

Item 1: Water Services Council Controlled Organisation Implementation

SESSION TYPE: Workshop

PURPOSE:

To discuss and obtain feedback from Council on key elements related to the establishment of Queenstown Lakes District Council's Water Services Council Controlled Organisation to inform future decisions.

1. Introducing the Programme Director	5 minutes
2. Programme Status Refresh	5 minutes
3. Constitution	
a) Board structure (size, term)	20 minutes
b) Board skill mix	40 minutes
c) Mana whenua role	20 minutes
d) QLDC role in WSCCO decision making	20 minutes
e) Board appointment process	20 minutes
4. Water Services Planning System	20 minutes
5. Draft Transition Principles	20 minutes

DATE/START TIME:

Thursday, 22 January 2026 at 9:30am.

TIME BREAKDOWN:

Presentation / Debate / Discussion as outlined above.

Prepared by:



Name: Pennie Pearce
Title: Strategy & Reform Manager
22 December 2025

Reviewed and Authorised by:



Name: Katherine Harbrow
Title: GM Assurance, Finance & Risk
22 December 2025

ATTACHMENTS:

A	Workshop Slides (to be presented on the day)
B	Briefing Paper
C	December 2025 Programme Status Report
D	Key Decisions for Foundation Documents
E	Board Skills Matrix – for discussion
F	Appointment and Remuneration of Directors Policy
G	Overview of water services planning system
H	Overview of water services strategy requirements
I	Local Government (Water Services) Act 2025 – provisions relating to SoE

Attachment A: Workshop Slides (to be presented on the day)

WaiSouth Establishment

Councillor Workshop

22nd January 2026

Agenda

1.	Introducing the Programme Director	5 minutes	
2.	Programme Status Refresh	5 minutes	
3.	Constitution		
a)	Board structure (size, term)	20 minutes	
b)	Board skill mix	40 minutes	
c)	Mana whenua role	20 minutes	
d)	QLDC role in WSCCO decision making	20 minutes	
e)	Board appointment process	20 minutes	
4.	Water Services Planning System (incl SOE)	20 minutes	
5.	Draft Transition Principles	20 minutes	

Introducing the Programme Director



Refer Section 2 of Attachment B



**Maseina
Koneferenisi**

Leadership in water reform & entity establishment:

- ✓ Led Masterton DC through decision and establishment of a multi-council WSCCO (go-live 1 July 2027)
- ✓ Regional Establishment Director DIA: set up Regional Establishment Group and PMO, delivering integrated programme for four new Water Service Entities (23 councils)
- ✓ CEO/COO at Lutra Ltd (water consultancy owned by Watercare)

Regulatory literacy: Deep knowledge of water services legislation, compliance and regulatory frameworks.

Stakeholder engagement & delivery: Experienced with iwi, elected members, regulators; proven delivery of complex programmes.

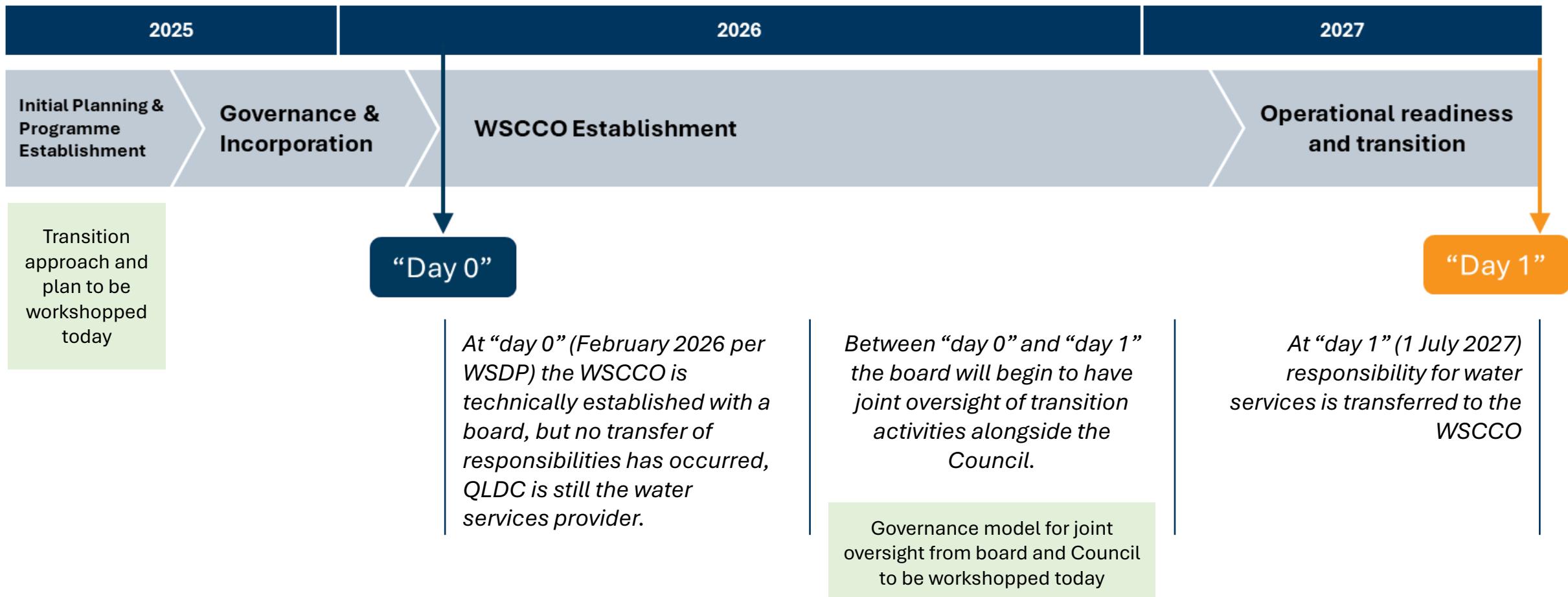
Programme Status Refresh



Refer Attachment C



The Water Services Delivery Plan, adopted on 31 July 2025, sets out a high-level implementation plan for QLDC's Water Services Council Controlled Organisation as set out below.



Programme Status Refresh



- > Detailed planning for the WSCCO establishment is dependent on the Programme Director appointment; this process has taken longer than expected, delaying substantive planning.
- > Some preparatory work (e.g. governance and incorporation planning) has started to ensure key milestones, such as board appointment, can be met on time.
- > It is essential to continue progressing critical tasks in the interim, so that once the Programme Director is on board, the programme can move forward without further delay.
- > Council input and decisions on board requirements, constitution, and appointment panels are scheduled for early - mid 2026 and rely on timely progress now.



Purpose: Sets out the rules, structures, and processes for how the WSCCO operates, ensuring legal compliance, clarity of roles, and effective accountability.

Timing: Adopted at or near the time the WSCCO is incorporated.

Focus: Today's workshop will cover the following:

- ✓ Board size and term
- ✓ Board skill mix
- ✓ Role of Ngāi Tahu on the board
- ✓ Board appointment process
- ✓ QLDC role in WSS & Annual Budget



Direction required; to inform 5 February decision



Initial discussion; further workshops March, April, May, decision July

Other Key Documents

Statement of Expectations (SOE)

Prepared by Council – but WSCCO is provided opportunity to comment on a draft

To guide the WSCCO, particularly in preparing its WSS

Must be issued within 6 months of establishment, and at least 6 months before preparation of the WSS commences
(important to discuss between Council and WSCCO)

Anticipated review before each WSS (3-yearly)

Water Services Strategy (WSS)

Key planning and accountability document for providing water services

Prepared by WSCCO

Sets out activities, outcomes, strategic matters, significant issues, operational and financial matters, etc

Equivalent to Council LTP in that it is a statement of policy intentions

Adopted every 3 years – first by 1 July 2027

OPTION 1: Single Establishment Director

Minimum requirement of the companies office.

OPTION 2: Establishment Board

Small Board with skills focused on establishment and foundation.
Followed by later appointment of full board.

OPTION 3: Full Board

Full board appointed from the outset.

OPTION 1: Fixed Term

Commonly 3 years, sometimes 4, with staggered rotations.

OPTION 2: Staged Term

Shorter initial term e.g. 12–18 months, then standard terms.

OPTION 3: Rolling Appointment

Members appointed progressively, overlapping terms.

OPTION 4: Renewal Limits

Often maximum two consecutive terms.

DECISION 1: Competencies/skills to be included

Select from list of common skills included in the Board Skills Matrix and add any additional.

DECISION 2: Extent each skill is required

Determine whether skills must be held by the establishment and/or final board, and how many directors require each skill.

DECISION 3: Location of Board Skills Matrix

In the Constitution or a standalone policy (key question - fixed or a living document?).

Board Skills Matrix – Potential Skills



Refer Attachment E

SIMPSON
GRIERSON

Skills commonly being included in Board Skills Matrices around the country include:

Governance and leadership experience

Asset / utility / infrastructure management and delivery

Transition / change / establishment management

Finance and risk

Commercial strategic business expertise

Customer experience

Relationship management

Mātauranga Māori / tikanga Māori / te ao Māori

Health & Safety

Public accountability

Knowledge of the Queenstown-Lakes District

Experience operating within a regulated environment

Experience operating within, or interacting with, Local Government



Are you comfortable with these? Anything else you want considered?

OPTION 1: Constitution

Included directly in the Constitution – can only be amended by Shareholder Resolution.

OPTION 2: Stand-alone document

Including the matrix in a stand-alone document, or as part of an appointments policy – provides greater flexibility to alter

OPTION 1: **Voting Director**

Council formally invites mana whenua to nominate a candidate for the Board. Candidate must meet minimum professional and governance skill requirements. Council ratifies appointment.

OPTION 2: **Advisory to the Board**

Council invites mana whenua to nominate an advisor to attend board meetings. No formal director status; advisory only.

OPTION 3: **Advisor to Council (non-voting)**

Council invites mana whenua to nominate an advisor to attend Council/committee meetings. No formal member status; advisory only.

These options will be discussed with Ngāi Tahu once direction from Council is obtained

OPTION 4:

Appointee to Council committee (voting)

Assumes a Council committee oversees WSCCO rather than full Council

Council invites mana whenua to nominate an appointee to a Council committee responsible for decisions it makes relating to the water organisation. Effectively operates as part of Shareholder body.

OPTION 5:

No formal involvement

Council does not provide for any specific and formal role for mana whenua. Reliant instead on LGA requirements to facilitate mana whenua input.

Constitution: Discuss & Provide Direction





The Constitution must set out QLDC's involvement in the WSS and Annual Budget for the WSCCO.

Transfer (or not) of decision-making to the WSCCO must also be set out in the **Transfer Agreement**, along with:

- the implications for QLDC and the WSCCO, and
- the implications for the process of preparing the WSS and Annual Budget, and
- how QLDC will notify the WSCCO of its final decision, and
- QLDC will make its process for the final decision transparent to its communities.

These practical implications can also be set out in the Constitution, and these arrangements can be changed in the future by changing the Constitution.

OPTION 1: QLDC

QLDC retains an ability to amend or approve the final WSS and Annual Budget, including capital and operating expenditure, charges, and revenue recovery for water services. Complexities for decision-making and potential tension between Council and WSCCO.

OPTION 2: WSCCO Board

QLDC can require accountability reporting under the LGWSA, Constitution or SoE and require the WSS to be subject to independent audit or review

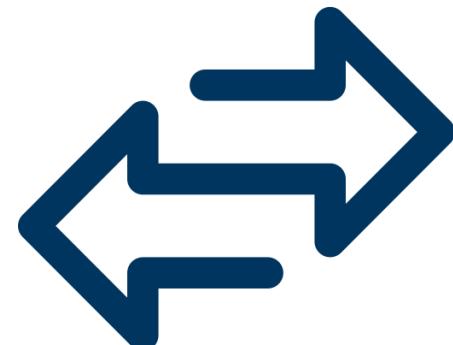
The WSCCO Board makes final decisions on the WSS and Annual Budget, including capital and operating expenditure, charges, and revenue recovery for water services.

QLDC's provides strategic direction through the SOE and comments on the draft WSS and Annual Budget.



Future workshops

31 March, 28 April, 12 May



Future decision

16 June

Board Appointment Process



Refer Section 6 of briefing materials
and Attachment F



Director appointments would follow QLDC's **Appointment and Remuneration of Directors Policy**, which assumes a Governance Subcommittee.

With the Governance Subcommittee removed, Council must address immediate WSCCO director appointments and consider a longer-term approach, which presents two decision points:

- 1. Scope of change:** One off or wider Policy update to apply to future appointments
- 2. Options for the appointment process:** Whether Council pursues a one-off approach or a broader policy update, several models for the appointment process are available.

Board Appointment Options: Scope



OPTION 1: One off approach for WSCCO

Temporary process that applies solely to the WSCCO establishment.

OPTION 2: Wider policy update

Update the Appointment and Remuneration of Directors Policy, establishing a new, consistent approach that applies to all future director appointments for both the WSCCO and QAC.

Board Appointment Options: Process Models



OPTION 1: Appointment Panel

A small panel of 3 – 5 elected members appointed by Council resolution.

OPTION 2: Mayor + Deputy Mayor + One Additional Councillor

A streamlined group of key office holders plus one councillor.

OPTION 3: Temporary “Appointments Working Group”

Ad hoc group formed.

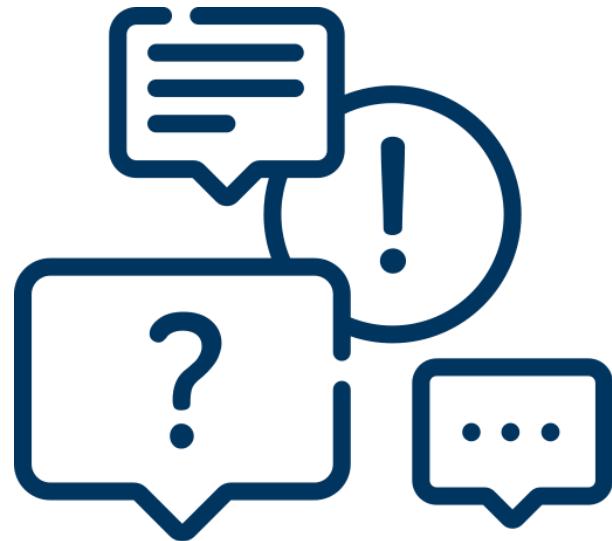
OPTION 4: Independent Chair + Councillor Panel

Mix of elected members and an independent governance expert.

OPTION 5: Delegate to CE with Councillors Oversight

CE manages process with one or two councillors providing oversight.

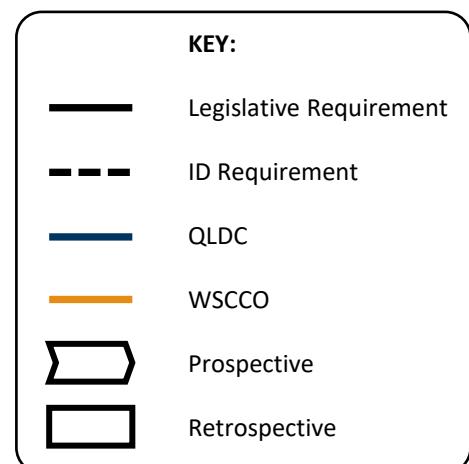
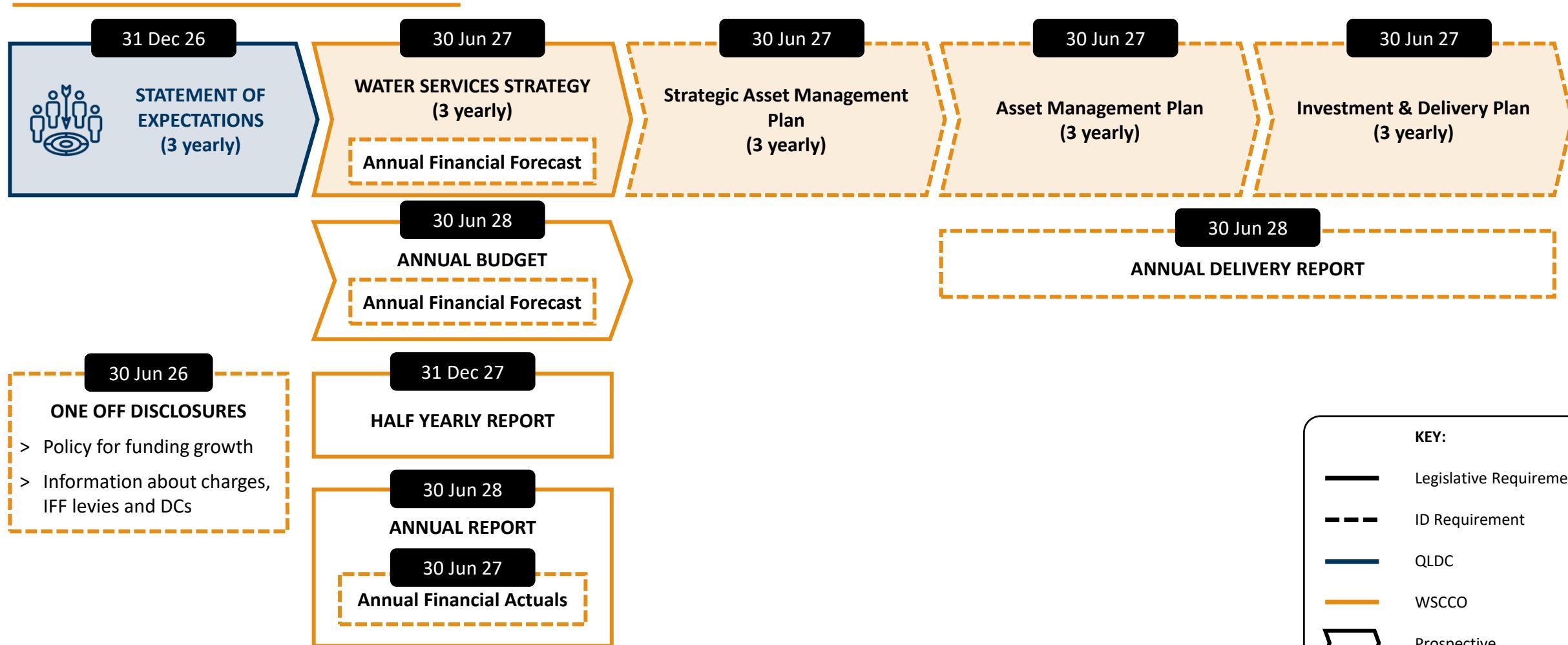
Appointment Process – Discuss & Provide Direction



Water Services Planning System



Refer Attachment G



Ownership / governance

QLDC to transfer full responsibility (including assets) for water supply and services to new water organisation on 1 July 2027

Governance role:

- Statement of Expectations (SOE)
- Oversight & monitoring
- Input into planning & accountability documents

A new relationship, but ability to set strategic expectations and direction through SOE

Water service provider

WSCCO will be responsible for all statutory obligations as the Water Service Provider including: developing water services strategy (WSS), legislative compliance, and financial decision-making

WSCCO required to consult on various proposals, including engaging direct with QLDC

QLDC may be required to provide some ongoing support – to be resolved

Statement of Expectations: Purpose



Refer Section 7 of briefing materials
and Attachment I



- 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

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
- Independent Audit or Review



Should we *include all, some, none?*

Statement of Expectations: Content



The WSS must specify how the WSCCO will respond to these statutory objectives:

- Be reliable and resilient to external factors (e.g. climate change, natural hazards)
- Meet consumer quality expectations and all regulatory requirements
- Deliver services cost-effectively and sustainably
- Plan for future infrastructure needs
- Share efficiency gains with consumers
- Use water resources efficiently
- Operate transparently, accountably, and in line with sound business practice
- Act in the best interests of current and future consumers
- Support housing growth and urban development
- Be a good employer



Should the SOE set expectations relating to these objectives?

Statement of Expectations: Process



Legislated process:

Shareholder drafts **SoE**, provides to water organisation for comment

New water organisation: Can start preparing before establishment

Water organisation provides feedback on **SoE**

Shareholder considers feedback, finalises **SoE**

New water organisation: Must be within six months of establishment

Shareholder provides final **SoE** at least six months before **WSS** due

Water organisation develops / finalises **WSS**

QLDC process:

QLDC drafts **SoE**
(January – June)

Joint QLDC / WSCCO Board workshops to discuss **SoE**
(July, August)

WSCCO provides formal feedback on **SoE**
(August)

QLDC finalises **SoE** and provides to WSCCO
(August)

QLDC commences drafting **WSS**
(January – July)

QLDC staff continue development of **WSS** with oversight from WSCCO Board,
Board finalises **WSS**
(August – July 27)

Draft Transition Principles



Refer Section 8 of briefing materials



Transition approach to be agreed, or further refined, on 19 March.

Service Continuity and Public Health Protection

Minimum-Viable Day-1 Operating State (Staged Transformation)

Clear Governance, Roles, and Decision Rights

Protection of Workforce Experience & Capability

Customer-Centred Transition Design

Data Integrity and Information Readiness

System and Platform Stability Before Optimisation

Financial Sustainability and Transparency

Strong Stakeholder and Community Engagement

Build Future Capability While Preserving Current Performance

Evidence-Based, Risk-Led Transition Planning

Collaboration, Learning, and Sector Partnerships



*Are you comfortable with these?
Anything else you want considered?*

Next Steps for Councillor Input



THIS WORKSHOP

Direction on:

- **Constitution:** Board structure / size / terms / skills, Ngā Tahu role, council role in strategy.
- **Board appointment panel and decision making.**
- **Statement of Expectations:** Outcomes, priorities, performance indicators, relationships.
- **Transition principles and governance model**

Direction was to be sought on these topics at the 5 February meeting, but moved to this workshop at councillor request

5 FEBRUARY MEETING

Decisions on:

- ✓ **Board skills mix, size, term**
- ✓ **Board appointment panel and decision making**

19 MARCH MEETING

Decision on:

- ✓ **Transition approach, plan, governance model**

Due December 2025, deferred to allow for Programme Director appointment and detailed planning to take place.

FURTHER WORKSHOPS

QLDC

- SOE: 31 Mar, 28 Apr, 12 May

JOINT

- Constitution: 16 Jun
- SOE: July x2

FURTHER MEETINGS

QLDC

- ✓ Board Apptmt: 7 May
- ✓ SOE: 18 Jun, 27 Aug

WSCCO Board

- ✓ CE JD: May
- ✓ CE Apptmt: Aug
- ✓ SOE: Aug

*Current workshops and meetings focus only on **programme establishment and governance / incorporation**.*

Additional sessions will be scheduled once detailed planning for all workstreams is completed in early 2026



1. PURPOSE

The purpose of the workshop is to discuss key elements associated with establishing QLDC's WSCCO to obtain Councillor input to inform future direction and decisions. The workshop will be jointly run by QLDC's Strategy and Reform Manager, Pennie Pearce, and Mike Wakefield from Simpson Grierson.

The purpose of this paper is to provide material to inform the discussions to be held in a workshop with QLDC councillors on 22 January 2026 in relation to the establishment of QLDC's Water Services Council Controlled Organisation (WSCCO).

2. INTRODUCING THE PROGRAMME DIRECTOR

QLDC has appointed Maseina Koneferenisi as fixed-term Programme Director to oversee the establishment of the WSCCO, following a nationwide recruitment process.

Maseina brings extensive public sector leadership experience in water reform and entity establishment. As Group Manager Infrastructure & Assets at Masterton District Council (across all above and below ground infrastructure), she led the legislative process for water services, resulting in a multi-council WSCCO with four district councils, set to go live in July 2027. Previously, as Regional Establishment Director at the Department of Internal Affairs, she developed a multi-year programme for four new Water Service Entities involving 23 councils.

Her background includes senior executive roles in the water sector (CEO and COO at Lutra Ltd, Water Services Manager at Horowhenua District Council) and contributions to Wellington Water's formation. Maseina holds deep expertise in water legislation, compliance, and regulatory frameworks, alongside strong stakeholder engagement skills and a proven ability to lead complex programmes. She has considerable programme and project management experience and has delivered large-scale projects alongside operationalising strategy.

3. PROGRAMME STATUS REPORT

Refer Attachment C for the status report provided to councillors on 5th December 2025.

4. CONSTITUTION

Refer Attachment D for a table outlining the key decisions required for the foundation documents and options analysis for each.

5. BOARD SKILLS MATRIX

Refer Attachment E for a draft board skills matrix outlining the suggested skills and capabilities for the WSCCO board.



6. BOARD APPOINTMENT PROCESS

The process for appointing directors is currently governed by QLDC's Appointment and Remuneration of Directors Policy (refer Attachment F). This policy was originally designed with the assumption that a dedicated Governance Subcommittee would be responsible for managing all aspects of director appointments. The Subcommittee's role included overseeing the selection process, evaluating candidates, and recommending appointments to the full Council.

However, the Governance Subcommittee no longer exists. This change has created a gap in the policy's implementation, as there is no longer a designated group to manage the director appointment process. As a result, it is necessary for Council to establish an alternative delegated group to oversee the appointment of directors for QLDC's WSCCO. This group would take on the responsibilities previously held by the Subcommittee, ensuring that the appointment process remains robust and transparent.

Process per Appointments and Remuneration of Directors Policy	Considerations for WSCCO Director Appointments
1. Governance subcommittee formed: Comprises Mayor, Deputy Mayor, Chief Executive	No Governance Subcommittee; will need an alternative delegated group of Councillors to be formed.
2. Define Skills & Experience: Subcommittee (or delegated officer) identifies required competencies	No Governance Subcommittee; skills and experience being defined with Full Council instead (this workshop).
3. Search & Shortlist: Subcommittee considers applications and prepares shortlist. May engage specialist advisor for assistance	No Governance Subcommittee; will need an alternative delegated group of Councillors to consider applications.
4. Interview Candidates: Each shortlisted candidate interviewed by the Subcommittee.	No Governance Subcommittee; will need an alternative delegated group of Councillors to interview candidates.
5. Select Preferred Candidates: Subcommittee decides, checks references.	No Governance Subcommittee; will need an alternative delegated group of Councillors to check references and make decisions.
6. Recommend to Full Council: Formal recommendation for appointments made.	No Governance Subcommittee; will need an alternative delegated group of Councillors to recommend appointments.

Process per Appointments and Remuneration of Directors Policy	Considerations for WSCCO Director Appointments
<p>7. Appoint Chairperson: Council appoints Chairperson (normally after consultation with the Board).</p>	<p>Can be accommodated under the existing Policy.</p>

In light of the removal of the Governance Subcommittee, Council must consider both the immediate requirements for appointing directors to the WSCCO as well as the potential need for a broader, enduring approach to director appointments. This presents two key decision points:

1. Scope of Change:

- a. *One-off Approach for WSCCO:* Council could adopt a temporary process that applies solely to the establishment of the WSCCO. This would involve forming an ad hoc group or process specifically for these appointments, leaving the existing Appointment and Remuneration of Directors Policy unchanged for the Queenstown Airport Corporation (QAC).
- b. *Wider Policy Update:* Council could choose to update the Appointment and Remuneration of Directors Policy itself. This would establish a new, consistent approach that applies to all future director appointments, including both the WSCCO and QAC.

2. Options for the Appointment Process: Whether Council pursues a one-off approach or a broader policy update, several models for the appointment process are available. Each model balances efficiency, oversight, diversity, and cost differently. The following options can be considered as part of either the temporary or enduring framework:

- a. *Appointment Panel (Subset of Councillors):* Establish a small panel of three to five elected members, appointed by Council resolution, to oversee board appointments. This method maintains democratic oversight while reducing the workload for the full Council. Coordination is generally easier with a smaller group, but it is essential to ensure that the panel's delegation and terms of reference are clearly defined to avoid ambiguity in the process.
- b. *Mayor, Deputy Mayor, and One Additional Councillor:* The appointment process could be managed by a streamlined group comprising the Mayor, Deputy Mayor, and one additional councillor, potentially selected for relevant expertise. This structure enables quick decision-making and retains political accountability. However, the limited size of the group may reduce the diversity of perspectives brought to the selection process.
- c. *Temporary "Appointments Working Group":* A flexible, ad hoc group could be formed for each appointment cycle, such as three councillors selected by Council for the specific task. This approach avoids creating permanent governance layers and allows the group to be tailored to each appointment's needs. However, the need to re-form the group for each cycle could slow down the process and introduce inefficiencies.



- d. *Independent Chair and Councillor Panel:* Constitute a panel that includes both elected members and an independent governance expert as chair. This model builds confidence in the fairness and expertise of the process, combining professional rigour with Council oversight and reducing the risk of politicisation. The primary drawback is the additional cost associated with engaging an independent advisor.
- e. *Delegation to Chief Executive with Councillor Oversight:* The Council could delegate the appointment process to the Chief Executive (CE), with one or two councillors providing oversight and reporting back to Council. This method offers operational efficiency while ensuring councillors retain visibility over the process. However, it does reduce the direct involvement of elected members in decision-making, which may be a concern for some.

7. WATER SERVICES PLANNING SYSTEM

Refer to Attachment G for an overview of the water services planning system and Attachment H for an overview of the Water Services Strategy.

STATEMENT OF EXPECTATIONS:

Review Attachment I for the legislative provisions relating to the Statement of Expectations.

Purpose:

A Statement of Expectations (SoE) sets the strategic direction for the WSCCO. It is QLDC's primary tool to define what success looks like, the outcomes that must be delivered, and the priorities that must guide all planning, including the legally required Water Services Strategy. The WSCCO is required to give effect to the SoE.

The SoE is designed to achieve the following:

- *Provide long-term strategic direction (10+ years):* The SoE sets the overarching expectations for outcomes, priorities, and alignment with council planning frameworks across at least 10 consecutive financial years.
- *Anchor the Water Services Strategy (WSS):* The SoE must be issued before the WSCCO prepares its WSS, because the WSS is required to demonstrate how the organisation will give effect to the expectations and outcomes in the SoE.
- *Strengthen shareholder oversight and accountability:* The SoE is the key lever for QLDC to:
 - articulate expectations clearly
 - ensure transparency
 - set outcomes the WSCCO must achieve
 - require alignment with broader council resource management and land-use planning



- *Support public accountability:* The SoE forms part of the strengthened planning and reporting environment for water services, ensuring that the WSCCO operates transparently and is accountable for delivering on council-set outcomes.

The SoE must not:

- conflict with statutory duties or regulatory requirements, or
- direct the water organisation to perform (or not perform) a specific action in relation to specific individuals.

This protects the organisation's independence and separates policy from regulatory and compliance functions.

SoE Content Requirements:

Category	Content
Mandatory	<i>Expected outcomes:</i> The outcomes the shareholder expects the WSCCO to achieve through its water services.
Mandatory	<i>Alignment with council planning frameworks:</i> Requirements related to the council's resource management and land use planning.
Mandatory	<i>Shareholder obligations:</i> Requirement for the WSCCO to operate in accordance with the relevant statutory obligations.
Mandatory	<i>Reporting requirements:</i> Defines the specific information the WSCCO must include in its half yearly reports to shareholders
Optional	<i>Relationship Management:</i> How the WSCCO should manage its relationship with shareholders, communities, iwi/hāpu, and consumers.
Optional	<i>Performance Indicators:</i> Specific metrics and measures shareholders will use to monitor the performance of the WSCCO.
Optional	<i>Strategic Priorities:</i> Expectations relating to the strategic priorities to be included in the Water Services Strategy.
Optional	<i>Third Party Agreements:</i> A requirement for the WSCCO to act in accordance with, or undertake obligations from, a shareholders' agreements with third parties.
Optional	<i>Community Engagement:</i> Requirements for the WSCCO to undertake specific community of consumer engagement.
Optional	<i>Independent Audit or Review:</i> A requirement that part or all of the WSCCOs Water Services Strategy be independently reviewed or audited. Can also be specified in the Constitution.

**SoE Preparation Process Considerations:**

QLDC may begin preparing the SoE before the WSCCO is established

Recognising the complexity and lead-time required for preparing an SoE, the legislation explicitly allows QLDC to undertake preparatory work in advance of the WSCCO being formally established. This enables councils to align the SoE with transition planning, regulatory expectations, and early WSS scoping. Early preparation helps avoid delays after establishment and allows for a more seamless transition into the WSCCO's planning cycles.

QLDC may issue an interim SoE

Where timing pressures or transitional circumstances require earlier direction, QLDC may issue an interim Statement of Expectations. An interim SoE can provide preliminary operational priorities, shareholder expectations, or other direction to guide the WSCCO during the period before a full SoE is completed. This tool is particularly valuable during establishment phases or periods of regulatory change, as it ensures the organisation is not left without shareholder guidance while the full SoE is being developed.

QLDC must provide a draft SoE to the WSCCO and allow reasonable opportunity for comment

Before the SoE is finalised, the WSCCO must be given an opportunity to review the draft and provide feedback. This consultation requirement ensures that the SoE is practical, implementable and informed by operational expertise within the organisation. QLDC must then genuinely consider any comments received before finalising the document. This does not require QLDC to adopt all feedback, but it does require a fair and transparent consideration process. The requirement supports a constructive relationship between shareholder and organisation and reduces the risk of misalignment or implementation challenges.

QLDC must provide the final SoE at least six months before the WSCCO must produce its Water Services Strategy (WSS)

The SoE is intended to serve as a core input into the WSCCO's Water Services Strategy. To enable the organisation to integrate the expectations into its forecasting, investment planning and regulatory obligations, the Act requires that the SoE be finalised and provided no later than six months before the WSS is due. This ensures the WSCCO has adequate lead time to understand, interpret and reflect shareholder expectations within its primary planning document.

QLDC must provide the SoE no later than six months after the WSCCO is established

For newly established WSCCOs, the Act sets a time-bound requirement to ensure that the organisation receives shareholder expectations early in its establishment phase. QLDC must issue the SoE within six months of the WSCCO's legal establishment, ensuring the board and executive team have clear direction from the outset. This early clarity helps shape initial governance settings, early operational decisions, and the foundation of organisational culture and priorities.



QLDC must publish the process used to prepare the SoE

To support transparent and robust governance, QLDC is required to publish a description of the process undertaken to develop the SoE. This includes documenting who was consulted, what evidence or strategic frameworks informed the content, and how drafting and decision-making were conducted. Publishing the process increases confidence for both the WSCCO and the public by demonstrating that shareholder expectations are well-reasoned, procedurally fair and aligned with statutory obligations. It also provides an audit trail that can support future reviews or amendments.

The WSCCO must give effect to the SoE

The SoE is not an advisory or discretionary document; it has binding force under the Local Government (Water Services) Act 2025. Once adopted, the WSCCO is legally required to give effect to the SoE, meaning that its strategic planning, operational decision-making and prioritisation must actively reflect the expectations set by QLDC as shareholder. This ensures that the WSCCO's activities remain aligned with council objectives, community outcomes and regulatory requirements. The requirement to "give effect to" sets a significantly stronger accountability framework than traditional CCO oversight under the LGA 2002.

8. DRAFT TRANSITION PRINCIPLES

Service Continuity and Public Health Protection

Continuity of safe drinking water and wastewater services is the highest transition priority. Maintaining stable operations, existing supplier relationships, and emergency readiness during the initial transition period is critical.

What this means for QLDC:

- Day-1 must be "safe and steady", not transformative.
- No process, system, or workforce changes that could endanger supply, safety, or regulatory compliance.

Minimum-Viable Day-1 Operating State (Staged Transformation)

A minimum viable utility will be created for Day-1, with transformation occurring in phases over several years.

What this means for QLDC:

- Lift-and-shift functions with minimal change.
- WSCCO stands up with only essential functions on Day-1; optimisation comes later.



Clear Governance, Roles, and Decision Rights

Roles, decision-making processes, and governance frameworks during organisational transition will be explicitly defined.

What this means for QLDC:

- Document clear boundaries between Council (shareholder), WSCCO Board, and management.
- Avoid blurred accountabilities that can destabilise operations.

Protection of Workforce Experience & Capability

Staff retention, clarity of employment status, and engagement is a critical success factors to preserve institutional memory and minimise disruption to staff.

What this means for QLDC:

- Provide certainty early around roles, reporting lines, and employment pathways.
- Reduce the risk of talent flight during the change period.

Customer-Centred Transition Design

Customer experience and transparency are maintained during transition.

What this means for QLDC:

- Maintain existing customer channels (billing, complaints, outages) for a period.
- Ensure customers experience no disruption or confusion on Day-1.

Data Integrity and Information Readiness

Clean, complete, and reliable data is foundational to a successful handover and future digital transformation.

What this means for QLDC:

- Asset registers, contracts, work orders, consents, and financial data must be validated pre-handover.
- WSCCO must inherit a trustworthy information environment ready for transition, or where there are risks, these are known.

System and Platform Stability Before Optimisation

Early IT or system reform attempts often derail transitions, best practice favours temporary reliance on host-council systems, then gradual migration.



What this means for QLDC:

- Continue using QLDC systems (e.g., TechOne, GIS, customer systems) for an agreed transition period.
- Develop a sequenced systems roadmap rather than forcing early system separation.

Financial Sustainability and Transparency

The WSCCO must begin life with transparent financial structures, cost recovery frameworks, and clear accounting separation.

What this means for QLDC:

- Ensure ring-fencing and financial reporting structures are ready before Day-1.
- Avoid any ambiguity about what financial obligations transfer vs remain with Council.

Strong Stakeholder and Community Engagement

Trust, transparency, and inclusive engagement.

What this means for QLDC:

- Maintain open dialogue with mana whenua, regulators, contractors, and the community.
- Communicate early and often to reduce uncertainty and maintain legitimacy.

Build Future Capability While Preserving Current Performance

Transformation is a multi-year journey, requiring capability-building without disrupting day-to-day delivery.

What this means for QLDC:

- Day-1 is about stabilising the WSCCO.
- Future capability (digital innovation, optimised asset management, further organisational design) is a staged programme led by the WSCCO post-establishment.

Evidence-Based, Risk-Led Transition Planning

Successful transitions rely on clear risk ownership, mitigation planning, and structured transition governance.

What this means for QLDC:

- Identify and assign ownership for transition risks (service delivery, workforce, digital, legal, financial).



- Ensure transparent escalation and reporting mechanisms.

Collaboration, Learning, and Sector Partnerships

Learn from peers through knowledge sharing and sector-level collaboration.

What this means for QLDC:

- Engage with sector partners, national bodies, and peer councils to share lessons.

QLDC WSCCO Establishment

Status and Approach

5th December 2025

Establishing the Water Services CCO (Wa iSouth)

The Water Services Delivery Plan, adopted on 31 July 2025, sets out a high-level implementation plan for QLDC's Water Services Council Controlled Organisation as set out below.



Initial Planning & Programme Establishment

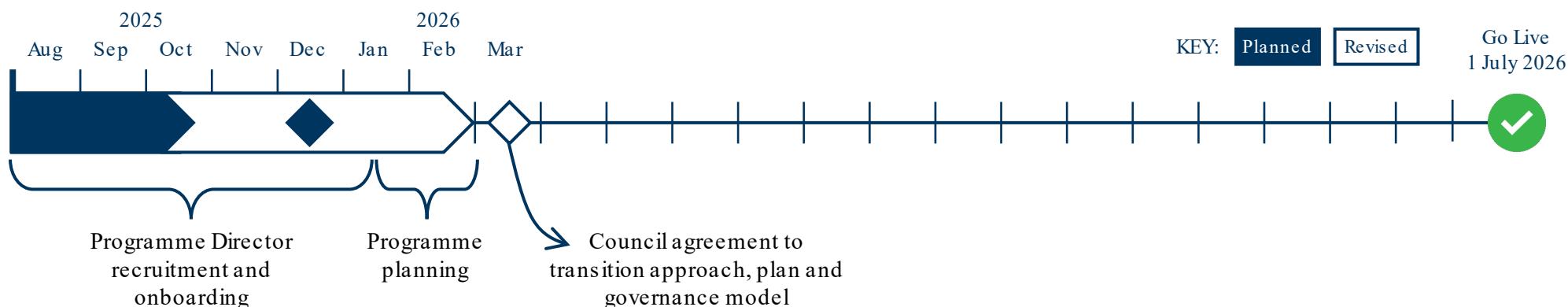


WSDP: This phase involves detailed implementation planning, programme setup including resourcing, and procurement of services needed in later phases. Transition approach, plan and governance model to be agreed with Council by December 2025.

Key activities:

1. Programme Director appointment	Underway, anticipate January onboarding
2. Programme planning	Dependent on 1. Programme Director
3. Council agreement to plan	Dependent on 2. Programme planning

Detailed planning is dependent on appointment of Programme Director. While the appointment process is underway, it has taken longer than anticipated and this has delayed the detailed planning, and agreement of this with Council. Transition principles will be discussed in January 2026 workshop.



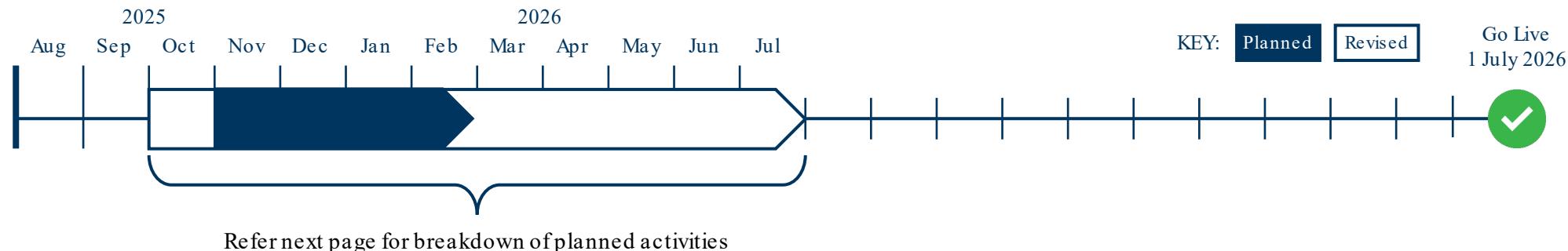
Governance & Incorporation



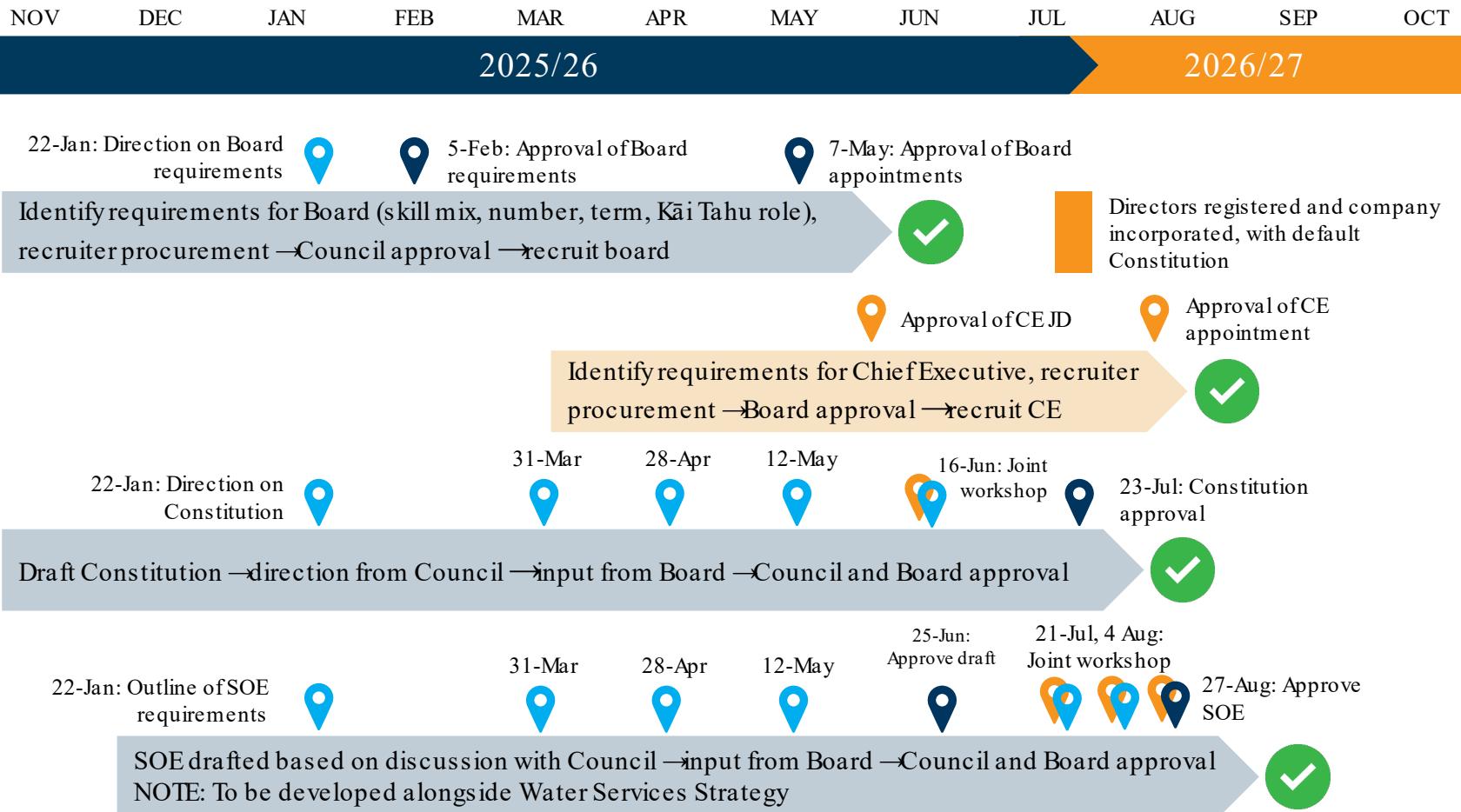
WSDP: Includes recruiting the Board and CE and legally incorporating WSCCO. Timing driven by the recruitment period for the Board. Two key decisions 1) appoint full board OR smaller establishment board and 2) appoint permanent CE or establishment programme lead.

Key activities:	1. Constitution	Research and options analysis underway
	2. Board Appointment	Recruiter procurement, research, options analysis underway
	3. CE Appointment	ELT decision: Appoint Programme Director, board to appoint CE
	4. Legal Incorporation	Name reserved

While detailed programme planning has not yet been completed, planning for the governance and incorporation workstream has been completed to enable this workstream to commence. Work commenced earlier than planned, but will take longer than anticipated to allow sufficient time for Council engagement - “day 0” is now likely to be in July 2026 rather than February 2026 (will need to be communicated to DIA).



Governance & Incorporation



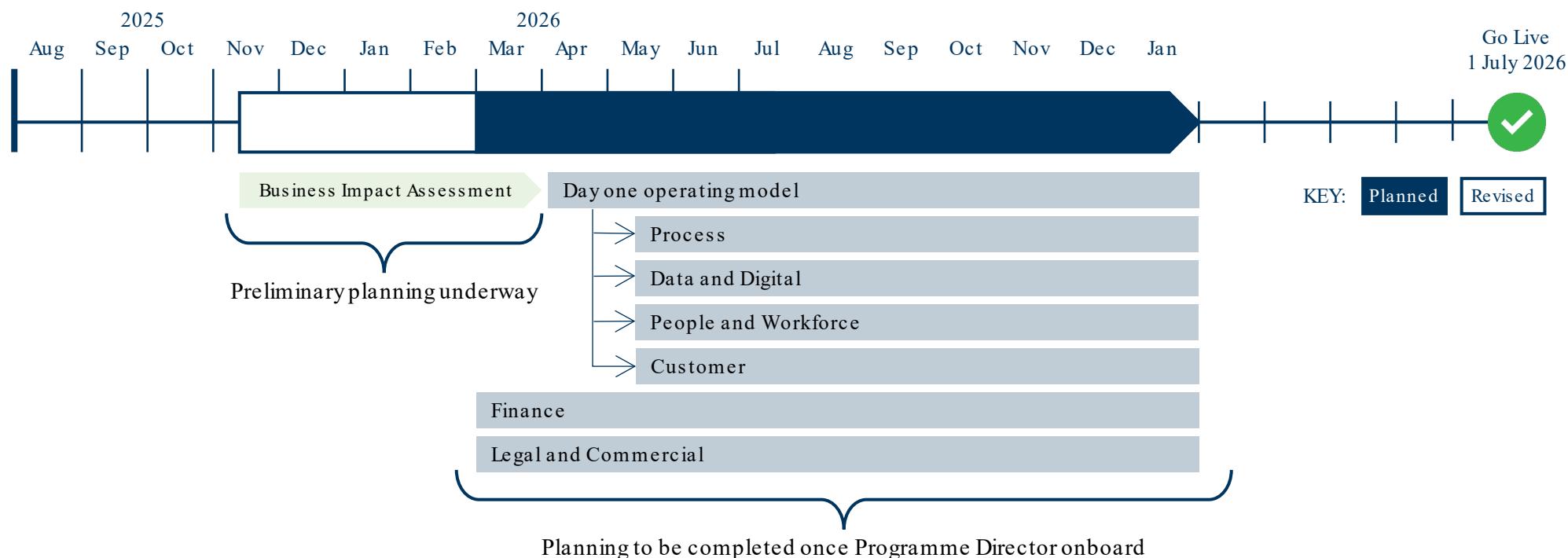
Note: This plan maps out tasks for board appointment and legal incorporation as outlined in the WSDP. Transition approach, plan, and governance decisions will go to Council in 2026. ELThas opted to appoint an establishment Programme Director, as this is the most practical and appropriate choice given the board's responsibilities.

WSCCO Establishment



WSDP: This phase involves detailed organisational design, workforce transition planning, asset identification, legal and commercial arrangements, future data and systems design, and shared services design, alongside development of financial structures to support sustainable operations.

Activities start early with planning for a Business Impact Assessment to map transition impacts and day-one options. All other elements will commence once Programme Director has completed detailed planning.



WSCCO Establishment – Business Impact Assessment

A Business Impact Assessment...

...identifies all functions, processes, systems, data, and people affected by transferring water services from QLDC...



...and determines the readiness, risks, and required actions associated with these.

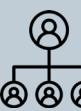
The BIA produces an inventory of processes and handover assessment...



...supported by documented processes...

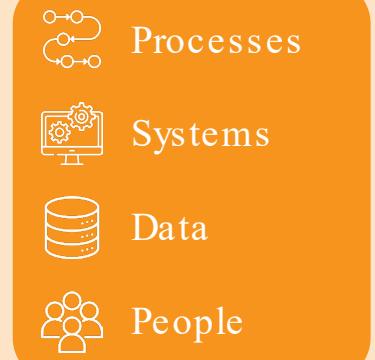


...and identified roles and responsibilities...



...which inform a new organisation structure for the WSCCO and QLDC

DAY ONE WSCCO OPERATING MODEL



Assumptions (to be agreed): Functions “lift and shift”, no major changes. WSCCO uses QLDC systems and shared services

QLDC OF THE FUTURE

Councillor Input

22 JANUARY WORKSHOP

Direction on:

- **Constitution:** Board structure / size / terms / skills, Ngāi Tahu role, council role in strategy.
- Board appointment panel and decision making.
- **Statement of Expectations:** Outcomes, priorities, performance indicators, relationships.
- **Transition principles and governance model**

Direction was to be sought on these topics at the 5 February meeting, but moved to this workshop at councillor request

Currently scheduled workshops and meetings relate to programme establishment and governance and incorporation only. Further workshops and meetings will be added when detailed planning for all workstreams is completed in early 2026

5 FEBRUARY MEETING

Decisions on:

- ✓ **Board skills mix, size, term**
- ✓ **Board appointment panel and decision making**

19 MARCH MEETING

Decision on:

- ✓ **Transition approach, plan, governance model**

Due December 2025, deferred to allow for Programme Director appointment and detailed planning to take place.

FURTHER WORKSHOPS

QLDC

- SOE: 31 Mar, 28 Apr, 12 May

JOINT

- Constitution: 16 Jun
- SOE: July x2

FURTHER MEETINGS

QLDC

- ✓ Board Apptmt: 7 May
- ✓ SOE: 18 Jun, 27 Aug

WSCCO Board

- ✓ CE JD: May
- ✓ CE Apptmt: Aug
- ✓ SOE: Aug

Attachment D: Key Decisions for Foundation Documents

ATTACHMENT D: QLDC WSCCO ESTABLISHMENT – KEY DECISIONS FOR FOUNDATION DOCUMENTS



#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
Constitution					
Foundational information					
1.	<i>Name of Company</i>	WaiSouth		No discussion required	23 July 2026 Meeting ¹
Ownership and control					
4.	<i>Whether dividends are permitted</i>	No dividend permitted	Council decision already made.	No discussion required	Decision already made
5.	<i>Ability to explore expansion opportunities</i>	(a) Board may unilaterally explore expansion opportunities (subject to LGWSA requirements and	The Council's WSDP noted that it remained open to further discussions regarding joint arrangements in the future. The Council should consider how such discussion would be allowed and what roles the Board and Council would each respectively play.	31 March 2026 Workshop	23 July 2026 Meeting ¹

¹ Constitution adoption, which is where this decision is formally made, preliminarily scheduled for 31 July Council meeting. If discussions conclude earlier, this could be brought forward.

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
		<p>final approval remains with Council)</p> <p>(b) Council must approve before Board can initiate exploration of opportunities (with final approval remaining with Council)</p> <p>(c) No clause included in the Constitution (leave to future constitutional amendments if necessary)</p>	<p>Under option (a) the Council would explicitly allow for the Board to explore opportunities for joint arrangements, while reserving final decision-making for Council (which would need to include consultation under the LGWSA). This approach would provide clear authority while signalling openness to regional collaboration. However, there is a risk that it will raise community expectations and politically sensitive issues prematurely (ie when the board explores options, before the Council has any input).</p> <p>Under option (b) the Council would need to approve any exploration by the board before it begins. Again, the final decision-making would also remain with the Council. The need for Council approval at the start of the process would provide a stronger governance control for the Council, and mitigate against the Board taking unilateral action. However, this approach does add procedural steps and may reduce responsiveness to future opportunities.</p> <p>Under option (c) the Constitution would not explicitly provide for the board to explore or discuss expansion options (but would not explicitly prevent it either).</p> <p>Any joint arrangement would be subject to the required board and shareholder approvals under the Companies Act 1993, and it is likely that the parties to the joint arrangement would require a Shareholders' Agreement (and possibly a new Constitution) to be agreed before finalising the joint arrangement.</p>		

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
Directors					
6.	<i>Number of directors</i>		Advantages <ul style="list-style-type: none"> • <i>Cost-effective</i>: Lowest administrative and remuneration costs • <i>Speed</i>: Quick to set up and begin transition/operation • <i>Simplicity</i>: Easier governance structure during initial phase Disadvantages <ul style="list-style-type: none"> • <i>Limited expertise</i>: One person cannot cover all strategic, financial and operational perspectives • <i>Concentrated risk</i>: Decision-making and accountability rest on a single individual • <i>Perception issues</i>: May appear weak in governance and oversight, especially for a public entity • <i>Scalability challenges</i>: Difficult to transition smoothly to a larger board later without disrupting continuity. • <i>Workload pressure</i>: Heavy demands on a single individual during establishment phase. 	22 January 2026 Workshop	5 February 2026 Meeting
	(a) Single establishment director, followed by full board ranging between 3–8 directors		<ul style="list-style-type: none"> • <i>Balanced expertise</i>: Can include legal, financial, governance, and sector-specific skills. • <i>Agility</i>: Small group can make decisions quickly while maintaining checks and balances. • <i>Foundation-building</i>: Focused on setting up governance frameworks, policies, and strategic direction. • <i>Cost control</i>: Lower cost than a full board but stronger governance than a single director. 		
	(b) Establishment board of 3–4, followed by full board of 3–8		<ul style="list-style-type: none"> • <i>Limited diversity</i>: Smaller pool of perspectives compared to a full board. • <i>Transition complexity</i>: May need to expand later, which could require restructuring or onboarding challenges. • <i>Workload pressure</i>: Heavy demands on a few individuals during establishment phase. 		

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
		(c) Full board appointed from the outset.	<ul style="list-style-type: none"> • <i>Comprehensive governance:</i> Full range of skills and perspectives from day one. • <i>Stakeholder confidence:</i> Strong governance signals commitment to transparency and accountability. • <i>Continuity:</i> Avoids later disruption from board expansion. • <i>Strategic depth:</i> Better equipped to handle complex decisions and long-term planning. 	<ul style="list-style-type: none"> • <i>Higher cost:</i> Remuneration and administrative overhead from the start. • <i>Slower decision-making:</i> Larger boards can be less agile during the establishment phase. • <i>Risk of over-engineering:</i> Full board may be excessive before operations scale up. • <i>Recruitment challenge:</i> Finding the right mix of skills all at once can be difficult and time-consuming. 	
7.	<i>Director term lengths</i>	A combination of the following options	Advantages	Disadvantages	22 January 2026 Workshop 5 February 2026 Meeting
		(a) Fixed terms (likely 3 or 4 years)	<ul style="list-style-type: none"> ○ Predictable governance cycle. ○ Encourages planning for succession and continuity. ○ Works well for mature boards. 	<ul style="list-style-type: none"> ○ Inflexible for transitional phases. ○ May retain members longer than needed during early-stage setup. 	
		(b) Staged appointment terms (short initial fixed terms (eg 12–18 months), and then longer standard terms)	<ul style="list-style-type: none"> ○ Flexibility during establishment phase. ○ Easier transition to full governance structure. ○ Reduces risk of misaligned skills for long-term needs. 	<ul style="list-style-type: none"> ○ Requires clear communication to avoid uncertainty for members. ○ Potential disruption if transition plan is poorly managed. 	
		(c) Staggered appointments – appoint directors progressively so terms end at different terms	<ul style="list-style-type: none"> ○ Continuity and stability. ○ Smooth onboarding of new skills as organisation grows. ○ Reduces governance risk during transitions. 	<ul style="list-style-type: none"> ○ Requires careful planning to avoid gaps in expertise. ○ Inefficient and administratively onerous to manage. 	

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
		(d) Renewal limits – often a maximum of three consecutive terms	<ul style="list-style-type: none"> ○ Encourages diversity and new ideas. ○ Prevents stagnation and over-concentration of influence. <p>Most commonly directors of companies are appointed for fixed terms of 3 or 4 years, are appointed with staggered rotations and with some form of term limit (eg three consecutive terms).</p> <p>The most suitable option will likely depend on the approach taken to the initial board establishments (eg staged appointment terms may be more appropriate if an establishment director or board approach is taken).</p>		
8.	<i>Location of the board skills matrix</i>	(a) Constitution (b) Stand-alone appointments policy	<p>As the Constitution will be registered on the Companies Office Register, including the skills matrix in the Constitution will mean it will be a publicly available document, and any updates would then need to be uploaded to the Companies Register.</p> <p>If it is included in the Constitution, any amendments to the matrix would require a special resolution of the Council as shareholder, which would be administratively more onerous.</p> <p>If the Council would like to preserve flexibility to ensure easier review of skills matrix, it may be best not to include it in the Constitution, but instead in a stand-alone appointments policy.</p>	22 January 2026 Workshop	5 February 2026 Meeting

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
9.	<i>Skills to be included in the board skills matrix</i>	Include matters from the table below.	<p>Directors are required to collectively have an appropriate mix of skills, knowledge and experience in relation to providing water services (s 48, LGWSA). Directors must also be appointed based on their competency to perform the role (s 48, LGWSA).</p> <p>A board skills matrix should be used to guide the appointment of directors to ensure the above requirements are met.</p> <p>The options for inclusion are discussed in more detail in a separate table below.</p>	22 January 2026 Workshop	5 February 2026 Meeting
10.	<i>Should directors have the power to appoint alternate directors?</i>	(a) Yes (b) No	Use of alternates would ordinarily allow directors to appoint another person to vote on their behalf at board meetings. However, this is likely not essential if board meetings can be attended virtually. If Council would like to ensure Directors are personally involved, it may want to avoid giving the option to appoint alternates.	31 March 2026 Workshop	23 July 2026 Meeting ¹
11.	<i>Should interested directors be allowed to vote?</i>	(a) Yes (b) No	<p>Generally, interested directors should not be allowed to vote. However, there may need to be some carve outs in respect of:</p> <ol style="list-style-type: none"> any payment or other benefit under s 161 of the Companies Act 1993 the entry into an indemnity or insurance arrangement <p>Noting that the Constitution will limit the exercise of section 161 by making it subject to a resolution of the Council.</p>	31 March 2026 Workshop	23 July 2026 Meeting ¹
12.	<i>What constitutes a quorum at a directors meeting?</i>	(a) >50% (b) 75%+ (c) 100%	100% is likely to be an impractical threshold which may prevent the water organisation from being able to act where one or more director is unavailable. Whether >50% or 75%+ is the appropriate threshold may depend to some extent on the intended size of the board. Alternatively, it may make more sense to specify a number of directors, once the director numbers are confirmed.	31 March 2026 Workshop	23 July 2026 Meeting ¹

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
13.	<i>Will the chair of the board have a casting vote?</i>	(a) Yes (b) No	Option (a) may allow for the easy resolution of tied votes; however, option (b) is likely to promote collective decision-making and avoid potential bias or tension (option (b) is also more common).	31 March 2026 Workshop	23 July 2026 Meeting ¹
14.	<i>Frequency of board meetings</i>	(a) Monthly (b) No less than 10 times per annum (c) Quarterly (d) At the board's discretion	The ideal frequency of board meetings may differ during the transition period. A minimum number of meetings (ie option (b)) is likely to ensure the board meets often, while allowing flexibility as to the dates of those meetings (especially in the transition period).	31 March 2026 Workshop	23 July 2026 Meeting ¹
Accountability and reporting					
15.	<i>Additional reporting obligations of the Company to the Council</i>	(a) Include additional reporting requirements in the Constitution (b) Rely on s 249 for notice to require additional plans or reports	The Council could include additional reporting requirements within the Constitution. Alternatively, the Council could rely on section 249 of the LGWSA which allows the Council, as shareholder, to require in writing that the water organisation prepare additional reports or plans. This approach would allow the Council flexibility to develop the reporting requirements rather than having to prescribe them from the outset. Note also that SoE will provide further opportunity to prescribe reporting requirements, and frequency of reporting, and will be required to set out requirements for half-yearly report from Company to Shareholders Committee.	Initial discussion 22 January 2026 Workshop	23 July 2026 Meeting ¹
16.	<i>Council role in preparing the Water Services Strategy (WSS) and Annual Budget</i>	(a) WSCCO Board makes final decision, following Council comment (b) Council has ability to require amendments and/or final approval	The Council is required to determine its role in preparing and finalising the water organisation's WSS and Annual Budget. Reserving a right to require amendments and/or approve the final version will provide the Council more control. However, it will also conflate the role of the Board and the Council in relation to the	Initial discussion 22 January 2026 Workshop	23 July 2026 Meeting ¹

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
			<p>Company's key strategic planning document, and document to which the Board is accountable.</p> <p>Reserving an approval role could create several additional risks, including:</p> <ul style="list-style-type: none"> ○ Discouraging directors from seeking appointment to the Board, as the Council could interfere with Board decision-making and directors' legal obligations. ○ LGFA may not view the water organisation as entirely independent, limiting the ability to benefit from ring-fenced water debt (and associated limits). ○ The blurring of the lines between director and shareholder roles could risk the Council, elected members and staff becoming "deemed directors" under the Companies Act 1993, with associated directors' duties and liabilities. ○ Council's decision-making (re amendments or approval) would be subject to two different statutory regimes, when it is not the Water Service Provider obliged to deliver the SoE or section 17/18 objectives and principles. 		
17.	<i>Audit/Review of the WSS</i>	(a) Include audit requirement in the Constitution (b) Include review requirement in the Constitution (c) Rely on SoE to require any audit or review as necessary	<p>The Council could decide to include a requirement in the Constitution for the water organisation to have its WSS audited, or independently reviewed, either by default or upon request of the Council.</p> <p>However, this is likely not necessary, as the Council is expressly able to require audit or independent review of the WSS in the SoE (as per s 227(2)(h) of the LGWSA). Including any such requirements in the SoE would allow the Council more flexibility.</p>	Initial discussion 22 January 2026 Workshop	23 July 2026 Meeting ¹

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
<i>Other key decisions</i>					
Council committee					
18.	<i>Establishing a Council committee to make delegated decisions related to the water organisation</i>	(a) Yes (b) No – matters always go to full Council meetings	<p>Establishing a committee to deal with matters related to the water organisation (eg the SoE, WSS, Board appointments, reviewing performance and reports, etc) on behalf of the Council as shareholder can help to streamline decision making.</p> <p>If this approach was taken, some of the more significant decisions (eg whether to allow other partners to join) would still be reserved for the full Council. Establishing a Council committee would require terms of reference to be developed for the committee, to clarify role and responsibilities.</p>	Initial discussion 22 January 2026 Workshop	23 July 2026 Meeting ¹
19.	<i>Frequency of committee meetings</i>	(a) Quarterly (b) Bi-annually (c) Annually	If a committee is formed, then the Council should adopt a clear frequency for meetings to occur (with the option for additional meetings if required). This frequency should likely be at least bi-annually (to align with the half-yearly reporting), and more frequently if further reports are required. Meetings might also be held more frequently during the transition period.	31 March 2026 Workshop	23 July 2026 Meeting ¹
20.	<i>Responsibilities of potential subcommittee</i>	Could include the following matters:	<p>All of the matters listed here are likely suitable for delegation to the committee.</p> <p>(a) Approval of initial plan and budget (b) Preparation and approval of SoE (c) Adoption of or changes to Board Skills Matrix (d) Director appointment policy</p>	31 March 2026 Workshop	23 July 2026 Meeting ¹

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
		<ul style="list-style-type: none"> (e) Comments to Company on draft Water Services Strategy (f) Review of draft Transfer Agreements (but not execution, as that is matter for Councils) (g) Review of draft Transitional or Service Level Agreements (but not execution) (h) Review and monitoring of reports produced by the water organisation (a) Other matters 			
21.	<i>Matters reserved for full Council</i>	<p>Can include the following matters:</p> <ul style="list-style-type: none"> (a) Addition of new shareholder (b) Approval to provide services in other districts (depending on approach taken above) (c) Liquidation or winding up of Company (d) Amalgamation (e) Issue (to an existing shareholder) of, or changes to, buy-backs of shares (f) Major transactions (being transactions with a value of 50% or more of the assets of the Company) (g) Changes to Constitution 	<p>The most critical matters should be reserved for full council decision-making.</p> <p>The most critical matters are likely to be those listed. However, additional matters could be reserved for the full Council (especially depending on whether there is Mana Whenua representation on the committee).</p>	31 March 2026 Workshop	23 July 2026 Meeting ¹

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
		<ul style="list-style-type: none"> (h) Material changes to the nature of the Company's business (i) Giving financial assistance for the purposes of purchasing shares (j) Other matters 			
Role of Mana Whenua					
22. <i>Role of Mana Whenua</i>		<ul style="list-style-type: none"> (a) No Mana Whenua involvement in governance (b) Mana Whenua Director on Board (c) Mana Whenua Board advisor (non voting) (d) Mana Whenua appointee to Council committee (voting) (e) Mana Whenua advisor to Council (non-voting) 	<p>Broadly there are two different points at which the Council can provide for Mana Whenua involvement in the governance of the water organisation:</p> <ul style="list-style-type: none"> (a) via the Board of the water organisation; or (b) via the Council as shareholder. <p>The Council could provide for involvement at the level of the Board via a Ngāi Tahu nominated director. The nomination would still need to satisfy the skills, experience and expertise requirements for Council to ratify the appointment. The Ngāi Tahu nominee would have full voting rights and powers, providing a strong partnership signal and genuine influence. Despite being the Ngāi Tahu appointee the director would still be bound by obligations in the Companies Act to act in the best interests of the company, and not simply as a representative of any external group.</p> <p>Alternatively, the Council could provide for Ngāi Tahu to appoint an advisor to the Board, who would not have voting privileges, but would instead provide cultural and strategic input. This would provide a more flexible arrangement with a potentially reduced governance risk.</p> <p>However, this level of influence may not meet the expectations of Ngāi</p>	22 January 2026 Workshop	5 February 2026 Meeting

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
			<p>Tahu for partnership. An advisor would also not be subject to the same obligations under the Companies Act.</p> <p>The Council could instead, or additionally, provide for Ngāi Tahu representation at Council meetings where decisions are made by the Council as a shareholder of the water organisation. The simplest way to achieve this outcome would be to have a Ngāi Tahu appointee to the committee responsible for certain decisions of the Council as a shareholder (if this approach is taken).</p> <p>Similarly, the Council could also provide for a non-voting Ngāi Tahu advisor to the Council, or relevant committee.</p> <p>Depending on the approach taken (ie whether representation is at the board level), the arrangements may also need to be reflected in the Constitution.</p>		

Attachment E: Board Skills Matrix – for discussion

ATTACHMENT E: QLDC WSCCO ESTABLISHMENT – DRAFT BOARD SKILLS MATRIX (FOR WORKSHOPPING)



AREA OF EXPERTISE / FOCUS	RELEVANT ATTRIBUTES AND SKILLS	OPERATIONAL BOARD	ESTABLISHMENT BOARD
		<i>Number of directors required to have this skill (e.g. at least one, multiple, all, etc)?</i>	
Governance and leadership	<p>Governance and leadership experience.</p> <p>Preferably leadership experience in water service provision, or a similar service delivery industry.</p>		
Asset and infrastructure management and planning, and delivery	Understanding of good governance of assets and infrastructure, and experience with managing civil infrastructure assets.		
Transitional change and/or new organisation establishment	<p>Senior level experience with large-scale sector and/or organisation reform, change, and establishment, preferably at a governance level.</p> <p>Proven experience developing or contributing to new organisational structures, policies and processes.</p>		
Commercial strategic business expertise	Experience working in a commercial business environment, and overseeing commercial procurement, negotiations, and contract oversight.		
Finance and risk	<p>Experience establishing complex commercial arrangements, including debt financing and pricing and charging mechanisms.</p> <p>Ability to evaluate financial plans and strategies and identify and manage associated risks, and ensure operation in a financially sustainable manner.</p>		
Health and Safety	Detailed understanding of health & safety compliance and regulatory requirements.		

AREA OF EXPERTISE / FOCUS	RELEVANT ATTRIBUTES AND SKILLS	OPERATIONAL BOARD	ESTABLISHMENT BOARD
		<i>Number of directors required to have this skill (e.g. at least one, multiple, all, etc)?</i>	
Customer experience	Experience within organisations with large customer bases, including managing and maintain customer relationships.		
Relationship management	Experience building and maintaining stakeholder relationships through good communication and understanding of different drivers.		
Te Ao Māori	<p>Experience and deep understanding of te ao Māori and Te Tiriti o Waitangi.</p> <p>A strong understanding of the existing post-settlement governance arrangements for the Queenstown-Lakes district, and iwi stakeholders generally.</p>		
Public accountability	Experience within public organisations responsible to the public, including via public engagement and consultation processes.		
Knowledge of Queenstown-Lakes	A deep understanding of the Queenstown-Lakes district.		
Experience operating within a regulated environment	<p>Preferably experience working in a regulated industry or sector, including economic regulation, and engaging with regulators.</p> <p>Resource and environmental management experience, and a practical understanding of the RMA.</p> <p>Deep understanding of the regulatory environment in which the organisation operates.</p>		

AREA OF EXPERTISE / FOCUS	RELEVANT ATTRIBUTES AND SKILLS	OPERATIONAL BOARD	ESTABLISHMENT BOARD
<i>Number of directors required to have this skill (e.g. at least one, multiple, all, etc)?</i>			
Experience operating within, or interacting with, Local Government	Direct experience or a close understanding of local government type decision-making processes, and political awareness.		

Policy on the Appointment and Remuneration of Directors

Team/Directorate	Governance / Corporate Services
Approved by	Council Resolution
Effective date	23 March 2023
Next review	April 2025

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Policy on the Appointment and Remuneration of Directors

1 PURPOSE

The purpose of this policy is to set out, in accordance with Section 57 of the Local Government Act 2002 (LGA 2002), an objective and transparent process for;

- > The identification and consideration of the skills, knowledge, and experience required of directors of a Council organisation; and
- > The appointment of directors¹ to a Council organisation; and
- > The remuneration of directors of a Council organisation.

2 SCOPE

The terms “Council organisation”, “Council-controlled organisation”, and “Council-controlled trading organisation” are used as defined in Section 6 of the LGA 2002.

As at 1 December 2022, the Queenstown Lakes District Council (QLDC) operates only one CCTO; the Queenstown Airport Corporation (QAC). There are no other Council-controlled organisations or Council-controlled trading organisations. The Council may establish further CCOs or CCTOs during the life of this policy, and the provisions of this policy will apply to them.

Under section 6 of the LGA 2002 a CO means a company in which securities carrying voting rights at a meeting of the shareholders of the company are; a) held by 1 or more local authorities, or b) controlled, directly or indirectly, by 1 or more local authorities. It also means an entity in respect of which 1 or more local authorities have, whether or not jointly with other local authorities or persons; a) control, directly or indirectly, of 1 or more of the votes at any meeting of the members or controlling body of the entity, or b) the right, directly or indirectly, to appoint 1 or more of the trustees, directors, or managers (however described) of the entity.

3 PRINCIPLES

The following principles underlie this policy:

- > Appointment of directors will be made on the basis of merit and aligned with the purpose of the CCO/CCTO, e.g. relevant skills, knowledge and experience.
- > Appointment of directors will aim to ensure a diverse range of membership to bring relevant expertise to the organisation with complementary skills and experience to ensure ideas are challenged and tested and that decision-making is robust.
- > The Council will follow governance best practice and guidance as provided by the Controller and Auditor-General Tumuaki o te Mana Arotake.
- > Directors of CCOs/CCTOs will be appointed on the basis of the contribution they can make to the organisation, and not on the basis of representation.
- > All Council appointed directors must comply with the Council’s Code of Conduct for Directors (see *Appendix 1*).

Except where express provision is made to the contrary, the provisions of this policy will apply equally to all current and

¹ In the context of a Council Organisation which is not a company, the term ‘director’ may also mean trustee, manager, or office holder (see LGA 2002 s6(3)(b)

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future CCTOs, CCOs, and COs.

4 APPOINTMENT OF DIRECTORS

No directors will be appointed to a CCTO, CCO or CO Board other than through the processes as defined by this policy².

The process for selecting directors for CCTOs and CCOs will be undertaken by the Governance Subcommittee, comprising;

- > The Mayor;
- > The Deputy Mayor; and
- > The Chief Executive.

The Governance Subcommittee will consider all applications and make a formal recommendation for appointment of directors to the Full Council.

The process for selecting trustees for COs will be undertaken by the Mayor by making a formal recommendation for appointment to the Full Council.

4.1 IDENTIFICATION OF REQUIRED SKILLS, KNOWLEDGE AND EXPERIENCE OF DIRECTORS

The required skills, knowledge and experience for director appointments to a Board are assessed in the first instance by the Governance Subcommittee of the Council, in consultation with the Chairperson. External assistance may be used by the Subcommittee in some cases.

Reference is made to the current governance best practice in this area, as encapsulated in the Institute of Directors New Zealand *Four Pillars of Governance Best Practice* and other relevant material.

The mix of skills and experience on the Board will be taken into account and consideration given to complementing and reinforcing existing skills and reducing any known weaknesses where necessary.

The skillsets and attributes required of candidates will generally include:

- > Intellectual ability;
- > Commercial experience;
- > Understanding of governance practice and issues;
- > Sound judgement;
- > High standard of personal integrity;
- > Commitment to the principles of good corporate citizenship;
- > Understanding of the wider interests of the publicly-accountable shareholder;
- > Understanding of the wider interests and objectives of the Council, including (but not limited to) the community wellbeings as described by section 10 of the LGA 2002, Vision Beyond 2050 and the Climate & Biodiversity Plan;
- > Able to maintain the trust of Council;
- > Able to maintain a close, but independent, working relationship with the CEO;

² Noting the exception of the QAC which provides for the appointment of one director by the minor shareholder in clause 15.14 of its constitution.

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- > Ability to harness the collective skills of the Board and executive team to achieve the business objectives, obligations under the LGA 2002, and maintain the confidence of the shareholders;
- > Ability to lead Board evaluation process;
- > Ability to demonstrate leadership and good interpersonal skills;
- > Ability to efficiently conduct meetings;
- > Ability to effectively participate in Board deliberations;
- > Ensure timeliness and relevance of information to the Board;
- > Ability to be the spokesperson for the company;
- > Ability to retain the confidence of the community and able to build relationships within the community's networks.

It is expected that all appointees to Boards will undergo, or already have undergone, formal corporate governance training or have the requisite experience in this area.

4.2 THE APPOINTMENT OF OFFICERS OR ELECTED MEMBERS AS DIRECTORS

Neither Councillors or Council staff are precluded under this policy from appointment to Boards for CCTOs and CCOs. Staff or elected representatives (including the Mayor, Councillors and Community Board members) acting as directors of commercial companies are to be particularly conscious of their responsibilities in the role of director, and the role of an impartial advisor and/or objective decision maker. Conflicts of interest must be avoided between these roles and should be managed in accordance with *Conflicts of Interest* guidance provided by the Controller and Auditor-General Tumuaki o te Mana Arotake.

There may be special circumstances where an elected representative or Council officer may be the most appropriate person to be appointed as a director. These special circumstances should be fully recorded by the Governance Subcommittee and Council in making that decision. All other parts of this policy should be considered and applied to such an appointment.

4.3 APPOINTMENT PROCESS FOR DIRECTORS

When a vacancy arises, the Governance Subcommittee (or their delegated Council officer) will identify the skills, knowledge and experience for the position (in consultation with the Chairperson). The process to make the appointment is detailed below.

- > The vacancy will be advertised via the Institute of Directors New Zealand or any appropriate local and national media; or
- > Where a suitable candidate has been identified and advertising is not expected to add significant value to the selection process (for example where specialist knowledge or experience exists), the Governance Subcommittee may choose not to advertise but must provide its reasoning in making a recommendation to the Full Council.
- > Candidates will be requested to supply:
 - o A curriculum vitae which establishes how well they meet the role specification for the directorship role;
 - o A letter detailing why they are interested in the particular role; and
 - o A report on any conflicts of interest their appointment may cause, including how those conflicts are proposed to be managed.

Interview

Policy on the Appointment and Remuneration of Directors

- > Following the search process, the Governance Subcommittee will draw up a short list of candidates.
Note, the Governance Subcommittee may engage a specialist consultant or advisor to assist with shortlisting suitable candidates for consideration.
- > Where appropriate and if one exists, the Subcommittee will co-operate with the minority shareholder in the selection process.
- > Each candidate will be interviewed by the Governance Subcommittee. The Subcommittee will then decide its preferred candidate(s), check all references and report back to the Full Council with a recommendation for appointment.

Appointment

- > The report recommending the candidate(s) will be “public excluded” in order to protect the privacy of the individual(s) concerned (LGOIMA 1987 S7(2)(a)). The Council will consider the report from the Subcommittee and make its decision on selection.
- > Public announcement of the appointment will be made as soon as practicable after the Council has made its decision and candidate(s) formally advised.

Tenure

- > Rotation of all directors is to be encouraged to the extent that it is practical under the law and constitution of the organisation.
- > Directors will normally be appointed for terms of three years (unless the constitution of the organisation provides otherwise).
- > At the end of each term of an appointment, the incumbent will be asked to provide a report on their contribution to the organisation concerned.

Reappointment

- > Where a director’s term of appointment has expired and they are offering themselves for reappointment (within the allowances of the constitution) a representative of the Governance Subcommittee will consult on a confidential basis with the Chairperson with regard to;
 - o Whether the skills of the incumbent add value to the work of the Board;
 - o Whether there are other skills which the Board needs; and
 - o Succession planning matters.

Note, if it is the Chairperson seeking reappointment consideration will be made by the Subcommittee alone or in consultation with a minor shareholder where one exists. It is at the Subcommittee’s discretion to engage the Board in discussions around reappointing a Chairperson.

- > The Governance Subcommittee will consider the information obtained and, taking into account the director’s length of tenure, form a view on appropriateness of reappointment or making a replacement appointment.
- > Where reappointment is considered appropriate, the Governance Subcommittee is authorised to approve the reappointment without further decision of Council. Any reappointments made by the Subcommittee will be reported to Full Council for noting via the Chief Executive’s report.
- > Where it is not intended to reappoint the existing incumbent, the appointment process outlined above will apply.

Chairperson selection

- > It is the responsibility of the Council (on the recommendation of the Governance Subcommittee) to appoint the Chairperson. However, normally the Subcommittee will consult the Board (and minor shareholder where one exists) on the person to be appointed, and where appropriate, will seek its view on who it considers to be the appropriate person to fill the Chairperson’s position.

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Chair succession planning

- > The aim of a succession plan is to provide for smooth transition of leadership in the event of a planned or unexpected retirement of an incumbent Chairperson. It is expected that the Chairperson will identify and develop potential successors or advise the Governance Subcommittee if there are no candidates suitable for the role of Chairperson.

Removal of Board members

- > Board members hold office at the pleasure of the Council and may be removed at any time by Council resolution.
- > Without limiting the right of the Council, reasons which would justify removal of a Board member would be where that Board member:
 - o Is regularly absent from Board meetings without good justification;
 - o No longer has the confidence of the Board and/or the Council;
 - o Has breached ethical standards and this reflects badly on the Board and/or Council;
 - o Does not act in the best interests of the organisation;
 - o Breaches the confidence of the Board in any way, including speaking publicly on Board issues without the authority of the Board; or
 - o Does not act in accordance with the principles of collective responsibility.
- > Where the Board has concerns regarding the behaviour of one of its members, it should be considered by the Board in the first instance and, where necessary, the Board may recommend the removal of the Board member to the Governance Subcommittee. The Council will not make any payment by way of compensation to Board members who have been removed from Boards.

4.4 PROVISIONS SPECIFIC TO COUNCIL ORGANISATIONS

The Council may have a non-controlling interest in numerous COs. These will be not-for-profit bodies.

Appointments to COs are made for a number of reasons. These include:

- > To provide a means of monitoring where the Council has made a grant to that body;
- > To enable Council involvement where the CO's activity is relevant to the Council;
- > To satisfy a request from the CO that the Council appoint a representative; or
- > Statutory requirements.

Appointments to a CO are generally for a three-year term and are made after the triennial elections, by the Council. The Council will endeavour to minimise the number of appointments where the benefit to the Council of such an appointment is minimal.

Identification of required skills, knowledge and experience of CO directors, and appointment

- > The range of reasons for the appointment of Council representatives to COs results in a wider range of desired attributes for appointees to these bodies.
- > The Council will determine the required skills, knowledge, and experience for each appointment. Candidates are not restricted to Councillors. In some cases it may be more appropriate to appoint Council staff or external people with affiliations to the Council.

Remuneration of CO directors

- > CO directors appointed by the Council will receive the remuneration (if any) offered by that body. Council staff members appointed to such bodies will not accept any remuneration.

Policy on the Appointment and Remuneration of Directors

4.5 EXPECTATION OF APPOINTEES

Directors must adhere to the code of conduct annexed as Appendix 1 to this policy.

Directors are appointed to CCTOs or CCOs for the value and skills they can add to the organisation and not as Council representatives. The first expectation of appointees is that they will satisfy requirements of the role and pursue the requirements of the body's constitution. Where it is consistent with that role the appointee will have regard to the policies of Council and will seek to advance such policies.

Policy on the Appointment and Remuneration of Directors

5 DIRECTOR REMUNERATION POLICY

5.1 REMUNERATION

Council may consider a level of remuneration for Board appointees that is appropriate to the relevant market, while recognising the public service element to a CCTO or CCO. Professional advice may be sought where necessary.

The Council also supports the payment by CCTOs or CCOs of directors' liability insurance and the indemnification of all directors.

Any remuneration earned by Councillors or staff as directors of a CCTO or CCO will be remitted to the Council.

5.2 REMUNERATION REVIEW AND FEE SETTING

Periodically, the Governance Subcommittee may review the level of remuneration (if any) made available to the Boards of the CCTOs or CCOs for distribution amongst directors on each Board.

Any fees will be reviewed on an annual basis for each CCTO or CCO, leaving the Board of that CCTO or CCO to apportion the fee between Board members as it sees fit. Under exceptional circumstances, Council may approve an application from a CCTO or CCO for additional fees; for a special project, a temporary increase in workload for the Board, difficulties in recruiting particular skills, or similar considerations.

In performing any review of remuneration, the Subcommittee will have regard to the following factors:

- > The need to attract and retain appropriately qualified directors;
- > The levels of remuneration paid to comparable companies in Aotearoa New Zealand;
- > The performance of the CCTO or CCO and any changes in the nature of its business;
- > The size and scale of the CCTO or CCO (e.g. turnover, value of assets, number of employees);
- > Complexity and scope of operations (e.g. complexity of issues, level of guidance for decision making, relationship management responsibilities);
- > Accountability (e.g. scale of market risk, public interest and profile, potential risk to director reputation, and other key risks);
- > Skills, specifically the type of expertise and specialisation needed; and
- > Any other relevant factors.

The final decision on directors' remuneration will be made by a resolution of Council.

6 REFERENCES

Local Government Act 2002	https://www.legislation.govt.nz/act/public/2002/0084/latest/whole.html#DLM171482

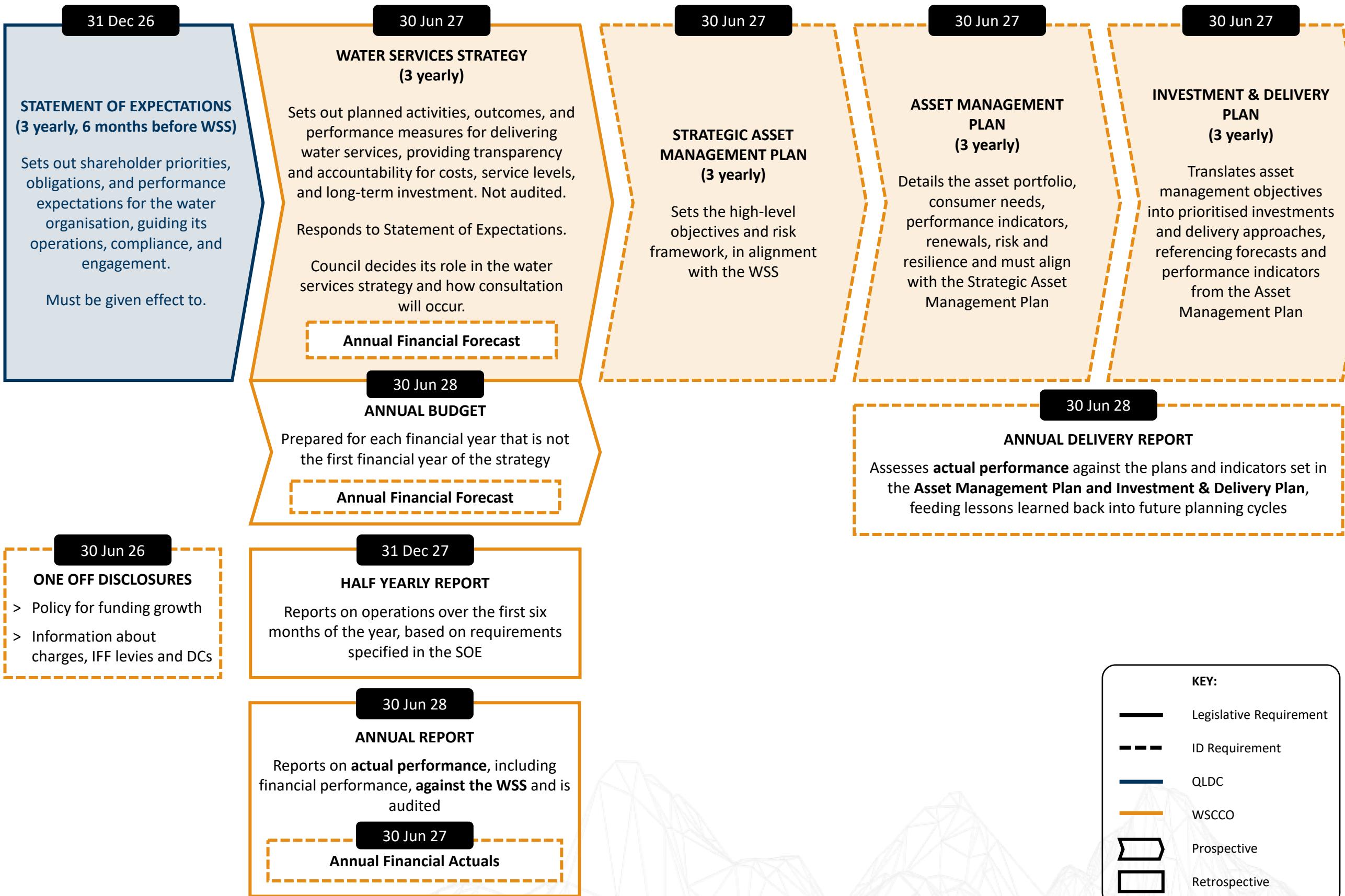
Policy on the Appointment and Remuneration of Directors

Controller and Auditor-General Tumuaki o te Mana Arotake <i>Governance and accountability of Council-controlled organisations</i>	https://oag.parliament.nz/2015/cco-governance
Institute of Directors New Zealand <i>Four Pillars of Governance Best Practice</i>	https://www.iod.org.nz/resources-and-insights/4-pillars-landing-page/#
Controller and Auditor-General Tumuaki o te Mana Arotake <i>Conflicts of Interest</i>	https://oag.parliament.nz/good-practice/conflicts-of-interest
Local Government Official Information and Meetings Act 1987	https://www.legislation.govt.nz/act/public/1987/0174/latest/DLM122287.html

Policy on the Appointment and Remuneration of Directors

7 APPENDIX 1 – CODE OF CONDUCT

- a) Directors must act honestly and in good faith in what the director believes to be the best interests of the company. Directors must ensure that all shareholders and classes of shareholder are treated fairly according to their rights as between each other.
- b) Directors must carry out their duties in a lawful manner and use reasonable endeavours to ensure that the company conducts its business in accordance with the law and with a high standard of commercial morality.
- c) Directors should avoid conflicts of interest so far as is possible. Where a conflict or potential conflict arises, as a minimum they must adhere scrupulously to the procedures provided by law and by the constitution of the company for dealing with conflicts and with the position of directors having an interest in a particular contract or issue. A director who has a continuing conflict of interest of a material nature should consider resignation as a director of the company.
- d) Directors should be diligent, attend Board meetings and devote sufficient time to make and keep themselves familiar with the nature of the company's business and the environment in which it operates. They should be aware of all statutory and regulatory requirements affecting their company and, where applicable, the requirements of bodies such as the NZX New Zealand Exchange, and see that these are observed.
- e) Directors must observe the confidentiality of non-public information acquired by them as directors and not disclose it to any other person without the authority of the Board. A director who is nominated by, or who has special allegiance to a particular shareholder or group of shareholders, may only disclose confidential information to such shareholders with the authority of the Board and in strict compliance with any procedures prescribed by law or the constitution of the company.
- f) Directors of public issuers should ensure that their company has in place an approved procedure for the buying and selling of shares or securities in the company by directors or their relatives or associates. Directors should not engage in short term trading in the company's shares or securities. Directors should notify the Board in advance of any intended transaction by them or their relatives or associates involving shares or securities in the company.
- g) Directors must act in accordance with their fiduciary duties. They should comply with the spirit as well as the letter of the law and remember that in addition to purely legal requirements there is a standard of ethical and moral behaviour against which all their actions can be judged.
- h) A director should not bind themselves to a pre-determined stance or course of action in the public arena which may then significantly impact on decisions taken at the Board table.
- i) A director may not publicly criticise the Council, the company or its subsidiaries, or dissent from a collective Board decision in a manner likely to damage confidence in the company or its subsidiaries or Council.
- j) Directors must familiarise themselves with the legal risks, both to the company and to the individual director involved with the position, and take all reasonable steps to minimise such risks



STRATEGIC MATTERS At the water services provider level (10 year view)	OPERATIONAL MATTERS For each of WS, WW, SW (10 year view)	FINANCIAL MATTERS At the water service provider level (10 year view)
<ul style="list-style-type: none"> Expectations (SOE) Outcomes (SOE) Strategic Priorities (SOE) Objectives (LGWSA s17) Regulatory Requirements 	<p>Explanation of how these will be achieved</p> <p>Performance measures and targets to monitor whether these are achieved</p>	
<p>Resource management and land use planning requirements (SOE)</p>	<p>Explanation of how these will be addressed</p>	
<ul style="list-style-type: none"> Expected population changes Expected land use changes Objectives for housing growth and urban development 	<p>Expected capital and operating costs</p>	
<p>Other significant issues impacting ability to maintain LoS and meet additional demand</p>		
<p>Consumer feedback collection mechanisms and use</p>		
At the water services provider level (30 year view)	Process to adopt WSS: <i>Consultation:</i> WSCCO is not required to consult with the community, unless shareholder or SEP directs this. <i>Hearings:</i> WSCCO is not required to hold hearings, unless the Significant and Engagement directs this. <i>Audit:</i> WSS is not required to be audited, unless directed to by the Secretary for Local Government. <i>Approval:</i> QLDC to determine if they will comment, amend, or approve.	
<p>Significant issues</p> <p>Most likely scenario</p> <p>Significant decisions</p> <p>Principal options</p> <p>Implications of principal options</p>		
<p>Objectives for Water Services (s17 LGWSA):</p> <ul style="list-style-type: none"> Be reliable and resilient to external factors (e.g. climate change, natural hazards) Meet consumer quality expectations and all regulatory requirements Deliver services cost-effectively and sustainably Plan for future infrastructure needs Share efficiency gains with consumers 	<ul style="list-style-type: none"> Use water resources efficiently Operate transparently, accountably, and in line with sound business practice Act in the best interests of current and future consumers Support housing growth and urban development Be a good employer 	<ul style="list-style-type: none"> Complete set of forecast financial statements Policy for giving security for borrowing Objectives for holding and managing financial investments and equity securities Quantified targets for returns on financial investments and equity securities Significant forecasting assumptions and risks <ul style="list-style-type: none"> Asset lifecycle Sources of funds for future replacement of significant assets Growth/decline in demand Increases/decreases in LoS Uncertainty <p>For each of WS, WW, SW (10 year view)</p> <ul style="list-style-type: none"> Approach to pricing and charging consumers, including: <ul style="list-style-type: none"> schedule of prices and charges methodologies supporting prices and charges Approach to funding and revenue, including: <ul style="list-style-type: none"> Sources of revenue and funding Reasons for selecting each source Amount of funding or revenue from each source Intended funding mechanism for each source Reasons for selected each funding mechanism Budgeted capital and operating expenditure for LoS improvement, growth, renewals Forecast statement of comprehensive revenue and expenses, cash flow, and financial position Previous year's financial statements for comparison Funding Impact Statement

Part 4

Planning, reporting, and financial management

Subpart 1—Planning

Statement of expectations

224 Statement of expectations

- (1) The shareholders of a water organisation must prepare and adopt a statement of expectations and provide it to the water organisation at least 6 months (or such longer period as is agreed between the shareholders and the water organisation) before the water organisation is required to prepare a water services strategy (see section 230 or 231).
- (2) A statement of expectations must relate to a period of at least 10 consecutive financial years.
- (3) The purpose of a statement of expectations is—
 - (a) to set out the shareholders' expectations of the water organisation; and
 - (b) to inform and guide—
 - (i) the decisions and actions of the water organisation; and
 - (ii) the water organisation's preparation of its water services strategy (see section 230 or 231), including its strategic priorities (see clause 2(1)(a) of Schedule 3).

225 Statement of expectations for new water organisation

- (1) This section applies when a water organisation is established after the date on which this section comes into force.
- (2) Despite anything to the contrary in section 224, the shareholders in the water organisation must prepare a statement of expectations under section 224 and provide it to the water organisation—
 - (a) as soon as practicable after the date on which the water organisation is established; but
 - (b) no later than 6 months after the date on which the water organisation is established.
- (3) The shareholders may provide the water organisation with a document

setting out the shareholders' interim expectations of the water organisation (an interim statement) that applies during the period between the following:

- (a) the date on which the water organisation is established;
- (b) the date on which the shareholders provide the statement of expectations to the water organisation under subsection (2).

(4) In addition to the shareholders' expectations, an interim statement may also include, to the extent permitted by section 228, either or both of the following:

- (a) directions for the operation of the water organisation;
- (b) priorities for the water organisation.

(5) The shareholders may start preparing the statement of expectations or an interim statement before the date on which the water organisation is established.

226 Water organisation must give effect to statement of expectations

A water organisation must give effect to a statement of expectations provided by the shareholders of the water organisation.

227 Content of statement of expectations

(1) A statement of expectations prepared under this subpart must include—

- (a) the outcomes that the shareholders expect the water organisation to achieve by providing water services; and
- (b) requirements relating to the territorial authority's resource management planning and land use planning that are relevant to the water organisation's service area; and
- (c) a requirement that the water organisation must act in accordance with any relevant statutory obligation that applies to a shareholder that is a territorial authority; and
- (d) the information that the water organisation must include in its water services half-yearly report (see section 248).

(2) A statement of expectations may include any other matters the shareholders decide, including, for example,—

- (a) how the shareholders require the water organisation to conduct

its relationships with—

- (i) the shareholders:
- (ii) the shareholders' communities or any specified stakeholders within those communities:
- (iii) hapū, iwi, and other Māori organisations:
- (iv) consumers in the water organisation's service area:
- (b) performance indicators and measures that the shareholders may use to monitor the water organisation:
- (c) expectations relating to the strategic priorities to be included in the water organisation's water services strategy:
- (d) a requirement that the water organisation act in accordance with an obligation that a shareholder that is a territorial authority may have with a third party (including with hapū, iwi, or other Māori organisations) under a contract or other agreement:
- (e) a requirement that the water organisation undertake a specified obligation on behalf of a shareholder that is a territorial authority:
- (f) a requirement to undertake community or consumer engagement, and the contents of that engagement:
- (g) expectations in relation to collaborating with the shareholders and other parties when providing water services:
- (h) a requirement that part or all of the water organisation's water services strategy be independently reviewed or audited.

(3) A statement of expectations may contain a matter that applies—

- (a) to all or a specified part of the water services provided by the water organisation (for example, a matter that applies only to wastewater):
- (b) to all or a specified part of the water organisation's service area (for example, a matter that applies only to a territorial authority's district).

228 Additional requirements of statement of expectations

(1) A statement of expectations must be consistent with—

- (a) all legislative obligations that apply to the water organisation; and
- (b) the water organisation's foundation documents; and
- (c) the water organisation's responsibilities,—
 - (i) in the case of an Auckland water organisation, for providing a water supply service and wastewater services; and
 - (ii) in all other cases, as specified in a transfer agreement.

(2) If a water organisation is financially independent of its shareholders, the statement of expectations must not include any requirements or expectations that would compromise that financial independence.

(3) The statement of expectations must not include any requirements or expectations that—

- (a) relate to the water organisation's performance or exercise of a duty, function, or power under this Act; or
- (b) require the water organisation to perform, or not to perform, a specified act, or to achieve a specified result, in relation to a specified person or persons.

(4) However, subsection (3) does not apply if the water organisation's foundation documents provide otherwise.

229 Statement of expectations: process and limits

- (1) The shareholders of a water organisation may provide only 1 statement of expectations to a water organisation at any time.
- (2) If a water organisation receives a statement of expectations that is inconsistent with a direction or requirement imposed by a regulator, the regulator's direction or requirement prevails to the extent of the inconsistency.
- (3) The shareholders of a water organisation must publish, on an internet site maintained by or on behalf of 1 or more of the shareholders, the process that the shareholders must follow to prepare a statement of expectations.
- (4) The process to prepare a statement of expectations must include the following:

- (a) the shareholders must provide a draft of the statement of expectations to the water organisation:
- (b) the shareholders must give the water organisation a reasonable opportunity to review the draft statement and provide comments:
- (c) the shareholders must consider any comments provided by the water organisation before finalising the statement of expectations.

(5) In subsection (2), regulator means 1 or more of the following:

- (a) the Water Services Authority:
- (b) the Commerce Commission:
- (c) a regional council or unitary authority (as that term is defined in the LGA 2002) in whose region the water organisation provides water services.