

Item 1: Water Services Council Controlled Organisation (WSCCO) SoE and Transitional Governance & Support Agreement

SESSION TYPE: Workshop

PURPOSE:

This workshop is dual purpose and will be delivered in two parts:

The first component will continue the work commenced at the 28 April workshop, focusing on the development of the Statement of Expectations for the WSCCO.

The second component will introduce the high-level governance and transition framework for the period between incorporation of the WSCCO and the Company becoming fully operational (signing of Transfer Agreement).

DATE/START TIME:

Tuesday, 5 May 2026 at 10.00am

TIME BREAKDOWN:

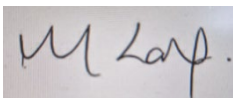
Presentation: 30 minutes

Debate/Discussion: 1.5 hours

PRESENTERS:

Maseina Koneferenisi - Programme Director

Prepared by:



Name: Maseina Koneferenisi

Title: Programme Director

23 April 2026

Reviewed and Authorised by:



Name: Katherine Harbrow

Title: Assurance, Finance & Risk General
Manager

24 April 2026

ATTACHMENTS:

A	SoE PowerPoint Presentation [to follow]
B	Transitional Governance Framework PowerPoint Presentation

Transition Success

Defined roles and responsibilities from incorporation to Day One

Content

Context

Governance and Decision-making

Founding Commitments

Council support

Key messages

Next steps

Context

Balancing control and readiness

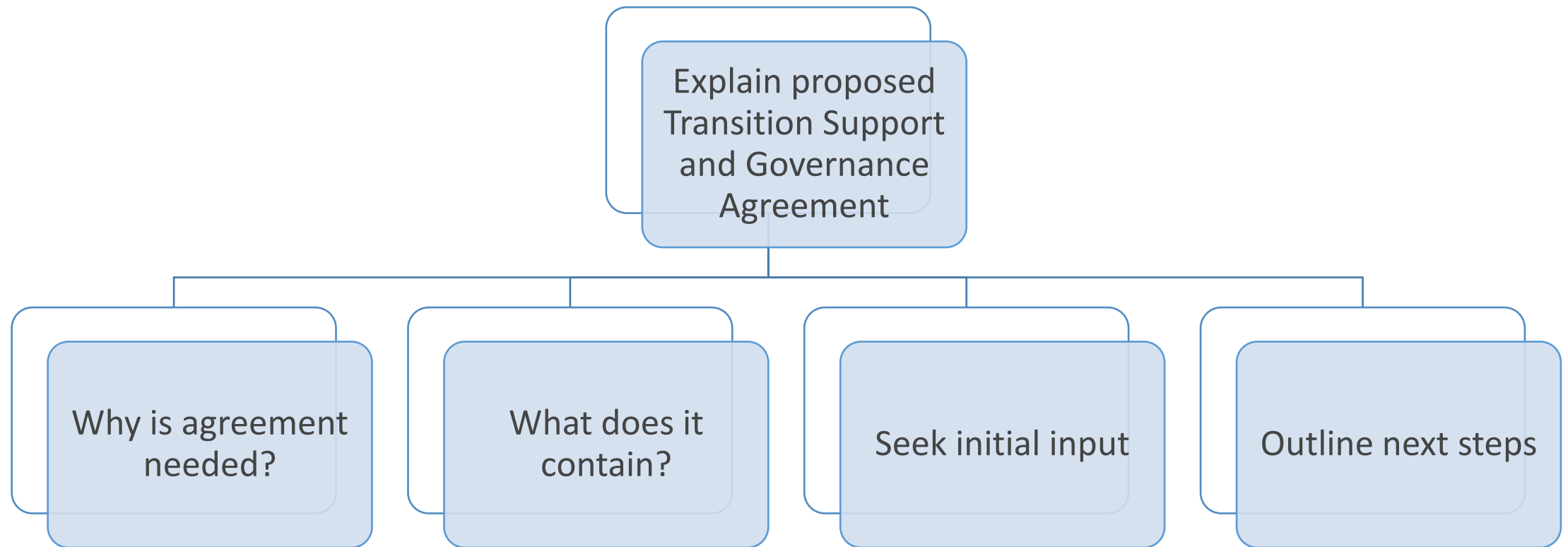
Transition is complex

Balancing 2 equally important priorities:

- Maintain Council control and service continuity during transition
- CCO empowered to build capability and operate independently

Proposed agreement will set out how both are achieved during the transition period

Purpose of Workshop



What is changing?



Establishment of QLDC 3Waters Limited as a Council-Controlled Organisation (CCO) and a water organisation.



Separate legal entity owned by Council



Council runs today's services (up to 30 June 2027); the Board builds tomorrow's organisation (starting now but effective from 1 July 2027)



Council decision-making for water services during transition, but Board is accountable for, and makes decisions re, establishment delivery



What are roles and responsibilities between Board of CCO and Council during this time (Governance) and what support is Council giving to the CCO (Operational)

What is changing - Council perspective



CCO will be governed by Board



Programme Director and team are accountable to CCO Board, not the Council CE



Establishment delivery - Council no longer has direct control over programme delivery



Oversight is exercised through shareholder role and defined transition governance mechanisms



TRANSITION GOVERNANCE AND SUPPORT AGREEMENT IS CRITICAL TO MANAGING THAT SHIFT

Transition agreement overview

Governance content

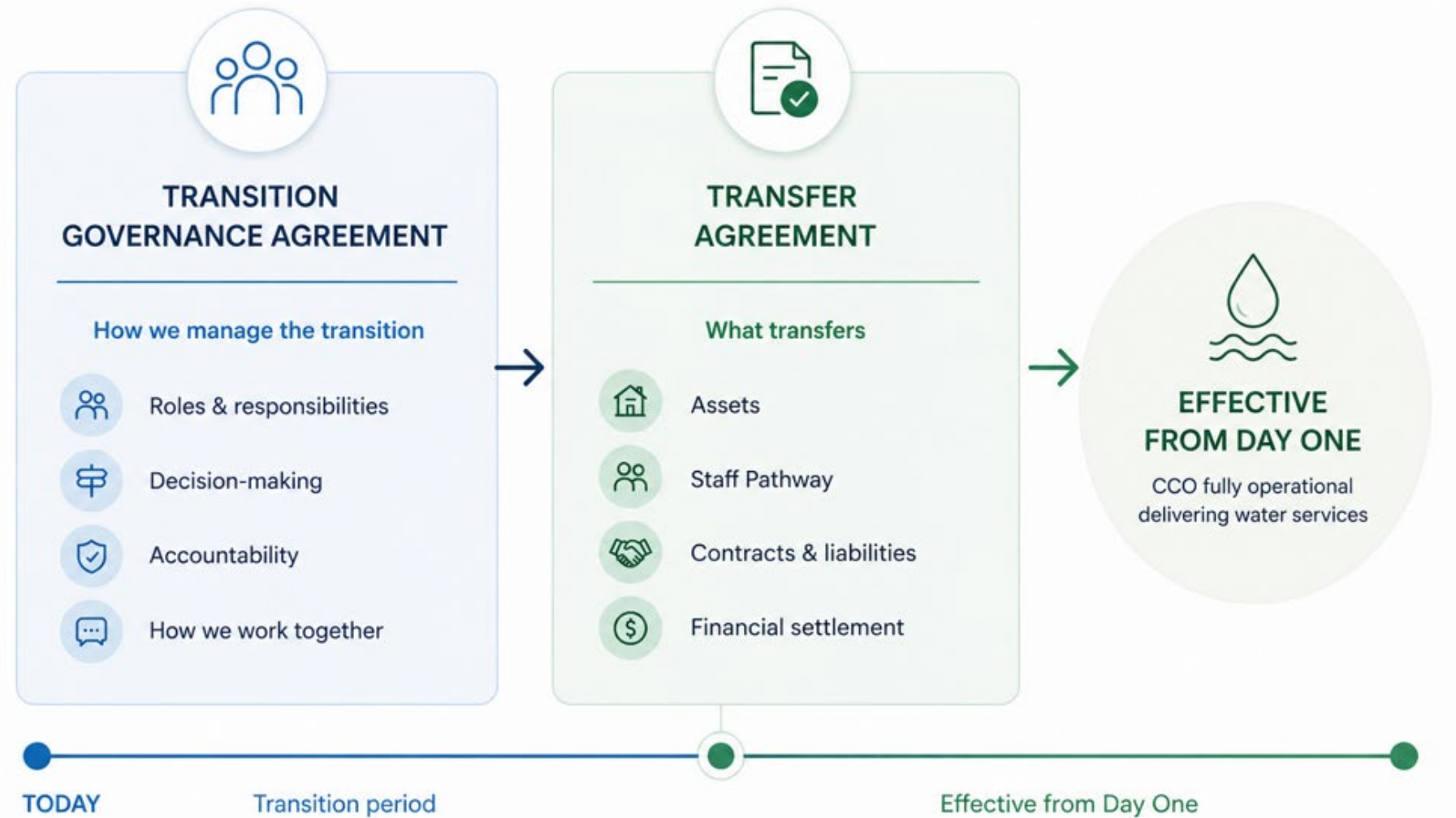
- Support strong Board accountability
- Set out what decisions matter most and define decision-making authority
- Provide oversight without operational interference

Transition content

- Enable coordinated delivery of Establishment programme
- Confirm establishment funding arrangements
- Confirm support from Council (agreeing access to people, systems, facilities)

Transition v Transfer Agreement

- Transition agreement supports getting to Day One
- Transfer agreement confirms what happens on Day One

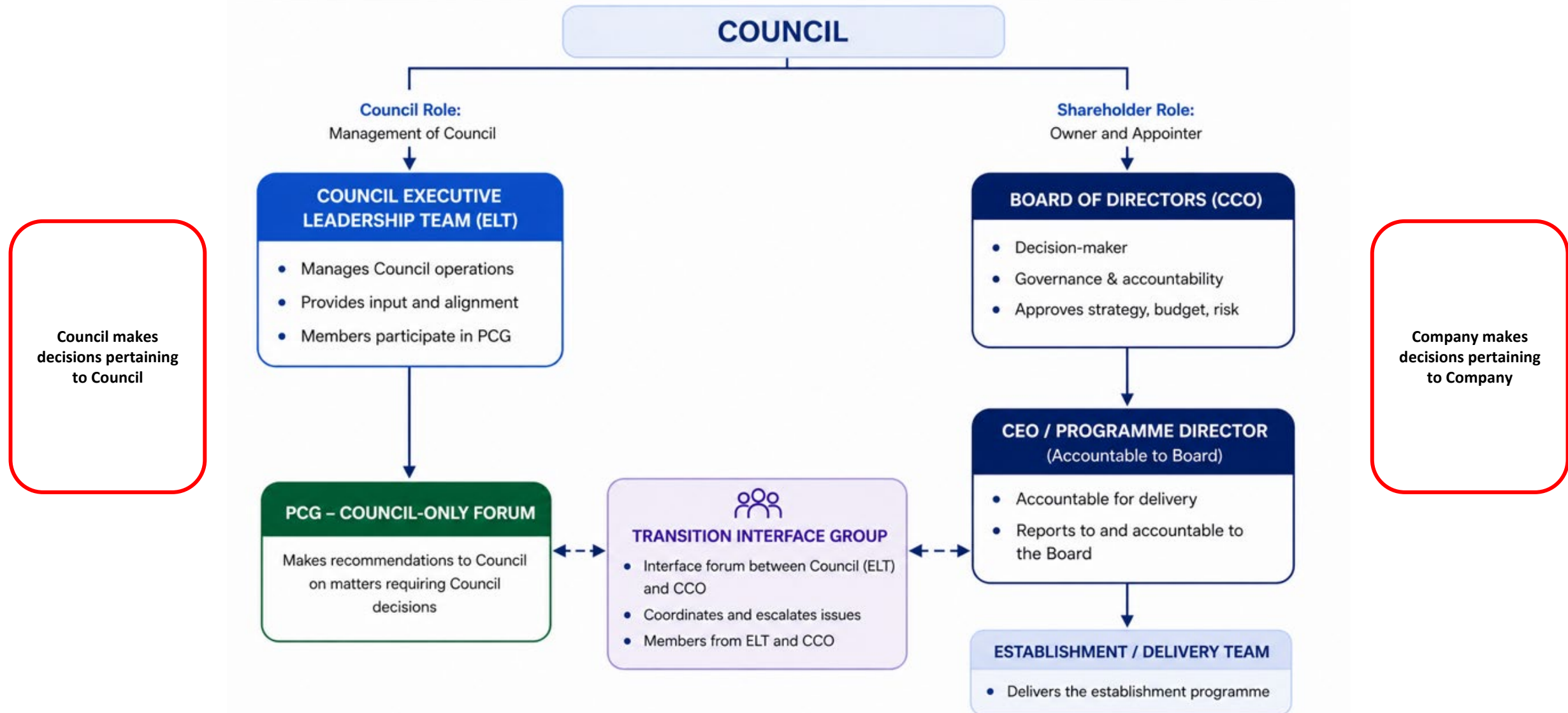


Governance and decision making

Current governance model – all inside QLDC



Governance during Establishment



Establishment Governance overview

Council (today's services):

- Delivers water services to Day One
- Retains decision-making for water services to then
- Responsible for shareholder matters (funding, transfer agreement, SoE)

Board:

- Governs CCO and prepares for Day One operations
- Builds capability, systems and team

Transition Interface:

- Ensures early engagement on all Major Decisions
- information sharing
- no surprises

Major decisions

Major Decisions - Scope



Purpose is to ensure CCO has input into decisions that affect its future viability



Different from Major Transactions under Constitution and Companies Act



Applies to decisions that materially affect:

Future business, strategy, operating model or financial position of CCO

Service delivery or sustainability

Assets, liabilities, or transfer arrangements

The CCO's ability to operate effectively from Day One

Major Decisions – Process

Approach:

- Early engagement with the CCO
- Full information sharing
- Time for CCO input
- Council considers that input before deciding

Why this matters

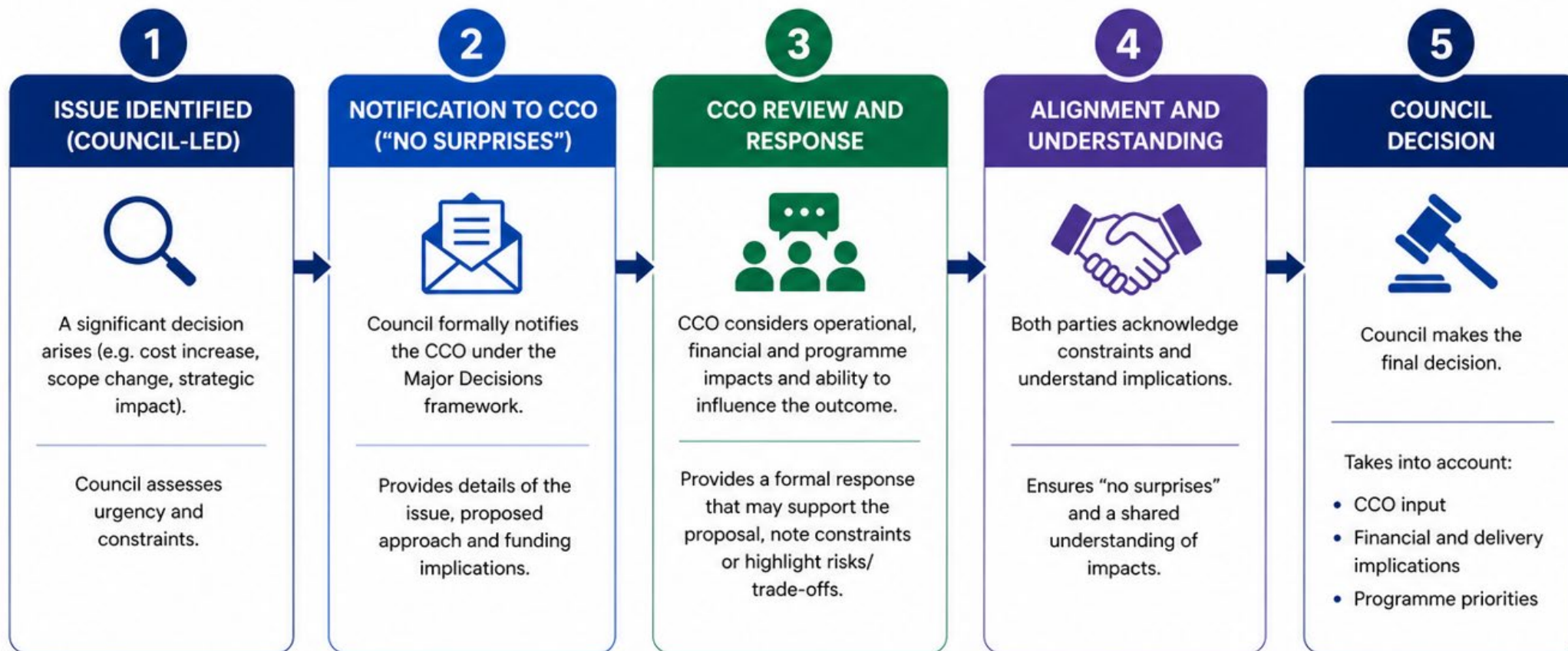
- Ensures no surprises on critical decisions
- Protects the future viability of the CCO
- Maintains Council oversight where it matters most
- Supports a smooth, low-risk transition to Day One

This is not a perfect model; it is transitional, balancing control and readiness

It relies on collaboration for the common goal; best outcome for the community and ratepayers

MAJOR DECISION PROCESS (GENERIC)


How decisions are considered during transition



WHO IS INVOLVED?


COUNCIL
Identifies and assesses the issue.


COUNCIL
Notifies CCO with full details and context.

 **CCO**
Reviews and provides input; highlights impacts and constraints.

 **COUNCIL + CCO**
Align on implications and ensure shared understanding.


COUNCIL
Makes the final decision.

Founding commitments

*How we work
together during
transition*

- Act in good faith
- No surprises / open communication
- Collaborative approach
- Focus on long-term outcomes
- Support timely establishment
- Respect governance roles

*How we make
decisions on
what transfers*

- Right assets and liabilities transfer
- Maintain service capability
- Protect community and public interest
- Practical land and access solutions
- Protect third-party rights
- Strong information sharing
- Sustainable financial arrangements

Council support

Funding

- Initial funding committed (up to \$8m loan funded)
- Additional funding subject to approval between Board and Council
- All costs repaid by the CCO once it can borrow from LGFA
- The Board is responsible for:
 - oversight of the budget and ensuring appropriate controls in place
 - delegating authority within the CCO (through a delegations' framework)

Council support

Operational support to be provided - detailed operational matters to be agreed at Officer level

Support does not change governance or decision-making authority

Provides systems, staff and operational support

Manages accounts payable / receivable for CCO

Secondments to ensure knowledge transfer

Enables successful establishment of the CCO.

Key messages

Key messages for Elected Members

- You are not being asked to approve this today - your feedback will shape the version that comes back for formal decision.
- This is a transition agreement, not the end state model
- It ensures clear roles, decision-making and accountability during transition (incorporation of CCO to transfer of water services)
- Supports a controlled transparent transition
- Protects service continuity and community outcomes

Next steps

Next steps

- Feedback sought from:
 - Council elected members (today)
 - Council management
 - CCO Board (once appointed)
- Ongoing joint refinement to reflect shared feedback and direction
- Recommended version will be presented to Council and Board for approval