



Public Excluded Meeting of Council

09 May 2026

Report no: HCC2026/2/129

Tiaki Wai Limited - other shareholder matters

Purpose of Report

1. The purpose of this report is to seek approval from Hutt City Council (Council), in its capacity as shareholder of Wellington Water Limited (Wellington Water), to:
 - (a) approve and authorise the buyback and cancellation of the shares held by South Wairarapa District Council (SWDC) in Wellington Water (SWDC Shares), including the entry into and performance of the Share Buyback Agreement by Wellington Water recording the terms of the buyback of the SWDC Shares (Share Buyback Agreement);
 - (b) approve and authorise the amalgamation of Wellington Water with Tiaki Wai with effect immediately following completion of the transfers contemplated in the Transfer Agreement between Council and Tiaki Wai Limited (Tiaki Wai) on 1 July 2026; and
 - (c) delegate authority to the Chief Executive to finalise and sign the necessary shareholder approvals and associated documentation to give effect to:
 - (i) the buyback and cancellation of the SWDC Shares once the terms of the Share Buyback Agreement have been agreed between Wellington Water and SWDC; and
 - (ii) the amalgamation of Wellington Water with Tiaki Wai immediately following completion of the transfers contemplated under the Transfer Agreement.
2. This report also outlines the intended approach for the buyback of SWDC's shares, transfer of Wellington Water Shares to Tiaki Wai, and amalgamation of Wellington Water with Tiaki Wai with effect from 1 July 2026, and explains the context for the intended transactions.
3. The report is included in the public excluded part of the meeting under section s7(2)(b)(ii) of the Local Government Official Information and Meetings Act 1987, to protect information where the making available of the

information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. It is recommended that Council agrees that the report and resolutions above are released to the public once all shareholder councils have completed their related decisions.

Recommendations

It is recommended that Council:

- (1) receives the report;
- (2) notes that the share buyback is a prerequisite to the subsequent transfer of Wellington Water Limited shares to Tiaki Wai and the intended amalgamation of Wellington Water Limited with Tiaki Wai;
- (3) approves the buyback and cancellation of the South Wairarapa District Council (SWDC) Shares;
- (4) authorises the Council to be a party to the unanimous entitled persons agreement required to approve the buyback and cancellation of the SWDC Shares;
- (5) approves the amalgamation of Wellington Water with Tiaki Wai immediately following completion of the transfers contemplated under the Transfer Agreement;
- (6) delegates authority to the Chief Executive to finalise and execute all necessary documentation to give effect to the share buyback and cancellation, with delegation to allow non-material changes to the final agreed terms for the share buyback;
- (7) delegates to the Chief Executive the power to approve and execute all documents required in connection with, and to give effect to, the share buyback and intended amalgamation;
- (8) directs Council officers to report back when all processes and requirements have been completed; and
- (9) agrees that the report and resolutions above are released to the public once all shareholder councils have completed their related decisions.

Executive Summary

4. Greater Wellington Regional Council, Hutt City Council, Porirua City Council, Wellington City Council, Upper Hutt City Council (Shareholding Councils) and SWDC are the current shareholders of Wellington Water. Wellington Water manages the provision of water services on behalf of its shareholders on the terms contained in a Water Management Services Agreement between Wellington Water and each shareholder.

5. The Shareholding Councils have jointly established a new water services council-controlled organisation, Tiaki Wai, to take over responsibility for delivering water, wastewater and stormwater services across the Metropolitan Wellington Area (Service Area). The Shareholding Councils intend to terminate the Water Management Services Agreement with Wellington Water and amalgamate Wellington Water with Tiaki Wai.
6. SWDC has resolved to join another water organisation established by the Wairarapa Councils and Tararua District and to cease to be a shareholder of Wellington Water. As part of the transition to that different water organisation, SWDC has entered into a new water services contract arrangement with a third party, City Care, which will take effect from 1 July 2026.
7. To give effect to SWDC's decision to cease being a shareholder of Wellington Water, and to enable the Shareholding Councils to amalgamate Wellington Water with Tiaki Wai with effect from 1 July 2026, the SWDC Shares must either be bought back by Wellington Water or purchased by the Shareholding Councils. The amalgamation process to merge Wellington Water with Tiaki Wai will require the Shareholding Councils to transfer all shares in Wellington Water to Tiaki Wai prior to the amalgamation pursuant to the Transfer Agreement contemplated between Tiaki Wai and each Shareholding Council. Once such transfer is completed, Wellington Water will be a wholly owned subsidiary of Tiaki Wai, and an amalgamation can be used to merge Wellington Water with Tiaki Wai.
8. It is proposed that the Shareholding Councils and SWDC, as shareholders of Wellington Water, approve the buyback and cancellation of the SWDC Shares to enable:
 - (a) SWDC to cease being a shareholder of Wellington Water; and
 - (b) the Shareholding Councils to transfer their shares in Wellington Water to Tiaki Wai as part of the Transfer Agreement, which will allow Wellington Water to amalgamate with Tiaki Wai with effect from 1 July 2026.
9. Under the Companies Act 1993 and Wellington Water's constitution, the share buyback requires:
 - (a) approval by all "entitled persons" in Wellington Water (being its shareholders); and
 - (b) board resolutions and directors' solvency certificates from Wellington Water and Tiaki Wai.
10. Each Shareholding Council and SWDC must therefore resolve to:
 - (a) authorise and approve the share buyback and cancellation of the SWDC Shares;
 - (b) authorise and approve the entry into and performance of the Share Buyback Agreement by Wellington Water; and
 - (c) sign or enter into all legal documents and resolutions (including an entitled persons agreement as shareholders of Wellington Water) to give effect to the share buyback and cancellation of the SWDC Shares.

11. Following the buyback and cancellation of the SWDC Shares, each Shareholding Council will transfer its shares in Wellington Water to Tiaki Wai. This will be done pursuant to the Transfer Agreement between Tiaki Wai and each Shareholding Council.
12. Immediately following the transfer of all shares in Wellington Water to Tiaki Wai, the two companies will amalgamate, with Tiaki Wai becoming the surviving company. To enable the amalgamation, each Shareholding Council will need to approve the proposed amalgamation in its capacity as a shareholder of Wellington Water and Tiaki Wai.
13. This report seeks approval from the Council to authorise and approve the share buyback and cancellation of SWDC Shares, transfer of all shares in Wellington Water to Tiaki Wai pursuant to the Transfer Agreement and the proposed amalgamation of Wellington Water with Tiaki Wai, and to delegate to the Chief Executive the power to finalise and execute all related documentation for and on behalf of the Council once all terms of the Share Buyback Agreement and Transfer Agreement are agreed between the relevant parties.

Background

Share buyback is required as part of the establishment of Tiaki Wai

14. Through mid-2025, Greater Wellington Regional Council, Hutt City Council, Porirua City Council, Wellington City Council and Upper Hutt City Council (Shareholding Councils) all agreed to establish a new water services council-controlled organisation (Water Organisation) that would take over responsibility for delivering water, wastewater and stormwater services across the Metropolitan Wellington Area (Service Area).
15. The new Water Organisation, Tiaki Wai Limited (Tiaki Wai), was incorporated in November 2025. It has been established as a Water Organisation under the Local Government (Water Services) Act 2025 and, as reflected in the Partners Agreement and statement of expectations, is to take over responsibility for the provision of water supply, wastewater, and stormwater services for the Wellington Metropolitan Area.
16. Tiaki Wai has been working closely with Wellington Water Limited and the Shareholding Councils in relation to the transfer process, with a view to achieving a successful transfer on 1 July 2026.
17. Separate from the decisions by the Shareholding Councils to establish Tiaki Wai, SWDC made decisions in mid-2025 in relation to its future water service delivery arrangements. It decided to exit as a shareholder of Wellington Water, and instead to join a different water organisation owned by Carterton District Council, Masterton District Council and Tararua District Council, and which would be transferred responsibility for water services on 1 July 2027.

18. In order to ensure that SWDC has the capacity to deliver water services from 1 July 2026 to 1 July 2027, it has entered into a services agreement with City Care Limited. This new services agreement means that SWDC will no longer need to rely on the services agreement it has with Wellington Water from 30 June 2026.
19. Wellington Water is currently jointly owned by the Shareholding Councils and SWDC. As part of the transitional arrangements outlined above, several steps need to be implemented:
 - (a) SWDC needs to exit Wellington Water as a shareholder. The most efficient way to achieve this, to avoid the Shareholding Councils needing to purchase (and finance the purchase of) the SWDC Shares, is for the shareholders of Wellington Water to authorise Wellington Water to buy back and cancel the SWDC Shares in accordance with Wellington Water's Constitution, the Companies Act 1993 and the Share Buyback Agreement.
 - (b) Following completion of the buyback and cancellation of the SWDC Shares, the Shareholding Councils will then transfer their shares in Wellington Water to Tiaki Wai as part of the Transfer Agreements.
 - (c) Wellington Water and Tiaki Wai will then amalgamate, with Tiaki Wai being the surviving entity.
20. The share buyback and cancellation of the SWDC Shares is a discrete legal step that must occur before the transfer of Wellington Water shares to Tiaki Wai and the intended amalgamation of the two companies, because SWDC does not wish to continue as a shareholder of Wellington Water or transfer its responsibility for the delivery of water services to Tiaki Wai.

Legal context for buyback

21. In summary, the legal context for the buyback is:
 - (a) Wellington Water's constitution permits the buyback of shares.
 - (b) In order to effect the buyback of shares, the Companies Act 1993 requires:
 - (i) approval of all "entitled persons" (shareholders);
 - (ii) Wellington Water board resolution approving the buyback and cancellation; and
 - (iii) certification by directors that Wellington Water will satisfy the solvency test immediately following the buyback.
22. What this requires in practice is that:
 - (a) Wellington Water will purchase all shares currently held by SWDC, on terms agreed between Wellington Water and SWDC and reflected in the Share Buyback Agreement.
 - (b) The SWDC Shares will be cancelled immediately upon buyback and will not be held as treasury stock. This will naturally increase the relative

proportions in which Shareholding Councils hold shares in Wellington Water.

- (c) The buyback needs to be effected prior to the transfer of remaining Wellington Water shares to Tiaki Wai.
23. Council approval is required because:
- (a) the decision relates to Council's role as shareholder in a council-controlled organisation; and
 - (b) unanimous shareholder approval (by way of an entitled persons agreement) is required for a buyback of shares in Wellington Water.
24. While Officers consider the recommended decision to be largely administrative in nature, it is required as part of the amalgamation of Wellington Water and Tiaki Wai, and the transfer of water services to Tiaki Wai, and must be made by Council as a shareholder of Wellington Water.

Outline of commercial terms for buyback

25. While the terms of the buyback and cancellation of the SWDC Shares are yet to be agreed between Wellington Water and SWDC, they are expected to involve:
- (a) Financial consideration, including:
 - (i) the equity contribution paid by SWDC to Wellington Water at the time of joining as a shareholder;
 - (ii) reserve funds held by Wellington Water in favour of SWDC but not yet spent;
 - (iii) a return of any retained earnings held by Wellington Water for SWDC, which SWDC is entitled to as a current shareholder; and
 - (iv) the return of any underspent funds held by Wellington Water for SWDC for related projects and works, as at the end of the financial year.
 - (v) The total amount of such consideration is not considered to be material.
 - (b) A transitional services arrangement, that is focussed on allowing SWDC continued (and reasonable) access to certain services and information for an agreed period to assist with orderly transition by SWDC to City Care. The terms of this transitional services arrangement are being considered at present.

Outline of amalgamation process and requirements

26. The amalgamation process involves several legal steps and the execution of various documents, but in summary involves:
- (a) Shareholder Approval: The shareholders of Wellington Water unanimously agreeing to the amalgamation of Wellington Water with

Tiaki Wai in accordance with the Shareholders Agreement relating to Wellington Water, and a majority of 75% or more of the shareholders of Tiaki Wai approving the amalgamation of Tiaki Wai with Wellington Water in accordance with the Partners Agreement in relation to Tiaki Wai.

- (b) Solvency test: The directors of Wellington Water and Tiaki Wai each resolving that Tiaki Wai will meet the solvency test post-amalgamation.
- (c) Secured Creditor Notice: Notification to Wellington Water's secured creditors no later than 20 working days prior to the amalgamation (eg by 3 June 2026 for amalgamation to occur on 1 July 2026).
- (d) Board resolutions/Directors certificate: Amalgamation documents to be dated and filed with the Companies Office and effective on 1 July 2026, following completion of the transfers contemplated under the Transfer Agreement between each Council and Tiaki Wai.
- (e) Communications and announcements: Agreed form communications to be issued to parties affected by the amalgamation, such as Wellington Water employees and certain contractual counterparties.
- (f) Transfer of Shares: Once Wellington Water has bought back the SWDC Shares and cancelled them, the Shareholding Councils will transfer their shares in Wellington Water to Tiaki Wai pursuant to the Transfer Agreements on 1 July 2026 which will mean that Wellington Water will become a wholly owned subsidiary of Tiaki Wai. The amalgamation of the two entities will take effect immediately after, with Tiaki Wai becoming the surviving entity.

Assessment of options and identification of preferred option

Officers have considered whether there are other options available to elected members, but in practice the only other option would be for the Shareholding Councils to purchase the SWDC Shares to then transfer them to Tiaki Wai pursuant to the Transfer Agreements.

27. Considering this option could lead to practical issues and implications, including:
- (a) the Shareholding Councils would need to agree the terms of the proposed acquisition with SWDC;
 - (b) the Shareholding Councils would need to have sufficient funding to complete the purchase of the SWDC Shares; and
 - (c) the purchase of the SWDC Shares by the Shareholding Councils instead of Wellington Water will require further legal and other resource because the transaction would involve more parties and more financial resources. This could create additional time pressure and lead to risk of the amalgamation not being completed on 1 July 2026, at the same time as completion of the transfers contemplated under the Transfer Agreements.

Financial implications

28. The financial implications for Council are considered immaterial. The buyback consideration is being determined between Wellington Water and

SWDC and does not involve any payments by Council, as the consideration will involve funds already held by Wellington Water.

Implications for Māori

29. Ngāti Toa Rangatira and Taranaki Whānui ki te Upoko o te Ika are represented on the Partners Committee for Tiaki Wai, which provides them with an oversight role in relation to Tiaki Wai. Mana Whenua contributed to the Council's earlier decision to establish Tiaki Wai, and so have been involved in the broader transition process to date. The buyback and amalgamation will have no practical impact on mana whenua, as it is a largely administrative legal decision.

Consideration of climate change impacts

30. The buyback and amalgamation will have no practical impact on climate change impacts, as it is a largely administrative legal decision.

Decision-making process / policy considerations

31. This report and recommendations made are considered consistent with the Council's previous decisions to establish Tiaki Wai, and the commitments made to transfer the Council's responsibilities to Tiaki Wai as the Water Organisation. To the extent that the Council is required to transfer its shares to Tiaki Wai, this is addressed in the Transfer Agreement that is subject to a separate Council report.

Significance

32. While the earlier decisions made by the Council to establish Tiaki Wai were assessed as high significance, this report and recommendations are considered to be administrative in nature, and necessary to effect the transition to Tiaki Wai. The assessment of significance of the decisions to approve the buyback is that they are of low significance, including given the immaterial consideration involved.

Legal Considerations

33. The legal considerations are outlined above, but arise from the Wellington Water constitution and shareholders agreement, the Companies Act 1993 requirements, and the decision-making obligations in the Local Government Act 2002. No amendments to any Council policy or bylaws will be involved, and legal documentation has been prepared by external legal advisors to the Council.

Next Steps

34. Subject to Council approval:
- (a) final commercial terms for the buyback will be confirmed.

- (b) the Council, by way of its authorised representative, will sign the unanimous entitled persons agreement and associated documentation to authorise the buyback and cancellation of the SWDC shares.
- (c) Wellington Water will complete the buyback and cancellation of the SWDC Shares.
- (d) Subsequent share transfer and amalgamation steps will proceed separately.

Appendices

There are no appendices for this report.

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