evaluation criteria.
Value for Money	Balancing quality, cost, and long-term benefits.
Ethical & Legal Compliance	Aligning with Government Procurement Rules and anti-corruption laws.
Sustainability	Prioritizing environmentally friendly and socially responsible suppliers.
Risk Management	Identifying and mitigating financial, operational, and reputational risks.
Supplier Diversity	Encouraging participation from small businesses, Māori enterprises, and local suppliers.

4. Procurement Methods

Procurement must follow the appropriate procurement process, as set out below, based on procurement type and contract value:

Procurement Type	Value (NZD)	Procurement Process
Low-Value Purchases	<\$10,000	Direct purchase, approved supplier list.
Medium-Value Contracts	\$10,000 - \$100,000	Three competitive quotes.
High-Value Contracts	>\$100,000	Open tender or Request for Proposal (RFP).
Major Infrastructure	>\$5 million	Public tender, pre-qualification required.

In addition:

- (a) all procurements over \$100,000 must be publicly advertised unless otherwise approved by the Board; and
- (b) direct awards (sole-source procurement) must be justified and approved by the Procurement Manager.

5. Procurement Process & Governance

5.1 Procurement Steps

Procurement must follow the subsequent procurement steps:

- (a) **Needs Assessment** – The person or team requesting the procurement needs to provide a detailed scope of work with defined procurement requirements. It should describe the required outcomes, rather than specifying any particular solutions. If a solution is defined too early, SWL could miss out on better, more innovative options.

- (b) **Market Research** – The person or team will identify potential suppliers and market trends, making sure they have up-to-date knowledge about the market and the effect our procurement has on it.
- (c) **Procurement Planning** – The person or team will determine appropriate procurement method, as set out in paragraph 4 above, taking into account the size, complexity and risks in the contract.
- (d) **Tendering & Supplier Selection** – The person or team will conduct competitive bidding or direct sourcing, giving all suppliers a full and fair opportunity to compete.
- (e) **Contract Award & Negotiation** – The person or team will finalise agreements with successful bidders. Suppliers should be chosen based on their demonstration to meet SWL's requirements and offer the best value-for-money over the lifetime of the goods/services/works, taking into account:
 - (i) all the costs of ownership over that lifetime;
 - (ii) suppliers' ability to deliver what we need at a fair price and on time;
 - (iii) the social, environmental and economic effects of the deal, including the suppliers' approach to health and safety and reducing emissions and waste; and
 - (iv) any other procurement principle or criteria set out in this policy, including the tender evaluation criteria set out in paragraph 5.2 below.
- (f) **Contract Management** – The person or team will monitor supplier performance and compliance by:
 - (i) setting clear performance measures, including for working conditions, and reducing emissions and waste; then monitoring and managing the contract against them;
 - (ii) encouraging and recognising suppliers for delivering great results; and
 - (iii) actively working with suppliers to make ongoing savings and improvements for both entities.
- (g) **Evaluation & Reporting** – The person or team will review procurement outcomes and document findings.

5.2 Tender Evaluation Criteria

Tenders will be evaluated based on the following criteria, taking into account the relevant weightings:

- (a) Price & Cost-effectiveness (40%)
- (b) Quality & Compliance with Specifications (30%)
- (c) Sustainability & Environmental Impact (15%)
- (d) Local Economic & Social Benefits (including Māori business engagement) (10%)
- (e) Supplier Capability & Past Performance (5%)

A Tender Evaluation Panel will be established for high-value procurements.

6. Sustainable & Socially Responsible Procurement

Where appropriate, SWL will actively support sustainable and socially responsible procurement practices, including:

6.1 Environmental Considerations

- (a) prioritising low-carbon, energy-efficient, and recyclable materials;
- (b) working with suppliers who align with sustainability goals (e.g., reducing water pollution);
- (c) requiring environmental impact assessments for large projects;

6.2 Māori & Local Supplier Engagement

- (a) supporting Māori-owned businesses under the Progressive Procurement Policy (with 5% of contracts awarded to Māori enterprises);
- (b) encouraging local supplier partnerships to boost regional economic development;

6.3 Ethical & Fair Trade Standards

- (a) prohibiting procurement from suppliers engaged in child labor, forced labor, or unethical practices; and
- (b) requiring supplier code of conduct compliance for fair trade and labor rights.

3 Risk Management & Conflict of Interest

6.4 Risk Assessment

In following the procurement steps set out in paragraph 5.1, SWL will:

- (a) conduct risk assessments for all procurements of over NZ\$500,000; and
- (b) implement performance monitoring for contracts exceeding 12 months.

6.5 Conflict of Interest Disclosure

- (a) All procurement participants must declare conflicts of interest before engaging in supplier selection.
- (b) Any perceived or actual conflict of interest must be reported to the Audit & Risk Committee.

7. Delegated Authority

[Approvals for purchases, procurement plans, awards, and contract signatories must be in line with SWL's Delegated Authority Policy.]

8. Health and Safety

To ensure all responsible business practices are carried out and to meet legislative requirements under the Health and Safety at Work Act 2015, the health and safety implications of any proposed procurement must be assessed through the procurement and contracting lifecycle, including:

- (a) ensuring that the importance of workplace safety is considered in procurement and, where appropriate included in selection criteria and/or decisions; and
- (b) identifying hazards and risks associated with any new services or work processes being introduced into the workplace.

9. Monitoring & Reporting

9.1 Key Performance Indicators (KPIs)

KPI	Target
% of procurement following competitive processes	≥ 90%
% of contracts awarded to Māori businesses	≥ 5%
% of sustainable procurement initiatives adopted	≥ 80%
% of contracts delivered on time & budget	≥ 95%

9.2 Annual Procurement Report

Each year, SWL will publish a Procurement Report:

- (a) to ensure transparency and accountability; and
- (b) that will include sections relating to expenditure breakdown, supplier diversity, and sustainability performance.

10. Non-compliance

For any non-compliance or probity concerns, SWL will:

- (a) maintain open communication for staff, suppliers and the public to report issues or concerns with our procurement processes;
- (b) provide escalation processes to fairly investigate and make recommendations to address issues or concerns; and
- (c) pass on all complaints and allegations to [the Procurement Manager] to carry out an independent review.

11. Internal and External Audits

- (a) Annual procurement audits will be conducted by an independent auditor.
- (b) Contract performance reviews will be undertaken quarterly.

12. Legislation

- Government Procurement Rules (5th Edition, MBIE).
- Local Government Act 2002.
- Public Finance Act 1989.
- Water Services Act 2021.
- Commerce Act 1986 (Anti-Collusion Rules).

13. Further information

For more information on SWL's procurement, please contact [the Procurement Manager] on [phone number or email].

[DRAFTING NOTE: THIS IS VERY MUCH A STARTER FOR FURTHER DEVELOPMENT AND WILL NEED TO BE CONSISTENT WITH THE WSDP AND WATER SERVICES STRATEGY]

Selwyn Water Limited Capital & Infrastructure Policy

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ISSUE DETAILS	
Effective Date:	1 August 2025
Policy Owner:	[Insert]
Approved By:	Board of Directors
Policy Review Date:	[This policy shall be reviewed every three years or as required due to regulatory changes.]
Monitoring Compliance with this policy:	[Insert]
Related Policies, Procedures and Forms	[Insert]

Selwyn Water Limited Capital & Infrastructure Policy

1. Purpose

This policy provides a framework for the planning, development, financing, and maintenance of water infrastructure to ensure reliable, safe, and sustainable water services in accordance with New Zealand's regulatory and environmental requirements.

2. Policy objectives

This policy aims to:

- (a) ensure safe, secure, and resilient water supply, wastewater, and stormwater infrastructure;
- (b) align with Local Water Done Well Reform and Taumata Arowai standards;
- (c) optimise capital investment decisions through a whole-of-life approach;
- (d) incorporate Māori values and Te Mana o te Wai principles;
- (e) promote climate resilience, sustainability, and carbon reduction in infrastructure; and
- (f) ensure transparent, equitable, and financially sustainable capital funding.

3. Scope

This policy applies to:

- (a) all employees, board members, and procurement personnel of Selwyn Water Limited;
- (b) all contracts, purchases, and tenders for goods, services, and capital projects; and
- (c) all procurement activities, from low-value purchases to large infrastructure projects.

4. Capital Investment Principles

Selwyn Water Limited shall adhere to the following principles in its infrastructure investment decisions:

4.1 Public Health & Safety

- (a) prioritise investments that protect drinking water quality and public health;
- (b) comply with Taumata Arowai Drinking Water Standards (DWSNZ 2022) and Resource Management Act (RMA 1991);

4.2 Regulatory Compliance

- (a) ensure all projects meet Local Water Done Well compliance requirements, including wastewater discharge consents;
- (b) align infrastructure planning with National Policy Statements (NPS) on Freshwater Management;

4.3 Climate Resilience and Adaptation

- (a) integrate flood mitigation, sea-level rise adaptation, and drought resilience into project planning;
- (b) utilise nature-based solutions (e.g., wetlands, rainwater harvesting) to enhance resilience;

4.4 Te Mana o te Wai and Māori Partnership

- (a) engage Mana Whenua in infrastructure decision-making;
- (b) ensure investments enhance the health and well-being of water bodies and ecosystems;

4.5 Asset Management and Lifecycle Planning

- (a) apply a Whole-of-Life Asset Management Approach to optimize maintenance, renewal, and replacement;
- (b) use predictive maintenance technologies to reduce asset failure risks;

4.6 Financial Sustainability

- (a) balance affordability for consumers with the need for infrastructure upgrades;
- (b) adopt multi-year capital planning and alternative funding mechanisms (e.g., Public Private Partnerships (PPPs), infrastructure levies);

4.7 Technological Innovation and Efficiency

- (a) leverage smart water metering, AI-based leak detection, and automation to improve efficiency; and
- (b) incorporate low-energy treatment technologies to reduce operational costs.

5. Capital Investment Framework

5.1 Infrastructure Prioritisation Criteria

SWL will prioritise capital projects based on:

- (a) regulatory compliance and public health impact (e.g., drinking water safety);
- (b) service reliability and risk mitigation (e.g., aging infrastructure replacement);
- (c) climate and environmental impact (e.g., stormwater management improvements);
- (d) economic growth and population demand (e.g., expansion to new developments); and
- (e) Māori and community engagement considerations.

5.2 Capital Planning Process

The planning process for capital projects are as follows:

- (a) **Strategic Planning (10-30 years)** – Long-term infrastructure vision (e.g., One Water Strategy).
- (b) **Capital Investment Plan (3-10 years)** – Multi-year funding and project timelines.
- (c) **Annual Infrastructure Budget (1-3 years)** – Specific projects and budget allocation.

6. Funding and Financing Strategy

6.1 Funding Sources

SWL will utilise the following funding sources in relation to its infrastructure investment:

- (a) **User Charges** – Water tariffs, volumetric pricing, and wastewater charges.
- (b) **Development Contributions** – Levies on new developments for infrastructure costs.
- (c) **Central Government Grants** – Funding from LGFA and NIFF.
- (d) **Public-Private Partnerships (PPPs)** – Alternative investment partnerships.
- (e) **Green Bonds and Climate Financing** – Sustainable investment mechanisms.

6.2 Cost Recovery and Affordability Measures

SWL shall follow the following strategies in relation to its infrastructure investment decisions:

- (a) Implement progressive water pricing to ensure equity.
- (b) Offer hardship assistance programs for vulnerable customers.
- (c) Ensure cost-reflective pricing while maintaining financial sustainability.

7. Risk Management & Resilience Planning

In relation to risk management and resilience planning, SWL will:

7.1 Asset Risk Assessment

- (a) conduct risk-based asset condition assessments annually;
- (b) use digital twin modelling for scenario planning and infrastructure stress testing;

7.2 Emergency Response & Disaster Recovery

- (a) develop contingency plans for earthquakes, droughts, and extreme weather; and
- (b) maintain redundant supply sources (e.g., groundwater wells, desalination plants).

8. Monitoring and reporting

8.1 Key Performance Indicators (KPIs)

KPI	Target
Infrastructure Condition Index	≥80%
Non-Revenue Water	≤10%
Compliance Rate with DWSNZ	100%
Service Outages per 1,000 Connections	≤5% annually
Annual Capital Project Completion Rate	≥90%

8.2 Annual Infrastructure Report

Each year, SWL will publish an Infrastructure Report to the public and SWL stakeholders. The Infrastructure Report will, among other things, disclose progress, financial performance, and upcoming projects.

9. Governance & Stakeholder Engagement

To uphold the principles and requirements set out in this policy, SWL will:

- (a) establish a Capital Investment Committee (CIC) for oversight;
- (b) ensure active community consultation and Mana Whenua partnerships; and
- (c) align capital decisions with regional and national water strategies.

10. Legislation

- Taumata Arowai Drinking Water Standards (DWSNZ 2022)
- Water Services Act 2021
- Resource Management Act 1991
- LWDW Reform Framework
- Local Government Act 2002

11. Further information

For more information on SWL's capital and infrastructure, please contact **[insert position title]** on **[phone number or email]**.

Selwyn Water Limited Data Governance Policy

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ISSUE DETAILS	
Effective Date:	1 August 2025
Policy Owner:	[Insert]
Approved By:	Board of Directors
Policy Review Date:	[This policy will be reviewed biennially or when regulatory updates require amendments.] [Updates must be approved by the Data Governance Committee]
Monitoring Compliance with this policy:	[Insert]
Related Policies, Procedures and Forms	Risk Management Framework

Selwyn Water Limited Data Governance Policy

1. Purpose

This policy establishes a framework for data governance to ensure the security, integrity, and compliance of water utility data while supporting data-driven decision-making and regulatory compliance.

2. Policy objectives

This policy aims to:

- (a) ensure data accuracy, consistency, and security;
- (b) comply with legal and regulatory requirements for data handling;
- (c) promote data transparency and accessibility for stakeholders;
- (d) protect personal and sensitive information in line with the Privacy Act 2020; and
- (e) facilitate data-driven decision-making for water service management.

3. Scope

This policy applies to:

- (a) all employees, contractors, and third-party service providers handling utility data (together, the **individuals**); and
- (b) all data types, including:
 - (i) customer data (e.g., billing, consumption records);
 - (ii) operational data (e.g., water quality, asset management);
 - (iii) financial and regulatory reporting data; and

- (iv) all systems and databases, including SCADA, GIS, AMI, and ERP systems.

4. Data Governance Framework

4.1 Data Management Principles

SWL shall adhere to the following principles at all levels of its data management practices:

Principle	Description
Data Integrity	Ensure accuracy, completeness, and consistency of data.
Data Security & Privacy	Protect data from unauthorized access, breaches, and misuse.
Regulatory Compliance	Adhere to New Zealand's data protection and public records laws.
Transparency & Accountability	Ensure public access to non-sensitive data and regulatory reporting.
Data Stewardship	Assign clear roles and responsibilities for data management.

4.2 Data Classification

All data within Selwyn Water Limited is classified into:

Category	Description	Access Level
Public Data	Water quality reports, financial disclosures	Open access
Internal Data	Asset maintenance logs, operational data	Restricted to employees
Confidential Data	Customer records, contract details	Limited to authorised personnel
Sensitive Data	Personally Identifiable Information (PII), cybersecurity data	Strict access controls

5. Roles and Responsibilities

Role	Responsibilities
Chief Data Officer (CDO)	Oversees data governance and compliance.
Data Stewards	Ensure data accuracy and compliance within business units.
IT & Cybersecurity Team	Implement security controls and data protection measures.
Compliance & Legal Team	Monitor legal obligations related to data privacy and access.
Employees & Contractors	Follow data handling policies and report breaches.

6. Data Security & Privacy Controls

6.1 Data Protection Measures

- (a) Encryption of sensitive data in storage and transmission.
- (b) Multi-Factor Authentication (MFA) for access to critical data systems.

- (c) Role-Based Access Control (RBAC) to restrict data access.
- (d) Regular data backups and disaster recovery planning.

6.2 Compliance with Privacy Act 2020

SWL and individuals (as applicable) shall comply with the Privacy Act 2020, in particular:

- (a) Personal data must be collected for lawful purposes only.
- (b) Individuals have the right to access and correct their data.
- (c) Customer information must not be shared without consent unless legally required.
- (d) Privacy Impact Assessments (PIAs) for new systems handling personal data.

7. Data Quality & Lifecycle Management

7.1 Data Quality Standards

To maintain appropriate data quality standard, SWL will:

- (a) Maintain 99%+ accuracy for critical operational and customer data.
- (b) Conduct quarterly data audits to identify inconsistencies.

7.2 Data Retention & Disposal

Data Type	Retention Period	Disposal Method
Financial Records	7 years	Secure shredding/deletion
Customer Billing Data	7 years	Anonymization/deletion
SCADA & Operational Data	10+ years	Secure archiving
Employee Records	10 years after departure	Secure disposal

Data disposal must comply with the Public Records Act 2005.

8. Open Data & Transparency

8.1 Public Data Sharing

- (a) Non-sensitive data (e.g., water usage reports, environmental data) will be published in open formats.
- (b) Requests for information will be processed under the Local Government Official Information and Meetings Act 1987.

8.2 Data Access Requests

- (a) **Internal Requests:** Employees can request operational data for business needs.

- (b) **External Requests:** Members of the public can request data via an official request process.

9. Risk Management & Incident Response

9.1 Data Breach Prevention & Response

- (a) Annual cybersecurity risk assessments will be conducted.
- (b) Incident Response Plan (IRP) must be activated in case of data breaches.
- (c) Notify the Privacy Commissioner within 72 hours if a significant data breach occurs.

9.2 Third-Party Data Management

- (a) Vendors and contractors must comply with Selwyn Water Limited's data security policies.
- (b) Data Processing Agreements (DPAs) must be in place for third-party service providers.

10. Monitoring & Continuous Improvement

10.1 Key Performance Indicators (KPIs)

KPI	Target
Data Accuracy Rate	≥ 99%
Compliance with Privacy Act 2020	100%
Number of Security Breaches	0
Data Availability Uptime	≥ 99.9%

10.2 Policy Review & Updates

- (a) This policy will be reviewed biennially or when regulatory updates require amendments.
- (b) Updates must be approved by the Data Governance Committee.

11. Further information

For more information on SWL's data governance policy, please contact **[insert position]** on **[phone number or email]**.

Selwyn Water Limited

Board Charter

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ISSUE DETAILS	
Effective Date:	1 August 2025
Policy Owner:	[Insert]
Approved By:	Board of Directors
Policy Review Date:	[Insert]
Monitoring Compliance with this policy:	[Insert]
Related Policies, Procedures and Forms	Delegated Authority Policy

Selwyn Water Limited Board Charter

1. Introduction

This Selwyn Water Limited (the **Company** or **SWL**) Board Charter sets out the role, responsibilities, composition and structure of the board of directors of SWL (the **Directors** and the **Board**).

In carrying out its responsibility and powers as set out in this Charter, the Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of SWL's shareholder, employees, customers and wider community.

In carrying out its activities, the Board is committed to achieving high standards of corporate governance. Good corporate governance is essential to ensuring the creation, protection and enhancement of shareholder value.

2. Role of the Board

The Board is ultimately responsible for:

- (a) setting the strategic direction of SWL;
- (b) overseeing the management of SWL; and
- (c) the direction of the SWL's business strategy,

with the ultimate aim being to operate SWL as a successful business in accordance with all applicable laws and regulations, including the constitution of SWL (the **Constitution**), the Local Government Act 2002, the Local Government (Water Services) Bill and all associated legislation. The Board is accountable to shareholders for the performance of SWL.

3. Responsibilities of the Board

In carrying out its principal function, the Board's specific responsibilities include:

- (a) providing, in consultation with SWL's Group's Chief Executive Officer, overall governance and strategic direction for, and approving, SWL's business strategies and objectives;
- (b) supervising and monitoring the performance of management of SWL, including providing direction and guidance in the operation of SWL's business;
- (c) reviewing and approving the SWL's budgets and business plans and monitoring the management of the SWL's capital;
- (d) providing leadership of SWL within a framework of prudent and effective controls which enables risk to be assessed and managed;
- (e) identifying the principal risks faced by SWL and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;
- (f) monitoring the operational and financial position and performance of the SWL;
- (g) providing Health & Safety leadership of SWL with the aspiration of achieving Zero Harm within an updated legislative and regulatory framework;
- (h) requiring that financial and other reporting mechanisms are put in place by the Chief Executive Officer which result in adequate, accurate and timely information being provided to the Board, and SWL's shareholders being fully informed of all material developments relating to SWL;
- (i) appointing, setting the terms of the employment contract, monitoring the performance and where appropriate, removing the SWL's Chief Executive Officer, as well as approving other key executive appointments that the Board may designate from time to time, having regard to the SWL's strategic direction and goals;
- (j) reviewing and approving the SWL's remuneration policies;
- (k) establishing procedures to ensure that financial results are appropriately and accurately reported on in a timely basis in accordance with all legal and regulatory requirements;
- (l) adopting and overseeing appropriate procedures to ensure compliance with all laws, governmental regulations, accounting standards (including the external audit) and SWL's continuous disclosure obligations;
- (m) approving and regularly reviewing the SWL's internal decision-making and compliance policies and procedures, including any codes of conduct, this Board Charter and the charters of the Board's Committees; and
- (n) ensuring that the SWL's internal decision making and compliance policies and procedures are adhered to, to ensure that the business of SWL is conducted in an open and ethical manner.

The Directors are responsible for exercising their individual business judgment, and the Board is responsible for exercising its collective business judgment, to act, and to ensure SWL operates, in the best interests of its shareholder.

4. **Delegation of responsibilities to management**

The Board delegates the day-to-day affairs and management responsibilities of SWL to the Chief Executive Officer and Senior Management Team to deliver the strategic direction and goals determined by the Board. This delegation includes:

- (a) operating the SWL's business within the parameters set by the Board from time to time and, where a proposed transaction, commitment or arrangement exceeds these parameters, referring the matter to the Board for its consideration and approval;
- (b) developing business plans, budgets and SWL strategies for the Board's consideration and, to the extent that they are approved by the Board, implementing these plans, budgets and strategies;
- (c) identifying and managing business risks, and if those risks could materially affect SWL or its business, formulating strategies to manage those risks;
- (d) developing and managing appropriate SWL Health & Safety policies and providing timely reporting of SWL Health & Safety performance to the Board;
- (e) managing the SWL's current financial and other reporting mechanisms to ensure that they are functioning effectively to capture all relevant material information on a timely basis; and
- (f) implementing SWL's internal controls, policies and procedures and monitoring these controls, policies and procedures and ensuring that they are appropriate and effective.

In this Board Charter, "Senior Management Team" means SWL's Chief Executive Officer, Chief Financial Officer and each General Manager that reports to the Chief Executive Officer.

5. **Delegation of responsibilities to committees**

The Board may, from time to time, establish Board Committees to assist it in carrying out its responsibilities.

For each Board Committee, the Board shall adopt a formal written charter that sets out the composition, delegated functions and responsibilities, reporting obligations and any other administrative matters relating to that Board Committee.

[The Board currently has the following Board Committees:

- (a) Audit and Risk Management Committee;
- (b) Remuneration and Nomination Committee; and
- (c) Health and Safety Committee.]

Notwithstanding the existence of Board Committees, all decisions will be made by the Board, unless the Board has specifically delegated decision making power to a Board Committee or other sub-committee of the Board.

The Board is responsible for the oversight of its Board Committees. This oversight shall include, in relation to each Board Committee, determining and regularly reviewing its composition, structure and performance against its charter.

Committee Chairs and members are appointed by the Board. The membership of such Board Committees shall be reviewed annually and confirmed after the first Board meeting after the annual meeting each year.

6. Membership

6.1 General principles

The number of Directors on the Board will be governed by the Constitution and the Companies Act 1993.

The Constitution provides that the number of Directors must at any time be no more than six (and at least one).

6.2 Terms of appointment

The Board has determined that good governance requires regular renewal of the Board.

6.3 Chair's appointment and role

The Chair of the Board shall not be the Chief Executive Officer [or the Chair of the Audit and Risk Management Committee.]

The Chair of the Board shall be appointed by the Board.

The Chair is responsible for:

- (a) carrying out a leadership role in the conduct of the Board and its relations with SWL's shareholder and other stakeholders;
- (b) maintaining a close professional relationship with the Chief Executive Officer and the Senior Management Team;
- (c) chairing Board meetings, as well as annual meetings of the shareholder, and concerning themselves with the good order and effectiveness of the Board and its processes; and
- (d) ensuring that all Directors are encouraged to participate in the affairs of the Board and have an adequate opportunity to express their views.

6.4 Induction and education

The Board seeks to ensure that any new Directors are appropriately introduced to management and SWL's business, that all Directors are acquainted with relevant

industry knowledge and receive copies of appropriate company documents to enable them to perform their role as a Director.

Directors will receive induction training upon appointment, and maintain appropriate levels of financial, legal and industry understanding throughout their appointment.

7. Meetings

The Board shall meet as often as it deems appropriate and at least [●] times a year.

Board reports, including by way of an electronic form, will be provided to Directors sufficiently prior to Board meetings, to allow attendees to become familiar with the issues to be addressed. The Chief Executive Officer shall ensure that Directors are receiving information of sufficient content, quality and timeliness as the Board considers necessary to enable the Board to effectively discharge its duties.

Where the Chief Executive Officer is not a Director, the Board shall invite the Chief Executive Officer to attend Board meetings where the Board considers that would be useful. The Board may also, at the suggestion of the Chief Executive Officer or otherwise, invite to Board meetings other employees of SWL who can provide additional insight into the items being discussed because of their involvement in those matters.

8. Independent advice

While management should provide information of sufficient content, quality and timeliness to the Board to enable it to effectively discharge its duties, and the Directors are entitled to rely on the honesty, integrity and advice of management and external advisers, each member of the Board should, as a general rule, ensure that he or she is independently familiar with SWL's operations and does not rely exclusively on information provided by executives or external advisers. However:

- (a) a Committee or individual Director may (with the prior approval of the Chair) retain and consult with professional external advisers (including legal) from time to time, at SWL's expense, where the Board Committee or individual deems it necessary to carry out its, his or her functions;
- (b) a non-executive Director, while entitled to rely on SWL's executives in relation to matters within their responsibility and area of expertise and may assume the accuracy of information provided by such persons, may not rely on such information if that Director is aware of any reasonable grounds upon which such reliance or assumption may be inappropriate; and
- (c) the Board may rely upon information provided by Board Committees and their members in relation to matters within that Board Committee's delegated responsibility, provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

9. Evaluation of Board performance

The Board shall undertake a biennial performance evaluation of itself that:

- (a) discusses and assesses the performance of each Director and the Chair;
- (b) compares the performance of the Board as a whole with the requirements of this Charter;
- (c) reviews the performance of the Board's Committees; and
- (d) effects any improvements to this Charter deemed necessary or appropriate.

The performance evaluation shall be conducted in such a manner as the Board deems appropriate.

10. **Constitution**

To the extent there is any inconsistency between this Charter and the Constitution of SWL, the Constitution will prevail.

11. **Review**

This Charter will be reviewed by the Board annually.

Friday 1 August 2025

Draft Governance Recruitment Pack - Structure

RECOMMENDATION: The Board to **NOTE** the Governance recruitment pack - structure.

Introduction

Prospective-Director Disclosure & Due Diligence Information

The New Zealand Companies Act 1993 does not explicitly require a SWL to disclose specific information to prospective directors before their appointment. However, there are key legal principles and director duties under the Act that create a practical and ethical obligation that SWL seeks to fulfil. In providing sufficient information to you and other prospective Directors, you may assess your ability to fulfil your duties as prescribed under the Act and required by the shareholder in a responsible manner.

This briefing note and accompanying material has been prepared in good faith to assist you in your due diligence as a prospective director. Please request clarification or further documents as needed. In addition, if you wish to speak with SWL's legal advisors, Chief Executive Officer and/or Chief Financial Officer you are welcome to do so.

The breakdown of this Disclosure & Information pack contains commentary and information in the following order:

1. **Company Financial Position**
2. **Legal and Regulatory Compliance**
3. **Governance Structure and Documents**
4. **Shareholding and Ownership Structure**
5. **Strategic and Operational Overview**
6. **Key Risks and Liabilities**
7. **Board and Management Culture**

If there are any questions, if you wish to speak to those noted above or you would like further information please contact:

Murray W. Strong

Chairman

Selwyn Water Limited

By email – murray.strong@selwynwater.co.nz

Preamble

This will be a summary of LWDW reforms, SDC decisions, SWL incorporation, 01 July stand-up and WSDP. A brief outline of the expected activity to 20 December 2025 and for the first two quarters of 2026 can also be added here.

1. Financial Position

- Current financial statements
 - Water Services Delivery Plan (WSDP)– [hyperlink here](#)
- Latest management accounts (P&L, balance sheet, cash flow)
 - See WSDP
- Forward-looking cash flow and solvency forecast
 - See WSDP and letter to Selwyn District Council regarding Working Capital Funding Agreement
- Details of material debts, guarantees, or contingent liabilities
- Notes on any recent financial restructuring or capital raises

2. Legal and Regulatory Compliance

- Summary of current/pending litigation or disputes
 - Nil
- Any notices from regulators or enforcement actions
 - ECan consent breaches that are to be inherited by SWL
- Health & Safety at Work Act 2015 compliance status
- Employment law and personal grievance issues
 - Nil
- Privacy Act and data compliance summary

3. Governance Structure and Key Documents

- Company Constitution
- Shareholders' agreement (if applicable)
- Board charter and governance manual
- Board committee structure and delegations of authority
- Conflict of interest and code of conduct policies

4. Shareholding and Ownership

- Share register with major shareholders
- Ownership/control structure (including related entities)
- Shareholder agreements or restrictions
- Disclosure of any recent or expected changes in ownership
- Related-party transactions and director/shareholder conflicts

5. Strategy and Operations

- Business overview (model, revenue streams, structure)
- Strategic plan and key performance indicators
- Material contracts with customers, suppliers, partners
- Key dependencies or concentration risks (e.g. single client risk)
- Current and planned capital investments

6. Key Risks and Liabilities

- Risk register or summary of top 10 business risks
- Insurance coverage (incl. D&O liability insurance certificate)
- Summary of any non-compliance, breaches, or uninsured risks
- Environmental, reputational, or cyber threats identified
- Crisis management and business continuity readiness

7. Board Dynamics and Management

- Minutes from the last 2 board meetings
- Profiles of current directors
- Summary of remuneration
- Commentary on board culture and decision-making style
- Any internal investigations, whistleblower issues, or staff concerns

Declaration

This briefing note has been prepared in good faith to assist you in your due diligence as a prospective director. Please request clarification or further documents as needed.

Signed by:

Murray W. Strong
Chairman
Selwyn Water Limited