

# Establishment of QLDC 3Waters CCO

Councillor Workshop

28 April 2026

# Agenda

1. Transitional Governance & Support Agreement 5 minutes
2. Purpose of the Statement of Expectations 5 minutes
3. The approach and process 90 minutes
4. What we've heard
5. SoE content

# Transitional Governance & Support Agreement

- In the upcoming workshops we will present a draft Transitional Governance & Support Agreement (**TGSA**). This artefact is being co-designed for both Council and the WSCCO Board.
- The intent of the TGSA is:
  - To define the role of Council and the Board, responsibilities and key decisions during establishment.
- The process is – workshop, then review and approval by both Council and the Board.

# Statement of Expectations: Purpose

- Sets out **QLDC's expectations** of the WSCCO.
- Informs and guides:
  - the decisions and actions of the WSCCO
  - the Water Services Strategy
- The WSCCO **must give effect** to the statement of expectations.



**SoE**

Powerful governance tool, giving councils more influence over WSCCOs than traditional CCO settings

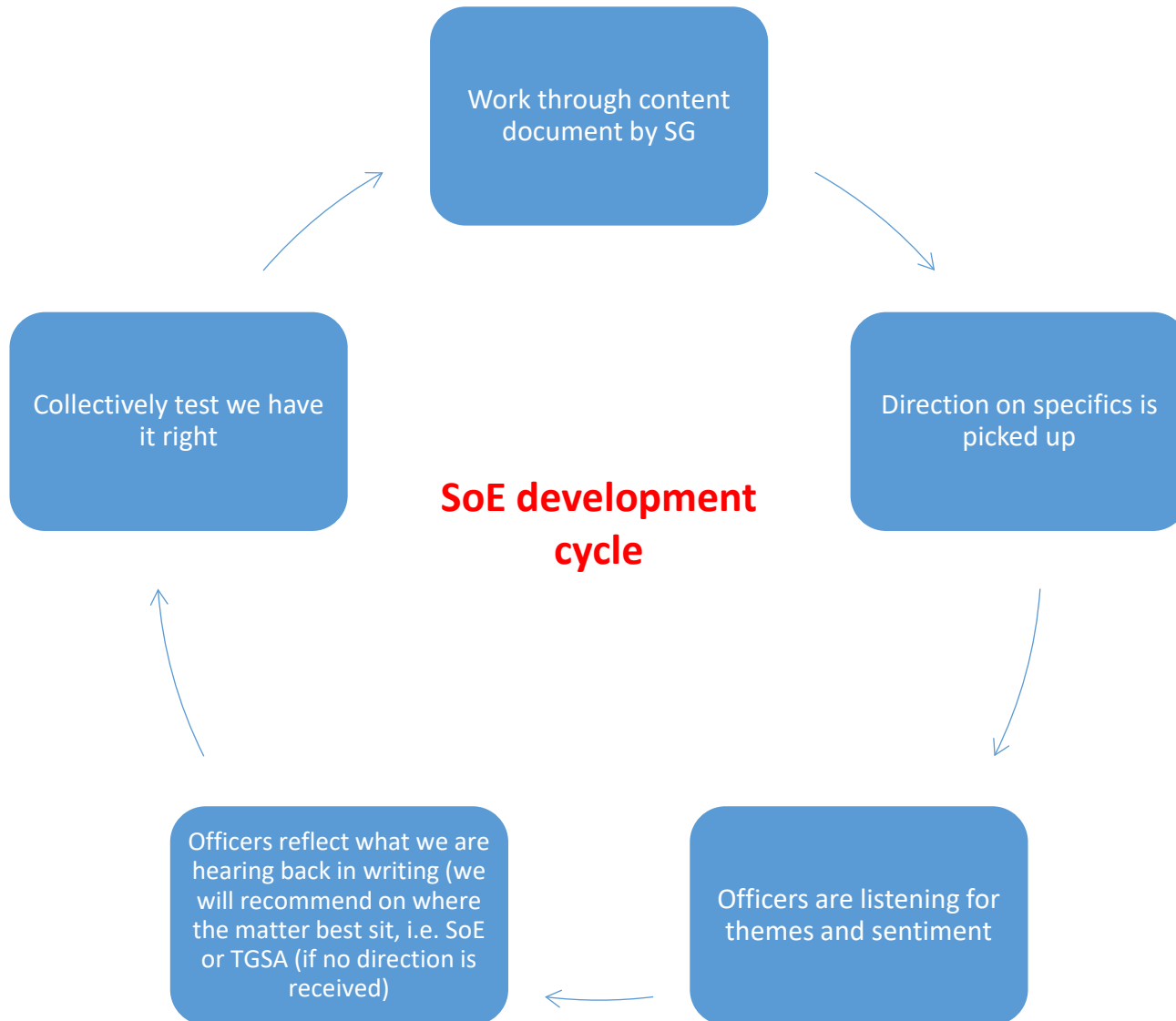
Shapes the WSCCO's investment approach, service priorities, and level of engagement with shareholders and communities

Ensures the WSCCO's planning (especially the WSS) is aligned with QLDC outcomes, expectations, and regulatory obligations

# Approach & Process to develop SoE

- The purpose of the SoE is clear. ✓
- Baseline material has been provided: ✓
  - Briefing materials document (**Attachment B**)
  - Legislative provisions (LGWSA SoE provisions) (**Attachment C**)
  - Content of SoE by SG (**Attachment D**)
  - LGWSA 2025 – Section 246, Schedule 4, WS Annual Report content (**Attachment E**)
  - SoE Operational Checklist (quality assurance) (**Attachment F**)
- Links to examples of other SoEs can be found in SGs document (others have been here before us).
- The process is outlined. ✓

# Approach & Process to develop SoE



We repeat the cycle, until we can confidently move to production of a final draft – target date to share draft with WSCCO Board is **23 July 2026**.

# A word from the Programme Director

## Considerations for a “right-sized” initial Statement of Expectations for QLDC 3Waters:

- The programme is in rapid acceleration phase – we are working to make up early slippage of some 4 months of the initial implementation milestones as outlined in our WSDP.
- There is considerable work to stand up for Day 1, both for the establishment team and QLDC in readiness for post 3Waters.
- The focus for Day 1 will be on establishing a stable operating base, rather than delivering immediate performance gains over current arrangements.

# A word from the Programme Director (cont.)

- The entity will require time to reach high-performance maturity, while functions and capability settle.
- Leaders will require time to embed the culture and support organisational adjustment -both important enablers of high performance.
- The legislation allows flexibility in some areas for Council to set clear direction, avoiding duplication will be beneficial.
- Councils ultimate point of control is the appointment of the directors.

# Statement of Expectations: Content

## **Must** include:

- ✓ Expected outcomes
- ✓ Alignment with council planning frameworks
- ✓ Shareholder obligations
- ✓ Half-yearly reporting requirements

## **Can** include:

- Relationship management
- Performance indicators
- Strategic priorities
- Third party agreements
- Community engagement
- External Audit of Review




*Should we include all, some, none?*

# What we've heard to date:

Over the last several weeks, a number of matters have been raised that we have picked up as being appropriate for these future discussions. They are:

- The entity is to be set up for success – “let’s do this really well”
- The quality of our Chair and Board will be critical
- The WSCCO needs full independence vs let’s keep control for as long as possible
- We are happy to rely on Section 249 for any additional plans/reports we may want (Section 249 of the LGWSA allows the Council, as shareholder, to require in writing that the water organisation prepare additional reports or plans)



This is an aide memoire;  
we will address these  
through the SoE and the  
Transitional Governance  
& Support Agreement  
discussions

# What we've heard to date (cont):

- Term of contracts need to be discussed and Council's expectation reflected somewhere
- We know the WSCCO will need to bring its Significance and Engagement Policy to Council for approval – perhaps this is where we focus on mayor decisions?
- We expect the WSCCO to operate in alignment with QLDC's values and strategic direction
- Let's use catch-all statements, rather than specify every council policy/plan/strategy and artefact (where appropriate)

# SoE Topic/Expectation discussion points:

## **1- Focus of SoE ( must relate to a period of 10 consecutive financial years).**

**OPTION 1:** Enduring approach, that guides decision-making during & post establishment

**OPTION 2:** Specific direction focused on the establishment / transition period

**OPTION 3:** A bit of both

**Note :** In practice, it is expected that there is a high degree of collaboration and information sharing during the establishment / transition. The Transitional Governance & Support Agreement could be the place for the establishment direction.

# SoE Topic/Expectation discussion points:

## 2- Level of detail and direction

**OPTION 1:** Broad and high level

**OPTION 2:** Detailed and directive

**Note :** This should be outcomes based rather than **how** the WSCCO gives affect to the expectation

# SoE Topic/Expectation discussion points:

## 3 - Extent of reliance on existing documents, requirements and plans?

**OPTION 1:** Specifically refer to and rely on existing documents, statutory requirements, policies and plans, where such plans exist – including by cross-referring to those documents

**OPTION 2:** Create more general expectations that refer to the same topics

**Note :** Cross-referencing may be more efficient and lead to more certainty.

# SoE Topic/Expectation discussion points:

## 4 – Timeframe for review or update (no statutory review timeframe)

**OPTION 1:** Do not specify

**OPTION 2:** Specify how often Council intends to review and update the SoE

**Note :** Expected timeframe for review would be every three years (in line with the Water Services Strategy process) given specific purpose of SoE (s 224(3)(b)(ii)).

# SoE Topic/Expectation discussion points:

## 5 – Outcomes to be achieved by providing water services (s227(1)(a))

**OPTION 1:** Apply the same outcomes as detailed in the LTP

**OPTION 2:** Specify different outcomes

**Note :** Common outcomes being used elsewhere are:

- Safe, reliable and compliant water services
- Financially sustainable delivery that balances infrastructure requirements with affordability
- Infrastructure that supports QLDC's rapid population growth and peak demand due to tourism / visitor popularity
- Resilience improvements, including to hazard and infrastructure risk, and longer term growth pressures
- Adoption of robust governance model, and best practice community engagement

# SoE Topic/Expectation discussion points:

## 6 – Resource management and land use planning (s 227(1)(a))

**OPTION 1:** Not optional – this is a **mandatory** requirements

**Note :** Common outcomes being used elsewhere are:

- Specifically consider existing planning documents
- Align capital investment with intended sequencing of land release, while allowing some flexibility for out-of-sequence development where appropriate
- Work with Council (as part of Council family) when planning documents are being prepared
- Supporting Council when required for any consenting or planning processes by providing technical and strategic advice, including expert witnesses as needed
- Support Council with any advocacy with central-government where relevant

# SoE Topic/Expectation discussion points:

**7 – Relevant statutory obligations of the Council which the water organisation must act in accordance with** (need to identify any specific statutory obligations of relevance to Council that should be captured).

**OPTION 1:** Not optional – this is a **mandatory** requirement

**SUGGESTED APPROACH:** Officers provide list to Council clarifying what statutory obligations may exist (that are different from the general responsibilities, functions, powers that will transfer through the Transfer Agreement).

# SoE Topic/Expectation discussion points:

**8 – Information required in the half-year report** WSCCO is required to produce a Water Services Annual Report each year, with the content prescribed by s 246 (and Schedule 4) of the LGWSA). See attachment E

**OPTION 1:** Not optional – this is a **mandatory** requirement

**SUGGESTED APPROACH:** A balance be struck between useful information for Council (to assess performance against SoE) and overburdening the WSCCO if there is a frequent need to prepare extensive information.

# SoE Topic/Expectation discussion points:

**8 (cont) – Information required in the half-year report** WSCCO is required to produce a Water Services Annual Report each year, with the content prescribed by s 246 (and Schedule 4) of the LGWSA). See attachment E

**Note :** May wish to consider incorporating some of the following (or others):

- Regulatory compliance update information and status of any known non-compliance and related mitigations/improvements
- Updates on key capital projects
- Expenditure as against budget, and forecast expenditure for the remainder of the year
- Critical risks and mitigations
- Key stakeholder relationships, meetings and engagements
- Reporting against performance measures
- Any relevant transition updates

# SoE Topic/Expectation discussion points:

## 9 – Relationship with the Council

**OPTION:** Expectations can be set as to how the WSCCO should work with Council, e.g. open and transparent, collaborative, ‘no surprises’, honesty, etc

**CONSIDERATIONS:** Could also include more specific requirements for regularly scheduled meetings (at more frequent intervals than under Constitution), and at different levels (e.g. CE to CE, Board to CE, etc).

If opting to do the above then the purpose should be specified.

Council can also require the WSCCO to develop its own relationships policy to cover key strategic relationships with Council and other stakeholders.

# SoE Topic/Expectation discussion points:

## **10 – Relationships with customers, the community and/or specified stakeholders**

**OPTION:** As above, but with focus on openness, transparency, accessibility and maintaining social licence.

**CONSIDERATIONS:** Could consider the potential development of specific policies or structures that inform key relationships, such as a Customer Charter, Complaints Process or establishment of Community Liaison Group.

# SoE Topic/Expectation discussion points:

## 11 – Relationship with mana whenua

**CONSIDERATIONS:** Further consideration required to determine appropriate expectations, including discussions with mana whenua . Suggest this be revisited once all parties have had an opportunity to come together.

# SoE Topic/Expectation discussion points:

## **12 – Collaboration with the Council and other parties when providing water services**

**CONSIDERATIONS:** Council may want to consider expectations that guide how the WSCCO should work with the Council and other infrastructure providers to sequence works to minimize disruption (eg. advance notice of project plans, to align delivery of underground infrastructure, etc).

**Note:** This is quite operational and could be captured with a simple statement

# SoE Topic/Expectation discussion points:

## **13 – Application of Council obligations to third parties (including mana whenua) under existing agreements**

**SUGGESTED APPROACH:** Officers provide inventory of relevant existing agreements to be identified and referred to in the SoE

# SoE Topic/Expectation discussion points:

## 14 – Performance indicators and measures

**OPTION 1:** Specify performance measures and/or targets

**OPTION 2:** Adopt the existing measures and targets as reflected in the LTP & Infrastructure Strategy

**OPTION 3:** Council comment on the measures and targets set by the WSCCO in the Water Services Strategy

**Note:** All SoEs adopted to date have **not** specified performance measures and targets

# SoE Topic/Expectation discussion points:

## 15 – Strategic priorities to be included in the Water Services Strategy

**OPTION 1:** Council can provide specific guidance on the strategic priorities that it will expect the WSCCO to develop in its WSS.

**OPTION 2:** Await WSS and provide comment through review process

**Note:** Balancing Council direction with flexibility and independence for the WSCCO will be important.

# SoE Topic/Expectation discussion points:

## 16 – Specified obligations to undertake on behalf of the Council

**SUGGESTED APPROACH:** Officers provide inventory of relevant existing agreements to be identified and referred to in the SoE

**Note:** There are a few items that are best left with Officers to produce material for, we then circle back for Council to review.

# SoE Topic/Expectation discussion points:

## 17 – Community or consumer engagement

**OPTION 1:** Provide guidance on when the WSCCO is to engage with the community or consumers, what it should prepare and how

**OPTION 2:** Leave this to be covered in the Significance & Engagement Policy.

**Note:** Revert to the discussion on point 10. Both matters can be managed through a combined direction.

# SoE Topic/Expectation discussion points:

## **18 – Requirement for audit or independent review of the WSS**

**Note:** No further action. Direction has already been received to include this in the constitution.

# SoE Topic/Expectation discussion points:

## 19 – Additional Plans or reports

**OPTION 1:** Nothing additional at this time

**OPTION 2:** Examples of other reporting may be:

- Quarterly reporting (similar to half-yearly but less detailed)
- Thematic plans i.e particular schemes/strategic projects underway
- H&S and risk management reporting
- Reporting relating to mana whenua

# SoE Topic/Expectation discussion points:

## 20 – Establishment specific expectations

There are good examples of what has been adopted by Iawai, Selwyn Waters and Tiaki Wai in relation to establishment expectations. They are high level. [IAWAI](#) [Selwyn Waters](#) and [Tiaki Wai](#)

**Note:** A number of key establishment expectations have been set in the WSDP (recently reset), i.e date of incorporation, board appointment, CE appointment, Go Live date. In addition, the Programme Control Group have approved a number of Programme Principles the Establishment Team are work to.

# Live Establishment Programme Principles

- **Our role is to** - implement Councils resolution to form a WSCCO to successfully deliver quality, cost effective three waters services for our community.
- **Current LoS remain unaltered** – We see no reduction to the current LoS the community enjoys.
- **Low Impact to QLDC for initial 3 years (Minimum Day-1)** – Decisions on establishment are made considering the lowest impact to QLDC for Day 1

- **Clear Governance, Roles, & Decision Paths (PCG, then Board & S/H Forum)** - Clearly defined shareholder, Board and management roles with explicit accountability and assurance.
- **Transfer Agreement that allows for future corrections** – We won't capture everything correctly for Day 1, we allow to revisit it in future
- **System and Platform Stability** – Day 1 is tested in advance to ensure minimal impact on the business and customers.

- **We are transparent, deliver key messages & updates to staff** – Pace means we can't engage on everything, but we put a lot of energy into our internal comms.
- **Minimal outward change for our customers** – changes for our customers occur strategically and over time.
- **Provide clarity for our people as early as possible** – our people are a priority, we move quickly on comms and the people workstreams.

# Next Steps Councillor Input

