

Full Council

25 June 2026

Report for Agenda Item | Rīpoata moto e Rāraki take [4]

Department: Strategy & Policy

Title | Taitara: Incorporation of QLDC 3Waters Limited

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to seek the approval of Queenstown Lakes District Council (QLDC) of the final governance documents and shareholder actions required to incorporate QLDC 3Waters Limited as the Water Services Council-Controlled Organisation (WSCCO) identified in Council's approved Water Services Delivery Plan.

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report;
2. **Note** that this report does not address the appointment of directors of QLDC 3Waters Limited which are presented to Council for approval under cover of a separate paper;
3. **Approve** the Constitution in the form attached to this paper at Attachment A;
4. **Note** that the definition of "Company" in clause 1.1 of the Constitution will be amended after approval to add the company number following incorporation; and
5. **Authorise** the Mayor to sign the shareholder consent form, in the form attached at Attachment B, on behalf of Council and undertake all actions necessary to give effect to the incorporation of QLDC 3Waters Limited.

Prepared by:



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Title: General Manager, Strategy & Policy (Acting)
12 June 2026

Reviewed and Authorised by:



Name: Michelle Morss
Title: Interim Chief Executive
12 June 2026

Context | Horopaki

1. The Water Services Delivery Plan adopted by Council in August 2025 confirmed Council's decision to establish a WSCCO as the future delivery model for water services. The WSCCO model was selected following assessment against cost, capability, operational effectiveness, economic efficiency, community interest and adaptability criteria. Council determined that a dedicated water organisation would provide independent expert governance, better alignment with the emerging regulatory framework, greater flexibility to respond to future reform opportunities, and improved long-term financial sustainability while remaining wholly owned by QLDC and protected from privatisation.
2. The incorporation of QLDC 3Waters Limited is a significant milestone in implementing Council's approved Water Services Delivery Plan and progressing towards the future transfer of responsibility for water services to the new organisation.
3. To enable incorporation, Council must approve the company's Constitution and authorise execution of a shareholder consent as the sole shareholder of the company.
4. The Constitution is a foundational governance document that establishes the governance framework for QLDC 3Waters, including shareholder rights, director responsibilities, accountability arrangements, decision-making authorities, and the relationship between Council as shareholder and the Board.

Analysis and Advice | Tatāritaka me kā Tohutohu

5. The Constitution has been developed through a structured programme of governance work undertaken as part of the establishment of QLDC 3Waters. This process has included legal and governance advice, consideration of statutory requirements, and a series of councillor workshops to test options and obtain direction on key constitutional matters.
6. Numerous workshops were held over April, May and the start of June 2026, with elected members considering a range of governance issues including board composition, director terms, shareholder oversight arrangements, reporting obligations, decision-making thresholds, reserved matters, committee structures and the respective roles of Council and the Board in strategic planning and budgeting.
7. This iterative process enabled the Constitution to be progressively refined and ensured the final document reflects Council's preferred balance between Board autonomy and shareholder oversight.
8. The Constitution now presented for approval represents the culmination of this workshop process and provides the governance framework required to enable incorporation of QLDC 3Waters and commencement of the next phase of the establishment programme.

9. Following approval of the Constitution, Council is required to execute a shareholder consent as sole shareholder of the company. The shareholder consent records Council's approval of the Constitution and authorises the initial actions necessary to establish the company. As part of the incorporation process, 100 ordinary shares will be issued in QLDC 3Waters and held by Queenstown Lakes District Council. The issue of these shares establishes Council as the sole shareholder of the company and provides the legal mechanism through which Council will exercise its ownership rights under the Companies Act 1993 and the Constitution.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

10. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because it is executing a previous resolution of Council.
11. The persons who are affected by or interested in this matter are residents/ratepayers of the Queenstown Lakes district community, and special interest groups related to water quality.
12. The Council is not required to consult on this matter.

Māori Consultation | Iwi Rūnaka

13. The Council is not required to consult with Iwi Māori on this matter.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

14. This matter relates to the Strategic/Political/Reputation risk category. It is associated with RISK10006 Ineffective planning for property and infrastructure within the QLDC Risk Register. This risk has been assessed as having a high residual risk rating.
15. Approval of the recommended option will allow Council to avoid the risk. This will be achieved by ensuring that Council progresses with the incorporation of QLDC 3Waters Limited in the manner set out its DIA approved water services delivery plan.

Financial Implications | Kā Riteka ā-Pūtea

16. Approval of the Constitution and incorporation of QLDC 3Waters Limited do not create any additional financial implications beyond those already contemplated in Council's approved Water Services Delivery Plan. The issue of 100 ordinary shares is an incorporation requirement and does not result in any material additional expenditure by Council.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

17. The Constitution reflects the governance model endorsed by Council through a series of workshops and subsequent direction on key constitutional matters. It provides an appropriate balance between Board independence, operational effectiveness and shareholder oversight.

Legal Considerations and Statutory Responsibilities | Ka Ture Whaiwhakaaro me kā Takohaka Waeture

18. Under the Local Government Water Services (Preliminary Arrangements) Act 2024 and the Local Government (Water Services) Act 2025, Council is required to implement its approved Water Services Delivery Plan. The incorporation of QLDC 3Waters Limited is a key implementation milestone and is necessary to establish the governance and ownership arrangements required for the future delivery of water services through a WSCCO.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

19. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

20. The recommended option relates to Council's commitment to incorporate a water services organisation for the purpose of transferring its responsibility for water services to that entity.

Attachments | Kā Tāpirihaka

A	Constitution of QLDC 3Waters Limited
B	Shareholder Consent Form