

## **Item 2: Water Services Council Controlled Organisation (WSSCO) Constitution**

**SESSION TYPE:** Workshop

### **PURPOSE:**

The purpose of the workshop is to discuss the final key elements associated with the development of the company constitution of QLDC's WSSCO to obtain Councillor input to inform future direction and decisions. The workshop will be jointly run by QLDC's Establishment Programme Director, Maseina Koneferenisi and Mike Wakefield from Simpson Grierson.

### **DATE/START TIME:**

Thursday, 9 April 2026 at 2.40pm – 4.10pm

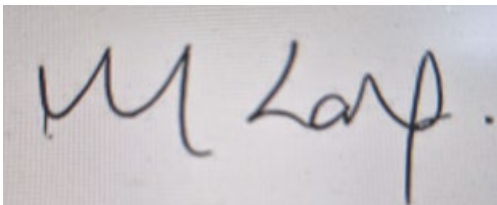
### **TIME BREAKDOWN:**

Presentation: 10 minutes  
Debate/Discussion: 80 minutes

### **PRESENTERS:**

Maseina Koneferenisi, Programme Director, QLDC  
Mike Wakefield, Simpson Grierson (Partner)

#### **Prepared by:**



**Name:** Maseina Koneferenisi  
**Title:** Programme Director

31 March 2026

#### **Reviewed and Authorised by:**



**Name:** Katherine Harbrow  
**Title:** Assurance, Finance & Risk General  
Manager

1 April 2026

**ATTACHMENTS:**

**WORKSHOP POWER POINT PRESENTATION**

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Refer Attachment A for the power point presentation outlining the topics to be discussed in the workshop.

A	PowerPoint presentation
B	Key Decisions for Company Constitution



# Establishment of QLDC 3Waters CCO

## Councillor Workshop

9 April 2026

# Agenda

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1. 4 constitutional matters requiring direction confirmation

30 minutes



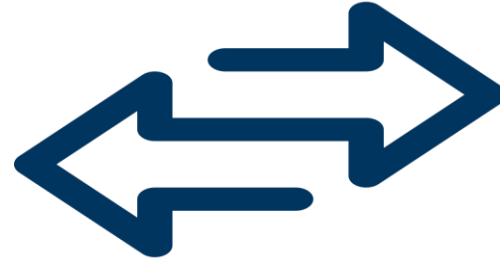
2. Matters of Significance

30 minutes



# Constitution: Discuss & Provide Direction

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**25 June 2026**

**Council Decision**

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

**Timing:** Target date for adoption of Constitution – Council meeting of 25 June 2026

**Focus:** Today's workshop will cover 4-5 constitutional matters

# Constitution Recap

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## Constitution matters resolved

- No dividend payments
- Board of up to 5 Directors
- Director appointments for 3 year fixed terms, 1 right of renewal and staged reappointments
- Skills matrix content & placement - a stand alone document approved by delegated appointment
- Level of remuneration
- Ability to explore expansion opportunities
- Should interested directors be allowed to vote?
- What constitutes a quorum of directors
- Will the Chair have a casting vote
- Frequency of board meetings
- Additional reporting obligations of CCO
- Councils' role in preparing the Water Services Strategy & Annual Budget

## Constitution Matters for Direction Today

- WSS – wording check
- Audit/Review of WSS – wording check
- Approach to decision making forum
- Role of iwi and the constitution
- Matters still to resolve



## 1 – Council role in preparing the Water Services Strategy (WSS) and Annual Budget

### Proposed wording:

Council may provide feedback on the Water Services Strategy and request amendments as appropriate; however, final approval of the WSS rests with the Board.

## 2 – Audit/Review of the WSS

### Proposed wording:

The Council may require an audit or review undertaken by a party nominated by Council. In the event such a requirement may be made, advice notice to the WSCCO for an audit, noting s 239(2) of the LGWSA requires a water service provider to request a report from the Auditor – General at least 12 months before the date it must adopt a WSS.

## 3– Establishing a Council Committee

### Proposed approach:

Propose no reference made in the constitution until a decision has been made at a later date regarding any such decision making forum. Matters relating to the water organisation (e.g. the SoE, WSS, Board appointments, reviewing performance and reports, etc) will always go to full Council meetings unless the constitution is updated accordingly.

# Constitution:

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## 4 - Role of iwi and the constitution – for discussion

# Matters still to resolve:

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Refer Attachment C

SIMPSON  
GRIERSON

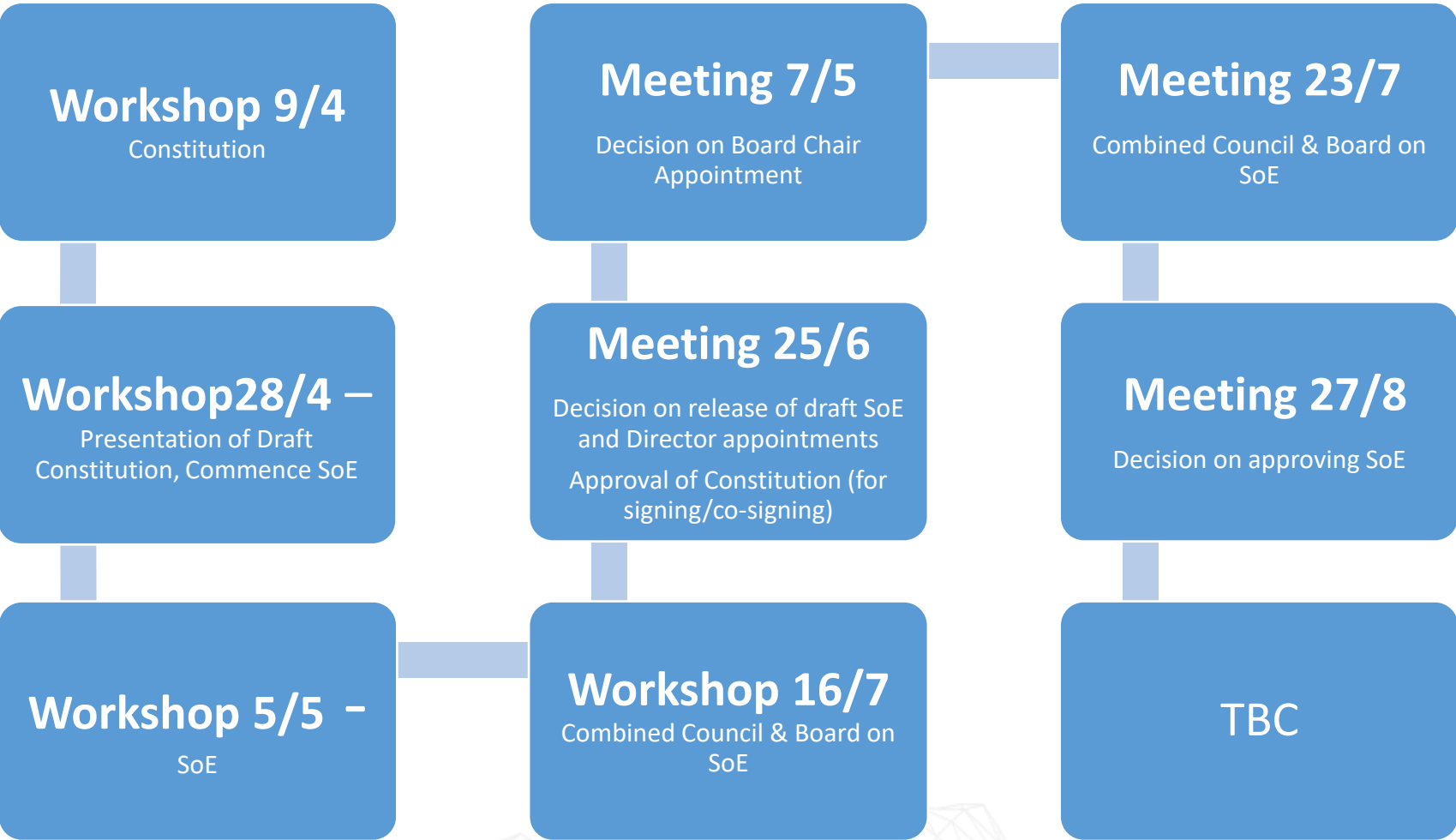
## Matters of Significance

- Legislation now enables contracts for up to 50 years.
- Significance – WSOs are required to have a Significant & Engagement Policy (which must be approved by Council).
- How does Council retain its ability to veto significant decisions? **Legal advice to be provided**

### ***Note - Statement of Expectations – notes to be carried forward into SoE discussions***

- Wording intent – there is an expectation that the entity will operate in alignment with values and strategic direction of Council

# Next Steps Councillor Input



## Attachment B: Key Decisions for Company Constitution

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

As at 2 April 2026



#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
<i>Constitution</i>					
<b>Foundational information</b>					
1.	<i>Name of Company</i>	QLDC 3Waters Ltd	Placeholder name reserved with Companies Office.	No discussion required	25 June 2026 Meeting <sup>1</sup>
2.	<i>Scope of business</i>	Water Supply, Wastewater and Stormwater	Scope already determined under WSDP and Local Government (Water Services) Act 2025 (LGWSA).	No discussion required	No decision required
3.	<i>Effective date</i>	<p>(a) Day 0; the date the Company is incorporated</p> <p>(b) Day 1; the date that all water services assets, liabilities, rights and responsibilities will transfer to the Company</p>	<p>In practice, this is not likely required, as the more significant date in terms of the LGWSA is the date of establishment, which we interpret to mean date of incorporation. It is from this date that various obligations in the LGWSA will be triggered, i.e.. the Statement of Expectations (SoE) timing.</p> <p>However, an effective date (the date on which the provisions of the Constitution will take effect) could be included so that certain aspects of the Constitution only apply from Day 1. This would allow for the water organisation to be subject to different requirements in the transition period.</p>	No discussion required	No decision required
<b>Ownership and control</b>					
4.	<i>Whether dividends are permitted</i>	No dividend permitted	Council decision already made.	No discussion required	Decision already made to not permit dividends  RESOLVED

<sup>1</sup> Constitution adoption, which is where this decision is formally made, preliminarily scheduled for 25 June Council meeting. If discussions conclude earlier, this could be brought forward.

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
5.	<i>Ability to explore expansion opportunities</i>	<p>(a) Board may unilaterally explore expansion opportunities (subject to LGWSA requirements and 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>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.</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 (i.e. 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). This could create a lack of clarity around the respective roles of the Council and the Board should opportunities for expansion arise.</p> <p>Any joint arrangement (regardless of the option selected) 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>	Direction w/s of 31.3.2026	W/S 31.3.26. Option B RESOLVED

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

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

#	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"> <li>○ Encourages diversity and new ideas.</li> <li>○ Prevents stagnation and over-concentration of influence.</li> </ul>		
			<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 (e.g. three consecutive terms).</p> <p>The most suitable option will likely depend on the approach taken to the initial board establishments (e.g. 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.  Resolved to hold the skills matrix as a stand-alone document approved by the delegated appointment panel.  RESOLVED

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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	<p>5 February 2026 Meeting</p> <p>Resolved to hold the skills matrix as a stand-alone document approved by the delegated appointment panel.</p> <p>RESOLVED</p>
10.	<i>Who has the power to appoint the Chairperson?</i>	<ul style="list-style-type: none"> <li>(a) Full Council</li> <li>(b) Council Committee</li> <li>(c) The Board</li> </ul>	Council to determine whether it appoints the Chairperson, or whether it leaves the selection of the Chairperson from one of the Board to the Board itself.	As per council policy (to be updated and adopted)	No decision required; as per Council Policy on Appt & Remuneration of Directors
11.	<i>Who determines the level of remuneration for directors?</i>	<ul style="list-style-type: none"> <li>(a) Council</li> <li>(b) Council Committee</li> <li>(c) Appointment Panel</li> <li>(d) Board</li> </ul>	We suggest the full Council should make final decisions regarding the level of remuneration made available to the Board based on recommendations from the Appointment Panel.	As per council policy (to be updated and adopted)	No decision required; as per Council Policy on Appt & Remuneration of Directors
12.	<i>Should directors have the power to appoint alternate directors?</i>	<ul style="list-style-type: none"> <li>(e) Yes</li> <li>(f) No</li> </ul>	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	Direction w/s of 31.3.2026	W/S 31.3.26. No RESOLVED

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
			Council would like to ensure Directors are personally involved, it may want to avoid giving the option to appoint alternates.		
13.	<i>Should interested directors be allowed to vote?</i>	(a) Yes (b) No	Generally, interested directors should not be allowed to vote. However, there may need to be some carve outs in respect of: 1. any payment or other benefit under s 161 of the Companies Act 1993 2. the entry into an indemnity or insurance arrangement  Noting that the Constitution will limit the exercise of section 161 by making it subject to a resolution of the Council.	Direction w/s of 31.3.2026	W/S 31.3.26. Yes, but add wording to reflect this must be in alignment with organisations Conflict of Interest/Sign Engagement Policy
14.	<i>What constitutes a quorum at a directors meeting?</i>	(a) >50% (b) 75+% (c) 100% (d) A specific number of directors	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. 75% is likely an appropriate threshold given the Board will have up to five members. This would effectively allow for one absence if the Board has 4 or 5 members, and no absences if the Board has three or less members.	Direction w/s of 31.3.2026	W/S 31.3.26. 75%
15.	<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).	Direction w/s of 31.3.2026	W/S 31.3.26. No casting vote
16.	<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 (i.e. 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).	Direction w/s of 31.3.2026	W/S 31.3.26. At the boards discretion but no less than quarterly
<b>Accountability and reporting</b>					

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17.	<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	<p>The Council could include additional reporting requirements within the Constitution.</p> <p>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.</p> <p>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.</p>	Direction w/s of 31.3.2026	W/S 31.3.26. Option b
18.	<b><i>Council role in preparing the Water Services Strategy (WSS) and Annual Budget (1)</i></b>		Refer to separate advice from Simpson Grierson	Direction w/s of 31.3.2026	<b>W/S 31.3.26. Council may provide feedback on the Water Services Strategy and request amendments as appropriate; however, final approval of the WSS rests with the Board.</b>
19.	<b><i>Audit/Review of the WSS (2)</i></b>	(a) Include audit requirement in the Constitution (b) Include review requirement in the Constitution	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.	Direction w/s of 31.3.2026	<b>W/S 31.3.26. The Council may require an audit or review undertaken by a</b>

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
		(c) Rely on SoE to require any audit or review as necessary	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.		<b>party nominated by Council. In the event such a requirement may be made, advice notice to the WSCCO for an audit, noting s 239(2) of the LGWSA requires a water service provider to request a report from the Auditor – General at least 12 months before the date it must adopt a WSS.</b>

### Other key decisions

#### Council committee

20.	<b>Establishing a Council committee to make delegated decisions related to the water organisation (3)</b>	(a) Yes (b) No – matters always go to full Council meetings	Establishing a committee to deal with matters related to the water organisation (e.g. the SoE, WSS, Board appointments, reviewing performance and reports, etc) on behalf of the Council as shareholder can help to streamline decision making.  If this approach was taken, some of the more significant decisions (e.g. whether to allow other partners to join) would still be reserved for the full Council. Establishing a Council committee would require terms of	31 March 2026	<b>Propose no reference made in the constitution until a future decision has been made on any decision making forum other than full Council.</b>
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#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
			reference to be developed for the committee, to clarify role and responsibilities.		Matters relating to the water organisation (e.g. the SoE, WSS, Board appointments, reviewing performance and reports, etc) always go to full Council meetings
21.	<b>Frequency of committee meetings</b>	<ul style="list-style-type: none"> <li>(a) Quarterly</li> <li>(b) Bi-annually</li> <li>(a) Annually</li> </ul>	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	N/A as above
22.	<b>Responsibilities of potential committee</b>	<p>Could include the following matters:</p> <ul style="list-style-type: none"> <li>(a) Have shared oversight of the establishment working group and establishment work programme</li> <li>(b) Preparation and approval of SoE</li> <li>(c) Adoption of or changes to Board Skills Matrix</li> <li>(d) Director appointment policy</li> </ul>	<p>All of the matters listed here are likely suitable for delegation to the committee.</p> <p>Note Mana Whenua membership on the committee (see discussion below) may influence what is included in this scope or may require adjustments so that certain decisions are only for the Council (as shareholder of the company) representatives as opposed to non-Council representatives.</p>	31 March 2026 Workshop	N/A as above

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
		<ul style="list-style-type: none"> <li>(e) Comments to Company on draft Water Services Strategy</li> <li>(f) Review of draft Transfer Agreements (but not execution, as that is matter for Councils)</li> <li>(g) Review of draft Transitional or Service Level Agreements (but not execution)</li> <li>(h) Review and monitoring of reports produced by the water organisation</li> <li>(a) Other matters</li> </ul>			
23.	<b><i>Matters reserved for full Council</i></b>	<p>Can include the following matters:</p> <ul style="list-style-type: none"> <li>(a) Addition of new shareholder</li> <li>(b) Approval to provide services in other districts (depending on approach taken above)</li> <li>(c) Liquidation or winding up of Company</li> <li>(d) Amalgamation</li> <li>(e) Issue (to an existing shareholder) of, or changes to, buy-backs of shares</li> <li>(f) Major transactions (being transactions with a value of 50% or more of the assets of the Company)</li> <li>(g) Changes to Constitution</li> </ul>	<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	<b><i>N/A as above</i></b>

#	TOPIC / QUESTION	DECISION OPTIONS	ANALYSIS	FOR DISCUSSION?	DECISION DATE
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- (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 FOR FUTURE CONSIDERATION AND DISCUSSION**

24. *Role of Mana Whenua*

9 April 2026  
Workshop

Author	Date	Version	Details
Simpson Grierson			
Maseina Koneferenisi	19.3.2026	0.2	Updated comments
Maseina Koneferenisi	19.3.2026	0.3	Updated in preparation for Council workshop on 31/3
Maseina Koneferenisi	24.3.2026	0.4	Updated for workshop 31/3 post SG review & internal feedback
Maseina Koneferenisi	2.4.2026	0.5	Updated post SG feedback in preparation for w/s of 9/4/26
Maseina Koneferenisi	2.4.2026	0.6	Iwi item #24 for discussion in w/s of 9/4