

# Water Services Delivery Plan (WSDP) and Foundation Documents for Metro Water

Briefing to Hutt City Elected Members

6 August 2025



# Part 1 WSDP

## Overview of the WSDP

- Legal requirements for a WSDP
- What a WSDP is not
- Drafting process / roadmap
- Key sections
- Assurance through development and alignment with legislation and DIA guidance
- Investment programme and outcomes
- Future pricing
- Debt transfer
- Future delivery model
- Implementation plan

## Next steps for the WSDP



# Requirement for the Water Services Delivery Plan

**A legislative requirement for all councils under the Local Government (Water Services Preliminary Arrangements) Act 2024**

## **Purpose:**

- Assess current network condition
- Identify investment needs
- Demonstrate **financial sustainability**
- Outline preferred service delivery model
- Support transition to the new legal framework under the Local Government (Water Services) Act 2025

**Submission deadline:** 3 September 2025

Council **must give effect** to the WSDP



# What a Water Services Delivery Plan is... & is not

**The WSDP is a legislative requirement, and council must give effect to it.**

## **WSDP is a one off, point in time plan**

- The key **audience** is DIA
- Provides clear overview of current state, how financial sustainability will be achieved and the commitment to the future delivery model
- The most significant implication of the WSDP is the **decision to establish a new joint water organisation**

## **WSDP is not:**

- An investment plan or pricing plan

Future investment and costs will be confirmed through the

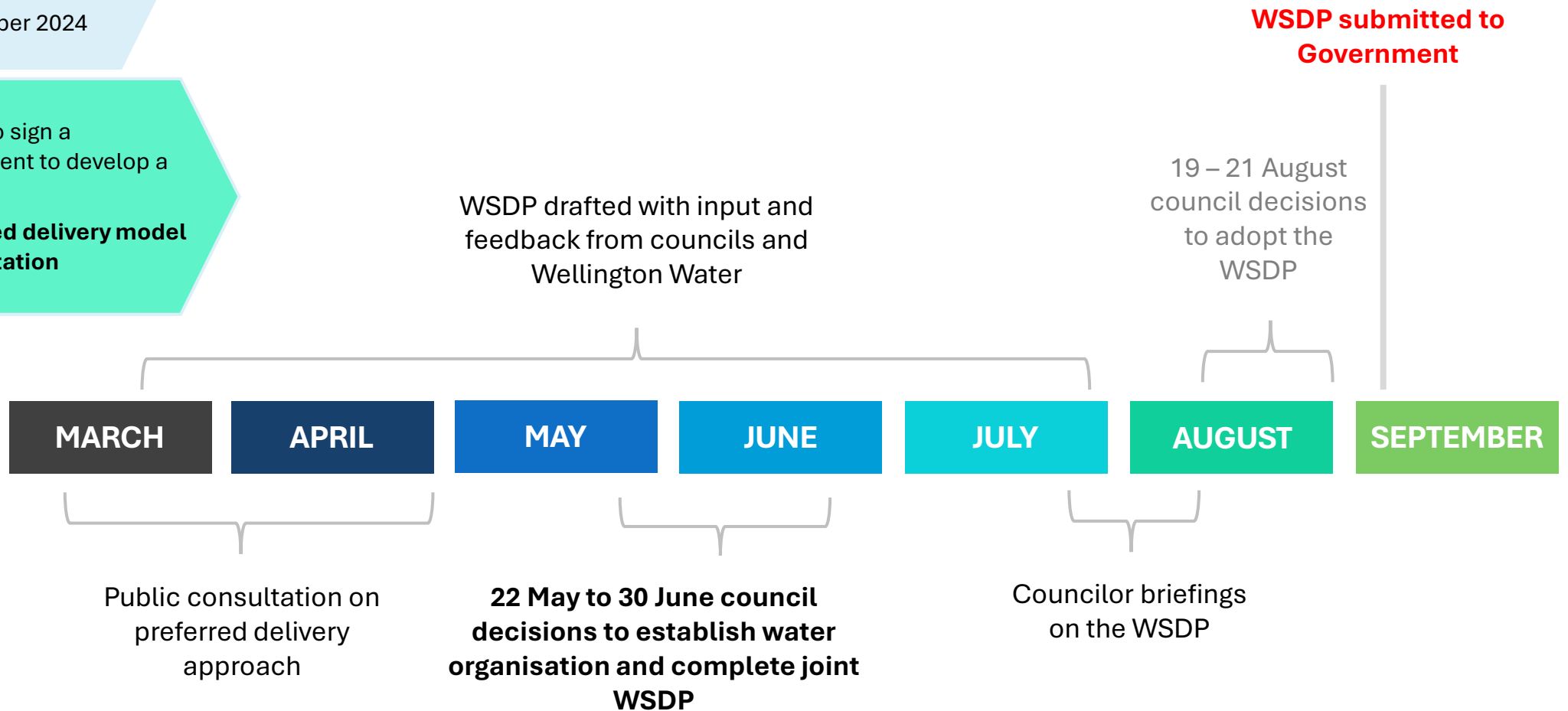
## **Water Services Strategy**

*Metro Water will develop and refine its plans, responding to direction set in the Statement of Expectation, the needs of communities and environmental and economic regulation. It will outline prices, charges and planned investment in its Water Services Strategy.*

# Water Services Delivery Plan roadmap

**2024:** 10 councils sign joint MoU and worked together on analysis of options and investment required for water reform.  
Report completed in October 2024

5 councils agreed to sign a Memorandum of Intent to develop a joint WSDP  
**Councils confirmed delivery model options for consultation**



# Overview of the WSDP

## Part A

- Sets the regional objective for safe, reliable, sustainable water services in metropolitan Wellington
- Outlines the legislative context and the collaborative process, assurance steps and certification requirements for the WSDP

## Part B

- Overview of the current state of three waters assets, the growth and level of service pressures on three waters services and the population they service.

## Part C

- Outlines the 10 and 30 year investment needs.
- Details the forecast costs to deliver three waters services and an assessment of financial sustainability.

## Part D

- Outlines the proposed delivery model (new multi-council owned water organisation) and the associated governance and operational structure.
- Outlines the legal instruments for the new organisation.

## Part E

- Details the implementation plan for the new organisation including key milestones, transitional arrangements, and establishment roadmap.

## Independent review and council oversight

### **Robust assurance process:**

- Input and development from range of technical experts
- Legal and technical reviews
- Independent financial and delivery model analysis
- Use of DIA financial model as base
- Regular meetings with the Department of Internal Affairs to test and discuss the proposed approach
- Use of best available information
- Detailed risk and uncertainty logs (e.g. asset condition, consent performance, regulatory change)
- CE Certification

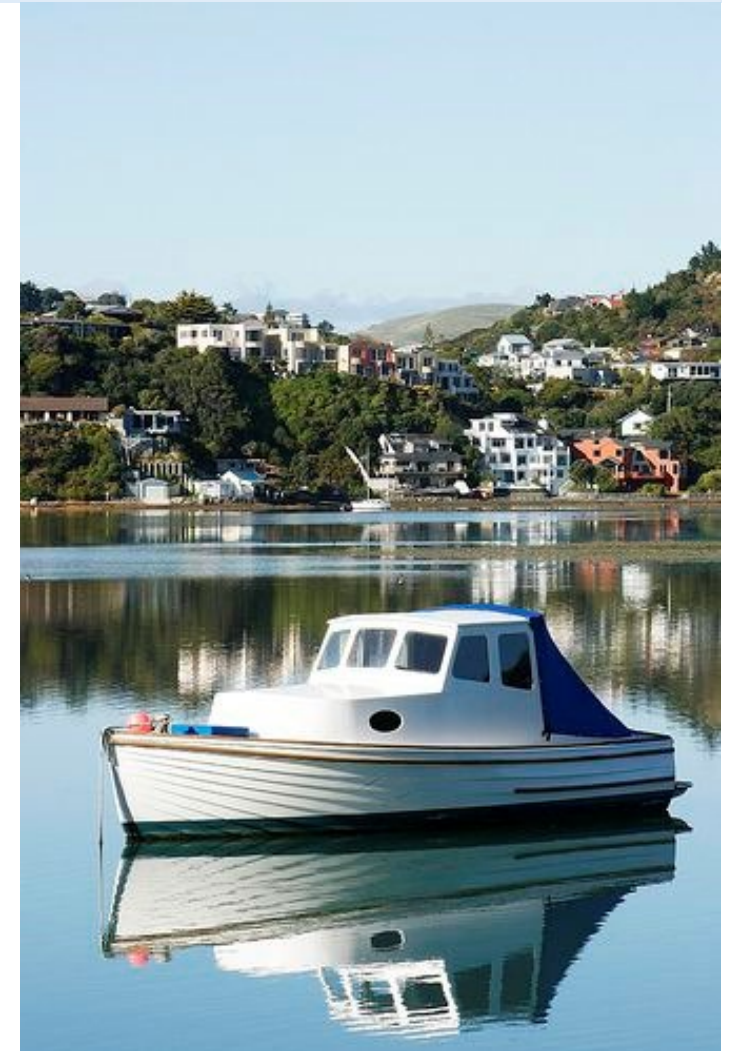
### **Regular ongoing council input:**

- Advisory Oversight Group (elected members + iwi)
- CE Steering Group
- Responsible Officers Group and Chief Financial Officer regular meetings and review

## Legislative requirements, DIA guidance and feedback

### The plan has been developed to align with legislation and DIA guidance

- ✓ Meets all required sections of the Local Government (Water Services Preliminary Arrangements) Act 2024
- ✓ WSDP based on DIA template
- ✓ Financial modelling based on DIA model
- ✓ Investment programme approach based on DIA guidance
- ✓ Ongoing engagement with DIA
- ✓ Confirmation from LGFA in relation to debt covenants approach



## Understanding the scale and challenges of three waters services

### Population and water network

- Current population served = ~432,000
- Forecast 2054 population = ~546,000+
- Water services infrastructure includes:
  - 6,700 km of pipes
  - 4 water treatment plants
  - 4 wastewater treatment plants
  - 140 reservoirs
  - 321 pump stations

### Key Challenges

- Many key assets are beyond the end of their service life.
- By 2054 over 3,100kms of the pipe network needs to be renewed (including the current backlog).
- Wastewater and stormwater discharges regularly exceed environmental standards.
- We are facing increasing regulatory pressure.
- Many growth areas are serviced by ageing or undersized networks and new housing cannot be enabled without network upgrades.

**Keep up** with network maintenance, renewal and level of service

**Catch up** on the backlog of worn-out infrastructure

**Build up** network capacity to enable growth

**Clean up** wastewater and stormwater to improve discharge standards

Address **faults** as they arise

Address **resilience** risks in the network

**Built iteratively with feedback from councils, DIA, Wellington Water and legal review**

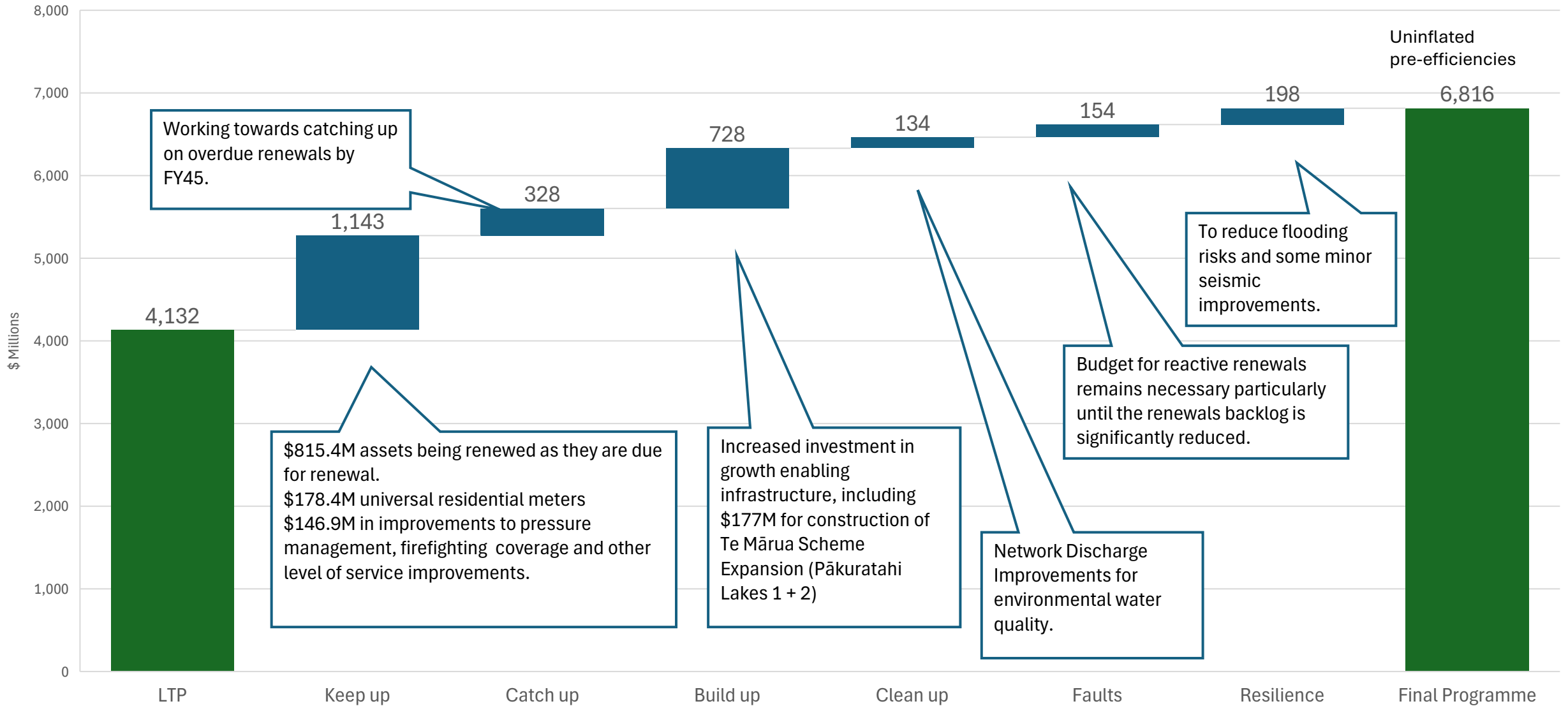
**The approved Long Term Plans were used as the starting point with additional investment added:**

- Investment for renewals aligned to council valuations
- Identified risks addressed as soon as possible (including the need to address the renewals backlog)
- Investment required to meet regulatory compliance
- Regional and local priorities added

**The programme was refined to balance investment need with:**

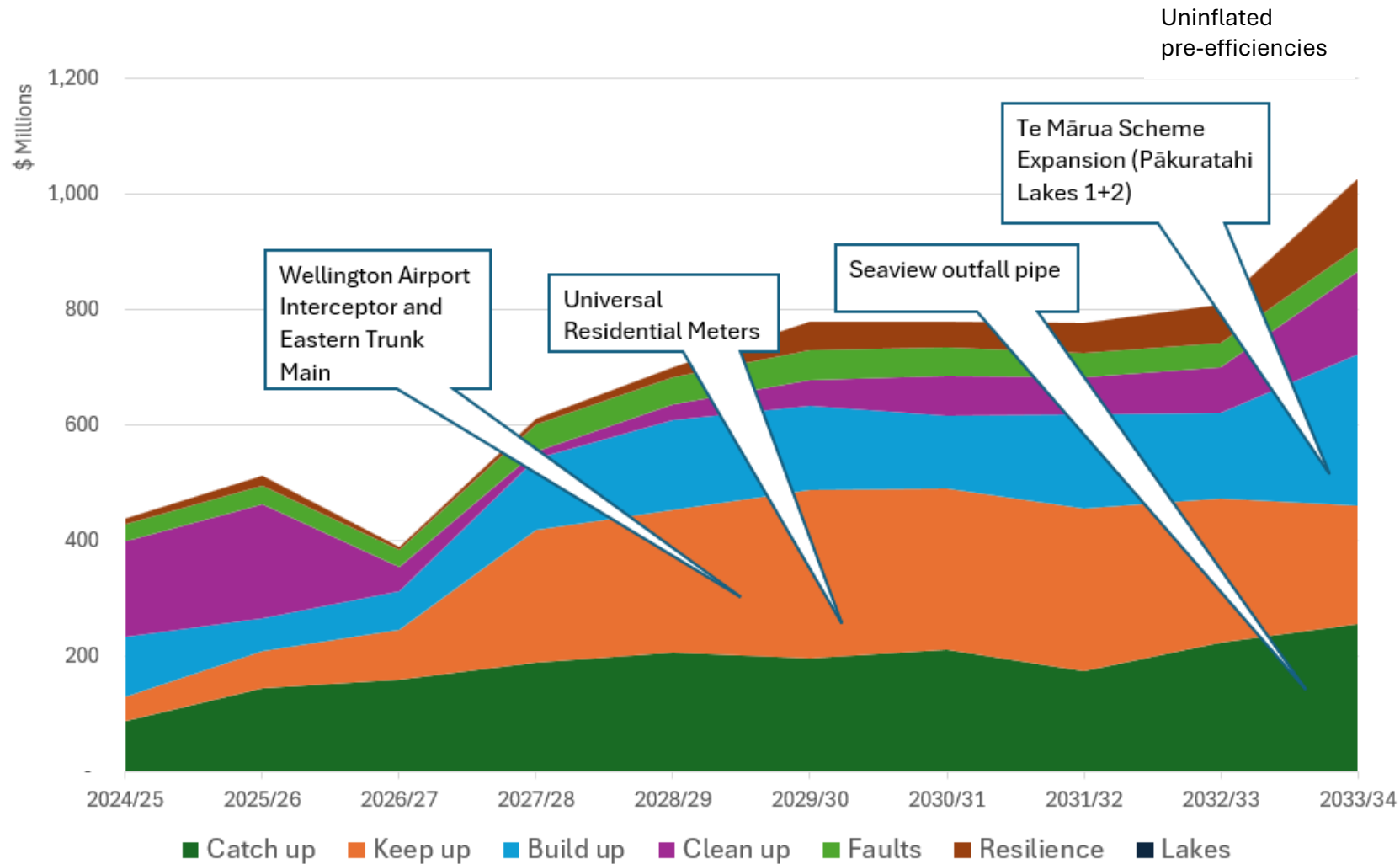
- Investment across asset types, water type and Local Government Act categorisation (level of service, growth and renewal)
- Market deliverability
- Affordability

# Metropolitan Wellington: 10-year capital investment



# Metropolitan Wellington: 10-year capital investment programme

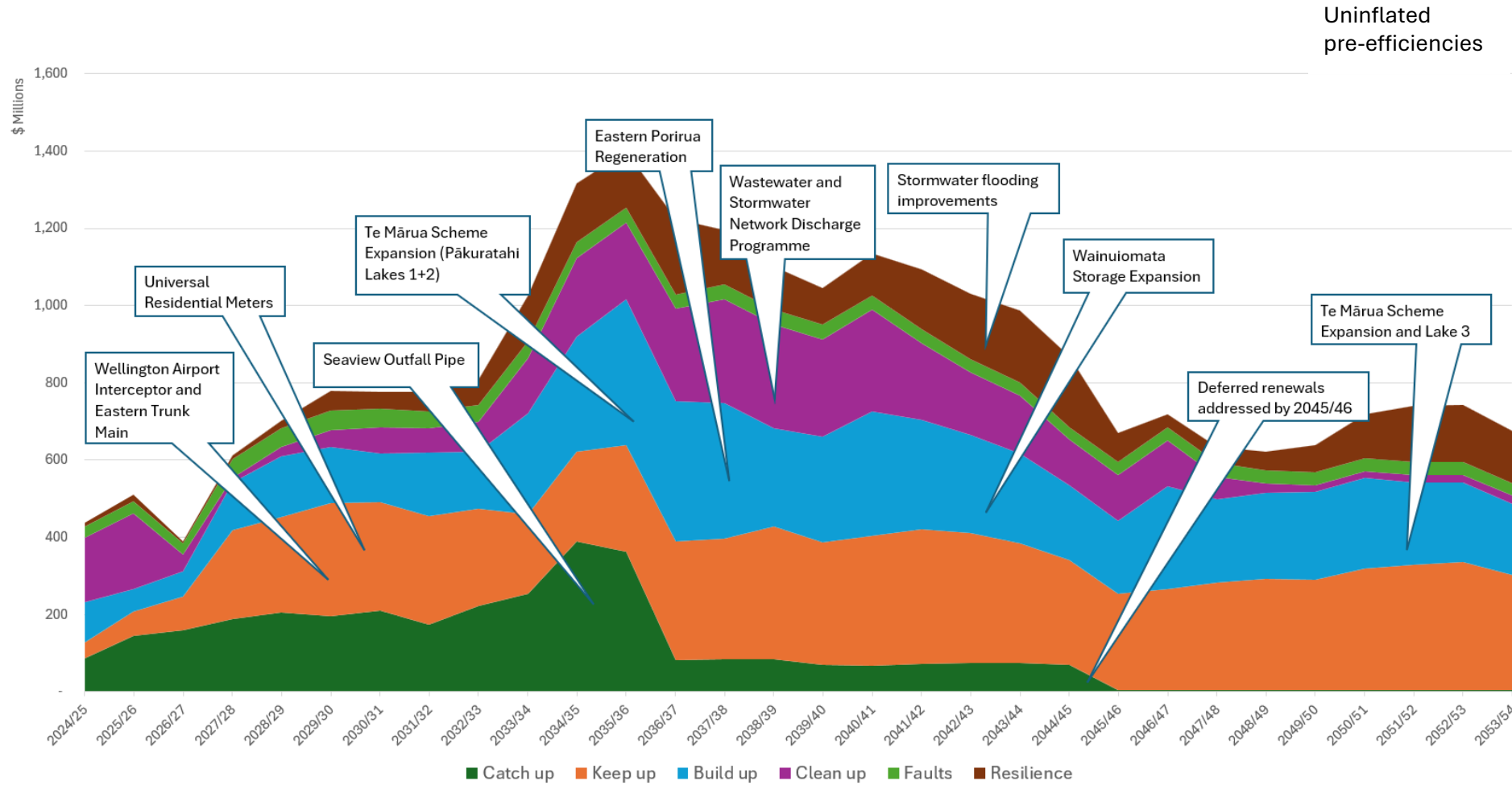
Part C



Outcome	10-Year Investment (\$M)
Keep up	\$1,975
Catch up	\$1,841
Build up	\$1,355
Clean up	\$844
Faults	\$413
Resilience	\$388
<b>Total Programme</b>	<b>\$6,816</b>

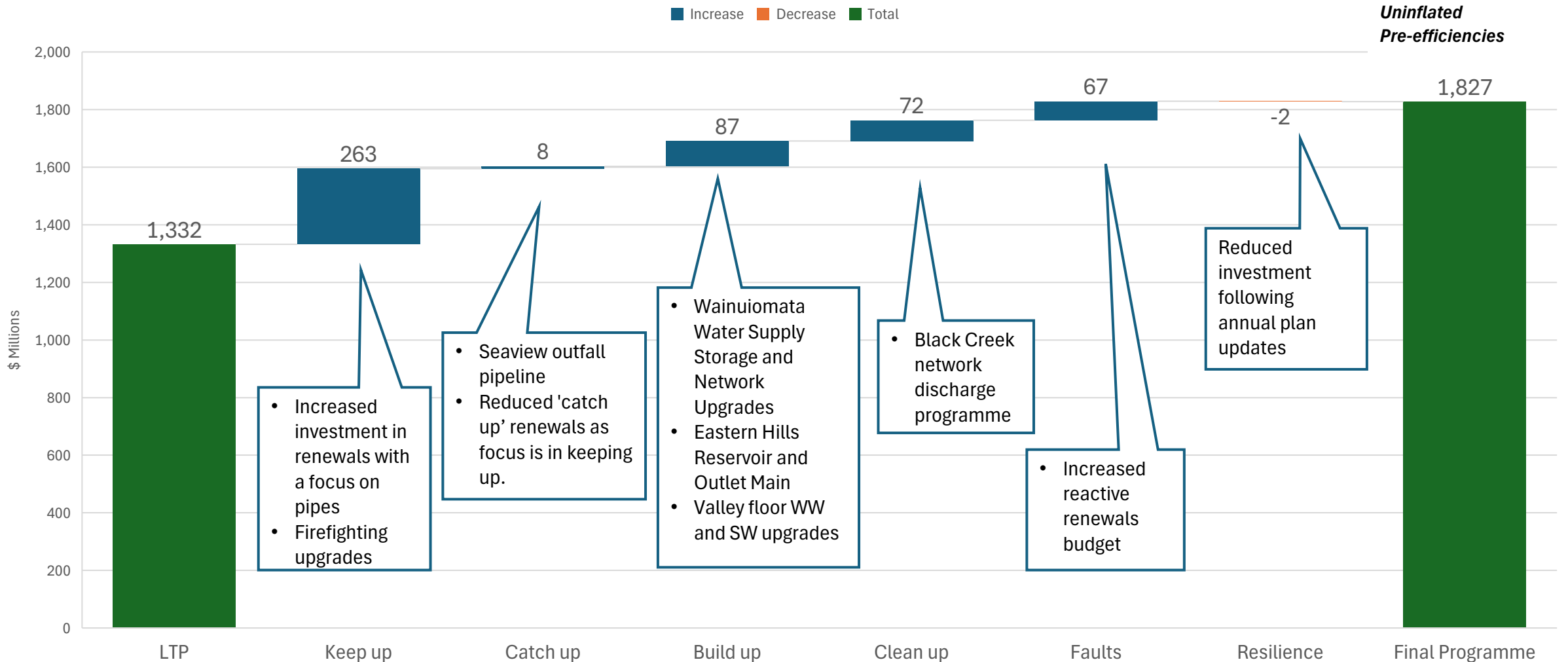
# Metropolitan Wellington: 30-year capital investment programme

Part C



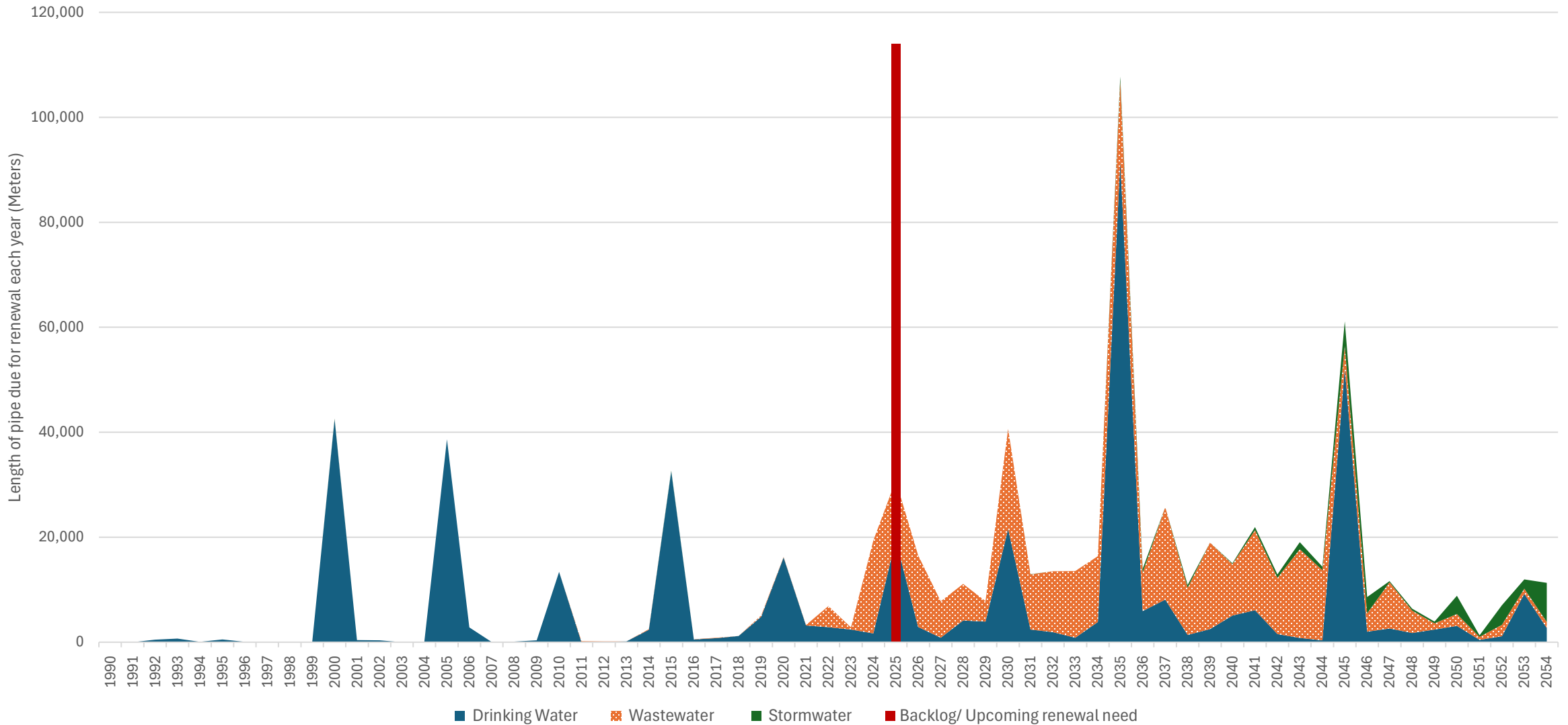
Outcome	30-Year Investment (\$M)
Keep up	\$8,001
Catch up	\$3,306
Build up	\$6,517
Clean up	\$3,583
Faults	\$1,119
Resilience	\$2,838
<b>Total Programme</b>	<b>\$25,364</b>

# Hutt City Council : 10-year capital investment



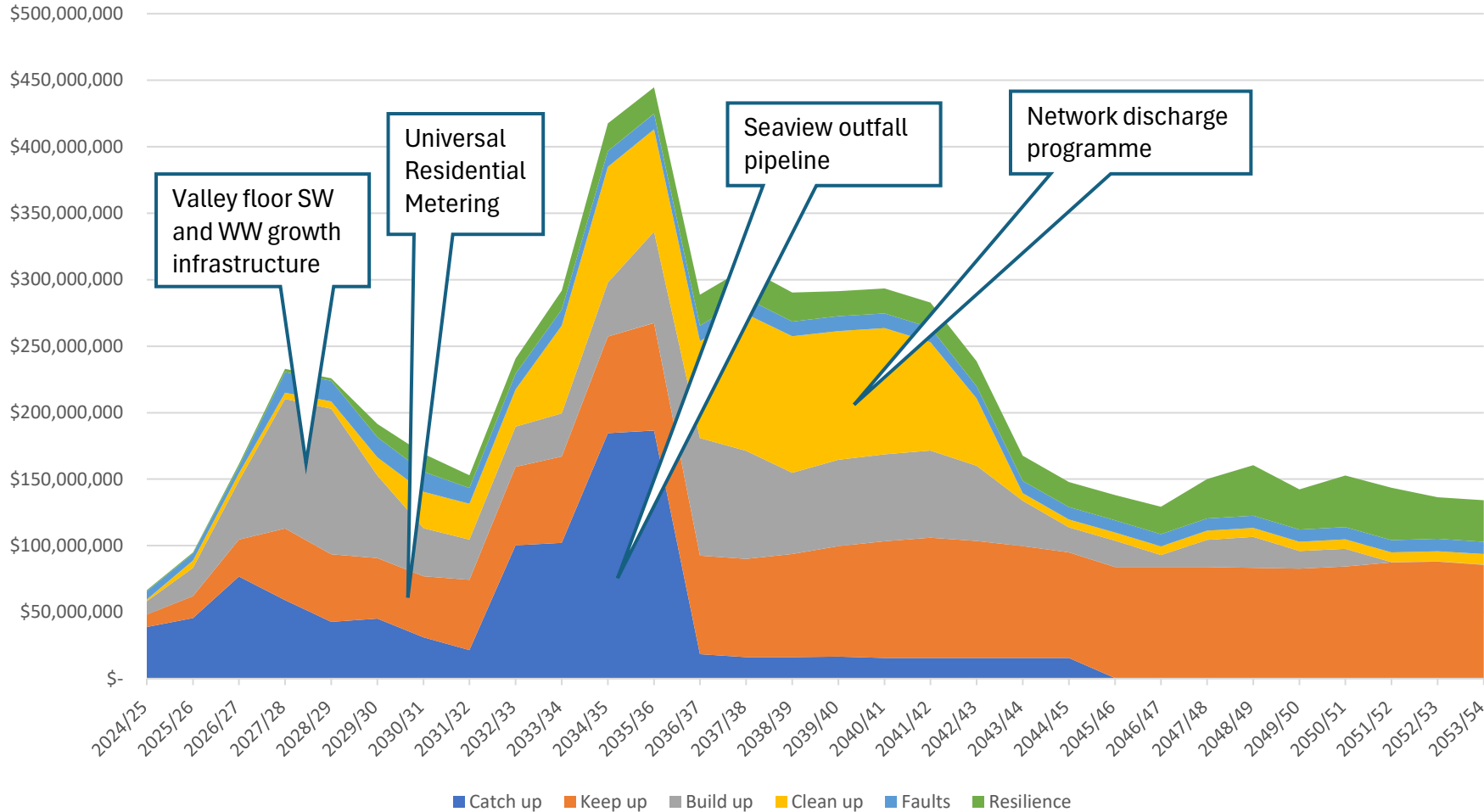
# Hutt City Council network renewals profile

Part C



# Hutt City Council: 30-year capital investment

HCC 30-year Capital Investment by Outcome



Outcome	30-Year Investment (\$M)
Keep up	2,078
Catch up	1,083
Build up	1,218
Clean up	1,026
Faults	316
Resilience	567
<b>Total Programme</b>	<b>6,287</b>

## Capital and operational investment over the next 30 years will improve water services for metropolitan Wellington

### Keep up

- A general reduction in asset failures and service interruptions
- Greater benefits for water use efficiency and conservation
- Safe drinking water

### Catch up

- Backlog in overdue asset renewals should be addressed by FY2045/46

### Build up

- Water supply security increases and becomes more sustainable
- Growth can be better supported

### Clean up

- Improved water quality and reduced compliance risks

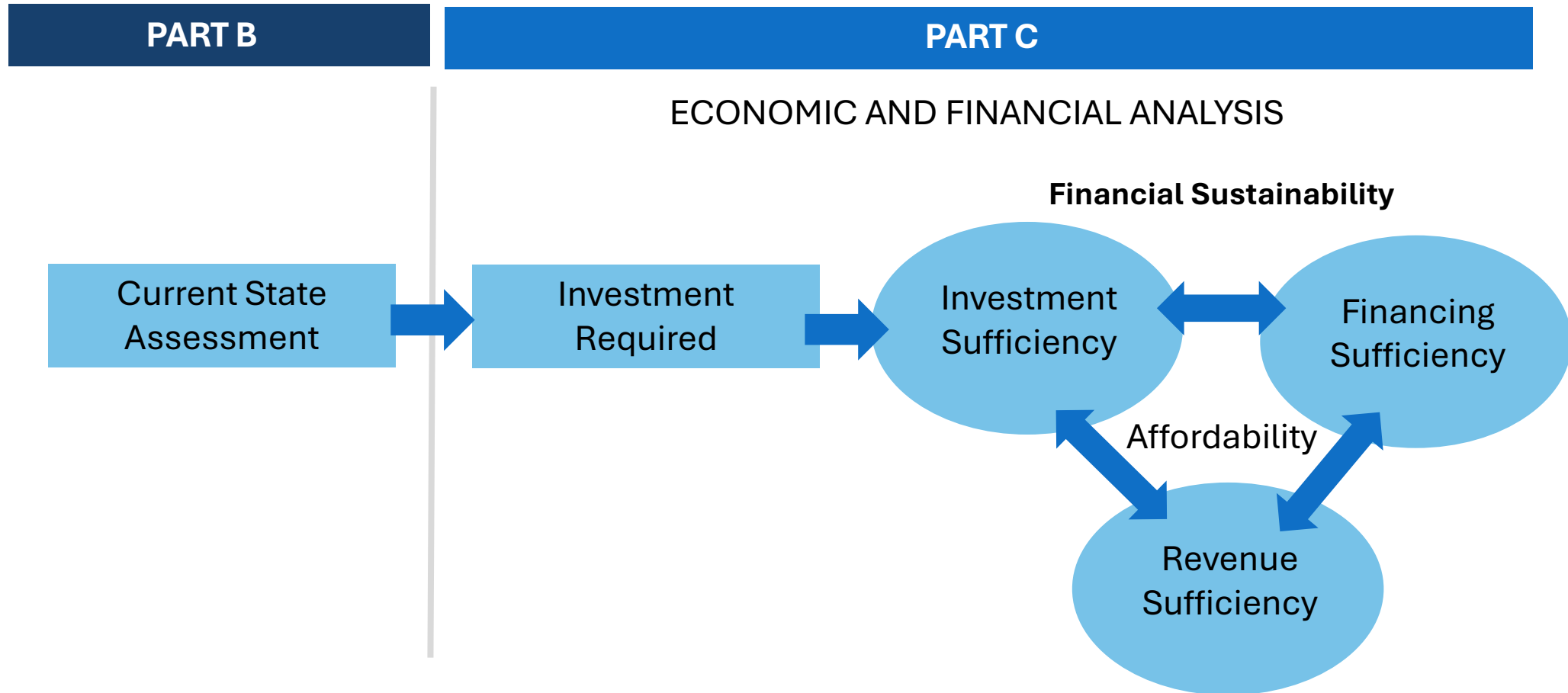
### Address Faults

- Reduced faults over time

### Improve resilience

- Flooding in some high-risk areas is reduced
- Seismic risk of some assets is addressed

The Water Services Delivery Plan demonstrates the financial sustainability of Metro Water



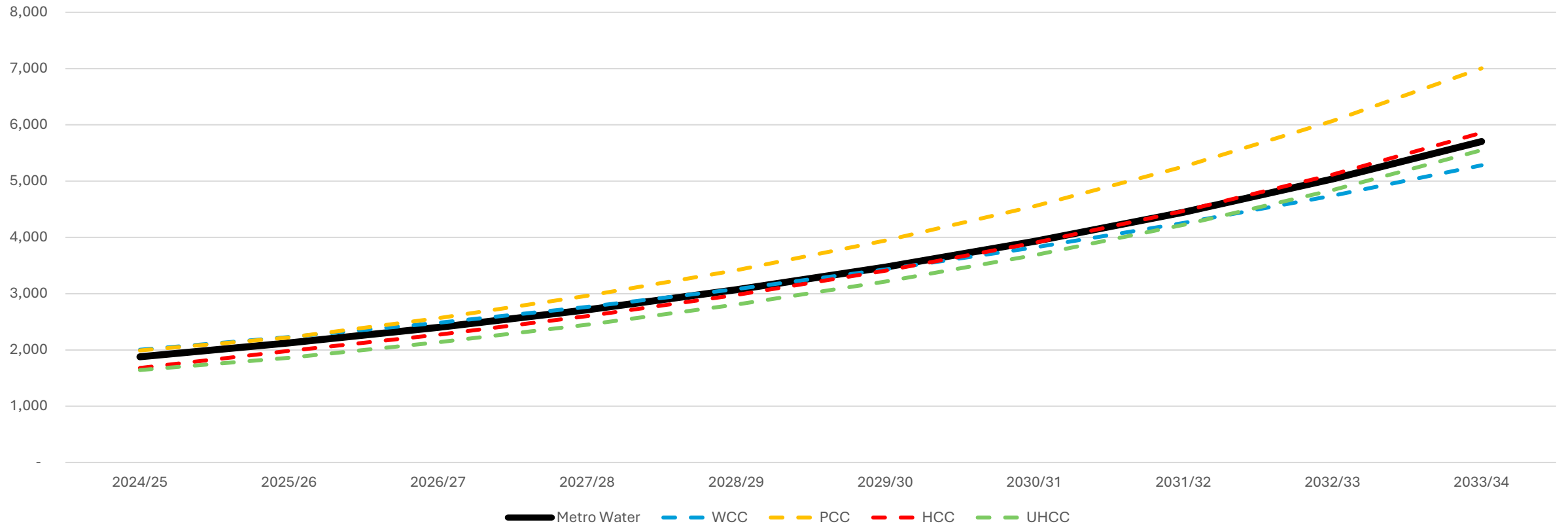
**In addition to long term borrowing, substantial price increases will be necessary to fund the step change in required investment**

- **Metro Water model delivers lower prices than status quo.**
- **Metro Water will be responsible for setting pricing** in accordance with pricing principles agreed with Councils through shareholder Statements of Expectations and the Water Services Strategy.
- **The delivery plan models pricing for each city in Metro Water** based on the actual cost of delivering its services and investment, while signalling a **gradual move toward harmonised charges across the region.**
- **Metro Water to develop principles and policies to address equity and hardship**
- **Recommendation to engage early with the Commerce Commission** to develop appropriate information disclosure and regulatory oversight as soon as practical

# Future pricing requirements

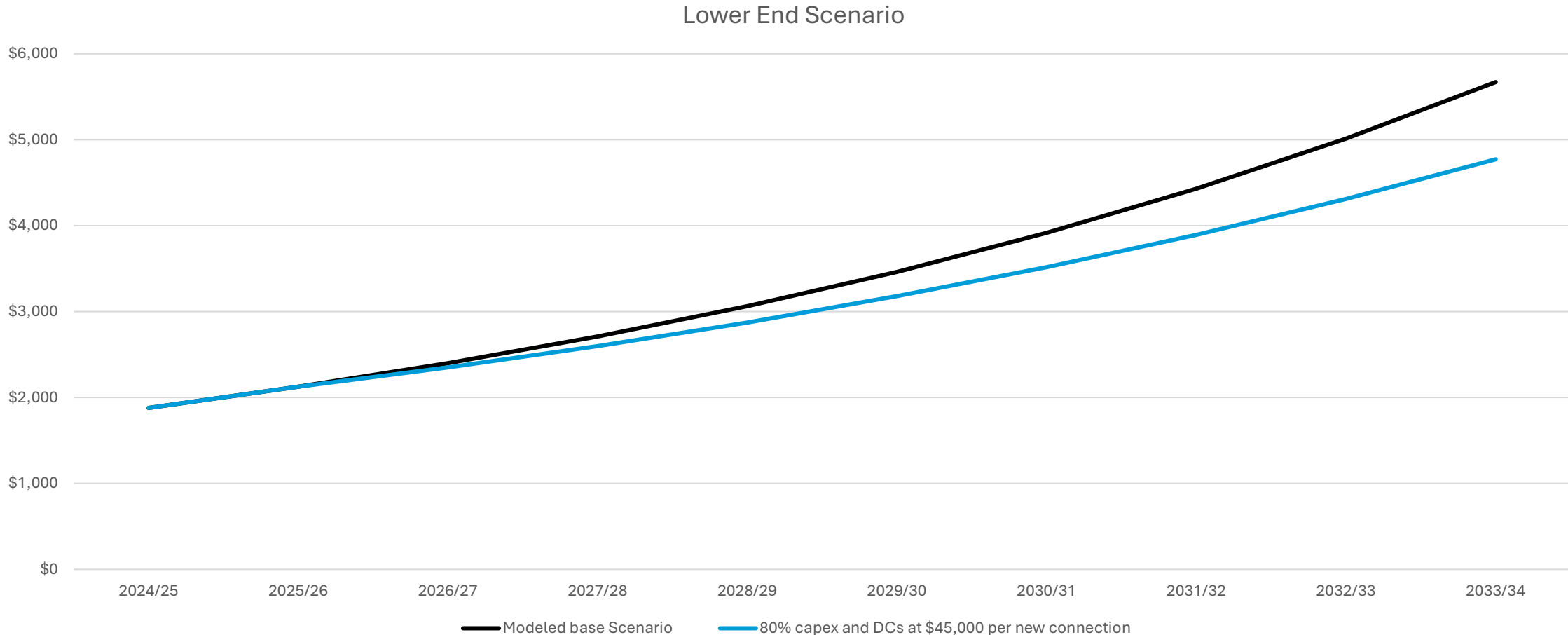
**Average residential charges are forecast to rise from approximately \$2,100 per connection today to \$5,700 (\$4,800 in today's dollars)**

Estimated Residential Cost per Connection



# Future pricing requirements

**A lower end comparative scenario has been developed reflecting uncertainties in deliverability and opportunities to increase development related revenues**



## Councils' water related debt (and revenue) will transfer to Metro Water on establishment

- Final debt transfer amounts are provisional and will depend on actual debt movements in FY25 and FY26 and the finalised debt transfer agreement
- Opening debt levels are based on values agreed with councils
- Agreed principle that no council disadvantaged after revenue and debt transfer.
- WCC debt aligned with its existing approach of allocating interest costs based on relative asset value
- Debt servicing costs initially stay with each council's water users.
- Debt transfer approach will be agreed with each Council during the establishment phase.

## A new multi-council-owned water services organisation for metropolitan Wellington

### The new water organisation will:

- Cover the metropolitan Wellington area (Wellington, Hutt, Upper Hutt, Porirua)
- Own and operate drinking water, wastewater and stormwater assets
- Retain public ownership and local accountability
- Have an independent governance board with council-appointed directors
- Oversight by Partners Committee
- Incorporate current operational workforce from Wellington Water Ltd (Tier 3 and below) to ensure continuity



## Implementation plan is aimed at successfully establishing a joint water organisation

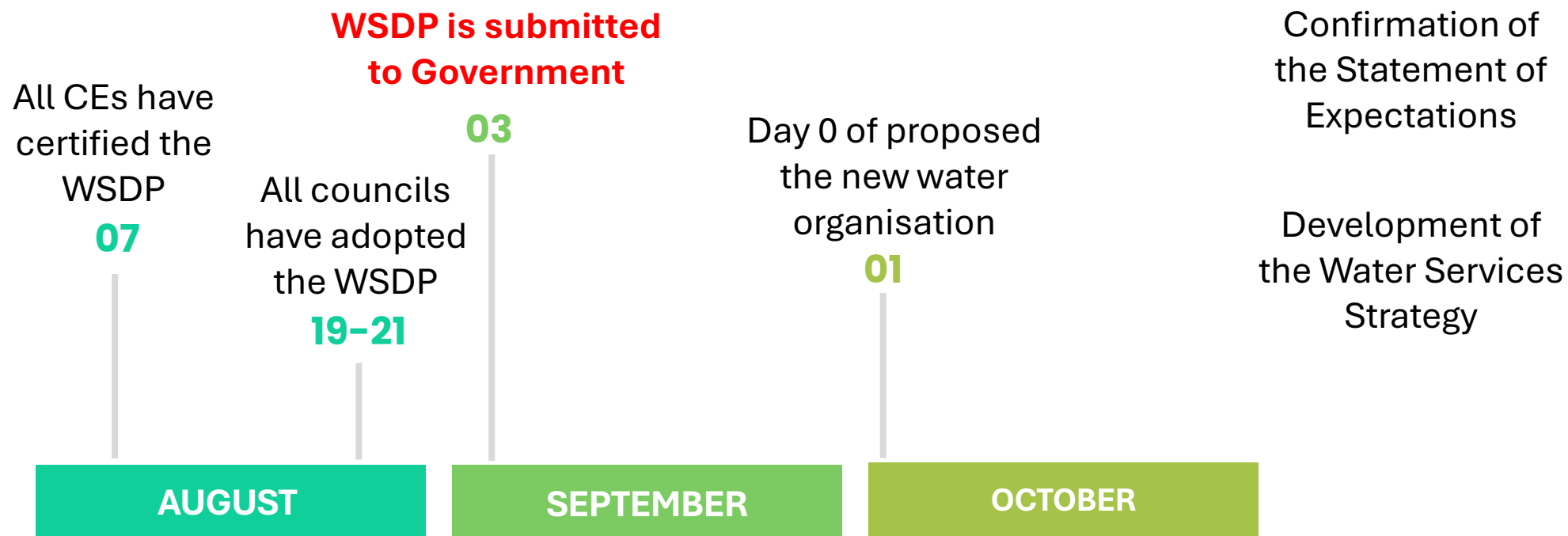
**Implementation plan outlines the target approach to establish Metro Water based on two key milestones:**

- **Day Zero** – 1 October 2025. Metro Water has been incorporated, and establishment funding is in place. An Establishment Board has been appointed and is accountable for establishing Metro Water through an Establishment Director and Interim CE.
- **Day One** – 1 July 2026. Accountability and ownership of the customer relationship, assets, compliance and capital works have been transferred to Metro Water. Funding arrangements and terms for debt transfer are in place along with critical staff and workable systems for Metro Water to operate. Some functions and support will continue to be provided by councils in the interim where necessary.



# Next steps for the WSDP

## Timeline to implementation



# Foundation Documents for Metro Water

Briefing to Hutt City Elected  
Members

6 August 2025



# Foundation documents

- Legislative context
- Foundation documents required for Day zero
- Key foundation documents
- Drafting process and approvals timeline
- Feedback to date
- Critical success factors
- Drafting principles
- Share allocation, voting and reserved matters
- Key matters to be addressed
- Next steps



# The wider legislative and regulatory context for water services

Water Services legislative and regulatory landscape				
	Health outcomes	Environmental outcomes	Infrastructure outcomes	Financial sustainability
Department of Internal Affairs	Responsible for policy, stewardship, legislation in relation to the local government system / water services system. Requires and assesses Water Services Delivery Plans			
Taumata Arowai	Drinking water regulations Oversight of performance of wastewater and stormwater networks	Wastewater standards		
Commerce Commission	Foundational Information disclosure Enduring economic regulation regime (under the Bill)			
Ministry for the Environment	National Environmental Standards – sources of human drinking water	Freshwater management regulations Policy, stewardship for the resource management system; administers Environmental Reporting Act 2015	National Adaptation & Emission Reduction Plans	
Regional Councils	Regulator – source and receiving waters, and wastewater & stormwater networks	Regional Plans		
Ministry of Health	Policy advice – public health matters relating to drinking water			
Te Arawhiti	Policy lead on the Crown's Treaty of Waitangi obligations – including Treaty settlements			
Office of the Auditor General & Audit NZ	Annual auditing of public entities			

# Foundation Documents



## Metro Water's Constitution

Rules for Metro Water, including the rights and responsibilities of shareholders, and directors, and any limitations or restrictions to be applied to Metro Water.



## Partners Agreement (formerly Stakeholders Agreement)

Key terms for the governance and management of the relationship between the Partners and Metro Water. Primarily provide the framework for the governance and management of the relationship between the individual Partners.



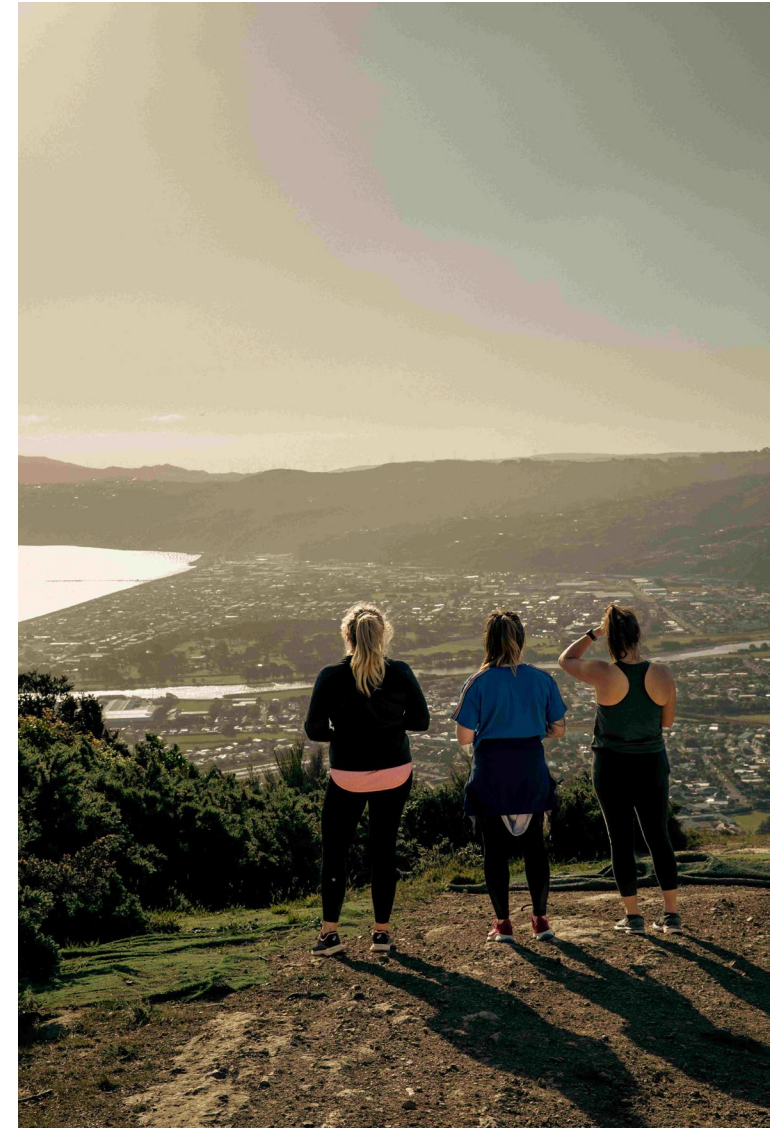
## Statement of Expectations

Partners' joint expectations of Metro Water and will inform and guide Metro Water's decisions and its water services strategy. Metro Water must give effect to the Statement of Expectations.

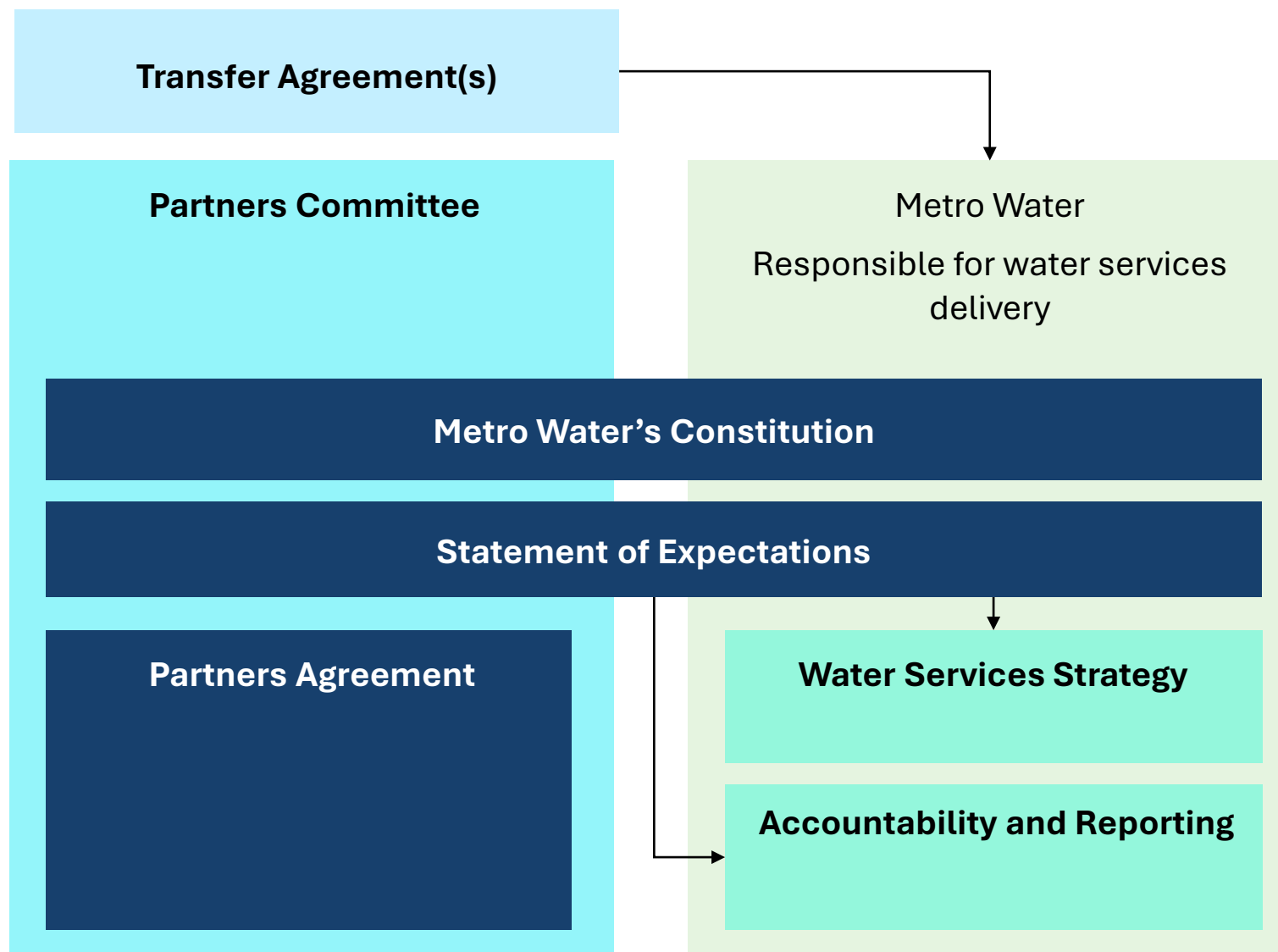


## Customer Charter

Key principles Partners will expect to see in Metro Water's Customer Charter.

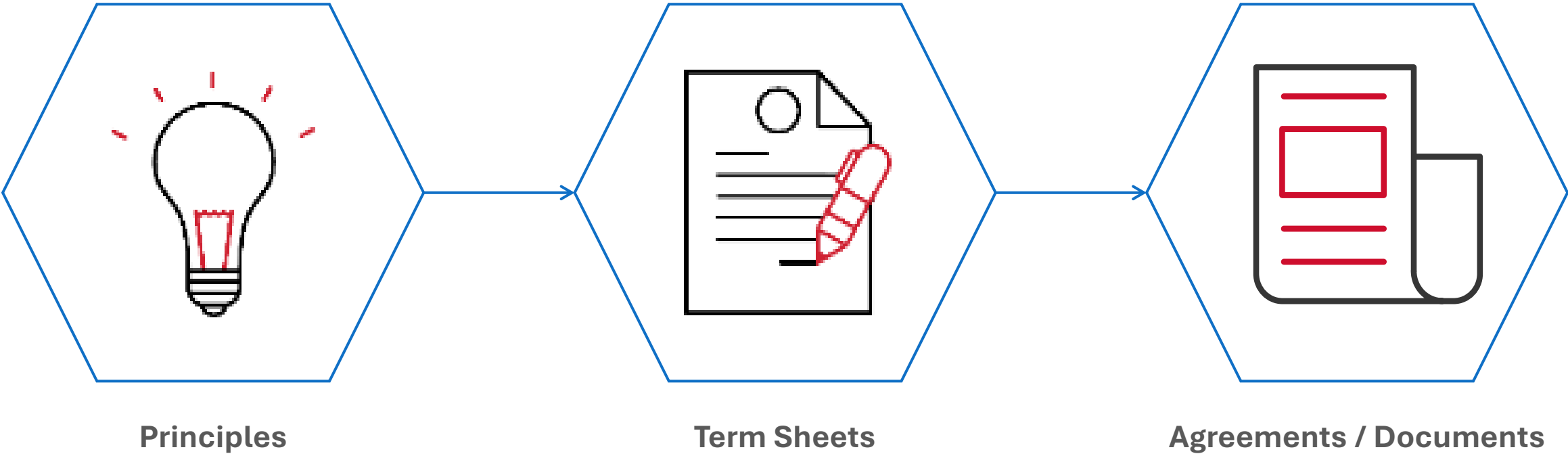


# Key Foundation Documents

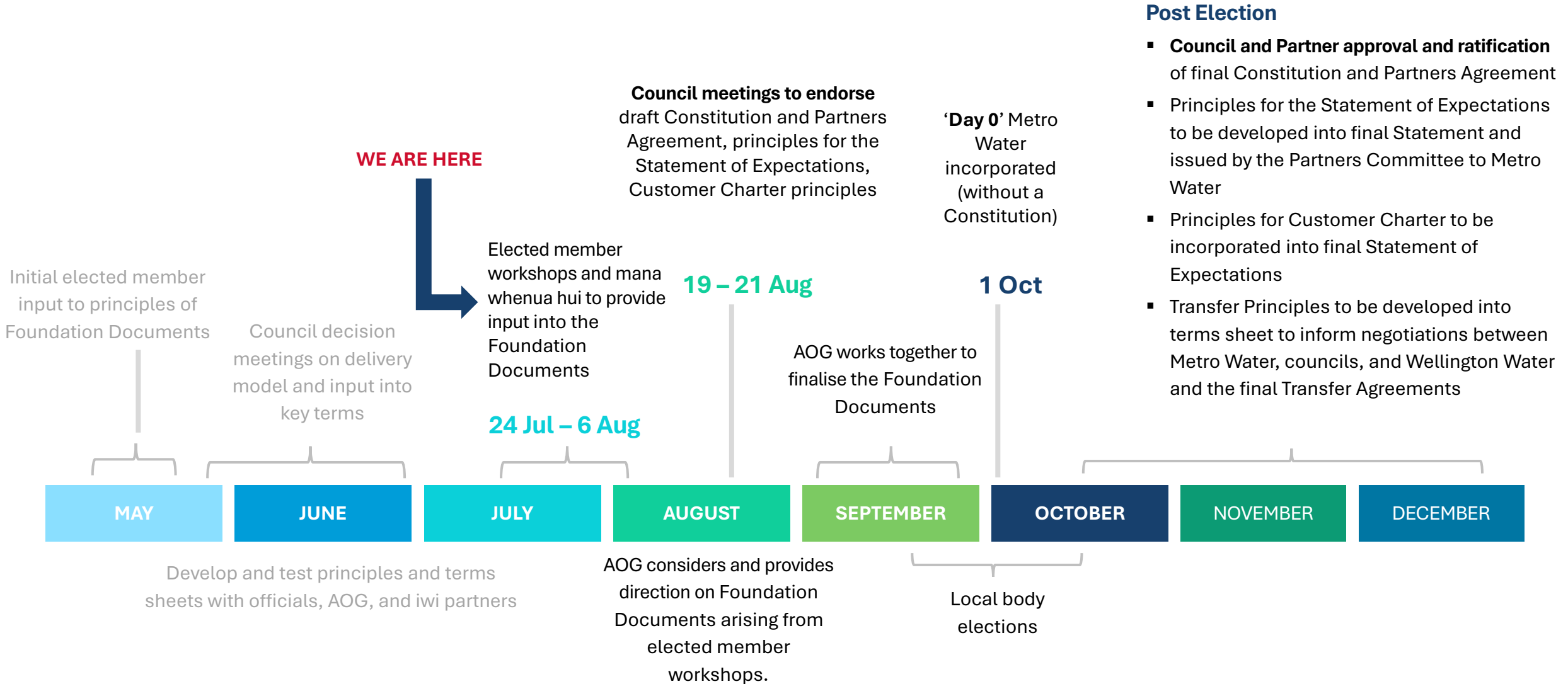


Councils and Metro Water document	Shareholder/ Partner document
Shareholder/ Partner instrument	Metro Water document

# Drafting process



# Drafting process and approval timeline



# Summary of feedback to date on the draft Foundation Documents



## Customers and services

- Customer Charter
- Cost-effective, transparent, and financially sustainable
- Initial cost to serve pricing while working towards regional harmonisation of pricing
- Appropriate controls are put in place regarding the restriction of water supply
- Maintains and enhances its social licence to operate
- Meaningful engagement with customers



## Community

- Reflect the communities' ongoing interests in water
- Building local capacity, i.e. through social procurement etc.
- Water is a public good
- Partner with councils, mana whenua, community groups, and government agencies



## Mana whenua/iwi

- Mana whenua involvement in governance and representation arrangements reflect their status as partners
- Te Tiriti o Waitangi is upheld, along with reflecting and promoting mana whenua priorities and outcomes for water



## Environmental

- Kaitiaki for te Taiao
- Catchment context
- Community and mana whenua expectations for water outcomes
- Expectations on stormwater, including collaboration with councils and key community groups



## Establishment

- Enable potential future state of Metro Water, including ensuring clarity around GW ability to exit Metro Water
- Future review point following establishment
- Land relating to water catchment areas to remain with the GW



## Governance and decision-making

- Stronger prohibition on the payment of distributions and dividends
- Operationally independent from its shareholders and iwi partners
- A direct relationship between shareholders and iwi partners and Metro Water's Board

# A balancing act to ensure Metro Water is set up for success

## Critical success factors Metro Water will be successful if:

- **skills-based competent board**
- **balance** between having strong corporate governance, and board and management-led operational independence
- **trust and a strong partnership with all partners, including mana whenua**
- **trust with customers** and stakeholders;
- **high quality customer service**
- **value for money to customers**
- **strategies for investment in water services**
- **access to long-term borrowing**
- **economic regulatory requirements and complies with ethical standards and relevant laws and regulations;**
- **kaitiaki for te Taiao**
- **proactive asset management**
- **robust risk management strategies**
- Moves from **cost to serve to regional harmonisation over time.**

# Drafting principles

## Principle One

Metro Water is being established to own, operate, maintain, renew and build water assets in the service area, instead of and on behalf of the five participating councils. In that sense, the assets will be, and continue to be, **publicly-owned**.

## Principle Two

Partners intend that Metro Water will be managed and operated by an experienced senior leadership team under the supervision of an **independent board of directors**. Membership of the board will be determined by reference to the competence and skill each director holds in relation to that role, having regard to Metro Water's overarching purpose (as set out in Principle One).

## Principle Three

Governance arrangements are instrumental to enable Metro Water to deliver water services across the service area in furtherance of its overarching purpose (as set out in Principle One), including ensuring that appropriate focus on the **performance of the board is provided for whilst ensuring operational independence**.

## Principle Four

**Partner with mana whenua** in governance and decision-making.

## Principle Five

Where a drafting, process, or substantive issue can be solved in either a simpler or more complex way, the **simpler way is better**.

# Share allocation, voting and reserved matters (1 of 2)

There is a difference between shareholding and voting rights and that the number of shares a council owns will not necessarily give it control over decisions.

Voting rights enable shareholders to collectively make decisions. It is recommended that when voting on Shareholder Reserved Matters, **voting will be undertaken on the basis of one vote for each share held** (i.e., proportional to total shares held).

This would apply to the recommended **Shareholder Reserved Matters** (on the basis that they involve financial implications for the shareholders as the economic owners of the assets of Metro Water, or are required by the Companies Act).

## Recommended shareholders reserved matters

- any issue or proposed transfer of any shares
- the terms on which any new shareholder will accede, or an existing shareholder will leave
- whether any share buy-backs will be undertaken by Metro Water
- whether any call will be made for additional capital contributions
- any proposal to materially vary rights attaching to any equity securities in Metro Water
- taking any step in relation to the amalgamation, winding up, or dissolution of Metro Water
- any proposal to materially vary or impact a minority shareholders' rights or interests, and
- entry by Metro Water into a "major transaction" (as that term is defined in section 129(2) of the Companies Act).

# Share allocation, voting and reserved matters (2 of 2)

The **Partners'** also need to collectively make decisions. It is recommended that Partner Reserved Matters are approved through the Partners Committee, **and each Partner (shareholding council and mana whenua partner) gets a single vote.**

Partner Reserved Matters would be agreed to on a unanimous basis through the Partners Committee, but where consensus is not possible, each member of the Partners Committee would be entitled to a single vote, and it is recommended that the approval threshold is 75 percent.

Further, if a decision relating to a Partner Reserved Matter requires ratification by a shareholder vote (e.g., appointment/removal of a director), the shareholders are committed to voting in favour.

## **Recommended Partners' reserved matters:**

- the terms on which any new non-shareholding Partner will accede, or an existing non-shareholding Partner will leave
- any amendments to the Partners Agreement or the Constitution
- the issuing of the Statement of Expectation
- the selection, appointment and removal of directors to Metro Water's Board
- adoption of the Directors Skills Matrix and Appointment and Removal Protocols (and agreement to any changes), and
- any input into Metro Water's Water Services Strategy and Annual Budget.

# Observations and recommendation

## Options for share allocation – based on

- Connections
- Population
- Revenue
- **Asset value less starting debt (Net Book Value = depreciated asset value)**
- Split equally

## Recommendation share allocation

Recommended option is shares allocation **based on asset value (NBV) less starting debt**

This could be completed in two phases.

1. Indicative share allocation based on best current information which is the basis of the WSDP
2. At or post 1 July 2026, share allocation adjustment to ensure same basis of information. This could be based on updated debt figures and agreed **consistent valuations**.

# Indicative share allocation – subject to validation

## Indicative splits – **subject to validation**

Council	Share of connections	Share of population	Share of revenue	Share of net assets (NBV of assets less debt)	Equal
WCC	42%	42%	47%	45%	20%
HCC	23%	22%	17%	25%	20%
PCC	12%	12%	10%	11%	20%
UHCC	9%	9%	5%	12%	20%
GWRC	15%	15%	21%	7%	20%

### Notes:

- NBV = Net Book Value (depreciated asset value)
- Shares based on Gross Replacement Cost (GRC) is not recommended as due to the limitation that GRC has no relationship to the condition/age of the assets being transferred
- All based on 2026 projections, other than population which is based on 2023 census.
- Opening book values @ 30 June 24 are based on information provided by Councils, with agreed revaluation estimated adjustments where applicable.
- Net asset value should be based on a valuation of assets at the time of transfer, consistent across all Councils.
- Shareholding estimates using this method can therefore be considered highly indicative only at this point.

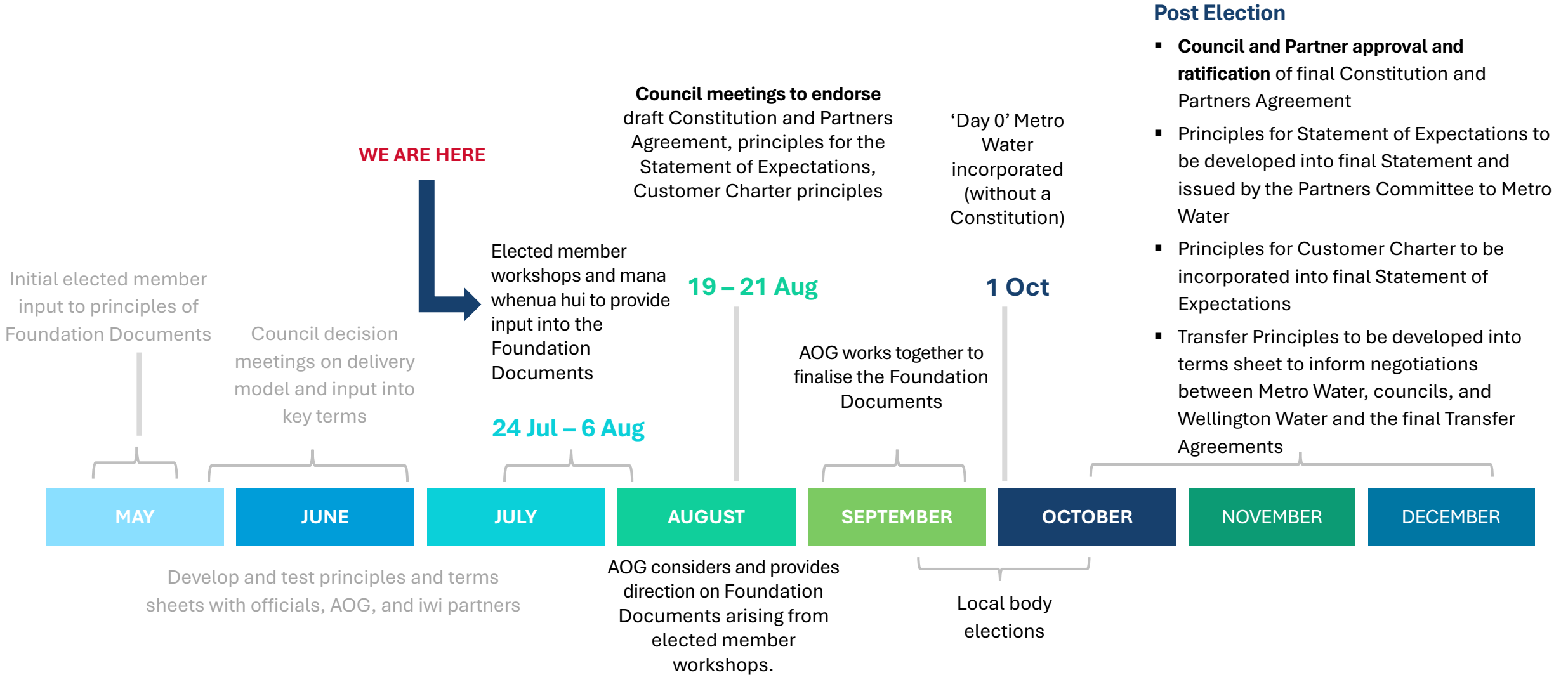
# Key matters to be addressed in the Foundation Documents

Key matters	Recommended options	Foundation Documents
<p><b>Share structure, allocation (basis)</b> - Basis on which shares will be allocated between shareholding councils</p>	<p>The shares in Metro Water are to be allocated to each council based on the total net value of the council's assets.</p>	<ul style="list-style-type: none"> <li>▪ Constitution</li> <li>▪ Partners Agreement</li> </ul>
<p><b>Mana whenua participation</b> – Arrangements to ensure meaningful participation by mana whenua partners in Metro Water</p>	<p>All Partners are a party to a single “Partners Agreement”. Issues to be resolved by Partners are divided into Shareholder Reserved Matters and Partner Reserved Matters</p>	<ul style="list-style-type: none"> <li>▪ Partners Agreement</li> </ul>
<p><b>Reserved Matters</b> - Matters to be reserved for shareholder decisions (i.e., not board decisions) and matters reserved for all Partners</p>	<p>An agreed list of “Reserved Matters” is split between Shareholders and Partners.</p>	<ul style="list-style-type: none"> <li>▪ Constitution</li> <li>▪ Partners Agreement</li> </ul>
<p><b>Partners Committee</b> - Role and composition of the Partners Committee, including whether voting happens at the shareholder level by each council or at the representative level through the Partners Committee and on what basis votes are allocated.</p>	<p>The Partners Committee and its members are provided full delegated authority to make veto and/or approval decisions on behalf of their respective Partners, including in relation to Partner Reserved Matters.</p>	<ul style="list-style-type: none"> <li>▪ Partners Agreement</li> </ul>
<p><b>Board appointment and removal</b> - Basis and process for appointing and removing Metro Water directors</p>	<p>Partners Committee (and/or a subcommittee) selects and appoints/removes directors in accordance with an agreed skills matrix.</p>	<ul style="list-style-type: none"> <li>▪ Partners Agreement and the agreed Skills Matrix</li> </ul>

# Key matters to be addressed in the Foundation Documents

Key matters	Recommended options	Foundation Documents
<p><b>Adding and exiting Partners</b> - Basis and process for bringing in new, and exiting existing, shareholding councils and mana whenua partners</p>	<p>Additional councils may join Metro Water. The buy in price will be set at by reference to a formula or methodology to be agreed by the shareholding councils that reflects the effective compensation for the costs incurred by the founding shareholder councils to establish Metro Water.</p> <p>A shareholding council may exercise the right to leave Metro Water by ceasing to be a shareholder. Allow for exit of Greater Wellington.</p>	<ul style="list-style-type: none"> <li>▪ Partners Agreement</li> </ul>
<p><b>Level of operational involvement</b> - Level of Partner involvement in preparing and finalising Metro Water's Water Services Strategy and Annual Budget</p>	<p>Partners may provide comments on Metro Water's draft Water Services Strategy and Annual Budget, but Metro Water is not required to amend the draft strategy or draft budget to incorporate those comments and final approval of the strategy and budget remains with Metro Water.</p>	<ul style="list-style-type: none"> <li>▪ Constitution</li> <li>▪ Partners Agreement (and Transfer Agreements)</li> </ul>
<p><b>Level of additional operational oversight</b> - Level of reporting in addition to the statutory minimum from Metro Water to the Partners is desirable</p>	<p>Metro Water is required to only provide the reports specified in the WS Bill.</p>	<ul style="list-style-type: none"> <li>▪ Statement of Expectations</li> <li>▪ Partners Agreement</li> </ul>
<p><b>Distributions and dividends</b> - Prohibition on Metro Water making distributions and paying dividends</p>	<p>Metro Water is prohibited from making distributions to its shareholding councils, including paying a dividend.</p>	<ul style="list-style-type: none"> <li>▪ Constitution</li> <li>▪ Partners Agreement</li> </ul>
<p><b>Customer Charter</b> - Requirement that Metro Water adopts and maintains a Customer Charter.</p>	<p>Metro Water is required to adopt and maintain a Customer Charter.</p>	<ul style="list-style-type: none"> <li>▪ Constitution</li> <li>▪ SoE</li> <li>▪ Customer Charter</li> </ul>

# Next steps for ongoing input and approvals



# Share allocation options – for information

There are a range of options for share allocation. Recommended option is share allocation based on asset value less starting debt.

Shareholding option	Description	Pros	Cons
<b>Connections</b>	Updated periodically to reflect connections by council jurisdiction	<ul style="list-style-type: none"> <li>✓ Simple measure to apply</li> </ul>	<ul style="list-style-type: none"> <li>✗ Not reflective of assets and debt contributed</li> <li>✗ May disadvantage councils with non-resident rate-payers, or where connections are not a useful proxy</li> <li>✗ Stormwater?</li> <li>✗ GW – need different proxy given regional model. Use 15%?</li> </ul>
<b>Population</b>	Updated periodically to reflect population by council jurisdiction	<ul style="list-style-type: none"> <li>✓ Simple measure to apply</li> <li>✓ Impartial</li> </ul>	<ul style="list-style-type: none"> <li>✗ Not reflective of assets and debt contributed</li> <li>✗ Less reflective of a WSO business</li> <li>✗ GW – need different proxy given regional model. Use 15%?</li> </ul>
<b>Revenue</b>	Updated periodically to reflect revenue by council jurisdiction	<ul style="list-style-type: none"> <li>✓ Directly reflects revenue derived</li> <li>✓ Relatively simple (track revenues by council jurisdiction)</li> <li>✓ Reliable information</li> </ul>	<ul style="list-style-type: none"> <li>✗ Not reflective of assets and debt contributed</li> <li>✗ Pricing decisions impact allocation and may drive gaming</li> </ul>
<b>Asset value less starting debt</b> <b>Recommended</b>	Reflects consideration received by council and equity contributed to WSO	<ul style="list-style-type: none"> <li>✓ Represents equity contributed</li> <li>✓ Reflects consideration received by councils</li> <li>✓ Reflects potential share of any return / dividend</li> </ul>	<ul style="list-style-type: none"> <li>✗ Need to agree basis for asset values and identification of water debt</li> <li>✗ Adjustment may be needed if risk of WSO consolidating on a single council balance sheet</li> </ul>
<b>Split equally</b>	If there are five councils, each receives 20%	<ul style="list-style-type: none"> <li>✓ Simple with no periodic update required</li> <li>✓ Smaller council's maintain voice</li> </ul>	<ul style="list-style-type: none"> <li>✗ Perceived to be unfair and not proportional</li> <li>✗ Any dividends would be disproportionately shared</li> </ul>