

GUIDANCE MATERIAL

COMMITMENT AGREEMENT TEMPLATE

BACKGROUND	<p>The Local Government (Water Services) Act 2025 ("Act") allows councils to work together to develop water services delivery arrangements/models. While many councils will have already signed commitment agreements in order to submit their Water Services Delivery Plans by 3 September 2025 as required, the Act provides for a council to make a structural change to the provision of water services in its district at a later date.¹ Certain councils will also be required to submit five-yearly Water Services Delivery Plans, which may propose new water services delivery models or arrangements.²</p>
WHO IS THIS TEMPLATE FOR?	<p>Councils who wish to enter, or make changes to existing, arrangements with each other to deliver water services and require a framework for how the councils will together develop or amend a joint water services delivery model.</p> <p>This template is particularly intended for models that involve the establishment of a water organisation. However, some aspects of this approach may also be relevant in situations where councils are exploring and considering other forms of joint working, such as developing a joint water service provider arrangement³ (involving a shared services agreement, for example).</p>
PURPOSE OF THIS DOCUMENT / TEMPLATE	<p>The intent of this template is to aid councils to formalise their commitment to working together in relation to the development of water services arrangements/models – particularly with regard to the establishment of a multi-council owned water organisation. This will provide all stakeholders increased certainty and clarity to help progress their collaborative activities.</p> <p>The Commitment Agreement sets out how the signatory councils will:</p> <ul style="list-style-type: none"> • work together on an ongoing basis to develop and establish a new/updated water services delivery model in line with legislative requirements; • allocate and share resources; • remain accountable to each other; and • structure their activities during the period leading up to the establishment/amendment of their water services delivery model. <p>If councils agree, this Agreement provides for the parties to work to complete a Commercial Terms Sheet, which collates the key decisions needed to execute all of the template documents in the Department's Template Toolkit relating to the establishment of a water organisation.</p>
KEY CONSIDERATIONS FOR COUNCILS	<p><i>Before completing this Commitment Agreement, councils should:</i></p> <ul style="list-style-type: none"> • agree the council membership of the proposed arrangements and the service areas to be covered;

¹ Sections 27 to 33 of the Local Government (Water Services) Act 2025.

² Note five-yearly Water Services Delivery Plan submissions are only required of councils who have not transferred responsibility for providing water supply and wastewater services under a transfer agreement by the specified date, as per sections 76-78 of the Local Government (Water Services) Act 2025.

³ Section 26 of the Local Government (Water Services) Act 2025.

- make decisions in relation to cost sharing for the project, including the amount of each council's initial financial contribution and the financial implications of a council exiting the Commitment Agreement; and
- understand that the Commitment Agreement can continue until the water organisation is established under the Act (unless terminated by agreement).

After completing this Commitment Agreement, councils should:

- through the Project Team established under the Commitment Agreement, agree on a scope and project plan for key activities and decisions, including:
 - planning the preferred ownership structure for the water organisation and the preferred governance arrangements for that structure (including the control and financial rights of each council);
 - the services the water organisation will deliver (eg all water services or all water services except for stormwater services);
 - the councils' approach to and timeframe for public consultation if required (ie each council separately or jointly)⁴;
 - the approach to making key decisions;
 - the approach to funding and financing arrangements for the water organisation (noting increased access to Local Government Funding Agency is available if Councils decide to use an ownership structure in which they are the only shareholders); and
 - agree key dates for council decision-making; and
- work towards completion of the templates relevant to the agreed arrangement (which may be assisted by completion of the Commercial Terms Sheet if agreed).

How to use this document / template

Complete the Commitment Agreement with the required information eg names of signatory councils. Councils will have to make decisions on the following key issues to complete this template:

DECISIONS

<i>If there will be a lead council to manage the administration of the project and whether the lead council will change after an agreed period.</i>	<input type="checkbox"/>
<i>Membership of the governance groups to progress the arrangement ie the Councils Executive Group, the Project Steering Group and the Project Team.</i>	<input type="checkbox"/>
<i>The frequency of meetings for the governance groups including meetings of the project team to develop the activities.</i>	<input type="checkbox"/>
<i>Project budget and thresholds for financial approvals and delegations.</i>	<input type="checkbox"/>
<i>The agreed expiry of the Commitment Agreement.</i>	<input type="checkbox"/>
<i>The ability to request a council to withdraw from the Commitment Agreement.</i>	<input type="checkbox"/>
<i>What terms (if any) will endure after termination of the Commitment Agreement.</i>	<input type="checkbox"/>

⁴ Sections 30 – 33 of the Local Government (Water Services) Act 2025.

DECISIONS

The details to be included in the Schedules to the Commitment Agreement (Scope and Project Plan; Funding Commitment Plan; Commercial Terms Sheet).



The Department can provide further information or support to councils if required. Please contact wmdp@dia.govt.nz

Please note that neither this guidance nor the Commitment Agreement template attached constitute legal advice. If unsure as to their position on any matter, councils should consider obtaining their own independent legal advice.