Item 1: Transfer Agreement Process

SESSION TYPE: Workshop

PURPOSE/DESIRED OUTCOME:

To align the Board of QLDC 3 Waters Limited (**Board**) and Council Elected Members on the approach for developing the transfer agreement between the parties, including the proposed process, key milestones and respective roles. This will support informed decision-making by both governance forums as they consider the formal approval and execution stages of the transfer process over the coming months.

DATE/START TIME:

Tuesday, 4 August 2026 at 10.00am

TIME BREAKDOWN:

Presentation and Discussion: 60 minutes

PRESENTERS:

Pennie Peace – Acting General Manager - Strategy and Policy
Sinead Hart – Governance Lead, QLDC 3Waters Limited

Prepared by:	Reviewed and Authorised by:
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Title: QLDC 3Waters Limited	**Title:** Acting General Manager Strategy and Policy
27 July 2026	28 July 2026

ATTACHMENTS:

A	Transfer Agreement Process

Attachment A: Transfer Agreement Process

Transfer Agreement

Bringing everything together for an eyes-wide-open transfer

QUEENSTOWN LAKES DISTRICT COUNCIL

Contents

Transfer Agreement: bringing everything together

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WHAT IT IS

Mechanism that transfers responsibility for water services. Establishes the future relationship between Council and the CCO.

EVERY WORKSTREAM

Every workstream has a place in the Transfer Agreement

THE CHAIN

Successful transfer is about more than assets. Assets require people to operate them. People require processes to work effectively. Processes require information to function.

DAY ONE

Transfer Agreement brings together the assets, people process, contracts, systems, information and governance arrangements necessary for the Company to effectively operate alongside Councils from Day One.

Overview of content

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Assets

Staff Pathway / lift and shift

Finance

TRANSFER AGREEMENT

Resource Consents

Contracts (incl. Capital Works)

Property & Land

What is a Transfer Agreement?

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THE COMMON VIEW

Most people think "it just transfers assets".

THE REALITY

The legislation requires much more.

The Transfer Agreement establishes:

- What transfers
- What does not transfer
- Staff pathway process
- How the organisations work together
- Shared planning arrangements
- Revenue collection arrangements
- Transitional services
- Governance arrangements
- Information sharing
- Future dispute resolution
- Ongoing review processes

Shared interests arrangements

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Interfaces between Council and the CCO where respective statutory functions intersect

Planning interfaces

- District planning and growth
- Infrastructure planning

Regulatory interfaces

- Building Act
- Resource Management
- Consenting processes

Emergency management

- Coordinated response across Council and CCO

Charging arrangements

- Billing and charging arrangements between QLDC and the CCO

Shared governance

- Joint oversight of shared functions - how council and CCO will work together on matters where their statutory functions or interests overlap.
- Bylaw administration

The arrangement provides a framework for coordination, information sharing, consultation and decision-making so each entity can discharge its own statutory responsibilities while supporting the other to do the same.

THE PROCESS

Process

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The journey to transfer implementation

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From information to implementation, ensuring an eyes-wide-open transfer.

1 Information gathering

Workstreams collect and improve information that supports the Water Services Strategy, the Transfer Agreement and transition planning.

2 Validation

Information is checked, tested and confirmed. Gaps and risks are identified and addressed.

3 Agreement

Draft content and schedules are prepared. Councils and the Water Organisation engage, negotiate and agree provisions.

4 Assurance

Independent and internal assurance is undertaken, focused on significant risks and information confidence.

5 Board decision

Boards review information, assurance findings and risks, and decide whether the transfer can proceed.

6 Council decision

Councils formally approve and sign the Transfer Agreement. Authority is given to implement the transfer.

7 Staff offers & completion

Staff offers are made and accepted. The Completion Date is reached and the transfer is implemented.

Build understanding
(Information & Agreement Preparation)

Build confidence
(Assurance & Decision Making)

Implement transfer
(Approval & Completion)

Eyes wide open. The objective is not to prove perfection. It is to understand the business being transferred, identify risks and uncertainties, and make an informed decision to proceed.

1. Information gathering

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The current misunderstanding

People often think these are two separate things:

- Water Services Strategy = a planning document
- Transfer Agreement = a legal document

The reality

Both rely on the same underlying information.

One evidence base, not two. We are not collecting information for two separate purposes. We are establishing a single evidence base that supports both the Water Services Strategy and the Transfer Agreement.

2. Validation

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1

Collate & sign off

Workstream outputs collated. Workstream leaders sign off on content.

2

Validation day

Output workshopped with Council staff. Actions captured, feedback gathered.

3

Update & action

Content updated and agreed actions undertaken.

4

Present to governance

Final-form agreement reached, then Council and CCO present to Governance Forums.

3. Populate the agreement

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Agree legal terms

Legal terms agreed with Council in principle.

Workshop expectations

Workshop with the Board and with Council what to expect from the Transfer Agreement.

Land process

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1

Identify

Identify all land associated with water services
Confirm ownership and relevant property information

2

Transfer principles

Transfer principles need to be agreed with Council
Assess each property against these principles.

3

Determine outcome

Determine the appropriate property arrangements to ensure the Company can lawfully own, access, operate and maintain the assets required for its business.

4

Present to governance

Transfer agreement documents what is agreed and presented to Council and Board for approval

Draft document landscape (Council perspective)

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What Councils are asked to support, approve or provide, by phase from pre-incorporation to enduring arrangements.

Parameters

- Constitution
- Transition Agreement
- Statement of Expectations

Pre-incorporation

Financing

Ask of Councils: Support getting access to funding

- Establishment funding
- LGFA Deed (signed by all shareholders)
- Bank Guarantee

Implementing transfer

Ask of Councils: Transfer documentation

- Transfer Agreement
  - Novation process (Contracts)
  - Interest in land docs

Operational

Ask of Councils: Services that support Day One

- Post Completion Services
  service description and LOS and $

Ask of Councils: Enduring arrangements

- Shared Services Agreement
- Bylaw delegations
- Shared interests arrangements

Post Day One

Strategy set by Board → **Water services strategy** (CCO Document)

STEP 4

Assurance

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Eyes wider open transfer

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How the Transfer Agreement brings together information, risk and governance.

Not the objective

To prove the water business is perfect.

The objective

To understand the business being transferred, identify risks and uncertainties, and give Boards sufficient confidence to make an informed decision.

What assurance are we seeking to provide?

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Not this

- Certify every asset is perfect
- Eliminate every risk
- Resolve every uncertainty

This

- Understand the business
- Understand its condition
- Understand the risks
- Understand the information gaps
- Decide whether those risks are acceptable