



## Participation Agreement summary as at January 2011

### Section 30A South-East Queensland Water (Distribution and Retail Restructuring) Act 2009

Queensland Government legislation required Gold Coast City Council, Logan City Council and Redland City Councils (called participant Councils) to transfer their water and wastewater distribution and retail assets to Allconnex Water on 1 July 2010.

The legislation also required that a Participation Agreement be made between the Southern SEQ Distributor-Retailer Authority (Allconnex Water), and the three Participating Councils. This was made by the Queensland government under section 23 of the South-East Queensland Water (Distribution and Retail Restructuring) Act 2009 (the Act). 3

A requirement of the Act is for Allconnex Water and Participant Councils to provide a summary of their participation agreement on their website. This addresses that requirement.

The Participation Agreement addresses a range of matters which govern the operation and governance of Allconnex Water, including:

#### 1. Business objectives

##### The business objectives of Allconnex Water include:

- To be a best practice water industry leader
- To operate using the principles of excellence in governance, economy, environment, social responsibility and social health
- To provide the water and wastewater services required to support the communities of the Gold Coast, Logan and Redland local government areas
- To deliver optimal returns on investment to participants
- To provide excellence in customer services
- To be an employer of choice
- To proactively contribute to developments in the water industry

## 2. Corporate planning requirements

Allconnex Water has an obligation to prepare a Five Year Forward Plan that sets out the direction, goals and priorities over a five year period. This plan must be reviewed each year on a rolling basis and includes an annual performance plan for the next financial year.

## 3. Reporting requirements

**Allconnex Water must provide the following reports to the three participating councils:**

- a. A copy of the audited accounts each financial year
- b. A quarterly report
- c. An annual report
- d. By 15 May in each year
  - i. An estimate of the aggregate amount of the Participation Returns from the current financial year to be distributed in the following year
  - ii. An estimate of the Authority's net profit for the next financial year

## 4. Board structure and governance

The Board of Allconnex Water consists of five (5) non-executive Board Members including the Chairperson. Details of the Board Members can be found on the Allconnex Water website. The inaugural Board members are appointed for the following terms:

- a. Two Board members are appointed for 2 years
- b. The Chairperson and two Board members are appointed for three years

Board members are approved by a Required Majority of the Participants, which means at least 2 of the 3 Participants who together hold more than 50% of the total Participation Rights. The Chairperson is also appointed by the Required Majority under clause 5.3 of the Participation Agreement

## 5. Participation Returns

The three councils are participants under the Participation Agreement and are entitled to receive participation returns from Allconnex Water. Dividends will be distributed in accordance with the council's Participation Rights and the Allconnex Water Participation Returns Policy. The Participation Rights of each Participant are currently being finalized and once determined, the Participation Agreement will be amended to reflect the agreed Participation Rights.

## 6. Treatment of tax equivalents

Allconnex Water must pay tax equivalents to the participant councils in proportion to the Participation Rights held, as legally required under the tax equivalents manual pursuant to section 100 of the Act.